
UNIT 2 MARKETING ENVIRONMENT

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2.0 OBJECTIVES

After studying this unit, you should be able to:

- state the meaning of marketing environment, both in terms of micro environment and macro environment
- explain the marketing environment in India
- narrate how the environment affects marketing decisions
- describe the government regulations in India which have implications for marketing decisions.

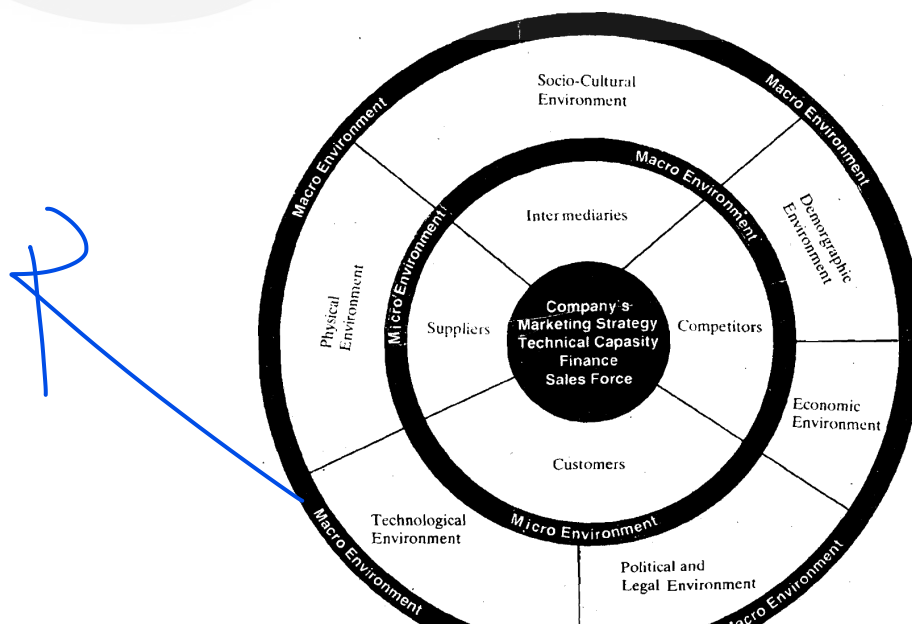
2.1 INTRODUCTION

In the previous unit, you have described what are the various activities that comes under marketing. Marketing functions are to be carried out in a given environment. Even the marketing opportunity has to be scanned and identified by carefully observing the environment. The marketing mix is also decided in the context of a given marketing environment. Though marketing managers cannot control the forces in a marketing environment, they must take them into account when making marketing decisions. While formulating the marketing strategies, the marketers must closely observe the environment in which they are functioning. In this unit you will study the factors that constitute the marketing environment, and the marketing environment in India. You will also study how various Acts and Statutes influence the marketing decisions in India.

2.2 WHAT IS MARKETING ENVIRONMENT ?

Marketing system of every business organisation is influenced by a large number of uncontrollable factors that surround the company. So the marketing system of a company must have to operate within the framework of the environmental forces. According to Philip Kotler, **a company's marketing environment consists of the actors and forces outside of marketing that affect marketing management's ability to develop and maintain successful transactions with its target consumers.** For example, the relevant environment to a car manufactures and buyers, tyre manufacturer may be the car manufacturers and buyers, the tyre manufacturing technology, the tax structure, imports and export regulations, the distributors, dealers, competitors, etc. In addition to these, the company may have to consider its own capabilities in terms of its production technology, finance, sales force, etc. The environment becomes important due to the fact that it is changing and there is uncertainty. Some of these environmental factors are uncontrollable. There is both a threat and opportunity in these changes.

These environmental factors may be grouped as **micro environment** and **macro environment**. These factors may be classified in terms of internal and external environmental factors also. Micro environment refers to the company's immediate environment, that is, those environmental factors that are in its proximity. They include the company's own capabilities to produce and serve the consumer needs, which can termed as internal environment which includes the factors that are within the organisation. These factors affects the overall business operations such as, inventory, company's plans, and strategies, finance etc. the dealers and distributors, the competitors, and the customers. These are also the groups of people who affect the company's prospects directly. **The macro environment consists of larger societal forces, which may be placed in an outer circle.** These includes demographic, economic, natural, technological, political and cultural forces. The influence of these factors are indirect and often take time to reach the company. Look at Figure 2.1 carefully which presents these forces.



The forces in the outer circle may be taken to constitute the macro environment and those in the inner circle as the micro environment of a company.

2.2.1 Micro Environment

Micro environmental factors which influence the marketing decisions of the company are: 1) organisation's internal environment, 2) suppliers, 3) marketing intermediaries, 4) competitors, and 5) consumers. Let us now study about each of these factor briefly.

Organisation's Internal Environment

Organisations financial, production and human resource capabilities influence its marketing decisions to a large extent. For instance, while deciding about the sales targets, it is necessary to see whether the existing production facilities are enough to produce the additional quantities or not. If the existing facilities are not enough and expansion to plant and machinery is required, it is necessary to think about financial capabilities.

You may have a responsive research and development department to develop a new product. So also the production department may have its own facilities for producing the new product. It is also necessary to consider product. It is also necessary to consider how non-marketing departments in the organisation cooperate with the marketing department. The top management may not agree with the views of the marketing department marketing strategies or their implementation. Besides, the marketing department must work in close cooperation with the other departments, especially control and production departments. Sometimes it is the sales force that must bear the major task in the strategy.

Suppliers

For production of goods or services, you require a variety of inputs. The individuals or firms who supply such inputs are called suppliers. Success of the marketing organisation depends upon the smooth and continuous supply of inputs in required quantities on reasonable terms. Hence suppliers assume importance. The timely supplies of specified quality and quantity makes the producer to keep up the delivery schedule and the quality of the final product. The dependence on the supplier is naturally more when the number of suppliers is more. During periods of shortages, some suppliers may not supply materials on favourable terms. Each supplier may negotiate his own terms and conditions, depending upon the competitive position of his firm. Some suppliers, for example, expect payment in advance, and goods are supplied on the basis of a waiting list, whereas others may be ready to supply on credit basis.

Intermediaries

Normally, it is not possible for all the producers to sell their goods or services directly to the consumers. Producers use the services of a number of intermediaries to move their products to the consumers. The dealers and distributors, in other words the marketing intermediaries, may or may not be willing to extend their cooperation. These persons normally prefer well established brands. Newcomers may find it extremely difficult to find a willing dealer to stock his goods. From newcomers they may demand favourable terms by way of discount, credit, etc., and the producer may find it difficult to satisfy them. There are also other intermediaries like transport organisations, warehousing agencies, etc., who assist in physical

distribution. Their cost of service, accessibility, safe and fast delivery, etc. often influence the marketing activities.

Competitors

Competitors pose competition. Competitors, strategies also affect the marketing decisions. Apart from competition on the price factor, there are other forms of competition like product differentiation. There are also competitors who use brand name, dealer network, or close substitute products as the focal point. Their advertising may present several real or false attributes of their product. If one advertises that his product has an imported technology, the other may say that he is already exporting his product. Competitor's strategies sometimes may change an opportunity in the environment into a challenge.

Customers

There are many types of customers. A firm may be selling directly to the ultimate users, (consumers) the resellers, the industries, the Government or international buyers. It may be selling to any one or all of these customers. Each type of consumer market has certain unique characteristics and the marketer should be fully acquainted with the art of persuading and selling to these consumers. The environment presented by customer profile will have a direct influence on these marketing activities. (You will study in detail about consumer behaviour in Unit 4.)

The population also contains the potential consumers of the company's product. It may not be easier to identify the persons who are likely to become the customers of a company. The goodwill built-up by a company sometimes influences the consumers to become the loyal customers of a company. Companies generally try to build good public relations and create a favourable attitude among the people or groups of people. Government and consumer action groups are special categories with whom a negative attitude is to be avoided. Thus, the public also constitute an element in the environment.

2.2.2 Macro Environment

The macro environmental factors that exert influence on an organisation's marketing system are: 1) physical environment, 2) technological environment, 3) political and legal environment, 4) economic environment, 5) demographic environment, and 6) social-cultural environment. Let us discuss about these factors in a little more detail.

Physical Environment

The earth's natural renewable resources (e.g. forest, food products from agriculture, etc.) and finite non-renewable resources (e.g. oil, coal, minerals, etc.), weather (climatic) conditions, land shapes and water resources are components of an environment which quite often change the level and type of resources available to a marketer for his production. For example, India does not have enough petroleum resources, and imports petrol and other products. Recently the Gulf War has drastically affected the supply of petrol and diesel in the country. This had lot of implications for the companies consuming petro-products.

Technological Environment

Technology is shaping the destiny of the people. The revolution in computers, electronics and communication in general may make one's production out of the tune with the current products and services. For example, printing technology like laser printing and desk top publishing, has already made the labour-intensive type-set printing uneconomical. Digital printing is tremendously cutting down the cost of large print jobs. New printing has gone a notch higher 3D printing is being used in the clothing industry.

Political and Legal Environment

Political changes bring in new policies and laws relevant to industry. Government regulation continues with different intensities and the law and the rules framed there under are becoming complex. Many areas of business are brought under one law or the other, and the marketer cannot escape from the influence of these laws. The tax laws, the sales tax, excise duty, octroi, income-tax, etc., have **direct bearing on the costs** and prices of the products and services marketed. So also the policies relating to imports and exports. Since these factors affect all the units, (they do not affect a single marketer alone), these are considered as the forces in the macro environment.

Economic Environment

The state of the economy measurable in terms of the Gross National Product (GNP) and per capita income as well as the favourable or unfavourable position of the balance of trade **determine the economic environment**. Occurrences of war, famine and per capita income as well as the favourable or unfavourable position of the a country. For example, if the monsoon is good, the agricultural output will be more and the people depend on agricultural get more income. This enables people to buy more consumer goods. Thus, the demand for consumer goods increases. Similarly, **a bad monsoon will adversely affect the demand for fertiliser**. The personal and corporate tax system also determines the available income for spending on a variety of goods.

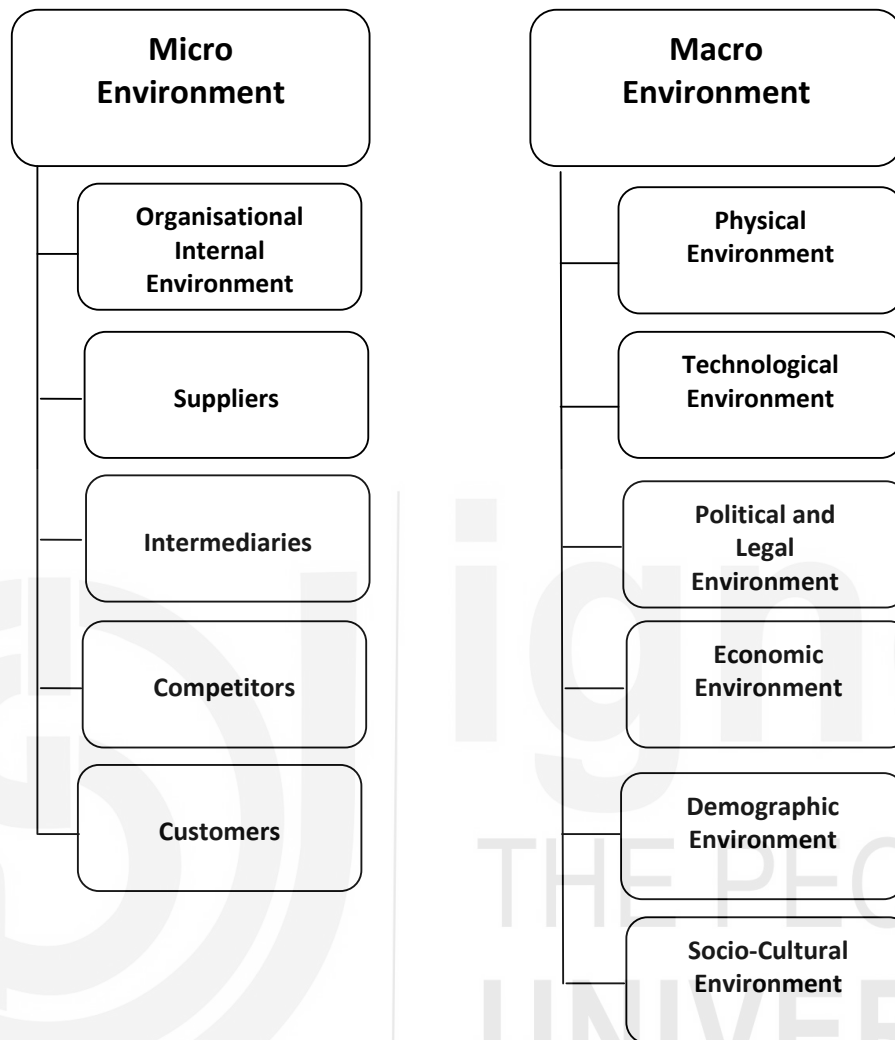
Demographic Environment

Marketers are keenly interested in the demographic characteristics such as **the size of the population, its geographical distribution, density, mobility trends, age distribution, birth rate, death rate, the religious composition, etc.** **The changing life styles, habits and tastes of the population, have potentials for the marketer to explore.** For example, when both husband and wife go for jobs, the demand for gadgets that make house keeping easier and the semi-cooked food products increase.

Socio-Cultural Environment

There are core cultural values which are found stable and deep rooted, and hence change very little. There are also **secondary cultural values which are susceptible to fast changes.** Some of them like hair styles, clothing, etc. just fade. Even in a given culture, the entire population may not adopt the changes. **There are different degrees with which people adopt them.** Religion is also an important component of culture which has implications for the marketer. For example, **Hindus worship the cow and do not eat beef.** So the products made out of beef meat do not have demand. Thus the **culture of the society influences the consumption pattern to a certain extent** also **pervades** other human activities by determining their values and beliefs.

Figure 2.1A : Marketing Environment at a glance



2.3 RELEVANCE OF ENVIRONMENT IN MARKETING

You have studied that the marketing environment of a company comprises a variety of forces. Most of these forces are external to the company and may not be controllable by the marketing executives of the company. So the marketing system of the company has to operate within the framework of these ever-changing environmental forces. This uncertain marketing environment offers both opportunities, and shocks and threats. Therefore, it is necessary for a company to scan the changing environment continuously, and change the marketing mix strategies in accordance with the trends and developments in the marketing environment.

The company responds to these environmental factors and forces by its policies depending on its own capabilities particularly the finance, sales force and technical facilities. Among all these environmental factors, some of them may be controllable by the organisation to some

extent, and others may be uncontrollable. Macro environmental factors are totally uncontrollable by the firm whereas micro environmental factors may be controlled to some extent. For instance, organisation's internal environment can be controlled by the firm to a large extent. Similarly, the firm can exert some influence on suppliers, dealers and distributors by offering liberal terms. And through its advertising effort, a firm can influence the prospective and present consumers.

Each aspect of the environment has some relevance in marketing. It is easy to imagine how various environmental factors affect the demand and supply, the distribution and promotional policies, etc. For example, with the oil crisis there will be demand for more oil-efficient machines. Similarly, the popularity of computers will create demand for more computer operators, programmers, voltage stabilizers, etc.

2.4 MARKETING ENVIRONMENT IN INDIA

India is a vast country populated by more than 138 crore people. Its unique feature is its diversity of religions, languages, social customs, regional characteristics, which is both a boon and a bane for the marketer. Boon because there is tremendous scope for a wide variety of products and services to be successfully marketed and a bane because the marketer often needs to adapt his marketing strategy to suit different tastes and values. There are marketers who may find that the Indian environment is full of profit potential. It means that there are buyer for anything one may produce and there is market for everything. There are others who take a somewhat pessimistic view by considering the poverty and shortages of requisite inputs. However, one can confidently say that the market is vast, quality consciousness among consumers is increasing, and there is demand for new and improved products and services and these trends may continue for a long time.

Despite 74 years of Independence, India is still dominated by villages and almost 65 per cent of population is located in the rural areas. But these rural areas are today enjoying the fruits of the Green Revolution and the purchasing power of the rural population is increasingly demanding attention from the marketer who had so far concentrated only in urban areas. No doubt the urban areas with their concentration of numbers and market potential are the priority target markets, but a firm which wants to ensure its future survival must start making inroads into the rural market well. Government expenditure on rural development has increased the purchasing power of the rural public. Improvements in transport, communication, literacy etc have made many new markets accessible. The capacity to see the opportunity and work out an appropriate marketing strategy can open the doors to the marketers.

There are a large number of companies, public sector undertakings, factories and small-scale units, all of which comprise the organisational consumers, operating in the country. While the public sector usually follows a bureaucratic long winded and time consuming procedure for making even the smallest purchase, the private sector decision-making is relatively quicker and free of procedures. If you are marketing your products/ services to both the public and

private sectors, you may like to think about having separate marketing organisations for them. Another major difference between the public and private sector is in the timing of the purchase decision. The public sector companies have an annual budget sanctioned to them by the government and the money from this is used for purchasing a variety of products. The public sector units feel compelled to use the entire budget amount, because if they do not, they run the risk of having a reduced budget in the subsequent years. You would find a flurry of purchases during the quarter preceding March when the financial year ends. So if the public sector companies are your major consumers, you should bear the timing factor in mind. In case of private sector companies, you would generally not find such a peaking of purchases in any particular month of the year unless it is linked to seasonality of production or sales.

Checking Your Progress A

- 1) What is marketing environment?
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- 2) Distinguish between micro environment and macro environment.
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- 3) You are a manufacturer of VCRs and TVs. What will be the effect if Government abolishes import duty on these products?
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- 4) Go to a transporting agency and ask how the Gulf War affected their business.
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- 5) What will be the impact on automobile industry if a new cheaper source of energy is invented?
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- 6) Research findings showed that consumption of a particular edible oil is injurious to health. Is this finding relevant to a sweet shop?
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7) If the winter season is severe, which industries lose and which gain?

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2.5 GOVERNMENT REGULATIONS AFFECTING MARKETING

A number of laws affecting business have become operational over the years. The important ones affecting marketing are listed below:

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- 1) The Indian Contract Act, 1872
 - 2) The Indian Sale of Goods Act, 1930
 - 3) The Industries (Development and Regulation) Act, 1951.
 - 4) The Food Safety and Standard Act, 2006.
 - 5) The Drugs and Magic Remedies (Objectionable Advertisement Act), 1954
 - 6) The Essential Commodities Act (Amendment), 2020
 - 7) The Companies Act, 2013
 - 8) The Trade Marks Act, 1999
 - 9) The Competition Act, 2002
 - 10) The Patents Act, 1970
 - 11) The Legal Metrology Act, 2009
 - 12) The Consumer Protection Act, 2019
 - 13) Environment Protection Act, 1996
 - 14) Bureau of Indian Standard Act, 2016

Some of the legislations mentioned above apply to every **undertaking**, irrespective of the nature of the product sold or the service provided by it like the Contract Act, the Sale of Goods Act, the Companies Act, the Trade Marks Act and the Legal Metrology Act. The Competition Act, however does not apply to any act of government relating to **sovereign** functions including the Atomic Energy, Currency, Defence, and Space.

As against this, there are certain legislation listed above which seek to regulate certain decisions of the undertakings engaged in the specific industries. These include the Industries (Development and Regulation) Act, 1951; the Drugs and Magic Remedies (Objectionable Advertisements) Act, 1954; Food Safety and Standard Act, 2006

It would be too much to expect a marketer to know all about the various Acts listed above. But nevertheless, it is essential for you to have a good working knowledge of the major laws protecting competition, consumers and the larger interest of society. Such an understanding would help you to examine the legal implications of your decisions.

The main reasons for government controls can be summarised as follows:

- protecting the welfare of individuals and promoting higher standards of public health, general well being, safety, etc.

- maintaining equality of opportunity for all persons irrespective of sex, nationality race or religion
- restraining business from engaging in practices harmful to the interests of the public, like making false and misleading statements about a product or service, manipulating prices for personal gains, failing to support warranties, etc.
- protecting small firms from the threats of unfair competition by big firms
- preventing unfair practices resulting from mergers or other forms of combinations
- like price fixing
- conserving national resources especially forests, fuels, water, energy, etc.
- preventing pollution of the environment
- preventing concentration of economic power and industrial wealth
- encouraging widely dispersed industrial growth and the growth of small scale industries
- protecting the economy from dominance by foreign investors and helping save the valuable foreign exchange resources

Let us now briefly discuss about the Acts listed above.

Indian Contract Act (1872)

Regulates the economic and commercial relations of citizens. The scope of this Act extends to all such decisions which involve the formation and execution of a contract. The essentials of a valid contract are specified and examined in detail.

A contract is an agreement enforceable at law between two or three persons by which rights are acquired by one or more to acts or forbearances on the part of the other or others.

The Act also specifies **provisions** for the creation of an agency and the rights and duties of a principal and an agent.

Indian Sale of Goods Act (1930)

Governs the transactions of sale and purchase. A contract of sale of goods is defined as a contract whereby the property in goods is transferred or agreed to be transferred by the seller to the buyer for a price. The Act also lays down rules about passing of property in goods, and the rights and duties of the buyer and seller, rules regarding the delivery of goods as well as the rights of the unpaid seller.

Industries (Development and Regulation) Act (1951)

It is through this Act that the industrial licensing system operates, in effect it empowers the government to licence (or permit) new investment, expansion of Licensed units, production of new articles, change of location by the licensed units and also to investigate the affairs of licensed units in certain cases and to take over the management thereof, if conditions so

warrant. The objectives behind these powers are, of course, development and regulation of important industries involving fairly large investments which have an all-India importance. It is in the actual implementation of these objectives that the relevant aspects of the industrial policy are expected to be fulfilled.

Industrial licensing is a form of direct state intervention in the market to overrule its forces. The underlying assumption here is that the government is the best judge about the priorities from the national point of view and also that it can do the allocation in a better and socially optimal way. It must, however, be understood that there are economic costs involved in the measures of control and the benefits that are expected to accrue at least equal to or more than the costs involved.

Food Safety and Standard Act (2006)

Prohibits the publications or issue of advertisement tending to cause the ignorant food articles to ensure purity in the articles of food.

Drugs and Magic Remedies (Objectionable Advertisement) Act (1954)

Prohibits the publication or issue of a advertisement tending to cause the ignorant consumer to resort to self-medication with harmful drugs and appliances.

Advertisements for certain drugs for preventing diseases and disorders like epilepsy, prevention of conception, sexual impotency, etc., are also prohibited. The Act also prohibits advertisements making false claims for the drugs.

Essential Commodities (Amendment) Act (2020)

Provides for the control of production, supply and distribution in certain commodities declared as essential under Section 2(a) of the Act, in the public interest. Under Section 3(a) of this Act, the government can fix the price of such a commodity

Companies Act (2013)

The Companies (Amendment) Bill 2020 was introduced in Lok Sabha on March, 17, 2020. The Bill seeks to amend the Companies Act, 2013. It is a piece of legislation which has far reaching effects on business by its regulation of the organisation. It extends to the whole of India. The new law (earlier it was Companies Act, 1956) has enabled the easy process of doing business in India and improving corporate governance by making companies more accountable.

Trade Marks Act (1999)

This is a replacement of Trade and Merchandise Marks Act 1958.

Deals with the trade and **merchandise** marks registered under this Act.

A mark includes a device, brand, heading, label, ticket, name, signature word and letter of numeral or any combination thereof. **A trademark is a distinctive symbol, title or design that readily identifies the company or its product. The owner of the trademark has the right to its exclusive use and provides legal protection against infringement of his right.** A trademark is registered for a maximum period of 10 years and is renewable for a similar number of years, each time the period of 10 years expires.

Further, no such trademark should be used which is likely to be deceptive or confusing, or is scandalous or obscene or which hurts the religious sentiments of the people of India.

Competition Act, 2002

The Competition Act, 2002 was enacted by the parliament of India and replaced The Monopolies and Restrictive Trade Practices Act, (MRTP) 1969. This act provides a framework for the establishment of the competition commission and the tools to prevent anti-competitive practices and to promote positive competition in the Indian market. The major objectives of the Act.

- to provide the framework for the establishment of the competition commission .
- to prevent monopolies and to promote positive competition in the market.
- to protect the freedom of trade for the participating individuals and entities in the market.
- to protect the interest of the consumers.

Patents. Act (1970)

Provision of this Act are attracted especially where the company intends to produce patented products. A patent is the exclusive right to own, use and dispose of an invention for a specified period. The patent is a grant made by the Central Government to the first inventor or his legal representative. The Patent Act, 1970 along with the Patent Rules 1972, came into force on 20th April, 1972 replacing the Indian Patents and Designs Act, 1911. The Act has been repeatedly amended : 199, 2002, 2005, 2006. The major amendment was in 2005, when product patent was extended to all fields of technology like food, drugs, chemicals and micro-organisms.

The Legal Metrology Act, 2009

The Legal Metrology Act, 2009 replace the standards of Weights and Measures Act, 1976 and the Standard of Weights and Measures (Enforcement) Act, 1985. It came into force on 1st April, 2011. The Act rationalise the units of measurements to be used in India.

It specifies the metric system (metre, kilogram etc.) to be used and regulates the manufacture, sale and use of standard weights and measures.

Standards of Weights and Measures Act (1976)

Specifies the quantities in which certain products can be packed. The products are bread, butter, cheese, biscuits, cereals and pulses, cigarettes, cigar, cleaning and sanitary fluids, cleaning powder, condensed milk, tea, coffee, cooking oils, cosmetics, honey, ice cream, jams, sauces, milk powder, soaps, spices, toothpaste, etc.

Consumer Protection Act (2019)

Consumer Protection Act was passed by the Parliament on 9th August, 2019 with the objective of overhauling the earlier regime and replacing the Consumer Protection Act, 1986. The provisions of the 2019 act have come into force from 20th July, 2020 to safeguard buyers of goods and services, and the public against unfair practices. Thus, it is “an act to provide for Protection of the interest of the consumers and for the said purpose, to establish authorities for timely and effective administration and settlement of consumers’ disputes and for matters connected therewith or incidental thereto”. More importantly, The Consumer Protection Act, 2019 prescribes rules for the sale of goods through e-commerce. Thus, the act gives rise to a new era of consumer rights in India which meet the needs of the new age consumers.

Environment (Protection) Act (1986)

The Environment (Protection) Act provides for the protection and improvement of environment and the prevention of hazards to human beings, other living creatures, plants and property.

Environment includes, water, air and land and the inter-relationship existing between them and the human beings, Living creatures, plants, etc. Any solid, liquid or gaseous substances present which may tend to be injurious to environment is an environmental pollutant and the presence therefore is pollution.

The present enactments covers not only all matters relating to prevention, control and abatement of environmental pollution but also powers and functions of the Central Government and its officers in that regard and penalties for committing offences.

Bureau of Indian Standards Act (2016)

The Act replaces the previous Bureau of Indian Standard Act, 1986. The Bureau of Indian Standards Act provides for the establishment of a Bureau for the harmonious development of the activities of standardisation, marking and quality certification of goods and for matters connected therewith or incidental thereto.

Bureau of Indian Standard Act, 2016 establish the Bureau of Indian Standard Act, as the National Standards of Body of India. It also allows Central Government to mandatory for certain notified goods, articles or process to carry the standard mark.

It has been provided that the Bureau of Indian Standards will be a body corporate and there will be an Executive Committee to carry on its day-to-day activities.

When the Indian Standards Institution was established in 1947, the industrial development in the country was still in its infancy. Since then there has been substantial progress in various sectors of the Indian economy and hence the need A new thrust to be given to standardisation and quality control. A national strategy for according appropriate recognition and importance of standards is to be evolved and integrated with the growth and development of production and exports in various sectors of the national economy. The public sector and private sectors including small scale industries have to intensify efforts to produce higher standard and quality goods to help in inducing faster growth, increasing exports and making available goods to the satisfaction of the consumers.

It was to achieve the above objectives that the Bureau of Indian Standards has been set up as a statutory institution.

Check Your Progress B

- 1) List the legislations which apply to all business undertaking.
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- 2) List the legislations which affect certain specific industries.
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- 3) State whether the following statements are True or False.
 - i) One of the reasons for Government control of business is to prevent environmental pollution.
 - ii) One of the main objectives of the Consumer Protection Act is to provide redressal mechanism to the consumers against unfair trade practices.
 - iii) Agricultural Prices Commission advises the Government on pricing policies for agro-based industrial products.
 - iv) All the regulatory measures that affect marketing are within the purview of Central Government only.
 - v) The Competition Act intends to control concentration of economic power.

- 4 Fill in the banks :
- i) The Act which prohibits the sale of adulterated food products is.....
 - ii)Act governs the transactions of sale and purchase.
 - iii) ... Act specifies the quantities in which certain products can be packed.
 - iv)Act provides for the protection of environment.

2.6 LET US SUM UP

Marketing system of every business organisation is influenced by a large number of uncontrollable factors that surround the company. A company's marketing environment consists of the actors and forces outside the marketing that affect marketing management's ability to develop and maintain successful transactions with its target consumers.

These environmental factors may be classified as micro environment and macro environment. Micro environment refers the companies immediate environment, that is those environmental factors that are in its closer circle. They include the company's own capabilities to produce and serve the consumer needs, the dealers and distributors, the competitors, and the customers. These are also the groups of people who affect the company's prospects directly. The macro environment consists of larger societal forces, which may be placed in an outer circle. These include demographic, economic, natural, technological, political and cultural forces. The influence of these forces are indirect and often take time to reach the company.

Macro environmental factors are totally uncontrollable by the firm whereas micro environmental factors may be controlled to some extent. It is necessary for the company to scan the ever-changing environment continuously, and adopt marketing mix strategies in accordance with the trends and developments in the marketing environment,

A number of laws affecting business have become operational over the years in India. Some of the legislations apply to every undertaking, irrespective of the nature of the product sold or the service provided by it like the Contract Act, the sale of goods Act, the Companies Act, the Trade Marks Act and the Legal Metrology Act. The Competition Act, any act of government relating to sovereign functions including the activities carried on by departments of Central Government dealing with the Security Atomic Energy, Currency, Defence, and Space. As against this, there are certain legislations which seek to regulate certain decisions of undertakings engaged in the specific industries. These include the Industries (Development and Regulation) Act 1951; the Drugs and Magic Remedies (Objectionable Advertisements) Act 1954; the Essential Commodities Act (Amendment) 2020, and The Food and Safety and Standard Act, 2006.

2.7 KEY WORDS

Macro Environment: Large societal forces which exert influence on firm's marketing system. It includes demographic, economic, natural, technological, political and cultural forces.

Marketing Environment: The factors and forces outside of marketing that affect marketing management's ability to develop and maintain successful transactions with its target customers.

Marketing Intermediaries: Firms which help the company in promoting, selling and distributing its goods to ultimate consumers. They include middlemen, transporters, marketing service agencies and financial intermediaries.

Micro Environment: The environmental factors that are in the closer circles of the firm. It includes organisation's internal environment, suppliers, marketing intermediaries, customers and competitors.

Suppliers: Firms that supply consumables and raw materials to the company.

2.8 ANSWERS TO CHECK YOUR PROGRESS

- B) 3) i) True ii) True) False iv) False v) True
 4) i) Food Safety and Standard Act, 2006
 ii) Indian Sale of Goods Act, 1930
 iii) The Legal Metrology Act, 2009
 iv) Environment (Protection) Act, 1986 .

2.9 TERMINAL QUESTIONS

- 1) What is marketing environment? Describe the macro environment and micro environment of marketing.
- 2) How do environmental factors affect marketing policies and strategies?
- 3) What is marketing environment? Briefly explain the marketing environment in India.
- 4) Compare and contrast a Company's micro and macro environments.
- 5) Briefly explain various regulations that affect the marketing decision in India.
- 6) State various regulations affecting marketing in India and explain their implications.

<p>Note: These questions will help you to understand the unit better. Try to write answers for them. But do not submit your answers to the University for assessment. These are for your practice only.</p>
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