

Paper –Marketing Management

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## **Topic- Macro-Environment**

Companies, their suppliers, marketing intermediaries, customers, competitors and publics all operate in macro environment of forces and trends that shape opportunities and pose threats. This comprises of forces and mega trends that shape opportunities and pose threats to the company. These forces are mostly uncontrollable and a company has to monitor and respond to them.

Demographic environment

Economic Environment

Physical environment

Technological environment

Political-legal environment

Socio-cultural environment

**Demographic Environment:** The most significant factor affective marketing consists of population because people make markets. But the World Population explosion has been a major concern for 2 reasons. First, is the fact that certain resources needed to support human life are limited and may run out at some point. Secondly, the population growth is highest in those countries which can least afford it like India. Marketers are keenly interested in the size of population, its geographical distribution, density, mobility trends, age distribution, birth, marriage and death rates, racial, ethnic and religious structure etc. because they have strong implications on marketing planning. For c.g. the size and distribution of markets. The returns will be higher in densely distributed population over a wide area High birth rates So, the market for luxury car and expensive durables is likely to be smaller in those economics, a country with high birth rate and low to moderate death rate is a developing country and is a likely market for

medium priced products. The population of such countries is likely to have more children and teenagers. Marketers can launch products for this segment of customers. China is an example of such a market where cartoon films and toys are being launched whereas Japan which has more people in older age group is a prepared market for convenience goods, healthcare policies and products. The impact of demographic environment may be enormous and marketers must study the same very carefully to achieve the desired results and to modify their marketing plans as the changing demographic environment may affect demand and low death rates are symptoms of underdeveloped economy

**Economic Environment:** More number of people does not constitute a market They must have purchasing power as well. The Purchasing power is dependent on factors such as current income, prices, savings and credit availability. The marketers have to be in a position to understand the effects of each of these and should also be able to recognize future trends and their repercussions in marketing planning Countries with high GNP are good markets for luxury items, high priced-value added consumer durables etc. Similarly saving habits of society should also be studied. If a population has high propensity to save, spending is likely to be less on consumer durables  
**Physical Environment** The physical environment can be a source of both opportunities as well as threats to the business. This can create scarcities as well as availability of resources which can affect business. For example in India, a good monsoon means good agricultural produce. This means higher income of a large section of society and hence better opportunity for the marketers to induce customers to purchase. This also means availability of raw material to agro based industries. A good monsoon implies more water in rivers and consequently more production of hydro electricity leading to uninterrupted production at the factories. This also leads to creation of more opportunities for service sector.

**Technological Environment.** The world is changing at a very fast pace. The companies have to keep pace with this change. One of the most dramatic forces shaping people's lives is Technology has come up with wonders like open heart surgery, birth control pills, penicillin etc. For example, the change is evident in electronics industry where the model become obsolete very soon. This calls for a lot of investment in R&D. The marketers have to price their products accordingly. All the aspects of marketing are witnessing a sea change due to changes in technology In logistics for example, the companies are making their products available to the customers by innovative channels like satellite TV and internet. A technologically advanced product can be positioned differently resulting into higher returns for the company

**Political-Legal Environment:** The Political environment and legal developments have a tremendous impact on marketing decisions. This environment is composed of Laws, Government agencies, Pressure groups that influence and limit various organizations and individuals. Government's decisions can have lot of impact on marketing. Apart from government, the customer groups are also emerging as pressure groups leading to change of marketing plans.

**Socio-Cultural Environment:** The socio-cultural forces also affect marketing decisions in several ways as Society shapes our beliefs, values and norms. People absorb a world view that defines their relationships to themselves, others, organizations, society, nature and to the

Universe. The core cultural values must be identified and also their modifications at the level of subcultures must be studied. These get affected by secondary cultural values and also change over a period of time. The marketers can design their products and promotion campaigns keeping these in mind. The advertisements for the products should be acceptable to the people and should not hurt their sentiments.