International Marketing

1. The Scope and Challenge of International Marketing

Learning Objectives

What you should learn from Module 1

- What is meant by international marketing.
- To understand the scope of the international marketing task
- To comprehend the importance of the self-reference criterion (SRC) in international marketing.
- To be able to identify and manage the factors influencing internationalisation of companies.
- To evaluate the progression of becoming an international marketer.
- To see how international marketing concepts influence international marketers.
- To appreciate the increasing importance of global awareness.

Sections

1.1 Introduction
1.2 The Internationalisation of Business
1.3 International Marketing Defined
1.4 The International Marketing Task
1.5 Environmental Adjustment Needed
1.6 Self-reference Criterion: An Obstacle
1.7 Becoming International
1.8 International Marketing Orientations
1.9 Globalisation of Markets
1.10 Developing a Global Awareness
1.11 Orientation of International Marketing

Learning Summary

The first section of International Marketing offers an overview of international marketing and a discussion of the global business, political and legal environments confronting the marketer. International Marketing is defined as Performance of Business activities beyond national borders. The task of international marketer is explained. Key obstacles to international marketing are not just foreign environments but also our own self-reference criteria (SRC) and ethnocentrism. This section deals exclusively with the uncontrollable elements of the environment and their assessment. The next section offers modules on assessing international market opportunities. Then, management issues in developing global marketing strategies are discussed. In each module the impact of the environment and culture on the
marketing process is illustrated. Space prohibits an encyclopaedic approach to all the issues, nevertheless, the authors have tried to present sufficient detail so readers appreciate the real need to make a thorough analysis whenever the challenge arises. The text provides a framework for this task.

2. The Dynamics of International Business

Learning Objectives

What you should learn from Module 2
- The basis for the reestablishment of world trade following World War II.
- The emergence of MNCs and its impact on international marketing.
- The effects of protectionism on world trade.
- The seven types of trade barriers.
- The importance of GATT and the emergence of the World Trade Organization.
- The role of the International Monetary Fund and the World Bank

Sections

2.1 Introduction
2.2 The Twentieth Century
2.3 Balance of Payments
2.4 Protectionism
2.5 Easing Trade Restrictions

Learning Summary

Regardless of the theoretical approach used in defence of international trade, it is clear that the benefits from absolute or comparative advantage can accrue to any country. Heightened competitors from around the world have created increased pressure for protectionism from every region of the globe at a time when open markets are needed if world resources are to be developed and utilised in the most beneficial manner for all. It is true there are circumstances when market protection may be needed and may be beneficial to national defence or the encouragement of infant industries in developing countries, but the consumer seldom benefits from such protection.

Free international markets help participating countries to become full members of the world markets, and because open markets provide new customers most industrialised nations have, since World War II, cooperated in working towards freer trade. Such trade will always be partially threatened by various governmental and market barriers that exist or are created for the protection of local businesses. However, the trend has been towards freer trade. The changing economic and political realities are producing unique business structures that continue to protect certain major industries. The emergence of WTO has played a positive role in easing international trade among different countries and regions. The WTO works on open global markets with controlled and equitable reduction of trade barriers.
3. Geography and History: The Foundations of Cultural Understanding

Learning Objectives

What you should learn from Module 3

- How geography and history influence the understanding of international markets.
- How effects of topography and climate impact on products, population centres, transportation and international trade.
- Understand the growing problem and importance of environmental damage to world trade.
- To comprehend the social and moral responsibility international marketer has to protect the environment.
- Evaluate the importance of non-renewable resources on international trade and marketing.
- The effects on the world economy of population increases and shifts, and of the level of employment.
- Understand the importance and impact of the history of each culture in understanding its response to international marketing.

Sections

3.1 Introduction
3.2 Geography and International Markets
3.3 Geography, Nature and International Trade
3.4 World Trade Routes
3.5 Historical Perspective in International Trade

Learning Summary

One British authority admonishes foreign marketers to study the world until ‘the mere mention of a town, country or river enables it to be picked out immediately on the map’. Although it may not be necessary for the student of international marketing to memorise the world map to that extent, a prospective international marketer should be reasonably familiar with the world, its climate and topographic differences. Otherwise, the important marketing characteristics of geography could be completely overlooked when marketing in another country. The need for geographical and historical knowledge goes deeper than being able to locate continents and their countries. For someone who has never been in a tropical rainforest with an annual rainfall of at least one and a half meters and sometimes more than five meters, it is difficult to anticipate the need for protection against high humidity, or to anticipate the difficult problems caused by dehydration in constant 38°C or more heat in the Sahara region. Without a historical understanding of a culture, the attitudes within the marketplace may not be understood. An understanding of world population and its expected growth in regions and countries can have profound impact on company’s international marketing strategies. The same goes for the geographic locations of resources and other raw material.
Aside from the simpler and more obvious ramifications of climate and topography, there are complex geographical and historical influences on the development of the general economy and society of a country. In this case, the need for studying geography and history is to provide the marketer with an understanding of why a country has developed as it has rather than as a guide for adapting marketing plans. Geography and history are two of the environments of foreign marketing that should be understood and that must be included in foreign marketing plans to a degree commensurate with their influence on marketing effort.

4. Cultural Dynamics in International Marketing

Learning Objectives

What you should learn from Module 4
- How important is the culture to an international marketer and how one can handle cultural differences.
- The effects of the self-reference criterion (SRC) on marketing objectives.
- What are the elements of culture and how are these related to international marketing.
- What is meant by cultural sensitivity and how to handle it.
- Can cultural borrowings influence consumer behaviour and attitudes.
- How the strategy of planned cultural change works and its consequences.

Sections

4.1 Introduction
4.2 Cultural Knowledge
4.3 Culture and Its Elements
4.4 Cultural Change
4.5 Planned Cultural Change
4.6 Consequences of an Innovation
Learning Summary

A complete and thorough appreciation of the dimensions of culture may well be the single most important gain to a foreign marketer in the preparation of marketing plans and strategies. Marketers can control the product offered to a market – its promotion, price and eventual distribution methods – but they have only limited control over the cultural environment within which these plans must be implemented. Because they cannot control all the influences on their marketing plans, they must attempt to anticipate the eventual effect of the uncontrollable elements and plan in such a way that these elements do not preclude the achievement of marketing objectives. They can also set about to effect changes that lead to quicker acceptance of their products or marketing programmes. Planning marketing strategy in terms of the uncontrollable elements of a market is necessary in a domestic market as well, but when a company is operating internationally, each new environment influenced by elements unfamiliar and sometimes unrecognisable to the marketer complicates the task. For these reasons, special effort and study are needed to absorb enough understanding of the foreign culture to cope with the uncontrollable features. Perhaps it is safe to generalise that of all the tools the foreign marketer must have, those that help generate empathy for another culture are the most valuable. Each of the cultural elements is explored in depth in subsequent modules. Specific attention is given to business customs, political culture and legal culture in the following modules.

5. Business Customs and Practices in International Marketing

Learning Objectives

What you should learn from Module 5
- How the local customs and traditions of doing business influence international marketing.
- You will comprehend the influences of a culture on the modes of doing business abroad.
- The effect of high-context, low-context cultures on people’s behaviour and on business practices.
- How disparate business ethics influence international marketing activities.
- How to handle communication cross-cultural deals and marketing efforts.

Sections

5.1 Introduction
5.2 Required Adaptation
5.3 Different Business Practices
5.4 Business Ethics

Learning Summary

Business customs and practices in different world markets vary so much that it is difficult to make valid generalisations about them; it is even difficult to classify the different kinds of business behaviour that are encountered from country to country. The only safe generalisations are that businesspersons working in another country must be sensitive to the business environment and must be willing to adapt when necessary. Unfortunately, it is not always
easy to know when such adaptation is necessary; in some instances adaptation is optional and, in others, it is actually undesirable. Understanding the culture you are entering is the only sound basis for planning.

Business behaviour is derived in large part from the basic cultural environment in which the business operates, and, as such, is subject to the extreme diversity encountered among various cultures and subcultures. Environmental considerations significantly affect the attitudes, behaviour, and outlook of foreign business people. Motivational patterns of such business people depend in part on their personal backgrounds, their business positions, sources of authority and their own personalities.

Varying motivational patterns inevitably affect methods of doing business in different countries. Marketers in some countries thrive on competition, while in others they do everything possible to eliminate it. The authoritarian, centralised decision-making orientation in some countries contrasts sharply with democratic decentralisation in others. International variation characterises contact level, ethical orientation, negotiation outlook, and nearly every part of doing business. The foreign marketer can take no phase of business behaviour for granted.

The new breed of international businessperson who has emerged in recent years appears to have a heightened sensitivity to cultural variations. Sensitivity, however, is not enough; the international trader must be constantly alert and prepared to adapt when necessary. One must always realise that, no matter how long the outsider is in a country, that person is not a native; in many countries he or she may always be treated as an outsider. Finally, one must avoid the critical mistake of assuming that knowledge of one culture will provide acceptability in another.

6. The International Political and Legal Environment

Learning Objectives

What you should learn from Module 6
- How political environment and stability influence international marketing.
- Understand what is meant by political risk.
- How to evaluate risks and controls associated with investments in foreign markets.
- How political vulnerability can be assessed and reduced.
- Understand the bases for today’s legal systems.
- How to protect intellectual property rights.

Sections

6.1 Introduction
6.2 Stability of Government Policies
6.3 Political Risks
6.4 Encouraging Foreign Investment
6.5 Assessing Political Vulnerability
6.6 Reducing Political Vulnerability
6.7 Legal Environments
Learning Summary

Vital to every marketer’s assessment of a foreign market is an appreciation for the political environment of the country within which he or she plans to operate. Government involvement in business activities, especially foreign-controlled business, is generally much greater than business is accustomed to in the West. The foreign firm must strive to make its activities politically acceptable or it may be subjected to a variety of politically condoned harassment.

In addition to the harassment that can be imposed by a government, the foreign marketer frequently faces the problem of uncertainty of continuity in government policy. As governments change political philosophies, a marketing firm accepted under one administration may find its activities completely undesirable under another. The EU may aid European business in its foreign operations, and if a company is considered vital to achieving national economic goals, the host country often provides an umbrella of protection not extended to others. An unfamiliar or hostile political environment does not necessarily preclude success for a foreign marketer if the marketer’s plans are such that the company becomes a local economic asset.

Business faces a multitude of problems in its efforts to develop a successful marketing programme. Not the least of these problems are the varying legal systems of the world and their effect on business transactions. Just as political climate, cultural differences, local geography, different business customs and the stage of economic development must be taken into account, so must such legal questions as jurisdictional and legal recourse in disputes, protection of industrial property rights, extended law enforcement and enforcement of antitrust legislation by foreign governments. A primary marketing task is to develop a plan that will be enhanced, or at least not adversely affected, by these and other environmental elements. The myriad questions created by different laws and different legal systems indicate that the prudent path to follow at all stages of foreign marketing operations is one leading to competent counsel well versed in the intricacies of the international legal environment.

7. Researching International Markets

Learning Objectives

What you should learn from Module 7
- Understand the factors involved in international market research.
- The Importance of marketing research in international marketing decisions
- How to handle the problems of availability and use of secondary data.
- How to manage the international marketing research process.
- Understand the differences in quantitative and qualitative research.
- Multicultural sampling and its problems in less-developed countries.
• How to estimate market demand.
• How to analyse and use research information to draw useful conclusions.
• The function of multinational marketing information systems.
• How to use sources of available secondary data.

Sections
7.1 Introduction
7.2 Breadth and Scope of International Marketing Research
7.3 The Research Process
7.4 Responsibility for Conducting Marketing Research
7.5 Estimating Market Demand
7.6 Multinational Marketing Information Systems
7.7 Appendix: Sources of Secondary Data

Learning Summary

The basic objective of the market research function is providing management with information for more accurate decision making. This objective is the same for domestic and international marketing. In international marketing research, however, achieving that objective presents some problems not encountered on the domestic front.

Consumer attitudes about providing information to a researcher are culturally conditioned. Foreign market information surveys must be carefully designed to elicit the desired data and at the same time not offend the respondent’s sense of privacy. The concepts and ideas might have different meanings in different cultures. It is particularly important in case where research data or results from different markets are compared with each other. Besides the cultural and managerial constraints involved in gathering information for primary data, many foreign markets have inadequate and/or unreliable bases of secondary information.

Three generalisations can be made about the direction and rate of growth of marketing research in foreign marketing. First, both home-based and foreign management are increasingly aware of and accept the importance of marketing research’s role in decision making. Second, there is a current trend towards the decentralisation of the research function to put control closer to the area being studied. Third, the most sophisticated tools and techniques are being adapted to foreign information gathering with increasing success. They are so successful, in fact, that it has become necessary to develop structured information systems to appreciate and utilise effectively the mass of information available.

8. Emerging Markets and Market Behaviour

Learning Objectives

What you should learn from Module 8
• To evaluate the political and economic changes affecting international marketing.
• Understand the connection between the economic level of a country and the marketing task.
• How marketing contributes to the growth and development of a country’s economy.
• Understand the new development in market behaviour in these new markets.
• Evaluate the growth of developing markets and their importance to regional trade.
• To identify and manage the political and economic factors that affect the stability of regional market groups.
• Comprehend and analyse the growing trends in emerging markets.
• Understand the marketing implications of growing homogeneous market segments.

Sections

8.1 Introduction
8.2 Marketing and Economic Development
8.3 Marketing in a Developing Country
8.4 Emerging Markets
8.5 Changing Market Behaviour and Market Segmentation

Learning Summary

The increasing scope and level of technical and economic growth have enabled many countries to advance their standards of living by as much as two centuries in a matter of decades. As countries develop their productive capacity, all segments of their economies will feel the pressure to improve. The impact of these social and economic trends will continue to be felt throughout the world, causing significant changes in marketing practices. Marketers must focus on devising marketing plans designed to respond fully to each level of economic development. China and the former Soviet Union continue to undergo rapid political economic changes that have resulted in opening most communist-bloc countries to foreign direct investments and international trade. And though emerging markets present special problems, they are promising markets for a broad range of products.

This ever-expanding involvement of more and more of the world’s people with varying needs and wants will test old trading patterns and alliances. The foreign marketer of today and tomorrow must be able to react to market changes rapidly and to anticipate new trends within constantly evolving market segments that may not have existed as recently as last year. Many of today’s market facts will probably be tomorrow’s historical myths.

9. Multinational Market Regions and Market Groups

Learning Objectives

What you should learn from Module 9
• To understand the need for economic union and how current events are affecting that need.
• To comprehend the impact of the Triad power on the future of international trade.
• To differentiate between patterns of multinational cooperation.
• How the evolution of the European Community (EC) evolved to the European Union (EU).
To evaluate the evolving patterns of trade as Eastern Europe and the former republics of the USSR embrace a free-market system.

To understand the trade linkage of NAFTA and South America and its effect on other Latin American major trade areas.

To understand the importance of the Asian Pacific Rim.

To be able to evaluate the strategic implications of regional market groups.

### Sections

9.1 Introduction
9.2 La Raison D’être
9.3 Patterns of Multinational Cooperation
9.4 Global Markets and Multinational Market Groups
9.5 Europe
9.6 The Americas
9.7 Latin-American Economic Cooperation
9.8 Asia
9.9 Africa
9.10 Middle East
9.11 Future Multinational Market Groups
9.12 Strategic Implications For Marketing

### Learning Summary

The experience of the multinational market groups developed since World War II points up both the possible successes and the hazards such groups encounter. The various attempts at economic cooperation represent varying degrees of success and failure, but, almost without regard to their degree of success, the economic market groups have created great excitement among marketers.

Economic benefits possible through cooperation relate to more efficient marketing and production: marketing efficiency is effected through the development of mass markets, encouragement of competition, the improvement of personal income and various psychological market factors. Production efficiency derives from specialisation, mass production for mass markets and the free movement of the factors of production. Economic integration also tends to foster political harmony among the countries involved; such harmony leads to stability, which is beneficial to the marketer.

The marketing implications of multinational market groups may be studied from the standpoint of firms located inside the market or of firms located outside that wish to sell to the markets. For each viewpoint the problems and opportunities are somewhat different; but regardless of the location of the marketer, multinational market groups provide great opportunity for the creative marketer who wishes to expand volume. Market groupings make it economically feasible to enter new markets and to employ new marketing strategies that could not be applied to the smaller markets represented by individual countries.

The success of the European Union, the creation of the Canada–Mexico–United States free-trade area (NAFTA), the expansion of ASEAN to the ASEAN Free-Trade Area (AFTA) and the new Mercosur suggest the growing importance of economic cooperation and integration. Such developments will continue to challenge the international marketer by providing continually growing market opportunities.
10. International Marketing Strategies

Learning Objectives

What you should learn from Module 10

- How international marketing management differs from global marketing.
- Why adaptation is necessary.
- How and when we can use standardised marketing.
- What is meant by quality as it relates to products and their use in international markets.
- Comprehend the importance of collaborative relationships in international marketing efforts.
- The increasing importance of strategic international alliances.
- How positioning and branding influences the international marketing strategy.
- Understand the factors that influence strategy formulation.
- Why there is a need for strategic planning to achieve company goals.
- To understand the importance of product life cycles on marketing strategy.

Sections

10.1 Introduction
10.2 International Marketing Management
10.3 Competition in the Global Marketplace
10.4 Formulating International Marketing Strategy
10.5 Strategic Planning

Learning Summary

Expanding markets around the world have increased competition for all levels of international marketing. To keep abreast of the competition and maintain a viable position for increasingly competitive markets, a global perspective is necessary. Global competition also requires quality products designed to meet ever-changing customer needs and rapidly advancing technology. Cost containment, customer satisfaction and a greater number of players mean that every opportunity to refine international business practices must be examined in the light of company goals. Collaborative relationships, strategic international alliances and strategic planning are important avenues to global marketing that must be implemented in the planning of global marketing management.

Companies normally follow generic strategies as overall corporate strategies. These strategies are differentiation strategy or focus strategy. The choice of these strategies leads to sub-strategies for each and every product and market. These sub-strategies are influenced by a number of factors, such as branding, positioning and customer segments, the product life cycle of the particular product and the market environment. This is achieved through a systematic marketing planning process.
11. International Market Entry Strategies

Learning Objectives

What you should learn from Module 11
- To understand why companies seek foreign markets
- To be able to assess market opportunities abroad
- How to screen countries to evaluate their suitability for the company
- How to evaluate the benefits of strategic alliances
- To analyse those factors that will influence the mode of entry into a foreign market

Sections

11.1 Why Firms Go Abroad
11.2 Market Servicing Strategy
11.3 Market Opportunity Assessment
11.4 Market/Country Selection
11.5 Strategic International Alliances
11.6 Market-Entry Strategies

Learning Summary

Expanding markets around the world have increased competition for all levels of international marketing. To keep abreast of the competition and maintain a viable position for increasingly competitive markets, a global perspective is necessary. Global competition also requires quality products designed to meet ever-changing customer needs and rapidly advancing technology. Cost containment, customer satisfaction and a greater number of players mean that every opportunity to refine international business practices must be examined in the light of company goals. Collaborative relationships, strategic international alliances, strategic planning and alternative market-entry strategies are important avenues to global marketing that must be implemented in the planning of global marketing management.

12. Exporting, Managing and Logistics

Learning Objectives

What you should learn from Module 12
- To manage the added steps necessary to move goods across country borders.
- How various import restrictions influence the exporting efforts.
- Comprehend the means of reducing import/export taxes to remain competitive.
- How the mechanics of export documents work.
- How to handle logistics and problems of the physical movement of goods.
- Understand that why exporting is an indispensable part of all international business, whether the company markets in one country or is a global marketer.
• How goods manufactured in one country can be moved across borders to enter the distribution system of the target market, most efficiently.

Sections

12.1 Introduction
12.2 Regulations and Restrictions of Exporting and Importing
12.3 Customs-Privileged Facilities
12.4 Export Documents
12.5 Terms of Sale
12.6 Logistics
12.7 The Foreign-Freight Forwarder

Learning Summary

An awareness of the mechanics of export trade is indispensable to the foreign marketer who engages in exporting goods from one country to another. Although most marketing techniques are open to interpretation and creative application, the mechanics of exporting are very exact; there is little room for interpretation or improvisation with the requirements of export licences, quotas, tariffs, export documents, packing, marketing and the various uses of commercial payments. The very nature of the regulations and restrictions surrounding importing and exporting can lead to frequent and rapid change. In handling the mechanics of export trade successfully, the manufacturer must keep abreast of all foreign and domestic changes in requirements and regulations pertaining to the product involved. For firms unable to maintain their own export staffs, foreign-freight forwarders can handle many details for a nominal fee.

With paperwork completed, the physical movement of goods must be considered. Transportation mode affects total product cost because of the varying requirements of packing, inventory levels, time requirements, perishability, unit cost, damage and pilfering losses and customer service. Transportation for each product must be assessed in view of the interdependent nature of all these factors. To assure optimum distribution at minimal cost, a physical distribution system determines everything from plant location to final customer delivery in terms of the most efficient use of capital investment, resources, production, inventory, packing and transportation.

13. Developing Consumer Products for International Markets

Learning Objectives

What you should learn from Module 13

• How important it is to offer a product suitable to the intended market.
• The current dichotomy of standardised versus adapted products in international marketing.
• How to manage the relationship between product acceptance and the market into which it is introduced.
• How country of origin effect impacts on product image.
• How to identify physical, mandatory and cultural requirements for product evaluation.
• How to identify and comply with physical, mandatory and cultural requirements for product adaptation.
• To comprehend the need to view all attributes of a product in order to overcome or modify resistance to its acceptance.
• To understand the impact of environmental awareness on product decisions.

Sections

13.1 Introduction
13.2 International Markets and Product Development
13.3 Products and Culture
13.4 Product Life Cycle and Adaptation
13.5 Screening Products for Adaptation
13.6 Quality Products

Learning Summary

The growing globalisation of markets that gives rise to standardisation must be balanced with the continuing need to assess all markets for those differences that might require adaptation for successful acceptance. Each product must be viewed in light of how it is perceived by each culture with which it comes in contact. What is acceptable and comfortable within one group may be radically new and resisted within others depending on the experiences and perceptions of each group. Understanding that an established product in one culture may be considered an innovation in another is critical in planning and developing consumer products for foreign markets. Analysing a product as an innovation and using the Product Component Model may provide the marketer with important leads for adaptation.

In some cases, the marketer needs only to adapt the packaging while in others product characteristics and features need to change to make it compatible for the foreign market. More and more consumers and societies/governments are becoming aware of environmental issues. Many countries/markets have put these responsibilities on the shoulders of companies that sell the products to ensure that their products and packaging is not causing environmental problems. The marketer thus has to check these rules and regulations while entering these markets.

14. Marketing Industrial Products and Business Services

Learning Objectives

What you should learn from Module 14

• Understand the relationship between a country’s environment and its industrial market needs.
• How demand is affected by technology in a particular market.
• How characteristics of an industrial product influence international marketing activities.
• What is meant by quality in industrial products and in international context?
• Comprehend the importance of relationship marketing in industrial products.
Understand the importance of trade shows in promoting industrial goods.
How the growth of business services and their fundamental characteristics are influencing international marketing.
How to market services internationally.

Sections
14.1 Introduction
14.2 The Industrial Product Market
14.3 Attributes of Product Quality
14.4 Relationship Marketing
14.5 Promoting Industrial Products
14.6 Marketing Services Globally

Learning Summary
Industrial goods marketing requires close attention to the exact needs of customers. Basic differences across various markets are less than for consumer goods but the motives behind purchases differ enough to require a special approach. Global competition has risen to the point that industrial goods marketers must pay close attention to the level of economic and technological development for each market to determine the buyer’s assessment of quality. Companies that adapt their products to these needs are the ones that should be the most effective in the marketplace. Industrial markets are lucrative and continue to grow as more countries strive for at least a semblance of industrial self-sufficiency. The derived nature of demand for industrial products encourages these companies to have close relationship with their customers. Relationship marketing is therefore becoming important in this sector.

One of the fastest-growing areas of international trade is business services. This segment of marketing involves all countries at every level of development; even the least-developed countries are seeking computer technology and sophisticated data banks to aid them in advancing their economies. Their rapid growth and profit profile make them targets for protectionism and piracy. The increasing competition in form of outsourcing of service jobs is resulting in some job losses in the service sector in developed countries. More qualified and sensitive jobs such as, in R&D and designing are kept at home.

15. The International Distribution System

Learning Objectives
What you should learn from Module 15
• Understand the variety in distribution channels and how they affect cost and efficiency in marketing.
• Understand the difference in the European distribution structure and what it means to Western customers and to competing importers of goods.
• How distribution patterns affect the various aspects of international marketing.
• How the growing importance of direct-mail distribution and e-commerce is influencing distribution channels internationally.
• Comprehend the functions, advantages and disadvantages of various middlemen.
• To understand the importance of selecting and maintaining relationships.

Sections

15.1 Introduction
15.2 Channel of Distribution Structures
15.3 The Internet
15.4 Distribution Patterns
15.5 Alternative Middleman Choices
15.6 Factors Affecting Choice of Channels
15.7 Locating, Selecting and Motivating Channel Members

Learning Summary

From the foregoing discussion, it is evident that the international marketer has a broad range of alternatives for developing an economical, efficient, high-volume international distribution system. To the uninitiated, however, the variety may be overwhelming.

Careful analysis of the functions performed suggests more similarity than difference between international and domestic distribution systems; in both cases there are three primary alternatives of using agent middlemen, merchant middlemen or a company’s own sales and distribution system. In many instances, all three types of middlemen are employed on the international scene, and channel structure may vary from nation to nation or from continent to continent. The neophyte company in international marketing can gain strength from the knowledge that information and advice are available relative to the structuring of international distribution systems and that many well-developed and capable middleman firms exist for the international distribution of goods. Within the past decade, international middlemen have become more numerous, more reliable, more sophisticated and more readily available to marketers in all countries. Such growth and development offer an ever-wider range of possibilities for entering foreign markets, but the international businessperson should remember that it is just as easy for competitors.

16. The International Advertising, Promotion and Personal Selling

Learning Objectives

What you should learn from Module 16
• How to evaluate local market characteristics which affect the advertising and promotion of products.
• Whether Pan-European advertising possible?
• When global advertising is most effective and when modified advertising is necessary.
• To understand the effects of a single European market on advertising.
• What is the impact of limited media, excessive media, and government regulations on advertising and promotion budgets.
• How to understand and handle the creative challenges in international advertising.
• How sales promotions can be used efficiently in foreign markets.
• How to handle the communication process and avoid advertising misfires.
• Understand the importance of relationship in international selling.
• Understanding the nuances of cross-cultural communication and its impact on sales negotiations.
• How to understand the attributes of international sales personnel and how to manage multi-cultural sales force.
• How to handle the problems unique to selecting and training foreign sales staffs.
• To comprehend the impact of globalisation on future personnel selection.

Sections

16.1 Introduction
16.2 International Advertising
16.3 Challenges of International Advertising
16.4 Media Planning and Analysis
16.5 Sales Promotion
16.6 International Advertising and the Communications Process
16.7 The Advertising Agency
16.8 International Control of Advertising
16.9 Selling in International Markets
16.10 Recruitment of International Sales Force

Learning Summary

Global advertisers face unique legal, language, media and production limitations in every market that must be considered when designing a promotional mix. As the world and its markets become more sophisticated, there is greater emphasis on international marketing strategy. The current debate among marketers is the effectiveness of standardised versus modified advertising for culturally varied markets. And, as competition increases and markets expand, greater emphasis is being placed on global brands and/or image recognition.

The most logical conclusion seems to be that, when buying motives and company objectives are the same for various countries, the advertising orientation can be the same. When they vary from nation to nation, the advertising effort will have to reflect these variations. In any case, variety in media availability, coverage and effectiveness will have to be taken into consideration in the advertiser’s plans. If common appeals are used, they may have to be presented by a radio broadcast in one country, by cinema in another, and by television in still a third.

A skilled advertising practitioner must be sensitive to the environment and alert to new facts about the market. It is also essential for success in international advertising endeavours to pay close attention to the communications process and the steps involved.

An effective international salesforce constitutes one of the international marketer’s greatest concerns. The company salesforce represents the major alternative method of organising a company for foreign distribution and, as such, is on the front line of a marketing organisation.

The role of marketers in both domestic and foreign markets is rapidly changing, along with the composition of international managerial teams and salesforces. These last two have
many unique requirements that are being filled by expatriates, locals, third-country nationals, or a combination of the three. In recent years, the pattern of development has been to place more emphasis on local personnel operating in their own countries.

17. Pricing for International Markets

Learning Objectives

What you should learn from Module 17
- How one can use pricing as competitive tool in international marketing.
- To identify the pricing pitfalls directly related to international marketing.
- How to control pricing in parallel imports or grey markets in international context.
- How to identify and handle factors influencing international pricing strategy.
- What are the reasons for price escalation and how to minimise its effect.
- How firms can use transfer pricing for their benefits.
- What are the mechanics of price quotations while selling abroad.
- What is meant by countertrading and how it influences international marketing policies.

Sections

17.1 Introduction
17.2 Pricing Policy
17.3 Factors Influencing International Pricing
17.4 Administered Pricing
17.5 Transfer Pricing
17.6 Dumping
17.7 Price Quotations
17.8 Countertrades as a Pricing Tool

Learning Summary

Pricing is one of the most complicated decision areas encountered by international marketers. Rather than deal with one set of market conditions, one group of competitors, one set of cost factors and one set of government regulations, international marketers must take all these factors into account, not only for each country in which they are operating, but often for each market within a country. The continuing growth of the less developed country markets coupled with their lack of investment capital has increased the importance of countertrades for most marketers, making it an important tool to include in pricing policy.

Market prices at the consumer level are much more difficult to control in international than in domestic marketing, but the international marketer must still approach the pricing task on a basis of objectives and policy, leaving enough flexibility for tactical price movements. Pricing in the international marketplace requires a combination of intimate knowledge of market costs and regulations, an awareness of possible countertrade deals, infinite patience for detail and a shrewd sense of market strategy.