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## **Process of the European integration effects on the marketing activity**

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PROCESS OF THE EUROPEAN INTEGRATION  
EFFECTS ON THE MARKETING ACTIVITY

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**Abstract:**

The Union was constituted and functioned based on the principle of unification of the norms with a view to generating a superior level of the standard of living of its citizens. It follows the same desideratum but this time by grouping a continually increasing quantity of resources (natural, human, financial etc.), to the detriment of quality, we could say. After '90 the enlargement was more powerful than before this seems to change the mechanisms of new members inclusion. In our perception the inclusion process was replaced with a "communicating recipients" process.

In this context it was talked about the effects that the integration of Romania into the European Union will generate at the level of the trading companies, which will materialize into a series of mutations concerning their marketing and management.

The first question is "Why?" the Romanian companies have to approach and implement the principles of top management, learning from the experience of the West-European countries. This question would be even more pertinent for the joint or foreign companies developed in Romania. These companies have brought their own know-how, developed in their countries of origin, many of them members of the European Union (some even founding members), and so it is normal to ask the question: "What is the logic of the appearing of these mutations and of the need for changes in the management processes?", "Why do the management principles, methods and techniques have to be revised?".

The shortest reply is "Due to the mutation inside the EU".

The year 2007 will probably represent, as most people expect, the moment when Romania will be accepted as member of the European Union. As we have shown in other papers as well, the European integration, the North-Atlantic integration asked for changes and adaptations not only from the candidate countries but also from the member countries, due to the general evolution of the society and starting from the new objectives.

In this context it was talked lately about the effects that the integration of Romania into the European Union will generate at the level of the trading companies, which will materialize into a series of mutations concerning their management.

At first sight one could ask “Why?”, considering that the Romanian trading companies, created in most cases – or, if we include the privatisation process, in totality – after 1989, have approached and implemented the principles of top management, learning from the experience of the West-European countries. This question would be even more pertinent from the perspective of the joint or foreign companies developed in Romania during this period. These companies have brought their own know-how, developed in their countries of origin, many of them members of the European Union (some even founding members), and so it is normal to ask the question: “What is the logic of the appearing of these mutations and of the need for changes in the management processes?”, “Why do the management principles, methods and techniques have to be revised?”.

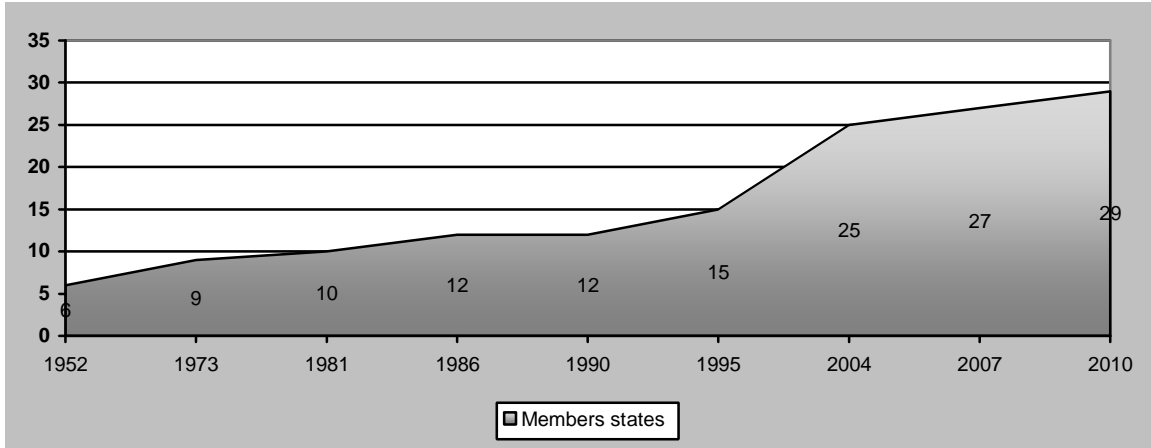
The explanation is relatively simple. The creation of the European Union started by the union of the 6 founding states in 1952 continued by the adding of new member states step by step as they fulfilled the admission criteria, and later on, after 1990, the European Union has supported the candidate countries in their effort to reach the minimum levels of the parameters necessary for the admission.

The Union was constituted and functioned based on the principle of unification of the norms with a view to generating a superior level of the standard of living of its citizens. Starting by being a structure with mainly economic objectives, the European Union becomes after the 1990s an organization with a political-economic character. It follows the same desideratum but this time by grouping a continually increasing quantity of resources (natural, human, financial etc.), to the detriment of quality, we could say.

The table of the evolution of the number of member states of the Union is relevant from the perspective of our analysis. A more complete image would be obtained if the situation would be presented as well from the point of view of the geographical surface, of the population, of the GDP/inhabitant and of other macroeconomic indicators.

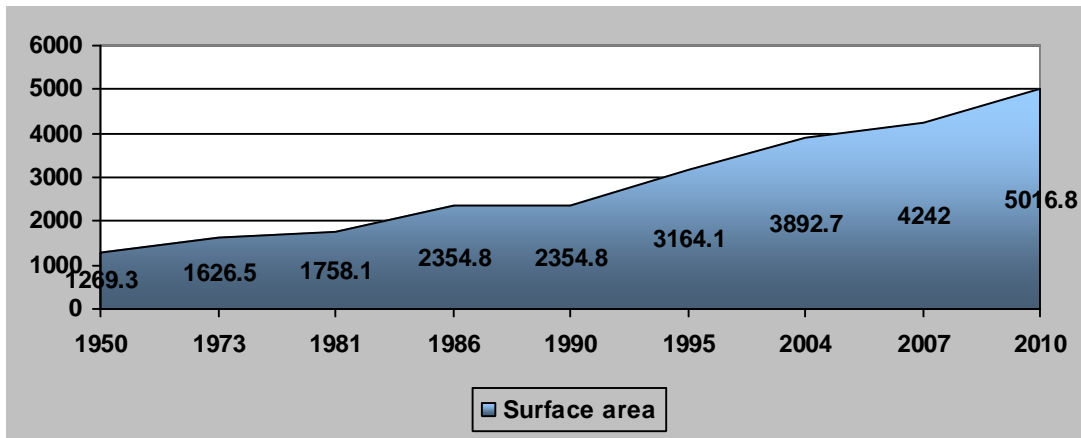
1952	1973	1981	1986	1990	1995	2004	2007	Candidate
1.Belgium 2.France 3.Germany 4.Italy 5.Luxemburg 6.Netherlands	7.Great Britain 8.Denmark 9.Ireland	10.Greece	11.Portugal 12.Spain	12.East Germany	13.Austria 14.Sweeden 15.Finland	16. Cyprus 17. The Czech Republic 18. Estonia 19. Hungary 20. Latvia 21.Lithuania 22. Malta 23. Poland		

						24. Slovenia 25. Slovakia	26. Romania 27. Bulgaria	28. Croatia 29. Turkey
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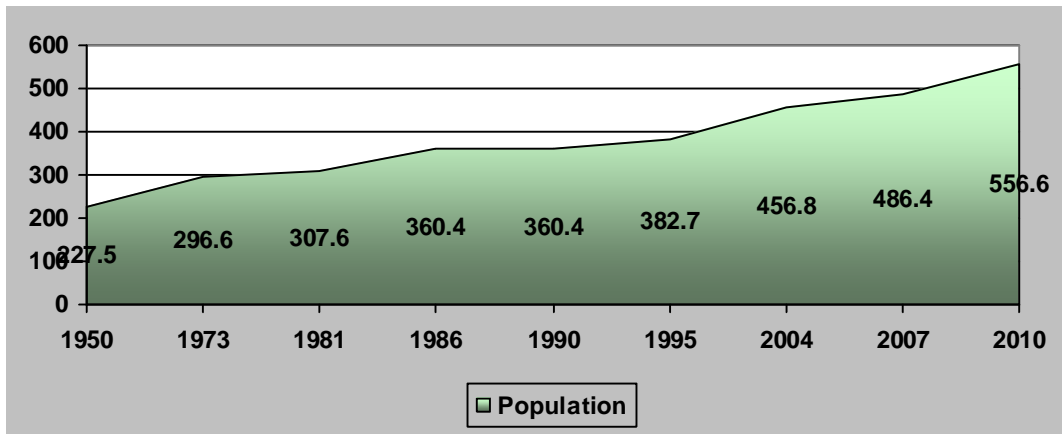
In terms of surface and population the enlargement of European Union was slow from '50 to '90 and then powerful.

If we represent the total surface of the European Union from the beginning (with exceptions: 1) Germany will be consider from the beginning, 2) without Croatia) in square

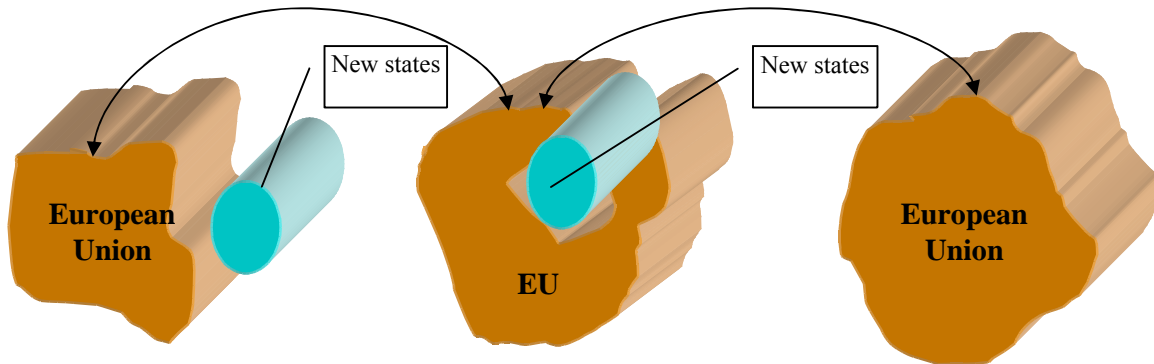


kilometres, it is obviously that it were increased with about 1.7 million square kilometres and the population with more than 100 million.

The same situation could be seen also about the population if there are represented the figures in millions of peoples.



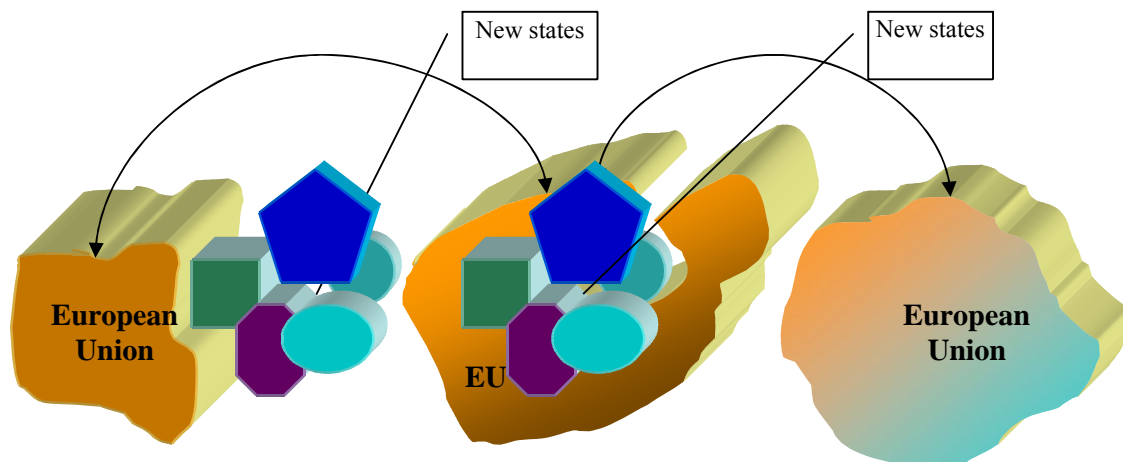
We can appreciate, however, with a high degree of accuracy, that the European Union evolved based on “the principle of inclusion”, that is, the incorporation of a limited number of countries and of a relatively reduced quantity of resources in a sufficiently large basis to allow a rapid homogenisation. The evolution after 1990 is an evolution of the “communicating recipients” type, the incorporation of a large number of states determining a process of equalization of levels and the member states no longer have the force of including and equalizing the huge mass of incoming resources.



**FIG.1 Scheme of the inclusion process**

A similar scheme can be presented concerning the “communicating recipients” process.

The third dimension highlights the equalization of certain parameters and the transformation of the whole ensemble into a new space. We can say that through the extended expansion of the European Union during the last 15 years, this organization represents a new organism that establishes its new functioning coordinates starting from the objectives it sets itself.



**FIG.2 Scheme of the „communicating recipients” process**

In this context, the trading companies have to adopt important managerial changes generated by the transformation of the environment where they function.

The marketing activity represents an important function of any trading company, by means of which the enterprise is dynamically connected to the market. This is why the marketing function of the enterprise will undergo important changes as a consequence of the adhesion to the European Union.

Beginning with the 1990s, the trading companies in Romania have adapted to using the concepts of domestic and international marketing and to its role in business development. At the same time, the trading companies in Europe or all over the world have included the Romanian market, with its specific, of course, in their development programs.

Romania's integration in the European Union puts the trading companies in face of a new challenge: the European market.

In the macroeconomic analyses a very important component is the international commerce, a fundamental element in the balance of payments and a support of the international loans. We must notice that lately the Romanian international trade has undergone a transformation, its weight (volume and value) moving towards the EU member-states.

These external markets will become, from the point of view of the Romanian enterprise, domestic market. In other words, if a Romanian firm sells at this moment 30% of its production on the Romanian territory (Iasi, Cluj, Bucharest, Craiova), that is on the domestic market, and the rest of 70% on external markets (France, Germany, Spain), in the new context all the production will be commercialised on the unique European market.

We insist on the unique European market because this is the element that will produce the modifications of the marketing activities in the Romanian trading companies.

We will try to underline possible mutations in the organization of the marketing activity and in the elaboration of the marketing strategies for different types of companies.

From the perspective of a new marketing approach we consider that it will be possible to identify 5 types of trading companies and of behaviours, generated by the transformation of the external markets of the UE member-states into a unique European market that includes the domestic market.

We endeavour to analyse in our paper the following types of trading companies in correlation with the markets where they develop their activity at present:

- Small and medium trading companies with activity on the Romanian market
- Small and medium trading companies with international commerce activity

- Mixed capital trading companies with activity on the Romanian market
- Mixed capital trading companies with international commerce activity
- Multinational companies

We consider that these categories will evolve differently and they include the main situations that will be noticed.

Each of these types will have to modify its marketing strategy and its manner of approaching the target-markets. These modifications will be noticed in the commercial and financial flows at the same time.

We will try to make a brief estimation of the problems to which each type of trading company mentioned above will be faced in its marketing activity.

### ***1. Small and medium trading companies with activity on the Romanian market***

These companies develop at the present time an activity of internal marketing at a local, regional or, at the most, national level. The products are destined to a market known from the point of view of the consumer. The segment or the segments of the market for which the products are intended are identified and have homogeneous characteristics.

Thus, a development strategy can be achieved with reduced risks through the extension on relatively new markets. This is due to the fact that a new market within the same national space is similar to those on which the firm is already active in a proportion of 70-80%, the consumers have a relatively similar purchasing power, the same culture, religion, traditions, geographical conditions, climate etc.

We can affirm that if these companies maintain a marketing policy of continuation and consolidation of their firm's position in the space where it is active, they will not be affected by the European integration.

The effects of the European integration will come from outside the firm towards its inside. Thus, the regional market where it used to be active will become local, and if the firm has a national distribution then from the perspective of the unique European market this will become regional.

Let us take the example of the producer of soft drinks European Drinks, a Romanian producer with a national distribution chain. It will become a local producer with local distribution if it wishes to maintain the commercialisation area that it has at present. Another strategy that it can approach is to extend towards other markets, for instance Hungary, Poland, Slovenia, the Czech Republic etc. It is however necessary to analyse the competitive advantage thanks to which it will be able to approach these markets. It is known that it obtained the position of leader on the Romanian market thanks to its low prices and to the large array of products, without having a truly special quality of its products or a very aggressive advertising. Will these characteristics be enough to approach the new "Union region"?

Even if the decision to remain at its present state can seem comfortable, new actions and attitudes are absolutely necessary. Do not the other competitors from the "Union region" examine the possibility of extending their activity towards new markets? Which are their competitive advantages in the context of the elimination of the commercial barriers? If their pressure increases which is the type of marketing able to ensure at least continuity and maintenance on the market?

An aspect that this type of firms should take into account should be the strategic commercial alliances necessary in order to obtain the desired strength.

It is obvious that the firms will have to re-evaluate the market segments to which the products are addressed and to revise the type of marketing by means of which they approach these segments.

### ***2. Small and medium trading companies with international commerce activity***

In this moment on the Romanian market there are firms belonging to the small and middle enterprise category that commercialise their products both on the Romanian market and on other markets. They can be divided into two sub-categories, namely: respectively with exports in the European Union only and with exports on other foreign markets, which we shall call third markets.

A component of these firms' activity that will be somehow stable is the one related to third markets. Normally, these commercial relations will not be influenced by the integration process. The market used for exportation maintains its characteristics and continues to be approached in the same manner.

The only disturbing elements that were felt lately are those related to the Arab world, as a consequence of the measures taken by the U.S. and by the NATO countries regarding the terrorist actions from 11 September 2001.

The sabotage actions and the menaces addressed to all the states that support the actions of the U.S. and of NATO could constitute a problem in the future development of the commercial activities, although we consider that a commercial blocking is not beneficial to either of the parties. Romania is somehow privileged from this point of view due to its traditional relations with the Arab world.

Concerning the export in the countries of the EU, the situation is much more complex and we consider it will generate ample transformations. It is well known that an important part of the Romanian commerce is represented by the articles of clothing, footwear and small or semi-manufactured pieces of furniture. This commerce is, however, with the exception of the furniture, formed by operations in lohn, namely essentially labour force exportation.

The mutations that will be registered are determined, on the one hand, by the salary increase that will be granted in order to align the level of Romanian revenues to that of the revenues in the EU. This will strongly add to the prices of the finite products and therefore their competitiveness will diminish. On the other hand, at the level of the 1990s Romania held a qualified labour force, for different categories of jobs, numerous enough and well prepared and obviously very cheap. At present this labour force has grown old and a new one to replace it has not been prepared yet. Only beginning with 2003 the Government has started to revitalize this domain creating again the vocational schools, but they will only be able to launch beginners on the labour market in 3-4 years from now.

### ***3. Mixed capital trading companies with activity on the Romanian market***

This category of companies appeared as a consequence of the marketing policy of certain trading companies from different countries. Their aim was to reduce the products' costs by producing them directly where they were consumed.

For instance the firm Gealan (starting from the hypothesis that it is a joint company), producer of windows and doors with thermopan glass has noticed at a certain moment that it is more profitable to manufacture the products destined to the Romanian market in Romania rather than import them, which supposed supplementary costs.

We can just as well give the example of the French Bank "Societe Generale", which preferred buying shares from Banca Română de Dezvoltare (BRD) to opening its own banking company with its own subsidiaries. The reasons for this decision can be the "good will" of BRD and the existing territorial structure, which together with the international "good will" of Societe Generale lead to positioning this bank among the leaders of the Romanian banking market.

From the perspective of this type of societies, Romania's integration in the EU will not represent a very important challenge or threat, they being obliged only to equalize their practices and their products, in the sense that they will have to offer the same product, at the same quality and price through all the structural units that they own.

### ***4. Mixed capital trading companies with international commerce activity***



The situation of these societies is similar to that of the companies that commercialise their products on the Romanian market, the difference being that most of the times the commercialisation of the product on other markets was determined by two main reasons: the access to cheap natural resources or to cheap qualified labour force, both these reasons influencing the price.

The obligation to align the Romanian prices and salaries, even gradually, to the level of those in the EU will influence the marketing strategies, which will have to identify other competitive advantages, the low price ceasing to be an advantage.

Such a trend is already noticeable on the real estate market where the prices are on a strong increase due to the massive buying of terrains for constructions, of houses, apartments, depositing areas etc. by physical and juridical persons from the EU. It is obvious that if the average price for 1 m<sup>2</sup> of land in Romania was situated around the value of 30-50 Euros (taking into account the big cities), this is situated around 300-500 Euros in the EU, situation that can no longer be maintained after 2007.

This situation will be registered as well concerning the agricultural and forest terrains as at this moment their prices are situated between 10 to 30 times lower than the prices in the EU.

The marketing strategies that will be approached must take into account the identification of new market segments in the context of their reorganization and of their interest for the products that are commercialised. It will be interesting to see how the concurrence in the EU will approach these new markets as well as the effects of the increasingly varied and large offer.

### ***5. Multinational companies***

The multinational companies, present on the Romanian market as well, will be the least affected as their marketing policy is unitary and their marketing strategies are those of a leader, with particularizations for the different areas.

In our opinion, the regional marketing strategies that they will approach will try to consolidate their position of leader or challenger. Obviously the marketing activity will concentrate on the identification of new marketing segments, products and mixtures that would position them as close to the clients as possible. A special attention is given at present to the identification of forms of advertising and promotion able to catch the consumers' attention.

We believe that a marketing direction in which the big firms will invest in the near future will be the studies concerning the consumer's behaviour, more exactly the factors that determine the desire to buy when the offer is abundant. These studies could offer solutions to the projection of new products and could stimulate the process of consumption.

As a conclusion we can say that all the companies that are active on the Romanian market will feel the effects of EU integration to a lesser or greater extent. Each one of them will need to be prepared to attenuate the shock and to ensure its future position on the market. There is a series of preventive measures that these companies could take, out of which we suggest:

- commanding and elaborating market studies in order to know the market;
- elaborating marketing diagnosis-studies for the firm;
- studies concerning the impact of the market changes on the firm and its response speed;
- projecting marketing strategies and scenarios for 2010-2015;
- improving the formation of the sales and marketing personnel
- improving the management of the firm at all levels in order to increase the firm's adaptability;
- starting the creation of the local firm marketing networks in order to turn to good profit the marketing research (specific to small and medium enterprises);
- starting the processes of realization of strategic alliances.

A new component of the marketing, which has to be taken into account as a possible solution for many small and medium firms, is the cybermarketing, accompanied, there where this

is possible and advantageous, by e-commerce. Both of them offer the possibility to know, promote and commercialise the products on unlimited geographical areas.

The integration of a big number of countries in the EU after 1990 had and continues to have effects on the marketing activity of the firms in the Western-European countries to a probably larger extent than that we have foreseen for the Romanian market.

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