

Lesson-5

INFLUENCE OF MARKETING ENVIRONMENT ON MARKETING DECISIONS

We have discussed marketers have to take several and important decisions to be able to bring right-product for the right people at the right price at the right time with right services .All this is happening in an environment. In other words, marketers' decisions can be good and profitable only if they are in consonance with the environment. Marketers must understand the environment.

MARKETING ENVIRONMENT

Environment is a broad spectrum or sets of conditioned which prevail at a given time. For environmentalists, it is air, oxygen, dust, smoke etc .in atmosphere. But in marketing, we mean two things.

We have studied it previously.

- 3) The task environment
- 4) The broad environment

Task environment involves immediate actors, such as suppliers, distributors, dealers and consumers etc, involved in production, distribution and promotion.

Broad environment consists of; demographic, natural, economic, technological, political-legal and socio-cultural environment.

We will go into details of task environment later in our study. At this point we will look into broad environment and establish a link between these conditions and marketing decisions.

BROAD ENVIRONMENT

The following are broad environment

- 1) Controllable factors
- 2) Uncontrollable factors
- 3) Competition
- 4) Government
- 5) Economy
- 6) Technology
- 7) Media

In the above-mentioned seven headings, we will study broad environment to see their influence on market decisions.

CONTROLLABLE FACTORS

Such are factors, which are directed by top management and marketers. Although, top management takes all decisions but five are directly affecting markets.

- a) Line of business: This consists of goods and services category, functions geographic coverage, type of ownership and specific business of the company.
- b) Overall objectives: Numerical goals, etc
- c) Role of Marketing: Importance and integration of services
- d) Corporate culture: the conditions that exist inside the organization

UNCONTROLLABLE FACTORS

These are pertaining to External conditions. Such as

- a) Consumers: their characteristics, incomes, status, race, education etc.
- b) Competition: What are they doing and planning, their research, policies and strategies etc.
- c) Government: The legislation; laws, rules, controls, policies, framework, international laws etc.
- d) Economy: The rate of growth, sectoral factors, the trends and many other things.
- e) Technology: The research, methods, machines, equipment etc.
- f) Media: The independence of media, the public opinion, the information mode etc.

All of the above board environment factor directly and indirectly affect and influence our marketing decisions directly. Policies and plans have to be altered with a change in either of the above.

HANDLING BROAD ENVIRONMENT

MONITORING:

The broad environment must be closely monitored and scanned to adjust our marketing decisions. An immediate response to change must be ensured to take corrective measures or to avail of the opportunity

FLEXIBILITY:

Marketing decisions must have inherent flexibility to alter/change with broad environment. Change has to be managed and implemented. Organization must have flexibility to alter its actions keeping in view the changes that have occurred in broad environment.

INFORMATION AND RESEARCH:

Close and systematic mechanism must be developed for access to information and research. Changes either take place and broadcast, such as legal system etc. but certain changes are anticipated. Trends must be watched and mechanism is built to have information well in advance.

ADOPTION:

Adoption of marketing decisions must be fully and carefully monitored. Whatever we change and alter must be done after taking into account the environment. But once a change is made, it must be fully adopted and working conditions adjusted to get maximum benefits etc.

In Marketing, we call this as “Marketing-Environment Fit” (MEF). Since there is nothing much we can do about the broad environment, we can however take Marketing Decisions to fit to the environment and alter and change. It is like adjusting the course according to the readings on radar.

And in-time marketing decision taken in view of the broad environment leads to:

1. Reducing losses or erosion of business or profit
2. Availing opportunity arising out of it.

“An early bird catches moth” dictum explains it all