

# Study on International Marketing and Investment Strategy-Taking ABC Company as an Example

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**Abstract:** There are a large number of pesticide export enterprises in China, but they are generally small in operation scale, low in industrial concentration, lacking of independent innovation and non-standard in industry development, and export marketing is mainly carried out by means of price war and vicious competition. Under the general trend of domestic pesticide industry integration and the fierce competition in the international pesticide market, these enterprises are facing great pressure of survival. This study selects representative ABC Company as the research object, and conducts the analysis of domestic and foreign marketing environment from four aspects of product, distribution, price and promotion respectively through quantitative analysis and qualitative analysis. Through the analysis of its marketing environment, put forward specific marketing strategies, On the basis of determining the strategic direction, the target market and entry mode of ABC Company are further analyzed. It also concludes that the company should flexibly choose the market entry mode, make full efforts to build the enterprise brand and influence, and gradually climb to the top of the value chain. It is expected to find a set of marketing strategies for the company to adapt to the current situation, and try to bring some reference value to enterprises in the industry with the same confusion.

**Keywords:** International Marketing, International Investment, 4P, Strategy Research

## 1. Introduction

ABC Company was founded in 2001, as a high-tech enterprise, mainly engaged in the research and development, production, sales and technical services of fine chemical products, new materials and new chemical pesticides with high technology, high added value and good international market prospect. The main business of the company is: research and development, production, sales and management of various active drugs of pyridine herbicides and nicotine insecticides and their intermediates; On the basis of scientific and technological innovation, we spare no effort to strengthen management in the field of three wastes treatment and employee occupational safety and health, and adhere to the road of clean, economical and ecological sustainable development. Most of ABC's products are pyridine herbicides and nicotinic insecticides with high efficiency, low toxicity, low residue and high selectivity. Basically in line with the current state to encourage the development of green, environmental protection, high efficiency and low toxic pesticide varieties development directions, has a good development prospect.

Competitive Advantage: (1) Advantages of business model: focusing on R&D and market, sales drive production. (2) Leading and scale advantage: enter the industry early, all kinds of qualifications, product system and production capacity improvement. (3) Advantages of registration: registration at home and abroad, completing registration information. (4) Other advantages: technical advantages, management advantages, market advantages, production advantages.

ABC's domestic competitors: The first domestic company to develop and put into production chloropyridine series products is Sichuan Lear. The following enterprises include Hebei Wanquan, Zhejiang Yongnong and our company. At present, they have achieved scale production and sales, and the production cost is almost the same.

ABC's Financial Position: ABC Company has formed an effective financial control system through

years of market operation experience. Through the purchaser classification rating, payment risk control, cost control and budget planning control system of the company's funds to form a more mature and safe management.

ABC Company mainly sells chlorinated products, such as pikegrass, atine, fluoxetine, verdine, and parynyl oxalamine to foreign markets.

The reason for the company investigate marketing this product overseas: As far as the main chlorinated products of the company are concerned, such as Bikegrass, atrazine, fluoxetine, chlorhexidine, and acetylenyl oxalamine. The world's largest producer and distributor is Dow Agrochem of the United States, as the developer of the main pyridine herbicide active agents and the innovator of its production technology. Dow is also the world's largest distributor of these products. Therefore, from the point of view of the global market, the company for the company's main competitors. Dow Yinong has a wide range of markets, channels and service networks around the world, and its products have a high brand and cognitive popularity, which make consumer more inclined to choose its products, and thus constitutes a great threat to the similar products operating enterprises including the company in the international market. Because the products the company produces are all non-patented products, other products in the domestic and international markets also have competition and influence from big patent companies, but basically similar to the above situation, in the international market, the company's products do not have brand and channel advantages. In recent years, most of the multinational companies have fixed "OEM" or centralized procurement in China, and the procurement cost is relatively low, which will have a certain impact on the pricing and pricing strategy of our products.

## **2. Marketing into a Foreign Nation**

### **2.1 The Product**

#### **2.1.1 Local Topic**

ABC Company is one of the few enterprises that have fully mastered the core technology of pyridine halogenated series products and made large-scale production. It has successfully developed dichloropyridine acid, virapidine, fluoxetine, chloropyridine and other herbicides in chloropyridine series products. In addition, the company is also the first enterprise in China to fully grasp the key technologies of the neonicotinoid insecticides thiamethoprid, thiamethoxam and thiamethoxam, and the first to complete the registration of these two products in China. In addition, the company is also committed to the professional and large-scale production of parynphenylphthalamide, sulfamethoxazole and other products.

ABC's main products are high efficiency, low toxicity, low residue and high selectivity of pyridine herbicides and nicotine insecticides. At present, the demand side of ABC Company is mainly divided into two groups: one is the middlemen and direct users of pesticide import in various overseas markets; the other is the major multinational companies. By using its products, famer can effectively remove harmful weeds and pests and increase agricultural output.

Domestic competitors: Due to the patent of neonicotinoid insecticide, bubonine, bubonate and so on, and the unique and novel mode of action, good root internal absorption, low mammalian toxicity, high efficiency, broad spectrum and good environmental compatibility, many domestic pesticide enterprises have put into production of this kind of products. At present, Jiangsu Kesheng, Hebei Weiyuan, Hunan Haili and other companies have commercialized or will soon commercialize such products. It can be predicted that once this kind of products are marketed, there will be great competition.

Foreign competitors: As a domestic leading products of this series, in Sichuan, with its many years of accumulated technology, production and sales, such as resources, to distribution of products in the domestic market sales, mainly sales of technical products in the international market, partly by directly or indirectly exported to Asia, Europe, Oceania, the Americas more than 20 countries and regions, another part of the products through cooperation with many international multinational companies and sales. Therefore, its production and sales and market visibility are far ahead in the industry. In the international market, due to the concentration of some product orders, the diversity of channels and the opacity of customers, the competition are more likely to occur.

### 2.1.2 Internationalisation Topic

The main products of ABC are high efficiency, low toxicity, low residue and high selectivity, which are basically in line with the development direction of green and environmental protection, high efficiency and low toxicity pesticides encouraged by the state, and have a good development prospect.

The political and legal environment ABC Company faces in the process of international marketing is mainly in two aspects: First, the policies, regulations and restrictions of the governments all over the world on the import of pesticides; The second is the export policy of the Chinese government, the exchange rate fluctuation of the RMB and the status of the industry. Regardless of domestic and international policies, the general direction of policies often determines the future direction and "game rules" of the industry. Different policies will have different impacts on the current pesticide export industry, which can be summarized as the following: Registration systems in countries are becoming more stringent. As a kind of special commodity, pesticide registration system and strict management have been adopted by all countries and relevant international organizations. Different countries have different requirements and evaluation standards for pesticide registration due to the characteristics of pesticide products and the use environment, which are related to pesticide efficacy, quality, residue, toxicology, environmental toxicology, regulations and policies, etc. The technical requirements are complex and the professional span is large.

In recent years, with the increasing demand for pesticide export registration in China, the registration requirements have become more and more stringent, and various countries have introduced various new regulations and policies. Pesticide evaluation procedures have become more complex and standards more stringent. <sup>①</sup>

### 2.1.3 Internationalisation Topic

According to the Report of the World Food and Agriculture Organization (FAO), there are about 5 million to 10 million cases of pesticide poisoning every year worldwide, and the calls for environmental protection, food security and the ban of pesticides are growing louder. In fact, we need pesticides. If pesticides are not used, more than 70 percent of the crops will be damaged, and some will even have no crops, which will greatly threaten world food security and human survival. Some pesticides also play an extremely important role in controlling certain human diseases: More than 20 diseases that pose serious threats to human life and health are transmitted by some insects. Such as river blindness, sleeping sickness, dysentery, epidemic hemorrhagic fever, typhus, etc. According to the World Health Organization, the use of DDT prevented more than 50 million deaths and more than 1 billion deaths worldwide between 1948 and 1970.<sup>②</sup>

To sum up, although the use of pesticides has great protection for agricultural production and human development, it also brings direct harm or potential threat to the environment and human health. With the sensitivity of pesticide residues and the intensification of environmental protection policies, the production and use of pesticides are under great pressure.

## 2.2 The Place

### 2.2.1 Local Topic

As the main product of ABC, only 20% of pesticide products are supplied to the domestic market. Due to the regional, seasonal and temporal nature of pesticide products, the export enterprises cannot cope with the changeable market with the inherent mode. Therefore, ABC's marketing must listen to the needs of customers from the perspective of customers, and seek survival and development by responding to customers and responding to the market quickly.

### 2.2.2 Internationalisation Topic

As technology-intensive products, active pesticides have high requirements on upstream raw materials, supporting equipment and technical level. In most target markets, it is difficult to achieve production transfer. Therefore, for the market entry mode of active pharmaceutical products, it is better to choose direct export mode or joint venture operation mode with local pharmaceutical factories. Drug product, by contrast, only need a simple formulation and processing, in the vast majority of the target

<sup>①</sup>Zhang Yibin, 'New regulations in Brazil make pesticide registration more challenging', *Agri-chemical Market News of The 10th*, no.26, 2012, pp.40-41.

<sup>②</sup>Gonghua Zhao, 'Analysis on Development and Pesticide Marketing Channels of Jiangsu Changqing Agrochemical Co.,Ltd.' *Thesis of Yangzhou University*, Yangzhou, 2009, pp.9-10.

market can be achieved, but the sales channels, value-added products and services with high requirements, suitable for through franchising, joint venture and wholly owned subsidiary, realize the product localization, so as to better for marketing.

### 2.2.3 Internationalisation Topic

Due to different target market there are various types of middlemen, traders and distributors, so removing the set exclusive agent and total distribution area of the market, than in more than one target market, company will take a long distribution mode, particularly in India, Russia, Pakistan and other countries, due to the limited than German companies understand the target market, there is little possibility of direct end users, this needs through various forms of cooperation to achieve marketing dealers.

Because the South American market there are a lot of government procurement requirements, than German companies on the market and a lack of understanding, can consider to adopt the underwriting mode, will be designated commodities in the designated area of exclusivity granted to the dealer, distributor has promised not to other similar or alternative sources of goods, through the underwriting agreement, the two sides establish a stable long-term business relationship, so as to use the underwriter's funds and sales ability, in the development of these regions to establish a stable market.

The investment environment of the two target markets of Australia and New Zealand is ideal, ①and ABC Company is fully qualified and capable of adopting the direct investment mode, so it should establish branches in these two target markets as soon as possible. The first is to realize the localization of the production of pharmaceutical products; the second is to apply for independent registration in the name of the branch; the third is to provide customers with more convenient and comprehensive services through the subsidiary.

For pesticide products, the registration certificate is an important link to enter the overseas market, and is the legal "IDENTITY card" of pesticide export products. The pesticide certificate is also the most important "green barrier" way for the importing country to restrict pesticide products. Whoever passes the registration first can be the first to enter the market and bypass the barriers set up by the importing country to start the sales smoothly. Therefore, pesticide enterprises should strengthen pesticide registration management and speed up overseas pesticide registration, so as not to lose market opportunities. Only in this way can we seize the initiative of the market.

## 2.3 The Price

### 2.3.1 Local Topic

The domestic market of ABC's products is a monopolistic and competitive market structure. The situation is as follows: The first domestic company to develop and put into production chloropyridine series products is Sichuan Lear. The following enterprises include Hebei Wanquan, Zhejiang Yongnong and our company, etc. At present, all of them have achieved scale production and sales, and the production cost is almost the same. As the domestic leader of this series of products, Sichuan Lear, relying on its accumulated resources of technology, production and sales for many years, redistributes the products in the domestic market by itself. Therefore, its production and sales and market visibility are far ahead in the industry.

In the domestic market, the company's sales are basically achieved through domestic pharmaceutical factories, so there is basically no direct competition with the above three enterprises; the products produced by the company belong to the price setter. In the international market, once Chinese pesticide products are labeled, the prices are often much higher than the export prices. For example, the retail price of 360g/L chedalin can reach us \$6 in some West African countries, while the export price is only about US \$1.8.②

Due to the patent of neonicotinoid insecticide, bubonine, bubonate and so on, and the unique and novel mode of action, good root internal absorption, low mammalian toxicity, high efficiency, broad spectrum and good environmental compatibility, many domestic pesticide enterprises have put into production of this kind of products. At present, Jiangsu Kesheng, Hebei Weiyuan, Hunan Haili and

①Peter May, 'Australia and New Zealand Agricultural Chemical Market', *Proceeding of the 2rd CAC Sydney Forum on Procurement and Service of Crop Protection Products*, 2014, pp.22-30.

②Wang Yaobing, 'Analysis of International Competitiveness of China's Pesticide Industry', *Journal of Huazhong Agricultural University*, no.1, 2012, pp.14-17.

other companies have commercialized or will soon commercialize such products. It can be predicted that once this kind of products are marketed, there will be great competition.

At present, the demand side of pesticide export enterprises in China is mainly divided into two groups: one is the middlemen and direct users of pesticide import in various overseas markets; the other is the major multinational companies. What kind of requirements, whether for pesticide companies in China in order to fight for market, mainly by adopting the means such as price wars and vicious competition, and "price war" is the direct result of cause profits to a reduction of pesticide enterprises in our country, and gradually lost autonomy in pricing and channel control, the initiative entirely in the hands of the importer. For example, vishalin, once known as a trans-century insecticide, had a tonnage price of one million when it was just withdrawn in 1996, but by 2004, the price had dropped to about 150,000 yuan, with an average annual decrease of nearly 20%.

In the international market, Chinese pesticide products once they are branded, prices tend to be far higher than the export prices, for example, the grass gansu mountain of 360 g/L retail price to \$6, some countries in west Africa and export prices for just \$1.8 or so,<sup>①</sup> Ukraine experts summarizes in July 2007 China part of the pesticide product FOB (FOB) and the local actual sales price differences (table 1)<sup>②</sup>

*Table 1: Comparison between the selling prices of Chinese pesticide products in Ukraine and FOB prices*

The product name	Export price (FOB)(\$/ L)	Price after freight(\$/ L)	Ukraine sales Price(\$/ L)
Glycoline isopropylamine salt	2.11	2.8	7.2
Benzene sulfonic lung(750G/KG)	16.7	21.38	312
Smoke its cycling(40G/L)	3.4	4.43	37.3
dicamba(480G/L)	7.9	10.14	28.9
Acetochlor (900 g/L)	2.7	3.54	9.4
A grass amine (960 g/L)	4	5.22	13.8
Grass ketone (120 g/L)	5.1	6.59	32.4
Dichloropyridine acid (750G/KG)	56.5	71.85	150
Sweetgrass (71G/L)+ beet (91G/L)+ ethyl furfuran yellow	5	6.47	39.6
Fluoramine sulfone (500G/KG)	48	61.6	756
Eazole alcohol(120G/L)	3	4.16	96
carbendazim(500G/L)	2.2	2.93	13.2
Biphenyl chrysanthemum ester(200G/L)	6.8	8.19	127.8
Fine armor frost spirit(350G/KG)	6.1	8.45	125
dimethoate(400G/L)	1.9	2.53	6.6
S-pentaerythrin (50G/L)	5.3	6.84	20
Which the worm Lin	14.2	18.12	192
Kill bees (480G/L)	3.6	4.7	10.6
powder azolealcohol(250G/L)	11	14.05	28.5
Pentazolidol + triazolidone + spironolamine	6.4	8.3	35.2
Pentazolidol + triazolidone	5.8	7.6	39.6
Fine nail frost spirit + mancozeb	3.5	4.6	21.9

The price of ABC's products abroad is higher than the price in domestic trade, which is mainly due to the tariff rate, consumption tax rate, fluctuation of foreign exchange rate, foreign middleman profit, foreign credit capital cost, transportation cost and insurance cost.

### 2.3.2 Internationalisation Topic

At present, China is only a big exporter of pesticides, not a big exporter of pesticides, and the added value of its export products is relatively low. In order to seize the market, domestic export enterprises bargain with each other, which not only sacrifices their own profits, but also affects the economic benefits of the whole industry. Since China's pesticides are not sold in the international terminal market

<sup>①</sup>Wang Yaobing, 'Analysis of International Competitiveness of China's Pesticide Industry', *Journal of Huazhong Agricultural University*, no.1, 2012, pp.14-17.

<sup>②</sup>Volodymyr Khorishko, Neonila M artyniuk, 'Direct from the Plant Protection Manufacture in China to the End-user in Ukraine, *China Crop Protection Industry Association*, Nanjing, 2007, pp.141-149.

by itself, products going abroad are only the beginning of the sales chain, and only reach the users through multinational companies or a number of middlemen.

In the newly developed sales area, ABC Company can try to flexibly apply some return strategies when making the price strategy, and give certain discounts or rebates to the middlemen who purchase continuously, so as to promote customers to be fixed and become long-term stable customers of the enterprise.

### **2.3.3 Internationalisation Topic**

ABC Company believes that pricing strategy should be an important part of the marketing mix of the enterprise, as well as the most flexible and artistic part. The price of a product is an important factor affecting the sales of the company's products. Therefore, on the basis of understanding the price composition and influencing factors, how to formulate a good price strategy is an important part of the company's marketing activities. There are a variety of pricing strategies for international price, such as skimming method and permeation method for new product pricing. The quantity discount method, cash discount method, functional discount method and seasonal discount method used for the discount strategy; FOB method, CIF method, regional delivery method and subsidized freight method for geographical pricing; Non-integer pricing, integer pricing, reputation pricing, unit pricing and so on are used as psychological pricing strategies.

The company has two main pricing strategies for different countries and different regions: (1) uniform price, that is, the world at the same price sales. (2) Pricing based on cost.

ABC Company can set up an automatic price adjustment system based on the calculation of income according to market supply and demand, competition and other factors, and automatically adjust the price.<sup>①</sup>

At the same time, ABC Company can envisage the establishment of a collective bargaining system with consumers to negotiate prices directly online, so as to make prices more flexible and diverse. On the other hand, although this pricing model can respond to the market, it is difficult to manage, which is difficult to achieve in traditional international activities.

Therefore, ABC Company takes a certain period of time as unit time in the actual price strategy formulation, and each unit time adjusts the price strategy according to various factors. In this way, the company's price strategy not only has greater flexibility, but also has relative stability.

ABC Company should constantly improve its ability and skills in gathering business information and obtain as much information as possible about its competitors.

By keeping track of competitors on the Internet and using the Internet, various seminars and press conferences held by competitors, the company's social network and business network, relevant industry associations, various trade fairs and other channels, enterprises can collect comprehensive information about competitors needed by enterprises.

## **2.4 The Promotion**

### **2.4.1 Local Topic**

ABC Company can also try to adopt the "product combination package" service, providing different forms of combination package according to the needs and characteristics of different customers. Provide different types of product combinations and packages according to the purchasing habits of regular customers; Provide product information, registration support, market analysis and other package services for new customers in the early stage of development; for customers with special needs, through customized services, to provide customized products and services in line with customer characteristics and personality. Through these customized "product portfolio packages", customers can be consolidated and attracted more effectively.

### **2.4.2 Internationalisation Topic**

The means of business promotion is very rich, and its application in different countries is sometimes limited by laws or cultural customs. In international marketing, there are several important forms of business promotion, such as expos, trade fairs, roving exhibitions, trade missions, etc., which

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<sup>①</sup>Li Bing, 'On pricing Strategies of Network Marketing, *Business Research*, 2001, p.233.

are often useful for introducing a company's products to overseas markets. It is worth mentioning that these activities often increase their promotional power due to the participation of the government. In fact, many national governments or semi-official institutions often take this as an important way to promote the export of domestic products and expand the international market. ABC Company pays great attention to large exhibitions and trade fairs sponsored by the government or with official nature, in order to promote its products more quickly and widely.

#### **2.4.3 Internationalisation Topic**

Following Lier Chemical, ABC Company is one of the few enterprises that have fully mastered the core technology of pyridine halogenated series products and made large-scale production. We have successfully developed dichloropyridine acid, virapidine, fluoxetine, chloropyridine and other herbicides in chloropyridine series products. In addition, ABC Company is also the first enterprise in China to fully grasp the key technologies of the neonicotinoid insecticides thiamethoprid, thiamethoxam and thiamethoxam, and the first to complete the registration of these two products in China. In addition, ABC Company is also committed to the professional and large-scale production of parynphenylphthalamide, sulfamethoxazole and other products. On the basis of scientific and technological innovation, it adheres to the road of clean, economical and ecological sustainable development.

To sum up, the company has mature products and target markets in Australia, New Zealand and developed countries in Europe and America. These target markets have great potential and economic prosperity, together with political stability, social democracy and economic prosperity. Most import enterprises have high credibility and low credit risk, so they can profit from green marketing.

#### **2.4.4 Internationalisation Topic**

Objectives of marketing efforts:

The advantage of China's pesticide industry lies in the imitation pesticide industry, and the pattern of China's pesticide industry dominated by imitation will not change in the short term. However, it should be understood that imitation is not an absolute disadvantage. Chinese enterprises should not avoid imitation and blindly pursue innovation. On the contrary, ABC Company should make use of the best cost performance brought by imitation, supplemented by comprehensive professional services, to effectively attract and consolidate customers, gradually change the long-term impression of cheap, low quality and low added value of Pesticide products made in China, and build a reputation and brand of pesticide products made in China.

However, it should be noted that the advantage of imitation here is not simply imitation, but through technological innovation, to explore the appropriate process route, optimize the process, improve quality, reduce costs, reduce pollution. ABC Company has been mainly engaged in the research, development, production and management of pipyridine chloride series pesticide products for many years, and has formed a certain competitive advantage in this market segment. In the subsequent development, it should make full use of the formed competitive advantages and seize the two core elements of innovation and brand. By providing customers with the most cost-effective products and comprehensive professional services, it will improve the added value of export products and international market recognition, and gradually change the status quo of being at the low end of the international pesticide manufacturing chain.

### **3. Conclusion**

Through a comprehensive analysis, this report summarizes a variety of export marketing strategies ABC Company can adopt under the guidance of 4P marketing theory, including improvement mechanism and rapid response; Seize the opportunity to register first; Direct terminal, reduce links; Sales association, system solution; Product association and scientific combination; Interest association, flexible choice; Comprehensive services, professional marketing; Pay attention to credit, harmonious coexistence; Customer classification, clear priorities; Reduce costs and benefit customers; Build up the brand, return oneself; Circular return, long-term win-win, so as to help ABC Company to improve its export marketing capabilities. Focuses on cultivating customer loyalty and reducing customer loss; By standardizing systematic marketing theories, ABC Company can provide professional marketing services to avoid price wars and other vicious competition. By enhancing the brand value of enterprises, enhancing the industry influence of enterprises, enhance the core competitiveness of enterprises; By improving the competitiveness of the enterprise, it can solve the dilemma of high cost and low profit in

the business process, and surpass the imitation of peers in the market, price and sales channels.

On the current, compared to the same company has confused many of the same pesticide export enterprises, through the 4P marketing strategy, not only from the perspective of marketing to help these enterprises overcome the current problems faced by, at the same time also helps to build the image of enterprise specialization export marketing services, so as to further enhance the brand value, in the fierce international market competition to enhance the competitive power of enterprises.

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