

Macro environment essay



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Micro Environment The actors close to the company that affect its ability to serve its customers – the company, suppliers, marketing intermediaries, customer markets, competitors, and publics. 1.

The Company a. All groups/departments in a firm are interlinked. 2. Suppliers a. Suppliers form an important link in the company's overall customer value delivery system. 3.

Marketing intermediaries a. Helps the company to promote, sell and distribute the goods and services to final buyers. These include resellers, physical distribution firms, marketing services agencies and financial intermediaries. 4.

Customers a. Consumer markets i. Consist of individuals and households that buy goods and services for personal consumption b. Business markets i. Buys goods and services for further processing / production process c. Government markets i.

Government agencies to produce public services d. International markets i. Buyers in other countries, may include points a – c 5. Competitors 6. Publics a.

Any group that has an actual or potential interest in, or impact on, an organization's ability to achieve its objectives. i. Financial: – ability to obtain funds ii. Media: – carry news, features, editorial opinion iii.

Government: – iv. Citizen-action: – v. Local: – vi. General: – ii. Internal: –

Macro Environment The larger societal forces that affect the macro

environment - demographic, economic, natural, technological, political, and cultural forces. Key Forces in the Macro Environment 1.

Demographic The study of human population in terms of size, density, location, age, gender, race, occupation and other statistics. -Worldwide Population Growth -Population Age Mix -Ethnic Markets -Educational Groups - Household Patterns -Geographical Shifts in Population -Shift from Mass Market to Micro Markets The most obvious social driver in most industries would be demographic, particularly the number of households. Among other factors, increasing life expectancy and increased levels of divorce are expected to lead to changes in the volume of demand for products and services. 2. Economic Factors that affect consumer buying power and spending patterns. -Income Distribution i.

Subsistence economies 1. Consume most of their own agricultural and industrial outputs ii. Raw-material-exporting economies iii. Industrializing economies iv.

Industrial economies 1. Rich markets for many different kinds of goods. - Savings, Debts and Credit Availability 3. Natural Natural resources that are needed as inputs by marketers or that are affected by marketing activities. Shortage of raw materials -Increased pollution -Increased governmental intervention -Increased costs of energy Concern for the natural environment has spawned the so-called green movement and many companies have taken this opportunity as part of their SWOT analysis to introduce environmentally sustainable strategies and practices to create a world economy that the planet can support indefinitely. 4.

Technological Forces that create new technologies, creating new products and market opportunities Our attitudes towards technology depends on whether we are more impressed with its wonders or its blunders.

Accelerating pace of change i. Transportation / breaking of barriers -

Unlimited opportunities for innovation i. Internet / Virtual reality / Biotech /

Micro electronics and Robotics -Varying R&D Budgets i. Material Science /

Biotech / Micro Mechanics -Increased Regulation i.

Governmental control / Safety technology 5. Political Laws, government agencies and pressure groups that influence and limit various organizations and individuals in a given society. -Legislation regulating business i. Well-conceived regulation can encourage competition and ensure fair markets for goods and services.

i. Public policy -Increasing Legislation i. Control by government ii.

Regulations to protect competition iii. Regulations to protect consumers / interest of society (insider trading) -E.

g. of Legislation i. Sherman Antitrust Act (1890) ii. Child Protection Act (1966) iii.

Do-Not-Call Implementation Act (2003) 6. Legal -Changing Government Agency Enforcement 7. Social Increased emphasis on Ethic and Socially Responsible Actions. Written laws and regulations cannot possibly cover all potential marketing abuses and existing laws are often difficult to enforce. However, beyond written laws and regulations, businesses are also governed by social codes and rules of professional ethics. -Socially responsible behavior i.

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Companies actively seek out ways to protect the long-run interest of their consumers and the environment -Cause-Related Marketing i. To exercise their social responsibility and build more positive images, many companies are not linking themselves to worthwhile causes. ii. Cause-related marketing has become a primary form of corporate giving. 8.

Cultural Institutions and other forces that affect society's basic values, perceptions, preferences and behaviors. Persistence of Cultural Values i. People in given societies hold many beliefs and values. Their core beliefs and values have a high degree of persistence.

-Shifts in Secondary Cultural Values -People's views of themselves / others / organizations / society / nature / universe Conclusion There are mainly three kinds of companies: those who make things happen, those who watch things happen, and those who wonder what's happened. Many companies view the marketing environment as an uncontrollable element to which they must react and adapt. Others take a proactive stance towards the marketing environment. Rather than simply watching and reacting, these firms take aggressive actions to affect the public and forces in their marketing environment. Marketing management cannot always control environmental forces.

In many cases, it must settle for simply watching and reacting to the environment. For example, a company would have little success trying to influence geographic population shifts, the economic environment or major cultural values. But whenever possible, smart marketing managers will take a proactive rather than reactive approach to the marketing environment.