

# Micro and macro environment factors essay sample

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



In this report I will be trying to help and advice marketing manager of Dynamic International Ltd. I will explain what are micro and macro environment factors and how do they affect his marketing decisions as well as consumer buying behaviour. I will propose him segmentation criteria, targeting and positioning for his products. Micro environment

Micro environment consists of the different types of stakeholders outside the organisation. The constituents or stakeholders of the micro environment include customers, suppliers, creditors, distributors, dealers, etc. Although these constituents aren't the direct control of the organisation, still they can be influence by organisation through its policies and strategies (Dr. Karminder Ghuman, 2010 page 37). Micro environment factors which could influence Dynamic International Ltd are: Employees

Employees are critical to success of the organisation, the dynamic international is hand gloves manufacturing company and their employees are the ones responsible for keeping their company going. Employing the right stuff, providing them trainings and keeping them motivated gives ability to meet customer's deadlines and produce high quality hand gloves.

#### Suppliers

Suppliers are those that provide goods and services which are transformed into value by organisations. Dynamic Ltd should look for right suppliers and keeping good relationship is crucial to organisation, getting competitive prices and high quality goods are the one of the good relationship examples.

## Customers

Customers are the ones who make a market; they are the ones who buy goods and using them. Customers are the reason why companies start business, why companies developing new products and differentiated their existing products. By selling the goods to the customers organisations makes a profit, that's why Dynamic Ltd have to concentrate on satisfying their customers needs and wants.

## Macro environment

The macro environment consists of constituents that are beyond of the business organisation. The constituents are social-cultural, technological, economical and political factors which constitute their own individual environments (Dr. Karminder Ghuman, 2010 page 37). Macro environmental factors which could influence Dynamic International Ltd are:

### Political

Government is the one that responsible providing the ' rules of the game' which make business function smoothly, government responsible for introducing new laws and regulations, taxation for the business. For example if government decides to cut funds for public sector in order to save money, all councils may have to look for cheaper options to buy gloves for their workmen, which means Dynamic Ltd could lose their customers.

### Economic

It is very important to look at economic environment. Almost every business depends on it, some countries have strong economy some countries don't.

Economic environment is very dynamic; it keeps on changing in changes with government policies. If economy is poor there will be negative effect on the business and organisations would have to find the way out to make people buy their products. For example if there would be high unemployment in the country Dynamic Ltd would have to use different marketing strategies by using commercials or advertising, or dropping their prices to show compassion for their customers.

### Technology

Technology is changing fast and the adoption of the new technology could be a good investment in the business, for example Dynamic Ltd decide to buy a new manufacturing machine , this could be a competitive advantage for them, and it could increase a speed of the production and save the money instead of hiring extra employees.

### Segmentation Criteria

To segment the market is crucial because you have to allocate resources and to know who you are concentrated at. There are four types of segmentations which is geographic, demographic, psychographic, and behavioural segmentation. I will be proposing two segmentation criteria for Dynamic Ltd which is:

#### Demographic segmentation

Dave Needham (1999) suggests that this is the most commonly approach to the market. The division of consumer groups according to demographic variables such as age, gender, income, occupation, education, family size

helps you to target market. Dynamic Ltd could use this to understand how these characteristics influence the products they selling. For example, knowing that customer needs changes with age they could promote their products to meet the needs of all age of groups or using gender segmentation they could increase productivity buy start selling both male and female hand gloves. Behavioural segmentation

Behavioural segmentations concerned about buyers behaviour, they are divided into segments according the way they behave, such as usage of the product, knowledge of the product, loyalty, and attitude toward the products. For example loyal customers might be able pay extra price for a pair of gloves, because their trust the quality and standard of the product, but some may not be interested because they know little or nothing about it. Targeting Strategies

Another step after we finish segmentation is targeting. Once the market has been segmented, the Dynamic International need choose targeting strategy. Targeting is about which and how many groups of customers organisations are going to target with its products or services. There are three targeting strategies: differentiated, undifferentiated, and concentrated. Differentiated strategy

This strategy is when the company decides to target more than a one market segment. Using this strategy the company can spread risk across the market, so if one segment declines the company still has revenue from others. The disadvantage is that it requires a high level of marketing

expertise and will incur higher costs (Marilyn A. Stone, John Desmond, 2007 page 172). Undifferentiated strategy

This strategy is when organisation assumes that the market is homogenous unit, in other words company ignores market segment differences and goes after all market with one product offering (Marilyn A. Stone, John Desmond, 2007 page 172). This approach would suit for large global companies that have strong offerings, or organisations who sell commodity products.

Concentrated strategy

This strategy involves specializing in one specific segment. This can lead to detailed knowledge of target segment`s needs and wants, with the added benefit that organisation is regarded as a specialist over it mass-market competitors. Advantage of this strategy is that it reduces costs, as there is only one marketing mix to manage (Marilyn A. Stone, John Desmond, 2007 page 172). I think the most suitable targeting strategy for Dynamic International Ltd would be differentiated strategy, because this strategy is perfect for organisations wishing to grow. Targeting more than one segment means that Dynamic Ltd would have got more products to offer, so even if some segments would fail they would still get profit from other segments.

Consumer Buying Behaviour

Why do we need to understand customer behaviour? Analyzing customer`s behaviour helps to understand why buyers buy and use certain products and services, it helps business to adjust their marketing strategies and promote their products. Consumer buying behaviour is `the decision processes and

acts of individuals involved in buying and using products or services` (BPP Learning Media, 2010 page 131). There are many situations that buying behaviour could affect marketing activities. As I illustrated below in the first situation it could depend on customer's lifestyle. If the customer is young student who doesn't really know much about technology and needs new laptop, because the old one is broken down, would probably make up his mind quick and easy. While professional IT specialist would probably take is time and think about performance and quality of the product. Second situation as illustrated below it might be psychological factors, where customer is loyal to Apple products and belief that is better than any others.

Buying a laptop (second situation)

Buying a laptop (first situation)

Positioning

After finishing segmenting and targeting I am going to decide what type of positioning strategy could Dynamic Ltd use for its products. Positioning strategy helps to differentiate organisation products and services from its competitors. Havaladar (2010) suggest that positioning could be defined as the distinct place of products (or service) occupies in the minds of the target customers relative to competing products. In other word, how the firms wants its products to be perceived by target customer on important attributes or benefits. Differentiating themselves from competitors is crucial to success, being able to create different perception about your product in your targeting customer's minds that is where the success is. First thing

Dynamic Ltd could try to be different by offering different prices to their customers; however their competitors could switch their prices easy to be competitive. But having good competitive price and quality products that what makes different from your competitors. Dynamic Ltd should come up new design gloves that are comfortable, long lasting and safe gloves that could suit both male and female. Being the first to offer something unique would be a success. They could even use a slogan for their products such as 'The Best hand gloves to protect your hands'.

### Conclusion

I clearly showed what and how micro and macro factors could affect Dynamic Ltd marketing decisions. Also I suggest you the best suitable segmentation criteria, targeting strategy and positioning for your product. I hope my suggestions will help George to make future decisions easier for his company.

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