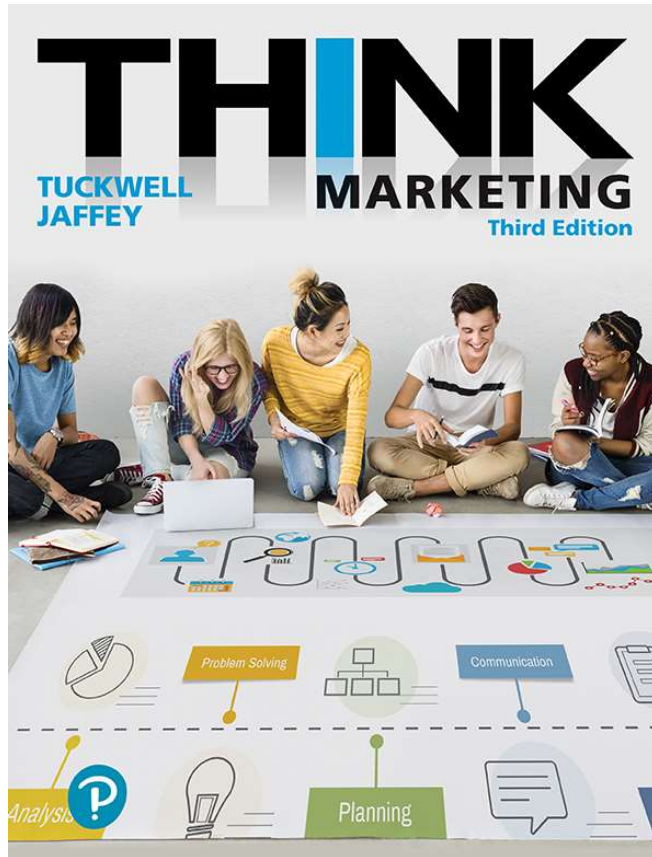


Think Marketing

Third Edition



Chapter 2

The External Marketing Environment

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External Forces Impacting Marketing

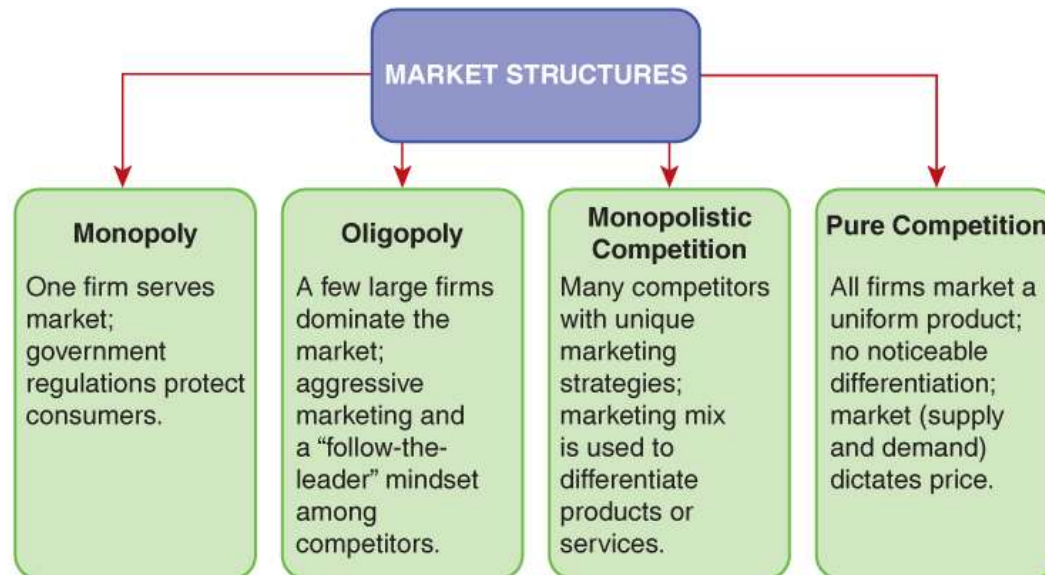
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Figure 2.1 Trends in the Canadian Marketplace

Environmental Force (C.R.E.S.T.)	Trends Revealed by an Environmental Scan
Competitive	<ul style="list-style-type: none">• Price competition is intense as online retailers such as Amazon gain traction and big U.S. chain stores continue to enter the Canadian marketplace.• Mergers and acquisitions are occurring to create scale and improve competitiveness.
Regulatory	<ul style="list-style-type: none">• The impact of Brexit and U.S. President Trump's protectionist policies create uncertainty and may hamper global trade.• Regulators are introducing new legislation related to consumer privacy, intellectual property protection, and copyright.
Economic	<ul style="list-style-type: none">• Most of Canada's job growth is coming from the services sector.• There is continued concern about the high levels of personal and household debt.• Housing markets remain overheated in key urban centres such as Toronto and Vancouver.• The sharing economy continues to expand.
Social, Environmental & Demographic	<ul style="list-style-type: none">• Canadian society is more demanding of Canadian business practices and tends to reward those organizations that act in a socially responsible manner.• Canada's population is more ethnically diverse than ever before.
Technological	<ul style="list-style-type: none">• Technological innovations, including artificial intelligence (AI), are impacting all aspects of society—from the way we purchase products to the way people and organizations communicate.• There has been a dramatic growth in e-commerce, especially among millennials.• The Internet of Things is connecting all aspects of our lives.

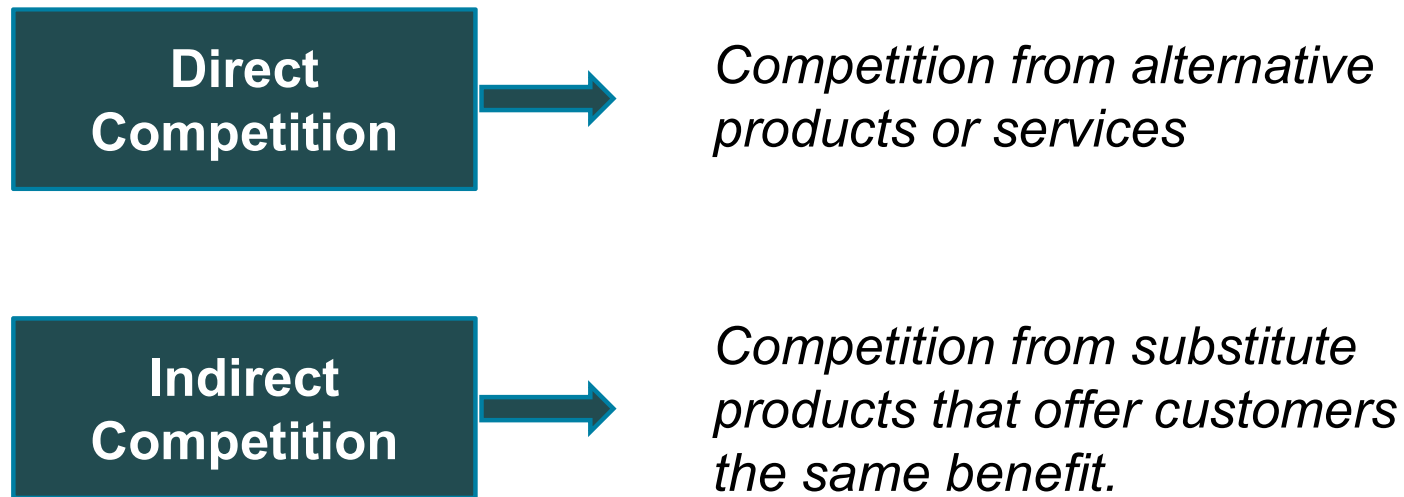
Competitive Forces

Figure 2.2
Market Structures in
Canada



Competitive Strategies

Marketers must consider the strategies of **direct** and **indirect competitors**.



Market Share

The strength of a brand or company relative to its competitors is determined by **market share**.

Calculated by the sales volume of one competing product or company expressed as a percentage of total market sales volume.

Market Share = Brand Dollar Sales / Market Dollar Sales × 100

Example: = \$1,000,000 / \$10,000,000 × 100
= 10%

Competitive Position



Regulatory and Legal Forces

- **Industry Canada** Regulates the legal environment for marketing and other business practices in Canada.
- **Competition Act** brings together a number of related laws to help consumers and businesses function in Canada
- **Industry and Business Specific**

Social Responsibility and the Natural Environment



Figure 2.8 Companies like Grove Nutrition, makers of Rumble, are focusing on a triple bottom line: people, planet, and profit.

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Demographic Forces

- Size and Age
- Location
- Family Formation and Household Size
- Spending Power / Wealth
- Education
- Multiculturalism

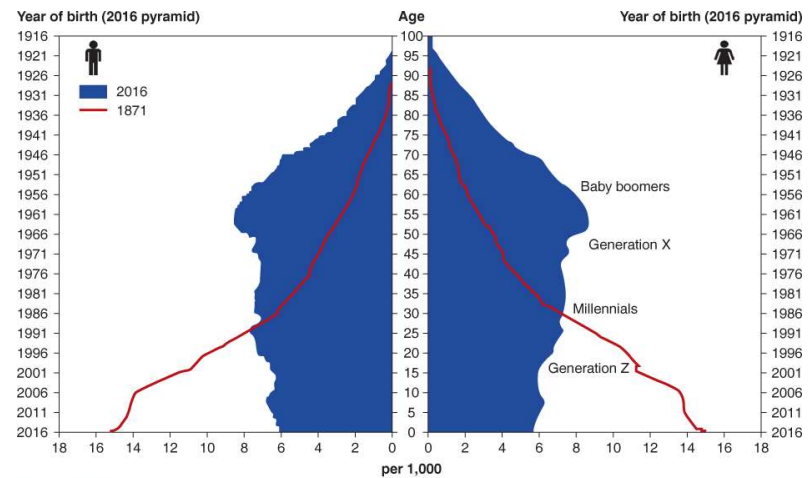


Figure 2.9 Canada's Population by Age and Gender

Source: www.statcan.gc.ca/daily-quotidien/170503/g-a001-eng.htm

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Figure 2.13 Canada's Ethnic Population as a Percentage of Each Market's Overall Population

Technological Forces

The Internet and E-Commerce

Figure 2.14 Key Insights into Online Shopping

Here is a summary of key insights into online shopping in Canada:

- 10% of all Canadian retail spending will be conducted online by 2019.
 - 40% of millennials buy online monthly.
 - 50% of 18 to 24 year old Canadian consumers use their smartphone/mobile device to access store coupons or promotional codes.
 - 40% of consumers under the age of 34 say that interactions with their favourite brands through social media have driven them to respect and value those brands.
 - 51% of millennials say that reading reviews, comments, and feedback on social media influences their online shopping habits.
 - The majority of shoppers like the experience of shopping in an actual store, so savvy retailers are investing in a buy-online-and-pickup-in-store strategy.
 - More and more, retailers are using big data, including a shopper's online purchase history and demographic information such as race, household income, and postal code to personalize the price the consumer pays for products and services.
-

Chapter Review

1. Identify the external forces that influence marketing.
2. Describe the way various competitive forces influence marketing strategy development.
3. Distinguish the role that laws, regulations, and self-regulation play in the practice of marketing in Canada
4. Explain the impact of the economy and various market structures on marketing practices.
5. Discuss how social, environmental, and demographic forces shape marketing strategies now and in the future.
6. Identify and explain the effect technological trends and developments have on current and future marketing practices.