

INTERNATIONAL MARKETING ENVIRONMENT

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Abstract:

Uvedený príspevok popisuje nedokonalosti medzinárodného marketingového prostredia pri investíciách, približuje korupciu v medzinárodnom ekonomickom prostredí, približuje svetovú ekonomickú pyramídu, popisuje kultúrne elementy, ktoré vplyvajú na sociálno-kultúrne prostredie a poukazuje na prienik internetovej technológie do obchodovania vo vybraných krajinách.

Bound together by satellite communications and global companies, consumers in every corner of the world are demanding an ever-expanding variety of goods. As Table 1 illustrates, world trade is an important economic activity. Because of this importance, the inclination is for countries to control international trade to their own advantage. As competition, intensifies the tendency toward protectionism gains momentum. If the benefits of the social, political, and economic changes now taking place are to be fully realized, free trade must prevail throughout the global marketplace.

Table 1 Top Ten 2004 U.S. Trading Partners (billions, merchandise trade)

Country	Total Trade	Exports	Imports	Balance
Canada	446,1	190,2	255,9	-65,7
Mexico	266,6	110,8	155,8	-45
china	231,4	34,7	196,7	-32
Japan	184	54,4	129,6	-75,2
Germany	108,6	31,4	77,2	-45,8
United Kingdom	82,4	36	46,4	-10,4
South Korea	72,5	26,3	46,2	-19,9
Taiwan	56,3	21,7	34,6	-12,9
France	53,1	21,2	31,8	-10,6
Malaysia	39,1	10,9	29,2	-17,3

Source: www.census.gov/foreign-trade/top

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The international marketing environment is a complex constellation of demands and constraints which the firm faces as it attempts to compete and grow. Identifying customer values in international markets requires a sophisticated understanding of differentiated expressions of customer needs, many of which are influenced by culture. Similarly, the task of communicating the values provide and their delivery in international markets is complex, requiring a great deal of understanding of the environment and its influences. International marketing is characterized by the convergence of the company marketing process, usually in one country, and the customer's purchase decision process in another. This international marketing environment consists of a number of elements most of which lie outside the control of the firm (Figure 1). Each of these elements is discussed and integrated in the firm's decision - making process.

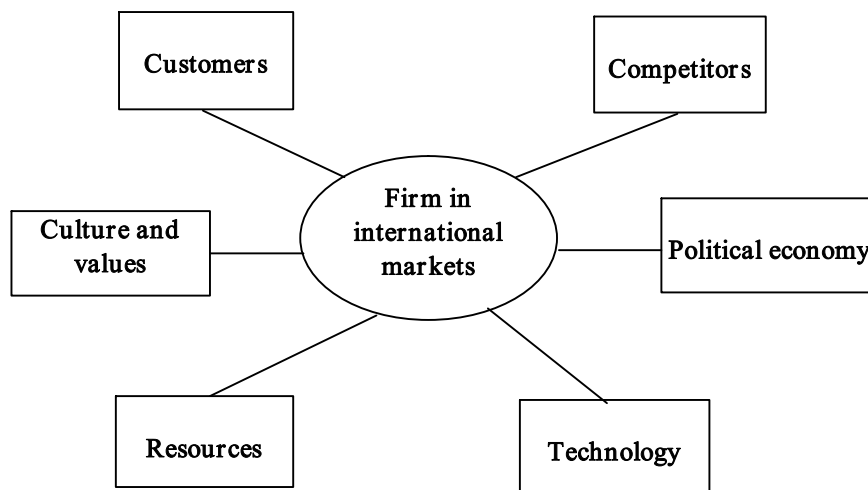


Figure 1 International marketing environment [1]

The study of the **international political and legal environment** must therefore be broken down into several subsegments. Many researchers do this by separating the legal from the political. This separation – although perhaps analytically useful is some what artificial because laws are generally the result of political decisions. Here no attempt will be made to separate legal and political factors, except when such a separation is essential.

The political systems of the countries served or being considered by an international marketer are an important part of the firm's macro-environment. A multitude of more or less powerful groups of stakeholders from inside but sometimes also outside a country's borders influences:

1. Who governs the country?
2. What policies the government follows?
3. What legal regulations result from those policies? [2]

Figure 2 ranks the factors that affect a country's investment climate, note that policy uncertainty dominates the concerns of firms. However, variations in political and legal environments can also offer new opportunities to international marketers. [3]

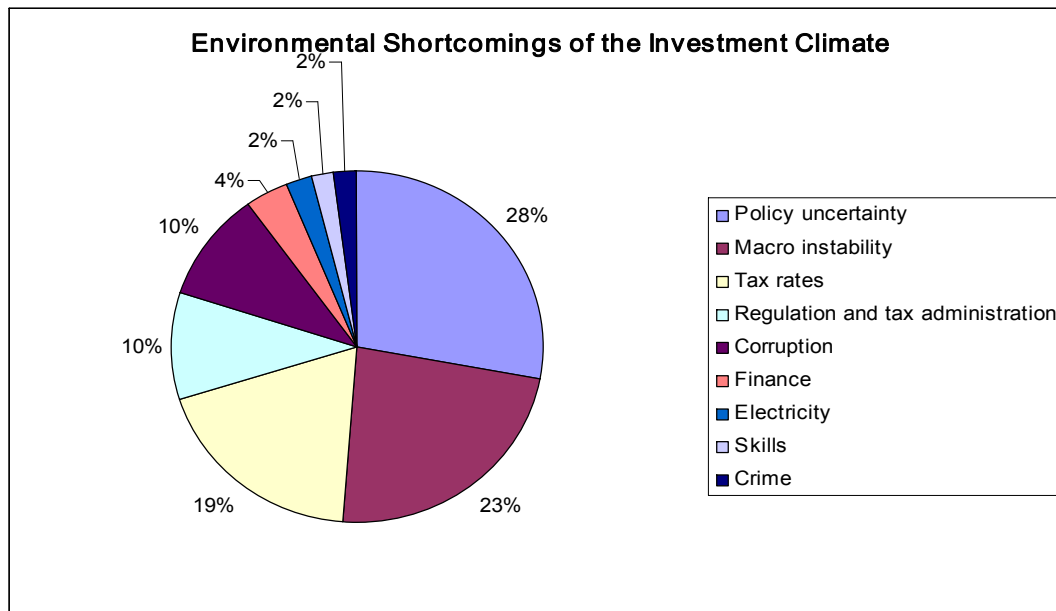


Figure 2 Environmental Shortcomings of the Investment Climate [4]

The World Trade Organization has, for the first time, decided to consider placing bribery rules on its agenda. A good portion of this progress can be attributed to the public work done by Transparency International (TI). This nonprofit organization regularly publishes information about the perception of corruption in countries around the globe. In addition, TI also reports on countries whose firms are most and least likely to offer bribes – as shown in Table 2. A country's Corruption Perception Index shows the degree of corruption perceived by business people and country analysts. Possible scores range from 10 (very clean) to 0 (highly corrupt). The top ten least corrupt and most corrupt countries are shown above, along with their world ranks and CPI scores.

Table 2 Corruption Perception Index

Least Corrupt			Most Corrupt		
Rank	Country	CPI Score	Rank	Country	CPI Score
1	Iceland	9,7	144	Tajikistan	2,1
2	Finland	9,6	151	Angola	2
2	New Zealand	9,6	152	Cote d'Ivoire	1,9
3	Denmark	9,5	152	Equatorial Guinea	1,9
4	Singapore	9,4	152	Nigeria	1,9
5	Sweden	9,2	155	Haiti	1,8
6	Switzerland	9,1	155	Myanmar	1,8
7	Norway	8,9	155	Turkmenistan	1,8
8	Australia	8,8	158	Bangladesh	1,7
9	Austria	8,7	158	Chad	1,7

Source: Corruptions Perception Index 2005, Dr. J. Graf for Transparency International, University of Passau, Germany, <http://www.transparency.org>

The wide use of GDP figures can be explained by their easy availability, but they should nevertheless be used with caution. In industrialized countries, the richest 10 percent of the population consume 20 percent of all goods and services, whereas the respective figure for the developing countries may be as high as 50 percent. In some markets, income distribution produces wide gaps between population groups. The more developed the economy, the more income distribution tends to converge toward the middle class. World markets can be divided into four tiers of consumers based on broad measures of income, as shown in Figure 3. Tier 1 consists of 100 million consumers from around the world. Typically, this means consumers in developed markets, such as the OECD, but also includes the rich elites in developing markets. Tier 2 consists of the lower-income segments in developed markets, while Tier 3 includes the rising middle-class consumers in emerging markets. Tier 4 is home to the average consumer in developing markets. [3]

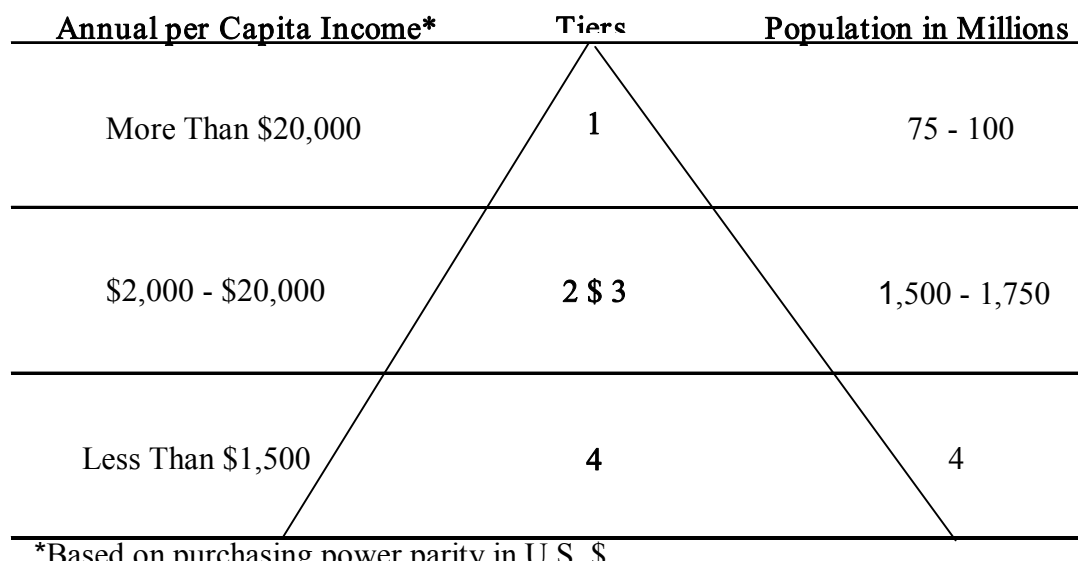


Figure 3 World Economic Pyramid [5]

Culture may be defined as the standards of beliefs, perception, evaluation, and behaviour shared by the member of a social group. Some authors even define culture as „the collective programming of the minds” that distinguishes the members of one group of people from another. Most traditional definitions of culture centre around the notion that culture is the sum of the values, rituals, symbols, beliefs, and thought processes that are learned, shared by a group of people, and transmitted from generation to generation. So culture resides in the individual’s mind. [6]

Elements of Culture:

- language (Verbal, Nonverbal),
- religion,
- values and attitudes,
- manners and customs,
- material elements,
- aesthetics,
- education,
- social institutions. [3]

Social institutions including family, religion, school, the media, government and corporations all affect the ways in which people relate to one another, organize their activities to live in harmony with one another, teach acceptable behaviour to succeeding generations, and govern themselves. The position of men and women in society, the family, social classes, group behaviour, age group, and how societies define decency and civility are interpreted differently within every culture. [6]

The diffusion of Internet technology into core business processes and into the lifestyles of consumers has been rapid, especially in industrialized countries. The number of Internet hosts has increased to 353,2 million by 2005, up from 56,2 million in 199. The total number of people using the Internet is difficult to estimate. Estimates in Early 2006 put the number at nearly one billion (see Table 3). There are naturally significant differences within regions as well, for example, within the European Union, The Nordic countries have penetration rates of 70 percent, while new member, such as Poland, are at less than 30% [3]

Table 3 World Internet Usage

World Regions	Population (2005 Est.)	Population % of World	Internet Usage Latest Data	% Population (Penetration)	Usage % of World	Usage Growth 2000-2005
Africa	896,721,874	14,00%	23,917,500	2,70%	2,50%	429,80%
Asia	3,622,994,130	56,40%	332,590,713	9,20%	34,20%	191,00%
Europe	804,574,696	12,50%	285,408,118	35,50%	29,30%	171,60%
Middle East	187,258,006	2,90%	16,163,500	8,60%	1,70%	392,10%
North America	328,387,059	5,10%	224,103,811	68,20%	23,00%	107,30%
Latin America/ Caribbean	546,723,509	8,50%	72,953,597	13,30%	7,50%	303,80%
Oceania/ Australia	33,443,448	0,50%	17,690,762	52,90%	1,80%	132,20%
WORLD TOTAL	6,420,102,722	100,00%	972,828,001	15,20%	100,00%	169,50%

Source: Internet World Stats, <http://internetworldstats.com/stats.htm>, accessed January, 2006

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