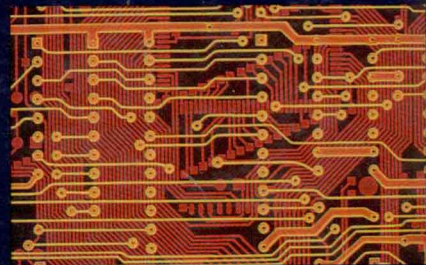


INTERNATIONAL MARKETING



SECOND EDITION

MICHAEL R. CZINKOTA
ILKKA A. RONKAINEN

INTERNATIONAL

MARKETING

MICHAEL R. CZINKOTA
Georgetown University

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To Ilona, my comrade in arms ■ MRC

To Susan and Sanna ■ IAR

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Preface

Being competitive means not resting on one's laurels but seeking further strategic advantage. This guideline for the international marketer applies in equal measure to this book. The resounding market acceptance experienced with the first edition of *International Marketing* gave us the impetus to work even harder to make this second edition an even better, more up-to-date, and user-friendly text.

The international dimension affects all companies and individuals making marketing decisions today. We all must focus on the international market in order to remain competitive. Even if not engaged in marketing goods or services abroad, we will be affected by the marketing activities of foreign entities. International marketing therefore is no longer in the domain of a few multinational corporations; increasingly, a broad spectrum of individuals, firms, and institutions are participants in the international marketplace.

Although most marketing practices are applicable to any type of company, regardless of the level of international expertise, the way in which marketing management is executed will vary. Multinational corporations typically have the ability to command financial, personnel, and information resources that smaller firms do not have. Furthermore, operating on a worldwide scale requires a different set of marketing coordination activities than when exports or imports are limited to one country.

Even though the activities of a few large companies account, in terms of dollar value, for the largest portion of international marketing activities in the United States, on a transaction basis most business is done by smaller firms with limited international exposure. In addition, the less experienced firms will have more questions and will need more help. As a result, employment opportunities are available both in multinational firms and in companies that are only now beginning to internationalize. Yet, the need for international marketing expertise and the ability on the part of the recent graduate to make a difference in international marketing are greatest within firms that have had only limited international exposure.

International marketing textbooks have traditionally concentrated on the more glamorous and extensive operations of the multinational corporation. This text differs from that approach and reflects the realities of educational needs by discussing the international marketing concerns of all types of companies. A full discussion of international start-up operations is presented, followed by a presentation of the international concerns of the beginning marketer, and finally the issues confronting giant global marketers. Therefore, the instructor and the student are able to explore the entire breadth of international marketing rather than only a specialized subsegment.

This text is designed primarily for the advanced undergraduate student. Because of the in-depth development of topical coverage, however, it also presents an excellent challenge for graduate instruction. Throughout the

text, the material is presented with a focus on ease of communication and reader-friendliness, without compromising rigor.

ORGANIZATION

The text is divided into three parts. First the basic concepts of international marketing are outlined, and the environments that the international marketer has to consider are discussed. The second part focuses on the various activities necessary for international marketing planning and concentrates on the beginning of international marketing activities. Export and import operations are covered here, together with elements of the marketing mix that tend to be most important for firms at an initial level of international experience. The third part discusses marketing management and strategy issues most relevant for the multinational corporation.

Both the instructor and the student can work with this text in two ways. One alternative is to cover the material sequentially, progressing from the initial international effort to multinational activities. In this way, marketing dimensions such as distribution, promotion, and pricing are covered in the order in which they are most relevant for the particular level of expertise within the firm. Another approach is to use the text in a parallel manner, by pairing comparable chapters from Parts Two and Three. In this way, the primary emphasis can be placed on the functional approach to international marketing.

CHANGES IN THE SECOND EDITION

The basic structure of the text remains the same, but the highly dynamic nature of the international marketplace is reflected in the number of new features in this second edition. The objective of the revision was to enhance the text's up-to-date information, practical nature, and reader-friendliness with both the student and the instructor in mind. "The International Marketplace" boxes are virtually all based on the most recent market developments. Chapter content also reflects recent research as well as governmental and corporate practice. This has been achieved by having scores of academic reviewers and practitioners read sections of the text and comment on them. One-third of the cases are either new or revised.

The chapters in Part One have all been updated with the latest available trade and corporate information. The emphasis is on changing trade patterns and their effect on the international marketer. Special attention is given to discussion of economic integration. Entire new sections are devoted to the effects of foreign investment, the European 1992 phenomenon, political risk assessment, lobbying, cultural training, as well as to changes in public and private sources of international trade financing.

Part Two has been positioned to more clearly reflect the challenges of small and medium-sized businesses in the international marketing environment. New and substantially revised sections are devoted to the utility of various international trade data, international negotiations, and parallel importation.

The revision of Part Three focuses on new forms of advanced marketing activities. Strategic alliances, cooperative manufacturing, international marketing decision support systems, intellectual property protection, taxation changes affecting transfer pricing, as well as globalization in product, promotion, and organizational decisions have been highlighted in the second edition. The chapters on services marketing, marketing with governments, and countertrade have all undergone major revision and updating as a result of the changes that have occurred in the past three years. The final chapter now has a substantially strengthened discussion on career and educational opportunities in international marketing.

SPECIAL FEATURES

Contemporary Realism

Each chapter offers a variety of “The International Marketplace” boxes, which focus on real marketing situations and are intended to help students understand and absorb the presented materials. The instructor can highlight the boxes to exemplify theory or use them as mini-cases for class discussion.

Research Emphasis

A special effort has been made to provide current research information and data. Chapter notes are augmented by lists of relevant recommended readings incorporating the latest research findings. In addition, a wide variety of sources and organizations that provide international information are listed in the text. These materials enable the instructor and the student to go beyond the text whenever time permits.

Maps

In order to improve students’ geographic literacy, several full-color maps are furnished in this text following page 66, covering the social, economic, and political features of the world. They provide the instructor with the means to visually demonstrate concepts such as political blocs and socioeconomic variables. A separate full-color world map is included free with the text.

Cases

Following each of the three parts of the text are a variety of cases, most written especially for this book, that present students with real business situations. In addition, a video case has been developed to accompany Part Two that further assists in enlivening classroom activity. Challenging questions accompany each case, permitting in-depth discussion of the materials covered in the chapters.

Instructor's Materials

The text is accompanied by an in-depth *Instructor's Manual*, devised to provide major assistance to the professor. The material in the manual includes the following:

Teaching Plans Alternative teaching plans and syllabi are presented to accommodate the instructor's preferred course structure and varying time constraints. Time plans are developed for the course to be taught in a semester format, on a quarter basis, or as an executive seminar.

Discussion Guidelines For each chapter, specific teaching objectives and guidelines are developed to help stimulate classroom discussion. In addition, teaching notes referencing the transparency masters are provided within appropriate chapters.

End-of-Chapter Questions Each question is fully developed in the manual to accommodate different scenarios and experience horizons. Where appropriate, the relevant text section is referenced.

Cases A detailed case-chapter matrix is supplied that delineates which cases are most appropriate for each area of the international marketing field. In addition, detailed case discussion alternatives are provided, outlining discussion strategies and solution alternatives.

Video and Film References An extensive listing of video and film materials available from educational institutions, companies, and government agencies is provided. Materials are briefly discussed, possible usage patterns are outlined, and ordering/availability information is supplied. In addition, each adopter of this text will receive a free video on international marketing, which is tied to the Lakewood Forest Products case following Part Two (page 472).

Test Bank The manual includes a greatly expanded test bank, consisting of more than 900 short essay questions, true/false questions, and multiple

choice questions. This test bank is also computerized and available to adopters on IBM computer diskettes.

Transparency Masters The manual contains a substantial number of transparency masters, including some materials from the text, but also drawing heavily on non-text materials such as advertisements, graphs, and figures, which can be used to further enliven classroom interaction and to develop particular topics in more depth.

ACKNOWLEDGMENTS

We are deeply grateful to the professors, students, and professionals using this book. Your interest demonstrates the need for more knowledge about international marketing. As our market, you are telling us that our product adds value to your lives. As a result, you add value to ours. Thank you!

We also thank the many reviewers for their constructive and imaginative comments and criticisms, which were instrumental in making this second edition even better. These are:

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Michael R. Czinkota
Ilkka A. Ronkainen
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Dr. Czinkota serves on the Board of Directors of the American Marketing Association, where he is also Vice President of the Global Division; the Board of Governors of the Academy of Marketing Science; and the editorial boards of the *Journal of Business Research*, *International Marketing Review*, the *Journal of International Consumer Marketing*, the *Journal of Teaching of International Business*, and the *Singapore Marketing Review*. In 1985, he was appointed a member of the District Export Council.

Dr. Czinkota has served as consultant to a wide range of individuals and institutions in the United States and abroad. He has worked with corporations such as AT&T, IBM, and Nestlé and has been instrumental in fostering interregional economic dialogue at the policy level through the sponsorship of international symposia on trade relations.

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Dr. Ronkainen has served as a consultant to a wide range of U.S. and international institutions. He has worked with entities such as IBM, the Rank Organization, and the Organization of American States. He maintains close relations with a number of Finnish companies and their internationalization and educational efforts.

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