UNIT 3: THE MARKETING ENVIRONMENT

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3.0 AIMS AND OBJECTIVES

After studying this unit, you have to be able to:

- Explain what the marketing environment is and how does it influence the companies performance.

- Define the company's micro-environment and identify the major micro-environment forces.
- Define the company's macro-environment and identify the possible macro-environment forces.

3.1 INTRODUCTION

The unit describes the environments in which companies operate and shows the influence of external forces on marketing decisions.

Initially, we define a company's micro-environment, the forces close to the company that affect its ability to serve customers. The micro-environment includes the company itself, suppliers, marketing channel firms, customers, competitors and publics.

Next we put the micro-environment into a large context: the macro-environment of larger societal influences such as demographic, economic, natural, technological, political and cultural environments. We discuss how these forces can affect marketing decisions.

We conclude with thoughts on responding to the marketing environment. Two alternate philosophies for dealing with these external forces are the typical passive response and adaptation, and the aggressive environmental management perspective.

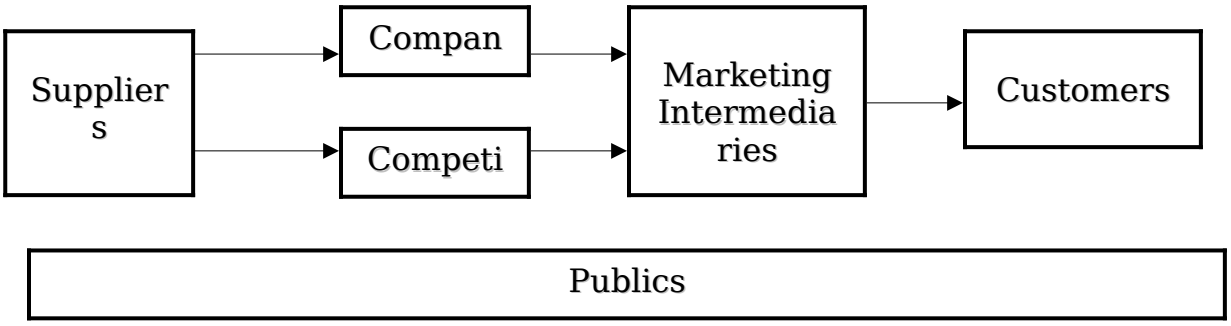
3.2 DEFINITION OF MARKETING ENVIRONMENT

A company's marketing environment consists of the actors and forces outside marketing that affect marketing management's ability to develop and maintain successful transactions with its target customers. The marketing environment offers both opportunities and threats. Companies must use their marketing research and intelligence systems to watch the changing environment and must adapt their marketing strategies to environmental trends and developments.

The marketing environment consists of a microenvironment and a macro-environment. The micro-environment consists of forces close to the company that affect its ability to serve its customers – the company, suppliers, marketing channel firms, customer markets, competitors and publics. The macro-environment consists of the larger societal forces that affect the whole micro-environment – demographic, economic, natural, technological, political and cultural forces. We look first at the company's micro-environment and then at its macro-environment.

3.3 THE COMPANY'S MICRO-ENVIRONMENT

Marketing management's job is to create attractive offers for target markets. However, marketing managers cannot simply focus on the target market's needs. Their success also will be affected by actors in the company's micro-environment – other company departments, suppliers, marketing intermediaries, customers, competitors, and various publics.



Major actors in the company's micro-environment

3.3.1 The Company

In designing marketing plans, marketing management takes other company groups into account – groups such as top management, finance, research and development, purchasing, manufacturing, and accounting. All these interrelated groups form the internal environment. Top management sets the company's mission, objectives, brand strategies and policies. Marketing managers must take decisions with in the plans made by top management

and marketing plans must be approved by to management before they can be implemented.

Marketing managers also must work closely with other company departments. Finance is concerned with finding and using funds to carry out the marketing plan. The Research and Development department focuses on the problems of designing safe and attractive products. Purchasing worries about getting supplies and materials, where as manufacturing is responsible for producing the desired quality and quantity of products. Accounting has to measure revenues and a cost to help marketing know how well it is achieving its objectives. Therefore, all of these departments have an impact on the marketing department's plans and actions.

3.3.2 Suppliers

Suppliers are firms and individuals that provide the resources needed by the company to produce its goods and services. Supplier developments can seriously affect marketing. Marketing managers must watch supply availability. Supply shortages or delays, labor strikes, and other events can cost sales in the short run and damage customer good will in the long run. Marketing managers also monitor the price trends of their key inputs. Rising supply costs may force price increases that can harm the company's sales volume.

3.3.3 Marketing Intermediaries

They are firms that help the company to promote, sell and distribute its goods to final buyers. They include middlemen, physical distribution firms, marketing services agencies and financial intermediaries. 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 (they are often called resellers). Selecting and working with middlemen is not easy. No longer do manufacturers have many small, independent middlemen from which to choose, they now face large and

growing middlemen organizations. These organizations frequently have enough power to dictate terms or even shut the manufacturer out of large markets.

3.3.4 Physical Distribution Firms

They help the company to stock and move goods from their points of origin to their points of origin to their destinations. Working with warehouse and transportation firms, a company must determine the best ways to store and ship goods, balancing factors such as cost, delivery, speed and safety. Marketing services agencies are the marketing research firms, advertising agencies, media firms and marketing consulting firms that help the company target and promote its products to the right markets. When the company decides to use one of these agencies, it must choose carefully because these firms vary in creativity, quality, service and price. Financial intermediaries include banks, credit companies, insurance companies and other businesses that help finance transactions or insure against the risks associated with the buying and selling of goods. Most firms and customers depend on financial intermediaries to finance their transactions.

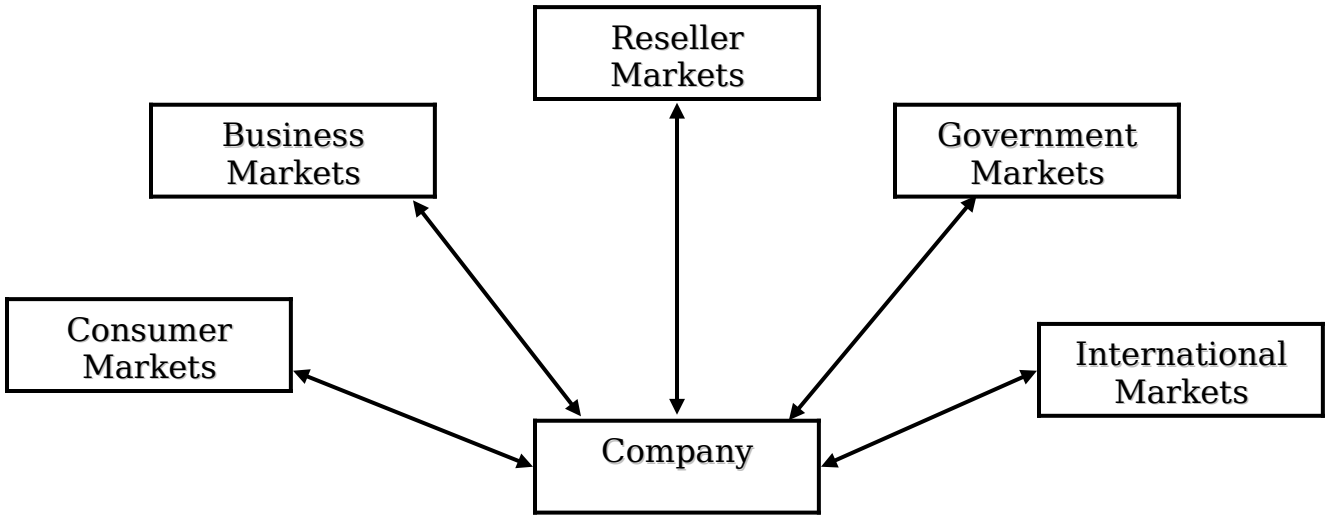
Like suppliers, marketing intermediaries form an important component of the company's overall value delivery system. In its quest to create satisfying customer relationships, the company must do more than just optimize its own performance. It must partner effectively with marketing intermediaries to optimize the performance of the entire system.

Thus today's marketers recognize the importance of working with their intermediaries as partners rather than simply as channels through which they sell their products. For example, Coca Cola recently signed a 10 year deal with Wendy's that will make Coke the exclusive soft drink provider to the fast-food chain, picking up more than 700 Wendy's franchises that were previously served by Pepsi. In the deal, Coca Cola promised Wendy's much

more that just its soft drinks. It pledged the powerful marketing support that comes along with an exclusive partnership with Coke.

3.3.5 Customers

The company needs to study its customer markets closely. The figure below shows five types of customer markets. Consumer markets consists of individuals and households that buy goods and services for personal consumption. Business markets buy goods and services for further processing or for use in their production process, whereas reseller markets are made up of government agencies that buy goods and services to others who need them. Finally, international markets consist of these buyers in other countries, including consumers, producers, resellers, and governments. Each market type has special characteristics that call for careful study by the seller.



Types of customer markets

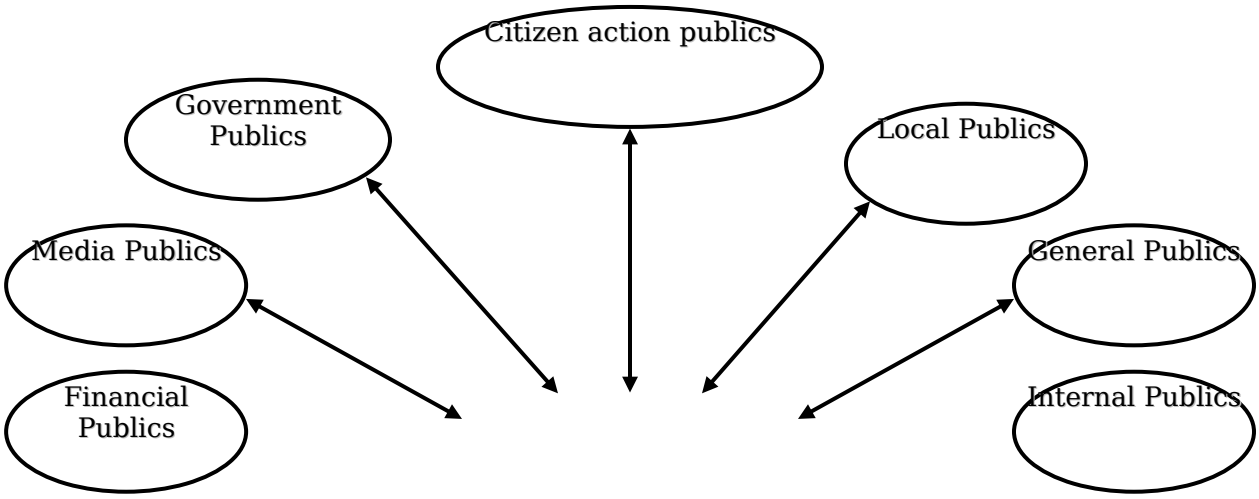
3.3.6 Competitors

The marketing concept states that to be successful, a company must provide greater customer value and satisfaction that its competitors do. Thus, marketers must do more than simply adapt to the needs of target consumers. They also must gain strategic advantage by positioning their offerings strongly against competitors' offerings in the minds of consumers.

No single competitive marketing strategy is best for all companies. Each firm should consider its own size and industry position compared to those of its competitors. Large firms with dominant positions in an industry can use certain strategies that smaller firms cannot afford. But being large is not enough. There are winning strategies for large firms, but there are also losing ones. Small firms can develop strategies that give them better rates of return than large firms enjoy.

3.3.7 Publics

The company's marketing environment also includes various publics. A public is any group that has an actual or potential interest in or impact on an organization's ability to achieve its objectives. The figure below indicates seven types of publics.





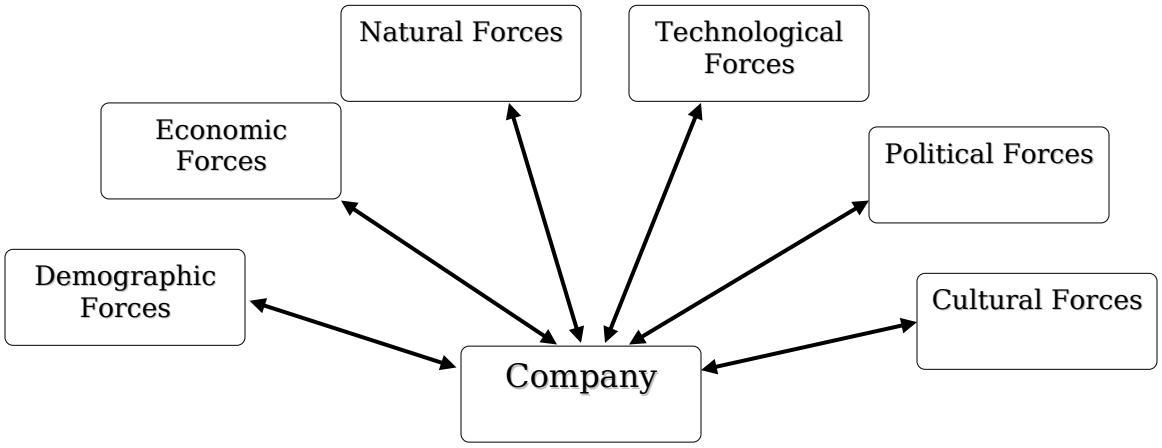
Types of Publics

- ***Financial Publics:*** influence the company's ability to obtain funds. Banks, investment houses, and stockholders are the major financial publics.
- ***Media Publics:*** carry news, features and editorial opinion. They include newspapers, magazines and radio and television stations.
- ***Government Publics:*** management must take government developments into account. Marketers must often consult the company's lawyers on issues of product safety, truth in advertising and other matters.
- ***Citizen action Publics:*** a company's marketing decisions may be questioned by consumer organizations, environmental groups, monetary groups, and others. Its public relations department can help it stay in touch with consumer and citizen groups.
- ***Local Publics:*** include neighboring residents and community organizations. Large companies usually appoint a community relations' officer to deal with the community, attend meetings answer questions and contribute to worthwhile causes.
- ***General Publics:*** a company needs to be concerned about the general public's attitude toward its products and activities. The public's image of the company affects its buying.
- ***Internal Publics:*** include workers, manager, volunteers and the board of directors. Large companies use newsletters and other means to inform and motivate their internal publics. When employees feel good about their company, this positive attitude spills over to external publics.

A company can prepare marketing plans for these major publics as well as for its customer markets. Suppose wants a specific response from a particular public, such as goodwill, favorable word of mouth, or donations of time or money. The company would have to design an offer to this public that is attractive enough to produce the desired response.

3.4 THE COMPANY'S MACRO ENVIRONMENT

The company and all of other actors operate in a large macro environment of forces that shape opportunities and pose threats to the company. The figure below shows that the six major forces in the company's macro-environment. In the remaining sections of this unit, we examine these forces and show how they affect marketing plans.



Major Forces in the company's macro-environment

3.4.1 Demographic Environment

Demography is the study of human population in terms of size, density, location, age, gender, race, occupation and other statistics. The demographic environment is of major interest to marketers because it involves, people, and people make up markets.

The world population is growing at an explosive rate. It now totals more than 6 billion and will exceed 7.9 billion by the year 2025. The explosive

world population growth has major implications for business. A growing population means growing human needs to satisfy. Depending on purchasing power, it may also mean growing market opportunities. For example, to curb its sky rocketing population, the Chinese government has passed regulations limiting families to one child each. As a result, Chinese children are spoiled and fussed over as never before. Known in china as "little emperors", Chinese children are being showered with everything from candy to computers as a result of what is known as the "six-pocket syndrome". As many as six adults – including parents and two sets of doting grand parents – may be indulging the whims of each child. Parents in the average Beijing household now spend about 40% of their income on their cherished only child. This trend has encouraged toy companies such as Japan's Bandai Company (known for its Mighty Morphin Power Rangers), Denmark's Lego group, and Mattel to enter the Chinese market.

The world's large and highly diverse population poses both opportunities and challengers. Thus, marketers keep close track of demographic trends and developments in their markets, both at home and abroad. They track changing age and family structures, geographic population shifts, educational characteristics, and population diversity. For illustrative purposes let us consider the most important demographic trends in the United States.

Changing Age Structure of The Population

The U.S population stood at more than 273 million in 1999 and may reach 300 million by the year 2020. the single most important demographic trend in the United States is the changing age structure of the population. Two very large age groups, the baby boomer generation and the baby boom-late generation, surround the smaller generation Xers.

The Baby Boomers: the post-World War II baby boom produced 78 million baby boomers born between 1946 and 1964. since, then the baby boomers

have become one of the most powerful forces shaping the marketing environment. The boomers have presented a moving target, creating new markets as they grew from infancy to their preadolescent, teenage, young adult and now middle age to mature years. Today's baby boomers account for about 30 percent of the population but earn more than half of all personal income.

Generation X: The baby boom was followed by a "birth dearth", creating another generation of 45 million people born between 1965 and 1976. Author Douglas Coupland calls them "Generation X" because they lie in the shadow of the boomers and lack obvious distinguishing characteristics. The Generation Xers are defined as much by their shared experiences as by their age. Increasing divorce rates and higher employment for their mothers made them the first generation of latchkey kids.

The Echo Boomers: both the baby boomers and the Generation Xers will one day be passing the reins to the latest demographic group, the echo boomers (or baby boomer-let generation). Born between 1977 and 1994, these children of the baby boomers now number 72 million, declaring the Generation Xers and almost equal in size to the baby boomer segment. Ranging from preteens to twenties, the echo boomer generation is still forming its buying preferences and behaviors.

Generational Marketing: do marketers have to create separate products and marketing programmes for each generation? Some experts caution that each generation spans decades of time and many socio economic levels. "These segments are so large they are meaningless as marketing targets", notes one such expert "Matures" range in age from 54 to 90; that is not a target it is a happening. Similarly, … "Boomers span almost twenty years." He suggests that marketers should form more precise age-specific segments with in each group.

Others warn that marketers have to be careful about turning off one generation each time they craft a product or message that appeals effectively to another. The idea is to try to be broadly inclusive and at the same time offer each generation something specifically designed for it.

3.4.2 Economic Forces

Marketers require buying power as well as people. The Economic Environment consists of factors that affect consumer purchasing power and spending patterns. Nations vary greatly in their levels and distribution of income. Some countries have subsistence economies – they consume most of their own agricultural and industrial output. These countries offer few market opportunities. At the other extreme are industrial economies, which constitute rich markets for many different kinds of goods. Marketers must pay close attention to major trends and consumer spending patterns both across and with in their world markets. Following are some of the major economic trends in the United States.

Changes In Income: during the 1980s – tabbed the "roaring eighties" by some – American consumers fell into consumption Frenzy, fueled by income growth, federal tax reductions, rapid increases in housing values, and a boom in borrowing. They bought and bought, seemingly without caution, amassing record levels of debt. "It was fashionable to describe yourself as 'Born to Shop'. When the going gets tough, it was said, the tough go shopping".

During the 1990s, the baby boom generation moved in to its prime wage – earning years, and the number of small families headed by dual –career couples continued to increase. Thus, many consumers' continued to demand quality products and better service, and they were able to pay for them. However, the free spending and high expectations of the 1980s were dashed by the recession in the early 1990s. In fact, the 1990s become the decade of the "squeezed consumer". Along with rising incomes in some

segments came increased financial burdens – repaying debts acquired during earlier spending splurges, facing increased household and family expenses, and saving for college tuition payments and retirement. These financially squeezed consumers sobered up, pulled back, and adjusted to their changing financial situations. They spent more carefully and sought greater value in the products and several years of strong economic performance, consumers continue to spend carefully. Hence, the trend toward value marketing continues. Rather than high quality at a high price, or lesser quality at very law prices, marketers are looking for ways to offer today's more financially cautious buyers greater value - just the right combination of product quality and good service at a fair price.

Marketers should pay attention to income distribution as well as average income. Income distribution in the UN is still very skewed. At the top are upper-class consumers, whose spending patterns are not affected by current economic events and who are a major market for luxury goods. There is a comfortable middle class that is somewhat careful about its spending but can still afford the good life some of the time. The working class must stick close to the basics of food, clothing, and shelter and must try hard to save. Finally, the underclass (persons on welfare and many retirees) must count their pennies when making even the most basic purchases.

Changing consumer spending patterns: consumers at different income levels have different spending patterns. Some of these differences were noted over a century ago by Ernest Engel, who studied how people shifted their spending as their income rose. He found that as family income rises, the percentage spent on food declines, the percentage spent on housing remains about constant (except for such utilities as gas, electricity, and public services, which decrease), and both the percentage spent on most other categories and that devoted to savings increase.

Changes in major economic variables such as income, cost of living, interest rates, and savings and borrowing patterns have a large impact on the market place. Companies watch these variables by using economic forecasting. Businesses do not have to be wiped out by an economic downturn on caught short in a boom. With adequate warning, they can take advantage of changes in the economic environment.

3.4.3 Natural Environment

The natural environment involves the natural resources that are needed as inputs by marketers or that are affected by marketing activities. Environmental concerns have grown steadily during the past three decades. Some trend analysis labeled the 1990s as the "Earth Decade" claiming that the natural environment is the major worldwide issue facing business and the public. The Earth Day movement turned 30 in the year 2000. In many cities around the world, air and water pollution have reached dangerous levels. World concern continues to mount about the depletion of the earth's ozone layer and the resulting "greenhouse effect", a dangerous warming of the Earth. And many environmentalists fear that we soon will be buried in our town trash.

Marketers should be aware of several trends in the natural environment. The first involves growing shortages of raw materials. Air and water may seem to be infinite resources, but some groups see long-run dangers. Air pollution chokes many of the world's large cities and water shortages are already a big problem in some parts of the world. Renewable resources, such as forests and food, also have to be used wisely. Nonrenewable resources, such as oil, coal, and various minerals, pose a serious problem. Firms making products that require these scarce resources face large cost increases, even if the materials do remain available.

A second environmental trend is increased pollution. Industry will almost always damage the quality of the natural environment. Consider the

disposal of chemical and nuclear wastes, the dangerous mercury levels in the ocean, the quantity of chemical pollutants in the soil and food supply; and the littering of the environment with non-biodegradable bottles, plastics, and other packaging materials.

A third trend is increased government intervention in natural resource management. The governments of different countries vary in their concern and efforts to promote a clean environment. Some like the German government vigorously pursue environmental quality. Others, especially many poorer nations, do little about pollution, largely because they lack the needed funds or political will. Even the richer nations lack the vast funds and political accord needed to mount a worldwide environmental effort. The general hope is that companies around the world will accept more social responsibility and that less expensive devices can be found to control and reduce pollution.

Concern for the natural environment has spawned the so-called green movement. Today, enlightened companies go beyond what government regulations dictate. They are developing environmentally sustainable strategies and practices in an effort to create a world economy that the planet can support indefinitely. They are responding to consumer demands with ecologically safer products, recyclable or biodegradable packaging, better pollution controls, and more enery-efficient operations. Some organizations run a pollution prevention pays program that has led to a substantial reduction in pollution and costs. Others use a special software package to choose the least harmful materials, cut hazardous waste, reduce energy use, and improve product recycling in its operations. Still others eliminated polystyrene cartons and now uses smaller, recyclable paper wrappings and napkins.

3.4.4 Technological Forces

The technological environment perhaps the most dramatic forces now shaping our destiny. Technology has released such wonders as antibiotics, organ transplants, notebook, computers and the Internet. It also has released such horrors as nuclear missiles, chemical weapons and assault rifles. It has released such mixed blessings as the automobile, television and credit cards. Out attitude towards technology depends on weather we are more impressed with its wonders or its blunders.

The technological environment changes rapidly. Think of all of today's common products that were not available 100 years ago, or even 30 years ago. Abraham Lincoln didn't know about automobiles, airplanes, radios, or the electric light. Woodraw Wilson didn't know about television, aerosol cans, automatic dishwashers, room air conditioners, antibiotics, or computers. Franklin Delano Roosevelt didn't know about Xerography, synthetic detergents, tape recorders, birth control pills, or earth satellites. John F. Kennedy didn't know about personal computers, compact disk players, V.C.Rs or the World Wide Web.

New technologies create new markets and opportunities. However, every new technology replaces an older technology. Transistors hurt the vacuum-tube industry, Xerography hurt the carbon paper business, the auto hurt the railroads and compact disks hurt phonography records. When old industries fought or ignored new technologies, their business declined. Thus, marketers should watch the technological environment closely. Companies that don't keep up with technological change soon will find their products outdated. They will miss new product and market opportunities.

The economy growth rate is affected by how many major new technologies are discovered. Unfortunately, technological discoveries do not arise evenly through time- the railroad industry created a lot of investment, and then investment petered out until the auto industry emerged. Later, radio created a lot of investment, which then petered out until television

appeared. In the time between major innovations, the economy can stagnate.

In the meantime, minor innovations fill the gap: freeze –dried coffee, combination shampoo and conditioner, antiperspirant/deodorants and the like. Minor innovations involve less risk, but critics argue that today too much research efforts is going into producing minor improvements rather than major breakthrough.

New technology creates major long-run-consequences that are not always foreseeable. The contraceptive pill, for example, led to smaller families, more working wives, and larger discretionary incomes-resulting in higher expenditures on vacation travel, durable goods, and luxury items.

The marketer should monitor the following trends in technology: the pace of change, the opportunities for innovation, varying Research and Development budgets, and increased regulation.

Accelerating Pace of the Technological Change: many of today's common products were not available 40 years ago. For example, personal computers, digital wristwatches, video recorders or fax machines were not available some decades ago. More ideas are being worked on; the time lag between new ideas and their successful implementation is decreasing rapidly; and the time between introduction and peak production is shortening considerably. Ninety percent of all the scientists who ever lived are alive today, and technology feeds upon itself.

The advent of personal computers and fax machines has made it possible for people to telecommute – that is, work at home instead of traveling to offices that may be 30 or more minutes away. Some hope that this trend will reduce auto pollution, bring the family closer together, and create more home-centered entertainment and activity. It will also have substantial impact on shopping behavior and marketing performance.

Unlimited Opportunities for Innovation: scientists today are working on a starting range of new technologies that will revolutionize products and production processes. Some of the most exciting work is being done in biotechnology, solid-state electronics, robotics and materials sciences. Researchers are working on AIDS cures, happiness pills, painkillers, totally safe contraceptives, and nonfattening foods. They are designing robots for firefighting, underwater exploration and home nursing. In addition, scientists also work on fantasy products, such as small flying cars, three-dimensional television, and space colonies. The challenge in each case is not only technical but also commercial – to develop affordable versions of these products.

Varying R&D Budgets: the United States, for instance, leads the world in annual Research and Development expenditures ($74billion), but nearly 60 percent of these funds are still earmarked for defense. This is a need to transfer more of this money into research on material science, biotechnology, and micro mechanics. Japan, on the other hand, has increased its R and D expenditures much faster than has the United States and is spending it mostly on non-defense related research in physical, biophysics, and computer science.

Increased Regulation of Technological Change: as products become more complex, the public needs to be assured of their society. Consequently, government agencies powers to investigate and ban potentially unsafe products have been expanded. Safety and health regulations have also increased in the areas of food, automobiles, clothing, electrical appliances and construction. Marketers must be aware of these regulations when proposing, developing, and launching new products.

3.4.5 Political - Legal Forces

Marketing decisions are strongly affected by developments in the political and legal environment. This environment is composed of laws, government agencies, and pressure groups that influence and limit various organizations and individuals. For example, mandatory recycling laws have given the recycling industry a major boost and spurred the creation of dozens of new companies making new products from recycled materials.

Legislation regulating business: business legislation has three main purposes: to protect companies from unfair competition, to protect consumers from unfair business practices, and to protect the interests of society from unbridled business behavior. A major purpose of business legislation and enforcement is to charge businesses with the social costs created by their products or production processes. Legislation affecting businesses has steadily increased over the years. Several countries has been active in establishing a new framework of laws covering competitive behavior, product standards, product reliability and commercial transactions. And other countries are passing laws to promote and regulate an open market economy. Still others have many laws on their books covering such issues as competition, product safety and liability, fair trade and credit practices, and packaging and labeling. A central concern about business legislation is : At what point do the costs of regulation exceed the benefits? The laws are not always administered fairly; regulators and enforcers may be lax or overzealous. Although each new law may have a legitimate rationale, it may have the unintended effect of sapping initiative and retarding economic growth.

Marketers must have a good working knowledge of the major laws protecting competition, consumers, and society. Companies generally establish legal review procedures and promulgate ethical standards to guide their marketing managers. As more and more business takes place in cyberspace, marketers must establish new parameters for doing business ethically. Although America Online has been hugely successful and is the

country's most popular on line service provider, it has lost millions of dollars due to consumer complaints regarding unethical marketing tactics.

Growth of Special - Interest Groups: the number and power of special interest groups have increased over the past three decades. Political action committees lobby government officials and pressure business executives to pay more attention to consumer rights, women's rights, senior citizen rights, minority rights, and gay rights. Many companies have established public affairs departments to deal with these groups and issues. An important force affecting business is the consumerist movement – an organized movement of citizens and government to strengthen the rights and powers of buyers in relation to sellers. Consumerists have advocated and won the right to know the true interest cost of a loan, the cost per standard unit of competing brands (unit pricing), the basic ingredients in a product, the nutritional quality of food, the freshness of products, and the true benefits of a product. In response to consumerism, several companies have established consumer affairs departments to help formulate policies and respond to consumer complaints.

Clearly, new laws and growing numbers of pressure groups have put more restraints on marketers. Marketers have to clear their plans with the company's legal, public relations, public affairs and consumer – affairs departments.

3.4.6. Social – Cultural Forces

Society shapes our beliefs, values and norms. People absorb, almost unconsciously, a worldview that defines their relationship to themselves, to others, to organizations, to society, to nature, and to the universe.

- V***iews of themselves:*** people vary in the relative emphasis they place on self-gratification. Earlier "Pleasure seekers" sought fun, change and escape. Others sought "Self-realization". People bought products, brands and services as a means of self-expression. They bought dream

cars, dream vacations and spent more time in health activities, in introspection, and in arts and crafts. Today, in contrast people are adapting more conservative behaviors and ambitions. They have witnessed harder times and cannot rely on continuous employment and rising real income. They are more cautious in their spending pattern and more value-driven in their purchases.

- ***Views of others:*** some observers have pointed to a countermovement from a "me society" to a "we society". People are concerned about the homeless, crime and victims, and other social problems. They would like to live in a more human society. At the same time people are seeking out their "own kind" and avoiding strangers. People hunger for serious and long-lasting relationships with a few others. These trends portend a growing market for social support products and services that promote direct relationships between human beings, such as health clubs, cruises, and religious activity. They also suggest a growing market for "social surrogates," things that allow people who are alone to feel that they are not such as television, home video games, and chat rooms on the Internet.

- ***Views of Organizations:*** people vary in their attitudes toward corporations, government agencies, trade unions and other organizations. Most people are willing to work for these organizations, although they may be critical of particular ones. But there has been an overall decline in organizational loyalty. The massive wave of company downsizing has bred cynicism and distrust. Many people today see work not as a source of satisfaction but as a required chore to earn money to enjoy their non-work hours.

  This outlook has several marketing implications. Companies need to find new ways to win back consumer and employee confidence. They need to make sure that they are good corporate citizens and that their

consumer messages are honest. More companies are turning to social audits and public relations to improve their image with publics.

- ***Views of Society:*** people vary in their attitudes toward their society. Some defend it (preservers), some run it (markers), some take what they can from it (takers), some want to change it (changers), some are looking for something deeper (seekers), and some want to leave it (escapers). Often consumption patterns reflect social attitude. Makers tend to be high adevers who eat, dress, and live well. Changers usually live more frugally, driving smaller cars and wearing simpler clothes. Escapers and seekers are a major market for movies, music, surfing and camping.

- ***Views of Nature:*** people vary in their attitude toward nature. Some feel subjugated by it, others feel harmony with it and still others seek mastery over it. A long-term trend has been humankind's growing mastery of nature through technology. More recently, however, people have awakened to nature's fragility and finite resources. They recognize that nature can be destroyed by human activities.

  Love of nature is leading to more camping, hiking, boating and fishing. Business has responded with hiking boots, tenting equipments, and other gear. Tour operators are packing more tours to wilderness areas. Marketing communicators are using more scenic backgrounds in advertising. Food producers have found growing marketers for "natural" products, such as, natural cereal, natural ice-cream, and health foods.

- ***View of the universe:*** people vary in their beliefs about the origin of the universe and their place in it. Most Westerns are monotheistic, although religious conviction and practice have been waning through the years. Church attendance has fallen steadily, with the exception of

certain evangelical movements that reach out to bring people back into an interest in Eastern religious, mysticism, the occult, and the human potential movement.

As people lose their religious orientation, they seek self-fulfillment and immediate gratification. At the same time, every trend seems to breed a countertrend, as indicated by a worldwide rise in religious fundamentalism. Here are some other cultural characteristics of interest to marketers: the persistence of core cultural values, the existence of subcultures, and shifts of values through time.

High persistence of core cultural values: the people living in a particular society hold many core benefits and values that tend to persist. Most Westerns for instance still believe in work, in getting married, in giving to charity, and in being honest. Core beliefs and values are passed on from parents to children and are reinforced by major social institutions – schools, churches, business, and government. Secondary beliefs and values are more open to change. Believing in the institution of marriage is a core belief; believing that people ought to get married early is a secondary belief. Thus, family planning marketers could make some headway arguing that people should get married later rather than that they shouldn't get married at all. Marketers have some chance of changing secondary values but little chance of changing core values.

Existence of subcultures: each society contains subcultures, groups with shared values emerging from their special life experiences or circumstances. Star Trek Fans, Blank Muslims, and Hell's Angels all represent subcultures whose members share common beliefs, preferences, and behaviors. To the extent that sub cultural groups exhibit different wants and consumption behavior, marketers can choose particular subcultures as target markets.

Marketers sometimes reap unexpected rewards in targeting subcultures. For instance, marketers have always loved teenagers because they are society's trendsetters in fashion, music, entertainment, ideas, and attitudes. Marketers also know that if they attract someone as a teen, there is a good chance they will keep the person as a customer in the years ahead.

Shifts of secondary cultural values through time: although core values are fairly persistent, cultural swings do take place. The advent in the 1960s of hippies, the Beatles, Elvis Presley, and other cultural phenomena had a major impact on young people's hairstyles, clothing, sexual norms, and life goals. Today's young people are influenced by new heroes and fads: Michael Jordan, Ronaldo, Michel Jackson Haile Gebreselassie and the like.

Marketers have a keen interest in spotting cultural shifts that might bring new marketing opportunities or threats. And now several firms are offering social-cultural forecasts.

Check Your Progress Exercise

1. Define the term marketing environment.

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2. Explain the company's microenvironment and discuss how it influences the business activities.

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3. Identify the possible actors in the microenvironment and discuss their impact in the organization.

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4. Explain what does a macro-environment and indicate its influence in the organization.

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5. How do you relate the micro-environment with the macro-environment forces.

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3.5 SUMMARY

Successful companies realize that the marketing environment presents a never-ending series of opportunities and threats. The major responsibility for identifying significant changes in the macro environment falls to a company's marketers. More than any other group in the company, marketing managers must be the trend truckers and opportunity seekers.

Many opportunities are found by identifying trends (directions or sequences of events that have some momentum and durability) and mega trends (major socials, economic, political, and technological changes that have long-lasting influence).

Within the rapidly changing global picture, marketers must monitor six major environmental forces: demographic, economic, natural, technological, political – legal, and social-cultural.

In the demographic environment, marketers must be aware of worldwide population growth; changing mixes of age, ethnic composition, and educational levels; the rise of non-traditional families; large geographic shifts in population; and the move to micro marketing and away from mass marketing.

In the economic arena, marketers need to focus on income distribution and levels of savings, debt, and credit availability.

In the natural environment marketers need to be aware of raw materials shortages, increased energy costs and pollution levels, and the changing role of governments in environmental protection.

In the technological arena, marketers should take account of the accelerating pace of technological change, opportunities for innovation, varying Research and Development budgets, and the increased governmental regulation brought about by technological change.

In the political – legal environment, marketers must work with in the many laws regulating business practices and with various special-interest groups.

In the social – cultural arena, marketers must understand people's views of themselves, others, organizations, society, nature, and the universe. They must market products that correspond to society's core and secondary values, and address the needs of different subcultures within a society.

3.6 ANSWER KEY TO CHECK YOUR PROGRESS EXERCISE

1. Refer to section 3.2
2. Refer to section 3.3
3. Refer to sections 3.3.1 to 3.3.7
4. Refer to section 3.4
5. Refer to sections 3.4.1 to 3.4.6
6. Refer to section 3.5