

BUSINESS ENVIRONMENT CONSISTS OF

1. INTERNAL FACTORS (CONTROLLABLE)
PERSONNEL, PHYSICAL FACILITIES,
ORGANISATION AND FUNCTIONAL MEANS SUCH
AS MARKETING MIX ETC.
2. EXTERNAL FACTORS (UNCONTROLLABLE)
ECONOMIC, SOCIO-CULTURAL, GOVT. AND
LEGAL, DEMOGRAPHIC, GEO-PHYSICAL
FACTORS ETC.

BUSINESS ENVIRONMENT CHALLENGES

1. THE CHALLENGE TO COMBAT THE ENVIRONMENTAL THREATS
(INTENSIFICATION OF COMPETITION , DECLINING MARKET)
2. TO EXPLOIT THE BUSINESS OPPORTUNITIES

MISSION AND OBJECTIVES

- PRIORITIES
- DIRECTION OF DEVELOPMENT
- BUSINESS PHILOSOPHY
- BUSINESS POLICY
- DIRECTION OF DEVELOPMENT.

ARE GUIDED BY THE MISSION AND OBJECTIVES OF THE COMPANY.

COMPANY IMAGE AND BRAND EQUITY

PLAYS AN IMPORTANT ROLE IN

- FINANCE RAISING
- FORMING JOINT VENTURES / OTHER ALLIANCES
- SOLICITING MARKETING INTERMEDIARIES
- ENTERING PURCHASE / SALES CONTRACTS
- LAUNCHING NEW PRODUCTS

HUMAN RESOURCE (STRENGTHS & WEAKNESSES)

- SKILL
- QUALITY
- MORALE
- COMMITMENT
- ATTITUDE

INTERNAL FACTORS CONTRIBUTING TO SUCCESS / FAILURE
OR
INFLUENCE THE DECISION MAKING

1. PHYSICAL ASSETS AND FACILITIES
2. R & D AND TECHNOLOGICAL CAPABILITIES
3. MARKETING RESOURCES
4. FINANCIAL FACTORS

COMPETITORS

“ A FIRM’S COMPETITORS INCLUDE NOT ONLY THE OTHER FIRMS WHICH MARKET THE SAME OR SIMILAR PRODUCTS BUT ALSO ALL THOSE WHO COMPETE FOR THE DISCRETIONARY INCOME OF THE CONSUMERS”

MARKETING INTERMEDIARIES

1. FIRMS THAT AID THE COMPANY IN PROMOTING , SELLING AND DISTRIBUTING ITS GOODS TO FINAL BUYERS
2. MIDDLEMEN SUCH AS AGENTS AND MERCHANTS WHO HELP THE COMPANY TO FIND CUSTOMERS OR CLOSE SALES WITH THEM

PHYSICAL DISTRIBUTION

1. ASSIST THE COMPANY IN STOCKING AND MOVING GOODS
2. ASSIST THE COMPANY IN TARGETING AND PROMOTING ITS PRODUCTS TO MARKETING SERVICE AGENCIES

ECONOMIC ENVIRONMENT

IMPORTANT DETERMINANTS OF BUSINESS STRATEGIES

THE ECONOMIC CONDITIONS OF A COUNTRY

- A) THE NATURE OF THE ECONOMY
- B) THE STAGE OF DEVELOPMENT OF THE ECONOMY
- C) ECONOMIC RESOURCES
- D) LEVEL OF INCOME
- E) THE DISTRIBUTION OF INCOME AND ASSETS

IN MOST COUNTRIES, APART FROM THOSE LAWS THAT CONTROL INVESTMENT AND RELATED MATTERS, THERE ARE A NUMBER OF LAWS WHICH REGULATE THE CONDUCT OF BUSINESS. THESE LAWS COVER SUCH MATTERS AS STANDARDS OF PRODUCT, PACKAGING, PROMOTION ETC.

CHANGES IN GOVT. POLICIES

PERTAINING TO

- INDUSTRIAL POLICY
- FISCAL POLICY
- TARIFF POLICY

MAY HAVE PROFOUND IMPACT ON BUSINESS

A BUSINESS TO BECOME SUCCESSFUL

- STRATEGY SHOULD BE APPROPRIATE IN THE SOCIO – CULTURAL ENVIRONMENT
- MARKETING MIX SHOULD BE DESIGNED TO SUIT THE ENVIRONMENTAL CHARACTERISTICS

- MORE EDUCATED THE SOCIETY BECOMES
- MORE INTERDEPENDENT IT BECOMES
- MORE DISCRETIONARY THE USE OF ITS RESOURCES
- MORE MARKETING WILL BECOME ENMESHED IN SOCIAL ISSUES.

MARKETING PERSONNEL NEED TO DESIGN A COMPETITIVE MARKETING STRATEGY, SENSITIZING BUSINESS TO THE SOCIAL, AS WELL AS THE PRODUCT, DEMAND OF SOCIETY

NATURAL ENVIRONMENT

FACTORS RELEVANT TO BUSINESS

- GEOGRAPHICAL AND ECOLOGICAL
 - WEATHER AND CLIMATIC CONDITIONS
 - TOPOGRAPHICAL FACTORS
 - LOCATION ASPECTS IN THE GLOBAL CONTEXT
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- PORT FACILITIES

PHYSICAL AND TECHNOLOGICAL ENVIRONMENT

TECHNOLOGICAL DEVELOPMENTS

- TECHNOLOGICAL DEVELOPMENTS OF FOOD PROCESSING AND PRESERVATION , PACKAGING ETC. IMPROVED MARKETABILITY OF PRODUCTS TECHNOLOGICAL DEVELOPMENT MAY INCREASE
- TECHNOLOGICAL DEVELOPMENT MAY INCREASE THE DEMAND FOR SOME PRODUCTS

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PHYSICAL AND TECHNOLOGICAL ENVIRONMENT

TECHNOLOGICAL DEVELOPMENTS

- A FIRM WHICH IS UNABLE TO COPE WITH THE TECHNOLOGICAL CHANGES MAY NOT SURVIVE
- DIFFERING TECHNOLOGICAL ENVIRONMENT OF DIFFERENT MARKETS OR COUNTRIES MAY CALL FOR PRODUCT MODIFICATION
- FAST CHANGES IN TECHNOLOGIES RENDER PLANTS & PRODUCTS OBSOLETE QUICKLY

THE PHENOMENAL RISE OF ENVIRONMENTAL AWARENESS AS SEEN IN THE U.S. AND SEVERAL OTHER, PARTICULARLY EUROPEAN, COUNTRIES TEND TO MAKE SOCIETAL MARKETING CONCEPT THE ONLY RELEVANT MARKETING PHILOSOPHY

SHORT RUN CONSUMER BENEFITS CONFLICTS

LONG RUN CONSUMER / SOCIETAL WELFARE

THREE CATEGORIES OF PRODUCTS :

1. THE PRODUCTION OF WHICH CAUSES ENVIRONMENTAL PROBLEMS
2. THE PRODUCTION OF WHICH CAUSES DEPLETION OF NATURAL RESOURCES
3. CONSUMPTION OR USE OF WHICH CAUSES ECOLOGICAL PROBLEMS

ENVIRONMENTAL FORCES –

COMPANIES ADOPTING THE SOCIETAL MARKETING CONCEPT

- GROWTH OF CONSUMERISM & ENVIRONMENTALISM
- DEMAND FOR SOCIAL JUSTICE
- GOVERNMENT REGULATIONS
- CHANGING COMPETITIVE ENVIRONMENT

GLOBAL ECONOMIC BOOM

- THE GROWING POPULATION
- THE RISING INCOME
- THE NEW CONDUCIVE POLICY ENVIRONMENT
WILL ATTRACT MORE INVESTMENT INTO THE
DEVELOPING COUNTRIES.

ELEMENTS OF GLOBAL APPROACH

1. SELLING WORLDWIDE
2. GLOBAL STRATEGY INVOLVES LOCATING ACTIVITIES IN OTHER NATIONS
3. GLOBAL STRATEGY INVOLVES COORDINATING AND INTEGRATING ACTIVITIES ON A WORLD WIDE BASIS

STRATEGIC ALLIANCE

THIS STRATEGY SEEKS TO ENHANCE THE LONG TERM COMPETITIVE ADVANTAGE OF THE FIRM BY FORMING ALLIANCE WITH ITS COMPETITORS, EXISTING OR POTENTIAL, IN CRITICAL AREAS, INSTEAD OF COMPETING WITH EACH OTHER

STRATEGIC ALLIANCE

FROM R & D TO DISTRIBUTION PROVIDE SCOPE FOR ALLIANCE. WHETHER IT IS IN R & D , MANUFACTURING OR MARKETING , A IMPORTANT OBJECTIVE OF THE COLLABORATION IS TO MAXIMISE MARGINAL CONTRIBUTION TO FIXED COST.

ECONOMIC AND COMPETITIVE ENVIRONMENT

COMPETITION BECOMES A HARD REALITY TO LIVE WITH, COMPANIES BEGIN TO PAY CONSIDERABLE ATTENTION TO PRODUCT FEATURES QUALITY COST AND AFTER SALES SERVICE

ECONOMIC AND COMPETITIVE ENVIRONMENT

THE NEW ENVIRONMENT IN INDIA IS INDEED A CHALLENGE FOR THE FIRMS TO PROVE THEIR METTLE , DUE TO

- MRTP RESTRICTIONS EASED VERY MUCH
- POLICY TOWARDS FOREIGN INVESTMENT AND TECHNOLOGY LIBERALISED

DEMOGRAPHIC AND SOCIAL ENVIRONMENT

WHEN TEN PERCENT OF INDIAN POPULATION WILL BE AFFLUENT, IN ABSOLUTE TERMS IT WILL BE A MUCH LARGE NUMBER THAN THE TOTAL POPULATION OF EACH OF THE ADVANCED COUNTRIES EXCEPT THE U.S. AND PERHAPS JAPAN

DEMOGRAPHIC AND SOCIAL ENVIRONMENT

EMPLOYMENT OF WIFE ALSO TENDS TO INCREASE

HER ROLE IN PURCHASE DECISION – MAKING

DUE TO VARIOUS REASONS

RISK OF RURAL MARKET

SIGNIFICANT SHARE OF THE CONSUMER DURABLES PURCHASES IS BY THE PEOPLE WITH VERY LOW INCOME

CURBING THE CONSUMPTION OF THE CONSUMER DURABLE THROUGH TAXES OR OUTRIGHT BAN WILL NOT AFFECT THE ELITE (THEY ALREADY OWN SUCH GOODS)

IT WILL ADVERSELY AFFECT PEOPLE WHO ARE NOT YET OWNERS



CONCLUSION OF NCAER

THE RISE OF RURAL MARKET

T.V.

1. ADDED NEW DIMENSION TO MARKETING STRATEGIES AND MADE SIGNIFICANT CONTRIBUTION TO THE SUCCESS OF MANY PRODUCTS LIKE NIRMA, MAGGIE NOODLES, RASNA AND PAN PARAG ETC.
2. MADE CHILDREN AN INFLUENCING FORCE IN CONSUMER PURCHASE DECISION MAKING.
3. AN IMPORTANT CONTRIBUTOR IN REVOLUTION OF RISING EXPECTATIONS , DEMONSTRATION EFFECT, AND CONSPICUOUS CONSUMPTION

FUTURE TRENDS

- GROWING COMPETITION – PRODUCT DIFFERENTIATION AND POSITIONING WILL BECOME MORE IMPORTANT. CLASS MARKETING / NICHE MARKETING WILL GROW.
- COMPANIES WILL PAY MORE ATTENTION TO QUALITY , PRICE AND IMPORTANCE OF THE AUGMENTED PRODUCTS
- VARIETY OF PRODUCTS / PRODUCTS FORMS WILL SIGNIFICANTLY ENLARGE THE CONSUMER CHOICE DIRECT MARKETING WILL GAIN MORE IMPORTANCE
- LICENSING, FRANCHISING AND MULTI-LEVEL MARKETING WILL BECOME MORE POPULAR.