

The Marketing Environment

Lesson 2

The Marketing Environment

Marketing Environment:

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

Micro-environment

Includes the actors close to the company

Macro-environment

Involves larger societal forces

Micro-environment

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

Micro-environment

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

Micro-environment

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

Micro-environment

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**

Micro-environment

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

Micro-environment

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

The Macro-environment

Macro-environmental Forces

- **Demographic**
- **Economic**
- **Natural**
- **Technological**
- **Political**
- **Cultural**

Demographic Environment

Demographic Environment:

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

Demographic Environment

- **Changing age structure of the U.S. population is the single most important demographic trend**
- **Baby boomers, Generation X, and Generation Y are the key groups**

Natural 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
- Increased pollution
- Increased government intervention

Technological Environment

- **The most dramatic force shaping our destiny**
- **Rapidly changing force which creates many new marketing opportunities but also turns many existing products extinct**

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**

Cultural Environment

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

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" (LOHAS) consumer segment

Universe

- Includes religion and spirituality

Responding to the Marketing Environment

“There are three kinds of companies: those who make things happen, those who watch things happen, and those who wonder what’s happened.”