

P R I N C I P L E S O F  
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 customers



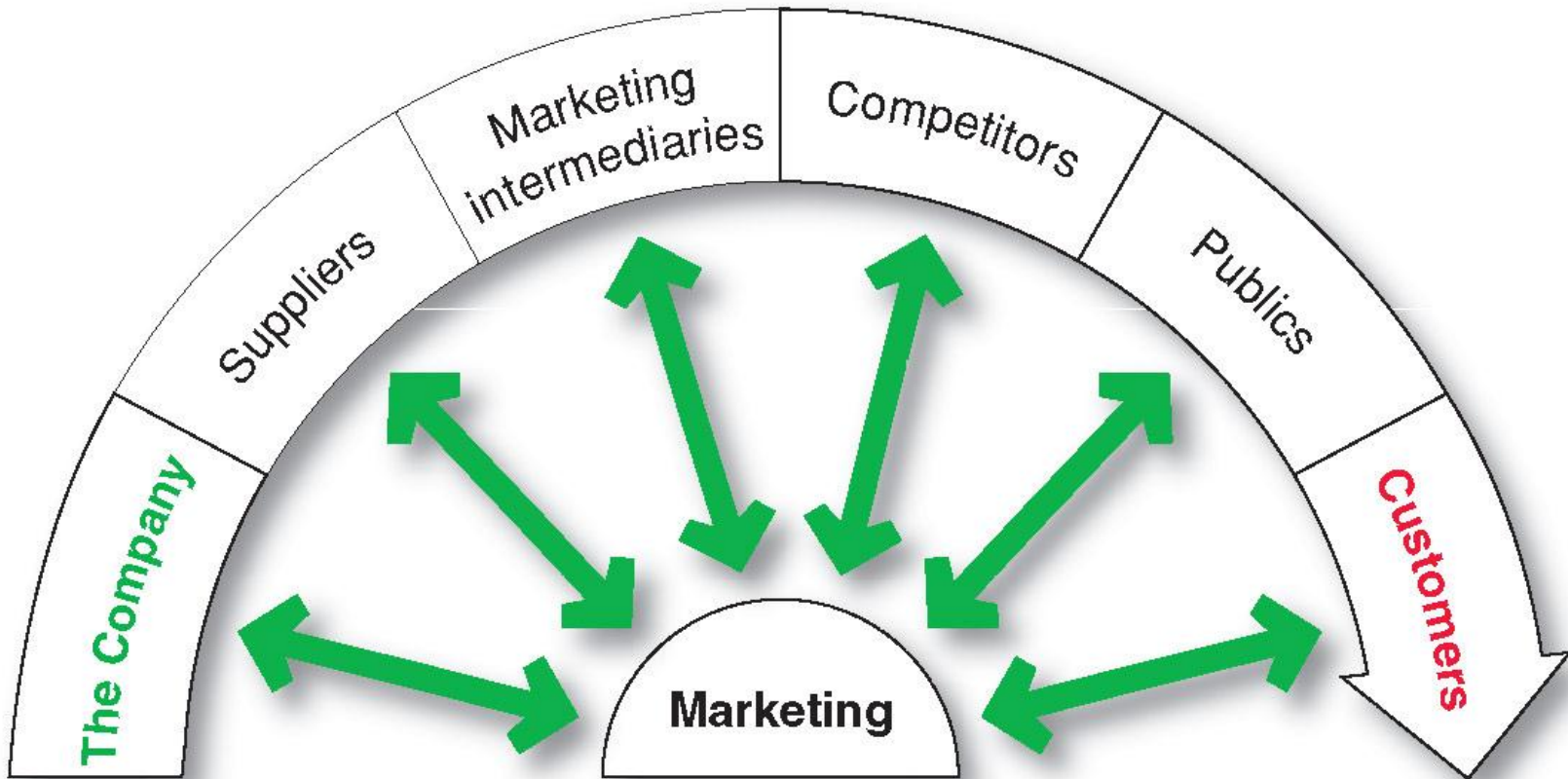
# The Marketing Environment

**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

## Actors in the Microenvironment



# The Company's Microenvironment

## The Company

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

digital growth:  
74%



Take a smart printer: Transcontinental Inc. Add relevant data to a catalog run using Xerox digital technology and their client, Reader's Digest Canada, has 74% more sales.  
*There's a new way to look at it.*

Transcontinental Inc. thought a digital print solution could achieve a response breakthrough for Reader's Digest, one of the world's most successful direct marketers. A call to the digital experts from the Xerox 1:1 Lab more than proved them right. Using a Reader's Digest database and Xerox digital printing

technology, personalized direct mail was created to test against a traditional direct mail campaign. The result? The 1-to-1 messaging outperformed the traditional by 74%. The more personalized messages simply had more pull. Could you benefit from our digital advantage? Just ask the pros at Reader's Digest and Transcontinental.

[xerox.com/printing](http://xerox.com/printing) 1-800-ASX-XEROX



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# 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

for 2 days,  
we walk as 1

Remember, early detection helps save lives.

Get a mammogram. Perform monthly breast self-exams. Have a clinical exam and talk to your doctor. And encourage women around you to do the same.

The extraordinary experience of a lifetime awaits you! Register now for the Avon Walk for Breast Cancer. Over 2 days you will journey 39 miles helping to forever alter the lives of thousands affected by breast cancer worldwide. Together, we will unite with one purpose and one goal—the eradication of this deadly disease.

The money we raise will allow medically under-insured women and men to receive the screening, support and treatment they require. And leading-edge research teams across the country will be powered by the funds they need to fuel their quest for a cure—all because of you! Take the first step. **Register today.**

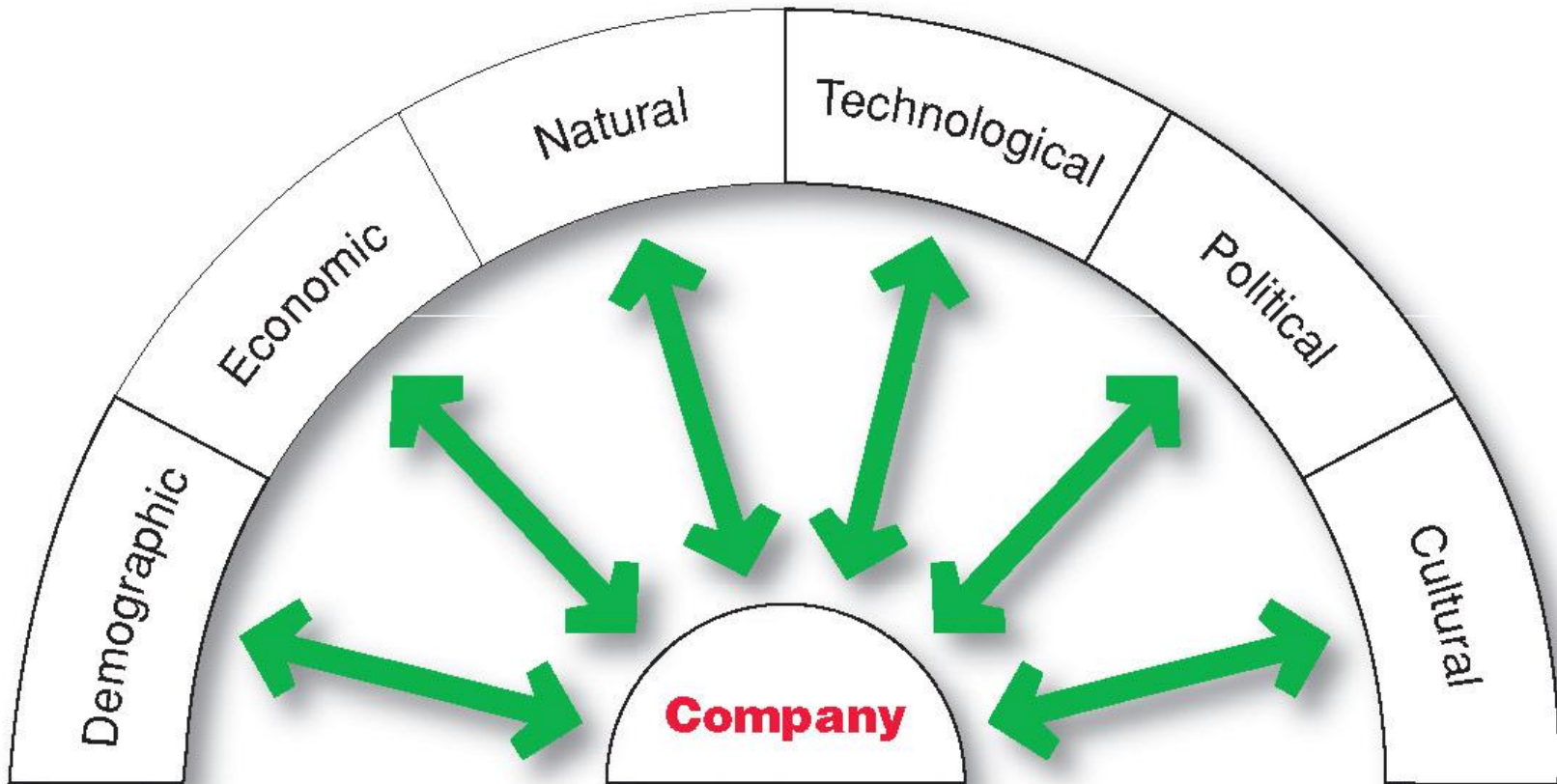
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2009 Weekends	Houston Apr 4-5	Washington, DC May 1-3	Boston May 16-17	Chicago Jun 6-7	Rocky Mountains Jun 22-28	San Francisco Jul 11-12	Los Angeles Sep 12-13	New York Oct 10-11	Charlotte Oct 24-25
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# The Company's Macroenvironment



# 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 of life state instead of age



# The Company's Macroenvironment

## Demographic Environment

More people are:

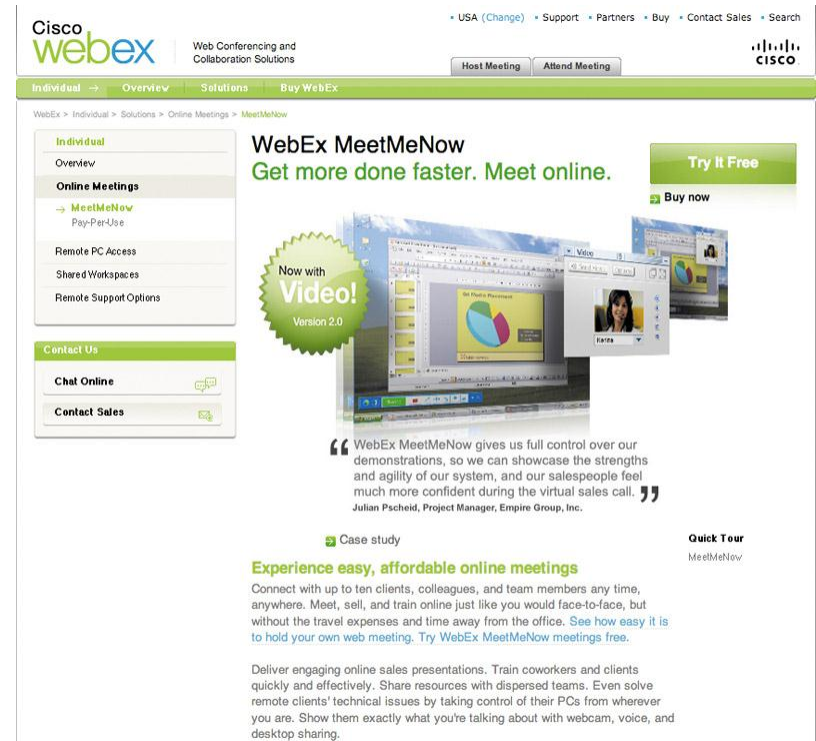
- Divorcing or separating
- Choosing not to marry
- Choosing to marry later
- Marrying without intending to have children
- Increased number of working women
- Stay-at-home dads



# The Company's Macroenvironment

## Demographic Environment

- Growth in U.S. 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 screenshot shows the Cisco WebEx website interface. At the top, there are navigation links for USA (Change), Support, Partners, Buy, Contact Sales, and Search. The main header includes the Cisco WebEx logo and the text 'Web Conferencing and Collaboration Solutions'. Below the header, there are tabs for 'Individual', 'Overview', 'Solutions', and 'Buy WebEx'. The 'Individual' tab is selected, showing a sidebar with options like 'Overview', 'Online Meetings', 'Remote PC Access', 'Shared Workspaces', and 'Remote Support Options'. The main content area features a 'WebEx MeetMeNow' section with the tagline 'Get more done faster. Meet online.' and a 'Try It Free' button. A 'Now with Video! Version 2.0' badge is prominently displayed. Below this, there is a testimonial from Julian Pscheid, Project Manager at Empire Group, Inc., praising the system's control and confidence. A 'Case study' section titled 'Experience easy, affordable online meetings' describes the benefits of the service, such as connecting with clients and team members from anywhere. A 'Quick Tour MeetMeNow' link is also visible.



# The Company's Macroenvironment

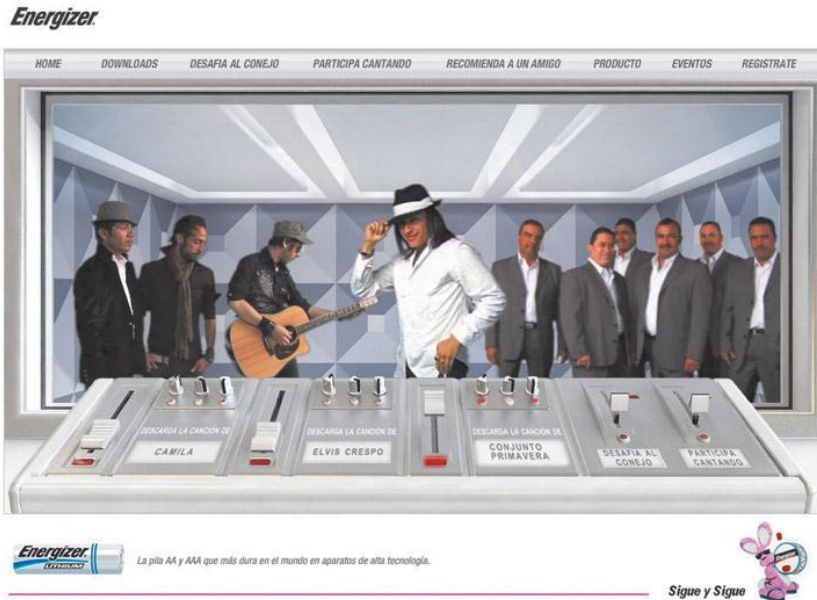
## Demographic Environment

- 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

PRINCIPLES OF  
Marketing



# 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, organization, society, nature, and the universe

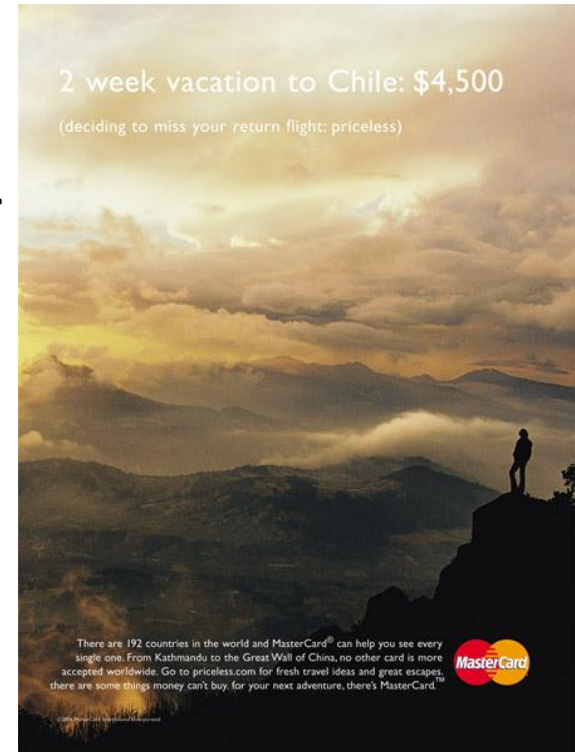


# The Company's Macroenvironment

## 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

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# 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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