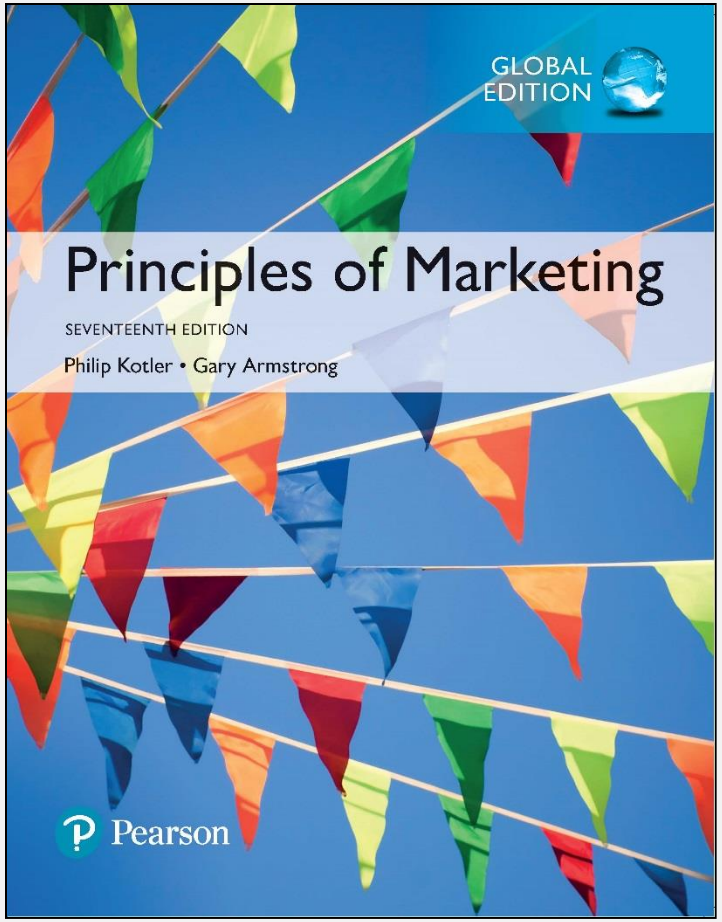
MK 201 Principles of Marketing
The Market Environment

By Ajarn Suwalya K.

Online Session June 17, 2020

Summer 2020

Principles of Marketing
Seventeenth Edition

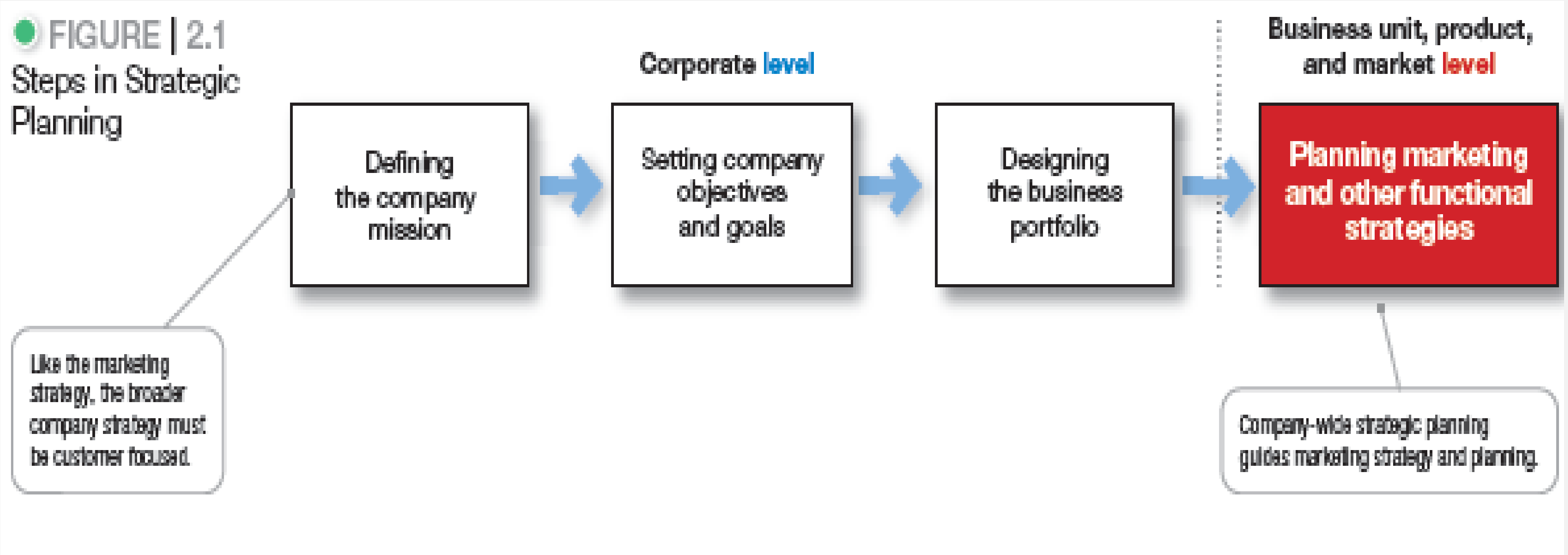


Chapter 2 & 3

Analyzing the Marketing Environment

Pearson

Company-Wide Strategic Planning



Marketing Strategy and the Marketing Mix

Customer Value-Driven Marketing Strategy

Marketing strategy is the marketing logic by which the company hopes to create customer value and achieve profitable customer relationships.

Marketing Strategy and the Marketing Mix

FIGURE | 2.4
Managing Marketing Strategies and the Marketing Mix

Marketing strategy involves two key questions: Which customers will we serve (segmentation and targeting)? and How will we create value for them (differentiation and positioning)? Then the company designs a marketing program—the four Ps—that delivers the intended value to targeted consumers.

At its core, marketing is all about creating customer value and profitable customer relationships.

Learning Objectives

3-1 Describe the environmental forces that affect the company's ability to serve its customers.

3-2 Explain how changes in the demographic and economic environments affect marketing decisions.

3-3 Identify the major trends in the firm's natural and technological environments.

3-4 Explain the key changes in the political and cultural environments.

3-5 Discuss how companies can react to the marketing environment.

Learning Objective 1

Describe the environmental forces that affect the company's ability to serve its customers.

A Company’s 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.

A Company’s 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.

A Company's Marketing Environment

Macroenvironment consists of the larger societal forces that affect the microenvironment—demographic, economic, natural, technological, political, and cultural forces.

The Microenvironment

The Microenvironment

The Company

In designing marketing plans, marketing management takes other company groups into account.

- Top management
- Finance
- R&D
- Purchasing
- Operations
- Accounting

Pearson

The Microenvironment

Suppliers

- Provide the resources to produce goods and services
- Treat as partners to provide customer value

The Microenvironment

Marketing Intermediaries

Marketing intermediaries are firms that help the company to promote, sell, and distribute its goods to final buyers.

Partnering with intermediaries: Apple provides its retail partners with much more than just phones. It also pledges technical support.

FC2/Picturesbyrob/Alamy Stock Photo

Pearson

The Microenvironment

Marketing Intermediaries

Resellers	Physical distribution firms
Marketing services agencies	Financial intermediaries

Pearson

The Microenvironment

Competitors

Firms must gain strategic advantage by positioning their offerings strongly against competitors' offerings in the minds of consumers.

The 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

Pearson

The Microenvironment

Customers

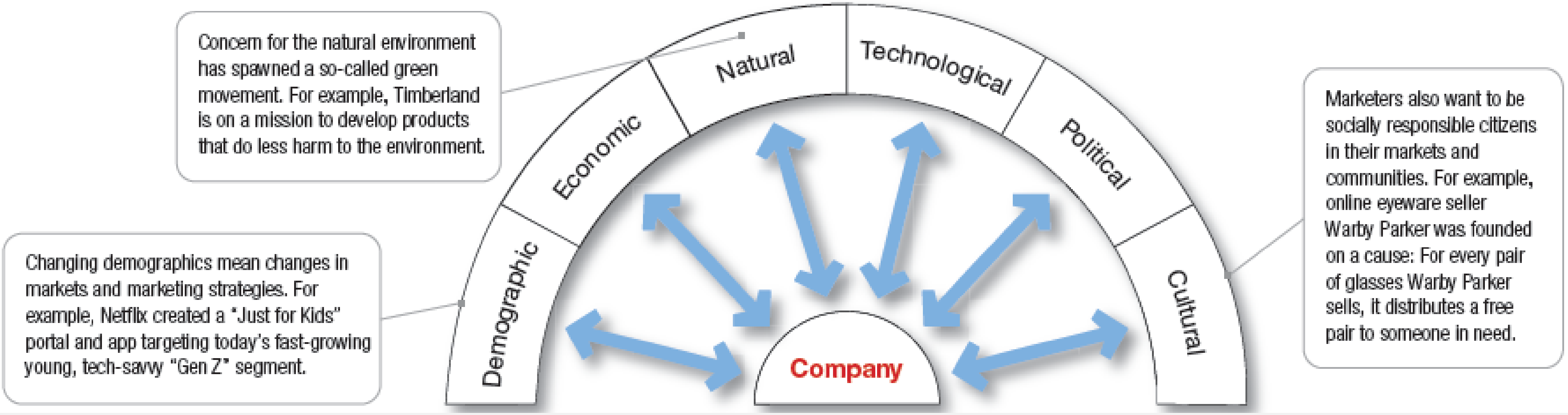
- Consumer markets
- Business markets
- Reseller markets
- Government markets
- International markets

Learning Objective 2

Explain how changes in the demographic and economic environments affect marketing decisions.

The Macro environment

FIGURE | 3.2
Major Forces in the Company's Macroenvironment



The Macroenvironment

Demographic Environment

- **Demography** is the study of human populations—size, density, location, age, gender, race, occupation, and other statistics.
- **Demographic environment** involves people, and people make up markets.
- **Demographic trends** include changing age and family structures, geographic population shifts, educational characteristics, and population diversity.

The Macroenvironment

Demographic Environment

- Baby Boomers – born 1946 to 1964
- Generation X – born between 1965 and 1976
- Millennials – born between 1977 and 2000
- Generation Z – born after 2000

The Macroenvironment

Demographic Environment

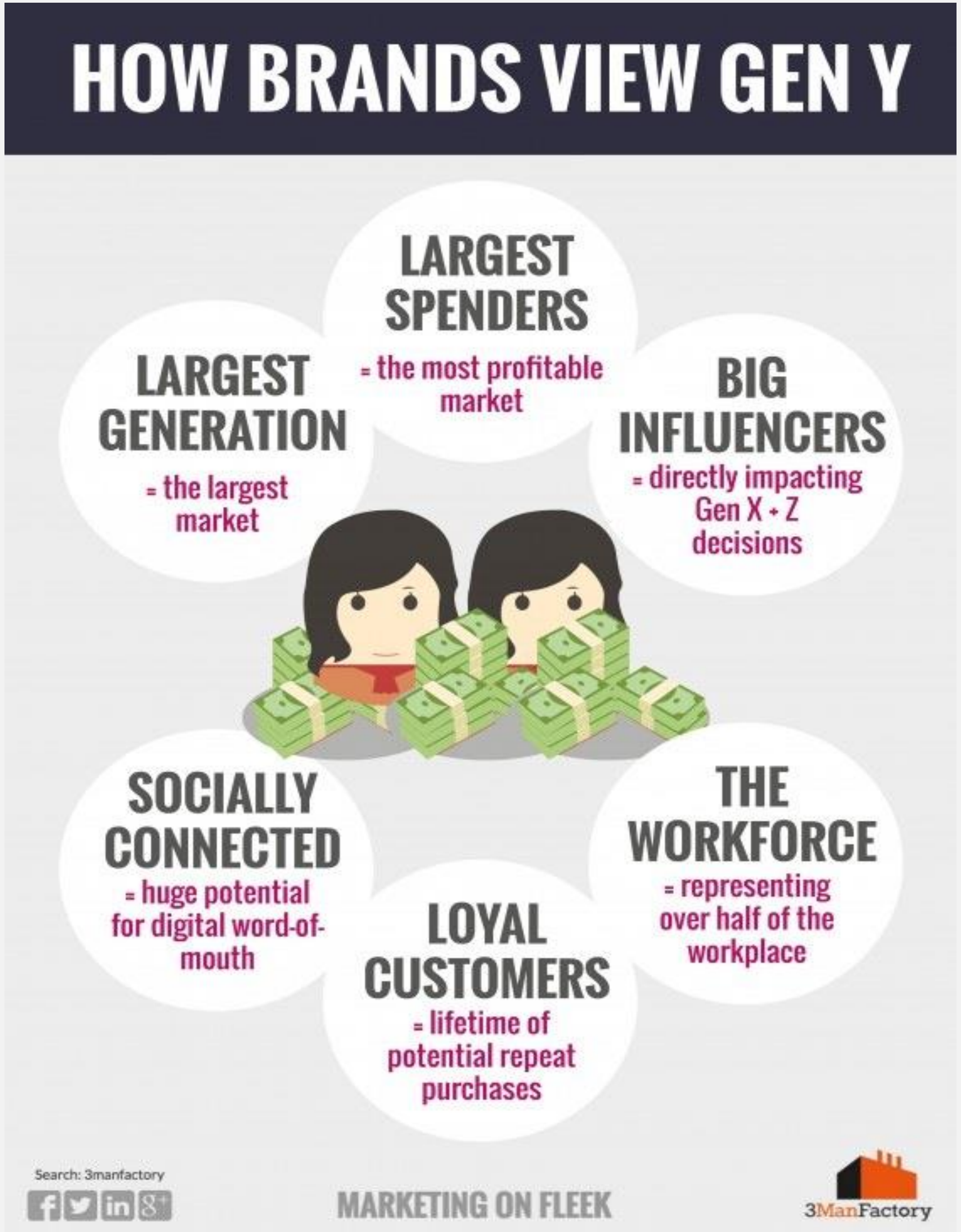
The Macroenvironment

Demographic Environment

Pearson

The Macroenvironment

Demographic Environment



The Macroenvironment

Demographic Environment

Generational marketing is important in segmenting people by lifestyle or life stage instead of age.

The Macroenvironment

Demographic Environment

- Changing American family
- Changes in the workforce

Targeting Generation Z: The North Face engages young consumers directly and lets them help to define their brand experiences. Such efforts have helped to make The North Face one of today's hottest brands among teens and tweens.

VF Corporation

The Macroenvironment

Demographic Environment

Geographic Shifts in Population

- Growth in U.S. West and South and decline in Midwest and Northeast
- Change in where people work
  - Telecommuting
  - Home office

The Macroenvironment

Demographic Environment

Markets are becoming more diverse.

- International
- National
- Ethnicity
- Gay and lesbian
- Disabled

The Macroenvironment

Economic Environment

Economic environment: Consumers adopted a new back-to-basics sensibility in their lifestyles and spending patterns. To serve the tastes of these more financially frugal buyers, companies like Target are emphasizing the "pay less" side of their value propositions.

Associated Press

The Macroenvironment

Economic Environment

Changes in Consumer Spending

Value marketing involves offering financially cautious buyers greater value—the right combination of quality and service at a fair price.

Pearson

The Macroenvironment

Economic Environment

Income Distribution

Over the past several decades, the rich have grown richer, the middle class has shrunk, and the poor have remained poor.

Learning Objective 3

Identify the major trends in the firm’s natural and technological environments.

The Macroenvironment

The Natural Environment

The **natural environment** is the physical environment and the natural resources that are needed as inputs by marketers or that are affected by marketing activities.

Pearson

The Macroenvironment

The Natural Environment

Trends in the Natural Environment

- Growing shortages of raw materials
- Increased pollution
- Increased government intervention
- Developing strategies that support environmental sustainability

The Macroenvironment

Natural Environment

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

The natural environment: Nike has tried to advocate sustainability through its own practices and its impact on the actions of its value chain.

david pearson/Alamy Stock Photo

The Macroenvironment

Technological Environment

- Most dramatic force in changing the marketplace
- New products, opportunities
- Concern for the safety of new products

Marketing technology: Disney is taking RFID technology to new levels with its cool new MagicBand RFID wristband.

Bob Croslin

Pearson

Learning Objective 4

Explain the key changes in the political and cultural environments.

The Macroenvironment

Political and Social Environment

Legislation regulating business is intended to protect

- companies from each other
- consumers from unfair business practices
- the interests of society against unrestrained business behavior

The Macroenvironment

Political and Social Environment

- Increased emphasis on ethics
- Socially responsible behavior
- Cause-related marketing

Cause-related marketing: AT&T joined forces with competitors Verizon, Sprint, and T-Mobile to spearhead the "It Can Wait" campaign, which urges people of all ages to take the pledge to never text and drive.

Courtesy of AT&T Intellectual Property. Used with permission.

The Macroenvironment

Cultural Environment

The **cultural environment** consists of institutions and other forces that affect a society's basic values, perceptions, and behaviors.

Pearson

The Macroenvironment

Cultural Environment

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.

Learning Objective 5

Discuss how companies can react to the marketing environment.

Responding to the Marketing Environment

Views on Responding

Uncontrollable	Proactive	Reactive
• React and adapt to forces in the environment	• Take aggressive actions to affect forces in the environment	• Watch and react to forces in the environment

Pearson

Group Homework:
Micro and Macro Environment

1. Each team to assess the company in your industry on the following charts.. How do each micro and macro factor influence your company

2. Please submit ppt slides by Thursday June 19th by midnight in CEO messenger group. No need to present ☺

FIGURE | 3.1
Actors in the Microenvironment

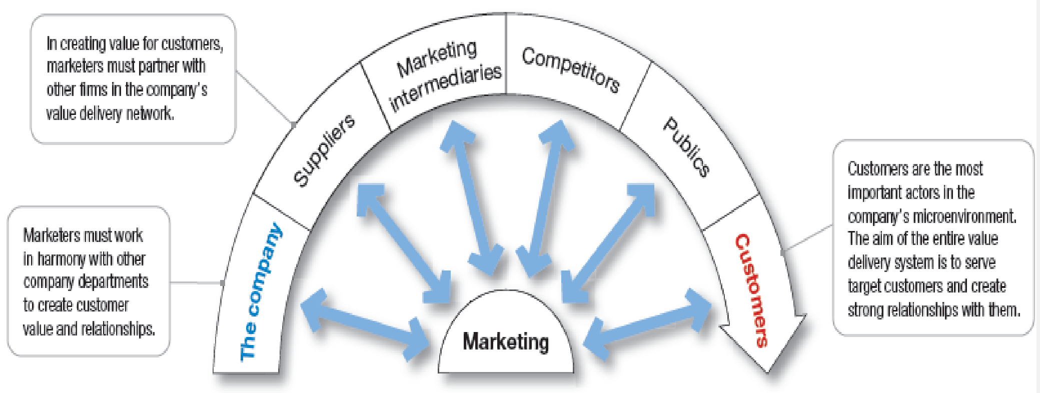
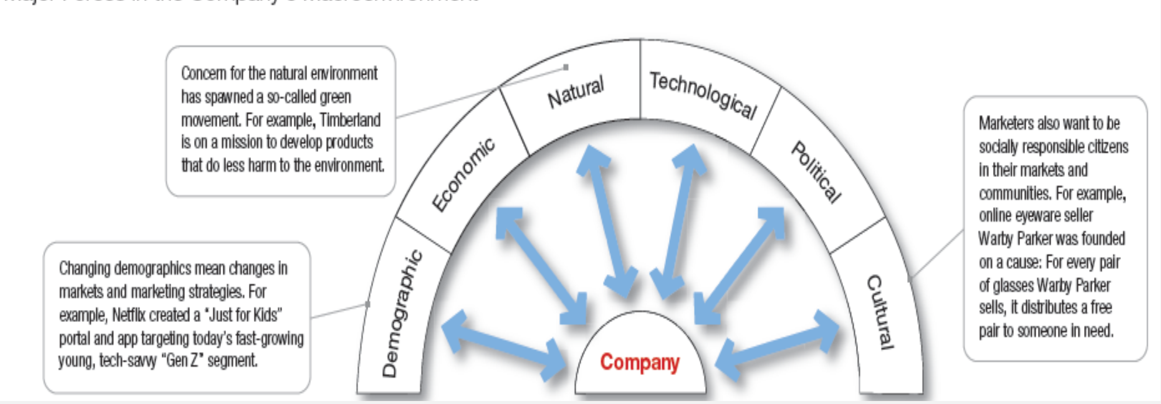


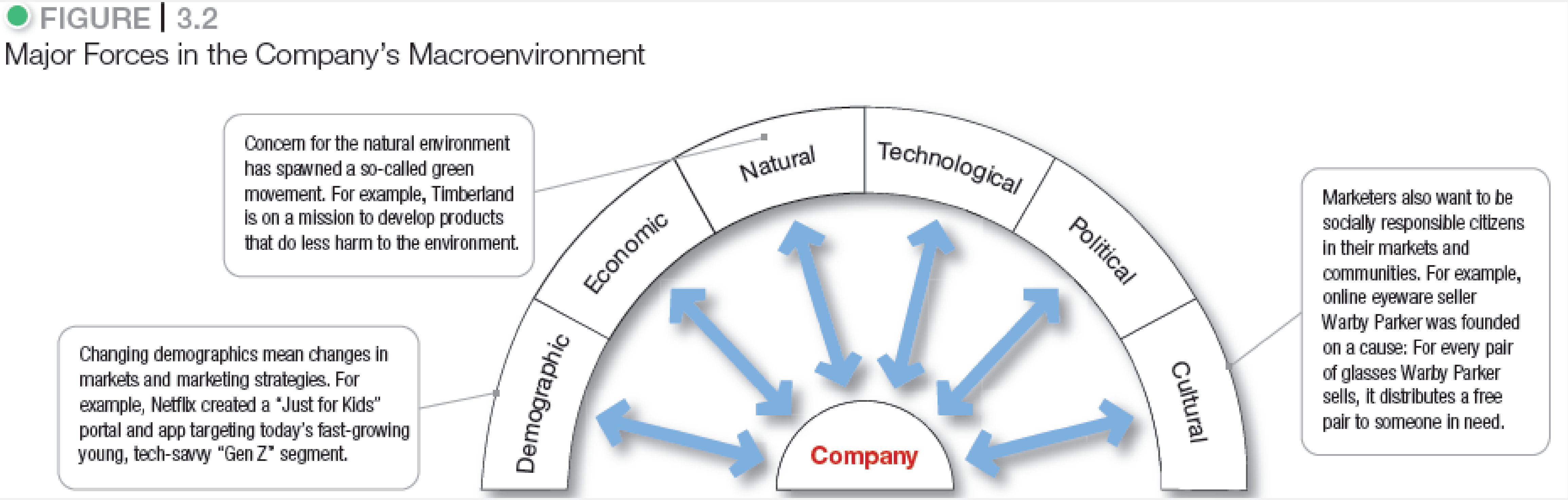
FIGURE | 3.2
Major Forces in the Company's Macroenvironment



Pearson

The Microenvironment

The Macro environment



Pearson