



*it's good and  
good for you*

## Chapter Three

### Analyzing the Marketing Environment

# Analyzing the Marketing Environment

## Topic Outline

- The Company's Microenvironment
- The Company's Macroenvironment
- The Demographic Marketing Environment
- The Economic Environment
- The Natural Environment
- The Technological Environment
- The Political and Social Environment
- The Cultural Environment
- 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
- Treat 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



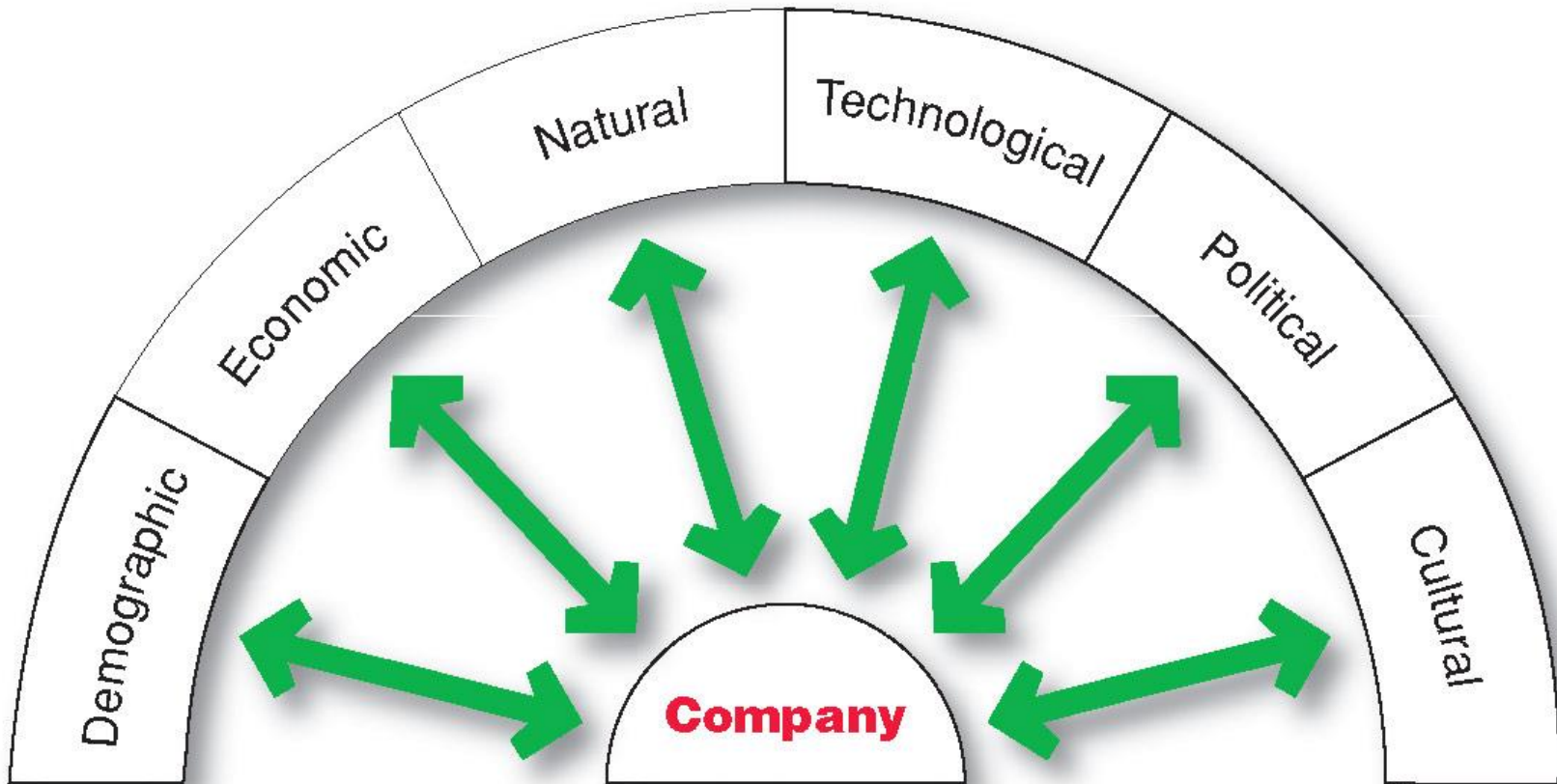
# The Company's Microenvironment

## Customers

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



# The Company's Macroenvironment



# The Company's Macroenvironment

## Demographic Environment

**Demography:** 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:** shifts in age, family structure, geographic population, 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





# The Company's Macroenvironment

## Demographic Environment

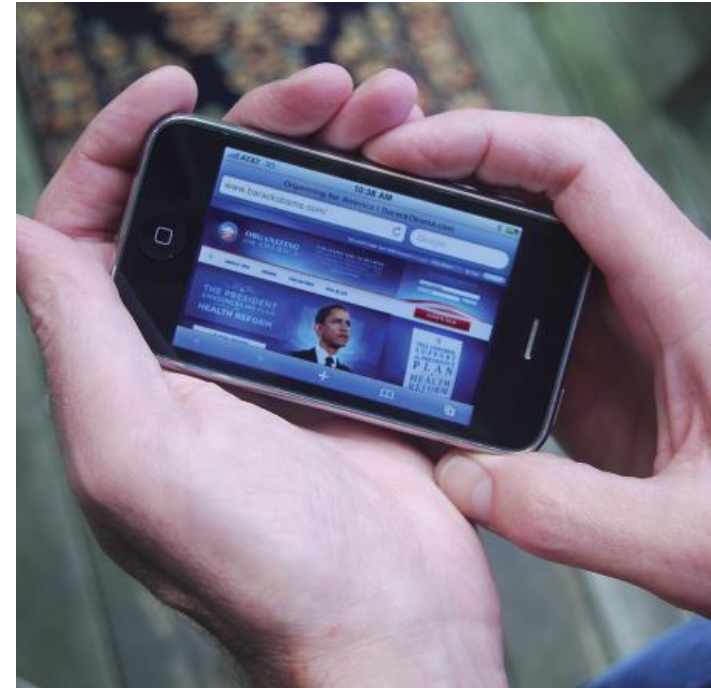
- Millennials (gen Y or echo boomers) include those born between 1977 and 2000
  - Comfortable with technology
  - Tweens (ages 8–12)
  - Teens (13–19)
  - Young adults (20's)



# 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

Increasing number of working women

Increasing number of stay-at-home dads



# The Company's Macroenvironment

## Demographic Environment

- Growth in U.S. West and South and decline in Midwest and Northeast
- Move from rural to metropolitan areas
- Change in where people work
  - Telecommuting
  - Home office



# 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

### Value marketing

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





# The Company's Macroenvironment

## Natural Environment

**Natural environment:** natural resources that are needed as inputs by marketers or that are affected by marketing activities

- Trends
  - Increased shortages of raw materials
  - Increased pollution
  - Increased government intervention
  - Increased environmentally sustainable strategies



# The Company's Macroenvironment

## Technological Environment

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



# The Company's Macroenvironment

## Political and Social Environment

### Political environment

laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society



# The Company's Macroenvironment

## Political and Social 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
  - People vary in their emphasis on serving themselves versus serving others.
- People's view of others
  - More “cocooning” – staying home, home cooked meals



# The Company's Macroenvironment

## Cultural Environment

### Shifts in Secondary Cultural Values

- People's view of organizations
  - Decline of loyalty toward companies
- 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
  - Developed more permanent values
    - family, community, earth, faith, ethics



# 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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