INTERNATIONALIZATION CHALLENGES FOR SMEs AND GLOBAL MARKETING MANAGERS: A CASE STUDY

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Abstract

Using a case study approach, we examine how two Small and Mid-Size Enterprises (SMEs) approach internationalization and identify their drivers of success in international marketing. We draw insights from their internationalization experiences and summarize this as “lessons learned.” To further validate these insights and extend the scope of the study, we surveyed 25 CEOs and Marketing Directors of global SMEs via an online open-ended survey. Responses were analyzed and underlining themes were identified. The themes echo the insights drawn from the two SMEs we studied. We further explored the skills, knowledge and capabilities of the global marketing managers and discussed the success factors that make global managers effective.

Keywords: SMEs, Internationalization, Case Study, Global Capabilities, Skills

Introduction

The differences between large and small organizations are obvious and have been well studied. Some differences include large organizations tending to use a structured framework with a clear hierarchy in decision making. On the other hand, small and mid-size enterprises (SMEs), tend to feature processes that begin with and highly involve the entrepreneur or owner. Furthermore, the entrepreneur or owner’s personality and style help to shape decision making [1]. SMEs are very important in the world economy. A report by the US Bureau of Labor Statistics shows that 64 percent of new jobs are created by firms with less than 500 employees [2].

SMEs are increasingly competing internationally and, internationalization of SMEs is no longer optional. This internationalization can take many forms: exporting, international collaboration and foreign direct investment. While there is abundant research on internationalization of SMEs [3-6], research on marketing management of internationalization of SMEs has been more modest in development, frequently focusing on specific industries (e.g. healthcare [3], service sector [6]) or tactical aspects (e.g. trade shows [7]; role of arts [8]).

In May of 2010, President Obama announced the National Export Initiative which seeks to double US exports within five years. As part of this, the US government has created a number of initiatives to help organizations in their exporting activities—many of which are directed toward SMEs. Given the economic importance of SMEs, their need to compete in the global stage and the recent push to increase exports, it is managerially relevant to explore how SMEs approach internationalization and what are the drivers of success in international marketing for SMEs. To this end, we examine this issue at a granular level with an in-depth study of two business to business SMEs. Based on their internationalization experiences, we seek to develop insights or “lessons learned” from these firms that can be applied to other SMEs in their internationalization marketing strategies. We further validate these insights through additional research against a larger sample of SMEs.
We begin by a literature review followed by a brief description of the two SMEs being studied. Next, we develop a series of managerial insights for SMEs competing in the global market place. We then present a qualitative study with 25 CEOs and Marketing Directors from global SMEs. The findings, implications, future directions for research and limitations are then discussed.

1.0 Theoretical foundations

SMEs internationalization has been well studied in the fields of management, marketing, international business, public policy, entrepreneurship, economics [e.g., 9-13], etc. According to Wright, Westhead and Ucbasaran [11], the topic of internationalization of SMEs are mainly studied from seven angles: timing of internationalization, intensity and sustainability of internationalization, mode of internationalization, influence of the domestic environmental context on internationalization, leveraging of external resources to internationalize, unit of analysis differences, and effect of internationalization on SME performance. Many researchers attempt to explain these areas of interests through different theoretical lens. Johanson and Vahlne’s [14-16] internationalization models propose that companies took stages in their internationalization by leveraging the resources and knowledge they accumulated in the domestic market. The updated Uppsala model [16] argues that opportunities are the most important element of knowledge that firms accumulate in the international market. Through establishing a borderless network, firms took advantage of the opportunities identified in the world market. Knowledge and learning theory suggests that SMEs with increased learning approach internationalization more efficiently [17]. Resource-based view also provides explanation for why some SMEs are more successful than others in internationalization. Those SMEs that are flexible and dynamic in terms of deploying resources and forming capabilities are more likely to be better integrated in the international market [18, 19].

SMEs often approach internationalization by means of exploitation or exploration. More specifically, exploration is defined as examining new alternatives and acquiring new knowledge [20] and exploitation is defined as using and developing “things already known” [21] (p.105). In internationalization, exploration capability was defined as “ability to adopt new processes, products and services that are unique from those used in the past” and exploitation capability was defined as “ability to improve continuously its existing resources and processes [22] (p.66).” SMEs with high a level of exploration capability may be open to internationalization early on even in its infancy stage, as they are willing to take risks in exploring and acquiring knowledge in the global market and respond more aggressively to opportunities. On the other hand, SMEs with a high level of exploitation capability may view internationalization as a last resort to expand their product life-cycle and are more conservative in terms of meeting international challenges.

2. Methodology

Against this backdrop, we seek to further understand the business of internationalization for SMEs. Since the objective of this study was exploratory in nature and given the complexity of this concept, in-depth interviewing was chosen because as Fontana and Frey [23] state, such interviews are preferred when trying to understand complex behavior without imposing any prior categorization, thereby limiting the field of inquiry. Given the exploratory objective of this study hypotheses were not proposed. The target companies were interviewed by both authors and detailed notes were taken during the interview. Both authors conducted the interviews, which lasted about 90 minutes each. The interviews began with a brief introduction of the interviewer and discussion regarding the purpose of this study. The second author took detailed notes during the interview. The approach to interpreting the comments followed recommendations by Spiggle [24]. Interview notes were analyzed inductively and began with an impressionistic reading of the responses and then converted into narrative stories. After writing the narratives, the first author read the stories and compared the stories to the handwritten interview notes. The purpose was to identify any gaps between the notes and final stories.
3.1 Case selection criterion

The present study aims to understand SMEs with different exploration and exploitation orientations, and examine what insights can be drawn from their internationalization process. To serve this purpose, we selected two business-to-business SMEs for the case study. These two firms, one exploration-oriented, and the other, exploitation oriented, took different route to internationalization. We followed these two firms’ internationalization process for an extended period of time, interviewing the CEOs, analyzing their company information and conducting field studies. The following is a summary of our case study findings.

1.2 Background on target companies

Two firms are examined: Metsch Refractories and FCX Systems. Metsch Refractories has been in business for over 50 years and is a custom design manufacturer of technical ceramics for industrial and consumer products. While the industrial ceramics market ranges from urinals to dinnerware, Metsch competes in the very high end of the technical ceramics market making ceramic pouring molds for advanced applications such as turbine blades and surgical appliances like artificial knees. It has 50 employees and is privately held. Currently, international sales—which began in the early 1990s are about 60% of its total sales.

FCX Systems was founded in 1987 and makes solid state frequency converters. Fixed frequency converters are used to supply aircraft ground power in the commercial, military, and corporate airline markets. They are also used for power supplies in a number of industrial applications. FCX has approximately 120 employees and is headquartered in West Virginia. International sales—which began in 1989, are now approximately 50% of FCX’s sales, and it currently sells its products in over 76 countries on all 7 continents.

2.1 Lessons learned: international marketing

The insights gained from Metsch and FCX—with over 50 years of collective internationalization experiences are constructive and insightful. These insights can be summarized as follows:

**Opportunism is a two-edged sword.** Often, the initial internationalization efforts of SMEs are opportunistically driven. FCX was a domestic supplier until it got a call from a customer in China. Thus began its internationalization. But in hindsight, FCX is not sure China was the best place to start. China is one of the harder countries to sell to given the political structure and significant cultural differences. To the extent SMEs approach their internationalization efforts opportunistically and not strategically, initial efforts may prove difficult. With each opportunity, there is an opportunity cost of not pursing some other strategy or option. Perhaps if FCX had pursued another country instead of China, its internationalizations efforts may have gone faster.

**Market choice drives SME’s marketing strategy.** SME’s first choice, in terms of internationalization efforts is very important. The right (or wrong) market profoundly influences a firm’s strategic moves. Metsch’s initial move into international markets was driven by shrinking domestic sales and initially as a survival strategy. Based on input from its trade association, Metsch chose to pursue the U.K. While Metsch clearly had a superior product, market acceptance was slow since Metsch was not local and there was concern over distance and shipping logistics. It took Metsch 10 years to effectively capture the U.K. market and now it is the overwhelming leader. After establishing the U.K. market, Metsch targeted continental Europe. However there was immediate buyer acceptance to Metsch in Europe. One customer remarked, “Where have you been?” upon conclusion of a sales presentation and
Metsch grew rapidly in Europe. FCX and Metsch’s decision to pursue China and the U.K. (respectively) profoundly influenced their subsequent internationalization rollout.

**SME’s have limited internal resources for acquiring international marketing knowledge and expertise.** In They turn to government resources to assist them in their marketing efforts. Both Metsch and FCX are small firms and their internationalization efforts were driven by one individual: the president of the firm. There was very limited international expertise in residence at these firms and much of their initial efforts were somewhat trial and error. Both firms turned to outside organizations to help in their international marketing efforts. Metsch targeted Great Britain to begin its internationalization based on discussions with customers and the U.S. trade association serving the industry. This trade organization assisted Metsch in contacting its European trade organization counterpart, and arranged a two-week trade mission. With a list of customers, and sample product, Metsch spent two weeks in England where it learned that its competition were large, very old and prestigious refractories but whose product quality was significantly below Metsch. In the case of Metsch, the industry trade association was invaluable in helping Metsch internationalize itself. This phenomenon of the role of trade organizations/shows on internationalization efforts was first identified by Evers and Knight [7]. In contrast, FCX’s initial internationalization efforts did not utilize outside resources like a trade association although the firm has long regretted not turning to outside services such as the Gold Key Matching Service offered by the U.S. International Trade Association earlier in the internationalization process. The key learning is that SMEs have numerous resources available to them and these resources are invaluable.

**Pick your Partner Like You Pick Your Friends.** The selection of third party sales agents or other potential partners is particularly important especially for SMEs [25]. The partner or alliance aids rapid internationalization. Both FCX and Metsch have learned how critical it is to carefully select an outside partner and approach third party partners slowly and methodically. Given the potential for conflicts of interests, SMEs need to talk with customers, suppliers, government agencies etc. in order to get a full appraisal of a third party partner’s suitability. Ultimately, selection of a sales agent is a matter of trust. You are putting the future of your company in this person’s hands. Part of this is building trust and FCX and Metsch have found the best way to build trust is by first establishing a personal relationship. As indicative of the importance of establishing personal relationships before business relationships, the presidents of FCX and Metsch have traveled abroad to attend bar mitzvahs and weddings of their sales agents.

**The most effective way to gain knowledge and understanding of culture is through first-hand experience.** FCX learned that something as innocuous as sitting down at a dinner table before being told where to sit is considered offensive to those from China and virtually every thought, word and action must be screened through a cultural lens. Cultural knowledge is a continuous learning process and not something easily mastered. FCX’s initial foray into China is illustrative of the importance of understanding a culture. In China, it is common to negotiate after signing a contract, and the Chinese do not like to do business with people until they consider you a friend. FCX’s first international sale occurred with a Chinese customer. The contract—typically the last activity in western culture, was only the beginning of the sales closing process in China. After the contract signing in China, representatives of FCX remained. After 2-3 days of waiting, they were called back and asked a few questions regarding the contract and its terms. After answering, the FCX executives returned to their hotel rooms and waited again. This process continued for several weeks. Eventually, FCX successfully completed the negotiation and landed a significant piece of business. When viewed through a cultural lens, this story makes perfect sense. The Chinese place great emphasis on a seller’s commitment, and FCX’s willingness to stick around and patiently negotiate was indicative of its commitment. Metsch has found beyond the traditional definition of culture, customer end application practices also vary significantly by culture. For example, in India, a firm must build in a 15% negotiation margin into its
prices. The traditional American way of selling “Here is what you want…” is tied directly to the U.S. culture and does not work well outside of the U.S.

The internet has fueled an explosion of information and data. However SME’s still find “one on one” contact and feet on the ground as the best source of information. While the internet has facilitated the ability to access vast amounts of information, both firms have found that their most valuable information comes from direct discussions with other people—often on location. Metsch learned about its substantially better product quality from a customer in England. Gaining real knowledge and understanding cannot be done remotely. In the case of Metsch, before deciding to enter a country, the executives will tour manufacturing foundries located in that country to observe quality control standards and manufacturing processes. If manufacturing foundries in that country were not sufficiently technologically advanced, it is unlikely a customer would pay a premium for Metsch’s product quality. Metsch continues to monitor markets and now is actively pursuing business in China and India. For example, Metsch recently returned from a trip to India. Just four years ago, the foundries visited by Metsch were exporting most of their product. Today, these same foundries have shifted to mostly domestic sales and expanding as fast as they can to meet the growing domestic demand—indicative of the growing strength of the Indian domestic market. That is why Metsch is focused on India—to get a piece of the "Nan" (Indian for "pie"). As these stories illustrate, these firms’ best source of information comes from other people and personal visits as opposed to published data, third party research or information available from the internet. The business of internationalization is inherently people driven and a successful international marketer recognizes the value of networking and establishing social networks—a phenomenon earlier identified by Zimmerman, Barsky and Brouthers [26].

Customer expectations in terms of supplier responsiveness have dramatically increased. SME’s are particularly challenged in responding to customer time demands due to more limited resources. Time frames have become greatly compressed. Whether due to technology (email etc.) or competition, buyers now expect immediate response to their needs. Metsch has found that if it does not respond to an RFP on the day it arrives, it is too late. By tomorrow, the buyers have already moved on. Success in international business requires an organization that is responsive, above all else. Buyers no longer wait.

SME international marketing success depends on discipline. Both firms have found their success in internationalization requires a strategic approach and the discipline to stick to that approach. Compared to larger firms with structured processes, frameworks and hierarchical decision making, SMEs tend to be more personality driven reflecting the values and styles of the CEO. Metsch and FCX have found an approach to internationalization that works for their respective organizations. Yet there is great temptation to ignore their plans. To the extent they have been successful is because they have had the discipline to stick to their plan.

3. Generalizing the findings

5.1 A Qualitative Study

The aforementioned insights where obtained from an in-depth study of Metsch and FCX and was exploratory in scope. As Fontana and Frey [23] state, in-depth interviews are preferred when trying to understand complex behavior without imposing any prior categorization, thereby limiting the field of inquiry. But how representative are these insights? In an effort to extend generalization of the key findings, we conducted additional research featuring a sample of 25 additional SMEs. While not statistically representative of the SME universe, this additional research shows the experiences and insights of FCX and Metsch are applicable to a broader group of SMEs.
An online survey was sent to approximately 100 SMEs drawn from directories obtained from West Virginia Export Council. Respondents were asked four open-ended questions about the internationalization process of their firms and given unlimited space to answer. The questions were:

- Please describe the challenges a firm faces when marketing its product/service globally?
- Have these challenges changed in the last five years? If so, how?
- What is the greatest problem that you have encountered when doing business globally?
- As you think about your global marketing experiences, what are the key lessons you have learned?

The open-ended questions allow respondents’ to share their “top-of-mind” perceptions, thoughts, and attitudes towards the challenges and problems of international marketing, and how these have changed on an unprompted basis. The responses provide a rich and nuanced view of the primary issues confronting international marketing. Of the firms sent an invitation to participate in the online survey, 25 surveys were returned—a 25% response rate. As shown in Table 1, the sample characteristics represented a broad cross section of SMEs in terms of company size (number of employees, firm age and years of international marketing experience).

The approach to interpreting the verbatim responses followed recommendations by Spiggle [24]. Responses were coded inductively and began with an impressionistic reading of the respondents’ answers. Next, a series of themes were developed reflecting a categorization of responses. Two of this article’s authors plus a third colleague, independent of the research team, coded the responses independently. In about 10% of the cases, the coding decisions disagreed and were resolved through negotiation.

The thoughts were coded around 11 separate themes:

- Political/legal/regulatory issues
- Customer needs/differences/requirements
- Marketing strategy/marketing mix
- International partners including agents/sales reps and distributors
- Distribution and logistics issues
- Culture and its role in international marketing
- Time pressures and the general lack thereof
- The need for patience in international marketing
- Issues relating to competitors
- The importance of trust in forming relationships
Table 1. Descriptive Statistics

<table>
<thead>
<tr>
<th>Sample Characteristics</th>
<th>Frequency</th>
<th>Percent</th>
</tr>
</thead>
<tbody>
<tr>
<td>Age of Firm (Years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-3</td>
<td>1</td>
<td>3.85</td>
</tr>
<tr>
<td>4-6</td>
<td>1</td>
<td>3.85</td>
</tr>
<tr>
<td>7-10</td>
<td>6</td>
<td>23.08</td>
</tr>
<tr>
<td>11-15</td>
<td>6</td>
<td>23.08</td>
</tr>
<tr>
<td>16-20</td>
<td>1</td>
<td>3.85</td>
</tr>
<tr>
<td>20+</td>
<td>9</td>
<td>34.62</td>
</tr>
<tr>
<td>% International Sales</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt; 10%</td>
<td>7</td>
<td>26.92</td>
</tr>
<tr>
<td>10-25%</td>
<td>7</td>
<td>26.92</td>
</tr>
<tr>
<td>26-50%</td>
<td>4</td>
<td>15.38</td>
</tr>
<tr>
<td>51-75%</td>
<td>3</td>
<td>11.54</td>
</tr>
<tr>
<td>76%+</td>
<td>3</td>
<td>11.54</td>
</tr>
<tr>
<td>Number of Employees</td>
<td></td>
<td></td>
</tr>
<tr>
<td>&lt;50</td>
<td>5</td>
<td>19.23</td>
</tr>
<tr>
<td>51-100</td>
<td>2</td>
<td>8.00</td>
</tr>
<tr>
<td>101-200</td>
<td>5</td>
<td>20.00</td>
</tr>
<tr>
<td>201-500</td>
<td>6</td>
<td>24.00</td>
</tr>
<tr>
<td>International Marketing Experience (Years)</td>
<td></td>
<td></td>
</tr>
<tr>
<td>1-3</td>
<td>3</td>
<td>11.54</td>
</tr>
<tr>
<td>6-10</td>
<td>6</td>
<td>23.08</td>
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<tr>
<td>10-15</td>
<td>3</td>
<td>11.54</td>
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<tr>
<td>15-20</td>
<td>1</td>
<td>3.85</td>
</tr>
<tr>
<td>25+</td>
<td>10</td>
<td>38.46</td>
</tr>
<tr>
<td>Job Title of Respondent</td>
<td></td>
<td></td>
</tr>
<tr>
<td>President, CEO</td>
<td>15</td>
<td>57.69</td>
</tr>
<tr>
<td>Marketing/Sales</td>
<td>7</td>
<td>26.92</td>
</tr>
<tr>
<td>Administration</td>
<td>1</td>
<td>3.85</td>
</tr>
</tbody>
</table>

In some coding situations a response was lengthy and reflected a number of different themes. In these cases, the response was broken down and, individual thoughts were coded separately. The coding categories were used to code responses across the four questions and combined into one singular ranking. In total, there were 125 separate thoughts generated by the 25 respondents across the four questions. The results of the coding and exemplar comments are shown in Table 2.
### Table 2. Coding of Qualitative Data

<table>
<thead>
<tr>
<th>Category</th>
<th>Number of mentions</th>
<th>Exemplar Comment</th>
</tr>
</thead>
<tbody>
<tr>
<td>Political/Legal/Regulatory</td>
<td>21</td>
<td>Companies who sell outside of the US are responsible for complying with US export regulations. The company should also be familiar with the importing regulations in countries where they plan to sell their goods and whether or not there are any free trade agreements between the two countries.</td>
</tr>
<tr>
<td>Customer Needs/Differences/</td>
<td>20</td>
<td>Satisfying buyers, sometimes their expectations are unreasonable.</td>
</tr>
<tr>
<td>Requirements</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Marketing Strategy</td>
<td>20</td>
<td>Integrating your domestic and international programs. Where are not organizationally set up correctly. Too much &quot;us versus them&quot; / Finding a suitable party to partner with to sell our products has been our first challenge. We try to find the right person/company who is knowledgeable about the customer base went to sell to and has experienced in that area and already has contacts and such. In most cases we do not have exclusive parties selling for us</td>
</tr>
<tr>
<td>Partners: Agents/Reps/Distributors</td>
<td>15</td>
<td>Information gathering has changed with the advent of the Internet and its use on a global scale. However, the requirement to physically see, experience and understand the market and the nuances is still a basic requirement and presents challenges in time, customer access and the ability to gather accurate information.</td>
</tr>
<tr>
<td>Information and</td>
<td>14</td>
<td>Logistics: finding the economical carrier and freight forwarder for the goods. / Crating of item: does the crate have to be heat treated and if so who is to build the crate.</td>
</tr>
<tr>
<td>Communication</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Distribution/Logistics</td>
<td>12</td>
<td>Foreigners have come to understand, and reluctantly forgive, the crass, crude, insensitive behavior of many from the United States. They do not forgive one who is egotistical. They do appreciate someone who has studied their history and understand, in depth, their culture and practice it.</td>
</tr>
<tr>
<td>Culture</td>
<td>9</td>
<td>The time cycle probably has shortened, as emerging markets are competing more in the developed markets where decision times are shorter, moving away a little from the relationship-centered transactions.</td>
</tr>
<tr>
<td>Time: Pressure/lack thereof</td>
<td>5</td>
<td>A person needs to be willing to adapt to changing situations, tolerant of other cultures, a skilled negotiator, patient, and confident in their product. A good sense of humor is also very important!</td>
</tr>
<tr>
<td>Patience</td>
<td>4</td>
<td>Know his product, Know his market, Know his competition</td>
</tr>
<tr>
<td>Competition</td>
<td>3</td>
<td>More than ever before, the business person must know when to politely walk away from a deal no matter how far along the negotiations have progressed. If you cannot establish a bond of trust with the other party, most particularly with the decision maker, you do not have a lasting deal.</td>
</tr>
<tr>
<td>Trust</td>
<td>3</td>
<td></td>
</tr>
<tr>
<td>Total thoughts</td>
<td>126</td>
<td></td>
</tr>
</tbody>
</table>

The unprompted comments from the respondents ranged from issues relating to the political/legal/regulatory matters to the importance of trust in international dealings. Much of the respondents’ comments are applicable or consistent with the insights gained from FCX and Metsch. A
brief summary of the results and how these results relate to the FCX and Metsch insights can be summarized as follows:

- Overall, comments relating to the political/legal/regulatory and customer needs/differences and requirements were the most popular mentions suggesting these are important challenges facing SMEs doing international marketing. Likewise distribution and logistics were the sixth most popular mention. Generally, political/legal/regulatory, customers’ needs/differences and distribution matters are country specific. One of the key insights gained from FCX and Metsch is the importance of first choice in terms of target markets. Whatever market is selected, there are profound implications for political/legal/regulatory, customer and distribution matters.

- Comments relating to marketing strategy were the third most popular mention. A number of respondents mentioned the need for discipline (as opposed to an opportunistic approach) in developing and executing a marketing strategy—something FCX and Metsch also found critical to their success.

- The survey respondents identified issues relating to international partners (e.g. sales reps, distributors and agents) as the fourth most popular mention. This reinforces insights from both FCX and Metsch who considered international partners to be very important and the choice of a partner to be a critical decision.

- There were 9 comments that specifically mentioned culture as a key challenge. This is consistent with one of the key insights from FCX and Metsch regarding the importance of understanding and appreciating culture.

- Finally, the remaining categories included time, competition and trust. While these categories were not as frequently mentioned by the survey respondents, they are consistent with insights gained from Metsch and FCX.

5.2 Knowledge, Skills and Capabilities of Global Marketing Managers

To meet these challenges in international marketing, it is vital for any firm to employ international marketing managers who are capable to deal with the dynamic global environment. Understanding what makes an international marketing manager effective not only help firms assess the efficacy of their international marketing talents, but also enable international marketing managers to benchmark themselves. We asked two additional open-ended questions in the survey we sent to the respondents.

- What skills, knowledge and capabilities does a global marketing manager need to be successful in marketing products/services in foreign countries?
- Have these skills, knowledge and capabilities changed in the last five years? If so, how?

There were 66 separate comments. Using the same coding scheme described above 54 of the comments (82%) can be categorized into one of the following themes (in roughly equal proportion):

Global marketing managers should:

1) **Have strong cultural sensitivity and extensive knowledge of the local culture** Successful global marketing managers have to have “a depth of knowledge and sensitivity of the culture of the market on a multi-faceted level.” Understanding the nuances of a foreign
culture help them avoid unnecessary situations, such as losing a deal due to “crossing ones’ legs during a meeting in Japan.”

2) **Have a solid understanding of the customers’ needs and how your product offerings satisfy these needs.** Having “a working knowledge of the needs of the marketing” is a must for global marketing managers to communicate the core offerings of their products.

3) **Have excellent networking/people skills.** Global marketing managers should have the “capability to connect with people,” establish a network in the foreign markets, and leverage on the relationships with key contacts. S/he has to “personally go where he expects the action to be, whatever the number of times, to build relationships with his major customers and his foreign salespeople.”

4) **Have extensive knowledge of the political and regulatory environment.** Global marketing managers need to keep up with the ever-changing political environment, custom regulations, taxes, duty fees, and “stay abreast of the status of any potential country or venue with the various U. S. regulatory agencies.”

5) **Be patient.** Global marketing managers need to understand that due to the complexity of international marketing and the large number of parties evolved, patience is truly a virtue. “Patience, patience and more patience” sometimes is the key to international marketing success.

6) **Be flexible.** Global marketing managers should understand that “one size does not fit all and be flexible to raid responses to subtle changes and actions.”

The remainder (12) included comments like “be fast on one’s feet and excellent situational awareness,” “strong knowledge of the production process and know the numbers well,” “impeccable manners,” “time management,” and “be detail-oriented when it comes with negotiation and contract-signing.” But these were so divergent as to defy easy categorization and were excluded from further analysis.

4. Conclusions and future research

Using an in-depth study of two SMEs and further validating their experiences with a qualitative survey of 25 SMEs, we identify the challenges SMEs face in the global marketplace, as well as knowledge, capabilities and key skills important to successful international marketing. The insights gained from this study can be summarized into two broad topics.

First, the business of international marketing, at least for SMEs is intensely people oriented. Knowledge of markets, customers, trends etc. primarily comes from word of mouth/face to face interactions as opposed to published data/research. Both companies credit their insights/knowledge and key decisions as being influenced by other people—typically located outside of the US implying a key capability for SMEs is having the ability to build resource networks. On a related note, both firms cited the importance of selecting the right partner—such as a distributor or sales rep and considered the key criteria in selection to be trustworthiness. As part of any discussion of people and resource networks is the notion of culture and across both firms and 25 other SMEs, an understanding of culture is a critical capability.

Secondly, the international marketing strategies of SMEs reflect an appreciation of the importance of first choice, information gathering (usually obtained from other people), the problems of opportunism and the need for discipline and a recognition that time is perhaps the most limited commodity.
Our research contributes to the literature on global SMEs by providing a valid basis for future studies. Though research on global SMEs is abundant, fewer studies explore marketing strategies SMEs adopt to meet the intense challenges in the global marketplace. Still fewer studies focus on how SMEs deploy comparatively restricted resources and strengthen their global capability to compete with larger firms in the global marketplace. A future step of this study is to explore what constitute a SME’s unique global capability and examine possible strategies for SMEs to utilize their recourses more efficiently and effectively.

Exploring the global marketing skills, knowledge and capabilities at the individual global marketing manager level marks another future direction of this study. Firms are facing ever-increasing challenges from a dynamic global environment. Global marketing managers play a vital role in scanning the global environment, exploring global opportunities, adapting product benefits to meet the diverse needs of customers from distinctive cultures, establishing networks and relationships with key customers, negotiating contracts and much more. Future studies can focus on identifying specific elements related to global marketing managers’ skills, knowledge and capabilities that are critical to a firm’s global performance. As such, the findings of this future stream of study can inform a global marketing manager about what specific knowledge, skills, relationships and capabilities that s/he needs to develop and nurture in order to enhance the firm’s global performance. Education programs and curriculums that focus on international marketing can also benefit from such studies and adopt the skill, knowledge and capability items as guidelines for designing their programs.

Future studies along these lines would provide greater insight into the challenges of global marketing management. Given the increased importance of global marketing for firms in all industries, research on marketing strategies for SMEs and global marketing manager capability is needed.

REFERENCES


