Differences between competing internationally and competing globally

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Except in a few cases, companies in natural resource based industries such as oil and gas, minerals , rubbers and lumber often to find it necessary to operate in the international arena because of attractive raw material suppliers are located in foreign countries.

The Difference between Competing Internationally and Competing Globally

Competing internationally

A company competes only in a few foreign markets, It is an international multinational i. e. competing internationally,

Competing globally

A company competes in virtually the entire world's major countries and global competitor is pursuing a market presence on cost continents.

CROSS-COUNTRY DIFFERENCES IN CULTURE, DEMOGRAPHY AND MARKET CONDITIONS

Small firms are now competing in foreign markets where there is significant variation in market conditions. It poses a much bigger challenge than when just competing at home.

Small firms enter into foreign market initially to know the responsiveness to cross-country difference in culture, demography and market conditions. It complicates the task of competing with other players. This is the difficult and challenging task for small firms entering into foreign markets. One objective is to balance pressures and be responsive to local situations of each country. Also there is varied pressure for lower costs and prices of the products and services offered.

The Potential for Locational Advantages Stemming from Country to Country

Company's potential for gaining competitive advantage based on where it has located its foreign activities. This is a major area of concern. Rivals may have lower-cost locations and is a matter of considerable strategic concern.

Fluctuating Exchange Rate

The volatility of exchange rates greatly complicates the issue of geographic cost advantages currency exchange rates often to fluctuate as much as 20 to 40 percent annually, changes of this magnitude can totally wipe out a country's low-cost advantage or transform a former high-cost location into a competitive cost location.

Domestic Government Restrictions and Requirements

Domestic government enacts all kinds of measures affecting business conditions and the operation of foreign countries in their markets. Domestic government may set local content requirements of outputs made inside their borders by foreign-based companies, impose tariffs or quotas on imports, put conditions and restrictions on export to ensure adequate local suppliers, and regulate the prices of imported and locally-produced goods. In addition, outsiders may face a rules and regulations regarding technical standards, product certification, and prior approval of capital spending projects withdrawal of funds from the country and minority/majority ownership by local citizens. Some government, anxious to obtain new plants and jobs, offer foreign companies a helping hand in the forms of subsidies, privileged market access, and technical assistance.

MULTI-COUNTRY COMPETITION OR GLOBAL COMPETITION

Multi-country or multi-domestic competition exists when competition in one national market is independent of another national market. There is no ' international market', only a collection of self-contained country markets.

Global competition exists when competitiveness across national markets are linked strongly to form a truly international market where leading competitors compete head-to-head in different countries.

In multi-country competition, rival firms compete for national leadership. In globally competitive industries, rival firms compete for worldwide supremacy.

For a company to be successful in foreign markets, its strategy must be different from one country to another. Business and competitive environment must be taken into account.

STRATEGY OPTIONS FOR ENTERING AND COMPETING IN FOREIGN MAREKET

Strategic options for a company entering and competing in foreign market that decides to expand outside its domestic market and compete internationally or globally. Important strategic options for a company competing in international market are listed below:

• Export strategies

• Licensing strategies

• Franchising strategies

• A multicountry strategy or global strategy

Pursuing competitive advantage by competing multinationally

• Strategic alliance and joint ventures with foreign partners

Export Strategy

Company is manufacturing products and service for exporting to foreign markets. It is an excellent Initial strategy for pursuing international sales. It minimizes both the risk and capital requirements. With an export strategy, a manufacturer can limit its involvement in foreign markets by contracting with foreign wholesalers who are experienced in importing to handle the entire distribution and marketing of outputs and marketing function in their countries regions of the world. If it has more advantages to Company and has to domination to the control over these functions. In this case, a manufactures can establish its own distribution and sales organization in some or all of the target foreign markets. Either Way, a firm minimizes its direct investments in foreign countries because of its home-based production and export strategy.

Whether an export strategy can be pursued successfully over the long run depends on the relative Cost competitiveness of a home country production base. In some countries, firms gain additional sale economies and firm centralizing production on several giant plants whose output capability exceeds demand in any country market. An export strategy is open for firms when the manufacturing costs in the home country are substantially higher

than in foreign countries where rivals have plants or when it has relatively high-shipping costs. Unless an exporter can keep its production and shipping costs