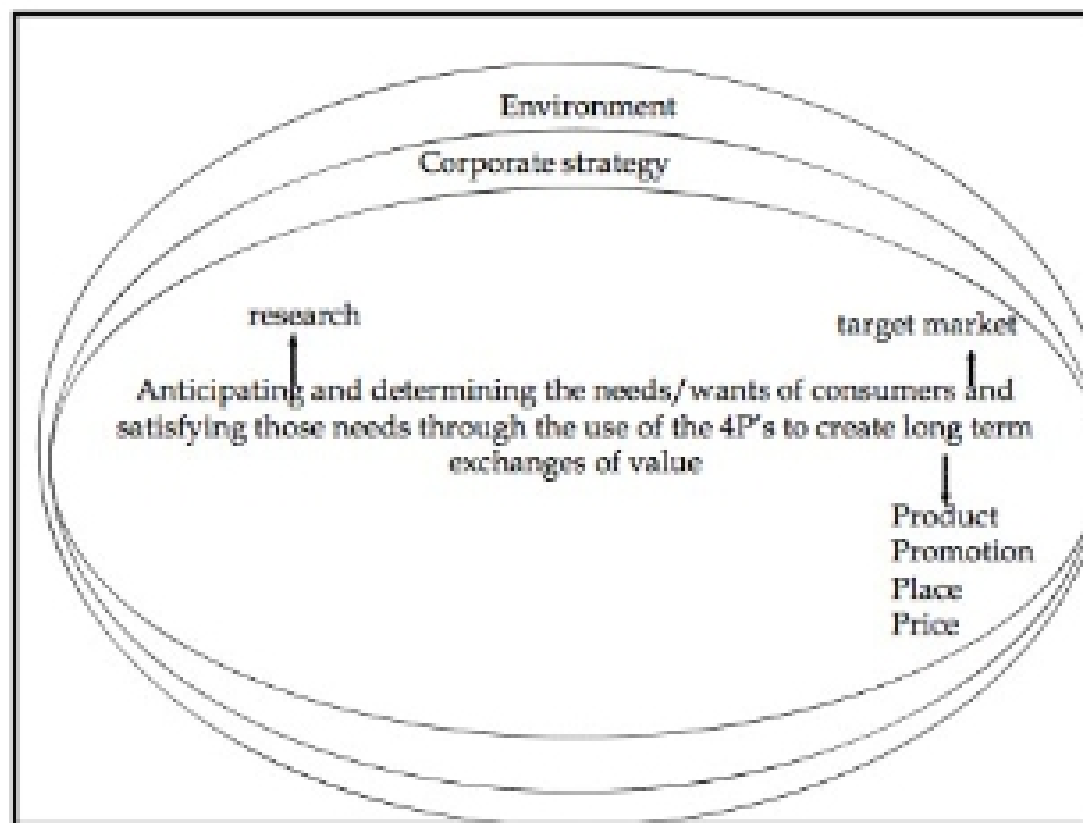


Chapter 5: The Marketing Environment

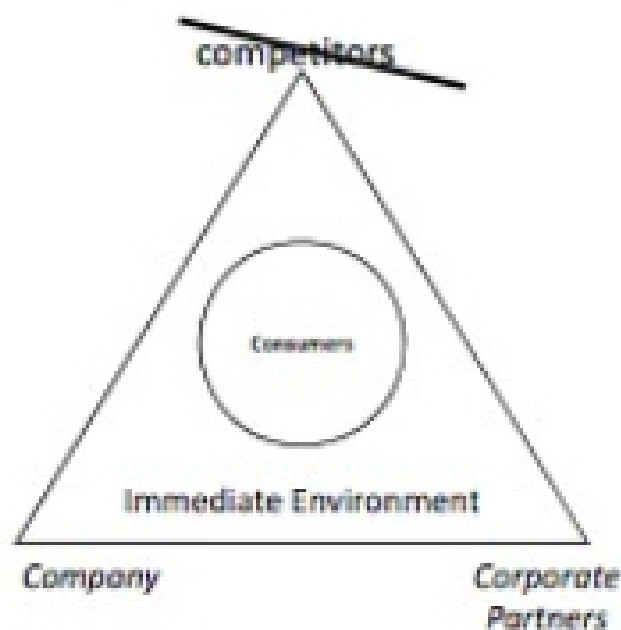


Marketing Environment

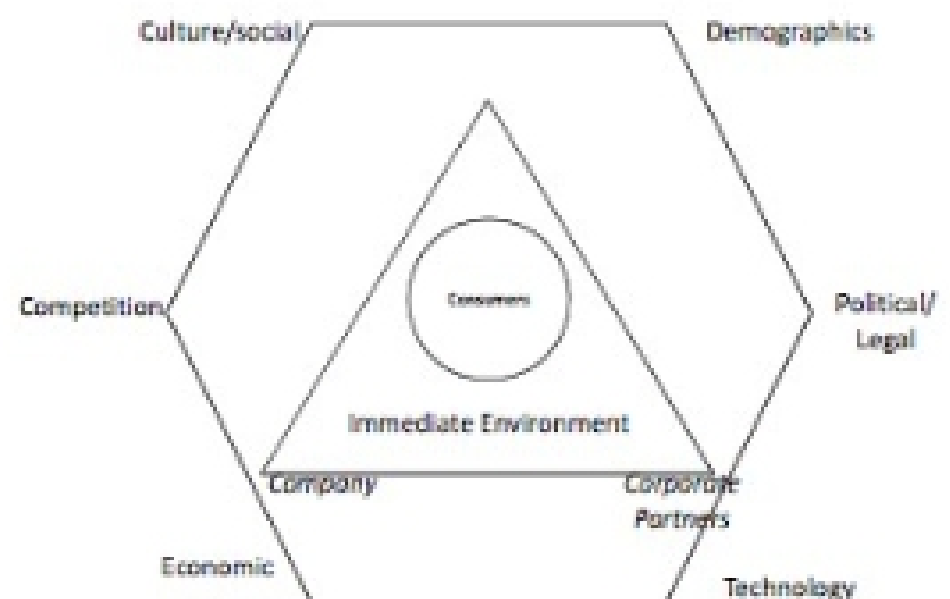
- Definition
 - Uncontrollable elements outside of any organization that may affect its performance
- Environment scanning
 - Systematic analysis of those elements

The immediate/corporate environment

Company does have some control



Macro (or external) environment - no control



A Marketing Environment Analysis Framework

- Consumers may be influenced directly by the immediate actions of the focal company, the company's competitors, or corporate partners that work with the firm to make a supply products and service to consumers.
- Consumer is the center of all marketing efforts, value-based marketing aims to provide greater value to consumers than competitors offer.

The Immediate Environment

Company Capabilities

- First factors that affects consumer is the firm itself
- Successful marketing firms focus on satisfying customer needs that match their core competencies.

Competitors

- Critical that marketers understand their firm's competitors, including strengths, weaknesses, and likely reactions to the marketing activities that their own firm undertakes

Corporate Partners

- Few firms operate in isolation
 - Automobile, manufacturers collaborate with suppliers for sheet metal, tire manufacturers, component part makers, unions, transport companies, and dealerships to produce and market their automobiles successfully.
- Parties that work with the focal firms are its corporate partners

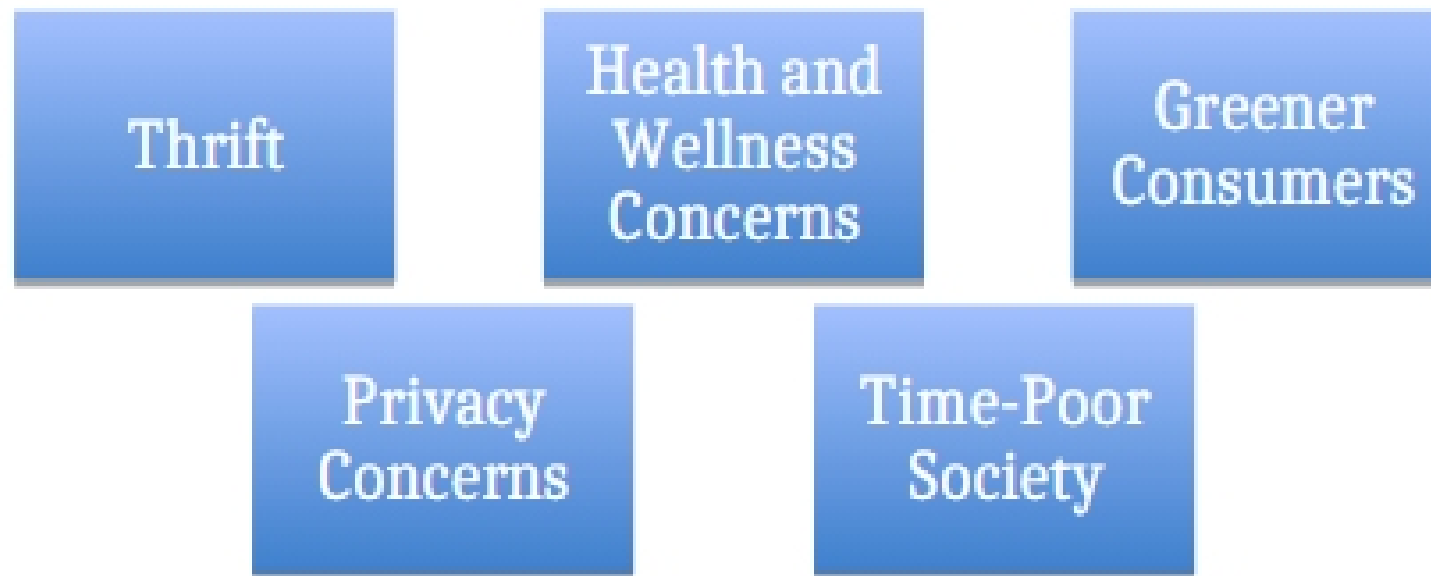
Macro environment factors

- Demographic –population statistics
- Cultural/social –values and beliefs
- Economic – income and business
- Technological – innovation
- Political and Legal – laws
- Competitive – what other firms are doing

Cultural/social factors

- Values, beliefs, practices, customs
- Gets passed down from generation to generation and learned over time
- Challenge for marketers is to have products and services identifiable by the relevant to particular group of people.
- Country Culture vs. Regional Culture
- Country Culture
 - The visible nuances of a country's culture, such as artifacts, behaviors, dress, symbols, physical settings, ceremonies, language differences, colors, and tastes, and food preference
 - Generally thicker to identify and navigate
 - Establish a universal appeal within the specific identities of country culture.
- Regional Culture
 - Affects many people's life
 - Like the US.

Social Trends



Thrift

- American society has become a consumer society, yet the economic impacts of a recession and housing crash have prompted many people to embrace the idea of spending less as a virtuous pursuit.
- As consumers have become more savvy and conscientious about bargain shopping and searching for deals, innovative entrepreneurs like Groupon, and LivingSocial developed business plans to satisfy the desire for a deal.

Health and Wellness Concerns

- Health concerns, especially those pertaining to children, are prevalent, critical, and widespread.
- Past 20 years, child obesity tripled in the US, leading to skyrocketing rates of high blood pressure, high cholesterol, early signs of heart disease, and type 2 diabetes among children
- $\frac{1}{3}$ US adults are obese
- New advertising guidelines require marketers to produce food in reasonably proportioned sizes.
- Advertised food items must provide basic nutrients, having less than 30% of their total calories from fat, and no added sweeteners.
- Cannot be advertised using children's programming's, and companies cannot link unhealthy foods with cartoons and celebrity figures.

Greener Consumers

- Green marketing
 - Involves a strategic effort by firms to supply customers with environmentally friendly merchandise.
 - Demand for green-oriented products been a boon to the firms that supply them
 - Marketers encourage consumers to replace older versions with water and energy saving models
 - New markets emerge for recycled building products, packaging, paper goods, and efficient appliances, lighting, heating and cooling systems in the home or office.

Privacy Concerns

- The Internet has created an explosion of accessibility to consumer information, improvements in computer storage facilities and manipulation of information have led to more and better security and credit check services.
- The Federal Trade Commission (FTC)