

Strategic Approaches and Methodology of International Trade

Evolution of International Marketing

Global Marketing Management thought has undergone substantial revision, viz:^[3]

- In the 1970s the argument was framed as "standardization vs. adaptation"

- In the 1980s it was "globalization vs. localization" or "Think Global, Act Local"

- In the 1990s it was "global integration [globalization] vs. local responsiveness"

- In the 2000s "the basic issue focused on whether technology backed global homogenization of consumer tastes allow global standardization of the marketing mix"; Alongside remained the discussion of relationship marketing as consumer sovereignty backed by choice, and quality dedicated buying behaviour and decisions.

- In the 2010 coming decade, the concept is advanced into the 21st century that technological connectivity and internet usage will continue to transform the way people live and interact across cultures with unprecedented global reach, adding a new twist to the old paradigms, demanding the study of marketing management concentrates on understanding intelligent customers and intense hyper-competition in today's global marketplace.

- The strategic management process in decision making is critical to the success of business operating at home or in the globally competitive market place. An integral element of the strategic management process is achieving strategic competitiveness to develop and sustain comparative advantage. Increasing opportunities and challenges are associated with the emerging markets of the global economy. The global economy is a composite of public, private, entrepreneurial business activity which provides materials, components, semi finished and manufactured goods, services, human resources, skills, management best practices, technology innovations more freely exchanged today than ever

before across cultures and national borders, relatively unfettered by tariffs, non-tariffs, political and other constrains. The global economy significantly expands and complicates a firm competitive environment.^[6]

Factors Affecting International Competitiveness

A country's competitiveness is the accumulation of individual firms' strategic competitiveness in the global economy. To be competitive, a firm must view the world as its market place. In that global market place consumers have become sophisticated, educated, knowledgeable and extremely selective. These changes have redefined marketing as the study of intelligent consumption by costumers with similar preferences the world over. In formulating marketing strategies, exporters need to avail of global competitiveness factors of competitors and counter parts in familiar countries before finalizing decisions to determine product quality, price and distribution worldwide. Increase competitiveness is a result of inevitable globalization brought about by increasing economic independence among nations. This is reflected by integrated global supply chains among countries abiding by the 'laws' of competitiveness that enable flow of raw materials, processed parts or final production of goods and distribution to consumers worldwide. In examining what takes a firm to be competitive and successful in world markets, the following "Factors Affecting Competitiveness in the International Marketplace" are of utmost importance.

The emergence of a competitive landscape, often is termed 'Hyper-Competition' to capture the realities of the 21st century mega-competition. The speed with which the changes forced by globalization forces affect business is relentless and unstoppable. The ability to succeed in the 21st Century competitive landscape requires specific capabilities to master factors affecting global competitiveness, viz: ^{[2][7][8][9]}

Prof. Dharma de Silva

Director,
Center for International Business
Advancement,
(CIBA)*

1. Wage Rates. If a product is labour and/or skill intensive, a low-wage country with skills and growing market-size has a double advantage.

2. Foreign Exchange Rates. Prices charged for global supplies and manufactured exports in world markets are affected by fluctuating exchange rates. As a currency gets stronger, it is harder to sell overseas; at the same time, the strong currency makes imports cheaper, driving up demand for imports.

3. Interest Rate & Cost of Capital. If it costs more or difficult to borrow money or raise equity capital or attract investment at home, a firm can seek investors or partners from abroad to expect appropriate returns.

4. Use scarce resources and capabilities efficiently to maintain lowest cost advantage.

5. Increasing knowledge intensity and information age effectively and efficiently access and use information that has become a wide source of competitive advantage. **Technological connectivity and internet usage will transform the way people live and interact across cultures.**

6. Identify core competencies and best practices to effectively manage what a firm does better than its competitors

7. Product Quality of Technology. A country or company that is the first-mover with an advanced technology product, which can be protected by patents, has a competitive advantage.

8. International Productivity Compared to Competitors. Hard work, producing better-quality products, using "state-of-the-art" manufacturing methods/machines, the company/country becomes more efficient.

9. Quality of Management. This covers a variety of skills, including technical, manufacturing and marketing skills, as well as the ability to organize for globalization operations. This is primarily a firm-specific issue, arising out of quality and experience of its top management commitment to meet foreign competition and develop human resources for exporting.

10. Government & Transparency. Firms in many nations are assisted by their government's industrial and 'export or die' trade policy providing subsidized funds/incentives for R&D and new-product development, export marketing and support of SME entrepreneurs. Negative factors are high taxes, tariff and non-tariff barriers, industry over-regulation, controls and facilitating payments which may not always be transparent.

11. Country-Specific Factors & Infrastructure. A country's physical infrastructure, coupled with non-inflationary prosperity backed by monetary, fiscal & trade policy, openness of the economy to international trade & finance; a culture that stresses hard-work, a better educated population, quality of judicial and political institutions and a concern for society's well-being at large and its role in WTO; creates the ideal international trade model which also is more competitive in world markets.

12. Consumer Sovereignty, Sophistication and Behaviour. Aware of constant and frequent changes in customer preferences. In recognition of consumer behavior, freedom to choose among products, and education, those responding are able to fine-tune their marketing effort to explore emerging target markets and deliver consumer satisfaction with value/exchange, can overcome competitive disadvantages.

13. Non-Price Competition. Comparative business practices, and brand image embodied in socio-cultural and nationalistic fervor, particularly in markets where incomes and wealth are such that customers look for product attributes, design, quality and characteristics other than the traditional 'best-buy' option. Distinguish product offering through quality of service, extensive distribution, customer focus, or any

other sustainable competitive advantage other than price.

14. Export Competitive Product & Product Homogeneity. When a firm's goods are challenged by output of substitute products of equal quality by several countries - acting alone virtually has no consequence - the price of such products is determined by natural market forces. To compete, the product must match or exceed the appeal of other competing domestic or imported products in meeting consumer needs - in quality, in price and in other attributes - and may need to adapt the product, pricing, marketing and shipping costs, and offer longer credit/payment terms to market in specific foreign markets to match competitors.

15. Export Methodology/ Strategy & Marketing to Specific Culture-Sensitive Target Markets. Marketing and distribution practices vary by country and are often dictated by law, culture, and custom or by necessity to adapt to competition. This factor demands new approaches to export marketing mix and strategy formulation; specially, physical changes to products/product lines, packaging, personal selling, advertising/promotion, physical distribution/channels and logistics, internet, direct sales or use of local agents, and respect cultural differences and patience to enter foreign markets.

16. Adapt to rapidly increasing technological change-diffusion, internet as a marketing tool.

17. Continuously structure of a firm's operations so objectives/goals can be achieved more efficiently incorporating core-competencies and best practices.

18. Firms facing increasing global competition are no longer safe in domestic markets as the US auto industry is discovering painfully today. In sum, to compete and succeed in global mega-competitive markets, exporters must be prepared to consider carefully these factors to perform better than competition, coupled with advantages for the firm by investigating carefully the reasons to export, pitfalls and mistakes to avoid, and adapting an export market strategy model presented in Exhibit I. ⁽³¹⁾⁽⁴¹⁾⁽⁷⁾⁽¹⁰⁾

In recent decades, Asia has become an increasingly important force in the global economy. Asia's contribution to world output has doubled since 1950, it now accounts for over 30% of world exports, and currently attracts over a third of the foreign direct investment to all emerging markets. Economic success has led to impressive social advances as well: poverty rates have fallen, life expectancy has risen, and the quality of life (as measured by the UNDP's Human Development Indicators) has improved dramatically over the past half century. This success story was once dubbed the "Asian Miracle" - a miracle resulted from "hard work, economic policies that encouraged business investment, and - not least - a strategy to participate and compete in the global economy". Thus, international trade/exporting remains the most important pillar of a strategy to promote global economic growth and poverty reduction, and along with FDI function as bookends of sustainable economic development models of developed countries as well as many a new emerging country.

Reasons for Exporting for SMEs & Entrepreneurial Firms

In the first decade of the 21st century, much more than the last five since WWII, globalization's fruits of trade liberalization and advancing technologies have highlighted the importance of international trade, and exporting for countries and companies as a high priority for business growth and sustainable economic development. Most of the 20th century the developed country MNCs have relied on international business [trade and investment] as their company products approached PLC maturity in domestic and few familiar foreign markets.

During this decade, the emergence of a larger middle class fueled by affluent consumers of China and India along with advances in communications and logistics, is demanding international marketing to be regarded from the perspective of consumer who is defining 'marketing as intelligent consumption' and not business who is forced to define 'marketing as the study of competition'. These concepts are moving the structure of international trade from the classical model of

unimpeded trade based strictly on comparative advantage to consider the new consumer and factors of global competitiveness. International trade is everybody's business to attract and retain consumers; so is exporting to every business to "grow your bottom line, smooth your business cycles, use production capabilities fully, defend your domestic market, increase your competitiveness in all markets" [4] [5]

The decline in trade barriers under the GATT/WTO along with regional economic agreements such as the EU-27, ASEAN and the NAFTA and a proliferation of other bilateral trade agreements have increased export opportunities. According to a 2008 WB report, *Global Economic Prospects*, world trade in goods and services is estimated to triple by 2030, from \$14 trillion in 2007; in the same period the global economy is expected to expand from \$53 trillion in 2007 to \$75 trillion and middle-class increasing to 1.2 billion. It has been noted that 60% of small companies that engage in exporting derive 20% of the annual earnings from exports. Specifically, the following reasons provide an incentive for SME's and new-to-export entrepreneurial firms to engage in exporting as a strategic profitable tool.

The following are obvious advantages to support a rationale for exporting:

1. Exporting provides overall sales volume growth and higher returns - in terms of profit/sales ratio (directly) and lowering the costs of doing business (indirectly). Successful exporters increase market share and extends Product Life Cycles [PLC].

2. Exporting provides a broader marketing base and every increase assists to spread out growing fixed costs, absorb a share of R&D expenses, indirect costs, lower unit costs to achieve greater profits per unit - familiar economies of scale.

3. Exporting maintains full production capacity and benefit from better utilization of plant, machinery, labour, and invested capital, management and technology skills. Thus, exports increase volume and amortize overhead costs. Continued expansion of export sales increase productivity, retain employment and create more jobs.

4. Exporting sustains sales stability: Compensate for seasonal fluctuations in domestic sales and cash flow. Exporting stabilizes production cycles and sharpens competitive skills abroad as well as in the home market.

5. Exporting assists diversifying into more than one economy insulates from the dangers of dependency of one market and extends the product life cycle [PLC] to new markets for products with declining domestic sales or product obsolescence. Many foreign countries may be in early stages of the PLC than in the domestic market.

6. Exporting defends the position in the domestic market by competing against foreign competitors; improve marketing skills to remain more competitive to preserve/maintain one's market position at home in the long run.

7. Exporting enables learning about technology/new manufacturing methods used abroad, and changing consumer needs/preferences to identify product innovations.

8. Exporting gives insights into different ways of doing business and follow domestic as well as foreign competitors who are selling overseas to understand new export marketing strategies of currency and relevancy;

9. Exporting avails of opportunities when exporting country's currency is weak against competing foreign suppliers and/or importers;

10. Exporting profits from improved capabilities by developing better products, quality, and services to meet consumer choice for foreign-made goods as well as acquire better leadership abilities and collaborate better with customers, suppliers and distributors.

11. Exporting software by service sector offers consulting firms room for new opportunities for hardware exports.

12. Exporting is aided by GATT/WTO expanded world trade by tariff reductions, country trade liberalization by making room to exploit existing advantages in untapped markets as well as a large number of emerging markets with a growing middle-class.

13. Exporting leads to improved return on investment and multiple benefits.

14. Exporting initially can lead to opportunities to other market entry modes for overseas licensing or franchising or joint-venture production and export-led investments

15. Exporting is enhanced by many foreign nations encourage FDI funded foreign operations to meet demand within and serve them to gain markets abroad by tax and other incentives. Many countries offer incentives to buy or lease goods for economic development projects and/or encourage participation in foreign aid projects.

16. Exporting can take advantage of barter/counter-trade as well as of lower off-border production costs: labor rates, raw material costs or components for assembly/re-exporting of finished goods, to remain competitive in world markets. A majority of companies participate in counter-trade due to a requirement of a foreign government or customer. Counter-trade therefore is not being utilized as an aggressive marketing tool. Those companies that have utilized counter-trade have found it to be an effective way of expanding sales and improving efficiency in operations.

17. Exporting via counter-trade. Elderkin & Norquist, in their book "Creative Counter-trade," [11] say that companies counter-trade in order to: Expand or maintain foreign markets; Increase sales; Sidestep liquidity problems; Repatriate blocked funds; Clean up bad debt situations; Build customer relationships; Keep from losing markets to competitors; Gain foreign contracts for future sales; Find lower-cost purchasing sources

18. In sum: Superior product quality and expertise makes a company have a competitive edge in the international marketplace. Exporting creates jobs, enlarges overall market share, and contributes to a company's productivity, competitiveness, viability, planned growth, brand image, and profitability.

The potential benefits from exporting can be great—the rest of the world is a much larger than any domestic market

Figure 1: Modes of Foreign Market Entry: Advantages and Disadvantages

Entry Modes	Advantages	Disadvantages
1. Non-equity Modes: Exports		
Direct exports	<ul style="list-style-type: none"> Economies of scale in production Concentrated in home country & capacity use of plant & machinery Better control over distribution/agents 	<ul style="list-style-type: none"> High transport/logistics costs for bulky goods Marketing distance from customers Trade barriers and protectionism
Indirect export	<ul style="list-style-type: none"> Low commitment [in terms of resources] Low risk and achieve experience curve No need to directly handle export processes 	<ul style="list-style-type: none"> Lack control over distribution – No contact w/foreign market. No learning experience Potential opportunity cost
2. Non-equity Modes: Contractual Agreements		
Licensing/ Franchising	<ul style="list-style-type: none"> Low development costs Low risk in overseas expansion Overcome restrictive investment barriers 	<ul style="list-style-type: none"> Little control over technology/marketing May create competitors. Quality control Inability to engage in global coordination
Turnkey projects	<ul style="list-style-type: none"> Ability to earn returns from process technology when FDI is restricted Less risky than conventional FD 	<ul style="list-style-type: none"> May create efficient competitors Lack of long-term presence & interest Selling process technology affect competitive advantage
R&D contracts	<ul style="list-style-type: none"> Ability to tap into the best locations for certain innovations at low costs 	<ul style="list-style-type: none"> May create efficient competitors Lack of long-term presence
Co-Marketing	<ul style="list-style-type: none"> Ability to reach more customers 	<ul style="list-style-type: none"> Limited coordination
3. Equity Modes: Foreign Direct Investment - Involves foreign participation, varies from wholly owned 100%, to 50% owned to minority owned in industries.		
Foreign Direct Investment [FDI]	<ul style="list-style-type: none"> High profit potential Maintain control over operations Acquire knowledge of local market Avoid tariffs and NTBs 	<ul style="list-style-type: none"> High financial and managerial investments Higher exposure to political risk Vulnerability to restrictions on FDI Greater managerial complexity
4. Equity Modes: Partially Owned Subsidiaries		
Joint ventures	<ul style="list-style-type: none"> Sharing costs, risk, and profits Access to partners' knowledge & assets Politically acceptable, less political risks 	<ul style="list-style-type: none"> Divergent goals/interests, partner control Limited equity and operational control Shared ownership may rise conflicts
Strategic Alliance	<ul style="list-style-type: none"> Share fixed costs, facilitate market entry Add skills & assets, set industry standards 	
5. Equity Modes: Wholly Owned Subsidiaries [WOS]		
Greenfield Operations &WOS	<ul style="list-style-type: none"> Complete equity and operational control Protection of know-how/compositeness Ability coordinate globally 	<ul style="list-style-type: none"> Potential political problems/risks High development costs to add new capacity Slow entry speed (of acquisitions]
Mergers & Acquisitions	<ul style="list-style-type: none"> Full control same as Greenfield, less risky No new capacity in the market Fast entry speed (buying existing assets) 	<ul style="list-style-type: none"> Same as green-field, slow speed in operations, Corporate cultural clashes Costly. Post acquisition integration problems
6. Counter-trade: is an umbrella term used to describe many different types of transactions as Offset, Switch Trading, Barter, and Compensation/ Buy Back, and Counter Purchase.		
Counter-trade	<ul style="list-style-type: none"> Counter-trade conserves cash, innovative market entry mode when FX limits trade 	<ul style="list-style-type: none"> Lack marketing or supply chain expertise and poor knowledge of traded goods
7. Outsourcing/Offshoring - Outsourcing, obtaining services from outside vendors rather than from internal units within the organization; Offshoring is transfer to another country,		
Outsourcing/Offshoring	<ul style="list-style-type: none"> Less capital & management expenses - enables focus on core-competencies 	<ul style="list-style-type: none"> Less managerial control, security and confidentiality issues

Source: Adapted and enlarged from Mike Peng, *Global Business 1st Ed*, SW., 2008; Charles Hill, *International Business 6e*, McGraw-Hill, 2007, M. Czinkota et al. *International Marketing 9e*, SW., 2009, Arvind Phatak et al, *International Management*, McGraw-Hill/ Irwin, 2009.

of traditional developed countries. Larger firms may be proactive in seeking out new export opportunities, but many smaller firms are reactive and only pursue international opportunities when the customer come from abroad in search of products or services. Both large and small firms stand to benefit from exporting by understanding intelligent consumers and global competition. The volume of export activity in the world economy is increasing as exporting has become easier due to growing demand for goods and services worldwide. The merits and benefits of global marketing are confirmed by the promise [based on reasons] discussed above, and pitfalls [to avoid mistakes] of exporting as explained in detail later.

They are equally applicable to current as well as new-to-export SMEs and entrepreneurial firms. In a nutshell, economies of scale in production and marketing can be important competitive advantages for global companies. Unifying product development, purchasing, and supply activities across several countries can save costs. Transfer of experience and know-how across countries through improved coordination and integration of marketing activities and 'diversity of markets by spreading the portfolio of markets served brings an important stability of revenues and operations to many firms' doing business abroad. ^[6]

The Most Common Pitfalls/ Mistakes of Exporters

Many novice exporters have run into significant problems when first trying to do business abroad. Firms wishing to export must identify export opportunities, avoid a host of unanticipated problems that are often associated with doing business in a foreign market, become familiar with the mechanics of export and import financing, learn where to get financing and export credit insurance, and learn how to deal with foreign exchange risk. Attention to the following errors and omissions can minimize or eliminate mistakes/pitfalls experienced by current exporters as well as new-to-export entrepreneurial companies. The main identifiable areas of common pitfalls/mistakes are: ^{[1][5][8]}

1. Failure to get export counseling available via country/state trade agencies, banks, freight forwarders, world trade councils/centers, etc., and to develop a marketing plan before exporting.
2. Insufficient commitment by top management to exporting, allocation of resources and insufficient care in selecting overseas agents or distributors.
3. Chasing orders from around the world instead of establishing a basis for profitable and orderly growth, ability to consider whether expected benefits in the long-run outweigh short-term costs.
4. Ignorance of potential opportunities especially in emerging markets with best prospects and neglecting export business when the domestic market booms.
5. Failure to treat international distributors/agents on an equal basis with domestic counterparts.
6. Inability to understand competitive conditions and insights into different business practices in the foreign markets.
7. Assuming that a given product and marketing technique will succeed everywhere, or unwillingness to modify products to meet preferences and regulations of markets in other countries;
8. Failure to provide readily available servicing for the product in foreign countries;
9. Unable to develop relationship marketing skills, expanded customer networks and exposure to new ideas and technology;
10. Failure to print sales, service, and warranty messages in local languages to meet cultural values;
11. Failure to consider use of an export management company or a trading company with their expertise for initial market entry as well as failure to consider licensing or joint-venture agreements to expand sales abroad. Not taking advantage of the knowledge and contacts of SogoShosha, Japanese

large trading houses with operations in 150 countries, and Korea's Chaebols;

12. Unable to understand the complexities and mechanics of exporting to host countries where business practices, language, culture, legal systems, and currency are all very different from the home market;
13. Lack of customization for local markets, poor distribution arrangements, poor promotional campaigns. Poor execution of a marketing/promotional campaign in the foreign market and inability to learn from pitfalls/mistakes of failed efforts of competitors;
14. Inadequate attention to coordinate sales and distribution networks to provide service facilities to maintain/retain established customers;
15. Underestimation of the time/effort needed to cultivate the foreign market - according to a UN report transactions may involve different parties, essential original documents, and copies; all of which have to be checked, transmitted, reentered into various information systems, processed and filed. Delayed times to respond to inquiries with accurate product/service information and *Performa* invoices are missed opportunities. Attention to detail is vital for business success and pays off in exporting. The tremendous paperwork and formalities that must be dealt, though overwhelming for exporters are now increasingly assisted by internet communications;
16. Companies can avoid the pitfalls of counter-trade by involving counter-trade experts and their purchasing departments early in the negotiation;
17. The way to overcome ignorance is to collect information and conduct a thorough market analysis. Both Germany and Japan is well known to have developed extensive institutional structures for export assistance and information; and
18. A major impediment to exporting is the simple lack of knowledge of the opportunities available and an underestimation of the differences and expertise required for foreign market penetration.

Exhibit I. Export Market Development Strategy Model*

Exporting Decision	Export Market Entry Decision	Exporting Marketing Strategy
<p>STEP 1. CONDUCT MANAGEMENT AUDIT</p> <p>A. Why Export? - Examine Reasons B. Product Quality & Competition C. Production Capacity for Export D. Financial & Resource Capability E. Myths, Costs & Benefits of Exporting F. Other Business Options, including Product's position in Product Lifecycle G. Export Readiness & Commitment</p> <p>STEP 2. DETERMINE EXPORT POTENTIAL-BEST PROSPECTS</p> <p>A. History of Prior Inquiries/Responses B. Government Statistics/Studies C. State & Private Trade Reports D. Personal Contacts, References, Web-site, Internet, Trade Fairs, Travel Abroad E. Check Government Export Controls F. Export "GO" / "NO-GO" Decision</p> <p>STEP 3. DECISION TO EXPORT</p> <p>A. Set Overall Objectives/Export Plan B. Analyze & Commit Resources C. Apply for Foreign Patents/TM's</p> <p>STEP 4. CHOOSE BEST INITIAL EXPORT APPROACH</p> <p>A. Direct Exporting B. Indirect Exporting</p> <p>STEP 4A. DIRECT EXPORTING</p> <p>A. Assign Development Responsibilities B. Learn Mechanics/Techniques I. Reference Books/Articles/Studies ii. Workshops/Seminars/Counseling C. Establish Support Contacts I. Government/State, Trade Agencies ii. Trade Councils/Clubs iii. Foreign Freight Forwarders iv. Banks with International Depts. v. Shipping/Insurance Companies</p> <p>STEP 4B. INDIRECT EXPORTING OPTIONS</p> <p>A. Engage an Export Management Company B. Contact Export Trading Company C. Utilize Resident Foreign Buyers</p> <p>STEP 5. PRIORITIZE (RANK) TARGET MARKETS & COUNSEL</p> <p>A. Utilize Data from Step 2 [above] B. Seek Export Assistance, e.g., EDB C. Identify, & Prioritize Target Markets D. Examine Emerging Markets E. Consider Market Share vs. Profitability</p>	<p>STEP 6. CONDUCT MARKET ANALYSIS</p> <p>A. Environment & Infrastructure Indicators B. Cultural Characteristics & Indicators C. Economic/Demographic Factors & Profile to Identify Target Market D. Industrial/Agricultural Base E. Labor component/local content laws F. Political Stability/Legal Aspects G. Financial Strength/Foreign Exchange H. Repatriation & Transfer of Funds I. Product/Industry/Metric Standards J. Import & Trade Barriers K. Language./Literacy & Business Practices L. Logistics & Distribution Channels M. Market Potential Matrix - Sales & Growth N. Competition by Local and/or Foreign Country[s] O. Distinguishing Product Features/Quality</p> <p>STEP 7. DECIDE FOREIGN MARKET ENTRY STRATEGY</p> <p>A. Direct Sales to Customers/Distributors B. Sales via Local Representative, Agent C. License/Franchise/ Joint-Venture D. Manufacturing/ Assembly/ Subsidiary E. Contract Manufacturing F. Consortium or "Piggy-Backing" G. Consider Offset and Countertrade H. Consider Mix of Above as Required</p> <p>STEP 8a. DEVELOP FOREIGN CONTACTS</p> <p>A. Consult Trade Leads/Directories B. Acquire Available Contact Lists C. Advertising/Sales Promotion D. Participate in Trade Fairs/Exhibitions</p> <p>STEP 8b. RESPOND TO CONTACTS</p> <p>A. Respond to Export Inquires B. Prepare Sales Letter & Export Offer - <i>Critical First Stage in Export Process</i> C. Prepare Price List/ Performa Invoice D. Utilize Government, Agent/ Distributor or Local Bank, Freight Forwarder Services E. Develop an Export Plan & Budget</p> <p>STEP 9. APPOINT REPRESENTATION</p> <p>A. Decide Representation on Qualifications B. Verify Business & Credit Reputation C. Develop Contract Agreement D. Negotiate Details & Sign Contract E. Supply Information on Export Sales F. Provide Technical Training/ Back-up G. Provide Motivation/Incentives</p>	<p>STEP 10. NEGOTIATE PRICE, PAYMENTS & SALES STRATEGY</p> <p>A. Modify Product as Specifications B. Check Country Laws/Regulations C. Check Credit Reputation D. Negotiate Price, Payments Terms Details of Export Pricing E. Submit Contract & Quotes/Invoice</p> <p>STEP 10A. ORDER PROCESSING/PAYMENT</p> <p>A. Verify Contract Terms with Quotes B. Verify/Approve Credit Arrangements C. Apply for Export License if Required D. Arrange for Special Engineering or Product Adaptations if required E. Order/Fabricate any Special Components/Adaptation F. Prepare/Pack for Overseas Shipment G. Arrange Transportation/Insurance H. Process Documents for Collection. Advise Customer of Delivery Status</p> <p>STEP 11. SERVICE AFTER SALES & SHIPMENT</p> <p>A. Reliability, Warranty/Guarantee B. Returns/Allowances/Credit C. Install Service Equipment Required D. Provide Operating Instructions E. Determine Performance Satisfaction F. Solicit Sales for Spares, Accessories Service, Shelf-life, J-I-T inventories etc. G. Maintain Contact for: Future Sales Possibilities and Referrals</p> <p>STEP 12. EVALUATE CHOSEN EXPORT MARKETING MIX & STRATEGY</p> <p>A. Assess Performance of Export Plan I. Rewards/Incentives for Reps/ Agents ii. Provide Additional Training and Motivation for Reps/ Agents iii. Replace Reps/ Agents if warranted B. Are Corporate Objectives Being Met? C. Is Competitive Status Satisfactory? D. Is Export Marketing Mix & Strategy Sound or Should it be Changed? How? E. Implement Changes, Follow domestic and Foreign Competition in Markets F. Keep-up with Market Research G. Look for other Untapped Markets H. Evaluate Customer Service I. Evaluate Export Effort/ Accomplishment and Return on Investment & Profitability J. Follow-up to Retain Customers K. Appraise customers with product quality technological and other changes L. Visits to customers are vital to maintain long-term business relationships</p>

*Adapted and enlarged from C.A. Nelson, Import/Export, 4th ed., 2009, W.H. Nagel et al. Export Marketing Handbook, Praeger, 1988, N Joyner, How to Build an Export Business. FITA, 1995, A Basic Guide to Exporting, 10th ed. US-DOC, W.DC, 2008

CONCLUSION

In summary, substantial benefits can accrue to those firms who fathom the new-era of globalization driven mega-competition in the international marketplace and succeed in building an international trade/business by understanding initially what it takes to export, export pre-requisites, reasons for exporting, costs- merits-benefits, eliminating pitfalls/mistakes, export process, procedures, and adopting an appropriate export market development strategy model [Exhibit I]. They are equally applicable to Sri Lanka at a time of globalization drivers, trade liberalization, WTO compliance, and subsidies [e.g. quota eliminations in export categories like garments, and other products] as they are to all other emerging country exporters with respect to their products facing intense global mega-competition. A look beyond exporting to other modes of foreign market entry, especially FDI supported export-led projects has become strategic international trade tools. In the final analysis, good exporters are good profit-makers that can enrich a country's comparative advantage and a company's competitive advantage, image, viability and sustained growth. International trade and FDI foster

better understanding among nations, peace, better standards of living, and sustainable economic progress.

Editor's Note:

The author holds the full responsibility of the format and contents of this article.

References:

- [1] *Basic Guide to Exporting* [2008 ed.], US Department of Commerce, Washington DC
- [2] Czinkota M. R. and McCue S. S. (March 2001) 'The STAT-USA/Internet Companion to International Marketing'. US Department of Commerce; Czinkota, M. R. et al., (2003) *Mastering Global Markets: Strategies for Today's Trade Globalist*. Thomson South-Western
- [3] Cateora P. et al (2009) *International Marketing* 14th ed., McGraw Hill-Irvin.
- [4] Hitt, M. (2005) *Strategic Management: Competitiveness and Globalization*. Thomson South-Western.
- [5] Neiport, D. M. (2000) *A Tour of International Trade*, Prentice Hall.
- [6] Nelson, C.A. (1999) *Exporting: A Manager's Guide to the World Markets*, Int'l Thomson Business Press, UK, and Nelson, C.A [2009]. *Import/Export*, 4th ed., McGraw Hill
- [7] Samli, C. (2004) *Entering & Succeeding in Emerging Countries: Marketing to the Forgotten Majority*. Thomson SW.
- [8] Taft, R. (2005) *Growing Your Business Globally*, 1st Ed, Thomson, Ohio.
- [9] Terpstra, V., Sarathy, R. & Russow, L. (2006) *International Marketing*, NCP, Ohio.

- [10] Wells L. F., Dulat K. B. (1996) *Exporting from Start to Finance*, 3rd Ed., McGraw Hill.

- [11] www.barternews.com/americanway.

Footnote:

*Dr. Dharma De Silva is Professor & Director, Center for International Business Advancement, Chair, World Trade Council Wichita Inc, and Rudd Foundation Fellow, Barton School of Business, Wichita State University. Dr. deSilva held Fulbright post-graduate awards at Harvard, Indiana universities, Ford Foundation visiting Professor at ICAME Marketing Management, GSB Stanford University, and Senior Fulbright Specialist at NCCU Taiwan, exchange professor Canberra & Berlin universities. Dr. deSilva was Professor of Management Studies and Founding Dean of the Faculty of Management Studies, SJPUI [former Vidyodaya University of Ceylon] where he pioneered the integrated 4 – year management education model at undergraduate [Bachelors in Business & Public Administration, Economics, Commerce] and post-graduate MBA/MPA and MEcon degrees in mid 1960s He is a past president of Colombo Jaycees & Sri Lanka Association for the Advancement of Science [Soc. Sc]. He was elected a Fellow of the Pan-Pacific Business Association in Shenzhen, China June 2009. In recognition for lifetime distinguished service as Founder & Chair of the World Trade Council of Wichita Inc, endowed scholarship/ professorship has been established; and his leadership won two US Presidential "E" and "EStar" awards for export education and professional service excellence. ■
