1992 IN THE MARKETING CLASSROOM

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Abstract

As Europe prepares for the date set for the abolishment of most internal tariffs, experts in the United States and Japan fear a "Fortress Europe" atmosphere developing. The countries of Europe see their empires retuming, this time in a position of power for world trade and others are afraid that this renewed European power might make for strong competition. European business professionals and the schools and universities that train them have been preparing for 1992 for several years now. However, while Americans fear the erection of external barriers to outside trading partners, most businesses in the U.S. are doing very little to prepare for this important date. This paper discusses the preliminary investigations of a survey of European business leaders, professors and students concerning the impending changes in Europe and suggestions as to what American universities can do to better prepare our business students for 1992.

Introduction

The introductory remarks at a recent conference concerning European Integration (Amsterdam, October 1986) were, "If the Japanese and the Americans are worried, we must be doing something right." As anyone familiar with Western Europe can attest, this statement was referring to the European Community's (EC) plans to fully form a true common market as of December, 1992. By that date, most internal tariffs will be dismantled and common external tariffs will be erected around the twelve member nations. Those who are preparing for 1992 not only face the world's largest consumer market in the world (over 320 million people), but increased clout in the world marketplace. Some, in the United States and Japan see the common external barriers as a form of "Fortress Europe."

However, many Europeans wonder if the U.S. and Japan are really worried enough. They see little effort by most Americans to understand what are the implications of unification. As one French sales director reported, when the president of the company traveled to his country from the United States recently, he was asked about American preparations for 1992. The American did not understand why the members of the audience had singled out this particular year for discussion. He indicated that the company had no particular plans for 1992 specifically.

But government and business professionals are not the only ones who have ignored the repercussions of 1992. Very little discussion of 1992 takes place in our classrooms. This is particularly disturbing at a time when colleges of business are attempting to meet AACSB (American Assembly of Collegiate Schools of Business) recommendations to internationalize curriculum. The study underway will attempt to compile information regarding issues of importance to American marketers concerning unification and to suggest how we can help prepare our students for the rapid changes occurring in Western Europe at this time.

Summary of Marketing Issues

Because the EC is comprised of many different languages and cultures, adequate and competent communication is a concern of those attempting to do business in Europe. Even the Japanese say that they prefer to do business with the Americans because of the problems of trying to reach so many different languages and cultures in Europe (Kamm and Nelson 1989). Since marketing is the communication function of business, many times the largest roadblocks with doing business with the EC are related to marketing.

An important area that will be affected by unification is the area of advertising. Marketers currently have trouble finding adequate time on European media because of a general lack of availability and many government owned networks which severely limit the amount and scheduling of commercial messages.

Another advertising issue concerns the use of cross-cultural campaigns. One can easily notice steps toward a "pan-European" market by observing the global television commercials shown in Europe. One example of such ads includes the commercial scenes with no dialogue and only voice-overs. With this type of commercial, the message does not change from one country to the next, only the narrative voice is translated. In the past, marketers might have attempted more of an individualized approach for each country.

Domestically, marketers realize that a large percent of the GNP is made up of the service industry. While those in this industry have long realized the importance of marketing skills and the need to be "service" oriented in the U.S., this orientation has not always played an important role for all Europeans. In fact, some report (Neher 1989) that the Italians and the Spanish are more service oriented than, say, the French.

Of course, those who rely on the industrial market use very little mass advertising. With these companies, reliance is on their industrial sales force and written communication. Changes in written communication will take such forms as a standardization of letter and envelope sizes to an emphasis on writing multilingual and pan-cultural strategic plans. According to Gupta (1989), international managers spend up to 60% of their
time in negotiations and negotiating styles differ from one culture to the next. Unfortunately, there does not yet appear to be a pan-European negotiating style and different protocols and procedures must be taken into account when communicating on a cross-cultural basis. Obviously, those cultures that do not stress knowledge of second and third languages (specifically, American and British) will be at a disadvantage. Researchers report a direct correlation between expertise with foreign languages and exporting success (Bebbbington 1989).

**Differences Within the EC**

Spain and Portugal are the two most recent members of the European Community and exemplify more Mediterranean characteristics than the northern members of the EC. Spain, specifically, appears to be plagued with many of the same problems regarding EC unification as its Latin neighbor, Italy. Both have achieved growing economies but still high levels of unemployment. Both also experience differences in economic prosperity between the north and the south of each country.

Many U.S. firms have discovered that it pays to build in one of these "Latin" members of the EC. Also, many inexpensive buy-out opportunities exist which provide inroads into the European market. Spain also is a convenient location by which to enter the north African market and the country has always maintained close ties with its neighbors across the Strait of Gibraltar.

Southern Europe has traditionally been a region of small to medium-sized businesses. The "mom and pop" stores may be quickly disappearing, but still represent a large percent of the total number of retail outlets. To better compete in 1992, many of these smaller firms need additional expertise. A good opportunity exists for small to medium-sized U.S. firms to join forces with colleagues in these countries to assure that all are ready for the changes that will take place in the next few years.

Labor costs are generally less than in northern Europe and many are taking advantage of this advantage and locating in the south, especially in Spain. Since external markets, mainly the U.S. and Japan, are concerned that they will be competing against protectionist external barriers come 1992, many are attempting to enter the EC as soon as possible. Entering through low-cost countries seems a logical road to follow.

**Methodology**

While many surveys of business people have been conducted worldwide concerning their opinions of changes that will take place as 1992 approaches, (for example, Kamm and Nelson 1989) few if any suggestions are made to help educators train those who will be competing in this new arena in the foreseeable future. The work in progress has two purposes: to survey European business professionals and educators regarding issues of particular interest to the research team and to elicit suggestions from these respondents regarding ways that those in academia in the U.S. can better prepare future American business people to compete in and with the European market.

The research is presently in the pretest stage. Students and professors from one of the leading business schools in Italy have served as respondents. Italy was chosen for reasons of convenience and because the country serves as one "Mediterranean" example of the EC. Comparing and contrasting the needs of problems of northern Europe with the south is of particular interest.

**Results**

While not necessarily representative of their countrymen, the pretest respondents' answers prove interesting. The majority of them believe that high-tech industries will benefit more than other industries with the changes that 1992 will bring. They believe that unification will force public institutions to become more "market oriented" and they strongly disagree with the statement that Japan's presence will decline in Europe after 1992. Half think that the ECU will be used as legal tender in all EC countries by 1992 and they are not sure whether unification will benefit the south's most underdeveloped regions or not. Respondents believe that the southern regions will prosper if they can improve the performance of the public sector.

The respondents are split evenly as to whether they believe that American students are prepared for 1992. Suggestions for improving American students' knowledge of European unification include studying the European countries not as single and isolated areas, but rather as one unified region of the world. They also feel that there should be more student exchange programs between the U.S. and Europe for business students.

**Suggestions for Educators**

Perhaps the foremost suggestion for improving American students' chances of competing in the European marketplace is to improve language training. America is quickly losing its image of being the Mecca for MBA training and those without a foreign language will have significant trouble with training in Europe. Schmutter (1989) reports that the European business schools have succeeded in carving a niche in the market of business education. Their flexibility and emphasis on international issues are enabling them to be strong competitors for even the best business schools in this country.
We must begin to internationalize our business training. In many cases, schools have started by emphasizing interdisciplinary majors and minors which include courses in political science, language, and history. Historically, an excellent way for students to gain international understanding has been with a study abroad program. Very few of these programs exist which are created for business majors. As the results of our survey indicated, Europeans believe that more of these programs would be very valuable.

Even within the business courses offered at home, many actions can be taken to better prepare our students. One is to simply improve the students' communication skills in English. When asked by employers for suggestions as to how graduating seniors can be better prepared for the working world, almost without fail, employers say to improve communication skills. We cannot expect our students to communicate in other cultural environments if they cannot communicate in their own. Also, English appears to be the "lingua franca" of international business. Those that speak it as a second or third language most likely have learned very proper grammar. If our people do not have an excellent command of their own language, they will reflect poorly on their companies and their companies' products.

Within the context of business courses we could decrease emphasis on theories and cases based solely on American research. While it is difficult to find cases that represent business situations outside of the United States, they are available to the professor who seeks them out. Those who write texts should specifically make an attempt to include cases and examples from firms of all nationalities from around the world, not just those depicting American companies doing business abroad.

More projects involving teamwork and negotiations would help prepare our students. The international manager spends up to 60% of his or her time in negotiations (Guptara 1989) and many of our students lack group skills.

Most of our graduates go to work for small or medium sized companies. Until recently, these firms were not entry chances for someone wanting a career in international businesses (Cundiff and Hilger 1988). However, many predict that the smaller businesses will be the ones to benefit the most from EC unification. Students should be encouraged to work for the smaller firms and pursue an international career.

A final point concerns an issue that the news media in the U.S. point out often--American students have extremely poor geographical knowledge. Our youth cannot identify states that are located on the other side of their own country from them, what alone identify different countries around the world. The results of this survey indicated that students should study Europe as a whole instead of the individual countries that comprise it. Many are afraid, however, that our students do not even have rudimentary knowledge of any of the individual countries.

All in all, U.S. businesses have no choice but to prepare for 1992, just as the twelve member states of the EC are doing. We can not afford to ignore the large marketing opportunities presented to us and at the same time, we must acknowledge that the competition presented by a unified Europe will be a challenge that we must meet. Understanding the benefits and pitfalls of doing business in all of the twelve countries will be essential and we must help our students to understand them as well.

REFERENCES


