

MARKETING ENVIRONMENT

Meaning: Marketing activities are influenced by several factors inside and outside a business firm. These factors or forces influencing marketing decision making are collectively called marketing environment. It comprises all those forces which have an impact on market and marketing efforts of the enterprise.

According to Philip Kotler “Marketing environment refers to external factors and forces that affect the company’s ability to develop and maintain successful transaction and relationship with its target customers.”

Just as the human body may have problems, it fails to adjust to environmental change. Similarly, business may fail if they do not adapt to external changes such as a new source of competition or changes in consumer’s preference.

There are two types of marketing environment

1. Micro-environment
2. Macro-environment

1. MICRO-ENVIRONMENT

The micro-environment of the company consists of various farces in its immediate environment that affects its ability to operate effectively in its chosen markets.

This factor includes the following:

- i. The Company
- ii. Company’s suppliers
- iii. Marketing intermediaries
- iv. Customers
- v. Competitors
- vi. Public

i. The Company: Company take into consideration other company's finance, research and development, purchasing, manufacturing, accounting, top management etc. while designing marketing plans. Environmental forces are dynamic and any change in them brings uncertainties, threats and opportunities for the marketer. Marketer try to predict what may happen in the future with the help of tools like marketing research and marketing information or marketing intelligence system, and continue to modify their marketing efforts and build their marketing strategies.

ii. Company Suppliers: Suppliers provide the resources needed by company to produce its product. They are an important link in the company's overall customer's value delivery system. Marketing management must watch supply availability, supply shortage or delays, labour strikes and other events can cost sales in the short run and damage customer satisfaction in long run. Marketing manger also monitor the price trends of their key inputs. Supply cost may force price increase that can harm the company's sales volume.

iii. Marketing intermediaries: Intermediaries or distribution channels members often provide a valuable link between an organisation and its customers. Large scale manufacturing usually finds it difficult to deal with each one of their final customer individually in the target market, so they chose intermediaries to sell their product and they must decide to use the best way to store and ship goods, it must choose carefully the intermediaries or distribution channel they use for their company.

iv. Customer: Market consists of individual and households, business market, government agencies, international market, producer, customers, resellers. Each market types have special characters that call for careful study by the sellers. Taste and preference of the customer, needs and wants of the customer, demand and supply of product all should be well determined and best should be provided to the customer.

v. Competitors: No single competitive marketing strategy is best for all companies. The company's market system is surrounded and affected by a host of competitors. Each firm consider should its own size and industry position compared to those of its competitors. These competitors have to be identified, monitored to gain and maintain customer loyalty.

Industry and competition constitutes a major component of the micro environment. Development of marketing plans and strategy is based on knowledge about competitor activities. Competitive advantage also depends on understanding the status, strength and weakness of competitors in the market.

vi. Public: General public do take interest in the business undertaking. The company has a duty to satisfy the people at large along with competitors and the consumers. Public relation is certainly a board marketing operation which must be fully taken care of goodwill,

favourable reactions donations and hidden potential fixture buyers are a few of the responses which a a company expects from the public.

Every Company is surrounded by seven types of public as shown below.

financial, media, government, citizen, local, general, internal.

Macro Environment

The macro environment consists of broader forces that not only affects the company and the industry but also other factors in the micro-environment.

The components of a macro environment are:

- i. Demographic Environment
- ii. Economic Environment
- iii. Physical Environment
- iv. Technological Environment
- v. Legal Environment
- vi. Social and cultural Environment

i. Demographic: Demography is the study of population characteristics that are used to describe consumers. Demographics tell the marketers who are current and potential customer, where are they, how many of them are likely to buy and what the market is selling. Marketers are keenly interested in studying the demography ethnic mix, educational level and standard of living of different cities, regions and nation because changes in demographic characteristics have a bearing on the way people live, spend their money and consume.

ii. Economic Environment: Economic environment is the most significant components of the marketing environment. It affects the success of the business organisation as well as its survival. The economic policy of the government, needless to say, has a very great impact on business. Some categories of business are favourably affected by the government policy some adversely affected while some other remains unaffected. The economic system is a very important determinant of the scope of private business and is very important external constraints on business.

iii. Physical Environment: The physical environment or natural environment involves the natural resources that are needed as input by the marketers and that are affected by marketing activities. Environmental concerns have grown steadily in recent years. Marketer should be aware of the trends like shortage of raw material, increased population and increased government intervention in natural resources. The management of the companies will have to understand their environmental responsibility and commit them self in the green marketing.

iv. Technological Environment: The technological environment is the most dramatic force now facing our destiny. Technological discoveries and development create opportunity and threat in the market. The marketer should watch the trend in the technology. The biggest impact that the society has been undergoing in the last few year is the technological advancement, product change and its effects consumes. Technology has brought innumerable changes inhuman lives, be it a travel or office equipment. Instead of moving into the new technologies, many old industries fought or ignored them and their business declined. Yet it is the essence of market capitalism to be dynamic and tolerate the creative destructiveness of technology as the price of progress.

V. Political Environment: The political environment consists of factors related to the management of public affairs and their impact on the business of an organisation. Political environment has a close relationship with the economic system and the economic policy. Some Governments specify certain standards for the products including packaging. products. In most nations, promotional activities are subject to various types of controls Some other Governments prohibit the marketing of certain. India is a democratic country having a stable. political system where the Government plays an active role as a planner, promoter and regulator of economic activity

vi. Legal Environment: Marketing decisions are strongly affected by laws pertaining to competition, price-setting, distribution arrangement, advertising etc. It is necessary for a marketer to understand the legal environment of the country and the jurisdiction of its courts.

The following laws affected business in India:

1. Indian Contract Act 1872
2. Factories Act 1948
3. Minimum Wages Act 1948
4. The Companies Act 1956
5. Consumer Protection Act 1986

vii. Social and Cultural Environment: Socio-cultural forces refer to the attitudes, beliefs, norms, values, lifestyles of individuals in a society. These forces can change the market dynamics and marketers can face both opportunities and threats from them. Some of the important factors and influences operating in the social environment are the buying and consumption habits of people, their languages, beliefs and values, customs and traditions, tastes and preferences, education and all factors that affect the business. In India, social environment is continuously changing. One of the most profound social changes in recent years is the large number of women entering the job market. They have also created or greatly expanded the demand for a wide range of products and services necessitated by their absence from the home.

Government Regulation Affecting Marketing

1. It is violation of state law for any company, including retail business, to make false or deceptive claims with advertising regarding product and services. In light of this regulation, business marketing department devise advertising campaigns to emphasize only truthful features or benefits of the company's product.

2. With the goal of preventing business from using misleading marketing campaigns as a means to derive sales numbers. Consumer may also be able to sue companies that advertise discounted prices for product and services but refuse to honour the advertisement low sale amount.

3. While it is illegal for business to refuse to honour advertised pricing discounts. It is also illegal for companies to deceive consumer into thinking a discount exists where it actually does not. Regular price of merchandise may not be advertised as a discounted sale price.

4. Consumer protection law allow customer wronged through deceptive advertising practises to seek punitive damages from the offending business. A consumer seeking punitive damages may receive a much higher settlement amount from a business then in a law suit through which the consumer may recoup only actual losses. Punitive damages in the case of false/misleading advertising are penalties assessed by the court to punish the company's illegal behaviour and discourage other business from attempting similar practices.

5. No company or business shall take any part in the publication of any advertisement referring to nay drug in terms which suggest or are calculated to lead to use of that drug for treatment of certain diseases and disorder.

6. No company shall take part in the publication of any advertisement that directly or indirectly or indirectly gives a false impression regarding the true character of the drug as makes false claim for the drug.

7. No person or business shall take part in the publication of any advertisement referring to any magic remedy which o directly or indirectly claims to be efficacious.

8. No person or business shall import or export documents containing an advertisement of drugs or magic remedy.