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INTERNATIONAL STRATEGIC MARKETING PLANNING AND IMPLEMENTATION

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Abstract: *This paper reviews the process of international strategic marketing planning and shows how it can be used to implement international marketing. It examines the process of strategic marketing planning and develops it to encompass international operations. It outlines the tasks that are considered in the preparation of an international marketing plan and discusses how these tasks can be implemented. It shows the linkage between international marketing theory and practice, emphasizing that international marketing should follow the strategic goals of the firm aimed at satisfying the needs of consumers within global markets. This involves using the data collected through the Marketing Information System (MIS) to develop the marketing mix within the constraints of the available resources.*

Key words: *strategy, international marketing, planning, implementation*

INTRODUCTION

The process of international strategic marketing requires careful planning to achieve the organization's strategic goals. Different marketing approaches are likely to be used for different markets. The plans should consider these variations. The planning process should provide direction regarding the ways in which marketing is to be implemented.

International strategic marketing planning is a process by which the organization attempts to understand the international marketing environment, and the needs and wants of customers, while recognizing that competing organizations also serve the market.

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It also means recognizing the organization's strengths and weaknesses in serving customers. Organizations attempt to develop strategies to build on their strengths while coping with their weaknesses. The international marketing planning process consists of a number of stages, including an assessment of existing product markets, preparing a detailed financial statement, reviewing the market situation, obtaining and analyzing the relevant data, developing appropriate marketing objectives, sequencing and timing marketing activities to implement marketing strategies and preparing and controlling a detailed operational marketing plan.

It should also be sufficiently flexible to incorporate adaptation of marketing tactics that may become necessary in the light of unpredicted changes in market conditions.

NATURE OF INTERNATIONAL STRATEGIC MARKETING PLANNING

We should appreciate that the determination of the organization's strategic goals is complex and largely follows rules that have been worked out from experience of military warfare. The ways in which strategic goals are determined are discussed in depth within the strategic management literature (Johnson and Scholes, 2002), (Hooley, Saunders, and Piercy, 1998).

For the purposes of this paper, we should recognize the close linkage between an organization's corporate strategic goals and the implementation of marketing plans to attain the goals. The international marketing plan, like the national marketing plans, should outline the process whereby the organization's strategy is fulfilled.

Usually the marketing plan will aim for growth, in which case, in terms of international market expansion, the firm may undertake 'initial entry', 'local market expansion' or, at a much later stage, 'global rationalization' (Douglas and Craig, 1989, pp. 126). The international marketing plan should incorporate these phases of expansion emphasizing the methods expected to be used to achieve the desired growth. For example, initial entry might require establishing appropriate channels of distribution, such as agents and distributors, to support export activity. Local market expansion might need marketing to focus on promoting a particular message using 'above the line' media such as television and the press as well as 'below the line' sponsorship and public relations. Global rationalization could be undertaken by concentrating on cost cutting throughout the operations to achieve more competitive prices.

Whatever the level of international expansion, an international marketing plan has to be prepared. The marketing plan is a document that outlines the methods

and tactics for attaining the strategic goals of the organization. It shows the actions needed to achieve the strategic objectives. Strategic plans usually represent a long-term vision, providing direction for the organization in the forthcoming two, three, four or five years. Marketing plans most commonly run on a one-year time scale with provisional guidelines for the subsequent two or three years. Usually, marketing plans are prepared in the form of an annual cycle that fits the firm's financial accounting year.

THREE PERSPECTIVES OF AN ORGANIZATION

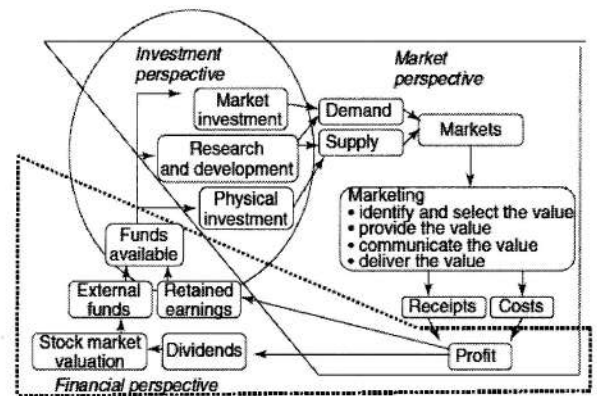
An organization may be conceived as being represented by three perspectives: an investment perspective, a financial perspective and a market perspective (Figure 1). Profit and shareholder value are central to all three perspectives.

The market perspective is concerned with demand and supply as affecting the market for the value under consideration. The organization engages in a series of marketing activities leading to a set of receipts and costs. A trade-off between these gives rise to profit. In the financial perspective of the business, profit contributes to the organization's dividends and retained earnings, which indirectly contribute to the funds available for investment.

The investment perspective considers the allocation of resources among various uses such as physical plant and equipment, research and development and investment in markets. Market investment and research and development investment influence demand, an element central to the market perspective of the organization. Investment in physical facilities and research and development contribute to supply, the second major element in the market perspective of the organization. The three perspectives are intimately linked: market-based activities drive profit which in turn drives the organization's financial performance which then supports investment.

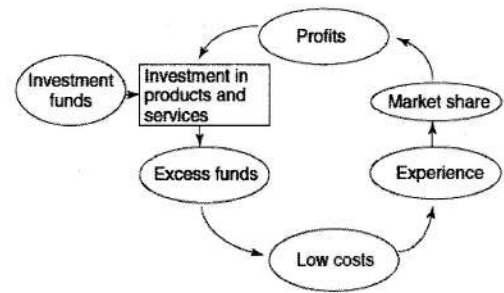
Investment expenditures directly influence the market. The three perspectives of the organization represent an interlocking management system related to various markets. Marketing in the organization is engaged in a competitive cycle emanating from the interaction of the three perspectives outlined above. Investment funds are central to the success of the venture. Investment in markets and marketing allows innovative products and services to be developed (Figure 2). These funds allow investment in new, more efficient manufacturing processes and equipment which lowers costs. The experience effect allows the organization to obtain a larger market share which in turn generates extra profits. These profits provide the excess funds for the next round of competition.

Figure 1: Perspectives of the firm



Source: (Bradley and Frank, 2003, pp. 64)

Figure 2: Competitive cycle in marketing



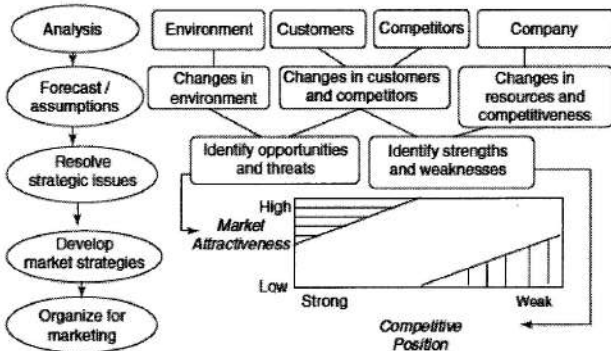
Source: (Bradley and Frank, 2003, pp. 65)

STAGES IN INTERNATIONAL STRATEGIC MARKETING PLANNING

International strategic marketing planning involves five stages corresponding to the need for analysis, forecasting and making assumptions, resolving strategic issues, developing market strategies and organizing for marketing (Day, 2004, pp. 25). The analysis stage involves a detailed examination of the marketing environment, customers, competitors and an internal analysis of the organization itself (Figure 3).

In regard to forecasting and assumptions the organization must attempt to forecast or assume likely changes in the environment among its customers and competitors and determine how its own resource base is likely to develop during the planning period.

Figure 3: Stages in strategic marketing planning



Source: (Bradley and Frank, 2003, pp. 65)

During the third stage the organization attempts to resolve strategic issues which arise, which requires carrying out a SWOT analysis. The identification of strengths and weaknesses derives from a simultaneous analysis of customers, competitors and the organization itself and allows the organization to state its competitive position which may be strong or weak or somewhere in between. The identification of opportunities and threats derives from a simultaneous analysis of the environment, customers and competitors and allows the organization to determine the attractiveness of its various markets.

Now it becomes possible for the organization to develop a set of appropriate market strategies.

International marketing plan for international marketing planning, firms extend the traditional marketing plan to the international area. Such plans start by defining the firm's mission and strategic objectives showing the strategic direction in which the firm wishes to move. The plan proceeds to analyze the environment in which the firm operates, showing the external influences on the firm. The environmental analysis examines the political (and legal), economic, social and technological influences on the firm's activities.

At this time competitor activity within the market is assessed and the firm's competitive position is ascertained relative to the competitors examined.

The firm's mission, strategic objectives, the environmental analysis and the firm's competitive position provide the framework for assessing the firm's strengths, weaknesses, opportunities and threats (SWOT analysis) within the market. The resource constraints are also considered, including the finance, human resources and time available to reach the defined goals. The plan provides an assessment of the firm's internal strengths and weaknesses as well as those of its competitors. Internal strengths and weaknesses relate to internal operational and organizational factors such as product characteristics, management expertise, research capability as well as financial position. External strengths and weaknesses concern the firm's performance relative to its competitors.

The plan should also consider the internal and external opportunities and threats facing the firm. Opportunities may relate to issues ranging from new product developments and new markets to mergers and acquisitions. Threats can include an assessment of the firm's vulnerability to over-extending resources through too extensive geographical coverage, dependence on importing agents, lack of transferability of product. The marketing plan identifies areas where the firm has strengths and weaknesses, and seeks to show where opportunities for expansion occur as well as any threats that may be encountered by these tactics. Awareness of these issues provides a framework for management to implement an action plan to optimize the opportunities and minimize the associated risks.

Traditionally, international marketing plans have followed the theoretical framework of a firm's international growth taking place in incremental steps. Initial plans detailed proposed marketing operations in one country. As expansion occurred, they were extended to encompass the other countries involved (Douglas and Craig, 1989, pp. 43). Typically, international marketing plans for smaller firms

have shown this type of incremental growth. The plan set out to establish marketing in one country. Gradually, according to the firm's resources, marketing was extended across borders to encompass more and more countries.

However, many firms, especially the larger organizations, have established international, even global, operations. In these cases the international marketing plan is much more extensive; often being a combination of national plans that fit the corporate strategy. These large firms have passed the initial market entry stages of the newcomer and have established marketing operations in the countries concerned.

In the situation of the large firm, usually management operating within each country, or territory, prepares its own marketing plan. The plans have to fit the corporate strategic plan and have to be agreed with central, head office management. Considerable negotiation between all parties concerned may be required before the plans are accepted. The mission, the strategic goals and objectives, will be common for all concerned, but the method of implementing the goals may differ. For example, in the case of the global detergent supplier Unilever, the marketing plan used in Chile or Canada, while similar, is likely to differ in detail from the marketing plan used in Hong Kong or the UK. But the country plans will fit into the overall corporate plan.

A further complication in international planning is the potential for rapid international expansion using IT. With the support of IT, especially the increased use of the Internet and its associated services, firms can internationalize their operations almost instantaneously, should they so desire. Firms starting to market their products and services can reach many customers directly through the Internet. Since most of the developed world and many parts of the less developed economies have access to the Internet, there is the potential for global coverage at the early stages of international expansion. The major constraint, apart from access to the Internet, is the limitation of logistics support for the product or service to reach the consumer, as is evident at peak demand periods such as Christmas when demand cannot always be met within the time constraints. In this way, increasingly, international marketing planning incorporates extensive use of the Internet as a communication channel alongside conventional international expansion approaches. Indeed, some firms concentrate entirely on using the Internet, almost to the exclusion of the conventional marketing mix.

Firms such as Amazon.com and easyJet.com develop their marketing mix in terms of the product/service, promotion and pricing tactics in response to customer demand as evident through their use of websites within the Internet channel. In this

way, the market planning process is increasingly used to consider cross-border international expansion on a shorter and more extensive scale than had previously been practicable.

INTERNATIONAL MARKETING INFORMATION SYSTEM (MIS)

The International Marketing Information System (MIS) including marketing research plays a crucial role in assessing the market to determine potential opportunities and threats. The MIS is used in marketing decision-making to ensure successful international expansion by identifying markets to target for expansion and the entry methods favored by the potential consumers. The MIS can help identify the favored marketing mix, that is, the characteristics of products or services that should be offered as well as the pricing, promotion and channels of distribution tactics that are most likely to ensure success.

The fundamental approach to formulating a MIS for international marketing is the same as for the domestic situation although, obviously, the MIS used will be more complex and difficult to develop than that used for domestic marketing. For the established international group, or MNC, the complexity of marketing planning reflects the group's international activities. In the same way as for the firm expanding from a domestic base to international operations, the established international group is required to fulfill its strategic objectives to ensure that each country's management meets the goals that have been set. The MIS, together with marketing research undertaken for both domestic and international markets, plays a critical role in the marketing decision process necessary to achieve strategic objectives. These, in turn, influence the implementation of marketing mix both within, and across, countries. For the smaller organization, the corporate MIS will, similarly, comprise MISs developed within individual countries. They will be expanded to match management's requirements.

Problems to be overcome with international MISs include those associated with assimilating the different systems developed within individual countries across national borders. Apart from the obvious problems of considering the distinct cultures of the different countries and regions within countries, differences occur at the operational level of collecting data which are assimilated within the MIS. There are different methods of collecting data, e.g. face-to-face interviews with women may be appropriate within Western Europe but could be more difficult to undertake in some Middle Eastern markets. There are different languages used with different alphabets and so on. Over and above these cultural issues, further challenges to achieving a cohesive MIS for global planning purposes can be posed by the different

software and hardware used to process the data, e.g. some parts of the organization may use IBM compatible PCs, others Apple Macs or other computing equipment.

These problems can be accentuated when organizations expand internationally through mergers and acquisitions that have their own information systems, hardware and culture that differ from those of the dominant organization. Nevertheless, an all-embracing MIS for the international, or multinational, organization has to be developed to keep the corporate management informed. While challenging, and often costly to implement, this can be achieved by assimilating the data from various MISs in a consolidated format, using the individual country MISs, which can be fed into the international market planning process. The potential help provided by such planning encourages management to find ways to evolve the most appropriate plans.

PRODUCT

The international marketing plan has to determine the characteristics of the products, or services to be marketed. It will consider the range and features of the products using tools such as sales trend analysis, product performance history and forecasts of product developments.

These attributes should be compared with competitor offerings to ascertain the firm's product performance. This procedure is termed competitive analysis and is used to indicate advantages, or disadvantages, faced by the product in association with its competitors.

PRICING

In particular, positioning strategy and customer perceived values are considered. Their inter-relationship plays a critical part in defining the firm's product or service range within the market. Product prices are compared with the prices of competing goods, or services, and any advantage or disadvantage is identified. Close monitoring of a firm's pricing strategy compared with competitors and the sales achieved is required to enable effective international marketing planning.

PROMOTION

The promotion strategy and its proposed implementation have to be encompassed by the international marketing plan. The promotion mix is determined to match the characteristics of the product or service being marketed. It can incorporate a

range of promotion methods including conventional 'above the line' media advertising and direct mail as well as 'below the line' sponsorship, special promotions and exhibitions, etc. Firms are advised to invest in public relations support which acts as a catalyst to the whole promotion process. For example, the proposed international promotion plan might contain forecasts of cost effectiveness in terms of advertising expenditure compared to forecast sales in different countries. These ratios should be compared with the equivalent for the major competitors within the firm's international markets. The processes of comparing the firm's proposed promotion plan with that of competitors acts as a gauge to monitor performance and will help in future planning.

CHANNELS OF DISTRIBUTION (COVERED BY THE TERM "PLACE")

Includes determining channel strategy and channel selection for the product or service being marketed. It covers the firm's proposed selling strategy and sales plan for the sales force.

Once again, the firm is recommended to undertake competitor analysis to determine whether the proposed channels of distribution strategy and its implementation can provide competitive advantage at an international level. It is useful to determine whether the firm's proposed channels of distribution plan matches the expectations of channel members, including intermediaries such as importing agents, franchisers, wholesalers and retailers. If the plan differs, it can meet the resistance of those involved, preventing its successful implementation. Great care has to be taken when planning changes to the traditional channels of distribution approach, even more so at an international level when misunderstandings can so easily occur due to different cultural interpretations of behavior.

RESOURCE IMPLICATIONS

At the same time as the plan for the marketing mix is being assimilated, the financial, human and time resources for international growth have to be considered. Resource implications affect the tools available to implement all stages of international expansion. The amount of financial resources available will determine the scale of expansion that can be undertaken. Many firms have failed in their bid to establish international operations because of misjudgments of the real costs involved. Furthermore, financial resources affect the level of support that can be given to product development, to different pricing approaches, to promotion campaigns and to intermediaries within the channels of distribution to stimulate demand wi-

thin the international markets. Access to the appropriate human resource expertise is critical to the successful outcome of the expansion. The time available to implement the proposed expansion also plays a crucial role. It can be expected that with the increase of physical distance from the administrative headquarters, manufacturing and operational activities and the customer, the time for goods and services to pass through the value chain is also likely to increase. Certainly, the value chain is likely to become more complex.

The international marketing plan is usually presented by a flowchart, called a Gantt chart, which depicts the start and finish of each activity along the value chain. This enables management to determine the order and timing of the various activities, helping in the implementation of the plan.

HUMAN RESOURCE CONSTRAINTS

As well as finance, the availability of appropriate human resources has to be incorporated within the international marketing plan. Proposed international expansion projects have often been constrained, and even shelved, because of lack of available trained managerial expertise to oversee the expansion within the proposed time schedule. Since the early 1990s, many European firms have had to curtail their international expansion to Eastern Europe due to reticence on the part of European national managerial staff to re-locate to Poland, Hungary and the Czech Republic. For example, Tesco, the UK-based food retailer, found that the process of international expansion took longer to implement than was originally envisaged partly due to the need to train local nationals to undertake retail management and local suppliers to service logistics support. The number of European nationals prepared to re-locate was limited.

IMPLEMENTATION OF INTERNATIONAL STRATEGIC MARKETING PLAN

International strategic marketing plans form part of the strategic planning activity, usually undertaken on an annual cycle. The plan is a guideline that is agreed by all parties concerned, i.e. the strategic corporate planners at central head office and the operational managers within the organizational divisions. Theoretically, the plan can be revised, or modified, in agreement with all concerned, but such changes have to be justified.

The annual plan provides goals, budgets and outline methods whereby these should be achieved, with those for the first few months usually being more detailed

than for the later period. Indeed, it is often expected that as the planning year progresses new evidence will become available (such as sales performance) that favors modification of the original plan. Some flexibility is required to encompass the latest market information (probably provided through the MIS). However, the fundamental strategic approach as projected within the plan should remain. The strategic direction of international operations is usually maintained, although the details of the methods used to implement the strategy may be modified to suit local conditions.

All concerned in the marketing operation are expected to work to the agreed plan. The methods used as identified by the proposed marketing mix and the resources made available should match the plan. During the planning cycle, usually at monthly intervals, the actual performance is compared with predictions made in the plan. Any discrepancies are monitored and minor adjustments made to the plan to ensure the goals are achieved.

Towards the end of the planning cycle, a review panel often assesses how well actual performance matches the plan. Lessons learnt from this analysis should be carried forward to the next year's international marketing plan.

CONCLUSION

This paper considers the nature and role of the international strategic marketing plan. It discusses how the plan is prepared and used in international marketing. International strategic marketing plans are tools to implement corporate strategy, being a formal proposal of the marketing tactics required to achieve the goals of the organization. They should reflect the theoretical process of international expansion, traditionally taken to be growth by incremental steps.

They should also encompass IT developments that can help marketing implementation.

Typically, international marketing plans set out the organization's strategies, mission statement and objectives. They analyze the market conditions that exist in terms of environment and competitors' activity. They consider firms' strategic and marketing options and select the preferred marketing approaches for the organization concerned. International MISs are used to provide the data for marketing decision-making.

The international strategic marketing plan aims to provide a framework for implementing marketing tactics, covering approaches to product development, pricing,

promotion and distribution. The plan identifies the financial, human and time-scheduling resource implications of the recommended actions.

Usually, international strategic marketing plans are derived through a process of combining individual national (and even regional) marketing plans into a corporate plan. Such plans have to be agreed by all the relevant parties, a process that requires considerable management skill. It is this skill that is necessary for the successful implementation of international marketing across national borders.

MEĐUNARODNO STRATEŠKO PLANIRANJE U MARKETINGU I NJEGOVA IMPLEMENTACIJA

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Sažetak: Ovaj rad se bavi procesom strateškog marketinškog planiranja u međunarodnom kontekstu i pokazuje kako se ono može iskoristiti u primeni međunarodnog marketinga. Rad analizira proces strateškog planiranja u marketingu i razvija ga sa ciljem da obuhvati međunarodno poslovanje. Takođe, izdvaja aktivnosti koje treba razmotriti prilikom pripreme međunarodnog marketing plana i objašnjava kako ove aktivnosti/zadaci mogu biti primenjeni. Ukazuje na povezanost međunarodne teorije i prakse iz oblasti marketinga, ističući da međunarodni marketing treba da prati strateške ciljeve firme koji za cilj imaju zadovoljavanje potreba potrošača na globalnom tržištu. Ovo obuhvata korišćenje podataka sakupljenih putem Informativnih sistema za marketing (MIS), da bi se napravio marketing miks u okviru ograničenih mogućnosti koje su nam na raspolaganju.

Ključne reči: strategija/međunarodni marketing/planiranje/implementacija

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