Chapter Three

Analyzing the Marketing Environment
Analyzing the Marketing Environment

Topic Outline

- The Company’s Microenvironment
- The Company’s Macroenvironment
- Responding to the Marketing Environment
The Marketing Environment

The marketing environment includes the actors and forces outside marketing that affect marketing management’s ability to build and maintain successful relationships with customers.
The Marketing Environment

Microenvironment consists of the actors close to the company that affect its ability to serve its customers, the company, suppliers, marketing intermediaries, customer markets, competitors, and publics.
The Company’s Microenvironment

Actors in the Microenvironment

- Suppliers
- Marketing intermediaries
- Competitors
- Publics
- Customers

The Company

Marketing
The Company’s Microenvironment

The Company

- Top management
- Finance
- R&D
- Purchasing
- Operations
- Accounting
The Company’s Microenvironment

Suppliers

• Provide the resources to produce goods and services

• Treated as partners to provide customer value
The Company’s Microenvironment

Marketing Intermediaries

Help the company to promote, sell and distribute its products to final buyers
The Company’s Microenvironment

Types of Marketing Intermediaries

- Resellers
- Physical distribution firms
- Marketing services agencies
- Financial intermediaries
The Company’s Microenvironment

Competitors

• Firms must gain strategic advantage by positioning their offerings against competitors’ offerings
The Company’s Microenvironment

Publics

- Any group that has an actual or potential interest in or impact on an organization’s ability to achieve its objectives
  - Financial publics
  - Media publics
  - Government publics
  - Citizen-action publics
  - Local publics
  - General public
  - Internal publics
The Company’s Macroenvironment

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

Company
The Company’s Macroenvironment

Demographic Environment

**Demography** is the study of human populations in terms of size, density, location, age, gender, race, occupation, and other statistics

- Demographic environment is important because it involves people, and people make up markets
- Demographic trends include age, family structure, geographic population shifts, educational characteristics, and population diversity
The Company’s Macroenvironment

Demographic Environment

• Changing age structure of the population
  – Baby boomers include people born between 1946 and 1964
  – Most affluent Americans
The Company’s Macroenvironment

Demographic Environment

• Generation X includes people born between 1965 and 1976
  – High parental divorce rates
  – Cautious economic outlook
  – Less materialistic
  – Family comes first
  – Lag behind on retirement savings
The Company’s Macroenvironment

Demographic Environment

• Millennials (gen Y or echo boomers) include those born between 1977 and 2000
  – Comfortable with technology
  – Includes
    • Tweens (ages 8–12)
    • Teens (13–19)
    • Young adults (20’s)
The Company’s Macroenvironment

Demographic Environment

Generational marketing is important in segmenting people by lifestyle of life state instead of age.
The Company’s Macroenvironment

Demographic Environment

More people are:

• Divorcing or separating
• Choosing not to marry
• Choosing to marry later
• Marrying without intending to have children
• Increased number of working women
• Stay-at-home dads
The Company’s Macroenvironment

Demographic Environment

- Growth in U.S. West and South and decline in Midwest and Northeast
- Moving from rural to metropolitan areas
- Changes in where people work
  - Telecommuting
  - Home office
  - Divorcing or separating
The Company’s Macroenvironment

Demographic Environment

• Changes in the Workforce
  – More educated
  – More white collar
The Company’s Macroenvironment

Demographic Environment

Increased Diversity

Markets are becoming more diverse

- International
- National

• Includes:
  - Ethnicity
  - Gay and lesbian
  - Disabled
The Company’s Macroeenvironment

Economic Environment

Economic environment consists of factors that affect consumer purchasing power and spending patterns

- Industrial economies are richer markets
- Subsistence economies consume most of their own agriculture and industrial output
The Company’s Macroenvironment

Economic Environment

• Changes in income
• Value marketing involves ways to offer financially cautious buyers greater value—the right combination of quality and service at a fair price
The Company’s Macroenvironment

Economic Environment
Changes in Consumer Spending Patterns

• Ernst Engel—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
The Company’s Macroenvironment

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
  - Increase government intervention
  - Environmentally sustainable strategies
The Company’s Macroenvironment

Technological Environment

- Most dramatic force in changing the marketplace
- Creates new products and opportunities
- Safety of new product always a concern
The Company’s Macroenvironment

Political Environment

Political environment consists of laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society.
The Company’s Macroenvironment

Political Environment

- Legislation regulating business
  - Increased legislation
  - Changing government agency enforcement
- Increased emphasis on ethics
  - Socially responsible behavior
  - Cause-related marketing
The Company’s Macroenvironment

Cultural Environment

Cultural environment consists of institutions and other forces that affect a society’s basic values, perceptions, and behaviors.
The Company’s Macroenvironment

Cultural Environment

Persistence of Cultural Values

Core beliefs and values are persistent and are passed on from parents to children and are reinforced by schools, churches, businesses, and government.

Secondary beliefs and values are more open to change and include people’s views of themselves, others, organization, society, nature, and the universe.
The Company’s Macroenvironment

Cultural Environment
Shifts in Secondary Cultural Values

• People’s view of themselves
  – Yankelovich Monitor’s consumer segments:
    • Do-it-yourselfers—recent movers
    • Adventurers

• People’s view of others
  – More “cocooning”
The Company’s Macroenvironment

Cultural Environment
Shifts in Secondary Cultural Values

• People’s view of organizations
• People’s view of society
  – Patriots defend it
  – Reformers want to change it
  – Malcontents want to leave it
The Company’s Macroenvironment

Cultural Environment
Shifts in Secondary Cultural Values

• People’s view of nature
  – Some feel ruled by it
  – Some feel in harmony with it
  – Some seek to master it

• People’s view of the universe
  – Renewed interest in spirituality
Responding to the Marketing Environment

Views on Responding

Uncontrollable
- React and adapt to forces in the environment

Proactive
- Aggressive actions to affect forces in the environment

Reactive
- Watching and reacting to forces in the environment