
Editorial: Changing dimensions of global competition

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Attributes of global marketplace and marketing strategies are rapidly changing today in reference to manufacturers, service providers, technology, innovation, and consumer preferences. The human needs are uniformly spreading across the countries which demand for greater negotiations and free movement of goods and services. While people continue to live in local realities in the developing countries, these realities are increasingly being challenged and integrated into larger global networks of relationships (Rajagopal, 2007). Globalisation has opened up market competition at various levels of markets which has penetrated intensively also to the bottom of the pyramid. Mass marketing strategies of multinational companies has contributed largely to the change in market structure as firms are exposed to the emerging competitors. If foreign and domestic firms produce close substitutes, their interaction in the product market not only forces prices below the monopolistic level but also drives consumer preferences. Demand shifts from monopolistic to oligopolistic varieties and incentives to develop new varieties are reduced. However, the changing market structure has turned challenging in developing as competition turned asymmetric involving regional and local market players (Tang and Walde, 2001).

The span of expansion of multinational companies across the developing countries towards manufacturing and services activities endorse the concerns of globalisation. Although the race to acquire and retain customers, and shifts in business paradigms to augment profits is intense, new research shows that growing firms can better learn from their competitors in surprising ways to drive business growth strategically. As revenue generation is becoming an increasing challenge due to intensive competition coupled with recent economic slowdown, it is necessary for the emerging firms

to develop both strategic and tactical plans to help business growth in the market. However, the global competition has largely grown in an oligopolistic dimension over the years. This integrative approach of marketplaces in oligopoly regime incorporates both localised and global competition, as well as price-sensitive market demands. Such market conditions explain the impact of major changes over the last two centuries in reference to reductions in transport costs, increased taste for variety, population growth, and use of technologies with greater returns to scale (Anderson and de Palma, 2000).

International business encompasses a wide range of activities involved in conducting business transactions across countries and international marketing functions specifically deal with the strategies associated with the marketing of products and services therein. However, globalisation has created a great deal of debate in economic, policy and grassroots circles world over. The increasing complexity of globalisation may be seen in various dimensions such as economic, political, cultural, legal, and technology management, which necessitate a new paradigm for learning and teaching. International marketing is one of the strongest offshoots of globalisation in managing business activities across national boundaries conceptualising one world. Since 1980s presuming the reactions of globalisation in domestic markets, many countries have introduced competition policies to regulate the effects on various business sectors. There is a need to develop new indicators on various aspects of competition laws and forms of competition to document the effect on local business sector and the role of moderation of competition policies in prompting strategic business growth among different business sectors. Some studies have discussed the direct effects of competition policy on total factor productivity and revealed that countries scoring high with regard to competition policy suffer less from corruption (Voigt, 2009).

In the inaugural issue of the journal we have admitted six quality papers on economic and market related issues affecting the competition and growth in business firms. The first paper in the collection of this issue is addressed by Espinosa Ramírez and Montalvo Corzo on the distinctive relationship between business and corruption. Authors argued that structural inefficiencies in implementing institutional reforms not only lowers the social and economic benefits in the country, but also causes inequality in wealth distribution due to corruption. The paper illustrates a politico-economic model and analyses the policy decision in reference to lobbying and corruption at various stages of development. The results of their study suggest that the optimal institutional level will depend on the degree of efficiency of the legal structures against illegal structures. The study conducted by Espinosa Ramírez and Montalvo Corzo is consistent with the previous studies on this subject, which indicate that the elasticity of real per capita growth rate with respect to public sector corruptions indicate that corruption is more sensitive to real per capita growth rate than the amount of money. The business corruption and public sector corruption have detrimental effects on real per capita growth rate (Lee, 2006).

The second paper in this issue discusses the consumer perceptions on routes to market to gain competitive advantage. In order to enhance the customer value, firms develop new routes to markets. Route to market is a distinct process followed by customers towards buying a selected product or services through a market channel. Globalisation and growing urban services marketing practices have introduced multiple routes to markets in the recent past (Jindal et al., 2007). Khare and Singh address this issue in reference to attitude of customer towards on-line insurance services in India.

Authors argue that though the online insurance services are aimed at facilitating consumers towards quicker and easier transactions, insurance companies have jumped into the bandwagon of modifying their service delivery channels. However, the study reveals that the use of online services among Indian consumer is primarily restricted to exploring the various options and alternatives. Cavazzani and Rajagopal discuss the following paper in this issue of the journal on determining the competition between generic and branded pharmaceutical products marketing in Mexico. Previous studies conducted in the similar research area found that the number of generic entrants is a key determinant of generic market share and the generic-to-brand price ratio (Saha et al., 2006). Authors state that the consumer behaviour towards buying pharmaceutical products in Mexico is price sensitive and generic medicines are setting major competitive challenges in the pharmaceutical marketing.

Customer Relationship Management (CRM) has emerged as one of the important tools of enhancing customer value, which is further used as the cutting edge by firms in leading the competition. As market competition becomes keen, constructing a CRM system comes to the front for winning over new customers, developing service and products for customer satisfaction and retaining existing customers (Roh et al., 2005). In the next paper in the anthology of this issue, Sharma, Goyal and Mittal explore the relationship between data quality and data mining for successful CRM implementations with special reference to financial services sector in India through empirical research. Similarly, Bhattacharya argues that Corporate Social Responsibility (CSR) is also an important strategy for developing the social image of the brand to create consumer pull effect. Author develops a typology for classification of CSR, guided by the nature of resource input and output for the firm based upon the review of literature from the domains of CSR, resource based view and slack resources.

The research studies on competition and economics find that globalisation has intensified competition also in the financial sector. It has been observed that banks with better management or production technologies possess a long-run competitive advantage and market concentration does not affect all banks equally. Only the banks with a large market share in a concentrated market are able to generate non-competitive rents (Jonghe and Vennet, 2008). The last paper in this issue is contributed by Sufian, which is focused on development and performance of banking industry in Malaysia. Based on the empirical investigation author argues that banks with higher liquidity levels, credit risk, and overhead expenses exhibit lower profitability level on one hand, while banks with a higher proportion of income from non-interest sources and better capitalised exhibit higher profitability level, on the other.

We hope that the collection of these articles would contribute to the existing literature on various issues concerning business competition and growth, and provide directions to the future research on the subject. The research contributions presented in this issue would also be able to stimulate thoughtful and challenging perceptions on analysing the drivers of competition affecting business growth with new conceptual and applied dimensions in various part of the world. The papers published in this issue demonstrate that business competition and growth research have diversified scholarship.

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