

# **Spain**

## **Southern Europe**

**David Bautista**  
**Chynna Caleb-Nicholson**  
**Deja Chamble**  
**Miriam Martinez-Lima**  
**Guadalupe Soriano**

## Geography

### *Cultural Geography*

Located in southwest Europe Spain is a geographically and culturally diverse country. Spain is composed of a variety of cultures including the Castilians, Basques, Romans and Roma (Gypsies). Each culture has had an influence and left a significant impact on the development of the country and the people who inhabit it. Roman conquerors contributed their languages and roads while the Moors left a legacy of the arts, including fine architecture and lyric poetry, and science (Carr, 2022). The *cultural geography* (Sternquist & Goldsmith, 2018) of Spain consists of various elements developed through the interaction between the natural landscape and humans. This means key characteristics of life can be defined as a result of the environment. In regards to Spain these key characteristics can include work-life balance, concept of time, and other lifestyle attributes such as the importance of religion. The article *Understanding Spanish Culture* (2020) explains how the general culture of Spain promotes the idea of family life over work, along with this Spain is considered a “fluid time culture” placing more importance on personal relationships over work deadlines or schedules. As far as other lifestyle attributes religion is a great part of Spain culture, with the vast majority of the population being Christian. Through time other religions have been explored and practiced which has allowed for a greater amount of diversity in religions practiced in Spain today (Chepkemoui, 2020).

### *Economic Geography*

Spain is ranked number five in Europe’s largest economies, right after Italy (Clark, 2022). The *economic geography* (Sternquist & Goldsmith, 2018) of Spain is quite reliable to do business with as most of their success comes from trading with the United States, importing and exporting goods. According to the ITA (International Trade Administration), many US companies have made investments into certain fields in Spain such as automobiles, chemicals, pharmaceuticals, and industrial machinery (2022). The same is being done by Spain as they have made huge investments into the US making Spain apart of the top 10 investors. Although Spain has a well maintained business relationship with the United States, it’s not the same in Spain itself. Because of the pandemic, unemployment rate has remained high and inflation keeps increasing which is causing Spain to fall behind (Keeley, 2021), but Spain is seeking reforms to get them out if this situation.

## Climate

Spain is a country located in the western hemisphere and sits approximately 4,447.80 km north of the equator, (Distance, 2022). The climate overall stays at a higher temperature, at a mediterranean climate. Throughout Spain there are about three different climate zones. In the south there is the Csa climate also known as the hot summer Mediterranean climate. This consists of dry summers and warm and wet winters The west has Csb also known for warm summer mediterranean climate which is warm year round with very moist climates as well. Lastly, the remainder of the zone consists of Cbf, similar to csa climate. During the summer, the pyrenees and Cantabria ranges cause Spain's summers to be warm and dry (Harrison, 2022). Due to high temperatures throughout the country, individuals are forced to adapt to the weather and wear lightweight apparel as well as being aware of consistent rainy days, depending on the season in Spain.

## Natural Resources

The natural resources that can be found in Spain is the soil and their mineral resources. Arable land can be seen as one of Spain's most abundant natural resources. Arable land is a helpful resource for farming (Harrison, 2022). Natural resources that can be found in Spain include gold ,silver, lead and copper (Mapping history, 2022). Coal is another mineral resource in which can be found over 4,500 million tons. Other mineral resources include mercury, uranium, and tungsten (Brito, 2022).

## Inter-Relationships Among Country and its Regional Countries

According to Sabalet (2017) relations between Spain and France are very close and fluid; such intense trade relations are adequate as there is geographical and cultural proximity within both countries, in addition to both countries being part of the European Union. These relations not only generate high monetary traffic, large and constant amounts of goods on maritime and road transport, but also a wide variety of contractual relationships supporting all these trade exchanges (Sabalet, 2017). It is evident that there is mutual benefit between either countries. Aside from trade, Spain and France align politically as well. Within each country is confidence, that is driven by law enforcement and judicial cooperation that has aided in the weakening of ETA, and by concrete cooperation projects in interconnections (energy and transport), that is necessary in either country (France Diplomacy: Spain, 2021). Although France and Spain share a border, there is another regional country next to Spain, Portugal.

Inflation has not only impacted the United States. Spain and Portugal have been heavily impacted, as the cost of energy has skyrocketed due to conflicts between Russia and Ukraine. The people of Spain and Portugal were rewarded a mighty victory this past May. The two countries won a so-called “Iberian Exception” that will separate the peninsula's electricity prices, which have wide access to renewable power sources, from the soaring cost of natural gas the rest of the bloc is dependent on (Laurent, 2022). This news is rather interesting considering both countries are part of the EU and are the only countries so far to separate their power source.

## Political Risk

*Political risk* is the possibility of an unexpected change that may have an unfortunate effect on the retail industry due to political forces (Sternquist & Goldsmith, 2018). Spain has a general country risk rating of A3 with a business climate rating of A1. These ratings reflect a “long-term investment grade bond of creditworthiness” (Hayes, 2022). Risk rating is an important aspect to consider when looking at a country you’d like to market in because it provides a clear measure of the probability of default. Probability of default not only takes into account the characteristics of the country but the economic environment of it as well. As defined by Coface (2022), a credit insurance business, the A3 rating signifies a secure business environment in which corporate default probability is reasonable on average. In terms of the business climate a rating of A1 status signifies a quality business environment with low risk, where corporate financial information is accessible and reliable and institutional quality is considered very good.

According to Cater, Spain is a democratic monarchy or a parliamentary monarchy which means Spain elects their prime minister and monarch, has three separate branches such as the Executive, Legislative and Judicial (2022). As mentioned before, the risk in Spain is quite low which is a good thing as they can do business with other nations. Spain has access to markets and trade in Europe, Middle East and North Africa, also known as EMEA. The United States and Spain also have a strong economic relationship which mostly involves investing with each other (CT. Corporation Staff, 2020). As of now, there are no policies that interrupts Spain from doing business with other nations.

## Method of Entry

There are different paths when it comes to international expansion. In regards to this business and country the method of entry that might best fit this business venture can include *licensing*, *franchising*, *joint ventures* or starting a *wholly owned subsidiary*. *Franchising* will be important due to the fact that actions benefit the franchisor, the retailer and franchisee. Through this agreement the franchisor allows investors to utilize the retailer's name and provides the franchisee with the training needed to run the business. *Joint ventures* may be considered beneficial because you’ll ideally be gaining a partner that is knowledgeable about the target

country (Sternquist & Goldsmith, 2018). Specifically this business could possibly consider a *joint venture* with Loewe or Bershka due to their already successful establishment in the country. Finally the initiation of a *wholly owned subsidiary* grants the greatest exposure to the foreign market and while that may result in higher risk, it allows for each subsidiary to maintain its own management structure, customers and corporate culture (Kenton, 2022).

According to Sternquist (2007), retailing formats go through four stages: introduction, growth, maturity, and decline (p. 10). As one is going through the process of developing or creating a product in Spain, the *stage of retail* would be the introduction stage as the other stages are far more developed. The introduction phase ideally brings awareness to and highlights the necessity for the new product to potential customers. This is crucial to marketing our product because it ultimately introduces our product to a broader scale in the hopes of gaining a reliable consumer base.

## Standard and adaptive products to retail internationally or globally

A mantilla is a ceremonial Spanish garment, worn to cover your head and shoulders. It is often passed down through many generations, originating in the Northern region of Spain (*A Stitch in Time*, 2015). Today, one looks at veils as a sort of popular wedding item, making this item *adaptive*, but there is a deeper meaning to it. According to Montemayor (2021) mantilla veils were intertwined with Romance language cultures, with Spanish, Italian and Latin brides wearing these beautiful capes for centuries. Throughout the 17th century up to the 19th century the mantilla was commonly used for activities such as “horseback riding, social visits and as a sign of respect when in mourning and attending church or religious processions”, (2022). The mantilla has changed its meaning and use, from being a garment worn specifically during occasional events to being a veil worn everywhere around the world in ceremonies.

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