

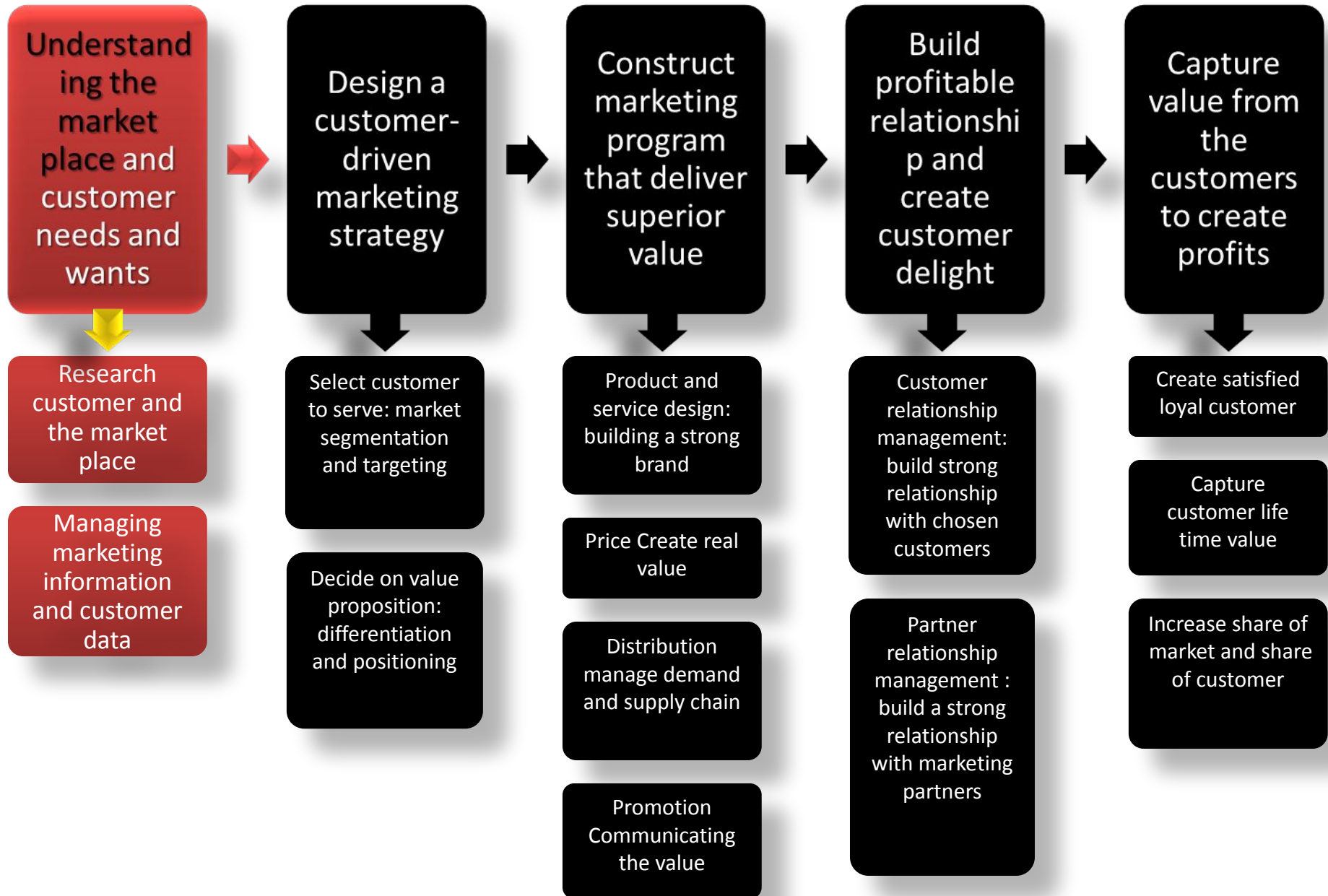
Marketing environment

Lecture 6

Objectives

- Understanding environmental forces.
- Company's Micro-environment
- Company's Macro-environment
- Responding to the marketing environment

Marketing Process



The Marketing Environment

The actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with target customers.

- ◎ The marketing environment is made up of micro-environment (*the company, suppliers, marketing intermediaries, customers markets, competitors, and publics*), and macro-environment (*demographic, economic, natural, technological, political, and culture forces*).

Micro-environment

The actors close to the company that affect its ability to serve its customer – the company, suppliers, marketing intermediaries, customers markets, competitors, and publics.



Microenvironment

Actors

1. The company
2. Suppliers
3. Marketing intermediaries
4. Customers
5. Competitors
6. Publics

- ⦿ Marketing must consider other parts of the organization including finance, R&D, purchasing, operations and accounting
- ⦿ Marketing decisions must relate to broader company goals and strategies

Microenvironment

Actors

1. The company
2. Suppliers
3. Marketing intermediaries
4. Customers
5. Competitors
6. Publics

- ⦿ Marketers must watch supply availability and pricing
- ⦿ Effective partnership relationship management with suppliers is essential

Microenvironment

Actors

1. The company
2. Suppliers
3. Marketing intermediaries
4. Customers
5. Competitors
6. Publics

- Help to promote, sell and distribute goods to final buyers
- Include resellers, physical distribution firms, marketing services agencies and financial intermediaries
- Effective partner relationship management is essential

Microenvironment

Actors

1. The company
2. Suppliers
3. Marketing intermediaries
4. Customers
5. Competitors
6. Publics

- ⦿ The five types of customer markets
 - Consumer
 - Business
 - Reseller
 - Government
 - International

Microenvironment

Actors

1. The company
2. Suppliers
3. Marketing intermediaries
4. Customers
5. Competitors
6. Publics

- Conducting competitor analysis is critical for success of the firm
- A marketer must monitor its competitors' offerings to create strategic advantage

Microenvironment

Actors

1. The company
2. Suppliers
3. Marketing intermediaries
4. Customers
5. Competitors
6. Publics

- ⦿ A group that has an actual or potential interest in or impact on an organization
- ⦿ Seven publics include:
 - Financial
 - Media
 - Government
 - Citizen-action
 - Local
 - General
 - Internal

Macro-environment

The larger social forces that affect the micro-environment – demographic, economic, natural, technological, political, and culture forces.



Macro-environment

- **Demographic environment**

“The study of human populations in terms of size, density, location, age, gender, race, occupation and other statistics”

- Age structure of the population (*0-14 years: 32.2%*)
- Sub-cultures
- Geographic shifts in population (*people move to the cities in search of employment and a higher standard of living*)
- Education
- Changing in marital states (*more single people*)

Macro-environment

◎ Economic environment

“Factors that affect consumer buying power and spending patterns”

- Value marketing has become the watchword for many marketers. They are looking for ways to offer today's more financially cautious buyers greater value.
- Marketers should pay attention to income distribution as well as average income.
 - **Upper-class** consumers, whose spending patterns are not affected by current economic events.
 - **The middle class** is somewhat careful about its spending, but can still afford the good life some of the time.
 - **The working class** must stick close to the basics of food, clothing, and shelter.
 - **The underclass** must count their pennies when making even the most basic purchases.
 - Consumers at different income levels have different spending patterns.

Macro-environment

◎ **Natural Environment:**

“Involves the natural resources that are needed as inputs by marketers or that are affected by marketing activities”

◎ Trends

● Shortages of raw materials

Air and water may seem to be infinite resources, but some groups see long-run dangers.

● Increased pollution

Industry will almost always damage the quality of the natural environment.

● Increased government intervention

The governments of different countries vary in their concern and efforts to promote a clean environment.

Macro-environment

- **Technological environment**

“Forces that create new technologies, creating new products and market opportunities”

- ◎ The most dramatic force shaping our destiny
- ◎ New technologies create new markets and opportunities. However, every new technology replaces on older technology.
- ◎ Marketers should watch the technological environment closely.

Macro-environment

© Political environment

“Consists of laws, government agencies and pressure groups that influence or limit various organizations and individuals in a given society”

- Legislation affecting businesses worldwide has increased
- Laws protect companies, consumers and the interests of society
- Increased emphasis on socially responsible actions
 - Cause-Related Marketing
- Marketers create link between brand and charitable organization and worthwhile cause.
- Demonstrates social responsibility
- Helps build positive brand image
- Cause-related marketing has become a primary form of corporate giving. It lets companies “do well by doing good”

Macro-environment

© Cultural Environment

Made up of institutions and other forces that affect a society's basic values, perceptions, preferences and behaviors.

- Core beliefs

values are passed on from parents to children and are reinforced by schools, religion, business, and government.

- Secondary beliefs

are more open to change. *(Example: marriage)*

Macro-environment

◎ Cultural Environment Includes people's views of...

● **Themselves**

Identify with brands for self-expression

● **Others**

Recent shift from “me” to “we” society

● **Organizations**

Trend of decline in trust and loyalty to companies

● **Society**

Patriotism on the rise

● **Nature**

“lifestyles of health and sustainability”

● **Universe**

Includes religion and spirituality

Responding to the Marketing Environment

- ◎ Many companies view the marketing environment as an uncontrollable element in which they must react and adapt. They passively accept the marketing environment and do not try to change it.
- ◎ Other companies take a proactive stance toward the marketing environment. *(Example: Cathay Pacific Airlines)*