Educator Insights:
International Marketing Blunders Revisited—
Some Lessons for Managers

International marketing blunders represent avoidable mistakes made by companies in foreign markets. While there exists a well-developed literature of blunders committed abroad by firms from the United States, very few such tales have been reported from other countries. This article is a collection of new cases, compiled from a variety of sources and featuring numerous companies operating in various parts of the world. A framework for analyzing international marketing blunders is offered, along with managerial implications.

The use of real-life business scenarios in management training has a long history extending back to the very early years of formal business education. Stories relating business successes have been widely used in textbooks and other training literature to demonstrate the application of various methods for solving particular business problems. Similarly, several authors have relied upon management failures and mishaps as vehicles for providing insights and lessons for future business action. Durand and Durand (1968) provided one of the earliest examples of this approach in their book The Lessons of History. This was followed by Van Fleet’s 1973 work The 22 Biggest Mistakes Managers Make. Ricks, Fu, and Arpan (1974) also focused on international business blunders. Hartley (1975) followed this tradition by analyzing marketing mistakes in the United States. Ricks’ (1983) more recent book Big Business Blunders contained numerous well-publicized multinational marketing blunder cases. Shanklin (1986) contributed to this stream with his article “Six Timeless Marketing Blunders.” Most recently, Makridakis (1991) evaluated issues of corporate failures by examining the nature of the mistakes and suggesting lessons to be learned in order to avoid costly mishaps.

According to Ricks et al. (1974), a blunder occurs “if the management problem was foreseeable, but a solution was either poorly prepared or entirely overlooked, and a significant, negative result was obtained.” For the purposes of this study, a blunder is defined as an ‘avoidable mistake’ or ‘failure’ caused by carelessness, poor judgment, incomplete analysis, or ignorance. This definition is consistent with that of Makridakis (1991) who notes that blunders are usually accepted as “less serious failures than complete bankruptcies.” Because of their avoidable nature and association with gross

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misjudgment, blunders often emerge as humorous business stories. Blunders, to the extent that they reflect real-life cases, may also arouse student and managerial interest through the use of humorous perspectives on business. While much of the literature has focused on the foreign blunders of American firms, such mishaps occur just as commonly among firms from other lands. Indeed, companies from all over the world have contributed to the growing collection of marketing blunders.

**Blunders as Teaching Tools in Business Education**

By studying real-life examples, students and managers alike may learn from others' mistakes, and avoid similar mishaps. As one proverb states: "Smart people learn from their own experience, but wise people learn from the experience of others." In this regard, Hartley (1975) has suggested applying the training system in which football players prepare for play by reviewing films of past games. He concludes that, in the business context, by examining the reasons for failures, firms can minimize the likelihood of future errors. Popper (1988) supports the view that mistakes should not be denied or swept under the carpet. Instead, they should be singled out for study, publicized within the organization, and made the basis for learning. He concludes that even the best experts are not infallible; all progress, all growth of knowledge includes learning from our mistakes. Makridakis (1991) proposes creation of a "museum of failures" where failures could be studied with the aim of helping future generations learn how to avoid similar ones. Nevertheless, Lorenz (1994) observes that few organizations make a serious attempt to analyze the lessons of their own recent successes and failures.

Despite the importance of learning from mistakes, cultural barriers and value systems often hinder the acknowledging of past mistakes. In many cultures, there seems to be tacit resistance to admission or acceptance of mistakes and blunders. For example, a Dutch expression says "Do not hang your dirty laundry outside your window," and a Turkish proverb states that "Even if a mistake were a silk dress, nobody would wear it." Because of the attitudes reflected in these statements, many potentially valuable blunders are never revealed to the public.

**New Additions to the Blunders Collection**

Several authors have offered various histories of business blunders. Ricks (1983) has gone so far as to classify them into the following categories: adoption, name, promotion, translation, strategy, and market research. A more comprehensive framework for examining marketing blunders is proposed in Figure 1. In this framework, blunders related to defects of strategy are distinguished from those that occur as a function of environmental factors.

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Many types of blunders result from ignorance of cultural and other macro-environmental variables. If international marketers are misinformed about the cultural characteristics of foreign markets or lack sufficient information regarding macro-environmental factors, they may stumble into blunders unintentionally. Blunders related to international strategy occur at varying phases of strategy development and implementation. They may be grouped under either off-target blunders or mismatched marketing mix blunders. This group generally reflects errors or inappropriate actions during the preparation, implementation, and control of marketing plans in international markets. Whenever managers rely too heavily on past experience in the home market for guidance abroad, errors proving fatal to the international venture often result.

The primary objective of this study is to highlight patterns of factors giving rise to international marketing blunders. The following cases are a selection of unpublicized blunders involving countries and markets that typically receive little attention in traditional case studies. Six of them originate from the Netherlands, one from Turkey, one from a North European country, and the last from Iran. Some of the Dutch cases were previously discussed in a book published in Dutch by one of the co-authors (Zuurhout and Heijblom 1988). In the data collection process, information on turnover, profit and loss, and other company details could not be obtained. In some cases, real company names are disguised.
Case 1: DAF Trucks of the Netherlands in the Saudi Market

DAF Trucks, a major Dutch vehicle manufacturer, believed that there were opportunities for expansion outside Europe. After comprehensive desk-and field-research, the company decided to enter the Saudi Arabian market with its standard line of trucks. However, after several years of hard work and marketing effort, sales proved to be very disappointing. Subsequently, a thorough investigation of truck-buying behavior in the Saudi market revealed some remarkable facts. First, it appeared that Saudi truck owners have a great loyalty for the leading brand of German trucks—Mercedes. Second, it became apparent that Saudi buyers prefer trucks that have 'torpedo' type fronts to those with 'flat' fronts. Although Daf had set up an extensive dealer network with modern service facilities, it became evident that truck owners preferred the services of the older, smaller service stations that they were already familiar with. The older, smaller service stations were perceived as more flexible and employing more friendly mechanics. By contrast, the service stations that Daf had established were seen as too formal and inflexible. Finally, the new Daf trucks were equipped with two front seats instead of the four that were standard in the German models. Saudi truckers have a habit of carrying a number of passengers and family members in their driver cabs and the limited seating made that factor a disadvantage for the company.

Case 2: Fomabo Buildings in Malaysia

Dutch building company Fomabo agreed to form a strategic alliance with two Malaysian companies to build prefabricated housing in Malaysia. Following numerous bureaucratic delays in obtaining the proper licenses from regional authorities, the green light was finally given and the first group of houses was built. However, sales soon proved discouraging and subsequently the reasons for this were uncovered. It turned out that the walls of the Fomabo houses were made of reinforced concrete, just like those in the Netherlands. Traditional Malaysian houses, however, were made of wood, a feature that permitted Malaysians to hang pictures and other objects on their walls. Naturally, it was difficult to hammer nails into the concrete walls of the new ones. Not only did this require home buyers to obtain boring tools in order to decorate their homes, but the general “feeling” of the new homes was perceived as less comfortable than that of traditional housing. Finally, given the abundance of cheap labor in Malaysia, the cost advantage of prefabricated building technology did not provide any new perceived benefits. These basic problems, some embedded in traditional Malaysian culture, ultimately forced Fomabo out of the market.

Case 3: Marli Netherlands in the Philippines

Marli Netherlands is the Dutch subsidiary of Medilite Inc., based in the United States. The company wished to introduce portable electrocardiogram equipment into the Philippines...
for use in treating people with heart ailments. From the very beginning, the firm studied the market very carefully and planned a detailed distribution system. However, in spite of these efforts, sales never reached planned targets.

Eventually, it was discovered that the performance of the highly sensitive medical equipment was impaired due to high humidity and heat in the Philippines. Apparently, the effect of the tropical climate had not been accounted for prior to the product's launch. Standard product policy did not work in this new market. An adaptation was necessary before market entry, but the company had not anticipated this basic necessity. Consequently, Marli Netherlands had to reconsider its product policy for international markets. The company subsequently engaged in product adaptation and re-entered the market. The new strategy required eliminating negative perceptions lingering from the initial product launch. Ultimately, regaining customer confidence proved to be a difficult task and sales were negatively impacted for some time thereafter.

Several Dutch companies in the agricultural sector created a joint venture for the purpose of entering the U.S. market. The new company, Dexx International Inc., planned to market greenhouses to Americans. The company sponsored a detailed market analysis and formulated a comprehensive marketing plan. Much to their dismay, sales were disappointing and the efforts did not yield the expected success. Specially commissioned customer research revealed that Dutch greenhouses were technologically too advanced for the American market. Dexx International's greenhouses were equipped with computer controlled timers, humidity analyzers, heat controllers and solar energy panels.

The greenhouses that Americans were already using were less sophisticated and more user-friendly. They tended to be practical and provide only the essential benefits with relatively inexpensive price tags, while not requiring detailed user instructions. American buyers found Dexx International's greenhouses to be impractical, too complex, and requiring major commitments of time and attention. In addition, the high distribution costs required to cover a vast geographical area contributed to the failure of Dexx International in the U.S. market.

Following the fundamentalist revolution in Iran, the new Islamic government nationalized all major companies. Among them was a razor manufacturing firm operating with a British license. The company had been using the brand name Tiz, which means 'sharp' in the local language. The brand name had enjoyed good customer acceptance in Iran with its sharp
image. In the mid-1980s, in response to the government's foreign currency deficit—a consequence of the war with Iraq—the company was encouraged to mount an export drive. It targeted the most obvious market, the nearest and the richest one, Qatar. This country is a part of the United Arab Emirates and uses the Arabic alphabet. The first shipments of Tiz were made after an agency and distribution agreement was finalized with a local importer. Soon after the product launch in Qatar however, the distributor realized that the Persian brand name Tiz was creating some serious problems with customers. It was discovered that the brand name's connotation in Arabic slang referred to “passing wind.” Following numerous frantic telephone calls between the manufacturer and the distributor, all razors with the Tiz brand name were recalled and re-shipped to Iran. The company then chose a different brand name, Muqdam, meaning “hero” in Arabic. This new brand name received a much more favorable reception in Qatar.

Case 6: A U.S.-Turkish Joint Venture for Producing the Yellow Pages

A U.S.-based company in the business of telephone directory production set up a joint venture in Turkey with a Turkish firm. The new firm prepared and printed special telephone directories for every city in the country. In the new telephone directory for Bolu, a city located halfway between Ankara and Istanbul, a prominent businessman's last name, “Tarak,” was misprinted as “Yarak.” “Tarak” means “Comb” in Turkish, while “Yarak” is the Turkish slang for male genital organ. As a result of this error, the prominent businessman of Bolu was, much to his displeasure, the subject of jokes for some time thereafter.

Although typographical errors are common in the printing business throughout the world, it is important to be sensitive to the characteristics of the language of the country of interest. In this case, special attention should have been paid both during the typing and proofreading stages of the printed material, since the core business of the joint venture was printing. In part as a result of the above mishap, the company is no longer in the yellow pages business in Turkey.

Case 7: Neerlandia Exports Milk Powder to Africa

The Dutch milk powder producer, Neerlandia, had been exporting milk powder to some African countries in tin boxes. During a cost-cutting drive, company management decided to change the packaging of milk powder from aluminum cans to alu-packs made of aluminum foil. An importer in one of the African countries did not have a favorable response to this change. First, local customs officials became suspicious of the content of these new alu-packs, believing that they contained illicit drugs. Customs officers satisfied themselves as to the actual contents of the alu-packs only after an intensive series of inspections. However, once cleared through
customs, the company faced a new problem with its customers. It seems that buyers, subsequent to consuming the powdered milk, had been using the tin boxes of the previous packaging as vessels for boiling water and preparing food, and even as building blocks. Hence, not only were customers unfamiliar with the new alu-pack containers, they were displeased to find that the milk powders were no longer packed in tin boxes. Following a period of reduced sales, Neerlandia discontinued the alu-packs and reverted to the former reusable tin box packaging.

Tempttechnology B.V., a Dutch subsidiary of a U.S. company, had been selling ‘temperature sensors’ to industrial consumers in Europe, primarily to automobile and spare parts manufacturers. It had established its European marketing headquarters in the Netherlands in 1975 and, in its local selling efforts, continued to rely on the original U.S. standards originally embedded in its products. All marketing plans were based on an early forecast that had estimated the market demand for temperature sensors would triple within five years. In following these plans, Tempttechnology established distribution networks in Germany, France, and the United Kingdom, investing substantial efforts and resources into entering these markets.

However, in spite of these actions, the actual market response to Tempttechnology’s products proved far different from what had been forecast. Growth in sensor sales turned out to be rather modest. To complicate matters, it was only well into the launch that Tempttechnology realized that its U.S. product norms did not apply in all European markets. At that time, ISO-9000 standards were not yet adopted in Europe and Germany, France, and the UK were each operating according to their own, non-harmonized standards. Finally, forecasts regarding the size of European industrial customers had substantially overstated actual conditions. Ultimately, all these problems combined to doom the Tempttechnology venture.

A well-known North European brewer engaged in a special promotional campaign during the 1994 World Cup soccer tournament. Among other activities, the company had the flags of all the countries qualifying for World Cup Finals imprinted under the bottle cap of their leading brand of beer. Among the numerous flags portrayed was that of Saudi Arabia, which depicts a holy verse from the Koran, the holy scripture of the Muslim religion. In response to this, Muslims from all over the world reacted angrily to the fact that holy verse was associated with alcoholic beverage. Subsequently, the brewer had to recall all bottles and discontinue its promotion. A simple cultural oversight led to considerable embarrassment and customer disappointment.

Case 8: Tempttechnology B.V. of the Netherlands in the Temperature Sensors Market

Case 9: A Large Brewery Encounters Cultural Troubles
The cases presented in this article reveal numerous problems common to international marketing. As indicated in Figure 1, most international marketing blunders derive from two broad causes: macro-environmental factors and causes that relate to firms' international business strategies. Some of the macro-environmental factors related to blunders can be traced to misinformation. Sometimes, through failure to understand local culture, traditions, customs, and values of the host markets, the marketing decisions of international firms turn out wrong. Many misinformation blunders take place during translations. A concept or word in one language may not translate exactly to the language used in the foreign market. Instead of translating literally, trying to find words that mean the same things should be encouraged. In some cases, managers fail to recognize the differences between the host country and the home market. They tend to view matters from their own cultural perspectives. According to Lee (1966), a person makes decisions with an unconscious reference to his or her own cultural values, experiences, and knowledge, and may be hampered by the "Self Reference Criterion (SRC)." It may be concluded that the SRC can sometimes impede a manager's ability to assess a foreign market in its true light. Another problem may occur when the marketers are blinded with their ethnocentric attitudes against the foreign nationals. This attitude may also prove to be a disaster for some international marketers.

Some of the blunders related to international business strategy may be caused by off-target marketing. These represent selection of wrong markets or wrong modes of entry into foreign markets, as well as unrealistic or inappropriate marketing objectives. One may not have enough insight into the needs and wishes of the buyers or sometimes may target wrong groups of customers. Poor knowledge of customers' present and potential needs, inability to develop value positioning, and failure to understand the critical success factors of competitors can lead to poorly defined and occasionally unattainable marketing objectives.

Other blunders may be brought about by poor planning and implementation of the marketing mix. A wrong product policy, an inappropriate distribution channel, an unqualified distributor/agent, poorly conceived promotion, poor packaging, inappropriate brand name/trademark are among the culprits. In other cases, early warning signals from the market are neglected. Time-sensitive issues of the local market environment are not clearly grasped by managers. Actions are taken either too early, or too late.

Finally one must not forget the role of unavoidable 'coincidence' and 'surprise' elements of business life. Unexpected events may happen anytime and companies may be caught unprepared.
One of the lessons international marketing strategists should not forget is that any strategy should expect the unexpected and should include necessary contingency measures. This may require strategies for damage control and containment.

While many go unpublicized, it is our contention that mishaps, mistakes, oversights, and serious blunders occur at an alarming rate in international business. Such cases are cause for concern, as blunders are costly affairs. Companies bear the cost of blunders in a variety of ways: embarrassment, lost customers, legal/ethical consequences, missed opportunities, costly damage control/containment, and impaired company/personal reputation.

The following are suggestions on how to avoid such costs and prepare international marketing managers to act proactively.

Don't Be Over-Confident or Over-Optimistic About the Potential of Your Product. Never be too optimistic about your products. Demand may be elusive and may never be realized. Even excellent quality products or services may not find good reception in many foreign markets. In some countries, price can be a more important factor than excellent quality. Customers may opt for medium-quality products offered at low prices. Terms of payment and credit policies may also play an important role. The wise executive attempts to position the product so as to offer added value to customers.

Don't Overlook the Importance of Learning in International Markets. While working in new, unfamiliar markets, don't underestimate the potential differences. Your past methods and successes do not necessarily guarantee superior performance. Be observant, careful, and respectful of the new environment and its socio-cultural and legal characteristics. Fresh analyses and approaches with an objective perspective are always helpful. Avoid arrogance and self-righteous attitudes.

Avoid Ethnocentrism. Putting yourself in the shoes of business partners, customers, suppliers and foreign staff is always a good idea. Your ideas may not always be the best. Try to remember that your own compatriots may not be the star performers for every job. Avoid ethnocentric staff selection procedures. Companies that have relied exclusively on expatriate personnel are likely to run into troubles. Local staff can be instrumental in interpreting market signals and guiding you through turbulent waters. Do not forget to compensate your local employees fairly in comparison to expatriates.

Avoid the Self-Reference Criterion (SRC). Lee's (1966) four-step approach to cross-cultural analysis is the best approach to isolate SRC effects. Lee suggested the following steps:

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(1) Define the business problem or goal in terms of the home country's cultural traits, habits, and norms.

(2) Define the business problem or goal in terms of the foreign culture's traits, habits, and norms. Make no value judgments.

(3) Isolate the SRC influence in the problem and examine it carefully to see how it complicates matters.

(4) Redefine the problem without the SRC influence and solve for the optimum business goal.

**Do Your Homework Properly.** Learn everything about the new market. Do not overlook details and nuances, especially those related to culture. Encourage your staff to receive training on cultural issues and business traditions in the target market. When it comes to translations, be aware of unforeseen connotations. It is always a good idea to use the practice of back-translation. This approach involves retranslation of the translated text back into your own language to ascertain whether or not it is equivalent. If not, it's necessary to invest more effort in the translation.

**Seek Relationships, Not Transactions, in International Marketing.** International marketing is about establishing and maintaining long-term business relationships. A short-term profit maximization approach may prevent establishing long-term, mutually beneficial relationships. Rather than short-term financial benefits and quarterly performance, investing in people, continuous improvement of quality of goods and services, nurturing customer satisfaction, and sufficient R&D investments should be considered more important. Long-term success requires long-term investments in technology and people.

**Avoid the Pushy Businessman Approach.** International marketers must learn to respect time-related traditions of locals. Conducting business has its own pace, systems, and established rules. In many countries these traditions and established rules may require a certain etiquette and its own protocol. You are expected to know them and respect them. Impatience and ignorance do not bring solutions—they cause negative reactions and blunders. Acting like a diplomat can be a prudent approach yielding desirable outcomes. The pace of business may seem too slow in some markets, but avoid overreacting, or you may be accelerating the possibility of blunders. Try to gather the facts first, before making your move.

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