

The Marketing Environment

Components of the macro-
marketing environment

Relevance of the marketing environment

- Marketing organizations are part of a larger environment
- Marketers have to respond to changing environment or will risk on surviving
- Environmental factors bring both opportunities and threats to marketers
- E.g.s of organizations that have proactively responded to changing environment are-ITC, Air Deccan, Nestle

Macro-environmental components

- Demographics
- Economy
- Technology
- Political, legal
- Society

Demographics

- Increasing population: world's population was 5.77 billion in 1996—it is expected to grow to 7.47 billion by 2015.
- India has about 57 million urban and 136 million rural households
- 80% of world's population live in developing nations where 95% of the increase in population takes place—population of Africa is expected to double by 2025 and that of Asia is estimated to grow at 40% with China and India contributing to maximum increase.

- Europe is expected to have a declining population.
- Greater increase in over 65-year age group. Rising life expectancy-life insurance, health-care. Retirement planning
- Rapid shift from rural areas to urban areas in developing nations
- In china-one child per family-greater opportunity for marketers for children's products

Physical environment

- Firms depend on natural resources
- Natural resources are depleting-non-replineshable
- Climatic changes-global warming-pollution
- Firms are responding by creating organic products-'green products'-packaging decisions
- Consumers becoming more aware of natural environmental issues
- E.g- protest against Pepsi and Coca Cola over pesticide issue and ground water issue.
- Organization that has taken advantage of this environment-Bisleri packaged water

Technological environment

- Rapid changes esp. in areas such as telecommunications and computers
- CDMA technology more advantageous than GSM technology in case of telecomm.
- In addition to creating new products, technology affects all dominant areas of marketing-communication (new medium-internet advertising); distribution (electronic); packaging(new materials); market research (scanners , CRM)
- Organizations that are responding to this environment-Suzlon energies, Toyota (Cars, Acs that are eco-friendly)

Legal and political environment

- Legal and political changes have impact on firms
- 1990s-liberalization and deregulation of the Indian market—newer competition, more opportunities, removal of entry barriers
- Increased foreign investments in sectors allowed—in telecom-FDI increased to 74% from earlier 49%; retail sector is also being opened up
- Ban on alcohol and cigarette advertising-surrogate advertising

Societal environment

- Represents values, general behaviour of individuals of a particular society
- Changes in social structure-nuclear families, working women, couples opting for no children, spend now, save later attitude.
- Opportunities for credit cards, travel, leisure.
- Greeter health consciousness—maggi dal atta noodles, sunfeast wheat biscuits, McDonald's changing menus, sugar-free products-amul `s ice-creams
- Rise of individualism.

Economic environment

- GDP of a nation creates opportunities for growth due
- Disposable incomes---travel, health, financial, insurance, leisure, malls
- Disposable incomes affect consumer spending

Data on industry size

- Indigenously produced and branded edible oil market is 360,000 metric tonnes per annum and is consumed by 29 million households (source: AC Neilson)
- India is the second largest two-wheeler market in the world. Two-wheelers account for 79% of all automobile sales in India (source: Society of Indian Automobile Manufacturers - SIAM).
- India's tyre market is Rs 120 billion (source; SIAM)
- World market for bicycles is 108 million. Hero Honda of India is worlds largest manufacturer of bicycles.
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- India spends Rs 1,030 billion on healthcare or 5.2% of its GDP.
- India's beauty care market is Rs 2.2 billion (source: ORG MARG)
- India's sanitary market is Rs 5.5 billion
- India's soap market is Rs 41.75 billion (source: AC Neilson 2003)
- Market of health beverages is Rs 10.4 billion and about 48,000 tonnes (source: AC Neilson 2003)
- Indian biscuit market is 1.1 million tones per annum at Rs 50 billion. About 90% of Indians buy and eat biscuits.

- 1 million passenger cars were sold in India in 2003-04 (source: SIAM). Maruti 800 at US\$4200 is the cheapest car in the world.
- Automobile lubricants market is Rs 55 billion
- Indian hospitality industry is Rs 60 billion in annual revenues (source: Department of Tourism). India has 85,000 hotel rooms.
- Indian telecom industry has 42.58 million fixed line telephones as of March 2004 (source;TRAI)
- Indian jewelry market is Rs 500 billion, of which organized sector is Rs 10 billion
- India's paint market is Rs 45.7 billion with sales of 567 million liters of paint sold every year