

The marketing environment essay

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



The Marketing Environment Introduction Organizations are surrounded by laws, competitors etc which are marketing environment Marketing policy operates within a rapidly changing environment External factors must be monitored and responded to SST Pall's Cathedral Major tourist attraction, also a church at the same time Needs E. Million to stay open a year Non-profit organization but needs contributions so some parts of the building you have to pay to see Has to compete with many other attractions, been there 350 years o people will think it can last forever & could go and visit something else The marketing environment Threats and opportunities for the business Divided into the external and internal environment External concerned with outside of organization Internal are factors within the organization 2 approaches to dealing with environmental factors: Reactive management: environmental forces are uncontrollable, adjust marketing plans to fit it Proactive management: ways to change organizations environment, most factors can be controlled or influenced The external environment

Micro-environment: customer base, location of company warehouses, existence of a local pressure group (can overlap into internal) Macro-environment: government legislation, foreign competition, exchange rate fluctuations External environment can be influenced, not directly controlled Situational analysis Managers can use SOOT to assess internal environment Strengths, Weaknesses, Opportunities, Threats PEST is useful for looking at the external environment The micro-environment Competitors, customers, suppliers, intermediaries, micro-environment publics Micro and Macro environment Blithe & The Marketing Environment By Stomata's business too

narrowly E. G. Us business has other transports as competition, not just buses Retailers didn't recognize internet retail shops would become a threat Which competitors offer substitutes for meeting consumer needs Grouping consumers with similar needs is called segmentation Marketers need to offer a product that meets consumers needs better Most marketers are faced with monopolistic competition Five forces model - Porter 1990 (competitor analysis) Bargaining power of suppliers: strong, more competitive pressure Bargaining power of customers: stronger, more competitive The threat of new entrants: if market easy to enter or becomes attractive, market becomes competitive The threat of substitute products and services: threat often not seen until too late Rivalry among competitors: careful not to compete too strongly Customers May change their needs, may disappear, e. G. Johnson & Johnson, found large amounts of baby shampoo and talcum powder being consumed than babies, adults using, promotion campaign New segments need to be identified easily & accurately Important to know some segments may be disappearing Suppliers

Firm relies on good will of them, good PR will try to involve them Could supply shoddy goods, not deliver on time, impact on firms customers Relationship between supplier and customers should be close, visiting each other's premises etc Firm is seen as a link for providing goods at right time & place Good relationship marketing Intermediaries Retailers, wholesalers, distribute firms goods Relationships with these need to be good May include marketing service providers 0 research agencies, advertising Intermediaries have own businesses to run, need to establish good relationships with them Micro-environment publics All groups that have actual or potential to impact

Financial publics, local, government, media Marketing activity concerned around these is public relations Financial publics: may company reports made for them) Local publics: e. G. Sponsor local charities, firm needs to live harmoniously. E. G. Body Shop - participates in local projects.

The Macro-environment Hard to influence, but can be through PR activities
Demographic Economic Political Legal Socio-cultural Ecological & geographical Technological Macro-environment publics Demographic factors Study of population factors, proportion of population who are a certain age etc, but also population density, size etc Declining birth rate has had an effect on baby products Need immigrants to supply the work force E. G. Fewer people living in the cities calls for a change in demand in services etc Economic factors Boom and bust cycle (During the boom the economy grows, Jobs are plentiful and the market brings high returns to investors. In the subsequent bust the economy shrinks, people lose their Jobs and investors lose money. Boom-bust cycles last for varying lengths of time; they also vary in severity).

Growth of unemployment in some parts of the country as result of industries closing down Macro-economic factors- Governments use interest rate controls, taxation policy, government expenditure (if taxation increased then there will be less money for consumers so demand will shrink) Rises in interest shrink demands too Micro-economic factors include way people spend their incomes, incomes have risen recently so spending patterns changed e. G. More on entertainment Political factors Impact on business, recent examples include austerity measures (capping benefits to a certain

price and keeping it there rather than adjusting it according to the times)

Legal factors E legislation can affect business done in Europe Hard to know what EX. Law contains and what changes may be ahead Companies operating globally, so many laws Marketing techniques in one country are considered manipulative in others e. G. Salesman calling at your home with a small gift is fine, here it is considered suspicious Socio-cultural factors Shared beliefs and attitudes of the population People learn to behave due to society In the marketing concept, people believe shop assistants should be friendly etc Changes usually happen over long periods of time Cultural changes - change in eating habits - now Chinese food etc Few cultural changes come about due to marketing Social networking sites offer new opportunities Ecological and geographical factors Scarcity of raw materials, disposing waste Firms have to take public views into account, often pressurized by organized groups - 'green' consumers Firms adopting societal marketing concept would expect to do this Technological factors New industries have appeared e. G. The internet Some old industries disappeared or face competition they never thought they would Internet is useful for marketers, but there are no rules, placed marketing power in consumer hands People can compare prices etc Rapid growth in virtual shopping Can use bots which will find them things they want Contains remainder of organization's publics Governmental publics: restrict companies activities by passing legislation, setting interest rates etc Media publics: can aid firm's marketing or damage firms reputation. PR makes sure good image to public through media. Citizen action publics: pressure groups e. G. Green peace who want to improve life for the public. Internet is unregulated therefore

sites about the firm can easily be created to say horrible things and damage reputation.

The international environment Business is becoming global, international marketing is different Cultural differences Market segmentation (more likely to be geographical) Remoteness of markets makes monitoring harder Physical distribution (logistics) will be affected by infrastructure (roads etc for society) preferences International marketing important because of the theory of comparative advantage Theory states each country has natural advantages over others in the production of certain goods so specialization and trading of surpluses will benefit everybody Doesn't explain why some countries without a natural advantage have a comparative advantage World trade initiatives Marketing to an international audience brings economics of scale (increased output of a product means costs go down as more products produced and costs less to produce lots rather than a few) for manufacturing, research, marketing costs Governments encourage it as need essential imports Downside of world trade 0 traditional culture lost Firms sometimes over reach themselves and discomposes of scale results e. G. Output so high, cost of making increased, one part takes longer to make rather than the second part so loss of money made World trade usually results in greater wealth and higher standards of living Government thinking 0 reduce tariffs to increase trade whilst establishing trade blocs to stand up to each other Governments want to export own goods rather than import lots to protect balance of payments Governments influence and control exchange rates: exporters lose some control over prices as Government controls currency exchange Culture language differences e. G. Irish Mist liquor - mist

means excrement in Germany - had to be changed Body language isn't universal e. G. Wearing fingers Local superstitions can affect buying behavior e. G. American places don't have a 13th floor, in China number 4 is unlucky Marketers need to be aware of ethnocentrism (belief one's own culture is right) Easier to aim for countries with similar cultural aspects Or countries with big migrant populations and subcultures Cultural differences are reducing as consumers become more globally minded: foreign travel, widespread globalization, foreign products Political factors Economic influences Economic environment of the target country Level of wealth concentration - average per capita income is low, large number of millionaires Is there a well developed road system, telecommunications good?

Etc Foreign exchange availability - if target country doesn't have a substantial export market for its own products, not be able to import foreign products because potential importers cannot be in correct currency Happened in 3rd world countries so counter riding happens - export of goods if the firm says they will import an equal value amount of goods

Demographic environment Ofamilysize, rural and urban, migration patterns (segmentation by ethnicity is no longer possible for many) The internal environment Internal publics: employees of the company External environment can affect as can employees affect external environment Employees will develop a corporate culture of language, traditions etc Sub groups etc will have own political agendas Members of an organization can give a positive or negative image of the firm If the Taft speak badly of company, this is far more likely to be believed than the promotional

campaigns done Case study 2: home insulation Fuel poverty- more than 10% of income spent on keeping house warm Social policy has led to help with fuel bills Fuel poverty has come about due to poor insulation e. G. Single glazed windows Warm Front' offer grants to insulate homes whether rented/bought Suddenly the insulation companies aggressively marketed as they knew there was only a small window of opportunity Same thing too when solar panels etc came along People got irritated, didn't like change