

International MARKETING

An Asia-Pacific Perspective



Richard FLETCHER Heather CRAWFORD

Welcome to AMB336
International Marketing

Topic 1 – Session 1

Expectations and my Philosophy



- What I want (courteous behaviour) Be respectful
- Entering & leaving the lecture (please do this quietly)
- What I expect? (understand you have obligation)
- 12 hours of input for the subject: 3 hours lectures/tut-9hrs study
- Make your life easy and turn up to class...
- What you want as students? (drawn from previous semesters)
- Professional behaviour
- Adequate guidance and support
- Interesting & engaging content and lectures



Unless you can do this, please text in the break its distracting for everyone.

Learning objectives

1. Know the expectations of the unit. What is my responsibility?
2. Who are the contacts and what is the outline of the unit. Assessment. Program structure, assessment related material and connectivity between content and assessment.
3. Rationale for international Marketing (inward and outward internationalisation). Assessment is both inward and outward international this semester.
4. Critical trends in international marketing (related to assessment) (A1, S1)
5. Political and Legal environments of international marketing (A1, S1; A2, S1)
6. Economic and financial environments of international marketing (A1, S1; A2, S1)

Note: A1 =Assignment 1, A2= Assessment 2, S1= section 1.

Convergence

From other pre-requisites

BSB119	AMB210	AMB336	AMB240	BSB126
Content IB Related to Global business operations Assessment case study Country feasibility study	Content: export related Export documentation, logistics and methods Assessment: Export plan in operations and oral solutions	Content International marketing theory in context A deeper evaluation of the concepts at play within international marketing Assessment: Case study: CSR in a contemporary context, supported by depth in evaluation of CSR Research report: Internet international marketing, International consumer culture and technology. In a country context.	Content: Management viewpoint of marketing. Actions and decision making around a certain domestic context Assessment: Marketing Plan An applied approach to marketing management.	Content Marketing Marketing fundamentals: IMC Assessment: specific to Australia and other country Assessment marketing plan/IMC
	International business strategy		Strategic Marketing	

Tutorial Program

Make your life easy and turn up to class!

AMB336 International Marketing	Fail Grade	High distinction Grade: 7
Unit	Attendance and participation : <10% of tutorials	Attendance and participation : >90% of tutorials

This is your choice. Program is designed to help you achieve not to punish you.

Lectures and tutorials

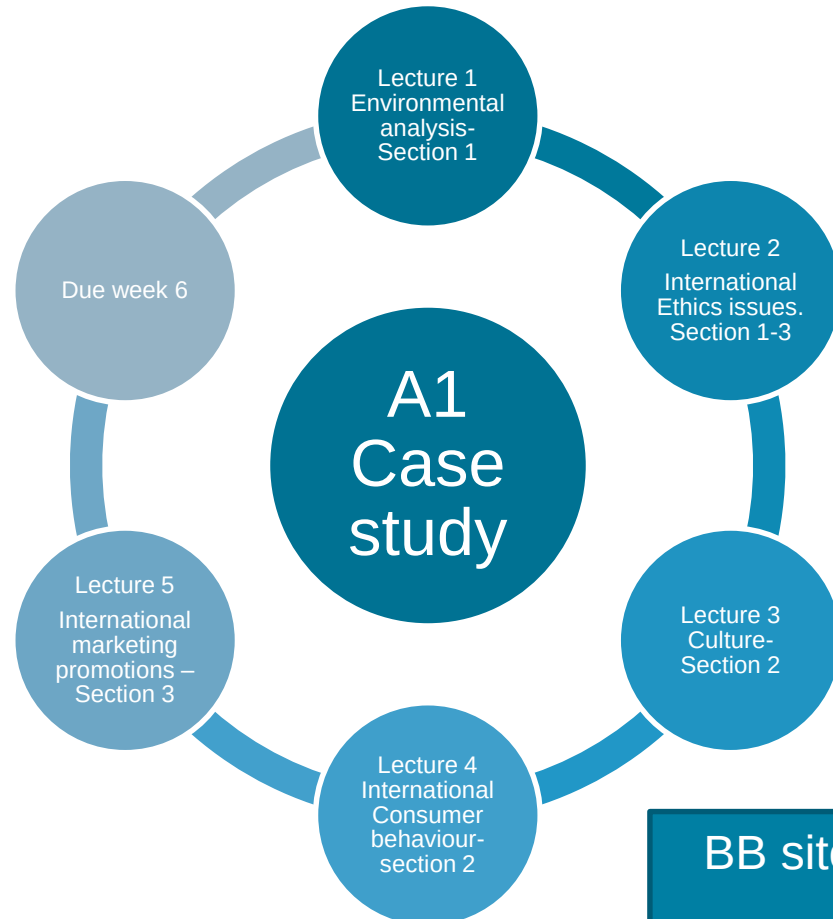
- Lectures
 - Content and knowledge building
 - Examples and cases are given to give context
 - Assists with assessment 1 & 2 (content)
 - Knowledge building
- Tutorials (role will be taken-to assess reviews)
 - Applied knowledge
 - Assist with assessment knowledge
 - Assist with assessment implementation-action learning approach- NOT passive



Assessment 1 – to be briefed in Lecture 1



Connectivity between content and active learning activity: Assignment 1



Tutorial 1 Assessment
insight section 1-3

Tutorial 2- Case study
analysis section 1-3

Tutorial 3- Applied case
study section 1

Tutorial 4-Applied activity
section 2/3

Tutorial 5: Due date
Week 6-drop in session

BB site: Assessment guide highlights structure, key dimensions and context of assessment.
CRA: indicates expectation. What should go into each section and how you will be evaluated.

Connectivity between content and active learning activity: Assignment 2 (prior content is important)



Tutorial 6 Research report insight section 1-3

Tutorial 7- Feedback session from Assessment 1-how to improve

Tutorial 8- Applied Internet technology case section 1-3

Tutorial 9 -International Market choice section 1/2

Tutorial 10-when to adapt and why -Section 2/3

Tutorial 11: Due date Week 12-drop in session

BB site: Assessment guide highlights structure and key dimensions and context. CRA: indicates expectation. What should go into each section and how you will be evaluated.

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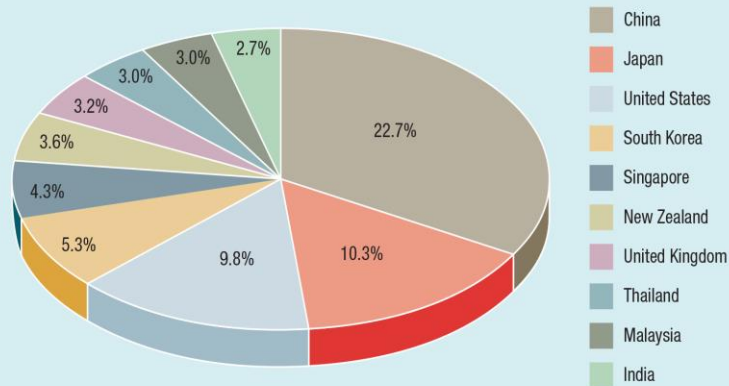
Top 100

01  +5% 178,119 \$m	02  +11% 133,252 \$m	03  -7% 73,102 \$m	04  +8% 72,795 \$m	05  +9% 53,580 \$m	06  -19% 52,500 \$m	07  +14% 51,808 \$m	08  +33% 50,338 \$m	09  +18% 43,490 \$m	10  +2% 43,130 \$m	11  +12% 41,535 \$m	12  -1% 39,381 \$m	13  +6% 38,790 \$m	14  +4% 36,952 \$m	15  +48% 32,593 \$m
16  +4% 30,948 \$m	17  -3% 26,552 \$m	18  +9% 25,034 \$m	19  +8% 23,996 \$m	20  +2% 22,681 \$m	21  -4% 22,106 \$m	22  +13% 21,293 \$m	23  +3% 20,265 \$m	24  -10% 19,950 \$m	25  -3% 18,358 \$m	26  +8% 17,834 \$m	27  +19% 16,766 \$m	28  +6% 16,134 \$m	29  +4% 15,333 \$m	30  +8% 15,099 \$m
31  +3% 14,227 \$m	32  -6% 13,136 \$m	33  +12% 12,962 \$m	34  +17% 12,833 \$m	35  +11% 12,547 \$m	36  +2% 12,517 \$m	37  +11% 12,033 \$m	38  +14% 11,799 \$m	39  -7% 11,711 \$m	40  -9% 11,436 \$m	41  +4% 11,336 \$m	42  -2% 11,081 \$m	43  +22% 11,066 \$m	44  New 11,027 \$m	45  +1% 10,930 \$m
46  +14% 10,579 \$m	47  -10% 10,458 \$m	48  New 10,386 \$m	49  +5% 10,276 \$m	50  +18% 9,537 \$m	51  +12% 9,528 \$m	52  +10% 9,415 \$m	53  +6% 9,385 \$m	54  -2% 9,378 \$m	55  +7% 9,197 \$m	56  +1% 8,708 \$m	57  -1% 8,413 \$m	58  +8% 8,315 \$m	59  +13% 8,199 \$m	60  +16% 7,885 \$m
61  +13% 7,747 \$m	62  -2% 7,738 \$m	63  +21% 7,586 \$m	64  +20% 7,490 \$m	65  +2% 7,200 \$m	66  +4% 6,630 \$m	67  +25% 6,691 \$m	68  -1% 6,365 \$m	69  +12% 6,326 \$m	70  +2% 6,223 \$m	71  -9% 5,944 \$m	72  +18% 5,835 \$m	73  +5% 5,790 \$m	74  -9% 5,761 \$m	75  +2% 5,742 \$m
76  +3% 5,736 \$m	77  +6% 5,708 \$m	78  +11% 5,696 \$m	79  +9% 5,579 \$m	80  +1% 5,527 \$m	81  -12% 5,504 \$m	82  -9% 5,425 \$m	83  -9% 5,382 \$m	84  -12% 5,290 \$m	85  +1% 5,193 \$m	86  -4% 5,148 \$m	87  +6% 5,123 \$m	88  +18% 4,986 \$m	89  New 4,909 \$m	90  +14% 4,839 \$m
91  -8% 4,815 \$m	92  -17% 4,599 \$m	93  +1% 4,509 \$m	94  -9% 4,320 \$m	95  -5% 4,317 \$m	96  -4% 4,252 \$m	97  +0% 4,118 \$m	98  -12% 4,092 \$m	99  -2% 4,045 \$m	100  New 4,011 \$m					



The New International Marketing

FIGURE 1.9 Australia's top 10 two-way trading partners, 2014



SOURCE: Based on data from DFAT (2014) 'Australia's Trade at a Glance', Department of Foreign Affairs and Trade.

wotif.com
online accommodation

Trends



Corporate
Social
Responsibility



Driving and restrainers of International Marketing

Driving factors

1. Market needs
2. Technology
3. Communications
4. Cost- Economies of scale
5. Government

Restraining factors

1. Political systems
2. Legal requirements
3. Cultural norms
4. Economic development
5. Controls over entry and access to markets
6. Actual or perceived risk
 - Commercial
 - Cross-cultural
 - Country
 - Financial



De Beers
Chosen by America
Our Darling Ring and Men's Platinum Band
chosen by the viewers of NBC's
TODAY
Thru a Wedding
10 YEARS of I DO's

A pair of De Beers wedding rings, featuring a diamond-encrusted band and a plain platinum band.

◇
A DIAMOND IS FOREVER

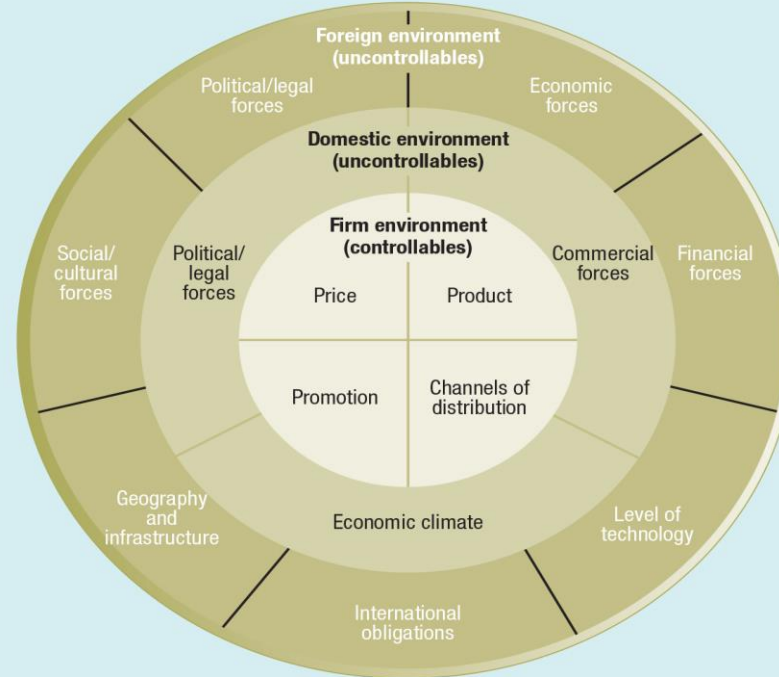
A three-stone diamond ring with three large, brilliant-cut diamonds set in a row on a platinum band.

De Beers
Chosen by America
Our Darling Ring and Men's Platinum Band
chosen by the viewers of NBC's
TODAY
Thru a Wedding
10 YEARS of I DO's

A pair of De Beers wedding rings, featuring a diamond-encrusted band and a plain platinum band.

The wheel of international marketing

FIGURE 1.8 International marketing task

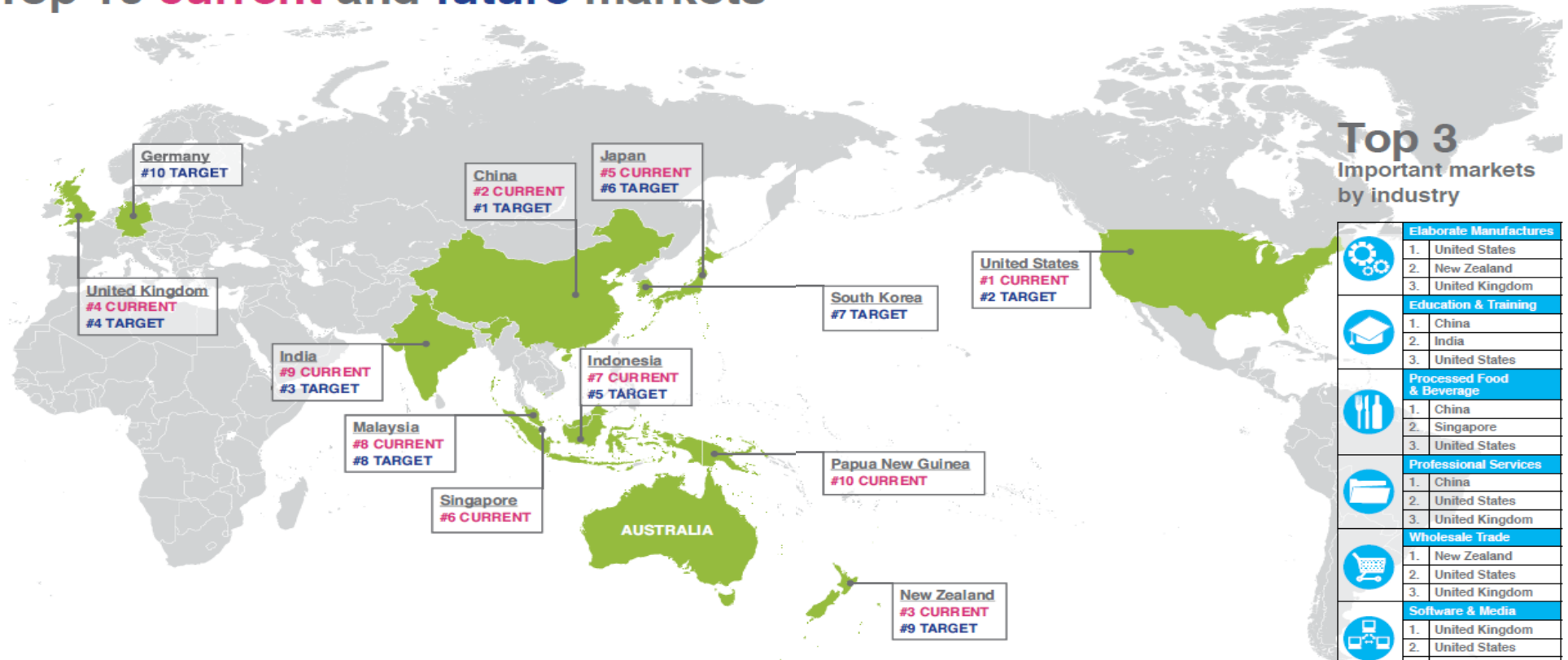


SOURCE: Adapted from Cateora, P.R., Gilly, M.C. and Graham, J.L. (2011) *International Marketing*, 15th edn, p. 11. © McGraw-Hill Education.

What do we influence?

Australian international business managers

Top 10 **current** and **future** markets



Top 3 Important markets by industry

	Elaborate Manufactures	- United States - New Zealand - United Kingdom
	Education & Training	- China - India - United States
	Processed Food & Beverage	- China - Singapore - United States
	Professional Services	- China - United States - United Kingdom
	Wholesale Trade	- New Zealand - United States - United Kingdom
	Software & Media	- United Kingdom - United States - New Zealand
	Agriculture	- China - Japan - United States
	Technical Services	- United States - New Zealand - Indonesia
	Mining	- Indonesia - United States - China

Top 10 current markets		
1.	USA	14%
2.	China	10%
3.	New Zealand	9%
4.	United Kingdom	7%
5.	Japan	5%
6.	Singapore	5%
7.	Indonesia	4%
8.	Malaysia	3%
9.	India	3%
10.	Papua New Guinea	3%

Top 10 future markets		
1.	China	19%
2.	USA	15%
3.	India	6%
4.	United Kingdom	5%
5.	Indonesia	5%
6.	Japan	4%
7.	South Korea	3%
8.	Malaysia	3%
9.	New Zealand	3%
10.	Germany	3%

*Mining' aggregates main report industries of mining and mining support services.
 *Agriculture' aggregates main report industries of agriculture (food), agriculture (non-food) and agricultural support services.

Break time

- 10 minutes...please feel free to use your phone



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**Avoiding the pitfalls
international political
& legal environment**

Different Types of National Governments

- Parliamentary governments (Westminster system)
 - Citizens interact via voting
 - Industrialised nations - parliamentary democracies
- Absolutist governments
 - Policy without considering citizens opinions
- Other governments
 - Some fall in between
 - Parliamentary elections with emphasis on family/the party-communist party
 - Monarchy



The Role of Government in the Economy

- Participator
 - Commercial activities undertaken by government
 - *State owned enterprises; statutory marketing, authorities; the pace of privatisation*
 - *Business needs to establish the degree of government involvement*
- Facilitator of International marketing
 - Governments may provide concessions/assistance
 - *Tax holidays, subsidies, etc.*
- Regulator
 - Government planning activities
 - *Can influence funding, taxes, imposition of conditions, mandatory standards and controls on exports and imports*



Sources of Political Instability

- Political **sovereignty**
 - Government seeks over foreign operations
- Political **conflict**
 - Some conflict displays higher risks than others
- Political **intervention**
 - Expropriation – official seizure of a foreigner's property
 - **Vietnam (2010) confiscation of property Roman Catholic church**
 - Domestication – control and restriction designed to reduce the influence of the foreign firm on the company-



Nature of Political Risk

- General instability risk
 - Revolutions, invasions
- Ownership risk
 - Property, lives of expatriates- Do companies own the property?
- Transfer risk
 - Restrictions on repatriation of profits, capital, dividends- Transaction and contracts, You cannot get your profits out of the country
- Managing the Overseas Political Environment: Marketing
 - Company behaviour (Your behaviour-You are an Agent)
 - Assume neutrality
 - Combine investment with civic projects, & community activities
- Contribute to host country industry
- Be good corporate citizens- Helps to reduce these issues by sharing the wealth created

The Legal Environment

- International trade usually **involves two or more legal systems**.
- Hence the **legal complexities** are greater for international trade than they are with domestic trade.

Different legal systems

- **Common Law**
- Based on traditions past practices, legal precedents, interpretations via court decision
- **Code Law**
- Separate codes - civil, commercial, & criminal
- All inclusive system of written rules/codes; courts adopt precedence to fit the case
- **Islamic Law**
- Interpretation of the Koran, Shari'ah (Islamic law) ; encompasses religious duties/obligations- Religion - Law

TABLE 2.1 Differences between code law and common law

Legal issues	Civil law	Common law
Ownership of intellectual property	Determined by registration.	Determined by prior use.
Enforcing agreements	Commercial agreements become enforceable only if properly notarised or registered.	Proof of agreement is sufficient for enforcing contracts.
Specificity of contracts	Contracts tend to be brief because many potential problems are already covered in the civil code.	Contracts tend to be very detailed, with all possible contingencies spelled out. Usually more costly to draft a contract.
Compliance with contracts	Non-compliance is extended to include unforeseeable human acts such as labour strikes and riots.	Acts of God (floods, lightning, hurricanes, etc.) are the only justifiable excuses for non-compliance with the provisions of contracts.

SOURCE: Adapted from Cavusgil, S.T., Knight, G., Riesenberger, J.R., Rammal, H.G. and Freeman, S. (2011) *International Business: The New Realities*, Australasian edn, Pearson Australia, Sydney, p. 191.

International Law

- International Law grows out of the agreement of **two or more nations and implies a desire to lessen differences** in the way countries treat legal problems
 - WTO-to some degree the helps
- **No real international law for business activities**
- Application of domestic law to international disputes, **Jurisdiction lies with contract terms, hence the** Importance of business relationships.
- Law & the Marketing Mix Overseas
 - Laws governing each element of the marketing mix may vary
 - Laws to protect consumers; Consumer protection not in all countries Trade practices act
 - Price; Price control mechanisms; dumping; tariffs, profit margins- Predatory pricing
 - Distribution; Regulations covering physical distribution of goods/carriers; nature of channels; intermediaries/ resellers- Alcohol, drugs and cigarettes
 - Promotion; Trade descriptions; prohibition of advertising; use of words/expressions- Europe Children advertising –junk foods, No. 1# not allowed, Trade descriptions, Prohibitions on advertising certain products, Prohibitions on using certain words and expression, Content and style of advertising





Marketing Implications: Legal

- Marketers need an awareness of
 - International law that might impinge on international marketing activities
 - Differing laws in the host country
 - Differences between the written law and common practice
 - Different legal systems and approaches to interpretation

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**Appreciating the dynamics
of the international
economic and financial
environment**

The Global Economic Scene

- Recent Trends:
- Global markets & competitors (shrinking world)
- Reduction of trade barriers (freeing up of trade between countries)
- Surge in capital movements (eg FDI)
- Increases in manufacturing productivity
- World economy impacts on local economies
- Spread of market driven economies (China)
- Growth of e-commerce (efficiency & decrease the physical impediments)
- Global recession (GFC showed the interconnectedness)

- As international marketers we are always monitoring the environment for opportunities and threats.

Economic Systems

- Market allocation system
 - Relies on the consumer to allocate resources-supply and demand dictates where we produce (consumer focused is IM focused)
 - Producers base their plans on purchase intentions-forecasting what consumers want
- Command allocation system
 - Resources allocated by government planners
 - Products available determined by state planners
- Mixed system- Most countries
- Trends in Economic Systems
 - Trend towards reduced government involvement
 - Consistent across developed and developing nations
 - Privatisation of government enterprises (eg electricity, rail)
- Economic structures
 - Agriculture - crops, fishing, grazing, forestry
 - Industry - mining, manufacturing, infrastructure
 - Services – intangibles

Stages of Market Development

- Countries classified based on per capita gross national income (GNI)
- High-income countries
 - 'Post-industrial' economies
 - GNI per capita > \$12 746
 - Examples: USA, Japan, Singapore
- Upper middle-income countries
 - 'Industrialising' countries
 - GNI per capita > \$4126 but < \$12 746
 - Examples: China, Malaysia, Thailand
- Lower middle-income countries
 - Early stage industrialisation
 - GNI per capita > \$1046 but < \$4125
 - Examples: Vietnam, India, the Philippines
- Low-income countries
 - Agriculture-based economies
 - GNP per capita < \$1045
 - Examples: Ethiopia, Sierra Leone

Consumption Patterns

- Engel's Law - expenditure on 'other items'
 - Increased income-proportion of income lower
 - Product saturation
 - Eg white goods
 - Merchandise trade
 - High income countries high% merchandise
 - Services trade
 - Australia
- Income
 - Population
 - Physical quality of life
 - Infrastructure
 - Debt
 - Resources

Country A

Vietnam-increased capacity (50% under 25)

↑ Development

↑ Income

↑ Discretionary
spending

Measuring Markets: Income

- Levels of income: GNP, and a country's ability to fund future development
- Purchasing Power Parity. For example:

		<u>Income/Capita</u>	<u>PPP</u>
■China	444	2340	
■Australia	20400	19260	
■Japan	30516	20340	

Far from perfect, but gives some idea of adjustment in the currency market and how that impacts products

PPP= what one unit of currency are needed to buy in Country A what one unit of currency will buy in country B

Assists how we then evaluate the worth of a tradable good or service from one country to another. Haircut. Does not include quality and price issues in consumer behaviour



Marketing Implications

- Need to monitor the economic environment on both a global and individual country basis
- Provides knowledge: **Evaluation of the market**
 - To **target specific markets**
 - Nature of customers and **demand**
 - Most important **segments**
 - Entry **strategy**
 - Marketing **mix**
 - Market **potential**

Grade	7	6	5	4	Fail
Mark	15-12.75	12.74-11.25	11.24-9.75	9.74-7.5	7.49-0
Analysis					
Understanding environmental and ethical issues. Underpinned by ethical concepts in relation to the context /15	A clear understanding of the case study. Identification of key issues in the case study & related to country context. Key issues are based on international marketing ethics concepts . Supported by high-level literature research.	An understanding of the case study. Identification of key issues in the case study & related to country context. Key issues are based on international marketing ethics concepts . Supported by literature.	An understanding of the case study. Identification of main issues in the case study & related to country context . Main issues are based on international marketing ethics concepts. Supported by literature.	An understanding of the case study. Identification of some issues in the case study & related to country context. Some issues are based on international marketing ethics concepts. Some support by literature.	A failure to mention some issues related to international marketing and ethics . A failure to understand the issues pertinent to the background of the case study, or they are not related to country and or consumer context. Scant use of literature when outlining case study issues. Word limit exceeded.
Demonstrates knowledge of relevant social/ cultural and consumer behaviour considerations /15	Analysis is logical. A sequenced identification of key issues are justified by solid persuasive argument & related to the consumer and country context. Analysis related to international ethics takes into account not just a singular viewpoint of an argument . Argument is well support by a quality international marketing related ethics theoretical platform	Analysis is logical whereby a sequenced identification of key issues are justified by solid argument & related to consumer and country context. Analysis takes into account not just a singular viewpoint. Argument is well support by international marketing related ethics literature	Analysis is logical whereby key issues are justified & related to consumer and country context . Analysis takes into account not just a singular viewpoint . Argument is well support by international marketing related ethics literature	Analysis is logical whereby key issues are highlighted & related to consumer and country context . Argument is supported by some international marketing related ethics literature	Fails to give a logical analysis. Key issues are not justified & or not related to consumer and country context. Argument is not support by literature . Word limit exceeded.
Evaluation					
Mark	20-17	16.9-15	14.9-13	12.9-10	9.9-0
Ability to recommend and justify international marketing action in the given case /20	Well thought out evaluation of solution . Solution is based on solid marketing argument and an international marketing related platform & linked to consumer and country context. Research from quality literature supports the solutions.	Evaluation of solution and a solution is given based on solid marketing argument and an international marketing related platform & linked to consumer and country context. Research from quality literature supports the solutions presented.	Evaluation of solution and a solution is given based on a theoretical platform & linked to consumer and country context. Research from international marketing related literature supports the solutions presented .	Evaluation of solution and a solution is given & linked to consumer and country context . Research from international marketing related literature supports the solutions presented.	Evaluation of solution is limited and or solution is not given . Not directly related to consumer and or country context. Little to no support from the literature is given. Word limit exceeded.
/50	Student capabilities: Have a Social and Ethical Understanding (SEU): 5.1 Apply ethical reasoning, standards or codes of practice relevant to the discipline and make decisions that are informed by social and cultural understanding				
Grade:	7= 50 to 42.5	6= 42.4 to 37.5	5= 37.4 to 32.5	4= 32.4 to 25	Fail= 24.9 to 0

Summary-you now know...

1. The expectations of the unit.
2. What the assessment is and the related material and connectivity.
3. Rationale for international Marketing
4. Some critical trends in international marketing (related to assessment) (A1, S1)
5. Political and Legal environments of international marketing (A1, S1; A2, S1)
6. Economic and financial environments of international marketing (A1, S1; A2, S1)

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Next session -Ethics in international marketing.

CSR and the sustainable approach to international marketing strategy

