

## **MARKETING MANAGEMENT**

### **UNIT-1**

### **PART-XV**

## **Macro-Environment**

Micro-environment refers to those factors which are external forces in the company's activities and concern the immediate environment. Macro-environment are uncontrollable/external factors which indirectly affect the concern's ability to operate in the market effectively. The components of macro environment affecting the company are demographic forces, economic forces, political and legal forces, social and cultural forces, physical forces, technological forces.

### ***Demographic Environment***

Louise G. Pol has very candidly opined that "the first environment fact of interest to marketers is population because people make up markets. Marketers are keenly interested in the size of the world's population, its geographical distribution, density, mobility, trends, age distribution, birth, marriage, and death rates, and racial, ethnic, and religious structure." There is no denying the fact that demographic forces have a larger impact on the marketing decisions of a company.

Demographic data help in preparing geographical marketing plans, household marketing plans, age and sex-wise plans, etc. These plans may prove to be reliable in the short run. The firm may forecast the major demographic trends in order to achieve good results.

It is true that a marketer is capable of developing substantial control over a target market (group of consumers). But he cannot have any control over the population characteristics, viz, age, income, marital status, occupation, education, etc. Moreover, demographic structure is seldom static for long and changes in demographic composition often test the resiliency of a marketing firm. Marketing firms will have to continuously measure the changes-qualitative as well as

quantitative-that are taking place in the population structure. A marketer must communicate with consumers, anticipate problems, respond to complaints, and make sure that the firm operates properly.

Knowledge of consumers' social class is definitely important in marketing planning because the social class of a consumer has a significant influence on his/her buying behaviour. Social class influences choice of product and brand. People choose products that communicate their role and status in society.

People belonging to a particular social class have similar attitudes, preferences and perceptions. For example (i) upper-middle class consumers who have risen in life due to their professional education give a high priority to education of children. (ii) increase in the population of elderly persons will affect marketing as follows:

- i. Demand for medical equipment, medicines and medical facilities will increase.
- ii. Stores catering to elderly persons will have to provide stronger lighting, larger print signs and safe rest places.
- iii. Sellers will need to offer home delivery facilities. Telemarketing and internet marketing are likely to gain popularity.

### ***Economic Environment***

Under economic environment, a marketing manager generally studies the following factors and trends:

1. Trends in gross national product and real income growth.
2. Pattern of income distribution.
3. Variations in geographical income distribution and its trends.
4. Expenditure pattern and trends,
5. Trends of consumer savings and how consumers like to hold their savings, i.e., either in the form of bank accounts; investments in bonds and securities; purchase of real estate, insurance policies, or any other assets.
6. Borrowing pattern, trends and governmental and legal restrictions.

7. Major economic variables, e.g., cost of living, interest rates, repayment terms, disposable income. These factors determine the purchasing power, along with savings and credit availability. Study and knowledge of economic forces is essential for preparing effective marketing plans. Anticipation of future economic conditions will enable the firm to devise appropriate marketing strategies.

Economic conditions affect marketing directly because such organisations are themselves a part of market place. For instance, the cost of all inputs positively responds to upward swing of economic conditions. This will affect the output price and consequently affect the sales. The effect on market place (consumers) also influences the marketing through changes in consumer habits. This is an indirect influence. For example, in the event of spiralling prices, consumers often curtail or postpone their expenditures for luxury products, Conversely, during times of relative affluence, consumers are much less conscious of small price differences and would buy luxury products.

### ***Political Legal Environment***

Marketing decisions cannot be taken without taking into account the developments in political and legal field. Government agencies, political parties, pressure groups and laws create tremendous pressures and constraints for marketing management. Laws affect product design, pricing and promotion. Irrespective of the political ideologies, intervention in the marketing process has almost become common in every nation. The history of business legislation during the past hundred years has been characterised by three distinct legislative philosophies:

- i. to prevent monopoly and protect competition,
- ii. to protect individual consumers, and
- iii. to protect society.

The legal environment is also referred to as Public Policy environment. The vast governmental network of laws and regulations, policy decisions, government bureaucracy, and the legislative processes have varied impact on marketing strategies. Fig, below depicts

how different public policy actions reach the marketing activities of a firm. However, it cannot be stated precisely how each legal action affects the different variables of marketing.

The increasing complexity of legal environment makes the manufacturers to be on constant vigil of the situation. It may be necessary that basic organisational structure has to be altered to avoid constraints arising out of the public policy implementation. In the area of marketing strategy, the net effect of public policy is to prohibit many practices that had once been quoted common regardless of their ethics. There might be opportunities enhanced in some instances but the general effect is negative. Multinationals like Coca Cola and IBM had to flee India during 1977 due to hostile political environment. The positive political situation has permitted these corporations to again operate in the country. The impact of political and legal environment may be summarised as under:

- i. Substantial amount of legislation regulating business exists to protect consumers from unfair business practices, to avoid unfair competition, to safeguard small firms and to conserve foreign exchange.
- ii. Marketing managers are required to get full knowledge and understanding of political and legal forces for achieving their goals.