

International Marketing- Notes

Introduction to International Marketing

International marketing refers to the process of planning and undertaking transactions across national boundaries that involve the exchange of a good or service

Why is international marketing important?

International marketing is important as it provides opportunities to countries, businesses, people, and trade relationship through cultural exchange

Countries

For countries, international marketing provides many economic advantages (such as increased trade between countries) which leads to economic multiplier effects (such as job creation or income benefits)

Examples:

- Vietnam → has developed well economically over the last 20 years
- Myanmar → went from political isolation to gradually “opening” the economy. Myanmar is now Asia’s new source of cost-effective labour
- Zambia → a new foreign dollar capital hub in Africa – the economy is now booming
- North Korea → chose isolation 50 years ago, and is still one of the most backward and poor countries

Businesses

For businesses, international marketing enables the business to achieve growth beyond national boundaries leading to increased sales and increased profits

Examples:

- Zara (Spain)/H&M (Sweden) → set-up operations in Australia and now has a global supply chain
- BHP → exports iron ore and coal to China from Australia, creating jobs in both countries

People

For people (individuals and families), international marketing provides opportunities, new job creation, existing job growth, income, security and a lifestyle

Example:

- India → since liberalizing their economy, India is now home to a number of millionaires and a rising middle class
- Poland, Latvia, Lithuania & Estonia → since they joined the EU, their economies have doubled in size

Trade Relations

International marketing enables increased trade between nations through bilateral and multilateral free trade agreements, and contracts between businesses

Examples:

- ASEAN → The Association of SE Asian Nations (10 countries)
- APEC → Asia Pacific Economic Cooperation (21 countries)
- TPP → Trans Pacific Partnership (12 countries)
- NAFTA → North and Central America (11 countries)

Cultural Exchange

International marketing allows for closer personal, economic and commercial relationships through an increase in the exchange of information, ideas, culture and practice across national boundaries

How big is international marketing

The United Nations has 193 member countries, with only 3 other states that are not members. Therefore, in total there are 196 trading states in the world

- World trade in 2015 was \$67.8 trillion
- The leaders in global trade are China, USA and Germany (Australia is 21st)
- The regional leaders are North America, South America and Europe

Challenges for International Firms

International firms face a number of challenges – this is represented in the market schematic model



PESTEL

A PESTLE analysis can be used to analyse the international macro-environment of a business

1. Political and Legal Environment = Government Regulation

- Economic policy
- Taxes/Incentives
- Employment law
- Health and safety law
- Environmental policy
- Competition policy

2. Economic and Financial Environment

- Inflation
- Interest rates
- Exchange rates
- Credit availability
- Financial stability
- Rates of Return

3. Socio-cultural Environment

- Language
- Religion
- Culture/Customs
- Demographic trends
- Health/Education
- Urbanization
- Labour force availability and skills
- Wage levels/Working hours

4. Technological Environment

- Science and technology
- infrastructure
- Patent protection
- Road network/Public transport
- Telephony/Internet capacity
- Air transport
- Ports
- Power supply and reliability

5. Ecological Environment

- Resource depletion
- Pollution
- Water supply
- Climate Change
- Natural disasters
- Sustainable development

Target Market

The most important factor that a business must consider when internationalizing is their overseas target market, and thus international market segmentation

The Market Place

A business that chooses to internationalize their operations must consider the specific conditions and challenges presented by the marketplace in the overseas country

The business must consider the “theirs vs your” concept – are there any competitors overseas and if so what is your competitive advantage in comparison to them

Marketing Plan

A business must develop a marketing process:

- Who to sell to?
- What to sell?
- Where?
- When?
- How?

That assist to achieve outcomes:

- Profitable growth
- Quality customers
- Repeat business