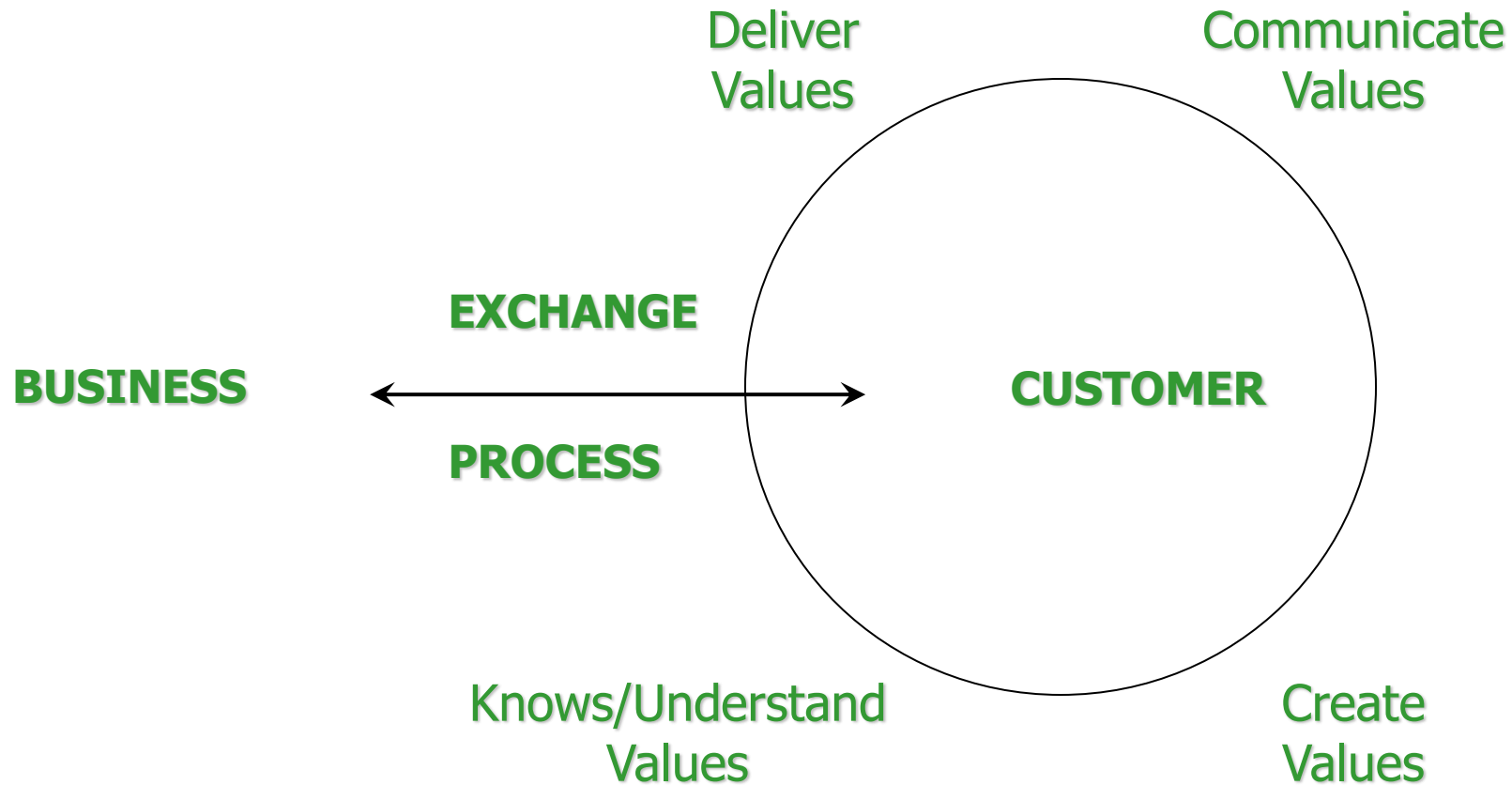


# INTERNATIONAL MARKETING

ELIZABETH TRALLERO

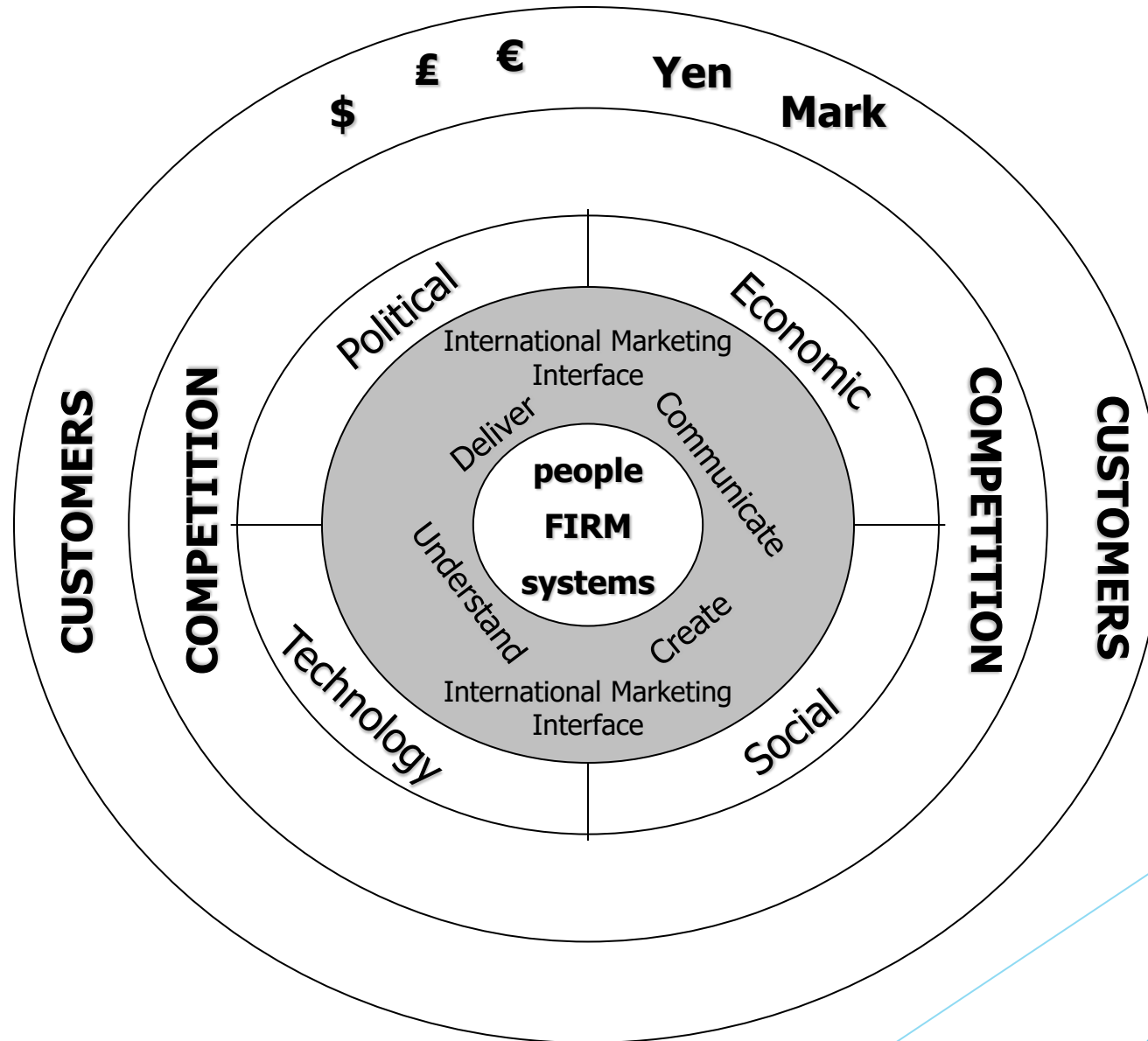
2022

# ***The Basic Marketing Cycle***



Source: Adapted from Figure 6.1; Bathie, D. (1998), *Principles of Marketing, Retail Marketing MBA Module 1*, Institute for Retail Studies, University of Stirling.

# *The International Marketing Interface*



# ***Examples of other Regional Economic Groupings***

<b>Grouping</b>	<b>Member states</b>
Andean Common Market (ANCOM)	Bolivia, Colombia, Ecuador, Peru, Venezuela
Arab Common Market (ACM)	Egypt, Iraq, Jordan, Kuwait, Libya, Syria
Arab Magreb Union (AMU)	Algeria, Libya, Mauritania, Morocco, Tunisia
Asia-Pacific Economic Co-operation Forum (APEC)	Australia, Brunei, Canada, Chile, China, Hong Kong, Indonesia, Japan, South Korea, Malaysia, Mexico, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Taiwan, Thailand, US, Vietnam
CAIRNS Group (named after Cairns, Northern Queensland in Australia where the inaugural meeting took place in 1986)	Australia, Argentina, Bolivia, Brazil, Canada, Chile, Colombia, Costa Rica, Fiji, Guatemala, Indonesia, Malaysia, New Zealand, Paraguay, Philippines, South Africa, Thailand, Uruguay
Central American Common Market (CACM)	Costa Rica, El Salvador, Guatemala, Honduras, Nicaragua
Economic Community of West African States (ECOWAS)	Benin, Burkina Faso, Cape Verde, Ivory Coast, Gambia, Ghana, Guinea, Liberia, Mali, Mauritania, Niger, Nigeria, Senegal, Sierra Leone, Togo.
Latin American Integration Association (LAIA)	Argentina, Bolivia, Brazil, Chile, Colombia, Ecuador, Paraguay, Peru, Uruguay, Venezuela
North American Free Trade Agreement (NAFTA)	Canada, Mexico, US

# ***The Employer***

**Transactional businesses have a certain social responsibility thrust upon them when they operate internationally.**

**External manifestations of the social responsibility include:**

- ✓ **Community service**
- ✓ **Environmental protection (air, land and water pollution)**
- ✓ **Packaging used and its impact on pollution**
- ✓ **Transmission of new values (through advertising of new products) and new technology.**

## **Social responsibility can also be pursued through internal measures including:**

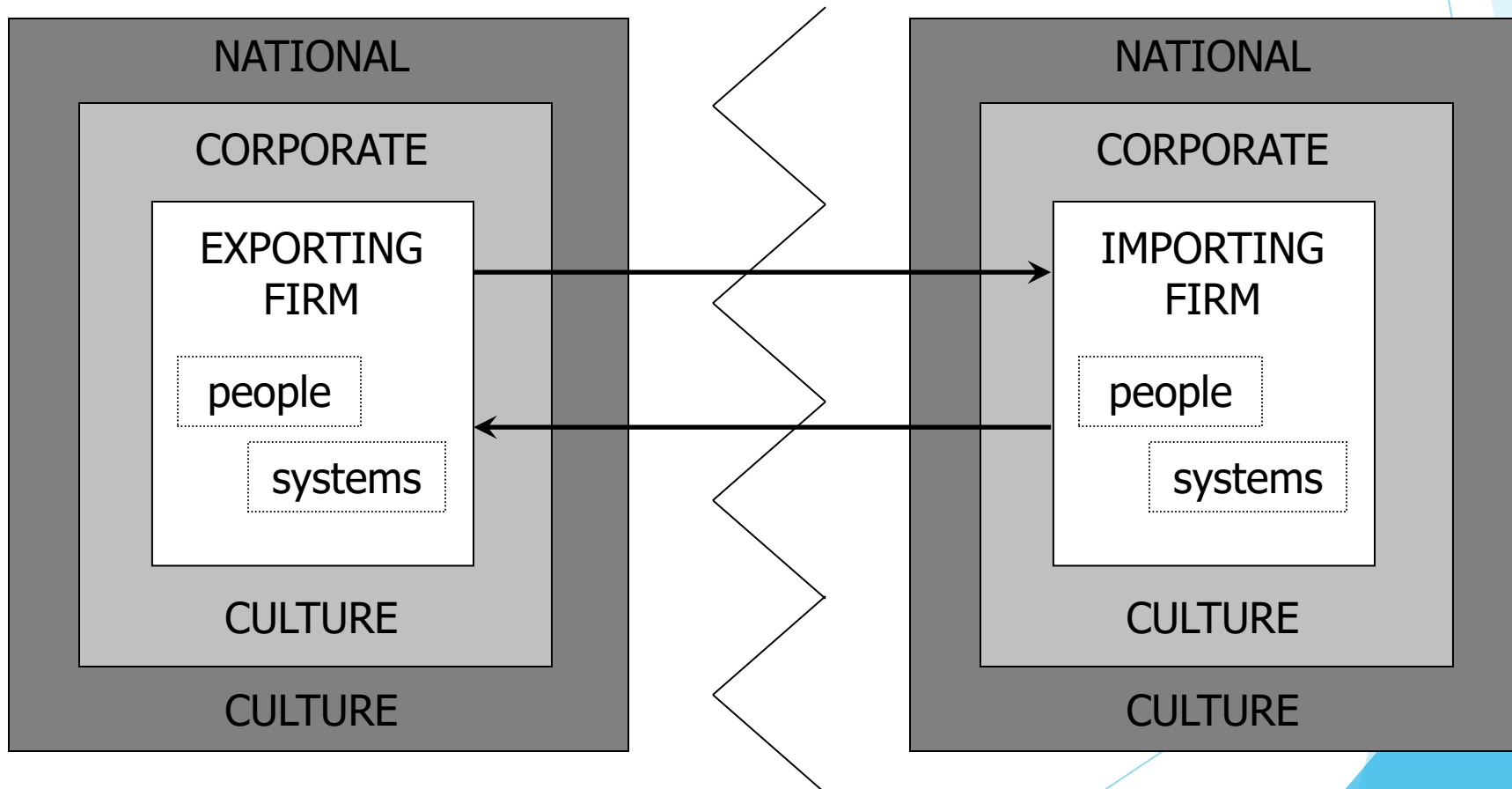
- ✓ **Physical working conditions**
- ✓ **Women's, multicultural and minority rights**
- ✓ **Education and training of employees**
- ✓ **Industrial relations.**

**Lengthy supply chains will not stand up to the competitive demands of the 21<sup>st</sup> Century which will include:**

- ✓ **Shorter product life cycles**
- ✓ **Diminishing brand value**
- ✓ **Smarter and more demanding customers**
- ✓ **New-technology enabled distribution channels**
- ✓ **Increased pressure on prices and financial results.**

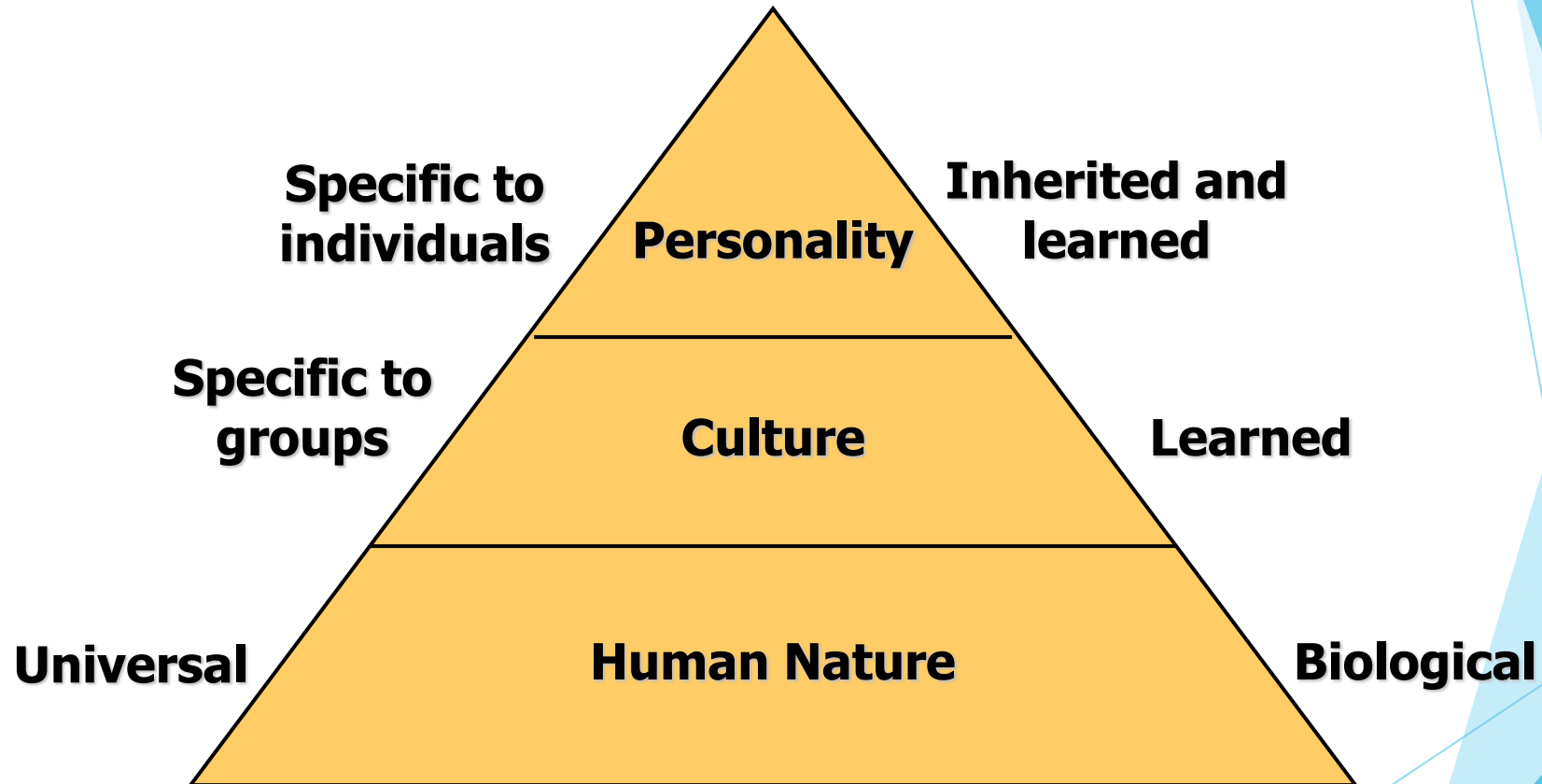
# *The Influence of Culture on the Buyer-Seller Relationship*

## INTERNATIONAL BOUNDARY





# ***Three Levels of Human Mental Programming***



Source: Adapted from Hofstede , G. (1991), *Culture and Organizations: Software of the Mind*, McGraw-Hill, London.

# ***Shared Perception?***

## **Which country:**

- **Makes the highest-quality products?**
- **Makes the best-looking products?**
- **Has the most advanced technology?**
- **Does the best job of selling its products to other countries?**

# ***Business Etiquette in Eastern Europe as seen by Lufthansa***

## **General rules:**

- ✓ **Do not band the countries of Eastern Europe together. It is important to recognize that just as each has its own language, culture and traditions, its approach to business is also very different.**
- ✓ **Avoid using the term 'Eastern Europe'. Most countries are proud of their independence and do not take kindly to being grouped as one.**
- ✓ **The question 'How are you?' is often taken quite literally, so if you do ask, be prepared for a lengthy answer.**
- ✓ **Have plenty of business cards and trade literature with you. An exchange of business cards follows instructions at any meeting or negotiation.**
- ✓ **Translate as much as possible into the relevant language. This eases initial introductions and makes for good business etiquette.**
- ✓ **Prepare your visit well in advance. Find out about local conditions, facilities, personnel and government.**
- ✓ **Ensure presentations to new companies are brief, to the point and well documented.**

Source: *Lufthansa Information Services Bulletin, July 1996.*

# ***Leading from the Front***

## **Charisma**

- ✓ **Reliance on individual's leadership ability. Rules and procedures hinder performance. Self-motivation. Dominance.**

## **Managing from distance**

- ✓ **Lack of discipline. Pursuit of personal agendas. Strategic/conceptual thinkers. Ineffective communication. Ambiguity.**

## **Consensus**

- ✓ **Team spirit. Effective communication. Attention to organization detail. Open dialogue. Consensual decision-making.**

## **Towards a common goal:**

- ✓ **Valuing functional expertise. Authority based leadership style. Clear roles of responsibility. Discipline oriented. Identify with systems and controls.**

Source: Myers, A., Kakabadse, A. and Gordon, C. (1995), Effectiveness of French management: analysis of the behavior, attitudes and business impact of top managers, *Journal of Management Development*, 14 (6), pp. 56-72

# ***Cross-cultural Management and Alliances***

**The common approach by Americans to solve a problem is to follow the following steps:**

- ✓ **Identify, define the problem**
- ✓ **Analyze and understand the problem**
- ✓ **Set a goal / objective**
- ✓ **Identify, evaluate and select the options available**
- ✓ **Plan and schedule**
- ✓ **Implement and control**
- ✓ **Follow-up and assess the outcome**

**This 'classic' pattern will be familiar to most westernized readers. It is analytical, logical, linear, orderly and explicit. However, it can have its limitations:**

- ✓ **Flexibility and economy of thinking may suffer from a rigidly fixed pattern**
- ✓ **The process of thinking is much more integrated and not necessarily segmented and linear**
- ✓ **An analytical approach is not always applicable to managerial issues.**

## **Three key pointers for American (westernized) businesses going to China are:**

- 1. Build up a primary understanding of the major forces that have framed the Chinese culture**
- 2. Maintain an open and adaptable mind for different management and negotiation styles and practices**
- 3. Minimize value judgments exclusively based on American cultural terms about Chinese business derivations.**

**The advice offered by the CEO is pertinent and transferable in general to market entry decisions across cultural boundaries:**

- ✓ **Be true to your core beliefs and practices**
- ✓ **Take time to let people know who you are**
- ✓ **Honor the local history and culture**
- ✓ **Act like the guest you are**
- ✓ **Persevere.**



# ***Classification of International Involvement Motives***

	<b>Internal</b>	<b>External</b>
<b>Proactive</b>	<p>Driven by owner-manager/key decisions makers</p> <p>Desire to increase profits</p> <p>Having a unique product/service</p> <p>Having a company specific advantage, e.g. in marketing, technology</p>	<p>Perceived international market opportunities</p> <p>Export development activity by governments, trade associations, banks</p>
<b>Reactive</b>	<p>Excess production capacity</p> <p>Spreading costs and risk</p>	<p>Unsolicited order</p> <p>Small domestic market</p> <p>Saturated domestic market</p> <p>Peer competitive pressure</p>

# ***Classification of Models of Market entry***

---

## **Indirect market entry**

Unsolicited orders  
Domestic based intermediaries  
    Courier/express services  
    Export management companies  
    Export houses  
    Trading companies  
    Piggybacking  
    Brokers  
    Jobbers

---

## **Direct market entry**

Domestic based intermediaries  
    Freight forwarders  
    Consortium exporting  
    Export department  
Foreign based intermediaries  
    Agents  
    Distributors

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## **Strategies without foreign investment**

Licensing  
Franchising  
Management contracts

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## **Strategies with foreign investment**

Marketing subsidiary  
Manufacturing subsidiary  
Joint ventures  
    Joint equity venture  
    Contractual joint venture

# ***Export Success Factors***

**The marketing activities of a business have some influence on the success of a venture:**

- ✓ **Market selection**
- ✓ **Product strategy**
- ✓ **Packaging characteristics**
- ✓ **Pricing strategy**
- ✓ **Credit strategy**
- ✓ **Communication strategy**
- ✓ **Distribution strategy**
- ✓ **After sales support**
- ✓ **Experience of staff**

## **Other authors have identified firm-specific characteristics including:**

- ✓ **Technology intensity**
- ✓ **Planning process**
- ✓ **International networks**
- ✓ **Quality control**
- ✓ **Financial strength**

**Of course success is dependent on the context within which the business finds itself. Thus, the third group of success factors relate to the external environment, namely:**

- ✓ **Friendly diplomatic relations**
- ✓ **Trade pacts and agreements**
- ✓ **Export subsidies and support (including information provision, tax breaks)**
- ✓ **Low trade barriers (tariffs and other trading restrictions)**
- ✓ **Stable political and trading environment**
- ✓ **Good infrastructure.**

# ***A unified model of European Management Skills***

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## **Ability to involve people (interpersonal skills)**

Communication skills (listening, consulting, explaining, dialogue, communicating supportively). Skills in psychology (understanding people, gaining power and influence). Capacity to work in multi-level teams. Capacity to co-ordinate, to create enthusiasm and to motivate. Managing conflict

## **International skills**

International experience. Competence in several languages (three minimum). Geographical mobility. Global thinking. Understanding cultural differences. Capacity to work in multi-cultural teams

## **Flexibility**

Aptitude to manage change. Aptitude to manage diversity. Tolerance of ambiguity and uncertainty. Managing stress. Developing self-awareness. Capacity to learn (self-evaluation and openness)

## **Intuition**

Intuition. Creativity, ability to innovate, problem solving

## **Broad vision**

Aptitude to have a general view of a situation (combining several disciplines, considering the historical context, and taking a systematic approach). Deep understanding (sociological, philosophical, ethical)

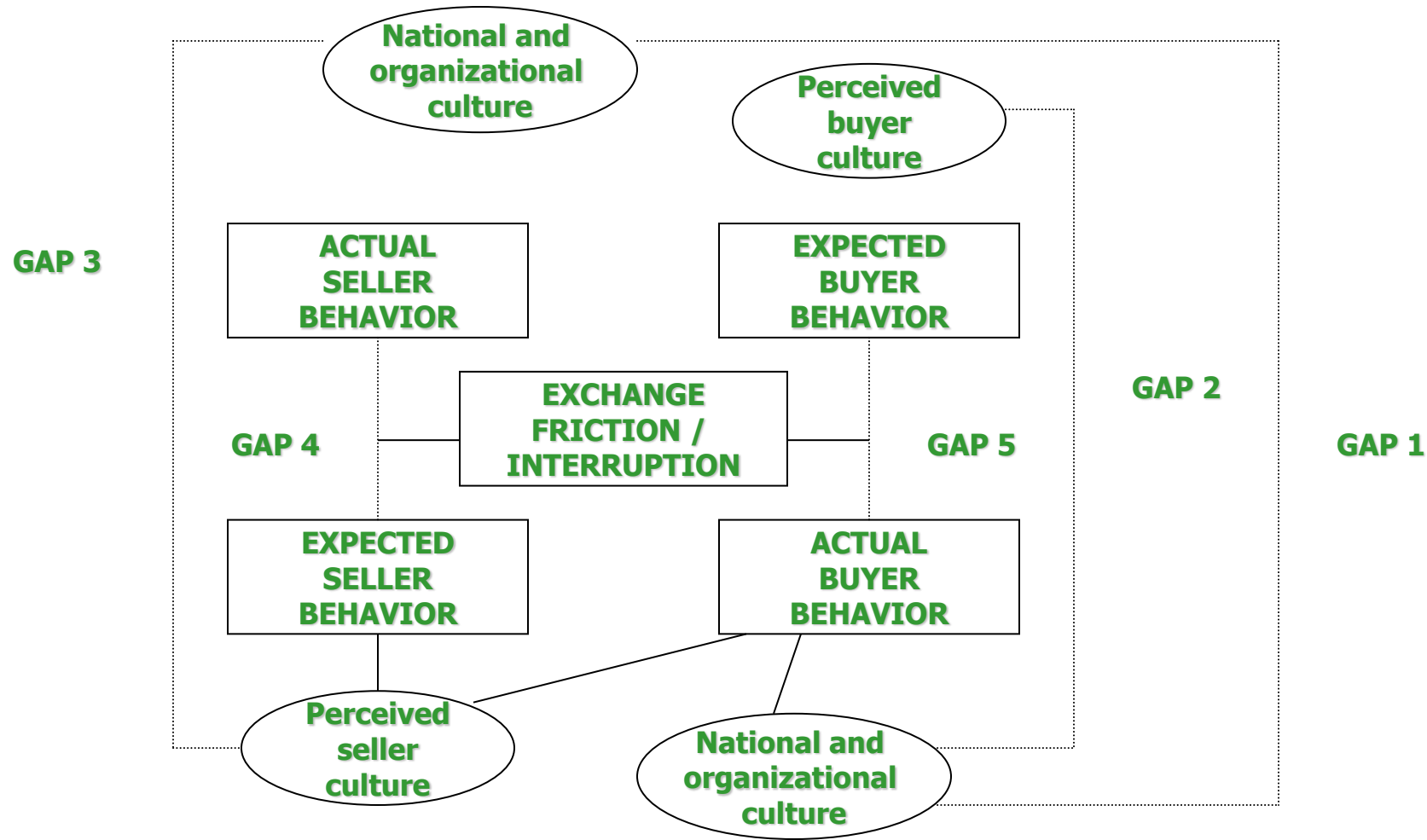
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Source: Eyre, P. and Smallman, C. (1998), Euromanagement competences in small and medium-sized enterprises: a development path for the new millennium? *Management Decision*, 36 (1), pp. 34-42.

# ***Required Knowledge, Experience and Skills in an Export Manager***

<b>Knowledge, experience and skills</b>	<b>Number of times mentioned</b>
Technical	15
Languages	8
Commercial	4
Exporting	3
International	2
Interpersonal	2
Adaptable	1
Exporting knowledge	1
Intelligence	1
Professional qualification	1

# ***A conceptual model for analyzing the impact of Culture on International Marketing Management***



Source: Madsen, T.K. (1994), A contingency approach to export performance research, *Advances in International Marketing*, 6, pp. 25-42.



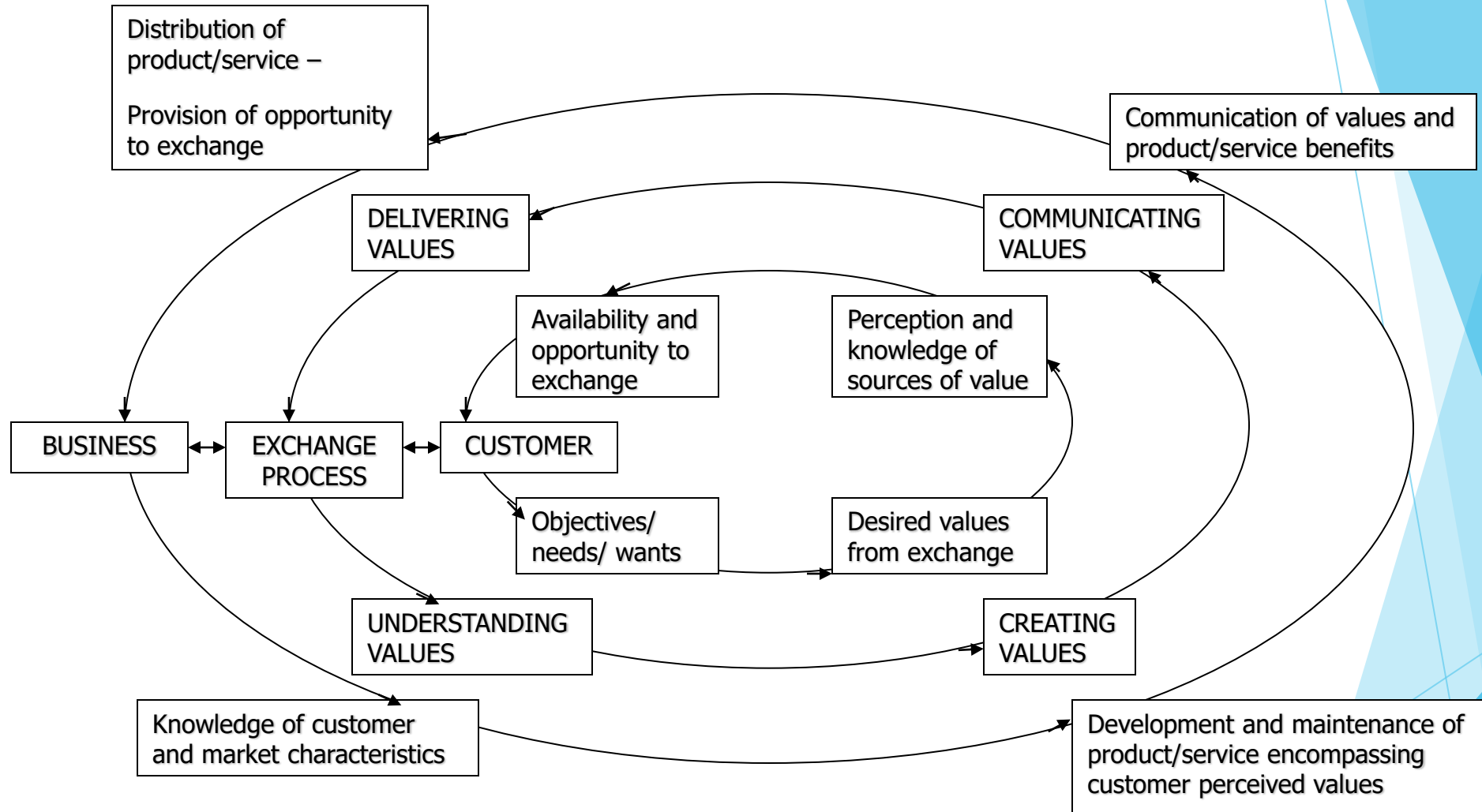
# *Utilities of Information Sources*

---

	<b>Rank</b>
<b><i>Positive</i></b>	
Personal contact overseas	1
Overseas agent	2
Trade fairs	3
Personal contact UK	4
Overseas subsidiary company	5
Overseas company office	6
<b><i>Neutral</i></b>	
BOTB/DTI	7
Chambers of commerce	8
Bank(s)	9
Overseas embassies	10
Trade associations	11
UK embassies	12
<b><i>Negative</i></b>	
Public libraries	13
Commercial libraries	14=
Professional institutions	14=
CBI	16=
University/polytechnic	16=

---

# The Marketing Cycle



Source: Bathie, D. (1998), *Principles of Marketing, Retail Marketing MBA Module 1*, Institute for Retail Studies, University of Stirling.

# ***Contrasting Contribution of Qualitative and Quantitative Approaches***

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## **Qualitative**

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Feminine in nature  
Intuitive and understanding  
Taps the rich veins of experience  
Extends quantitative and drives  
quantitative analyses  
More conclusions

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## **Quantitative**

More masculine  
Aggressive (more shallow but concrete)  
Shallower interpretations  
Agencies revert back to “results” not  
“findings”

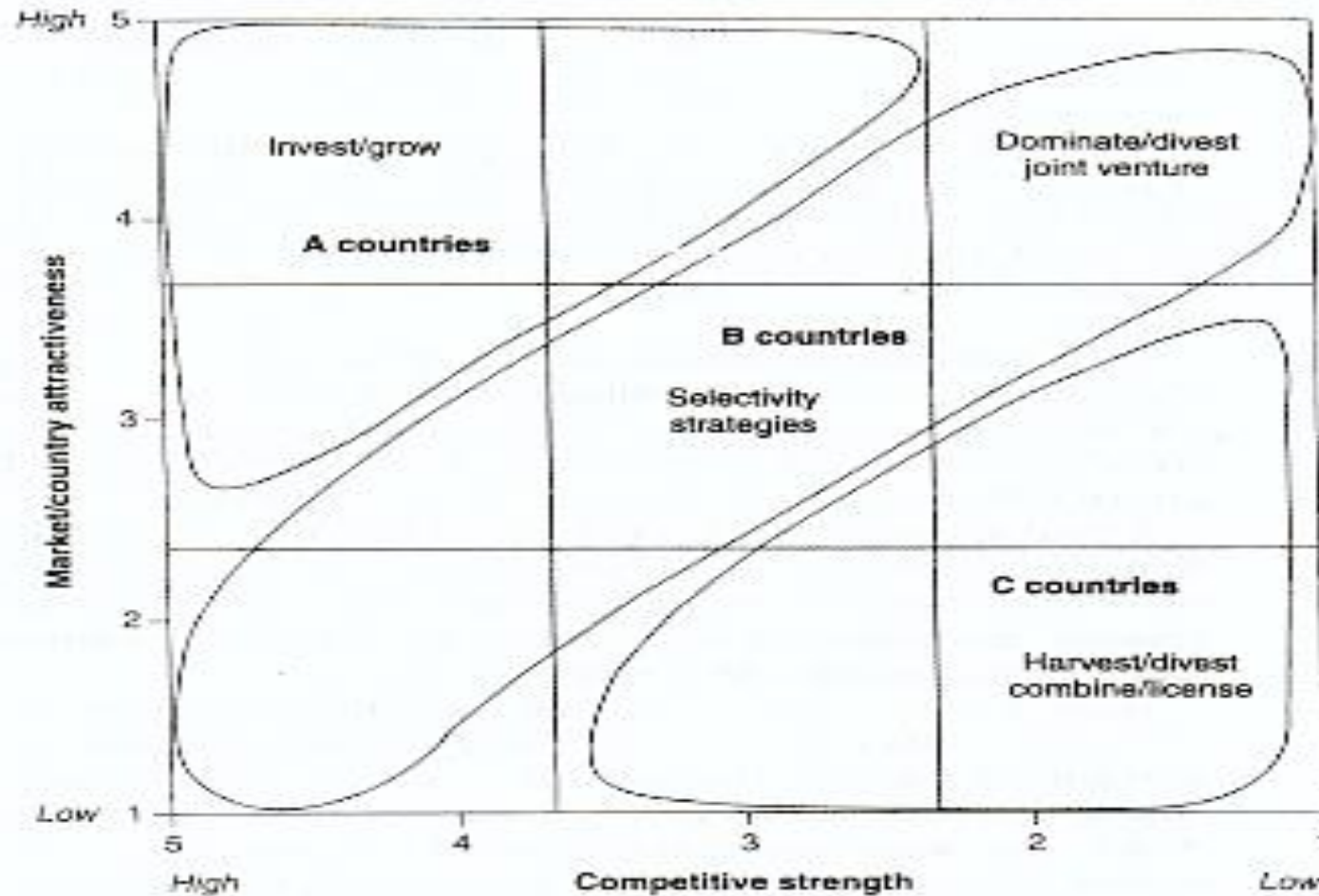
# ***Criteria included in the BERI Index***

<b>Criteria</b>	<b>Weighting</b>
Political stability	3
Economic growth	2.5
Currency convertibility	2.5
Labor cost/productivity	2
Short-term credit	2
Long-term loans/venture capital	2
Attitude toward the international investor	1.5
Nationalization	1.5
Monetary inflation	1.5
Balance of payments	1.5
Enforceability of contracts	1.5
Bureaucratic delays	1
Communication	1
Local managements and partners	1
Professional services and contractors	0.5

# ***Mandatory and Cultural Reasons for Adaptation***

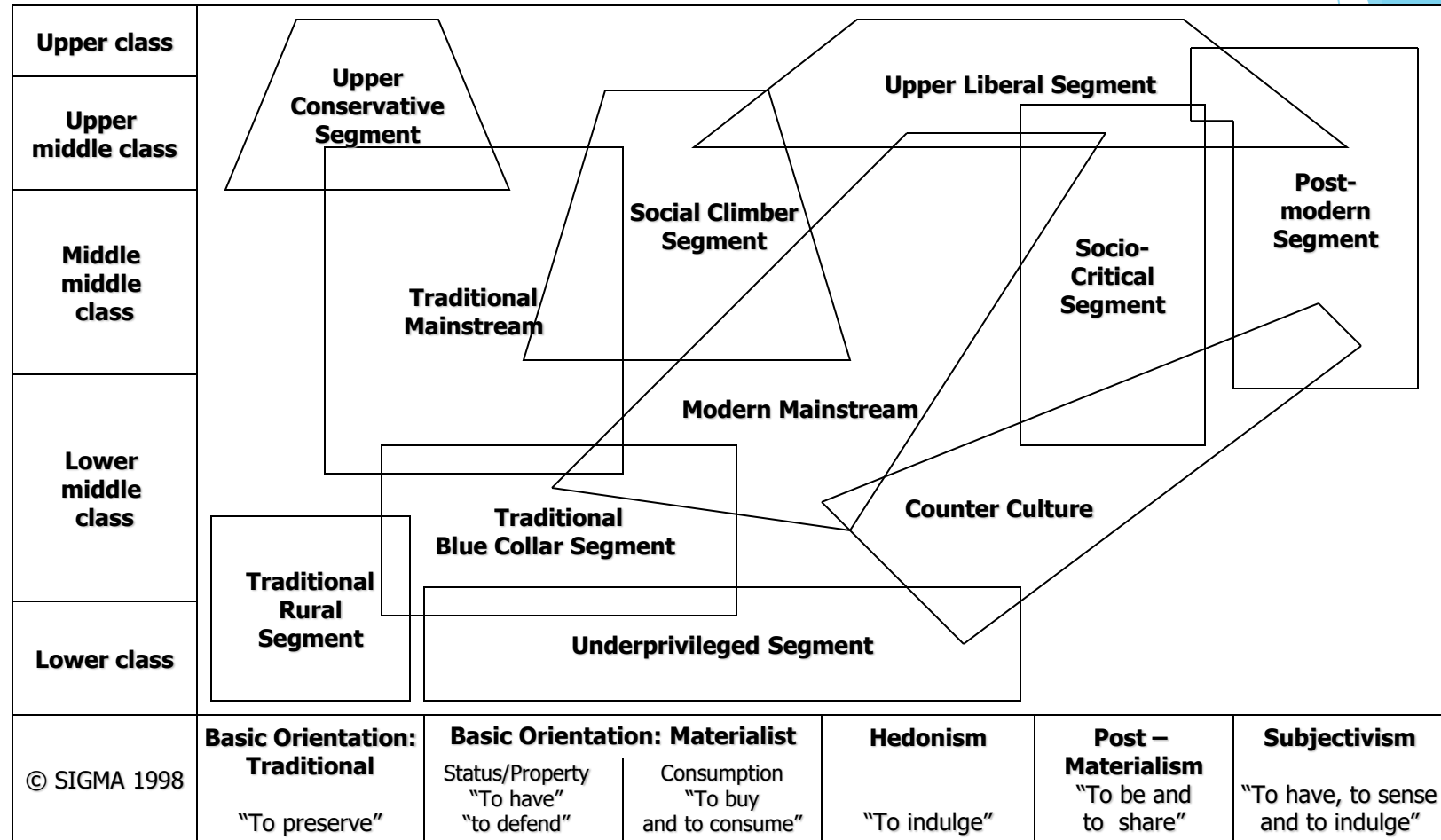
<b>Mandatory</b>	<b>Cultural</b>
Legal reasons	Consumer tastes – beer can be preferred bitter, foamy, bubbly, sugary and have
Taxes and tariffs	Disposable income
Technical requirements	Labor costs
Nationalism	Physical differences
Climate	Language
	Illiteracy

# ***The Market Attractiveness/Competitive Strength Matrix***



Source: Hollensen, S. (1998), *Global Marketing: a Market-Responsive Approach*, Prentice-Hall, London.

# Transnational Consumer Cultures



Source: Ueltzhoffer, J. and Ascheberg, C. (1999), Transnational consumer cultures and social milieus, *Journal of the Market Research Society*, 41 (1), pp. 47-59.

# *The Keys Influences on Setting a Price*

## **Company Factors**

- Corporate and marketing objective
- Firm positioning
- Market entry modes

## **Product/Service Factors**

- Cost of creating (including Research & Development), communicating (advertising) and delivering (logistics) product/service
- Positioning of product/service
- Stage in product/service life cycle

## **PRICE SETTING**

## **Environmental Factors**

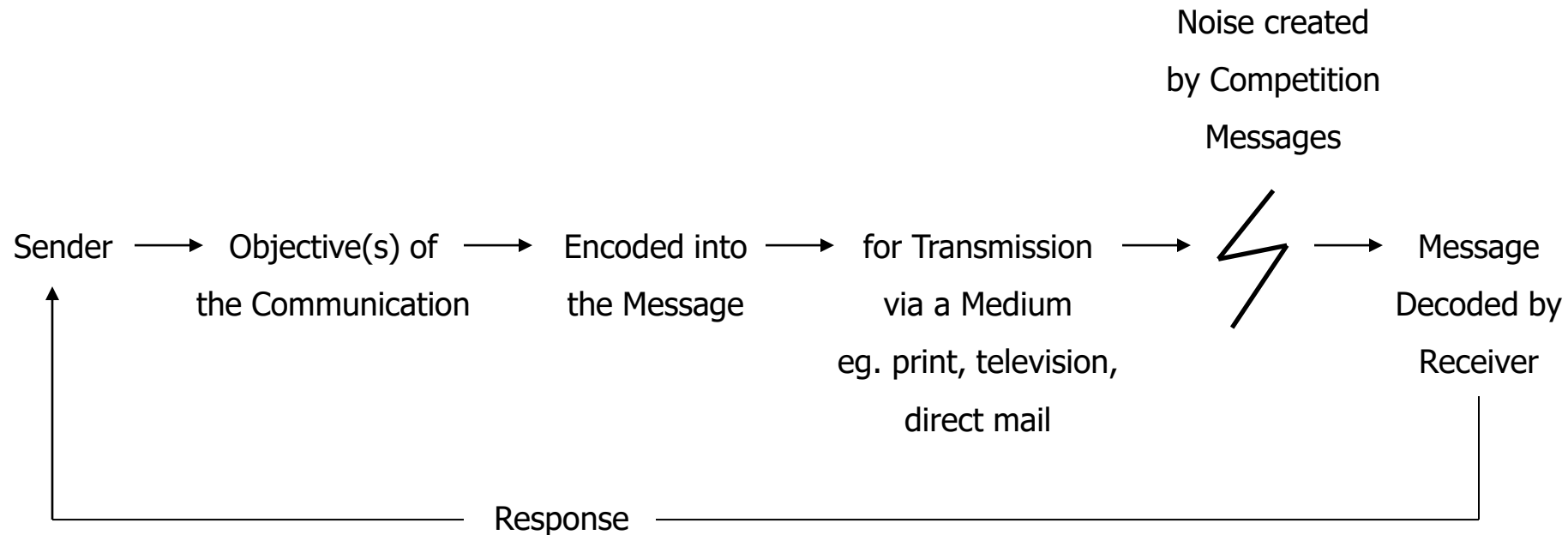
- Stage in the business cycle
- Currency volatility
- Inflation
- Government controls e.g. taxes, price, price restraints
- Extent of informality e.g. non-money payment

## **Market Factors**

- Customers needs/wants, ability to pay
- Need for adaptation, market servicing
- Market structure, distribution channels
- Competitive pressure
- Is the market growing, mature or declining?
- Activities for gray marketers



# ***A Basic Communications Model***



- Response
- eg. increased company awareness
  - brand recognition
  - increased sales

The response, in turn, will be evaluated by the Sender to see if the Objectives have been achieved.

# Why Standardize?

Criteria	Mean Score*
Standardization can significantly reduce production costs	3.6
Standardization is good because the top talent works on one good idea	3.5
Given the increasing degree of international communication, it makes sense to standardize	3.5
Having an international image is suitable for our brand	3.5
The media and communications revolution has done much to reduce or harmonize cultural differences	3.3
Standardization is the best way to control subsidiary activities and achieve effective co-ordination	2.5
Via standardization we can achieve economies of scale in human resources	2.4
We sometimes doubt the ability of our subsidiaries to produce effective advertising	2.3

**\*1 = not very important and 5 = very important**

Source: adapted from Harris, G. (1996), Factors influencing the international advertising practices of multinational companies, *Management Decision*, 34 (6), p. 5; InfoTrac <http://www.galegroup.com/>

# ***Foreign Distributors entering the Japanese Market during the 1990s***

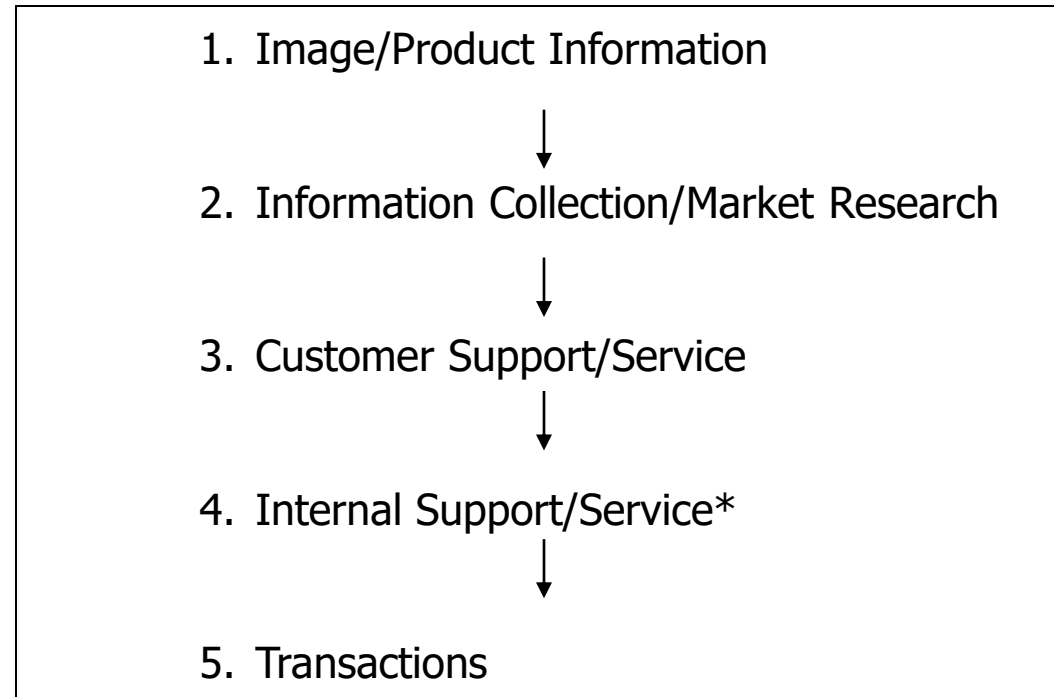
<b>Year</b>	<b>Company Name</b>	<b>Country</b>	<b>Genre</b>
1990	HMV	UK	Music and video
	Virgin Megastores	UK	Music and video
1991	Toys R Us	US	Toy
	Blockbuster	US	Video rental
1992	Kinto	US	24h office service
	The Disney Store	US	General merchandise
1993	Nike	US	Sporting goods
	Burger King	US	Fast food
	Eddie Bauer	US	Outdoor apparel
1994	Esprit	Hong Kong	Ladies apparel
	Lands End	US	Casual apparel by mail order
1995	GAP	US	Casual apparel
1996	The Sport Authority	US	Sporting goods
	Starbucks Coffee	US	Coffee
1997	Foot Locker	US	Sports shoes
1998	Office Depot	US	Stationery
1999	Boots	UK	Cosmetics
	Sephora	France	Cosmetics

Source: <http://www.jetro.go.jp/top/index.html>

# Evolutionary Paths of a Web Site

## MNCs

Information → Transaction Model



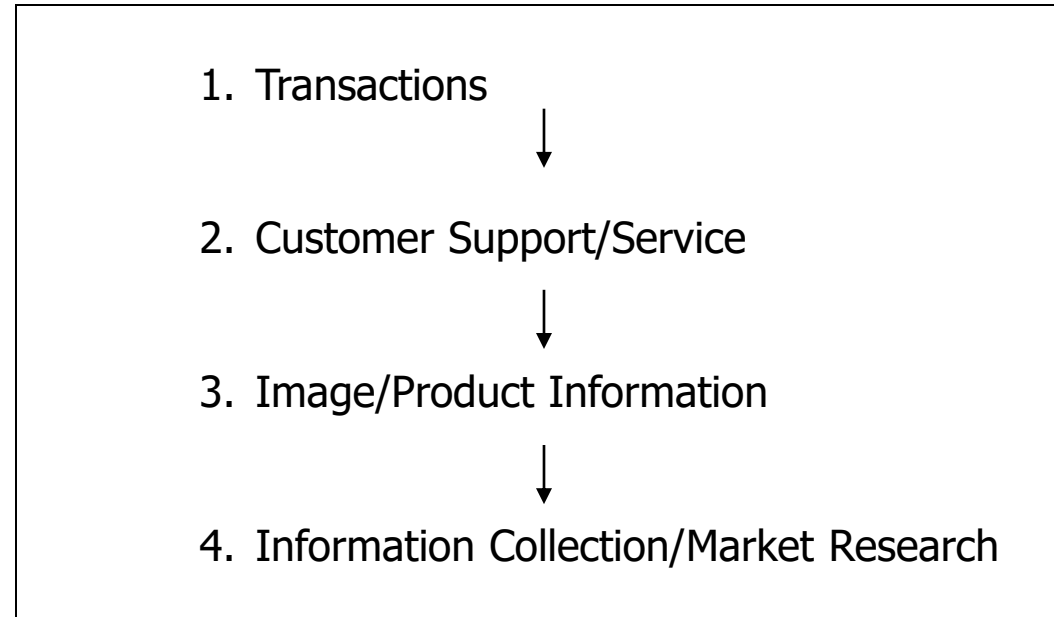
Recently, the rapid growth in awareness of, and software and support for, such internal information networks or intranets makes it likely that this could be among the first stages for companies establishing a Web site in the future

Source: Quelch, J.A. and Klein, L.R. (1996), The internet and international marketing, *Sloan Management Review*, 37 (3), pp. 60-75.

# ***Evolutionary Paths of a Web Site***

## **Internet Start-ups**

Transaction → Information Model



Source: Quelch, J.A. and Klein, L.R. (1996), The internet and international marketing, *Sloan Management Review*, 37 (3), pp. 60-75.

# ***Checklist for International Success***

- ✓ **Establish a strong home base which can adequately support the additional burdens of international expansion Do not overvalue and thus overprice the franchise opportunity**
- ✓ **Establish a pilot operation and prove the system works in the target territory**
- ✓ **Recognize and come to terms with the differences in social attitudes, culture, taste and lifestyle**
- ✓ **Choose carefully those with whom you will establish a working relationship**
- ✓ **Be patient. Do not underestimate the time it will take to achieve international success**
- ✓ **Do not underestimate the drain on your financial and manpower resources which going international will involve.**