

Practitioners' Assessment of the Macro Marketing Environment

The marketing environment forces are not obviously part of an individual's routine job specification, particularly within the marketing function. However, businesses must monitor these forces through environmental scanning in order to pre-empt possible problems caused by unfavourable market developments, but also in order to leverage any emerging opportunities ahead of competitors. The identification of strategic windows and the chance to take first mover advantage are desires among senior managers and marketers.

The forces of the micro marketing environment and competitive pressures are usually evaluated within a marketing team's analysis of competition (see Chapter 2). Companies must examine the macro forces, too, however. While research indicates that many fail to do so, 'best practice' companies typically adopt one of two approaches to assessing their marketing environments.

1. Individual managers or small work groups are allocated to each of the macro forces: social, economic, legal, regulatory, political, technological. As 'champions' for their allocated topic, such managers collate intelligence from stakeholders, employees and external sources in order to build up a picture of the key trends and developments. These managers either suggest the emerging implications for their business and make recommendations, or they present their findings at a sales and marketing meeting or to senior managers for their debate and consideration. The development of company intranets has significantly assisted the networking so important for the collation of topical and relevant information.
2. An organisation may intermittently stage workshops to which cross-functional and multi-hierarchical personnel are invited. For example, R&D personnel may be aware of technological trends, the company secretary of legal or regulatory issues, the salesforce of economic or social forces, and so on. Typically, each of the macro marketing environment forces is discussed in turn, in a 'brainstorming' exercise. Certain themes or 'hot topics' then emerge to be debated further within the workshop. The company then allocates an individual manager or creates a small taskforce to examine a particular issue in more detail, in order to subsequently develop an action plan based on more information.

Some companies invite external experts, suppliers, partners or even customers to such a workshop. If these external opinions are not sought as part of the workshop, any planned activity by the business resulting from this workshop-based analysis must await some external validation after the workshop.

Such sessions are an excellent way in which a business can harness the expertise across its functions and within its marketing channel in order to prioritise actions that should minimise the impact of a negative external development or maximise an emerging opportunity.

In this type of forum, the senior management team – supported by functional experts and channel partner personnel – brainstormed the key issues from the macro

marketing environment for a leading insurance business. The priorities emerged as shown in the list (right).

While some of these forces, such as the weather, were outside the influence of the business, many of them could be addressed. Indeed, while the weather could not be altered, the company did decide to re-examine its exposure to flood plain customers and modified its policy cover accordingly.

Within each of these rather broad-brush summary bullets lay much detail to explore and to discuss. An example of a resulting action was to more closely manage the activities of the field salesforce, harnessing the latest mobile office technology solutions and customer relationship management field systems (see Chapter 4). As a result, the already low level of client complaints for inappropriate selling approaches virtually disappeared, and the highly ethical stance in controlling the salesforce bolstered the company's brand reputation and thereby its ability to recruit high-calibre personnel. This strategy also reflected the growing litigious culture among consumers and thereby addressed another of the trends identified during the workshop.

It is important to have a good mix of inputs – market information and personnel – to any assessment of the macro forces of the marketing environment, and to solicit the views of stakeholders other than those participating in the session. For example, partners, channel members, market analysts, industry experts or consultants, and even customers, are all useful sources both for marketing intelligence and for checking out suggested action plans.

Having identified the key issues – the macro marketing environment forces – currently of relevance, the business must consider the implications. The 'So what does this mean to us and to our business?' question has to be answered. Is the issue a threat or an opportunity? What resulting actions must be taken? Certain trends and developments may pose a threat, while other forces may be creating an opportunity. Sometimes, the same issue is both an opportunity and a threat. In the above example, had this company failed to implement changes to its field force's working practices, it would not have bolstered its reputation or improved the completion rate of its sales representatives. Worse, rivals may have been able to steal a march and measures designed to minimise the likelihood of client litigation would not now be in place.

The Macro Marketing Environment for a Leading Insurance Company

- Stock market (worthless investments, own share price/company value)
- New/more regulations (FSA, Gov, EU, within client sectors, accountancy)
- Over/under capacity in the industry/key sectors
- Many mergers and changes to the competitive set
- Structural changes in the sector and for clients
- Emerging compensation culture amongst clients and brokers
- Customers' expectation of better advice
- Greater role for technology (CRM, online quotes/claims, e-business)
- Distribution channel developments (role of brokers, e-commerce, tele-business, retailer new entrants)
- Recruitment problems/inability to make the sector attractive
- Global warming/changes to weather: greater claims

© Dibb/Simkin

Note: a more extensive explanation of this technique is offered in either *The Market Segmentation Workbook* (Dibb and Simkin) or *The Marketing Planning Workbook* (Dibb, Simkin and Bradley), both originally published in 1996 by Thomson, London.