

Svend Hollensen

GLOBAL MARKETING

5th Edition

Introduction Part V and
Chapter 18 Cross-cultural sales
negotiations

PART V

Implementing and coordinating
the global marketing programme

CHAPTER 18

Cross-cultural sales negotiations

Learning objectives (1)

- Discuss why intercultural selling through negotiation is one of the greatest challenges in global marketing
- Explain the major phases in a cross-cultural negotiation process
- Discuss how BATNA can be used in international negotiation

Learning objectives (2)

- Discuss how learning and knowledge transfer across borders can increase international competitiveness
- Discuss the implications of Hofstede's research for the firm's cross-cultural negotiation

Learning objectives (3)

- Explain some important aspects of intercultural preparation
- Discuss opportunities and pitfalls with global multicultural project groups
- Explain the complexity and dangers of transnational bribery

Negotiation

- A **negotiation process** can be defined as a process in which two or more entities come together to discuss common and conflicting interests in order to reach an agreement of mutual benefit

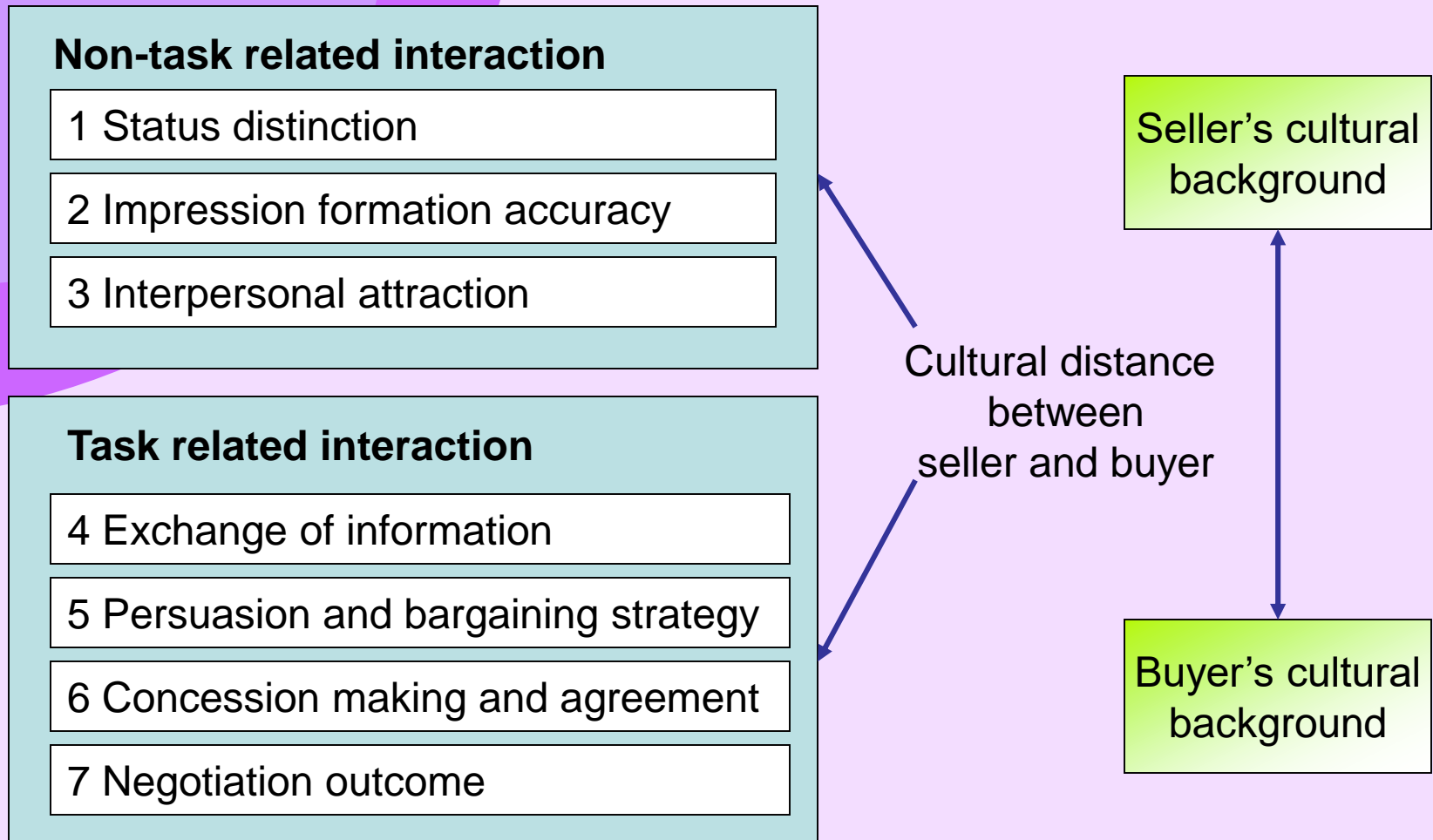


Figure 18.1 The cross-cultural negotiation process is influenced by the cultural distance between buyer and seller

Source: adapted from Simintiras, A.C. and Thomas, A.H. (1998) and Simintiras, A.C. and Reynolds, N. (2001)

What is this?

The best alternative to a negotiated agreement is known as _____.

BATNA

Hofstede's cultural dimensions

Masculinity/femininity

Uncertainty avoidance

Power distance

Individualism/collectivism

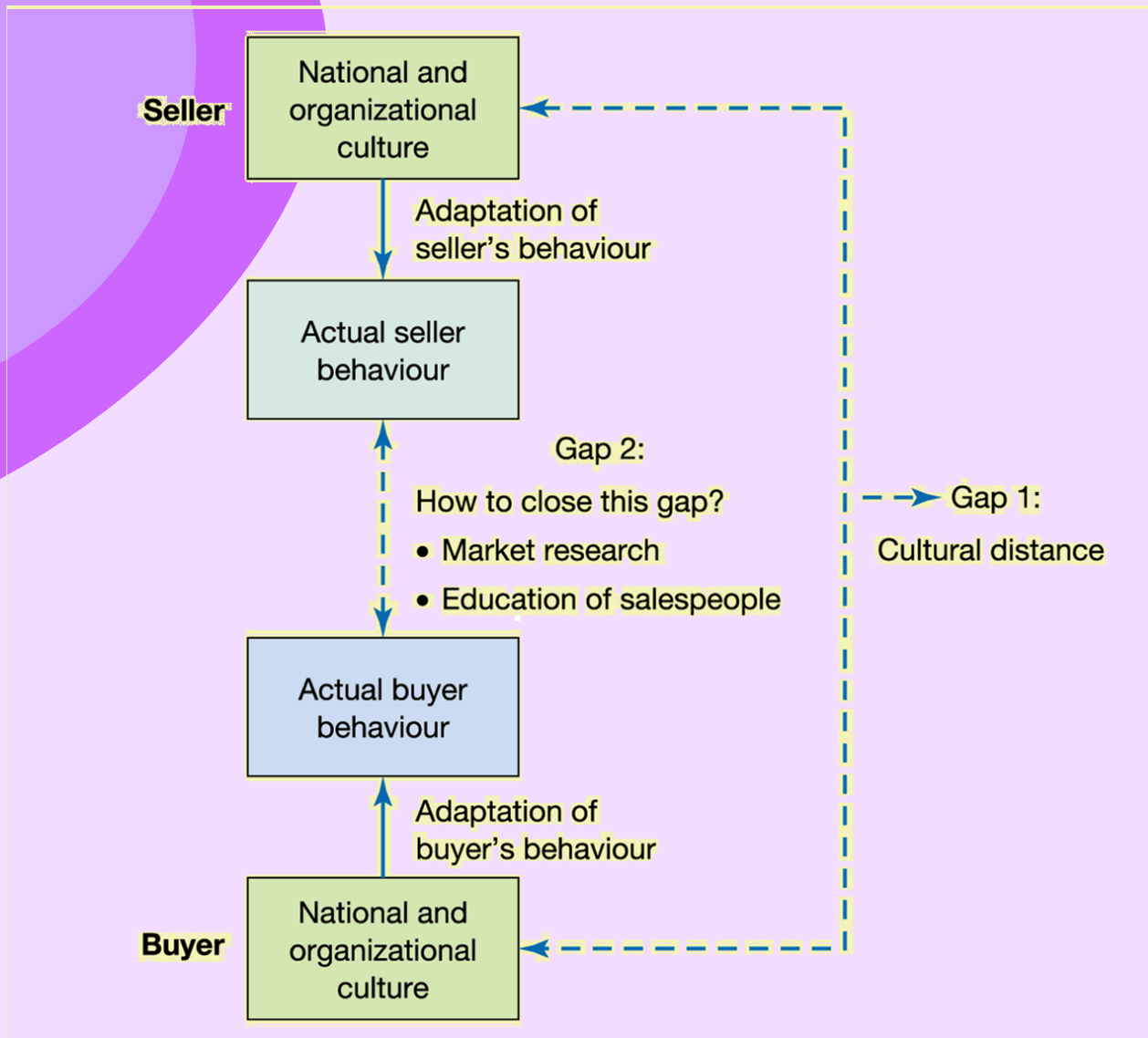


Figure 18.2 Gap analysis in a cross-cultural negotiation

EXHIBIT 18.2 Euro Disney becomes Disneyland Resort Paris – Disney learns to adapt to European cultures



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Approach to general intercultural preparation (1)

- Build awareness about how cultural differences impact upon them in the sales organization
- Motivate salespeople and managers to 'rethink' behaviour and attitude towards customers
- Allow salespeople to examine their own biases in a psychologically safe environment

Approach to general intercultural preparation (2)

- Examine how stereotypes develop and how they can create misunderstandings between buyers and sellers
- Identify diversity issues that need to be addressed in the international sales organization

Steps for improving cross-cultural negotiation competences

- Assess communication competences of salespersons
- Assess communication competences of negotiators in the buying firm
- Match communication and negotiation competences of buying and selling firm

What is this?

What term refers to employees who are sent out from the headquarters to work for the company in the foreign markets, often in its subsidiaries?

Expatriates

Attributes to consider when selecting expatriates

Foreign-language skills

General relational abilities

Emotional stability

Educational background

Past cultural experience

Ability to deal with stress

Risk of culture shock is lower when expatriate exhibits

Open-mindedness

Empathy

Cultural sensitivity

Resilience

Low ego identity

Expatriate training methods

- Area/country descriptions
- Cultural assimilation training
- Role playing
- Handling critical incidents
- Case studies
- Stress reduction training
- Field experience
- Extensive language training

Figure 18.3 'Bottom-up' learning in global marketing

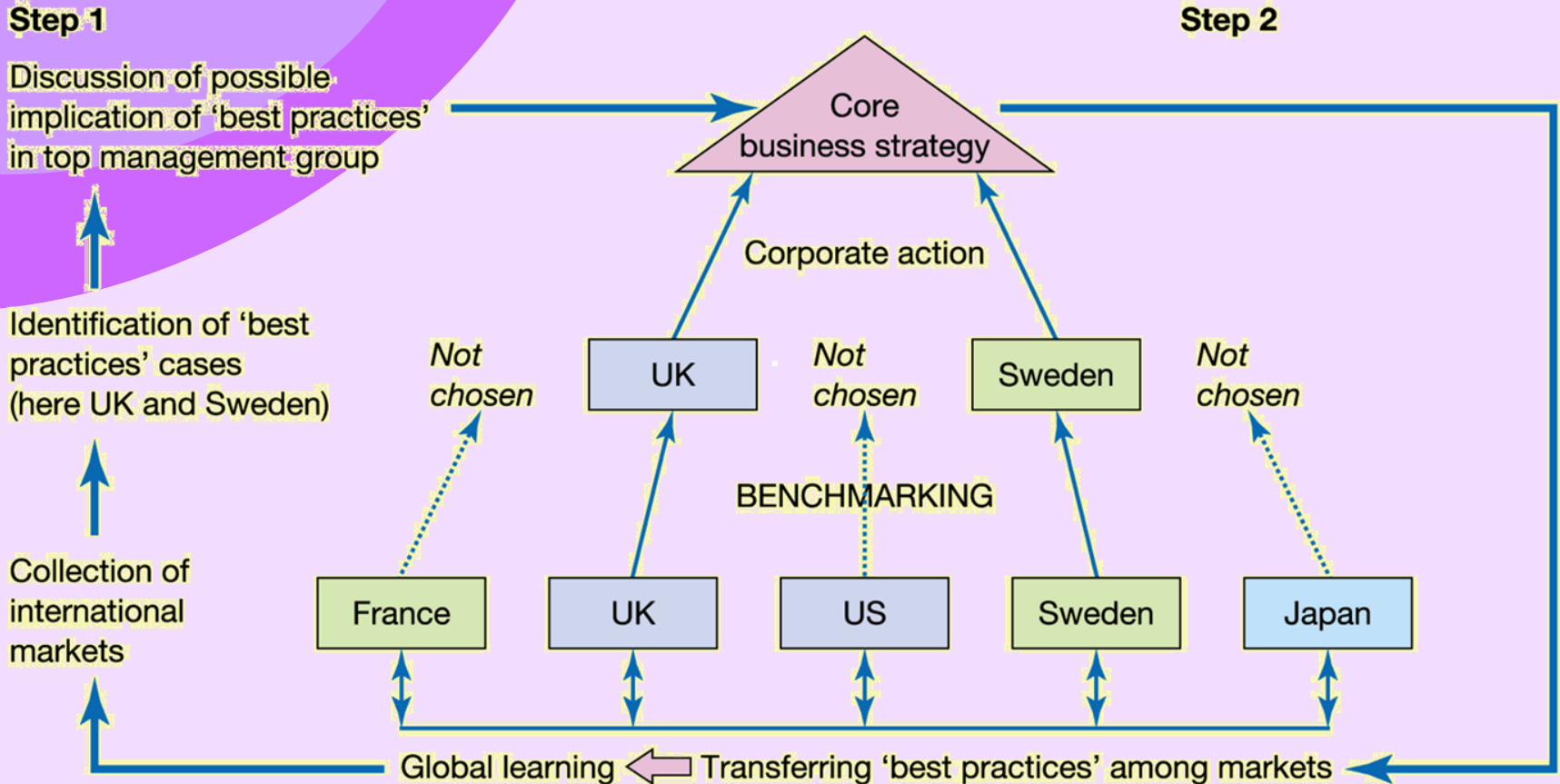


Figure 18.3 Bottom-up learning in global marketing

Questions to guide global project groups

- Is the objective clearly defined?
- Do we have the right group members?
- Who will play the leadership roles of project leader, external coach and internal sponsor?

What is this?

Offering an illicit payment to a public official with perceived or real influence over contract awards is known as

_____.

Bribery

EXHIBIT 18.3 Does bribery also cover sexual favours? The case of Lockheed Martin and a South Korean defence contract



A US court has ruled that arms maker Lockheed Martin can be sued for allegedly using sexual favours and bribes to win a South Korean defence contract. Lockheed Martin has denied the allegations.

The case was filed by the Korea Supply Company (KSC) after it lost a contract to Lockheed subsidiary Loral for the supply of an aircraft radar system to South Korea in 1996.

KSC's lawsuit claims a Loral employee, Linda Kim – a former model and singer – bribed South Korean military officers and offered sexual favours to the country's defence minister, Lee Yang Ho. He has admitted to having an 'inappropriate relationship' with Ms Kim but denies it influenced his decision-making. Ms Kim's love letters to the defence minister made headline news in South Korea after they were implicated in another bribery scandal.

The US Foreign Corrupt Practises Act forbids US companies from bribing foreign officials to influence an official act or decision.

Source: based on BBC News, 'Lockheed sex suit to go ahead', 3 May 2003, news.bbc.co.uk/1/hi/business/2820939.stm.

QUESTIONS

1. What were the main reasons for the success of Mecca Cola around 2005?
2. What are the criteria for the successful implementation of Mecca Cola's international marketing strategies?
3. How should Taoufiq Mathlouthi prepare his sales force culturally for selling Mecca Cola to European supermarket chains?
4. Can Taoufiq Mathlouthi repeat the international Mecca Cola success with the new coffee shop chain and new energy drink Mecca Power?

CASE STUDY 18.2

TOTO: the Japanese toilet manufacturer seeks export opportunities for its high-tech brands in the United States



TOTO.

QUESTIONS

1. What cultural barriers would the Japanese managers from Toto meet when negotiating with American managers from building societies about new contracts for toilets in US luxury apartments?
2. Some analysts argue that tackling cultural toilet norms and barriers is not worth the effort and that Toto would be better off pulling its Washlets and Neorests out of the United States and Europe altogether and concentrating on more receptive Asian markets like China, and of course Japan. Do you agree? Why? Why not?

VIDEO CASE STUDY 18.3 Dunkin' Donuts

download from www.pearsoned.co.uk/hollensen

Questions

1. Dunkin' Donuts wants to get a better market position in Europe, and set up a meeting in London with potential franchisees from different European countries in order to negotiate franchising deals that could provide a higher growth in this region. What potential dangers should the US negotiator be aware of in this kind of cross-national negotiation?
2. What is Dunkin' Donuts' value perception and positioning strategy?
3. How has Dunkin' Donuts responded to competitive changes in the global marketplace?

Questions for discussion (1)

- Explain why the negotiation process abroad may differ from country to country
- You are a European preparing to negotiate with a Japanese firm for the first time. How would you prepare for the assignment if it is taking place: (a) in the Japanese headquarters; (b) in one of its European subsidiaries?

Questions for discussion (2)

- Should expatriate personnel be used? What are some of the difficulties they may encounter overseas? What can be done to minimize these problems?
- Compare and contrast the negotiating styles of Europeans and Asians. What are the similarities? What are the differences?

Questions for discussion (3)

- What are your views on lobbying efforts by foreign firms?
- Why is it so difficult for an international marketer to deal with bribery?