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Debunking Some International Marketing Myths

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- Perceptions should be confirmed with a good dose of reality. Learn the truth about exporting. Participate in executive seminars that focus on the nuts and bolts and the details of doing business internationally. Education and expertise will win out every time. Look at the numbers and discover how important international sales might be to increasing the sales and profits of your firm. Be sure your perceptions about the risk and rewards of international business accurately reflect reality.

In Conclusion...

These three issues appear to be very important factors that determine the willingness of firms to get involved in international business activity. But our findings suggest that we need to study many other issues that may contribute to success and failure in international sales. It may be that different factors come into play, depending on the specific industries, or the specific region of the world. However, the lesson we can draw from this study is that firm size is not the only factor that will influence how involved, and how successful, a firm will be in international business. Certainly, large size offers certain benefits to firms wanting to export, but export success depends on other issues as well.

International markets provide exciting opportunities for west Michigan firms now and in the next century. The most fundamental question is, will your company take advantage of this opportunity to excel overseas?

“Debunking Some International Marketing Myths

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“Very little is known of the Canadian country since it is rarely visited by anyone but the Queen and illiterate sports fishermen.”
-P. J. O'Rourke

Many local business people are frightened of the prospect of having to do business in the multinational global market that has recently developed. They believe that doing business internationally is substantially different from selling domestically. After all, foreign countries have strange and exotic cultures which will force our local business leaders to eat sheep eyes and to belch after their meal in order to show their polite gratitude.

Well, I am happy to be the bearer of good tidings for those business people who believe these things. You don't have to be an expert in another culture in order to do business internationally. Business people in other countries know that you are a foreigner; no matter how much you know about another culture, you are not likely to fool them into thinking you are not an American. People make cultural allowances for foreigners in every part of the world: They do it when American business people visit their country.

If you do not believe this, I will simply refer you to the many local companies that have already succeeded in the international marketplace. Surprisingly, many of them are absolutely ignorant of foreign cultures. While I am not advocating ignorance, I do note that this ignorance has not stopped them from bringing back millions of dollars in international orders. One local C.E.O. recently asked me some questions which indicated that he did not realize that Poland was close to Russia. That has not stopped his company from doing a substantial amount of business in Central Europe.

If international business success is really only bestowed on those who are culturally sensitive, how could we explain the fact that the strongest trading nations on earth are Japan, Germany, and the United States? None of these countries are exactly known for their cultural sensitivity. Germany and Japan often show their appreciation of other cultures by trying to wipe them off the face of the earth, and everyday Americans are frequently unaware other countries even exist.

If cultural understanding was the prime criterion in creating a business relationship nobody would ever do business with foreigners. Who could ever understand your culture better than people from your own country? We do business with foreigners knowing full well that they do not know the culture as well as we do, but hoping that we can make some money on their products or services.

The truth is that people do business internationally for the same reasons they do business domestically. The real secret of international sales is actually the same as the secret of domestic sales: Customers buy when the marketer bothers to find out what they want and gives it to them. What people want may differ a bit from one culture to another, but the process of finding needs and catering to them is universal. When an international marketer offers foreign customers a better product or a better price than that offered by domestic competitors, they usually succeed.

Too many business people, however, do not want to put in the effort necessary to service international customers. Proper service usually means proving your trustworthiness and reliability. It means not abandoning international clients when domestic markets improve. It means making many long, expensive, and uncomfortable trips to distant countries in order to prove to foreign customers that you are sincere about wanting their business. This is really no more than a domestic prospect would expect, but the trips are easier when the client is in Whitehall. With trips this long, there is a good chance you will miss some of your kid's football games.

Don't worry too much about small matters of cultural protocol. They will not stand in the way of the sale. One of my business acquaintances recently called a group of visiting Japanese executives "toilet-heads" when attempting to use his Japanese language skills to ask if they needed to go to the bathroom. The Japanese laughed and were grateful to meet someone who attempted to say something in Japanese. It did not kill the deal. We do much the same when foreign guests misuse English. What might be unacceptable behavior to someone who is very familiar with a culture is usually forgiven in a foreigner who does not know the rules. The behavior is more likely to be the subject of humor rather than of real offense.

All of this does not, however, mean that ignorance is bliss or even desirable. Attempting to learn a little about the culture and language of a country you want to do business with is praiseworthy and a compliment to your prospective customers. Nonetheless, it is not absolutely mandatory to be a cultural expert in order to do business internationally. With a little effort and a willingness to service international clients in the same manner you service domestic clients, your company can successfully participate in the global multinational marketplace.

The fact that America has fabulous trade opportunities in the global market is apparently not well known to a significant portion of the American electorate. Many people still seem to think that international markets are strange and mysterious. Political demagogues are, once again in our history, taking advantage of this ignorance and using international trade issues as a path to power. As H. L. Mencken once said, "A demagogue is one who preaches doctrines he knows to be untrue to men he knows to be idiots."

Isolationism is the major product these politicians are dusting off and readying for the political market. It is a product that has always sold well in America, especially in troubled times. For many Americans, despite the current booming economy, these are troubled times since their real standard of living has been declining for several decades.

The basic philosophic concept behind populist isolationism is that the United States would be doing fine, if only foreigners and other evil outside forces would leave us alone. Populists believe this could be achieved by not participating in international politics and by closing our borders to foreign goods. Populists see that something is wrong with our economy, but instead of looking for real solutions, they blame "outsiders" and "foreigners" who they believe are conspiring against them. The villains in this paranoid scenario differ, depending on the individual populist and the year, but they generally include the British royal family, big business, international bankers, The World Bank, the International Monetary Fund, Jews, African-Americans, and the Tri-Lateral Commission.

America has gone through populist isolationist periods several times in its history. The last round was sixty years ago, under the guidance of such people as Father Coughlin, Huey Long, Charles Lindbergh and Henry Ford. World War Two had many complex causes, but certainly American isolationism ranks high on the list.

If 1930's populist isolationism was foolish and short-sighted, the 1990s version is an irrational wish for the current American economy to commit suicide. In a world where a fax can be delivered in seconds and where one can get on a plane and go virtually anywhere in well under a day, the isolationists ask us to sell only in our home market. In a world where over 80% of the demand for goods and services exists outside of the United States, they ask us not to participate in an almost completely interdependent world economy.

A few countries in the world have tried and tested policies like these for us. You might ask the Albanians and the Burmese how well they did with them.

The populist isolationists are right about one thing, and one thing only. There is something very wrong with the American economy. The standard of living for working class Americans has fallen and no standard of living increase is in sight. While some populists are really trying to find a scapegoat for their own failures and shortcomings, others correctly see less opportunities for themselves, their family, and their friends.

Since they are not trained economists, are right wing oriented rather than left wing oriented, and therefore unwilling to blame the capitalist system in general, populists are at a loss as to who they should blame their economic suffering on. International trade at first seems like a logical target.

Economists have recently studied this issue in detail. The good news is that international trade deserves little, if any, of the blame for the decline in the standard of living of working class Americans. High paying manufacturing jobs represented 38% of all employment 25 years ago. Today the percentage is 16%. Most of this decline is not due to international trade, since if our entire balance of trade deficit was turned into salaries in the manufacturing sector, the percentage of manufacturing jobs in our economy would only climb to 17%. It would not return to 38%.

Economists tell us that most of the decline in the manufacturing sector is due to the fact that Americans are spending more of their income on services and less on products. They are doing this since production efficiency has made products cheaper than ever, while services have not benefited from similar productivity increases and therefore remain relatively expensive. Since manufacturing jobs pay substantially more than service sector jobs, the shift in consumer spending has caused more and more working class Americans to trade high paying manufacturing jobs for low paying service jobs.

The ultimate cause of all this is computerization and automation in the manufacturing sector, without similar productivity increases in the service sector. The manufacturing sector is still strong and is turning out as many products as ever. They are just doing it with fewer and fewer workers. Increasing productivity in the service sector, on the other hand, is easier said than done.

I am not sure I have an easy solution to the real problem facing the American economy. However, I know that focusing on the real problem is smarter than finding an irrational scapegoat. The demagogues who run the isolationist movement think otherwise. Unfortunately, too few Americans have training in economics. I hope enough of them take the time to learn something about it before they decide who to vote for in the next national election.

Manufacturing Practices of West Michigan Organizations

• A Comparative Analysis of Small vs. Large Firms •

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INTRODUCTION

The strategic power of manufacturing in supporting business strategy and creating competitive advantage has been an important theme in the literature on manufacturing management since the 1980s. Companies that have introduced just-in-time, total quality management, continuous improvement, design for manufacturability, or concurrent engineering appear to have reaped the benefits of quality, dependability, flexibility, high variety, and low cost.

Related literature on operations strategy and small businesses highlights the differences between large and small firms in terms of managerial, operational, and organizational competencies. On the one hand, small firms are believed to have an edge over large firms in flexibility, innovation, and overhead costs, while on the other, they are limited by the amount of market power, capital, and managerial resources. Research has also shown small firms to be different from large firms in terms of their operational priorities.