CHAPTER III

CONSENSUAL VALIDATION OF THE INDEPENDENT VARIABLES

A Review of the Literature

An extensive review of the literature was completed relative to determining which skills are needed for effective international marketing. The literature provided several organizational frameworks which focused on general elements of international marketing: five decision areas for international marketing presented by Jeannet and Hennessey (1995); four dimensions of global marketing according to Quelch and Hoff (1986); twenty-six elements are drawn by Albaum et al. (1994); while fourteen similarly fashioned elements of international marketing are illustrated by Cateora (1993).

The literature, however, did not seem to provide any framework focused particularly on skills. The author used the traditional four Ps of marketing, and added planning, as skill categories: (1) planning and operational skills; (2) pricing skills; (3) product skills; (4) distribution skills (place); and (5) promotion skills.

Consensual validation was used as a tool to develop a list of skills needed for effective international marketing. This process involved identifying independent variables based upon the regularity with which they appeared in the
scholarly literature. The result of the consensual validation was a list of twenty-four skills, which were validated across thirty-five authors. Each of the skills was extracted from the available scholarly literature and was validated across multiple sources. The skill categories, and the skills identified within them, are presented in table 1.

**Planning and Operational Skills**

**Skill 1. Ability to Write an International Marketing Plan**

"If one considers the potential exposure to import penetration, more than 70 percent of goods now operate in an international marketplace" which implies that "every organization must now formulate strategies [and develop plans] within a global context" (MacCormack, Newman, and Rosenfield 1994, 69). The dynamics of the international marketplace "will threaten the existence of those firms that simply respond as they always have, by continuing on their way and trying to 'roll with the punches'" (Lazer et al. 1990, 228), and require that firms develop the ability to plan international marketing objectives, goals, milestones, and devise strategies. International marketing plans "should strike a balance between the needs of the marketing mix (sales force effort, advertising, product quality, service), business functions (manufacturing, finance, marketing), and the external system (customers, distributors, suppliers) from the vantage point of profit" (Kotler 1977, 71).
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Skill 2. Ability to Conduct a Global Competitive Analysis

Examining changes in competitive environments has important strategic implications, according to Kotler, Gregor, and Rodgers (1989). According to Lazer et al. (1990), leading-edge marketing implies being on the forefront of creative changes by being well apprised of competitive capabilities. "Dizzying advances in technology and intense competition create rapid changes in competitive offerings" (Cravens, Shipp, and Cravens 1994, 20), which result in the critical need for a rapid response. This may only be made possible when rapid competitive scanning abilities are developed within the firm. Focus needs to be maintained during completion of this task because "managers should assess the degree to which the business strategy requires leading performance [relative to the competition] in each of four areas: cost, quality, innovation (time-to-market), and flexibility" (MacCormack, Newman, and Rosenfield 1994, 75). Truly, the ability to conduct a global competitive analysis should be considered an essential skill.

Skill 3. Ability to Design a Management Information System

"Firms that are capable of learning and disseminating knowledge faster than their competitors will achieve superior performance" (MacCormack, Newman, and Rosenfield 1994, 74). The ability to analyze information systems and intelligence needs has strategic relevance. "Increasingly advanced
information technology can provide a company with a substantial competitive advantage" (Kotler, Gregor, and Rodgers 1989, 61) because of its implications regarding the costs and timeliness of information sharing among multiple locations around the globe. The ability to analyze the most effective means of information sharing will become increasingly vital to a firm's competitive stature because the "availability of improved on-line marketing intelligence will provide the information needed for the implementation of flexible marketing approaches" (Lazer et al. 1990, 223).

The stagnating bureaucracies of today need the ability to exchange "information easily throughout their organizations and maintain numerous links with the global economy," which will result in "numerous small, competing enterprises with limitless market information and the freedom to pursue their individual interests-or what economists call 'perfect markets'" (Halal 1994, 14).

Skill 4. Ability to Develop Insights Concerning Foreign Individual and Group Buying Behaviors

According to Borden (1964), a skillful marketer has keen insight into individual and group behavior, can foresee changes in behavior which develop in a dynamic world, and has the capacity to visualize the probable response of consumers, trade, and competitors to marketing activities. "The great quest of marketing management is to understand the behavior of humans in response to the stimuli to which they are subjected" (Borden 1964, 4). This early vision of
marketing management's role continues into the twenty-first century, when we will see "marketing approaches that focus more on people and their concerns" (Lazer et al. 1990, 220). The multicultural behavioral impacts on business strategy are immense.

Skill 5. Ability to Assess International Marketing Training Needs

In a period with rapid technologic and market changes, "employees must be more highly skilled than the factory worker of a generation ago" (MacCormack, Newman, and Rosenfield 1994, 73), which will require emphasis on the ability to assess current and future training needs. An important continuing function, especially in a rapidly changing dynamic global environment, is the assessment of "skills that will be required and implementing training programs to achieve them" (Lazer et al. 1990, 226).

Training needs must be assessed at all global locations. "In order to effectively deal abroad, expatriates have to understand business and cultural practices" (Solomon 1994, 54), which underscores the importance of the ability to assess international marketing training and support needs.

Skill 6. Ability to Adapt to Foreign Business Practices and Protocol
With increased global involvement by most firms, skills must be developed to deal effectively with people from diverse cultural backgrounds. Employees will need to:

Be broad-minded and have an international attitude with a minimum of racial, religious, and political prejudices; must have a normal interest in the history, culture, and mores of the countries with which he or she does business, without "going native." (Keegan 1989, 709)

"In particular, the experience of different cultures and business practices should give improved customer orientation and reduce psychic distance" (Turnbull and Welham 1985, 34). Broadbent (1993) agrees that as the demand increases for quality work around the globe, cultural fluency skills will play a vital role in the administrative capacity to work anywhere to meet those demands.

Skill 7. Ability to Communicate Clearly With Others When English is Not Their First Language

Successful firms in the global arena will be companies whose employees "have the ability to communicate effectively with international counterparts" (Smith and Steward 1995, 25). However, "most marketing executives who act in the global marketplace tend to spend little time in any one market," which "invariably causes them to use English as the key language in international business" (Jeannet and Hennessey 1995, 252). In a study of 407 European export marketing practitioners, Turnbull and Welham (1985) found that "the great majority of marketers are not technically fluent in languages other than
English" (39). Due to these types of communication settings around the world, international marketing personnel "should have above-average ability to communicate and patience in achieving understanding through communication where English may not be the principal [sic] language and where only one-third of a conversation may be understood" (Keegan 1989, 710).

Skill 8. Ability to Speak a Foreign Language

The ability to speak the language of the foreign market or learn conversational language can be extremely valuable to a firm because "language skills may have a major effect on the atmosphere which characterizes [sic] the relationship and the success with which social distance is reduced and trust established" (Turnbull and Welham 1985, 38). Marketers involved in the international arena "should have sufficient language aptitude to carry on a conversation in a foreign language after one hundred hours of training" (Keegan 1989, 710). Language skills for the countries where business will be conducted "provides insight into the social organization and values of those who speak it" (Dahringer and Mühlbacher 1991, 179).

Skill 9. Ability to Analyze Foreign Market Shares

As the globalization of markets becomes a fundamental part of most business organizations, the "marketing/finance interface will take on increasing
importance as marketing success becomes intertwined with developments in international finance" (Lazer et al. 1990, 227). The ability to analyze existing foreign market financial and share position with future expectations is an essential skill in international marketing because it "is used to help determine whether the firm should expand, contract, or eliminate operations in a particular country" (Toyne and Walters 1993, 319).

Skill 10. Ability to Assess Foreign Market Legal Environment Implications

It is vital to develop the ability to analyze foreign market legal environments because "there are as many different legal environments as there are countries," but there are, however, "legal problems common to most international marketing transactions that must be given special attention" (Cateora 1993, 183). Laws "concerning pollution, consumer protection, and operator safety are being enacted in many parts of the world" (Ball and McCulloch 1996, 485), which impact ease of entry into foreign markets and costs. Tax rates in various countries influence "not only personnel and pricing decisions but even location and investment decisions" (Dahringer and Mühlbacher 1991, 158), and have tremendous impacts on the costs of doing business.

Skill 11. Ability to Analyze Import/Export Government Regulations (Costs/Risks)
Government regulations can quickly change, according to MacCormack, Newman, and Rosenfield (1994), which requires that firms develop the continuous ability to assess implications, because strategies based on import government regulation advantages "may eventually be rendered obsolete by the very factors that first created advantage" (69). A recent trend which is providing international marketing opportunities "is the rapid deregulation of business everywhere"; however, it "also helps in opening doors to international competition" (Jeannet and Hennessey 1995, 135), which may cause threats to the existing market share. For this reason, companies that use the globe as their marketplace must "have the interest and stick-to-it-iveness to wade through the morass of foreign government regulations and restrictions that may be vital to being able to do business in the country" (Keegan 1989, 709).

Skill 12. Ability to Analyze Human Resource Tasks and Design Appropriate Organizational Structure

Because the global marketing environment is very dynamic and complex, an international marketer needs to develop skills in looking at strengths and weaknesses. According to Ervin R. Shames, Executive Vice President, General Foods, Inc., "Attempt to find the sustainable competitive advantage" (Keegan 1989, 718). The ability to learn rapidly about company policies, strengths, and weaknesses is a vital ingredient to "manage effectively the impact of the terrific pace [rapidity] of future market changes" (Lazer et al. 1990, 217). These
changes require that the company "must have systems that enable it to react quickly and intelligently to on-the-spot developments" (Kotler 1977, 73).

Appropriately developed international human resource tasks with an appropriate organizational structure will grant the flexibility necessary to be globally competitive.

**Skill 13. Ability to Segment International Markets**

Companies are restructuring and continue to search for the best ways to operate multinationally and, "as a result, niche marketing opportunities and new ways of segmenting consumers are being looked at more and more" (Passerieu 1993, 51). Market fragmentation requires that much more effort needs to be dedicated to locating consumers and defining their needs, which makes niche marketing a reality even for fairly large brands and services (Broadbent 1993). According to Nachum (1994), some of the variables most commonly used for purposes of country segmentation were found insignificant; therefore, segmentation skills can simplify and reduce the costs of data collection. It has been found that "variables measuring consumption and production of energy, and monetary situation were found to have strong explanatory value for variation in import demand for industrial goods and raw materials" while "different measures of income and stability of the currency were found to be most
important for explaining the variation in import demand for consumer goods" (Nachum 1994, 63).

Skill 14. Ability to Evaluate the Effectiveness of Your International Marketing Activities

There was substantial literature which supported the need for skills in how to evaluate the effectiveness of marketing activities, for global and domestic operations. Wilson (1972) pointed out that evaluation and monitoring systems need to be built in, as part of the marketing strategy, to permit progress checks. The use of a marketing audit gives the firm "valuable suggestions for increasing its marketing effectiveness and efficiency" (Brown, Goedde, and Gist 1991, 57), which Cram (1995) concurs will lead to higher performance. The marketing audit task includes "a prognosis of the organization's momentum relative to changing (future) market conditions" (Mokwa 1986, 89), which is particularly useful during times of rapid global change. The marketing audit can also be a useful tool to "develop mini marketing plans for each branch" (Terry 1995, 54), which is of particular importance when multiple branches are located in different global regions. In summary, the use of an audit instrument is a suitable method to "show executives how to tell whether an organization understands and practices [international] marketing—and if so, how well" (Kotler 1977, 67).

Pricing Skills

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Skill 15. Ability to Set Overall Pricing for International Markets

The ability to develop effective pricing programs for product-line portfolios is essential to superior performance because "pricing policy is an important strategic and tactical competitive weapon that, in contrast with the other elements of the international marketing mix, is highly controllable and inexpensive to change and implement" (Toyne and Walters 1993, 485). The ability to develop effective pricing programs requires skills in the "pricing concept, stressing value, market relationships, cost/price flexibility, and supply implications" (Joseph 1977, 116).

Skill 16. Ability to Forecast Profits and Revenue Related to International Markets

An important skill is to plan sales revenue around profits, with the objective being "to plan product mixes, customer mixes, and marketing mixes to achieve profitable volume and market shares at levels of risk that are acceptable" (Kotler 1977, 68). The value of traditional financial data supplied by conventional accounting systems "to identify responsiveness of profits to marketing effort is severely limited" (Moss 1986, 101), therefore the ability to complete this type of analysis can be extremely valuable.

Skill 17. Ability to Use Appropriate Trade Financing Programs
According to Lazer et al. (1990), the emerging competitive global environment requires that attention is given to minimizing marketing costs. Tremendous cost savings opportunities exist by way of:

Resources readily available from sources external to the firm, such as the information and consultative services of the major domestic banks involved in the international arena. This analysis of available resources should therefore include considerations to how the firm can strategically take advantage of resources that are not a direct cost to the organisation [sic]. (Darling 1985, 25)

The U.S. government has many agencies which play substantial roles in international finance, by providing export loan guarantees, loaning funds to foreign buyers, and providing insurance to protect against commercial and political risks. These trade financing programs "help make U.S. exports more competitive internationally by decreasing the total price and improving the terms of sale" (Dahringer and Mühlbacher 1991, 595).

**Product Skills**

**Skill 18. Ability to Assess Suitability of Your Products to Foreign Markets**

The ability to analyze product and service alternatives is a vital skill according to a 1992 survey of fifty Fortune 500 companies by International Orientation Resources, because "ninety percent of the time, businesses select employees for overseas assignments not for their cross-cultural fluency, but for their technical expertise" (Solomon 1994, 51). The "future consumers will be the
best informed consumers to date" which will require "that during the time that companies are enjoying the benefits of an innovation [product], when the innovation [product] is still deemed successful and profitable, preparations must be made to move on to improved products and processes" (Lazer et al. 1990, 223). Looking at "product and market limits within which the firm should seek new businesses" is and will remain an important aspect of analyzing product and service diversification alternatives (Moss 1986, 99).
Skill 19. Ability to Devise
International Branding Strategies

International branding strategies involve decisions regarding whether or not a product brand name or logo will be uniform across more than one market or country, according to Jeannet and Hennessey (1995). While complexity is growing, and change breeds unpredictability, an optimal branding strategy is unrealistic; competitive advantage will come from the ability to smoothly evolve branding strategies over time, according to Ladet and Montrelay (1993). The ability to devise branding strategies for evolving product lines is a vital skill which involves:

A disciplined approach to brand development based on meaningful, long-term strategic directions for brands as they relate to the brand and its environment. A recognition that, while a particular brand's positioning may be relevant and meaningful in the long term in one environment, it may not be so in another, neither now nor in the future; or, for that matter, may have been relevant and meaningful in the long term in one environment for one generation, it may not be so for the next one. (van Herk 1993, 99)

Distribution Skills

Skill 20. Ability to Use
Appropriate Foreign Market Entry Alternatives

The international marketing arena is characterized by "several distinctive entry modes, each offering different benefits and costs to the firm" (Darling 1985, 21). The high degree of global competition has increased the complexity of decision making since "worldwide markets can be served in many ways; for
example, by export, local assembly, or fully integrated production"
(MacCormack, Newman, and Rosenfield 1994, 69). However, Ball and
McCulloch (1996) simplify the process into two means for supplying a foreign
market; exporting to it or manufacturing in it. Skills in the area of international
market entry analyses are vital to the firm because the "decisions on [foreign]
market entry tend to be of medium- to long-term importance, leaving little room
for change once a commitment has been made" (Jeannet and Hennessey 1995,
296).

Skill 21. Ability to Select, Recruit, Compensate, and Manage an
International Sales Force

Due to intensifying international competition and other factors, restructuring
is required which "imposes two major demands on corporations: accountability
for performance in order to survive and organizational flexibility to adapt to
chaotic change" (Halal 1994, 13). The importance of employee performance
increases the need for "internal marketing, which involves the use of marketing
concepts to attract, prepare, motivate, and retain high-quality employees" (Berry,
Conant, and Parasuraman 1991, 260). As competition continues to globalize,

Sales recruiters in foreign markets must be more sensitive to ethnic
segments, recognize the prominence of religion as an indicator of worth to
society, and be prepared for a tough battle to recruit highly educated
salespeople. (Ingram and LaForge 1992, 297)
Skill 22. Ability to Balance Between Distribution Efficiency and Distribution Effectiveness

With the emergence of just-in-time marketing (JITM), great emphasis is placed on the ability to gear marketing operations to the time requirements of just-in-time production standards of the customer, and "encourage continuous flow rather than stockpiling of inventories" (Lazer et al. 1990, 222). In fact, it is quite a common occurrence that,

Companies are often under-staffed and very short of time; they may well ask suppliers to take on tasks which a few years ago we would have assumed to be the client’s responsibility. So be prepared to accept these extra challenges. (Kalim 1993, 21)

According to Kern, El-Ansary, and Brown (1989), distribution partners are interdependent institutions "involved with the task of moving anything of value from its point of conception, . . . to points of consumption" (12), and each must perform one or more of nine functions; the competitive nature of the distribution channel is dependent upon "how efficiently they can perform the marketing functions" (16).

Promotion Skills

Skill 23. Select Appropriate Promotional Mix

The question of designing an optimal promotional mix requires that "the export/international marketer needs to have guidelines for selecting which activities to use and in which combinations" (Albaum et al. 1994, 371). The
promotional mix can be considered as "communication tools," according to Toyne and Walters (1993), and, in most countries, the marketing of consumer goods relies mostly upon advertising and sales promotions. The ability to develop an effective international promotional mix has become a necessity because,

The complexity of dealing simultaneously with a large number of different customers in many countries, all speaking their own languages and subject to their own cultural heritage, offers a real challenge to the international marketer. (Jeannet and Hennessey 1995, 536)

**Skill 24. Ability to Select Appropriate International Advertising Agency**

The organization of a company's international advertising effort is "a major concern for international marketing executives" (Jeannet and Hennessey 1995, 529). The trend in the 1990s is for companies to "designate global [advertising] agencies for product accounts in order to support the integration of the marketing and advertising functions" (Keegan and Green 1997, 352). A number of alternatives are available, such as using a local domestic agency, a company-owned agency, a multinational agency with local branches, or individual agencies in each country; therefore the "task of selecting and maintaining international advertising agencies is not easy" (Cateora 1993, 527).
Summary

The scholarly international marketing literature had abundant references to a large variety of skills. While disparate perceptions exist among authors relative to an organizational framework for these skills, it seemed as though the twenty-four skills previously outlined, specific to international marketing, were commonly covered across authors. This list was not considered to be a final representation of international marketing skills, but rather, as a list precursory to expert panel expansion through the use of the Delphi process. The next chapter presents the methodologies utilized for this study.