



The Marketing Environment



The External Environment

- Politics
- The Economy
- Customers
- Natural Resources
- Technology
- The law
- Competitors
- Distributors
- Government



The Internal Environment



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- The facilities available within a firm may influence whether it is product orientated or market orientated
- **Product Orientation**
 - Where a firm concentrates on the product or production process because they have the knowledge.
 - E.g. Dyson
- **Market Orientation**
 - Where a firm continually reviews and analyses consumer wants, and modifies their products accordingly.
 - Very few firms are purely market orientated
- **Asset-Led Marketing**
 - A mixture of the two approaches. It recognises that marketing is constrained by other functions of the business
 - Most firms fall into this category



The External Environment

- This effectively refers to **PESTLE** analysis:

- **P**olitical
- **E**conomic
- **S**ocial
- **T**echnological
- **L**egal
- **E**thical



- This may also be referred to as **SLEPT** or **STEEPLE** Analysis



Political Issues

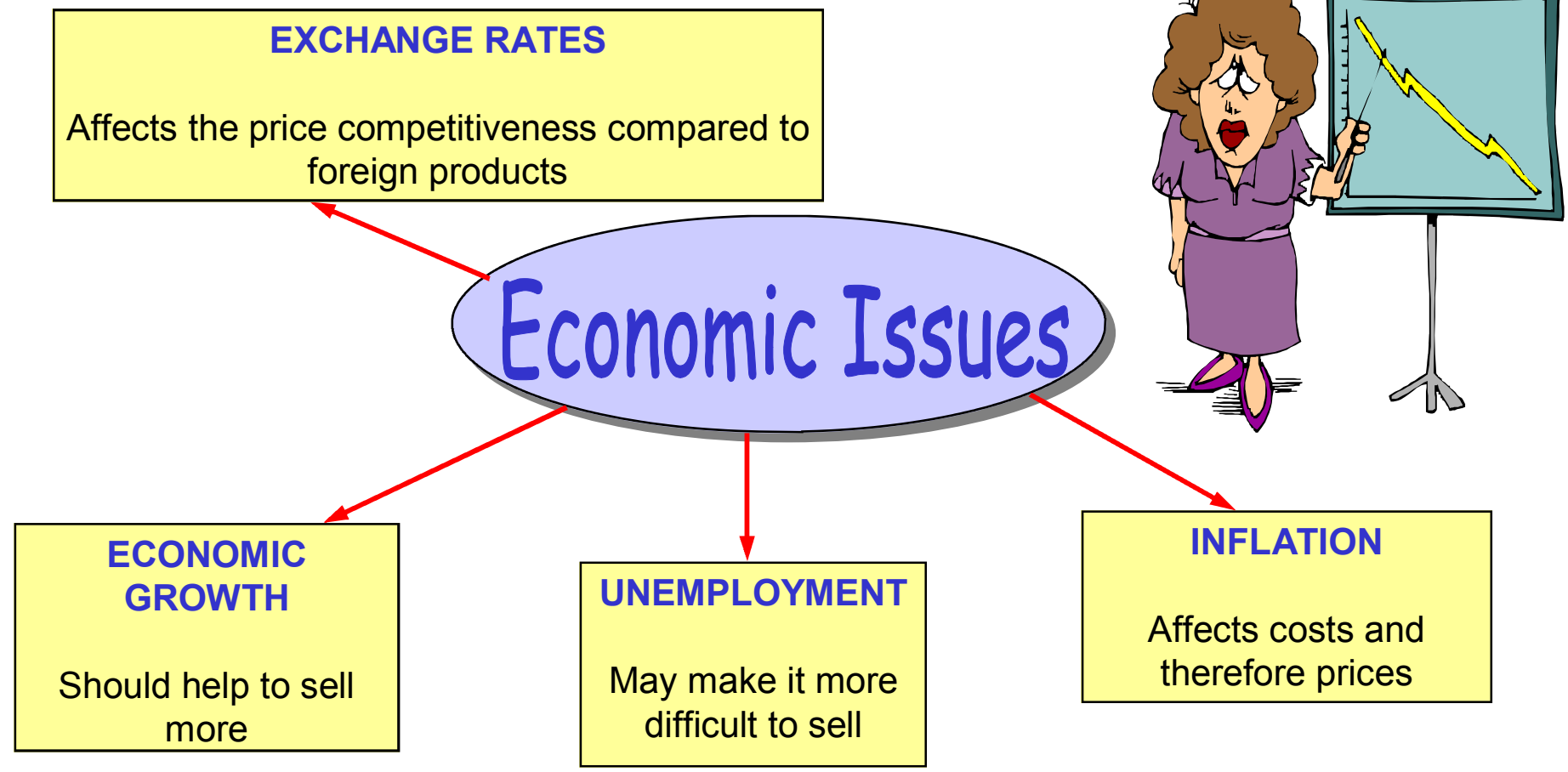
- There are a number of political levels with which businesses must deal:
 - **Local authorities**
 - **Devolved Authorities** - ie Wales
 - **Quangos** - ie Health Authorities
 - **Central Government**
 - **The EU**
 - **World Organisations** - ie IMF and WTO
- Recent major political decisions will have had major impacts on UK businesses, ie:
 - Minimum Wage
 - Bank of England i/r independence
 - Privatisation





Economic Issues

- There are a number of economic factors that will affect the marketing activity of businesses:





Economic Issues

- There are 3 main policies that a government can use in order to achieve their macroeconomic objectives
- They are:

- **Fiscal Policy**

- Uses government spending and taxation to manage the economy

- **Monetary Policy**

- Uses the money supply and interest rates to manage the economy

- **Exchange Rate Policy**

- Can be use with the above to help support the domestic economy





Social Factors

- This involves 2 factors:
 - How firms strategically manage social change
 - Corporate responsibility, which refers to the acceptance of responsibility for things that are done in the name of the business.
- Some social responsibility will be accepted by firms, but usually a compulsion to ensure that firms act responsibly is required. This can be done in 4 ways:
 - **The Law**
 - through contracts and **vicarious liability**
 - through controlling legal organisation
 - **External Control & Self-regulation**
 - The use of “watchdogs”, ie OFSTED!
 - **Consumer Control**
 - Consumerism is a very powerful tool
 - **Pressure Groups**
 - Groups who lobby politicians and firms for a given reason





Technological Issues

- There are a number of areas within marketing that have been affected by changes in technology:

- **Product**

- New technology means that products are being developed
- Consumers have more choice
- Makes it more difficult for a product to succeed
 - ◆ A high proportion of new products fail e.g.:

- **Price**

- New technology is expensive so pushes up costs

- **Place**

- Distribution has been revolutionised due to computerised stock control systems
- The internet has presented a new sales outlet

- **Promotion**

- New channels of promotion, including satellite TV, mobile phones and the internet means consumers can be targeted more effectively





Marketing & the Law

- There are a number of areas of law that must be considered:

- **Monopolies & Restrictive Practices**
- **Consumer Protection, which includes:**
 - Sale of Goods Acts
 - Consumer Protection Act
 - Trade Descriptions Act
- **Codes of Practice**





Monopolies & Restrictive Practices

- This is administered by the **Office of Fair Trading (OFT)** which was created by the Fair Trading Act (1973)
- The OFT imposes a code of practice that protects consumer interests
- One of the bodies that advises the OFT is the **Competition Commission** (formerly the Monopolies & Mergers Commission)
 - They try to ensure that a firm is unable to obtain too much power in a market





Consumer Protection

- There are a number of specific pieces of legislation which must be considered when marketing. They include:
 - Consumer Protection (Distance Selling) Regulations 2000
 - The Sale & Supply of Goods to Consumers Regulations 2002
 - The Sale of Goods Act (1979) updated by the Sale and Supply of Goods Act (1994)
 - The Consumer Protection Act (1987)
 - The Food Safety Act (1990)
 - The Weights and Measures Act (1963)
 - The Trade Descriptions Act (1968)
 - The Unsolicited Goods & Services Act (1971)
 - The Prices Act (1974)



Codes of Practice

● Firms must also abide by the rules and regulations of:

➤ **British Code of Advertising Practice**

- Enforced by ASA
- Responsible for most advertising in the UK except TV advertising



➤ **The Office of Communications (Ofcom)**

- Responsible for TV commercials



➤ **Industry Watchdogs**

- such as OFWAT, are responsible for their respective industries





Ethical Issues

- The difficulty with ethics is that it is concerned with morals - but who decides what is moral?
- As such an ethical business is one where employees act in a moral manner as part of their job
- A business that is seen as ethical can use this to its advantage when it comes to marketing, e.g.

