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A study on impact of international marketing on local and international players and its impact on consumers

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Abstract---In 21st century market, globalization and liberalization has opened new doors for the producers and the consumers both. Consumers are now well informed and well equipped with information and the producers on the other side have access to latest technology to reduce cost and improve quality for penetrating into the new market which has no hurdles of geographical boundaries. International marketing has become one of the important factors for success of the business. In the global market different kinds of marketing strategy is used for targeting the across range of country. This paper tries to analyze the impact of international marketing on local and international players and also study its impact on the consumers. The rationale of the study is to know which door (strategy) companies use to enter in the international market. Exploratory Research Method is used to study the impact of international marketing with the help of primary and secondary data. Primary data is collected through questionnaire from the General Manager (Marketing) of various Multinational companies to study their strategies and Consumers view to study its impact.

Keywords---International, Marketing Strategy, Consumer, Global, penetrate.

Introduction

History of international marketing

Marketing is a relatively young discipline. Some, however, argue that it has been around for a long time. Trade and payment in money, goods and services has been around for many thousands of years. Barter or counter trade is becoming popular in business again. Counter trade is more common than you think. Have a look at this barter example: Some chemical companies often accept non-monetary payment such as other chemicals, as payment from their customers. Some argue

that marketing has been in existence whenever and wherever there have been buyers and sellers i.e. - a market. Some marketing tools such as advertising have been around for hundreds and even thousands of years. The Ancient Greeks used advertising for commercial purposes. The traders hired 'criers' to promote their products. There are many underlying change factors such as fashion or technology, which if ignored, can affect a market or even, kill off a brand. Everything changes - including lifestyles, values and attitudes.

Meaning and overview of international marketing

International marketing takes place when a business directs its products and services toward consumers in a country other than the one in which it is located. While the overall concept of marketing is the same worldwide, the environment within which the marketing plan is implemented can be dramatically different from region to region. Common marketing concerns such as input costs, price, advertising, and distribution are likely to differ dramatically in the countries in which a firm elects to market its goods or services. Business consultants thus contend that the key to successful international marketing for any business. Whether a multinational corporation or a small entrepreneurial venture is the ability to adapt, manage, and coordinate an intelligent plan in an unfamiliar foreign environment.

Businesses choose to explore foreign markets for a host of sound reasons. In some instances, firms initiate foreign market exploration in response to unsolicited orders from consumers in those markets. Many others, meanwhile, seek to establish a business to absorb overhead costs at home, diversify their corporate holdings, take advantage of domestic or international political or economic changes, or tap into new or growing markets. The overriding factor spurring international marketing efforts is, of course, to make money, and as the systems that comprise the global economy become ever more interrelated, many companies have recognized that international opportunities can ultimately spell the difference between success and failure

Objectives

The main purpose of this paper is:

- To study the an overview of international marketing.
- To understand the meaning of international marketing.
- To study the different ways to enter in international market.
- To know the importance of international marketing at national and international level.

Literature review

Global marketing strategies

Firms that do venture abroad find the international market place far different from the domestic one. Market sizes, buyer behavior and marketing practices all vary, meaning that international marketers must carefully evaluate all market segments in which they expect to compete. Whether to compete globally is a

strategic decision that will fundamentally affect the firm, including its operations and its management. For many companies, the decision to globalize remains an important and difficult one (global strategy and action). Typically, there are many issues behind a company's decision to begin to compete in foreign markets.

Moreover, there can be several reasons to be mentioned including comparative advantage, economic trends, demographic conditions, competition at home, the stage in the product life cycle, tax structures and peace. To succeed in global marketing companies need to look carefully at their geographic expansion. To some extent, a firm makes a conscious decision about its extent of globalization by choosing a posture that may range from entirely domestic without any international involvement (domestic focus) to a global reach. Each level of globalization will profoundly change the way a company competes and will require different strategies with respect to marketing programs, planning, organization and control of the international marketing effort. An industry in which firm competes is also important in applying different strategies.

Entry strategies in foreign market

Exporting as an entry strategy

Exporting represents the least commitment on the part of the firm entering a foreign market. Exporting to a foreign market is a strategy many companies follow for at least some of their markets. Since many countries do not offer a large enough opportunity to justify local production, exporting allows a company to centrally manufacture its products for several markets and therefore to obtain economies of scale. Furthermore, since exports add volume to an already existing production operation located elsewhere, the marginal profitability of such exports tends to be high. A firm has two basic options for carrying out its export operations. The form of exporting can be directly under the firm's control or indirect and outside the firm's control. It can contact foreign markets through a domestically located intermediary-an approach called indirect exporting.

Indirect exporting

Indirect exporting includes dealing through export management companies of foreign agents, merchants or distributors. Several types of intermediaries located in the domestic market are ready to assist a manufacturer in contacting international markets or buyers. The major advantage for managers using a domestic intermediary lies in that individual's knowledge of foreign market conditions. Particularly, for companies with little or no experience in exporting, the use of a domestic intermediary provides the exporter with readily available expertise. The most common types of intermediaries are brokers, combination export and manufacturers' export agents. Group selling activities can also help individual manufacturers in their export operations.

Direct exporting

Direct exporting includes setting up an export department within the firm or having the firm's sales force sell directly to foreign customers or marketing intermediaries. A company engages in direct exporting when it exports through

intermediaries located in the foreign markets. Under direct exporting, an exporter must deal with a large number of foreign contacts, possibly one or more for each country the company plans to enter.

The independent distributor earns a margin on the selling price of the products. Although the independent distributor does not represent a direct cost to the exporter, the margin the distributor earns represents an opportunity that is lost to the exporter. By switching to a sales subsidiary to carry out the distributor's tasks, the exporter can earn the same margin. With increasing volume, the incentive to start a sales subsidiary grows.

Foreign production as an entry strategy

Many companies realize that to open a new market and serve local customers better, exporting into that market is not a sufficiently strong commitment to realize strong local presence. As a result, these companies look for ways to strengthen their base by entering into one of several ways to manufacture.

Licensing

Licensing is similar to contract manufacturing, as the foreign licensee receives specifications for producing products locally, but the licensor generally receives a set fee or royalty rather than finished products. Licensing may offer the foreign firm access to brands, trademarks, trade secrets or patents associated with products manufactured. Under licensing, a company assigns the right to a patent or a trademark to another company for a fee or royalty. Using licensing as a method of market entry, a company can gain market presence without an equity (capital) investment. The foreign company, or licensee gains the right to commercially exploit the patent or trademark on either an exclusive (the exclusive right to a certain geographic region) or an unrestricted basis. Due to advantages of low risk and low investment, licensing is a particularly attractive mode for small and medium-sized firms. Licensing also is an effective mode for testing the future viability of more active involvement with a foreign partner.

Subject to negotiation and tend to vary considerably from company to company and from industry to industry. Companies use licensing for a number of reasons. For one, a company may not have the knowledge or the time to engage more actively in international marketing. The market potential of the target country may also be too small to support a manufacturing operation. A licensee has the advantage of adding the licensed product's volume to an ongoing operation thereby reducing the need for a large investment in new fixed assets. A company with limited resources can gain advantage by having a foreign partner market its products by signing a licensing contract. Licensing not only saves capital because no additional investment is necessary.

In some countries where the political or economic situation appears uncertain, a licensing agreement will avoid the potential risk associated with investments in fixed facilities. Representing an export of technology rather than goods or capital, licensing is an attractive mode in markets where political and economic

uncertainties make a greater involvement risky. Both commercial and political risks are absorbed by the licensee.

A major disadvantage of licensing is the company's substantial dependence on the local licensee to produce revenues and thus royalties usually paid as a percentage on sale volume only. Once a license is granted, royalties are paid only if the licensee is capable of performing an effective marketing job. Since the local company's marketing skills may be less developed, revenues from licensing may suffer accordingly.

Another disadvantage is the resulting uncertainty of product quality. A foreign company's image may suffer if a local licensee markets a product of substandard quality. Ensuring a uniform quality requires additional resources from the licensor that may reduce the profitability of the licensing activity. Thus, the producer loses some control in certain situations. The risk of losing control of intellectual property and/or technological advantages can also be mentioned as another disadvantage of licensing.

Another potential problem is that the licensee may adapt the licensed product and compete head on with the licensor. The possibility of nurturing a potential competitor is viewed by many companies as a disadvantage of licensing. With licenses usually limited to a specific time period, a company has to guard against the situation in which the licensee will use the same technology independently after the license has expired and therefore turn into a competitor. Although there is a great variation according to industry, licensing fees in general are substantially lower than the profits that can be made by exporting or local manufacturing.

Franchising

Franchising is a special form of licensing in which the franchiser makes a total marketing program available including the brand name, logo, products and method of operation. Usually the franchise agreement is more comprehensive than a regular licensing agreement in as much as the total operation of the franchisee is prescribed. It differs from licensing principally in the depth and scope of quality controls placed on all phases of the franchisee's operation. The franchise concept is expanding rapidly beyond its traditional businesses to include less traditional formats such as travel agencies, used car dealers, the video industry and professional and health improvement services. About 80 percent of all McDonald's restaurants are franchised and as of 1999 the firm operated about 24,500 stores in 116 countries.

Local manufacturing

A common and widely practiced form of market entry is the local manufacturing of a company's products. Many companies find it to their advantage to manufacture locally instead of supplying the particular market with products made elsewhere. Numerous factors such as local costs, market size, tariffs, laws and political considerations may affect a choice to manufacture locally. The actual type of local production depends on the arrangements made; it may be contract

manufacturing, assembly or fully integrated production. Since local production represents a greater commitment to a market than other entry strategies.

Ownership strategies

Companies entering foreign markets have to decide on more than the most suitable entry strategy. They also need to arrange ownership, either as a wholly owned subsidiary, in a joint venture, or more recently in strategic alliance.

Joint venture

In a joint venture, an investing firm owns roughly 25 to 60 percent of a foreign firm, allowing the investing firm to affect management decisions of the foreign firm. Under a joint venture arrangement, the foreign company invites an outside partner to share stock ownership in the new unit. The particular participation of the partners may vary, with some companies accepting either a minority or majority position.

In most cases, international firms prefer wholly owned subsidiaries for reasons of control; once a joint venture partner secures part of the operation, the international firm can no longer function independently, which sometimes lead to inefficiencies and disputes over responsibility for the venture. If an international firm has strictly defined operating procedures, such as for budgeting, planning and marketing, getting the JV company to accept the same methods of operation may be difficult.

Strategic alliances

A more recent phenomenon is the development of a range of strategic alliances. Alliances are different from traditional joint ventures in which two partners contribute a fixed amount of resources and the venture develops on its own. In an alliance, two entire firms pool their resources directly in a collaboration that goes beyond the limits of a joint venture. Although a new entity may be formed, it is not a requirement. Sometimes, the alliance is supported by some equity acquisition of one or both of the partners. In an alliance, each partner brings a particular skill or resource usually they are complementary-and by joining forces, each expects to profit from the other's experience. Typically, alliances involve either distribution access, technology transfers or production technology with each partner contributing a different element to the venture. Alliances can be in the forms of technology-based alliances, production based alliances or distribution-based alliances.

Entering markets through mergers and acquisitions

Although international firms have always made acquisitions, the need to enter markets more quickly than through building a base from scratch or entering some type of collaboration has made the acquisition route extremely attractive. This trend has probably been aided by the opening of many financial markets,

making the acquisition of publicly traded companies much easier. Most recently even unfriendly takeovers in foreign markets are now possible.

Nevertheless, international mergers and acquisitions are difficult to make work. A major advantage of acquisitions is that they can quickly position a firm in a new business. By purchasing an existing player, a firm does not have to take the time to establish its presence or develop for itself the resources it does not already possess. Despite these advantages, acquisitions can have serious drawbacks. First and foremost, acquisitions can be a very expensive. acquisitions pose a number of other challenges. Disposing of unwanted assets or maintaining them.

If a global marketing strategy is done right, it can have many benefits for an consumer and organization

Improved product and service effectiveness

The more you grow, the faster you learn, and the more you learn, the more effective you become at rolling out new and improved product and service offerings. With Facebook recent IPO, the company has done a remarkable job servicing the needs of the North American market and making money. Its next expansion effort will be in India. What's already been discovered is that Internet advertising makes up just 3 percent of India's advertising market, compared to 17 percent in the United State.

Stronger competitive advantage

Many companies are naturals at competing on a local basis. But how many companies do you know that can compete on a global basis? If your local competitors can't compete on a global basis and you can. As you move forward with your global strategy and provided it's well-articulated, everyone gets on board, allowing for a better-informed and more focused organization as a whole worldwide. Further, it allows you to adapt quickly wherever needed and largely based on customer demands or trends in the global marketplace.

Heightened customer awareness

With the Internet, customers can track the progress or lack thereof of a product all over the world. Apple has a uniform and consistent message with its products that of delivering exceptional design and experience through superb user interfaces.

Cost reduction and savings

By focusing on new markets, you can achieve economies of scale and scope through standardization in some areas. Need we mention the savings in leveraging the Internet to go global. Customers from all corners of the world can find you, and you can reach potential customers with one single point of contact such as a website, blog page. The cost savings can help you serve customers better worldwide.

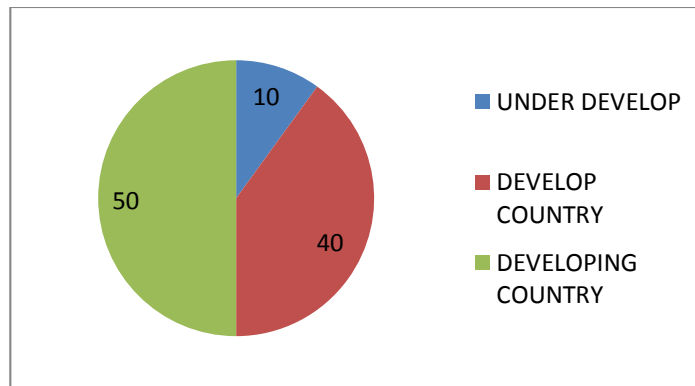
Methodology

Exploratory Research method is used to study and reach to the conclusions. Primary and secondary data from various sources were used for the purpose. Convenience Sampling was used.

Data interpretation and finding

1. Which Country would you like to enter?

- A) Under develop country
- B) Develop country
- C) Developing country

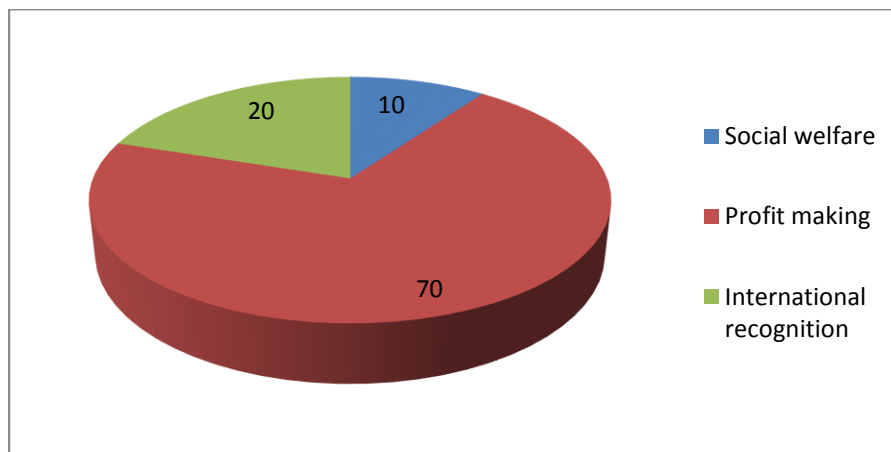


Finding

According to the answer of this question we found that company's or organizations most of them wanted to enter and start the venture in the developing country next target is develop country and the last one is under develop country.

2. What is your primary motive to enter into international market?

- A) Social welfare
- B) Profit making
- C) International recognition

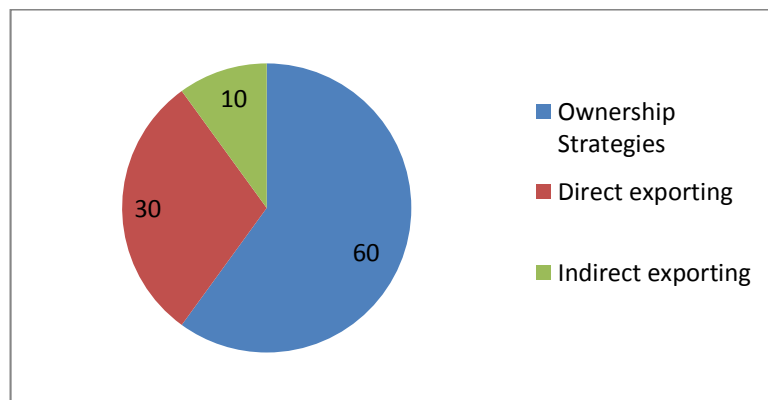


Finding

According to the answer of this question we found that company's or organizations primary motto is to make maximum profit followed by international recognition and the last one is for social welfare.

3. Which door u like to use to enter into international market?

- A) Ownership Strategies
- B) Direct exporting
- C) Indirect exporting

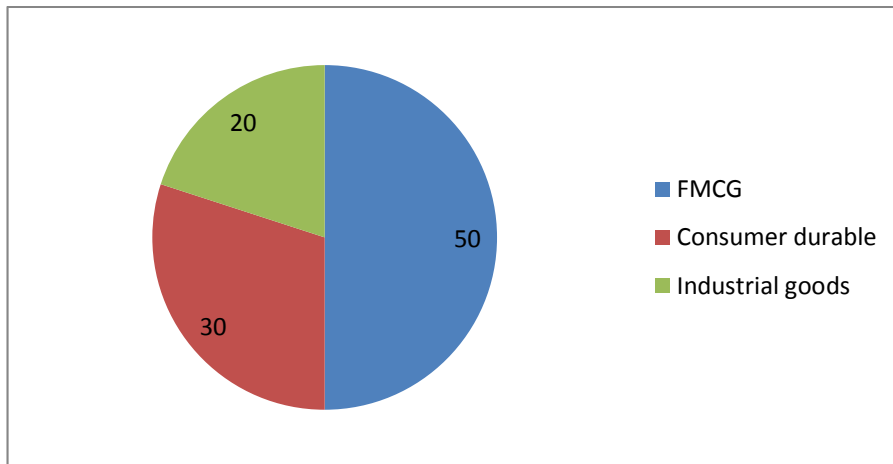


Finding

According to the interpretation from this question most of the company or organization wanted to enter through ownership strategy.

4. Which industries do u like to enter?

- A) FMCG
- B) Consumer durable
- C) Industrial goods

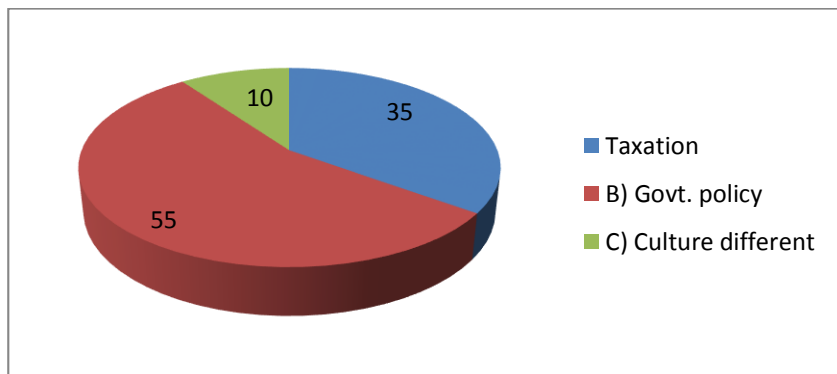


Finding

According to the interpretation from this question most of the company or organization wanted to enter into FMCG sector of the business.

5) What are the problem are face by the business people to go global?

- A) Taxation
- B) Govt. policy
- C) Culture different

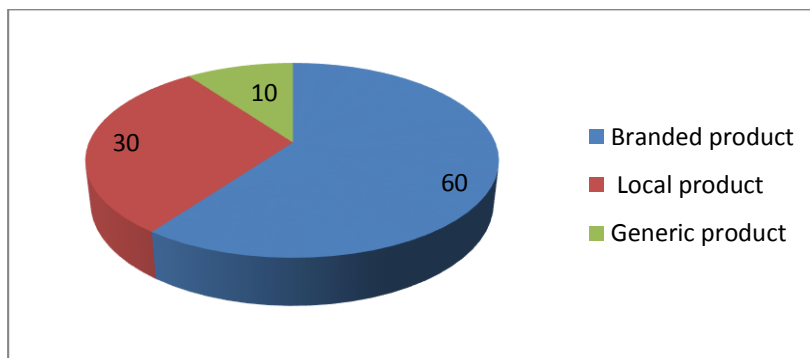


Finding

According to the interpretation from this question most of the company or organization don't want to enter into international market because of the problem faced by the government policy.

6) Before buying a product what consumer keeps in mind?

- A) Branded product
- B) Local product
- C) Generic product

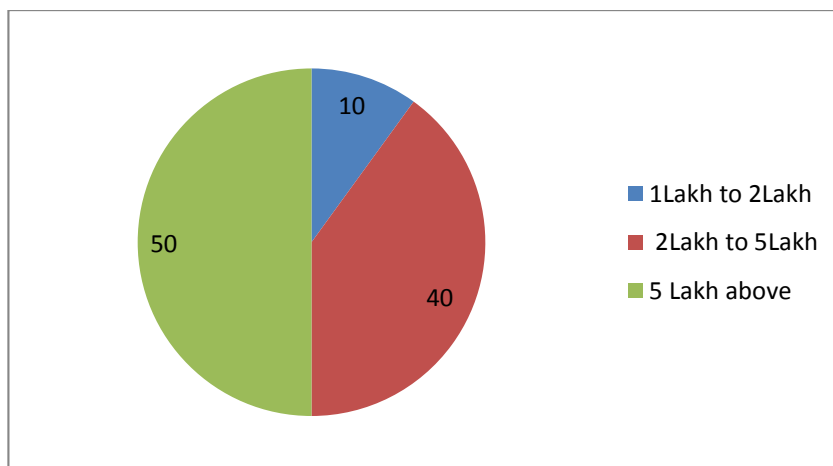


Finding

According to the interpretation from this question most of the most of the consumer wanted to use branded product.

7) Which income group people use international product?

- A) 1Lakh to 2Lakh
- B) 2Lakh to 5Lakh
- C) 5 Lakh above

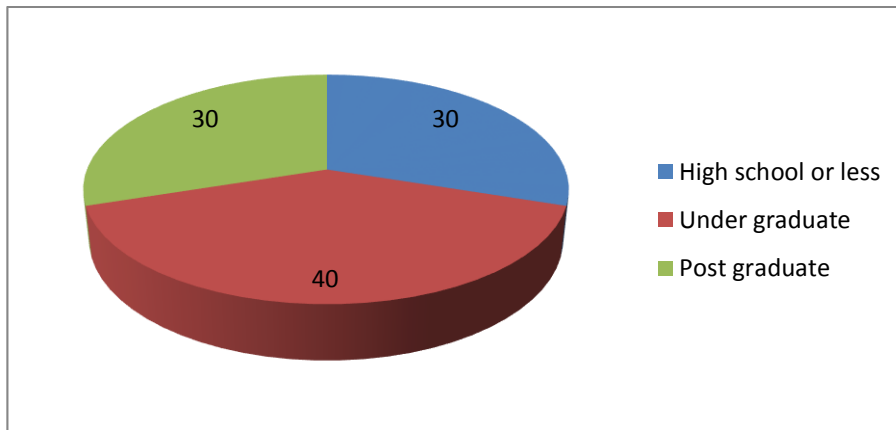


Finding

According to the interpretation from this question most of the people who come in the income level more then 5 lakh or more they wanted to use branded product

8) Which group of educated people use the international product more?

- A) High school
- B) Under graduate
- C) Post graduate

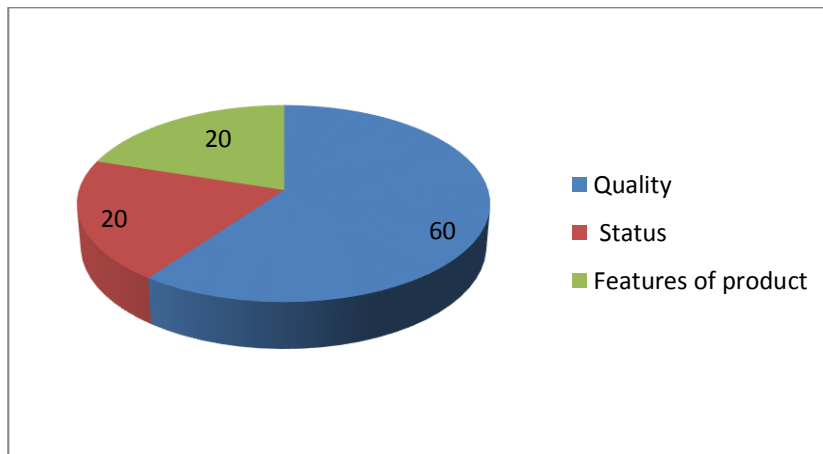


Finding

According to the interpretation from this question most of the people who all are under graduate like to use branded product.

9) Why people chose international product?

- A) Quality
- B) Status
- C) Features of product



Finding

According to the interpretation from this question most of the consumer purchase the branded product because of the good quality of the product.

Recommendations

According to this study we found some recommendation is require (needed) to improve international marketing as given below.

- Government policy has to be liberal or modified such a way that those modifications can attract the international investor to invest more in the country.
Also government should focus on the other sector so investor can invest in those other sector to.
- Company or organization should keep in mind the middle income level group consumer before producing the good or service so they also can able to enjoy the benefit of the international brand and company also enjoy the profit to.

Conclusions

Global marketing is the process of focusing an organization's resources on the selection and exploitation of global market opportunities consistent with and supportive of its short and long-term strategic objectives and goals. In this paper, researcher has to analyze the ways a company competes in global environment different tactics. Those tactics differ in a way a company's capabilities and willingness permit and different ways to enter into international market and the problem faced by the company to go internationally and how the consumer will get benefit through international marketing. A company must be careful in using those tactics before globalizing its operations. Because sometimes those tactics may fail and result in loss of profit or even closure of the company.

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