

STEP 2

SCANNING YOUR ENVIRONMENT

In this chapter you are going to decide what information you need for the introduction and situational analysis sections of your marketing plan and where you can obtain this information.

THE INTRODUCTION

In the introduction you must state what the product or service is, describe it in detail, and note why there is demand for it in the marketplace. To do this accurately and completely you need information that goes beyond product or service attributes and benefits. You must analyze the life cycle for your product or service. You see, every product and service class passes through a life cycle just as if it were a living thing. The shape of the curve as the product passes through the different stages of its life is called “the product life cycle.”

The classic product life cycle is shown in Figure 2-1. Note that its stages are introduction, growth, maturity, and decline. Note also that sales and profits are plotted as a curve that changes shape from stage to stage. Different strategies work better for different stages. This is because conditions in each stage are different. The shape of the curve will have important strategic implications that are needed when you go to develop a strategy. For now, notice that the sales and profit curves differ. For example, note that profits peak in the growth stage, whereas sales continue to rise and then peak in the maturity stage.

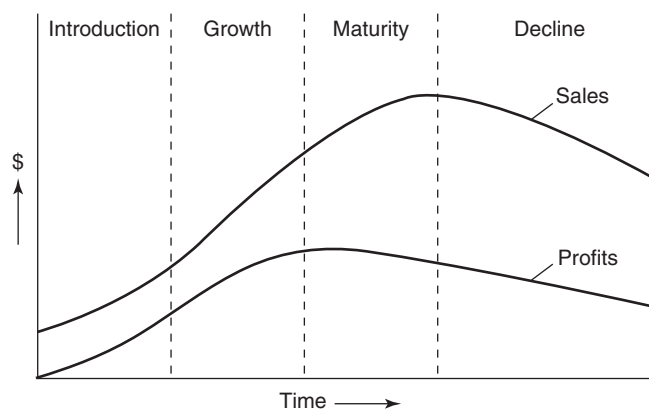


FIGURE 2-1. Classic Product Life Cycle

You must decide whether your product is in the introductory, growth, maturity, or decline stage. You may think that if you are introducing a new product, it is automatically in the introductory stage. If it is sufficiently different from other products or services of its class, maybe it is. When personal computers first came on the market, they were so radically different from the mainframe models used by large corporations that these products were in the introductory stage of their own life cycle.

So this raises an important question. Do you analyze a new product in its own life cycle, or in the life cycle of its class of products or services? The answer is that you can gain useful insights in looking at your new product both ways. Which is more important depends on how different your product is from what is already in the marketplace. Let's contrast a couple of new products so you can see what I'm talking about.

Take the common, garden-variety marketing textbook. Marketing textbooks have been around a long time. As a class, marketing textbooks are definitely not in the introductory stage. But what if the entire textbook were on a CD-ROM or the Internet? Both have already happened! Now you've got a class of new products that are in the introductory stage of their own product life cycle. That doesn't mean that the individual textbook in marketing, say, *The Marketing Plan*, fourth edition, doesn't have its own introductory stage also ... only that it may make sense to consider where this product falls in the product class life cycle as well.

Perhaps your product is new, but its product class is in the growth stage of its life cycle. This could be confirmed if the product class had already been on the market for some time, but sales are still growing. A product that has been in the marketplace for some time and for which sales may still be increasing, but profits are not, is probably in the maturity stage. A typical product might be music recorded on a cassette tape. Finally, the product or service may be in the decline stage. A cigarette lighter might be toward the end of its product class life cycle and in the decline stage.

It may be unwise to introduce a new product that is approaching the end of its product class life, but not always. If your new product could immediately capture most of the declining market, it could still be very profitable.

You should also examine complementary products. These are products that do not directly compete with your product but in some way complement it or are used with it. If your new product is a computer, a complementary product could be a computer disk, peripheral equipment, or furniture built especially for computers. If your new product is a soft drink, complementary products could be the bottle, the bottle cap, or the package.

You should then investigate substitute products. These are products that are substitutes for the product you are introducing. These are not only direct substitutes through similar products made by a competitor, but substitutes in the sense that your target market can get similar benefits from them. If your new product is a video game, your direct substitutes for your product are other video games. But video games are actually a form of entertainment. What other entertainment might your potential customers buy with the money they could spend on your game? When the Wright brothers built the first airplane, no other airplanes existed. Therefore there was only indirect competition from substitute products. What were these substitute products? Some were other means of short-range transportation. Others were probably large luxury items used by the very wealthy. And for the military market, they might have been observation balloons or even horse cavalry.

Now you are ready to describe your product or service: its size, weight, color, shape, the material of which it is made, its function, what it does, and its benefits to potential users.

THE SITUATIONAL ANALYSIS

As we noted in Chapter 1, the situational analysis is an extensive and important part of the marketing plan. On the basis of the situational analysis, you will develop an optimal strategy that you can use to reach your goals and objectives. To make a situational analysis you must answer questions about the environment you are facing. To help you with this challenge, let's go over the questions in Figure 2-2 individually.

TARGET MARKET
Geographical location _____
Special climate or topography _____

CONSUMER BUYERS
Cultural, ethnic, religious, or racial groups _____

Social class(es) _____
Reference group(s) _____
Basic demographics: Sex _____ Age range _____
Education _____ Income _____
Household size and description _____

Stage of family life cycle _____
Family work status: Husband _____ Wife _____
Occupation (husband and wife) _____
Decision maker _____ Purchase agent _____
Risk perception: Functional _____ Psychological _____
Physical _____ Social _____ Financial _____
Income for each family member _____
Disposable income _____
Additional descriptions, classifications, and traits of target market _____

Target market wants and needs 1. _____
2. _____ 3. _____
4. _____ 5. _____

Product general description _____

Frequency of usage _____ Traits _____

Marketing factor sensitivity _____

(Continues)

FIGURE 2-2. Situational Analysis Questions for the Marketing Plan
Source: Copyright © 1985 by Dr. William A. Cohen. Note: This form is based on an earlier form designed by Dr. Benny Barak, then of Baruch College.

Size of target market _____

Growth trends _____

MEDIA HABITS

	Hours/Week	Category
Television	_____	_____
Radio	_____	_____
Magazines	_____	_____
Newspapers	_____	_____
The Internet	_____	_____

ORGANIZATIONAL BUYERS

Decision makers _____

Primary motivation of each decision maker _____

Amount of money budgeted for purchase _____

Purchase history _____

Additional descriptions, classifications, and traits of target market _____

Target market wants and needs 1. _____
2. _____ 3. _____
4. _____ 5. _____

Product general description _____

(Continues)

FIGURE 2-2. Situational Analysis Questions for the Marketing Plan (Continued)

RESOURCES OF THE FIRM

- Strengths:
- 1. _____
 - 2. _____
 - 3. _____
 - 4. _____
 - 5. _____

- Weaknesses:
- 1. _____
 - 2. _____
 - 3. _____
 - 4. _____
 - 5. _____

TECHNOLOGICAL ENVIRONMENT

ECONOMIC ENVIRONMENT

POLITICAL ENVIRONMENT

LEGAL AND REGULATORY ENVIRONMENT

SOCIAL AND CULTURAL ENVIRONMENT

(Continues)

FIGURE 2-2. Situational Analysis Questions for the Marketing Plan (Continued)

OTHER IMPORTANT ENVIRONMENTAL ASPECTS

PROBLEMS/THREATS

1. _____

2. _____

3. _____

4. _____

5. _____

OPPORTUNITIES

1. _____

2. _____

3. _____

4. _____

5. _____

FIGURE 2-2. Situational Analysis Questions for the Marketing Plan (Continued)

TARGET MARKET

The first environmental question under the target market section has to do with location. You will want to describe this location and its special climatic and geographical features. Is it a hot, humid environment? A cold, dry one? A desert? Mountainous area? Ocean-front? Suburban? Urban? Or what? Every climatic or topographical feature should be noted and described in detail.

Now the buyer can be categorized into consumers and organizational buyers. Organizational buyers buy for their organizations rather than for their own consumption. We'll look at consumer buyers first and at different ways of describing them.

Cultural, Ethnic, Religious, and Racial Groups

It is important to identify not only the groups that are potential targets for your product or service, but also the size and characteristics of each group.

Years ago, marketers thought that they could maximize their profits by mass marketing. Under this concept, they tried to sell the identical product to everyone. Extensive research and practical experience found this to be an error. It was far more profitable to segment the market according to certain common characteristics and to concentrate on marketing to the particular segments that could be served best. This is consistent with the marketing concept of focusing on the customer rather than on the product. By focusing on characteristics of your customer, you can satisfy his needs more easily. This is also consistent with the basic principle of strategy of concentrating superior resources at the decisive point.

Obviously it would be difficult to succeed by selling food products containing pork to Jewish or Muslim groups. Also, different groups prefer certain types of products. Have you ever heard of peanut butter soup? In West Africa it is a delicacy. East Asians eat tofu, or fermented soybean extract. You may drink only cow's milk, but others drink goat's milk. Many Chinese groups drink soybean milk. Among various nationalities insects,

monkeys, and dogs are considered culinary delicacies. Some food we think of as “normal” would be shunned.

These preferences are crucial for the marketer as they can spell the difference between success or failure. Cultural, ethnic, religious, and racial segmentation of the market is only the tip of the iceberg. As you will see, there are many other ways to segment. All of them will help you satisfy your customers better and more easily.

Social Classes

The next environmental question has to do with social classes. The basic divisions are upper, middle, and lower, but you can categorize them more precisely as lower-lower (unskilled labor), upper-lower (basic wage earners and skilled workers), lower-middle (white-collar salaried), upper-middle (professionals and successful businesspeople), and upper class (the wealthy). Social classes are important as segments because people behave differently even though their income levels may be the same.

Some time ago, researchers surveyed three social groups that had identical incomes. One group consisted of young attorneys just graduating from law school. With their money they bought the best homes they could in prestigious neighborhoods. Naturally, these homes tended to be pretty small. They couldn't afford large homes in prestigious neighborhoods. Next, the researcher called on owners of small businesses whose income was the same as that of the young attorneys. Do you think they spent their money the same way? After all, they were making the same income. However, they didn't buy the same kind of homes at all. These small business owners bought the largest homes they could in average neighborhoods. Finally, the researcher looked at groups in yet another class. Certain workers had been employed for years by large companies and were making the same income as the small business owners and the young lawyers. This group didn't spend their money on homes in prestigious neighborhoods or on larger homes. Their homes were smaller and in less affluent neighborhoods. Where did their money go? They had better automobiles and household appliances, such as larger television sets, than the two other groups. Remember, all three groups had identical income.

If this research were conducted today, the findings might be different. Yet some kind of variation in buyer behavior among the social classes is still likely. Therefore this segmentation is important, and the identification of the segments, which may constitute your target market, is useful.

Reference Groups

Reference groups are those you turn to for information. They are especially important in the case of a general lack of information. Let's say that you are a member of a trade association that recommends a certain product. When other information is scarce or unavailable, this recommendation can be extremely influential in persuading you to use that product.

A reference group can also be a small number of trusted friends. Thus it is unimportant whether the reference group is large or small—only that you look to it for advice in making purchase decisions.

Demographics

The situational analysis question form now asks you to investigate certain fundamental attributes of your potential customers known as *demographics*. Of what sex is your target market? Are you trying to sell to both male and female or only male or only female? What is the primary age range? How well educated are your prospects? Most products appeal primarily to certain demographic segments that can be defined by answering these questions. If your product is an encyclopedia, would it appeal primarily to college graduates or to non-college graduates? In most cases the answer would probably be college graduates. Similarly, certain other types of product or service appeal to individuals with certain levels of education.

How much money is your prospect making? Can you sell a Rolls-Royce to someone whose annual income is less than \$20,000 a year? Unless your prospect is independently wealthy, probably not.

How many people are in the household? Is it headed by a single parent? Male or female? Guardians? How many children are in the family, and what are their ages? All of these demographic facts may result in different purchasing behaviors.

Like a product, a family has also been described as having a life cycle, but the descriptive terms are different from those of the product life cycle. The family life cycle has been divided into nine stages:

1. The unmarried not living with parents.
2. A newly married couple; young with no children.
3. A full nest; the youngest child under six.
4. A full nest; the youngest child six or older.
5. A full nest; an older married couple with dependent children.
6. An empty nest; no children at home; head of family in the labor force.
7. An empty nest; family head retired.
8. A solitary survivor in the labor force.
9. A solitary survivor retired.

Can you see where different products or services would appeal to each group?

Family Work Status and Occupations

If husband and wife are employed, both occupations should be listed. Or if one or both are retired or the family is on welfare, this is of interest to you as an astute marketer.

Decision Makers and Purchase Agents

Note the spaces on the form in Figure 2-2 for decision maker and purchase agent. The decision maker is the one who actually decides to buy the product; the purchase agent buys it. A wife may prefer a certain brand of dishwasher cleanser, but it may be her husband who actually buys the product if he happens to be doing the shopping. The implication is we may have to promote to both spouses for many products.

Consider also those who influence the decision maker and purchase agent. Children are subjected to a considerable amount of television advertising for many products, including toys and breakfast cereals. Children may not be decision makers or purchase agents, but their influence on other family members may be significant for your product. Many companies consider the millions of dollars invested in promoting to them as money well spent.

Risk Perception

Risk perception concerns the chance your customer takes in buying a product. Any new product has a certain amount of risk associated with it. There are other types of risk to the customer. Functional risk refers to its dependability; that is, whether it will work. Psychological risks concern the possibility that the buyer may be disappointed or feel cheated if the product proves to be less than expected. Physical risk has to do with damage to the user. Social risk is the one taken if the buyer feels open to ostracism or ridicule for using the product or service. Finally, there is financial risk. This is the risk of money lost in buying a product that turns out to be worthless.

Risk is calculated as perceived by the customer. It may or may not exist in reality. A totally reliable product may be perceived as risky by the potential buyer and a less reliable one as safe. In marketing, the perception is the reality. So if you have a low-risk product perceived as risky, you are going to have to plan for some kind of action.

Income for Each Family Member

In this section of the form, additional income that may come from other members of the family is documented. This income is of interest because the total may drastically alter what your prospect can afford and is likely to buy.

Disposable Income

Disposable income is the amount left over after the bills for basic necessities such as food and shelter have been paid. Money left over is disposable income. It can be used for entertainment, a vacation, or luxuries like expensive clothes. The amount of disposable income will vary depending on geographical, cultural, ethnic, religious, and racial considerations.

Additional Descriptions, Classifications, and Traits of the Target Market

This space in the form allows you to describe your potential buyers in any terms that have been omitted previously and that may be peculiar to the particular market you are targeting. For example, one segmentation system—VALS, which stands for value and lifestyles—that has become extremely popular was developed at the Stanford Research Institute (SRI) in California. SRI divided consumers into nine value and lifestyle groups. Other means of categorizing can also give you valuable insights into your target markets so that you are not trying to be everything to everybody and can concentrate on satisfying a well-defined target market.

More recently the firm of Roper Starch Worldwide looked into the problem of why one American brand succeeded globally while a comparable brand did not. Using answers from consumer surveys worldwide, the researchers divided consumers into three groups holding strong feelings and making up almost half the populations surveyed:

- *Nationalists*, comprising 26 percent of the survey, feel close to their own cultures but not to others.
- *Internationalists*, comprising 15 percent, feel somewhat close to three or more outside cultures.
- *Disengaged*, comprising 7 percent, consider themselves somewhat distant from their cultures.

These results can tell a company how to position its product in a foreign market, or even whether it should be there at all.¹

Another firm developed Personix, a household-level segmentation system that places each U.S. household into one of seventy life-stage segments, based on specific consumer and demographic characteristics. The large number of categories is said to allow for a greater precision of targeted marketing and accuracy of segmentation.²

Target Market Wants and Needs

Wants and needs are both important, but they are not identical. A *need* is a requirement for basic subsistence, such as ordinary food and shelter. *Wants* are desires for things that are nice to have but unnecessary for basic survival. You might want an expensive pair of shoes, but you don't really need them. Satisfying either represents opportunities for the marketer.

You've probably already heard about one of the most important theories of wants and needs. It originated with psychologist Abraham Maslow. Maslow's theory of human motivation involves a hierarchy of needs, beginning with basic physiological needs and progressing successively to the need for safety or security, the need for love, the need for esteem or self-respect, and self-actualization. Also at a high level, but not fitting on a direct hierarchy with the others, are two more classes: aesthetic needs and the need to know and understand.

Although there may be some overlap between needs, as one need is satisfied the next higher need becomes more motivating. The basic physiological need is breathing. If someone suddenly began to choke you and you could no longer breathe, I guarantee you would have no other immediate interest. No marketer offering an attractive product at a competitive price could gain your interest. Your immediate need would be for oxygen!

Once you had regained the ability to breathe, you might then have been interested in the next level. That's safety or security. Would you really be interested in buying an automobile at this point if you didn't know where your next meal was coming from?

You can see how needs affect customers' motivation to buy the products or services offered to them. No matter how good our product or service is, if some major lower level need has not been satisfied, your target customers may not be interested. In this section of the situational analysis form in Figure 2-2, identify specific target wants and needs that you intend to satisfy with the product or service you offer.

Product Description

The general description here is really an abbreviated version of the more detailed material given in the introduction to the marketing plan. Be certain to note frequency of use; that is, how frequently will the customer use your product or service? Also, write down product traits. What are the attributes of your product or service? These may include price, size, quality, packaging, and service. Finally, you will want to rank the market factor sensitivity; that is, how sensitive are your customers to the traits of your product or service, from the most sensitive to the least?

Size of the Target Market

State the total potential of each target market segment.

Growth Trends

Growth trends describe what is happening to your target market. Is it growing? Is it declining? Has it leveled off? Profits can be made under each of these conditions, but each level will call for different marketing actions. Therefore you want to know what the trends are for your target market.

MEDIA HABITS

Media habits is a major classification on the form shown in Figure 2-2. It is significant because if you know the habits of your prospects, you will understand how to reach them most efficiently. Consider the basic media, including television, radio, newspapers, and magazines. It would be helpful to know how many hours a week are devoted to each category. Many studies have been done on Internet buying habits. One study by the consulting firm Booz-Allen & Hamilton and by NetRatings, Inc., segmented those who use the Internet into seven categories from "Quickie" to "Loitering." The online-behavior studies concluded that some categories are quite likely to buy, while others are very unlikely, no matter how attractive the offer.³

ORGANIZATIONAL BUYERS

The basic information you need for organizational buyers is knowledge as to who are the decision makers. With organizations, you must frequently market to more than one individual. Sometimes these decision makers will include engineers and their supervisors, purchase agents, and test and quality assurance groups. Each decision maker may have different motivations. The primary motivation of each decision maker involved in a purchase should be determined and written down on the form.

The Amount of Money Available or Budgeted for the Purchase

Obtain an estimate of the amount of money available for the particular purchase for which the marketing plan is being developed. This is necessary because significant differences in the amount charged lessen the chances of success in marketing the product and at the very least must be explained.

If a group is accustomed to paying \$25 per unit in quantities of 1,000 a year, \$25,000 will have been budgeted. If a greater amount is to be charged, the decision makers are going to ask why, because this will require an increase in the budget. Even a lower price must be explained lest it be viewed as representing a change to lower quality.

Purchase History

The purchase history of the same or similar products will reveal buying patterns relating to the time of year in which the product was purchased and the quantities ordered.

Additional Industrial Buyer Information

Additional industrial buyer information, similar to what is needed about the consumer, is required. The exception is media information about trade-show and conference attendance.

COMPETITION

Competition is a critical element. It is an intelligent environmental factor that will act against your interests. Pay particular attention when you are targeting a stagnant or a declining market. If you are targeting the same market segment, your competitor can succeed only by taking sales from you. Therefore the more you know about your competition, the better. You should study your competitors, the products they are offering, the share of the market they control, and the strategies they are following. All of this information can be used as you plan your optimal strategy to help you succeed by giving your customers better service or a better product.

RESOURCES OF THE FIRM

Indicate resources of the firm in terms of strengths and weaknesses. Few organizations are strong in everything. Perhaps you have technical strength like the high-tech firms in Silicon Valley. Or perhaps marketing know-how is your forte. Maybe you are strong in financial resources. Just as you have strengths, you have weaknesses. Jot these down on the form as well. Weaknesses don't become strengths by pretending they don't exist.

TECHNOLOGICAL ENVIRONMENT

Sometimes technology changes and expands rapidly. In a single year in the early 1970s, handheld calculators declined in price by more than 50 percent. Simultaneously their performance increased. Computer technology is still growing by leaps and bounds. Computers equal to the best computers of a few years ago can now be carried around in the pocket. It can also work the other way around. The vinyl record industry, a \$300 billion business, shrank to zero over a three-year period as CDs took over the entire market.

The Internet has revolutionized marketing in just a few years. Al Clemens, chief executive of Provident American, became successful as a medical insurer back in the 1970s by using television and celebrity endorsers to market directly to consumers. In this way, he bypassed insurance agents, a revolutionary idea at the time. In the late 1990s he formed a subsidiary with a new marketing plan, once again taking advantage of technology. His subsidiary, HealthAxis.com, became the first full-service online insurance agency.⁴

The technological environment may not be relevant to your particular situation. But if it is relevant, be sure to describe your situation completely.

ECONOMIC ENVIRONMENT

The economic environment involves the economy and business conditions that you will face as you enter the market. It is true that fortunes can be made in recessions and depressions, during inflation, and in periods of economic well-being. However, the products and services with which you are most likely to succeed in these different economic conditions are not the same. Therefore a description of the economic and business conditions that you are likely to encounter during implementation is necessary.

POLITICAL ENVIRONMENT

The political environment must be examined because of the effect that politics may have on your project. There are certain countries to which the U.S. government will not permit you to export, just as there are certain products from certain countries that cannot be imported. Japanese and Chinese imports are currently of major political interest. So is preventing the unrestricted export of sophisticated weaponry and the knowledge and skills of former Soviet nuclear scientists or of technology to certain countries including China, but especially those that may result in use by terrorists. Politics affect the marketing of products and services. It is a part of the environment that you cannot ignore.

LEGAL AND REGULATORY ENVIRONMENT

The legal and regulatory environment can cause major headaches. One small company invested more than \$100,000 in its development of a bullet-resistant police helmet. Then it discovered that because of product liability, the product could not be sold at a profit. Another firm invested thousands of dollars in a new wine cooler on the assumption that the alcoholic beverage tax would be the same whether or not they used another firm's wine to mix with their fruit juice. It wasn't, and the difference in tax made the product unprofitable. Be forewarned: assess the legal and regulatory environment before you complete your marketing plan.

SOCIAL AND CULTURAL ENVIRONMENT

Sixty years ago wearing a bikini on a public beach would have been cause for arrest. Sushi, or raw fish, has been a popular product in Japan for hundreds of years, yet only twenty years ago sushi bars probably would have been unsuccessful in the United States. Today, sushi is extremely popular. Timing your entry into a market may be the dominant factor. So a smart marketer investigates the social and cultural environment for a product or service before developing the rest of his or her marketing plan.

OTHER IMPORTANT ENVIRONMENTAL ASPECTS

In this section other important environmental aspects that are peculiar to your product or service but that are not covered above should be listed and analyzed. An example might be a natural disaster such as a hurricane or an earthquake.

PROBLEMS AND OPPORTUNITIES

The problems and opportunities section of the form is really a summary of all that has gone before. You should review your entire environmental situation and restate every problem and opportunity that you can anticipate. Naturally there may be more or less than five problems and five opportunities, so don't be restricted simply because the form allows space only for that number.

Many marketing planners who have no trouble recognizing their opportunities hesitate to discuss their problems. This is a mistake. First, it is important to identify the

problems clearly to give yourself the opportunity to avoid them once you have begun to develop your strategy. Second, if you have failed to include them and have listed only your opportunities, readers of your plan will suspect that you left them out intentionally or were not smart enough to acknowledge them. They would be more impressed if you described how you propose to overcome them.

SOURCES OF INFORMATION FOR COMPLETING THE ENVIRONMENTAL QUESTIONS FORM

To answer environmental questions you must do research. This research may be primary or secondary. Primary research entails interviews, business surveys, and a personal search for the answers. In secondary research you consult other sources. Secondary research is generally preferable because it is already available. It should be examined before you spend the time and money to do primary research. What are some secondary research sources?

1. *Chambers of commerce.* Chambers of commerce have all sorts of demographic information about geographical areas in which you may be interested, including income, education, businesses and their size, and sales volume.
2. *Trade associations.* Trade associations also have information regarding the background of their members and their industries.
3. *Trade magazines and journals.* Trade journals and magazines frequently survey their readership. They also contain articles of interest to you that describe competitive companies, products, strategies, and markets.
4. *The Small Business Administration.* The U.S. Small Business Administration was set up to help small business. Whether you own a small business or are a marketing planner in a large company, the studies sponsored can be extremely valuable to anyone doing research in the situational analysis of a marketing plan. The many printed aids supplied include statistics, maps, national market analyses, national directories for use in marketing, basic library reference sources, information on various types of business (including industry average investments and cost), and factors to consider in locating a shopping center.
5. *Databases.* Databases are electronic collections of relevant data from trade journals, newspapers, and many other public and private sources of information. They are accessed by computer, and companies sell access to their databases.
6. *Earlier studies.* Earlier marketing studies are sometimes made available to interested companies or individuals. These studies may have cost \$40,000 or more when done as primary research. As a consequence, their results are not sold cheaply—although in effect you are sharing the cost with other companies that purchase the results with you. Several thousand dollars for a short report is not atypical. Nevertheless, if the alternative is to do the entire primary research project yourself, it may be far cheaper to pay the price.
7. *The “U.S. Industrial Outlook.”* Every year the U.S. government publishes a document known as the “U.S. Industrial Outlook,” which contains detailed information on the prospects of more than 350 manufacturing and service industries.
8. *The Statistical Abstract of the United States.* This abstract is also an annual publication of the U.S. government. It contains a wealth of detailed statistical data having to do with everything from health to food consumption, to population, public school finances, individual income tax returns, mortgage debt, science and engineering, student numbers, and motor vehicle travel. The *Statistical Abstract of the United States* is published by the U.S. Department of Commerce, Bureau of the Census.
9. *The U.S. Department of Commerce.* If you are interested in export, the U.S. Department of Commerce has numerous types of information, including amounts exported to countries in the preceding year, major consumers of certain items, and detailed information on doing business in countries around the world. You can find the local office of the Department of Commerce in the U.S. government listings in your telephone book.

10. *The U.S. government.* The U.S. government has so many sources of information that it is impossible to list them all here. But so much information is available, and so much of it is free, that you would be well advised to see what can be obtained from federal sources. One recommended source that will give you access to this information is *Information U.S.A.* by Matthew Lesko (Viking Press). An additional listing of secondary-source information is contained in Appendix B of this book.
11. *The Internet.* The Internet is a relatively new way to do research for your marketing plan, but it is very useful and important. Start with the search engines provided on your browser. There are many search engines. Some are specialized for certain areas of interest, and some search the whole Web. Even with a hundred million or more entries, what one search engine can't locate for you, another can. For an in-depth look, consult the following references:
 - *Find It Online: The Complete Guide to Online Research, third edition*, by Alan M. Schlein, Michael Sankey and J. J. Newby (Facts on Demand Press, 2002).
 - *Researching Online for Dummies (with CD-ROM)* by Reva Basch (Author), Mary Ellen Bates (Hungry Minds, Inc, 1998)
 - *Searching and Researching on the Internet, 3rd ed.* by Ernest Ackermann and Karen Hartman (Franklin Beedle & Assoc, 2003).
 - *The 10 Minute Guide to Business Research on the Net* by Thomas Pack (Que Education and Training, 1997).
 - *The Internet Research Guide, revised edition*, by Timothy K. Maloy (Watson-Guptill, 1999).

PRIMARY RESEARCH

In some cases you must do primary research yourself. Minimize the cost by thorough planning. Time is also an important factor. Can you complete your primary research quickly enough to be of use in preparing your marketing plan?

Three basic methods of gathering primary data are face-to-face interviewing and mail and telephone surveying. Each has its advantages and disadvantages; for example, in face-to-face interviewing more detailed information can usually be obtained and the interviewer can use verbal feedback and read body language or facial expressions to probe for answers. But face-to-face interviewing can be costly in time and money. Mail surveys are perhaps the quickest but most impersonal method. Their disadvantages are low return rate and lack of feedback. The telephone is an excellent means of surveying the country in the shortest time. Telephone calls, however, can also be expensive and will provide no visual feedback to your questions. As this is written, new laws regarding telemarketing are being written. Will they affect research done over the telephone? They might. That's something you need to investigate before you implement telephone surveys.

SUMMARY

In this chapter we explored the environmental questions, the answers to which are necessary for completing the situational analysis of your marketing plan. We also recorded some of the sources of this information. If the information you need will not be available by the time the marketing planning must be done, then you must make the best assumptions possible, based on the information you have acquired. Don't forget to clearly state the assumptions you have made. You don't want anyone to mistake your assumptions for facts.

Having done the research and situational analysis and knowing what environment you will face in the marketplace, you are now ready to establish your goals and objectives. We will do so in the next chapter.

NOTES

1. Thomas A. W. Miller, "Cultural Affinity, Personal Values Factors in Marketing," *Marketing News* (August 16, 1999), p. H22.
2. Author unknown, "Acxiom Unveils Personix as the Next Evolution in Consumer Segmentation," *Business Wire* (May 22, 2002).
3. Author unknown, "Study of Online Consumer Segmentation Uncovers 'Occasionalization' as Next Step to Reviving Marketing and Retailing on the Web," *Business Wire* (April 2, 2001).
4. Marcia Stepanek, "Closed, Gone to the New," *Business Week* (June 7, 1999).