



New marketing realities: Challenges and opportunities

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Abstract

Today's marketplace is fundamentally different from what it used to be previously. This is a result of major societal forces that have resulted in many new consumer and company capabilities. In particular, the four major forces which are shaping the marketing environment include technological changes, globalization, social responsibility, and consumer concerns about sustainability. The paper discusses about the changes taking place in the marketplace because of these forces. These forces are creating new opportunities and challenges and significantly changing the marketing environment. Marketers require acknowledging the forces to sustain and grow with the new marketing realities.

Keywords: technology, globalization, social responsibility, consumer concern, sustainability

Introduction

The field of marketing is changing rapidly (Precourt, 2011) [13]. The marketplace is dramatically different from what it used to be even ten years back. Remarkable changes are taking place in marketing behavior, marketing opportunities, and challenges emerging in the marketplace (Hempel, 2012) [4]. The four major transformative forces which impact marketing include technology, globalization, social responsibility, and customer concerns about sustainability (Kirkpatrick, 2011) [7]. The paper discusses the impact of these forces in the rapid development of marketing.

Technological Changes

Technology is changing fast. The speed of change and the level of technological innovation are incredible (Mansell, 2012) [12]. The number of mobile phone users in a developing country like India has exceeded 500 million (Atsmon *et al.*, 2012) [1]. Internet users are embracing the social media. Facebook's monthly users passed one billion. The internet is penetrating at a fast rate even in developing countries like Africa. More than half of the urban population of Africa access the internet monthly (Kiron *et al.*, 2012) [8].

E-commerce, the mobile internet, and web penetration in emerging markets are taking place rapidly. The Boston Consulting Group believes that brand marketers must enhance their "digital balance sheets" (Kiron *et al.*, 2012) [8]. Consumers and marketers have access to almost any information instantly. Massive amounts of data and information are available at a minimum cost. Technology research specialists Gartner predicted correctly that by 2017, chief marketing officers (CMOs) will spend more time on information technology (IT) than chief information officers (CIOs) (Kiron *et al.*, 2012) [8]. In many leading companies, CMOs and CIOs collaborate successfully to launch new products and services. For example, Aetna's CMO and CIO collaborated successfully for years to launch iTriage, a popular health app for the iPhone (Hempel, 2012) [4]. The app

allows users to research ailments, find nearby physicians, and learn about prescribed medicines (Hempel, 2012) [4].

Proctor & Gamble (P&G) uses technology to the maximum extent to stay ahead of its competitors. P&G applies the latest developments in technology in all 80 countries where it sells its products (Hardy, 2011) [3]. P&G uses the latest developments like ubiquitous high-speed networking, data visualization, and high-speed analysis of multiple information systems. P&G has 40 locations worldwide where facilities are available to display real-time market share, profits, and prices by country, region, product, and brand. For example, P&G laundry detergent, Tide maintains a dedicated news desk. The news desk keeps track of customer responses on the social media. The desk also joins the discussions on the social media when relevant. Tide was used to clean a fuel spill in a NASCAR race. P&G promoted Tide with social media advertisements and real news footage within 72 hours of the incident (Kiron *et al.*, 2012) [8]. P&G uses a wide range of technology applications. One pilot study revealed that P&G revenue increased 1.5 percent when its salespersons used iPads to demonstrate the products to customers. The iPads also helped in explaining the layouts of different floor displays to store customers (Hardy, 2011) [3].

A marketer previously had advantage over its competitors when it had access to information. However, now-a-days, the belief "information is power" is giving way to the new belief that "sharing information is power" (Kirkpatrick, 2011) [7]. Most of the companies have online community of customers who exchange information among themselves. Software giant SAP's online community has more than two million customers, partners, and others. Customers contribute product ideas to P&G. Out of those ideas, 100 best ideas are chosen every year for product development (Kiron *et al.*, 2012) [8].

Marketers collect relevant information about their customers through social media. Companies run Facebook advertisements offering discounts and free offers to new customers. Customers are requested to exchange their names,

phone numbers, and e-mail addresses (Knapp, 2012) ^[9]. For example, the social network, The Gent's Place barbershop in Frisco, Texas has picked up 5000 clients. The average marketing cost for each person is around \$10.13. The company recovers this cost from its customers through repeat purchases (Knapp, 2012) ^[9].

Technology is influencing traditional marketing activities. Companies are able to organize their traditional marketing activities in an effective manner with the help of technology. For example, companies like drug maker, Roche issues iPads to its salespeople to improve sales force effectiveness (Mansell, 2012) ^[12]. The initiative increased the efficiency of the sales force. Previously, Roche had a sophisticated customer relationship management (CRM) software system. However, the software system depended on salespeople for accurate data. The entry of accurate data in a timely fashion was made possible by the availability of iPads with the sales force. It allowed sales force to do real-time data entry and improving the quality of the data entered. It also allowed salespeople to save time. The time saved could be used for other effective purposes (Mansell, 2012) ^[12].

Impact of Globalization

Communication and technology have made the world a smaller place. 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, to buy and sell anywhere. Research has suggested that by 2025, annual consumption in emerging markets will total \$30 trillion and contribute more than 70 percent of global GDP growth (Atsmon *et al.*, 2012) ^[1]. Services will contribute more to GDP. An incredible 56 percent of global financial services is forecasted to come from emerging markets by 2050. This is a substantial increase from 18 percent in 2010 (Atsmon *et al.*, 2012) ^[1].

Developing countries have the advantage of demographic trends. For example, developing markets such as India, Pakistan, and Egypt have populations whose median age is below 25 years (Atsmon *et al.*, 2012) ^[1]. The middle class is growing at a remarkable pace in developing countries. The middle class is earning more than \$3000 per year in most of the developing countries. Based on the income, the Philippines, China, and Peru have become the three fastest-growing economies (Atsmon *et al.*, 2012) ^[1].

Globalization has reduced or eliminated borders and have made countries increasingly multicultural. The minority population in the United States have a major economic influence. The purchasing power of the minorities is growing faster than that of the general population (Govindarajan and Trimble, 2012) ^[2]. According to the University of Georgia's Terry College of Business minority buying report, the combined buying power of U.S. racial minorities (African Americans, Asians, and Native Americans) is projected to rise from \$1.6 trillion in 2010 to \$2.1 trillion in 2015. It accounts for 15 percent of the nation's total buying power. The buying power of U.S. Hispanics is estimated to rise from \$1 trillion in 2010 to \$1.5 trillion in 2015, nearly 11 percent of the nation's total (Govindarajan and Trimble, 2012) ^[2]. Due to all these reasons, 87 percent of companies planned to increase or

maintain multicultural media budgets (Govindarajan and Trimble, 2012) ^[2].

Globalization helps in exchange of ideas among countries. It helps in changing innovation and product development. Companies can generate ideas and get lessons from one country and apply them to another (Govindarajan and Trimble, 2012) ^[2]. GE did not attain much success with its premium ultrasound scanners in the Chinese market for years. However, based on the experience gained, GE successfully developed a portable, ultra-low-cost version of the scanner that addressed the country's unique market needs. Later, GE extended the success to sell the scanner throughout the developed world for use in ambulances and operating rooms where existing models were too big (Govindarajan and Trimble, 2012) ^[2].

Social Responsibility of Marketers

Marketers have responsibilities towards the society at large. Various social and other important issues like poverty, pollution, water shortages, wars, climate change, and wealth concentration demand the attention of marketers (Sisodia *et al.*, 2007) ^[15]. Companies have become conscious towards these requirements. They take interest and sufficient responsibility in improving living conditions. Companies all over the world have elevated the role of corporate social responsibility (Sisodia *et al.*, 2007) ^[15].

The effects of marketing extends to the society as a whole. So, marketers have a responsibility to consider the ethical, legal, environmental, and social context of their activities (Hollender and Fenichell, 2004) ^[5]. The task of marketers is to understand the needs, wants, and demands of their target markets and satisfy them more effectively and efficiently than their competitors. At the same time, marketers require preserving or enhancing consumers' and society's long-term well-being (Torelli *et al.*, 2012) ^[16].

The current trends in marketing include goods becoming more commoditized and consumers growing more socially conscious (Hollender and Fenichell, 2004) ^[5]. Various companies like The Body Shop, Patagonia, and Timberland incorporate social responsibility as one of their goals. This also helps them in differentiating themselves from competitors, build customer preferences, and achieve notable sales and profit gains (Hollender and Fenichell, 2004) ^[5].

Sustainability and Customer Concerns

Researchers believe that consumers want marketers not only to acknowledge their needs, wants, and demands but also to value them as complete human beings (Kotler *et al.*, 2010) ^[10]. Consumers want marketers to acknowledge that their requirements extend beyond pure consumerism. Successful marketing is thus characterized by its human or emotional element. Researchers believe that a third wave of marketing, "Marketing 3.0" has moved us beyond the product-centric and the customer-centric models of the past (Krauss, 2011) ^[11]. This wave of thinking focuses on three central trends. These include increased customer participation and collaborative marketing, globalization, and the rise of a creative society (Kaul, 2012) ^[6].

People live with sustained technological developments. These

include low-cost internet, cheap computers and mobile phones, open source services and systems. Social media has also changed the way marketers operate and interact with customers. This change is accelerated with expressive and collaborative social media like Facebook, LinkedIn, and Wikipedia (Kaul, 2012) ^[6].

Brands which resonate with the cultural values can have far-reaching effects. People are emotionally attached to a cultural brand and might position itself as a national or local alternative to a global brand. This happens more when a global brand possesses poor environmental standards (Stengel, 2011) ^[14].

Creative and innovative people form the backbone of 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) ^[10].

Researchers believe that in future marketing will have a horizontal orientation. Communication will be more between consumers. Researchers also believe that the economic downturn of 2008-2009 has resulted in a breach of trust in the marketplace (Krauss, 2011) ^[11]. Customers now increasingly depend on each other for credible information, suggestions, and advice when selecting products (Kaul, 2012) ^[6].

Discussions

The marketplace is different from what it used to be previously. This change is a result of major environmental forces. These forces include technological changes, globalization, social responsibility, and sustainability and customer concerns about the environment. Marketers require to be aware of these forces and act accordingly. The forces have created new opportunities and challenges and significantly changed marketing management. Companies seek the right balance of tried-and-true methods with breakthrough new approaches to achieve marketing excellence.

Marketers require understanding the major shifts happening in the environment and adopting appropriate strategies for success. Marketers should understand that only acknowledging customer requirements will not suffice. They should also understand the human and emotional aspects of customers. Marketers should be aware that preferences of products may be affected by changes taking place in the environment. They should analyze the environment and focus on providing the maximum benefits to customers.

Academics may study the new marketing realities companies are facing. They may also analyze the requirements necessary to satisfy customers. Based on studying and analyzing the new marketing realities, they might suggest new and better initiatives for satisfying customer requirements better. Practitioners and marketers may analyze the marketing realities and align their strategies to satisfy their customers. They may also evaluate which of the strategies they need to adopt to delight their customers.

Conclusions

The paper discussed about the various aspects of new marketing realities. It focused on the four major transformative forces which impact marketing. These four

forces are technological changes, globalization, social responsibility, and customer concerns about sustainability. The speed of technological change and the technological innovations are incredible. Globalization has made the world a smaller place. Recent developments allow individuals to know the rest of the world instantly, to travel, to buy, and sell anywhere. Marketers not only have the responsibility of satisfying their customers but also have responsibilities towards the 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 demands acknowledging the human or emotional element.

The discussions have both theoretical and managerial implications. Based on the discussions presented, 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. The discussions will sensitize managers of companies about the importance of understanding the changing marketing realities, necessity to adapt to the environment, and develop and implement strategies accordingly. Efforts were made to include the latest and relevant literature for understanding the new marketing realities. Future researchers and practicing managers may utilize the discussions done in the paper 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 development taking place to delight their customers.

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