

What do you understand by the term marketing environment? essay sample

[Business](#), [Customers](#)



No organisation operates in a vacuum. All businesses are surrounded by laws, pressure groups, customers and competitors. These are part of the marketing environment that the organisation works within. Dealing with this environment is a major part of the marketer's work since marketing is an interface between the organisation and the outside world, meaning that the marketing policy of any firm should be viewed as operating within a rapidly changing environment. If a company is to meet its goals, these external factors must be monitored and responded to.

All companies, no matter where they are situated, are affected by circumstances beyond their control. These include factors such as climate, technology, interest rates and suppliers. This is what is known as the marketing environment which consists of the internal and external environment. The internal environment is concerned with those marketing factors which occur within the organisation, while the external environment is concerned with everything that happens outside the organisation. The external environment can then be broken down into the micro and macro environment. The micro environment consists of those factors close to the organisation and the macro consists of those common to society as a whole. A useful way of looking at the external environment is through the PEST analysis, which goes about analysing the socio-cultural, technological, economical and political environment. These factors all affect the company itself, to avoid any problems and possibly increase profit, a company needs to be proactive in order to keep up with these environmental changes.

When a company is proactive, managers look for ways to change the organisation's environment in the belief that many environmental factors can be controlled or influenced in some way. A company may be proactive in its socio-cultural environment by analysing the direction in which society is headed and so prepare to benefit from these changes. Example: Women's role is changing in society and more women are working rather than staying home. This gives opportunity for companies such as Bird's Eye to sell more frozen, pre-cooked food which doesn't require a lot of preparation and is convenient for a quick meal. When it comes to technology, more and more people are becoming computer literate. What better and cheaper way to reach a large number of people from anywhere in the world than to advertise on the internet?

Marketers have noticed a " Boom-and-bust" cycle in the economy which shows that every eight years or so national economies tend to go into recession. The company can prepare for this by cutting costs, surplus stock and overheads, such as staff. Example: Most companies tend to go bankrupt during recessions. This can be avoided by keeping on top of its creditors such as the bank. Organisations can also keep on top of politics by preparing for incoming legislation while it is still a white paper and so avoiding hassle later on. Example: Three Hills upgraded its facilities to EU standards before Malta joined the EU making it the most attractive choice for its customers.

The micro environment consists of the competitors, customers, suppliers, intermediaries and some publics. A company has to be aware of all of its competitors in order to be competitive itself. For example, if Zarb Garage

were to consider itself just as a bus business, the competitors might just be defined as other bus companies, where if it defined itself as a transport company its competitors would then be considered to be taxis and the public transport. A firm's competitors are any firm that seeks to meet a similar need of the customer. Customers needs' change, while some disappear altogether. Some years ago Johnson & Johnson realised that much larger quantities of its baby shampoo and talcum powder were being sold than could be accounted for by the number of babies in the country. It found out through research that many adults themselves were also using the products, so Johnson's was able to run a major campaign since a new category of customer had become apparent.

Firms rely heavily on the goodwill of its suppliers since a supplier can easily have an adverse affect on the firm by making late deliveries or sending the wrong order. This is also a good reason for a company to have a fallback supplier. For example a restaurant may order mainly Marsovin wines but also order a few wines from Delicata. If problems occur with Marsovin, the restaurant will have Delicata to rely on to replace the Marsovin wines. This is also a good opportunity for Delicata to push Marsovin out of the loop. The restaurant is also more likely to receive better customer service (where the restaurant becomes the customer) from Delicata since they will be trying to convince the restaurant to make them their main supplier.

The firm must also have a good relationship with its Intermediaries, that is the retailers, wholesalers, agents and others who distribute the firm's good. Some firms rely on these people to sell their product. Publics are all groups

that have an actual or potential impact on the company. These may include shareholders and banks, and local organisations. These publics may have the power to pressure firms into taking actions they may not usually consider taking. Body Shop try to have good relations with their local publics by making it a policy for its franchisees to participate in projects that will help the local community. These activities improve the company's image and generate positive feelings about the store among local residents.

The internal environment is made up of the employees of the company. It is as important as the external environment, since the organisational rules, culture, hierarchy and traditions will inevitably be a major component of the organisation's public face. If the company's staff speak badly about the company to outsiders, the outsiders are more likely to believe what they hear than to believe the company's promotional campaigns.

As can be seen, a company needs to look after all of its environments to be able to develop an efficient strategy in making itself profitable. No company has a perfect balance between all these factors though a few are quite close and so have made themselves popular. When a company has gained this positive form of popularity, it is destined to be profitable, making it reach its primary aim: to be profitable.

Bibliography:

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