



Global Enterprise and Competition

Week 7 Class Slides

Last week ...

Market Assessment

Market entry modes

- Equity and non equity modes

- Multiple options

- Export to own plants/facilities

- Case studies

Export-Import Process

- Important to understand

- Helps in Export Plan

This week ...

Marketing Internationally

domestic Vs international

marketing mix standardization possible?

Physical product, brand, total, product

Consumer vs industrial products

Importance of Promotion

“Glocal” strategies

Chapter 15

Marketing Internationally

Learning Objectives

- LO1 **Explain** why there are differences between domestic and international marketing.
- LO2 **Discuss** why international marketing managers may wish to standardize the marketing mix.
- LO3 **Explain** why it is often impossible to standardize the marketing mix worldwide.
- LO4 **Discuss** the importance of distinguishing among the total product, the physical product and the brand name.
- LO5 **Explain** why consumer products generally require greater modification for international sales than do industrial products or services.

Learning Objectives

- LO6 **Discuss** the product strategies that can be formed from three product alternatives and the kinds of promotional messages.
- LO7 **Discuss** some of the effects the Internet may have on international marketing.
- LO8 **Explain** “glocal” advertising strategies.
- LO9 **Discuss** the distribution strategies of international marketers.

Are marketing functions the same?

Is International marketing same as domestic?

Basic Marketing Functions – same; 4P
international marketing varies dramatically
Uncontrollable forces
Controllable forces

International Marketing Manager Decisions options
Standardize worldwide
make some changes
formulate entirely different marketing mix

P&G ... \$84B Global leader in consumer goods
210+ brands, 22 billion-dollar, 3B customers
>50% of revenues outside US

Billion Dollars Brands



P&G Global marketing

Global brands, local/regional marketing

Fierce competition

Global, regional and local players

Localization needs

Competition, laws/regulations (page 231)

International marketing evolution

similar to many other MNC's

products first marketed in developed markets

then, to developing markets

Took 15 years for Pampers to get into 70 countries

Early 1990's changed to simultaneous launches

Currently, 18 months to WW rollout

Simple organization structure, 'Think Global, Act Local'

Global Cosmopolitans: The Gillette Case*

World class company – cosmopolitan mindset that demands global culture of management

Cosmopolitans \rightleftharpoons Globalization

Gillette

Markets in 200 countries and Territories

58 facilities in 28 countries

75% of employees outside the US

70% of revenues from outside the US

Classic International/Global company

Global Cosmopolitans: The Gillette Case*

Pre 1980's – “Stone Age” Theory of marketing
slow spread from home to hinterlands

Sophisticated and more informed consumers required a global approach

Retail trade getting more advanced --- retails chains (e.g. Wal-Mart) and Internet

Evolved from International to global

Global strategy --- 50 states to 500 states

Imperatives

Innovation

Organizations

Standardization

World Sourcing

Leadership

Coordination

Gillette Mach 3 Launch

Planning began in 1994 before first Sensor shipped in US

Global Launch, <one year in all markets

July 1998 – US, Sept 98 – Europe, Feb 99 – Japan

Mid 99 – LA and Australia

Same packaging, color scheme, type face, design,
TV/radio advertising, etc.

Some minor differences: e.g.
male models different
(for regional/national acceptance)

Achieved instantaneous brand
creation

EXHIBIT I
MACH 3 MARKET SHARE AFTER LAUNCH

Country	Blade Market Share	Months After Launch
U.S.	14.6%	5
France	13.6%	3
Germany	13%	3
Italy	16%	3
Spain	15%	3
Britain	16%	3

Source: The Gillette Company



US
English
Spanish



Japan

France



Added Complexities of International Marketing

Marketing functions are the same world-wide, but differ in local markets due to these forces:

- Sociocultural
- Resource & environmental
- Economic & socioeconomic
- Legal
- Financial
- Labor

The Marketing Mix

(What to Sell and How to Sell It)

- The Marketing Mix

A set of strategy decisions about

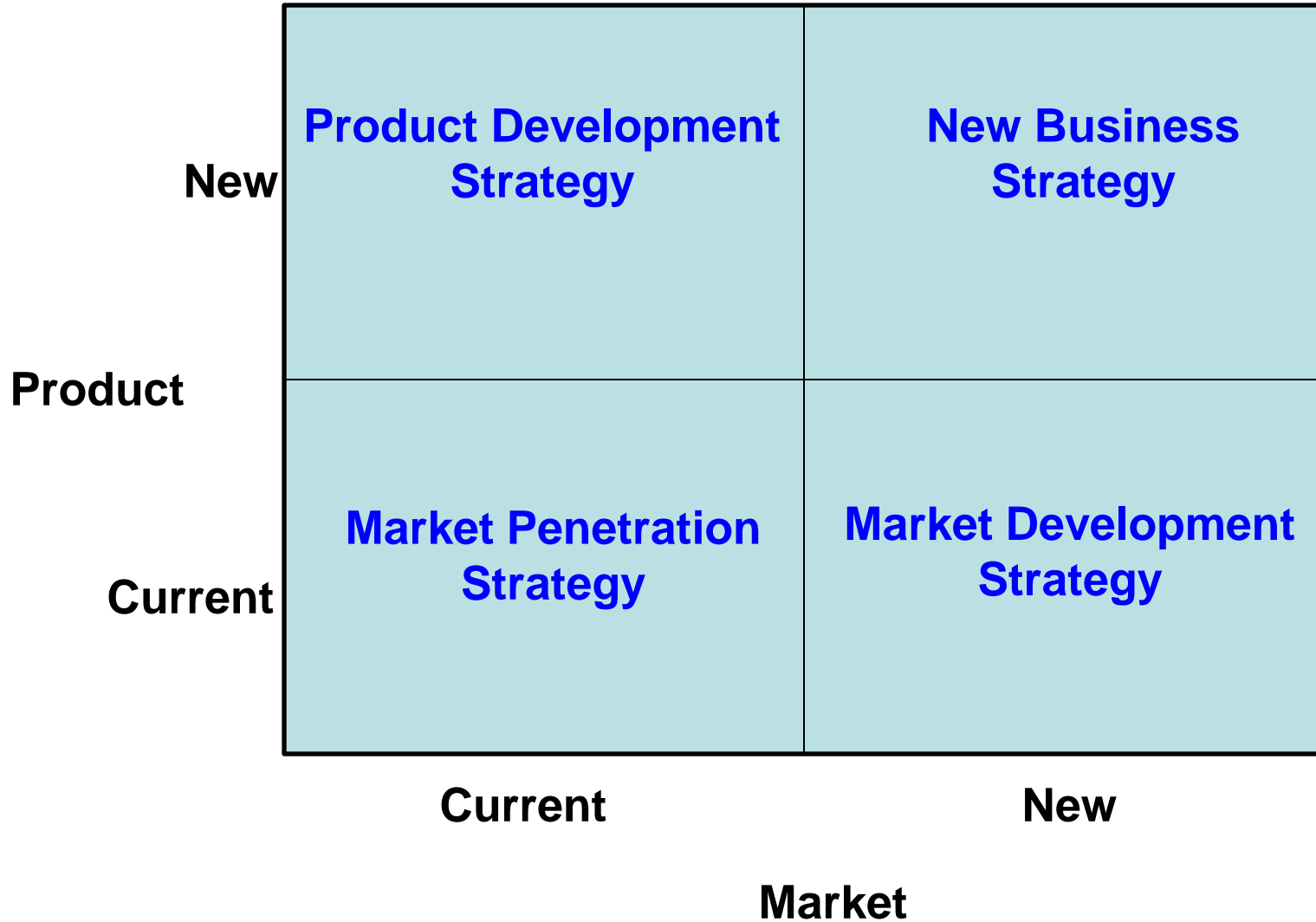
- Product
- Promotion
- Price
- Distribution

Focuses on satisfying target market(s) needs and desires

International Marketing

- ◎ To develop marketing strategies the international marketing manager **assesses the firm's foreign markets** and analyzes the many alternative **marketing mixes**
 - ◎ Plans and controls a variety of marketing strategies rather than a single unified and standardized one
 - ◎ Coordinates and integrates multiple strategies into a single marketing program

Market/Product Matrix





Standardize?

Adapt?

Create a new mix?

Standardize, Adapt, or Formulate Anew?

- **Global standardization** of the marketing mix
 - Significant cost savings
 - Longer production runs
 - Standardized advertising, promotional materials, and sales training
 - Standardized corporate image
 - Standardized pricing strategies
 - Easier control and coordination
 - Reduction of preparation time
 - **Often not possible**

Product Strategies

Product is the central focus of the marketing mix

Good promotion, pricing cutting or distribution will not sell a bad product

TOTAL PRODUCT

What the customer buys, including the physical product, brand name, accessories, after-sales service, warranty, instructions, company image, and package

Product
Promotion
Pricing
Place

Product Strategies

- Product is central to marketing mix
- The **total product** includes the
 - physical product
 - brand name
 - accessories
 - after-sales service
 - warranty
 - instructions for use
 - company image
 - packaging



Type of Product

Industrial Product

Sold in B-to-B markets, often unchanged

Adaptation used to meet local legal requirements

Consumer Product

Sold to ultimate consumer for personal consumption

Often modified to meet local cultural preferences

Services

“Performances” targeted to B-to-B or ultimate consumer

Less complex marketing, but local laws/customs may mandate adaptations

Foreign Environmental Forces

Sociocultural Forces

local cultural patterns often require changes in brand name, color, label translations, package size & price

Legal Forces

impact every aspect of marketing mix, also pollution, consumer protection & operator safety

Economic Forces

income differences impact consumer's ability to pay, requiring quantity and price changes

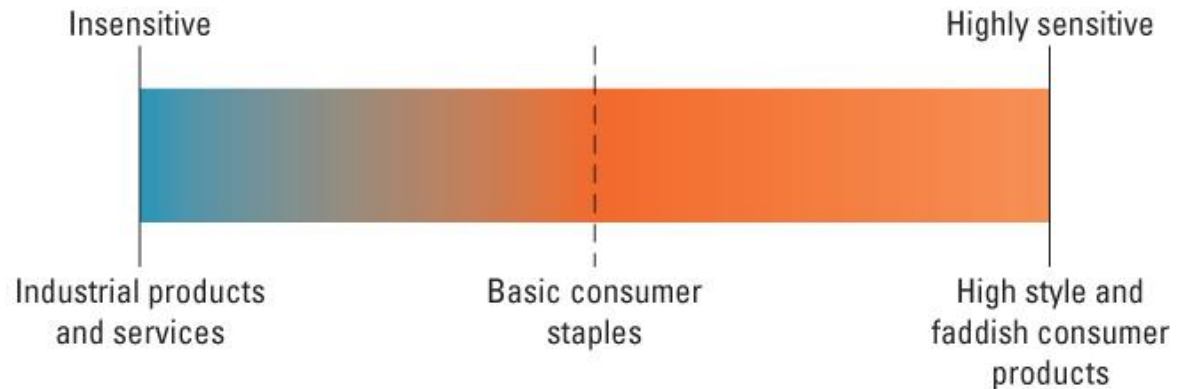
Physical Forces

climate, terrain, altitude may require product alteration

Continuum of sensitivity to the foreign environment

FIGURE 15-2

Continuity of Sensitivity to the Foreign Environment



Promotional Strategies

Promotion

Communication that secures understanding between a firm and its publics to bring favorable buying action and long-term confidence in the firm and its products or services

9 possible strategies from 3 alternatives:

1. Marketing same physical product everywhere
2. Adapting physical product to foreign markets
3. Designing new physical product with (a) same, (b) adapted, or (c) different messages

6 Common Promotional Strategies

1. Same product – same message
2. Same product – different message
3. Product adaptation – same message
4. Product adaptation – message adaptation
5. Different product – same message
6. Different product for the same use – different message

Advertising

Advertising

Paid, non-personal presentation of ideas, goods, or services by an identified sponsor

Global advertising considerations:

Global or national

Private brands

Internet advertising

Type of product

Foreign environmental forces

Globalization versus localization

Neither purely global nor purely local

Advertising

Influence of cultural dimensions

- Directness vs. indirectness
- Comparison
- Humor
- Gender roles
- Explicitness
- Sophistication
- Popular vs. traditional culture
- Information content vs. fluff

Advertising

Global and Regional Brands increasingly used

- Cost savings on promotional materials
- One regional source for materials
- Regionalized organizations
- Global and regional satellite and cable television

Advertising

Internet Advertising

Provides affluent, reachable audience

Provides interactive communication

Allows customers to determine messages they receive

Best media choice for select audiences (teenagers)

Advertising

- Foreign environmental forces, especially sociocultural forces, deter standardization

Product positioned as foreign or local?

Language & translation issues

Legal constraints and public opinion

Religious limitations

“Glocal” Advertising

Glocal Advertising

Neither purely global nor purely local

- 18 yrs olds in Paris and New York have commonalities
- Best way to handle international advertising
- Common strategy for large regions (lower costs)

Advertising

Personal Selling depends on

- Relative cost of advertising
- Funds available for advertising
- Available media
- Type of product

Industrial firms use personal selling more than advertising

Consumer goods use personal selling in developing markets

Advertising

Sales Force standardized globally

- Sales presentations, training
- Examples: Avon, Pfizer, Upjohn
- Recruitment difficult in foreign countries
 - Stigma to selling in some cultures
 - Need to hire culturally acceptable sales people
 - Language and cultural diversity within countries

Sales Promotion

Sales Promotion

- Selling aids, including displays, premiums, contests, and gifts
- Standardization easy given cultural constraints

Public Relations

Public Relations

Various methods of communicating with the firm's publics to secure a favorable impression

MNCs could improve communications to non business publics to address

- Nationalism
- Anti-MNC feelings
- Critics of firm's motives and operations (defend or do nothing?)

Pricing Strategies

Pricing decisions

- Affect other corporate functions
- Directly determine gross revenue
- Are a major determinant of profits

U.S. pricing research may not apply
abroad

Pricing, a Controllable Variable

The one marketing mix element that can be varied to attain marketing objectives

Standardizing Prices

Foreign National Pricing

Local pricing in another country

International Pricing

Setting prices of goods for export for both unrelated and related firms

Intra-company price aka transfer price

Pricing

Internet redefines pricing options

- Instant access to multiple sellers world wide
- Greater global price competition
- Instant price comparisons from 100s of sites

The Results

- National boundaries less important
- World prices a reality in both consumer and B-to-B markets

Distribution

Constraints on standardization

- Availability of channel members
- Environmental forces
 - Geography
 - Legal differences (Royer law in EU)
 - Economic differences

Increased Disintermediation

- Use of alternative, faster delivery services
- Compensates for lack of dedicated channels