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P Ashok
Assistant Professor
Department of Commerce
KG College of Arts and
Science, Coimbatore, Tamil
Nadu, India

A study on international marketing: A theoretical overview

P Ashok

Abstract

Marketing means attempting to actualize potential exchanges for the purpose of satisfying human needs and wants. It is a set of techniques which is related to the conversion of potential exchanges into realized. Marketing function is not complete as soon as a product is sold. 'Consumer satisfaction, after a sale is for repeat purchases. Marketing as "the performance of business activities that directs the flow of goods and services from producer to consumer or user".

Keywords: International Marketing, National culture, Marketing Mix, Marketing theory

1. Introduction

International marketing involves the adoption of a marketing strategy that emphasizes a geographic market segmentation that distinguishes between domestic and foreign markets. Many firms find that it is advantageous to spend considerable time and effort marketing beyond their national boundaries. Indeed, international markets may promise higher market potential than domestic markets.

2. International Marketing

International or multinational marketing refers to the marketing of products and services in more than one nation. It may consist of exporting goods from one country to another, or it may refer to a firm that both produce and markets in more than one country. The terms international and multinational apply to situations in which companies have a predominantly domestic focus as well as to those in which firms have substantial investments in so many countries that it is difficult to determine the home country of each firm except by reference to the location of the headquarters office. Most international marketers represents firms which reside somewhere between these extremes.

3. The Importance of International Marketing

Many Indian companies are heavily involved in international marketing. The Indian government encourages Indian companies to enlarge their international marketing efforts. Yet other measures indicate that our degree of commitment to international marketing is relatively low. India's share in the global trade is 85% only. American exports amount to slightly less than 7 per cent of gross natural product compared to trading nations such as Japan 13 percent, West Germany 27 percent the United Kingdom 20.5 percent and Canada 29 percent.

There is also a major impact on the domestic economy of any nation as the volume of multinational marketing activities increases. Foreign products are imported into that country to fill needs not being satisfied by domestic manufactures or producers. Because India cannot supply all of its oil-based needs, it must import oil from other nations. In this sense, imported products are necessary to a way of life. World trade does help some countries meet certain needs. With continued growth, world trade does help some countries meet certain needs. With continued growth, world trade can be expected to raise the standard of living in many parts of the on world. In addition, world trade can stimulate and help improve domestic competition.

Correspondence
P Ashok
Assistant Professor
Department of Commerce
KG College of Arts and
Science, Coimbatore, Tamil
Nadu, India

4. Economic Policies

Today many governments are committed to policies of full employment and improved standards of living for their people. In such situations more than cold, immediate economic facts may be involved in guiding their commercial and investment policy. Emotion and pride spawn industries not justified by the country's resources or by the local and external markets available under the proposed cost structure. The desire to build a cadre of experienced administrators and to exercise control over the industrial base within its borders leads state to establish work laws requiring the use of nationals in executive positions or laws which restrict the investment of foreigners to that of minority ownership. National also vary in their reliance on economic planning and the degree of government control exercised over individual business units.

5. Nature of International Marketing

International marketing is generally faced with the following four decisions

- Whether to engage in international marketing activities at all
- If a company decides that it w to enter in the international marketing, then a specific decision has to be made concerning what specific individual markets abroad to be served
- Decision has to be taken on the mode of entry
- The company must decide on the marketing programme.

6. Scope of International Marketing

International marketing involves the managements of marketing not only to but also to some extent in foreign countries. To a great extent repeat sales in international marketing are dependent upon how best the marketing is managed in foreign countries. Thus other related areas of international marketing include

- Exporting
- Importing
- Management of international operations
- Operating marketing and sales facilities abroad
- Establishing production or assembly facilities in foreign countries
- Creating licensing and joint venture arrangements
- Offering management contract and undertaking turnkey projects abroad
- Foreign exchange arrangement and management.

7. Activites Involved In International Marketing

- (a) **Product Selection:** An effective marketing programme cells for matching the product to the foreign market and its environment. Product selection is as important is as important as market selection.
- (b) **Market Entry:** The main route to enter into international market is through export of goods. Through joint venture a trim gets close to foreign market.
- (c) **Pricing:** Pricing of a product depends on costs, demand and competition. Pricing and products is based on various costs of production and other costs such as transportation, taxes, tariffs, middlemen margin etc.

- (d) **Distribution:** Various distribution channels are involved in global marketing decisions. Goods man he directly exported to foreign customers or through middlemen.
- (e) **Marketing Communication:** It has to be adapted to suit the foreign markets. Advertising, trade promotion and high level personal selling one the major components of international marketing communication.
- (f) **International marketing organization:** Through creating export department, international division and global organization, companies manage their international marketing activities.

8. Scope Of Interantional Marketing

- (a) **Opening a branch or subsidiary:** Opening a branch in the foreign market for processing, packaging, assembly or even complete manufacturing through direct investment.
- (b) **Negotiating licensing arrangement:** The company can negotiate licensing arrangements whereby the foreign enterprises are granted the right to use trade mark, patents etc.
- (c) **Joint Ventures:** In this arrangement, foreign companies join with local companies to establish a local business in which foreign company shares ownership, management and control.
- (d) **Consultancy Services:** Offering consultancy services are covered in this scope of international marketing. Exporting company sends consultants and experts in foreign countries for guidance.
- (e) **Management Contracting:** It means providing services rather than products. A company man set a contract to manage to run a hotel, hospital.

9. Trends In International Trading

The increase in the value of global exports has been due to an increase in export prices and in the volume of exports. In addition to these, there are a number of other factors responsible for increase in international trade.

- Vigorous expansion of world economy due to government policies aimed at ensuring economic growth.
- Reduction in customs tariffs.
- Gradual liberalization of trade restrictions imports quotas.
- Rapid development of multinational corporations.
- Increased flow of funds from the economically advanced countries to developing countries.
- Greater development of transportation and communication at lower cost.
- Increased financed resources, man-power, research and development activities to carryon manufacturing and marketing on a global basis
- Vigorous export promotion activity by countries.

10. India's Position In Interantional Marketing

India's trade policy has been undergoing rapid and drastic changes since 1991. These changes are the result of

economic reforms started by the Government as well as influenced by the requirement of international bodies like World Bank and IMF. The following are the policy framework:

- (a) **Reduction in domestic demand:** India's balance of payments deficit represents the excess of domestic demands for goods and services over domestic supply. In order to maintain it, it requires restraint of domestic demand and increase in supply. It also requires restricting excess spending of the government to correct the balance of payments.
- (b) **Enhanced competitiveness:** Domestic prices were misaligned with international prices. As such it requires changes in the exchange of rate of rupee and phasing down of import restrictions and a reduction in the high levels of protection which characterize Indian industries.
- (c) **Simplification of barriers to trade:** Major obstacles to exports have been the cumbersome administrative procedures involved arising from controls on export or import production, together with exchange control and customs procedures. Simplification of such barriers to trade will make international trade as easy as domestic trade.
- (d) **Technical and managerial up-gradation:** International markets are becoming more and more competitive. If agricultural and industrial products are to be made more competitive. It requires improvement through technology up-gradation and managerial effectiveness so as to adopt themselves rapidly to changes taking place in international marketing conditions.

11. The Advantages of Marketing Internationally

International marketing, also known as global marketing is the process of overseas advertising of the products that a company sells. International marketing provides a host of benefits to a business, from helping to broaden the customer base to improving the reputation of the brand. Understanding these advantages can help businesses of all sizes to plan their international sales strategies and to focus their customer service efforts.

Market Expansion

The most obvious advantage of marketing internationally is the expansion of a company's market. Expanding the places where a company does business and advertises its products and services opens up a larger customer base and potentially greater profit margins. While small businesses may find that marketing internationally is cost prohibitive, technology such as social media and online newspapers and advertising services have made the process of international marketing even more attractive. Customers can now buy from virtually anywhere in the world via the Internet, making market expansion through international marketing a highly useful skill for businesses to master.

Brand Reputation

International marketing can have a unique advantage of helping to boost a brand's reputation. Right or wrong,

customers perceive a brand that's selling in multiple markets to be of higher quality and better service than brands that just sell locally. Major technology companies, global automobile models and multinational banks are proof of this. People are keen to buy products that are widely available.

Global Networking

Expanding into a global market gives a business the distinct advantage of connecting with new customers and new business partners. A company doing business in Eastern Europe, for instance, may find a cheaper workforce, less-stringent tax laws or even less-expensive modes of advertising in local newspapers, television stations and radio programs. In other words, the opportunities for networking internationally are limitless. The logic behind this is simple: the more "places" your business is, the more connections it can make.

Opening the Door for Future Opportunities

International marketing can also open the door to future business expansion opportunities. Not only does global marketing expand a company's sales base, it also helps the business to connect to new vendors, a larger workforce and new technologies and ways of doing business. American companies investing in Japan, for instance, have found programs such as Six Sigma and Theory Z to be highly useful in shaping their business strategies. Being in a new market improves the business's efficiency and helps open the management's eyes to previously undiscovered opportunities for growth.

12. Limitations of International Marketing

- **Unequal sharing of benefits:** The benefits of international marketing are not shared in a fair manner among the participating countries. Rich and developed countries get more benefits at the cost of poor and developing countries.
- **Restrictions on International Marketing:** International marketing will offer all benefits only when free trade is allowed by all countries. However, the actual position is all together different. Trade restrictions (tariff and non-tariff) are imposed by all countries (developed and developing) on free movement of goods. This restricts the growth of international trade and actual benefits available to participating countries are limited. Efforts to remove various restrictions by WTO and other international trade organizations are not effective.
- **Adverse effects of trade blocs on International Marketing:** Along with trade barriers, trade blocs exist among the countries of the world. EU, LAFTA, ASEAN are some active trade blocs. They encourage trade among the members of the group but put artificial restrictions on the trading activities with non-members. As a result, the growth of international marketing is restricted. Similarly, free trade among nations is not allowed. In addition, countries which have not joined such trade blocs suffer in regards to their exports and imports.

- **Domination of MNCs and developed countries on International Marketing:** MNCs from rich and developed countries dominate international trade since long. Their operations are for profit maximizations. Poor and developing countries suffer due to virtual monopolistic position of MNCs in international marketing. These corporations sell their products in many developing countries as per the terms and condition which are profitable to them. This leads to exploitation of poor and developing countries also dominate international marketing.
- **Existence of severe competition in international marketing:** One limitation of present day international marketing is the existence of stiff competition among participating countries and companies from such countries. Unfortunately, this competition is between unequal competitors. It is between rich and poor or developed and developing countries. Developing countries lack advance technology, skilled labour, infrastructure facilities and so on. As a result, they find it difficult to compete with the developed countries which use updated technology in the production activities. Many poor countries have to sell their raw materials and other resources at a low price to rich countries.

13. Conclusion

The benefits of international marketing outweigh the problems. Added to this globalization is the order of the day. Most of the countries eliminated the barriers and paved the way for the growth and expansion of international business. In fact, international business, during the third millennium is just an extension to inter-regional business within a country.

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