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INTERNATIONAL MARKETING STRATEGY

Analysis, Development
and Implementation

Isobel **DOOLE**

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Alexandra **KENYON**



NINTH EDITION

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PREFACE

Introduction

Markets and marketing are becoming ever more international in their nature, and managers around the world ignore this fact at their peril. To achieve sustainable growth in markets that are becoming increasingly global, or merely to survive in domestic markets that are increasingly attacked by international players, it is essential that organizations understand the complexity and diversity of international marketing. Their managers must develop the skills, aptitudes and knowledge necessary to compete effectively around the globe.

This new revised edition of *International Marketing Strategy* continues to meet the needs of the international marketing student and practitioner in an up-to-date and innovative manner. It recognizes the increasing time pressures of both students and managers and so strives to maintain the readability and clarity of the previous editions, as well as providing a straightforward and logical structure that will enable them to apply their learning to the tasks ahead.

Structure of the book

As in previous editions, the book is divided into three main subject areas – analysis, strategy development and implementation – each of which has four chapters. For each chapter the learning objectives for the reader are stated at the outset and these then lead to the key themes of the chapter which are explored in the text. Boxed ‘Illustrations’ throughout the text enable the reader to focus on the key issues and discuss the practical implications of these issues for international marketing strategy development. ‘Management Challenges’ in each of the chapters provide examples of the kind of practical dilemmas faced by international marketing managers in their everyday operations. Throughout the text we highlight a number of continuing and emerging themes in the management of international marketing. We provide the opportunity to explore the different mindsets of many types of businesses that depend on international markets for their survival and growth: from small subsistence farmers, to born global innovative technology businesses, to the global brand giants.

Success in international marketing is achieved through being able to integrate and appreciate the interaction between the various elements of the international marketing strategy development process, and this is addressed in two ways. First, at the end of each chapter two case studies are included. While the main focus of the chapter ‘Case Studies’ is on integrating a number of the chapter themes, the reader should also draw on their learning from the chapters that have gone before to give a complete answer. Second, at the end of each part there is a more comprehensive ‘Directed Study Activity’ for the reader that focuses on international marketing strategy development. At the end of Part I this activity is concerned with analysis, at the end of Part II with strategy development and at the end of Part III with implementation. The format for these study activities is similar so that the three Directed Study Activities, when added together, integrate all the learning from the book and provide a practical and comprehensive exercise in international marketing strategy development for the reader.

New for this edition

All the chapters have been revised and updated to ensure the inclusion of the latest developments in international marketing and in response to the changing focus of international marketing and the new challenges posed by the new patterns of developments in global markets. For this reason, we provide many examples of international marketing and innovation in the newly emerging economies of Africa, particularly South Africa, and the Middle East, adding to the examples of development in Asian markets that we also include and build further on the website. We also explain the increasingly global risks, such as natural disasters and the increasing use of the internet as a purchasing and process tool by consumers, and the changing development and implementation plans that international organizations, large or small, are making

In Chapter 1 we have included a full section introducing sustainability in an adapted PESTLE approach to examining the environmental influences on international marketing. Sustainability is about considering the environmental impact of everything we do and ensuring there is longevity. This means encouraging a holistic way of thinking in our responses to the global marketing challenges we identify, together with the opportunities that technology and ‘being responsible’ bring for businesses engaging in the international arena.

The COVID-19 pandemic sparked a contraction in the volume of global trade; however, environmental disasters and cybercrime are shaping the agenda for both governments and business. The implications of these risks and political changes have altered the business landscape. These are discussed in Chapters 2 and 3 where we examine the world trading environment and discuss the institutions that aim to influence world trade. Chapters 5 and 6 on international marketing in SMEs and global firms have been expanded to include a section examining the skills base needed by global managers, the implications of the strategy development issues, how some companies are born global rather than grow internationally, and the age-old mantra that marketers must understand their target market and not assume all consumers, or workforces, are the same. Further examples of international companies from emerging markets provide the basis for discussion of the different contexts faced and the alternative growth strategies.

Customers around the world are more comfortable with the use of technology, and are becoming daily, if not hourly, users of social media, mobile commerce and cloud computing. We also highlight online/internet engagement of different business-to-business and business-to-consumer situations throughout the chapters, particularly recognizing how new social media and the technology that drives this has impacted upon different geographic, economic, social and cultural contexts. This is examined particularly in the chapters in Part III where we focus on implementation issues. Chapter 12 focuses on this further when we examine how technology not only supports but drives invention and reinterpretation of international marketing communication strategies and delivery mechanisms. It examines how these enable individuals and businesses to use the Internet of Things, Artificial Intelligence and robots to their advantage.

The majority of the Case Studies, Illustrations and Management Challenges are new or updated. We have endeavoured to ensure the material we use reflects a global perspective and have included practical examples from across the world. For this edition we have included a number of our new Case Studies, Illustrations and Management Challenges from north and south Africa and the Middle East, and other emerging countries, in response to the advice and suggestions from reviewers, tutors and students. The authors have focused on responding to the needs of readers who are developing their international marketing skills in Europe, the Americas, Asia and Africa or other parts of the world. Moreover, we believe that organizations operating in these countries face some of the most significant and interesting international marketing challenges today and are developing the most novel solutions. Each Illustration and Management Challenge has questions highlighting specific issues that should be considered in the context of both the industry it focuses on and the area of the world it is spotlighting.

The Directed Study Activity (DSA) is an innovative section at the end of each part with the objective of encouraging readers to integrate their learning from the chapters and the parts. The DSA at the end of Part I highlights the rapid development of the mobile phone services market in Africa and uses this scenario as a backdrop for examining trading infrastructure issues, consumer behaviour issues and the development of a latent and exciting market. We focus in DSA 2 on the companies from emerging markets that are

challenging the more established players and encourage readers to explore the alternative strategies adopted by these companies to expand their activity. We also encourage readers to consider those companies from emerging markets that have made substantial progress towards becoming global players during the last few years.

In DSA 3 we focus on the opportunities for growth for ISS World, which is a large international B2B outsourcing organization. They typically grow by spotting opportunities for their services such as contract cleaning, catering and security in emerging markets, due to the growth in businesses outsourcing, particularly for professional services.

By obtaining and analyzing data through secondary sources, typically through the internet, the reader is able to proceed through the steps of the international marketing strategy process, thus acquiring further knowledge and using this opportunity to practise a number of their international marketing skills.

How to study using this book

The aim of the book is for readers to have an accessible and readable resource for use both as a coursebook and for revision.

It has a clear structure which is easy for the reader to follow, thus making it ideal for incorporation into a course delivered in a 12-week teaching semester. Its geocentric view of international marketing, with examples of good practice in competing internationally from around the globe, makes it ideal for use with courses with multicultural students.

International Marketing Strategy has been developed to help the reader learn, understand and practise a number of elements of the international marketing strategy process. The process involves the analysis of a situation, development of a strategy against a background of a number of strategic options, and the implementation of the chosen option. It is important to recognize that there is not one 'right' strategy, because success is ultimately determined by many factors. Besides, it will usually take a number of years before the strategy can be seen finally as a success or failure. Therefore, this book provides a framework, within the parts and chapter structure, in which to understand and evaluate the factors that should be taken into account (and which should be dismissed too) in building an international marketing strategy.

Structure

Parts

The three parts focus on the topics of analysis, strategy development and implementation. Each part contains an introduction to the four chapters that have been grouped together.

Readers should realize that these groupings of chapter topics within parts are primarily to provide a clear structure and layout for the book. In practice, however, there is considerable overlap between analysis, strategy development and implementation topics. For example, product strategy and market entry are considered by organizations in some situations to be implementation issues, and technology might be used to support analysis, set the overall international marketing strategy or support implementation.

Part I Analysis Part I focuses on analyzing the international marketing environment. It provides an introduction to how the international marketing environment influences how firms operate. It explores the changing nature of the environment and explains the structures that support and control international trade. Also considered are the social and cultural influences on customer buying behaviour in international markets.

Frameworks and processes that provide the means to systematically identify and evaluate marketing opportunities and carry out market research across the world are explained.

PART II Strategy Development Part II explains the international marketing strategy options available for small- and medium-sized firms and also the largest organizations that will enable them to compete effectively in global markets. The factors that affect the choice of strategy are considered as well as the challenges that are posed to the managers of these strategies.

A key decision for most organizations is which market entry method to use to exploit the market opportunities from the many options available. This is then followed by the selection and development of the products and service strategy that determine the portfolio that will be offered to customers.

PART III Implementation Part III deals with the international communication, distribution and pricing strategies that support the introduction and development of the business in the various worldwide markets. The different local market factors that affect implementation are considered. These factors may allow the associated implementation programmes and processes to be standardized across different markets but, frequently, it is necessary to adapt the strategies to suit local needs.

Technology plays a key enabling role in international marketing strategy implementation. It supports the programme and process delivery and also provides opportunities for creativity that allow innovative firms to gain competitive advantage.

CASE STUDIES AT THE END OF EACH CHAPTER

PART I ANALYSIS

Chapter 1

Fast food: the healthy option goes global Rising health awareness among consumers is impacting on the traditional fast food industry. Together with growth in online ordering and app-based companies offering delivery services, new opportunities are opening up for alternatives giving easily accessible healthy fast food to a health-conscious populace. This case looks at a fledgling company which has global ambitions to build an international base.

Going international? You need a language strategy Marketing internationally means communicating with customers, employees, investors and supply chain operators in a common language, but this inevitably means communicating in many different languages. This case explains the need for developing a language strategy and how it can be implemented.

Chapter 2

Export tourism increases the host country's GDP Exporting tourism can make a significant contribution to GDP both for developed and less developed countries. This case explores the tourism value chain and how

domestic companies can benefit from promotion and mega events targeted at international tourism.

The mobile/cell phone services market in Africa

Penetration of mobile phones is high in many but not all African countries. This case explores the economic and political factors driving the market growth. However, as well as identifying significant consumer benefits and attractive opportunities for firms in the market, this case also looks at the associated risks.

Chapter 3

Sustainable case study: Starbucks helps coffee farmers sustain their cultural heritage

Starbucks (from the United States) and coffee farmers in Costa Rica work hand in hand to provide the best coffee for Starbucks stores throughout the world. This case looks at how researchers and small scale Costa Rican farmers come together to discuss ways in which coffee can be grown more sustainably and profitably.

Cultural challenges of the Brazilian market Many organizations have tried to enter Brazil, but failed. The Brazilians have strong cultural and social behaviours that international organizations have found difficult to understand and embrace. This case examines the cultural challenges of establishing a presence in Brazil.

Chapter 4

Global brands use of big data Companies across the globe use huge data sets to mine information to their advantage: automating processes, gaining insight into

their target markets and improving overall performance. This case looks at several companies that use such data in investigating international markets.

Cultural segmentation map Despite the ever-expanding global marketplace, consumers are not homogeneous. Differing values by country are presented in this case study. Differences are mapped showing which countries have traditional values and self-expression values, and which have secular rational values and survival values.

Directed Study Activity 1 – International marketing planning: analysis

In this DSA we spotlight the rapid development of the mobile phone services market in Africa and use this scenario as a backdrop for examining trading infrastructure issues, consumer behaviour issues and the development of a latent and exciting market.

PART II STRATEGY DEVELOPMENT

Chapter 5

Telensa: a shining light in smart cities A streetlight technology firm demonstrates the innovative use of the Internet of Things in a city planning environment and rapid international sales growth.

Pin it, share it, desire it, sell it Pinterest is a fast-growing social media platform where SME e-tailers have the opportunity to provide a shop window to promote their products. This case looks at the benefits Pinterest offers to SMEs and how they should plan their presence on the platform to reach a global audience.

Chapter 6

Huawei: overcoming market obstacles Huawei is an information and communication technology (ICT) company in China. It started making switches for up and coming technology businesses and went on to become an international company by investing in and creating cloud technology. Huawei is successful in a number of international markets, and this case study will prompt discussions around strategies that can be used to break into the US market.

Reshoring: rethinking global reach Outsourcing of manufacturing and services offshore has been common practice for many firms, largely based on reasons of cost saving. However, many organizations

have been rethinking this strategy. This case considers the pros and cons of reshoring and when it is an appropriate strategy.

Chapter 7

Wagamama's international expansion Wagamama has company-owned outlets and franchises. The market entry strategy it uses has been successful, and it is keen to expand in new markets over the coming years. The success of Wagamama is down to a range of marketing mix activities, and these are outlined in this case study.

IKEA in China: market entry flat packed? IKEA wanted to engage with the Chinese market. Cultural traditions, existing home brands and other international competitive brands provide challenges for IKEA which are explored in this case study.

Chapter 8

A silver lining: new product developments needed Silver has been used for millennia to keep foodstuff safe and by doctors to help patients recover. This case looks at new and innovative uses for silver, from its ongoing use in hospitals to its use in space.

Accor inseparable services: online and face-to-face Around the world the Accor brand has developed an excellent reputation for service in the hospitality sector. This case explores the importance of all the elements of the marketing mix of hospitality services and looks at how other organizations might learn from studying Accor's integrated approach.

Directed Study Activity 2 – International marketing planning: strategy development

Future global players examines the different starting points and means used by newcomers from developing economies to build the global competitive capability necessary for them to compete with the more established competitive firms from developed countries.

PART III IMPLEMENTATION

Chapter 9

Greenpeace: global campaigner Greenpeace must balance the need to create awareness, which often requires shock tactics, with the need to raise funds and best leverage its resources, which are limited when compared to corporates and governments. This

case explores how it must communicate effectively by adopting and integrating a variety of traditional offline and online media to appeal to its various target audiences.

How do corporate brands survive a global crisis?

Brands that remain strong through and beyond global crises such as the financial crisis in 2007–08 and the COVID-19 pandemic during 2020–21 do so by having a meaningful difference from their category brand competitors. A meaningful difference is a differentiator that goes beyond the rational and functional needs of consumers. This case looks at how brands appeal emotionally to their consumers.

Chapter 10

Bulk wine shifts the global wine market The growth of the bulk wine sector has led to major changes in the way wine is distributed internationally. Bulk wine, which was once seen as the commodity low end of the market, has now become a major player in the distribution of wine globally. This case looks at how this trend has shifted the competitive nature of the market.

Poor packaging = lost profits This case looks at how the use of inappropriate packaging by the smallest rural farmer to the largest multinational can prove costly in terms of financial loss, waste of resources and environmental impact, and what can be done to specify more sustainable materials.

Chapter 11

The impact of cryptocurrencies Cryptocurrency is a digital asset which has many capabilities, but one thing it is known for is being the functioning tool that distributes bitcoin. Technology of this kind has its advantages and disadvantages, and some are highlighted in this case study.

Torque Developments International plc Torque, a supplier of car components, faces a number of challenges in costing and pricing its products for global markets. This case considers the alternative costing and pricing models it is using and their relative merits in addressing these challenges.

Chapter 12

Heart problems? Wearable tech could save your life Enabling consumers to be technology connected through the Internet of Things offers huge potential benefits. This case looks at the use of Wireless Body Area Network (WBAN) to monitor patients and rapidly provide information and alerts to medical staff. The case also looks at sharing personal information and the concerns of many people about privacy.

Yum! brands: eating into new markets Yum! Restaurants International (YRI), which holds brands such as KFC and Taco Bell, continues to grow. But despite its growth, YRI is still learning how to provide an international brand that adapts the marketing mix to ensure local culture and traditions are present.

Directed Study Activity 3 – International marketing planning.

In this DSA we outline how a small business grew into an international provider of services including security, cleaning and catering. ISS World has grown organically but has made great strides in becoming a global player by identifying growth opportunities in different countries, by forming excellent B2B relationships which encourage repeat business, and because more businesses worldwide are choosing to outsource services.

Chapters

After a brief introduction to each chapter the learning objectives are set out, which should provide the focus for study. To help reinforce the learning and encourage the reader to explore the issues more fully, the chapters contain a number of additional aids to learning.

Illustrations

The Illustrations that have been provided are not present just to reinforce a key issue or learning point that has been discussed within the chapter. The questions that have been added are intended to enable the reader to reflect upon the deeper and broader implications too and thus provide further opportunity for discussion. Our aim is that the settings for the Illustrations be as diverse as possible, geographically, culturally, by business sector, size and type of organization, in order to try to help the reader consider the situations described from alternative perspectives.

Management Challenges

The Management Challenges emphasize the point that there are few simple and straightforward management decisions in international marketing. Organizations and managers often face difficult problems that require a decision. The Management Challenges within a chapter provide the opportunity for the reader to identify those factors that should be taken into account in coming to the decision and, hopefully, consider rather more creative ideas that lead to decisions and solutions that add greater value.

Case Studies

The Case Studies provide the opportunity for the reader to carry out more comprehensive analysis of key chapter topics before deciding what strategic decisions or plans should be made. These Case Studies can also be used in the classroom so that analysis and discussions can take place following further research into the topic under investigation. These short cases provide only limited information and, where possible, readers should obtain more information on the Case Study subject from appropriate websites in order to complete the tasks. The reader should start with the questions that have been supplied in order to help guide the analysis or discussion. After this, however, the reader should think more broadly around the issues raised and decide whether these are indeed the right questions to ask and answer. International markets change rapidly and continuously, and new factors that have recently emerged may completely alter the situation.

Directed Study Activities

At the end of each of the three parts of the book we have included a Directed Study Activity (DSA). Their purpose is to integrate the four chapters that make up each of the parts. More importantly, however, is that as a whole the three activities provide a framework for planning an international marketing strategy and give the opportunity for readers to consider the practical issues involved in developing, planning and implementing an outline international marketing strategy. The objective of these activities is to provide a vehicle through which the reader is able to develop practical skills in research, analysis, evaluation and strategy development. In completing these activities, you will need to synthesize the various strands and themes explored throughout the book and apply them to a practical situation.

ID, RL, AK

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PART I: ANALYSIS

AIMS AND OBJECTIVES

Knowledge and an understanding of the markets in which companies operate are important for all business activities. In international markets, because of geographical distances and the complexities of operating in a number of disparate markets where risk and uncertainty are high, the need for knowledge and understanding becomes of paramount importance. Moreover, there are many global events that have an enormous effect on businesses and consumers, such as the global financial crisis (2008–09) and the COVID-19 pandemic (2020–21). In addition, there have been two major global achievements through United Nations' (UN) initiatives. The first achievement is the adoption of the Sustainable Development Goals (SDGs) by 193 sovereign states. The second was that 197 countries signed the Climate Agreement in Paris. In 2021 there were 189 members party to the United Nations Framework Convention on Climate Change. The SDGs and the United Nations Framework Convention on Climate Change have provided an undivided agreement, focus and blueprint for action regarding sustainable development, which in turn interlinks environmental, political and societal changes that affect the world and all citizens.

What is important to remember is that while heads of state in each country commit to the SDGs and the United Nations Framework Convention on Climate Change blueprint, it is the actions of businesses when they provide equality for all in the workplace, promote wellbeing and use sustainable energy that respond to the threat of climate change.

Understanding politics, environmental issues, economics, trading markets and changing consumer demands in the shadow of the global financial crisis (2008–09) and the COVID-19 pandemic (2020–21) is critical. Therefore, it is important that international marketers understand the responsibilities that businesses have, from entrepreneurs to **conglomerates**, to continually research and innovate to drive desire for products and services in a responsible and sustainable manner. These issues are central to this text. The chapters in Part I concentrate on helping the reader generate a greater understanding of the concepts of the international marketing process and the international environment within which companies operate. It aims to extend the range of understanding in order to enable the reader to deal with international marketing situations and to develop the skills to analyze and evaluate non-domestic markets, which in turn will enable their firms to compete effectively in world markets.

In Chapter 1 we focus on the international marketing environment. This text uses the PESTLE approach to understand the complexities of external influences on **international marketing**, thus enabling the reader to acquire an appreciation of marketing on an international basis. We examine what is meant by international marketing and introduce the reader to the international market planning process. We also examine the reasons for success and failure in international marketing strategies and the characteristics of best international marketing practice.

In Chapter 2 the focus is on gaining an understanding of the world trading environment. We first examine, at a macro level, the development of international trading structures and the changes in trading patterns, as well as reviewing the major international bodies formed to foster **world trade**. The evolution of trading regions is analyzed and the implications for international marketing companies assessed.

In Chapter 3 we take a deeper look at the social and cultural influences in international marketing. The components of culture are examined, together with the impact of these components on international marketing. We then look at how cultural influences impact on buyer behaviour across the globe both in consumer markets and in business-to-business markets and discuss methods that can be used to analyze cultures both within and across countries.

In Chapter 4 the focus is on the identification and evaluation of marketing opportunities internationally. Segmentation of international markets and how to prioritize international opportunities are discussed. The marketing research process and the role it plays in the development of international marketing strategies are also examined. The different stages in the marketing research process are discussed, with particular attention being paid to the problems in carrying out international marketing research in foreign markets and coordinating multi-country studies.

- 1 An introduction to international marketing
- 2 The world trading environment
- 3 Social and cultural considerations in international marketing
- 4 International marketing research and opportunity analysis

Part I Directed Study Activity



AN INTRODUCTION TO INTERNATIONAL MARKETING

LEARNING OBJECTIVES

After reading this chapter you should be able to:

- Explain and use the PESTLE factors to assess international markets
- Discuss the differences between export marketing, international and global marketing
- Understand the criteria required to evaluate a company's international marketing strategy
- Appreciate the key steps in the international marketing planning process

INTRODUCTION

Managers around the globe are recognizing the need for their companies and organizations to develop the skills, aptitudes and knowledge to compete effectively in international markets.

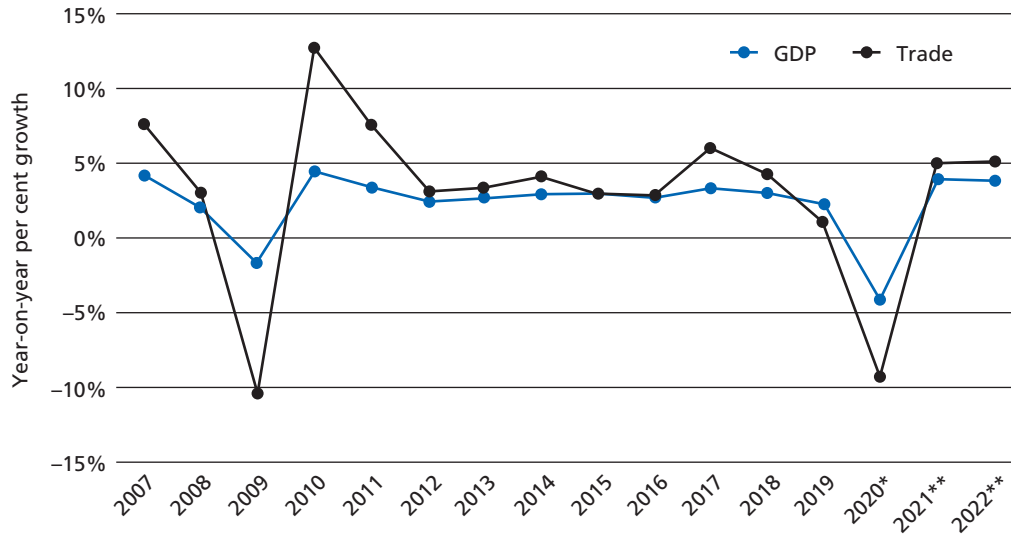
The fact that the world economy is open and interdependent, plus the globalization of consumer tastes, has increased the desire from stakeholders for businesses to be environmentally friendly. In addition, the unabated expansion of mobile applications – which can be downloaded to smartphones to perform all kinds of feats from social networking to virtual reality holiday experiences, cryptocurrency trading to identifying allergens in pre-prepared meals – has increased the interdependency and interconnections of economies across the globe. The need for managers to develop the skills to maximize the opportunities such technological developments bring impacts on companies of all shapes, sizes and sectors.

In this chapter, readers will be introduced to the concepts of international marketing, enabling them to acquire an appreciation of the complexities of marketing on an international basis and how this activity differs from operating purely in domestic home markets. In the following sections we will define international marketing, examine the important trends in the global marketing environment, and introduce the reader to the international marketing strategy development and international marketing planning process.

The strategic importance of international marketing

International marketing and more importantly, international marketers, must instil confidence in governments, businesses and consumers when global events change the social, economic and political landscape, as evidenced following the 2008–09 global financial crisis and the 2020–21 COVID-19 pandemic. World events change landscapes and have consequences for trade. Figure 1.1 provides an overview of Gross Domestic Product (GDP) and trade volume worldwide from 2007 to 2022 (predicted) and demonstrates the dramatic effects the 2008–09 global financial crisis and the 2020–21 COVID-19 pandemic had on **international trade**.

FIGURE 1.1 Change in GDP and trade volume worldwide, 2007–22



Note: *Estimate; **forecast.

Source: Adapted from Statista, M. Szmigiera (March 2021), Growth in GDP and trade volume worldwide from 2007 to 2022. Available from www.statista.com/statistics/1032199/global-growth-gdp-trade/ (accessed 7 April 2021).

As shown in Figure 1.1, global trade contracted in 2020 at a similar rate to that in 2009. The **World Trade Organization (WTO)** stated that during the first half of 2020 there was a sharp decline in trade, but that it recovered during the second half of the year at a faster rate than anticipated. It is expected that merchandise trade will show 8 per cent growth for 2021–22 and this trade between countries will help improve the world's economic recovery. The WTO states that 2022 will be the year when trading levels will be at the same level as those in 2019 (World Trade Organization 2021).

Another worldwide issue is demography and in particular population change. The world's population was 7.9 billion in 2021 (Worldometer 2021) and it is projected to rise to 9 billion by 2037 and 10 billion by 2057. The population rate is not growing as fast as it once did. However, the population is still growing, in part because in some countries, large families are still customary and people are living longer. The change in population growth in some regions is higher than in others, for example the yearly change in population in Africa is 2.49 per cent, whereas in Europe it is 0.09 per cent; refer to Table 1.1.

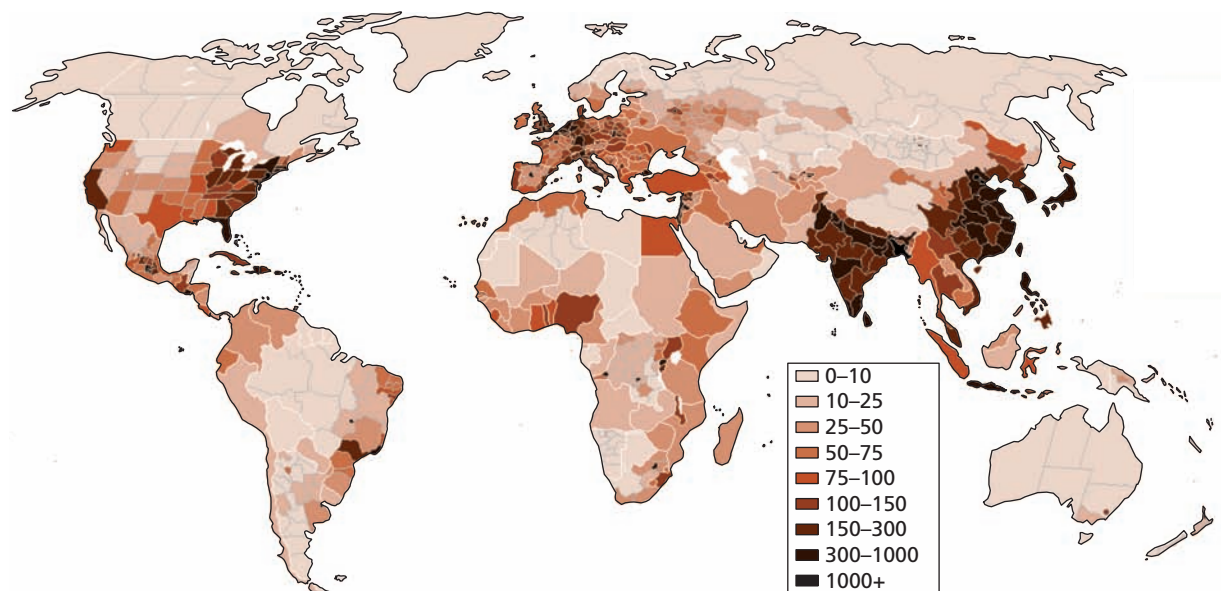
Furthermore, there are differences in the density of population by country, as shown in Figure 1.2.

Overall the global population will continue to rise but at a slower pace, and populations in some regions will see higher growth than in others.

Table 1.1 World population by region

Region	Population (2020)	Yearly change %
Asia	4,641,054,775	0.86
Africa	1,340,598,147	2.49
Europe	747,636,026	0.09
Latin American and the Caribbean	653,962,331	0.90
Northern America	368,869,647	0.62
Oceania	42,677,813	1.31

Source: Worldometer (2021) World population by region. Available from World Population Clock: 7.9 Billion People (2021) – Worldometer (worldometers.info) (accessed 2 March 2021).

FIGURE 1.2 Countries and regions by population density

Source: Wikipedia, Junuux (2009) Countries and regions by population density. Available from https://commons.wikimedia.org/wiki/File:%3ACountries_and_regions_by_population_density.png (accessed 2 April 2021). Published under Attribution-ShareAlike 3.0 Unported (CC BY-SA 3.0).

The last few years have also seen a worldwide increase in personal wealth. Personal wealth is the total value of an adult's non-financial (usually land and housing) and financial assets less the debts that a person owes. Recently, wealth per adult worldwide rose by 8.5 per cent, suggesting that an average adult's wealth is US\$77,309. When ranking countries by median wealth the following levels apply:

Over US\$100,000

US\$25,000 to 99,999

US\$5000 to 24,999

Below US\$5000

Countries in these rankings include Belgium in the highest level tier with median wealth of US\$168,400 per adult. In China and Russia adult wealth falls between US\$25,000 and US\$99,999, while countries such as India, Indonesia, Iran and the Philippines, most of Latin America and South Africa have wealth in the region of US\$5000 to US\$24,999. Those countries that have adult wealth below US\$5000 are the majority of countries in Central Africa and Central Asia (Credit Suisse 2020). It was found that in 2020 wealth reduced by 4.4 per cent during the first half of the COVID-19 pandemic but returned to and slightly increased by the end of the year in most countries including Africa.

The adult wealth data suggests to the marketer that there has been a general increase in demand for goods and services pre- and post-COVID-19 pandemic.

Population growth and increased affluence together have helped create a **global youth culture** also known as the digital generation (13- to 19-year-olds), which accounts for approximately 11 per cent of the population globally (One Hope 2020). In many countries, more than half the population is pre-adult, creating one of the world's biggest single markets, the youth market. Therefore, the youth market interacts with worldwide social media brands such as YouTube, TikTok and SnapChat, all of which are commonplace and create a one-world youth culture market that potentially can exceed all others as a premier global market segment. Local and ethnic products are beginning to mean a great deal to the international culture and identity young people seek, while at the same time they are devoted to international brands including Nike, Lululemon, Starbucks and Apple.

Older consumers are also increasingly transnational in their consumer identity. They drive globally produced cars, take worldwide holidays, watch programmes from across the globe on television, use globally developed technology and are increasingly plugged into the online digital media technology, though not necessarily the same ones as the younger generation. On the supply side, transnational corporations are increasing in size and embracing more global power. The top 500 companies in the world account for 70 per cent of world trade and 80 per cent of international investment. Total sales for multinationals are now in excess of world trade, which gives them a combined gross product of more than some national economies.

To strategically position themselves for global competitiveness, companies are consolidating through mergers, acquisitions and alliances to reach the scale considered necessary to compete in the global arena. At the same time, there is a trend towards global standardization as companies strive for world standards for efficiency and productivity. Since 2015 there have been 105 global mergers and acquisitions (M&As) amounting to US\$4.1 trillion and this is seen as one of the most popular ways to expand and enter new markets (Kießling *et al.* 2021). Notable recent mergers include the one between Fiat Chrysler and France's PSA Group to form Stellantis, which will share the fortunes of well-known brands such as Citroen and Vauxhall. This US\$52 billion merger will focus on electric and fuel cell power (Leggett 2021). It is anticipated that other big brand M&As will increase in the coming years, suggesting businesses are looking outside country borders.

The Commercial Bank of Qatar looked to Turkey as part of its international strategy and invested in Alternatifbank AS. Both companies are known to each other and therefore a relationship between the two banks through share acquisitions seemed favourable on both sides. The Japanese company Panasonic also entered Turkey when it acquired Viko, a supplier of electrical wiring equipment. Panasonic was not only interested in acquiring a local company to make and supply wires for its household electronic equipment, as it sees this strategic move as an opportunity to break into the Russian and African markets.

Franchising is another way in which a company can expand, grow and find new markets – M'OISHÍ, an ice-cream store which has coffee shops and kiosks, has 18 stores in the UAE and is moving into Kuwait. Boost Juice, a smoothie bar, has 580 stores in 15 countries and is looking for new openings in Germany. Therefore, research and development, innovations and expansions continue to take place in some form or another despite external forces challenging growth. The global marketplace is no longer the summation of a large number of independent country markets, but much more multilateral and interdependent economically, culturally and technically. Indeed it often seems that money, information and corporate ownership move seamlessly throughout the world. The ease of doing transactions and transmissions is facilitated by the convergence of long distance telecommunications, cuts in the cost of digital processing, cloud computing and the exponential growth in internet access.

The combination of these forces has meant that all companies need to develop a marketing orientation which is global in nature. Companies also need managers who have the skills to analyze, plan and implement strategies across the world. It is for these reasons that international marketing has become such a critical

area of study for managers and an important component of the marketing syllabus of business faculties in universities.

So perhaps now we should turn our attention to examining exactly what we mean by international marketing.

What is international marketing?

Many readers of this textbook will have already followed a programme of study in marketing. But, before explaining what we mean by international marketing, let us reflect for a few moments on our understanding of what is meant by marketing itself. The Chartered Institute of Marketing defines marketing as the ‘Management process responsible for identifying, anticipating and satisfying customer requirements profitably’. Thus, marketing involves:

- focusing on the needs and wants of customers
- identifying the best method of satisfying those needs and wants
- orienting the company towards the process of providing that satisfaction
- meeting organizational objectives.

In this way, it is argued, the company or organization best prepares itself to achieve competitive advantage in the marketplace by researching consumer needs and wants and demonstrating to stakeholders that they understand the functional and emotional value of their products or services. It then needs to work to maintain this advantage by manipulating the controllable functions of marketing within the largely uncontrollable, external marketing environment made up of the conceptual framework known as the PESTLE analysis, i.e. Political, Economic, Social, Technological, Legal and Environment/Sustainability.

How does the process of international marketing differ? Within the international marketing process the key elements of PESTLE still apply as they do for domestic marketing. The conceptual framework is not going to change to any marked degree when a company moves from a domestic to an international market; however, there are two main differences. First, there are different levels at which international marketing can be approached. Second, the uncontrollable elements of the marketing environment are more complex and multidimensional, given the multiplicity of markets that constitute the global marketplace. This means managers have to acquire new skills and abilities to add to the tools and techniques they have developed in marketing to domestic markets.

International marketing defined

At its simplest level, international marketing involves the organization making one or more marketing mix decisions across national boundaries. At its most complex, it involves the organization establishing manufacturing/processing facilities and coordinating marketing strategies across the world. At the one extreme, there are organizations that opt for ‘international marketing’ simply by signing a distribution agreement with a foreign agent who then takes on the responsibility for pricing, promotion, distribution and market development. At the other, there are huge global companies. Examples include McDonald’s, which operates in 122 countries and has an international network of farmers that produce free-range RSPCA-assured eggs for the Double Sausage and Egg McMuffin; and Ben & Jerry’s, which operates in around 37 country markets and has a network of manufacturing plants worldwide. Thus, at its most complex, the definition of international marketing is a process of managing and marketing efficiently and effectively a variety of services and products transcending national boundaries and having a presence in foreign country markets. These different levels of marketing can be expressed in the following terms:

- *Domestic marketing*, which involves the company manipulating and managing a series of controllable variables. These include price, advertising, distribution and the product/service attributes in a largely uncontrollable, external environment. This environment is made up of different economic structures, competitors, cultural values and legal infrastructures within specific political or geographic country boundaries.

- *International marketing*, which involves operating across a number of foreign country markets. Here, uncontrollable variables differ significantly between one market and another, but the controllable factors in the form of cost and price structures, opportunities for advertising and distributive infrastructure, are also likely to differ significantly. It is these sorts of differences that lead to the complexities of international marketing.
- *Global marketing*, which is a larger and more complex international operation. Here a company coordinates, integrates and controls a whole series of marketing programmes into a substantial global effort. The primary objective of the company is to achieve a degree of synergy in the overall operation. By so doing, it can take advantage of different exchange rates, tax rates, labour rates, skill levels and market opportunities. As a result, the organization as a whole will be greater than the sum of its parts.

This type of strategy calls for managers who are capable of operating as international marketing managers in the truest sense, a task which is far broader and more complex than that of operating either in a specific foreign country or in the domestic market. In discussing this, Doyle (2017) suggests international marketing managers have dual responsibilities to the parent brand and the local needs of consumers in a foreign country. She says, ‘You can carry on with the same global architecture of your idea [brand], but you need to bring this ... [brand] ... into the local market with relevance. You need to make sure to offer the ideas differently for each market.’ She therefore emphasizes that international brands must be managed by staying true to their values and goals. So, international marketing managers must coordinate marketing efforts in multiple countries, combining domestic and foreign markets, and standing out ... in a highly competitive marketplace.

Thus, how international marketing is defined and interpreted depends on the level of involvement of the company in the international marketplace. International marketing could therefore be:

- **Export marketing**, in which case the firm markets its goods and/or services across national/political boundaries, often without any adaptations to the goods and/or services. Generally, exporting begins with neighbouring countries that have similar laws, regulations and consumer culture.
- **International marketing**, where the marketing activities of an organization include activities, interests or operations in more than one country. There is usually some kind of influence or control of marketing activities from outside the country in which the goods or services will actually be sold. Sometimes markets are typically perceived to be independent and a profit centre in their own right, in which case the term multinational or multi-domestic marketing is often used.
- **Global marketing**, in which the whole organization focuses on the selection and exploitation of global marketing opportunities. It marshals its resources around the globe with the objective of achieving a global competitive advantage.

The first of these definitions describes relatively straightforward exporting activities and there are numerous examples that exist. However, the subsequent definitions are more complex and more formal. They indicate not only a revised attitude to marketing but also a very different underlying philosophy. Here the world is seen as a market segmented by the PESTLE groupings.

In this textbook, we will discuss the international marketing issues faced by firms, be they involved in export, international or global marketing. For all these levels, the key to successful international marketing is being able to identify and understand the complexities of each of the PESTLE dimensions of the international environment and how they impact on a firm’s marketing strategies across their international markets. As in domestic marketing, the successful marketing company will be the one that is best able to manipulate the controllable tools of the marketing mix within the uncontrollable, external environment. It follows that the key problem faced by the international marketing manager is that of coming to terms with the details and complexities of the international environment. It is these complexities that we will examine in the following sections.

At this point it is also useful to refer to the concept of the internationalization of an organization, widely discussed in the academic literature. There are a number of definitions of internationalization, much research and many different theories on the subject, which are too extensive to cover here. Moreover, the sheer complexity of international marketing suggests that all the theories have limitations. We have introduced some, but by no means all, theories in Table 1.2 and invite discussion.

Table 1.2 Theories of internationalization

Definition of internationalization	The method of adapting an organization's operations to foreign environments.
Internationalization process theories	From the brief introduction to this chapter, the reader should undertake research to gain an understanding of the key aspects and limitations of the theories. The theories that probably (but not always) work best with multinational enterprises (MNEs) are the economic and behavioural approaches. Smaller firms, on the other hand, often adopt a network/relationship approach or a 'born global' approach.
Internationalization models	
Economic model	With a base in the economics of organizations and markets, transaction cost theory focuses on the cost of taking part in a market (from start to finish). This model is also linked to the processes used when firms consider the international life cycle of their products. It is based on whether the external transactions are greater than the internal transactions. For example, an MNE internationalizes due to economies of scale and efficiencies. These result from better knowledge and technology and enable them to compete successfully against local organizations that have traditionally supplied the market. This model was based on Dunning's (1988) eclectic theory, which provides a framework to explain the factors, incentives and configurations that drive MNEs in international markets. The theory seeks to answer the questions: should the firm enter foreign markets; in which markets should it invest; and how should it organize for the markets? An international version of the product life cycle might propose that after saturating the domestic market, further growth for the organization would require participation in foreign markets.
The Uppsala model	The Uppsala model proposes that firms build their knowledge in the domestic market, then start overseas operations in nations that are close culturally, geographically and in terms of religion. They should start with export-type approaches with those countries that are physically close before progressing to more involvement in other countries. This model can be used for service organizations, in particular for franchising such as hospitality or retailing businesses when many products and service processes can be standardized despite geographical, cultural and religious differences.
Network or relationship model	This model proposes that a network of long-term relationships among suppliers, customers, competitors, extended family, friends and other stakeholders provide the opportunity, support and motivation for internationalization. The relationships are dependent on technical, market knowledge and economic interdependence, but maintaining personal relationships is key.
Born global model	Organizations based on an innovation that appeals to global customers use web-based communications technology to market their products and services to customers, anywhere in the world, from day one. They believe that it is necessary to build their global market before competition emerges. Born global firms tend to have leaders that create and transform companies through a clear, shared vision for the business. The leader is strong with an envisioning style that communicates and demonstrates a team spirit culture. They are someone who also empowers their team to take responsibility and collectively drive the business forward.

The international marketing environment

The key difference between domestic marketing and marketing on an international scale is the multidimensionality and complexity of the many foreign country markets a company may operate in. An international manager needs a knowledge and awareness of these complexities and the implications they have for international marketing management.

There are many environmental analysis models which the reader may have come across. For the purposes of this textbook, we will use the PESTLE approach and examine the various aspects and trends in the international marketing environment through the political, economic, social/cultural, technological, legal and environmental/sustainability dimensions, as depicted in Figure 1.3. In this edition, we have added more to the sustainability dimension. Sustainability is about considering the impact of everything we do, be it sympathy for the biodiversity of a region in which we want to construct a factory, or the human rights of the workforce. This means encouraging a holistic way of thinking in our responses to the global marketing challenges we identify and assessing the impact of our marketing strategies – socially, economically and environmentally – in our approach to ensuring sustainability over the longer term.