BEST: International Journal of Management Information Technology and Engineering (BEST: IJMITE)
ISSN (P): 2348-0513, ISSN (E): 2454-471X
Vol. 7, Issue 2, Feb 2019, 9-16

THE ROLE AND THE INFLUENCE OF INTERNATIONAL MARKETING ON EXPORT

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ABSTRACT

Unlike the utilization of marketing within certain national frameworks where there are relatively uniformed conditions, in international marketing we encounter a series of specificities that result both from the specifics of each national economy and its instrumental means, as well as to the specific characteristics of individual economic (and political) groups that, with their limitations and other measures further complicate the operation of the external market. Regardless of such a complex situation, there is a tendency to create a single world market, which stems from the following factors: All countries in the world are referred to mutual exchange due to uneven territorial distribution of natural resources, which requires the need to exercise international trade, due to differences in created economic structure. Such a need is of national interest to each country. There is a certain economic relationship that has been established for a longer period of time in most of the countries. These ties are characterized by pronounced resistance so that they cannot be interrupted due to certain short-term policy changes. The strong influence of science and the technical and technologic revolution requires that international trade should be exercised. It's felt in different domains of the economic life of each country. Precisely the great significance of international trade and its dynamic path, which can be illustrated with a series of illustrative indicators, has contributed to the rapid development of theoretical processing of the issues of international marketing and of course the marketing strategy. It appears that is not necessary to emphasize the significance of international trade because it is indisputable in conditions of a growing division of labor. Hence, it is quite logical that international marketing has an undoubtedly significant place in our conditions as well, especially for companies that maintain contacts, respectively work in international trade with foreign economic entities, regardless of whether is about activities that are in the domain of export or import issues.

KEYWORDS: Marketing, Trade, Export, Market, Development & National Economy

INTRODUCTION

International Marketing Conceptions

Given the real differences in socio-economic relations between the individual countries that participate in international exchange, international marketing receives a particular dimension that leads to the creation of various international marketing conceptions.

National Marketing Conception

This conception aims to involve the national economy in international trade, thus realizing certain activities of import and export marketing. The basic component of this conception is the export which has the following characteristics:

- By export, production capacities increase in international optimal capacities, or is increased the use of existing capacities;

- The export means an increase in product placement because the domestic market is narrow for optimal production capacities;
- Export accelerates the development of domestic companies;
- Provides a better division of financial costs;
- It is an important source of foreign exchange inflow;
- Export premiums are used, etc.

The export and import marketing component are parts of the national conception and from the national economy, standpoint reflect the international exchange.

International Cooperative Marketing Conception

International cooperative marketing conception refers to the requirements fulfillment of two or more national economies. The very word shows that there is a cooperation between two or more national economies, and with the international exchange efforts are made to achieve common national results.

Multinational Marketing Conception

Multinational marketing conception starts from the setting of creating optimal results in many national economies. Multinational companies are developed on this basis which in today's conditions dominate in the economy of a number of underdeveloped and developing countries, and thus realizing enormous profits.

PROBLEM OF THE STUDY

Making a Decision on the Export

In the domain of the global market, several important decisions need to be taken. One of these decisions is related to the hesitancy of whether to export or not. In order to make such a decision, the company must first define its international marketing goals and policies. The question is, how much will be the participation of sales in relation to total sales? Some start with less participation, while others have bigger plans. Further, it should be decided whether to develop marketing in few or in many countries, as well as to decide on the types of countries in which it will export. The attractiveness of countries will depend on the product itself, on geographical factors, on the population, on the political situation and on other factors.

Selection of the Market and the Market Segment

The next decision to be taken is related to the question of which market to enter. To make such a decision, several criteria are used, such are the size of the market, the growth of the market, operating costs, competitive advantage, and the risk. The task is to assess the rate of investment returns. This is done in five stages:

- Assessment of current market potential. The company uses firsthand information about the market potential of each individual market.
- Predicting future market potential and risk. Predicting future economic accomplishment arises as a difficult task.
- Predicting sales potential. Predicting its possible market participation demands even more efforts.

- Predicting costs and profits. The costs will depend on the envisaged strategy, and from them the expected profits.
- Assessment of the rate of investment returns. It should be high enough to cover the investments as well as the risk of insecurity in that country.

Choosing an Export Strategy

The market entrance can be achieved in three ways:

Export

With export, as a simple way of fitting into the export market. Temporary export is a passive engagement in which the company exports the surpluses and sometimes sells products, while the active export appears when the company delivers the goods in order to increase the export for a certain period of time. Common to both cases is that products are manufactured in the country itself. It can be exported in two ways, with direct and indirect export.

Joint venture

A joint venture, as another method of entering into the foreign market. The difference with the previous method is in establishing a partnership, which leads to facilitation of production abroad.

- License
- Production agreement
- Management contract
- Equity investments

Direct investment

Investing in foreign assembling or production facilities is direct investment. The advantages of this type of strategy are the following:

- The company saves on costs because it uses cheaper labor or raw materials, savings in transport, government incentives, etc.
- Gaining a better image in the host country, due to the creation of new jobs.
- Maintains full control over investments.
- Ties with the government, buyers, suppliers, vendors are strengthened.

The main weakness is the risk of blocked or deflated currency, expropriation.

Determining the Marketing Program

Apart from the stated decisions that need to be taken, another kind of important decision that needs to be taken relates to the marketing program. Some companies will use a standardized marketing mix, while others will use a customized marketing mix. A standardized mix will mean standardization of the products, the economic propaganda, the distribution channels, prices, all of that in order to achieve the lowest costs. When the seller adjusts the elements of the marketing mix of each targeted market, then it is a customized marketing mix. The marketing program contains decisions about the product, the prices, distribution channels, and promotion.

Figure 1: Marketing Mix

(a) Product

Most often, three strategies for product adaption and the promotion of the foreign market are used.

- Same form of a product – an introduction of the product on the foreign market without any changes. This can bring success, but can also be catastrophic. In order to increase its advantage, new usage of the product needs to be found.
- Product adaption - only small changes in order to meet the local conditions.
- Innovation of the product – creating something new. It can be an innovation going backward – reinstating the previous form of the product that can be successfully adapted to the needs of a country. An innovation going forward - creating a new product with a certain measure for the needs of another country.

(b) Price

The price determined by the manufacturers on the foreign market is usually lower, in order to ensure market participation. This practice is called dumping. The Government can protect itself by introducing dumping customs. The manufacturers exercise weak control over retail prices that are set by the foreign intermediaries.

(c) Distribution Channels

The company must understand the channels entirety related to the problem of product distribution to the final consumer. There are three main links between the seller and the final consumer. The first link is the sellers center who simultaneously is part of that channel and control it. The second link is the channels between the countries that carry the products to the borders of a particular national economy. The third link is the channels within the country that carry the products from the border entry to the final consumer.

The channels vary from country to country. The most distinctive are the following differences:

- The number and types of intermediaries (certain product can be sold by the major wholesaler, from him to wholesaler specialized for the basic product, from him to wholesaler for a particular brand of the product, from him to the regional wholesaler, from him to the local wholesaler, and at the end to the retailer).
- The size and the character of retail units abroad (large retail chance can dominate in one country while retailing abroad is in the hands of independent retailers).

(d) Promotion

Promotion can be the same for both the foreign and domestic market or changeable for each local market. There are services in companies for own economic propaganda. The media are a very important component for making decisions about the marketing mix. However, the use of media in different countries should be known.

Organization of Export Marketing

(a) Export Department

With the expansion of international sale, the company organizes an export department, consisted of a sales director and several assistants. If sales continue to grow, the department expands to cover most of the marketing services.

(b) International Service

International service is organized in several ways. It is headed by a Chairman who sets the goals, the tasks and takes care for the growth. Other members of international service are experts on marketing, manufacturing, research, finances, planning, and personnel. They make plans for different operating units and provide them with services. The operational units can be geographic organizations, organizations for a group of products and international organizations. The top management can view this unit as one additional unit and do not include it in the global marketing appraisal and plan.

(c) Multinational Organization

Such an organization is thinking of itself as a marketer on the global market. The global operative units are directly responsible to the executive director, and not to the president of the international service. The management is filled by the staff from many countries, the composing and spare parts are purchased where they can be found at the lowest price, it is invested where the highest returns are expected, and the executive director is knowledgeable in worldwide terms, and not only in domestic or international transactions.

The efficient competition in the international environment requires a different strategy from the one intended for the domestic market. Managers have four strategies available for them:

- Ethnocentric strategy – it is assumed that the products and the services of a country are far more superior to products and services to another country and they behave to their plants abroad as secondary parts.
- Geocentric strategy – is based on geographic decentralization with a narrowed assortment of products and reduced risk through production in several countries.
- Polycentric strategy – is based on risk reduction through the existence of a large number of autonomous market

units and a wide assortment of products.

- Global strategy – focuses on international connectivity of international markets.

Each company assesses its advantages and weaknesses, as well as the opportunities and constraints of the environment, in order to make a decision on the inclusion in the global market.

The decision is followed by an appropriate risk and requires a systematic way of conducting international marketing.

- The first step is to assess the international marketing environment, where of particular importance is the international marketing trading system, the economic, political, legal, cultural aspect of it etc.
- A decision must be made on the participation of international sales in relation to total sales, whether it will engage in few or more countries.
- Assessment of the rate of return of investments in the yield of the degree of risk, as well as the adoption of a decision on which market to enter.
- It needs to be determined the way in which to enter the market, as export, joint venture or as direct investment.
- Adjustment of the product, distribution, and promotion on each individual market.
- A decision is made on the organization of marketing, for the export department, as well as for international service or the multinational organization.

In this way, the enterprise decides and implements the decision for its inclusion on the international market.

CONCLUSIONS

International marketing activities are a complex process. This is understandable given that it is about markets where the competition is strongly expressed, as well as the differences in the state's instruments in regulating the market mechanism. A big obstacle is the relatively insufficient knowledge of these markets, which greatly limits the export activities on our economic entities. Therefore, in order to achieve success in the international market, the elements of carrying the marketing activities must be programmed, mutually harmonized and coordinated.

International marketing activities arise from modern economic relations. The concept of international marketing also includes the implementation of the marketing concept based on systemic and business activities in the market-oriented system of international business relations. International marketing is carried through activities of the organization, planning, and control, information and communication, focused on planning, development and placement of products according to the requirements of the targeted markets.

Each company assesses its strengths and weaknesses, as well as the opportunities and limitations of the environment, in order to make a decision on the inclusion of the global market. The decision is followed by an appropriate risk and requires a systematic way of conducting international marketing.

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