



Workshop 2

Marketing Environment









Workshop style class

- **Workshop style** – meaning that you should **ask questions** and **proactively participate**. Interact, network and learn.
- **Ask questions**
- **Proactively participate** – draw from examples in your own life and don't be afraid to question what you are learning.
- Remember to **justify and explain** what you say.
- Please be **courteous to students and the lecturer** when they are speaking.



Activity Icon

Icon	Meaning	Activity
	Take notes	These are important points and you should take notes. You will be required to know this information.
	Individual Activity	Students complete an individual task.
	Group Activity	Students discuss/ complete activities in groups and report back to the class.
	Research required	You will need to research this and do some reading before the next class.
	Important Concept	You MUST understand this concept to successfully complete the subject. Seek help if you don't understand.
	Practice Questions	Students will complete these questions as practice.



Marketing Environment

- It is useless to tell a river to stop running; the best thing is to learn how to swim in the direction it is flowing.

— Anonymous



THE EXTERNAL ENVIRONMENT

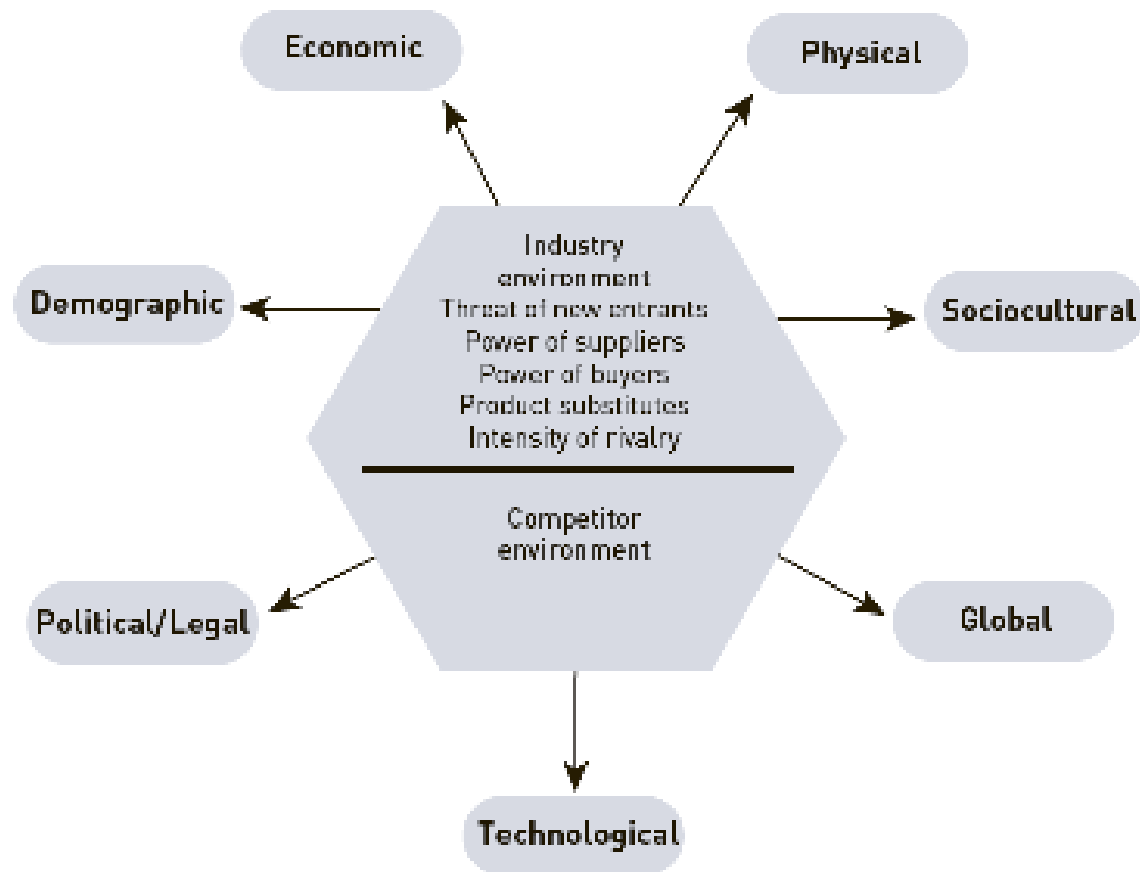
The **general environment** can be grouped into four environmental segments:

1. political/legal
 2. economic
 3. sociocultural
 4. technological
- To successfully deal with uncertainty in the external environment and achieve strategic competitiveness, firms must be aware of and understand these segments.

MARKETING

FIGURE 2.1

THE EXTERNAL ENVIRONMENT





THE EXTERNAL ENVIRONMENT

- Firms cannot directly **control** the general environment's segments.
- However, these segments influence the actions that firms take.
- Successful firms learn how to gather the information needed to understand all segments and the implications for selecting and implementing the firm's strategies.



THE EXTERNAL ENVIRONMENT: THE DEMOGRAPHIC SEGMENT

- Demographic segments are commonly analysed on a global basis because of their potential effects across national borders and because many firms compete in global markets.
- Elements of the demographic segment include:
 - population size
 - age structure
 - geographic distribution
 - ethnic mix
 - income distribution.



THE EXTERNAL ENVIRONMENT: THE ECONOMIC SEGMENT

- This segment refers to the nature and direction of the economy in which a firm competes or may compete. Firms generally seek to compete in relatively stable economies with strong growth potential.
- Elements of the economic segment include:
 - inflation rates
 - interest rates
 - trade deficits or surpluses
 - budget deficits or surpluses
 - personal savings rate
 - business savings rates
 - gross domestic product.



Workshop activity



Brainstorm Session

If you suddenly lost a big part of your income, what would be the first things you give up?

Share your thoughts with the rest of the class.



THE EXTERNAL ENVIRONMENT: THE POLITICAL/LLEGAL SEGMENT

- This segment represents how organisations and governments mutually try to influence each other and how firms try to understand these influences (current and projected) on their strategic actions.
- Elements of the political/legal segment include:
 - antitrust laws
 - taxation laws
 - deregulation philosophies
 - labour laws
 - educational philosophies and policies.



THE EXTERNAL ENVIRONMENT: THE SOCIOCULTURAL SEGMENT

- This segment is concerned with a society's attitudes and cultural values. Because attitudes and values form the cornerstone of a society, they often drive demographic, economic, political/legal and technological conditions and changes.
- Elements of the sociocultural segment include:
 - percentage of women in the workforce
 - workforce attitudes to the natural world
 - diversity of attitudes about the quality of work life
 - shifts in work and career preferences
 - shifts in product and service preference characteristics.



Workshop activity



Brainstorm Session

What major social influences is impacting the world?
What businesses might this influence?
Disadvantage?
Advantage?

Share your thoughts with the rest of the class.



Workshop activity



Case Study

当“独特”的Costco遇到中国零售大市场

https://mp.weixin.qq.com/s/Z_hlUKFj3Am2OXzvcmHYhQ

Can you identify some cultural values that are very different between China and other cultures?

Share your thoughts with the rest of the class.



- Cultural relics a part of Chinese daily lives
- <https://mp.weixin.qq.com/s/qhjKcnQ5lB5nBdxs0TXPCQ>
- Chinese Cultural Values and Their Implications in Business
- http://www.chinawindow.com/china_business/china_business_tips/chinese-cultural-values-a.shtml



THE EXTERNAL ENVIRONMENT: THE PHYSICAL ENVIRONMENT SEGMENT

- Concerned with sustaining the world's physical environment, firms recognise that ecological, social and economic systems interactively influence this segment. This segment refers to potential and actual changes in the physical environment and business practices that are intended to positively respond to and deal with those changes.
- Elements in the physical environment segment include:
 - energy consumption
 - practices used to develop energy sources
 - renewable energy efforts
 - minimising a firm's environmental footprint
 - availability of water as a resource
 - producing environmentally friendly products
 - reacting to natural or man-made disasters.



THE EXTERNAL ENVIRONMENT: THE GLOBAL SEGMENT

- Markets and consumers are more global. This segment includes relevant new global markets, existing markets that are changing, important international political events, and critical cultural and institutional characteristics of global markets.
- Elements of the global segment include:
 - important political events
 - critical global markets
 - emerging countries and markets (China)
 - different cultural and institutional attributes.



THE EXTERNAL ENVIRONMENT: THE TECHNOLOGY SEGMENT

- The technological segment includes the activities involved in creating new knowledge and translating that knowledge into new outputs, products, processes and materials.
- Elements of the technology segment include:
 - product innovations
 - new communication technologies
 - applications of knowledge
 - focus of private and government-supported R&D expenditures.



Workshop activity



Brainstorm Session

What influences does digital technology have on marketing?

Share your thoughts with the rest of the class.

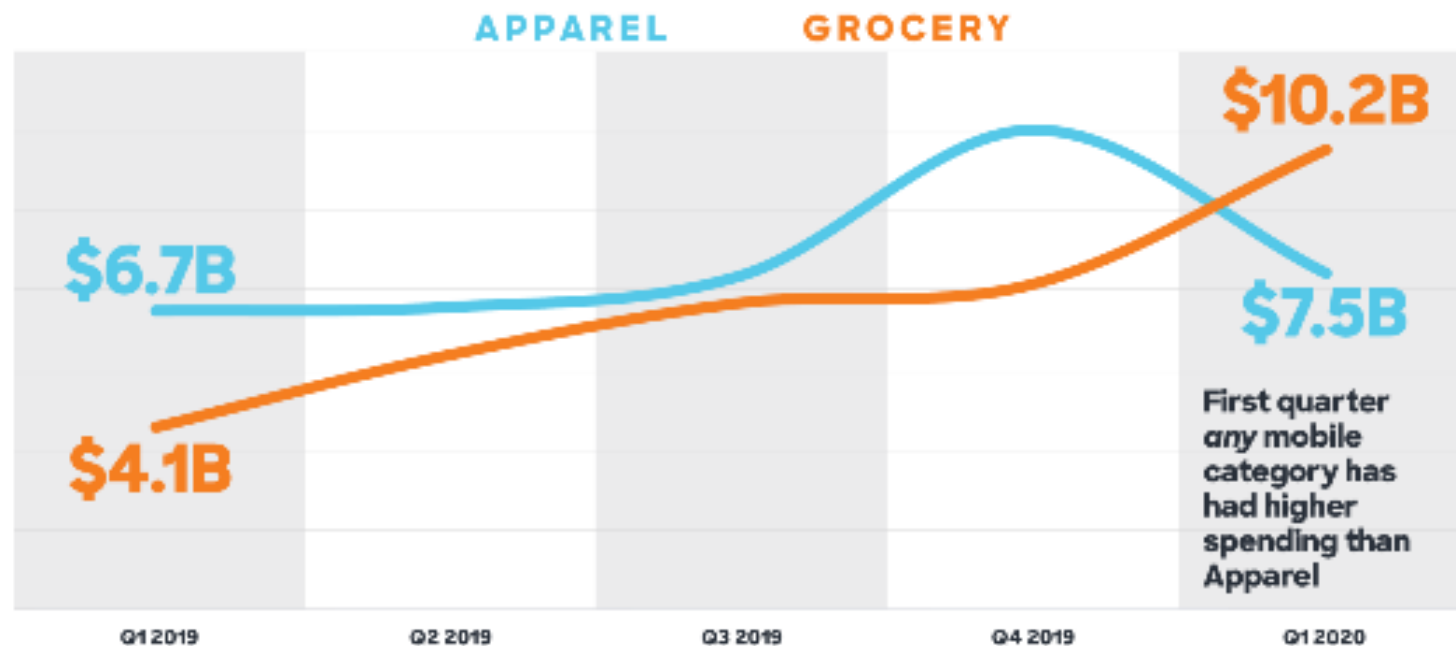


Digital perspective

In the 12 months to June, Australians spent an estimated \$26.5 billion on online retail – a level that is equivalent to around 8.4% of the traditional bricks and mortar retail sector (which totalled almost \$315.1 billion in the year to May 2018 according to the Australian Bureau of Statistics).



Mobile Commerce Spending by Category



Source: Comscore Digital Commerce Measurement, January 2019 – March 2020
Note: Retail spending does not include travel categories.



Total Digital Visits to Food/Grocery/Supermarket Subcategory





Workshop activity



Case Study

What are the influences of COVID-19 on the global marketing environment?

Share your thoughts with the rest of the class.

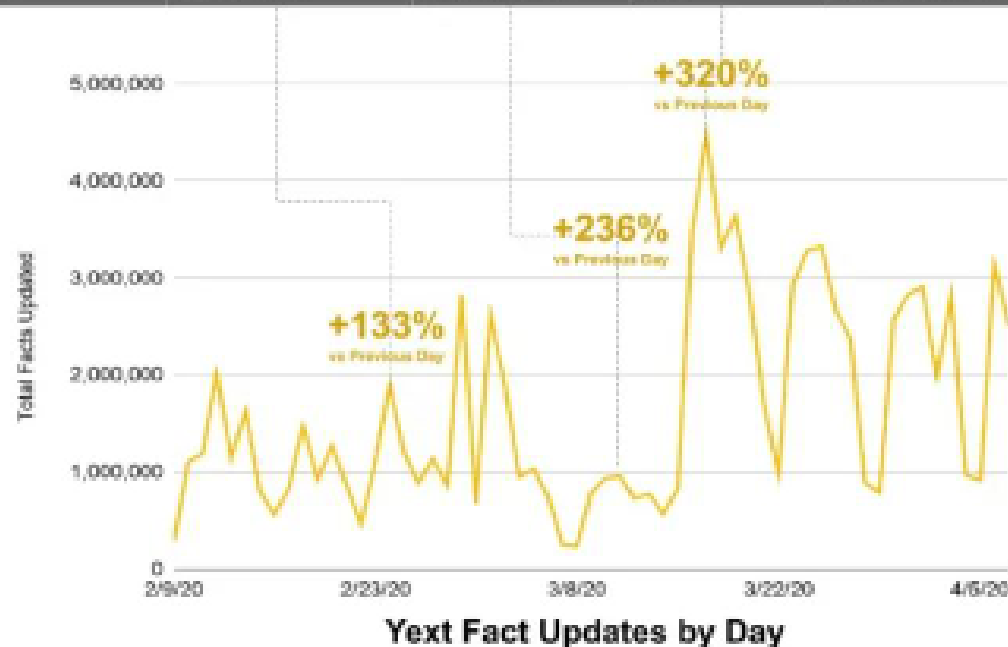


COVID-19: Search Impact & Industry Outlook

1/21: China reports first coronavirus death	1/29: WHO declares global health emergency	2/5: Cruise ship in Japan quarantined outside harbour	2/14: France announces first COVID-19 death in Europe	2/23: Italian officials lock down 10 towns in response to surge in cases	3/12: US restricts travel from Europe, NYC Bans Large Gatherings	3/15: NYC Closes Schools, Restaurants & Bars	3/17: France imposes nationwide lockdown schools closed in Germany
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In the wake of the ongoing global COVID-19 pandemic, Yext usage has increased by 84%.

Consumers worldwide are depending on accurate and up-to-date information more than ever. As the situation develops, Yext helps our customers update their core business data and publish COVID-related answers - with key peaks in activity aligning to major developments across the globe.

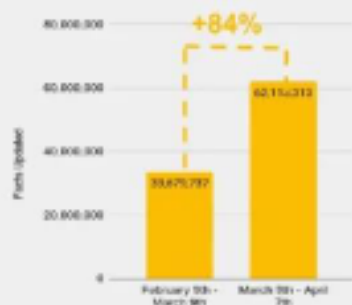




COVID-19: Search Impact & Industry Outlook

1/21: China reports first coronavirus death	1/30: WHO declares global health emergency	2/5: Cruise ship in Japan quarantined outside harbour	3/14: France announces first COVID-19 death in Europe	2/23: Italian officials lock down 10 towns in response to surge in cases	3/12: US restricts travel from Europe, NYC Bans Large Gatherings	3/15: NYC Closes Schools, Restaurants & Bars	3/17: France imposes nationwide lockdown schools closed in Germany
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Fact updates have increased by 84% in the past 30 days vs the previous period



Consumer Impact

In turn, Yext has delivered over 109 Billion impressions from businesses leveraging Yext to global consumers.

Yext Knowledge Network Reach



109,571,954,529

The following slides illuminate how global search behavior has evolved during the COVID-19 pandemic in key consumer industries by comparing trends in aggregated Yext customer data to third-party coronavirus-related data sets.



* Impressions for 1/19/20 through 3/27/20, Facts for 3/1/20 through 3/27/20



Key Metrics and KPIs

For each region, we explore the relationship between the following metrics by industry:

Yext Metrics

Search Volume

Are consumers searching for business in this industry more or less?



Date of Impact

Date when search volume deviated from expected levels post-COVID

Avg Weekly %

Avg YoY % change in # of Searches from 2019 for 3/1/20 - 3/31/20

Trend (vs Last Week)

Avg Weekly % metric compared to the week before 3/10-3/12

Consumer Behavior

How have consumers changed how they engage with businesses?



Driving Direction Clicks*

foot traffic in stores

Phone Call Clicks*

traffic to phone lines

Website Clicks*

visits to business's brand website

COVID-19 Metrics

Global Trends

When do these fluctuations occur in relation to COVID-19 events for each country? Do the reaction times vary across industry?

COVID-19 Search Volume

relative % of max Google volume related to COVID

Reported Cases

of positive COVID-19 cases over time

Country News

COVID related news (ie. first case, gov't announcements etc.)

4

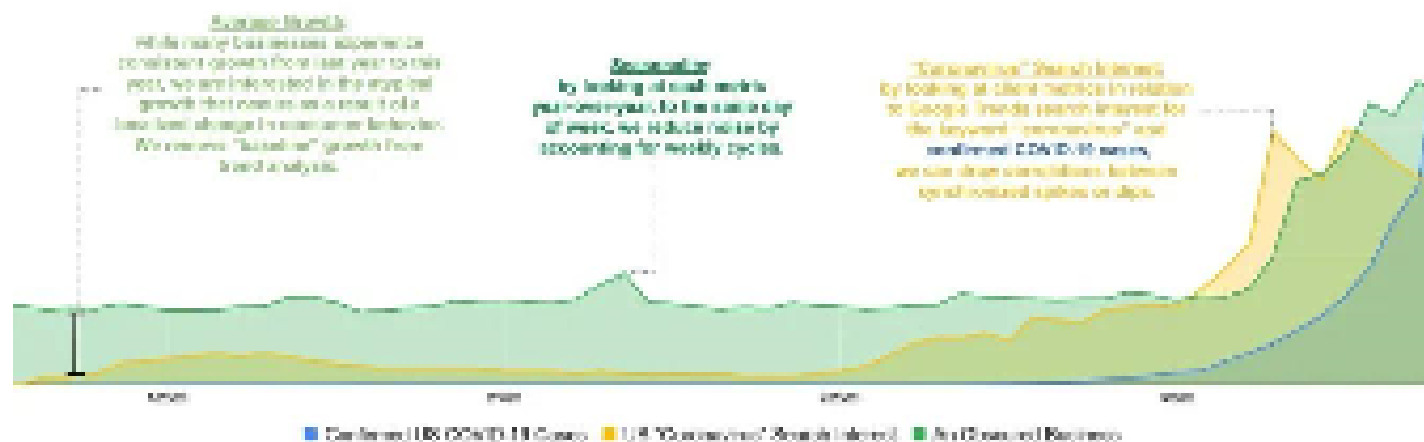
* Dates shown in graphs throughout are 1/1/20 through 3/27/20, compared to a pre-COVID-19 baseline of 1/1/20 through 1/15/20, and year-over-year weekly trends for 1/20/19 through 3/25/19





Our Methodology

How we focus in on atypical trends and control for expected search volume






¹ Data shown in graph illustrated are US COVID-19 cases, compared to a pre-COVID-19 baseline of 1000 deaths per 100,000 people per 100,000 people per 100,000 people.






Global Search Impact of COVID-19

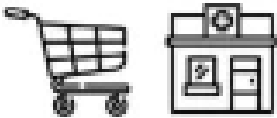
Japan 	1/15 First Reported COVID Case	3/15 COVID Search Interest Peak	<ul style="list-style-type: none">Japanese consumers were the first to react. Search volume begins to deviate as early as 1/25, ten days after the first reported case. Phone calls increase and foot traffic falls
Italy 	1/23 First Reported COVID Case	3/17 COVID Search Interest Peak	<ul style="list-style-type: none">Impact of COVID begins on 2/20. Foot traffic starts to drop for non-essential businesses while phone calls remains steady until 3/5 - the day after schools and universities are shut
Germany 	1/27 First Reported COVID Case	3/15 COVID Search Interest Peak	<ul style="list-style-type: none">Reacts in late February - grocery store searches spike and foot traffic begins to decline in hospitality and retail. Phone volume spikes on 3/14 - one day before borders are closed
France 	1/24 First Reported COVID Case	3/15 COVID Search Interest Peak	<ul style="list-style-type: none">Similar to Germany, the impact of the virus is felt in late February as foot traffic decreases. Phone call spikes on 3/15 - one day after the German market as France closes schools
North America 	1/29 First Reported COVID Case	3/17 COVID Search Interest Peak	<ul style="list-style-type: none">Search volume for Pharmacies rises on 2/24 before foot traffic begins to fall across other industries. Phone calls and website volume increase in early March
U.K. 	1/29 First Reported COVID Case	2/23 COVID Search Interest Peak	<ul style="list-style-type: none">Late decline in foot traffic beginning only after 3/1 when retail and restaurants volume drops. Search traffic remains relatively constant until 3/6 and phone calls spike on 3/10





Industry Outlook: Retail

 **Grocery and Pharmacy**



Volume in this segment has boomed worldwide. More than ever, consumers are searching for information about which businesses are open or how and when they can make a purchase. In turn, we've seen the number of phone calls and local website visits increase significantly across every country.

 **Clothing and Luxury**



Luxury retailers have been more seriously impacted than clothing stores, but both segments experienced gradual drops in foot traffic prior to country lockdowns or mandated closures. In Italy, we've seen website clicks begin to recover first alongside a modest increase in search volume after trends had bottomed out on 3/14.

 **Specialty Retail**



In North America, specialty retailers like home improvement or office suppliers have seen significant increases in search, website, and phone call traffic. Foot traffic has been less impacted than the other retail businesses - indicating that consumers are continuing to frequent these businesses when critical.



Industry Outlook: Hospitality



Hotels



Hotels were the first to decline in search volume - likely as consumer booking behavior stalled due to uncertainty around the developing scenario in each country. Phone calls have seen the least deviation from expected volume when compared to web and foot traffic as consumers may be calling to modify bookings.



Car Rentals



Car Rental businesses have trended very similarly to Hotels - search volume dips early in each country analyzed. In some cases businesses saw late spikes in Phone Calls that aligned with announcements or news about travel restrictions or quarantines as consumers attempt to directly contact agencies for inquiries.



Restaurants




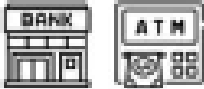
Restaurant search volume has been the most impacted. There are low levels of phone calls now in countries that were clear about restrictions, while the U.S. and U.K see late spikes in calls likely due to uncertainty about closures. Website clicks are least impacted as many guests turn to third-party platforms or order from a local page.





Industry Outlook: Financial Services

 **Banks and ATMs**



Banks and ATMs have seen elevated search volume compared to the year prior. Foot traffic to ATMs is nevertheless diminished as consumers prefer to stay inside when possible. Phone Calls and Website traffic to retail branches have increased significantly since the beginning of March.

 **Investments and Mortgage**



In the US, Investment and Mortgage businesses saw an immediate spike in search volume after 2/19 - the day the S&P 500 crashed. In the face of uncertain economic conditions, clients are most likely to call their advisors: phone volume has trended up with local website traffic volume trailing not far behind.

 **Insurance**



Search volume for Insurance agents in the U.S. and Germany has trended down less than -25% compared to last year. Foot traffic is most impacted as many Insurance agents have shut down their offices - however website and phone call volume remain close to normal levels indicating that business is in fact continuing.



Industry Outlook: Healthcare



Hospital, ER, Urgent Care



In the US, hospitals saw a drop in directions clicks beginning 3/2 as hospitals started canceling elective procedures to conserve space and prevent further spread of COVID. As a result, phone calls and website clicks spiked across medical-care facilities with more and more people seeking medical advice virtually.



Doctor, Medical Specialty, Clinic



With more people searching for healthcare information without having to visit a doctor while sheltering in place, search volume and driving direction clicks decline for doctors, specialties, and clinics. However, consumer uncertainty around COVID and cancellations of procedures result in phone call volume spikes across these sub-verticals.





Workshop activity



Marketing Practice

Does China have a positive marketing environment?
Use PESTEL analysis method, and do some detailed
researches on Chinese cosmetics market environment.
Share your thoughts with the rest of the class.

云班课资源库：

- https://www.mosoteach.cn/web/index.php?c=res&m=index&clazz_course_id=45C54F05-F7B4-11E9-9C7F-98039B1848C6

MARKETING INDUSTRY ENVIRONMENT ANALYSIS: THE FIVE FORCES OF COMPETITION MODEL

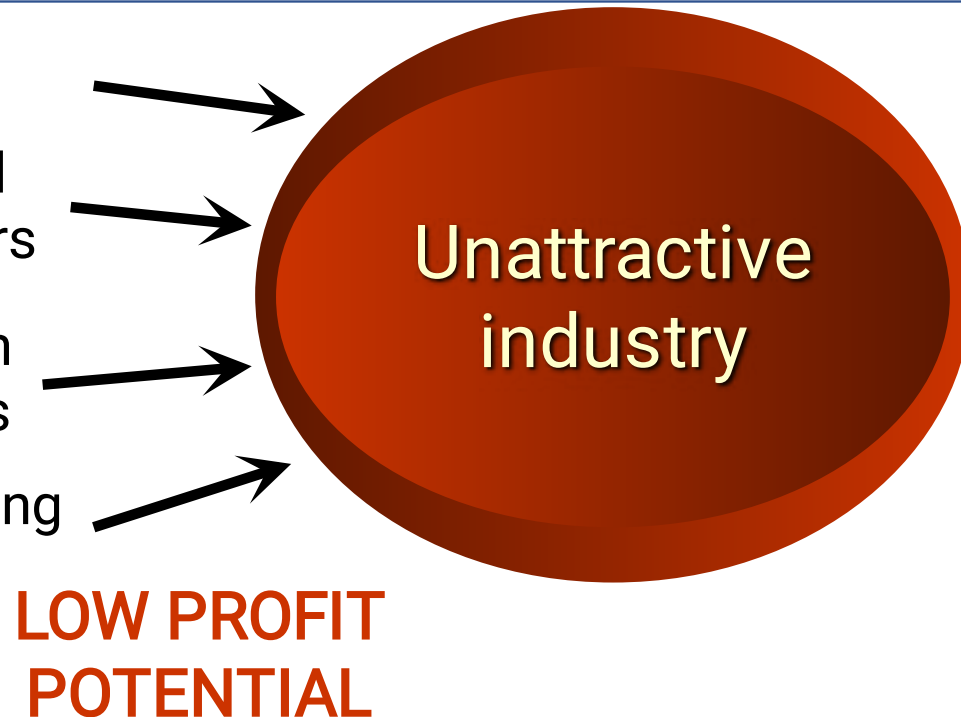
INTERPRETING INDUSTRY ANALYSES

Low entry barriers

Strongly positioned
suppliers and buyers

Strong threats from
substitute products

Intense rivalry among
competitors



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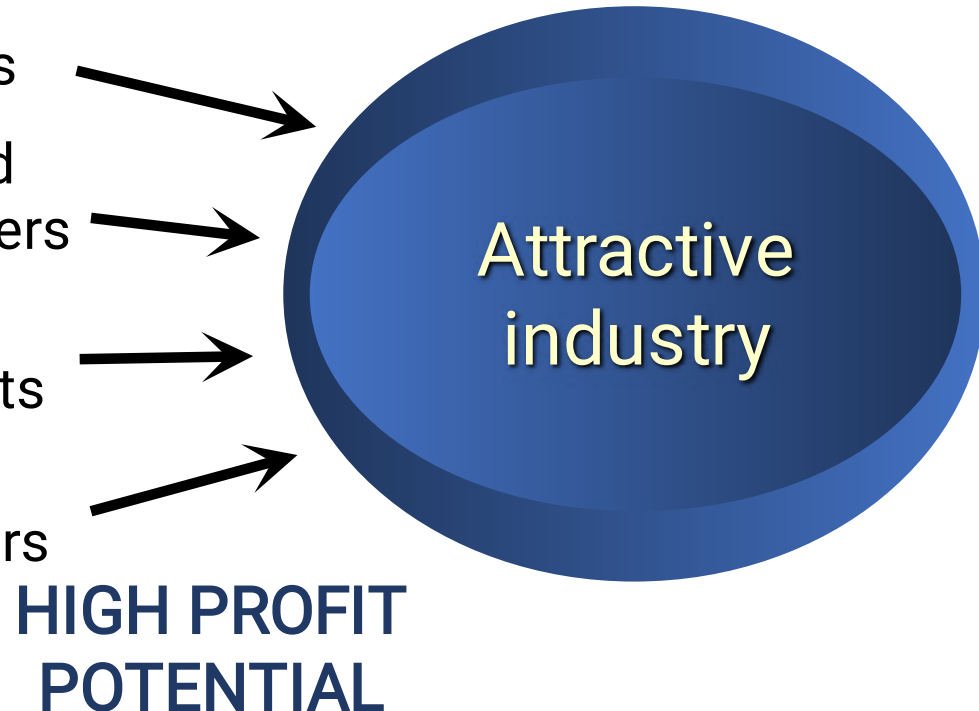
INTERPRETING INDUSTRY ANALYSES

High entry barriers

Weakly positioned
suppliers and buyers

Few threats from
substitute products

Moderate rivalry
among competitors





- Find More in the Amazing China



Amazing China

- Vision China event highlights key role of science

• <https://mp.weixin.qq.com/s/jPGA6gwIq6fNcl6ozqhNfA>

- 疫情后的财富、市场和机会

• <https://mp.weixin.qq.com/s/DnRSRLlcQhwemPHGlzf5bw>

- 预计中国市场消费需求将在四季度完全恢复

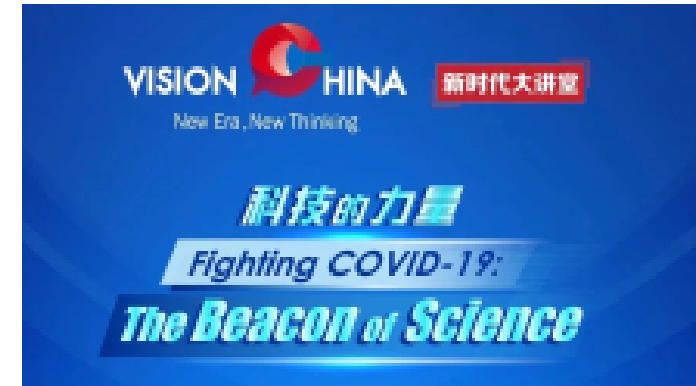
• https://search.weixin.qq.com/k/QIRWXVJCbl5bR1dXQFVfbUNcSk5eakdWVF5tR1dSb1NYVCRHLzQkKERv?scene=3#wechat_redirect

- 14100亿！中国经济交出漂亮“成绩单”，超500亿元外资流入中国

• <https://mp.weixin.qq.com/s/AvmckLs9dGjBkJYceaK2zg>

- 抓稳疫情下复苏最快的中国市场，雷诺主动求变

• https://mp.weixin.qq.com/s/sQgj_yXfvwb632cGdh2qw





Assignment 2 Report on Chinese Marketing Environment using the PESTEL model

- Do some market research.
- Write a report.



Thank You.

