

**Introduction to Marketing Essentials**  
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**Lecture – 05**  
**Understanding the Marketing Environment, Ethical Behavior, and Social Responsibility – I**

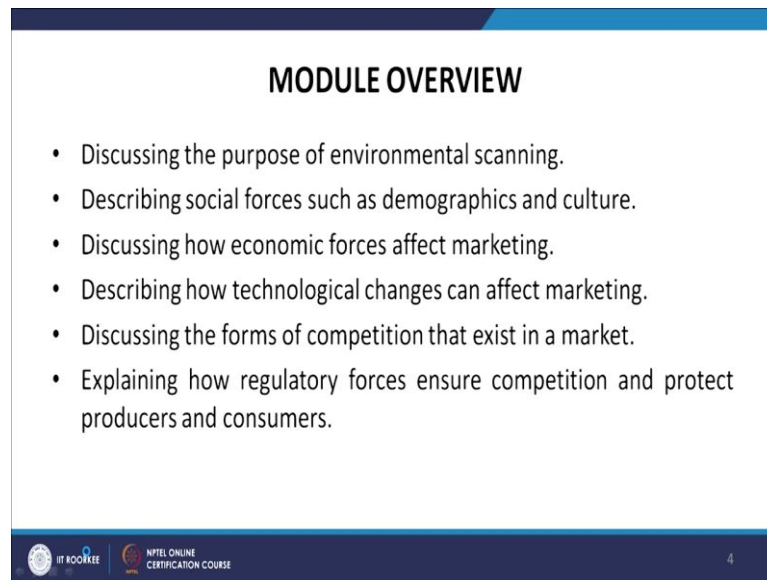
Welcome to this course on Introduction to Marketing Essentials. Now we will talk about the last topic in the first part that is on Understanding the Marketing Environment, Ethical Behavior, and Social Responsibility.

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This topic would be covered in these two modules; module number 5 and module number 6. Now keep in mind that this part 1 is important in the sense, because for the other three parts; the part 2, part 3, and part 4, this part 1 forms basic building block for understanding the other three parts.

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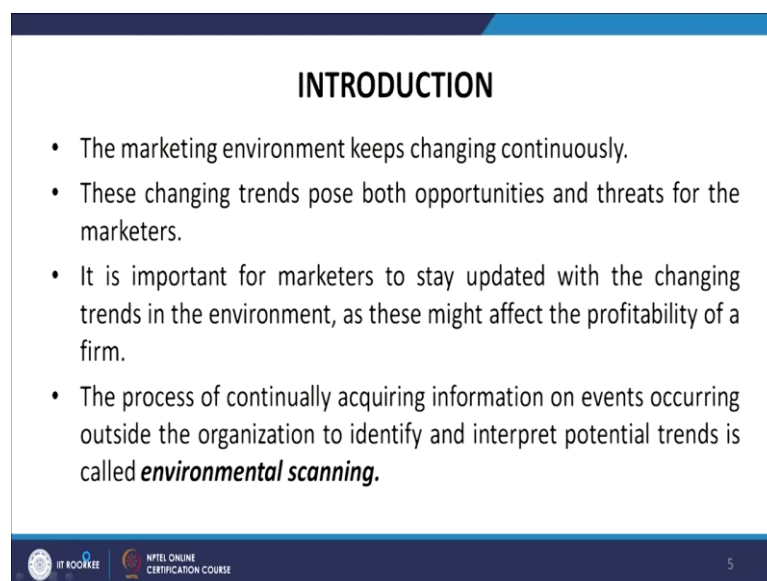
**MODULE OVERVIEW**

- Discussing the purpose of environmental scanning.
- Describing social forces such as demographics and culture.
- Discussing how economic forces affect marketing.
- Describing how technological changes can affect marketing.
- Discussing the forms of competition that exist in a market.
- Explaining how regulatory forces ensure competition and protect producers and consumers.

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Let us see what we will be covering in module 5. So, this is the module overview, we will start with discussing the purpose of environmental scanning; then we will describe social forces such as demographic forces and the cultural forces. Then next we will go on to discuss how economic forces affect marketing, and then we will also describe how technological changes can affect marketing, discuss the forms of competition that exist in a market, and explain how regulatory forces ensure competition and protect producers and consumers both.

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**INTRODUCTION**

- The marketing environment keeps changing continuously.
- These changing trends pose both opportunities and threats for the marketers.
- It is important for marketers to stay updated with the changing trends in the environment, as these might affect the profitability of a firm.
- The process of continually acquiring information on events occurring outside the organization to identify and interpret potential trends is called ***environmental scanning***.

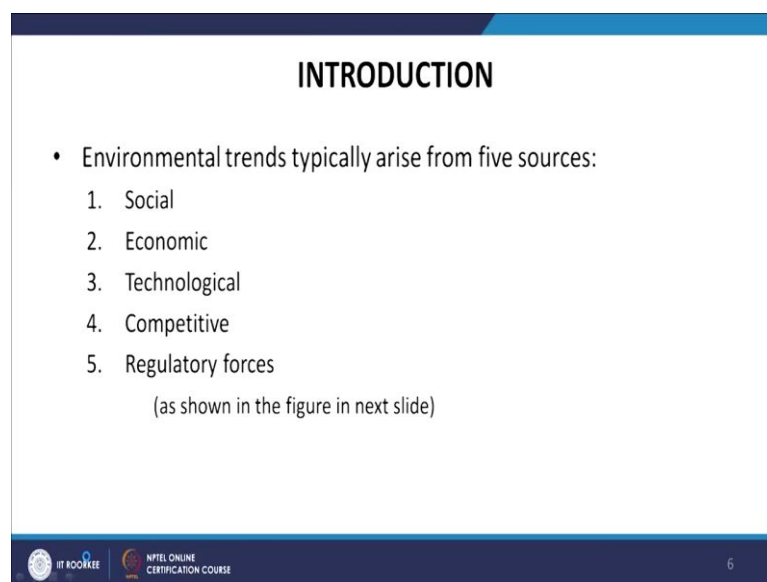
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Now, you see that the marketing environment keeps changing continuously; it is a dynamic environment. Everything in this environment, all components of this environment they keep on changing. These changing trends pose both opportunities and threats for the marketers. So, the same opportunity can be a threat for A marketer and the same threat can be an opportunity for the B marketer. It is important for marketers to stay updated with the changing trends in the environment, as these might affect the profitability of the company.

The process of continually acquiring information on events occurring outside the organization; so keep in mind that we are talking of outside events that are happening outside the organization, to identify and interpret potential trends and this is called as environmental scanning.

So, I will repeat, environmental scanning is a continuous process of acquiring information on events that are happening outside the organization. Why this is required? This is required to identify and interpret potential trends in the external environment. So, this process is called as environmental scanning.

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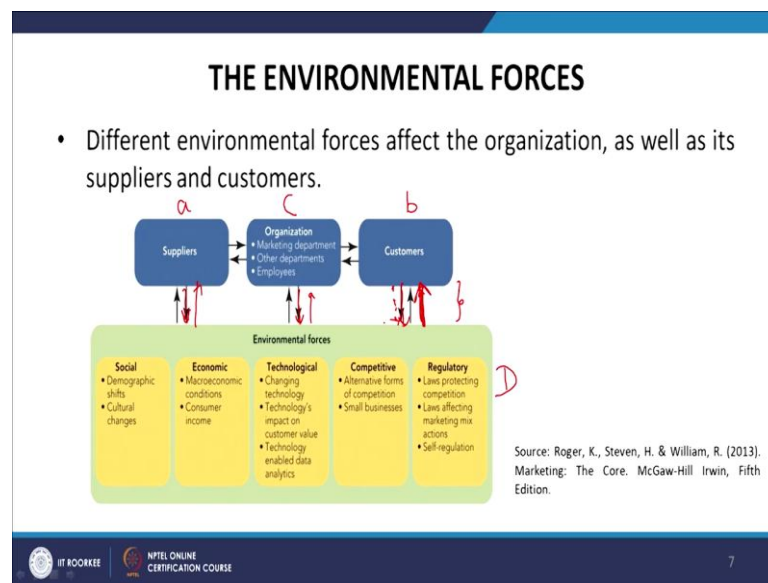
**INTRODUCTION**

- Environmental trends typically arise from five sources:
  1. Social
  2. Economic
  3. Technological
  4. Competitive
  5. Regulatory forces(as shown in the figure in next slide)

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Now, environmental trends typically arise from the following five sources; one is social, second is economic, the third is technological, the fourth is competition, and the fifth are the regulatory forces.

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And this is the figure that summarizes all these forces. So, different environmental forces affect the organization, as well as its suppliers and customers.

So, now, you see that in this box; that is the a box there are suppliers, in b box, there are customers and here in the c block this is the organization. Organization consists of the marketing departments, the other departments, and the employee.

Now all these are affected by these environmental forces, that is, this block D. This block D is consisting of the social, economic, technological, competitive and regulatory forces. Social forces, such as, demographic shifts, cultural changes; economic forces such as macro economic conditions prevailing in the economy, consumer income, disposable income and gross domestic products and taxes etcetera.

The third force is technological force; changing technology, impact of technology on customer value, and technology enabled data analytics. The fourth force is competition; alternative forms of competition and the impact of competition on small businesses. And the fifth type of force is the regulatory or the legal forces; what are the laws that protect competition, laws that affect marketing mix action and then there can be some self regulation imposed by the company on them self.

Now, you need to understand here that there are these two way arrows. So, one arrow is that all these forces are affecting the customers, the organizations and the suppliers. So

that is fine. So, you can easily understand that all these forces they are there in the external environment; and obviously they will affect all of them.

But what happens when we are talking of this arrow? That is when the organization, the suppliers and the customers they also affect environmental forces. The only difference between these two arrow is that, environmental forces are much more strong and they affect the suppliers, organization and customers to a very large extent. While the forces of suppliers, organizations and customers they are weak forces; but then they also affect the environmental factors.

So, do not get confused with these two arrows, but just keep in mind that these are very strong forces. So, I am making them bold. These are very strong forces; on the other hand these are weak forces. But both of them affect each other. Neither the suppliers, customers and organization is insulated from external environment, nor environment or environmental forces are insulated from the suppliers, the organizations, and the customers.

So, I will later on, in one of the module I will explain how this happens, this other way; that is when the suppliers they affect the environmental forces.

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**CURRENT MARKET TRENDS**

- Some of the current market trends include:
  - The economic impact of Asia,
  - The expanding growth of social networks,
  - The increasing availability of mobile apps,
  - The growing importance of customer-generated content as a competitive advantage, and
  - The growth of online privacy regulation.

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Now let us look at the current market trends. Some of the current market trends include; the economic impact of Asia for example, on the world economy in the world order; the

expanding growth of social networks; the increasing availability of mobile apps for doing n number of tasks; the growing importance of customer generated content as a competitive advantage, and the growth of online privacy regulations.

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## SOCIAL FORCES

- The social forces of the environment include the **demographic characteristics** and the **culture** of the population.
- Consumer values, lifestyles and beliefs are changing much more rapidly than they used to.
- For example, gender roles have been reversed, as indicated by the rising number of men who shop for groceries.

The diagram illustrates the components of social forces. At the top, three blue boxes labeled 'Lifestyle', 'Demographic Characteristics', and 'Culture' are connected by double-headed arrows. Below them, a green box labeled 'Environmental Forces' contains four yellow boxes: 'Social', 'Technological', 'Competitive', and 'Regulatory'. The 'Social' box is highlighted with a red border. The 'Social' box lists: Demographic change, Cultural change, and Gender roles. The 'Technological' box lists: Changing technology, Technology's impact, and Customer use. The 'Competitive' box lists: Changing competition and Global business. The 'Regulatory' box lists: New regulatory practices, New pricing, and Self-regulation.

Now, let us look at some social forces. The social forces of the environment include the demographic characteristics, and the culture of the population. Consumer values, lifestyles and beliefs are changing much more rapidly than they used to; because of the increased disposable income, because of the affect of technology, now the consumer lifestyles, values and beliefs they are changing much more rapidly.

For example gender roles have been reversed, as indicated by rising number of men who shop for groceries; rising number of men who wash cloth at home.

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**SOCIAL FORCES (DEMOGRAPHICS)**

- Describing a population according to selected characteristics such as age, gender, ethnicity, income, and occupation is referred to as **demographics**.
- Three key demographic characteristics include:
  - A population profile,
  - A description of generational cohorts, and
  - A description of racial and ethnic diversity.

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Another is demographics; describing a population according to selected characteristics such as age, gender, ethnicity, income and occupation is referred to as demographics.

The three key demographic characteristics include; a population profile, how many male, how many female, in which age groups, what is their income, what is occupation, what is their education. The second is the description of generation cohorts, and description of racial and ethnic diversity.

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**SOCIAL FORCES (DEMOGRAPHICS)**

**POPULATION PROFILE**

- According to the most recent estimates:
  - The world population is expected to grow from 6.9 billion to 9.5 billion by 2050.
  - The developing countries of Asia, Africa and Latin America are the highest contributors to this population explosion.
  - India is predicted to have the world's largest population in 2050 with 1.69 billion people, followed by China with 1.31 billion people.

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Now let us look at the population profile. According to the most recent estimates; the world population is expected to grow from 6.9 billion to 9.5 billion by 2050. The developing countries of Asia, Africa and Latin America are the highest contributors to this population explosion.

India is predicted to have the world's largest population in 2050 with 1.69 billion people followed by china with 1.31 billion people. So, India is predicted to have the largest share of the world population.

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**SOCIAL FORCES (DEMOGRAPHICS)**

**POPULATION PROFILE**

- Demographic changes can have adverse effects on marketing efforts of companies:
  - For example, the declining birth rate in most Western countries, the U.S. included, has an obvious effect on sales of baby products.
  - The increasing percentage of the older population, affects the sales of the products used by old people.

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Demographic changes can have adverse effects on marketing efforts of companies.

For example, the declining birth rate in most Western countries, including the US has an obvious effect on sales of baby product.

The increasing percentage of the older population, affects the sales of the products used by old people.



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**SOCIAL FORCES (DEMOGRAPHICS)**

**GENERATIONAL COHORTS**

- **Baby Boomers:** The generation of children born between 1946 and 1964.
  - Retiring at the rate of 10,000 every 24 hours .
  - All will be 65+ by 2030.
- **Generation X:** Members of the population born between 1965 and 1976.
  - Self-reliant, supportive of racial and ethnic diversity.
  - Better educated than any previous generation.
  - They have become the largest segment of business travelers.

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Next of the social forces is generational cohorts. So, now, there are three, four types of generation cohort. The first is the baby boomers - the generation of children born between 1946 and 1964.

So, there are certain characteristics associated with all these generational cohorts. For example, in baby boomers, they are retiring at the rate of 10,000 every 24 hours; all will be 65 plus by 2030. Next of the generational cohort is the generation X; members of the population born between 1965 and 1976. They are self-reliant, supportive of racial and ethnic diversity, better educated than the previous generation, and they have become the largest segment of business travelers.

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**SOCIAL FORCES (DEMOGRAPHICS)**

**GENERATIONAL COHORTS**

- **Generation Y (Millennials):** The members of population born between 1977 and 1994.
  - 72 million people, in only U.S.
  - Exert influence on music, sports, computers, Video games, and all forms of communication and networking.

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Next generational cohorts are generation Y; they are also called as millennial. The member of the population born between 1977 and 1994; 72 million people in US only; they exert influence on music, sports, computers, video games and all forms of communication and networking.

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**SOCIAL FORCES (DEMOGRAPHICS)**

**RACIAL AND ETHNIC DIVERSITY**

- India is ethnically diverse, with more than 2000 different ethnic groups.
- There is a significant diversity within regions, and almost every state has its own mixture of ethnicities.
- **Multicultural marketing programs**, are combinations of the marketing mix that reflect the unique attitudes, ancestry, communication preferences, and lifestyles of different races and ethnic groups.

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Now let us look at the racial and ethnic diversity. India is ethnically diverse with more than 2000 different ethnic groups. There is a significant diversity within region and almost every state has its own mix of ethnicities. Now because of this another

phenomenon that has come into being is multicultural marketing programs. Now these multicultural marketing programs are combination of the marketing mix that reflects the unique attitude, ancestry, communication preferences, and lifestyles of different races and ethnic groups.

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The slide is titled "SOCIAL FORCES (CULTURE)" and contains three bullet points. The first bullet point defines culture as a set of values, ideas, and attitudes learned and shared within a group. The second bullet point states that monitoring national and global cultural trends is important for marketing because these elements influence consumer buying patterns. The third bullet point notes that culture can change over time. The slide footer includes the logos for IIT ROORKEE and NPTEL ONLINE CERTIFICATION COURSE, along with the slide number 16.

**SOCIAL FORCES (CULTURE)**

- **Culture** is the set of values, ideas, and attitudes that is learned and shared among the members of a group.
- Monitoring national and global cultural trends is important for marketing because many of the elements of culture influence consumer buying patterns.
- Culture may vary over time.

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Now, another important social force is that of culture. So, this is the most typical thing to understand in marketing; because it can affect lots of decision made by marketers. Culture is a set of values, ideas and attitudes that is learned and shared among the members of a group. Monitoring national and global cultural trends is important for marketing because many of the elements of culture influence consumers buying pattern; and the culture also vary over time.

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### SOCIAL FORCES (CULTURE)

- An increasingly important value for consumers around the globe is sustainability and preservation of the environment.
- Companies are changing their business practices to respond to such trends in consumer values.
- E.g. Walmart has set ambitious goals to cut energy use by buying more local products, reducing packaging, and switching to renewable power.

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Companies are changing their business practices to respond to such trends in consumer values. For example, Walmart has set ambitious goals to cut energy used by buying more local products, reducing packaging, and switching to renewable power.

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### ECONOMIC FORCES

- The **economy**, pertains to the income, expenditures, and resources that affect the cost of running a business and household.
- Two aspects of these economic forces are:
  - 1 – A macroeconomic view of the marketplace, and
  - 2 – A microeconomic perspective of consumer income.




The diagram illustrates the flow from Supply, Demand, and Customers to Economic Forces. Economic Forces are categorized into four main areas: Supply, Demand, Competition, and Regulatory. Each area has several sub-factors listed below it.

Supply	Demand	Customers
• Logistics	• Inventory	• Customer
• Procurement	• Order	• Supplier
• Distribution	• Demand	• Buyer
• Production	• Supply	• Seller
• Sales	• Demand	• Buyer
• Marketing	• Supply	• Seller
• Customer	• Demand	• Buyer
• Supplier	• Supply	• Seller

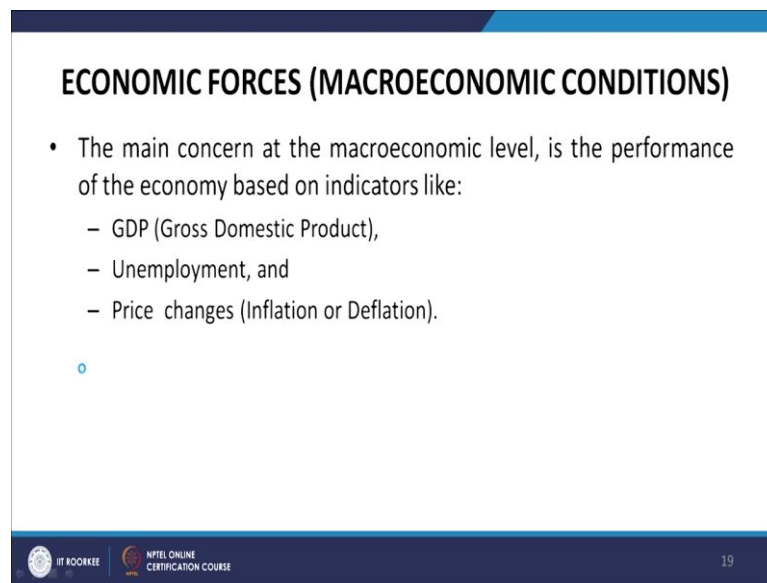
Supply	Demand	Competition	Regulatory
• Logistics	• Inventory	• Competition	• Regulation
• Procurement	• Order	• Demand	• Compliance
• Distribution	• Demand	• Supply	• Legislation
• Production	• Supply	• Competition	• Regulation
• Sales	• Demand	• Demand	• Compliance
• Marketing	• Supply	• Supply	• Legislation
• Customer	• Demand	• Competition	• Regulation
• Supplier	• Supply	• Demand	• Compliance

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The next of the important forces is the economic force. What is economy? So, this economy pertains to the income, expenditures, and resources that affect the cost of running a business and household.

Two aspects of these economic forces are: the first is and we are talking about this box. The first is a macroeconomic view of the marketplace, and the second is a micro economic perspective of consumer income.

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**ECONOMIC FORCES (MACROECONOMIC CONDITIONS)**

- The main concern at the macroeconomic level, is the performance of the economy based on indicators like:
  - GDP (Gross Domestic Product),
  - Unemployment, and
  - Price changes (Inflation or Deflation).

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Now what are these macroeconomic conditions? The main concern at the macroeconomic level is the performance of the economy based on indicators like the GDP that is gross domestic product, unemployment or unemployment rate and the price changes, inflation or deflation.

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**ECONOMIC FORCES (MACROECONOMIC CONDITIONS)**

- In an *inflationary economy*, the cost to produce and buy products and services escalates as prices increase.
- From a marketing standpoint, if prices rise faster than consumer incomes, the number of items consumers can buy decreases.
- Thus marketers might opt for various strategies like increasing the advertisement expenditure, or making the product available in smaller packages.

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Now, what happens in an inflationary economy? The cost to produce and buy products and services escalates as price increases. So, from a marketing standpoint, if prices rise faster than consumer income, the number of items consumer can buy will obviously decrease. The marketers must opt for various strategies like increasing the advertising expenditure, or making the product available in smaller packages, so that it becomes easier for the consumers to buy.

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**ECONOMIC FORCES (MACROECONOMIC CONDITIONS)**

- Periods of declining economic activity are referred to as *recessions*.
- During recessions, businesses decrease production, unemployment rises, and many consumers have less money to spend.
- Brands that increase advertising during a recession, when competitors are cutting back, can improve market share and return on investment at lower cost.

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Periods of declining economic activity are referred to as recessions. So, during recessions, business decreases production, unemployment increases, and many consumers now have less money to spend. Brands that increasingly advertise during a recession, when competitors are cutting back on their advertising and marketing expenditure can improve market share and return on investment at a much lower cost.

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**ECONOMIC FORCES (MICROECONOMIC CONDITIONS)**

**CONSUMER INCOME**

- Having a product that meets the needs of consumers may be of little value if they are unable to purchase it.
- A consumer's ability to buy is related to income, which consists of
  - Gross income,
  - Disposable income, and
  - Discretionary income.

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Now, what is this consumer income? Having a product that meets the needs of the consumer may be of little value, if they are unable to purchase it.

So, a consumer's ability to buy is related to income. Now this income consists of gross income, disposable income and discretionary income.

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**ECONOMIC FORCES (MICROECONOMIC CONDITIONS)**

**CONSUMER INCOME (GROSS INCOME)**

- The total amount of money made in one year by a person, household, or family unit is referred to as **gross income**.
- Various sources other than salary included in gross income would be:
  - Any interest earned from accounts
  - Dividend payouts from investments
  - Rental income
  - Alimony
  - Wages from secondary or freelance jobs
  - Pensions

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What is this gross income? The total amount of money made in one year by a person, household, or a family unit is referred to as gross income.

Various sources other than salary included in gross income would be; any interest earned from various accounts, dividend payouts from investments, rental income, alimony, wages for secondary or freelance jobs, and pensions.

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**ECONOMIC FORCES (MICROECONOMIC CONDITIONS)**

**CONSUMER INCOME (DISPOSABLE INCOME)**

- The money a consumer has left, after paying taxes, to use for necessities such as food, housing, clothing, and transportation is referred to as **disposable income**.
- The rise or fall in the taxes and prices of the products, the income remaining constant, have an impact on the disposable income.

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What is disposable income? The money a consumer has left, after paying taxes, to use for necessities such as food, housing, clothing and transportation is referred to as disposable income.

The rise or fall in the taxes and prices of products, the income remaining constant, has an impact on disposable income. So, if the taxes go up, the price of the product will go up; while if income is constant, then now the money that is left with the consumer to buy necessities decreases.

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**ECONOMIC FORCES (MICROECONOMIC CONDITIONS)**

**CONSUMER INCOME (DISCRETIONARY INCOME)**

- The money that remains after paying for taxes and necessities is referred to as the *discretionary income* and is used for luxury items.
- An obvious problem in defining discretionary versus disposable income is determining what is a luxury and what is a necessity.

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What is discretionary income? The income that remains after paying for taxes and necessities is referred to as the discretionary income and it is used for luxury item.

So, in disposable income the money was spent on basic necessities; now what the amount of money that is left and which is now called as discretionary income, this money can be used for luxury items. An obvious problem in defining discretionary versus disposable income is determining what is luxury and what is a necessity.

So obviously, many things may be a necessity for me; but it may be luxury for you or it may be a necessity for you and luxury for me. So, there is some amount of debate and confusion in that.

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## ECONOMIC FORCES (MICROECONOMIC CONDITIONS)

### CONSUMER INCOME (DISCRETIONARY INCOME)

- The percentage of income spent on food and housing typically declines as income increases, which can provide an increase in discretionary income.
- Discretionary expenditures can also be increased by reducing savings.

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So, the percentage of income is spent on food and housing typically declines as income increases, which can provide an increase in discretionary income. Discretionary expenditures can also be increased by reducing savings. So, either you reduce the consumption or the expenditure or you reduce the saving; so that is how the discretionary income can be increased and this can now be used for buying of luxury.

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## TECHNOLOGICAL FORCES

- **Technology** refers to inventions or innovations from applied science or engineering research.
- Each new wave of technological innovation can replace existing products and companies.
- For example, tablet computers, online meeting services, and satellite communicators, are likely to become substitutes for existing products and services such as magazines, business travel, and even wireless service.

Social	Service	Substitution	Competition	Regulatory
• Facebook	• Amazon.com	• Uber	• Amazon.com	• Healthcare
• LinkedIn	• Expedia	• Netflix	• eBay	• Education
• Google	• Airbnb	• Uber	• Walmart	• Insurance
• Apple	• Uber	• Uber	• Walmart	• Insurance
		• Uber	• Walmart	• Insurance

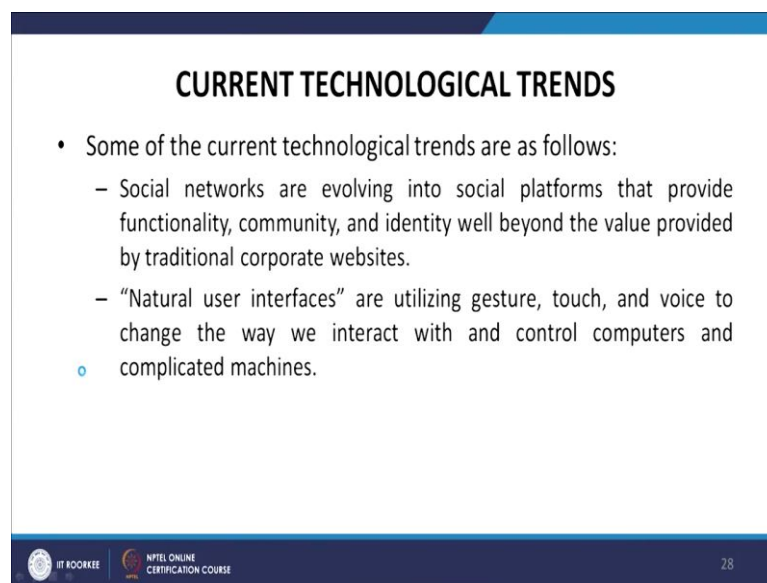
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Now, let us move on to the third box that is technology. So, what are these technological forces? Technology refers to inventions or innovations from applied science or

engineering research. Each new wave of technological innovation can replace existing products and companies. So, a new technology may come and it may replace; it may force an existing product to go out of market and with this product some companies may also go out of market.

For example, tablet computers, online meeting services, and satellite communicators are likely to become substitute for existing products and services such as magazines, business travel and even wireless service.

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**CURRENT TECHNOLOGICAL TRENDS**

- Some of the current technological trends are as follows:
  - Social networks are evolving into social platforms that provide functionality, community, and identity well beyond the value provided by traditional corporate websites.
  - “Natural user interfaces” are utilizing gesture, touch, and voice to change the way we interact with and control computers and complicated machines.

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Now let us look at what are some current technological trends. Some of the current technological trends are as follows.

So, social networks are evolving into social platforms that provide functionality, community, and identity well beyond the value provided by traditional corporate websites.

“Natural user interfaces” are utilizing gestures, touch and voice to change the way we interact with and control computers and complicated machines.

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**CURRENT TECHNOLOGICAL TRENDS**

- *Some of the current technological trends contd. :*
  - Green technologies such as SmartGrid infrastructure, online energy management, and consumer-generated energy (e.g., home wind turbines) are gaining widespread acceptance among consumers.
  - Biotechnology is being used to develop genetically modified crops to create enough food for a growing world population.

*Handwritten diagram: A circle divided into two sectors. The larger sector is labeled 'Agriculture' and the smaller sector is labeled 'Housing'.*

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We are still continuing with the current technological trends; yet another trend is green technologies such as SmartGrid infrastructure, online energy management, and consumer generated energy that is home wind turbines and installing solar panels on your roof and generating energy are gaining widespread acceptance among consumers across the world.

Biotechnology is being used to develop genetically modified crops to create enough food for a growing world population. Now you see the problem here is that, the total amount of land available is fixed. So, if the population increases, then more of the land is used for housing and less is available for agriculture.

So, as the population increases, this amount of land and housing it keeps on increasing; and the amount of land available for agriculture it keeps on decreasing. So, it means that the efficiency or productivity of agriculture has to go up, so as to feed the increasing population.

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**CURRENT TECHNOLOGICAL TRENDS**

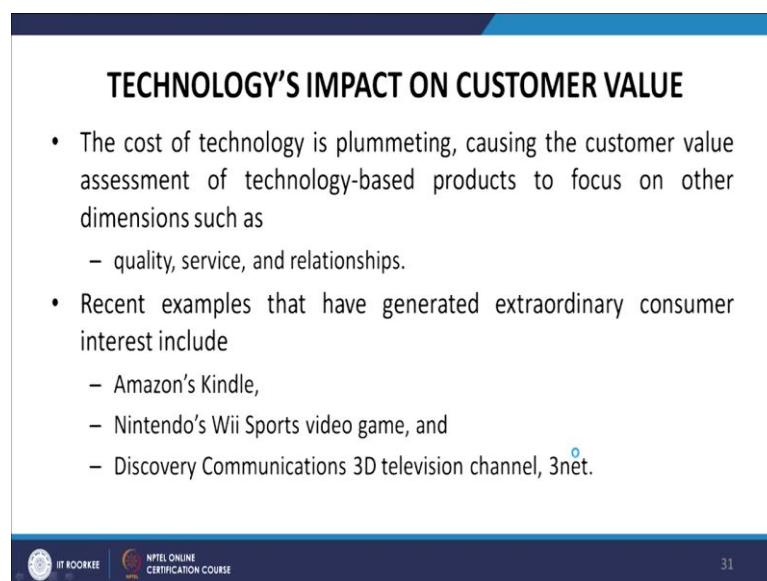
- Some of these trends in technology, mentioned earlier, are already seen in today's marketplace.
  - Facebook, for example, enables users to log into other online communities using their Facebook identity through Facebook Connect.
  - Microsoft has pioneered natural user interface use with its 3D image capture technology called Kinect.

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Some of these trends in technology as mentioned earlier, are already seen in today's marketplace.

Facebook, for example, enables users to log into other online communities using the Facebook identity through Facebook Connect. Microsoft has pioneered natural user interface use with the 3D image capture technology.

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**TECHNOLOGY'S IMPACT ON CUSTOMER VALUE**

- The cost of technology is plummeting, causing the customer value assessment of technology-based products to focus on other dimensions such as
  - quality, service, and relationships.
- Recent examples that have generated extraordinary consumer interest include
  - Amazon's Kindle,
  - Nintendo's Wii Sports video game, and
  - Discovery Communications 3D television channel, 3net.

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Now let us look at how this technology is impacting customer value. The cost of technology is decreasing, causing the customer value assessment of technology based product to focus on their dimensions, such as quality, service and relationships.

Recent examples that have generated extraordinary consumer interest include; Amazon's Kindle, Nintendo's Wii Sports video game, and discovery communications 3D television channel, which is 3 net.

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**TECHNOLOGY'S IMPACT ON CUSTOMER VALUE**

- The transformative power of technology may be best illustrated by the rapid growth of the "marketspace."
- Marketspace is defined as an information and communication based electronic exchange environment occupied by digitized offerings.
- Electronic commerce represents one of the most relevant forms of marketspace.

*Market place  
+  
physical place  
where buyers & sellers  
meet.*

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The transformative power of technology may be best illustrated by the rapid growth of the market space. So, we are not talking of market place, but we are talking of market space; is defined as an information and communication based electronic exchange environment occupied by digitized offering. And this marketplace is a physical place, where buyers and sellers meet.

So, electronic commerce represents one of the most relevant forms of market space.

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### COMPETITIVE FORCES

- **Competition**, refers to the alternative firms that could provide a product to satisfy a specific market's needs.
- There are various forms of competition, and each company must consider its **present** and **potential** competitors in designing its marketing strategy.

*Specific needs -> specific markets*  
*alternative firm*

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The fourth type of environmental force is the competition or the competitive forces. Competition refers to the alternative forms that could provide a product to satisfy a specific market need. So, all those alternative firms that could provide a product which can satisfy a specific market's needs. So, we are talking of needs, specific needs of specific market.

So, any alternative firm that could provide a product; so any product that is provided by a alternative firm that is referred to as competition. There are various forms of competition, and each company must consider its present and potential competitors in designing its marketing strategy. So, we are not just talking of present, but also potential. So, the company has to keep an eye open for the present as well as potential competition.

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**ALTERNATIVE FORMS OF COMPETITION**

- 1 • **Pure competition:** There are many sellers and they each have a similar product.
- 2 • **Monopolistic competition:** Many sellers compete with substitutable products within a price range.
- 3 • **Oligopoly:** A common industry structure which occurs when a few companies control the majority of industry sales.
- 4 • **Pure monopoly:** When only one firm sells the product.

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Now, there are various alternative forms of competition. The first is pure competition; there are many sellers and they each have a similar product. The second is monopolistic competition, there are many sellers competing with substitute products within a price range. The third type of competition is oligopoly, of common industry structure which occurs when a few companies control the majority of the industry sales; and the fourth one is pure monopoly, when only one firm sells that product.

Now, the idea of understanding these various types of competition is that, the firm, a company and its marketer have to identify which type of competition is happening in their industry and then come up with the marketing strategy accordingly.



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### REGULATORY FORCES

- **Regulation** consists of restrictions that the governmental laws place on business with regard to the conduct of its activities.
- Government regulation seeks to ensure competition and fair business practices, while protecting consumers from unfair trade practices and ensure their safety.

*Consumer safety from company  
Trade / business env't is a level playing field for everyone  
Company from other companies*

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The last of the environmental forces are regulatory forces. Regulation consists of restrictions or the controls that the government's law places on business with regard to the conduct of its activities.

So, now these regulations or laws they decide, they put restrictions with regard to how the business activities of a firm will be carried out. So, it is not that a firm can do anything, but the government comes into play. Government regulation seeks to ensure competition and fair business practices, while protecting consumers from unfair trade practices and ensure their safety. So, the role of the government is to the safety of the consumers and also the company.

So, safety of consumers from company and safety of company from other companies. So that this trade or business environment is a level playing field for everyone.

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**CONSUMERISM**

- A grassroots movement to increase the influence, power, and rights of consumers in dealing with institutions.
- Consumerism is society's attempt to redress the imbalance in the exchange transactions between sellers and buyers.
- It aims to remove the injustices, and eliminate unfair marketing practices,
  - E.g., misbranding, spurious products, unsafe products, fictitious pricing, deceptive packaging, and misleading advertisements, etc.

*making some claims which are not scientifically proven.*

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Now let us look at this consumerism. A grass root movement to increase the influence, power and rights of consumers in dealing with institutions. For what? To increase the influence and power and rights of consumer in dealing with the institutions.

Consumerism is society's attempt to redress the imbalance in the exchange transaction between the seller and the buyer. It aims to remove the injustice, and eliminate unfair marketing practices; unfair marketing practices by the company. So, the aim is to remove the injustices and also to eliminate the unfair marketing practices that are undertaken by these companies.

For example, misbranding, spurious product, unsafe product, fictitious pricing, deceptive packaging and misleading advertising. Misleading advertising means that, making some claims which are not scientifically proven. So, you will find that several companies they keep on making several kind of claims that, the usage of this cream will make you fairer, usage of their shampoo will make your hair long. So, government control all this kind of information that is given to the consumer, so that the companies do not keep on making this misleading claims about the benefits of their product.

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**CONTROL THROUGH SELF-REGULATION**

- It is an alternative to government control, whereby an industry attempts to police itself.
- The major television networks, for example, have used self regulation to set their own guidelines for TV ads for children's toys.
- It might however suffer from the issues of non-compliance by the members and enforcement.

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Then there can be control through self-regulation also. It is an alternative to government's control, whereby an industry attempts to police itself. So, that is self-control. The major television networks, for example, have used self regulation to set their own guidelines for TV ads for children's toy. It might however, suffer from the issue of non compliance by the members; and therefore how to go about enforcing those self regulations.

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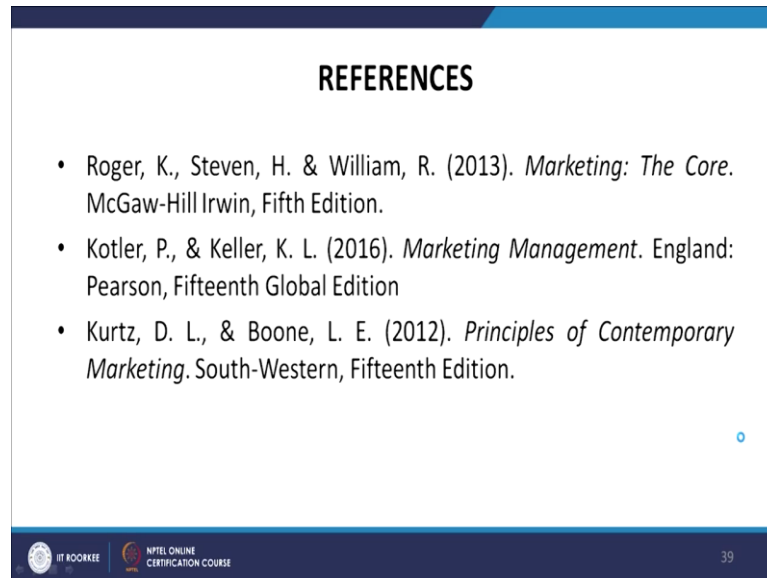
**CONCLUSION**

- We started this module by introducing the purpose of environmental scanning in marketing followed by the introduction to different environmental forces.
- Each environmental force and its impact on marketing was discussed one by one, which included:
  - 1) Social forces
  - 2) Economic forces
  - 3) Technological forces
  - 4) Competitive forces
  - 5) Regulatory forces

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Now, to conclude we started this module by introducing the purpose of environmental scanning in marketing followed by the introduction of different environmental forces. Each environmental force and its impact on marketing was discussed one by one and these forces I will repeat includes; social forces, economic forces, technological forces, competitive forces and the regulatory forces.

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And these are the three books from which the material for this module was taken.

Thank you.