

THE ANALYSIS OF STRATEGIES USED BY FOREIGN INVESTORS TO ENTER THE ROMANIAN MARKET

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Abstract: *The main objectives of the research were: identification profile foreign investor in Romania, identify the type of strategy used to enter the Romanian market. To study this problem was made an exploratory marketing research on a sample of 20 companies importing from five West Region acting in different fields, the main objective was to identify the type of Romanian market penetration strategy using the same model used for studying foreign investors in Romania. From the point of view, this research group is part of exploratory research, aimed at identifying coordinates marketing phenomenon studied, the definition of variables and assumptions to be investigated in a future research. After the type of information generated, quantitative research is conducted. After the venue, is a field research.*

Key words: *investors, export, strategic alliances, investments*

1. THE OBJECTIVES AND THE METHODOLOGY OF THE RESEARCH

The main objective of the research conducted among foreign investors in Romania was the identification procedures used by them for market penetration in Romania. Practice has identified the following strategic, presented in order of increasing parameter values listed above. This arrangement results in a group multicriterion marketing strategies used by the enterprise to a foreign market penetration, as seen in the following scheme, in which the main groups of foreign market entry strategies, influenced by four factors mentioned. The five groups of entry strategies are: direct sales methods, exports, contractual arrangements, international strategic alliances, direct investments abroad (Burca, S.; Fletcher, R. & Brown, L., 2004).

Marketing research methodology developed by activity among foreign investors in Romania includes the following defining elements:

- From the point of view, this research group is part of exploratory research,
- The type of information generated, quantitative research is conducted,
- The venue is a field research.

1.1. Research purposes

The main purpose of the research was to analyze how the perception of foreign investors on the Romanian business environment and strategies used for entry into the Romanian market.

1.2. Research objectives

The objectives were established in connection with the primary purpose and are:

- Identification profile foreign investor in Romania;
- Identify the type of strategy used to enter Romanian market model assembly and testing strategies for penetrating foreign markets proposed;
- Identifying change of entry strategy as a result of developments in the Romanian business environment;

- Boost the level of foreign activity by Romanian state authorities
- Intentions to establish business development by foreign investors in Romania.

1.3. Research hypotheses

Assumptions were established as follows:

- Most foreign investors from the European Union, international groups and is a commercial act, with a heterogeneity of their turnover depending on the market position or number of employees;
- Expansion into new activities is the main reason for investment in Romania;
- There are difficulties in identifying the level of attractiveness and degree of importance for attributes that define the economic macro-environments micro-environments and Romania;
- Main market opportunities offered by Romania are related to population size, skills and labor costs, economic growth in the country, and that the main threat is deemed bureaucrats, corruption, operating within the administrative system;
- Most foreign investors preferred entry forms in which the level of involvement and risk to be limited;
- There is a tendency to take the direct investment in Romania, while improving economic climate in the country;
- Level stimulate activity of foreign investors by the Romanian state authorities is considered unsatisfactory;
- In Romania is used, usually involving a low level strategies to adapt to the local, due to high costs and limited market potential, most investors who entered Romania will not abandon this market and develop business.

1.4. Researched corporate

Explored is the entire corporate firms are located or operating in Bucharest.

1.5. Observation unit

Observation unit is the undertaking, establishment survey is director of marketing department or person responsible for marketing activities, where there were no marketing structures. In some cases, questionnaires were completed and a representative from the marketing department or sales (Herrera Bernal, S.; Burr, C. & Johnsen, R.E., 2002)

1.6. Method of information collection

Retrieving information from respondents was achieved through structured forms of communication (by interview using a questionnaire with predetermined questions, which was administered by interviewers) (Czinkota, M., Ronkainen, I.).

1.7. Sample size

The sample consists of 30 companies with investments in Romania, and the characteristics of pilot studies, and research objectives.

1.8. Sampling scheme

In order to complete the sample volume was used a simple random sampling scheme. This sampling method provides all the components of the community investigated the same probability of being selected and included in the sample composition research.

1.9. Date of making research

Data was collected in the months April-May 2008 Processing, data analysis and interpretation was done in January-March 2010.

Switching to a higher stage, the company effort to determine an increase in profitability and long-term control of foreign markets will allow the conditions to be aware of the importance of business marketing and international marketing of company default.

2. RESULTS OF THE RESEARCH

A primary objective of the research conducted among foreign investors in Romania was the identification procedures used by them for market penetration in Romania. The following results were obtained, presented in the following table:

No.	Strategies for penetrating the Romanian market	Percent from analysed firms
1.	Direct sells	3
2.	Exports	33
3.	Contractual arrangements	17
4.	Strategic alliances	7
5.	Direct investments	40

Tab. 1. Strategies for penetrating the Romanian market used by foreign investors

The table shows focusing on direct investment foreign companies investigated as a form of penetration in Romania, a result quite normal in view of the volume of investments attracted by Romania, but no direct sales or strategic alliances. This is explained by even higher degree of novelty of these strategies worldwide, lack of infrastructure sufficiently developed to encourage direct sales (mostly via the Internet where Romania is located in a very delicate position because of insecurity transactions), and absence of relevant partners, able to develop a strategic alliance in the true sense of the word.

Next will be presented the main types of strategies used to enter the Romanian market:

- Sales through direct methods are the facts: exports via the Internet, the only variant identified in the sample studied - an enterprise.
- Exports have been used as a method of entry using both forms:
 - a) direct exports, which were made by setting up a representative office in Romania - 5 (19%) of companies surveyed;
 - b) indirect exports were made by five companies (17.5%) and the input methods were used:
 - sole trader in Romania (intermediate) - an enterprise of all;
 - exclusive importer in Romania (intermediate) - two companies of all;
 - exclusive distributor in Romania (intermediate) - two companies of all;
- Contractual arrangements used were:
 - a) Establish a joint venture of two companies manufacturing and marketing;
 - b) Setting up a marketing joint venture - a business;
 - c) Concluding a franchise agreement with a local partner or third party - an undertaking;
 - d) International technology transfer in Romania - an undertaking.
- A strategic alliance with a partner of Romania - two companies;
- Direct investments in Romania:

- a) Creating a distribution branch in Romania: two companies;
- b) Creating a commercial subsidiary: four companies;
- c) Creating local manufacturing subsidiaries: two companies;
- d) A merger with a local partner: a company;
- e) Acquisition of a local investor or taking control of it: three companies.

3. CONCLUSIONS

Correlations made with other research objectives allow detachment following conclusions:

- Enterprises that had as the main reason the extension activities abroad are used mainly direct investments (46% of businesses that had the primary reason), then exports and contractual arrangements, while achieving targeted profit companies entered in Romania using mainly exports (60% of businesses that had the primary reason), then direct investment;
- Most investors from the European Union preferred as a form of entry, direct investments and then exports, while U.S. investors from exports and then chose direct investment;
- Strong business with significant turnover (with turnover exceeding \$ 100 billion annually in Romania) preferred penetration strategies considered "expensive";, which include direct investment or strategic alliances (over 55% of all enterprises large chose this option), while enterprises with limited financial possibilities (with turnover is below \$ 50 billion annually) were chosen, primarily, lower financial involvement strategies which include exports or contractual arrangements (61.3 % of companies listed);
- Both companies come from a group of international and foreign companies is limited to the Romanian market preferred as prevalent as input, direct investment, and exports;
- Only 17.5% of businesses have changed the entry strategy, shifting from exports or contractual arrangements to a higher form, namely, direct investment, most companies have changed the strategy of choosing the option to open a local branch of production or marketing. This evolution towards a strategy that requires a high financial support was carried out by companies with financial strength (76% of companies have changed their strategy turnover exceeding 100 billion U.S. dollars).

The economic crisis that starts to cross Romania is primarily an internal crisis, caused by bad macroeconomic policy mix taken in recent years. Growth proves an unhealthy nature. And this year we had this consumption-based growth, financed by debt. Private consumption has been excessive, but should not be blamed population: all macroeconomic measures have been pro-cyclical, stimulating consumption, and most damaging of all, the flat is still defended by its initiators, who will not admit that their wrong. The flat tax has boosted consumption, and today we have the first crisis of over consumption in Romania. The main cause is the excessive debt. Population cannot be blamed, but the future can be better informed and certainly more cautious on their expectations on revenue.

4. REFERENCES

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