This chapter describes the market environment and how competitive mechanisms influence supply and demand patterns. State influence, urbanization, and population density, along with a few other factors, are considered in analyzing the outcome in terms of the number of choices and the degree of variety provided by a particular industry. Changes in the past decades in market environments are described and analyzed, for example, changes in state regulation (many nations have witnessed deregulation and later reregulation), the emergence and growth of free trade, the supply of low-cost production, and the sustainability of cost structures. The theoretical roots of this chapter will come from the fields of marketing and industry analysis.

The market environment has far-reaching implications for shaping generational cohorts. Changes in the supply of goods and services influence consumer choices, loyalty patterns, etc., and an important change, evident in understanding the 90s Generation, is the transition from goods being expensive and services being cheap to the situation today: goods are cheap and could be produced anywhere, while companies with access to marketing channels, the popular culture, and key customers enjoy high margins, strong brands, and significant market power.

This chapter focuses on how businesses can understand and take advantage of the ongoing development, not only by understanding generational cohorts but also by having a proactive stance when it comes to dealing with decreased loyalty, fierce competition, and oversupply, demanding consumers, and high market transparency, all characteristics in contemporary consumer markets. Successful companies like Apple, BMW, Google, Hennes & Mauritz, and Zara have
benefited from, and shaped, new rules that are given, hence integrating a superior understanding of the market environment with a thorough understanding of generational cohorts. Companies that understand the market environment and consumer behavior, including the generational dimension, have great chances to be successful, too.

**Consumer Trends**

Increasingly, due to intensive competition in most industries, demanding buyers, and extensive supply of products, offers are seen as benefits and buyers are looking for value added. This applies from a functional (Kindström, 2012) as well as an emotional and cultural (see, e.g., Holt, 2002, 2004; Kornberger, 2010; Parment, 2008) perspective. A product, hence, must add something beyond the physical product. Buying a Redbull bottle means buying an experience, Volvo’s OnCall app adds value that competitors can’t offer and Apple’s iCloud provides an integration of devices that go beyond that offered by the competition. It’s about connecting with buyers beyond the physical product and building relationships to the brand.

In metropolitan areas, there is an extreme focus on consumption of primarily food, but also clothes and experiences to an extent, that wear an ecologic label, origin marking, is organically produced and transported in a way that minimizes climate impact.

Origin marking is becoming increasingly important and, at the same time, country-of-origin effects matter. There are numerous examples of products produced in one part or region of a country or of the world, but the products bear the name of an attractive place, related to the product and its profile, rather than the place of manufacturing. This may also happen in a more discrete way. Vapiano is a German “premium fast food chain” established in 2002 when the first Vapiano in Hamburg, Germany, opened its doors. Today, Vapiano is available thanks to a franchise concept in 26 countries on four continents. Few people would think that Vapiano, with its focus on pasta, pizza, antipasta, and salad, is German. Associations would rather be to Italy—no surprise given the fact that numerous quotes in Italian are provided in the marketing communications of Vapiano, for example, “Chi va piano va sano e va lontano,” meaning “walking slowly means walking safe and far.” Swedish Volvo is