



“बेटी बचाओ, बेटी पढ़ाओ”

## **JAYOTI VIDYAPEETH WOMEN'S UNIVERSITY, JAIPUR**

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<b>Name of Program</b>	-	BBA
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<b>Topic Name</b>	-	Marketing – Introduction

#### **Delivery Network :**

The process consists of three parts. The first phase, choosing the value, represents the “homework” marketing must do before any product exists. The marketing staff must segment the market, select the appropriate market target, and develop the offering's value positioning. The formula “Segmentation, Targeting, Positioning (STP)” is the essence of strategic marketing. Once the business unit has chosen the value, the second phase is providing the value. Marketing must determine specific product features, prices, and distribution. The task in the third phase is communicating the value by utilizing the sales force, sales promotion, advertising, and other communication tools to announce and promote the product. Each of these value phases has cost implications.

#### **Marketing Environment :**

Marketing environment includes all the forces that directly or indirectly influence marketing operations by affecting an organisation acquisition of

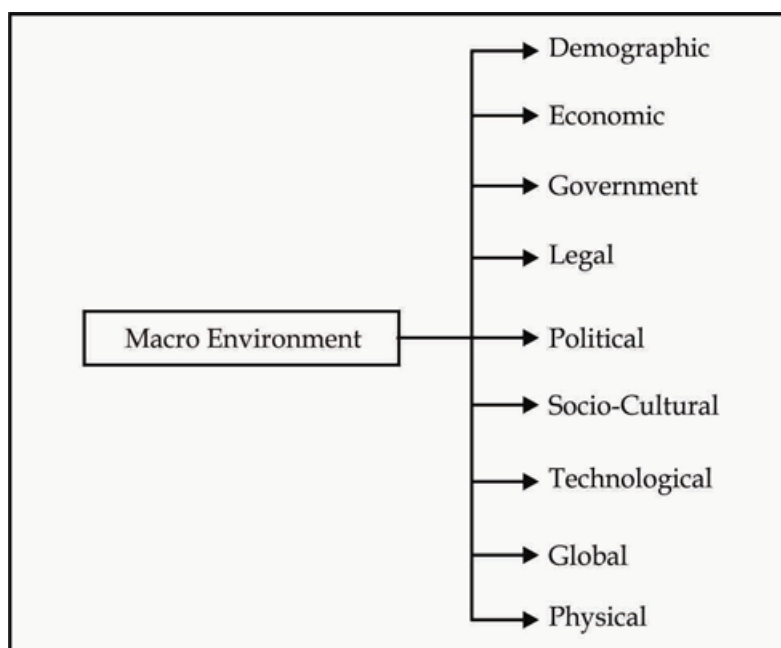
inputs/creation of outputs such as human, financial and natural resources and raw material, information, goods, services or ideas.

### **Environment Analysis :**

Environment plays a critical role in business, especially in marketing. The marketing environment is constantly changing and thus presenting new opportunities and threats. A marketer's task is to correctly analyse the environment and design a marketing mix, which will fit the environment. The ultimate purpose of the environmental analysis is to facilitate the firm's strategic response to the environmental changes. The firm can attain its objective with strategic planning in order to encash on environmental opportunities .

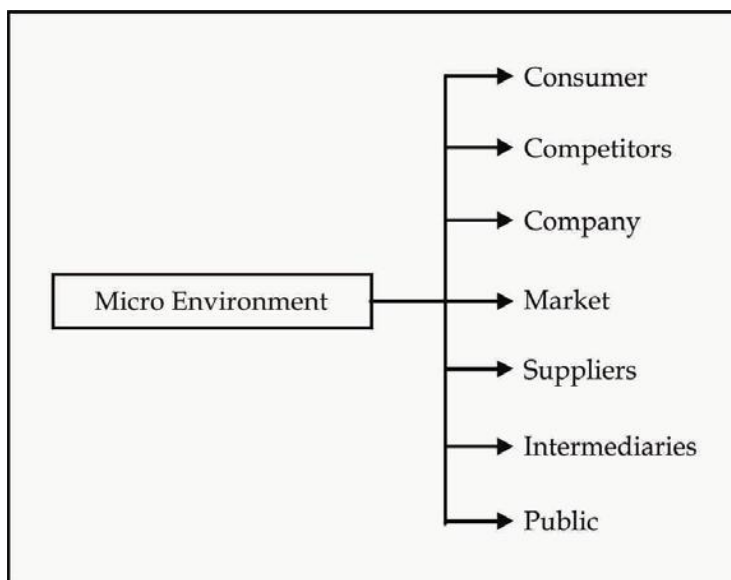
### **The Micro and Macro Environment :**

There are two types of environmental forces, which influence an organization's marketing activities. Some of these forces are external to the firm and the organization has little control over them. The other type of forces comes from within the organization and can be controlled by it. Hence, the marketing environment can be divided into two major components



**Macro environment:** Consists of demographics and economic conditions, socio-cultural factors, political and legal systems, technological developments, etc. These constitute the general environment, which affects the working of all the firms.

**Micro environment :** Consist of suppliers, consumers, marketing intermediaries, etc. These are specific to the said business or firm and affect its working on short term basis.



### **Environmental Scanning :**

Environmental scanning – also known as Environmental Monitoring – is the process of gathering information regarding a company's environment, analysing it and forecasting the impact of all predictable environmental changes. Successful marketing depends largely on how a company can synchronise its marketing programmes with its environmental changes.

The major components of environmental scanning are:

1. External environmental analysis
2. Customer analysis
3. Competitor analysis

4. Market analysis
5. Company analysis

## **Macro Environmental Analysis**

### **Demographic Environment :**

Factors relating to population, such as size, growth rate, age distribution, religious composition and literacy levels and aspects like composition of workforce, household patterns, regional characteristics, population shifts, etc., need to be studied as they are all part of the demographic environment.

### **Economic Environment :**

Economic environment determines the strength and size of the market. The purchasing power in an economy depends on current income, prices, savings, circulation of money, debt and credit availability. Income distribution pattern determines the marketing possibilities. The important point to consider is to find out the effect of economic prospects and inflation on the operations of the firms.

### **Government Environment :**

Business is highly guided and controlled by government policies. Hence the type of government running a country is a powerful influence on business and marketing gets affected.

1. What changes and regulations are possible and what will be their impact?
2. What are the political risks of operating in a governmental jurisdiction?
3. What are the incentives the government may offer that might affect business?
4. What are the taxes and duties that may be levied and might affect business?

## **Legal Environment**

Firms prefer to operate in a country where there is a sound legal system such as in US. Marketers must have a good working knowledge of the major laws protecting consumers, competitions and organizations. Laws like MRTP, Consumer Protection Act, Intellectual Property Right, FEMA, Labour Laws etc., can considerably affect business operations.

## **Political Environment**

Political pressure groups influence and limit organizations e.g., the case of Enron in Maharashtra and KFC in Karnataka. Special interest groups and political action committees put pressure on business organizations to pay more attention to consumer's rights, minority rights, and women's rights.

## **Cultural Environment**

The beliefs, values and norms of a society determine how individuals and organizations relate to each other. The core beliefs of a particular society tend to be persistent, as the American value system of work, charity and honesty. It is difficult for marketers to change these core values, which have a major bearing on marketing operations in as much as they set the stage for marketing activity and consumer response.

## **Technological Environment**

The most important factor, which is controlling and changing the human society and even impacting the future, is technology. Technology has literally transformed the way people think, work and relax. Man could realise his dream of putting an astronaut on the lunar surface, the moon, going to the other side of the globe within a few hours, and even exploring the mysteries of the solar system. With the latest developments in genetic engineering, man is extending the human life span. Technology has changed the way people communicate with the advent of Internet and telecommunication system, and with the

revolution in communications have come new ways of doing business. This is opening up new business opportunities while consumers reap the rewards of cutthroat competition among manufacturers. The following factors are to be considered for the technological environment:

1. The pull of technological change
2. Opportunities arising out of technological innovation
3. Risk and uncertainty of technological development
4. Role of R&D in a country and government's R&D budget.

### **Global Environment**

The global environment is also rapidly changing. The new concept of global village has changed how individuals and organizations relate to each other. The advent of worldwide terrorism has the power to turn a booming economy into a stagnant one within no time.

### **Micro Environmental Analysis**

This is also known as the task environment and affects business and marketing at the daily operating level. While the changes in the macro environment affect business in the long run, the effects of micro environmental changes are noticed almost immediately. Organizations have to closely analyse and monitor all the elements of microenvironment in order to adapt to rapid change and stay competitive.

### **Consumer**

According to Peter Drucker, the aim of business is to create and retain the customer. Hence consumer occupies the central position in the marketing environment. The marketer has to closely monitor and analyse changes in consumer tastes and preferences and cater to (if not try and anticipate) their buying habits.

1. What constitutes the consumer value system?
2. What benefits is the consumer looking for?
3. Who are the consumers?
4. What are their buying patterns?

### **Competitors**

Competition shapes business. A study of the competitive scenario is essential for the marketer, particularly threats from competition.

1. Who are the competitors?
2. What are their present strategies and business objectives?
3. Who are the most aggressive and powerful competitors?

### **Company**

The objectives, goals and resource availabilities of a firm occupy a critical position in the micro environment of marketing. The company with its resources and capabilities surrounds the consumer in the micro environment.

### **Market**

The market is to be studied in terms of its actual and potential size, its growth prospect and also its attractiveness. The marketer should study the trends and development and the key success factors of the market he is operating.

Important issues are:

1. Cost structure of the market
2. The price sensitivity of the market
3. Technological structure of the market
4. The existing distribution system of the market
5. Is the market matured?

## **Suppliers**

Suppliers form an important component of the microenvironment. With their own bargaining power they affect the cost structure of the industry. They constitute a major force, which shapes competition in the industry. Also organizations have to take a major decision on "outsourcing" or "in-house" production depending on this supplier environment.

## **Intermediaries**

Intermediaries exert a considerable influence in the marketing environment. They can also be considered as the major determining force in the business. In many cases the consumers are not aware of the manufacturer and buy the product from the renowned intermediaries as for example Wal-Mart in US, Pantaloons in India.

## **Public**

Public constitute a major force in the micro environment and marketers have to very carefully study their opinion, values, beliefs and attitudes in order to design a proper marketing strategy for goods carefully tailored to meet the needs of the target consumer segment.