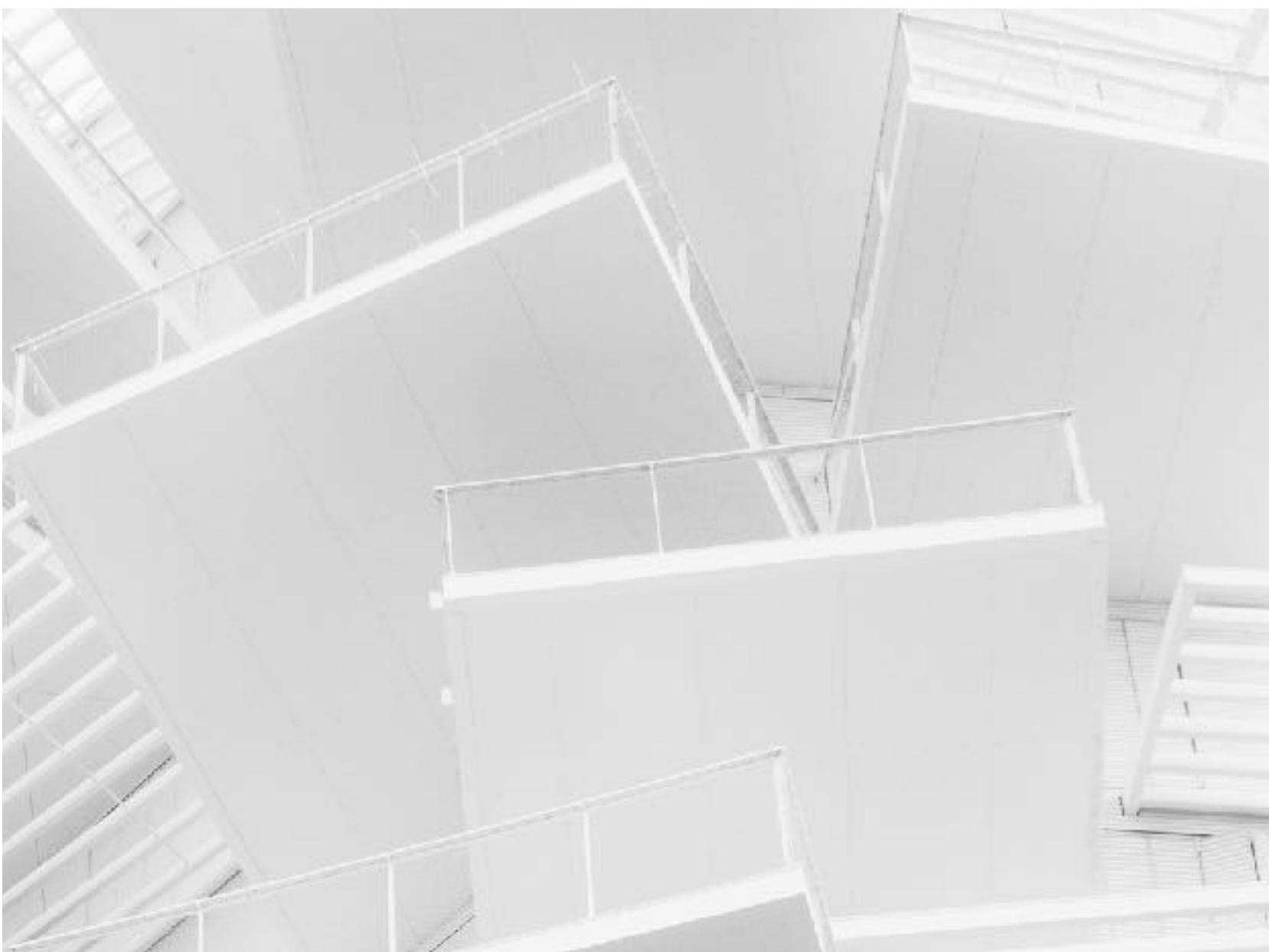




**STARTING WHERE
IT COMES FROM:
THE MARKET**

MARKET ORIENTATION OF THE MARKETING DISCIPLINE

Understanding



Marketing as derived from '**market**' and '**to market**':

- markets define the framework for marketing practiced by companies - the customers, competitors, and other stakeholders present in a market shape the scope of marketing activities to a major extent
- the significance of markets is demonstrated by the fact that within the course of their marketing activities, companies strive to actively exert a controlled influence on the behavior of both customers - as well as potential and internal customers - and competitors to the benefit of the company and its stakeholders.

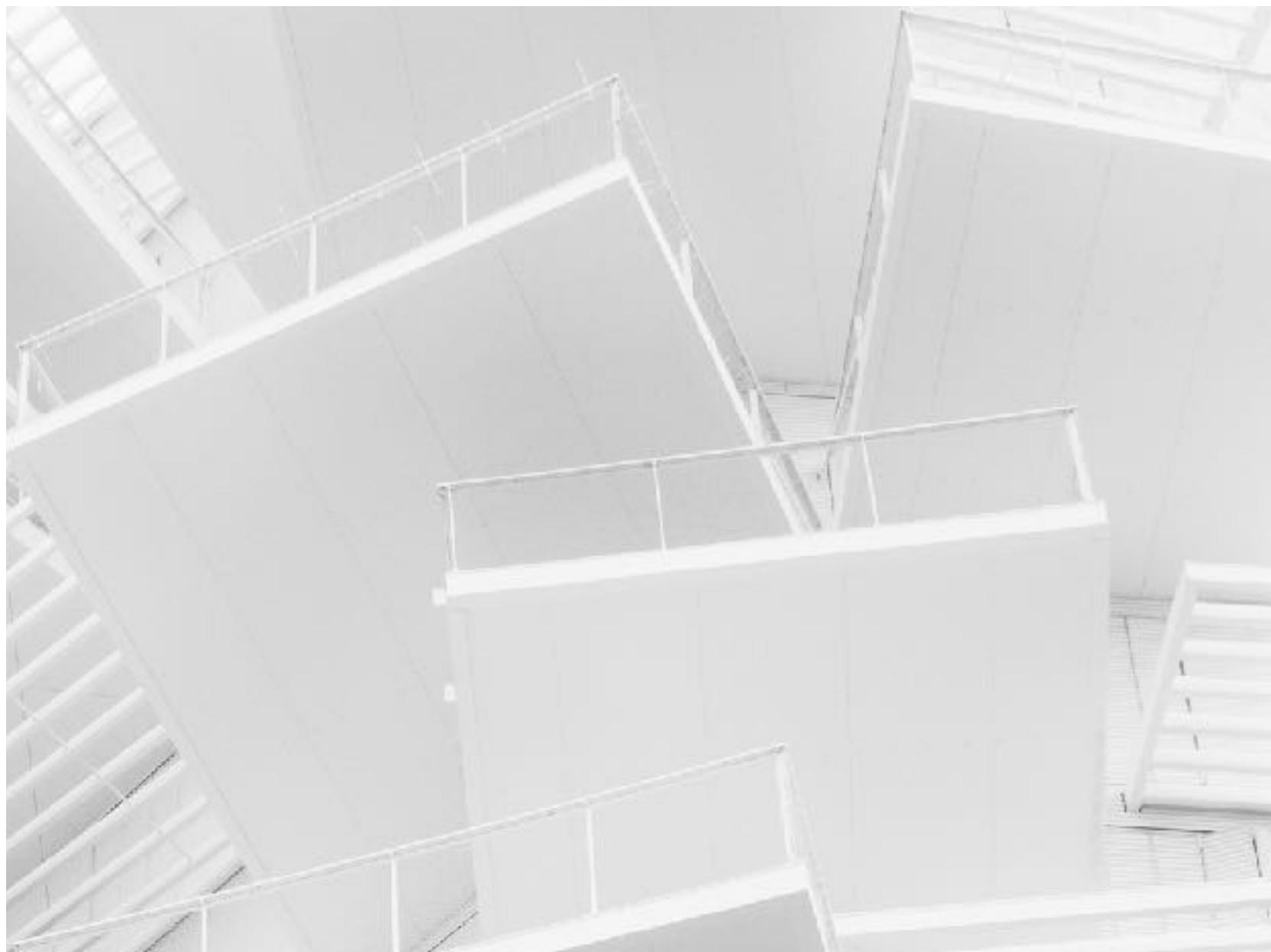
"A market is a set of institutions and actors located in a physical or virtual space where marketing-related transactions and activities take place."

- any place - physical or virtual location - where supply meets demand, thus leading to the formation of prices.

Sources: Homburg, C., Kuester, S., & Krohmer, H. (2009): Marketing Management - A Contemporary Perspective, McGraw Hill, London, pp. 2/3; Venkatesh, A. & Penalosa, L. (2006): From marketing to the market - A call for paradigm shift, in: Sheth, J.N./ Sisodia, R.S. (Eds.): Does Marketing Need Reform? Fresh Perspectives on the Future, Armonk, ME Sharpe, pp. 136/137.

MARKETING COMES FROM THE MARKET

A changing environment



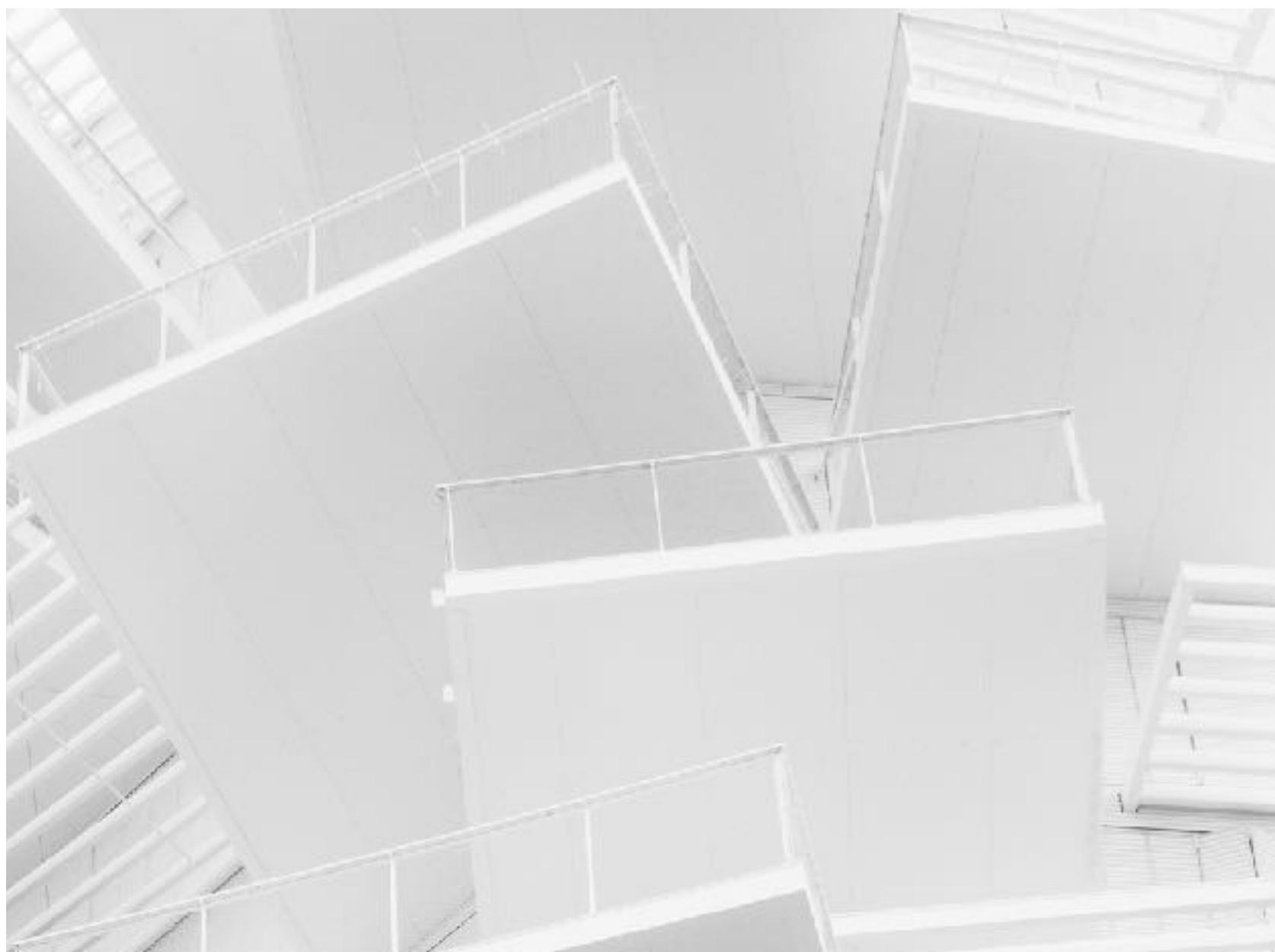
Markets have become increasingly difficult environments for most companies, through:

- **CHANGES IN TECHNOLOGY**: e.g., the convergence of information and communication technologies or intensifying globalization
- **CHANGES IN THE COMPETITORS LANDSCAPE**: e.g., disappearing industry boundaries
- **CHANGES IN THE CUSTOMER LANDSCAPE**: e.g., search for and obtain market- and purchasing-relevant information

As a first step: marketers need to understand the markets in which they operate to craft offerings that contribute to the company's performance.

MARKETING COMES FROM THE MARKET

Defining the company's relevant market

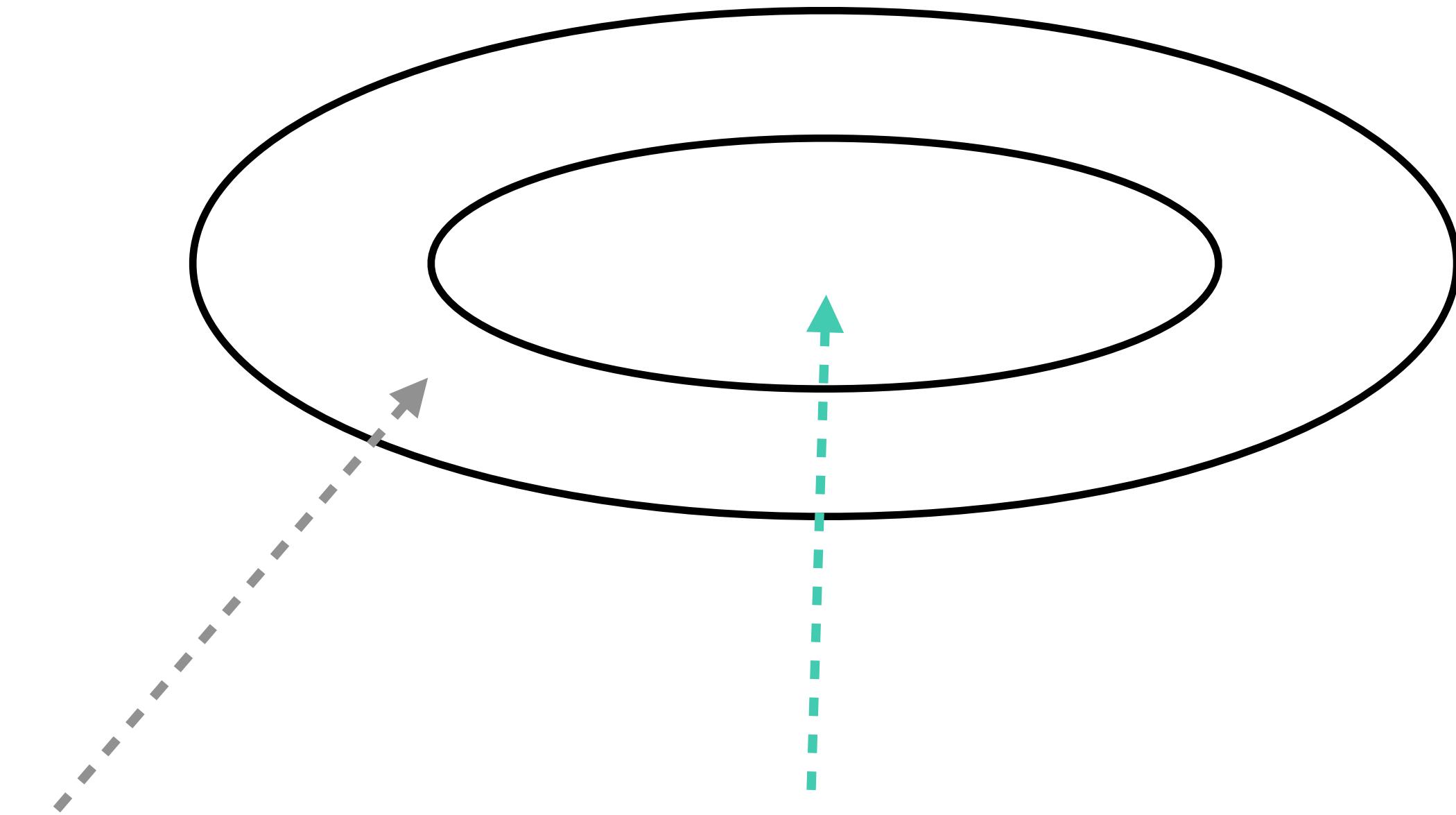
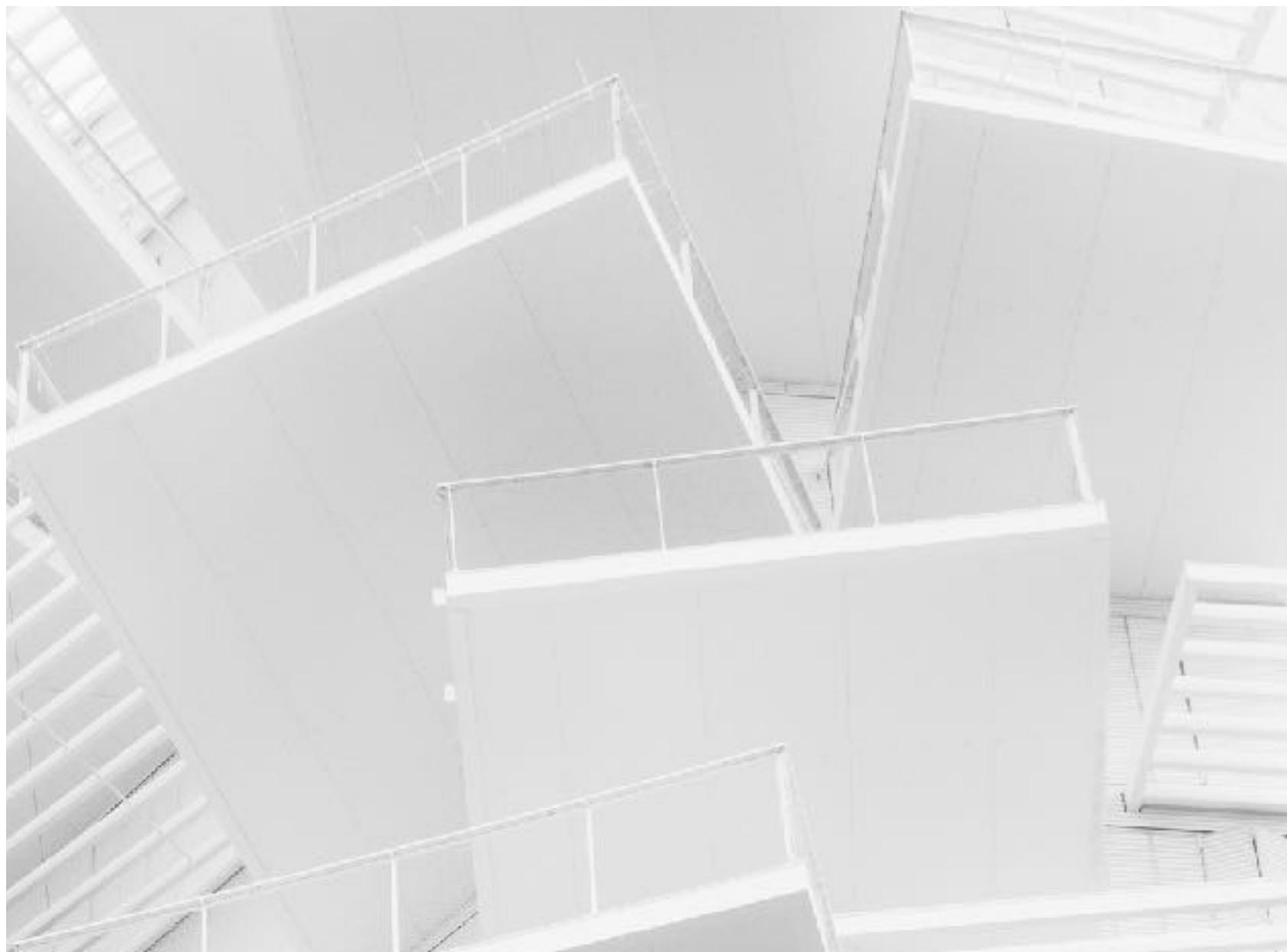


▶ COMPANIES	Definition of the market based on groups of companies, for example, firms in a certain industry or economic sector.	e.g., chemical market as market served by chemicals companies
▶ PRODUCTS	Definition of the market based on certain products or product lines.	e.g., market for long-distance travel
▶ BUYERS	Definition of the market based on certain buyers or groups of buyers.	e.g., market for price-sensitive students
▶ NEEDS	Definition of the market based on certain needs or need categories on the part of the buyers.	e.g., market for leisure time recreation and entertainment

MARKETING ENVIRONMENT

The **MARKETING ENVIRONMENT** includes the actors and forces outside marketing that affect marketing management's ability to build and maintain successful relationships with customers.

Macro and micro



MACROENVIRONMENT

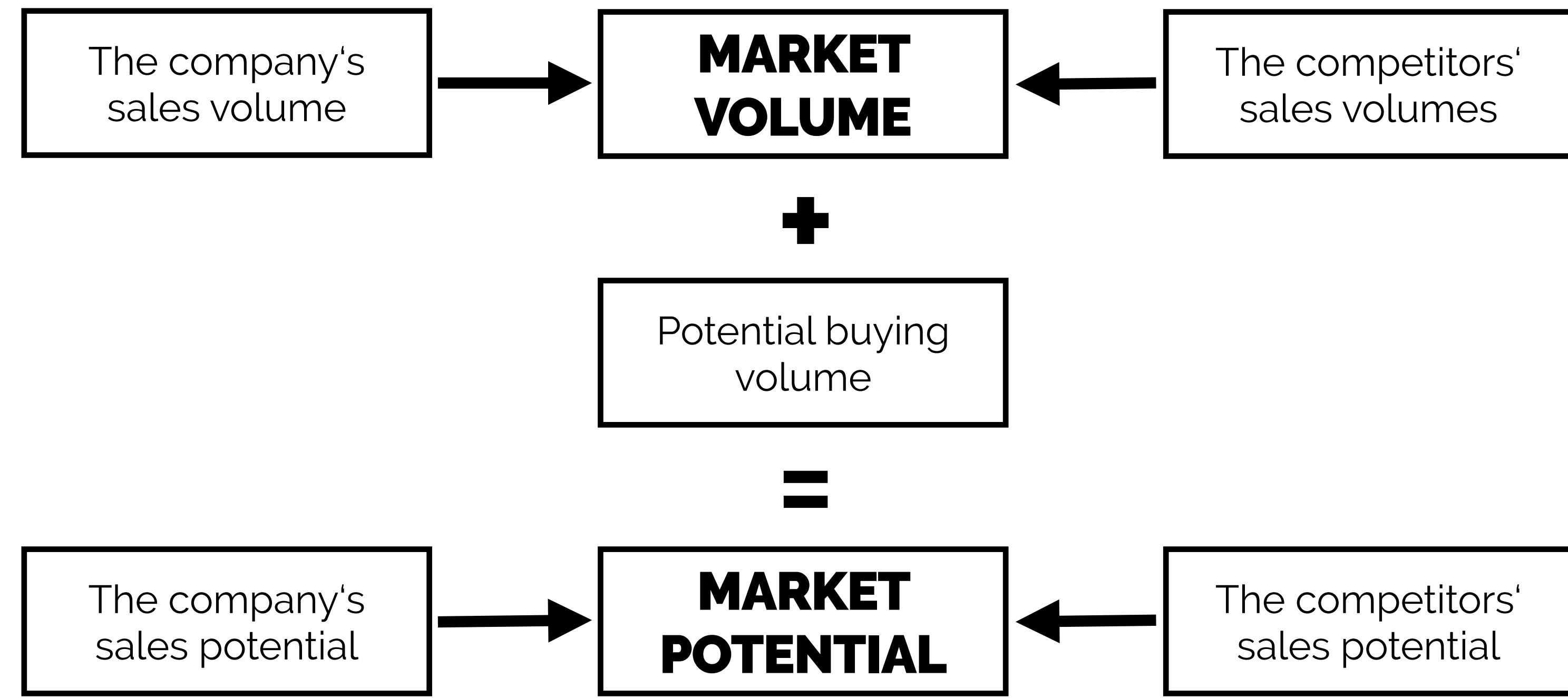
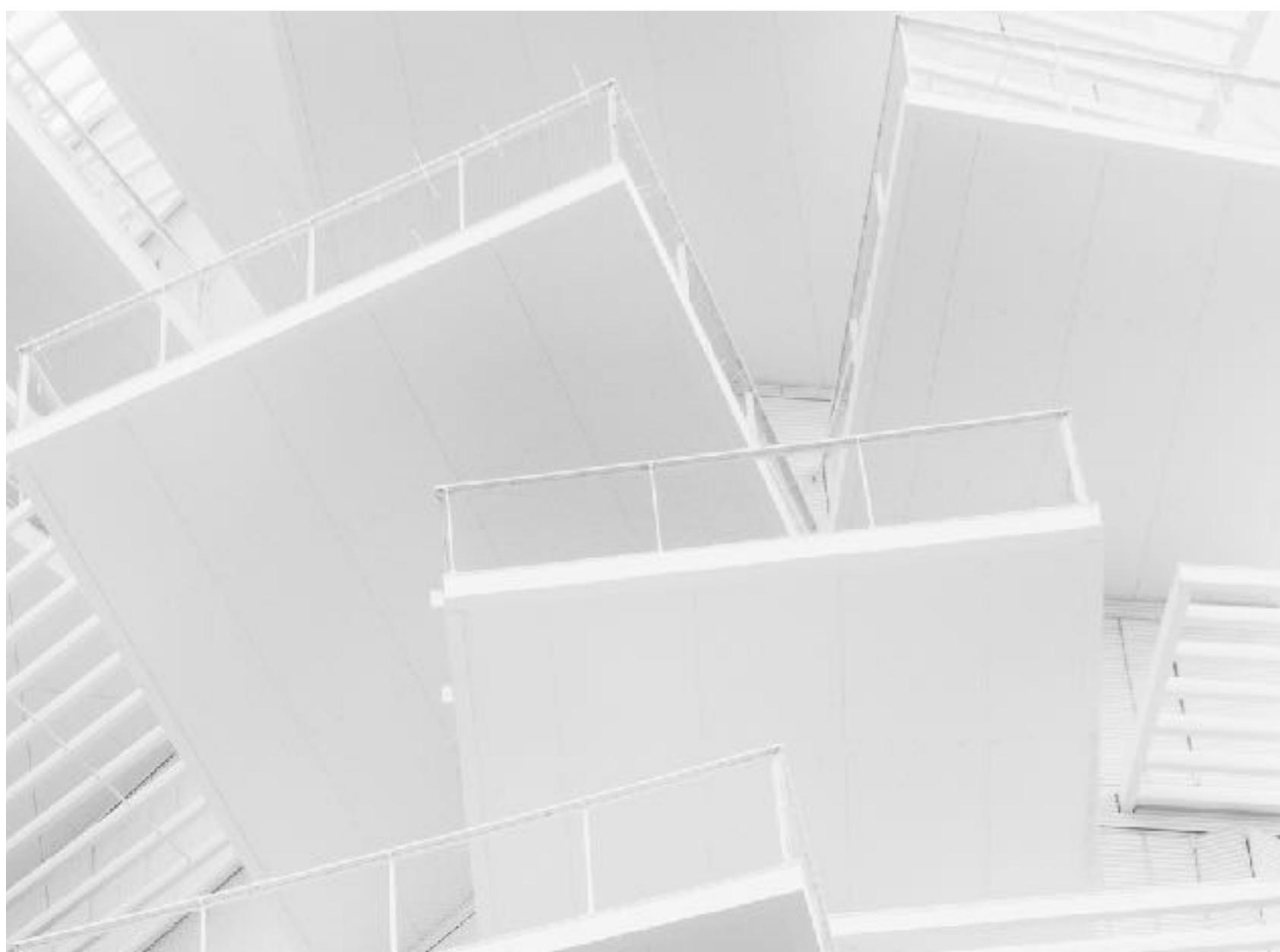
The larger societal forces that affect all companies and include demographic, economic, ecologic/natural, technological, political, and cultural forces.

MICROENVIRONMENT

Indirect factors that affect the company's business and markets such as mergers&acquisitions, distribution channels. Direct factors that affect a limited number of companies close to the own company such as competitors, consumers.

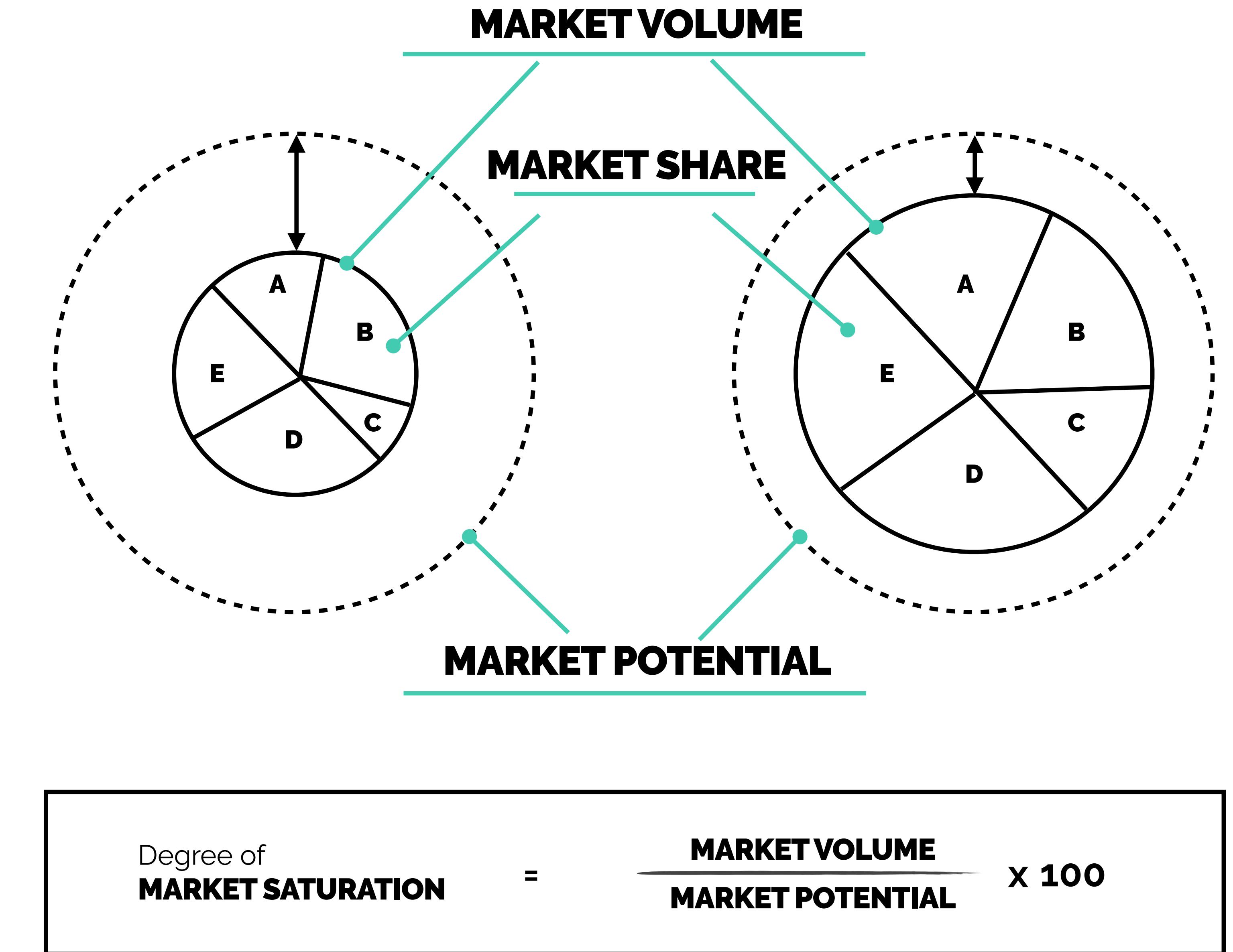
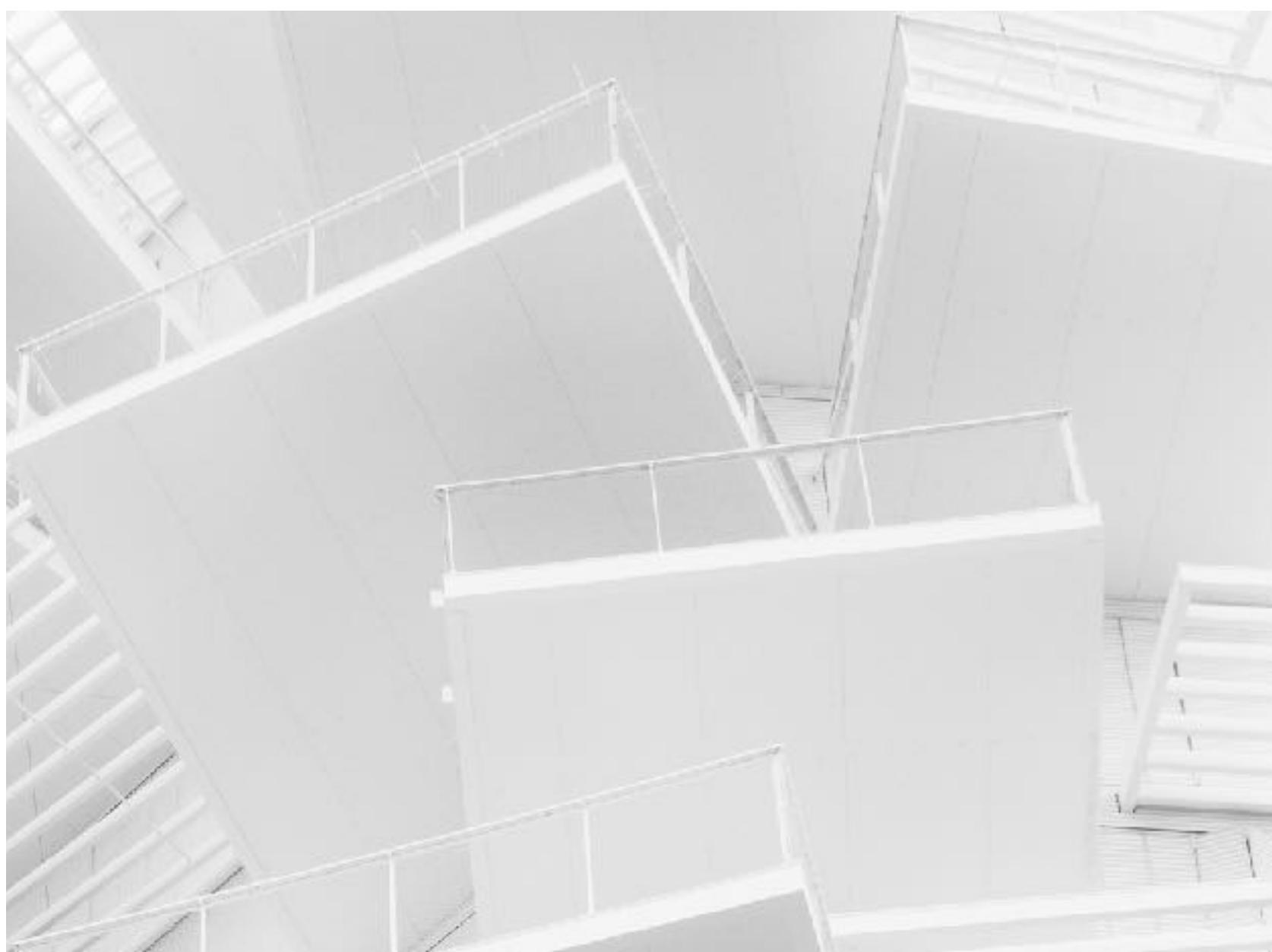
DESCRIBING A MARKET

Key Indicators



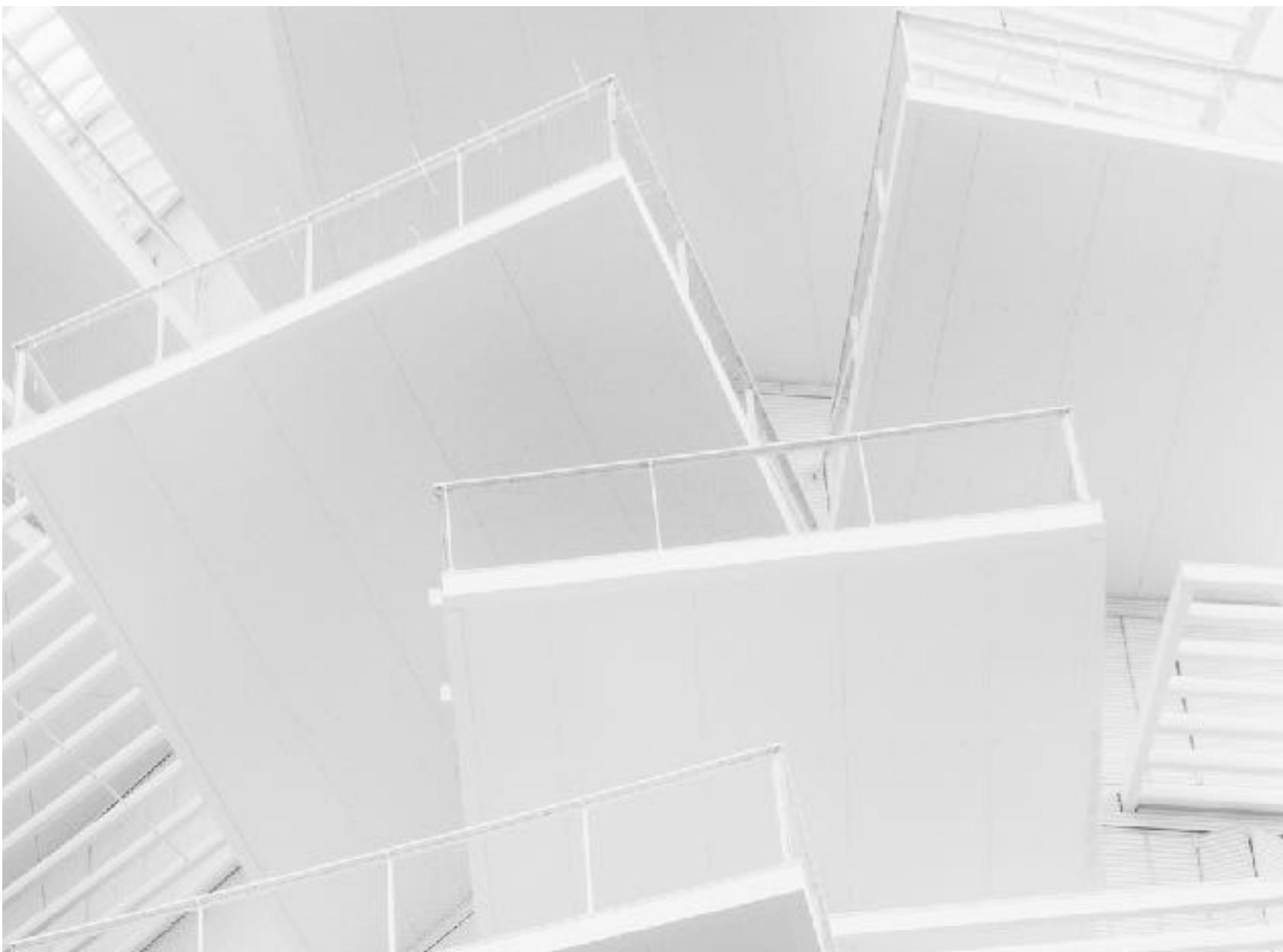
DESCRIBING A MARKET

Key Indicators



MARKETING ENVIRONMENT

Trends



SHORT TERM TRENDS (3-6 months)

MID TERM TRENDS (2-3 years)

LONG TERM TRENDS / MACROTRENDS (5-10 years)

MEGATRENDS (> 10 years)

Time horizon

Sources: Le Nagard-Assayag, E., Manceau, D. (2011): Le marketing de l'innovation, Dunod, Paris, p. 151/152; Horx, M. (2011): Das Megatrend-Prinzip - Wie die Welt von morgen entsteht, Deutsche Verlags-Anstalt, München, p.61-72.

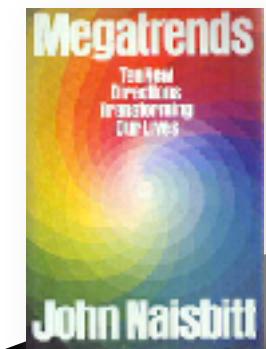
MARKETING ENVIRONMENT

Megatrends



1980

- ▶ From industrialization to information society;
- ▶ From technology to communication society;
- ▶ From national economies to a global economy;
- ▶ From short to long term orientation;
- ▶ From centralized to decentralized;
- ▶ From institutionalized to self-help;
- ▶ From representative to participative democracy;
- ▶ From hierarchies to networks;
- ▶ From "either ... or" to "... as well as ...".



1990

- ▶ The global economic boom of the 90s;
- ▶ Trends towards art and culture;
- ▶ Free-market-socialism;
- ▶ Global lifestyles / cultural nationalism;
- ▶ The rise of the pacific area;
- ▶ The increasing part of women in leading positions;
- ▶ Era of biologic science;
- ▶ The religious renaissance;
- ▶ The victory of the individual.



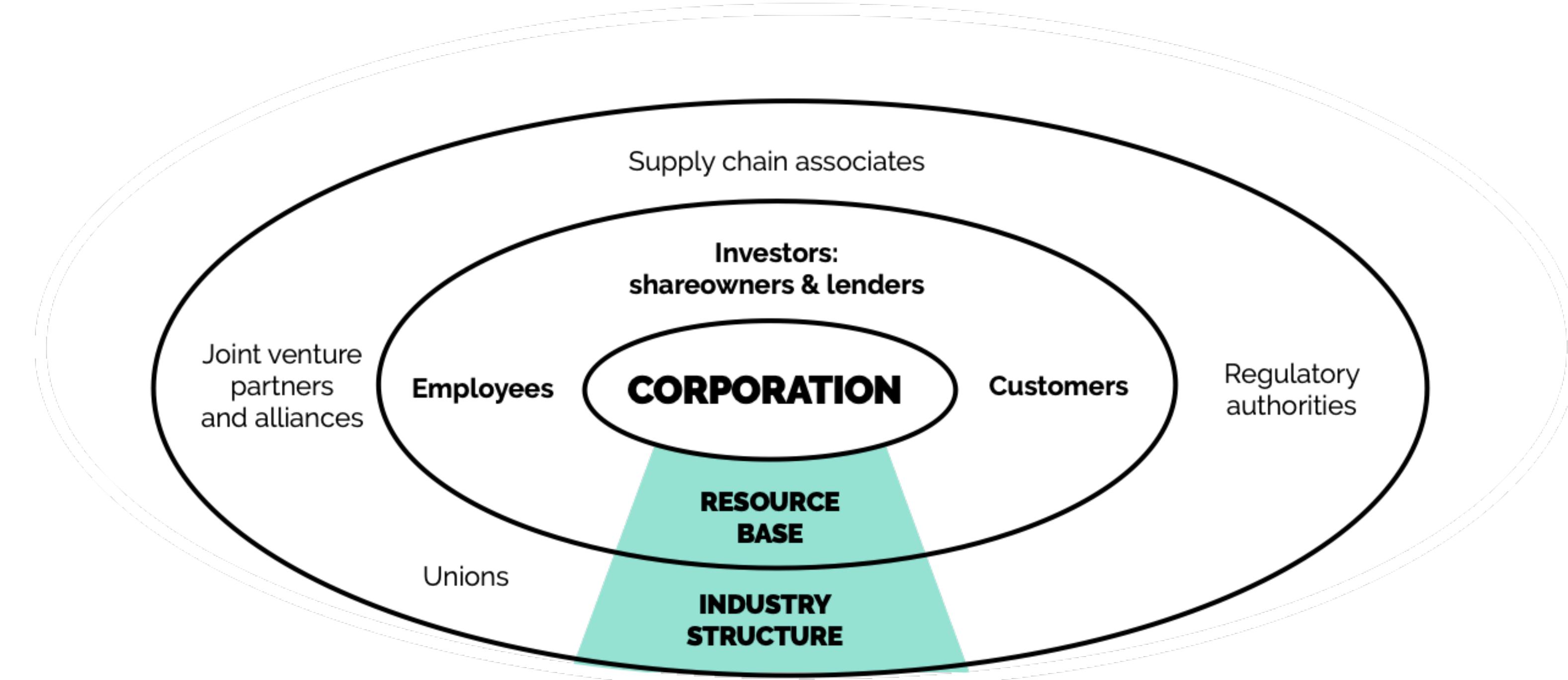
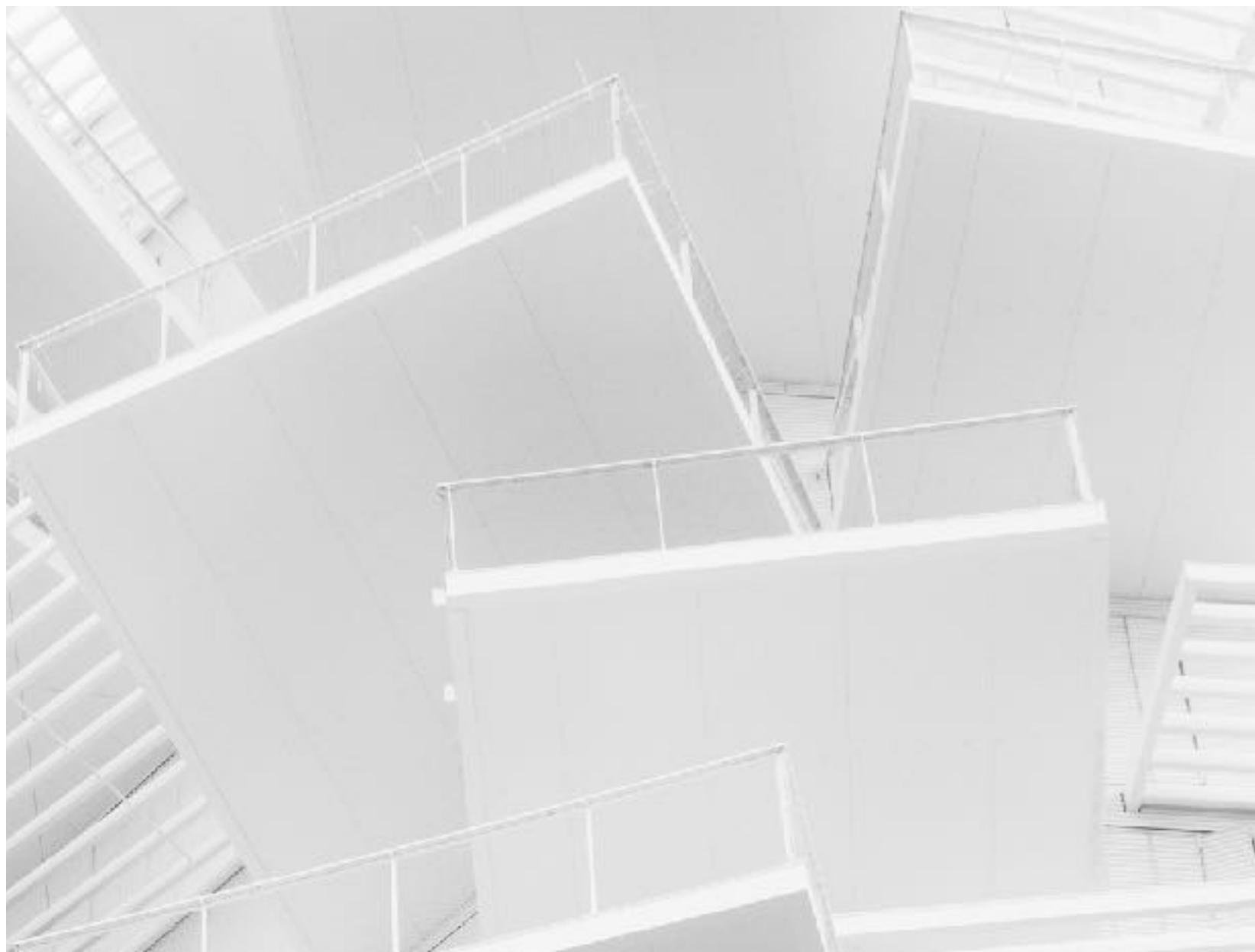
Today

- ▶ Globalization
- ▶ Women
- ▶ Individualization
- ▶ Aging
- ▶ Urbanization
- ▶ Mobility
- ▶ New work
- ▶ New education
- ▶ Health
- ▶ Neo-ecology
- ▶ Connectivity



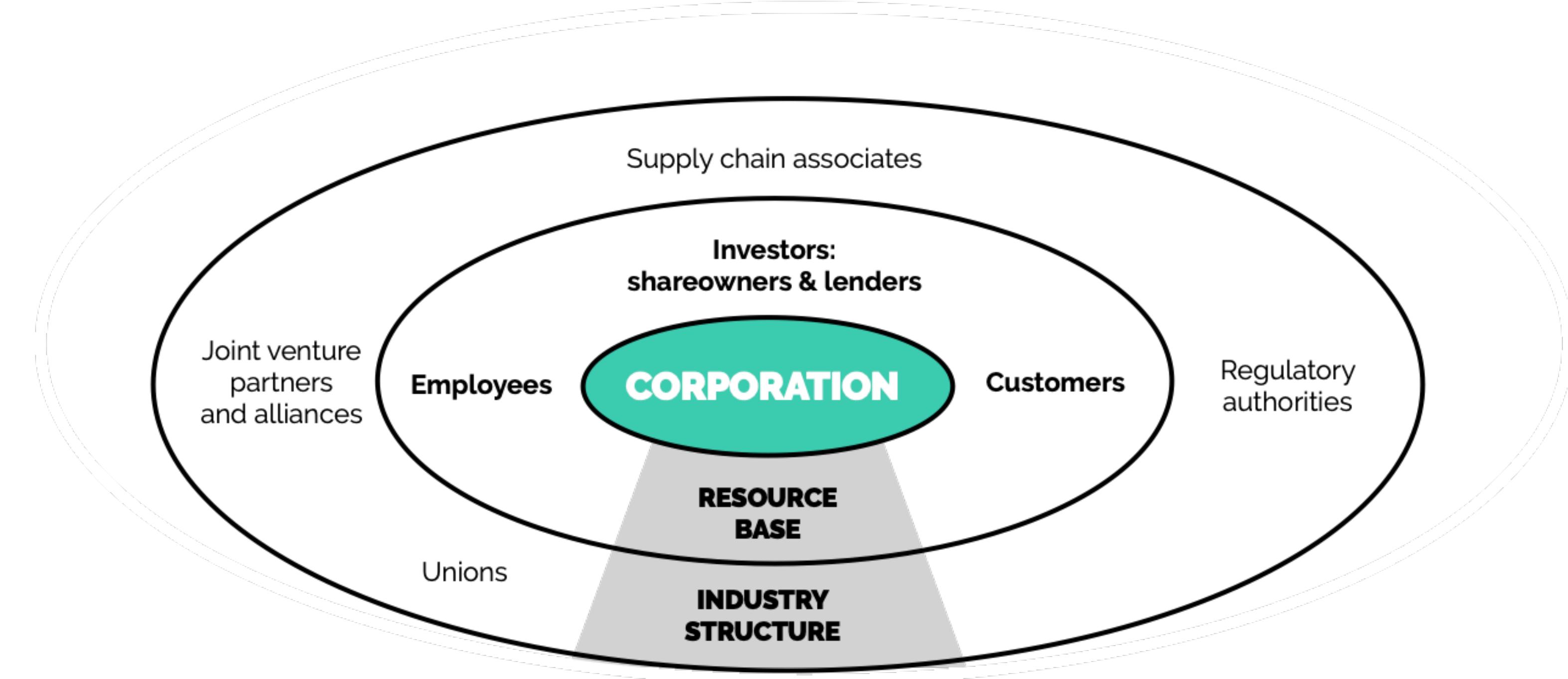
MICRO-ENVIRONMENT

Actors in the firm's microenvironment



MICRO-ENVIRONMENT

Internal environment

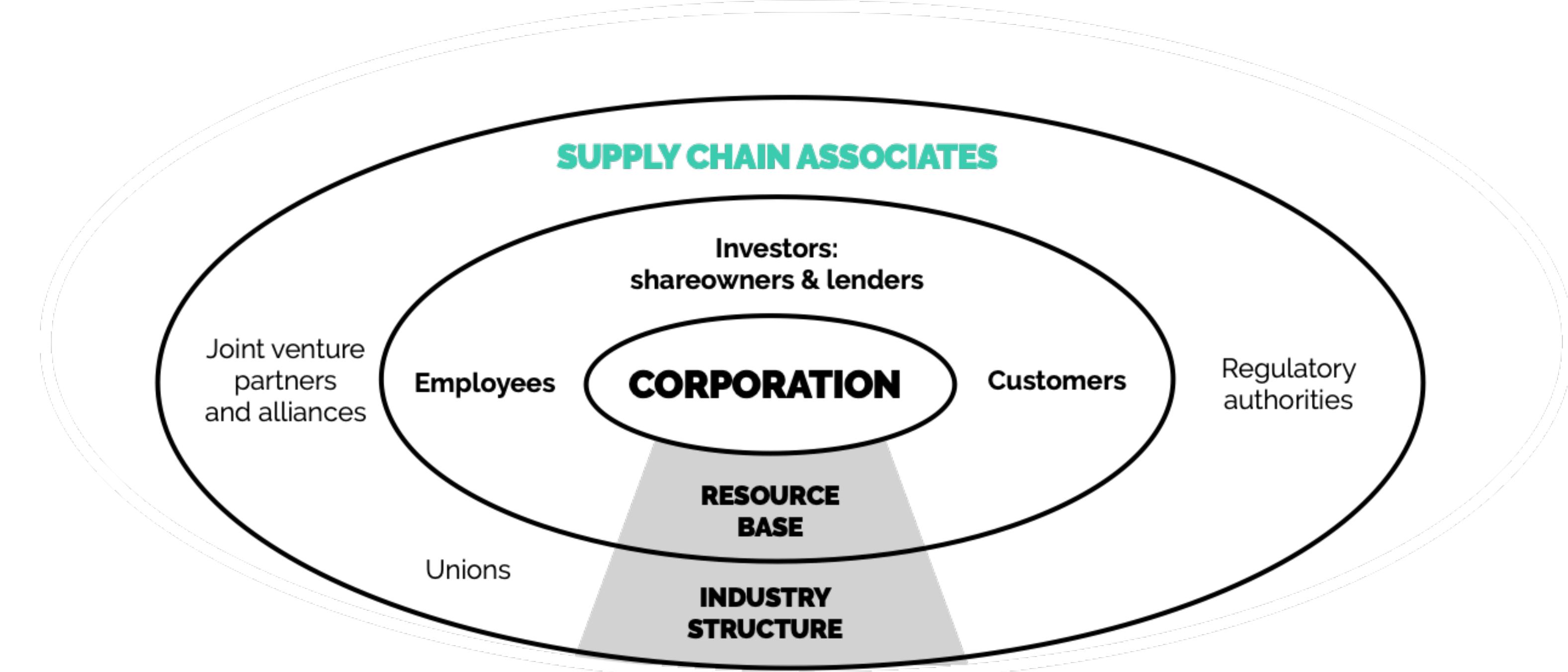
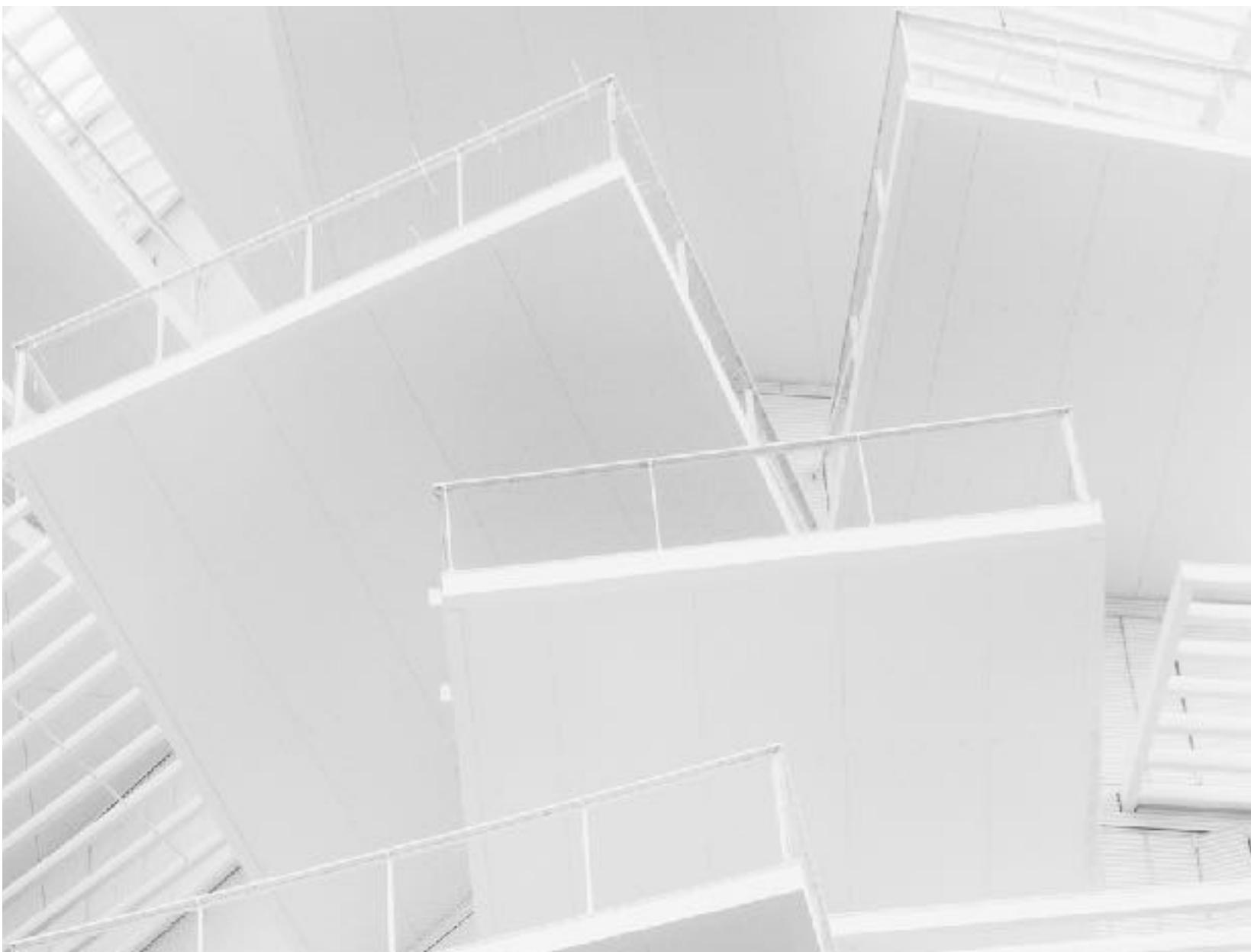


Main actors **WITHIN** the organization

- ▶ Top management
- ▶ Finance
- ▶ R&D
- ▶ Purchasing
- ▶ Operations
- ▶ Accounting
- ▶ ...

MICRO-ENVIRONMENT

Supply chain associates

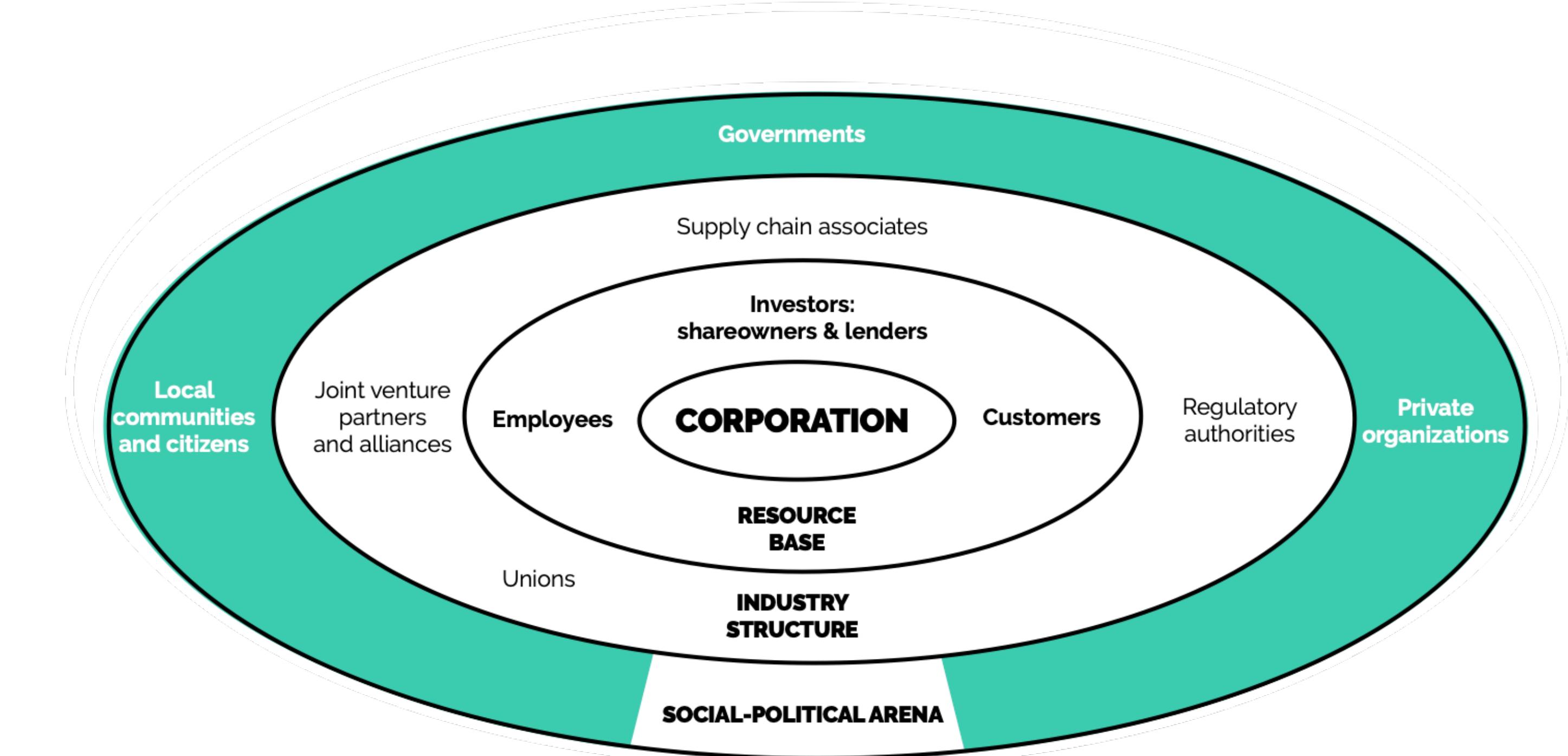
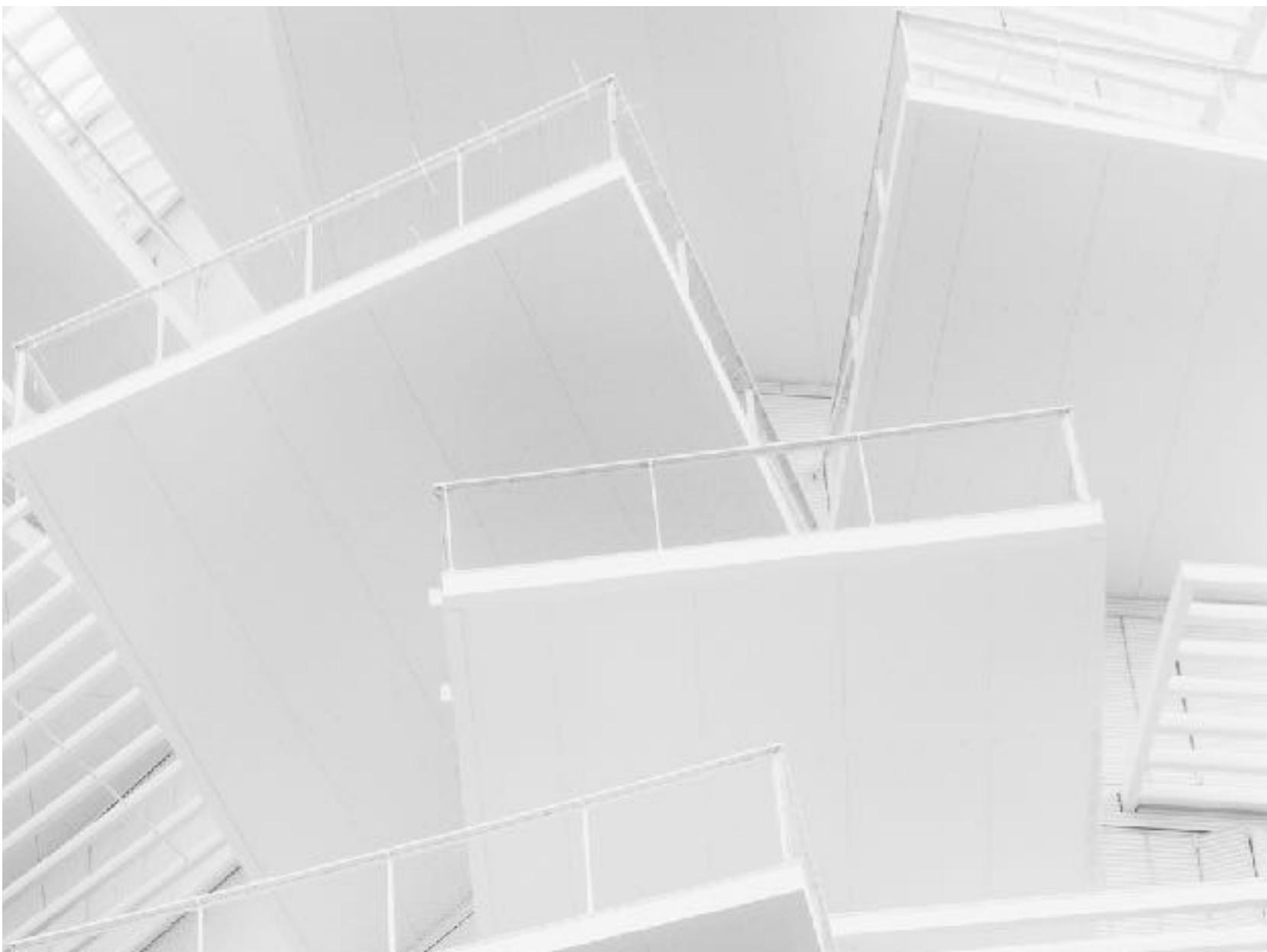


SUPPLY CHAIN ASSOCIATES, including:

- ▶ Suppliers
- ▶ Marketing intermediaries such as:
 - resellers
 - physical distribution firms
 - marketing services agencies
 - financial intermediaries
- ▶ ...

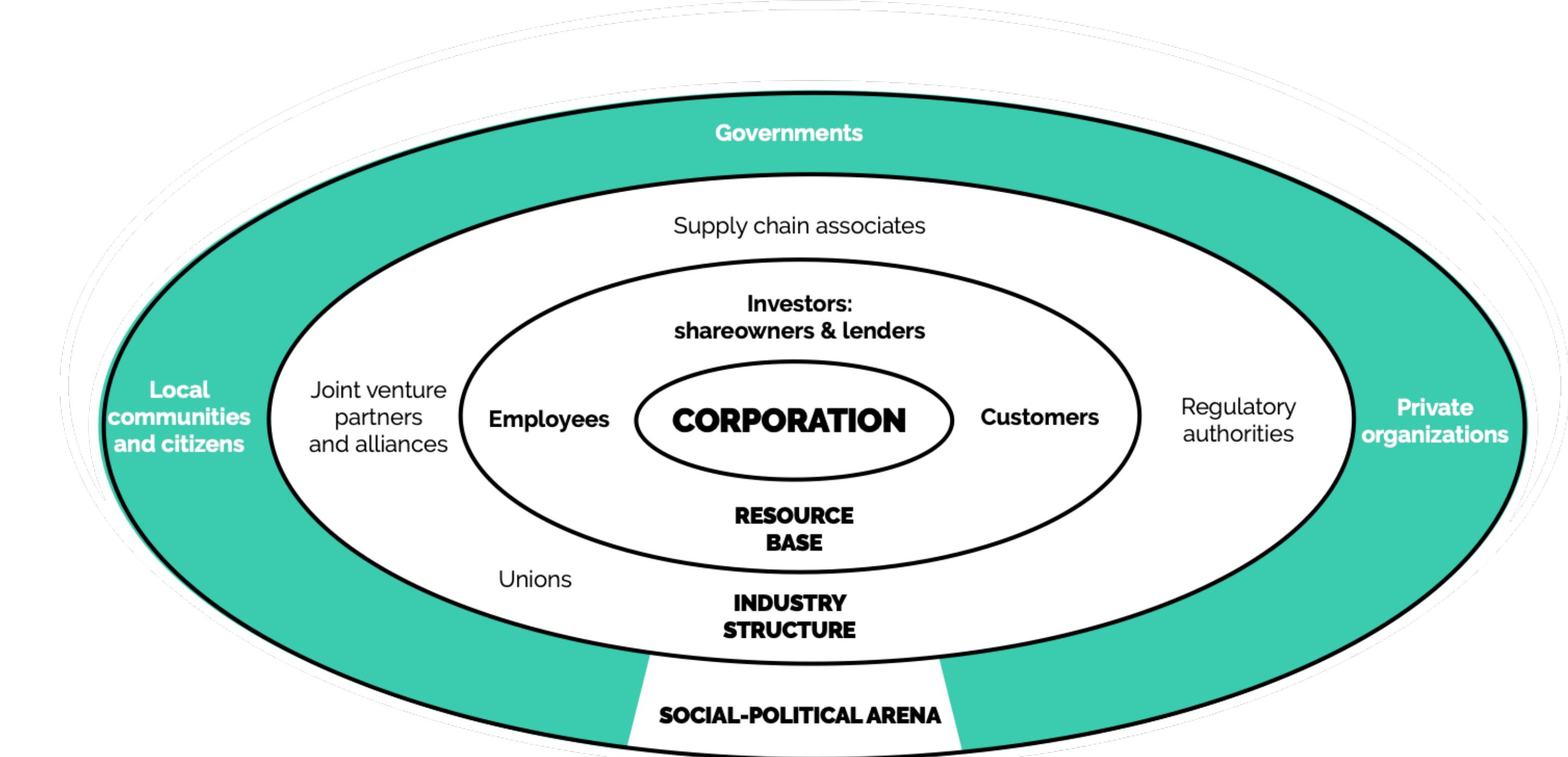
MACRO-ENVIRONMENT

Actors in the firm's macroenvironment



MACRO-ENVIRONMENT

Major forces



Type of **MACROENVIRONMENT FORCES** affecting the company

- ▶ Demographic factors
- ▶ Economic factors
- ▶ Natural/ ecologic factors
- ▶ Technological factors
- ▶ Political factors
- ▶ Cultural factors

MARKETING ENVIRONMENT

Assessment



INTERNAL AUDIT

An evaluation of the company's entire value chain.

STRENGTHS

(e.g., strong market position, global distribution network, process competencies, strong brands)

WEAKNESSES

(e.g., weak market position, relatively low advertising budget, poor store presence)

EXTERNAL AUDIT

A detailed examination of the markets, competition, business and general external environment in which the organization operates.

OPPORTUNITIES

(sources e.g., economic climate, demographic changes, market, technology)

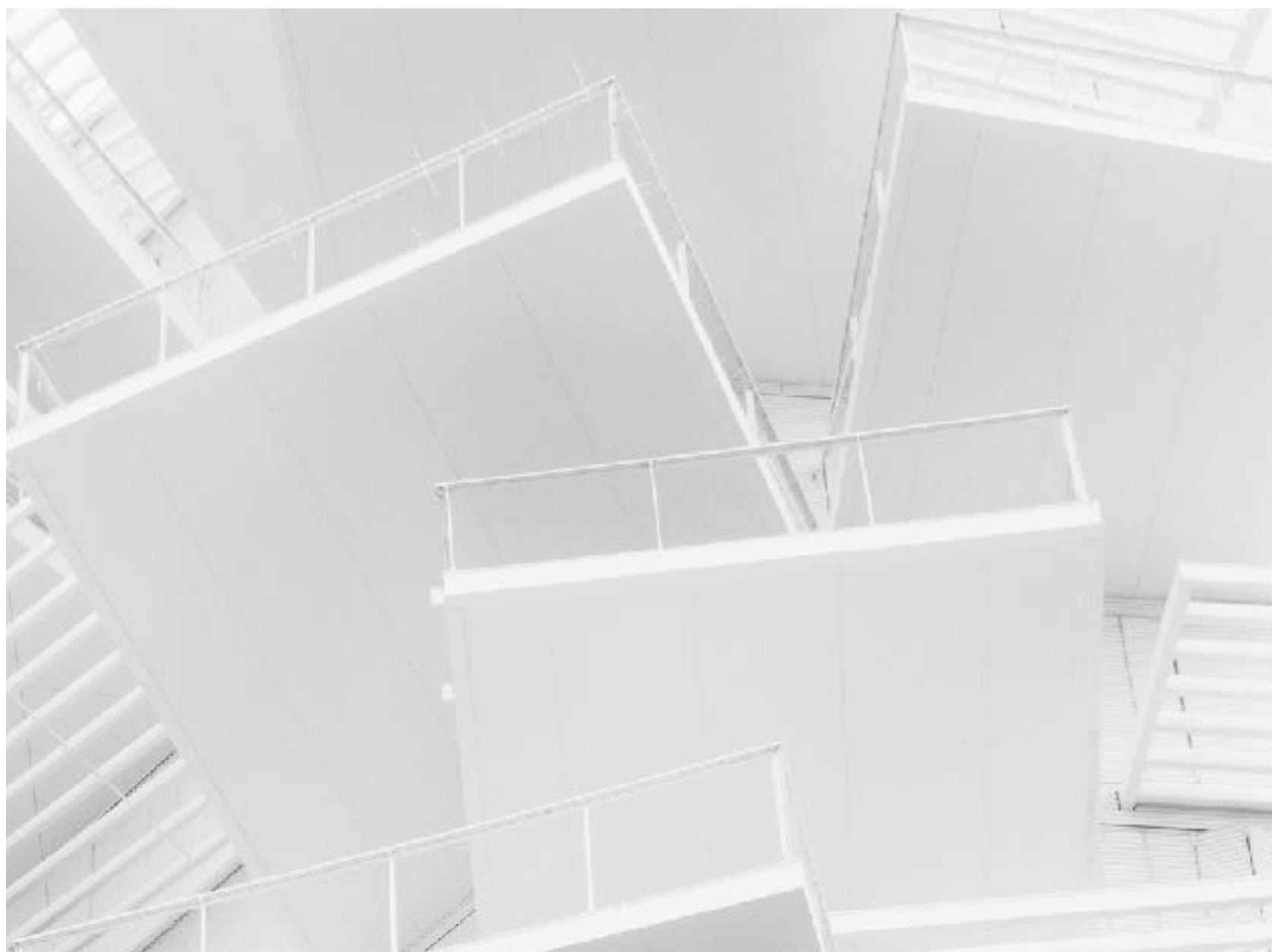
THREATS

(sources e.g., competitive activity, channel pressure, demographic changes, politics)

PESTEL ANALYSIS

RESPONDING TO FORCES

Market-Driven versus Driving Markets



UNCONTROLLABLE

React and adapt to
forces in the
environment

REACTIVE

Watching and
reacting to forces in
the environment

PROACTIVE

Aggressive actions
to affect forces in the
environment

— MARKET-DRIVEN —

— DRIVING
MARKETS —