

Marketing

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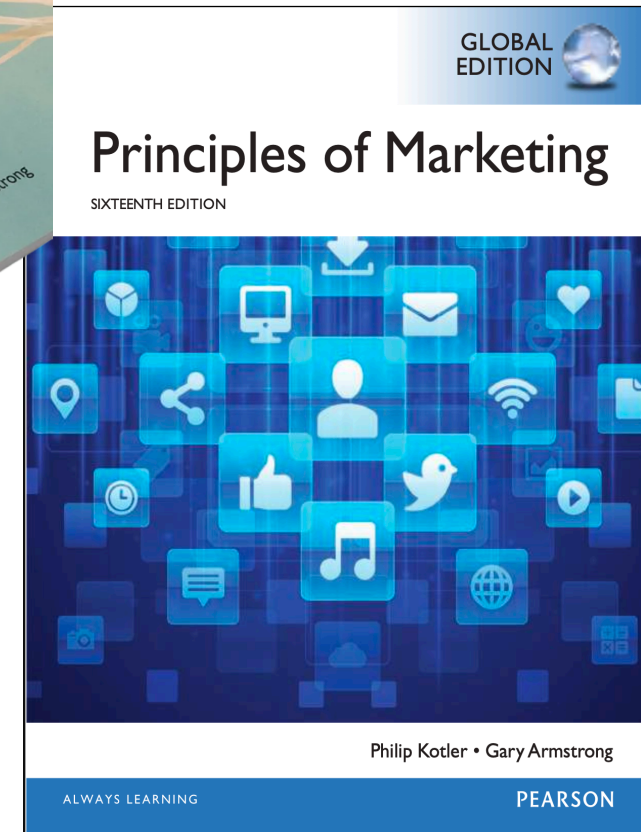
Course & Class Inform

- **Course:** Marketing
- **Program:** Bachelor's in Business Administration and Management
- **Credits: 6 ECTS**
- **Mode:** Onsite / Blended
- **Class 2: Marketing Environment & Market Analysis**
- **Instructor :** Dr. Leul Girma

- **Core textbook**
- Instructor lecture slides and notes
- Case studies and real-world examples
- Academic articles and selected readings

Digital resources:

- Company websites and annual reports
- Online marketing platforms and tools
(e.g., Google Analytics demos, social media dashboards)



Objective and Learning Outcomes

Objective:

- Develop students' ability to analyze the marketing environment and understand how market forces shape business decisions.

By the end of this class, YOU will be able to:

- Conduct basic market analysis to support marketing decision
- Differentiate between macro and micro market environments
- Apply the PESTEL framework to interpret external forces
- Examine industry structure and competitor dynamics
- Identify emerging market trends and globalization effects
- Interpret market contexts to recognize opportunities and risks

In the Last Class:

- Marketing focuses on creating customer value**
- Needs, wants, and demands shape markets**
- Superior value drives competitive advantage**
- Marketing begins with understanding customers**
- The marketing process guides value creation, delivery, and capture**

Before Strategy...
Read the Marketplace !

Understand the marketplace?

The marketplace is the environment in which **buyers, sellers, and other stakeholders interact to exchange value and satisfy needs** (Kotler & Armstrong, 2020).

Managers analyze the marketplace by examining **the actors that influence demand, competition, and access to customers**, allowing them to make informed marketing decisions (Kotler et al., 2021).

Key Market Actors:

- **Customers:** determine demand through their needs, preferences, and purchasing p
- **Competitors:** influence positioning, pricing, and differentiation choices
- **Suppliers:** affect product availability, quality, and cost structures
- **Intermediaries:** support distribution and improve market reach
- **Publics** (e.g., media, regulators, communities): shape reputation and operating conditions

External Forces : We Don't Control

External forces are uncontrollable factors in the marketing environment that influence market conditions and organizational performance (Kotler & Armstrong, 2020).

Managers cannot directly change these forces, but they can anticipate shifts and adapt marketing decisions to reduce risk and capture emerging opportunities (Kotler et al., 2021).

Major External Forces

- Economic
- Technological
- Political and legal
- Social and cultural
- Environmental pressures

Understanding a Market

A market consists of **actual and potential buyers who share a need or want** and have the ability to **engage in exchange** to satisfy that need (Kotler & Armstrong, 2020).

Managers define a market by identifying **who** the buyers are, what they need, and **how** those needs are **currently being satisfied**, enabling clearer marketing focus and **resource allocation** (Kotler et al., 2021).

Market Structure

- Markets include **both current customers and future prospects**
- **Shared needs create the basis for demand**
- Purchasing ability converts interest into **real market potential**
- Competition **emerges when multiple providers target similar buyers**

The Marketing Environment: Two Levels

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The PESTEL Framework

PESTEL is a strategic tool used to analyze the macro environment by examining Political, Economic, Social, Technological, Environmental, and Legal forces affecting a market (Kotler & Armstrong, 2020).

PESTEL Dimensions

- **Political:** government stability, trade policies, and public regulation
- **Economic:** growth rates, inflation, employment, and consumer purchasing power
- **Social:** demographics, lifestyles, cultural values, and behavioral shifts
- **Technological:** innovation, automation, and digital transformation
- **Environmental:** sustainability expectations and resource considerations
- **Legal:** laws related to competition, consumer protection, and business practices

What Changed This Market?

Understanding the Macro Environment

The macro environment refers to the broad societal forces that **influence all participants** in a market and **shape overall business conditions** (Kotler & Armstrong, 2020).

Managers study the macro environment to **detect early signals of change and adjust marketing decisions before shifts significantly impact demand or competitiveness** (Kotler et al., 2021).

Core Macro Forces

- **Economic** conditions influence purchasing power and spending patterns
- **Technological** developments create new possibilities and disrupt existing markets
- **Political and legal** frameworks establish boundaries for market activity
- **Social and cultural** dynamics shape preferences and consumption habits
- **Environmental pressures** encourage sustainable practices and innovation

Let's Test a Real Company

Applied Activity: PESTEL Analysis on Tesla

Objective

Analyze how macro-environmental forces are currently shaping Tesla's market conditions and influencing managerial decisions.

Analytical Guidance

- Focus on **high-impact forces** rather than listing multiple minor factors
- Evaluate **how each force affects** demand, competition, costs, or market access
- Distinguish between **short-term shifts and long-term** structural changes
- **Prioritize factors** that could influence strategic marketing decisions
- Anchor your analysis in real market evidence.

Expected Output

- Identify **two critical factors** within the macro environment
- Classify each as an **opportunity or a risk**
- **Briefly explain the potential marketing implication**

Dimension	Key external Factors	Opportunity or Threat?	Strategic Implication
Political			
Economic			
Social			
Technological			
Environmental			
Legal			

Asses each diminutions in close look and list out:

1. What forces has high impact onTesla market (negatively/positive)?
2. How each force affects demand, competition, costs, or market access?
3. Short-term shifts and long-term structural changes?
4. Prioritize factors that could influence strategic marketing decisions from your list?
5. Identify two critical factors that most affect the marketing strategy
6. **Briefly explain the potential marketing implication**

**Macro Shapes the Game.
Micro Decides.**

The Micro Environment

The micro - environment refers to the **set of actors** within an industry **that interact daily, directly and collectively determine** the conditions under which companies compete and serve customers (Kotler & Armstrong, 2020)

Immediate Market Influences

- **Customers:** determine demand and revenue potential
- **Competitors:** shape positioning and value propositions
- **Suppliers:** influence cost structures and product availability
- **Intermediaries:** expand or restrict market reach
- **Publics:** affect credibility, trust, and brand perception

How Analyze the Micro Environment

Microenvironment analysis involves **systematically evaluating the actors that influence competitive conditions and market access within an industry** (Kotler & Armstrong, 2020).

Analytical Focus Areas

- **Assess** which actors hold the greatest influence over pricing, demand, or access
- **Evaluate** the level of dependency on key suppliers or intermediaries
- **Monitor competitor behavior** to anticipate strategic moves
- **Examine** how customer expectations are evolving
- **Identify relationships** that could create advantage or expose vulnerability

Microenvironment Influence Matrix

Actor	What to Examine	Key Managerial Question
Customers	Needs, price sensitivity, switching behavior	How easily can customers choose alternatives?
Competitors	Market intensity, differentiation, strategic moves	How quickly could competitors weaken our position?
Suppliers	Concentration, uniqueness of inputs, cost impact	How dependent are we on specific suppliers?
Intermediaries	Channel control, coverage, negotiating power	Who controls customer access?
Publics	Media tone, regulatory attention, stakeholder expectations	Could external perception affect demand or operations?

You're Not Chasing Customers Alone

Understanding Industry Structure

Industry structure refers to the underlying competitive configuration of a market that determines how firms compete, the intensity of rivalry, and overall profitability potential (Porter, 2008).

Core Structural Drivers

Rivalry determines how aggressively firms compete for market share

Threat of new entrants influences how easily competitors can enter the market

Availability of substitutes can limit pricing power

Supplier power can constrain cost flexibility

Buyer power can increase price sensitivity and demand higher value

Opportunities Must Be Seen

Identifying Market Opportunities

A market opportunity is a favorable set of conditions that creates the potential for an organization to satisfy unmet needs and achieve competitive advantage (Kotler & Keller, 2016).

Opportunity Signals

- Emerging needs that are not fully addressed
- Shifts in behavior that open space for new solutions
- Weak competitor positioning that creates entry points
- Technological change enabling superior value delivery
- Regulatory or societal shifts generating new demand

What Must Managers Watch?

Continuous market monitoring is the systematic tracking of signals that indicate change, risk, or emerging opportunity within a business environment (Kotler & Armstrong, 2020).

Critical Market Signals

- Sudden shifts in customer preferences
- Aggressive competitive moves
- Technological breakthroughs altering value expectations
- Regulatory changes affecting market access
- Economic indicators influencing purchasing power

From Insight to Strategy

Market insight is the actionable understanding derived from analyzing external forces. Strategy becomes stronger when decisions are grounded in evidence rather than assumptions, enabling clearer positioning and more resilient competitive choices (Kotler & Keller, 2016).

Turning Analysis into Action

- Prioritize the **most impactful** opportunities and risks
- Align marketing choices with **market realities**
 - Select **target areas** where value can be delivered effectively
 - Anticipate competitor reactions** before acting
 - Reduce uncertainty** through evidence-based decisions

Key Takeaways

- Markets are shaped by both **macro forces and immediate actors**
- Environmental change **creates opportunities and threats**
- **Micro-level** pressures **directly influence competitive position**
- Industry structure determines the **intensity of competition**
- Market opportunities emerge from **careful observation**
- Effective **strategy begins with strong environmental analysis**

Further reading

Kotler, P., & Armstrong, G. (2020). *Principles of Marketing* (18th ed.). Pearson Education.

Kotler, P., Keller, K. L. (2016). *Marketing Management* (15th ed.). Pearson Education.

Kotler, P., Armstrong, G., Harris, L. C., & He, H. (2021). *Principles of Marketing* (8th European ed.). Pearson Education.

Porter, M. E. (2008). *The Five Competitive Forces That Shape Strategy*. Harvard Business Review, 86(1), 78–93.

Thank you



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