EXPORT MARKETING STRATEGIES: A GLOBAL COMMUNICATION EMPHASIS.

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Abstract: This paper will give a general overview of what is meant by globalisation as well as factors encouraging the globalisation concept. Communication as a social phenomenon at the global dimension will be briefly discussed. More specifically the paper will address the issue of Export Marketing strategies, their weaknesses and strengths. Globalisation is considered to be a concept of taking the whole world as one huge market with homogeneous needs. Depending on the knowledge of the exporter, this can be useful but if not handled with care can be misleading. In the real world it might be difficult to get the homogeneous needs of customers across the world. People are different and the differences are different. The key success factor is for the exporter to have a proper knowledge of the alternative export strategies and make a 'strategic strategy choice". The worst scenario is to choose not to choose. Companies and/or individuals who a re dealing with export transactions have to identify and understand their Export objectives before working out the export strategies. It is the rule of the game that successful strategies ought to succeed the intended objectives. It is also becoming increasingly important for exporters to communicate the value they are exporting to their customers. This communication should command the social global aspects. If the social aspects are ignored in communicating the values, the business is destined to fail. The question will not be whether it will fail or not but just when it is going to fail. Therefore Exporters are encouraged not to be myopic in managing the export business. They should see 'beyond the wall' and go where no man has ever gone before.

KEY WORDS: *Export, Strategy, Globalization, Communication*

INTRODUCTION

Due to the increase of the needs of customers around the world with fewer resources in some locations, the point of equilibrium could not be met using the local production. To this very reason and others, people started outsourcing the deficit from abroad. Having importation of the goods and services to cover the gap, the suppliers on the other end were then considered to be exporters. This started by the exchange of goods in ancient history (barter trade) up to when the medium of exchange was put in place. The impact of technology in export business has accelerated tremendously the size of the export transactions. The improved level of technology has also reduced dramatically the 'lead time' in export business. In any business it is very important to have a clear understanding of the objectives of the business. This should be the case also to the export business. It is only after identifying the objectives becomes appropriate to think about strategies. However before thinking about choosing the alternative strategies, let us pose a question: What is a strategy and strategy process?

Strategy

There are several definitions of the word 'strategy.' These include:

1. A strategy is a unified, comprehensive, and integrated plan that relates the strategic advantages of the firm to the challenges of the environment. It is designed to ensure that the basic objectives of the enterprise are achieved through proper execution by the organisation (by William F Glueck)
2. A strategy is the main way of achieving the objectives and mission.
3. Five P's for strategy definition (by Henry Mintzberg) " accordingly, five definitions of strategy are presented here as: Plan, Ploy, Pattern, Position, and Perspective - and some of their inter-relationships are useful." (Strategy Process, H. Mintzberg, p.13)

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Strategy Process

This is one of the three dimensions of a strategy. Other dimensions being strategy content and strategy context. According to W & Ron Meyer a strategy process "is the manner in which strategies come about, stated in terms of a number of questions, A strategy process is concerned with the how? who? and when? of strategy - how is, and when should strategy be made, analysed and dreamt-up, formulated, implemented, changed and controlled. Who is involved and when do the necessary activities take place?" (Ron Meyer, p5)

Let us draw attention to the three basic questions concerning the strategy process to make it easy to link with the aspect of exporting:

i) How is and should strategy be made, dreamt-up, formulated, implemented changed and controlled?
ii) Who is involved in the task?
iii) When do the necessary activities take place?

To cover the scope of exporting more broadly, let us expand the number of questions and connect the questions to the offer an exporter is having in mind.

Ten Key Questions Before Exporting

- Which product are you dealing with?
- What value are you offering to your customers?
- Is it the right time to go for international markets?
- Is the local market exhausted?
- What are your export objectives?
- Which strategy will be the most appropriate one?
- Who are your competitors?
- Do you have any competitive advantage?
- How are you going to fund your export operations?
- Are you technologically sophisticated?

It is critical to understand that we are no longer competing by products but by 'value network'. Customers are no longer interested in spending their money just for the sake of buying products but getting the value for their money. By offering a unique value, customers are even prepared to pay premium prices.

Globalisation

This is a concept, which considers the whole world as one huge homogeneous market. Export business is part of globalization since it is operating to make sure that goods and services are offered beyond the geographical and/or political boundaries. Globalization is a strategic move focused on maintaining the global operation strategically. The fact that it is strategic is what differentiates it from the concept of 'internationalization'. Globalisation is based on three basic assumptions:

a) The needs of customers are becoming more homogenous that all customers will have common needs.
b) Customers are ready to forego their preferences provided they are offered a low price with good quality.
c) The cost saving from the mass production will make the firm more competitive against its rivals.

From the business point of view there are some benefits which are considered to emanate from the product policy which embraces global dimension. These include

i) *Cost Reduction*

Due to economies of scale achieved from mass production and standardisation of different programmes, the unit cost of the product decreases.

ii) *Improved Quality*

Due to international standards, every firm should produce to the expected standards in order to survive in the business environment.

iii) *Enhanced Customer Preference*

Especially for mobile customers, they can find the same standard of product in every part of the world for a global product. For example, a machine bearing with specification SKF 4308 (Japan Make), has the same technical performance all over the world. Its dimensions of diameter, width, etc. are the same throughout.

iv) *Increased Competitive Leverage*

Having the product design at a global dimension, it does not need several adjustments and modifications. Its R & D costs are lower, hence, the saving is shifted to improve the competitive position of the firm. Cross-subsidisation is another facet leading to leverage.
The drivers towards a global dimension can be summarised using the Yip's model, as follow:

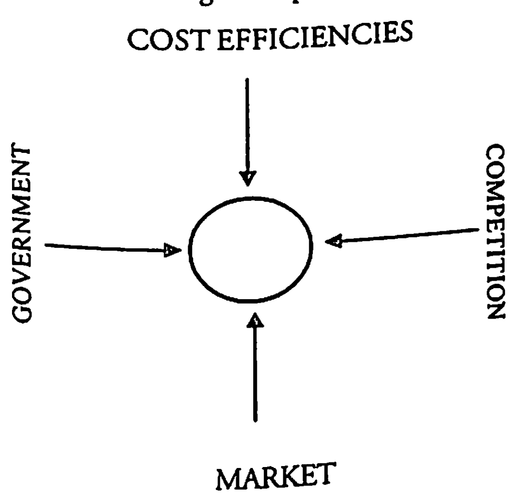

Figure 1: *Globalisation Drivers*

With its benefits, this approach has also its drawbacks. These include:

i) High management and coordination costs;
ii) Reduced innovation of local country if over-centralisation is used;
iii) Added staff;
iv) Market participation is the major concept than profit-making; and
v) Ignored customer differences.

On the other hand, from the customers' point of view, arise factors encouraging mass customisation. These include:

i) Differing use conditions: The conditions over which a product is going to be used are not, and cannot easily be the same all over. Aspects of climate, infrastructure, etc. are adversely different from one place to another

ii) Other market factors are also different: For instance, per capita income, language, propensity to consume, fashion desire, beliefs and taboos, etc

iii) Influence of government: Other products in some countries are strictly prohibited. An example for this can be pharmaceutical products. Other examples are: pornographic pictures/tapes in Tanzania (Africa), are strictly prohibited while in other countries this is allowed. Some countries do not allow children to appear on television advertisements while others do allow.

iv) Extent of urbanisation: Some places are more developed than others. In this regard for instance, if you are to launch a sophisticated automatic luxury car at a global level, ignoring rough roads in certain parts of the world, it will be unfair for the customers in the least urbanised areas.

vi) Organisation structure: The firm may have a structure that cannot accept the product to be at the global dimension from day one. The structure may necessitate the attention to some specific customer needs.

However, the mass-customisation approach bears also some demerits like:

i) Not ideal for industrial products;
ii) Too costly due to lack of economies of scale;
iii) Time consuming, hence can be behind schedule especially for products of shorter life cycles, ego Fashionable products; and
iv) Requires highly qualified personnel with a broad knowledge of different markets in the rest of the world.

Having given the above analysis, it is now clear that each of the approaches the product policy employs, have their merits and demerits. The critical question is how international firms can overcome this dilemma. Exporters have to understand these merits and demerits of the global business clearly before engaging in the export business. The dilemma of pure globalisation or adaptation (mass-customisation) is still a challenge to many exporting firms.

The following are some possible alternatives of overcoming the dilemma.

i) *Interactive approach:* In this approach the product planning is to be done by drawing the strengths of both global and tailored dimensions. When an international product policy incorporates this approach it creates synthesis, hence, better results. The outcome of this will bear the synergy of the two approaches. In this regard the subsidiaries of the international firm are responsible for identifying the unique characteristics of their markets and communicate them to the product's planning unit.

Example: When the packaging of Coca cola drinks was developed it was noted that the plastic bottles appealed better in Western countries than in Africa. In Africa glass bottles which are recycled are in use. Though the product (liquid) is standardised the packaging is somehow customised.

ii) *Decentralised approach:* In this approach the group of countries with similar needs for a certain product(s), are served as one market (region). The product can be developed and standardised in respect to a certain region. This enhances the strategy of segmentation.

An executive of a certain major international company expressed what is probably a representative view when he said:

> Marketing is conspicuous by its absence from the function which can be planned at the corporate headquarter level. It is this phase of overseas business activity that the variations in social patterns and the subtlety of local conditions have the most pronounced effect on basic business strategy and tactics. For this reason, the responsibility for marketing and planning must be carried out by those overseas executives who are most familiar with the local environment.

ii) *Unified organisation structure:* An international firm should have an organisation structure, whose members have common Mission, Objectives, Strategies and Tactics (MOST). If the headquarters of the international firm decides to opt for a pure global dimension, tailored or mixed approach in its international product policy, the subsidiaries should comply and implement. Short of that, internal weaknesses emanating from the roles' conflict will occur.

Example: Canon world class consumer electronics Company, decided to manufacture a six-character calculator to cater for the global market. This decision was made at the adquarters in Japan in 1964. However, the subsidiary in the US found that customers in the US at that very particular time needed a ten-digit calculator and the six-digit one was in the decline stage in the US market. The engineers of Canon at the US subsidiary decided to develop a 10 digit scientific calculator

1 Millard, H. Pryor. "Planning in a world-wide business", *Harvard Business Review*, January- February 1965

without notice to the headquarters. They launched it within two years as Canola-130 and it was the best selling scientific calculator, in the US market, at that time. (D & W Meyer, Cases and Readings).

This shows the possibility of the conflicts of interests between the headquarters and the subsidiaries. The firm must make sure that such conflicts do not exist. This can be done properly by understanding the physiology, psychology and anatomy of the firm in totality as a system.

iv) Customising global marketing[2]*:* The global dimension has its demerits but does not mean that it is not applicable. In terms of cost saving, it does perform a good job. The key issue for executives is to understand that flexibility is needed to a certain extent, as there is no way everything can be global. Managers have to tailor their approach to fit their own products and markets and make their plans work.

In most cases, for a firm to succeed in overcoming the dilemma, it must have a strong marketing team countrywide. For example, think of the research done by Quelch and Hoff in Coca cola and Nestle. They identified four dimensions of global marketing: business function, products, marketing mix elements, and countries. Both of these companies are international. Coca Cola has a higher degree of standardisation than Nestle but to conclude that Coca Cola is a global company might be too myopic. It just has many areas of standardisation but not totally standardised. This can be depicted in attached figures 17-2 and 17-3 (W. J. Keegan, *Global Marketing* p. 600-601).

It clearly shows that however much a company tries to globalise, it should customise some of its activities hence "customising global marketing."

The product has to fit the circumstances and not the circumstances to fit the product. Exporters should "think global but act local."

v) Sophisticated supply chain (Logistics): Exporting firms can improve their supply chain in terms of physical movement, information and organisation so as to make the whole world as close to their supply as possible. Once this is a possibility, customers will get what they want, when they want it, at a competitive price. This approach will help to reduce cost and other non-adding values to the planning and production process of the product. The channels of distribution should be as short as possible and managed effectively and efficiently.

The information system should be as perfect as possible. For example' Benaton of Italy, is a famous Trans-national jumpers manufacturer and supplier. The product can be delivered in 24 hours, to any point of the world, according to customers' specifications. The system is highly computerised and well managed.

Having the analysis made on suggested alternatives to overcome the dilemma, let us give the simplified model for Integration-Responsiveness grid which puts global dimension and tailored dimension in a two co-ordinates plane. The vertical axis will represent the degree of integration (cost efficiencies) while the Horizontal one the degree of market responsiveness.

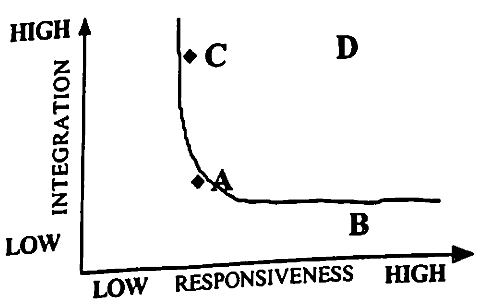

Fig.2 Yip's Model *I-R Grid (by I. Yip)*

2 Quelch John A and Hoff Edward J, "Customising Global Marketing", Harvard Business Review, May-June 1986, pp59-68

A firm has to find its favourable attainable point(s). Most international firms are operating around point "A" as a combination of the two dimensions. Firms in point "c" are more global while those in point "B" are more tailored in their product development. Firms in point "D" are referred to as Transnational and that is the most efficient point but difficult to attain. At that point (D), the degree of globalisation and customisation are both high. Firms are considered to be globally driven when they are more sensitive to cost efficiencies (integration), and become more customer driven when they are more sensitive to different market needs (responsiveness).

SOCIAL COMMUNICATION

The social differences of the customers across borders need a special attention. Communication objectives should be known from the beginning. The appreciative system with an interpretative approach will help to reduce the level of misunderstandings as opposed to the 'conduit metaphor' approach. Customer service need to be managed carefully in international marketing. In order to do this the communication between the exporter and the importer should be mutual and capable of fostering a good relationship. For this to be possible the communication objectives for a good customer service need to be considered in export marketing activities.

Communication Objectives in Customer Service

Objectives are the desired end results of the business, which can be quantified. They have to be compatible with the mission of the business. It is not appropriate to start setting communication objectives before understanding the mission. In customer service management, among other things, the communication objectives should address the following:

1. What main point do you want the customer to take away from the communication?
2. What action do you expect the customer to take after receiving the message? (eg. Try the service, send more information, use the service more often, etc).
3. Sales may not be the only goal. There is a need to enhance image and reputation;
4. To create awareness of the service to potential and prospective customers;
5. To create an interactive and dialogical set up of business transactions; and
6. To assure feedback for adequate running of business and instituting corrective measures to meet customers' assessment for better customer service.

These objectives are achieved through communications strategies. In practice the strategies are incorporated in the communications plan.

Planning is a disciplined thinking process, which integrates the program. The program defines the position of the service as well as the benefits that the customer will enjoy. In customer service improvement we can set the strategy process to have the following three components:

i) Start and end with the customer. This is to be done by having incentives and points of contact. Having good points of contact will enable the tracing of the delivery of the service. By doing so, the customer will get the right service at the right time and the competitive price (not lower);
ii) Establish a relationship. The complaints are to be collected, analysed and adjustment made to close the gap if any; and
iii) Differentiate by establishing rapport, empathy and dialogue. This is the way of creating a relationship.

The key issue is the need of communications management. This is to enable clear interaction of activities and the flow of the benefits. Objectives are always reached by having a clear communication plan. The plan includes components such as situation analysis, objectives, strategies, and evaluation. This is a dynamic process which operates with interdependence of each component. Under the component of communications objectives, we have to consider the following questions:

- How can we co-ordinate the entire company towards one mission?
- How can we achieve competitive advantage?
- How can we achieve image congruence?
- How can we reach our customer? and
- How can we achieve our financial goals?

The better you know the customer, the sharper the selling message. The above given questions help to set the adequate communication strategies hence to achieve the intended communication objectives in a timely manner. This is the way of achieving integrated marketing communication (IMC). It is very important to be sure that the received message by the customer about the service is the sent and intended one. A message is a written, spoken or visual "text" with an intended meaning. It is by having an active feedback mechanism, that it becomes possible to understand the prevailing situations. The service quality, which is promised to the customer, should be delivered accordingly. In case there is any anticipated problem, this should be communicated to the customer before time.

EXPORT MARKETING STRATEGIES

As stipulated earlier, exporting is to sell your products beyond local geographical and/ or political boundaries. There are several strategies to do that. However, they are mainly in two categories:

I) Direct vs Indirect
II) Going Alone vs Co-operation

Depending on the nature of the business, it is the duty of the exporter to make a choice between going alone vs the co-operation strategies. Similarly a choice is important between be direct or indirect strategy depending on the nature of transaction. The export strategies matrix can help to depict the relationship of these facets

Going Alone Strategies

This is a set of strategies whereby an organisation or individual decides to do the export on his own. The exporter will try to do all the activities alone. The strategies under this category include foreign direct investment. This is a direct export strategy. Other direct export strategies include: direct sales, agent, distributor, marketing subsidiary, etc. The indirect export strategies include; export houses, international trading companies, piggy back marketing, etc. Tepstra (1987), suggests that 'no firm can go it alone in today's world market: co-operation is the way forward'.

Co-operation (Integrated) Strategies

These are the export strategies which involve more than one exporter in conducting the business. This approach emphasises that a company alone cannot do better in export business as when it joins hands with other companies or facilitators.

Strategic Alliance

This is a situation whereby two or more rivals come together and join their efforts to weaken the bargaining power of the customers as well as improving the profitability. The key feature of this strategy is that, each player will maintain its competitive advantage. The major disadvantage of this strategy is the fact that when the partners fall in a conflict, it becomes a problem to manage the business. Another serious problem is lack of synergy of their core competencies since each is maintaining its competitive advantage. For these very reasons, 90% of strategic alliances are destined to fail. The question is just when they are going to fail. You can think of big alliances like; British Petroleum and American Oil Company (BPAMOCO), HONDA and ROVER as well as others. They normally start shining but end up in collapse.

Joint Venture

This is a situation over which a foreign company has enough equity to have a voice in management of the business but not absolutely. The equity normally ranges from 10% to 90% but in practice it is between 25% to 75%. In this case one firm is foreign and another one must be native to the country which is targeted to be a foreign market. Many governments, including the Government of Tanzania, is in favour of this entry strategy. For example, Fujitsu, Japan's largest computer manufacturer, found it almost impossible to break into the competitive market by itself. Therefore, it formed a joint marketing venture with TRW to get the marketing know-how and distribution. Fujitsu could not do this alone.

Advantages

- Greater control over marketing and production functions
- Due to good marketing information, it provides better market feedback
- Reduced danger of expropriation

Disadvantages

- There may occur conflict of interest among the partners;
- Profits are proportionately shared; and
- Quality control by the foreign firm might be difficult. This is the case especially when the firm wants to standardise its specifications to meet global demands.

Contract Manufacturing

In this situation, foreign manufacturing is done by proxy. Another producer in the foreign market, under contract, manufactures the firm's product. Normally the contract covers the manufacturing process only. The entire marketing work is to be done by the firm, which intends to export.

Advantages

- Protection over political uncertainties;
- The firm will avoid the cost of erecting a plan abroad;
- Low manufacturing risks; and
- The firm will advertise its products as if they are locally made (provided customers are not geocentric)

Disadvantages

- The manufacturing profits go to the manufacturer and not the exporting firm;
- It might be difficult to spot a relevant manufacturer in the foreign market; and
- Quality control might be a problem, since the exporting firm may not be involved in the manufacturing process

Licensing

The exporting firm establishes local production in a foreign market without heavy investment. The firm (Licensor) may give the licensee patent rights, trade mark rights, copy rights, etc so that the products are manufactured according to the licensor's specifications. The licensee has to produce, market and sell the products. The licensee then pays the licensor an agreed proportionate of the sales volume. For example, Toyota Company, of Japan, may license South Africa Motors, to manufacture Toyota Saloon cars for the African market.

Advantages

- It becomes easy to access the market using the local manufacturer in the foreign market;

- Low investment costs. There will be no variable costs on the side of the licensor and this makes the return on investment (ROI) very high for greater sales volume;
- Low risk; and
- Low administrative costs.

In the United States of America, some firms are receiving over $10 billion just from licensing agreements (Tepstra, 7th ed. p 535).

Disadvantages

- Creating your own competitor;
- The government taxes royalties hence a reduced level of profit;
- In some cases a licensee may disagree with the licensor and this may bring some hazards in the business. It is more complicated if the two are based on different legal laws and regulations;
- It might be difficult for the firm to maintain its confidentiality to the level it wants. The licensee may give some confidential information to other licensees who are not even the licensees of the exporting firm.

Franchising

This is a situation whereby an exporter (franchiser) provides the ingredients of production to the manufacturer in the foreign market. Additionally, the franchiser provides; standard packaging, marketing system, and management services. On the other hand the franchisee provides; market knowledge of the intended foreign market, part of capital, and personal involvement in management.

For example, Coca cola provides syrup (concentrate) to some franchisees around the world for production of Coca cola brands. That is why even in Tanzania, all companies who are supplying these drinks are referred as 'bottlers' and not manufacturers, e.g. Kwanza bottlers, Fahari bottlers, Highlands bottlers etc. They are not at all manufactures and they absolutely don't know the chemical formula for Coca cola. This formula is the competitive advantage of the company and it is patented.

Comparative Analysis

Having the in-depth analysis about 'go alone' export strategies and 'co-operation' strategies, we can now summarise the advantages and disadvantages of each category in table form as shown below.

GO ALONE

ADAVANTAGES	DISADVANTAGES
All profits are directed to the firm	High capital investment
No conflict in interests	High risk, eg expropriation
Better market feedback	Lack of local market knowledge (except when an Agent or Distributor is used)
Learning ground for the sales force	
Better control	

CO-O PERATION

ADAVANTAGES	DISADVANTAGES
Low investement costs as there is sharing in some cases	Possibility of conflicts of interests
Safe in terms of expropriation	Firm's confidentiality may not be protected, eg. Patent of formulae
Gets Government approval and support quicker	Commissions, tax, interests on royalties erode the profit margin
Good Public relations	Lack of full commitment
Provide local markrt experience	

WHY STRATEGIES FAIL (IN TANZANIA)

It is obvious that not all strategies employed do succeed. Let us take the context of Tanzania for some of the reasons which can contribute to failure. *Inter-alia,* they include the following:

- Poor strategic strategy choice;
- Lack of knowledge about the available alternative strategies;
- Poor management of the export business;
- Ethno-centrism of the foreign markets;
- Country of origin effect (being a third world country is a problem in the first world);
- Lack of assessment of strategy-environment fit; and
- The use of the traditional model of communication (conduit metaphor), which has a lot of room for creating misunderstandings

The list above is not exhaustive but generally we can say in the Tanzanian context, exporters have to improve their knowledge about the said alternative strategies. It is only by understanding them better that they can make better choices.

CONCLUSION AND RECOMMENDATIONS

The key success factor for making best out the export business is to understand the type of business in question. There is no way an exporter can survive in export business if he is not coping with the dynamism of export business. There is no static business environment and this is much so in the global business environment. We have seen the forces driving organisations to go for global business. It is crucial for each global player to answer the question why globalising?

Recommendations

- Each exporter has to know the objectives of the business before choosing the appropriate strategy;
- Making a choice is very important. Flip flop strategy may not do any better in business for a long ti ne. This will lead a firm to being 'stuck in t.ie middle';
- Making . choice is only one thing; but more import nit is the constant review and control of the hoice made;
- Each exporter should ensure that there is always strategy-environment fit. This is to make sure that the strategy used reflects the real prevailing business environment and that there is no miss-match;
- Managing communication from the social point of view will help a great deal in conveying the intended meaning;
- Any business ought to be customer driven; and finally,
- Keep on exporting if it is beneficial to do so. Make sure you do a thorough and continuous cost benefit analysis (CBA) for strategic and successful decisions.

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