

# Aspects of the marketing environment

[Business](#), [Marketing](#)



Ten central and Eastern European countries i. e. Bulgaria, Czech republic, Estonia, Hungary, Latvia, Lithuania, Poland, Romania, Slovakia and Slovenia have applied for the membership to the European Union at the mid 1990s. They would bring great market potential and business opportunities if these countries became members of European Union. Eastern Europe can be a very valuable market to explore although companies might face some difficulties in exploiting the market.

Whirlpool which is an American company and Electrolux a western European company have to consider the conditions of eastern Europe before venturing into white good markets there. In order to venture into Eastern Europe, there are many aspects that should be considered. These aspects can be classified into macro marketing environment and the micro marketing environment.

The following analysis will carry out based on these two key areas:

**MACRO ENVIRONMENT (PEST ANALYSIS)** The main elements of the macro environment are Political-legal, Economic, Social and Technological forces the impact these forces will have to be considered by the white good companies. The impact of each of these elements will differ according to market and geographic area. Where more than one market and /or geographic area is being considered, it is necessary to consider the relevant environmental aspects for each.

**POLITICAL FORCES:** Political influence may be significant in terms of legislation on trading, pricing, fiscal policy, employment, health and safety at work practices and product liability. In Eastern Europe it must be considered that being under communist rule for nearly 2 decades has alienated these

countries from western nations. Through deregulation by changing business laws and tax incentives for new investments over the last ten years, many governments of eastern European countries, which were once in communistic Bloc in Eastern Europe, have been gradually privatising former state-run companies and have encouraged the formation of a vibrant private sector . Some governments have made significant progress in stabilizing inflation through effective implementation of monetary policy.

Therefore the state polity and liberalization of trade policies of governments provide favourable venture environment for any foreign investor in Eastern Europe. In other word, it is important for white goods manufacturers to investigate the government policy and understand the venture environment before enter the market. It is also good idea for white goods manufacturers to establish connection with the government.

## ECONOMIC FORCES

Economic conditions of these countries must be considered with care before venturing into their markets , making transitions from communism to capitalism these countries are in recess in several sectors and recession or boom' will impact on any market, as well as the customer demand and spending behaviours. Relative to the above political factor, economic factor is the actual result of government's trade polities continued with the old example, imports have increased as a result of liberalization of trade policies of Eastern Europe and the potential threshold membership with the Europe Union. The free trade agreements of all duties on products have increased business opportunities for European firms through liberalization of trade.

As a result, due to import liberalization policies and consumers' preferences for foreign products, now is a good opportunity for European Union countries to penetrate Eastern Europe market. Thus, economic factor also is a significant aspect for white goods manufacturers to consider. Also the emergence of middle class and upper class in these countries have severe impact on spending and quality issues.

#### SOCIAL FORCES:

As discussed earlier the formation of social classes something which the communist tried to remove in their communes has led to segmentation of markets there for even in a single market the requirements would be diverse and prices should thus be in a wide range to suit everyone. Another significant aspect should be considered is consumer pressure on companies to produce products which are less harmful to the earth's environment, with less waste, and which are produced in a more ecologically sensitive manner: the 'greening consumer.'

For example, as we all known, the CFC is widely used in freezer, fridge and air-condition as the most refrigerant all along. The CFC's in the fridge are kept in the form of liquid, but during the refrigeration period CFC easily gasified and rose into the upper atmosphere. CFC is the mostly reasons for the destruction of ozonosphere. Hence new energy refrigerators and air-condition also reflect growing consumer concerns about the renewable resources and atmospheric pollution. Currently investigate new substitute of refrigerant and design more efficient products become urgent goal of white goods manufacturers.

## TECHNOLOGICAL FORCES:

Technology is quickly evolving and changing, affecting how people satisfy their needs and their lives. Technology is less subject to country boundaries than are legal, economic and political forces and to a lesser social and cultural forces. Predicting a change in technical products is relatively easy in specific industries, but forecasting their success is not as easy. Eastern European countries, which are not technologically advanced and do not have an excellent communication systems pose problems in product promotion. They lack people for technical jobs and computer literacy is not very common, this thing along with transport can be a problem for white goods manufacturer.

**Micro Environment** The elements of the micro marketing environment are aspects that are peculiar to the individual company concerned rather than market specific. The key items of the microenvironment are direct competition, company's resource base and customers' buying power. **Competition** It is necessary to consider the nature and degree of competition in a product area from similar products.

For example, since 1990, the total market demand for household appliances has experienced steady growth in eastern European market. Consumer demand for higher quality than is produced domestically has resulted in increasing imports. Foreign and domestic brand competition has tightened, and both quality and price now play an important role in consumers' decisions. In general, European Union manufacturers have gained the largest shares rate in Eastern European household appliance market. Table. 1 shows

the foreign companies' activity on the Hungarian market. Therefore, white goods manufacturers should consider the market competition and its own competition strength to their target market.