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Utah State University

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INTERNATIONAL AGRIBUSINESS MARKETING IN A
TRANSNATIONAL ENVIRONMENT: PHASE II

by

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May 1997
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TRANSNATIONAL ENVIRONMENT: PHASE II

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DeeVon Bailey

ABSTRACT

This is the concluding report of a joint project between Utah State University, Texas A&M University, Oklahoma State University, and the University of Kentucky. The project developed curriculum for four complementary courses in international agribusiness marketing. This report details the project’s culmination and tells how these materials may be obtained.
Introduction

This project was designed to find an efficient method for disseminating teaching materials developed under Phase I. The materials were originally designed assuming that four courses in Agribusiness Marketing would be broadcast via satellite uplink. The four courses developed under Phase I and the institutions where each course was developed are as follows:

Awareness of Global Forces—Oklahoma State University
Analytical Skills for a Global Economy—University of Kentucky
International Agribusiness Marketing—Texas A&M University
Strategic Planning for International Marketing—Utah State University

The Phase I teaching materials represented a significant effort on the part of the four universities to develop a coordinated set of courses dealing with international agribusiness marketing. Funding was applied for but not provided to teach the courses by satellite. However, $18,787 was provided by USDA, Extension Service for Phase II, to explore alternative methods for disseminating these materials. Utah State University (USU) acted as the agent for the grant for Phase II with subcontracts being issued to Texas A&M University and Oklahoma State University (OSU) for specific tasks. The University of Kentucky chose not to participate in Phase II.

The project has been successful in making the materials available to a wide range of users. This has been accomplished in three ways. First, a web site was developed at USU (http://outown.com:80/IAM/), where most of the materials developed in Phase I are available. Second, the materials were used by Texas A&M University to teach a credit course during Fall
Semester 1996. The course was broadcast over the Trans Texas Videoconference Network (TTVN), and 60 students registered for the course. OSU provided videotapes that were incorporated in the Texas course. The OSU tapes included case studies of the Mexican beef and wheat markets and a video dealing with pricing strategies and concepts in international markets. Third, a set of videotapes was developed from the Texas course and a copy of these tapes is being provided to USDA, Extension Service.

Description of Materials and Dissemination of Materials for Phase II

The web site developed by USU provides course outlines for the courses including descriptions of the teaching modules as they appear in the Phase I teaching materials. An alphabetized topics list is also available on the home page where users can find the modules where particular topics are discussed. A glossary of international marketing terms is also included along with links to other related web sites. E-mail addresses for the persons who prepared the Phase I materials and a contact for ordering the Phase I materials and the videotapes are also found on the web site.

The videotapes include almost nine hours of instruction and are taken from the Texas A&M course (AGEC 452) and video segments provided by OSU. Topics covered in the videotapes include the following:

Tape A:
- Freight Forwarding Documentation 49:11
- Pricing/Payment 35:05

Tape B:
- Market Entry/Distribution 1:18:20
- Advertising/Promotion 31:53

Tape C:
- Joint Ventures and Strategic Marketing Management 53:22
Tape D: Exchange Rates 2:00:00

Tape E: Cross Cultural Analysis 35:47
GATT 1:00:36

Tape F: PTA's 20:01
NAFTA/Mexico 50:32

A syllabus for the course is attached and lists the topics included in the full course. The syllabus and other information about the course are also available on a web site at http://www.ipt.com/intlagmktg/classmat/485syl.htm. This course will continue to be taught at Texas A&M University.

The videotapes and Phase I materials have been and will continue to be used in courses and extension work in Texas, Utah, Oklahoma, and other states that wish to receive the tapes and materials. For example, an undergraduate international agribusiness degree has been developed at USU during the past two years. Curriculum developed to support this degree at USU will use the Phase I materials. Information from the videotapes and Phase I materials has been used in Utah to train county agents and advise farmers about international agribusiness marketing issues and policies.

Other Activities Associated with the Project

Funding for the Phase I portion of this project encouraged the development and funding of the International Agribusiness Internship Center (IAIC) at USU. The Center serves as an electronic clearing house of internship information between international agribusiness firms and students seeking internships. A web site has been established for the IAIC at http://www.usu.edu/~iaic/. This site is averaging about 100 “hits” per month. So far, we have provided information and aid to approximately 200 students seeking internships, and have placed interns in Thailand and the United
States. We plan to place an intern in the Philippines this summer, along with interns with agribusinesses in the United States.

USU and the University of Kentucky are also participating with other universities in the United States and the European Union (EU) to develop a graduate degree in agribusiness. This degree would require students to complete coursework in both the United States and the EU for the degree. USU’s contact and involvement in this project grew out of its involvement with the IAIC.

Conclusions

The project has successfully positioned the products developed in Phase I so that they are accessible to a large number of potential users, thus meeting the objectives of the project proposal. A web site for the Phase I information has been developed and ongoing courses, which use the material, have been established (e.g., AGEC 452 at Texas A&M, and the materials have been incorporated into courses at USU in courses such as Economics 503). Videotapes have been developed from the Texas A&M course and case studies from OSU. Copies of the videotapes are being provided to USDA, Extension Service as part of this final report and are also available from Dr. Parr Rossen at the Department of Agricultural Economics at Texas A&M. The project has also led to other educational activities at the universities involved in this project which are related to international agribusiness marketing.
Instructor
Teaching Assistant
Course Description
Course Objectives
Text Book
Grading
Exams
Project Teams
International Agribusiness Marketing Plan
Homeworks/Case Studies
Class Participation Policy
Attendance Policy
Internet, E-mail, and the class Web page
Section I: Foundations in International Trade and Agriculture
Section II: Intrafirm Decision Making in a Global Setting

Instructor

Dr. C. Parr Rosson, III
464A Blocker Building
Phone: (409) 845-3070
Office Hours: 8:30-10:30 a.m. Monday, Wednesday, and Friday. I have an open door policy for students; when I'm in you can certainly get to see me or you can arrange another time which better fits your schedule.
Phone and E-mail Office Hours: 8:00-9:00 a.m. Monday, Wednesday, Friday, or by appointment.
Course Description

This course is designed to develop basic competencies in international marketing of food and agricultural products. Major markets and international competition are highlighted. Impacts of U.S. agricultural trade policies and exchange rates on agriculture and intrafirm decision making are discussed. Major topics include the formation of strategic alliances, market entry strategies, business ethics, pricing and terms of sale, methods of payment, trade finance, cultural analysis, market promotion, and the use of Foreign Trade Zones and Foreign Sales Corporations. Emerging markets, the North American Free Trade Agreement (NAFTA), the Uruguay Round Agreements (URA) of the General Agreement on Tariffs and Trade (GATT), and using the Internet and World Wide Web for intrafirm decision making are emphasized.

Course Objectives

1. Develop the ability to employ critical thought and analysis to international marketing problems and issues.
2. Develop an understanding of trade theory, trade policy, and the interaction between exchange rates and trade.
3. Learn the basic international marketing principles and practices.
4. Understand the role international institutions and their importance to U.S. agribusiness.
5. Understand the importance of globalization and its relationship to intrafirm decision making.
6. Become familiar with the Internet and the World Wide Web as a tool in international agribusiness marketing.
7. Improve communications, interpersonal skills, and team building skills.
Texts


International Agribusiness Marketing. Class notes ($25)

Grading: (All numbers are a percentage of total grade equaling 100 percent)

<table>
<thead>
<tr>
<th>Assignment</th>
<th>Percentage</th>
<th>Points</th>
</tr>
</thead>
<tbody>
<tr>
<td>Exam 1</td>
<td>15%</td>
<td>150</td>
</tr>
<tr>
<td>Exam 2</td>
<td>15%</td>
<td>150</td>
</tr>
<tr>
<td>Final exam</td>
<td>20%</td>
<td>200</td>
</tr>
<tr>
<td>Marketing plan</td>
<td>20%</td>
<td>200</td>
</tr>
<tr>
<td>Homework/case studies</td>
<td>20%</td>
<td>200</td>
</tr>
<tr>
<td>Participation</td>
<td>10%</td>
<td>100</td>
</tr>
<tr>
<td><strong>Total</strong></td>
<td><strong>100%</strong></td>
<td><strong>1000</strong></td>
</tr>
</tbody>
</table>

Exams

Exams 1 and 2 will be 150 points each and represent 30 percent of your total course grade. The final exam for TAMU students is scheduled for Friday, December 13, 1996, from 12:30-2:30 p.m. Students from institutions other than TAMU will take their final exams at their own designated times and places. The final will be comprehensive. Any makeup exams will be given to students with absences considered excused under Texas A & M University System Regulations.

Project Teams

To improve interpersonal skills and communications and to enhance team building, each class will be divided into project teams (PT), which will consist of no more than six people. Each PT will choose an initial project team leader (PTL) who will be responsible for ensuring that assignments are completed and submitted on time. The PTL will be the primary point of contact between the team and the instructor/teaching associate. The PTL position will be rotated so that each person on the team has the opportunity to be the leader at least once.
International Agribusiness Marketing Plan

An international agribusiness marketing plan will be required of each project team. One marketing plan will be developed by each PT, and one grade will be assigned to the team based on the finished plan. The marketing plan should follow the prescribed format which will be handed out and also is explained on pages 49-55 of the text. Remember, this is an international marketing plan so, even though the outline is an export plan, you can still design a plan for importing, joint venture, foreign production, licensing, or some other type of international operation. The design, content, and specific sections/layout of the marketing plan will be determined by each project team. The instructor and teaching associate will provide input/suggestions if needed, but the final marketing plan should be the finished product of each project team and reflect their collective imagination and creativity. Each project team must submit one hard copy of the final plan to Christina no later than December 13, 1996. Examples of previous marketing plans will not be handed out to serve as “guides.” Your task is to: “create something from nothing.”

Homeworks/Case Studies

Five homeworks or case studies will be assigned throughout the semester; each case will be worth 40 points. Each assignment will be completed by your designated project team, and one set of answers for each project team will be turned in for grading. Each case will be discussed during class, and all teams should be prepared to discuss their answers if called upon. When a PT is called upon to discuss results, analysis, or conclusions, they should be prepared to provide no more than a three (3) minute overview of their findings, meaning that some rehearsal will be required. The PTL does not necessarily have to present the results. Other team members are encouraged to participate. Other PTs will then be called upon to rebut, support, or discuss their conclusions. No prior announcement about which team will be called upon first will be made. One grade will be assigned to each team for both the written answers and class discussion.

Participation Grade

Your participation grade will be determined by your peers based on your contributions to the case studies, the marketing plan, and other project team activities. Students will be given evaluation forms for each member of his/her project team, which will be turned in along with each of the assignments.

Attendance and Class Participation Policy

There is a strong positive correlation between class attendance, participation, and grades. About 65-75 percent of the variation in grades is explained by being in class and paying attention to the
lectures and reading materials. You may miss class if you want to, but keep in mind it will more
than likely be reflected in your grade.

Internet, E-Mail, and the Class Web Page

All homework/cases and marketing plan updates will be submitted via Internet. Each PT will
E-mail one set of answers to be graded. Reviews for exams and selected other materials will
also be available via Internet on our home page at http://www.ipt.com/intlagmktg/. If you don't
have access to e-mail or Internet, let us know immediately so that other arrangements can be
made.

During E-mail office hours, you may ask questions or make comments about the course and get
an almost immediate response from Dr. Rosson or Christina. Outside of these hours, E-mail will
be responded to as soon as possible. The E-mail address is: C-Rountree@TAMU.EDU.

All material in this syllabus is subject to change, and students are responsible for contacting the
instructor or teaching assistant for the changes if they were not in class when new materials were
provided.
# Section I: Foundations in International Agribusiness Marketing and Trade

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>Sept. 3</td>
<td>Course Introduction/Use of Trans-Texas Videoconference Network (TTVN)</td>
<td>International Marketing Practices, go over International Marketing Plan outline, page 55. Start to work on cases 1 &amp; 2 now. Syllabus, introductions, class handouts, introduction to international trade and agriculture</td>
</tr>
<tr>
<td>Sept. 5 &amp; 10</td>
<td>Overview of U.S. Agricultural Trade and Review of Economic Concepts</td>
<td>Chapter 1 and Glossary, discuss Leaflets 1 &amp; 10, Sharples article “Food Crisis”</td>
</tr>
<tr>
<td>Sept. 12</td>
<td>Trade Theory and Protection From Trade</td>
<td>Chapters 2 &amp; 3 (pp. 29-36 &amp; 40-6), Hertel article “Trade is a Two-Way Street”; Case 1-96: “Does Free Trade Kill Good Jobs”</td>
</tr>
<tr>
<td>Sept. 17</td>
<td>Agricultural Trade Policies of the United States</td>
<td>Class notes and Chapter 3, Leaflet 6</td>
</tr>
<tr>
<td>Sept. 19</td>
<td>Exchange Rates, Agricultural Trade, and the International Monetary System</td>
<td>Class notes, Leaflet 5</td>
</tr>
<tr>
<td>Sept. 24</td>
<td>Exchange Rates, Agricultural Trade, and the International Monetary System</td>
<td>Class notes, Leaflet 5</td>
</tr>
<tr>
<td>Sept. 26</td>
<td>International Institutions</td>
<td>Class notes, World Trade Organization/GATT, World Bank, International Monetary Fund, and the European Monetary System</td>
</tr>
<tr>
<td>Oct. 1</td>
<td>Preferential Trading Arrangements</td>
<td>Class notes, Leaflet 8, “The MERCOSUR Marriage” article</td>
</tr>
<tr>
<td>Oct. 3</td>
<td>Results of the Uruguay Round Agreements (URA) of GATT, the World Trade Organization, and Impacts on U.S. Agriculture</td>
<td>Class notes, Leaflet 7, Case 2-96: Economic Concepts and Exchange Rates</td>
</tr>
<tr>
<td>Oct. 8</td>
<td>Overview of the North American Free Trade Agreement</td>
<td>Class notes, Leaflet 9</td>
</tr>
<tr>
<td>Oct. 10</td>
<td>Exam 1</td>
<td><strong>Draft Outline of International Marketing Plan Due</strong></td>
</tr>
</tbody>
</table>
## Section II: International Agribusiness Marketing Principles and Practices

<table>
<thead>
<tr>
<th>Date</th>
<th>Topic</th>
<th>Material</th>
</tr>
</thead>
<tbody>
<tr>
<td>Oct. 15</td>
<td><strong>International Strategic Alliances, Marketing Management &amp; Joint Ventures</strong></td>
<td>Class notes, PBI Video</td>
</tr>
<tr>
<td>Oct. 17</td>
<td><strong>International Distribution, Market Entry &amp; Importing</strong></td>
<td>Class notes, Chapter 7</td>
</tr>
<tr>
<td>Oct. 22</td>
<td><strong>Freight Forwarding &amp; Documentation</strong></td>
<td>Class notes, Chapter 14, <strong>Case 3-96: Western Hemisphere Free Trade</strong></td>
</tr>
<tr>
<td>Oct. 24</td>
<td><strong>Business Ethics: Social Responsibility and Corporate Survival</strong></td>
<td>Class notes and Latin trade article, “Corruption in Latin America”</td>
</tr>
<tr>
<td>Oct. 29</td>
<td><strong>Terms of Sale, Pricing, and Price Quotes</strong></td>
<td>Class notes, Chapter 7</td>
</tr>
<tr>
<td>Nov. 5</td>
<td><strong>Payment, Finance, and Export Credit and Insurance</strong></td>
<td>Class notes, Chapter 8 (pp. 94-6) and Chapter 12</td>
</tr>
<tr>
<td>Nov. 7</td>
<td><strong>Cross-Cultural Analysis and Market Promotion</strong></td>
<td>Class notes, Chapter 6</td>
</tr>
<tr>
<td>Nov. 12</td>
<td><strong>Culture Game</strong></td>
<td></td>
</tr>
<tr>
<td>Nov. 14</td>
<td><strong>Foreign Trade Zones and Foreign Sales Corporations</strong></td>
<td>Class notes, Chapter 15, <strong>Case 4-96: Ethics, Culture, and International Operations</strong></td>
</tr>
<tr>
<td>Nov. 19</td>
<td><strong>International Promotion and Advertising</strong></td>
<td>Class notes, Chapter 13, Blue Diamond video</td>
</tr>
<tr>
<td>Nov. 21</td>
<td><strong>Exam II</strong></td>
<td>Only material in Section II</td>
</tr>
<tr>
<td>Nov. 26</td>
<td><strong>The European Union, The Common Agricultural Policy and Former Soviet Union</strong></td>
<td>Class notes, Infanger article, “Reforming Russia’s Agriculture,” <em>Journal of Commerce</em>: “EU Prepares to Launch EURO,” and “Russia Bistro”</td>
</tr>
<tr>
<td>Dec. 3</td>
<td><strong>China and the Emerging Pacific Rim</strong></td>
<td>Class notes, Hertel article: “China Syndrome” and video</td>
</tr>
<tr>
<td>Dec. 5</td>
<td><strong>Operating in Mexico and Overview of the Mexican Market</strong></td>
<td>Class notes and <strong>Case 5-96: International Strategies and Market Entry</strong></td>
</tr>
<tr>
<td>Dec. 10</td>
<td><strong>Brazil and Economic Transformation</strong></td>
<td>Class notes and video</td>
</tr>
<tr>
<td>Dec. 12</td>
<td><strong>Reading Day</strong></td>
<td>No classes</td>
</tr>
<tr>
<td>Dec. 13</td>
<td><strong>FINAL EXAM, Friday, December 13, 1996, 12:30-2:30 p.m.</strong></td>
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</table>