BANK MARKETING ENVIRONMENT. PEST ANALYSIS FOR THE ROMANIAN BANK SYSTEM

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Abstract: *The marketing environment of a company is identified in the multitude of actors and forces exterior to marketing that have an impact on the ability of marketing managers to establish and maintain successful relationships with their target group clients. This provides favourable occasions but it also poses threats. Each organisation functions under the conditions offered by its external environment. In this respect, the results of its activities greatly depend on the extent of being familiar with the phisiognomy and functioning mechanism of the environment and on the possibilities and ability of the organisation to make use of the possibilities and to avoid distresses posed by it.*

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1. The marketing environment of an organisation

The marketing environment where an organisation performs its activities comprises several factors which are economic, demographical, social, cultural, legal, political in nature. The entire marketing activity of an organisation is marked by a system of relationships established between the organisation and its external environment. This system may be characterised as evolutionist, open, capable of improvement through a process of continuous adaptation. In this type of system the main role is played by the environment. The environment that an organisation functions in is the starting point for the objectives of that institution – organisation, entries (stimuli) into to the system, answers (outputs) from the system, control.

2. Marketing macro-environment

A series of economic development factors play an important role in bank activities. They form the macro-environment and they are grouped according to the following: economic factors, political factors, social and demographic factors, demographic factors, cultural factors.

The marketing macro-environment includes the external forces that act upon the institution and its micro-environment, stimulating or braking its activity. These forces are grouped into:

- Demographic environment,
- Economic environment,
- Technological environment,
- Political and legal environment,
- Social and cultural environment,
- Natural environment.

These factors have a permanent influence on the activity of institutions and they are constantly changing. The components of the marketing macro-environment are described in the following.

The economic environment is made up of factors that influence purchasing power and how consumers spend their money. The monitoring of economic changes is very important for the bank system as consumer purchasing power also affects how banks may operate on the market. Bank activities may also be affected by economic growth, inflation, unemployment level or consumer incomes.

The demographich environment may be defined according to population age, changes in family profiles, population movements to other geographical areas and an increase in the urbanisation level of the population.

The technological environment influences very much bank activities, where the administration and exploitation of data is important. IT instruments shall allow the design and carrying out of activities that facilitate services and products both in favour of the bank and the clients.

The reduction of response times and a rapid exchange of information are indispensable in bank IT systems. Thanks to the new IT systems, client-bank relationships have evolved a lot, meaning that they have become closer. For example, call centres, online banking, sms banking have appeared.

The political-legal (legislative) environment is made up of the political and legal environment. The political environment comprises the political forces, the social structures of the society and the relationships between them. The legal environment includes the legal rules and legal acts that regulate the commercial activity of an institution.

The social and cultural environment includes the organisations and factors that define a society, forming an own system of values, traditions, norms and customs that entail an ethical, moral and cultural behaviour for all the members.

The natural environment is part of the general framework in which an enterprise carries out its activity, exercising certain constraints upon it or offering certain opportunities.

Interactive marketing has in view the ability of the staff to provide services to buyers who evaluate their quality both from a technical and functional point of view. The concept of interactive marketing consists of product delivery, bank services, meetings with the clients within agreeable ambiental conditions, the existence of equipment and contact personnel (Cetină and Odobescu, 2007).

3. PEST analysis for the Romanian bank system

The marketig macro-environment for Bank X is the same as that of the entire Romanian bank system and it is characterised as follows by the PEST analysis:

a) political factors

- adaptation of the company to local laws;
- adaptation to employment laws that differ from country to country;
- general rules for banks that operate with natural and legal persons;
- regulations on bank activities and supervision;
- rules on profit and loss accounts;
- rules on bank managers and staff, as well as professional secrecy.

b) economic factors

- consumer purchasing power;
- consumer spending modalities;
- the evolution of the country’s economy – the nation’s economic well-being;
- economic growth;
- inflation;
- interest rate fluctuation;
- unemployment level;
- consumer incomes.

c) technological factors

- the administration of specific information and making use of it;
- the need for a rapid exchange of information;
- reduction of repsonse times.

d) social factors

- increase in the level of education;
- habits;
- traditiona;
- lifestyle modifications.

The number of these macro-environmental factors is practically unlimited and, moreover, they are not interdependent, but they reciprocally influence each other. At the same time, we may admit – at least theoretically – that any element from the macro-environment of a company may exert some influence on its strategy although the company cannot identify and control all these influences.

4. Components of the micro-environment

A secure relationships with the external environment requires a thorough analysis of the elements and their interactions and impact on the market and on the activity or the organisation.

Factors do not act with the same intensity and to the same extent upon the activity of an organisation. Organisations enter into direct relationships with some of them and as a rule the influence is reciprocal. These form the micro-environment of an organisation.

The elements of the micro-environment may be grouped into: Supplier, Client, Competition, Public bodies.

The suppliers may be entities (companies) or natural persons. They are the first important group that banks enter into specific market relationships with, they ensure – based on sales and purchase relationships – the neccessary resources for the achievement of the objectives of organisations. Suppliers may be grouped into three categories:

- *Suppliers of goods* (equipment, raw materials) – they ensure the basic elements for the achievement of the products of an organisation with the aim of satisfying customer needs;
- *Service providers* – they ensure a whole range of services that are necessary for the achievement of the objectives of an activity (marketing consultancy, bank services);
- *Workforce suppliers* (educational units, recruitment and employment companies) – are very important elements due to the influence of the human factor in work processes.

Clients represent the most precious element of the micro-environment of an organisation. Client needs greatly influence the marketing objectives of an organisation. The identification of these needs may be considered the starting point for the foundation of marketing objectives.

Depending on the nature of requests and their status, clients may be grouped into two groups:

a) *Final consumers* of products – they ensure product markets for the commodities of an organisation. They may be: natural persons, consumers, industrial users, educational, cultural institutions, governmental agencies.

b) *Intermediaries* – they help organisations to sell their products to final consumers. Intermediaries are used in areas where products cannot be distributed within own networks. Intermediaries may be grouped into the following categories:

- Traders – they are grouped into two categories: intermediation agents (they negotiate agreements in exchange for a fee, but they do not market the products) and commercial companies (those that purchase and resell products);
- Physical distribution enterprises – organisations specialised in product depositing and transport;
- Enterprises that carry out marketing services – organisations that offer marketing analyses, specialty consultancy, advertisement, relationships with mediators;
- Financial intermediaries – banks, insurance houses, investment funds that finance the organisations. The policies of financial intermediaries have an important influence on the performances of organisations.

The clients of an organisation may be in one of the following markets:

- ✓ Consumer market – persons and households that buy products and services for their own consumption,
- ✓ Industrial user market – enterprises that buy products and services in order to process them within production activities,
- ✓ Distributor market – traders who buy in order to resell,
- ✓ Governmental market – state institutions that buy products and services in order to offer public services (public order, health, defence),
- ✓ NGO market – not-for-profit organisations that buy products in order to propose them to those who need them.

Being familiar with the needs and preferences of clients from different categories is the most important task of marketing specialists. The launching of any product or service shall be guided by marketing specialists who have to take into account the opinions of clients.

Competition represents a basic element of the micro-environment of organisations; they may be differentiated according to the role they play in their relationships with clients, their behaviour in relation to novelty, market changes, the means of advertisement they use.

Competition may be defined as the totality of economic operators and natural persons that offer the same products and services for common clients.

Knowing the competition is a permanent and constant task for each marketing specialist.

Market analysis results in a competitive strategy, of the relationship between supply and demand, a combination of aims and means for their achievement Competitive fight has the following objectives: profit, sales, innovation, social responsibility. They shall be expressed in a precise, logically hierarchised and precisley measured manner.

The means of competitive fight are the following: target market, marketing, sales, distribution, research and development, workforce qualification, supply, technology, finances, range of products. These are the spokes of the wheel: if one breakes, the wheel does not function anymore.(Manolescu , Sirbea Diaconescu, 2001)

Public bodies may influence the activity of an organisation only in certain situations and under certain conditions. The main components of public bodies are the following: Financial organisations, Local public bodies, Civic organisations, Mass-media. These are more special components of the micro-environment.

5. Market – micro-environment relationships

The presence of an organisation on the market triggers a continuous contact with its micro-environment. Organisations enter into the totality of relationships which helps them desing and implement their economic activity. It is about the acquisition of goods and services, about granting the necessary financial funds, human resources and materials and about the marketing of its products to the target public.

As for their role and content, the relationships between a unit (company) and the components of its micro-environment are called market relationships. These may be collaboration relationships established between an enterprise and its suppliers or clients. Organisations are also in competitive relationships with other enterprises within their micro-environment. The main objective of the market relationships of an organisation is to sell and purchase goods, to raise additional financial resources and to employ persons who are able to work.

These relationships of an organisation aim the following three market components:

- the product market – where organisations have a double status, of both buyer and seller,
- the stock market – where organisations have the status of applicants,
- the workforce market – where organisations appear as buyers, as applicant for work possibilities necessary to organise and carry out their activities.

The particularities of the market relationships of an organisation depend on the following conditions: general and specific, objective or subjective, internal or external. The market relationships of an organisation are not homogeneous. The type of market relationships may be determined by the object of market relationships, their level of concentration and their frequency (Olteanu, 2003).

According to the object of the relationships established by an organisation with elements of its micro-environment, there are two types of relationships: sales and purchase relationships and relationships for the transmission and reception of information.

Sales and purchase relationships may take the following forms: delivery of goods, consultancy, service provision, intermediation, leasing, loans. In the process of their establishment and operation, these relationships may take the following forms:

a. Pre-contractual relationships
b. Contractual relationships
c. Post-contractual relationships.

Different specific instruments may be used for these forms.

a. Pre-contractual relationships are carried out by means of the instruments listed below: negociation, order, call for tender, firm offer.

b. The main instruments of contractual relationships are contracts and a series of activities related to them, such as: invoicing, delivery, transport, reception, settlement.

c. Post-contractual relationships are born during the warranty period and the main activites are: complaints, arbitration.

The relationships for the transmission and reception of information may, in turn, take particular forms. They may appear in the context of sales and purchase relationships with the aim of sustaining and implementing them or they may aim the creation of a favourable attitude for the orgnisation and its product. They may be: permanent, periodical, occasional.

For the classification of the relationships of organisations with their micro-environments, the following criteria may be used: the configuration of market agents, the nature of the market.

Competitive relationships are established between these and other market participants and they may have a different intensity according to the number and economic capacity of competitors, the consumer needs satisfied and the position of an organisation on the market.

Competition may take two different forms: direct competition (competitive relationships between organisations that addresses the same needs with similar products) and indirect competition (competitive relationships between organisations that address potential consumers who have different demands).

The conclusion is that we may not assert that there is no competition at the level of a certain market.

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