

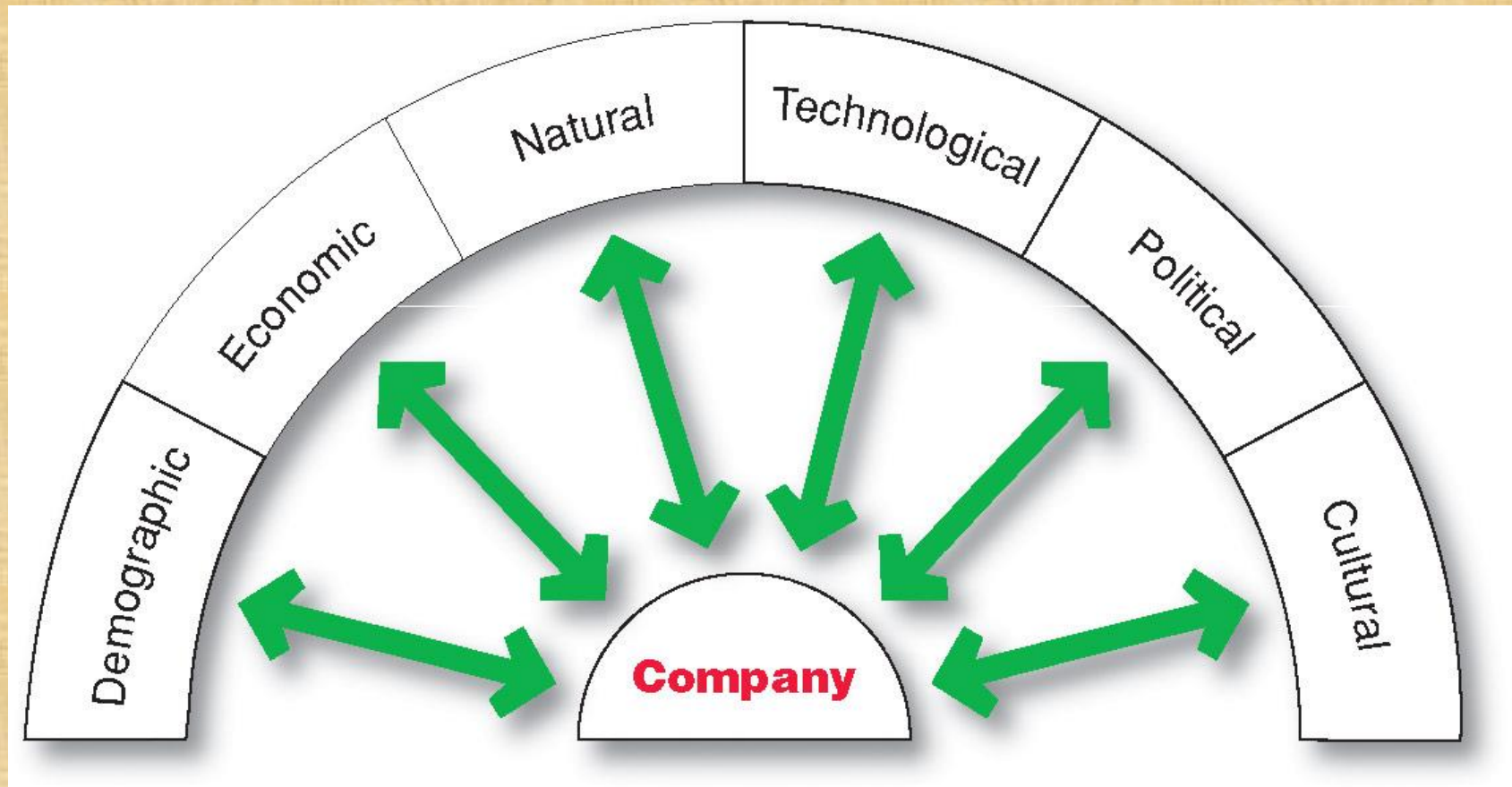
P R I N C I P L E S O F
Marketing

Chapter Three

Analyzing the Marketing Environment



The Company's Macroenvironment



The Company's Macroenvironment

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 markets
- Demographic trends include age, family structure, geographic population shifts, educational characteristics, and population diversity

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Demographic Environment

- Changing age structure of the population
 - Baby boomers include people born between 1946 and 1964
 - Most affluent Americans

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Demographic Environment

- Generation X includes people born between 1965 and 1976
 - High parental divorce rates
 - Cautious economic outlook
 - Less materialistic
 - Family comes first
 - Lag behind on retirement savings

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Demographic Environment

- Millennials (gen Y or echo boomers) include those born between 1977 and 2000
 - Comfortable with technology
 - Includes
 - Tweens (ages 8–12)
 - Teens (13–19)
 - Young adults (20's)

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Demographic Environment

Generational marketing is important in segmenting people by lifestyle of life state instead of age

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Demographic Environment


More people are:

- Divorcing or separating
- Choosing not to marry
- Choosing to marry later
- Marrying without intending to have children
- Increased number of working women
- Stay-at-home dads

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Demographic Environment

- Growth in U.S. West and South and decline in Midwest and Northeast
- Moving from rural to metropolitan areas
- Changes in where people work
 - Telecommuting
 - Home office
 - Divorcing or separating



The screenshot displays the Cisco WebEx website interface. At the top, the Cisco WebEx logo is visible, along with navigation links for USA (Change), Support, Partners, Buy, Contact Sales, and Search. Below the logo, the text 'Web Conferencing and Collaboration Solutions' is present. The main navigation bar includes 'Individual', 'Overview', 'Solutions', and 'Buy WebEx'. The 'Individual' section is expanded, showing 'Overview', 'Online Meetings', 'MeetMeNow Pay-Per-Use', 'Remote PC Access', 'Shared Workspaces', and 'Remote Support Options'. The 'Contact Us' section includes 'Chat Online' and 'Contact Sales'. The main content area features a large banner for 'WebEx MeetMeNow' with the tagline 'Get more done faster. Meet online.' and a 'Try It Free' button. A 'Buy now' button is also visible. A green circular badge highlights 'Now with Video! Version 2.0'. Below the banner, there is a quote from Julian Pscheid, Project Manager at Empire Group, Inc., praising the product's control and confidence. A 'Case study' link is provided. The 'Quick Tour MeetMeNow' link is also present. The bottom section, titled 'Experience easy, affordable online meetings', describes the product's benefits for connecting with clients, colleagues, and team members, and for solving technical issues.

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Demographic Environment

- Changes in the Workforce
 - More educated
 - More white collar

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Demographic Environment Increased Diversity



Markets are becoming more diverse

- International
- National
- Includes:
 - Ethnicity
 - Gay and lesbian
 - Disabled

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Economic Environment

Economic environment consists of factors that affect consumer purchasing power and spending patterns

- Industrial economies are richer markets
- Subsistence economies consume most of their own agriculture and industrial output

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Economic Environment

- Changes in income
- Value marketing involves ways to offer financially cautious buyers greater value—the right combination of quality and service at a fair price



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Economic Environment

Changes in Consumer Spending Patterns

- Ernst Engel—Engel's Law
- As income rises:
 - The percentage spent on food declines
 - The percentage spent on housing remains constant
 - The percentage spent on savings increases

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Natural Environment

Natural environment involves the natural resources that are needed as inputs by marketers or that are affected by marketing activities

- Trends
 - Shortages of raw materials
 - Increased pollution
 - Increase government intervention
 - Environmentally sustainable strategies

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Technological Environment

- Most dramatic force in changing the marketplace
- Creates new products and opportunities
- Safety of new product always a concern



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Political Environment

Political environment consists of laws, government agencies, and pressure groups that influence or limit various organizations and individuals in a given society

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Political Environment

- Legislation regulating business
 - Increased legislation
 - Changing government agency enforcement
- Increased emphasis on ethics
 - Socially responsible behavior
 - Cause-related marketing



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Cultural Environment

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

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Cultural Environment

Persistence of Cultural Values

Core beliefs and values are persistent and are passed on from parents to children and are reinforced by schools, churches, businesses, and government

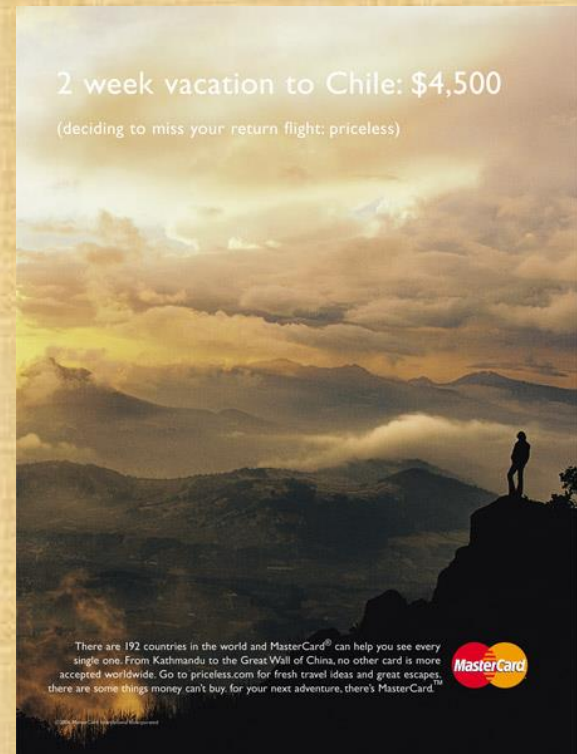
Secondary beliefs and values are more open to change and include people's views of themselves, others, organization, society, nature, and the universe

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Cultural Environment

Shifts in Secondary Cultural Values

- People's view of themselves
 - Yankelovich Monitor's consumer segments:
 - Do-it-yourselfers—recent movers
 - Adventurers
- People's view of others
 - More “cocooning”



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Cultural Environment Shifts in Secondary Cultural Values

- People's view of organizations
- People's view of society
 - Patriots defend it
 - Reformers want to change it
 - Malcontents want to leave it

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Cultural Environment Shifts in Secondary Cultural Values



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- People's view of nature
 - Some feel ruled by it
 - Some feel in harmony with it
 - Some seek to master it
- People's view of the universe
 - Renewed interest in spirituality

Responding to the Marketing Environment

Views on Responding

Uncontrollable

- React and adapt to forces in the environment

Proactive

- Aggressive actions to affect forces in the environment

Reactive

- Watching and reacting to forces in the environment