CONTENTS

Preface xv
About the authors xxii
Acknowledgements xxiii
Walk through tour xxiv
CourseMate xvi

PART I

ANALYSIS 1

1 AN INTRODUCTION TO INTERNATIONAL MARKETING 2

The strategic importance of international marketing 3
What is international marketing? 4
International marketing defined 4

The international marketing environment 5

Social/cultural environment 6
Cultural factors 6
Social factors 7
Legal environment 8
Economic environment 11
The developed economies 12
The emerging economies 12
Less developed countries 12
Currency risks 13
Political environment 14
Technological environment 15

The Internet and the world wide web (www) 16
The dual technological/cultural paradox 17
Sustainability 17

Differences between international and domestic marketing 19
The international competitive landscape 19

The international market planning process 21

The planning process 21
Major evolutionary stages of planning 23
The international marketing planning process 24
Situation analysis 25
Resources and capabilities 26
Knowledge management 27
Corporate objectives 27
Marketing strategies 27

Implementation of the marketing plan 27
The control process 28
Reasons for success 29
Characteristics of best practice in international marketing 31

Case study Tesco in China 32

2 THE WORLD TRADING ENVIRONMENT 35

World trading patterns 36
Future prospects 37
The reasons countries trade 39

The theory of comparative advantage 40
How comparative advantage is achieved 41
The international product life cycle 41

Barriers to world trade 43
Marketing barriers 43
Non-tariff barriers 45
International Bank for Reconstruction and Development (IBRD) 46
International Monetary Fund (IMF) 48
The World Trade Organization 48

The development of world trading groups 49
Forms of market agreement 50
Free trade area 50
Customs union 50
Common market 50
Economic union 52
Political union 52

The European Union 53
The Single European Market 53
European Monetary Union 54
Strategic implications 54
Widening European membership 55

The free trade area of the Americas 55
Mercosur 57
The Asian Pacific Trading Region 58
Asia Pacific Economic Cooperation 58
ASEAN-China Free Trade Area (ACFTA) 60

Case study Challenges of the Libyan Market 62

3 SOCIAL AND CULTURAL CONSIDERATIONS IN INTERNATIONAL MARKETING 65

Social and cultural factors 66
What is culture? 66
4 INTERNATIONAL MARKETING RESEARCH AND OPPORTUNITY ANALYSIS 96

The role of marketing research and opportunity analysis 97

The role of international marketing research 97

Opportunity identification and analysis 99

Scanning international markets 99
Demand pattern analysis 100
Multiple factor indices 101
Analogy estimation 102
Macro survey technique 102
Risk evaluation 102
The Knaepen Package 103
Business Enhancement Risk Index (BERI) 103

International marketing segmentation 103
Geographical criteria 104
The business portfolio matrix 105
Infrastructure/marketing institution matrix 105
Transnational segmentation 106
Mosaic Global 106
Hierarchical country–consumer segmentation 109

The market profile analysis 110
Analyzing foreign country markets 110
Sources of information 110
Online databases 112
Problems in using secondary data 113

Primary research in international markets 114
Problem definition and establishing objectives 115
Developing an innovative approach 116
Networking 116
Consortia 117
The collection of primary data 118
Organizing the research study 118
Centralization vs decentralization 118
In-house or agency 119
Research design 120
Qualitative research 121
Survey methods 121
Questionnaire design 123
Sample frame 124
Field work 124
Report preparation and presentation 125

Case study How do WGS segment the global mobile phone gambling market? 127

Integrative learning activities 130
Integrative learning activity 1 International marketing planning: analysis 131

PART II STRATEGY DEVELOPMENT 137

5 INTERNATIONAL NICHE MARKETING STRATEGIES FOR SMALL- AND MEDIUM-SIZED ENTERPRISES 138

The SME sector and its role within the global economy 139
The role of SME internationalization in economic regeneration 140
The challenges for SMEs from less developed countries 141
Government support 143
The nature of SME international marketing strategies 143
Exporting 144
Motivation 144
Barriers to internationalization 145
Niche marketing of domestically delivered services 147
Importing and reciprocal trading 148
Direct marketing and electronic commerce 149

The nature of international development 150
Geographic development of SMEs 152
Market expansion and concentration 153
Where the domestic market is redefined 153
Where the SME international development is the result of networking 153
Family networks 153
Where the SME is born global 155
Supply chain internationalization 156
Developing relationships 157

International strategic marketing management in SMEs 158
The McKinsey 7S framework 158
The generic marketing strategies for SME internationalization 159
The factors which affect the choice of an SME’s international marketing strategy 160
Market factors 161
Company factors 162
Country selection 162
Organization structure 164

International entrepreneurship and fast growth 169
The secret of high growth 169
The future of SME internationalization 171

Case study Global marketing on a tight budget 173

6 GLOBAL STRATEGIES 176

The alternative views of globalization 177
Globalization and standardization 181
The drivers of globalization 182

Alternative strategic responses 188
The international competitive posture 188
Global strategy drivers 189
Standardization and adaptation 191
Globally standardized strategy 192
Regional strategy 195

International marketing management for global firms 197
Global strategy implementation 197
Opportunities in emerging markets for global firms 198
The emergence of MNEs from emerging markets 199
Global appeal and the changing basis of competitive advantage 200
Increasing global appeal by building the global brand 201
Global brand management 201
Creating a global presence by achieving global reach 202

Managing diverse and complex activities across a range of often similar but often disparate markets and cultures 204
Organization structure for transnational firms 205
Systems, processes and control 205
Control 206
Return on marketing investment 207
Planning systems and processes 207
Building skills in transnational organizations 207
Staff and the problems of international management 209
What makes a good international manager 210
Management culture 211
Management style and shared values 212

Case study Unilever: redefining product policy for a global future 213

7 MARKET ENTRY STRATEGIES 218

The alternative market entry methods 219
Risk and control in market entry 220
Indirect exporting 221
Domestic purchasing 221
Export management companies or export houses 222
Piggybacking 223
Trading companies 224

Direct exporting 224
Factors for success in exporting 226
Selection of exporting method 227
Agents 228
Achieving a satisfactory manufacturer–agent relationship 228
Distributors 229
Other direct exporting methods 229

Foreign manufacturing strategies without direct investment 231
Reasons for setting up overseas manufacture and service operations 231
Contract manufacture 232
Licensing 233

Foreign manufacturing strategies with direct investment 234
Assembly 235
Wholly-owned subsidiary 235
Company acquisitions and mergers 236

Cooperative strategies 239
Joint ventures 239
Strategic alliances 241
Minority stake shareholdings 242

Case study When joint ventures go wrong 245

8 INTERNATIONAL PRODUCT AND SERVICE MANAGEMENT 248

The nature of products and services 249
International product and service marketing 249
The international marketing of service 251
The components of the international product offer 252
Products, services and value propositions 254

Factors affecting international product and service management 254
Towards standardization 255
Reasons for adaptation of the product 257
Product acceptability 258
Shortening product life cycles 258
Franchising, joint ventures and alliances 258
Marketing management 259
Green environmental issues 259

Product policy 260
Product strategies 261
Managing products across borders 263
The product life cycle 263
Product portfolio analysis 265
Introduction and elimination activities 266

Image, branding and positioning 266
Country of origin effects 266
International branding 267
Brand categories 268
Brand value 269
Branding strategies 269
Brand piracy 271
Positioning 273

Innovation and new product development 273
The most innovative companies 274
The nature of new product development 274
The new product development process 275
Approaches to technology transfer and the benefits for marketing 277
Research and development strategies 278
Success and failure in new product development 278

Case study Lego playing with its strengths 281

Integrative learning activity 2 International marketing planning: strategy development 284

Communicating product and service differentiation 293
Communicating the corporate identity to international stakeholders 293
Using communications to build relationships 294

The fundamental challenges for international marketing communications 295
International marketing communications, standardization and adaptation 297
Towards standardization 298

International marketing communications strategy 299
Communicating with existing and potential customers 301

The integration of communications 302
Coordination and planning of the international marketing communications strategy 304

The marketing communications tools 305
Personal selling and word of mouth 306
Exhibitions, trade fairs and experiential marketing 307
Trade missions 307
Advertising 307
Television advertising 308
Press advertising 309
The use of agencies and consultancies 309
Sales promotions 311
Direct marketing 311
Communicating with the wider range of stakeholders 311
Corporate identity 312
Sponsorship and celebrity endorsement 313
Product placement and celebrity endorsement 313
Public relations 314
Crisis management 315
Online communications 316
The nature of online communications 316

Developing profitable, long-term marketing relationships 318
The concept of relationship marketing 319
Database development 320
Customer relationship management 320

Case study Greenpeace – global campaigner 322

10 THE MANAGEMENT OF INTERNATIONAL DISTRIBUTION AND LOGISTICS 324

The challenges in managing an international distribution strategy 325
Selecting foreign country market intermediaries 326
Indirect and direct channels 326
Channel selection 328
Customer characteristics and culture 329
Company objectives and competitive activity 330
Character of the market 330
Capital required and costings 332
The coverage needed 332
Control, continuity and communication 332
The selection and contracting process 332

Building relationships in foreign market channels 333
Motivating international marketing intermediaries 333
Controlling intermediaries in international markets 334
Channel updating 335
Developing a company-owned international sales force 335

Trends in retailing in international markets 336
The differing patterns of retailing around the world 336
Traditional retailing 338
Intermediary retailing 339
Structured retailing 340
Advanced retailing 340
The globalization of retailing 341
Marketing implications for development of international distribution strategies 342
Internet retailing 343

The management of the physical distribution of goods 344
The logistics approach to physical distribution 344
Customer service 345
The restructuring of physical distribution operations 346
The use of intermediaries 347
Transportation 348
Export processing zones 349
Administrative problems resulting from the cross-border transfer of goods 351
Documentation 351
Packaging 352
The export sales contract 352

Case study Merry Management Training 354

11 PRICING FOR INTERNATIONAL MARKETS 357

Domestic vs international pricing 358
The factors affecting international pricing decisions 358
Factors influencing the pricing strategy 358
Company and product factors 359
Product and service factors 360
Price positioning and value for money 361
The influence of cost structures on pricing 361
Specific export costs 363
Cost reduction 366
Economies of scale 366
Learning curve 366
Location of production facility 367
Market factors 367
Developing pricing strategies 368
The objectives of pricing 369
Setting a price 370

Problems of pricing and financing international transactions 370
Problems in multi-national pricing 371
Coordination of prices across markets 371
Single European Payments Area 373
What is grey marketing? 374
Price coordination strategies 375
Transfer pricing in international markets 376
To create barriers to entry 377
To avoid domestic tax liabilities 377
To avoid foreign tax 377
To manage the level of involvement in markets 378

Problems in managing foreign currency transactions 378
What currency should the price be quoted in? 378
Should prices be raised/lowered as exchange rates fluctuate? 379

Problems in minimizing the risk of non-payment in high-risk countries 380
Countertrade and leasing 381
Advantages and limitations of countertrade 383
Leasing 383

Deciding at what stage of the export sales process the price should be quoted 383
The export order process 386

Case study WABCO 388

12 TECHNOLOGY ENABLED SUSTAINABLE INTERNATIONAL MARKETING 391

The enabling technologies 392
Technological innovation 393
Disruptive technologies 394
Convergent technology 395

The Internet and international business communications 396
Online strategies 398
The purpose of websites 399
Organization sites 399
Service online 399
Information online 399
Business transactions online 399
Social networking 400

International e-markets and e-marketing 400
Business to business (B2B) 400
Disintermediation and re-intermediation 402
Business to consumer 402
Consumer to consumer (C2C) 403

International marketing solution integration 403
Knowledge management 404
Supply chain management 405
Value chain integration 405
Virtual enterprise networks 406