MARKETING ENVIRONMENT & STRATEGIES: 21ST CENTURY APPROACH

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ABSTRACT

The marketing environment surrounds and impacts upon the organization. There are three key elements to the marketing environment which are the internal environment, the microenvironment and the macro environment. Well marketers build both internal and external relationships. Marketers aim to deliver value to satisfied customers, so we need to assess and evaluate our internal business/corporate environment and our external environment which is subdivided into micro and macro. The marketing environment of the country provides a great opportunity for the marketing man to work on. Marketing strategy is a process that can allow an organization to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving a sustainable competitive advantage. Marketing strategy includes all basic and long-term activities in the field of marketing that deal with the analysis of the strategic initial situation of a company and the formulation, evaluation and selection of market-oriented strategies and therefore contributes to the goals of the company and its marketing objectives.

Keywords: Marketing Environment, Strategic, Legal forces, advertising scenario.

INTRODUCTION

The market environment is a marketing term and refers to factors and forces that affect a firm’s ability to build and maintain successful relationships with customers. The marketing environment surrounds and impacts upon the organization. Most of successful companies have now realized that marketing presents a never ending series of opportunities and threats. The marketing manager’s major task is that of trend trackers and opportunity seekers modern marketers realize that environmental scanning would provide a continuous link between them and their customers. A marketer has to design his marketing strategies based on the current marketing environment. Marketing environment comprises of external factors over which the organization and management. Marketing Environment comprises of external factors over which the organization and management has little control. Market means people with money and with a will to spend their money to satisfy their wants. Hence, marketing management is directly interested in demography, i.e., scientific study of human population and its distribution.
structure. Growing population indicates growing market particularly for baby products. But when we have reduction in the birth rate and the lower rate of growth of population, many companies specializing in baby products will have to adjust their marketing program accordingly. Population forecasts during the next decade can be arrived at with considerable accuracy and on the basis of such forecasts marketing management can adjust marketing plans and policies to establish favorable relationship with demographic changes. Demographic analysis deals with quantitative elements such as age, sex, education, occupation, income, geographic concentration and dispersion, urban and rural population, etc. Thus, demography (study of population) offers consumer profile which is very necessary in market segmentation and determination of target markets. Quantitative aspects of consumer demand are provided by demography, e.g. census of population, whereas qualitative aspects of consumer demand such as personality, attitudes, motivation, perception, etc., are several factors such as population rate of growth, motivation, perception, etc., are provided by behavioral analysis. Good demographic analysis combines several factors such as personality, attitudes, motivation, perception, etc., are provided by behavioral analysis. Good demographic analysis combines economic power, life cycle analysis of consumer, occupation, education and geographic segmentation. Both demographic and behavioral analysis enables marketing executives to understand the basis of market segmentation and to determine marketing reaction to a new product or consumer reaction to an advertising campaign. India is the second largest market in the world.

FINANCIAL ENVIRONMENT

People constitute only one element of a market. The second essential element of a market is purchasing power and willingness to spend. Then only we have effective demand. Hence, economic conditions play a significant role in the marketing system. High economic growth assures higher level of employment and income, and this leads to marketing boom in many industries. Marketing plans and programs are also influenced by many other economic items such as interest rates, money supply, price level, consumer credit, etc. Higher interest rates adversely influence real estate market and markets of consumer durables sold on installment basis. Exchange fluctuations, currency devaluation, change in political and legal set-up influence international marketing. The level of take-home pay determines disposable personal income and it influences marketing programs directly. Economic conditions leading to recession can influence product planning, price fixing, and promotion policies of a business enterprise. Marketing mix must be formulated on the basis of review economic indices. Since 1974, i.e., after the energy (oil) crisis all over the world, we have inflationary trends and general level of prices in continuously rising. Inflation coupled with scarcity conditions can radically change consumer buying habits. Many purchases may be postponed or even eliminated. Higher petrol prices created a trend in favor of small cars and public transport. Inflationary conditions affect adversely the market for consumer durables. Economic forces can have positive or negative effects upon the promotion efforts of business units. State of trade and business booms and slumps constitute the economic aspects of marketing environment.

SOCIETAL AND CULTURAL ENVIRONMENT: REVIEW TO MARKETING DECISION

Changes in our life-style and social values, e.g., changing role of women, emphasis of quality of goods instead of quantity of goods, greater preference to recreational activities, etc. Major social problems, e.g., concern for pollution of our environment, socially responsible marketing policies, need for safety in occupations and products etc. Consumerism is becoming increasingly review to marketing decision process. Societal marketing concept, demanding not only consumer welfare but also citizen welfare is very much emphasized. Marketers are now called upon not only to deliver life i.e. environment free from pollution. From the marketing point of view, the emergency of a large middle class is perhaps the most significant of all developments that have taken place in India since
independence. Many economists now place India’s middle class at over 100 million. Occupation statistics form the basis for such estimates. In India, around 25 million people are at present employed in the government and organized sector, private and public. Around 18 million are estimated to be employed in the unorganized sector. These two groups add up to 43 million people. It could safely be reckoned that one half of this falls under the middle class. In addition, in the rural areas too, there is a sizable middle class today. It has actually two segments—the well-to-do among the farming class and the relatively better off among the non-farmers, employed of self-employed, pursuing varied vocations. The middle class households in all these categories together could, on a conservative basis, be reckoned as 25 million. If on an average we have four members in each household, the total size of the middle class in the country can be reckoned at 100 million at the minimum. In addition to the economic factors, socio-structural and life style factor have also contributed to the rise of the middle class. The growth of urbanization is the first among these factors. The breaking down of the joint family system and the parallel rise of the nuclear family is the next. More and more women taking to employment is the third factor. These and other similar factors acting the concert have brought about a new lifestyle among the middle class. They now require several time-saving conveniences. For example, the increased income coining from both husband and employed wife has made it possible for the family to buy a variety of such conveniences. As cumulative effect of the quantitative expansion of the class, the increase in its income levels and the change in its lifestyle, the consumption potential of the class have gone up considerably in recent years. Today, the market potential of this segment of India can be placed almost on par with the total potential of major European countries like U.K. France or West Germany.

POLITICAL AND LEGAL FORCES IN MARKETING ACTIVITIES

Political and legal forces are gaining considerable importance in marketing activities of business enterprises. Marketing systems are affected by government’s monetary’ and fiscal policies, import-export policies, customs duties. Legislation controlling physical environment, e.g., anti-pollution laws also influence marketing plans and policies. Consumer legislation tries to protect consumer interests. Marketing management cannot ignore the legislation regulating competition and protecting consumers. Business enterprises may not be allowed to resort to price discrimination, false and misleading advertising exclusive distributorships and trying agreements, deceptive sales promotion devices, division of markets, exclusion of new competitors and such other unfair trade practices. The economic and industrial environment of India has undergone a significant change as a result of the new economic policies and liberalization measures introduced by the government in recent years. The new policies touch practically each and every aspect of economic affairs. Fiscal policies, industrial licensing policies, trade policies and policies relating to technology have all been changed. On the procedural side too there has been simplification of rationalization. Basically, all these steps have been aimed at a restructuring of the instruments of control-removing some, revamping others— with the ultimate objective of accelerating the pace of industrial development in the country.

SCIENCE, TECHNOLOGY & RIVALRY IN MARKETING ACTIVITIES

We have witnessed in one generation radical change in our life-styles, in our consumption pattern as well as in our economic welfare. A new package of policies relating to technology has also been introduced. The nation is now attaching a great degree of importance to technological up gradation of practically all segments of industry. Better incentives have been built into the basic policies and systems so that technologically advanced nations find it attractive to collaborate with India in different sectors of industry and transfer the latest technologies in the respective fields. In particular, India is making rapid and significant advances in field like energy, electronics, microelectronics, and communication and information technologies. There is an all-round accent on securing high-
technology on par with the developed nations and on becoming technologically competitive on the international scene. Although price competition is still present particularly in the retail market, non-price competition is of paramount importance for the manufacturer. No marketing decision of major importance can be made without assessing competition in a free market economy. The marketing manager has little or no control over the actions of competitors. He can merely anticipate competitive actions and be prepared to deal with them. Competitors considerably influence the company’s choice of marketing strategies particularly in relation to selection of target markets, suppliers, marketing channels as well as in relation to its product mix, price mix and promotion mix.

THE ALLOCATION ENVIRONMENT: A REVIEW OF MARKETING ENVIRONMENT

The allocation environment in India has been undergoing significant changes in the past few years. And to present, the pace of change is getting further accelerated. In the first place, as a rule, the allocation channels have been getting shorter. The gap between the producer and the consumer is becoming narrower. Secondly, the parasitic middlemen of yore are disappearing from the Indian allocation scene. Thirdly, as the channel is getting shorter, the retail dealer in the distributive trade is getting a better deal; his margins are more respectable now than before; he is able to give better service to the consumers; and his profitability had improved despite the hike in various cost elements. In fact, in quite a few sectors, retailing has grown into a prestigious activity. The allocation trade has also been growing in size recent years more and more people are being employed in the allocation business. Another significant development is that the manufacturers in many industries have departed from the traditional method and channels of allocation. They are now developing their own channels, depots and showrooms. Finally, the emergence of a large public allocation system is another major development in India’s allocation scenario. Many factors have been responsible for these changes in the allocation environment. Increased competition and inflation and rising costs of marketing and allocation are the most significant among these factors. Redundant market intermediaries have been withdrawn by manufacturers for containing the escalating costs of marketing and allocation. The government has taken several measures by which the allocation environment has been affected in a significant way. Increasing consumer awareness and the spread of consumerism has also had its share of influence on the allocation environment. India’s exports too have been growing over the years. There has also been a welcome change in the pattern and range of India’s exports. More than 4,000 different items are exported by the country today, as compared to hardly 60 items at the time of independence. Manufactured products and products of a highly technical nature now find a prominent place in the items exported by India. The directional pattern of the foreign trade of India has also changed for the better. Indian exports are now reaching a large number of countries all over the globe. The sectors in which significant gains have been made in the export effort in recent years include farm products, marine products, textiles and ready-made garments, leather and leather manufactures, gems and jewelry, chemicals, engineering goods and iron ore. The country has also made notable progress in the export of projects, technology and consultancy services.

ENVIRONMENT ANALYSIS

Environmental experts are vigorously advocating the preservation and survival of our entire ecological systems. It is said that pollution is an inevitable by-product of high consumption economic systems prevalent in the advanced countries. The marketing system of an enterprise has now to satisfy not only the buyers of its products (consumers/users) but also societal wants which may be adversely affected by its activities and then only it is entitled to achieve its profit objective. In future, marketing executives will have to pay due attention to the quality of our life and our environment. They are expected to take measures to conserve and allocate our scarce resources properly. Above all, they must show active interest in the welfare of community life. Prevention of all types of
pollution and efficient use of our scarce resources can restore to balance in our ecological environment. Economic use of energy and natural resource are the essential ingredients of marketing strategies. The marketing manager needs to be dynamic to effectively deal with the challenges of environment. The environment of business is not static. It is changing with fast speed. The benefits of environment scanning have been suggested by various authorities such as: It creates an increased general awareness of environmental changes on the part of management. It guides with greater effectiveness in matters relating to Government. It helps in marketing analysis. It suggests improvements in diversification and resource allocations. It helps firms to identify and capitalize upon opportunities rather than losing out to competitors. It provides a base of objective qualitative information about the business environment that can subsequently be of value in designing the strategies. It provides a continuing broad-based education for executives in general and the strategists in particular.

MARKETING STRATEGIES

A strategy is a long-term plan to achieve certain objectives. A marketing strategy is therefore a marketing plan designed to achieve marketing objectives. Marketing strategy as a set of objectives, policies and rules that guide over time a firm’s marketing efforts. It is a policy to maintain the firm’s competitive edge in the market. Management give it a shape with strategies for each controllable of product, distribution, promotion and pricing.

Marketing is now accepted as a strategic discipline or general management function and in this respect must care for the health of a business in the future especially against competitive influences. This is because it is increasingly realized that although making a profit is important, an organization should also develop its market share and search for brand leadership as well. So the marketer must monitor the profitability of the business and attempt to anticipate the likely trends. At the same time rival companies should be monitored and examined for vulnerable points. Successful marketers must therefore be concerned with every aspect of their business, including future project and other areas of their industry. Successful companies plan five or ten years and more in advance and often know as much about their competition as they know about themselves.

ANALYZING OPPORTUNITIES: A GOOD WAY TO BETTER UNDERSTAND A BUSINESS AND MARKETS

There are countless environmental opportunities available in any economy as long as there are unsatisfied needs. Currently there are great opportunities to develop new sources of energy, new food products, improved agricultural methods, improved forms of transportation, new forms of leisure, and improved teaching technology. There are opportunities in refuse disposal, lower cost legal services, containerization, prefab housing, water purification, day-care centers and biochemical instruments. But none of these necessarily represent opportunities for any specific company. Alternative growth opportunities can be generated for a company by mapping its core marketing system and then moving to three levels of analysis. The first level of analysis discerns those opportunities present in the current product-market activity of the company; we call these intensive growth opportunities. The second level discerns those opportunities present in other parts of the core marketing system; we call these diversification growth opportunities. Concentric diversification consists of the company’s seeking to add new products that have technological and/or marketing synergies with the existing product like; these products will normally appeal to new classes of customers. Horizontal diversification consists of the company’s seeking to add new products that could appeal to its present customers though technologically unrelated to its present product line. Conglomerate diversification consists of the company’s seeking to add new perfects for new classes of customers because this promises of offset some deficiency or represents a great environment opportunity; in either case, these products have no relationship to the company’s current technology, products, or markets.
COMPANY OBJECTIVES: SET TO AVOID THE BEST OF OPPORTUNITIES

A company cannot go after all of its opportunities first, because some of them are inconsistent with each other; second, because it never has enough resources to pursue all of its opportunities; and third, because all the opportunities are not equally attractive. We can imagine the company eliminating those opportunities for which it lacks sufficient resources or synergistic possibilities. Once a company arrives at a strong sense of corporate mission, it finds it easier to scan the environment for opportunities and easier to evaluate the contribution of different opportunities to corporate purpose. At the same time, corporate purpose itself is subject to revision as new opportunities arise and old solutions no longer work. The company’s basic purpose and mission must be translated into specific objectives to guide the organization to what it should try to accomplish with various activities in the external environment. Company objectives must have certain qualities if they are to serve the purposes. If particular, they should be hierarchical, quantitative, realistic, and consistent. A company may pursue a large number of objectives, not all equally important. When possible, major objectives should be arranged in a hierarchical fashion showing which are the most important, which are derived, and how they are derived. To the extent possible, objectives should be stated in quantitative or operational terms. The objective “increase the return on investment” is not very satisfactory. The company is likely to pursue at any time a number of objectives rather than one. For example, a company states that it- seeks to provide a quality product that will maximize customer satisfaction, provide an adequate return, and increase the company’s total market share. These are admirable objectives but raise the question of whether they are all consistent. Sometimes the objectives are clearly inconsistent as when management says that it wants “to maximize sales and profits”, or wants “to achieve the greatest sales at the least cost”, or wants “to design the best possible products in the shortest possible time”. It must be recognized that these objectives are in a trade-off relationship. It is not possible to maximize simultaneously sales and profits. One can increase sales by lowering price, improving product quality, and increasing marketing effort, although these steps, beyond and point, are likely to reduce profit. A statement involving two basic objectives in a trade - or relationship is of no help as a management guide without further specification.

FORMULATION OF THE MARKETING STRATEGY

Objectives are a statement of where a company wants to go; strategy is a grand design for getting there. Strategy is a battle plan fused out of marketing, financial, and manufacturing elements. Marketing strategy of a firm is the complete and unbeatable plan or instrument designed specifically for attaining the marketing objectives of the firm. The marketing objectives will tell us where the firm wants to go; the marketing strategy will provide the design for getting there. Formulation of marketing strategy consists of five main steps Market segmentation, Market positioning, Market entry strategy, Marketing -mix strategy, Timing strategy. Market segmentation is the basic recognition the every market is made up of distinguishable segments consisting of buyers with different needs, buying styles, and responses of offer variations. No one approach to the market will satisfy all buyers. Each segment of the market represents somewhat different parts of the market before taking a position. There is no unique way to segment a market. The fortunate firm is often the one that has found a creative new way to segment the market.

MARKETING STRATEGIES PRACTICED AROUND THE GLOBE

In actual practice, it can be often seen that different firms take different strategy stances. This is but natural. As long as their situational designs and consequently their specific requirements of strategy differ from each other, they will evidently follow different strategy stances. One firm may find it appropriate to have a direct confrontation with the
market leader; another may find it appropriate to keep aloof for some time from the heat of competition; the third may find it relevant to chalk out a strategy of sheer survival. It is essential to understand that there is no universally valid strategy stance. It is so because the various firms do not share the same situational design. Depending on the unique situational requirement faced by each firm, the strategy stances adopted by them can fall into any of the broad categories i.e. Confrontation Strategy, Defensive Strategy, Niche Strategy, De-marketing Strategy and Remarketing Strategy. Confrontation Strategy is a strategy of aggression /offence. The firm is ready for a direct frontal attach in the existing competition. Reliance Textiles adopted a confrontation strategy. In Defensive Strategy the firm wants to avoid any possible direct conformation with leading Competitions. For its own reasons, it assumes a defensive stance in the market. In Niche Strategy, the firm neither confronts nor defends. It cultivates a small market segment for itself with unique products/services, supported by a unique marketing mix. These segments are too small to attract big competitors, normally; smaller firms with distinctive capabilities adopt niche strategy. When for certain reasons, a firm wants to withdraw a product that is enjoying good demand, it ‘de-markets’ the product through a conscious manipulation and suppression of demand. The firm may canalize the demand towards some other products which it would like to popularize. While remarketing, a product with losing demand is brought back of like ‘and remarke | ted in the same name and style or in a changed name and style. A repositioning of the product and /or a modification in the marketing mix often constitutes the broad components of a remarketing strategy.

CONCLUSION

The analysis of this topic reveals that the marketing environment has undergone a major change in the last decades. The change has been particularly significant in the past few years. All these developments have made a profound impact on the size and structure of India’s markets. The traditional marketing scene has been significantly altered by these developments. New markets for several consumers-products have been created in the country-in-urban as well as rural areas. Competition has become an integral part of the marketing environment of the country. It is reasonable to expect that in the coming years, the change already witnessed in the social scenario too is like to get accelerated further in the coming years. In short, the marketing environment of the country provides a great opportunity for the marketing man to work on. Marketing strategy is a process that can allow an organization to concentrate its resources on the optimal opportunities with the goals of increasing sales and achieving a sustainable competitive advantage. Organizational marketing strategies differ and choose the strategy according to their requirement. Strategies help the firms to maintain or increase market share.

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