



SIXTH EDITION

INTERNATIONAL MARKETING

MICHAEL R. CZINKOTA
ILKKA A. RONKAINEN

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Preface

PRACTICING INTERNATIONAL MARKETING and writing a text on the subject have some things in common: It is a lot of work, the competition is tough, and it's fun to succeed. It is therefore with great pleasure that we present the sixth edition of *International Marketing* to you. In light of the resounding market acceptance of our earlier editions, we felt an obligation to further strengthen our lead by thoroughly revising the material in order to present an even better book. Our goal continues to be excellence and relevance in content, combined with user-friendliness for both the student and the professor.

Here are the key reasons that make this book special:

- The text reflects both the theory and the application of international marketing. It offers research insights from around the globe and shows how corporate practices are adjusting to the marketplace realities of today.
- This text covers the full spectrum of international marketing, from start-up operations to the formation of virtual alliances. It offers a thorough discussion of the operations of multinational corporations, but also presents a specific focus on the activities of small- and medium-sized forms, which are increasingly major players in the international market and are to many students their employers.
- We examine international marketing from a truly global perspective rather than just from the U.S. point of view. By addressing, confronting, and analyzing the existence of different environments, expectations, and market conditions, we highlight the need for awareness, sensitivity, and adaptation.
- This text also addresses the growing interaction between government and business. It emphasizes how businesses work with governments and what role governmental considerations can play for the international marketer. This policy orientation greatly contributes to the managerial orientation of the book.
- This text fully integrates e-commerce and the technology and information revolution, and their impact on the international marketer. Going beyond mere insight, it also offers information access to the user by providing detailed listings of websites and other data sources.
- This textbook also fully incorporates the important societal dimensions of diversity, environmental concern, ethics, and economic transformation.
- Finally, this textbook is user-friendly. Learning is, unfortunately, often seen as the mental equivalent of medicine: Unless it is painful and tastes bad, many do not believe that it works. While we cannot argue on behalf of the medical profession, we do know that such a conclusion is incorrect as far as international marketing is concerned. The field is an exciting, energizing, and enthusiastic discipline. We have, therefore, worked hard to communicate these dimensions by making our book intelligible, interesting, and a good read. We offer the best writing that we can deliver, combined with superior design and layout to make this book easy, and perhaps even fun to learn with.



Organization

The text is designed primarily for the advanced undergraduate student with prior exposure to the marketing field. Because of its in-depth development of topical coverage, however, it also presents an excellent challenge for graduate instruction and executive education.

The text is divided into four parts. First, the basic concepts of international marketing are outlined, and the environmental forces 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 strategy and marketing management issues most relevant to the expanded global operations of multinational corporations. The final part addresses transitions in international marketing, with a particular focus on countertrade, newly emerging markets, and the future of the field and the student.

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 Sixth Edition

To reflect the highly dynamic nature of the international marketplace, we have made major revisions in this edition. One key change concerns the Internet and electronic commerce. We offer a perspective on the shift from marketplace to market space, and the impact of this revolution on international marketers in terms of outreach, research, and competition. Several Internet technology sections are now part of our chapters and international marketplace vignettes, reflecting state-of-the-art corporate practices. We have also included the website information of companies in our vignettes as well as those of our data sources, when practical, so that students can follow up by gathering information directly from the Internet. We also provide several new appendices which list web addresses for governments, international organizations, and monitors of international marketing issues.

We have greatly strengthened our focus on the physical environment and geography. New maps provide context in terms of social and economic data. An appendix addresses directly the relationship between geography and international marketing. New text components, marketplaces, and several new cases focus specifically on the environment and the opportunities, challenges, and ambiguities that it represents to international marketers. We have also added several marketplaces and case studies that focus on the long neglected continent of Africa.

In order to present the most current available data, we have updated all figures and tables, and newly prepared most of the International Marketplaces. In addition, of the 30 cases, 23 are either new or substantially revised.

This sixth edition is divided into four parts: The environment, beginning international marketing activities, advanced international marketing management, and marketing in transition. The new separation of marketing in transition is designed to pay appropriate attention to emerging markets and changing marketing practices while casting a predictive look to future developments and their possible impact.

The six chapters of Part One have been revised to reflect the drivers behind the globalization phenomenon in the cultural, economic, financial, political, and legal areas. Both

the established markets in Europe and North America as well as the growth markets of Asia and Latin America are emphasized. We also address the response of international marketers to financial crises. Our strong policy orientation continues with an update of the role of international agreements and organizations, as well as their interaction with national and regional policies. The World Trade Organization (WTO), the IMF, and the World Bank are discussed, together with the controversies and public debate surrounding these institutions. We have updated the entire section on export controls to reflect the realities of the end of the Cold War. Also covered are newly emerging areas of international policy conflict, such as dumping, country of origin rules, intellectual property rights, the Helms-Burton Act, and the important issues of ethics, bribery, and human rights. This section also includes a major expansion of export promotion policies reflecting the growing attention paid to such activities by nations around the world.

Beginning international marketing activities in Part Two are placed in the context of market expansion strategy and the evolutionary nature of the internationalization process. The role of research in this process is highlighted in a newly expanded chapter on building the knowledge base necessary for initial and more involved marketing activities across borders. Also included is a new section on websites and Internet information to facilitate direct student access to international data. The discussion of the export process is now followed immediately by a presentation of export intermediaries, licensing, and franchising—thus offering insight into the continuity of the internationalization patterns of firms. Particular attention also rests with the emergence of the International Distribution Life Cycle. There is also an increased reflection of marketing theory and practices as emanating from outside North America.

Advanced international marketing activities in Part Three are now presented with a stronger strategy orientation. The opening chapter is dedicated to the global strategic planning framework, which addresses market choice, competitive strategy, and international marketing segmentation. The foreign direct investment process is more clearly linked to globalization trends and now also covers such investments from the local employee perspective. The product chapter has a new section dealing with brand management and how marketers can build global, regional, and local brands. The services chapter reflects the shift from marketplace to market space and the resulting mobility of corporate activities. Also highlighted is the global imbalance of skilled labor in the information technology field. The logistics chapter now has “supply chain management” in its title, reflecting issues such as efficient customer response, the close cooperation between customers and suppliers, and the emerging linkages between logistics and the environment. In the pricing chapter, major emphasis rests with the marketing strategy implications of the euro currency and the implications of greater pricing transparency due to the Internet. Promotional strategies include a discussion of global community relations and the need for corporate preparedness for global crises management. The chapter on organization and control has a new section dealing with a firm’s ability to leverage resources and strengths across borders and includes approaches such as the Intranet.

Part Four is dedicated to marketing in transition, focusing both on new uses of existing approaches and the development of new strategies. It reflects the latest thinking on the economic transformation of emerging markets. This part also presents the results of a special delphi study on the future of international marketing that was conducted by the authors with a global panel of experts.



Special Features

Contemporary Realism

Each chapter offers several current International Marketplace boxes. Virtually all of them are new in this edition. They 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. Whenever possible, Internet addresses are provided to the companies featured in these boxes, so that students can obtain the latest information.

Research Emphasis

A special effort has been made to provide current research information and data using publications from around the world. 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.

Internet Focus

All chapters now make specific reference to how the Internet, electronic commerce, and the World Wide Web affect international marketing. We highlight how the way of reaching customers and suppliers has changed given the new technology. We also explain the enhanced ability of firms to position themselves internationally in competition with other larger players. We offer insights into the electronic marketing research process and present details of how companies cope with new market realities. Whenever appropriate, we direct students toward Internet resources which can be useful in updating information. Each chapter also provides several Internet questions in order to offer training opportunities that make use of the Internet.

Geography

In order to improve students' geographical literacy, several full-color maps are furnished in this text, covering the social, economic, and political features of the world. In addition, several chapters have maps particularly designed for this book, which integrate the materials discussed in the text and reflect a truly "global" perspective. These maps enable the instructor to visually demonstrate concepts such as political blocs and socioeconomic variables. An appendix, dealing specifically with the impact of geography on international marketing, has also been added to Chapter 1.

Cases

Following each of the four parts of the text are a variety of cases, more than half of them new and most written especially for this book, that present students with real business situations. All cases address the activities of actual companies and cover a broad geographic spectrum, including such areas as the continent of Africa. In addition, a number of video cases further assists to enliven 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.

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. In addition, each chapter has two Internet based questions in order to offer students the opportunity to explore the application of new technology to international marketing on their own.

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 can receive the free video cases in international marketing, which contain news stories relevant to issues in international marketing.

Test Bank The manual includes a greatly expanded test bank, consisting of more than 1,000 short essay questions, true/false questions, and multiple-choice questions. This test bank is also computerized and available to adopters on PC computer diskettes.

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

Lecture Software in Microsoft PowerPoint

Created by Charlie Cook, University of Western Alabama. An asset to any instructor, the lectures in PowerPoint provide outlines of chapters, graphics of illustrations from the text, and additional examples providing instructors with a number of learning opportunities for students.

Companion Web Site

International Marketing's companion Web site at www.harcourtcollege.com provides additional instructor and students resources. Harcourt College Publishers has collaborated with Eric Sandburg and Crystal Barkley Corporation to develop a site especially for business students. This site includes ancillary materials, a resource library of articles with applications to text lessons, student activities, and online quizzing.

Distance Learning

For professors interested in supplementing classroom presentations with online content or who are interested in setting up a distance learning course, Harcourt College Publishers, along with WebCT and Blackboard, can provide you with the industry's leading online courses.

These platforms facilitate the creation of sophisticated Web-based educational environments by providing tools to help you manage course content, facilitate online classroom collaboration, and track your students' progress. You may also adopt the *Student's Guide to the World Wide Web and WebCT* (0-03-045503-0). This manual gives step-by-step instructions on using WebCT tools and features.

In conjunction with WebCT and Blackboard, Harcourt College Publishers also offers information on adopting a Harcourt online course, testing services, free access to blank WebCT and Blackboard templates, and customized course creation. For more information, please contact your local sales representative. To view a demo of any of our online courses, go to webct.harcourtcollege.com.

Personal Support

Most important, we personally stand behind our product and we will work hard to delight you. Should you have any questions or comments on this book, you can contact us, talk to us, and receive feedback from us.

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Washington, D.C.
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Dr. Czinkota serves on the Global Advisory Board of the American Marketing Association and on the Board of Governors of the Academy of Marketing Science. He is on the editorial boards of *Journal of Business Research*, *Journal of the Academy of Marketing Science*, *International Marketing Review*, and *Asian Journal of Marketing*. For his work in international business and trade policy, he was named a Distinguished Fellow of the Academy of Marketing Science and a Fellow of the Chartered Institute of Marketing in the United Kingdom. He has also been awarded honorary degrees from the Universidad Pontificia Madre y Maestra in the Dominican Republic and the Universidad del Pacifico in Lima, Peru.

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Dr. Ronkainen holds a Ph.D. and a master's degree from the University of South Carolina as well as an M.S. (Economics) degree from the Helsinki School of Economics.

Dr. Ronkainen has published extensively in academic journals and the trade press. He is a coauthor of *International Business* and *The Global Marketing Imperative*. He serves on the review boards of the *Journal of Business Research*, *International Marketing Review*, and *Journal of Travel Research* and has reviewed for the *Journal of Advertising* and the *Journal of International Business Studies*. He served as the North American coordinator for the European Marketing Academy, 1984–1990. He was a member of the board of the Washington International Trade Association from 1981 to 1986 and started the association's newsletter, *Trade Trends*.

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 Rand 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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