

MARKETING MANAGEMENT

UNIT-1

PART-XIII

MARKETING ENVIRONMENT

Overview

We have already discussed the marketing concept and the four Ps of the marketing mix. The four Ps are the marketer's controllable variables: product, price, place and promotion. Unfortunately, for the practising marketer, decisions concerning the four Ps cannot be made in isolation from the changing environment. Marketers have to work with some uncontrollable variables such as changing social values, competitors, economic changes, technological changes, the physical environment, legal and political issues and other ethical considerations. These are external environments which impinge to varying degrees on the marketing decision process. This chapter examines these seven important environments.

Marketing Environment-I

A business organisation can be viewed as a system - a set of interacting and interrelated elements that forms an entity. An organisation is a system composed of a set of interacting departments and/or work groups, each which performs different functions. Typical departments are finance, accounting, production, marketing, legal and research and development. A business firm is an open system, one that is affected by outside forces. For example, consider a locally owned and operated day care centre. Some of the outside forces that would affect it

include training and registration of staff: competition from a local church-operated day care centre; the number of unemployed and working parents in the neighbourhood; the weather; local beliefs and attitudes about child rearing; and national and state laws regarding the building, safety precautions, health and sanitation standards. The day care centre would also be influenced by the publics with which it deals. The day care centre needs to interact with suppliers of food, linens and cleaning supplies: employees, shareholders or owners who provide financial capital: and customers, who provide the demand for child care to make the business economically feasible. Most businesses are affected by these outside forces and are thus open systems.

A closed system, on the other hand, is one that is not affected by outside forces. Closed systems are theoretical for the most part because most entities are affected by some outside force. The sun is the usual example of a closed system because it affects other entities without being affected by them. However, 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 the market and marketing efforts of the enterprise.

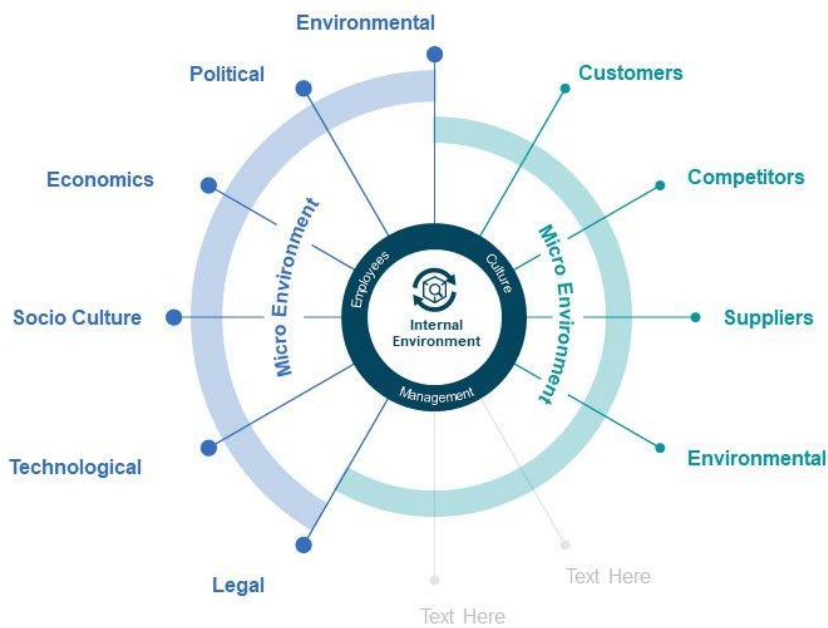
According to Philip Kotler, marketing environment refers to *"external factors and forces that affect the company's ability to develop and maintain successful transactions and relationships with its target customers."*

The marketing environment may be broadly divided into two parts: micro-environment and macro environment

MICRO-ENVIRONMENT

Micro-environment implies the factors and forces in the immediate environment which affect the company's ability to serve its market. These factors are suppliers, market intermediaries, customers, competitors, and public.

Composition of Marketing Environment



DR. PANKAJ