The Marketing Environment

L1 Understand the importance of monitoring change in the marketing environment.

- A marketing environmental scan is the process of continually acquiring information on events outside the organization to identify trends, opportunities, and threats.

marketing environmental scan The process of continually acquiring information on events occurring outside the organization to identify trends, opportunities and threats to your business

L2 Describe how trends in the demographic, socio-cultural, economic, and technological environment affect marketing.

- Demographics are the statistical study of populations, looking at characteristics such as gender, age, ethnicity, income, and occupation.
- Socio-cultural forces look at cultural values, ideas, and attitudes as they relate to society's trends and beliefs.
- Economic forces are important in terms of personal income and the health of the economy.
- Technological forces relate to scientific inventions and innovations that affect the running of the business or target-group behaviour.

Figure 2–3
Annual number of immigrants admitted to Canada, 1901–2001

A CENTURY OF IMMIGRATION
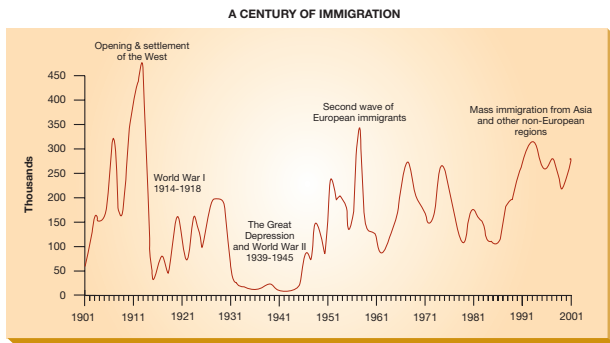
baby boomers Generation of people born between 1946 and 1964

demographics The statistical data on a population according to characteristics such as age, gender, ethnicity, income, and occupation

discretionary income Money that consumers have left after paying taxes and buying necessities

disposable income Balance of income left after paying taxes; income that is used for spending and savings

economy The collective income, expenditures, and resources that affect the cost of running a business or a household

Generation X People born between 1965 and 1976

Generation Y People born between 1975 and 1995

gross income Total amount of money made in one year by a person, household, or family unit, including taxes

inflation A period when the cost to produce and buy products and services gets higher as prices rise

macroeconomic forces The state of a country's economy as a whole

microeconomic forces The supply and demand of goods and services and how this is impacted by individual, household, and company decisions to purchase
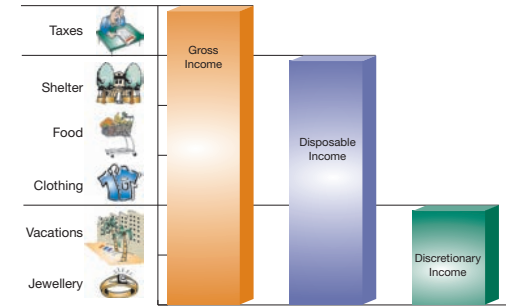
recession A time of slow economic activity with two consecutive periods of negative growth

socio-cultural forces Cultural values, ideas, and attitudes, as well as society's morals and beliefs

technological forces Inventions from applied science or engineering research

Figure 2–4
Three levels of consumer income

L3 Recognize the impact that competition has on companies and their marketing programs.

- Competitive forces refer to direct and indirect competitors and also the competitive nature of the market in which they function.

competitive forces Alternative products that can satisfy a specific market's needs

direct competitors Similar products sold in the same category

indirect competitors Products competing for the same buying dollar in a slightly different, but related category

monopolistic competition Type of competition where a large number of sellers compete with each other, offering customers similar or substitute products
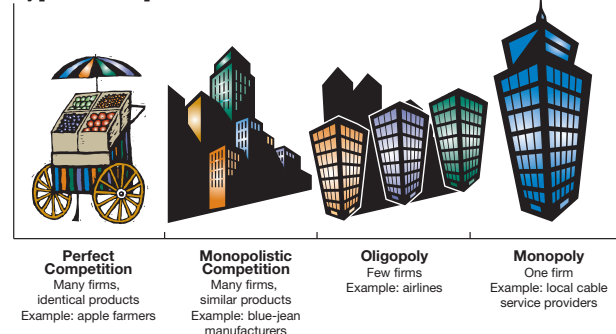
monopoly When only one company sells in a particular market

oligopoly Type of competition that occurs when a few companies control a market

perfect competition Type of competition where there are many sellers with nearly identical products and little differentiation

Figure 2–5
Types of competitions

Perfect Competition
Many firms, identical products
Example: apple farmers

Monopolistic Competition
Many firms, similar products
Example: blue-jean manufacturers

Oligopoly
Few firms
Example: airlines

Monopoly
One firm
Example: local cable service providers

L4 Understand the regulatory forces that encourage free market competition, and protect consumers from questionable marketing practices.

- Regulatory forces are the restrictions placed on a business, product, or service by the government or industry association.

regulations Restrictions placed on marketing practices by government and industry associations