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Marketing Environment

Learning outcomes

1. To acquire the basic knowledge of marketing environment.
2. To learn how to make environment analysis and find marketing opportunities.
3. To understand how companies can react to the changes in marketing environment.

Background Information

Marketing environment refers to factors and forces that affect a firm's ability to build and maintain successful relationships with its customers. Two main aspects of the marketing environment are: Microenvironment — forces within and close to the company that affect its ability to serve its customers, and macroenvironment — larger societal forces that affect the microenvironment.

Environmental scanning is the process of collecting information about the external marketing environment in order to identify and interpret potential trends. The goal is to analyze the information and determine whether these trends represent opportunities or threats to the company. Environmental management is the attainment of organizational objectives by predicting and influencing the competitive, political-legal, economic, technological, and social-cultural environment. With the development of a global marketplace, environmental scanning and environmental management are becoming increasingly complex. To compete in the global arena, many firms are forming alliances with foreign companies.

Warm-up

Read the following dialogue and discuss with your partner whether John's words suit the situation or not. If not, try to give the reason.

Situation: John is Chinese. He is at a party, where he meets with a young lady, Monica who is from the U.S. He is trying to approach her.

John: Hello, I'm John from the LD Computer Corporation.

Monica: Nice to meet you. I'm Monica from MC Software Company.

John: You are really beautiful.

Monica: Thank you.

John: How old are you? You look so young! Are you married?

Monica: No.

John: You must be very capable, too. Otherwise your company wouldn't have sent you here. How much do they actually pay you?

Monica: I'm afraid that's none of your business, John. Excuse me, I have a friend over there.

Basic Knowledge

1A Read the following passage and choose the best answer for each question.

Microenvironment (internal environment)

Words and Expressions

microenvironment /ˌmaɪkrəʊɪnˈvaɪəmənt/ *n.* the environment of a very small, specific area 微观环境

intermediary /ˌɪntəˈmi:diəri/ *n.* someone who acts as an intermediate agent in a transaction or helps to resolve differences 中介

physical distribution firms 物流公司

warehouse /ˈweəhaʊs/ *n.* a place in which goods or merchandise are stored; a storehouse 仓库, 货栈

hinder /ˈhɪndə/ *v.* to be or get in the way of 妨碍, 阻碍

The microenvironment refers to the forces that are close to the company and affect its ability to serve its customers. It includes the company itself, its suppliers, marketing intermediaries, customer markets, competitors, and public.

The company aspect of microenvironment refers to the internal environment of the company. This includes all departments, such as management, finance, research and development, purchasing, operations and accounting. Each of these departments has an impact on marketing decisions.

The suppliers of a company are also an important aspect of the microenvironment because even the slightest delay in receiving supplies can result in customer dissatisfaction. Marketing managers must watch supply availability and other trends dealing with suppliers to ensure that product will be delivered to customers in the time frame required in order to maintain a strong customer relationship.

Marketing intermediaries refers to resellers that hold and sell the company's product, physical distribution firms, marketing services agencies and financial intermediaries such as banks, credit companies and insurance companies. These are the people that help the company promote, sell, and distribute its products to final buyers.

Another aspect of microenvironment is the customers. There are different types of customer markets including consumer markets, business markets, government markets, international markets, and reseller markets.

Competitors are also a factor in the microenvironment and include companies with similar offerings for goods and services. To remain competitive a company must consider who their biggest competitors are while considering its own size and position in the industry. The company should develop a strategic advantage over their competitors.

1. The _____ consists of the actors and forces outside marketing that affect marketing management's ability to develop and maintain successful relationships with its target customers.
A. marketing organization B. marketing system
C. marketing network D. marketing environment
2. All of the following would be considered to be in a company's microenvironment EXCEPT _____.
A. marketing channel firms B. political forces
C. public D. customer markets
3. Finance, research and development, purchasing, and manufacturing are all activities that are a part of which element of the microenvironment?
A. The company's internal environment. B. The suppliers.
C. The marketing channel firms. D. The public.
4. _____ help the company to promote, sell, and distribute its goods to final buyers.
A. Marketing intermediaries B. Competitor networks
C. Suppliers D. Service representatives

5. Firms that help the company to stock and move goods from their points of origin to their destinations are called _____.
A. financial intermediaries B. physical distribution firms
C. suppliers D. marketing services agencies
6. All of the following are considered to be a type of customer market EXCEPT _____.
A. business market B. competitor market
C. government market D. reseller market
7. If your company were to make a product, such as a suit of clothes, and sell that product to a retailer, your company would have sold to the _____ market.
A. reseller B. business
C. government D. service
8. _____ publics include workers, managers, volunteers, and the board of directors of an organization.
A. General B. Financial C. Internal D. Local

1B Listen to the passage and try to fill in the table below.

Macroenvironment

Words and Expressions

macroenvironment /'mækrəʊn.vəɪərənmənt/ *n.* 宏观环境

demography /dɪ'mɒɡrəfi/ *n.* the study of changes in the number of births, marriages, deaths, etc. in a particular area during a period of time. 人口统计学

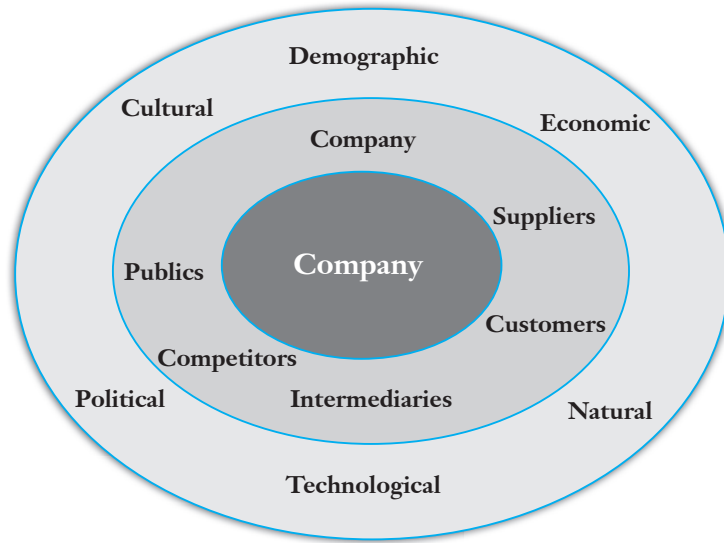
dynamic /dar'næmɪk/ *a.* characterized by continuous change, activity, or progress 动态的

antibiotics /ˌæntɪbaɪ'ɒtɪks/ *n.* 抗生素

surgery /'sɜ:dʒəri/ *n.* the treatment of injuries or diseases in people or animals by cutting open the body and removing or repairing the damaged part 外科

Main Aspects of Macroenvironment	Definition
Demography	studying 1 _____ in terms of size, density, location, age, gender, race, and 2 _____. It helps to divide the population into 3 _____.
Economic environment	the totality of economic factors that influence the buying behavior of 4 _____ as well as 5 _____.
Political environment	all laws, government agencies, and groups that 6 _____ other organizations and 7 _____ within a society.
Cultural environment	Institutions and 8 _____ of a group of people. The values can also be further categorized into 9 _____ and 10 _____.

- 1C** The following are some special terms relevant to marketing environment, try to match them with the definitions that follow. You can refer to the chart under it.



- ___ 1. Macroenvironment
- ___ 2. Cultural environment
- ___ 3. Microenvironment
- ___ 4. Competitors
- ___ 5. Publics
- ___ 6. Customers
- ___ 7. Political environment
- ___ 8. Marketing intermediaries
- ___ 9. Technological environment
- ___ 10. Suppliers

- A. Forces close to the company that affects its ability to serve its customer.
- B. Larger societal forces that affect the whole microenvironment.
- C. Laws, agencies and groups that influence and limit organizations and individuals in a given society.
- D. Forces that create new technologies, creating new product and market opportunities.
- E. Those who serve a target market with similar products and services against whom a company must gain strategic advantage.
- F. Institutions and other forces that affect a society's basic values, perceptions, preferences, and behaviors.
- G. Those who provide the resources needed to produce goods and services and are an important link of the "value delivery system".
- H. Any group that perceives itself having an interest in a company's ability to achieve its objectives.
- I. Institutions that help the company to promote, sell, and distribute its goods to final buyer.
- J. Those who purchase a company's goods and services.

Dialogues

Dialogue 1

- 2A** Listen to the dialogue on doing business in India and complete the notes based on what you hear.

Tips for Doing Business in India

Words and Expressions

blend /blend/ *n.* a mixture of different things or styles 混合物

Hinduism /ˈhɪnduːɪz(ə)m/ *n.* 印度教

caste system (印度的) 种姓制度

hierarchical /ˌhaɪəˈrɑːkɪkəl/ *a.* of or relating to a hierarchy 分等级的

hierarchy /ˈhaɪərəki/ *n.* a system in which people or things are arranged according to their importance 等级

executive /ɪgˈzekjʊtɪv/ *n.* someone in a high position, especially in business, who makes decisions and puts them into action 行政主管

monitor /ˈmɒnɪtə/ *v.* to watch and check a situation carefully for a period of time in order to discover something about it 监督

subordinate /səˈbɔːdɪnɪt/ *n.* a person who has a less important position than you in an organization 属下

rapport /rəˈpɔːt/ *n.* relationship, especially one of mutual trust or emotional affinity 融洽的关系

counterpart /ˈkaʊntəpɑːt/ *n.* a person or thing which has the same purpose as another one in a different place or organization 与对方地位作用相当的人 (或物)

vegetarian /ˌvedʒɪˈteəriən/ *n.* a person who does not eat meat or fish 素食者

Tips for Doing Business in India

- Culture:**
- ◆ It has different **1** _____, races and **2** _____.
 - ◆ Religion is **3** _____ and **4** _____ in order to maintain successful business relationships.

- Working relationships:**
- ◆ Senior colleagues and elders are **5** _____.
 - ◆ Senior management is responsible to **6** _____, check and look after their Indian subordinates.

Attitude toward meetings: Meetings begin with 7 _____ as a way of building 8 _____ before business.

Special attention: ♦ Don't refuse any 9 _____ offered during business meetings.
♦ Don't drink 10 _____.

2B Group Discussion: Suppose your company will launch a new product in a foreign market, analyze the social environmental elements. The following are reference questions for your discussion.

1. Are there important ethnic groups in the population of interest?
2. Does the mix of family structures (traditional, divorced, single, etc.) present opportunities?
3. What core cultural values are held by the population of interest? Are there important subcultures? How are cultural values shifting through time?
4. Is there anything distinctive about the culture or social class of people who buy this type of product?
5. Are there trends toward conservative or liberal lifestyles?
6. Is a trend toward less time for leisure likely to affect demand for your product?
7. Will changes in types of recreation enjoyed by consumers affect your product market?
8. What changes in mobility, marriage and divorce, working women, number of retirees, etc. create opportunities or threats in your product market?

Useful Expressions & Statements

- Leisure is becoming a bigger part of many people's lives, and marketers have responded with a wide range of leisure related goods and services.
- Attitudes towards the work/life balance are changing.
- Greater life expectancy is leading to an ageing of population and a shift to an increasingly elderly culture.
- The average time women spent in a week doing cleaning and laundry fell from 12 hours and 40 minutes to 6 hours and 18 minutes.
- The average time that parents spent helping their children with homework had increased from 15 minute a day to 30 minutes a day.
- Beliefs are important (whether right or wrong) in that they affect how we may behave and what we buy.
- Labor mobility across different occupations and regions in recent times has cut down wage differentials greatly.
- When designing advertisements, sales presentations, or other promotional material, a marketer must keep language issues in mind.

Dialogue 2

- 2C Rhoda is Chinese and Grace is from America. Listen to the dialogue on differences between Chinese and Americans and try to classify the following items based on what Chinese and Americans are inclined to do respectively.

Differences Between Chinese and Americans

Words and Expressions

at one's service 乐意帮助

courtesy /kɜːtɪsi/ *n.* polite behavior, or a polite action or remark 礼貌

hospitality /hɒspɪ'tælɪti/ *n.* friendly and generous behavior towards guests 款待

reticence /re'tɪsəns/ *n.* reserve 沉默寡言

Chinese _____	A. open and direct B. modest and reserved C. mean what is said D. suspicious of reticence and reserve E. do more than what is said F. value time highly G. believe in silence H. late for classes without feeling awkward
Americans _____	I. sensitive about privacy J. feeling shy when praised K. curious about privacy L. always on time

Notes

1. **low-context culture:** In a low context culture, messages are explicit; words carry most of the information in communication. Examples of low-context cultures would be the United States or, perhaps even more distinctly, the Swiss-Germans. In these countries, deals of bank loans are made with much less information about character and background and values of the participants and much more reliance upon the words and numbers in the loan application.
2. **high-context culture:** In a high-context culture, less information is contained in the verbal part of a message, since much more information is in the context of communication, which includes the background, associations, and basic values of the communicators. Who you are — that is, your values and position or place in the society — is crucial in high-context

cultures, such as in Japan or the Arab countries. In these countries, bank loans are more likely to be based on who you are than upon formal analysis of pro forma profit and loss statements and balance sheets.

2D Role Play: Role play in pairs the meeting of an American businessman who wants to start a business in China and an old friend, who has been doing business in China for more than 5 years, offering valuable tips.

Tips for Doing Business in China:

- Tip 1** A special feature of doing business in China will be that of Guangxi (relationship). It includes relationships with government bodies, investors, partners and even relationships with your own staff.
- Tip 2** Because China's government is so tightly affiliated (有关联的) with its businesses, knowing what the government wants will help you draft your business plan later on.
- Tip 3** Develop a business plan. A detailed five-year business plan is crucial, because once the government approves it; you will be able to operate only within its guidelines. If you start offering a product or service that is not in your business plan, the Chinese government can shut your business down. The same goes for where and how you operate.
- Tip 4** It is important to find a liaison or several. No matter how informed you are, you won't get very far without consulting a representative to register your business. A qualified liaison should be able to tell you where you need to go to register, whether it's the local, provincial or national government, and should do the talking once you get there.
- Tip 5** It is necessary to trademark your intellectual property. Intellectual property violations are a big issue for foreign investors in China. In China, the first person to register a trademark owns the rights to it, regardless of whether or not that person is the first person to use the trademark.
- Tip 6** Hiring in China is a delicate process, especially when it comes to hiring managers. It is very important to have a smart business person in position who will run the company the way you want it run. Building a strong local team can help close deals, understand the culture and the complexities of the market as well as compensate for the language barrier for those who don't speak Mandarin.
- Tip 7** Be sure to find a bank in the United States and a bank in China that has some sort of corresponding relationship, so your banking is transparent.
- Tip 8** It is crucial to learn how to prevail over competition. In such a big, open market as China,

investors should fully realize and maximize their advantages. Despite the various kinds of cheap imitation products, it will always be one that has the superior quality that will not be afraid of competition and will prevail eventually.

Tip 9 It is valuable to develop insight into China's business culture and social etiquette to avoid misunderstandings that could harm deals and working relationships. One key aspect of Chinese culture is the concept of "face", a mix of public perception, social role and self-esteem.

Tip 10 Don't jump into quick business deals just to turn a profit. It takes time to build business relationships. What will win you success in the Chinese market is patience.

<http://edition.cnn.com/2011/10/21/business/china-business-investors-culture>

Extended Activities

- 3A** Read the passage quickly. Try to give a subtitle for each difference the author discusses.

Six Fundamental Patterns of Cultural Differences

1. _____.

The way people communicate varies widely between, and even within, cultures. One aspect of communication style is language usage. Across cultures, some words and phrases are used in different ways. For example, even in countries that share the English language, the meaning of "yes" varies from "maybe, I'll consider it" to "definitely so", with many shades in between.

Another major aspect of communication style is the degree of importance given to non-verbal communication. Non-verbal communication includes not only facial expressions and gestures; it also involves seating arrangements, personal distance, and sense of time. In addition, different norms regarding the appropriate degree of assertiveness in communicating can add to cultural misunderstandings. For instance, some white Americans typically consider raised voices to be a sign that a fight has begun, while some African, Jewish and Italian Americans often feel that an increase in volume is a sign of an exciting conversation among friends. Thus, some Caucasian Americans may react with greater alarm to a loud discussion than would members of some American ethnic or non-white racial groups.

2. _____.

Some cultures view conflict as a positive thing, while others view it as something to be avoided. In the U.S., conflict is not usually desirable; but people often are encouraged to deal directly with conflicts that do arise. In fact, face-to-face meetings customarily are recommended as the way to work through whatever problems exist. In contrast, in many Eastern countries, open conflict is experienced as embarrassing or demeaning; as a rule, differences are best worked out quietly. A written exchange might be the favored means to address the conflict.

3. _____.

From culture to culture, there are different ways that people move toward completing tasks. Some reasons include different access to resources; different judgments of the rewards associated with task completion, different notions of time, and varied ideas about how relationship-building and task-oriented work should go together.

When it comes to working together effectively on a task, cultures differ with respect to the importance placed on establishing relationships early on in the collaboration. A case in point, Asian and Hispanic cultures tend to attach more value to developing relationships at the beginning of a shared project and more emphasis on task completion toward the end as compared with European-Americans. European-Americans tend to focus immediately on the task at hand, and let relationships develop as they work on the task. This does not mean that people from any one of these cultural backgrounds are more or less committed to accomplishing the task, or value relationships more or less; it means they may pursue them differently.



4. _____.

The roles individuals play in decision-making vary widely from culture to culture. For example, in the U.S., decisions are frequently delegated — that is, an official assigns responsibility for a particular matter to a subordinate. In many Southern European and Latin American countries, there is a strong value placed on holding decision-making responsibilities oneself. When decisions are made by groups of people, majority rule is a common approach in the U.S.; in Japan consensus is the preferred mode. Be aware that individuals' expectations about their own roles in shaping a decision may be influenced by their cultural frame of reference.

5. _____.

In some cultures, it is not appropriate to be frank about emotions, about the reasons behind a conflict

or a misunderstanding, or about personal information. Keep this in mind when you are in a dialogue or when you are working with others. When you are dealing with a conflict, be mindful that people may differ in what they feel comfortable revealing. Questions that may seem natural to you — What was the conflict about? What was your role in the conflict? What was the sequence of events? They may seem intrusive to others. The variation among cultures in attitudes toward disclosure is also something to consider before you conclude that you have an accurate reading of the views, experiences, and goals of the people with whom you are working.

6. _____.

Notable differences occur among cultural groups when it comes to epistemologies — that is, the ways people come to know things. European cultures tend to consider information acquired through cognitive means, such as counting and measuring, more valid than other ways of coming to know things. Compare that to African cultures' preference for affective ways of knowing, including symbolic imagery and rhythm. Asian cultures' epistemologies tend to emphasize the validity of knowledge gained through striving toward transcendence. (Nichols, 1976) Recent popular works demonstrate that the American society is paying more attention to previously overlooked ways of knowing.

You can see how different approaches to knowing could affect ways of analyzing a community problem or finding ways to resolve it. Some members of your group may want to do library research to understand a shared problem better and identify possible solutions. Others may prefer to visit places and people who have experienced challenges like the ones you are facing, and touch, taste and listen to what has worked elsewhere.

3B Group Work: Discuss with your classmates and try to analyze the competitive environment in China of the following firms.

A. Lenovo China

B. Nokia

C. Sony

D. Apple

Hints:

Competitors are also a factor in the microenvironment and include companies with similar offerings for goods and services. To remain competitive a company must consider who their biggest competitors are while considering its own size and position in the industry. The company should develop a strategic advantage over their competitors.

3C KFC now operates more than 17,000 stores worldwide. It has more than 3,700 restaurants in China alone, the world's second biggest economy. It has become the company's real bread and butter, which generates the greatest sales and net

income for Yum Brands. Work with one of your classmates to do some research and try to write a brief report about how KFC adapted to the environment here and achieved a great success.

