



MK 201 Principles of Marketing

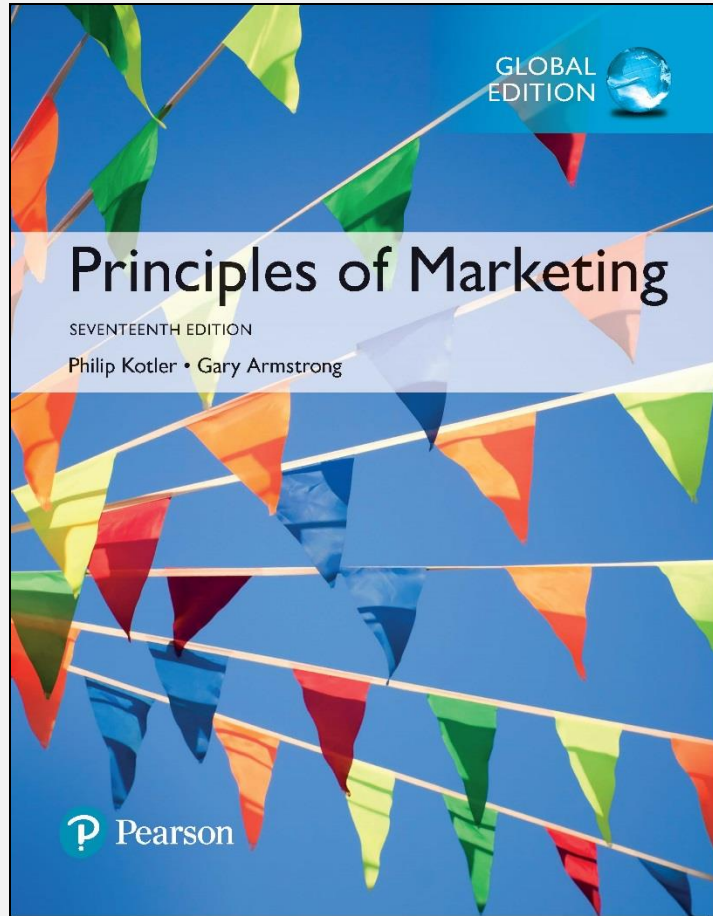
Market Environment

Session 2

By Ajarn Suwalya K.

Principles of Marketing

Seventeenth Edition

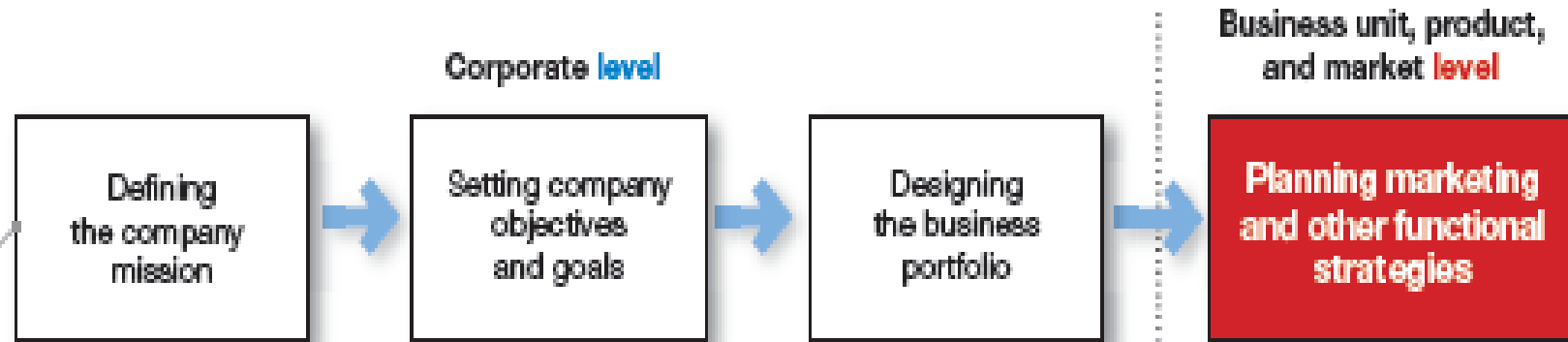


Chapter 2 & 3

Analyzing the Marketing Environment

Company-Wide Strategic Planning

● FIGURE | 2.1
Steps in Strategic
Planning



Like the marketing strategy, the broader company strategy must be customer focused.

Company-wide strategic planning guides marketing strategy and planning.

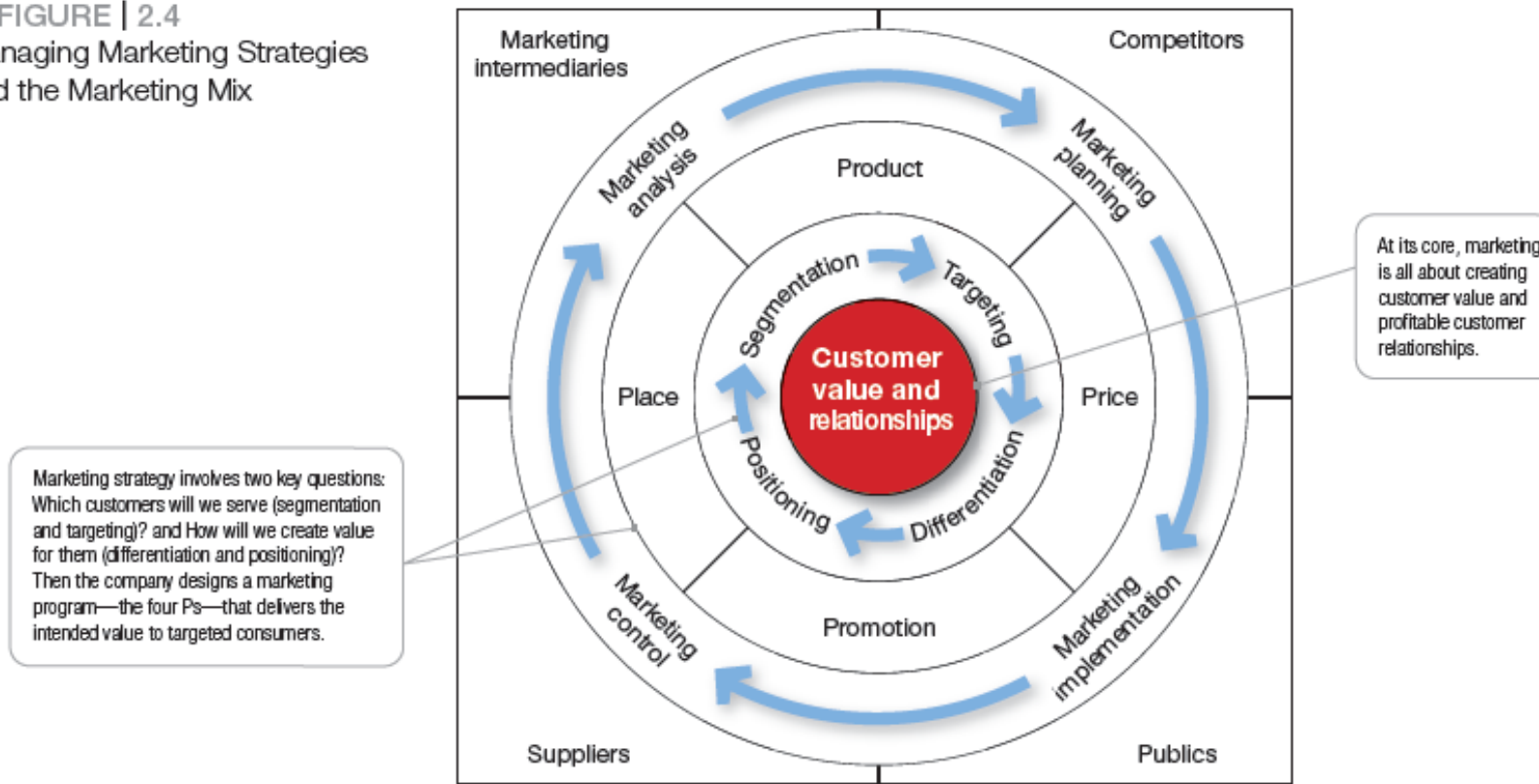
Marketing Strategy and the Marketing Mix

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



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

● FIGURE | 3.1
Actors in 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



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

The Microenvironment

Marketing Intermediaries

Resellers

Physical
distribution
firms

Marketing
services
agencies

Financial
intermediaries

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



The Microenvironment

Customers

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



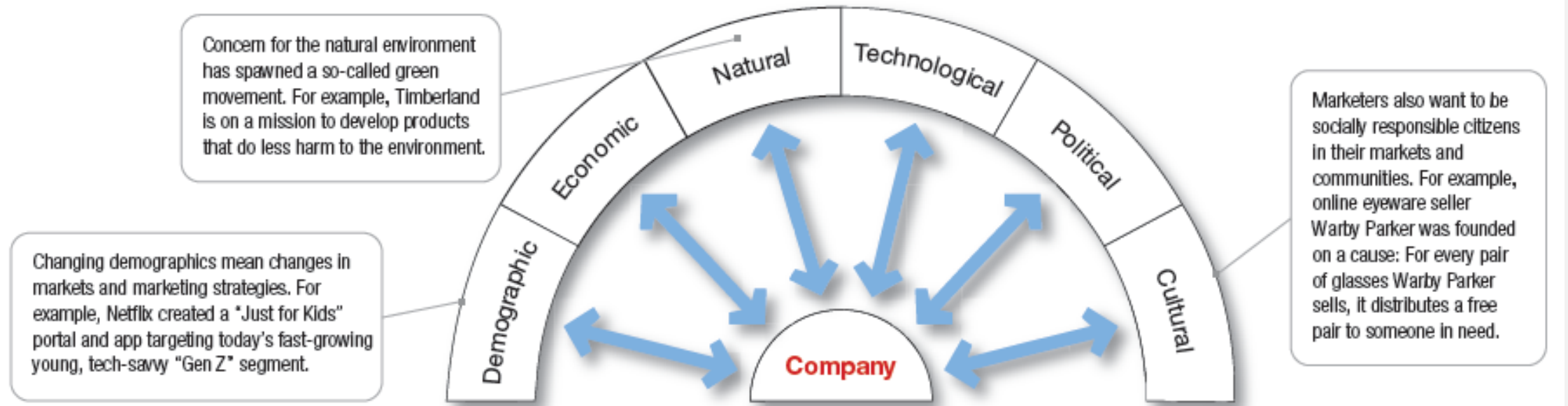
Learning Objective 2

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

get satisfaction

WHY DOES GEN Y BUY?

Generation Y spends an estimated **\$20 billion** in online purchases alone each year.

internet meme from 3 days ago.

90% have a personal computer

45% have internet on their mobile devices

knit cap hides rising hairline under guise of youthful fashion.

turn-by-turn navigation app ensures he never has to look up to see where he is going.

4 OUT OF 5 of their daily activities involves the use of technology.

expensive accessory to legitimize claims of creativity.

Gen Y is:

Creators and Trend Setters:	30%
Critics:	34%
Collectors:	18%
Joiners:	57%
Spectators:	54%
Inactives:	17%

music, Facebook and texting device.

9/10 Gen Y-ers own a personal electronic device.

1 of only 12 pairs hand sewn by small sect of silent Japanese monks.

Gen Y-ers desire an **authentic relationship** with the sellers of the products they buy.

More than 50% often share information about interesting products with their friends.

skinny jeans necessitate external placement of keys.

50% Gen Y influences at least 50% of auto purchases and 90% of the apparel purchases in their homes.

'throwback' design replicates original style from 2004.

21% Gen Y accounts for 21% of all online apparel purchases.

BUY IT NOW!

www.getsatisfaction.com

The Macroenvironment

Demographic Environment

HOW BRANDS VIEW GEN Y



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.

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.



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

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.



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

- React and adapt to forces in the environment

Proactive

- Take aggressive actions to affect forces in the environment

Reactive

- Watch and react to forces in the environment

