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MARKETING: The Core 5/e

CHAPTER
3

UNDERSTANDING
THE MARKETING
ENVIRONMENT,
ETHICAL BEHAVIOR,
AND SOCIAL
RESPONSIBILITY


 McGraw-Hill

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WHAT IS THE WORLD'S THIRD LARGEST NATION?
THE SOCIAL NATION CREATED BY FACEBOOK!







SOCIAL FORCES

DEMOGRAPHICS—POPULATION

➤ **Environmental Scanning**

➤ **Social Forces**

➤ **Demographics**



- **Population at a Glance**
 - Population Explosion






- **U.S. Population**



- **Thai Population**

SOCIAL FORCES

DEMOGRAPHICS—GENERATIONAL COHORTS

- **Baby Boomers: 1946 – 1964: 25%**
- **Generation X: 1965 – 1976: 15%**
- **Generation Y: 1977 – 1994: 24%**
- **Millennials: 1995+**

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Americtrade, American Airlines, and HTC Which generational cohort is being reached?

The slide displays three advertisements, each featuring a large smartphone icon representing a target demographic:

- Ameritrade:** The ad features a yellow background with the headline "HOW DO YOU RETIRE SO YOU NEVER HAVE TO UN-RETIRE?". It includes a quote from a Millennial investor: "I don't want to retire until I'm 65 or older... I want to keep working as long as I can." The Ameritrade logo is at the bottom.
- American Airlines:** The ad shows a man in a suit sitting at a desk with a laptop, looking thoughtful. The headline reads "UP HERE, IT'S BUSINESS AND PLEASURE AS USUAL." The American Airlines logo is at the bottom.
- HTC:** The ad features a black smartphone displaying a colorful abstract pattern. The headline says "want a phone that makes great art, your art." The HTC logo is at the bottom.

All three advertisements are designed to appeal to the Millennial generation, which is characterized by its digital connectivity, career-oriented mindset, and interest in technology and lifestyle.

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SOCIAL FORCES DEMOGRAPHICS—RACIAL & ETHNIC DIVERSITY

- Composition
- Trends
 - African Americans
 - Hispanics
 - Asian Americans
- Multicultural Marketing



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L02

SOCIAL FORCES DEMOGRAPHICS—THE AMERICAN HOUSEHOLD

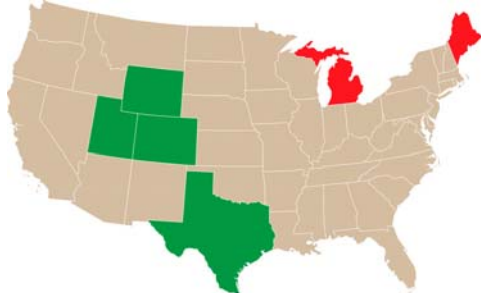
- Marital Status
- Cohabitation
- Blended Family

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SOCIAL FORCES DEMOGRAPHICS—POPULATION SHIFTS

- Regional Shifts in the U.S.: 2012



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SOCIAL FORCES CULTURE

> Culture

> Cultural Values



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L03

ECONOMIC FORCES MACROECONOMIC CONDITIONS

> Economy (e.g., GDP, employment, and price change)

• Inflation



• Recession



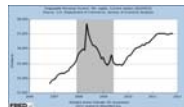
243

L03

ECONOMIC FORCES CONSUMER INCOME

> Gross Income

> Disposable Income



> Discretionary Income



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L04

TECHNOLOGICAL FORCES TECHNOLOGY OF TOMORROW

> Technology

- Social Networks
- Natural User Interfaces
- Green Infrastructure
- Biotechnology
- Tablet Devices, Etc.

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L05

COMPETITIVE FORCES ALTERNATIVE FORMS OF COMPETITION

> Competition

- Pure Competition
- Monopolistic Competition
- Oligopoly
- Pure Monopoly



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FIGURE 3-A Continuum of competition

	MANY	NUMBER OF SELLERS			ONE
BASIS OF COMPARISON	PURE COMPETITION	MONOPOLISTIC COMPETITION	OLIGOPOLY	MONOPOLY	
Number of sellers	Large number of sellers	Large number of sellers	A few large competitors	Single producer	
Product differences	Similar products	Unique but substitutable	Similar products	Unique and unsubstitutable	
Importance of marketing mix	Place (distribution) is important	Pricing is important	Promotion is key to achieve perceived product differences	Unimportant	
					

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REGULATORY FORCES

FEDERAL LEGISLATION

► Protecting Producers and Consumers



- Patent Law
- Copyright Law
- *Digital Millennium Copyright Act (1998)*
- Nutritional Labeling

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REGULATORY FORCES

FEDERAL LEGISLATION

► Protecting Producers and Consumers



- *Consumer Product Safety Act (1972)*
- Consumer Product Safety Commission
- Consumerism

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REGULATORY FORCES

FEDERAL LEGISLATION

► Protecting Producers and Consumers



- Price Fixing
- Price Discounting



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REGULATORY FORCES FEDERAL LEGISLATION

► Protecting Producers and Consumers



- Federal Trade Commission Act of 1914



- Cease and Desist Order
- Corrective Advertising

- CAN-SPAM Act (2004: Controlling the Assault of Non-Solicited Pornography and Marketing)

- Do Not Call Registry

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REGULATORY FORCES FEDERAL LEGISLATION

► Protecting Producers and Consumers



- Exclusive Dealing
- Requirement Contracts
- Exclusive Territorial Distributorships
- Tying Arrangement

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Band-Aid, ChapStick, Jell-O, Kleenex, Vaseline, Frisbee, and Q-Tips
Are these brand names generic trademarks?



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ETHICAL MARKETING BEHAVIOR

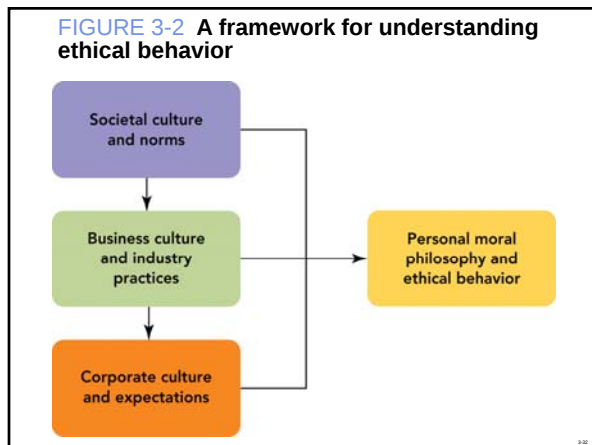
SOCIETAL CULTURE AND NORMS

> Ethics

> Laws

> Current Perceptions of Ethical Behavior

> Culture



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ETHICAL MARKETING BEHAVIOR

BUSINESS CULTURE AND INDUSTRY PRACTICES

> Ethics of Competition

- Economic Espionage

- Bribes and Kickbacks

L07

MAKING RESPONSIBLE DECISIONS
Corporate Conscience in the Cola War

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L07

ETHICAL MARKETING BEHAVIOR
CORPORATE CULTURE AND EXPECTATIONS

- > Corporate Culture
- > Code of Ethics
- > Ethical Behavior of Top Management and Co-Workers
 - Whistle-Blowers

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FIGURE 3-B American Marketing Association Statement of Ethics (abridged)

AMERICAN MARKETING ASSOCIATION STATEMENT OF ETHICS (Abridged)

General Norms

1. Marketers should do no harm.
2. Marketers must foster trust in the marketing system.
3. Marketers must embrace, communicate and practice the fundamental ethical values that will improve consumer confidence in the integrity of the marketing exchange system.

Ethical Values

1. **Honesty**—to be truthful and forthright in our dealings with customers and stakeholders.
2. **Responsibility**—to accept the consequences of our marketing decisions and strategies.
3. **Fairness**—to try to balance justly the needs of the buyer with the interests of the seller.
4. **Respect**—to acknowledge the basic human dignity of all stakeholders.
5. **Openness**—to create transparency in our marketing operations.
6. **Citizenship**—to fulfill the economic, legal, philanthropic and societal responsibilities that serve stakeholders in a strategic manner.

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ETHICAL MARKETING BEHAVIOR
PERSONAL MORAL PHILOSOPHY AND ETHICS

> Moral Idealism



> Utilitarianism

Nestlé's Gerber
Good Start
Infant Formula

L08

SOCIAL RESPONSIBILITY IN MARKETING
THREE CONCEPTS OF SOCIAL RESPONSIBILITY

> Social Responsibility

- Profit Responsibility
- Stakeholder Responsibility
- Societal Responsibility



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SOCIAL RESPONSIBILITY IN MARKETING
THREE CONCEPTS OF SOCIAL RESPONSIBILITY

> Societal Responsibility

- Triple-Bottom Line
- Green Marketing
- Cause Marketing







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MARKETING MATTERS
Will Consumers Switch Brands
for a Cause? Yes, If...





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SOCIAL RESPONSIBILITY IN MARKETING
SUSTAINABLE DEVELOPMENT

> Social Audit



> Sustainable Development



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