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Internationalization and International Business Strategies: A Review of Literature

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Abstract

Since the 1980s globalization has been one of the most important phenomenon in marketing. Marketing literature suggests that formulation and execution of appropriate strategies are very much required in order to survive, grow and to be competitive in the international market places which are highly competitive nowadays; however literature detailing with international business is scarce. This study thus endeavors to fill the gap by integrating different aspects of internationalization/globalization. This study is the outcome of an in depth analysis of different aspects of international business. A good number of books/past research studies between the years 1972 to 2016 are reviewed in order to prepare this literature review and to explore different aspects of international business. The study points out that marketers need to take appropriate decisions on which market(s)/segments to be served, what entry modes to use and how to formulate and implement appropriate marketing strategies so that they can capture market share and/or establish strong foothold in foreign/host countries. The study suggests marketing practitioners some guidelines to formulate right strategies in international marketplaces and extends a direction for new research specifically in the context of developing countries like Bangladesh.

Key words: Internationalization, Globalization, Entry Strategies, Business Strategies, Standardization/Customization.

1. Introduction

A fundamental shift has been occurring in the world economies over the past four decades and globalization has now an impact on most of the thing we do (Hill, 2016:5). Levitt (1983) argue that market are becoming increasingly alike worldwide and the trend towards a global approaches to markets. A good number of firms are involved in international business now. 25-30 years back only a few firms used to do business in the international marketplaces. (Johansson, 2003: 4). International business may be understood as those business transactions that involve the crossing of national boundaries. They include: product presence in different markets of the world; production bases across the globe; human resources to contain high diversity; investment in international services like banking, advertising, tourism, retailing, and construction; transactions involving intellectual properties such as copyright, patents, trademarks, and process technology. The thought of globalization has been revised with time. In 1970s, main debate was whether firms should offer standardized or adapted product offerings. In the 1980s debate was in between globalization vs. localization and during 1990s, marketers used to debate on global integration vs. local responsiveness (Johansson, 2003:5). The focus of the marketing practitioners now is not only to generate sales but to develop and maintain sustainable competitive advantage by selecting the right target segments in the international marketplace and by taking appropriate business strategies in that market.

2. Rationale and Objectives of the Study

The economic environment is changing rapidly (Chowdhury and Bhattacharjee, 2017). Today's marketplace is rapidly changing, chaotic, unstable, global and highly competitive (e.g. Trout and Ries, 1972; Hamel and Prahalad, 1989; Hamel, 1996; Day and Montgomery, 1999; Porter, 1996). In this 21st century, more and more products and services are becoming increasingly similar and competitive in terms of prices, features and capabilities (Marken, 1997). The unprecedented growth of the globalization- the revolution of globalization has led to changes in the marketing environment forcing marketers to rethink almost everything they do and hence firms need to formulate and execute appropriate business strategies to develop some competitive advantage in order to be successful in the marketplace. The economy of Bangladesh is growing this is evident in 7.28 % GDP growth rate (Bangladesh Bureau of Statistics, 2018). A good number of firms are engaged in international business at the same time domestic manufacturers are facing competition from international firms.

Despite the importance of globalization on marketing and international business it is not properly addressed in academic literature. Hence the purpose of this study is to address this gap in the literature and to go for a review of literatures in order to integrate the different aspects of internationalization and international business which might be effective for the practitioners for formulating strategies by proper understanding about some strategic models/tools. This paper is an outcome of an exploratory research; since there has been no study relating to in-depth analysis of internationalization and international business hence the aim of this study is to look for patterns and ideas about the internationalization/globalization and international business strategies and to discuss some important aspects of international business. This study focuses on to provide answers of the following questions:

- What are the different phases of international business planning process?
- How to select the right market segment in the international market?
- What are the different entry strategies and how to select an appropriate strategy?
- What are the ways to formulate appropriate strategy in international business?

This review endeavors to integrate the different key aspects of internationalization and international business and to highlight some important strategic tools/models to provide some guidelines to the marketing practitioners.

3. Literature Review

3.1 Internationalization

Internationalization can be viewed as a) process b) an end-result and/or c) a way of thinking and is defined as the gradual progress in a company's international engagement in terms of the geographical spreading in markets, products and in operations forms, and the changes in managerial philosophy and organizational behavior from the starting of the process to the present situation (Albaum et. al., 1995:4). Hollensen (2007:5) defined internationalization as doing business in many countries of the globe but often limited to a certain region.

The study (e.g. Jeannet and Hennessey, 1995:23) highlights that the reasons for which firms want to be involved in international business are: to respond to orders from abroad without any organized efforts of their own; to take more active role as they believe that it can be an advantage to pursue export business on an incremental basis; severe domestic competition; saturated domestic market; international product life –cycle; intense international competition in home markets; an opportunity to exploit real competitive advantage; economics of scale; and merger and acquisition activity. Internationalization motives are classified into two types as shown in table-1.

Proactive Motives	Reactive Motives
Profit and growth goals. Managerial Urge. Technology competence /unique product. Foreign market opportunities/market information. Economies of scale. Tax benefits.	Competitive pressure. Domestic market-small and saturated. Overproduction/excess capacity. Unsolicited foreign orders. Extend sales of seasonal products. Proximity to international. customers/psychological distance.

Table-1: Internationalization Motives *(Source: Album et. al., 1995:31)*

3.2 From Internationalization to Globalization

A firm engages in international/global business conducts important business activities outside the domestic market (Keegan and Bhargava, 2011:6). In international business firms not only go beyond exporting but becomes much more directly involved in the local marketing environment within the host country or market (Jeannet and Hennessey, 1995:4).

Stages in Process	**Degree of International Involvement**	**International Business Approach**
Domestic	None	None
Export Selling	Reactive, Very limited, experimental.	None
Proactive Exporting	Active Involvement.	Increasing knowledge and the development of planning approaches. Approaches are more tactical than strategic.
International	Committed Involvement.	The key here is that the company has some investment in at least one other country. Planning is used extensively, but usually on a multi-domestic basis.
Global	Committed Strategic Approach.	Treats the world as an opportunity. The equidistant approach would be an ideal.

Table-2: The Stages of International Involvement *(Source: Johanson and Vahine, 2002)*

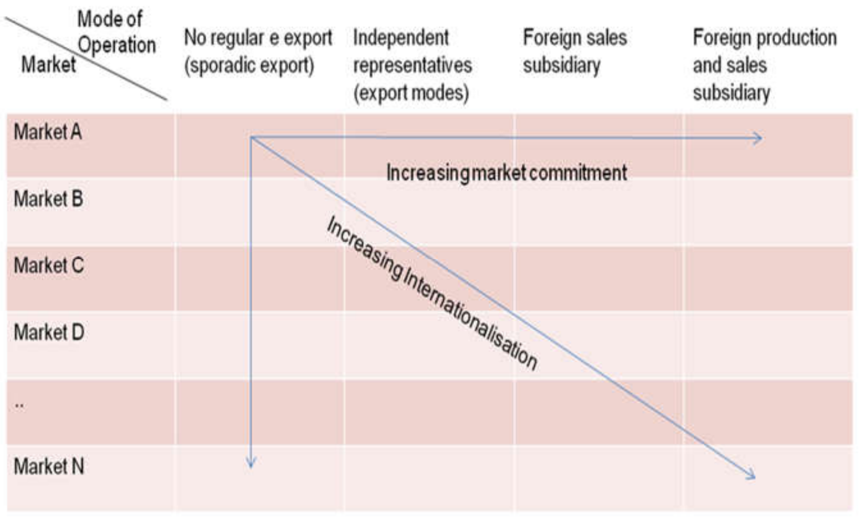

Figure-1: Internationalization of the Firm: An Incremental/Organic Approach

(Source: Forsgren and Johansson, 1975:16; cited by Hollensen, 2007: 64)

In the last stage in the development of the field of international business globalization appears where firms face distinct challenges and need to formulate strategies in that global marketplace (Jeannet and Hennessey, 1995:65).

Orientation	**Focus**
Ethnocentric	Home/Domestic country
Polycentric	Multidomestic
Regiocentric	Regional market groups, e.g. ASEAN
Geocentric	World/global

Table-3: Management Orientation in International Business

(Based on Hollensen, 2007:7)

The study (Ghauri and Cateora, 2003:19) suggests that firms follow three types of orientations to international business. These are domestic market extension orientation, multi-domestic market orientation, and global marketing orientation. In the domestic market orientation concept it is assumed that foreign markets are extensions of domestic market and hence domestic marketing mix is offered. Completely reverse concept is followed in multi-domestic market concept, where customized marketing mix is offered in each country as per unique culture of the country. In the global concept, an overall standardized marketing strategy which is cost-and culturally effective is formulated to serve the global marketplace, by keeping the option for the adaptation of marketing mix as per situation demands whereas the study (e.g. Hollensen, 2007:7; Keegan and Green, 2003: 42) points out that there are four management orientations firms follow in international business. These are ethnocentric orientation, polycentric orientation, regiocentric orientation, and geocentric orientation. In ethnocentric orientation, it is assumed that home country is superior to the rest of the world; associated with attitudes of national arrogance and supremacy. Management focus is to do in host countries what is done in the home country. This type of company is known as an international company where products and processes used at home are used abroad without adaptation. Polycentric orientation is the reverse of ethnocentrism where management operates under the assumption that every country is different; the company develops country-specific strategies. This type of company is known as a multinational company where it operates differently in each host country based on the environment. In regiocentric orientation, region becomes the relevant geographic unit (rather than the country) and management focuses on developing an integrated regional strategy. In geocentric orientation, managerial goal is to develop integrated world market strategies as they assume entire world is a potential market. Global companies serve world markets from a single country and tend to retain association with a headquarters country whereas transnational companies serve global markets and acquire resources globally; blurring of national identity.

Industrial Network Approach of the Uppasala internationalization model seeks to identify a ‘production net’ linking firms whose activities produce functions linked to a specific sector and classified internationalisation of a firm into four cases based on two dimensions- degree of internationalization of a firm and degree of internationalization of the market, where degree of internationalization of a firm refers to the extent to which the firm has positions in different international markets and degree of internationalization of the market refers to the extent to which different national sections have relationships in terms of global production network (Hollensen, 2007:72). The four cases of internationalisation of a firm are the early starter, the late starter, the lonely international, and the international among others (see: table-4).

Degree of Internationalisation of the firm	**Degree of Internationalisation of the market**	
	Low	**High**
Low	The early starter	The late starter
High	The lonely international	The international among others

Table-4: Four Cases of Internationalisation of a firm *(Source: Hollensen, 2007, p-73)*

Hill (2016:6) defined globalisation as the shift toward a more integrated and interdependent world economy. He also mentioned that globalization has two components-globalization of markets and globalization of production where globalisation of markets refer to the merging of historically distinct and separate national markets into one huge global marketplace and globalisation of production refers to the sourcing of goods and services from different locations around the globe to take advantage of the national differences in the cost and quality of factors of production.

3.3 Drivers and Barriers of globalizations

The study (e.g. Levitt, 1983) pointed out the drivers of globalizations. These are: market driver (global customers, converging customer lifestyles and needs of global village, global channels e.g. www.); competitive driver (common competitors using global strategies, transferable marketing); and cost driver (economies of scale-cost savings and economies of scope-sourcing advantage, avoidance of duplication). Johansson (2003:19) added another two drivers -technology drivers (Internet) and government drivers (ISO 9000 – a global standard of quality certification).The study (Keegan and

Bhargava, 2011:17; Keegan and Green, 2013: 44; Hollensen, 2007:18) suggests that the driving forces affecting global integration/globalization are technology and standardized worldwide technology, culture, market needs, costs/product development cost, free market/removal of trade barriers, deregulation, economic integration, peace, management vision, strategic intent, global strategy and action, multilateral trade agreement, information revolution, converging needs and wants ,transportation and communication improvement, quality, world economic trends, global customers, relationship management/network organization, worldwide markets, global village, leverage(experience transfers, scale economies, resource utilization, global strategy),global cost drivers.

The study (Keegan and Bhargava, 2011:17; Keegan and Green, 2013: 44; highlights that the restraining forces of globalization are culture, organization culture, market differences, costs, national controls, nationalism, war, management myopia, organization history, domestic focus, opposition to globalization etc. The study (e.g. Hollensen, 2007:53) suggests that internationalisation/globalisation barriers are: lack of management commitment; ignorance of and uncertainty over foreign trade requirements-lack of knowledge and /or finance; ethnocentricity-lack of connection/understanding; focus on domestic market- no observed need to expand; insufficient capacity; increased costs of operation, economic and political risk, general market (language, culture, competition, market structure); commercial (unfavourable exchange rates, non-payment–lack export financing, damage to goods in transit); political (lack of home country government support/incentives; barriers by host country governments-quotas, import tariffs; complex processes and documentation; cost escalation due to high export manufacturing, distribution and financing expenditures; lack of foreign channels of distribution lack of productive capacity to dedicate to foreign markets.

3.4 International Business Planning Process

Due to presence of numerous extraneous elements, planning in the international business is difficult (Johansson, 2003:571). The study (e.g.

Ghauri and Cateora, 2003: 262) suggests that international business planning process consists of four phases as detailed in figure-2. Phase -1 (preliminary analysis and screening) based on environmental uncontrollable, company character and screening criteria where company characters are: philosophy, objectives, resources, management style, organization, financial limitations, management and marketing skills, products; home country constraints are economic, political, legal; and host country constraints are economic, political, legal, competitive, level of technology, culture,

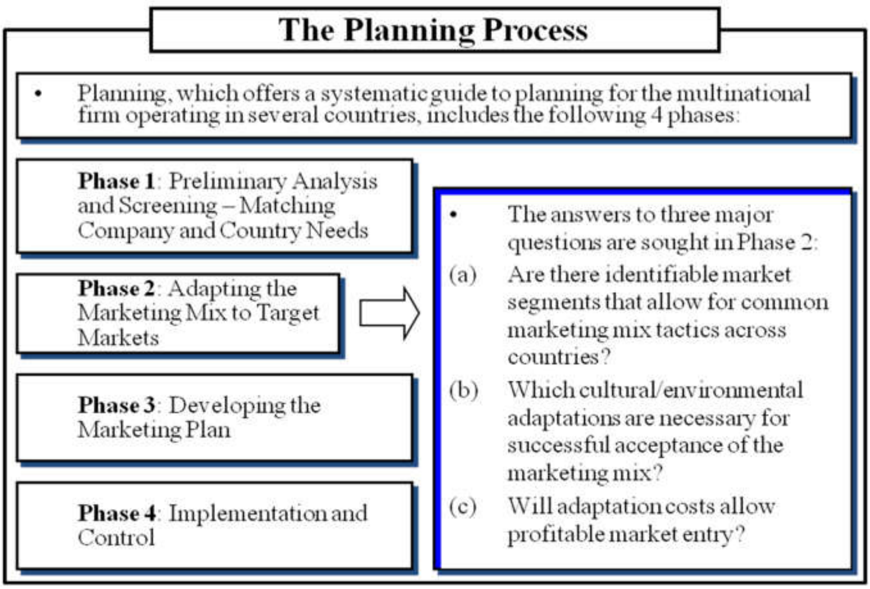

Figure-2: Planning Process in International Business

(*Based on Ghauri and Cateora, 2003:262*)

structures of distribution, geography etc. Phase-2 (adapting the marketing mix to target markets) based on marketing mix requirements where elements of product (adaptation, brand name, features, packaging, service, warranty and style); price (credit, discount); promotion (advertising, personal selling, media, message, sales promotion); distribution (logistics and channels).Phase-3 (Marketing plan development) based on situation analysis, objectives and goals, strategy and tactics, budgets, action programs. Phase-4 (implementation and control) based on objectives, standards, design, responsibility, measure performance, correct error. The study (e.g. Jeannet and Hennessey, 1995: 545) suggests that the factors affecting organizational design are corporate goals (mission, objectives, strategies); internal factors(percentage of sales, diversity of international market served, level of economic commitment, human resources, flexibility); management style (structural basis, focus of decision); and external factors (geographic distance, types of customers, government regulations).

Though the successful managers in the international business have control to formulate adjusted marketing mix (product, price, promotion and channels of distribution) as per foreign country but they need to face with two levels of uncontrollable uncertainty which is created by the uncontrollable elements of all business environments. These are uncontrollable in the domestic environment (political/legal forces, economic climate, competitive structure etc.) and uncontrollable in the foreign environment (economic forces, political/legal forces, cultural forces, geography and infrastructure, structure of distribution, level of technology). Hence the marketers' task in the international business is very difficult (Ghauri and Cateora, 2003:11).

3.5 International Business Strategies

One of the four strategic options open to an organization wanting to grow revenue is market development. That market could be new markets and users in the home market, but it can also be finding new customers in markets overseas. If firms have decided to expand geographically, there are two critical strategic decisions to make. These are: which countries do they need to target? And what method of entry do they need to adopt?

It is this latter question that determines how international sales and distribution will be organized and managed. There are considerable resource and control implications associated with developing distribution in overseas markets, and these should be carefully assessed when pursuing an international market developing strategy. The options run from simple export options to establishing operations and activities in overseas markets. Before evaluating the alternatives, it needs to determine whether there are any external or internal constraints that will affect strategy. External constraints are lack of availability of suitable channels or potential partners; any political limitations on foreign ownership of resources and the degree of risk associated with the different political, economic or cultural environments and Internal constraints are the lack of the strategic importance of this market and the objectives set for it; lack of available resources for investment in it; lack of knowledge of the importance of control to the business and the corporate attitude to risk. As with all distribution questions, the alternatives require a compromise between cost and control. Sales and distribution through a local sales force, or a wholly owned subsidiary, offer complete control but involve higher costs. It is feasible, or even likely, that we might choose to adopt different methods of market entry in different geographic markets. In each case the market conditions will differ, the need for detailed local market knowledge will vary and the considerations and constraints will change. This sort of approach encourages polycentric thinking. Each country is treated differently and the whole marketing mix, not just the distribution element, is modified. The outcome of this approach is a differentiated marketing strategy and modified value proposition based on geography.

In some markets this may be appropriate. If the buying behavior in particular market is significantly influenced by geographic location, culture and nationality, then such an approach has merits. However, many of today’s markets are regional or global. In B2B markets and consumer sectors like holiday destinations, fashion and information technology, buying behavior remains largely unchanged across geographic boundaries and frontiers. The internet has helped establish strong global segments where variables like age and interest may have a stronger impact on consumption than geography. In such markets we may well find that a segment based on demographics, a vertical industry sector or a lifestyle behaves similarly in different countries, and that a single marketing strategy and value proposition should be established and resources allocated across a number of different national markets. The opportunities for distribution, like promotion, may differ between two countries. In that case; more than one channel might be used to reach the global segment. To maximize marketing effectiveness, it is important that the organization of marketing planning is based on what is most effective from the customer's perspective and not simply the random result of channel selection or availability.

International Market Selection

Arnold (2004, cited by Keegan and Green. 2013:233) suggests that marketers need to answer following questions in order to screen marketing segments:

What are the key drivers of this marketing model?

Are enabling conditions in peace for this marketing model?

What is the cost of entry? What is the cost of waiting?

Is the risk or control trade off appropriate?

Country Attractiveness	Competitive Strength of the Company
Market size (total & segments).	Market Share.
Market growth (total & segments).	Marketing ability and capacity (country specific know-how).
Buying power of customers.	Products fit to market demands.
Market seasons and fluctuations.	Price.
Average industry margin.	Contribution margin.
Competitive conditions (concentration, intensity, entry barriers etc).	Image.
Market prohibit conditions (tariff/non-tariff barriers, import restrictions, etc).	Technology position.
Government regulations (price controls, local content, compensatory exports etc.).	Product quality.
Infrastructure.	Market support.
Economic and political stability.	Quality of distribution and service.

Psychic distance (from home base to foreign market).	Financial resources.
Market uncontrollable (cultural, legal, and political environments).	Access to distribution channels.

Table-5: Dimensions of Country Attractiveness & Competitive Strength

(Source: Hollensen, 2007, p-253)

The country attractiveness and competitiveness strength matrix which is based on two composite dimensions highlights the market selection decisions. A large number of variables are used to measure these two dimensions of the matrix. (Albaum et. al., 1995:112). The study (Ghauri and Cateora, 2003:273; Albaum et. al., 1995:113) suggests that marketers could invest in the country (ies) if the country is attractive in terms of size and growth and where the firm can attain competitive strength to achieve its objectives and is suitable for entry and investment. If firms are already there in divest/license phase, then they should either divest or they need to invest high investment and hence licensing is required. When market is quite attractive but different then to capture large market share huge investment is required and hence to share costs and local difficulties with a local partner joint venture is suggested. If the firm face severe competition where it is difficult to maintain market share firms could invest only if they have strengths in product positioning fit or if they have a powerful brand they can (see: table-6).

Country Attractiveness	High	Invest		Joint Venture
			Selective Strategy	
	Low			Divest/License
		High		Low
		Competitive Strength		

Table-6: Market Portfolio Analysis (country attractiveness/competitive strength)

(Source: Albaum et. al., 1995, p-113)

Uppsala International School suggested that international market segmentation depends on two composite dimensions the firm and the environment where factors/dimensions of firm are degree of internationalization and overseas experience, size/amount of resources, types of industry/nature of business, internationalization goals, existing networks of relationships and the factors/issues of environment are international industry structure, degree of internationalization of the market, and market potential, competition, psychic/geographic distance, market similarity of host country (Hollensen, 2007:245).

Understanding International Customer

Market research is the essential ingredient for making decisions about any market, but customer insight is even more significant when the culture of customer is alien to you. The success of many global brands shows how adaptable many cultures are, and frequently the biggest challenge lies in communication rather than in product acceptance. Habits change and marketers must question, test and observe rather than assume. Strong physical customer needs can be appealed to through the rational values of the established brand, whilst it is the emotional brand values which must reflect psychological needs. Global market segments do exist, for example for luxury brands, and in some cases cultural differences between nations are overridden by a strong cultural force, for example the youth culture.

The brand name, straplines and visual cues, including logos, typefaces and imagery, must all reinforce the agreed positioning and appeal directly to customer needs. In international markets, the cultural differences are important because they determine how these names, messages and cues are interpreted by the customer. Even the color used within a corporate identity will convey something different to users in different global markets. The challenge of a marketer is to understand these differences and to find communication solutions which, to the greatest extent, are culturally neutral or common without loss of impact or meaning.

Business-to-business products and services are more likely to be successfully standardized across global markets than consumer ones because the buying criteria are likely to be similar, despite different nationalities. Companies are more frequently operating in a global marketplace, and so their behavior and priorities will be influenced by that common environment.

Selection of important customers is the most important strategic decision (Shapiro, 1998); customer communities can exercise high influence in the market (Prahalad and Ramaswami, 2000). Local insight is invaluable in researching and understanding markets. In order to know the local insights, marketers can:

- Employ local research companies or global companies with local offices
- Employ local staff on the ground in different markets
- Visit them - not just for red carpet trips but to meet customers and be immersed in their business or lives

Once established in a market, talking with customers will be is easier. Social media and online communities and communications will help to facilitate the dialogue that need to ensure firm's decisions are customer-focused. Buyer behavior depends on buyer characteristics, such as personality, age, marital status, life-cycle stage and hence with the help of these variables marketplaces can be clustered and segmented and hence clustered. Cavusgil (1990; cited by Johansson, 2003:121) classified world markets into five clusters. These are Dependent societies, Seekers, Climbers, luxury and leisure and the rocking chair. The details are shown in table 7.

Cluster	Marketing Implications
Dependent societies (Most countries in Africa, Asia, and a few in South America).	Demand goods and services related to food, clothing, housing, education, and medical care. Investment related to extractive activities (agriculture and mining) are undertaken. Government/state economic enterprises are the major buying groups.

Cluster	Marketing Implications
	Poor infrastructure and access to rural markets and major impediments.
Seekers Most Latin America; some in Asia (Indonesia, Thailand, Philippines), and some in Africa (Morocco, Tunisia, Egypt).	Infrastructure and related projects are high priority (construction equipment, machinery, chemicals etc.). Good opportunities for technology sales and turnkey projects. Independent trading groups and a few large holding companies have much influence. Increased urbanization but a 'mass market' does not yet exist.
Climbers (Brazil, Venezuela, Portugal, Mexico, Taiwan, Malaysia, Turkey, South Korea).	Industrialization and service sector expenditures assume greater importance. Private enterprises have become more dominant than the state agencies. Good opportunities for joint ventures and technology agreements. Growing mass market.
Luxury and Leisure Societies (USA, UK, Canada, Japan, Australia).	Substantial discretionary income and availability of credit. Restructuring of economy. Maturing markets. Intense competition. Relocation away from large population centers.
The Rocking Chairs (West Germany, Switzerland, Luxembourg, The Netherlands).	Dominance of service economy and high technology sectors. Highly segmented markets. Ideal distribution and communication channels.

Table-7: A Market-Oriented Clustering of World Markets

(Source: Cavusgil, 1990, cited by Johansson, 2003, p-121)

International Business Entry strategies

International market entry strategy is defined as a plan for the marketing program which is used in a particular product-market. It needs to take decisions on the objectives and goals in the target market; needed policies and resource allocation; the choice of entry modes to penetrate the market; the control system to monitor performance in the market; a time schedule

(Albaum et. al., 1995:151). International expansion of a firm depends on two major dimensions, industry globalization and preparedness for internationalization (Solberg, 1997) where industry globalization is determined by international marketing environment where in a high degree of industry globalization there are many interdependencies between markets, customers and suppliers, and industry is dominated by a limited number of large marketers and the degree of preparedness is dependent on the firm's ability to carry out international business strategies in foreign marketplaces (Hollensen, 2007:5). The various modes for serving international markets are exporting, licensing or franchising to host country firms, establishing joint ventures with a host-country firm, setting up a new wholly owned subsidiary in a host country to serve its markets, or acquiring an established firm in the host country to serve its markets. Different types of entry strategies are discussed as follows:

Export: Export is the most common for initial entry into international markets, sometimes an unsolicited is received from a buyer in a foreign country, or a domestic customer expands internationally and places for its international operations (Hollensen, 2007:311). In indirect exporting, marketers use home country agencies (trading companies, export management firms) to sell the product in the international marketplaces and in direct exporting, marketers directly sell their product in the foreign marketplaces (Johansson, 2003:147).

Licensing: It is a means of establishing a foothold in foreign markets without investment any equity (Jeannet and Hennessey, 1995:301; Ghauri and Cateora, 2003:278). The study (e.g. Keegan and Green, 2013:280; Johansson, 2003: 186) defined licensing is a contractual agreement whereby one firm called licensor makes a firm's now-how or legally protected asset available to another firm called the licensee in exchange for royalties, license fees, or some other form of compensation is known as licensing (Keegan and Green, 2013, p-280). It includes arrangements for the foreign licensee to pay for the use of manufacturing, processing, trademark or name, patents, technical assistance, marketing knowledge, trade secrets or some other skill provided by the licensor (Albaum et. al., 1995: 154). Hollensen (2007:332) defined licensing as an agreement wherein the licensor gives something of value to the licensee in exchange for certain performance and payments from the licensee. A license usually involves right of using the valuable assets of licensor by the licensee like- technology, know-how, manufacturing process (patented and non-patented); trademark, brand name, logos; product and/or facility design; marketing knowledge and processes; other types of knowledge and trade secrets. One advantage of licensing is it can avoid tariffs and other levies (Johansson, 2003:186).

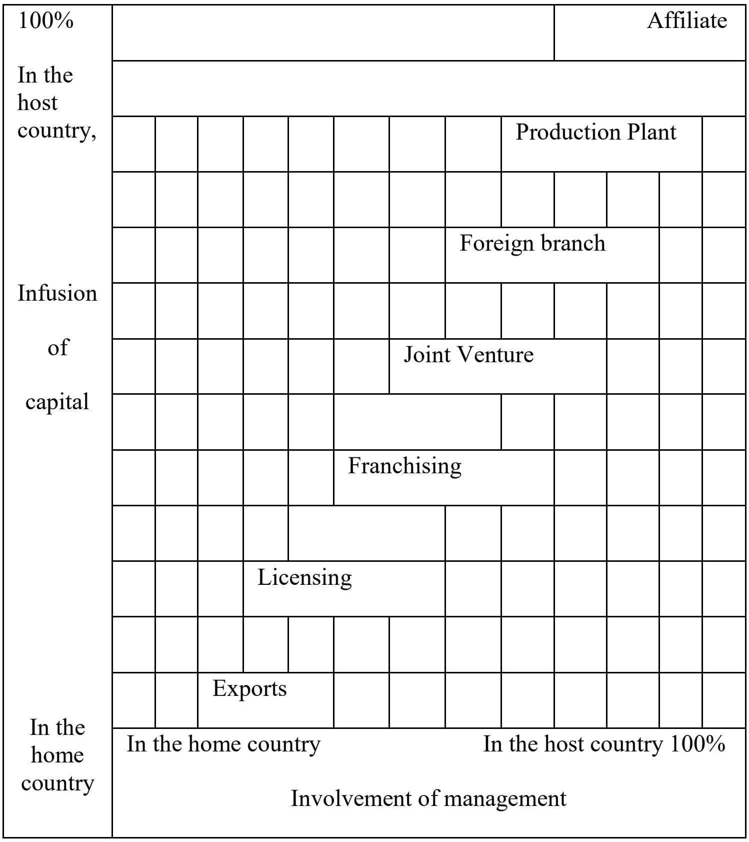

Figure-3: Degree of Internalization Related to the Involvement of Capital and of Management in the Country of Origin and the Host Country.

(Source: Meissner, 1990; cited by Albaum et. al., 1995:217).

Franchising: Franchising is a special form of licensing in which franchiser, makes a total marketing program available (Jeannet and Hennessey, 1995: 302); provides a standard package of products, systems or management services and the franchisee provides market knowledge and personal investment in market (Ghauri and Cateora, 2003:280). Hollensen (2007:335) defined franchising as an agreement where the franchisor gives a right to the franchisee against payment, e.g. a right to use a total business concept/system, including use of a trade marks (brands) against some agreed royalty. The package can contain the following: trademarks/trade names; copy right; designs; patents; trade secrets; business know-how; geographic exclusivity; design of the store; market research for the area and location selection. In franchising franchisee is allowed to operate a business model developed by franchiser against some fee and franchise-wide policies and practices are strictly followed (Keegan and Green, 2013:282).

Joint Venture: The study (Keegan and Green, 2013:284; Jeannet and Hennessey, 1995:306) highlights that joint venture is an entry strategy where a foreign company invites an outside/local partner to form a new business entity by sharing ownership of stock to serve the local/host market only. It is an equity partnership typically between two partners where two parents create a child which is known as joint venture acting in a market. This strategy is followed in a foreign market when a non-national company joins with national interests, or with a company from another foreign country, in forming a new company. A company might be forced into a joint venture in a specific foreign market because of local government policies (e.g. China), nationalistic feelings or intense competitive pressures. It is more profitable in the long run (Albaum et. al., 1995:155). In Joint venture, capital, manpower and technology are transferred from foreign partner to local partner (Johansson, 2003: 192) and it is a collaborative relationship which is less risky way to enter markets and helps to avoid legal and cultural barriers. (Ghauri and Cateora, 2003:280).

Wholly-owned subsidiary: By a wholly-owned manufacturing subsidiary when marketers produce product(s) in the host country then this entry strategy is wholly-owned subsidiary or foreign direct investment (Johansson, 2003:148). This is classified into two types. These are acquisition and greenfield investment. Acquisition takes in many forms, horizontal where product lines and markets of the acquired and acquiring firms are similar, vertical where the acquired firm becomes supplier or customer of the acquiring firm, concentric where the acquired firm has the same market but different technology, or the same technology but different markets and conglomerate where the acquired firm is in a different industry from that of acquiring firm (Hollensen, 2007:364). Acquisition has the advantages of rapid entry into a foreign market; easy access to distribution channels and customers of a foreign market; acquiring experience in dealing with the foreign environment. Firms prefer to establish operations from the ground up, which is known as green field investment especially where production logistics is a key industry success factors (Hollensen, 2007:364).

Key advantages and disadvantages of different entry modes are highlighted in the following table:

Entry Mode	Advantages	Disadvantages
Exporting	Ability to realize location and experience curve economies.	High Transportation costs. Trade Barriers. Problems with local marketing agents.
Licensing	Low development costs and risks.	Lack of control over technology. Inability to realize location and experience curve economies. Inability to engage in global strategic coordination.
Franchising	Low development costs and risks.	Lack of control over quality. Inability to engage in global strategic coordination.
Joint Ventures	Access to local partner's knowledge Sharing development costs and risks.	Lack of control over technology. Inability to engage in global strategic coordination.

Entry Mode	Advantages	Disadvantages
	Politically acceptable.	Inability to realize location and experience curve economies.
Wholly owned subsidiary	Protection of technology. Ability to engage in global strategic coordination. Ability to realize location and experience curve economies.	High costs and risks.

Table-8: Advantages and Disadvantages of Entry Modes/Strategies

(*Source: Hill, 2016:385*)

Hollensen (2007:297) pointed out that the factors influencing the choice of entry modes are classified into four groups. These are internal factors (firm size, international experience, product/service), external factors (sociocultural distance between home country and host country, country risk/demand uncertainty, market size and growth, direct and indirect trade behaviors, intensity of competition, small number of relevant intermediaries available), desired mode characteristics (risk averse, control, flexibility), and Transaction-specific factors(tacit nature of know how).

3.6 Deciding Strategies in International Business

The study (e.g. Hill 2016:358) highlights four strategies in international business. These are global standardization strategy, location strategy, international strategy and transnational strategy. In globalization strategy focus of firm is to increase profitability and profit growth by cutting down cost through economies of scale, learning effects and location economies. This strategy is followed when marketers face high cost reduction pressure and low local responsiveness pressure. When marketer face low cost reduction pressure but high local responsiveness pressure then the firm follows location strategy where firm tries to increase profitability by customizing the firm's offering(s) as per the taste and preferences of the local customers. When firms face low cost reduction pressure and low local responsiveness pressure then the strategy they follow is international strategy where firms transfer core competencies to create value to international markets where native competitors do not have these competencies. In case of both cost reduction pressures and local responsiveness pressures high, marketers follow transnational strategy where they need to achieve low costs through location economies, economies of scale and learning effects and to offer differentiated value proposition and to so they need to nourish multidirectional skills of firms' wholly-owned subsidiaries across the globe. Marketer usually uses either focus or differentiated strategy in international business.

<table>
<tr><td rowspan="2">Pressures for cost reduction</td><td>High</td><td>Global Standardization Strategy</td><td>Transnational Strategy</td></tr>
<tr><td>Low</td><td>International Strategy</td><td>Location Strategy</td></tr>
<tr><td colspan="2" rowspan="2"></td><td>Low</td><td>High</td></tr>
<tr><td colspan="2">Pressures for Local Responsiveness</td></tr>
</table>

Figure-4: International Business Strategies

(Source: Hill, 2016, p-358)

<table>
<tr><td rowspan="2">Communication</td><td>Different</td><td>Strategy-2:
Product extension communication adaptation
e.g. Sony TV in the USA, Europe</td><td>Strategy-4:
Dual adaptation
e.g. Unilever</td></tr>
<tr><td>Same</td><td>Strategy-1:
Dual Extension
e.g. Apple</td><td>Strategy-3:
Product adaptation communication extension
e.g. Ford Escort in 2010.</td></tr>
<tr><td colspan="2" rowspan="2"></td><td>Same</td><td>Different</td></tr>
<tr><td colspan="2">Product</td></tr>
</table>

Figure-5: Global Product Planning: Strategic Alternatives

(Source: Keegan & Green, 203, p-328)

The study (Usunier and Lee, 2013: 228) suggests that there are three major perspectives on international business marketing strategies. These are: standardization-adaptation of market offerings (marketing mix elements); geographical concentration-dispersion of the structural or organizational aspects of the value chain; and integration-independence of the competitive processes (planning, implementation and control).They also mentioned that global market trends differs across product categories, due to difference in national regulations and non-tariff barriers, potential for experience effects, cost effectiveness of international transportability and cultural connectedness.

The study (e.g. Keegan and Green, 2013:328; Jeannet and Hennessey, 1995:365) suggests that marketers must formulate and implement appropriate marketing programs based on three basic strategies with a view to capitalize on appropriate outside the home country. The three strategic choices are extension strategy where firms adopts the same approach/strategy as in its domestic market; adaptation strategy where firms bring some changes as per local market environment and when a completely new approach is required to satisfy the customers of a foreign market segment then invention strategy is followed. Based on these three basic strategies academic scholars suggested five strategies in international business. These are product extension-communication extension, product extension-communication adaptation, product adaptation-communication extension, product adaptation-communication adaptation, and product invention. Product-communication extension (dual extension) strategy which is more suitable for industrial products is the strategy where firms sell the domestic product offerings without any change with the same advertising and promotional appeal used in international marketplaces. In product extension-communication adaptation strategy marketers offer domestic product offerings with adaptation of communication mix elements as they believe those consumers' perceptions about one or more aspects of value propositions are different from country to country. This strategy is applicable when the sociocultural event surrounding the product consumption differs from country to country but the use conditions as part of the physical event are identical. In product adaptation-communication extension strategy, marketers bring some minimal change in their domestic product offerings with no change in their communication mix strategy. This approach is suitable when the physical event surrounding product use varies but the sociocultural event is similar with the domestic market. If both the physical and sociocultural events vary i.e., environmental conditions or consumer preferences differ from country to country then marketers follow product-communication adaptation (dual-adaptation) where both the product and one or more promotional elements are adapted for the international marketplaces.

Strategy	Product function or need Satisfied	Condition of product use	Ability to buy product	Recommended product strategy	Recommended communication strategy	Rank order from least to most costly	Product examples
1	Same	Same	Yes	Extension	Extension	1	Soft drinks
2	Different	Same	Yes	Extension	Adaptation	2	Bicycles, motorcycle Others
3	Same	Different	Yes	Adaptation	Extension	3	Gasoline Detergent
4	Different	Different	Yes	Adaptation	Adaptation	4	Clothing greeting cards
5	Same	-	No	Invention	Develop new communication	5	Hand-powered washing machines

Table-9: International Business Strategies *(Source: Jeannet & Hennessey, 1995:366).*

Marketers of the developed economy in order to satisfy the customers with low purchasing power or marketers of the developing economy to satisfy affluent customers need to follow innovation strategy. It is the process of endowing resources with a new capacity to create value, is a demanding but potentially rewarding product strategy for reaching mass markets in less developed countries as well as important market segments in industrialized countries.

Based on preparedness for internationalization and industry globalism Solberg (1997) suggested nine strategic windows for marketers where industry globalization refers to the extent by which interdependencies exists between markets, customers and suppliers and extent to which industry is dominated by a few large powerful players and preparedness for internationalization refers to the extent by which firms have ability to carry out strategies in the international marketplaces (Hollensen, 2007:6)

<table>
<tr><th colspan="2" rowspan="2"></th><th colspan="3">Industry globalism</th></tr>
<tr><th>Local</th><th>Potentially global</th><th>Global</th></tr>
<tr><td rowspan="3">Preparedness for internationalization</td><td>Mature</td><td>3. Enter new business</td><td>6.Prepare for globalization</td><td>9. Strengthen global position</td></tr>
<tr><td>Adolescent</td><td>2. Consolidate export business</td><td>5. Consider expansion in international markets</td><td>8. Seek global alliances</td></tr>
<tr><td>Immature</td><td>1.Stay at home</td><td>4.Seek niches in international markets</td><td>7. Prepare for a buyout</td></tr>
</table>

Figure-6: The Nine Strategic Windows *(Source: Solberg, 1997)*

3.7 Standardization or Adaptation

Because of differences in attitude and behavior across international markets, key question which is central to international business is- whether to marketers need to offer standardized marketing mix or they need to modify. This is a battle between efficiency, championed by the cost-conscious accountants, and effectiveness, championed by the customer aware marketers. The positive outcomes of standardization are economies of scale, high control, consistent quality and better positioning. The potential disadvantages are a loss of local motivation and empowerment of local marketing teams with the resulting failure to maximize market share or revenues, because the offering does not meet the precise needs of a culturally different market segment.

Managers across a business need to be aware of the tensions between the extremes of efficiency and effectiveness and seek a compromise between them. Marketers need to know about the extent to which they can standardize their value offerings or how much must they need to modify it to meet local needs. This is usually best expressed by the notion that marketers should think global and act local. Modification is expensive so it should be considered only when essential. The product offering and the promotional message or positioning should be considered separately when assessing the need for standardization or modification. It may be necessary to change the product to meet local tastes or legal requirements, or the product may be standardized whilst the positioning or and communication is varied.

Product Attributes	**Arguments in favor of adaptation**	**Arguments in favor of standardization**
Physical attributes	Cost reducing adaptations. Local standards, hygiene and safety regulations, local marketing knowledge, consumer behavior, marketing and physical environments.	Experience effects. Economies of scale. International standards. International product use.
Service attributes	Limited savings related to scale Local peculiarities in service, maintenance and distribution	Significant learning effects 'Mobile clientele'.
Symbolic attributes	Unfavorable image of imported products, company, nationality or brand name In adequate meaning conveyed by color, shape etc.	Favorable image of imported products, company, nationality or brand Exotic or ethnic appeal. Demands for universals.

Table-10: Factors Influencing Adaptation or Standardization of Product Attributes

(Source: Usunier and Lee, 2013:253)

Product	Adaptation
Sony TV	Voltage, broadcast standard
McDonalds	Menu, decor of restaurant
Levi jeans	Size mix, fabric, cut

Table-11: Examples of Adaptation to Foreign market Conditions

(Source: Rosen, 1986, cited by Albaum et. al., 1995:282)

The key advantages of standardization are cost reduction (due to achieving economies of scale), improved quality (in terms of functioning by focusing on product development effort and design by employing more resources, enhanced customer preference (as positive experiences will encourage customers to buy in other marketplaces, global customers (global demand for uniform quality and services, global segments (as it fits with the emergence of global customer segments and the drawbacks of standardization are off-target (likely to miss the exact target in terms of customer preferences in any country), lack of uniqueness (standardized and hence same offering in all marketplaces), vulnerable to trade barriers (as open trade regimes are required for standardization), strong local competitors (capable domestic firms may mount strong defense).

There is no definite answer for the question, whether a marketer should follow standardized product offerings or not. Levitt (1983) used Coca-Cola, Sony television, McDonald's restaurants and Levi jeans as examples of global product offerings but they had to bring some changes in their offerings in the international marketplaces. McDonalds in Japan added beef and chicken curry with rice to its menu. In France McDonald's serves wine and in Germany it serves beer. KFC began selling baked rice balls in Japan in 1992. The study (Johansson, 2003:13) reveals that although local preferences demand product adaptation but in many cases firms are able to be successful by offering standardized product offerings in the global marketplace (e.g. Mercedes, Nestle, Coca-Cola, Nike, McDonalds, Sony, Honda). Global products are usually standardized with more uniform features in all countries (Johansson, 2003:388). The study (Usunier and Lee, 2013:252) highlights that abstract aspects (e.g. quality, brand name & image) were more often standardized and service elements were least often standardized. The study (Jeannet and Hennessey, 1995:507) highlights that use of standardized advertising and promotional campaign can save money and can be effective for example Philip Morris's Marlboro campaign in Europe earned success.

3 Methodology

The nature of this study is exploratory as it is designed in order to gain insights and understanding. In terms of the character of data and the way in which they are gathered, the process of this research is qualitative in nature.

Besides, the study seeks to elicit on the opinions and views of the different academic scholars. In terms of outcome of the research this is a pure or fundamental study as the study aims at expanding frontiers of knowledge and is being conducted mainly to improve our understanding to validate existing theories i.e. to integrate the different aspects of globalization. Data can be collected in many ways and every method of data collection has its advantages and disadvantages. As this study is a literature review, secondary data are collected in order to address the specific objectives of this study. As per the objective of the study, with a view to highlight different aspects of international / global business like drivers/barriers of globalization, business planning process, business strategies, standardization and customization, prior studies are rare on the present issue. As such, only a handful numbers of relevant studies on international business are reviewed. The study is a desk research and has been conducted primarily on the basis of information collected from secondary sources as books, academic articles. Prior studies which are relevant with the globalization, global business/marketing, international business/global trade and were published between the years 1972 to 2016 are reviewed. Secondary data are collected and several strategic models/tools and tables are used in order to address the specific objectives of this study.

4 Discussions

Doole and Lowe (2004:182) suggested that- “true nature of globalization is encapsulated in the phrase ‘think global act local’ in which there is an acknowledgement of the need to balance standardization and adaptation according to the particular situation”. The study suggests that the key drivers of international global development are global economic in the 1990s; which contributed to efficiency, productivity and open unregulated market. Factors responsible in increased globalisation are increase in and expansion of technology, liberalisation of cross-border trade and resource movement, development of services that support international business, growing customer pressures, increased global competition, changing political situations, and expanded cross-national cooperation. The merits of globalization are economies of scale in production and marketing can be important competitive advantages for global companies, unifying product development, purchasing, and supply activities across several countries it can save costs, transfer of experience and know-how across countries through improved coordination and integration of marketing activities, diversity of markets by spreading the portfolio of markets served brings an important stability of revenues and operations to many global firms

The selection of foreign entry mode is a complex decision and depends on several marketing variables (Bradley and Gannon, 2000); cultural difference and firm experience (Kogut and Singh, 1988). Mitra and Golder (2002) emphasized on near market economic and cultural knowledge to foreign market entry where near market knowledge was defined as firm understands of target market based on the knowledge acquired from its business operation in the similar market. Davidson (1983, cited by Mitra and Golder, 2002) suggested that firms operating in the foreign countries with cultural differences need to adapt marketing mix elements and hence added risks and costs. Mitra and Golder (2002) pointed out that economic factors are more influential than cultural factors for internationalization of a firm.

The study suggested that better player in the game of positioning could be able to win the competition in the global chaotic marketplace. In case of positioning of product offerings, marketers need to know about the attributes and benefits that the buyers look for and how the product measures up in those features against competition (Johansson, 2003:248). In mature markets, (e.g. USA, Western Europe, North America, Japan, Australia, New Zealand) competition is severe and marketers need to segment and position appropriately. (Johansson, 2003:290). In new-growth markets marketers need to develop new products and to communicate to target audience (Johansson, 2003:321). Customers of developing or emerging countries are less educated and have low buying power and marketers need to develop effective marketing infrastructure in those countries (Johansson, 2003:354). Firms engaged in global business should implement integrated marketing mix strategy by maintaining unique segmenting and positioning (Jeannet and Hennessey, 1995:280).

Two main issues relating to international market segmentation are extent of differences between countries in the structure of market segments and existence of segments that transcend national borders (Hill, 2016:454). In the first case marketers need to offer customized value offerings and in the second case marketers can offer standardized value propositions. Overall communication requirements of effective communication and persuasion and the components of the communication process do not vary in the international marketplaces (Keegan and Green, 2013:410). The selection of global product communication strategic alternative depends on product (defined in terms of function or need it serves); market; and adaptation and manufacturing costs to the firm considering the strategies (Keegan and Green, 2013:333).

Marketers need to understand culture with a view to understand and influence needs and wants of target customers with a view to develop right offerings so that they can satisfy the exact needs and requirement to maximize profit from any marketplace (Jeannet and Hennessey, 1995:70). In international business negotiations marketers need to know whom they are dealing with, what forces their counterparts hear and when to say what (Johansson, 2003:80). Cultural differences create problem in negotiations and managing foreign market (Hollensen, 2007:19).

Planners must always seek to use resources in the most efficient and effective way. Whilst within country markets there may be a dedicated sales team because language, local market knowledge and travel efficiencies make that sensible, they may also have been organized to provide sales inputs to more than one marketing plan.

5 Conclusions, Managerial Implications and Further Research

The primary purpose of the study was to integrate the different key aspects of internationalization and international business strategies and to provide some guidelines to the marketing practitioners by highlighting some important strategic tools/models. A comprehensive literature review was done in order to achieve objectives of the study.

Overall this study highlights that marketers need to identify the right market and by selecting the right entry strategy and by offering right marketing mix with superior service attributes that fulfill a need or solve a problem marketers can create more value for the customers of the target market segment(s). The entry strategy is affected both by company factors (the FSA's in particular) and the market factors (opportunities and threats) (e.g. Johansson, 2003:197)

The study indicates that marketing practitioners may need to vary marketing mix in each different country and it is important to determine when product standardization is appropriate in an international market or when customization is a must. Marketers may drive competitive advantage by selecting the right market segment; by selecting appropriate market entry strategies and by formulating and executing right overall international business strategies.

The study (e.g. Trout and Ries, 1972) suggests that positioning should be in a way to adapt in the changing environment and Management should be aggressive enough to utilize the opportunity (if any) by taking flexible strategies which are appropriate for the company and management should not forget what made the brand successful and should not create any confusion to the customers.

World Bank (cited by Keegan and Bhargava, 2011:179) estimated that as every world region is growing and hence marketers will get the opportunities to serve the different regions but despite growing internationalizations marketers are suggested to look at the characteristic of all the market segments.

Resource based view suggested that the firm's expansion depends on opportunities to more efficient utilization of its existing productive resources (Penrose, 1959; cited by Hunt and Derozier, 2004), a competitive barrier could be created by employing in-imitable resources. A key implication of this study is that marketers could use this as a guideline for planning regarding selection of right market segment, and right entry mode (s) and to formulate appropriate strategy in order to serve and beat competitors with a view to capture market share in highly competitive international/global marketplace.

This study suffers from limitations which should also be considered. This literature review is based on the articles and books that the author managed to collect or download. List of the books/articles are mentioned later. Though a good number of past studies are reviewed, this is not exclusive list. There may be some other important studies which were overlooked and hence not reviewed. Hence further review based on more in-depth analysis might further develop the findings. So further research is recommended in order to explore more and with a view to confirm the findings of the study.

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