

Challenge To Business-Changes In India's Marketing Environment

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INTRODUCTION

Globalisation, liberalization and privatisation, jointly with speedy strides made by information technology, have brought intense competition in every field of action. Indian industry at present is amazed, perplexed and anxious. The marketing complexities have increased, product life cycles have summarized and the market is unstable than ever before. Indian industry is desperately looking for strategy and action plans that would ensure its survival and growth. The 21st century open market is based on the stage of global interdependency. Human life and patterns of consumption and production are becoming more and more 'uniform' across the globe. Cultures are diffusing. Global brands like Nike, Nokia, Honda, Sony, etc. have alike appeals across the sphere. The challenges in Globalisation have sprung up a lot of opportunities as well. The focal point of MNCs has shifted from the US and Europe to fast growing economies like India and China. While the existing 'Global' companies look at them as potential markets, the domestic Indian companies feel intimidated by their presence. With the world turn-off into a global village, even domestic firms need to grow globally competitive. Indian Companies need to redefine and reorient themselves in order to continue. They need to 'reinvent' their processes, technology, management styles and even their objectives. Deals like Tata – Corus, Mittal – Arcelor, Birla – Novelis are pointers to some of the prevailing changes.

In the fast changing socio-economic environment, the consumer is truly a moving target today. Razor-sharp product segmentation based on consumer insights is highly advantageous. The challenge for the marketers is to use the equipment of branding and pricing at their disposal to ensure that the most valuable package in the customer's awareness is represented by his brand. The supportive and concerted relationships with customers are the most cautious way to keep track of changing prospects. The classification of services, customisation in order to regain lost customers, bias strategies to command best price and gastronomy strategies to provide a great deal of interface and personalization to consumers are amongst the important strategies, which could be used in customer relationship management. The market research should be visualized as a series of building blocks of information necessary for strategy development. The Indian marketers must give importance to planned marketing of their products/services in the changing business scenario

In business terminology, there is a process called as "environmental scanning". This process involves the monitoring and evaluating the environmental changes and trends. As changing trends give new dimensions to the organization to have a modern and intelligent approach, those organizations which pay attention to their environments seem to perform well. Also, they will not be affected by the word 'change'.

Change is a universal aspect of every enterprise and change brings challenges to the business world as every enterprise must meet the challenges of continually reorganizing itself to achieve its target goals. Challenges faced by the organization are generally in terms of change in technology, government policies, competitors in terms of technology which brings re-engineering process, suppliers, demand of customers, market research, publicity, availability of resources, decision making by the management.

Marketing is everywhere. Formally or informally, people and organizations engage in a vast number of activities that could be called Marketing. Good marketing has gradually become an essential element for business success. And marketing deeply affects our day-to-day lives. It is entrenched in everything we do — from the clothes we wear; to the websites we click on; to the ads we see. Marketing Paradigms are continually being advanced and rehabilitated in almost all industries to increase the chance of success. But marketing excellence is rare and difficult to attain.

We can say with some confidence that marketing is not what it used to be. It is radically different as a result of major, sometimes interlinking societal forces that have created new behaviours, new opportunities and new challenges to the industries to expend their marketing efforts in different untouched sectors to grab the major shares over there. In a competitive environment, adopting the marketing concept means that an organization must provide greater customer value than its competitors. Being good is not good enough if a competitor is better. It is impossible for an organization to develop strong competitive positioning strategies without a good understanding of its competitors and their strengths and weaknesses.

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Three levels of competition exist:

1. Direct competitors are firms competing for the same customers with similar products (e.g. grocery stores).
2. Competition exists between products that can be substituted for one another (e.g. margarine for butter).
3. Competition exists among all organizations that compete for the consumer's purchasing power (e.g. entertainment).

Pure competition has many firms; all selling alike products, and no one firm is powerful (e.g. wheat farmers). Monopolistic competition has a large number of firms selling slightly differentiated products (e.g. fast food - product differentiation). Oligopoly is a small number of firms selling that can act collusively (e.g. long distance telephone). Monopoly is a single firm selling in the market for which there is no close substitute.

The changes in the marketing environment are constantly spinning out new opportunities and posing new breed of environmental threats to the Indian Corporate World. Therefore, it has become all the more necessary for Indian companies – both public and private sector- to look beyond their present standings and device a long term strategy to meet the new challenges that are emanating from changes in marketing environment applicable to their respective industries. Derek Abell, an eminent management expert is of the opinion that opportunities are like windows; they remain open for a short while. By waiting too long, the opportunities start to close and other competitors may take advantage of it. Opportunity analysis requires that the firm should set up procedures for identifying, appraising and responding to opportunities.

The most important change that has occurred in the last decade is related to competition. Almost all the sectors of business have witnessed the intensity of competition. Gone are the days when the manufacturer could palm off everything he produced on a hapless consumer. The fact is that supply is far in excess of demand. The hitherto seller's market has given way to buyer's market and the competition has spread to most areas except those where massive investment is needed. There has been a sea change in the balance of power of Indian firms and now it is tilted towards the side of consumers. Many industries are in fact facing difficulties in getting their products in the market. A crisis of sort has been building up on account of sluggish sales and consequently, stocks are piling up in showrooms. As the market becomes more crowded in future, the companies have to think more and more in terms of what the customer wants. They will be forced to abandon the selling concept and should resort to modern marketing tools like market surveys and consumer studies. There is an indication that on account of increased competition, more and more Indian companies are adopting marketing concepts.

The competition in Indian industries is here to stay. Thanks to the liberal licensing policies, easier imports of both products and technology, rising consumer expectations and technological changes, there has been a sea change in the market place. It is almost true that hardly any company in India enjoys monopoly power today except for public utilities run by the Government. Therefore, Indian companies have to realize that if they do not adapt to the changing competitive scene, they will fail. There seems to be perceptive attitudinal change among managers and executives. Strategic planning and marketing concept have become a buzzword and many executives are not only aware of it, but are using techniques such as SWOT analysis, portfolio analysis, market segmentation, product positioning and so on to aid their marketing decision making. However, in the last few years, there have been a number of product and company casualties. Even big companies with big name foreign collaborators have not escaped failure. Despite the fascination for foreign labels, some of the foreign brands have failed to establish their sovereignty in the Indian market place. Deep and careful analysis of some of the foreign brands' failure reveals that apart from the stiff competition, poor conception and implementation of the marketing strategy is the root cause.

CHALLENGES FACED BY ORGANIZATIONS IN TODAY'S ENVIRONMENT

Organizations are facing different challenges in today's environment like:

- KNOWLEDGE**

Only few years ago, few workers used fax machines or e-mail and computers occupied entire rooms, not desktops. Advances in information and communication technology have lastingly altered the workplace by changing the way information is created, stored, used, and shared.

- DIVERSE WORKFORCE**

A diverse workforce refers to two or more groups, each of whose members are identifiable and distinguishable based on demographic or other characteristics like gender, age group, education etc. Several barriers in dealing with diversity include stereotyping, chauvinism, ethnocentrism, favouritism, tokenism, and gender-role stereotypes.

• **MULTIPLE STAKEHOLDERS**

Stakeholders are those who have interests in the organization. Multiple stakeholders for an organization include the customers, suppliers, consumers, investors, lenders, etc.

• **RESPONSIVENESS**

An organization has to be responsive to the challenges and threats that it faces from the internal or external environment. It requires quick responsiveness to meet the challenges and opportunities arising out of these changes.

• **RAPID CHANGES**

Due to changing internal and external environment, rapid changes in the organization occur. Organizations have to be flexible to adjust to those changes.

• **GLOBALIZATION**

Managers are faced with a myriad of challenges due to an array of environmental factors when doing business abroad. These managers must effectively plan, organize, lead, control, and manage cultural differences to be globally successful.

Self-control in any of these entities will result in the falloff of business power. Social factors can also affect the business strategies in terms of circumstances prevailing in the same country or with whom they are making business. There is always a risk factor involved in such cases. Both economic and political environment of the countries have a great impact on managing local and international business. Unsteadiness in these areas brings challenge to the entrepreneurs.

The marketing environment surrounds and impacts upon the organization. There are some key perspectives on the marketing environment.

MARKETING INFORMATION

External environmental sources offer raw data for marketers to develop into actionable, marketing information. Environmental forces create challenges and opportunities for the organization. Marketers must react and adapt to changes in their external environment. Globalization is an example of an opportunity for an organization. Improving technologies, such as transportation and communications, have enabled companies to expand into global or worldwide markets. Marketers must learn to deal effectively with multiple cultures and political systems in the midst of rapidly changing markets and technology. They must be able to anticipate this changing environment and develop the competencies at all levels in their organizations to hug this dynamic future.

THE MARKETER'S CHALLENGE

The craft of marketing has not kept pace with the changing world in which marketers ply their trade. In fact, the disconnect between the environment and the skill has become so distinct that the need to predict and measure results, impose order on and optimize marketing spending and continuously improve customer insights and creative responses has become a matter of urgent concern.

The theory and practice of marketing management as a science first gelled in the 1950s. It was designed for an Ozzie and Harriet world where the nuclear family was still intact and happily migrating to new homes in the fast-expanding suburbs. Everybody read magazines such as Life or the Saturday Evening Post, subscribed to the local newspaper, and watched the Big Three television networks. The marketer's stock in trade was his or her ability to influence a monolithic, easy-to-reach market.

MARKETERS' PERSPECTIVE

The 1960s renowned iconoclasm, but from the marketer's perspective, little had distorted. Marketers had to learn the language of a new generation, but once they were confident, they discovered that the baby boomers consumed goods with an appetite unmatched in history. A brand could still hitch its star to a clever ad campaign and sales would then soar.

In the 1970s, however, fundamental environmental change did impact the marketer's craft. Oil embargoes by the Organization of the Petroleum Exporting Countries (OPEC) and the Iranian hostage crisis brought globalization to the doorstep—or, more precisely, to the gas tanks of the developed nations. Runaway inflation and a deep recession constrained both consumer spending and business growth. The Nixon administration imposed price controls, which unwittingly stimulated the growth of trade spending— companies began hiking list prices to avoid future price

freezes and then reimbursing customers through trade allowances. It wasn't so easy to be a marketer anymore. But it was easy and perhaps even justified to blame the economy rather than the marketer's capabilities.

The economy recovered in the 1980s, but the media landscape pixilated. Niche magazines, videocassette recorders (VCRs), CNN's 24-hour news cycle, MTV's quick-cut music videos, personal computers (PCs), and video games diverted and shortened customers' attention spans. But the TV networks could still deliver mass audiences, and so marketers were slow to respond to the growing number of new vehicles. Their marketing mix stayed the same, but they did reduce the 60-second TV spot to 30 seconds, running more ads, as well as experimenting with cable advertising. The fault line between environment and craft began to open under the marketers' feet.

In the 1990s, the fault split wide open. The growth of the Internet and the continued disintegration of media made it harder than ever to reach customers en masse. There were fewer and fewer viewers for the 30-second spot. At the same time, retailers consolidated into larger and larger chains, and "big-box" competitors emerged in every segment. The power of the retailer was growing, and, as a result, spending to support retailers became a bigger and bigger expense, eventually eclipsing advertising spending in many companies. The traditional marketing model was failing, and still too many marketers continued to think in terms of yesteryear's mass media and markets.

In the new millennium, shocks and uncertainties have become a way of life, symbolized by the terrorist events of September 11, 2001, but have also been manifested in the world of business and commerce. Globalization, wireless communication networks, and rising information transparency have led to an increasingly mobile work-force, disruptive technologies and business models, and customers who are harder to reach and to engage than ever (think: Do Not Call Registry and new demands such as "green" products and services). Customers have many new media options—iPods, social utilities, and online video gaming to name a few—which have changed the way they consume information and entertainment. Marketers are finding it more and more difficult to keep up with customers, let alone effectively deploy the rapidly multiplying vehicles. The fault between the marketers' environment and the craft has become a chasm.

Marketers weren't sleeping as all this change was occurring. They refined their ability to elicit insight about and from consumers (for instance, adopting ever-more-sophisticated segmentation strategies and market research techniques) and they improved their creative responses. But these tactics alone haven't been enough to keep pace with the radical change we have experienced. In the past few years, marketers have come to realize that the climate requires that they rethink their craft, and today, even the best of them are still grappling with the issues and searching for solutions.

This hard reality has created a tremendous amount of pressure and tension in the profession. Here, we will explore how two forces: the same two great forces that are driving the continuing reordering of our entire world are creating and feeding this pressure and tension within marketing. How the first force—technology has fundamentally altered the marketing landscape by empowering customers and giving rise to new media; and how the second—globalization, has created a migration of hard skills and a consolidation in many industries that has shifted the sources of corporate competitive advantage as well as growth. These forces have raised the corporate demand for marketing efficiency and answerability to new heights, a third major source of the pressure and tension that many marketers are feeling.

TECHNOLOGICAL ENVIRONMENT

It refers to new technologies, which create new creations and market opportunities. Technological developments are the most convenient unmanageable force faced by marketers. Organizations need to be conscious of new technologies in order to turn these advances into opportunities and a competitive edge.

The changes in technological environment are also taking place quite unnoticeably. We have witnessed the dramatic changes in information technology in recent years. Technological changes are taking place in almost every sphere of human endeavor. Moreover, these changes are occurring in accelerated pace. Companies not only have to keep pace with these developments, but they also have to take advantage of these developments because the transfer of technology has become a lot easier off late.

Technology has a marvelous effect on lifestyles, consumption patterns, and the economy. Advances in technology can start new industries, radically alter or destroy existing industries, and stimulate entirely separate markets. The rapid rate at which technology changes has forced organizations to quickly adapt in terms of how they develop, price, distribute, and promote their products.

Technological change has made irrevocably indistinct the presentation of customers. Imagine the changes in customers' personal habits shaped by the uprising in technology over the past decade. How do they plan a vacation or book a

business trip; shop for a new car, home appliances, or clothing; share the photos they takes; choose a restaurant; listen to music; pick a book to read or a movie to watch; or decide on medical care or fill a prescription? People are approaching many, if not all of these tasks in ways that are fundamentally different than they were in the past because of advances in technology. These advances also permit them almost immediate access to product and service information and a vast number of new buying opportunities.

ECONOMIC ENVIRONMENT

As far as the economic environment is concerned, it is also undergoing tremendous changes. The purchasing power of consumers has increased significantly in the recent years. A major development in this regard is the coming of age of the middle class. There are the people who earn high salaries and have houses, cars and all the pre-requisites of a high profile lifestyle. The emergence of affluent middle class has triggered market boom in general and in consumer durables in particular. The consumer durables industry is growing by leaps and bounds. Today, India makes some of the best consumer durables and now, there is no need of any dependence on foreign market. In the recent years, strategic marketing management is paying greater attention towards what is known as environmental scanning. This scanning requires the continuous appraisal of forces both at the micro and macro environment that surround a company.

MARKETING ENVIRONMENT CONSISTS OF MICRO, MACRO, INTERNAL AND EXTERNAL ENVIRONMENT

THE MICRO-ENVIRONMENTS

This environment influences the organization directly. It includes:

- Suppliers
- Consumers and customers
- Other local stakeholders

Micro tends to suggest small, but this can be misleading.

Micro describes the relationship between firms and the driving forces that control this relationship.

It is a more of a local relationship, and the firm may exercise a degree of influence.

THE MICRO-ENVIRONMENT INCLUDES

Demographic, Technological, Cultural, Economic, Political, and Natural Forces that shape opportunities and may pose a threat to a company.

THE COMPANY'S MICRO -ENVIRONMENT INCLUDES

- Company's **Internal Environment** - functional areas such as top management, finance, and manufacturing, etc.
- **Suppliers** - provide the resources needed to produce goods and services and are an important link in the "*value delivery system*".
- **Marketing Intermediaries** - help the company to promote, sell, and distribute its goods to final buyers.
- **Clientele** - five **types** of markets that purchase a company's goods and services.
- **Competitors** - those who serve a target market with similar products and services against which a company must gain strategic advantage.
- **Publics** - any group that perceives itself having an interest in a company's ability to achieve its objectives.

TYPES OF CUSTOMER MARKETS ARE

Companies, Consumers, Markets, International Markets, Government Markets, Business Markets, and Reseller Markets.

TYPES OF PUBLICS ARE

Financial i.e. Banks, Media i.e. Newspapers, Government i.e. Regulations, Citizen-Action i.e. Consumer Groups, Local i.e. Neighborhood, Residents i.e. General Public, Internal i.e. Employees.

THE MACRO-ENVIRONMENT

This includes all factors that can influence an organization, but that are out of their direct control.

A company does not generally influence any laws. It is continuously changing, and the company needs to be flexible to adapt.

There may be aggressive competition and rivalry in a market.

Globalization means that there is always the threat of substitute products and new entrants.

The wider environment is also ever changing, and the marketer needs to compensate for changes in culture, politics, economics and technology.

Another important component of marketing in the macro environment, which is constantly changing with an accelerated pace is the present politico-legal environment. This component is made up of laws, government agencies and pressure groups that influence and constraint various organisations- both business and non-business in a society. It will not be incorrect to say that the government holds the key to any change in any industry. With its control on industrial licensing, taxes, laws and acts, the government plays a crucial role in regulating the industry. The government has been moving towards loosening its control on the industry for several years now.

THE COMPANY'S MACRO- ENVIRONMENT INCLUDES

- **Demographic – studies:** populations in terms of age, gender, race, occupation, location and other statistics.
- **Economic - factors** that affect consumer purchasing power and spending patterns.
- **Natural resources** needed as inputs by marketers or that are affected by marketing activities.

The external macro environment consists of all the outside institutions and forces that have an actual or potential interest or impact on the organization's ability to achieve its objectives: competitive, economic, technological, political, legal, demographic, cultural, and ecosystem. Though not controllable, these forces require a response in order to keep positive actions with the targeted markets. An organization with an environmental management perspective takes aggressive actions to affect the forces in its marketing environment rather than simply watching and reacting to it.

THE INTERNAL ENVIRONMENT

All factors that are internal to the organization are known as the 'internal environment'. They are generally audited by applying the 'Five Ms', which are Men, Money, Machinery, Materials and Markets. The internal environment is as important for managing change as the external environment. As marketers, we call the process of managing internal change 'internal marketing.' Essentially, we use marketing approaches to aid communication and change management. The external environment can be audited in more detail using other approaches such as SWOT Analysis, Michael Porter's Five Forces Analysis or PEST Analysis

THE EXTERNAL ENVIRONMENT

The organization operates within the larger framework of the external environment that shapes opportunities and poses threats to the organization.

The external environment is a set of complex, rapidly changing and significant interacting institutions and forces that affect the organization's ability to serve its customers. External forces are not controlled by an organization, but they may be influenced or affected by that organization. It is necessary for organizations to understand the environmental conditions because they interact with strategy decisions. The external environment has a major impact on the determination of marketing decisions. Successful organizations scan their external environment so that they can respond profitably to unmet needs and trends in the targeted markets.

CONCLUSION

The changes in the different components of the marketing environment, as discussed above, give a clear indication that Indian Companies are working under a marketing environment, which is in a constant state of flux. These changes in marketing environment are taking place with varying pace. Some of these changes are abrupt and fast and some are predictable and slowly evolving. Now, it becomes obligatory on the part of Indian companies to keenly observe these changes and accordingly modify or adapt themselves. Environmental scanning will become an immensely important function of the firm in future. A leading marketing expert has rightly said that in a changing marketing environment, a passive firm may face extinction, an adaptive firm may survive and modestly prosper and grow but may contribute positively to the changes that are taking place. Therefore, the key to success and challenge for a firm is adaptation and innovation.

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