

**SOS POLITICAL SCIENCE AND
PUBLIC ADMINISTRATION
MBA FA 404
SUBJECT NAME:
INTERNATIONAL MARKETING**

**TOPIC NAME: MAJOR DECISION OF
INTERNATIONAL MARKETING**



INTERNATIONAL MARKETING DECISION:

- ▶ International marketing decisions are same as domestic marketing; only difference is that all marketing decisions are taken with reference to foreign or international markets (or customers). More clearly, product, price, promotion, and distribution decisions are made for international buyers.
- ▶ In International marketing, the product is sold all over the world by making modifications to suit each target market. For example, Knorr soup has different flavors for Asian markets where spices are preferred.
- ▶ In global marketing, a same product is sold all over the world. For example, an iPod.
- ▶ Definitions –
International Marketing – International marketing refers to designing and executing marketing strategies for achieving the organizations objectives in an international market or markets.

Major International Marketing Decision

Looking at Global marketing Environment



Deciding whether to go global



Deciding which markets to enter



Deciding how to enter the market



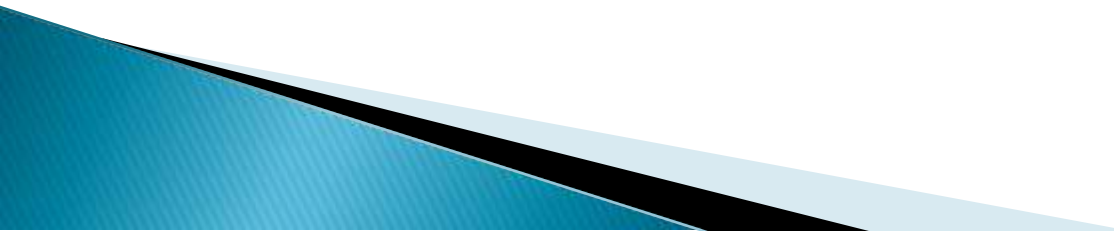
Deciding on the global marketing program



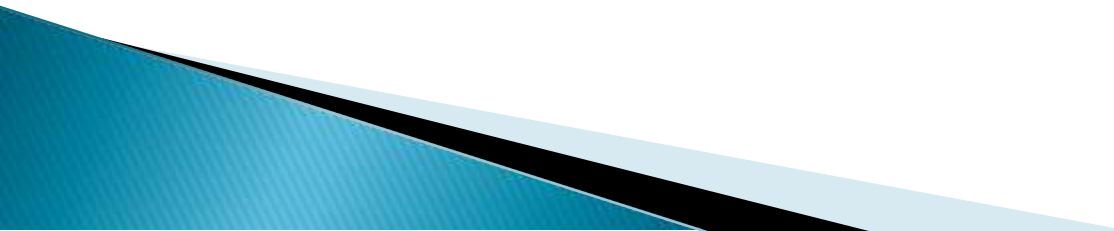
Deciding on the global marketing organization

LOOKING AT GLOBAL MARKETING ENVIRONMENT:

- ▶ 1. The International Trade System – Tariffs charges, taxes, quotas, etc – WTO, General Agreement on Tariffs and Trade (GATT), Regional Free Trade Zone: EU(1957), NAFTA, etc Cleverest way Japanese have found to keep foreign manufactures out of plead. Japanese skin is different, so foreign cosmetics companies must test their product in Japan before selling there.

- ▶ Looking at Global marketing Environment. Economic Environment – Industrial Structure shapes its product and service needs, income levels and employment levels.
 - ▶ Subsistence economies.
 - ▶ Raw Material exporting Economies.
 - ▶ Industrializing Economies.
 - ▶ Industrial Economies
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- ▶ Looking at Global marketing Environment³. Cultural Environment – Each country has its own folkways norms and taboos. The impact of Culture on Marketing Strategy • Nike apologized when its “AIR” logo resembled ALLAH in Arabic script from Arab countries. The impact of Marketing Strategy on Culture • The American Multinationals such as Coco-cola, Starbucks, Nike, Microsoft, McDonalds, etc are “Americanizing” the world culture.

- ▶ Looking at Global marketing Environment4. Political-Legal Environment – Factors like countries attitude toward international buying, government bureaucracy, political stability and monetary regulations. India tended to bother foreign businesses with import quotas, currency restrictions, etc Singapore and Thailand court foreign investors with incentives and favorable operating conditions.
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DECIDING WHETHER TO GO GLOBAL:

- ▶ • Operating domestically is easier and safer. – No need to learn foreign language and laws. – No need to deal with unstable currencies, face political and legal uncertainties.
- Home markets might be stagnant and shrinking where as foreign markets may present higher sales and profit opportunities. Must weigh risk and answer many questions about its ability to operate globally.

DECIDING WHICH MARKETS TO ENTER:

- ▶ • Company should define its marketing objectives and policies.
- Volume of foreign sales it wants.
- Stay with small share or go aggressive? Discussions::What are the factors for
- China's Questions huge population makes Answers:• Colgate -> motivate toothpaste the world largest Chinese people• Colgate's has expanded to Yes, Colgate decision its to brush market.• enter share from 7% (1995) to market Chinese Can Colgate compete with dozens of• Only competitors, Unilever's and local 20% be China's rural 35%(may of 2009. src: Kotler market?? brush daily, huge dwellers now P&G Crest? Armstrong; Principle of Marketing,• growth Chinese government remain Will the potential. 12th Edition, 2009) stable and supportive?

DECIDING HOW TO ENTER THE MARKET:

- ▶ Market entry Strategy Exporting Joint Venturing Direct Investment Licensing Indirect Contract Manufac.. Assembly facilities Direct Mgmt. Contracting Manufa. Facilities Joint Ownership Amount of commitment, risk, control, and profit potential
- ▶ Deciding how to enter the market entry Mode:: Exporting • Simplest way to enter a foreign market. • Passively export its surpluses from time to time or active commitment to expand exports to a particular market. • Indirect Exporting: • Direct Exporting: - Working through independent - Seller handles their own international marketing exports. intermediaries (know-how - Can set up export Dpt. or and services). overseas sales branch or find - Less risk foreign based agents to do on the behalf of company.

- ▶ Deciding how to enter the market. Market entry Mode:: Joint Venturing
 - Joining with foreign companies to produce or market products Oriental land co. Ltd under license from The Walt Disney Company or services.
 - Licensing For a fee or royalty, the Licensee buys the right to use company's manufacturing process, trademark, patent, trade secret, etc. Coca-cola markets internationally by licensing bottlers around the world and supplying them with syrup needed to produce the product Fig: Tokyo Disney Land
- ▶ Deciding how to enter the market. Market entry Mode:: Joint Venturing
 - Contract Manufacturing: In which a company contracts with manufacturers in a foreign market to produce the product or provide its service.
 - Management Contracting: In which a company contracts with manufacturers in a foreign market to produce the product or provide its service.
 - Joint Ownership: In which a company joins investors in a foreign market to create a local business sharing joint ownership and control. E.g.. KFC Japan.

- ▶ Deciding how to enter the market. Market entry Mode:: Direct Investment • Entering a foreign market by developing foreign-based assembly or manufacturing facilities. • Advantages • Disadvantages Discussion Advantages and Disadvantages faces many - Firm may - Firm may have lower costs in the form of labors or raw risks such as restriction materials, foreign or devalued currencies, government incentives, falling markets or and freight savings. government changes. - Firm may improve image by - Firm have no choice creating jobs. except to accept risks. - Deeper relationships with *
- ▶ Deciding on the global marketing program. Standardize Marketing mix Adapted Marketing mix- An international - An international marketing strategy for marketing strategy for using basically the same adjusting the marketing product, advertising, mix elements to each distribution channels international target and other marketing mix market bearing more elements in all the costs but hoping for a company`s international larger market share and markets. return.. Think Globally but act locally.

DECIDING ON THE GLOBAL MARKETING PROGRAM:

- ▶ Nokia phone with Gillette Razors, • Products Heineken beer, high ring volume for crowd Asian streets Product Do not change. Communications Straight Product communications Extension Adaptation Product Innovation Adapt Communication Dual communications Adaptation Five Global product and communication strategies. Sony added U models for VAIO laptops for unique needs of Japanese customers.
- ▶ Deciding on the global marketing program • Promotions – Companies can either adopt the same communication strategy they used in the home market or change it for each local market. Like, Colors also changed sometimes to avoid taboos in other countries. Purple is associated with death in most Latin America, white is mourning color in Japan, and green is jungle sickness in Malaysia.

- ▶ Deciding on the global marketing program• Price – Gucci handbags may sell for \$60 in Italy and \$240 in USA. – Dumping: price charged less than its cost – “Price transparency”
- ▶ Deciding on the global marketing program.
Distribution Channel Seller’s headquarters Channels organization Final user Seller between within on for or buyers nations international marketing Whole- Channel concept for international marketing.

DECIDING ON THE GLOBAL MARKETING ORGANIZATION:

Companies manage their international marketing activities in at least three different ways:

- Export Department
- International division
- Then becomes, Global Marketing Organization