

Principles of Marketing

Session 3

The Marketing Environment



Instructor: svend@itsoneworld.com

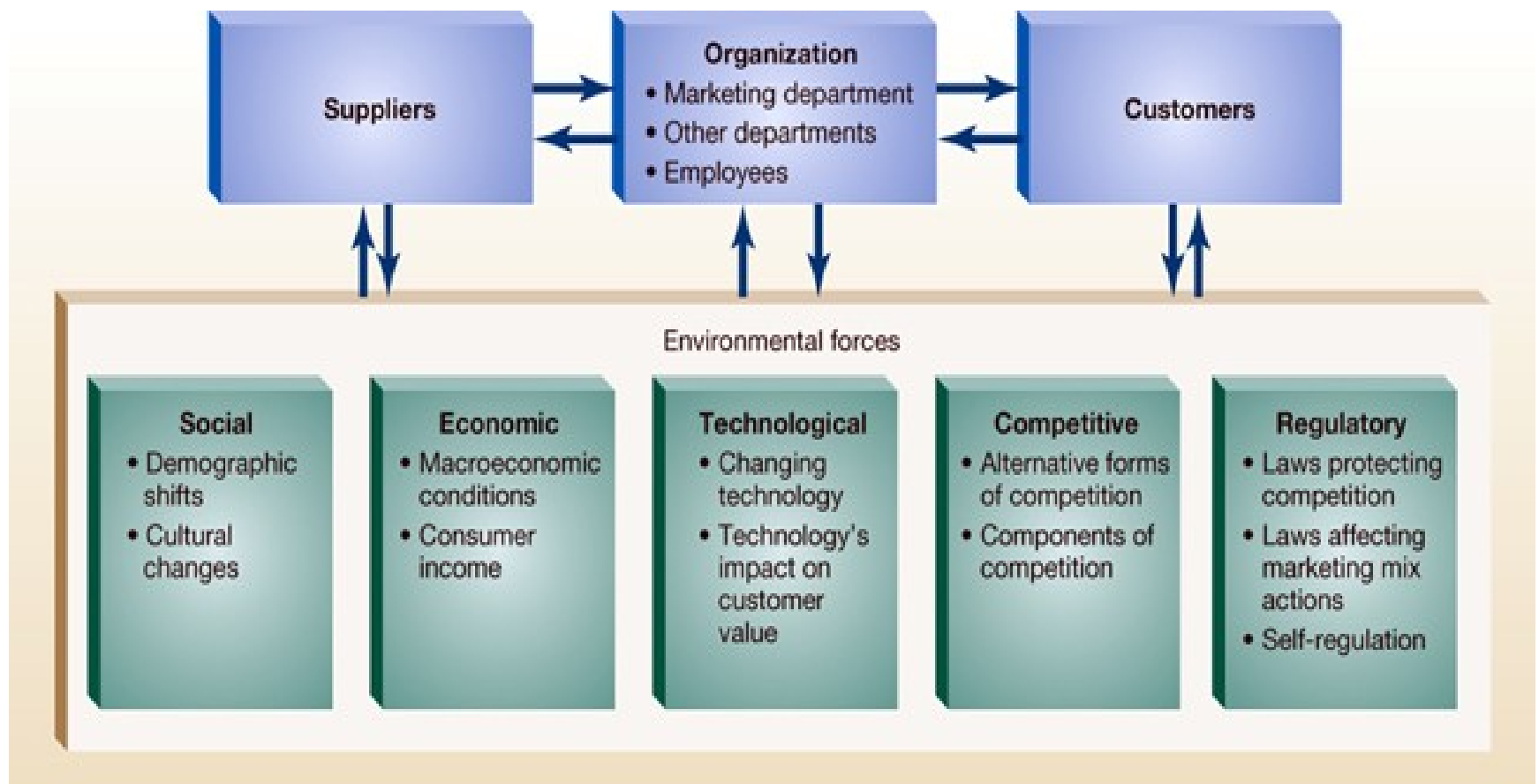
Today's Learning Objectives



- Explain how environmental scanning provides information about social, economic, technological, competitive, and regulatory forces.
- Describe how social forces such as demographics and culture can have an impact on marketing strategy.
- Describe how economic forces such as macroeconomic conditions and consumer income affect marketing.
- Describe how technological changes can affect marketing.
- Discuss the forms of competition that exist in a market, key components of competition, and the impact of competition on corporate structures.

Environmental Scanning

- Environmental forces



An environmental scan of today's marketplace

ENVIRONMENTAL FORCE

TREND IDENTIFIED BY AN ENVIRONMENTAL SCAN

Social

- Expanding use of social networks and collaborative web services
- Increasing mobility and diversity of the population
- Growing concern over global warming and climate change

Economic

- Shift to a global economy and the growing importance of China and India
- Baby boomers begin turning sixty and spending retirement funds
- Virtual online communities developing their own economies

Technological

- Increasing popularity of Mobile TV
- Advances in biometrics as a security solution
- Growing demand for portable, renewable power sources

Competitive

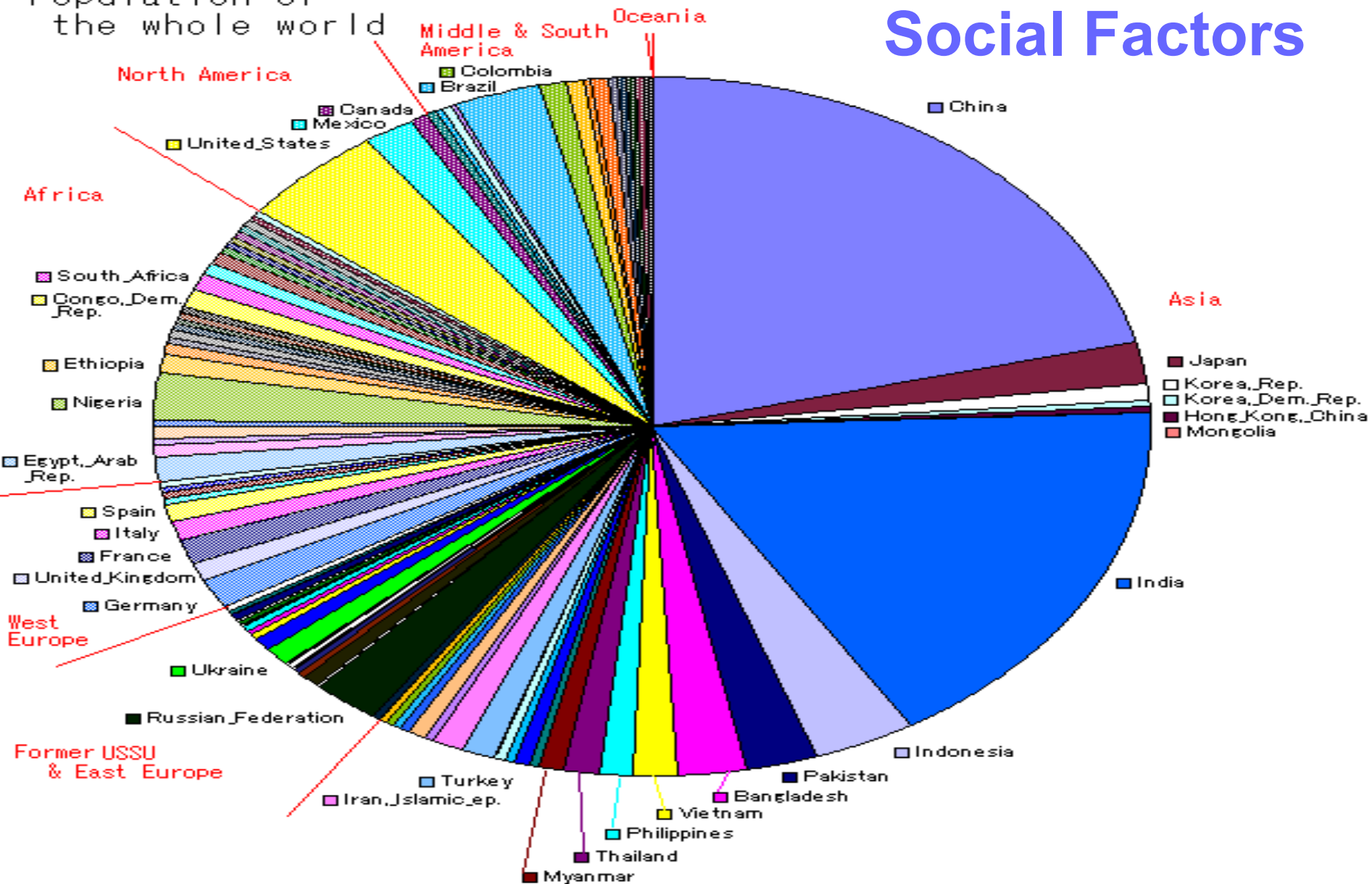
- Dramatic increase in customer-generated content about competitive options
- New metrics for assessment increase performance comparisons
- Development and growth of competitive intelligence departments

Regulatory

- Increasing legislation requiring digital storage of corporate records
- Greater concern for privacy and personal information collection
- New regulations to respond to fear of terrorism

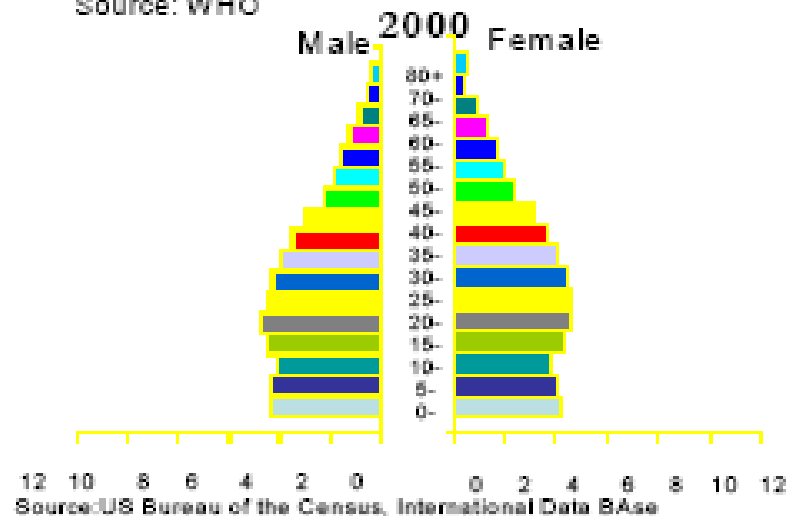
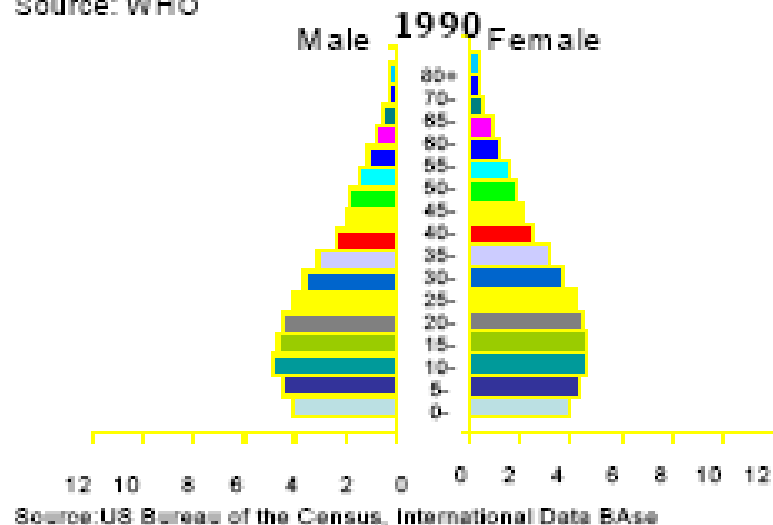
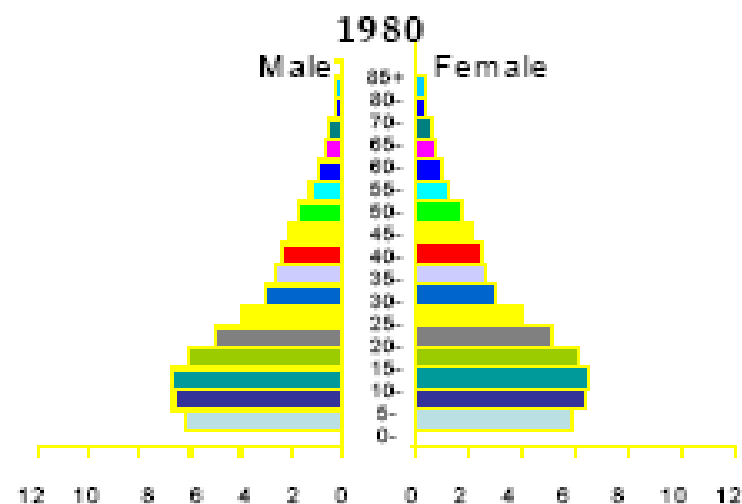
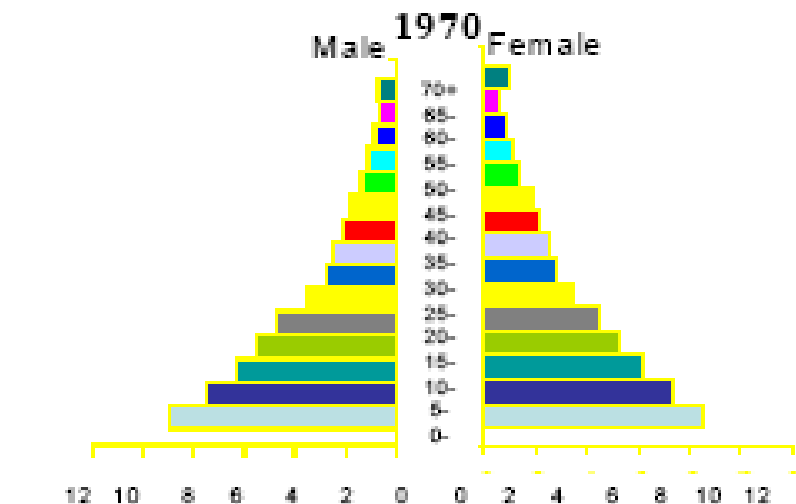
Population of the whole world

Social Factors



Demography in Thailand

Figure 1.6: Population transition



Household data of selected Asian Countries in 2006 Case

Countries	Number of Households ('000)	Household Size	Households Couples with Children ('000)	Households Couples without Children ('000)	Households Single Person ('000)
Asia Pacific	893,327	4.1	407,095	98,436	66,946
China	376,472	3.5	187,870	45,417	31,458
Hong Kong	2,226	3.2	1,058	324	297
India	209,903	5.4	109,805	22,357	9,234
Indonesia	59,647	3.8	34,549	7,598	1,965
Japan	48,760	2.6	14,619	9,770	14,344
Malaysia	5,678	4.7	3,165	624	469
Philippines	17,477	4.9	11,114	1,355	712
Singapore	1,039	4.3	639	123	150
South Korea	17,552	2.7	8,425	3,066	3,062
Taiwan	7,260	3.1	4,656	778	888
Thailand	17,500	3.6	8,296	3,290	1,736
Vietnam	25,595	3.3	19,223	1,753	1,842

SOCIAL FORCES

- Generational Cohorts
 - Baby Boomers - born between 1946 and 1964
 - Generation X - born between 1965 and 1976
 - Generation Y - born between 1977 and 1994
 - Millennials – born after 1994
- Generational Marketing



WHY JUST WASH AWAY THE DAY,
WHEN YOU CAN WASH AWAY THE YEARS?

NEW
TOTAL EFFECTS
Cleansing Cloths



Now there's a new cleansing cloth with a breakthrough technology that fights seven signs of aging.

1. Diminishes the appearance of fine lines and wrinkles
2. Improves the appearance of pores by cleansing
3. Exfoliates to reveal newer skin at the surface
4. Smooths skin texture-visibly and to the touch
5. Evens skin tone
6. Improves surface dullness beyond basic cleansing
7. Soothes dry skin, hydrating with Olay moisture

With its moisturizing Vitamin Lipid System of vitamin E, provitamin B5, and lipids, it helps renew and restore your youthful glow.

So why settle for just a cleanser, when you can towel off time?



Proven to fight multiple signs of aging as you cleanse.

©2007 P&G Co.  **OLAY**
www.olay.com

Olay Total Effects
Which generational
cohort is being
reached?



PLANNING FOR RETIREMENT ALWAYS OUTPERFORMS WORRYING ABOUT IT.



Imagine feeling prepared for retirement. Whether you're just starting out, nearing retirement, or already there, an American Express financial advisor can help you to plan ahead. We've created more financial plans than anyone else.* And while we can't guarantee investment results, we can help you simplify your plans for retirement so you can live life the way you want to. All with the same quality and service you've come to expect from American Express. Call us for a complimentary initial consultation.

Call 800-Get-Advice or visit us at getadvice.com
PLANNING | RETIREMENT | INVESTMENTS | INSURANCE

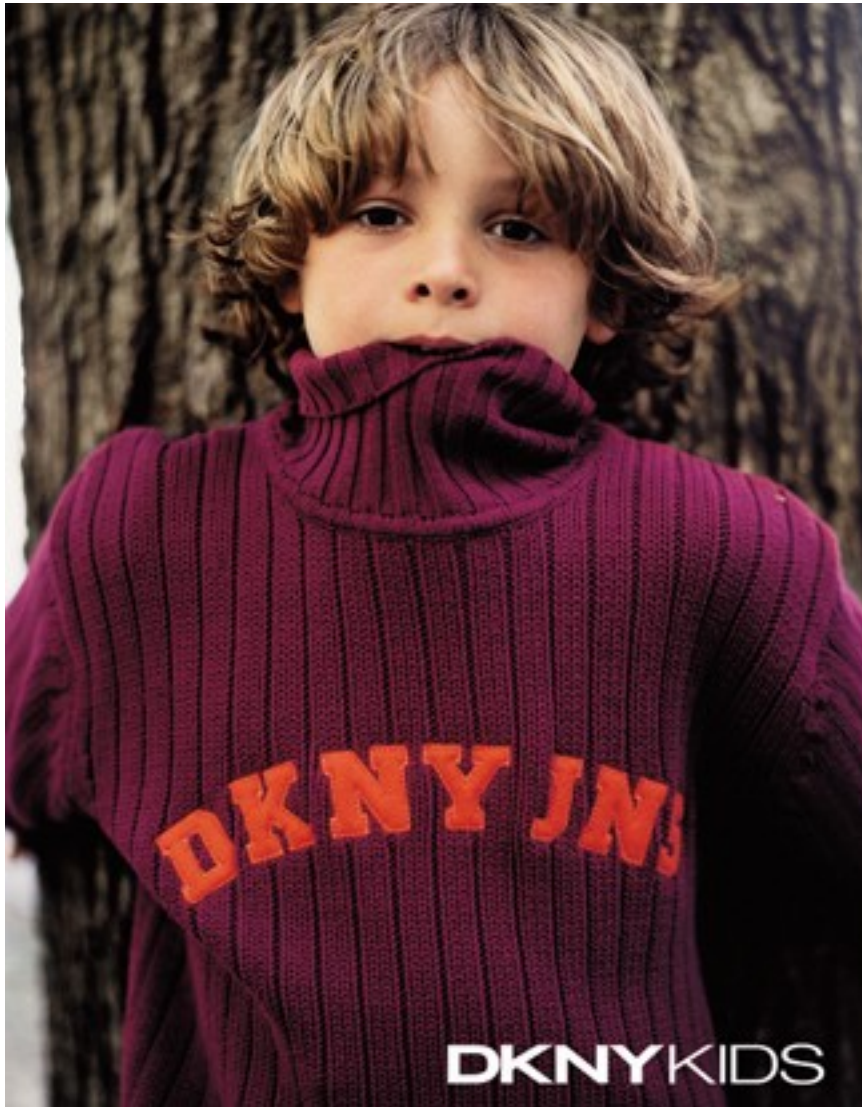
THE PERSONAL
FINANCIAL ADVISORS OF



*Based on the number of Personal Financial Advisors who are currently registered in the U.S. as of March 31, 2014. This number does not include advisors who are not currently providing financial advice. For more information, please visit getadvice.com. ©2014 American Express Company. All rights reserved. American Express, the American Express logo, and the centurion are trademarks of American Express Company. All other marks are the property of their respective owners.

American
Express
Which
generational
cohort is being
reached?





DKNY Kids
Which generational cohort is being reached?





Motorola
Which
generational
cohort is being
reached?



SOCIAL FORCES



- Racial and Ethnic Diversity
- Multicultural Marketing - consists of combinations of the marketing mix that reflect the unique attitudes, ancestry, communication preferences, and lifestyles of different races.
- Culture - incorporates the set of values, ideas, and attitudes that are learned and shared among the members of a group
- Changing Values

Migrant-contributing countries and migrant-receiving countries in Asia

Migrant-contributing countries

Bangladesh, Burma, Cambodia, China, Indonesia, India, Laos, Nepal, Pakistan, Philippines, Sri Lanka, Vietnam

Migrant-receiving countries

Brunei, Hong Kong, Japan, Singapore, South Korea, Taiwan

Migrant-contributing and migrant-receiving countries

Malaysia, Thailand

Source: Graemo Hugo, "Migration in the Asia-Pacific Region," paper prepared for the Policy Analysis and Research Program of the Global Commission on International Migration, 2005.

Trend Research

- A trend is “a prevailing or general movement or inclination”.
- Relevance of trends
- Every trend has a counter-trend

Macro trends* are the broad forces of change that create the future context of today's world. They represent the sudden appearance and ongoing progress of emerging global phenomena, such as market motivators and consumer values. Understanding and utilizing macro trends is now seen as a prerequisite for excelling in business. Understanding macro trends—and determining their significance to current challenges—allows us to strategically anticipate and adapt to change, and alerts us to the threats and opportunities in our future business environments.



MACRO TRENDS



Shifting power...

12 Top Global Macro Trends (Source:IMD)

- **Economic Power Shifting:** The focus of economic power is shifting to Asia and BRIC in terms of investment and output, away from the outdated “Triad” markets of the 1980s and 1990s. The question is how independent the BRIC markets will be in driving global growth and what the role of the Triad will be.
- **Shifting Market Landscape:** While developed countries will remain the largest consumer and industrial markets, the rise of a massive global “middle class” in rapidly developing economies (RDEs) will shift the demand landscape radically. The competition for these markets will be intense, but which competitors will succeed?
- **Changing Geopolitical & Security Landscape:** Globalization is driving new dimensions of power beyond military might, including economics, resources and technology. But the new global landscape is not stable: risks and nationalism are rising.
- **Fracturing Global Social Fabric:** Globally the population is becoming older, more urban, more Asian and more mobile. At the same time, traditional social structures are fragmenting, shifting notions of personal identity. With demands for greater inclusion by previously isolated segments of society, divides—and associated tensions—are increasing.
- **Growing Stakeholder Demands on Business:** More stakeholders—public and private—are actively demanding transparency and accountability from business. Corporations are seen as part of society’s problems. Can they also become critical contributors to required solutions?
- **Changing Consumer Landscape:** In more diverse and mobile societies and economies, new consumer groups are emerging. Consumer segmentation now requires new lenses, as new sources of similarity and difference emerge. Consumers increasingly demand more involvement in and customization of consumption experiences.

12 Top Global Macro Trends (Source:IMD)

- **Changing Industry Landscape:** Business models *must* become more flexible. Power is shifting along the value chain and the competition to create and capture value—and profits—is intensifying. The emergence of BRIC multinationals means more intense competition. Flexibility and innovation are critical to avoid being “stuck in the middle.”
- **Changing Nature of Capital:** Global financial flows are accelerating, with Asia increasingly funding the deficit spending of the US and, partly, Europe, leading to global systemic risks now being realized as the current credit crunch redefines the global financial system. New power brokers are emerging, reshaping market dynamics and potentially raising tensions.
- **Changing Labour Landscape:** A raging global war for talent for both skilled and “low cost” jobs is increasing. Asia is increasingly important for all types of skills. Partnering and outsourcing is on the rise within and across borders.
- **Growing Pressure on Natural Resources:** Basic resources are under threat, including water, energy, food and habitats/climate. Consumption of critical resources is outpacing the rate that the planet can sustain. Public and institutional activism is rising, demanding action.
- **Changing Technology Landscape:** A global technology revolution is gaining pace, crossing national borders and scientific disciplines. New technologies, including biotechnology and nanotechnology, will reshape industries and our daily lives.
- **Changing Economics of Information & Knowledge:** Exploding connectivity and channels for information are making knowledge creation a global imperative. Networking is critical! Gaining an advantage in and protecting knowledge is difficult to achieve—and even more difficult to sustain.

How to Spot Trends



- ❑ Read current publications - some you don't typically read
- ❑ Watch the top TV shows – sometimes! (In fact: very occasionally...)
- ❑ See the top 10 movies.
- ❑ Talk to at least 150 customers a year about what they're buying and why.
- ❑ Talk with the 10 smartest people you know.
- ❑ Listen to your children
- ❑ Leave your social circle more often!

VIDEO



Future of Consumerism

CONSUMERISM 1.0 - 4.0

- **Consumerism 1.0:** Consumers buying and possessing more and/or better stuff than fellow consumers.
- **Consumerism 2.0:** Consumers driven by experiences instead of the fixed—and enjoying the status derived from the stories they can tell afterwards, too. Freeing oneself from the hassles of permanent ownership and possessions is big for this one.
- **Consumerism 3.0:** Consumers participating, creating, developing skills and acquiring knowledge. Status comes from finding an appreciative audience, impressed with what one knows and can create, instead of what one consumes or experiences.
- **Consumerism 4.0:** For some, giving, caring, contributing, being generous, and yes, consuming *less* are the new status symbols.

VIDEO



Informed

VIDEO



Outspoken

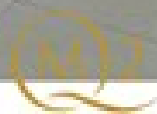
ECONOMIC FORCES



- Economy
- Macroeconomic Conditions
- Consumer Income
 - Gross Income
 - Disposable Income
 - Discretionary Income



Can you wait?



Will you dine to the stars for dinner in the grand Britannia Restaurant?

Will you relax under a deluge waterfall
at the Canyon Ranch SpaClub?

Will you host soiree with chilled Veuve Clicquot
and strawberries?

Will you sing the Pillow Concerto for
one of nine fluffy choices?

Will you lose yourself in
luxury on the grandest ship at sea?



QUEEN MARY 2

CUNARD

THE MOST MAGNIFICENT SHIP IN THE WORLD

Queen Mary 2, the grandest ship to ever sail, is now accepting reservations for Transatlantic Crossings and Caribbean and European voyages in the 2004 and 2005 seasons. Once you experience our famous "White Star Service", you'll find there is simply no other way to travel. To make a reservation or for more information, call 1.800.7.CUNARD or your travel agent, or visit www.cunard.com

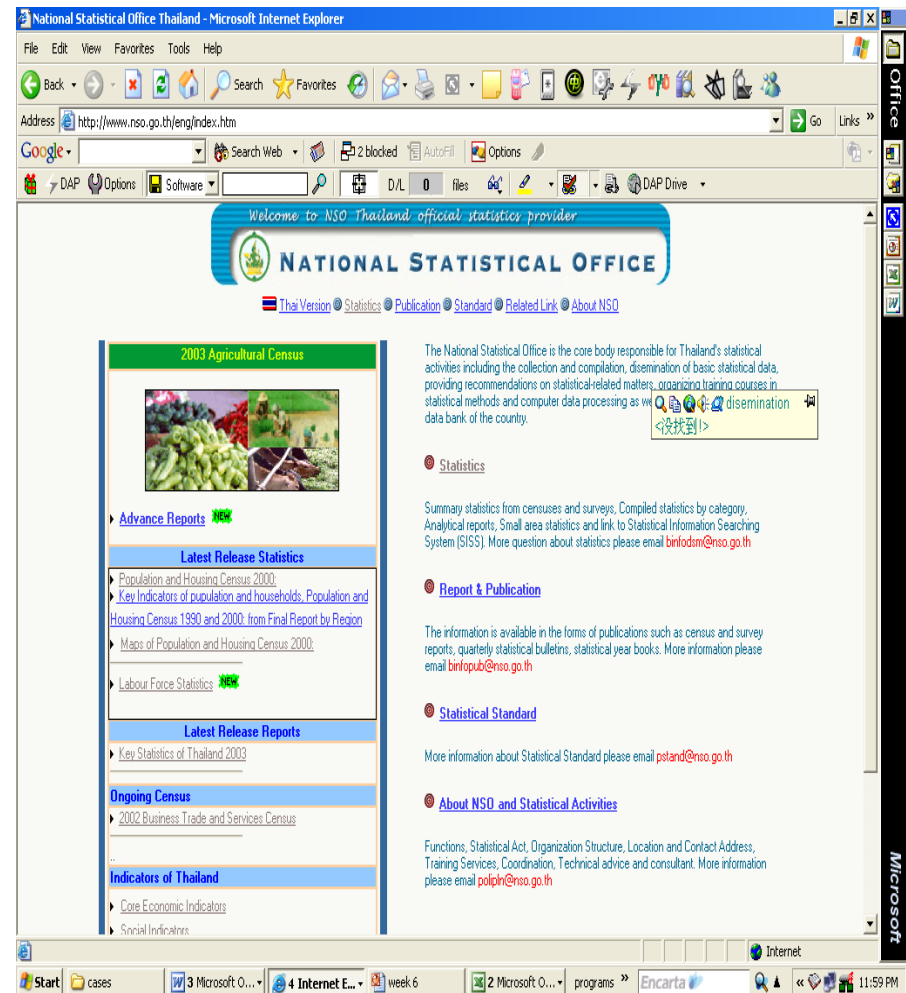
Household gross income and disposable income in 2006

Countries	Gross Income per Household (US\$)	Disposable Income per Household (US\$)
Asia Pacific	16,955.80	6,591.90
China	3,297.30	2,726.50
Hong Kong, China	66,430.60	62,843.20
India	2,654.20	2,532.80
Indonesia	3,711.10	3,231.70
Japan	79,247.10	56,537.00
Malaysia	16,253.20	13,434.90
Philippines	4,246.50	3,531.50
Singapore	71,941.30	68,278.70
South Korea	37,825.70	31,205.90
Taiwan	43,657.40	34,054.70
Thailand	7,055.70	6,613.00
Vietnam	1,462.30	1,234.00

Source: Euromonitor International.

Internet Case

- Study the National Statistical Office website
<http://web.nso.go.th> (or any other relevant site) to find out the income distribution in Thailand. What are the implications of your findings to marketing in Thailand?



TECHNOLOGICAL FORCES

- Technology refers to inventions or innovations from applied science or engineering research.
- Technology of Tomorrow
- Technology's Impact on Customer Value
 - (1) Consumers assess value on the basis of other dimensions, such as quality, service, and relationships, due to the decline in the cost of technology.
 - (2) Technology provides value through the development of new products.
 - 3) Technology has changed the way existing products are produced through recycling and precycling.
- Schumpeter: “Creative Destruction”

Introducing a whole new way to carry your files.

Presenting the go-anywhere, carry-anything ThumbDrive, from Memorex.

Whether you're looking for performance or style, the Memorex ThumbDrive® wins hands down. Incredibly small and durable, this beautifully sculpted drive represents the very best of Flash technology. With capacities ranging from 128MB to 1GB, it transfers tons of photos, music or data at rates up to 30% faster* than competitive USB™ 2.0 products. And the USB connection means it's compatible with both PC and Mac® as well as many portable electronic devices. The go-anywhere, carry-anything, sleekly-styled ThumbDrive from Memorex—this thumb deserves a hand.

Memorex®
Is it live or is it Memorex?™



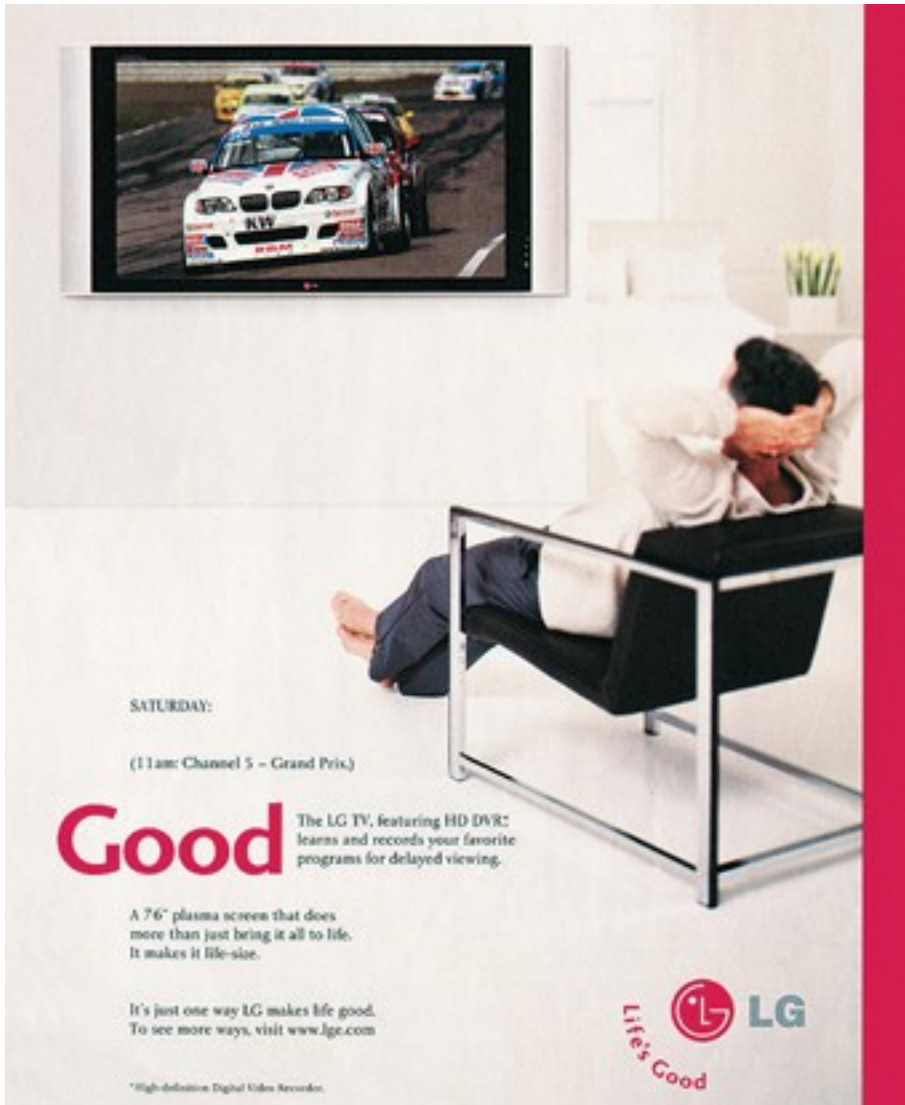
**Memorex
Thumb Drive**
What products
might be
replaced with
this?





Napster
What products might
be replaced with this?



An advertisement for an LG Plasma TV. The top half shows a man in a white shirt and dark pants sitting in a modern black armchair, watching a race on a large plasma TV mounted on a white wall. The TV screen displays a white BMW race car with the number 11. The bottom half of the ad contains text: 'SATURDAY: (11am: Channel 5 - Grand Prix.)', 'Good' in large red letters, 'The LG TV, featuring HD DVR: learns and records your favorite programs for delayed viewing.', 'A 76" plasma screen that does more than just bring it all to life. It makes it life-size.', 'It's just one way LG makes life good. To see more ways, visit www.lge.com', and the LG logo with the tagline 'Life's Good'. A small footnote at the bottom left reads '*High-definition Digital Video Recorder.'

SATURDAY:
(11am: Channel 5 - Grand Prix.)

Good The LG TV, featuring HD DVR: learns and records your favorite programs for delayed viewing.

A 76" plasma screen that does more than just bring it all to life. It makes it life-size.

It's just one way LG makes life good. To see more ways, visit www.lge.com

*High-definition Digital Video Recorder.

Life's Good LG

**LG Plasma
Screen TV**
What products
might be
replaced with
this?



WORLD INTERNET USAGE AND POPULATION STATISTICS

March 31, 2011

World Regions	Population (2011 Est.)	Internet Users Dec. 31, 2000	Internet Users Latest Data	Penetration (% Population)	Growth 2000-2011	Users % of Table
<u>Africa</u>	1,037,524,058	4,514,400	118,609,620	11.4 %	2,527.4 %	5.7 %
<u>Asia</u>	3,879,740,877	114,304,000	922,329,554	23.8 %	706.9 %	44.0 %
<u>Europe</u>	816,426,346	105,096,093	476,213,935	58.3 %	353.1 %	22.7 %
<u>Middle East</u>	216,258,843	3,284,800	68,553,666	31.7 %	1,987.0 %	3.3 %
<u>North America</u>	347,394,870	108,096,800	272,066,000	78.3 %	151.7 %	13.0 %
<u>Latin America / Carib.</u>	597,283,165	18,068,919	215,939,400	36.2 %	1,037.4 %	10.3 %
<u>Oceania / Australia</u>	35,426,995	7,620,480	21,293,830	60.1 %	179.4 %	1.0 %
<u>WORLD TOTAL</u>	6,930,055,154	360,985,492	2,095,006,005	30.2 %	480.4 %	100.0 %

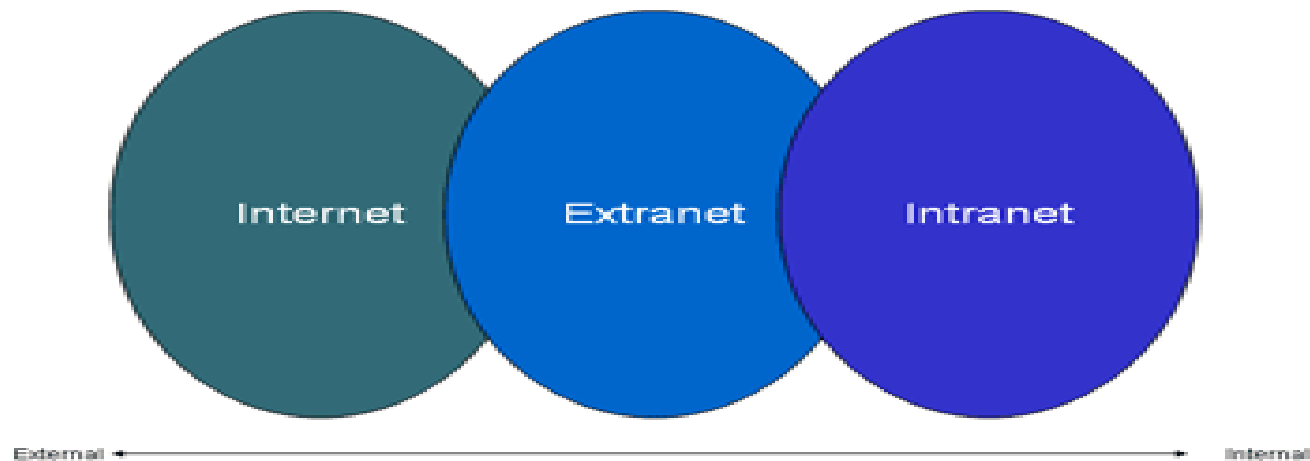
Source: <http://www.internetworldstats.com/stats.htm>

ASIA INTERNET USAGE AND POPULATION

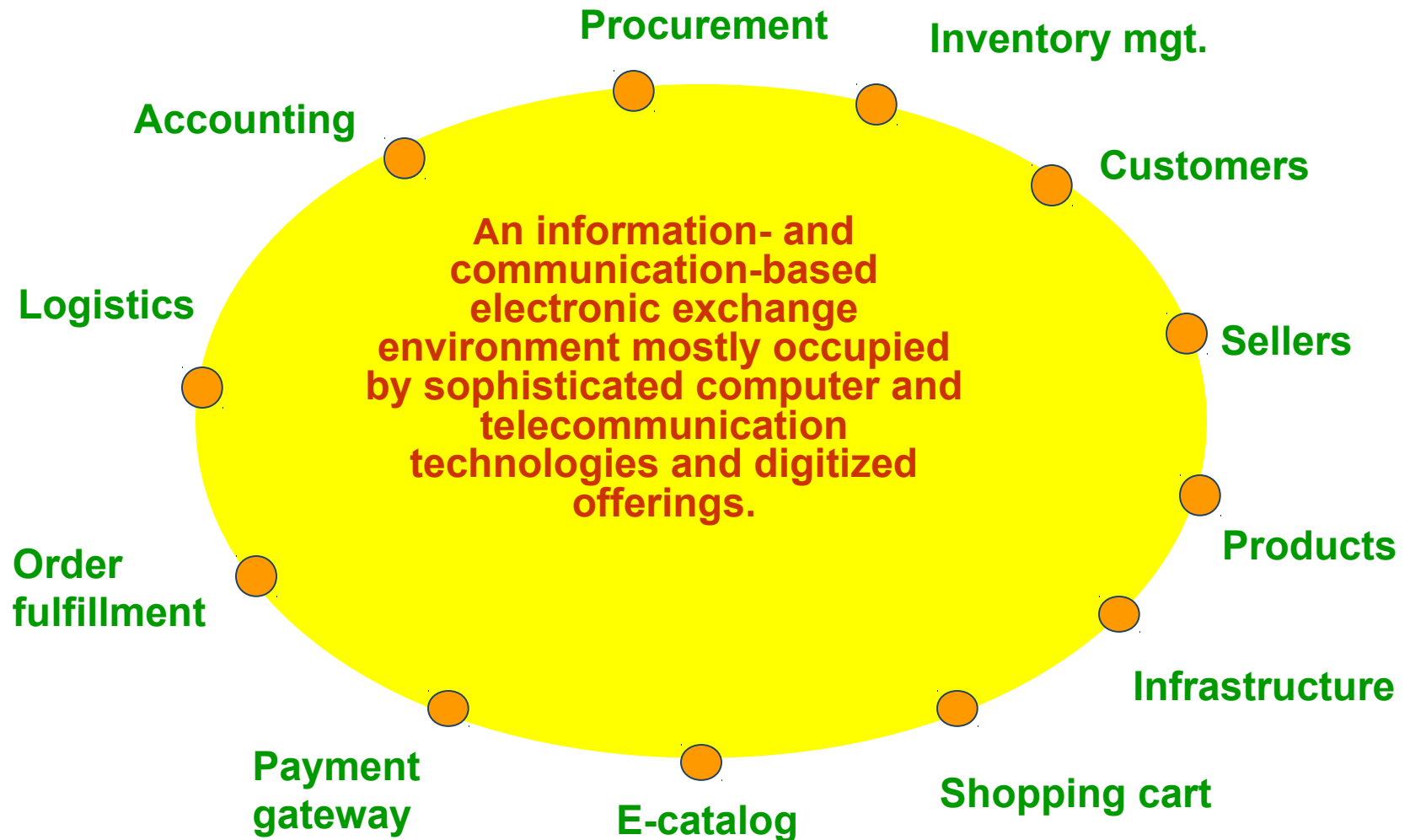
<u>ASIA</u>	Population (2011 Est.)	Internet Users, (Year 2000)	Internet Users, Latest Data	Penetration (% Population)	Users % Asia	Facebook Subscribers
<u>China</u> *	1,336,718,015	22,500,000	485,000,000	36.3 %	52.0 %	504,660
<u>Georgia</u>	4,585,874	20,000	1,300,000	28.3 %	0.1 %	630,840
<u>Hong Kong</u> *	7,122,508	2,283,000	4,878,713	68.5 %	0.5 %	3,748,580
<u>India</u>	1,189,172,906	5,000,000	100,000,000	8.4 %	10.7 %	29,475,740
<u>Indonesia</u>	245,613,043	2,000,000	39,600,000	16.1 %	4.2 %	38,860,460
<u>Japan</u>	126,475,664	47,080,000	99,182,000	78.4 %	10.6 %	3,812,460
<u>Kazakhstan</u>	15,522,373	70,000	5,300,000	34.1 %	0.6 %	293,040
<u>Korea, North</u>	24,457,492	--	--	--	--	n/a
<u>Korea, South</u>	48,754,657	19,040,000	39,440,000	80.9 %	4.2 %	3,697,020
<u>Kyrgystan</u>	5,587,443	51,600	2,194,400	39.3 %	0.2 %	49,820
<u>Laos</u>	6,477,211	6,000	527,400	8.1 %	0.1 %	70,420
<u>Macao</u> *	573,003	60,000	280,900	49.0 %	0.0 %	207,440
<u>Malaysia</u>	28,728,607	3,700,000	16,902,600	58.8 %	1.8 %	11,221,040
<u>Maldives</u>	394,999	6,000	107,460	27.2 %	0.0 %	107,460
<u>Mongolia</u>	3,133,318	30,000	350,000	11.2 %	0.0 %	182,600
<u>Myanmar</u>	53,999,804	1,000	110,000	0.2 %	0.0 %	n/a
<u>Nepal</u>	29,391,883	50,000	1,072,900	3.7 %	0.1 %	1,072,900
<u>Pakistan</u>	187,342,721	133,900	20,431,000	10.9 %	2.2 %	4,795,200
<u>Philippines</u>	101,833,938	2,000,000	29,700,000	29.2 %	3.2 %	25,307,800
<u>Singapore</u>	4,740,737	1,200,000	3,658,400	77.2 %	0.4 %	2,488,900
<u>Sri Lanka</u>	21,283,913	121,500	1,776,900	8.3 %	0.2 %	973,720
<u>Taiwan</u>	23,071,779	6,260,000	16,147,000	70.0 %	1.7 %	9,932,740
<u>Tajikistan</u>	7,627,200	2,000	700,000	9.2 %	0.1 %	20,260
<u>Thailand</u>	66,720,153	2,300,000	18,310,000	27.4 %	2.0 %	10,612,380

TECHNOLOGICAL FORCES

- Electronic Business Technologies
 - Electronic Commerce - a commercial transaction whereby the order for a good or service is made using some form of Internet based communication. The delivery and payment may be performed off-line in the physical world.



Marketspace - Electronic Business Technologies



The Million Dollar Homepage™

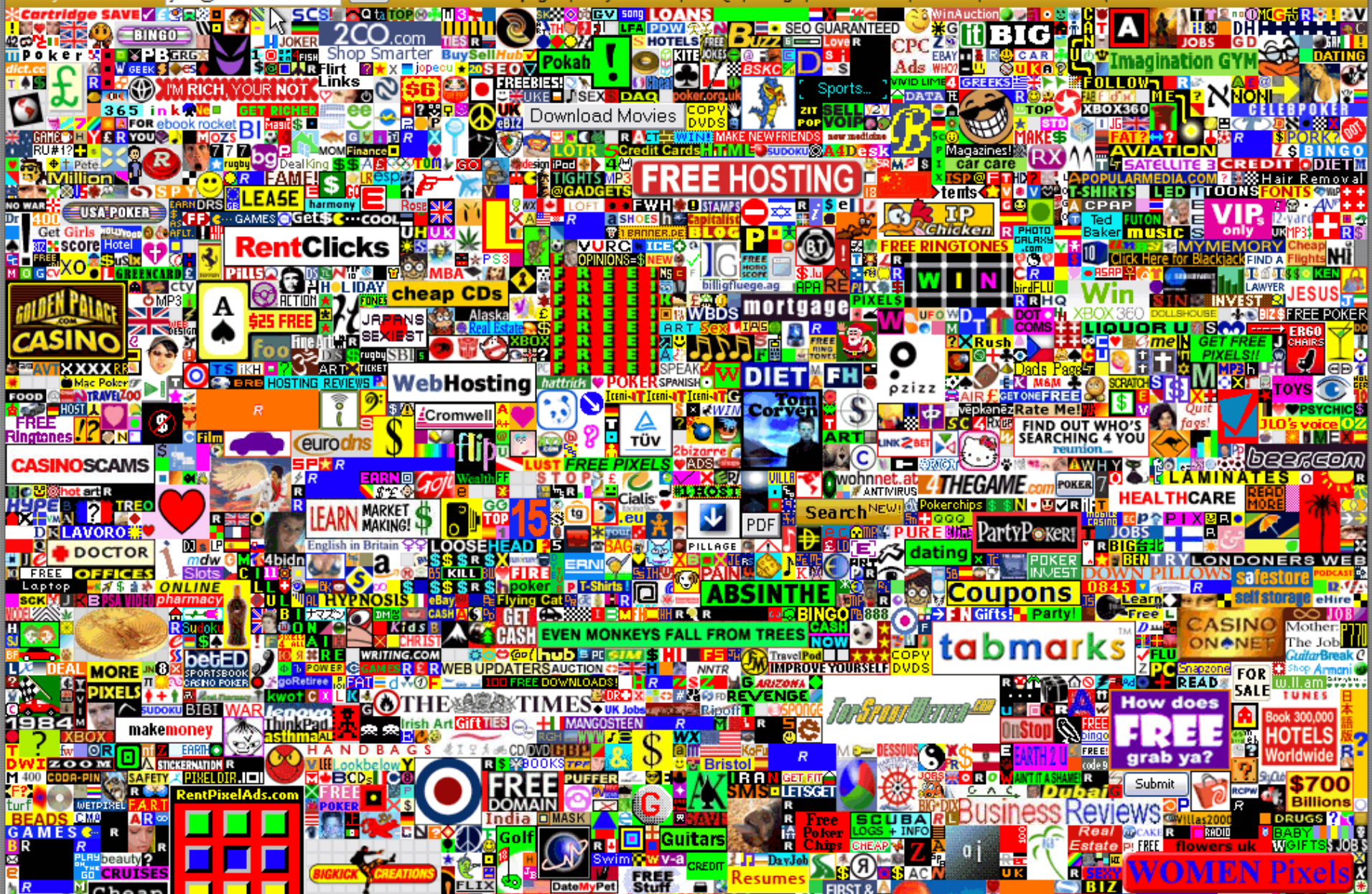
1,000,000 pixels • \$1 per pixel • Own a piece of internet history!

1000 Limited Edition MDHP Poster Prints - Available Now

Sold: 1,000,000
SOLD OUT!

Get my newsletter:

[Homepage](#) | [Buy Pixels](#) | [FAQ](#) | [Blog](#) | [Pixel List](#) | [Press](#) | [Testimonials](#) | [Contact me](#)





What Is Second Life?

World Map

Shopping

Buy Land

Community

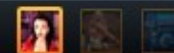
Help

Join Now >>
It's fast, free and easy!

Anything is possible in Second Life
Fasten your seatbelts

Join Now >>

Welcome To Second Life



Login

You need to be logged into Facebook to see your friends' recent activity.

Octoberville 2011

113 people recommend this.

BURN2

140 people recommend this.

Facebook social plugin

Get more out of
Second Life.

Upgrade to Premium

Add interests
to your Profile.

Update Profile

COMPETITIVE FORCES

- **Competition**
- **Alternative Forms of Competition**
 - **Pure Competition**
 - **Monopolistic Competition**
 - **Oligopoly**
 - **Pure Monopoly**
- **Small Businesses as Competitors**



Continuum of Competition



BASIS OF COMPARISON

- Number of sellers
- Product differences
- Importance of market mix

PURE COMPETITION

- Large number of sellers
- Similar products
- Distribution is important

MONOPOLISTIC COMPETITION

- Large number of sellers
- Unique but substitutable
- Pricing is important

OLIGOPOLY

- A few large competitors
- Similar products
- Promotion is key to achieve perceived product differences

MONOPOLY

- Single producer
- Unique and unsubstitutable
- Unimportant

COMPETITIVE FORCES

COMPONENTS OF COMPETITION



- ❑ Barriers to Entry
- ❑ Power of Buyers and Sellers
- ❑ Existing Competitors and Substitutes
- ❑ Small Businesses as Competitors

COMPETITIVE FORCES

COMPONENTS OF COMPETITION

- ❑ Barriers to Entry
- ❑ Power of Buyers and Sellers
- ❑ Existing Competitors and Substitutes
- ❑ Small Businesses as Competitors

THE END

□ Any questions?

□ A = Ask

□ S = Seek

□ K = Knock

