

Chapter 3

ANALYZING THE MARKETING ENVIRONMENT

Md. Afnan Hossain

Lecturer, School of Business & Economics

Case of Xerox

- Xerox introduced the first photocopier machine and dominated the industry for years.
- In year 2001-2002 Xerox was on the brink of bankruptcy.
- In the new digital environment Xerox customers no longer “wanted” a photo-copier.
- Customers “needed” digital document management solutions.
- New competitors: HP, IBM etc who were in selling IT solutions for effective sharing of information.



- Xerox is now “the world’s leading document management technology and services enterprise” with a new mission “Be smarter about your documents”
- Xerox provides a range of tools and techniques to capture, organize, facilitate, and enhance communication in any form.
- Xerox went through a process called “dreaming with consumers” so that technology and customer needs go hand in hand.
- Now Xerox is a tech savvy, innovative company because it has adapted to its changing marketplace environment.



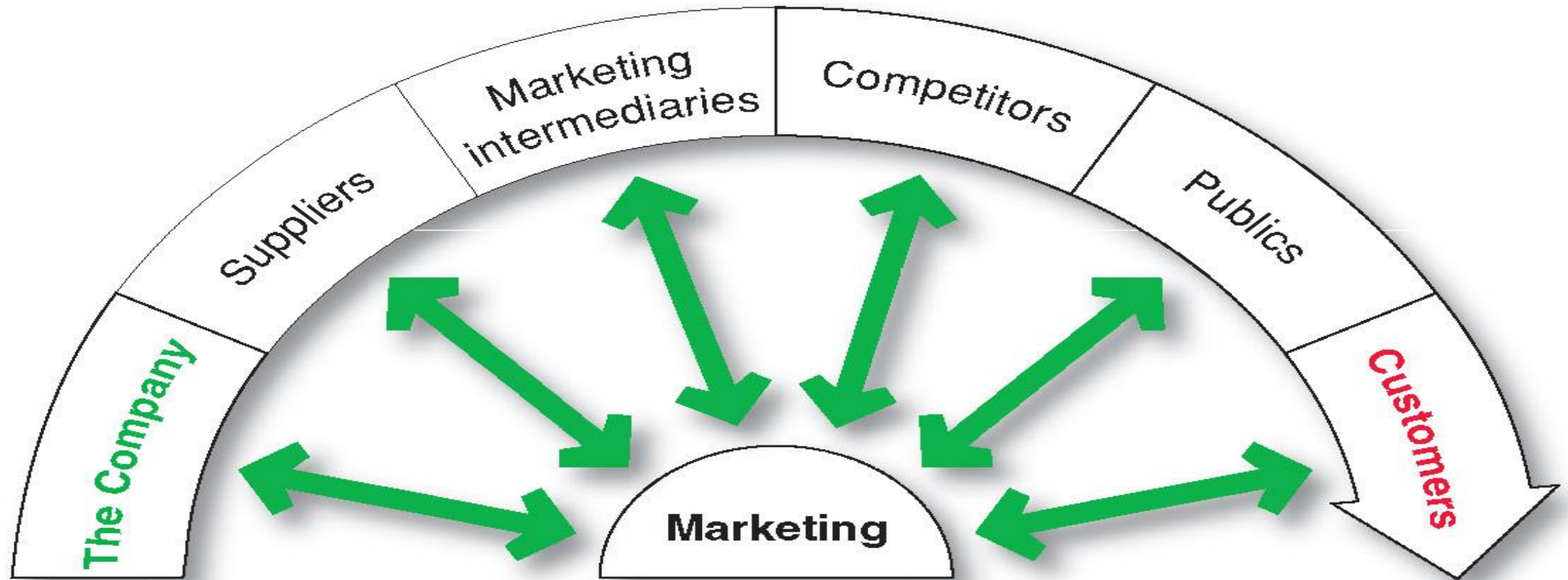
What is the Marketing Environment?

- The first step of the marketing process is: understanding the marketplace and customer needs and wants.
- The marketing environment includes the actors and forces outside marketing that affect marketing management's ability to **build** and **maintain** successful **relationships** with customers.
- The marketing environment comprises of the **macro environment** and the **micro environment**.

Macro and Micro Environment

- The **micro environment** consists of actors close to the company that affects its ability to serve its customers – the company, suppliers, marketing intermediaries, customer markets, competitors, and publics.
- These actors can be controlled by the company with its own action (controllable factors).
- The **macro environment** consists of the larger societal forces that affect the micro environment – demographic, economic, natural, technological, political, and cultural forces.
- These factors cannot be controlled by the company (uncontrollable factors).

Actors in the micro environment (value delivery network)



The company

- All the departments within the company should take on the marketing concept which is “think consumer”.
- All departments should work together in harmony to provide superior customer value and relationships.
- Top management, R & D department, commercial department, Technical services department, accounts and finance department etc.

Suppliers

- Suppliers form an important link in the company's overall customer value delivery system.
- Provides the resources to produce goods and services
- Shortages of supply can affect revenue and profits.
- Rising supply cost can influence profitability.
- Treat suppliers as partners to provide customer value.

Marketing Intermediaries

- **Marketing intermediaries** help the company to promote, sell and distribute its products to final buyers.
- **Resellers:** Retailers and wholesalers.
- **Physical distribution firms:** such as MGM group distributing P & G and J & J products.
- Marketing intermediaries play a vital role in delivering value to the consumer and should be carefully controlled.

Competitors

- A company must provide **greater** customer value and satisfaction than its competitors.



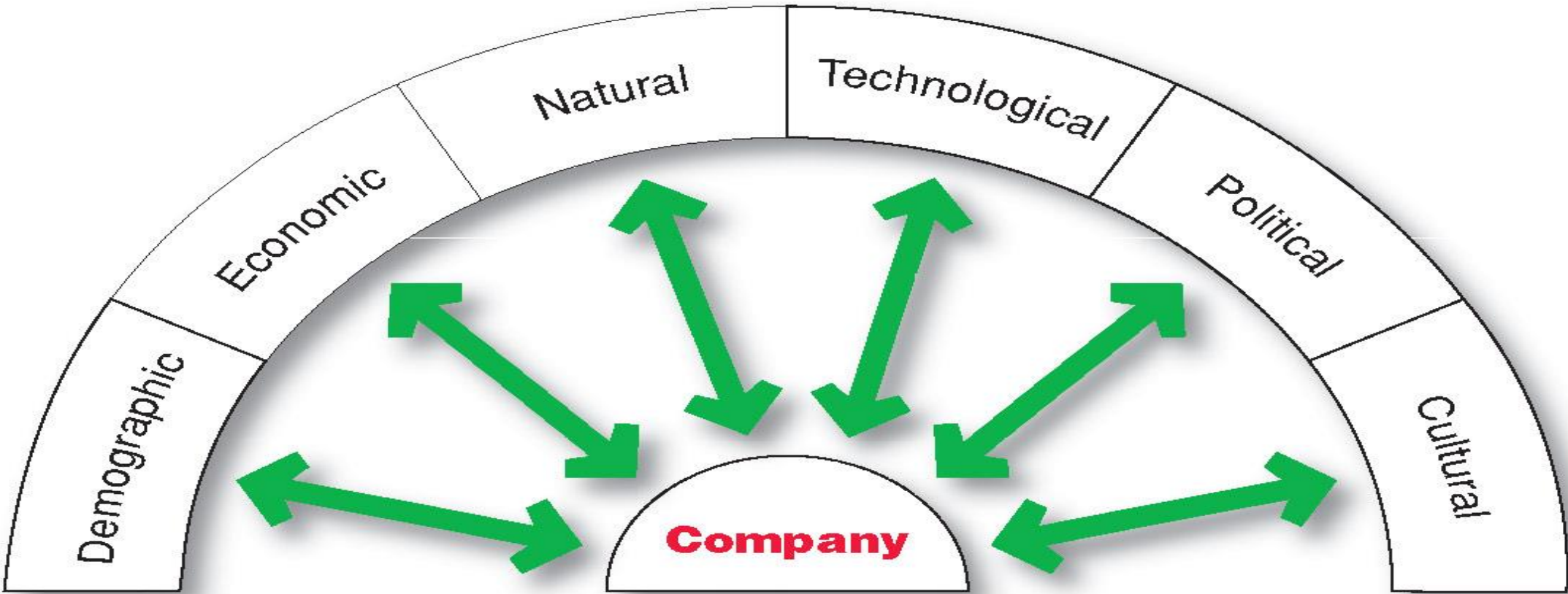
Publics

- Any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives
 - **Financial publics:** affects company's ability to obtain funds.
 - **Media publics:** Consumers always believe the media.
 - **Government publics:** Any TV advert on BTV needs to be approved by govt.
 - **General public:** What does the general public think about the product/service?
 - **Internal publics:** everyone within the company needs to be motivated.

Customer markets

- Customers are the most important actors of the company's microenvironment.
- **Consumer markets:** individuals/households that buy goods and services for personal consumption.
- **Business Markets:** buy goods and services for further processing.
- **Reseller markets:** buy goods/services to resell at a profit.
- **Government markets:** govt. agencies who buy goods/services to produce public services or transfer the goods/services to others who need them.
- **International markets:** buyers in other countries including consumers, businesses, resellers, and governments.

Major forces in the company's Macro environment



Demographic Environment

- **Demography** is the study of **human populations** in terms of size, density, location, age, gender, race, occupation, and other statistics.
- Demographic environment is important because it **involves people, and people make up consumer markets.**
- **Important Demographic trends:** age structure, family structure, geographic population shifts, educational characteristics, population diversity.

Age structure of the population in the USA

- **Baby boomers:**
 - people born between 1946 and 1964.
 - 30% of the population.
 - Most affluent Americans.
 - Lucrative segment for real estate, travel, health and fitness products, dining, financial services.



Age structure of the population in the USA

- **Generation X:**
 - includes people born between 1965 and 1976.
 - High parental divorce rates
 - Cautious economic outlook because they were born during the recession.
 - Family comes first, career second.
 - They “research” a product before making a purchase.
- **Discussion:** How will you persuade your brand to the generation Xers?

Age structure of the population in the USA

- Generation Y (Millennials):
 - Include those born between 1977 and 2000
 - Comfortable with technology/tech savvy.

Age structure of the population in Pakistan

- In Pakistan there is a growing number of infants and toddlers.



Age structure of the population in Bangladesh

- In Bangladesh almost 40% of the population are between 16 to 26 years old.



Geographic population shifts

- In Bangladesh, the population is shifting from rural areas into Dhaka and other metropolitan cities for jobs.
- In these cities – communication has been booming.

QUBEETM
Join In

qubee.com
11-10-78233

Break

**LIVE IN YOUR WORLD
PLAY IN OURS**
Your Choice For Reliable Broadband Internet

Changes in education and workforce of Bangladesh

- Majority of the workers in Bangladesh are unskilled workers.
- There is a need for increase in skilled workers.
- More people are getting aware of the importance of education.
- Still in the rural areas, education is lacking.
- The trend of women getting white collar jobs is increasing but at a low rate.

The economic environment

- The economic environment consists of factors that affect **consumer purchasing power** and **spending patterns**.
- What is meant by the term “**disposable income**”?
- The economy in Europe is currently not doing so well. Consumers are spending less. *Value marketing is the key.*
- In India there is a growing middle class with rapidly rising incomes; 1 in 7 people now owns a car in India.
- In Bangladesh, the lower income group is the biggest. On average a person spends only 350TK on branded FMCG products.

The Natural environment

- The natural environment is affected by businesses.
- There are rising concerns of our natural environment:
 - Increased pollution
 - shortage of raw materials.
 - Global warming.
- Today's businesses are developing **environmentally sustainable strategies** in an effort to create a world economy that the planet can support indefinitely.
- Sony ericsson asks their consumers to hand in their old phones back so that they can recycle it.
- HP wants to recycle old TVs, computers and other electronics.
- Societal Marketing.

Technological environment

- Most dramatic force in changing the marketplace
- New products, opportunities
- Concern for the safety of new products



Political environment

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



Cultural environment

Cultural environment consists of institutions and other forces that affect a society's basic values, perceptions, and behaviors



Thank
You