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## Improving the effectiveness of business marketing activities: Theoretical analysis

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### Abstract

Currently, Marketing is included as a subject at universities. Marketing is a process that combines theory and practice. Because the production process of goods develops from manual labor to mechanized labor. Businesses mass-produce products in large quantities, resulting in the number of products exceeding market demand. Besides, the products of businesses are not known to consumers. Because nowadays there are many large and small medium enterprises being born. This is also the reason why products are sold less effectively.

**Keywords:** marketing, marketing activities, theoretical analysis, business

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### Introduction

#### Some general concepts about Marketing

#### The Birth of Marketing

Marketing appeared in America from the 19th to early 20th centuries. After the Second World War, the world economic crisis broke out in 1929-1932.

In the 30s and 40s of the 20th century, Marketing and its problems appeared in Europe, formed in England, Austria, and many other countries. The main purpose of Marketing in this stage is to perfect methods and techniques of goods circulation.

In the early 50s and 60s, the complexity of production and consumption of products, as well as the increasing volume of products produced, led to fierce competition between competing manufacturers. Fierce market competition increases the role and significance of Marketing in managing the economy in strongly developed capitalist countries. A series of scientific institutes, marketing establishments, and consulting offices were established in factories and companies.

By the 70s, in increasingly fierce competition and monopoly conditions, Marketing's tasks became increasingly complex. The field of marketing application is expanded. It is not only used in factories and companies, but also in the management of the entire society. The main task of Marketing in this period is to ensure the highest level of State monopoly profits, through the use of dynamic and specific business activities of corporations, enterprises and companies.

From economic impacts have created the rules of the economy, the rules of competition, from those realities, manufacturers, businesses, and researchers have begun to optimize their search for customers. Potential customers, to consume products. Therefore, Marketing was born to resolve the conflict between the supply side and the demand side.

#### Concept of Marketing

Marketing is the noun of the word "Market" which means making a market. Therefore, in the field of business "Marketing is a set of business activities aimed at satisfying the needs of the target market through the exchange process, helping businesses achieve the goal of maximizing profits". "Marketing is the process of influencing voluntary exchanges between a business and its customers and partners to achieve business objectives." Below are some of the following concepts:

"Marketing is the process of planning, managing, and implementing the pricing, promotion, and distribution of goods and services to create transactions that satisfy individual, organizational, and societal goals. Assembly".

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**American Marketing Association (AMA)**

“Marketing is a human activity aimed at satisfying customers' needs and desires through the exchange process.”

**(Philip Kotler)**

“Marketing is the process of providing the right product, right channel, right time and right location.”

**(John H. Crighton (Australia))**

Marketing is the totality of business activities aimed at identifying unmet needs of consumers, finding products and services that the business can produce, and finding ways to distribute them to the right time, favorable price and time most favorable for consumers.

**(Prof. Vu The Phu)**

In summary: These are simple and easy-to-understand definitions of Marketing, to help us clearly understand the basic content. Marketing is all activities from market research, determining customer needs, product planning, pricing, distribution, and promotion. Then progress activities from production to consumption on the basis of maximum satisfaction of customer needs to achieve the goals that the organization has set. There are many definitions of Marketing, however, we can divide it into two definitions representing traditional Marketing and modern Marketing.

**Traditional Marketing**

Traditional marketing only focuses on the business's products and marketing strategies aimed at producing and marketing products and gaining the most profit possible, operating offline and not using technology or the Internet. This marketing method does not pay much attention to customer factors. Traditional Marketing concept's only goal is to sell products and earn profits.

To be effective, traditional marketing must be done through a combination of many different forms of advertising and marketing. Traditional marketing methods may include print advertising, such as newsletters, billboards, flyers, newspapers, and other methods such as television spots and radio spots. a business, product, service. (Khanh Khiem, 2016).

**Concepts of Modern Marketing**

Modern marketing focuses on customer needs and desires to meet customer satisfaction with the business's products and services. Modern marketing is based on the new marketing concept and deals with multi-dimensionality because along with selling products and earning profits, it also emphasizes on customer satisfaction, planning, service and care. post-sale customers and many other variables in the customer journey. Thus, it can be seen that the main idea of modern Marketing in the production and business process is to discover customer needs to provide appropriate goods, only selling what customers need, not selling what the manufacturer wants. export available

In fact, people often think that Marketing is market research, product promotion and sales. That is the job of Marketing, but it is not completely complete in terms of scope and nature of Marketing. Marketing has been around for a long time so there are many different definitions, the difference between definitions depends on each person's viewpoint and objective perspective, but the essence of Marketing remains unchanged. Marketing is said to be the bridge between

businesses and customers.

**Concept of Marketing- Mix**

A Marketing program includes Marketing-Mix: Marketing-mix is a set of variables that a company can control and manage and that is used to try to achieve impact and influence. beneficial for target customers.

*(Basic Makeitng, Associate Professor-PTS. Tran Minh Dao, National University of Economics)*

Marketing mix can also be considered as a controllable variable (marketing tool), which is managed to satisfy target markets and achieve organizational goals.

Since the 7P Marketing Mix strategy model became known to many businesses, the 4P model is still used by quite a few businesses, mainly small retail stores.

These controllable variables are often classified according to seven major decision-making areas: Product, price, distribution, and promotion mix often referred to as the “7Ps of marketing.” Marketing Mix 7P is a set of marketing tactics intended to satisfy customers in a target market. Marketing Mix 7P (or 7P in Marketing) includes the following 7 elements:

- Product \_
- Price \_
- Place \_
- Promotion \_
- Process \_
- People \_
- Physical Evidence (Infrastructure, materials to support Marketing)

*(Ori Marketing Agency, Duong Thi Hong Nhung, 2021)*

Thus, it can be seen that the 7Ps are marketing tools that impact buyers. Each Marketing tool exhibits different natures that bring benefits to customers.

**Compare traditional and modern marketing**

Traditional Marketing can be seen as the basis for the emergence of modern Marketing. But nowadays, medium and large enterprises all rely on modern marketing. Modern marketing has become more developed and more comprehensive. As for stores, grocery stores, etc., they only use traditional marketing. The rapid development of Marketing only began with the appearance of modern Marketing.

**Characteristics of Modern Marketing activities and Marketing Mix****Characteristics of Modern Marketing activities**

- Needs: is a lack of something that people feel, they will look for objects capable of meeting their requirements. For example: the need to eat, drink, travel, study, entertain... This need is not created by society or marketers. They exist as an integral part of humans.
- Wants are the desire to have specific things to satisfy human responses. Human desires do not lie there but increasingly develop and are shaped by economic, political, social conditions... For example, like schools; churches, temples; family. Desires are much more diverse than needs. Businesses through marketing activities can meet customers' desires to achieve their goals.
- Demand: is the desire for specific products and the

willingness to buy them. Businesses need to measure the number of customers and their willingness to pay to get the products customers want. In addition, Marketing does not create needs but can affect desires. Marketing affects demand and ability to pay, by creating products suitable for customers.

- Product is a product that can satisfy a desire and is provided on the market for the purpose of attracting customers' attention, purchase, and use.

Criteria for customers to prioritize choosing products that meet their needs can be ranked in order such as: low price, trendy model convenient location - sales.

Products are supplied on the market and can meet customer needs at different levels. There are many products on the market today, customers will choose the product that best suits their needs.

A – Unmet need

B – Needs are partially met

C – Needs are completely met

In the following cases: product C is considered the ideal product.

Thus, the product has the main characteristic of meeting customer needs; Viewpoints about products change over time because people's tastes and needs change from time to time, from generation to generation.

- Exchange: is a process that only occurs when there are certain conditions: there must be two parties, each party must have something that can be of value to the other party. Two parties are considered to be conducting exchanges if they are negotiating agreements. Exchange is the core concept of marketing. For an exchange to be voluntary, the following five conditions must be met:

There are at least 2 sides

Each party has something that may be of value to the other party

Each party has the ability to trade and transfer what they have

Each party has the right to accept or reject the other party's proposed products

Each party believes it is necessary and beneficial to have relations with the other party

- Transaction: If two parties committed to exchange have negotiated and reached an agreement, then we say a transaction has occurred. Transaction is the basic unit of exchange. A transaction is a commercial exchange of valuable objects between two parties
- Customer satisfaction (Customers' satisfaction): Marketing to satisfy real benefits that help solve problems for customers. Evaluating customer satisfaction with the product requires comparing the results obtained with customer expectations. Customers are satisfied if the results match their expectations and are very satisfied if the results exceed expectations.

### Marketing characteristics – mix 7P

- **Product (Product)** "Product in general is a comprehensive concept that includes certain things or sets of activities that will bring value to customers". A service product is a set of activities including tangible and intangible factors, creating a value chain and

bringing overall benefits. In services, people often divide into two levels: core services (basic services) and surrounding services.

Basic services are the main services that determine the service system of the enterprise. It satisfies a certain type of need because it provides a specific type of benefit value that helps customers differentiate one service from another.

Surrounding services are secondary, secondary services that create additional values for customers, helping customers have a better perception of the basic service. A focus on wraparound service sets it apart from the competition.

(Service Marketing, Associate Professor Luu Van Nghiem, National University of Economics, 2008)

- **Price (Price)** Selling price is the cost customers have to pay in exchange for the supplier's product or service. It is determined by a number of factors including market share, competition, raw material costs, product and service identity, time and process utilization in the service and the perceived value of the service. customers with products. Pricing in a competitive environment is not only extremely important but also challenging. If the price is set too low, the supplier will have to increase the quantity sold per unit of product according to cost to make a profit. If the price is set too high, customers will gradually switch to competitors. Pricing decisions include list price, discounts, payment period, etc.

(Service Marketing, Associate Professor Luu Van Nghiem, National University of Economics, 2008)

- **Place (Distribution):** Location in service marketing becomes very important in overall distribution activities and it greatly determines the success of a service business model. Represents locations where a product can be purchased. It is often called distribution channels. It can include any physical store as well as virtual stores on the Internet. Delivering products where and when customers require them is one of the most important aspects of any marketing plan. Distribution includes: retail, wholesale, mail order, Internet, direct sales, peer-to-peer sales, multi-channel sales, ...
- **Promotion (Advertising):** is a form of communication to promote products, services and brands. These activities include advertising, public relations and retailing, specifically television, radio, newspaper advertising, billboards, product placement in films, and sponsorship of commercial programs. television shows and radio channels that are widely watched by the public, sponsoring customer loyalty programs, telephone introductions, direct mail, door-to-door product introductions, and leaflet mailings. for customers, public relations. Communication through word of mouth is especially important in service businesses. Sales enablement is all the activities that ensure that customers are aware of the product or service, have a favorable impression of it, and make an actual purchase.

(Service Marketing, Associate Professor Luu Van Nghiem, National University of Economics, 2008)

- **People :** Employees participating in the service creation process. In service marketing, people always appear and play an important role in service provision activities and

strongly influence the quality of customers' perception of the service provided. For most service industries, people are the decisive factor, especially front-line employees who have direct contact with customers every day and every hour. They are both participants in the service creation process and sellers. Their behavior, gestures, words, clothing... all greatly affect the psychology of customers. Their knowledge, skills, and attitudes affect service quality. Therefore, human factors and human management must pay special attention. People here are also the customer receiving services. Customer participation in the service provision process, the relationship between customers and themselves, the relationship that forms groups to exchange information and product reviews, satisfaction and information sharing, their trust in each other.

*(Service Marketing, Associate Professor Luu Van Nghiem, National University of Economics, 2008)*

- **Process** : Service provision always takes place in a process. The quality and characteristics of the service depend largely on how this process is established and operated. Implementation process, product process improvement, task performance process... Including an attitude of respect for the process regulations and the quality of each part of that process. For service industries, the process of providing and consuming services occurs simultaneously, and in many types of services, customers participate in the process of creating the service. Customers are not only interested in the results of the service, but also in the service delivery process, because that process takes place before the customer's eyes. This process has a strong impact on the psychology and feelings of customers. Thus, here there is an intersection between Marketing Management, Operations Management and Human Resource Management, because it solves problems related to the above three areas.

*(Service Marketing, Associate Professor Luu Van Nghiem, National University of Economics, 2008)*

- **Physical Evidence (Infrastructure, materials to support Marketing)**: The physical conditions that create the environment in which service provision activities take place, such as the setting of the transaction point, etc. Because services have the major disadvantage of being intangible, it is necessary to pay attention to these factors. tangible substitutes to positively impact customer psychology, helping them understand and trust the service . These are tangible elements at the transaction place, accompanying products, people, equipment, vehicles, visual advertising ... Marketing mix for services emphasizes unique characteristics of business activities in this field. Due to the intangible and unstable nature of services, service marketers must focus on the quality and differentiation of services for business competitiveness. (Le The Gioi et al., 2011)

## Objectives of Marketing

### Marketing aims at 3 main goals of Marketing

Satisfying customer needs: is an important issue that every business must pay attention to. Marketing aims to meet

customer needs so that they can trust, be satisfied, and be loyal to the business, through which, thanks to old customers, the business can earn many new customers.

Winning in competition: Marketing solutions help businesses compete with competitors to gain a foothold in the market.

Long-term profits: Marketing creates profits to grow the business. Customer loyalty is the current and future profitability of a business.

### Role of Marketing activities

In today's market economy, Marketing for businesses and for society is understood in many ways. All business activities of businesses are Marketing activities. From stages such as whether the product idea is suitable for current market needs, to whether the product implementation is feasible or not, to bringing a good product to the consumer market. The role of Marketing is shown on the following sides:

- **For Businesses:**

Marketing contributes to the production and business activities of the enterprise, thanks to which the decisions made in production and business have a scientific basis. Marketing helps businesses survey the market to receive feedback from customers to promptly supplement, improve, and enhance features to satisfy customer needs.

Marketing helps businesses survive long-term and firmly in the market because it provides the ability to adapt to changes in the market and external environment.

The success of businesses depends on whether they can provide the market with exactly what the market needs.

- Marketing greatly affects cost savings, sales and profits of businesses.

- **For consumers:** Marketing is an activity to discover and satisfy consumer needs so that consumers can meet their requirements for goods and services in the best possible way.

- **For society**

Market demand research activities, ensuring economic development plans are realistic and feasible

Marketing activities are widely deployed in many businesses to increase social wealth with better quality, diverse products, and lower prices, which will curb inflation and stabilize prices.

Marketing activities promote businesses to compete to attract customers. That is also the driving force for society to develop

Marketing helps increase the amount of goods and services consumed, thereby promoting production development, creating more jobs, and improving living standards.

Thanks to Marketing, businesses develop their brands significantly by carrying out communication activities to bring business information closer to customers. Mechanisms such as advertising on commercial platforms such as facebook, zalo, blog... Marketing is to help find target customer segments. In order to increase sales for businesses, there are also many other roles such as helping to build and maintain the company's reputation, helping to build relationships with customers. To have a solid foothold in the market, businesses need to know whether the products and services they provide to the market are exactly what the market needs. Marketing has created a connection between a

business's products and the market. Therefore, Marketing activities are an indispensable part contributing to business success. Or to put it another way, Marketing is a business lubrication activity .

### 1.2.2 Functions of Marketing activities

To clearly see the extremely diverse special functions of marketing, businesses need to have a team specializing in Marketing.

The first function is the product adaptation and market research function , Marketing teams analyze potential and consumer needs to meet customer requirements at the highest level. Today's market is very complex, including many types of customers, with diverse consumer needs . There are needs that have appeared, needs that are latent, and needs that are fading away. Therefore , the task of Marketing is to keep up with customer needs and find ways to exploit and orient business development . Create a proactive position for businesses in frequently fluctuating market conditions, enhancing business efficiency

The second function is the function of organizing and perfecting the product distribution system: To bring products to the final consumer, businesses must go through distribution activities. It not only brings products to consumers in the fastest way but also saves costs in the lowest way.

The third function is the function of consuming goods: In business, the goods produced and consumed quickly will directly stimulate production development, speed up the turnover of capital and combat risks. To speed up the consumption process, in addition to implementing good product policies and goods distribution policies, businesses need to pay attention to pricing policies, sales terms and methods of promoting consumption by How to grasp customer psychology.

The fourth function is the function of enhancing the efficiency of production and business: All marketing activities must thoroughly grasp the principle of efficiency and must be directed at maximizing business products. Risk and benefit assessment focuses on total quality.

In addition, there are a number of other functions such as coordination with planning, sales support... Marketing directly contributes to increasing efficiency and minimizing risks in the decision process.

### Marketing activity system

Marketing activities are considered to be the Marketing process carried out according to a roadmap to collect and analyze necessary information, the process is illustrated in the diagram:

Thus, it can be seen that most businesses carry out marketing processes. The first step sets the stage for the second step. If one of the five processes is missing, it can lead to ineffective marketing activities at the enterprise.

### Market segmentation

Market segmentation is dividing markets into many different market segments, in order to unify customer needs. In the market, each customer will have different needs and tastes. It is impossible for a business to meet all customer requirements. Therefore, market segmentation is also quite important. The basis for market segmentation for consumers is based on the following factors: geographic segmentation,

psychographic segmentation, consumer behavioral segmentation and demographic segmentation.

### Target market selection

After market segmentation, businesses must position the products of the manufacturing enterprise in the selected market. To ensure the business's products are launched on the market. From there, it helps increase business competition and make a difference compared to other businesses. Businesses can clearly determine the scale and growth rate of segments and select target markets based on the following factors:

Company financial ability: is the most important thing, for large and medium-sized businesses that have large finances, they will focus on entire Marketing. As for small businesses, they rarely focus on Marketing because their finances are limited, so they focus on avoiding risks.

Focus on a market segment: is to focus on products that have no competitors, and is the only market that the business chooses to sell.

Selective specialization: this option is for small businesses with little investment capital, to avoid business risks.

Product specialization: businesses can produce one product to satisfy many market segments. This plan is intended to attract and create an impression in the minds of customers.

Market specialization: Businesses can choose a separate customer group and focus on satisfying the diverse needs of that customer group. Thanks to that, businesses can easily create a beautiful image in the minds of customers.

### Content of Marketing activities

Market and customers: Survey of the consumer market, including market size, trends and characteristics. At the same time, identify customers, their purchasing behavior and specific requirements.

Product and pricing strategy: Research on how to develop new products and services to meet market needs. Determine the pricing strategy in the market that must be suitable for customers.

Marketing and advertising strategy: Learn and research how to reach customers and create effective advertising campaigns. Evaluate the effectiveness of different marketing channels and optimize advertising strategies for brand recognition and increased sales.

Distribution and sales channels: Research on how to distribute products and services to customers most effectively. Evaluate and optimize distribution networks to enhance market access and maximize profits.

Customer interaction strategy: Research on how to interact and care for customers after purchase, including after-sales service and promotional programs to increase customer loyalty.

Evaluate effectiveness and propose improvements: Evaluate the effectiveness of implemented marketing activities and propose specific improvements based on market data and customer feedback.

Market trends and predictions: Monitor erratic market changes in consumer behavior to develop flexible and pioneering marketing strategies in the market.

### Factors affecting marketing activities at businesses

#### Factors inside the business

#### Management and leadership activities

Manage activities necessary for the survival and development

of an organization/company. Management is the process of implementing the effects of the management subject on the management object to coordinate the activities of individuals and groups to achieve the set goals of the organization. This method includes the basic functions or activities that administrators can use: planning, organizing, controlling and controlling. When analyzing management and leadership activities, it is necessary to pay attention to the company's organizational chart and administrative apparatus, the relationships between departments, individuals, between the company and its branches, agents, etc.

### **Human resources activities**

Human resource management involves recruiting, training, employing, compensating, evaluating and motivating. When analyzing and evaluating the activities of human resources departments, it is necessary to collect the following main information: whether the current human resources scale and structure match the needs of the work stages (human resources), management and executive human resources). (Nguyen Thi Lien Diep and Pham Van Nam, 2008)

### **Financial and accounting activities**

The finance and accounting department is concerned with activities of mobilizing and using physical resources of a business or organization in each period, performing economic accounting in all stages of the operation process. dynamic. Analyzing financial and accounting activities requires basic information such as: financial and accounting activities in the enterprise, results of periodic financial and accounting activities and trends. (Nguyen Thi Lien Diep and Pham Van Nam, 2008)

### **Production and operational activities**

Production and operations include all activities that convert input factors into output factors such as services, etc. at each stage of the business's operation process. This function is closely related to the work of executives in all departments in the enterprise. These activities create services, customer satisfaction levels, operating costs, etc., which are factors in evaluating the effectiveness of production/operational activities. (Nguyen Thi Lien Diep and Pham Van Nam, 2008)

### **Information system operations**

Analyzing the operation of the information system in the enterprise through many factors, it is necessary to pay attention to contents such as: are the departments suitable for the need to collect environmental information, is the source of information reliable?, what means do businesses use to collect information in a competitive environment, scalability, ability to predict developments in environmental factors, value of information in data banks, costs Information system administration costs compared to the efficiency achieved in each specialized functional department, the level of modernization of the information system (Nguyen Thi Lien Diep and Pham Van Nam, 2008)

### **Factors within the business**

#### **Macro environmental factors**

##### **Political and legal factors**

The political environment includes: the Government's operating issues, the legal system and circulars, directives,

and the role of social groups. The developments of these factors have a very strong and direct influence on the marketing decisions of businesses (Tran Minh Dao, 2009).

Political and legal factors have an increasing influence on the operations of businesses, as businesses must comply with regulations on hiring, lending, safety, prices, advertising, and location of housing. Machinery and environmental protection. At the same time, government activities can also create opportunities or threats for businesses, for example some government programs (such as competitive imported goods tariffs, corporate income tax reduction policies). Gives businesses growth opportunities and in the opposite case, can threaten the business's profits (Nguyen Thi Lien Diep and Pham Van Nam, 2008)

#### **Economic factors**

Economic factors greatly influence business units. Nguyen Thi Lien Diep and Pham Van Nam (2008, page 39) stated that "the main economic factors affecting businesses are: bank interest rates, stage of the economic cycle, balance of payments, fiscal and monetary policy". Market demand - customers depend greatly on their purchasing ability. The income of Vietnamese consumers today comes from the following sources: salary, non-salary income, income from savings interest, income from product sales, etc. (Tran Minh Dao, 2009).

#### **Social factors**

All businesses must analyze a wide range of social factors to identify potential threat opportunities. Change one of many factors that can affect a business, sales trends, typical patterns, social behavior patterns that affect the quality of life and business community (Nguyen Thi Lien Diep and Pham Van Nam, 2008). These social factors often change or evolve slowly, making them sometimes difficult to recognize. Therefore, very few businesses can recognize those changing attitudes, predict their impacts and plan appropriate strategies.

#### **Natural elements**

Businesses have long recognized the impact of natural circumstances on their business decisions. However, in the past, factors related to protecting the natural environment were often overlooked. Public groups have raised various environmental issues to the government's attention, including pollution, energy shortages, and wasteful use of natural resources, along with increased natural resource demands. course provided. All of these issues cause administrators to change decisions and decision implementation measures (Nguyen Thi Lien Diep and Pham Van Nam, 2008).

#### **Technological factors**

There are few industries and businesses that do not depend on an increasingly modern technological base. More and more advanced technologies continue to emerge, creating opportunities as well as threats for all industries and certain businesses. Businesses must also be wary of new technologies that can directly or indirectly make their products obsolete (Nguyen Thi Lien Diep and Pham Van Nam, 2008). Macro environmental factors interact with each other, affecting businesses.

### Microenvironmental factors

- **Client**

Customers are an important part of a business, especially loyal customers are a great advantage of a business. Customer loyalty is created by satisfying customer needs and the desire to do better (Nguyen Thi Lien Diep and Pham Van Nam, 2008).

Businesses often store customer databases to collect consumption-oriented information. Customers are the ones who determine the success or failure of a business and its business goals. Therefore, businesses need to clearly understand customers, customers create the market for businesses. Businesses also need to create a classification table of current and future customers. The information obtained from this classification table is an important basis for planning, especially plans directly related to marketing. The main variables to consider are geographic, demographic, psychographic,...

(Nguyen Thi Lien Diep and Pham Van Nam, 2008).

- **Supplier**

Businesses must always link up with supply businesses (suppliers) to be provided with various resources such as raw materials, equipment, labor, capital, etc. Suppliers can cause strong pressure in the operations of a business. Therefore, learning carefully about resource providers for businesses cannot be overlooked in the environmental research process. (Nguyen Thi Lien Diep and Pham Van Nam, 2008).

- **Competitors**

Understanding these organizations is important to a business for many different reasons. Competitors are a competitive factor that greatly impacts a business's marketing activities. Marketing managers are always interested in the activities of competitors, the product, price, distribution and promotion strategies of competitors to maintain their position. Competition often determines the nature and level of competition in business or uses different tactics. And furthermore, new competing businesses with technical innovations often change the level and nature of competition. Therefore, businesses must analyze each competitor to gain an understanding of their possible actions and responses to grow and maintain their market share.

(Nguyen Thi Lien Diep and Pham Van Nam, 2008).

- **Potential competitors**

New competitors entering the industry can be a factor in reducing the business's profits because they exploit new production capacity, with the desire to gain market share and necessary resources. New competitors integrating into the industry are both influenced and also affect the business's strategy. Businesses need to protect their position in competition by taking measures to maintain legal barriers to prevent intrusion from outside.

(Nguyen Thi Lien Diep and Pham Van Nam, 2008).

- **Alternative products**

The pressure from having substitute products limits the industry's profit potential because the highest price is controlled. Therefore, if you do not pay attention to potential substitute products, businesses are likely to fall behind in small markets, so businesses need to regularly research and

test potential substitute products.

(Nguyen Thi Lien Diep and Pham Van Nam, 2008).

### Internal environment

- **Human Resources**

Human resources play an important role in the success of businesses. A business with a highly qualified and efficient team will bring success including:

- Finance and accounting department
- Research and development department
- Purchasing department
- Production department

- **Financial resource**

Is a system of value transfer flows that reflects the movement and transformation of financial resources in the distribution process to create or use monetary funds to achieve the business goals of the enterprise.

- **Corporate culture**

A system of values, beliefs, and concepts that are shared within an organization and that guide and influence the behavioral attitudes and decision-making of its members.

Must build and maintain a unique culture that promotes the capabilities and promotes the contributions of everyone to achieving the organization's common goals.

### Criteria for evaluating research problems

#### External Factor Evaluation (EFE) matrix

The external factors assessment matrix allows strategists to summarize and evaluate information such as economics, politics, government, society, culture, law, technology and competition... There are 5 Steps to build an evaluation matrix of external factors

**Step 1:** Make a list of factors that are critical to success as identified during the examination of external factors, including both opportunities and threats affecting the company and its customers. company's line of business.

**Step 2:** Classify the importance from 0 (not important) to 1 (very important) for each factor. This classification shows the relative importance of each factor to the company's success. Opportunities often have a higher classification level than threats. The classification level can be determined by comparing successful competitors with unsuccessful competitors or by discussion. The sum of the classification levels for the factors must equal 1.

**Step 3:** Categorize each success factor from 1 to 4, showing how the company's current strategies respond to this factor. In which 4 is the greatest strength, 3 is an above average strength, 2 is an average strength and 1 is the smallest strength. These levels are based on the effectiveness of the company's strategy.

**Step 4:** Multiply the importance of each variable by its classification to determine the importance score.

**Step 5:** Add the total importance score for each variable to determine the total importance score for the organization.

(Nguyen Thi Lien Diep and Pham Van Nam, 2008)

#### Competitive Image Matrix (CPM)

The competitive image matrix identifies key competitors and their unique advantages and disadvantages. The competitive image matrix is an extension of the evaluation matrix of

external factors, classification and total importance score have the same meaning.

The competitive image matrix differs from the external factors assessment matrix in that external factors that are critical to success can also be included such as financial stability, professionalism, and success. subject for research and development activities.

The specific classification levels of competitor companies can be compared with the classification levels of the sample company. This analysis provides information about important strategies

(Nguyen Thi Lien Diep and Pham Van Nam, 2008,)

### Internal Factor Evaluation (IFE) matrix

This internal factors assessment matrix summarizes and evaluates the key strengths and weaknesses of the company's functional departments. The IFE matrix can be developed in five steps as follows:

**Step 1:** List the factors as identified in the internal analysis process, using internal factors that primarily include strengths and weaknesses.

**Step 2:** Assign importance by classifying from 0 (not important) to 1 (very important) for each factor. The sum of all these importance levels must equal 1.

**Step 3:** Classify each factor representing success from 1 to 4, in which 4 is the greatest strength, 3 is an above average strength, 2 is an average strength and 1 is the smallest strength. These levels are based on the effectiveness of the company's strategy.

**Step 4:** Multiply each factor's importance level by its category to determine the importance score for each variable.

**Step 5:** Add up all the importance scores to determine the total score for the organization.

(Nguyen Thi Lien Diep and Pham Van Nam 2008)

### SWOT Matrix (Strengths Weaknesses Opportunities Threats Matrix)

SWOT matrix is one of the popular tools applied by most companies today. Combining the company's strengths and weaknesses with opportunities and threats from the external environment helps managers develop the following strategies.

SO strategy (strengths – opportunities): using the company's internal strengths to take advantage of external opportunities. All managers want their organizations to be in positions where internal strengths can be used to take advantage of trends and events in the external environment.

WO strategy (strengths - weaknesses): Aims to improve internal weaknesses by taking advantage of external opportunities. Sometimes great external opportunities exist but the company has internal weaknesses that prevent it from exploiting these opportunities.

ST (strengths-threats) strategy: Using a company's strengths to avoid or reduce the impact of external threats.

WT strategies (weaknesses - threats): A defensive strategy to reduce internal weaknesses and avoid threats from the external environment. An organization facing countless external threats and internal weaknesses can become insecure.

To create a SWOT matrix (strengths, weaknesses, opportunities and threats matrix), you must follow these steps:

- List the company's main strengths (S1, S2, ....)

- List the company's main weaknesses (W1, W2,...)
- List the main opportunities from the environment outside the company (O1, O2, ....)
- List the main threats from the external environment (T1, T2,...)
- Combine internal strengths with external opportunities to form strategies (SO).
- Combine internal weaknesses with external opportunities to form strategies (WO).
- Combine internal strengths with external threats into strategies (ST).
- Combine internal weaknesses with external threats to form strategies (WT)

Table 1: SWOT matrix

SWOT	O: Opportunities List the opportunities	T: Risks List the risks
S: Strengths List your strengths	SO strategies Use strengths to take advantage of opportunities	ST strategies Overcome uncertainties by taking advantage of strengths
W: Weaknesses List the weaknesses	WO strategies Limit weaknesses to take advantage of opportunities	WT strategies Minimize weaknesses and avoid risks

Source: Business strategy and policy, Statistics Publishing House, 2008

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