Glossary

A

Acculturation is the process of slowly adopting some, and sometimes all, of the mores and cultural identities of the dominant culture.

Affective – with the property of 'affect' or emotion.

Agent – a person acting on the firm's behalf who is remunerated by a commission on sales.

Alliance – a type of treaty that sets out a friendship agreement between countries, e.g. NATO.

ASEAN – Association of South East Asian nations; a geo-political and economic organisation of ten countries located in Southeast Asia.

Automatic Telling Machine (ATM) – machines provided by banks to deliver automated banking services to customers, e.g. cash, statements, password changes.

B

Back translation – a method for checking the accuracy of a translation. For example, a survey is developed in English. It is required for the Spanish market and so is translated in England into Spanish. To ensure that it is saying what is intended, a Spanish speaker will translate the Spanish survey back into English. If it says the same as the original, the back translation has proved that the survey will have the same meaning for both Spanish and English speakers.

BEM – the big emerging markets, for example China, India, Indonesia, South Korea, Turkey, Poland, Mexico, Brazil, Argentina, and South Africa.

Bilateral – between two parties.

Bills of exchange – an old and established means of securing payment when goods are sold to unknown foreign customers.

Broadband – internet connection service offering rapid download speeds.

C

CARICOM – Caribbean Community and Common Market; an organisation of Caribbean nations and dependencies.

CIF – Carriage, insurance and freight costs associated with distribution.

Complementary goods – goods and services that are consumed together, e.g. electricity and hairdryers.

Congruence – the similarity between activities. If, for example, the exporting strategy mimics the domestic segmentation strategy, the level of internal integration will be high.

Contingency theory – explanation of management decision choices based on the external situation rather than intrinsic competencies.

COO – country of origin.

Copycatting – copying the products of other firms, which can involve making replicas or forging existing brands.

Corporate Social Responsibility (CSR) – a concept whereby organisations take responsibility for the impact of their activities.

Countertrade – the barter of one lot of goods or services for another lot of goods or services between participating individuals, businesses or groups in different countries.

Cross-elasticity – the change in quantity of good A sold in response to changes in the price of Good B. It applies to complementary goods.

Cultural diffusion – how a culture changes from contact with other cultures.

Culture – the term used to define specific characteristics of a particular group of people and how they organise their relationships with each other to survive successfully. Culture may determine economic exchange, social norms, education and health practices, language and religion.

Custom union – a trade agreement between countries to combine their tariff and quota policy. Usually there are no tariffs and quotas between members and a Common External Tariff (CET) system is applied to all countries outside the union, e.g. the EU.

Customer relationship management (CRM) – a computer system that integrates information obtained from and about a business's customer base and

delivers messages and information to them.

D

Data integration – a process that can include initial data mining – looking for unexpected correlations and associations in data sets; as well as data fusion – building one dataset from a number of data sources.

Data locators – these provide an index of information on the Internet relating to specific topics, filtered according to a number of business criteria.

Database marketing – the managing of a computerised database of current, relevant information on customers gained from enquiries, prospects, suspects, and complainants.

Détente – a less formal agreement to not interfere with a country's business.

Devaluation – of a currency means that the government changes its value on the international currency market to a lower value than it is currently being bought and sold for.

Discussion or focus group – a qualitative research method carried out by an agency for a manufacturer or other client, in which an interviewer or moderator leads a group discussion about a specific topic. Groups usually consist of three to eight people and sessions last about one to two hours depending on the themes to be explored.

Distributor – a person or firm taking ownership of products and re-selling them, adding a margin for their profit.

Dumping – the situation whereby the price of a product as an export, i.e. an import into another country, is less than the price in the home market.

E

eCommerce – a term embracing all new technology that supports business in a 'space' rather than a 'place' environment.

EJV – equity joint venture; a separate organisation is formed by the partners who contribute equity in equal or different proportions.

Electronic data interchange (EDI) – secure data transfer via interconnected computing systems.

Electronic Financial Transaction Point of Sale (EFTPOS) – similar to EPOS but facilitates purchase via credit cards and other cash lending systems.

Electronic Point of Sale (EPOS) – a system provided by retailers in partnership with banks and other financial institutions to facilitate immediate electronic payments for goods and services.

Embargo – a country's official policy to ban products coming into a country or to ban products from a particular country.

'emic' – an approach to cross-cultural studies assumes that each culture should be studied individually. This approach emphasises cultural uniqueness.

Entente – a less formal agreement to be friendly.

Enterprise resource planning (ERM) – the business system for collecting and converting raw materials, land, labour and capital into semi-processed or finished goods and services for their customers. Software is now available to computerise these routines.

Ethics – the study of rules of moral behaviour.

Ethnicity – the study of the cultural background of individuals in a country.

Ethnocentrism – the belief that the culture you grew up in is the only valid culture for the whole world.

Ethnography – the rules of study of people and their culture from their own point of view.

'etic' – an approach to cross-cultural studies that assumes universal attitudes and behaviours. This approach emphasises pan-culturalism.

European Union – a political and economic union of 27 member states.

Export intensity – the ratio of export income to total income. When the ratio is 1:2, export intensity is extreme; where the ratio is 1:120, exporting takes up little of the firm's capacity.

Export involvement – the degree to which a company is concerned with exporting in its day-to-day activities.

Export readiness driver – a factor that helps to promote the ability to begin to export.

Exporting – marketing goods produced in the home country to foreign markets.

F

FDI – foreign direct investment; a company from one country making a physical investment in building a factory in another country. Its definition can be extended to include investments made to acquire lasting interest in enterprises operating outside of the economy of the investor.

Forfeiting – a method of payment to a foreign firm for large projects whereby a deposit is made to a forfeiting agent and

thereafter in further, agreed instalments.

Free trade area – a similar trade agreement to the customs union, but without a CET system, e.g. the European Free Trade Area (EFTA).

G

GBO – global brand owner, for example McDonald's.

Global account manager – a manager who looks after the orders, sales and other business for one large global customer.

Global company – a company that has a number of sites that direct and manage its operations worldwide and that does not maintain its headquarters exclusively in its country of origin.

Global marketing – a company's proactive willingness to adopt a global perspective instead of a country-by-country or region-by-region perspective in developing a marketing strategy.

Global strategic marketing – the use of one marketing strategy that acts as a blueprint for marketing activity in any of the countries in which the corporation has subsidiaries.

GLOBE – a cross-cultural project based on Schein's (1992) view of culture as a product of a collective's attempts to address two sets of group issues: external adaptation and internal integration. Culture evolves as a collective adapts to ongoing challenges, surviving in the face of external threats and opportunities and managing relations among its members.

H

High/low context cultures – refers to the amount of language used in communicating verbally or in writing, which varies between cultures. High context cultures assume much about personal interactions and, therefore, less overt language is needed in communication. Low context cultures allow for a variety of contexts and do not assume cultural similarity between dialogue participants. In low context cultures more has to be said to explain the full picture to the participants in a conversation.

I

IMF – International Monetary Fund; a major international financial institution that was created in 1946 to support an international financial framework that put the US dollar at the heart of the exchange rate system.

Internal Actors Network (IAN) – brings together all the functional areas of the business to support the key account manager to successfully deliver the key customer requirements.

International corporate communications – the business task of presenting the company as a whole to its internal and external publics.

International marketing – the business process of identifying and meeting foreign consumer needs for mutual advantage.

International Marketing Information System (IMIS) – an organised arrangement of electronic and paper data that informs international marketing actions at all levels of the business.

International marketing orientation – the ability of an exporting or international business unit to gather and use relevant information about foreign consumer needs, with the explicit authority of the senior executive, to deliver benefits to those consumers for mutual advantage.

International viral marketing – a means of getting the product known to a target group by placing it free with an opinion leader.

Internationalisation – the process of transforming a domestic marketing management system into an international marketing management system by increasing international involvement in terms of numbers of countries marketed to and modes of market entry strategy.

Iterative process – qualitative technique whereby the marketer learns about different points of view that determine the nature of things and their interaction, not how much an event occurs.

J

JV – joint venture; an entity formed between two or more parties to undertake economic activity together. The parties agree to create a new entity by both contributing equity, and they then share in the revenues, expenses and control of the enterprise.

K

Keiretsus – Japanese network groups that have been culturally closed to foreign participants, thus acting as a barrier to trade.

Key Account Manager (KAM) – a manager who looks after the orders and problems of one large customer only.

L

LAIA – Latin American Integration Association; a trade integration association, the main objective of which is the establishment of a common market, in pursuit of the economic and social development of the region.

Laissez faire – a policy of allowing events to take their own course with minimal intervention.

Law of comparative advantage – a theory which says that, while countries with an absolute advantage in the production of goods or services, by way of their natural resources or educated population, can be more competitive in the international marketplace, other countries with a comparative advantage, i.e. they have second-best resources, may also be competitive in the international marketplace *if* the best countries focus on their major advantage and leave the minor advantage to these 'second-best' countries. A disadvantage of this theory is that it does not take into account distribution costs, which could themselves constitute an absolute or comparative advantage, e.g. closeness to large markets, cheap fuel resources, etc.

Legacy lag – lags in technology adoption associated with prior technology systems being in place and in current use.

Less-developed countries (LDCs) – countries which, according to the United Nations, exhibit the lowest indicators of socio-economic development.

Likert scale – a psychometric scale commonly used in questionnaires. When responding to a Likert questionnaire item, respondents specify their level of agreement with a statement, for example ranging from completely agree to completely disagree. The number of responses is usually uneven so that a neutral response lies in the middle.

LSE – a large-scale enterprise.

M

Marginal cost pricing – a method of basing the price per unit on the extra cost per unit it takes to make that unit rather than the full cost, which would include overheads, other fixed infrastructure and stockholding costs.

Materialism – the extent to which people are involved with substance rather than ideas; for example choosing to shop rather than dance.

MERCOSUR – a regional trade agreement among Argentina, Brazil, Paraguay and Uruguay.

Multilateral – between many parties.

Multi-level marketing (MLM) – a form of direct marketing the purpose of which is to build an independent distributor network. Examples are Avon and Mary Kay.

Multinational company (MNC) – a company with operations, sites or offices in many countries.

N

NAFTA – North American Free Trade Organisation; a trilateral trade bloc in North America created by the governments of the US, Canada and Mexico.

Non-tariff barriers – covert barriers to trade, e.g. health and safety regulations, product standards, 'buy national' campaigns, business culture or quotas.

Non-verbal communication – the use of eye contact, hand movements, head nodding and finger gesticulating to communicate between people within a culture.

O

OBM – original brand manufacturer, which manufactures and markets under its own brand name.

ODM – original design manufacturer, which designs and manufactures its own products.

OECD – Organisation for Economic Cooperation and Development; an international organisation of 30 countries that accept the principles of representative democracy and free-market economy. Most OECD members are high-income economies regarded as developed countries.

OEM – original equipment manufacturer; a firm that manufactures goods and supplies them to another manufacturer, distributor or retailer for sale under the brand name of the latter.

Offsetting – the means by which countries, businesses, networks or individuals obtain part of their goods or service requirements by barter and part by monetary exchange.

Omnibus study – a multi-country survey conducted by an international research agency. Payment for these surveys is by question, so a company does not incur the whole cost.

OPEC – Organisation of Petroleum Exporting Countries; a cartel of 12 countries made up of Algeria, Angola, Ecuador, Iran, Iraq, Kuwait, Libya, Nigeria, Qatar, Saudi Arabia, the United Arab Emirates and Venezuela.

Open-source software – software developed to operate on independent, free operating systems (not MS Windows), e.g. Linux.

Organoleptics – a means of segmenting the market based on the effect of a substance on the senses, e.g. a new perfume.

P

Partitioned pricing – the technique of breaking down an overall price into component parts, e.g. installation charges, handling charges, service charges, etc.

Pecuniary issues – issues related to currency and money.

Personality traits – factors that describe individual personality, e.g. introvert/extrovert.

Predatory pricing – cutting prices to maintain or increase market share in increasingly competitive market situations.

Prestige pricing – charging a higher price for a product because it is considered to be a luxury and so the customer will expect to receive better quality or higher status if the price is higher.

Price elasticity – the rate of change in quantity sold compared to the rate of change in the price, i.e. elasticity >1 is elastic; elasticity <1 is inelastic.

Projective techniques – a qualitative research technique that employs imagery rather than words to explore people's reactions to certain products or other stimuli; for example, 'If perfume X was an animal, how would you describe it?'

Propensity to consume – the general rate of consumption expressed as a ratio between consumption and savings. Generally, poor people have a high propensity to consume and a low propensity to save. As a cultural issue, in richer nations, the propensity to consume or save may differ even though income levels and PPP are equivalent, which demonstrates a difference in the cultural desire to buy more.

Protectionism – the way countries seek to protect their domestic industry and trade from foreign competition.

Protocols – rules that organisations and countries commit to but which may not be legally binding or enforceable.

Psychic distance paradox – this refers to the situation in which exporting firms trying to understand their target markets may recognise their insufficient knowledge about distant markets but *not* about neighbouring or culturally similar countries.

Purchasing power – the ability to buy goods and services when inflation increases rapidly and prices rise considerably, purchasing power falls drastically, all other things being equal.

Purchasing power parity (PPP) – an index of a country's average level of income per person weighted to show how much can be bought with that income, based on the general level of prices within the country.

Q

Quotas – limits to quantity of a good that can be imported; a form of non-tariff barrier.

R

Recession – when an economy is in difficulties with international debt repayments, for example. Growth is halted, employment falls, interest rates rise and there is less production and trade, causing less spending. This leads to a downward spiral as less spending causes less employment, etc.

Reference price – a price set by an arbitrator as representative of a product in a foreign market. It is used to judge whether dumping has taken place.

Re-valuation – of a currency means altering the value of a currency in the international monetary market by the government. It usually means the currency is traded at a higher price than previously.

Ringi – *Rin* – submitting a proposal to one's superior and receiving approval; *gi* – deliberations and decisions. A decision can only be accepted unanimously.

S

Sanctions – a type of barrier to trade imposed by political decision makers, restricting or banning imports from a particular country.

Self-monitor – the degree to which an individual listens to their internal or external influences. A low self-monitor will drive events because they do not adapt to others; a high self-monitor adapts language, opinions, etc. to better fit in with the group. The degree of

self-monitoring is an individual tendency that can be influenced by culture and family, as well as individual disposition.

Semantic differential – a type of response format that is anchored at each extreme with a descriptor, e.g. hot/cold, black/white, etc. The number of responses between the extremes depends on how the data is to be interpreted but is usually five or seven. Each individual response does not have a label, for example:

Good --- --- --- --- --- Bad

Sentiment – the overall attitude towards a country or any particular product or service.

SME – a small or medium enterprise.

Strategic business unit (SBU) – a business unit within the overall corporate identity, which is distinguishable from other business because it serves a defined external market where management can conduct strategic planning in relation to products and markets.

T

Tariffs – taxes imposed on imports into a country.

Temporal price framing – reducing a large price to a lesser 'so much a month' payment.

Terms of Trade (TT) – the ratio of the general import and export price levels; it translates into an index of 'export potential'.

Trade exclusions – for example, embargoes or sanctions.

Transaction costs – the costs of different exchange processes or actions.

Transfer pricing – an internal company mechanism to allocate resources within the company but across borders. A transfer price is the charge placed on one department for the products or services of another.

Treaty – an agreement signed between two or many countries, providing for binding rules.

U

Unilateral – from one party only.

W

WFOE – wholly foreign owned enterprise, which can be established by acquisition of an existing firm in the market or by building a new facility.

Y

Yuan – Chinese currency (also called Renminbi).