Literature review

I. Entering New Markets

The entering of new markets has its advantages and disadvantages. One of the main advantages of operating in an international or foreign market is considered to be the enhancement of the organizational capabilities of the efficient resources. For instance, according to Onkvisit and Shaw (2004), many of the international companies tends to invade new markets with its products and services, where there is a relatively cheap labor, which enable the company to move some of most of their operations to be conducted within those markets. These actions ensure that the organization would be reducing the costs of the labor and naturally reduces the costs of the production (YU, 2011: P. 2). However, according to Bradley (1991), the invasion of new markets may lead to different risks and problems, which would be out of the control of the organizations and their marketing teams, such as; the changing and conflicting cultures, political systems, and economic structures (YU, 2011: P. 1). There are different techniques and strategies that can be followed by the international organizations, throughout their invasion of new foreign markets. For instance, the organizations can be exporting their products to foreign markets, performing licensing or franchising agreements with local investors, formulating a joint venture with one of the local producers, conducting a strategic alliance with local organizations, or launching a direct investment plan. According to Terpstra V., Sarathy R. (2001), the exporting strategy is considered to be the one with the lowest risks, as the strategy eliminate the initiate financial investments that should be pursued by the organization, while the direct investment can be considered as the one with the highest risks. For the development and the growing of the international organizations within the new foreign markets, the marketing management team of the organization should be identifying the most suitable strategy or marketing technique that should be followed for maximization the benefits and eliminating the costs (Twarowska & Kąkol, 2013: P. 1007).

In 1997, Bell developed a framework that divided the decision for entering new foreign markets into three stages. The first stage included the market selection, which focus on the identification of the most profitable market that the organization should be

Summary

To summarize, it should be ensured that the invasion of new markets can be regarded as one of the most important decisions that are being conducted by the large and small organizations, for the purpose of ensuring their survival in today’s competitive markets. For entering new market, the organizational management should be focusing on the choice of the most appropriate market, throughout the type of product the conditions of the market, and the purpose of invading the new market. In addition, the organization should be identifying the most effecting marketing strategies that would be enabling the organization to overcome the entire obstacles within the entering processes. Based on the analysis of the markets, the organization would be able to choose the effective strategy to follow that would be reflecting an appropriate level of risk and return. Entering new markets can be conducted throughout various approaches, while the most common approach, nowadays, is considered to be the exporting, especially throughout the technological changes. Technology and information systems had been facilitating the processes for the destructions of the barriers, such as; inefficient supply chains, the less talented skills and labor, and the high costs for the transportation and tariffs. It is recommended that the small and medium entrepreneurial organizations should be focusing on the digitalization of their organizations for the purpose of ensuring that they will be able to maintain an appropriate positioning within the international markets, which would be seeking the lowest capital and investments required. On the other hand, developing and underdeveloped countries are required to be conducting a full-scale change process, which would be eliminating the barriers in front of the international and the foreign companies. For instance, the restructuring of the banking sectors, the development of the information systems infrastructures, the development of the skills of the labor, and facilitating the governmental regulations and rules would be ensuring the growth of the international organizations to move to their markets. In addition, there would be various benefits that would be gained by the hosting countries such as; the reduction of the unemployment, the rising of the economy, and the motivation of the business transactions.