Original Research Paper Management

Modes of Entering International Business

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ABSTRACT *Formal research, flexible marketing mix, regular monitoring and local initiative are required to make global marketing programme successful. It is tempting to pursue global marketing. A company has a blockbuster brand in its domestic market and it feels it can sell the brand in the global market too. The company should carry out a formal research in the markets that it wants to enter. In deciding to go abroad, a company needs to define its international marketing objectives and policies. The company must determine whether to market in a few countries or many countries. It must decide which countries to consider. In general, the candidate countries should be rated on three criteria: market attractiveness, risk and competitive advantage. Once a company decides on a particular country, it must determine the best mode of entry. Its broad choices are indirect exporting, direct exporting, licensing, joint ventures, direct investment and using a global web strategy. Each succeeding strategy involves more commitment, risk, control, and profit potential. In deciding on the marketing programme, a company must decide how much to adapt its marketing programme-product, communication, distribution, and price-to local conditions. Depending on the level of international involvement, companies manage their international marketing activity in three ways; through export departments, international divisions, or global organizations.*

KEYWORDS : Marketing mix, Global marketing, international marketing, indirect exporting, indirect exporting, direct exporting, licensing, joint ventures, direct investment, using a global web strategy, product, communication, distribution, price, export departments, international divisions, and global organizations.

INTRODUCTION:

A company seeking to market its product in more than one country is engaging in international marketing. A company that is extensively engaged in international trade beyond exporting and importing is called a multinational corporation. A multinational corporation transfers resources, goods, services and skills across national boundaries without consideration to the country in which it's headquarter is located. Most companies would seek to become multinational companies.

Global companies dream of capturing the world market with a standard product and a standard marketing programme. But most global companies have also realized that customers and competitive conditions differ across country markets and that they would be jeopardizing their chances of becoming global players if they insisted excessively on standardization. Global companies need to adopt a flexible mind-set. A company might have to market the same product under different countries using different product formulations. The appeal of its brand may be so universal that it may just use one advertising message in all its country markets or the global market may be so fragmented that it may have to use different messages in different country markets. No particular approach is best in global marketing.

Example: With faster communication, transportation, and financial flows, the world is rapidly shrinking. Products developed in one country – **Gucci purses, Mont Blanc Pens, McDonald's hamburgers, Japanese sushi, Chanel suits, German BMW's** – are finding enthusiastic acceptance in others. A **German** businessman may war an **Armani suit** to meet an English friend at a **Japanese** restaurant, who later returns home to drink **Russian Nestlé's Nescafe** and watch an American soap on TV. Consider the international success of **Red Bull.**

DECIDING WHETHER TO GO ABROAD:

Most companies would prefer to remain domestic if their domestic market were large enough. Managers would not need to learn other languages and laws, deal with volatile currencies, face political and legal uncertainties, or redesign their products to suit different customer needs and expectations; Business would be easier and safer. Yet several factors are drawing more and more companies into the international arena:

The company discovers that some foreign markets present higher profit opportunities than the domestic market.

The company needs a larger customer base to achieve economies of scale.

- The company wants to reduce its dependence on any one market.
- Global firms offering better products or lower prices can attack the company's domestic market. The company might want to counterattack these competitors in their home markets.
- The company's customers are going abroad and require international servicing. Before making a decision to go abroad, the company must weigh several risks:
- The company might not understand foreign customer preferences and fail to offer a competitively attractive product.
- The company might not understand the foreign country's business culture or know how to deal effectively with foreign nationals.
- The company might underestimate foreign regulations and incur unexpected costs.
- The company might realize that it lacks managers with international experience.
- The foreign country might change its commercial laws, devalue its currency, or undergo a political revolution and expropriate foreign property.

DECIDING WHICH MARKETS TO ENTER:

In deciding to go abroad, the company needs to define its marketing objectives and policies. Most companies start small when they venture abroad. Some plan to stay small; others have bigger plans. Market entry and market control costs are high.

- Product and communication adaptation costs are high.
- Population and income size and growth are high in the initial countries chosen.
- Dominant foreign firms can establish high barriers to entry.

(a). Regional Free Trade Zones:

Regional economic integration-trading agreements between block of countries-has intensified in recent years. This development means that companies are more likely to enter entire regions at the same time. Certain countries have formed free trade zones or economic of international trade. One such community is the **European Union (EU)**.

(b). Evaluating Potential Markets:

Many companies prefer to sell to neighboring countries because they understand these countries better and can control their costs more effectively. It is not surprising that the two largest **U.S.** export markets are **Canada** and **Mexico**, or that **Swedish** companies first sold to their Scandinavian neighbors. As growing numbers of **U.S.** companies expand abroad, many are deciding the best place to start is next door.

At other times, psychic proximity determines choices. Many **U.S.** firms prefer to sell in **Canada, England,** and **Australia**-rather than in larger markets such as **Germany** and **France**-because they feel more comfortable with the language, laws, and culture. Companies should be careful, however, in choosing markets according to cultural distance. Besides the fact that potentially better markets may be overlooked, it also may result in a superficial analysis of some very real differences among the countries. It may also lead to predictable marketing actions that would be a disadvantage from a competitive standpoint. In general, a company prefers to enter countries that rant high on market attractiveness, that are low in market risk, and in which it possesses a competitive advantage. Here is how **Bechtel Corporation**, the construction giant, goes about evaluating overseas markets.

THE INTERNATIONALIZATION PROCESS HAS FOUR STAGES:

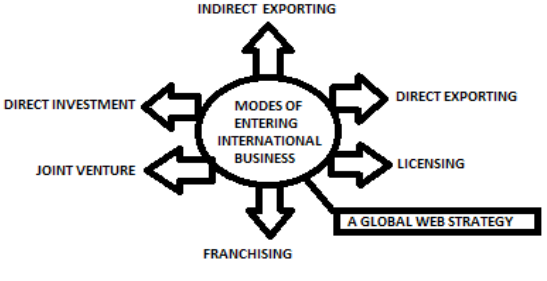
1. No regular export activities.
2. Export via independent representatives (agents).
3. Establishment of one or more sales subsidiaries.
4. Establishment of production facilities abroad.

The first task is to get companies to move from stage 1 to stage 2. This move is helped by studying how firms make their first export decisions. Most firms work with an independent agent and enter a nearby or similar country. A company then engages further agents to enter additional countries. Later, it establishes an export department to manage its agent relationship. Still later, the company replaces its agents with its own sales subsidiaries in its larger export markets. This increases the company's investment and risk, but also it's earning potential.

To manage these subsidiaries, the company replaces the export department with an international department. If certain markets continue to be large and stable, or if the host country insists on local production, the company takes the next step of locating production facilities in those markets. This means a still larger commitment and still larger potential earnings. By this time, the company is operating as a multinational and is engaged in optimizing its global sourcing, financing, manufacturing, and marketing. According to some researchers, top management begins to pay more attention to global opportunities when they find that over 15 percent of revenues come from foreign markets.

MODES OF ENTERING INTERNATIONAL BUSINESS:

A Firm must decide as to how it will enter a foreign market. i.e., it must decide its mode of entering the foreign market. It has to establish an institutional arrangement for selling its products in foreign markets. Various options involve varying levels of investment, risk, control and returns. Firms can choose which mode to use depending on their level of commitment to the international markets. Once a company decides to target a particular country, it has to determine the best mode of entry. Its broad choices are indirect exporting, direct exporting, licensing, joint ventures, and direct investment. Each succeeding strategy involves more commitment, risk, control, and profit potential.



Source: Marketing Management, Second Edition by Arun Kumar & N Meenakshi, Vikas Publishing House Pvt Ltd, Noida (P.828).

Indirect Exporting:

Companies can, while going international, use domestically based agents who operate on commission basis without taking title to goods, or merchants who sell the products of the company in international markets (after taking title to the goods). They can also use the distribution facilities of other firms in the international markets. Small firms that find it difficult to use any of the above means can sell their products via other organizations that export products on behalf of several small firms collectively. These are generally large trading concerns and export management companies that negotiate contracts on behalf of smaller exporters. Such companies can take up several activities such as market assessment, channel selection, financing arrangements, documentation, etc., for the smaller exporters does not permit these firms to be able to manage such activities. Moreover, the larger companies have better access to information about international markets.

The firm's involvement level with the foreign markets is lowest in this case. It may be evaluating the attractiveness of the foreign market before increasing its stake. The investment involved in this effort is the least among all the other alternatives for expansion. The main advantage of using this strategy is that the exporting company can utilize the expertise of the organization that has knowledge about the country in which the goods are being exported. The exporting company can also have good links with the organization that organizes such export activities, since both companies are located in the same country.

The normal way to get involved in an international market is through export. **Occasional Exporting** is a passive level of involvement in which the company exports from time to time, either on its own initiative or in response to unsolicited orders from abroad. **Active Exporting** takes place when the company makes a commitment to expand into a particular market. In either case, the company produces its goods in the home country and might or might not adapt them to the international market.

Companies typically start with **Indirect Exporting**—that is, they work through independent intermediaries. **Domestic-based Export Merchants** buy the manufacturer's products and then sell them abroad. **Domestic-based Export Agents** seek and negotiate foreign purchases and are paid a commission. Included in this group are trading companies. **Co-operative Organizations** carry on exporting activities on behalf of several producers and are partly under their administrative control. They are often used by producers of primary products such as fruits or nuts. Export-management companies agree to manage a company's export activities for a fee.

Indirect export has two advantages. First, it involves less investment: The firm does not have to develop an export department, an overseas sales force, or a set of international contacts. Second, it involves less risk: Because international-marketing intermediaries bring know-how and services to the relationship, the seller will normally make fewer mistakes. Companies eventually may decide to handle their own exports. The investment and risk are somewhat greater, but so is the potential return. A company can carry on direct exporting in several ways:

- **Domestic-based Export Department or Division.** Might evolve into a self-contained export department operating as a profit center.
- **Overseas Sales Branch or Subsidiary.** The sales branch handles sales and distribution and might handle warehousing and promotion as well. It often serves as a display and customer service center.
- **Traveling Export Sales Representatives.** Home-based sales representatives are sent abroad to find business.
- **Foreign-based Distributors or Agents.** These distributors and agents might be given exclusive rights to represent the company in that country, or only limited rights.

Whether companies decide to export indirectly or directly, many companies use exporting as a way to **"test the waters"** before building a plant and manufacturing a product overseas. **University Games of Burlingame, California**, maker of education games that encourage social interaction and imagination, has blossomed into a **$50 million**-per-year international company through careful entry into overseas ventures.

Direct Exporting:
A company may decide to export its products itself. The company develops overseas contacts, undertakes marketing research, handles documentation and transportation and decides the marketing mix. Companies can use foreign-based agents or distributors. An agent may agree to handle the company's products of other companies too. An agent does not take title to the products and works on commission. Distributors take title to the products. A company appoints distributors when after-sales service is required as they are likely to possess the familiar with the market and have business contacts. Their profit or commission is based on sales generated and they may not be interested in developing long-term market positions for the company. They may not be willing to put in extra efforts to sell new products and will give maximum attention to selling established products of the company which will generate maximum profit or commission for them. They may consider themselves to be representatives of their customers than of the company and may be reluctant to give market feedback to the company. The company has limited control over agents and distributors.

The company can employ its own salespersons who will scout for customers in the foreign market and sell to them. This method is recommended for expensive products and when the numbers of customers are limited. The salesperson will pay attention to the development of the market. The possibilities for feedback and other information from the market are better. Thus, customers will be looked after better and company's interest would be better served. This is an expensive method, so the order sizes have to be large. The company may establish a sales and marketing office in the foreign market. This office monitors the marketing efforts of the company. They may use agents or distributors or may decide to develop their own distribution infrastructure and appoint their own sales persons. The idea is to take charge of the marketing operations of the company. This involves greater commitment of the organization than indirect exports.

The ultimate form of foreign involvement is direct ownership of foreign-based assembly or manufacturing facilities. The foreign companies can but part or full interest in a local company or build its own facilities. **General Motors** has invested billions of dollars in auto manufacturers around the world, such as **Shangai GM, Fiat Auto Holdings, Isuzu, Daewoo, Suzuki, Saab, Fuji Heavy industries, Jinbei GM Automotive Co., and AvtoVAZ.**

If the market appears large enough, foreign production facilities offer distinct advantages. First, the firm secures cost economies in the form of cheaper labor or raw materials, foreign government investment incentives, and freight savings. Second, the firm strengthens its image in the host country because it creates jobs. Third, the firm develops a deeper relationship with better to the local environment. Fourth, the firm retains full control over its investment and therefore can develop manufacturing and marketing policies that serve its long-term international objectives. Fifth, the firm assures itself access to the market in case the host country starts insisting that locally purchased goods have domestic content.

Licensing:
Under licensing, a foreign licensor provides a local license with access to technologies, patents, trademarks, know-how or brand/company name in exchange for financial or some other form of compensation. The license has exclusive rights to produce and market the product in the specified area for a limited period. The licensor usually gets royalty or license fees on the sale of the product.

Licensing agreements must ensure sustaining competitive advantage to the licensor. Adequate supervision of licenses is important. Exchange of new developments by the license with the licensor can also be made compulsory in the licensing agreement. A licensing agreement that goes bad can damage the brand equity of the licensor forever.

The advantage of licensing lies in the fact that the company (licensor) can enter a new market without making substantial investments. But the company loses control over production and marketing of the product. Further the reputation of the licensor is dependent on the performance of the licensee. One danger of licensing is the loss of products and process know-how to third parties (licensee), who may become competitors once the agreement is over. A company can use licensing to exploit new technology simultaneously in many markets, if it lacks the necessary resources to set up manufacturing facilities and sell the products. Licensing is popular in **R&D Intensive Industries** where companies often license technologies which do not fit with their overall strategy. The licensor has less control over the licensee than it does over its own production and sales facilities. Furthermore, if the licensee is very successful, the firm has given up profits; and if and when the contract ends, the company might find that it has created a competitor. To avoid this, the licensor usually supplies some proprietary ingredients or components needed in the product (as **Coca-Cola** does). But the best strategy is for the licensor to lead in innovation so that the licensee will continue to depend on the licensor.

There are several variations on a licensing arrangement. Companies such as **Hyatt** and **Marriott** sell management contracts to owners of foreign hotels to manage these businesses for a fee. The management firm may even be given the option to purchase some share in the managed company within a stated period.

In contract manufacturing, the firm hires local manufacturers to produce the product. When Sears opened department stores in **Mexico** and **Spain**, it found qualified local manufacturers to produce many of its products. Contract manufacturing gives the company less control over the manufacturing process and the loss of potential profits on manufacturing. However, it offers a chance to start faster, with less risk and with the opportunity to form a partnership or buy out the local manufacturer later.

Finally, a company can enter a foreign market through franchising, which is a more complete form of licensing. The franchiser offers a complete brand concept and operating system. In return, the franchisee invests in and pays certain fees to the franchiser. **McDonald's, KFC**, and **Avis** have entered scores of countries by franchising their retail concepts and making sure their marketing is culturally relevant.

Franchising
Franchising is a type of licensing agreement where packages of services are offered by the franchiser to the franchisee in return for a payment. The two types of franchising are product and trade name franchising, and business format franchising. An example of product and trade name franchising is **Pepsi Cola** selling its syrup together with the right to use its trademark and name, to independent bottlers.

Business format franchising is used in service industries such as restaurants, hotels and retailing where the franchiser experts a high degree of control pm the franchisees based in the overseas market. In business format franchising, the franchiser, like **McDonald**'s, lends operating procedures, quality control, as well as the product and trade name.

Joint Ventures
The multinational corporation enters into a joint-venture agreement with a company from the target country market. Two types of joint venture are Contractual and Equity joint ventures. In contractual joint ventures, no joint enterprise with a separate identity is formed. Two or more firms enter into a partnership to share the cost of an investment, the risks and the long-term profits. The partnership can be formed for completing a project, or for a long term-operative effort. In an equity joint venture, a new company is formed in which the foreign and local companies share ownership and control.

A joint venture may be necessary due to legal restrictions on foreign investment. A joint venture also reduces the investment required by a foreign firm, besides reducing risk. The danger of expropriation is less when a company has a national partner than when the foreign firm is the sole owner. Forming a joint venture with a local partner may be

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only way of entering markets which are very competitive and saturated. The **Japanese** set up joint ventures in the **US** primarily for this reason. The foreign partner stands to gain from local expertise. Both partners bring in their expertise in different areas of technological expertise. The foreign investor benefits from the local management talent and knowledge of local markets and regulations.

Foreign investors may join with local investors to create a **joint venture** company in which they share ownership and control. For instance:

Coca-Cola and **Nestle** joined forces to develop the international market for **"ready-to-drink"** tea and coffee, which currently they sell in significant amounts in **Japan**.

Procter & Gambel formed a joint venture with its **Italian Archrival Fater** to cover babies' bottoms in the **United Kingdom** and **Italy**.

Whirlpool took a **53 percent** stake in the **Dutch electronics group Phillip's** white-goods business to leapfrog into the **European** market.

A joint venture may be necessary or desirable for economic or political reasons. The foreign firm might lack the financial, physical, or managerial resources to undertake the venture alone; or the foreign government might require joint ownership as a condition for entry. Even corporate giants need joint ventures to crack the toughest markets. When it wanted to enter **China's ice cream market**, **Unilever** joined forces with **Sumstar**, a state-owned **Chinese** investment company. The venture's general manager says **Sumstar's** help with the formidable **Chinese** bureaucracy was crucial in getting a high-tech ice cream plant up and running in just 12 months.

Direct Investment:
The company entering the foreign market involves in foreign-based manufacturing facilities. The company commits maximum amount of capital and managerial efforts in this mode of entry. The company can acquire a foreign manufacturer or facility, or build a new facility. Direct investment means that the company has control and significant stake in its operations in other countries. The complete form of participation in foreign countries is **100 percent ownership**, which can be established as a start-up, or can be achieved by acquiring local companies. Acquisition of companies in foreign countries is a fast way to enter a new market. It provides the company ready access to a product portfolio, manufacturing facilities, customers, qualified employees, local management, knowledge about local conditions and contract with local authorities. In saturated markets, acquisition may be the only feasible way of establishing a manufacturing facility in a foreign market. But differing styles of management between foreign investment teams may cause problems. In many countries, 100 percent ownership by foreign companies may not be permitted due to government restrictions.

In direct investment, the foreign investor has greater degree of control than licensing or joint ventures. It is able to prevent leakage of proprietary information. The company is able to avoid tariff and non-tariff barriers. The distribution cost is lowered. Being based in the local market, the company is more sensitive to local tastes and preferences. It is also easier now to establish links with local distributors. It is now in a better position to strengthen ties with the government of the host country.

Using a global web strategy:
One of the best ways to initiate or extend export activities used to be to exhibit at an overseas trade show. With the Web, it is not even necessary to attend trade shows to show one's wares: Electronic communication via the Internet is extending the reach of companies large and small to worldwide markets.

Major marketers doing global e-commerce range from automakers **(General Motors)** to direct-mail companies **(L.L Bean and Land's End)** to running-shoe giants **(Nike** and **Reebok)** to **Amazon.com. Marketers** like these are using the Web to reach new customers outside their home countries, to support existing customers who live abroad, to source from international suppliers, and to build global brand awareness.

These companies adapt their Web sites to provide country-specific content and services to their best potential international markets, ideally in the local language. The number of Internet users is rising quickly as access costs decline, local-language content increases, and infrastructure improves. Upscale retailer and cataloger The Sharper Image now gets more than **25 percent** of its online business from overseas customers.

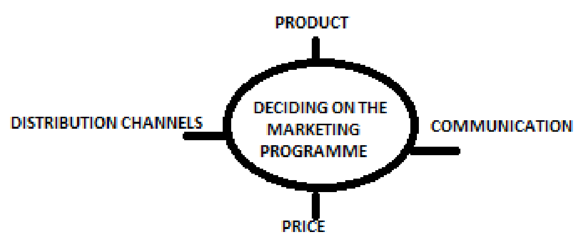
The Internet has become an effective means of everything from gaining free exporting information and guidelines to conducting market research and offering customers several times zones away a secure process for ordering and paying for products. **"Going abroad"** on the internet does pose special challenges. The global marketer may run up against governmental or cultural restrictions. In **Germany**, a vendor cannot accept payment via credit card until two weeks after an order has been sent. German law also prevents companies from using certain marketing techniques like unconditional lifetime guarantees. On a wider scale, the issue of who pays sales taxes and duties on global **e- commerce** is murkier still.

Finding free information about trade and exporting has never been easier. Here are some places to start a search:

- www.ita.doc.gov : U.S.Department of Commerce's International Trade Administration
- www.exim.gov : Export-Import Bank of the United States
- www.sba.gov : U.S. Small Business Administration
- www.bxa.doc.gov : Bureau of Industry and Security,a branch of the Commerce Department

Also, many states export-promotion offices have online resources and allow businesses to link to their sites.

DECIDING ON THE MARKETING PROGRAMME:
International companies must decide how much to adapt their marketing strategy to local conditions. Standardization of the product, communication, and distribution channels promises the lowest cost.



Source: Marketing Management, Second Edition by Arun Kumar & N Meenakshi, Vikas Publishing House Pvt Ltd, Noida (P.817).

1. Product:
Some type of products travel better across borders than others-food and beverage marketers have to contend with widely varying tastes.

(a). Straight Extension means introducing the product in the foreign market without any change.

(b). Product Adaptation involves altering the product to meet local conditions or preferences. It may classify into R**egional Version, Country Version, City Version** and **Retailer Version** mode.

(c). Product Invention consists of creating something new. It can take two forms; **Backward Invention** is reintroducing earlier product forms that are well adapted to a foreign country's needs. And **Forward Invention** is creating a new product to meet a need in another country.

Example: Haggen-Dazs had developed a flavor for sale in **Argentina** from **Boston** and **Los Angeles** to **Paris** called **"sweet of milk".**

2. Communication:
Communication can run the same marketing communications programmes as used in the home market or change them for each local market, a process called **Communication Adaptation**. It is adapts both the product and the communications, the company engages in **Dual Adaption.**

Example: Coca-Cola, Camay Soap and **Goodyear** have used this approach.

3. Price:
Multinationals face several pricing problems when selling abroad; they must deal with price escalation, transfer prices, dumping charges, and gray markets. Because the cost escalation varies from country to country, the question is how to set the prices in different countries, companies have three choices:

(a). Set a uniform price everywhere.
(b). Set a market-based price in each country.
(c). Set a cost-based price in each country.

Example: Coca-Cola would charge what each country could afford, but this strategy ignores differences in the actual cost from country to country.

4. Distribution channels:
Distribution channels within countries vary considerably. In the first link, **Seller's Internal Marketing Headquarters,** the export department or international division makes decisions on channels and other marketing-mix elements. The second link, **Channels between Nations,** gets the products to the borders of the foreign nation. The decisions made in this link include the types of intermediaries (agents, trading companies) that will be used, the type of transportation (air, sea), and the financing and risk arrangements. The third link, **Channels within Foreign Nations,** gets the products from their entry point to final buyers and users.

Example: Wal-Mart has more than 1,000 stores in **Mexico, Canada, Germany, Agrentina, China, Britain, South Korea, Brazil** and **Puerto Rico.**

DECIDING ON THE MARKETING ORGANIZATION:
Companies manage their international marketing activities in three ways; through export departments, international divisions, or a global organization.

Export Department:
A firm normally gets into international marketing by simply shipping out its goods. It its international sales expand, the company organizes an export department consisting of a sales and a few assistants. As sales increase, the export department is expanded to include various marketing services so that the company can go after business more aggressively. If the firm moves into joint ventures or direct investment, the export department will no longer be adequate to manage international operations.

International Division:
Many companies become involved in several international markets and ventures. Sooner or later they will create international divisions to handle all their international activity. The international division is headed by a division president, who sets goals and budgets and is responsible for the company's international growth. The international division's corporate staff consists of functional specialists who provide services to various operating units. Operating units can be organized in several ways. Operating units can be organized in several ways. First they can be **geographical organizations**. Reporting to the international-division president might be regional vice presidents for **North America, Latin America, Europe, Africa, the Middle East,** and the **Far East.** The operating may be **world product groups,** each with an international vice president responsible for worldwide sales of each product group. Finally, operating units may be **international subsidiaries,** each headed by a president. The various subsidiary presidents report to the president of the international division.

Example:
Part of **IBM'**s massive reorganization strategy has been to put 2,35,000 employees into 14 customers-focused groups such as oil and gas, entertainment and financial services.

Global Organization:
Several firms have become truly global organizations. Their top corporate management and staff plan worldwide manufacturing facilities, marketing policies, financial flows, and logistics systems. The global operating units report directly to the chief executive or executive committee, not to the head of an international division. Executives are trained in worldwide operations. Management is recruited from many countries; components and supplies are purchased where they can be obtained at the least cost; and investments are made where the anticipated return are greatest. The three organizational strategies are:

(a). A global strategy treats the world as a single market.
(b). A multinational strategy treats the world as a portfolio of national opportunities.
(c). A global strategy standardizes certain core elements and localizes other elements.

Example: GE let and **Philips, P&G,** and **Bartlett** and **Ghoshal cite Ericsson, NEC.**

THE TEN COMMANDMENTS OF GLOBAL BRANDING:
A global branding programme can lower marketing costs, realize greater economies of scale in production, and provide a long-term source of growth. These suggestions can help a company retain many of the advantages of global branding while minimizing the potential advantages.

1.	Understand similarities and differences in the global branding landscape.
2.	Do not take shortcuts in brand-building
3.	Establish a marketing infrastructure
4.	Embrace integrated marketing communications
5.	Establish brand partnerships
6.	Balance standardization and customization
7.	Balance global and local control
8.	Establish operable guidelines
9.	Implement a global brand equity measurement system
10.	Leverage brand elements

Source: Adapted from Kevin Lane Kellernd Sanjay Sood, "The Ten Commandments of Global Branding", Asian Journal of Marketing 8, no.2 (2001).

CONCLUSION:
Companies are realizing that it is no longer an option to stay put in one's domestic market. The ability to compete successfully in domestic markets will depend upon their ability to match the resources and competencies of multinational companies, with whom they have to compete in their domestic markets. And once they decide to take on the multinational companies on their home turf, they have to improve their resources and competencies to be able to match those of the multinational companies. They will also learn about the ways of operation of multinational companies. This experience will be helpful when they have to protect their domestic is against the multinational companies.

The boundaries between a company's domestic market and other markets are getting blurred. Only a company which is internationally competitive can protect its domestic market. No market is or will be protected from incursion by multinational companies. A company's only choice is to go global, even if its prime interest is to protect its domestic turf. Although the opportunities for companies to enter and compete in foreign markets are significant, the risks can also be high. Companies selling in global industries, however, really have no choice but to internationalize their operations.

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