

Strategic Marketing

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Executive Summary

There has been rising competition in the markets where companies are incorporating a robust planning and research in their international business endeavour. The report has been conducted in order to conduct external environmental analysis for Pollution-eating bikes. The theoretical perspective of PESTEL has also been provided leading towards the selection of main three components; social, technological and environmental. It has also been discoursed that people in UK are more tending towards making purchases of bikes which are innovative and medium to low price with attractive designs. The technological factors proposed that in UK there have been high technology transmission which will require the business to characterize something technologically advanced to the consumers. Lastly, the report has provided several of recommendations to Pollution-eating bikes in which it has been provided that there should be an effective segmentation strategy such as demographic and behavioural segmentation as well as price penetration strategy to enter in UK.

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Introduction

International business expansion is a strategy which incorporates the growth by entering into foreign market (Wang et al., 2014, p.111). However, there has been rising competition where companies are competing in highly fragmented markets due to which it is highly essential for the companies to incorporate a robust planning and research in their international business endeavour. In addition to this, each international market has differing external or macro environmental factors, according to which companies need to design their international business strategy (Chetty, Ojala and Leppäaho, 2015, p.1436). With respect to this, the idea was discerned by Beijing where Daan Roosegaarde had signed an agreement with the bike-sharing start-up in China in order to invent the anti-pollution bikes. The idea behind was to clean the air of the surroundings by providing those vehicles which can cause less harm to the environment. Therefore, in order to achieve growth the business will be expanding to UK however a dire amount of consideration must be given to the external factors of the market. Hence, the report will be based on PESTEL framework analysis where after providing a theoretical construct the report will identify three main components of PESTEL framework and conduct analysis for the business. Lastly, it will lead to number of recommendations for successful business expansion of Pollution-eating Bikes to UK.

Theoretical and Conceptual Perspective of PESTEL

According to Qiu (2014, p.86) macro environmental factors are those which are uncontrollable and external factors and can influence the decision making of the organization. These factors can also affect firm's future strategies and its performance. With respect to this, PESTEL framework is regarded as a comprehensive framework which provides the

demonstration of all external factors pertaining in the market (Osuagwu, 2016, p.145). These factors are defined below:

Political

Political factors are those that determine the degree to which government and regulatory bodies can influence a certain industry or an economy (Khan, 2017, p.149). The government plays a major role in providing provisions and framework for conducting business in the region. For instance, a government might impose a duty or tax because of which the revenue structure of the organization changes (Argouslidis, Balta and Mavrommatis, 2015, p.286). Political factors also include government's role in the development and growth of any industry which can impact the growth of business as well.

Economic

Economic factors are those which are regarded as economy's determinants that have a direct impact and resonating long-term impact on the company (Chow, 2015, p.219). These factors can also effect the major decisions of the organization. Economic factors include inflation, prices, demand and supply of products and services (Hernes, Chojnacka-Komorowska and Matouk, 2017, p.342). These factors also identify the purchasing power of economy with which consumers make buying decisions.

Social

The social factors identify the social environment of the economy. These factors are associated with the trends and demographics of the economy according to which the company evaluates its product features and attributes (Feys and Probert, 2015). The gauging determinants

that are being included in the social factors include cultural trends as well which identified consumer perception regarding provided products and services. Social factors also determine the demand of the products and services according to their social and cultural preferences.

Technological

Technological factors are pertaining to advancements and innovations in technology which ultimately affect the overall operations of market and industry (Makos, 2015). These factors can either affect the business favourably or unfavourably. The technological factors also identify how much technology diffusion the market possesses; this includes the extent to which the industry is inclined towards automation, development and research (Ho, 2014). Therefore, technological factors determine the level of awareness the market has regarding technological development.

Legal

Legal factors are those which have both internal and external implications in the market (Khan, Alam and Alam, 2015, p.955). With respect to this, there are certain laws pertaining in the market which can affect the business. These laws are also associated with the policies which provide how the companies would adhere to the laws and maintain their legality (Eva et al., 2014). The analysis of legal factors is important to take into account in order to chart the strategies in the presence of provided legislations such as safety

Environmental

The environmental factors are those which determine and influence by the pertaining surrounding environment (Thompson, 2015, p.206). This aspect has been regarded as the main

concern for businesses which are concerned or linked with the either non-environmental friendly measures or eco-friendly measures. Toma and Marinescu (2015, p.145) stated that these factors are also associated with business actions which can bring change to the environment such as how much a market is inclined towards making environmental friendly measures or how much consumers are aware of environmental concerns which can further incline them to make purchases of products which are eco-friendly.

PESTEL Factors for Company's Considerations

The market entry of Pollution-eating bikes in UK is required an extensive comprehension of the factors in macro environment which will have a direct impact on business. These factors are associated with three main components of PESTEL framework and have considered as the most concerned factors for the new business idea. The three main components of PESTEL are demonstrated below:

Social

The social factors are considered to be those factors which are associated with people, their preferences, choices and trends (Argouslidis, Baltas and Mavrommatis 2015, p.268). It has been identified that people in UK are inclined towards travelling through bikes in order to save time as well as to avoid the hassle of daily traffic jam in the city (Press Association, 2015). There have been a rising number of cyclists in London; according to the Transport for London (TfL) the levels of cycling has increased to 10% since 2012 (Bikes, 2013). Moreover, it has also been identified that people in UK have medium to high purchasing power due to which they prefer those products with medium cost. It might imply that new business idea must be in accordance with the social preferences of people in UK in terms of product, price, place and promotion.

However, the rising number of price sensitive customers have provided that there are higher preference of people towards something different available in the market (Davenport, Dalle Mule and Lucker, 2014). Furthermore, it has also been opined that bike brands have been more significant for men than women however women have been much keener for money's value as well as styling. Amongst other social factors, another main factor is the rising awareness amongst consumers regarding environment (Johnston, 2017). It has been identified that most of the consumers are concerned about wildlife, life of future generations. Therefore, it might also imply that new business idea should cater the needs of both men and women regarding the use of bikes as well as provide environmental friendly measures in the product development.

Technological

According to the pertaining technological factor in UK, it has been identified that UK has been considered as one of the most technologically driven economy (Jones et al., 2014, p.285). There have been recent technological advancements in UK which has made it the fourth technologically advanced country (Withnall, 2015). The rising demand for high quality and innovative products has inclined many businesses to incorporate research and development in their product development strategy. With respect to this, technology diffusion in UK is also high; meaning all the recent advancements in technological domain have been instantly adopted by the people in UK (Vidal, 2015). The rising environmental concerns of the country have inclined the local authorities towards the inclusion of those technologies which can cause less harm as well as protect the environment. Moreover, in UK, in terms of technology, there have been rising uses of internet through which the customers evaluate product attributes through online sources without physically approaching to the brand.

Environmental

The environmental factors are those which provide how the organization would be able to incorporate environmental friendly measures in its operations. UK has always been inclined towards taking actions in order to cater the issue of environment (BBC News, 2014). The recent survey shows that UK, particularly London has been suffering from worst air quality. The main reason behind it has identified to be the carbon emissions and emissions of other harmful gases in the environment due to transport. Therefore, government of UK is more inclined towards establishment of those businesses which can be environmentally friendly.

A study conducted by Vidal (2015) showed that in UK cycling has not been considered as a habit of cyclists but also to enhance the environment. It has also been identified that cycling can decrease the amount of pollutants which are harming the air quality of the region. In this way, a major source of pollution is the road traffic, where seven out of every eight vehicles are considered as major pollutants (Johnston, 2017). Therefore, with regard to environmental concerns there have been strategies proposed by the government, named Air Quality Strategy, where the government will support and promote those vehicles which can cause less harm to the air quality.

Recommendations

The aforementioned analysis of three most important external factors for Pollution-eating bikes has led towards the following recommendations:

- It has been recommended that since there have been large number of price sensitive customers in UK especially women, the Pollution-eating bikes must incorporate the target audience by first dividing them into behavioural and demographic segments. In demographic

segment the business should target consumers with low to medium purchasing power.

Moreover, from behavioural perspective, the business should target the audience with higher demand for bikes especially women with effective prices and designs of the Pollution-eating bikes.

- It has also been identified that there has been a rising demand of the vehicles which can cause less harm to the environment. Therefore, it has been recommended that the business must introduce the bikes with a defined and differentiated unique selling proposition; the bikes which can eat pollution and can make the air quality better.
- With reference to the price sensitive consumers it has been recommended that the business should introduce the bikes by using price penetration strategy. In this way, the the bikes will be introduced with relatively low prices so that it could easily be penetrated in the market amongst most potential customers. With respect to this, the business will be able to cater the demand of price sensitive customers as well.
- As there has been a larger demand for innovation in UK, the business should market its bikes by using Pollution-eating bikes as an innovating factor. On the other hand, since there is an increased use of internet amongst customers as well as high technology diffusion. Therefore, the business should incorporate marketing strategy of social media marketing and present its bikes on different social media channels by using effective content that could attract customers.

Conclusion

The report has been conducted in order to provide analysis of external market environment of UK in the context of Pollution-eating bikes. It has been identified that with the rising environmental concerns of the world, the companies are inclined towards producing

environmental friendly goods in order to gain competitive advantage. The theoretical perspective of PESTEL has also been provided which led towards the selection of main three components. It has been identified that social, technological and environmental factors would be the ones which are important being considered by the business. It has also been opined that people in UK are more inclined towards making purchases of bikes which are innovative and medium to low price with attractive designs. The technological factors suggested that in UK there have been high technology diffusion which will require the business to represent something technologically advanced to the consumers. Therefore, the report has provided number of recommendations to Pollution-eating bikes in which it has been provided that there should be an effective segmentation strategy such as demographic and behavioural segmentation as well as price penetration strategy to enter in UK.

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