

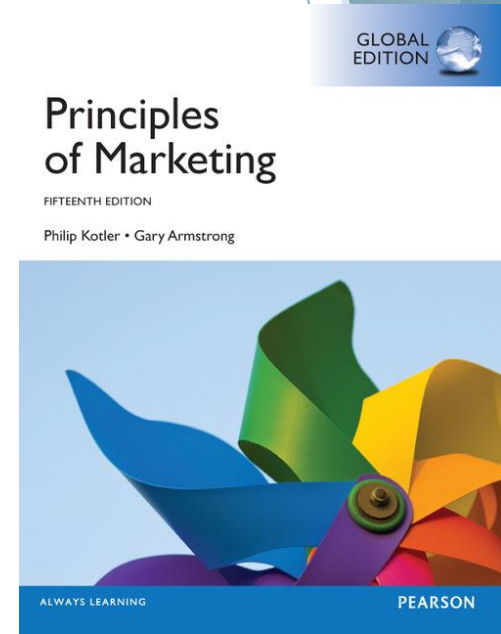
Principles of Marketing 15th ed

Philip Kotler, Gary Armstrong

CHAPTER THREE Analyzing the Marketing Environment

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Mkt 202 Sec 3,4



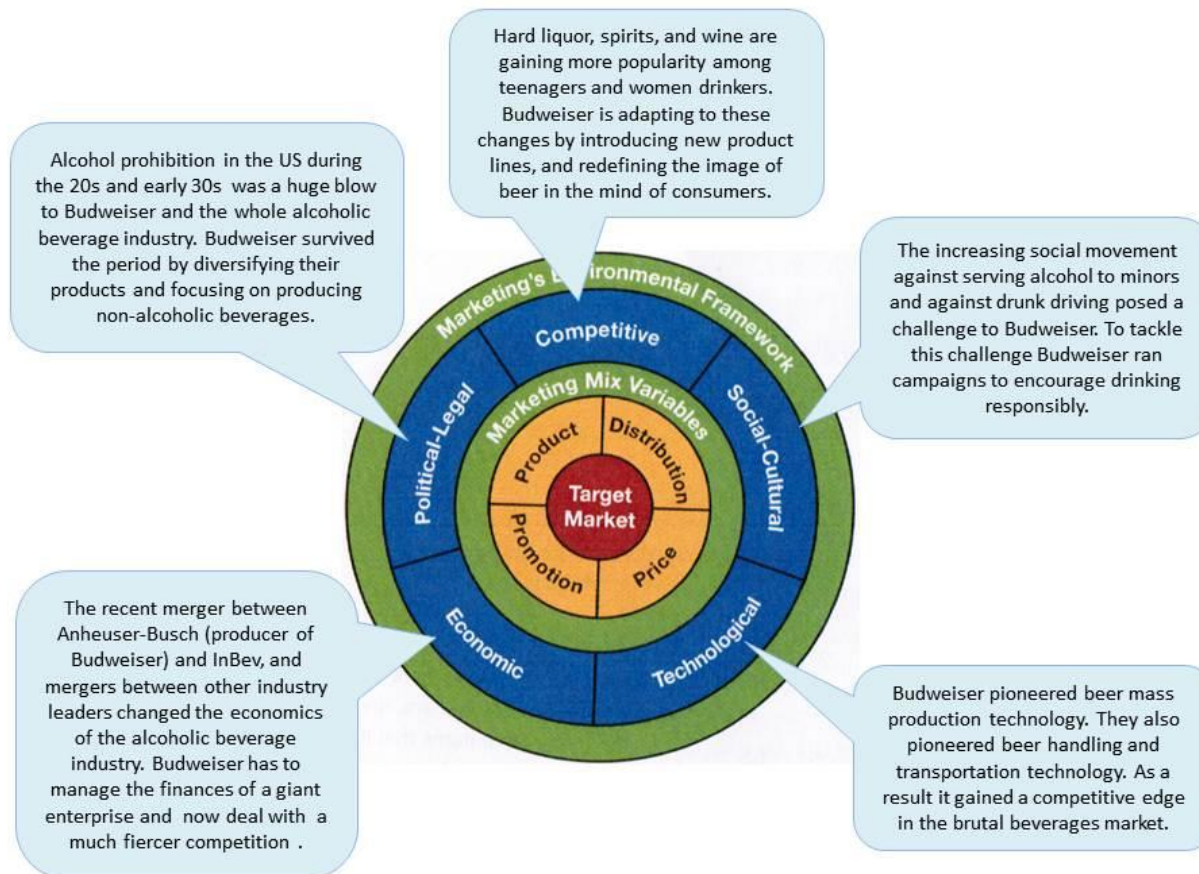
Chapter Learning Outcomes

Topic Outline

- 3.1** The Company's Microenvironment
- 3.2** The Company's Macroenvironment
- 3.3** Demographic Environment
- 3.4** Economic Environment
- 3.5** Natural Environment
- 3.6** Technological Environment
- 3.7** Political and Social Environment
- 3.8** Cultural Environment
- 3.9** Responding to the Marketing Environment

The Marketing Environment

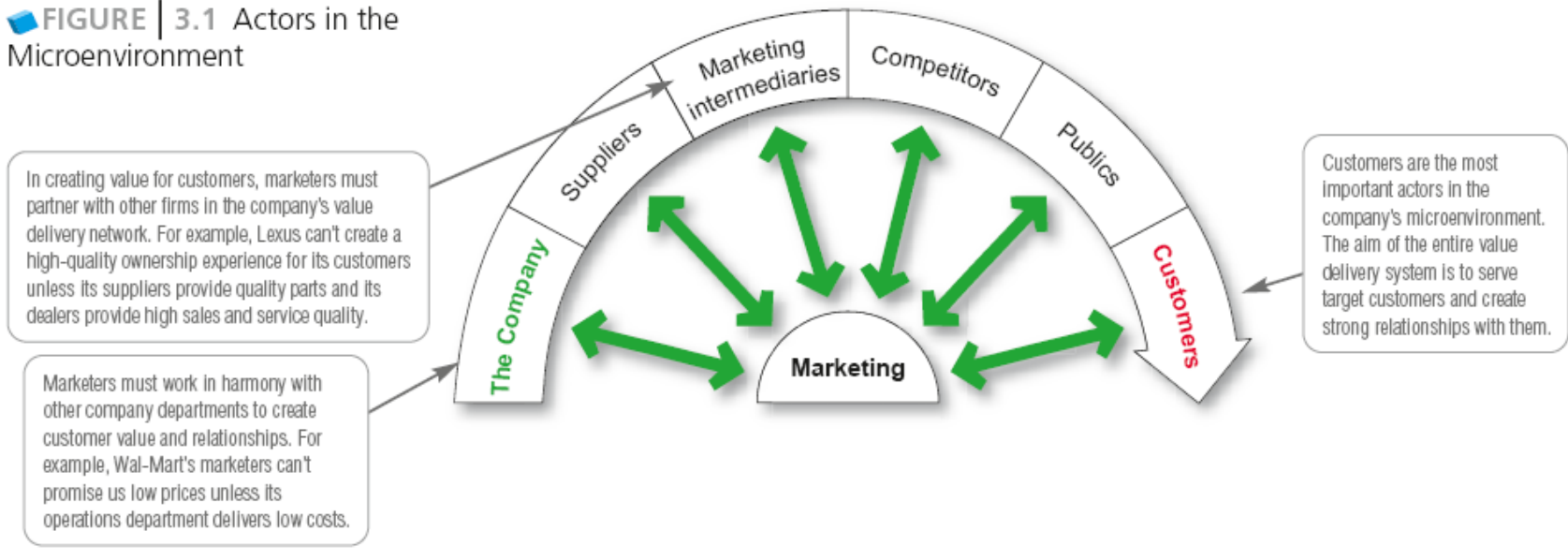
The marketing environment includes the actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with customers.



The Company's Microenvironment

A **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.

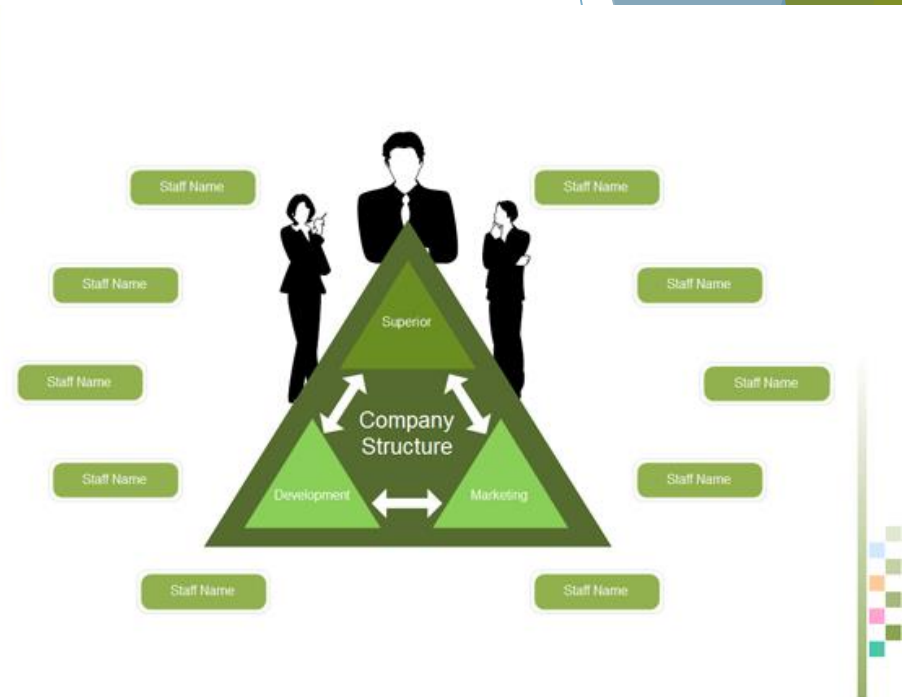
FIGURE | 3.1 Actors in the Microenvironment



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

Marketing Intermediaries help the company to promote, sell and distribute its products.

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.

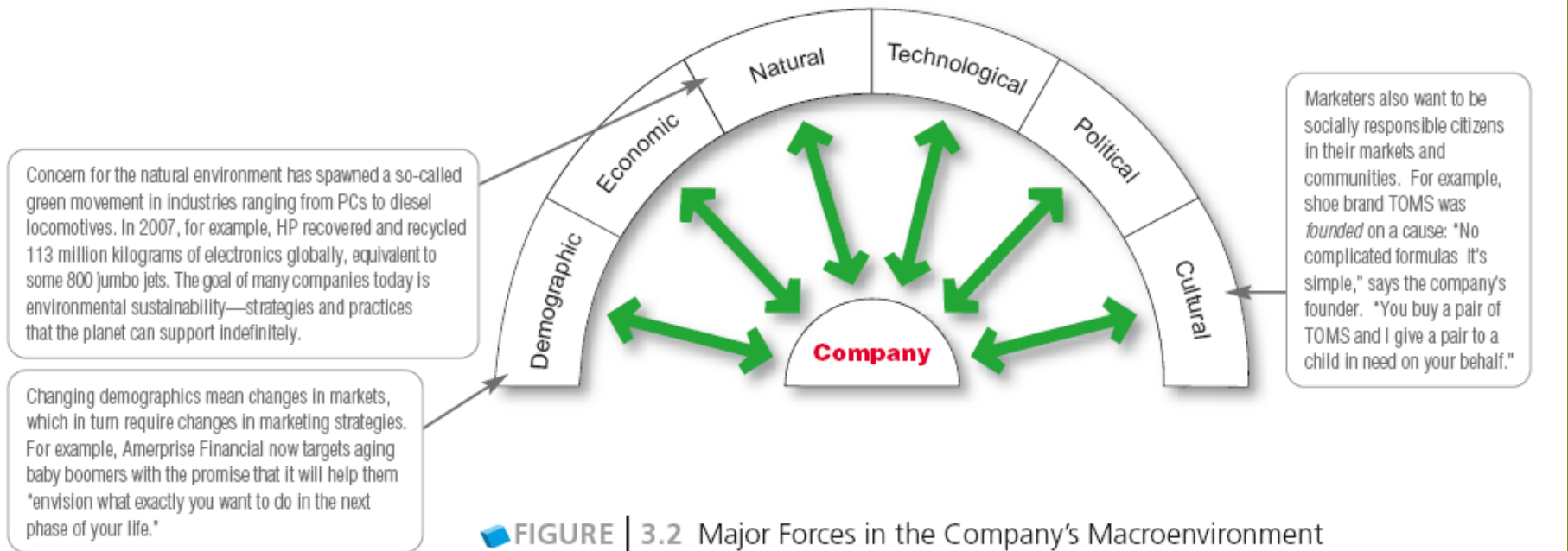


The Company's Microenvironment

Publics are any groups that have an actual or potential interest in or impact on an organization's ability to achieve its objectives. They include:

- Financial publics
- Media publics
- Government publics
- Citizen-action publics
- Local publics
- The general public
- Internal publics

The Company's Macroenvironment



Demographic Environment

Demography

Demography is the study of human populations in terms of size, density, location, age, gender, race, occupation, and other statistics.

- ▶ The 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.

Demographic Environment

Increased Diversity

Markets are becoming more diverse

- International
- National

Includes:

- Ethnicity
- Language



Economic Environment

Economic Environment

The **economic environment** consists of factors that affect consumer purchasing power and spending patterns.

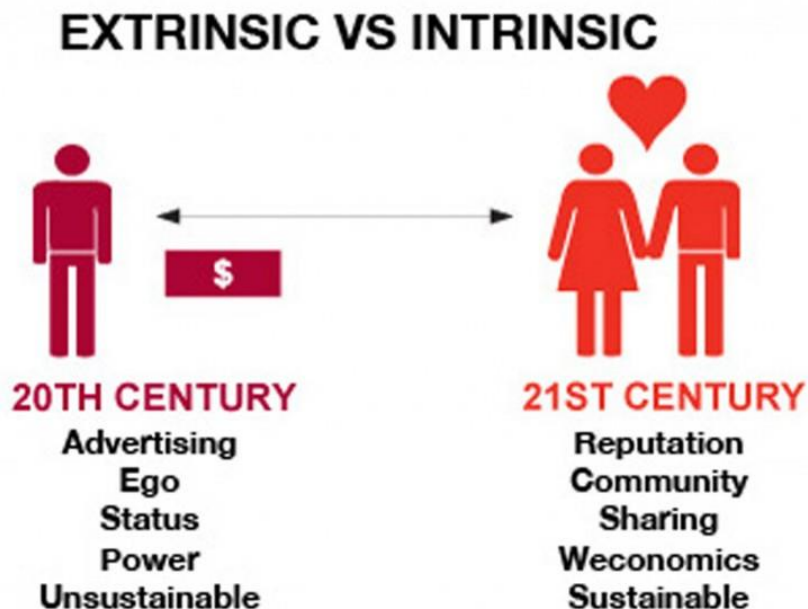
- ▶ Industrial economies are richer markets.
- ▶ Subsistence economies consume most of their own agriculture and industrial output.
- ▶ Changes in consumer spending
- ▶ Income distribution



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.



Natural Environment

The **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

Technological Environment

The **technological environment** is the most dramatic force in changing the marketplace.

- One of the most dramatic forces shaping our destiny
- It creates new products and opportunities.
- Safety of new product always a concern.

Political Environment

The **political environment** consists of laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society.

Legislation Regulating Business

- ▶ Increased legislation steadily over the years globally
- ▶ Changing government agency enforcement

Business Legislation has been enacted for

- Protect companies from each other
- Protect consumers from unfair business practice
- Protect the interest of the society against unrestrained business behavior

Political Environment

Increased Emphasis on Ethics and Socially Responsible Actions

- ▶ **Socially responsible behavior**
 - ▶ Enlightened companies encourage their managers to work beyond what the regulatory system allows and simply do the right thing
 - ▶ Many companies are now developing policy guideline and other responses to complex social responsibility issues
- ▶ **Cause-related marketing**
 - ▶ Many companies are now linking themselves to worthwhile causes
 - ▶ E.g. Toyota campaign of 100 cars
 - ▶ E.g. The P&G Tide loads of hope program

Cultural Environment

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

Persistence of Cultural Values

- ▶ **Core beliefs and values** are persistent and are passed on from parents to children and are reinforced by schools, mosques, businesses, and governments.

- ▶ **Secondary beliefs and values** are more open to change and include people's views of themselves, others, organizations, society, nature, and the universe.

Cultural Environment

Shifts in Secondary Cultural Values

- ▶ People's view of themselves
- ▶ People's view of others
- ▶ People's view of organizations
- ▶ People's view of society
- ▶ People's view of nature
- ▶ People's view of the universe

Thank you