

# INTERNATIONAL MARKETING

**Course Educational Objectives (CEOs):**

**CEO1:** To provide knowledge about Principles of International Marketing

**CEO2:** To inculcate various aspects pertinent to International Market opportunities

**CEO3:** To elucidate International Product Management

**CEO4:** To provide necessary knowledge about international market channels

**CEO5:** To give an elaborate view about pricing and promotion of international markets

**UNIT-I: Introduction:** Scope and Significance of International Marketing, The Strategic Importance of International Marketing, Difference Between International and Domestic Marketing, Need for International Trade- International Market Environment.

**UNIT-II: International Market Opportunities:** Regional Market Characteristics, Marketing in Transitional Economies and Third World Countries, International Market segmentation and Targeting- International Market entry strategies- Direct exporting, Indirect exporting, Entry strategies of Indian Firms

**UNIT-III: International Product Management:** International Product Positioning, International Product Life, Cycle, Geographic Expansion-Strategic Alternatives- New products in International Marketing, Product and Culture, Brands in International Market.

**UNIT-IV: International Market Channels:** Channels-Distribution Structures, Distribution Patterns, Factors Effecting Choice of Channels, The Challenges in Managing an International Distribution Strategy, Selecting Foreign Country Market Intermediaries-The Management of Physical Distribution of Goods.

**UNIT-V: Pricing and Promotion for International Markets:** Environmental Influences on Pricing Decisions, Grey Market Goods, Transfer Pricing, Global Pricing – Policy Alternatives,

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# COURSE OUTCOMES

## Course Outcomes:

On successful completion of the course the student will be able to		POs related to COs
CO1	Demonstrated knowledge of International marketing principles	PO1,PO2,
CO2	Sound Analytical skills related to International Market Opportunities	PO2,PO4, PO7
CO3	Knowledge of International Products	PO2,PO4, PO7
CO4	Knowledge of International market channels	PO1,PO4, PO7
CO5	Understanding pricing and promotion of international products	PO2, PO7

# INTERNATIONAL MARKETING

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# DEFINITION OF IM

- According to Kotler, "Global marketing is concerned with integrating and standardizing marketing actions across a number of geographic markets."
- According to Cateora, "International marketing is the performance of business activities that direct the flow of goods and services to consumers and users in more than one nation."

# NATURE OF INTERNATIONAL MARKETING

# NATURE OF INTERNATIONAL MARKETING

- BROADER MARKET
- UNCONTROLLABLE VARIABLES
- BROADER COMPETENCE
- INTENSE COMPETITION
- INVOLVES HIGH RISK AND CHALLENGE

# SCOPE OF INTERNATIONAL MARKETING

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- EXPORT
- IMPORT
- RE EXPORT
- MANAGEMENT OF INTERNATIONAL  
OPERATIONS

# SIGNIFICANCE OF INTERNATIONAL MARKETING

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- Provides higher standard of living
- Optimum utilization of resources
- Rapid industrial growth
- Benefits of comparative cost
- International cooperation and world peace
- Cultural exchange
- Utilization of surplus production
- Availability of foreign exchange
- Expansion of tertiary sector
- Special benefits at time of emergency
- Compensation of loss in domestic market

# DIFFERENCE BETWEEN DOMESTIC AND INTERNATIONAL MARKETING

- Meaning
- Area served
- Government regulations
- Business operation area
- Use of technology
- Risk factor
- Capital requirement
- Nature of customers
- Research

# NEED FOR IM

- EXPAND TARGET MARKET
- BOOST BRAND REPUTATION
- CONNECT BUSINESS WITH THE WORLD
- OPEN THE DOOR FOR FUTURE OPPORTUNITIES

# STRATEGIC SIGNIFICANCE OF IM

- MINIMIZE COMPETITIVE RISK
- ACQUIRE RESOURCES
- MINIMIZE RISK
- COST

# INTERNATIONAL MARKET ENVIRONMENT



Figure 1: Three-level International Marketing Environment

# INTERNATIONAL MARKETING ENVIRONMENT

- INTERNATIONAL POLITICS
- INTERNATIONAL CULTURE
- INTERNATIONAL TRADE
- INTERNATIONAL FINANCIAL MARKET AND INSTITUTIONS

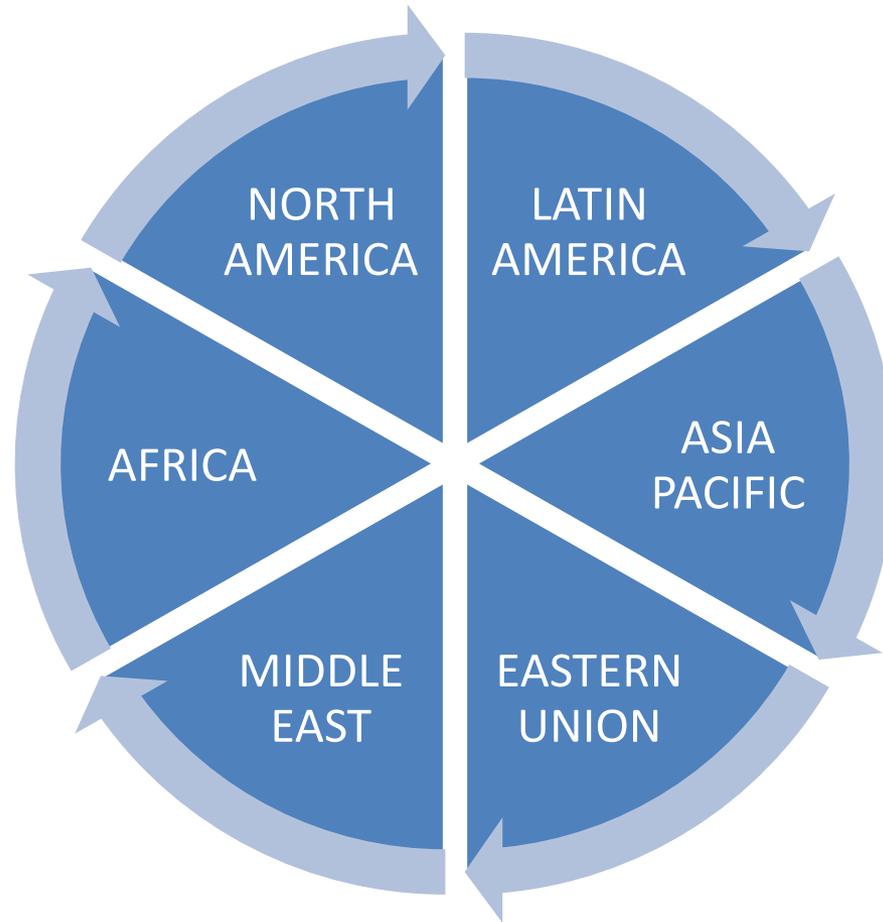
# INTERNATIONAL MARKET OPPORTUNITIES

UNIT-II

# REGIONAL MARKET CHARACTERISTICS

- PTA
- FTA
- RULES OF ORIGIN
- CUSTOMS UNION
- COMMON MARKET
- ECONOMIC UNION

# REGIONAL MARKETS



## **NORTH AMERICA**

- North America, which includes Canada, the United States, and Mexico,
- NAFTA
- CFTA

## **LATIN AMERICA: SICA, Andean Community, Mercosur, CARICOM**

- Latin America includes the Caribbean and Central and South America
- Common **rules of origin**

## **ASIA-PACIFIC: The Association of Southeast Asian Nations (ASEAN)**

The original six members of ASEAN were:

- Brunei ,Indonesia, Malaysia, Philippines, Singapore ,Thailand
- CHINA KOREA SINGAPORE THAILAND BURMA CAMBODIA

- **WESTERN, CENTRAL, AND EASTERN EUROPE:**  
EUROPEAN UNION (EU)

The EU began in 1958 with the Treaty of Rome and original members Belgium, France, Holland, Italy, Luxembourg, and West Germany

The 1991 **Maastricht Treaty** prepared the transition to an economic and monetary union (EMU) with a European central bank and a new currency, the **euro**

## MIDDLE EAST

The Middle East includes 16 countries:

- Afghanistan
- Cyprus
- Bahrain
- Egypt
- Iran
- Iraq
- Israel
- Jordan
- Kuwait
- Lebanon
- Oman
- Qatar
- Saudi Arabia
- Syria
- The United Arab Emirates
- Yemen

**Cooperation Council for the Arab States of the Gulf**

Arab Maghreb Union (AMU).

- AFRICA
- SOUTH, NORTH, BLACK

The Middle East and North Africa are viewed as a regional entity “Mena”;

## **Economic Community of West African States (ECOWAS)**

- **East African Cooperation**
- **South African Development Community (SADC)**
- African Growth and Opportunities Act (AGOA)

# INTERNATIONAL MARKET SEGMENTATION

- MACRO SEGMENTATION - GNP, CULTURE, PROXIMITY, TRADE POLICY, POPULATION, PRODUCT ADAPTABILITY
- MICRO SEGMENTATION – BEHAVIOUR, ATTITUDE , CHARACTERISTICS OF CONSUMER

## By Behavior

- Benefits sought from the product
- How often the product is used (usage rate)
- Usage situation (daily use, holiday use, etc.)
- Buyer's status and loyalty to product (nonuser, potential user, first-time users, regular user)

## By Demographics

- Age/generation
- Income
- Gender
- Family life cycle
- Ethnicity
- Family size
- Occupation
- Education
- Nationality
- Religion
- Social class

## By Geography

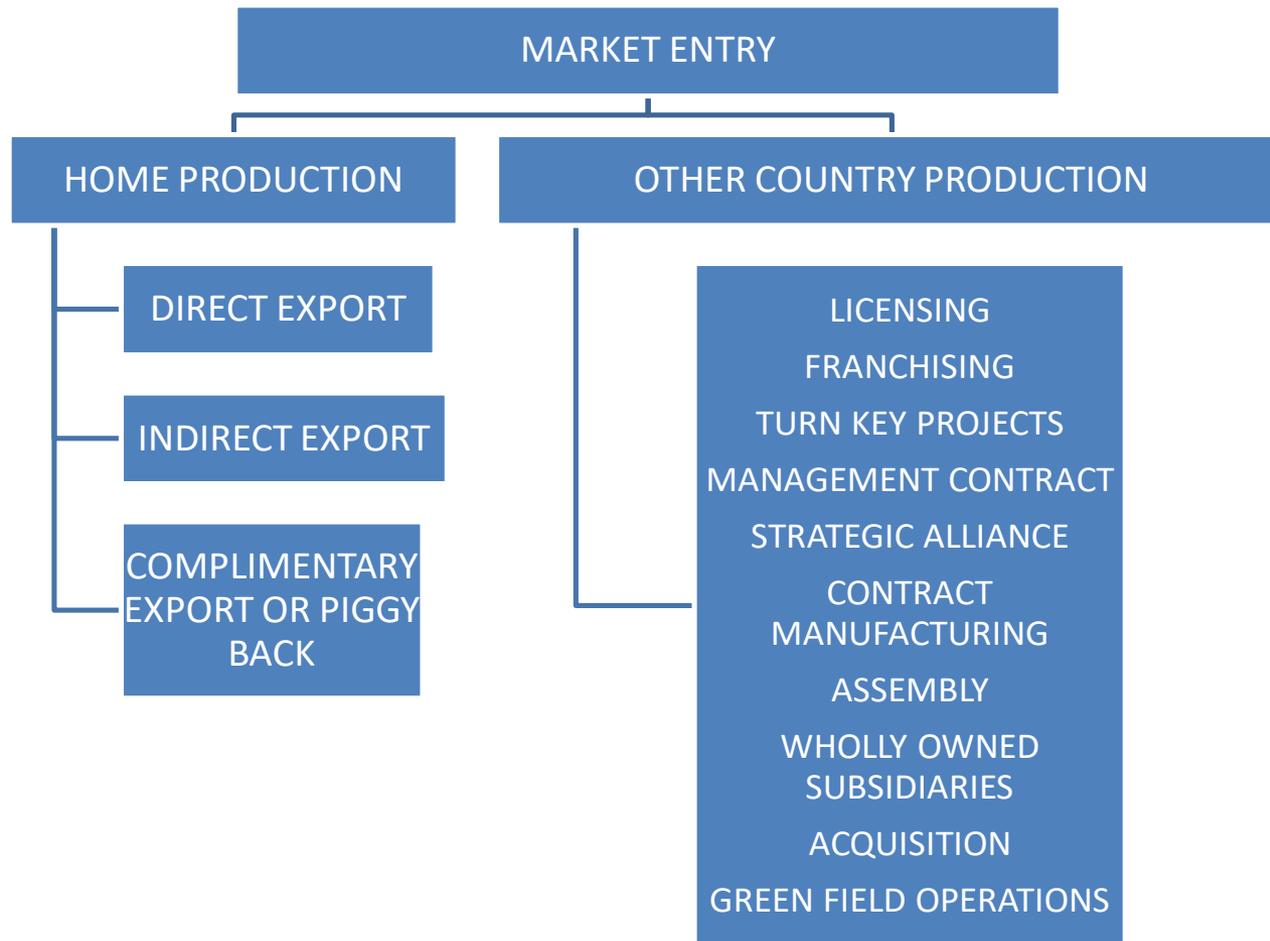
- Region (continent, country, state, neighborhood)
- Size of city or town
- Population density
- Climate

## By Psychographics

- Activities
- Interests
- Opinions
- Values
- Attitudes
- Lifestyles

- MOBILE
- TV SHOWS
- BAT
- SHOES
- JERKINS
- FACE CREAMS
- CARS

# INTERNATIONAL MARKET ENTRY STRATEGIES



# TRANSITIONAL ECONOMY

- LPG

# MEASURES OF TRANSITION

- Large-scale privatization
- Small-scale privatization
- Governance and enterprise restructuring
- Price liberalization
- Trade and foreign exchange system
- Competition policy
- Banking reform and interest rate liberalization
- Securities markets and [non-bank financial institutions](#)
- Infrastructure reform

# PROBLEMS OF TRANSITION ECONOMIES

- RISING UNEMPLOYMENT
- INFLATION
- LACK OF ENTREPRENEURIAL CULTURE
- CORRUPTION
- LACK OF INFRASTRUCTURE
- MORAL HAZARD
- INEQUALITY
- LACK OF SOPHISTICATED LEGAL SYSTEM

# THIRD WORLD COUNTRIES

- "Third World" is a phrase that can be used to describe a class of economically inferior nations.
- A Third World country is a nation characterized by relatively inferior economic statistics.
- The countries known as Frontier Markets can often be synonymous with Third World.
- The International Monetary Fund, World Bank, and World Trade Organization may allow for certain benefits and contractual term provisions for countries that meet certain types of economic status classifications.

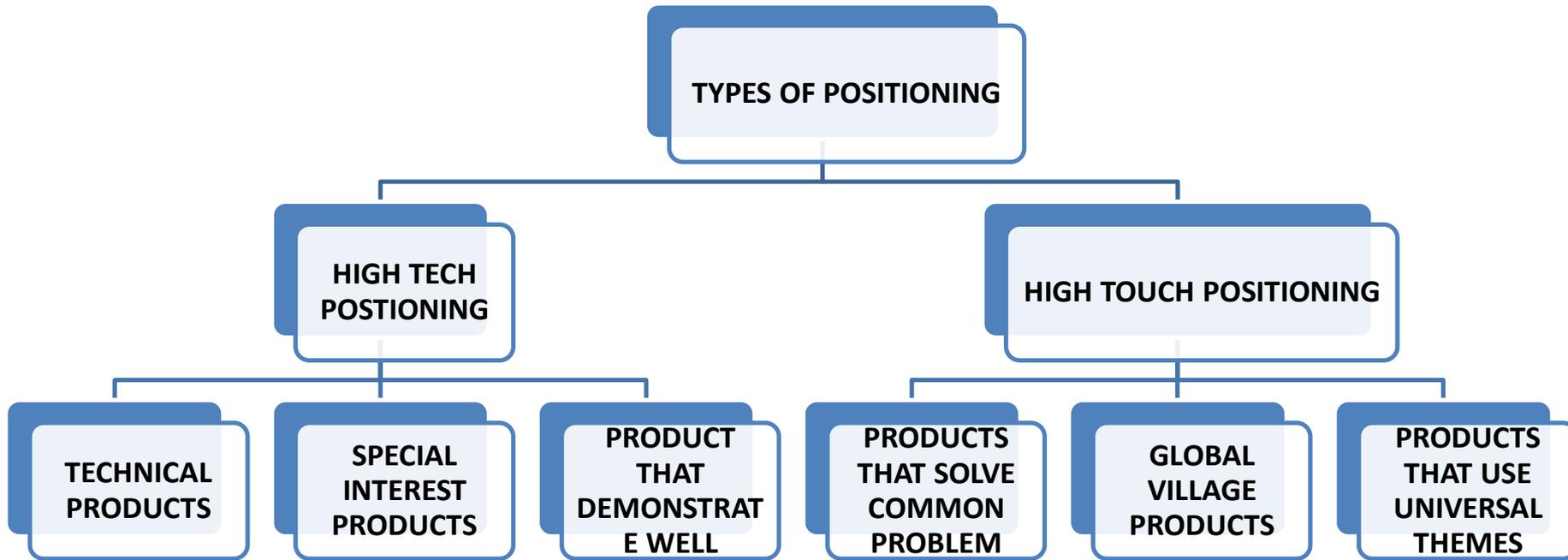
- LOW GNP
- HIGH ECONOMIC DEPENDENCE
- HDI
- LACK OF POLITICAL RIGHTS

- SOMALIA
- CENTRAL AFRICA REPUBLIC
- UGANDA
- YEMEN
- NIGERIA
- ZIMBABWE

# INTERNATIONAL PRODUCT MANAGEMENT

UNIT-III

# INTERNATIONAL PRODUCT POSITIONING



# STEPS IN PRODUCT POSITIONING

- IDENTIFY TARGET MARKET
- IDENTIFY COMPETITORS
- IDENTIFY DIFFERENTIATING PRODUCT FEATURES
- POSITIONING AND REPOSITIONING

# PERCEPTUAL MAPPING



# INTERNATIONAL PRODUCT LIFE CYCLE

- INTRODUCTION
- GROWTH
- MATURITY
- DECLINE

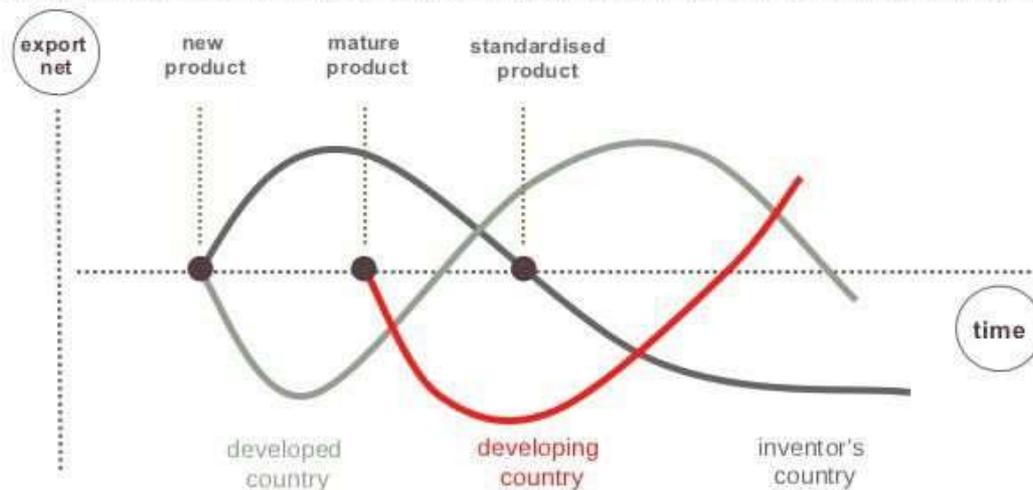
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## international product life cycle

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- country where new product is launched
- other advanced, high-income country
- developing, low-income country

**based on:** Raymond Vernon, 1966. *International investment and international trade in the product cycle*; *The Quarterly Journal of Economics*, 80(2), pp. 190-207.

# GEOGRAPHIC EXPANSION STRATEGIC ALTERNATIVES

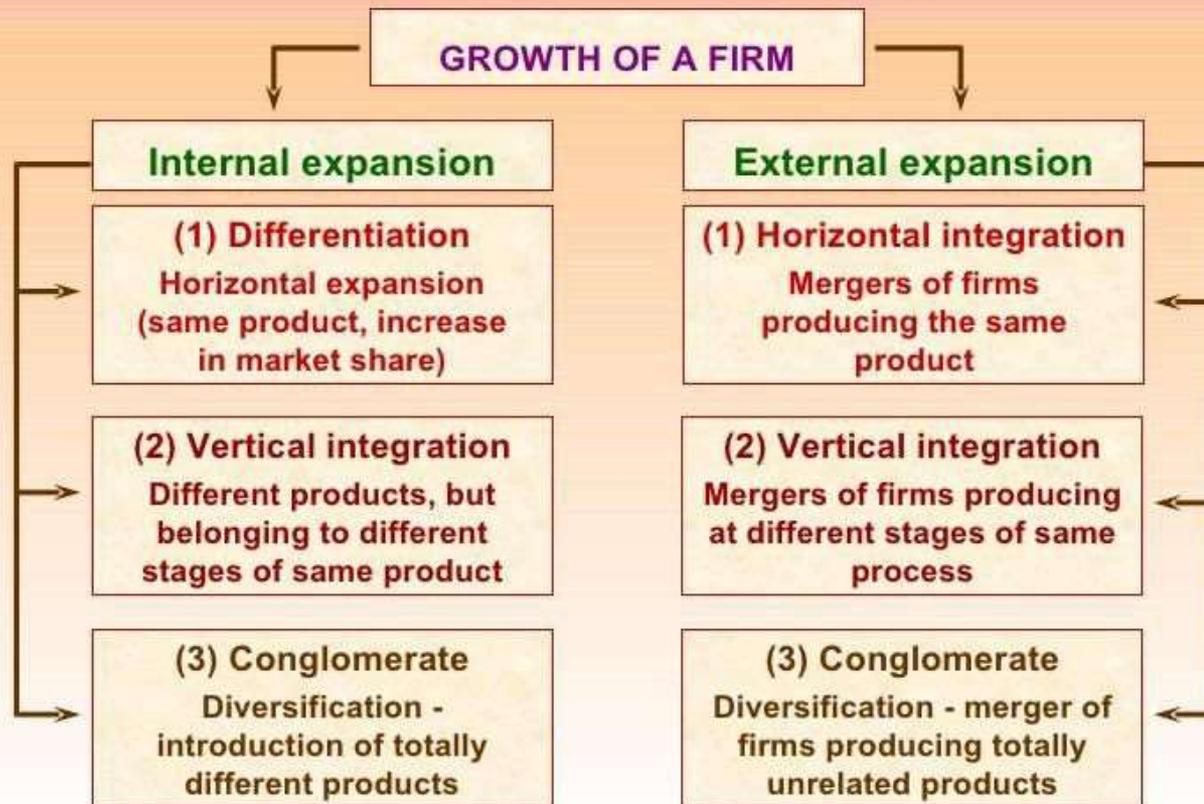
## Geographic Expansion-Strategic Alternatives

The diagram is a 2x2 matrix with 'Communications' on the vertical axis and 'Product' on the horizontal axis. The vertical axis has 'Different' at the top and 'Same' at the bottom. The horizontal axis has 'Same' on the left and 'Different' on the right. The four quadrants are:

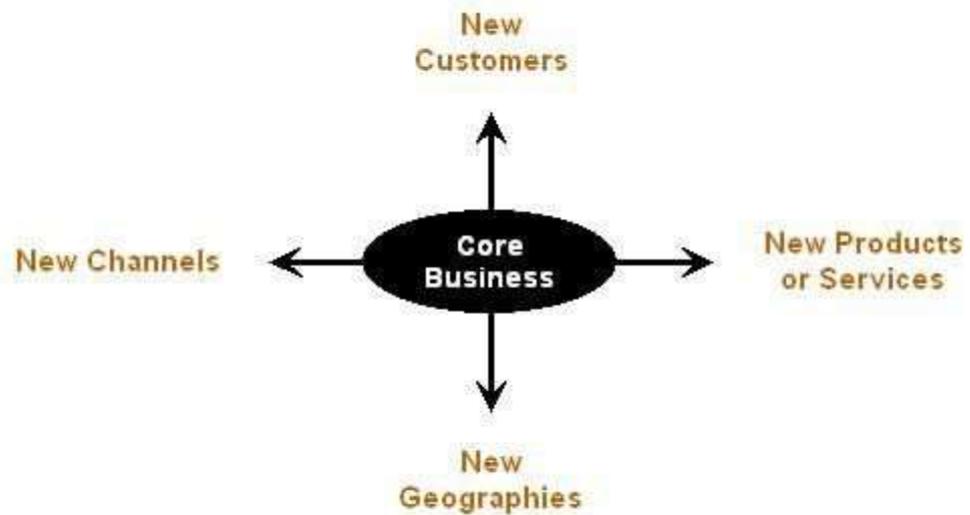
Different	<b>Strategy 2:</b> Product Extension, Communications Adaptation <i>Example: Motorbikes</i>	<b>Strategy 4:</b> Dual Adaptation <i>Example: Greeting Cards</i>
Same	<b>Strategy 1:</b> Dual Expansion <i>Example: Applications Software</i>	<b>Strategy 3:</b> Product Adaptation, Communication Extension <i>Example: Electrical products</i>
	Same	Different

**Product**

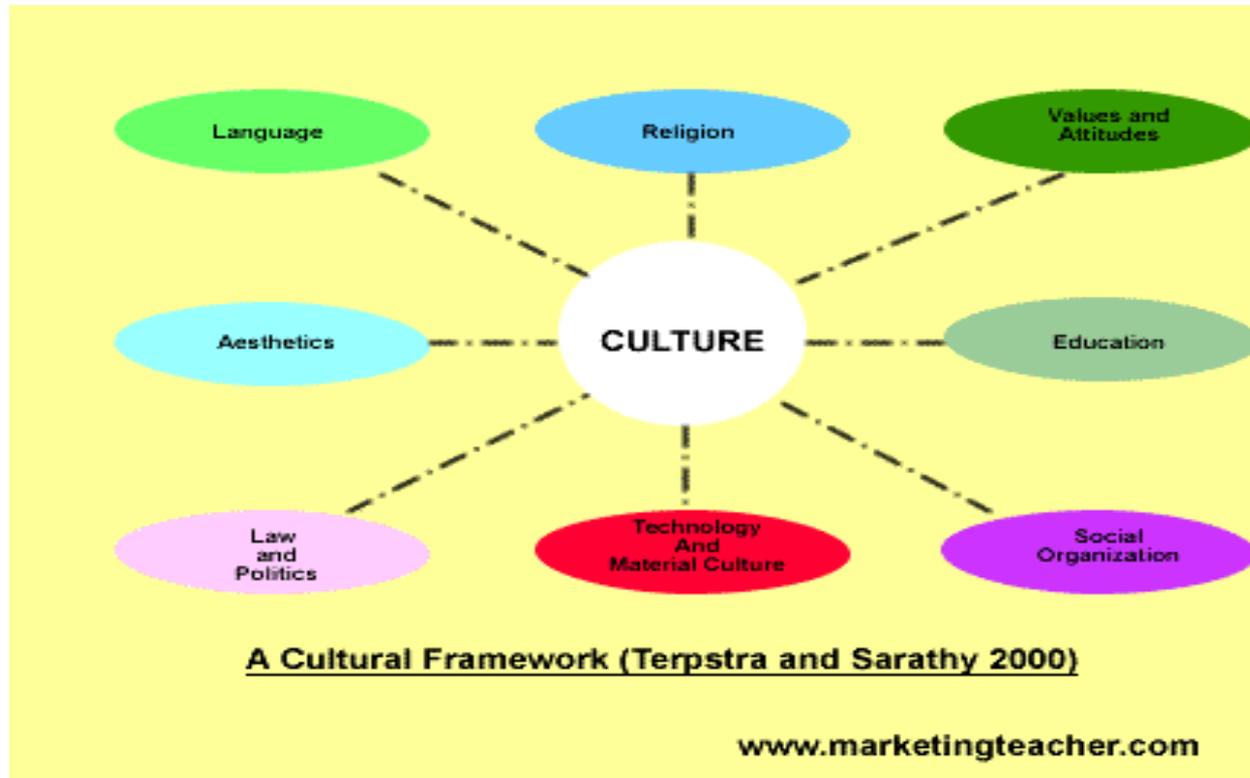
## Alternative growth strategy



### Four Basic Types of Adjacent Market Expansions



# PRODUCT AND CULTURE



## INTRODUCING NEW PRODUCTS IN INTERNATIONAL MARKETS

- **Six categories of new products in terms of their newness to the company and to the market place:**
  - New-to-the-world products
  - New product-lines
  - Additions to existing product-lines
  - Improvements or revisions to existing products
  - Repositioning
  - Cost reductions

# New product development process

- ;
  1. Idea generation:
  2. Idea screening:
  3. Concept development & testing
  4. Marketing strategy development
  5. Business analysis
  6. Product development
  7. Test marketing -
  8. Commercialization (*launch*)



**IM**

UNIT IV

- **International Market Channels:** Channels-Distribution Structures, Distribution Patterns, Factors Effecting Choice of Channels, The Challenges in Managing an International Distribution Strategy, Selecting Foreign Country Market Intermediaries-The Management of Physical Distribution of Goods.

# MANAGEMENT OF PHYSICAL DISTRIBUTION

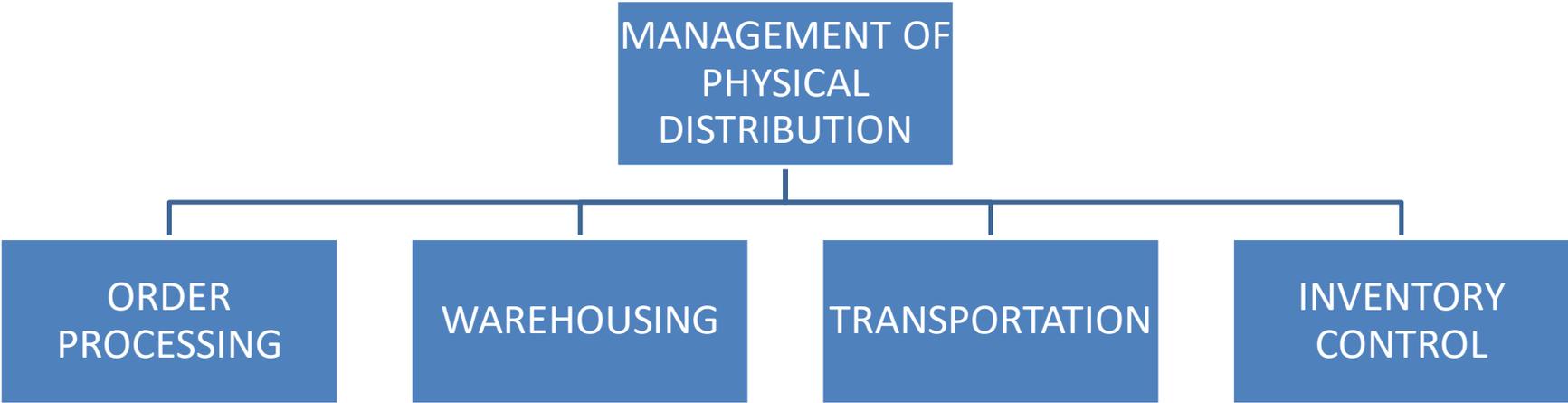
MANAGEMENT OF  
PHYSICAL  
DISTRIBUTION

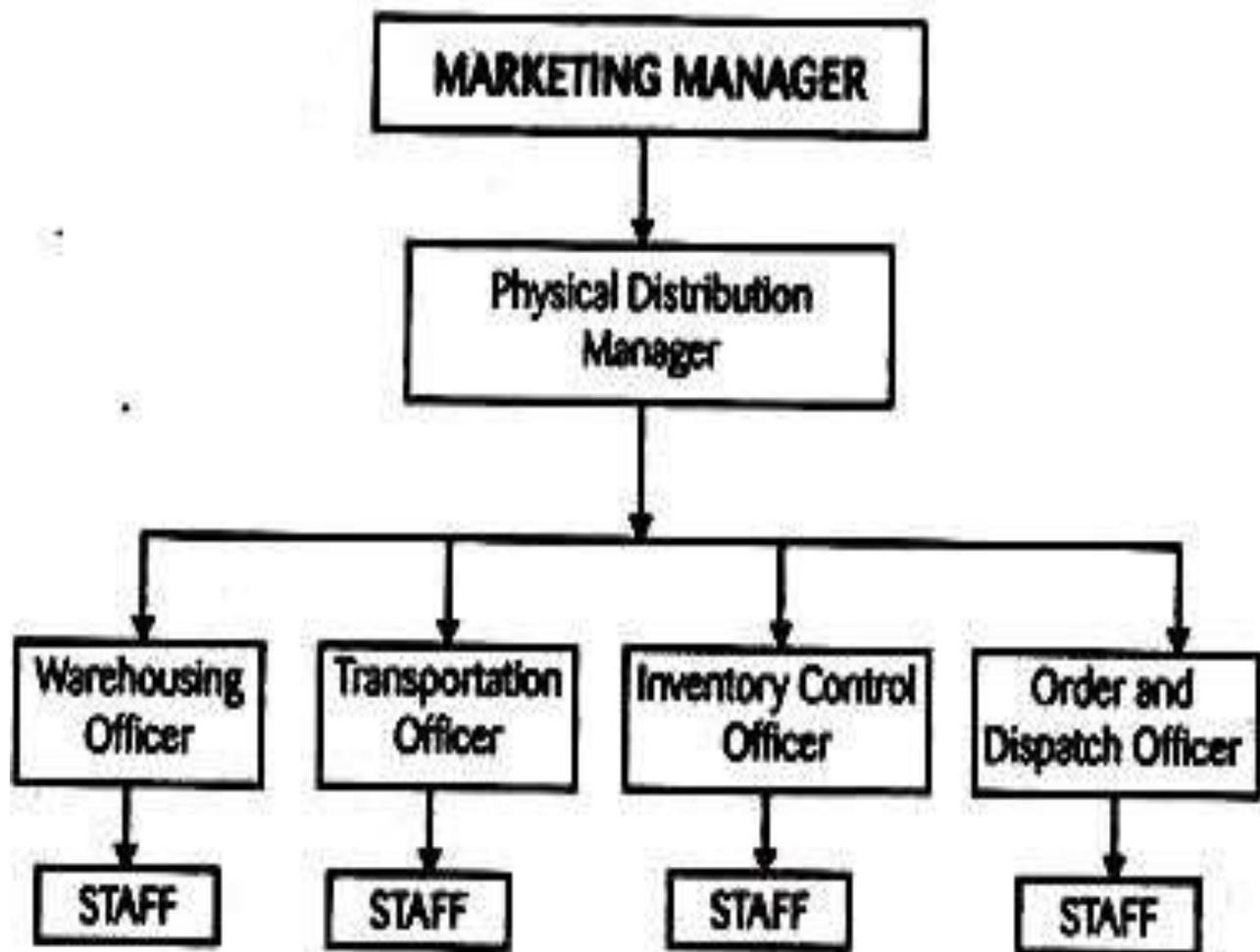
ORDER  
PROCESSING

WAREHOUSING

TRANSPORTATION

INVENTORY  
CONTROL













# Factors influencing channel decisions in international market

## FACTORS

### FACTORS RELATED TO PRODUCT

INDUSTRIAL OR CONSUMER PRODUCT  
UNIT VALUE  
PERISHABILITY  
STYLE OBSOLESCENCE  
WEIGHT AND TECHNICALITY  
STANDARDIZED PRODUCTS  
PURCHASE FREQUENCY  
NEWNESS  
SEASONALITY  
PRODUCT BREADTH

### FACTORS RELATING TO COMPANY CHARACTERISTICS

FINANCIAL STRENGTH  
MARKETING POLICIES  
SIZE OF THE COMPANY  
PAST CHANNEL EXPERIENCE  
PRODUCT MIX  
REPUTATION

### FACTORS RELATING TO MARKET

CONSUMER BUYING HABITS  
LOCATION OF THE MARKET  
NUMBER OF CUSTOMERS  
SIZE OF ORDERS

### FACTORS RELATING TO MIDDLEMEN

SALES VOLUME POTENTIAL  
AVAILABILITY OF MIDDLEMEN  
MIDDLEMEN ATTITUDE  
SERVICES PROVIDED BY MIDDLEMEN  
COST OF CHANNEL

### FACTORS RELATING TO ENVIRONMENT

ECONOMIC CONDITIONS  
LEGAL ENVIRONMENT  
COMPETITORS CHANNEL  
FISCAL STRUCTURE

# Challenges in managing an international distribution strategies

- RIGHT MARKET FOR PRODUCTS
- LOGISTIC CONCERNS
- SELLING ONLINE
- SUPPLYING INTERNATIONAL RETAILERS
- MANAGING MULTIPLE CURRENCIES

# SELECTING FOREIGN COUNTRY INTERMEDIARIES

- ENVIRONMENTAL MARKET ANALYSIS
- ANALYSIS OF COMPETITION
- DEMAND ANALYSIS
- SELECTION OF FOREIGN INTERMEDIARY

**IM**

UNIT V REV

# IMPORTANT QUESTIONS

- GLOBAL ADVERTISING PROCESS
- GREY MARKET GOODS
- INTERNATIONAL PRICING POLICY

# GLOBAL ADVERTISING PROCESS

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- GLOBAL ADVERTISING CULTURE
  - (LANGUAGE BARRIERS)

- SETTING GLOBAL ADVERTISEMENT BUDGET
- (PERCENTAGE OF SALES, COMPETITIVE PARITY, OBJECTIVE AND TASK)

- CREATIVE STRATEGY
- (STANDARDISATION VS ADAPTATION)

- GLOBAL MEDIA DECISIONS

- ADVERTISEMENT REGULATIONS

- CHOOSING AN ADVERTISEMENT AGENCY

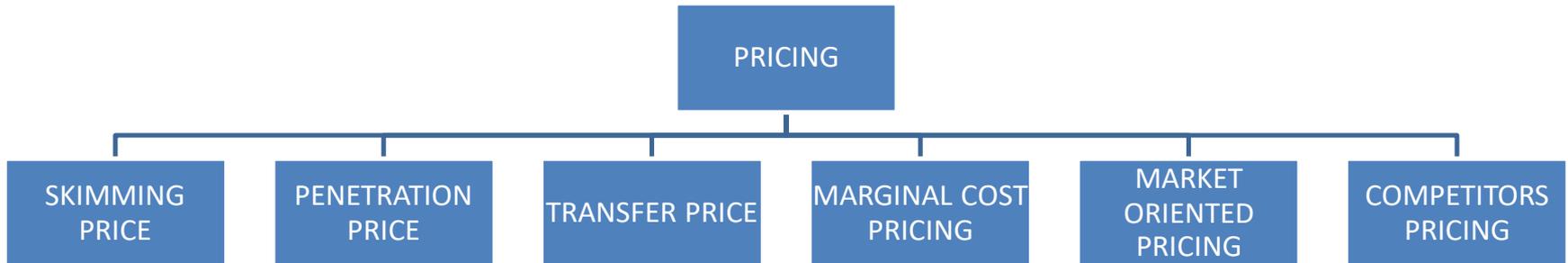
- GLOBALLY INTEGRATED MARKETING COMMUNICATION

- **Grey market goods:**
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- A **grey market** (sometimes called a **parallel market**), but this can also mean other things not to be confused with a **black market** or a **grey economy** is the trade of a commodity through distribution channels that are legal but unintended by the original manufacturer.

# GOODS

- ARCADE GOODS
- AUTOMOBILES
- BROADCASTING
- CELL PHONES
- COMPUTER GAMES
- ELECTRONICS
- FLYER MAILS
- PHARMACEUTICALS
- STOCK MARKET SECURITIES

# PRICING METHODS/STRATEGIES



# PRICING POLICY ALTERNATIVES

