

Marketing environment

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



These shape the character of the opportunities and threats facing a company and yet are largely uncontrollable. 2. Explain the difference between the macro and micro marketing environments. The micro-environment consists of the actors in the firm's immediate environment that affects its capabilities to operate effectively in its chosen markets. The macro-environment consists of a number of broad forces in the firm's immediate environment that affects not only the company but also the other actors in the micromarket. . Outline and explain the different elements of the macro marketing environment. Traditionally four forces - political/legal, economic, social, culture and technological, ecological/physical - have been the focus of attention. However, the growing importance of ecological/physical forces on companies has led to the acronym being expanded to PEST Analysis 1). Political and legal forces can influence marketing decisions by setting the rules by which business can be conducted.

In Europe, marketing decisions are affected by legislation at EU and national levels. EX. laws seek to prevent collusion, prevent abuse of market dominance, control mergers and acquisitions, and restrict state aid to firms. 2). The economic environment can have a critical impact on the success of companies through its effect on supply and demand. Companies must choose those economic influences that are relevant to their business and monitor them.

Key factors are economic growth, unemployment, interest and exchange rates and changes in the global economic environment such as the entry of central and eastern European countries into the EU, and the rise of the Chinese and Indian economies. 3). Social/ cultural forces can have an impact on <https://assignbuster.com/marketing-environment/>

marketing decisions by changing demand patterns (e. G. The growth of the over-ass market) and creating new opportunities and threats. Three key social/cultural forces that have implications for marketing are the changes in the demographic profile of the population, cultural differences within and between nations, and the influence of consumerism.). Technological forces can impact marketing decisions by changing the rules of the competitive game. Technological change can provide major opportunities and also pose enormous threats to companies. Marketers need to monitor technological trends and pioneer technological breakthroughs. They should also seek to use technology to improve marketing operations. 5). Ecological/physical environment forces are concerned with the environmental costs of consumption.

Five issues that impact marketing decisions are combating global warming, pollution control, conservation of energy and other scarce resources, use of environmentally friendly ingredients and components, and the use of recyclable and non-wasteful packaging. Marketers need to be aware of the associated with ecological issues. . Outline and explain the difference elements of the macro marketing environment The micro-environment consists of the actors in the firm's immediate environment that affect its capabilities to operate effectively in its chosen markets.

Those actors include customers, competitors, distributors, and suppliers. Customers: customers are at the centre of the marketing philosophy and effort, and it is the task of marketing management to satisfy their needs and expectations better than competition. The starting point is an understanding

of the consumer behavior. Then firms group consumers to form market segments that can be targeted with specific marketing mix offerings.

Competition: competitors have a major bearing on the performance of companies.

For example when competitors price-cut, the attractiveness of the market can fall and their ability to innovate can ruin once highly profitable brands. Firms not only need to continuously meet customer needs and expectations, but also do better than competition. Distributors: some companies use the services of distributors such as wholesalers and retailers to supply end users. Distributors can reduce the profitability of suppliers by putting more pressure on profit margins. Suppliers: the profitability of companies is also influenced by suppliers.

Increase in supply costs can push up prices. Powerful suppliers can force up prices like distributors. Companies need to monitor supply availability such as shortages due to labor strikes or political factors, as these can cause customer dissatisfaction and lost sales. 5. Why is an understanding of the marketing environment important? Environment scanning---it is the process of collecting information about forces in marketing environment; environmental analysis---it is the process of assessing and interpreting the information gathered through environment scanning.