# Unit 2 Assignment: Data Gathering and Market Research

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# BU 615-7 Marketing and New Product Development

The marketing environment is constantly in a state of flux. This fluctuation can have positive and negative consequences for the business. Observation of this phenomena is needed in order to capitalize on opportunities that can have a positive outcome as well as take appropriate countermeasures against instances that can negatively impact the business. The importance of monitoring the environmental factors impacting an individual business is fundamental to effective marketing. (Jackson & Wood, 2013). This monitoring of the marketing environment can be accomplished by using the method of environmental scanning.

 “Environmental scanning, the systematic gathering of information pertinent to the organization” (Jackson & Wood, 2013). “Environmental scanning is one tool in an organization's arsenal that can be used to gain a keen strategic understanding of external influences in order to respond in ways that will ensure the organization's survival and success” (Albright, 2004). Environmental scanning is an essential part of the marketing process for it is through this process the gathering of data is conducted. Monitoring is divided into categories based on the area of market affected, as known as external forces. Some environmental scanning models consist of at least five areas to be monitored.

Example 1 – Monitored Areas

1. Industry/Market – New developments, whether local or global, in the industry will have a direct effect on the business. It is pertinent to stay current with industry trends and developments. Example: A new trend starts picks up momentum in the coffee industry termed barreled-aged coffee. It has received a fair amount of press coverage. Coffee shops and distributors have begun to supply the demand. This may very well be an opportunity that could turn into a lucrative investment for the company. Is this a fade or a trend that is here to stay? A negative impact could be that along with the natural, organic, wellness initiative, tea is being propagated as the healthy choice. This could potentially affect company sales as we could possible lose parts of the market to tea. Perhaps we have known all along that our coffee with grown without pesticides and stored without preservatives. In the past we were afraid of the outcome of letting that be known. Now the lack thereof could be used in our favor. One way we could counteract and align our product with the health initiative is by revealing that our coffee is natural and organic and has always been so.
2. Technology – Changes in technology are allows occurring. These advances usually bring about efficiency in one form or another. Example: Cloud technology has allowed smaller companies to have access computing infrastructure that larger corporations have without the expensive upfront cost of investing in equipment purchases. The coffee shop example could certainly benefit from this technology. The company data can be stored offsite in a redundant fashion and accessible from any location. The company could invest in an inventory tracking system to automate inventory orders and track sales. If the inventory system was hosted onsite and runs into a hardware issue that could translate as downtime for the company. With the cloud, the responsibility of availability is with the cloud service provider. Under those terms we can place that critical function in the hands of a company that specializes in information technology while we focus on what we specialize in, i.e. coffee. Cloud service providers have a service level agreement of 99.99% which translates as 6 minutes of down time per year. These service providers also have more and better equipment in serval locations to accomplish the task.
3. Regulatory – laws and guidelines can significantly impact a business. Businesses can find themselves to be operating in a more stringent or laxed regulatory environment. Example1: “The city council had voted to cap the number of ride-hailing vehicles in New York City back in August 2018. The regulation was set to expire after a year but has now been extended indefinitely.” (Reichert, 2019)
4. Economic – Exchanges rates, recessions and economic rises can translate into larger or smaller profits, increased or decreased budgets, scarcity vs availability of resources all so supply and demand that can affect the bottom line for the company. Example: The U.S. could be hit with a recession translating into people having less money to spend on luxury items such as lattes and cappuccinos. Our coffee begins to see a decline in sales in the wholesale, distributor and retail markets. Just as household and businesses cut their spending so too must our coffee company cut expenses in an effort to avoid going over budget and losing money. When the economy is strong, employment rates rise and income increases, everyone have more income to spend which translates as more sales for our coffee company.
5. Social – Societal sentiment toward a variety of topics and increase of decrease demand. Example: A story makes the news regarding people working 16 hours a day for wages that are far below that poverty line on coffee farm in Africa. Human right advocates report that working conditions are inhumane and a public outcry is seen in the daily news. Our coffee company should allow visibility into the company and our operations with a transparency element in our marketing campaign. A story should be created around our coffee journey demonstrating our concern and involvement in our product. The origins of our coffee should be revealed. The public needs to see good working conditions of local people involved in the planting, cultivating, harvesting, and processing of the coffee. The first example was external. An internal example could be the company seeing a high turnover rate of employees. The time invested in training employees will be lost. Relationships that have forged with suppliers and customers via those employees will not be the same. How does the company handle this? First is to discover the reason for the high turnover rate. This can been done by conducting exit interviews.
6. Political – Politics can affect taxes, imports, exports and create a ripple effect through other monitored areas of environmental forces. Example 1: “Jeff Howard usually pays around $3,500 a month in duties for the Tibetan singing bowls, bells, chimes and other products he imports for his Lancaster County business, Silver Sky Imports. This month, however, he got a bit of a shock: the bill was $11,000. The reason: new 15% tariffs on more than $100 billion in Chinese goods that went into effect Sept. 1.” (Olberding, 2019) Example 2: Our coffee company purchases coffee beans from Kenya Africa. A new tariff has been placed on imports from Kenya. The tariffs have increased the cost of our coffee bean purchases. Our Kenyan AA coffee is one of our best-selling products. We need to do some quick thinking as to how we tackle the issue the price increase.

Example 2 – Monitored Areas

1. Social
2. Economic
3. Technological
4. Competitive – Equal to industry
5. Regulatory

The data gathered from the monitoring of those specified areas has a five-step process:

1. Identify the environmental scanning needs of the organization.
2. Gather the information.
3. Analyze the information.
4. Communicate the results.
5. Make informed decisions.

(Albright, 2004)

As stated earlier, environmental scanning of forces is needed in order to understand the marketing environment so that the appropriate action can be taken to in regards to the business. That action can help the company guard against adverse effects and harness opportunities. Acquiring the information can be from internal as well as external sources. Within the environmental forces listed, examples were given that contained a few external and/or internal sources.

Internal Sources:

* Employees
* Internal reports
* Internal Meetings

External Sources:

* Internet
* Customer
* Newspapers
* Industry Associations

There is a tremendous amount of resources where data can be collected. The manner in which it can collected can be in the form of surveys, questionnaires, blogs, and new reports. The sheer volume of information gathered can be overwhelming. Information in this fashion can circumvent the process of environmental scanning. Key points should receive the focus as a means to pull only relevant information from the data.

“Managers are also responsible for making many decisions and, therefore, do not have much time to devote to systematically searching for information. Instead, they need timely information that has been distilled down to the main points that are relevant to the organization.” (Reichert, 2019)

## References

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