

# Foreign markets essay



Dealing with foreign markets through the dynamics of international free trade can be risky. In the advent of globalization, many countries have come to realize the value of lowering down tariffs in order to attract more capital through foreign investments. For business companies, the growing prospects of trading with regions that had been previously reluctant to do business with then may be a very tempting proposition. However, many private companies that have ventured into free trade have found themselves unable to keep up with the finances of the competition, ill-equipped to handle the new business and popular culture that they entered, or harassed by unfair policies, practices, and even laws that certain countries operate on (Kellison, 2001).

These dangers are primarily what make taking on foreign markets a potentially profitable but possibly dangerous venture. Such being the case, it is important for any company to be well prepared with sound inferences based on valid and reliable research before making a decision of entering into a foreign market. It is a business manager's duty to initiate the efforts on making needs, feasibility, and risk analyses on investing in foreign markets in order to come up with the necessary information to be used in making sound judgment regarding the matter. It is from the three research aspects mentioned that each of the three research questions are to come from. Firstly, is there a need, based on the status of the local market, for the business to seek entrance to a foreign market? Secondly, does the company have the proper resources to address the needs of particular foreign markets for significant profit returns? Lastly, what are the current status of the foreign market/s that the company seeks to penetrate in terms of viability,

and stability as related to political and cultural issues? Needs assessment

Before venturing into a foreign market, a business must first determine whether it is necessary to do so. Rudwick suggests that sufficient data should be gathered regarding the present state of the industry (2003).

Passive data regarding the recent history of the industry with respect to the company's different competitors and the company itself should be pooled together. This entails digging into recent years of investments made by different entities into the industry to determine whether a saturation point has been reached or is nearing to be reached. A saturation point is one in which there is no more room left for an industry's progress in a specific area (Rudwick, 2003). Indicators of this can be deduced from gathering data about previous expansions made by different companies that operate in the industry or even companies that are only related to the operation of the particular industry. Such a method entails gathering public records, results from previous related studies, and other statistics that could be pooled together and analyzed. Feasibility inquiry On the other hand, the main focus of the second research question is the existence of demand for the company's business in some foreign market.

This mainly entails gathering consumer opinion with respect to the operation of a particular business. Analysis of data gathered from this research should lead to conclusions as to whether or not the company is capable of undertaking the financial, and cultural challenges of entering new territory. The method by which this can be achieved involves the collection of more active data in the form of opinions from different sectors of a target market

(Kellison, 2001). These opinions would build the inference regarding the demand for a particular business in a foreign market.

The execution of such a research involves extensive fielding of surveys to different sectors of the foreign territory. Unlike the prior research question, passive data collected through mining information from past records would not suffice if the objective is to make inferences regarding current demand for a particular product or service, and the ways by which customers expect such products and services to be delivered or served. Risk evaluation The final research question generally involves a mix of two methods of information gathering in order to be carried out successfully. Target markets identified through feasibility inquiries should be further assessed for underlying risks that might be present should the company decide to invest.

This entails gathering passive data through collecting stock exchange history, and describing socio-political issues that might affect the company. In the same way, active data could be gathered regarding public opinion of government, foreign investment and the company's products in general. Some companies such as gadget manufacturer Research In Motion, had fallen prey to abusive corporate practices of China in dealing business with them. This could have been prevented had RIM merely made a more comprehensive assessment regarding the dangers of investing in such a belligerent state (Hesseldahl, 2006). Active and passive data gathering Based on the assessment of methods that need to be used, it is clear that the collection of active and passive data entail different procedures that should be treated differently from one another.

The diversity of data required in order to support particular research questions entails the need for particular approaches to be considered and developed. Forcing a method that is not applicable may just leave a study unable to substantiate the very questions that it sought to answer adequately due to the data gathered being inapplicable for the analysis needed to make related inferences.