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Internal Marketing versus External Marketing

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Abstract: *International marketing orientation requires modern concepts of economic activities in accordance with the requirements and specific foreign markets (national, multinational, global) in order to meet their current and future needs with maximum efficiency. The need for knowledge of international marketing occurs when we have to realize, to sell and promote goods and services to consumers and users in other countries.*
International marketing objectives are more complex than those of local marketing, the main cause being that there are two levels of uncertainty regarding uncontrollable factors. The first level is generated by the business as a whole, and the second refers to the specific individual countries.
Keywords: *internal market, international market, national market, global customers, global vision*

Introduction

Extending the internationalization of business has led firms to focus attention specific problems of penetration and expansion process of marketing activities in foreign markets.

The fact that some transactions take place over the borders of a country creates distinctions between domestic and international marketing (even if the basic principles of marketing works in international environment).

International marketing is the concept that economic activities should be oriented according to the requirements and specific foreign markets in order to meet their current and future needs with maximum efficiency. [1, 18]

As a term of Anglo-Saxon origin, international marketing theory and practice stems from the development of national marketing outside the perimeter of a country, it refers both to the marketing activities conducted in the country which are directed outwards, as well as those made outside the country of origin of the company, activities aimed at developing the company on a foreign market presence. [2]

1. International Market

There are many definitions of international marketing. Here are some of them:

- International Marketing is the activity which directs the flow of goods and services to consumers / users in several countries. [3]
- International Marketing provides identifying and meeting the needs of global customers at a higher level in relation to national and international competitors and coordinating marketing activities in order to exploit opportunities and avoid bad situations that manifest in the global environment (Terpstra and Sarathy 1994).
- International marketing involves identifying consumer needs and desires, producing goods that provide a differential advantage of marketing, communication of information about them, their distribution and international trade in one or more ways of transactions. [4]
- International Marketing focuses on boosting a company's assets, experience and products globally and adapt to what is really unique and different in each country. [5, 22]

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The need for a coherent international marketing approach stems from: [6]

- the need to extend the company's presence in foreign markets;
- difficulty sale outside mainly determined by the slow growth of demand in the early 90s and increased competition through the emergence of new competitors and their improvement strategies;
- the need for new thinking and effective management of the marketing mix in foreign markets in order to achieve success.

Unlike internal marketing, international marketing is more complex, since there are differences between national markets (cultural, social, governmental policies, the income level etc.). Even if one can speak of a universal consumer needs, desires and their requirements differ from one national market to other data differences. Therefore, the international marketing complex problem is the coordination and integration of various marketing programs on various national markets. International marketing is not essentially different from the internal, but overlap it. There are main differences that exist between domestic and international marketing related to the peculiarities of the latter. [7]

2. Differences between Internal and International Market

1. The international marketing differs from the internal in that targets *more than one national market* and therefore is subject to different cultural influences impact on the effectiveness of marketing programs. Reporting to own reference system is an obstacle to international marketing success, so that the marketer should be aware of the differences between cultures and try to find out everything that is not known about the culture of a country in substantiating marketing strategy.
2. On the other hand, it requires *a global vision not only a management one* also differ from one national market to another, and a special ability of perception and acceptance of socio-cultural differences.
3. Then, based on the economic development of each country, sources of information, cultural differences, etc., international marketing involves *the use of different instruments and approaches* for studying the markets.
4. Fourth, international marketing is characterized by a certain *environmental awareness*, generating the need to adapt the marketing environment different from one national market to another.
5. The effect *of benefiting international marketing drive* (which translates into a total effect greater than the sum of partial effects would be obtained in each market in its absence) constitutes another feature of it. The main differences between domestic and international marketing are summarized in Table no. 1. [8]

Table no. 1 Differences between the Internal Marketing and the International One

Internal marketing	International marketing
1. Unique language and nationality	1. Multiple languages and nationalities
2. Relatively homogeneous market	2. Divers markets and their fragmentation
3. Availability of data or relatively easy way to collect them	3. Difficulties in data collecting because of the budget and research teams
4. Relatively unimportant political factors	4. Political factors come first
5. Relatively liberty towards the government intervention	5. Governments implication and their influence in business decisions
6. Individual corporations have a reduced impact upon the environment	6. Large companies influence to a great extent the business environment
7. Chauvinism always helps	7. Chauvinism causes problems
8. Relatively stable business environment	8. Different business environments, some of them instable (but which can be very profitable)
9. Unique currency	9. Different foreign currencies from the point of view of the exchange rate and value
10. "Game rules" in businesses are mature and well-known	10. Diversity of regulations and their instability and ambiguity
11. Managers used to assume and delegate responsibilities and control activities	11. Very autonomous managers unfamiliar with the budget and control

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The main task of marketing is to harmonize international controllable variables (domestic company, whose realization depends on it: product, price, promotion and distribution, etc.) with the uncontrollable environment (the external environment over which the firm can not exercise control: economic forces, political forces, competitiveness, technological, cultural force, infrastructure, geography etc.) in order to achieve its objectives.

There are some specific ***reasons*** for penetrating international markets: [9]

- *Market saturation.* Markets for a wide variety of products become saturated much faster than when found new markets. An international market, especially those in which saturation is not a threat close, is an attractive alternative. Therefore, more and more products and services, potential markets are abroad, and to achieve those companies must have a clear vision of international marketing.
- *Foreign competition.* One way to get foreign firms challenge is to enter the domestic markets of foreign competitors.
- *The emergence of new markets.* Developing countries provide a major market for foreign companies. Most developing countries achieve high growth rates year after year.
- *Opportunities created by external aid programs.* Developing countries are given free assistance by various financial institutions and organizations. For example, Coca-Cola Company's penetration in Romania was carried out with the EBRD. Also, PHARE grant financial assistance to various countries in Central and Eastern Europe.
- *Insufficient internal market.* To enter mass production is necessary to have a large enough market. If the domestic market is not large enough to absorb the entire production line, can be an attractive alternative foreign market orientation.
- *Safety during recessions*. International Business provides a relatively high safety in times of recession. Typically, the recession started in a particular country and only after a few months (or years) will include other countries.
- *The cheap labour force.* Work is an important part of the costs. The labour market in third world countries is very attractive for companies seeking to expand into foreign markets, as the cost of labour is much lower than in other countries.
- *The tax advantages.* In an effort to attract foreign capital, some nations grant certain tax incentives to foreign firms.
- *Access to advanced technology and raw materials.* The desire to have access to advanced technologies and sources of raw materials, some firms will prospect international markets in order to achieve the desire.
- *Ability to smooth seasonal fluctuations in demand products.* Firm profitability may be affected by seasonal fluctuations in demand products. To avoid this, companies looking to enter the international market to smooth this application.
- *Increase the overall image of company prestige.* The export of products, the company creates a positive image both domestically and in foreign markets, with favourable results on profits. • *Depreciation costs of research and development* through a higher rotational speed.
- *Reduce unit costs and increase profits*. Increased sales volumes by entering foreign markets and the introduction of mass production can help reduce unit costs, even assuming adoption of marginal prices.
- *The national interests.* Some governments grant certain facilities of firms entering foreign markets, as greater output can be exported to certain products in the interest of the whole nation.

The shift from domestic to the international marketing is done being adopted different strategies and is going through a shorter route or longer. [10, 42-43]

1. The *first step* is ***to extend the internal market.*** This is the first (and oldest) strategy that can be adopted by a company in its orientation towards international markets, being used today especially for SMEs, considering that:

a) Foreign markets can be met with the same product;
b) External markets of secondary importance compared to internal.

In these circumstances, *external marketing* firms practice occasionally, aiming to satisfy external demand in the absence of firm orders without making any special effort to obtain such orders. There

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are also situations where companies are concerned with stimulating foreign demand, *active external marketing* practicing some acting in the direction:

- reduce costs;
- identify niches (micro-segmented market that specialize) in certain foreign markets;
- quasi-permanent adaptation of products, etc.

Companies that adopt the strategy of extending the internal market are called *self-cantered companies.*

2. The ***second step*** could be one in which the company is oriented to ***multiple markets***, considering that *foreign markets are more attractive than internal*, providing better opportunities (through the integration and coordination of marketing). With such an orientation (also called *multi-domestic*), with some companies try to exploit the potential advantages of each market and transfer the experience and skills gained in a market other markets. *Multinational* marketing is practiced now, being specific multinational companies (multi-centric), it relying on so-called multi-domestic strategies, each tailored according to the specific of each market.

3. The ***global international market orientation*** is the third step in promoting international marketing; this approach is characterized by internal and external market as a single market. Starting from the strategic objectives of the company, opportunities are selected by means of portfolio valuation, so the company's marketing resources to be directed towards the goals and long-term welfare.

Global orientation is typical of so-called *global companies*, which are divided into two categories:

1) Companies that adopt *global market strategies*, operating in markets dominated by universal needs that apply global *segmentation and selection* techniques of the markets (such as companies producing soft drinks, household electronics, watches etc.);
2) Firms that adopt *national market segmentation strategies*, they essentially competing national markets (which are sold raw food, clothing, household goods packed some etc.).

The two categories of companies have in ***common*** the fact that they are oriented to an overall aim as better exploit the opportunities of the national and international market, using the global standardization of marketing mix whenever possible. If such standards do not prove effective, they resort to standardization based marketing solutions tailored to complex, based on the experience of national and world markets.

Firms that are adherents of global philosophy can be region-centric or geocentric.

There are opinions that the main steps of the transition from national to the international integrated marketing as:

1) The company exports or not, whether it satisfies only *random order;*
2) The company receives *orders regularly*;
3) The company is *engaged in export more than it aims*;
4) The company is engaged *in market expansion;*
5) The company conducts research and *enter new markets*;
6) The company adopts *integrated international strategy.*

So, the evolution of international marketing has come to the following stages:

1) *Internal marketing*, where the company is oriented exclusively too domestic (national;
2) *Export marketing*, met when the company receives orders from some random foreign clients, international marketing concerns being, not a deliberate strategy, but rather a result of adaptation to environmental change;
3) *International marketing*, when export is a basic concern of business marketing company with its own sales subsidiaries and developing comprehensive marketing strategies for foreign markets;
4) *The multinational marketing* that is specific multinational corporations, when production company engaged in foreign markets, putting in place marketing strategies tailored to each country;
5) *The pan-regional marketing* when the company is considering a region consisting of several countries, which is treated as a whole, marketing strategies adapted at each of these countries;
6) *Global marketing*, where the whole planet is treated as a single market, common strategy across the world (whilst maintaining the flexibility to adapt to local level).

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Conclusions

International marketing business is faced with a number of risks, with multiple causes and heterogeneous, so that must be systematized according to several criteria.

Thus, according to their nature, the risk can be:

- Political and institutional behaviour caused by political factors and changes in legislation in partner countries;
- Management determined the occurrence of failures in business activity;
- Contractual having such as non-fulfilment by the partners of contract obligations;
- Cyclical, due to the unfavourable evolution of the international market;
- Natural, derived from earthquakes, floods, storms, earthquakes etc.

Depending on their location, are:

- Internal risks;
- External risks.

In turn, *internal risks* can be structured into the following categories:

- *risks from the production*, related to the use of materials and labour, manufacturing technologies;
- *risks related to research and innovation* presumed renewal and upgrade production, which has ensured the success in all conditions;
- *risk derived from internal cooperation* in production (between departments that contribute to complex production market), etc.

External risks of the various causes such as:

- *enormous foreign debt of* the countries concerned*;*
- *unstable governments;*
- *monetary depreciation;*
- *restrictions on market penetration;*
- *tariff barriers and other measures;*
- *conflicts of culture;*
- *corruption;*
- *technological piracy etc.*

The most common types of external risks are:

- *risk of failure*, which occurs when buyers do not want or can not raise their contracted goods;
- *insolvency risk*, which occurs when the buyer accepts the goods, but does not pay the agreed price on the date stated in the contract;
- *price risk*, due to discrepancies may occur between contractually agreed prices and those in force at the time of payment;
- *currency risk*, caused by exchange rate changes.

To prevent and reduce the risks involved in international marketing activity in contracts between partners may include a number of ***regulations.***

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