

**MINISTRY OF EDUCATION AND SCIENCE OF UKRAINE**

**O. M. BEKETOV NATIONAL UNIVERSITY  
of URBAN ECONOMY in KHARKIV**

**METHODOLOGICAL GUIDELINES  
for practical and independent work  
on the subject**

**“INTERNATIONAL MARKETING”**

*(for 3<sup>rd</sup>-year full-time students education level “Bachelor”  
specialties 073 – Management, 281 – Public administration)*

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## THEME 1 INTRODUCTION TO INTERNATIONAL MARKETING

### DISCUSSION QUESTIONS

1. What reasons have caused the emergence of international marketing?
2. What is international marketing?
3. 'The marketer's task is the same whether "doing business in London, Kiev or Tokyo". Discuss.
4. How can the increased interest in international marketing be explained?
5. Discuss the four phases of international marketing involvement.
6. Discuss the conditions that have led to the development of global markets.
7. Differentiate between a global company and a multinational company.
8. Differentiate among the three international marketing orientations.
9. What are the stages of international marketing development?

### CASE 1.1

#### GLOBALISATION: GOOD OR BAD?

Anti-globalisation protesters and anti-globalisation writers such as Jeff Gates (Democracy at Risk) are often accused of much talk but not actually providing any policy advice on how to change or improve the present global economic and political system. In order to fill this obvious gap in literature, *The Times* suggested a book by Robert Gilpin, emeritus professor of public and international affairs at Princeton University, *The Challenge of Global Capitalism*, that provides a cooler outlook on the results of globalisation and what can be done to improve the present system.

Professor Gilpin suggests that to view globalisation as all bad is ridiculous, as such a view ignores the massive increase in income and wealth that globalisation has made possible for the world as a whole. In addition, globalisation is here to stay whether we like it or not, so our task now is to consider ways of maximising the gains from globalisation while minimising the losses. One of the challenges that should be addressed by the policy makers now is the weakening of the political elements that supported the open economy in the post-war era and were based on the strong relations between the western capitalist powers. After the lifting of the iron curtain, the stance of the major superpowers has become more insular, more regionally focused and more unilateralist. These countries need to work together to strengthen the weakening political foundations of the open economy.

On the trading front, the greatest challenge is posed by the increased exposure of national economies to the forces of global competition. The result is increased pressures for protection and more trade disputes, both of which threaten to reverse the gains reaped from trade liberalisation. On the monetary front, removal of restrictions on capital flows left many countries more vulnerable to sudden changes in the mood of investors and conditions on the world financial markets, as the East Asian financial crisis of the 1990s amply demonstrated. Emergence of new trading techniques and greater availability of information means that a crisis occurring in one country is likely to quickly spread to others. The challenge of global policy-makers is to devise

institutional forums for anticipating such crises, preventing them when possible and providing countries that are the victims with assistance.

The rise of multinational corporations and the growing concentration of power in the hands of a comparatively small number of giant firms have left consumers and workers feeling overwhelmed by forces outside their control. Exposing firms to more competition and tougher national anti-trust laws combined with international agreements imposing strict codes of conduct on multinationals are likely to be the most effecting way of ensuring protection for the interests of consumers and workers.

A danger also exists that the increasingly more pronounced regional groupings such as Europe, North America and Asia will become more closed and inward looking, distorting patterns of global trade and leading to more protectionism, damaging the smaller, weaker nations. The solution here would be to build up and strengthen global economic institutions to make them more effective in meeting the challenges posed by globalisation – a move completely opposite to the desires of the anti-globalisation protesters.

***Is Globalisation good or bad? Discuss!***

*Source: Grimwade, N, 'Riders of capitalism's storms', The Times Higher, January 19th, 2001, p. 34.*

**CASE 1.2**

McDonald's is the world's biggest restaurant chain, and according to Interbrand, the 10<sup>th</sup> most valuable brand at 2018. It seems everyone recognizes the golden arches. The company is extremely successful despite being a symbol of American imperialism, and being hated by animal rights activists, groups promoting healthy diets, and anti-capitalists.

There are signs that McDonald's is having difficulty keeping up with the trends in the restaurant industry, maintaining its positive brand image, and getting the message out about its products. But the company's share price for the last 5 years have a positive dynamics, and in January 2019 they reached 180 dollars per share.

McDonald's is experimenting with new restaurant designs, diversifying its menu offerings to include healthier choices or touches of cuisines favored in the local area, and lowering prices on various items to try to appeal to more people, keep its image fresh, and increase sales. Yet many people around the world are questioning McDonald's ability to meet its commitment of quality and service in its restaurants. Even the role of Ronald McDonald in the company's communications may be faltering. The company seems to be responding by supporting more community programs and increasing its sponsorship of charitable causes, for examples funding Unicef's World Children's Day.

***Questions***

1. In general, where do you think McDonald's stands on the range from standardization to adaptation in terms of its global marketing?

2. What are some of the issues in having a mascot like Ronald McDonald in another culture besides the U.S.? How can it be effective in other national settings?

## ESSAY QUESTIONS

1. What relationship, if any, exists between the worldwide growth in mass production that has occurred over the past twenty years and the current emphasis on international marketing?
2. Does the marketer *REALLY* control the elements of the marketing mix (product, promotion, price and distribution)? Defend your position.
3. How can educational and business institutions assist the marketer in overcoming the problems posed by marketing relativism and the unconscious use of the self-reference criterion?
4. Briefly discuss the interrelationships between the primary prerequisites for global awareness.
5. What relationship, if any, exists between the growth of international communications and the trend toward global marketing?

## Reading

1. Theodore Levitt, 'The Globalization of Markets', *Harvard Business Review*, 1983, May–June, pp. 92–102.
2. Peter Buckley and Pervez Ghauri, 'Globalization, Economic Geography and Multinational Enterprises', *Journal of International Business Studies*, 2004, 35(2), pp. 81–98.
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## THEME 2 INTERNATIONAL MARKETING ENVIRONMENT

### DISCUSSION QUESTIONS

1. What is the international marketing environment?
2. What factors determine the environment of international marketing?
3. What is the economic environment of international marketing?
4. What are the methods of implementation of foreign policy?
5. As international organizations influence the development of?
6. What are the opportunities for international marketing activities adds the use of information systems?
7. How to determine the legal environment of international marketing?
8. What law can be attributed to national, supranational and international law?
9. What are the major differences between countries in business communication?
10. What is necessary to investigate the needs and motivations of consumers?
11. What is cross-cultural analysis in international marketing?

### CASE 2.1

#### NISSAN MICRA, DENMARK

##### *Introduction*

In 1992 the Micro, Nissan's smallest car, cost \$20,000 U.S. dollars in Denmark. That made it the most expensive car in its class. The price of the new model was up 20 percent from one year ago. Historically, only 35.4 percent of Micra owners buy

another Micra. The reason usually given is price.

Moreover, due to the continuing recession, car sales in Denmark were at their lowest level in thirty years. Only 9,000 small cars are sold each year, in a good year, in Denmark.

To make the problem even more difficult, marketing costs had increased by at least 10 percent in each of the past five years. Nissan Denmark addressed this situation by developing and executing a truly innovative database marketing program. They were able to do this because they had very little to lose and much to gain:

“First given the economic situation described above, no one inside or outside the company expected success, so a loss would not cause great concern.

Second, even a small success would be greeted with great satisfaction.

Third, management was willing to take a chance on a really bold program because the situation was becoming quite critical.”

Working with their advertising agency, management decided that the only way to reverse the trend was to develop and execute an ongoing relationship building campaign, specifically targeting currently satisfied customers.

This new program was in addition to the ongoing print campaign, the objective of which had been awareness of the Nissan Micra product. This campaign had been running in Denmark for several years. The advertising agency brought in a research firm and a direct marketing agency to assist in development and execution of the new relationship-building campaign.

### *Objectives*

Nissan Denmark had several objectives, some short-term and others long-term. The key was using a test drive to motivate previous or current Micra owners to purchase a new Micra.

### *Short-Term Objectives*

The first short-term objective was to sell 200 Nissan Micras through a test drive program. The second was to reduce the average marketing cost below the current \$400 per car. Obviously, both of these objectives were important to demonstrate that the Micra remained a practical choice for Danes purchasing a new car. However, Nissan Denmark and the agency were also looking ahead to the, longer term, since any innovative program was certain to be expensive relative to staying with the current program. The long-term objectives were set to guarantee Nissan Micra's future, and even Nissan's overall future, in Denmark.

### *Long Term objectives*

The first long-term objective was to develop an ongoing communications/relationship maintenance program for current micro owners. The second was to develop ongoing methodology to target the highest sales potential customers.

By accomplishing these long term objectives, Nissan could develop targeted

mailings to get potential buyers to test drive a new Micra, or other Nissan models, as part of an ongoing promotional program.

Nissan actually accomplished all of its objectives, both short and long term, by the following steps, which were carefully organized and managed.

### *Organising The Team*

By hiring both a direct marketing agency and a respected market research firm, Nissan and its general advertising agency ensured that whatever program was developed would be based on a higher level of expertise than the ad agency alone would have been able to provide to the client. Together all four team members-client, general agency, direct marketing agency and research firm-developed marketing questions hypotheses, and an initial approach to the problem.

### *Assignments*

1. Generate list of marketing questions and hypotheses
2. Develop a strategy outline and a mailing plan.
3. Prioritize the mailing and develop a data-driven plan.

*This case was prepared as a basis for classroom discussion rather than to illustrate effective or ineffective handling of a business situation.*

## **PROJECT**

### **COMPARING ANALYSIS OF INTERNATIONAL COMPANIES**

You should choose two well-known international companies like Unilever and Nestle that have engaged in international marketing during their entire corporate existence. But they should be very different companies in their approaches to international marketing and corporate philosophies.

Your challenge in this case is to visit both Web sites, carefully read the information presented, and write a report comparing the two companies on the points that follow.

1. Philosophies on international marketing.
2. Corporate objectives.
3. Global coverage, that is, number of countries in which they do business.
4. Production facilities.
5. Number of product categories and number of brands within each category.
6. Number of standardized versus global brands for each.
7. Product categories and brands where the two companies compete.
8. Brands that are standardized, that is, what is standardized in each brand and what are localized in each brand.
9. Product research centers.
10. Organization.
11. Environmental concerns.
12. Research and development.

After completing your analysis, write a brief statement about the areas where one company is stronger than other and vice versa.

### **Reading**

1. James Day Hodgson, Yoshihiro Sano, and John L. Graham, *Doing Business in the New Japan, Succeeding in America's Richest Foreign Market* (Boulder, CO: Rowman & Littlefield, 2008).
2. David M. Kennedy, Elizabeth Cohen, and Thomas A. Bailey, *The American Pageant*, 13th ed. (Boston: Houghton Mifflin, 2006).
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4. Florence Chong, "As GATT Turns 60, Crean Pledges to Revive the Great Struggle for World Trade Liberalization," *The Australian*, January 2, 2008, p. 17

## **THEME 3 RESEARCHES OF THE WORLD MARKETS IN INTERNATIONAL MARKETING**

### **DISCUSSION QUESTIONS**

1. Discuss the breadth and scope of international marketing research. Why is international marketing research generally broader in scope than domestic marketing research?
2. The measure of a competent researcher is the ability to utilize the most sophisticated and adequate techniques and methods available within the limits of time, cost, and the present state of the art. Comment.
3. What is the task of the international marketing researcher? How is it complicated by the foreign environment?
4. Why is the formulation of the research problem difficult in foreign market research?
5. Discuss the problems of gathering secondary data in foreign markets.
6. What is a global market segment? Pick a market that you know something about, and describe the global segments for this market.
7. Identify the major geographic and demographic segments in global markets.

### **CASE 3.**

#### **SMART CAR**

Daimler AG is one of the biggest producers of premium cars and the world's biggest manufacturer of commercial vehicles with a global reach. Company provides financing, leasing, fleet management, insurance and innovative mobility services. Between their brands Company has distinctive one. It is named "Smart".

One of the world's most unusual series-produced vehicles was launched on the market twenty years ago. It even looks different from conventional cars — the smart city coupe, which is now known as the smart fortwo. Its third generation has been on the market since 2014. After 20 years of production, it's clear that this idea has prevailed — more than two million smarts have been sold to date. And the smart has

remained true to its pioneering role: It's the first automotive brand that aims to systematically switch its models from combustion engines to electric drive systems.

The concept was based on conviction that consumers become emotionally attached to cars. Vision was of high safety, ecology, and a very consumer- friendly area to sit in. the Smart car was to be affordable, durable, and stylish. Developer noted that safety would be a key selling point, declaring, "This car will have the crash security of a Mercedes." Furthermore, the car was to emit almost no pollutants, thanks to its electric engine.

To date, Smart car has two major criticisms: safety and price. Despite development of a crash management system that "enables smaller cars to be just as safe as larger ones," during its first winter on the road, there were reports of several accidents.

The battery-electric models from smart are the first series-produced vehicles of the Mercedes-Benz Cars EQ family. The new smart EQ control app simplifies access to electric mobility. The new smart EQ control app, which will probably be available from mid-2018, is simple, straightforward and entertaining in typical smart style. With the personalised app, customers can always keep their eye on the current status of their vehicle and control the pre-entry climate control from their smartphone. In addition, intelligent push notifications inform the driver about important events around their electric smart. The built-in charging service now also makes it even easier to find the nearest charging station and to make the payment.

This app combines numerous items of car-related information, such as the current charge level, the control of vehicle functions such as pre-entry climate control and charge management, and displays the corresponding information in personalised form. Another new feature is the 22 kW on-board charger with fast charging function.

Smart has been selling only electric vehicles in the USA, Canada and Norway since 2017, and from 2020 it will be marketing only electric battery-powered vehicles in Germany and Western Europe, too. The rest of the world will follow suit shortly after.

With the smart vision EQ fortwo, smart is transposing the Daimler Mobility Vision 2030+ onto the city of the future. It is thereby showing the evolution of car sharing — with a vehicle that's incredibly efficient but nonetheless communicative and has the "human touch." And of course it's completely emission-free. The smart vision EQ for two is the first sharing concept vehicle; it's equipped with everything that is technically possible and is thus perfectly adapted to the needs of city living: uncompromisingly autonomous; forward-looking carsharing; uncompromising individualization; communicative; personal butler; super-compact; fully electric.

***You should analyze the case and answer the following questions:***

1. Identify target markets where Company should introduce this car. What sequence of countries would you recommend for the introduction?
2. Is the Smart car an international or a global product? Do you agree with the European-only launch? Why? Why not?
3. How would you position the Smart car in the target markets?

4. Who are the Smart car's major competitors? How are these products differentiated?

### **ESSAY QUESTIONS**

1. Select a country. From secondary sources found on the Internet, compile the following information for at least a five-year period prior to the present: principal imports, principal exports, gross national product, chief of state, major cities and population, principal agricultural crop.

2. Smoking is on the decline in high-income countries where the combination of higher life expectancy, education, income, and legal action has created a powerful antismoking campaign. Global tobacco companies are shifting their focus from high-income to emerging markets where the combination of rising income and the absence of antismoking campaigns is leading to ever-increasing demand for cigarettes. Is this shift in focus by the global tobacco companies ethical? What, if anything, should residents in high-income countries do about the rise in smoking in emerging markets?

### **QUESTIONS FOR SELF-CHECKING**

1. What requires market research of the international markets?
2. In what the purpose of the international market research consists?
3. What sources of information use at research of the national markets?
4. What types of market researches in the international markets exist?
5. How define problems and formulate the purposes of the international market research?
6. How collect information for research?
7. What is the imitation in the international market research?
8. In what feature of qualitative methods of research consists?
9. What main problems arise when carrying out field researches in foreign markets?
10. What is the international segmentation?
11. What approaches to the international segmentation exist?
12. In what features of segmentation of the international markets consist?
13. In what need and problems of positioning of goods and firm in the foreign market consists?
14. What main approaches to goods positioning?

### **Reading**

1. Amanda J. Broderick, Gordon E. Greenley, and Rene Dentiste Mueller, "The Behavioral Homogeneity Evaluation Framework: Multi-Level Evaluations of Consumer Involvement in International Segmentation," *Journal of International Business Studies* 38 (2007), pp. 746–63.

2. "Chinese Statistics Chief Fired in Scandal Inquiry," *International Herald Tribune*, October 20, 2006, p. 3.

3. Fang Wu, Rudolf R. Sinkovics, S. Tamer Cavusgil, and Anthony S. Roath, "Overcoming Export Manufacturers' Dilemma in International Expansion," *Journal of International Business Studies* 38 (2007), pp. 283–302

4. Linhui Tang and Peter E. Koveos, "A Framework to Update Hofstede's Cultural Values Indices: Economic Dynamics and Institutional Stability," *Journal of International Business Studies*

39, no. 6 (2008), pp. 1045– 64.

5. Masashi Kotabe, “Contemporary Research Trends in International Marketing,” in *Oxford Handbook of International Business*, 2nd edition, ed. Alan Rugman (Oxford: Oxford University Press, 2009), Chapter 17.

## **THEME 4 DEVELOPING INTERNATIONAL MARKETING STRATEGIES**

### **DISCUSSION QUESTIONS**

1. Define strategic planning. How does strategic planning for international marketing differ from that for domestic marketing?
2. Discuss the benefits to an MNC of accepting the global market concept. Explain the three points that define a global approach to international marketing.
3. Discuss the effect of shorter product life cycles on a company’s planning process.
4. What is the importance of collaborative relationships to competition?
5. Why do companies change their organizations when they go from being an international to a global company?
6. Formulate a general rule for deciding where international business decisions should be made.
7. Explain the popularity of joint ventures.
8. Compare the organizational implications of joint ventures versus licensing.
9. How will entry into a developed foreign market differ from entry into a relatively untapped market?

### **CASE 4**

You should visit the Nestlé Corporation Web site ([www.nestle.com/](http://www.nestle.com/)) and the Unilever Web site (<https://www.unilever.com/>) and compare their strategies toward international markets. In what ways (other than product categories) do they differ in their international marketing?

### **PROJECT**

You should visit the Web sites of General Motors and Ford. Search their sites and compare their international involvement. How would you classify each—as exporter, international, or global? List the different entry modes each company uses.

### **ESSAY QUESTIONS**

1. In Phases 1 and 2 of the international planning process, countries may be dropped from further consideration as potential markets. Discuss some of the conditions that may exist in a country that would lead a marketer to exclude a country in each phase.
2. Assume that you are the director of international marketing for a company producing refrigerators. Select one country in Latin America and one in Europe and develop screening criteria to use in evaluating the two countries. Make any additional assumptions that are necessary about your company.

3. “The dichotomy typically drawn between export marketing and overseas marketing is partly fictional; from a marketing standpoint, they are but alternative methods of capitalizing on foreign market opportunities.” Discuss.

### **Reading**

1. Daphne W. Yiu, Ching Ming Lau, and Garry D. Bruton, “International Venturing by Emerging Economy Firms: The Effects of Firm Capabilities, Home Country Networks, and Corporate Entrepreneurship,” *Journal of International Business Studies* 38 (2007), pp. 519–40.
2. Elizabeth Maitland, Elizabeth L. Rose, and Stephen Nicholas, “How Firms Grow: Clustering as a Dynamic Model of Internationalization,” *Journal of International Business Studies* 36 (2005), pp. 435–51.
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4. Lazlo Tihanyi, David A. Griffith, and Craig J. Russell, “The Effect of Cultural Distance on Entry Mode Choice, International Diversification, and MNE Performance: A Meta-Analysis,” *Journal of International Business Studies* 36 (2005), pp. 270–83.
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7. Yadong Luo and Rosalie Tung, “International Expansion of Emerging Market Enterprises: A Springboard Perspective,” *Journal of International Business Studies* 38 (2007), pp. 481–98.

## **THEME 5 PRODUCT AND SERVICES FOR INTERNATIONAL MARKETS**

### **DISCUSSION QUESTIONS**

1. Debate the issue of global versus adapted products for the international marketer.
2. Define the country-of-origin effect and give examples.
3. Discuss product alternatives and the three marketing strategies: domestic market extension, multidomestic markets, and global market strategies.
4. Discuss the different promotional/product strategies available to an international marketer.
5. Assume you are deciding to “go international.” Outline the steps you would take to help you decide on a product line.
6. What are the three major components of a product? Discuss their importance to product adaptation.
7. How can a country with a per capita GNP of \$100 be a potential market for consumer goods? What kinds of goods would probably be in demand? Discuss.
8. Discuss the characteristics of an innovation that can account for differential diffusion rates.

9. Give an example of how a foreign marketer can use knowledge of the characteristics of innovations in product adaptation decisions.
10. Discuss “environmentally friendly” products and product development.

### **CASE 5**

#### **MAJORICA S.A. VERSUS R. H. MACY**

Majorica is a place well known for its pearls. One Spanish firm, Majorica S.A., has used Majorica, an ancient name for Majorca, since 1954 as its trade name as well as a brand name to describe its pearls.

Majorica was alarmed to learn that R. H. Macy, a major U.S. department store chain, was selling Majorca-labeled pearls that were made by Hobe Cie. Ltd., a competitor of Majorica S.A.

Contacts with Macy produced no fruitful results in resolving the difficulty. Macy felt that it had a right to use the name in question because Majorca was the name of an island and because the pearls in question were indeed made there.

Subsequently, Majorica filed a lawsuit in a federal court, asking for a judgment to stop Macy from using the name. Majorica S.A. cited trademark infringement as the reason for seeking relief. It argued that Macy’s action caused confusion among consumers as well as erosion of goodwill.

#### ***Questions***

1. Is Majorica a valid brand name or just a generic trademark? Does the fact that it is the name of a place (i.e., island) affect the registration eligibility and legal protection of Majorica S.A?
2. Was Macy’s action legally defensible? Assuming that you are a federal court judge, do you think that Macy’s use of the name could cause consumer confusion? Do you think that Macy’s labeling constituted trademark infringement? Can the branding/labeling be somehow modified to prevent consumer confusion?

### **MINICASES**

1. Should farmers brand their exported commodities (e.g., soybean, corn, beef)?
2. Discuss how certain English letters, prefixes, suffixes, syllables, or words create pronunciation difficulties for those whose native language is not English.
3. Is Hyundai a good name to use for an international brand? On what do you base your evaluation?
4. Go to the soft-drink section of a supermarket. How many different types of soft-drink packages are there (in terms of size, form, and so on.)? Should any of them be modified for overseas markets?

### **Reading**

1. Philip Kotler and Kevin Lane Keller, *Marketing Management*, 13th ed. Upper Saddle River, NJ: Prentice Hall, 2008.
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## **THEME 6 PRICING FOR INTERNATIONAL MARKETS**

### **DISCUSSION QUESTIONS**

1. Why is it so difficult to control consumer prices when selling overseas?
2. Explain the concept of price escalation. What are the causes of price escalation? Do they differ for exports and goods produced and sold in a foreign country?
3. Why is it seldom feasible for a company to absorb the high cost of international transportation and reduce the net price received?
4. Changing currency values have an impact on export strategies. Discuss.
5. Do value-added taxes discriminate against imported goods?
6. Suggest an approach a marketer may follow in adjusting prices to accommodate exchange rate fluctuations.
7. Explain the effects of indirect competition and how they may be overcome.
8. Why has dumping become such an issue in recent years?
9. Cartels seem to rise, after they have been destroyed. Why are they so appealing to business?
10. Discuss the different pricing problems that result from inflation versus deflation in a country.
11. Discuss the alternative objectives possible in setting prices for intracompany sales.
12. Why are costs so difficult to assess in marketing internationally?
13. Discuss why countertrading is on the increase.

### **CASE 6.**

#### **COUNTERTRADE: COUNTERPRODUCTIVE?**

In modern times barter and its numerous derivations, which have conceptually been gathered together under the rubric "counter trade," have gained renewed stature in international trade. This has occurred despite the fact that international money and credit markets have attained unparalleled levels of sophistication.

Where readily acceptable forms of money exchange and viable credit facilities are available, markets shun cumbersome and inefficient barter-type transactions. But, international liquidity problems and government restrictions on the operation of

markets have prompted many less-developed countries (LDCs) and non market economies (NMEs), as well as industrial countries, to promote “creative” trade transactions that circumvent the normal exchange medium of modern markets.

### **Questions**

1. Discuss the pros and cons of counter trade as a form of trade.
2. Manufacturing firm located in a developed country is interested in taking advantage of the Eastern European markets’ movement toward market-oriented economies. However, its potential customers lack hard currency and have asked to consider countertrade. Should firm engage in counter trade? Why or why not?

### **PROJECT**

One free trade zone is in Turkey. Visit [www.esbas.com.tr](http://www.esbas.com.tr) and write a short report how it might be used to help solve the price escalation problem of a product being exported from the EU countries to Turkey.

### **ESSAY QUESTIONS**

1. What is the best pricing strategy for a Japanese company, a manufacturer of Honda sports motorcycles, when it comes to supplying these products to the Federal Republic of Germany?
2. What pricing strategy can be offered by Ukrainian exporting company that intends to advance industrial raw materials (for example, aluminum) in the markets of Western Europe?
3. Visit the American Countertrade Association, <http://www.countertrade.com>, and write a short report on the services offered by a countertrader.

### **Reading**

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## **THEME 7 INTERNATIONAL MARKETING CHANNELS**

### **DISCUSSION QUESTIONS**

1. Discuss how the globalization of markets, especially Europe after 2010, affects retail distribution.
2. To what extent, and in what ways, do the functions of domestic middlemen differ from those of their foreign counterparts?
3. Discuss how physical distribution relates to channel policy and how they affect each other.
4. Explain how and why distribution channels are affected as they are when the stage of development of an economy improves.
5. In what circumstances is the use of an EMC logical?
6. How is distribution-channel structure affected by increasing emphasis on the government as a customer and by the existence of state trading agencies?
7. Review the key variables that affect the marketer's choice of distribution channels.
8. Account, as best you can, for the differences in channel patterns that might be encountered in a highly developed country and an underdeveloped country.
9. One of the first things companies discover about international patterns of channels of distribution is that in most countries, it is nearly impossible to gain adequate market coverage through a simple channel-of-distribution plan. Discuss.
10. Discuss the various methods of overcoming blocked channels.

### **CASE 7.**

#### **THE A.T. CROSS COMPANY**

As stated in the A.T. Cross Company 2006 annual report, "Everything begins with quality." Cross pens and pencils are known worldwide as standing for the ultimate expression of excellence. The story began in 1846 with the company's founder, Alonzo T. Cross. Mr. Cross, an immigrant inventor and craftsman, started his business in his Rhode Island home with a goal to "manufacture and market elegant, hand-tooled gold and silver filigree casings for wooden pencils." Today, The A.T. Cross Company is as devoted to design perfection and craftsmanship as Alonzo T. Cross was in 1846, which explains the enduring legacy of A.T. Cross. In fact, Cross offers a full perpetual warranty.

The Cross Profile With ambition, vision, and a commitment to excellence, the A.T. Cross Company has grown into a major international manufacturer of fine writing instruments. The company has two plants, one in Lincoln, Rhode Island, and one in Ballinasloe, Ireland. Cross products are sold to the consumer gift market through selected stores (jewelry, department, stationary, gift, and book stores). They are also sold to the business gift market through selected companies specializing in recognition programs.

The Industry The fine writing instrument industry is truly an international industry with different market leaders in all parts of the world. The major international competitors are A.T. Cross, Schaeffer, Parker, Waterman, Pelikan, and

Montblanc. As of 2006, Parker and Waterman are owned by the Gillette Company and Montblanc is owned by the Vendome Holding Company. Writing needs vary throughout the world. For example, in Europe, fountain pens are very popular; in the Far East, most writing instruments must include finpoint catridges. However, packaging, advertising, and promotion truly constitute the major change elements in international markets rather than any change in the product per se. Most international manufacturers of writing instruments have established either networks of distribution. Therefore, the distribution choices of a new entrant in a particular country are very limited.

**International Expansion for A. T. Cross** In the early 1960s, the A. T. Cross Company began to receive several foreign inquiries concerning the availability of the Cross pens and pencils overseas. More specifically, businesses from Europe and the Far East were asking where, in their country, they could acquire Cross-pens. These inquiries and demands for the fine writing instruments led the A.T. Cross Company to pursue the overseas marketplace. A.T.Cross was particularly interested in distributing its products in Spain, France, the United Kingdom, and Germany. However, there were some strong existing competitors with well-established distributors in these countries. Furthermore, many distributors had exclusive arrangements with existing manufacturers. Ideal foreign distributors should be small enough to want to take on a new manufacturer but large enough to advertise. More European countries have their own national brand of writing instruments manufactured in each respective country. The following manufacturers of fine writing instruments have substantial market share in these countries: Inoxchrome (Spain), Waterman (national brand in France), Parker (national brand in the United Kingdom), and MontBlanc/Pelikan/Lamy (Germany).

There were also some other imported writing instruments within each one of these countries. As a result, the overseas marketplace was highly competitive. Regardless, A.T. Cross decided to enter these markets. At first it could not find suitable distributors, so it began considering other distribution channels. A.T. Cross Global Distribution Profile Update In response to growing international demand for its products, A.T. Cross decided to establish its own distribution subsidiaries by acquiring existing distributors in Spain, France, the United Kingdom, Germany, Italy, and Japan. The decision to pursue an acquisition strategy in these markets was primarily based on market size and market potential. In addition, a network of independent distributors was developed by negotiating a mix of exclusive and nonexclusive agreements to ensure proper market penetration in this mature and fragmented global market. The A.T. Cross global-distribution strategy reaches approximately 50 percent of the world (100 countries). As a result, in 2015, 42 percent of A.T.Cross's sales were from non-U.S markets compared to 25 percent in 2009, representing an increase of 68 percent in non-U.S. sales, constituting an average yearly growth rate of 11 percent.

### ***Assignments***

You should write a memo which clearly addresses the following issues:

1. What are the global distribution issues now faced by A.T. Cross?

2. What factors should A.T. Cross consider in the development of its regional distribution strategy in emerging markets (i.e., Eastern Europe), within the context of its global distribution strategy?

### MINICASES

1. You are the sales manager of a small company with sales in the United States. About 30 percent of your business is mail order, and the remainder is from your two retail stores. You recently created an e-store on the Web and a few days later received an order from a potential customer from a city near Paris, France. The shipping charges listed on the Web are all for locations in the United States. You don't want to lose this \$350 order. You know you can use the postal service, but the customer indicated she wanted the item in about a week. Air express seems logical, but how much will it cost? Consult both the FedEx home page ([www.fedex.com](http://www.fedex.com)) and the UPS home page ([www.ups.com](http://www.ups.com)) to get some estimates on shipping costs. Here are some details you will need: value \$350; total weight of the package, 2.5 pounds; package dimensions, 4 inches high by 6 inches wide; U.S. zip code, 97035; and French zip code, 91400. (Note: It's not fair to call UPS or FedEx—use the Internet.)

2. How practical would it be to encourage foreign sales? Your average order ranges from about \$250 to \$800. All prices are quoted plus shipping and handling. You handle a fairly exclusive line of Southwestern Indian jewelry that sells for about 15 to 20 percent higher in Europe than in the United States. The products are lightweight and high in value.

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## **THEME 8 INTEGRATING MARKETING COMMUNICATIONS**

### **DISCUSSION QUESTIONS**

1. Outline some of the major problems confronting an international advertiser.
2. Defend either side of the proposition that advertising can be standardized for all countries.
3. Review the basic areas of advertising regulation. Are such regulations purely foreign phenomena?
4. What special media problems confront the international advertiser?
5. In many of the world's marketplaces, a broad variety of media must be utilized to reach the majority of the market. Explain.
6. Borrow a foreign magazine from the library. Compare the foreign advertising to that in an Ukrainian magazine.
7. What is sales promotion and how is it used in international marketing?
8. Show how the communications process can help an international marketer avoid problems in international advertising.
9. Take each of the steps in the communications process and give an example of how culture differences can affect the final message received.
10. Discuss the problems created because the communications process is initiated in one cultural context and ends in another.
11. What is the importance of feedback in the communications process? Of noise?

### **PROJECT**

1. The global manager of 2020 will have to meet many new challenges. Draw up a sample résumé for someone who could be considered for a top-level executive position in a global firm.
2. Interview a local company that has a foreign sales operation. Draw an organizational chart for the sales function and explain why that particular structure was used by that company.

### **QUESTIONS FOR SELF-CHECKING**

1. Why does a global sales force cause special compensation problems? Suggest some alternative solutions.
2. Under which circumstances should expatriate salespeople be utilized?
3. Discuss the problems that might be encountered in having an expatriate sales manager supervising foreign salespeople.
4. "To some extent, the exigencies of the personnel situation will dictate the approach to the overseas sales organization." Discuss.
5. How do legal factors affect international sales management?
6. How does the sales force relate to company organization? To channels of distribution?
7. "It is costly to maintain an international sales force." Comment.

8. Adaptability and maturity are traits needed by all salespeople. Why should they be singled out as especially important for international salespeople?
9. Can a person develop good cultural skills? Discuss.
10. Which factors complicate the task of motivating the foreign sales force?
11. Why do companies include an evaluation of an employee's family among selection criteria for an expatriate assignment?
12. "Concerns for career and family are the most frequently mentioned reasons for a manager to refuse a foreign assignment." Why?
13. If "the language of international business is English," why is it important to develop a skill in a foreign language? Discuss.

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## MULTIPLE CHOICE QUESTIONS

1. Which of the following is the MOST important factor in an international marketer's success?

- A. creation of a new marketing concept.
- B. the ability to adapt to different marketing environments.
- C. development of new marketing processes.
- D. the evolution of unique marketing principles.

2. The international marketer who fails to meet his or her objectives is MOST likely to be a victim of:

- A. unfamiliar marketing environments.
- B. an inability to adapt products.
- C. an inability to adapt commercial messages.
- D. weak pricing skills.

3. James Wells is preparing to direct his company's entry into the Asian market. His success will depend upon the skill with which he

- A. masters a foreign language.
- B. adapts the marketing mix to the uncontrollable factors unique to the area.
- C. selects media.
- D. translates domestic prices into foreign currency.

4. The process of evaluating the uncontrollable elements in an international marketing program is frequently attended by:

- A. cultural shock.
- B. political shock.
- C. economic shock.
- D. all of the above.

5. Many firms have experienced frustration resulting from expensive breakdowns and malfunctions in the sophisticated equipment installed in foreign installations. Often, the cause of the problem is the failure of foreign nationals in these plants to provide the maintenance required by the equipment. Firms typically fail to appreciate critical differences in its foreign market's:

- A. political market.
- B. competitive market.
- C. technological climate.
- D. economic climate.

6. In the broadest sense, the 'culture' of international marketing is composed of:

- A. the uncontrollable elements of the foreign market.
- B. the controllable elements of the foreign market.
- C. the uncontrollable elements of the domestic market.

D. the controllable elements of the domestic market.

7. *The natural tendency for international marketers to base their judgments and marketing strategies in foreign markets upon their experiences in their 'home' culture is BEST described as the:*

- A. domestic marketing concept.
- B. principle of marketing relativism.
- C. principle of comparative advantage.
- D. international marketing concept.

8. *The international marketer's ability to assess foreign cultures in an objective, unbiased manner is often inhibited by unconscious reliance upon his or her:*

- A. ethnocentric education.
- B. self-reference criterion.
- C. repetitive action syndrome.
- D. cross-cultural criterion.

9. *In order to minimise the likelihood and/or impact of making inappropriate decisions based upon the self-reliance criteria of domestic executives, international executives should subject such decisions to:*

- A. cross-cultural analysis.
- B. ethnocentric analysis.
- C. decision-tree analysis.
- D. computer simulation analysis.

10. *The ABC Corporation has recently sought to augment its traditional domestic marketing program by establishing a presence on the Internet. The firm has been surprised by the large and increasing volume of foreign orders this move spawned. At this stage, ABC's international role would be BEST described as:*

- A. global marketing.
- B. international marketing.
- C. no direct foreign marketing.
- D. regular foreign marketing.

11. *If economy of some domestic country has been battered by a variety of factors that have precipitated a fall in the value of their currency vis-à-vis the dollar. The stronger dollar has adversely affected the export business of the domestic Corporation. The firm's experience is an example of how foreign ventures can be affected by domestic:*

- A. legal structure.
- B. economic conditions.
- C. political forces.
- D. technological developments.

12. *Where would a firm following a global marketing concept BEST fit in the DPRG schema?*

- A. The ethnocentric/polycentric classification.
- B. The polycentric/regiocentric classification.
- C. The geocentric/ethnocentric classification.
- D. The regiocentric/geocentric classification

*13. Two important trends affecting marketing communication planning are:*

- a) markets are becoming homogeneous and media availability and choice are growing.
- b) markets are increasingly becoming more fragmented and media availability and choice are growing.
- c) markets are becoming homogeneous and media availability and choice are decreasing.
- d) markets are increasingly become more fragmented and media availability and choice are decreasing

*14. The minimum selling price that a firm can sustain for a product is determined by:*

- a) what it costs to produce.
- b) competitor's prices
- c) what customers are prepared to pay for it.
- d) competitive parity.

*15. Which stage of the product lifecycle is marked by falling costs and rising revenues?*

- a) Introduction stage
- b) Growth stage
- c) Maturity stage
- d) Saturation stage

*16. There are a number of key influences on the selection of distribution strategy. Which of the following is generally recognized as a key influence?*

- a) Buyer behavior
- b) Producer's needs
- c) Product type
- d) All of the above

*17. There are a number of factors that need to be taken into account when pricing products and services globally which can be generally categorized into:*

- a) firm level, product specific, channel specific and retailer type
- b) firm level, product specific, market specific and environmental
- c.) brand image, channel specific and environmental
- d) brand positioning, product specific, market specific and environment

*18. Choosing a suitable international brand name is an important, but often difficult, part of the process that creates a strong and distinctive brand. Which of the*

*following statements about choosing a name for a new soft drink is UNTRUE?*

- a) The name should be memorable and easy to pronounce
- b) The name must be checked by experts to ensure it doesn't infringe on another company's brand name.
- c) The name should have positive associations with the benefits and features of the product.
- d) The brand name must be modern and contemporary.

*19. In principle, Public Relations activity should be designed to:*

- a) promote specific products
- b) reduce the perceived unreliability of a product.
- c) bring about a short-term increase in sales.
- d) protect and improve the image of an organization and its products

*20. The potential benefits of Global Integrated Marketing Communications include:*

- a) coordination of marketing communications across countries.
- b) standardization of communications to reduce costs.
- c) developing a consistent brand name and image.
- d) all of the above.

*21. Many organizations new to exporting will use \_\_\_\_\_ method which is based on adding up all the costs of production and marketing (direct and indirect costs) and includes shipping and any other charges plus a profit percentage.*

- a) marginal cost pricing
- b) cost plus pricing
- c) competitive pricing
- d) market oriented pricing

*22. Buying forward, trade in options or hedging are all examples of:*

- a) solutions to price discrimination in international markets.
- b) non-tariff barrier encountered by businesses when exporting.
- c) tariff barrier encountered by businesses when exporting
- d) overcoming the problems of currency fluctuations

*23. The management of an effective supply chain requires the coordination of a wide range of activities which include:*

- a) inbound logistics (e.g. purchasing and material releasing, inbound transportation, receiving, materials handling).
- b) operations (e.g. inventory control and management, demand and supply planning, production planning).
- c) outbound logistics (e.g. warehousing and distribution, outbound transportation).
- d) all of the above.

24. *New communication technologies and social media are dramatically influencing services internationalization due to:*

- a) increased use of internet technology in service offerings which are deliverable across the world.
- b) modern telecommunication infrastructures such as broadband and 3G technologies facilitate different forms of remote service delivery
- c) many services are now embedded in physical goods as part of a customer offer.
- d) all of the above.

25. *Services today occupy a vital and growing role in the global marketplace due to the following contributing factors:*

- a) deregulation and liberalization of trade in services.
- b) service has become a business imperative.
- c) the advent of enabling technologies such as the Internet.
- d) all of the above.

26. *The providers of services with \_\_\_\_\_ can normally rely on export and import agents to manage the international service delivery without getting directly involved in the process.*

- a) high degree of tangibility
- b) high degree of customization
- c) low degree of tangibility
- d) low degree of standardization

27. *Transfer pricing is due to:*

- a) the operations of parallel or 'grey' marketers.
- b) countertrading by countries.
- c) a way for International marketers to avoid paying tax
- d) international marketers transferring goods and services in their organization between different countries.

28. *There are a variety of forms of potential supply chain collaboration, which can be divided into three main categories:*

- a) vertical, horizontal and lateral
- b) vertical, horizontal and diagonal.
- c) unilateral, multilateral and trilateral
- d) vertical, horizontal and multilateral.

29. *Encouraging product trials is the most popular \_\_\_\_\_ method used on the Internet.*

- a) banner advertising
- b) publicity
- c) sales promotion
- d) personal selling

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# *Виробничо-практичне видання*

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з дисципліни

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*(для студентів 3 курсу бакалавріату усіх форм навчання  
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