

2

THE MARKETING ENVIRONMENT

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STUDENT LEARNING OBJECTIVES

After reading this chapter students should be able to:

- Understand the importance of a marketing environmental scan and how it is used to improve marketing programs.
- Describe the elements of a marketing environmental scan and summarize the trends affecting each element.
- Outline the current demographic and sociocultural influences that are affecting marketing approaches.
- Explain how changes in the economic environment can influence consumer purchase behaviour.
- Discuss the technological developments shaping current marketing practices.
- Describe the different forms of competition and the regulatory forces that shape the marketing industry.
- Be able to conduct a marketing environmental scan with publically available information

KEY TERMS AND CONCEPTS

baby boomers
binge viewing
competitive forces
demographics
direct competitors
discretionary income
disposable income
economy
Generation X
Generation Y
Generation Z
greenwashing
gross income
indirect competitors
inflation
macroeconomic forces

marketing environment scan
microeconomic forces
millennials
monopoly
monopolistic competition
oligopoly
online behavioural advertising
perfect competition
recession
regulation
showrooming
socio-cultural forces
social media monitoring
social TV
technological forces

MARKETING TIP

For this particular chapter we look to Mohammed Asaduallah, co-founder and CEO GrapeTrail for his **MARKETING TIP**. You may wish to use this at the start of a class, after a break, or to summarize the material at the end of a session. The quote for this chapter is as follows:

“It's important to have a clear vision and understand what's important to the user. Including a cool feature is meaningless unless it adds value to the user's experience.”

LECTURE NOTES

CHAPTER 2 OPENING VIGNETTE –GRAPETRAIL

The chapter uses the mobile app GrapeTrail as an example of how marketers respond to changes in the marketing environment to design products. The *marketing environment* refers to demographics, socio-cultural factors, the economic environment, technology, the competition, and regulatory forces. This vignette is summarized as follows:

GrapeTrail is a new iPhone app, created for touring Ontario wine country. It allows users to discover local wineries, create itineraries, and have GrapeTrail guide them through the local wine country. Before creating this app, the following marketing environment factors were noted:

- **Demographic factors:** Aging baby boomers have the financial means and interest in travel and new experiences. Young couples enjoy local and international tourist destinations.
- **Socio-cultural factors:** Wine consumption is growing in Canada (4.5 percent per year). A foodie trend is making wine and culinary tours popular. Social media is commonly used.
- **Economic factors:** The Canadian economy is robust but the Euro crisis and US economic uncertainty makes Canadians cautious in their spending.
- **Technological factors:** Smartphone and tablet usage is strong with apps widely used. Three mobile platforms are widely used in Canada, iOS (Apple), Android, and BlackBerry,
- **Competitive factors:** There are now well-designed, highly functional apps for wine country tours. Local wine country associations lack the means to develop and maintain apps. Competitive wine tour apps are either free or priced at \$2.99 with no search or navigation within the app.
- **Regulatory factors:** People must be over 19 years to drink alcohol legally in most of Canada and so the app requires age restrictions. iPhone apps must pass Apple's approval process, which includes an annual \$99 fee with 30 percent of revenues generated through the app payable to Apple (paid downloads, in-app purchases and iAds).

This *marketing environment* prompted Asadullah to launch GrapeTrail as a technically robust, intuitive free iPhone app with built-in navigation, social media integration, and the ability to easily explore all aspects of Ontario wine country.

Reality Check

As you read chapter 2, refer back to this opening vignette to answer the following questions:

- Which generations are targeted by GrapeTrail?

Answer: GrapeTrail targets baby boomers, generation X, generation Y, and the millennials.

All these generations are interested in new experiences.

- What new features do you think GrapeTrail should incorporate into its app to appeal to its target market and meet upcoming trends?

Answer: The responses to this question will vary.

I. The MARKETING ENVIRONMENT

Chapter 2 focuses on understanding the environment which affects marketing decisions. It explains how marketers channel their ideas and programs to meet changes in the consumer and the environment in which they function. Marketers continually acquire information on trends, opportunities and threats to their businesses to mold their products and programs to meet evolving consumer needs.

II. MARKETING ENVIRONMENTAL SCAN

A marketing environmental scan is the process of continually acquiring information on events occurring outside an organization to identify trends, opportunities, and threats to a business. Marketers use this knowledge to ensure that their products, services, and ideas are relevant, meaningful, and competitive. A marketing environmental scan looks at demographic forces, socio-cultural forces, economic forces, technological forces, competitive forces, and regulatory forces.

A. Demographic Forces

The statistical study of populations is referred to as demographics. It looks at age, gender, ethnicity, income, and occupation. Marketers need to clearly understand changes that occur in this area to ensure marketing efforts are well placed. The following changes are evident today:

- **Aging Population** - the fastest growing age group is 60-64 years with a large portion of seniors over 65 years. Centenarians are posting large increases with over 17, 000 expected by 2031. The aging population is due to Canada's political stability, good living conditions, and strong health care services.
- **Diverse Generations** - there are four main generational groups of consumers - baby boomers, generation X, generation Y, and generation Z. Baby boomers are the main reason for the "greying" of North America. This group accounts for approximately 70 percent of the wealth in Canada.
- **Big City Dwelling** - 70 percent of Canadians live in one of Canada's 33 cities with 35 percent of the population living in either Toronto, Montreal, or Vancouver.
- **Ethnic Diversity** - Canada is a multicultural society with two thirds of its growth in 2006- 2011 coming from immigration – mainly from Asia and Pacific regions (47%).
- **World Markets** - The world population is showing growth in underdeveloped areas such as Africa, Asia, and India. China and India alone are home to 2.7 billion people, 37 percent of the world's population and stand as future business opportunities.
- **Non-Traditional Families** - over the years the traditional nuclear family of two parents and two children has changed with more single parent families, blended families, same sex marriages, and common law unions. Family size has also decreased to 1-2 children per family.

B. Socio-Cultural Forces

Socio-cultural forces include society's morals and beliefs, and covers cultural values, ideas, and attitudes. Marketers are currently responding to socio-cultural changes related to communications and media, food, health and fitness, shopping, entertainment, the environment, and the modification of gender roles in society as identified below:

- **Media** - The wide spread use of the Internet and people's reliance on mobile devices to communicate and search for information is changing how consumers interact and how marketers communicate with consumers. Consumers are spread across multiple communication channels and devices, (tablets, smartphones, laptops, and TV's) and use websites, blogs, mobile apps, and social media through YouTube, Facebook, Twitter, Pinterest, and Instagram to search for information and communicate.
- **Food Consumption** - Consumers in Canada are interested in nutritious, fresh, and easy to prepare foods. They are enjoying a wide variety of international foods and in response marketers are providing a wide range of ethnic foods as well as foods that are fresh and nutritious. Meatless meals, gluten free products, organic offerings, local produce, and small indulgent gourmet brands and increasingly popular. Consumers are increasingly snacking versus eating sit-down meals.
- **Health and Fitness** - Canadians are concerned about health, nutrition, and obesity with an increased focus on making healthier life-style choices.
- **Environmental Awareness** - The issue of global warming is influencing Canadians to reduce pollution, be less wasteful, and make choices that do not negatively impact the environment.
- **Evolving Gender Roles** - Increasingly, women are working full time and men are becoming more involved in household duties. This has resulted in dual income families who are time-starved.

Ask Yourself

1. What do we mean by *time-starved*?
Answer: Time-starved is when people do not have enough time in the day to complete all the necessary tasks.
2. What are the marketing implications of ethnic diversity in Canada?
Answer: Products may have to be redesigned to reflect this societal change since each diverse group has unique purchasing patterns.
3. How are important values such as health and fitness reflected in the marketplace today?
Answer: Concern for health and fitness is reflected in the market through an increased number of healthy food products, the growth of the gym/fitness industry, and the heightened media interest in this topic.

C. Economic Forces

Marketers are interested in consumers' ability to purchase products and how the economy impacts purchase behaviour. There are macroeconomic forces and microeconomic forces as explained below:

- **Macroeconomic Forces** - macroeconomic forces refer to the state of the country's economy as a whole. Key economic indicators are inflation, unemployment, economic growth, and consumer confidence.
- **Microeconomic Forces** - microeconomic forces refer to the supply and demand of goods and services and how this impacts on the buying power of individuals, households, and companies. Key indicators are gross income, disposable income, and discretionary income.

D. Technological Forces

Technological forces refer to innovations that stem from scientific or engineering research. Changes in how consumers use technology and integrate it into their lives must be understood by marketers and incorporated into their products and communications programs. Canadians are increasingly comfortable with digital communications and view computers and the Internet as essential tools. Marketers need to know not only what new inventions are coming on the scene but also how consumers are integrating technology into their lives.

E. Competitive Forces

There are various types of competition which a marketer must consider. There are direct competitors who offer very similar products in the same category, and there are indirect competitors who compete for the same buying dollar in a slightly different market.

1. Types of Economic Competition

- *Monopoly* - only one company selling in the market
- *Oligopoly* - only a few companies control the market
- *Monopolistic Competition* - a large number of sellers offering similar or substitute products.
- *Perfect Competition* - many sellers with similar products and little differentiation.

Ask Yourself

1. What is the difference between a consumer's disposable and discretionary income?
Answer: Disposable income is the money left after paying taxes to use for food, clothing, and shelter. Discretionary income remains after paying for taxes and necessities.
2. What is the most common form of competition?
Answer: Monopolistic competition.
3. What are the indirect competitors to a bag of Doritos chips?
Answer: Other snack items such as nuts, pretzels, grapes, or cookies are indirect competitors.

F. Regulatory Forces

A marketer needs to be aware of any restrictions placed on its marketing practices by government and industry associations. These regulations protect consumers from unscrupulous business practices, and set acceptable standards of practice. The key regulatory groups that affect marketing practices in Canada are the Competition Bureau, the Canadian Radio-Television and Telecommunications Commission (CRTC), Advertising Standards Canada, (ASC), the Canadian Marketing Association (CMA), and the Better Business Bureau (BBB). New regulatory areas have surfaced due to mobile communications with the Canadian Wireless Telecommunications Association (CWTA) and the Mobile Marketing Association (MMA)

- **The Competition Bureau** is responsible for the administration and enforcement of the Competition Act, the Consumer Packaging and Labelling Act, the Textile Labelling Act, and the Precious Metals Marking Act. It is also part of the Canadian Anti-Fraud Centre. The role of the Competition Bureau is to promote and maintain fair competition. Failure to abide by these acts can result in fines and jail time if appropriate. Visit <http://www.cb-bc.gc.ca>.
- **Advertising Standards Canada (ASC)** is a self-regulatory non-government association run by advertising, media, and marketing professionals. It sets regulations and standards of professional practice for the advertising industry that has agreed to abide by its policies. A single complaint will trigger a review of an ad with its eventual withdrawal if it does not meet the guidelines. The ASC also provides advice and pre-clearance services for advertisers.
- **The Canadian Radio-Television and Telecommunications Commissions (CRTC)** administers the Broadcast and Telecommunications Act, setting guidelines for broadcast standards, monitoring the ownership of media outlets, and approving broadcast licences for TV and radio stations. It sets guidelines for the broadcast of Canadian content and sets the number of minutes of advertising permitted hourly on TV. It also manages Canada's Do-Not-Call telemarketing list and administers the Wireless Code that regulates the wireless telecommunications sector. Visit <http://www.crtc.gc.ca>.
- **The Canadian Marketing Association (CMA)** represents the marketing industry in Canada. Its members need to abide by its code of ethics. It provides the industry with guidelines related to topics such as mobile marketing, telemarketing, email marketing, social media marketing, privacy compliance, promotional contests, fundraising, database marketing, marketing to children and teenagers, Canada's anti-spam legislation, and online behavioural advertising. Visit <http://www.the-cma.org>.
- **The Better Business Bureau (BBB)** is a voluntary alliance of businesses which provides information to help businesses and consumers follow fair and honest business practices. Visit <http://www.bbb.org>.

- **The Canadian Wireless Telecommunications Association (CWTA)** provides resources on the wireless industry in Canada. It deals with the government on issues related to cellular, personal communication devices, messaging, wireless and mobile satellite carriers, and represents companies working in that space. Its website provides useful statistics on the industry as well as regulations which control the sector. Visit www.cwta.ca and www.txt.ca.
- **The Mobile Marketing Association (MMA)** is a global association driven to create growth and efficiency within the industry. It sets standards and guidelines that regulate mobile messaging, mobile advertising, and to mobile marketing promotions. It has a resource centre for marketers and publishes a code of conduct, a best practices guide, privacy policy templates, and the International Journal of Mobile Marketing which periodically includes a section on Mobile Marketing in Canada.

Privacy, spam and online behavioural advertising have undergone considerable scrutiny over the past few years with new anti-spam legislation and online behavioural guidelines put in place to guide the industry and protect consumers. Privacy legislation has been updated to reflect these areas.

Ask Yourself

1. What role does the Canadian Radio-television and Telecommunications Commission (CRTC) play in Canadian marketing regulations?
Answer: The CRTC helps set standards of acceptable broadcast standards and regulates the telecommunications industry.
2. What government body oversees privacy issues in Canada?
Answer: The Office of the Privacy Commissioner of Canada oversees privacy in Canada.
3. Does self-regulation work? Why or why not?
Answer: Self-regulation works when the industry is committed to supporting and enforcing these regulations. The threat of government intervention and negative publicity helps support self-regulation.

G. Steps in a Marketing Environment Scan

Marketing environment scans are conducted by marketers to ensure products and marketing approaches are relevant. A marketing environment scan is often conducted annually as part of the marketing planning process, and also periodically when new ideas and approaches are needed. Steps in the process are:

- (1) Collect the facts and identify trends
- (2) Brainstorm on marketing ideas to build the business
- (3) Assess, evaluate, and implement ideas

Mohammed Asaduallah shared the marketing environment scan that was conducted prior to designing and launching GrapeTrail. It highlighted the importance of creating an app that is:

- Technically robust and easy to use
- Free to download
- Contains in-app navigation and social media integration
- Uses beautiful images

QUESTIONS AND ANSWERS TO END-OF CHAPTER MATERIAL

Hands-on...Apply Your Knowledge Marketing Environment Scan Assignment

Assume GrapeTrail is expanding its business to create an app for foodies. Review this chapter's opening vignette on GrapeTrail and the steps required to conduct a marketing environment scan at the end of this chapter. Create a new marketing environmental scan to determine what ideas and opportunities exist for targeting food enthusiasts. Follow the steps in a marketing environment scan and outline your work in the format outlined in Figure 2–6.

Answer: This assignment gives students the opportunity to apply chapter material to a real-life example, using the chapter's opening vignette as a foundation. There are no specific answers.

Video Clip...Questions

Review the two Statistics Canada Census videos on CONNECT and answer the following questions:

- What are the top three immigrant languages in Canada?

Answer: Chinese languages, Punjabi, and Spanish

- How many aboriginal languages are spoken in Canada?

Answer: 60

- What percentage of the population is bilingual in English and French?

Answer: 17.5%

- What percentage of the population is between 15 – 64 years?

Answer: 69%

- What is the growth rate of the 0-4 year age segment?

Answer: 11%

- What is the fastest growing age group and what is its growth rate?

Answer: 60-64, 29%

Infographic ... Data Analysis

Review the infographic on car sales in Canada and update the chart using the latest data from Canadian newspaper articles from The Toronto Star, The National Post, and The Globe and Mail, as well as other reputable business sources such as Canadian Business, Maclean's, and the DeRosiers automotive website that specializes in the car industry. Create your own infographic and write a short analysis of industry changes that occurred over the last year. (Infographic tip: use Excel and Word to create charts and place them in a single PowerPoint slide to combine the visuals).

Answer: All major newspapers provide updated annual data on the automobile industry every January. This is an excellent source of information for students and they are advised to check the articles from three major newspapers. The information will be sourced from DeRosiers Automotive Consultants.

QUESTIONS AND ANSWERS TO ONLINE ACTIVITIES: APPLYING MARKETING CONCEPTS AND PERSPECTIVES

- 1. Kentucky Fried Chicken (KFC) is a fast food restaurant that sells mainly breaded chicken products such as drum sticks, nuggets, chicken wings, chicken breast and sandwiches as individual or family meals. Conduct a marketing environment scan on KFC and identify two trends or factors that may significantly affect its future business. Suggest how KFC could respond to these changes.**

Answer: Two trends that may affect KFC are: (1) growing health concerns, and (2) environmental consciousness.

- a. Growing health concerns are making people more conscious of the number of calories they consume and the ingredients included in products they purchase. KFC may need to introduce healthier products that are not breaded or fried and in the long term look at repositioning the fast food company.
- b. Environmental trends may lead KFC in to examining its environmental foot print and consider changing its processes to reduce its impact on the environment. It may also want to examine the recycling choices it provides its consumers.

- 2. Describe what features you would add to an automobile designed for generation Y. What advertising media choices would you use to appeal to this target market?**

Answer: A marketing environment scan reveals that this technology savvy market appreciates recreational activities and is not willing to generally put work before self-fulfillment.

- a. Items such as hands-free cellular phones, iPod compatible sound systems, GPS navigation systems, DVD players, and wireless internet capabilities may appeal to this generation.
- b. Advertising messages should be sent via the Internet, newspapers, and TV programming that focus on music, sports, technology, lifestyle, and current events.

- 3. In recent years two large companies have dominated the beer industry, Labatt and Molson. They now compete with many small regional brands and microbreweries. Where would you place the brewing industry on the continuum of competition? What marketing environmental forces and trends would help explain this increased competition?**

Answer: In terms of the continuum of competition, the brewing industry was historically oligopolistic. A few large producers accounted for the bulk of sales. In recent years, the brewing industry has moved to a position of monopolistic competition. There are a large number of micro-breweries where the unique aspect of their beer is their point of difference. Marketing environmental factors that have brought this about are a more sophisticated consumer who desires a greater variety of products.

4. When the Canadian long-distance telephone industry was deregulated, how did this change the competitive nature of this industry? How would each component of the marketing mix change and why?

Answer: When the telecommunications industry was deregulated this allowed new competitors to enter the market. This in turn drove down consumer prices and encouraged the development of new products and services which addressed consumer needs.

The marketing mix changed as follows:

- a. **Product** - product development encouraged competitors to add more services such as call waiting, caller I.D and voice messaging to stay ahead of competitors. Services were also bundled with other products to provide value to loyal consumers.
 - b. **Price** - price wars for long distance calling became common with marketers offering discounts and rebates for monthly packages. Packaging of services into “service bundles,” all for one price, also became common.
 - c. **Place** - after deregulation, new stores and booths in shopping malls and grocery stores opened. This was an attempt by the carriers to come to the consumer rather than the reverse. By being more accessible, suppliers attempted to achieve a competitive edge.
 - d. **Promotion** - all of the previously mentioned elements of the marketing mix were heavily advertised. Ads ran on TV, online, in print, and out-of home together with rebates and low-priced introductory offers to encourage consumers to switch carriers.
- 5. One of the world’s largest producers of baby and children’s furniture, Storkcraft Baby has been in business for more than 50 years. With the recent population and age shifts in North America, how may this Canadian firm view the opportunities and threats for the future?**

Answer: The decreasing birth rate among North Americans would be perceived as a potential threat to this company. However, Canada and North America rely heavily on immigration to maintain positive population growth. This influx may represent a new opportunity for the company. The increasing globalization of the world will also open up markets where they can conduct business.

QUESTIONS AND ANSWERS TO ONLINE ACTIVITIES: DISCUSSION FORUM

Do you have a digital camera? What is the impact of technology on traditional photography companies? Visit the corporate site of Blacks Photography and review its current products and services (<http://www.blackphoto.com/>).

1. What do you think the future holds for the company? What are the threats and opportunities that exist for this company?
2. If you were the marketing manager of Blacks Photography what suggestions would you recommend for the upcoming year?

Note: These discussions are meant to generate class discussion and a lively debate of issues raised, as well as a general review of the opening case or concepts discussed within the chapter. There are no correct or incorrect answers.

QUESTIONS AND ANSWERS TO ONLINE ACTIVITIES: INTERNET EXERCISE

The Government of Canada provides a wealth of data. Websites such as Industry Canada at <http://www.ic.gc.ca/>, Canada Business network at <http://www.canadabusiness.ca/>, and Statistics Canada at <http://www.statcan.gc.ca/> provide accurate and reliable data. Navigate to these websites to see what they offer and gather the following information:

1. What is the current population of Canada?

Answer: Statistics Canada notes the population of Canada is 33.5 million (the latest 2011 census).

2. What is a patent?

Answer: A patent is a document protecting the rights of the inventor and a repository of useful technical information for the public.

3. What economic indicators are used to measure Canada's performance?

Answer: There are many economic indicators in Canada used to measure economic performance. The most important are listed below:

Economic Performance Indicators

- GDP rates
- Unemployment rates
- Inflation rates
- Consumer confidence levels
- Housing starts
- Stock market indexes
- Interest rates
- Retail purchase levels
- Exchange rates

BRING IT TO LIFE: VIDEO SYNOPSIS & TEACHING SUGGESTIONS

STATISTICS CANADA - AN OVERVIEW OF LANGUAGE DATA, 2011 CENSUS

STATISTICS CANADA - AN OVERVIEW OF AGE AND SEX DATA, 2011 CENSUS

Synopsis

There are two videos for this chapter that are from Statistics Canada and focus on the latest census information. In Canada a census of the population is conducted in Canada every five years and the latest census information is from 2011. It shows some interesting trends in terms of age. Specifically, Canada has an aging population with significant growth in the 65+ age group and specifically with centenarians (people over 100 years). Children under age 11 also showed an unexpected increase.

Language trends are also of interest. Specifically, English and French still dominate as the official languages used in Canada. The main immigrant languages areas the Chinese languages, followed by Punjabi, Spanish, Tagalog, Arabic, Italian, Urdu and German.

Teaching Suggestions

Two short videos from Statistics Canada are provided for use with this chapter. They succinctly summarize the 2011 census findings on age and language in Canada.

You may want to start by directly your students to the infographic on the 2011 census shown in chapter 2 of the text book and discuss what they find interesting or surprising. Then ask your students to read the video case without answering the questions. Then show the two Statistics Canada videos and ask the students to work in pairs to answer the questions. These questions can then be reviewed in class.

BRING IT TO LIFE: VIDEO CASE – PRINTOUT
STATISTICS CANADA - AN OVERVIEW OF LANGUAGE DATA, 2011 CENSUS
STATISTICS CANADA - AN OVERVIEW OF AGE AND SEX DATA, 2011 CENSUS

A census of the population is conducted in Canada every five years and the data is analyzed and released to the public in the two subsequent years. Canada's latest census was conducted in 2011 and shows interesting data on language and age. The population stands at over 33.5 million people.

Language

Canada is a nation of diverse origins. The 2011 census reports over two hundred different mother tongues with one-fifth of Canada's population, about 6.6 million people, speaking a language other than English or French at home. The most prevalent immigrant home languages are the Chinese languages, followed by Punjabi, Spanish, Tagalog, Arabic, Italian, Urdu and German. Over 60 different Aboriginal languages are also spoken in Canada, the most frequented noted as Cree languages, Inuktitut and Ojibway.

Canada's two official languages are English and French and 98 percent of the population is able to conduct conversations in either one of these languages. 58 percent of the population reports English as its mother tongue and 22 percent report it as French. Bilingual speakers of both English and French account for 17.5 percent of the population.

Age

Canada's population is changing largely due to the aging of the population with a greater proportion of older people living in Canada. This is mainly due to a combination of good living conditions and strong health care services that exist in a politically and geographically stable society. Working age Canadians between 15 - 64 years are the largest segment of the Canadian population at 69 percent, followed by children 0 -14 years at 17 percent, and seniors over 65 years at 15 percent of the population.

When comparing 2011 to the 2006 census data, some interesting facts surface within these broad age groups:

- The 0 - 14 year age group is relatively stable
- The 15 - 64 year old group has grown 6 percent
- The 65+ age group increased 14 percent

When diving deeper into the data, more detailed population trends are evident and need to be noted:

- The 4 years and under age group jumped 11 percent
- The 60 to 64 year age group increased 29 percent
- Centenarians, (people over 100 years) grew 26 percent

There are currently 6 thousand centenarians living in Canada with projections reaching 18 thousand by 2031 and 80 thousand by 2061.

Questions:

- 1. What government services do you think will be impacted by these population changes?**
- 2. What new opportunities does the language and population data present to a company such as Netflix?**

BRING IT TO LIFE: VIDEO WORKSHEET
STATISTICS CANADA - AN OVERVIEW OF LANGUAGE DATA, 2011 CENSUS
STATISTICS CANADA - AN OVERVIEW OF AGE AND SEX DATA, 2011 CENSUS

Name:

Section:

The videos will review information from Statistics Canada on language and population in Canada. Please answer the following questions once you have watched the videos and read the case:

1. What government services do you think will be impacted by these population changes?

2. What new opportunities does the language and population data present to a company such as Netflix?

BRING IT TO LIFE: VIDEO CASE – ANSWERS TO QUESTIONS STATISTICS CANADA

1. What government services do you think will be impacted by these population changes?

Answer:

Federal, provincial and municipal services will be impacted by the population changes seen in Canada's 2011 census. Healthcare services such as hospitals, retirement homes, and long-term care, home care, and palliative care facilities will need to be examined to ensure they keep pace with the aging population and its needs for geriatric services. This will require considerable forward planning as sometimes new structures are required, existing services may need to be reorganized, and funding will be needed.

Other government services will also be impacted such as standards for renewing drivers' licenses and old age security funds which may need to be revisited.

From a language perspective, government agencies will need to ensure services continue to be available in Canada's two official languages and to consider translation services for the highly used immigrant languages.

Looking at the growth in young children under age 4, this may impact local school and daycare services. Federal and municipal agencies will need to examine access and capacity issues in this area.

2. What new opportunities does the language and population data present to a company such as Netflix?

Answer:

There are many ideas that Netflix could consider implementing to meet Canada's changing population. Offering services in immigrant languages including movies and TV programs may prove profitable, particularly as these services are currently offered by cable TV providers such as Rogers at premium prices. It may also want to consider a service for the elderly which automatically defaults to larger screen sizes, large type closed captioning, and higher sound levels. For people concerned about aging and the brain, it may want to create services and work with experts to help stimulate brain activity.

BRING IT TO LIFE: NEWSFLASHES/FOCUS ON ETHICS SYNOPSIS AND DISCUSSION QUESTIONS

The NewsFlashes for this chapter are on *Millennials - Facebook Addicts?* and *You've Been Hacked*. Discussing these NewsFlashes in class can bring the material to life for the students in an interesting, relevant, and timely fashion. They can be used as ice-breakers to launch into a relevant subject. Many of the topics are interesting to students and may be familiar.

A. MILLENNIALS - FACEBOOK ADDICTS?

The millennials are avid users of Facebook and text messaging and are interested in social causes. They are focused on finding quality jobs, and are concerned about paying for retiring baby boomers. They are price conscious and frequently check online sources and e-commerce options in-store before purchasing a product - they are *showroomers*.

Questions

1. How can stores best deal with the practice of showrooming?
2. Why do you think Instagram and Facebook are so popular with the millennials?

Answers:

1. Stores can provide special offers for in-store purchases and use database marketing and loyalty programs to reach consumers.
2. Facebook and Instagram have easy-to-use apps that are very visual. This makes these social media sites popular.

B. YOU'VE BEEN HACKED

The Canadian Anti-Fraud Center provides consumers with a website to report scams, scareware and other fraudulent activities at www.antifraudcentre.ca. It works with law enforcement around the world to foil fraudulent activities and bring the perpetrators to justice.

Questions

1. Do you think the Canadian Anti-Fraud Center will reduce the amount of Internet crime that exists in Canada? Why or why not?
2. Many consumers are unaware of the Canadian Anti-Fraud Center. How can social media help increase awareness of the centre and encourage consumers to report fraud?

Answers:

1. This reporting centre should help reduce Internet crime as people become more familiar with its existence.
2. The Canadian Anti-Fraud Center can use Facebook and Twitter to provide news alerts on the latest fraudulent activities. It can also post ads on these social media sites to raise awareness.

BRING IT TO LIFE: NEWSFLASH PRINTOUT AND WORKSHEET

Name:

Section:

Millennials - Facebook Addicts?

The millennials are coming of age in a wired world and seamlessly integrate technology into their lives. While researchers do not necessarily agree on the exact boundaries of this generation, it generally covers those born between 1980 and 2000 and focuses on people between the ages of 18 and 30. The millennials are fearless users of software and digital devices. Many do not have landline phones, they frequently use the Internet to watch TV, and they keep smartphones constantly within reach. Avid users of apps, millennials use Facebook and Instagram to stay connected and often consider gaming a fun pastime.

The millennials live at home longer than previous generations. They are interested in social causes, are focused on finding quality jobs, and are concerned about paying for the retiring baby boomer generation. They see personal debt as a challenge and view marriage and children as relevant. They value service and respectability more than money and status. Millennials are not proficient in face-to-face networking.

Marketers need to know how to connect with this generation, so here are some facts to consider:

Social media

Millennials are social media addicts—90 percent use Facebook and 80 percent of users check it daily. Facebook is their top communication tool to share noteworthy events with friends, followed by text messaging. While e-mail is the least likely form of communication with friends, it is used regularly for work, school, and communicating with parents. The millennials are the most likely of all generations to share information online.

Branding

The millennials are price conscious, assessing product value before purchasing. Loyalty programs are very important to them, with 78 percent more likely to purchase a brand that has a rewards program. Rewards programs are seen as a good reason to share personal information with marketers. Millennials expect rewards to accumulate quickly and to receive their first reward within three months.

Shopping

The millennial generation accesses copious amounts of online information before making a purchase. Many read product reviews, get advice from social networks, and check prices on mobile devices while in store. This has coined the term **showrooming**, the practice of using mobile devices in store to check competitive online product reviews and prices and to then purchase the cheaper product online. Daily-deal and location-based offers do not strongly resonate with the millennial generation.

Marketers keep these facts in mind when targeting the millennials.

BRING IT TO LIFE: NEWSFLASH PRINTOUT AND WORKSHEET

Name:

Section:

You've been hacked!

Did your computer just freeze and a pop-up message from the RCMP announce that your computer is locked as it is linked to child pornography? The logo looks authentic and a fine needs to be settled to pay for the offence. The Canadian Anti-Fraud Centre warns that this is a *scareware* scam, designed to frighten users into immediately paying the purported \$100 fine (or more) through the visible online payment button. This scam is cleverly designed, understanding that some recipients may prefer to pay the fine, rather than report it to police and incur additional hassles. Nonetheless, over 1,500 people in Canada logged complaints with the Canadian Anti-Fraud Centre on this very issue, which also surfaced in the U.K. The solution is to rid your computer of the malware that immobilized the device, not pay the fraudsters, and report the incident to the Canadian Anti-Fraud Centre at www.antifraudcentre.ca.

Scareware scams infect computers through malware that comes from infected links, attachments, or downloads often associated with spam messages or pop-up ads. Canadian law enforcement recently cooperated with the FBI and other authorities in Sweden, Denmark, the U.K., France, Germany, Romania, Lithuania, Latvia, Ukraine, the Netherlands, and Cyprus to help foil another scareware scam where pop-up ads sold fake anti-virus software for \$129 per download. Over 950,000 unsuspecting victims were defrauded of over \$71 million. Eventually, one of the European perpetrators was extradited to the U.S. and sentenced to four years in jail and fined \$650,000.

The Canadian Anti-Fraud Centre advises us to turn on pop-up blockers and to never open spam e-mail or unknown attachments. In addition, consumers should not click on spam pop-up images to download anti-viral programs and always use up-to-date, trusted, anti-virus software. If you are the recipient of a scareware scam, you are asked to contact your local police department and the Canadian Anti-Fraud Centre.

Questions

- 1. Do you think the Canadian Anti-Fraud Center will reduce the amount of Internet crime that exists in Canada? Why or why not?**

- 2. Many consumers are unaware of the Canadian Anti-Fraud Center. How can social media help increase awareness of the centre and encourage consumers to report fraud?**

BRING IT TO LIFE: IN-CLASS ACTIVITY

INSTRUCTIONS – HARVEY’S MARKETING ENVIRONMENT SCAN

Learning Objectives

1. To understand the purpose of a marketing environment scan
2. To conduct a brief marketing environment scan

Description of In-Class Activity

- Provide students with a list of menu choices available at Harvey’s fast-food restaurants and ask them to conduct a marketing environmental scan that identifies trends, and opportunities and threats in the market that affect Harvey’s consumers. Students will then brainstorm on marketing ideas that address these trends.
- Once the groups have completed the activity, a spokesperson for each group should share their ideas with the class.
- This activity should only be conducted in groups. Estimated class time: 45-60 minutes.

Preparation before Class

- Review the Harvey’s menu at <http://www.harveys.ca/eng/index.php>. If possible, visit one of their fast-food restaurants to understand the restaurant ambiance and product offerings.
- Determine whether you will be showing a visual of the fast-food restaurant. If you have an Internet capable class-room, consider linking to the Harvey’s website at the start of this activity at <http://www.harveys.ca/eng/index.php>. An alternative is to show a visual of Harvey’s from Google Images.

In-Class Implementation

- **Relevant Chapter Content** –Prior to conducting this in-class activity, review the following chapter material with your students:
 - Explain the concept of a marketing environment scan – the process of continually acquiring information on events occurring outside the organization to identify trends, opportunities, and threats to a business. Marketers use this knowledge to ensure that their products, services, and ideas are relevant and meaningful.
 - Ensure students understand the following factors:

Demographic forces – these are characteristics of a population such as age, gender, ethnicity, income, and occupation.

Socio-cultural forces – these refer to cultural values, ideas, and attitudes that are learned and shared among a group of people. It also includes society’s morals and beliefs.

Economic forces – these refer to consumers’ willingness and ability to purchase a product. Inflation rates, unemployment rates, economic growth rates, and consumer confidence levels are all areas that need to be monitored by marketers.

Technological forces – these refer to changes in how consumers use technology and how technology is being integrating into their daily lives.

Competitive forces – these refer to alternative products that can satisfy a specific market’s needs.

Regulatory forces – these refer to restrictions placed on marketing practices by different levels of government and industry associations.

- **In-Class Instructions** – Show a visual of a Harvey’s product or restaurant. Briefly describe the types of products sold at these outlets. Linking to the Harvey’s website (<http://www.harveys.ca/eng/index.php>) may be useful. Ask students which fast-food companies compete with Harvey’s and if there have been any changes in the fast food industry over the last few years in terms of menu items and store ambiance. Briefly and informally explain the activity and then ask students to get into groups of four. Distribute the handout to each group and then formally review the activity with them. Break the activity up in to three segments; (1) ask the student to determine the facts in the marketing environmentscan – 20 minutes, (2) ask the students to brainstorm on marketing ideas that address the marketing environment factors they have identified – 20 minutes, and (3) allocate 20 minutes for a spokesperson from each group to briefly share their marketing ideas and rationale with the class.
- **Handout** – Distribute the handout and worksheet for students to complete.
- **Evaluation** – Collect the worksheets for evaluation purposes. They can be evaluated for completion, or graded for quality of the work completed. Answers will vary for this activity and therefore an answer sheet is not provided.

BRING IT TO LIFE: IN-CLASS ACTIVITY

HARVEY'S – HANDOUT

Please review the selection of menu choices that Harvey's fast food restaurants provide to their patrons. Then review of the changes that are occurring in the marketing environment that affect consumers' willingness and ability to buy these items. Formalize your findings with a marketing environmental scan that identifies these changes and outlines your ideas on how to better market Harvey's in this environment. An example of a marketing environment scan for GrapeTrail is attached as a reference.

HARVEY'S MENU

Burgers - Singles

Original Bacon
Cheeseburger
Original Cheeseburger
Original Hamburger

Burgers - Doubles

Double Original Bacon
Cheeseburger
Double Original
Cheeseburger
Double Original
Hamburger

Burgers - Angus

Angus Burger with Cheese
and Bacon
Angus Burger with Cheese
Angus Burger

Chicken

Grilled Chicken Sandwich
Grilled Chicken BLT
Sandwich

Salads and Veggies

Veggie Burger
EntreeGarden Salad

Kids

Burger or Cheeseburger
Hot Dog
Chicken Strips

Sides

French Fries
Onion Rings
Garden Salads
Poutine

Soft Drinks

Pepsi, 7UP, MUG Root
Beer, Brisk Ice Tea
Bottled Water
Milk and Juice
Coffee and Tea

BRING IT TO LIFE: IN-CLASS ACTIVITY HARVEY'S: WORKSHEET

Name:

Section:

Conduct a marketing environment scan of Harvey's fast food restaurants. First, identify the trends and changes that are occurring in the market that impact Harvey's consumers – (FACTS). Second, brainstorm on marketing ideas that address these changes and meet changing consumer needs – (FACTS). Third, select a spokesperson for your group who will briefly and informally explain your ideas to the class.

Marketing Environment Scan – GrapeTrail

Factors Marketing Environmental Scan	Step 1 Facts and Trends	Step 2 Brainstorming Ideas	Step 3 Ideas for Implementation
Demographic factors	→	→	
Socio-cultural factors			
Economic factors			
Technological factors			
Competitive factors			
Regulatory factors			

BRING IT TO LIFE: IN-CLASS ACTIVITY
EXAMPLE MARKETING ENVIRONMENTAL SCAN
GRAPETRAIL

Marketing Environment Scan – GrapeTrail

Factors Marketing Environmental Scan	Step 1 Facts and Trends	Step 2 Brainstorming Ideas	Step 3 Ideas for Implementation
Demographic factors	<ul style="list-style-type: none"> • A well-educated aging population exists in Canada • Baby boomers are active, relatively affluent, and interested in travel and new experiences • Young couples are having children later in life, freeing up leisure time to enjoy local and international tourist destinations 	<ul style="list-style-type: none"> • Create apps that allow users to more easily explore local travel destinations • Create apps that allow baby boomers to explore eco-tourism and edu-tourism interests • Include good quality information in the apps to appeal to well-educated baby boomers • Create apps for wine country tours for the millennials • Create apps for culinary food tours for the millennials 	<ul style="list-style-type: none"> • Develop local wine tour apps • Ensure wine tour apps have better features and more functionality than the competition. Include: <ul style="list-style-type: none"> - Local wine regions, including emerging regions - Winery information such as trading hours, contact details and types of wines produced - Options for users to create their own personal itineraries - Navigation within the app - Social media login • Visit local wineries and get their feedback to improve the app
Socio-cultural factors	<ul style="list-style-type: none"> • Wine is becoming increasingly popular in Canada • Emerging foodie culture • Social media is part of the day for most Canadians 	<ul style="list-style-type: none"> • Create an app for exploring local wine country • Create an app for culinary food tours • Create an app for eco-tourism tours • Integrate social media in the apps 	<ul style="list-style-type: none"> • Create an app for local wine tours • Integrate social media in the apps so users can share their experiences • Allow users to sign up and login to the app using Facebook
Economic factors	<ul style="list-style-type: none"> • Consumers are concerned about the economy • People have become more prudent in their 	<ul style="list-style-type: none"> • Provide free apps that help Canadians explore local tourist destinations and what they have to offer 	<ul style="list-style-type: none"> • Provide app as a free download • Partner with wineries to encourage users to

	<p>spending habits</p>	<ul style="list-style-type: none"> • Consider accepting ads in the apps to make them financially viable • Consider licensing the apps to local tourist associations • Partner with wineries to encourage users to download the app 	<p>download the app</p> <ul style="list-style-type: none"> • Provide wineries with marketing materials to raise awareness of the app
Technological factors	<ul style="list-style-type: none"> • Smartphone and tablet usage is strong in Canada • Apps are widely downloaded on Apple iOS, Google Android, and BlackBerry devices 	<ul style="list-style-type: none"> • Consider making apps for Apple iOS, Google Android, and BlackBerry devices 	<ul style="list-style-type: none"> • Develop the wine tour app for Apple iOS devices first • Expand the app onto other platforms at a later date
Competitive factors	<ul style="list-style-type: none"> • An overwhelming number of apps exist • Only a few worthy eco-tourism and edu-tourism apps exist • Most wine-related apps need to be purchased for a fee • Wine tour apps do not provide GPS navigation within the app 	<ul style="list-style-type: none"> • Create free, highly functional edu-tourism and eco-tourism apps • Integrate social media in the apps • Ensure GPS navigation exists within the app • Provide the app for free with zero in-app purchases 	<ul style="list-style-type: none"> • Start with a highly functional, free wine tour app with built-in GPS navigation and social media integration • Ensure the user interface of the app is supported for all iPhone screen sizes
Regulatory factors	<ul style="list-style-type: none"> • Must be 19 years of age or older to legally drink alcohol • Must pass iOS strict approval process • Must pay an annual fee and portions of all earnings through the app to Apple 	<ul style="list-style-type: none"> • Ensure the app complies with Apple's App Store Review Guidelines 	<ul style="list-style-type: none"> • Ensure the app is listed with an App Store rating of 17+ • Create responsible drinking messages within the app

BRING IT TO LIFE: METRICS ASSIGNMENT AND WORKSHEET

CAR TREND ANALYSIS

GOOGLE TRENDS AND ALEXA

Name:

Section:

As a marketing intern for Honda in Canada, you have been asked to review website trends for the Honda brand versus Ford, and Toyota. You decide to gather data using Google Trends and Alexa and present it using a marketing metrics dashboard as a springboard for discussion.

Create a marketing metrics dashboard and draw some general conclusions about the data that you find.

Tasks:

1. Search volume – 12 month trend

Go to Google Search Trends at <http://www.google.ca/trends/> and review the search traffic for Toyota, Nissan, and Honda by navigating to Google Trends at <http://www.google.ca/trends/>.

Separately add the terms Toyota, Ford, and Honda into the search box. Drop down the *Worldwide* tab and select *Canada*. Drop down the *2014 - present* tab and select, *Past 12 months*. Collect and review the data.

2. Website traffic – 2 year trend

Go to Alexa at <http://www.alexa.com/> and review the website traffic for Toyota, Ford, and Honda by separately adding the terms Toyota.ca, Ford.ca, and Honda.ca into the search box.

For each brand, scroll down on the Alexa website to gather data on website rank in Canada as well as metrics per visitor for bounce rate, daily page views, and time on site. Compare the metrics for these three brands.

3. Marketing Metrics Dashboard

Present the information in a marketing metrics dashboard that visually represents the data using graphs and charts. (Dashboard tip: use Excel and Word to create charts and place them in a single PowerPoint slide to combine the visuals).

4. Discussion

Review the data and be prepared to discuss the trends and correlations.

BRING IT TO LIFE: METRICS ASSIGNMENT
CAR TREND ANALYSIS
GOOGLE TRENDS AND ALEXA
ANSWERS AND TEACHING NOTE

This assignment familiarizes students with how to use Google Trends and Alexa to gather online data. It also exposes students to marketing dashboards as a way to clearly visually represent data that can be used to and analyze trends.

To be successful, this assignment requires the instructor to first explain that a marketing dashboard visually represents marketing metrics in an easily understandable snapshot that uses charts, graphs, and tables, often on a single page. Once this is established, the instructor needs to demonstrate two things in class before distributing the assignment. These are:

1. How to gather data from Google Trends

Navigate to Google Trends at <http://www.google.com/trends/>
Add the search terms into the search box on this webpage
Drop down the *Worldwide* tab to select the region
Drop down the *20014- present* tab to select the time frame

2. How to gather data from Alexa

Navigate to Alexa at <http://www.alexa.com/>
Add the website terms into the searchbox
Scroll down on Alexa after searching for each term to retrieve relevant data