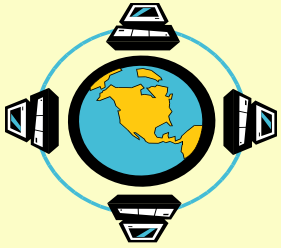




Chapter 3

The Marketing Environment

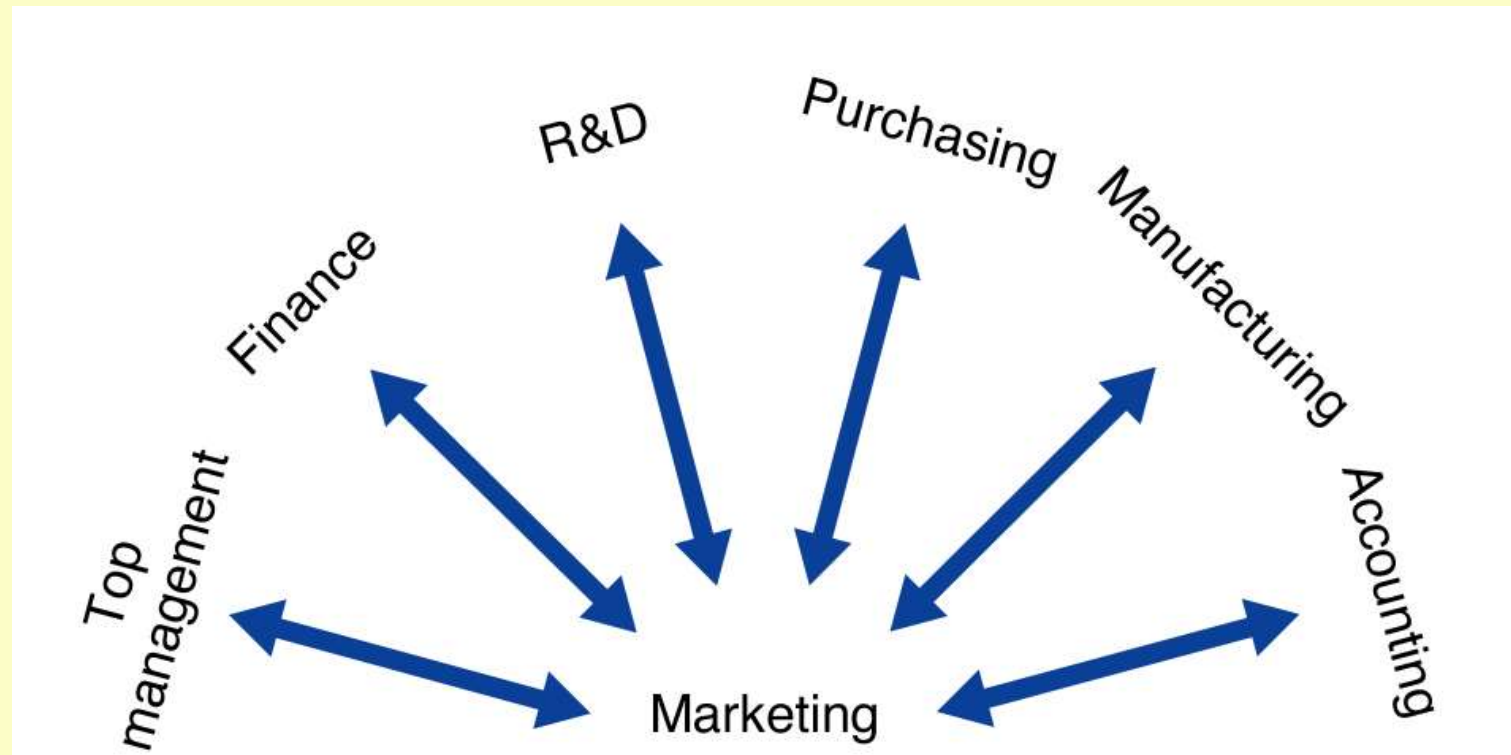


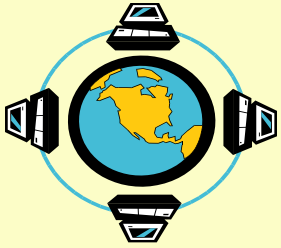
Marketing Environment

- ✦ Marketing Environment- consists of the actors and forces outside marketing that affect marketing management's ability to develop and maintain successful relationships with its target customers.
- ✦ Includes:
 - Microenvironment - forces close to the company that affect its ability to serve its customers.
 - Macroenvironment - larger societal forces that affect the microenvironment.



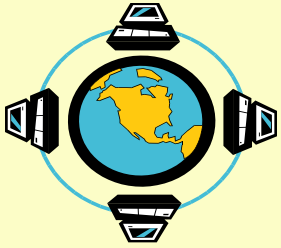
Company's Internal Environment





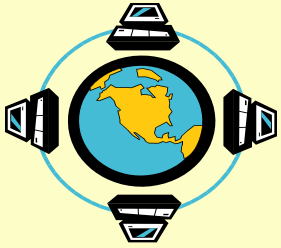
The Company's Microenvironment

- ✦ Company's Internal Environment- functional areas inside a company that have an impact on the marketing department's plans.
- ✦ Suppliers - provide the resources needed to produce goods and services and are an important link in the "value delivery system".
- ✦ Marketing Intermediaries - help the company to promote, sell, and distribute its goods to final buyers. i.e. resellers, physical distribution firm, marketing service agencies, financial intermediaries.



Marketing Intermediaries

- ✚ Resellers: wholesalers and retailers
- ✚ Physical distribution firms: help company to stock and move their goods from point of origin to destination
- ✚ Financial intermediaries: bank, insurance companies, credit companies that helps transactions and insure goods against risk.
- ✚ Marketing Services Agencies: research firm, advertising agencies, media firm etc.

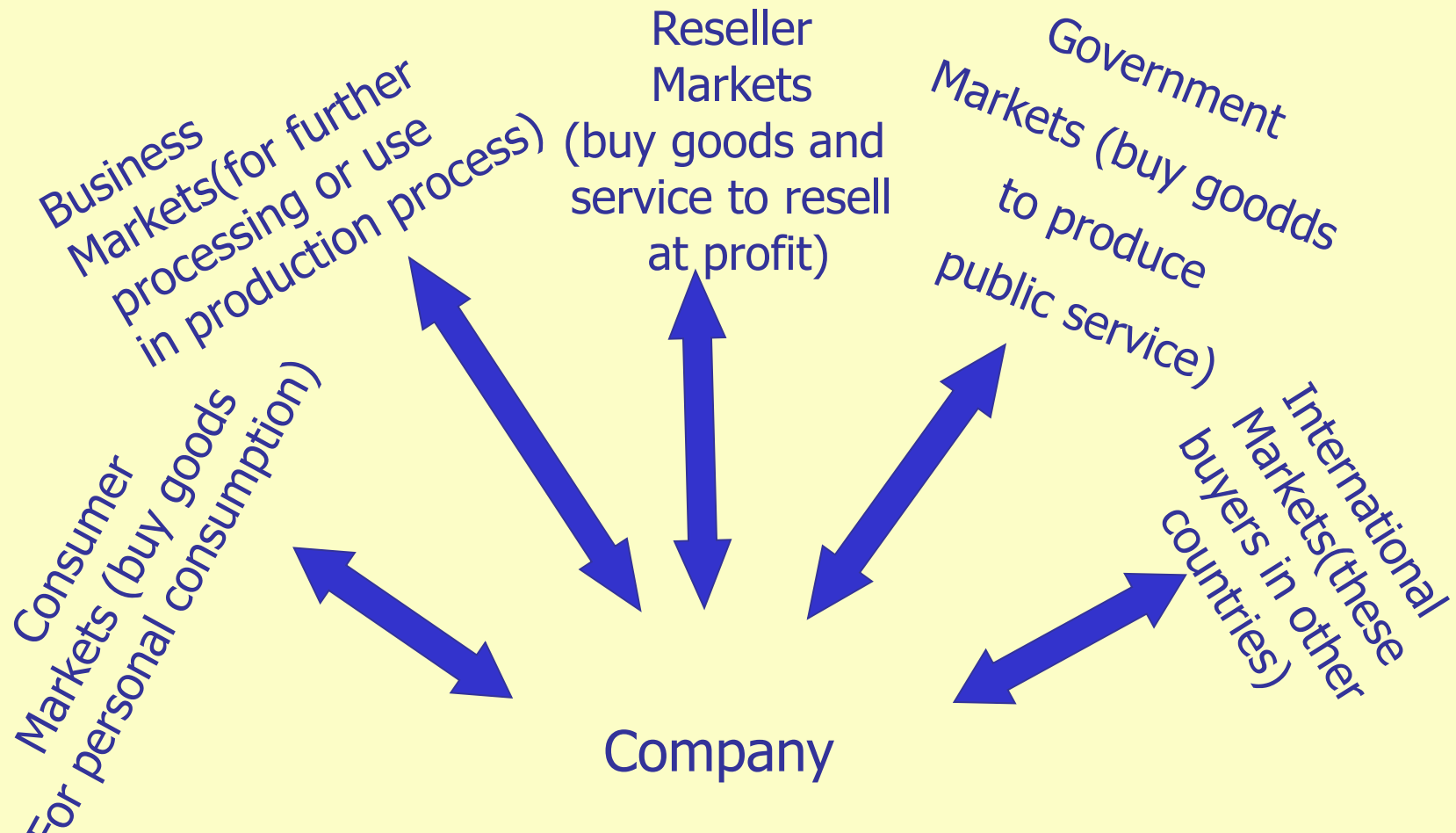


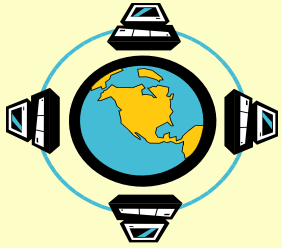
The Company's Microenvironment

- + Customers - five types of markets that purchase a company's goods and services.
- + Competitors - those who serve a target market with similar products and services against whom a company must gain strategic advantage.
- + Publics - any group that perceives itself having an interest in a company's ability to achieve its objectives.

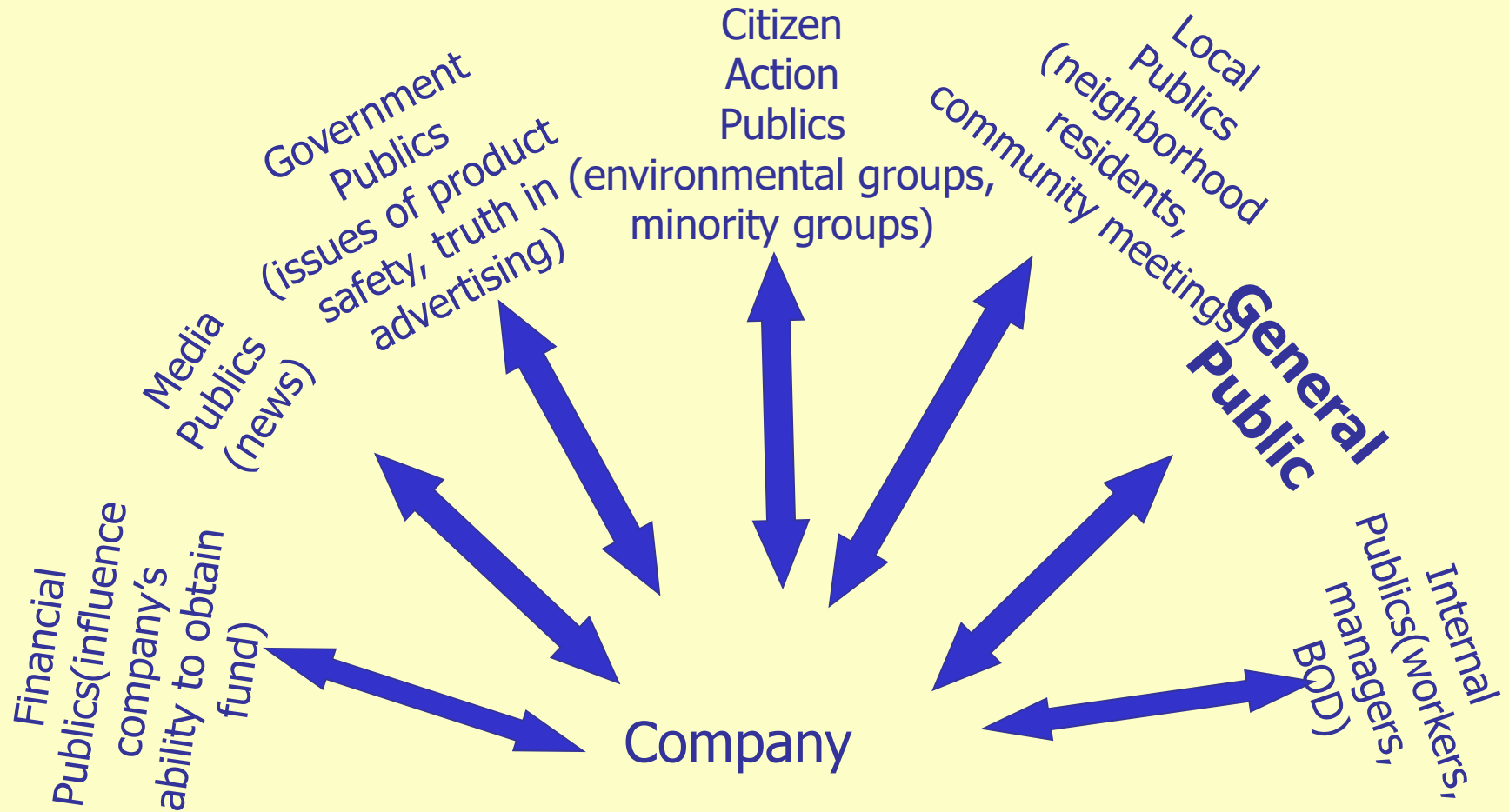


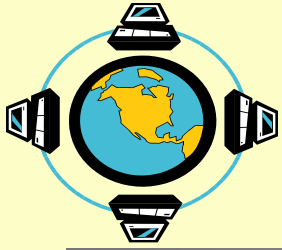
Types of Customer Markets



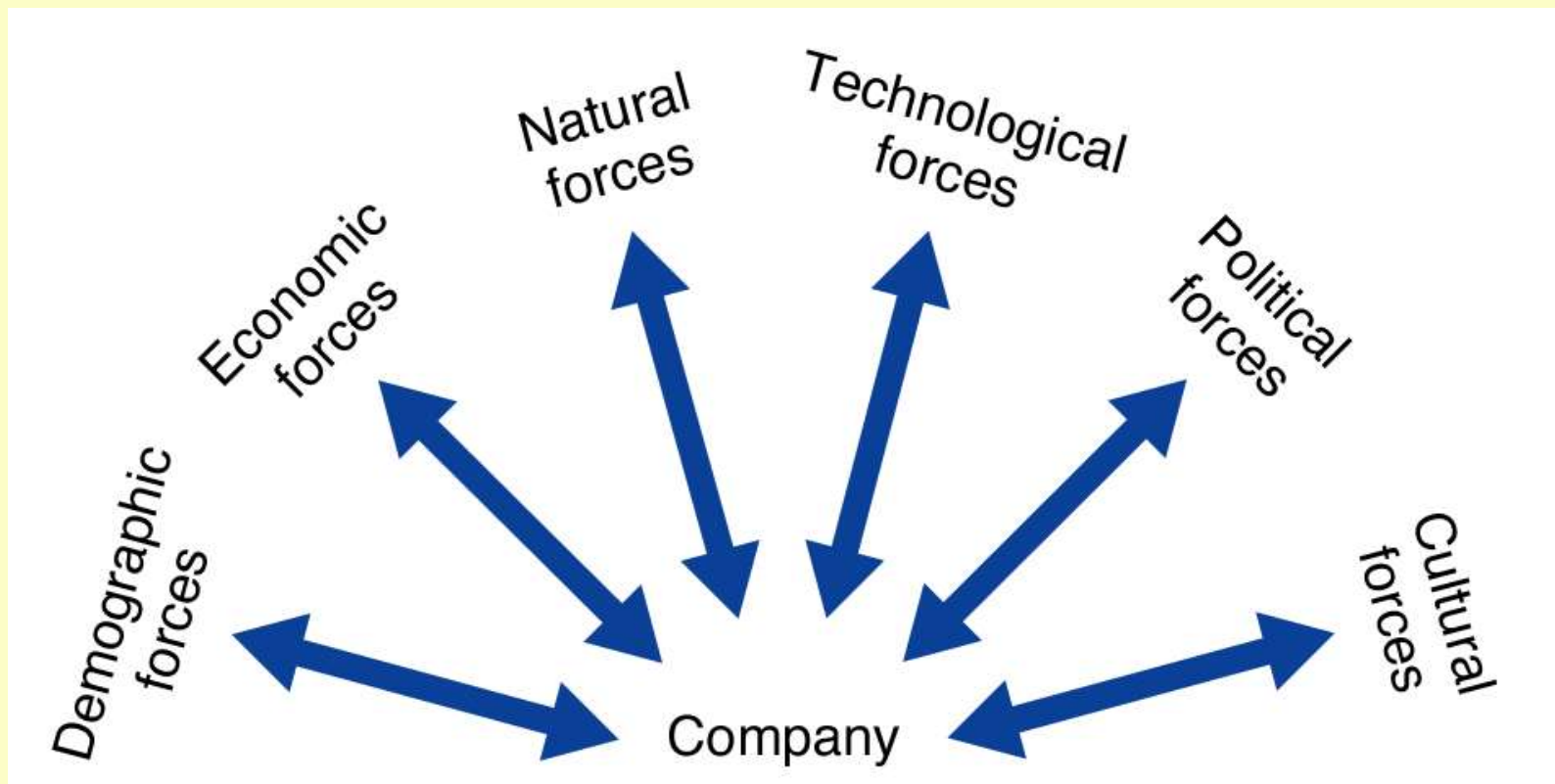


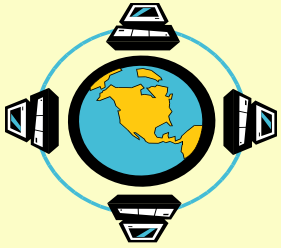
Types of Publics (Publics: any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives)





Major Forces in the Company's Macroenvironment



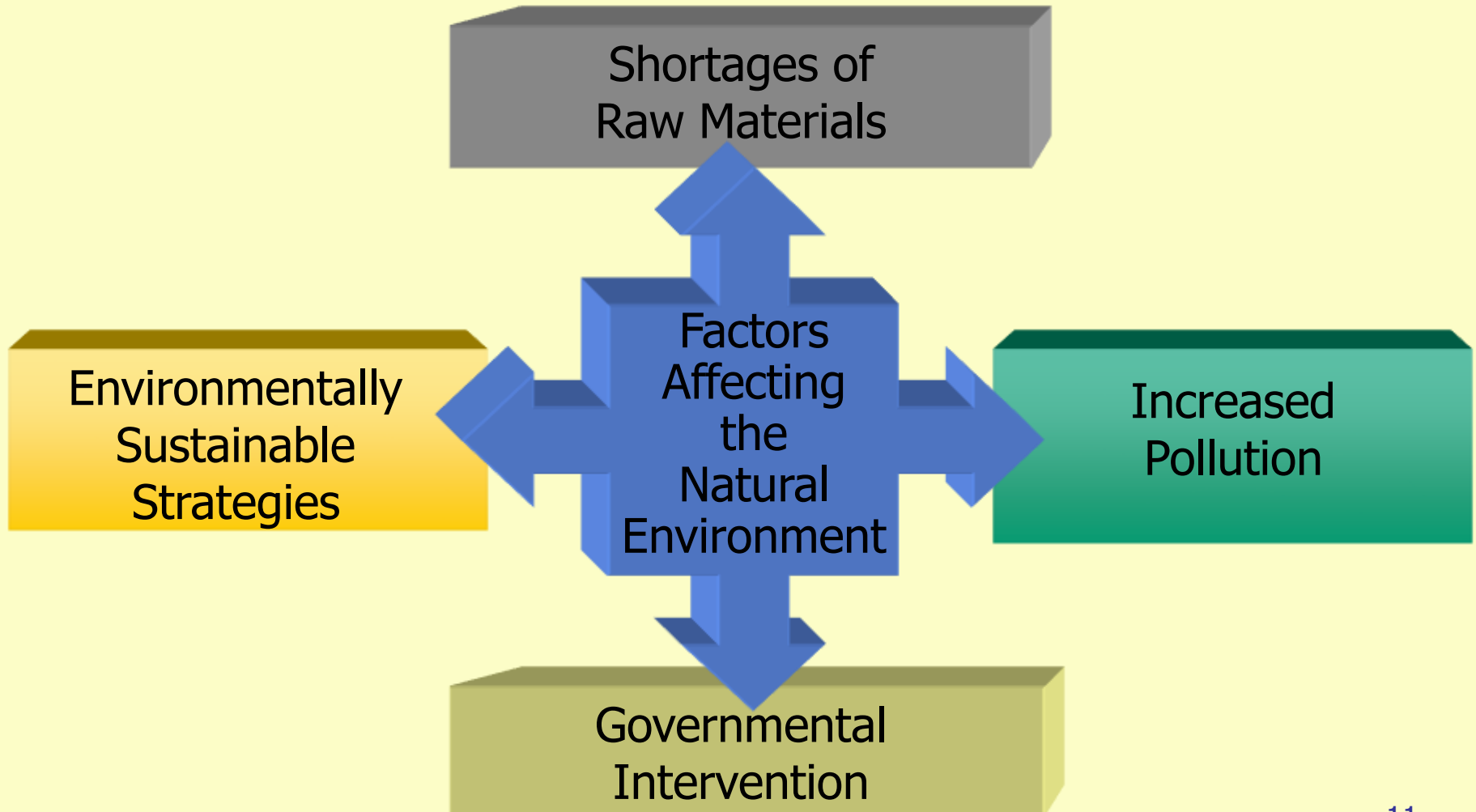


Demographic environment

- **Demographic** - studies populations in terms of size, density, location, age, gender, race, occupation and other statistics.
- What is six-pocket syndrome?
 - Increasing population
 - A growing middle class
 - Growth in the rural population
 - A changing family system
 - The changing role of women
 - A better educated, more white-collared, more professional population
 - Increasing diversity



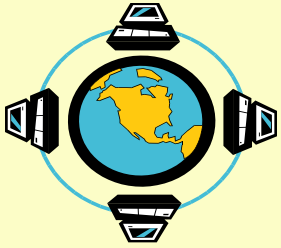
Natural Environment-**Natural** - natural resources needed as inputs by marketers or that are affected by marketing activities. Marketers' concern: shortages of raw materials, increased pollution, increased government intervention.





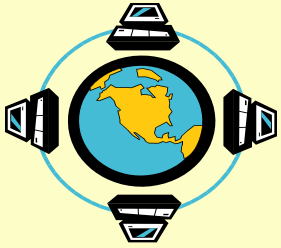
Continued

Environmental sustainability: developing strategies and practices that create a world economy that the planet can support indefinitely



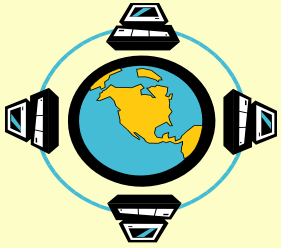
Economic environment

- Economic environment: factors that affect consumer buying power and spending patterns
- Nations vary in terms of their levels and distribution of income:
 1. Industrial economies
 2. Subsistence economies
 3. Developing economies



Technological Environment

- ✦ Technological - forces that create new technologies, creating new product and market opportunities.
- ✦ Faster pace of technological change; products are outdated at a rapid pace.
- ✦ Almost unlimited opportunities being developed daily in health care, space industry, robotics, and bio-genetic field.



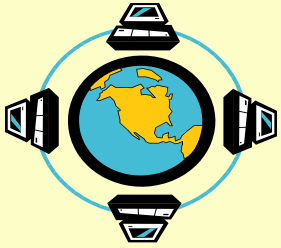
Technological Environment (cont)

- ✚ Challenge is not only technical, but also commercial – make practical, affordable versions of products.
- ✚ Increased regulation concerning product safety, individual privacy, and other areas that affect technological changes



Political and social environment

- Political environment: laws, government agencies, and pressure groups that influence and limit various organizations and individuals in a given society
- Reasons why business legislation has been enacted: to
 1. Protect companies
 2. Protect consumers
 3. Protect the interests of society



Cultural Environment

Cultural - institutions and other forces that affect a society's basic values, perceptions, preferences, and behaviors.

- + Persistence of Cultural Values
- + Shifts in Secondary Cultural Values



Responding to the marketing environment

- There are three kinds of companies:
 1. Those who make things happen
 2. Those who watch things happen
 3. Those who wonder what has happened