

*it's good and
good for you*

Chapter Three

Analyzing the Marketing Environment

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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



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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



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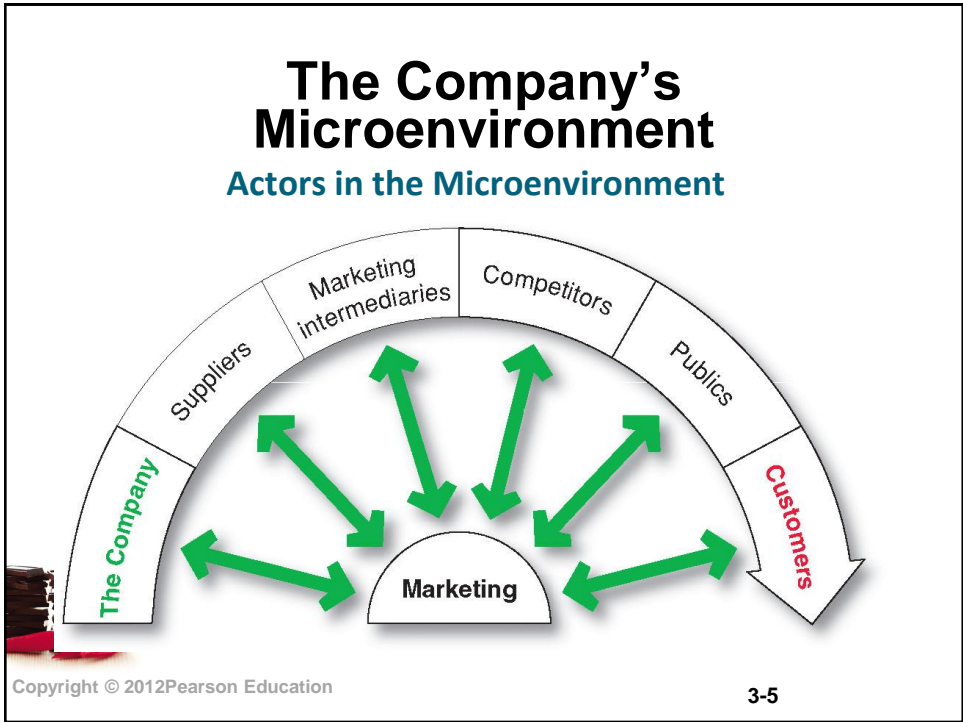
The Marketing Environment

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



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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 U.S. led 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 Xerox messaging outperformed the traditional by 74%. The more personalized message simply had more juice. Could you benefit from our digital advantage? Just ask the pros at Reader's Digest and Transcontinental.

xerox.com/printing 1.800.438.0300

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The Company's Microenvironment

Suppliers

- Provide the resources to produce goods and services
- Treat as partners to provide customer value



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The Company's Microenvironment

Marketing Intermediaries

Help the company to promote, sell and distribute its products to final buyers



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The Company's Microenvironment

Types of Marketing Intermediaries

Resellers

Physical
distribution
firms

Marketing
services
agencies

Financial
intermediaries



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The Company's Microenvironment

Competitors

- Firms must gain strategic advantage by positioning their offerings against competitors' offerings



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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



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The Company's Microenvironment

Customers

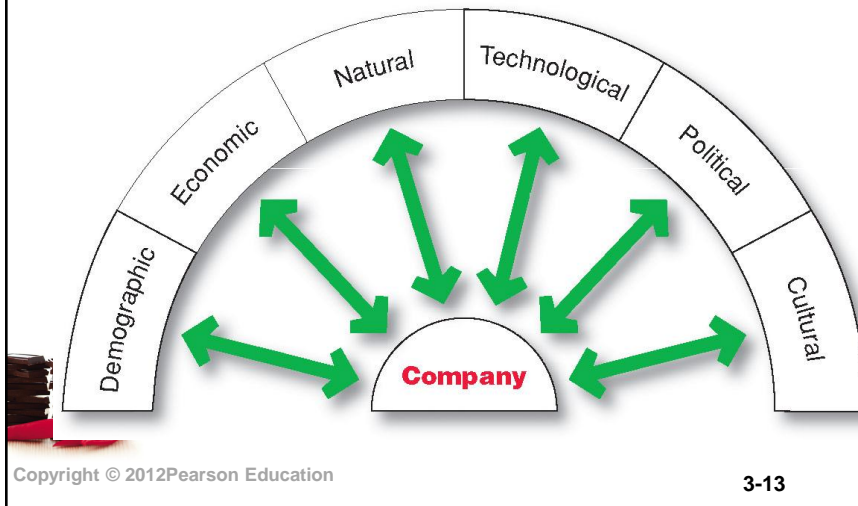
- Consumer markets
- Business markets
- Government markets
- International markets



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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



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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



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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)



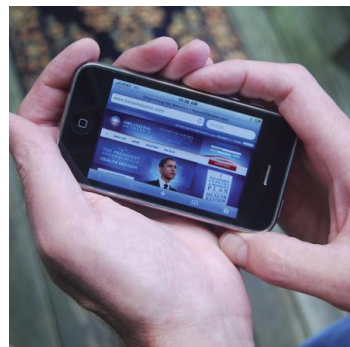
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The Company's Macroenvironment

Demographic Environment

Generational marketing
is important in
segmenting people by
lifestyle or life state
instead of age



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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



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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



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The Company's Macroenvironment

Demographic Environment

- Changes in the Workforce
 - More educated
 - More white collar



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The Company's Macroenvironment

Demographic Environment Increased Diversity

Markets are becoming more diverse

- International
- National
- Includes:
 - Ethnicity
 - Gay and lesbian
 - Disabled



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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



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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



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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



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The Company's Macroenvironment

Technological Environment

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



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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



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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



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The Company's Macroenvironment

Cultural Environment

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



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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



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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



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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



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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



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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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