

**DEVELOPMENT OF EUROPEAN BUSINESS
AND MARKETING IN NEW EUROPE**

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Abstract

European marketing involves managing activities that lie somewhere between local and international marketing. Countries that are integrated into the EU and Euroland face marketing management with these member states that closely resembles local marketing. Marketing of European countries that are not in the EU or Euroland involves larger legal and economic differences. Social and cultural differences between European countries and these contribute to the difference between European and domestic marketing.

The most important factors of European Business and marketing in New Europe are:

- 1. Process of connecting European with international marketing*
- 2. European market segmentation*
- 3. Brand-building of Integrated marketing communication*
- 4. European Marketing connection with modern consumer*

Creative wealth and constant inspiration of European environment is the very incentive that encourage us to create, over and over again, the modern state of mind of the consumer with great social responsibility.

Key words: *Marketing, International marketing, European marketing, globalization, market, modern marketing, European customer, segmentation, modern consumer, localization, internationalization, brand, communication, social responsibility, creativity, emotional communication with the brand, brand connection*

Marketing in Europe involves managing activities that lie somewhere between domestic and international marketing. Countries that are integrated into the EU and Euroland face marketing management with these member states that closely resembles local marketing. However, even within the EU and Euroland, legal and economic differences exist that makes European marketing different from local marketing. Marketing of European countries that are not in the EU or Euroland involves larger legal and economical differences. Social and cultural differences also exist between European countries and these contribute to the differences between European and local marketing. Companies that are not in Europe but wish to engage in transactions with European countries face a complex type of international marketing because they are dealing with countries that have similarities but also significant differences.

Along with the function of management, marketing is the most susceptible to influence from international operations. Whether it is engaged solely from domestic base or it is a full-fledged multinational company with a highly integrated global operations it will experience at least as many different marketing demands as there are foreign countries where the company operates. The complexity of European marketing originates from the need to understand different environments that are repeated during the company's delivery of services or products to foreign customers. In addition, the function of European marketing management has to respond to numerous requests.

1. Use of European marketing research to determine various possible end-users of services or products.
2. Classification of certain potential customers by segmentation method.
3. Products modification (or creating new ones) in order to satisfy the consumers in this way established markets (product strategy).
4. Establishing the European pricing strategy for deciding on range of sales prices which will help the company to reach significant benefits in selected international markets (products strategy)
5. Developing a single promotional strategy to inform potential customers of the characteristics and benefits of the product.
6. Founding of a single European distribution system that provides a satisfactory level of services for foreign consumers.

Information for reaching marketing decisions, before entering international markets

MARKETING DECISIONS	REQUIRED INFORMATION
1. To enter internationally or stay as a local marketer?	1. The assessment of global market supply of company's participation in it, in terms of local and international competition in comparison to local conditions.
2. Which market to enter?	2. Ranking of world markets by market potential, local competition and political situation.
3. How to enter target market?	3. Market size of international trade barriers, transport costs, local competition, government requirements, political stability
4. How to market on the target markets?	4. For each market, customer behavior, competitive practices, distribution channels, media and promotional practices, the experience of companies on these and other markets

To further clarify the European marketing, we have to consider the international marketing demands.

INTERNATIONAL MARKETING AND GLOBALIZATION

- International market is a whole new arena for the company and its managers. Companies operating on the international market need to adapt to foreign environments and to skillfully resolve conflicts between political, cultural and legal forces in order to achieve success.
- International Marketing is the science of skillful operating on the global market world arena. Economics, anthropology, cultural studies, geography, history, foreign languages, statistics, demography and many other areas are overlapping in order to help in global market studies.
- International marketing is happening every day around us, there are many influences on our life and is essential for the survival and successful operation of every company.

Globalization is an initiative in the business based on the belief that the world is increasingly homogenize and that difference between national markets are not only fading but will eventually disappear for some products. Therefore, companies need to globalize in terms of globalization of its international strategy, so it will be formulated in all markets and take advantage of the market accentuation, costs, environment and competitive factors.

Globalization may be seen as a result of the process which leads to the top of the pyramid – the process of international market entry and expansion. Before globalization, marketers largely applied various local strategies in various countries, where organization is operating as a profit center in every country. Each national unit is marketing a variety of products and services aimed at different consumers segments, using different marketing strategies with little or no operation's coordination between countries.

Of course, with increasing business operations, inefficiency caused by multiple local approach, together with external factors of markets integration, are beginning to exert pressure toward the improvement of coordination between countries and markets.

External and internal factors and macro and micro environment of the company create favorable conditions for the strategy development and deployment of resources on an international basis. These factors include the following:

- 1. Market factors**
- 2. Expenses factors**
- 3. Environment factors**
- 4. Competitive factors**

CONDITIONS THAT CONTRIBUTED TO THE CREATION OF EUROPEAN MARKETING

1. Technical-technologic development
2. Political factors
3. Economic conditions
4. Legal conditions
5. Government regulations
6. Traffic development
7. Tourism development
8. Media development
9. Infrastructure development

EUROPEAN MARKETING

European marketing has similarities to international marketing in that it involves managing the multitude of decisions necessary when selling products (goods, services and combinations of goods and services) across frontiers. These frontiers lead to barriers that differentiate European marketing from domestic marketing. However, the strength of these barriers varies according to which European country is the focus of marketing activities. Thus members of the EU have fewer barriers than non-members, but there are still barriers. European countries with close connections to the EU, but that are not members, have lower barriers than those that have less links with the EU. Members of Euroland use the same currency – the euro – and therefore face zero barriers connected to exchange rate risk and currency transaction costs. This makes pricing and investment decisions within Euroland different from transactions with European countries that are not in Euroland.

THE CHARACTERISTICS OF EUROPEAN MARKETING

European marketing involves creating and developing the means to manage the difference in legal, economic, social and cultural conditions in the European countries that are selected for business operations. The main difference between European marketing and local marketing relate to barriers to cross-frontier trade. These barriers differ according to whether the European country is a member of the EU and of Euroland. Moreover, for those European countries that are not members of the EU, the level of their integration into the EU is the main determinant of difference between European and local marketing. Countries that are not in Europe but wish to conduct business in Europe face a complicated marketing environment with many legal and economic similarities but with differences according to which part of Europe is under consideration. Social and cultural differences exist even within the highly integrated countries of the EU and these factors are very different when considering the countries of North-west Europe compared with Southern Europe or Eastern Europe. Even within these regions, pronounced social and cultural differences exist.

European marketing can be viewed as a special type of international marketing but with some similarities to domestic marketing for those European countries that have few legal, economic, social and cultural differences. The established members of the EU and those countries in Euroland have the lowest level of legal and economic barriers between these countries. However, even these countries have some significant barriers in these areas. Those European countries that will soon join the EU have more legal and economic barriers and these will only slowly be reduced as they integrate into EU system. Those European countries that are not members and which do not have close links with the EU have the highest legal and economic barriers. Companies not based in Europe face a complex international marketing environment, in terms of legal and economic barriers, because they face a set of countries that have different legal and economic conditions but some of them have relatively few significant differences. The social and cultural characteristics of Europe differ greatly, requiring considerable adjustments to European marketing strategies depending on which county is being considered. Clearly, Europe is a long way from being a single local market for European firms or a single foreign market for companies not based in Europe.

Modern business operation of large international companies that are of European origin are mostly became recognizable brand. During their business operating, they met their three most important business functions that needed to be met so the company could become a brand. These functions are:

1. The quality
2. Long-term and
3. Innovation

EUROPEAN MARKETING AND INTERNATIONAL MARKETING

The section above has argued that the distinction between European and international marketing depend largely on differences in legal, economic, social and cultural differences. However, the most important factors relating to international marketing have a bearing on European marketing. The most important factors of European business and marketing in New Europe are as follows:

1. The process of connecting European with the international marketing;
2. Segmentation of the European market;
3. Brand-building of the European integrated marketing communications;
4. European marketing connections with the contemporary consumer.

1. The process of connecting European with the international marketing

In the context of European marketing, Europeanisation (internationalization in the context of Europe) has similar implications to the impact of internalization on international marketing. Thus, the process of Europeanisation is likely to be complex and evolutionary and based on learning. This implies that European marketing strategies and activities adjust in line with the acquisition of information and its conversion into useful knowledge. In these circumstances, marketing strategies may begin with simple exporting; alternatively, more complex modes of entry such as direct foreign investment (DFI) may begin early in the Europeanisation process. The deciding factors is the knowledge that the company possesses on matters such as market conditions and the means of producing, promoting and distributing products in European markets. In the complex evolutionary view of the Europeanisation process, companies may start with a small number of countries to which they are geographically and culturally close or with a wide range of countries that are geographically and culturally disparate from the host country. These countries that are members of the EU and Euroland are more likely to be at the heart of this process because the legal and economic barriers are low and the EU contains the largest economies in Europe.

2. Segmentation of the European market;

In this context, the adoption of distinctive demographic and geodemographic modalities of market research provides one route to the identification of cross-border segments. By examining some of these approaches we can look in greater depth at the whole issue of European market segmentation and extend consideration into some of the problems and difficulties of modern international market research.

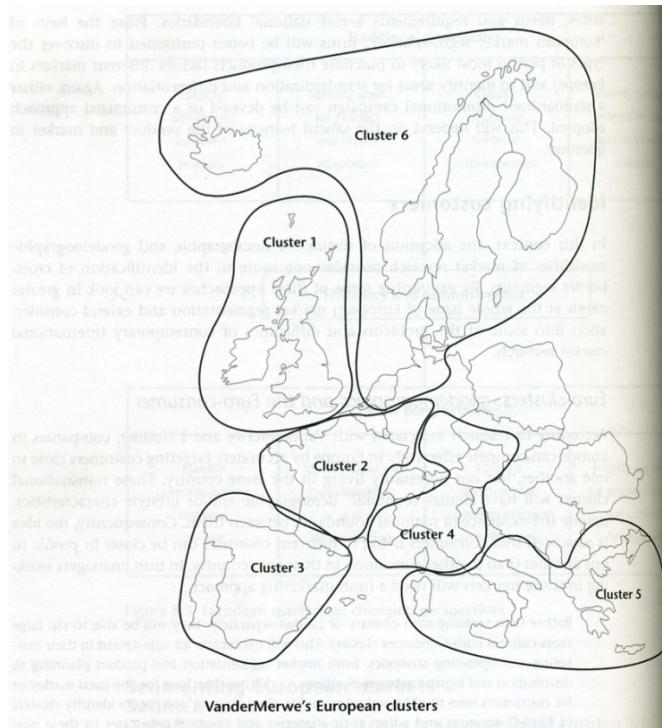
European clusters: geodemographics and the Euro-consumer

According to research associated with VanderMerwe and L'Hullier, companies in Europe can compete effectively in Europe by accurately targeting customers close to one another, but not necessarily living in the same country. These transnational clusters will have similar economic, demographic and/or lifestyle characteristics, despite the existence of national boundaries between them. Consequently, the idea is advanced that consumers living in different countries can be closer in profile to one another than to other consumers in their own country. In turn, managers working in those markets will need a fresh marketing approach:

Rather than tackling each country or market separately, they will be able to tap large cross-cultural Euro-Consumer clusters. This will necessitate an adjustment in their marketing and operating strategies, from market segmentation and product planning to distribution and logistic network decisions... Rather than look for one mass market or for consumers who fit old purchasing molds, they (managers) need to identify clusters of Euro-Consumers and adjust their strategies and operation to cater to these new transnational groups. (VanderMerwe and L'Hullier, 1989)

The six clusters identified by VanderMerwe and L'Hullier are:

- 1. the UK and Ireland (cluster 1)**
- 2. Central and Northern France, Southern Belgium, Central Germany and Luxembourg (cluster 2)**
- 3. Spain and Portugal (cluster 3)**
- 4. Southern Germany, Northern Italy, Southeastern France and Austria (cluster 4)**
- 5. South Italy and Greece (cluster 5) and**
- 6. Northern Germany, the Netherlands, Northern Belgium, Iceland, Norway, Finland and Denmark (cluster 6)**



These clusters are presented in above *Figure 1*. VanderMerwe (1993) went on to suggest that Europe will continue to be a complex set of independent operating areas, each dominated by certain similarities. These include:

- 1. Mass clusters with common consumer needs;**
- 2. Niche cluster** (where consumers have similar but non-identical needs);
- 3. Local and specialized clusters.**

In this context, market integration in Europe should facilitate access to cross-national segments, eliminating many entry barriers and heightening the potential for standardized products and promotions.

3. Brand-building of the European integrated marketing communications - IMC

In integrated marketing communications, it is very important to get support from top management for the initiative, ensuring that

they understand the benefits of IMC, integrating on different management levels, ensuring that all managers, not just marketing managers, understand the importance of a consistent message – regardless it's about trucks for delivery or product quality. Also, advertising, public relations and promotion departments, should be linked in order to integrate their messages. Brand design manual book should contain common visual standards, for using the logo, face type, color, etc. Every company needs to focus on a clear strategy of marketing communication in a way “to tell their story” and to have crystal clear communication goals. In communication, the company should take advantage of sustainable competitive advantages and to ensure brand strategy.

In European IMC process, customers need to be in focus. It is known that the secret of marketing lies in the ability of what drives customers and translating that into competitive products and superior service. It is a way of products and services brand building, as well as a company as a brand.

In company brand building, a good strategy is the relationship with customers, giving customers added value. All communication should help to develop stronger relationships with customers. In this sense, the company is developing a marketing information system that defines who should use which information and when. The customer database, for example, can help in telesales, direct marketing and in sales force. IMC can help that vital information can be defined, collected and shared.

New age of integrated marketing communication

In today's fast changing market, it is necessary to be communicative with the market and the audience as to obtain a competitive position in the market and to be in constant contact with the target audience. New age media, especially social networks like Facebook, Twitter, Linked In, etc provide opportunities for direct connection to customers, as well as the possibilities to listen customers needs and wishes, which is a good way to improve products, services and company image with the audience.

Facebook, as the most popular social network online, is giving us an example of how many companies, like Nike, Coca Cola and Milka use opportunities and promote their products there. The company Milka has unique game for buyers, with the slogan “A way

of giving”, as a nice example of how social network can improve emotional connection with the company. In Twitter social network, we can find examples of satisfied customers with favorable comments about their products.

Good-positioned companies use integrated marketing communications, which typically include promotional mix, but they also realize the communication with the quality of products and services, pricing, distribution channels and through the media of a new era.

In the process of company brand building, it is also important to have good external and internal communication within the company. When customers come into a company, the way employees talk with customers and among themselves is very important and has great influence in the company’s brand position on the market. It is acceptable for employees to have good communication with client but also it is important to have good

communication between employees, which represents a professional attitude in one company. Starbucks is a well known company where employees have good attitude, good skills for communication and social awareness. Customers like Starbucks for several reasons: they love their high-quality coffee, very friendly staff, relaxed atmosphere, value added service and an emotional connection between the staff. This is a good example for customers who are aware of the brand, they have connections with the brand and reactions, with stimulation of excellent integrated marketing communication mix.

New age medias, shown in *Figure2.* below, assist in communication with the audience in the process of listening to the customers needs and wishes. Giving additional value to customers includes a holistic approach, transparent communication and socially responsible business. It is known that the key of a successful brand building lies in understanding customers needs and wishes, as well in transparent communication with all market participants.

In integrated marketing communications, a company should be socially responsible, transparent and open to new communication influence. Today it is much easier than ever to keep in touch with customers, but this involves strategies, a good attitude, and sophisticated approach, because customers have more specific needs

and wishes, as fast-growing company needs to understand and find a way to satisfy even more than expected.

In this way, they make customers who are trustworthy, who are part of the company, who advocate for this company's products and services. It is easier to keep customers than to find and satisfy new ones, so companies need to approach customers honestly and with respect.



Figure 2. New age media

4. European marketing connections with the contemporary consumer.

Marketing is the relationship between consumers and producers in the market, with making income, i.e. profit. In modern society, the consumer always has new needs, wishes, desires, thoughts, to which the producer has to respond promptly, i.e. in the

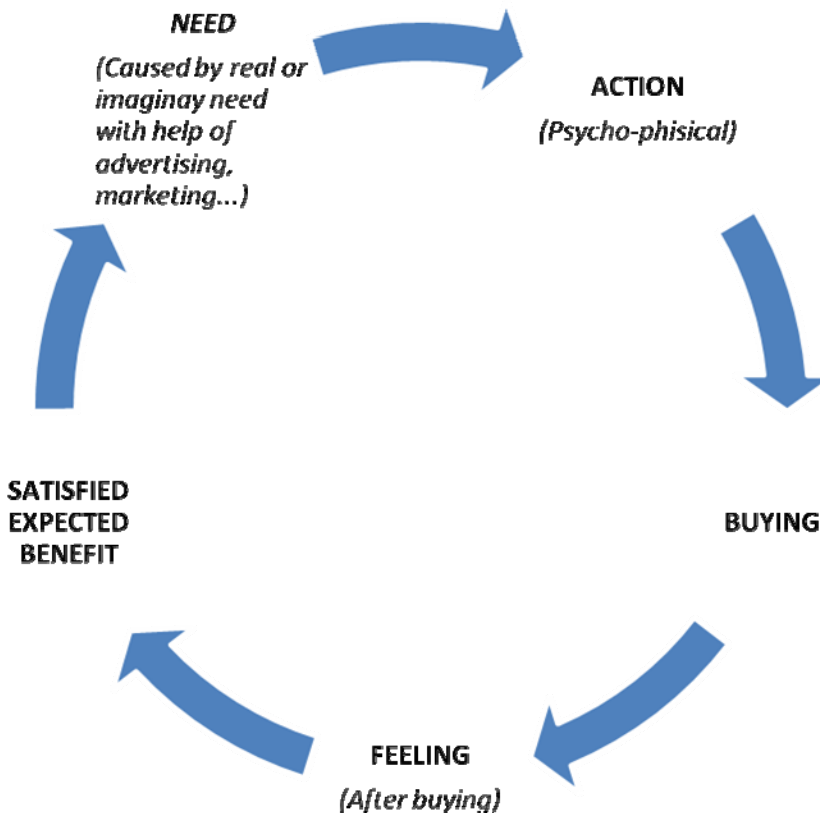
right time. Have these new needs arisen in heads (minds) of consumers or in some research centre of a certain company or in an ingenious reflection of the marketing team consisting of top managers, designers...

For example, we were taught, once, 1970s and 1980s of the last century, that chewing gums are harmful for the health of the teeth, mouth, stomach; we were intimidated that the gum is dangerous for consumption; while the producers discretely produced chewing gums, they didn't promote them aggressively and the most popular were gums in cigarette shape. Chewing gums were bought apiece and reminded on an adult product – cigarettes. At that time, as now, cigarettes had absolutely harmful effect, but they were labeled as adult product, with “charm” but not as a product that can cause dying (as today, we are absolutely sure this is the fact, but this black and white label on every pack of cigarettes does not cause fear, only a reprehension which we don't take seriously; what else can scare us, especially in Serbia?).

Let us return to the favorite thesis of the product – chewing gum, once harmful (minus) that grows from a negative connotation into a positive one (plus). Gums are now useful for dental health, for caries, the jaw, the nervousness, for the introduction moment, the smile, the code of conduct. Today, this product is not considered to be harmful but certainly useful, with a variety of flavors, colors and from different manufacturers. This is just an example how to create new changed views through the modern marketing of products that are receiving high profits and changing relationship between consumers and producers.

Of course, for generations, consumers fully evolved and, we would say, they became even spoiled, they absolutely must have everything and immediately, thus, this period between wishes, thoughts and satisfying needs has been reduced.

Without thinking about it, whether this product is in that place of purchase, the result of a complex effort and work of at least a thousand people, do customers ever think about it?



In modern European marketing, this happiness when buying is connected to the emotional state, connection of the consumer with the company, i.e. brand, because, in modern times, everything can let us down (work, health, husband, boyfriend), but our well-chosen product will not let us down, it is waiting for us on the shelf (the only surprise might happen if we do not hurry because of the large fluctuation of the product). This is precisely the result of modern standardized marketing performance of companies that have become the brand.

The fact that the product is waiting for us on the shelf, which is embedded with perfectly focused attention for the product, is immeasurable thing for a modern consumer, i.e. an individual. The company is putting a focus on the consumer and the atmosphere that it

is expected by the consumer, which exactly represents the relationship between the target group of consumers and the brand, i.e. the company that wouldn't let down this target group, responding constantly to their thoughts, desires and wishes.

Brand is the atmosphere generated by a particular company (style, product standardization, sale, promotion: then design, smell, taste; expectation; accuracy; vision, selected and trained staff, etc).

The target group of consumers is the group of people to whom the product is intended.

Modern marketing



Market research used to be conducted within the company, the producer, and it was about testing through surveys, random samples of people of different demographic groups. Today, this is the same, but the manner is much easier, because of the technology development, thus Facebook and other social networks present the perfect manner for market research, you just need a good way to put this subject into the research.

It is perfectly normal for young generation to like Coke, McDonalds, MTV, and for us, born in seventies, the main question was: do you love mom or dad more, these kind of questions are no longer asked, because this is normal and there is no time for "it", but the brands are absolutely loved and they became an integral part of both practical and emotional lives of young consumers.

The process of buying is done with a style. For example, little girls, seeing a new product on TV, they are "rushing" into action, but the "rushing" would be with a style, on high heels, because this is a new way of entertainment, enjoyment and need of a modern lifestyle.

The feeling after buying is good, because we have done something useful, we get tired and the result is carried home as a

trophy or a prize. Since we trusted the company and it has met all our expectations, we are happy and satisfied, at least as a consumer and as a human being.

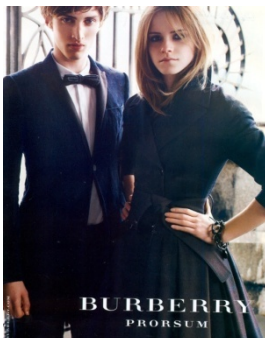
Innovative products makes life easier and drive modern consumer to be constantly in trend.

European marketing – perspectives and strategies

European marketing is dominated by brands of European countries with strong cultural and historical specificities, origins and heritages.

Industries in which brands are expressed, by countries:

- Spain: fashion, music, tourism, television, TV industry – Media
- Italy: fashion, music, food, TV quizzes, tourism, entertainment, sport
- France: food, fashion industry, perfumes, cars, Cannes Film Festival
- United Kingdom: science, film, fashion, music, sports
- Austria: banks, cars
- Serbia – proposals for standardization of Serbia as a positive brand (agriculture, food industry, tourism, fashion industry, science, sport):
 - The family – a couple that will be emphasized, monitoring their love and their way of life
 - The Science – highlighting our achievements and appreciating our experts
 - Our products – emphasizing and protecting our own products
 - Sport – standardized, media monitoring the success of our top athletes
- Cartoon – about Kraljevic Marko and fairy Raviojla and the horse Šarac, preferably, co-produced with Walt Disney Company
- Music industry



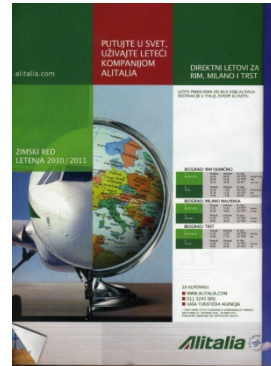
European global marketing company, unique for all markets with special emphasis on the origin of the company through a presentation of their latest campaign for the company

Burberry, is showing British media star, Emma Thompson, famous by the film *Harry Potter*, where she plays Hermione.

An excellent example of European international company which creatively emphasizes company - its function and its origin

Marketing strategy of European marketing and its perspective is reflected precisely in the brand standardization of European companies with centralized marketing management. These companies have shown the best results and are a true recipe for long-term business. Compared to the industry which they belong and whether they are engaged with regular, special or preferred products (services), marketing function adaptation may be proposed (of a product, price, promotion, distribution), but the expected benefit is the best satisfied by product (service) standardization as well as the marketing approach (visual image, training of the staff, employees behavior, marketing campaigns), because this is the only way a consumer will never be disappointed.

Special contribution of company which precisely makes them to be a brand of European origin is an emotional communication with the consumer (for example, Zara – Spain, Benetton – Italy, Mercedes – Germany, Peugeot – France) that is, also, extended interaction and connection between consumers and companies, as well as a recipe for company's perspective and future. To conclude, European marketing long-term perspective is reflected in the quality, innovation and interactive marketing communication, as well as in constant communication with the consumer in order to keep European company sustainable.



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