

# The Marketing Environment



# Marketing Environment

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- ✦ The marketing environment consists of actors and forces outside the organization that affect management's ability to build and maintain relationships with target customers.
- ✦ Environment offers both opportunities and threats.
- ✦ Marketing intelligence and research used to collect information about the environment.

# Marketing Environment

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## ✦ Includes:

- Microenvironment: actors close to the company that affect its ability to serve its customers.
  - Macroenvironment: larger societal forces that affect the microenvironment.
- ✦ Considered to be beyond the control of the organization.

# The Company's Microenvironment

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- ◆ Company's Internal Environment:
  - Areas *inside* a company.
  - Affects the marketing department's planning strategies.
  - All departments must “think consumer” and work together to provide superior customer value and satisfaction.

# Actors in the Microenvironment



# The Company's Microenvironment

## ✦ Suppliers:

- Provide resources needed to produce goods and services.
- Important link in the "value delivery system."
- Most marketers treat suppliers like partners.



# The Company's Microenvironment

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## ◆ Marketing Intermediaries:

– Help the company to promote, sell, and distribute its goods to final buyers

◆ Resellers

◆ Physical distribution firms

◆ Marketing services agencies

◆ Financial intermediaries

# Partnering With Intermediaries

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Coca-Cola provides Wendy's with much more than just soft drinks. It also pledges powerful marketing support.



# The Company's Microenvironment

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- ◆ Customers:
  - Five types of markets that purchase a company's goods and services

# The Company's Microenvironment

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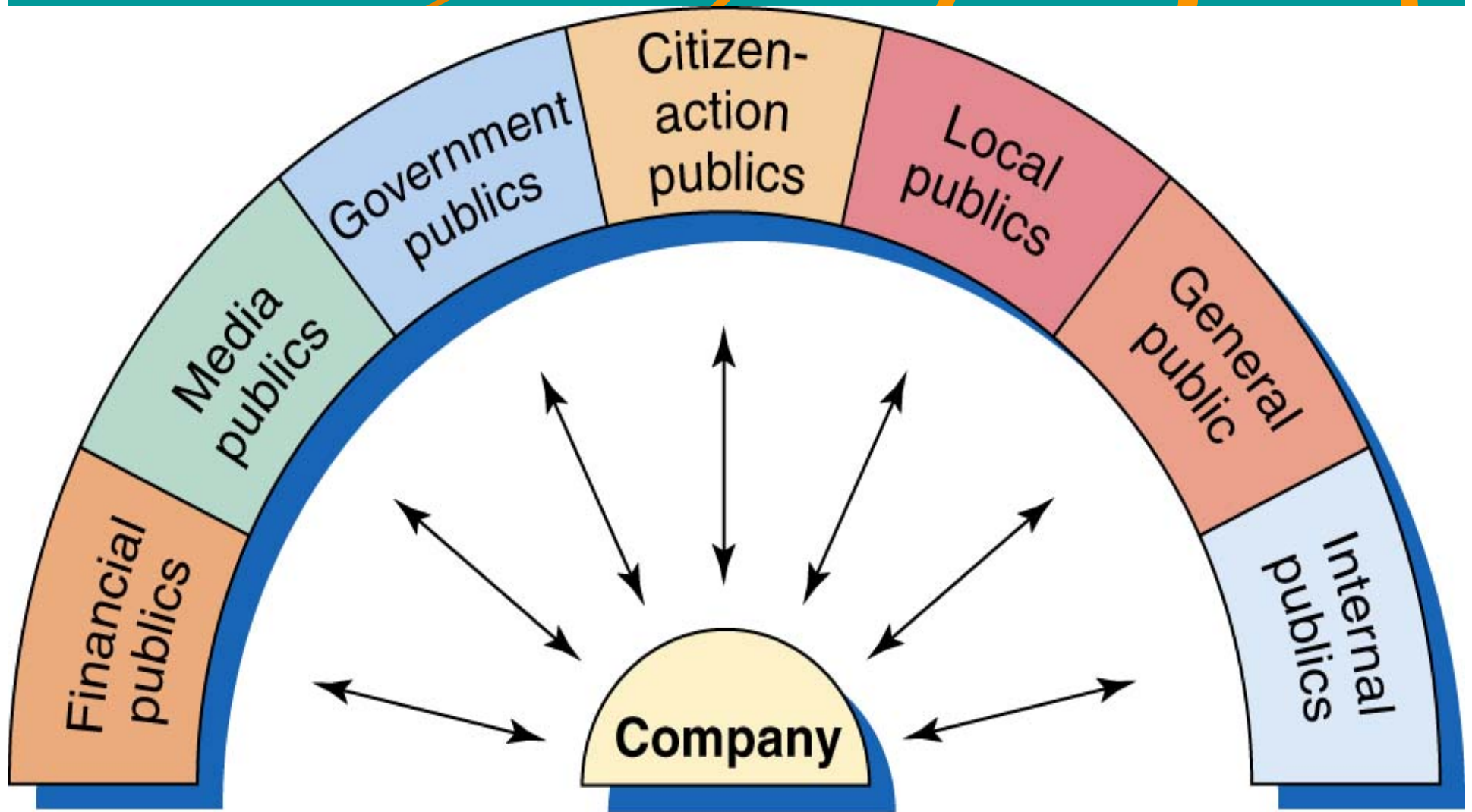
## ◆ Competitors:

- Those who serve a target market with products and services that are viewed by consumers as being reasonable substitutes
- Company must gain strategic advantage against these organizations

## ◆ Publics:

- Group that has an interest in or impact on an organization's ability to achieve its objectives

# Types of Publics



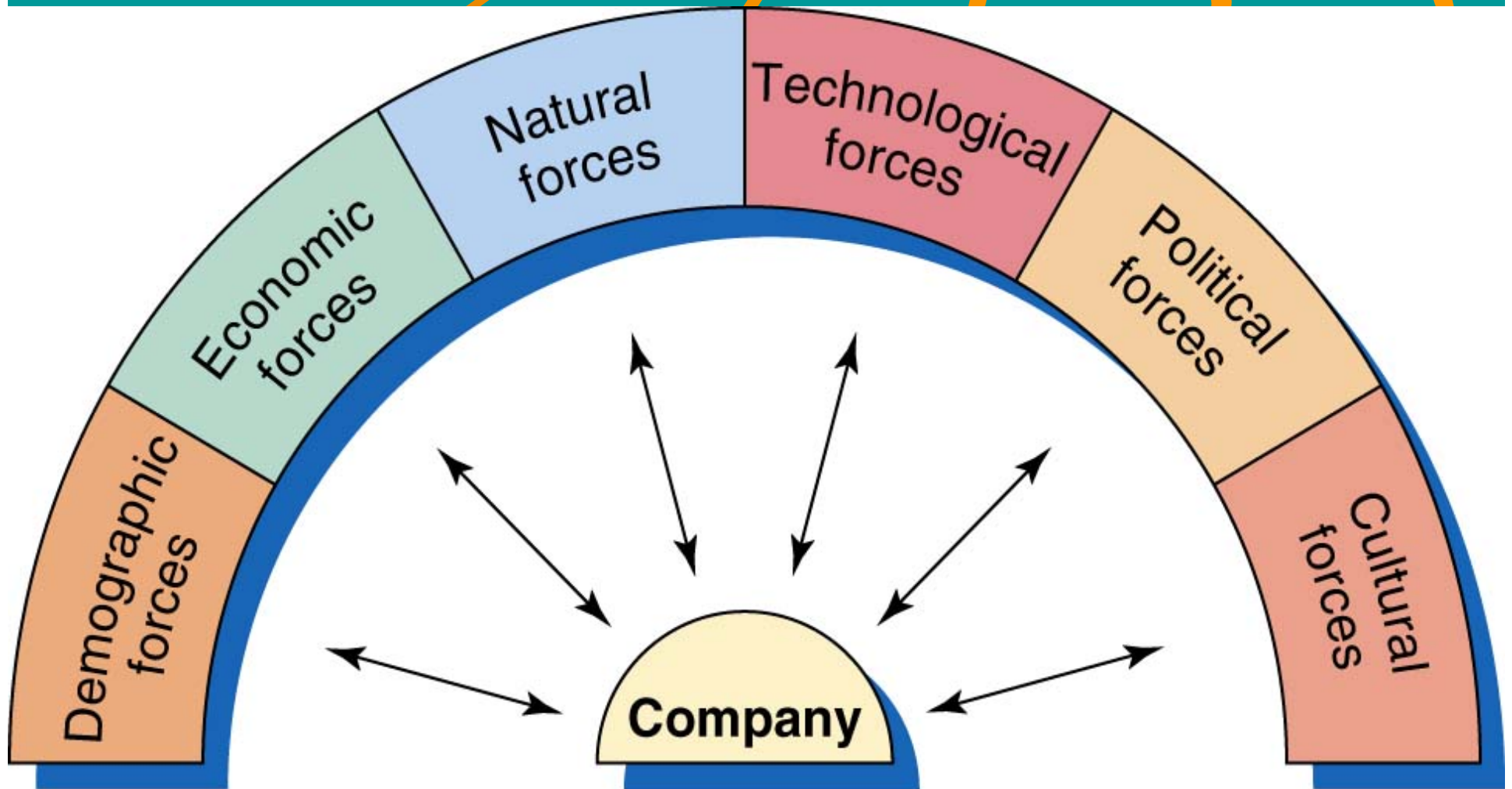
# The Macroenvironment

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- ✦ The company and all of the other actors operate in a larger macroenvironment of forces that shape opportunities and pose threats to the company.



# The Company's Macroenvironment



# The Company's Macroenvironment

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## ✦ Demographic:

- The study of human populations in terms of size, density, location, age, gender, race, occupation, and other statistics.
- Marketers track changing age and family structures, geographic population shifts, educational characteristics, and population diversity.

# Economic Environment

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Consists of factors that affect consumer purchasing power and spending patterns.

## ◆ Changes in Income

- 1980's – consumption frenzy
- 1990's – "squeezed consumer"
- 2000's – value marketing

## ◆ Income Distribution

- Upper class
- Middle class
- Working class
- Underclass

# Income Distribution



Walt Disney markets two distinct Pooh bears to match its two-tiered market.

# *Economic Environment*

## *Changes in Consumer Spending Patterns*

### Engel's Law

- As income rises:
  - The percentage spent on food declines
  - The percentage spent on housing remains constant
  - The percentage spent on savings increases

# Natural Environment

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- ✦ Involves the natural resources that are needed as inputs by marketers or that are affected by marketing activities.



# Factors Impacting the Natural Environment

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Shortages of Raw Materials

Increased Pollution

Increased Government Intervention

Environmentally Sustainable Strategies

# Environmental Responsibility



McDonald's has made a substantial commitment to the so-called "green movement."

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SMP 11: Session 4\_Marketing Environment

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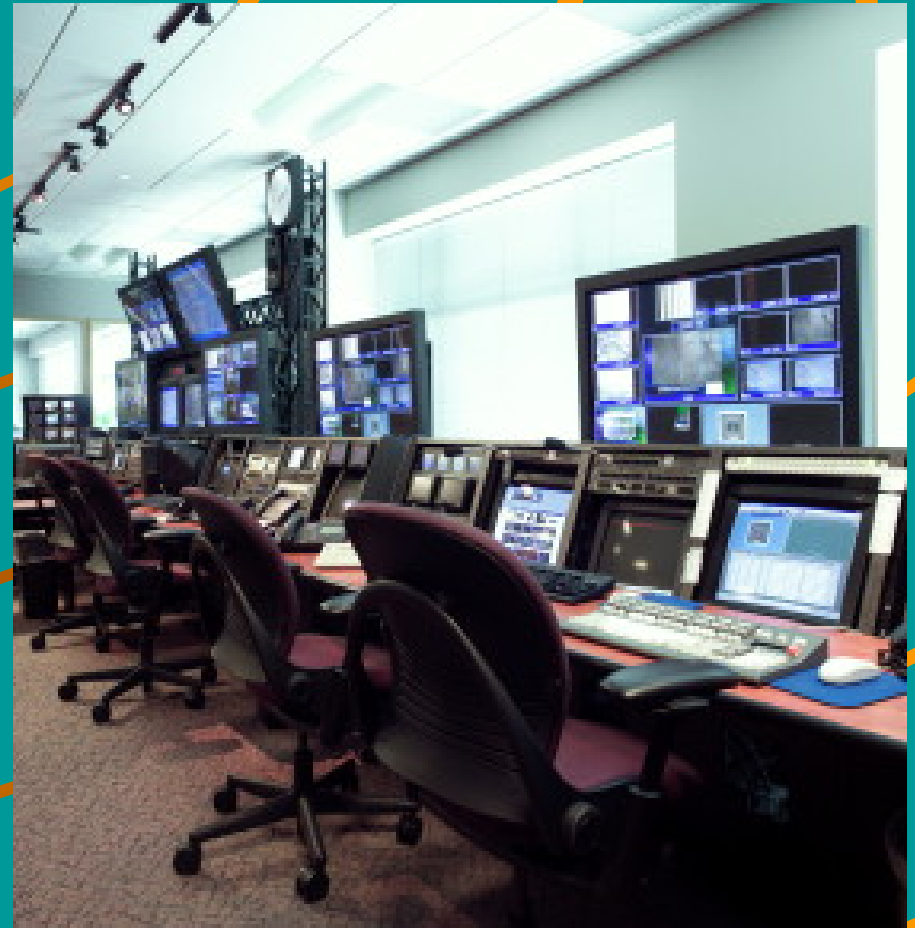
# Technological Environment



✦ Most dramatic force now shaping our destiny.

# Technological Environment

- ◆ Changes rapidly.
- ◆ Creates new markets and opportunities.
- ◆ Challenge is to make practical, affordable products.
- ◆ Safety regulations result in higher research costs and longer time between conceptualization and introduction of product.



# Political Environment

Includes Laws, Government Agencies, and Pressure Groups that Influence or Limit Various Organizations and Individuals In a Given Society.

Increasing Legislation

Changing Government Agency Enforcement

Increased Emphasis on Ethics & Socially Responsible Actions

# Cause-Related Marketing

# Cultural Environment

- ✦ The institutions and other forces that affect a society's basic values, perceptions, preference, and behaviors.



# Cultural Environment

- ✦ Core beliefs and values are passed on from parents to children and are reinforced by schools, churches, business, and government.
- ✦ Secondary beliefs and values are more open to change.

# Cultural Environment

Themselves

Others

Organizations

Society

Nature

The Universe

Society's Major  
Cultural Views Are  
Expressed in  
People's Views of:

# Responding to the Marketing Environment

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## ✦ Environmental Management Perspective

- ✦ Taking a proactive approach to managing the environment by taking aggressive (rather than reactive) actions to affect the publics and forces in the marketing environment.

### ✦ This can be done by:

- Hiring lobbyists
- Running “advertorials”
- Pressing lawsuits
- Filing complaints