

Opportunities and Threats: Environmental

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Period 5

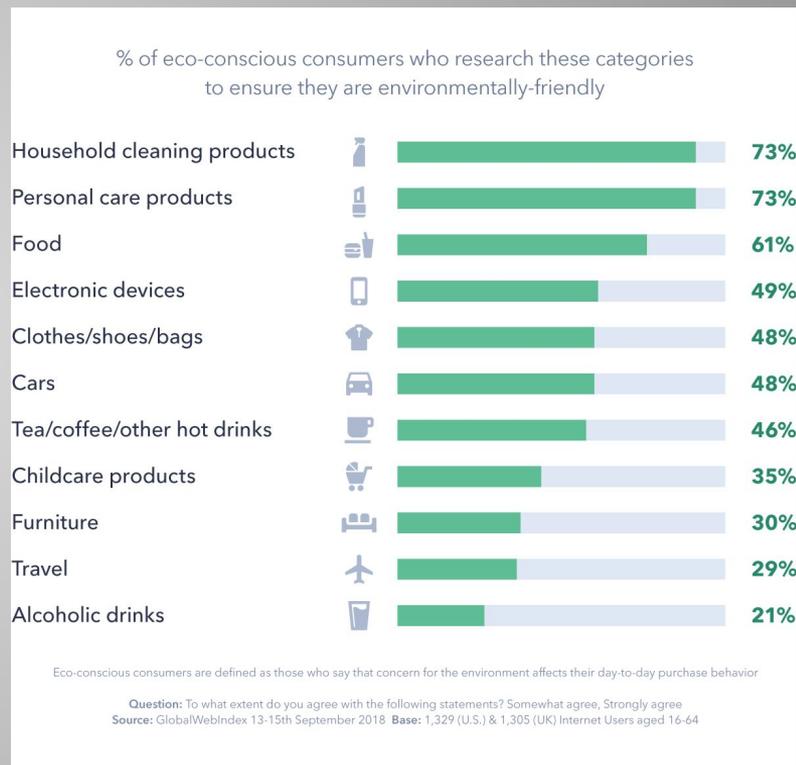


Textbook Context

- Environmental opportunities and threats concern the actual environment, including weather, seasonal changes, natural resources, etc.
- Recently, companies have been more aware of their business activity effects on the environment due to social attitudes
 - A company reputation can be ruined if they don't properly respect the environment
- The extent to which companies value environmental issues comes down to their objectives and if they can afford the costs
- A lot of businesses use changes in the season to their advantage
 - Beach resorts use the summer for sales, ski resorts wait for the winter, etc.

Why It Matters

- 68% of millennials bought a product with a social or environmental benefit in the past 12 months
- 88% of customers will be more loyal to a company that supports social and/or environmental issues
- 87% of consumers will have a more positive image of a company that supports environmental issues



Environmental Threat - Example

- Japan was hit by Typhoon Hagibis on Oct. 12th 2019
- Subaru, a Japanese Car company has halted production for 10 days
- Subaru suspended car production in Japan due to an anticipated shortage of parts until the impact of Typhoon Hagibis on suppliers and logistics can be assessed
- Subaru halted work at its factories in Tokyo
- Because their suppliers have been flooded they expect a shortage of parts
- The Typhoon has destroyed critical infrastructure by causing mudslides that have blocked roads.
- The typhoon has stopped the production of about 11,000 vehicles

Environmental Threat - Example

- Illnesses and outbreaks pose threats for many companies
- Mad Cow disease in the 1990's impacted cattle in Britain
- The disease impacted farmers' ability to sell meat due to the threat of infection
- This led to a decrease in sales of meat and loss of revenue for farmers

Environmental Opportunity - Example

- Nordstrom, a clothing company, takes advantage of the changing seasons and temperature levels by selling different types of clothing at different times of year
- In the fall and winter, there is a stronger marketing focus on items like coats, boots and sweaters
- In the spring and summer, there is a stronger marketing focus on items like dresses, skirts, and flip flops
- This trend is true for most clothing companies

Environmental Opportunity - Example

- Z Element takes advantage of changing seasons by offering different options at different times of year
- In the winter, they offer trips to Japan and Colorado for skiing
- In the summer, they offer trips to Bali for surfing and relaxation
- The company changes their destination offerings to maximize profits based on the seasonal changes