Companies would be wise if they start identifying and assessing all their marketing assets such as their brands, customer relationships, employee relationships, channel relationships, supplier relationships, and intellectual capital. The company should choose marketing activities that build the value of their market-based assets.

Should your company even consider owning physical assets? Owning physical property can be a liability. All a company needs is *access* to physical assets. To operate as a lean company may call for *decapitalizing*—outsourcing activities and shrinking working capital. The Sara Lee Corporation, for one, thinks that it is better to own brands (Champion, Coach, Hanes, Playtex, Hillshire Farm, and others) than factories.

International Marketing

A company that masters only its domestic market will eventually lose it. Strong foreign competitors will inevitably come in and challenge your company. It is now business without borders.

One of the best growth paths for a business is to go regional or global. But most companies hesitate to go abroad. They see obstacles and risks stemming from tariffs, language differences, cultural differences, devaluation and exchange control risk, and bribery.

But there are also gains. By going abroad, companies actually diversify their risks by not depending on only one country's market.

In fact, the market for their products and services may be mature at home and growing abroad. Furthermore, these companies will be stimulated to improve their products as they compete in new situations against new competitors.

But companies must adapt their products and marketing mix when they go abroad. Asea Brown Boveri (ABB) uses the slogan: **"We are a global firm local everywhere."** Royal Ahold, the giant Dutch food retailer, has the brand philosophy, **"Everything the customer sees we localize. Everything they don't see, we globalize."**

When naming its new products, a company must make sure its name will travel internationally. Chevrolet named its new car Nova, not realizing that in Latin America *no va* means "doesn't go."

Companies usually evolve globally through five stages: (1) passively exporting, (2) actively exporting using distributors, (3) opening sales offices abroad, (4) setting up factories abroad, and (5) establishing regional headquarters abroad.

In expanding abroad, companies tend to exercise loose administrative controls initially, preferring to put their faith in their entrepreneurial country managers. Later they start imposing some strategic controls aimed at standardizing global planning and decision processes.

Companies must choose foreign distributors carefully. They need to define distributor performance very clearly and be aware of host country laws regarding distributor treatment. The distributors need to be given adequate incentives to grow the market as fast as possible.

Companies succeed best when they recognize a large target market whose needs are not being met by the current sellers. By inventing new values for this target market that are difficult to replicate and by building a strong company culture to serve this market, the company has a good chance to succeed.

Companies entering developing countries should offer new benefits or introduce their products at a lower price, rather than come in with the same offerings made at home. They must be conscious of liability for the potential misuse of their products due to low literacy and the poor quality of intermediary channels, as well as counterfeiting possibilities.

Two issues arise when a company appoints regional managers. The first is whether to locate regional management at headquarters or in a capital city of the region. The second is whether regional managers should represent the interests of headquarters or of the region's country managers. The regional headquarters location will influence its orientation.

Although a company may grant high autonomy to its country managers, it can still achieve a fair measure of coordination through corporate information exchange systems, company guidelines and regulations, regional line managers, and headquarters product directors.

Country managers are not all equal. Usually the country managers in the larger markets have more autonomy and influence. The larger markets are often chosen as centers of excellence in the handling of research and development (R&D) and new product launches. They also have a large influence on the country managers in the smaller surrounding countries.

Multinational corporations face tough decisions on which products to emphasize in which countries. The allocation of products and advertising money to the different countries must be guided by consumer preferences and purchasing power, distribution strength, competitor positions, and economic future conditions in each country.

Highly efficient export-oriented companies are likely to gain market share in other countries. This will set up resistance by entrenched interests in the form of high tariffs and dumping charges. Ultimately these exporters may be wise to move production into countries that are resisting these imports.

A multinational that abandons troubled countries will have to eventually abandon all countries. The company should think more of shrinking its presence in a troubled country than abandoning it.

Global countries must learn to use countertrading. Many countries are poor but they will barter. You'd better learn to take some goods in exchange or forget selling to that country. Pepsi-Cola had to promise Russia that it would help sell Russian vodka abroad in exchange for selling Pepsi-Cola in Russia.

When companies fail abroad, the most common factors are:

- Failure to take enough time to observe, absorb, and learn the new market.
- Failure to get reliable statistical information about the new market.
- Failure to define the target user.
- Failure to adapt the product and/or marketing mix.
- Failure to offer adequate service.
- Failure to find good strategic partners.