

The country notebook—a guide for developing a marketing plan

COUNTRY NOTEBOOK OUTLINE

- 1 Cultural analysis
 - 2 Economic analysis
 - 3 Market audit and competitive market analysis
 - 4 Preliminary marketing plan
 - 5 Steps for success in international markets
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The first stage in the planning process is a preliminary country analysis. The marketer needs basic information to evaluate a country market's potential, identify problems that would eliminate a country from further consideration, identify aspects of the country's environment that need further study, evaluate the components of the marketing mix for possible adaptation and develop a strategic marketing plan. One further use of the information collected in the preliminary analysis is as a basis for a country notebook.

Many companies, large and small, have a country notebook for each country in which they do business. The country notebook contains information a marketer should be aware of when making decisions involving a specific country market. As new information is collected, the country notebook is continually updated by the country or product manager. Whenever a marketing decision is made involving a country, the country notebook is the first database consulted. New-product introductions, changes in advertising programs and other marketing program decisions begin with the country notebook. It also serves as a quick introduction for new personnel assuming responsibility for a country market.

This section presents five separate guidelines for collection and analysis of market data and preparation of a country notebook:

- 1 cultural analysis
- 2 economic analysis
- 3 market audit and competitive analysis
- 4 preliminary marketing plan
- 5 steps for success in international markets.

These guidelines suggest the kinds of information a marketer can gather to enhance planning.

The points in each of the guidelines are general. They are designed to provide direction to areas to explore for relevant data. In each guideline, specific points must be adapted to reflect a company's products. The decision as to the appropriateness of specific data and the depth of coverage depends on company objectives, product characteristics and the country market. Some points in the guidelines are unimportant for some countries or some products and should be ignored. Preceding chapters of this book provide specific content suggestions for the topics in each guideline.

1 Cultural analysis

Data suggested in the cultural analysis include information that helps the marketer make market-planning decisions. However, its application extends beyond product and market analysis to being an important source of information for those interested in understanding business customs and other important cultural features of the country.

Information in this analysis must be more than a collection of facts. Whoever is responsible for the preparation of this material should attempt to interpret the meaning of cultural information. That is, how does the information help in understanding the effect on the market? For example, the fact that almost all the populations of Italy and Mexico are Catholic is an interesting statistic but not nearly as useful as understanding the effect of Catholicism on values, beliefs and other aspects of market behaviour. Furthermore, even though both countries are predominantly Catholic, the influence of their individual and unique interpretation and practice of Catholicism can result in important differences in market behaviour.

Guideline

I Introduction

Include short profiles of the company, the product to be exported and the country with which you wish to trade.

II Brief discussion of the country's relevant history

III Geographical setting

A Location

B Climate

C Topography

IV Social institutions

A Family

1 The nuclear family

2 The extended family

3 Dynamics of the family

a Parental roles

b Marriage and courtship

4 Female/male roles (changing or static?)

B Education

1 The role of education in society

a Primary education (quality, levels of development, etc.)

b Secondary education (quality, levels of development, etc.)

c Higher education (quality, levels of development, etc.)

2 Literacy rates

- C** Political system
 - 1 Political structure
 - 2 Political parties
 - 3 Stability of government
 - 4 Special taxes
 - 5 Role of local government
- D** Legal system
 - 1 Organisation of the judiciary system
 - 2 Code, common, socialist or Islamic-law country?
 - 3 Participation in patents, trademarks and other conventions
- E** Social organisations
 - 1 Group behaviour
 - 2 Social classes
 - 3 Clubs, other organisations
 - 4 Race, ethnicity and subcultures
- F** Business customs and practices
- V** Religion and aesthetics
 - A** Religion and other belief systems
 - 1 Orthodox doctrines and structures
 - 2 Relationship with the people
 - 3 Which religions are prominent?
 - 4 Membership of each religion
 - 5 Any powerful or influential cults?
 - B** Aesthetics
 - 1 Visual arts (fine arts, plastics, graphics, public art, colours, etc.)
 - 2 Music
 - 3 Drama, ballet and other performing arts
 - 4 Folklore and relevant symbols
- VI** Living conditions
 - A** Diet and nutrition
 - 1 Meat and vegetable consumption rates
 - 2 Typical meals
 - 3 Malnutrition rates
 - 4 Foods available
 - B** Housing
 - 1 Types of housing available
 - 2 Do most people own or rent?
 - 3 Do most people live in one-family dwellings or with other families?
 - C** Clothing
 - 1 National dress
 - 2 Types of clothing worn at work
 - D** Recreation, sports and other leisure activities
 - 1 Types available and in demand
 - 2 Percentage of income spent on such activities
 - E** Social security
 - F** Health care

VII Language

- A** Official language(s)
- B** Spoken versus written language(s)
- C** Dialects

VIII Executive summary

After completing all of the other sections, prepare a two-page (maximum length) summary of the major points and place it at the front of the report. The purpose of an executive summary is to give the reader a brief glance at the critical points of your report. Those aspects of the culture a reader should know to do business in the country but would not be expected to know or would find different based on his or her SRC should be included in this summary.

IX Sources of information**X** Appendixes

2 Economic analysis

The reader may find the data collected for the economic analysis guideline are more straightforward than for the cultural analysis guideline. There are two broad categories of information in this guideline: general economic data that serve as a basis for an evaluation of the economic soundness of a country, and information on channels of distribution and media availability. As mentioned earlier, the guideline focuses only on broad categories of data and must be adapted to particular company and product needs.

Guideline

I Introduction**II** Population**A** Total

- 1** Growth rates
- 2** Number of live births
- 3** Birthrates

B Distribution of population

- 1** Age
- 2** Sex
- 3** Geographic areas (urban, suburban and rural density and concentration)
- 4** Migration rates and patterns
- 5** Ethnic groups

III Economic statistics and activity**A** Gross national product (GNP or GDP)

- 1** Total
- 2** Rate of growth (real GNP or GDP)

B Personal income per capita**C** Average family income**D** Distribution of wealth

- 1** Income classes
- 2** Proportion of the population in each class
- 3** Is the distribution distorted?

- E** Minerals and resources
- F** Surface transportation
 - 1** Modes
 - 2** Availability
 - 3** Usage rates
 - 4** Ports
- G** Communication systems
 - 1** Types
 - 2** Availability
 - 3** Usage rates
- H** Working conditions
 - 1** Employer–employee relations
 - 2** Employee participation
 - 3** Salaries and benefits
- I** Principal industries
 - 1** What proportion of the GNP does each industry contribute?
 - 2** Ratio of private to publicly owned industries
- J** Foreign investment
 - 1** Opportunities?
 - 2** Which industries?
- K** International trade statistics
 - 1** Major exports
 - a** Dollar value
 - b** Trends
 - 2** Major imports
 - a** Dollar value
 - b** Trends
 - 3** Balance-of-payments situation
 - a** Surplus or deficit?
 - b** Recent trends
 - 4** Exchange rates
 - a** Single or multiple exchange rates?
 - b** Current rate of exchange
 - c** Trends
- L** Trade restrictions
 - 1** Embargoes
 - 2** Quotas
 - 3** Import taxes
 - 4** Tariffs
 - 5** Licensing
 - 6** Customs duties
- M** Extent of economic activity not included in cash income activities
 - 1** Countertrades
 - a** Products generally offered for countertrading
 - b** Types of countertrades requested (i.e. barter, counterpurchase, etc.)
 - 2** Foreign aid received

- N Labour force
 - 1 Size
 - 2 Unemployment rates
- O Inflation rates
- IV Developments in science and technology
 - A Current technology available (computers, machinery, tools, etc.)
 - B Percentage of GNP invested in research and development
 - C Technological skills of the labour force and general population
- V Channels of distribution (macro analysis)

This section reports data on all channel middlemen available within the market. Later, you will select a specific channel as part of your distribution strategy.

 - A Retailers
 - 1 Number of retailers
 - 2 Typical size of retail outlets
 - 3 Customary mark-up for various classes of goods
 - 4 Methods of operation (cash/credit)
 - 5 Scale of operation (large/small)
 - 6 Role of chain stores, department stores and specialty shops
 - B Wholesale middlemen
 - 1 Number and size
 - 2 Customary mark-up for various classes of goods
 - 3 Method of operation (cash/credit)
 - C Import/export agents
 - D Warehousing
 - E Penetration of urban and rural markets
- VI Media

This section reports data on all media available within the country or market. Later, you will select specific media as part of the promotional mix and strategy.

 - A Availability of media
 - B Costs
 - 1 Television
 - 2 Radio
 - 3 Print
 - 4 Other media (cinema, outdoor, etc.)
 - C Agency assistance
 - D Coverage of various media
 - E Percentage of population reached by each medium
- VII Executive summary

After completing the research for this report, prepare a two-page (maximum) summary of the major economic points and place it at the front.
- VIII Sources of information
- IX Appendixes

3 Market audit and competitive market analysis

Of the guidelines presented, this is the most product- or brand-specific. Information in the other guidelines is general in nature, focusing on product categories, whereas

data in this guideline are brand specific and are used to determine competitive market conditions and market potential.

Two different components of the planning process are reflected in this guideline. Information in the two preceding guidelines 1 and 2, Cultural analysis and Economic analysis, serve as the basis for an evaluation of the product or brand in a specific country market. Information in this guideline provides an estimate of market potential and an evaluation of the strengths and weaknesses of competitive marketing efforts. The data generated in this step are used to determine the extent of adaptation of the company's marketing mix necessary for successful market entry and to develop the final step, the action plan.

The detailed information needed to complete this guideline is not necessarily available without conducting a thorough marketing research investigation. Thus another purpose of this part of the country notebook is to identify the correct questions to ask in a formal market study.

Guideline

- I Introduction
- II The product
 - A Evaluate the product as an innovation as it is perceived by the intended market
 - 1 Relative advantage
 - 2 Compatibility
 - 3 Complexity
 - 4 Trialability
 - 5 Observability
 - B Major problems and resistances to product acceptance based on the preceding evaluation
- III The market
 - A Describe the market(s) in which the product is to be sold
 - 1 Geographical region(s)
 - 2 Forms of transportation and communication available in that (those) region(s)
 - 3 Consumer buying habits
 - a Product-use patterns
 - b Product feature preferences
 - c Shopping habits
 - 4 Distribution of the product
 - a Typical retail outlets
 - b Product sales by other middlemen
 - 5 Advertising and promotion
 - a Advertising media usually used to reach your target market(s)
 - b Sales promotions customarily used (sampling, coupons, etc.)
 - 6 Pricing strategy
 - a Customary mark-ups
 - b Types of discounts available
 - B Compare and contrast your product and the competition's product(s)
 - 1 Competitor's product(s)
 - a Brand name

- b Features
 - c Package
- 2 Competitor's prices
- 3 Competitor's promotion and advertising methods
- 4 Competitor's distribution channels
- C Market size
 - 1 Estimated industry sales for the planning year
 - 2 Estimated sales for your company for the planning year
- D Government participation in the marketplace
 - 1 Agencies that can help you
 - 2 Regulations you must follow
- IV Executive summary

Based on your analysis of the market, briefly summarise (two-page maximum) the major problems and opportunities requiring attention in your marketing mix, and place the summary at the front of the report.
- V Sources of information
- VI Appendixes

4 Preliminary marketing plan

Information gathered in the three preceding guidelines serve as the basis for developing a marketing plan for your product or brand in a target market. How the problems and opportunities that surfaced in the preceding steps are overcome or exploited to produce maximum sales and profits is presented here. The action plan reflects, in your judgment, the most effective means of marketing your product in a country market. Budgets, expected profits and losses, and additional resources necessary to implement the proposed plan are also presented.

Guideline

- I The marketing plan
 - A Marketing objectives
 - 1 Target market(s) (specific description of the market)
 - 2 Expected sales year 20
 - 3 Profit expectations year 20
 - 4 Market penetration and coverage
 - B Product adaptation or modification: using the product component model as your guide, indicate how your product can be adapted for the market
 - 1 Core component
 - 2 Packaging component
 - 3 Support services component
 - C Promotion mix
 - 1 Advertising
 - a Objectives
 - b Media mix
 - c Message
 - d Costs
 - 2 Sales promotions

- a Objectives
 - b Coupons
 - c Premiums
 - d Costs
 - 3 Personal selling
 - 4 Other promotional methods
- D Distribution: from origin to destination
 - 1 Port selection
 - a Origin port
 - b Destination port
 - 2 Mode selection: advantages/disadvantages of each mode
 - a Railroads
 - b Air carriers
 - c Ocean carriers
 - d Motor carriers
 - 3 Packing
 - a Marking and labelling regulations
 - b Containerisation
 - c Costs
 - 4 Documentation required
 - a Bill of lading
 - b Dock receipt
 - c Air bill
 - d Commercial invoice
 - e Pro forma invoice
 - f Shipper's export declaration
 - g Statement of origin
 - h Special documentation
 - 5 Insurance claims
 - 6 Freight forwarder

If your company does not have a transportation or traffic management department, then consider using a freight forwarder. There are distinct advantages and disadvantages to hiring one.
- E Channels of distribution (micro analysis)

This section presents details about the specific types of distribution in your marketing plan.

 - 1 Retailers
 - a Type and number of retail stores
 - b Retail mark-ups for products in each type of retail store
 - c Methods of operation for each type (cash/credit)
 - d Scale of operation for each type (small/large)
 - 2 Wholesale middlemen
 - a Type and number of wholesale middlemen
 - b Mark-up for class of products by each type
 - c Methods of operation for each type (cash/credit)
 - d Scale of operation (small/large)

- 3 Import/export agents
- 4 Warehousing
 - a Type
 - b Location
- F Price determination
 - 1 Cost of the shipment of goods
 - 2 Transportation costs
 - 3 Handling expenses
 - a Pier charges
 - b Wharfage fees
 - c Loading and unloading charges
 - 4 Insurance costs
 - 5 Customs duties
 - 6 Import taxes and value-added tax
 - 7 Wholesale and retail mark-ups and discounts
 - 8 Company's gross margins
 - 9 Retail price
- G Terms of sale
 - 1 EX works, FOB, FAS, C&F, CIF
 - 2 Advantages/disadvantages of each
- H Methods of payment
 - 1 Cash in advance
 - 2 Open accounts
 - 3 Consignment sales
 - 4 Sight, time or date drafts
 - 5 Letters of credit
- II Pro forma financial statements and budgets
 - A Marketing budget
 - 1 Selling expense
 - 2 Advertising/promotion expense
 - 3 Distribution expense
 - 4 Product cost
 - 5 Other costs
 - B Pro forma annual profit and loss statement (first year and fifth year)
- III Resource requirements
 - A Finances
 - B Personnel
 - C Production capacity
- IV Executive summary

After completing the research for this report, prepare a two-page (maximum) summary of the major points of your successful marketing plan, and place it at the front of the report.
- V Sources of information
- VI Appendixes

The intricacies of international operations and the complexity of the environment within which the international marketer must operate create an extraordinary

demand for information. When operating in foreign markets, the need for thorough information as a substitute for uninformed opinion is equally important as it is in domestic marketing. Sources of information needed to develop the country notebook and answer other marketing questions are discussed in Chapter 7 and its appendix.

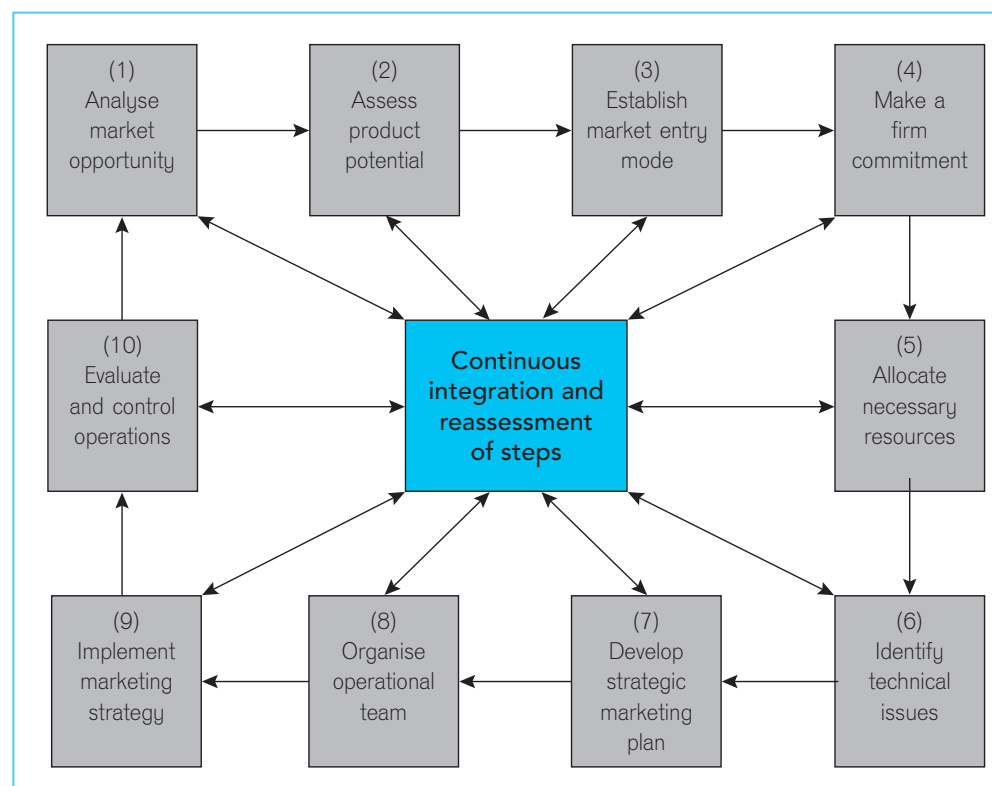
5 Steps for success in international markets

Success in international markets depends on mastering both the strategic level of motivation, positioning, commitment and entry to markets and the technical and operational issues of establishing and continuing business relationships, managing product to market factors, satisfying customers and ensuring return on investment for each export product within the firm's overall objectives. Planning is an essential part of the development of strategy.

Exhibit 1 shows the planning model for success in international markets linking to overall firm strategy and resource commitment. Around the edge are a systematic logical series of steps but each of the steps interacts with the central box indicating the need for continuous reaction, interaction and reassessment caused by changes in the market environment, the action of the competitors and the developing capabilities of the firm.

Evaluation, using the Country notebook guidelines from 1 to 3, is incorporated in steps 1 and 2 of Exhibit 1. This forms the basis for choice of a particular country market (set of markets or even series of markets) for entry using an appropriate entry

—> **EXHIBIT 1** Planning model for success in export markets



Source: JR Darling & HT Seritso, 'Key Steps for Success in Export Markets: A New Paradigm for Strategic Decision Making', *European Business Review*, 16:1, 2004, pp. 28–43.

→ **EXHIBIT 2** Strategic marketing plan for export marketing

- 1 Executive summary: overview of plans for the foreign market
- 2 Introduction: why company should do business in the foreign market
- 3 Part I: a statement of foreign market commitment
- 4 Part II: the background/situation analysis
 - a Overview of market opportunity
 - b Primary target market segments
 - c Analysis of competitive situation
 - d Assessment of product potential
 - e Identified market entry mode
 - f Operational strengths and weaknesses
 - g Resources of firm to be allocated
 - h Organisational structure for market
- 5 Part III: strategic foreign marketing plan
 - a Identified marketing goals
 - b Product analysis and selection
 - c Warranties and other product services
 - d Pricing and other terms of sale
 - e Distribution intermediaries to be used
 - f Shipping and other transportation means
 - g Warehousing and other logistical means
 - h Market information system needed
 - i Methods of advertising and promotion
- 6 Part IV: operational budget and pro forma financial statements
- 7 Part V: implementation schedule and timetable
- 8 Part VI: procedures for evaluation and control, including periodic operational/management audits

Source: JR Darling & HT Seritso, 'Key Steps for Success in Export Markets: A New Paradigm for Strategic Decision Making', *European Business Review*, 16:1, 2004, pp. 28–43.

mode (see step 3 Exhibit 1). The preliminary marketing plan (Country notebook guideline 4) provides the foundation of a strategic marketing plan (see step 7 Exhibit 1), which only requires the preliminary plan to be reframed according to Exhibit 2—adding sections as necessary—especially steps 2, 3, 4, 7 and 8 above.

In addition Austrade offers an approach with an emphasis on export success as part of the continuing business (see Exhibit 3 overleaf). You will notice that market visits are emphasised as one of the key elements of success. Austrade has found that while 'desk research' of markets is necessary—and often neglected—it is not sufficient. Market research, whether using the wealth of secondary data available or primary research commissioned by a firm for its specific products, must be accompanied by market visits. Market experience through previous business history, student exchange or business migrant contact, is invaluable and supplements and extends specific market visits.

All of the approaches emphasise technical (documents, finance, insurance, packaging, etc.), organisational and resource commitment as essential to export success.

→ **EXHIBIT 3** Export plan key elements—Austrade*

- 1 Assessment of firm's export capability
 - 1.1 Business profile
 - 1.2 Strategic marketing fundamentals
 - 1.3 Competitive SWOT analysis
 - 1.4 Reasons for exporting
 - 1.5 Management commitment and production, staffing and financial capacity
- 2 Export market research and screening and selection
 - 2.1 Export market segmentation
 - 2.2 Possible market position
 - 2.3 Consider and select market based on the firm's sales potential in those markets, including:
 - market size, per capita consumption and competitiveness of product
 - restrictions of entry into market
 - market stability
 - distribution channels in market
 - business practices/ethics in market
3. Market visit preparation
 - 3.1 Initial research (hours, transport, interpreters, accommodation, support material and dress)
 - 3.2 Distribution, competitors' 3Ps, pricing analysis and industry stats
 - 3.3 During visit (type of demonstrations to give, marketing plan to discuss, distribution agreement and financial arrangements)
- 4 Market entry strategies
 - 4.1 Particular market entry strategy chosen (representative and investment entry options available)
 - 4.2 Qualities required in potential partner
- 5 Marketing strategy
 - 5.1 Understanding of demographic in market
 - 5.2 Suitability of product, packaging, brand name and after-sales service for market
 - 5.3 Calculated export pricing/costs
 - 5.4 Researched promotional mix and costs and assessment method
 - 5.5 Researched method of getting product to market (distribution chain, market coverage, locations and inventory, transport)
- 6 Export administration
 - 6.1 Researched financial requirements, risks, insurance and Export Market Development Grant (or similar grants at local state or national level)
 - 6.2 Researched legal and insurance requirements
 - 6.3 Researched IP needs for the product in the market
 - 6.4 Researched payment options and risks
 - 6.5 Researched exchange rate implications

*Exhibit used by permission Leigh Derigo, Education Program Manager, Austrade 2008.

Some international strategies do not rely simply or exclusively on exporting. For example, a firm may enter into a contract manufacturing relationship with another firm that manufactures Australian- or New Zealand-designed products which are then exported to third markets. Other international marketing plans are those developed for market entry via master franchising or those where firms enter foreign markets first ('born global' firms) and only later enter the domestic Australian or New Zealand markets.

Each of these and other, more elaborate or advanced international strategic plans can still be developed by adapting and extending the 'basic essentials' in the five guidelines of this Country notebook section.

Summary

Market-oriented firms build strategic market plans around company objectives, markets and the competitive environment. Planning for marketing can be complicated even for one country, but when a company is doing business internationally, the problems are multiplied. Company objectives may vary from market to market and from time to time; the structure of international markets also changes periodically and from country to country; and the competitive, governmental and economic parameters affecting market planning are in a constant state of flux. These variations require international marketing executives to be especially flexible and creative in their approach to strategic marketing planning.