Learner Guide
and Additional Notes
International Marketing 3 (IM301)

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1. **Introduction**

International marketing as an activity is a subset of international business; specifically it is the process of planning and conducting transactions across national boundaries in order to create exchanges and satisfy the objectives of the parties involved in the exchange.

International marketing takes many forms: at its simplest, it can be exporting a single range of goods produced in South Africa to foreign markets; at its more complex, it can involve supplying foreign markets with a wide range of goods produced by wholly owned subsidiaries in a number of host countries.

This module focuses on the nature of the international marketplace and the decisions facing international marketing managers. It deals with the global business environments, researching foreign markets, the international marketing planning process, and with issues of product, distribution, price and promotion strategies.

2. **How to use this guide**

This learner guide is especially designed for a student who studies at a distance. The guide gives an overview of the total curriculum. It provides you with each major topic that has to be covered, along with the learning outcomes for each topic, which are systematically explained.

Included in the guide are some Additional Notes that supplement the prescribed textbook for this module. You need to study both the specified sections of the textbook and the Additional Notes in order to do well in the assignment and examination.

At the end of each study unit you will find some typical examples of examination questions which should be used for self-evaluation.
The following are the icons that appear in all of the learning guides of the IMM Graduate School of Marketing:

- indicates learning outcomes

- indicates the sections in the prescribed book and any Additional Notes that you need to study.

- indicates the self-evaluation questions.

3. **Purpose and overall learning outcomes**

The objective of this module is to introduce you to the global business environment and to the principles of identifying global market opportunities and to planning and implementing international marketing strategies.

Specifically, on completion of the module you should:

- Understand the various ways that businesses can enter the international market place.
- Understand the impact of culture on international marketing.
- Understand the international environments that create different marketing opportunities and be able to identify opportunities for your company.
- Understand the market dimensions that may be useful in segmenting international markets.
- Understand the importance of relationship marketing.
- Understand how to develop global marketing strategies in relation to product
development, pricing, distribution and advertising and promotion.

- Be able to construct a simple but robust plan for entering international markets, which would include an understanding of how product, pricing, distribution and promotional strategies should be adapted to the international environment.
- Manage an international market research project and be able to construct an international market research report.

4 Relationship with other modules

International Marketing 3 is a specialised subject that integrates terminology and concepts explained in other subjects that you have studied previously for the Diploma in Export Management such as International Trade 1, Export Administration 1 and 2, Finance and Payments 2, International Trade Law 2 and Export Management 2. It relates directly to the other third level subjects – International Economics 3, International Trade Law 3, Finance and Payments 3 and Business Management 3.

5 National Qualifications Framework specifications

This module forms a compulsory module for the Diploma in Export Management. In terms of the new National Qualifications Framework (NQF) it is designed as a 20-credit module offered on NQF level 6.

6 Pre-knowledge

International Marketing 3 assumes that you have successfully completed first and second level modules such as International Trade 1, Business Communication 1, Economics 1, Export Administration I and 2, Marketing 1 and 2, Business Management 1 and 2, Finance and Payments 2, International Trade Law 2 and Export Management 2.

It is also assumed that you are reasonably computer literate and that you are able to operate the Internet when attempting this module.
A sound knowledge of the use of the Harvard Referencing System is compulsory before attempting this module.

7. **Prescribed textbook and Additional Notes**

The prescribed textbook for this course is:


All chapters of the textbook have been selected for this module, except Chapters 9, 12 and 13 and the second part of Chapter 6 (pages 133-144). The information given in these parts of the textbook is covered elsewhere in the Diploma programme.

Additional Notes are provided to cover certain topics that are not explored adequately in the textbook, particularly from a South African point of view. These Additional Notes are included in the relevant sections of this Learner Guide.

The textbook and notes are written in a clear and systematic manner. Always start your studies by consulting the learning outcomes and then study the relevant sections in the prescribed textbook and Additional Notes. It is unlikely that you will pass this module if you have not studied the textbook and the content of the Additional Notes in detail and attempted the self-assessment exercises.

8. **Expected class contact/duration**

8.1 **Tuition hours**

Learners who have elected to study at an IMM GSM registered Student Support Centre on a full-time or part-time basis should receive 40 to 60 hours tuition per subject.
8.2 Private study hours

Private learners should spend 200 to 300 hours per subject in private study before attempting the examination.

9. Curriculum

This section addresses the overall content of the module, which comprises 13 study units.

<table>
<thead>
<tr>
<th>Study Unit</th>
<th>Description</th>
<th>Relevant Textbook chapters or Tutorial Notes</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The scope and challenge of international marketing</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Dynamics of the global business environment</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Understanding international culture and business customs</td>
<td>3, 4, 5 and 14</td>
</tr>
<tr>
<td>4</td>
<td>Political and legal of international marketing</td>
<td>6 (pages 122 – 133)</td>
</tr>
<tr>
<td>5</td>
<td>Researching global markets and reporting on international marketing research</td>
<td>7 and additional notes</td>
</tr>
<tr>
<td>6</td>
<td>Emerging markets</td>
<td>8</td>
</tr>
<tr>
<td>7</td>
<td>Global marketing management – planning and strategies</td>
<td>10, 11 and Country Notebook</td>
</tr>
<tr>
<td>8</td>
<td>Consumer product strategy in international markets</td>
<td>15</td>
</tr>
<tr>
<td>9</td>
<td>Marketing industrial products and services and relationship marketing</td>
<td>16 and additional notes</td>
</tr>
<tr>
<td>10</td>
<td>Global distribution and marketing channels</td>
<td>17</td>
</tr>
<tr>
<td>11</td>
<td>International pricing strategy</td>
<td>18</td>
</tr>
<tr>
<td>12</td>
<td>International advertising and promotion</td>
<td>19 and additional notes</td>
</tr>
<tr>
<td>13</td>
<td>International sales</td>
<td>20</td>
</tr>
</tbody>
</table>
10. **Specific learning outcomes**

There are a number of specific learning outcomes for this module, as indicated for each study unit in the following table.

<table>
<thead>
<tr>
<th>Study unit</th>
<th>Description</th>
<th>Specific learning outcomes</th>
</tr>
</thead>
</table>
| 1          | The scope and challenge of international marketing    | • Define international marketing and understand the scope of the international marketing task.  
• Understand the importance of the self-reference criterion (SRC) in international marketing.  
• Identify and manage the factors influencing the internationalisation of companies.  
• Evaluate the progression of becoming an international marketer.  
• Appreciate the increasing importance of global awareness and marketing opportunities. |
| 2          | Dynamics of the global business environment           | • Understand the development of world trade during the 20th century and the emergence of multinational corporations and their impact on international marketing.  
• Discuss the importance of the balance of payments to a country’s economy.  
• Explore the effects of protectionism on world trade.  
• Illustrate the types of trade barriers that may confront a business.  
• Discuss the importance of GATT and the World Trade Organisation.  
• Explain the emergence of the International Monetary Fund and the World Bank Group. |
| 3          | Understanding international culture and business customs | • Explain the importance of geography and history in understanding international markets.  
• Understand the effects of history on a country’s culture.  
• Discuss the effect of geographic diversity on the economic profiles of countries.  
• Evaluate the economic effects of controlling population growth versus ageing population.  
• Understand the importance of culture to an international marketer.  
• Explain the origins and elements of culture.  
• Explore the strategy of planned change and its consequences. |
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
<th></th>
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</thead>
<tbody>
<tr>
<td></td>
<td>Explain the need to adapt to cultural differences.</td>
</tr>
<tr>
<td></td>
<td>Understand how and why management styles vary around the world.</td>
</tr>
<tr>
<td></td>
<td>Evaluate the extent and implications of gender bias in other countries.</td>
</tr>
<tr>
<td></td>
<td>Discuss the importance of cultural differences in business ethics.</td>
</tr>
<tr>
<td></td>
<td>Analyse the differences between relationship-orientated and information-orientated cultures.</td>
</tr>
<tr>
<td></td>
<td>Understand the importance of ethics in international marketing.</td>
</tr>
<tr>
<td></td>
<td>Evaluate the impact of ethical issues on marketing.</td>
</tr>
<tr>
<td>4</td>
<td>Political and legal environment of international marketing</td>
</tr>
<tr>
<td></td>
<td>Understand how political environment and stability influence international marketing.</td>
</tr>
<tr>
<td></td>
<td>Understand what is meant by political risk.</td>
</tr>
<tr>
<td></td>
<td>Know how to evaluate risks and controls associated with investments in foreign markets.</td>
</tr>
<tr>
<td></td>
<td>Appreciate how political vulnerability can be assessed and reduced.</td>
</tr>
<tr>
<td>5</td>
<td>Researching global markets and reporting on international marketing research</td>
</tr>
<tr>
<td></td>
<td>Discuss the breadth and scope of international marketing research and the steps of the research process.</td>
</tr>
<tr>
<td></td>
<td>Evaluate the cost/benefit of marketing research and discuss the circumstances affecting the decision to do in-house international marketing research.</td>
</tr>
<tr>
<td></td>
<td>Describe the purpose of the marketing research report and its main elements and appropriate structure.</td>
</tr>
<tr>
<td></td>
<td>Draw up a market research proposal.</td>
</tr>
<tr>
<td></td>
<td>Compile and present a research report.</td>
</tr>
<tr>
<td></td>
<td>Explain the issues of availability of secondary data and the need to validate data.</td>
</tr>
<tr>
<td></td>
<td>Examine qualitative and quantitative research and the problems of gathering primary data.</td>
</tr>
<tr>
<td></td>
<td>Understand and explain multicultural sampling and its problems in less developed countries.</td>
</tr>
<tr>
<td></td>
<td>Analyse and use market research information.</td>
</tr>
<tr>
<td>6</td>
<td>Emerging markets</td>
</tr>
<tr>
<td></td>
<td>Illustrate the connection between the economic level of a country and the opportunities created as economic growth occurs.</td>
</tr>
<tr>
<td></td>
<td>Explain marketing's contribution to the growth and development of a country's economy.</td>
</tr>
<tr>
<td></td>
<td>Discuss the growth of developing markets and their importance to regional trade.</td>
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<td></td>
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</tr>
</tbody>
</table>
|  | • Discuss the political and economic factors that affect stability of regional market groups.  
  • Comprehend and analyse the growing trends in emerging markets.  
  • Understand the marketing implications of growing homogeneous market segments. | 
| **7** | **Global marketing management – planning and strategies** | • Explain how global marketing management differs from international marketing management.  
  • Understand the increasing importance of international strategic alliances.  
  • Demonstrate the need for planning to achieve company goals.  
  • Identify the important factors for each alternative market-entry strategy.  
  • Understand how the company mission statement sets the framework for international marketing planning.  
  • Understand the need for strategic planning to achieve company goals and how South African companies adopt different strategies according to the international markets targeted.  
  • Analyse those factors that influence the mode of entry into a foreign market.  
  • Apply the Country Notebook as a guide for the development of an international marketing plan.  
  • Develop an international marketing plan for a specific product or service. | 
| **8** | **Consumer product strategy in international markets** | • Understand the importance of offering products suitable for the intended market.  
  • Discuss the current dichotomy of standardised versus adapted products in international marketing.  
  • Explain the relationship between product acceptance and the market into which it is introduced.  
  • Understand the importance of quality and how quality is defined.  
  • Understand the physical, mandatory and cultural requirements for product adaptation.  
  • Explain the need to view all attributes of a product in order to overcome resistance to acceptance. |
<table>
<thead>
<tr>
<th>9</th>
<th>Marketing industrial products and services and relationship marketing</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Understand the importance of derived demand in industrial markets.</td>
</tr>
<tr>
<td></td>
<td>• Discuss how demand is affected by technology.</td>
</tr>
<tr>
<td></td>
<td>• Identify the characteristics of an industrial product.</td>
</tr>
<tr>
<td></td>
<td>• Explain the importance of ISO 9000 certification.</td>
</tr>
<tr>
<td></td>
<td>• Describe the growth of business services and nuances of their marketing.</td>
</tr>
<tr>
<td></td>
<td>• Assess the importance of trade shows in promoting industrial goods.</td>
</tr>
<tr>
<td></td>
<td>• Illustrate the important role of relationship marketing for industrial products and services.</td>
</tr>
<tr>
<td></td>
<td>• Explain the meaning and implications of the term 'relationship marketing'.</td>
</tr>
<tr>
<td></td>
<td>• Identify the issues that may impact on a buyer’s motivation to buy.</td>
</tr>
<tr>
<td></td>
<td>• Understand the significance of long-term relationships.</td>
</tr>
<tr>
<td></td>
<td>• Discuss the key elements in a strategic relationship.</td>
</tr>
<tr>
<td></td>
<td>• Describe how an international marketer should establish a relationship.</td>
</tr>
<tr>
<td></td>
<td>• Describe the concept of the value chain.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>10</th>
<th>Global distribution and marketing channels</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Present the variety of distribution channel structures and show how they affect cost and efficiency in marketing.</td>
</tr>
<tr>
<td></td>
<td>• Describe the European distribution structure and what it means to Western customers and to competing importers of goods.</td>
</tr>
<tr>
<td></td>
<td>• Discuss how distribution patterns affect the various aspects of international marketing.</td>
</tr>
<tr>
<td></td>
<td>• Discuss the growing importance of e-commerce as a distribution alternative.</td>
</tr>
<tr>
<td></td>
<td>• Evaluate the functions, advantages and disadvantages of various kinds of middlemen.</td>
</tr>
<tr>
<td></td>
<td>• Explain the importance of middlemen to a product’s success and the importance of selecting and maintaining relationships.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>11</th>
<th>International pricing strategy</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td>• Analyse and use the components of pricing as competitive tools in international marketing.</td>
</tr>
<tr>
<td></td>
<td>• Understand the pricing pitfalls directly related to international marketing.</td>
</tr>
<tr>
<td></td>
<td>• Understand how to control pricing in parallel-import or grey markets.</td>
</tr>
<tr>
<td></td>
<td>• Explore fully the problem of price escalation and how to lessen its effect.</td>
</tr>
<tr>
<td>12</td>
<td>International advertising and promotion</td>
</tr>
<tr>
<td>---</td>
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</tr>
<tr>
<td>Discuss countertrade and its place in international marketing.</td>
<td></td>
</tr>
<tr>
<td>Explain the local market characteristics that affect the advertising and promotion of products.</td>
<td></td>
</tr>
<tr>
<td>Discuss the strengths and weaknesses of sales promotion and public relations in global marketing.</td>
<td></td>
</tr>
<tr>
<td>Explain when global advertising is most effective, when modified advertising is necessary.</td>
<td></td>
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<tr>
<td>Realise the effects of a single European market on advertising.</td>
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<tr>
<td>Discuss the effect of limited media, excessive media, and government regulations on advertising and promotion budgets.</td>
<td></td>
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<tr>
<td>Understand the use of in-store promotions, international trade fairs and public relations activities under different conditions and for different products and services.</td>
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<tr>
<td>Design a promotional campaign, selecting from all available options, to suit the development of a product or service in a particular market.</td>
<td></td>
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</tbody>
</table>

<table>
<thead>
<tr>
<th>13</th>
<th>International sales</th>
</tr>
</thead>
<tbody>
<tr>
<td>Understand the importance of relationships in international selling.</td>
<td></td>
</tr>
<tr>
<td>Understand the nuances of cross-cultural communication and its impact on sales negotiations.</td>
<td></td>
</tr>
<tr>
<td>Handle the problems unique to selecting and training foreign sales staff.</td>
<td></td>
</tr>
<tr>
<td>Identify the factors influencing cross-cultural negotiation.</td>
<td></td>
</tr>
<tr>
<td>Handle international sales negotiation.</td>
<td></td>
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</tbody>
</table>
11. **Time-line**

The following will guide you in structuring your learning over the semester period in order to cover the whole content of the subject and leave sufficient time to prepare for examinations.

<table>
<thead>
<tr>
<th>Study Unit</th>
<th>Description</th>
<th>Relevant material</th>
<th>Week</th>
</tr>
</thead>
<tbody>
<tr>
<td>1</td>
<td>The scope and challenge of international marketing</td>
<td>1</td>
<td>1</td>
</tr>
<tr>
<td>2</td>
<td>Dynamics of the global business environment</td>
<td>2</td>
<td>2</td>
</tr>
<tr>
<td>3</td>
<td>Understanding international culture and business customs</td>
<td>3, 4, 5 and 14</td>
<td>3 and 4</td>
</tr>
<tr>
<td>4</td>
<td>Political and legal of international marketing</td>
<td>6 (pages 122 – 133)</td>
<td>5</td>
</tr>
<tr>
<td>5</td>
<td>Researching global markets and reporting on international marketing research</td>
<td>7 and additional notes</td>
<td>5 and 6</td>
</tr>
<tr>
<td>6</td>
<td>Emerging markets</td>
<td>8</td>
<td>7</td>
</tr>
<tr>
<td>7</td>
<td>Global marketing management – planning and strategies</td>
<td>10, 11 and Country Notebook</td>
<td>8</td>
</tr>
<tr>
<td>8</td>
<td>Consumer product strategy in international markets</td>
<td>15</td>
<td>9</td>
</tr>
<tr>
<td>9</td>
<td>Marketing industrial products and services and relationship marketing</td>
<td>16 and additional notes</td>
<td>10</td>
</tr>
<tr>
<td>10</td>
<td>Global distribution and marketing channels</td>
<td>17</td>
<td>12</td>
</tr>
<tr>
<td>11</td>
<td>International pricing strategy</td>
<td>18</td>
<td>13</td>
</tr>
<tr>
<td>12</td>
<td>International advertising and promotion</td>
<td>19 and additional notes</td>
<td>14</td>
</tr>
<tr>
<td>13</td>
<td>International sales</td>
<td>20</td>
<td>15</td>
</tr>
</tbody>
</table>
12. Critical cross-field outcomes

The critical cross-field outcomes, also known as transferable skills as identified by the South African Qualifications Authority (SAQA), are essential for your development as a student within the education and training system, regardless of the specific area of learning. It is these outcomes that are deemed critical for your development in the application of life-long learning.

The critical cross-field outcomes adopted by SAQA are:

(1) Identify and solve problems in which responses display that responsible decisions using critical and creative thinking have been made.

(2) Work effectively with others as a member of a team, group, organisation and community.

(3) Organise and manage oneself and one’s activities responsibly and effectively.

(4) Collect, analyse, organise and critically evaluate information.

(5) Communicate effectively using visual, mathematical and/or language skills in the modes of oral and/or written presentation.

(6) Use science and technology effectively and critically, showing responsibility towards the environment and health of others.

(7) Demonstrate an understanding of the world as a set of related systems by realising that problem-solving contexts do not exist in isolation.

(8) Reflecting on and exploring a variety of strategies to learn more effectively.

(9) Participating as responsible citizens in the life of local, national and global communities.

(10) Being culturally and aesthetically sensitive across a range of social contexts.

(11) Exploring education and career opportunities.

(12) Developing entrepreneurial opportunities.
The transferable skills identified in this module are:

<table>
<thead>
<tr>
<th>Skill</th>
<th>Taught</th>
<th>Practised</th>
<th>Assessed</th>
</tr>
</thead>
<tbody>
<tr>
<td>Problem solving</td>
<td>✔</td>
<td>✔</td>
<td>✔</td>
</tr>
<tr>
<td>Self-management</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Information gathering/research skills</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Communication skills</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Analytical skills</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Learning strategies</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Responsible citizenship</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Cultural sensitivity</td>
<td>✔</td>
<td>✔</td>
<td></td>
</tr>
<tr>
<td>Career development</td>
<td>✔</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Entrepreneurship</td>
<td>✔</td>
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</tbody>
</table>

13. Assessment details

There are two assessments related to the International Marketing 3 module:

- Assignment: The assignment contributes 20% to the overall mark for the module. Assignments focus on selected topics, and need to be typed. Please ensure that you adhere to the general rules of the IMM Graduate School of Marketing pertaining to the style and format of assignments. You will be issued with a separate brief in this regard.

- Examination: The exam incorporates all content covered in the prescribed textbook and tutorial notes and constitutes 80% of the final mark for the module. The duration of the examination is three hours and the paper will count 100 marks. The examination paper will consist mainly of paragraph and essay type answers. Examination results are usually released within six weeks of sitting the examination.

The final mark, consisting of an assignment mark and an examination mark, is released in the form of a percentage (mark out of 100). The grading system is:
<table>
<thead>
<tr>
<th>Percentage Scale</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>75% or more</td>
<td>Pass with Distinction</td>
</tr>
<tr>
<td>50% - 74%</td>
<td>Pass</td>
</tr>
<tr>
<td>0% - 49%</td>
<td>Fail</td>
</tr>
</tbody>
</table>

A timetable of the assessment programme for the semester, including dates for the assignment to be submitted during the course of the year, is available in the Calendar of Events for the year. Please refer to the current issue of the IMM GSM Prospectus. This document and the Student Yearbook provide details of the IMM GSM assessment policy.
Study Unit 1: The scope and challenge of international marketing

A successful marketing manager must be, in today’s age, globally aware and have a frame of reference that goes beyond a country and encompasses the world. Chapter 1 – The Scope and Challenge of International Marketing aims to introduce you to the concept of global or international marketing.

Specific learning outcomes

After studying this unit, you should be able to:

- Define international marketing and understand the scope of the international marketing task.
- Understand the importance of the self-reference criterion (SRC) in international marketing.
- Identify and manage the factors influencing the internationalisation of companies.
- Evaluate the progression of becoming an international marketer.
- Appreciate the increasing importance of global awareness and marketing opportunities.

Textbook topics

This chapter deals with the following topics:

- The internalisation of business
- International marketing defined
- The international marketing task
- Environmental adjustment needed
- Self-reference criterion: an obstacle
- Different marketing orientations
• Globalisation of markets
• Developing a global awareness
• Orientation of *International Marketing*.

**Reading reference**
Ghauri and Cateora: Chapter 1.

**Self-assessment exercises**

1. Define the following:
   a. International marketing.
   b. Foreign uncontrollables.
   c. Self-reference criterion.

2. Discuss the four phases of international marketing involvement.

3. Differentiate between a global company and a multinational company.
Study Unit 2: Dynamics of the global business environment

The Study Unit focuses on the dynamic environment of international trade and the competitive challenges and opportunities confronting today’s international market.

Specific learning outcomes

After studying this unit, you should be able to:

- Understand the development of world trade during the 20th century and the emergence of multinational corporations and their impact on international marketing.
- Discuss the importance of the balance of payments to a country’s economy.
- Explore the effects of protectionism on world trade.
- Illustrate the types of trade barriers that may confront a business.
- Discuss the importance of GATT and the World Trade Organisation.
- Explain the emergence of the International Monetary Fund and the World Bank Group.

Textbook topics

Chapter 2 deals with the following topics:

- Trade in the 20th century
- Balance of payments
- Protectionism
- Easing trade restrictions.

Note that some of these topics are covered in other modules (International Trade 1 and International Economics 3) and therefore are not highly weighted for this course.
Reading reference

Ghauri and Cateora: Chapter 2.

Self-assessment exercises

1. Explain how monetary barriers can impede international trade flows.

2. Outline the broad trends that have emerged during the first 10 years of the 21\textsuperscript{st} century and are likely to continue.

3. Does widespread unemployment change the economic logic of protectionism?
Study Unit 3: Understanding international culture and business customs

Chapters 3 to 5 and 14 explain the geographic and historic origins of culture, the cultural change and the consequences of innovation, required adaptation to different cultures and business practices and social responsibility and ethical behaviour in international marketing.

Specific learning outcomes

After studying this unit, you should be able to:

- Explain the importance of geography and history in understanding international markets.
- Understand the effects of history on a country’s culture.
- Discuss the effect of geographic diversity on the economic profiles of countries.
- Evaluate the economic effects of controlling population growth versus ageing population.
- Understand the importance of culture to an international marketer.
- Explain the origins and elements of culture.
- Explore the strategy of planned change and its consequences.
- Explain the need to adapt to cultural differences.
- Understand how and why management styles vary around the world.
- Evaluate the extent and implications of gender bias in other countries.
- Discuss the importance of cultural differences in business ethics.
- Analyse the differences between relationship-orientated and information-orientated cultures.
- Understand the importance of ethics in international marketing.
- Evaluate the impact of ethical issues on marketing.
Textbook topics

Many marketing mistakes and misfires can be explained by someone’s SRC interfering with a proper interpretation of a marketing action. Because cultures are different, often what is obvious and important in your home culture is not so obvious and important in another or vice versa.

By understanding how cultures change, companies can overcome resistance to change and accelerate rates of acceptance.

It is important to stress that in many cultures, an international marketer is a change agent in that his/her activities cause cultural change. Sometimes the consequences of change can be beneficial but in other cases, change can be harmful – the marketer has the responsibility to guard against causing harmful change.

Chapter 3 – History and Geography: Foundations of Cultural Understanding:
- Geography and international markets
- Geography, nature and international trade
- World trade routes
- Historical perspective in global business

Chapter 4 – Cultural Dynamics in International Marketing:
- Cultural knowledge
- Culture and its elements
- Cultural change
- Planned cultural change
- Consequences of an innovation

Chapter 5 – Business Customs and Practices in International Marketing:
- Required adaptation
- Different business practices
Chapter 14 – Ethics and Social Responsibility in International Marketing:

- Ethical environment
- What is social responsibility?
- Ethics and international marketing
- Ethical behaviour in international marketing.

Reading reference

Ghauri and Cateora: Chapters 3, 4, 5 and 14.

Self-assessment exercises

1. Discuss why the study of geography is important in international marketing.

2. Explain why an international marketing manager should be concerned about culture.

3. Explain the implications of ethics and social responsibility for the marketing mix of a company.
Chapter 6 covers an in-depth analysis of the political and legal environments that exist in the international marketing arena and looks at the political risk and vulnerability that companies may face as they develop international markets.

Specific learning outcomes

After studying this unit, you should be able to:

- Understand how political environment and stability influence international marketing.
- Understand what is meant by political risk.
- Know how to evaluate risks and controls associated with investments in foreign markets.
- Appreciate how political vulnerability can be assessed and reduced.

Textbook topics

Chapter 6 deals with the following topics:

- Political environments
- Political risks
- Encouraging foreign investment
- Assessing political vulnerability
- Reducing political vulnerability
- Legal environments
- Legal recourse in resolving international disputes
- Protection of intellectual property rights
- Commercial law within countries
• Legal environment of the European Union.

Note that the topics covering legal issues (pages 133-144) are more fully covered in International Trade Law 1 and 2. They are therefore not prioritised for International Marketing 3.

Reading reference
Ghauri and Cateora: Chapter 6, pages 122-133.

Self-assessment exercises

1. What are the main factors to consider in assessing the dominant political climate within a country?

2. Explain the most frequent political risks in foreign business.

3. Discuss how a company might lessen its political vulnerability in foreign markets.
Study Unit 5: Researching global markets and reporting on international marketing research

This study unit looks at the breadth and scope of international marketing research, the research process, estimating market demand information systems and reporting on international marketing research.

Specific learning outcomes

After studying this unit, you should be able to:

- Discuss the breadth and scope of international marketing research and the steps of the research process.
- Evaluate the cost/benefit of marketing research and discuss the circumstances affecting the decision to do in-house international marketing research.
- Describe the purpose of the marketing research report and its main elements and appropriate structure.
- Draw up a market research proposal.
- Compile and present a research report.
- Explain the issues of availability of secondary data and the need to validate data.
- Examine qualitative and quantitative research and the problems of gathering primary data.
- Understand and explain multicultural sampling and its problems in less developed countries.
- Analyse and use market research information.

Textbook and Additional Notes topics

Chapter 7 of the textbook deals with the following topics:

- Breadth and scope of international marketing research
- The research process
- Responsibility for conducting marketing research
• Estimating market demand
• Multinational marketing information systems.

The Additional Notes (see below) cover these issues:
• Cost/benefit analysis of marketing research
• In-house versus commissioned research
• Commissioning a market research agency
• Purpose of marketing research reports
• Structure of a marketing research report
• Compiling the report.

Additional Notes

1 Cost/benefit analysis of marketing research

As international market research involves some (at times, even considerable) financial outlay, it is important for the exporting company to try to evaluate the costs/benefits of such research. It may be difficult to quantify some of the benefits of marketing research and to weigh them up against a given set of costs, but the exporter should, in general, have certain criteria against which the effectiveness of the research effort can be measured.

The principal benefit of marketing research is improved decision-making. There are two possible criteria for judging the reasonableness or otherwise of the cost of such research:

• The number of profitable sales that the company achieves by acting on the conclusions and recommendations contained in the research report.

• The amount of money the research study saves the company, by preventing it from making the wrong marketing decisions.

Thus, the value of marketing research lies not only in its ability to save money and identify profitable sales opportunities, but also in its ability to identify problems,
competition and other threats that might cause the exporting company to lose money. In other words, not only can it help the company to make prudent marketing decisions, but it also can reduce the possibility of unwise decisions and investments being made.

The question of what constitutes reasonable cost will always be relative to the company’s total resources and to its involvement (present or proposed) in the particular export market(s) under investigation. For example, what may appear to be a very high cost to a small exporter with limited overseas involvement may equal only a small part of the export market research budget of a large exporter with substantial, long-term foreign market commitments.

An important aspect to bear in mind when determining the cost of marketing research is that all costs should be taken into consideration. Even information that is ‘free’, or can be acquired at a nominal charge (e.g. government trade statistics), incurs some expense in terms of analysis, organisation or storage. Companies conducting their own in-house market research should therefore be discerning in their choice of publications and journals. Not only must the actual subscription cost be considered, but also the cost of management/researcher time in reading through an often large number of publications.

The benefits of subscribing to numerous weekly journals should be assessed in the light of the information available on-line, via the Internet. A fair amount of country information and market statistics are available daily, making printed material outdated far faster than was the case previously. In certain instances, paying for the outsourcing of up-to-date information provides the most cost-effective solution. Specialist companies undertake this for a fee and are worth consideration.

The contribution and value that market research offers is highlighted by a number of issues:

- Increasing competition levels within a specific market place.
- The need to determine market profiles.
• A need for accurate up-to-date information on target countries.

• The high cost of overseas product launches, particularly if currencies are volatile.

• The importance of matching the product to the target market and, where necessary, of making modifications.

• The need for cost-effective distribution systems, particularly where market entry channels are not direct.

• The importance of a basis upon which to evaluate the most appropriate advertising media.

A hidden cost in respect of marketing research is that of ‘lost opportunities’. In some cases, it may be critical to move quickly into an overseas market in order to forestall the competition; thus, taking considerable time over an exhaustive study of the market could result in the market opportunity actually being missed.

Finally, the returns in terms of hard data must be weighed up against the costs. Some areas of research yield only mediocre results in terms of accuracy, such as information about people’s purchase intentions. Such research is costly to conduct, but difficult to translate into reliable sales forecasts.

Ultimately, the usefulness of marketing research can be judged by whether or not risk is reduced and whether the results provide an adequate basis on which effective export marketing decisions can be made.

2 In-house or commissioned market research

When a company has decided to undertake a marketing research project for the purpose of identifying suitable export markets and establishing product acceptability in those markets, it has to decide whether its own personnel should be made responsible for the research task, or whether an external research agency should be
commissioned. The company needs to weigh up which approach will ultimately yield useful and unbiased information and at the same time be cost effective.

2.1 Circumstances favouring agency research

The use of a market research agency is likely to be preferred when:

- The company has little or no experience of a foreign market and/or communication difficulties (linguistic or cultural) are anticipated. The assistance of a market research agency based in the foreign market could be invaluable to the exporting company. Such an agency will have a thorough knowledge of the language, customs and trading practices of the population, and might also have useful contacts within various market sectors.

- The anticipated volume of business in the foreign market(s) is small. In such a case, the exporting company might employ the services of a market research agency on a one-off basis, as this would be more economical than hiring the staff necessary to perform the task in-house.

- The company has limited market research resources, or its resources are already fully committed. Even if there is a need for only limited research, a small company may not be able to spare the necessary manpower to carry it out.

- The company has little or no point of contact in the foreign market, because it is selling to a trading house, or because distribution is being undertaken by an agent, distributor or licensee. In such cases, the amount of market intelligence available to the exporting company may be severely restricted, so a market research agency based in the foreign market could supply the company with regular feedback on the level of consumer acceptance of the product(s) in question, possible competition, and other essential market information.

- The research is of a highly specialised nature, such as motivation research. There are times when informed marketing decisions can be made only on the basis of in-depth information about the motivation of buyers acquired perhaps
through interviews with large numbers of people and sophisticated analytical and forecasting techniques. In many cases, an exporting company will not have the expertise or manpower to conduct specialised research of this nature.

- The company is exploring markets where competition is particularly fierce. The lead-time at the launch stage could be critical in forestalling competition, and the company might be able to act much more quickly if it had access to the resources and established contacts a specialist agency can provide.

- There is a clear need for an independent and objective assessment of the market. Research agents are not likely to have any emotional involvement with either the project or the market(s) under investigation, and they would not, therefore, be tempted to distort results in order to make them more palatable to management.

Although market research agencies are expensive, this cost can be less than that required to cover the time, expenses and travel of an in-company researcher, not forgetting the cost of office space, secretarial facilities, and the like.

2.2 Circumstances favouring in-house research
A company is more likely to undertake its own research when:

- The company wishes to develop expertise in marketing research. Companies sometimes establish in-house market research facilities in order to develop their own expertise. Reliance on the abilities of others, such as market research agencies, can lead to the company’s knowledge about a particular market, or about market research techniques in general, being stifled.

- The company has long-term objectives in terms of market development. When a company is developing its interests in a number of markets and when export activity constitutes a high proportion of sales turnover, it might prove to be cheaper to develop in-house facilities than to continually employ the services of a research agency.

- Where specialist knowledge is a pre-requisite for investigating the market and no specialist agency with regard to the market/industry in question is available. In
such a case, a company would probably find it more economical to use its own facilities than to spend a considerable amount of time briefing an outside agency on the peculiarities of the product.

This is particularly relevant in the case of high-tech items where a detailed knowledge of the product is necessary in order to effectively carry out the research and speak in a credible manner to respondents, potential buyers, and the like.

For high-tech products, relationship marketing – and all that it implies about knowing and understanding buyers – is likely to be an essential element in ongoing marketing strategy.

- The company already has trained researchers with the appropriate linguistic ability and overseas experience.

Ultimately the decision to use either an external research agency or in-house facilities must be taken in the light of both the particular circumstances prevailing at the time as well as practical economic considerations.

3 Commissioning a market research agency

3.1 Selecting a suitable agency

Turning a market research project over to an agency does not automatically ensure that satisfactory work will result. Terms of reference must be drawn up and the agency must be carefully selected: the following checklist is useful.
**CHECKLIST FOR SELECTING A MARKET RESEARCH AGENCY**

<table>
<thead>
<tr>
<th>Reputation for integrity</th>
</tr>
</thead>
<tbody>
<tr>
<td>• general reputation in market research field</td>
</tr>
<tr>
<td>• evidence of adherence to professional codes</td>
</tr>
<tr>
<td>• reports from chambers of commerce and, preferably, from other clients.</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Indication of ability</th>
</tr>
</thead>
<tbody>
<tr>
<td>• personal background, education and experience of principals and key staff members</td>
</tr>
<tr>
<td>• recommendations from clients</td>
</tr>
<tr>
<td>• recognition from professional bodies</td>
</tr>
<tr>
<td>• growth of the organisation</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Experience of the organisation</th>
</tr>
</thead>
<tbody>
<tr>
<td>• number of years in business</td>
</tr>
<tr>
<td>• number of years’ service of key staff members</td>
</tr>
<tr>
<td>• clients serviced</td>
</tr>
<tr>
<td>• nature and scope of previous market research projects</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Progressiveness</th>
</tr>
</thead>
<tbody>
<tr>
<td>• professional associations to which company and/or individual staff members belong</td>
</tr>
<tr>
<td>• evidence of publications, papers or talks</td>
</tr>
<tr>
<td>• new research techniques developed</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Suitability for project considered</th>
</tr>
</thead>
<tbody>
<tr>
<td>• experience in similar projects</td>
</tr>
<tr>
<td>• specialisation in particular fields</td>
</tr>
<tr>
<td>• experience of staff proposed for project.</td>
</tr>
</tbody>
</table>

Research agencies vary widely in terms of the type of research they undertake and the skills they offer. Some agencies specialise in research within certain industries, such as food, engineering, or tourism. Others specialise in particular types of research, such as motivation research, or test marketing. A fundamental difference between agencies is that some specialise in consumer research and others in industrial research. It is rare for an agency to be equally skilled in both.
No reputable market research agency should hesitate to supply references. The feedback provided by former clients should enable the exporter to narrow down a number potential agencies to a shortlist of two or three. Interviews should then be arranged during which the exporter’s research needs are discussed in detail.

More specifically, the exporter should provide the agency with the following guidelines:

- Detailed description (and/or sample) of the product(s) in question.
- Statement of the research problem(s) (preferably in the form of a written brief), including a broad indication of the budget available for the project.
- An indication of the types of decision that are likely to be influenced by the research results and the uses to which the results are to be put (e.g. whether publication is envisaged).

After the initial interview, each agency should be requested to submit a written research proposal, including, for example:

- A detailed description of the research design covering the methodology of the research, specifically.
- The scope and nature of any preliminary desk research or pilot studies to be performed.
- The data collection technique, i.e. how the information is to be obtained.
- The universe to be sampled, i.e. who is to be interviewed/ surveyed.
- The size of the sample, i.e. how many are to be interviewed/ surveyed.
- The method of sample selection, i.e. how the respondents are to be selected.
• A statement of the cost of the project and a clear indication of how this figure is arrived at (including any assumptions made).

• A reasonably detailed timetable for the project.

• A profile of the specific executive(s) to be responsible for the project and of the back-up team.

An example of a market research proposal is given at the end of these Additional Notes.

Having studied these proposals, the exporter should be in a position to negotiate the contract best suited to his needs with the agency.

3.2 The contract with the research agency

The relationship between an exporter and a market research agency is a business relationship; the terms under which they will work together must be carefully outlined in a contract or letter of agreement. A detailed contract negotiated before the research project is undertaken can prevent time-consuming and unpleasant disputes or misunderstandings at a later date.

The following aspects should be covered in the contract:

• Terms of reference (incorporating the scope and objectives of the project) and research design (methodology). If the exporter is expected to provide certain information that is necessary for the agency to perform its task or to issue approvals at various stages of the project, the relevant details should be included.

• Budget. It is essential that budgetary restrictions are absolutely clear. The overall cost of the project should be calculated at the outset with perhaps a small ‘contingency’ (say, 5% or 10%) clause written into the contract.

• Payment terms. Many market research agencies require up to 50% of the
agreed payment to be made in advance, with the balance to be paid on completion of the project. The particular arrangement in respect of reimbursement for expenses, as well as the currency in which payment is to be made, should also be specified.

- **Staff.** The names and designations of staff involved in the research project should be specified. If the agency subcontracts certain sections of the work, e.g. it hires a specialist to conduct all personal interviews, payment for such subcontracting should be the responsibility of the agency and should be included in the original budget quotation.

- **Deadlines.** Deadlines for each phase of the project should be clearly specified.

- **Interim reports.** During the course of the research, the exporter will want some indication of the progress being made and the nature of the data coming in. The number and frequency of such interim reports should be clearly specified.

- **Nature of the final report.** The agency will, of course, produce a report at the conclusion of its survey and the overall nature of this report should be specified in the contract. For instance, some agencies simply report their findings while others draw conclusions and make recommendations.

If the exporter expects the agency to include a list of potential importers in the report, again this should be clearly stated.

### 3.3 Monitoring the work of the research agency

In many cases, it will not be possible for the exporter to meet frequently with the research agency, if at all. In such cases, regular written reports must replace meetings. The frequency of written or personal contacts must provide sufficient opportunity for:

- the exporter to monitor and control the progress of the project
- the research agency to obtain the necessary guidance from the exporter.
If, for example, a field survey is being conducted, it is important for the exporter to review the completed questionnaires and thus get some idea of the raw data being generated. In this way, deficiencies in the knowledge of the researcher, or in the design of the questionnaire, can be detected and ways of overcoming them promptly put into effect.

4 The purpose of market research reports

A market research report is the final product of a researcher’s work and the physical embodiment of the service he has carried out. Every research report has a purpose, an objective and an intended audience, and should be written with these three factors firmly in mind.

While all market research reports aim to communicate data and information, some may also hope to persuade and advise. The content, quality and presentation of a report will determine how effectively the results of the market research exercise will be communicated to the company sponsoring the report, and/or the executives who must act on the findings and conclusions.

A poorly written report can negate even the most thorough and accurate research and result in excellent information being under-valued or rejected.

5 The structure of a market research report

A market research report may be structured in various ways and written in different styles, depending on the topic to be covered. The report must draw together, in a well-organised and logical manner, all the relevant data collected during the desk and/or field research stages.

Just how much information the report should contain will depend on the terms of reference (i.e. the initial brief) and the requirements of the person who commissioned the report.

With the advent of sophisticated word processing programs, the accepted standard of
report writing and final presentation has become more sophisticated. Structure and style are essential elements of the final report. Every market researcher develops his/her own report-writing style and adopts a structure that enables him/her to write to a proven formula. A widely used structure is:

- title page
- summary/executive summary
- table of contents
- introduction/background/present situation (including objectives, research methods used and methodology)
- findings
- conclusions and recommendations
- appendices.

(You should read the following section in conjunction with the research proposal supplied at the end of these notes.)

5.1 Title page
This may also form the front cover of the report. As it is the ‘window’ to the rest of the document, it has to bear evidence of the professional approach that will follow. On the title page should be displayed:
- The title of the research report itself.
- The name of the person or company who has carried out the work.
- The name of the company and/or division for which the research was conducted.
- The date of submission of the report.

If the report is confidential, this fact should also be displayed boldly. If the report is subject to strict circulation, the report number and reader(s) may also be indicated.

5.2 Executive summary

Reports longer than about 12 pages need a summary containing all the salient points from the body of the document, including the introduction, findings and conclusions.
The summary should be able to stand on its own and should not include any new facts or ideas that cannot be found in the body of the report.

Very often, company executives at the decision-making level have little knowledge of, or interest in, the intricate details of the market research exercise. They simply want to know the basic findings, what conclusions can be drawn and how they might act on them. For this reason, the summary is a vital section of the research report. The importance of the summary means it should not be thrown together at the last minute when the researcher, having completed the other sections, may be tired of the project.

The style and layout of the summary requires careful attention. The summary should consist of as many paragraphs as there are main points to be made and, even though it is a summary, sentences should not be abbreviated.

Whereas formerly an essay style was considered appropriate for the summary, today the summary of a business report should be quite terse and a numbering system should be used; bullet points, where appropriate, may facilitate rapid reading by a busy manager.

The length will be in rough proportion to that of the report. A 20-page report, for example, might require only a single page summary while a 100-page report might require five or more pages. The summary of a lengthy report could well include references to the relevant sections of the report.

5.3 Table of contents
The table of contents is a full listing of all the section headings and sub-headings, together with their page numbers. In a report with a large number of tables, it is appropriate to provide a listing of these. Appendices should also be listed in the table of contents.

5.4 Introduction
The introduction to a report tells the reader:
• why the research was commissioned
• what the researcher set out to do, and
• how he/she has done it.

More specifically, there should be a brief discussion of the events leading up to the commissioning of the study, a statement of the objectives of the market research project and a brief background statement on the present overall situation.

The introduction should provide a description of how the data was obtained during the desk research and primary research stages. It should mention the methods used to gather data and the time frame over which the research took place. The reader will wish to know the sources and techniques used, particularly where field research and interviews have been conducted. Any limitations on the information obtained caused by the time frame, research methods or budget constraints should be stated. If further specific research is felt to be necessary, this should also be stated.

5.5 Findings
The findings constitute the body of the report. The aspects covered under the findings will vary from one project to another but, whatever the contents, the sequence should be logical. The aspects covered will dictate the actual headings used in this section of the report. In a research report written for a company wishing to establish the feasibility of entering a particular market, the findings might include:

• Market size and structure.
• Market trends.
• Marketing and distribution channels.
• Competing products and how they compare with the exporter’s product (quality, price, etc.).
• Tested reactions to the exporter’s product.
• Information on the tastes, habits and attitudes of potential customers.
• Advertising and sales promotion efforts currently used and/or recommended.

These are the headings that would be used for the different sections.
5.6 Conclusions and recommendations

In this section, the researcher explains the significance of the research findings to the company/division for which the research was conducted. Conclusions might be presented partly in the form of options, i.e. the different courses of action open to the company, and the costs and likely results associated with each one. However, you must distinguish between conclusions and recommendations. The conclusions of the report do not come at the end of the report, but at the end of the findings from which they are drawn.

If the terms of reference require recommendations to be made, the researcher would proceed to propose a course of action the company/division should follow. Each recommendation should be supported by an explanation and a reference to the relevant section in the main body of the report.

A recommendation might be to investigate in further detail an aspect that was not foreseen as important at the time the research brief and terms of reference were drawn up. Recommendations could cover aspects such as:

- The type of agent to be employed.
- Advertising and promotional policy.
- The level at which prices should be pitched.
- Ways of combating competition.

Most recommendations should be positive, i.e. they should state the specific steps that should be taken to achieve success, or deal with the problems that have been identified: reduce prices, promote the product at distributor level, and so forth.

5.7 Appendices

The purpose of appendices is, essentially, to include as much relevant data as possible to support, illustrate, or further elaborate on the information already contained in the report. Each appendix should be numbered.

The kind of data that would appear in the appendices includes:
• Statistical tables that have been summarised in the main body of the report.

• A list of the names and addresses of sources and contacts used in the course of desk and field research.

• Copies of any questionnaires or transcripts of interviews taken during the field research stage, prefaced by a brief comment on the objectives they were meant to satisfy.

• Relevant details about the sample selected for the survey.

• A list of possible future contacts, such as sales or advertising agents, in the market in question.

• Detailed maps or diagrams.

6 Compiling the report

6.1 Presenting text
As the readers of a marketing research report naturally wish to assimilate data quickly and easily, the writer should develop a succinct style of writing. Short, concise sentences are favoured by most business readers. Each new idea is contained in a new sentence and whole concepts or different facts contained in new paragraphs.

Emphasis of certain points can be achieved through the use of boxes, shading and indenting, differing font styles and sizes, asterisks, the frequent use of paragraphs, or by highlighting important statements.

Where a report has been commissioned for a corporation and is fairly lengthy, say in excess of about 35 pages, utilising the services of an outside desk-top publishing firm should be considered. Considerable time and effort can be saved, particularly where strict deadlines have to be met.
6.2  Presenting tables and charts
Tables and charts can enhance the report by:

- providing a concise format for the reader to systematically review data
- assisting the reader to grasp comparisons and trends quickly and easily
- drawing attention to the most important aspects of the data.

Besides their functional use, they also break up the report and add interest. If detailed tables and graphs are included in the text, the text should only highlight the trends and what they mean, with appropriate reference to the table/graph. The text should not repeat, figure for figure, information that is given in the graphic; text and graphic should complement, not duplicate, each other.

The design of tables and charts must be given careful consideration. Poorly designed charts or tables can distort information rather than clarify it.

6.3  Example of a market research proposal and report
The market research proposal that follows is typical of that used by a professional market research agency. It sets out the objectives of the research, the scope (covering all the facts to be ascertained), methodology, timing, cost and other relevant detail. The report structure would therefore follow closely the scope set out in the proposal, and, in the introduction, incorporate elements from the background to the proposal and the methodology.
COMPANY name and address
(Salutation),
(Opening sentence, perhaps referring to a meeting or discussion and saying that the following is a research proposal for consideration)

BACKGROUND
(A sentence or two, no more, about COMPANY¹, stating that it wishes to export its product to a certain market, or markets. Other information in connection with company objectives that would have a bearing on the scope or methodology of the research should be included.)

SCOPE OF THE RESEARCH
(The following is an indication of what a proposal might contain; clearly, the details to be researched are tailored to meet the requirements and objectives of the company and the character of the product and/or service.)
The research will take place in two phases:
Phase 1: Market Selection
The objective of the market selection will be to identify export markets holding the best potential opportunities for COMPANY’S PRODUCT.

Preliminary scan of markets
This will involve a broad examination of world trade in PRODUCT. On the basis of the preliminary scan, obviously unsuitable markets will be eliminated. Factors such as the prevalence of local production, foreign competitors and accessibility from South Africa will also be taken into account in the elimination of markets.
For the markets identified through the scan the following information will be provided:

Environmental factors
• Political stability and current political situation
• Economic stability and current economic situation
• Foreign exchange availability, exchange regulations, credit and payment conditions

¹ The full name of the company, including e.g. (Pty) Ltd, is stated the first time followed by its usual abbreviation in brackets; thereafter the abbreviation is used. For example, the first mention might be ‘Credit Guarantee Insurance Corporation of Africa Limited (Credit Guarantee)’; subsequent mentions would be ‘Credit Guarantee’.
• Basic demographics
• Accessibility of the market: transport links, communication links, language barriers, relationship with South Africa.

**Size of the market**
• Indication of the value and volume of exports and imports (note that this refers to all imports and exports)
• Indication of value and volume of local production
• Current imports from South Africa.
• Trade barriers
• Tariff barriers
• Non-tariff barriers
• Affiliation to regional trading blocs.
• Conclusions and recommendations

On the basis of the above information, RESEARCH COMPANY will identify the export markets offering the most potential for COMPANY.

**Phase 2: Market Analysis**
This phase of the research will focus on one or more of the markets identified in phase 1. The objective of the market analysis is to establish the feasibility of a given product in a given market. The following information will be provided for each market researched:

**Environmental factors**
• Overviews of the country in terms of economic/political factors
• Overview of the PRODUCT industry
• International relations.

**Supply and demand factors**
• Size of the market - import and export statistics of PRODUCT and an indication of local production
• Projected growth forecasts for the market
• Indication of what percentage of the market is supplied by import vs. local production
• Dominating products within the market
• Analysis of current sources of supply.

**Competitive activity**
- Identification of competitors both foreign and domestic
- Market share of key competitors within the market
- Market share of foreign competitors vs. local competitors within the market
- Local presence of foreign competitors
- Possible new entrants into the foreign and domestic markets
- Competitive brands.

**Pricing**
- Pricing levels at the retail stage (this would be end-user stage in the case of an industrial product)
- Competitors’ pricing levels
- Price controls.

**Distribution logistics**
- Distribution infrastructure
- Distribution channels (differentiation between consumer and industrial products is reflected here)
- Agency and licensing agreements
- Transport costs.

**Promotion**
- Advertising in-market
- High/low intensity of advertising exposure
- Availability of media within a market
- Advertising tools.

**Technical regulations**
- Product classification
- Import tariffs and additional taxes applicable to particular products
- Standard documentation requirements
- Any special documentary requirements
- Product specific standards and regulations
- Environmental standards
- Labelling requirements
- Patents and trademarks

**Identification of relevant contacts**
Prior to identification of potential buyers, RESEARCH COMPANY in conjunction
with COMPANY will establish a desired importer/agent profile. This should include aspects such as customer base, sales targets, commissions, payment methods and financing and exclusivity. This profile will be used as the basis for identification of contacts.

- Details of main competitors in the market
- Identification of potential buyers and agents within the market: RESEARCH COMPANY will identify potential importers and agents for PRODUCT on the basis of the correct distribution channels. These companies will be interviewed to determine their exact line of business, products handled, contacts with users/retail outlets, their annual turnover and their interest in handling PRODUCT from South Africa. The importer/agent profile will be used to shortlist suitable buyers and agents.
- Secondary contacts: contacts within related industries, reputable marketing, promotional and accounting firms, relevant government contacts and details of reputable banks. These sources will also be used to obtain and/or verify market information.

**METHODOLOGY**

The research will be undertaken by RESEARCH COMPANY researchers, both in South Africa through desk research and in the target market(s). In order to obtain the required data, various information sources will be used:

- Published sources
- Initial telephone and fax communications with contacts within the market
- Interviews with primary and secondary contacts within the market
- Interviews with relevant representative bodies, government departments and other organisations.

**PRESENTATION**

The information will be presented in the form of a written report accompanied by relevant supporting data. (Depending on the circumstances, it might be advisable first to present the information and findings during a consultative meeting, with the report available for subsequent study by the client.)

**TIMING**

The timing of the research will be: (an appropriate time schedule is given here,
taking into account the complexity of desk and in-market research).

**COST**
(The fee structure is given: usually a breakdown is given between Phase 1 and Phase 2. Payments conditions are included.)

**VALIDITY OF PROPOSAL**
The proposal will be valid until DATE after which it will be subject to re-negotiation.

**NON-LIABILITY**
RESEARCH COMPANY undertakes to carry out all its obligations and duties under this agreement in good faith and to the best of its ability. Notwithstanding this, neither RESEARCH COMPANY nor its associate and/or subsidiary companies, its servants., agents or employees shall be liable for any loss, injury or damage of whatsoever nature and howsoever arising or caused, that is suffered by COMPANY.

**CONFIDENTIALITY**
All information provided is for the sole use of COMPANY; we hereby undertake not to divulge any information received from the client regarding their exports to any third parties without their prior approval in writing.

**ACCEPTANCE**
Should the above brief be consistent with your requirements, please complete the attached acceptance form and return it to RESEARCH COMPANY marked for my attention.

Signature of RESEARCH COMPANY representative
(Position)
Self-assessment exercises

1. Define the following terms:
   - International marketing research
   - Analogy
   - Decentering.

2. Discuss how the shift from making 'market entry' decisions to 'continuous operations' decisions creates a need for different types of information and data.

3. Discuss the problem of gathering secondary data in foreign markets.

4. Discuss how the cost of foreign market research can be justified.

5. Explain the conditions under which it is often more appropriate for a company to undertake its own foreign market research.

6. Fully explain the function of the executive summary and the conclusions and recommendations in a market research report.
Study Unit 6: Emerging markets

This Study Unit looks at the issue of marketing in emerging markets and changing market behaviour and market segmentation.

Specific learning outcomes

After studying this unit, you should be able to:

- Illustrate the connection between the economic level of a country and the opportunities created as economic growth occurs.
- Explain marketing's contribution to the growth and development of a country's economy.
- Discuss the growth of developing markets and their importance to regional trade.
- Discuss the political and economic factors that affect stability of regional market groups.
- Comprehend and analyse the growing trends in emerging markets.
- Understand the marketing implications of growing homogeneous market segments.

Textbook topics

Chapter 8 deals with the following topics:

- Marketing and economic development
- Marketing in a developing country
- Emerging markets
- Changing market behaviour and market segmentation.
Reading reference

Ghauri and Cateora: Chapter 8.

Self-assessment exercises

1. Is it possible for an economy to experience economic growth as measured by total GNP without a commensurate rise in the standard of living? Discuss fully, relating your arguments to South Africa.

2. As a country progresses from one economic stage to another what in general are the marketing effects?

3. Discuss the economic and trade importance of big emerging markets.
Planning and organising for global marketing is the fundamental subject of this Study Unit. It should be emphasised here that collaborative relationships can provide benefits including technology, innovations, productivity, capital and market access that strengthen a company’s competitive position.

Specific learning outcomes

After studying this unit, you should be able to:

- Explain how global marketing management differs from international marketing management.
- Understand the increasing importance of international strategic alliances.
- Demonstrate the need for planning to achieve company goals.
- Identify the important factors for each alternative market-entry strategy.
- Understand how the company mission statement sets the framework for international marketing planning.
- Understand the need for strategic planning to achieve company goals and how South African companies adopt different strategies according to the international markets targeted.
- Analyse those factors that influence the mode of entry into a foreign market.
- Apply the Country Notebook as a guide for the development of an international marketing plan.
- Develop an international marketing plan for a specific product or service.
Textbook and Additional Notes topics

The textbook deals with the following topics:

Chapter 10 – International Marketing Strategies:
- International marketing management
- Market-driven versus market-driving strategies
- Competition in the global marketplace
- Formulating international marketing strategy
- Strategic planning

Chapter 11 – International Market Entry Strategies:
- Why firms go abroad
- Becoming international
- Market entry objectives
- Market opportunity assessment
- Market/country selection
- Strategic international alliances
- Market entry strategies.

The Additional Notes cover these issues:
- Vision and mission statement
- SWOT analysis
- International marketing strategy in the context of South Africa.

Additional Notes

1 Vision and mission statement

It is apparent that many enterprises – even quite large ones – do not have an adequate and workable mission statement and they therefore lack a vital directional tool in their decision-making. This weakness becomes critical when the enterprise embarks on export marketing because of the different conditions it is exposed to and the different choices it needs to make.
The natural development sequence is to start with the **vision**. This is a statement that sets out not so much where the company is now and what its present mission is but rather what vision it has of itself for the future. The vision might be “to be the leading exporter of custom-made hand tools”. This is suitable as a vision statement, but does not provide enough direction to be a good mission statement.

The mission statement should encompass the following essential elements:

- The role of the company, e.g. profit generator.
- Definition of business, e.g. the needs it satisfies.
- Distinctive competence, e.g. what differentiates the company and its products or services from those of its competitors.
- Indications of future direction, e.g. what essentially will guide the company’s future development; this could include a definition of core values.

The mission statement therefore stands as the touchstone to guide decision-making and to keep the company’s management focused on the issues and actions that they believe will enable the company to achieve its overall vision. It also provides a means of unifying the efforts of all employees to a common goal.

To enable it to fulfil its purpose of helping the company to maintain focus, the mission statement is usually phrased in fairly general terms so that it remains valid for a number of years. This does not mean that it is never changed – indeed it should be subject to rigorous examination every five or so years and adapted if circumstances require it. However, a mission statement that is constantly modified suggests that the company’s management does not yet have a clear idea of why the company is in business.

The company’s marketing plan, with its marketing mission, analysis, objectives, strategies and action plans, is thus drawn up in terms of the company’s mission statement.
2 SWOT analysis

The SWOT analysis (strengths, weaknesses, opportunities and threats) is referred to here in the context of the situation analysis component of the marketing plan. The process is a widely used and practical management tool for both large and small companies but, to be truly effective, it needs to be fully understood. Perhaps a few of the basics of the SWOT analysis need more clarification than the textbook provides.

First, the SWOT analysis is carried out against the company’s mission statement. The company is therefore identifying its weaknesses, strengths, threats and opportunities in terms of its being able to achieve its mission.

Secondly, there are two dimensions to the SWOT analysis. The internal dimension covers the strengths and weaknesses. These are attributes that the company itself controls and they tend to deal with issues such as product quality, manufacturing capacity, staff and their skills, financial situation, and so forth.

The other dimension is the external dimension that covers the opportunities and threats that lie outside the company and that it cannot control. It hopes, though, to use its strengths to take advantage of the opportunities and counter the threats that have been identified. Opportunities may be expressed in terms of market demand (the company does not control that) or changes in technology, while threats are usually expressed in terms of competitors’ activities or changing political or economic conditions in prime markets.

It is a common error for companies to list as opportunities attributes that are in fact either strengths, merely neutral facts or even weaknesses. For example, a company may state as an opportunity that it exports to only two foreign markets (implying that it can export to many more). This opportunity exists only if there are additional potential export markets that conceivably have a demand that the company can meet. If this is so, the opportunity should be stated in these terms.

However, the company might mean that it has the capacity to export to more than two, which could be regarded as a strength and should be stated as such. A possible
weakness is that it has not spread its risks sufficiently because it exports to only two foreign markets.

This simple example indicates the need for absolute clarity in the statements that are made. Opportunities, especially, should not be listed unless there is some substantiation that they exist in fact and are not merely commonly held ‘faiths’.

The same applies to statements concerning quality. What is quality? Does it mean conforming to a certain technical standard? Does it mean conforming to a buyer’s expectation, irrespective of standard? Does it mean a combination of these, or something entirely different? Stating merely that the company produces high-quality products is meaningless.

The accuracy of the statements concerning strengths, weaknesses, opportunities and threats is important because each requires a different type of action or response by the company.

The SWOT analysis, properly conducted, is a process of great self-searching. It is also a process that should extend as far as possible throughout the company and involve, amongst others, all employees in supervisory and customer contact situations.

Some of the results of the SWOT analysis will apply specifically to the marketing plan and would be carried through into the situation analysis, the objectives and strategies. Others would apply to other planning areas of the company.

3 International marketing strategy in the context of South Africa

3.1 Strategy and change

Developing marketing strategies and marketing plans is the natural sequence to identifying objectives and should evolve around how to achieve those objectives. The “how to…” should always be formulated in a practical easily understood formula, which includes an element of flexibility (this is a fundamental element in an ever-changing international marketing environment). Flexibility, though, is directly linked
to change, and resistance to change can be the single most important factor preventing strategies and plans from being successfully implemented.

South Africa’s emergence into the world market in the mid-1990s exposed exporters to the reality of international competition. Companies began to realise that, in order to succeed, they needed to vastly improve their price/performance capability. The development and creation of strategic alliances, clusters and networks have been especially important in this process, as well as the empowerment of historically disadvantaged groups.

The formation of clusters and networks is discussed in the Export Management 2 module; examples of strategic alliances developed by South African companies are given later in these notes.

Today, business theory holds that strategy is about your competitors, and the need to understand and interpret change. Marketing strategy cannot be explored independently of the total corporate strategy; rather it forms a component of the mission of a company. Therefore, international marketing strategy should highlight the contribution of the international marketing division in achieving corporate goals and missions.

International marketing strategy reflects the company’s best opinion as to how it can most profitably apply its skills and resources to the foreign market place. Strategy is about choices, one thing over another, and then developing the idea. Choice is a product of judgement, and judgement is a combination of experience and situation analysis, sharpened by instinct and insight.

Timing and luck, and a host of other factors, will also affect the outcome. Although strategy can be taught and is based on sound fundamental principles, most analysts agree that a certain amount of luck is also an element of success. Good management and good strategy allow a company to spot luck when it comes and to take full advantage of it. As golfer Gary Player once said “I have noticed a funny thing – the more I practise, the luckier I become.”
New studies in developing strategies for the twenty-first century argue that there is overwhelming evidence that strategy has a short shelf-life. Change is the one constant in life, be it cultural, product lines, goals, management or even reward systems. Upheavals in the macro-environment change the way all industry operates, and this places pressure on companies - forcing them to adapt and change faster and more radically than at any time in the past. The global financial and economic upheavals of the past two years have underlined this truth.

3.2 Market-driven strategy

International marketing strategy is a market-need driven philosophy focusing corporate resources on the profitable production of foreign customer satisfaction. The aim of the export marketing strategy is to:

- be best at what the target market values most
- keep to the realities of the exporter’s capabilities.

This requires the company to position itself appropriately in the foreign market and such positioning will depend on:

- the type of product or service the company is exporting
- the foreign market it is serving, and
- the company’s own resources and objectives.

3.3 Strategies for South African exporters

The strategy adopted by a South African FMCG (fast moving consumer goods) exporter to southern Africa could differ markedly from the strategy adopted by the same company for its exports to Europe. A South African exporter of industrial components could also adopt a very different marketing strategy to the FMCG producer in both regions.

In southern African markets many South African companies, and sectors, have proven that they can achieve fairly high levels of market penetration – up to 40% and even more is not unusual. This means that in both the industrial and FMCG sectors,
South African companies can be major players with the obvious benefits that this brings.

For the exporter of an industrial product to neighbouring countries – for example, automotive parts – it is fairly easy to maintain a dominant market position through direct exports from South Africa. In the medium term there are not likely to be any local competitors and, therefore, supplies from South Africa would be acceptable to the market. The company’s strategy in this case would probably be to work through good distributors who can supply at least an element of the servicing required to accompany the product.

In the case of FMCGs, however, the dominance of South African products in southern African markets has created some consumer resistance. Whilst the objective of remaining a major player in the market is achievable, certainly in the short term, the company may decide that strategically it is wiser for it to be more closely identified with the market.

A way of achieving this is to enter into strategic alliances with existing local players in the market concerned. Such an alliance would go further than a close supplier-distributor relationship. It could encompass a joint venture in which a local player is licensed to produce the South African company’s brand, with management, marketing and production know-how being supplied from South Africa as well as, possibly, certain inputs (e.g. ingredients, packaging).

Capespan has pursued a strategy of being a significant player in the European and other international fruit markets through the establishment of its own offices – under the name Capespan – and through revolutionising the supply of fresh fruit into the market totally in accordance with its buyers’ needs. Its buyers in this case are the major fruit distributors in the region.

Capespan has changed the system not only for the supply of South African fruit but, by meeting buyers’ needs to an extent not experienced before, it has changed the whole ball game for other foreign suppliers and in this way has placed itself in a very strong competitive position.
A small exporter of fresh fruit and vegetables to Europe, Meadowfresh, developed strategic alliances with major specialised brokers sourcing specific types of vegetables for major supermarket groups in the United Kingdom and Holland. It also worked closely with the supplying farmers in the Western Cape, guiding them on the varieties of vegetables to grow and when they should plant in order to maximise supplies during the period of the year when South Africa has a unique supply capability.

This demonstrates that even small companies can manage (note, ‘manage’ not dominate) the whole supply chain from producer to retailer.

Returning to the producer of automotive components, whereas the producer can be a dominant player in southern African markets by supplying to the after market (repair market), it will achieve significance in, say, the European Union (EU) only by following the strategy of supplying into the original equipment market. This will require it to be accepted as a preferred supplier to an EU assembler and will probably involve the strategy of relationship marketing (see later study unit on marketing industrial products and relationship marketing).

For the producer of a finished product, not necessarily an FMCG, whose objectives involve achieving a level of market significance abroad, the feasible strategy might be to link up with a producer in the target market producing and marketing a similar product range in which there is a gap that the South African company can fill. This will usually mean branding the product under the foreign producer’s image and the development of a close relationship in order to protect both partners. But the strategic objectives of the South African company could be achieved in this way.

Note that there is a major difference between taking this approach and supplying a ‘house label’ to a foreign supermarket chain: in the latter case the South African company may, without realising it, be providing something approaching a commodity. The danger is that the supermarket could switch suppliers if a more competitively priced and roughly similar product were to be offered.

This danger is much reduced if the supermarket concerned is at the upper end of the
market with an established reputation for supplying consistent and reliable quality products under its own name.

Achieving market dominance, or at least market significance, is the ideal of every marketer, but it is often felt to be beyond the ambition of the small company, especially in the international sphere. However, this is not necessarily so.

If a small company exporting handcrafts defines a foreign market as, for example, all the tourists who visit the United Kingdom, then clearly it will not achieve market significance unless it greatly increases its size and capacity.

If, however, it defines its market as the tourists who visit only two or three specialised retail outlets, it is quite possible for that small company to achieve significance, and probably even dominance, as a supplier to its defined market.

The company’s international marketing strategy is thus very directly linked to its mission and in this sense is relatively stable. It is nonetheless necessary for the export manager to closely observe broad developments in the market and review the company’s international marketing strategy in the light of these changes.

For example, as southern African countries industrialise, it may be wise for a South African exporter to progress from direct export to a strategic alliance, thus being seen to support and encourage the development of the local processing industry.

A number of marketing strategies often fail as a result of managerial resistance to the planning process. The benefits to the exporter of a well-developed marketing strategy can be considerable, e.g.:

- it encourages a systematic process of thinking ahead
- it provides the leverage to anticipate change and react effectively
- it allows for better managerial communications and minimises managerial conflict
- it provides for the development of performance standards which can be used as a basis of control.
Reading reference

Ghauri and Cateora: Chapters 10 and 11 and Country Notebook and preceding Additional Notes.

Self-assessment exercises

1. Define strategic planning and explain how strategic planning for international marketing differs from that for domestic marketing.

2. Explain the three points that define a global approach to international marketing.

3. Explain how the company’s mission statement sets the framework for international marketing planning.
Study Unit 8: Consumer product strategy in international markets

The objective of this Study Unit is to ensure that you understand the elements that lead to the international competitiveness of consumer products and services.

Specific learning outcomes

After studying this unit, you should be able to:

- Understand the importance of offering products suitable for the intended market.
- Discuss the current dichotomy of standardised versus adapted products in international marketing.
- Explain the relationship between product acceptance and the market into which it is introduced.
- Understand the importance of quality and how quality is defined.
- Understand the physical, mandatory and cultural requirements for product adaptation.
- Explain the need to view all attributes of a product in order to overcome resistance to acceptance.

Textbook topics

Chapter 15 deals with the following topics:

- International markets and product decisions
- Products and culture
- Product life cycle and adaptation
- Screening products for adaptation
- Quality products
Section B: Study Unit 8 – Consumer product strategy in international markets

Reading reference
Ghauri and Cateora: Chapter 15.

Self-assessment exercises

1. Define the following:
   a) Rate of diffusion
   b) Global brand
   c) Market resistance.

2. Discuss the issue of global versus adapted products for international markets.

3. Discuss how products can be adapted physically and culturally for foreign markets.
Study Unit 9: Marketing industrial products and services and relationship marketing

The overall objective of this Study Unit is to illustrate how the differences in the motives between buyers of consumer products and industrial goods and services place different emphases on the marketing of these products. You should note that much of what was discussed in Study Unit 8 is relevant for industrial goods and services but that emphasis is affected by the inherent nature of industrial goods. This study unit also looks at what relationship marketing is, what its objectives are and its importance in international marketing, especially for small and medium-sized companies and for industrial goods, and how it can be applied in practice.

Specific learning outcomes

After studying this unit, you should be able to:

- Understand the importance of derived demand in industrial markets.
- Discuss how demand is affected by technology.
- Identify the characteristics of an industrial product.
- Explain the importance of ISO 9000 certification.
- Describe the growth of business services and nuances of their marketing.
- Assess the importance of trade shows in promoting industrial goods.
- Illustrate the important role of relationship marketing for industrial products and services.
- Explain the meaning and implications of the term ‘relationship marketing’.
- Identify the issues that may impact on a buyer’s motivation to buy.
- Understand the significance of long-term relationships.
- Discuss the key elements in a strategic relationship.
- Describe how an international marketer should establish a relationship.
- Describe the concept of the value chain.
Textbook and Additional Notes topics

Chapter 16 of the textbook deals with the following topics:

- The industrial product market
- Attributes of product quality
- Relationship marketing
- Promoting industrial products
- Marketing services globally.

The Additional Notes below cover:

- Buyers' motivations
- Significance of long-term relationships
- Elements of a strategic relationship
- How to build a relationship
- Implications for supply chain management.

Additional Notes

1. Buyers' motivations

There are various marketing strategies that can be followed in marketing planning, one of which is based on relationship management, a technique involving selective joint management.

"Linkages not only connect activities inside a company but also create inter-dependencies between a firm and its suppliers and channels. A company can create competitive advantage by better optimising or co-ordinating these links to the outside".

1.1 Satisfying customers’ needs

The purpose of international marketing is to satisfy the needs of customers in foreign markets over a sustained period and to do this as well as, and preferably better than, competitor companies.

According to Michael Porter, companies will be more successful than their competitors if they possess a sustainable competitive advantage, of which there are two types: **lower costs** and **differentiation**.

This can be taken a stage further and, in measuring customer satisfaction, four issues that ‘drive’ the purchasing decision can be identified: price, product quality, service quality and company image. In Porter’s terms, the last three issues would constitute ways in which companies can achieve differentiation against their competitors:

“differentiation is the ability to provide unique and superior value to the buyer in terms of product quality, special features, or after-sale service”.

A fifth issue can be added to this when considering export customers, namely the impact of South Africa’s image as a trading country on the buyer.

1.2 What makes the buyer buy?

In effect, what this measurement of customer satisfaction is doing is looking at the marketing mix from the buyer’s point of view and determining what really influences the decision to buy. The reasoning behind this approach is that all four, and in the case of foreign buyers five, issues are important; what the exporter needs to know is their relative importance.

Does the issue of price totally outweigh the other four issues combined?

If the buyer were to be wholly satisfied in terms of the product quality and service quality, would he pay a price premium? If so, how much?

To what extent is the buyer influenced by the company’s and the country’s image? Is
he prepared to buy a product of no better quality and at a higher price from a high-profile company in, say, Germany because he perceives the product to be superior because of the company’s and the country’s image?

This immediately raises an essential point in customer satisfaction: one is dealing with perceptions. As Nigel Piercy states “…customer satisfaction refers to ‘perceived’ delivery of products and services not their actual delivery. Human perception is highly imperfect and by definition subjective.”


He quotes the ‘olive factor’ in the airline business: if you forget to put the olive in the martini, the customer thinks you will forget to put the wheels down when you land the plane!

This is why it is so often difficult to deal with customer complaints in whatever business one is in. And when the customer is in another country, speaks a different language, and is imbued with a different business culture, the question of perceived satisfaction becomes far more complex.

1.3 Buyers’ motivations vary

Export managers who are sensitive to their buyers’ needs will learn that the dominant driving issue with a buyer in one country may differ from the dominant driving issue for a buyer in another.

A South African manufacturer and exporter of automotive parts produces a range of components to top specifications as required by major assemblers in different parts of the world. While the products are produced to the highest quality standards they are, to all intents and purposes, standard products.

However, the manufacturer knows that the dominant factor in the case of his major customer in South East Asia is delivery time. The market for that assembler’s products is growing so fast that his production schedules are always tight and fast
and reliable delivery is crucial. Quality and price must, of course, be within acceptable norms.

The South African company’s German buyer, on the other hand, places the most emphasis on quality. He naturally wants service in all other areas and would not tolerate an excessively high price, but he will accept a slight premium if the quality is excellent every time. However, a third buyer, in another European country, places the emphasis on price.

An export manager will not discover this variation in needs by asking a straightforward question, nor will his buyers volunteer the information. He may discover it in the first place through professional survey work, or over a period of time by having regular evaluation sessions with his buyers. But discover it he must – unless he wants to risk losing his buyer to a competitor.

2 The significance of long-term relationships

The principle of customer satisfaction, vital though it is, is only part of a much wider concept of relationship management. Relationships between buyers and sellers, while they have existed since goods and services were first traded, have today become strategically important and encompass more than the marketing activity of the seller company.

For South African companies, the concept of building up a long-term sustainable relationship with their major foreign customers should be attractive. It takes commitment and management time, but it can bridge the gap created between the exporter and his foreign buyers by the inescapable fact of distance, reducing the exporter’s vulnerability to the proximity, in many cases, of competitors.

Most export managers in this country – and probably around the world – will maintain that they have good relations with their buyers: they visit them regularly, often have a relationship verging on the social, and believe that they fully understand their buyers’ needs and know where they stand.
Perhaps this is true but there is concern that the assumptions have seldom been put to the acid test of objective evaluation.

Relationship management at the level of a strategic alliance, however, encompasses a number of elements. David Wilson lists 12 elements and admits that there could be more: commitment, trust, co-operation, mutual goals, inter-dependence/power imbalance, performance satisfaction, comparison level of the alternative, adaptation, non-retrievable investments, shared technology, structural bonds and social bonds.


The questions exporters ask are whether it is necessary to develop such relationships with their buyers, and whether the relationships are, in any event, driven by the supplier (i.e. the exporter) or are they rather driven by the buyer.

If the exporter has a large number of buyers spread globally, it may be neither possible nor necessary to go this route. However, it should not be dismissed as a longer-term possibility. What is the danger of the buyer-base being whittled away by competitors? Do any of the buyers have the potential to become significantly larger buyers of the exporter’s products? Where does the greater advantage lie: in maintaining a large customer base with consequent spread of risk, although possibly vulnerable to competitors, or in concentrating one’s efforts by developing a closer partner relationship with a smaller number of larger buyers who, because of the relationship, would not easily switch their sourcing to a competitor?

The answers to these and possible similar questions could drive the exporter to initiate a strategic alliance of this nature.

3 Elements of a strategic relationship

As stated above, there are 12 key elements in a strategic relationship:

- **Commitment** to the relationship by both partners is essential; it is the desire to continue the relationship and work to ensure its continuance, which implies that
exporter and buyer assume that the relationship will bring future value or benefits to both sides.

- **Trust** is fundamental to any relationship, whether it is between individuals, companies or nations. Trust cannot, however, be created immediately and on demand. It grows up over time as both partners demonstrate both their commitment and their ability to perform in terms of the relationship. Trust implies a willingness to rely on an exchange partner in whom one has confidence.

- **Co-operation** is what brings benefit to both parties in the relationship and concerns co-ordinated actions taken by each company to achieve mutual results. An important aspect is that co-operation is proactive, i.e. it is not a case of being coerced to take inter-dependent actions.

- **Mutual goals** are those that are achieved as a result of the relationship and they provide a strong reason for the relationship to continue. Mutual goals influence performance satisfaction which, in turn, influences the level of commitment to the relationship. Shared values is a similar but broader concept.

- **Interdependence** and **power imbalance** are important relationship variables; power imbalance is the ability of one partner to get the other partner to do something he would not normally do. Buyers and sellers in a close relationship usually see the benefit of increasing their inter-dependence, thereby avoiding a power imbalance.

- **Performance satisfaction** must be a critical element - if the exporter does not perform well, the buyer would have no reason to continue the relationship. Wilson defines performance satisfaction as the degree to which the business transaction meets the business performance expectations of the partner. It covers both specific product attributes, such as quality, and also general attributes such as service.

- **Structural bonds** are those forces that make it difficult to terminate the
relationship and usually are derived from the overall effect (of several elements of a relationship) being greater than the sum of the parts. Structural bonds grow over time as the level of the investments, adaptations and shared technology reach a point where it may be very difficult to terminate a relationship.

- **Comparison level of alternatives** is the overall advantage to be derived by the buyer from the best available relationship partner; in other words, it depends on the exporter’s performance in comparison with his competitors. The stronger the relationship between the exporter and his buyer, the less attractive will alternative partners appear; this is one of the major objectives of developing the relationship.

- **Adaptation** occurs when one party in a relationship alters its processes or its products to accommodate the other party; the other party, in turn, can become reliant upon those adaptations. This inter-dependence creates barriers to entry by a competitive supplier.

- **Non-retrievable investments** are the relationship-specific commitment of resources that a partner invests in the relationship and may be closely linked to adaptation. Such investments (possibly in capital improvements, training and equipment) cannot be recovered if the relationship terminates. They usually require appropriate safeguards to prevent exploitation of the at-risk partner (who has made the investment) by the other partner.

- **Shared technology** may range from product-level technology to the linking of computer systems; it has been seen to increase the level of commitment to a relationship.

- **Social bonds** are often stressed by South African export managers and there is no doubt that personal social bonds between the export manager and his buyer will hold a relationship together while other linkages are developing.

It has been found that buyers and sellers who have a strong personal relationship are more committed to maintaining the relationship than less socially bonded
partners. However, where the buying situation is complex, the influence of social bonds is reduced.

4 How to build a relationship

In practical terms, how does an export manager – in fact, how does a company – build a close relationship in the first place? There are a number of steps.

- First, **identify the buyers** with whom it is strategically important to develop such a relationship.

- **Identify**, with the buyers, **specific advantages** to a closer co-operation, initially on a limited scale; this might involve communicating product development plans much earlier; or it might encompass joint marketing efforts.

- **Establish mutual goals** based on the specific areas of co-operation agreed to; these would probably be expressed in financial terms, such as reduced costs to both parties, or increased sales. It is important that both the goals and the boundaries of the relationship are defined i.e. where does the partnership begin and end for each partner? Boundary definition sets out the degree to which each partner penetrates the other organisation and achieves joint action.

- Encourage the development of **relationship teams**: an exporter’s production department communicates directly with the buyer’s production department on shipment schedules; an export manager communicates directly with the buyer’s purchaser on pricing matters and payment terms; an exporter’s engineers communicate with the buyer’s quality controller on quality issues. If a problem occurs in any of these areas, it is more likely to be solved directly by the relevant departments in each company, thereby containing its potential to harm the whole relationship.

Gradually over time, as trust builds up, the relationship can be further extended to bring more benefits to each partner.
One of the most advanced examples of a close relationship between supplier and buyer is Volkswagen’s truck and bus assembly plant in Resende, Brazil. Here, what are termed first-tier suppliers (i.e. main suppliers) not only produce finished integrated modules (sub-assemblies of components), but are also responsible for assembling the modules into complete vehicles. This means that VW does not need to hire its own assembly-line workers, nor does it take ownership of, nor pay for, the components until a vehicle passes the final quality inspection.

The basic objective in pursuing these relationships is the reduction of costs. Buyers can try to reduce costs in an adversarial way by pitting suppliers against each other. Alternatively they can adopt a co-operative model in which both parties – buyer and supplier – achieve lower costs by working together, improving inventory management, eliminating unnecessary tasks and procedures, and identifying achievable efficiencies in other areas. This moves into the field of supply-chain management.

In deciding who drives this relationship building, it is perhaps as well to bear in mind that it is a partnership between the seller and the buyer. There is no reason, therefore, why the South African exporter cannot initiate the process; he does not have to wait for the process to be imposed on him by his buyer.

The demands made on the export manager by following this course will be significant – commitment does not come without effort. Commitment allied with co-operation results in co-operative behaviour that allows the partnership to work so that both parties receive the benefits of the relationship. The over-riding advantage for the export manager is that he works closely with his buyer in operational terms, they are involved in joint projects, and it becomes more difficult for the buyer to break the linkages with the exporter in favour of a competitor.

The benefits of this type of relationship do not apply only where the buyer is the actual user of the exporter’s product, e.g. where the South African company is providing a component that the buyer incorporates into a finished product. There are advantages to be gained even where the buyer is not the end-user, but is a
distributor or wholesaler. In such a situation a close relationship between the two brings the exporter far closer to the market; he is in a better position to judge developments and his forward planning will be made on a sounder base. Under these circumstances relationship management is limited to the exporter’s marketing activities, whereas if the buyer is the end-user, then relationship management usually has a major impact on non-marketing activities as well.

5 Implications for supply chain management

Relationship management is concerned with developing, in effect, a partnership with the buyer in order to understand and fulfil his needs. However, to be able to do this effectively, it is necessary for the company to examine its value chain in order to ensure that at every stage customer value is being created as cost-effectively as possible.

The value chain represents all the activities that take place within a firm to create value for customers and includes purchasing, production, marketing and distribution. In Export Management 2, the value chain is touched on in relation to industrial clusters; here it is examined in the context of meeting customer’s needs. The export manager may find that, if his company does not yet actively apply supply chain management, he will need to initiate moves in that direction:

“The conventional model of how companies compete was based upon the concept of economic efficiency within the individual firm. This is the idea of the organisation as a self-sustaining ‘island’, cocooned in its own internal procedures and systems and able to steer its own independent course. Belatedly perhaps, this paradigm of competitive advantage is now slowly giving way to the idea that it is no longer the individual firm competing against other ‘stand-alone’ firms but instead it is now a case of supply chain competing against supply chain.”

(Prof. Martin Christopher and Helen Peck: Marketing Logistics; United Kingdom, Butterworth Heinemann, 2003)

Accepting the concept of supply chain management means that the company
examines each of its key activities in terms of what it is doing for the customer and what costs it is incurring for the business. All stages of the value chain are potentially strategically important because, if a competitor outperforms the export company in any one of them, then the exporter is vulnerable.

This does not mean that the export company must perform all activities itself in order to ensure added value. In fact, the reverse could apply: any operations that could be performed more efficiently and cost-effectively by an outside partner should be outsourced. However, this implies that such suppliers – and indeed any suppliers – to the company should be regarded as partners in an extended value chain rather than merely as contractors. The diagram below shows this extended value chain.

**THE EXTENDED VALUE CHAIN**

![Diagram of the extended value chain]

The objective of supply chain management is to achieve a more cost-effective satisfaction of end-customer needs by integrating the processes of buyer and supplier. Such integration can be achieved only by sharing information about those customer needs through a high degree of transparency between all partners in the chain.

*Source: Global Supply Chain Management Forum, Stanford Graduate School of Business, Stanford, USA*
The processes to be integrated are the fundamental ways through which value is created and typically include new product development, order fulfilment, supplier management and customer management. Integration of these processes upstream with suppliers and downstream with customers leads to a more responsive supply chain that is better able to stand up to competition globally.

Another result is a greater interdependence among the partners in the chain, accompanied by the realisation that co-operation and openness are essential prerequisites for the achievement of long-term mutual benefit. In such a relationship there is no room for the traditional adversarial buyer/supplier relationship. For supply chains to operate as seamless processes they require trust and a willingness to share information.

The establishment and management of a supply chain with shared concern about added value will usually focus on:

- the early involvement of suppliers in new product-development
- joint programmes of continuous product and process improvement with transparency of cost in both directions
- agreement on performance targets and measurement criteria
- commitment to the open flow of information.

Professor Martin Christopher comments that “the two keys to successful partnership relationships, based on trust and commitment to shared goals, are transparency of cost and shared information on demand and supply issues.”

The following is an example of supreme management of the supply chain by Li & Fung, Hong Kong’s largest export trading company:

“Say we get an order from a European retailer to produce 10 000 garments. It's not a simple matter of our Korean office sourcing Korean products or our Indonesian office sourcing Indonesian products.
“For this customer we might decide to buy yarn from a Korean producer but have it woven and dyed in Taiwan. So we pick the yarn and ship it to Taiwan.

“The Japanese have the best zippers and buttons, but they manufacture them mostly in China. Okay, so we go to YKK, the big Japanese zipper manufacturer, and we order the right zippers from their Chinese plants.

“Then we determine that, because of quotas and labour conditions, the best place to make the garments is Thailand. So we ship everything there. And because the customer needs quick delivery, we may divide the order across five factories in Thailand. Effectively, we are customising the value chain to best meet the customer’s needs.

“Five weeks after we have received the order, 10 000 garments arrive on the shelves in Europe, all looking like they came from one factory, with colours, for example, perfectly matched. Just think about the logistics and the co-ordination.

“This is a new type of value added, a truly global product that has never been seen before. The label may say “made in Thailand”, but it’s not a Thai product. We dissect the manufacturing process and look for the best solution at each step. We’re not asking which country can do the best job overall. Instead, we’re pulling apart the value chain and optimising each step – and we’re doing it globally.”

(Victor Fung, talking to Joan Magretta, published in World View: Global Strategies for the New Economy, editor Jeffrey E. Garten; USA, HBS Press, 2000)

Reading reference
Ghauri and Cateora: Chapter 16 and preceding Additional Notes.
Self-assessment exercises

1. Explain the differences between consumer and industrial goods and the implications for international marketing.

2. Discuss how the uniqueness of industrial products leads naturally to relationship marketing.

3. Select several countries, each at a different stage of economic development, and show how the stage affects demand for industrial goods.

4. Explain the concept of competitive advantage and the two types of sustainable competitive advantage.

5. Discuss the 12 elements of a strategic relationship.

6. Discuss how relationship management impacts on supply chain management.
Study Unit 10: Global distribution and marketing channels

This Study Unit takes you through the distribution process, from home country to the consumer, in the target country market. The rapid changes in channel structure that are occurring in Europe as well as in other countries and the emergence of the Internet as a distribution channel are also discussed.

Specific learning outcomes

After studying this unit, you should be able to:

- Present the variety of distribution channel structures and show how they affect cost and efficiency in marketing.
- Describe the European distribution structure and what it means to Western customers and to competing importers of goods.
- Discuss how distribution patterns affect the various aspects of international marketing.
- Discuss the growing importance of e-commerce as a distribution alternative.
- Evaluate the functions, advantages and disadvantages of various kinds of middlemen.
- Explain the importance of middlemen to a product's success and the importance of selecting and maintaining relationships.

Textbook topics

This chapter deals with the following topics:

- Channel of distribution structures
- The Internet
- Distribution patterns
- Alternative middleman choices
Factors affecting choice of channel
Locating, selecting and motivating channel members.

Reading reference
Ghauri and Cateora: Chapter 17.

Self-assessment exercises

1. Define the following:
   a) Distribution channel
   b) Trading company
   c) Electronic commerce.

2. Explain how and why distribution channels are affected as they are when the stage of development of an economy improves.

3. Review the key variables that affect the South African exporter’s choice of distribution channels.
Study Unit 11: International pricing strategy
Price escalation and the ways it can be lessened, countertrade practices and price strategies to employ when the dollar is strong or weak relative to foreign currencies are concepts included in Study Unit 11.

Specific learning outcomes

After studying this unit, you should be able to:

- Analyse and use the components of pricing as competitive tools in international marketing.
- Understand the pricing pitfalls directly related to international marketing.
- Understand how to control pricing in parallel-import or grey markets.
- Explore fully the problem of price escalation and how to lessen its effect.
- Discuss countertrade and its place in international marketing.

Textbook topics

Chapter 18 deals with the following topics:

- Pricing policy
- Factors influencing international pricing
- Administered pricing
- Transfer pricing
- Dumping
- Countertrade as a pricing tool.
SECTION B: Study Unit 11 – International pricing strategy

Reading reference
Ghauri and Cateora: Chapter 18.

Self-assessment exercises

1. Define the following:
   a) Parallel imports
   b) Buyback agreement
   c) Skimming.

2. Discuss why it is so difficult to control consumer prices when selling overseas.

3. Discuss how changing currency values have an impact on export strategies.
Study Unit 12: International advertising and promotion

This Study Unit covers advertising and the promotional element of the international marketing mix. The Tutorial notes included below cover aspects of product promotion not included in the textbook.

Specific learning outcomes

After studying this unit, you should be able to:

- Define international marketing and understand the scope of the international marketing task.
- Explain the local market characteristics that affect the advertising and promotion of products.
- Discuss the strengths and weaknesses of sales promotion and public relations in global marketing.
- Explain when global advertising is most effective, when modified advertising is necessary.
- Realise the effects of a single European market on advertising.
- Discuss the effect of limited media, excessive media, and government regulations on advertising and promotion budgets.
- Understand the use of in-store promotions, international trade fairs and public relations activities under different conditions and for different products and services.
- Design a promotional campaign, selecting from all available options, to suit the development of a product or service in a particular market.
Textbook and Additional Notes topics

Chapter 19 of the textbook deals with the following topics:

- Promotional mix
- International advertising
- Challenges of international advertising
- Media planning and analysis
- Sales promotion
- International advertising and the communications process
- The advertising agency
- International control of advertising.

The Additional Notes below cover:

- Sales promotion, including in-store promotions and international trade fairs
- Public relations.

Additional Notes

1. Introduction

Once a product has been developed to meet the requirements of the consumer, and is correctly priced and distributed both to, and within, the foreign market, prospective customers must be informed of the product’s availability and value. Developing an international promotional policy involves five steps:

- Determine the most appropriate and affordable blend of advertising, sales promotion, public relations and personal selling for each national market.

- Determine the extent of standardisation of international communications.

- Develop the most effective message(s) to promote the product.

- Select effective media.
• Establish the necessary controls to ensure that international marketing objectives are met.

The key first step – that of determining the appropriate blend of promotional methods – is dictated by the exporter’s resources and export sales objectives. In practice, few South African companies engage in any foreign market promotion continuously – De Beers and its diamonds are one of the exceptions and that promotion is handled out of London.

Exporters of consumer products usually leave all advertising to their distributors, although they may contribute financially. Exporters of industrial products might advertise in an appropriate trade journal, but again their distributors would often handle advertising. *(The textbook contains considerable detail regarding product and service advertising.)*

It is common, however, for firms to take entries in business directories produced in South Africa and distributed internationally. There is likely to be sporadic direct involvement in in-store promotions and demonstrations. Trade fair participation is the area where South African companies are most directly involved in foreign promotion activities. Direct personal selling can also be common, especially in industrial products. Nonetheless, the exporter should understand something of the factors governing the dynamics of product promotion in the context of international marketing.

2 Sales promotion

All marketing activities – other than advertising, personal selling and publicity (public relations) – that stimulate consumer purchases and improve retailer or middleman effectiveness and co-operation, constitute sales promotion. In-store demonstrations, exhibitions or trade fairs, samples, coupons, sponsorship of special events such as sports activities or concerts, films, catalogues, contests, discount offers, and the like, can be classified as sales promotion tools.

As with advertising, international sales promotion is beset with legal pitfalls. For
example, in Germany discounts are forbidden if they constitute a real financial incentive to buy. Samples may not be larger than is absolutely necessary to provide an adequate trial for the product, and a promotion should not normally require that the purchaser send in labels or packet tops. The international marketer should, therefore, always check each promotion against local regulations.

In addition, promotions that require the support of the retailer to process coupons or set up display material will always be more difficult to secure in foreign markets, often because of a lack of space and handling facilities.

In markets where media limitations make it difficult to reach the consumer, e.g. in developing countries, the percentage of the promotional budget allocated to sales promotions may have to be increased. In certain parts of Latin America, for example, a portion of the advertising sales budget for Coca-Cola Company is spent on carnival trucks which travel to outlying villages to promote the product. When the truck stops in a village, it may show a film or provide some other form of entertainment for which the admission requirement is an unopened bottle of Coke purchased from the local retailer. On presentation, the unopened bottle is exchanged for a cold bottle plus a coupon for another bottle.

This promotion stimulates sales and encourages local retailers to stock the product with the result that nearly 100% coverage of retailers in the village is achieved. In other cases, village stores may be given free samples, the exterior of their stores may be painted, and so forth.

2.1 In-store promotions

In terms of international marketing, an in-store promotion is an elaborate promotion of consumer goods normally produced in a specific country, or group of countries. The aim of a company choosing to participate in such a promotion would usually be continuity of supply of the product over a period of time; achievement of this goal would need to be evaluated at regular intervals.

In-store promotions are most successful when the products involved are already being purchased and sold by the store and are not purchased specially for the event.
2.2 International trade fairs

International trade fairs should form an integral part of any company’s overall international marketing plan. Not only do they go a long way towards solving the problems of time, distance and cost in meeting prospective customers, but product demonstrations also help the company overcome communication barriers. However, in order that maximum benefit is derived from trade fair participation, it should be accompanied by a planned promotional programme.

Trade fairs are of four different types:

- general fairs, or specialised industry fairs
- national, or international fairs
- fairs open to the trade only and those that are open to the general public
- special event fairs, or permanent exhibitions.

Prior to selecting a fair in which to participate, the international marketer should define his objectives for doing so. These may include:

- taking orders on the stand
- obtaining enquiries for later follow-up
- obtaining general market publicity with a view to securing orders in the longer term
- meeting a selection of prospective agents and distributors
- assessing market potential, or product acceptability.

The marketer’s choice of fair should then be influenced by:

- The relationship between his targeted audience and the composition of the trade fair audience in previous years (this information is often provided by the trade fair organiser).
- The length of time the fair has been in existence - new fairs usually attract only a small attendance.
- The standing of past and present exhibitors.
- The general efficiency of the trade fair organisers.
Participation in a trade fair should always be planned well in advance and should be preceded by the identification of a target audience, direct-mail publicity to that audience and advance press publicity. (Direct mail refers to e-mail as well as to postal communications. However, e-mail is effective only if the specific e-mail address of the target recipient is known.)

Advance arrangements for the exhibition stand should include:

- A trade fair schedule that takes into account all the preparations required for successful participation in the fair.
- Deciding which products to exhibit.
- Selecting product samples and arranging for all necessary promotional material (brochures, posters) to be printed.
- Applying to the Department of Trade and Industry for an Export Marketing and Investment Assistance (EMIA) grant.
- Drawing up a brief for the stand designer.
- Determining where the stand should be positioned in the exhibition hall (first-time exhibitors in major international fairs may not have much choice).
- Preparing the stand shell.
- Checking that necessary electrical connections, water supplies and telephone lines will be available.
- Selecting the company staff to be in attendance on the stand.
- Reserving hotel accommodation for the staff concerned.
- Booking interpreters, should they be required.

The trade fair budget should be carefully prepared, taking into consideration all likely costs, such as:

- Design costs.
- Cost of samples and other exhibition material.
- The transportation of exhibits both to and from the fair.
- Stand construction and removal.
- The hire of furniture from local sources.
- The cost of exhibition space.
• Stand clearing expenses.
• Staff travel and accommodation costs.
• Interpreter costs.
• Power and water consumption charges.
• Telephone installation and call charges.
• Mailing of invitations to targeted contacts.
• Stand photography for publicity purposes.
• Insurance.
• Entertainment of key contacts.

Crucial to the overall impression the company makes on prospective customers is the way in which the stand is organised and controlled. The senior executive responsible should organise the activities of all the staff on the stand (including local interpreters), make all the necessary arrangements for the security of exhibits and publicity material, and ensure that customers both on and off the stand are treated courteously and hospitably. Enquiry forms and visitors books should be readily available.

After the exhibition, it is important to evaluate the success of participation and follow-up on all trade enquiries. The EMIA claim must be submitted. The results of the fair should be compared with the original objectives set, actual costs should be compared with budget, all market information obtained should be carefully assessed, and a decision should be taken as to whether or not to exhibit at the same trade fair the following year.

3 Public relations

Public relations has been defined as “the non-personal stimulation of demand for a product, service or business unit by placing commercially significant news about it in a published medium or by obtaining favourable presentation of it on radio, television or stage that is not paid for by the sponsor”.

It is usually particularly difficult for an exporter to place news releases with overseas media but, where possible, he should endeavour to get positive media coverage,
particularly in respect of any new additions to his product lines or improvements to existing products. Photographs can play an important role in attracting the attention of an editor who receives far more information than he can possibly use from organisations worldwide that are trying to gain publicity. It should be noted, however, that producing good photographs requires considerable skill – a specific objective, a central theme, actual composition and a story to tell are as essential to the photographer as they are to the writer.

In general, editors tend to use the material that is appropriate in content and style to their readership, and that requires the minimum of editing or sub-editing. Editors are normally experienced journalists and can see at a glance whether material is suitable for publication or broadcasting. Purely promotional material is unlikely to be published, so all material submitted must have definite news value.

The following could provide the basis of a news story:

- An important development of an existing product or service.
- Company awards.
- Use of the product by some personality.
- Anniversaries, i.e. the company’s 50th year in existence or in a market.
- Sponsored events in conjunction with other organisations.
- Important price changes.
- New advertising campaign packs and promotions.
- Trade mission participation.
- Additions to an existing range of products or services.
- Dealer and stockist promotions.
- An ingenious method of meeting some unusual demands.
- A new production plant.
- How national and world events will affect the company.
- Production records.
- Company charity or educational sponsorships and awards.
- Technical developments.
- Participation in exhibitions at home and overseas.
• Management and staff changes.
• A new use for an existing product.
• Promotions and achievements of employees.
• Extensions to existing factories and offices.
• Speeches and appearances by management.
• How local events will affect the company.
• New factories or offices.
• Large and unusual orders - home or export.
• Long service awards and retirements.
• Business visits overseas by management.
• New products or services.
• Appointment of agents at home or overseas.
• Sponsored events and competitions.


Reading reference
Ghauri and Cateora: Chapter 19 and preceding Additional Notes.

Self-assessment exercises

1. Review the basic areas of advertising regulation.

2. Explain some of the problems concerning international advertising that confront a South African company.
3. Discuss the major issues concerning a South African exporter wishing to participate in a foreign trade fair, including aspects such as the different types of fair, setting objectives for participation, what influences the exporter’s choice of a particular fair and planning for the event.
Study Unit 13: International sales

Personal selling and sales management – as well as the critical nature of training, evaluating and controlling sales representatives – are covered in this Study Unit. Note that many of these topics are covered as management issues by the module Export Management 2. However, developing cultural awareness is an important issue and should be given attention.

Specific learning outcomes

After studying this unit, you should be able to:

- Understand the importance of relationships in international selling.
- Understand the nuances of cross-cultural communication and its impact on sales negotiations.
- Handle the problems unique to selecting and training foreign sales staff.
- Identify the factors influencing cross-cultural negotiation.
- Handle international sales negotiation.

Textbook topics

Chapter 20 of the textbook deals with the following topics:

- Selling in international markets
- Recruitment of an international sales force
- Cross-cultural negotiations.
Reading reference
Ghauri and Cateora: Chapter 20.

Self-assessment exercises

1. Adaptability and maturity are traits needed by all salespeople. Why should they be especially important for international salespeople?

2. What are the factors that influence the effectiveness of personal selling in international marketing?

3. Discuss the stages in cross-cultural negotiations and how you can effectively manage an international negotiation process.