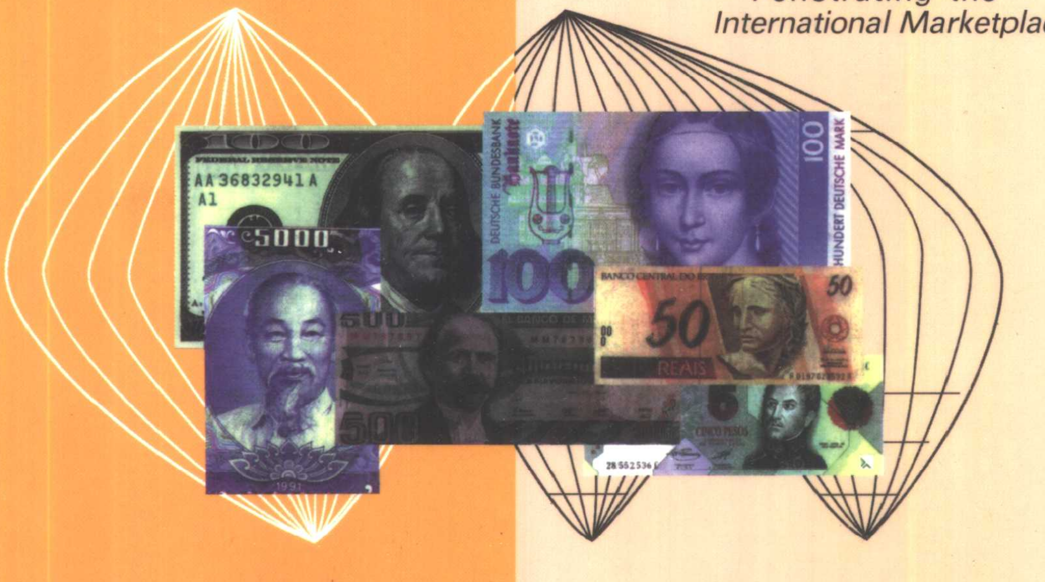
A SHORT COURSE IN

INTERNATIONAL MARKETING

国际商务简明教程系列——国际营销

THE SHORT COURSE IN INTERNATIONAL TRADE SERIES

Approaching and Penetrating the International Marketplace



JEFFREY EDMUND CURRY, MBA, Ph. D.

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出版前言

当今世界经济全球一体化发展异常迅速。对许多国家而言，跨国商务在经济活动中的地位日益突出，了解国际市场并把握商机由此也显得极为迫切。

由上海外语教育出版社从世界贸易出版社引进出版的国际商务简明教程系列正合当前急需。本系列丛书的宗旨是：以全球性的眼光关注世界经贸活动，向全世界读者提供国际商务活动的理论、操作方法和案例。本丛书共有十三种，每种就一个主题进行深入浅出的讲解，介绍跨国商务的理论、实践与方法。丛书语言简单易懂，内容新鲜实用，紧扣时代脉搏，并配有大量翔实生动的操作实例，能直接对实际商务操作起指导作用，是目前国内不可多得的原版商务教程。

《国际营销》是本丛书中的一本，主要介绍国际营销的内容与操作方法。书中就市场要素，政府的地位，文化的作用，市场调查，分销系统，广告与宣传，营销计划等主题进行了阐述，内容新颖，案例丰富，极具时代感。书中还有许多设计周全的参考表格，可帮助读者更好的理解进行国际营销活动的步骤与程序。

本书作为国际营销的综合性的入门教材，适合希望了解国际营销基本内容并获得实用操作方法的读者，同时也可供那些渴望充分把握国际市场脉搏的商业人士参阅。

A SHORT COURSE IN

International Marketing

Approaching and penetrating the global marketplace

Jeffrey Edmund Curry, MBA, Ph.D

WORLD TRADE PRESS®

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INTRODUCTION

EVERYTHING MUST BE MADE AS SIMPLE AS POSSIBLE BUT NOT ONE BIT SIMPLER. — ALBERT EINSTEIN

THE INTERDEPENDENCE OF MARKETS: WHO NEEDS WHOM?

A great deal of emphasis has been placed on the need for companies to pay attention to the global economy, even when they operate on a seemingly domestic basis. This call for a larger perspective has come about because very few businesses can truly say that they're unaffected by conditions outside of their home market. The corner restaurant in New York notices the rise in prices when coffee crops are bad in South America, an office supply shop in Buenos Aires feels the effect of a transportation strike in Europe, and a Beijing computer manufacturer knows exactly when the price of microprocessors has jumped in the United States. Large companies go so far as to hire personnel to track the markets that will affect them the most. Many would say that all of this interdependence is the result of advancements in transportation and communication. The real cause, however, is an increase in the effectiveness of international marketing.

Those companies that have done the best in the global arena are those that have released themselves from any emotional attachment to the schemes that made them a success domestically in order to see each new marketplace as a distinct entity. This is not to say that some aspects of domestic plans can't be used internationally; many times the new market will demand elements of the old mixed with the new. The key to success is a reliance on proper research and analysis. Whereas some functions of management (sales, human resources and even some manufacturing processes) may be described as "art," marketing (whether domestic or international) is science. The stakes are far too high and the pace much too quick to rely on guesswork, intuition, or gut feelings. Entering a new market far from home without a detailed plan is akin to building a skyscraper without a blueprint—possible, but highly improbable.

The goal of this text is to give the reader a grounding in marketing and its application to international business. The book is directed at novice marketeers as well as those experienced in domestic applications but new to the global marketplace. The former group will discover that marketing is much more complex than it first appears; the latter will find that much of their acquired skill is readily transferable after reasonable retooling. All will see that the boundaries between domestic and international marketing are, at times, quite solid and on other occasions somewhat hazy.

The realities of the international marketplace will be stated as such, often bluntly so, and no theory will be promulgated without concrete examples. The contents are meant for practical application, not theoretical discussion. Readers will also find that culture and cultural distinctions are at the heart of international marketing. A company's ability to access and appeal to those societal distinctions will spell the difference between long-term profits and short-term failure. The continued desire of societies to retain their individuality, coupled with an increased awareness of the effect of commerce on culture, has given rise to the specialization of the international marketeer.

THE LACK OF HOMOGENEITY: ONE WORLD, MANY WALLETS

The world may be becoming more cosmopolitan, but homogeneity is centuries, if not millennia, away. No longer will the developing world accept the products of their richer neighbors willy-nilly, nor do the industrialized powers show any less resistance to the encroachments by the powerful American and Japanese technoliths. Even at the top of the commercial heap, emotions run high on the topic. The United States, for its part, was just as resentful of Japanese auto manufacturers as Japan was of U.S. rice producers. The desire to exclude foreigners from "traditional" markets is as much an economic fear as a cultural one.

This book will delve extensively into the cultural concerns intrinsic to the international, and sometimes even the domestic, marketing process. Throughout, guidelines will be presented for formulating a marketing strategy. Cultural analysis, research planning and a marketing plan outline will give the reader a step-by-step program for assembling a cogent scheme for international business. A marketing audit is also supplied to help with long-term planning.

"Culture shock" is a common malady among world travelers. It is this author's goal to provide sufficient information to prevent the reader from suffering the decidedly more expensive consequences of "market shock."

Jeffrey Edmund Curry
San Francisco 1998

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CHAPTER 1

Marketing Basics

LIVE TOGETHER LIKE BROTHERS AND DO BUSINESS LIKE STRANGERS. — ARAB PROVERB

THE WORD MARKET derives from the Latin *mercari* meaning "to buy or trade" (hence merchant) and that infinitive finds its roots in *merx,* which means "goods." The "market" is anywhere that goods or services may be sold or traded. Nowadays, it can range in scope from a simple open-air exchange of farm products to a description of an entire economy (as in the European Market) or a nebulous commercial function (like the stock market). The term also covers specific ethnic, cultural, religious, national, political, or social groups. People may purposely group themselves together as a market (e.g., NAFTA) or they may come together by circumstantial default (e.g., adults 21 to 30 years old). As will be seen later, all markets can be subdivided or segmented into smaller and smaller groups, all the way down to individuals if so desired.

Marketing versus Sales

For some inexplicable reason, marketing is constantly linked to sales in a way that no other function of management seems to be. Many people, including top executives, confuse the terms on such a regular basis as to render them interchangeable. This erroneous matchup is true for both domestic and international companies. To promulgate the belief that marketing is something that only salespeople do (as in the sales and marketing department designation) is exceedingly dangerous. The problem seems to stem from a misunderstanding about the difference between a process and a result, as well as from the failure to understand the centrality of marketing to all management functions. Sales occur when goods or services are "given over" to a customer in exchange for money or another valuable consideration. It's the end result of the marketing process.

Marketing describes the whole commercial process that creates (through promotion) the interest that the potential customer demonstrates prior to a sale The role of sales is to capitalize on that interest to the point where there's a successful exchange. Once a sale is complete, a company must provide follow-up service in an effort to maintain satisfaction and promote future sales. Many large companies have begun to officially demarcate and prioritize these functions by instituting a marketing department, within which is a subdivision called the sales and service department. Smaller companies and solo entrepreneurs must have an equally clear distinction and understanding of all the areas covered by the term marketing.

Effective Marketing: Binding the Buyer and Seller

Sales transactions are the goal of marketing and they serve as the basis for the relationship between the marketeer and the consumer. No one enters the marketplace, buying or selling, without the expectation of some type of gain. Even the briefest transaction creates a relationship, however small, between the buyer and seller. The marketing plan is a detailed scheme of how a company will designate, access, sell to, and service a specific consumer group. When done properly, it will create the environment for transacting business in a way that is mutually "gainful" for both sides. The degree of care that's taken to assure this mutual gain will dictate the length of the relationship. Taking advantage of a customer on the first go-around makes for a brief, and often acrimonious, relationship, while the extraction of a reasonable profit and the offer of follow-up services results in larger, longer-term relations. Both extremes are regularly planned and executed, though companies utilizing the former have little staying power. The binding relationship between the buyer and seller that's created by effective marketing tends to last longer—and to be set up more quickly—as the speed of information in the marketplace increases. Good reputations can be quickly gained but just as quickly damaged or lost forever as the pool of informed and demanding consumers grows larger everyday.

Role of the Marketing Plan: The Action Budget

As is true of many activities in life, gain rarely appears without pain or, more precisely, effort. The burden of this effort is greatest on the selling side and is therefore the responsibility of the marketeer. Product, price, promotion, distribution, and postal service must all be thoroughly designed during the market planning process and controlled in compliance with that plan after its implementation. As hard as it may be for other management personnel within a company to accept, all of their actions must be directed by and subservient to the marketing plan. To return to the construction analogy from the introduction, to build a building the carpenter, the electrician, the bricklayer, and the glazier must all practice their arts within the confines of an architectural blueprint. In fact, the ability to produce results within those restraints is the measure of their professionalism. This is not to suggest that the primacy of marketing acts as a straightjacket on the other activities of management. The marketing plan is simply an action "budget" and, like its financial counterpart, is subject to change during the course of the company's lifespan. Many ongoing internal and external factors (some controllable, some not) affect marketing, and adjustments must be made accordingly. The marketing audit process (Chapter 16) analyzes the need for adjustment and is nothing more than the matching of a planned budget against "actual" costs. When applied to finance, these planning and auditing processes are recognized and valued by any professional manager. However, it's rare that marketing is seen in the same matter-of-fact light.

Marketing is often taken to be some sort of intuitive mechanism that requires a "feel" for a specific market or product line. The result has been that the number of high tech, telecom, and financial services marketing specialists are now a legion.

The fact is that marketing is very much akin to accounting in its procedures and equally universal in its applicability. Just as accountants are "good with numbers," marketeers are proficient with consumer-related data. Once the methodology of marketing has been grasped, it can be applied to any business.

WARNING: Whether using internal or external marketing staff, there is no substitute for current information and recently analyzed approaches. A professional marketeer can develop profitable strategies for any product.

Marketing Potential: Today and Tomorrow

Market potential—the ultimate size and profitability of a market—can vary greatly and will be affected by factors both within and without of the control of the marketeer. A good portion of this text will deal with these variants, but at this point the reader should recognize that marketeers must view all markets in the short-, medium-, and long-term. Additionally, markets can compete with each other for the attention of the marketeer, and the relative potential of those markets (international ones in particular) must be weighed before expensive resources are allocated. After being first entered or penetrated, markets will move through progressive stages. There's no set period of time for their maturation, which will occur when demand consistently absorbs allocated supply, with pricing objectives met.

Companies usually seek to control their own status in any particular market, though there are an intrepid few that allow the marketplace to dictate their positioning. This position can remain static or change drastically, up or down, over the course of a market presence. Positioning a product against its competition is heavily linked to image. The recognizability of an established brand name can go a long way toward allowing an established company to pre-position a proven product in a new market or to position a new product in an old market. A company may labor for decades to establish a brand name (e.g., Volvo in automotives) or it may become an overnight sensation with worldwide recognition (e.g., Netscape for Internet browsers). It's a matter of timing and consumer demand.

The Role of Marketing in Business: The Rudder of Commerce

Marketing is the targeting, acquisition, and retention of customers over a period dictated by the life cycle of the product (goods or services) under consideration. In many ways this is a simple statement, but one that belies extensive research and complex analysis. Marketing is the initial movement of ideas that results in a saleable product. Surely good ideas are rampant in the marketplace but customers, flush with money and eager to spend, often go home empty-handed. Products heralded as the "greatest thing since ———" soon find their way to the rubbish heap. Is this the result of quality problems? . . . Sometimes. Government intervention? . . . Occasionally. Hyperbolic advertising? . . . Usually. Consumer fickleness? . . . Often. Poorly planned marketing? . . . Always.

The rush to enter the marketplace is most often quickly followed by rejection; the successful are begrudgingly described as "lucky" by those who fail. There's little doubt that "being in the right place at the right time" leads to success in the marketplace. However, luck is no more involved in business than it is with other complex human undertakings. In the summer of 1997, the trajectory of the NASA Pathfinder spacecraft led to it being accurately placed within the orbit of Mars and then successfully landed on its surface. Time and place had been carefully planned and those plans methodically exercised. Variables and risks were calculated, deemed reasonable, and then overcome; logic, logistics, and long-term thinking were all brought to bear. NASA's success proved Aristotle's postulate that the educated tend to be "luckier." Marketing functions under the same rubric.

Marketing Functions: Five Classic Functions and a Forgotten One

After creating or finding a market, a company can exploit it quickly by maximizing profit on a per-product basis, or it may choose to pursue a process of maximizing market share. This latter process requires that the company secure the greatest amount of consumer purchases possible through careful pricing and quality control in an effort to establish a long-term relationship with the customer. Over time, prices will be increased and costs reduced with an eye toward taking profit once competitors have been driven from the field or at least had their share of the market reduced. The acquisition of market share is subject to the rigors of finance ("Can we wait this long to make money?"), opportunity ("Are the consumers ready, willing, and able to buy our product?"), and the competitors' strength ("Will they fight back?").

Traditionally, marketing has been broken down into the following processes.

CONTACT

This is the seeking out of prospective consumers and it may be based on a variety of determinants. Time, distance, media, and the overriding factor of access to finance can make this initial function extremely difficult. No matter how useful and desirable the product may be, improper handling of the initial contact can keep a company out of the marketplace indefinitely.

MERCHANDISING

Once potential customers have been located, goods and services must either be developed from scratch or customized. For the purposes of international marketing, merchandising is the process of bringing the right product to the right place at the right time in the right quantity at the right price. Ultimately, the consumer determines what's "right."

PRICING

The price of a product is often the determining factor when a purchase is made and is always a key to profit. It's also part of a strategy of seizing market share. Setting a proper price will determine how long any company will stay in the marketplace. When a company practices price competition, it consciously uses price as the major means of attracting consumers. It's not unusual for consumers (at both the wholesale and retail level) to buy based entirely on price, regardless of the efforts of the marketeer to promote quality or service.

PROMOTION

Once a product and its price have been developed, customers must still be convinced to favor it over a competitor's offering. There are four types of promotion used to support marketing efforts: paid advertising, personal selling (one-to-one), public relations (press releases, articles), and supplemental efforts (coupons, sweepstakes). All promotion, but especially advertising promotion, is open to overstatement and misrepresentation. Successful and ethical marketeers devise advertising that keeps customer perception closely aligned with product or service reality. Promotion is taken up in detail in Chapter 11.

DISTRIBUTION (A.K.A. DISTRIBUTION CHANNELS)

Although this is often associated with the movement of physical products over distances, it is, in reality, the process of putting the consumer and the product (whether goods or services) together. In its strictest sense it means the extent to which consumers have access to a product compared to the total number of possible access points. In a larger sense, distribution encompasses all of the participants in the delivery of a product, any product, from the marketeer to the consumer. Participants include retailers, wholesalers, agents, shippers, customs brokers, manufacturer's representatives, advertising agencies, media buyers and a plethora of other middlemen who act on the behalf of the marketeer. And there's a great deal of overlap among their functions.

To make the above processes truly comprehensive we add human resources.

HUMAN RESOURCES

The internal marketing that occurs at every company when they attract, hire, train and retain employees is directly reflected in the ability to market externally to the public. All employees, *from the mailroom to the conference room,* must be selected for their ability to contribute to the company's external marketing efforts. Transactions don't take place between companies and faceless consumers but between flesh-and-blood human beings. It is essential that sellers understand, communicate with, and value buyers. This purely human aspect of marketing is the basis of every successful company, whether they actively acknowledge it or not. While it's been determined that other animals on the planet can "make" things, only human beings bring their wares to market.

The Hierarchy of Effects: Why and How Consumers Buy

Every marketing effort has a series of stages it must progress through toward the ultimate consumer transaction. This "hierarchy of effects" is the same whether the end-user is a single consumer or a large corporation.

PRODUCT AWARENESS

The potential consumer must be made aware of the existence of a product. This can be accomplished through promotion, advertising, active research, or the much ballyhooed "word of mouth." This last source of awareness, where one happy customer sings a product's praises to other consumers, is always thought of as optimal. It may be optimal, but it takes a long *time for its effects to be felt.*

PRODUCT AFFINITY

Awareness doesn't always result in a desire to buy. Marketeers must take great pains to ensure that a product and the company create a favorable impression on the consumer. Being useful isn't enough; being useful and attractive is. Keep in mind that the term *useful* will be defined by the perceptions of the consumer. Agreeing with that perception isn't as important as understanding it.

PRODUCT PREFERENCE

A product may be the first of its kind in the marketplace but it will not be alone for very long. Even strong copyrights and patents don't prevent competition. A marketeer must make the consumer prefer one product over another once the affinity effect has been achieved. It might be price, it might be quality, it might be service, or it might just be the color of the package. Whatever makes the customer favor a product over its competition must be pursued. Being equal isn't being competitive. Being better is.

PRODUCT CONFIDENCE

Consumers rarely purchase anything that gives the impression of unreliability. Although there are many cases of products being purchased that were "too good to be true," their presence in the marketplace is short-lived. Today's marketeers are very aware that consumers are increasingly savvy. Beyond the legal ramifications of fraud, marketeers must realize that "they can't sell water as wine" for very long. Obtaining and retaining the consumer's confidence in your product not only precedes a successful transaction but also lays the groundwork for establishing the brand identity.

PRODUCT PURCHASE

Once they know you, like you, prefer you, and believe in you, consumers are ready to open their wallets. Oddly enough, the transactions don't always occur. Some companies unconsciously make it difficult for consumers to consume. Excessive paperwork, lack of credit financing, poor delivery schedules, or slow processing can all contribute to failure at this point. If you don't make the purchase process easy, prepare for a return to "square one" and an uphill battle.

Common Marketing Mistakes: Pay Attention or Pay the Price

Customers are the major concern of marketeers; the product being offered can take any form, commodity or service, without significantly changing the governing rule of the relationship. The rule is quite simple: the cost to the customer must reflect the customer's *perceived value* of the product. All businesspeople (perhaps all people) understand the primacy of this rule, and yet the failure rate in commerce is staggering. It's the marketeer's job to understand the perception of cost and value when approaching customers, thereby avoiding commercial calamity. Here are some common failings.

UNIVERSALITY

Group A accepted the product readily, therefore Groups B, C, and D will be equally receptive.

This approach is quite common when moving from a smaller to a larger marketplace or from a domestic to an international one. While human cultures and sub-cultures have many things in common, consumer behavior isn't one of them. Marketeers must only find large enough groups bearing similar behavior to make the effort of the transaction worthwhile. Even giant companies like Coca-Cola, McDonalds, and Toyota have recognized that universality is impossible, and they repackage their products accordingly.

PERSONALIZATION

I think my product is great and so will you.

This is similar to universality in wrong-headedness, but on a much smaller scale. Patent offices are overflowing with ideas that seemed perfectly useful to the inventor but were savaged in the marketplace—if they got there at all. Services suffer a similar fate, as can be seen in the reception consultants often receive in the marketplace as they discover that their services, once highly valued by a previous employer, have little or no open market value. Similarly, the Internet is awash in unprofitable products and services that seemed like great ideas to someone, somewhere.

PRICE BLINDNESS

People will be willing to pay big money for this.

Many good ideas and products price themselves out of the market or slow down the pace of their success by entering at too high of a price point. For example, the commercial real estate market in developing economies chronically suffers from overpricing compounded by overbuilding. (Some ASEAN property prices dropped 25 percent between 1996 and 1997, prior to currency devaluation.) Eventually, though begrudgingly, prices are adjusted downward, but it's usually too late to salvage the market. Consumers and real estate developers often have very different ideas about how much "a view" and "location" are worth.

QUALITY DEFAULT

For this price, it's the best we will (can) do.

Consumers in the developing, industrialized and technological markets all have very different views about quality—above and beyond cultural requirements. The difference in hotel service quality between Hong Kong and some Asian cities is considerable although the price differential is slight. Hong Kong leads the world in hospitality, while those cities say "good enough" with the foreseeable effect on sales.

CULTURAL MYOPIA

These people just don't get it.

Marketing books and case histories are rife with examples of marketing blunders, most of them due to a poor understanding of the targeted culture. Such mistakes are most costly for the big international firms, but the problem isn't confined to them alone. For every Chevrolet Nova that didn't sell in Latin America (*no va* means "doesn't move" in Spanish), there's an optimistic rancher still trying to figure out why no one wants to buy ostrich meat in Germany (Germans like to eat pork). Marketing failure and sloppy cultural research walk hand in hand.

PACKAGING PLOYS

The product speaks for itself.

While this may be true, its "language" may be unintelligible to many. Even domestically, regional differences can cause customers to misinterpret the nature or value of a product. Communication is the responsibility of the sender, not the receiver. From the wood-paneled offices of a high-priced lawyer to the size and shape of boxes for children's toys, the package is often as important as the product.

POOR TIMING

How were we to know that the _____ trend was over?

You can use a product from either the goods or services sectors to fill in the blank of the preceding sentence. There's always some person or company that gets their product to the market just as consumer interest wanes. Failure here is the result of being blinded by your own preparatory activity to the exclusion of the impending realities of the marketplace.

WARNING: No one is so busy or so destitute that they cannot pay attention.

Found versus Created Markets: Discovering and Inventing

Many people say that markets are found, while others believe they're created. Both are correct. So-called market-driven businesses regularly find markets—by taking the commercial pulse of the general public to determine what's desired and then striving to produce the requisite goods or services. In this case, consumer demand determines what products will be supplied. This can be best exemplified by the practicality of personal computer products. Until engineers developed practical software programs (e.g., spreadsheets, desktop publishing, word processing), computer sales were minimal. After marketeers found out what consumers wanted, sales skyrocketed.

At other times (though rarely so nowadays), products are developed first and then attempts are made to convince the public that it needs them. The new product, at least initially, may appear to have no practical value. Such a product-driven company (like deodorant manufacturers in the 1950s and 1960s) creates an artificial demand through advertising in the hope of supplying the new long-term "need." By equating cleanliness with lack of body odor in numerous ad campaigns, marketeers caused millions of people worldwide to believe in the need for deodorants. Created markets such as this (now given the far more luxurious name of "personal care products") eventually come to demand "improvements" (e.g., simple deodorants became anti-perspirants), and even found markets are refined, whether requested or not (e.g., megabyte-eating software upgrades).

In the late 1980s, marketing managers ceased to refer to product- or market-driven companies and changed the nomenclature to push and pull, respectively. Some products had to be pushed through the distribution system toward the consumer (created), while others were pulled through (found) by demand. As will become clear, all international markets are a varying mixture of both types.