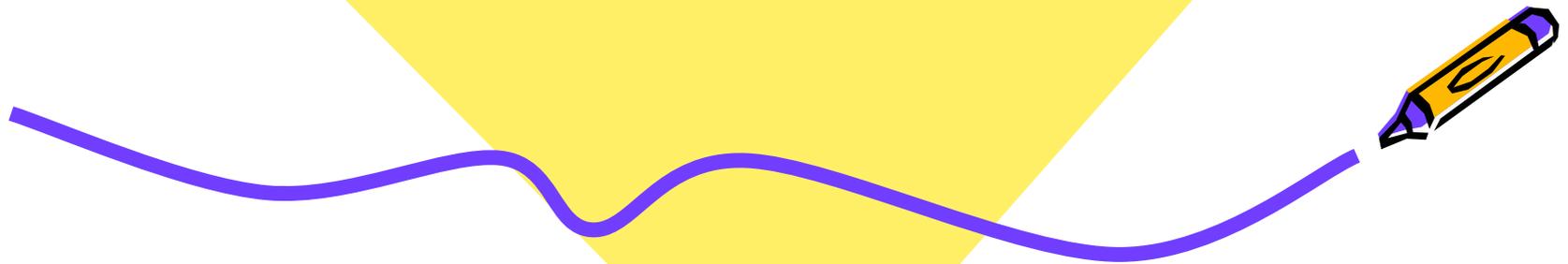


Principles of International Marketing

Max Brand Equity Perspective

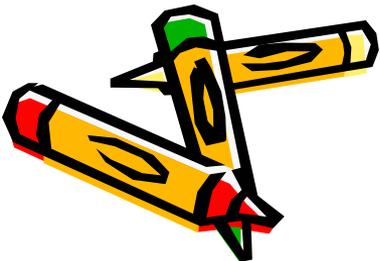


Definition of International Marketing

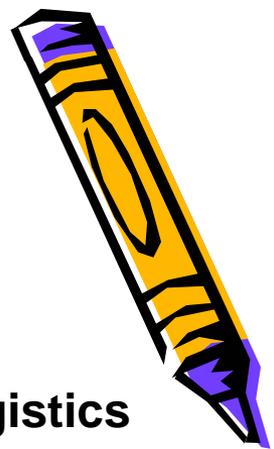
- **As business becomes more global it becomes more difficult to do business across borders, even if more essential.**
- **While there are many people who are experts in one, or even two countries, this may not always be enough. An expert in the US market may not know where to start in Japan. A Chinese expert will face very different challenges in India.**
- **Few people have worked across multiple cultures and business environments.**
- **Technology enables and, in fact, forces us to market globally, but this does not sweep away cultural and personal differences.**
- **Even when hard data is available across countries (and it often is not), it needs interpretation in the light of soft data, which is very hard for someone who does not know multi-cultural issues.**



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Starting Points



- As new trade treaties slowly bring down barriers, so new logistics systems change the way we do business. Container ships changed human civilization as much as the automobile.
- The ability to source most products, and increasingly, services, anywhere in the world and market them anywhere in the world has come upon us.
- Regulatory and legal systems are becoming more transparent and consistently applied.
- Companies move from purely domestic, through some exports, then to an international perspective and finally genuinely multi-national, where geography and nationality do not matter.

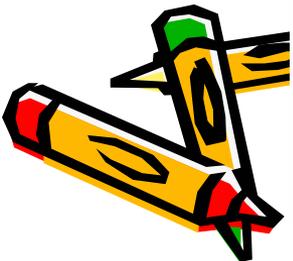
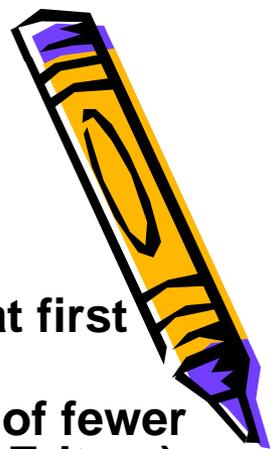


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Barriers to Success

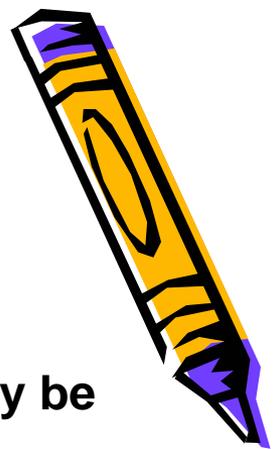
- Simple distance, time zones and the difficulty of experiencing at first hand become challenges.
- US companies have one particular disadvantage in that as one of fewer than half a dozen countries (among which are North Korea and Eritrea), which tax non-resident citizens on non-US income, it becomes prohibitively expensive to build a cadre of executives with multi-country experience. Only 1% of American citizens live abroad, vs. 10% of UK citizens.
- As a huge and economically successful nation, US companies can postpone for longer the need to look outside the US.
- Cultural, legal, tax, and systemic differences may not be obvious until large amounts of money have been lost.
- Unless management is itself experienced in a multi-national environment, even when dealing with local management, distributors, lawyers, etc. it may not know the right questions to ask.



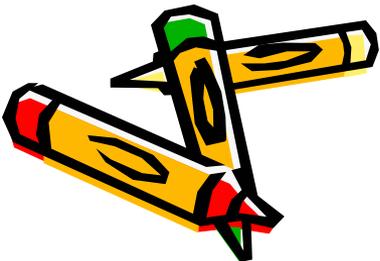
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Barriers to Success - 2



- The reliability of data may not be high. In many countries government data is out of date or unreliable. Consumers may be wary of telling the truth to market researchers.
- The availability of much that we take for granted may be very different – phones, literacy, TV advertising, warehousing, refrigeration, overnight delivery services, reliable and speedy banking. It could be less, it could be more, or it could be simply different. For example, in most countries consumers are used to paying for local calls by the minute.
- Literal translation is not enough. Metaphors are hard to translate and images can have very different meanings. For example, in Arab countries, the dog is more likely to be seen as unclean than as “man’s best friend!”



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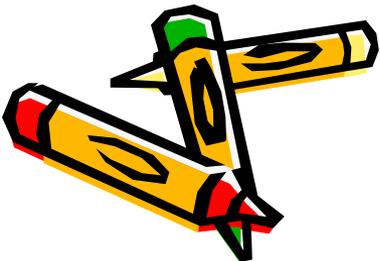
Barriers to Success - 3



- **The seductiveness of simplicity – “if every consumer in China would drink one bottle of Coke, it would double Coke’s business.” “Consumers there will learn to love it once they have tried it.” Sometimes this does happen, as the global success of MacDonald’s can attest. More often it fails utterly.**
- **Seeing others as “just like us.” We know that differences appear in unexpected places, so assuming differences is the better strategy.**
- **Assuming that local management see the world the same way we do. Even if they speak English fluently, and may even have been educated in the US, they are still likely to see the world through their own cultural filters.**

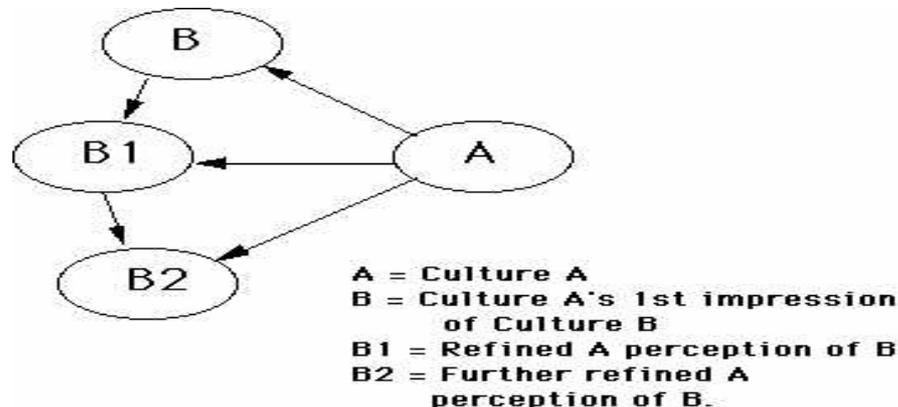


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Ethnocentricity

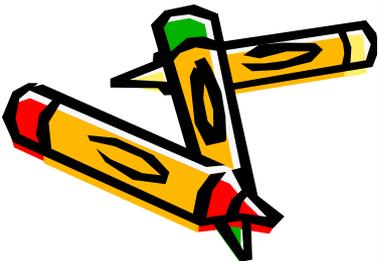
- We each see the world through a set of filters. Often we do not even know why we may disturb or be disturbed by an encounter with someone from a different culture. Many cultures have different concepts of personal space. So if talking to someone from a Mediterranean country, we may be edging away from them while they keep coming closer. We may think of a Japanese as shifty because they will not look us in the eye, while they think Americans are aggressive because they gaze directly into the eyes of the person they are talking to.
- Any of us has an ethnocentric perspective. Recognition of that is the first step.
- We tend to stereotype other groups and see them as more homogeneous than they are. We would not make that assumption about any group to which we belong.
- Risk taking and deference to authority. A very few cultures are even more challenging to authority than the US, but none are as oriented to risk taking, which is seen as rash and foolhardy in many countries.



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Ethnocentricity - 2

- Beliefs may be very different. Americans attribute success to hard work, many cultures to luck. Seeing hard work as the cause is perceived as arrogant. Often the perception of faith is different, not just the faith itself.
- While Americans may see self-deprecation as showing lack of confidence, many cultures see it as modest, and talking about one's own achievements as boastful.
- Attitudes to bargains are very different. In some cultures, buying the most expensive is a sign of success. In others, people feel that it is OK to bargain after a service has been delivered.
- In some countries, consumers will always say nice things about a product, but may not buy it. In others, they will always criticize, but happily buy.
- While in the US, "progress" is a good thing, in others dissatisfaction with things as they are is a sign of being disturbed.
- Individuality is valued in the US, but not in many countries. There is a Japanese saying, "the nail which sticks up must be beaten down."



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Ethnocentricity - 3



- In some cultures making constant interjections in a conversation shows you are involved. In others, it is considered rude. Even in English-speaking countries, conversational styles as well as words used do differ.
- Physical distances between speakers is very different. Many nations stand closer than Americans feel comfortable doing.
- Gender differences are perceived very differently across the globe, and it is not as simple as many think. After all India, Pakistan, Shri Lanka, and Bangla Desh, countries where in general women are second class citizens, have all had women as political leaders.
- In high context cultures facial expression and tone have a big impact on meaning. This is also affected by language structure. So in some cultures face to face meetings are critical with written or even telephone meetings being far inferior.

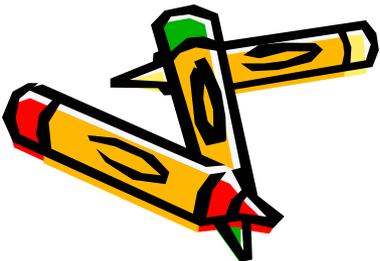


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Growth of Transnationals



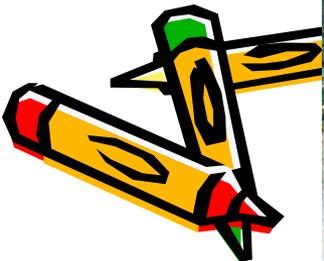
- One of the fastest growing groups in the world consists of people who are living in a country where they were not born. They are called “transnationals.”
- In some cities, such as London, one third of the population is made up of these “transnationals.”
- If they were a country, by some counts, they would be the fourth or fifth largest in the world.
- This group is important for trend identification, diffusion, adoption, and growth.



Target Market Understanding



- **Segmentation is key to success. Segments may, or may not be the same as those in the US. Often, companies start with US segments and then try to quantify in other countries. This can be very misleading.**
- **Behavioral segments in different countries can be driven by different factors. While European and US consumers expect better fuel economy from small cars, in Europe a key driver is the lack of parking space and the small size of spaces.**
- **Even “antes” may differ. Washing machines in most countries are smaller than US machines, and are front-loaders because homes are designed for smaller machines. As a result, efficiency has become more important. Cars are smaller. What else is different which we may not notice?**



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The Transfer of Success

- Often products which are successful in one country can be successfully launched in another, but be aware of differences. Japanese cell-phone manufacturers have failed in the US, while Motorola and Nokia have failed in Japan. The Japanese consumer demands many more features from a cell-phone and will pay a much higher price.
- On the other hand, Dyson has successfully translated UK success into the US and other countries, while existing marketers did little to stop them.
- Usually some modification or repurposing is needed to be successful. For example, flavors and packaging may have to be different. Grape flavor is unacceptable in most countries other than the US.



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New Distribution Strategies



- In many countries the distribution strategy which works in the US will not work.
- For example, in Bangladesh, Singer is one of the most successful home appliance companies in the country, making and selling TVs, Washing machines and refrigerators, but they had to establish their own retail stores to become so, since there was no appropriate existing channel.



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