
Lesson 14 : International Marketing

Lesson Objective:

- *To understand the definition of international marketing*
 - *To describe the types of international marketing*
 - *To describe the international marketing decisions*
 - *To understand the reasons of going abroad*
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Definition of International Marketing

Conducting marketing operation simultaneously in a number of countries but with some degree of coordination. Marketing activities intended to facilitate the exchange or transfer of goods between nations.

International Marketing Decisions

- ❖ Whether to market internationally
 - ❑ To gain more sales
 - ❑ Market diversification
 - ❑ More profit potential overseas
 - ❑ Counter depressed or declining home markets
 - ❑ Justify capacity increase, spread overseas
 - ❑ Follow key customers abroad

- ❖ Which markets to enter
 - ❑ To take note of the risks involved – political or economic
 - ❑ Needs to do research – primary or secondary

- ❖ How to enter selected markets

A firm's internationalisation strategy decisions will depend on the following factors

 - The size of the firm in its domestic market
 - The firm's strengths compared with overseas competitors
 - Management experience of dealing with other countries
 - The firm's objectives for long-term growth
 - ❑ Direct
 - ◆ Full scale manufacturing overseas
 - ◆ Joint ventures
 - ◆ Licensing/Franchising
 - ◆ Contract manufacturing

 - ❑ Indirect
 - ◆ Import/Export activities
 - ◆ Agent based activities

- ❖ Marketing activities and strategies
 - Adaption of the marketing mix programmes
 - ◆ Suitability of the product
 - ◆ Language used
- ❖ Organisation and management control
 - Time differences and communication problems in international marketing
 - ◆ Management style
 - Ethnocentric attitude
 - The parochialistic belief that the best work approaches and practices are those of the *home* country.
 - Polycentric attitude
 - The view that the managers in the *host* country know the best work approaches and practices for running their business.
 - Geocentric attitude
 - A *world-oriented* view that focuses on using the best approaches and people from around the globe

International Environment

International Marketing differs from domestic marketing in that when the company is dealing with its own domestic market, key variables needs to be considered:

- Political Risk
 - Different political system from the home country
 - Political instability
 - Poor or corrupt government / leadership
 - ❖ Impact of political risk
 - ◆ Seizure of property owned by the company
 - ◆ Expropriation of assets
 - ◆ Confiscation of assets
- Economic Risk
 - Foreign exchange rate – fluctuate
- Commercial Risk
 - Uncertainty of the ultimate acceptability of the goods to the final consumer
 - Risks of transportation, transshipment, pilferage, damage and loss
 - Ability of the buyer actually to pay for the goods ordered
 - Control or ownership
- Culture Risk
 - Habits and conventions
 - Morals
 - Laws

Summary

Conducting marketing operation simultaneously in a number of countries but with some degree of coordination. Marketing activities intended to facilitate the exchange or transfer of goods between nations. Some companies have decided to go abroad because they want to seek more sales for their products. The domestic market may be very competitive.

Learning Outcome(s):

At the end of the subject, students should be able to:

- *To describe and define international marketing*
 - *To understand the types of international marketing*
 - *To understand and apply the international marketing decisions*
 - *To explain the reasons of going abroad*
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References:

*Massingham, L. & Lancaster, G. (1999) Essentials of Marketing, Third Edition
McGrawHill. England. Chaps 14-15 Pgs 363-408*

*Adcock, D., Bradfield, R., Halborg, A. & Ross, C. (1998) Marketing Principles and
Practice, Third Edition. Pitman Publishing. London Chapter 24 Pgs 406-415*

Self test Questions

1. What are 5 reasons of going international?
2. Explain ways of going abroad.