

MARKETING MANAGEMENT

UNIT-1

PART-XVI

MACRO-ECONOMIC COMPONENTS

Social and Cultural Environment

In recent years, the concept of 'Social Responsibility' has crept into the marketing literature as an alternative to the marketing concept. The implication of socially responsible marketing is that business firms should take the lead in eliminating socially harmful products (e.g., cigarettes) and practices. As such, social responsibility has become another legitimate pressure of the market place.

It may be noted that legal and the social environments are closely related. Often it is found that the legal environment is an off-shoot of social pressures. Again, the social pressure develops as a consequence of the criticisms against marketing practices. It is interesting to note that though people are well aware of the ills of marketing, they are unable to explain what marketing really is. Generally, criticisms centre around the following premises:

1. Marketing system is not capable of eradicating poverty.
2. Disadvantaged and unorganised consumers are exploited.
3. Creating products for personal satisfaction affects the interest of the society in general.
4. The proliferation of trivial products and services leads to wastage of non-replenishable scarce resources.
5. The goal of profit maximisation penetrates deeper into all activities of the firm rather than the social obligation.

Physical/ Natural Forces

Potential shortages of certain raw materials, e.g., oil, coal, minerals; unstable cost of energy; increased levels of pollution; changing role of Government in environment protection are a few of the dangers this world is facing on physical environment front. Keeping these forces in mind, world thinkers have expressed their concern over whether the physical environment is being irreparably damaged by the industrial and other business activities of today's modern nations.

Environmentalism has now sprung up. Every nation is trying to conserve and recycle their natural resources through legislation and vigorous campaign. It is because the world is about to face crisis on many counts if current rate of consumption of materials continues without check. Ecological balance may also be disturbed. All these are bound to have an impact on marketing decisions. Impact of physical environment on marketing decision-making may be enumerated as below:

1. There should be a balance between the attention paid on efficient service of the consumers' needs and costs involved in terms of environment imbalances, if any, in serving these needs and wants.
2. The company management has to take into active consideration while chalking marketing plans and programmes. The environmentalists express concern about strip mining, forest depletion, factory smoke, loss of recreational opportunities and other health hazards because of rash and unmindful industrialization following profit-oriented marketing plans and programmes.
3. The marketing management is more concerned about the quality of life it can offer through marketing efforts. The environmentalists too are interested in quality of life. But they are not prepared to sacrifice the ecological balance and quality of the environment. A marketing decision must, therefore, strike a balance between the two assuring that ecological balance will be maintained for better tomorrow. The present has to sacrifice for tomorrow.
4. It is a pertinent demand of the environmentalists to get included the environmental costs while taking production and marketing decisions. Unless this is done, marketing efforts may succeed today but surely these efforts are bound to fail tomorrow and day after.

5. Environmentalists are of the view that packaging is a waste and advertisements lead people to consume what actually they would have not liked to consume in normal circumstances. The marketing management, on the other hand, feels that packaging is a convenience for both the marketers and consumers. For them, advertisement is an education and the consumers need education in every sense of the term. Here again, marketing decision will have to strike balance in order to maintain the ecological balance.
6. Shopping centres are a boon for both the marketers and consumers. Less energy, less time, less expenditure, and more satisfaction for both the marketers and consumers are a few of the objectives behind these shopping centres. But environmentalists are against such centres on the plea that these centres are more prone to pollution and ecological disturbances. Here marketing decision is hard. But hard decisions are also to be taken for a better future.
7. There cannot be two opinions that steel enterprises, ferrous and non-ferrous industries and public utilities have led to huge investment in pollution-control instruments and devices, and also costlier fuels. The auto industries, the soap factories, the gasoline industries, etc. are health hazards for the surroundings. These industries do not like environmental restrictions and regulations. The products of these companies go costlier because of such costlier devices since these costs are absorbed and then passed over to the consumer's, Marketing management is hard pressed on this point. Here again, a hard decision or two is called for.

What should the marketing management do? What should be the decision under these circumstances?

Marketing manager's life has become too complicated these days. He has to:

- I. check into the environmental consequences of the product, its packaging and above all its production processes;
- II. raise prices to cover environmental costs (no doubt these costs are ultimately borne by the consumers, and it is also a fact that such products are harder to sell);
- III. recognise the validity of respecting the environment;
- IV. introduce the environmental criteria while deciding on product ingredients, design, and packaging;

- V. direct its Research & Development wing to find out ecologically superior products so as to make it a major selling point of the product; and;
- VI. see that there is no tussle between the environmentalists and consumerist since both are interested in providing quality of life by following their own principles within their own precincts.

Technological Environment

Advances in technology are an important uncontrollable environment for marketers in two ways:

First, they are totally unpredictable; and secondly, adoption of new technology often is prevented by constraints imposed by internal and external resources. At the same time, it should be remembered that technological progress creates new avenues of opportunity and also poses threat for individual companies.

As an opportunity, technology is a source of new and better products. It is an easy way to gain a differential advantage over competitors with a technologically superior product. As a threat, technological development by competitors may result in loss of markets. Product advances in copier instruments offer a good example in this context. Similarly, the technology has contributed shifts from Black and White TV sets to colour sets and now to the three-dimensional sets. Quartz and digital watches account for a substantial share of all timepieces sold.

The fact that technology is a major force in business and industry, its consequent stresses on marketing cannot be denied. A new development can give birth to new industry or make an existing, profitable product obsolete. The one possible way to avert the exigencies, in such circumstances, is to strengthen research and development (R&D) and to imbibe a preparedness at all levels of the organisation.

The technological developments and consequent industrialisation have caused another problem to crop up, viz., environmental pollution. Business firms have to make more capital investments for expensive pollution control devices which ultimately raises the cost of production resulting in loss of markets. It is true

that pollution problem is an uncontrollable variable for the individual business firm. But it should also be noted that pollution creates three kinds of opportunities for those firms that have the foresight to address these difficulties, and the imagination and technical skill to solve them. First, it creates markets for improved methods of waste treatment and methods for recycling. Second, a marketing challenge to devise alternative ways to developing inexpensive packaging methods and materials. Third, an opportunity to find productive and socially beneficial uses for industrial, animal and human wastes. The technologies, viz, micro-electronics, computers, robotics, telecommunications are all destined to affect the future of many marketing organisations.

Marketing management is very much required to pay attention to the changing technological environment and to see as to how new technologies can serve best the human needs. Marketing management today has to establish a very close relation with R&D experts and has to draw a plan, whereby market-oriented research is encouraged. Marketing managers have to be alert enough and have to be responsive to the negative aspects of any innovation that "might harm the users and create distrust and opposition". They must watch carefully the trends in general. In particular, it must see through the:

1. accelerating pace of technological change so as to assess the impact on consumption patterns and marketing systems;
2. unlimited innervational opportunities so as to accept the challenge in each case and develop practical affordable versions of these products:
3. higher Research & Development budgets so as to modernise the research laboratories, to induct highly qualified and trained research team, and hope to achieve a stronger marketing orientation by accepting major challenges and solving major scientific problems; and
4. the concentration on minor improvement rather than on major innovations and discoveries so as to avoid copying competitors' products, making minor feature and style improvements and to proceed

cautiously with a view to become offensive in improvements and developments.

DR. PANKAJ KUMAR SHARMA