**Why Trade Internationally?**

**Introduction**

In this report I will be explaining why Amazon and Apple which are two contrasting business’s operate internationally and the types of finance available for Amazon and Apple I will also explain in this report how the different types of globalisation will affect both of these business’s and I will also explore the role of trading bloc’s I will also analyse the support that is available for both of these business’s and also analyse the two barriers.

Introduction to Amazon

Amazon is an international business which sells Items across the globe from different places and sell items from small business’s it is also comparable to eBay which is also a large marketplace to sell items and they started off as an online bookstore in 1994 which sold books online and only operated within the UK and Germany In the early years of the company they also initiated the sale of more diverse products such as music, video games consumer electronics home improvement items, software and games and also toys. They also currently operate in a lot of companies worldwide such as Australia, Brazil, The UK, The USA and Egypt and many more.

**Introduction to Apple:**

Apple was established in 1976 as Apple Computing Company then the year after was changed to Apple Computer Inc. and was started in Steve Job’s parents’ garage where he created the Macintosh and is now one of the biggest technology companies by revenue in June 2022. Apple is categorised under the information technologies sector and Apple Inc’s scope of the business is international as the company operates all around the world in every country. The company’s type of ownership is a publicly traded company which means that no individual or entity owns the company. They started trading according to apple themselves on December 12th, 1980, at 22 dollars a share. Apple is a technology company who started off by selling a computer called the Apple One which started in Steve Jobs basement and now sell all different types of technology products such as laptops, phones, tablets etc. Apple’s HQ is in California, and they operate in nearly every region and every country in that region.

**Business Activity:**

**Exporting Businesses:**

Businesses that export are those that offer products or services made in one nation to customers in another. Due to their ability to facilitate cross-border trade in products and services, these companies are essential to global trade. Relating this to Apple and Amazon Both Apple and Amazon are well-known exporters; Apple ships its electronics all over the world, and Amazon uses its e-commerce platform to make a variety of products easier to export. While Amazon allows vendors from all over the world to access clients in different regions, including its own branded products like Kindle e-readers and Echo smart speakers, Apple manufactures and sells products like iPhones and MacBooks internationally.

**Importing Businesses:**

These are companies that buy products or services made elsewhere to resell or utilise domestically are known as importers. These companies are essential to meeting domestic demand for goods that might not be easily found locally or would be more affordable to source from outside. Importing businesses relate to Apple and Amazon because Apple and Amazon import items to fulfil their business requirements. Apple ensures the availability of premium materials for production by importing materials and components from multiple nations to produce its electronic gadgets, including MacBooks and iPhones. Like this, Amazon imports a large variety of goods from overseas vendors to supply its virtual marketplace and provide buyers with a wide choice of merchandise. Both businesses contribute to consumer choice, market diversity, and efficient supply chains in their respective industries by importing.

**Multinational Enterprises:**

Companies that operate beyond borders through subsidiaries, branches, or divisions that are based in other areas are known as multinational enterprises. These businesses carry out a variety of worldwide operations, such as global production, sales, and marketing Apple and Amazon are prime examples of international corporations, with operations in multiple nations. While Amazon runs online marketplaces and logistics networks in numerous nations, promoting international trade, Apple produces its goods in diverse locations across the globe, including China and Brazil. By virtue of their global presence, Apple and Amazon can take use of a variety of markets, resources, and talent pools. This allows them to foster innovation, develop their consumer bases, and support global economic progress.

**Associated Businesses:**

These are companies that continue to have a relationship or affiliation with one another, usually because of ownership, cooperation, or formal contracts, are known as associated firms. Regarding Apple and Amazon, each of them has ancillary businesses that support their main lines of business. For instance, Apple collaborates with several suppliers and manufacturers across the globe to ensure a steady supply of components and materials for its products. Additionally, Apple works with outside developers and service providers to create its ecosystem and offer services, apps, and accessories that enhance the user experience. Comparably, Amazon depends on affiliated companies in its network of service providers, fulfilment partners, and sellers to help with product availability and delivery on its marketplace.

**Reasons why businesses trade internationally.**

**Growth:**

Apple and Amazon, two tech companies known for their worldwide reach, trade internationally is to support their expansion aspirations. Global markets present both businesses with enormous prospects for growth outside of their home markets, giving them access to a wide range of consumer demographics and developing nations. Apple capitalises on the growing demand for smartphones, tablets, and other digital devices worldwide by leveraging international trade to introduce its creative goods into new areas. In a similar vein, Amazon is aggressively growing its global e-commerce footprint, branching out into rapidly growing online retail industries, and utilising its vast transportation network to reach a global client base. Both Apple and Amazon maintain their upward growth momentum in the very competitive tech industry, diversify their revenue streams, and lessen the effects of regional economic changes by conducting business internationally.

**Additional Revenue Streams:**

Apple and Amazon

* List and define the 10 reasons for trading internationally. Select six reasons why business trade internationally. For **five** reasons you should:
* Define its meaning.
* Relate to Amazon
* Relate to Apple

Reasons are:

* Additional revenue streams
* Brand exploitation
* Access to new markets
* Diversification
* Increasing market share and market leadership
* Technology dominance
* Comparative advantage
* Economies of scale
* Fiscal benefits and preferred tax rates

**Types of Finance**

* Describe the 4 methods (Prepayment by the importer, Letters of credit, Export credits, Bank loans). For each method you should:
* Define its meaning.
* Relate to Amazon
* Relate to Apple

**Support for International Businesses**

* Describe the 3 methods of support for UK businesses (Department for International Trade, Regional councils, Open to Export, Trade Fairs, identifying internation partners, grants for international promotions)
* Provide analysis on the benefits and limitations of support for Amazon
* Provide analysis on the benefits and limitations of support for Apple

**Globalisation**

* What is globalisation – describe factors
* How has globalisation affected Amazon
* How has globalisation affected Apple

**International Trading Blocs**

* Describe the elements of international trading blocs (WTO, EU, Mercosur, NAFTA, APEC)
* How does international trading blocs affect Amazon
* How does international trading blocs affect Apple

**Barriers to International Business**

* Describe the barriers to international business
* Advantages and disadvantage for Amazon
* Advantages and disadvantages for Apple

**Conclusion**

* An evaluation of the impact of globalisation on **one** of your chosen businesses over the last 5 - 10 years, considering all relevant factors.
* This should be at least 1 page long.

**References**

* List all websites in alphabetical order
* Use Harvard referencing
* Links for images
* Richards, C. Phillips, J. Smith 2016. Pearson BTEC Nationals Business Student Book 2: Pearson Education

Wikipedia (2019). Amazon (company). [online] Wikipedia. Available at: https://en.wikipedia.org/wiki/Amazon\_(company) [Accessed 13 Mar. 2024].

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