

ELEVENTH EDITION

# MARKETING

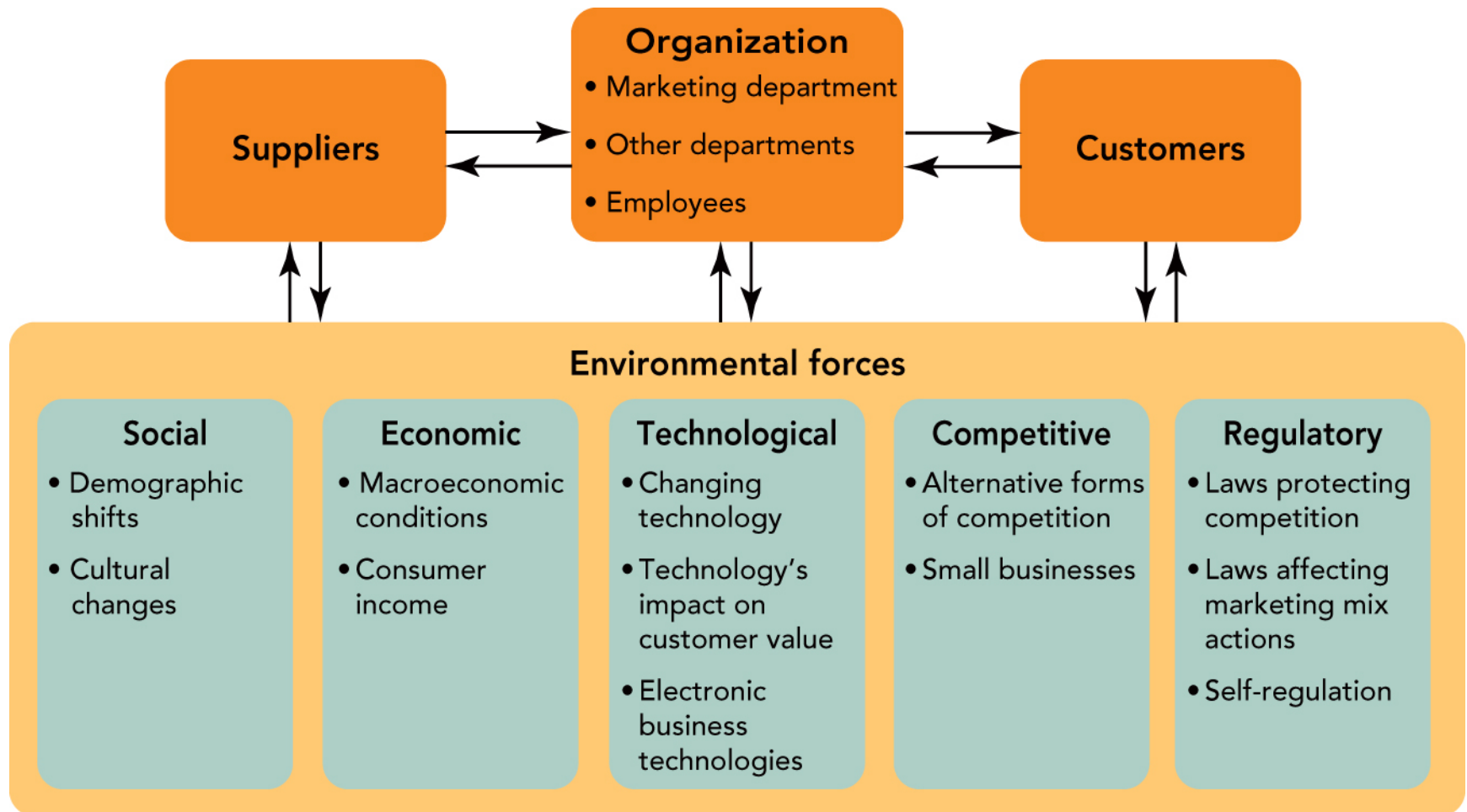
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CHAPTER

3

SCANNING THE  
MARKETING  
ENVIRONMENT

# FIGURE 3-1 Environmental forces affect the organization, its suppliers, and its customers



## ➤ An Environmental Scan of Today's Marketplace

- Increasing U.S. Population Diversity
- Growing Economic Impact of China and India



# **SOCIAL FORCES**

## **DEMOGRAPHICS—GENERATIONAL COHORTS**

- **Baby Boomers: 1946 - 1964**
- **Generation X: 1965 - 1976**
- **Generation Y: 1977 - 1994**
- **Millennials: 1995+**
- **Generational Marketing**

# **SOCIAL FORCES**

## **DEMOGRAPHICS—POPULATION SHIFTS**

### **➤ Shifts Within States**

- **Rural**
- **Cities**
- **Suburbs**
- **Exurbs**

# SOCIAL FORCES

## DEMOGRAPHICS—RACIAL & ETHNIC DIVERSITY

### ➤ Composition

### ➤ Trends

- African Americans
- Hispanics
- Asian Americans

### ➤ Multicultural Marketing

United States  
**Census 2010**

This is the official form for all the people at this address.  
It is quick and easy, and your answers are protected by law.

U.S. DEPARTMENT OF COMMERCE  
Economic and Statistical Administration  
U.S. CENSUS BUREAU

Use a blue or black pen.  
**Start here**

The Census must count every person living in the United States on April 1, 2010.  
Before you answer Question 1, count the people living in this house, apartment, or mobile home using our guidelines.

- Count all people, including babies, who live and sleep here most of the time.

The Census Bureau also conducts counts in institutions and other places, so:

- Do not count anyone living away either at college or in the Armed Forces.
- Do not count anyone in a nursing home, jail, prison, detention facility, etc., on April 1, 2010.
- Leave these people off your form, even if they will return to live here after they leave college, the nursing home, the military, jail, etc. Otherwise, they may be counted twice.

The Census must also include people without a permanent place to stay, so:

- If someone who has no permanent place to stay is staying here on April 1, 2010, count that person. Otherwise, he or she may be missed in the census.

1. How many people were living or staying in this house, apartment, or mobile home on April 1, 2010?

Number of people =

2. Were there any additional people staying here April 1, 2010 that you did not include in Question 1? Mark ☒ all that apply.

- ☐ Children, such as newborn babies or foster children
- ☐ Relatives, such as adult children, cousins, or in-laws
- ☐ Nonrelatives, such as roommates or live-in baby sitters
- ☐ People staying here temporarily
- ☐ No additional people

3. Is this house, apartment, or mobile home — Mark ☒ ONE box.

- ☐ Owned by you or someone in this household with a mortgage or loan? Include home equity loans.
- ☐ Owned by you or someone in this household free and clear (without a mortgage or loan)?
- ☐ Rented?
- ☐ Occupied without payment of rent?

4. What is your telephone number? We may call if we don't understand an answer.  
Area Code + Number  
 -  -

OMB No. 0607-0919-C: Approval Expires 12/31/2011.  
Form D-61 (1-15-2009)

5. Please provide information for each person living here. Start with a person living here who owns or rents this house, apartment, or mobile home. If the owner or renter lives somewhere else, start with any adult living here. This will be Person 1.  
What is Person 1's name? Print name below.  
Last Name  First Name  MI   
☐ Male ☐ Female

6. What is Person 1's sex? Mark ☒ ONE box.  
☐ Male ☐ Female

7. What is Person 1's age and what is Person 1's date of birth? Please report babies as age 0 when the child is less than 1 year old. Print numbers in boxes.  
Age on April 1, 2010  Month  Day  Year of birth   
→ NOTE: Please answer BOTH Question 8 about Hispanic origin and Question 9 about race. For this census, Hispanic origins are not races.

8. Is Person 1 of Hispanic, Latino, or Spanish origin?  
☐ No, not of Hispanic, Latino, or Spanish origin  
☐ Yes, Mexican, Mexican Am., Chicano  
☐ Yes, Puerto Rican  
☐ Yes, Cuban  
☐ Yes, another Hispanic, Latino, or Spanish origin — Print origin, for example, Argentinian, Colombian, Dominican, Nicaraguan, Salvadoran, Spaniard, and so on.

9. What is Person 1's race? Mark ☒ one or more boxes.  
☐ White  
☐ Black, African Am., or Negro  
☐ American Indian or Alaska Native — Print name of enrolled or principal tribe.   
☐ Asian Indian ☐ Japanese ☐ Native Hawaiian  
☐ Chinese ☐ Korean ☐ Guamanian or Chamorro  
☐ Filipino ☐ Vietnamese ☐ Samoan  
☐ Other Asian — Print race, for example, Hmong, Laotian, Thai, Pakistani, Cambodian, and so on.   
☐ Other Pacific Islander — Print race, for example, Fijian, Tongan, and so on.   
☐ Some other race — Print race.

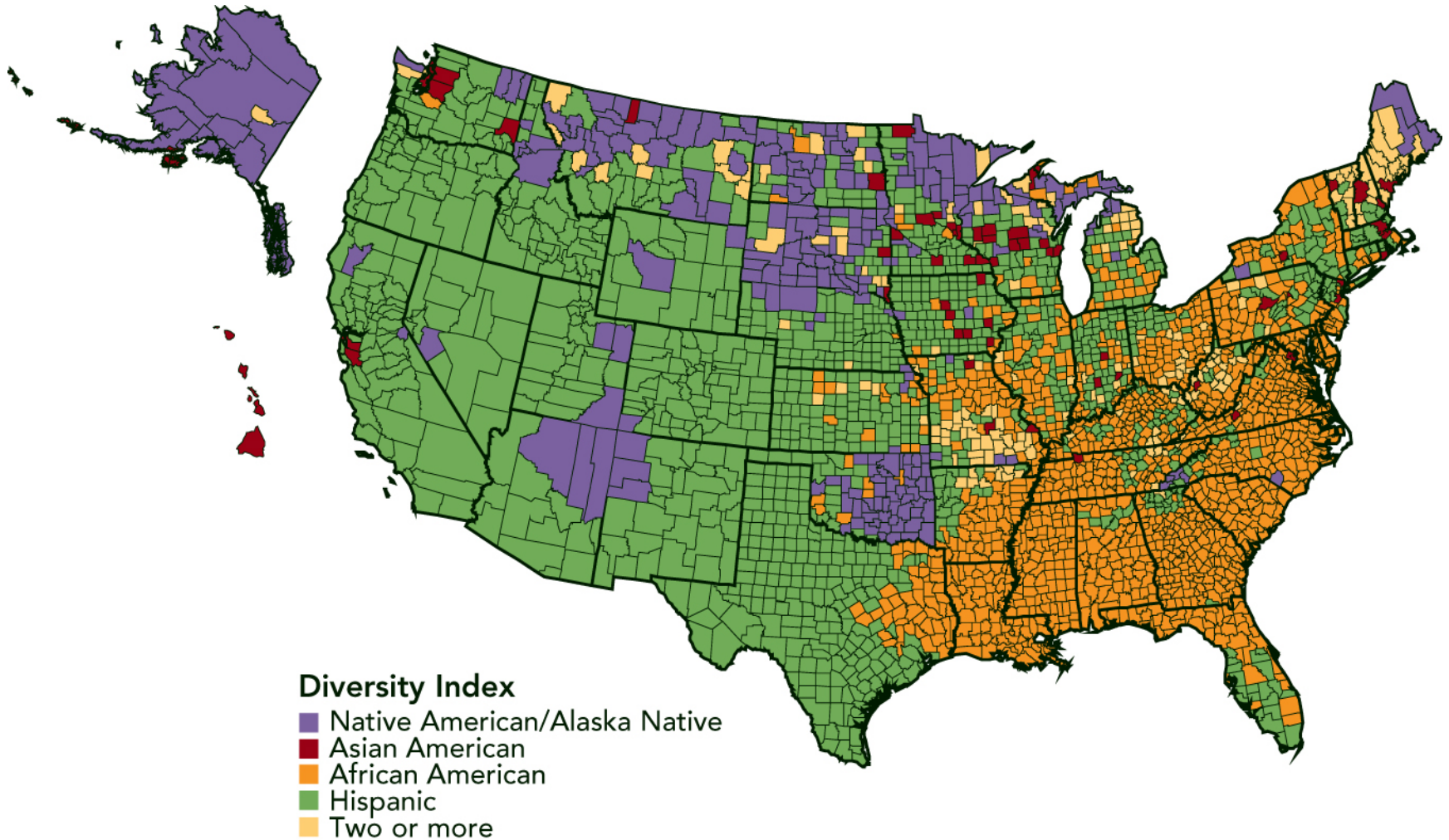
10. Does Person 1 sometimes live or stay somewhere else?  
☐ No ☐ Yes — Mark ☒ all that apply.  
☐ In college housing ☐ For child custody  
☐ In the military ☐ In jail or prison  
☐ At a seasonal or second residence ☐ In a nursing home  
☐ For another reason

→ If more people were counted in Question 1, continue with Person 2.

USCENSUSBUREAU



**FIGURE 3-3 Racial and ethnic groups (excluding whites) are concentrated in geographic regions of the United States**



# ECONOMIC FORCES

## MACROECONOMIC CONDITIONS

### ➤ Economy

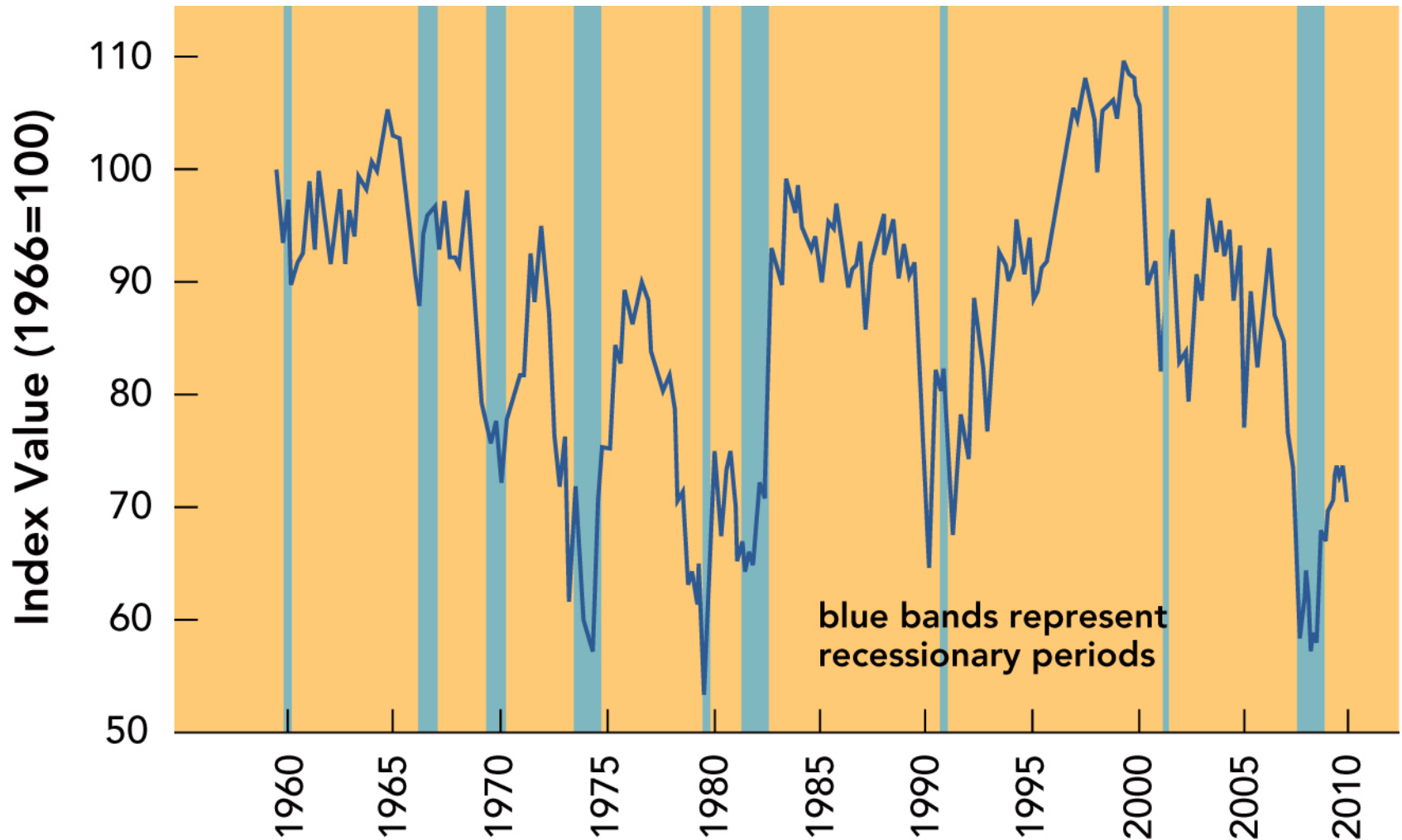
- Inflation



- Recession



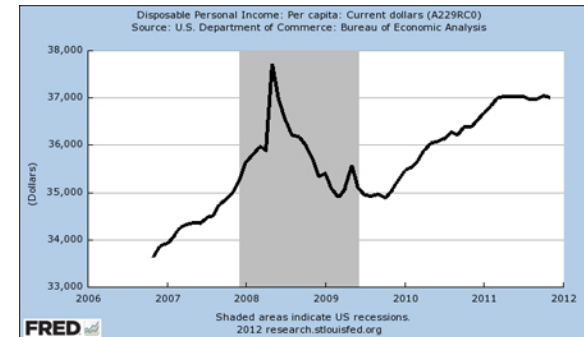
**FIGURE 3-4 The Index of Consumer Sentiment (ICS)**



# ECONOMIC FORCES

## CONSUMER INCOME

- **Gross Income**
- **Disposable Income**
- **Discretionary Income**



# TECHNOLOGICAL FORCES

## TECHNOLOGY OF TOMORROW

### ➤ Technology

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

# TECHNOLOGICAL FORCES

## IMPACT ON CUSTOMER VALUE

### ➤ Impact on Customer Value

- Plummeting Costs
- New Products
- Production of Existing Products

#### ■ Recycling



#### ■ Precycling

Three ways to Precycle:

- Buy items that will last
- ▲ Avoid excess packaging
- Reuse as much as possible



# TECHNOLOGICAL FORCES

## ELECTRONIC BUSINESS TECHNOLOGIES

- **Marketspace**
- **Electronic Commerce**
- **Intranet**
- **Extranets**



# COMPETITIVE FORCES

## ALTERNATIVE FORMS OF COMPETITION

### ➤ Competition

- **Pure Competition**
- **Monopolistic Competition**
- **Oligopoly**
- **Pure Monopoly**



# FIGURE 3-A Continuum of competition

	<div> MANY <div>NUMBER OF SELLERS</div> ONE </div>			
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

# COMPETITIVE FORCES

## COMPONENTS OF COMPETITION

- **Entry**
  - **Barriers to Entry**
- **Power of Buyers and Suppliers**
- **Existing Competitors and Substitutes**
- **Small Business as Competitors**

# REGULATORY FORCES

## FEDERAL LEGISLATION



### ➤ Regulation

### ➤ Protecting Competition

- ***Sherman Antitrust Act (1890)***
- ***Clayton Act (1914)***
- ***Robinson-Patman Act (1936)***

# REGULATORY FORCES

## FEDERAL LEGISLATION



### ➤ Product-Related Legislation

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

# REGULATORY FORCES

## FEDERAL LEGISLATION

### ➤ Pricing-Related Legislation



- Price Fixing



- Price Discounting



# VIDEO CASE 3

## GEEK SQUAD: A NEW BUSINESS FOR A NEW ENVIRONMENT



## VIDEO CASE 3

### Geek Squad

1. What are the key environmental forces that created an opportunity for Robert Stephens to start the Geek Squad?

## VIDEO CASE 3

### Geek Squad

2. What changes in the purchasing patterns of (a) all consumers, and (b) women made the acquisition of Geek Squad particularly important for Best Buy?

## VIDEO CASE 3

### Geek Squad

3. Based on the case information and what you know about consumer electronics, conduct an environmental scan for Geek Squad to identify key trends. For each of the five environmental forces (social, economic, technological, competitive, and regulatory), identify trends likely to influence Geek Squad in the near future.

## VIDEO CASE 3

### Geek Squad

4. What promotional activities would you recommend to encourage consumers who use independent installers to switch to Geek Squad?

# Environmental Scanning

**Environmental scanning** is the process of continually acquiring information on events occurring outside the organization to identify and interpret potential trends.



# Social Forces

**Social forces** are the demographic characteristics of the population and its values.



# Demographics

**Demographics** describe a population according to selected characteristics such as age, gender, ethnicity, income, and occupation.



# Baby Boomers

**Baby boomers** consist of the generation of children born between 1946 and 1964.



# Generation X

**Generation X** includes the 15 percent of the population born between 1965 and 1976. Also called *baby bust*.



# Generation Y

**Generation Y** includes the 72 million Americans born between 1977 and 1994. Also called *echo-boom* or *baby boomlet*.



# Blended Family

A **blended family** is a family formed by merging two previously separated units into a single household.



# Multicultural Marketing

**Multicultural marketing** consists of combinations of the marketing mix that reflect the unique attitudes, ancestry, communication preferences, and lifestyles of different races.



# Culture

**Culture** consists of the set of values, ideas, and attitudes that are learned and shared among the members of a group.



# Value Consciousness

**Value consciousness** is the concern for obtaining the best quality, features, and performance of a product or service for a given price that drives consumption behavior.



# Economy

The **economy** pertains to the income, expenditures, and resources that affect the cost of running a business and household.



# Gross Income

**Gross income** is the total amount of money made in one year by a person, household, or family unit. Also known as *money income* at the Census Bureau.



# Disposable Income

**Disposable income** is the money a consumer has left after paying taxes to use for necessities such as food, housing, clothing, and transportation.



# Discretionary Income

**Discretionary income** is the money that remains after paying for taxes and necessities.



# Technology

**Technology** consists of the inventions or innovations from applied science or engineering research.



# Marketspace

**Marketspace** is an information- and communication-based electronic exchange environment mostly occupied by sophisticated computer and telecommunication technologies and digitized offerings.



# Electronic Commerce

**Electronic commerce** is any activity that uses some form of electronic communication in the inventory, exchange, advertisement, distribution, and payment of goods and services.



# Competition

**Competition** consists of the alternative firms that could provide a product to satisfy a specific market's needs.



# Barriers to Entry

**Barriers to entry** are business practices or conditions that make it difficult for new firms to enter the market.



# Regulation

**Regulation** consists of the restrictions state and federal laws place on business with regard to the conduct of its activities.



# Consumerism

**Consumerism** is a grassroots movement started in the 1960s to increase the influence, power, and rights of consumers in dealing with institutions.



# Self-Regulation

**Self-regulation** is an alternative to government control where an industry attempts to police itself.

