

## The International Environment of the Enterprise and the New Global Economy

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*The macro-environment does not leave any business unaffected and it is precisely this environment that forms conditions, stipulations, rules and quite often investment opportunities. It defines the limits as well as the possibilities of every financial organization.*

*The influence of this external "atmospheric stratum" has more intensely been felt in the new era of globalization and the "new financial class" which inevitably led to a redefinition of attitudes, strategic behaviors and policies of conglomerations and corporations.*

*The international scenery is changing on a daily basis, thus transforming the rules of the international game and empowering considerably certain players. The ideal solution seems to stand on both knowledge and adjustment to the new data.*

*The analysis of the above mentioned abilities constitutes the main subject of the article that follows.*

Any business enterprise lives, develops within a specific milieu, and is impacted by environmental and international socio-economic conditions [Lawrence & Lorsch, 1967].

Demography, the economy, the natural environment, legislation, technology, cultural values, and a changing competitive environment are essential interdependent variables directly affecting, if not determining, the successful behavior of international business concerns [Ellis & Williams, 1995; Czinkota & Ronhaiken]. However, companies must understand, react, and proceed to the suitable adjustments like any living organism. For, the performance of any business enterprise lies in its adaptive but also proactive capacity [Berry & Rondinelli, 1998] to understand complexity [Anderson, 1990; Cillier, 1998; Morin & Lemoigne, 2000] so as to transform external constraints into sustainable socio-economic opportunities [Porter, 1995], chaos into order [Holland, 1998; Eisenhardt & Brown, 1998].

This text purports to show that marketing effectiveness and efficiency in an increasingly globalized economy [Dunning, 1993; Esposito & Azuelos, 1997; Gilpin, 2000] can be achieved through an increased understanding and monitoring of the overall

environment [California Management Review, 2001; Aurejean & al., 2001] but also thanks to the relevant implementation of "sustainable" marketing implementation processes for all stakeholders [Freeman, 1995; Johansson 2000] that better translate and construct emerging needs and trends into adequate transnational supply [Fayey & al., 1986; Bartlett & Goshal, 1991]. Creative ideas, innovative production and distribution methods, constant organizational redesign, knowledge creation and exploitation of the relevant environmental information [Boisot, 1998; Kelly, 1998] are the new strategic marketing levers that help to found a newly integrated marketing management concept [Boyd, Walker & Larréché, 1998].

An environmental-centric approach is described in the following article as a way to reconcile the challenges of integration and differentiation thanks to a more "global" approach [Ohmae, 1990] and a new "environmental marketing mix".

### 1. Moving into the 21<sup>st</sup> century: toward a 'Chinese' century?

One of the most important economic events in the eighties was the deregulation of the Western economies [Azuelos, 1995] and the economic reform of China, the

most populated country in the world with over 12 billion people. This economic reform was associated to China's opening up to the rest of the world [Boyd & al., 1998]. Since 1983, the gross national product of the country has been increasing by 10,5 % a year, while the rate of growth in the rest of the world was only 3%, [Kumar, 2000, p. 318]. The rise in wages has exceeded the increase in the consumer goods prices, and, in 1994, the average yearly income of every family reached 685 dollars, while, in 2020, it is expected to reach 4,000 dollars. In the year 2001, the differences in mentality, culture, perceptions, and financial power, between Chinese and American or European peoples is still enormous [Verbunt, 2001]. The Chinese are able to spend less than 5% of their total income on house rents, means of transportation, health, and education thanks to the high governmental subsidies they receive. On the contrary, the average American household allocates from 40 to 50% of its yearly income to the above services.

The urban population of China is about 400 millions, however, considering the current population mass shifts from the countryside to cities, it is expected to reach 700 millions by 2001 [Johansson, 2000, p. 299], reducing China's traditional agricultural labor as a consequence.

Considering the magnitude of such change and the related economic figures, it is worth noting that the average Chinese family makes a 6,000 dollar yearly income, a sum that may go up to 9,000 dollars for some coastal regions. The average income of such households is expected to exceed 11,000 dollars by the year 2010. The number of urban families earning a medium or higher income is likely to total 200 millions. The statistics are particularly telling. The majority of households in the big Chinese cities own color televisions, washing machines, fridges and other household facilities. As for the sales of personal computers (700,000 in 1994), they double every two years. It is anticipated that, China, whose 400 million children's popu-

lation is under 14, will become the largest children's toy market in the world. Therefore, many big companies who are involved in global markets have foreseen the current boom and the future boon. Coca-cola and Mars already sell their products in every part of China. Walt Disney commercializes more than 1 billion packs of chewing gums per year there [Bateson, 1989]. Many powerful multinational companies such as Kodak, Johnson & Johnson (USA), Unilever (Holland and UK), Nestlé (Switzerland), Henkel (Germany), Peugeot (France), have made great investments forecasting increased opportunities on such a fast developing market.

Assuming that one country always take the lead in a given century, it could be said that the 19<sup>th</sup> century belonged to the colonial superpower of England and that the 20<sup>th</sup> was a North American century. Will it be China's turn in the 21<sup>st</sup> century?

Yet, in today's China, there is still a shortage of influential leaders. No official compares with Zeng X, who helped the country gain his reputation as a global force in the 15<sup>th</sup> century. However, History does not repeat itself. Instead of a single autocratic and imperial emperor, thousands of ordinary people have risen and done their best to open up their country. These new 'heroic' figures are steering the giant into the future, making China more outward and opened onto the external world. In Shanghai, at the very the place where Zeng's fleet sailed six centuries ago, 2,000 workers belonging to a giant shoe manufacturer cut, paint, glue, sew, and pack thousands of shoes. Then, the goods are freighted on big cargo-boats heading for all the nations throughout the world. China's borders are no longer closed.

At the dawn of the 21<sup>st</sup> century, China feels entrusted with an important productive and commercial mission. It has begun an adventurous journey towards the external world. Thousands of entrepreneurs are part of the trip. It is the case of the 30 year-old exporter of athletic goods, Gong Zian. His company manufactures and exports

6,000 pairs of athletic shoes every day. To boot, China is the latest member of *World Trade Organization* and is likely to become a greater global economy player with rights and responsibilities equal to its more developed partners. Finally, the country has been chosen to host the 2008 Olympic Games.

Despite the ongoing commercial, political, and human-right disputes, such changes imply that China must now be able to come to terms with the searching and critical attitude of thousands of foreign journalists, regulators and lawyers coming from every part of the world and determined to enforce freedom of speech and international commercial laws.

## **2. The new international environment and the marketing strategy of enterprises**

A rigorous analysis and relevant presentation of the trends in the economic sphere is also essential to the development of sound strategic marketing programs. For, it is vital to quickly seize opportunities and obtain cutting-edge competitive advantage while minimizing the risks and the threats of a continually changing and fluid marketing macro-environment [Fayey, Narayanan, 1986; Ephraim, Cova, Cernes, 2000]. The case of China is most impressive when one considers its fast-paced economic development combined with its relatively stable regime and its huge customer reserve [Dufour, 2000]. Such potentialities have attracted a lot of foreign investments. However, the spectacular economic and demographic dimensions are only two of the seven key aspects pertaining to the macro-environment [Fayey & al., 1986; Boyd & al., 1998] are also the natural, the political-legal, the technological, the social, the cultural, and the competitive environments to take into account. More specifically, a problem which appears in the natural environment (e.g. atmospheric pollution) causes the voting of new legal provisions (e.g. environmental legislation), which, in turn, affect the production of cer-

tain industries (e.g. development of alternative fuels) and cause the development of new technological products (the catalytic car exhaust pipe). The above examples illustrate the connection and the interdependence that exist between all the elements that are part of the business external environment [Fuchs & al., 2000]. It should also be noted that the turbulences in international area might lead to a more intense and fiercer competition on a globalize market. It may result in cutthroat battle for market shares between local and international enterprises [Govindarajan & Gupta, 2001].

Let us successively examine the seven environmental contexts. They strongly impact and transform marketing programs and strategies originally designed to influence and structure the general dynamics and the interplay between the various elements. Finally, we will briefly discuss the value of a new type of marketing policy designed to assess the key environmental factors and provide strategic levers instrumental in the conquering of markets or the implementation of effective and efficient strategic marketing programs.

## **3. The natural environment constraints**

In recent years, there have been sweeping changes related to atmospheric pollution, the exhaustion of precious mineral and the depletion of other natural resources such as plants and animals. Their diversity and very existence are now threatened.

The once enduring health of our planet seems to be continuously declining as the destruction of the stretches of wooded country, the increasing expanse of deserts, the pollution of lakes and rivers and the phenomenon of global warming testify. Scientists predict a great fall in the temperature of Central Europe and a dramatic rise in Africa, Latin America, East Asia, and South Africa. There are many indications that the greenhouse effect may cause drastic climate changes, and, some companies – insurance companies – are now demanding precautionary measures from

governments. The lack of water resources or their poor quality have forced many European countries to use the recycled water of mines or water tables for the irrigation of public parks, golf courts, and the construction of roads. In the meantime, America spends more than 7 billion dollars every year on bottled water and house tap filters. Within ten years, the demand for bottled water will have tripled. Paradoxically enough, ecological problems and environmental sensitiveness have both been intensifying in all the regions of the planet and especially in China, Eastern Europe and many developing countries.

The biggest polluting country in the world seems to be China. Today, it pours billions of tones of biochemical wastes into its rivers and waterways. However, the laws against pollution are becoming stricter, even in China. Authorities are considering adopting the death penalty in case of serious environmental pollution. At the same time, recycling and environmental protection schemes are becoming more popular all over the world.

Yet, many analysts believe that companies must have a greater share in fixing the damage they caused. Experts think that the future of the planet and the survival of the ecological systems fall within the responsibilities of companies. Sanctions and penalties are often inflicted so as to strongly sensitize, if not coerce, business organizations. Under such circumstances, they may respond faster and earlier for fear of jeopardizing their public image and notoriety. Some corporations have intervened of their own accord and launched preventive environmental programs to anticipate and tackle certain difficult situations. For a company, one way, which illustrates this socially responsible trend, is either to fund research projects focused on the reduction of air, sea, and underground pollution or to search for new energy sources. The use of milder forms of energy such as solar, wind, waterfalls, and geo-thermic ones is, indeed, a relevant strategic response to the public's negative perceptions. Modern industries

tend to provide a wide variety of new products in all fields that are environmental friendly (i.e. 'green' products). One thinks about recyclable motor oils, phosphoric acid-free detergents, and fined meshed tuna fishing nets that do not trap dolphins, recycled paper, sportswear made of organic cotton and painted with toxic- and substance-free paints. Therefore, in all the industrial sectors such as the food, home-product, garment, transportation and packaging business, new products can be found. Their design is based on novel ideas inspired by these ecological concerns.

In general, many enterprises now rely on new technologies, innovations, and ideas that aim to protect the natural environment and lower the risks and threats facing mankind.

#### **4. The political-social environment**

Every country is characterized by a particular legislation and/or institutional context [Boyer & al., 2000]. Such context must be accepted by the local and national as well as by the foreign or multinational companies to become legitimate. It is also well known that the political-social context, except when it becomes a source of threats, penalties and sanctions, offers many strategic and investment opportunities. Certainly, the economic and political development and maturity of a country must be assessed to fit the quality and the level of the mentioned context. For the companies, the risks in global markets may vary according to the political and social events occurring in the countries they invest [Ephraim & al., 1997]. Frequently, the fixed investment yield is associated with the high or low risk that every company is faced up with. In the past, there have been extreme cases of nationalization and expropriation of the assets of multinational companies with no, or very little, compensation. Nevertheless, such cases seem to be restricted nowadays to a very limited number of countries in comparison with the past post-war decades.

In addition, it is often observed that governments either encourage or discourage foreign investments. They may gratify some enterprises with special measures or policies that stimulate supply. For example, they use tax exemptions, privileged treatments in matters of employment. Recently, in Greece, the government has supported the Greek companies' investment schemes in neighboring Albania through legal action and development measures. Large subsidies equal to the ones given for investments inside Greece have recently been granted.

Economic side effects are also observed in many countries, especially in South-Eastern Asia, with the issue of forgery. Factories copy industrial products such as CDs, videos, drugs, souvenirs, cloths, and watches on a mass scale. The cost of these pirated objects is estimated to several billion dollars (including the intellectual rights and the exclusive use of trademarks, etc.).

The local regulatory bodies together with the legislation nets that apply to each country very often complexity the activity of multinational enterprises. The latter are forced to understand the legal framework if they are to adapt their processes to the local market regulations [Doz & al., 1981]. This situation creates many difficulties in particular overwork, for the marketing departments. In most countries, there are many rules that refer to drug and food manufacturing as well as others associated with the pricing, the promotion, and the delivery of products. Moreover, agreements between states and regional unions such as the European Union are designed to enforce thousands of regulations so as to create a unique health, safety, and protection environment framework common to each country member. This situation usually favors the enterprises used to producing a wide range products destined to a large number of countries. On the contrary, the enterprises, which export a small number of products to a few countries, operate with a handicap. They incur uncountable

planning, structure, and product change expenses. They have to set up new quality control systems during the manufacturing process. All these over costs may translate into overwhelming sums for the small business structures.

Many authors support the view that too great a number of regulations may discourage the development of international trade and international exchanges, but this point of view is more or less exaggerated, considering that enterprises always find new ways to apply the rules at a minimum cost and time.

In terms of marketing programs [Kotler, 1967; Marion, 2000] the problem caused by different national commercial laws is extremely serious for the enterprises that base their development policies on a standardized marketing program. More specifically, we are referring to enterprises exporting the same type of products to differentiated markets and using the same marketing support. According to Professor George Panigyrakis [1989; 1992], "(...) the difficulty comes from the fact that the enterprises implementing such a program must confront, on one the hand, linguistic and cultural obstacles when marketing their products, and on the other hand, the different commercial laws, which, in each country, may also affect the product itself, its packaging, delivery and promotion and cause problems that are difficult to solve". Professor G. Panigyrakis continues: "Europeans and especially Greek businessmen would like to strike any good bargain without being obliged to cooperate with a large number of law consultants similarly to what happens in Japan". This country, with 100,000,000 population, only employs 18,000 lawyers, a smaller figure than the total number of lawyers in Greece where the population is approximately 10,000,000 people. This is due to the fact that each deal in Europe must be presented in writing and in detail. It makes the cooperation with law consultants vital. Contrary to the European policy, the deals between Japanese enterprises may be oral

and based on mutual trust cultivated through long-standing cooperation. Personal relationships are very important to Japanese. Problems that occasionally appear after the contracting of an oral deal are usually solved by mutual concessions. The general idea is that too large a number of regulations limits the entrance of new competitors on local markets and may cause inflation pressures. This belief has caused many countries in Western and Eastern Europe or Asia to dismantle or reduce these regulations. Deregulation is mainly focused on the banking, aviation, communication and railways sectors. A limited number of regulations helps the new productive forces to enter the market more readily. It creates stronger competition while enhancing service quality [Payne, 1993] and a dramatic fall in prices. In terms of marketing, all these factors are interpreted as creating new possibilities for the marketing of products or services, generating continuous differentiation, optimizing the use of marketing techniques. They also serve as a way to redesign company structures, endowing them with greater flexibility.

### 5. The Demographic environment

The findings from the analysis of the planet demographic data are not always consistent and easily explained, but they are definitely very interesting to ponder. The population of the planet was 2,5 billions in 1950, exceeded 6 billions in 2000, and is expected to reach 7.5 billions in 2015. Recent studies show that 80 % of the global population is living in the developing countries. There, the increase accounts for 95% of the global demography. It is forecasted that the population in Africa will double by 2025. It means that the African population will rise from 730 millions to 1,5 billion. The demographic increase in Asia will soar by 40% and its population will total 5 billion people. On the contrary, the overall European population will post a fall, while USA will be the only developed country whose population

will rise to reach 330 millions in 2025. The important differences which are observed between the various populations of the planet should also be carefully considered since they will impact the production and markets of the global economy. Such future differentiations are related with the expansion of the age limit and the urbanization of the global population. Every day human masses transfer from the rural areas to big cities. It is estimated that within the next quarter of the century, the population of the urban areas will double and reach 60% of the total population.

Until the year 2015, the population of seven big cities is expected to reach and probably exceed 20 million people as seen on the table below:

| City      | Population in 2015 (millions) |
|-----------|-------------------------------|
| Tokyo     | 28.4                          |
| Bombay    | 27.4                          |
| Lagos     | 24.4                          |
| Shanghais | 23.4                          |
| Jakarta   | 21.2                          |
| Sao Paolo | 20.8                          |
| Karachi   | 20.6                          |

*Review of Population Trends, Policies, and Programs, Monitoring the World Population Trends and Policies, 1997, New York, United Nations Trends, table 9, in Boyds & al., 1998, p. 67.*

### 6. The economic environment

Progress accomplished by the various countries is assessed in reference either to the gross national product or the average income. However, in order to have an overview of the development of each country in the world, common criteria and fixed accounting units should be accepted so as to produce valid comparisons and divisions into groups between developed, underdeveloped, and developing countries. If one considers the gross national income, it appears that economic growth has been continuous for the past decades. Certainly, the percentage of economic growth is higher in developing than developed countries. For example, Asia's most powerful yearly growth went over 8% thanks to the Chinese economic boom. In South America, the pace of the Chilean and Mexican economies has risen significantly in aver-

age value while Argentina is now confronted with bankruptcy. On the contrary, central Europe as a whole has struck a balance and painstakingly avoided a negative performance.

As for USA, the biggest goods and service importing power (approximately 25% of the global market), it has taken the lead followed by Japan (10%). USA is also the biggest exporter followed by Germany. The economic power of the USA economy is based on its high competitiveness, which results from an increase in productivity [Coste, 1997], low interest rates, a stable population, a flexible job market and large investments especially in high technology and automated production [Azuelos, 1996].

### **7. The new technological environment**

New technologies have also radically changed the structure and the image of the production system and spectacularly transformed the performance and structure of organizations. It is all the more obvious if one considers the impact of genetics on the products of the pharmaceutical industry and the generalization of plastic and fibers that has indirectly weakened the metal industry. The revolution in production and new products was followed by the introduction of new virtual technologies. They have strongly modified all the marketing activities that require integrated communications (audiovisual media, new sales tools) like retailing, promotion and the delivery of goods (creation of new networks, new packaging materials) and marketing research (sales observation, data mining).

The use of new technologies in the production process has allowed to mass-manufacture a series of new products (videos, mobile phones, CD and DVD players, fax machines, powerful PC's, extremely effective drugs, medical diagnoses devices, etc.). They have been exhibited in shop-windows for the past 10 years.

There is no denying, that mankind hopes technologies will help solve environmental problems. Entire industries and sectors are ready to receive and take advantage of

these new technologies like biology, electronics, and communications.

The use of computers in the production process has caused a radical turnaround and drastically redesigned working areas and processes. Today, the sales of PC's amount to over 150 million units in the global market. At the same time, modern technology has rapidly transformed the scope and scale of industry and communication, creating a new field of knowledge, named 'the information industry' that has resulted in the merging of computer technology, audiovisual and media technologies.

These technological innovations have caused a snowballing chain of changes in organizational structures and functions, especially in banking, aviation, and retail sales and in marketing or R&D units carrying out market research. The use of plastic money has also expanded to all kinds of transactions, generalizing credit card use and new financial products and services but also creating new economic conditions and behaviors. Experts forecast the disappearance of checks, bills of sales, and airplane tickets. Such technological innovations have expanded up and down the whole spectrum of production and marketing. Traditional marketing schemes are collapsing day after day. More and more virtual transactions are made from home. Commuting is reduced thanks to urban and suburban planning and architecture redesigns that better match newly emerging economic functions with more established social functions. Automated production has altered working relations, and an 'elite' of knowledge worker and 'core' employees decides who is performing well, to the nightmare of the 'flexed' labor force. These changes in the companies' structures trickle up and down the supply chain from plants to warehouses or offices. Thus, technology mostly drives competitiveness especially at the international level and generates convergence between nations.

Digitalization and instant transmission of data have released new potentialities for

the users and owners of such technologies. These innovations have boosted the need and demand for computers, real time communication, computer simulations and games, and finally integrated networks and industries [Castells, 1996]. In the USA and northern Europe, the connection of all schools, libraries and medical centers to the Internet or local Intranet is now a reality. These achievements are now vital for marketing specialists. The so called 'domino' effect caused by the expansion of technology goes all the way down from industrial markets, market research systems, quality control, the development of new products, the distribution process, data communication in personal sales and up again to strategic planning which is of direct concern to us in this paper. The scale and scope of markets and targets expands in size and diversity.

### **8. The cultural environment**

The cultural environment is a slow-paced and specific environment. It is made up of values, representations, perceptions, standards or legitimate behaviors that are seminal characteristics of a given society [D'Iribarne & al., 1999]. The main distinctive mark of the cultural environment is its slow pace, which strongly contrasts with the radical speed of the technological, economical, and political environment. Yet, major cultural changes have occurred within institutions, in human relationships, social rituals, and family entertainment activities, causing these systems to evolve and transform more incrementally. Oral communications prevails and there is greater social sensitization to differentiation, e.g. segmented publics. Greater attention is paid to the rights and needs of minorities. As a consequence, new categorization processes and classifications emerge, affect and transform the style of personal sales communications and advertising campaigns. In turn, they foster special brands of marketing programs focused on more particular segmented groups of population. In the meantime mass-

customization is also developed and sometimes highlights minority fashion into mainstream trends. The style of many clothes moves towards sportswear, drawing its inspiration from urban youth and street gear. All the products must save energy so as to become more popular. 'Fast-foods' restaurants have also changed eating habits and become the reference norm, sometimes ruining the regional and highly cultural gastronomy but also diversifying, if not enriching, the local cuisine into a more cosmopolitan culture. In Europe, the fast-food chain McDonald's has created 2500 quick-lunch restaurants in 1999 [Solomon & Stuart, 2000] (i.e. at the rate of one new store every three hours) while a lot of exotic restaurants have cropped up in big cities.

The new urban nutritional diet has become lighter. This is a symptom of major changes in the value system of the new labor force. The latter also endeavors to counter mounting stress, burnout, and daily insecurity. The new generation is trying to simplify its life and wants to enjoy a more straightforward communication style with the family or the opposite sex. Young people are more interested in economic security, labor stability and peer membership than patriarchal family values. Therefore the traditional, male-dominated social model is challenged and seriously disputed. Relationships must become more equal and children are claiming more independence and autonomy. They want to actively participate, and as soon as they can, in the purchasing decisions (vacations, entertainment, supply of stationery materials, garments, decoration, selection of TV programs etc.). The increasing number of divorces and/or second marriages has altered the structure of the family. In France, in northern Europe, single parent families are no longer taboo but common in cities.

All these modifications trigger off chain reactions. They influence the buying process of a wide variety of goods especially those that require the participation and the agreement of all the family members. Fam-



ily buying decisions must become compatible with individual choices.

### 9. The competitive environment

The modern competitive environment results from a cascade of changes that have contributed to the interstructuration between the different elements of the business macro-environment [Desgardin, 2000]. Day by day, new products and services [Bateson, 1989] are created while those that already exist must become more differentiated [Reinhardt, 1999] or compatible with the new reference norms so as to survive the competitive shock. In the meantime, a general trend toward upgrading quality pervades the whole production and distribution process.

It is worth noticing that former practices such as manual billing and pricing, traditional communication marketing, small shop window dressing or the stable organization and maintenance of loyal commercial networks are sacrificed on the altar of novelty and competition. Conversely, layoffs, mergers, commercial, and financial alliances are daily observed.

Nevertheless, despite the differences in the qualitative and quantitative characteristics of products, it should be emphasized that the competition game is based, more often than not on the aggressive pricing policies of products and services. A new parameter that has also affected competition and the economy itself is the globalization of markets around the world. It has not only removed the location of production to developing countries but also altered the structures, the job design and the symbolic layout of enterprises. Because the new system favors a smaller number of protagonists, it has made the survival of small enterprises, which mostly operate at a local plane more hazardous. Mergers and acquisitions are the rule.

At the micro level of strategic policy, competition has modified goals, processes, and priorities. The creation of just-in time and constantly improved products and services results from technological innova-

tions correlated with renewed interest in research and development and innovative marketing like loyalty programs. Accelerating the production and distribution function has redefined purchasing habits and behaviors. These modifications alter the whole marketing function and do affect the marketing of retail commerce. Thus, new points of retail sales appear, compete, and supersede traditional department stores by offering lower prices, implementing direct marketing services, personalized communications and reduced operative costs.

Another characteristic of these changes is the development of direct sales to consumers *via* the TV, post-mail, electronic mail and the Internet [Rosen & Howard, 2000; Figueiredo, 2000]. These new practices [Adcock & al., 2001] have strongly influenced social and cultural attitudes causing cracks in the traditional fabric of social life and destroying the old sale schemes. What is also remarkable is the implementation of a more 'horizontal' marketing system where coexist producers, importers, wholesalers, and retailers at various levels of the supply chain. The aim is to better control the communication with the consumer, reduce inventories, cutback costs, increase profits (vertical profits), and marketing power. This new economic configuration is epitomized by large groups like Dell but mostly by the family consortiums, such as Benetton or Zara. These production systems are flexible, speedy and cost effective with effective merchandising and lucrative franchising. After-sales chains can commercialize a wide variety of goods – besides clothes – such as foods and beverages so as to serve both a highly segmented and mass-customized market.

New fields of competition are the latest socio-economical trend. They are associated with a change in life-style. Fitness institutes, new nutrition-food companies, gym centers, special footwear, sportswear, and sports equipment are all the rage. The fitness and slimming, or 'weight watcher' industry in the developed countries have collected bigger profits than the total

amount of money the third world would have needed to be sufficiently fed. The term 'healthy' has been adopted in many advertisement slogans, whereas, the terms 'pure' and 'ecological' are frequently used in the advertising of such institutes. In addition, the presence of salt and fat is minimized and sometimes entirely removed from food products. Casual and simple wear prevails over more conservative wear. 'Green products' and recycled material (e.g. paper and glass bottles) and manufactures are flourishing. Safety and security devices in cars or manufacturing products are considered of the higher marketing importance and a priority for the developed world.

#### **10. The new eco-civic marketing management**

The different external events do not leave business enterprises unaffected. Corporations react straightforwardly and instantly by implementing their own particular strategy depending on their organizational capabilities, their core competencies, potentials, and resources and the significance of the situations they are exposed to. They also closely watch and monitor their competitors' response (*benchmarking*). There are two types of response to turbulent environmental factors. The reactions are either precautionary or therapeutic. The most performing stand for companies is a preventive and deterrent strategy, which purports to imagine future 'scripts'. It envisages the varied courses of action taking into account the available time and options. This preventive strategy is also based on the interpretation of rumors or on the cautious but controlled release of sensitive information to the Press before the occurrence of any problem or hazard. A fine example of preventive strategy is the case of the pharmaceutical industry in the USA. A few years ago, corporations were threatened by a governmental reform that was supposed to set up stricter control procedures, hence generating negative results in their profits. The specific industrial branch

reacted instantly and provided large amounts of soft money to pay for an advertising and public relation campaign that would influence, lobby, and combat such 'obnoxious' change. It is also showed that better research and development could save several millions of lives if investments were made as a recent World Health Organization study has showed [2001]. The therapeutic or 'repressive' strategy is also practiced as a strong and last resort reaction to cope with a major problem such as the side effects resulting from the wrong use of a drug. However, there are cases when preventive strategic planning is integrated in the therapeutic strategy, namely when a pharmaceutical industry tries to anticipate the side effects of a drug and imagine potential scenarios. One can see that corporate social performance is not simply dependent on proscriptive 'social obligation' nor prescriptive 'social responsibility' but on a form of proactive 'social responsiveness' [Sethi, 1975]. Such an action-oriented strategy is not only designed to respond to market forces or legal constraints but also to achieve congruence with the prevailing social norms, values and expectations. The performance of the new marketing management [Petrof & al., 2001] rests on principles (corporate social responsibilities reflecting philosophical orientations), processes (corporate social responsiveness reflecting institutional orientations) and policies (social and societal issues management reflecting the organization orientation) [Wartick & Cochran, 1985; Wood, 1991].

#### **Conclusion**

The analysis of the external environment of an enterprise helps to better analyze not only the necessary conditions for a well performing manufacturing process but also to better read and target the market itself. Additionally, it enables marketers to decipher and anticipate future environmental trends, which may also affect the company's strategy and determine its future development.

In time of high changes, the external environment seems to partially modulate if not dictate the techniques, the strategy and the concepts proper to the marketing field. They can be defined thanks to the adequate correlation and combination of seven (7) variables, as presented and analyzed in the present study:

1. The natural environment
2. The political-social environment
3. The demographic environment
4. The economical environment
5. The technological environment
6. The cultural environment and
7. The competitive environment

Although all the above variables are considered as very important in this new environmental-centric marketing mix, it seems that the economic, demographic, and competitive dimensions have currently gained precedence over the others in the 1990's. However, the recent terrorist events of 11th September 2001 and their socio-economic aftermath show that the political-social international environment is not as stable as previously thought. Forthcoming issues such as terrorism, civilian bombing, 'rogue' states have become new global threats, and sometimes, created a society of terror, fear and uncertainty. The radical pace of globalization has also generated a series of unresolved conflicts between former identities. Hence the stronger need and call for a better scrutiny and monitoring of the political-social factor. It needs to be given a more 'privileged position', since this sometimes elusive but often systemic factor wholly affects the decision making process and impacts short- and long-term profitability of all kinds of companies all over the world.

As for the natural environment, it continuously deteriorates and causes mounting but justified anxiety to the society. Yet, it is very hard to assess the significance of such a trend at the entire planet level. However, enterprises certainly have to assume new responsibilities and tailor new ecological programs if they are to transform natural constraints into new opportunities.

The changes observed at the demographic and population levels might be the best indicators as to the kind of business and market a company should be involved in or turn to. The demographic analysis reveals some of the 'modern' features of contemporary and future society such as the significant population increase of the developing countries and the population reduction of the developed ones.

The economic environment, a variable that refers more specifically to the *per capita* gross national product, international trade and household expenses, reveals the new purchasing power and governance of certain groups all over the world. They can now buy both differentiated and mass-customized products and services. It also highlights the success or the need for more environmental-minded competitive strategies on behalf of local and international companies.

Technology can significantly affect the results and the competitive structure of certain industries. The brisk pace with which technological innovations have developed appears as a rather promising prospect. Some fields seem to exert a greater influence than others on the future structuring of our society. It is the case for biology, communications and electronics.

The competitive environment is also a very important variable since it causes important changes to other interactive elements of the macro-environment. The nature and the extent of these changes have an impact on the industries, their size, the number and the national origin of the players, and finally, the nature of this area itself (i.e. price, product differentiation). The basic means of competitive change are the globalization of the economy, new technologies, changes in the distribution networks, perceptions, values and life styles.

Enterprises need to set up effective procedures and new efficient strategic management initiatives to better read, interpret, and anticipate external factors, face vital issues, implement sustainable and durable strategic schemes. The enactment and en-

forcement of codes of ethics should also be considered as an absolute necessity along with an extended social responsibility and congruent responsiveness. 'Green' product companies that operate with more environmental friendly practices may be the first symptoms and future expressions of a new type of commitment to the planet's protection, if not the promise of a new "eco-civic marketing mix" but also the emergence of a necessary "ecosophy".

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