

CHAPTER I

INTRODUCTION

1.1 Background of the study

Nowadays , there are many local firms that compete towards each other in reaching the markets and gain customers. Some firms , often can't obtain revenue because of, too many other company products that has already captures local cutomers attentions. So, firms may choose to expand overseas , where they could gain new customers , investment opportunities , reducing costs and probably making more revenue than on locals.

Internationalization (going global) ,requires firm to gain a deep understanding of new markets overseas. In expanding overseas , firms should pay attention to their markets , especially the cultural differences such as languages , belief , behaviors and the needs of firms to adjust and fixing their marketing strategies towards the cultural differences so that it strengthen their marketing promotion and product sales overseas .

According to Brassington and Pettit (2006) in Karim (2015), International marketing means conducting marketing activities accross national boundaries and it includes all of the organization types and sizes. International marketing may become complex as company needs to understand the global market environment, where it includes , the understanding of cultural, technological, economic and political and legal factors overseas.

Karim (2015) stated that international marketing is crucial for the success of the company as failure to participate in global marketplace could causes a nations to suffer economic declines ,and a decrease in its citizens standard of living. According to Bradly (1995) in Karim (2015) , international marketing means delivering the products to meet the needs and wants of the customers,and exchange the products worldwide through foreign market entrance modes.

According to Keegan (2017) , Global marketing is a sweeping transformation that has influenced many people and industries all over the world. Businessman who has not relized of this global marketing potential could lose the ability to beat domestic competitors with low costs, more experience and better products. As, the existing company products, could be brought to another country overseas to meet the new market segment or a new country or region.

There are many cultural factors that could impacts the global marketing strategies in PT.Toba Surimi Industries. Heretofore, PT.Toba Surimi Industries as an exporting seafood company has successfully developed 3 products started from pasteurized crabmeat, sterilized canned, and the frozen seafood with all of the products is conducted in a sustainable and sensible way. Sustainable , where all of the parties involved have to be profitable and sensible means when some undesired things happen, company have to resolve them in a sensible and amicable ways with the other parties. PT. Toba Surimi Industries was established in 1997 , located in Jl.Pulau Pinang II , Sampali , Kawasan Industri ,Saentis ,Medan . Where it has exports its product to US , Europe , Canada , Japan, Hong Kong , Malaysia , Singapore , Australia , United Kingdom. It also have factory in Medan, Kalimantan, Java. The company plant in Medan have been certified with HACCP (Hazard Analysis Critical Control Point), CTPAT (Custom Trade Partnership Against Terrorism) approved, and many other certification that the company had sucessfully achieved.

With many achievement and great exporting product that the company had successfully accomplished , shows that this company is developing in a good way, that is why author choose this company as the research topic.

The central problems that happens in Toba Surimi Industries is that multinationals company, often face challenges in cultural differences where it is the greatest potential barriers to its company success , profitability and survival. Company , may first find what is the typical feature of each markets and get to know their cultural characteristics , for example country like Indonesia tend to be more hierarchical so, subordinates must respect and talk politely to supervisor. Whereas , in Australia , hierarchical is merely just a title , where supervisors and subordinates may talk informally.

Here are the results of the research that authors do at PT.Toba Surimi Industries, Researchers get the data of the total production quantity and total product sold from year 2014 – 2018

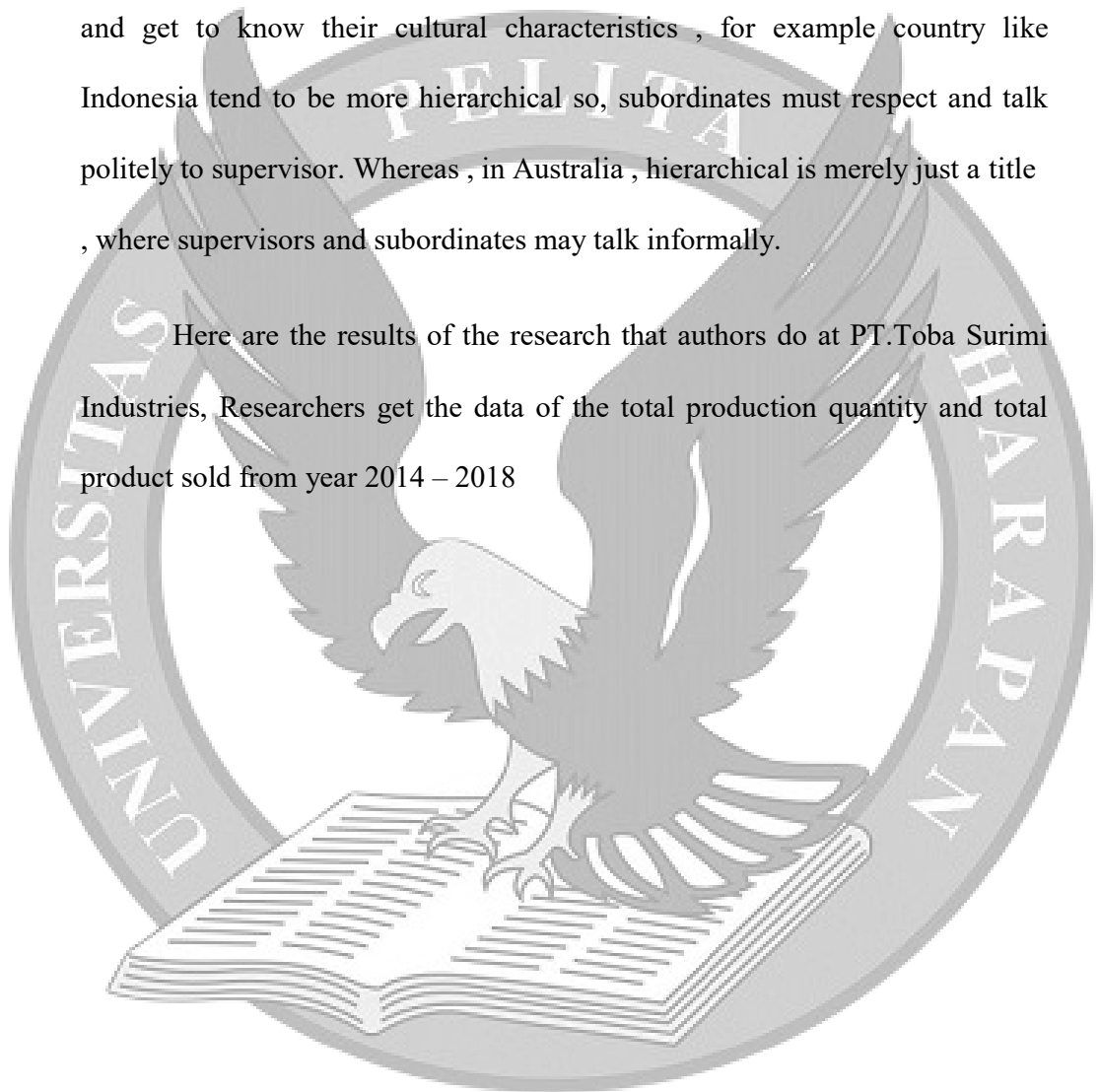


Table 1.1 Data of sales at PT. Toba Surimi Industries from 2014 - 2018

	2014	2015	2016	2017	2018
Total quantity sales of shrimp canned products	147.200 cases	124.800 cases	121.600 cases	121.600 cases	176.000 cases
Total quantity sales of squid canned products	12.000 cases	3000 Cases	9000 cases	6000 cases	12.000 cases
Total quantity sales of baby clams canned products	44.000 cases	46.200 cases	105.600 cases	72.600 cases	52.800 cases
Total quantity sales of crabmeat canned products	33.000 cases	36.000 cases	84.000 cases	30.000 cases	54.000 cases

Source : Data is proccessed by author (2020)

Based on the data above, it is clear that the total quantity of shrimp canned products and squid canned products is having a decline from year 2014 to 2016. Then, from year 2016 to 2018, it started to become stable and sales of the product started to increase. Then, if the researchers look through the baby clams products, at some point of time from 2014 to 2016, the baby clams products sales quantity is keep on increasing, but during year 2017 and 2018, the company started to loose its sales on baby clams products.

And, the quantity of crabmeat canned products sales is quite flutuative, where in 2014 to 2015, the quantity sales of crabmeat is increasing, and it goes on until 2016, then from 2016 to 2017, the quantity sales of crabmeat drop drastically and the on 2018 , the crabmeat sales goes back up.

This company data, shows that some canned product are having a fluctuative sales from year to year such as crabmeat, squid and shrimps ,while some products are having a decline throughout recent years such as baby clams, and the declines, flutuation and cycles that company faced in recent years, shows that there are a problems in the company.

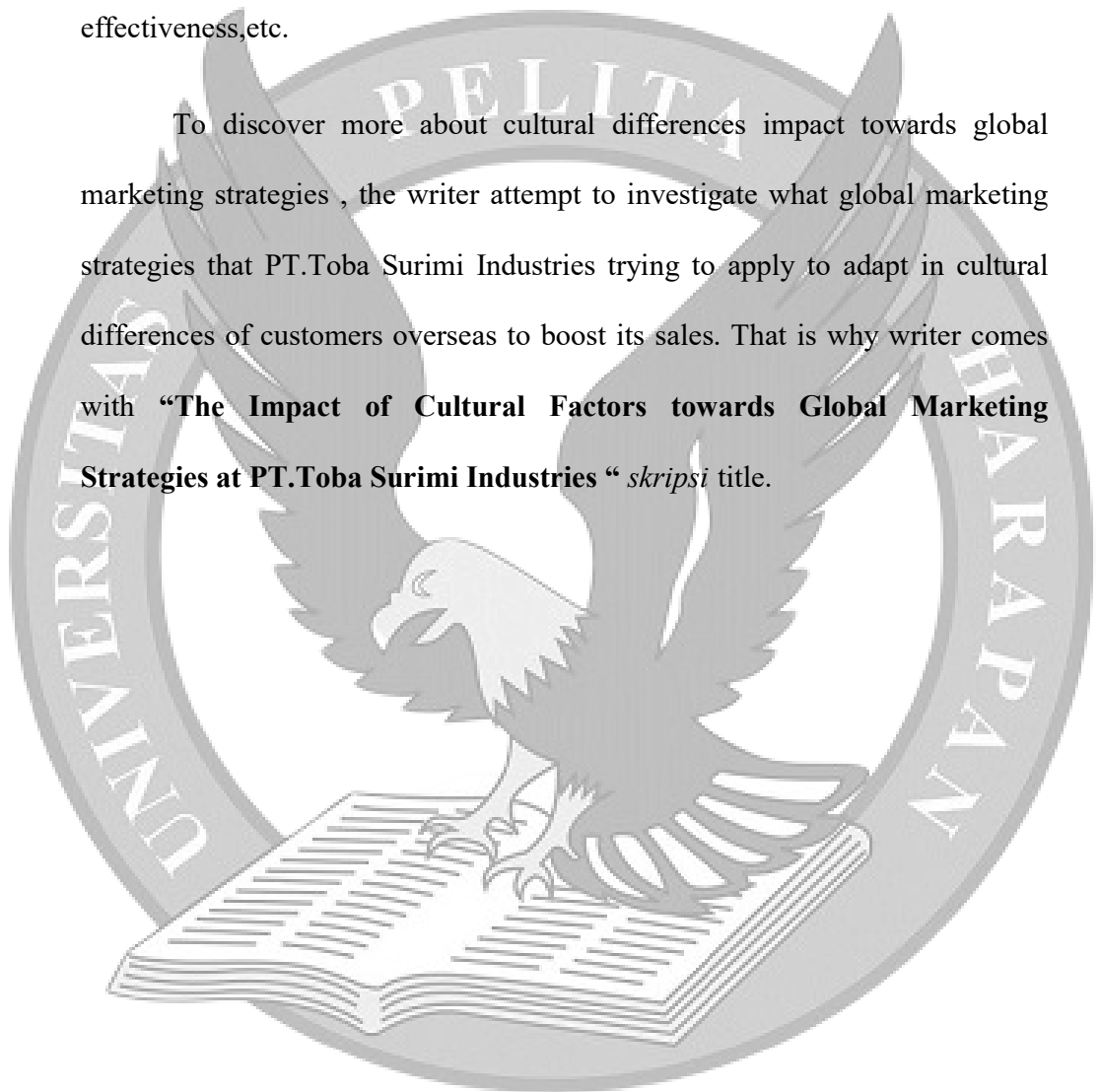
Based on the interview, the Marketing Manager in the company states that this declined and variety of canned products is caused by unsuitable global marketing strategies applied in the company as, going global requires a lot of factors to consider such as government regulations , economic factors and the most important is matching the products to suits overseas customer cultures and finding the great strategies to conquer the global market.

In expanding business overseas, company must understand the market environment overseas especially the cultural factors of the consumers to enabled company to hit a remarkable sales number. Ocansey (2017) stated that, , as different citizens in a country has different norms, laws and tradition, they has a different ways of living, therefore in developing global strategies, it is very crucial to understand cultural differences.

According to Cleveland, Naghavi and Shafia (2017) in Ocansey (2017), cultural elements such as tradition, food , behavior and etc are different from one continents to another therefore for firms to cross national borders, the global marketing strategies must meet the cultural barriers. As the fundamental shaper of consumer behavior is culture.

According to Darley, Luethge & Blankson (2013) , as cited on Evan Ocansey (2017) ,for firms to have competitive advantages , it is important to understand the differences in culture .As culture influences international marketing , advertising , business relationship , free trade policies, brand effectiveness,etc.

To discover more about cultural differences impact towards global marketing strategies , the writer attempt to investigate what global marketing strategies that PT.Toba Surimi Industries trying to apply to adapt in cultural differences of customers overseas to boost its sales. That is why writer comes with **“The Impact of Cultural Factors towards Global Marketing Strategies at PT.Toba Surimi Industries “** *skripsi* title.



1.2 Problem Limitation

Due to time , budget , and resources limitations , this study is limited only on “ Cultural Factors “ towards “ Global marketing strategies “ at PT.Toba Surimi Industries Medan. Where cultural factors is independent variable and global marketing strategies is dependent variable. The author will only conduct research in the canning product areas as the interviewer only limits the data up to canned products. The data retrieval process will be done by giving a survey to the customers randomly by using the simple random sampling method , where the data analysis tool will be simple linear regression using SPSS.

1.3 Problem Formulation

Analyzing what is the impact of cultural factors towards global marketing strategies at PT.Toba Surimi Industries is the intention of this research, therefore, this research attempts to answer the following questions :

1. How are the cultural factors at PT.Toba Surimi Industries ?
2. How are the global marketing strategies applied at PT.Toba Surimi Industries ?
3. Is there any impact of cultural factors towards global marketing strategies at PT.Toba Surimi Industries?

1.4 Objective of the Research

The purpose of this study is unfold :

1. To know and analyze how are the cultural factors at PT.Toba Surimi Industries
2. To know how are the global marketing strategies applied at PT.Toba Surimi Industries
3. To investigate , the impact of cultural factors towards global marketing strategies at PT.Toba Surimi Industries

1.5 Benefit of the Research

Benefit of the research divided into two sub – chapters as follows :

1.5.1 Theoretical Benefit

The theoretical benefit expected from this study is a basis and reference to further studies that relate to cultural factors and global marketing strategies and become the subject for further studies.

1.5.2 Practical Benefit

Benefit of this research are :

1. For the writer to gain knowledge of the impact of cultural factors towards global marketing strategies adopted.
2. For the company to strengthen its global marketing strategies so that it could boost company sales.
3. For other researchers , as reference and information for those who wants to do research especially on cultural factors and global marketing strategies.

