

# Free case study on effects of economic distance

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



## **Economic distance**

It is prudent to note that the wealth or the income of the consumers is an important economic attribute which creates distance between countries. The economic distance has a great effect on the levels of trade that can exist between countries. It also determines the types of trade partners a country trades with.

For instance, research shows that rich countries like engaging in trade with the other rich countries compared to the poor cousins. However, the research also shows that the poor countries like trading with the rich countries in order to benefit from the materials available in the rich countries which a poor country may not be able to produce.

Therefore it is prudent to note that the economic level of a given country can determine its trade partners. For instance, the companies that rely on economics of experience, scale and standardization always focus more on the countries with similar economic profile or status. Since India is a developing country, it is likely to trade with other more developed economies such as that U. S.

## **Why India is the best place to locate the company**

India is a good place to open another Gentex branch. This is because of its high population which implies that the demand for the Gentex products will be very high. The high purchasing power of the citizens of India also makes it a good place to open up one branch for the company. As we all understand, the company deals majorly with the production of automotives which is in high demand in the country. In addition to that, there is no well established

company that deals with quality automotives products in India just like the ones offered by the company. This implies that the company is likely to acquire within a short period of time more customers.