

# Marketing situation analysis of macro environment

[Business](#), [Marketing](#)



Prior to moving forward the company will array out a marketing situation analysis on the external macro-environment which consists of the demographic, economic, natural, technological, political and cultural environments. The macro-environment encompasses factors beyond the immediate environment that can affect an organization and represent general forces and pressures rather than institutions with which the organization relates directly (Palmer, 2000).

The analysis will be used to further refine the product and develop a marketing strategy which is essential for the product's success in the market place. Marketing is an organizational function and set of processes for creating, immunization and delivering value to customers and for managing customer relationships in ways that benefit the organization and its interested parties (Kef, 2004). The analysis of the macro-environment will identify trends that will impact upon the development of the microwave oven, the target market and the marketing mix.

The demographic environment involves the study of the size and characteristics of a population. The age structure, geographic distribution, balance between males and females and the estimated future size of the population are all considered important factors. Palmer, 2000). Monitoring changes in the size and age structure of the population is a crucial step in the future success of Environmentalist' marketing strategy for the microwave oven.

The demographic trend of continued high population growth will place the company in a positive position to possibly secure a large future customer

base. According to figures released at the end of March 2009, Australia experienced a population growth of 2.1% which has not been higher since the sass and sass (Australian Bureau of statistics, 2009 (a)). Figures at this time also indicate Australia's population at 21,779,000, being an increase of 439,100 over the previous year (ABS, 2009 (b)).

A continued population increase will provide the company with a solid basis to launch the new microwave oven. A key strategy will be to implement a plan to maintain sales growth in coming years. This could be carried out by gaining customer feedback over the first twelve months of sales and implementing any changes that will benefit future consumers which will lead to continued and possibly increased sales activity in line with the population growth.

The trend of Australia's aging population is set to continue at unprecedented levels. Over the past twenty years the number of elderly people increased by 165%, compared with a total population growth of 29% over the same period (ABS, 2008). The impact of the aging population will result in elderly people staying in their own homes for longer due to the limited number of beds available in nursing homes, coupled with the government's increase in funding to provide home care. In 2003-2004 the state and federal governments contributed \$1.1 billion toward the Home and Community Care (HACC) Program which provides basic maintenance and support services to enable older people to remain living in their home and immunity and to prevent premature admission to long-term residential care (ABS, 2005). Environmentalists could benefit from the elderly remaining in their own

homes for longer periods as this represents a new target market opportunity. The company could provide a microwave operating system which includes larger visuals and controls specifically for uncomplicated use by the elderly.

This could provide a platform to launch an innovative marketing campaign focusing on a safe cooking alternative for elderly people who are remaining in their own homes for longer periods. **ECONOMIC ENVIRONMENT** The level of economic activity amongst consumers directly affects the success of organizations. The buying activity is affected through the implementation of monetary and fiscal policies which can manipulate the levels of inflation and employment and ultimately the amount of disposable and discretionary income amongst the buying population (Yorker, 2005).

Due to the recent trend in the economy which has provided business owners with uncertainty and diminished confidence, it is more essential than ever for Environmentalist to be aware of the economic environment and implement strategies to combat a changing market. In August this year economic conditions in Australia were better than had been expected a few months prior with consumer spending noted for its resilience. This established confidence that the economy had recovered to a degree and that the severe threat to the Australian economy had abated.

In the coming months consumer spending will most likely slow somewhat with growth likely to occur in 2010 (Reserve Bank of Australia, 2009). The impact of the uncertain economy will invariably reduce consumer spending and shift the wide target market for microwave ovens to a more condensed target market so therefore the company will need to provide manufacturing

strategies to keep production costs down so that a price attractive product can be offered to the market place.

It will take effective marketing to ensure that the microwave oven is perceived as a necessity in these down times rather than a luxury item.

**NATURAL ENVIRONMENT** The natural environment consists of the natural resources needed by companies to produce products or alternatively natural resources that are affected by marketing activities (Kettle, Brown, Adam, Burton & Armstrong, 2007). Environmentalist needs to be conscious of steel prices which soared almost 50 percent in 2008 and could rise even higher as the cost of raw materials continues to climb and global demand shows little sign of abating.

Steel suppliers have been steadily raising prices to benefit from a strong market after years of decline in the industry and also to pass along to customers the spiraling costs of iron ore and scrap metal, which are two major components for making steel (Stunned, 2008). Even though the manufacture of microwave ovens uses a larger quantity of stainless steel a small quantity of steel is used so if the trend of drastically increased steel prices continues the company will need to be aware of what is occurring in the natural environment as this could affect the overall pricing strategy for the microwave oven.

With the target market of today being more environmentally conscious the company could benefit from research into an alternative product to steel and produce a man-made equivalent that does not deplete mineral resources. The impact of using over-priced resources in manufacturing could result in

the target market perceiving the product at a higher price level rather than the entry level price point that the company is aiming for. Companies must consider how the consumer perceives price and what impact the perception has on the buying decision (Kettle et al. 2007).

**TECHNOLOGICAL ENVIRONMENT** New product and market opportunities are created by forces affecting new technologies and make up the technological environment (Kettle et al. , 2007). Consumers' preference for the latest in technological advancements has resulted in an increase in investment by companies in product research and development as companies embark on an attempt to improve positioning in the market place (Bennett, 2007).

Between 2006 and 2007 Australian businesses invested \$12, 036 million on research and development which was an increase of 16% from 2005 to 2006 (ABS, 2009 (d)).

Environmentalists have an opportunity to attract a large target market. However as the research indicates, there is a substantial amount spent annually on research and development into new products which will ultimately create competition. There is an opportunity for the company to stay ahead of competitors by implementing a strong focus on research and development into the marketing plan however the threat exists of losing the competitive pricing edge if too much is invested in this area.

**POLITICAL ENVIRONMENT** Organizations can be influenced and have their actions limited by laws, government and pressure groups in the political environment (Kettle et al. , 2007). It is necessary for a company to monitor the changing political environment as any changes can dramatically affect a

company's marketing. A cultural move towards sustaining the world's environment for future generations has led to a trend in the Australian government joining international governments in establishing policies and legislation that manufacturers are required to adhere to.

In August 2000, all Australian political authorities agreed to support the International Energy Agency's One-Watt program by pursuing efficiencies in standby power institution of energy consuming products (Department of the Environment, Water, Heritage and the Arts, 2009). Environmentalist is a company that supports energy efficient appliances as many of the company's existing products come under this banner. With the worldwide move towards energy efficiency the company could incorporate this into the marketing strategy.

This is an opportunity for the company to show allegiance with a topical issue, however there is a possible threat to the company's commitment. Consumers could lose faith in Environmentalist' authenticity to the cause if company employees do not possess a sound knowledge of the government policies and legislation that the company currently operates by or do not have knowledge of possible future policies that are in the government pipeline.

Included in the marketing strategy the company would need to provide information sessions to staff with an overview of what current and future legislation affects manufacturing and what the benefits to the environment and the consumer are so that the information can be transferred to the buying public not only through promotion but through one on one contact

with employees. A key focus of marketing in today's business environment is to engage the entire company in marketing (Khan & Williams, 2007).

**CULTURAL ENVIRONMENT** It is imperative for Environmentalist to observe what affects consumer values, perceptions, preferences and behaviors in the cultural environment as changes in these will influence and modify buying decisions (Kettle et al. , 2007). There has been an effort to balance work and family life which has led to a trend towards time saving initiatives. This can be attributed to the hectic lifestyle that families lead which has become more apparent as more women enter the workforce, together with an increase of hours worked by both males and females, leaving less time to maintain a busy household.

The proportion of employed women has steadily increased over the last quarter of a century from 40% in 1979 to 53% in 2004 (ABS, 2006). The average hours worked per week by full-time workers increased from 41 hours in 1979 to 42 hours in 2005 whilst the proportion of employees who worked 50 hours or more increased from 14% to 18% during the same period. The proportion of employees who worked 60 hours or more, continued to increase from 8% to 11% between 1979 and 2005 (ABS, 2009 (c)). All of these trends contribute to an exceptionally busy lifestyle which results in added stress within the household.

Less time available for meal preparation leaves an opening in the market for Environmentalist to develop a reliable, safe to operate, user friendly product that allows people of all age groups to feel confident using with an end result of a delicious meal. When correctly marketed the result will be a child or



adult having confidence to easily provide a hot meal whilst the chief cook is working. The promotion of the product would need to appeal to a variety of age groups in order for the microwave to be perceived as a family appliance and not just one for 'mum' to utilities.

Now that a complete analysis has been carried out on Environmentalist' macro- environment the managers can develop a marketing strategy that takes into account the identified trends and what impact they will have on the development of the microwave oven, the target market and the marketing mix. It was promising to see that with the expected continued growth in the population, together with the aging population that this will provide a large potential client base for the company to attract.

A close look at the economic environment identified the importance of monitoring this closely in order to be aware of threats to consumers' disposable income and to have strategies in place to ensure that production costs are kept to a minimum in order to be able to offer a price competitive product. This could prove difficult if the steel prices continue to rise but now that Environmentalist is aware of this threat, development can commence on an alternative resource.

By incorporating a research and development component to the marketing strategy the company has the opportunity to become market leaders in the microwave oven market and incorporate an environmental link by being involved in the implementation of government policies and legislation. The cultural shift of more women in the workforce and an increase in overall hours

worked has highlighted the need for a user friendly, time saving product that will assist in restoring some balance to hectic lifestyles.