

Research on Transnational Marketing Risk Management of Retail Enterprises Based on Customer Value

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Abstract: With the acceleration of the process of economic globalization, China's retail market has been fully open to the year, retail enterprises are facing a full range of international competition. Chinese retail enterprises are in the initial stage of transnational marketing and lack of international experience. Their transnational marketing is faced with more, more complex and more destructive international risks, which will hinder the implementation of their transnational marketing strategies. In addition, Chinese retail enterprises are relatively weak in risk control and risk management. Therefore, it is particularly important for retail enterprises to study the potential factors of transnational marketing risk. By maximizing customer value, multinational enterprises achieve the goal of pursuing profits. Based on the theory of customer value and risk early warning management, this paper takes the risk based on customer value as the research object by using the knowledge and methods of management and mathematics, and further analyses the various risks that retail enterprises may produce in the process of transnational marketing, and carries out early warning and prevention.

1. Introduction

With the integration of global economy and finance, various uncertain factors keep emerging, the balance of political and economic forces keeps developing in the process of imbalance and seeking for new balance, and the world's political and economic environment is changing increasingly. It can be said that today's world is a world full of risks [1]. In their overseas marketing, many large multinational companies have to face international risks including natural environment, government policies, market competition and cultural differences [2]. In this context, the external environment of multinational marketing is more unstable and the risk probability is rising. Enterprises are faced with both development opportunities and risks. If these risks cannot be timely prevented and controlled, it may bring negative effects or even devastating blows to the transnational marketing of enterprises. Due to the nature of transnational operations, retail enterprises in the process of multinational marketing face more international risks than domestic enterprises, more complex and more destructive [3]. In the global retail development index GRDI, economic and political risk as the main variable, accounting for 40% of the weight, it can be seen that in the cross-border marketing of retail enterprises, risk is its main evaluation variable [4]. From the perspective of international experience, the growth of many world-famous retail enterprises has always grown from small to large, from weak to strong, and gradually developed from domestic to foreign. Therefore, Chinese retail enterprises are not waiting to "go out", but to think about how to "go out" and how to improve their competitiveness in the international market [5].

The emergence and development of customer value theory provides a very important theoretical basis and development ideas for the operation of retail enterprises. Its innovation is that enterprises think from the point of view of customers and see the value of products or services [6]. Early warning theory can provide another important theoretical basis for the operation of enterprises, setting sensitive indicators to measure customer satisfaction, collecting information, analyzing information and processing information. In order to build a complete enterprise early warning system, timely monitoring and identifying the risks of enterprises, enhance the immunity, resilience and competitiveness of enterprises, eliminate the risks in the bud, so as to enable enterprises to sustain development [7]. Customers are the fundamental basis for the existence of enterprises and

the ultimate source of corporate profits. Customers' demands range from the initial price to the quality, to the convenience and rapidity of service, and even to the personalized and humanized service and even to the acquired spiritual value [8]. Different from general enterprises, transnational marketing of retail enterprises faces risks influenced by the environment of the host country. On the one hand, the environment of the host country is the source of overseas marketing risks; on the other hand, it restricts the means that enterprises may adopt in risk management [9]. According to the theory of customer value analysis and the condition of the retail enterprises, China's retail enterprises should first consider is the market near the country, when in these countries and regions made some international marketing experience, then jump into other profitable growth for developing countries, and then to enter the European and American markets in the developed countries to build a world-class retailer [10].

2. Materials and Methods

For retail companies, multinational marketing takes on more risks than domestic marketing. In the implementation of cross-border marketing, retail enterprises will face a variety of unexpected new risks, plus the cognitive uncertainty of the target country's management on multinational retail enterprises and markets, and the fierce competition of other multinational companies in the same industry. It puts pressure on the performance of retail companies and even causes irreparable damage to multinational retail companies. Retail enterprise cross-border risk marketing risk perception, as shown in Figure 1. The implementation of cross-border marketing by retail companies has certain risks. It is precisely because of the uncertainty of such losses that the failure of retail enterprises to cross-border marketing. Documents on the failure of transnational marketing are mainly expressed by terms of failure, reducing the degree of internationalization, closure, withdrawal, divestment and MBO. It can be seen that the transnational marketing risks encountered by retail enterprises may be caused by the marketing activities or vision of enterprises. Some retail enterprises are not doing well in transnational operation because of some form of strategic arrangement. They gain a larger market share through short-term losses, thus ensuring long-term profitability. Some retail enterprises try to reduce losses by reducing investment or restructuring. Even more, retail enterprises withdraw from the country's market through asset sales, international shop replacement, bankruptcy and so on.

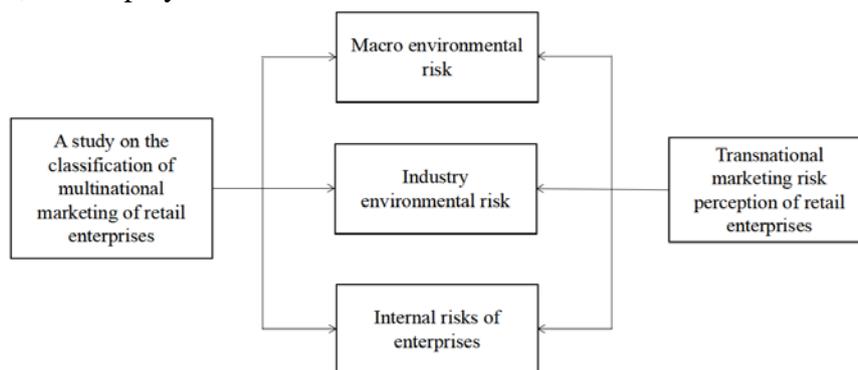


Fig. 1. Transnational risk marketing risk perception of retail enterprises

Most of the marketing risks encountered by multinational retail enterprises are caused by the marketing choices or marketing activities of the retail enterprises. At present, the situation of transnational marketing of retail enterprises in China is mainly reflected in the following two aspects: on the one hand, the scale of enterprise investment is small. Due to the fierce competition among domestic retail enterprises, the small scale of domestic retail enterprises relative to foreign retail enterprises and the insufficient experience in transnational marketing of domestic retail enterprises, the transnational marketing scale and business scope of Chinese retail enterprises in foreign markets are relatively small, and only a few of them develop overseas markets by opening franchise chains. On the other hand, the scope of business expansion is expanding day by day. After

the analysis of the early marketing behaviors of some domestic retail enterprises in transnational marketing, the selection of target market tends to favor countries with similar domestic market environment, such as southeast Asia, so that the resistance to enter the target market is relatively small, and the risk of transnational marketing is also small. With the increase of transnational marketing related experience and the enhancement of enterprises' own strength, the radiation and market expansion scope of China's retail enterprises are also expanding, starting to go to some distant regions and some developed countries.

In order to understand and measure the possibility and extent of cross-border retail marketing risks, it provides a scientific basis for retail enterprises to correctly prevent risks. In this paper, a multi-attribute method for determining indicators is used to establish a set of risk classification Tables (Table 1) specifically for retail companies in a multinational marketing environment.

Table 1 Risk classification Table

Grade	Y1	Y2	Y3	Y4
Risk score interval distribution	(6.7,9]	(5.5,8.3]	(3.1,4.9]	(0.5,3.5]
Evaluation situation	Low risk	Lower risk	Higher risk	High risk

3. Results

Risk management is to spread and transfer risks by understanding the characteristics of risks, so that the related losses can be acceptable to retail enterprises in transnational marketing. According to the transnational marketing risk management model of retail enterprises in China, the risk management strategies adopted by these countries are also different. This paper establishes the transnational marketing risk management model of Chinese retail enterprises (see Figure 2). From the point of view of environmental analysis, this paper mainly classifies the main overseas markets of Chinese retail enterprises, which can be divided into developed countries, developing countries and newly industrialized countries in Asia.

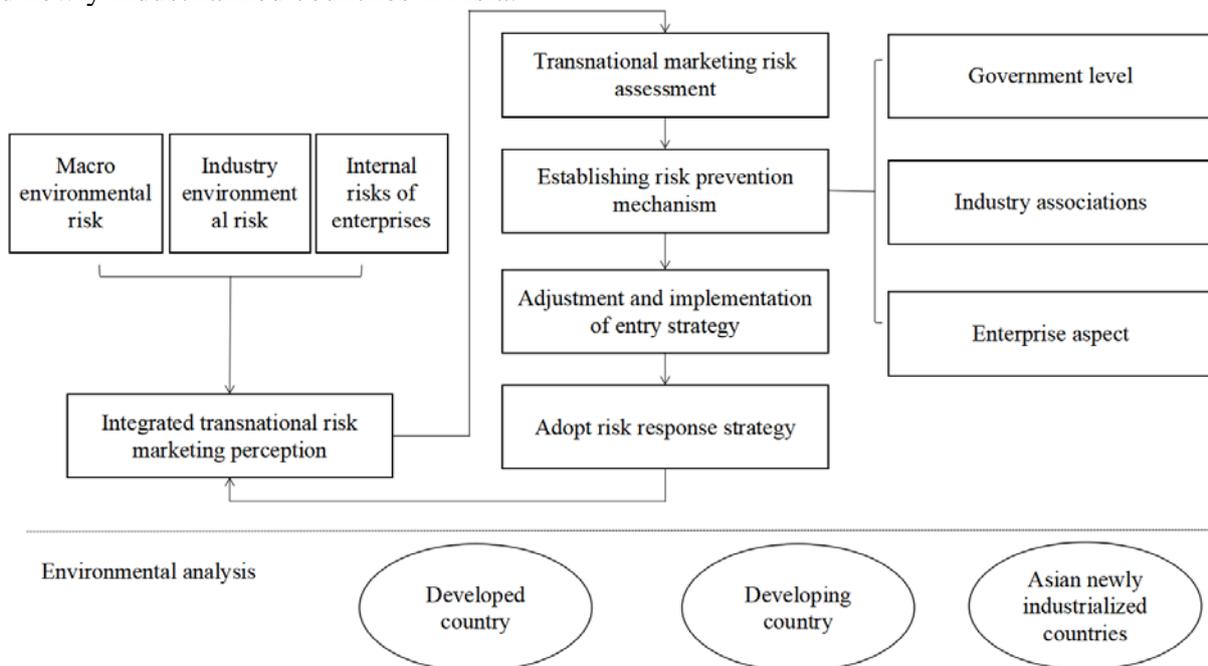


Fig.2. Transnational marketing risk management model of retail enterprises in China

Before entering the markets of developed countries, we should do a good job in the early stage of local policies, laws and regulations research. For example, in some developed countries, the regulation of retail industry is very unique: one is for the consideration of benign competition; the other is based on urban basic planning. The regulated object is generally the well-known large retail enterprises, while some small and medium-sized retail enterprises are not regulated. Therefore, we

can adopt the mode of transnational marketing alliance to make up for the lack of local experience and avoid policy risks, and pay attention not to violate local laws and regulations. Retail enterprises in China should invest in newly industrialized countries and regions step by step. They can start from neighboring countries and regions and expand gradually with the development of enterprises, accumulation of funds and gradual improvement of technological capabilities. On the basis of profitability, determine the correct market positioning, timely accumulation of multinational marketing experience, improve transnational risk management ability before appropriate expansion. Before entering the market of developing countries, Chinese retail enterprises need to make an overall assessment of the political risk of the target country, and estimate and judge the future political form and market economy trend of the target country, so as to timely adopt corresponding strategies to prevent and avoid possible risks. For China's retail enterprises, they can establish joint ventures, invite large Banks and financial companies to join, and form diversified capital structure. They can also cooperate with the governments and Banks of target countries to form a community of interests, so as to reduce political risks. Timely understanding of consumer group structure, consumer demand and consumption level of consumers in target countries. Most developing countries have relatively unique cultures and traditions, so the needs of local consumers are certainly different from those of other markets. Chinese retail enterprises can not meet all levels of consumers at the same time. Therefore, consumers should be categorized so as to determine the object of consumer services and not copy the domestic model.

The choice of the entry mode of retail enterprises in China can be considered from the following two aspects: one is the strength of the multinational marketing capability of retail enterprises, and the other is the difficulty level of entering foreign markets and the size of cultural differences. From the global marketing ability, the retail enterprises in China, the retail enterprises in our country belongs to the implementation of the early stage of the multinational marketing strategy, capital, technology and international marketing experience elements such as restriction, can adopt joint venture or franchise marketing methods to enter the market, to understand foreign, accumulate experience and capital, and then consider wholly owned or structure way to achieve greater development. For China's retail enterprises, the conversion risk mainly includes two aspects, one is the high inflation risk of the developing countries themselves, and the other is the opportunity risk after the appreciation of the renminbi. Pay attention to the planning (budget) preparation, strictly control the flow of funds, and constantly change the basic assumptions in the process of preparation, to determine the impact of various changes on corporate profits and capital flows, recognize the development direction of financial markets, and consciously supplement the use of long-term dominance. Liquidity. Control the size and proportion of liabilities to ensure that the company's financial position is good.

4. Conclusion

Under the environment of increasing internationalization trend and the expansion of local retail enterprises, the overseas marketing activities of Chinese retail enterprises have been launched, and multinational marketing has become an inevitable choice for Chinese retail enterprises. Only when Chinese retailers go abroad, use a global perspective to examine and build their own businesses, and effectively use various resources on a global scale to survive and develop in competition. Due to the nature of its transnational operations, retail companies face more international risks than domestic companies, more complex, and more destructive. Therefore, researching the risk management of retail enterprises will help to improve the level of transnational marketing risk management of Chinese retail enterprises, establish the prevention mechanism of transnational marketing risk management, institutionalize and standardize the management of transnational marketing risk of retail enterprises, eliminate and reduce the opportunities of marketing risk, reduce the degree of risk loss and improve economic benefits. It is undoubtedly of great practical significance for Chinese retail enterprises to "go out".

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