

CHAPTER 3:

ANALYZING THE MARKETING ENVIRONMENT

Marketing

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Company's Marketing Environment

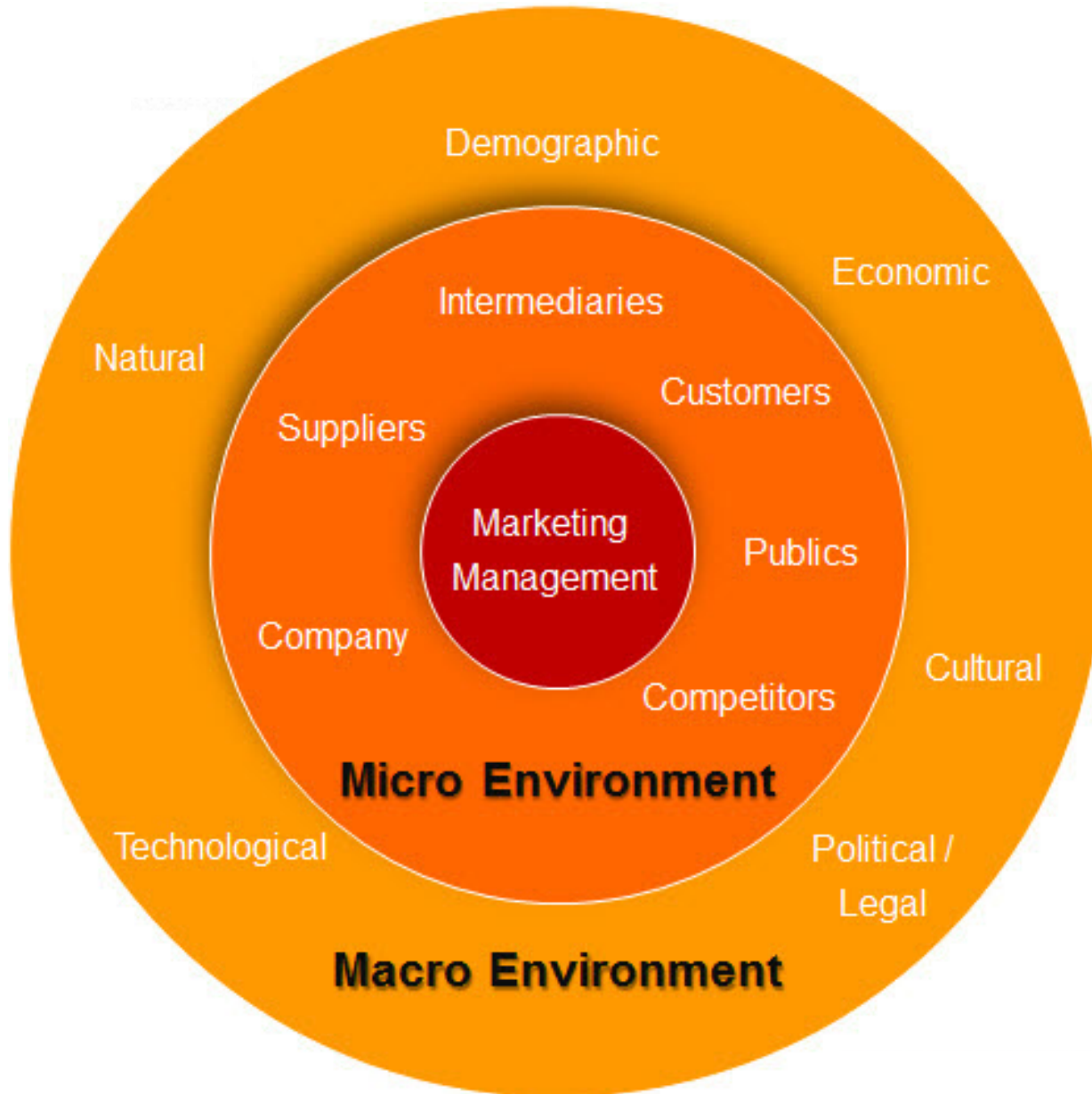
The marketing environment includes the actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with target customers.

✓ Marketers must be environmental **trend trackers and opportunity seekers**.

✓ By carefully **studying the environment**, marketers can **adapt** their strategies to meet new marketplace challenges and opportunities.

✓ By using **marketing research and marketing intelligence**, companies constantly watch and adapt to the **changing environment**—or in many cases, lead those changes.

Marketing Environment



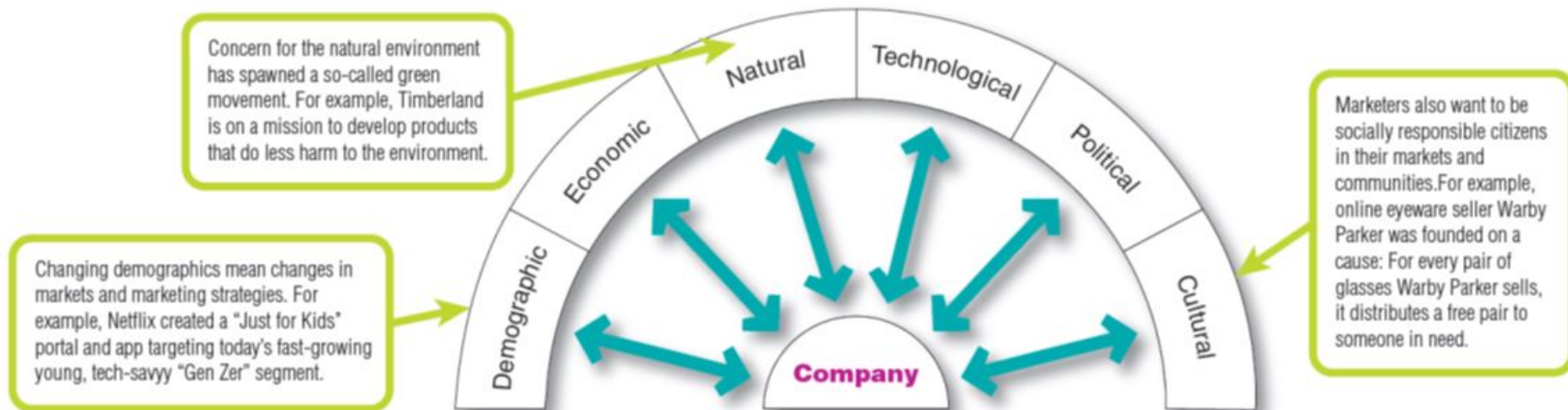
Company's Marketing Environment

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.**



Company's Marketing Environment

Macroenvironment consists of the larger societal forces that affect the microenvironment—**demographic, economic, natural, technological, political, and cultural forces.**

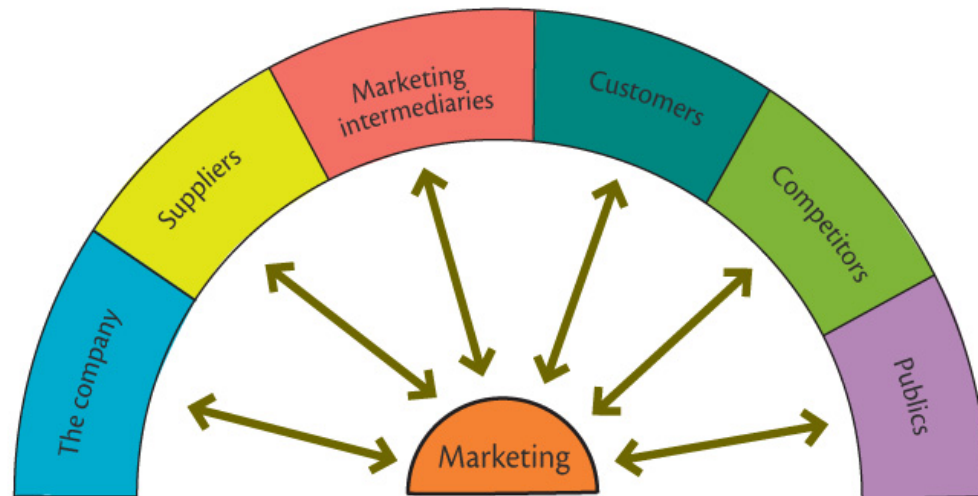


The Microenvironment

The Company

In designing marketing plans, marketing management takes other company groups into account. With marketing taking the lead, all departments—from manufacturing and finance to legal and human resources—share the responsibility for understanding customer needs and creating customer value.

- Top management
- Finance
- R&D
- Purchasing
- Operations
- Accounting



The Microenvironment

Suppliers

Suppliers form an important link in the company's overall customer value delivery network. Supplier problems can seriously affect marketing.

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



Marketing managers must watch supply availability and costs. Supply shortages or delays, labor strikes, natural disasters, and other events can cost sales in the short run and damage customer satisfaction in the long run. Rising supply costs may force price increases that can harm the company's sales volume.

The Microenvironment

Marketing Intermediaries

Marketing intermediaries are firms that help the company to promote, sell, and distribute its goods to final buyers.

They include resellers, physical distribution firms, marketing services agencies, and financial intermediaries.



The Microenvironment

Marketing Intermediaries

Resellers are distribution channel firms that help the company find customers or make sales to them.

Resellers

Physical distribution firms help the company stock and move goods from their points of origin to their destinations.

Physical
distribution
firms

Marketing
services
agencies

Marketing services agencies are the marketing research firms, advertising agencies, media firms, and marketing consulting firms that help the company target and promote its products to the right markets.

Financial
intermediaries

Financial intermediaries include banks, credit companies, insurance companies, and other businesses that help finance transactions or insure against the risks associated with the buying and selling of goods.



The Microenvironment

Competitors

Firms must gain strategic advantage by positioning their offerings strongly against competitors' offerings in the minds of consumers.

The marketing concept states that, to be successful, a company must **provide greater customer value and satisfaction** than its competitors do.

Marketers must gain strategic advantage by **positioning their offerings strongly** against competitors' offerings in the minds of consumers.

No single **competitive marketing strategy** is best for all companies. Each firm should consider its own size and industry position compared to those of its competitors

The 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.** This group influences the company's ability to obtain funds.
- **Media publics.** This group carries news, features, and editorial opinion.
- **Government publics.** Management must take government developments into account.
- **Citizen-action publics.** A company's marketing decisions may be questioned by consumer organizations, environmental groups, minority groups, and others.
- **Local publics.** This group includes neighborhood residents and community organizations.
- **General public.** A company needs to be concerned about the general public's attitude toward its products and activities.
- **Internal publics.** This group includes workers, managers, volunteers, and the board of directors.

The Microenvironment

Customers

- ✓ Consumer markets
- ✓ Business markets
- ✓ Reseller markets
- ✓ Government markets
- ✓ International markets



Consumer markets consist of individuals.

Business markets buy goods and services for further processing or use in their production processes.

Reseller markets buy goods and services to resell at a profit.

Government markets consist of government agencies that buy goods and services to produce public services or transfer the goods and services to others who need them.

International markets consist of various buyers in other countries, including consumers, producers, resellers, and governments.

Consumer Markets and Buyer Behavior

Consumer markets are made up of all the individuals and households that buy or acquire goods and services for personal consumption.

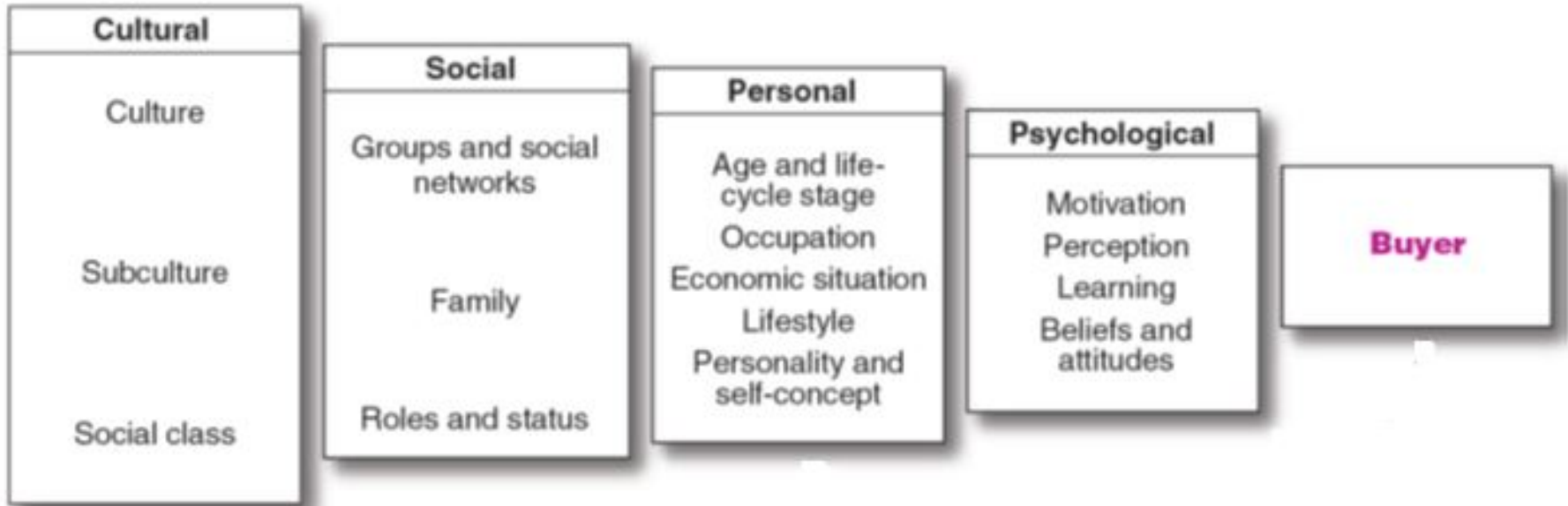
Consumer buyer behavior is the buying behavior of final consumers—individuals and households that buy goods and services for personal consumption.



The central question for marketers is this: *How do consumers respond to various marketing efforts the company might use?*

Environmental Influences		The Buyer's Black Box		Buyer's response
Marketing Factors	Environmental Factors	Buyer Characteristics	The Decision Process	
Product	Economic	Attitudes	Problem recognition	Product choice
Price	Technological	Motivation	Information search	Brand choice
Place	Political	Perceptions	Alternative evaluation	Dealer choice
Promotion	Cultural	Personality	Purchase decision	Purchase timing
	Demographic	Lifestyle	Post-purchase behaviour	Purchase amount
	Natural	Knowledge		

MODEL OF CONSUMER BEHAVIOR



FACTORS INFLUENCING CONSUMER BEHAVIOR



Types of Buying Decision Behavior

Complex buying behavior

Dissonance-reducing buying behavior

Habitual buying behavior

Variety-seeking buying behavior

Some purchases are simple and routine, even habitual. Others are far more complex—involving extensive information gathering and evaluation—and are subject to sometimes subtle influences.

Four Types of Buying Decision

Consumers undertake **complex buying behavior** when they are highly involved in a purchase and perceive significant differences among brands. Consumers may be highly involved when the product is expensive, risky, purchased infrequently, and highly self-expressive

Consumers undertake **variety-seeking buying behavior** in situations characterized by low consumer involvement but significant perceived brand differences. In such cases, consumers often do a lot of brand switching.

High involvement **Low** involvement

Significant differences between brands

Complex buying behavior

Variety-seeking buying behavior

Dissonance-reducing buying behavior

Habitual buying behavior

Dissonance-reducing buying behavior occurs when consumers are highly involved with an expensive, infrequent, or risky purchase but see little difference among brands.

Habitual buying behavior occurs under conditions of low-consumer involvement and little significant brand difference.

The Buyer Decision Process

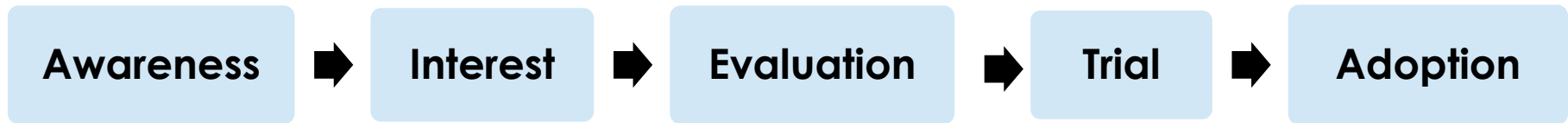
The buying process starts long before the actual purchase and continues long after. In fact, it might result in a decision not to buy. Therefore, marketers must focus on the entire buying process, not just the purchase decision.



Figure suggests that consumers pass through all five stages with every purchase in a considered way. But buyers may pass quickly or slowly through the buying decision process. And in more routine purchases, consumers often skip or reverse some of the stages. Much depends on the nature of the buyer, the product, and the buying situation.

The Buyer Decision Process for New Products

The **adoption process** is the mental process an individual goes through from first learning about an innovation to final regular use.



- *Awareness*: The consumer becomes aware of the new product but lacks information about it.
- *Interest*: The consumer seeks information about the new product.
- *Evaluation*: The consumer considers whether trying the new product makes sense.
- *Trial*: The consumer tries the new product on a small scale to improve his or her estimate of its value.
- *Adoption*: The consumer decides to make full and regular use of the new product.

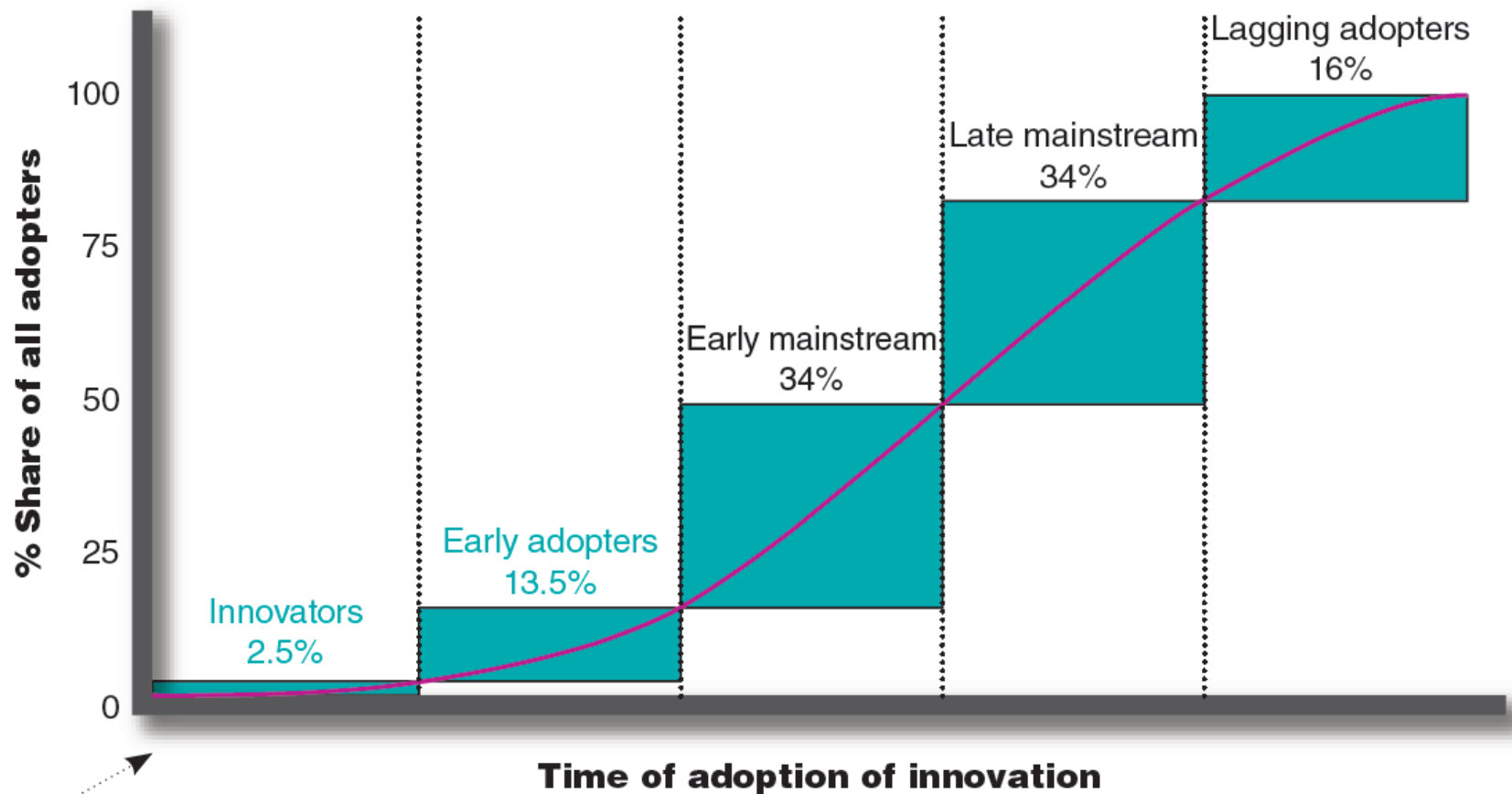
Individual Differences in Innovativeness

People differ greatly in their readiness to try new products. In each product area, there are “consumption pioneers” and early adopters. Other individuals adopt new products much later. People can be classified into the following adopter categories:

- ✓ Innovators
- ✓ Early Adopters
- ✓ Early Mainstream
- ✓ Late Mainstream*

- *Innovators* are venturesome—they try new ideas at some risk.
- *Early adopters* are guided by respect—they are opinion leaders in their communities and adopt new ideas early but carefully.
- The *early mainstream* is deliberate—although they rarely are leaders, they adopt new ideas before the average person.
- The *late mainstream* is skeptical—they adopt an innovation only after a majority of people have tried it.
- *Lagging adopters* are tradition bound—they are suspicious of changes and adopt the innovation only when it has become something of a tradition itself.

Adopter Categories Based on Relative Time of Adoption of Innovations



Longyearbyen, Arctic Circle.

Can we help people wake up
in a town where the sun doesn't rise?



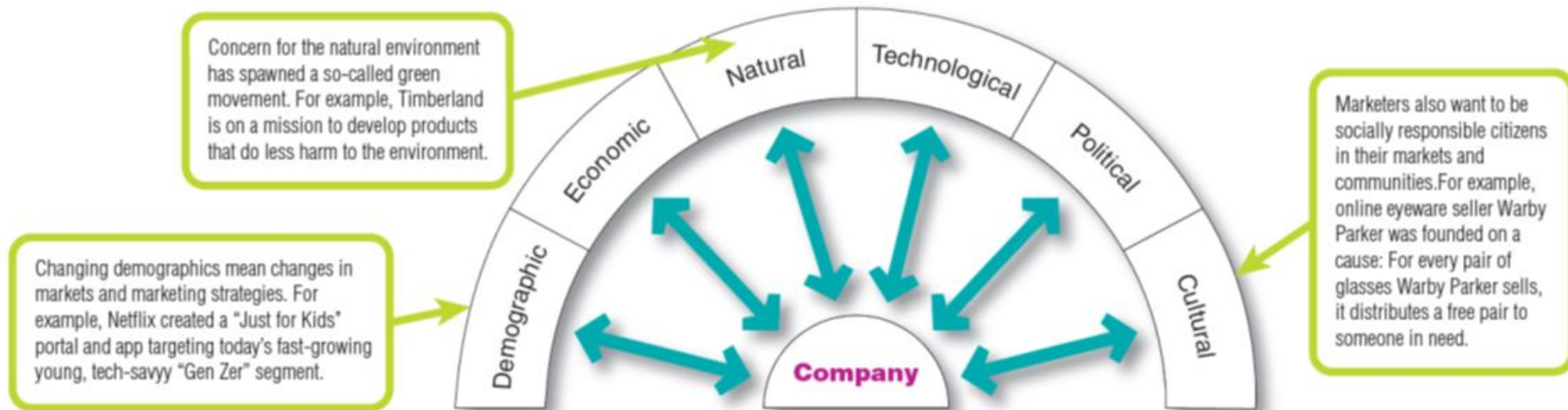
Follow the Wake-up Light experiment
www.philips.com/wakeup

PHILIPS
sense and simplicity

<https://www.youtube.com/watch?v=pokMCfcJ9vE>

The Macroenvironment

Major Forces in the Company's Macroenvironment



Even the most dominant companies can be vulnerable to the often turbulent and changing forces in the marketing environment. Some of these forces are unforeseeable and uncontrollable. Others can be predicted and handled through skillful management.

Companies that understand and adapt well to their environments can thrive. Those that don't can face difficult times.

The Macroenvironment

Demographic Environment

- ✓ **Demography** is 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** include changing age and family structures, geographic population shifts, educational characteristics, and population diversity.






















The Macroeconomic Environment

Demographic Environment

- ✓ Baby Boomers - born 1946 to 1964*
- ✓ Generation X - born between 1965 and 1976*
- ✓ Millennials - born between 1977 and 2000*
- ✓ Generation Z – born after 2000

Chart 1: An overview of the working generations

Characteristics	Maturists (pre-1945)	Baby Boomers (1945-1960)	Generation X (1961-1980)	Generation Y (1981-1995)	Generation Z (Born after 1995)
Formative experiences	Second World War Rationing Fixed-gender roles Rock 'n' Roll Nuclear families Defined gender roles — particularly for women	Cold War Post-War boom "Swinging Sixties" Apollo Moon landings Youth culture Woodstock Family-orientated Rise of the teenager	End of Cold War Fall of Berlin Wall Reagan / Gorbachev Thatcherism Live Aid Introduction of first PC Early mobile technology Latch-key kids; rising levels of divorce	9/11 terrorist attacks PlayStation Social media Invasion of Iraq Reality TV Google Earth Clastonbury	Economic downturn Global warming Global focus Mobile devices Energy crisis Arab Spring Produce own media Cloud computing Wiki-leaks
Percentage in U.K. workforce*	3%	33%	35%	29%	Currently employed in either part-time jobs or new apprenticeships
Aspiration	Home ownership	Job security	Work-life balance	Freedom and flexibility	Security and stability
Attitude toward technology	Largely disengaged	Early information technology (IT) adaptors	Digital Immigrants	Digital Natives	"Technoholics" — entirely dependent on IT; limited grasp of alternatives
Attitude toward career	Jobs are for life	Organisational — careers are defined by employers	Early "portfolio" careers — loyal to profession, not necessarily to employer	Digital entrepreneurs — work "with" organisations not "for"	Career multitaskers — will move seamlessly between organisations and "pop-up" businesses
Signature product	 Automobile	 Television	 Personal Computer	 Tablet/Smart Phone	Google glass, graphene, nano-computing, 3-D printing, driverless cars
Communication media	 Formal letter	 Telephone	 E-mail and text message	 Text or social media	 Hand-held (or integrated into clothing) communication devices
Communication preference	 Face-to-face	 Face-to-face ideally, but telephone or e-mail if required	 Text messaging or e-mail	 Online and mobile (text messaging)	 Facetime
Preference when making financial decisions	 Face-to-face meetings	 Face-to-face ideally, but increasingly will go online	 Online — would prefer face-to-face if time permitting	 Face-to-face	 Solutions will be digitally crowd-sourced

*Percentages are approximate at the time of publication.

*dates may differ

Current Demographic Environment Changes

- Markets are becoming more diverse.
 - International
 - National
- Diversity also includes:
 - Ethnicity
 - Disabled





Example: the gender-neutral doll from Barbie

- The dolls are customisable and come with interchangeable hairstyles and outfits, so children can mix and match more traditionally 'masculine' and 'feminine' clothes.

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Christmas!

POUR FÊTER LA FÊTE DE LA FAMILLE, CARREFOUR A DÉVELOPPÉ UNE GAMME DE PRODUITS DÉDIÉS À LA CUISINE DE FAMILLE. DÉCOUVREZ LES NOUVEAUX DÉLICÉS DU RAMADAN ET LES NOUVEAUX DÉLICÉS DU RAMADAN.

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HAPPY MIGRANTS DAY

alamy stock photo

alamy

Diversity



KFS
Easy Eat Utensil

5-in-1, ultralight, durable and great looking solution to many self-feeding difficulties.

Economic Environment

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

The economic environment can offer both opportunities and threats. Nations vary greatly in their levels and distribution of income. Some countries have *industrial economies*, and at the other extreme are *subsistence economies*.

In between are *developing economies* that can offer outstanding marketing opportunities for the right kinds of products.

- ✓ **Industrial economies** are richer markets.
- ✓ **Subsistence economies** consume most of their own agriculture and industrial output.
- ✓ **Developing economies** offer outstanding marketing opportunities.



Economic Environment

Changes in Consumer Spending

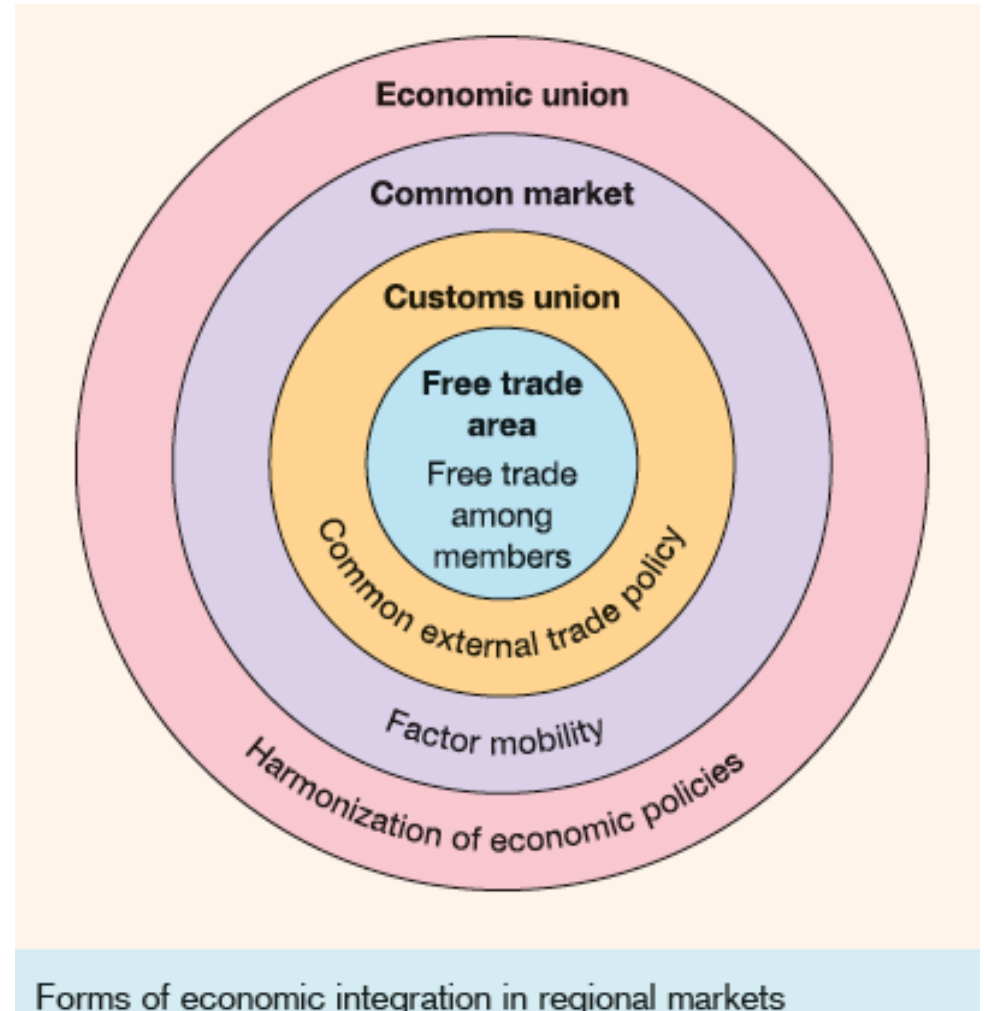
Value marketing involves offering financially cautious buyers greater value—the right combination of quality and service at a fair price.



Regional economic integration

Free trade area - the least restrictive and loosest form of economic integration among nations. In a free trade area all barriers to trade among member countries are removed. Each member country maintains its own trade barriers vis-.-vis non-members.

- ex. **European Free Trade Area (EFTA)** - formed in 1960, arrangement that allows for free movement of people, products, services and capital.



Economical factors - major trading blocs

- **Gross domestic product (GDP)** - the total value of all goods and services produced by capital and workers in a country.
- **GNI (= GNP)** - the current income indicator used by the World Bank.



GNI (= GNP) = GDP +/- net income from assets (e.g. subsidiaries abroad)

*This means that GNI is the total value of all goods and services produced by a country's residents or corporations, regardless of their location (World Bank, 2015a).

Organization	Type	Members	Population (million)	GNI (US \$ billion)	GNI per capita (US \$)
European Union	Political and economic union	Austria	8.5	427.3	50,390
		Belgium	11.2	528.0	47,030
		Bulgaria	7.2	53.6	7,420
		Croatia	4.2	55.2	13,020
		Cyprus	1.2	22.5	26,370
		Czech Republic	10.5	199.4	18,970
		Denmark	5.6	345.8	61,310
		Estonia	1.3	24.3	18,530
		Finland	5.5	266.0	48,910
		France	66.2	2,851.7	43,080
		Germany	80.9	3,853.5	47,640
		Greece	11.0	242.0	22,090
		Hungary	9.9	132.9	13,470
		Ireland	4.6	206.0	44,660
		Italy	61.3	2,102.8	34,280
		Latvia	2.0	31.2	15,660
		Lithuania	2.9	45.0	15,380
		Luxembourg	0.6	38.0	69,880
		Malta	0.4	8.9	21,000
		Netherlands	16.9	863.0	51,210
		Poland	38.0	521.8	13,730
Portugal	10.4	221.7	21,320		
Romania	19.9	186.6	9,370		
Slovakia	5.4	96.4	17,810		
Slovenia	2.1	47.8	23,220		
Spain	46.4	1395.9	29,940		
Sweden	9.7	596.9	61,600		
UK	64.5	2754.1	42,690		
		Total	508.3	18,133	35,673

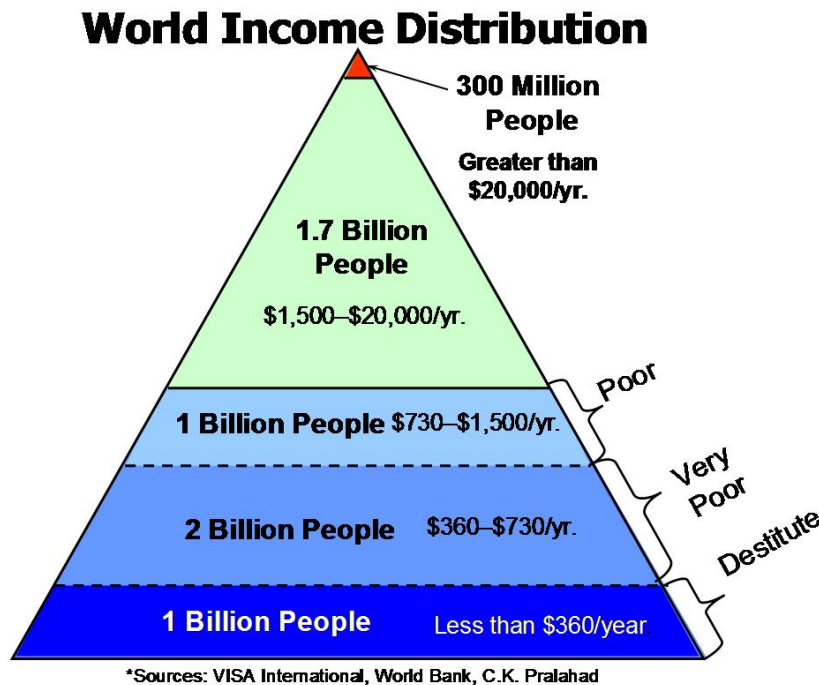
BRIC – the emerging markets

- BRIC –stands for Brazil, Russia, India and China.
- These are countries to watch, the emerging markets where we will see high future growth.
- The BRIC term is also used by companies who consider these countries as key to their emerging markets strategies.
- Together, the four BRIC countries account for **42 per cent of the world's population and approximately 20 per cent of the world's gross domestic product.**



Income Distribution

Over the past several decades, the rich have grown richer, the middle class has shrunk, and the poor have remained poor.

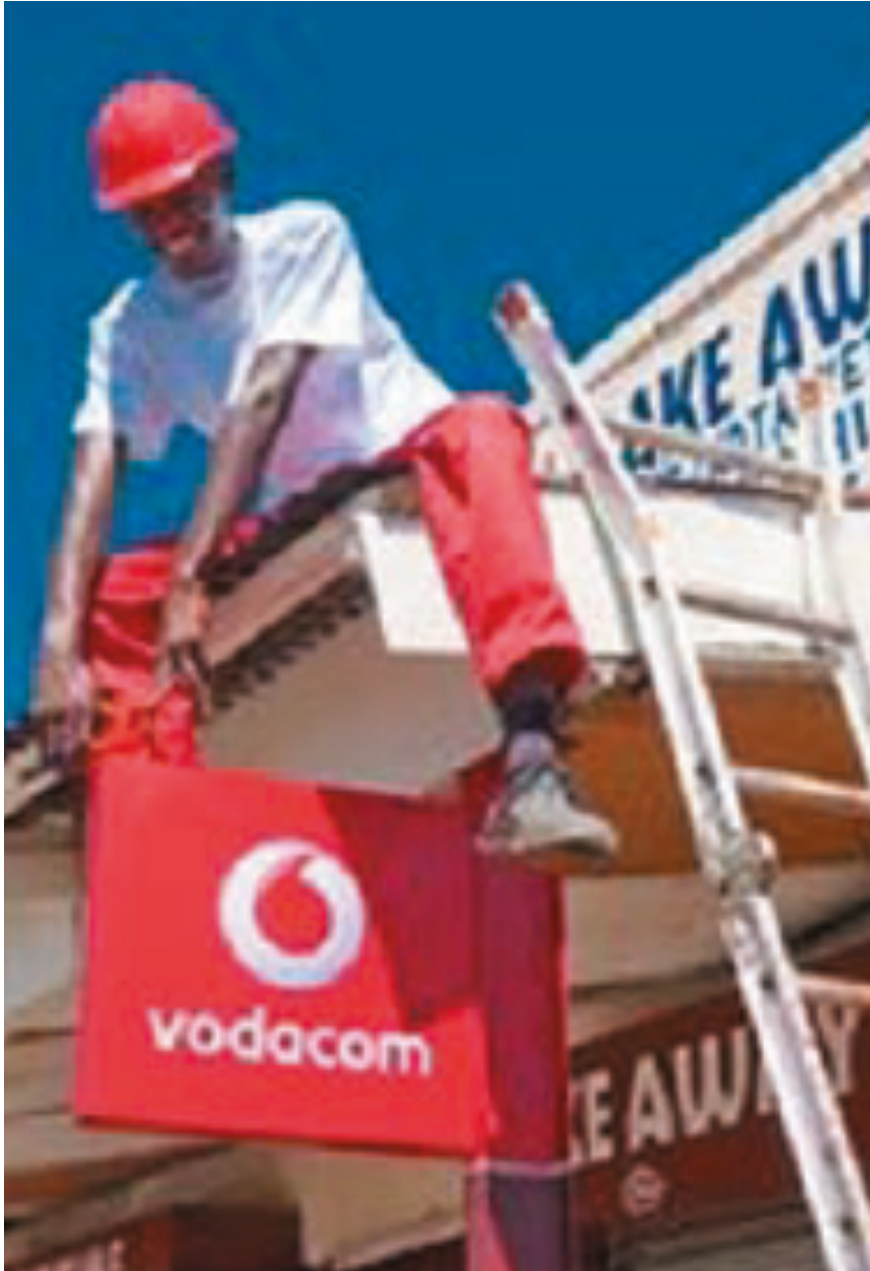


Changes in major economic variables, such as **income, cost of living, interest rates, and savings and borrowing patterns**, have a large impact on the marketplace. Companies watch these variables by using economic forecasting so they do not have to be wiped out by an economic downturn or caught short in a boom.



‘Bottom of pyramid’ (BOP) as a market opportunity

- Poverty is a widespread reality in the modern world.
- **Two-thirds of the world’s population earn less than US \$2,000** per year. The poor people’s market has been seen as **a gold mine for reaping business profits** and it has been called the ‘bottom of the pyramid’ (BOP) market.
- Focus on the BOP market should be **a part of core business** and not just corporate social responsibility (CSR) initiatives: catering to the BOP market (by satisfying unmet social needs and new consumer preferences), business organizations can **create market opportunities** of substantial value.



The poor as consumers

Facts:

- The average consumption of poor people is US \$1.25 per day.
- Assuming there are 2.7 billion poor people, this implies a BOP market size of US \$1.2 trillion.

A two-stage model to reach BOP customers:

1) **Deep cost management** - to identify core value proposition to match its BOP customers' needs and wants and then to re-engineer the value chain to reduce costs.

2) **Deep benefit management** - to recognize that BOP

customers' needs and wants are very different from those of more affluent customers.



The Natural Environment

The **natural environment** is the physical environment and the natural resources that are needed as inputs by marketers or that are affected by marketing activities.

Trends in the Natural Environment

- ✓ Growing shortages of raw materials
- ✓ Increased pollution
- ✓ Increased government intervention
- ✓ Developing strategies that support environmental sustainability



Natural Environment

Environmental sustainability involves developing strategies and practices that create a world economy that the planet can support indefinitely.



● **Environmental sustainability:** Timberland is on a mission to do everything it can to reduce its impact on the planet while at the same time making better outdoor gear.

The Timberland Company

Environmental concerns create marketing opportunities for alert companies. Many companies are responding to consumer demands with more environmentally responsible products. Others are developing recyclable or biodegradable packaging, recycled materials and components, better pollution controls, and more energy-efficient operations.

**DON'T BUY
THIS JACKET**



DON'T BUY THIS JACKET

- Patagonia advertisement from the Friday, November, 25, 2011 edition of [The New York Times](#)



It's Black Friday, the day in the year retail turns from red to black and starts to make real money. But Black Friday, and the culture of consumption it reflects, puts the economy of natural systems that support all life firmly in the red. We're now using the resources of one-and-a-half planets on our one and only planet.

Because Patagonia wants to be in business for a good long time—and we want it available for our kids—we want to do the opposite of every other business today. We ask you to buy less and to reflect before you spend a dime on this jacket or anything else.

Environmental bankruptcy, as with corporate bankruptcy, can happen very slowly, then all of a sudden. This is what we face unless we slow down, then reverse the damage. We're running short on fresh water, topsoil, fisheries, wilderness—all our planet's natural systems and resources that support business, and life, including our own.

The environmental cost of everything we make is astounding. Consider the F-20 jacket shown, one of our best sellers. To make it required 125 liters of

COMMON THREADS INITIATIVE

REDUCE

We make useful gear that lasts a long time
YOU don't buy what you don't need

REPAIR

We help you repair your Patagonia gear
YOU pledge to fix what's broken

REUSE

We help find a home for Patagonia gear
you no longer need
YOU sell or pass it on*

RECYCLE

We will take back your Patagonia gear
that is worn out
YOU pledge to keep your stuff out of
the landfill and incinerator



REIMAGINE

TOGETHER we reimagine a world where we take
only what nature can replace

water, enough to meet the daily needs (three glasses a day) of 45 people, its journey from its origin as 100% recycled polyester to our Reno, warehouse generated nearly 20 pounds of carbon dioxide, 24 times the weight of the finished product. This jacket left behind, on its way to Reno, two-thirds its weight in waste.

And this is 100% recycled polyester jacket, knit and sewn to a high standard; it is exceptionally durable, so you won't have to replace it as often. And when it comes to the end of its useful life we'll take it back to recycle into a product of equal value. But, so is true of all the things we can make and you can buy, the jacket comes with an environmental cost higher than its price.

There is much to be done and plenty for us all to do. Don't buy what you don't need. Think twice before you buy anything. Go to [patagonia.com/CommonThreads](#) or scan the QR code below. Take the Common Threads Initiative pledge, and join us in the 18th "T," to reimagine a world where we take only what nature can replace.

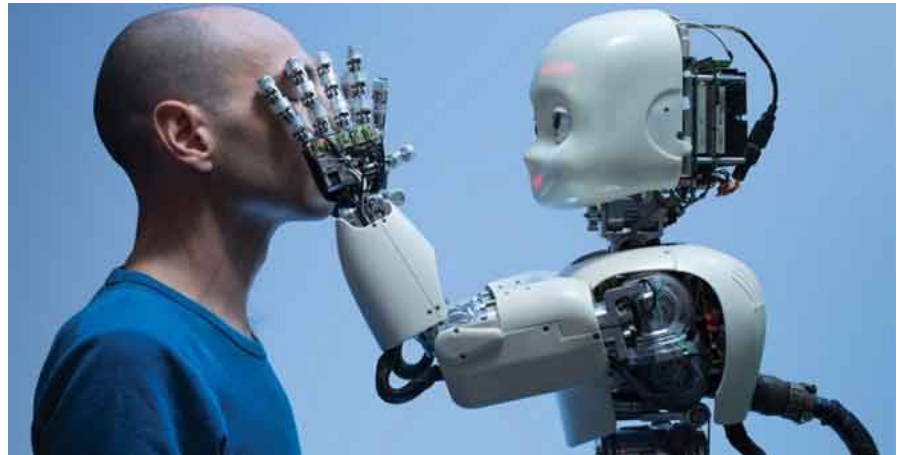
patagonia
patagonia.com



Technological Environment

The technological environment changes rapidly. New technologies create new markets and opportunities. Marketers should watch the technological environment closely.

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



Web 1.0



**Centralised, human mediated,
rent seeking**

Web 2.0



Web 3.0

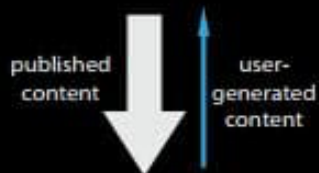


**Decentralised
Autonomous p2p**



Web 1.0

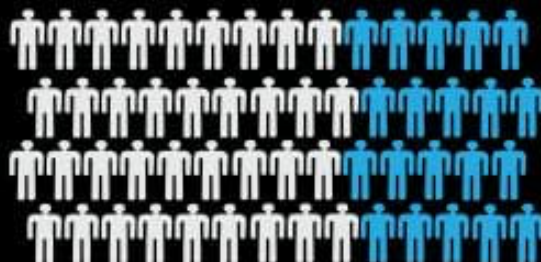
100,000 websites
(read-only Web)



50,000,000 users

Web 2.0

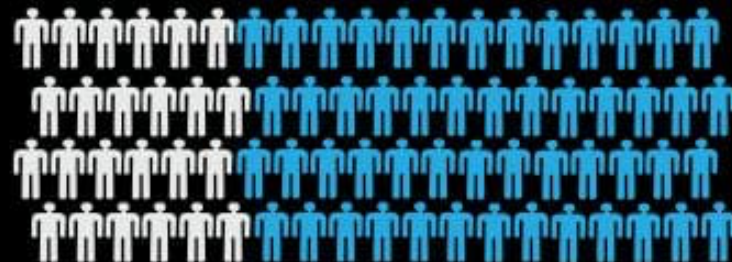
100,000,000 websites
(read-write Web)



1,000,000,000 users

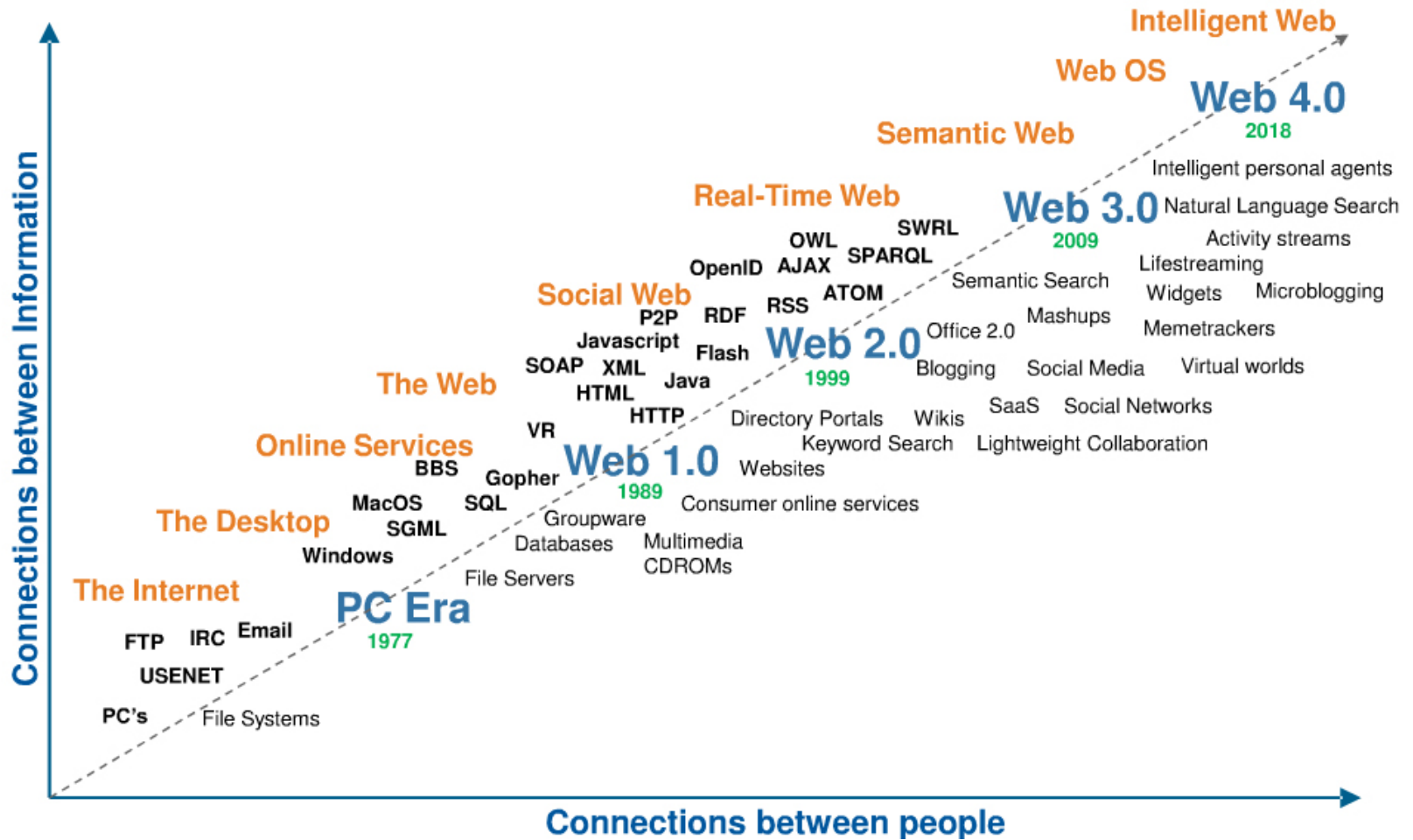
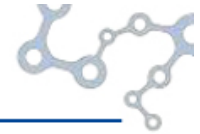
Web 3.0

1,000,000,000 websites
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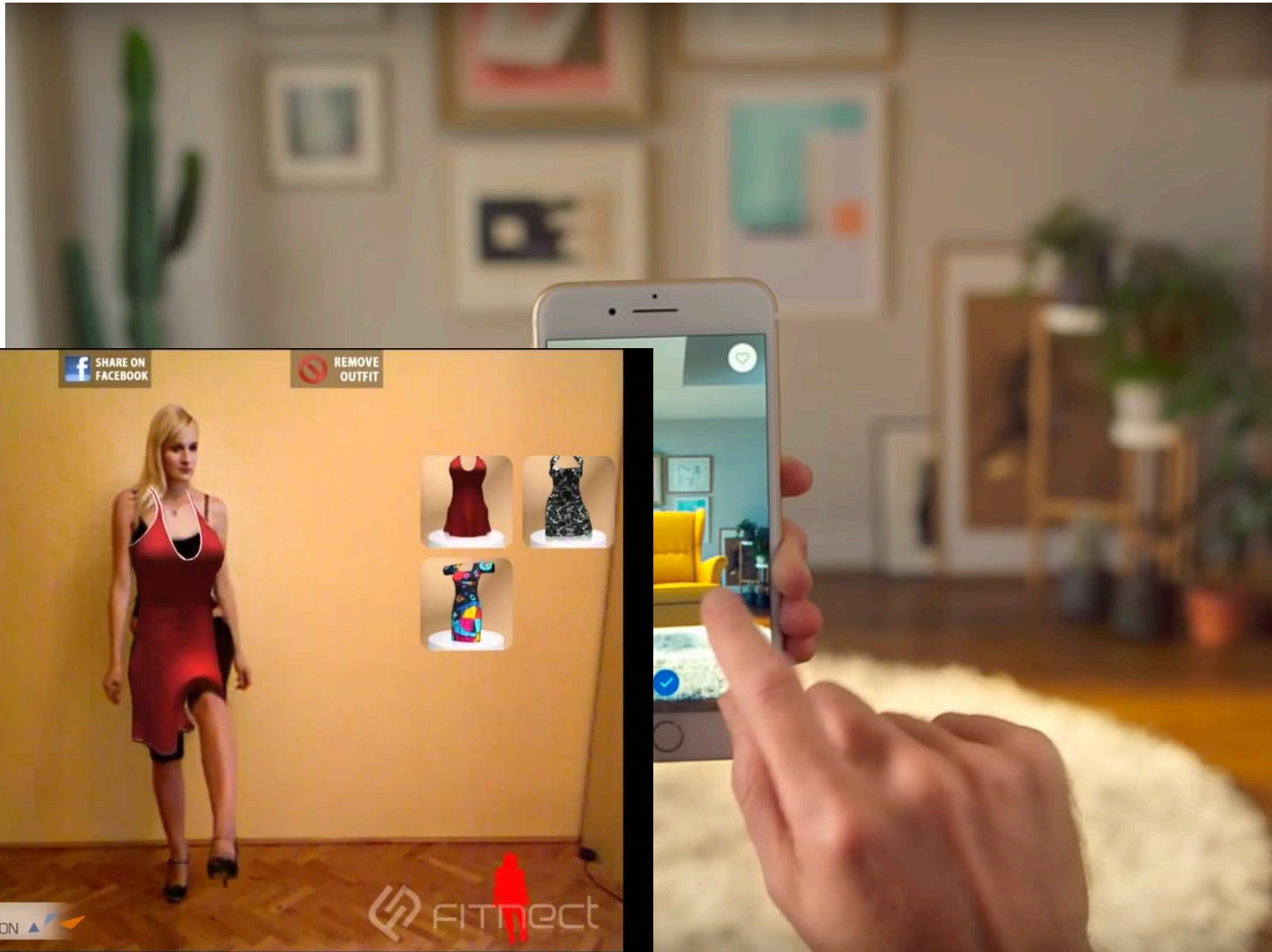


2,500,000,000 users

The Intelligence is in the Connections



Augmented reality



Virtual reality

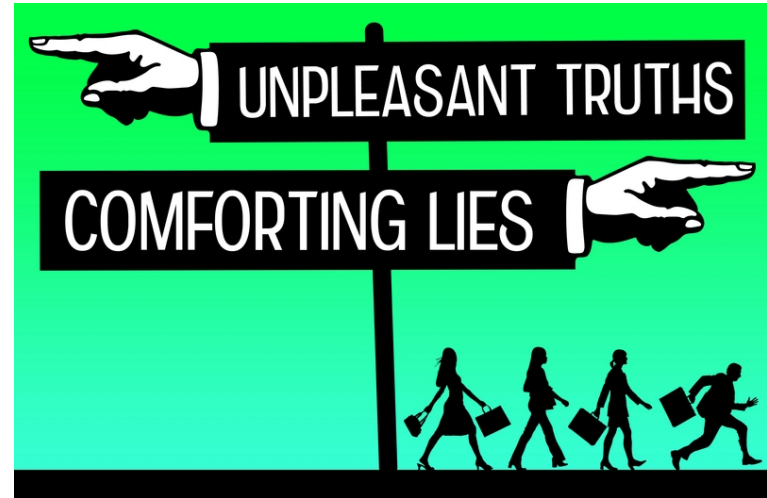


Political and Social Environment

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

Legislation regulating business is intended to protect:

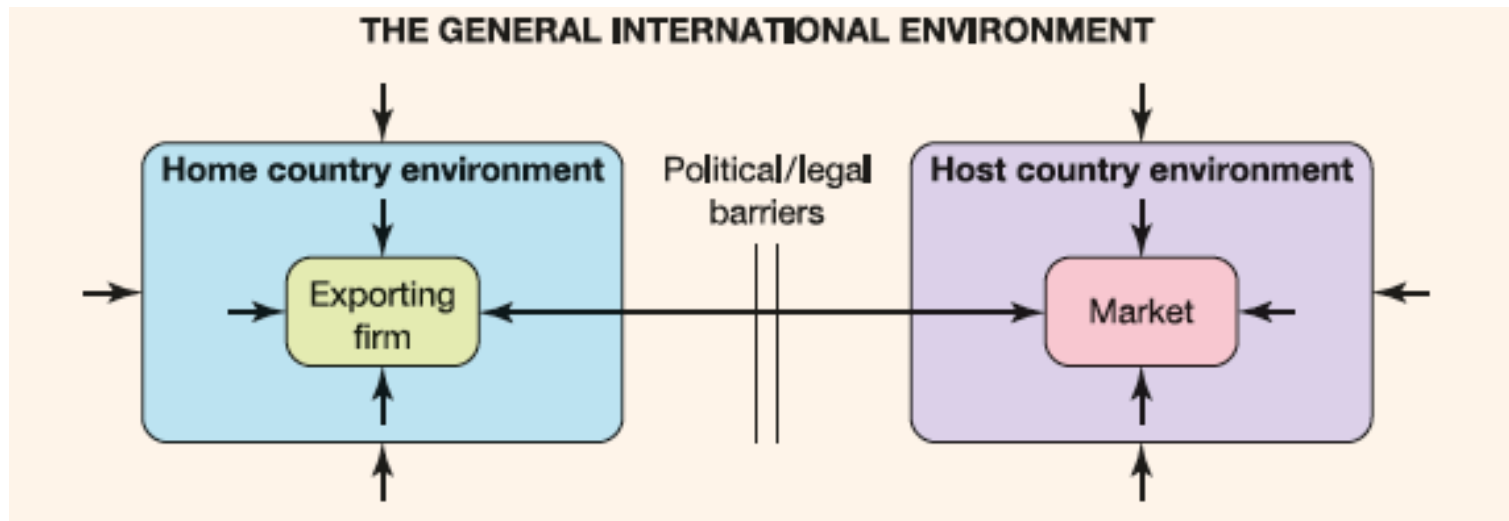
- ✓ companies from each other
- ✓ consumers from unfair business practices
- ✓ the interests of society against unrestrained business behavior



Political Environment for International Business

The political/legal environment comprises primarily the following dimensions:

- the home country environment
- the host country environment
- the general international environment



A firm's home country political environment can constrain its international operations as well as its domestic operations. It can limit the countries that the international firm may enter.

Promotional Government Activities

Regulatory supportive activities are direct government attempts to make its country's products more competitive in world markets.

There are also attempts to **encourage greater participation in exporting**, particularly by smaller companies.

Government export promotion programmes, and programmes for global marketing activities in general, are designed to deal with the following internal barriers:

- **lack of motivation**, as global marketing is viewed as more time-consuming, costly and risky, and less profitable, than domestic business;
- **lack of adequate information**;
- **operational/resource-based limitations.**



Financial Government Activities

The national government can assume its role as an international banker through the membership of international financial organizations such as:

- the International Monetary Fund (IMF)
- the World Bank.



Social Environment

- ✓ **Increased emphasis on ethics**
- ✓ **Socially responsible behavior** - Enlightened companies encourage their managers to look beyond what the regulatory system allows and simply “do the right thing.”
- ✓ **Cause-related marketing** - To exercise their social responsibility and build more positive images, many companies are now linking themselves to worthwhile causes. It has become a primary form of corporate giving which lets companies “do well by doing good” by linking purchases of the company’s products or services with benefiting worthwhile causes or charitable organizations.



Cultural Environment

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

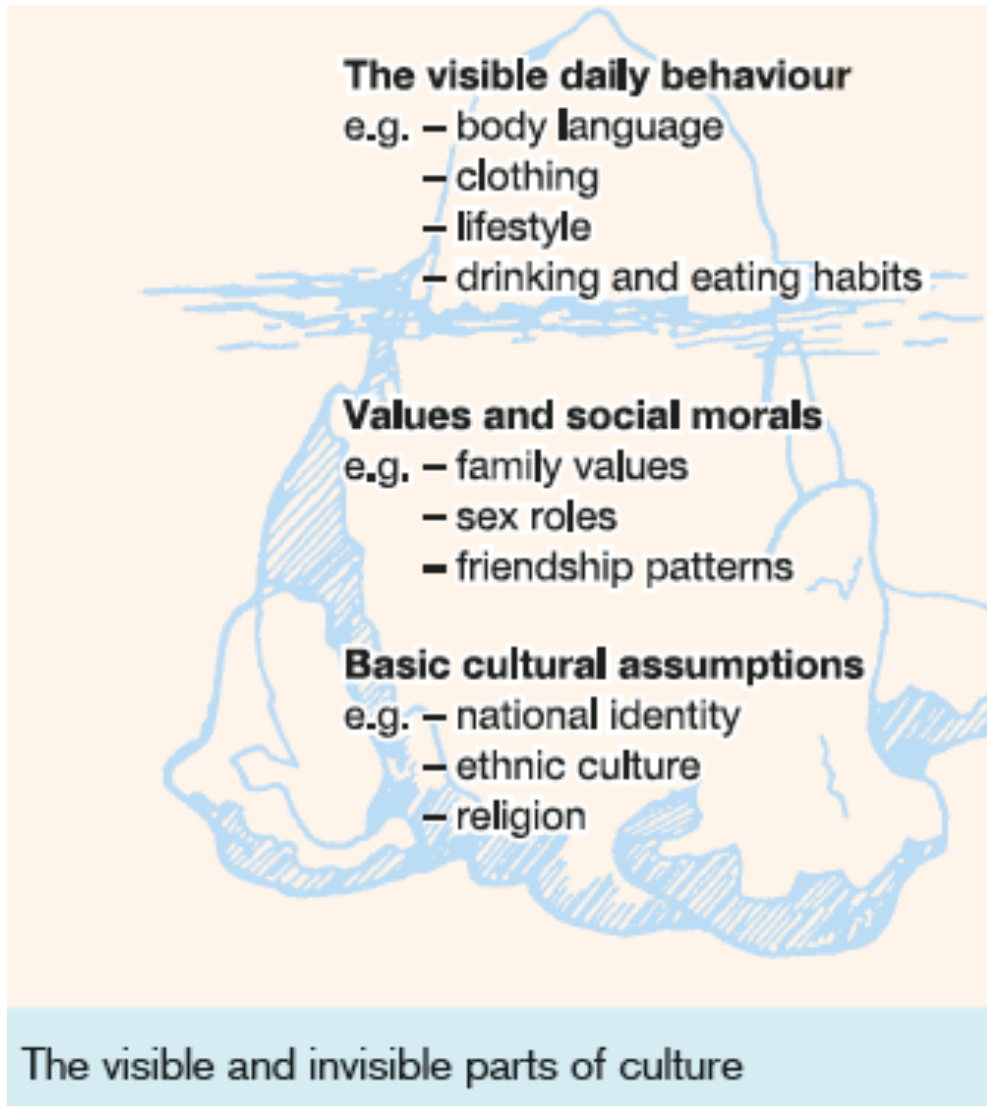


Core beliefs and values are persistent and are passed on from parents to children and are reinforced by schools, churches, businesses, and government.

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

Cultural factors strongly affect how people think and how they consume, so marketers are keenly interested in cultural forces.

Cultural Environment



- **Low-context cultures** - rely only on spoken and written language ('get everything down in the written contract'). Low degree of complexity in communication.
- **High-context cultures** - use more elements surrounding the message. The cultural context in where the message is communicated has a lot to say. High degree of complexity in communication.

General comparative characteristics of cultures

Characteristic	Low-context/individualistic (e.g. western Europe, US)	High-context/collectivistic (e.g. Japan, China, Saudi Arabia)
<i>Communication and language</i>	Explicit, direct	Implicit, indirect
<i>Sense of self and space</i>	Informal handshakes	Formal hugs, bows and handshakes
<i>Dress and appearance</i>	Dress for individual success, wide variety	Indication of position in society, religious rule
<i>Food and eating habits</i>	Eating is a necessity, fast food	Eating is social event
<i>Time-consciousness</i>	Linear, exact, promptness is valued, time = money	Elastic, relative, time spent on enjoyment, time = relationships
<i>Family and friends</i>	Nuclear family, self-oriented, value youth	Extended family, other oriented, loyalty and responsibility, respect for old age
<i>Values and norms</i>	Independence, confrontation of conflict	Group conformity, harmony
<i>Beliefs and attitudes</i>	Egalitarian, challenge authority, individuals control destiny, gender equity	Hierarchical, respect for authority, individuals accept destiny, gender roles
<i>Mental process and learning</i>	Lateral, holistic, simultaneous, accepting life's difficulties	Linear, logical, sequential, problem-solving
<i>Business/work habits</i>	Deal-oriented ('quickly getting down to business'), rewards based on achievement, work has value	Relationship-oriented ('first you make a friend, then you make a deal'), rewards based on seniority, work is a necessity

Language

Mother tongue (first language)	No. of speakers (million)
Chinese	1,000
English	350
Spanish	250
Hindi	200
Arabic	150
Bengali	150
Russian	150
Portuguese	135
Japanese	120
German	100
French	70
Punjabi	70

Note: Chinese is composed of a number of dialects of which Mandarin is the largest.

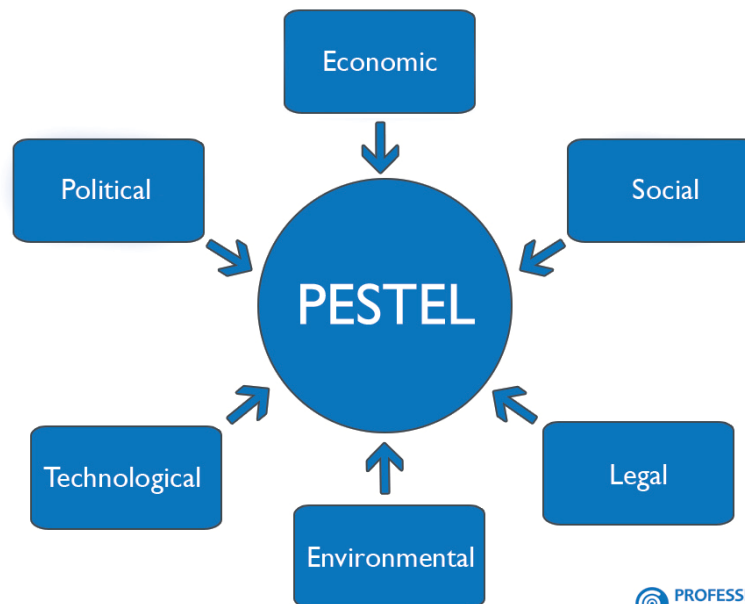
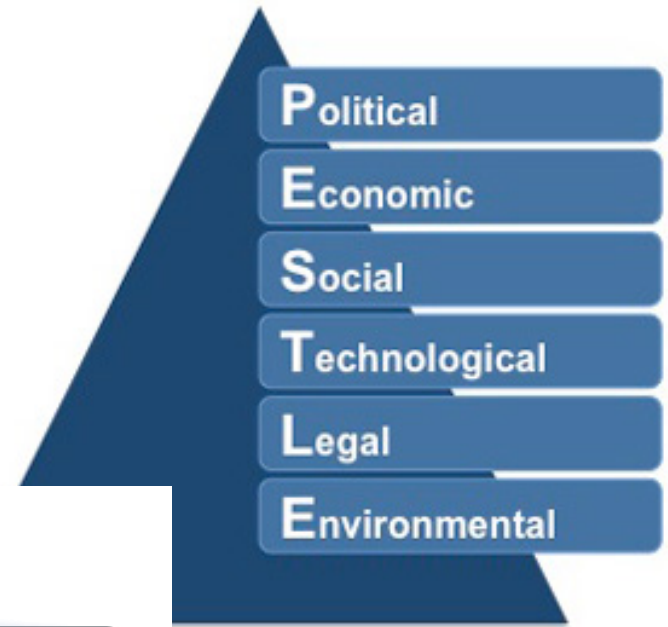
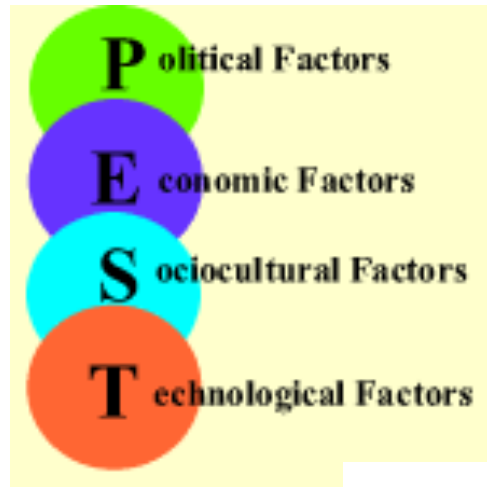
Source: adapted from Phillips *et al.* (1994), p. 96.

Non-verbal language

Non-verbal language Implications for global marketing and business

<i>Time</i>	<p>The importance of being 'on time'. In high-context cultures (e.g. Middle East, Latin America), time is flexible and not seen as a limited commodity.</p>
<i>Space</i>	<p>Conversational distance between people.</p> <p><i>Example:</i> Individuals vary in the amount of space they want between themselves and others. Arabs and Latin Americans like to stand close to people they are talking to. If an American, who may not be comfortable with such proximity, backs away from an Arab, this might be mistaken as a negative reaction.</p>
<i>Material possessions</i>	<p>The relevance of material possessions and interest in the latest technology. This can have a certain importance in both low-context and high-context countries.</p>
<i>Friendship patterns</i>	<p>The significance of trusted friends as a social insurance in times of stress and emergency.</p> <p><i>Example:</i> In high-context countries, extended social acquaintance and the establishment of appropriate personal relations are essential to conducting business. The feeling is that one should often know one's business partner on a personal level before transactions occur.</p>
<i>Business agreements</i>	<p>Rules of negotiations based on laws, moral practices or informal customs.</p> <p><i>Example:</i> Rushing straight to business will not be rewarded in high-context cultures because deals are made not only on the basis of the best product or price, but also on the entity or person deemed most trustworthy. Contracts may be bound by handshakes, not complex agreements – a fact that makes some, especially western, business people uneasy.</p>

Macroenvironment Analysis



Macroenvironment Analysis

POLITICAL

- ecological/environmental issues
- current legislation home market
- future legislation
- international legislation
- regulatory bodies and processes
- government policies
- government term and change
- trading policies
- funding, grants and initiatives
- home market lobbying/pressure groups
- international pressure groups
- wars and conflicts

ECONOMIC

- home economy situation
- home economy trends
- overseas economies and trends
- general taxation issues
- taxation specific to product/services
- seasonality/weather issues
- market and trade cycles
- specific industry factors
- market routes and distribution trends
- customer/end-user drivers
- interest and exchange rates
- international trade/monetary issues

SOCIAL

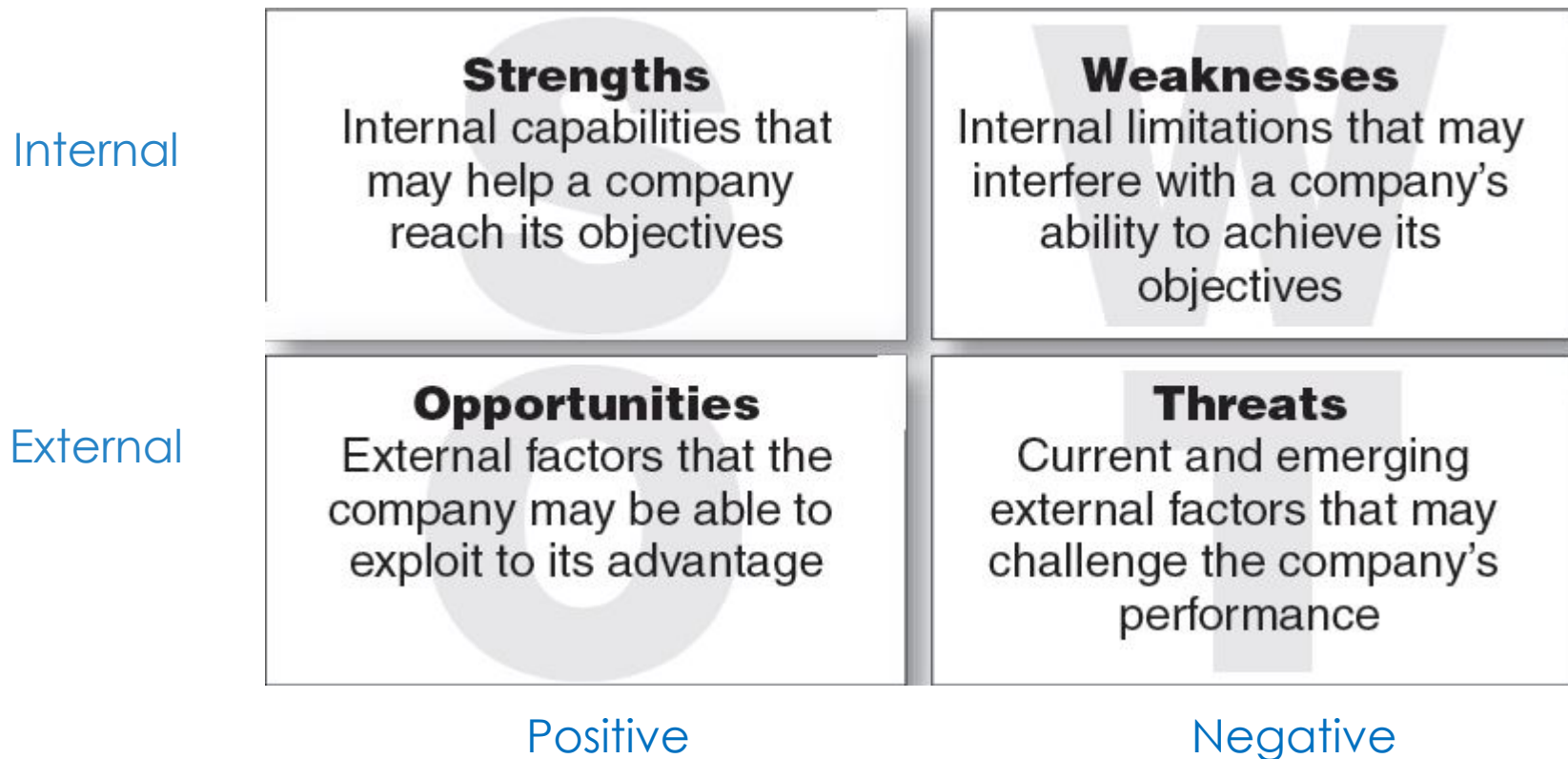
- lifestyle trends
- demographics
- consumer attitudes and opinions
- media views
- law changes affecting social factors
- brand, company, technology image
- consumer buying patterns
- fashion and role models
- major events and influences
- buying access and trends
- ethnic/religious factors
- advertising and publicity
- ethical issues

TECHNOLOGICAL

- technological
- competing technology development
- research funding
- associated/dependent technologies
- replacement technology/solutions
- maturity of technology
- manufacturing maturity and capacity
- information and communications
- consumer buying mechanisms/technology
- technology legislation
- innovation potential
- technology access, licensing, patents
- intellectual property issues
- global communications

Managing the Marketing Effort

Marketing Analysis – SWOT Analysis



<div style="text-align: center;">Internal External</div>	Strengths (S) related to therapy	Weaknesses (W) related to therapy
Opportunities (O) related to patient	SO (maxi-maxi) Maximize S & O All-maxi-strategy	WO (mini-maxi) Minimize W & maximize O Opportunity-focused strategy
Threats (T) related to patient	ST (maxi-mini) Maximize S & minimize T Strength-focused strategy	WT (mini-mini) Minimize W & T All-mini-strategy

Figure 1. The general SWOT matrix.

SWOT Strategies



SWOT Analysis

External

Opportunities

Threats

Internal

Strengths

How do you leverage your strengths to benefit from opportunities?

How do you use your strengths to minimize the impact of threats?

Weaknesses

How do you ensure your weaknesses will not stop you from opportunities?

How will you fix weaknesses that can make threats have a real impact?



SWOT ANALYSIS

	Strengths 1. 2. 3. 4.	Weaknesses 1. 2. 3. 4.
Opportunities 1. 2. 3. 4.	Opportunity-Strength strategies <i>Use strengths to take advantage of opportunities</i> 1. 2.	Opportunity-Weakness strategies <i>Overcome weaknesses by taking advantage of opportunities</i> 1. 2.
Threats 1. 2. 3. 4.	Threat-Strength strategies <i>Use strengths to avoid threats</i> 1. 2.	Threat-Weakness Strategies <i>Minimize weaknesses and avoid threats</i> 1. 2.

