



An Interface of Marketing Macro-Environment Factors and Travel Trade Business

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Introduction

Tourism is one of the fastest and largest growing industries of the World and is extremely labour intensive. As per statistics, 9.5% of global GDP is contributed from travel and tourism industry and nearly this sector generated 8.95 of total employment (World Travel & Tourism Council, 2015). Apart from foreign exchange earnings, economic development, it provides direct and indirect employment to the local people. All the travel enterprises which operate in travel & tourism sector have to face the rapid changes in its surroundings business environment matching to the tourist demands and supply of tourist- products.

The term ‘business environment’ encompasses all internal & external forces, factors and institutions which have a direct and indirect impact on the functioning of a travel business enterprise. An enterprise’s marketing environment comprises actors and forces outside marketing that affect marketing environment’s ability to develop and maintain successful relationships with its target customers. (Kotler 2008:179) The external business environment of a travel company is divided into two parts-

(1)The Micro Environment

It covers those participants & forces which has a direct impact on the functioning of an tourism business enterprise. It is related to all the components which has close association & input in the planning and decision- making process about its business operations. The micro-environment is constituted of tourists, employees, suppliers, resellers, competitors, and the general public.

(2) The Macro Environment

It is seen in a wider perspective of a travel company and has relatively less direct impacts on business & profitability in the long-term. It has an effect on how a business company operate, perform, make decisions, and form business strategies for the future. Factors of macro environment are considered more remote which have great influence but over which the travel enterprise has no control and practically little or no influence. Macro environment is usually called as PESTE environment and it has large impact on tourists, tourist demand and market competition in large. It is dynamic also that a business has to constantly track its changes. The factors that make up the macro-



environment are economic factors, demographic forces, technological factors, natural factors, political and legal forces, and social and cultural factors.

Components of Macro Environment for a Travel Enterprise

The marketing environment of a travel agency depends upon the prevailing micro & macro factors of the economy in many ways and to the varied degrees. The macro environment is comprised of those component which are indirectly connected with the performance and suitability of a travel enterprise and has a long- term impact and highly uncontrollable. Extending awareness of the business environment can affect policy, planning and tourism competitiveness in a long-term approach. (Ik and Azeez, 2020) The momentum and success of a tourism enterprise depends upon its adaptability to the socio-cultural, economical, technological, geographical, political, tourism and international environment.

Social and Cultural Environment	Social Values ,Norms, Customs , Attitude and Freedom of Faith, Social Stability & Openness, Social & Cultural Fraternity ,Tolerance ,Social Equality, Gender Sensitization, Values of Social Institutions like Family ,Marriage , Divorce & Crime, Individual Identity
Economic Environment	Gross Domestic Product, Industrial Growth Rate, Role of Trade Union & Associations ,Inflation, Foreign Exchange Reserve, Nature of Economy- Open Economy, Close Economy or Mixed Economy, Foreign Direct Investment, Product/Services based Economy, Employment, Governmental Economic & Industrial Policy
Demographic Environment	Education, Gender-Ratio, Age- Group of Working Population, Income, Happiness & Health Index of the Population
Tourism Environment	Tourism Trends-Inbound, Outbound & Domestic Travel, Tourism Receipts, Tourist Infrastructure-Accommodation, Transportation, Airports, Railway Road Network, Opening of New Tourist Places like Kartarpur Corridor in Punjab & Statue of Unity in Gujrat ,Development of New Tourism Forms, Safety & Security of Tourists, Identification & Development of New Tourist Circuits, Sanitation & Hygiene in Tourism ,Tourism Culture & Environment, Attitude of Locals towards Tourists
Technological Environment	Adaption with New Scientific & Technology based Education, Use of Technology in Products Manufacturing & Services, Adoption of New Technology & Skills, Transfer of Technology in Industries
Natural Environment	Pollution-Air, Water& Noise, Protection of Vegetation & Wildlife, Protection of Natural Resources like Minerals, Landscapes, Soil Fertility, Forests, Mountains, Deserts and Water Bodies, Natural Calamities- Floods, Tornado & Pandemics, Sanitation & Hygiene, Impact of Climate Change
Political Environment	Government Stability, Freedom of Legislation, Executive, Judiciary & Media, Fundamental Rights of Citizens, Right to Vote for formation of Government, Freedom



	of Expression, Center-State Relations, Form of Government- Democracy, Communism or Dictatorship, National & Regional Parties, Corruption
International Environment	Globalization, Industrialization & Privatization, Role of WTO,IMF and World Bank, International Terrorism& Social Unrest-Border Clashes, Bombing, War, Rebellions, Civil Conflicts etc.

The change in the macro environment of the travel agency will lead to the changes in the following areas of its business:

(A) Financial Management

- Financial incentives offered by the local administration, state and national government to the agency
- Interest rate on loans affect the investment decisions
- Economic situation affects the buying decisions of the travel agency
- Demographic changes can lead to the labour market and increase or decrease in labour cost
- Adoption of newer technology demands new investment

(B) Human Resource Management

- Laws governing the travel & tourism Industry affect the recruitment and promotion demands of employees
- Social concerns like the reservation policy of the state and national level for various sections of the society may affect the recruitment policy of the travel agency
- Adoption of latest technologies will demand the training of the employees

(C) Operations Management

- New Laws will enforce new managerial & technological procedures
- Emerging social concerns like environment will limit the operation procedure & avenues for the company
- New technological and communication network may affect the operational area & method of the enterprise

(D) Marketing Management

- Legislation and social change affects the marketing nature of enterprise



- The economic situation of the tourist market will affect the approach and appeal of the marketing strategies of the company
- Change in the lifestyle & preferences like health concerns of the markets will demand the new tourism –products &services consequently, change in the marketing pattern

References

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