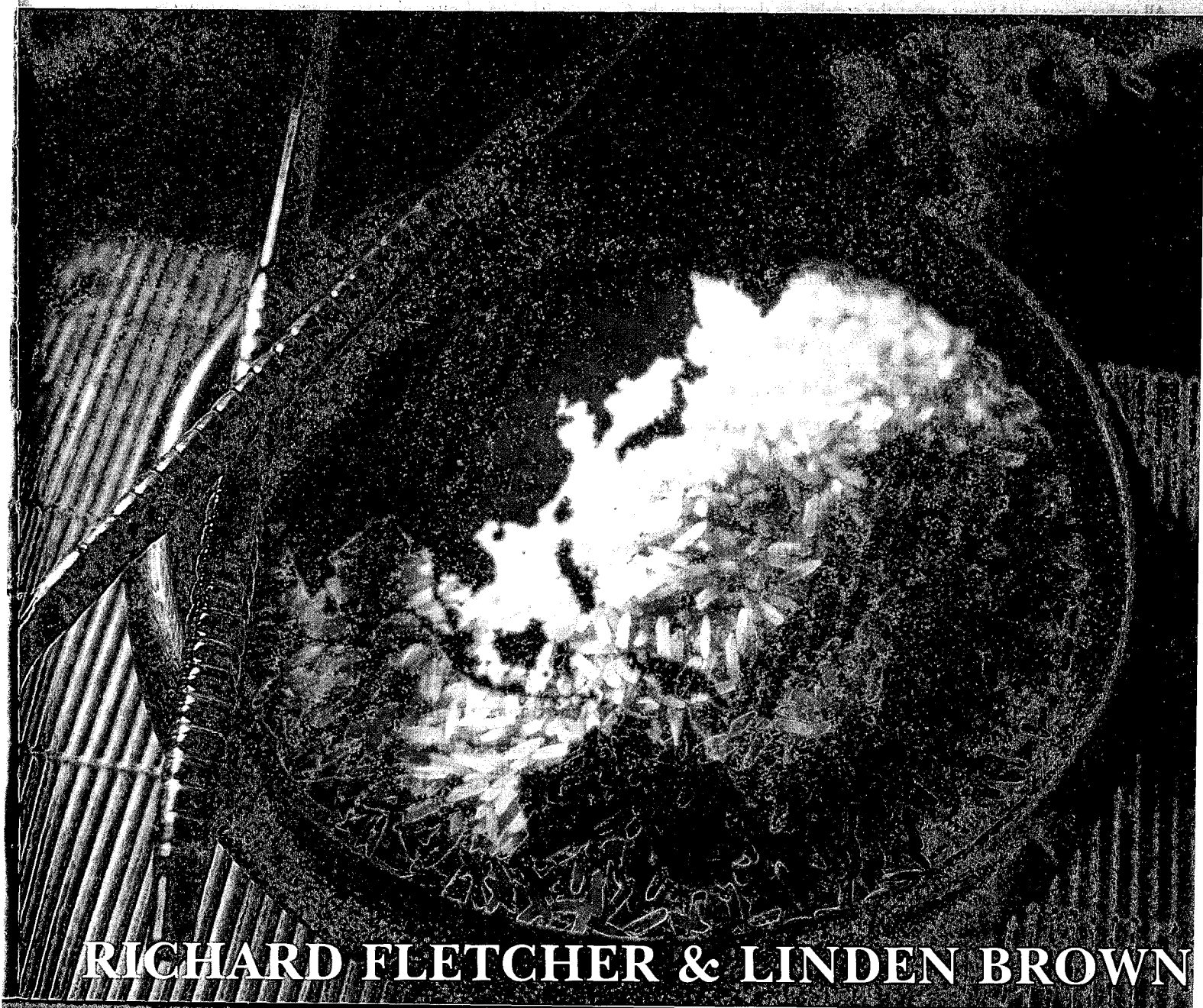


3RD EDITION

International *Marketing*

AN ASIA-PACIFIC PERSPECTIVE



RICHARD FLETCHER & LINDEN BROWN



Detailed Contents

Brief contents	v	Australia and the global marketing environment	19
Preface	xvii	Major export activity	21
Acknowledgements	xxi	Major import activity	21
About the authors	xxiii	Trade in services	22
Additional Cases on the Website for Edition 3	xxv	Australian-Asian trade	22
<i>Introduction</i>	<i>1</i>	<i>1.2 International highlight: International marketing goes sky-high</i>	<i>24</i>
<i>Chapter 1</i>		Summary, Ethics issue, Websites, Discussion questions, References	26
The Rationale for International Marketing	2	<i>PART A</i>	
Introduction	4	Environmental Analysis of International Markets	30
The new international marketing environment	5	<i>Chapter 2</i>	
<i>1.1 International highlight: As international trade grows in importance it becomes more complex</i>	<i>6</i>	Appreciating the International Economic and Financial Environment	32
What is international marketing?	7	The economic environment	34
Approaches to international marketing	11	The global economic scene	35
From domestic to transnational	11	<i>2.1 International highlight: End trade barriers to cut poverty</i>	<i>38</i>
From indirect exporting to foreign direct investment	12	International trade	38
From an export focus to a holistic focus	12	Measuring markets	45
Concepts underlying international marketing	13	Marketing implications	51
Comparative advantage	13	The financial environment	52
Product life cycle extension	13	Foreign exchange issues	52
Internalisation	15	<i>2.2 International highlight: OSS—managing exchange rate risks</i>	<i>56</i>
Relationships and networks	15	Financial management	57
The wheel of international marketing	17	The international financial system	60
The hub	17	Marketing implications	63
The spokes	18	Summary, Ethics issue, Websites, Discussion questions, References	66
The rim	19		
The importance of world trade	19		
The dilemma of definition	19		

Chapter 3		Introduction	122
Catering for the Cultural and Social Environment of International Business	70	The role of government in international marketing	122
Introduction	72	Different types of national governments	122
Definition	72	The role of government in the economy	123
The impact of culture on international marketing	72	<i>4.1 International highlight: The sting of sanctions</i>	125
Culturally related factors which impact on marketing	72	Political approaches in international marketing	126
Cultural universals	74	Political stability and risk	127
Elements of culture	74	Sources of political instability	128
<i>3.1 International highlight: Multiculturalism and investment</i>	77	Nature of political risk	129
Expressions of culture	77	Assessment	129
Culture as a collective fingerprint	77	The trade-off	131
<i>3.2 International highlight: The Chinese way</i>	78	Managing the overseas political environment	131
Levels at which culture operates	79	Company behaviour	131
Cultural concepts and cultural differences	81	<i>4.2 International highlight: China punishes firms over use the term 'Taiwan'</i>	132
Key cultural concepts	81	Home government actions	132
Key cultural differences	84	Contribution to the host country	133
<i>3.3 International highlight: Differences in space and time</i>	87	Localisation of operations	133
Culture and communication	90	Globalisation	134
Verbal communication	90	Political risk insurance	135
Non-verbal communication	91	Marketing implications—political	135
Cultural adaptation and communication	92	The legal environment	135
Cross-cultural comparisons	92	Introduction	135
Bilateral comparisons	92	<i>4.3 International highlight: When is a contract legal?</i>	136
Global comparisons	93	Differing legal systems and jurisdictions	137
Social aspects of the conduct of international marketing	99	Legal systems	137
Culture and international negotiation	101	International law	139
Background to negotiation	103	Legal jurisdiction	140
The environment of international negotiation	103	Law and the marketing mix overseas	141
Culture and the conduct of negotiations	104	Product	141
Preparing for international negotiation	106	Price	141
Stages in international negotiation	107	Distribution	142
The atmosphere of international negotiations	109	Promotion	142
Styles of negotiation	110	Extraterritorial application of law	142
Summary, Ethics issue, Websites, Discussion questions, References	114	The impact of law on international operations	143
Chapter 4		Environment	143
Avoiding the Pitfalls of the International Political and Legal Environment	120	Human resources	143
		Intellectual property protection	144
		Reducing the impact	146
		<i>4.4 International highlight: Drug giants told to reveal secrets</i>	147
		Contracts and dispute resolution	148
		Conciliation	148

Arbitration	149	Case 3.1 Taking Gourmet Express to Asia: can food advertising travel?	
Litigation	149	Al Marshall	193
Marketing implications—legal	150	Case 3.2 Exporting lamb to the Saudi Arabian market—the impact of culture on the production process	
Summary, Ethics issue, Websites, Discussion questions, References	151	Craig Robinson, Eva Lee and Richard Fletcher	197
Chapter 5			
The Technology Environment and Contemporary Environmental Variables	156	Case 4 AusTel Consortium Pty Ltd— entering an Islamic market	
Introduction	158	Michelle Lim and Richard Fletcher	203
Technology	158	Case 5 Ausfurs in Argentina—a human rights dilemma	
Infrastructure development and economic history—‘techno-economic paradigms’	159	Elizabeth Hayter, René Cordony and Richard Fletcher	209
Information and communication: the fifth techno-economic paradigm	161	Part B	
5.1 International highlight: Is it a phone?	161	International Market Planning Process	214
The information revolution and the Internet	162	Chapter 6	
5.2 International highlight: Korea goes broadband	162	Researching International Markets	216
The global network	163	Introduction	218
The new information infrastructure in 2005	165	International research decisions	218
Implications for international marketing	165	International market research	219
International diffusion of innovation	166	6.1 International highlight: Common international research mistakes	220
5.3 International highlight: What’s next— from brain boosters to a factory in the home!	166	Stages	221
Contemporary factors in the international marketing environment	170	Issues	222
Terrorism	170	International research process	223
Health-related issues	171	Problem formulation	223
Environmentalism	172	Research design	224
Ethics	175	6.2 International highlight: Toll-free lines yield hot ideas	228
5.4 International highlight: It takes two to tango	179	Research in developing countries	229
Summary, Ethics issue, Websites, Discussion questions, References	181	Sources of information	229
Case 1 A golden opportunity: exporting Easy Flame barbeques to Argentina?		Data collection	230
Al Marshall	185	Secondary data	230
Case 2 Tourism New South Wales’ experience in marketing tourism during the aftermath of the Asian financial crisis		Primary data	232
Wisitta Gray and Richard Fletcher	188	6.3 International highlight: International marketing research—oranges or lemons?	237
		Interpretation	239
		Other issues	242
		Government export assistance	245

Summary, Ethics issue, Websites, Discussion questions, References	249	Steps in the international marketing planning process	294
<i>Chapter 7</i>		Case example 8.1	294
International Market Selection	254	Evaluation of alternative marketing strategies	300
Introduction	256	Case example 8.2	304
Alternative approaches to market selection	256	Corporate objectives	305
Screening for market selection	258	Case example 8.3	305
Analysing the attractiveness of individual markets	258	Marketing objectives and strategy	306
A screening approach	260	Case example 8.4	306
Market selection in the new millennium	264	Economic evaluation	307
Modes of entering foreign markets	265	Case example 8.5	307
Export-based entry	265	Implementation and control	309
7.1 <i>International highlight: Australian small business exporting successes</i>	266	Case example 8.6	310
Manufacturing-based entry	268	Challenges to international marketing planning	310
7.2 <i>International highlight: Australian technology finds its niche</i>	269	Practical international marketing planning	312
Relationship-based entry	270	Market-based and product-based planning	312
The 'born global' phenomenon	271	8.2 <i>International highlight: How to wiggle your way into new markets</i>	313
Evaluation of entry modes	271	Incorporating creative insight	314
Theories of market entry	272	The importance of management aspirations	314
Dunning's eclectic paradigm	272	Summary, Notes—definitions of strategic terms, Ethics issues, Websites, Discussion questions, References	315
Williamson's transaction cost analysis	272	Case 6 The hosiery market in Taiwan: information please!	
Information for market entry and expansion	273	Al Marshall	319
Factors internal to the firm	273	Case 7.1 Selecting the most appropriate mode of entry for a services company expanding abroad—ICLP's entry into the Japanese market	
Factors external to the firm	274	Dajana Badzim and Richard Fletcher	322
Approaches to internationalisation	276	Case 7.2 Mavlab veterinary pharmaceuticals	
Sequential approaches	277	Ho-Yin Wong	327
Non-sequential approaches	277	Case 8 Communicating with a mass market in a developing country: The Fred Hollows Foundation in China	
A holistic view of internationalisation	278	Ben Wyner and Richard Fletcher	329
Summary, Ethics issue, Websites, Discussion questions, References	282		
<i>Chapter 8</i>			
Planning for International Marketing	286		
Introduction	288		
The context of international strategic market planning	289		
8.1 <i>International highlight: '2005' scenario planning at Ericsson: cell-phone shakeout</i>	292		

Part C		<i>Norman moves into Asia, Eastern Europe and the UK</i>	372
International Marketing Strategy	332	Offensive and defensive strategies	373
Chapter 9		Built to last	373
Gaining Competitive Advantage	334	Strategies for international market leadership	374
Introduction	336	Expanding the total market	374
National competitive advantage	336	Protecting market share	375
Competitive advantage and generic strategies	341	Expanding market share	377
Basic competitive strategies	342	Strategies for the international challenger	377
Value chain analysis	344	Defining the strategic objective and competitor	377
<i>9.1 International highlight: Value chains in disarray</i>	346	Choosing an attack strategy	378
Competitor analysis	347	Strategies for the international follower	380
Identifying the company's competitors	347	Strategies for the international niche firm	382
Industry structure and competitive forces	348	<i>10.2 International highlight: Taking marketing to the USA</i>	384
Determining competitors' objectives	350	The Asian approach to strategy	386
Identifying competitors' strategies	350	Summary, Ethics issue, Websites, Discussion questions, References	387
Assessing competitors' strengths and weaknesses	351	Chapter 11	
Estimating competitors' reactions	351	Globalisation	392
<i>9.2 International highlight: The lifeblood of competitive advantage in the global pharmaceutical industry</i>	352	Introduction	394
Selecting competitors to attack and avoid	353	Globalisation	396
Obtaining competitive intelligence	354	What is globalisation?	396
Leveraging capabilities	355	<i>11.1 International highlight: The Australian diaspora</i>	396
Summary, Ethics issue, Websites, Discussion questions, References	358	Globalism trends	396
Chapter 10		Globalism as a philosophy	398
International Strategies	362	Motivations for globalisation	400
Introduction	364	'Glocalisation'	401
Competitive position model	364	Characteristics of the global firm	402
Structural position	366	Global or multinational?	403
Strategic position	366	Global strategy framework	403
Market position	367	<i>11.2 International highlight: Global market of one—customisation by global companies spreads</i>	404
Resources position	368	<i>11.3 International highlight: Even the biggest and most innovative find globalisation challenging!</i>	407
The dominant leader in overseas markets	368	Basic competitive strategy profiles	409
The dominant firm profile	369	Global leader strategy	409
Structural position and strategic position	370	Global challenger strategy 1	409
Market position and resources position	371	Global challenger strategy 2	409
Strategies for the international dominant firm	371	Global follower strategy	409
<i>10.1 International highlight: Harvey</i>			

Global niche strategy 1	410	Case 12.1 Benefits of 'clustering' and niche strategies: How SMEs in the Australian wine industry can develop a competitive advantage for international expansion	465
Global niche strategy 2	410	Susan Freeman and Dean Weinman	
Global collaborator strategy	410	Case 12.2 Coping with government regulations in developing markets: the case of Atherton International in Taiwan	471
The pitfalls of global marketing	410	Shen Yen Kuang and Richard Fletcher	
Globalisation from a macro perspective	412		
The growth of Asian competitors	415		
Summary, Ethics issue, Websites, Discussion questions, References	419		
Chapter 12			
Relationships, Networks and Strategic Alliances	424	Part D	
Introduction	425	International Marketing Implementation	474
12.1 International highlight: The new relationship marketing perspective	426	Chapter 13	
Relationships and networks	427	Modifying Products for Overseas Markets	476
Strategic alliances	431	Introduction	478
Theories underlying strategic alliances	431	The product	478
The nature of strategic alliances	431	What is a product?	478
Internal drivers	432	International product strategies	479
External drivers	432	Product diffusion and adoption in overseas markets	479
12.2 International highlight: Alliances—the perfect way to add value for customers	433	Redefining the business	480
The ways strategic alliances operate	434	Leveraging capabilities	484
Selecting strategic alliance partners	437	Understanding product market structure	485
Alliance strategies for creating competitive advantage	438	Tailoring products to suit overseas markets	486
Market leader alliance strategies	438	Modifying products for overseas markets	486
Alliance strategies for challengers and followers	438	13.1 International highlight: Wining over the Europeans	486
Alliance strategies for niche specialists	439	Developing a product for an overseas market	489
Implementation and management of strategic alliances	440	Standardisation versus adaptation	490
12.3 International highlight: Clustering	441	13.2 International highlight: Australian business must research the way to success	491
Summary, Ethics issues, Websites, Discussion questions, References	444	Creating a global product	493
Case 9 Green international wine marketing	449	13.3 International highlight: Born global	494
Mary Pugh and Richard Fletcher		Marketing industrial products overseas	
Case 10 Getting market entry for Australian GM-free soy into the Japanese food manufacturing supply chain	459	Industrial products	495
Les Brown		Unique features of industrial marketing	495
Case 11 Aspiring to global leadership: the big four Australian wine companies	461	Features of the international market for industrial products	496
Catherine Welch		13.4 International highlight: A James Hardie assault	497
		Branding and packaging for overseas markets	498
		Branding	498
		Packaging and labelling	502

Summary, Ethics issue, Websites, Discussion questions, References	505	Language	543
Chapter 14		Education	544
Marketing Services Overseas	510	Economic development	544
Introduction	512	Media infrastructure	544
The nature of services	513	Government regulation	546
The marketing paradigm for services	513	<i>15.1 International highlight: There's no accounting for taste</i>	546
The content of services marketing and delivery	514	Content of international communication	547
Marketing services in the international marketplace	516	The management of promotional communication	547
Drivers of internationalisation of service firms	517	Decision process	548
Australian exports of services	518	Message strategy formulation	549
Issues in services exports	518	Pull strategies in international promotion	550
Categorisation of services exports	520	Advertising	550
<i>14.1 International highlight: QBE Insurance—a global expansion strategy</i>	523	<i>15.2 International highlight: A tale of two cities</i>	551
Services and international market entry	523	<i>15.3 International highlight: Advertising in China</i>	557
Services exports and cultural sensitivity	524	Publicity and public relations	559
Services marketing and the issue of standardisation	524	Push strategies in international promotion	562
International tourism	525	Sales promotion	563
International education	525	Personal selling	567
International wholesaling and retailing	526	<i>15.4 International highlight: Swimming in international waters</i>	571
<i>14.2 International highlight: Westfield hops around</i>	527	Communication in emerging markets	572
The marketing of Australian professional services overseas	528	Issues	573
Accounting and legal services	528	Country of origin	573
Technical services	529	Standardisation versus differentiation	574
Computer services	529	<i>15.5 International highlight: How sweet it is!</i>	576
Marketing and business management services	530	Summary, Ethics issue, Websites, Discussion questions, References	578
Summary, Ethics issue, Websites, Discussion questions, References	531	Chapter 16	
Chapter 15		International Pricing for Profit	582
Promotion in International Marketing	536	Introduction	584
Introduction	538	International pricing issues	584
Communication theory	538	The role of price	584
The communication process	538	Reference prices	584
Constraints in international marketing communication	540	Nature of the pricing decision	585
Factors in international communication	541	The price element of the purchase	585
Culture	541	Complexities of international pricing	585
		Nature of the product or industry	586
		Location of production facilities	586
		Chosen system of distribution	586
		Culture	587
		Location and environment of the foreign market	588

Competition in the overseas market	588	Objectives of the firm	627
Australian government regulations	589	Distribution criteria	628
International pricing strategy	589	Structure and availability of channels	629
Preliminary planning	589	Cultural issues	630
Terms of sale	591	Government and legal constraints	630
<i>16.1 International highlight: Competing on value</i>	592	Commercial and environmental constraints	630
Terms of payment	593	Managing overseas distribution	631
International price setting	595	<i>17.2 International highlight: The elusive agent</i>	632
Full versus marginal cost pricing	596	Selection	632
Optimal price setting	598	Appointment	633
Mismanagement of price setting	599	Communication and control	636
An alternative to price setting	599	Motivation and termination	636
Responding to price changes in international markets	599	Wholesaling and retailing	637
The Japanese approach to price setting	600	Global distribution issues	642
Pricing and foreign currency fluctuations	600	Standardisation	642
Constraints on setting prices	602	Grey markets and unofficial distribution channels	643
Restrictive trade practices	603	Physical distribution	645
Administered pricing	603	Customer service	645
Dumping	604	Packaging and protection	646
Devaluation and revaluation	605	Transportation	646
Inflation	607	<i>17.3 International highlight: Corman Express—lessons learned</i>	648
Global pricing strategies	607	Warehousing and storage	648
Global versus local pricing strategies	607	Documentation	649
Transfer pricing	608	Summary, Ethics issue, Discussion questions, References	650
<i>16.2 International highlight: Passing the buck</i>	609		
Summary, Ethics issue, Websites, Discussion questions, References	613	Case 13 Wine brand 'Yellow Tail'	
		Rob van Zanten	654
Chapter 17			
Effective Distribution Overseas	616	Case 14.1 Key barriers for taking professional services (legal) into emerging markets in Asia: the case of Jackson's overseas office in Thailand	
Introduction	618	Susan Freeman and Mark Sandwell	657
Use of an export intermediary	619	Case 14.2 Marketing of higher education: Australia's new export phenomenon (spot the Aussie in your classroom)	
Direct export	619	Terry Gatfield and John McDonnell	662
<i>17.1 International highlight: Exports of Japanese trading companies</i>	620		
Exporting intellectual content	620	Case 15 Bananas in Pyjamas goes to Hong Kong	
Manufacture overseas	621	Carol Cao, Frances Ritsinias and Richard Fletcher	667
Strategic alliances	623		
Distribution strategies	623		
Cost	624		
Control	625		
Commitment	625		
Nature of the market	626		
Nature of product/service	626		

Case 16 Proactive pricing on the Internet Al Marshall	672	Purpose	708
Case 17.1 Poodles to Japan Les Brown	676	Operation	708
Case 17.2 Siam Sanitary Ware Co. Ltd— Parallel import in Vietnam Waewrak Tontrakul and Richard Fletcher	679	Current focus	711
Part E		Lobbying	712
Contemporary Challenges in International Marketing	684	Subsidies	713
Chapter 18		Commodity agreements	713
Incorporating International Trade Relations into Overseas Marketing	686	Managed trade	714
Introduction	688	Government intervention	714
Australian context	688	Voluntary restraints	715
Marketing context	690	Summary, Ethics issue, Websites, Discussion questions, References	716
Role of government	691	Chapter 19	
Domestic	691	Electronic Commerce in International Marketing	720
Foreign	692	Introduction	722
Influence and government	692	Overview of electronic commerce	724
Multilateral trade relations	693	Definitions and scope	724
Purpose	693	Benefits of e-commerce	725
History	693	<i>19.1 International highlight: E-biz bites back— travel chaos and how e-commerce is helping to streamline the experience for consumers and what's next for the dot.com survivors</i>	727
Operation	693	The information revolution	729
Current focus	694	User access to the World Wide Web	730
<i>18.1 International highlight: China embraces the world market</i>	696	The challenges and possibilities for international or global marketing	731
Australian involvement	697	Electronic commerce business models for international marketing	733
Lobbying	698	<i>19.2 International highlight: To B or not to B: that is the question</i>	735
<i>18.2 International highlight: Cambodia's accession to the WTO</i>	699	The Internet as a new international marketplace	740
Regional Trade Groupings	699	The front runners	744
Purpose	700	<i>19.3 International highlight: eBay—a supermerchant model of e-commerce and international marketing</i>	742
History	700	The challenge of moving from 'place' to 'space'	745
Operation	701	<i>19.4 International highlight: Here come the cyberbanks</i>	747
<i>18.3 International highlight: What should Ansell do?</i>	703	Summary, Ethics issue, Discussion questions, References	748
Current focus	703	Chapter 20	
Australian involvement	704	Winning International Projects and Coping with Countertrade	754
Lobbying	706		
Bilateral trade relations	707		
<i>18.4 International highlight: Toys R Us</i>	707		

Introduction	755	Offsets	781
Winning overseas projects	756	Buyback	782
Marketing issues	756	20.2 <i>International highlight: The Australian government and Boeing</i>	783
Australia and overseas projects	758	Debt	783
Background	758	Variant: clearing arrangement	784
Positioning	759	Variant: switch trading	784
Alternative strategies	759	Content of countertrade transactions	784
Problems areas	760	Products	785
The project cycle	761	Regions	785
Parties involved	761	Size	785
Project identification	762	Form	787
Project preparation	762	Interactive aspects	787
Project appraisal	763	Macro perspective	787
Project negotiations	763	Political and commercial	788
Project implementation	763	Legal	789
Project evaluation	764	Financial	789
Success in obtaining work	764	Micro perspective	790
Projects and multilateral aid agencies	765	Advantages to the firm	790
Aid issues	765	Disadvantages to the firm	791
Multilateral development agencies (MDA)	765	Uses of intermediaries	791
Marketing tactics	767	Strategic considerations in international countertrade	792
Projects and bilateral aid	767	Whose advantage?	792
Aid issues	767	Pricing strategies	792
20.1 <i>International highlight: GHD seals water deal with Manila</i>	768	Proactive versus reactive	792
Mixed credit facilities	769	Summary, Ethics issue, Websites, Discussion questions, References	795
Australian aid	769	Case 18 Organic products in Japan: an issue of quality analysis	
Financing issues and overseas projects	770	Tina Slattery and Richard Fletcher	798
Co-financing	770	Case 19.1 'Wot if' there was a way to save money on accommodation?	
Risk identification	771	Raechel Hughes	803
Build and operate schemes	771	Case 19.2 Lustythreads.com	
Issues in winning overseas projects	772	Marilyn Healy and Shane Mathews	807
Consortia formation	772	Case 20 Negotiation to win international projects—Cardno MBK in Indonesia	
Summary, Ethics issue, Websites, Discussion questions, References	773	Trevor Morgan and Richard Fletcher	810
<i>Coping with Countertrade</i>	777	Index	815
Introduction	778		
Forces fuelling countertrade	779		
Incidence of countertrade	780		
Forms of countertrade	780		
Barter	780		
Counterpurchase	781		