Isobel Doole and Robin Lowe

# International Marketing Strategy

## Analysis, development and implementation

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# CHAPTER 1

# AN INTRODUCTION TO INTERNATIONAL MARKETING



## INTRODUCTION

Managers around the globe are recognising the increasing necessity for their companies and organisations to develop the skills, aptitudes and knowledge to compete effectively in international markets.

The emergence of a more open world economy, the globalisation of consumer tastes and the unabated expansion of Internet access globally all increase the interdependency and interconnections of nation economies across the globe. The need for managers to develop the skills to respond to these pressures affects companies of all sizes.

In this chapter, the reader will be introduced to the concepts of international marketing, enabling them to acquire an appreciation of the complexities of marketing on an international basis and of how this activity differs from operating purely in domestic markets. In the following sections we will define international marketing, examine the important trends in the global marketing environment and introduce the reader to the international marketing strategy development and international marketing planning process.

## LEARNING OBJECTIVES

After reading this chapter you should be able to:

- Explain and use the SLEPT factors to assess international markets
- Discuss the differences between export marketing, international and global marketing
- Understand the criteria required to evaluate a company's international marketing strategy
- Appreciate the key steps in the international marketing planning process

## THE STRATEGIC IMPORTANCE OF INTERNATIONAL MARKETING

Last year's **international trade** in merchandise exceeded US$10.5 trillion and world trade in services is estimated at around US$2.4 trillion. Whilst most of us cannot visualise such huge amounts, it does serve to give some indication of the scale of international trade today.

This global marketplace consists of a population of 6.6 billion people which is expected to reach 10 billion by 2050 according to the latest projections prepared by the United Nations.

Global wealth is increasing and this is reflected in higher demand. Increasing affluence and commercial dynamism has seen nations across Asia, Central and Eastern Europe emerge as high growth economies. Increasing affluence and demand simply means that consumers will actively seek choice, with the result that globally competition is intensifying as companies compete to win the battle for disposable income.

Population growth and increased affluence together have helped create a '**global youth culture**' – teenagers now account for 30 per cent of the population globally. In many countries, more than half the population is pre-adult, creating one of the world's biggest single markets, the youth market. Everywhere adolescents project worldwide cultural icons, Nike, Coke, Gap and Sony Walkman, as well as Sega, Nintendo and the Sony Playstation. When 'virtual reality' is commonplace, the one-world youth culture market will exceed all others as a premier global market segment. Parochial, local and ethnic growth products may face difficult times.

Older consumers are also increasingly non-national in their identity, if not in their personal identity then from the perspective of the consumable fabric of their lives. They drive international cars, take foreign holidays, watch international programmes on television, use international hardware and software. On the supply side, multinational and global corporations are increasing in size and embracing more global power. The top 500 companies in the world now account for 70 per cent of **world trade** and 80 per cent of international investment. Total sales of multinationals are now in excess of world trade, which gives them a combined gross product of more than some national economies.

To strategically position themselves for global competitiveness, companies are consolidating through mergers, acquisitions and alliances to reach the scale considered necessary to compete in the global arena. At the same time, there is a trend towards global standardisation, as companies strive for world standards for efficiency and productivity. In Europe last year mergers and acquisitions were worth US$ 1.59 trillion, in the USA $1.54 trillion. The Indian company Tata took over Corus making them the world's largest steel producer, overtaking Mittal (Dutch) who in the same year took over Aecelor of Luxembourg. In Germany e.ON bid for Endesa of Spain. GSK have a number of global alliances in the pharmaceutical market, creating the world's largest research-based pharmaceutical company. Such trends can also be seen in the service sector. In the US, Morgan Stanley and Dean Witter merged to offer global investment as well as global private banking and credit card services. There has also been an increase in the number of joint ventures and international strategic alliances to compete in mature markets. Xerox entered into a joint venture with Fuji to consolidate their global position and the Siemens and Fujitsu joint venture is now the only computer hardware company in Europe following the global consolidation of that sector.

The global marketplace is no longer the summation of a large number of independent country markets but much more multilateral and interdependent, economically, culturally and technically. Information moves anywhere in the world at the speed of light, the ease of transmission being facilitated by the convergence of long distance telecoms, cuts in the cost of electronic processing and the exponential growth in Internet access.

The combination of all these forces has meant that all companies need to develop a marketing orientation which is international in nature and that companies need managers who have the skills to analyse, plan and implement strategies across the globe. It is for these reasons that international marketing has become such a critical area of study for managers and an important component of the marketing syllabus of business faculties in universities.

So perhaps now we should turn our attention to examining exactly what we mean by international marketing.

## What is international marketing?

Many readers of this textbook will have already followed a programme of study in marketing but, before explaining what we mean by international marketing, let us reflect for a few moments on our understanding of what is meant by marketing itself. The Chartered Institute of Marketing defines marketing as the 'Management process responsible for identifying, anticipating and satisfying customer requirements profitably'. Thus marketing involves:

- focusing on the needs and wants of customers
- identifying the best method of satisfying those needs and wants
- orienting the company towards the process of providing that satisfaction
- meeting organisational objectives.

In this way, it is argued, the company or organisation best prepares itself to achieve competitive advantage in the marketplace. It then needs to work to maintain this advantage by manipulating the controllable functions of marketing within the largely uncontrollable marketing environment made up of SLEPT factors: i.e. Social, Legal, Economic, Political and Technological.

How does the process of international marketing differ? Within the international marketing process the key elements of this framework still apply. The conceptual framework is not going to change to any marked degree when a company moves from a domestic to an international market; however, there are two main differences. First, there are different levels at which international marketing can be approached and, second, the uncontrollable elements of the marketing environment are more complex and multidimensional given the multiplicity of markets that constitute the global marketplace. This means managers have to acquire new skills and abilities to add to the tools and techniques they have developed in marketing to domestic markets.

## International marketing defined

At its simplest level, international marketing involves the firm in making one or more marketing mix decisions across national boundaries. At its most complex, it involves the firm in establishing manufacturing/processing facilities around the world and coordinating marketing strategies across the globe. At one extreme there are firms that opt for 'international marketing' simply by signing a distribution agreement with a foreign agent who then takes on the responsibility for pricing, promotion, distribution and market development. At the other extreme, there are huge global companies such as Ford with an integrated network of manufacturing plants worldwide and who operate in some 150 country markets. Thus, at its most complex, international marketing becomes a process of managing on a global scale. These different levels of marketing can be expressed in the following terms:

- Domestic marketing, which involves the company manipulating a series of controllable variables such as price, advertising, distribution and the product/service attributes in a largely uncontrollable external environment that is made up of different economic structures, competitors, cultural values and legal infrastructure within specific political or geographic country boundaries.
- International marketing, which involves operating across a number of foreign country markets in which not only do the uncontrollable variables differ significantly between one market and another, but the controllable factors in the form of cost and price structures, opportunities for advertising and distributive infrastructure are also likely to differ significantly. It is these sorts of differences that lead to the complexities of international marketing.
- Global marketing management, which is a larger and more complex international operation. Here a company coordinates, integrates and controls a whole series of marketing programmes into a substantial global effort. Here the primary objective of the company is to achieve a degree of synergy in the overall operation so that by taking advantage of different exchange rates, tax rates, labour rates, skill levels and market opportunities, the organisation as a whole will be greater than the sum of its parts.

This type of strategy calls for managers who are capable of operating as international marketing managers in the truest sense, a task which is far broader and more complex than that of operating either in a specific foreign country or in the domestic market. In discussing this, Sarathy *et al*. (2006) comment that 'the international marketing manager has a dual responsibility; foreign marketing (marketing within foreign countries) and global marketing (co-ordinating marketing in multiple markets in the face of global competition)'.

Thus, how international marketing is defined and interpreted depends on the level of involvement of the company in the international marketplace. International marketing could therefore be:

- **Export marketing**, in which case the firm markets its goods and/or services across national/political boundaries.
- **International marketing**, where the marketing activities of an organisation include activities, interests or operations in more than one country and where there is some kind of influence or control of marketing activities from outside the country in which the goods or services will actually be sold. Sometimes markets are typically perceived to be independent and a profit centre in their own right, in which case the term multinational or multidomestic marketing is often used.
- **Global marketing**, in which the whole organisation focuses on the selection and exploitation of global marketing opportunities and marshals resources around the globe with the objective of achieving a global competitive advantage.

The first of these definitions describes relatively straightforward exporting activities, numerous examples of which exist. However, the subsequent definitions are more complex and more formal and indicate not only a revised attitude to marketing but also a very different underlying philosophy. Here the world is seen as a market segmented by social, legal, economic, political and technological (SLEPT) groupings.

In this textbook we will incorporate the international marketing issues faced by firms, be they involved in export, international or global marketing.

For all these levels the key to successful international marketing is being able to identify and understand the complexities of each of these SLEPT dimensions of the international environment and how they impact on a firm's marketing strategies across their international markets. As in domestic marketing, the successful marketing company will be the one that is best able to manipulate the controllable tools of the marketing mix within the uncontrollable environment. It follows that the key problem faced by the international marketing manager is that of coming to terms with the details and complexities of the international environment. It is these complexities that we will examine in the following sections.

## THE INTERNATIONAL MARKETING ENVIRONMENT

The key difference between domestic marketing and marketing on an international scale is the multidimensionality and complexity of the many foreign country markets a company may operate in. An international manager needs a knowledge and awareness of these complexities and the implications they have for international marketing management.

There are many environmental analysis models which the reader may have come across. For the purposes of this textbook, we will use the SLEPT approach and examine the various aspects and trends in the international marketing environment through the social/cultural, legal, economic, political and technological dimensions, as depicted in Figure 1.1.

### Social/cultural environment

The social and cultural influences on international marketing are immense. Differences in social conditions, religion and material culture all affect consumers' perceptions and patterns of buying behaviour. It is this area that determines the extent to which consumers across the globe are either similar or different and so determines the potential for global branding and standardisation.

A failure to understand the social/cultural dimensions of a market are complex to manage, as McDonald's found in India. It had to deal with a market that is 40 per cent vegetarian, had an aversion to either beef or pork among meat-eaters

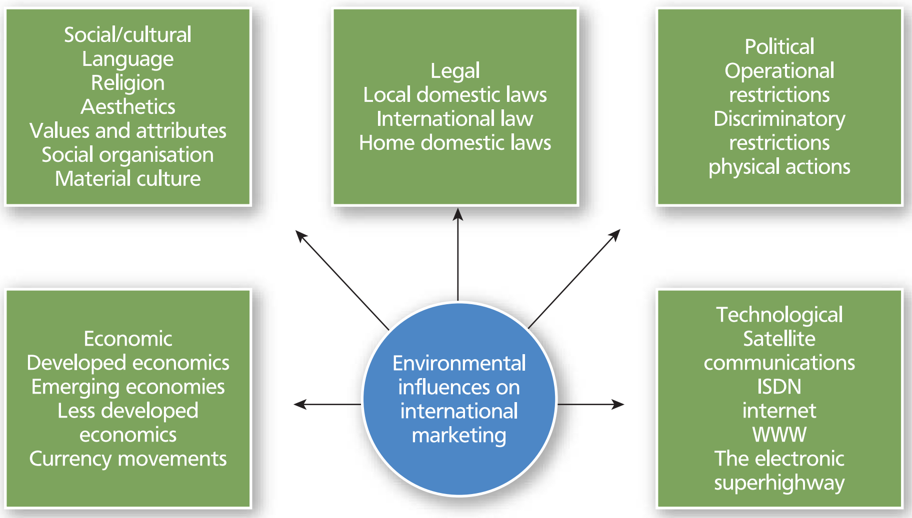



**FIGURE 1.1**
The environmental influences on international marketing

and a hostility to frozen meat and fish, but with the general Indian fondness for spice with everything. To satisfy such tastes, McDonald's discovered it needed to do more than provide the right burgers. Customers buying vegetarian burgers wanted to be sure that these were cooked in a separate area in the kitchen using separate utensils and sauces like McMasala and McImli were developed to satisfy the Indian taste for spice. Interestingly however, these are now innovations they have introduced into other markets.

## Cultural factors

Cultural differences and especially language differences have a significant impact on the way a product may be used in a market, its brand name and the advertising campaign.

Initially, Coca-Cola had enormous problems in China as Coca-Cola sounded like 'Kooke Koula' which translates into 'A thirsty mouthful of candle wax'. They managed to find a new pronunciation 'Kee Kou Keele' which means 'joyful tastes and happiness'.

Other companies who have experienced problems are General Motors whose brand name 'Nova' was unsuccessful in Spain ('no va' in Spanish means 'no go'). Pepsi Cola had to change its campaign 'Come Alive With Pepsi' in Germany as, literally translated, it means 'Come Alive Out of the Grave'. In Japan McDonald's character Ronald McDonald failed because his white face was seen as a death mask. When Apple launched the iMac in France they discovered the brand name mimicked the name of a well established brand of baby laxative – hardly the image they were trying to project.

Operating effectively in different countries requires recognition that there may be considerable differences in the different regions. Consider northern Europe versus Latin Europe, the northwest of the USA versus the south or Bejing and Taipei. At the stage of early internationalisation it is not unusual for Western firms to experience what appear to be cultural gaps with their counterparts in Latin America and Asian countries as well as in different regions of those countries. A campaign by Camay soap which showed a husband washing his wife's back in the bath was a huge success in France but failed in Japan, not because it caused offence, but because Japanese women viewed the prospect of a husband sharing such a time as a huge invasion of privacy.



On the other hand, some commentators argue there are visible signs that social and cultural differences are becoming less of a barrier. The dominance of a number of world brands such as Microsoft, Intel, Coca-Cola, McDonald's, Nike etc., all competing in global markets that transcend national and political boundaries, are testimony to the convergence of consumer needs across the globe. However, it is important not to confuse globalisation of brands with the homogenisation of cultures. There are a large number of global brands but even these have to manage cultural differences between and within national country boundaries.

There are also a number of **cultural paradoxes** which exist. For example, in Asia, the Middle East, Africa and Latin America there is evidence both for the westernisation of tastes and the assertion of ethnic, religious and cultural differences. There are more than 600 000 Avon ladies now in China and a growing number of them in Eastern Europe, Brazil and the Amazon (see Illustration 1.1).

In northern Kenya you may find a Sambhuru warrior who owns a cellular telephone. Thus, whilst there is a vast and, sometimes, turbulent mosaic of cultural differences, there are commentators who believe there is evidence that a global village is potentially taking shape which, as Kenichi Ohmae (2005) says, 'will be a nationless state marked by the convergence of customer needs that transcends political and cultural boundaries'.

The social/cultural environment is an important area for international marketing managers and we will return to this subject in a number of chapters where we examine the various aspects of its strategic implications. Chapter 3 is devoted to a full examination of the social and cultural influences in international marketing. In Chapter 5 we will examine the forces driving the global village and its strategic implication to companies across the world.

## Social factors

Growth and movement in populations around the world are important factors heralding social changes. Eighty per cent of the world's population live in developing countries; by 2025 this is likely to reach 85 per cent. Two out of every five people live in China and India. However, whilst world population is growing dramatically, the growth patterns are not consistent around the world.

Over the next half century, Africa's population will almost treble. China's population will rise much more slowly from 1.2 billion to 1.5 billion. With a population of 1.53 billion people, India will have more inhabitants than China in 50 years' time. Europe is the only region where the population is expected to decline; any increase in population in high income countries is entirely due to migration.

There are also visible moves in the population within many countries, leading to the formation of huge urban areas where consumers have a growing similarity of needs across the globe. By 2010, 50 per cent of the world's population will live in urban areas: the world is moving into gigantic conurbations. The population of greater Tokyo is soon to be close to 30 million and Mexico City 20 million. Cities such as Lagos, Buenos Aires and Djakarta will soon outstrip cities such as Paris, London and Rome. In the year 2015, no European city will be in the top

### ILLUSTRATION 1.1

#### The beautification of the ageing baby boomers

Analysts at Goldman Sachs estimate that the global beauty industry is worth about 100 billion US dollars a year and is growing at up to 7 per cent a year, more than twice the rate of the developed world's GDP. This growth is being driven by richer, ageing baby-boomers and increased discretionary income in the West, and by the growing middle classes in developing countries. China, Russia and South Korea and Brazil are turning into huge markets. In India, sales of anti-ageing creams are growing by 40 per cent a year. Avon is expanding rapidly in Eastern Europe and Russia as well as in South America. Brazil now has more than 900 000 Avon ladies.

SOURCE: ANTHONY GRIMES, UNIVERSITY OF HULL

Global competition in the market is becoming increasingly intense. Unilever and Procter and Gamble, facing maturity in many of their traditional businesses, are devoting more resources to developing global beauty brands. Luxury product manufacturers such as Dior, Chanel and Yves St Laurent are moving into mainstream beauty products and many of the global giants are growing by buying up smaller brands. Japan's Kao have gone into the hair dye market by buying John Frieda while Estée Lauder has acquired Stila, MAC and Bobbi Brown, all of which are innovative and growing make-up brands.

The traditional global beauty brands established by such companies as L'Oréal, Elizabeth Arden and Helena Rubenstein are now having to fight hard in a global market where traditionally they have earned huge margins and enjoyed continuous growth for many years.

**QUESTION** *Outline the reasons for the changing structure of the global beauty market.*

30 and 17 of the world's mega cities of 10 million plus will be in emerging markets. This has powerful implications for international marketing. These cities will be markets in themselves. Urban dwellers require similar products (packaged conveniently and easy to carry). Similarly, they demand services, telephones and transportation of all kinds and modern visual communications. It also means, for the incoming company, that customers are accessible. They are identifiable and firms can communicate with them efficiently via supermarkets, advertising and other marketing communication tools. Table 1.1 shows the ten mega cities in the world forecast for 2015.

## Legal environment

Legal systems vary both in content and interpretation. A company is not just bound by the laws of its home country but also by those of its host country and by the growing body of international law. Firms operating in the **European Union** are facing ever-increasing directives which affect their markets across Europe. This can affect many aspects of a marketing strategy – for instance advertising – in the form of media restrictions and the acceptability of particular creative appeals (see Illustration 1.2). Product acceptability in a country can be affected by minor regulations on such things as packaging and by more major changes in legislation. In the USA, for instance, the MG sports car was withdrawn when the increasing difficulty of complying with safety legislation changes made exporting to that market unprofitable. Kraft Foods sell a product called Lifesavers, which are very similar to the Nestlé Polo brand, in many countries. Using EU law, Nestlé attempted to stop the sale of Lifesavers in the EU purely to protect their market share.

It is important, therefore, for the firm to know the legal environment in each of its markets. These laws constitute the 'rules of the game' for business activity. The legal environment in international marketing is more complicated than in



**TABLE 1.1** The world's ten mega cities in 2015

| *City* | *Country* | *Population (millions)* |
|---|---|---|
| Tokyo | Japan | 26.4 |
| Mumbai | India | 26.1 |
| Lagos | Nigeria | 23.2 |
| Dhaka | Bangladesh | 21.1 |
| Sao Paulo | Brazil | 20.4 |
| Karachi | Pakistan | 19.2 |
| Mexico City | Mexico | 19.2 |
| New York | USA | 17.4 |
| Jakarta | Indonesia | 17.3 |
| Calcutta | India | 17.3 |

SOURCE: UNITED NATIONS

domestic markets since it has three dimensions: (1) local domestic law; (2) international law; (3) domestic laws in the firm's home base.

- *Local domestic laws*. These are all different! The only way to find a route through the legal maze in overseas markets is to use experts on the separate legal systems and laws pertaining in each market targeted.
- *International law*. There are a number of international laws that can affect the organisation's activity. Some are international laws covering piracy and hijacking, others are more international conventions and agreements and cover items such as the International Monetary Fund (IMF) and World Trade Organisation (WTO) treaties, patents and trademarks legislation and harmonisation of legal systems within regional economic groupings, e.g. the European Union.
- *Domestic laws in the home country*. The organisation's domestic (home market) legal system is important for two reasons. First, there are often export controls which limit the free export of certain goods and services to particular marketplaces, and second, there is the duty of the organisation to act and abide by its national laws in all its activities, whether domestic or international.

It will be readily understandable how domestic, international and local legal systems can have a major impact upon the organisation's ability to market into

## ILLUSTRATION 1.2

PHOTO CREDIT: CUBOIMAGES SRL/ALAMY

### When is a Parma ham not a Parma ham?

The European Court of Justice has decided that it is illegal for the world-famous Parma ham to be sliced and packaged outside the Italian region that gives Parma ham its name. The ruling was a victory for the 200 or so producers of Parma ham who had launched their legal action against Asda, a UK food retailer. The case hinged on the court's interpretation of geographical indications – EU-protected trademarks that recognise the importance of products closely associated with a particular place, whether it be Parma ham, French champagne, Spanish sherry or Stilton cheese from Britain. The Parma producers argued that slicing the ham was an important process that had to be done locally. Asda argued they should be free to slice and pack the ham where they chose in order to cut costs and reduce the price to consumers. The court showed it was more concerned with the protection of the ham producers' rights than market efficiency. However strangely Asda can still use the Parma name when the meat is sliced on a delicatessen counter in front of shoppers?

The question is, how will the world view the decision? Some commentators use such examples to question the commitment of the European Union to freeing trade and becoming more competitive.

**QUESTION** *Do you think the court decision protects local market diversity across European markets, or does it act as a restrictive trade practice?*

SOURCE: ADAPTED FROM *THE ECONOMIST*, 21 MAY 2003 AND 'ASDA SLAMS "HAM-FISTED" PARMA RULING' *BBC NEWS* 20 MAY, 2003 particular overseas countries. Laws will affect the marketing mix in terms of products, price, distribution and promotional activities quite dramatically. For many firms, the legal challenges they face in international markets are almost a double-edged sword. Often firms operating internationally face ethical challenges in deciding how to deal with differing cultural perceptions of legal practices.

In many mature markets they face quite specific and, sometimes, burdensome regulations. In Germany, for instance, environmental laws mean a firm is responsible for the retrieval and disposal of the packaging waste it creates and must produce packaging which is recyclable, whereas in many emerging markets there may be limited patent and trademark protection, still evolving judicial systems, non-tariff barriers and an instability through an ever-evolving reform programme.

China earned notoriety in the past for allowing infringements of copyright and blatent piracy. However, this is now changing. Some governments are reluctant to develop and enforce laws protecting intellectual property partly because they believe such actions favour large, rich, multinationals. Anheuser Busch (USA) and Budvar (Czech Republic) have been in constant litigation over the right to use the name Budweiser in the European Union and both companies have recently been legally deemed the right to use it.

**Piracy** in markets with limited trademark and patent protection is another challenge. Bootlegged software constitutes 87 per cent of all personal computer software in use in India, 92 per cent in Thailand and 98 per cent in China, resulting in a loss of US$8 billion for software makers each year.

India is regarded by many firms as an attractive emerging market beset with many legal difficulties, bureaucratic delay and lots of red tape. For example, shoes cannot be imported in pairs but have to be imported one at a time – which causes huge problems for shoe manufacturers who need to import shoes as production samples. The way many of them overcome the problem is by importing the left shoe via Madras and the right shoe via Mumbai. Companies such as Mercedes Benz, Coca-Cola and Kellogg have found the vast potential of India's market somewhat hard to break into. Its demanding consumers can be difficult to read and local rivals can be surprisingly tough. Political squabbles, bureaucratic delays and infrastructure headaches are also major obstacles.



## Economic environment

It is important that the international marketer has an understanding of economic developments and how they impinge on the marketing strategy. This understanding is important at a world level in terms of the world trading infrastructure such as world institutions and trade agreements developed to foster international trade, at a regional level in terms of regional trade integration and at a country/ market level. Firms need to be aware of the economic policies of countries and the direction in which a particular market is developing economically in order to make an assessment as to whether they can profitably satisfy market demand and compete with firms already in the market.

Amongst the 194 countries in the world, there are varying economic conditions, levels of economic development and **Gross national income** (GNI) per capita. Gross national income in the world is US$62 trillion (**purchasing power parity** [ppp]); however, it is not shared equitably across the world. The United Nations classes 75 per cent of the world's population as poor, that is, they have a per capita income of less than US$3470, and only 11 per cent of the population as rich, meaning they have a per capita income of more than US$8000. Perhaps more startling is the UN claim that the richest 50 million people in the world share the same amount of wealth as the poorest 3000 million. Such disparities of incomes set particular challenges for companies operating in international markets in terms of seeking possible market opportunities, assessing the viability of potential markets as well as identifying sources of finance in markets where opportunities are identified but where there is not capacity to pay for goods.

Another key challenge facing companies is the question as to how they can develop an integrated strategy across a number of international markets when there are divergent levels of economic development. Such disparities often make it difficult to have a cohesive strategy, especially in pricing.

The Economist 'Big Mac' Index ( Figure 1.2) is a useful tool which illustrates the difficulties global companies have in trying to achieve a consistent pricing strategy across the world. It provides a rough measure of the purchasing power of a currency. UBS, a bank in the USA, uses the price of the Big Mac burger to measure the purchasing power of local wages around the world. It divides the price of a Big Mac by the average net hourly wage in cities around the world. A worker from Jakarta must work for almost $1\frac{1}{2}$ hours to buy a Big Mac, but a Moscow wage buys the burger in 25 minutes and a Tokyo salary buys one in just ten. This causes problems for McDonald's in trying to pursue a standard product image across markets. Priced in US dollars, a Big Mac in Switzerland would cost US$5.21, whereas in China it would be US$1.31.

In order to examine these challenges further we divided the economies into developed economies and **less developed economies**.

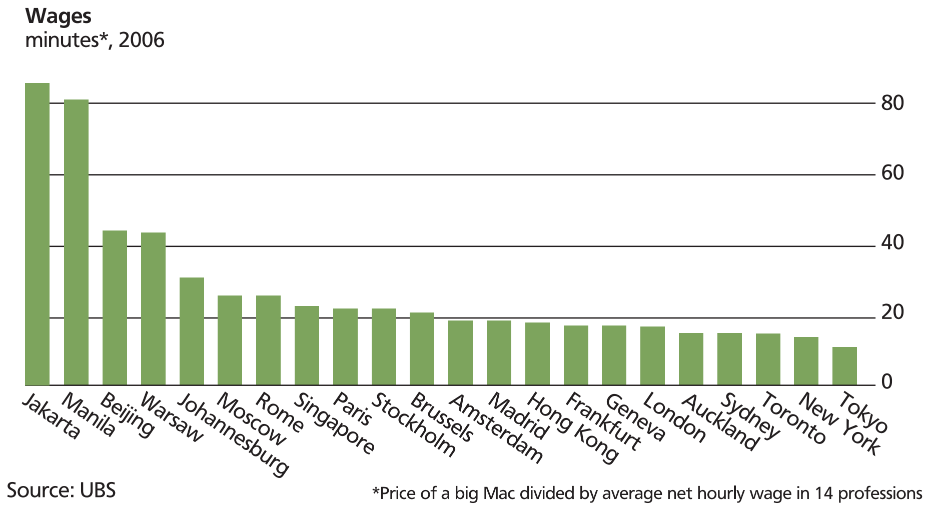
## The developed economies

The developed economies of the **North American Free Trade Area** (NAFTA), European Union (EU) and Japan account for 80 per cent of world trade. For many firms this constitutes much of what is termed the global market. Even though many companies call themselves global, most of their revenues and profits will be earned from these markets. In the European Union nearly 70 per cent of the international goods traded are traded within the European Union; in NAFTA, 50 per cent of goods exported are to other members of NAFTA. This leads some commentators to argue that most competition, even in today's global market-place, is more active at a regional level than a global level. It is from these developed economies that the global consumer with similar lifestyles, needs and desires emanates. However, emerging markets are now becoming more economically powerful and moving up the ranks, especially such countries as Brazil, Russia, India and China.



**FIGURE 1.2**
The Big Mac index

SOURCE: ©THE ECONOMIST NEWSPAPER LIMITED, LONDON (AUGUST 31ST 2006)



## The emerging economies

In countries such as Brazil, Russia, India and China, (the BRIC economies) there is a huge and growing demand for everything from automobiles to cellular phones and all are viewed as key growth markets where there is an evolving pattern of government-directed economic reforms, lowering of restrictions on foreign investment and increasing privatisation of state-owned monopolies. All these **emerging economies** herald significant opportunities for the international marketing firm.

Such markets often have what is termed as a 'dual economy'. Usually there tends to be a wealthy urban professional class alongside a poorer rural population. Income distribution tends to be much more skewed between the 'haves' and the 'have nots' than in developed countries. From negligible numbers a few years ago, China now has a middle class of 100 million which is forecast to grow to 500 million in the next century. Brazil and Indonesia have middle classes of 25 million each.

## Less developed countries

This group includes underdeveloped countries and less developing countries. The main features are a low GDP per capita, a limited amount of manufacturing activity and a very poor and fragmented infrastructure. Typical infrastructure weaknesses are in transport, communications, education and healthcare. In addition, the public sector is often slow-moving and bureaucratic.

It is common to find that less developed countries (LDCs) are heavily reliant on one product and often on one trading partner. In many LDCs this product is the main export earner. In Angola, for instance, the sole export is oil and in the Sudan oil accounts for 99 per cent of their exports. In addition, three-quarters of LDCs depend on their main trading partner for more than one-quarter of their export revenue. The risks posed to the LDC by changing patterns of supply and demand are great. Falling commodity prices can result in large decreases in earnings for the whole country. The resultant economic and political adjustments may affect exporters to that country through possible changes in tariff and non-tariff barriers, through changes in the level of company taxation and through restrictions on the convertibility of currency and the repatriation of profits. In addition, substantial decreases in market sizes within the country are probable.

A wide range of economic circumstances influences the development of the less developed countries in the world. Some countries are small with few natural resources and for these countries it is difficult to start the process of substantial economic growth. Poor health and education standards need money on a large scale, yet the pay-off in terms of a healthier, better-educated population takes time to achieve. At the same time, there are demands for public expenditure on transport systems, communication systems and water control systems. Without



### DILEMMA 1.1

#### How do you sell to subsistence farmers in Africa ?

KickStart International is a non-profit organisation that sells irrigation systems to subsistence farmers in Africa. The customers are hard to reach. They live hours from major cities and many are illiterate. Even though they are a non-profit organization, KickStart needs to build brand loyalty which is difficult in a market where there is a lack of trust in a foreign US company .The other dilemma is given the levels of illiteracy, how do they educate the farmers to use the equipment and how do KickStart get their message across given the small budget they have for such activities?

**QUESTION** *How should KickStart approach this market?*

real prospects for rapid economic development, private sources of capital are reluctant to invest in such countries. This is particularly the case for long-term infrastructure projects and, as a result, important capital spending projects rely heavily on world aid programmes. Marketing to such countries can be problematic, as in the case of KickStart in Dilemma 1.1.

## Currency risks

Whilst we have examined economic factors within markets, we also need to bear in mind that in international marketing transactions invariably take place between countries, so exchange rates and currency movements are an important aspect of the international economic environment. On top of all the normal vagaries of markets, customer demands, competitive actions and economic infrastructures, foreign exchange parities are likely to change on a regular if unpredictable basis. World currency movements, stimulated by worldwide trading and foreign exchange dealing, are an additional complication in the international environment. Companies that guess wrongly as to which way a currency will move can see their international business deals rendered unprofitable overnight. Businesses that need to swap currencies to pay for imported goods, or because they have received foreign currency for products they have exported, can find themselves squeezed to the point where they watch their profits disappear.

In Europe, the formation of the European Monetary Union (EMU) and the establishment of the Single European Payments Area (SEPA) has led to greater stability for firms operating in the market. The formation of the European Monetary Union and the introduction of the single currency across Europe has had important implications for company strategies which we will discuss in Chapter 2, when we examine regional trading agreements, and in Chapter 11, when we look at pricing issues in international marketing.



## Political environment

The political environment of international marketing includes any national or international political factor that can affect the organisation's operations or its decision making. Politics has come to be recognised as the major factor in many international business decisions, especially in terms of whether to invest and how to develop markets.

Politics is intrinsically linked to a government's attitude to business and the freedom within which it allows firms to operate. Unstable political regimes expose foreign businesses to a variety of risks that they would generally not face in the home market. This often means that the political arena is the most volatile area of international marketing. The tendencies of governments to change regulations can have a profound effect on international strategy, providing both opportunities and threats. The invasions of Afghanistan and Iraq have brought market development opportunities for some but market devastation for others and higher political risk in neighbouring markets for all. The instability in the Middle East and the continued threat of global terrorism have served to heighten firms' awareness of the importance of monitoring political risk factors in the international markets in which they operate. Lesser developed countries and emerging markets pose particularly high political risks, even when they are following reforms to solve the political problems they have. The stringency of such reforms can itself lead to civil disorder and rising opposition to governments, as has been seen recently in Indonesia, Venezuela, Brazil and Argentina.

Political risk is defined as a risk due to a sudden or gradual change in a local political environment that is disadvantageous or counter productive to foreign firms and markets.

The types of action that governments may take which constitute potential political risks to firms fall into three main areas:

- *Operational restrictions*. These could be exchange controls, employment policies, insistence on locally shared ownership and particular product requirements.
- *Discriminatory restrictions*. These tend to be imposed on purely foreign firms and, sometimes, only firms from a particular country. The USA has imposed import quotas on Japan in protest at non-tariff barriers which they view as being imposed unfairly on US exporters. They have also imposed bans on imports from Libya and Iran in the past. Such barriers tend to be such things as special taxes and tariffs, compulsory subcontracting, or loss of financial freedom.
- *Physical actions*. These actions are direct government interventions such as confiscation without any payment of indemnity, a forced takeover by the government, expropriation, nationalisation or even damage to property or personnel through riots and war. In 2001 the Nigerian government claimed ownership of Shell's equipment and machinery without any prior warning.

Investment restrictions are a common way governments interfere politically in international markets by restricting levels of investment, location of facilities, choice of local partners and ownership percentage. When Microsoft opened its Beijing office, it planned to use its Taiwan operations to supply a Mandarin language version of Windows. The government not only wanted such an operating system to be designed in China but also insisted on defining the coding standards for Chinese characters' fonts, something Microsoft had done independently everywhere else in the world. In a flurry of meetings with officials, Bill Gates argued that the marketplace, not the government, should set standards. But the Chinese electronics industry threatened to ban Windows and president Jiang Zemin personally admonished Gates to spend more time in China and 'learn something from 5000 years of Chinese history'. Gates sacked the original management team and promised to cooperate with Beijing.

The **World Trade Organisation** has led negotiations on a series of worldwide agreements to expand quotas, reduce tariffs and introduce a number of innovative measures to encourage trade amongst countries. Together with the formation of regional trading agreements in the European Union, North and South America and Asia, these reforms constitute a move to a more politically stable international trading environment. An understanding of these issues is critical to the international marketing manager, which is why in Chapter 2 we examine in some detail the patterns of world trade, the regional trading agreements and the development of world trading institutions intended to foster international trade. In Chapter 4 we will examine in some detail the procedures, tools and techniques which can help the analysis and evaluation of opportunities across such markets.

The political and economic environments are greatly intertwined and, sometimes, difficult to categorise. It is important, however, that a firm operating in international markets assesses the countries in which it operates to gauge the economic and political risk and to ensure they understand the peculiarities and characteristics of the market they wish to develop. Illustration 1.3 examines Cadbury's, who caused huge offence by their misreading of political sentiments in India.

## Technological environment

Technology is a major driving force both in international marketing and in the move towards a more global marketplace. The impact of technological advances can be seen in all aspects of the marketing process. The ability to gather data on markets, management control capabilities and the practicalities of carrying out the business function internationally have been revolutionised in recent years with the advances in electronic communications.

Satellite communications, the Internet and the World Wide Web, client–server technologies, ISDN and cable as well as email, faxes and advanced telephone networks have all led to dramatic shrinkages in worldwide communications.

Shrinking communications means, increasingly, that in the international marketplace information is power. At the touch of a button we can access information on the key factors that determine our business. News is a 24 hours a day service. Manufacturers wanting to know the price of coffee beans or the relevant position of competitors in terms of their share price or new product activity have it at their immediate disposal.

As wireless technology renders land cables and telephone lines redundant, developing countries are abandoning plans to invest in land-based communication. They are bypassing terrestrial communication systems, enabling them to catch up

### ILLUSTRATION 1.3


PHOTO CREDIT: BARRY LEWIS/ALAMY

#### Cadbury's in political faux pas

The Indian division of Cadbury-Schweppes suffered embarrassment around the world and incensed large swathes of Hindu society by running a newspaper advertisement comparing its Temptations chocolate to the war-torn region of Kashmir. The ad carried the tagline:

> *'I'm good. I'm tempting. I'm too good to share. What am I? Cadbury's Temptations or Kashmir?'.*

To make sure nobody missed the point, the ad's creators laid the 'too good to share' catch-line over a map of Kashmir.

The ad caused a national outcry. Arguments over Kashmir have taken India and Pakistan to the brink of nuclear war: using them to sell chocolate was perhaps not the wisest thing to do. Indian politicians were shocked at the very mention of sharing the territory and threatened nationwide protests. To add insult to injury the advertisement was timed to appear on 15 August, India's Independence Day. Cadbury's British roots may have made the ad even harder to swallow. It was British colonial rulers who, at partition in 1947, drew the boundary line between India and Pakistan that the two nations have battled over ever since.

Though Cadbury India has apologised, it does show that in global markets, multi-nationals can't hide their blunders for long.

**QUESTION** *What are the dangers of a company making such blunders when it operates globally?*

SOURCE: ADAPTED FROM *THE ECONOMIST*, 22 AUGUST 2002 AND *BBC NEWS ONLINE* 7 OCTOBER 2002 with and, in some cases, overtake developed countries in the marketplace. In emerging economies consumers are jumping from no telephone to the latest in global communications technology. Wireless application protocol (WAP) technology allows online services to be available to mobile phone users on the move, wherever they happen to be in the world. The use of Global System for Mobile Communications (GSM) technology enables mobile phone operators to determine the location of a customer globally to send them relevant and timely advertising messages.

British Airways operates its worldwide online operations from Mumbai: everything from ticketing to making an 'exceptional request' facility, such as wheelchair assistance needed for a passenger can be managed from the centre in Mumbai. Increasingly companies are using India as a centre for their global online customer service operations. The ease of hiring computer-literate graduates by the hundred, who are intelligent, capable, keen and inexpensive to hire, as is local property to rent, makes India an attractive location (see Illustration 1.4).

## THE INTERNET AND THE WORLD WIDE WEB (WWW)

The Internet and the access gained to the World Wide Web has revolutionised international marketing practices. Airlines such as EasyJet and RyanAir have helped completely change the way we book our airline reservations. EToys, a virtual company based in the US, has no retail outlets but a higher market capitalisation than Toys'R'Us. Firms ranging from a few employees to large multinationals have realised the potential of marketing globally online and so have developed the facility to buy and sell their products and services online to the world.

### ILLUSTRATION 1.4

#### Indian brands emerge from the shadows

FLEXCUBE is the world's best-selling banking-software product. For many years Indian technicians have been beavering away writing code to be sold as an American or European brand. Now India's own brands are starting to fight in the global markets in their own right. Indian marketing professionals have been arguing for some time that IT exports would be more secure if they relied less on outsourcing and were 'products', where the Indian seller owns the intellectual property, not just the brainpower for hire. Mixing his metaphors wildly, Rajesh Hukku, the founder and chairman of i-flex, argues that Indian firms otherwise risk being doomed forever to providing 'the cheap labour at the bottom of the food chain'.

PHOTO CREDIT: FREDRIK RENANDER/ALAMY

At a time when there has been a protectionist backlash in America and Europe against the outsourcing of IT jobs to India and fears of decline in the industry as margins and costs are being further reduced, Indian software firms are emerging from the shadows and fighting in the global market under their own brand names.

Last year, Nasscom, the Indian industry's lobby group, estimated that India captured just 0.2 per cent of a global market of US$180 billion for software products. It expects that to increase, but recognises the obstacles. The product business depends on heavy investment in sales, marketing and branding and the ability to market globally against fierce and rich competitors.

A recent success has been the tie up with Financial Services Inc. (FSI) in the USA to launch FLEXICUBE as a hosted offering to community banks in the US. FLEXCUBE will help community banks in the USA to compete with large banks and financial institutions on an equal footing.

**QUESTION** *How should new brands in developing countries compete against established US global brands?*

SOURCE: ADAPTED FROM *THE ECONOMIST*, 8 MAY 2003 AND HTTP://WWW.THEHINDUBUSINESSLINE.COM I-FLEX TO LAUNCH CORE BANKING SOLUTION 15 NOVEMBER 2006

An estimated 1.2 billion people – some 17 per cent of the global population – now have access to the Internet. However, for many this will be through public-based Internet services in cafes etc. The United Nations estimate that global e-business is now worth more than US$10 trillion, most of which is business-to-business (B2B), not business-to-consumer (B2C) purchases.

The Internet has meant huge opportunities for small and medium-sized enterprises (SMEs) and rapid internationalisation for many. It has enabled them to substantially reduce the costs of reaching international customers, reduce global advertising costs and made it much easier for small niche products to find a critical mass of customers. Because of the low entry costs of the Internet it has permitted firms with low capital resources to become global marketers, in some cases overnight. There are, therefore, quite significant implications for SMEs which will be examined further in Chapter 5, where we discuss in some detail the issues in international marketing pertinent to SMEs.

For all companies, the implications of being able to market goods and services online have been far reaching. The Internet has led to an explosion of information to consumers, giving them the potential to source products from the cheapest supplier in the world. This has led to the increasing standardisation of prices across borders or, at least, to the narrowing of price differentials as consumers become more aware of prices in different countries and buy a whole range of products via the net. In B2C marketing this has been most dramatically seen in the purchase of such things as flights, holidays, CDs and books. The Internet, by connecting end-users and producers directly, has reduced the importance of traditional intermediaries in international marketing (i.e. agents and distributors) as more companies have built the online capability to deal direct with their customers, particularly in B2B marketing. To survive, such intermediaries have begun offering a whole range of new services, the value added element of their offering no longer being principally in the physical distribution of goods but rather in the collection, collation, interpretation and dissemination of vast amounts of information. The critical resource possessed by this new breed of 'cybermediary' is information rather than inventory. The Internet has also become a powerful tool for supporting networks both internal and external to the firm. Many global firms have developed supplier intranets through which they source products and services from preferred suppliers who have met the criteria to gain access to their supplier intranets. It has become the efficient new medium for conducting worldwide market research and gaining feedback from customers.

Thus the Internet produces a fundamentally different environment for international marketing and requires a radically different strategic approach affecting all aspects of the marketing process. Not all forays into Internet marketing have been successful. Many early dotcom high growth companies became 'dot.bombs' when they failed to sustain their early promise. Levi Strauss stopped its Internet selling operation after finding the cost of servicing returned goods was greater than the revenue generated from new sales.

## The dual technological/cultural paradox

On one hand commentators view technological advancement and shrinking communications as the most important driving force in the building of the global village where there are global consumers who have similar needs. On the other hand, to access this global village a person invariably needs a command of the English language and access to a whole range of equipment. In many markets we stumble against the paradox that whilst in some countries there is a market of well-educated and computer-literate people, in other countries the global electronic highway completely bypasses them.

Despite all that has been said in previous sections, many developing and emerging markets are characterised by poor, inadequate or deteriorating infrastructures. It is estimated that only 10 per cent of the world's population has direct access to a PC and only 7 per cent have direct access to the Internet. Essential services required for commercial activity, ranging from electric power to water supplies, from highways to air transportation and from phone lines to banking services are often in short supply or unreliable. There are also major disparities in the cost of accessing the Internet. In the USA, accessing the Internet for 20 hours per month would cost 1 per cent of a person's average income; in Mexico it would cost 15 per cent of a person's average income. However, in Bangladesh the same amount of access is equivalent to 278 per cent of the average income and in Madagascar 614 per cent, hardly making access to the Internet feasible for the average person, even if it is technically available.

The huge population shifts discussed earlier have also aggravated the technical infrastructure problems in many of the major cities in emerging markets. This often results in widespread production and distribution bottlenecks, which in turn raises costs. 'Brown outs', for instance, are not uncommon in the Philippines, even in the capital city Manila, where companies and offices regularly lose electric power and either shut down in those periods or revert to generators. Fragmented and circuitous channels of distribution are a result of lack of adequate infrastructure. This makes market entry more complicated and the efficient distribution of a product very difficult. Pepsi Cola in Eastern Europe have a large number of decentralised satellite bottling plants in an attempt to overcome the lack of a distribution infrastructure.

The reader will find that we will examine the impact of the Internet on the relevant marketing practices and processes as we move through the chapters of the book. Chapter 12 of this edition is devoted to examining the implications for the international marketing strategies of companies of such trends in the technology environment.



## DIFFERENCES BETWEEN INTERNATIONAL AND DOMESTIC MARKETING

As we have seen in the previous sections, there are many factors within the international environment which substantially increase the challenge of international marketing. These can be summarised as follows:

1. *Culture*: often diverse and multicultural markets
2. *Markets*: widespread and sometimes fragmented
3. *Data*: difficult to obtain and often expensive
4. *Politics*: regimes vary in stability – political risk becomes an important variable
5. *Governments*: can be a strong influence in regulating importers and foreign business ventures
6. *Economies*: varying levels of development and varying and sometimes unstable currencies
7. *Finance*: many differing finance systems and regulatory bodies
8. *Stakeholders*: commercial, home country and host country
9. *Business*: diverse rules, culturally influenced
10. *Control*: difficult to control and coordinate across markets.

## The international competitive landscape

A major difference for managers operating on international markets is the impact all these **currents** and **cross-currents** have on the competitive landscape. Wilson and Gilligan (2003) define marketing as 'getting the competitive advantage and keeping it'. The task of achieving this in a competitive environment where firms are subject to local, regional and global competition can be immensely challenging. This is especially so if indigenous local competitors are supported by the government of the country.

Across international markets, advanced countries are seeing significant competition from both emerging markets and less developed countries who are exploiting modern technology and their own low labour costs to compete in markets no longer so protected by tariff walls.

The complexity of competition is also heightened by the strategic use of international sourcing of components by multinationals and global firms to achieve competitive advantage.

Given the nature of the challenges and opportunities identified above and the speed of change within the international environment, this means that substantially different pressures are being placed upon management than if they were purely operating in domestic markets. It follows from this that the manager of international marketing needs a detailed knowledge and understanding of how-particular environmental variables impact on a firm's international marketing operations.

Perlmutter (1995) identified nine cross-cultural management incompetencies which led to failure across a spread of country markets. He defined these core incompetencies as 'the bundle of activities and managerial skills that are mis-matched in a great variety of countries where firms do business'.

The first three are interrelated and relate to the failure to be market driven.



1. Inability to find the right market niches.
2. Unwillingness to adapt and update products to local needs.
3. Not having unique products that are viewed as sufficiently higher added value by customers in local markets.
4. A vacillating commitment. It takes time to learn how to function in countries such as Japan.
5. Assigning the wrong people. Picking the wrong people or the wrong top team in an affiliate.
6. Picking the wrong partners. There is a list of difficulties in building alliances; a main limitation is picking partners who do not have the right bundle of capabilities to help reach the local market.
7. Inability to manage local stakeholders. This includes incompetence in developing a satisfactory partnership relationship with unions and governments.
8. Developing mutual distrust and lack of respect between HQ and the affiliates at different levels of management.
9. Inability to leverage ideas developed in one country to other countries worldwide.

If such mistakes are not to be made in your marketing strategies it is essential to ensure that the company has a robust and rigourous approach to its international marketing plannning processes. Approaches to achieving this will be discussed in the following sections.

## THE INTERNATIONAL MARKET PLANNING PROCESS

In international marketing the very complexity of handling the diverse range of factors that must be considered make planning and control a difficult activity to carry out satisfactorily. For large global companies, the problem becomes one of how to structure the organisation so that its increasingly complex and diverse activities around the world can be planned and managed effectively, its goals can be achieved and its stakeholders' expectations satisfied.

In this section we look at the international marketing planning and control process and consider how managers can respond to the challenges posed in the previous sections by ensuring they have robust strategy development and market planning processes.

### The planning process

The planning process is the method used by the management of the firm to define in detail how it will achieve its current and future strategic aims and objectives. In doing this, it must evaluate the current and future market opportunities, assess its own current and potential capabilities and attempt to forecast how those changes over which it has no control might help or hinder its efforts to reach its objectives.

The international planning process must allow the company to answer the following three marketing questions.

1. Where is the company now?
2. Where does it want to go?
3. How might it get there?



These questions are fundamental for the majority of businesses whether they are large or small, simple or complex, and they emphasise the firm's need to prepare for the future to ensure its own survival and growth within the increasingly competitive international environment. There is an implication in these questions that the future is likely to be significantly different from the past, so planning is inevitably about forecasting and implementing change which determines the very nature and future direction of the organisation.

The starting point of the planning process for any company is to set long-term goals and objectives which reflect its overall aspirations. These goals cannot be set in isolation, however, as the company's history and current levels of success in its different country markets are usually major determinants of its future. Other factors, too, over which the company has little control in international markets, such as the economic and political situation of the countries in which it is operating, the response of the competition and the diverse background, behaviour and expectations of its customers, all have a major impact upon the company's operations and will have a significant effect on determining whether or not it will meet its goals.

Too many firms, particularly smaller ones, fail to prepare contingency plans to cope with the unexpected and, in some cases, even the predictable events in international markets: they are often surprised and unprepared for success too. When unexpected events occur, many companies too easily ignore the plan and develop new strategies as they go along. Whilst it may be possible to survive in a relatively uncomplicated domestic environment by reacting rapidly to new situations as they arise, it is impossible to grow significantly in international markets, as an overly reactive management style is usually wasteful of opportunities and resources.

In international markets, planning and control is essential for both day to day operations and the development of long-term strategies in order to manage the differences of attitudes, standards and values in the extended parts of the organisation and avoid the problems of poor coordination and integration of the diverse activities. The plans which are developed must be sufficiently flexible to cope with unfamiliar cultures, rapidly changing political, economic and competitive environments, and the effects of unexpected events which affect global companies in one way or another throughout the world on an almost daily basis.

As a company moves into international markets, having previously been marketing solely to domestic markets, the processes of planning and control remain largely the same, but the complexity of the process increases dramatically. In a domestic situation misunderstandings between different departmental managers can be relatively quickly sorted out with a face to face discussion, but in the international situation this is much harder and often impractical. More impersonal communications, along with longer lead times, different cultures and the use of different languages, results in seemingly inconsistent and often negative attitudes in international managers.

## Major evolutionary stages of planning

As most companies move gradually into international markets they go through the major evolutionary stages of planning: the unplanned stage, the budgeting stage, the annual business planning and the strategic planning stage (see Illustration 1.5).

### ILLUSTRATION 1.5

### Divine Chocolate Ltd

Kuapa Kokoo is a cooperative of small-scale cocoa farmers in Ghana, who set up Divine Chocolate Ltd (formerly the Day Chocolate Company). The company buys all its cocoa at fair trade prices which means the farmers receive a guaranteed minimum price of US$1600 per tonne of cocoa, plus a social premium of US$150 per tonne which they invest in farm and community development projects. Divine Chocolate have two brand names, Divine and Dubble, which carry the Fairtrade Mark licensed by the international Fairtrade Labelling Organisation (FLO).

PHOTO CREDIT: DIVINE CHOCOLATE LTD

The mission of Divine Chocolate is to bring fair trade chocolate to the mainstream world markets. Their milk chocolate recipe was developed with UK tastes in mind, and both Divine and Dubble were created to a quality standard and designed to compete with major brands. Prices also matched those of equivalent products already available on the market.

In July 2006 the Body shop donated their shares in Divine Choclate Ltd to Kuapa Kokoo, which now owns 45 per cent of the company. With this very special farmer–ownership model for the business and two successful Fairtrade brands, Divine has a strong appeal to today's more conscientious consumer.

Armed with a delicious product and a compelling story, and the clout of supporting charities such as Comic Relief (UK) and Christian Aid, Divine Chocolate has succeeded in getting both Divine and Dubble listed in all the top UK supermarkets, as well as many independents. They also supply chocolate for own label products in the Co-op and Starbucks in the UK. The company now has the USA and other European markets in their sights. However, given their limited resources, can they build on their UK success and take their message to new countries and new cultures with very different consumer behaviour patterns and varying attitudes to the importance of fairtrade?

**QUESTION** *How can the Divine Chocolate Company develop a marketing plan to help them develop into new international markets?*

SOURCE: JEANETTE BAKER, SHEFFIELD HALLAM UNIVERSITY. ADAPTED FROM WWW.DIVINECHOCOLATE.COM AND WWW.DUBBLE.CO.UK

**The unplanned stage**: In its early stages of international marketing, the company is likely to be preoccupied with finding new export customers and money to finance its activities. Frequently business is very unpredictable and is consequently unplanned, so that a short-term 'crisis management' culture emerges.

**The budgeting stage**: As the business develops, a system for annual budgeting of sales, costs and cash flow is devised, often because of pressure from external stakeholders such as banks. Being largely financial in nature, budgets often take little account of marketing research, product development or the longer term potential of international markets.

**Annual business planning**: Companies begin to adopt a more formalised annual approach to planning by including the whole of the business in the planning review process. One of three approaches to the process of international market planning generally emerge at this stage:

1. *Top-down planning*: this is by far the simplest approach, with senior managers setting goals and developing quite detailed plans for middle and senior staff to implement. To be successful, this clearly requires the senior managers to be closely in touch with all their international markets and for the business to be relatively uncomplicated in the range of products or services offered. It has the advantage of ensuring that there is little opportunity for misinterpretation by local managers, but the disadvantage of giving little opportunity for local initiative. Most of the strategic decisions at McDonald's and Coca-Cola are taken in the US, and by Sony in Japan.
2. *Bottom-up planning*: in this approach the different parts of the company around the globe prepare their own goals and plans and submit them to headquarters for approval. Whilst this encourages local initiative and innovation, it can be difficult to manage as the sum of the individual parts that make different demands on resources, financial returns and marketing profiles rarely add up to a feasible international development plan.
3. *Goals down, plans up*: in an attempt to benefit from the positive elements of the first two approaches, this third approach is based upon senior management assessing the firm's opportunities and needs, setting corporate global objectives and developing broad international strategies. Financial goals are then set for each part of the company, which has the responsibility for developing individual strategies and plans to achieve these targets. For this approach to work effectively the senior management generally allows considerable flexibility in the way that the goals are achieved by the component parts of the firm around the globe. This approach is adopted particularly by companies that have a very diverse portfolio of businesses and products.

**The strategic planning stage**: So far, the stages discussed have been concerned with relatively short-term planning (one to two years), but for many aspects of international marketing such as new market entry, growth strategies and brand management, much longer-term planning is essential. By developing strategies for a five year timescale, it is possible to avoid short-term, highly reactive and frequently contradictory and wasteful activity. The annual marketing plan then becomes a more detailed version of the five year strategic plan which can be rolled forward year on year.

The obvious benefits of strategic planning are that all staff can be better motivated and encouraged to work more effectively by sharing a vision of the future. There are, however, potential dangers too. Long-term strategic plans often fail to cope with the consequences of unexpected events, either environmental or political. There is often confusion between managers over what are strategic issues and what are operational tactics. What a manager in a foreign subsidiary might consider to be a strategic issue, such as achieving a substantial market share increase in the country, might be regarded as an operational matter by a senior manager at the headquarters, which does not consider success in that particular country a priority for the company.

## The international marketing planning process

There are a number of elements in the international marketing plan, as detailed in Figure 1.3.

### STAKEHOLDER EXPECTATIONS

The complexities of the international marketing environment mean another major difference for companies competing on international markets is that the company has many more organisations and people who have a stake in how they conduct their business and so consequently many more stakeholders whose differing expectations they have to manage. The ability of a company to pursue its chosen marketing strategy is determined to a large degree by the aims and expectations of the stakeholders, who directly or indirectly provide the resources and support needed to implement the strategies and plans. It is important to clearly identify the different stakeholder groups, understand their expectations and evaluate their power, because it is the stakeholders who provide the broad guidelines within which the firm operates. Figure 1.4 identifies the typical stakeholders of a **multinational enterprise**. Body Shop, the environmentally conscious UK toiletries retailer, is always likely to have problems balancing the widely differing pricing and profit expectations and environmental concerns of its franchisees, customers and shareholders.

Whilst the senior management of the firm aim usually to develop and adopt strategies which do not directly oppose these stakeholder expectations, they do, of course, frequently widen or alter the firm's activities due to changes in the market and competition. Moreover, a wide range of stakeholders influence what multinational enterprises (MNEs) do by giving greater attention to the political, commercial and ethical behaviour of the organisations as well as taking more interest in the actual operation of the business and the performance and safety of the products. As a result of this, companies need to explain their strategies and



**FIGURE 1.3**
Aspects of international marketing planning

**Stakeholder expections**
- Shareholders, customer, host government, employees in each country, pressure groups

**Situation analysis**
- Evaluation of the environment and individual markets

**Resources and capabilities**
- Individual small business unit strengths and weaknesses analysis
- Capability to deal with threats and opportunities

**Corporate aims and objectives**
- Financial, market, area, brand and mix objectives

**Marketing strategies**
- Growth strategies
- Standardisation and adaptation

**Implementation of the plan**
- Individual SBU and marketing mix plans
- Regional, global or multidomestic integration

**Control and feedback**
- Setting relevant standards, measuring performance, correcting deviations

plans to shareholders through more detailed annual reports, to staff through a variety of briefing methods and to pressure groups and the community in general through various public relations activities, particularly when their activities have an impact on the local environment or economy. In international marketing it is particularly important that the firm addresses the concern of its host country stakeholders, who may be physically and culturally very distant from the headquarters.

Particular attention should be paid to the different expectations of the stakeholders and their power to influence the firm's strategic direction. Given the different expectations of the firm's stakeholders it is inevitable that conflicts will occur. For example, shareholders usually want a high return on their investment and may expect the firm to find countries with low production costs, but the workers in these countries want an adequate wage on which to live. It is often the firm's ability to manage these potential conflicts that leads to success or failure in international marketing.

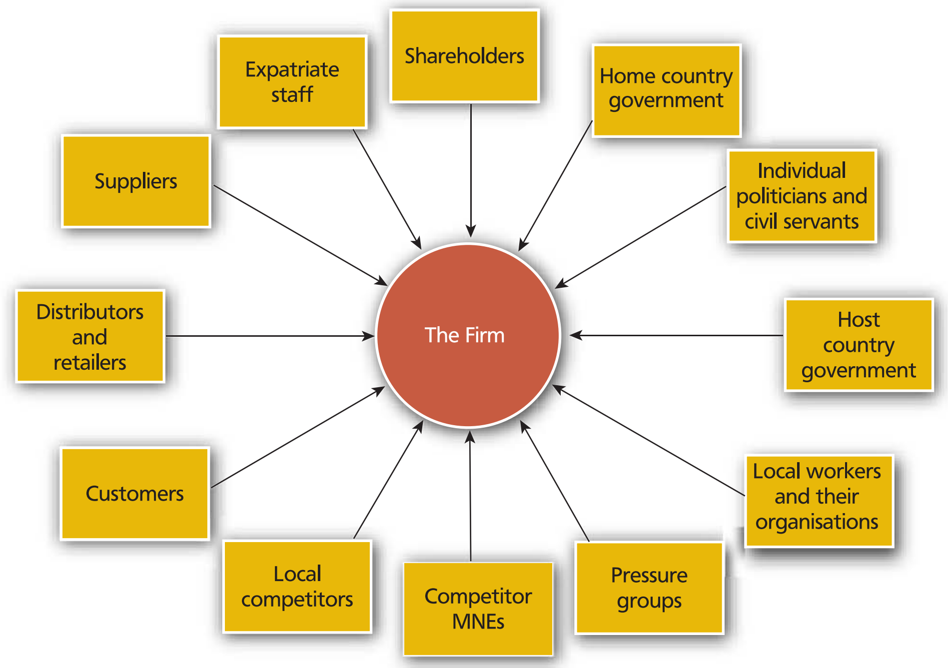
International pressure groups are another important stakeholder MNEs have to manage. Global communications and the ability of the Internet to draw together geographically dispersed people with shared interests have led to the growing power of globally based pressure groups. Such has been the success of a number of these, it is now the case that pressure-groups are seen by many global operators as one of the key stakeholders to be considered in international strategy decision making. The role of pressure groups in global markets tends to be to raise awareness of issues of concern. Among those that have received wide press coverage affecting international marketing strategies are:

- the Greenpeace efforts to raise awareness to threats on the environment
- the anti-globalisation lobby demonstrating against the perceived dark global forces they see manifested in the World Trade Organisation
- the anti-child labour movement.

Gap, the clothes manufacturer and retailer, responded to a revelation that companies who had a licence to produce their products were using child labour by applying the employment guidelines and dismissing the 'child'. This only exacerbated the anger of the pressure groups. Levi, another target of the anti-child



**FIGURE 1.4**
Some typical stakeholders of multinational enterprises



labour movement, finding themselves exposed to the same bad publicity, dismissed the child but agreed to fund the child's education up to the point when they would be eligible to seek employment. This pacified the pressure group in the short term, but one is left wondering what Levi would do if they subsequently discovered that there were another few thousand under-age employees across other factories they use, or if there was a sudden influx of employees that were recruited and then declared themselves under age in order to seek educational support.

One of the main roles of international public relations is to try to manage the expectations and aspirations of pressure groups and all the stakeholders of a company. In international marketing one of the key responsibilities is to establish good practice to respond to publicity generated by pressure groups on issues where they have been seen not to meet stakeholder expectations.

As the international business environment becomes more competitive, dynamic and complex, there is a greater need for individual managers to be aware not simply of their immediate situation, but also of the possible impact of changes taking place in surrounding areas too.

## Situation analysis

Situation analysis is the process by which the company develops a clear understanding of each individual market and then evaluates its significance for the company and for other markets in which the business operates. As the international business environment becomes more competitive, dynamic and complex, there is a greater need for individual managers to be aware not simply of their immediate situation, but also of the possible impact of changes taking place in surrounding areas too. Individual national markets can be both surprisingly similar and surprisingly dissimilar in nature, and it is important to understand these linkages and the implications of the changes which take place. Chapters 2 and 3 give the reader a detailed insights onto the factors to consider in carrying out a situational analysis of the international marketing environment.

The processes and procedures for segmenting international markets and carrying out the necessary research to build the situational analysis are examined in some depth in Chapter 4.

A detailed analysis of each of these factors as they affect both the local and international market environments is necessary in order to forecast future changes. The most frequently adopted approach by firms is to extrapolate past trends. However, with so many factors to consider and the increasing frequency with which unexpected events seem to occur, it may be extremely difficult and misleading to build up one all-embracing vision of the future. Firms are responding to this uncertainty by developing a series of alternative scenarios as the basis of the planning process. An effective, robust strategy needs to contain contingency plans to deal with a variety of situations in which the company might find itself.

## Resources and capabilities

In stressing the need to analyse and respond to external forces over which even global companies have little control, there can be a temptation amongst some managers to believe that the current capabilities of the organisation are inadequate when facing the future. A more thorough analysis of the firm's situation is needed and the SWOT framework (analysing the firm's strengths, weaknesses, opportunities and threats) is appropriate for this purpose. It is important therefore to audit not just the most obvious company weaknesses but also the strengths of the company, which are often taken for granted but which are really its source of competitive advantage. This is particularly important in international markets as, for example, customer and brand loyalty may be much stronger in certain markets than others, and products which may be at the end of their life in the domestic market may be ideal for less sophisticated markets. SWOT analysis should, therefore, be carried out separately on each area of the business by function, product or market and focus upon what action should be taken to exploit the opportunities and minimise the threats that are identified in the analysis. This will lead to a clearer evaluation of the resources that are available or which must be acquired to ensure the necessary actions are carried out.

## Knowledge management

The increasing **globalisation** of business, particularly because it is being driven by information technology, has led many firms to re-examine what contributes to their global competitive advantage. They have recognised the fact that it is the pool of personal knowledge, skills and competencies of the firms' staff that provides its development potential and they have redefined themselves as 'knowledge-based' organisations. Moreover, these firms have acknowledged that they must retain, nurture and apply the knowledge and skills across their business if they wish to be effective in global markets. The growth potential can only be exploited if the firm becomes a learning organisation in which the good practice learned by individual members of staff can be 'leveraged', transferred and built upon throughout its global activity.

## Corporate objectives

Having identified stakeholder expectations, carried out a detailed situation analysis and made an evaluation of the capabilities of the company, the overall goals to be pursued can be set. It is important to stress that there is a need for realism in this, as too frequently corporate plans are determined more by the desire for short-term credibility with shareholders than with the likelihood that they will be achieved. The objectives must be based on realistic performance expectations rather than on a best case scenario. Consideration must also be given to developing alternative scenarios so that realistic objectives can be set and accompanied by contingency plans in case the chosen scenario does not materialise.

The process adopted for determining long-term and short-term objectives is important and varies significantly depending on the size of the business, the nature of the market and the abilities and motivation of managers in different markets. At an operational level, the national managers need to have an achievable and detailed plan for each country, which will take account of the local situation, explain what is expected and how performance will be measured. For most companies the most obvious international strategic development opportunities are either in increasing geographical coverage and/or building global product strength. This is discussed in much further detail in Chapter 5 from the viewpoint of the SME and in Chapter 6 from the viewpoint of globally based organisations. Dilemma 1.2 helps you consider this question from the viewpoint of a government trying to sell the strategic presence of a city.

## Marketing strategies

Having set the objectives for the company, both at corporate and the subsidiary level, the company will develop detailed programmes of the marketing strategies and activities which will achieve the objectives. Decisions will need to be made as to how the company will segment and target its international markets? How will it position itself in different international markets. How will it add value to its efforts through its product portfolio, communications, distribution and pricing strategies? It is this that is at the heart of the following chapters of this book as we take the reader through the detailed considerations in developing an international marketing strategy. A central consideration in marketing strategy development for international markets is the dilemma facing all international managers as to how far they can standardise marketing strategies in different country markets. This essential question will be examined as we go through different aspects of international marketing strategy development and implementation.

## Implementation of the marketing plan

Having agreed the overall marketing strategy, plans for implementation are required at a central and local subsidiary level. Firms usually allocate resources to individual subsidiaries on a top-down basis, but this needs to be modified to include the special allocations made to enable foreign subsidiaries to resource specific market opportunities or difficulties encountered in particular markets. Agreement is reached through a process of discussion between the operating department and management levels. Detailed budgets and timescales can then be set for all areas of marketing including those outside agencies (such as marketing researchers, designers and advertising agencies) in order to ensure that their contributions are delivered on time and within the budget. Some allowance must be made for those activities which might be more difficult to estimate in terms of cost or time, such as research and development of new products.

We have, so far, emphasised the need for careful, detailed and thorough preparation of the plan, but it is essential that the plan is action oriented and contains programmes designed to give clear direction for the implementation, continuous evaluation and control of all the firm's marketing activity. The plan must therefore be: *strategic*, by fulfilling the corporate and marketing objectives and coordinating the individual strategic business unit (SBU) plans, *tactical*, by focusing upon individual SBU marketing activities in each country, and *implementable*, by detailing the individual activities of each department within the SBU.



## The control process

The final stage of the planning process is setting up an effective system for obtaining feedback and controlling the business. Feedback and control systems should be regarded as an integrated part of the whole planning process, and they are essential in ensuring that the marketing plans are not only being implemented but are still appropriate for the changing international environment.

### DILEMMA 1.2

#### How does a city sell itself internationally?

Ontario in Canada has set expanding the city's international strategic presence as a major priority. They view this strategy as essential to attracting job-creating investments to the province, which will also connect Ontario's companies with the contacts and information they need to succeed in a global economy. It already has a number of international marketing centres located within the Canadian embassies in places such as New York, Munich, Tokyo and New Delhi. However, it now wishes to ensure a more strategic presence in three key regions – the Euro Zone, China and Central America – and is trying to decide whether it should take a different approach to setting up its centres and where such centres should be located in these regions.

**QUESTION** *How would you advise the Ontario ministry to solve this dilemma?*

There are three essential elements of the control process:

1. *Setting standards*: the standards that are set need to be relevant to the corporate goals such as growth and profits reported by financial measures, return on capital employed and on sales, and non-financial indicators, e.g. market share. Intermediate goals and individual targets can be set by breaking the plan down into measurable parts which when successfully completed will lead to the overall objectives being achieved. The standards must be understandable, achievable and relevant to each local country situation.
2. *Measuring performance against standards*: to obtain measurements and ensure rapid feedback of information, firms use a variety of techniques, including reports, meetings and special measurements of specific parts of the marketing programme, such as cost–benefit analysis on customers, product lines and territories or marketing audits for a thorough examination of every aspect of marketing in a particular country. They also use benchmarking, which allows comparisons of various aspects of the business, such as efficiency of distribution, customer response times, service levels and complaints, with other companies that are not necessarily from the same business sector.
3. *Correcting deviations from the plan*: perhaps the most difficult decisions that must be made are to determine when performance has deviated sufficiently from the plan to require corrective action to be taken either by changing the plan or the management team charged with the responsibility of carrying out the plan.

A checklist of the essential elements of the international marketing plan is summarised in Figure 1.5.

**FIGURE 1.5**
Essential elements of the international marketing plan



**Does the plan contain:**

**International analysis**

- assumptions about the world economy and the environment trends in the principal markets?
- details of historical performance (sales, cost, profitability)?
- forecast of future performance based on (a) an extrapolation of the past (b) alternative scenarios?
- identified opportunities and threats?

**Company capability assessment**

- analysis of the company strengths, weaknesses and future capabilities in comparison with local and international competition?

**International mission statement with:**

- long-term aims and objectives and the strategies to achieve them?
- one year marketing objectivies and individual strategies (for example, budgets, brand objectives and development of personnel)?

**Operational plans**

- detailed country by country forecasts and targets?
- detailed country by country plans for all marketing activities and coordination with other functions (for example, manufacturing)?
- an explanation of how country plans will be integrated regionally or globally if appropriate?

**Contingencies and controls**

- a summary of the critical factors for success?
- an assessment of the likely competitor response?
- a contingency component for when things do not go to plan?
- a control process for feedback, evaluation and taking corrective action?

## Reasons for success

Hamel and Prahalad (1996) suggest the firms operating globally that succeed are those that perceive the changes in the international environment and are able to develop strategies which enable them to respond accordingly. The firms that will do well will base their success largely on the early identification of the changes in the boundaries of markets and industries in their analysis of their international marketing environment. Management foresight and organisational learning are therefore the basis of a sustainable competitive advantage in global markets.

The increasing globalisation of business, particularly because it is being driven by information technology, has led many firms to re-examine what contributes to their global competitive advantage. They have recognised the fact that it is the pool of personal knowledge, skills and competencies of the firm's staff that provides its development potential and they have redefined themselves as 'knowledge-based' organisations. Moreover, these firms have acknowledged that they must retain, nurture and apply the knowledge and skills across their business if they wish to be effective in global markets. The growth potential of international markets can only be exploited if the firm becomes a learning organisation in which the good practice learned by individual members of staff in one market can be leveraged and built upon throughout its global activity.

However, firms are increasingly vulnerable to losing these valuable personal assets, because of the greater mobility of staff, prevalence of industrial espionage and the security risks and abuse associated with the Internet. Moreover, with the increase in communications it is becoming more difficult to store, access and apply the valuable knowledge that exists amongst the huge volume of relatively worthless data that the company deals with. Consequently, effective knowledge management is now critical for success. This means having Web-enabled database systems that facilitate effective data collection, storage in data warehouses and data mining (the identification of opportunities from patterns that emerge from detailed analysis of the data held).



Successful global operators use the knowledge gained to assess their strengths and weaknesses in light of their organisational learning and ensure they have the company capability and resources to respond to their learning in order to sustain their competitive advantage. This is particularly important in international markets as, for example, customer and brand loyalty may be much stronger in certain markets than others, and products that may be at the end of their life in the domestic market may be ideal for less sophisticated markets. In the dynamic international markets, therefore, if a firm is to succeed it must develop the ability to think, analyse and develop strategic and innovative responses on an international, if not global scale, perhaps such as Mrs Lofthouse did for the Fishermans Friend in Illustration 1.6.

## Characteristics of best practice in international marketing

It is apparent, therefore, that firms and organisations planning to compete effectively in world markets need a clear and well-focused international marketing strategy that is based on a thorough understanding of the markets which the company is targeting or operating in. International markets are dynamic entities that require constant monitoring and evaluation. As we have discussed, as markets change so must marketing techniques. Innovation is an important competitive variable, not only in terms of the product or service but throughout

## ILLUSTRATION 1.6

### Fisherman's Friend

Fisherman's Friend lozenges were initially developed for sailors and Fleetwood fishermen who were working in the severe weather conditions of the North Atlantic fishing grounds. For an entire century the company made around 14lb of lozenges a month which were only sold in the local area. However, when Doreen Lofthouse joined the company she set about expanding the market by selling into towns throughout Lancashire and Yorkshire. Distribution then spread throughout the UK, before expanding overseas. Norway was a logical starting point and it is now the market with the highest sales per head of population. Surprisingly, the lozenge was a success in many hot countries too. Italy was the largest export market at one point before being overtaken by Germany. Although the lozenge needs no adaptation – a cough needs no translation – promotion of Fisherman's Friend differs greatly from country to country. The traditional concept has been the centre of advertising in the UK, but overseas promotional themes are quite different. An Italian TV commercial showed a girl who breathed so deeply after eating a lozenge that the buttons pop off her blouse to reveal her cleavage; in Denmark a man breathes fire; in the Philippines butterflies flutter against pastel shades accompanied by gentle music. Fisherman's Friend is now available in over 100 countries worldwide and in many it is seen as a strong sweet, not as medicated confectionery. Exports now account for over 95 per cent of the company's total production.

**QUESTION** *What are the reasons for the success of Fisherman's Friend?*




PHOTO CREDIT: ALL IMAGES REPRODUCED WITH PERMISSION FROM FISHERMAN'S FRIEND the marketing process. Countertrading, financial innovations, networking and value-based marketing are all becoming increasingly important concepts in the implementation of a successful international strategy.

The challenge, then, of international marketing is to ensure that any international strategy has the discipline of thorough research and an understanding and accurate evaluation of what is required to achieve the competitive advantage. Doole (2000) identified three major components to the strategies of firms successfully competing in international markets:

- A clear international competitive focus achieved through a thorough knowledge of the international markets, a strong competitive positioning and a strategic perspective which was truly international.
- An effective relationship strategy achieved through strong customer relations, a commitment to quality products and service and a dedication to customer service throughout international markets.
- Well-managed organisations with a culture of learning. Firms were innovative and willing to learn, showed high levels of energy and commitment to international markets and had effective monitoring and control procedures for all their international markets.

## SUMMARY

- In this chapter we have discussed the growing strategic importance of international marketing and examined the issues associated with successfully competing in international markets. The chapter examines the main differences between domestic and international marketing, the different levels at which international marketing can be approached and the more complex and multidimensional uncontrollable elements of the international marketing environment.
- We have examined the major aspects of the SLEPT factors in the international marketing environment. The environments in which international companies must operate is typically characterised by uncertainty and change – factors which, taken together, increase the element of risk for international marketing managers.
- It has been suggested that marketing managers need to have a properly planned approach to any international activity because, without this, the costs and likelihood of failure are likely to increase. We examined the international marketing planning and control process and considered how managers can respond to the challenges posed in the international marketing environment by ensuring they have robust strategy development and market planning processes.
- The reasons for success and failure on international markets were examined and it was suggested the firms operating globally that succeed are those that perceive the changes in the international environment and are able to develop strategies which enable them to respond accordingly. Management foresight and organisational learning are therefore the basis of a sustainable competitive advantage in global markets.
- The reader has been introduced to many of the concepts that are important to the international marketing management process and will have gained an understanding of the issues to be addressed. All the various aspects of the international marketing strategy process introduced in this chapter will be examined in more detail in the following chapters. In Chapter 2 the international trading environment and the trends and developments in trading patterns will be examined.

## KEYWORDS

Cross-currents
Cultural paradoxes
Currents
Emerging economics
European Union
Export marketing
Global marketing
Global youth culture
Globalisation
Gross national income
International marketing
International trade
Less developed economies
Multinational enterprise
North American Free Trade Area
Piracy
Purchasing power parity
World trade
World Trade Organisation

## CASE STUDY

### Flatbread goes round the world

Gruma S.A.B. de C.V is located near Monterrey, Mexico, and produces corn flour and other flour products, which it processes into tortillas and related snacks for markets worldwide. Its brand names include Maseca, Mission, and Guerrero. Its customers include supermarkets, mass merchandisers, smaller independent stores, restaurant chains, food service distributors and schools. The company began operations in 1949. In the early 1970s, Gruma launched its product on the Central American markets, specifically in Costa Rica. In 1976 it expanded to the United States and in 1987 it began expanding its operations across the globe, opening plants in Honduras, El Salvador, Guatemala and Venezuela. It now has plants in Europe and most recently China.


PHOTO CREDIT: REPRODUCED WITH PERMISSION FROM WWW.GRUMA.COM

The Asian market presents a very exciting development for Gruma. The company established their presence on continental China in the first instance and then gradually expanded their penetration of markets across Asia to the Middle East. It has already established distributorships in Japan, Korea, Singapore, Hong Kong, Thailand, the Philippines, Taiwan and India.

How has a Mexican company with a niche food product like cornflour succeeded so well in international markets? According to Martinez and Haddock, the answer lies in the fact that many of the markets they have focused on are emerging markets which tend to follow the same path of development. These emerging markets exhibit a natural life cycle – a predictable pattern of consumer demand that is evident in steel, wheat, consumer products, and every other major economic sector. What Gruma are following in their international expansion is the tried and tested method of leveraging the similarities across from market to market and growing their company accordingly. The root of the success of Gruma has been their ability to observe the life cycle of emerging markets around the world and expertly time their entry into these markets.

However, the other key factor has been their ability to adapt their products to local market tastes. Their key competitive advantage in international markets is based not on their product but the ability to roll any kind of flour, from corn to wheat to rice, into saleable flatbread. Most people from India do not eat corn tortillas, but they do eat a flatbread called naan, made from wheat, which Gruma sells in the United Kingdom and plans to sell in India. The Chinese don't eat many corn tortillas, but they buy wraps made by Gruma for Peking duck.

Gruma also follow a policy of deploying a senior 'beachhead' team to enter the new market in which they are building a presence. In China, the beachhead team had skills honed through many years of experience in Latin America and was already primed to develop the necessary market

SOURCE: ADAPTED FROM WWW.GRUMA.COM AND MARTINEZ AND HADDOCK (2007) THE FLATBREAD FACTOR, *STRATEGY AND BUSINESS*, SPRING insights to feed into their marketing campaign. Thus, observed trends in China such as a decrease in home cooking among dual-career professionals, increasing penetration of fast food chains, an increase in cold storage in supermarkets and rapid improvements in the logistics and distribution channels were all utilised in thinking through the Gruma market-building strategy in China.

### QUESTIONS

1 Evaluate the reasons behind the success of Gruma S.A.B. de C.V.

2 What environmental factors can be monitored to help decision makers recognise when it is the optimum time to enter a market?

## DISCUSSION QUESTIONS

1 What are the major environmental influences which impact on international marketing? Show how they can affect international marketing strategies.

2 Using examples, examine the reasons why marketing strategies fail in international markets.

3 Identify three major global pressure groups. Examine how they have influenced the international marketing strategies of particular firms.

4 What skills and abilities are necessary requirements for an effective international marketing manager? Justify your choices.

5 How can marketing managers accommodate the multiplicity of international markets into a cohesive international marketing strategy and plan?



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