

Micro and macro environment essay

[Business](#), [Industries](#)



1. 1 The micro-environment This environment influences the organization directly. It includes suppliers that deal directly or indirectly, consumers and customers, and other local stakeholders. Micro tends to suggest small, but this can be misleading.

In this context, micro describes the relationship between firms and the driving forces that control this relationship. It is a more local relationship, and the firm may exercise a degree of influence. These are internal factors close to the company that have a direct impact on the organisations strategy. These factors include customers, employees, suppliers, shareholders, media, competitors. Customers Organisations survive on the basis of meeting the needs, wants and providing benefits for their customers.

Failure to do so will result in a failed business strategy. Employees Employing the correct staff and keeping these staff motivated is an essential part of the strategic planning process of an organisation. Training and development plays an essential role particular in service sector marketing in-order to gain a competitive edge. This is clearly apparent in the airline industry.

Suppliers Increase in raw material prices will have a knock on affect on the marketing mix strategy of an organisation. Prices may be forced up as a result. Closer supplier relationships is one way of ensuring competitive and quality products for an organisation. Shareholders As organisation require greater inward investment for growth they face increasing pressure to move from private ownership to public.

However this movement unleashes the forces of shareholder pressure on the strategy of organisations. Satisfying shareholder needs may result in a change in tactics employed by an organisation. Many internet companies who share prices rocketed in 1999 and early 2000 have seen the share price tumble as they face pressures from shareholders to turn in a profit. In a market which has very quickly become overcrowded many have failed. Media Positive or adverse media attention on an organisations product or service can in some cases make or break an organisation.. Consumer programmes with a wider and more direct audience can also have a very powerful and positive impact, forcing organisations to change their tactics. Competitors The name of the game in marketing is differentiation.

What benefit can the organisation offer which is better than their competitors. Can they support this differentiation over a period of time from their competitors?. Competitor analysis and monitoring is very important if an organisation is to maintain its position within the market. 1. 2 The macro-environment This includes all factors that can influence and organization, but that are out of their direct control. A company does not generally influence any laws (although it is accepted that they could lobby or be part of a trade organization). It is continuously changing, and the company needs to be flexible to adapt. There may be aggressive competition and rivalry in a market.

Globalization means that there is always the threat of substitute products and new entrants. The wider environment is also ever changing, and the marketer needs to compensate for changes in culture, politics, economics

and technology. 1. 3The internal environment. All factors that are internal to the organization are known as the ‘ internal environment’.

They are generally audited by applying the ‘ Five Ms’ which are Men, Money, Machinery, Materials and Markets. The internal environment is as important for managing change as the external. As marketers we call the process of managing internal change ‘ internal marketing. ‘ Essentially we use marketing approaches to aid communication and change management. The external environment can be audited in more detail using other approaches such as SWOT Analysis, Michael Porter’s Five Forces Analysis or PEST Analysis.