

International Marketing

Tony Wijaya

FE UNY

Global Perspective

- Global commerce during peace time
 - Commercial aircraft and space vehicle industries
 - Mobile phone industry
 - Individuals and small companies
- International markets are ultimately unpredictable
 - Flexibility means survival

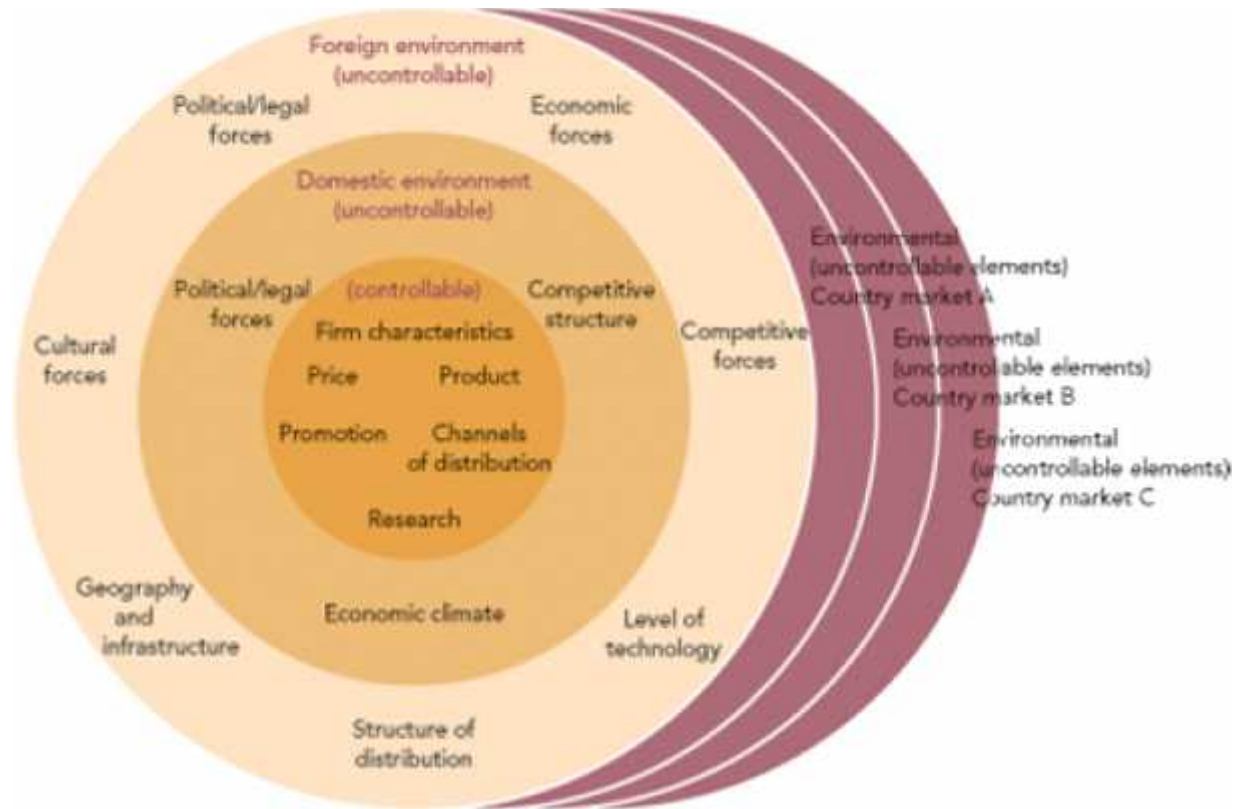
Events and Trends Affecting Global Business

- The rapid growth of the World Trade Organization and regional free trade areas
- The trend toward the acceptance of the free market system among developing countries in Latin America, Asia, and Eastern Europe
- The burgeoning impact of the Internet, mobile phones, and other global media on the dissolution of national borders
- The mandate to properly manage the resources and global environment for the generations to come

International Marketing

- Performance of business activities designed to
 - **Plan**
 - **Price**
 - **Promote**, and
 - **Direct** the flow of a company's goods and services to consumers or users in more than one nation for a profit

The International Marketing Task



Environmental Adaptation

- Ability to effectively interpret the influence and impact of the culture in which you hope to do business
 - Cultural adjustments
- Establish a frame of reference
- Avoid measuring and assessing markets against the fixed values and assumptions of your own culture

The Self-Reference Criterion and Ethnocentrism

- The key to successful international marketing is **adaptation** to the **environmental differences** from one market to another
- Primary obstacles to success in international marketing
 - SRC
 - Associated ethnocentrism

SRC and Ethnocentrism

- SRC is an unconscious reference to
 - One's own cultural values, experiences, and knowledge as a basis for decisions
- Dangers of the SRC
 - Failing to recognize the need to take action
 - Discounting the cultural differences that exist among countries
 - Reacting to a situation in an offensive to your hosts
- Ethnocentrism

SRC and Ethnocentrism

- Ethnocentrism and the SRC can influence an evaluation of the **appropriateness** of a domestically designed marketing mix for a foreign market
- The most effective way to control the influence of ethnocentrism and the SRC is to **recognize** their effects on our behavior

Framework for Cross-cultural Analysis

1. Define business problem or goal
 - Home-country vs. foreign-country cultural traits, habits, or norms
 - Consultation with natives of the target country
2. Make no value judgments
3. Isolate the SRC influence
 - Examine it carefully to see how it complicates the problem
4. Redefine the problem
 - Without SRC influence

Developing a Global Awareness

- Tolerance of cultural differences:
 - Understanding cultural differences and accepting and working with others whose behavior may be different from yours
- Knowledge of cultures, history, world market potential, and global economic, social, and political trends

Approaches to Global Awareness

- Select individual managers specifically for their demonstrated global awareness
- Develop personal relationships in other countries
- Have a culturally diverse senior executive staff or board of directors

Stages of International Marketing Involvement

- No direct foreign marketing
- Infrequent foreign marketing
- Regular foreign marketing
- International marketing
- Global marketing

No Direct Foreign Marketing

- Products reach foreign markets indirectly
 - Trading companies
 - Foreign customers who contact firm
 - Wholesalers
 - Distributors
 - Web sites
- Foreign orders pique a company's interest to seek additional international sales

Infrequent Foreign Marketing

- Caused by temporary surpluses
 - Variations in production levels
 - Increases in demand
- Firm has little or no intention of maintaining continuous market representation
 - Foreign sales decline when demand or surplus decreases
 - May withdraw from international markets
- Little or no change in company

Regular Foreign Marketing

- Firm has production capacity devoted to foreign markets
- Firm employs domestic or foreign intermediaries
 - Uses its own sales force
 - Sales subsidiaries in important markets
- Products allocated or adapted to foreign markets as demand grows
- Firm depends on profits from foreign markets

Global Marketing

- Company treats world, including home market as one market
- Market segmentation decisions no longer focused on national borders
 - Defined by income levels, usage patterns, or other factors
- More than half of revenues come from abroad
- Organization takes on global perspective

Strategic Orientation

- Domestic market extension orientation
- Multidomestic market orientation
- Global market orientation

Domestic Market Orientation

- International operations viewed as secondary
- Prime motive is to market excess domestic production
- Firm's orientation remains basically domestic
- Minimal efforts are made to adapt product or marketing mix to foreign markets
- Firms with this approach are classified as ethnocentric

Multidomestic Market Orientation

- Companies have a strong sense that foreign country markets are vastly different
- Market success requires an almost independent program for each country
 - Separate marketing strategies
 - Subsidiaries operate independently of one another in establishing marketing objectives and plans
 - Products are adapted for each market
- Control is decentralized

Global Market Orientation

- Company guided by global marketing orientation
 - Marketing activity is global
 - Market coverage is the world
- Firm develops a standardized marketing mix applicable across national boundaries
 - Markets are still segmented
 - Each country or region is considered side by side with a variety of other segmentation variables

The Orientation of International Marketing

- An environmental/cultural approach to international strategic marketing
- Intended to demonstrate the unique problems of international marketing
- Discussion of international marketing ranges from the marketing and business practices of small exporters to the practices of global companies