

Supply and demand and larger societal forces

[Economics](#)



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“ The microenvironment consists of the actors close to the company that affect its ability to serve its customers - the company, suppliers, marketing intermediates, customer markets, competitors and publics. The macroenvironment consists of the larger societal forces that affect the microenvironment - demographic, economic, natural, technological, political and cultural forces. ” (Kolter, 2008) We stated on this website that marketing was about meeting needs and providing benefits and the customer should be the central focus of the business.

The companies marketing strategy should be focused around this concept, however, there are factors within the companies marketing environment which can constrain this activity. These factors are both controllable and uncontrollable and have to be carefully monitored by the organisation. The companies marketing environment can be defined as the 'controllable and uncontrollable elements that influence the strategic direction of the company'. The companies marketing environment can be analysed in two broad levels.

The macro environment involves looking at uncontrollable variables that influence company strategy. This is discussed further in PEST Analysis.

Political Influences Relationships between coffee producing nations and US State & Local government controls Economic Influences Constant demand for food and beverages Changes in disposable income could influence purchase levels There is an importance of economic indicators to the strategic planning process in any organization is the ability to benchmark economic conditions that contribute to improve profitability, business growth and market size.

Starbucks have succeeded several economic factors as well as price elasticity of demand. Price elasticity of demand can be determined by the percentage change in the quantity demanded with the percentage change in price. They should consider household income that people are willing to spend more on food and beverages when household income increases. Starbucks innovation in joint ventures has opened new markets and opportunities increasing product use among different demographics.

Starbucks has proven to be highly innovative in business culture that offers prepaid cards, priced from \$ 5 to \$ 500. Joint ventures with Pepsi Company, Dreyer's Grand Ice Cream Inc and inspiring entertainment with the launch of "HearMusic" have developed Starbucks with great success. Starbucks has shown their values, leveraging market power, resources, and capabilities to achieve returns higher than their competition (Investment Group, 2001).