Chapter 4

**-Target Market:** A group of people or organizations for which an organization designs, implements, and maintains a marketing mix intended to meet the need of that group, resulting in mutually satisfying exchanges.

**Understanding the External Environment:**

* The goal in gathering the environmental data is to identify the future market opportunities and threats.
* **We should :**

1. **Understand current customers**
2. **Understand what drives consumer decisions**
3. **Identify most valuable customers and understand their needs**
4. **Understand the competition**

***Environmental Management:***

-When a company implements strategies that attempt to shape the external environment within which it operates, it is engaging in **environment management.**

**The factors within the external environment that are important to marketing managers can be classified as**

1- Social.

2- Demographic.

3- Economic.

4-Technological.

5- Political and legal.

6-Competitive.

1. **Social Factors:**

**Social factors include:**

* Attitudes
* Values
* Lifestyles

**-Social factors influence** the products people buy, the price paid, the effectiveness of specific promotions, and how, where, and when people expect to purchase products.

* A **value:** is a strongly held and enduring belief.
* **Human values:** give us a sense of what is or isn’t important in one’s life.

**The four basic values shown influenced the attitudes and lifestyles during the first 200 years of the United States. They are:**

1. Self-sufficiency
2. Upward mobility
3. Work ethic
4. Conformity

A **persons values:** are key determinants of what is important and not important, what actions to take or not to take, and how one behaves in social situations.

**Consumers rank the characteristic of product quality as:**

(1) Reliability.

(2) Durability.

(3) Easy maintenance.

(4) Easy to use.

(5) A trusted brand and name.

(6) A low price.

**Component Lifestyles** the practice of choosing goods and services that meet one’s diverse needs and interests rather than conforming to single, traditional lifestyle.

1. **Demography** is the study of people’s vital statistics, such as age, race, ethnicity and location.

**Population:** is a broad statistic that is most useful to marketers when broken into smaller, more specific increments.

1. **Economic Factors**

**The four economic areas of greatest concern to marketers** are:

1. Consumers’ incomes.
2. Purchasing power.
3. Inflation.
4. Recession.

***Purchasing Power;*** is measured by comparing income to the relative cost of a standard set of goods and services in different geographic areas, usually referred to as the cost of living.

**Inflation:** is a measure of the decrease in the value of money, expressed as the percentage reduction in value since the previous year.

**A recession:** is a period of economic activity characterized by negative growth, which reduces demand for goods and services.

1. **Technological Factors**

**We have two kind of research:**

* **Basic research:** pure research that aims to confirm an existing theory or to learn more about a concept or phenomenon.
* **Applied research:** research that attempts to develop new or improved products.

1. **Political and Legal Factors**

**Laws and Regulations Protect:**

* -New technology
* -Society
* -Businesses
* -Consumers

**Regulatory Agencies:**

* **Consumer Product Safety Commission:** Protects consumer safety in and around their homes.
* **Food and Drug Administration:** Enforces safety regulations for food and drug products.
* **Federal Trade Commission:** Prevents unfair methods of competition in commerce.

**Competitive Factors:**

* How many competitors?
* How big are competitors?
* How interdependent is  
   the industry?