

THE IMPORTANCE OF MARKETING INSTRUMENTS FOR MARKET APPROACH AND OPERATION OF EXPORT COMPANIES

Ljiljana Stošić Mihajlović¹, Svetlana Trajković²
^{1,2} Academy of Technical Vocational Studies, Niš
stosicmihajlovicljljana@gmail.com, cecasvtr@yahoo.com

Professional Paper
doi:10.5937/jouproman8-24859

Abstract: In this paper we will show the importance and importance of the right combination of marketing instruments (products, prices, promotions and distribution) that affect the business performance of export-oriented companies. At the same time, it is indisputable that a good combination of the above mentioned marketing instruments has a stimulating influence on the movement of the basic parameters of the business of export-oriented companies. Also, each of the marketing mix instruments individually contributes to the business excellence of the company. The right combination of these instruments certainly leads to the success of the organization, but the real problem is determining what combination it is. That is, every business is in the dilemma of how much importance it attaches to some of the instruments of the marketing mix. The situation is particularly complicated by the fact that the results of the combination, that is, its success can only be viewed ex post, which is likely then. Organizations need prior key information in order for marketing instruments to act ex ante with the intention of creating the right mix of marketing mix instruments to market in a foreign market.

Keywords: *marketing instruments, foreign market, export companies, business success*

1. Introduction

Many theorists who study the impact of marketing mix instruments on the business performance of companies clearly share the view that the proper combination and control of key marketing instruments contributes to improving the business performance of companies that are focused on entering the foreign market. It is of

particular importance to point out that it is necessary to constantly monitor and improve each instrument individually with the aim of improving export performance, given the fierce competition and much more serious situation on the foreign market, which comes from insufficient quantity and quality of information about a specific market. This means that in order for the business success of appearing on the foreign market to be achieved, it is necessary to have a good research beforehand and to obtain information about the specific market in which the company decides. Only on the basis of previous quality research of the foreign market can any export-oriented organization be able to make a good and profitable combination of marketing mix instruments.

2. International marketing

When considering marketing internationally, it is necessary to distinguish between international business and international marketing. Namely, international business means classical foreign trade business, that is, a set of activities related to the exchange of goods between countries, such as: sales, pricing, problems of physical distribution, propaganda and public relations.

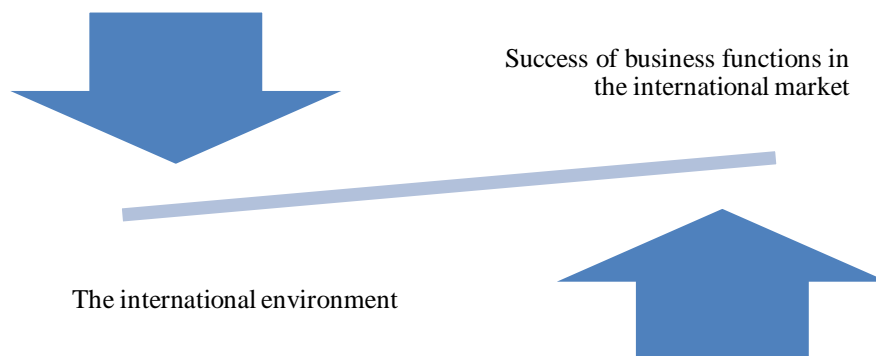
On the other hand, international marketing involves both market research and foreign market marketing research, which is certainly more complex. It is only after the marketing research and information that has been done previously that it is possible to include product planning and development for such a market appearance. Next, a pricing policy should be defined that will lead to the determination of a specific price, which is certainly one of the crucial items for the international market, in parallel with the complete program of marketing activities. In essence, international trade or foreign trade often neglects a previous exploration of the international context, that is, the

environment in which to enter the foreign market. On the other hand, international marketing just insists on previous marketing research to reduce the uncertainty of market appearance.

We can conclude that international business is, in conceptual terms, a broader term than international marketing. The reason lies in the fact that international business encompasses all business functions (production, finance, personnel) while international marketing involves concentrating on the variables of the marketing mix instruments.

The following figure shows the concept of international business management.

Figure 1. International business management concept



The main influence on international business is the management of instruments of the international environment, that is, their testing, categorization, measurement and monitoring of relevance of influence. In an internationally oriented company, all business functions have an international dimension.

In essence, marketing as a business function has the task of continuously adapting the resources of the enterprise to the achievement of the goals of the enterprise in relation to its appearance on the international market. In doing so, the

growth and development of businesses are constantly striving for expansion and exit from national borders. However, what is common to both performance companies in the domestic market and its appearance in the foreign market is the constant desire to make a profit. Meeting this goal of the enterprise means meeting the needs of consumers. This is where the essential link between international marketing and international business lies.

Two authors (Albaum and et all, 2012) defined international marketing as a set of activities that are realized in the international market. Our well-known author in the field of international marketing (Rakita, 2012), when referring to international marketing, he defines that “international marketing is a strategic orientation, instrumental creation and effective realization of market activities for successful internationalization of business entities and their more adequate integration into the international environment from local to at the global level.”¹⁵

Organizations have been forced into doing business and appearing on the international market for a number of reasons that stem from changes that are inherent in contemporary business. These changes are numerous, some of them are significant:

- Internationalization of the world economy
- The world's largest exporter and at the same time the US importer
- Growth of world economies (China, Russia, India)
- Indebtedness of small and underdeveloped countries
- Barter arrangements
- World domination of brands in the world of electronics, automobiles, food industry
- Difficult entry of new companies and companies to the market
- Growth in the share of internet commerce in total world trade.

When it comes to marketing orientation towards the world market of domestic or

¹⁵Rakita, [2012]. *Međunarodni marketing, Savremena administracija*, 8.

Serbian companies, the fact is that it started late in the historical sense of the word, only in the 1950s, which is not surprising given the entire historical path and obstacles faster development of trade in our country. However, today, under modern conditions, Serbia has taken its place in international trade and has made its way from a country that is largely import-dependent to a country that intends to become a significant exporter of many finished products rather than raw materials.

2. The international environment and marketing of export companies

Any company intending to expand its presence in the international market must fully understand the relevant factors of the environment in a foreign market, since they are fundamentally different from the environmental conditions prevailing in the country of origin. That is why you use a number of foreign market research techniques and one of them is PEST analysis, which analyzes the political, economic, sociological and technological environment.

The results of the global competitiveness index provide impartial information that enables leaders in the public and private sectors to better understand and shape their strategies in the era of the fourth industrial revolution.¹⁶

This analysis is formulated by Kotler and includes the elements systematized in the following table.

¹⁶Šušić, I., Šušić, M., Dragić, D., [2019]. The influence of political stability and economic stability on the inflow of foreign capital in Bosnia and Herzegovina (JPMNT) *Journal of Process Management – New Technologies, International*, 7(3), 27-40.

The political environment	Economic environment	Sociological environment	Technology environment
<ul style="list-style-type: none"> • Stability • The rule of law • Encouragement of foreign investment • Legislation 	<ul style="list-style-type: none"> • GDP level • Inflation • Unemployment • Currency risk • Tax system 	<ul style="list-style-type: none"> • Population • Language and religion • Education • Gender equality 	<ul style="list-style-type: none"> • Investing in R&D • Availability and diversity of energy resources • NTT development

Table 1. PEST analysis of the international environment

Every business environment, internationally, has a decisive influence on the business performance of companies. Namely, every national economy by its measures seeks to create a business environment in which primacy is most often given to domestic companies. However, those national economies who consider the open system economy to be equally important to foreign companies in order to increase production activity. In any case, the conditions of the political, economic, technological and sociological environment are quite different for each market in the countries of concern. The main strength of the company in approaching the foreign market is precisely the marketing and marketing research of all the above components of the environment. The marketing sector occupies a significant place and marketing managers must have a say in approaching and engaging companies in the foreign market.

3. Marketing mixtures of export companies

In order to be successful in the foreign market, marketing managers need to tailor their marketing mix instruments to the specific market demands. And here it is important to remind yourself that “Marketing has gone through its cycles, starting

from product-oriented marketing, then to consumers, and today, it can be said, we live in a time when marketing has become even an end in itself.”¹⁷

As marketing mix instruments have a decisive influence on the growth and development indicators of exporting companies, therefore, the basic features of marketing mix instruments are analyzed: product, price, promotion and distribution, and their impact and impact on the economic status of export-oriented enterprises.

During the creation of an international appearance, it is certain that an important position is played by the production program and especially the products intended to achieve the key performance success in the international market. Specifically, theory has shown and practice has confirmed that a bad product or a low enough price will not help it find its buyer. This means that product quality must be approached responsibly in order to ensure an international presence with products of such a quality that they can expect customer loyalty as the main features of economically sustainable competitiveness.

¹⁷ Stošić-Mihajlović, L., & Trajković, S. [2019]. Aggressive vs. discrete marketing. *Journal of Process Management. New Technologies*, 7(2), 7-12.

When designing a production program, special attention must be paid to elements such as:

- standardization
- modification,
- innovation products for each specific market.

As is well known, of all marketing mix instruments, only the price generates revenue, while all others only generate costs. If an organization intends to achieve price competitiveness then it can do so by lowering the prices of its products. However, the question is to what extent this competitive form of competitiveness can be used without endangering the business of the company.

Physical distribution as a marketing instrument has the task of bringing the products of the organization closer to the end consumers. This distribution function is very important when appearing in a foreign market. The problem posed here is related to distribution channels and marketing logistics as the last area where something can still be done with costs and with increasing revenue from lower distribution costs.

Promotion as a way of business communication with consumers in the foreign market must be different from the appearance and communication with the domestic market, taking into account all the peculiarities and important differences related to language, religion, religion, level of education of the population and other instruments related to the advertising of the product. . Certainly promotion is a very resilient instrument with the intention of informing potential buyers and consumers about the main features of a product.

Considering its significance and topicality, numerous authors have been researching social media marketing and various literatures can be found on this subject and yet, there is a lot to study, especially within the context of its impact on customer relationship development. This paper aims to provide answers to the research questions, and the obtained results can be of use to companies in creating their own marketing strategy. Additionally, it should be brought to attention that this research was done in Serbia and that it specifically deals with examining the attitude of Serbian consumers towards social media marketing and acceptance of social media by Serbian consumers. There have been few types of research or none of this sort, and the literature on this subject is scarce. Therefore, this paper can contribute to social media marketing theory and practice in Serbia.¹⁸

When creating marketing appearances, it is necessary for the company to carefully approach the instruments of the marketing mix and to put in its focus the creation of such a marketing program that will attract the attention, stimulate the purchase and meet the needs of consumers in the foreign market.

4. Conclusion

In the social (economic and historical) sense, civilizations were created out of people's need to engage in commerce for profit, or for profit.

Successful market business of any foreign-oriented organization, regardless of its size, implies the achievement of results that show the percentage of market share, volume and growth of sales and profits.

¹⁸Stojiljković, A. [2019]. The impact of social media marketing on customer relationship development. *Journal of Process Management. New Technologies* , 7(3), 41-48.

The internationalization of an enterprise's business through export-oriented marketing means the internationalization of the enterprise's market function. In doing so, it is essential that the strategy of appearing in foreign markets essentially has methods that relate to the selection of markets and products for specific markets while providing an answer to the question of what markets to produce and under what conditions to market products. In doing so, a way of entering a foreign market must be determined, and any strategy of penetrating a foreign market requires taking risks and involves controlling that risk in order to make a profit.

References:

- [1] Albaum, et all [2012]. International marketing and export management. *Harlow: Pearson Education*
- [2] Rakita, [2012]. Međunarodni marketing, *Savremena administracija*, 8.
- [3] Stošić-Mihajlović, L., & Trajković, S. [2019]. Aggressive vs. discrete marketing. *Journal of Process Management. New Technologies* , 7(2), 7-12.
- [4] Stojiljković, A. [2019]. The impact of social media marketing on customer relationship development. *Journal of Process Management. New Technologies* , 7(3), 41-48.
- [5] Šušić, I., Šušić, M., Dragić, D., [2019]. The influence of political stability and economic stability on the inflow of foreign capital in Bosnia and Herzegovina (JPMNT) *Journal of Process Management – New Technologies, International*, 7(3), 27-40.