

## **Changing Marketing Environment And Consumer Attributes In India**

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### **Introduction**

The marketing environment represents a mix between the internal and external forces which surround an organization and have an impact upon it, especially their ability to build and maintain successful relationships with target customers. Increasing awareness on the various marketing problems has led a shift in the way consumers go about their life. There has been a change in consumer attitudes towards a lifestyle. With the help of Marketing, people are actively trying to influence their impact on the society. Organizations and business however have seen this change in consumer attitudes and are trying to gain an edge in the competitive market by exploiting the potential in the market industry. The current study introduces the concept of marketing environment and looks into the various ways in which the different consumer attributes are related to the concept of marketing.

**Keywords :** Internal Marketing Environment, External Marketing Environment, Customer Attributes, Competitive Market, Ethics, Demographics, Public Policy

### **Introduction**

Research studies to date clearly revealed that the marketing practices have never remained effective as a contributor to customer satisfaction forever. In fact the practices that have been recognized as major contributors to customer satisfaction in the past are bound to lose their significance owing to changing marketing environment. The environment of marketing over the past few years has drastically changed resulting in a shift both in needs and expectations of the customers as well as in the market offerings of the marketers. A customer oriented organization has twin objectives i.e. profitability and social performance i.e. satisfaction of all interested parties, such as customer, citizen, employees and the government. To address the growing demands of changing environment and maintain competitive advantage in an increasingly competitive and volatile business environment, organization needs to develop innovative techniques of marketing so that it satisfies the customers with different attributes. This paper focus on examining the changes taking place in marketing environment prevailing in India and also the relationship of changing consumer attributes with this changing marketing environment through an empirical study.

### **Objectives of The Study**

1. To study the factors in detail affecting marketing environment in India.
2. To study the changing attributes of the customers and accordingly their tastes and preferences.
3. To study the relationship between customer attributes and marketing environment.

4. To analyse the type of environment required to be focused by the marketers to satisfy the customers.
5. To suggest the recommendations for the same.

### **Marketing Environment**

Marketing environment of any organization is composed of forces or institutions surrounding an organization that affect performance, operations, and resources especially satisfaction of target customers.

There are three levels of the marketing environment:

\* **Micro (internal) environment** – It includes all the small forces within the company that affect its ability to serve its customers. It exposes the strengths and weaknesses found within the organization. Marketing managers must watch supply availability and other trends dealing with suppliers to ensure that product will be delivered to customers in the time frame required in order to maintain a strong customer relationship.

\* **Meso environment** – It includes the industry in which a company operates and the industry's market(s). The meso-level is settled between the macro- and the micro- level. This field deals with the design of the specific environment of the enterprises. Like on the micro-level, on the meso-level new patterns of organisation and steering must be developed.

\* **Macro (national) environment** – The macro-environment refers to all forces that are part of the larger society and affect the micro-environment. External Environment includes all those elements that exist outside the organization's boundaries and have the potential to affect a portion or all of the organization. External Environment exposes the opportunities and threats found outside the organization. It is influenced by uncontrollable forces like demography, economic, political, legal, natural forces and culture.

Over the last decade, the study of marketing environment has been becoming a very significant due to increasing issues related to inflation, Education, Changing technology etc. Marketing environment keeps on changing and it can be studied by analyzing the effect of change in the factors affecting it:

#### **Demographics**

India is the World's second largest customer base and adding to the population, majority of them are in the age bracket of 25-50 (which is the age when maximum spending is done) this bracket has a maximum discretionary income and hence the target of all producers. Moreover another factor of consideration is the creation in nuclear family, which has a great impact in changing the spending habits as it is adding to the spending. Another factor in demographics is that the Multi-income households are increasing. The population is looking upward and is better educated, better informed and quality conscious. The mobility towards urban area has been becoming a trend. A middle class with an enhanced purchasing power might be through different easy purchase schemes and support from banks is growing in its size. The marketers are mainly focusing on this segment of population. Traditionally, India is rural based country. About 75% of the population of the country live in villages. They account for only 35% of the total spending.

The change in media scene has changed their spending and their way of spending is also changing. They are now no more attracted towards purchase of land, gold etc. Now the government is also promoting the investment in rural areas with the help of new economic policies which results in developing the rural areas and villages. In this way it is clearly concluded that being change in the consumer attributes, the marketing environment is also effected and the focus of marketers has also gone through a change.

### **Psychographics**

As explained above that nuclear families are increasing , the change to nuclear families has led to democratic purchase decisions with housewife exerting greater influence. The increase in the trend of literacy rate and the World around exposure of working women is leading to a more prosperous and luxurious life style of families. The household is now made of electronic gadgets that were once dreams in Indian homes. The life style of middle class people has also been changed by the convenient payment alternative and increased discretionary income that help realize its dreams. Likewise even the children in a family are tending to be the influencer in decision making. The population is no more homogeneous. Every individual is being treated as a segment of the population and that helps in focused marketing with segmentation of markets. This all has resulted in the changed industry scene and even the market is proliferated with the products which have frequent purchasers. One of the reason behind this change is the young and dynamic entrepreneurs, who have recognized these changing consumer attributes and changed their marketing strategies accordingly.

### **Technology**

Technology is a broad concept that has come to refer to breakthroughs in science that allow for a better or automated solution. While the most obvious benefit to technology in small business is increased productivity--which translates into a lower cost structure--there are some other benefits that can help the bottom line as well. The liberalization of the Indian economy with regard to technology transfer has promoted the technology growth in our country. One of the main reasons for the change in the lifestyle of Indian Population is the proliferation of the products generated by new technology. Due to usage of new technology for the products, these products are used more than before reducing the inflow and increaszing the outflow of these products. It has also resulted in the growth of market of consumable products. The technological advancement has given the customers better quality products. In India, for organizations and consumers both, the most important takeaway is the way in which big data, diverse distribution opportunities, products and consumers are all combined. The marketers with the help of technology are indulged in identifying the ideal targetmarket from the data, figuring out which channels this market tends to use (social networks, etc.), and which products fill their needs .

### **Price**

Pricing is one of the most important elements of the marketing mix, as it is the only element of the marketing mix, which generates a turnover for the organisation. The other 3 elements of the marketing mix are the Product, Place and Promotion. Price must support the other elements of the marketing mix. Pricing is difficult and must reflect supply and demand relationship. Pricing a product too high or too low could mean lost sales for the organization. The main factors which the pricing of a product should take into account are Fixed and variable costs, Competition,

Company objectives, Proposed positioning strategies and Target group and willingness to pay  
An organization can adopt a number of pricing strategies, the pricing strategies are usually based on corporate objectives. The Indian market is experiencing a peculiar phenomenon now-a-days. The consumer durables have good image when priced higher, as in the case of Luxury items. So, it is not necessary that the price of the goods have direct relation with the cost related decisions of the customer. The companies which look to the price as cost related determination will have to change to the non-related factors. In this way Indian market needs to be analyzed from the point of view of Price and its impact on customer's decision. Different customers reacts to the price of different products in different ways. So customer's attributes play a significant role in deciding the price and in turn the marketing of these products.

### **Distribution**

Distribution is one of the four elements of the marketing mix. Distribution is the process of making a product or service available for the consumer or business user that needs it. This can be done directly by the producer or service provider, or using indirect channels with intermediaries. It calls for making the product available in every corner of the market. When the products are low involvement products, more concentration is required on the distribution of such products because there is a lot of impulsive buying, customers are more likely to go for conveniently available brands in such a situation. Distribution plays a vital role in marketing and now a days the way of distribution is changing. The customers being given the preference, the personal service shops are making the way for the departmental stores where consumers find it convenient and feel free to look, pick and choose the products of their choice. These shops are also enhancing facilities provided to the customers like credit cards, home deliveries etc. The marketing and distribution principles, which were earlier restricted to the corporate level, now comes down to retailers also. The trend shows an increase in the advertisements by the retailers than earlier. In this way the retail outlets are becoming more and more customer and distribution centered and emerging as new profit centre of the company.

### **Promotion**

Promotion is the specific element of communicating the value of brand, products and services to targeted customers through advertising and public relations. A major financial purpose of promotion is to convince customers of the benefits that your products and services provide. This includes establishing a brand position to show how your products are distinct from those offered by competitors. Along with advertising and PR, personal selling falls into this area of promotion. In competitive markets, ongoing promotion establishes a consistent, important value proposition that attracts customers, creates purchases and leads to brand loyalty. Eighties was the beginning of the positioning Era, comparative advertising, political advertising, the growing importance of shelf space at retail outlets, the importance of rural markets and the beginning of Direct Marketing. In nineties a lot of changes have occurred in the way of promotion in Indian market and it was the beginning of new trends. Comparative advertising is the natural manifestation of a highly competitive environment. It has become a recent phenomenon in India. The first real comparative advertising in India was released more than a decade ago by Nutramul when it compared prices of competing brands. That was an isolated case then. Today, the cases of TVS Suzuki Vs. Hero Honda, Nirma Vs. Surf and Nirma Vs. Rinare

clear indications that comparative advertising is here to stay. Today, the dealer display contests, aggressive merchandising and efficient retailing have become the fulcrum around which marketing plans revolve. This is going to be more basic in the year to come. The rates of the display depend on the location of the shop, the place of display in the shop and the size of the display.

It is observed that roughly 40% of the consumers buy on impulse. This phenomenon can be strategically exploited through point-of-purchase (POP) displays. POP promotion consists of three major tasks: Preparing the display materials like tangles, danglers, stickers etc., Retailer motivation through citation, cash incentives etc. and Acquiring shelf space for the company's products. The advertisers no longer blindly pump in major portions of their advertising budget into television. In the rural areas, hoardings and wall paintings will continue to be the leading media. TV exhibitions and fairs are acquiring more popularity in rural areas. Industrial advertising is becoming more corporate Image Building through social and ecological concerns shown by the companies. The Hindustani Advertisements (Vernaculars written in English) is now-a-days proving effective.

### **Consequences of Changes/ Criticism Against Marketing**

With the change in marketing environment, the marketers need to bend towards the ways and techniques which are compatible with this changing trends and reach the target customers easily, but on the other hand, these marketers are using short-cuts which are not beneficial in long run. A marketing system should sense, serve, satisfy consumer needs and improve the quality of consumers' lives. In working to meet the consumer's needs, marketers may take some actions that are not approved of by all the consumers or publics within the social sector. Marketing managers must understand the criticism that the marketing function may encounter. By understanding the criticism, the manager is better prepared to respond to it in a proactive manner. Some of the criticism is justified; some is not. These are in general in relation to inefficiencies or unethical marketing practices. It is alleged that:

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1. Marketing misallocates scarce economic resources. In an economy of scarcity like that of ours, this assumes special significance. The production of lakhs of cars, TVs, two-wheelers, refrigerators music system and only hundreds of new class rooms, a few public hospital, a few road and such other socially desirable goods and services can be nothing but a serious misallocation.
2. Marketing also involves too much competitive promotion. If any company spends lakhs of



rupees in promoting its products, then obviously the prices for their products would be higher as compare to its competitors. This price will be higher than necessary as these companies include the cost of promotion also in this price. As a result the consumer purchasing power is diverted from more worthwhile expenditure.

3. Marketing is also considered wasteful as it is felt that there are too many middlemen especially in retail trade. Most consumer wants are acquired or imposed. Advertising and sales promotion encourages consumers to place too much emphasis on the satisfaction of material wants and to substitute material values for moral values. Fraudulent and deceptive means to promotion exploit innocent consumers and always create after-sale doubts and frustration. Responsible marketers discover what consumers want and respond with the right products at right price to give good value to buyers, and profit to the producer. The marketing concept is a philosophy of customer satisfaction and mutual gain. Its practice leads the economy by an invisible hand to satisfy the many and changing needs of millions of consumers.

### **Suggestions for Marketing Managers**

#### **Ethics in Marketing**

Business ethics has been an increasing concern among larger companies, at least since the 1990s. Major corporations increasingly fear the damage to their image associated with press revelations of unethical practices. Marketers have been among the fastest to perceive the market's preference for ethical companies, often moving faster to take advantage of this shift in consumer taste. This results in the expropriation of ethics itself as a selling point or a component of a corporate image. Modern business is regarded as an integral component of society. Today society is expecting much more from business than in the past. It demands what is quality of life management. In addition to economic performance, modern business must demonstrate social awareness or sensitivity and social performance. Ethics in marketing means an objective concern for the consumers or users of products and services i.e. for the welfare of society that prevent or limits individuals and corporate behavior from unethical practices, such as unfair trade practices, restrictive trade practices, pollution of environment and so on. Following the principle of societal marketing, an enlightened company makes marketing decisions by considering consumer's wants, the company's requirements, consumer's long-run interest, and society long-run interest. Alert companies view societal problems as opportunities modern management is faced by critical public, challenging customers, powerful labour, existing shareholders; hence modern business to demonstrate not only economic efficiency but also consumer Sensitivity and social awareness.

#### **Public policy towards marketing**

Companies that are able to create new values and practice socially responsible marketing have a world to conquer. Each company has to develop corporate marketing ethics policies broad guidelines that everyone in the organization must follow. These policies should cover distributor relations, advertising standards, customer service, pricing, product development and general ethical standards. But the question is what principle should guide companies and marketing managers on issue of ethics and social responsibility? One philosophy is that such issues are

decided by the free market and legal system. Under this principle, companies and their managers are not responsible for making moral judgments. Companies can in good conscience do whatever the system allows. A second philosophy puts responsibility not on the system but in the hands of individual companies and managers. This means that a company should have a 'social conscience'. Companies and marketing managers should apply high standards of ethics and morality when making corporate decisions. Each company must work out a philosophy of socially responsible and ethical behavior. It should adopt its own code of ethics. The public policy which go to shape marketing ethics are innovation, consumer education and information and consumer protection.

### **Freedom of Consumer and Produce Freedom**

As far as practicable marketing, decisions should be made by consumers and producers under freedom. Freedom is the basic right of any person and as far as marketing is concerned, the freedom of producer and consumer is must. Freedom of consumer in the latest study is termed as Customerisation. Marketing freedom is essential to enable the marketing system to deliver a high standard of living. Freedom for producers and consumers is the foundation of a dynamic marketing program. This leads to greater fulfillment through a closer matching of products to desires.

### **Economic Efficiency**

Marketing must strive to supply goods and services efficiently and at low prices. This would not only satisfy the customers as they will be able to purchase quality products and service at least prices, but the producers also as they will be able to increase their sale and increase their profits too. So economic efficiency should be considered seriously by the marketers.

### **Summary**

In India nearly 75% of the population are in their spending years and the consumer attributes are changing and accordingly the marketers have to use the changing techniques but , by following business ethics. In India the emergence of nuclear family has changed the spending habits of the consumers. Another change is that the customer population is becoming educated, better informed and quality conscious. Their purchasing power has also increased. The Indian market witness the proliferation of products in the market. Service sector is also emerging as a major sector. Product positioning is taking its backseat and brand positioning is coming up. A lot of additional services like Credit cards, Home deliveries etc. for the customer has become common in the retail outlets. Shop displays, Cooperative advertisements etc. are forming an important part of dealer promotion. In rural areas, hoardings and wall paintings are becoming a leading media. Marketing is expected to become more consumer based with an added social concern. It is alleged that marketing misallocates resources. It involves too much of competitive promotion. The marketers at times forget their social responsibilities. Promotional efforts often are offensive, misleading and untruthful. It is high time that the companies and marketers must follow a code of ethics guided by certain principles of public policy keeping in mind their target

customers and their changing attributes.

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