# Analysis of the marketing environment: microenvironment and macroenviroment assig...

ANALYZING THE MARKETING ENVIROMENT: (Microenvtroment + Macroenvtroment) 1 , Preveiwing the Concept the actors and forces outside marketing that affect maketing management's ability to build and maintain successful relationship with target customer Eg.

Mc Donald chaning environment and adapting The Microenviroment includes the actors close to the company that affect to the company's ability to serve its customers +) It consist of the company's internal environment : departments and managements levels0 influences marketing decision making+) Marketing channel firms: suppliers, marketing intermediaries, customer arket, competitors, and publics0 cooperate to creat customer value The Macroenviroment : the larger societal forces that effect Microenviroment – demographic, economi, natural, technological, political, and cultural forces 0 6 forces shape opportunities and pose threats to the company 2, Explain how changes in demographic and economic environments affect marketing decisions Demography is the study of the characterivtics of human population in term of size, density, location, age, gender, race, occupation and other statistics.

And todays Demographic environment shows a changing age structure, shilfting family rofile, geographic population shifts a better educated and more white collar population, and increasing diversity 1 . POLICTICAL:, sometimes they cross the rules regulation for software companies locally as well as internationally where they don't compromise with their product quality. Sometimes for this reasons govt. can make restriction sales or production with in a country. Microsoft pays royalty to host country for their licensing agreement to operate business over there. Sometimes they don't

want to pay more royalty for operation, for that they have to convince some political leader or companies' anager, which consume time and also reputation. 2.

ECONOMIC: they are issuing corporate bond at low borrowing rate in the market then govt. bond. It is very much harmful sometimes for public. If Govt. increase market rate of bond, then public will be in trouble. Company should not issue their bond at below rate of govt. standard rate. But Microsoft is issuing for increase their profit; sales may be for short term or may be for long term. On the other hand by employment, revenue is increasing, with this revenue, people have to pay a big amount of tax to govt. and they are getting dependent on software companies. 3. SOCIAL: they are trying to doing their best by maintaining corporate social responsibility in the society.

They are providing social networking site for building communities among people all over the world. Also it's exposing user friendly software for all kind of people such as – video games for baby boomers, Skype soft for building strong community among people. By this way their software product for consumption. 4. TECHNOLOGICAL: Microsoft introduces their product with people locally as well as in the world too. For every kind of computer task, we can't imagine without ms software. No matter what their all product is lexible and easy to use. Maximum of their product is operating software, which are most important for any kind of technological advancement. It works undoubtedly best in the world.

Undoubtedly we can say Life is impossible without operating 5. ENVIRONMENT: they save energy and butt a green IT to make UK green and clean environment country 6. LEGAL: Strengths 1. Brand loyalty 2. Brand reputation 3. Easy to use software 4. Strong distribution channels 5. Robust financial performance 6. Acquisition of Skype Weaknesses 1. Poor acquisitions and investments 2. Dependence on hardware manufacturers 3. Criticism over security flaws . Mature PC markets 5. Slow to innovate Opportunities 1 . Cloud based services 2. Mobile advertising 3. Mobile device industry 4. Growth through acquisitions Threats 1 . Intense competition in software products 2.

Changing consumer needs and habits 3. Open source projects 4. potential lawsuit STRENGTHS 1 . Brand loyalty. Over the years, Microsoft has been the leading OS and software provider, which resulted in more than 90% market share for PC OS. Most of us grew up using its easy to use OS, are familiar with it and will keep using it. Few other brands are capable to compete with Microsoft for this reason. Even open source OS, which are completely free and well suited to use for common user, find it hard to attract users. 2. Brand reputation. According to Interbrand, Microsoft's brand is the 5th most valuable brand in the world, valued at $ 57. 8 billion.

Forbes listed the corporate as tne /tn most repu taDle Duslness In tne world. Brand reputation leads to higher sales and greater market share. 3. Easy to use software. Windows OS and Office software products are so popular not Just because Microsoft has great monopolistic power, strong distribution channels and good brand reputation but also ecause its products are of great

quality and really easy to use. 4. Strong distribution channels. The company works with all the major computer hardware producers such as Lenovo, Dell, Toshiba and Samsung and major computer retailers to make sure computers would be sold with already pre-installed Windows software.

The company also invested in Dell and Nokia to tighten its relationships with these companies. 5. Robust financial performance. Microsoft grew its revenues by 20% from 2008 to 2012 and holds more than $63 billion of cash and cash equivalents that can be used for acquisitions and substantial investments into R. . Acquisition of Skype. With nearly 300 million users, Skype is a significant boost to Microsoft's online presence and have a lot of potential in generating income from online advertising. WEAKNESS 1 . Poor acquisitions and investments. Few of Microsoft's acquisitions were successful and brought not Just revenues and products but new skills and competencies to the company.

Massive, Link Exchange, WebTV, Danger are Just few examples of multimillion acquisitions made by Microsoft but soon shut down or divested. 2. Dependence on hardware manufacturers. Microsoft is a giant software corporation ut it does not produce its own hardware and depends on computer hardware manufacturers to develop products that run Windows OS. If cheap and popular alternative OS would appear, hardware manufacturers may simple choose the alternative and Microsoft could do little to change the situation. 3. Criticism over security flaws. Windows OS, the main Microsoft product has been heavily criticized for being so weak

against various viruses' attacks. Compared to other OS, Windows is the least protected against such attacks. 4. Mature PC markets.

Only recently has Microsoft entered the mobile technology sector and still heavily depends on its OS nd software sales for standalone and laptop computers. The market for these products has matured and Microsoft will find it harder to grow revenues in these sectors. 5. Slow to innovate. Microsoft has huge R&D resources and great position to enter new markets with innovative products but constantly failed to do so. It had an opportunity to be the first player in online advertising but missed the opportunity. It's entrance to mobile OS was also too late, while Google and Apple captured the market share. OPPORTUNITIES 1 . Cloud based services. Microsoft could expand its range of cloud services and oftware as the demand for cloud-based services is expanding. 2. Mobile advertising.

Mobile advertising markets are expected to grow in double digits over the next few years and Microsoft has a great opportunity to tap into these markets with its mobile OS. 3. Mobile device industry. Smartphones and tablets markets will grow steadily over the next few years and Microsoft could exploit this opportunity by introducing more of its own tablets and a new company phone. 4. Growth through acquisitions. With a huge reserve of cash Microsoft could start acquiring new startups that would bring new technology, skills and competences to the business. THREATS 7. Intense competition in software products. Microsoft is more than ever on the pressure to introduce successful OS both in PC and mobile markets as such competitors Ilke Google ana Apple nave already estaDllsnea posltlons.

B cnanglng consumer needs and habits. Customers shift from buying laptops and standalone PCs to buying smartphones and tablets, the markets, where Microsoft has only a modest market share and may never establish itself. 9. Open source projects. Many new open source projects are coming to the market and some of them became quite successful, such as new Linux OS and Open Source Office. Open source projects are free and so they can become an alternative to expensive Microsoft's products. Potential lawsuits. Microsoft has already been sued for many times and lost quite a few large scale lawsuits. Lawsuits are expensive as they require time and money.

And as Microsoft continues to operate more or less the same way, there is high probability for more expensive lawsuits to come. Our vision is to provide experiences for our customers and partners, across all of their interactions with Microsoft, that they value and recognize, and enable them to realize their full potential. The individuals playing video games comprise an increasingly large and definition- defying group. According to the Entertainment Software Association, the average gamer is 35 years old and has been playing for 13 years. Incidentally, there are more gamers than non-gamers in the U. S. population almost half of which are female.

Todays video game players include a diverse segment of students, employees, military troops, seniors, mothers and fathers who have driven the evolution of games into new territory. The first gamers have grown up, started families and included heir children and parents in the fun, multiplying the pool of multi-generational gamers exponentially. As the population of gamers has expanded, market forces have driven game developers to make

games more accessible to this new, diverse audience. Political: Many organizations are faced with possibly threats from political factors such as laws that can be enforced by the government and terrorism to list a few.

Microsoft has experienced many political factors that have tried to impact on the organization in a negative way but the company has been successful in overcoming these factors and has been able to sustain its sales. In the past two years, Microsoft has made significant progress in resolving many of the legal issues facing the company including the recent U. S. Court of Appeals decision reaffirming its settlement with the Department of Justice, most of the state class-action lawsuits, and the AOL and Sun Microsystems cases alongwith patent claims such as the InterTrust litigation. Resolving these issues marks animportant step forward in clarifying Microsofts legal and related business risk (Gilbertand Katz, 2001). We have resolved the large majority of our legal issues, which thecompany has always said was a rerequisite to addressing our cash managementplans," said Brad Smith, Microsofts general counsel. " While we still have a number of legal issues and we take them seriously, we have reduced the legal uncertainties facingthe company, and we have a much clearer understanding of the potential risks involvedin the cases that remain, such as the ongoing European Commission case" (Redmond, 2004) . Economic: These factors usually pose as potential threats in an organization, such as internal and external inflation. Currency exchange rate has been affecting the demand for computers In certain parts 0T tne world ana nuctuatlng currencles can negatively mpact revenues in the global marketplace (Microsoft, 2005).

Increasing globalization of the Microsoft industry has definitely been a significant advantage for the company as this creates a domino effect which increases profitability for the company . Social: The social lifestyle is not one that would affect Microsoft as in every country and inevery industry, they desire new technology to help them boost their organization aheadof others in this rather competitive world that we live in. In other words Microsoft will notencounter much of a social barrier globally; it is a product that is welcomed byeveryone. This is definitely a probable strength in favour of Microsoft as it means " thesky is the limit" socially.

Technological : Microsoft has made significant advancement in their technology which has definitelyworked in their favor and so has strengthened the company. They continue to beinnovative with their products and utilization of these innovations where increasing theirmarket share is concerned. They are a pure dot. com enterprise which facilitates lowercost both for themselves and the customer, data communication and are user friendly. Being the big giant in the software market they have made and still continue to makehardware to support pecific software business strategies and to list a few: Microsoft mouse which encouraged the use of windows operating system Graphicaluser Interface (GU').

This made GUI more user-friendly and so increased its salesWeb TV (an internet television appliance)The tracing of stolen goods such as laptops and pirated software (this is done whenthese people log on to the internet. (This has given Microsoft huge benefits)PDA also known as the wireless system (The maximization of peoples time so they canmail while on their way)

Microsoft has a big involvement in the productions f modifiedsoftware for NASA and the Pentagon Recently introduced is the Trusted Computingwhich Microsoft has presented as their solution to computer insecurityEcological/EnvironmentalBeing a software industry Microsoft has not been affected by these factors whichcomprise of elements such as salinity levels etc.

To add to this Microsoft has had many opportunities in its favor as cheaper globaltelecommunication costs open new markets as people connect to the market; mobilephone applications and exploitation of personal digital assistants; popularity amongpeople for internet access and the demand for personal computers in the lobal market. Possible threats in the market exist from Apple and Linux, UNIX dominates high-end Included under the Dynamics brand is the customer relationship management software for social networking all over the world. To be partner with govt. and communities it is making strength of socialactivities and increasing innovations. Providing every days updated news, hot news in yahoo page, Google pageetc. Developed Skype, facebook, Tulalip, Hi five etc social networking sites. Think about customer satisfaction, fascination.

So every kind of softwarethat are producing such s windows vista, Microsoft XP, DATA baseprogram etc for ensuring social communication networking in locally as wellas in the world . TECHNOLOICAL to challenge Microsoft on price has so far become unrealistic due to the economies of scale MIcrosoTt enjoys. However given tne Tact tnat today's cutting eage tecnnology could be obsolete tomorrow due to the dynamic nature of the software industry, If

Microsoft fails to acquire or innovation the substitute next level technology

for their platforms, the existing strategy have better chances to fail. Having

realize this threat, so far Microsoft have been so good in being What's Next.