Marketing Realities in the New Environment: Challenges and Opportunities

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ABSTRACT

The marketplace is changing rapidly and is different from what it used to be previously. Today's marketplace has access to more information, is more competitive, and customers are more empowered. The change has happened because of several societal forces that have resulted in new consumer and capabilities. The four major forces that are transforming the marketplace include technological changes, globalization, social responsibility, and consumer concerns about sustainability. The study discusses about the changes these forces are bringing in the marketplace. These forces are creating new challenges and opportunities and significantly changing the marketing environment. Companies require acknowledging the dynamic nature of the marketplace, major forces causing the changes, growing with the new marketing realities, and achieving business excellence.

KEYWORDS

Globalization, Innovation, Marketing Environment, Marketplace, Social Media, Social Responsibility, Sustainability, Technological Development

1. INTRODUCTION

The marketplace is changing rapidly with developments taking place regularly (Ahmed, Aremu, Mukaila, Awotunde, & Tolulope Olowe, 2017). The marketplace is different from what it used to be few years back. Marketing realities are changing because of marketing behavior, marketing opportunities, and challenges emerging in the marketplace (Reynolds, 2019). The marketplace is changing mainly because of four transformative forces which include technology, globalization, social responsibility, and customer concerns about sustainability (Kirkpatrick, 2018). The study discusses about the impact of these forces on the marketing environment and how they are changing the marketplace. Knowledge and analysis of the forces are essential for marketers to appreciate the influence of the forces in transforming the marketplace and the business environment. Companies will be equipped better to face the competition with the knowledge of the forces.

The main objective of the study is to underline the importance of the four transformative forces identified above. The study aims to understand the forces and how these forces are creating impact on the marketing environment. The study aims to analyze how companies are developing their

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marketing strategies and formulating various initiatives to succeed in the tough marketplace and achieve business excellence.

The study aimed at analyzing the forces and the strategies formulated by and initiatives taken by companies. The methodology adopted is the analysis of the forces and their impacts on the business environment with the help of latest and relevant literature on the topic. A qualitative and conceptual analysis of the literature and real-life business examples was done.

The paper is structured as follows.

Section 2 discusses about the technological developments and the changes taking place in the marketplace because of such developments. Section 3 discusses about globalization and its impacts on the business environment. Section 4 focuses on the social responsibilities of companies. Section 5 discusses about the concerns of customers about sustainability. Section 6 discusses the salient points of the study with sub-section 6.1 focusing on the managerial implications. Section 7 concludes the study with sub-section 7.1 focusing on the avenues of future research.

2. TECHNOLOGICAL DEVELOPMENTS AND CHANGES IN MARKETPLACE

The present age is marked with technological developments. The developments are happening fast. The speed of change and the level of technological innovation are incredible (Suvarna, 2020). Technological developments in almost all countries are incredible. The number of mobile phone users in a country like India exceeded 1.18 billion by early 2020 (Narayanan, 2020). Individuals are accessing the internet on their smartphones. The number of smartphones exceeds the number of individuals using them. Internet users are embracing the social media. Individuals come online on social media to connect with others, share their views and opinions, and understand the views and opinions of others. Individuals access social media websites like Facebook, Myspace, LinkedIn, Twitter, and Instagram for various purposes. The number of monthly users accessing Facebook has surpassed 2.4 billion (Verseillie, Laconi, & Chabrol, 2020). The internet is penetrating at a fast rate even in developing countries like Africa. In Africa, more than half of the population access the internet monthly (Nganje, 2020).

Web penetration is taking place rapidly in emerging markets. Individuals are accessing e-commerce websites through their smartphones in such markets. The Boston Consulting Group believes that brand marketers must enhance their 'digital balance sheets' (Kiron, Prentice, & Ferguson, 2012). Individuals and marketers have access to all types of information at their fingertips. Massive amounts of data and information are available at a minimum cost. Technology research specialists from Gartner predict that chief marketing officers (CMOs) will spend more time on information technology (IT) than chief information officers (CIOs) (Kiron et al., 2012). Proper understanding and collaboration between CMOs and CIOs are essential to launch new products and services. For example, CMO and CIO of Aetna collaborated successfully to launch iTriage, a popular health app for the iPhone (Hempel, 2012). The app allows users to research ailments, find nearby physicians, and get knowledge about prescribed medicines (Hempel, 2012).

Procter & Gamble (P&G) is a company which makes maximum utilization of technology and its developments. It allows P&G to stay ahead of its competitors. P&G applies the latest technological developments in all the countries where it operates (Cahoy, 2020). P&G uses the latest developments like ubiquitous high-speed networking data visualization, and high-speed analysis of multiple information systems. P&G has facilities all over the world where real-time display of market shares, profits, and prices by country, region, product, and brand are available. For example, Tide, a leading detergent from P&G maintains dedicated news desk. Tide keeps track of customer responses on the social media through the news desk. Customers can interact with company personnel of P&G through the help desk. Tide was used to clean a fuel spill in a NASCAR race. P&G used the opportunity to promote Tide with social media advertisements and real news footage within 72 hours of the incident (Kiron et al., 2012). P&G also uses a number of other technology applications. One pilot study

revealed that the revenues of P&G increased by 1.5 percent when P&G salespersons were provided with iPads to demonstrate the products and explain their features to customers. The iPads also helped in explaining the layouts of different floor displays to store customers (Hardy, 2011).

In previous times, companies used to gain competitive advantage over others if they had access to information. However, now-a-days, the belief 'information is power' is giving way to the new belief that 'sharing of information is power' (Kirkpatrick, 2018). Customers of most of the companies create online communities to interact among themselves. Software giant, SAP's online community has more than two million customers, partners, and others. P&G encourages its customers to submit new product ideas. Every year, the 100 best ideas submitted by customers are implemented for new product development (Kiron et al., 2012).

Marketers utilize the social media for collection of information about customers. Companies maintain webpages on Facebook where they post advertisements offering discounts and free offers to new customers. Customers are encouraged to share their information like names, phone numbers, and e-mail addresses with companies (Gleasure, 2020). For example, the social network, The Gent's Place barbershop in Frisco, Texas picked up 5000 clients. The average marketing cost per person is around \$10.13 which the company recovers from its customers through repeat purchases (Knapp, 2012).

Traditional marketing activities are influenced by technological developments. Companies can schedule and organize their marketing activities better with the help of technology. For example, drug maker Roche issues iPads to its salespeople to improve their efficiency and sales force effectiveness (Mansell, 2012). The initiative helped Roche to increase the efficiency of its salespeople. Roche also maintained a sophisticated customer relationship management (CRM) software system. Salespeople provided the data for the software system. The collection of data by salespeople was made possible by the availability of iPads. Salespeople were able to update the software system real-time with the help of iPads. The initiative resulted in entry of accurate data, improvement in the quality of data, and saving time for salespeople which could be utilized for other effective purposes (Mansell, 2012).

3. GLOBALIZATION AND ITS IMPACTS

Technological developments and seamless communications have made the world a global village. Recent developments in transportation, shipping, and communication technologies have made it easier and possible for individuals to know the rest of the world, to travel, and to buy and sell anywhere. Research has suggested that by 2025, annual consumption in emerging markets will total \$30 trillion and contribute to more than 70 percent of global GDP growth (Atsmon, Child, Dobbs, & Narasimhan, 2012). Services will be the major contributor to global GDP. It is predicted that emerging markets will contribute to more than 56 percent of global financial services. This is a substantial increase from 18 percent in 2010 (Atsmon et al., 2012).

Developing countries usually have high population and have the advantage of demographic trends. The median age of population of countries like India, Pakistan, and Egypt is below 25 years (Scherbov, Sanderson, & Andruchowicz, 2020). The disposable income of these countries is increasing at a remarkable pace. The middle class is earning more than \$3000 per year in most of the developing countries. The countries whose economies in the emerging markets are growing the fastest include Peru, China, and Philippines (Sankaran, Vadivel, & Jamal, 2020).

Countries have become multi-cultural. Globalization has reduced or eliminated borders. The minority population of the United States has a major influence on the economy of the country. The purchasing power of the minorities is growing faster than that of the general population (Massey, 2020). The minority buying report prepared by the University of Georgia's Terry College of Business states that the combined buying power of U.S. minorities (African Americans, Asians, and native Americans) rose from \$1.6 trillion in 2010 to \$2.1 trillion in 2015. It accounted for more than 15 percent of the nation's total buying power. The buying power of U.S. Hispanics rose from \$1 trillion in 2010 to \$1.5 trillion in 2015, nearly 11 percent of the nation's total (Massey, 2020). Due to all these

reasons, most of the multi-national companies estimate and prepare a multi-cultural media budget (Del Barrio-García, Kamakura, & Luque-Martínez, 2019).

Globalization has made it possible for countries to have dialogues and to exchange ideas. It helps in introducing innovation in product development. Companies can generate ideas, apply the ideas in one market, get lessons from one country, rectify their errors, and introduce the improved offerings in markets of other countries (Ivanov & Zelchenko, 2020). General Electric (GE) was not much successful in the Chinese markets for years. The premium ultrasound scanners of GE did not gain a foothold in China. However, the experience gained from the Chinese markets was invaluable for GE. Based on the feedback of Chinese customers, GE successfully developed portable, ultra-low-cost version of the scanner that addressed the unique market needs, requirements, and preferences of China. Later, GE introduced the scanner for sales in the markets of developed countries. The scanner is used extensively in ambulances and operating rooms where existing models were too big (Govindarajan & Trimble, 2012).

4. SOCIAL RESPONSIBILITIES OF COMPANIES

Companies have responsibilities not only for their customers but also towards the society at large. Various social and other important issues like poverty, population, water shortages, wars, climate change, and wealth concentration demand the attention of marketers (Colucci, Tuan, & Visentin, 2020). It is imperative that companies themselves become proactive in taking initiatives that protect the interests of the society. They take interest and sufficient responsibility in improving living conditions. Companies, now-a-days, place a lot of importance on corporate social responsibility (CSR). Most of the companies undertake a number of CSR initiatives (Ronghangpi & Bhowal, 2020).

The initiatives, strategies, and policies adopted by companies have impact on the society at large. So, companies have a responsibility to consider the ethical, legal, environmental, and social context of their activities (Goto & Sueyoshi, 2020). Companies should understand the requirements and preferences of customers in the markets they serve and satisfy them more effectively and efficiently than their competitors. At the same time, companies require realizing the social implications of their activities. They require preserving the interests of customers and society and work towards society's long-term well-being (Goto & Sueyoshi, 2020).

Customers are now-a-days, more socially conscious and responsible than ever (Jeon, Lee, & Jeong, 2020). Many of the companies like The Body Shop, Timberland, and Patagonia incorporate social responsibility as one of their primary goals. This helps companies in differentiating themselves from competitors, build customer preferences, generate revenues and profits, and achieve business excellence (Goto & Sueyoshi, 2020).

5. CONCERNS OF CUSTOMERS ABOUT SUSTAINABILITY

Researchers and critics emphasize that customers want to see companies not only serving them with products and services but also to value them as complete human beings and also to have concerns about the society (Kotler, Kartajaya, & Setiawan, 2019). Marketers should realize that their basic responsibilities extend much beyond pure consumerism. Successful marketers should be empathetic about the long-term well-being of the society. Researchers believe that a third wave of marketing, 'Marketing 3.0' has moved us beyond the product-centric and the consumer-centric models of the past (Kublashvili, 2019). The new wave depends on three major trends. These include increased customer participation and collaborative marketing, globalization, and the rise of a creative society (Kaul, 2012).

Individuals prefer to use technological developments which are sustainable. These include low-cost internet, cheap computers and mobile phones, and open source services and systems. Marketers take the help of social media to communicate with customers in newer and innovative ways. This change is accelerated with expressive and collaborative ways in which

communications can be done on social media forums like Facebook, Twitter, LinkedIn, and Wikipedia (Cabiddu, Dessì, & Floris, 2020).

Companies and brands that resonate with the cultural values have higher chances of gaining heart share of customers and consequently, gain higher market share. People are emotionally attached to a cultural brand and might position itself as a national or local alternative to a global brand. People become more concerned about product quality when global brands possess poor environmental standards (Stewart & Carey, 2020). In such cases, people prefer going for brands with which they are emotionally attached and which they feel are concerned about the society.

Creativity and innovativeness of people in an organization are imperative to succeed in developed economies. Marketing can now help companies tap into creativity and spirituality by instilling marketing values in corporate culture, vision, and mission (Kotler et al., 2010). Research shows that in future, marketing requires adopting a horizontal orientation. Communications will take place more among consumers themselves than between consumers and marketers. Researchers also believe that the economic downturn of 2008-2009 has fundamentally changed the behavior of consumers. They have become cautious and thrifty. The downturn also resulted in a breach of trust between customers and companies (Krauss, 2011). Customers now increasingly depend on each other for credible information, suggestions, and advice while selecting products (Li, Ong, & Ito, 2020).

6. DISCUSSIONS

The marketplace is changing rapidly at present. The changes have been brought about by a number of forces which include technological changes, globalization, social responsibility, and sustainability and customer concerns about the environment. Companies require to be aware about these forces, analyze them, and develop marketing strategies accordingly. The forces have created both opportunities and challenges and have significantly changed marketing management. Companies seek the right balance between tried-and-true methods and new approaches with major breakthroughs to achieve business excellence.

The study focused in detail about the changes taking place due to four forces – technology, globalization, social responsibilities of companies, and customer concerns about sustainability. Various technological developments are taking place at a fast pace. Technological innovations are happening at a pace faster than ever. Both customers and companies are utilizing the potential of the social media to the maximum extent. The worldwide web is penetrating at a fast pace even in the emerging markets. All types of information are available at one click of the mouse. People can access e-commerce websites to do online purchases. Companies are getting competitive advantage because of the availability of the right information on the internet. They can interact with their stakeholders on social media. This is changing the manner in which companies perform their traditional marketing activities. Globalization results in developments in transportation, shipping, and communications. The emerging economies of the world are gaining in importance because of demographic trends and diverse cultures. Seamless exchange of ideas is taking place between the developed and the emerging economies. Companies are becoming aware of their social responsibilities towards their stakeholders and the society at large. They are serious about corporate social responsibilities and how their activities create impact on the society. Customers are concerned about the impact of marketing activities on sustainability. They prefer those companies which not only deliver offerings and generate revenues and profits for themselves but also value them as human beings. They prefer those companies which have long-term planning for the well-being of the society. ‘Marketing 3.0’ is a new wave which focuses on increased customer participation, collaborative marketing, and a creative society. Cultural values, creativity, and innovativeness which help in sustainability are gaining in importance. Customers have also taken lessons from economic downturns and have become thrifty. Finally, mutual trust between customers and companies is gaining in importance to create a sustainable society.

6.1. Managerial Implications

Marketers should understand the changes taking place in the business environment. They require adopting innovative marketing strategies to achieve success. Marketers should not only acknowledge the new and dynamic requirements and preferences of customers but should also try to realize the human and emotional aspects of customers. Marketers should also understand that customer requirements may change because of changes in the competitive business environment. They should analyze the environment and focus on providing the maximum benefits to customers.

Marketers and practicing managers may analyze the new marketing realities and align their strategies. They should also evaluate their existing strategies and modify their strategies to meet the new requirements.

7. CONCLUSION

The study discussed the various aspects of the marketing realities in the new business environment. Four major forces are transforming the way marketers operate at present. These forces include technological changes, globalization, social responsibility, and consumer concerns about sustainability. Technological developments and innovations are taking place at an incredible pace. Globalization has made the world a smaller place. Recent developments allow individuals to gain instant access to information, to travel, to buy, and to sell anywhere. Marketers should not only satisfy their customers but also have the responsibility of ensuring well-being of the society at large. Consumers want marketers not only to acknowledge their requirements but also to value them as complete human beings. Successful marketing requires companies acknowledging and satisfying the requirements of all the stakeholders in the society at large.

7.1. Avenues of Future Research

Based on the discussions, academicians may understand the marketing realities better, conduct a further review of the changes taking place in the marketing environment, and suggest improved strategies for marketers. Academicians may study and analyze the new marketing realities in the business environment and the challenges companies are facing. They may also analyze the changing requirements and preferences of customers. Based on the analysis, they might suggest new and innovative initiatives for meeting customer requirements better.

A qualitative and conceptual analysis of the relevant and the latest literature was conducted to understand the marketing realities. The study did not collect primary data and conduct an empirical analysis. In future, researchers may conduct an empirical analysis after collecting primary data. Such empirical analysis will provide better insights about the marketing realities. Empirical analysis will also provide a real picture of all the happenings in the business environment.

The discussions will sensitize managers about the dynamic nature of the business environment, changes taking place, and the concerns of the major stakeholders and the society at large. Efforts were made to include the latest and the relevant literature related to the new marketing realities and the changes taking place in the business environment. Researchers and practicing managers may utilize the discussions presented to delve deeper into understanding the changing requirements and preferences of customers and develop strategies accordingly. They require keeping themselves updated about the latest trends and developments in the marketplace, satisfy their customers, and achieve business excellence.

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