Global Marketing

Chapter 13 = Chapter 18 on Connect

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Marketing

but with an international twist

Motivation

- International Marketing as a separate topic:
  - Same motivation as FDI and Entry Mode Theory:
    - Opportunity offered by global markets
    - Reality of global marketing
    - Necessity to make strategic decisions because of the issues brought on by conducting global business

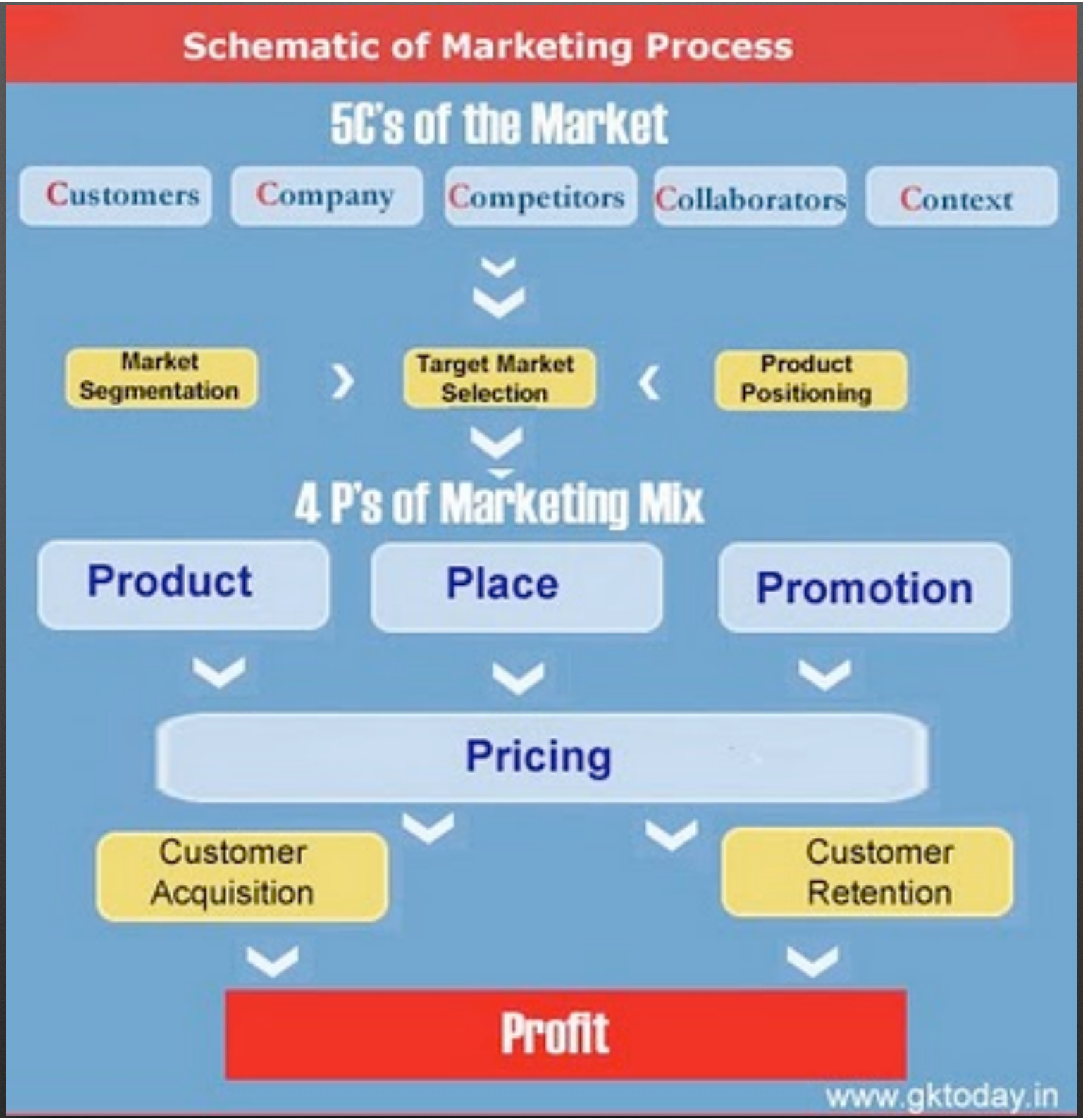
If the world were a village of 100 people

NATIONALITY

OPPORTUNITY

Marketing Basics

the 4-P's


Schematic of Marketing Process
5C's of the Market
Customers
Company
Competitors
Collaborators
Context
Market Segmentation
Target Market Selection
Product Positioning
4 P's of Marketing Mix
Product
Place
Promotion
Pricing
Customer Acquisition
Customer Retention
Profit
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Important:

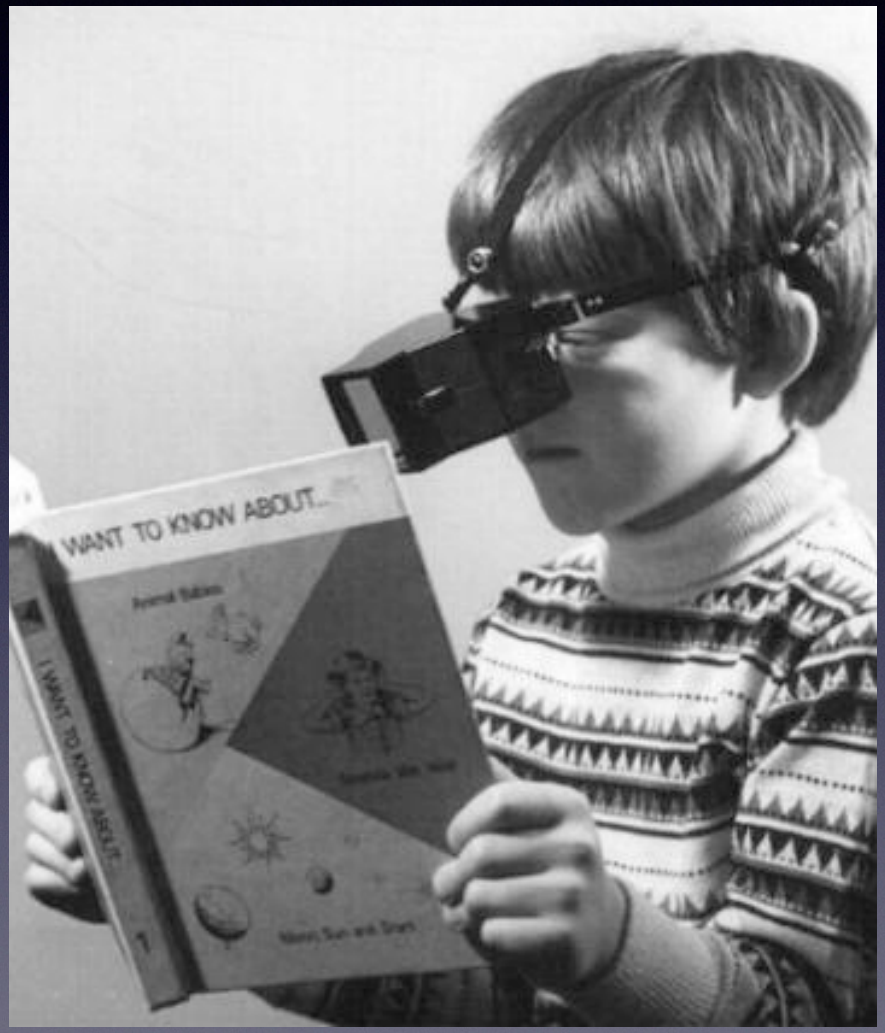
- Marketing, by virtue of what it is (co-creation of value in exchange), is a make-or-break interaction with foreign customers for the exporting firm

this is “big”
because…

Problem with Marketers...

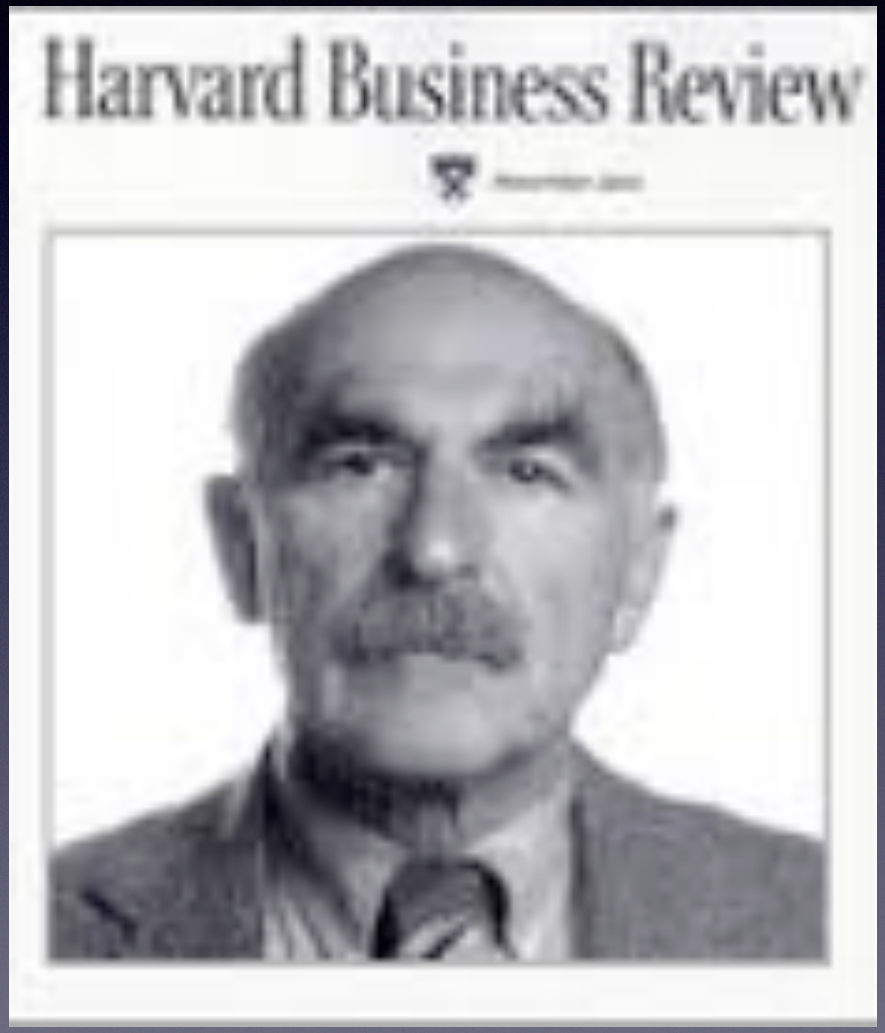
Marketing Myopia

- Too much focus on self is not a good thing…

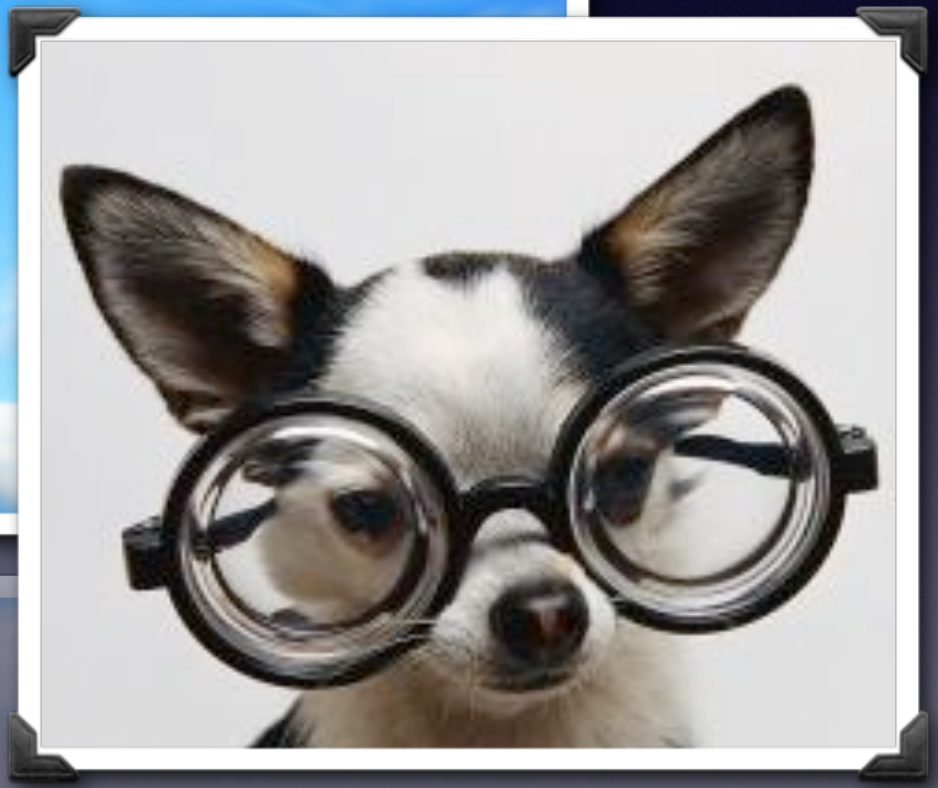


Theodore Levitt - “The Globalization of Markets”

- Argues that the world is becoming a homogeneous market place for “global brands”
- But…does that mean global products?
- Of course this was in 1983



REALITY
CHECK
AHEAD



“It’s Not All the Same Market”

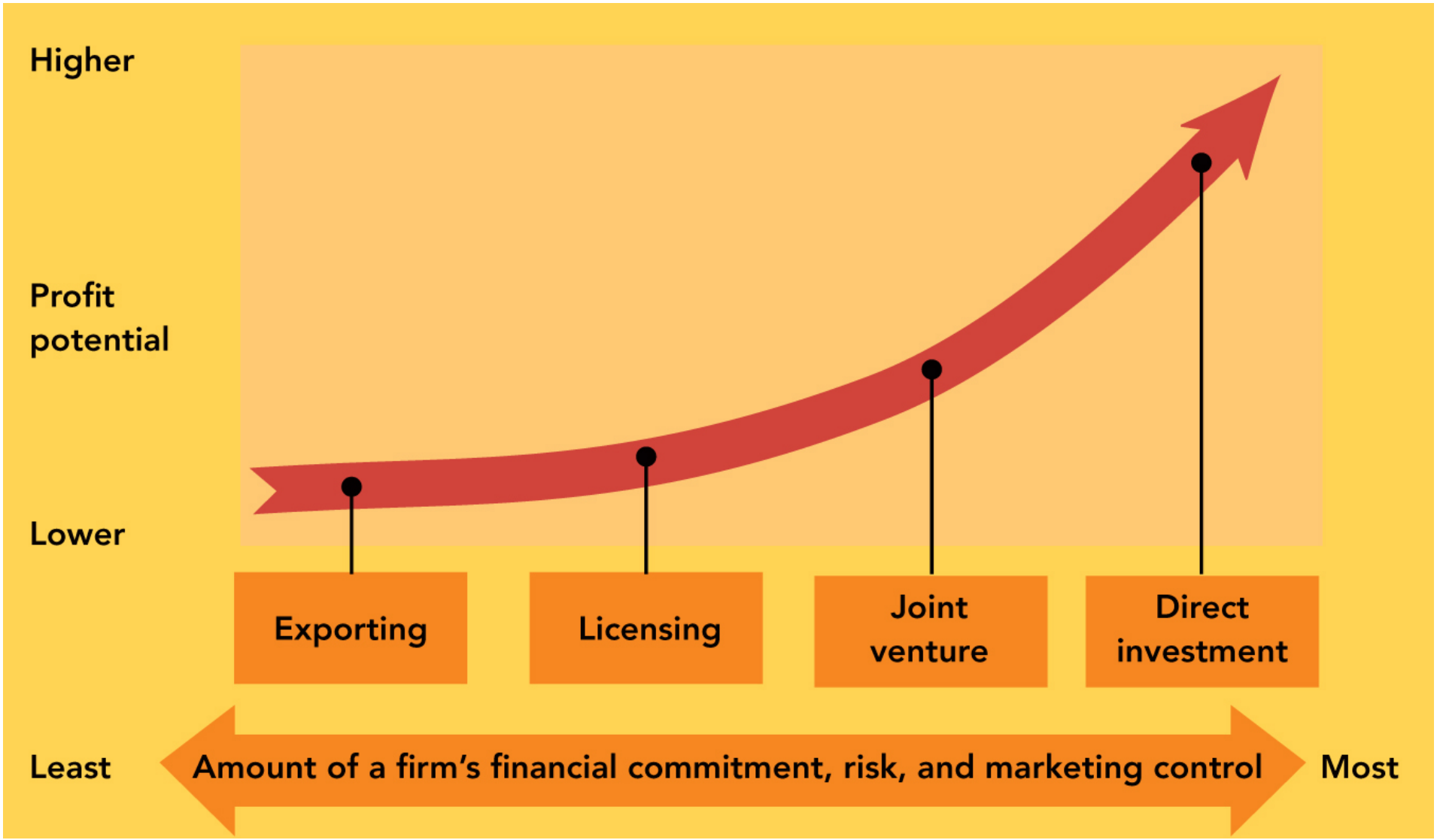
Differences

- Cultural
- Economic
- Trade Barriers
- Differences in Product & Technical (quality) Standards

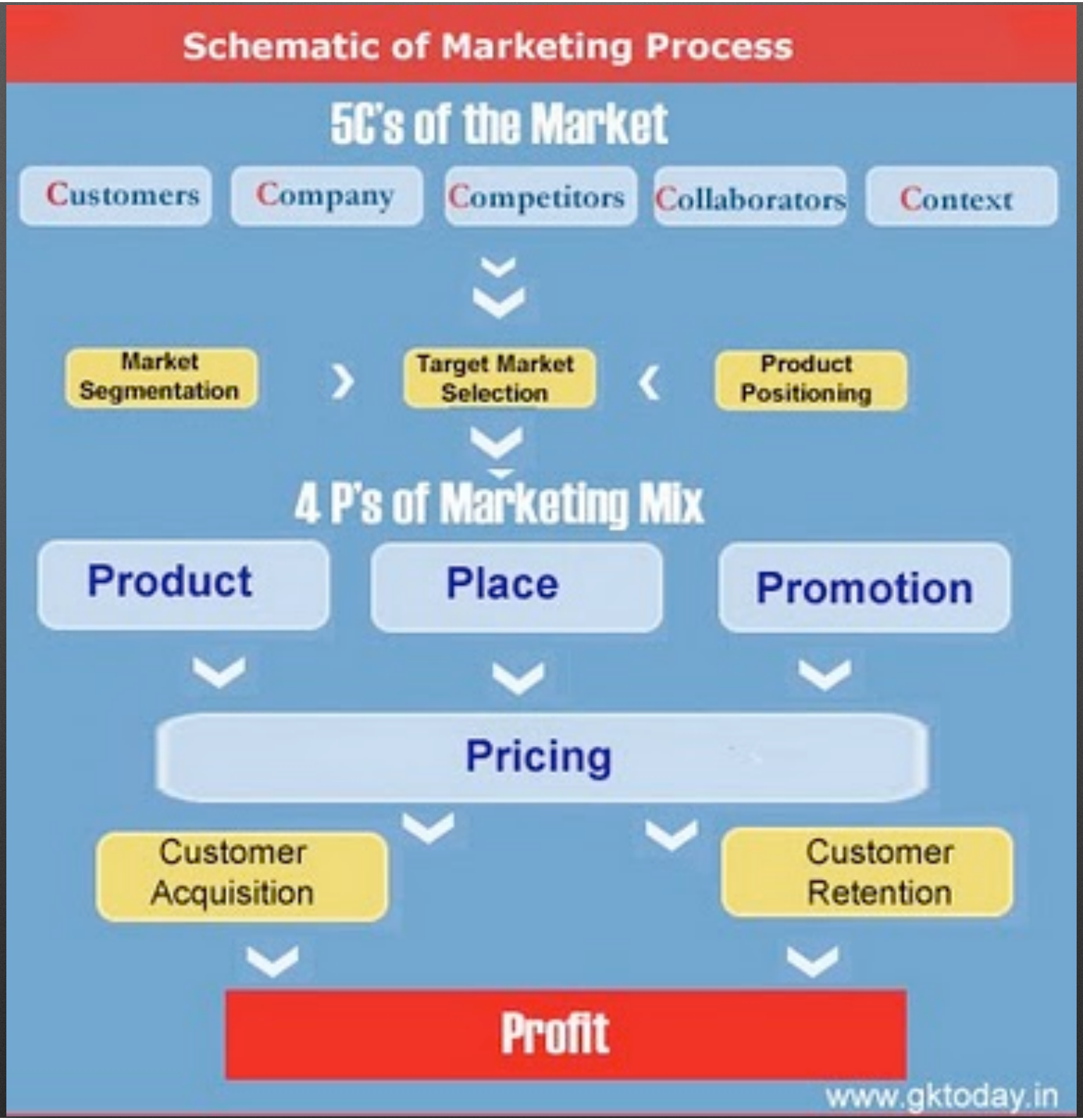
We have so far established that there is a lot of global opportunity. However, there is no one and the same global market

Which means that the market reality firms are dealing with are situationally determined

FIGURE 7-6 Alternative global market-entry strategies



So, as internal and external market factors affect Entry Mode; they equally affect marketing strategy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Profit
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Market Segmentation

STP

Segmentation
Targeting
Positioning

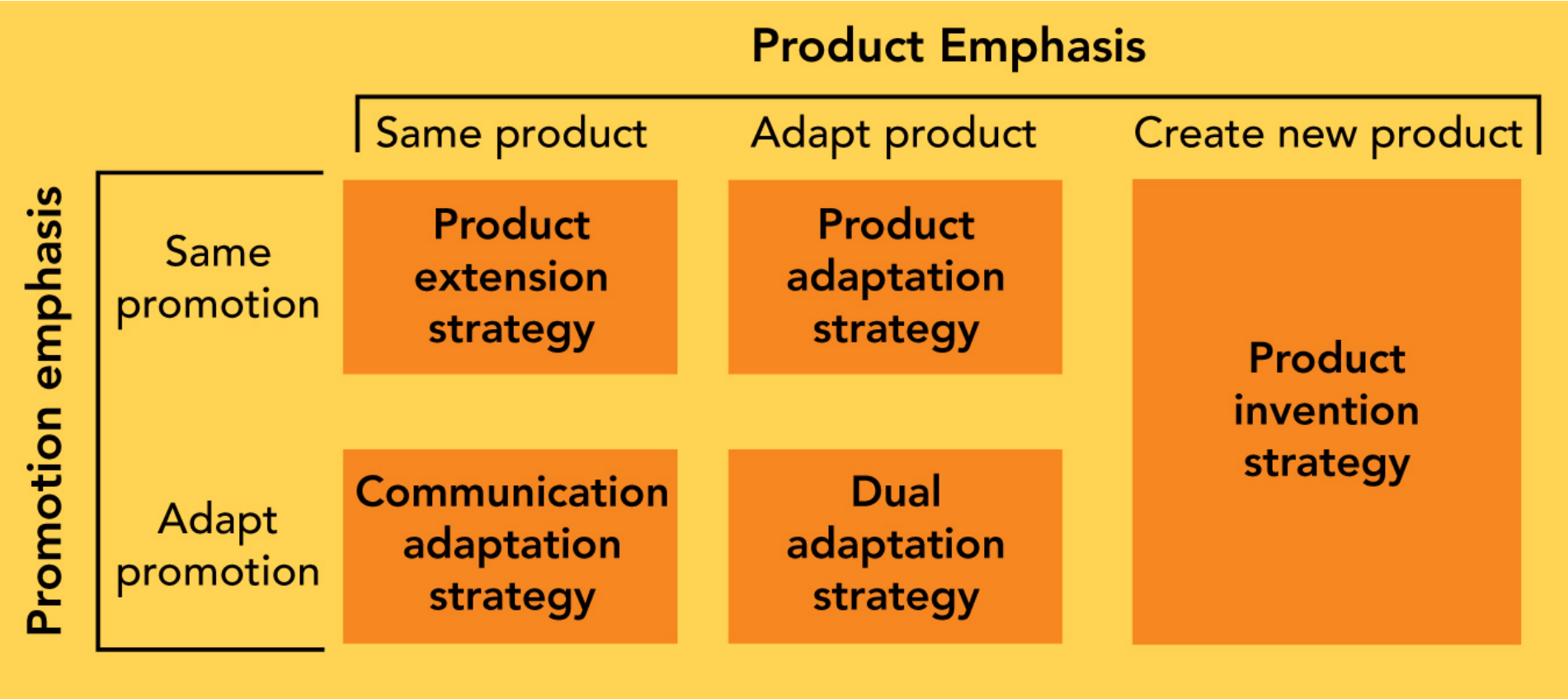
Segmentation in International Markets

Do segments transcend national borders or not?

UNITEDSTAT

Standardization vs. Adaptation

FIGURE 7-7 Five product and promotion strategies for global marketing



Why Do You Have to Change?

- Culture and language factors
- Level of Economic Development
- National Image - *Country of Origin Effect*
- Laws & Regulations - product & technical standards
- Counterfeit Products and other IP infringements

Language Problems:

- Obviously, language is one of the "easier" issues to deal with in market entry and channel design (although it is not always dealt with adequately)
- For the marketer there are issues of culture...or cultural distance...

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PARIS

Rel
Due

simple enough…and cost-effective…

Economic Development

Economic Development

consumers in highly developed countries tend to demand a lot of extra performance attributes

consumers in less developed nations tend to prefer more basic products

- Culture and language factors
- National Image - *Country of Origin Effect*
- Laws & Regulations
- Counterfeit Products and other IP infringements

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U. S. A.

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PARIS

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MADE IN
CHINA

WAGONR

- Culture and language factors
- Economic Development
- National Image - *Country of Origin Effect*
- Laws & Regulations
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offal

[**aw**-f*uh* l, **of**-*uh* l]

offal

[**aw**-f*uh* l, **of**-*uh* l]

the parts of a butchered animal that are considered inedible by human beings; carrion.

offal

[**aw**-f*uh* l, **of**-*uh* l]

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- Culture and language factors
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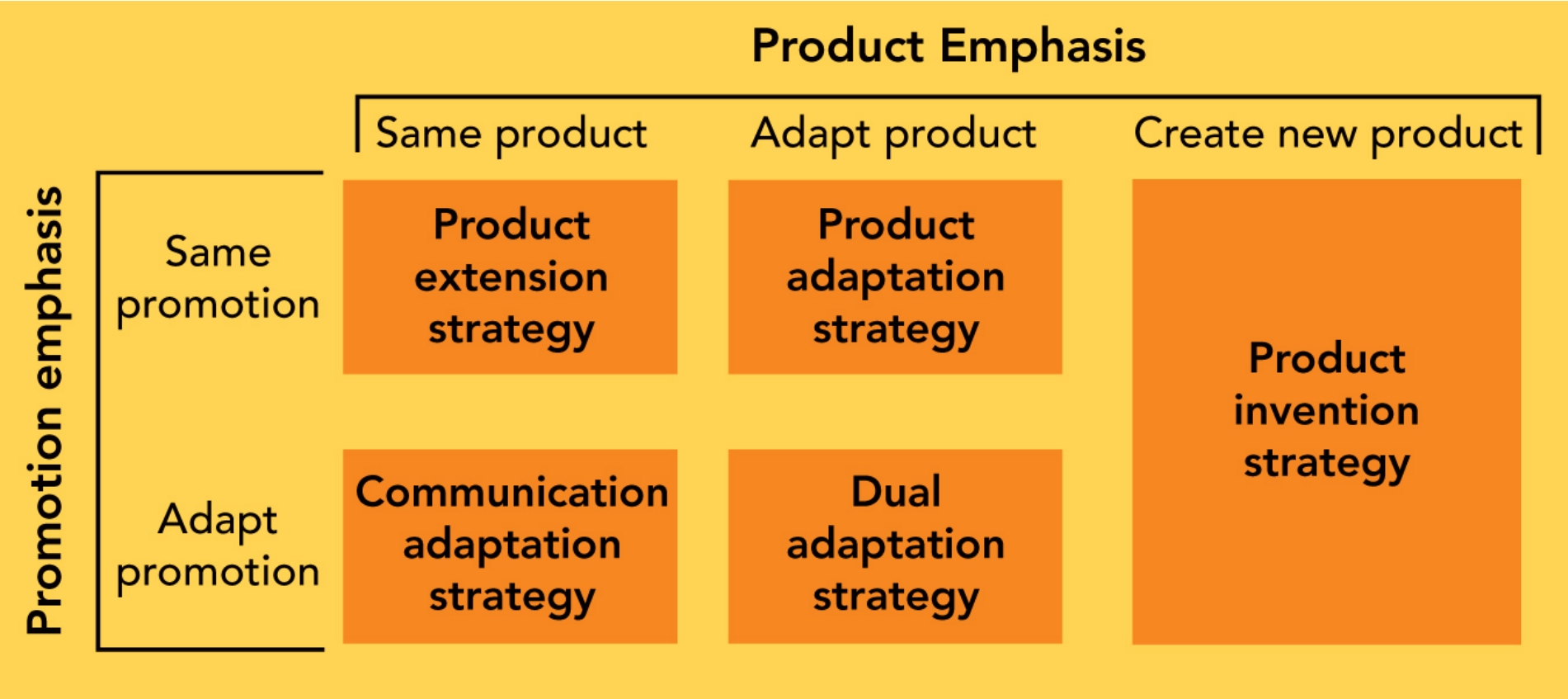
PARADI

adidos

AEIPPIE

Downloading
CAUTION
What you are doing is illegal

FIGURE 7-7 Five product and promotion strategies for global marketing



Consider this...

- Globalization success is dependent on market success (dealing with the competition); such as brand, technology, business processes...etc...
    - (What is so international business about that?)
- Point: Local market adaptations are just that; local, not easily transported across borders to constitute the "one size fits all" strategy for global market entry
- Note: As the market matures, technological and cost advantages even out

- Note: this is a continuum decision; meaning what...?
- Same 3 basic approaches:
  - Wholly regional perspective
  - Marketing process perspective
  - Marketing mix perspective

- And the main argument is:
  - Certainly some brands are strongly connected to certain markets, or are they?
    - McDonalds and Burberry for instance
  - And these can still be “Global Brands”
    - Coca-Cola for instance?

i'm lovin' it®

The Concept to Remember

- Standardization vs. Adaptation (Differentiation)

Global Marketing sub-topics

the connection to SCM *and* DSI

Appreciating The Differences We Are Dealing With...

The more you look at the world,
the more you recognise
what really matters to people.

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HSBC
The world's local bank

Issued by HSBC Holdings plc.

USA
Football

UK
Football

AUSTRALIA
Football

Never underestimate the importance of local knowledge.

To truly understand a country and its culture, you have to be part of it.

That's why, at HSBC, we have local banks in more countries than anyone else. And all of our offices around the world are staffed by local people.

It's their insight that allows us to recognise financial opportunities invisible to outsiders.

But those opportunities don't just benefit our local customers.

Innovations and ideas are shared throughout the HSBC network, so that everyone who banks with us can benefit.

Think of it as local knowledge that just happens to span the globe.

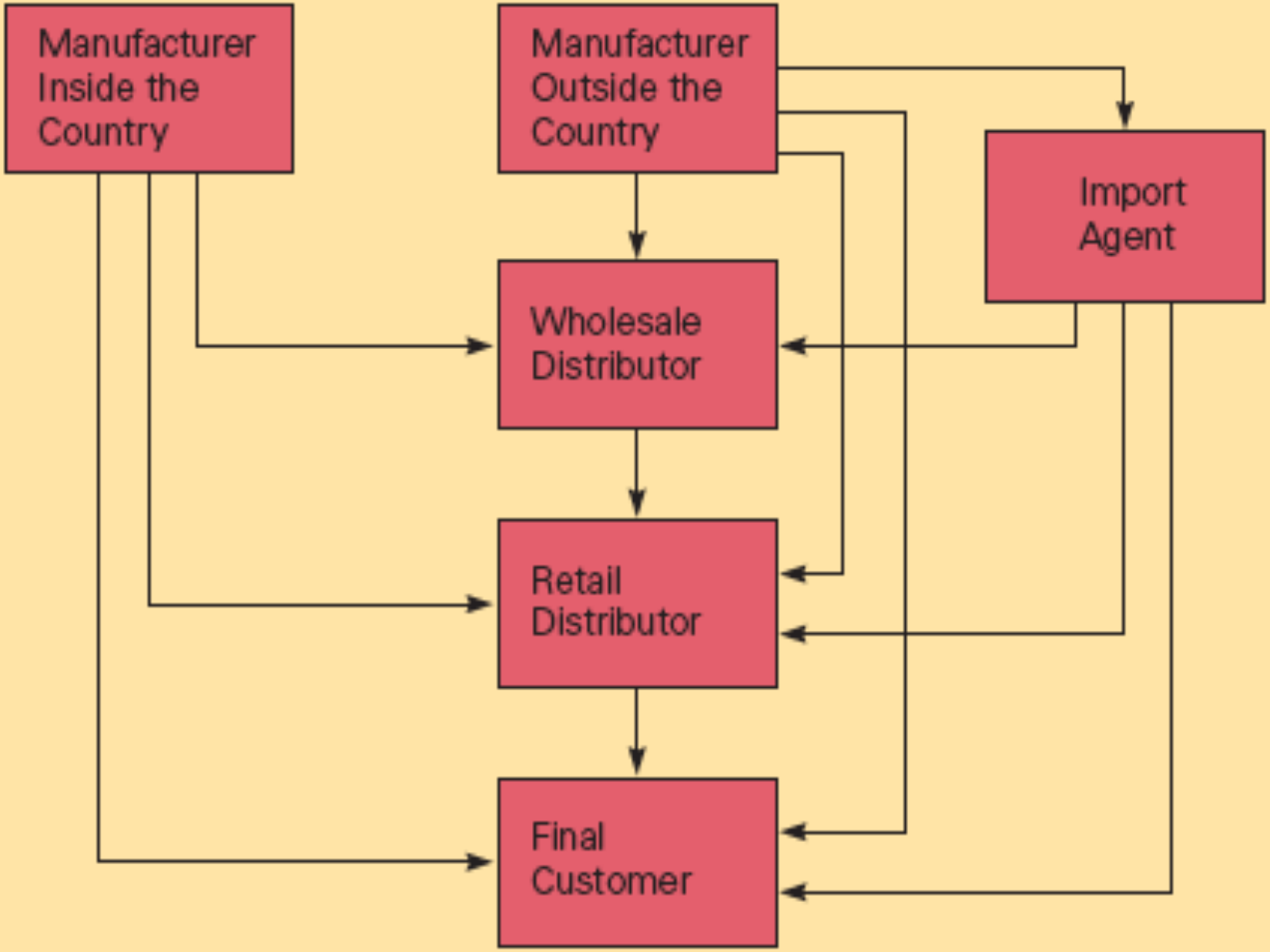
HSBC
The world's local bank

Issued by HSBC Holdings plc

And understand which of the differences you have to - or can deal with...Or should never deal with!

UPS/5X
AAY 71959 UPS/5X

- Distribution strategy - the means the firm chooses for delivering the product to the consumer
- How a product is delivered depends on the firm's market entry strategy
  - firms that produce locally can sell directly to the consumer, to the retailer, or to the wholesaler
  - firms that produce outside the country have the same options plus the option of selling to an import agent


Manufacturer Inside the Country
Manufacturer Outside the Country
Import Agent
Wholesale Distributor
Retail Distributor
Final Customer

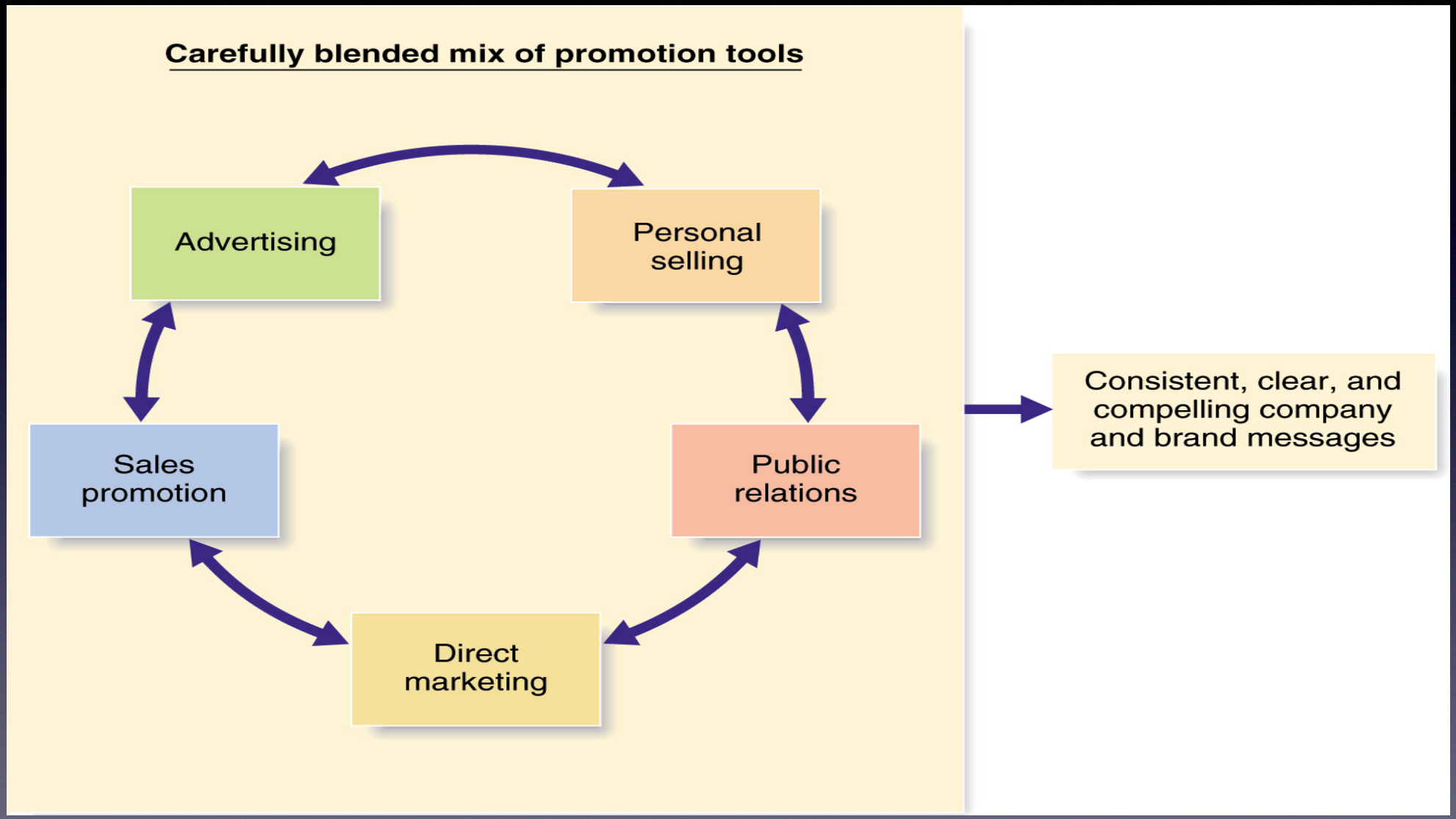
- There are four main differences in distribution systems

1. Retail concentration – concentrated or fragmented
   - concentrated retail system, a few retailers supply most of the market
     - common in developed countries
   - fragmented retail system there are many retailers, no one of which has a major share of the market
     - common in developing countries

2. Channel length - the number of intermediaries between the producer and the consumer
   - short channel - when the producer sells directly to the consumer
     - common with concentrated systems
   - long channel - when the producer sells through an import agent, a wholesaler, and a retailer
     - common with fragmented retail systems

3. Channel exclusivity – how difficult it is for outsiders to access
   - Japan's system is a very exclusive system
4. Channel quality - the expertise, competencies, and skills of established retailers in a nation, and their ability to sell and support the products of international businesses
   - good in most developed countries, but variable in emerging markets and less developed countries
   - firms may have to devote considerable resources to upgrading channel quality

Global Integrated Marketing Communications


Carefully blended mix of promotion tools
Advertising
Personal selling
Sales promotion
Public relations
Direct marketing
Consistent, clear, and compelling company and brand messages

- Communicating product attributes to prospective customers is a critical element in the marketing mix
- How a firm communicates with customers depends partly on the choice of channel
- Communication channels available to a firm include
  - direct selling
  - sales promotion
  - direct marketing
  - advertising

Important Issues in Global Market Communications:

Noise Level

- Amount of other messages competing for the consumers' attention…

CHANGE YOU CAN TOUCH.
SONOMA
$4.01
MAVE
American Quality
EVERY
$3
$3.70
$3.70
$5.13
$4.65
$4.06
Marlboro
Little Debbie
Combos
Combos
Combos
SALE ONE TIME

- Firms have to choose between two types of communication strategies

1. A push strategy emphasizes personnel selling
2. A pull strategy emphasizes mass media advertising

- In general, a push strategy is better
  - for industrial products and/or complex new products
  - when distribution channels are short
  - when few print or electronic media are available
- A pull strategy is better
  - for consumer goods products
  - when distribution channels are long
  - when sufficient print and electronic media are available to carry the marketing message

JUST DO IT.

This is the exception!

International Pricing Strategy

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Pricing

- Different strategies for international pricing
  - Worldwide Pricing
  - Dual Pricing (grey market risk!)

Consider:

- Price Discrimination
- Strategic Pricing
- Regulations on Pricing

Pricing Tactics

- Predatory (trying to get rid of competition)
- Multi-point Pricing (from one market to the next)
- Experience Curve (looking to learn and lower costs)

Next Week Tuesday:
Exam Prep Session
12:30 - 1:00 p.m.
SCHN2000