



MARKETING ENVIRONMENT (Analyzing marketing opportunities and Consumer Behaviour)

Rohit Pradeep Mane

HSNC UNIVERSITY H.R College MUMBAI
Rohitmane0725@gmail.com

INTRODUCTION :

The marketing environment includes all external factors that can impact an organization's marketing efforts. While these factors are largely beyond a marketer's control, there is some room to influence them. Marketers face the challenging task of identifying key elements in their organization's marketing environment, understanding how these factors interact now and in the future, and crafting strategies that adapt to an ever-changing landscape.

In recent years, this challenge has become even tougher as many aspects of the marketing environment change rapidly and unpredictably. A marketer's role is to spot opportunities or threats in the environment and make strategic decisions that capitalize on opportunities while minimizing risks. This discussion explores the external factors that shape how companies operate and compete in today's dynamic market.

ENVIRONMENT ANALYSIS :

The environment plays a crucial role in business, particularly in marketing. Today's marketing environment is constantly evolving, bringing both new opportunities and challenges. Marketers must carefully analyze these changes and design a marketing mix that aligns with the environment. The main goal of environmental analysis is to help businesses adapt their strategies to these changes effectively. By planning strategically, companies can seize opportunities in the environment and achieve their objectives more successfully.

Business and the Environment

Business transformation occurs within a broader context; organizations are influenced by their surroundings while simultaneously possessing the capacity to influence them. The marketing environment encompasses various actors and forces external to the organization that affect its capability to establish and maintain relationships with target customers. Through an analysis of the environment, marketers can uncover opportunities to exploit and threats to mitigate. By thoroughly investigating the environment, marketers can adjust their strategies to confront challenges and capitalize on opportunities in an ever-evolving marketplace. The marketing environment is categorized into two primary components: the micro environment and the macro environment. The template is used to format your paper and style the text. All margins, column widths, line spaces, and text fonts are prescribed; please do not alter them. You may note peculiarities. For example, the head margin in this template measures proportionately more than is customary. This measurement and others are deliberate, using specifications that anticipate your paper as one part of the entire proceedings, and not as an independent document. Please do not revise any of the current designations.

Micro and macro environment

Micro-environment

The micro-environment comprises elements that are in proximity to the organization and have a direct influence on its capacity to meet customer needs. This includes suppliers, marketing intermediaries, customer markets, competitors, and the general public. Essentially, the micro-environment encompasses the organization itself, its supply chain, marketing channels, customer demographics, and the competitive environment.

Macro-environment

The macro-environment encompasses the extensive societal influences that affect a company on a grand scale. These elements generally lie outside the organization's sphere of influence. Essential aspects of the macro-environment consist of demographic, natural, technological, economic, political, and

cultural factors. By comprehending these influences, businesses can adjust and formulate strategies to effectively address external challenges and seize opportunities.

The company's micro-environment :

The internal structure of a company comprises several departments, including top management, finance, research and development (R&D), purchasing, operations, and accounting, all of which significantly impact the planning and strategies of the marketing department.

Top management is essential in establishing the company's mission, objectives, and overarching strategies. Marketing managers are required to align their decisions with the goals and plans set forth by top management. For effective outcomes, it is imperative that all departments embrace a consumer-oriented approach and work collaboratively to provide exceptional customer value and satisfaction.

The finance department is responsible for ensuring adequate funding for the implementation of marketing plans and for overseeing the efficient allocation of these resources. The accounting department monitors revenue and expenses, offering valuable insights to the marketing team regarding the achievement of objectives.

Research and development is dedicated to creating products that are both safe and attractive to consumers. The purchasing department is tasked with acquiring the necessary supplies and materials, while the operations department manages the production and distribution of products, ensuring they meet the required quality and quantity standards.

Through collaborative efforts, these departments foster a unified environment that aids the marketing department in reaching its objectives and delivering value to customers.

The company's macro- environment :

The macro environment of a company encompasses a range of broader forces that impact its operations, creating both opportunities and challenges. One significant aspect of this environment is the demographic factor, which pertains to the size, distribution, and growth of various population segments characterized by distinct traits.

For marketers, demographic elements hold particular significance as they are closely associated with consumer purchasing behavior. Individuals from diverse countries, cultures, age groups, or family structures often demonstrate specific buying habits.

Marketers closely monitor demographic shifts, including variations in age distribution, family dynamics, geographic population changes, educational attainment, and diversity within the population. Such transformations provide valuable insights into the evolution of consumer behavior, allowing marketers to adapt their strategies accordingly.

Marketing Research System :

Utilize either SI (MKS) or CGS as the main units, with IS units being preferred. English units may serve as supplementary options. A Marketing Information System (MIS) is a systematic framework employed by organizations to gather, process, and coordinate information from a variety of internal and external sources. Its primary aim is to equip managers with the necessary data to make well-informed decisions regarding competition, costs, advertising, sales distribution, marketing intelligence, and other related areas.

An MIS aggregates information from numerous sources, including operational data, internal records related to marketing performance (such as sales metrics and the effectiveness of marketing initiatives), marketing databases, research, marketing intelligence systems, and independent information providers.

The main objective of an MIS is to unify diverse data into a coherent and actionable information set, thereby facilitating improved decision-making. It not only collects and organizes data but also encompasses tools and methodologies for its interpretation.

According to Philip Kotler, a Management Information System (MIS) goes beyond the simple function of data collection or the aggregation of information technologies. It constitutes a structured framework that unites individuals, tools, and processes to collaboratively collect, analyze, assess, and distribute information.

The provision of timely and precise information is essential for marketing decision-makers, as it significantly enhances the planning, execution, and oversight of marketing initiatives.

By delivering pertinent and actionable insights, an MIS is instrumental in boosting overall marketing effectiveness.

Types of Marketing Decisions Supported by the MIS

A Marketing Information System (MIS) is structured to facilitate a range of marketing decisions by effectively organizing and utilizing information. Below is a summary of its essential components:

Internal Reporting System

Every organization, irrespective of its size or maturity, gathers a significant amount of information over time. However, this information frequently remains underexploited due to its confinement within specific departments or individuals. For example, data may be classified into categories such as financial, production, human resources, marketing, or logistics. This compartmentalization restricts the potential for comprehensive insights. An MIS aims to unify this information, allowing for its effective application in decision-making across all areas, with a particular emphasis on marketing.

Marketing Research System

Marketing research entails a proactive strategy for collecting information to address particular issues. It is initiated to tackle clearly defined marketing challenges or to yield insights relevant to a specific study. This process involves the deliberate and systematic collection of data to produce actionable outcomes.

Conversely, certain marketing research does not concentrate on immediate problems but rather on the continuous observation of the marketing landscape. This approach enables businesses to remain aware of shifts and trends, even in the absence of a specific issue.

Marketing Intelligence System

In contrast to marketing research, which typically targets specific challenges, marketing intelligence encompasses ongoing monitoring and data collection. It includes a series of procedures and data sources that marketing managers utilize to observe the external environment.

Marketing intelligence heavily depends on informal methods, such as reviewing newspapers, trade publications, business journals, and economic forecasts. It also involves engaging in discussions with producers, suppliers, customers, and competitors. This process is often spearheaded by entrepreneurs and senior managers who actively scan the environment and gather insights from various interactions.

Marketing Models :

An Management Information System (MIS) is equipped with various tools and models designed to facilitate decision-making by interpreting data and delivering actionable insights. These models can be either computerised or manual and encompass:

These analytical instruments are fundamental to an MIS, enabling managers to convert raw data into significant strategies that inform their decision-making processes.

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Consumer Behaviour :

Consumer behaviour encompasses the examination of how individuals, groups, or organisation's choose, acquire, utilise, and ultimately dispose of products, services, experiences, or ideas to fulfil their needs. This field draws upon various disciplines, including sociology, psychology, social anthropology, and economics.

The primary objective of investigating consumer behaviour is to gain insight into the decision-making processes of both individuals and groups. This analysis includes exploring demographic and behavioural variables, consumer preferences, and the impact of social influences such as family, friends, reference groups, and the broader society.

Moreover, consumer behaviour extends beyond the mere aspects of what and how purchases are made; it also considers ,quantity, and the circumstances surrounding a purchase. A comprehensive understanding of these behaviours is crucial for effective marketing strategies and the successful provision of products and services.

Consumer behaviour is the study of how individuals, groups, or organisations select, secure, use, and dispose of products, services, experiences, or ideas to satisfy their needs. It incorporates insights from disciplines such as sociology, psychology, social anthropology, and economics.

The goal of studying consumer behaviour is to understand the decision-making process of both individuals and groups. It examines factors like demographic and behavioural variables, consumer preferences, and the influence of groups such as family, friends, reference groups, and society at large.

Cultural Factors :

1. Culture Culture is considered the most fundamental determinant of a person's desires and behaviours.

2. **Subculture** Within a culture, smaller subcultures offer more specific identification and socialization for members. Subcultures can include nationalities, religions, racial groups, or geographic regions. Many subcultures represent important market segments, prompting marketers to tailor products and strategies to their unique needs.
3. **Social Class** Social classes are relatively stable and hierarchical divisions in society, where members share similar values, interests, and behaviours. Social class influences preferences and buying habits, as people within the same class often exhibit similar product and brand choices.

Social Factors

1. **Reference Groups** These are groups that influence an individual's attitudes or behaviours, either directly (membership groups like family and friends) or indirectly (aspirational groups). Membership groups involve regular interaction, while secondary groups, such as clubs or professional associations, are more formal and involve less frequent interaction.

1. **Family** is recognized as the most significant purchasing entity within society. The family of orientation, which includes parents and siblings, plays a crucial role in shaping long-term values and behaviors. Conversely, the family of procreation, comprising a spouse and children, directly influences daily purchasing choices.

2. Individuals engage in multiple groups, such as family, workplace, and social clubs, with their roles within these groups determining their responsibilities and status. This, in turn, affects their purchasing behavior.

3. Personal Factors

1. **Age and Life Cycle:** Consumer preferences and requirements change throughout a person's life, influenced by age and the various stages of family life. For instance, individuals may purchase baby products during early childhood, durable goods in their adult years, and specialized diets as they age.

2. **Occupation and Economic Circumstances:** A person's profession and financial situation significantly influence their buying habits. Marketers frequently target specific occupational demographics and tailor products to meet their unique needs.

3. **Lifestyle:** An individual's lifestyle, characterized by their activities, interests, and opinions, significantly impacts their purchasing behavior. Psychographics, which examines lifestyles, enables marketers to categorize consumers based on their values and behaviors.

4. **Personality and Self-Concept:** Each person possesses a unique personality that affects their buying decisions. Traits such as self-assurance, sociability, and flexibility contribute to consistent purchasing patterns over time.

4. Psychological Factors

1. **Motivation:** A need transforms into a motive when it attains a level of intensity that compels an individual to take action. Prominent theories that elucidate motivation include:

- Sigmund Freud's theory of subconscious motives.
- Abraham Maslow's hierarchy of needs.
- Frederick Herzberg's two-factor theory.

2. **Perception:** Perception refers to the process by which individuals select, organize, and interpret information to understand their surroundings.

3. **Learning:** Changes in consumer behavior arise from various learning experiences.

Conclusion :

Comprehending consumer behavior and the marketing environment is crucial for formulating effective marketing strategies. Consumer behavior investigates how individuals, groups, and organizations arrive at purchasing decisions and the various factors that influence these choices. These factors encompass cultural, social, personal, and psychological dimensions. By analyzing these components, businesses can acquire significant insights into the motivations behind consumer decisions and tailor their offerings to satisfy specific needs and preferences.

The marketing environment, which includes both micro and macro elements, establishes the framework within which these decisions occur. The microenvironment comprises factors that are directly associated with the company, such as suppliers, customers, competitors, and other stakeholders, whereas the macro-environment involves broader societal influences, including demographics, culture, economics, technology, and politics. Both environments offer opportunities and present challenges that businesses must address to maintain competitiveness.

Essential elements such as cultural standards, social influences, individual preferences, and psychological drivers shape consumer behavior. Concurrently, external factors like demographic shifts, technological progress, and economic conditions influence the wider marketing environment. Collectively, these elements dictate the efficacy of marketing strategies and the ability of businesses to fulfill consumer demands.

Marketers are required to merge insights from consumer behavior with a thorough understanding of the marketing environment to create strategies that resonate with their target audience. Additionally, they should employ tools such as Marketing Information Systems (MIS) to collect and analyze data, ensuring that their decisions are informed by data and aligned with market conditions.

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