

OXFORD
Southern Africa

Marketing

Second SA edition
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**Chapter 2:
Analysing the Marketing
Environment**

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Introduction

- Why the external marketing environment is important to marketing
- Realising the firm's goals and objectives influenced by occurrences and trends in the marketing environment
- Examples: Car manufacturers in '70s, Swiss watch makers, marketers of books
- Three levels:
 - control, influence, neither influence nor control

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Understanding the External Environment

- Environmental scanning
 - purpose
 - responsibility
 - methods eg. Delphi
 - sources of information: internal and external
 - benefits
- Opportunities and threats
 - SWOT analysis
- Environmental management
 - adjust marketing strategy

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Trends and Marketing Responses

- Healthier lifestyles: skinless chicken, low-cal cooldrinks, Clubs/gyms
- Environmentalism: bio-degradable packaging, ozone friendly aerosol propellants
- Convenience: home deliveries, gardening services, ready-to-eat meals
- Dual income families: child care, extended shopping hours
- Poor economic conditions: lower prices
- Favourable economic conditions: wider product choices, new products/bands

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Seven External Environmental Factors

1. Social
2. Demographic
3. Economic
4. Technological
5. Political
6. Legal
7. Competitive

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Social Factors

- The marketing-orientated values of the 1990's set to continue
 - more demanding
 - environmentally conscious
 - heavy emphasis on work
 - healthier lifestyles
- The changing role of families and working women
 - dual-income families
 - opportunities for some e.g. convenience

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Social Factors (cont)

- Culture: different cultural groups have different consumption patterns
- Population growth and distribution
- HIV/AIDS
- Teenagers
 - considerable discretionary income
- Generation X
- The Baby Boomers: post-war affluence
- The Grey market and Nostalgia Marketing

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Demographic Factors

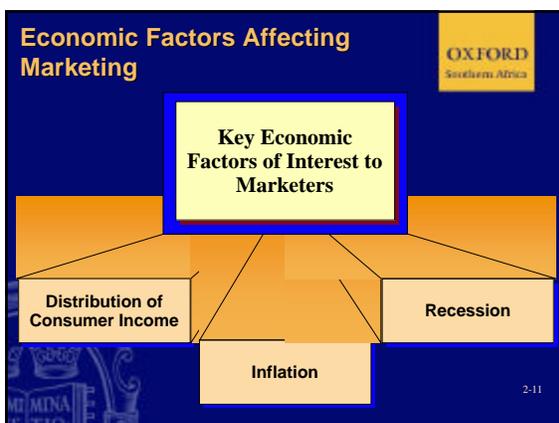
- The SA population
 - Total population: 43 million
 - provinces: richest Gauteng, poorest Northern and East Cape, largest population: KwaZulu-Natal
 - In total 13 million unemployed
 - households: about 70% live in formal dwellings and use electricity
 - age: see next slide
 - Language: English understood by 76% followed by Zulu (49%) and Afrikaans (46%)
 - Education: varies by LSM group

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Demographic Factors (cont)

- The LSM groups
 - ten groups
 - differ in terms of income, expenditure, shopping patterns, level of education, language usage and exposure to media
 - ranges from LSM1 (poorly qualified, low income, most basic consumption patterns) to LSM 10 (highly qualified, high income, sophisticated consumption)

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Economic Factors (cont)

- Income distribution in SA
- Inflation
 - lower real income: more economical purchases
 - strategies: encourage brand loyalty, value for money positioning, keep prices low
- Recession
 - income & employment decline: reduced total demand
 - strategies: improve existing products, add new products, improve service delivery, emphasise value, special offers, target new markets

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Economic Factors (cont) OXFORD
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- Exchange rates: impact on income and buying power
- Interest rates: impact on income and buying power
- Economic variables change rapidly and difficult to anticipate

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Technological Factors OXFORD
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- Impact pervasive
- From industrial society to information society
- Accelerating rate of change - mainly computer technology driven
- Can be threat and/or opportunity
- World Wide Web/Internet, interactive TV, voice recognition

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Political Factors OXFORD
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- Economic system of the country
- Business needs stability
- Consumer rights - four basic rights, the right to:
 - safety, to be informed, to choose and to be heard
 - Dept of Trade and Industry expanded these to:
 - » the right to basic needs
 - » to redress
 - » to consumer education and;
 - » a healthy environment

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Political Factors (cont) OXFORD
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- Self regulation in some industries eg. advertising in SA
 - Advertising Standards Authority
 - Advantages: faster, flexible, less expensive
 - Code of Conduct includes:
 - » stay within the law
 - » claim only what you can prove
 - » don't mislead
 - » don't disparage
 - » don't offend, etc
 - Adjudication

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Legal Factors OXFORD
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- Three basic types of laws
 - promoting competition
 - limiting competition
 - protecting consumer rights
- Legal intervention by governments increases costs and thus prices

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Legal factors (cont) OXFORD
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- Central Government legislation
 - Tobacco Products Control Act
 - Competition Act
 - Basic Conditions of Employment Act
- Provincial Government laws
- International agreements
 - Gatt, SA Customs Union, SADC

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