SCANNING THE MARKETING ENVIRONMENT

PARADOX OF LIFE: THE ONLY CONSTANT IN LIFE IS CHANGE

CHANGE = MOVEMENT

FORD MOTOR CO 1/23/2006
MAJOR RESTRUCTURING & NEW DIRECTION

APPLE COMPUTER:
INTEL CHIP ➔ FASTER, COOLER,
CHANGE = SOMETIMES IN A CRISIS

BEST = ANTICIPATE CHANGE

FOR FORD & APPLE/MACs WHAT HAS CHANGED?

* CONSUMERS

* TECHNOLOGY

* REGULATORY ENVIRONMENT

* RESOURCE BASE ENVIRONMENT CHANGES
→ OPPORTUNITIES = WINNERS
→ THREATS = LOSERS

LEADERS → TRACK TRENDS

* FORECASTING

* FUTUROLOGY

* WHAT FORCES AT PLAY
MAJOR ENVIRONMENTAL FORCES

* SOCIAL – CULTURAL
* ECONOMIC
* TECHNOLOGICAL
* COMPETITIVE
* REGULATORY & GOVT
SOCIAL CULTURAL FORCES

DEMOGRAPHICS
Describe pop in terms of age, gender, ethnicity, income, occupation

Global perspective:

Implosion in developed nations → North America, Europe, Japan

Explosion in developing nations → Africa, Asia, Latin America

MARKETING IMPLICATIONS
USA Trends
* graying $\rightarrow$ >65 = 35/70 m 2025
* managed growth via immigration

Generational cohorts: distinct attitudes & CB $\rightarrow$ generational marketing

Baby boomers $\rightarrow$ (46-64) 78 m; largest $\rightarrow$ entering grand parenthood $\rightarrow$ anti-aging products

Gen X $\rightarrow$ baby bust (65-76) self-reliant, entrepreneurial, openness, best educated group; young families

Gen Y $\rightarrow$ baby boomlet (77-94) $\rightarrow$ millennials
American Household:
Marrieds, singles, single-parent, cohabitation, divorce → blended family

Migration → movement → restlessness; pop shifts within and across states
Cities → suburbs → exburbs → penturbia

Note: Hurricane Katrina’s impact

Racial-Ethnic Diversity: C2000
25% ethnic minority
Hispanics > African Americans
Bi-racial → multiracials
Multicultural marketing → emphasise uniqueness → Americanization
CULTURE

Shared values, ideas, attitudes → influence consumption patterns

Changing gender attitudes/roles

Greater racial tolerance & acceptance

Growing conservatism in values → family, honesty, community

Health consciousness: obesity → diet → eat ‘healthy’ → exercise

Value consciousness → for given price → best product performance, quality, features
ECONOMIC ENVIRONMENT

Inflation $\rightarrow$ price increases

Recession $\rightarrow$ low econ activity

Consumer expectation & confidence

**Consumer Income**

Gross income

Disposal income = post taxes, necessities

Discretionary income = after taxes & necessities $\rightarrow$ luxury
TECHNOLOGY

Digital revolution → convergence of computation, communication, & entertainment

Transportation & logistics → supply chain management

Silicon/IT era → biotechnology era

Impact of digital revolution in the marketplace and consumer lifestyle

Product technology vs process technology

INTERNET → e-commerce, ad/promo, direct distribution of audio/video, e-tailing, auction, supply-chaining, etc.
COMPETITIVE FORCES

GOAL: Competitive advantage

What drives competition

* entry $\rightarrow$ barriers

* power of buyers/suppliers

* existing competitors/substitutes
REGULATORY FORCES

Protect competition → anti-trust laws

Protect firms → patent laws, trade marks, IP

Protect consumers → consumerism

Pricing: outlaw price fixing; discounting OK

Advertising/Promo related: Truth in Ad law; National Do Not Call Registry.

SELF REGULATION → workable? Check on abusive practices?

Law lags behind social concerns