

Environmental Analysis

LESSON 9

Economic Factors:

1. INCOME

money received, especially on a regular basis, for work or through investments.

THERE ARE TWO TYPES OF INCOME :

ACTIVE INCOME

PASSIVE INCOME

SOURCES OF INCOME

Active Income refers to income received for performing a service. Wages, tips, salaries, commissions, and income from businesses in which there is material participation are examples of active income.



Passive Income is money you earn that doesn't require you to do a lot of "active" work to continue making it. In essence, you can do most of the work upfront and put some additional effort along the way to earn an income.

2. ECONOMIC FORCES

TARGET MARKETING:

a particular group of consumers at which a product or service is aimed.

Marketing Segmentation

is the practice of dividing your target market into approachable groups.

THE 4 TYPES OF MARKET SEGMENTATION



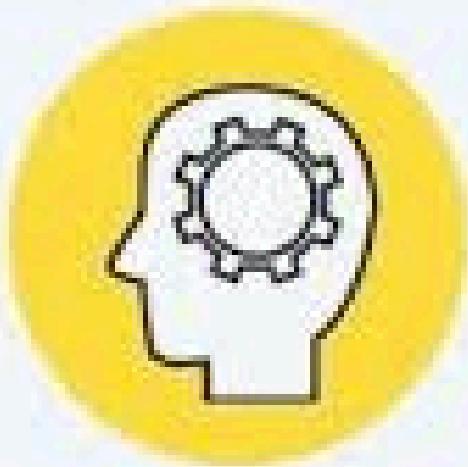
GEOGRAPHIC

- Zip code/post code
- City
- Country
- Population density
- Distance from a certain location (like your office or store)
- Climate
- Time zone
- Dominate language



DEMOGRAPHIC

- Age
- Gender
- Income
- Occupation
- Family size
- Race
- Religion
- Marital Status
- Education
- Ethnicity



PSYCHOGRAPHIC

- Values
- Goals
- Needs
- Pain points
- Hobbies
- Personality traits
- Interests
- Political party affiliation
- Sexual orientation



BEHAVIORAL

- Purchasing habits
- Brand interactions
- Spending habits
- Customer loyalty
- Actions taken on a website

INFLATION

general increase in prices and fall in the purchasing value of money.

PROSPERITY

the condition of being successful or thriving especially : economic wellbeing.

RECESSION

a period of temporary economic decline during which trade and industrial activity are reduced, generally identified by a fall in GDP in two successive quarters.

Economic conditions

DEMAND & SUPPLY

relationship between the quantity of a commodity that producers wish to sell at various prices and the quantity that consumers wish to buy

PHYSICAL ENVIRONMENT:

NATALITY

the ratio of the number of births to the size of the population, birth rate



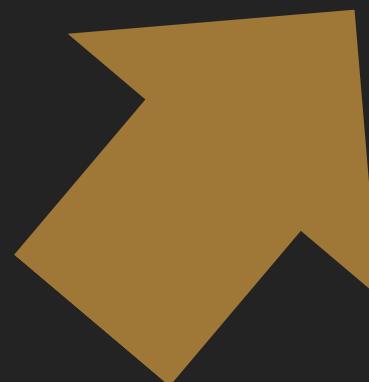
IMMIGRATION

means to move into a non-native country or region to live.

POPULATION SIZE

MORTALITY

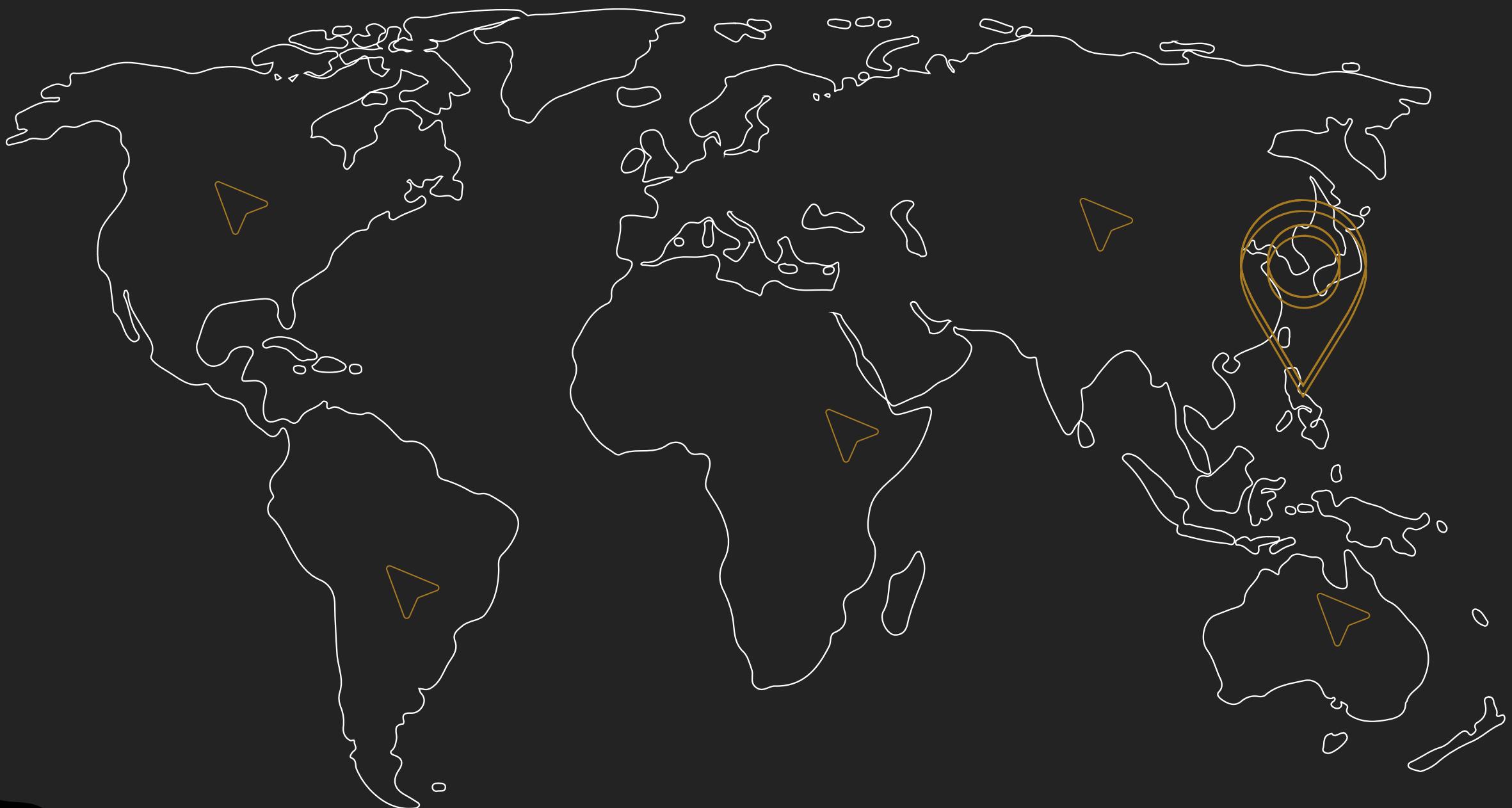
the number of deaths in a given period.



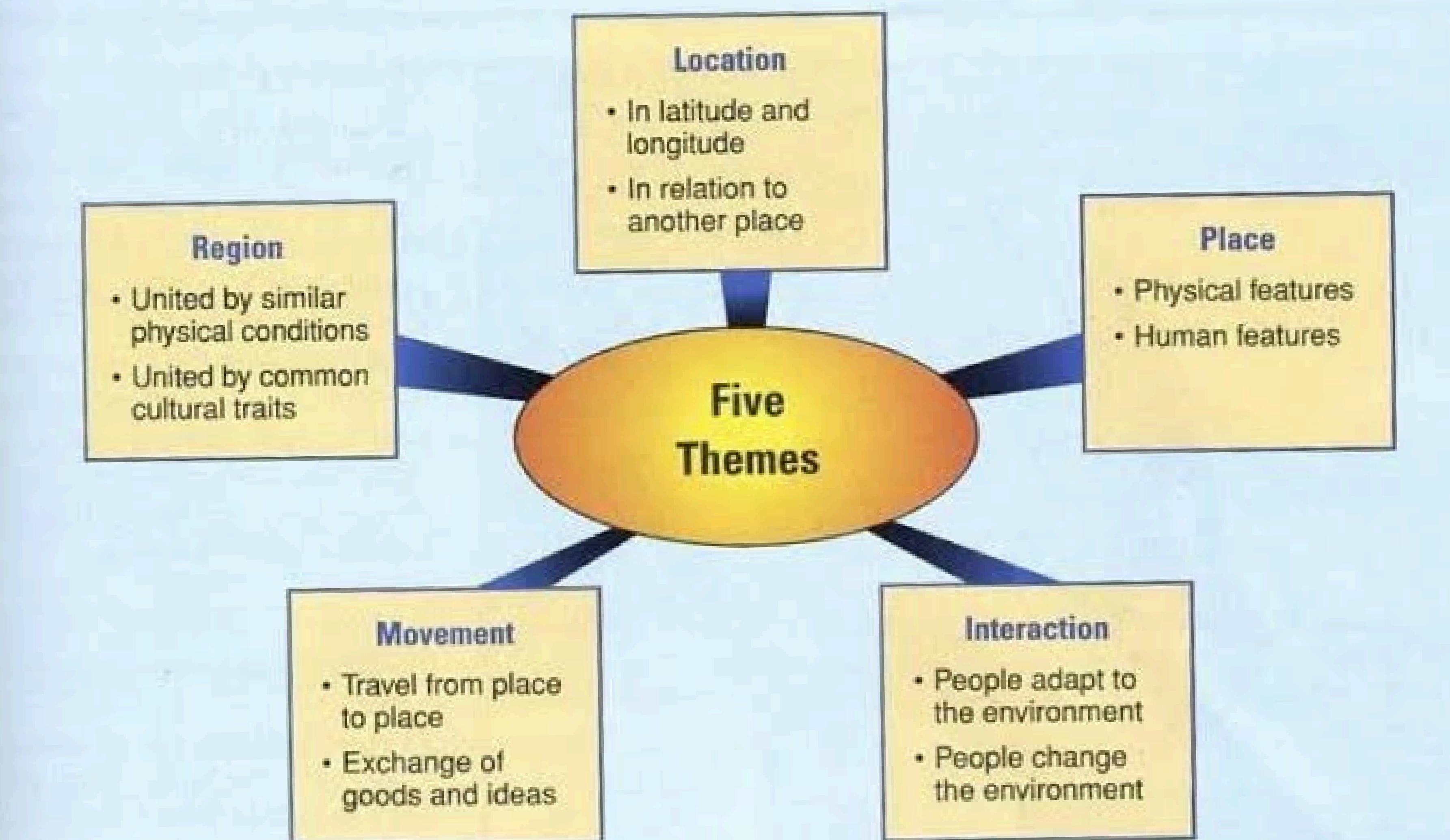
EMIGRATION

Emigrate means to leave one location, such as one's native country or region, to live in another.

GEOGRAPHY



the study of places and the
relationships between people
and their environments



Political Factors :

TYPE OF GOVERNMENT

Refers to the system of government that they use

Forms of Government

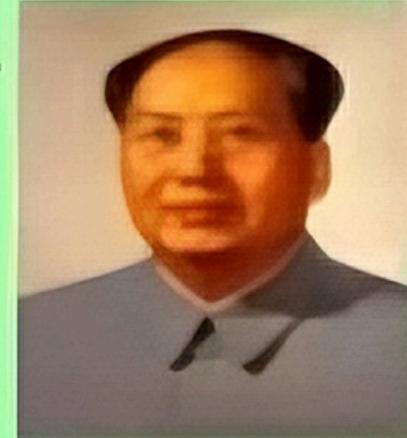
Monarchy

A form of government in which all or most of the power is in the hands of one individual, the monarch.



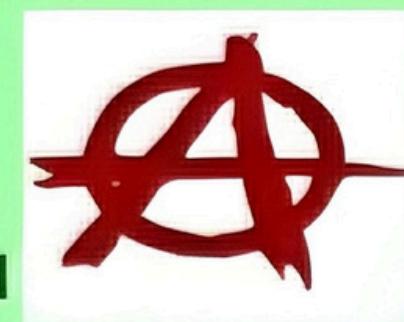
Communism

Is the doctrine of the conditions of the liberation of the proletariat.



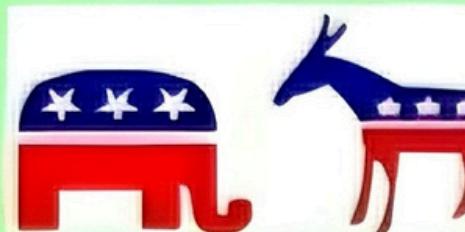
Anarchy

Absence of government and absolute freedom of the individual.



Democracy

A system in which the power is shared by all the people. "Government by the people"



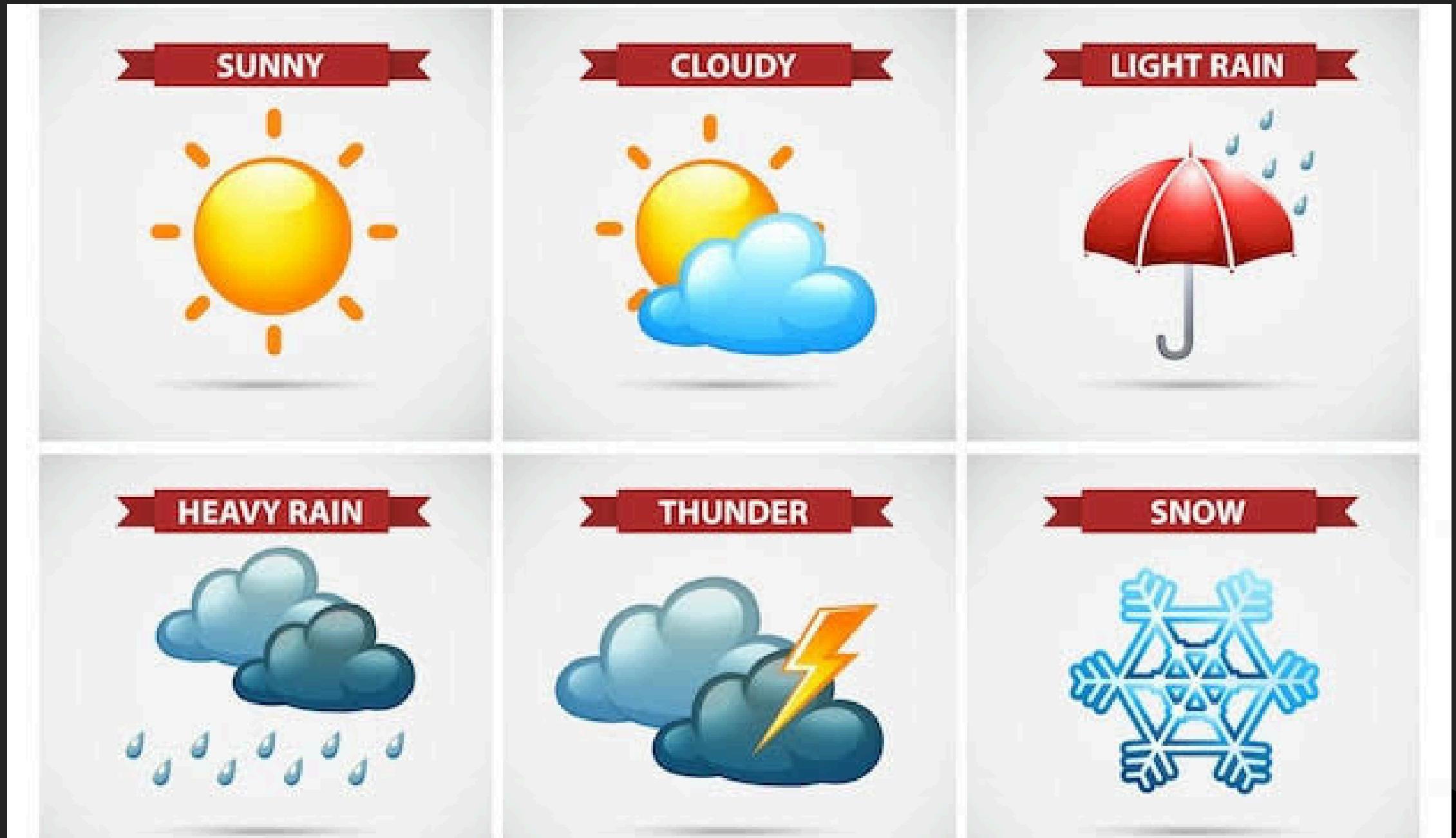
Dictatorship

Is a government controlled by one person.



CLIMATE

the weather conditions prevailing in an area in general or over a long period.



Cultures and Lifestyles :

CHRISTMAS



TRENDS & CONSUMPTION
PATTERNS

CULTURAL
PRACTICES

FESTAS



Competition :

DEGREE OF COMPETITION

perfect competition,
monopolistic
competition, oligopoly,
and monopoly.

EXTENT OF COMPETITION

The extent of the competition present within a particular market can measured by; the number of rivals, their similarity of size, and in particular the smaller the share of industry output possessed by the largest firm, the more vigorous competition is likely to be.

STRENGTH OF COMETITION

People with the strength of Competition see the world around them in comparison. They often compare one thing to another, compare people with other people, or compare their thoughts and ideas. They have an amazing energy and drive to be engaged and to succeed.

Understanding Social-Economic and Socio-Economic Factors

Socio-Economic Factors

Socioeconomic factors are, therefore, the social and economic factors that shape and determine the dynamics a society will experience. These are factors that affect the behavior of a particular group, also known as a socioeconomic class. Perhaps the most interesting behavior of members of a socioeconomic class is their behavior as consumers. Different socioeconomic classes will generally have different priorities, and this will affect how they spend their money. Various socio-economic factors that impacted business and industry are primarily the PEST POLITICAL, ECONOMY, SOCIAL, TECHNOLOGICAL FACTOR, these are the main economic factors that affect a business.

The Effects of Socio-Economic Factors Affecting Business and Industry

Environmental Analysis

This is a special term that refers to the process of looking at the external socioeconomic issues in a business. It is considered a part of general business analysis, so it is useful to the executives of a company. It can help them grow the organization, increase the streams of revenue the company receives and also get ahead of competitors.

Socioeconomic Factors that may affect Businesses and Industries

Economic factors are an essential part of all business analysis, no matter whether it is PEST analysis, PESTLE analysis, or any other kind of business analysis. These are the main factors considered when a company makes financial decisions.

Socioeconomic Factors that may affect Businesses and Industries

These factors are connected to money, goods and services. They affect businesses on a micro-level, but they are a lot more powerful than that they also affect the entire economy on a macro-level. The economy, whether a local economy or a global one, will pretty much be the determining factor in the details associated with the operation of a company, such as the value of its assets, consumer demand and even taxes.

Socioeconomic Factors that may affect Businesses and Industries

Some economic factors you must think about in your business include exchange rates, interest rates, recession, inflation, taxes, and demand and supply. Here is a closer look into three of these factors and their connection to businesses.

Interest Rate

An interest rate is the percentage charged by a lender to a borrower for using their money, or the percentage earned on an investment or deposit. It represents the cost of borrowing or the return on investment.

Exchange Rate

An exchange rate is the value of one country's currency in relation to another country's currency. It tells you how much one currency is worth when exchanged for another.

Recession

A recession is a period of economic decline, typically marked by a decrease in a country's GDP (Gross Domestic Product) for two consecutive quarters or more.

THANZ YOUNG