

PRINCIPLES OF  
Marketing

## Chapter Three

### Analyzing the Marketing Environment



# Analyzing the Marketing Environment

## Topic Outline

- The Company's Microenvironment
- The Company's Macroenvironment
- Responding to the Marketing Environment



# 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



# The 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



# The Company's Microenvironment

## The Company

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



# 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 white 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 buyers 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







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