Chapter 7

To consolidate your learning, the key points from this chapter are summarized here:

■ Identify the key drivers for international market development.

Many factors motivate an organization to develop markets in international markets. These include historical accident, the need to move excess stock, limited growth in domestic markets, comparative advantages, economies of scale, trade liberalization, technological changes, customer relationships, the development of transnational market segments through immigration, and organizational sustainability.

■ Discuss how environmental factors influence the choice of international marketing strategy decisions.

The analysis of environmental forces can help to identify which countries or regions should be given priority and which market entry strategy would be best suited to that country or region. Factors to consider include social, cultural, and consumption attitudes, and technological, economic, political, and legal factors.

■ Describe the criteria used to identify and select international markets.

Assessing market attractiveness is very important because different markets have varying levels of attractiveness. Markets may be chosen according to various criteria, including market accessibility, market and population size, geographic proximity, psychological proximity or psychic distance, the level and quality of competition already in the market, the costs of entering the market, and the market’s profit potential.

■ Explore various international market entry methods.

The decision regarding which method to use to enter a foreign market is based on six main factors: speed and timing; costs and the required levels of investment; flexibility; risk and uncertainty; expected return on investment (ROI); and the long-term objectives. Once reviewed, organizations use one or more of the following methods of entry: indirect exporting; licensing; franchising; contracting; direct exporting; joint ventures; and direct investment.

■ Define international market development as a market growth strategy.

Given the increasing internationalization of world markets, increased foreign trade, and international travel, international marketing is frequently a core activity for many organizations. A market development strategy involves increasing sales by selling existing offerings in new markets, either by targeting new audiences domestically or entering new markets internationally. International market development is growing in importance because of changes in the economic, social, and political landscape. The main considerations are the degree of risk and adjustment an organization is willing to undertake and the identification of potential opportunities within foreign markets.

■ List the different forms of international marketing strategy.

When entering international markets, a key competitive decision is whether the approach should be to standardize or adapt the marketing strategy. Organizations can adopt a local or global, or multi-domestic or global competitive international marketing strategy. The decision is based on the type of offering, the attitudes of the organization, and the resources available for market entry.