

Essay on export strategy for an exporting company

[Business](#), [Company](#)



[Year]

The frame work for export Strategy

This Board paper is aimed mainly at addressing the need for the development of a recommended export policy. The major target for this export stratagem is to bring it to the attention of the Board of Directors of EMAA flower Company in Mexico and ensures that it's adopted and implemented as an export strategy with Great Britain.

Why and how firms engage in international trade

Firms are attracted to participate in trade on an international level on the basis of the viewed market potential that the products as well as services that they produce command demand across border countries. The other very crucial factor hinges around the need for the firm to ensure that the company's brand image is enhanced to provide a touch of international fame (Bartlett, and Ghoshal, 2006). This is a very important factor for the companies as it enhances the development of the companies' overall brand image internationally and especially the international demand in as its products that are to be exported are concerned. The emergences of a number of studies that are historically oriented indicate that business has been a prominent feature and a major force among firms, (Barkema, and Vermeulen, 2004). The practice has become such a prominent issue in the modern time that economies have opened up to international trade activities. The progress of technology has played a significantly crucial role in easing up such very important factors including transportation as well as communication costs. The liberalization of most economic activities by

various economies has also played a significant role by eliminating some tariffs and barriers to trade on international level, (Brouthers, 2004). It must be noted that even with this, there are a variety of other reasons that trigger firms into engagement in international business, (Boyacigiller, et al., 2004). The engagement of firms in the export sector is triggered by a variety of reasons. Theoretical analysis has been rendered to the notion of international trade to help provide in depth analysis this phenomenon. These business models have continued to come in the face of authorization and consensuses by the experts that manage these firms and these include specifically firms of medium and small sized nature (SMEs). They have continued to agitate for international trade and devised means to ensure that they take advantage of the opportunities that are presented by the participation in international business. The aim is to upgrade these small firms to international level.

How firms adhere or benefit from trade promotion at national, regional and global levels.

It does not require a country to adopt very sophisticated technology to be able to take advantage of the benefits that are presented by the global economic benefits. In various technical perspective, an example pertain the trade between Britain and Mexico. In this example, it's illustrated that Great Britain is absolutely good at the production of almost every industrial product. However; it is worth noting that despite this fact, the relative productivities have been known to differ across borders. Where as in Great Britain, making a radio would end up taking twice as much time as it would take to harvest a jerry can of honey, the implication would be that for every

radio that is produced in the United Kingdom it must come at cost of production of two jerry cans of honey. The concept illustrated above regarding the tradeoff between the outputs as per each good illustrates the theory of opportunity cost in international business.

National level is established though Great Britain has the advantage of boasting absolute advantage of almost every good; it must be observed that Mexico is relatively better when it comes to the production of honey. The logic is that, Mexico hardly has to give up as much amount of radio to produce certain units of honey, (Aiken, and West, 2008). The conclusion is that Mexico has relevant levels of competitiveness in the production of honey whereas the Great Britain has a comparative advantage in the production of radios, (Barro, and Lee, 2000). In such a scenario, both countries find themselves benefiting in the event that each specializes in the production of what it can best produce; that is where it has a comparative advantage. Both countries can profit if they concentrate based on proportional advantage. Drawing from this example, it can be seen that, in the event that if each country were to possess total of over 120 hours to be called upon for the production of a certain commodity, it would imply that it would be possible for the Great Britain to produce a maximum of either 60 radios or 120 jerry cans of honey, (Brooke, and Remmers, 2007). The same procedure in Mexico when followed, Mexico can produce at most comparatively correspondent figures in the production of the two commodities, (Anderson, and Gatignon, 2011). Exporting regionally does represent a less expensive, as well as low-risk means of taking part in foreign markets. This is partly because it is not very difficult to initiate, as

long as the local distributors can be within reach, (Berry, 2005). The fact that they do not require a substantial amount of upfront capital investment, it makes the whole process quite convenient. It should be noted that the process can present complex challenges depending on the kind of exporting that the firm chooses to engage in; that is direct or indirect trade.

Globally, indirect exporting involves simply selling goods with an aim of reselling in foreign countries, and does not involve strict management or export strategy. One of the most common indirect exporting methods involve the selling of goods in the domestic country which the buyer eventually does ship and ultimately markets the product into a foreign market. A case in point is an instance where, a mining company in Mexico might have a procurement office in Great Britain. The company will be charged with the exporting of heavy equipment that belongs to Mexico, (Agarwal, 2004). In the same manner, a domestic dealer could act as a middleman that is to say by buying the equipment. For this technique though; it presents limited opportunities for expansion and resale to overseas customers. Another very popular indirect means of exporting involve the utilization of intermediate exporters, including export management companies (EMCs), (Anand, and Delios, 2002). These EMCs are usually trading entities whose speculation is exporting goods specifically to the domestic suppliers. They do this by either using commission arrangements or reselling goods after they have purchased them. The advantage with this technique is that it gives a company an edge in the control over its marketing efforts globally, and also that it is provided with instant access to knowledge regarding foreign markets.

Types of export-related strategies

The way a company decides to export its products does have a significantly big effect on its export plan as well as particular marketing strategies. The basic difference among these approaches in relation to exporting also depends on a company's level of participation in the export process. Four particular approaches are usually used and this can be in isolation or combination:

The first form is by passively taking orders as put in by the domestic buyers who in turn do the exportation of the product. These sales can be differentiated from the other sales domestically in the view of the original seller, (Becker, 2007). It is usually left to some other party to decide whether the product at hand meets foreign market demands. The other party takes up the risks that are involved in the process and handles all of the details involved in the exporting process. This happens without even the knowledge of the original seller in some instances.

The other way is by seeking out domestic buyers who represent foreign end users or customers. A number of foreign corporations, contractors, foreign trading firms, and foreign agencies of government, among other usually engage in purchases for export. These buyers offer a large market for an enormous variety of goods and services. For these particular cases, a country will be made to be aware of the fact that its product is being exported though it will still leave the responsibility of assuming the risks as well as details of export handling to the buyer.

The other method is exporting indirectly by the use of intermediaries. In this approach, a company gets engaged in the services of an intermediary firm

that is capable of finding foreign markets as well as buyers to handle its products.

Logistics, modes of transport and information technology

It's important that the exporting country knows exactly how it will ship its product as well as the manner of handling of the requirements of labeling as well as the needs of insurance. In this case, the company will employ the use of cargo planes given the perish ability of the product involved as well as the distance involved. The terms of payment will be well defined, as they will vary from country to country. Mechanisms will be put in place to ensure that the business practices that are common in financial institutions as well as currency controls that are part of many countries and bound to lead to lengthy delays in payment are properly managed.

For a country like Britain, entering a third world market like Mexico, the best recommended strategy of pricing is the flexible pricing strategy, (Beach, and Miles, 2003). In this strategy, the sales price does vary globally and is detected by the forces of demand and supply.

Incorporating ethical issues in strategic decision-making

While implementing this strategy, the company should consider the paramount importance of ethical principle including; honesty, respect, and trust. These should be self-evident and must be universally acceptable, (Abelson, and Black 2007). The fact that decisions in the international business transactions involve complex and detailed discussions, the risk of blundering in regard to ethical standard is very high, (Brett, and Okumura, 2008). To avoid this, strict ethical guidelines that must be maintained to

ensure that the protection of the participant and the overall environment is guaranteed.

Conclusion

Recent research on both the theoretical as well the empirical international trade practices have increasingly paid their focus on the traditional products as well as the countries and the industries involved. For firms and countries involved in the international trade to continue to rip from the benefits of international trade, well researched and properly formulated export strategies must be designed . in the case of the Board of Directors of ECCO Flower Company in Mexico the above strategy must be adopted and implemented as its export strategy to European countries.

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