

Environmental factors paper essay example

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Environmental Factors: Focus on General Motors Company

General Motors Corporation (GM) is an international company that deals in motor vehicles especially GMC SUV'S and other off-road vehicles, domestically and internationally, therefore, it conducts marketing at both levels of the motor vehicle market. With a supply chain of 396 facilities in six continents, producing 11 brands in 37 countries, GMC is one of the most successful automobile companies worldwide (General Motors, 2013). This is due to the 77 year lead in vehicle sales from 1931 to 2007 (Galligan, K., 2012).

This paper examines the effect of various environmental factors on domestic and global marketing decisions. The paper will examine the effect of demographics and physical infrastructure, the effect of cultural differences, the effect of global economic interdependence, the effect of trade practices agreements, examining the effect of legal obligations and social responsibility. Further insight can be drawn from examining the effect of international relations and political systems, examining the effect of the Foreign Corrupt Practices Act of 1977, the effect of technology and finally the effect of local, national and international legislation.

The Effect of Global Economic Interdependence

General motors' needs to get certain raw materials or parts from other companies, both local and international. Therefore, it is very essential that GM keep good relations with companies like tire manufacturing companies, companies that supply GM with spare parts that GM does not manufacture

for themselves. This interdependence affects the way in which GM markets its products. GM should balance out its products in relation to its markets, not every customer will buy a Chevrolet Camaro, a diesel locomotive or a GMC Terrain. Therefore, loyal customers will expect that GM will continue to service them with automobiles that best meet their needs. If customers are not buying, suppliers and workers go out of jobs.

The Effect of Trade Practices and Agreements

This trade practice agreements affect the operations and strategies of GM since different regions have different rates of taxation, different tariffs and offer different barriers in relation to trade. This will affect the away in which GM markets itself domestically and internationally. If GM is under a contract with a certain tire manufacturer, their marketing strategy should be in consideration of the terms of the contract since any deviation from this voids the contractual agreements.

The Importance of Demographics and Physical Infrastructure

The population of a region is very important in determining the appropriate marketing strategy to use since a company needs to know that they are not wasting resources on an area that does not have a huge demand or purchasing power. The infrastructure of a region dictates the economic development of that area and therefore gives insights on the kind of market one is servicing. General Motors therefore cannot try to sell a Cadillac Escalade in Somalia since however much the automobile may be suited for the terrain, the infrastructure dictates that most people do not have the

purchasing power to buy the Cadillac. This influences the marketing decisions.

The Effect of Cultural Differences

General Motors has taken up the idea of manufacturing hybrid electric cars due to environmental concerns (Department of Justice, United States, 2013). These automobiles are the cars of the future and while this might be the trend in developed countries, developing countries are still finding it hard to embrace this culture for various reasons and tend to stick to the diesel automobiles like Isuzu. GM is therefore able to make appropriate marketing decisions based on the region being served. Other regions have a culture of being loyal to other brands e. g. Ford which is a close competitor of the GMC or the Chevrolet. The marketing strategy needs to consider these factors closely.

The Importance of Social Responsibility vs. Legal Obligations

Social responsibility is a very important aspect of business as it determines the perception that society accords the business. GM therefore needs to take note of things like environmental concerns, making automobiles that are road worthy and that do not pollute the environment, treat its workforce fairly etc. (Eberle, Ulrich; von Helmolt, Rittmar, 2010). They also need to do so in accordance with the law. The marketing strategy especially, bill board and visual advertisement should consider social responsibility and legal obligations.

Effect of Political Systems and the Influence of International Relations

General Motors had recently been sued by the government for being a serious polluter of the environment. This encounter with the government makes GM extra cautious thereby ensuring that it clears its name with the local political systems and improving international relations. GM has contracts with countries like China that manufactures certain vehicles for them and it is in their best interests to use marketing strategies that do not affect international relations with partners, customers and the political systems of other nations.

Effect of Technology

Technology has been the backbone behind GM's growth. The company has constantly tried to improve its product by keeping up with market trends and technology. This can be seen through the manufacture of hydrogen powered and electric powered vehicles. GM should therefore takes into account the current technological trends while marketing their products so as to stay ahead of the pack thereby maintaining a competitive advantage.

Influence of Local, National and International Legislation

Various states have different rules in relation to business practice and marketing strategies. This rule could be an addition or omission of certain National requirements. The company being a multinational company usually abides by the law so as to maintain a good public imaged. Local, National and International Legislation affect marketing decisions in a certain manner since these laws are made on the basis of the population of a certain area. E.

g. in the UAE, an advertisement cannot use a half dressed lady to advertise a certain brand as it is against the UAE Sharia law.

The Influence of the Foreign Corrupt Practices Act of 1977

This act was enforced to eliminate bribery, money laundering and corruption in foreign countries. Bribery of foreign officials was very common and GM has implemented a thorough oversight of its supply chain and manufacturing process to ensure that bribery and other corrupt practice to avoid court action or other penalties. Their marketing strategies are driven by honest product information and not corruption.

References

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