MARKETING AUDITING OF THE ROMANIAN ECONOMIC ENVIRONMENT AND THE IMPACT FOR THE AGROFOOD ENTERPRISES

AUDITUL DE MARKETING AL MEDIULUI ECONOMIC ROMÂNESC ŞI IMPACTUL ACESTUIA ASUPRA ÎNTREPRINDERILOR AGROALIMENTARE

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Abstract: *The aim of this article is a marketing auditing of the Romanian economic environment in order to highlight the main positive and negative implications for the agro food enterprises. The method used is the statistical analyze of secondary data. Results indicates that the variables that have a positive impact are: the incomes and expenses of the population in correlation with the categories of consumption, the export level, the internal commerce, the inflation rate and the interest rate while the contribution to the gross domestic product and the exchange course have a negative impact. In conclusion the marketing audit is needed periodical in order to identify the changes and their implications.*

Key words*: marketing audit, economic environment, economic variables, agro food industry.*

INTRODUCTION

The economic environment is one of the main components of the macro environment of an enterprise or sector that are being analyzed in the first step of a marketing audit process- the external marketing audit. The usefulness of this action consists in the possibility of identifying the problem areas and opportunities in the marketing environment and preparing the enterprise for the rapid changes occurred within it. The main task of a marketing auditor is to asses the main key trends and their implications for the enterprise (Kotler et al., 2005).

The importance of the economical factor consists in the fact that all businesses are affected by it. The stage in which an economy is situated –

boom, recession or recovery- has a strong impact for the consumers and its buying behavior (Medis, 2009).

Because of the numerous variables of the economic factor some were chosen to be analyzed considering their impact for the Romanian enterprises such as: population incomes and expenditures, the categories of consumption, importation and exportation, internal commerce, the contribution to the gross domestic product (GDP), interest rate, inflation rate, and the exchange course. The main objective of this article is to analyze the variables of the economic environment and establish the main implications for the agro food industry.

MATERIALS AND METHODS

The material used for the economic environment audit consists in statistical data offered by the Romanian National Institute of Statistics and the Romanian National Bank. The method used in order to determine the impact for the agro food enterprises is the statistical analyze of secondary data.

RESULTS AND DISCUSSIONS

The first aspect regarding the economic environment analyzed is the average level of incomes and expenditures for the Romanian people. The three years taken into consideration show that the incomes are situated around 200 euros and have few fluctuations. Still it can be observed that in the third trimester of 2010 the average income returns at the level from 2008 (table no. 1). The average level of expenses per person is almost at the level of the incomes so saving money is very difficult.

After a brief view over the level of incomes and expenses it is useful to analyze the categories of consumption in order to find out the position of the agro food products in the total of the consumption. As it can be seen in the table no. 2 agro food products have the highest share in the total of the categories of consumption, around 40% of the total, followed by the expenses for household and electricity with an average share of 15%. After these two categories, follows with an average share of 6.5% the alcoholic drinks and cigarettes.

Table 1

The average level of incomes and expenditures in lei of the Romanian people from 2008 and the third trimester of 2010 (1euro=4.2 lei)

Year	2008				2009				2010		
Trim.	T1	T 2	T3	T4	T1	T2	T3	T 4	T 1	T 2	T3
Incomes	806,1	823,0	863,9	928,6	910,6	948,7	918,5	937,5	940,1	951,0	890,1
Expenses	722,0	724,2	759,2	819,1	789,3	820,6	794,0	821,5	819,0	812,4	791,4

Data source: Annual Statistics, 2009a

Even if the total share fluctuates from a trimester to the other the general trend is maintaining at the same level. After a brief view over the incomes and expenses and also over the categories of products mostly purchased, it can be concluded that the Romanian population spends a high share of their incomes for food products and the relative stabile trend of this share has a positive impact for the agro food enterprises because of the high demand for these products.

Table 2

The categories of consumption for the Romanian population (2008-2010)

Year	2008				2009				2010		
Destinations	T1	T2	T3	T4	T1	T2	T3	T4	T1	T2	T3
Agro food products	40,3	43,1	40,3	40	40,8	41,9	40,7	40,3	40,7	41,4	41
Alcoholic drinks, cigarettes	6,2	6,6	6,4	6,9	6,6	7	7,1	7,6	7,4	7,7	7,8
Household, water, electricity	18,7	13,9	13,6	16,4	18,4	14,3	14,4	16,2	18,7	15,4	15,7
Furniture, house equipment	4,5	5	5	4,7	4,1	4,4	5	4,8	3,9	3,9	4,2
Health	4,5	4	3,9	3,9	4,6	4,5	4,5	4,3	4	4,9	4,8
Transports	5,7	5,8	7,6	5,5	6	5,8	5,6	5,6	5,7	6,5	5,9
Communications	5,8	5,2	5,1	4,8	5,1	5,2	5,2	4,9	4,9	5,1	5
Free time, culture	3,9	3,8	5,6	4,6	3,5	4,4	6	3,8	3,6	3,6	5
Education	0,9	0,9	0,6	0,9	1,2	1	0,7	0,9	0,8	0,8	0,5
Restaurants, hotels, bars	1,4	1,2	1,5	1,4	1,4	1,4	1	1,3	1,4	1,5	0,9
Other products and services	3,6	3,6	3,6	3,5	3,6	3,7	3,6	3,7	4	3,8	3,9
Clothes and shoes	5,5	6,9	6,8	7,4	4,7	6,4	6,2	6,6	4,9	5,4	5,3

Data source: Statistical Bulletin of International Commerce nr. 11, 2010A

Data from table no 3 indicates the share of the agro food products in the total products imported and exported. The eight categories of products exported are: agro food products, mineral products, chemical and plastic, means of transport, metallurgical products, machinery and mechanical appliances, fabrics and other products. The machinery and mechanical appliances have the highest share both in the total of imports but also in the total of exports. The share in the category of exports was 22% in 2007 reaching 26% in 2010 while in the category of imports from 24% in 2007 reached the level of 28% in 2010. In the total category of imports, the agro food products have the smallest share even if the trend is ascending from 6.5% in 2007 to 8.4% in 2010. The agro food enterprises must take into account the share of imports for the agro food products and try to reduce it by offering national products instead.

In the categories of export, the machinery and mechanical appliances have also the higher share of 22% in 2007 reaching 26% in 2010. The category of agro food products has the lowest share in the total of the products exported. The trend is ascending from 3.8% in 2007 to 7.8% in 2010 as it is shown in table no. 3. It must be specified that data were available only till September 2010. For some enterprises this aspect can stimulate them to find new markets and produce more for expanding their activity and penetrate new markets.

Table 3

The level of the imports and exports of Romanian agro food products

Year	2007	2008	2009	2010(1I-30IX)
Agro food importation	6,50%	7,60%	9,80%	8,40%
Agro food exportation	3,80%	6,40%	7,70%	7,80%

Data source: International Trade Statistics, 2010B

Analyzing the situation of the internal commerce for food and non food products as it is shown in the figure no. 1 both categories have an ascending trend during 2000 till 2008. Even if the value of internal commerce is lower for the food products, the volume is increasing constantly which indicates that the Romanian consumer purchase more agro food products from a year to another, so the national market is increasing.

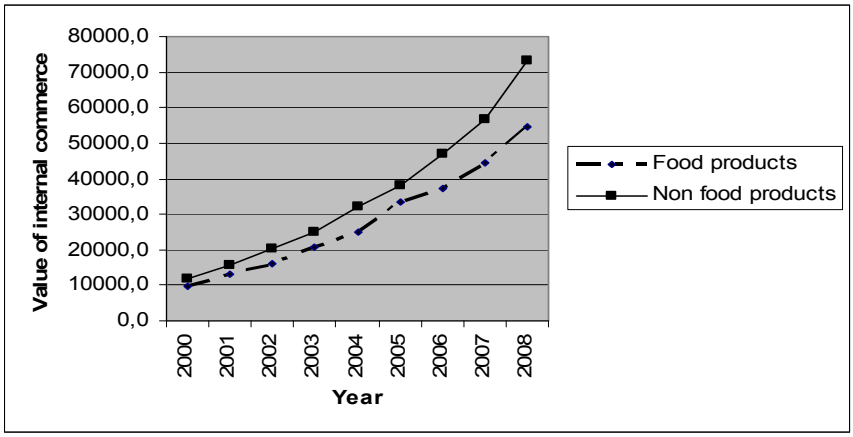


Fig. no.1 Evolution of internal commerce for food and non food products in Romania

Data source: Statistical Bulletin of Industry, Construction, Retail Trade and Services, 2009b

The contribution to the gross domestic product (GDP) indicates that the share of the agriculture component descents from 1.9% in 2004 at 0.5% in 2008. In 2005 and 2007 the contribution of agriculture to the GDP registered negative values. The agriculture sector represents a source of raw materials for the agro food enterprises, so the negative values registered by this sector within the GDP has a negative impact for the whole sector and changes the supply chains from a national level to an international level, increasing the imports.

The level of the interest rate registered many fluctuations between 2006 and January 2011 as it can be observed in figure no. 2. The higher values of 10.25% were registered from September 2008 till May 2009 after that began to decrease reaching a stabile level of 6.25% from June 2010 to February 2011. This level is the lowest since the past four years and according to the National Bank of Romania, this level is kept also for March 2011. The importance of the interest rate for the agro food enterprises is related to the possibility of contracting credits for investments and a future development so the low level registered from 2010 has a positive impact for the enterprises which are stimulated to contract credits.

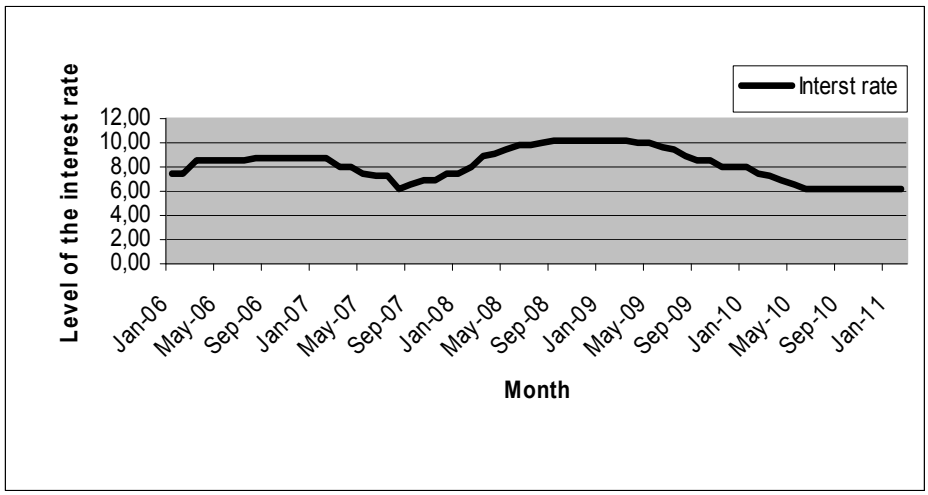


Fig. no.2 Evolution of the interest rate (2006-2011)
Data source: BNR a, 2011

The actual inflation rate for 2011 reaches a level of 7.60% and the objectives of the National Bank of Romania for next year is 3% while for 2013 the main objective is to reduce the rate to 2%. The agro food enterprises are being advantaged by the reducing of the inflation rate because of the positive impact for the consumption and the maintaining the prices at an accessible level for the population.

According to the figure no. 3 that presents the evolution of the exchange rate for euro, from January 2008 to January 2009 it was situated below the level of 4 lei. The year 2009 represented the beginning of a period when euro exceeded the level of 4 lei and started fluctuating, never reaching the level from 2008 but keeping higher values. The increasing level of the exchange course has a negative impact for the imports of raw materials. The changes in the exchange rate will be reflected in the prices for agro food products which are also increasing.

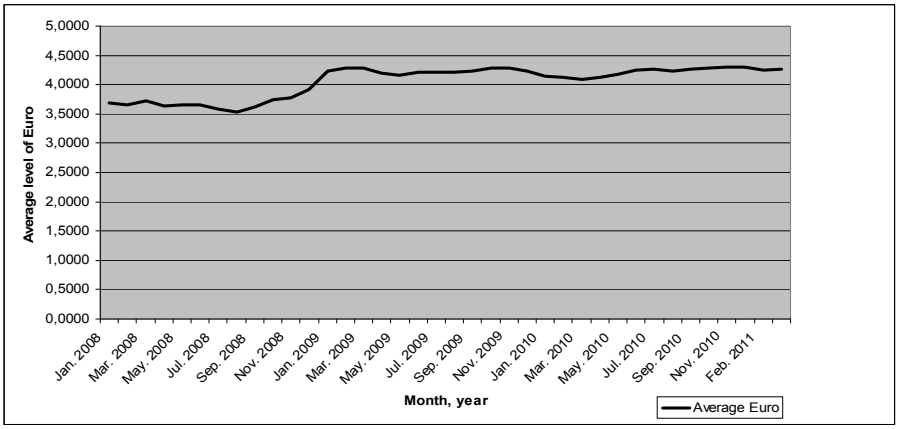


Fig. no. 3 Evolution of the average exchange rate for Euro (2008–2011)
Data source: BNR b, 2011

CONCLUSIONS

It can be concluded that all the variables of the economic environment have positive or negative implications for the agro food enterprises. So, the populations' incomes and expenses correlated with the categories of monthly consumption indicate a positive impact for the sector because of the high share of the agro food products consumption. The low level of export for the agro food products can represent an opportunity for many enterprises for finding new markets and expand their activity.

The increasing value of the internal commerce for food products has a positive impact for the enterprises because it reflects the increasing level of the demand for those products. It is also a stimulator for the agro food production.

The low levels of contributions of the agriculture to the GDP, even negative values in 2005 and 2007 have a negative impact for the supply chains of the Romanian agro food enterprises because of the necessity of importing the raw materials for production.

A positive impact for the sector is being represented by the low and stabile level of the interest rate in order to encourage the investments and facilitate the access to credits.

The objectives of the National Bank of reducing the inflation rate at a lower level in the future years is considered to have a positive impact for

the agro food enterprises because of the inflations' influence over the consumer purchasing power and also over the prices.

The exchange rate has a powerful impact for the imports and the increasing level of this variable of the economic environment is considered to have negative impact for the Romanian agro food enterprises because of the raw materials imported and the reflection in the final price.

The economic environment has a potential influence for the agro food enterprises, that is the reason why a marketing audit is needed periodically. The auditor must repeat periodically the macro environment audit in order to identify the changes occurred and establish the positive or negative impact for the industry analyzed.

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