



NEED TO STUDY MARKETING ENVIRONMENT

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ABSTRACT

One of the fundamental step that needs to be taken prior to beginning marketing whether domestic or international, is the environmental analysis.

KEYWORDS : Need to study marketing environment

William F. Glueck and Lawrence R. Jauch have rightly written that, "The environment includes factors outside the firm which can lead to opportunities for threats to the firm. Although there are many factors, the most important of all factors are socio-economic, technological, suppliers, competitors and the government.

Definition of Marketing Environment

Environment includes those factors, status and the features of an organization which affect directly the skillfulness and success of that organization and the organization has no control over there.

In the same manner, when these forces, status and the features affect the skillfulness and success of the marketing activities of an organization and the marketing departments of that organization has no control over it.

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

"The marketing environment consists of external forces that directly or indirectly influence an organization's acquisition of inputs (human, financial and natural resources and raw materials and information) and creation of outputs (goods, services or ideas)." -----Pride and Ferrell

"Marketing environment is that which is external to the marketing management function, largely uncontrollable, potentially relevant to marketing decision making and changing and/or constraining in nature." -----Cravens et. al.

This way, it is clear from the above mentioned definitions that the organization and the organization's marketing department has to mould their selves according to the prevailing environment.

Need to study Marketing Environment

Business marketing and its environment are closely knit. A firm has to market within the situation created by the environmental factors. A study of the marketing environment is, therefore, necessary for the following reasons:

- **Marketing planning and marketing decisions:** Environmental analysis is an important step towards marketing planning and marketing decisions. Marketing managers analyze the strength (S), weakness (W), opportunities (O) and threats (T) that exist for their organization in the context of its environment. The SWOT analysis precedes the making or taking of marketing decisions by the marketing manager.
- **Framing policies:** The marketing department of an enterprise has to formulate its policies in accordance with the environment under which it operates. The study of marketing environment is helpful to formulating future policies and strategies.
- **Ensuring optimum utilization of resources:** All marketing resources viz. money, man, management are scarce resources. Therefore, it is for the management to have through knowledge of availability of these resources. It is also necessary for the management to use these resources economically and in most effective manner. For this, it is necessary to have the complete knowledge of the marketing environment.

- **Finding threats and exploring opportunities:** The fast changing market conditions, customer perception require a systematic process of scanning and diagnosis to determine-
- (I) What factors present in the environment to give threats to the company's present marketing strategy and achieving its objectives, and
- (II) What factors present in the environment opens opportunity for better accomplishment of marketing objectives and goals or change in strategy.
- **Technological advancement:** It is evident that technology is becoming smarter day by day. The use of technology, computers and electronic supports is increasing in everyday life. Therefore, it is necessary for a marketing manager to have a full knowledge of new techniques, new designs, new methods and new products for more quick and more effective marketing activities. The firm which adopts quickly these advancements which definitely have competitive advantage over others.
- **Analyzing external factors:** As the external factors of marketing environment are beyond the control of an enterprise. The success, progress and survival largely depend upon its capacity and ability to adapt successfully to environmental changes.
- **Knowing internal factors:** Marketing department of the firm must be fully aware with its internal environment. Goals, objectives, plan, procedures, strategies, resources and organizational structure etc are some of the internal aspects in which changes should be minutely monitored. Change in internal environment may affect not only the business but also the marketing activities in a position or negative manner.
- **Brand building:** Environmental understanding helps the business organizations is improving their image by showing their sensitivity to its environment.
- **Other benefits:** The study of marketing environment is also useful- (a) To understand political situation and its effect on marketing management; (b) To understand economic policies of Government and their impacts on business; and (c) To foresee the impact of socio-cultural factors.