Strategies of International Production

Internationalization in companies, as participation in globalization; It is considered as the process in which a company develops strategies to take its commercial offer or part of its activities to one or several countries other than the one in which it originated; To achieve it, it is necessary to have a product of sufficient quality to be offered in international markets, which helps in the *growth and improvement of the possibilities* of the future of the organizations. To approach Internationalization, the company must keep in mind that its development occurs in the long term and its process is not direct, but gradually evolves from different stages.

Internationalizing a product affects the need for a company to market said product in one or more foreign countries.

With internationalization strategies, companies try to achieve competitive advantages through a broad presence in international markets, where they find new customers, profits, and sales.

Advantages of internationalizing a company

The internationalization process of a company implies that both the name and the structure of the company will be expanded to other countries. In other words, the organization will have an international scope and not only within the country in which it is located.

Internationalization provides benefits such as:

- The growth or expansion of the company
- Better economic income
- Greater company value
- Competitiveness is boosted.
- Tax benefits

- Recognition in other countries
- Plants or headquarters in new territories
- Greater amount of public

Types of International Strategies

1. **Global strategy**

The global strategy sacrifices the adaptation to the local market in favor of the global integration of the company.

This means that the products or services that are going to be offered in all countries are standardized, without adapting to local markets. Its manufacturing will also be standardized, and, in addition, decision-making will be centralized.

It is a strategy whose final objective is to **reduce costs** through economies of scale: the company seeks to sell more of the same product, so it goes out to sell it to foreign countries through subsidiary branches.

The global strategy is typical for industries where price competition is high. It is also implemented in B2B business models, with products that are not directly related to the final consumer (for example, to produce technological equipment parts).

To carry it out successfully, the company must focus on gaining a competitive advantage. In addition, it will be necessary to ensure that the general guidelines are correctly implemented in each of the countries.

For such firms, variance in local preferences is not very important, but pricing is.

2. Multidomestic strategy

Right on the opposite axis to the global strategy is the multi-domestic one. In this case, the global integration of a company is sacrificed in favor of **adapting** to each of the markets in which it is established.

This strategy understands that **each market is different:** consumers require products and services adapted to their lifestyle, beliefs and motivations, and the company must adjust, or it will fail.

The same occurs with the ways of working: the multi-domestic strategy is committed to designing different internal processes, depending on the country in which it is installed.

The multi-domestic strategy seeks to act as a local company that knows its market perfectly. For this, it is essential that the global management of the company allow **autonomy** to act in each of the national branches.

The companies that opt for this strategy usually belong to industries whose price competition is not decisive, but product differentiation is.

3. Transnational strategy

The internationalization of a company using the transnational strategy seeks an intermediate place between global integration and adaptation to the local market.

In this case, these are companies that detect both strong price competition and the need to offer products or services adapted to the public in each country.

Therefore, the company is going to have to combine an economy of scale with the necessary **flexibility** so that each branch of the business in each country can adjust to local sensitivities, making concessions.

4. International strategy

Finally, the international strategy is applied to companies that require low global integration and little attention to the different sensitivities of the markets in which they are integrated.

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This strategy is also known as the **export** model, and it assumes that most of the company's turnover will depend on the national market, although it also tries to sell in foreign markets. For this reason, it is the easiest to implement and the most used by SMEs that want to start selling across borders.

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