**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

Companies engage in international trade to diversify their revenue streams and lessen their dependence on a single economy. Through regional platforms like Amazon Japan and India, Amazon makes money from markets like Australia, Brazil, and the UK. China is one of Apple's biggest international markets, accounting for a sizeable portion of the company's revenue. International sales of goods like MacBooks and iPhones guarantee consistent income from multiple markets.  
  
Businesses can penetrate new markets by leveraging their established brand name through international trade. Amazon uses services like Amazon Prime to strengthen its global footprint and leverage its reputation as a reliable leader in e-commerce. Due to its premium brand image, Apple is able to offer high-end products at premium rates all over the world, drawing clients from both established and emerging countries.

International trade also enables companies to reach new markets and grow their clientele. Amazon expands into regions like Southeast Asia and the Middle East, customising its products to suit regional tastes. Apple has opened retail locations in India, a rapidly expanding smartphone market, in an effort to increase its visibility and interact with customers directly.  
  
Businesses can diversify their operations across different regions by operating abroad, which lowers their risk of local economic fluctuations. Amazon maintains steady revenue despite regional downturns by operating in both developed and emerging markets. Apple’s operations extend from manufacturing in China to sales in Europe and Asia, reducing disruptions from any one region.

Larger production and distribution volumes allow businesses to cut expenses. By streamlining its global shipping networks, Amazon is able to attain economies of scale and boost profitability. Apple gains from centralised manufacturing, especially in China, which enables cheaper and higher-volume manufacture.  
  
Finally, companies utilise comparative advantage to capitalise on their capabilities in various marketplaces. Amazon offers effective cross-border services by leveraging its technological know-how and logistics experience. Apple maintains quality while keeping costs competitive by designing high-end items like iPhones and outsourcing production to nations with affordable manufacturing.

**Types of Finance**

When the buyer pays the importer in full before the products or services are supplied, this is known as prepayment. Since the vendor is paid in advance, this strategy gives them security. Customers who buy products on Amazon's website and pay in advance for international shipping may experience this. Particularly in transactions with foreign vendors, prepayment guarantees that Amazon obtains its income prior to shipping items. When Apple buys parts from foreign vendors, it may pay in advance for the ingredients needed to make devices like MacBooks and iPhones. This is an example of prepayment. This ensures that before production starts, Apple will have the necessary stock.

A letter of credit is a financial instrument that a bank issues on behalf of a buyer, guaranteeing payment to the seller upon fulfilment of specific requirements, including the shipment of goods. In international trade, this strategy is employed to lower risk for both sides. Letters of credit are used by Amazon when working with foreign vendors who need guarantees of payment. This offers protection to vendors in different nations, ensuring they receive paid after they complete their responsibilities. Letters of credit may be used by Apple in its dealings with foreign suppliers and manufacturers.

Export credits, which are frequently supported by the government or a financial institution, are loans or finance given to companies who export commodities. By offering advantageous lending conditions, these credits assist companies with the expenses associated with entering foreign markets. When entering new foreign markets, Amazon may utilise export credits, especially when establishing new fulfilment facilities or introducing new services in areas that demand a large initial outlay of funds. These credits offer funding at advantageous rates and can assist in financing Amazon's global expansion. When entering new markets or increasing production abroad, Apple may utilise export credits. Apple, for instance, can use export credits to help fund its foray into developing markets where logistical or infrastructure expenses necessitate funding in order to sustain competitive price and production efficiency.

In international trade, bank loans are provided to companies to finance cross-border operations, such buying machinery or raw materials. Depending on the funding requirements, these loans may be either short-term or long-term. Bank loans could be used by Amazon to fund initiatives related to its global expansion, such building new facilities or purchasing foreign companies. These loans give Amazon the money it needs to cover its operating expenses and develop a worldwide infrastructure. Apple may employ bank loans to finance the construction of new manufacturing facilities or to finance significant product launches in untapped markets. This funding source is crucial for overseeing extensive global activities, particularly when venturing into developing areas where initial expenses are substantial.

**Support for International Businesses**

Numerous forms of assistance are available to UK companies looking to expand internationally. The Department for International Trade (DIT) provides access to international contacts, guidance, and market research. Regional councils offer financial incentives, market-specific guidance, and local expertise. Open to Export is a website that provides materials and guidance on exporting. Businesses can meet worldwide buyers and display their products at trade shows. Businesses aiming to expand into new markets can also benefit from funding for foreign promotions and the identification of international partners.

The market research and advice services provided by the DIT are beneficial to Amazon as it enters new foreign markets. Regional councils can help with new operations by providing financing and local expertise. But because of its global reach, Amazon is less dependent on these resources. Smaller merchants on Amazon's marketplace benefit more from Open to Export, but trade shows, partner finding, and grants are of little use to Amazon because of its well-established global presence.

Apple can benefit from the DIT's trade policy knowledge in terms of market access and compliance. Although regional councils might help with expansion in particular areas, Apple doesn't need as much local assistance because of its global presence. Since Apple already has a large network, Open to Export can only provide a limited amount of assistance. Finding partners and attending trade shows are helpful for developing markets, but they are not essential to Apple's business operations. Overall, Apple has enough resources for worldwide marketing, even though grants for promotions can help with its efforts in particular areas.  
  
In general, Amazon and Apple gain from UK support techniques, but they are less reliant on these services due to their extensive operations.

**Globalisation**

The term "globalisation" describes how trade, communication, and the cross-border flow of capital, goods, and services have made nations and enterprises more interdependent and interconnected. Advances in communication, transportation, technology, and the removal of trade restrictions are some of the main forces behind globalisation. These elements enable companies to enter new markets, grow globally, and access global supply chains.  
  
Amazon has benefited immensely from globalisation since it has been able to reach markets all over the world with its e-commerce platform. Amazon is a major force in international shopping thanks to its extensive worldwide logistics network, which enables it to provide quick shipping everywhere. Additionally, it has enabled Amazon to increase its product offers globally and gain access to less expensive production resources.

Globalisation has made it possible for Apple to access other markets and provide its products, such as MacBooks and iPhones, all over the world. It has made it possible for Apple to establish production plants in nations like China where production costs are cheaper. In addition to boosting Apple's growth and profitability, globalisation has assisted the company in building a strong brand presence in developing nations.

**International Trading Blocs**

Groups of nations that sign agreements to advance trade and economic cooperation are known as international trading blocs. To guarantee seamless and equitable trade, the World Trade Organisation (WTO) establishes international trade regulations and settles disputes. The free flow of capital, products, and services between member states is permitted by the European Union (EU), a political and economic union of European nations. The goal of the South American trading organisation Mercosur is to promote economic cooperation and free trade among its member nations. The US, Canada, and Mexico signed the NAFTA pact to remove trade restrictions and promote economic cooperation; it has since been superseded by the USMCA. 21 nations make up the Asia-Pacific Economic Cooperation (APEC), a conference that encourages free trade and economic expansion in the Asia-Pacific area.

Amazon is impacted by international trading blocs because they allow it to grow its business in areas such as the EU, Mercosur, and NAFTA nations, where it can take advantage of lower tariffs and simpler market access. The WTO assists Amazon by lowering entrance obstacles in different nations and ensuring that international trade regulations are adhered to. As a result, Amazon finds it simpler to grow its customer base and sell goods abroad.

With less trade restrictions, Apple can reach important markets in North America and Europe through trading blocs like the EU and NAFTA. By guaranteeing fair trade practices, the WTO helps Apple function seamlessly internationally. Apple also benefits from APEC, particularly in the Asia-Pacific area, where a significant amount of its products are produced and sold. It makes it possible for Apple to continue running productive businesses in nations like China, which helps the company compete successfully in the global market.

**Barriers to International Business**

Legal impediments like trade restrictions and taxes, political unpredictability, economic problems like exchange rate swings, cultural disparities, and logistical difficulties like customs and transportation processes are all examples of obstacles to doing business internationally. Businesses entering new markets may find their international operations slowed down or made more difficult by these obstacles.  
  
Because of its global supply network, Amazon faces logistical obstacles, complicated laws, and tariffs. Operations may also be impacted by political unrest in some areas. Nevertheless, Amazon is able to get beyond these obstacles and enter new areas thanks to its vast worldwide reach and logistics network.

Political concerns, cultural variations that might impact pricing, marketing, and sales methods, and tariffs are some of the obstacles Apple faces. Production and sales are at danger due to political difficulties, especially in nations like China. Notwithstanding these obstacles, Apple maintains its competitiveness abroad because to its effective supply chain and powerful worldwide brand.

**Conclusion**

Over the past five to ten years, Amazon has been greatly impacted by globalisation, which has fuelled its growth, profitability, and worldwide reach. The business has expanded into new markets and diversified its activities by fully utilising the growing interconnection of global marketplaces. Amazon took advantage of technology developments as e-commerce grew, allowing it to expand internationally and provide its services in other nations. This made it possible for Amazon to reach a larger consumer base, particularly in developing nations with far higher internet penetration rates, including India and Southeast Asia.

Amazon's logistics infrastructure is one of the main elements that has helped it succeed in the worldwide market. Because of globalisation, Amazon has been able to build a complex and wide-ranging logistics network that includes fulfilment facilities, transit networks, and alliances with regional delivery firms. Its worldwide expansion is supported by this infrastructure, which guarantees prompt and effective distribution in several locations. Furthermore, Amazon's status as the biggest e-commerce platform in the world has been further cemented by its capacity to provide goods from different vendors around the globe.

Amazon's expansion into new markets is another example of how globalisation has affected the company. Amazon Web offerings (AWS), Amazon Prime Video, Alexa, and other cloud computing, entertainment, and technology offerings are examples of how the corporation has branched out beyond traditional e-commerce. Amazon's growth and profitability have been largely attributed to this diversification, which has lessened the company's reliance on traditional retail sales and helped it withstand shifts in customer behaviour or economic downturns.

Globalisation has presented Amazon with certain difficulties, nevertheless. Significant challenges may arise when navigating different international rules, handling currency changes, and overseeing a worldwide workforce. Amazon's activities have also been at danger from trade disputes, particularly between the US and China, and political unrest in some areas. Because of its strong market position, wise investments, and inventiveness, Amazon has been able to adjust and keep growing in spite of these obstacles.  
  
Amazon has also been under fire in the past ten years for its effects on regional companies and employment policies in other nations. Because of its worldwide popularity, there are now worries about e-commerce power concentration and how it affects smaller shops.

In conclusion, Amazon's success over the last five to ten years has been significantly shaped by globalisation. Amazon has established itself as a market leader by utilising technology breakthroughs, expanding its commercial products, and establishing a strong worldwide logistics network. Even if there are still issues like political unrest and regulatory compliance, Amazon has been able to prosper in the increasingly interconnected global economy thanks to its capacity to innovate and adapt.

**References**

* Amazon (company). (2019). Amazon. [online] Available at: https://en.wikipedia.org/wiki/Amazon\_(company) [Accessed 27 Aug. 2024].
* Apple. (n.d.). FAQ - Apple. [online] Available at: https://investor.apple.com/faq/default.aspx#:~:text=Apple%20went%20public%20on%20December%2012%2C%201980%20at%20%2422.00%20per%20share [Accessed 27 Aug. 2024].
* Richards, C., Phillips, J. and Smith, J. (2016). Pearson BTEC Nationals Business Student Book 2. Pearson Education.
* Department for International Trade. (2024). Trade and investment: UK’s role in global markets. [online] Available at: https://www.gov.uk/government/organisations/department-for-international-trade [Accessed 27 Aug. 2024].
* World Trade Organization. (2023). Understanding the WTO. [online] Available at: https://www.wto.org/english/res\_e/res\_e.htm [Accessed 27 Aug. 2024].