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The marketing environment is defined as those actors and forces external to the firm's marketing management function, which have the potential to affect the business' ability to successfully develop and maintain transactions with its customers. (Kotler, 1998). The factors affecting how well a company meets its customer needs are a combination of the external forces, which dictate the operating environment of the business and the internal organizational pressures, which determine the nature of responses to those forces.

Internal environmental forces tend to be of a more controllable nature than external forces. The external environment consists of a number of factors with degrees of influence at different stages in a product's life or a company's development.

Environmental analysis

All relevant external forces should be analysed as part of an ongoing planning process, in order to identify any changes in the operating environment, which could either represent a threat to the firm's current position or an opportunity to gain additional competitive advantage. This process is known as **environment scanning** or **analysis**.

External forces

The external forces, also known as the **macro environment**, are often outside the control of the firm:

Internal forces

The internal forces, or the **micro environment**, focus on the organization itself and how its characteristics and composition influence the ways it responds to the target market. It also considers how it is portrayed to the target market.

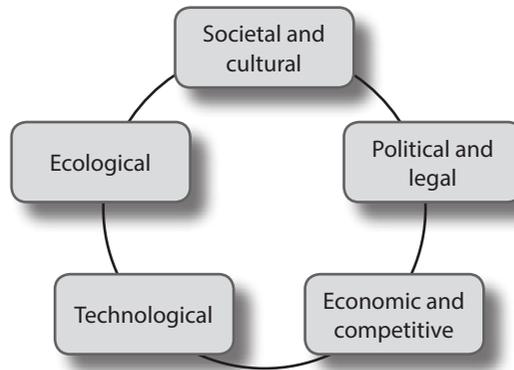


Figure 2.1: The macro environment



Figure 2.2: The micro environment

Both internal and external environments must be analysed in tandem, since they do not exist independently of each other. Many firms place a high importance on analysing the external environment without fully understanding the impact their own operating methods have on the way they respond to the external pressures

Marketing and customer focus

A marketing-oriented firm focuses on satisfying the needs of target customers as successfully and efficiently as possible. To achieve this goal, it is important to understand the environment within which customers live and the effect this has on their buying behaviour and their expectations. Equally, the business must attempt to calculate the extent to which the environment will impinge on its own ability to service customer needs.

■ Scanning the external environment

Environmental scanning of the marketing environment is crucial in order to have up to the minute information on the current position. Information gathered relating to the current state of play in the marketplace is assessed and interpreted through a process known as environmental analysis, a twofold process taking cognizance of both the external situation facing the business and a realistic understanding of the internal resources and skills. The impact of basing decisions on out of date or erroneous information can be loss of market share, customer dissatisfaction, damage to brand identity and potentially loss of faith in the business itself.

The societal environment

As people, we all live within a society with its norms and acceptable ethics relating to behaviour, business and beliefs. These beliefs form part of our cultural background, which over time develops into our shared culture and history. The societal environment is therefore the framework within which our personal cultural environment exists, influencing how we behave as consumers and our expectations of the companies that serve us.

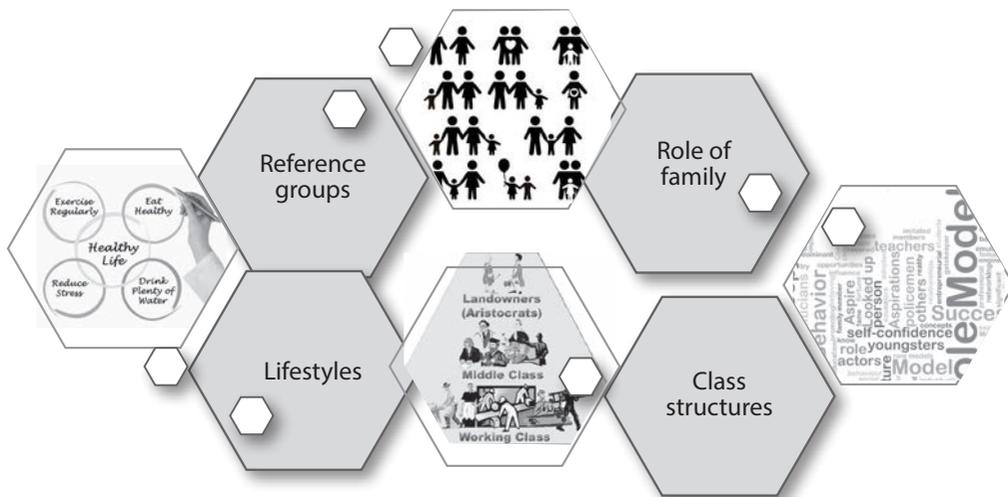


Figure 2.3: Societal and cultural environments

■ Role of the family

Families have developed in different ways in different societies. In some societies, for example, the 'traditional' family structure of the mother at home to bring up the children while the father supports the household is the norm. In