

# [Multidomestic strategy for pinewood tractors](https://assignbuster.com/multidomestic-strategy-for-pinewood-tractors/)

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* Research for Target Market:

Once there is a series of decisions to accomplish the objectives in the same direction, there will be synergy. Long drawn planning boosts the prospects by providing energy. Companies use four basic strategies to enter and compete in the international environment. Each of these strategies has its advantages and disadvantages.

### International Strategy

Pinewood Tractors pursued an international strategy, created value by transferring valuable skills and products to foreign markets where local competitors lacked those skills and products.

Most international companies have created value by transferring differentiated product offerings developed at home to new markets overseas. Consequently, they tend to centralize product development functions, in their home country. However, they also tend to establish manufacturing and marketing functions in each major country in which they do business. Although they may undertake some local customization of product offering and marketing strategy, this tends to be limited in scope. An international strategy makes sense if a company has valuable unique competencies that local competitors in foreign markets lack and if the company faces relatively weak pressures for local responsiveness and cost reductions. Pinewood Tractors s pursuing a multidomestic strategy orient themselves toward achieving maximum local responsiveness.

As with companies pursuing an international strategy, they tend to transfer skills and products developed at home to foreign markets. However, unlike international companies, multidomestic companies like Pinewood Tractors s extensively customize both their product offering and their marketing strategy to different national environments. As a result, Pinewood Tractors generally does not realize value from experience-curve effects and location advantages and, therefore, often have a high cost structure. (Likert, R. 1991. New Patterns of Management) A multidomestic strategy makes most sense when there are high pressures for local responsiveness and low pressures for cost reductions.

The high cost structure associated with the replication of production facilities makes this strategy inappropriate in industries in which cost pressures are intense.

### Global Strategy

Pinewood Tractors s followed a global strategy, focused on increasing profitability by reaping the benefits of cost reductions that come from experience-curve effects and location economies. Global companies do not tend to customize their product offering and marketing strategy to local conditions. This is because customization raises costs as it involves shorter production runs and the duplication of functions. (Hamel, G. (1999).

Strategic Planning: Formulation Of Corporate Strategy)

### Transnational Strategy

Pinewood Tractors s whose operations are spread across several locations worldwide and are not confined to any country or a region and since pursue low cost and product differentiation at the same time are referred to as transnational companies. In essence, transnational companies operate on a global level while maintaining a high level of local responsiveness. A transnational strategy makes sense when a company faces high pressures for cost reductions and high pressures for local responsiveness. Pinewood Tractors which pursues a transnational strategy, basically tries to achieve low-cost and differentiation advantages simultaneously. Although a transnational strategy apparently offers the most advantages, it should be remembered that implementing it raises difficult organizational issues. The appropriateness of each strategy depends on the relative strength of pressures for cost reductions and for local responsiveness.

### Products and Services Offered:

The most important part of the plan is to tell the customer the details of the products being handled and the services offered. At times it may not be possible to give a description of each and every product but the list of sections and the items that particular section will handle will serve the purpose. Similarly for services a description is required such as the services offered are completely different from others.

### Market Examination:

An international business can’t flourish unless the market is thoroughly analysed, the type of customers, the possibility of growth and the target market. The needs and services of the customers are to be fulfilled to capture the market.

The product price has to be competitive, on the basis of demand and cost unit pricing and working on market fluctuations. The promotional channels to be tapped, like advertising, on-line demonstration, tracking suitable customers and convincing them to purchase the product. The scheme of free delivery at the destination and also free replacement if found non- working within a certain period. Market environment will change frequently and the company has to change strategy often depending upon the demand analysis. (Hamblin, A.

C, Evaluation and Control of Training)

### Target Markets in international-business:

Consumer behavior such as shopping frequency and willing to do purchases from internet. Also depends on the desire and needs, lifestyle, age, education, occupation and income. Depending upon the market analysis the desired market has to be focused. If the sale is to be made on web only then anybody having a credit card and access to internet can do purchases.

Some customers have taken a decision to opt for a particular brand, in that situation the plan may be to keep some particular brands. Some groups of persons who are categorized in the primary market are considered as premium customers and their needs to be explored. Another group who may come in the secondary group are those who do shopping for somebody else may be they want to gift to any of their friends. This category has different needs than primary market customers.

### Research for Target Market:

There need to be a correct answer as to how many individuals are marketing on internet.

Whether such markets are expanding or declining or just stable. There is always a group of professionals like Doctors, Engineers who can be targeted to sell some specific items. Data can be collected from many sources to locate the groups.