

Adapting to a New Environment

For this activity, you will play the role of a marketing consultant advising a small chain of traditional music retail stores on how they can best adapt to the changing lifestyle and technological macro-environment.

Below you are presented with some introductory information regarding the key trends in this sector. What advice would you have for this firm? They are most concerned about their long-term viability in the new environment. In particular, they are concerned with the following trends:

In this case, a music shop has approached you for advice. They are concerned about their long-term viability in the new environment. In particular, they are concerned with the following trends:

- Many consumers now use a smart phone (or other devices that don't require a physical CD) for the storage and playback of their music collection
- Spotify (and similar apps) represent a fairly recent form of competition and have gained a significant share of the market
- YouTube videos have also emerged as a substitute competitor
- There are still significant issues with consumers sharing music and piracy issues
- Internet usage is very high among the under 50 years market, which is their key target market
- However, there has been a significant increase in music interest, due to a number of very popular reality/talent music shows

Student Discussion Questions

1. Which of the identified trends do you consider to be the most significant for the retailing chain?
2. Are there any other trend/issues that should also be highlighted?
3. Given all these issues, how would you advise this firm (as their marketing consultant) to adapt to this changing environment?
4. Do you foresee a long-term future for this firm, or do you predict that they will need to significantly change their business model?