

# " INTERNATIONAL MARKETING IN THE EMERGING GLOBAL SCENARIO"

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## **International Marketing In The Emerging Global Economic Order**

In today's world, exports are extremely important not only for the growth of a nation but also to safeguard its independent existence. The economic, political and social changes that have occurred over the last decade have dramatically altered the landscape of global business. The creation of the WTO and the entry of China into its manifold have further made the international marketing scenario more competitive. The emergence of new markets like BRIC's viz Brazil, Russia, India and China also pose to shift the attention of the world trade from the hegemony of the United States of America and the West European nations. The above discussed and many more aspects make export marketing all the more intense in terms of competition and adherence to new rules of the game as envisaged in the WTO agreements. The proposed paper makes an attempt to look into the various aspects involving Export marketing.

**Key Words : International Marketing, WTO, Green Marketing, TRIPS, TRIMS.**

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## **Definition of International Marketing**

According to T.A. S Balagopal, former export director TELCO Ltd., "A simple definition of international marketing, is an effort to find a global customer whose needs can be satisfied by an exporter in a way better than the competitor, and coordinating the entire marketing activities in consonance with the rules and regulations of both the countries".

## **I) Fundamental Factors Affecting International Marketing**

In today's fast changing global scenario, the way international marketing is to be conducted is being increasingly dictated by the political, cultural, social and economic factors.

1) Political factors: The political relations between member nations has a profound influence on the ability of a country to source/ obtain export contracts.

For example we see that the contracts for reconstruction projects in Iraq has been given mainly to the US and its allied / friendly countries who support the stance taken by the United States of America.

2) Cultural factors: The term culture includes the way and norms of living of the citizens of a country. However the culture is not unique through out the entire nation. It is influenced by the local customs, traditions and language/dialects etc. What is important to an international marketer is to understand the cultural values and ethos that are associated with the populace where he intends to market his products or services. Understanding the subtle undercurrents goes a long way in determining the success or failure of capturing the foreign markets.

For example: Mergers and Acquisitions have found acceptance as a means of entering the markets of another country and in establishing one's own presence in the international arena. But many a mergers have found to go haywire even though they made economic and market sense. The reason for this could be attributed to the cultural differences among the members of the two entities that have merged together.

In order to avoid such a catastrophe General Electric Inc. follows what is called as the 'GE Pathfinder Model'. This has helped GE to gain a strong foothold in the global market.

3) Social factors: The social institution like family, education and the media etc have an important bearing on the acceptability of a product or the form in which it is acceptable. Also, the media. Both print and non-print influence the decisions of the purchasers. More nuclear families would mean greater requirement of the consumer durable goods.

Factors such as the segmentation of person according to the brand of products that one uses had been more profound in western countries.

For example: In Germany, the increase in sales of branded goods and their gripping hold over the markets can be gauged by the fact that children as young as 3 years old prefer to use only branded products. It has become a societal norm there, even though unemployment levels are increasing and many are eking out a living through the social security system.

4) Economic Factors: The initiation of economic reforms in many countries has heralded the pace of the economic activities in these countries. This augments well for the international marketer who has newer markets much opened to his liking. The rise in the GDP, per capita income, increase in the middle class population, the affordable indulgence, the changing needs of the younger generation which is influenced by the cable revolution are all indicators of an emerging market with a huge potential for products that suit the taste of this market. The converse holds true on the other hand.

An astute international marketer has to look at the financial soundness of a country, its forex reserves, whether the fundamentals have acceptance across the political spectrum or are they subjected to political fallacies etc.

Also the purchasing power parity, which is an important concept, that determines the purchase potential should not be overlooked as usually attention is garnered by factors such as the per capita income.

For example: The rise in the automobile sales in India after 1991, especially in the last two years has augured well for the auto industry. This has also been reflected in the rise in auto exports from India.

India used to import the 'Oxford Morris' in the 1950's but now its improvised version, 'Ambassador' (though finding the going tough in India) is being exported to the United Kingdom. Also 'Tata Indica' is being exported as 'Rover' the very UK, which is the mother of the industrial revolution.

## II) The Birth of WTO

The coming into being of the World Trade Organisation, on 1<sup>st</sup> January 1995, at the end of the eighth round of GATT talks held at Uruguay has added a new dimension to the global trade. It aims to remove the distortions in the world trade and make the world trade more free, where by the goods will move about freely with out the hindrances of protectionism and unfair means. An international marketer has to be aware of the implications of the agreements on the conduct of his trade.

WTO has four major agreements viz.

General Agreement on Tariffs & Trade (GATT)

General Agreement on Trade in Services (GATS)

Trade Related Intellectual Property Rights (TRIPS)

Trade Related Investment Measures (TRIMS)

1) General Agreement on Tariffs & Trade (GATT): GATT prohibits actions of Government/organizations that distort normal trade; discrimination between member nations and discrimination between domestic and lawfully imported foreign goods.

It sets guidelines for implementation of agreements and settlement of disputes

GATT includes Agreement on valuation of goods, Agreements on Pre-shipment Inspection, Technical barriers to trade, Sanitary and phyto sanitary measures, import procedures, export subsidies, safeguard measures, antidumping duties etc.

2. General Agreement on Trade in Services (GATS): All the services come under GATS (12 sectors).It requires countries to ensure MFN principle, transparency, mutual recognition of qualifications etc. It entails the liberalization commitments of countries.

In the context of our country, Services constitute more than 50% of GDP. There existed state monopolies in all the major sectors (banking, insurance, transport-rail etc). Liberalization in the sectors has been extremely beneficial to Indian companies in competing domestically as well as internationally. There is a huge potential for export of services as accountancy, data processing & software, management consultancy, legal services and feasibility studies.

3. Trade Related Intellectual Property Rights (TRIPS): TRIPS provides protection to Intellectual Property Rights such as patents, copyrights, trade marks, industrial

designs, layout designs for integrated circuits, geographical indications and undisclosed information .

It makes it mandatory for National and MFN Treatment Patents to be given for Process as well as Products. Compulsory licensing is to be done on a case-to-case basis.

4. Trade Related Investment Measures (TRIMS): TRIMS prohibits governments from imposing certain restrictions on investments like use of local content in manufacturing, import of components etc.

### III) New Developments In International Marketing

- 1) The internet and its role: Internet has emerged as a powerful and cost-effective tool through which one can source the raw materials, components products etc on a global level in a cost effective manner and at a high speed. The interface of the internet and the business i.e. e-business has made the task of the marketer more interesting as he can penetrate the market in a virtual media. Its role can be seen in procurement, advertising, logistics, seeking information and many more. But one has to be careful as to the authenticity of what is posted on the net.
- 2) Ethics and socially responsibility: For international marketing to be more effective and acceptable companies have to be ethical in their transactions and shoulder the responsibility of transformation of the society within its immediate neighbourhood. Ethics is no longer a matter of choice but a necessary requirement.
- 3) Effect of Country of Origin and Global Brands: Some of the Indian software companies develop the software in India, but market it through their offices or subsidiaries in UK, USA etc. The reasons being these products are well accepted if they are from western countries.

For example: A beer company had to change its symbol of two elephants to three, while marketing in an African country as two elephants is considered as a bad omen.

- 4) Green Marketing: Green Marketing is a term used to identify concern with the environmental consequences of a variety of products and the marketing activities. This is more so in Europe. The European Commission has issued guidelines in 1992 with respect to eco-labeling.

### IV) Views Of The Indian Exporters In The New Economic Order

*According to Mr R Seshasayee, Managing Director, Ashok Leyland on "Winning World*

*Class Competitiveness", "The success formula stays the same in the current low tariff regime: firstly, there should be a strong urge - both need and mission - to succeed. This should be backed by global competencies in technology, manufacture, management and customer servicing, with distinct competitive advantage in at least one of these. Irrespective of the industry segment, export orientation would presuppose organisational leadership that has the vision to look beyond national boundaries and set up recci*

missions even as they fight battles in the domestic market. An organizational culture of learning and daring is an equally important precondition.

India also has to sort out its dilemma between free market economics and socialism. We cannot travel in two boats for long. Once this is sorted out, then Government can pursue consistent, predictable polities without contradictions. We will do well to dismantle multiplicity of regulatory authorities and multiple taxation.

More than anything else, we need a national mission.

*The Director of National Institute for Fashion Technology (NIFT), Dr. B.V. Somasekhar,* has said that India is the second largest producer of apparel and textiles and as per the US International Trade Commission (USITC, January 2004 report) is the only country with the ability to compete with China in the textile, garment and apparel industry collectively. But this called for significant technology upgradation and marketing skills.

'Indian Apparel Exports-Post Quota, Opportunities and Challenges,' the NIFT Director said the huge Indian Diaspora often provides an entry to foreign markets, which can be leveraged. The Indian textile industry is the third largest producer of yarn and the fifth largest producer of synthetic fibre. In spite of several strengths, the overall global share is meagre 3.11 per cent. Backed by an ambitious export target of \$50 billion by 2010 compared to \$13 billion now, upgradation of technology and branding holds the key for this success, experts opined.

## CONCLUSION

International Marketing in today's changed Scenario presents itself with ample opportunities as well as threats. It presents a wide and large markets, for the capture of which one has to know the rules of the game. These rules are now being rationalized as part of the WTO. Newer challenges in the form of trade blocks like European Union, NAFTA, ASEAN etc pose challenges to countries that are not within such a partnership. The international marketer has to provide goods and services which are cheaper, at a faster pace and which are the best than others in order to survive and grow. Indeed the world market has become a global village, where sophistication, agility, quality, cost-effectiveness and sensibility is the name of the game.

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