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Analysis of the International Market

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Abstract

The analysis of the international market in order to launch a new product or expand the existing brand or business requires a lot of thinking and research. Researchers need to identify financial and economic factors or forces and market indicators, as well as political, legal and socio-cultural forces and issues in certain area . Also it is particularly important to understand what kind of competition form other companies that are at the market. SWOT analysis is a tool for evaluating the organization and its environment. SWOT analyze strengths and weaknesses, opportunities and threats. Strengths and weaknesses are internal factors. The opportunities and threats are external factors. Assets can be used along with other means of evaluation and analysis PEST analysis, five factor analysis of Porter.

Keywords: analysis; internationalization; market.

1. Introduction

The analysis recognizes the international market, which means the legislation, policy conditions, technology, economic conditions, social aspects, demand, availability of media, competition and the capabilities and opportunities of the company. For analyzing the situation are using multiple methods, but the most famous are: SWOT and PEST analysis, and many other analytical methods and procedures. A special place in the perception of the state of the international market is given on the perception of competition in order to determine which competing firms with which of the company will meet the on foreign market, whether they are companies on domestic market, are they firms from other countries and what are their capabilities and abilities.

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Particular attention is paid on recognizing and choosing a product that will perform in a foreign market, as well as forms and methods of promotion, distribution and pricing policy.

2. Funds for international market analysis

To address the situation in the international market pertaining to the advantages, opportunities, weaknesses and threats or difficulties that the company may face the international market is used SWOT analysis and in consideration of the external environment is used REDZT analysis. Also used, five factor analysis.

2.1. SWOT analysis of the international market

SWOT analysis is the process of evaluating and assessing the available information for the business environment in which a company. Assessment and evaluation of information is done in order to discover inner strengths and weaknesses and external opportunities and threats or risks.

SWOT analysis is also known as analysis of the situation related to competition or as a method of assessment data for the competition. SWOT analysis is a structured approach to evaluating the strategic position of business or marketing activities of the company.

SWOT analysis gives response to the following questions:

- What are the main factors that affect the company or its products to be better than those of the competition?
- What are the main reasons affecting the company to be worse than the competition?
- What are the major threats to the achievement of the company's activities in the market at home and abroad?
- What are the opportunities offered by the market at home and abroad?

SWOT analysis is the basis for developing strategic alternatives based on the analysis of the situation to the International market. SWOT analysis evaluates the strengths (Strengths), weaknesses (Weaknesses), opportunities (Opportunities), and threats - dangers or risks (Threats) that there are in a company that wants to perform on the international market [1].

Picture num.1 SWOT analysis

Internal	S	Things that works well
	W	Things that are not working well
External	O	Environmental opportunities that offers possibilities

T Opportunities that means disadvantages

Source: Deborah Baker: Chapter 2 Marketing 7e Lamb Hair McDaniel, © 2004 South-Western / Thomson Learning, Texas Christian University, www.swlearning.com/marketing/lamb/marketing_7e/powerpoint/ch02.ppt

SWOT analysis cover analysis of the situation inside the company and factors beyond. It is a filter through which information for the international market is reduced to the necessary extent possible which can serve as a decision-making. It specifically expresses the internal aspects of the company that wants to perform in a foreign market. Internal aspects of the company are expressed as advantages and disadvantages which the company has that can have an impact on its operations in foreign markets. The external aspects are expressed as opportunities and threats or risks that may arise in the operation in foreign markets. Internal analysis means assessing the state of the internal environment, or the assessment of their own strengths and capabilities of the company to perform in the foreign market. As internal factors that need to assess the internal situation of the company and to assess the advantages and disadvantages are: the culture of the company, its image, organizational structure, key personnel, available resources, operating costs, operational efficiency in operation, the available capacity for work, market share, financial resources, exclusive contracts, patents and other trade secrets [2].

The analysis of the external environment using SWOT analysis is to find opportunities made or offered by the international market. They can be expressed as the needs of the classification of certain products that already produces the firm, or as an opportunity for sales of new products for which there are opportunities to develop and produce.

This analysis actually indicates what kind of difficulties and obstacles can face the company in efforts to enter on the foreign markets or in the process of operation, if it already is accomplishing activities in some foreign markets. Important factors of the external environment that reveal the SWOT analysis are the following: customers, competition, market trends, suppliers, partners, social change, new technologies, economic environment, political and legal environment, culture.

The SWOT analysis is the base for setting goals, formulating strategies and developing a marketing plan for entering the international market.

2.2. REDZT analysis of international market

REDZT analysis of international market is defined as the process of identifying the factors that may affect the main factors of the operation and performance of the company on the foreign market [3].

Picture num. 2 Environmental factors

PEST analysis is useful strategic tool which helps you to see the possibilities for development or narrowing of the market positions of the business and possible directions for future marketing activities for entering foreign markets. This analysis assessed the situation and the strategic opportunities for developing marketing activities that will take place in the international market [4].

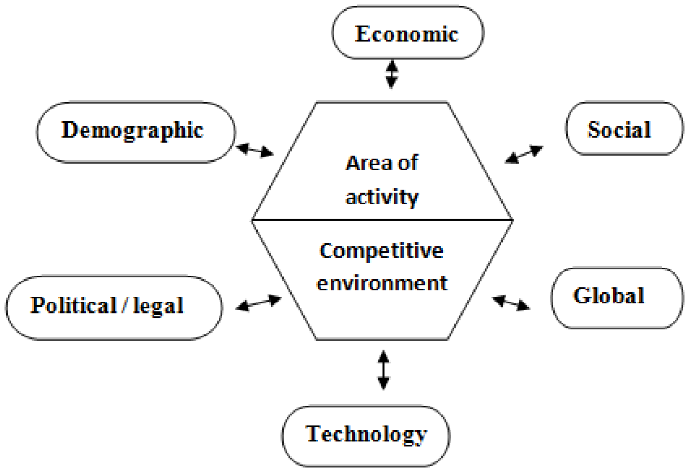

Figure 1

Source: Chapter 2 the external environment- opportunities threats industry co ...

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Mar 9, 2013

Using PEST analysis can be effective for business planning and international marketing approach to foreign markets, the development of new products and conduct marketing and business policy. This analysis provides the company to improve its operations, strengthen its market positions and to develop its business. PEST analysis is useful to do when you want to enter new markets, new countries with existing or new businesses.

The letters represent PEST acronym - a blend of the first letters of the environmental factors: political, economic, social, technological.

Picture num. 3 Factors of PEST analysis

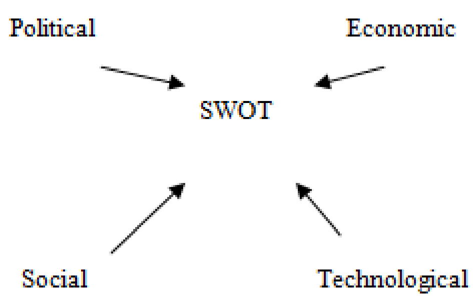

Figure 2

Source: Creativity in Marketing Environmental Analysis Lecture 2 Lars Torsten ...

www.docfoc.com> Documents, Dec 21 2015

The political environment has a wonderful effect on the regulation of the execution of business activities and the purchasing power of consumers. REDZT analysis must include issues relating to the stability of the political environment, whether the policy of the authorities affect the business, whether the burden of taxes and fees, what is the policy of the government in terms of economy, culture and religion whether the country is involved in global trade and other alliances such as the EU, NAFTA, WTO and others.

Economic conditions affect on how easy or difficult it can be a successful and profitable operation with foreign market and at any time to increase capital, and to reduce costs. The main economic factors that have influence on the foreign market and to be analyzed are the following: the rate of economic development in a given country, interest rates, the level of exchange rates, inflation rates, ect.

Sociocultural environment plays an important role in shaping the demand of the foreign market. Demand depends on income that the customers have, demographic changes, such as population structure, age, areas where they live, where they work.

Technology as part of the organization and the industry in which an organization operates, significantly affects on the creation competitive advantages. Technology can create new activities that may pose a threat to existing organizations whose products can become obsolete and are not required in the market. New technologies can bring advantages for those companies that will quickly embrace and use in their work.

2.3. Five factor analysis of international market

Five factor analysis of the international market, is an analysis of the five external factors that affect the nature of competition. Five factor analysis deals with the assessment of five factors which outside of the activities affect the way a company conducts competitive struggle.

As factors that affect the organization and its behavior in a competitive market, Porter took:

- intensity of competition (rivalry) between existing sellers in the market;
- the power that the buyer’s market have;
- The impact of the suppliers on the sellers;
- the potential threat of entry of new sellers of existing market;
- threat of product substitutes.

Picture num.4 Five factor analysis

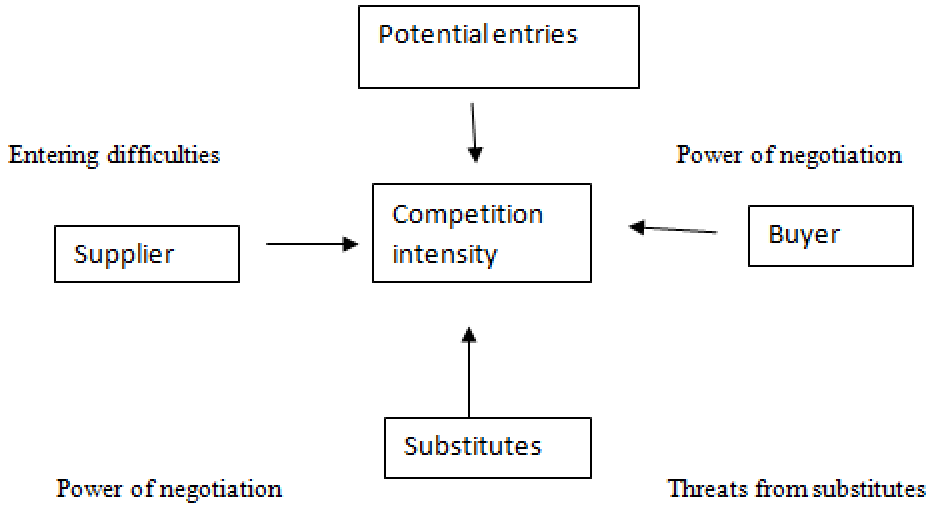

Figure 3

Source: Business Strategy MKT3002 / 51110, Lecture Three: Topic 3: Strategic analysis, www.powershow.com /.../ BUSINESS_STRATEGY_MKT3002_51110_powerpoint_p ...

The intensity of competition is quite obvious within a business or a foreign market. He expresses the level of direct competition on the market of the companies that operate or create values in the same activities. Difficulties in entering the market related with barriers that prevent the entry of new firms in certain activities or certain foreign markets. Barriers have various forms, and on the foreign market they are expressed as duties, taxes, quotas, bans and other procedures that prevents or impedes foreign companies to enter foreign markets. Threats of substitutes refer to the appearance of other products used to satisfy the same needs. Those products are normally at lower prices. As examples for products substitutes we are going to mention products from plastic instead metal products for the production of parts in the automotive industry (bumpers, door handles, etc.), email fax, video movies. *Buyer power* is determined by their size expressed as capital, available funds and the amounts they require, as well as the positions they have in the market compared with the sellers. *The power of suppliers* is expressed as a position the firms have on the activities that supply manufacturing companies with the necessary materials, funds and other elements for the realization of the production process.

3. Product for the international market

The product can be defined as a set of physical, service and symbolic features that satisfy or give some convenience to the user or buyer [5]. The product is a set of physical characteristics, size and shape and the subjective perceptions, picture or image quality. Buyer buys the product because of its features. The product or service is a fundamental element of the activity of each company. The success of the company depends on how good a product is or how well they provide the service and how well the company is able to make its products or services different from those of the competition.

The physical characteristics of both products are accepted worldwide. They must be suitable for shopping for durable goods or consumable products. When it comes to products according to classifications for sale on the domestic or international market they can be classified as follows:

- Local products - can be seen or found only on particular market;
- international products - can be found in many markets;
- multinational products - products tailored to have specific features for some national markets;
- Global Products - products designed to meet global and many customers or segments of consumers.

Quality, way of production and operation and maintenance (if necessary) are key words in international marketing. Non-operation to hold these features lead to the inability to meet buyer's needs. Maintaining the quality of products, especially those intended for foreign markets, it is increasingly associated with an increased respect for the ISO 9000 standards. Brand is a name, symbol, term, design or combination of marking the product of one producer in order to distinguish such products from other manufacturers [6]. Brand is a name, term, sign that something exists, symbol, hint, look which intends to identify products or services of one or a group of producers and to make different from those of the competition. The brand's emotional and functional element that creates relationships between customers and products or services. The characteristics of the brand are functional and emotional elements of its brand provided by the buyers. The characteristics of the brand can be positive or negative and can have varying degrees of importance to different segments of consumers, markets and cultures. The characteristics of the brand are the basic elements for establishing the identity of the brand. What is the brand? Very often professionals work on the activities of marketing, they have no answer, or very few of them have their own answer [7]. But the notion of brand can be read several definitions of which stand out as better:

"Name, sign or symbol used to identify products and services of the seller and to highlight the differences from those of the competition"

Signs and symbols are part of what is the brand, but it should be noted that this definition is incomplete.

"Simply put, a brand is a promise. By identifying the right product or service, we get great satisfaction and quality. "

"Brand is a set of values that are related to the name and symbol that increase the value obtained from the product or service".

"Brand is the most significant fair value of the world, in terms of the view of customers."

"Brand is a collection of perceptions in the opinion of the buyer."

The brand is something that is easy to remember and it is always useful. The brand is best because it reminds us of a few key points:

- brand is different from other products and services;
- mean brand loyalty;
- brand is created with the overall experience of the company, not only by effectively communicating.

Product became a brand or brand offers more advantages for the enterprise operating or playing the market, and they are reflected in the following:

- the sale is facilitated,
- brand name and trademark provide legal protection,
- allows the brand to attract consumers group attached,
- brand helps to segment the market, and
- allows the brand to create the image of the company.

The brand of the product, in many ways also helps the buyer. The brand name helps the buyer to identify the product that can benefit, something that speaks for the quality of the product, the characteristics. It is called advantages representing the brand.

Brand name in terms of the buyer is important because it speaks of greater value in terms of goods and services and often serves to mark a special quality or features. In terms of manufacturer branded product has a higher price. For example, if from two similar products, one with a known brand, we should pick one, buyers will often choose a product with a known brand although it is more expensive. They will make that based on the belief that this have to do with the popularity of the product or the company.

Creating a brand name, as policy have multiple approaches, including:

- Company's name - brand;
- family name - brand product line;
- individual name - brand;
- performed mark.

Often, especially in the manufacturing sector, the company's name is promoting to 'brand. Example: Coca Cola, IBM.

Family name as a brand is marketing strategy which includes product line to be sold under one name - the brand. Example: Mercedes, Blek Deker.

Individual brand name is a marketing strategy that every product from the production leaves a company has its own brand name. The advantage of individual brand name is that each product has its own image and identity that are unique. Example: washing powder Persil and Omo, which are products of the company Unilever.

Derived name brand usually occurs when the product is produced from several components that are procured from different vendors, and it takes the key component as the name of the product and promote it as a brand.

In terms of existing products, the brands can be developed in many ways:

• continuation of the existing brand name;

• developing more new brands.

Existing brands can be used as a name for modified products for example if after a few years of the product, the name that has become a brand carry out some modifications, then it is used the same brand by adding an element of the brand name. For example: Coca Cola on their modified products gives name as: "Diet - Cola", "Chery - Cola", although the substance of the product has changed in terms of the product brand, and the basic product adds name which indicates that it is the old product. "Classic Cola". Creating a brand or branding is the most powerful idea in the business, but it must be point out that only a few companies are aware of this and control their brands and create. The brand, means visual, emotional, rational picture that creates for the company or product. Every company, no matter how big or small, has its image in the public eye. One doen't need be a buyer of products from a company, but if he knows about the company or product, he has an opinion on it. If he still have personal experience with the company he builts some sort of picture of it.

The brand is generated by:

• Identity - appearance;

• Promotion - how to represent;

• Action - how everything works.

The identity of the brand, includes: name, logo, colors, images and words. Good name and well shaped logo, significantly influence the first impresion. Clearly written words in a sentence is telling which is the company's business, what benefits are offered and how much they are greater than those of the competition. Brand develops closer relationships with customers and partners, builds truth and respect. Successful strategies for creating brand or branding should contain a mix of different meanings depending on factors such as the life cycle of the product, competitors, buyer's opinion, loyalty, perception. These elements should be directed to:

• the existing perception of the product by the target market segment;

• the existing structure and infrastructure of the product;

• Competition from other identical or similar products;

• how existing product features build the opinion of the target market;

• how the current position of the company and competition affects collective view of the targeted market

• differences of the product, existing or perceived by your target market;

• image of the company and the product, built on market

• programs, activities and policies that will be used to support branding. These include names, logos, packaging, slogans, promotion, media, exhibitions, public relations, literature, distribution channels, WEB activities, guarantees, co-branding activities, graphic standards, policy relations with consumers, audio symbols participation in economic and other associations, and other activities that will lead to building a brand in the market place;

• relations of the existing brand over other brands in the Company (the width of the line, adapting the brand, other offers)

• Spending on branding,

• Expectations of the product in relation to the size of sales, profits, product life.

Brand can be created by both manufacturers and retailers. They are doing it in order to take advantage of worn stamps.

Brand means recognition and value being created in consciousness, build loyalty, indicating the quality, emotion. Loyalty is the degree of attachment to the buyer with the product brand awareness while knowledge is knowledge of product preferred by the consumer.

When you create a brand you should have the following elements:

Picture num. 5 Thinking about brand

Short – Clear

Easy to read and pronounced

Easy to recognize and remember

Easy to pronounce

To pronounce

To pronounce in all languages

To point to the benefits

Packaging / label

No unwanted image

Always on time

Promotion in all media

Legally possible use

Source: Kotcha08web-cl.ppt - Chapter 8 Product and Services Strategy 1 What ...

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Creating brand should be a process in which you need to know that the product will have a name, character, and the consumer offers certain satisfaction from its use.

The world market can be performed with a single brand in all countries, to make certain adaptations or adjustments for designated markets and in every market in different countries to perform with a special mark.

Picture 6

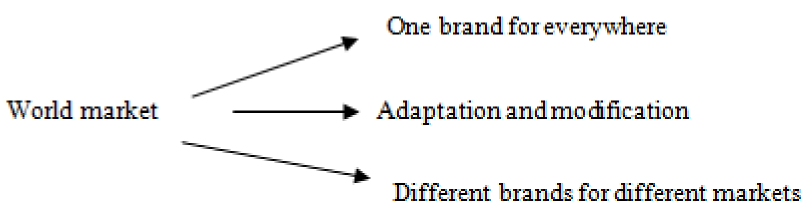

Figure 4

Source: Kotcha08web-cl.ppt - Chapter 8 Product and Services Strategy 1 What ...

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4. Conclusion

When it comes to the international market it should be pointed out that it refers to the establishment of market or external trade relations between two or more countries. The market of each country is different. Differences imposed culture and way of life, differences in the demographic characteristics of the population, demand and buying habits, differences in production costs for the sale of goods and services, foreign exchange rates, the policy of the government and regulation, market size, the level of competition. The product or service is a fundamental element of the activity of each company. The success of the company depends on how good a product is or how well provide the service is provided and how well the company is able to make its products or services different from those of the competition. The physical characteristics of both products are accepted worldwide. They must be suitable for shopping for durable goods or consumable products.

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