

For use only with  
Perreault/Cannone/McCarthy  
or Perreault/McCarthy texts.  
© 2008 McGraw-Hill  
Companies, Inc.  
McGraw-Hill/Irwin

## CHAPTER FOUR

# Evaluating Opportunities in the Changing Marketing Environment



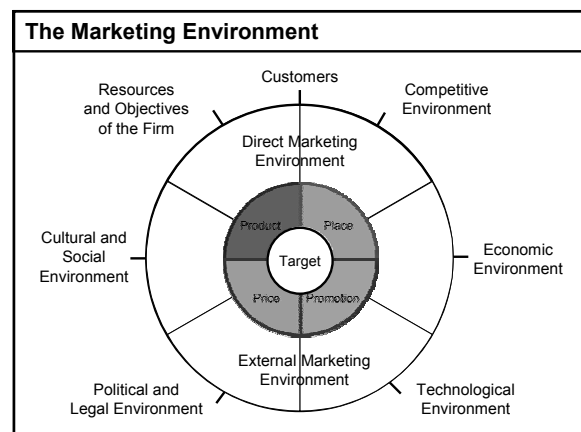
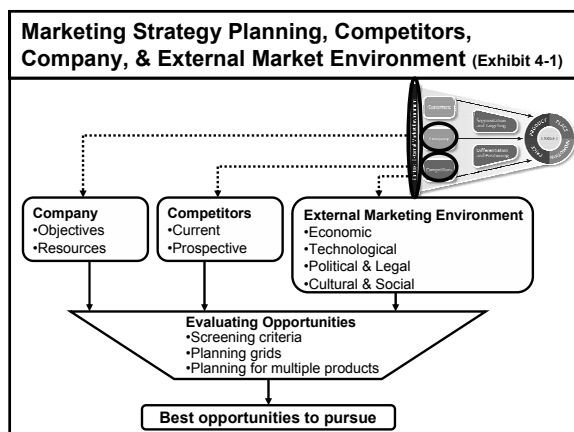
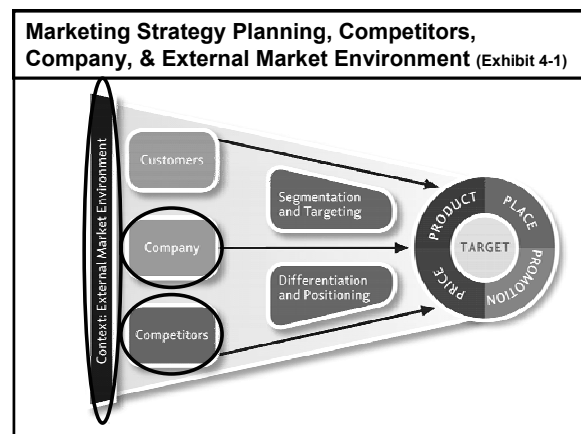
[www.mhhe.com/fourps](http://www.mhhe.com/fourps)

**When we finish this lecture you should**

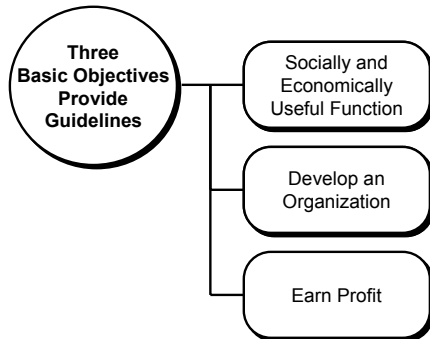
1. Know the variables that shape the environment of marketing strategy planning.
2. Understand why company objectives are important in guiding marketing strategy planning.
3. See how the resources of a firm affect the search for opportunities.
4. Know how the different kinds of competitive situations affect strategy planning.
5. Understand how the economic and technological environment can affect strategy planning.

**When we finish this lecture you should**

6. Know why you might be sent to prison if you ignore the political and legal environment.
7. Understand how to screen and evaluate marketing strategy opportunities.



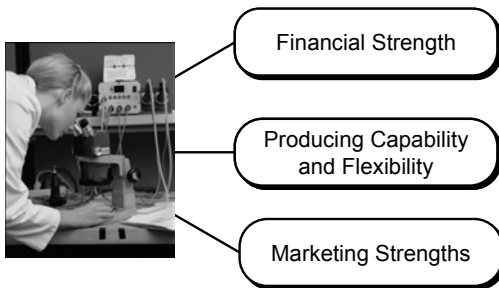
### Objectives Set Firm's Course



### Hierarchy of Objectives (Exhibit 4-2)



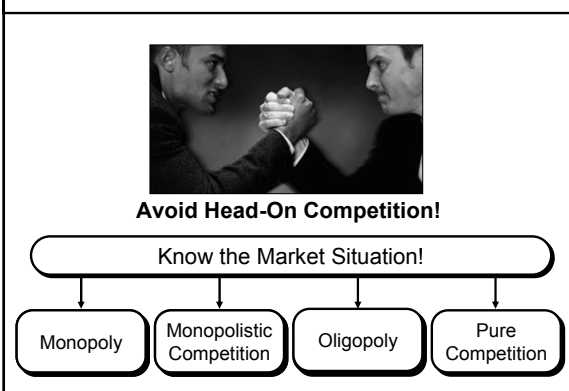
### Company Resources May Limit Search for Opportunities



### Marketing Strengths



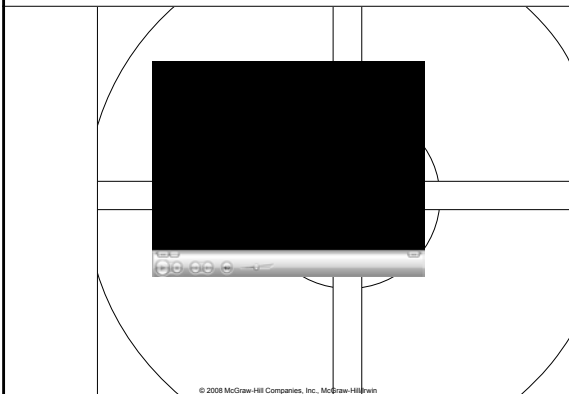
### The Competitive Environment



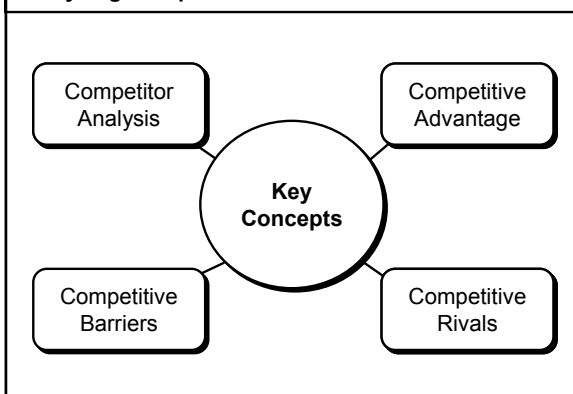
### Monopolistic Competition



### Avoiding Head-on Competition



### Analyzing Competition



### Marketers Need Information About Competitors



Seek Information About Competitors

Ethical Issues

Competition May Vary From Country To Country

Direct Competition Can't Always Be Avoided

### Checking your knowledge

A moderately-priced jewelry store is trying to differentiate itself from other jewelry stores. The store prices products somewhat lower than the super-premium jewelry stores, but offers better products and services than low-end jewelry stores provide. The market situation this store faces sounds most like:

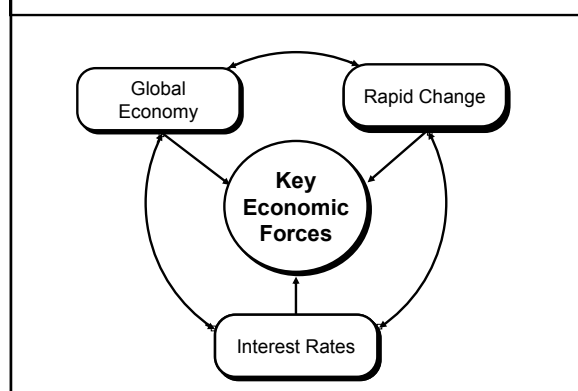
- A. pure competition.
- B. monopoly.
- C. oligopoly.
- D. monopolistic competition.
- E. oligopolistic competition

### Checking your knowledge

Chris wants to open a family-oriented restaurant in a thriving suburban area. Chris thinks a sports-based theme and broad menu will be attractive to the large number of families in the area. However, national chain restaurants, such as Chili's, TGI Friday's, and Applebee's already draw large followings in the area. The existence of these chain restaurants is a significant:

- A. competitive rival.
- B. monopoly.
- C. competitive barrier.
- D. opportunity.
- E. competitive environment.

### The Economic Environment

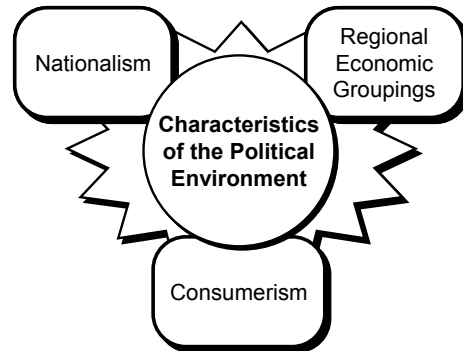


### The Technological Environment



No one offers your business more selection than the computer store inside your computer.  
EGGHEAD.COM

### The Political Environment



### The Legal Environment – Key Antimonopoly Laws

- Sherman Act (1890)
- Clayton Act (1914)
- Federal Trade Commission (1914)
- Robinson-Patman Act (1936)
- Wheeler-Lea Amendment (1938)
- Antimerger Act (1950)
- Magnuson-Moss Act (1975)

### The Legal Environment – Consumer Protection Agencies

- Federal Trade Commission (FTC)
- Food and Drug Administration (FDA)
- Consumer Product Safety Commission (CPSC)
- Federal Communications Commission (FCC)
- Environmental Protection Agency (EPA)

**“Let the Seller Beware”**

### Checking your knowledge

Rising interest rates have slowed the housing market in the United States, slowing business for real estate developers, mortgage lenders, and construction firms. This is a trend in the:

- A. competitive environment.
- B. technological environment.
- C. cultural environment.
- D. economic environment.
- E. legal environment.

### Checking your knowledge

Chrysler announced that it would begin offering Bluetooth wireless technology as an option in some of its vehicles. The development of Bluetooth is a significant development in the:

- A. technological environment.
- B. legal environment.
- C. corporate environment.
- D. social environment.
- E. personal environment.

### Checking your knowledge

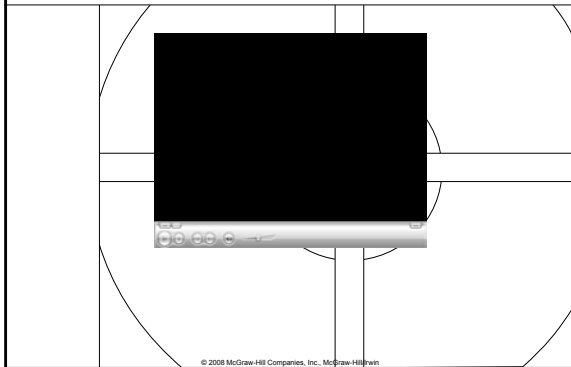
Many states have appointed or elected commissions that oversee the business practices of utilities and other industries that serve the public interest. For a company operating in one of these industries, dealing with this important state-level regulatory commission is an important element of the:

- A. legal environment.
- B. social environment.
- C. monopoly environment.
- D. technological environment.
- E. corporate environment.

### The Cultural and Social Environment



### Keeping Competitive in the Social-Cultural Environment

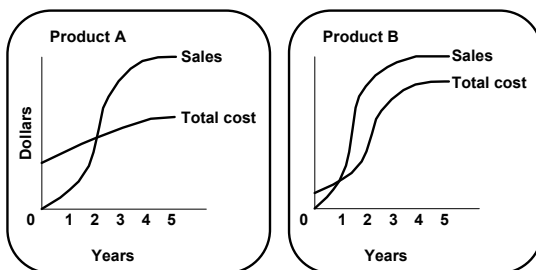


### Checking your knowledge

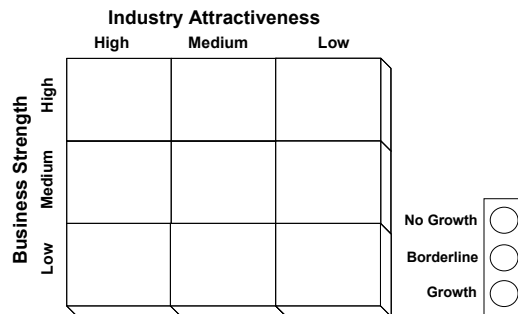
The Federal Trade Commission informed Tropicana that it would have to stop advertising that one of the benefits of "heart-healthy" Tropicana orange juice was to lower blood pressure. For Tropicana, this situation was a significant development in the:

- A. economic environment.
- B. social environment.
- C. competitive environment.
- D. internal company environment.
- E. legal environment.

### Screening Criteria Narrow Down Strategies (Exhibit 4-6)



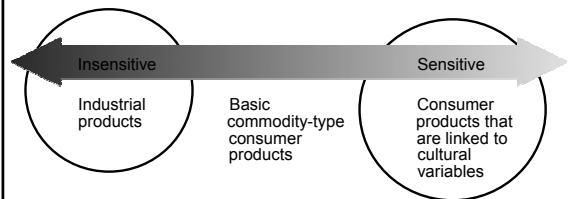
### Planning Grids Help Evaluate Portfolio Opportunities



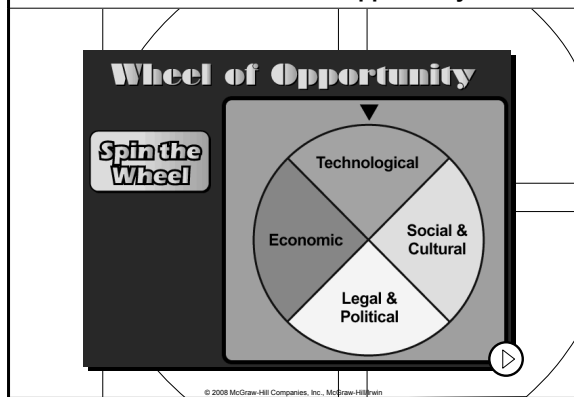
## Multiproduct Firms Have a Difficult Strategy Planning Job



## Evaluating Opportunities in International Markets (Exhibit 4-8)



## Interactive Exercise: Wheel of Opportunity



## You now

1. Know the variables that shape the environment of marketing strategy planning.
2. Understand why company objectives are important in guiding marketing strategy planning.
3. See how the resources of a firm affect the search for opportunities.
4. Know how the different kinds of competitive situations affect strategy planning.
5. Understand how the economic and technological environment can affect strategy planning.

## You now

6. Know why you might be sent to prison if you ignore the political and legal environment.
7. Understand how to screen and evaluate marketing strategy opportunities.

## Key Terms

- Mission statement
- Competitive environment
- Competitor analysis
- Competitive rivals
- Competitive barriers
- Economic and technological environment
- Technology
- Internet
- Nationalism
- North American Free Trade Agreement (NAFTA)
- Consumerism
- Cultural and social environment
- Strategic business unit (SBU)
- Portfolio management