

Chapter 2

The Marketing Environment



✓ **The marketing environment is made up of :**

❖ **The Microenvironment :**

✓ Consists of the **forces close to company** that affect its ability to serve its customers- the company, marketing, channel firms, competitors, and publics.

❖ **The Macro environment:**

✓ Consists of the large societal forces that affect the whole Microenvironment – demographic, economic, natural, technological, political, and cultural forces.

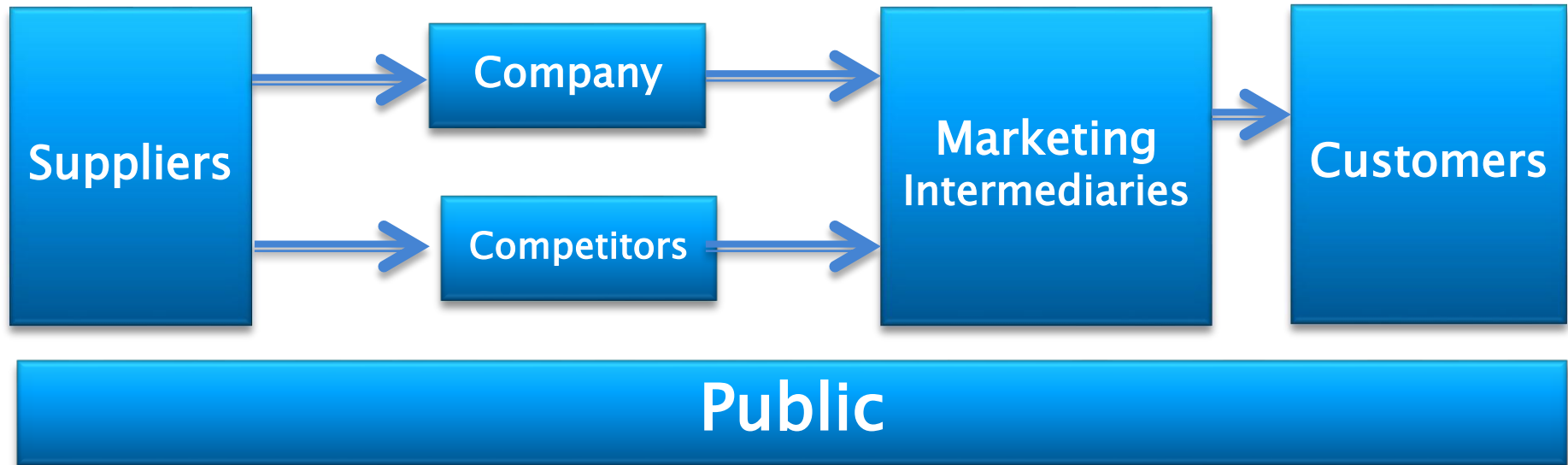


1-The Microenvironment: Company

- ▶ **In making marketing plans, marketing management takes other company groups into account – groups such as top management, finance, research and development (R&D), purchasing, manufacturing, and accounting. All these interrelated groups form internal environment (project functions).**



Major Actor in the company's Microenvironment



2-Suppliers

- ✓ Suppliers are **firms and individuals that provide the resources needed by the company** to produce its goods and services.

3-Marketing Intermediaries

- ✓ Are **firms that help the company to promote, sell, and distribute its goods** to final buyers.
- ✓ they include :
 - 1- Middlemen
 - 2- physical distribution firms
 - 3- Marketing service agencies
 - 4- Financial Intermediaries



A) Middlemen

- ✓ Are distribution channel firms that help the company find customers or make sales to them.
- ✓ These include wholesalers and retailers who buy and resell merchandise.



B) Physical Distribution Firms

- ✓ Warehouse, transportation , and other firms that help a company to stock and move good from their points of origin to their destinations.
- ✓ A company must determine the best ways to store and ship goods, balancing such factors as cost, delivery, speed, and safety.



C) Marketing Service Agencies

- ✓ Are 1marketing research firms,2 advertising agencies, 3media firms, 4marketing consulting firm and other service providers that help a company to target and promote its product to right markets.

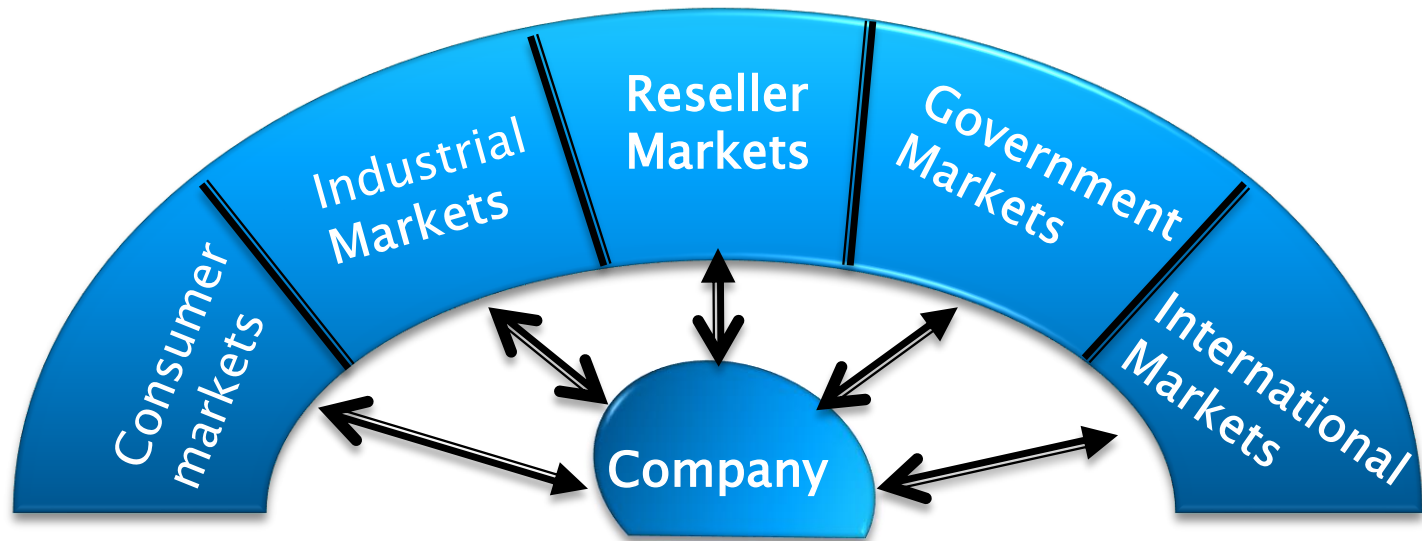
D) Financial Intermediaries

Banks, credit companies, insurance companies, and other businesses that help finance transaction insurance against the risks associated with the buying and selling of goods.



4- Customers

- ✓ The company can operate in **5 types of customer markets**.
- ✓ The following figure show those 5 types.



customer markets

✓ Consumer Markets

Individual and households that buy goods and services **for personal consumption.**

✓ Industrial Markets

Organization that buy goods and services for further **processing or for use in their production process.**

✓ Reseller Markets

Organizations that buy goods and services in order to **resell them at a profit.**

✓ Government Markets

Government agencies that buy good and services in order to **produce public services or transfer these goods and services to others who need them.**

✓ International Markets:

Foreign buyers, including customers, producers, resellers and government.



5-Competitors

- ✓ Every company faces a wide range of competitors.
- ✓ Companies must gain strategic advantage by strongly positing their offering against competitors' offerings in the minds of consumers



6-Publics

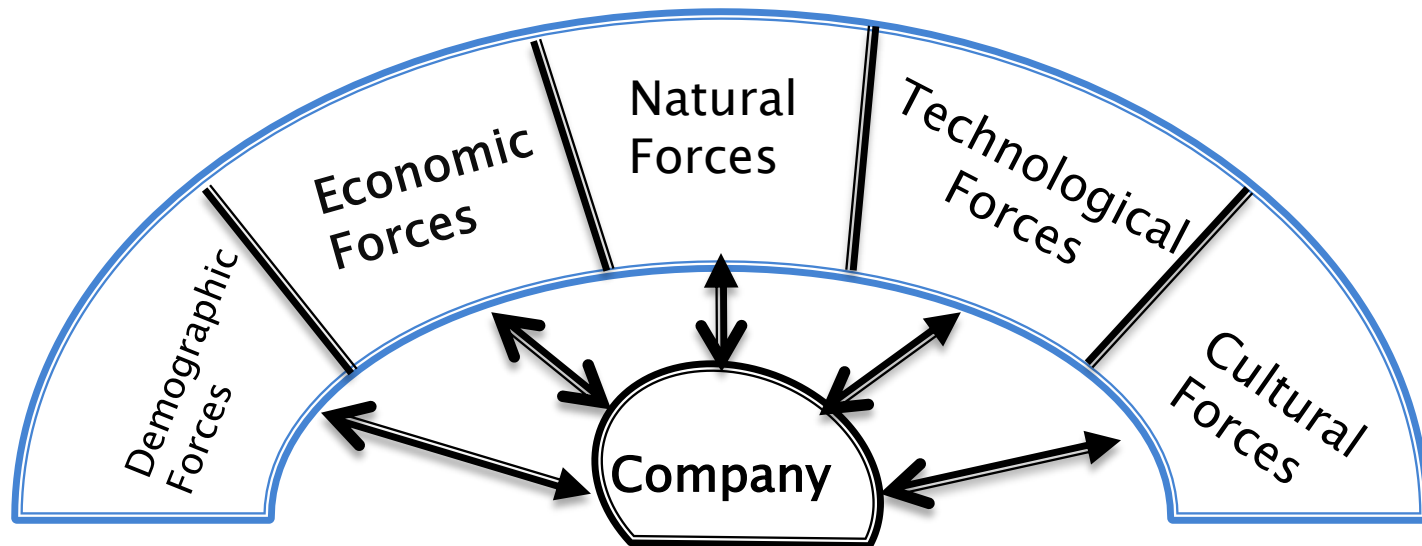
- ✓ Any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives.



The Company's Macro environment

- ✓ The macro environment consists of the six major forces as shown in the following figure.

The macro environment



1- Demographic Environment

- ✓ **Demography** : is the study of human populations in terms of size, location, age, sex, race, occupation, and other statistics.
- ✓ The demographic environment is of major interest to marketers because it involve people, and people make up markets.



2-Economic Environment

- ✓ **The economic environment consists of factors that affect consumer purchasing power and spending patterns.**
- ✓ **Marketers should be aware of major trends in income and of changing consumer spending patterns.**

3- Natural Environment

- ✓ It refers to natural resources that are needed as inputs by marketers or that are affected by marketing activities.

- ❖ Marketer should be aware of four trends in natural environment:
- ✓ Shortages of raw materials
- ✓ Increased cost of energy
- ✓ Increases level of pollution
- ✓ Government intervention in natural resources management.

4- Technological Environment

- ✓ It consist of **forces that affect new technology, creating new product and market opportunities.**
- ❖ **The marketer should watch the following trends in technology :**
 - ✓ **Faster Pace of Technological Change**
 - ✓ **Unlimited Opportunities**
 - ✓ **High R&D Budget**
 - ✓ **Concentration on Minor Improvement.**



5- Political Environment

✓ The political environment consists of :

1. **Laws (nestle)**
2. **Government Agencies**
3. **Pressure Groups (work unions/political pressure/ media campaigns/propaganda/lobby)**

That influence and limit various organization and individuals in given society.

6-Cultural Environment

- ✓ **The culture environment is made up of institutions and other forces that affect society's basic values, perceptions, preferences, and behaviors.**
- ✓ **People grow up in a particular society that shapes their basic beliefs and values.**

Subcultures

- ✓ **Each society contains subcultures groups of people with shared values systems based on common life experience or situation.**
- ✓ **Teenagers and working women all represent separate subcultures whose members share common beliefs, preferences, and behaviors.**