

# [General environmental analysis of the softdrink industry essay sample](https://assignbuster.com/general-environmental-analysis-of-the-softdrink-industry-essay-sample/)

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Technological Environment. Revolutionary developments in machineries brought by technological advancements and discoveries have provided companies with enhancements in its operations, which when adopted and utilized effectively, may bring progress. Here, companies are able to produce more outputs than they have before, increasing its productivity and keeping up with the increasing demand of the market. Discoveries in additives would also provide industry players an answer to cope up with the markets changing taste and preferences with them now being able to produce sugarless sweeteners and caffeine-free products. Moreover, prospects of a self-freezing can, a smart vending machine, and faster fountain dispensers have spurred developments in the distribution of industry products.

Demographics. Age and ethnicity are two main characteristics that affect consumer preference for soft drinks and alternative beverages. Analysts, such as Marcia Mogelonsky, the author of Who’s Buying Food and Drink, note that soft drink companies that take note of and respond to the age and ethnic trends will do well. She pointed out that for many senior citizens, price is more of an issue than it is for baby boomers. They’re not poor, but they can’t buy in bulk anymore either. In addition, it has been observed that with age, health concerns become more of a factor when choosing a beverage. However, she adds that a health concern is not going to pull people away from a certain product it’s going to make them choose a modified version of that product if it’s available. In contrast to older consumers, younger consumers–particularly teens and those in their twenties–have less attention spans for products and are more likely to prefer products that seems to be fun and different.

Social and Cultural Environment. Socio-cultural changes in the environment presents industry players with predicaments that should be answered immediately for it to sustain its position in the market. The current preference shift of the market towards a healthier lifestyle proves to be one of these dilemmas. This occurrence may partly be attributable to the fact that the baby boomers have reached the age where longevity is of
importance. With this, companies must be able to offer products that are natural, low in calorie, fat, sugar, and caffeine, or even with none of these unhealthy components present in its products.

Environmental awareness also presents issues that should be combated by industry players. With waste management at hand, companies in the industry are urged to lead recycling movements to reduce solid wastes brought by the bottles and aluminum cans which have been characterized to have longer period of degradation. Non-biodegradable plastic cups used in its fountain distribution segment, plastic bottles and plastic straps used to bring together six-packs also constrain the company to answer environmental hazards.

Culture-based preferences may also hamper companies’ entry into a certain market. Entry into China, for example, may be difficult for the fact that tea has been deeply rooted in its culture and lifestyle.

Economic Environment. Operating in a global scale, companies are exposed to volatile and varied foreign exchange rates and state of economies. With economies in depression, market spending level is at a lower rate and thus, sales for companies are at a trough. However, with various economies, such as the populous market of China and India opening up to the world market, possibilities of entering these markets pose positive outlooks.

Political and Legal Environment. In penetrating into emerging and developing markets, legal and political conditions set the parameters. In strategic business alliances with local bottlers, for example, companies must adhere to particular governmental rules and regulations with which such alliance will be defined. Different patent and anti-trust laws in every country also defines how these companies are to operate locally. Furthermore, political conditions such as civil unrest, governmental changes and restrictions bring unfavorable results into the company.