

Introduction to International Marketing

MODULE 6



Global Trade And Competition

Global Outsourcing Dynamics

Companies increasingly leverage global outsourcing to optimize costs and enhance efficiency by sourcing goods, services, or labor internationally.

Evolving Trade Landscape

The world has witnessed a substantial increase in international trade, reaching \$10,120 billion in 2005 from \$55 billion in 1950, reflecting a dynamic and interconnected global economy.

Heightened Competition

The surge in global trade has led to intensified competition, with businesses facing rivals not only at the domestic level but also on an international scale.

Drucker's Standard of Success

Peter Drucker's assertion emphasizes that success in any institution is contingent upon meeting or surpassing global standards, reinforcing the need for businesses to operate at a globally competitive level

Strategic Adaptation

Businesses must strategically adapt to the challenges and opportunities presented by global trade and competition, emphasizing a need for international marketing strategies



International Marketing

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International marketing involves the marketing of goods and services across national frontiers, necessitating strategies that transcend domestic boundaries.

02

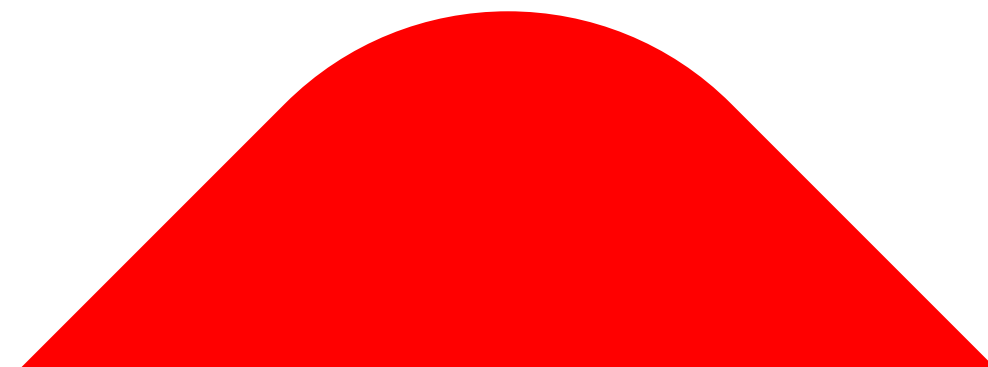
A company is considered engaged in international marketing when it operates in multiple countries and is influenced or controlled by factors outside the country in which it sells or produces.

03

The process involves planning and conducting transactions across borders to facilitate exchanges that align with the objectives of both individuals and organizations.

Difference between Domestic and International Marketing

- **Universality of Marketing Concepts:** Marketing goals, which aim to make a profit by satisfying customers, remain universal across domestic and international contexts.
- **Consideration of All Environments:** In international marketing, all environments, including legal, governmental, climatic, and cultural, must be considered during the development and execution of marketing plans
- **Uncontrollable Elements:** The distinction lies in the need to address uncontrollable elements such as legal environments, governmental controls, and cultural variations in the international marketing landscape.



Participants of International Marketing



- a. **Private Firms:** Private enterprises actively engage in international marketing to expand their market reach and capitalize on global opportunities.
- b. **Multinational Corporations (MNCs):** Large corporations operating in multiple countries strategically implement international marketing to achieve global market presence.
- c. **Other Large Firms:** Besides MNCs, other sizable corporations recognize the importance of international marketing for global competitiveness.
- d. **Small and Medium Enterprises (SMEs):** SMEs participate in international marketing to explore international markets, often with a focus on niche markets.
- e. **Public Sector Undertakings:** Government entities involved in international trade and commerce contribute to international marketing initiatives.
- f. **Trading Companies:** Specialized entities focused on trading goods and services across borders actively partake in international marketing.
- g. **Individuals:** Independent entrepreneurs and businesses contribute to international marketing through their cross-border trade activities.

The background image shows a classroom setting. On the left, a young woman with long blonde hair, wearing a white blouse, is seated at a desk, looking towards the right. In the center-right, a man with dark skin and short hair, wearing a light blue shirt and a brown sweater, is seated at a desk, looking towards the left. The desk in the foreground is cluttered with various items, including a pen holder with several pens, a stack of papers, and some small objects. A globe is visible on the far left. The overall atmosphere is educational and professional.

01.

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Objectives of International Marketing:

Identifying International Customer Needs:

- a. Conduct International Market Research (IMR) to analyze market segments.
- b. Understand similarities and differences in customer groups across different countries.

Achieving Global Customer Satisfaction:

- a. Adapt products, services, and marketing mix elements to satisfy diverse customer needs globally.

Staying Ahead of Competitors:

- a. Assess, monitor, and respond to global competition by offering better value.
- b. Develop a superior brand image, product positioning, broader product range, competitive pricing, high quality, good performance, and excellent distribution and after-sales service.

Coordinating Marketing Activities:

- a. Coordinate and integrate marketing strategies across countries, regions, and global markets.
- b. Involve centralization, delegation, standardization, and local responsiveness in marketing activities.

Market Entry Strategies:

Exporting

- a. Low Investment: Minimal financial commitment.
- b. Low Control of Promotion: Limited influence over marketing strategies.

Licensing:

- a. Low Investment: Requires less financial input.
- b. Low Control: Limited authority over promotion, positioning, and quality.
- c. Benefits from Existing Distribution and Market Knowledge: Leverages partner's experience.



Market Entry Strategies

Joint Venture:

Considerable Investment: Involves substantial financial commitment.

More Control: Greater influence over operations.

Benefits from Partner's Experience: Gains from the local partner's market knowledge.

Must Work with Partner: Collaboration with the local partner is essential.

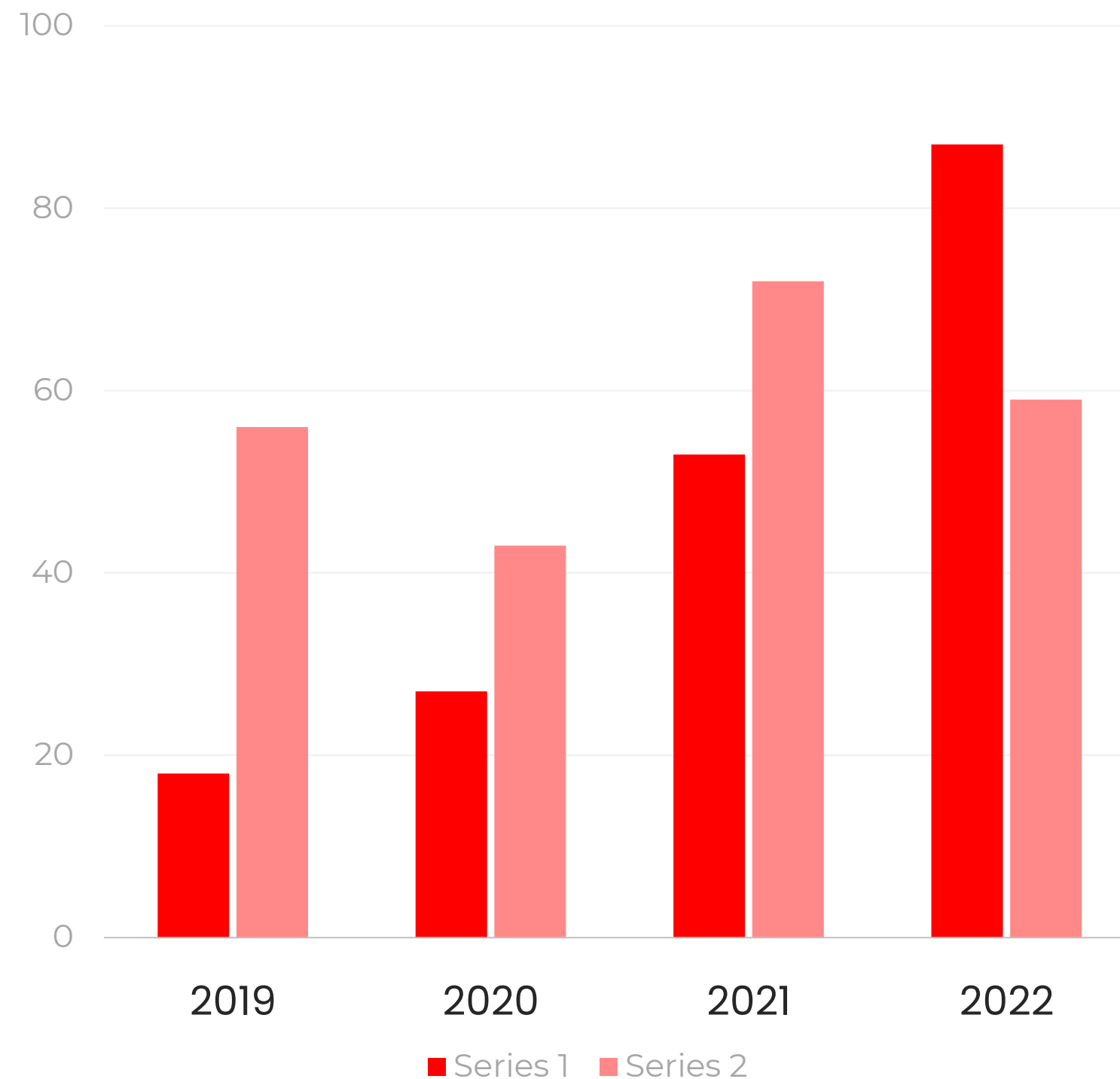
Direct Investment:

Large Investment: Significant financial outlay.

Risky: Entails higher levels of risk.

Greater Control: Offers extensive control over operations.

May Lack Knowledge of Market: Potential lack of understanding of the local market.



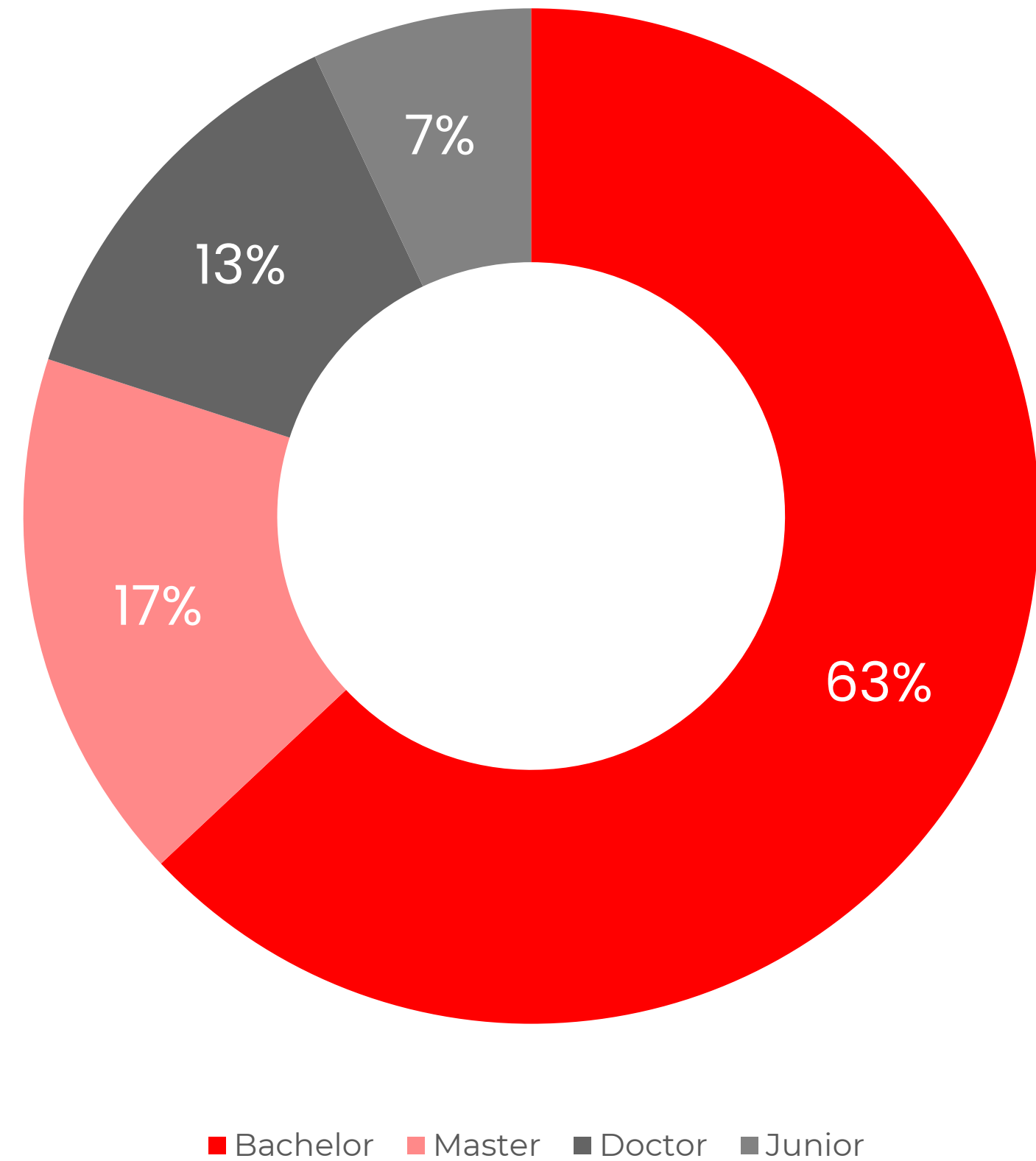
Direct Entry

Acquisition or Building Operations: Establishing a direct presence.

High Exposure: Greater risk and financial investment.

Greater Opportunities for Profits: Offers extensive market knowledge and control.

Joint Venture Variation: Collaboration with a local firm for shared investment and market insights.



Modes of Entry



Exporting

Need for Limited Finance, Less Risk,
Proactive and Reactive Motivations,

Forms of Exporting:

- **Indirect Exporting**
- **Direct Exporting**
- **Intracorporate Transfers**

Licensing and Franchising

Low Exposure Methods: Involves minimal risk,

Allows Use of Trademarks and Expertise: Partner
assumes financial risk.

Potential Problems: Training a potential competitor,
limited control over business operations



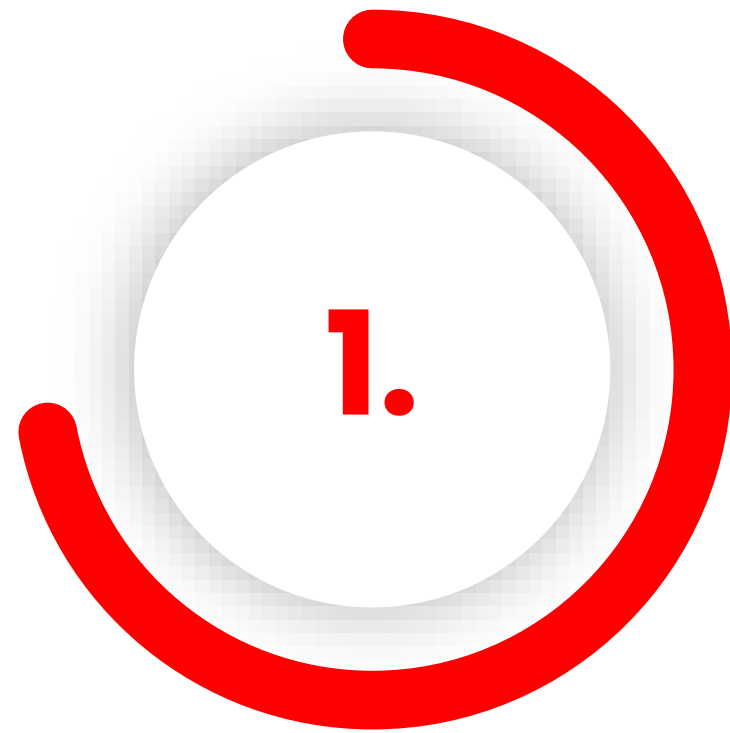
Contract Manufacturing

Outsourcing Production: External
manufacturer produces goods.

Saves Investment: Lower financial
commitment.

Potential Risk: Risk of training a competitor

Types of Export Intermediaries



Export Management Companies (EMCs)

- EMCs act as intermediaries that assist firms in entering and managing foreign markets.
- They often provide comprehensive services, including market research, distribution channel management, and logistical support.
- EMCs may take responsibility for the entire export process or specific aspects, streamlining operations for companies



International Trading Companies

- These companies facilitate international trade by buying and selling goods across borders.
- They typically engage in importing and exporting activities, connecting buyers and sellers in different countries.
- International trading companies play a role in matching supply and demand on a global scale, often handling a variety of products



Manufacturer's Agents

- Agents act as representatives of manufacturers in foreign markets.
- They promote and sell the manufacturer's products to buyers in the target market.
- Manufacturer's agents work on a commission basis and provide a cost-effective way for companies to expand their reach without establishing a physical presence

Types of Export Intermediaries



4.

Manufacturers Export Agents

- Similar to manufacturer's agents, these individuals or firms represent manufacturers in international markets.
- They focus specifically on managing the export side of the business, handling documentation, logistics, and negotiations on behalf of the manufacturer



5.

Export and Import Brokers

- Brokers facilitate transactions between buyers and sellers in international trade.
 - They assist in negotiating deals, managing documentation, and ensuring compliance with customs regulations.
- Export and import brokers play a crucial role in simplifying the complexities of cross-border trade for businesses.



6.

Freight Forwarders

- Freight forwarders specialize in coordinating the shipment of goods from one country to another.
 - They manage the logistics of transportation, including shipping, customs clearance, and delivery.
- Freight forwarders play a vital role in ensuring the smooth movement of goods and compliance with international shipping regulations.

A man with a beard, wearing a blue patterned shirt, is sitting at a desk and smiling while holding an open travel brochure. The brochure has the text "TIME TO TRAVEL" and "BRINGS YOUR HAPPINESS". A woman with long brown hair, wearing a white sleeveless top and blue jeans, is standing next to him, also smiling and looking at the brochure. In the background, there is a large world map on the wall and a small globe on the desk. A large red semi-circle graphic is overlaid on the right side of the image, containing the title and definition text.

Balance of Payments

Definition by Kindleberger: The balance of payments is a comprehensive record of economic transactions between a country's residents and those of foreign nations over a specific period.

The background of the slide features a dark, textured image of a globe. Overlaid on the globe is a semi-transparent map of Southeast Asia, specifically showing Myanmar (Burma) and Thailand. The map includes labels for various cities and regions such as Yangon, Mandalay, and Thailand. The overall aesthetic is professional and academic.

02.

BOP

A systematic record covering:

- Receipts for goods exported, services rendered, and capital received.
- Payments for goods imported, services received, and capital transferred to non-residents.

Features of the Balance of Payments

Systematic Record

Encompasses all economic transactions between a country and the rest of the world

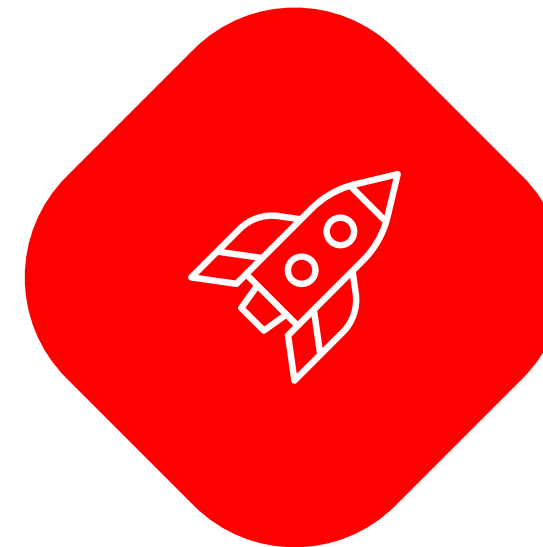


Time Period

Typically represents an annual statement, providing a snapshot of a specific timeframe.

Inclusivity

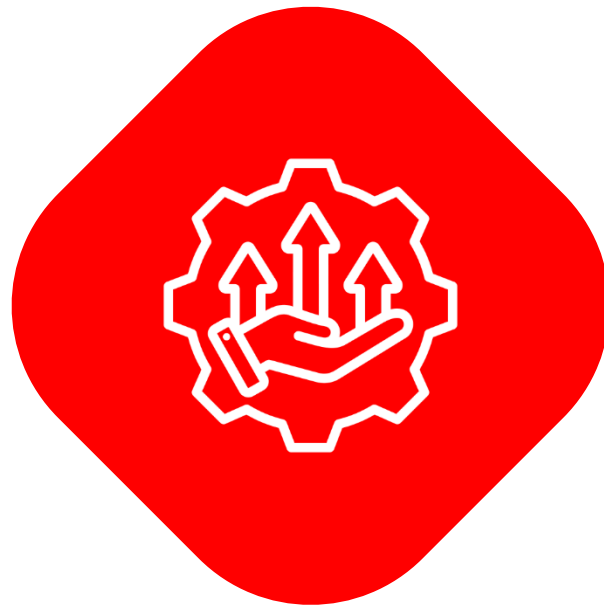
Includes both visible and invisible transactions



Double-Entry Book-Keeping:

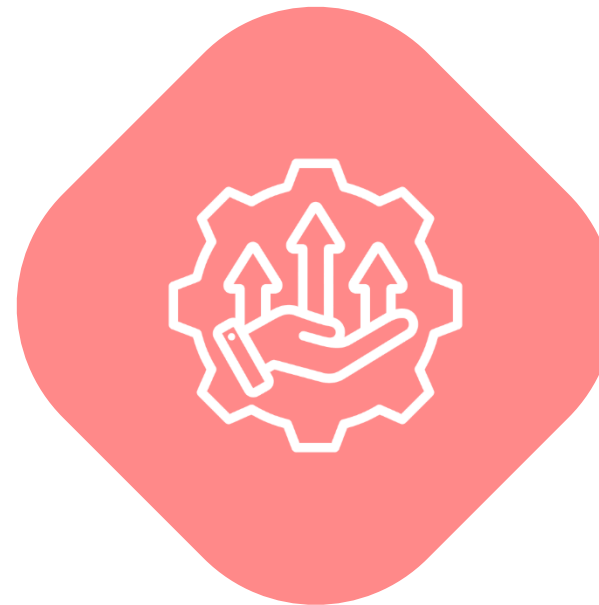
- Adopts a double-entry system with credit and debit sides.
- Credit Side: Records receipts, including exports and services rendered.
- Debit Side: Records payments, including imports and services received

Understanding BOP



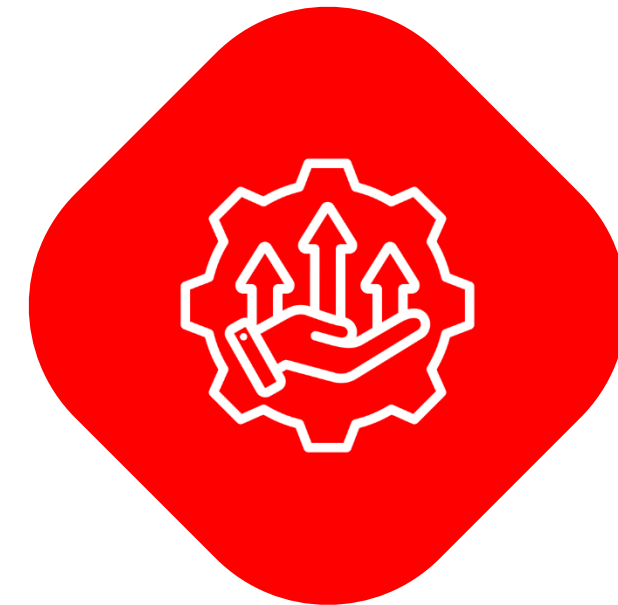
Indicator

Reflects the financial interactions of a country's citizens and government with the world.



RBI Definition

"The balance of payments of a country is a systematic record of all economic transactions between the residents of a country and the rest of the world. It presents a classified record of all receipts on account of goods exported, services rendered, and capital received by residents and payments made by them on account of goods imported and services received from the capital transferred to non-residents or foreigners."



Significance

The balance of payments is a crucial tool for understanding a country's economic relationships globally. By categorizing transactions and adopting a double-entry system, it provides a comprehensive view of a nation's economic health in its interactions with the international community.

BOP & BOT

Aspect	Balance of Payments (BOP)	Balance of Trade (BOT)
Definition	It is a broad term.	It is a narrow term.
Scope	Includes all transactions related to visible, invisible, and capital transfers.	Includes only visible items.
Balance Status	Always balances itself.	Can be favorable or unfavorable.
Components	$\text{BOP} = \text{Current Account} + \text{Capital Account} + \text{or} - \text{Balancing item (Errors and omissions)}$	$\text{BOT} = \text{Net Earning on Export} - \text{Net payment for imports}$
Factors Affecting	<ul style="list-style-type: none">• Conditions of foreign lenders.• All the factors of BOT.• Economic policy of the Government.	<ul style="list-style-type: none">• Cost of production.• Availability of raw materials.• Exchange rate.• Prices of goods manufactured at home

Balance of Payments (BOP):



- ✓ A comprehensive measure encompassing visible, invisible, and capital transactions.
- ✓ Balances itself due to the inclusion of a balancing item (Errors and omissions).
- ✓ Main factors include conditions of foreign lenders, economic policy, and factors affecting BOT.

Balance of Trade (BOT):

- ✓ Focuses solely on visible items, specifically net earnings on exports and net payments for imports.
- ✓ Can be either favorable or unfavorable based on trade dynamics.
- ✓ Main factors include the cost of production, availability of raw materials, exchange rates, and prices of domestically manufactured goods.



The General Rule in BOP Accounting:

- a. If a transaction earns foreign currency for the nation, it is a credit and is recorded as a plus item.
- b. If a transaction involves spending foreign currency, it is a debit and is recorded as a negative item.

Importance of Balance of Payments (BOP)

Importance	Description
1. Currency Demand and Supply Indicator	BOP records all transactions influencing the demand for and supply of a currency, providing insights into the currency's strength and stability.
2. Short-Term Economic and Financial Assessment	Enables the assessment of a country's economic and financial status in the short term by capturing real-time data on international transactions.
3. Indication of Economic Trends and Exchange Rates	Confirms trends in the economy's international trade and the exchange rate of the currency. Can signal potential changes or reversals in economic trends.
4. Insights into Monetary Policy Shifts	BOP may indicate shifts in the monetary authority's (e.g., RBI) policy, providing crucial information on changes in economic strategies and priorities.
5. Confirmation of Trade and Exchange Rate Trends	Validates trends in international trade and the currency exchange rate, aiding in the identification of changes or reversals in these economic indicators.

Components of the Balance of Payments:



Visible Items



Invisible Items



Capital Transfers

Visible items Encompasses physical goods exported and imported., Tangible items such as machinery, raw materials, and finished products..

Invisible items Involves services whose export and import are not physically visible, Services like transportation, healthcare, and consulting.

Capital Transfers Deals with capital receipts and payments, Capital investments, loans, and repayments

Additional Information

Currency Dynamics

BOP is a vital tool for understanding the dynamics of a nation's currency, reflecting its demand and supply on the global stage.

Economic Trend Indication

Acts as an indicator of short-term economic trends, assisting policymakers and analysts in making informed decisions.

Exchange Rate Impact

The BOP's insights into exchange rates help in anticipating and responding to changes in the currency's value, aiding businesses and investors.

Policy Implications

BOP data is instrumental in deciphering shifts in monetary policies, offering a glimpse into the strategies adopted by the country's monetary authorities.

Timely Decision-Making

By providing real-time information, the BOP facilitates timely decision-making for businesses, investors, and policymakers, contributing to economic stability.

International Marketing

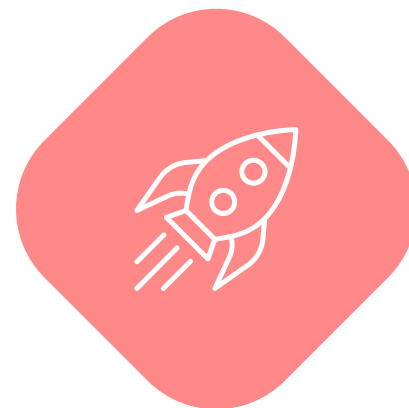
International marketing, also known as global marketing, is the process of distributing, promoting and advertising a company's products or services across national borders. It may involve marketing products in one or many foreign countries. Often, companies distributing their products in multiple countries create unique marketing plans for each location. This strategy allows marketers to identify and segment potential customers based on the unique culture of a specific country

Activities in International Marketing



Market Research and Analysis:

- Conduct comprehensive research on target markets to understand consumer behavior, cultural preferences, and market trends.
- Analyze the competitive landscape and identify key competitors in each international market.



Market Selection and Entry Strategies:

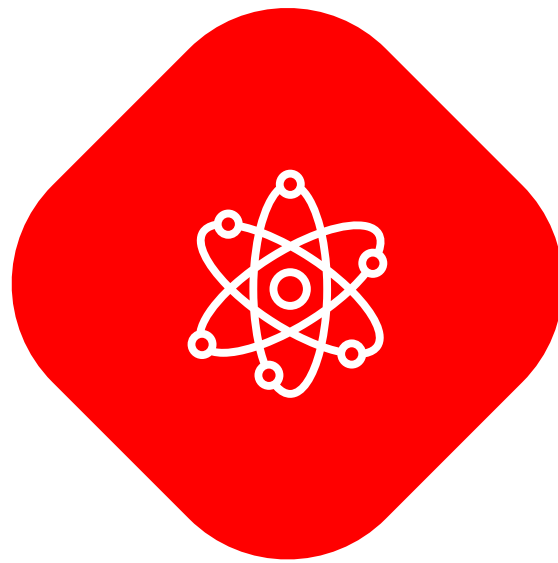
- Evaluate potential markets and select those that align with the company's goals and capabilities.
- Develop entry strategies, considering options such as exporting, licensing, joint ventures, or establishing wholly-owned subsidiaries.



Adaptation of Products and Services:

- Modify products or services to meet the specific needs and preferences of local markets.
- Consider cultural, legal, and regulatory differences in product adaptation.

Activities in International Marketing



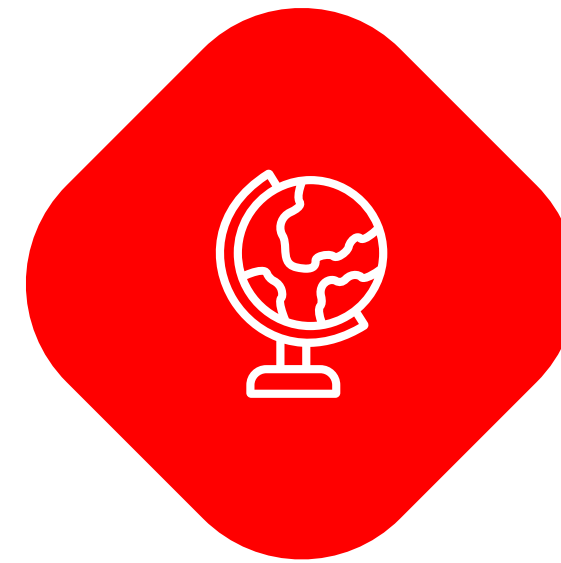
Pricing Strategies

- Develop pricing strategies that consider local economic conditions, purchasing power, and competitive pricing.
- Adjust pricing models to account for currency exchange fluctuations.



Distribution and Logistics

- Optimize global distribution networks to ensure efficient and timely delivery of products.
- Tailor distribution channels to local market characteristics and regulatory requirements.



Brand Localization and Positioning

- Adapt branding and positioning strategies to resonate with local cultural norms and consumer perceptions.
- Ensure consistent brand messaging while allowing for cultural sensitivity.

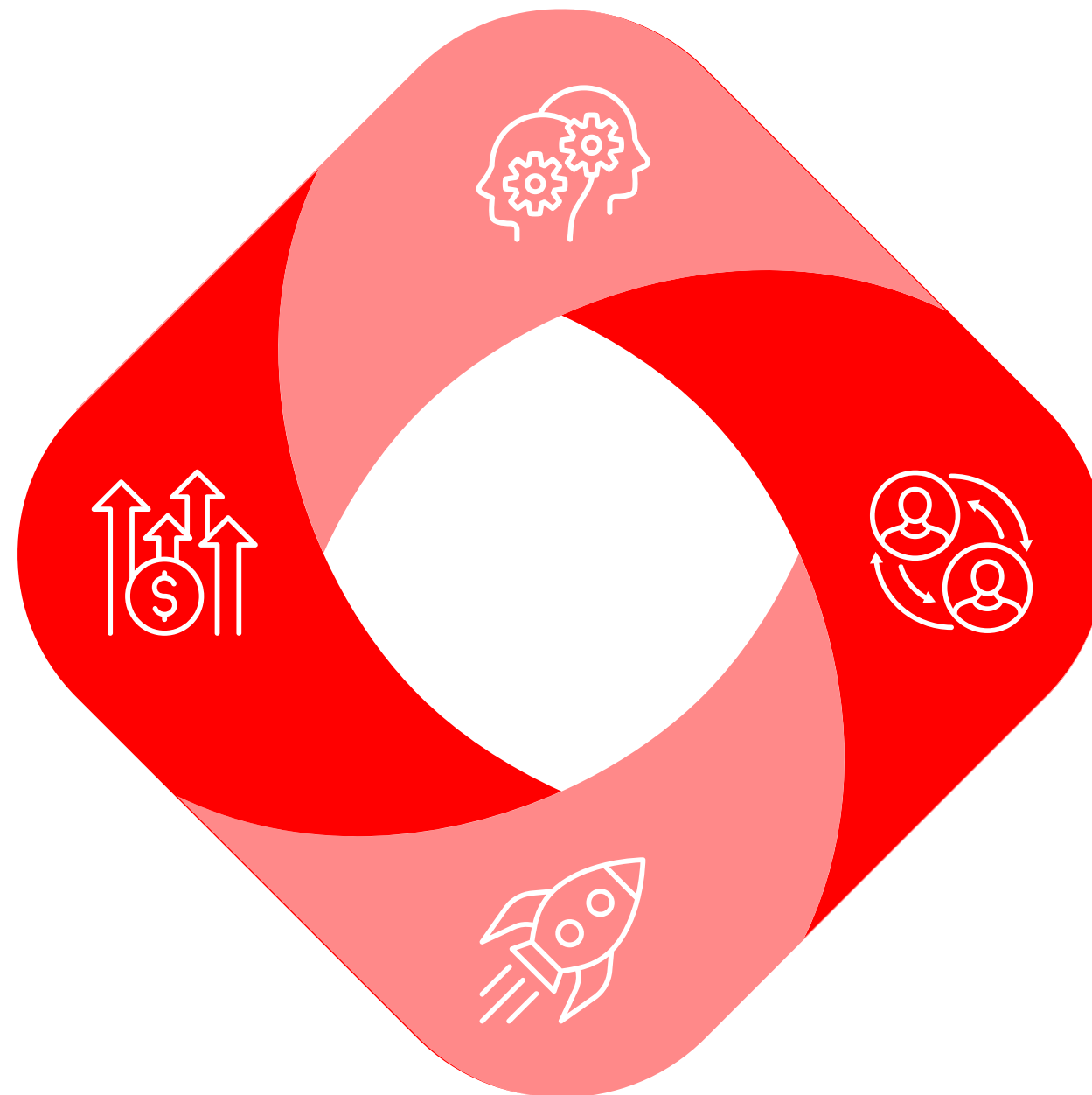
Activities in International Marketing

Promotional Campaigns and Advertising:

- Design marketing campaigns that consider cultural nuances and language differences.
- Utilize appropriate advertising channels, including digital, print, and social media, based on local preferences.

Digital Marketing and Online Presence:

- Leverage digital platforms for global marketing campaigns.
- Optimize online presence to reach and engage international audiences.



Legal and Regulatory Compliance:

- Understand and comply with diverse international regulations related to marketing, advertising, and product standards.
- Ensure that marketing activities adhere to local laws and regulations.

Relationship Building and Networking:

- Develop relationships with local partners, distributors, and stakeholders.
- Participate in industry events and networking opportunities to build a global network.

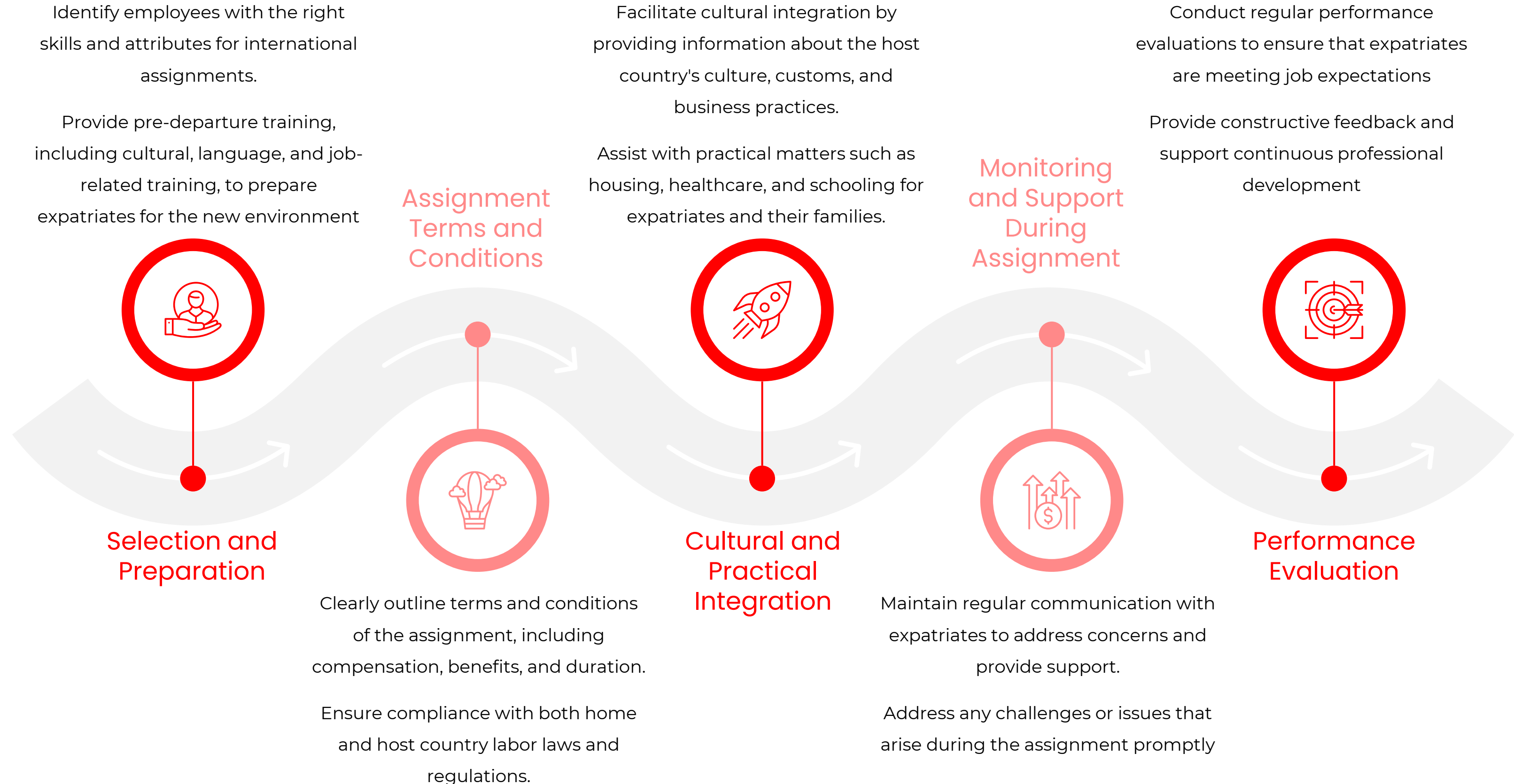
Expatriation & Repatriation



Expatriation involves sending employees from their home country to work in another country, typically for a specific assignment or duration.

Repatriation is the process of bringing these expatriates back to their home country after completing their international assignments.

Expatriation Process



Repatriation Process

Transition Planning

Start the repatriation process well before the scheduled return date.

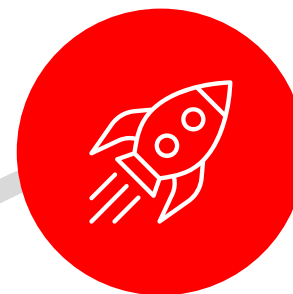
Plan for the expatriate's role upon return, whether it involves returning to the same position, a new role, or a different location.



Knowledge Transfer

Encourage expatriates to document their experiences, knowledge, and insights gained during the assignment.

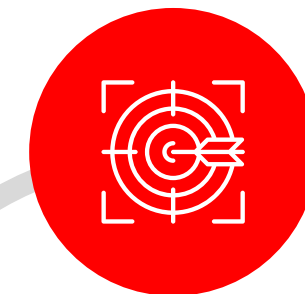
Facilitate the transfer of acquired knowledge to other team members or departments



Continuous Support

Provide mentorship or coaching to assist with the repatriation process

Facilitate networking opportunities within the organization to help expatriates reconnect with colleagues..



Reverse Culture Shock Training

Provide training to help expatriates anticipate and cope with potential reverse culture shock upon return.

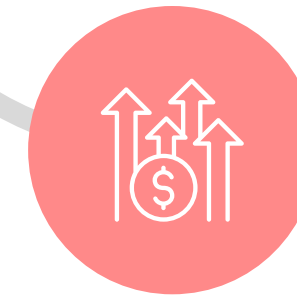
Offer support services to help expatriates reintegrate into their home country's work culture.



Career Path Planning

Engage in open discussions about the expatriate's career path and aspirations upon return

Identify potential career advancement opportunities based on the expatriate's newly acquired skills and experiences.





03. Training

4 Types of training:

1. Cross-cultural training
2. Language Training
3. Technical and Job Specific training
4. Global Leader Development

Types of Training in Global HRM

1. Cross-Cultural Training:

- a. Objective: Develop cultural intelligence to navigate diverse work environments.
- b. Content: Includes cultural norms, communication styles, and business etiquette in different regions.
- c. Delivery: In-person sessions, online modules, or immersive experiences.

2. Language Training:

- a. Objective: Enhance language skills to facilitate effective communication.
- b. Content: Language courses tailored to the specific requirements of the host country.
- c. Delivery: Language classes, language immersion programs.

3. Technical and Job-Specific Training:

- a. Objective: Equip employees with skills and knowledge necessary for their roles.
- b. Content: Job-specific training, industry knowledge, and technology usage.
- c. Delivery: On-the-job training, workshops, e-learning modules.

4. Global Leadership Development:

- a. Objective: Develop leaders capable of managing international teams.
- b. Content: Leadership skills, global business strategies, and cross-cultural leadership.
- c. Delivery: Leadership development programs, mentorship, experiential learning.

The background is a blurred office scene. In the foreground, a man in a dark suit and a woman in a striped shirt are looking at a computer monitor. The monitor displays a bar chart titled 'Current projections & Expected targets' with the word 'Administration' above it. To the right, another person is seated at a desk with a computer monitor showing a website. The entire scene is overlaid with a large white circle that contains the main text.

Compensation

4 Types of Compensation:

1. Global Compensation Strategy
2. Currency Management
3. Expatriate Compensation Packages
4. Performance-linked Compensation

Types of Compensation

1. Global Compensation Strategy:

- a. **Objective:** Establish a consistent approach to compensation across international locations.
- b. **Components:** Base salary, allowances, bonuses, and benefits.
- c. **Considerations:** Local market conditions, cost of living, and competitive benchmarks.

2. Currency Management:

- a. **Objective:** Mitigate the impact of currency fluctuations on employee compensation.
- b. **Approach:** Use hedging strategies, currency-adjusted compensation structures.
- c. **Considerations:** Exchange rate risks, local currency stability.

3. Expatriate Compensation Packages:

- a. **Objective:** Attract and retain talent for international assignments.
- b. **Components:** Hardship allowances, cost-of-living adjustments, and housing benefits.
- c. **Considerations:** Host country conditions, tax implications, and benefits alignment.

4. Performance-Linked Compensation:

- a. **Objective:** Align compensation with individual and organizational performance.
- b. **Components:** Performance bonuses, profit-sharing, and stock options.
- c. **Considerations:** Performance metrics, global performance standards.

Industrial Relations in International Business Perspective:

Global Employee Relations Policies:

Objective: Establish consistent policies governing employee relations globally.

Components: Grievance procedures, dispute resolution mechanisms, and employee representation.

Considerations: Legal compliance, cultural variations in labor relations.

Labor Laws and Compliance:

Objective: Ensure adherence to local labor laws and regulations.

Approach: Regular audits, legal consultations, and compliance training.

Considerations: Variations in labor laws across countries, regulatory updates.





Industrial Relations in International Business Perspective:

Employee Engagement and Communication:

Objective: Foster positive employee relations through effective communication.

Approach: Regular communication channels, feedback mechanisms, and employee engagement initiatives.

Considerations: Language and cultural nuances, diverse communication preferences.

Union Relations and Collective Bargaining:

Objective: Manage relationships with unions and engage in collective bargaining where applicable.

Approach: Establish clear communication channels, negotiate fair labor agreements.

Considerations: Different union structures, legal frameworks.

Conflict Resolution:

Objective: Resolve conflicts efficiently to maintain a positive work environment.

Approach: Mediation, arbitration, and conflict resolution training.

Considerations: Cultural differences in conflict resolution styles, legal implications.



Thanks for Watching!