#### Principles of Marketing 15th ed Philip Kotler, Gary Armstrong

## CHAPTER THREE Analyzing the Marketing Environment

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FIFTEENTH EDITION

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## Chapter Learning Outcomes

- 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.

> Alcohol prohibition in the US during the 20s and early 30s was a huge blow to Budweiser and the whole alcoholic beverage industry. Budweiser survived the period by diversifying their products and focusing on producing non-alcoholic beverages.

Hard liquor, spirits, and wine are gaining more popularity among teenagers and women drinkers. Budweiser is adapting to these changes by introducing new product lines, and redefining the image of beer in the mind of consumers.



The increasing social movement against serving alcohol to minors and against drunk driving posed a challenge to Budweiser. To tackle this challenge Budweiser ran campaigns to encourage drinking responsibly.

Budweiser pioneered beer mass production technology. They also pioneered beer handling and transportation technology. As a result it gained a competitive edge in the brutal beverages market.

#### PEARSON

The recent merger between Anheuser-Busch (producer of Budweiser) and InBev, and mergers between other industry leaders changed the economics of the alcoholic beverage industry. Budweiser has to manage the finances of a giant enterprise and now deal with a much fiercer competition.

### 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.



# The Company's Microenvironment

- 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

Concern for the natural environment has spawned a so-called green movement in industries ranging from PCs to diesel locomotives. In 2007, for example, HP recovered and recycled 113 million kilograms of electronics globally, equivalent to some 800 jumbo jets. The goal of many companies today is environmental sustainability—strategies and practices that the planet can support indefinitely.

Changing demographics mean changes in markets, which in turn require changes in marketing strategies. For example, Amerprise Financial now targets aging baby boomers with the promise that it will help them \*envision what exactly you want to do in the next phase of your life.\*

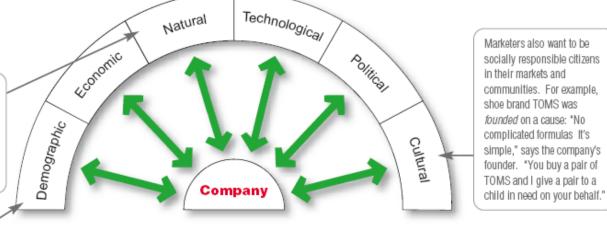


FIGURE 3.2 Major Forces in the Company's Macroenvironment



#### 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

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 distributi

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## **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.

EXTRINSIC VS INTRINSIC

20TH CENTURY Advertising Ego Status Power Unsustainable 21ST CENTURY Reputation Community Sharing Weconomics Sustainable



## 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

