

# [The environmental factors that affect global and domestic marketing decisions res...](https://assignbuster.com/the-environmental-factors-that-affect-global-and-domestic-marketing-decisions-research-paper-examples/)

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## Introduction

Since its development, the global market has increased in size over the last two decades. International trade has become intense and efficient with the development of new technologies and marketing systems. Multinational corporations have also intensified their activities and expanded their presence in as many countries as their operation ability can permit. However, globalization comes along with many risks as international businesses try to take advantage of global markets. The benefits derived from the opportunities brought by global marketing, so many such that they outweigh the risks. Companies that join the market must ensure that they have competitive strategies and that the environmental factors related to such a move are conducive. This paper evaluates some of the environmental factors associated with domestic and global markets using Toyota Corporation as a case study.

Markets are influenced by environmental factors, which companies must consider before entering such a market and during the day to day operations in the new market. The company must consider global and domestic markets separately. In order to make correct decisions, companies must carefully compare local to international markets. Taxation systems have to be assessed to know the tariffs for various goods. In the automobiles industry, Toyota has been a perfect example of a multinational corporation conducting both domestic and global marketing. The company carefully considers which foreign markets to invest. The management has to base on factors such as industry structure, as well as income distribution in the country in question. The company also focuses on important factors such as political stability, bureaucracy and monetary regulation and legal systems, which influence the nation’s attitude towards multinational companies. Companies also want to know the culture and lifestyle of the people in the country of interest because these issues influence the manner in which people perceive goods and services and how they use them.

## Impact of global economic interdependence and effects of trade agreements and practices

Toyota Motors conducts domestic and international marketing in over 50 countries. The company has set up manufacturing and vehicle assemblies in more than 26 countries and geographical regions worldwide. The corporation’s vehicles are sold in about 170 nations. The company’s marketing decisions are influenced by economic interdependence and trade practices and agreements. Toyota Motor’s global economic interdependence helps in the maximization of sales revenues. This is possible through the concentrating on purchasing materials and vehicle parts from specific countries, and enlarging the market base in every country it operates. Toyota has to concentrate on targeting particular groups of people within a nation. This is because such groups or classes of individuals could be dependent on the company’s success. For example, the American federal government has in the past offered federal automaker loans, which help small or minority businesses and corporations in U. S to remain operational. It at all automobile makers fail, workers and supplies will follow suit. The impact of trade agreements and practices is responsible for Toyota’s operations and strategies within any country’s boundaries.

With the global market, companies have learnt to depend on one another for services. For instance, Toyota works in conjunction with other automobile making companies to assemble their vehicles in different countries. General Motors is one of Toyota’s partners in this sector of global interdependence. Such relationships that are business related between different multinational corporations lead to the signing of agreements as trade partners. Such agreements allow Toyota to purchase automobile parts from other companies in the same market. The agreement could be to outsource automobile assembling services. The agreements influence Toyota’s market strategy. Taxes are used in global and domestic markets openly. When the company is reviewing a country’s economic status, it has to assess the tax structures to determine whether they suit its marketing and production strategies. In countries where taxes are high, companies are forced to sell their products at high prices too. In struggling economies, a company such as Toyota would not perform well hence; it must carefully consider every market or country’s characteristics before expanding into such a market.

Multinational companies that also operate domestically find it important to diversify their market base. The company must assess the needs of each target market before settling on the marketing decisions to be used. For instance, in U. S, American cars such as Jeep, Ford and Cadillac are highly regarded by local individuals. Therefore, foreign companies such as Toyota must study the market carefully and make viable market decisions to suit the market. Before going global, a company must consider all possible restrictions and make sure that no problems may arise as a result of selling some of its products. There are countries that do not allow importation of some goods for specified reasons. The company must ensure they invest in a market where they will not face restrictions or bans for selling their products.

## Importance of physical infrastructure and demographics

Demographic trends have various effects on global marketing. Demographic reactions are as a result of factors such as religion, culture, age or gender. These factors affect the population’s purchasing power. For instance, Toyota vehicles find it hard to sell among high income individuals in America because they believe Toyota is not a fancy car like the Rolls Royce or Ferrari. Physical infrastructure influences growth and profitability of a company. Multinationals such as Toyota must make their marketing decisions after understanding physical infrastructure and demographics.

## Cultural differences

Cultures vary across the world hence; influencing different orientations of business environments. The company must know the culture of a potential market, whether open, reserved or closed cultures. Culture influences consumer behavior based on beliefs. The automobiles industry is complicated and cultural lifestyle can influence the sales of a company. Therefore, companies must understand the cultures that would suit its products and strategize on how to enter and sustain a market share. Introducing a product to a new culture can be easy by simply making consumers accept a product. However, some cultures resist products and only accept them later after the company invests a lot of resources marketing the product.

## Social responsibility and ethics versus legal obligations

Legal obligations are found in all markets. Toyota must know how to conform to these obligations in different markets to adhere to international trade rules. The rules could be monetary, tax or ethically related. Ethical decisions and social responsibility are important in determining the success of a company. Corruption is common in international trade but companies like Toyota must abide by their ethical principles. They must deliver quality products to customers and conduct their competition and marketing transparently. Social responsibility makes a company recognized as one that helps society and its customers in appreciation for the firm’s success.

## Political systems and international relations

For any potential market, the company must assess the political system and political stability of that country. Political instability leads to an insecure market which is risky to invest. The political restrictions for entry of foreign companies must be favorable to interested companies. Government regulations, buying power and monetary regulations must also be favorable. Toyota must assess these two factors carefully before investing.

## Local national and international legislations and the influence of the foreign corrupt practices Act of 1977

The FRP act of 1997 regulates companies from bribing foreign offices to get special treatment in business. The law fosters ethical practices in business. Legislation at national and international levels helps punish law offenders and promotes ethics. Toyota must be aware of all laws guiding global and local marketing and adhere to each of all laws.

## Impact of technology

In business, technology helps increase production, marketing and consumer relations. Advanced technology makes assessment and entry into new markets easy. Advertising has become technologically driven hence; improving marketing for companies like Toyota. Through technology, companies can interact with consumers and learn to abide by laws, culture and political systems in different markets.

## Conclusion

Therefore, Toyota is an innovative and constantly growing corporation. the strategies that the company uses to market are simple but well projected. Toyota has invested a lot of money in developing new company subsidiaries and vehicle assembly companies in different parts of the world that have good potential. The company has increased its productivity and vehicle variety to meet consumer demands. These strategies have led the company to develop into a leading automobile seller. Toyota has remained competitive and has registered rapid growth because it has invested in right markets and considered all factors that influence global and local marketing.

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