

MICRO ENVIRONMENT

SUBJECT : (ENTREPRENEURSHIP)
CHAPTER NUMBER: 5
CHAPTER NAME : CONCEPT OF MARKET

CHANGING YOUR TOMORROW

MARKET ENVIRONMENT

- It refers to the factors and forces that affect a firm's ability to build and maintain successful relationships with customers. A variety of environmental forces influence a company's marketing system.
- Some of them are controllable while some others are uncontrollable.
- It is the responsibility of the marketing manager to change the company's policies along with the changing environment, or else be left behind in the market.

CLASSIFICATION OF MARKET ENVIRONMENT

- MARKET ENVIRONMENT
 - Micro environment
 - ❖ Internal environment
 - ❖ External environment
 - Macro environment

MICRO ENVIRONMENT

- This environment is made up of factors that are close to the firm and affect it on day to day basis. Usually, these factors interact with the firm or are involved in the same industry.
- The micro environment is further classified as:
 - Internal environment
 - External environment

INTERNAL ENVIRONMENT

- This environment is made up of factors within the firm itself.
- The internal environment comprises of:
 - Value system
 - Vision, mission and objectives
 - Management structure and nature
 - Company image and brand equity
 - Internal power relationship

EXTERNAL ENVIRONMENT

- This environment at the micro level is made up of individuals and organizations that are close to the business and directly impact the customer experience.
- It comprises of
 - PRODUCERS/ SELLERS: Successful companies are those that can recognize and respond profitably to unmet needs and trends. The producers, who keep themselves aware of market needs and trends, give solution for the unmet needs, identify opportunities and threats in the environment, are capable of ruling the market.
 - CUSTOMERS: Consumer is the king. He is the most influential force which rules the market. A business exists only because of its customers. Demand from consumer directly affects an enterprise's profitability, reputation and goodwill, expansion plans.

- **COMPETITORS:** They are such factors in the external micro environment that provide similar offerings for goods and services. To remain competitive, an enterprise must consider who are their biggest competitors.
- **SUPPLIERS:** A business is essentially a resource conversion machine that converts material, machines, labour, funds into useful products and these resources are obtained from the suppliers. So suppliers are also the key components in the environment.
- **MARKETING INTERMEDIARIES:** These intermediaries aid a business in promoting, selling and distributing its goods to final buyers.

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