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These five forces are: \* Potential New Entrants Bargaining Power of Buyers \* Bargaining Power of Suppliers \* Threat of Substitute Products \* Rivalry Among Competitors Porter’s Five Forces relate to the competitive forces and their relative influence in the national chain retail department store industry: Potential New Entrants- there are many well-known national chain retail department store firms, many of whom have a long standing history of serving the public. Firms in business for 100+ years include Macy’s, Spinney and Sears.

There are new firms who have entered this industry in past decades such as Target. These firms offer a wide picture of shopping experiences to consumers, offering products of various levels of quality and various price points. These firms have customized their marketing approach to appeal to those specific consumers. A customer-driven organization begins its overall strategy with a detailed description of its target market: the group of people toward whom the firm aims its marketing efforts and its merchandise.

On the bottom end of the spectrum you find warehouse style, self-service, cheap quality at low prices from a retailer such as Wall-Mart. On the high-end you have a visually stimulating shopping experience with better ands and personalized service you come to find at retailers such as Macy’s. Marketers pinpoint their target markets as accurately as possible. A new entrant into the national chain retail department store industry will have difficulty entering this market as competition at every point on the retail spectrum is fierce.

If a new retailer enters at the low end of the retail chain spectrum, it will have to go head-to-head with Wall-Mart, however if the firm decides to be a more traditional department store, offering customer service from outside the cash- wrap area and offer features such as gift-wrapping, special ordering or one- n-one service, then the retailer will be competing with powerhouse Macy’s. A potential new entrant into the retail industry must ask its self three questions: 1 . Should we compete? 2. If so, in what markets should we compete? . How should we compete? Bargaining Power of Buyers- if customers have considerable bargaining power, they can greatly influence a firm’s strategy. The bargaining power of buyers has a great influence on the marketing environment. Marketers do not make decisions about target markets and marketing mix variables in a vacuum. They take into account the dynamic nature of the five dimensions of the marketing environment: competitive, political-legal, economic, technological and social- cultural factors.

For example, there is a segment of consumers who believe that the low wages paid and lack of benefits offered by retailer Wall-Mart is unethical and will not shop the retailer even though they offer lower prices on the same goods offered by competitors. Bargaining Power of Suppliers- The marketing mix is the blend of four strategies: product, distribution, promotion and pricing strategies; they are affected by the same environmental variables in the marketing environment: competitive, political-legal, economic, technological ND social-cultural factors.

The environmental variables may play a major role in the success of a marketing program and marketers in the national chain retail industry must consider their probable effects. One component for consideration with bargaining power of suppliers is resource availability. Resources are not unlimited. Shortages, temporary or permanent can result from several conditions, including lack of raw materials, component parts, energy or labor.

Firms have developed ways to influence consumer demand which effect supply, one such technique is demarcating or the process of reducing consumer demand or a product to a level that the firm can reasonably supply. Threat of Substitute Products and Rivalry Among Competitors- these two forces are closely related. In marketing, the word “ product” means more than a good, service or idea. Product is a broad concept that also encompasses the satisfaction of all consumer needs in relation to a good, service or idea.

All planning strategies have the goal of creating a sustainable competitive advantage in which other companies simply cannot provide the same value to their customers that the firm does, no matter how hard they try. When a national chain retailer has a competitive advantage with a product, it must take steps to safe guard that product to stay different and unique in the marketplace. For example, Macy’s is the exclusive retailer for Martha Stewart home lines and is currently in a legal battle with Spinney who announced that they will carry that line as well.

Discuss how online marketing could provide competitive advantages in the industry you analyzed in question A. In the past decade, the number of internet users in the United States and worldwide has grown dramatically with an estimated 218 million US citizens avian access to the internet at home, school, work or with public access sites. E-business describes the wide range of business activities taking place via the internet and e-marketing is the strategic process of creating, distributing, promoting and pricing goods and services to a target market over the internet or through such digital tools as smart phones.

E-marketing offers countless opportunities to reach consumers, listed are five benefits to on-line marketing in the national chain retail industry: \* Global reach- the internet eliminates the geographic limitations of a local business store front and gives access to a wider audience \* Personalization- customers can customize retailer web tool portals on-line to search specifically what they are looking for in size, color and brand \* Interactive marketing- using blobbing, messaging and other on-line interactions between store representatives and other customers \* Right-time marketing- retailers can provide to on-line shoppers product lines when and where customers want them \* Integrated marketing- national retail chains can coordinate all promotional activities such as e-marketing, TV, radio, print and in-store to create a unified, customer oriented promotional message Recent revues of consumers found that whether they purchase online or in store, well over half of shoppers do online product research before buying.

The internet is a powerful force for retailers in shaping consumer behavior, even if it is not the avenue used for consumers to make their purchase, it is still used in a search for product information, national retail chains must take advantage of this as part of their overall marketing plan strategy. Do you think firms that market products for children have any special ethical responsibilities when they advertise? Why or why not? Give examples that support your position. Marketing to children has been under close scrutiny for many years because children have not yet developed skills to receive marketing messages critically and believe everything that they hear. Children have impressionable minds and brains like a sponge that soak up everything that stimulates it.

As ponder what TV was like when was a child I can still remember many of my favorite commercials. I also remember that my Christmas List was made up almost entirely of things that saw advertised on TV. I believe that firms have a social responsibility to do cuisines in such a way that everyone benefits: customers, the company itself and society as a whole. In marketing, social responsibility involves accepting an obligation to give equal weight to profits, customer satisfaction and social well- being in evaluating a firm’s performance. Contemporary marketing decisions must consider their global effect and that includes their effect on children.