THE EFFECTS OF INTERNATIONAL MARKETING ENVIRONMENT ON DOMESTIC MARKETS

Ahrabie Kirubasuthan\textsuperscript{1} and Niranjan .R\textsuperscript{2}
Department Of Commerce, Faculty of Science and Humanities,
SRM Institute of Science and Technology\textsuperscript{1,2}

Abstract

International marketing environment comprises from Globalization, Privatization, Capitalization, and Liberalization. International marketing process can be important for business, due to profits growth prospects, reduced dependence on known markets, business expansion, etc. Due to this process, it creates the effect on the operations of domestic markets of a country. Economically powerful nations have the sole trade power in International trade because they use different strategies to identify the true market need of the customers globally, effective communication style and Dilution of the brand name. Economic policies and technology development is a key factor to drive International trade. The strategy of the marketing is depending upon the import and exports. In addition to this, the infant industries of a developing country get exploited by the exports and the imports of such nations because they are the kingpins of all the sectors of industries right from electronics to the common household articles which we use in our day to day activities. This study sought to explain how the International marketing environment creates an effect on the domestic market of a country. It also concludes that a government of a developing country should take prerogative roles against the exploitation made by the international trade in every field from agriculture to pharmaceutical industry.
Key words: Marketing, Domestic, International, Globalization, Capitalization, Privatization, Liberalization

Introduction

We are living in a world where everything shrinks to our palm. Most of us across the globe fail to open up our eyes to witness the role played by the international market. We never notice that, from the start of the day, we are using the international made product without our knowledge because our domestic market is captured by the international marketing environment. The breakfast plate of many individuals across the globe includes fruits from tropical countries, Coffee from Brazil or Tea from Asian countries. We often drive a car produced by European or Japan manufacturer that consumes petroleum from Saudi Arabia or Russia.

Marketing is the process through which goods and services move from concept to the customer. It includes the coordination of four elements called 4P's of marketing:

1. Identification, selection, and development of a product,
2. Determination of its price,
3. Selection of a distribution channel to reach the customer's place, and
4. Development and implementation of a promotional strategy. (Anon, 2018)

The value, cost, and price of items traded are as per forces of supply and demand in a market. The market may be a physical entity or may be virtual. It may be local or global, perfect and imperfect. International marketing is the action of planning and conducting negotiation across national borders to create exchanges in order to satisfy the common objectives of individuals and organizations. Meanwhile, Domestic marketing is the commercialization of goods and
services that are limited to the home country only. International marketing blends the science and the art of business with many other concepts like Economics, Cultural studies, Geography, Anthropology, Languages, Statistics, History, Demographics and many other fields combine to explore the global market. In addition to this Domestic markets consider these facts within themselves.

1. Factors that influence the market is as follows:
2. Disposable income of a country
3. Population of a country
4. Increase in household
5. Surplus income
6. Technological development
7. Mass media communication
8. Credit purchase
9. Changing social behaviour
10. Transport
11. Increase competition

Accordingly, these are the key factors which influence both the domestic and international market. In fact Globalization, Capitalization, Privatization, Liberalization plays a major role in the market. This study explains how the international marketing environment affects the domestic market.
Modern invasion of international market

In the recent years, there's been a drastic change in the commercial sector by the introduction of globalization. The globalization concept had really helped every developing economy as well as undeveloped economy to increase their standards. Over the years, this happened to invite most of the top MNC's to each and every economy with the perception of expansion of their business and also to provide employment opportunities to the middle and low level economy. With this being the known advantages, there also exists some of the disadvantages which indirectly affects the people of the country and most importantly the domestic traders and the local market. Domestic market which is particularly constrained only to that economy tends to face the major illness because of the entry of international market to the local market. The following are the major causes which affects the domestic market by the entry of international market. This is based on a E-survey made among the general public of different age groups.

Brand Image:

The main reason for international market's sustainability is the brand image which is the foremost cause affecting the domestic market. With this brand image the International market tends to increase its opportunity in the expansion of its maket which ultimately makes the domestic traders to loose their share in the domestic market.

Capitalization:

The capital structure of the international market is very humungous that they are able to reach every economy so easily. This gives them easy access and since they have better technologies they are able to get in easily where as the local market which does not have this much of technology suffers to a great extent and fails to compete with these giant MNC's.
**Liberalization:**

The concept of liberalization has been well carried out in case of the international market which reduces their procedural works. This tends to increase their opportunities to the international market which gives them a free entry to the domestic market. On the other hand, the domestic market does not get much support from government side and lacks investment and other credit facilities when the requirement of capital is huge.

**Affecting consumerism:**

The entry of international market also tends to increase the possibilities of affecting the consumerism. The consumerism may be affected by high pricing factors. Since the domestic market does not stand a chance because of the market share of the international companies, the consumers are being exploited and priced above average. This will make only the rich people to opt for these foreign products. Also the low and middle level income people are very much affected and thus not able to enjoy the consumer sovereignty.

**Government policies:**

The 1991 LPG (Liberalization, Privatization, Globalization) strategy opted by the Indian government paved for the entry of many international companies to set up business in the local economy. This led to downfall of much small business. Over the past years, poor government policies did not favour well to the domestic business. Thus most of the domestic traders are affected to a major extent without the support of the government.
Results and Discussion

The Secret Success of International Market Environment.

Once a Greek philosopher Socrates, stated, "I am a citizen, not of Athens or Greece, but of the world", we are living an evident proof example of his statement. International marketing takes place all around us every day creates a major effect on our lives, and offer new thriving opportunities and endeavours’ challenge.

The firm or business in the international marketing finds these ways to enter the global market to achieve their principal goals to achieve success.

1. Passive Entry

   This path allows the firm or business to clout another organization's competencies and resources accumulation for market entry. Two of the most common passive entry modes

   - Exporting: The firm or business exports its goods and services to foreign markets.
   - Licensing: the firm or business or trading concern has an intangible asset like patent or trade secret, brand name or trade mark which helps to earn the profit in the international market.

2. Active entry.

   This path allows the firm or business as an active player in the market. Two of the most common active entry modes.

I. Importing
a) Traditional: Products enter the foreign market as imports from the firm or business home country and or third country.

b) The market that is facilitated by the internet: It plays a vivid role in the aspect of international trade. A consumer can get the product from Luke and corner. B2C is a fine example.

II. Local Production.

a) Acquisition: The firm or business acquires a firm or business or business unit in the foreign market.

b) Greenfield: Work which is not following a prior work. The firm or business constructs local facilities from scratch

c) Joint venture: The firm or business joins hands together with a local partner to accomplish the specific task.

d) Franchising: A firm or business in the international market gives an authority to an individual or group enabling them to carry out particular commercial activities.

To achieve success in the art international marketing, the international firm or business has to follow different strategies to make them as the kingpin in the market.

I. The scope of the firm or business is used to analyze the market situation in the following context when expanding their market to multiple countries.

a) Limited international Market

b) Regional market

c) Global market

II. Objectives of the firm or business in the context of the market which they want to collaborate with.

a) Segmenting Multiple country markets
• Segmentation by grouping countries
• Geography proximity
• Historical relationship
• Income
• Language

b) Across country Segmentation
• Demographic Characteristics
• Values

c) Branding in the global market by the firms or business in order to capture the market.
• Cross border travel
• Growth
• Homogeneity of customer tastes across countries
• Increased global media reach and lower costs

These are the strategies used by the firm or business operating in the international marketing environment. These strategies also answer the problems faced by the firm or business in international market. Through these strengths, international market creates effect on the domestic market. It affects the infant industry, small scale industry and medium scale industry in the way of

1. Invasion of cultural sovereignty.
2. Imported goods available in the market at the price equivalent to the domestic price.
3. Decrease in the external value of the currency.
4. Accumulation of resources.
5. Out flow of the goods and services.
Conclusion.

Statistics reports say that over the last few decades’ international market has expanded at astounding rates globally. Vast opportunities have been created through the investment strategies’ and techniques in the global market. On the policy front, decision makers have come to realize that it is very difficult to isolate domestic economic activity from international market events. Factors such as currency exchange rates, financial flows and foreign economic actions increasingly render the policymaker powerless to implement a domestic agenda. International interdependence, which has contributed to greater affluence, has also increased our vulnerability. Every action has an equal and opposite reaction. That reaction can be positive or negative. Effects of international marketing environment create impacts on Domestic markets. The government of a developing country should take prerogative measures to avoid exploitation and should protect the country from modern invasion by international marketing environment.
References


