

Pestle marketing analysis of china example



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The economy within China is currently very stable; being a part of the 4 fastest growing economies in the world (BRICK: Brazil, Russia, India, China), it has made large strides in recent years in the business and industrial sector. , the country has sustained a continual rapid growth in terms of GDP per person, indicating that each person is creating more and more value for the society resulting in the increase of the individual consumers' purchasing power.

Though the economic situation seems to be good, the economic development does slow down a little and also with worrying trends such as high inflation rate and high property prices. According to the most recent news, the consumer price index rose 6.1 per cent from a year earlier in September, down from a three-year high of 6.5 percent in July. Politically sensitive food prices, however, increased by more than 13 per cent. The overall economy has now slowed for three consecutive quarters.

In this case, if Barberry were to expand in the PESTEL analysis of China they would need to be aware of the fluctuations within China over inflation rates; this has caused ripples in consumerism, as more people are saving money for necessities. In terms of socio-cultural factors, the culture is not the same throughout the whole country, the west tends to earn 2.26 times more than workers in the west of the country. Therefore locations of the company's stores would be vital.

PESTEL analysis of China

In 2010, China's online shopping industry had a turnover of \$1.2 billion, and grew 87% year-on-year, with these figures Barberry could potentially just save

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costs and open a concessions store and simply provide products online plundering most assets in advertising over social media and the internet. According to Boston Consulting Group, the volume is expected to increase fourfold by 2015, given this future prediction we can plan ahead and have short term and long term actions.

One major aspect of Chinese culture is that in the PESTEL analysis of China business there is often a need and expectation for face to face contact to exist in order to build up a sense of trust which is related to the Hofstede's notion of Individualism-collectivism in which the Chinese culture is considered as having a high collective scores (Hofstede 1997). Currently the environmental conditions in the PESTEL analysis of China are critical, there is constant air pollution in the major cities, which have caused some health concerns.

China relies considerably on coal during their industrial processes which in turn causes severe acid rain. In addition to this, the weather varies from region to region therefore when Barberry expands out into China; it will have to be product specific to every region unlike in Europe. However in recent years specifically in motorized vehicles and factories.

Despite the fact that the environmental protection work is still low in the PESTEL analysis of China because the majority of focus and priority had been attributed to the alleviation of poverty and economic development which result in the low public participation in the environmental protection work, in the recent years, with the substantial economic advancement and raised living standards, income level and also the degradation of environment in the

country, the Chinese government has started educate the public about the environmental protection 2) Using Hypotheses 5 Dimensional Cultural Model we can identify and get a good overview of the deep drivers pestel analysis of Chinese culture relative to other world cultures. The following graph retrieved from the Hefted Centre, explains each dimension and its impact within the world.. Greet Hefted (1980) describes culture as, ' a source of conflict rather than synergy. Cultural differences are a nuisance at best and often a disaster'. Justine Paul (2011) also supports this view stating that, human beings tend to have an instinct ' deep inside' that all human beings are the same.

Therefore, if one goes into another country and makes decisions based on how one operates in one's home country-the chances are that he or she will make some very bad decisions' (Paul 2011). Hence, different types of factors need to be understood to ensure that you and the business are readily available to adapt to any change in culture or environment, this will be shown by a number of examples involving companies that have successfully set up business and others that have failed significantly all due to the lack of understanding of CM. Power Distance is the dimension that deals with the fact that all individuals in societies are not equal it expresses the attitude of the culture towards these inequalities amongst us.

At 80 China sits in the higher rankings of power distance a society that believes that inequalities amongst people are acceptable, therefore subordinate-superior relationship tends to be popularized and there is no defense against power abuse by superiors. Individuals are influenced by formal authority and sanctions and are in general optimistic about people's

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capacity for leadership and initiative. People should not have aspirations beyond their rank. Standing at a score of 20 pestel analysis of China is a highly collectivist culture where people act in the interests of the group and not necessarily of themselves. In-group considerations affect hiring and promotions with closer in-groups (such as family) are getting preferential treatment.

Employee commitment to the organization (but not necessarily to the people in the groups they are cold or even hostile to out-groups. Personal relationships prevail over task and company. A collectivist culture such as China, will tend to have one verbal goal in which everyone would work together to reach that goal, if you are a business trying to form a company in an individualistic culture, you may find it hard to adapt as, you may not have the same amount of help that you usually receive, this is where independence and the ability to take risks would be formed, however this type of ability and skill takes time to acquire, meaning training and research would be required if the business was to be successful.

In individualistic cultures it is important for the business to realism that the workers prefer to keep their work life ND private life separate, however within collectivist cultures there is no such division (Bondman, 2007). This will affect the marketing mix in many ways, we can examine this by deconstructing the ups; Price, Product, Promotion Place: Price: Barberry has a prestige to uphold, meaning it has to keep its prices at a reasonable high price to reflect the quality of its products. In a culture such as China where raw materials are cheap, they may allow restricted discounting; however it is not within the company's own culture to allow this to occur. Product:

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Barberry has a range of products from omen's, men's, seasonal all the way to cosmetic and beauty.

However in a society dominated by males, as shown in the graph previously, it may be wise to research into other marketing and advertising methods to appeal to the woman of China, but in addition to this suitably shipping the right products out there to appeal to the market niche. Promotion: Barberry relies heavily on technological advertising and integration. Most of its advertising is not done on television or newspapers but rather huge events that take place on a monthly basis. In pestel analysis of China you the company would have to see if this is the right way to approach consumers. Place: The placement of stores is crucial in order to obtain maximum revenue. Only certain regions of China have consumer capable of affording such expensive clothing, question that would be asked are; whether, a flagship store should be opened, should it be a small pop up/ concession store to start off with and build from there. Martin, 2012) Future recommendations that could be provided based on the results shown in Hypotheses graph are: Power Distance: Use teamwork to involve as many individuals as possible in the decision making process Individualism: Acknowledge accomplishments, encourage debate and expression of ideas, however continue to respect culture and traditions and introduce change slowly. Masculinity: Ensure Job designs and practices do not discriminate from gender to gender. Treat men and women equally. Uncertainty Avoidance: Be clear and concise about expectations and parameters Plan prepare and communicate early on to avoid confusion. Express emotion through physical self, such as hand motions and gestures. (Middleton , 2013)

b) There are many differences between the managing styles of the west and east. ; a few can be seen in the table below. West East

More Open and direct Greater value on seniority, and family ties More flexible and creative Paternalistic Support lifetime employment and oppose hire and fire More productivity orientated More emphasis on corporate loyalty Characterized by individual initiative More resistant to women assuming positions of power In order to find the right method of management, the company must plan for global marketing; in order to achieve this an management information system would be used; ' providing managers and other decision makers with a continuous flow of information about company operations' (Keenan, Green, 2013). Strategic planning is a logical, analytical process for choosing your ventures future positions Visa a Visa the environment. Benefits of planning ahead result in proactively in old and new markets, this new venture pestel analysis of China for Barberry could result in whole new market segments and pave a new path in the older markets.

In addition to this because of the systematic process of analysis is provides a clear statement of objectives and policies, allow decisive action when needed. Once Barberry find their familiar' product or service that can be offered in each market, it will give a control as to whether the laity of standards is high enough in China as it is in Europe. Due to the panning ahead, it will allow a short term action and a control integrated long term strategy to take place, which goes hand in hand with the pestel analysis of Chinese culture and westernizes way of work. The most common defect of

entrepreneurs is myopia, a lack of long-range perspective in thinking or planning.

According to Henry Mintzberg, the key to successful strategic decision making is not just looking out into the future, but having a capacity and willingness to learn from experience (Mintzberg, 2002), in other words if one part of the plan fails to work there is no reason to give up, simply go back to the drawing board and work again. A new venture has to start somewhere, with a collective understanding of what it is supposed to be doing and where it should be going, and strategic planning aids in this learning. But entrepreneurs cannot wait until the competition is engaged before planning (Price, 2002). Shown below are two models created by Kettle (1988) showing a basic Marketing information System.

Internal company information:

2) Marketing intelligence - suppliers, customers, and distributors. It is possible to buy intelligence information from outside supplier, who set up data gathering systems to support commercial intelligence products that can be profitably sold to all players in a market.

3) Market research - Management cannot always wait for information to arrive in bits and pieces from internal sources. Also, sources of market intelligence cannot always be relied upon to provide relevant or up-to-date information (particularly for smaller or niche market segments). In such circumstances, businesses often need to undertake specific studies to support their marketing strategy.

Barberry would be constructing and piecing together their own search this can be done either by doing surveys within in the PESTEL analysis of China and the different potential regions. Possibly, using past demographics and existing data to draw to a conclusion, etc. A marketing information system has four components: the internal reporting system, the marketing research systems, the marketing intelligence system and marketing models. Internal reports include orders received, inventory records and sales invoices. Marketing research takes the form of purposeful studies either ad hoc or continuous. By contrast, marketing intelligence is less specific in its purposes, is huffily carried out in an informal manner and by managers themselves rather than by professional marketing researchers (Kettle, 1988).

Barberry sources 60% of its raw materials from Europe, hence, forming a close relationship with a country of similar culture could yield cheap materials, which would result in higher profit margins. Economic: This is ere closely related to the social factors. As seen in recent years the economy goes through fluctuations of peaks and troughs in economic activity. At the peak of good economic activity most businesses flourish and rake in healthy profit margins. However, as seen in the recent recession, many business close. This can have effects on business of taking risks to expand and invest when conditions are right. Other changes that happen with the government could be low tax rates and interests' rates, and increasing wages.

Social: This will involve cultural demographics, behavior, tastes and of course lifestyle. The major factor with fashion is that the consumer trend is consistently changing. Culture has a huge part in this type of industry at the moment as we are in an ageing population. If a business has a stable

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understanding of the socio-cultural aspects of a country or culture, it will have a clearer view for the future of the business. Technological: Technology is becoming cheaper and cheaper in this day and age especially China. The rate of communication speeds up as new software is introduced, reducing costs which results in improved services, generally.

Organizations need to constantly be in touch with the changing and advancing of genealogy in order to stay on top of change, hence giving that competitive advantage/edge over rivals. Environment: Consumer Awareness is relatively high within the fashion industry as well as China alone. In addition to this the CO emissions produced during the manufacturing stage are of great concern to the industry as well the packaging. In relation to China the climate varies from region to region, so the store would have to be smart in deciding what kind of products are sold in each store. China also believes in clean energy and low carbon technology, contain to over rely on coal for production.