

ANALYZING THE MARKETING ENVIRONMENT

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Lecture 2



1. Define Marketing Environment
2. The Microenvironment
3. The Macroenvironment



MARKETING ENVIRONMENT

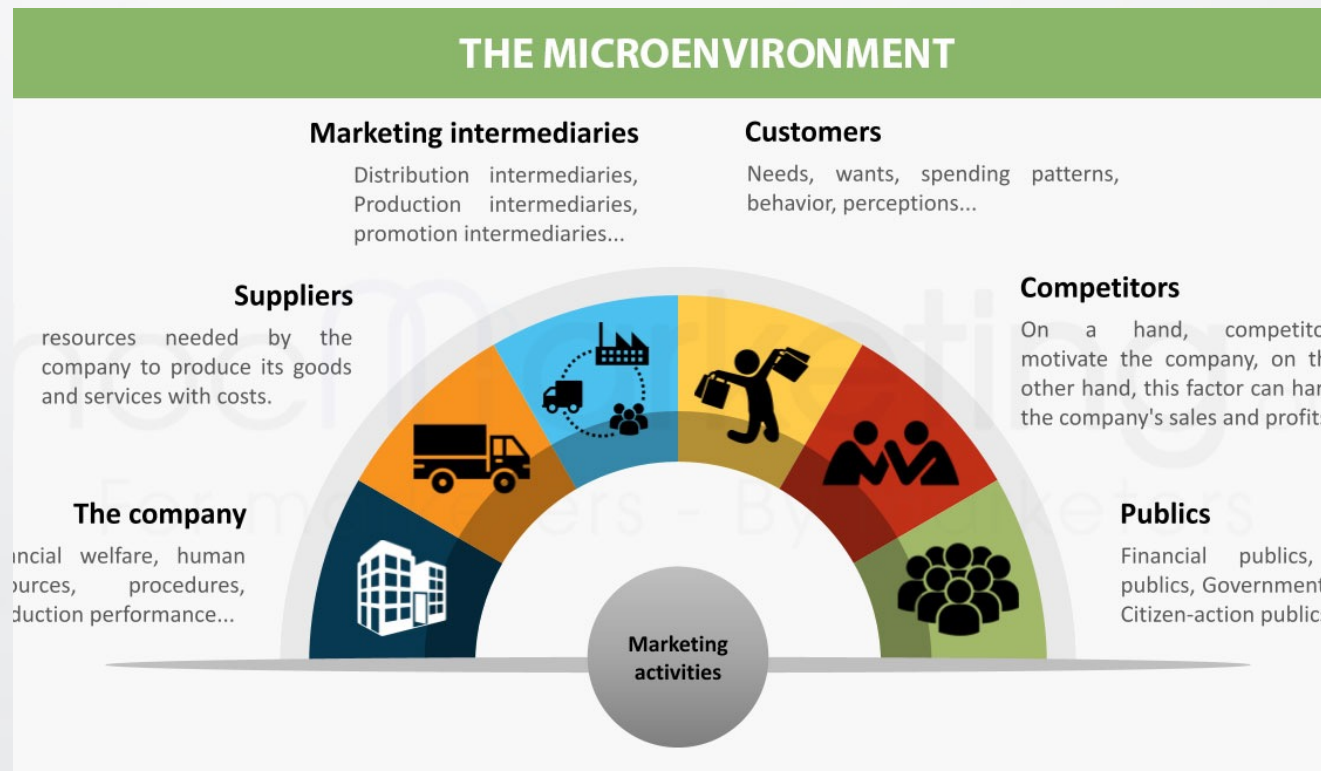


1. Marketing Environment

The Marketing Environment includes the Internal factors (employees, customers, shareholders, retailers & distributors, etc.) and the External factors(political, legal, social, technological, economic) that surround the business and influence its marketing operations.

Some of these factors are **controllable** while some are **uncontrollable** and require business operations to change accordingly. Firms must be aware of its marketing environment in which it is operating to overcome the negative impact the environment factors are imposing on firm's marketing activities

3. MICROENVIRONMENT



The Micro Marketing Environment includes all those factors that are closely associated with the operations of the business and influences its functioning. The microenvironment factors include customers, employees, suppliers, retailers & distributors, shareholders, Competitors, Government and General Public. These factors are controllable to some extent.

The company- Internal Environment

The company (Internal Marketing Environment) includes all the factors that are within the organization and affects the overall business operations. These factors include labor, inventory, company policy, logistics, budget, capital assets, etc. which are a part of the organization and affects the marketing decision and its relationship with the customers. These factors can be controlled by the firm.

The Suppliers



- Suppliers provide the resources needed by the company to produce its good and services.
- Supplier problems can seriously affect marketing : Supplier shortage or delays and other events can cost sales in the short run and damage customer satisfaction in the long run.
- Most marketers today treat their suppliers as partners in creating and delivering customer value.



Marketing Intermediaries

Intermediaries help the company promote, sell and distribute its products to find buyers. They include resellers, physical distribution firms, marketing services agencies, and financial intermediaries.

Marketing intermediaries

Intermediaries	Definition
Reseller	Distribution channel firms that help the company find customers or make sales to them these include wholesalers and retailers that buy and resell merchandise
Physical distribution firms	They help the company stock and move goods from their points of origin to their destinations.
Marketing services agencies	They are the marketing research firms, advertising agencies, media firms, and marketing consulting firms that help the company target and promote its products to the right markets.
Financial intermediaries	They include banks, credit companies, insurance companies, and other businesses that help finance transactions or insure against the risks associated with the buying and selling of goods.



Companies must partner effectively with marketing intermediaries to optimize the performance of the entire system

EXAMPLE OF PARTENING WITH INTERMEDIARIES



- Coca-Cola tries to understand the finer points of each retailer partners business
- It conducts market research and shares the results with partners
- It studies the design of drive-through menu boards to better understand which layouts, fonts, letter size, colors, and visual induce consumers to order more food and drink. Based on these research they develop marketing programs and merchandising tools that help its retail partners improve their beverage sales and profit.

Competitors



- To be successful a company must provide greater customers value and satisfaction than its competitors do.
- Marketers must do more than simply adapt to the needs of target consumers
- They must gain strategic advantage by positioning their offerings strongly against competitor's offerings in the minds of consumers.
- No single competitive marketing strategy is best for our companies. Each firm should consider its own size and industry position compared with those of its competitors.

Publics



- **Public is any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives.**
- We can identify seven types of Publics:
 - Financial Publics
 - Media Publics
 - Government publics
 - Citizen action publics
 - Local publics
 - General publics
 - Internal publics

Customers

- Customers are the most important actors in the company's microenvironment. The aim of the entire value delivery network is to engage target customers and create strong relationship with them.
- There are four types of customer markets:
 - Consumer markets
 - Business markets
 - Government markets
 - International markets



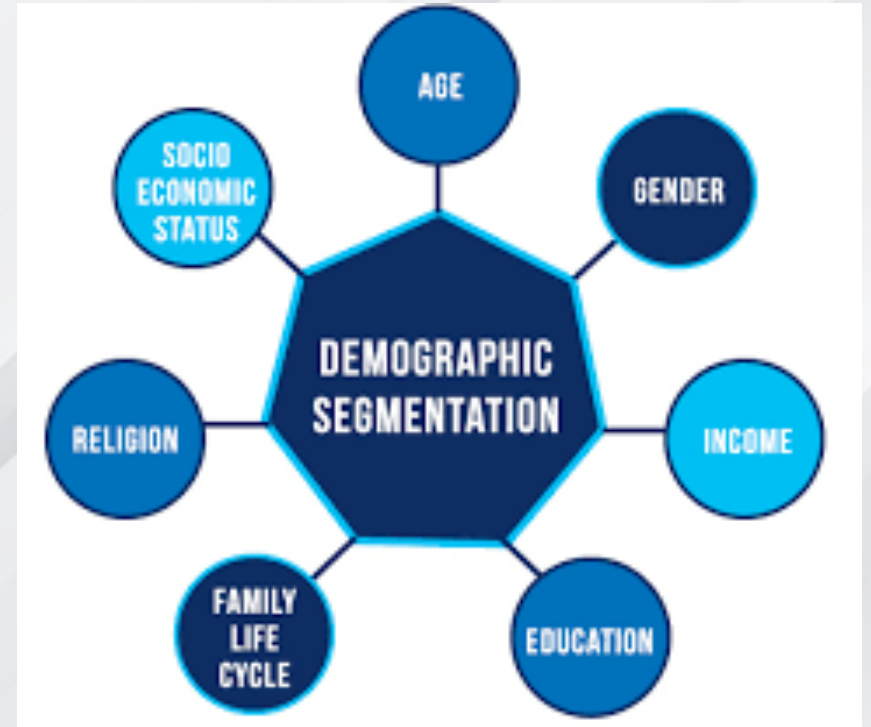
4. The MACROENVIRONMENT



- The Macro Marketing Environment includes all those factors (6 factors) that exist outside the organization and can not be controlled. Some of these factors can be predicted and handled by skillful management.
- They shape **opportunities** and pose **threats** to the company.

Demographic Environment

- Demography is the study of human populations in terms of size, density, location, age, gender, race, occupations and other statistics.
- The environment is of major interest to marketers because it involves people and people make up markets.



DEMOGRAPHIC ENVIRONMENT



Some important new trends that affects marketing



- People engage with brands in an entirely new way through mobile and social media. They seek authenticity and opportunities to shape their own brand experience and share them with others.
- People are more comfortable with digital technology. Technology has become a way of life.
- People are becoming better educated

Some important new trends that affects marketing

- Growth in the number of divorce cases.
 - The number of divorce cases in Saudi Arabia has exponentially grown in recent years. According to Saudi Open Data, 35,000 divorce cases were reported in 2015 and 40,000 in 2016. Statistics released by the Justice Ministry indicate that the number of divorce cases handled by courts across the country reached 53,675 in 2017. According to UAE Statistics Centre, 1,922 divorce cases were recorded in 2016 as compared to 1,813 the previous year. Kuwait's Ministry of Justice in 2017 revealed that around 60 per cent of marriages in the country had ended in divorce. In Qatar, statistics revealed that the divorce rate increased by 71 per cent over a 15-year period.
- The number of working women has also increased greatly. For instance, The Kingdom's latest labor market survey in February showed that women's participation rose to 31.3 percent in the third quarter of 2020, up from 26 percent at the end of 2019

How marketing is affected by changing in demographics

- Companies are now adapting their marketing to reflect the changing dynamics of or families.
- For example, whereas fathers were once ignored in family-oriented ads, today's advertisers are showing more caring and capable dads.
- Also, more products are being developed to suit the needs of working women.





**WHAT OTHER CHANGES
ARE AFFECTING
DEMOGRAPHIC
ENVIRONMENT IN YOUR
COUNTRY?**

ECONOMIC ENVIRONMENT



Economic environment

Economic Environment= Economic factors that affect consumer purchasing power and spending patterns.

Every business operates in the economy and is affected by the different phases it is undergoing. In the case of recession, the marketing practices should be different as what are followed during the inflation period



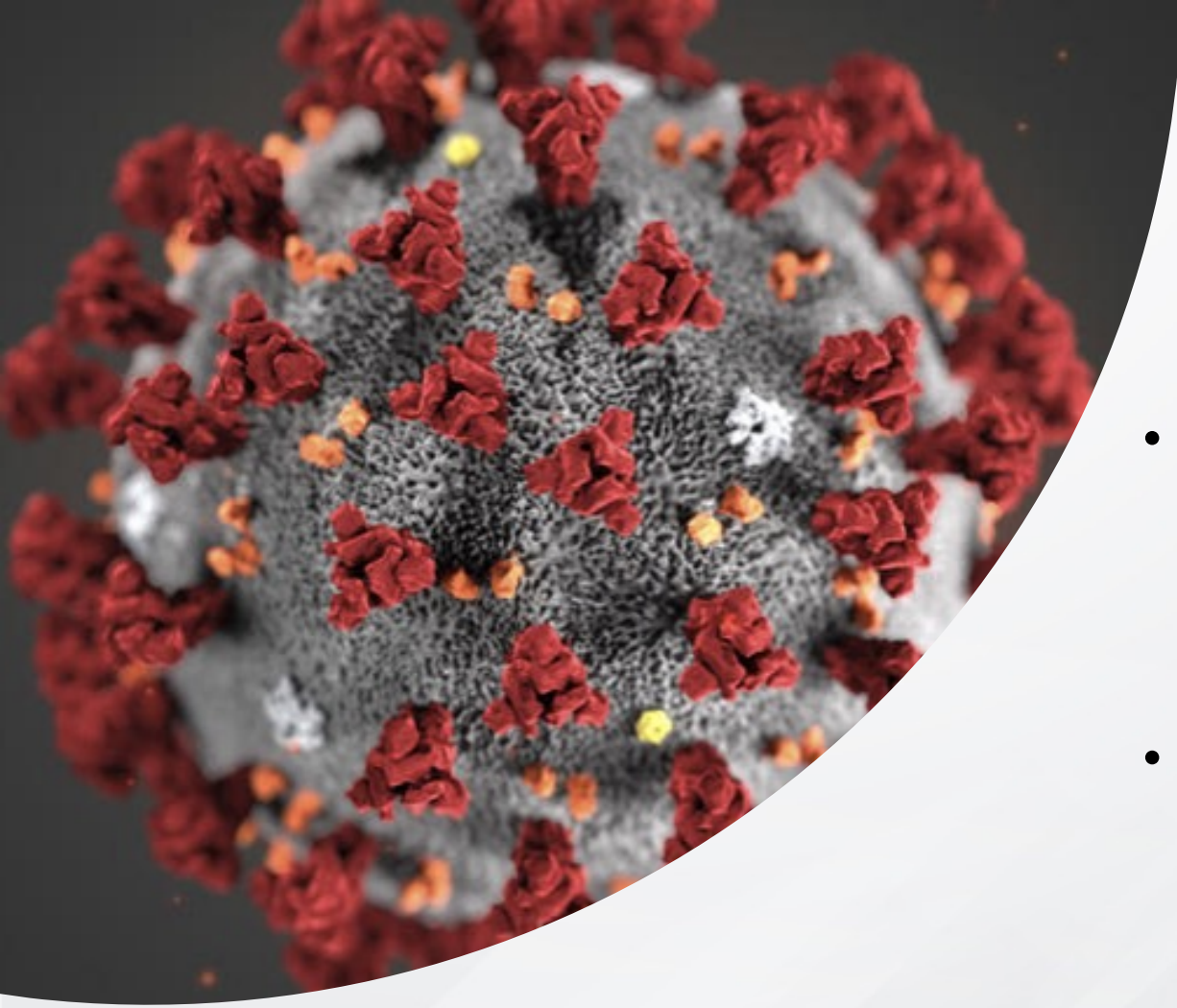


Economic Environment

- Changes in major economic variables, such as income, cost of living, interest rates, and savings and borrowing patterns, have a large impact on the marketplace.
- Companies watch these variables by using economic forecasting.
- With adequate warning they can take advantage of changes in the economic environment.



NATURAL ENVIRONMENT



The Natural Environment

- Natural environment involves the physical environment and the natural resources that are needed as inputs by marketers or that are affected by marketing activities.
- Unexpected happenings in the physical environment anything from weather natural disasters can affect companies and their marketing strategies.
- Although companies cannot prevent such natural occurrences, they should prepare for dealing with them.

Trends in the natural environment

1. Shortages of raw materials
2. Increased pollution
3. Increased government intervention in natural resources management.
4. **Environmental sustainability** = Developing strategies and practices that create a world economy that the planet can support indefinitely. It means meeting present needs without compromising the ability of future generations to meet their needs



Natural Environment

- Many companies are responding to consumer demands with more in environmentally responsible products.
- Others are developing recyclable or biodegradable packaging, recycled materials and components, better pollution controls, and more energy efficient operations.





TECHNOLOGICAL ENVIRONMENT

The Technological Environment

Technological environment = forces that create new technologies, creating new product and market opportunities.

The environment is perhaps the most dramatic force now shaping our destiny.

New technologies can offer exciting opportunities for marketers.

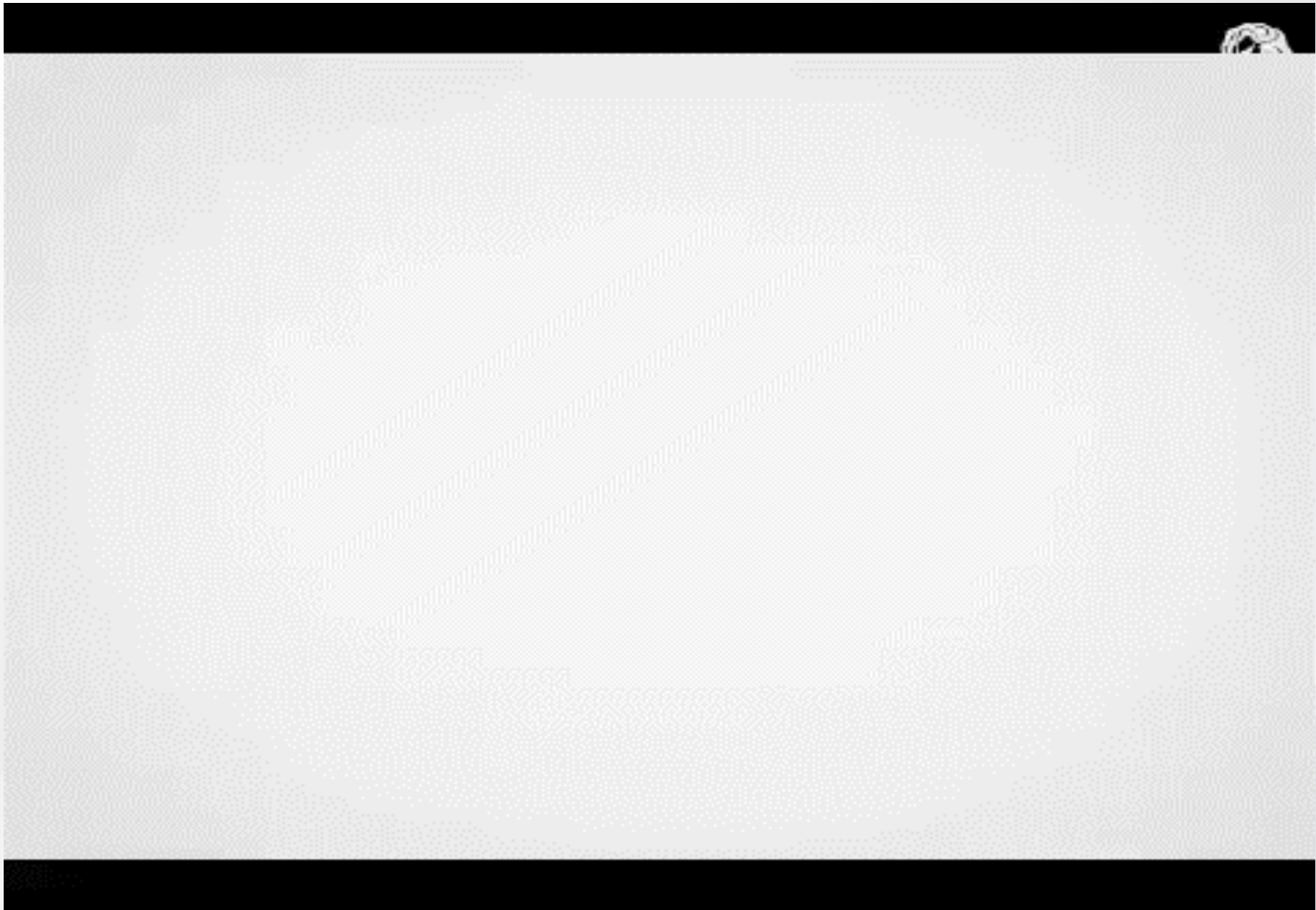
The Technological Environment

The technological environment changes rapidly creating new markets and opportunities.

However, every new technology replaces an old technology. When old industries fight or ignore new technologies their business decline.

Marketers should watch the technological environment closely. Companies that do not keep up will soon find their products outdated. If that happens, they will miss new products and market opportunities







POLITICAL ENVIRONMENT

THE POLITICAL ENVIRONMENT

- Political environment = laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society.
- Governments develop **public policy** to guide commerce = set of laws and regulations that limit business for the good of society as a whole.
- Almost every marketing activity is subject to a wide range of laws and regulations

THE POLITICAL ENVIRONMENT

- Business legislations has been enacted for several reasons:
 1. To protect companies from each other (prevent unfair competition)
 2. To protect consumers from unfair business practices.
 3. to protect the interests of society against unrestrained business behavior



The Cultural Environment



The Cultural Environment

- The cultural environment = Institutions and other forces that affect a society's basic values, perceptions, preferences, and behaviors.
- Values: People in a given society hold many beliefs and values.
- Their core beliefs and values have a high degree of **persistency**.
- These beliefs shape more specific attitudes and behaviors found in everyday life

The Cultural Environment

- **Core beliefs** and values are passed on from parents to children and are reinforced by schools, businesses, religious institutions, and government.
- **Secondary beliefs** and values are more open to change.
 - For example, Believing in marriage is a core belief , believing that people should get married early in life is a secondary belief.
- Marketers have some chance of changing secondary values but little chance of changing core values.

The Cultural Environment

- **People view of themselves:** people may vary entire emphasis on serving themselves versus serving others.
- Some people seek personal pleasure, wanting fun, change, and escape. Others seek self realization through religion, recreation, or the avid pursuit of careers or other life goals. some people see themselves as shares and joiners; others see themselves as individualists.
- People use products, brands, and services as a means of self expression, and they buy products and services that match their views of themselves.



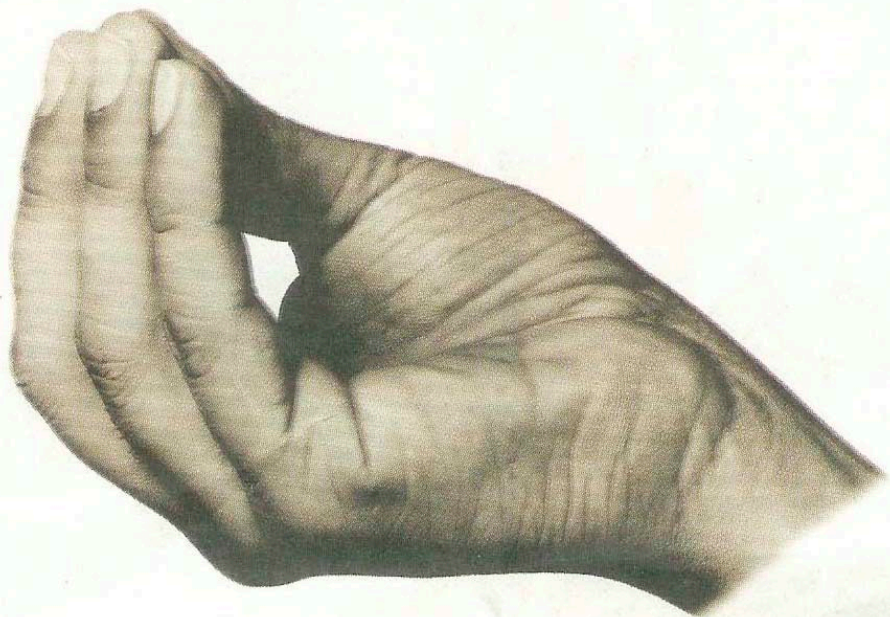
The Cultural Environment



- **People's view of others:** people attitudes toward and interactions with others shift overtime.
- In recent years, some analysts have voiced concerns that the digital age has changed social interactions. These days even when people are together, they are often “alone together”. Groups of people may sit or walk in their own little bubbles, intensely connected to tiny screens and keyboards.
- This new way of interacting strongly affects how companies market their brands and communicate with customers. Consumers increasingly tap digitally into networks of friends and online brand communities to learn about and buy products and to shape and share brand experiences. As a result, it is important for brands to participate in these networks too.

What does this symbol mean in your country?





ITALY

What exactly do you mean?



GREECE

That's just perfect.



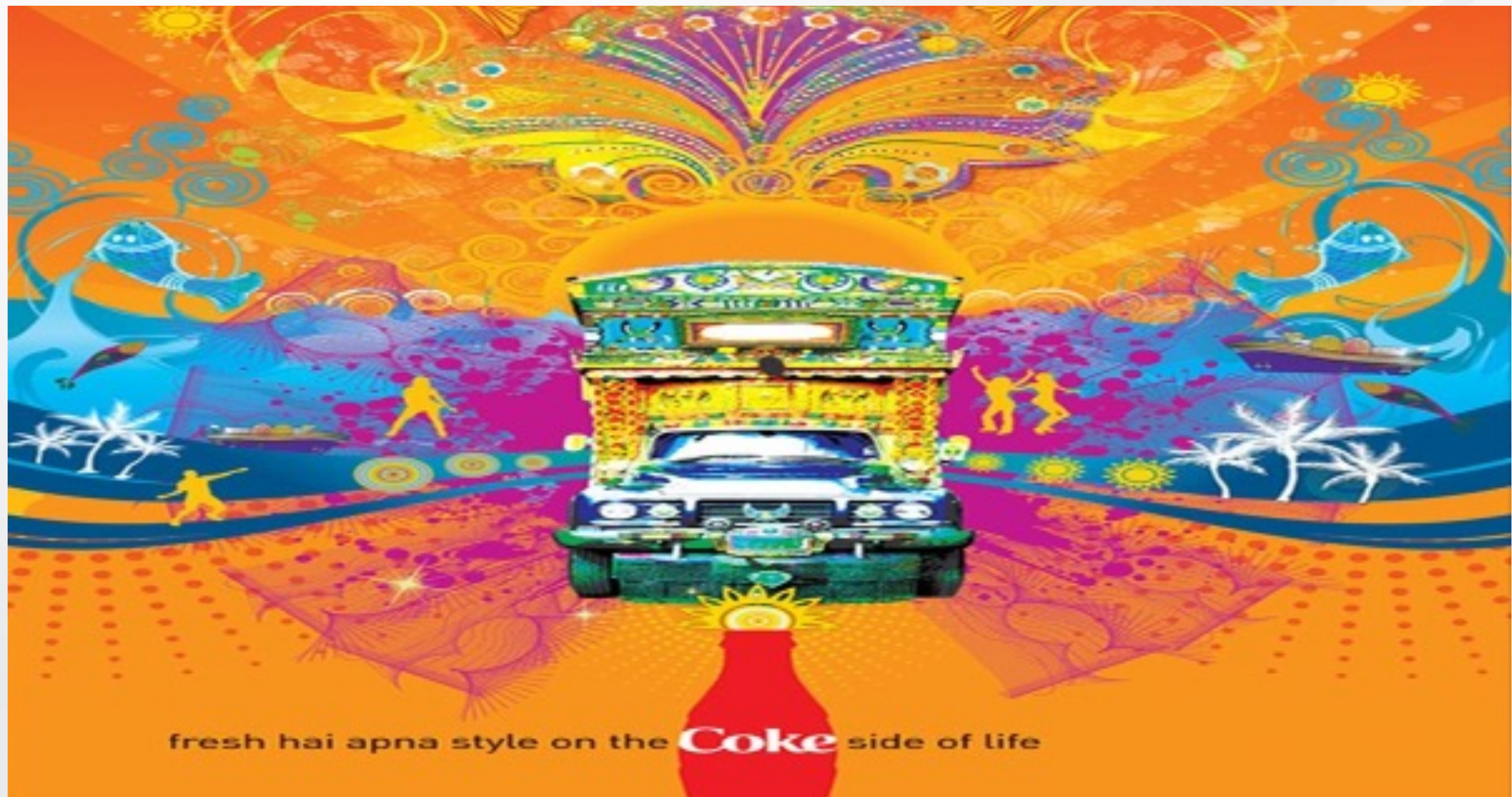
EGYPT

Be patient.

The culture environment







fresh hai apna style on the **Coke** side of life



Hong Kong Love Rice Burgers



In India people don't eat beef

Chicken
Maharaja Mac™



In Germany they drink beer



In Canada they love McLobster



Mc Donald's Hellas

Analyzing the market: SWOT ANALYSIS

- **SWOT ANALYSIS**= an overall evaluation of the company's strengths(S) weaknesses (W), opportunities (O), and threats (T).



SWOT ANALYSIS

SWOT Analysis: Strengths (S), Weaknesses (W), Opportunities (O), and Threats (T)

