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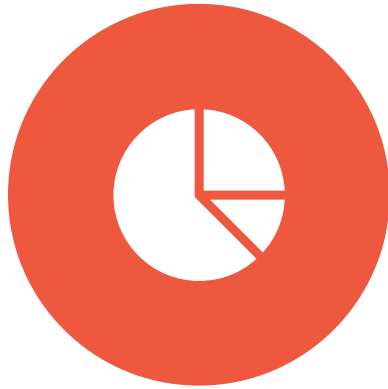
Marketing and Customer Relationship Management

UNIT3: ANALYZING THE MARKETING ENVIRONMENT

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Topic Outline



THE COMPANY'S
MICROENVIRONMENT



THE COMPANY'S
MACROENVIRONMENT



RESPONDING TO THE
MARKETING ENVIRONMENT

Analyzing the Marketing Environment

- MICROENVIRONMENT
- MACROENVIRONMENT
- DEMOGRAPHIC ENVIRONMENT
- ECONOMIC ENVIRONMENT
- NATURAL ENVIRONMENT
- TECHNOLOGICAL ENVIRONMENT
- POLITICAL AND SOCIAL ENVIRONMENT
- CULTURAL ENVIRONMENT



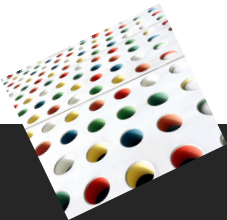
Responding to the Marketing Environment

- WE BEGIN DIGGING DEEPER INTO THE FIRST STEP OF THE MARKETING PROCESS
 - UNDERSTANDING THE MARKETPLACE AND CUSTOMER NEEDS AND WANTS.
 - SUPPLIERS, INTERMEDIARIES, CUSTOMERS, COMPETITORS, PUBLICS, AND OTHERS
 - MAY WORK WITH OR AGAINST THE COMPANY. MAJOR ENVIRONMENTAL FORCES
 - DEMOGRAPHIC, ECONOMIC, NATURAL, TECHNOLOGICAL, POLITICAL, AND CULTURAL
 - SHAPE MARKETING OPPORTUNITIES, POSE THREATS, AND AFFECT THE COMPANY'S ABILITY TO BUILD CUSTOMER RELATIONSHIPS.
 - TO DEVELOP EFFECTIVE MARKETING STRATEGIES, A COMPANY MUST FIRST UNDERSTAND THE ENVIRONMENT IN WHICH MARKETING OPERATES.



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 TARGET CUSTOMERS
- ENVIRONMENTS OFFERS BOTH OPPORTUNITIES AND THREATS
- A COMPANY'S MARKETING ENVIRONMENT CONSISTS OF THE ACTORS AND FORCES OUTSIDE MARKETING THAT AFFECT MARKETING MANAGEMENT'S ABILITY TO BUILD AND MAINTAIN SUCCESSFUL RELATIONSHIPS WITH TARGET CUSTOMERS. LIKE YOUTUBE, COMPANIES CONSTANTLY WATCH AND ADAPT TO THE CHANGING ENVIRONMENT—OR, IN MANY CASES, LEAD THOSE CHANGES.
- MORE THAN ANY OTHER GROUP IN THE COMPANY, MARKETERS MUST BE ENVIRONMENTAL TREND TRACKERS AND OPPORTUNITY SEEKERS. ALTHOUGH EVERY MANAGER IN AN ORGANIZATION SHOULD WATCH THE OUTSIDE ENVIRONMENT, MARKETERS HAVE TWO SPECIAL APTITUDES. THEY HAVE DISCIPLINED METHODS—MARKETING RESEARCH AND MARKETING INTELLIGENCE—FOR COLLECTING INFORMATION ABOUT THE MARKETING ENVIRONMENT. THEY ALSO SPEND MORE TIME IN CUSTOMER AND COMPETITOR ENVIRONMENTS. BY CAREFULLY STUDYING THE ENVIRONMENT, MARKETERS CAN ADAPT THEIR STRATEGIES TO MEET NEW MARKETPLACE CHALLENGES AND OPPORTUNITIES.



Microenvironment

- 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 MARKETING ENVIRONMENT CONSISTS OF A MICROENVIRONMENT AND A MACROENVIRONMENT. THE 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 MACROENVIRONMENT CONSISTS OF THE LARGER SOCIETAL FORCES THAT AFFECT THE MICROENVIRONMENT—DEMOGRAPHIC, ECONOMIC, NATURAL, TECHNOLOGICAL, POLITICAL, AND CULTURAL FORCES.



Microenvironment

- TOP MANAGEMENT
- FINANCE
- R&D
- PURCHASING
- OPERATIONS
- ACCOUNTING



The Company's Microenvironment

- MARKETING MANAGEMENT'S JOB IS TO BUILD RELATIONSHIPS WITH CUSTOMERS BY CREATING CUSTOMER VALUE AND SATISFACTION. HOWEVER, MARKETING MANAGERS CANNOT DO THIS ALONE.
- MARKETING SUCCESS REQUIRES BUILDING RELATIONSHIPS WITH OTHER COMPANY DEPARTMENTS, SUPPLIERS, MARKETING INTERMEDIARIES, COMPETITORS, VARIOUS PUBLICS, AND CUSTOMERS, WHICH COMBINE TO MAKE UP THE COMPANY'S VALUE DELIVERY NETWORK.



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

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 or life state instead of age



The Company's Macroenvironment

Demographic Environment

More people are:

Divorcing or separating

Choosing not to marry

Choosing to marrying later

Marrying without intending to have children

Increased number of working women

Stay-at-home dads



The Company's Macroenvironment

Demographic Environment

Growth in United States 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 whites 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 Macroenvironment

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 buyer 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, organizations, 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

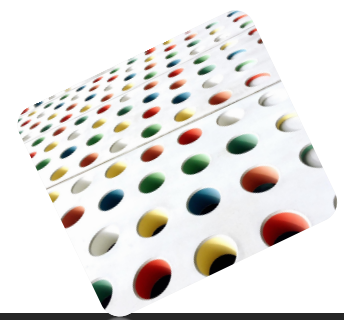
- React and adapt to forces in the environment

Proactive

- Aggressive actions to affect forces in the environment

Reactive

- Watching and reacting to forces in the environment



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.” Many companies view the marketing environment as an uncontrollable element to which they must react and adapt. They passively accept the marketing environment and do not try to change it. They analyze environmental forces and design strategies that will help the company avoid the threats and take advantage of the opportunities the environment provides.

Other companies take a proactive stance toward the marketing environment. “Instead of letting the environment define their strategy,” advises one marketing expert, “craft a strategy that defines your environment.” Rather than assuming that strategic options are bounded by the current environment, these firms develop strategies to change the environment. “Business history reveals plenty of cases in which firms’ strategies shape industry structure,” says the expert, *“from Ford’s Model T to Nintendo’s Wii.”*