

A key challenge for international marketers is to develop a good understanding of...

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International Business Environment

There are numerous environmental factors that a company must consider when operating outside its domestic market which have a significant impact on international marketing decisions and are imperative for success.

The key environmental factors are outlined below: Doole and Lowe (2004) stated the key problem faced by international marketers is dealing successfully with the multi-dimensionality and complexities of the international environment. By understanding the environment, companies can implement a successful marketing strategy enabling them to make relevant decisions regarding entry modes and the marketing mix. {draw: frame} Adapted from Bennett and Blythe, 2002 The Political/Regulatory Environment It's a government's duty to protect the home market from competition; therefore, international companies must understand that host country governments may limit marketing certain products and activities to protect domestic industry i. e. nationalism.

According to Hollensen (2007, pg 198) " Managers must continually monitor the (host country) government, its policies and its stability to determine the potential change that could adversely affect operations of the company. " As these were necessary requirements for entry, adaptation was essential; yet some firms still insist on entering using a standardisation strategy and do not succeed. This will be highlighted later. The Economic Environment Disparities in economic development will directly affect the entry mode and marketing mix of a company in the IBE. Interest, exchange and inflation rates will

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impact both the demand and supply of a product. For example, high inflation rates may result in a demand for cheaper imported goods, therefore a company hoping to enter an international market will benefit by offering lower prices via exporting.

The Technological Environment Technology can be seen as a major driving force in international marketing and the move towards a global market place. Technology can be viewed as information technology, i. e. the internet, or as an intellectual property. The technological environment facilitates a larger scope of operations in the IBE. This growth has allowed companies to enter the international environment using a standardised strategy. *The Social/Cultural* Environment The social environment may be the key environment which will impact international marketing decisions and marketers must be aware of its impact to ensure correct execution of marketing plans. Marketing blunders due to social ignorance is very dangerous and the repercussions can be lasting.

Many aspects make-up the social environment; four will be discussed in detail. {draw: frame} Adapted from Doole and Lowe 2004 Aesthetics illustrates a country's perceptions and acceptance for unfamiliar territory. It highlights the need for visual aids such as colour and brand names to be sympathetic in order to be accepted into a new culture.

This can be demonstrated by the perception of the Cadbury's brand by UK and Taiwanese consumers. In the UK, Cadbury was professed as being a classy, feminine brand, in Taiwan it was perceived as being low in quality

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and class. The observation of the colour purple was also tested; the UK perceived it as stylish and sophisticated, and Taiwan perceived it as old and sad. Therefore the emotions associated with the colour purple transferred to give a different meaning of the brand. This shows the need for international marketers to understand that when entering a new environment, it is necessary to adapt the marketing mix accordingly in order to ensure perception is fully understood. Therefore, for the Taiwanese market, Cadbury would be required to rebrand by introducing a new colour, which may affect Cadbury's ability to present a consistent brand image.

Also, the context of marketing material is heavily regulated due to religious beliefs; for instance, in Saudi Arabia, advertisements prevent the appearance of human faces in posters (Appendix 5). Hence, laws relating to religious beliefs required heightened insight and empathy by international marketers. Language is a significant factor in the social environment; it can be divided into spoken and silent. Spoken language is easily identifiable and manageable by an international marketer. For example, when Car maker AMC launched the Matador, they did so with the understanding that it meant 'bull fighter'. However, when launched in South America, they found it meant 'killer'. Such a mistake is easily recognized, and AMC are able to adapt their marketing mix for the South American market by amending the product name. However, the importance of silent language is more dominant in some cultures than in others.

Silent language factors like numbers, space, and time portray different messages in different cultures. For example, an advertisement of people in a hurry may represent success in the USA, but in Africa it may represent someone who hasn't got time for anyone. Such factors require companies to amend their promotional messages to guarantee they are correctly understood. Conclusion In conclusion, the complexities, uncertainty, and volatility of the IBE are far greater than in the domestic market.

It requires great understanding, empathy, and knowledge of international environment to be successful; so they must be deeply understood to enable the implementation of the international entry mode and marketing mix to be compatible with the IBE. In addition, other environmental factors regarding the overall microenvironment must also be considered as they have a significant impact on decisions regarding entering the IBE, these include: customers, employees, suppliers, competitors and shareholders. It is important that an on-going analysis of environmental factors is conducted to ensure that the firm stays in sync with the IBE as the environment is constantly changing; such actions can propel long-term prosperity within the international environment. Bibliography Bennett, R and Blythe, J.

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inservices.tatamotors.com [Accessed 10th March 2009] Theodosiou, M and Leonidou, L. C. 2003) ' Standardization versus adaptation of international marketing strategy: an integrative assessment of the empirical research'_, International Business Review, _12 (2003) pp. 141-171 Appendix 1 The

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above images highlight the use of a Fully Global marketing strategy whereby Tag Heuer enter every market with a standardised product, and standardised marketing strategy.

The message that Tag Heuer portray is consistent in every market. The use of celebrity endorsers in high, and the creative content of the adverts are the same. Such a strategy has enabled Tag Heuer to be recognised as a luxury watch provider globally. Appendix 2 {draw: rect} As illustrated above, the Diet Coke can which is identified predominantly and the Coca Cola Light can which is dominant and most European countries. Appendix 3 {draw: frame} The above image was banned in the US due to their low tolerance on nudity. However, regulations in France allowed for Benetton to continue with this campaign. {draw: frame} Calvin Klein suffered the same fate as Benetton in the US when they introduced their new fragrance. The campaign featured top Hollywood actress Eva Mendes.

Appendix 4 The Tata Nano, due to be launched on 23rd March 2009. draw: frame} The above image illustrates the product specifications that allowed for Tata to manufacture a car so cheaply. There is no air bag, air conditioning or power steering, only one windscreen wiper and no passenger side mirror Appendix 5 {draw: frame} The above image highlights the stringent religious laws that Saudi Arabia implement. Although the image of David Beckham is instantly recognisable, actions have been taken to prevent female observers from being attracted to the image. Such actions are also taken with posters using female models.