



Chapter 2

The Marketing Environment




© Juta and Company Ltd, 2012 Marketing Management 6th Edition 1



Learning outcomes

- Describe the role that the marketing landscape plays and the influence that it exerts on the organisation
- Explain the interfaces between marketing management and the business landscape
- Describe the three different sub-environments, namely the micro, market and macro environments
- Analyse how these variables impact on the organisation
- Discuss how environmental scanning can be executed by the organisation in the dynamic landscape that it operates in



© Juta and Company Ltd, 2012 Marketing Management 6th Edition 2

Marketing environment

The **marketing environment** is defined as the **sum total of the variables and forces inside** as well as outside the organisation which influence marketing management's decisions.

Trends in the marketing environment

- Trends which constitute opportunities for marketing management
- Trends which pose particular threats to marketing management
- Trends which may appear but which have no implications for the business or the industry for a certain time span.

Composition of the marketing landscape

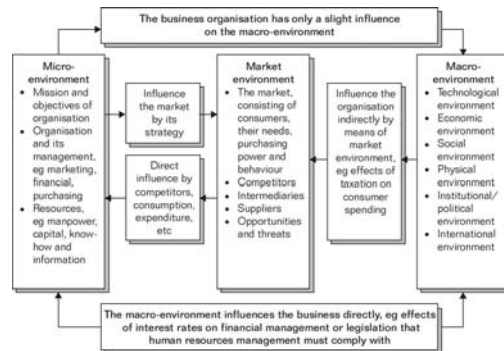


Table 2.2 Variables in the micro environment controlled by marketing management

Variable	Alternatives
1. Selection of target market	
•Size	Mass market, specific market
	segment, geographic area
•Characteristics	Male, female, young, old,
	conservative, liberal, East or West

Table 2.2 Variables in the micro environment controlled by marketing management (continued)

2. Marketing objectives	
• Sales	Brand loyalty, new products, new markets
• Profit	Profit ratio per product, area, quantity
• Image	Quality, friendly service
• Competitiveness	Competitive advantage through better product, lower price, extensive marketing communication

Table 2.2 Variables in the micro environment controlled by marketing management (continued)

3. Organisation structure	
•Type	Functional, product, area
4. Marketing plan	
•Product/service	One basic model, one colour, sizes, Styles
• Distribution	Direct, wholesale, cyber-marketing/ e-commerce
• Price	High, low, skimming
• Promotion	Advertising, personal selling, publicity
5. Control	
	Audit, cost analysis, control systems

Key variables in the market environment



- Customers with a particular buying power and behaviour, which in turn determine the number of providers of products and services to the market
- Competitors who are established in the market and wish to maintain or improve their position, including existing, new and potential competitors
- Intermediaries who compete against each other to handle the business's products, or wish to handle only those of competitors
- Suppliers who provide or do not wish to provide products, raw materials, services and even financing to the organisation

Marketing environment: customers

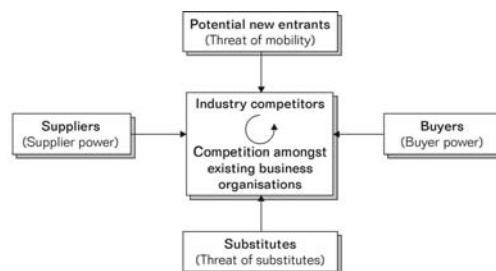


- Consumer markets
 - durable products (*furniture, household appliances and cars*)
 - semi-durable products (*clothing, shoes and car tyres*)
 - non-durable products (*food and tobacco*)
 - services (*insurance, rent and communication*).
- B2B markets (Industrial markets)
- Government markets
- Resale markets
- International markets

Marketing environment: Competitors

- **Competition** - a situation in which several businesses with more or less the same products or services compete for the same customers, profit, sales, resources and market share by offering the best practical combination of price, quality and service
- **Types of competition**
- Perfect competition
- Monopoly
- Oligopoly
- Monopolistic competition

Marketing environment: Competitive forces



Market environment: Suppliers

Value chain for Weetbix cereal



Opportunities and threats in the market environment

- Opportunity - a favourable condition or tendency in the market environment which can be utilised to the benefit of the organisation by means of a deliberate management effort.
- Threat - an unfavourable condition or tendency in the market environment that can, in the absence of a deliberate effort by management, lead to the failure of the business

The macro environment



- Political/governmental environment
- Economic environment
- Social environment
- Technological environment
- International environment
- Physical/Environmental environment