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1. Introduction

This report explores how companies apply strategic marketing management to achieve long-term success in rapidly changing markets. Strategic marketing helps companies understand customer needs, identify market opportunities, and choose strategies that support a strong competitive position. The discussion focuses on key tools such as segmentation, targeting, positioning, and competitive strategy, ensuring alignment with business goals and external market conditions. Overall, the analysis shows how a strategic approach enables companies to deliver greater customer value and respond effectively to emerging opportunities and challenges. (Kotler et al., 2022)

Analyzing the macro marketing environment is crucial because organizations have to contend with external forces that are beyond their control. Political and legal changes, economic fluctuations, social and cultural trends, technological innovations, and environmental pressures—all of which influence consumer preferences, market behavior, and competitive dynamics. By consistently monitoring these larger issues, organizations can anticipate future changes, identify emerging opportunities, and mitigate potential risks. This enables managers to make informed, forward-looking decisions rather than reacting to problems after they arise. As a result, a strong understanding of the macro environment better supports long-term planning and helps organizations maintain a competitive position in rapidly evolving markets. (Jabbar and Ellis-Chadwick, 2021)

This report focuses on two main tasks. First, it critically examines how changes in two macro-environmental factors create opportunities and threats for both leading and lagging organizations. Second, it assesses how organizations can respond to these forces by connecting theory with real-world industry examples and marketing strategies. Overall, the report provides a concise overview of how to conduct strategic marketing in a changing external environment.

2. Task 1: Critical Analysis of the Macro Marketing Environment

2.1 Overview of the Macro Marketing Environment

The macro environment consists of larger external factors that affect an organization's customers, markets, and long-term strategic direction. These influences include political, economic, social, technological, environmental, and legal factors, all of which shape consumer behavior and overall market dynamics. For marketers, analyzing the macro environment is crucial because it enables organizations to anticipate changes in external conditions, refine their value propositions, and develop strategies to respond to emerging opportunities and potential threats. By continuously monitoring these larger forces, organizations can make well-informed, future-focused marketing decisions and strengthen their competitive position in a changing marketplace (Kotler et al., 2022).

The PESTEL framework is a key tool for analyzing external influences, which divides the macro environment into political, economic, social, technological, environmental, and legal factors. It helps organizations assess how changes in these areas may enable or constrain marketing activities – for example, new technology may increase customer engagement, whereas regulations may limit data usage. Using PESTEL enables organizations to adapt their strategies to broader environmental changes (Johnson, 2017).

2.2 Selection of Two External Macro Marketing Actors

The two external macro actors selected for this analysis are:

- **Technological factors** (“T” in PESTEL)- Technological factors represent digital advancements that influence how platforms operate and how users interact. On Instagram and TikTok, AI-driven recommendations, short-video tools, AR effects and frequent app improvements strongly increase engagement and content reach. These technologies also improve the accuracy of targeted advertising. (Kotler et al., 2022)
- **Social trends** (“S” in PESTEL) — Social factors involve cultural trends, lifestyle changes and evolving consumer behaviours. On Instagram and TikTok, influencer culture, user-created content and the demand for short, authentic videos strongly influence how users engage and how brands communicate. (Kotler et al., 2022).

Relevance and Current Influence of Technological and Social Factors

▪ Technological Factor: Algorithmic Personalisation & AI

AI-powered personalization has become one of the most influential technological factors for platforms like TikTok and Instagram. TikTok’s algorithm continuously adapts to individual user patterns, which increases engagement and ensures that highly relevant content appears in users’ feeds. Research indicates that the system learns from behaviors like viewing time and likes, allowing it to refine recommendations and support more efficient audience targeting. This level of personalization also improves the effectiveness of advertising campaigns. (Lu, 2024)

▪ Social Factor: Influencer Culture & Engagement Behaviour

Instagram and TikTok rely heavily on social influence, which is why they dominate the influencer-led marketing space. TikTok in particular records high engagement in core content areas, making it particularly attractive for brand collaborations. Additionally, many marketers are now using AI tools to refine their influencer selection and targeting methods, improving the effectiveness of their campaigns. (Sprout Social, 2024)

2.3 Critical Analysis of Each Actor

Actor 1: Technological Factors

Technological developments play a decisive role in shaping competition in the digital landscape, as they affect how quickly companies can innovate, how efficiently platforms operate, and how effectively users engage with content. For leading companies like Instagram, advances such as AI-powered recommendation engines continue to strengthen their market position. These technologies increase personalization and engage users deeply. Meta’s 2024 statistics indicate that AI-powered suggestions now account for 65% of Instagram user interactions, demonstrating how technological sophistication helps pioneers maintain industry leadership. However, rapid technological evolution can also become a challenge for pioneers. Legacy infrastructure and complex existing systems often make it difficult for them to respond quickly, creating opportunities for follower companies to be more flexible and technologically adaptable. (Meta, 2024)

Following companies approach technological change from a different strategic perspective. Instead of being constrained by old systems, they can use new technologies to accelerate their growth and disrupt existing market leaders. TikTok is a powerful example of this dynamic: Although originally a follower, it has outpaced pioneers in both engagement levels and watch-time by leveraging advanced machine-learning models. In 2025, TikTok users spent an average of 95 minutes per day on the platform – far more than Instagram – demonstrating how followers can turn powerful technological capabilities into competitive advantage. Yet, this approach also comes with risks. Followers must continually invest in research and development, maintain rapid algorithm updates, and address growing regulatory challenges related to data privacy and the use of AI.(DataReportal, 2025)

From a strategic perspective, pioneers of technological change must prioritize sustainable innovation, continuous platform enhancements, and improved user experiences to protect their competitive lead. In contrast, followers need to focus on agile innovation, rapid adoption of emerging technologies, and targeted differentiation to challenge industry giants. Kotler et al. (2022) highlight that technological disruption is most damaging to organizations that rely on legacy systems, while fast-paced challengers benefit the most because they can adopt new technologies without structural constraints. (Kotler et al., 2022)

Actor 2: Social Factors

Social changes—such as changing demographics, content consumption habits, and user expectations—create both opportunities and threats for industry players. For pioneers like Instagram, the rise of short-form video, authenticity-based engagement, and a creator-driven culture provide opportunities to reinvent their value proposition. Statista (2025) reports that 72% of global social media users aged 18-34 prefer short-form video, forcing pioneers to expand beyond photo-based content. But this change also poses a threat to pioneers, as their historical formats can lose cultural relevance if adaptation is slow or misaligned with emerging user behavior. (Statista, 2025)

Figure – 1 :

FOLLOWERS



72%

**Of global social
media users aged
18-34 prefer short-
form video**



23.3 million

**Tiktok users in the
UK in 2025**

- 39%

Of the national population

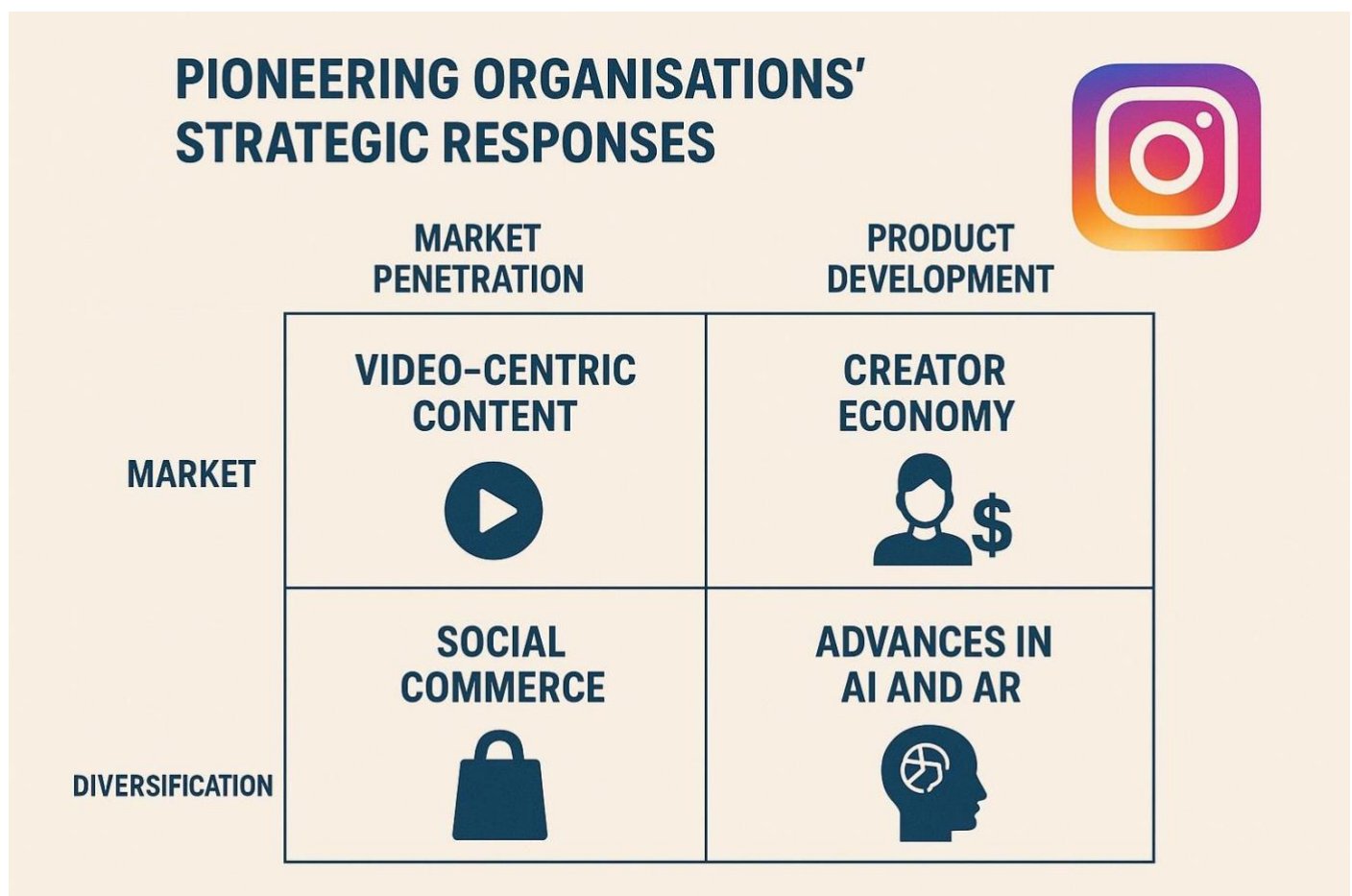
Following companies often benefit more quickly from social change because they can design models that are fully aligned with new cultural norms. TikTok capitalizes on youth-driven trends, community challenges, and participatory culture, leading to rapid market expansion. In the UK, TikTok users reached 23.3 million in 2025, representing around 39% of the national population—evidence of how social trends empower followers to outpace pioneers (TikTok UK, 2025). However, as cultural trends change rapidly and user loyalty is volatile, reliance on younger audiences poses a threat to followers. (TikTok UK, 2025)

Strategically, pioneers will need to reshape their brand identity while balancing the expectations of both long-standing and new audiences. To sustain growth, followers will need to maintain cultural agility, trend responsiveness, and ongoing community engagement. Jobber and Ellis-Chadwick (2021) argue that organizations facing rapid social change need to adopt customer-centric, culturally adaptive strategies to avoid losing relevance in dynamic markets. (Jobber & Ellis-Chadwick, 2021)

3. Task 2: Strategic Responses of Pioneering and Follower Organisations

3.1 Pioneering Organisations' Strategic Responses : Instagram

Figure - 2 :



As a pioneering social media, Instagram must continually adapt to competitive, technological, and societal pressures. As pioneers face constant pressure to maintain their dominance and influence

industry standards, Instagram responds with continuous innovation and strong ecosystem integration to remain relevant in a rapidly changing digital environment (Kotler et al., 2022).

One of Instagram's main responses to competitive pressures has been a shift toward video-centric content. The rise of TikTok has posed a major external threat, particularly due to the shift in consumer preferences toward short-form, highly-relevant video. In response, Instagram launched Reels in 2020 as a product innovation to retain younger users and align with new industry standards. This reflects a product development strategy within Ansoff's Growth Matrix, where new features are introduced in existing markets to maintain a competitive advantage (Ansoff, 1957; Jobber & Ellis-Chadwick, 2021). With this change, Instagram not only responded to external threats but also capitalized on the opportunity to increase user engagement and advertising revenue (Lee & Xiong, 2023).

Another key strategic response relates to the rapid growth of the creator economy. As creators increasingly influence platform loyalty and user traffic, Instagram has introduced advanced monetization tools such as subscriptions, affiliate commerce, and creator marketplaces. These responses address an external opportunity in the social-commerce and creator-driven digital economy (Grant, 2021). By empowering creators through improved revenue systems, Instagram prevents migration to competing platforms, illustrating a defense strategy by leading companies to strengthen ecosystem control (Kotler et al., 2022). This further represents market penetration within Ansoff's matrix, as Instagram adds value to existing users in existing markets without diversifying beyond its core purpose (Ansoff, 1957).

Instagram has strengthened its position in social commerce by adding features such as in-app shopping, shoppable posts, and checkout options. As consumers increasingly prefer seamless online shopping, the platform has shifted from simple content sharing to providing retail functionality (Jobber & Ellis-Chadwick, 2021). This reflects product and segment market development, which has allowed Instagram to reach new merchants and advertisers while reducing its reliance on traditional advertising revenue, even in times of economic stress (Kotler et al., 2022).

Advances in AI and AR have strongly influenced Instagram's strategy. Meta's AI investments have improved Instagram's recommendation algorithms and enabled new creative tools like AI-based stickers and filters. These innovations help the platform respond to technological opportunities and increase user engagement (Grant, 2021). Additionally, Instagram's use of AR—such as immersive filters and virtual try-on features—shows how the platform is diversifying by adding new tech-enhanced user experiences (Lee & Xiong, 2023).

Strategic Responses and Ansoff's Framework

Overall, the strategic reactions of Instagram shows how the advanced platforms have to be continuously invented, defense against competitive threats and to achieve new forms of price. Using the Growth Matrix of Ansoff, it is clear that the development of Instagram products to maintain strategic advantages, using a mixture of varieties in market penetration and initial stage. Explanation of the ability to actively respond to external macro-environmental changes - especially competitions, technology and consumer behavior - explains why the leading companies remain as the central driving force of digital-industry evolution (Kotler et al., 2022; Jobber & Ellis-Chadwick, 2021).

3.2 Follower Organisations' Strategic Responses : TikTok

Figure -3 :



Followers organizations work in shape in shape by pioneering organizations, which means they will be adapted to establish and maintain competitiveness and adapt to shiny strategies. Like pioneers, followers rarely determine the quality of the industry but instead of absorbing empty, weaknesses and emerging tendencies that can ignore pioneers. Their strategies usually involve adaptation of rapid innovation, market division and aggressive properties. This allows them to compete in spite of entering a already established competitive landscape shaped by the dominant platform as Instagram (Kotler et al., 2022).

The following is a key strategic reaction to the Follow Fasting Fasting Fast and Adaptable Features Fast and Adaptable Features For example, the ticketed social-media industry appeared as a strong follower, which identifies the user needs for short-form, algorithm-powered video content-an area Instagram does not fully search. Tiktok's Personalization Algorithm Reflects a Product Development Strategy in Ansaph's Growth Matrix Ansaph's Growth Matrix (Ansoff, 1957; Jobber & Ellis-Chadwick, 2021). By reacting quickly to consumer behaviour, TikTok turned a follower position into a competitive advantage before pioneers could fully respond (Lee & Xiong, 2023).

Follower companies also remain competitive by targeting niche or underserved market segments. For example, TikTok appealed strongly to young users aged 16-24, a segment increasingly dissatisfied with Instagram's shift toward commerce-centric posts and curated aesthetics. By focusing on authenticity, humor, and grassroots creativity, TikTok ushered in a cultural shift toward informal, creator-driven expression (Grant, 2021). This represents market development in Ansoff's Matrix, where a follower extends existing products to new demographic segments overlooked or partially served by pioneers (Ansoff, 1957). This type of targeted

positioning helps followers achieve scale quickly without having to directly confront pioneers in saturated user segments (Kotler et al., 2022).

Follower organisations often employ aggressive iterative strategies, introducing constant updates to maintain relevance. TikTok demonstrates this through its ongoing introduction of features such as TikTok Shop, real-time live streaming and creator monetisation tools. These developments represent a blend of market penetration and product development, as TikTok increases engagement within its existing user base while extending the value of its core product (Jobber & Ellis-Chadwick, 2021). By continually refreshing user experiences at speed, followers create momentum and de-risk the competitive disadvantage that comes from entering the market later (Lee & Xiong, 2023).

A significant advantage of follower organizations is the ability to learn from the mistakes of pioneers. TikTok adopted its privacy, community-guidelines, and algorithm-transparency policies after observing regulatory criticism of Instagram. This learning-driven response reduces strategic risk and aligns the platform with global regulatory expectations (Grant, 2021). This type of behavior shows how followers strategically exploit the experience of pioneers to facilitate compliance and avoid reputational damage (Kotler et al., 2022).

Overall, follower companies maintain competitiveness through agility, rapid innovation, and adopting a focused market position. From the perspective of Ansoff's Growth Matrix, followers like TikTok use product development, market penetration, and market development to gain market share from pioneers. The ability to respond quickly to changing consumer behavior, exploit niche opportunities, and learn from pioneers' strategic mistakes shows how follower companies can turn the disadvantage of late entry into a dynamic digital industry into a powerful competitive advantage (Lee & Xiong, 2023; Jobber & Ellis-Chadwick, 2021).

4. Conclusion

The analysis of the macro-marketing environment shows that external factors, particularly technological advances and changing social behaviours, significantly influence strategic outcomes for both pioneers and followers. Rapid innovations, such as AI-powered algorithms and immersive digital tools, allow pioneers like Instagram to innovate while enabling followers like TikTok to enter the market with disruptive offerings. Similarly, shifts in consumer preferences toward authentic, short-form content create both opportunities and challenges across the social-media industry (Kotler et al., 2022; Jobber & Ellis-Chadwick, 2021), highlighting that environmental changes affect organisations differently based on their market position (Grant, 2021).

Task 2 demonstrates that pioneers and followers respond to these pressures with distinctly different strategic approaches. Pioneering firms typically prioritise product development, market-share reinforcement and ecosystem stability, whereas follower organisations thrive by embracing rapid innovation cycles, targeting focused user segments and learning adaptively from industry trends (Ansoff, 1957; Lee & Xiong, 2023). Instagram's strategic shift towards Reels, creator-support systems and AI-based features stands in contrast to TikTok's swift feature evolution and strong youth-oriented market strategies. These contrasts confirm that competitive advantage in digital markets hinges on continuous scanning of the external environment and agile strategic adaptation (Kotler et al., 2022).

In summary, the conclusion reinforces that sustained competitiveness requires organisations to monitor external trends continuously and adjust their marketing strategies proactively. Both pioneers and followers

must remain flexible, innovative and responsive to changes in technology and consumer behaviour to ensure long-term organisational success (Grant, 2021; Jobber & Ellis-Chadwick, 2021).

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