

# Analysis "political factors – essentials of marketing"

[Finance](#), [Financial Analysis](#)



Literature review \* Political factors – Essentials of Marketing (2002) says that many of the legal, economic and social developments in society is nothing more than political decisions put into action. The political climate is of great significance to the marketing firm and has a direct effect on many aspects of the economy and society. Factors in the political environment both national and international should be carefully monitored.

Modern Management (2006) describes how nationally the government can affect business through its policies in relation to industrial service development, tax incentives, capital grants and expansion schemes that are available. Internationally it describes the influences the business has through policies in relation to international trade and deregulation. The main ways in which the government influence international trade in through their input into the general agreement on trade and tariffs. Individual governments can impose embargoes or sanctions on trade with any particular country they wish.

Developments in the European Union in recent years have seen the deregulation of financial markets, public utilities and the airline industry. The aim is to remove protective restrictions on operations and to allow greater competition between countries. \* Economic factors – In Modern Management (2006) they describe the economic factors as being shaped by the state of the economy in a particular country and the economic policies that is implemented within that country. In Essentials of Marketing (2002) they describe economic factors as being vital to marketing firms because they influence cost, price and demand.

They can be viewed as opportunities or threats. Tieran et al, (2006) describes government's implementation of different economic policies which affect key areas such as taxation, inflation, exchange rates and economic growth. Interest rates determine the extent of an organisations loans and investments. An increase in the inflation rate results in a demand for an increase in worker's wages. As inflation increases the purchasing power of consumer's declines as they can no longer afford products or services that they have been previously buying.

Exchange rates have a huge impact on company's who export large amounts of their products. If the currency rises in the country that the business is exporting to, their goods become expensive and in turn reduce their competitiveness. A business needs a firm exchange rate and low inflation rate to ensure that their business grows. As Ireland is a small open economy an important development has been the emergence of global interdependencies between different economies. \* Social factors – Modern Management (2006) tells us that social factors are concerned with the demographics, attitudes and behaviour of members in society.

Lancaster et al, (2002) say people's basic beliefs, attitudes and values are shaped by the society they grow up in. Modern Management (2006) describes demographics as identifying characteristics of people living within society, these include work groups, organisations and countries. These characteristics can be measured in terms of age, gender, familysize, educationand occupation. Buying behaviour is influenced by social conditioning. The socialculturehas an impact on the business environment.

The company needs to be aware of the demographics when planning recruitment, selection and training of employees.

Demographics have an impact on human resource policies and on what kind of products and services are available within society. Developments in the social environment can have implications for a business in terms of the behaviour and attitudes of their workforce and consumers being more environmentally aware. \*Technology factors – Affect the way goods are distributed and promoted. It increases efficiency on how products can be distributed. Tieran et al, (2006) states that no organisation is immune to the effects of technology.

It can affect the company in the following ways; technology innovation, production techniques, how the company is managed and how communication takes place within the company. Essentials of Marketing state that technology has a major impact on how market research is gathered and conducted. Sales forecasting is important and has become easier to do with the technology that companies have. The laser checkout can record consumer purchases automatically and is used to analyse sales, control and re-order stock. Sales reps can use audio visual to entice people to buy their good or services.

Technology has influenced developments in products such as genetic engineering and cameras. \* Environmental factors – Includes the weather and climate change. No organisation can ignore environmental issue according to Mastering Marketing Management (2002). Their actions have serious consequences on land, sea and air. In Principles of Marketing (2010) companies are expected to take measures to conserve and allocate scarce

<https://assignbuster.com/analysis-political-factors-essentials-of-marketing/>

resources properly. They must be seen to show active interest in the welfare of the community and the people living within it.

Consumers want to buy products and services from a company that is seen to be environmentally friendly. \* Legal factors – Is related to the legal environment in which the firm operates. Legal changes can affect a firm's cost and demand. In Principles of Marketing (2010) organisations are affected by government monetary and fiscal policies such as import/export policies and custom duties. Anti-pollution laws impact on marketing plans and policies. Marketing policy-making is influenced by government policies and controls throughout the world.

There are many laws that a company must follow some of these are health and safety, employment laws and consumer law to name a few. Introduction of company chosen The company chosen to carry out an analysis of their macro-environment is Mc Ardle Transport Ltd Callenberg, Inniskeen, Dundalk, Co. Monaghan. According to Mc Ardle transport Ltd website ([www. mcardletransport. com](http://www.mcardletransport.com)). Mc Ardle Transport Ltd was established in 1968. It operates one of the largest fleets of road transport equipment in Ireland. It employs 80 people on their site.

Mc Ardle transport Ltd has become one of the leading specialists in transport, logistics, warehousing and supply chain management. They currently operate a fleet of 45 vehicles and in excess of 125 trailers ranging from mega trailers, euro liners, box vans, box fridges and skelly trailers. They are committed to providing a well-organized, flexible service, operating integrated satellite tracking and communications solutions in order to ensure peace of mind for their customers. They try to deliver a reliable, efficient, <https://assignbuster.com/analysis-political-factors-essentials-of-marketing/>

cost effective and personal service. Services offered by the company According to Mc Ardle Transport Ltd website ([www. cardletransport. com](http://www.cardletransport.com)), they offer transport and distribution services which include national and international transport. This covers collection and delivery service, full load and part load service, container loads, hazardous cargoes and refrigerated cargoes. Their export and import service include food, pharmaceutical, engineered machinery, palletised cargo, hazardous cargoes and chilled cargoes. They also offer a warehousing service, they have 5 separate warehouse units on site and 16 dock levelling loading ramps. It is a customs approved premises and department of agriculture food and fisheries approved.

Warehousing services include materials intake, good manufacturing practices (GMP), inspection of export containers, container loading and safe operation fork truck and pallet truck. . Finally they offer satellite tracking on their fleets, this ensures that goods are delivered to the correct location, at the correct time, in the correct condition, thus customers are satisfied. PESTEL analysis of Mc Ardle Transport Ltd For the following PESTEL analysis the author spoke to Micheal Mc Ardle of Mc Ardle Transport Ltd to ask how the macro environment affected his company. Political factors: Government policies that have a major impact on Mc Ardle Transport Ltd are taxes such as duty taxes and regulatory policies relating to employment. In the current climate these government policies push costs up within the company. Mc Ardle Transport Ltd would like the current government to abolish green diesel completely and offer a rebate to essential users of diesel. For instance farmers that use green diesel have them as essential users, and rebate them

to lower the price of white diesel. This would eliminate the problems relating to the laundering of diesel. Companies within Ireland import all fuel to Ireland, one of these imports 80% of all fuel to Ireland. Revenue would benefit if this area was properly controlled and it would also boost their income on tax. The current government could change taxes that are charged on trucks regarding toll roads in Ireland. Trucks pay a disproportionate amount of taxes compared to other road users. The government needs to change policies with regards to how trucks are taxed. Currently trucks are taxed based on weight instead of being taxed by emission, if this was changed it would entice companies to cut down emissions and to re-invest in their company. Economic factors: In regards to exchange rates this area has little effect on this company. The Euro has eliminated this problem the majority of business is done in Euro, some in Sterling and very little in Dollars. Some of the costs are in dollars for example deep sea shipments outside Europe are usually quoted in dollars. Inflation rates over the last couple of years have tended to be reasonably stable which is positive for this company. Inflation was a problem in 2006-2008 in regards to wage inflation as it was difficult to get the right quality people for the job as they were drawn to higher paid jobs in other areas.

Interest rates have been very stable over the last couple of years, which has assisted this company in re-investing. Mc Ardle Transport has invested in their company this year with a new fleet of trucks and expansion of their warehousing. \* Social factors: Mc Ardle Transport Ltd encourages staff to up skill. They have some of their employees in DKIT courses ranging from management, logistics, health and safety and business admin. This is

positive for the company as it's a win/win for both sides. It helps the company and the employees to adapt to the current climate. Technology factors: Mc Ardle Transport is very dependent on broadband and uses an array of technology within the company. Satellite tracking is used to track the position of all trucks on the road and is used to send messages to and from the trucks. Engine management gives every detail of the truck, number of times the brakes is pressed, speed of the truck, working time and fuel consumption. It is used to make sure that working time directives are followed, management of fuel consumption, maintenance of trucks is kept up to standard and also tracking temperatures of cargoes carried.

The driver sets the temperature of the cargo if the temperature goes up or down the company is notified by an alarm 24/7 through e-mail or text messaging. The company can give a full download of the temperature history of the cargo to the customer on arrival. Barcode scanning is used in the warehouses. All products received are scanned on arrival, this shows what the product is, how much of it there is and the batch number. This also is used to locate a position within the warehouse and it shows the location of each pallet. The company uses e-mail, telephone and internet on a daily basis. Environmental factors: Mc Ardle Transport Ltd has all of their warehousing insulated as well as temperature controlled and monitored. They are very aware of fuel emissions and when upgrading their fleet, they look for fuel efficient vehicles. They use technology such as engine management to monitor fuel consumption of all vehicles. They have an environmental officer on site to report on energy usage on site and to assist drivers in any way possible. They work with their customers to select the



best route to help them reduce their carbon footprint. They offer to track their customer's carbon footprint from collection to delivery.

One of the major problems during last winter was access from their site to the main road, it also impacted on the efficiency of the schedule they could keep. Mc Ardle Transport tries to reduce their carbon footprint by assessing their fleet and the life cycle of their vehicles every year. \* Legal factors: As Ireland is part of the EU, Mc Ardle Transport Ltd must follow EU regulations such as employment law, drive time directives and authorised economic operators, this is recognised companies who are compliant with revenue. They received their department of agriculture certificate and medicine board certificate from the EU.

All vehicles must be DOE approved they must be passed and issued with a certificate of road worthiness. In terms of health and safety an independent consultant comes on to the site every week. Mc Ardle Transport Ltd provide training for health and safety, drivers who are working alone, first aid, fire safety, robbery response training and drivers who are carrying hazard material training. Conclusion As you can see from the above Mc Ardle Transport Ltd is affected by all of the macro-environmental factors particularly legal and technology factors.

Being a part of the European Union has many advantages. It gives common standards to similar companies like Mc Ardle Transport Ltd throughout the EU, customers can recognise these standards and can see who is compliant. In terms of technology the lack of broadband options in Ireland is putting Mc Ardle Transport Ltd at a disadvantage. They are very dependent on a good

broadband system for the daily running of their business in terms of satellite tracking their trucks, taking orders, sending quotes etc.

All of these macro-environmental factors need to be monitored in order for the company to move forward and be successful in the future. Bibliography Lancaster, G. , Massingham, L. & Ashford, R. (2002) Essentials of Marketing, 4th Edition, McGraw-Hill Education Tieran, S. , Morley, M. & Foley, E. (2006) Modern Management and practice for Irish students, 3rd Edition, Gill & Macmillan Cartwright, R. (2002) Mastering marketing management, 1st Edition, New York, Palgrave Dundalk Institute of Technology E- library (2011) Principles of Marketing [online], available from: <http://site.library.com/lib/dkitlib/Doc?id=10415387&ppg=47> [accessed 7 October 2011] Appendices McArdles Transport LTD 1) What government policies affect your company? 2) How has the current government affected your business? (i. e. any decisions they have made) 3) In terms of exporting your goods how has the following affected that; a) Exchange rates? b) Inflation rates? c) Taxation changes? d) Interest rates? 4) In the current economic climate have you found that staff are up skilling in your company? (i. e. going back to college, evening courses) ) What technology does your company use? 6) How does this technology benefit your company? 7) Does the technology used benefit your customer in any way? (if yes then how) 8) During last winter how did your company cope with the extreme weather? 9) Was it a difficulty to keep on schedule during this time? 10) How have you prepared for this years winter? 11) Have you any pressure coming from environmental groups in terms of your company's fuel emissions? 12) What measures have you taken to try and reduce your carbon footprint? 3) How has the price of fuel

impacted on your company? 14) Do you find there is a pressure coming from your clients to be more eco-friendly? 15) Do you find that being a part of the EU gives your company an advantage when doing business? 16) What are the main EU regulations that your company must abide by? 17) How did you obtain government approval for your warehouses? 18) What regulations must all your vehicles go through in order to obtain a certificate of road worthiness? 19) Brief overview of the main safety regulations that must be abided by?