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Cooperative International Direct Marketing: An Alternative for Asian-Pacific Countries to Increase Exports to Industrial Market Economies

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Cooperative International Direct Marketing: An Alternative For Asian-Pacific Countries To Increase Exports To Industrial Market Economies

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ABSTRACT

Exporters from Asian-Pacific Countries can successfully establish marketing presence in Industrial Market Economies by directly marketing products in these country markets. Direct marketing potential in Industrial Market Economies can be determined by examining two critical factors: the direct marketing infrastructure and emerging environmental changes. Although the resource requirement for direct marketing is quite substantial, exporters, who combine their resources to engage in cooperative international direct marketing, will find it easier to establish marketing presence in Industrial Market Economies.

1. INTRODUCTION

Export performance of the APCs (Asian-Pacific Countries)(1.1) during the last three decades has indeed been remarkable. This exemplary economic achievement has made these countries an economic model of growth for many developing and less developed countries. The high export growth rate for APCs was sustained not only by creative international marketing strategies, but also by export-conducive government policies. Impetus to exports was also provided by favorable internal economic conditions, which included low labor cost, attractive investment opportunities, competitive markets, favorable government policies, and availability of skilled labor and professional managers.

High export growth rate of APCs was further motivated by changing global competitive milieu. Competitive pressures, both domestic and foreign, and the growing realization that business objectives could not be achieved by operating exclusively in domestic markets forced many firms from IMEs (Industrial Market Economies) (1.2) to seek low-cost manufacturing sites overseas. A favorable business climate in the Asian Pacific region helped increase the inflow of not only foreign direct investments but also of technological and managerial expertise. In many cases the output from these newly established foreign businesses was shipped to investors' home countries, thus providing additional incentive to export growth.

While the increase in exports from the APCs to IMEs has been noteworthy, it should, however, not be concluded that export opportunities in the IMEs were fully exploited, or that all firms in APCs willing to export were able to do so, or that establishing marketing presence in IMEs was unconstrained. Generally, success in export marketing depends not only on convincing consumers that foreign made products are a better value for their money, but also on persuading middlemen that carrying these products would help achieve their marketing objectives and profit goals. Exporters, however, frequently find that their products do not get fair consideration overseas because of middlemen's refusal to carry unfamiliar products. And if they carry the products, they do so on a consignment basis, providing minimal promotional support.

An important factor that further impedes export activities of APCs is the problem of locating and organizing proper channel facilities for delivering products and services at the right place, price, and time. Large exporters have addressed this problem by establishing their own retail outlets in foreign markets. However, for small exporters, middlemen's cooperation becomes indispensable for entering foreign markets. Therefore, success in exporting depends

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not only on price and quality competitiveness of products, but also on how well a suitable relationship is developed between exporters and middlemen in host countries.

The objectives of this paper are (a) delineate the importance of IMEs for the export trade of APCs, (b) to indicate the problems of exporting to IMEs and to show the strategic importance of international direct marketing to APCs, (c) to determine the direct marketing potential in IMEs, and (d) to outline the organizational requirements for cooperative international direct marketing.

Table 1
Growth of Merchandise Trade (Exports)

Asian-Pacific Countries	Average Annual Growth Rate Percent	
	1965-73	1973-83
Australia	9.3	2.7
Hong Kong	11.7	10.3
Indonesia	11.1	1.4
Malaysia	8.0	4.9
Philippines	4.2	7.5
Singapore	11.0	—
South Korea	31.7	14.8
Taiwan	—	—
Thailand	6.9	9.0
New Zealand	6.0	4.4

Source: *World Development Report 1985*, The World Bank, Oxford University Press.

Table 2
Origin and Destination of Merchandise Exports

Asian-Pacific Countries	Industrial Market Economies Percentage of Total	
	1965	1983
Australia	69	60
Hong Kong	67	61
Indonesia	72	73
Malaysia	56	50
Philippines	95	77
Singapore	28	42
South Korea	75	65
Taiwan	—	—
Thailand	44	56
New Zealand	88	64

Source: *World Development Report 1985*, The World Bank, Oxford University Press.

2. INDUSTRIAL MARKET ECONOMIES AND EXPORTS FROM APCs

Table 1 shows some important features of the merchandise export growth rate for APCs. All ten countries in this region had a positive export growth rate during 1965-73 and 1973-83. The table indicates that all countries, with the exception of Philippines and Thailand, achieved a higher average growth rate during 1965-73 than during 1973-83. Hong Kong, Indonesia, Singapore, and South Korea had growth rates over 10 percent during 1965-73, and thus were able to double their exports in approximately 7 years. South Korea's growth rate, however, was a phenomenal 31.7 percent during 1965-73.

The decline in growth rate during 1973-83 can be explained by the worldwide recession during the early part of this period. The IMEs were experiencing double digit inflation combined with high unemployment rates. Internal economic considerations compelled these economies to adopt tariff and non-tariff barriers, thus reducing the inflow of imports. The average annual imports growth rate for the 19 IMEs during 1965-73 was 10 percent; however, the growth rate during the period 1973-83 declined to 3 percent.

Table 2 shows the percentage of APCs' exports to IMEs. Two important points are noteworthy: the increasing importance of the IME markets for APCs exports and the intensifying competition in IMEs. During 1965 the IMEs were the major trading partners for all APCs except Singapore and Thailand, which shipped only 28 and 44 percent, respectively, of their exports to IMEs. However, by the year 1983 Singapore and Thailand increased their exports to IMEs to 42 and 56 percent, respectively, of their total exports. The importance of the IMEs' markets for exports from APCs is therefore well illustrated. In addition, the IMEs' markets are becoming more competitive as other non-APCs are attempting to establish their marketing presence there. Developing creative export marketing strategies to maintain and/or improve export performance has thus become imperative for the APCs.

3. CONVENTIONAL CHANNELS AND EXPORTING

Experiences of exporters suggest that channel cooperation is difficult, if not impossible, to obtain in many country markets, particularly in IMEs. The extremely competitive market structure in IMEs creates numerous problems for APCs' exporters. Many exporters find it hard to gain entry into IMEs without substantial intermediary support. The alternative, that of establishing direct distribution without the aid of intermediaries, is also not simple because of the difficulties in understanding the legal, financial, and cultural environment and the associated high cost of setting up communication and physical distribution networks. Thus, most begin-

ning exporters from Asia seek foreign channel support, at least in the initial stages of market entry. However, obtaining and gaining the cooperation of foreign distribution channels is not always an easy process for medium and small scale exporters.

Channel cooperation in foreign markets is generally obtained at the expense of control. For many high-turnover, extensively distributed goods, for example, textiles and garments, exporters become mere suppliers of products to their foreign distributors. Many Asian countries that supply these products to the U.S. and Europe are tied to large buyers in the importing countries who determine what to produce, when to produce, how much to produce, and for whom to produce. Although long term contracts are executed, the institutional buyer retains overwhelming control because the producer lacks direct market access. Even U.S. firms have found numerous difficulties in their international marketing operations. The loss of logistical control and locational difficulties have created significant setbacks for the foreign market entry of many U.S. franchising firms (Hackett 1976).

The financial loss to exporters is also considerable. Even though labor and manufacturing costs in the exporting country account for a substantial portion of the input to these goods, their share of value added in the final price of the exported product is disproportionately low. Most of the margin goes to the purchasing and selling intermediaries in the importing country, who have control over marketing and distribution. Becker (1980) has provided illustrative examples of international price escalation which results from profits earned by different middlemen such as wholesalers, retailers, agents, and jobbers in the host countries. He, therefore, recommends that marketers should attempt to shorten the international distribution channel wherever possible to achieve price competitiveness. International direct marketing, it should be noted, provides a viable alternative to achieve objective of price competitiveness by reaching the target market directly.

Distance and communication problems with traditional channel members create additional difficulties for Asian exporters. The rapid change in market characteristics and the fast pace of product development in IMEs have compressed the life cycles for most products. In this kind of dynamic environment the timing of product placement becomes a critical factor. To understand and respond to consumers' changing tastes, marketers have to maintain close and almost instantaneous communication with the market. Therefore, without a very strong commitment from channel members to convey market-relevant information, exporters find it difficult to keep abreast of changes in foreign marketplaces. Commitment for transmission of market information from foreign intermediaries is not always easy to obtain because, first, the size of the exporter dictates the degree of cooperation it gets from the large channel member, and second, the channel member is most likely to represent the diversified interests of exporters from more than one country.

Maintenance of a satisfactory supplier/customer relationship is critical for developing successful international marketing programs. Past studies have shown that this relationship varies in intensity, nature, and frequency according to the type of the exchange process, ranging from a few limited to a vast network of interlocking contacts (Arnaud, Salle, and Valla 1986, Hakansson 1982, Cunningham and Turnbull 1982). The importance of interpersonal communications as a dynamic tool to maintain and develop mutually beneficial supplier/customer relationships is well established (Ford 1982). Unfortunately, due to their spatial distance from the market, exporters generally leave the supplier/customer relationship function to foreign distribution channels. For some exporters, this results in loss of interpersonal communications with consumers, lack of consumer identification with the company, and inadequate development of consumer franchise.

4. INTERNATIONAL DIRECT MARKETING AND EXPORTING

Root (1982) has identified different international channel intermediaries both in the home country and abroad that exporters can use to establish their market presence in foreign markets. Although exporters can use the services of various international channel intermediaries including export management companies, manufacturers' representatives, distributors/dealers, or other such international intermediaries, their use invariably involves relinquishing some control over the marketing of a firm's products. It should be noted, however, that for some exporters the use of these intermediaries may be the most viable option because of various firm and market related factors, including lack of international marketing experience, unavailability of funds, or even lack of managerial commitment.

A viable alternative to using conventional channel intermediaries is marketing products directly to consumers. According to the Direct Marketing Association, direct marketing is an "interactive system of marketing which uses one or more advertising media to effect a measurable response and/or transaction at any location." A distinguishing characteristic of direct marketing is its economy of exchange contacts. Selling directly to consumers and not involving middlemen, such as wholesalers, retailers, agents, and others, result in transactional efficiencies. Furthermore, direct marketing circumvents some of the channel related problems that hinder the establishment of marketing presence in foreign markets.

The advantages of direct marketing, as a cost-effective strategy or marketing communications, are fairly obvious for export industries. The exporter using direct marketing assumes the responsibility of marketing the product directly to the consumer. This not only eliminates the problem of dealing with recalcitrant channel members, but it also re-

duces numerous channel contacts with wholesalers, retailers, commission agents, and export management and trading companies. In this way it can be a low cost alternative to the conventional methods of retaining control over the marketing process. Direct marketing also provides control over the timing of specific marketing actions, thus providing greater flexibility in responding to the changing market demands (Quinn 1976).

Direct marketing, organized around the principles of dealing directly with customers, also provides the opportunity of achieving multiple marketing objectives through a single program (Whiteley 1976). For example, it can integrate the marketing research objectives of identifying potential markets and customers with the communication objectives of promoting the company's name, image, and product. The flexibility and selectivity of direct mail assist in the process of making practical cross-cultural variations. It enables small scale testing of theme and copy, and facilitates the development of the most appropriate and creative material for specific target groups. Furthermore, direct marketing

enables more efficient multi-country operations by reducing duplication and integrating all promotional activities. The increased coordination also assists in the establishment of corporate identity across many countries.

5. ASSESSING DIRECT MARKETING POTENTIAL IN IMES

To determine whether direct marketing is a feasible exporting strategy, the host country environment should be analyzed for its suitability in making direct marketing the focus around which the other marketing strategies can be developed. To achieve a strategically balanced and well-planned program for a successful direct marketing venture, Whiteley (1976) suggests a two-stage approach: the resource appraisal stage, involving the evaluation of direct marketing potential in different markets; and the direct marketing stage, involving the preparation and execution of different strategic and operational plans.

Table 3
Direct Marketing Infrastructure Data

Industrial Marketing Economics	1984 Daily ¹ Newspaper Circulation Copies per 1000	1984 ^{2,7} Domestic Mail per capital	1983 Magazines ⁴ Total	1985 Radios ¹ Per 1000	1985 T.V. ¹ Per 1000	1986 Adult Lit. Rate ³ Percent	1985 Telephones ¹ Per 100	Languages ^{5,6}
Australia	296	184	1958	1274	446	100	55	English
Austria	365	309	118	620	435	98 (1983)	49.2	German
Belgium	223	256	909	457	300	98 (1985)	44	Dutch, French, German
Canada	220	277	1229	863	516	99 (1987)	65.4	English, French
Denmark	359	259	743	416	386	99	78.3	Danish
Finland	535	122	1064	988	470	99	61.7	Finnish, Swedish
France	212 (1983)	272	2504	879	394	99	60.8	French
W. Germany	350	221	1052	430	373	99 (1985)	62.1	German
Ireland	186	90	37	568	252	99	26.5	Irish, English
Italy	96	111	1700	259	253	97 (1985)	44.8	Italian
Japan	562	136	3565	787	508	99 (1985)	55.5	Japanese
Netherlands	310	307	571	827	462	99 (1985)	60.9	Dutch
New Zealand	325 (1982)	155	540	904	290	99 (1987)	64.5	English
Norway	501	341	600	780	330	100 (1987)	62.2 (1984)	Norwegian
Spain	80	97	1021	298	270	97 (1985)	36.3	Spanish, Regional Languages
Sweden	521	359	351	868	390	99 (1987)	89	Swedish
Switzerland	392	580	1270	821	400	99 (1985)	83.2	German, French, Italian, Romansch
United Kingdom	414	213	571	1016	437	99 (1987)	52.4	English
United States	268	550	10952	2101	798	99 (1987)	76 (1984)	English

Source :

1. Statistical Abstract of the United States 1988 (U.S. Department of Commerce).
2. International Marketing Data and Statistics 1987/88 (Euromonitor Publications Ltd).
3. The World Almanac and Book of Facts 1988, Pharos Books, New York.
4. World Advertising Expenditures (New York: Starch, INRA, Hooper and International Advertising Association).
5. Kurian, George Thomas, Encyclopedia of the Third World revised ed., Volumes 1-3 (New York: Facts on file, Inc., 1982).
6. Banks, Arthur S. and William Overstreet, eds., Political Handbook of the World: 1981 (McGraw-Hill Book Company, 1981).
7. Statistical Abstract of the United States 1985 (U.S. Department of Commerce).

Direct marketing potential in IMEs can be determined by examining the direct marketing infrastructure and emerging environmental trends. The direct marketing infrastructure is defined as the "basic provisions and facilities on which the continuance and growth of direct marketing depend" (Akhter 1988). Elements included in the infrastructure are: newspaper circulation, mail services, magazines, radios, televisions, literacy rates, telephones, and languages (see Table 3 for IMEs direct marketing infrastructure data).

The infrastructure variables reveal the number of potential customers who can be reached directly, competitively, and profitably. For instance, firms interested in using telemarketing to reach their target market can get a good idea of the size of the market by examining the number of telephones per hundred people available in the country market. Similarly, the availability of televisions suggests the number of consumers who can be reached through this medium.

The number of telephones available in a given market provides two sets of critical information for direct marketers. First, it not only indicates how many consumers can be reached through this medium, but also how many can respond to direct marketing offers by using this medium. This is important because companies can use direct mail, newspapers, and catalogs to reach consumers and solicit their response not only through mail, but also by telephone, which is a more convenient and fast way of responding. It is important to note that direct marketers should not only be concerned with the quantity but also with the quality of direct marketing infrastructure variables available within a country. For instance, telephone is a convenient way of placing a purchase order only if calls can be easily made. Similarly, the use of postal services is helpful only if mail and packages are delivered safely, reliably, and economically.

To determine international direct marketing potential, marketers should not only examine the direct marketing infrastructure variables but also the socioeconomic and technological changes within a country. Socioeconomic and technological changes affect both the production and marketing of products. The different environmental changes associated with the IMEs are: increased product innovation, product proliferation, consumer education, consumer mobility, time pressure, and consumer information (Akhter 1988). These new developments have significantly influenced consumers' shopping behavior as indicated by increased direct marketing sales. The traditional exchange process, that is, visiting a store to buy a product, is no longer the only available option. Products can be purchased by telephone, or by mail, or even, if available, via interactive computers.

The combined effects of infrastructure variables and emerging environmental trends determine direct marketing potential. In countries where direct marketing infrastructure variables are distributed widely and emerging trends are well established, direct marketing potential will be high. Whereas, in countries where this is not the case, overall direct marketing potential will be low. For the IMEs, the

data suggest that these two conditions are favorable, and therefore, direct marketing potential is high.

6. INTERNATIONAL DIRECT MARKETING AND IMES

The nineteen industrial market economies, with the required prerequisites for successful direct marketing, provide a broad market-base for industrial, consumer, and service products. The average per capita income of IMEs in 1985 was \$11,810 (World Development Report 1987), thus making the consumers a potentially attractive market for different types of directly marketed products.

The developed direct marketing infrastructure, as reflected in high per capita use of televisions, telephones, radios, newspapers, and magazines, suggests that consumers can be reached expeditiously and competitively. For example, in the United States there were 798 televisions, 2101 radios, and 268 newspaper copies circulation per 1000 people; 76 out of every 100 people had telephones; domestic mail per capita was 550; total number of magazines was 10,952; and literacy rate was 99% (for dates and data on other IMEs see Table 3). The synergistic effect of these infrastructure variables has made the U.S. a very attractive market for international direct marketing.

Overall, the scope and coverage of interactive communication devices are increasing in each of the IMEs at a very fast rate, providing access to the entire national market, from the most developed urban centers to the remote rural communities. The European markets, for example, Belgium, Finland, France, Sweden, Switzerland, United Kingdom, and West Germany, are experiencing record growth in mail order sales. Other IMEs like Japan, Austria, United States, and Canada also rank highly in mail order business. However, the few limitations to growth in international mail order sales are high postal rates, low credit card penetration, and tightened regulation (Fishman 1987).

Mailing lists for individual customers and businesses are abundantly available in most of the IMEs, and so are data bases. For example in Australia the Post Office has developed a single source that provides over 800 listings of consumers, professionals, and businesses. Belgium has 150 to 200 available listings. France about 350, and Holland over 1200. Top advertising companies like Ogilvy and Mather, BBDO, J. Walter Thomson, and others, are also operating direct response marketing agencies in these countries. (cf. *Direct Marketing*, April 1987 and Wallant 1976).

Recent developments in communications have opened some very exciting opportunities for direct marketing. In the United States alone, over \$90 billion was spent in 1985 by businesses telephoning customers (*International Management*, 1986). Many advancements have taken place in global communications technology such as print media, radio, telephone, and television networks. The British Telecom and

AT&T international toll free telephone lines are providing British and U.S. buyers access to each other's markets without intermediaries. These international 800 networks further provide easy access to the growing global consumer market (Sanghavi 1988). Internationalization of the print media has also added to the growing opportunities in this field. Newspapers and magazines like *The International Herald Tribune*, *The Christian Science Monitor*, *The Wall Street Journal*, *The Economist*, and *USA Today* are a few with readership extending from North America to Europe and Asia (Ralston 1988).

Satellite television is bringing home shopping networks to millions of people in the United States, Canada, Europe, and Japan. Europe has 20 satellite stations and there are cable channels for special interest groups like children, arts and music fans, sports enthusiasts, and businesses. These stations provide very convenient segment access for direct marketers.

Shortwave radio also has tremendous international appeal. Some global stations claim an audience of over 100 million listeners throughout the world. Over the years, marketers in the United States have beamed direct response advertising messages to audiences all over the world through WRNO Worldwide in New Orleans.

Finally, the facility of international payments by credit card have opened up unimaginable opportunities for international retailers. Many large firms in the business like American Express, Visa, Mastercharge, Access, and Eurocard have expanded global networks. This trend further improves the prospects for international direct marketing.

Although the modern technological advances described above hold great promise for direct marketing in the IMEs, there are other constraints in the increasingly competitive market of U.S. and Western Europe which should be considered. Strategic marketing approaches change with time and environment. Currently, the essence of business policy seems to be the attainment and sustenance of competitive advantage in the market (Wensley 1981). Porter (1980) believes that competitive forces are generated by intraindustry rivalry, bargaining power of exchange partners, threat of new competitive entry, and substitute products. For direct marketers, the response to these forces lie partially in three strategic thrusts, that is, building differential advantage through market efficiency and control, judicious market selections, and the creation of durable buyer-seller relationship (Dwyer 1987). Furthermore, direct marketing's productivity and control can also be enhanced by proper selection of clients and frequent checking of manpower performances and logistics.

In Exhibit 1, a tentative list of different categories of consumer products for which direct market potential may be high is provided. In the IMEs, opportunities for all four categories of products – personal care, leisure and entertainment, home and auto care, and electronics – are present (see Exhibit 1 for different types of products in each category).

Exhibit 1

Country Market Potential For Consumer Products

Economies:	Products:
	A. <i>Personal Care Products</i>
Industrial	Skin/Hair/Dental/Eye Care
Upper Middle-Income	Cosmetics/Fragrances/Jewelry
Lower Middle-Income	Manicure and Shaving
Low Income	Accessories
	Baby Supplies
	Clothing/Shoes
	Personal Care Appliances
	B. <i>Leisure and Entertainment Products</i>
Industrial	Magazines/Books
Upper Middle-Income	Records/Tapes/Videos
Lower Middle-Income	Sports Wear and Equipment
	Crafts/Hobby Supplies/Toys
	Luggage
	C. <i>Home and Auto Care Products</i>
Industrial	Household/Auto Care
Upper Middle-Income	Products
	Cookware/Tableware
	Linens
	Interior Design Accessories
	Small Appliances
	Home/Auto Tools and
	Equipment
	Children's Accessories
	Home Furnishings
	Lawn Care Products
	D. <i>Electronics</i>
Industrial	Cameras
	Stereos/Television/VCR's
	Telephones
	Typewriters
	Scientific Calculators
	Personal Computers
	Photo-copy Machines

The four categories of products listed in Exhibit 1 are successfully directly marketed in the U.S., and their market potential in other IMEs can be expected to be high because of the presence of a highly developed direct marketing infrastructure and favorable environmental trends.

Although IMEs account for a large share of the APCs' exports, the APCs have also successfully exported to other types of economies as well. In Exhibit 1, the different types of products that can be directly marketed in other economies

are also shown. For instance, personal care products can be directly marketed in all four types of economies, but electronics have the best direct marketing potential in IMEs only. Leisure and entertainment products, however, can be successfully marketed in three types of economies, industrial market, upper-middle income, and lower-middle income economies. The home and auto care products can be successfully marketed in industrial and upper middle income economies. (For a list of countries in different types of economies, see *World Development Report*, 1987). It should be mentioned that only a generalized estimate of direct marketing potential for each product category has been presented. While electronics can be directly marketed in Ethiopia, a low-income economy, the sales potential would certainly be less than in Japan, an IME.

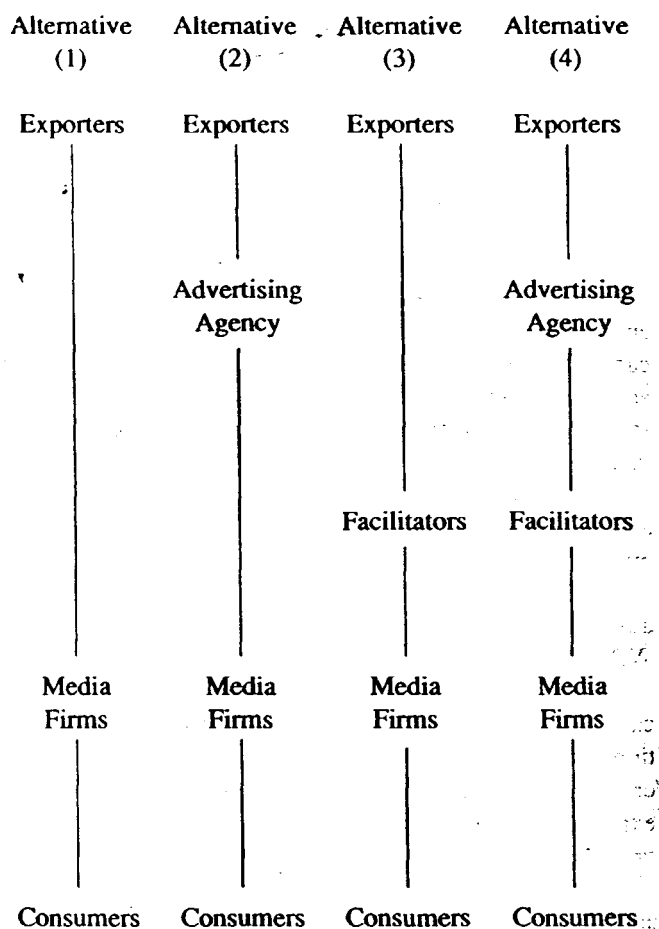
1. ORGANIZATIONAL STRUCTURES FOR DIRECT MARKETING

Four types of international direct marketing organizational structures (or charts) can be developed by combining the following relevant units: exporters, advertising agencies, media firms, and facilitators. A brief explanation of these organizational units follows. Exporters are firms that market products in different country markets but produce largely in their home country (Jeannet and Hennessey 1988). A full-service advertising agency performs all the functions necessary for developing and implementing advertising campaigns, and their staff include media experts, creative specialists, marketing researchers, and account executives (Cravens and Woodruff 1986). Media firms allow the use of message carriers such as telephones, newspapers, radios, televisions, and computers for specified fees. Facilitators are firms that provide one or more of the marketing functions other than buying or selling (McCarthy and Perreault 1984); they represent a composite of specialized task organizations such as list compilers and brokers, letter shops, typesetters, television producers, free-lance copywriters, creative specialists, marketing researchers, banks and financial institutions.

Organizational structures are determined by two critical factors: the tasks to be performed and available resources for their performance. The four organizational structures depicted in Exhibit 2 indicate that the choice of any one of the four alternatives is contingent upon the tasks that exporters are willing to perform themselves, and the resources they have at their disposal.

The first alternative suggests that the exporters perform all the tasks necessary for the development of promotional campaigns and simply use the services of the media firms (TV, radio, and newspaper) to deliver the messages to their target markets. This alternative, however, assumes that exporters have the necessary skills and expertise to develop and implement promotional campaigns.

Exhibit 2
Organizational Structures For International Direct Marketing



The second and third alternatives call for using the services of either the advertising agency or the facilitators for the development and implementation of promotional campaigns. These two alternatives assume that the exporters do not have the needed skills to develop the promotional campaigns, but have the resources to employ the services of specialists.

The fourth alternative is structured around using both an advertising agency and facilitators with the assumption that direct marketers have the resources to engage the services of these two specialists. This alternative suggests that either of the two organizational units, advertising agency or facilitators, lacks the skill and knowledge to develop and implement total promotional campaigns individually. Therefore, exporters allow the advertising agency to employ the services of facilitators for the development and implementation of promotional campaigns. In this alternative, the organizational pattern is a four-layer process with the following parties involved: exporters, advertising agency, facilitators, and media firms.

Managing scarce resources is a common experience to

all exporters. A single exporter from the Asian-Pacific region is not generally endowed with sufficient resources to effectively develop and execute international direct marketing programs. Therefore, it is recommended that a group of exporters organize themselves around the concept of cooperative direct marketing ventures to establish marketing presence in IMEs.

8. COOPERATION INTERNATIONAL DIRECT MARKETING

Cooperative international direct marketing requires a pooling of exporters' resources to establish marketing presence in foreign markets. Managerial, technological, and financial resources should be combined to ship the products overseas and to develop the promotional campaigns for direct marketing.

Establishing marketing presence in the competitive markets of IMEs requires thoughtful formulation and execution of export marketing strategies. As the resources of a single exporter are seldom sufficient, resources of many small exporters can be synergistically combined to achieve international direct marketing objectives in IMEs. The logic of economies of scale dictates that critical mass in business activities should be reached to gain organizational benefits.

However, combining the resources of disparate organizational units becomes an exercise in resolving problems and conflicts. Organizational objectives, resource availability, resource commitment, and expected rewards vary among firms, creating roadblocks for developing cooperative international direct marketing ventures. However, the goal of establishing marketing presence in IMEs and the expected long term rewards should nudge the participants toward developing a working relationship. It is, nonetheless, strongly recommended that the involved parties should be cognizant of their resource commitments, organizational roles, and profit distributions.

9. CONCLUSION

Exporters from APCs can establish their marketing presence in IMEs by reaching their target markets directly and competitively. Market potential in IMEs is increasing and so is competition. Competitive pressures in IMEs suggest that a novel approach to enter these markets should be considered. New techniques of direct marketing, facilitated by advances in computer technology, are progressing swiftly. Already, France has moved ahead of the United States in home shopping with its very successful Minitel System (1987).

Therefore APCs should look into the unexplored potential of direct marketing. Direct marketing infrastructure and emerging environmental trends provide information on pros-

pects for direct marketing. Consequently, a study of infrastructure variables and environmental trends is warranted to determine the type of goods that can be competitively and profitably sold.

Cooperative international direct marketing provides a viable option to directly market products in IMEs. Cooperative international direct marketing, by combining the resources of different exporters, can help small exporters achieve synergy in operations, and thereby fulfill business and marketing objectives.

FOOTNOTE

- 1.1 The following are designated as APCs : Australia, Hong Kong, Indonesia, Malaysia, Philippines, Singapore, South Korea, Taiwan, Thailand and New Zealand.
- 1.2 The following are designated as IMEs : Australia, Austria, Belgium, Canada, Denmark, Finland, France, W. Germany, Ireland, Italy, Japan, Netherlands, New Zealand, Norway, Spain, Sweden, Switzerland, United Kingdom, and United States.

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