

IMPACT: Marketing on Society Vs Society on Marketing

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Introduction

Marketing has long been used by firms to position their products or services in the minds of the customers. But marketing has remained one tool that not only uses the traits of the society to tailor their products but has also become a major contributor to society, in terms of molding its mind set and bringing a sense of sensibility. Of course, it cannot be ignored that inappropriate Marketing has also led to undesirable impact on society.

Also, there is increasing competition for the hearts and minds of the different markets being appealed to. When marketing tries to influence how and what people buy, Social Marketing tries to influence how they think, feel and act.

This paper, titled “Impact: Marketing on Society Vs Society on Marketing”, shall attempt to shed light on this correlation between Marketing and Society.

The correlation between marketing and society

Does this thesis hold true and if it does, is there any method by which it can be proved?

To begin answering this question, let’s consider a few definitions.

Marketing is defined in various ways by different people. The most suitable to the present context is “**all the activities involved in moving products and services from the source to the end user, including advertising, sales, packaging, promotion and printing**”ⁱ. The most critical entity implied by this definition is ‘end user’.

The definition of society suitable to this context is “**Society is made up of people, groups, networks, institutions, organizations and systems. These aspects of society may include local, national and international patterns of relationships. People belong to informal and formal groups, and within and between these groups there are patterns of interactions**”ⁱⁱ.

The most critical entity implied by this definition is ‘people’.

Correlation is a synonym for association or relationship between variables. In this case, Marketing and Society are two variables, while ‘end user’ and ‘people’ are the correlating factors. In order to devise a method to prove this correlation, we shall consider a set of parameters, examples and case studies in the later sections of the paper.

Question 1: Why is it necessary to evaluate the impact of society on marketing?



For any firm to form its marketing strategy, it is necessary to discover unfulfilled customer needs and bring market products that satisfy those needs. The process of doing so can be modeled in a sequence of steps: situation analysis to identify opportunities, strategy formulation for a value proposition, tactical decision making, plan implementation and result monitoring (refer Fig 1)

The first stage in this process is very critical as a thorough analysis of situation in which the firm finds itself, serves as the basis for identifying opportunities to satisfy unfulfilled customer needs. In addition to identifying the customer needs, the firm must understand its capabilities and forces of the environment in which it is operating.

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Thus, the situation analysis is an analysis of the external environment and the internal forces of the firm itself. The external environment can be described in terms of macro-environmental factors that broadly affect many firms and micro-environmental factors, closely related to the specific situation of the firm.

Figure 2 suggests some frameworks for Situation Analysis.

Fig 2: Frameworks that can be used for Situation Analysis

- **5C Analysis** – company, customers, competitors, collaborators, climate
- **PEST Analysis** – for macro-environmental political, economic, societal, and technological factors.
- **SWOT analysis** – strengths, weaknesses, opportunities, and threats – for the internal and external situation.

PEST analysis can be viewed as equivalent to the “climate” factor of the 5C framework.

The climate factor in the 5 C framework considers the following factors:

- Political and regulatory environment – governmental policies and regulations that affect the market
- Economic environment – business cycle, inflation rate, interest rates, and other macroeconomic issues
- Social/Cultural environment – society’s trends and fashions
- Technological environment – new knowledge that makes possible new ways of satisfying needs; the impact of technology on the demand for existing products.

In PEST analysis, S factor includes:

- Demographics
- Class structure
- Education
- Culture (gender roles, etc.)
- Entrepreneurial spirit
- Attitudes (health, environmental consciousness, etc.)
- Leisure interests

Question 2: Why is it necessary to evaluate the impact of marketing on society?

There are two reasons why it becomes necessary to evaluate the impact of marketing on society: One, to get feedback/results of the marketing strategy that was implemented and second, to assess the contribution to society.

The first reason is directly related to Return on Investment (RoI) as well as Assessment and Realignment towards target achievement. For example, by monitoring the results of marketing strategy the firm can adjust its marketing mix if it finds that the market has changed its attributes. Secondly, organizations make profit by using the human resources as the backbone. Employees spend a life time in companies to make them profitable. It becomes the company’s liability to give back to the society. This means that all the activities the organization takes, including the marketing strategy should consider the impact on society.

A closer look

As the co-relation between marketing and society is established, here is a set of parameters, examples and case studies that support the point that marketing and society has a complimentary nature.

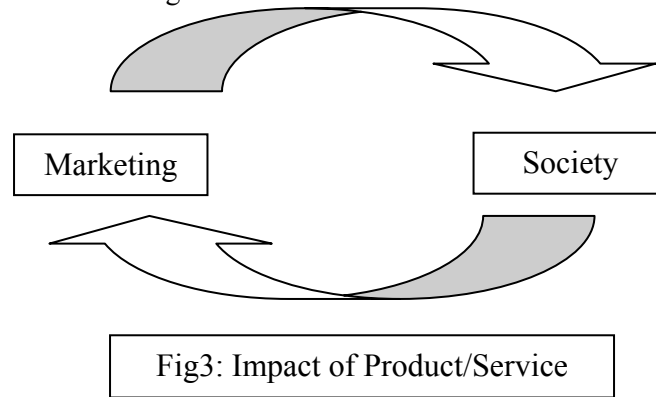
The following table will showcase different parameters and examples to strengthen the fact that the marketing and society impact each other.

| Sr. No. | Type of segmentation | Parameter | Sub parameters | Impact of marketing on society | Impact of society on marketing |
|---------|--------------------------|-----------------------------------|--|--|---|
| 1 | Demographic segmentation | <i>Age</i> | | Thumbs up advertisement which said “grow up to Thumbs Up”, urged children to prefer it to get into the grown up segment, when the Ad intended to urge the grown ups to prefer Thumbs Up | ICICI Debit cards for children, especially caters to the children age group, keeping in view the growing number of parents maintaining a fixed monthly account for their kids |
| | | <i>Family size and life cycle</i> | Children and early adulthood | TV, video games, etc are leading to reduced interest of children in physical games, book reading etc, hampering growth. Job site promotions increased frequent job changes, leading to a change in concept of staying with the same company for long | “Definitely male” slogan of Pulsar which created an increase in buying among men of this age group, who prefer a Macho feeling |
| | | | Pre-Family - Adults married without children | Easily available housing loans leading to buying of houses in early stages of life | “Ready to Eat food” have targeted majorly the working couples who do not find the time to cook food |
| | | | Family - One or more children | Easy availability of education loans have made it common for families to send their kids abroad for higher studies. Tourism industry promotions have led to increase in domestic as well as international customers, leading to improvement in work life balance | Insurance companies have targeted families that need to plan for their children’s future |
| | | | Late - Adults whose children have left home | Chit funds which created a hype and attracted people to invest their savings to make easy money, had a drastic fall leading to many facing losses | HDFC Life insurance ad “na sar jhuka hai kabhi aur na jukhega kabhi” targets the aged segment that demands monetary independence in their old age |
| | | <i>Social class/income</i> | Premium segment | Due to the emergence of a number of products symbolizing status, a large number of people from the premium segment prefer only branded accessories, apparels etc., due to emerging branded security service providers, this segment has become more security conscious | The luxury cars like Rolls Royce and Mercedes are targeted at the prestige and status of the premium segment |
| | | | Middle segment | Air Deccan’s low cost airlines made traveling by air more convenient and affordable, and hence more common | Small Cars like Alto, Wagon-R, etc have been targeted at the middle class people who cannot afford a luxury car but would need a small sized car for the entire family |
| | | | Lower segment, | Reliance cell phone technology, which made mobile phones available at very low prices, has made the | “Nirma” washing powder was targeted at the lower segment. Over time they have |

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|---|--|--------------------------------|------------------|---|---|
| | | | | product accessible to the common man ; Wal-Mart's news of entry into India has created a furore among shopkeepers as its wholesale prices shall eliminate them from the market | come up with many such products in this segment which generates more revenue than any other segment |
| 2 | Geo-demographic segmentation | <i>Rural areas</i> | | eChapaul of ITC helped farmers in a big way who were otherwise on verge of suicide | Cheaper PCs are being introduced, which are aimed at people from rural areas who would otherwise not be able to afford a PC |
| | | <i>Urban areas</i> | | Easily available housing loans leading to scarcity of space in big cities | Interior Designers utilize structures and plans that require minimal space and area, thereby targeting the urban areas where there is dearth of living space |
| 3 | Benefit segmentation and behavioral segmentation | <i>Benefit segmentation</i> | | Due to availability of standardized packaged drinking water, the level of personal satisfaction of people regarding hygiene has increased | Fair and Handsome, surrogate advertisement (Wills, McDowell's, etc.) |
| | | <i>Behavioral segmentation</i> | Frequent users | Extensive promotion of Colgate has made it a synonym to toothpaste | Fairness soaps, have targeted the frequent users of soap who would otherwise not use a fairness cream |
| | | | Occasional Users | Brufen – advertised for frequent use, but had negative impact on health | Points on credit cards urge occasional users to increase usage ad hence increase purchases |
| | | | Non users | Due to the entry of hair softeners in the retail market, which are affordable and easily available, it has been observed that women who were earlier not users of any such products have become regular users. Only because products like Fair and Handsome, Hair gel, people who were not using, also started using them | The advertisements that spread awareness on usage of condoms to prevent AIDS, have been targeted on the Non-Users who find it hesitating even to buy these products |
| 4 | Psychographics segmentation | | 'young aspiring' | Rang de Basanti, adv. of WWE created lot of negative impact on youth leading to deaths, fair and lovely adv is indirectly promoting that fair women are attractive | Institutes providing coaching to budding student appearing for entrance exams, have used career consulting as a means of differentiating themselves |
| | | | 'young fogey' | Extensive distribution of Hollywood movies have changed the outlook/mindset of this segment with respect to their thinking, living, etc. | Job sites have attempted to move this segment, who needs a change of job and hence lifestyle |

The examples mentioned above describe two phenomena. One is when marketing and society has a visible and substantial impact on each other. The other is when marketing or society unintentionally impacts each other.

Whether visible and substantial or unintentional, the truth is there is a cyclical impact on the product to market process. From the time the product is launched and introduced to the market, till the product remains there, the impact of the product on marketing and society can be seen in a cyclical fashion as shown in Fig 3.



Two case studies found below highlight the two phenomena as mentioned. The first case study “EMRI: Impact of marketing on society” discusses how EMRI as a method of social marketing visibly impact society. This case study proves that there is a direct relationship that governs marketing and society. Then the second case study, “Globalization: Impact of society on marketing” discusses how globalization has unintentionally affected marketing in a big way.

EMRI: Impact of marketing on society

EMRI is a home grown success story offering a glimmer of hope in the emergency management scenario in India, currently in the state of Andhra Pradesh. Envisaging a comprehensive coverage of Medical, Police and Fire emergencies through Public-Private Partnership, the Government of Andhra Pradesh recognized Emergency Management and Research Institute (EMRI), a not-for-profit institute as the nodal agency to provide comprehensive emergency management services, by an MOU signed on April 2, 2005.

Just as in other parts of the world, a centralized emergency management system is helping save lives on a day to day basis, in AP, the number 108 is used as the centralized helpline for Medical, Police and Fire emergencies. The Government of India allotted this three-digit number – 108- which is accessible from both fixed and mobile phones and is toll free across the state for all emergencies. B.Ramalinga Raju, Founder and Chairman of Satyam Computer Services Ltd, and his brothers have provided the initial funding for setting up EMRI. The Governing body of EMRI has provided thought leadership.

Here the intention of EMRI was not to market Satyam but indirectly, as EMRI is associated closely with Satyam, it is helping Satyam in gaining mind share of the society. Neither did Satyam intend to start EMRI as a tool for marketing, but it is unintentionally symbolizing social marketing here. This is increasing the brand recall of Satyam within the regions of operations. Moreover, EMRI has plans to increase its operations and to be recognized as the pioneer in emergency services in India. Also, considering the fact that in just 365 days of operation, 108 has helped save over 7,661 lives and responded to over 4.37 million calls, shows the amount of impact it has created in the society.

By setting up such an organization, Satyam has done lot of internal marketing as it provides opportunities to its associates to work for social cause and hence motivates them. Satyam’s AICS framework mentions society as one of the pillars in the organization’s success.

This shows that how marketing, internal as well as external has a visible and substantial impact on society. The point to be noted here, at the cost of repetition is that the intention was not to market the organization, but indirectly it has done that, and which has a created a huge wave in society.

Globalization: Impact of society on marketing

Globalization usually refers to the declining significance of national borders, brought about by increased trade, the spread of information technology, cross-border financial flows, and cultural transfers. Several forces have contributed to this phenomenon.

- Reduction in trade barriers
- Technology transfers, rapid spread of computers, internet
- Accelerated economic integration through private cross-border financial flows
- Cultural transfers that have given consumers "global tastes"

These forces have led to a tremendous increase in the demand for better goods and services, and hence the companies have an opportunity to expand in other countries. To ensure global success, a marketing strategy that could cater to different markets, culture, societies is compulsory. Though globalization is affecting society, diversity continues to exist.

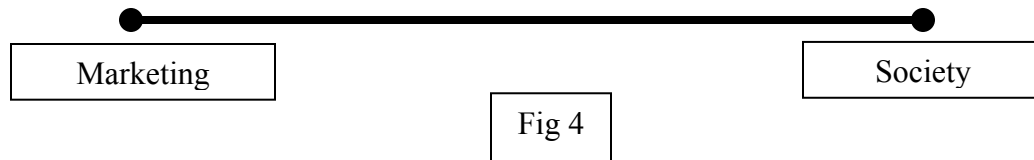
Considering these diversities, it is necessary that organizations customize the marketing strategy according to each target country. There are many such examples where productization or customization was inevitable to cater to a particular country for certain companies.

- Diet Coke is named Light Coke in Japan--dieting was not well regarded
- Red circle trademark was unpopular in Asia due to its resemblance of Japanese flag
- Packaging of products is more important in some countries than in U.S.
- Advertisement featuring man and dog failed in Africa--dogs were not seem as man’s best friend
- Cologne ad featuring a man “attacked” by women failed in Africa
- Food demonstration did well in Chinese stores but not in Korean ones--older women were insulted by being “taught” by younger representatives
- MacDonald’s customized its products to cater to the Indian market

All the above examples show that there is an unintentional impact of society, culture on marketing. As it can be seen from these examples that how organizations had to tweak their marketing mix to ensure successful launch and life cycle of their products or services to cater to a particular segment of society.

Conclusion

As shown in figure 4, we can consider a product or service being placed on the line and its impact on marketing or society can be defined by its closeness to either of the points.



Moreover, the marketing and society impact each other in a cyclical fashion. When a product is launched in the market, its effect on society is monitored and depending on the intensity of this effect the marketing mix is revisited.

While it is always intended that the marketing strategy should cause an effect on the society, it is necessary to ensure that this effect is always on the positive side considering the larger picture. It is very important to consider that anything that forms a part of the marketing mix of a particular product or service is going to cause an upswing or downswing in the way society thinks and acts. Keeping this in mind and bearing the fact that after all the society has to be considered before devising the marketing strategy, an organization should appreciate the cyclical behavior of marketing and society.

With this, it can be concluded that as much as marketing impacts society, society also has an important role to play in marketing strategies and that both are complimentary in nature.

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