

# International Business

## Question 1

### Taking up kottu roti to France

Product	Price	Place	Promotion
<p>The product needs to be customized based on the segments. For example spice tolerance level of foreigners can be low, so if we're targeting them new recipes should be developed. In case of targeting Sri Lankan community who live in France, this may not be a big issue. The hygiene aspects are considered as very serious within EU, so managing the kitchen and safety regulations should be considered carefully. The overall restaurant experience and branding aspects should be planned in a way to position Sri Lankan identity in the minds of the consumers</p>	<p>The prices should be set in line with the standard prices within the region. Value based pricing can be depicted as a good strategy.</p> <p>The restaurant industry can be quite competitive in a market like France, so we should strategize accordingly</p>	<p>The restaurant should be easily accessible and the place should be branded in a way to attract more foreigners who seek for new experiences.</p> <p>The business can partner up with food delivery companies such as Foodora to distribute their delicious dishes</p>	<p>Online promotions of all kind is recommended to raise the awareness and communicate interesting deals</p> <p>Banners, in store merchandising and branding will also work effectively.</p> <p>Distributing handbills and leaflets would also work perfectly within the first stage</p> <p>Social media will play a big role here, and should invest in ways through e word of mouth can be improved</p>

### Taking up condoms to Saudi Arabia

Product	Price	Place	Promotion
<p>The product should be in line with standards and highlight the quality and safety aspects.</p> <p>The branding place a big role here as the market can be quite</p>	<p>Prices should be competitive and they can be changed based on the value and uniqueness of the each variants</p>	<p>Super market chain and pharmacies can be mainly used for distribution.</p> <p>Dispenser machines can also be used in selected locations</p>	<p>Saudi Arabia can be viewed as a culturally sensitive market which is quite hidden and secretive when it comes to issues such as sex and birth control. Hence, all the marketing</p>

closed culturally. Hence, effective branding strategies can be used to create a differentiation advantage.			communication efforts should consider suitability of communication campaigns and strategies from a cultural and religious point of view
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### **Taking up A Barber Saloon to the Punjab state in India**

<b>Product</b>	<b>Price</b>	<b>Place</b>	<b>Promotion</b>
Since this is a service, the focus should be on the overall customer experience as the value is co-created between customer and service provider. The unique styles and culturally sensitive things will be applicable here as the market is Punjab India.	The prices should reflect the value and overall customer experience. Thus, value based pricing would be ideal with a proper competitor price benchmarking	The store should be located conveniently, so that customers can access the place without making any additional costs.	Online and offline promotions can be used depending on the segments they want to target. For example, the lower end of the market won't be able to target efficiently using online. If that's the case offline promotion methods such as posters, handbills, etc. can be used.

### **Question 02**

#### **GDP (Gross Domestic Product)**

GDP is the total market and monetary value of goods and services which produce within the country in specific time period. This is a major indicator that measure economic condition and size of the economy of the country. GDP is main indicator that measure the health of the economy related to international business. GDP can be calculated based on production, income or expenditure. Investor consider GDP before entering to new international market as a scorecard of the economy.

There are few types of GDP.

Nominal GDP – GDP measured based on current market value.

Real GDP – This refers the GDP after adjust the inflation. Real GDP indicate better insight of the economy compared to nominal GDP (Johansson, 2000).

Growth of economy can be measured based on the growth rate of GDP within a year. GDP per capita is calculated GDP dividing by population of the country. GDP only reveals the size of the economy but not the real standard of the economy. Sometimes, country has lesser GDP could have better living standards compared to country which has higher GDP.

### **Balance of trade (BOT)**

BOT refers the difference between import and export value of the country within particular time period (Diasz, 2017). BOT is the country's biggest component of balance of payment. If country's import value is higher than export value, there is a trade deficit. On the other hand, if country's exports value is higher than imports value, there is a trade surplus. Deviation of BOT reveals the strength of the economy. However, it is depended on economic policy of the country. USA which is the largest economy of the world has had trade deficit since 1970s. On the other hand, China which is one of the largest economies in the world has had trade surplus since 1995. That is based on the economic policies of the country and its resources. Therefore, BOT does not always indicate the economy's healthy. However, comparison of BOT during particular time period show the progress of the economy. Government need to manage BOT according to the situation of the economy. As an example, many governments limit the imports due to economic condition with covid-19 pandemic. However, recent economic trend which many countries try to follow is to protect domestic businesses and encourage the exports more to achieve trade surplus.

### **Competitive advantage**

Competitive advantage refers to elements which enable a firm to produce goods or services better or cheaper than its competitors. Competitive advantage enable the company to generate more sales or higher margins compared to its market competitors. Competitive advantage can be defined as ability of company to use its core competencies and develop its strategic strengths to outperform competitors (Kotler and Keller, 2014). This leads to gain more than average profit.

There are two types of competitive advantage; comparative advantage and differential advantage. Comparative advantage means that the company's ability to develop product or service more efficient than competitors which increase profit margin more. Differential advantage means that company's products and services are unique and higher quality compared to other rivals.

Porter suggested generic strategies to achieve the competitive advantage. Generic strategies are cost leadership, differentiation and focus. Instead of generic strategies, there are two main strategic formulation approach to achieve competitive advantage; resource based view and position approach. Resource based view focus on competencies, resources and capabilities of the company to achieve competitive advantage. Positioning approach focus on external environment factors such as competitor analysis and market conditions and adopt according to the market condition to achieve competitive advantage. Further, Porter's diamond theory explains that some national resources and conditions help certain countries to achieve competitive advantage in the international market.

### **Absolute advantage**

When it comes to international business, some countries have special recognition for certain products and services. Concept of absolute advantage was introduced by Adams Smith. According to Adams Smith, countries only need to produce goods and services which has absolute advantage. Country or firm has absolute advantage over a product or service when it can produce that at a lower cost than other competitors. Further, country or company has absolute advantage when needs lesser amount of resources and time to provide the same amount of goods compared to other competitors. The absolute advantage can be the basis for large profits from trading between manufacturers of different goods with different absolute advantages. Through specialization, labor and trade, countries or companies which have different absolute advantages can always win over isolated production. Most of the times, producers which has absolute advantage gets the benefit of economics of scale.

### **Embargo**

Embargo can be defined as an order that countries, government or an official organization prohibiting trade with certain countries or governments. Countries impose embargo due to different reasons. Sometimes, these reasons could be totally economic reasons and also could be

political reasons. Countries impose embargo for certain products to protect local business, reduce environmental impact, health reasons or defects of the products. However, most of the time, countries impose embargo due to unfavorable political or economic circumstances within nations. Recently, USA impose embargo against Iran. United Nations defense Council has authoritative power to impose embargo for the countries. Officially, UN defense council have power to impose embargos to protect world peace and to force humanitarian changes. Embargos could be significantly affected to the countries' economy since it eliminate freely trade with the international markets which leads to maximize the economic development. Sometimes, embargos are only applied for certain items such as oil or military equipment. In modern world, embargoes can be applied not only goods and also certain technologies, applications or digital platforms. Recently, India and USA take decisions to ban certain apps which are originally developed in China. Further, certain countries such china do not allow to use certain social media platforms.

## **References**

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- Diasz, L. (2017) *Marketing and business strategy* 1<sup>st</sup> edition. Colombo: Soft wave printing