

Principles of Marketing

DBB 1313

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CHAPTER 3

“THE MARKETING ENVIRONMENT”

The Marketing Environment

The marketing environment :

Forces outside the organization that affect marketing management's ability to build and maintain relationships with target customers.

The marketing environment include the **internal** and **external** environment.

The Marketing Environment

Internal Environment - forces close to the company that affect its ability to serve its customers.

External Environment - larger societal forces that affect the whole internal environment

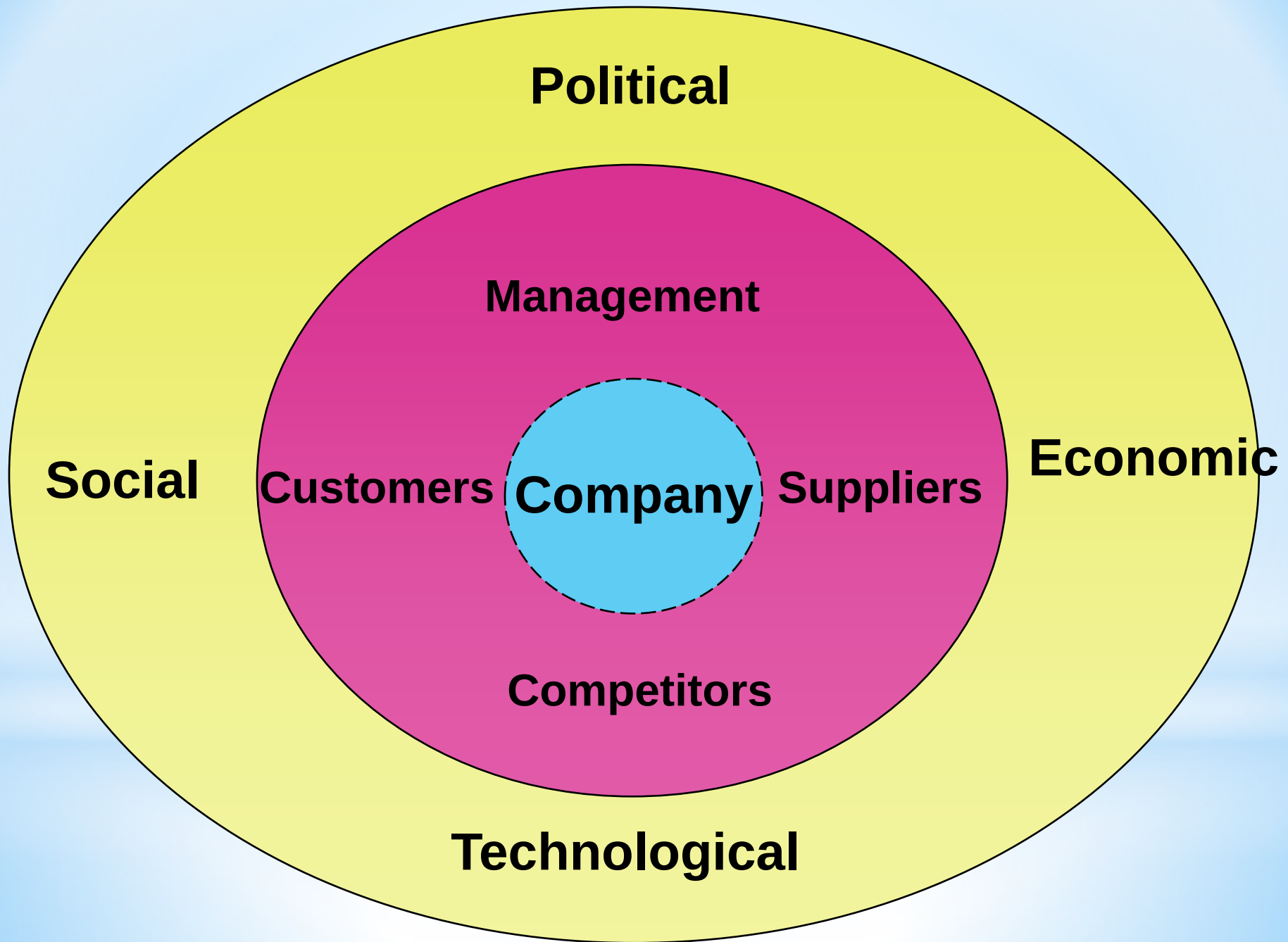
Marketing Environment

Internal Environment

Management
Customer
Competitors
Suppliers

External Environment

Political
Economic
Social
Technological



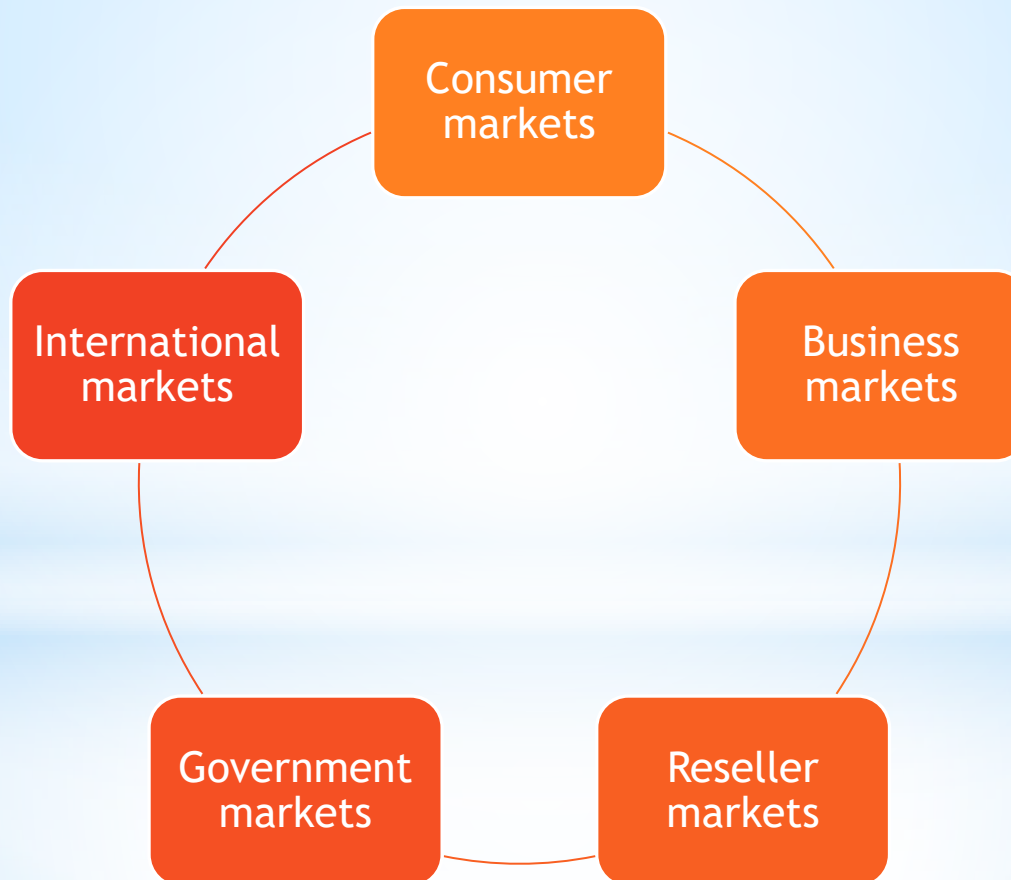
Management

All departments—from manufacturing and finance to legal and human resources—share the responsibility for understanding customer needs and creating customer value.



Customer

The company might target any or all five types of customer markets:



Competitor

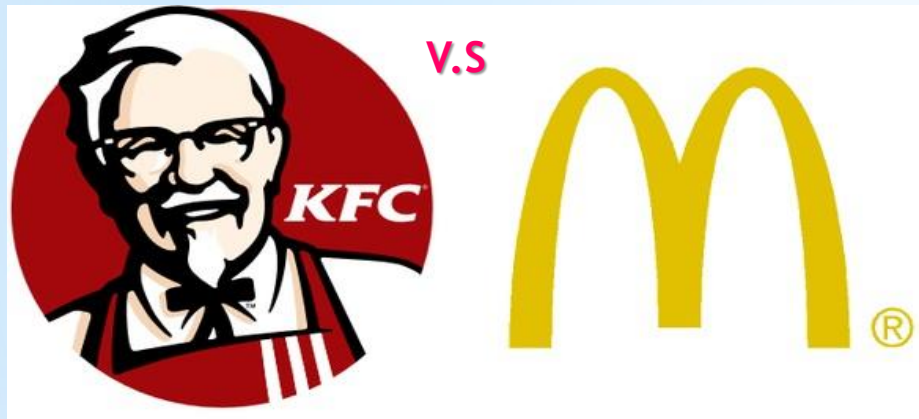
- Marketers also must gain competitive advantage by positioning their product strongly against competitors.
- Each firm should consider its own size and industry position compared to those of its competitors.



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Rivalry among Competitors



Supplier

Provide the resources needed to produce goods and services.

Raw material for Apple include aluminum, silicon, copper, glass, tin oxide, cobalt oxide and more.



Apple's supplier in the world

The PEST Analysis

The PEST Analysis refers to the analysis of **External Factor** in marketing environment.

- Political
- Economic
- Societal
- Technological



Political Factors

The **political environment** consists of laws and government agencies that influence or limit various organizations and individuals in a given society.

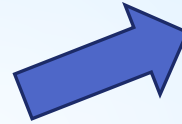
Legislation Regulating Business

- Business legislation has been enacted for a number of reasons:
 - Protect companies from each other
 - Protect consumers from unfair business practices
 - Protect the interests of society against unrestrained business behavior.



Economic Factors

Economic factors consists of three factors that affect consumer purchasing power and spending patterns



**Consumer's
Income**



Inflation



Recession

Consumers' Incomes

- * Incomes have risen at a slow pace.
- * Education is the primary determinant of earning potential.





Walt Disney markets two distinct Pooh bears to match its two-tiered market.

Inflation

Inflation



A measure of the decrease in the value of the money, resulting in price increase among goods and services

Recession

Recession



A period of economic activity characterized by negative growth, which reduces demand for goods and services.

Recession Marketing Strategies

- * Improve existing products and introduce new ones**
- * Maintain and expand customer services**
- * Promote product value**

Social Factors

- Most of us purchase because of the influence of social and cultural factors.
- The lifestyle, values, and beliefs are determined among other things by the society in which we live.
- The society is a combination of various groups with different cultures & subcultures. Each society has its own behavior.
- A marketing manager must study the society in which he operates.

Social Factors

Social Factors Influence:

Products purchased

Prices paid for products

How, where, and when people purchase

The Influence of Values on Buying Habits

Ranked Characteristics of Product Quality

Reliability

Durability

Easy maintenance

Ease of use

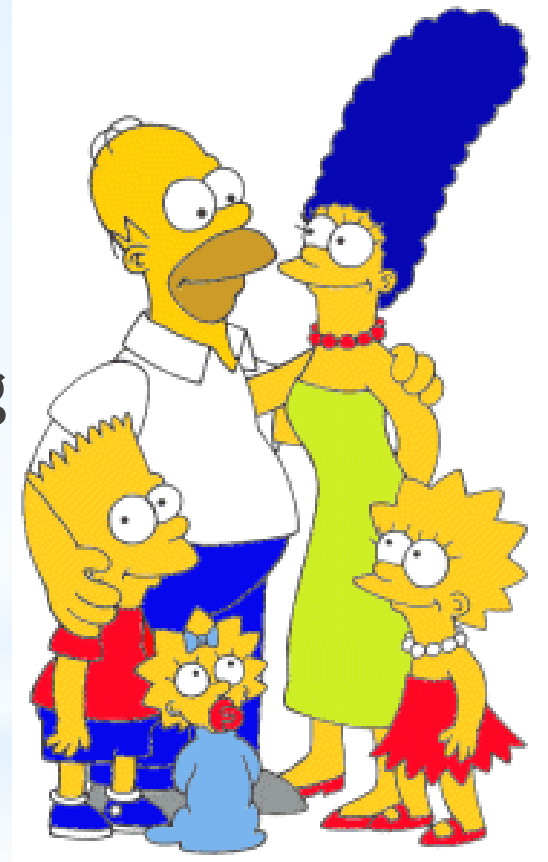
Trusted brand name

Low price

Role of Families

More people are:

- Divorcing or separating
- Choosing not to marry
- Choosing to marry later
- Marrying without intending to have children
- Increased number of working women
- Stay-at-home dads



Role of Families and Working Women

- * Growth of dual-income families results in increased purchasing power
- * Approximately 63% of work-age females are in the workforce
- * Single households outnumber married households with kids



PHOTO: JUSTIN SULLIVAN/GETTY IMAGES

Technological Factors



Organizations have more data, more marketing formats, and more online places to communicate with consumers

Technological Factors

Options to communicate with consumers:

- Social networks
- Banner ads
- Online video content
- Online reviews and ratings
- Blog posts and web development

Technological Factors

- Changes rapidly.
- Creates new markets and opportunities.
- Innovation is becoming a global process.
- The most innovative firms have an average profit margin growth of 3 percent higher than the typical firm.

