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"Market Changes faster than marketing" Philip Kotler

This observation of Philip Kotler is well illustrated in the borderless selling.(marketing of services). In case of borderless selling, the conventional methods of selling turns upside down.

In Borderless selling, the only interface between the consumer and the marketer is through the web. Here the hits to the website, the brand, quality and price only matters. While this opens up many new markets for selling the product and services, it also has certain dangers inherent in it like "evaporating of market." This article explores the advantages of borderless selling, the driving forces and perils of the borderless selling with suitable cases.

Definition: Borderless selling is the process of selling services to clients outside the country of origin of services through modern methods. International trade through "borderless selling" is a new phenomenon born in the current Globalization era.

Borderless selling is defined as the process of performing sales transaction between two or more parties from different countries (an exporter and an importer) which is free from actions specifically designed to hinder international trade, such as tariff barriers, currency restrictions, and import quotas.

Background & Literature Review

International trade which is the exchange of goods and services across international

borders has been present throughout much of history of economics, society and politics.

It is assumed that offshore outsourcing gave birth to "borderless selling". The selling of services by offshore outsourcing service providers to foreign clients is free from actions specifically designed to hinder international trade, such as tariff barriers, currency restrictions, and import quotas. This is largely because most of the services are sold or delivered electronically from the offshore service provider to the foreign client. This phenomenon gave birth to borderless selling.

There is a high correlation between outsourcing and exporting activity. However, Borderless Selling is different from free international trade or selling. Traditionally international trade was possible between only those countries which regulated international trade through bilateral treaties. Borderless selling is possible between any two countries of the world because services can be exported using modern telecommunication networks without the need to regulate trade.

Major Elements of Borderless Selling

- Consultative Sales
- Business Development
- Account Management
- Offshore Project Management
- Onshore Service Delivery

Types of services applicable to Borderless Selling

- Consulting
- Freelancing
- Electronic Commerce
- Online credit card processing Music
- Animation Services
- Videos
- Business Research
- Telemarketing
- Accounting Solutions
- Medical Transcription

Best recent examples are of Bharat forge becoming No2 in the world forging industry, planned opening of Legal services, opening of Financial services in USA, Tourism Industry, the Volkswagen , General Electric and McDonald cases

Knowledge process outsourcing (KPO) is a form of outsourcing, in which knowledge-related and information-related work is carried out by workers in a different company or by a subsidiary of the same organization, which may be in the same country or in an offshore location to save cost. Unlike the outsourcing of manufacturing, this typically involves high-value work carried out by highly skilled staff. KPO firms, in addition to providing expertise in the processes themselves, often make many low level business decisions-typically those that are easily undone if they conflict with high-level business plans.

Process transparency is a major barrier to using KPO services] Many organizations do not track carefully which decisions are made by whom, and rely so much on informal social processes (and "soft skills") that it is unclear how much the use of KPO would disrupt existing operations. However, requirements like Sarbanes-Oxley and radical transparency

movements like full cost accounting, shareholder activism and eco-labels and moral purchasing require organizations to be more explicit about when and by whom decisions are made. These trends make it easier for outsourcing non-critical jobs to be considered by qualifying the impact of decisions in advance.[clarify] Furthermore, it becomes easier to evaluate and compare success. A fully developed service economy enables KPO by treating all functions as services.[clarify] So do more technical trends such as service oriented architecture, enterprise application integration and telework: it is easier to outsource a job if it is already being performed outside the head office. Organizations adopting ISO 9000 and ISO 19011 should also find it much easier to integrate externally provided KPO into their operations and audit them on a fair basis.

As of 2007, most US organizations were hiring foreign professionals under H-1 visas to do jobs in the USA for several years, after which they would return to their home countries as managers to train and supervise others, continuing to report to their former business units.

Market Research

Leaders in the market research industry are slowly seeing the benefits offered by KPO and have begun outsourcing.[citation needed] Comprehensive IT solutions are offered by vendors who provide solutions covering the entire life cycle of a market research project. Smaller firms can also benefit from these solutions as they are cost effective and remain within the budget of smaller organizations.

KPO is claimed to efficiently increase productivity and increase cost savings in the area of market research.[citation needed] Advocates claim that the trend is likely to

prove increasingly popular in the global market research industry.

Regional advantages and domains of expertise

Due to the availability of large numbers of skilled staff working for lower pay rates than in the developed world, a few countries like India and the Philippines are front runners in providing these services. This type of work demands advanced analysis and communication, so specific higher education and language skills are essential. MBAs, Pharmacists, PhDs, engineers, doctors, lawyers, writers, ghostwriters, designers, web designers and other specialists with formal credentials tend to be required.

In India as well as the Philippines, KPO is envisaged as having a high potential [citation needed], not only in the Information Technology (IT) or Information Technology Enabled Services (ITES) sectors; it could include patent and copyright related services, other legal research functions, business intelligence and analytics, clinical research, publishing and supply chain management, all of which require a large number of small decisions, and the final products of which tend to be relatively easy to evaluate for accuracy or effectiveness.

The maturity of the BPO sector in both countries gives it an obvious lead in KPO, essentially an offshoot of BPO. It is the high-end activity of the BPO industry and as of 2007 was estimated to provide substantial growth over the next few years.[1] More complex fields of work that the Indian KPO industry focuses on include intellectual property or patent research, content development, R&D in pharmaceuticals and biotechnology, market

research, equity research, data research, database creation, analytical services, financial modeling, design and development in automotive and aerospace industries, animation and simulation, medical content and services, remote education and e-learning, publishing and legal support.

Some practitioners argue that one region likely to suffer extreme job loss due to KPO is the USA. Princeton economist Alan Blinder estimates 40 million white-collar jobs in the US alone could move offshore in a decade or two.

In addition to the challenges faced by clients, KPO companies themselves have challenges:

- ◆ High staff turnover, especially where work is not challenging to the employee's skills
- ◆ High cost of training and tendency to lose the most experienced employees to the clients
- ◆ Ensuring the security and confidentiality of information, especially when privacy laws vary from country to country

Global Sourcing driving the next wave

The increased focus on strategic sourcing by corporations globally has established an important & permanent place for Global Sourcing in the world economy which will only see steep growth in years to come irrespective of volatility in global markets.

After the growth of Global Sourcing in Manufacturing segment including Retail, Consumer Goods, Engineering, etc. in past decades, now Tertiary or Services segment incl. Finance & Investment, Animation, Actuary, Accounting, Software, etc. will witness the fastest growth of over 80% as forecasted by several analysts.

Both, 'Sourcing Markets' (Western Europe,

USA, Japan, etc.) as well as the 'Supplier Markets' (Japan, Eastern Europe, India, China, etc. Emerging markets) will benefit economic development and work even closer.

Major players in procurement consulting and strategic sourcing providers will emerge while new regulatory bodies will be set up at regional and global level.

Present Environment:

The rapid growth of the Internet during the late 1990s and the recent proliferation of e-business have generated another threat to the future of EMCs (Engineering, Manufacturing and Consumer goods). This topic has attracted serious attention from several international/global business researchers regarding the impact of e-business proliferation on the three above-mentioned areas of EMCs' export marketing operations.

Will the (1) exporting services, (2) product portfolio, and (3) international market coverage of EMCs be enhanced or diminished by the e-business proliferation? If enhanced, **will Fall 2005 61** the e-business help EMCs improve their efficiency and/or effectiveness? These are serious issues that have remained unaddressed so far, but they have far reaching ramifications for the theory and practice of EMCs and the foreign marketing resource allocation of firms.

This study is targeted at addressing the above-mentioned issues. In this context, we first describe e-business and the impact of its proliferation on the marketing intermediaries and later, after a brief but pertinent description of EMCs, we extend this analysis on to them. Using the resource-based perspective of the firm, we argue that the EMCs would not only survive but also thrive in the e-business

era. Finally, we generate specific propositions about the potential impact of e-business proliferation on the exporting services, product portfolio, and international/global market coverage of EMCs. By doing so, this study significantly advances the international/global business literature in several ways. First, the study builds bridges between the EMC, the resource-based, and the evolving e-business literatures. Hunt (1991) has characterized the propositions in such works as *bridging principles OT guiding hypotheses*. In his views, such works are important in themselves, because they provide a platform for empirical testing of the phenomenon under investigation. Second, this study extends the currently available general understanding about the impact of e-business on EMCs to the specific impacts on their export marketing operations. Third, the study also analyzes the impact of e-business on them efficiency and effectiveness of EMCs' export proliferation of EMCs.

Objectives

- 1) Factors which contribute to the Borderless Selling
- 2) The Down Side of Factors of Borderless Selling

Sources Of Data Collection

The sources of data collection were through secondary sources through websites, no primary data was used.

I) E-business the driver of Global Business

Simply speaking, e-business is the business conducted over the Internet. The domain of e-business covers almost all of a firm's business functions such as transferring of funds, communication with customers, electronic buying and selling of goods and services, servicing customers, collaborating with business partners, and conducting transactions within organizations. This highly interactive platform facilitates a more efficient and effective co-creation and appropriation of economic value among relevant exchange parties than the traditional ways (e.g., mail, telephone, fax, etc.) throughout the firm's value chain. For example, on its positive-side, e-business enables a firm to create value for its current and potential customers and also for itself by sending cost-effective customized communications about new and existing product and service offerings in addition to receiving real-time feedback from them for solving their existing problems and/or developing new products. Also, by working with its partners in the intermediary product markets, e-business enables a firm to efficiently and effectively increase its speed of new product introduction and the size and variety of its product platform. Electronic invoicing, global account management, and increased customer problem solving ability are among several other areas of the firm's value creation that stem from the proliferation of e-business). Likewise, by providing customers with increased knowledge of alternative brands and complementary options, the e-business has also empowered them to bargain with firms to apportion the created

value. As we glean through the value creating abilities of e-business, one primary underlying factor responsible for the value creation appears to be the cost-effective real time direct connectivity among buyers and sellers world wide. Obviously, this was lacking in the past because the traditional modes of connectivity such as mail, fax, telephone etc. were limited in scope and speed. On one hand, this connectivity allows an extensive reach as well as exchange of rich information among the members of a value chain on the other hand, it generates a serious threat to the survival of marketing intermediaries who, until the emergence of e-business, were considered vital for firm customer relationships. Consequently, several scholars had been debating till recently whether the spread of e-business would render the traditional marketing intermediaries redundant or force them to reinvent. We discuss this issue next to lay the foundation for analyzing the impact of e-business on EMCs. Would not be disintermediated because the existence of credible international marketing channels remains critical to the development of global e-commerce. has been their market-based resources and capabilities accumulated over time and this would also be the primary reason of their survival and reintermediation in the future. The variety of reasons cited earlier such as the problems of communication safety on the Internet and the structural impediments to its implementation would become less relevant over time because it is the very nature of a technology that its present flaws become manageable over time due to the emergence of new technologies.

E-Business and Transaction

In some developing countries, because of their poor infrastructure, activities such as gathering of foreign market-specific demand and supply knowledge in addition to contacting customers demanded even more time. Likewise, advertising, personal selling and all other activities that could stimulate foreign market demand took enormous toll on their time and human and financial resources. Given that most of the EMCs are usually in limited supply of such resources it is not surprising to conjecture that they could not have been able to fully provide the needed transaction creating services for their supplier in spite of their expressed goals.

Directly connectivity and high interactivity among exchange parties are two key features of e-business. Translated into the context of transaction-creating export services, these two features can add at least two new capabilities to EMCs exporting services to create value for their suppliers and hence, for themselves. One such capability includes more realistic estimation of foreign market demand. The traditional tools used for estimating foreign market demand such as personal visits, telephone, or faxes, though good in their own ways, can't match the potential benefits of direct connectivity and interactivity of e-business. With e-business, EMCs can obtain real time demand estimates from their foreign customers and pass it on to their suppliers. This would not only help suppliers plan their production dedicated for EMCs, but would also reduce, if not completely eliminate, their common complaint that 'EMCs make promises that they can't deliver. A second capability of e-business adds to better estimation of economic, political, and

environmental conditions at client's countries. In case these conditions become worse of sudden changes in a target market, EMCs can inform their suppliers of potential delays or disruptions in their services.

The best examples this are Bharat Forge India Ltd becoming the No 2 in the Global Forging industry and the design and development of the TATA NANO vehicle.

li) Cases:

Evaporating Markets.

Examples Of Dangers Of Borderless Selling

A) By Nobuhiro Kubo and Helen Massy-Beresford – Thu Jan 28, 10:23 am ET

TOKYO/PARIS (Reuters) – Toyota Motor Corp extended its safety recall of millions of its most popular cars to Europe and China on Thursday in a further blow to the reputation of the world's largest auto maker.

The scale of the fix for potentially dangerous accelerator pedals emboldened rivals and could land the Japanese carmaker with hundreds of millions of dollars in extra costs per month.

Toyota, a byword for quality and reliability, said it had not yet determined how many vehicles in Europe would be recalled, or when, but media and analysts believe 2 million may be affected on top of some 6 million in North America.

In China, the world's biggest auto market in 2009, the carmaker said on Thursday it had submitted an application to recall over 75,000 RAV4 vehicles.

All the cars being recalled in North America, Europe and China have pedals made by supplier CTS Corp.

The move comes as Toyota grapples with a patchy recovery from a vicious global industry downturn and growing competition.

"Toyota's got the resources to bounce back from this, but this is the biggest crisis that they have ever faced, and Ford and Hyundai and others are coming on strong," said Jim Ziegler, an auto dealer consultant in Atlanta.

Toyota shares fell a further 4 percent in Tokyo on Thursday, taking losses since last week to over 15 percent and wiping about \$25 billion from the value of Japan's largest company by market capitalization.

Toyota late on Wednesday also offered to replace floor mats or pedals on another 1.1 million U.S. vehicles if customers wanted.

With that voluntary measure, Toyota would be dealing with nearly 6 million U.S. vehicles for accelerator-related problems across its range.

A further 2 million in Europe would take the total to 8 million, almost the same as its group global sales last year.

A Toyota Europe spokeswoman said the models and exact number of potentially affected vehicles was under investigation but there was no need to stop production.

Cars sold in Japan do not use the parts in question.

Rivals Benefit, Dealer Fears

Analysts said the financial damage to Toyota would depend on how long it has to shut production and how badly consumer confidence hits its dealer network in the United States.

"The health of the dealer network is critical," said Nomura analyst Michael Tyndall, especially if dealers sought compensation for missed sales.

Koji Endo, auto analyst at Advanced Research Japan, said the sales and production

suspension could cost Toyota at least 50 billion yen (\$553 million) in operating profit per month.

Battered by a plunge in global sales, Toyota was expected to post an operating loss of around 47 billion yen in the year to March 2010, before rebounding to a 599 billion yen profit in 2011, according to analysts.

"I am expecting 100 billion to 200 billion yen in operating profit this year, but it could end up in zero or a operating loss due to this sales and production suspension," Endo said.

Toyota said this week it expects a 6 percent rise in group global sales to 8.27 million units in 2010 but a company spokesman said this did not take into account the sales suspension.

Ratings Watch

Ratings agency Fitch, placing Toyota on watch negative, said the recalls and production suspension damaged Toyota's reputation for quality and could hamper its recovery.

Shares in Asian rivals Honda Motor and Nissan Motor rose 3.3 percent and 2.8 percent respectively. South Korea's Hyundai Motor, which beat expectations with a record profit for the fourth quarter, rose 4.1 percent.

"Honda, Nissan and Ford Motor stand to benefit if Toyota experiences a prolonged sales slump," Kota Yuzawa, auto analyst at Goldman Sachs in Tokyo, wrote in a memo to clients.

General Motors Co has also sought to profit, offering Toyota customers payouts of upto \$1,000 or zero-percent financing on most of its line-up.

Nomura analyst Michael Tyndall said the recall could benefit all fellow players in the European auto market, with Nissan and Honda set to gain in particular.

"It's probably the Asian manufacturers that will do best out of it but I think it probably favors everyone." (\$1=90.32 Yen)

B) Fortis Hospital Case, New Delhi, Feb. 9, 2010:

Seven doctors of Delhi's premier Fortis hospital and its promoters have been charged with cheating and negligence after an apparently botched brain surgery put a patient back on the operation table where he died.

A court on Friday ordered police to file the case against the director of Fortis and Ranbaxy group, the hospital's medical director and six other doctors for Surendra Agarwal's death on May 8, less than a week after his first surgery.

In his complaint, Agarwal's son Ankit said his father, admitted to the Noida hospital on April 20 after recurring bouts of headaches, died because of wrong treatment.

"My father was operated on May 2 by the doctors at Fortis who told me he had a tumour in his brain. After the operation, they informed us it wasn't a tumour but fungus that was the reason behind his headaches," the Meerut resident said.

"After two days, the pain recurred and the doctors said it must be a tumour. He went under the knife again on May 8 when he died on the operating table. The hospital demanded Rs 4,60,000 as medical expenses."

Noida SP Ashok Tripathy confirmed he had received instructions from the court and registered a case of cheating and negligence against the director of Fortis and Ranbaxy Group, Malvinder Singh, medical director Manoj Rai Mehta and six other doctors.

C) Impact of Satyam Case on PWC.

MUMBAI: Things are moving fast at Price Waterhouse Coopers, the global consulting major, whose sister arm, Price Waterhouse, is currently in the Spotlight for its role as the



statutory auditor of the beleaguered Satyam Computer Services.

It has been reliably learnt that PwC global CEO Samuel DiPiazza, Jr., along with some senior worldwide partners is currently in India to assess the situation, after widespread reports that Price Waterhouse's alleged overlooking of Satyam accounts could impact the audit firm's reputation and business in India. It is learnt that the global partners are actively considering restructuring the India unit.

Although investigations into Price Waterhouse's role in the Satyam saga have just started, the media glare on the firm has made senior partners uncomfortable and that is the reason a likely reshuffle of the top team is on the cards, said persons familiar with the development. A PwC spokesperson declined to comment on the issue.

The likely reshuffle in PwC could also be because the global parent is serious about the Indian unit which in the previous fiscal year, is learnt to have made a business of about Rs 800 crore. PwC is also one of the oldest firms in the country, having audited about 140 firms last year, most of them being large blue-chip companies.

Reputation of auditing and consulting firms, especially those of the Big Four - PwC, KPMG, Ernst & Young and Deloitte - is considered key to their businesses as the signature of the firms on companies' balance sheets gives credibility to the account statements.

In fact, that is the reason why companies hire the Big Four for attestation work despite the high fees that these firms charge. Other areas such as tax and advisory are typically mandated to mid sized firms.

Based on this Number of MNC's and other organization either blacklisted (Mercedez Benz and others) or reduced their engagement with PWC Globally. Prior to this PWC had solid reputation in the market and the only consulting of the Major six to have survived the 2K crises and ENRON crises.

D) Very Recently Volkswagen: in now well documented case, has illustrated how the findings of two researchers in a US university, resulted in recall of thousands of Cars and billions of US \$ penalty. Today, a Company which was leading Car world over has now been shaken up and beaten down.

Recent Cases of Expanding markets.

A) General Electric: The invention of a Portable ECG by GE in India has opened up total new business opportunities and added new dimension to health care world Wide.

B) The experience of McDonald in introducing Vegetable burgers, non-Cola drinks in India, has opened up new business verticals world wide

C) Precision Crankshaft India, Sholapur based company after successfully bidding and getting the order for One lakh Crankshafts per year from TATA's has now become a reputed supplier to all Major Automobile companies world wide.

References

A) Times of India, B) Business Week, C) Business Standard. D) The Hindu. E) Economic Times.