

International Marketing

Dr. Steffen Jahn

Assistant Professor

Chair of Marketing & Consumer Behavior



International Marketing: Definitions

International marketing

... is the **performance of business activities that direct the flow of a company's goods and services to consumers or users in more than** one nation for a profit.

(Ghauri & Cateora 2014, p. 8)

... is the **process of focusing the resources and objectives of** a company on international marketing opportunities.

(Keegan 2014, p. 49)

International Marketing

- “Everyone is doing it”
- But be alert, it’s not as easy as one may think!



Cultural Hubris

"The problem was the company's business philosophy, which had always worked so well," wrote Frankfurt's Börsenzeitung in what pretty much amounted to an obituary. "It's people-centered – but that doesn't actually work when the people aren't American."

The company gave the job of masterminding Wal-Mart Germany to an **American** who didn't speak a word of German.

Course Info

- 2 lectures per week (Wednesdays & Fridays)
- Multiple in-class exercises/assignments with group presentations
- Your participation **during class** is crucial to make this course a success (for all of us)
- 90-minute exam: **20.12.2017** from 14:00 to 15:30
- **THERE WILL BE NO 2nd EXAM!!!**

Exam Info

- The exam will be in English language
- You have two weeks after the last class to prepare
- Don't take it lightly

Exam Info

- 2 blocks:
 - several short questions
 - two larger questions
- A combination of factual knowledge and deep understanding of international marketing processes is needed
- What is most important, is a **systematic approach** combined with the use of logic
 - refer to the elements of the theoretical lens mentioned in the question
 - ignore information that is not relevant to the question at hand
 - do not fabricate your own facts (do not create hypothetical scenarios)
 - limit your use of real-world examples that come to mind

Learning Objectives

- After successful completion of the course, you will understand:
 - the foundations of international marketing
 - the diverse environments of global markets
- After successful completion of the course, you will be able to:
 - assess global marketing opportunities
 - develop international marketing strategies

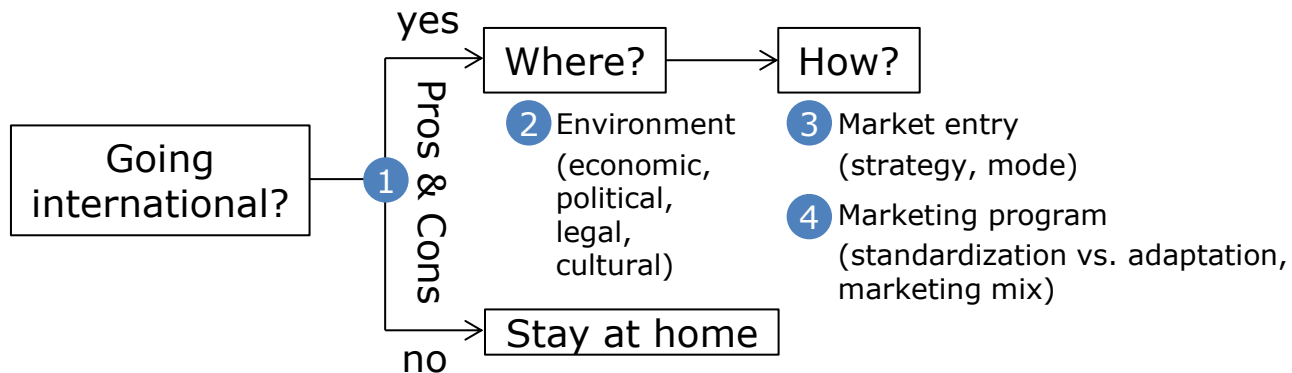
Recommended Readings

- Ghauri, P.N. & Cateora, P.R. (2014):
International Marketing, 4th Edition. New York, NY: McGraw-Hill.
- Keegan, W.J. (2014):
Global Marketing Management, 8th Edition. Essex, UK: Pearson.
- More recent versions of the textbooks may exist, as there are other excellent texts, e.g.
 - Cateora, P.R., Gilly, M.C. & Graham, J. (2016):
International Marketing, 17th Edition. New York, NY: McGraw-Hill.
 - Hollensen, S. (2017):
Global Marketing, 7th Edition. Harlow, UK: Pearson.
 - Keegan, W.J. & Green, M.C. (2015):
Global Marketing, 8th Edition. Essex, UK: Pearson.

Access to Materials

- Download using Stud.IP
(www.studip.uni-goettingen.de)
- Password:

Content Outline



Contents

- 1. Introduction to International Marketing
 - 1.1 The Internationalization Decision
 - 1.2 International Trade Developments

Contents

1. Introduction to International Marketing

1.1 The Internationalization Decision

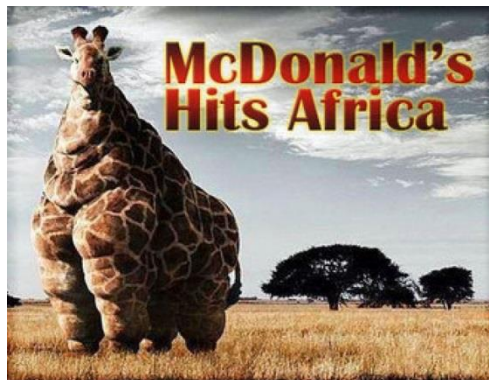
1.2 International Trade Developments

Internationalization Decision

Many companies go abroad



Why do they do this?



HOME » NEWS » WORLD NEWS » EUROPE » ITALY

Skinny soy spicy pumpkin frappuccino anyone? Italy braces for arrival of Starbucks

American coffee company reportedly hoping to open its first outlet in Italy within months

f 668 t 158 p 0 in 10 826 Email



The move would herald an epic clash of cultures Photo: AP/File



By Nick Squires, Rome

5:50PM BST 15 Oct 2015

Follow 1,893 followers

Italy is bracing for an invasion of Salted Caramel Frappuccinos, Skinny Soy Mochas and Cinnamon Dolce Lattes amid reports that Starbucks is to open its first outlets in the crucible of good coffee.

Internationalization Decision

Reasons for Entering New Markets

- Push factors / Reactive motives:
 -
 -
 -
 -
 -
- Pull factors / Proactive motives:
 -
 -
 -
 -

Internationalization Decision

General Internationalization Goals (I)

- Market Position Goals
 - turnover
 - market share
 - extension of the product life cycle
- Cost Targets
 - access to affordable financial and human resources
 - use of government subsidy
 - better capacity utilization, economies of scale, experience curve effects

Internationalization Decision

General Internationalization Goals (II)

- Profitability Targets
 - profits
 - sales and return on capital
- Financial Targets
 - credit-worthiness
 - liquidity
 - gearing

Internationalization Decision

General Internationalization Goals (III)

- Security Objectives
 - risk diversification
 - securing raw materials
- Social Goals
 - job satisfaction, motivation, social security of employees
- Power and Prestige Goals
 - achievement and a steadying influence position with suppliers, competitors, customers and the public
 - image objectives
 - utilization of consumer ethnocentrism

Internationalization Decision

General Internationalization Goals: Summary

- Market seeking
- Efficiency seeking
- Resource seeking

Internationalization Decision

Example: Saturated Home Market

- challenges in home market
- growth opportunity



→ International paper company enters Asian market



- milk carton success jeopardized by plastic milk jug
- decreasing domestic volume → operating below design efficiency levels
- offshore expansion to preserve economies of scale
- growing demand for modern paper packaging in Asian markets

Internationalization Decision

Example: Potential Demand

- Is there potential demand for an existing or new product?



→ KFC enters China (1987)

- increasing wages → rising expendable income
 - up-market lifestyle changes in food consumption ("international-quality" food)
 - no American fast-food restaurant in China at the time
 - 1st mover advantage
 - McDonald's entered China 3 years later gaining only 1/3 of Yum!
- Brand's (KFC, Pizza Hut, Taco Bell) market presence

Internationalization Decision

General Internationalization Risks

- Risks involved when entering new markets:

-
-
-
-
-
-
-

→ it is important to understand international consumers

→ it is important to plan international marketing activities

Internationalization Decision

Example: Opportunities Involved When Entering New Markets



Starbucks Newsroom

[Home](#)

[News](#)

[Press Releases](#)

[Fact Sheets](#)

[Views](#)

[Multimedia](#)

[Contact](#)



February 28, 2016 **Coffee & Company**

With Humility and Respect, Starbucks Turns its Eye Toward Italy

Share



Downloads



Howard Schultz at Milan's Duomo Cathedral

Internationalization Decision

Example: Risks Involved When Entering New Markets



Magazine

Can Starbucks succeed in Italy?

6 March 2016 | Magazine

[f](#) [t](#) [b](#) [e](#) [Share](#)

It's the antithesis of the espresso bar. Because, while some Italians turn their noses up at American culture, others are attracted to it, whether it's popcorn at the movies, Halloween, or cheesecake.

Thirty-six-year-old barista Max agrees that Starbucks will appeal to young Italians as a place to hang out, rather like McDonald's.

"In an international city like Milan, I think it can work. It will probably be full of young people, models and foreigners in town for work," he says.

Would he go?

To a Starbucks abroad, yes. But to one in Italy? Definitely not.

#BUSINESS NEWS SEPTEMBER 18, 2017 / 3:44 PM / 9 DAYS AGO

Coffee rivals square off in Italy ahead of Starbucks invasion

Francesca Landini

6 MIN READ



MILAN (Reuters) - Two of Italy's biggest coffee houses are reinforcing their brands with flagship cafes in Milan near the spot where U.S. rival Starbucks (SBUX.O) is set to begin an invasion next year.

Lavazza opens its first flagship cafe in the coffee-obsessed city on Tuesday, not far from the renovated 19th century palazzo where Starbucks will open its first Italian store, a 'Reserve Roasteries' outlet offering speciality blends and fine food.

Another top Italian brand, illycaffè, opened its own luxury cafe close to the Starbucks site in May, in a cosy courtyard in Milan's most fashionable street.

Internationalization Decision

Nine Strategic Windows (Solberg 1997)

		Industry Globalism		
		Local	Potentially global	Global
Preparedness for Internationalization	Mature	Enter new business	Prepare for globalization	Strengthen your global position
	Adolescent	Consolidate your export markets	Consider expansion in international markets	Seek global alliances
	Immature	Stay at home	Seek niches in international markets	Prepare for a buyout

Source: Solberg (1997, p. 11)

Contents

1. Introduction to International Marketing

1.1 The Internationalization Decision

1.2 International Trade Developments

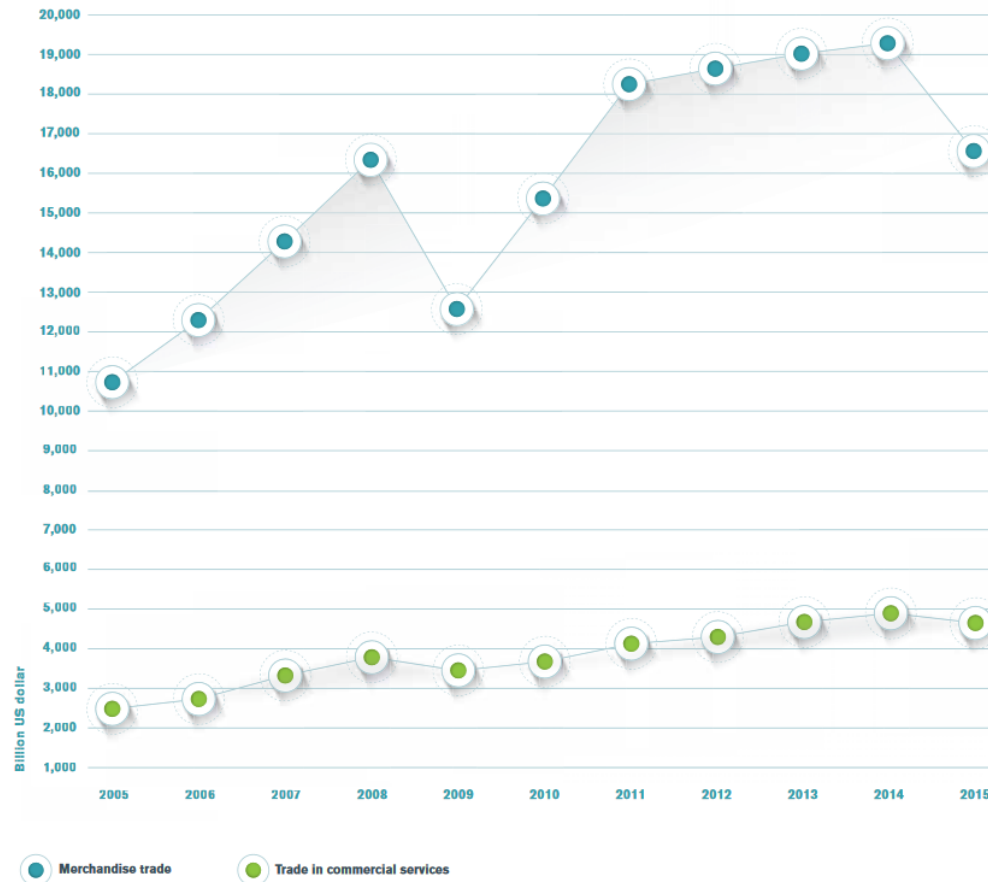
International Trade Developments

Situation

- Countries are as economically interdependent as never before
- Today the opportunities for international trade are greatest as is the pressure
- International cooperation between regions is increasing, with the exception of 2015

International Trade Developments

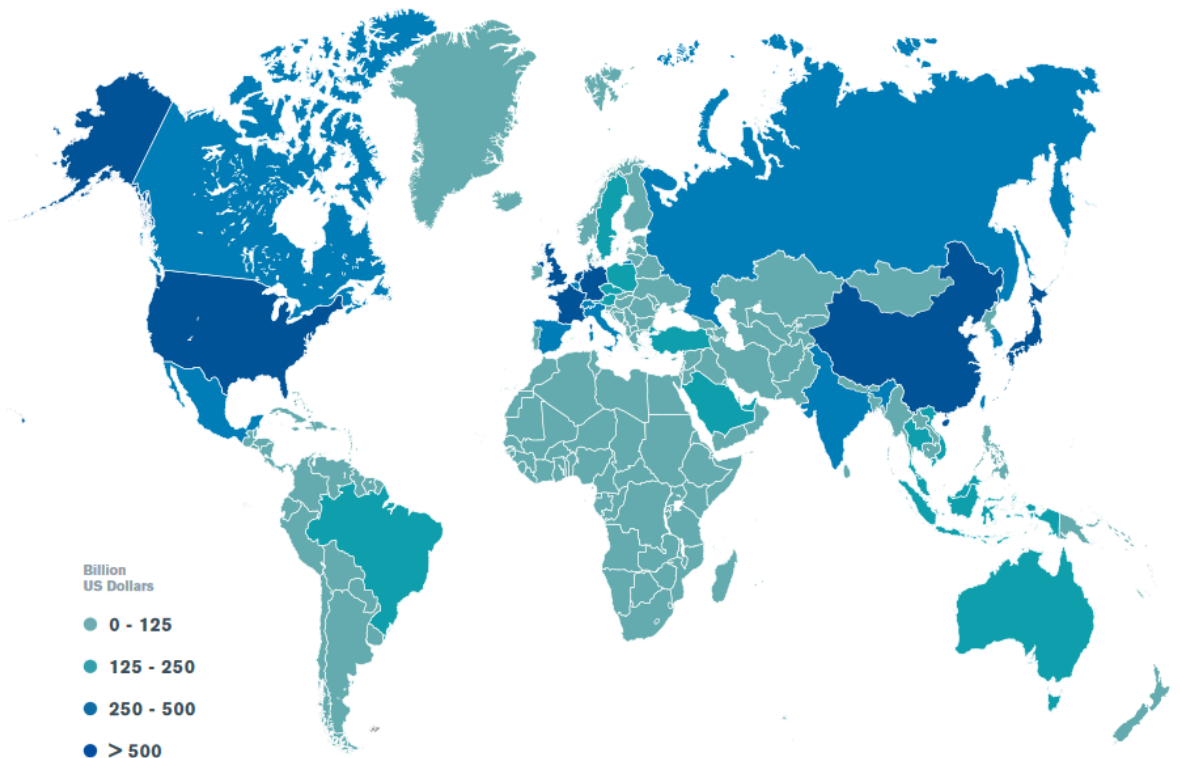
World merchandise trade and trade in commercial services, 2005-2015



Source: WTO International Trade Statistics 2016,
https://www.wto.org/english/res_e/statis_e/its2016_e/its2016_e.pdf

International Trade Developments

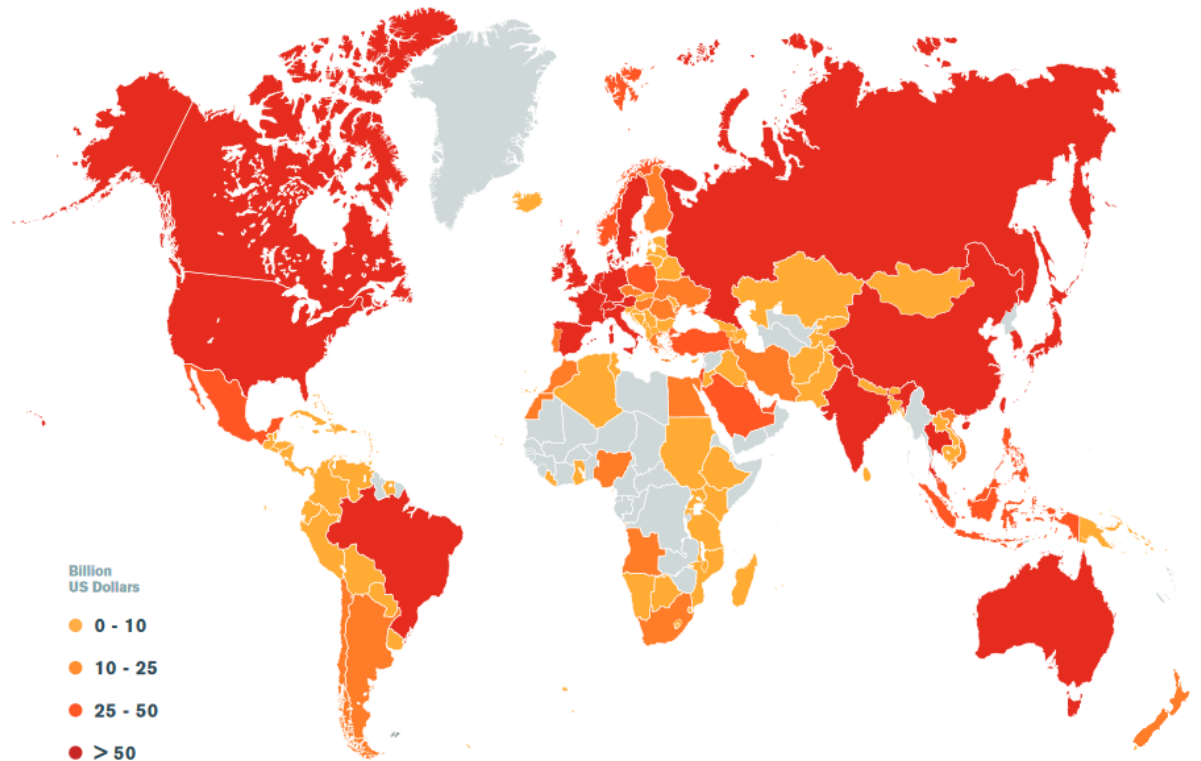
Economies by size of merchandise trade, 2015



Source: WTO International Trade Statistics 2016,
https://www.wto.org/english/res_e/statis_e/its2016_e/its2016_e.pdf

International Trade Developments

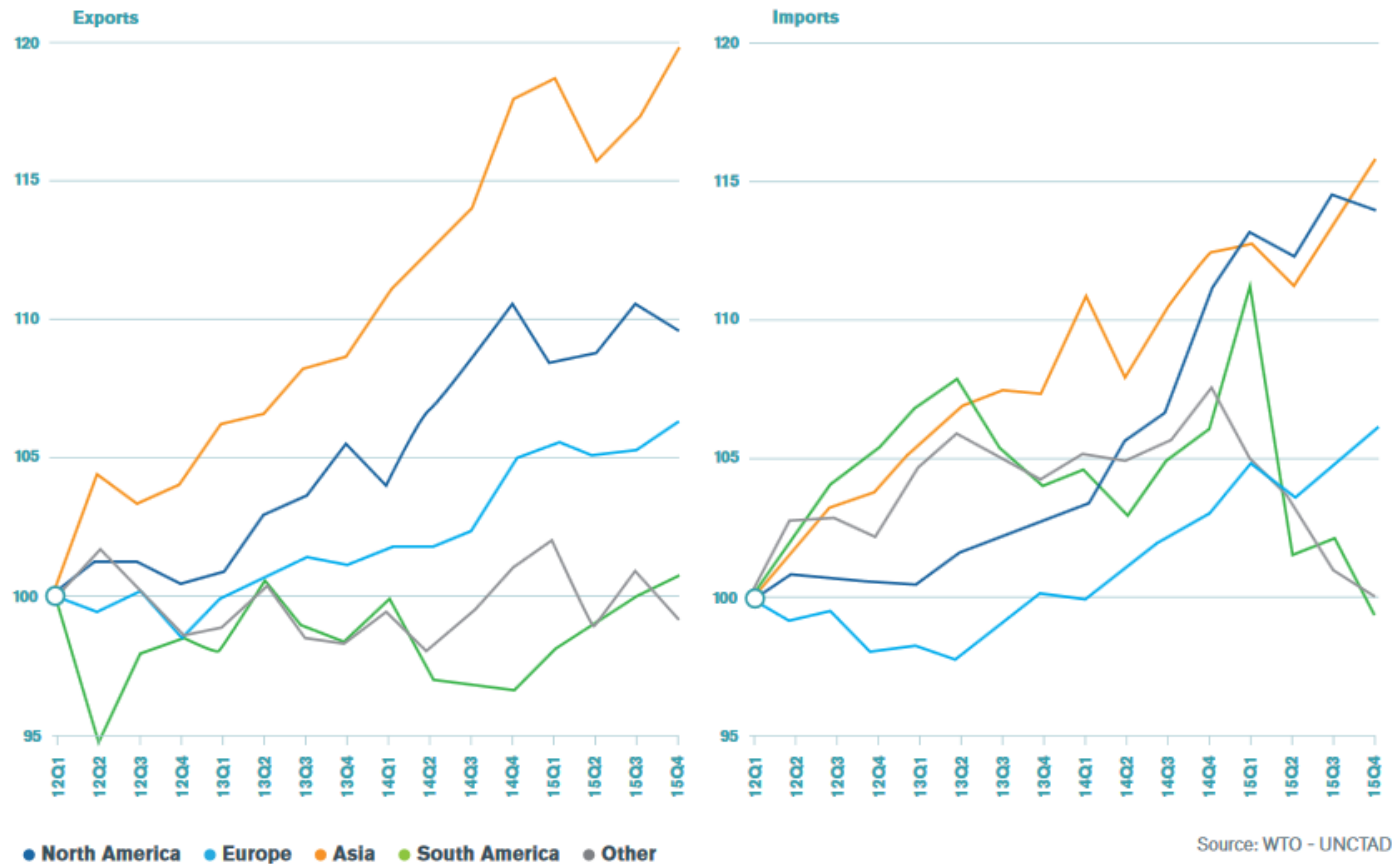
Economies by size of trade in commercial services, 2015



Source: WTO International Trade Statistics 2016,
https://www.wto.org/english/res_e/statis_e/its2016_e/its2016_e.pdf

International Trade Developments

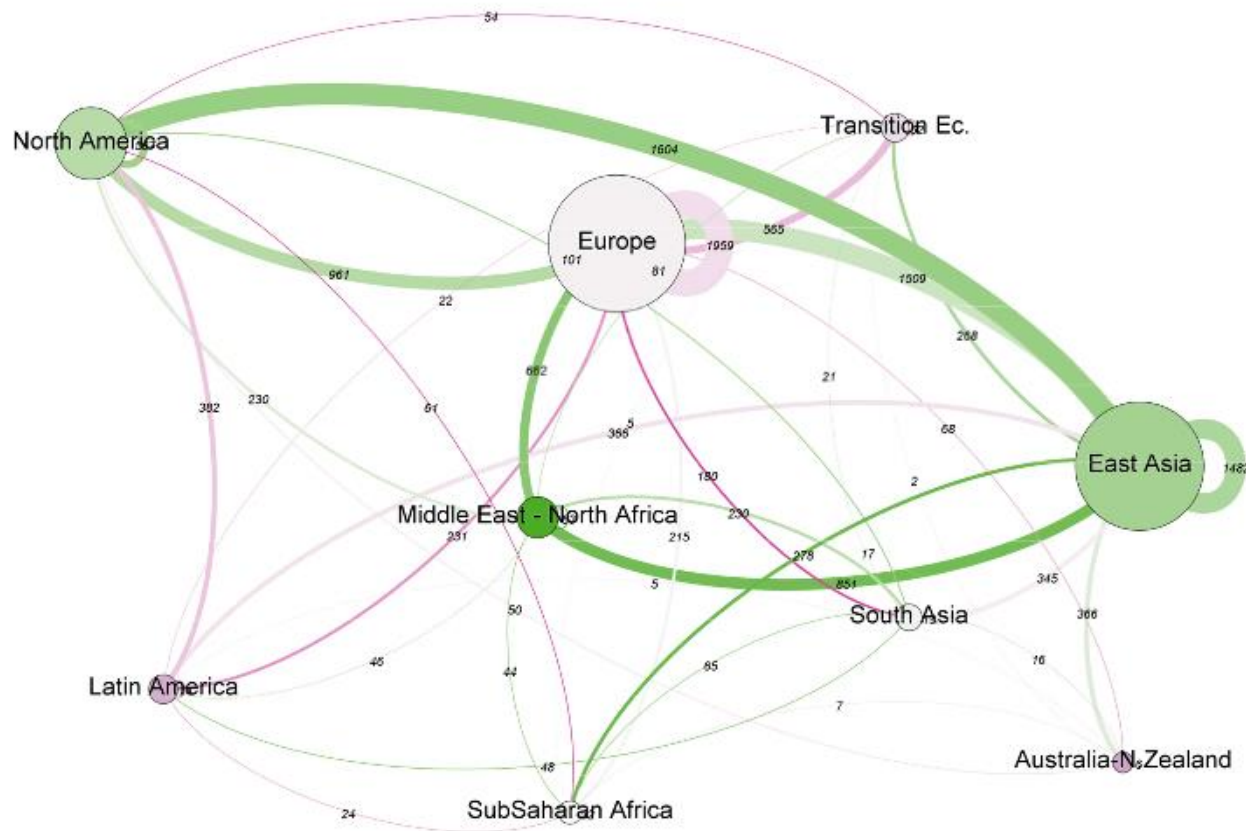
Volume of merchandise exports and imports by region, 2012Q1-2015Q4
(seasonally adjusted volume indices, 2012Q1=100)



Source: WTO International Trade Statistics 2016,
https://www.wto.org/english/res_e/statis_e/its2016_e/its2016_e.pdf

International Trade Developments

Trade flows across regions



Source: UNCTAD 2015,
http://unctad.org/en/PublicationsLibrary/ditctab2015d1_en.pdf

International Trade Developments

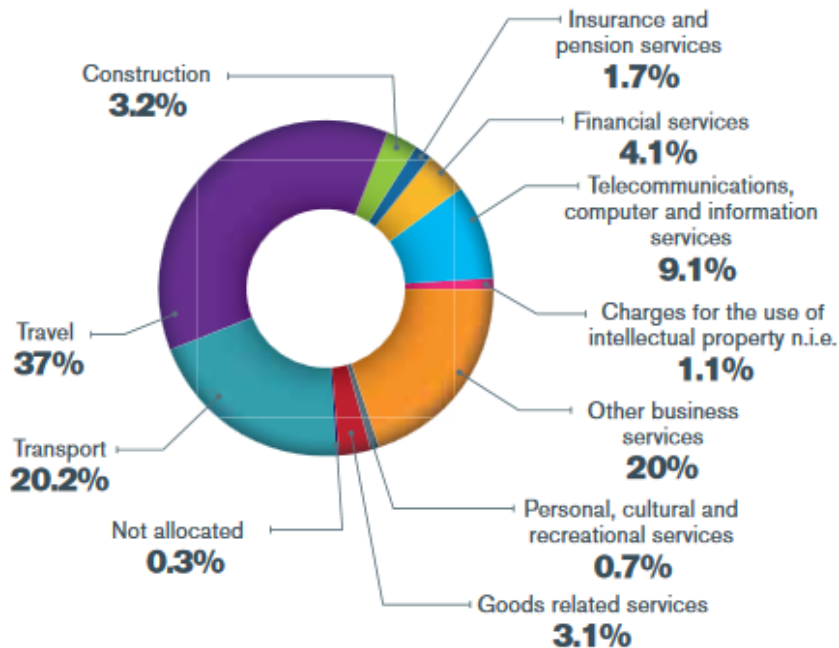
Exporters

- The major exporters vary by industry type
- Across industries, the major exporters are:
 - EU 27
 - USA
 - China
 - Japan
 - Canada

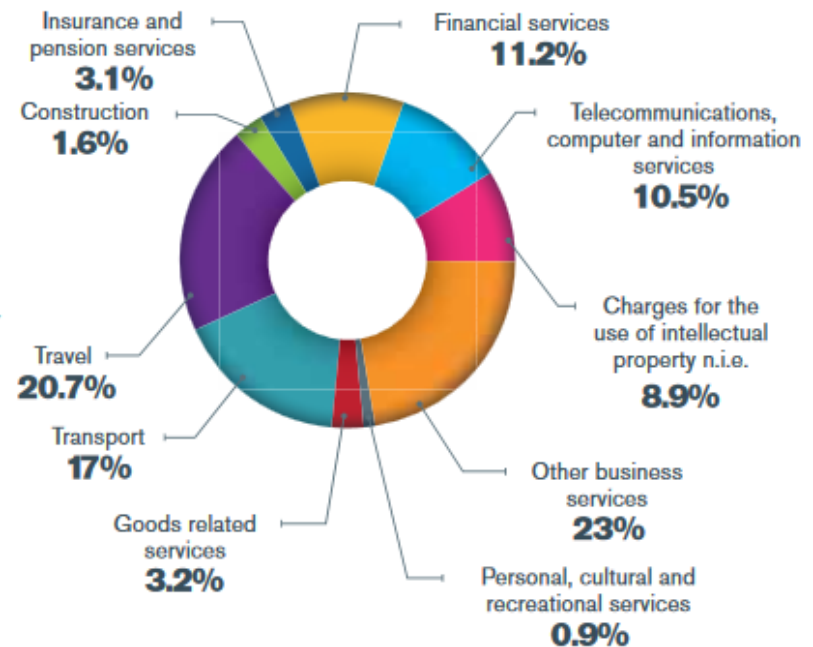
International Trade Developments

Structure of developing and developed economies' exports of commercial services, 2015
(percentage)

Developing economies



Developed economies

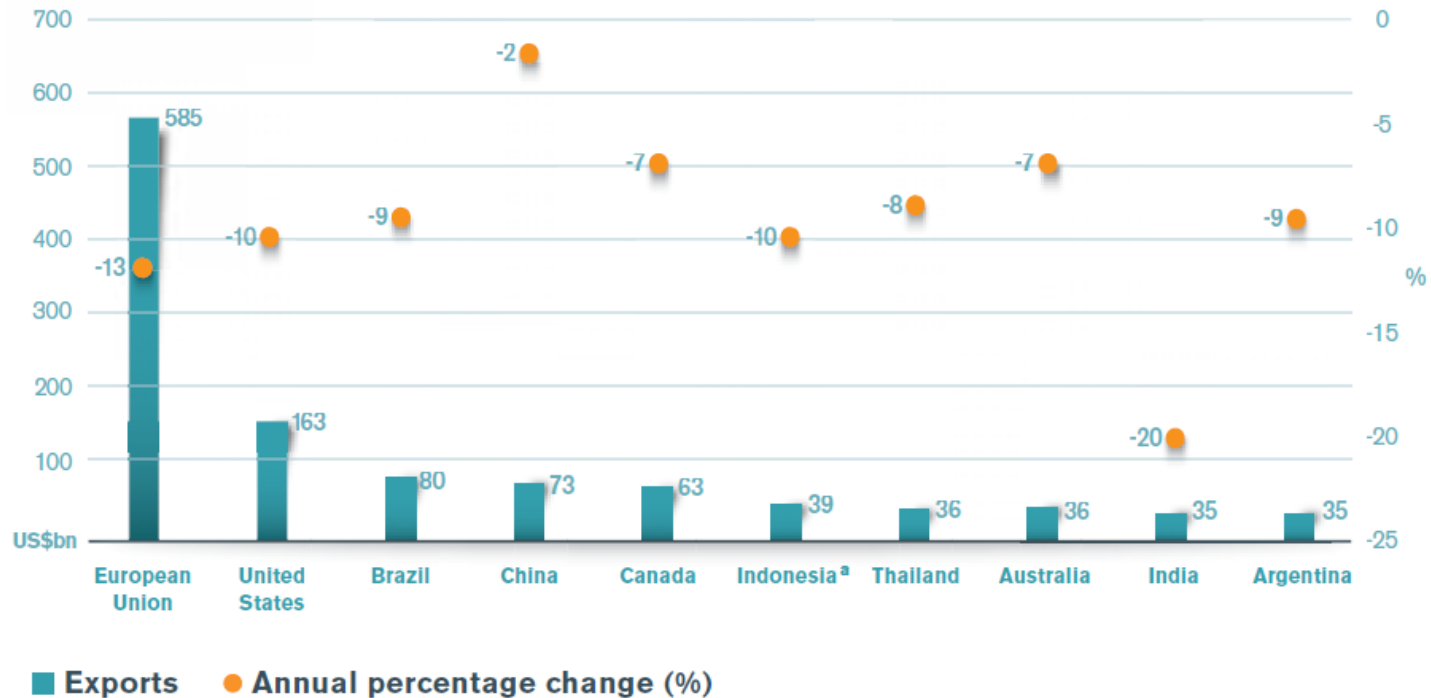


Source: WTO International Trade Statistics 2016,
https://www.wto.org/english/res_e/statis_e/its2016_e/its2016_e.pdf

International Trade Developments

Chart 4.3:

Top ten exporters of agricultural products, 2015



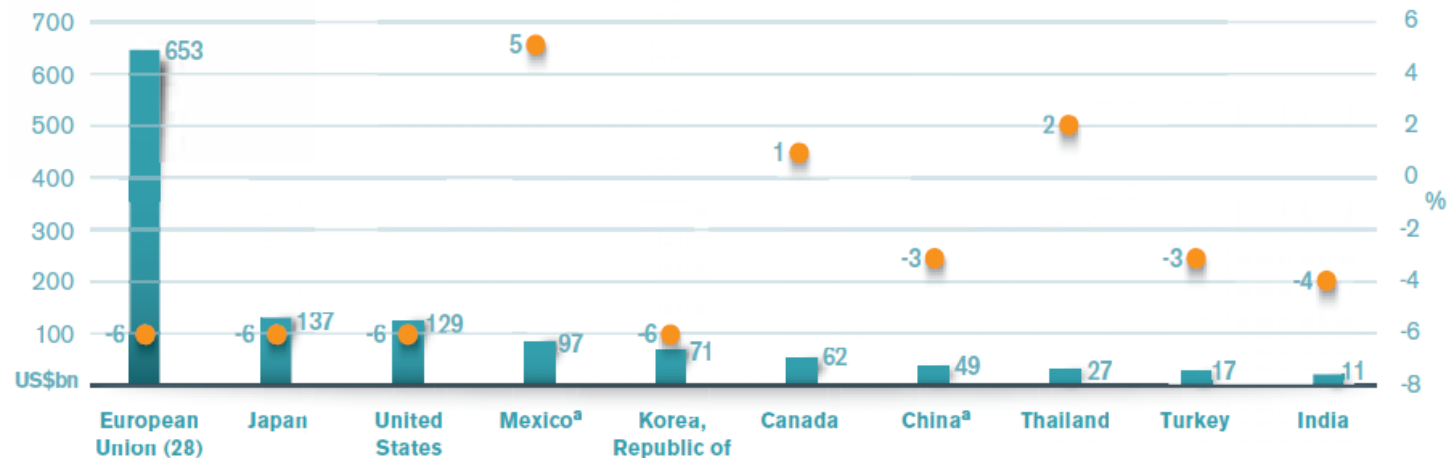
^a Includes Secretariat estimates. Source: WTO Secretariat.

Source: WTO International Trade Statistics 2016,
https://www.wto.org/english/res_e/statis_e/its2016_e/its2016_e.pdf

International Trade Developments

Chart 4.8:

Top ten exporters of automotive products, 2015



■ Exports ● Annual percentage change (%)

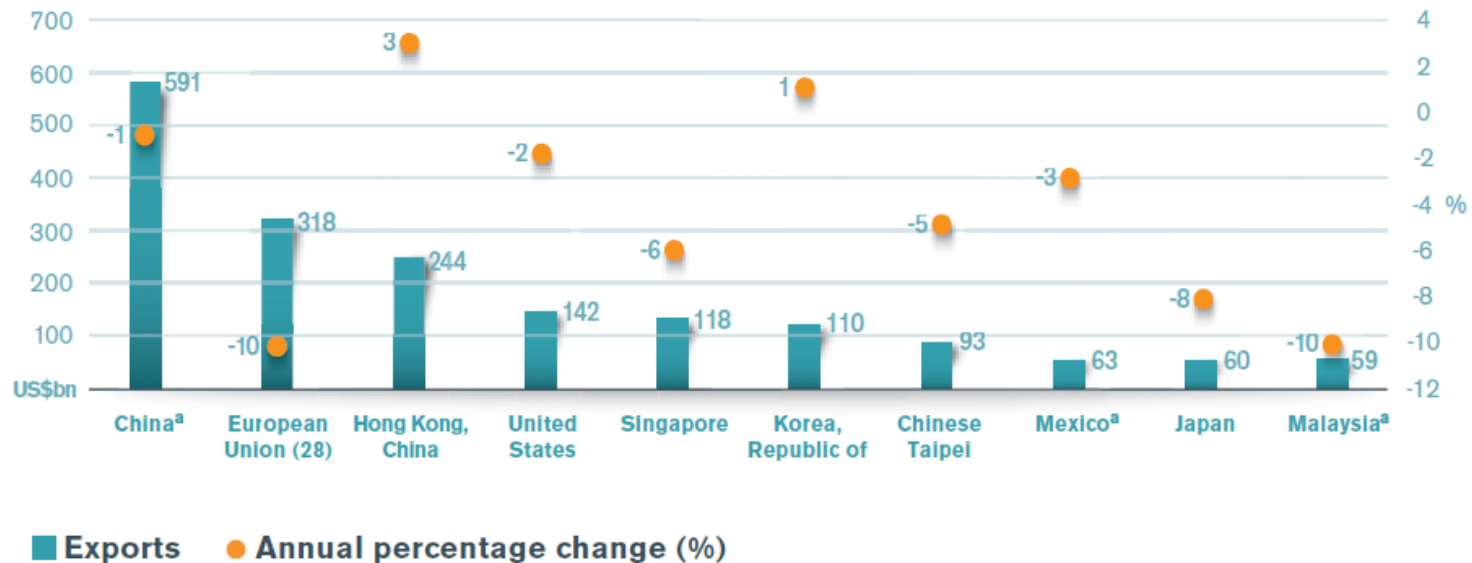
^a Includes significant shipments through processing zones. Source: WTO Secretariat.

Source: WTO International Trade Statistics 2016,
https://www.wto.org/english/res_e/statis_e/its2016_e/its2016_e.pdf

International Trade Developments

Chart 4.7:

Top ten exporters of office and telecom equipment, 2015

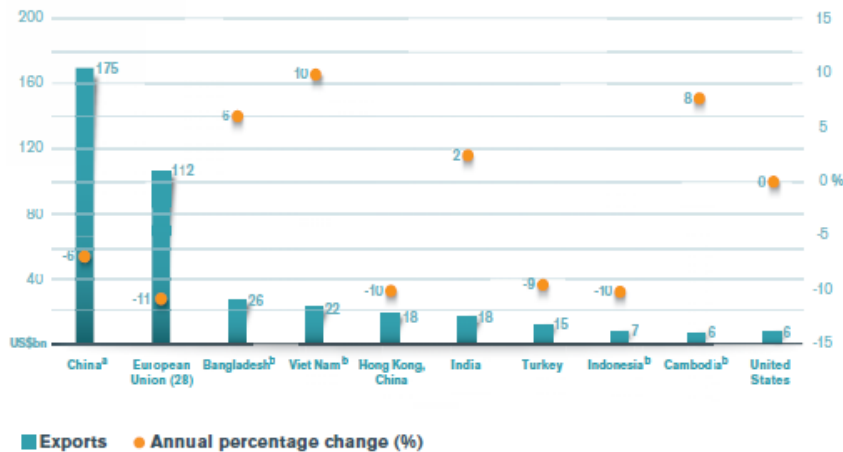


^a Includes significant shipments through processing zones. Source: WTO Secretariat.

Source: WTO International Trade Statistics 2016,
https://www.wto.org/english/res_e/statis_e/its2016_e/its2016_e.pdf

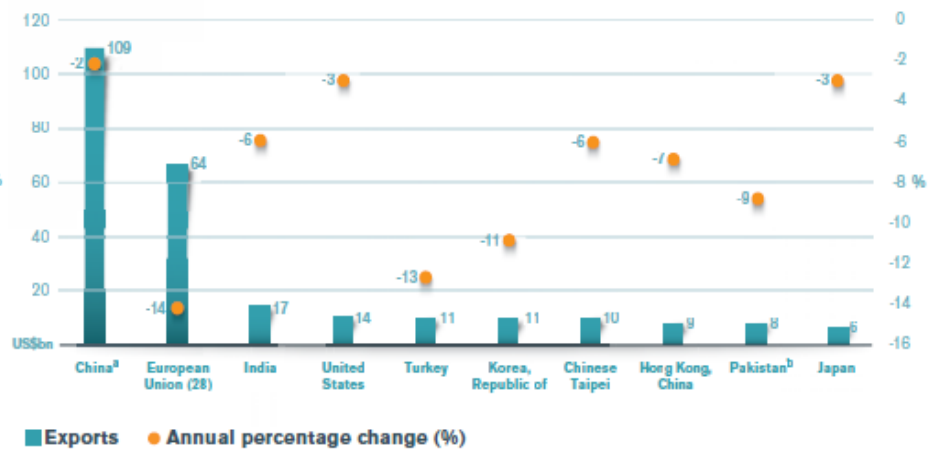
International Trade Developments

Chart 4.10:
Top ten exporters of clothing, 2015



^a Includes significant shipments through processing zones. ^b Includes Secretariat estimates.
Source: WTO Secretariat.

Chart 4.9:
Top ten exporters of textiles, 2015



^a Includes significant shipments through processing zones. ^b Includes Secretariat estimates.
Source: WTO Secretariat.

Source: WTO International Trade Statistics 2016,
https://www.wto.org/english/res_e/statis_e/its2016_e/its2016_e.pdf

International Trade Developments

What's next?



The screenshot shows the Guardian website's navigation bar with sections like 'all', 'opinion', 'culture', 'business', 'lifestyle', 'fashion', 'environment', 'tech', and 'travel'. Below the main headline, a sub-headline reads: 'Michael Every, an English economist based in Hong Kong, to tell conference world could be split into trading blocs based around currencies'. The article features a photograph of Donald Trump talking on a telephone. At the bottom, a small text block states: 'The world cannot expect to 'ride out' Donald Trump's presidency, says Michael Every, the head of financial markets Asia Pacific for Rabobank, who will speak at the Abares Outlook conference. Photograph: REX/Shutterstock'.

the guardian

all opinion culture business lifestyle fashion environment tech travel [browse all sections](#)

banking retail markets eurozone

Trump could end global trade and force choice between US and China, says economist

Michael Every, an English economist based in Hong Kong, to tell conference world could be split into trading blocs based around currencies



The world cannot expect to 'ride out' Donald Trump's presidency, says Michael Every, the head of financial markets Asia Pacific for Rabobank, who will speak at the Abares Outlook conference. Photograph: REX/Shutterstock