

Marketing environment

Recap

- Topics discussed earlier :
- What is marketing
- Why do organizations need marketing
- Core concepts of marketing
- Marketing plan
- Evolution of marketing philosophy
- Concept of marketing management
- Role of a marketing manager in managing different types of demand states.

MARKETING ENVIRONMENT

- Why Marketing Environment?
- What Is Marketing Environment?
- How Does It Influence Marketing Decisions?
- How Companies Can React To The Marketing Environment?

Why to study marketing environment

- All the business organizations operate in an environment which is continuously changing and influencing their performance.
- It presents uncertainties and risks.
- It helps in understanding emerging opportunities and potential threats.
- It also allows the organization to review their strengths and weaknesses to compete in the market
- Marketers need to understand the changes and respond accordingly.

What is marketing environment

- It consists of all the actors and forces outside marketing that affects organizations' ability to manage their marketing operations.
- Marketing decisions are based on environmental analysis.
- A diagnosis of all related factors helps in designing sound marketing strategy.

The Marketing Environment

- Two set of factors
- **Micro Environment:** the factors that are close to the company and affect their ability to serve the customers – the company, suppliers, and marketing intermediaries, customer segments, competitors and publics.
- **Macro Environment:** the larger social forces that affect the micro environment – demographic, economic, natural, technological, political-legal and socio-cultural forces.

Micro Environment

- The company
- Suppliers
- Marketing intermediaries
- Customers
- Competitors
- Publics

Micro Environment

1.The Company:

- Considers other company groups into account such as top management, finance, research and development, purchasing, operations, and accounting.
- Top management : sets company's mission, objectives, strategies and policies.
- Finance : deals with funds required to carry out the marketing plan.
- R&D : deals with designing innovative, safe and utility based products and services for the customers.
- Purchasing : deals with arranging supplies and material.
- Operations: deals with producing and distributing the desired quality and quantity of goods and services.

Micro Environment

2. Suppliers

- Important link of the customer value delivery chain.
- The availability of right material, at right time, in the right quantity, at right price, at place with right terms of trade is needed.
- They regulate the supply of vital resources – material and services required for production of goods and services for customers.

Marketing Environment

3. Marketing Intermediaries

They include those firms and individuals that help the company in promoting, selling and distributing the products and services to final buyers.

- They are resellers, physical distribution firms, marketing service agencies and financial intermediaries.
- **Resellers** include wholesalers and retailers who find the customers and make the sales (transaction).
- **Physical distribution** firms help the firms to stock and move the goods from point of origin to final destination. They include warehouse and transportation firms.

Marketing Environment

- **Marketing service** agencies include market research firms, advertising agencies, media houses, and marketing consulting firms that help companies to target and promote the products to right markets.
- **Financial intermediaries** include banks, credit companies, insurance companies and other businesses that help finance transactions or insure against risks with selling or buying of goods.
- These intermediaries help in optimizing performance.
- Need for identifying and developing effective partnerships with such firms.

Marketing Environment

4. Customers : have needs, wants, expectations

1. **Consumer markets** – individuals and households that buy goods and services for personal consumption.
2. **Business markets** – for further processing or for use in their production process or for facilitating business operations.
3. **Resellers** – to resell at a profit.
4. **Government** – agencies involved in producing public service.
5. **International market** – buyers in others including consumers, producers, resellers and government

Marketing Environment

5. Competitors – other players or substitutes

- Co. should provide different and superior value and satisfaction.
- Adapt to the needs of the customers.
- Positioning against competitors.
- Cos. of different sizes adopt different strategies.

Marketing Environment

6.Public – any group that has an actual or potential interest in or impact on organization's ability to achieve its objectives:

- **Financial publics:** influence the ability to obtain and manage funds.
- **Media publics:** carry news, features and editorial opinion.
- **Government:** developments and laws
- **Citizen-action groups:** consumer organizations, environmental, minority or other groups.
- **General public :** attitude and image.
- **Internal public:** directors, managers, workers,

Macro Environment

- It include all other actors or forces present in the external environment that shape opportunities or pose threats.

Macro Environment

- Demographic forces
- Economic forces
- Natural forces
- Technological forces
- Political-Legal forces
- Socio-Cultural forces