**FINAL ASSIGNMENT # 2**

**NAME : SAAD UR REHMAN**

**ID # : 14715**

**SUBJECT : BRM**

**RESEARCH TOPIC:**

**EXPORT MARKETING ENTRY STRATEGY**

**TOPIC:**

**EXPORT MARKETING ENTRY STRATEGY**

Marketing is defined as using all of the resources of the organization to satisfy customer needs for a profit. The difference between export marketing and domestic marketing is simply that it takes place across national borders.

This means that you are faced with barriers to trade that you will not have encountered before, such as differing languages, politics, laws, governments and cultures. You may need to account for getting the product half-way across the globe to distant markets and pay the import duties imposed on these products by the importing country. You will also need to deal with the logistical and documentation problems surrounding exports. These are just some of the problems you will face.

Export marketing also involves preparing an offering that will entice the foreign buyer and customer. This offering comprises a product that is offered at a certain price and that is made available - distributed - to the foreign customer. At the same time, the offering is communicated - or promoted - to the buyer using certain communication or promotion channels. These elements - the product, price, distribution (also referred to as the place) and promotion - are called the marketing mix.

Features of Export Marketing

• It is a process -

Export marketing is a process of planning and implementing the production, and distributing of goods and services, it consists of various activities such as branding, packaging, advertising etc.

• Identification and satisfaction of consumer's needs & wants -

The heart of marketing is the identification of consumer needs and wants. The exporter must constantly try to find out the problems or needs and wants of the foreign buyer, so export marketing adopts a total consumer oriented approach in the foreign markets.

• Flow of goods and services -

Export marketing involves flow of goods and services across the national boundaries.

• Large scale operations -

Export marketing is carried in bulk quantities so as to derive the benefits of large scale selling such as in respect of transportation, handling etc.

• Prominence of multinational -

Export marketing in dominated by MNC'S. At present MNC'S from USA, EUROP and JAPAN play a dominant role in foreign trade. They are in a position of develop world wide contracts through their network of branches / offices / subsidiaries. These companies are in a position to carry on a large scale operation in foreign trade more efficiently and economically.

• Tariff and non -tariff barriers -

Export trade is subject to tariff and non tariff barriers , these are restrictions imposed mostly by importing countries , so as to restrict imports every export firm should have a close study of various trade barriers imposed by different countries , so as to carry on its export trade more efficiently .

• Presence of trading bloc's -

Certain nations of particular region come together to farm customs union or trading bloc's for their mutual benefit and economic development the main purpose of such bloc is to eliminate trade barriers among member nations and they may impose external tariff and non-tariff barrier on non member's .the exporter should have knowledge of the regulation of such trading blocs. The powerful trading blocs are NAFTA (north American free trade area) EC (European community) and ASEAN (association of south east Asian nation)

• International marketing research -

Knowing more about customer, dealer and competitor is a must not only in the domestic market but also in the export markets.

• International forum -

International trade is regulated to a great extent by international forum such a general agreement on tariff and trade (GATT). Now world trade organization (WTO).exporters from all over the world should have through knowledge of the rules regulation and principals of such forums. 20 Steps of Export Marketing

Step1:

Those who are interested in export- import business need to apply to the director general foreign trade regional office for getting importer-exporter code number. This is true for any individual or company willing to undertake export or import from India.

Step2:

One has to register with the concerned export promotion council for example- in the case of garments, it is essential to obtain registration cum-membership certificate (RCMC) from the apparel export promotion council, registration is essential for obtaining various permissible benefits given by the government.

Step3:

With the completion of these formalities. The exporters can go in for procuring their export order.

Step4:

With export order in hand they start manufacturing or buy the goods from manufacturing

Step5:

Once manufacturing is over , the exporter make arrangements for quality control and obtain a certificate from the inspector of quality control confirming their quality.

Step6:

Exportable are then dispatched to parts, airports for transit.

Step7:

With dispatch of goods, the export firm has to apply an insurance company for marine lair insurance cover.

Step 8:

After completion of these formalities, the contract the clearing and forwarding agent for storing the goods in warehouse, uses . The forwarding agent comes out with a document called shipping bill, required for allowing shipment by the custom authority.

Step 9 :

The clearing and forwarding (c and f ) agent submits the shipping bill in the customs house for verification .the customs appraised examines the documentation.

Step 10:

The C and F agent also submits a copy of the verified shipping bill to the shed superintendent and obtains certain order for exports.

Step 11:

There after for loading exports into ships or aircraft ,the C and F agent . Present the shipping bill to the preventive officers who oversee the transit procedure

Step-12:

After loading goods in to the ship the captain of the ship issuer a receipt know as ' mate's receipt' to the ship superintendent of the port . The ship superintendent calculates port charges and bills the C and F agents for it.

Step-13

When port payments are made the C and F agent takes delivery of mates receipt and requests port or airport authority to prepare bill of loading or airway bill.

Step-14

After obtaining bill of loading, the C and F agent sends these documents to the respective exporters.

Step-15

On receipt of the documents, the exporter makes an application to the relevant chamber for getting certificates of origin, stating that the goods originated from India.

Step-16

Exporters also send shipping documents to the importers stating date of shipment, name of vessel etc. Moreover, it is essential to send certain other documents like bill of loading ,custom invoice and packing list, to their foreign counterparts.

Step-17

The exporter now presents all important documents at bank. The bank scrutinizes this document against the original letter of credit / purchase order. The bank has to follow UCPDC/URC guidelines.

Step-18

The exporters' bank sends all important documents to the foreign importers bank. This presents the documents to the importer. Then the importer accepts , the bill if it is a usance bill and pay before the due date.

Step-19

After receiving the requisite document , the importer makes the payments through .the bank, the money then gets credited in the name of the exporter here. Simultaneously, a document called the GR form is sent to Reserve Bank of India.

Step-20

As a last step exporters apply for benefit from various duty drawback schemes which subsequently get credited in their account

**LITERATURE REVIEW:**

**EXPORT MARKETING ENTRY STRATEGY**

When an organisation has made a decision to enter an overseas market, there are a variety of options open to it. These options vary with cost, risk and the degree of control which can be exercised over them. The simplest form of entry strategy is exporting using either a direct or indirect method such as an agent, in the case of the former, or countertrade, in the case of the latter. More complex forms include truly global operations which may involve joint ventures, or export processing zones. Having decided on the form of export strategy, decisions have to be made on the specific channels. Many agricultural products of a raw or commodity nature use agents, distributors or involve Government, whereas processed materials, whilst not excluding these, rely more heavily on more sophisticated forms of access. These will be expanded on later.

Exporting is the most traditional and well established form of operating in foreign markets. Exporting can be defined as the marketing of goods produced in one country into another. Whilst no direct manufacturing is required in an overseas country, significant investments in marketing are required. The tendency may be not to obtain as much detailed marketing information as compared to manufacturing in marketing country; however, this does not negate the need for a detailed marketing strategy.

In marketing products from less developed countries to developed countries point iii) poses major problems. Buyers in the interested foreign country are usually very careful as they perceive transport, currency, quality and quantity problems. This is true, say, in the export of cotton and other commodities.

Because, in most agricultural commodities, production and marketing are interlinked, the infrastructure, information and other resources required for building market entry can be enormous. Sometimes this is way beyond the scope of private organisations, so Government may get involved. It may get involved not just to support a specific commodity, but also to help the "public good". Whilst the building of a new road may assist the speedy and expeditious transport of vegetables, for example, and thus aid in their marketing, the road can be put to other uses, in the drive for public good utilities. Moreover, entry strategies are often marked by "lumpy investments". Huge investments may have to be undertaken, with the investor paying a high risk price, long before the full utilisation of the investment comes. Good examples of this include the building of port facilities or food processing or freezing facilities. Moreover, the equipment may not be able to be used for other processes, so the asset specific equipment, locked into a specific use, may make the owner very vulnerable to the bargaining power of raw material suppliers and product buyers who process alternative production or trading options. Zimfreeze, Zimbabwe is experiencing such problems. It built a large freezing plant for vegetables but found itself without a contract. It has been forced, at the moment, to accept sub optional volume product materials just in order to keep the plant ticking over.

In building a market entry strategy, time is a crucial factor. The building of an intelligence system and creating an image through promotion takes time, effort and money. Brand names do not appear overnight. Large investments in promotion campaigns are needed. Transaction costs also are a critical factor in building up a market entry strategy and can become a high barrier to international trade. Costs include search and bargaining costs. Physical distance, language barriers, logistics costs and risk limit the direct monitoring of trade partners. Enforcement of contracts may be costly and weak legal integration between countries makes things difficult. Also, these factors are important when considering a market entry strategy. In fact these factors may be so costly and risky that Governments, rather than private individuals, often get involved in commodity systems. This can be seen in the case of the Citrus Marketing Board of Israel. With a monopoly export marketing board, the entire system can behave like a single firm, regulating the mix and quality of products going to different markets and negotiating with transporters and buyers. Whilst these Boards can experience economies of scale and absorb many of the risks listed above, they can shield producers from information about, and from. buyers. They can also become the "fiefdoms" of vested interests and become political in nature. They then result in giving reduced production incentives and cease to be demand or market orientated, which is detrimental to producers.

Normal ways of expanding the markets are by expansion of product line, geographical development or both. It is important to note that the more the product line and/or the geographic area is expanded the greater will be the managerial complexity. New market opportunities may be made available by expansion but the risks may outweigh the advantages, in fact it may be better to concentrate on a few geographic areas and do things well. This is typical of the horticultural industry of Kenya and Zimbabwe. Traditionally these have concentrated on European markets where the markets are well known. Ways to concentrate include concentrating on geographic areas, reducing operational variety (more standard products) or making the organisational form more appropriate. In the latter the attempt is made to "globalise" the offering and the organisation to match it. This is true of organisations like Coca Cola and MacDonald's. Global strategies include "country centred" strategies (highly decentralised and limited international coordination), "local market approaches" (the marketing mix developed with the specific local (foreign) market in mind) or the "lead market approach" (develop a market which will be a best predictor of other markets). Global approaches give economies of scale and the sharing of costs and risks between markets.

**The advantages of exporting are**:

· manufacturing is home based thus, it is less risky than overseas based

· gives an opportunity to "learn" overseas markets before investing in bricks and mortar

· reduces the potential risks of operating overseas.

The disadvantage is mainly that one can be at the "mercy" of overseas agents and so the lack of control has to be weighed against the advantages. For example, in the exporting of African horticultural products, the agents and Dutch flower auctions are in a position to dictate to producers.

A distinction has to be drawn between passive and aggressive exporting. A passive exporter awaits orders or comes across them by chance; an aggressive exporter develops marketing strategies which provide a broad and clear picture of what the firm intends to do in the foreign market. Pavord and Bogart2 (1975) found significant differences with regard to the severity of exporting problems in motivating pressures between seekers and non-seekers of export opportunities. They distinguished between firms whose marketing efforts were characterized by no activity, minor activity and aggressive activity.

Those firms who are aggressive have clearly defined plans and strategy, including product, price, promotion, distribution and research elements. Passiveness versus aggressiveness depends on the motivation to export. In countries like Tanzania and Zambia, which have embarked on structural adjustment programmes, organisations are being encouraged to export, motivated by foreign exchange earnings potential, saturated domestic markets, growth and expansion objectives, and the need to repay debts incurred by the borrowings to finance the programmes. The type of export response is dependent on how the pressures are perceived by the decision maker. Piercy (1982)3 highlights the fact that the degree of involvement in foreign operations depends on "endogenous versus exogenous" motivating factors, that is, whether the motivations were as a result of active or aggressive behaviour based on the firm's internal situation (endogenous) or as a result of reactive environmental changes (exogenous).

If the firm achieves initial success at exporting quickly all to the good, but the risks of failure in the early stages are high. The "learning effect" in exporting is usually very quick. The key is to learn how to minimise risks associated with the initial stages of market entry and commitment - this process of incremental involvement is called "creeping commitment.