

Biyani's Think Tank

Concept based notes

Export Marketing

[BBA V sem]

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Preface

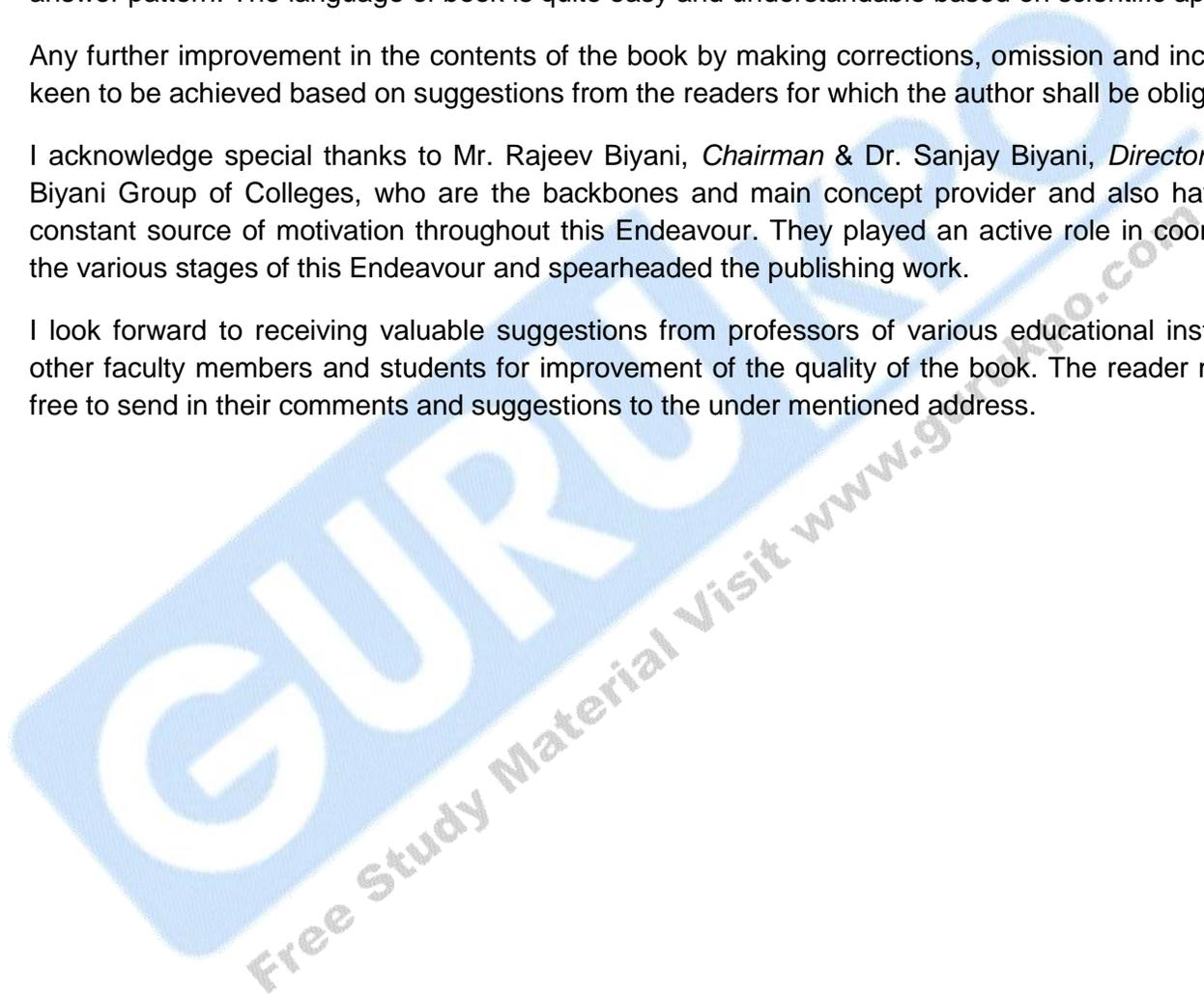
I am glad to present this book, especially designed to serve the needs of the students. The book has been written keeping in mind the general weakness in understanding the fundamental concepts of the topics. The book is self-explanatory and adopts the “Teach Yourself” style. It is based on question-answer pattern. The language of book is quite easy and understandable based on scientific approach.

Any further improvement in the contents of the book by making corrections, omission and inclusion is keen to be achieved based on suggestions from the readers for which the author shall be obliged.

I acknowledge special thanks to Mr. Rajeev Biyani, *Chairman* & Dr. Sanjay Biyani, *Director (Acad.)* Biyani Group of Colleges, who are the backbones and main concept provider and also have been constant source of motivation throughout this Endeavour. They played an active role in coordinating the various stages of this Endeavour and spearheaded the publishing work.

I look forward to receiving valuable suggestions from professors of various educational institutions, other faculty members and students for improvement of the quality of the book. The reader may feel free to send in their comments and suggestions to the under mentioned address.

Author



Syllabus

- Unit I Exporting Marketing :** Meaning, importance, scope. Export Market Research, Forms, Types of export Organization.
- Unit II Marketing Mix for Export Marketing :** Product Planning for Export, Pricing for Exports, Channels of Distribution. The agency Control Personnel Selling.
- Unit III Advertising for Exports :** Participation in Trade Fair and Exhibitions, Export Procedure in India, Export Documentation in India.
- Unit IV Major Organizations and Policies (Government and Private) :** Facilitating and Promoting Export from India (Their elementary knowledge) Functions and Evaluation of UNCTAD and GATT.
- Unit V Global Marketing Environment :** Concept, Significance and Scope of Global Marketing, Internal and External Environment, Information Systems, Export Procedure, Future Prospects of Export Marketing.
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EXPORT MARKETING

Export marketing involves sending of goods & providing services to abroad as per the procedures framed by the exporting country as well as by the importing country. It is more complicated than Domestic Marketing due to International Restrictions, Global Competition, lengthy procedures and formalities and so on. Moreover, when a business crossed the borders of a nation, it becomes infinitely more complex. Along with this, Export Marketing offers ample opportunities for earning huge profits and valuable foreign exchange for any Business Enterprise as well as a Nation.

Need / Importance / Advantages of Export Marketing at the National Level:

- 1) **Earning Foreign Exchange:** Exports bring valuable foreign exchange to the exporting country, which is mainly required to pay for import of capital goods, raw materials, spares and components as well as importing advance technical knowledge.
- 2) **International Relations** - Prosperity in the world could be brought in a peaceful environment which is possible by maintaining political and cultural ties with other countries through international trade.
- 3) **Balance of Payment** - Large - scale exports solve Balance of Payments problem and enable countries to have favourable Balance of Payment position and get rid-of Deficit in the Balance of Trade and Balance of Payments.
- 4) **Reputation in the world** - A country which is foremost in the field of exports, commands a lot of respect, goodwill and reputation from other countries. For example, Japan commands international reputation due to its high quality products in the export markets.
- 5) **Employment Opportunities** - Export trade calls for more production which opens the doors for more employment opportunities, not only in export sector but also in allied sectors like Banking, Insurance, Communication, Transportation etc.
- 6) **Promoting Economic Development** - The business grows rapidly if it has access to International Markets. Large-scale exports bring rapid economic development of a nation.
- 7) **Optimum Utilization of Resources** - Since the supply of Oil and Petroleum products in Gulf countries is in excess of home demand, hence surplus production is exported, thereby making optimum use of available resources.

8) Spread Effect - Because of the Export Industry, other sectors also expand such as Banking, Transport, Insurance etc. and at the same time number of ancillary industries come into existence to support the export sector.

9) Higher Standard of Living - Export trade calls for more productions, which in turn increase employment opportunities which mean more purchasing power, as a result of which people can enjoy new and better goods, which in turn improves standard of living of the people.

Need / Importance / Advantages of Export Marketing at Business / Firm / Enterprise Level

1) Reputation - An organization which undertakes exports can bring fame to its name not only in the export markets, but also in the home market. For example, firms like Phillips, HLL, Glaxo, Sony, Coca Cola, Pepsi etc. enjoy international reputation.

2) Optimum Production - A company can export its excess production after meeting domestic demand; Thus, the production can be carried on up to the optimum production capacity resulting in Economies of Large Scale Production.

3) Spreading of Risk - A firm engaged in domestic as well as export marketing can spread its marketing risk in two parts. The loss is one part (i.e. in one area of marketing) can be compensated by the profit earned in the other part / area.

4) Export Obligation - Some export organizations are given certain concessions and facilities by the Govt. only when they accept certain export obligations. Large-scale exports are needed to honour such export obligations in India. Units operating in the SEZs / FTZs are expected to honour such export obligations against special concessions offered to them.

5) Improvement in organizational efficiency - Research, training and the experience in dealing with foreign markets, enable the exporters to improve the overall organizational efficiency.

6) Improvement in product standards - An export firm has to maintain and improve standards in quality in order to meet International Standards. As a result, the consumers in the home market as well as in the international market can enjoy better quality of goods.

7) Liberal Imports - Organizations exporting on a large-scale collect more foreign exchange which can be utilized for liberal import of new technology,

machinery and components. This raises the competitive capacity of export organizations.

8) Financial and Non-Financial benefits - In India, exporters can avail of a number of facilities from the government. For example, exporters can get Duty Draw-back, Sales Tax exemption etc. They also can get assistance from export promotion organizations such as EPCs, IIP etc.

9) Higher profits - Exports enable a business enterprise to earn higher prices for goods. If the exporters offer quality products, they can charge higher prices than those charged in the home market and thereby raise the profit margin.

EXPORT MARKET RESEARCH

Export Market Research is the most promising way of making company's marketing operations sensitive to the changing requirements of International Markets. Published data on different aspects of global marketing are now available easily for the conduct of Export Market Research. Field research is required when published data are not available as per the need of the research project. Preliminaries for export business are related to different aspects of export management such as Products, Markets, Buyers, Marketing Channels and the Methods of Exporting. Deciding preliminaries for export business is similar to broad decision to be taken while constructing a very big tower of 15 to 20 floors. Actual construction work will be as per the preliminary decision taken. Similarly, export marketing activities of a firm will be conducted as per the preliminaries decided. The decision on preliminaries for starting export business is important as faulty decisions may lead to difficulties while conducting export business.

IDENTIFYING FOREIGN MARKETS

Selectivity is the key to success in all spheres of life including Export Marketing. An exporter may wish to deal in all kind of products and to sell them anywhere in the world. However, it is not possible for him to do so due to the wide expanses and demand variations in different markets of the world. Therefore, an exporter has to select proper products and proper markets in order to operate at the international level. **The market selection process is as follows:**

(a) Determine Export Marketing Objectives - The exporter must first determine export marketing objectives in terms of Product Development, Profits, Sales, Share of Market etc; both from short term and long term point of view. The objectives are set taking into account the Financial and Managerial resources of the firm.

(b) Collection of information - The exporter must collect relevant information from the Export Markets. The information may be in respect of Demand for the Product, Competition, Nature of Consumers, Political situation, Import Regulations, Infrastructure facilities etc.

(c) Analysis of information - The exporter has to analyze the collected information in respect of Export Markets. Such analysis is required to shortlist the Export Markets. For example, the exporter has to analyze the like and dislikes of the buyers, the purchasing power, buying pattern etc.

(d) Short-listing of Markets - A detailed investigation of the markets will help the exporter to short-list the countries which may be considered for export purpose. The main objective of short-listing is to arrive at a list of few countries which are likely to influence the selection decision.

(e) Detailed investigation - The exporter may conduct a detailed analysis of certain markets. He may collect necessary information in respect of various factors such as the nature of the customers, the nature and degree of competition, the present and potential demand for the product, the Trade Policies of the Govt. and the current practices in the markets. The information can be collected from Primary sources as well as from Secondary sources.

(f) Evaluation and selection of Markets - The company has to eliminate countries where Trade or Investment Barriers prohibit probable Market Entry. These barriers would include Tariffs Quotas, Foreign Exchange Regulations etc.,. The exporter may select only those countries or markets, which would provide a good rate of return for its investment.

(g) Entry in Export Markets - The exporter may appoint the required sales people, and intermediaries. He should complete all other formalities regarding the entry in Export Markets. He would then produce the goods as per the requirements of overseas buyers.

(h) Follow-up: The exporter should undertake a review of the performance in the Export Markets. Such review would enable the exporter to know which markets are performing well, and which ones are not. He would then find out the reasons for the same, and if there are problem, he would try to resolve such problems, or exit from such markets that do not provide good potential.

MARKETING MIX FOR EXPORT MARKETING

Marketing Mix involves decisions relating to 4Ps, i.e. Product, Price, Place (Physical Distribution) & Promotion. Product planning involves a number of product related decisions such as Product Design, Product-Mix, Branding etc.,. Therefore, the exporter has to adopt various planning strategies such as-

(a) PRODUCT DESIGN STRATEGIES - Exporters have the following options in respect of product design strategies.

(i) Product Innovation Strategy - Under this strategy, the exporter develops a new product in response to the demand prevailing in Export Markets. Low cost items for developing countries and high cost items for developed countries may be developed for example readymade garments to take advantage of fashion in different countries.

(ii) Product Adaptation Strategy - Under this strategy, both the product and the message are changed to increase the adaptability of the product. This helps to meet the specific needs of the foreign buyers. Products like Office Machines, Health Goods and Electrical Goods require this strategy. It is a costly strategy. It is generally used to serve large size markets.

(iii) Product Standardization Strategy - Under this strategy, the exporter sells the same product all over the world with "One Product, One Message-Worldwide". For example, Coca-Cola, Sony etc. The exporters use this strategy when their product is too well known and enjoys global reputation. It is an economical strategy. This is because it does not require any modification. Moreover, it enjoys the Economies of large-scale Production and marketing.

(iv) After-Sale-Service Strategy - After-Sale-Service plays a very important role in the case of Durables, Office Equipment and Machinery. The exporter needs to adopt proper After-sale-service strategy. Exporters may have a tie-up with After-sale-service Agencies in Export Markets. They may also depute their own service staff in important markets.

(v) Product Positioning Strategy - The exporter should develop effective Product Positioning Strategy. The exporter may position the Brand to create a distinct image by adopting positioning by Features, Price, use, benefits etc.

(vi) Product Line Strategy - The exporter should decide whether to concentrate on one product or deal with product line. It is a group of related products. For example, a food items products line may include milk powers, health drinks, fruits etc.

(b) PRICING STRATEGIES - As far as Pricing Strategies are concerned, an exporter may adopt any of the following strategies:

(i) Skimming Pricing - Where high price is charged when the product is launched in the market as in the case of innovative products.

(ii) Differential Pricing - Where different Prices are charged in different Markets depending upon Market and Competitive conditions.

(iii) Standard Pricing - Where the same price is charged in all the Global Markets, which is quite rare.

(c) DISTRIBUTION STRATEGIES - Distribution channel includes a set of Marketing Institution participating in the marketing activities involved in the movement of flow of goods or services from the Primary Producer to the Ultimate Consumer. In International Marketing, two categories of marketing channels are involved i.e.-

(i) Direct Exporting - Direct exporting is a method of exporting goods directly to the Foreign Buyers by the Manufacturer himself

(ii) Indirect Exporting - Where the Manufacturer exports through Intermediaries such as Star Export Houses or Merchant Exporters .

(d) PROMOTION STRATEGIES - The exporter also needs to adopt suitable promotion strategies-

(i) Standard Promotion Strategy - Where the same Promotion-Mix is used in all the Global Markets and with the same Promotional Theme.

(ii) Differential Promotion Strategy - Where different Promotion-Mix is used depending upon market and competitive situation and with different Promotion Theme.

ADVERTISING FOR EXPORT

In order to make the tentative buyers aware about the products of an Exporter, it is imperative that they must take part in various International Exhibitions & Trade Fairs.

Indian Trade Promotion Organization (ITPO) was set up by the Ministry of Commerce, Government of India, on 1st January, 1992 with its headquarters at New Delhi after the merger of Trade Development Authority (TDA) and Trade Fair Authority of India (TFAI). It has five regional offices in India at Mumbai, Bangalore, Kolkata, Kanpur and Chennai and four in Germany, Japan, UAE and USA. As a premier trade promotion agency of the government of India, the ITPO provides a broad spectrum of services to trade and industry so as to catalyze the growth of bilateral trade, particularly India's exports and technological up gradation and modernization of different industry segments.

FUNCTION OF INDIAN TRADE PROMOTION ORGANISATION - The following are the functions or activities of Indian trade promotion organisation

(a) Organising Trade Fairs and Exhibitions - ITPO organizes trade fairs and exhibitions in India and abroad and to book stalls/space for Indian exporters to participate in overseas trade fair and exhibitions. ITPO acts as a publicity wing of government of India for organizing trade fair and exhibitions in India and abroad.

(b) Publicity - It gives publicity in connection with the organisation of trade fairs and exhibitions in India, so that foreign parties may visit India to visit in such trade fairs and exhibitions.

(c) Collections of Information - ITPO collects information of various trade fairs and exhibitions to be held abroad. The information is collected in respect of place or venue of exhibition, date and duration, products to be displayed, booking of space formalities, etc.

(d) Supply of Information - ITPO provides information to Indian parties regarding overseas trade fairs and exhibitions. Such information may be useful to Indian parties or exporters to take proper decisions in respect of participation in overseas trade fairs, and exhibitions.

(e) Delegations - Inviting trade delegations from abroad and sending Indian trade delegation abroad. ITPO book orders for Indian goods. In addition, to send Indian trade delegations abroad for market survey and for signing contracts for the supply for Indian goods.

(f) Booking of Space in Overseas Trade Fairs - ITPO books necessary space/stalls for Indian exporters. This enables Indian exporters to participate in overseas trade fairs and exhibitions.

(g) Consultancy Services - It provides consultancy services to Indian exporters to participate and display their product in trade fairs and exhibition in India and abroad.

(h) Seminars and Workshops - ITPO organizes seminars/workshops for giving information/guidance to exporters about fairs and exhibitions arranged in India and abroad. ITPO has set up a trade information centre at its headquarters in New Delhi. It is considered as the best source of information on import and export trade.

EXPORT DOCUMENTATION

Export procedure describes the documents required for exporting from India. Special documents may be required depending on the type of product or destination. Certain export products may require a quality control inspection certificate from the Export Inspection Agency. Some food and pharmaceutical product may require a health or sanitary certificate for export.

Shipping Bill is the main document required by the Customs Authority for allowing shipment. Usually the Shipping Bill is of four types and the major distinction lies with regard to the goods being subject to certain conditions which are mentioned below:

- Export Duty/ Cess
- Free of Duty/ Cess
- Entitlement of Duty Drawback
- Entitlement of Credit of Duty under DEPB Scheme
- Re-export of imported goods

The following are the export documents required for the processing of the Shipping Bill:

- GR forms (in duplicate) for shipment to all the countries.
- 4 copies of the Packing List mentioning the contents, quantity, gross and net weight of each package.
- 4 copies of invoices which contains all relevant particulars like number of packages, quantity, unit rate, total f.o.b./ c.i.f. value, correct & full description of goods etc.
- Contract, Letter of Credit (L/C), Purchase Order of the overseas buyer.
- AR4 (both original and duplicate) and Export Invoice.
- Inspection/ Examination Certificate.

The formats presented for the Shipping Bill are as given below:

- White Shipping Bill in triplicate for export of duty free of goods.
- Green Shipping Bill in quadruplicate for the export of goods which are under claim for duty drawback.
- Yellow Shipping Bill in triplicate for the export of dutiable goods.
- Blue Shipping Bill in 7 copies for exports under the DEPB scheme

Note :- For the goods which are cleared by Land Customs, Bill of Export (also of 4 types - white, green, yellow & pink) is required instead of Shipping Bill.

EXPORT PROCEDURE

Step 1. Receipt of an Order - The exporter has to get himself registered with various authorities like RBI, income tax authorities, etc. In addition, he has to appoint agents or distributors for collection of orders from foreign countries. Exporter receives an order from importer directly or through Indent House.

Step 2. Obtaining License and Quota -

After obtaining order, exporter has to secure export license from the government. For this, he has to apply to the Export Trade Control Authority and obtain the valid license. Quota is the total quantity of goods that is permitted for exports.

Step 3. Letter of Credit - Exporter demands letter of credit from importer or sometimes importer may send it himself along with the order.

Step 4. Fixing Exchange Rate - Exchange rate means the rate at which the currency of one country is exchanged for the currency of another country. It fluctuates from time to time. Hence the exporter and importer fix the exchange rate mutually.

Step 5. Foreign exchange formalities - Here the exporter has to undergo certain foreign exchange formalities as laid down under exchange control regulations. According to FERA (Foreign Exchange Regulation Act of India) every exporter has to furnish a declaration in the form prescribed for this purpose. The declaration states:-

1. Foreign exchange earned by way of exports will be disposed in the manner and within the period specified by RBI.
2. Negotiations of shipping documents will be through authorized dealers in foreign exchange.
3. The payment for goods exported will be collected only through approved method.

Step 6. Preparation for executing the order - The exporter makes necessary arrangements for executing the order.

In this respect he performs the following activities:-

1. Packing and marking of the goods as per the specifications of the importer.
2. Arranging the pre-shipment inspection by the Export Inspection Agency and getting the inspection certificate from it.

3. Securing insurance policy from the Export Credit Guarantee Corporation (ECGC) to get protection against the credit risks.
4. Obtaining a suitable marine insurance policy, consular invoice and certificate of origin, if required.
5. Appointing a forwarding agent for handling the customs and forwarding activities.

Step 7. Formalities done by forwarding agent - The Forwarding Agent completes the following formalities:-

1. He obtains the Customs' Permit from the Customs Department for exporting goods.
2. The Forwarding Agent discloses the details of the goods such as their nature, size, quantity, weight, etc. to the shipping company.
3. The Forwarding Agent prepares a Shipping Bill.
4. The Forwarding Agent prepares two copies of the dock challans and pays the dock dues.
5. The Captain of the ship gets the goods loaded on the ship on the basis of the Shipping Order in the presence of customer officers.
6. When the goods are loaded on the ship, the Mate (Vice Captain or the Captain) issues a receipt, called Mate's or Captain's Receipt.

Step 8. Bill of Lading - The exporter approaches the shipping company, presents the Mate's Receipt and in exchange receives a document called Bill of Lading. It is an official receipt given by the shipping company as an acknowledgement of the receipt of goods to be transported to the port of destination. It is also a contract for the carriage of goods. It gives full description of goods loaded on the ship, name of the port of destination, etc.

Step 9. Shipment advice to importer - The exporter sends Shipment Advice to the importer informing him about the dispatch of the goods. He sends a copy of packing list, commercial invoice and a non-negotiable copy of the Bill of Lading, along with the Advice Note.

Step 10. Presentation of documents to the bank - The exporter confirms that he has secured a complete set of the shipping documents namely, the Bill of Lading, Marine Insurance Policy, Certificate of Origin, the Consular Invoice and the Commercial Invoice. He then draws a Bill of Exchange on the basis of the commercial invoice. The Bill of Exchange accompanied by these documents is called Documentary Bill of Exchange. Such a bill may be a D/P (Documents against payment) bill or D/A (Documents against Acceptance) bill. The exporter hands over the documentary bill to his bank.

Step 11. Realisation of export proceeds - For realization of export proceeds, the exporter has to undergo certain banking formalities. Generally he receives payment in foreign currency by bill of exchange or by bank draft.

Step 12. Follow up - After the sales, exporter should always have a follow-up, to find out buyer's reactions towards the goods. Such follow up builds goodwill and the exporter can get more and more orders in future.

MAJOR EXPORT PROMOTIONAL ORGANISATIONS & GOVT. POLICIES

Export marketing is a highly specialized activity requiring continuous organizational support at different stages from choosing or selection of products, identification of overseas markets and customers, selling techniques and channelisation of incentives, assistances and facilities granted against exports.

FEATURES OF EXPORT PROMOTION ORGANISATION:

(a) Basically Service Organisations - Export promotion organizations are basically service organisation and are connected with export promotion activities and not with trading activities.

(b) Create Favourable Image of India's Export Potentials - Export promotion organizations create awareness about India's export potential, favourable impression about India's industrial development and finally create favourable image of India in foreign countries.

(c) Easy Availability of Services to Exporters - The services of export promotion organizations are available easily and economically to all exporters as they are established basically for the benefit of exporting community.

(d) Government Initiative in Formation - The government of India took initiative in establishing export promotion organization in order to develop institutional infrastructure for export. Government provides financial support to them

(e) Provide Non-Financial Services - Export promotion organizations do not provide direct financial services to exporters. They issue certificates, etc. Useful to obtain bank finance and benefit of government incentives facilities. Many export promotion organizations have been developed. The various export promotion organisation are classified into the following groups.

EXPORT PROMOTION COUNCIL (EPCs) - Export Promotion Councils are non-profit organizations registered under the companies act or the society's

Registration Act, as the case may be. They are supported by the financial assistance from the Central Government. It has been made clear by the new EXIM policy that the support given to the EOCS by the government, monetary or otherwise, would depend upon effective discharge of the functions assigned to them. Democratization of the membership of the EPCs, Democratic elections of office bearers of the EPCs being held regularly, and timely audit of the account of the EPCs. At present, there are 24+3 EPCs operating in India. The various EPCs are as follows-

Apparels EPC, Basic Chemicals, Pharmaceuticals and Cotton Textiles EPC, Carpet EPC, Cashew EPC, Engineering EPC, Gems and Jewellery EPC, Handloom EPC, Indian Silk EPC, Council for Leather Export, Plastics and Linoleum EPC, Synthetic and Rayon textiles EPC, Sports Goods EPC, Shellac EPC, Wool and woollens EPC, Electronic and computer software EPC, Handicrafts EPC, the power loom development and EPC, Export Promotion Council for EOUs and SEZ units, Project Export Promotion council of India, Pharmaceutical export promotion council, Jute manufacturers development council, Wool industry EPC. There are three other organizations considered as EPC- Agricultural and Processed Food Product Export Development Authority, Federation of India Export Organisation and the Marine Products Export Development Authority.

FUNCTIONS/ROLE OF EXPORT PROMOTION COUNCILS - The following are the functions of export promotion councils

(a) Issue of Certificate of Origin - Certain countries demand certificate of origin from the exports. In India EPC, can issue certificate of origin to the exporter certifying the origin of goods.

(b) Collection of Information - It collect valuable information on overseas import, import regulations, about competitors, market potential and other development in foreign trade.

(c) Supplying of Information - It provides information on latest developments in the field of exports trade. It may relate to various aspects of foreign trade. Such information is vital to the exporters to promote their sale, abroad.

(d) Organising Seminar - It organizes seminars, workshops, meeting and conferences on various aspects of foreign trade. Exporters are invited to take part in such seminars and workshops.

(e) Trade Fairs and Exhibitions - It may also assist the concerned authorities in organizing trade fairs and exhibitions in India and abroad, It may also assist the exporters to take part in such trade fairs and exhibitions. It may also arrange buyer-seller meets, so as to promote Indian exports.

(f) Recommendation to Government - It appraises or advises the government authorities on current export problems and suggest measures for export growth. It also advises the government in framing proper EXIM policies from time-to-time.

(g) Sending Trade Delegations - To make arrangements for sending trade delegation and study teams to countries for promoting the export of specific products and to circulate the reports of such visits abroad among member exporters. In addition, to invite trade delegations from abroad.

(h) Professional Advice - It may provide professional advice to exporters in areas such as, technology up gradation, quality and design improvement, standards and specification, product development, innovation etc.

(i) Exploration of Overseas Markets - It may assist the exporter in exportation of overseas markets and identify items having export potentials.

(j) Developing Export Consciousness - This organisation makes all the possible efforts to develop export consciousness in out country.

COMMODITY BOARDS - Along with export promotion councils commodity boards have been established by the government of India for many commodities with high export potential. These boards are supplementary to EPCs and function on the same lines. The CBs are for promoting exports of specific commodities particularly the traditional commodities including tea, coffee, etc. The commodity boards look after the export promotion of primary and traditional items of exports while the EPCs look after the export promotion of non-traditional items.

FUNCTIONS OF COMMODITY BOARD - The functions and activities of commodity boards are similar to that of EPCs

- (a) Issue of certificate origin
- (b) Collection of information
- (c) Supplying of information
- (d) Organising seminars
- (e) Trade fairs and exhibitions
- (f) Recommendation to government
- (g) Sending trade delegation
- (h) Professional advice
- (i) Exploration of overseas markets
- (j) Developing export consciousness (For explanation of the points please refer functions of EPCs)

MARINE PRODUCTS EXPORT DEVELOPMENT AUTHORITY (MPEDA) -

Marine Products Export Development Authority (MPEDA) was constituted in the year 1972 by replacing the Marine Products Exports Promotion Council under the Marine Products Export Development Authority Act 1972. The headquarter of MPEDA is located at Kochi in Kerala. The authority operates two overseas trade promotion offices, one at Tokyo (Japan) and the other at New York (USA). The role envisaged for the MPEDA under the statute is comprehensive, which covers organisation, co-ordination, regulation and growth of the export of marine products with special reference to the quality, processing packaging, storage, transport, shipment marketing extension and trading in various aspects of the industry.

FUNCTIONS OF MPEDA - The broad functions of the authority involve regulatory functions, promotion and publicity, development and training and advice to the Central Government on matters connected with marine products and their exports

(a) The authority encourages Indian export marketing organizations to take active interest in the export of marine product.

(b) The authority directly participates in international fairs and also through ITPO in several other fairs. This gives publicity to wide range sea food available in India for exports.

(c) MPEDA undertakes the mandatory registration of fishing vessels, processing plants, storage premises, conveyances and exporters and the voluntary registration of export under the registered exporters policy.

(d) The authority looks after the catching processing and exporting marine production including dry fish, frozen prawns, lobsters, canned fish, and fish oil and so on. It also takes keen interest in the development of off shore and deep sea fishing and also in the promotion of exports of marine products.

(e) MPEDA gives advice to the central government on marine products and their exports. It also fixes standards and specifications for the purpose of exports of marine products.

(f) MPEDA provides training facilities in marine products and their exports. MPEDA also provides useful services to foreign buyers.

(g) The authority promote sea food exports by liaisoning with Indian exporters and overseas importers.

(h) The authority promotes the image of Indian sea products in overseas markets through publicity campaigns.

AGRICULTURAL AND PROCESSED FOOD PRODUCTS EXPORT DEVELOPMENT AUTHORITY (APEDA) - APEDA stands for the Agricultural and Processed Food Products Export Development Authority. Its registration office is located at New Delhi. APEDA is an autonomous organisation attached to the ministry of commerce of the government of India. The main function of APEDA is to build links between Indian producers and the global markets. It also arranges buyer-seller meets.

FUNCTION OF APEDA - The following are the functions/activities of APEDA

(a) Development of the agricultural and processed food industries - APEDA seeks to develop the industries related to the agricultural and processed food by providing such industries with the financial assistance, undertaking surveys and feasibility studies, participation in the equity capital through joint ventures and other relief and subsidy schemes.

(b) Quality Control and Up gradation - It carries out the inspection of various products under its purview, especially meat and meat products in slaughter house, processing plants, storage premises conveyances or other places where such products are kept or handled, for the purpose of ensuring the quality of such products.

(c) Collection and Dissemination of Information - It collects valuable information from the owners of factories or establishments engaged in the production, processing, packaging, marketing or export of commodities under its purview. It collects information about foreign markets through studies, surveys research, etc. and publishes them for the benefit of the exporters.

(d) Advisory Role - It provides recommendatory advisory and other support services to the trade and industry. It helps exporters by solving their problems, explaining the procedures, rules and regulation, etc. It also assists importers of Indian products in foreign countries through Indian missions abroad.

Other Services of APEDA

- To register the exporters on payment of such fees as may be prescribed.
- To fix standards and specifications for the products under its purview for export.
- To set and improve the packing and packaging standards for the products under its purview.
- To assist the Indian exporters with marketing infrastructure for export of goods abroad.
- To promote production and development of products under its purview for export purpose.

- To develop manpower through training and development programmes in various aspects of the industries connected with these products
- To invite trade delegations from abroad and also organize the buyer-seller meets and other business interactions.
- To participate in the international trade fair and exhibitions in order to give a wide publicity to the Indian products.
- To distribute annual awards in order to encourage its members to perform better on the export front.

FEDERATION OF INDIAN EXPORT ORGANISATIONS (FIEO) - Federation of Indian Export Organizations (FIEO) is an apex body of various export promotion organisations. It was set up in October 1965. It represents the Indian entrepreneurs spirit of enterprise in the global market. It has kept pace with the country's evolving economic and trade policies and has provided the content, direction and thrust to India's expanding international trade. As the apex body of all Indian export promotion organisations, FIEO works as a partner of the government of India to promote Indian exports.

FUNCTIONS OF FEDERATION OF INDIAN EXPORT ORGANISATION - The following are the important functions of federation of Indian export organisation.

(a) International linkage - It has forged strong links with counterpart organizations in several countries as well as international agencies to enable direct communication and interaction between India and world businessmen. It is registered with UNCTAD as a national non-government organisation, and has direct access to information and data origination from UN bodies and world agencies like the IMF, ADB, ESCAP, World Bank, FAO, UNIDO and others.

(b) Dissemination of Information - It has bilateral arrangements for exchange of information as well as for liaisoning with several overseas chambers of commerce and trade and industry associations.

(c) Liaisoning with Government - It sends representations on policy matters to Central and State (regional) governments. It helps in establishing contacts between the government and commercial bodies both in India and overseas.

(d) Market Development Assistance (MDA) - The ministry of commerce, government of India, through FIEO, reimburses certain percentage of the expenditure incurred by the recognized exporters, such as all types of export houses, on sales cum study tours, participation in exhibition and fairs abroad, advertisements in foreign media etc.

(e) Market Research and Development Department - The market research and development department offers the following services to the exporters community i.e.- Arranging meeting with diplomats, incoming delegations and buying missions, inviting delegations, organizing trade fairs and exhibitions in India as well abroad opening foreign offices and warehouses, organizing seminars for promotion of international trade, opening new FIEO offices abroad.

(f) Publicity Department - The publicity department of FIEO performs the following functions- Bringing out various special supplements in Indian and overseas dailies in order to project the selected finished products in India and abroad. Creating and telecasting episodes in NEPC channel to promote India's prominent brands in various countries covered by the channel. It has published directory of foreign buyers and dictionary of Indian exporters. It publishes a fortnightly magazine, "FIEO NEWS", to cover development in the field of international trade concerning India.

INDIAN INSTITUTE OF FOREIGN TRADE (IIFT) - Indian institute of foreign trade was set up in 1963 by the government of India as an autonomous body registered under the societies registration act. It was set up with the prime objectives of professionalizing the country's foreign trade management and increase exports by developing human resource, generating, analyzing and disseminating data and conducting research.

FUNCTIONS OF INDIAN INSTITUTE OF FOREIGN TRADE (IIFT) - The following are the functions of Indian institute of foreign trade.

(a) Training - The IIFT has been recognized as centre of excellence for imparting training and education in international business. Its specialization in international business and a global outlook makes it unique among management schools in the country. It offers an inspiring learning environment, which transforms the bright young students into talented creative professionals.

(b) Collects Information - IIFT conducts market studies and surveys in overseas market. It tries to find out demand for Indian products in the overseas markets. It may also study consumer preferences and competition in overseas markets.

(c) Supplies Information - IIFT conducts market studies and surveys in the overseas markets. It tries to find out demand for Indian products in overseas market. It supplies this information to the exporters. The exporters can use such information while making their export marketing decisions.

(d) Organises Seminars and Workshops - IIFT organizes seminars and workshops in a number of export marketing areas, such as export pricing, export

promotion, etc. Exporters can take advantage of such workshops and seminars by taking active part them.

(e) Trade Delegations - IIFT sends delegates abroad to study overseas markets and also to interact with overseas importers. At the same time, it invites delegates from abroad, who can study Indian market conditions and can also interact with Indian exporters.

(f) Professional advice - IIFT provides professional advice to exporters in a number of areas such as export pricing, export procedures, promotion etc.

(g) Management Development programmers -Combining a unique blend of research and consultancy, IIFT has been a pacesetter in addressing to the needs of business executives by continuously aliening the focus of its management development programmes with the changing realities. As a result, its intensive short duration programmers have received the most enthusiastic response.

(h) Publishes Information - IIFT publishes information through its journals i.e. foreign trade review (quarterly) and foreign trade bulletin (monthly).

NATIONAL COUNCIL FOR TRADE INFORMATION (NCTI) - National council for trade information (NCTI) is as joint venture of ITPO and national information centre. Its activities mainly relate to supply of trade, business and economic information NCTI was established in October,1994 to provide latest, trade business and economic information to help India and foreign enterprises in the promotion of trade from and to India. In this sense, it acts as an export promotion organisation. The NCTI uses high speed NICNET national information highway for collection and dissemination of trade information. This network is connected to 200 networks in 160 countries.

FUNCTIONS OF NCTI - Following are the important functions/activities of NCTI.

- (a) To create databases at national and international levels for promotion of exports.
- (b) To collect information on various aspects of trade and commerce in different countries.
- (c) To disseminate information of countries and products to trade and industry.
- (d) To establish linkages with trade promotion bodies, regulatory bodies, chambers and associations among others.
- (e) To establish linkages with commercial wings of Indian missions abroad and foreign missions in India.
- (f) To publish papers, periodicals and other literature relating tot trade and commerce.

- (g) To maintain liaison with trade and commercial bodies different countries.
- (h) To organize training, seminars and conferences on matters relating to trade and commerce.
- (i) To create information base for all types of marketing intelligence on trade aspects.

INDIAN TRADE PROMOTION ORGANISATION (ITPO) - Indian trade promotion organisation was set up by the Ministry of Commerce, Government of India, on 1st January, 1992 with its headquarters at New Delhi after the merger of Trade Development Authority (TDA) and Trade Fair Authority of India (TFAI). It has five regional offices in India at Mumbai, Bangalore, Kolkata, Kanpur and Chennai and four in Germany, Japan, UAE and USA. As a premier trade promotion agency of the government of India, the ITPO provides a broad spectrum of services to trade and industry so as to catalyze the growth of bilateral trade, particularly India's exports and technological up gradation and modernization of different industry segments.

FUNCTION OF INDIAN TRADE PROMOTION ORGANISATION - The following are the functions or activities of Indian trade promotion organisation

- (a) **Organizing Trade Fairs and Exhibitions** - ITPO organizes trade fairs and exhibitions in India and abroad and to book stalls/space for Indian exporters to participate in overseas trade fair and exhibitions. ITPO acts as a publicity wing of government of India for organizing trade fair and exhibitions in India and abroad.
- (b) **Publicity** - It gives publicity in connection with the organisation of trade fairs and exhibitions in India, so that foreign parties may visit India to visit in such trade fairs and exhibitions.
- (c) **Collections of Information** - ITPO collects information of various trade fairs and exhibitions to be held abroad. The information is collected in respect of place or venue of exhibition, date and duration, products to be displayed, booking of space formalities, etc.
- (d) **Supply of Information** - ITPO provides information to Indian parties regarding overseas trade fairs and exhibitions. Such information may be useful to Indian parties or exporters to take proper decisions in respect of participation in overseas trade fairs, and exhibitions.
- (e) **Delegations** - Inviting trade delegations from abroad and sending Indian trade delegation abroad. ITPO book orders for Indian goods. In addition, to send Indian trade delegations abroad for market survey and for signing contracts for the supply for Indian goods.
- (f) **Booking of Space in Overseas Trade Fairs** - ITPO books necessary space/stalls for Indian exporters. This enables Indian exporters to participate in overseas trade fairs and exhibitions.

- (g) **Consultancy Services** - It provides consultancy services to Indian exporters to participate and display their product in trade fairs and exhibition in India and abroad.
- (h) **Seminars and Workshops** - ITPO organizes seminars/workshops for giving information/guidance to exporters about fairs and exhibitions arranged in India and abroad. ITPO has set up a trade information centre at its headquarters in New Delhi. It is considered as the best source of information on import and export trade.

EXPORT INSPECTION COUNCIL (EIC) - The Exporter Inspection Council of India was set up by the government of India under section 3 of the export (quality control and inspection) act, 1963 to provide for the sound development of export trade through quality and pre-shipment inspection. Certain amendments were made in the act in July, 1984 in order to provide the power to search and seize commodities, initiate ad justification proceedings against erring manufacturers/exporters, cancellation or withholding of the certificate of inspection issued by the inspection agencies, etc. The EIC is an apex body for controlling the activities of the quality and pre-shipment inspection of the commodities meant for export.

FUNCTIONS OF EXPORT INSPECTION COUNCIL - The following are the functions of EIC:

- (a) **Monitoring of quality control** - The main function of EIC is to monitor quality control and pre-shipment inspection of export items. At present over 1000 items are subject to compulsory inspection before shipment of goods. EIC has set up five EIAs each at Mumbai, Cochin, Calcutta, Delhi and Chennai to conduct actual inspection of goods before shipment.
- (b) **Collection of Information** - EIC collects information in respect of quality of products in the overseas markets of the competing nations. This information is supplied to the exporters.
- (c) **Pilot Test House** - A Pilot Test House has been set up in Mumbai with necessary infrastructural facilities of testing the products to meet the requirements of the international standards. The test house has three major sectional laboratories i.e. chemical, electric and mechanical laboratory.
- (d) **Organizes Seminars and Workshops** - It conducts seminars and workshops in respect of improving quality standards of Indian products exporters can attend such seminars and workshops and take necessary guidance and assistance.
- (e) **Consultancy Services** - It provides consultancy services to exporters to improve the quality.
- (f) **Recommendation to Government** - EIC recommends to the governments to take appropriate measures for setting up of quality up gradation fund and other facilities to the exporters to improve the quality.

- (g) **Delegation Abroad** - EIC sends delegations abroad to study quality control techniques and other developments in the area of quality control.
- (h) **GSP Certification** An important function of the EICs is to issue certificate of origin under the Generalized System of Preference (GSP) required for specified products exported to preference giving countries of Europe, America, Japan etc, EIC undertakes quality development and export promotional activities by way of arranging training of various quality control techniques to the personal at all levels in the industry.

FUNCTIONS OF UNCTAD - The United Nations Conference on Trade and Development (UNCTAD) celebrates its fortieth anniversary this year. During four decades, the organization has been the focal point within the United Nations for the integrated treatment of trade and development and related issues in the areas of investment, finance, technology, enterprise development and sustainable development.

Established in 1964, UNCTAD promotes the development-friendly integration of developing countries into the world economy. UNCTAD has progressively evolved into an authoritative knowledge-based institution whose work aims to help shape current policy debates and thinking on development, with a particular focus on ensuring that domestic policies and international action are mutually supportive in bringing about sustainable development.

The organization works to fulfil this mandate by carrying out **three key functions**:

- It functions as a **forum for intergovernmental deliberations**, supported by discussions with experts and exchanges of experience, aimed at **consensus building**.
- It undertakes **research, policy analysis and data collection** for the debates of government representatives and experts.
- It provides **technical assistance** tailored to the specific requirements of developing countries, with special attention to the needs of the least developed countries and of economies in transition. When appropriate, UNCTAD cooperates with other organizations and donor countries in the delivery of technical assistance.

In performing its functions, **the secretariat** works together with member Governments and interacts with organizations of the United Nations system and regional commissions, as well as with governmental institutions, non-governmental organizations, the private sector, including trade and industry

associations, research institutes and universities worldwide.

FUNCTIONS & EVALUATION OF GATT - Post-War reconstruction and development took almost fifty years before a final trade system emerged on which a consensus could be reached. Although conceived in 1947, GATT took so long because reconstruction of industrial bases and infrastructure required, in addition to global monetary stability, carefully tailored investment and tariff policies. Because most of the industrialized West required tariffs and non-tariff barriers to rebuild their postwar economies, tariff elimination could not seriously be discussed until the 1980s. That barrier free trade was a premature wish in the 1940s is best illustrated by the demise of the GATT forerunners, the Havana Charter, and the International Trade Organization (ITO). Both institutions fell victim to the developmental priorities of individual states, although many experts today would argue that barrier-free trade in the 1940s would have been a greater stimulus for economic recovery than the protectionist schemes adopted. In the final analysis, even the United States succumbed to protectionist arguments and the Truman Administration, which had led the Havana Charter talks, refused to submit the treaty to the Senate where it would have been defeated. Because economic recovery took precedence, the various GATT rounds resembled diplomatic foreplay which consistently highlighted the failure of industrialized nations to reach a consensus. The 1974 Tokyo Round was significant in one respect, however, because it addressed, for the first time, non-tariff barriers including subsidies, restrictive technical standards and the like. Nontariff barriers had, of course, by this time become a significant issue in their own right. The collapse of the Soviet Union and the liberation of its ring of satellite states provided a catalyst to the GATT process at the end of the 1980s. For forty years, the world had experienced an ongoing ideological and strategic Cold War between the United States and the Soviet Union. Suddenly, the remaining political barriers to the global economy were gone and a myriad of new economies became linked to the international system.

From GATT to WTO - 1947- 23 countries including India signed GATT agreement. GATT was created to regulate and liberalise world trade by reducing tariff barriers. 1948 - GATT came into force to liberalise world trade. 1949 - Second Round was held as Annecy in France. Discussions were held to reduce tariff on number of goods. About 5000 tariff concessions on various products were agreed upon. 1950 - Third Round was held at Torquay (England). About 8700 Tariff concessions were agreed. 1956 - Fourth Round was held at Geneva. Tariff reduction at this round was worth 2.5 US \$ Billion. 1960 - The Fifth Round called Dillon Round was held at Geneva. It was held in two phase. Phase I- to create a single schedule of concessions for the EC based on its common external tariffs. Phase II- for general round of tariff negotiations. 1964 - The Sixth Round, called Kennedy Round was held at Geneva. Tariff reductions and anti-dumping

measures were discussed. The round took 3 years to complete. 1973 - The Seventh Round, called the Tokyo Round was launched at Tokyo and concluded at Geneva. It took six years to conclude. Negotiations were held to reduce tariffs as well as non-tariff barriers on goods. 1987 -The Eighth Round, called the Uruguay Round was Launched at Uruguay and concluded at Geneva after 8 years. Negotiations took place on various matters:-

1. Tariff and non-tariff measures.
2. Trade in services.
3. Trips agreement.
4. Trims agreement.
5. Trade in textiles.
6. Trade in agriculture.
7. Creation of WTO, etc.

The WTO came into existence, which is more of a permanent institution with its headquarters at Geneva.

CONSEQUENCES OF THE URUGUAY ROUND - For most of its early decades, GATT was more or less an organization through which parties resolved their bilateral trade disputes by negotiation. In this respect, it was more of a political forum than an adjudicatory one. For years, the United States had sought a more legalistic (*i.e.*, Americanized) fashion of dispute resolution that would adjudge trade disputes according to an established, but evolving body of international trade law. This effort was resisted by other states which viewed the American effort as one that would make GATT too powerful. The persistent problem of non-tariff barriers caused the United States to act increasingly unilaterally against offending nations. Heightened aggressiveness by the Reagan Administration was the impetus behind the finalization of the WTO. Initially, much of the industrialized world had resisted United States proposals for a highly organized and legalistic WTO. In view of increased American unilateralism, however, both the European Community and Japan realized that the best way to restrain the United States was to adopt the American proposals for the WTO. Suddenly, a strong legalistic GATT was viewed as a means of countering the United States and deterring it from unilateral acts of which it alone was capable.

CONCLUSION: The central thesis of Hobbes' *Leviathan* is that to restrain man's natural urges and aggressions, the Sovereign must have the absolute power to regulate the individuals' intercourse with all other individuals. In this brief overview of how the WTO and GATT evolved, it is apparent that international law has finally developed to the point where it will play the role of Hobbes' Sovereign in regulating the interaction of individual states. The most significant challenge to the new WTO remains the issue of non-tariff barriers. Complex and very often insidious non-tariff barriers take all forms and are far more difficult to define and to curtail than simple tariffs. Indeed, many experts have noted that such barriers will be permanent fixtures of international trade for years to come. Such barriers include: the Arab League Boycott of Israel and of multinational corporations that do business there; Japan's exclusionary business practices,

known as the "Keiretsu"; and, the European Community's heavy agricultural subsidies. Despite the supposed trend away from governmental involvement with industrial performance, experts have noted that such participation is increasingly more important. Instead of fighting this trend, it has been suggested that policymakers accept a "market access regime" which recognizes the permanence of public-private sector coordination in national economies: International agreements cannot end this assistance; International rules provide for timely review of the concerns of foreign competitors and, in some cases, lead to limited harmonization of national policies. The best guarantee of efficient competition is using trade or investment, including alliances, to introduce robust foreign competitors in all major economic centers. Such a strategy undercuts the benefits of protectionist policies by letting foreign competitors share in any special benefits conferred by trade barriers or special assistance to boost particular industries. Although it is far from certain what the future will bring under the new WTO regime, many policymakers have begun to eschew standard models and formulas. The continued growth of multinational conglomerates, the rapid industrialization and modernization of formerly Third World Nations, and the demise of ideological conflict have raised all sorts of possibilities. The whole idea of the nation-state as the central actor on the world stage has been challenged by those who view regional economic zones as the emerging primary unit of the international community. These transformations have had an impact upon all facets of international relations. Clearly, military force is no longer an option where the most serious disputes between states are based on commerce, even where that commerce is tied to national security. The drag that non-tariff barriers place on economic growth can only be addressed through bilateral negotiations or a multilateral approach through the WTO. It may be trite to suggest but, perhaps after centuries of conflict, mankind has finally buried the Hobbesian savage and accepted the primacy of international law.

GLOBAL MARKETING ENVIRONMENT -

When a company contemplates marketing abroad or expanding existing international marketing activity, management faces five major decisions:

1. International marketing decision i.e. initial and fundamental decision on whether or not to market or expand abroad.
2. The market selection decision i.e. determination of which market to enter.
3. The market entry decision i.e. determination of the most appropriate methods of entry into those markets, e.g. exporting, licensing, manufacturing abroad.
4. The Marketing Mix decision i.e. planning and implementing a marketing mix appropriate to the market environment.
5. The Organization decision i.e. determining the appropriate organization structures.

After deciding on the above major decisions, then it comes to the point of forecasting. **Forecasting future market potential** is inevitably more difficult internationally than in the domestic market due to the lack of well acquaintance of the international marketer with the external environment such as economic, political and cultural background or the current business climate and the impact of local competition. To the extent, therefore, the international marketer must be prepared to allow a greater margin for error and there is little he can do to remedy the situation.

To serve the international markets effectively, a firm is in need of understanding international marketing environment properly. The needs, preferences and expectations of buyers in different overseas markets are not necessarily similar. The environmental differences influence the international marketing decisions of a firm.

Marketing environment refers to the controllable and uncontrollable forces that influence upon the marketing decision making of a firm. International Marketing environment is comprised of those components which shape policies, programs and strategies of an international marketer. An international firm must resort to systematic study of international marketing environment to collect the inputs of marketing decision making.

Components of International Marketing Environment & importance:

The International Marketing Environment consists of following elements:

1. Economic Environment.
2. Financial Environment.
3. Cultural Environment.
4. Social Environment.
5. Political Environment.
6. Legal Environment.
7. Competition Environment.
8. Technological Environment.

The various components of the international marketing environment are the major determinants of marketing opportunities. As such, it is the responsibility of an international firm to have clear grasp of international marketing environment to formulate effective marketing decisions regarding Marketing Mix variables.

The following point highlights the importance of understanding international marketing environment:

1. International Marketing opportunities vary among the nations. Some economies have enormous potentials of growth while other has not. The

- knowledge of economic environment helps an international marketer to understand which market to select for reaping lasting benefits.
2. Culture is a basic determinant of human behaviour. The cultural norms and values may vary among the countries. That's why knowledge on cultural environment is utmost important to the international marketer.
 3. Political environment has a major influence on creating sound investment climate. The law and order situation influences business operations. International marketing operations can be smoothly conducted in a country having political stability and healthy political situation.
 4. International marketing is affected by legal environment of a foreign country in which a firm intends to operate. International marketing transactions need compliance with legal provisions. So international marketer should be familiar with the legal environment of foreign countries where marketing efforts will be made.
 5. The state of competition prevailing in an international market has great importance upon the strategic plan of the international marketer.
 6. Technological changes have also great importance because of its direct impact on product obsolescence issue. Up-to-date knowledge about the state of technological environment is essential for the firms associated with international marketing.

Brief discussion on the Components of International Marketing Environment:

A) Economic Environment: The economic environment is comprised of the following economic variables at least:

1. National Income.
2. Gross Domestic Product (GDP).
3. Industrial Structure.
4. Currency floating (Open/fixed) issue.
5. Demand patterns.
6. Balance of Payment (BOP) status
7. Economy base (Import/Export).
8. Rate of Economic Growth.
9. Occupational Pattern.
10. State of Inflation.
11. Consumer Mobility.

The international marketer tries to understand economic environmental variables of the global markets for identifying the right marketing opportunities for the enterprise. Following analysis would be helpful to understand economic environment:

based on economic systems: International economies are classified into: a) Market. b) Planned & c) Mixed.

Market economy is an ideal place for the international marketer due to consumer's dominance in the market. On the other hand, planned economy

which typically allocate resources centrally and Mixed economy, which basically a bridge economy between public and private sectors is not same ideal place like the market economy.

based on industrial structures: International markets can be classified into: a) Subsistence economy. b) Raw material exporting nations. c) Industrializing economy. d) Industrial economy.

based on national income: International markets can be classified into: a) Very low family income. b) Mostly low family incomes. c) Very low and very high incomes d) Low, medium and high incomes. e) Mostly medium family incomes.

To know economic environment in proper perspective, the international marketer should also analyze the following factors:

a) Size of the market. b) Purchasing power of the people. c) Commercial policy of the country. d) Demand for foreign goods. e) Credit and interest policy.

B) Cultural Environment: Culture is everything that people have, think and do as members of the society. It is the sum total of knowledge, beliefs, arts, morals, laws, customs and any other capabilities and habits acquired by humans as members of the society. The environment which is comprised of norms, folkways, taboos, religious sentiments, habits that determines the lifestyle, attitude towards different goods and buying decisions is regarded as cultural environment.

Since consumer behaviour is highly influenced by cultural environment, a firm pursuing international marketing must know the cultural differences in which international efforts are made. In a bid to acquire first hand knowledge about other cultures, procedure such as collection of secondary data about the cultural traits of other nations is very much helpful in this regard. Such data provide information regarding language, interest of people, demographic characteristics of people, education and income level of individuals.

One of the important objectives of studying cultural environment is to ascertain the similarities in respect of consumer behaviour. The similarity in beliefs, values and customs that govern the use of the products/services provide the essence of global standardization of products. Straight extension of products/services to overseas market is possible when similarities in the consumer behaviour of the nations exist.

Another salient objective behind analyzing the international marketing environment is to identify differences among nations in respect of consumer needs, preferences, buying habits and attitudes toward foreign goods. An understanding of the differences among nations assist the international marketer is to devise appropriate strategies to reach consumers in specific foreign markets.

A **checklist** is provided below to cope with the different cultural environment:

- a) Be culturally prepared, forewarned is forearmed.
- b) Learn the local language and its non-verbal elements.
- c) Mix with the host nationals, including socially.
- d) Be creative and experimental without fear of failure.
- e) Be culturally sensitive, do not stereotype or criticize.
- f) Recognize complexities in the host culture.
- g) Perceive yourself as a culture bearer and ambassador.
- h) Be patient, understanding and accepting of your hosts.
- i) Be most realistic in your expectations.
- j) Accept the challenge of intercultural experiences.

C) Social Environment: Human beings live in a society. A contemporary society is comprised of various social classes depicting a wide range of values, attitudes and behaviour. Each class is shown in terms of social status, relative wealth and prestige. Individuals belonging to a particular class are found to lead their lives as per the norms and values of the concerned class. Thus social environment refers to social stratifications of a society and its behavioural implications. The international marketer intends to provide an insight into the social environment to know the constituents of a foreign society and to understand how social classes differ in their buying habits, brand choice and living patterns.

Research on social environment has come out with the following social classification and their buying/consumption pattern which are helping international marketer to decide about their strategy:

- a) **Upper Class:** Consumers belonging to Upper Class serve as a reference group for others to the extent that their consumption decisions trickle down and are imitated by other social classes. They constitute a good market for jewellery, antiques, homes and vacations.
- b) **Lower Upper Class:** This class tends to show patterns of conspicuous consumption to impress those belonging to less than their social position. They seek to buy the symbols of status for themselves and their children, such as, expensive homes, schools, automobiles etc.
- c) **Upper Middle Class:** This class is a quality market for good homes, clothes, furniture's and appliance. They seek to run gracious home, entertaining friends and clients.
- d) **Middle Class:** This class constitutes a major market for do it yourself products. This group is involved in religious activities and tries to avoid highly styled clothing's.
- e) **Working Class:** This class basically aims at meeting salient human needs. They also strive for security and interested in items that enhanced their leisure.
- f) **Upper lower Class:** The upper lowers are found to be sports fan, heavy smokers. In view of their financial conditions, they tend to show interest in the low priced consumer goods.

g) Lower-lower Class: Individuals belonging to this class usually have broken down homes, dirty clothes and raggedy possessions.

D) Political Environment: Political environment refers to the variables like below:

- a) Stability of Government Policies.
- b) Philosophies of the political parties.
- c) State of Nationalism.
- d) Kinds of Political risks.
- e) State of bureaucracy.
- f) Economic Risks.
- g) Attitude toward foreign investment.

The political environment is a critical concern for the international firm that desires to operate in a country having stable and friendly government. The hostile political environment may create various risks for an export firm threatening its existence.

E) Legal Environment: The legal system of this Universe derives from several sources. One is 'Islamic Law' which is derived from the interpretation of Quran, 'Socialist Law' derived from the interpretations of Marx and Lenin, 'Common Law' has its roots in English law as used in UK, USA and Canada. An International Marketer intends to provide an insight into international legal environment to conduct marketing operations in compliance with international laws, originate from the various sources. Proper understanding of legal environment may assist an international firm to handle legal disputes effectively. Following are some variables which constitute the legal environment:

- a) Rules for exporting and importing goods.
- b) Rules for People
- c) Rules for Services
- d) Rules for money across national boundaries.
- e) Health regulations
- f) Safety Standards
- g) Product Packaging and labeling
- h) Product Advertising and promotion etc.

International Marketer also needs to understand the legal dispute settlement process to protect his justifiable interest. We know that legal disputes can arise in three situations such as: a) Between Governments b) Between Company and a Government c) Between Two Companies.

Dispute between Governments can be settled by the International Courts but disputes of other two categories must be settled through Arbitration or in the courts of the country of one of the parties involved in the dispute.

Most International Marketing disputes can be settled by any of the following three methods: a) Conciliation b) Arbitration & c) Litigation.

F) Competitive Environment: To plan effectively international marketing strategies, the international marketer should be well-informed about the competitive situation in the international markets. By Competitive environment we mean the following variables:

- a) Nature of competition
- b) Players in the competition
- c) Strategic weapons used by the participants
- d) Competition regulations

Following are the ways an international marketer can handle competition:

- a) Proper knowledge about the competitors
- b) Knowledge of Competitor's objectives
- c) Competitor's strategies
- d) Competitor's reaction patterns
- e) Knowledge of Competitors strengths and weakness.

G) Technological Environment: The most dramatic force that shaping the destiny of an international firm is technological environment. Technological know-how impacts all spheres of an international marketer's operations including production, information system, marketing etc. The international marketers must understand technological development and its impact on its total operations. The marketing intelligence system may help the international firm to know technological orientations of other enterprises and to update its own technologies to remain competitive. Research and Development (R&D) has a vital role to play in increasing technological ability of a firm.

H) Financial Environment: Financial environment refers to the financial system study of a country in which the international marketer intends to operate. A financial system of a country refers to the following two variables such as: a) Money Market. b) Capital Market

In addition to that financial system also need to comply with the mechanism of the global financial system which was originally became effective through 'Bretton Woods Agreement', signed in 1945. The two fundamental institutions were created through this agreement, that is, "International Monetary Fund (IMF)" and "Bank of Reconstruction and Development (World Bank)". The international trade which is now regulated by World Trade Organisation (WTO), also has a great impact on the financial system of a country. Financial systems of any country who basically signed the treaty, conventions of the above noted global structure are to be in line with their stated requirement.

As soon as a domestic firm begins to internationalize its activities, it encounters foreign financial markets. It's first encounter is likely to be with the global foreign exchange market which has two main purposes: the first is currency conversion and second is the reduction of foreign exchange risk. In addition to that a government can also impose currency exchange controls to restrict or suppress the use of it's currency in international transactions.

QUESTION BANK

- Q-1 Explain the meaning of Export Marketing.
- Q-2 Discuss the importance of export marketing at the national level & Firm level.
- Q-3 Explain the need of Export Marketing Research?
- Q-4 What are various tools of Marketing Mix used in Export Marketing?
- Q-5 Explain various export marketing organizations in India?
- Q-6 Discuss the functions of export promotion councils?
- Q-7 Write short notes on Commodity Boards?
- Q-8 Write in brief about MPEDA, APEDA, FIEO, ITFT, NCFIT & ITPO.
- Q-9 Discuss the activities of EIC?
- Q-10 Explain the Role of UNCTAD in International Business. Whether it was able to achieve its goals? Critically evaluate it.
- Q-11 Explain the Role of GATT in International Business. Whether it was able to achieve its goals? Critically evaluate it.
- Q-12 If you want to export any commodity, explain briefly the Export Procedure for it.?
- Q-13 Discuss briefly about various Documents required while exporting any goods.
- Q-14 Explain the meaning of International Environment for Export Marketing. Discuss its importance for in Export Marketing.
- Q-15 Explain various components of International Marketing Environment.
