

Marketing Environment

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1. What is Marketing Environment? Explain its Features.

Ans:- Marketing environment is the totality of forces that affects the marketing decision and the attainment of marketing goal. The marketing environment has a significant impact on a company's capacity to develop and retain customer exchange relationships. It is common knowledge that businesses exist and operate in the society in which we live. As a result, it's clear that they're surrounded by a variety of elements.

According to **Philip Kotler** "A company's marketing environment comprises all the actors and forces outside marketing that affect marketing management's ability to develop and maintain successful transactions with its target customers."

The features of Marketing Environment:-

Ans:- The features that one can associate with marketing environment are enlisted and explained below:-

i. Dynamic:-

Ans:- Factors of the market such as the population of the market, income level, culture, government rules and regulations, and technology, etc. are always changing. These dynamics associated with the market keeps the marketing environment dynamic.

ii. Complex:-

Ans:- Marketing environment is very complex and difficult to predict. Marketers confront uncertainty in their business as a result of this complexity. For example, rising population means expanding market prospects, but it may pose a challenge to producers of high-quality goods.

iii. Long-term impact:-

Ans:- Change in environment forces gives long-term positive or negative impact on marketing. Political, legal, socio-cultural, economic, and technological changes have the long term impact. And it directly affects the needs of satisfying capacity for the marketers in the long run.

iv. Multi-faceted:-

Ans:- Marketing environment is multi-faceted. In this aspect, various marketers have varied perspectives on the same environmental development. For some marketers, a change in surroundings might be an opportunity, while for others, it can be a challenge. Load shedding, for example, is a barrier for most marketers, but it presents chances for candle and inverter manufacturers.

v. Related with SWOT:-

Ans:- Marketing environment is related with strength-weakness, and opportunities-threats. The internal environment is related to strength and weakness. Similarly, the external environment is related to opportunities and threats.

2. Explain the Components of Marketing Environment?

Ans:- The major components of marketing environment:-

A. Internal Environment:-

Ans:- The internal environment encompasses all factors and causes within the organization that affect and influence organizational marketing operations. Internal environment refers to the dynamics and circumstances that exist within an organization. Internal environment, directly and indirectly, influences the organization's marketing activities.

Internal environment includes the following components.

i. Organizational objectives:-

Ans:- Organizational objectives are the general parameters that the organization uses to conduct marketing efforts. Profit maximization, sales

maximization, quality leadership, and so on are examples of organizational aims. If the organization determines to adopt profit maximization, top management may not be interested in offering after sales services to minimize the cost.

ii. Organizational policies:-

Ans:- Internal environment of marketing includes organizational policies and strategies formulated by top level management. These policies guide the marketing manager to perform the marketing activities as per the organizational policies and strategies.

iii. Organizational resources:-

Ans:- Organizational resources and their availability directly affect the formulation and implementation marketing activities. Human resources, financial resources, infrastructure, technical information, raw material availability, and so on are all examples of organizational resources.

iv. Organizational structure:-

Ans:- Organizational structure is also a part of the internal environment. It has an impact on the staff's function and responsibilities. It may also result in conflict or cooperation among the employees. The marketing manager's role and responsibilities are also determined by the company's organizational structure.

v. Organizational culture:-

Ans:- Organizational culture is also part of an internal environment. Organization consists of different people, value, norms and behaviour of the staff reflecting the organizational culture. As a marketing manager, organizational culture must be considered.

B. External Environment:-

Ans:- An external environment consists of environmental factors that are outside the firm. The micro and macroenvironments make up the external

environment. In nature, both of these micro and macro surroundings are uncontrollable and have a significant impact on any marketing system.

i. Microenvironment:-

Ans:- The dynamics, factors, or actors within an organization (i.e. intra-organizational) or those that are immediate to marketing management and have the capacity to effect the company's marketing performance are referred to as the microenvironment of an organization.

Microenvironment, in other words are the factors or element in a marketing firms' immediate area of operation that affect its performance and decision making.

According to **Philip Kotler** "Microenvironment consists of the forces close to the company that affects its ability to serve its customers – the company, suppliers, marketing channels, customers, competitors and publics. "

ii. Macroenvironment:-

Ans:- Macroenvironment refers to all the external and uncontrollable force that influences an organization. The macroenvironment refers to the larger environment. It's full of circumstances and variables over which the company has little control or impact. These elements have an impact on how a business operates and put a marketing manager under a lot of stress. A marketing manager's role in this situation is to keep these aspects in mind, predict changes in these variables, and plan appropriately.

According to **Dictionary of Marketing** "Macroenvironment consists of the external force which affects a company's planning and performance and is beyond its control."

3. What is Socio-Cultural Environment? Explain the impact of Marketing Environment.

Ans:- Society is a group of people having distinct beliefs, knowledge, costumes, habits, taste, culture lifestyle, etc. Culture is a set of tools for adapting to the biological, environmental, psychological, and historical aspects of human life. These socio-cultural features differ from one person to the next, as well as from one community to the next. A successful

marketer is one who can adapt his or her product to shifting socio-cultural conditions.

The impact of marketing environment on a firm's marketing activity can be explained as follows:-

i. Demographic environment:-

Ans:- Demographic change can bring opportunities and challenges for marketers. Increased marketing opportunities are associated with rising population and faster growth rates, and vice versa. Similarly, increased urbanization necessitates more infrastructure and luxury goods. It is a marketing opportunity.

ii. Economic environment:-

Ans:- Economic change can present both possibilities and problems for marketers; prosperity and recovery represent opportunities, while recession and depression represent risks. If the economy enters a downturn, it will have a negative influence. Similarly, changes in purchasing power have an impact on marketing. If per-capital income, disposable income and discretionary income increase, the impact will be positive and vice versa.

iii. Socio-cultural environment:-

Ans:- Change in the socio-cultural environment also creates various opportunities and threats for marketers. Change in family structure affects marketing. For example, if the number of joint family increases, it is an opportunity for producing jumbo pack.

iv. Political-legal environment:-

Ans:- Changes in the political-legal environment brings opportunities and challenges for marketers. Change in the political system, the political ideology of the ruler and opposition party, change in government rule and regulation affects marketing.

v. Technological environment:-

Ans:- Technological environment has a greater impact on marketing activities. The customer-marketing business connection has benefited from advancements in communication-based technology. Furthermore, technology has rendered many products outdated, necessitating the replacement of old ones with new ones.

vi. Natural environment:-

Ans:- Natural environment brings different opportunities and challenges. The availability of raw materials has a direct impact on the product's quality and pricing. Because of the geography, transportation costs in Nepal are higher in the mountains than in the terai. Japan's recent nuclear mishaps have put the country's markets in danger.