

Motives



Motives UNIT3DB The main economic blocs including GATT, WTO, MAI, NAFTA and IMF have changed economic environment ensuing global and regional integration. Small and medium-sized businesses need assistance in international marketing that large companies do not. The policies and programs adopted by governmental organizations to promote exporting are an increasingly important force in the international environment. Many of the activities involve implementation and sponsorship by government alone while others are the results of the joint efforts of government and business (Hart, Prakash, 2000). Company grouping programs have evolved in a number of countries, often under the label of network schemes. Encouraged and facilitated by government, these schemes are designed for small- and medium-sized enterprises (SMEs) and are used primarily - but not exclusively - for export activities. In general, an export grouping scheme provides the opportunity for member companies to spread the initial costs and risks of international market entry, to share information and experiences, and to pool resources to support stronger promotional efforts.

Illustrative uses of network schemes are the 'export circles' in Finland which have the requirement that each circle be kept small and that the companies must be noncompetitive and the Joint Action Group (JAG) scheme in Australia which was initiated by the semi-government agency the Australian Trade Commission as a way of improving performance of Australian exporters. One requirement of such groups is that member companies must accept group-determined goals and activities, which is often difficult for smaller companies to do especially when the group comprises competitors (Pieterse, 2004). Two approaches have been used to form groups: (1) supply based, which starts with formation of a group and then seeks an opportunity, and (2) demand

driven, which starts with an international prospect or opportunity and then the group is formed.

Also, to becoming parties to agreements and conventions and being members of supranational organizations, national governments promote international marketing for small companies through so-called regulatory supportive activities. These activities generally fall within the political or legal jurisdiction of the national government, and are essentially regulatory-type activities that are used as promotional tools. By the use of such tools, a government attempts directly to make its country's products more competitive in world markets (Tayeb, 2000). Also, government "assists small business in their international endeavors, providing export information, development assistance, trade counseling, training, legal assistance and publications" (USTR's Relationship, n. d.).

Other aspects of the assistance program include trade fair participation, and grants and loans to assist in such activities as marketing and travel. These programs are quite popular in developing countries, where they are known as public sector trade promotion organizations (TPOs). In many instances, TPOs have not proved suitable for the emerging needs of countries, particularly developing countries. An export counselor at a local office can do a quick market assessment of the level of demand for a company's product in a foreign market and provide information on all relevant regulations there (Bannock, 2005). If the market looks promising more detailed research can be conducted covering market size, competitive situations, alternative marketing intermediaries to contact, and so forth (Hart, Prakash, 2000). An overseas office assist in getting appointments and providing information on practical aspects of doing business in that market. In addition, they runs the

Export Market Development Grant scheme (EMDG), which helps SME exporters locate and develop overseas markets. Grants of up to A\$200, 000 are given to SME exporters or intended exporters to pay for up to one-half of their overseas marketing and promotional costs incurred to earn export revenue.

References

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