

MOHAMED KHIDER UNIVERSITY OF BISKRA
FACULTY OF ECONOMICS, COMMERCE AND MANAGERIAL SCIENCES
CLASS: 2ND YEAR COMMERCIAL SCIENCES

COURSE OF MARKETING

LECTURER: KAMILIA IZZRECH

Course two:

MARKETING ENVIRONMENT

LECTURER: KAMILIA IZZRECH

LEARNING GOALS

1. Understand environmental forces
2. Learn how demographic and economic factors affect marketing
3. Identify trends in the firm's natural and technological environments
4. Explore key changes in political and cultural environments
5. Realize how companies react to the marketing environment

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CASE STUDY MCDONALD'S – CHALLENGES AND REACTIONS

Challenges

- Shifting consumer lifestyles
- Low ratings of food and service quality
- Atmosphere not upscale
- Image of being unclassy, uncultured and uncool to younger target markets

Marketing Initiatives

- Focus on core competency of consistent products and reliable service
- Upscale alternative including McCafe and Bistro Gourmet
- Healthier food options with elimination of "supersize" and introduction of Go Active! Adult Happy Meal

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THE MARKETING ENVIRONMENT

Marketing Environment:

The actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with target customers

Microenvironment

Includes the actors close to the company

Macroenvironment

Involves larger societal forces

Goal 1: Understand environmental factors

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MICROENVIRONMENT

Actors

1. ***The company***
2. *Suppliers*
3. *Marketing intermediaries*
4. *Customers*
5. *Competitors*
6. *Publics*

- Marketing must consider other parts of the organization including finance, R&D, purchasing, operations and accounting
- Marketing decisions must relate to broader company goals and strategies

Goal 1: Describe environmental factors

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MICROENVIRONMENT

Actors

1. *The company*
2. ***Suppliers***
3. *Marketing intermediaries*
4. *Customers*
5. *Competitors*
6. *Publics*

- Marketers must watch supply availability and pricing
- Effective partnership relationship management with suppliers is essential

Goal 1: Describe environmental factors

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MICROENVIRONMENT

Actors

1. *The company*
2. *Suppliers*
3. ***Marketing intermediaries***
4. *Customers*
5. *Competitors*
6. *Publics*

- Help to promote, sell and distribute goods to final buyers
- Include resellers, physical distribution firms, marketing services agencies and financial intermediaries
- Effective partner relationship management is essential

Goal 1: Describe environmental factors

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MICROENVIRONMENT

Actors

1. *The company*
2. *Suppliers*
3. *Marketing intermediaries*
4. **Customers**
5. *Competitors*
6. *Publics*

– The five types of customer markets

- Consumer
- Business
- Reseller
- Government
- International

Goal 1: Describe environmental factors

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MICROENVIRONMENT

Actors

1. *The company*
2. *Suppliers*
3. *Marketing intermediaries*
4. *Customers*
5. **Competitors**
6. *Publics*

– Conducting competitor analysis is critical for success of the firm

– A marketer must monitor its competitors' offerings to create strategic advantage

Goal 1: Describe environmental factors

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MICROENVIRONMENT

Actors

1. *The company*
2. *Suppliers*
3. *Marketing intermediaries*
4. *Customers*
5. *Competitors*
6. ***Publics***

- A group that has an actual or potential interest in or impact on an organization
- Seven publics include:
 - Financial
 - Media
 - Government
 - Citizen-action
 - Local
 - General
 - Internal

Goal 1: Describe environmental factors

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Macroenvironmental Forces

Demographic

Technological

Economic

Political

Natural

Cultural

Goal 1: Describe environmental factors

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DEMOGRAPHIC ENVIRONMENT

Demographic Environment:

- The study of human populations in terms of size, density, location, age, gender, race, occupation and other statistics

Goal 2: Learn how demographic & economic factors affect marketing ³⁻¹²

DEMOGRAPHIC ENVIRONMENT

- Changing age structure of the U.S. population is the single most important demographic trend
- Baby boomers, Generation X, and Generation Y are the key groups

Goal 2: Learn how demographic & economic factors affect marketing ³⁻¹³

DEMOGRAPHIC ENVIRONMENT

Key Generations

Baby Boomers

Generation X

Generation Y

- Born between 1946 and 1964
- Represent 28% of the population; earn 50% of personal income
- Many mini-segments exist within the boomer group
- Entering peak earning years as they mature

Goal 2: Learn how demographic & economic factors affect marketing ³⁻¹⁴

DEMOGRAPHIC ENVIRONMENT

Key Generations

Baby Boomers

Generation X

Generation Y

- Born between 1965 and 1976
- First **latchkey** children
- Maintain a cautious economic outlook(view)
- Respond to socially responsible companies
- Are the primary buyers of most goods in 2010

Goal 2: Learn how demographic & economic factors affect marketing ³⁻¹⁵

DEMOGRAPHIC ENVIRONMENT

Key Generations

Baby Boomers
Generation X
Generation Y

- Born between 1977 and 1994
- 72 million strong; almost as large a group as their baby boomer parents
- New products, services, and media cater to GenY
- Challenging target for marketers

Goal 2: Learn how demographic & economic factors affect marketing ³⁻¹⁶

NATURAL ENVIRONMENT

Natural Environment:

- Involves the natural resources that are needed as inputs by marketers or that are affected by marketing activities

Trends

- Shortages of raw materials
- Increased pollution
- Increased government intervention

Goal 3: Identify trends in natural and technological environments ³⁻¹⁷

TECHNOLOGICAL ENVIRONMENT

- The most dramatic force shaping our destiny
- Rapidly changing force which creates many new marketing opportunities but also turns many existing products extinct (no longer existing; Walkman)

Goal 3: Identify trends in natural and technological environments ³⁻¹⁸

POLITICAL ENVIRONMENT

Consists of laws, government agencies and pressure groups that influence or limit various organizations and individuals in a given society

- Legislation affecting businesses worldwide has increased
- Laws protect companies, consumers and the interests of society
- Increased emphasis on socially responsible actions

Goal 4: Explore political and cultural environments ³⁻¹⁹

CAUSE-RELATED MARKETING

- Marketers create link between brand and charitable organization
- Demonstrates social responsibility
- Helps build positive brand image
- Examples include General Mill's Box Tops for Education...

Goal 4: Explore political and cultural environments

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CULTURAL ENVIRONMENT

Made up of institutions and other forces that affect a society's basic values, perceptions, preferences and behaviors.

Goal 4: Explore political and cultural environments

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Cultural Environment Includes people's views of...

Themselves

- Identify with brands for self-expression

Others

- Recent shift from "me" to "we" society

Organizations

- Trend of decline in trust and loyalty to companies

Society

- Patriotism on the rise

Nature

- "lifestyles of health and sustainability" (LOHAS) consumer segment

Universe

- Includes religion and spirituality

Goal 4: Explore political and cultural environments

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RESPONDING TO THE MARKETING ENVIRONMENT

"There are three kinds of companies: those who make things happen, those who watch things happen, and those who wonder what's happened."

Goal 5: Realize how companies react to the marketing environment

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