

Quadrant II - Notes

Paper Code: COC 103

Module Name: Marketing Environment

Module No: 05

Marketing Environment

Marketing Environment is study of internal and external forces and factors which may affect marketing decisions or has an impact on marketing decisions. Marketing environment are the forces that revolve around the business enterprise while operating in the market. Such factors can be internal factors or external factors. External factors are basically macro factors, affecting the marketing decisions, such factors are uncontrollable. A Marketer or marketing manger needs to properly evaluate these external factors while framing marketing strategies or while taking marketing decision.

Marketing Environment Includes:

- Micro Environment
- Macro Environment

Micro Environment:

Internal factors are basically Micro factors affecting the marketing decisions. Micro factors are controllable factors and thus can be controlled. Some of the factors affecting micro environment includes:

- Suppliers
- Market Intermediaries
- Customers

- Competitors

Suppliers

Actions or decisions of a supplier can influence the business strategy, as they provide the materials for production. For instance, If the suppliers do not supply the raw materials on time, it will delay the production process and thereby may affect customer satisfaction.

Market Intermediaries

Intermediaries bridge the gap between manufacturer and the consumers. Intermediaries are basically the channel of distribution. Channel level means channel members who have specific role to play. The company can select the distribution channels. Such intermediaries help the manufacturer promoting, selling and distributing the goods to the ultimate consumers.

Customers

Customers are those individuals who buy and services of a particular company. The whole marketing efforts revolve around customer. Customer satisfaction is the main aim of marketing. It involves identifying the needs or wants of the consumers and then producing the products as per their needs and wants.

Competitors

Competitors are the businesses or companies or firms selling similar products. A company or business should have competitive advantage. The organisation must study the strategies and plans of the competitors. The competitors who affect marketing system of the company have to be identified, monitored and defeated to get loyalty of consumers continuously.

Macro Environment

Macro Marketing environment consists of outside factors that affect marketing activities. These elements are considered uncontrollable and they have an impact in the company's overall performance.

Some of the Macro factors affecting marketing environment includes:

- Demographic factors
- Economic factors
- Social factors
- Cultural factors
- Technological factors
- Political factors
- Natural factors

Demographic Factors

Demography is the study of human population. It includes study of the various factors like age, gender, occupation, income, education etc. Marketer needs to pay due attention to the changing demographics. Demography plays a vital role in marketing. Through demographics the marketer can study the response of the customers towards the products or services.

Economic factors

Economic factors include all those factors which affect buying power and spending patterns of the consumers. The economic factors include factors like level of income, policies, and nature of an economy, economic resources, trade cycles, distribution of income and wealth, inflation, disposable income, unemployment rate etc.

Social Factors

Society is divided into three social classes which includes upper working class, middle working class and lower working class. There are changes in the consumption pattern and products demanded by all these three different social classes. Hence a marketer needs to study the social class of target market before producing the product or rendering a service.

Cultural Factors

Cultural Factors influences of consumer buyer behaviour. Cultural Factors includes basic values, perceptions, wants, behaviours, rituals that influences marketing activities in a major way. A marketer needs to study or have proper knowledge of the culture before entering the market.

Technological Factors

Technological developments have impact on the operation of an organisation. Technological environment is dynamic and keeps on changing. A marketer needs to constantly upgrade their technology to remain competitive. Companies need to bring in innovations in the product and processes to sustain the competition, otherwise there are chances that organisations may become outdated.

Political Factors

Political factors include Government actions, rules and regulations. Change in political situation or government rules affects functioning of the business. Political factors that affect business are uncontrollable like political stability, tax policies. Political decisions may be local, regional, national or international level, but demands careful attention to anticipate its impact on the operation of business organisation. Any change in the policy by the government compels the marketers to take a leap and adjust with the changing government policies. Timely change in marketing programmes as per government policies will reduce the risk.

Natural Factors

Natural environment includes the natural resources that are used by marketers or they are affected by marketing activities. A business enterprise gets the raw materials from the natural environment which then gets processed into finished goods. A due care should be taken while using the natural resources.