UNIT 15 INTERNATIONAL MARKETING PLANNING AND CONTROL

Objectives

After going through this unit you should be able to

- discuss the issues in international marketing planning
- develop a framework for international planning
- utilise the data generated through checklists to develop your marketing plan
- describe the issues to be considered in developing an international marketing control system
- explain the sequence of control process used to control overseas marketing operations.

Structure

15.1 INTRODUCTION

A multinational corporation manufacturing and marketing a consumer durable product is faced with a problem.

The CEO of the corporation has portrayed the following scenario.

The corporation had entered into the French market the previous year, investing heavily in developing the manufacturing facilities. Since the idea was to gain economies of scale, the corporation resorted to penetration pricing.

Now the country manager `France' revealed to the CEO that its French market share of 80% was being rapidly eroded by competition. Competition, according to the country manager was eating into *the* market share from two directions. On the one side, the substitute product industry had developed rapidly and on the other side, the only competitor, manufacturing a differentiated product, had stepped up his advertising expenditure.

The country, manager wants to introduce a substitute product and undertake an aggressive promotion programme to combat competition on both sides. He believes that he can muster the required resources within the country. The question facing the CEO is whether to sanction the country managers request.

Activity-1

What is the problem faced by the CEO?

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Can you develop an alternative marketing plan for the country manager `France'?

From the above caselet it becomes clear that every organisation needs to direct and co-ordinate its marketing efforts. For undertaking this, it must frame a marketing plan. While the task of developing a domestic marketing plan in itself is complex, it gets further compounded when a firm gets into international operations, for international marketing entails a multi country scenario necessitating marketing planning at two levels viz. country level and corporate level. Having developed the marketing plan the corporation must again implement them at two levels i.e. at country level and at the corporation level. For this it must define an organisational structure and develop control system. These are the issues which have been addressed in this last unit of the course.

The key to good planning and controlling in international marketing is to create a flexible structure or framework which enables organisations to respond to cultural and other relevant differences in the markets in which they operate, but, at the same time, define relationships clearly between parts and personnel of the company. There are no such thing as to what is the most appropriate organisational structure, planning framework and form of control. Though, one thing is clear -organisations can only work effectively if structure is defined, standards of performance are designed and communicated, and the control framework is clear to all and agreeable. This is not to say that once the structure is defined, it cannot be changed. In fact, modern marketing thought is that formal structure is just not the order of the day. Many informal structures develop within formal frameworks. Many organisations make the mistake of setting a structure first, long before they have decided on a strategy. This is a recipe for disaster as it forces organisations to fit the strategy to the structure, with all the inherent dangers of such rigidity.

15.2 DEVELOPING AN INTERNATIONAL MARKETING PLAN

Planning involves where the organisation would like to be and how to get there, which involves goal setting and strategy determination. As already pointed out earlier, the marketing plan must be developed at two levels i.e. at the country level and the corporation level.

At the country level the marketing plan resembles any domestic marketing plan in the sense that it lays down the strengths, weaknesses of the organisation and opportunities and threats faced by it. It proceeds to define the organisation objective along with the assumptions. Having undertaken the above steps it lays down the broad action plan, the organisation structure and control system necessary for accomplishing the above plan.

The international marketing plan is more than a mere integration of the country plans, for it seeks to direct and co-ordinate the activities of the corporation on a global basis and at country levels. This involves a number of variables viz.

- Knowledge of the market
- Knowledge of the product
- Knowledge of the marketing systems

The corporation must decide how will it obtain information about all these variables on a global and country basis. This information will then be formalised into a marketing plan to provide guidance to each country manager. Exhibit 15.1 gives a comparison of domestic planning and international planning.

Exhibit 15.1: Domestic vs International Planning;

	Domestic Planning	International Planning;
1.	Single language (generally) and nationality	Multilingual/multinational/multicultural factors
2.	Relatively homogeneous market	Fragmented and diverse markets
3.	Data available, usually accurate and collec^tion easy	Data collection a large task requiring significantly higher budgets and personnel allocation
4.	Political factors relatively unimportant	Political factors frequently vital
5.	Relatively stable business environment	Multiple environments, many of which are highly unstable (but may be highly profitable)
(.	Uniform financial climate	Variety of financial climates ranging from conservative to wildly inflationary
7.	Single currency	Currencies differing in stability and real value
8.	Business "rules of the game" mature and understood	Rules diverse, changeable and unclear
9.	Management generally accustomed to sharing responsibilities and using financial controls	Management frequently unautonomous and unfamiliar with budgets and controls.

15.3 ISSUES IN FRAMING INTERNATIONAL MARKETING PLAN

One of the issues most commonly faced in framing the international marketing plan is with regard to the approach to be followed. Every organisation must address this issue. It mist decide whether to follow a standardized or a multidomestic marketing approach or a blend of the two approaches. A brief description of the two approaches has been presented below.

Standardised Approach

This refers to standardisation in four major decision areas of marketing viz. product decision, price decision, promotion decision and the distribution decision for achieving the competitive and sales objectives of the corporation. The organisation through policy directives can achieve this. The underlying premise of this strategy recognizes the globalisation of markets. Levitt in his article on 'The Globalisation of Markets' points out that because of technological and communication revolution consumers would know about the quality products that exists and seek to procure them through formal or informal channels. Once this assumption is accepted it become possible for an organisation to encash the advantages of standardisation which include cost saving in all areas right from manufacturing (because of longer production runs and learning curve effect) to promotion (because the message becomes common). The corporation also has the advantage of maintaining the international customer, for wherever he goes in the world a similar product will be available, a class which is growing as demonstrated by the increase in international air traffic. However, this approach is not free from limitations. Although theoretically a corporation may demand standardisation, in practise it is not always possible because of heterogeneity of the markets. Thus, dumping laws and retail price maintenance laws may prevent standardisation of price variables, non-availability of media vehicles may prevent standardisation of promotion variables and entry regulations by various countries may prevent standardisation of distribution variables. This approach has however found many advocates within practising managers. They attempt in standardising variables partially. Thus. in case of promotion variables the messages are unified, very often even the movies shot are standardised. The brand variable is also standardised. Similarly in case of products, certain major parts are standardised so that they can take advantage of cost savings and at the same time take into account the heterogeneous characteristics of the market.

Multi Domestic Approach

The multi domestic approach to market planning emanates from the assumption that markets are heterogeneous and therefore the marketing mix decision in each country should specifically cater to the needs of the country. This approach by some advocators has been rated as the true marketing approach. This approach however, fails to explain the existence of the multinational giants like Coca Cola. In reality it must be accepted that markets are heterogeneous and at the same time standardisation is possible in many decision areas. The existence of common brand names like IBM, Levis etc. proves this. But even these organisations do cater to the specific needs of the heterogeneous markets. Multi-domestic approach take into account the subtleties of local conditions; however they are usually costly and resource consuming.

Activity-2

What makes it possible for a company like Levis or Benetton to market the product globally although traditionally accepted as belonging to the domain of multi-domestic approach?

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15.4 ORGANISATION FOR INTERNATIONAL MARKETING

Once the plan has been drafted it becomes necessary to implement it. For this, resources have to be deployed and efforts have to be directed. This is possible only when a structural framework exists for allocating the requisite authority and responsibility. This structure should be capable of meeting the varying challenges of international marketing function. It should be capable also of responding to different market characteristics. It is perhaps for these reasons that international marketing organisations are characterised by their flexibility and restructuring.

For achieving this it becomes necessary to develop a plan for an organisation structure. Such a plans is usually undertaken at the corporate level and is long run in nature. While planning a structure for international marketing normally the following parameters are considered.

- Company growth and dynamic nature
- Geographical distance
- Governmental regulations
- Level of policy decision
- Length of chain of command
- Degree of control
- Degree of involvement in the marketing functions.

Historically the organisational structures were designed around the production function.

However, today it is the profit and marketing functions which give rise to the organizational stricture. Most of the existing organisations can be identified in one of the three Planning and Control categories, centralised, decentralised or regionalised.

15.5 FRAMEWORK FOR IN'T'ERNATIONAL MARKETING PLANNING

As noted earlier planning in the international context is a more difficult process, partly because there are many, unknowns in this case. It encompasses all the steps used in the process for any typical marketing plan. To reiterate, any marketing plan consists of

a) Diagnosis of the situation

b) Identification of corporate strengths and weaknesses as well as environmental opportunities, and threats.

c) Definition of the objectives

d) Forecasted estimates of sales, costs, profits

e) Designing an appropriate marketing program base:' on objectives and estimates

f) Deciding on the relevant appropriations for the plan

Definition of the objectives is considered by some as the first step in the marketing planning process. Others feel that objectives cannot be decided without a situation and SWOT analysis, which would generate information to enable objective definition. What is, however, important to bear in mind is that since marketing planning is an iterative process, it requires monitoring revaluation and adaptation of objectives and strategy in the light of constantly changing marketing environment.

Strategic planning in the international marketing context comprises following decision areas.

1) The commitment decision	:	Considering the resource position of the firm and its home market situation, does the international market offer an attractive opportunity worth striving for?
2) Area of operation decision	:	Which country/countries present the most attractive alternative(s) as potential target markets?
3) Entry mode and operations decision	:	What could be the most effective strategy for entering the international markets and conducting the marketing operations?
4) Marketing organisation decision	:	What is the best possible organisational arrangement of facilities and personnel to enable the firm to have local flexibility and corporate control?
5) Marketing mix decision	:	Which possible combination of the marketing mix elements would be most suitable for the given *foreign* market environment?

All the above decisions are interlinked and interdependent. Combining these decision areas with the general planning process steps generates an international marketing planning matrix given in Exhibit 15.2. Each cell in the matrix represents step in the iterative process of the overall strategic planning function. Some of them (as you will note) are part of the review and reassessment process that must be carried on till a final plan emerges.

Exhibit 1.5.2 :Interanational Marketing Planning Matrix

Steps in the Planning Process

International Planning Decisions	Diagnosis of the Situation	SWOT Analysis	Objectives	Sales/Cost Profit forecasts	Marketing Programme	Budget
A) Commitment decision						
B) Area of operation decision						
C) Entry mode and operations decision						
D) Marketing organisation						
E) Marketing mix						

The matrix given above provides an overall framework for planning. Detailed marketing information would need to be generated and analysed in order to fill in the matrix and evolve the marketing plan relevant to a given international situation. Given below are the checklists (adapted from International Marketing Strategy by Hans B. Thorelli and S. Tamer Cavusgil) of information pertaining to each decision area that must be generated/utilised to evolve the marketing plan. The lists are not exhaustive, they merely illustrate the type of information that forms the data basic for such a plan.

1) The Commitment Decision-Checklist

The commitment decision is based upon valid and defensible reasons for entering international markets. The reasons must include an analysis of corporate objectives, resources, philosophy and the sources of differential advantages sought in going international. Following are the factors that need to be considered while making the commitment decision.

a) Reasons for entering international markets

- Saturation in domestic markets
- Greater profitability
- Pre-empting competition
- Excess liquidity
- As an alternative growth strategy
- Better utilisation of current resources and differential advantage
- Excess or obsolescent inventory
- Securing sources of supply

b) Own resources, strengths and weaknesses

- Domestic operations under control
- Differential advantages
- Image for high quality
- Cost advantages
- Manpower skills

- Finances
- Patents
- Marketing expertise

c) Own objectives and philosophy

- Growth objectives
- Growth strategies followed (e.g. growth through market expansion or product development, in current products or unrelated products, growth through reinvested earnings. attitude towards mergers and acquisitions)
- Profitability, required return on investment
- Attitude and preferences regarding risk
- Liquidity preferences
- Market share desired

d) Country preference

- Developed, industrialised countries
- Developing countries

Definition of the above variables would help finalising the commitment decision, and enable determination of the type and extent of commitment in a given area of operation.

2) The Area of Operation Decision-Checklist

Once in the context of the commitment decision, the type of country preferred has been decided, the specific country alternatives must be evaluated. Unless specific reasons compel choice of a particular country, several alternatives within a given type must be analysed with respect to both, the international and the local marketing environment. The factors that must be considered for this analysis may include

a) International enviromnent

- Relations between domestic country and country chosen (say country X)
- Tariffs and non-tariff barriers in country X
- Currency stability and currency control
- Infrastructural costs (e.g. transportation, communication)
- Counter trade requirement

b) Local environment

- Government stability
- Economic development, growth rate, developmental/policies
- Inflation
- Government controls and regulations
- Local business culture
- Philosophy towards cooperation, competition
- Business ethics
- Respect for contracts
- Cartelization

c) Marketing infrastructure

- Availability and reliability of marketing data, research skills
- Literacy
- Media
- Ad agencies
- Distributive network facilities
- Availability and reliability of communication system
- Transportation availability and costs

d) Market structure and demand

Consumption pattern and buyer behaviour

e) Financial need and analysis

- *Short Term*

- Investment needs
- Sales volume forecast
- Profitability estimate, return on investment

- *Long Term*

- Taxation
- Currency stability and convertibility
- Profit, dividend remittance and repatriation prospects

f) Overall suitability

- Country X fits in a regional approach
- Country X as part of a global market portfolio

3) Entry Mode and Operations Decision-Checklist

This checklist helps determine the appropriate mode of market entry, the first part of the international operations plan. It is essential that the plan incorporate the general assumptions and specific forecasts on which it is based and that it be prepared in written form, especially if it is a first or "initial" plan.

a) Objectives

- Sales volume expected during initial period: market share
- Profitability, return on investment (note: the larger the scale of operations, the more likely negative profits during a build-up period)
- Permissible risk exposure
- Going in for a fast profit and then leave vs. aiming for a lasting commitment
- Philosophy of ownership vs. joint ventures, etc.
- Data feedback for future decisions: Test marketing or other marketing research, acquisition of data to determine desirability and form of long-term commitment-all the while keeping costs of data generation and analysis in mind
- Justification of local objectives in terms of overall company objectives

b) International environment

- See checklist (a) of Area of operations decision

c) Local marketing environment

- See checklist (b) of Area of operations decision
- Local government view of the firm's kind of production
- Could the firm and should the firm obtain favoured treatment from Government?

d) Market structure and demand analysis

- See checklist (b) of Area of operation decision
- Detailed industry and company sales forecast

e) Resources

- Expected sources of differential advantage (see checklist (b) of Commitment decision)
- Local validity of own patents and trademarks
- Availability of company personnel with prior local experience
- Tasks to be performed by company, tasks to be contracted out; marketing research, advertising, distribution may all be contracted out, if desired, given sufficient local infrastructure
- Available sources of supply relative to expected sales volume, supply from headquarters or from other subsidiaries or from outside firms. Adequacy of sources and their ability to adjust to possible fluctuations in demand

f) Mode of market entry

- Direct exports from home base
- Indirect exports through home country channels
- Direct exports through outside distribution channels
- Direct exports and sales through local sales branch
- Licensing, franchising, technology transfer
- Foreign direct investment (FDI) in joint venture
- FDI in wholly-owned assembly or integrated production facilities.

4) Marketing Mix Strategy-Checklist

Assuming the international commitment decision has been made, the country or countries selected, and the most likely mode of entry determined, this checklist enumerates the strategic aspects in the overall marketing plan. These include the underlying strategic concept, rationale, general thrust, and consideration of appropriate and matching marketing mixvariables.

a) Strategy

- Overall concept of our international marketing strategy. Strategy should be explicitly related to local objectives and to our notion of differential advantage. Include definition of market niche, if nichemanship is sought.
- Rationale for contemplated differentiation from domestic strategy, if any. Such deviations are often desirable or even inevitable. As they do lessen synergy their justification should, however, be made explicit.
- Homogenization or segmentation of local demand

b) marketing mix implication of strategy

- Product: opinions, models to be marketed, modifications for local market, if any, product simplification, invention
- Price: skimming vs. penetration. Price relative to current and potential competition; price relative to the firm's policies elsewhere. If price is very high compared to domestic price due to tariffs, freight, high distributor margins, etc. justify belief that it will be accepted locally. If planned local price is very low, contemplate side-effects on company operations elsewhere.
- Promotion and intelligence: budget, theme, media, timing. If substantial resources are to be committed, include plan for measurement of promotional effectiveness. Labelling, consumer information. Feedback from the market place, marketing research
- Distribution channels : Mode of market entry, functions to be performed by channel members or distributors, exclusive vs. selective distribution, margins, promotional allowances (i f any), short term vs. long-tern commitments.
- Customer service : Post-transaction service, service and warranty system, spare parts: locally manufactured or procured vS. imported from home country or subsidiary, handling of customer complaints. Net working and trust: plan for the build-up of goodwill and customer confidence. The larger the operations and the longer its time perspective the more important is trust

5) International Marketing Organisation-Checklist

To bring the plan into fruition requires adequate marketing organisation. This Checklist includes among organisational factors the type and nature of coordination between headquarters and international units, scheduling, performance evaluation (audit), and preview of subsequent planning periods.

a) Headquarters service and coordination

- Manpower allocation at headquarters (HQ) and overseas
- Organisational adjustments at HQ, if any
- Identification of areas of HQ direction, assistance and consultation. Areas of local autonomy
- Reporting arrangements
- Pricing and other policies for intra -company transfers

b) Schedules

- Step-by-step timing of activities and the attainment of sub-targets. PERT or flow diagram techniques may be helpful here
- Budgeting
- Master budget
- Projected profit and loss statements for each reporting period
- Proforma balance sheets for each reporting period
- Cash flow projections in each reporting period

c) Action potential at the end of the planning period

This is an advance audit of operational performance, assuming full realization of the plan. The end of the period a post-audit should be undertaken, including re-evaluation of the commitment decision and its future implication. These management audits should comprise items of the type indicated below

- Resource profile, including personnel skills
- Differential advantage
- Data about the market structure and demand
- Trust and goodwill
- Patents and trademarks
- Standing arrangements with local suppliers and customers
- Competitive position
- Performance relative to budget
- Performance relative to other aspects of objectives and plan
- Impact on host country

d) Contingency plan: Contingency planning is the standby plan for emergencies. It may be a strike, an import prohibition, a currency devaluation, failure to obtain local financing if planned for, or simply the fact that some vital assumption about the future might be mistaken.

e) Long-term plan: Assuming that the substance of the initial plan will be realized, the long-term plan should at least present a sketch of the next three to five years.

Activity-3

Select any three organizations operating in international markets. Analyse their marketing plans for the previous years to analyse how the marketing plans have been affected by

a) Reasons for entering international markets,

b) Corporate strengths,

c) Marketing infrastructure available?

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15.6 INTERNATIONAL MARKETING CONTROL

International marketing displays an interesting paradox with respect to the marketing control situations. While control of multinational operations is far more formidable and poses additional challenges, few business firms exercise control on international operations as thoroughly as they should. The additional difficulty in control of international activities emanates from a number of reasons. The rate of environmental change in a multinational company is a factor dependent upon each of the markets in which the company operates. As the rate of change and the characteristics undergoing change differ for each of' these national markets, this dimension becomes complex. In addition, the far greater heterogeneity of' environmental challenges makes the task of the marketing controller more difficult. In larger companies, the size of international operations necessitates formation of intermediate headquarters, creating an additional organisational level for the control mechanisms. Further, international operations present unique communication problems emanating from the distance between markets and corporate headquarter, and variations, in language cultures and business practices, across the national markets. Thus time lags, cultural lags, communication lags and varying objectives contribute to the problem of establishing and managing effective international marketing control systems.

In order to perform at optimum profit levels consistently, all functional areas need systematic control and coordination. While the requirements of an international marketing control system are similar to those of the domestic system, the specific challenges posed by the former necessitate that some consideration may be given to the following :

a) International control can seldom be as complete as that of domestic operations, the tools used therefore need to be reasonable and realistic. A cumbersome or complex system is soon likely to become non functional.

b) The cost of control system must be commensurate with the benefits accruing from it.

c) In order to be effective in meeting the challenges posed by rapidly changing, heterogeneous market places, the control system must be sensitive and fast so that the organisation retains the flexibility to react to environmental opportunities and challenges.

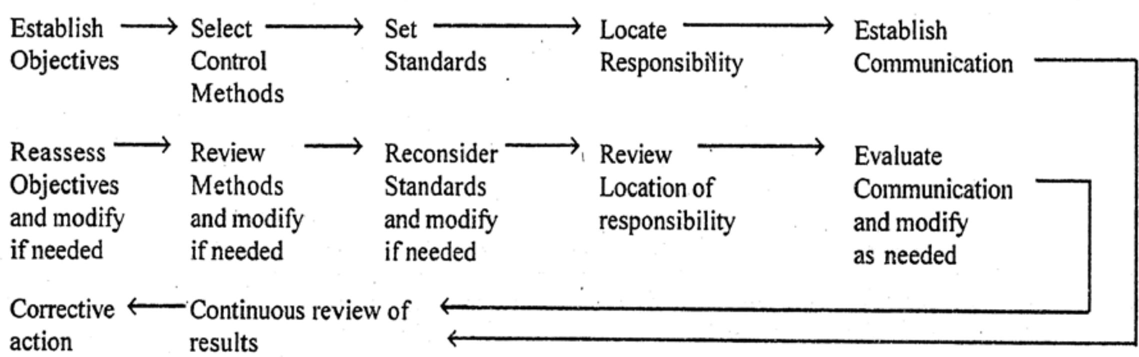
d) The control system may need variation according to the needs posed by different subsidiaries. Though this sounds a simple theoretical principal, most multinational companies tend to adopt a standardised system regardless of the type of country and location in which the system is to be operationalised.

e) The control system in the international markets needs to be streamlined enough so that the corporate headquarter is not inundated with masses, of data, rather only key variables are simply presented to-alert the organisation to variations from the planned performance.

15.7 CONTROL SEQUENCE

The control operations in international operation follow similar logical sequence as that in domestic markets though, the implementation may vary greatly, according to the needs of markets chosen. Exhibit 153 given below shows the sequence and relationships of the steps involved in the control process.

Exhibit 15.3 Control System



Companies vary in the entry objectives they seek in international markets. For the purposes of designing adequate control systems, management needs to clearly outline its specific long run and short run objectives for specific international markets. Companies with distant foreign subsidiaries often fail to communicate enough about the firth's objectives and goals relating to specific operating units. Unless objectives are conveyed explicitly they cease to have relevance to the operating units.

Methods of control chosen for international control may be direct or indirect. The direct control methods include contractual arrangements and equity sharing. Communication and competition are used as indirect control methods. Organisations vary in the extent and degree of control, regardless of' the. method of control used.

While contractual arrangements represent a mechanism for direct control, their existence does not automatically generate control. Quota provision and licence requirements therefore are applied by international marketers as specific inclusion in the contractual arrangements, to facilitate direct control. However, most parent companies augment these control provisions with other methods.

When the parent company participates in the policy making or administration of its foreign subsidiaries, a more effective control is ensured. Similarly ownership participation enables the parent company to exercise closer control on international operations.

Depending upon the objectives to he achieved standards of performance are adopted to evaluate performance of the operating units. The performance standards for the marketing task can be set for profits, sales volume, channel performance, achieving and gaining market share and other measures deemed relevant.

Revenue and expense budgets both form part of the standards set for international operation. There is a general tendency on the part of companies to understate expense budgets and overstate revenue. It is advisable that country specific research and analysis of budget estimates precedes any definition of these standards. In order to provide for an overall comprehensive control system standards should be set at all levels of operation. These should he reviewed at the level above to ensure realism and consistency with corporate goals.

Location of ultimate responsibility for international operation is usually a difficult problem because of complexity of international organisations. Coordination between respective functional area of the parent company and the foreign subsidiary becomes imperative. The need for coordination is much higher when a multinational company has organised its international operations on product basis. As far as possible, to facilitate centralised action and coordination, the primary responsibility for control should be located with one person who can then control the activities of others.

Formalised, defined communication systems become imperative in the context of international control procedures, in contrast to the domestic marketing, where informal communication is quite often utilized in addition to the formal ones.

An important ingredient of the communication system is tools used for information collection. The approaches used are examination of company records, routine reporting periodic enquiry and fled audits.

Company Records

Depending upon the informational needs, some companies are interested primarily in the analysis of the aggregate sales or profit figures of their overseas business supplemented by the routine reporting system information. This type of analysis may give an idea of the-overall position.

Periodic Enquiry

Most parent companies, even those who have entrusted their overseas operations control to the subsidiaries themselves, institute a system of periodic enquiry about their marketing operations and their effectiveness. The sources of information could be organisational, including functional departmental heads or non-organisational including consumers and channel members. This sort of periodic enquiry, specially if it is in context of specifically defined objectives, helps in sensitising the parent organisation to the variation from the planned performance and even the possible reasons for it.

Routine Reporting or Monitoring Systems

Parent companies, which prefer a centralised control, tend to develop and implement a monitoring system consisting of standardised report formats, submitted periodically. The reporting formats are designed to make interpretation of variance possible. These monitoring systems include routine reports by field sales personnel and channel members. As routine reporting is time consuming, the system should be periodically reviewed to ensure that it is economical, accurate and relevant.

It is felt that reported information at times is not adequate enough to provide a full, in depth understanding of international business sense. Operations globally can be evaluated and improved by a global marketing audit. Audits have a wide focus, are independently carried out, are systematic and conducted periodically. To be successful, audits have to have objectives, data, sources of data and a time span and reporting format. Audits can cover the environment, strategy, organisation, system, productivity and functions. Unfortunately, as in any attempt to gather global data, all the pitfalls of politics, culture, and language differences arise.

Without perceptual understanding of the location and environment, it is difficult to understand some of the peculiarities of the situation that the management may have to deal with. A system of periodic field visits may provide with organisation with greater insights into the marketing problems unique to a given international markets. The periodicity of the audit visit would depend upon the number and kinds of problems encountered in the foreign market, the profit potential of the area, the capabilities of the local managerial personnel and the cost of these visits. To make effective use of the field audit as a control tool, the field auditor must plan in advance, an audit checklist so as to ensure adequate field coverage.

Evaluation and Corrective Action

This final step in the control process involves the comparison of actual performance with planned performance. Information generated from the markets needs to be compared with predefined,' established norms and standards for different operational areas. If the expected and the actual results vary, corrective action is indicated either by modifying operations and procedures or by modifying the standards and objectives, if they seen to be unrealistic in the context of the altering circumstances. In international markets there is a heightened possibility of a time lag developing between the initiation and implementation of corrective action. It is therefore, important that both evaluation and remedial action be adopted as continuing, iterative activities. An additional safeguard in view of the possibility of time lag is the development of contingency plans which may be utilised to meet unanticipated market conditions.

Activity-4

With respect to the organisations studied for activity 3, study the control systems used by them. Comment upon

a) The differentiation between domestic and international control operations

b) The control tools used

c) The communication systems established for control purposes

15.8 SUMMARY

International marketing planning presents the challenge of responding to different environment variables and integrating national, regional and international planning inputs into an overall plan that best utilises organisational resources to exploit opportunities. This unit discusses the complexity of international planning and provides an overall framework for strategic marketing planning.

Strategic planning in the international marketing context comprises of five decisions areas:

(1)the commitment decision, (2) area of operation decision, (3) entry mode and operations decision, (4) marketing organisation decision, and (5) marketing mix decision. All these decisions are inter-linked and inter-dependent. Detailed checklists of information pertaining to each of these five decision areas that must be generated to formulate the marketing plan have been provided in this unit.

Planning as an activity necessitates control because when a company plans, it must also make arrangements to monitor the plan output and take corrective actions. The unit presents a sequential description of the international marketing control process and list out factors worthy of consideration while designing control mechanisms for international marketing. At the outset, however, it should be clear that there is no single ideal organisational structure.

15.9 SELF-ASSESSMENT QUESTIONS

1. Differentiate between domestic and international planning.

2. How do entry objectives in a given foreign market affect the marketing planning for that market? Explain with examples.

3. What barriers make controlling international operations more complex than controlling domestic marketing activities? Explain with the help of a specific example.

4. How are contractual arrangements utilised for affecting control of international operations?

5. Comment upon the communication systems that can be established for effective control systems.

15.10 FURTHER READINGS

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