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Macy

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Research Paper

Expanding Business Overseas

Starting again in the mid 2000's the United States went into another recession only making it harder to be successful in business. With the recession seeming to hit companies the hardest it has been difficult to make it as a business in most recent days. With the economy taking this severe downturn, business has gone down the drain because, "fewer consumers are in a position to spend money," leaving business at a dead end (Cooper Recession). There are not enough people currently living in the U.S to make ends meet for companies. With companies looking for somewhere to go and re-boost their own economic success, change is the first thing that needs to happen. There are only a few possible paths to follow in a recession that happens like this current one and so the main path I believe that needs to be taken advantage of is, expanding businesses into overseas markets. For businesses in the United States that have dominated the U.S. market, but have recently been hit hard by the recession, there is a smart idea of expanding for four main reasons, an untapped market, a new base of consumers, new company recognition, and cost saving techniques.

The first positive that comes from going overseas and into another country to expand a business and to get it back on its feet is to take advantage of an untapped market. Defining what an untapped market is very simple. All that you need to know is that this would be a market/

economy that your business has never been a part of. This could also be business that would be new to the people living in the place that the company wants to expand into. If you are able to expand business into a country that has possibly never seen the product or service you are trying to sell, it would be considered hitting the jackpot. Being able to give people a taste of something new to dip their hands in, is definitely, “where the money is” to be found (Plafker 40). When companies were polled from around the world all came to the same final position, “foreign expansion is good for business and should be considered urgently by domestically-focused companies” (Sausa 1). This idea is being reiterated by companies from all over the world. The idea of expanding instead of staying domestically owned can be the key to success in the business world. One thing to always think about in this situation is that, “if you don’t your competition will” (Expanding Business 1). This isn’t simply being taken to thought in the U.S only many, “Filipino firms who have diversified overseas are faring better than those who have stayed with their home markets” (Sausa 1). As proven earlier and once again the company that makes the move to expand into the new market is the company that will be most successful.

One of the main draws that companies love to think about when wanting to make more money is the idea of having a large customer base. When more consumers are put into the picture of the business there is only one way for the revenue to go and that is up. With the possibility of expanding a company to the whole world it would be foolish to stay only in the United States where there is only 5% of the total world population. With “95% of the world’s consumers [residing] outside the U.S,” the option of expansion is almost instantaneously bringing a company money in the pocket. People have to make sure that they do not simply focus on the home-grown product, but all the people of the world as a whole. The main idea to

know about this topic is that, “expanding your business increases your ability to turn larger profits in the long term,” and it also “widens your customer base” (Marquis 1). Consumers are the reason for either success or failure of a business, “consumer behavior has played an important role in launching the current recession,” and can be the key to getting us out of the recession once and for all (Cooper Recession). When you get more people to buy the product you are selling there will undoubtedly be an increase in the revenue. Once people in all places of the world begin to purchase what you want them to, it takes that company practically out of the recession.

One other major attributing factor in getting a company to grow and build up again once a recession has hit is more company recognition. The focus behind this topic would be to get out what your company’s idea is all about and to intrigue possible consumers to join in and purchase what ever product is being put on the market. Put into simple words, “Business expansion leads to increased brand recognition with potential customers” (Marquis 1). Simply by getting your company noticed in a new nation with a market that you have never been in and a whole new field of consumers will create the profit a company wants in the long term. When Nike first went into China and got their initial recognition, “analysts agreed that Nike's reorganization could account for a steady 10% sustainable growth” (Woolsey 1). The reason for this sustainable growth is the idea that once your business is recognized and becomes popular in one area then it tends to spread to other areas and become even more popular. One quick example of this was given in an article explaining the idea of the recognition phenomenon, “customers that live in Houston, Texas, will not travel hundreds of miles to Dallas, Texas, for a slice of pizza. However, if you expand your pizza business so that you have a location in both cities, your customer base

increases dramatically” (Marquis 1). This shows that the more places a company can be in the more they will be able to increase profit and be better off in the recession. The more places that people can see your company name the more consumers it will bring to you and a company is always better off with the most consumer possible.

The last possible way for a company to better their annual revenue intake is through cost saving techniques. The idea behind this The main focus of these techniques is once again by expanding the business to different parts of the world. For many companies in the U.S it is hard to find cheaper labor and taxing on business in the United States can be outrageous. When given the opportunity to spend less and make more I believe that every single company would take this step to better their own success. In many ways, “A lot of these off shored positions replace very high-wage jobs,” which in the long run will save large amounts of money annually (Cooper). One example of using an off shored job to cut down on costs magnificently was in Boston where, “instead of having a \$450,000 radiologist read an X-ray or an MRI here, they sent it to India [to] have it read by a \$50,000 radiologist.” (Cooper). This simple task of moving one job from in the United States to another country saved this group \$400,000 annually. This shows how important it can be to take the cheapest routes of going out of the country to expand into new territory. The difference between one person can save you \$400,000 in the long run. With well trained professionals popping up all over the globe today especially in “developing countries” it makes the idea of “exporting American jobs attractive” (Cooper). By expanding business into other countries there is the possibility of “millions of eager workers, low costs and capitalism-infatuated governments” (Katel). And by expanding a company into a new area proves that “aggressive incursions into foreign markets, specifically China, India and Russia will also pay

big dividends” (Woolsey). All the components of expanding a business point in the direction of lowering costs drastically and saving a company large profits of money in the long term. With such large opportunity to reduce costs so effectively it would be unwise for a company not to follow guidelines to expand.

As shown in the rest of the paper the simple decision of expanding a business to join the world market and push for new ground as a company is the best option for a company to beat the current recession that the U.S is in. With the opportunity to spread into an untapped market with a product that no one has seen before gains a company profit instantly. The ability to bring a new specialty to a country that is unaware of a certain service brings in revenue to a company like never seen before. By tapping into the other 95% of the consumers that live on this planet can lead into great profits in little to no time. The main way to make money for a company is to have consumers willing to purchase their product or buy from their services and the only way that there is to get new consumers to take part in your company is to expand to new parts of the world. With new consumers comes new recognition and the spreading of your own company name. When one group of people hears about an up and coming big new company from family or friends they want to be a part of the new company themselves. When families and friends from all over the world start to recognize your one brand name or the company logo that represents you, it means simultaneous profits being brought in from countless regions of the world. The final big part of expanding a business is using the lower wages of workers and lower prices on taxing of other countries to produce your product or carry out services that a company provides. With all these positive and beneficial factors that play a role in making a company

bounce back onto their feet and pull out on top even when a recession is taking place all come from the step of expand, expand, expand.

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