

MARKETING MANAGEMENT

UNIT 1

Nature of Marketing:

1. Marketing is an Economic Function

Marketing embraces all the business activities involved in getting goods and services, from the hands of producers into the hands of final consumers. The business steps through which goods progress on their way to final consumers is the concern of marketing.

2. Marketing is a Legal Process by which Ownership Transfers

In the process of marketing the ownership of goods transfers from seller to the purchaser or from producer to the end user.

3. Marketing is a System of Interacting Business Activities

Marketing is that process through which a business enterprise, institution, or organisation interacts with the customers and stakeholders with the objective to earn profit, satisfy customers, and manage relationship. It is the performance of business activities that direct the flow of goods and services from producer to consumer or user.

4. Marketing is a Managerial function

According to managerial or systems approach - "Marketing is the combination of activities designed to produce profit through ascertaining, creating, stimulating, and satisfying the needs and/or wants of a selected segment of the market."

According to this approach the emphasis is on how the individual organisation processes marketing and develops the strategic dimensions of marketing activities.

5. Marketing is a social process

Marketing is the delivery of a standard of living to society. According to Cunningham and Cunningham (1981) societal marketing performs three essential functions :-

Knowing and understanding the consumer's changing needs and wants;

Efficiently and effectively managing the supply and demand of products and services; and

Efficient provision of distribution and payment processing systems.

6. Marketing is a philosophy based on consumer orientation and satisfaction

7. Marketing had dual objectives - profit making and consumer satisfaction

Scope of Marketing:

1. Study of Consumer Wants and Needs

Goods are produced to satisfy consumer wants. Therefore study is done to identify consumer needs and wants. These needs and wants motivates consumer to purchase.

2. Study of Consumer behaviour

Marketers performs study of consumer behaviour. Analysis of buyer behaviour helps marketer in market segmentation and targeting.

3. Production planning and development

Product planning and development starts with the generation of product idea and ends with the product development and commercialisation. Product planning includes everything from branding and packaging to product line expansion and contraction.

4. Pricing Policies

Marketer has to determine pricing policies for their products. Pricing policies differs form product to product. It depends on the level of competition, product life cycle, marketing goals and objectives, etc.

5. Distribution

Study of distribution channel is important in marketing. For maximum sales and profit goods are required to be distributed to the maximum consumers at minimum cost.

6. Promotion

Promotion includes personal selling, sales promotion, and advertising. Right promotion mix is crucial in accomplishment of marketing goals.

7. Consumer Satisfaction

The product or service offered must satisfy consumer. Consumer satisfaction is the major objective of marketing.

8. Marketing Control

Marketing audit is done to control the marketing activities.

Importance of marketing can be studied as follows:

(1) Marketing Helps in Transfer, Exchange and Movement of Goods:

Marketing is very helpful in transfer, exchange and movement of goods. Goods and services are made available to customers through various intermediaries' viz., wholesalers and retailers etc. Marketing is helpful to both producers and consumers.

To the former, it tells about the specific needs and preferences of consumers and to the latter about the products that manufacturers can offer. According to Prof. Haney Hansen "Marketing involves the design

of the products acceptable to the consumers and the conduct of those activities which facilitate the transfer of ownership between seller and buyer.”

(2) Marketing Is Helpful In Raising And Maintaining The Standard Of Living Of The Community:

Marketing is above all the giving of a standard of living to the community. Paul Mazur states, “Marketing is the delivery of standard of living”. Professor Malcolm McNair has further added that “Marketing is the creation and delivery of standard of living to the society”.

By making available the uninterrupted supply of goods and services to consumers at a reasonable price, marketing has played an important role in raising and maintaining living standards of the community. Community comprises of three classes of people i.e., rich, middle and poor. Everything which is used by these different classes of people is supplied by marketing.

In the modern times, with the emergence of latest marketing techniques even the poorer sections of society have attained a reasonable level of living standard. This is basically due to large scale production and lesser prices of commodities and services. Marketing has in fact, revolutionised and modernised the living standard of people in modern times.

(3) Marketing Creates Employment:

Marketing is complex mechanism involving many people in one form or the other. The major marketing functions are buying, selling, financing, transport, warehousing, risk bearing and standardisation, etc. In each such function different activities are performed by a large number of individuals and bodies.

Thus, marketing gives employment to many people. It is estimated that about 40% of total population is directly or indirectly dependent upon marketing. In the modern era of large scale production and industrialisation, role of marketing has widened.

This enlarged role of marketing has created many employment opportunities for people. Converse, Huegy and Mitchell have rightly pointed out that “In order to have continuous production, there must be continuous marketing, only then employment can be sustained and high level of business activity can be continued”.

(4) Marketing as a Source of Income and Revenue:

The performance of marketing function is all important, because it is the only way through which the concern could generate revenue or income and bring in profits. Buskirk has pointed out that, “Any activity connected with obtaining income is a marketing action. It is all too easy for the accountant, engineer, etc., to operate under the broad assumption that the Company will realise many dollars in total sales volume. However, someone must actually go into the market place and obtain dollars from society in order to sustain the activities of the company, because without these funds the organisation will perish.”

Marketing does provide many opportunities to earn profits in the process of buying and selling the goods, by creating time, place and possession utilities. This income and profit are reinvested in the concern, thereby earning more profits in future. Marketing should be given the greatest importance, since the very survival of the firm depends on the effectiveness of the marketing function.

(5) Marketing Acts as a Basis for Making Decisions:

A businessman is confronted with many problems in the form of what, how, when, how much and for whom to produce? In the past problems was less on account of local markets. There was a direct link between producer and consumer.

In modern times marketing has become a very complex and tedious task. Marketing has emerged as new specialised activity along with production.

As a result, producers are depending largely on the mechanism of marketing, to decide what to produce and sell. With the help of marketing techniques a producer can regulate his production accordingly.

(6) Marketing Acts as a Source of New Ideas:

The concept of marketing is a dynamic concept. It has changed altogether with the passage of time. Such changes have far reaching effects on production and distribution. With the rapid change in tastes and preference of people, marketing has to come up with the same.

Marketing as an instrument of measurement, gives scope for understanding this new demand pattern and thereby produce and make available the goods accordingly.

(7) Marketing Is Helpful In Development Of An Economy:

Adam Smith has remarked that “nothing happens in our country until somebody sells something”. Marketing is the kingpin that sets the economy revolving. The marketing organisation, more scientifically organised, makes the economy strong and stable, the lesser the stress on the marketing function, the weaker will be the economy.

Traditional and Modern Marketing Concept :-

Traditional Concept of Marketing

According to this concept, marketing consists of those activities which are concerned with the transfer of ownership of goods from producers to consumers. Thus, marketing means selling of goods and services. In other words, it is the process by which goods are made available to ultimate consumers from their place of origin. The traditional concept of marketing corresponds to the general notion of marketing, which means selling goods and services after they have been produced. The emphasis of marketing is on sale of goods and services. Consumer satisfaction is not given adequate emphasis. Viewed in this way, marketing is regarded as production/sales oriented.

Modern Concept of Marketing

According to the modern concept, marketing is concerned with creation of customers. Creation of customers means identification of consumer needs and organising business to satisfy these needs.

Marketing in the modern sense involves decisions regarding the following matters:

1. Products to be produced
2. Prices to be charged from customers
3. Promotional techniques to be adopted to contact and influence existing and potential customers.

4. Selection of middlemen to be used to distribute goods & services.

Modern concept of marketing requires all the above decisions to be taken after due consideration of consumer needs and their satisfaction. The business objective of earning profit is sought to be achieved through provision of consumer satisfaction. This concept of marketing is regarded as consumer oriented as the emphasis of business is laid on consumer needs and their satisfaction.

Difference between “Marketing” and “Selling”:-

There are good many people who use the words ‘marketing’ and ‘selling’ interchangeably. In-fact, there is difference between the two terms so much so that their real meaning and content make them altogether quite distinct words.

The basic difference can be outlined as under:

1. Scope:

‘Marketing’ involves the design of product acceptable to customers and transfer of ownership between the sellers and buyers. However, ‘Selling’ simply involves obtaining orders from customers and supplying them the products. It is more concerned with the sale of goods already produced.

2. Emphasis:

In case of ‘marketing’, the focus is on satisfying the wants of customers while, ‘selling’ emphasizes the need of the seller to convert products into cash. Marketing is customer-oriented and seeks to earn profits through customer satisfaction. On the contrary, selling is product-oriented and seeks to increase the sales volume.

3. Occurrence:

‘Marketing’ begins much before the production of goods and services. It continues even after the sale because, ‘after-sale services’ may be necessary for satisfying the wants of customers.

However, ‘selling’ comes after the production has been completed and it comes around with the delivery of the product to the customer. In other words, marketing begins before the manufacturing cycle, whereas selling comes at the end of this cycle.

4. Philosophy:

‘Marketing’ has philosophical and strategic implications. It is directed towards the long-term objectives of growth and stability. On the other hand, ‘selling’ is mere tactical routine activity with a short-term perspective, under which customers are taken for granted as one homogeneous unit.

5. Semantics:

‘Marketing’, as a word, has wider connotation which includes selling in its fold. ‘Selling’ is a part of marketing which covers many other activities like marketing research, product-planning and development, pricing, promotion, distribution and the like. Thus, marketing means selling but selling does not mean marketing.

The following Box gives a comparative account of selling and marketing in a nutshell:

Difference Between Marketing and Selling

Marketing	Selling
1. Focusses on Customers needs	1. Focusses on Sellers needs
2. Begins before Production	2. Begins after Production
3. Continues after Sale	3. Comes to an end with Sale
4. A Comprehensive Term in terms of Meaning	4. A Narrow Term in terms of Meaning
5. Philosophy of Business	5. Routine day to day Physical Process
6. Profits through Customer Satisfaction	6. Profits through Sales Volume
7. Let the Seller be aware	7. Let the Buyer be aware
8. Integrated Approach	8. Fragmented Approach
9. Long-term Perspective	9. Short-term Perspective
10. Customer first then Product	10. Product first then Customer

Marketing Mix: Top 7 Important Elements of Marketing Mix

Some of the most important elements of marketing mix are as follows: 1. Product 2. Price 3. Promotion 4. Place 5. Process 6. People 7. Physical evidence.

1. Product:

Product refers to a physical product or a service or an idea which a consumer needs and for which they are ready to pay. Physical products include tangible goods such as grocery items and garments. Services are intangible products which are offered and purchased by consumers.

In a narrow sense, a product is a tangible good, such as a book, a soft drink and a car, which a seller sells and a buyer buys. In fact, people do not buy products that are simply visible or touchable. People buy solutions to their problems. They buy benefits, satisfactions and fulfillment of their needs.

A product is a set of tangible and intangible attributes that lead to customer satisfaction. A product includes both tangible goods and intangible services. However, it is to be noted that a product may be purely intangible or purely tangible. For instance, a person who buys psychiatric counselling receives nothing tangible.

This product is a totally intangible service. At the other extreme, a person who buys a packet of paper clips receives nothing intangible. This product is a totally tangible good. However, a person who buys a lunch at a restaurant receives a combination of intangible service and a tangible goods. Most of the products have a combination of tangible and intangible attributes.

When a tangible good alone cannot satisfy the customer's want, the marketer must enhance its value by providing the added intangible services. Products that are marketed include physical goods, services, experiences, events, persons, places, properties, organization's information and ideas. Therefore, product is a general term for ideas, goods and services.

According to Philip Kotler, 'a product is anything that can be offered to a market to satisfy a want or need'. Product is the key element of any marketing mix.

The decisions concerning product may relate to the following:

- a. Product attributes
- b. Branding
- c. Packaging and labelling
- d. Product support service
- e. Product mix

2. Price:

Price is an element of marketing mix. It is the exchange value. Developing a right pricing strategy is critical to an organization's success. Price is a significance variable. In many cases, it is the main factor affecting consumer choice. Its significance is further emphasized as it is the only element of marketing mix that generates revenues and the other product costs.

Thus, price is the amount charged for a product or service. It is the consideration paid by consumers for the benefit of using any product or service. Price fixation is an important aspect of marketing. Pricing decisions of a company are affected by both internal and external factors.

3. Promotion:

Promotion is one of the four elements of marketing mix. It is a communication link between the seller and the buyer for the purpose of influencing, informing or persuading a potential buyer's purchasing decisions. Promotion has been defined as the coordination of all seller-initiated efforts to set up channels of information and persuasion in order to sell goods and services or promote an idea.

While implicit communication occurs through the various elements of the marketing mix, most of the organization's communications with the marketplace take place as a part of a carefully planned and controlled promotional programme.

According to William Stanton, promotion is defined as 'the element in an organization's marketing mix that is used to inform, persuade and remind the market regarding the organization and/or its products'. Promotion not only helps to persuade consumers but also gives a proper justification of the price charged and the returns obtained by them.

Manufacturers have not only to communicate but also to work on the things such as how to communicate when to communicate and through which medium to communicate. In today's world of technology, various promotional tools are available to the firm which includes advertising, personal selling, sales promotion, direct marketing and public relations. Each tool has its own advantages as well as disadvantages. The success of promotional campaign depends on the selection of right blend of promotional mix.

4. Place:

Place is another important element of marketing mix. Once the goods are manufactured, packaged, priced, and promoted, they must be made available to consumers. Activities related to placing the products are covered under this element of marketing mix.

It consists of decisions relating to channels of distribution and physical distribution. Channels of distribution refer to the individuals and organizations which facilitates in moving the goods from manufactures to consumers.

It is important that regular and smooth flow of goods is maintained so that products are not spoilt and supplies are not delayed. To ensure this, various facilitating services such as transportation, warehousing, inventory control and order processing need to be arranged. These are known as components of physical distribution.

5. Process:

Process is a series of actions necessary to provide products or services with the best service to consumers. A process can contain methods or procedures applied to obtain the products needed by consumers. A service process has to be fast, easy and friendly to give more value to consumers of a product.

6. People:

People are all the persons involved in the activities of producing products and providing services and products to consumers. People who produce and market a product also have a rating in the eyes of consumers.

7. Physical Evidence:

Physical evidence is a device needed to support the appearance of a product, thus directly showing the quality of products and services provided to consumers.

IMPORTANCE OF MARKETING ENVIRONMENT:-

It is vital for an organization to study and comprehend the marketing environment. In fact, it is necessary for its very survival. Some of the benefits you can avail by grasping your marketing environment are as under.

HomeMagazineMarketing Environment: Explanation, Components, and Importance

There are many factors which affect the performance of a business. They can be internal such as employees, material, and budget or external such as customers, suppliers, and your competitors.

The combination of these forces is commonly referred to as Marketing Environment.

You, as a business leader, have the ability or power to control only the internal factors.

On the other hand, you have to continually change your marketing strategy for the factors beyond your control that are the external factors.

These factors also fluctuate from time to time, making it necessary for you to adapt your marketing campaigns accordingly.

WHAT IS MARKETING ENVIRONMENT?

All the external and internal elements sway the business performance in their own unique way. Similarly, they can vary at any moment without any prior warning.

Your capability, as a business manager, to develop and maintain a profitable and long-lasting relationship with the clients actually depends upon the influence and variables of the marketing environment.

In fact, there is an assortment of such factors and most of them are unmanageable. You can only hope that they remain constant for a long time for your business to flourish.

Here is a general diagram of the marketing environment.

It is actually the duty of the company's marketing team to develop strategies that can withstand the shifting environment and help the company to continue earning the profit.

Any failure in this regard can have serious consequences for the business and its profitability.

You can exercise full control over the internal factors.

They usually include materials, machines, workers, and owners.

Similarly, the suppliers, business processes, leave and medical policy, salaries, the general public, customers, competitors, and business intermediaries also fall in this category.

The external factors can be further classified into two different groups that are the micro factors and the macro factors.

The earlier factors are also related to the business, but they are usually external such as manufacturing, distribution, and promotion of products and services.

Macro factors are those which affect society in general. They may come in many forms such as the economy, demographics, socio-cultural environment, and political, technological and social scenarios of the business's home country.

According to Philip Kotler, the father of modern marketing:

"A company's marketing environment consists of the factors and forces outside of marketing that affect marketing management ability to build and maintain successful relationships with target customers."

THE COMPONENTS OF MARKETING ENVIRONMENT

As mentioned above, there are many factors which constitute the marketing environment.

While the business has full control over the internal environment, the external environment is totally beyond its control in most cases.

The following video explains some components of the marketing environment.

The following lines explain both these types of marketing environments in detail.

The Internal Marketing Environment

As the name suggests, all the factors which are within the control of business comprise the internal environment.

These forces also have the capacity to affect the operations of any company, especially sales and marketing.

You can categorize these factors under the famous 5Ms of the business which are as follows.

Men

Money

Machinery

Materials

Markets

You need to keep in mind that much of your marketing success normally comes from internal planning.

Therefore, all the internal factors play a pivotal role in whether or not your marketing strategy is going to succeed.

You have to identify all the aspects of your marketing strategy you can control while addressing all the external factors. It will help you create the right communication and marketing plan.

It is the only way to launch your products and services and get them approved by the public.

This video brilliantly elaborates internal marketing environment in great detail.

There are, in fact, a lot of factors which constitute the internal environment. We are going to throw some light on the most important of these factors.

Corporate Objectives

Your corporate objectives are the most important factor when it comes to marketing and other business operations.

It is pertinent to note that the corporate objectives are totally different from the marketing objectives. You need to set marketing objectives in order to attain your corporate goals.

For instance, your corporate goal could be to become the largest tire manufacturer in the world in the next ten years but this cannot be your marketing goal.

The marketing goal could be reaching to a larger audience and promoting your products to them.

If your campaigns are good enough, they will attract more people to your business and it will eventually achieve its corporate objectives.

In simple words, the corporate objectives do influence your marketing campaigns. However, corporate objectives and marketing objectives are not analogous. You set marketing objectives to attain bigger business goals, whatever they may be.

Finance or Money

Finance or money is an integral part of the 5Ms of a business. The financial budget of any business directly affects its sales and marketing activities. Based on the money at your disposal, you decide where and how you are going to spend it.

For example, most small businesses cannot afford a full-fledged in-house marketing team. As a result, they normally resort to hiring outside contractors such as graphic designers, web developers, and social media specialists.

Sometimes, they totally outsource their advertisement, promotions and public relations campaigns.

On the other hand, larger companies such as Sony and Samsung have unlimited money. They hire some of the best marketing brains in the world and spend billions of dollars on their marketing campaigns.

It is difficult for smaller companies to compete with industry giants in terms of spending money. They can only defeat them by bringing innovation and creativity to their campaigns.

Human Resource or Men

The quality, experience, and efficiency of your workforce are crucial to the success of your marketing campaigns. This is especially true if you are some sort of service provider.

In order to have a decisive advantage over your competitors, you need to have a motivated and well-trained workforce.

Only such a team can deliver the highest levels of productivity and customer service, necessary to produce quality products and to successfully market them.

Business Culture

A company's business culture is another key factor. It can make or break your marketing strategy. A customers' oriented business will always look for new ways to satisfy their customers and meet their needs at any cost.

You can end up setting unrealistic and unachievable marketing goals if you are a product-oriented organization.

Operational Issues

If you want to compete with your rivals in terms of cost efficiency, quality, and productivity, you have to pay special attention to your operations and procedures.

For instance, you can easily achieve your marketing and revenue targets through effective capacity management.

Similarly, it is imperative for you to provide the latest tools and machines for your staff if you want to have any chance of success.

No matter how skillful and talented your team is, you cannot get the desired results if your men are using obsolete technology.

Product Development

Product development is a constantly evolving process. Resting on your laurels can have serious consequences for your business.

You have to strive incessantly to introduce changes and improvements to your products to make them more appealing to your target audience.

Keeping your customer's taste and changing requirements in mind is of utmost importance, especially when you are competing with so many other companies.

Launching a great product will not only present you as an authority in your respective industry, but it will also encourage your marketing team to promote your products with more zeal and zest.

Innovation

Another important part of the internal marketing environment is innovation.

You must introduce innovation to everything within your business to compete with other companies and the marketing campaigns are no exception.

Innovation in marketing helps you get one step ahead of your competitors. Innovation can take many shapes such as new initiatives in the marketing strategy, extensive training of the marketing team and steps taken for their welfare.

Embracing new marketing technologies and tools is yet another method to keep up with your rivals and even beat them.

Your business is in grave danger if it lacks innovation, especially in its product development and marketing departments. It means your business will be dull, stagnant, boring, and lacking the ability to withstand changes constantly occurring in the industry.

Stakeholder's Goals

The marketing team should also try to comprehend what the company's shareholders (owners, partners, investors) want to achieve. What are their goals and objectives and how they plan to attain them? This particular knowledge can sometimes be extremely helpful and goal driven.

It is imperative for you as a marketer to consider the company's employees as stakeholders as well. You have to learn what is important to them, what they think, what they want and how do they work.

The Current Marketing Strategy

Businesses need to regularly rethink and evaluate marketing strategies and their degree of success.

For instance, you can ponder over how compatible your current strategy is with your marketing environment and overall goal and objectives.

Obviously, a successful marketing strategy only needs subtle tweaking from time to time. On the contrary, you may have to substantially revise an unsuccessful strategy to make it work.

The External Marketing Environment

As mentioned above, the external business environment is comprised of factors which are beyond the control of a business. A marketer has little to no control over these factors.

They can also vary at any time without any prior warning, often leaving the marketers in the lurch. As a result, marketers have to constantly update and revise their strategies to keep up with marketing trends.

Marketing experts further divide the external marketing environment into two main types.

Micro Environment:-

Also referred to as the task environment, the factors constituting the micro external marketing environment are somewhat under the control of a marketer.

These factors are usually directly related to business, enabling the marketers to leverage them in the company's favor to some extent.

They normally include customers, competitors, the general public, business partners, marketing intermediaries, and suppliers, etc.

Customers:-

Customers are essential for every business to survive. You cannot possibly sell your products and services if you have no loyal customer base.

The purpose of every business is to fulfill the needs and demands of a specific section of society.

Customers of every business have their own unique demands and requirements. Therefore, all the marketing strategies are customer oriented in some way or another.

Marketers strive to understand what their customers desire through these marketing campaigns. Based on their findings, they come up with the best possible products to serve their customers.

Employees:-

Employees are a part of the internal as well as the external marketing environment. Perhaps, they are the most important component of any business.

Your employees work diligently and contribute significantly to the success of your business. Your company is destined to fail if you do not have a highly trained and skillful team at your disposal.

If your employees have easy access to training and motivation sessions, they will be more efficient and skillful. Continuous professional development plays a pivotal role in imparting the necessary marketing skills to your team.

This is only possible if you organize high-quality training and development classes for them on a regular basis.

Suppliers:-

In order to manufacture products of the highest standard, you have to acquire high-quality material from your suppliers. Hence, suppliers are the jugular vein of any business. You simply cannot deny their importance for the success of your business.

It is crucial to identify all the relevant suppliers in your industry and to develop good relationships with them.

Subsequently, you can do business with any or all of them as long as they fulfill your firm's requirements.

Retailers and Distributors:-

Just like suppliers, retailers and distributors are essential for keeping your business afloat. As a matter of fact, your marketing operations can only succeed if you have good channel friends to take care of your products.

They are in direct contact with your customers. Therefore, they can give you valuable information and suggestions about what your customers want from you.

Your Competitors:-

You have to keep abreast with the latest developments and trends in the industry. One way of attaining this goal is to keep a close eye on your competitors.

In fact, there are many benefits to competitive analysis.

For example, you will have a good look at their marketing strategy and the methods they use to attract more customers.

You can also modify your strategy and incorporate some of the techniques your competitors are using to a great effect.

Shareholders:-

The objective of every company is to maximize the wealth of their owners or other shareholders if it has any.

You should devise marketing activities which can considerably increase the return on their investment.

General Public:-

All the businesses must also fulfill their social responsibility towards the society in which they operate.

You should formulate marketing strategies which eventually result in the collective benefit and welfare of the society which your business is part of.

The Government:-

The government is another important factor which you should take seriously. It is the government which forms different policies such as the education policy, house policy, employment policy, price policy and of course, the business policy.

All these policies definitely have some level of influence on your marketing strategy. It is your own responsibility to keep track of these policies and develop your marketing campaign accordingly.

Macro Environment

These are the forces which do not directly influence the business, but they have a general effect on the industry. The macro environment has the following parts.

Demographics:-

Businesses that ignore to incorporate demography of their targeted audience in their marketing strategy are meant to fail. After all, your business is all about the people and how to serve them.

Before making your marketing strategy, you must study the target populace and its age structure, conveyance, purchasing power and so on and so forth.

This is essential because different factions of the populace rely on different things and factors. Similarly, they have their own customs, traditions, and ways of living.

You can launch the products which meet the most basic needs of the buyers if you measure each of the above variables and combine the result. It is rightly said that:

“To comprehend the business sector you must comprehend its demography.”

Economic Environment:-

Some of the most important economic factors that influence marketing efforts are investment rates, monetary values, inflation rate, exchange rate, the balance of power and fiscal strategies, etc. For instance, individuals will only buy your products when they have money to spend.

The financial environment either expands the disposable income of an individual or decreases it, greatly influencing his purchasing behaviors.

The value of money decreases during inflation, making it harder for people to buy more products. Likewise, you should also consider the average income of a person.

A couple will have greater purchasing power if both partners work.

You may be able to sell your products effortlessly to such people as compared to single parents with negligible income.

Physical Environment:-

The physical environment includes factors like the accessibility of raw materials, availability of water, atmosphere, climate, and environmental change.

Your organization should implement its marketing strategy according to the constraints set by nature.

Nature does offer resources but in a constricted manner. It is important for you to use these resources proficiently.

You have to find the best use of resources to manufacture products which are accessible to all and sundry. Natural resources are exhaustible and therefore, you should use them carefully otherwise, you will eventually run out of them.

Political and Legal Factors:-

The market environment experiences many changes whenever a new political party comes into power.

The new government may increase or decrease tax and duties. It may also totally change the business codes and practices, trade policies and marketing regulations.

Your company has to comply with new rules and regulations willingly or unwillingly.

Any defiance in this regard can result in hefty fines and penalties.

Subsequently, your marketing strategy should also observe the relevant code of conduct to avoid any fiscal punishment or sanctions.

Social and Cultural Factors:-

Cultural and social elements influence our decision when it comes to buying something. Businesses have to take special care while creating commercials to avoid hurting the sentiments of the people they consider as their target audience.

They also have a greater responsibility towards society in general. Nowadays, people also expect companies to construct parks, hospitals, and public conveniences.

Some companies also sponsor education and health care. It has become increasingly important for organizations to invest in the general welfare of the public.

Otherwise, people will not buy from them, no matter how good their marketing strategy is.

Another thing organizations cannot ignore while structuring their marketing strategy is culture. Every marketing manager must thoroughly investigate and study the culture in which he wants to promote the products.

For example, there are many cultural groups in Pakistan such as Punjabis, Sindhis, Balochs, Pakhtoons and Kashmiris.

The marketing manager must observe various cultural practices and distinctions before finalizing his marketing campaign.

Technological Factors:-

The ever-changing technology has put the businesses into bigger trouble. They have to keep themselves updated with the latest technological developments to manufacture products which people actually like or want.

Those companies which do not take these changes seriously quickly go to oblivion where Nokia is the best example.

Similarly, innovative and technologically advanced products have become synonymous with better living standards.

IMPORTANCE OF MARKETING ENVIRONMENT:-

It is vital for an organization to study and comprehend the marketing environment. In fact, it is necessary for its very survival. Some of the benefits you can avail by grasping your marketing environment are as under.

The importance of the marketing environment as explained by Remy Lemmens, a Strategic Advisor and Program Manager at Gemeente Goes.

Identification of Opportunities:-

It helps you identify new opportunities and leverage them for the benefit of your organization as well as your employees and customers.

For example, if you learn that your customers like your products more than that of your rivals, you can offer them big discounts to capitalize on this opportunity.

Identification of Threats:-

The marketing environment analysis does not only identifies opportunities for you, but it also enables you to identify threats to your business. It gives you warning signs, enabling you to take necessary precautionary measures.

For example, you can take many different steps to counter the threat of a multinational company entering into the industry.

You may carry out an aggressive promotional campaign or reduce the price of your products to compete with whatever your new competitor has to offer.

It Helps in Managing Change

Study of your marketing environment can assist you to cope with both the sudden and expected changes.

You can also incorporate some of the changes in advance to effectively put your competitors on the back foot

CONCLUSION:-

A marketing manager must consider the internal and external marketing factors while formulating his marketing strategy.

Marketing environment plays a pivotal role in important business activities such as marketing and product development.

You must review it on a regular basis to keep your marketing strategy relevant and profitable.

CONSUMER BEHAVIOUR: NATURE, SCOPE AND SIGNIFICANCE OF CONSUMER BEHAVIOUR :=

Nature of Consumer Behaviour :-

1. Complex Nature: Since every individual has different needs and desires, and marketers have to target customers as per their needs. Therefore, it becomes a complex task for the marketers to find the pattern of every individual.

2. Varies for different consumers: Different consumers have different needs and desires. Hence, It is impossible for marketers to target each and every consumer for their products. Therefore, Marketers try to identify their target consumers for the products and services.

3. Dynamic Nature: The behaviour and mentality of each consumer evolves with the time. Therefore, the marketers may find any potential customer for their products and services who once hated them.

4. Influenced by various factors: Consumer behaviour is also influenced by certain factors like friends, family, culture, lifestyle etc.

EX: People promoting different products among their peers due to the satisfaction they achieved by using it.

5. Important for Marketers: Consumer Behaviour is very important for marketers as they have to develop their products as per the behaviour of consumers that whether they are willing to purchase it or not.

6. Brand Loyalty: Consumers have a tendency to buy products and services from a certain organization which they may like due to certain reasons. They develop a brand loyalty towards these organizations and tends to buy only their products even if their rival is performing better in the market.

Scope of Consumer Behaviour:-

1. Demand Forecasting : Marketers can estimate the demand of their product if they know how would a consumer behave and react after seeing their product.

2. Marketing: Consumer Behaviour helps to identify the need, expectations and problems of the consumers. Therefore, they can easily build the product having those functions which the consumers exactly want.

3. Advertising: Different consumers may have different opinions and reactions on certain form of advertisement. Therefore, Marketers can target the customers with most prominent form of advertisement as per their behaviour.

4. Human Behaviour: If marketers are aware about the human behaviour of there consumers and which factors influence their behaviour, then they can make their product 100% compatible with the requirement of consumer.

Significance of Consumer Behaviour:-

1. Implementation of the marketing concept: Consumer behaviour helps to implement the modern marketing concept. The Modern marketing concept is customer driven which focuses on solving the problems of customers and satisfying their needs. Consumer behaviour identifies the the same problems and needs and hence, helps is developing the product as per customer requirement.

2. Planning product differentiation and Market Segmentation: After identification of consumer behaviour, the product developed will the only one of its kind, because it has been developed through proper research and consumer behavior analysis, so the product will automatically be different from all the products available in the market while satisfying the consumer needs.

Again, to divide the target market into different segments to focus better on different consumers, proper study of consumer behaviour is necessary.

3. Selection of distribution channels: Consumer Behavior Analysis not only tells what consumers want to buy but also from where they prefer to buy.

There may be different categories of consumers. First category only shops online, Second category only want products from prestigious offline stores and the third category may settle for the ordinary stores. Therefore, consumer behaviour also inform us how much we should focus on a certain distribution channel.

4. Designing promotional techniques: Promotional techniques include advertisement messages, media, direct selling, online selling etc. Proper study of consumer behaviour will show the psychology of consumer towards different promotional formats. It will tell how much a consumers is influenced from a certain form of advertisement and promotion.

MARKET SEGMENTATION: CONCEPT, IMPORTANCE, AND BASES OF MARKET SEGMENTATION

Concept of Market Segmentation:-

Companies cannot connect with all customers in large, broad, or diverse markets. But they can divide such markets into groups of consumers or segments with distinct needs and wants. A company then needs to identify which market segments it can serve effectively. This decision requires a keen understanding of consumer behavior and careful strategic thinking. To develop the best marketing plans, managers need to understand what makes each segment unique and different. Identifying and satisfying the right market segments is often the key to marketing success.

Importance of Market Segmentation :-

- 1. Advantage over competitors:** With deep study of product, policies, strategies of competitors in different market segments, we can develop a product which is different from our competitors and satisfy the needs of consumers.
- 2. Opportunity to expand market:** With market segmentation, marketer is able to create a new market opportunity within the existing one.
- 3. Discovery of marketing opportunity:** Market segmentation provides the opportunity to create and study a deep segment from the existing target markets. With extensive research, marketers are able to create a different marketing strategy for different segment.
- 4. Awareness of consumer needs:** With market segmentation, the marketers are already aware of why the customer wants to purchase the product. All marketing activities are directed towards customer satisfaction. With the help of segmentation, it becomes easy to measure the level of segmentation of each segment and also to make improvement in the segmentation level.
- 5. Adjustments in products:** Due to market segmentation, marketing manager can easily make adjustments in the product as per the needs of concerned segment.
- 6. Effective advertising:** The advertising appeal is designed to create a positive impact in the buyer's mind. The message conveyed through advertisement influences the purchasing decisions of different buyer groups which are recognized with the help of market segmentation.

Bases of Market Segmentation:-

A market segment consists of a group of customers who share a similar set of needs and wants. The marketer's task is to identify the appropriate number and nature of market segments and decide which one(s) to target.

- 1. Geographic Segmentation:** On the basis of region, area, state, environment etc.
- 2. Demographic Segmentation:** On the basis of age, gender, marital status etc.
- 3. Psychographical Segmentation:** On the basis of needs, perception, prosperity, learning, attitude, lifestyle etc.
- 4. Behavioural Segmentation:** On the basis of non-brand user, brand usage, shopping behaviour, name conscious, socializers etc.
- 5. Socio-Cultural Segmentation:** On the basis of culture, religion, race, language, education, economic class etc.
- 6. Use Related Segmentation:** On the basis of usage rate, awareness, brand loyalty, adoption of innovative products, time etc.
- 7. Benefits Related Segmentation:** On the basis of price, utility, convenience and prestige etc.

Source: yourarticlelibrary.com

<https://www.businessmanagementideas.com/marketing/scope-of-marketing-7-major-scope-of-marketing/19727>

<https://www.cleverism.com/marketing-environment-explanation-components-and-importance/>, <https://www.cleverism.com/marketing-environment-explanation-components-and-importance/>