

- Government agencies buy goods and services to produce public services or transfer the goods and services to other who need them
- International markets
  - Buyers in other countries

#### The Macroenvironment

- Demographic environment
  - Population in terms of size, density, location, age, gender, race, occupational and other statistics
  - World population growth
  - Changing age structure of world population
  - Generational differences in the developed world
    - Baby boomers
      - Retirement planning
      - Want to feel young and get new things
    - Generation X
      - “dominate” market parents who buy
      - prime target segment
      - everyone is more cautious with spending money
    - Millennials (Generation Y)
      - Generation growing up with technology
      - Bombarded with marketing messages
  - Generational marketing
    - Segmenting by birth date may be less effective than segmenting by lifestyle, life stage and common values
  - Changing family structure
    - New household formats
    - Working women
    - Youth market
      - Children living home longer
      - Educated and jobless young
    - Older workers
  - Geographic shifts in population and market diversity
  - Migration
    - Europe
      - Needs immigration to keep the population up
    - Russia and Caucasus
      - backlash
    - China’s periphery
      - Influx of Chinese
    - US/Mexico border
      - Much money spent on border
    - Sub-Saharan Africa
      - Move to poor neighbouring countries, spilling over Kenya
    - UAE/Middle East
      - More than seven in 10 are foreign born
    - Mega-cities

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- Economic
  - Technological
  - Social
  - Cultural
- Buyer's black box
  - Buyer's characteristics
  - Buyer's decision process
- Buyer responses
  - Buying attitudes and preferences
  - Purchase behaviour: what the buyer buys, when, where and how much
  - Brand and company relationship behaviour
- Characteristics affecting consumer behaviour
  - Cultural
    - Culture
      - Set of basic values, perceptions, wants and behaviours learned by a member of society from family and other important institutions
      - Marketers try to spot cultural shifts
        - Discover new products that might be wanted
    - Subculture
      - A group of people with shared value systems based on common life experience
        - Nationalities, religions, racial groups, geographic regions
    - Gamers
      - In the old days referred to young people playing role-playing games and wargames
      - There are many different gamers though (different age groups)
    - Mature consumers
      - Baby boomers
      - People over 50
      - Advertisers are usually way younger and see it as a problem to do advertising for older people
      - That target group tries to stay young and does not see itself as older and buys newer products
    - Social class
      - Relatively permanent and ordered divisions in a society whose members share similar values, interests and behaviours
      - Social classes show distinct product and brand preferences in areas such as clothing, home furnishings, leisure and activities and cars
  - Social

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- Business markets
- Market structure and demand
  - Far fewer but far larger buyers than in consumer market
  - Derived demand
    - Demand that ultimately comes from the demand for consumer goods
  - Demand in many business markets is more inelastic – not affected as much in the short term by price changes
    - A drop in the price of leather will not cause shoe manufacturers to buy much more leather unless it results in lower shoe prices that, in turn, will increase the consumer demand for shoes
  - Demand in business markets fluctuates more and more quickly
    - The demand of many business goods and services tend to change more
- Nature of the buying unit
  - Business purchase involve more buyers
    - “more decision-makers” within company
  - Business buying involves a more professional purchasing effort
    - Because the buying is done by professionally trained buyers
- Types of decisions and decision process involved
  - Business buyers usually face more complex buying decisions
    - Large sums of money
  - The business buying process is more formalised
    - Detailed product specifications, careful supplier searches and formal approval
  - In business buying, buyers and sellers work more closely together and build close long-term relationships
    - Supplier development (networks of supplier-partners to ensure an appropriate and dependable supply of products)
- Business Buyer Behaviour
  - The environment
    - Marketing stimuli
      - Product
      - Price
      - Place
      - Promotion
    - Other stimuli
      - Economic
      - Technological
      - Political
      - Cultural
      - Competitive
    - Buying organisation
      - Buying centre
        - Buying decision process
      - Interpersonal and individual influences
    - Buyer response

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