MARKETING MANAGEMENT: MONITORING THE INTERNATIONAL ENVIRONMENT FACTORS USING GLOBAL MAPS

Štěpán Kala¹, Kateřina Kuralová¹, Klára Margarisoňová¹, Lucie Vokáčová¹

¹ Department of Management, Faculty of Economics and Management, Czech University of Life Sciences Prague, Kanýcká 129, 165 21 Praha, Czech Republic

Abstract


The article discusses the issue of the global marketing environment in line with the factors determining its external conditions. The aim is to specify the marketing-environment indicators in the international context and interpret the use of geographical maps illustratively documenting the differences of particular parameters in various parts of the global market. The research-results help update the theoretical framework of global environment factors. These data are also important for practice. Many enterprises consider the question of optimising their sources and directing their goals towards the opportunities available thanks to global markets. The global environment mapping is thereby an important basis for the marketing activities whose implementation across national boundaries is going to be mainly influenced by peculiarities of the environment involving foreign markets and their changes.

Keywords: marketing management, marketing environment, international environment, international marketing, marketing planning, marketing strategy, global maps

INTRODUCTION

The involvement in international activities can be an interesting challenge for an enterprise since it offers the opportunity to diversify the demand in geographic terms and balance seasonal oscillations in the international market. In addition, the foreign market allows for prolonging the product lifecycle to make the investment in that product's development more efficient; improving their competitive position in the domestic market. We can also mention the use of financial stimuli not often existing in comparable domestic markets (exportation loans, tax reliefs, taking over the risks connected with foreign activities). In addition, the foreign market helps achieve higher economic effects thanks to larger production volumes, strengthening one's position thanks to cooperating with a capital-strong foreign company, getting an easier access to new top technologies, etc. (Boučková et al., 2003).

The monitoring of the conditions impacting businesses' strategies while entering a target foreign market belongs to current business practice, being able to use relatively easily the tool of global maps. The international competitiveness of companies is influenced by varied factors that are classified in 4 basic areas for analysing different issues for the marketing planning. Those areas are: the political and legislative environment, the economic environment, the social and cultural environment and the technological environment. A survey of particular indicators relating to those areas, being used to make the mapping at the level of the whole world, gives a basic idea what's the situation in all the territories.

METHODOLOGY AND DATA

The international marketing can be understood like the philosophy of doing business, with enterprises directing their attention to foreign clients, trying to satisfy their needs and wishes better than the competition and to aim at building long-term relationships strengthening their cus-
customers’ loyalty. Considering a particular strategy in international markets – such as enterprise surveys markets, makes its marketing plan and chooses the forms of entering the foreign markets, segmenting them, selecting a target foreign market, choosing a suitable positioning and doing an international marketing mix (Machková, 2009). The international marketing is the process of planning and doing transactions across national boundaries involving the exchange. Its forms range from exporting to licensing, making joint ventures, wholly-owned acquisitions or managerial contracts. Because of the transaction taking place across national boundaries, the marketer is subject to a different set of macro-environmental factors and constraints deriving from different political systems, legal frameworks, cultural norms and economic circumstances (De Búrca et al., 2004).

The up-to-date character of this topic is well demonstrated by the published articles in foreign scientific journals like, for example, International Marketing Review (e.g. Terpstra, 1987; Nielsen, 2003; Venaik and Brewer, 2013; and Efrat, 2013). Also domestic authors pay attention to this area (e.g. Kubíčková and Toulová, 2013).

There are many reasons for monitoring the global marketing environment. For instance, Federica Bressan and Paola Signori noticed that there was a growing importance of emerging markets naturally requiring a good knowledge of the environment to make a good strategy (Bressan and Signori, 2014).

The second area under examination is the international marketing environment and to demonstrate how they are applied using the international marketing environment and frameworks of international marketing factors involved a review of theoretical approaches and frameworks of international marketing factors conceived by selected authors, including a synthesis thereof. The examination involved the factors of the international marketing environment discussed and suggested by seven authors: Hollensen, 2001; Kotler and Armstrong, 2006; De Búrca et al., 2004; Hoff steide, 2007; Berndt et al., 2007; Machková, 2009; and Boučková et al., 2003. The selected professional publications presenting secondary sources particularly involved searching for the subcategories and factors of the international marketing environment that those authors dealt with. The main output framework was suggested using a summarising method.

One of the ways how to learn of specific aspects of the international environment introduces global maps. Simply said, the maps represent a geographical area enabling people to find places and/or to better understand features of any destination. They visually express the global environment status.

RESULTS

While examining the sources stated in the methodology of work, the framework of political & legislative environment involved establishing three main categories: political environment, trade regulation and legislation. The political environment comprises five subcategories: i.e. safety and risks; the government’s economic system; the government and its stability; membership in multinational institutions; approach to the information and lobbying and/or corruption. The trade-regulation sphere set aside two categories with the support to trade and exportations on one side and business barriers on the other side. Legislation is represented by one summary group of indicators (legislative framework).

The analysis of the world’s economy (global economic environment) is generally done with evaluating basic trends in evolution of physical volumes of exchanged goods and services, evolution and movement in world prices of the most important commodities (oil) and the internationalisation/globalisation process. Regarding the fact of more and more accelerating structural movements in the world economy, the attention has to be paid to the economic policy of certain countries being covered with the policy of multinational communities (created based on free-trade agreements, customs unions, economic unions, common markets, etc.). In fact, companies are influenced not only by the tools of business policies of governments in different countries, but also by the activities of multinational institutions involving, for example, the International Monetary Fund (IMF), the World Trade Organisation (WTO), the Organization for Economic Cooperation and Development (OECD), etc.

The second area under examination is the economic sphere in the countries, including the evaluation of their markets and their classification. The basic feature of any country’s economy can be delimited by its economic system and economic structure. The most important economic criteria being generally evaluated are macroeconomic indicators and their evolution. The analysis also focuses on other factors making marginal conditions for a country’s economic development, like the features of its population’s demographic
The table below shows a list of the main areas of the economic environment and their indicators (see Tab. II).
The technological environment provides data on technical maturity of a country and features of using its research and development potential. The status of the indicators under examination determines the options and rate of globalisation. A research helped set aside three principal areas: information & communication technologies (ICT infrastructure, information systems and communication systems); research and development (expenditures on R&D, R&D level) and technological evolution (infrastructure; innovation; regulation of technological changes; production procedures). The use of global maps to get to know the international marketing environment can be illustrated on the example of the map (Fig. 1) showing the population's distribution in different parts of the world, aiming at the latest technologies. The darkest areas in the map are the regions with the population being technologically disconnected. On the contrary, the lighter areas show the regions with arising innovations; and the lightest areas comprises the regions with the latest technologies being just adopted at present.

**DISCUSSION**

The above-mentioned text shows that all the sources under examination are concerned with the political & legislative environment, economic environment and social & cultural environment even if there may be differences in details in some authors' works. E.g. De Búrca et al. (2004) emphasise
### III: Social & cultural environment

#### SOCIAL AND CULTURAL ENVIRONMENT

<table>
<thead>
<tr>
<th>Environment type</th>
<th>Category</th>
<th>Factors</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>Social</td>
<td>Religion, taboos</td>
<td>Religion; religious observance; religious holidays; religion and taboos; relationship to the universe (the belief in the existence of God, church attendance – the number of churches, the number of religious movements, Eastern religions, mysticism, occultism); faith and values; religious institutions; religious practices (some religious practices limiting properties product – alcoholic, animal fats); sorrows; pray facing; forbidden topics (nudity, sexual conduct, hygienic habits, allusions to church); taboos (fish on Fridays for Catholics, Hindus for beef, pork for Muslims and Jews) etc.</td>
<td>Berndt et al. (2007) Boučková et al. (2003) De Búrca et al. (2004) Hollensen (2001) Kotler and Armstrong (2006) Machková (2009)</td>
</tr>
<tr>
<td>Social</td>
<td>Aesthetics</td>
<td>Aesthetic; attitudes to beauty; attitudes to good taste in the art; music; folklore; drama and culture of aesthetic feeling; perception of ideal beauty; aesthetics and art (style and taste of people – symbolism of colours; sense of form – industrial design must take account of a relevant national taste); aesthetics (perception of individual words, symbols and objects (pictures of living objects – Muslim states, some animals are sacred, dirtiness, the symbolism of colours) etc.</td>
<td>Berndt et al. (2007) Boučková et al. (2003) De Búrca et al. (2004) Hollensen (2001) Machková (2009)</td>
</tr>
<tr>
<td>Cultural</td>
<td>Lifestyle</td>
<td>Habits (the way how products are used, conduct business); eating habits; relationship to personal hygiene; dressing; clothing; dress and appearance etc.</td>
<td>Berndt et al. (2007) De Búrca et al. (2004) Hollensen (2001) Machková (2009)</td>
</tr>
<tr>
<td>Cultural</td>
<td>Population</td>
<td>World’s population size; population; population density; mobility; age distribution of the population; birth rate; marriage; mortality rate; quality of life; poverty rate etc.</td>
<td>Berndt et al. (2007) Kotler and Armstrong (2006)</td>
</tr>
</tbody>
</table>
the financial market, including it in the framework of the economic environment. The Kotler's conception (2006) presents the social & cultural environment with two independent categories, i.e. the demographic environment and the cultural one. Boučková et al. (2003) works, however, with the same categories, but she comprises them into social factors. Both the aforesaid authors broaden the scale of external impacts with the term of the natural environment that is not stated in other authors' works like an independent category. At the same time, Boučková et al. (2003) accents the ecological aspects within that area. It's surprising in the context of fast-changing technologies and their development, being part of current marketing activities that the authors pay the least attention to them. These issues are not solved at all in some publications (Hollensen,

<table>
<thead>
<tr>
<th>Environment type</th>
<th>Category</th>
<th>Factors</th>
<th>Authors</th>
</tr>
</thead>
<tbody>
<tr>
<td>TECHNOLOGICAL ENVIRONMENT</td>
<td>ICT Infrastructure</td>
<td>Internet coverage; high-speed networks; Wi-Fi networks; number of Internet users; volumes of electronic deals; telecommunication networks; number of mobile phones and phone connections; computer technology equipment; option of work from home; TV, radio.</td>
<td>De Búrca et al. (2004) Kotler and Armstrong (2006) Machková (2009)</td>
</tr>
<tr>
<td></td>
<td>Communication systems</td>
<td>Email; social networks; chat; text messages SMS, multi-media messages MMS.</td>
<td>De Búrca et al. (2004)</td>
</tr>
<tr>
<td>RESEARCH AND DEVELOPMENT</td>
<td>Expenditures on R &amp; D</td>
<td>Gross domestic expenditures on research and development; total expenditures on own research in the business sector; level of expenditures on research and development in the sectors; rate of co-financing (government / private sectors).</td>
<td>Kotler and Armstrong (2006) Machková (2009)</td>
</tr>
<tr>
<td></td>
<td>R &amp; D level</td>
<td>Number of research institutions; proportion between the basic and applied research; number of scientists; ways of managing scientific activities.</td>
<td>Kotler and Armstrong (2006) Machková (2009)</td>
</tr>
<tr>
<td>TECHNOLOGICAL DEVELOPMENT</td>
<td>Infrastructure</td>
<td>Road network; railway network; air transport; shipping transport; engineering networks.</td>
<td>Kotler and Armstrong (2006)</td>
</tr>
<tr>
<td></td>
<td>Regulation of technological changes</td>
<td>Safety of products (standards, certification, etc.); time between a new idea and its commercialisation; protection of intellectual property (copying competitive products and technologies).</td>
<td>Kotler and Armstrong (2006) Machková (2009)</td>
</tr>
</tbody>
</table>

1: Technologically excluded regions
Sachs, 2000

*Two patents or more per million population
High-tech exports of at least 2% of GDP
Based on country data, 1997. Some sub-country regions are shaded where the criteria are judged likely to be met.
2001; Berndt et al., 2007), and De Búrca et al. (2004), for example, reduce the whole technological environment to the information technology environment. Just the information technologies allow for using the systems making the relationships between suppliers and clients more efficient. Above all, it facilitates the international market research. Another typical phenomenon of using the technological progress in the marketing process is doing the electronic trading, involving a great progress in the worldwide communication.

The necessity of investigating the international marketing environment in full is also supported by the fact that there are partial indicators across all the areas under monitoring. Some indicators, classified by the authors into the political and legislative environment, entwine with economic indicators, e.g. membership in multinational institutions being classified by Berndt et al. (2007) and Machková (2009) into the political and legislative environment, but on the contrary into the economic environment by Boučková et al. (2003) and De Búrca et al. (2004). In addition, Hollensen (2011) mentions them in both the categories. There is also a close relation to the political stability which is, according to De Búrca et al. (2004), directly conditioned by social and cultural indicators, e.g. the degree of social unrest; cultural, ethnic religious and language unity of a country.

CONCLUSION

Learning of the status of the aforesaid indicators is principal to be able to formulate the strategy while entering a foreign market. Analysing the legislative and political environment of a foreign country help a company get the basic information about a country's stability and reliability and about the conditions for foreign business entities, which reflects that country's business policy. The economic environment's framework shall involve evaluating the basic economic factors relating to the size and nature of a territory. (We cannot separate inland economic activities from the world's economy. That's why the analysis shall also comprise both the global world economy and a particular market's economy). Another condition for successful commercial activities is the knowledge of specific factors of the cultural and social environment not only relating to clients but also to negotiations with foreign partners. It also involves evaluating the technological environment that has contributed to the real globalisation of doing business internationally. Analysing technical and technological changes provides data on a country's technical level of advancement and features of using its scientific and research potential.

Global maps, being a good tool, may be used to provide a basic orientation and learn differences or contrarily conformities of different geographical regions. When using them, the evaluation shall take into consideration complexity and interconnection of the elements in the international marketing environment. Any single map cannot give sufficient data to make decisions about international activities. Other circumstances have always to be looked for; for example the before-mentioned map (see above) puts forward investigating the population's literacy (social & cultural environment), access freedom to the information (political and legislative environment), a country's level of economic advancement (economic environment) etc. When comparing the maps showing the access to modern technologies and the level the population's literacy, there are some areas being technologically excluded, having simultaneously a high rate of illiteracy. Those findings consequently imply modifying marketing tools. For example, the technological level is decisive for marketing communication in view of selecting communication channels; and the literacy level will consequently impact the form of communication.

Acknowledgement


REFERENCES


Contact information

Štěpán Kala: kalas@pef.czu.cz
Kateřina Kuralová: kuralova@pef.czu.cz
Klára Margarísova: margariso@pef.czu.cz
Lucie Vokáčová: vokacova@pef.czu.cz