

# International Marketing

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# Course Agenda

- Session 1. International Marketing Concept
- Session 2. International Marketing Environment
- Session 3. Foreign Market Entry Strategies
- Session 4. Portfolio Strategies
- Session 5. Product Decisions
- Session 6. Pricing Decisions
- Session 7. Promotional Decisions
- Session 8. Distribution decisions
- Session 9. Marketing-Mix: International Practice
- Session 10. Marketing Research and International Marketing Plan

# Session 1. International Marketing Concept

- Marketing - the process of creating, distributing, promoting, and pricing goods, services, and ideas to facilitate satisfying exchange relationships in a dynamic environment
- Marketing – winning and “locking-in” customers

# Marketing Concept

- A managerial philosophy that an organization exercise so as to satisfy customer needs through a coordinated set of activities, allowing the organization to achieve its goals as well
- Industrial Era (1900) - strong demand, efficiency
- Sales Era (1920) - weak demand, sales orientation (sell the produced goods)
- Marketing Era (1950) - relationship marketing (long-term, mutually satisfying relationships), produce what is needed

# International Marketing Definitions

- Marketing «over political borders»
- Marketing targeted at foreign consumer demands
- Key decisions:
  - foreign market entry decision*
  - specific market decision*
  - strategy decision*
  - marketing mix decision (5 «p»)*

# Famous Marketing Blunders

- Otis elevator in USSR- sign said *good for sex*
- Parker Pen (ink) in Latin America - false impression that the product helped preventing pregnancies
- Pepsi Cola in Germany- translated from *Come Alive with Pepsi* to *Come out of the Grave with Pepsi*
- GM in Belgium- translation error made *Body by Fisher* as *Corpse by Fisher*

# Famous Marketing Blunders

- Exxon (gas) in Thailand - used meaningless tiger symbol
- Warner-Lampert (mouthwash) in Thailand - depicted love scenes in violation of local customs
- McDonald Douglas (aircraft) in India - mistakenly depicted Pakistan people instead of Indians
- Goodyear Tire in Germany - made illegal claims of superiority
- General Mills (breakfast cereal) in England - appealed to kids

# Export Motives

- *Internal proactive:* managerial urge, growth / profit goals, marketing skills, economies of scale, unique product
- *Internal reactive:* risk diversification, excess capacity, extend sales of a seasonable product
- *External proactive:* foreign market opportunities, promoting organizations
- *External reactive:* foreign initiator, home market limitations, stagnant or declining home market, global company attack



# Possible Risks

- Misunderstanding foreign consumer
- Low product competitiveness
- Different business culture
- Lack of communication skills
- Unfamiliar legal environment (extra costs)
- Lack of managers with foreign experience
- Political, legal, currency risks

# Marketing Strategy

- Target market - a specific group of buyers whose needs and wants a company focuses its marketing efforts on
- Marketing Mix - 4 «P» (+People), firm-controlled marketing activities
- Marketing environment - competitive, economic, political, legal, sociocultural, technological factors which face buyers and affect the marketing mix

# Global Economy

- Internationalization (aspects - world trade, direct investments; drivers - market opportunities, excessive capacity)
- Global segments
- Blurring (deleting borders among states, industries, goods/services/impressions)
- Acceleration of business (trades, product development, order execution; intangible assets; connectivity - people, firms, nations)

# Strategic Choice

- Global marketing (Coca-Cola, McDonalds, Levi Straus, Marlboro) / Multinational marketing (Unilever 1000 brandnames, P&G)
- Logic for standardization - homogeneity of needs, lower prices, higher quality, global segments growth, “one sight, one sound, one sale”, “echo” effect
- Logic for adaptation - heterogeneity of needs
- Mandatory adaptation - language, differing standards (electrical systems, measurement systems), legislation..
- Voluntary adaptation - exporter’s decision
- Often- a compromise of the two strategies (“think globally, act locally”)

# Case 1. Standardization or Adaptation?

	?????	?????
Competition	Weak	Strong
Market position	Dominant	Non-dominant
Customer preferences	Homogeneous	Heterogeneous
Purchasing power	Uniform	Varied
Product type	Industrial	Consumer
Scale economies	Important	Not very
Markets number and size	Large	Small

# Session 2. International Environment

- Economic forces
- Culture
- Socio-demography
- Political/legal forces
- Technology
- Competition

# Economic Environment

- Economy structure – “natural economy” countries (self-consumption+exchange), raw components exporters, industry-developing countries (20% processing industry), developed countries
- Triad Concept (Golden billion countries) – geographical borders / consumer demand homogeneity
- Trends: business megapolisization, “companies-states”

# Business System Concept

<b>Business system dimension</b>	<b>Anglo-Saxon</b>	<b>Communitarian</b>	<b>Emerging</b>
<b>System orientation</b>	Markets	Networks	Emergent
<b>Economy type</b>	Consumer	Producer	High growth and export promotion
<b>Role in global economy</b>	Dominant standard	Alternative to Anglo-Saxon	Rapidly increasing
<b>Accountability</b>	Shareholders	Stakeholders	Families, government, ministries
<b>Informational disclosure</b>	High	Limited	Lack



# Cultural Environment

- Interpersonal relations:
  - high context* - Asia, Arab countries (intuition, power of word, tradition, informal, no contract)
  - low context*- Western countries (formal, contract details, external lawyer)
- Corporate culture - Hofstede, 1983
- Consumption culture
- Trend: cross-cultural migration

# Socio-Demographic Environment

- Population growth - 6,5 bln, consumption growth (=consumer markets?)
- Age structure - Mexico/Japan
- Ethnic markets- Japan/US (76% - Europeans, 12% - Afro, 9% - Latin, 3% - Asia)
- Trends: households structure (singles, couples, 1+children, OPOP), geographic removals (minorities, urbanization, suburbanization), non-geographic groups, permanent communication, life duration

# Political / Legal Environment

- Political stability
- Role of government (income centralization, state trading volumes, investment policy)
- Government controls - license requirements, tariffs, quotas, extra taxes, exchange controls
- Promotional activities (financial, information services, export facilitating, private organizations)

# Technological Environment

- Different standards
- Informational systems (internet, intranet, extranet)
- Trends: infinitive reach, short life cycle, “small-mini-micro”, “light-weightness”, consumer technological helplessness

# Competitive Environment (Michael Porter's Model)

Global competitors	Potential entrants	HiTech markets
Power of suppliers	Industry competitors	Power of consumers
Stock markets	Products-substitutes	Management groups

# Competitive Environment

- Competitors - «us or them» / alliances
- Potential entrants - «study your industry» / industry blurring
- Buyers - well-informed («how much?» / «environmentally friendly?»)
- Suppliers – few / many (quality, but power)
- Substitutes - changed

# Competitive Environment Trends

- Soft competition
- Small niches
- Goods / services / impressions (emotions)
- Brand races
- False pricing

# Brand Values in 2013

- 1) Apple — \$ 185,071 bln.
- 2) Google — \$ 113,669 bln.
- 3) IBM — \$ 112,536 bln.
- 4) McDonald's — \$ 90,256 bln.
- 5) Coca Cola — \$ 78,415 bln.
- 6) AT & T — \$ 75,507 bln.
- 7) Microsoft — \$ 69,814 bln.
- 8) Marlboro — \$ 69,383 bln.
- 9) Visa — \$ 56,060 bln.
- 10) China Mobile — \$ 55,368 bln.

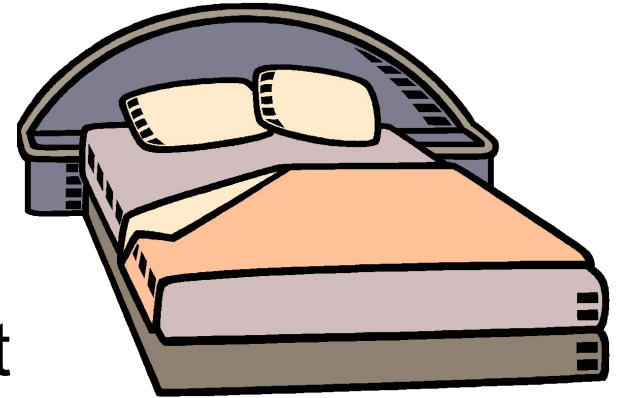


# Russian Brands

- 1) «Сбербанк» (70<sup>th</sup> place; \$ 12,655 млрд.)
- 2) МТС (82d place; \$ 10,633 млрд.)

# Case 2. IKEA's Expansion in the U.S. Market

- What are the reasons behind IKEA'S success in the United States market?
- Why is advertising so important in the US market?
- What are the risks associated with the kind of TV advertising campaign initiated by IKEA?
- Why didn't "word-of-mouth" work for IKEA?



# Session 3. Foreign Market Entry Strategies

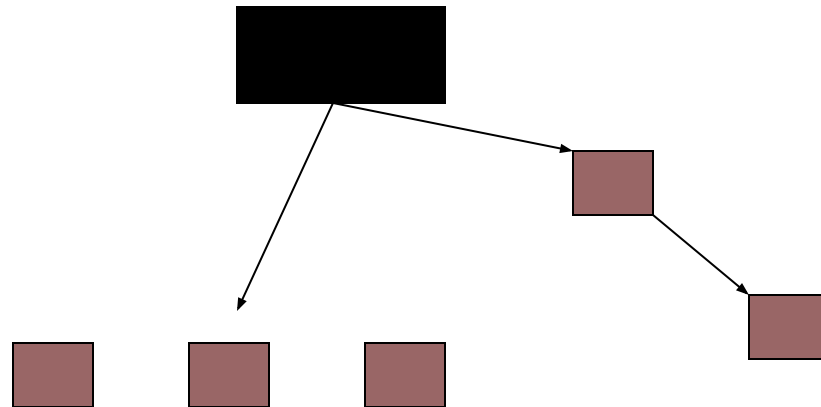
- Market Selection Methods
- PEST-analysis
- SWOT-analysis
- Market Penetration Strategies
- Target Market Segmentation
- Competitive Differentiation and Positioning

# Foreign Market Entry Goals

- Profit
- Market share
- Market test
- Risk diversification
- Setting barriers to competitors

# Market Selection Methods

- Waterfall (the “nearest neighbor” method)
- Sprinkler (the most promising countries selection)



# First-Rank Criteria

- Measurability of segments (size, purchasing power)
- Consumer accessibility (language, skills, understanding foreign culture)
- Profitability (adaptation cost, tariffs, taxes, cost of resources)
- Marketing effectiveness (consumer attitudes, education, feedback profile)

# “Sprinkler” Steps

- Geographic segmentation - market indicators (barriers), product indicators (barriers), market potential evaluation
- Socio-economic segmentation - demand indicators (qualitative, quantitative), supply indicators (competition, distribution, media)
- Sales and profitability evaluation - matching to company goals and resources

# Indicators of Segmentation

- Market indicators (not depend on a specific situation): country (economy, politics, culture, demography, population), consumer (demographic, socio-economic, phsicographic characteristics)
- Product indicators: country (economic and legal barriers, market conditions, lifestyle), consumer (behavior - consumption, attitudes, loyalty, benefit)



# Market Selection Simple Model

Countries / criteria	Market size	Competition pressures	Access terms	<i>Total potential</i>
USA	10	0	10	20
Japan	9	3	5	17
India	8	10	3	21
Brazil	7	5	10	22

# Market Selection Standard Model

Choice criteria	Country A rating (scale 1 to 10)	Country B rating (scale 1 to 10)	Weight (importance)	Country A weighted rating	Country B weighted rating
Market size	4	7	0,3	1,2	2,1
Competition pressures	5	3	0,7	3,5	2,1
Total	9	10	1.00	4,7	4,2

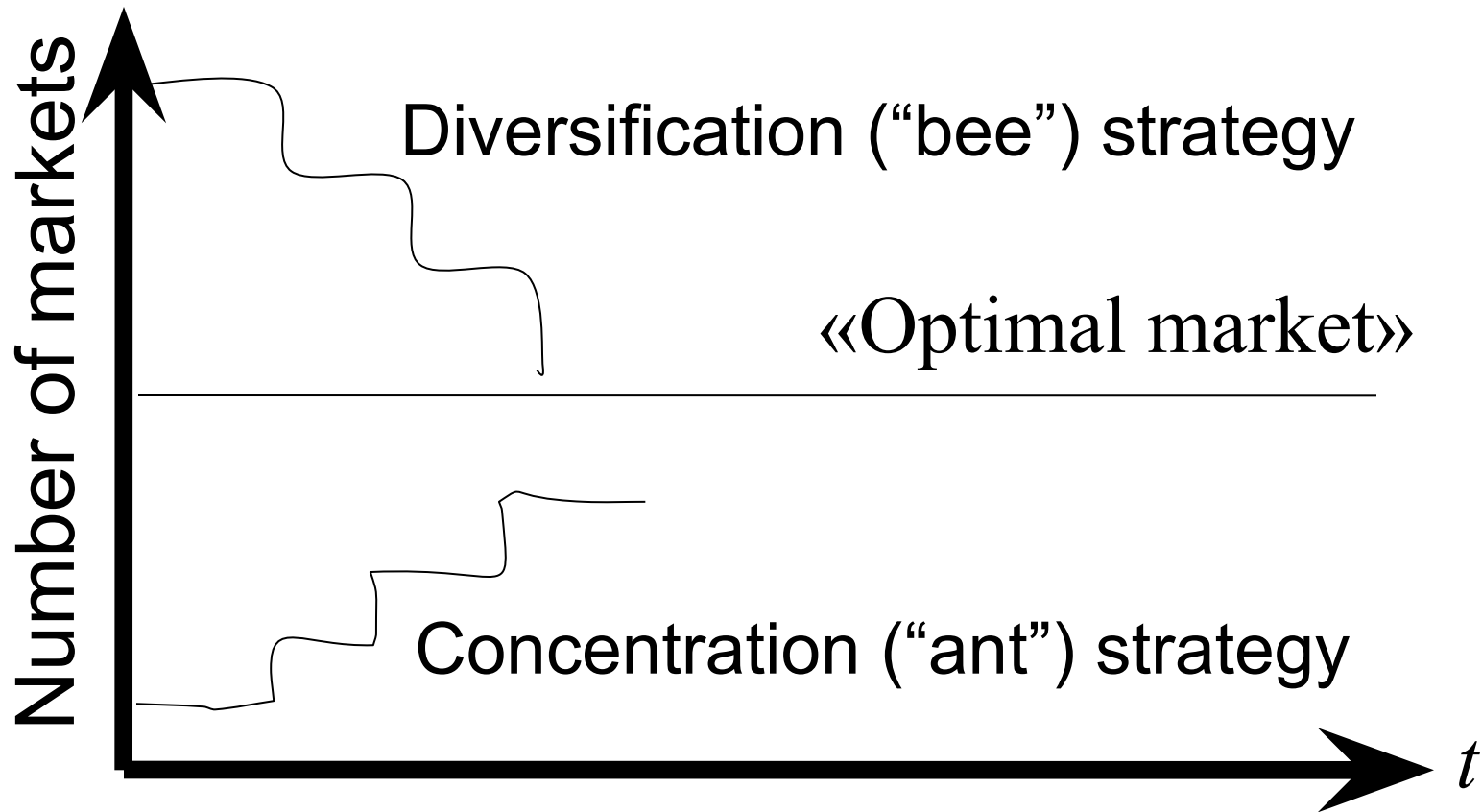
# PEST-Analysis

<b>Political</b>	<b>Economic</b>	<b>Social</b>	<b>Technological</b>
<ul style="list-style-type: none"><li>● Stability</li><li>● Taxes</li><li>● Anti-monopoly legislation</li><li>● Attitudes towards foreign companies</li><li>● Environmental protection</li><li>● Foreign trade regulation</li><li>● Labor legislation</li></ul>	<ul style="list-style-type: none"><li>● GNP trends</li><li>● Income levels</li><li>● Inflation rates</li><li>● Unemployment rates</li><li>● Wages and prices controls</li><li>● Availability and prices for energy</li><li>● Foreign exchange markets</li></ul>	<ul style="list-style-type: none"><li>● Life style</li><li>● career expectations</li><li>● Consumer behavior</li><li>● Population growth rates</li><li>● Age profile</li><li>● Birth rates</li><li>● Pension programs</li><li>● Medical care</li><li>● Education</li></ul>	<ul style="list-style-type: none"><li>● Governmental R&amp;D spending</li><li>● Within-industry R&amp;D spending</li><li>● Patent protection</li><li>● New product development</li><li>● Tele-communication</li><li>● Internet penetration</li></ul>

# SWOT-Analysis

<b>STRENGTHS</b>	<b>WEAKNESSES</b>
<ul style="list-style-type: none"><li>● Image</li><li>● .....</li><li>● .....</li></ul>	<ul style="list-style-type: none"><li>● Lack of financing</li><li>● .....</li><li>● .....</li></ul>
<b>OPPORTUNITIES</b>	<b>THREATS</b>
<ul style="list-style-type: none"><li>● Market potential</li><li>● .....</li><li>● .....</li></ul>	<ul style="list-style-type: none"><li>● Competition</li><li>● .....</li><li>● .....</li></ul>

# Penetration Strategy: Concentration vs Diversification



# Concentration vs Diversification (Key Decision)

- 1) Competitive goal (diversification – setting barriers for entrants, concentration - achieving high market share and strong competitive position in a country)
- 2) Different efforts in marketing (diversification - rely on local distributors, concentration - invest in marketing mix, get more control over the market)

# Concentration vs. Diversification (Strengths)

## Concentration

- Specialization
- Market penetration
- Market knowledge
- Staff experience
- Networking

## Diversification

- Greater flexibility
- Less dependence
- Lower risk
- Lower costs per country

# Target Market Segmentation

- Breaking down the market for a particular product or service into segments of customers that differ in terms of response to marketing strategies
- Geographical and demographic criteria
- New marketing era (new criteria)
- “Segments of one” (personalization)



# Positioning

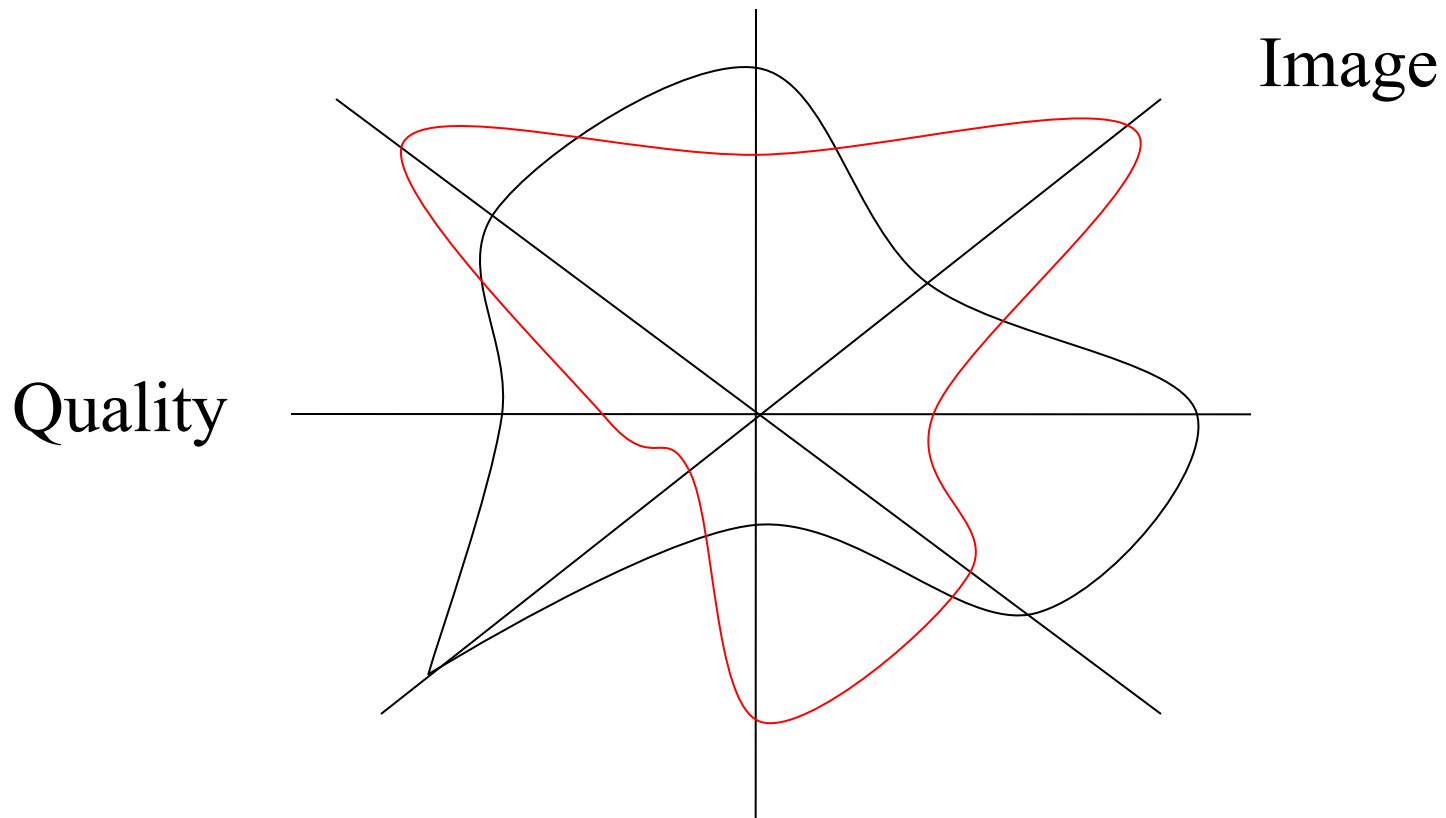
*Positioning* – creating and retaining a clear product image (perception) in customers' mind

- 1) Which differences are the most significant for customers?
- 2) What are the positions of competitors relatively to those differences?
- 3) What is the best position?

# Positioning modes

- Product functions
- Advantages, problem solving
- Usage method
- User category
- Relation (comparison) to (with) another product

# Competitive profile



# Competitive differentiation

- Competitive differentiation – designing differentiating characteristics of a product comparatively to competitors

# Competitive differentiation strategies

- Product (extra opportunities in usage, effectiveness of usage, design, reliability)
- Service (office, transportation, set-up, learning, consultancy, repair...)
- Promotion (image, advertising...)
- Personnel (dress-code, service culture, visual identity, organizational style...)

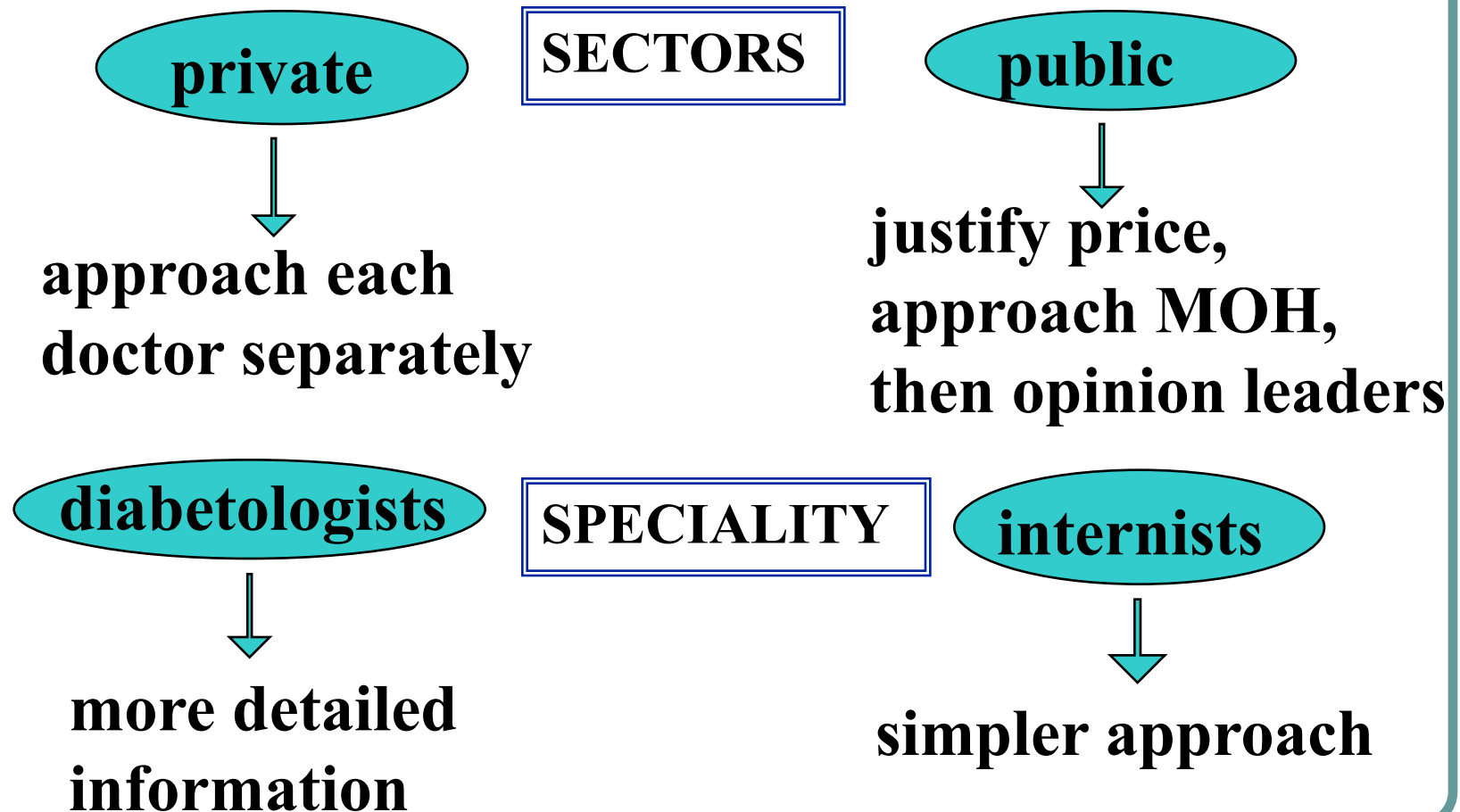
# Segmentation and positioning steps

- 1) Segment the market
- 2) Define target segments
- 3) Define target customers demands for the product
- 4) Design products satisfying those demands
- 5) Evaluate positions of competitors within the chosen segments through the eyes of the target customers
- 6) Choose differentiation strategies corresponding target customer demands
- 7) *Design marketing Mix based on the results of positioning and differentiation*
- 8) *Evaluate the probable sales volume of your products*

## Case 3a. NovoNordisk Segmentation

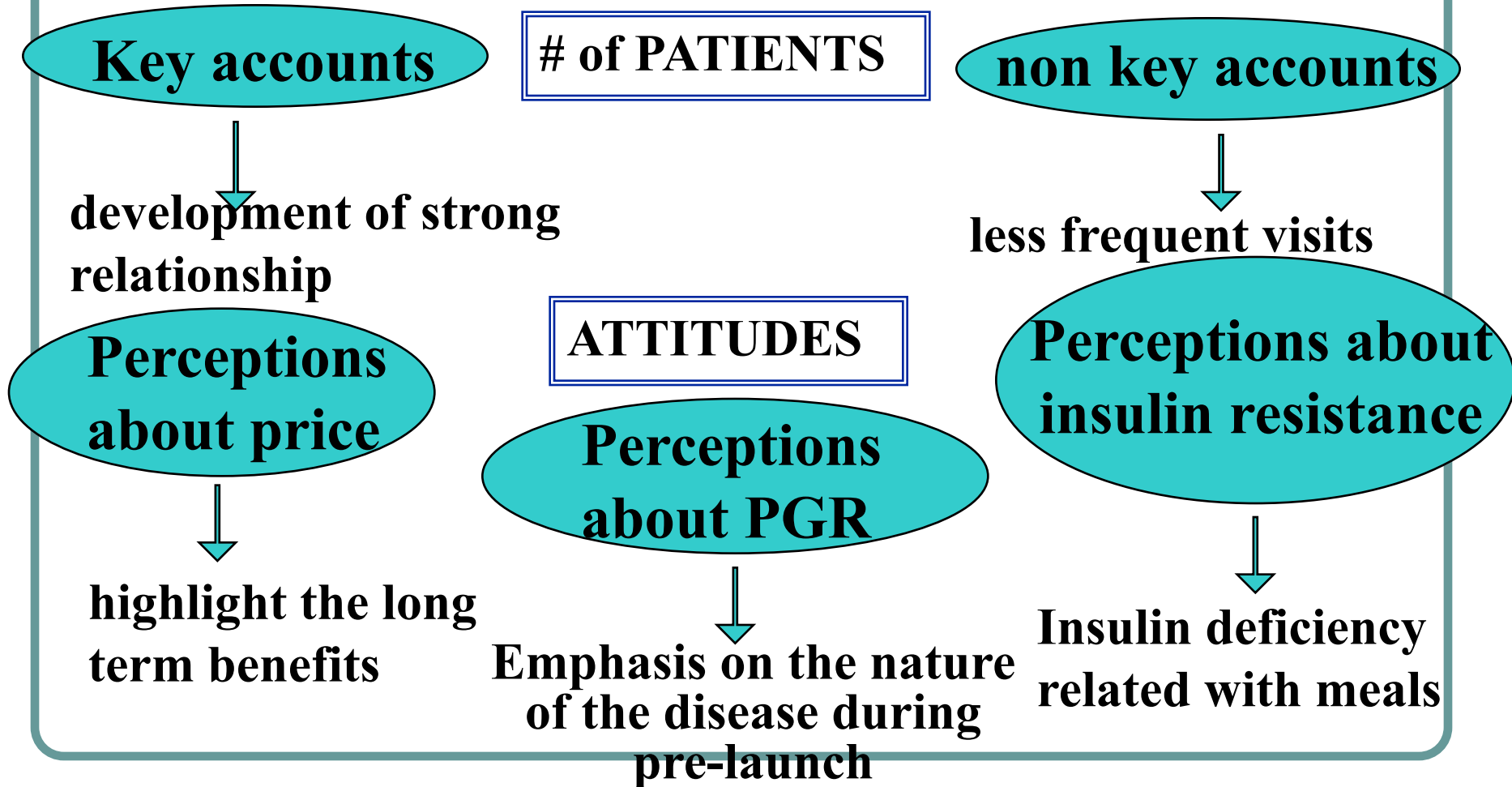
**What is the target market for a pharmaceutical company?**

# SEGMENTATION of the doctors





# SEGMENTATION of the doctors (cont'd)



# TARGET GROUPS

**INTERNISTS**

**DIABETOLOGISTS**

**PATIENTS  
ASSOCIATION**

**OPINION LEADERS  
IN PUBLIC HOSPITALS**

**TYPE 2 PATIENTS**



# Case 3b. BENIHANA of TOKYO

- Rocky Aoki Story – the first restaurant in New York
- Characteristics of an American consumer
- Japanese cooking in American style

# BENIHANA success factors

- Low cost of employees
- Low cost of food
- Low cost of beverages
- Good placing
- Aggressive advertising

# Cost Structure at BENIHANA

	Regular restaurant	Benihana
Salaries	30%	20%
Food (raw)	35%	30%
Beverages	25%	20%
Rent	5%	5%
Promotion	1%	20%
Other	4%	5%

# Differentiation at BENIHANA

- Lounge (bar)
- Large eating space
- «Hibachi» table in ancient Japanese village
- Small kitchen and warehouse
- Experienced Chef for 2 tables (learning)
- No waiters
- Simple menu (stake, chicken, prawns)

# BENIHANA in Moscow



# BENIHANA in Moscow



TO VISIT OUR WEB SITE [CLICK HERE](#)

**BENIHANA**  
*An experience at every table*



# BENIHANA in Moscow



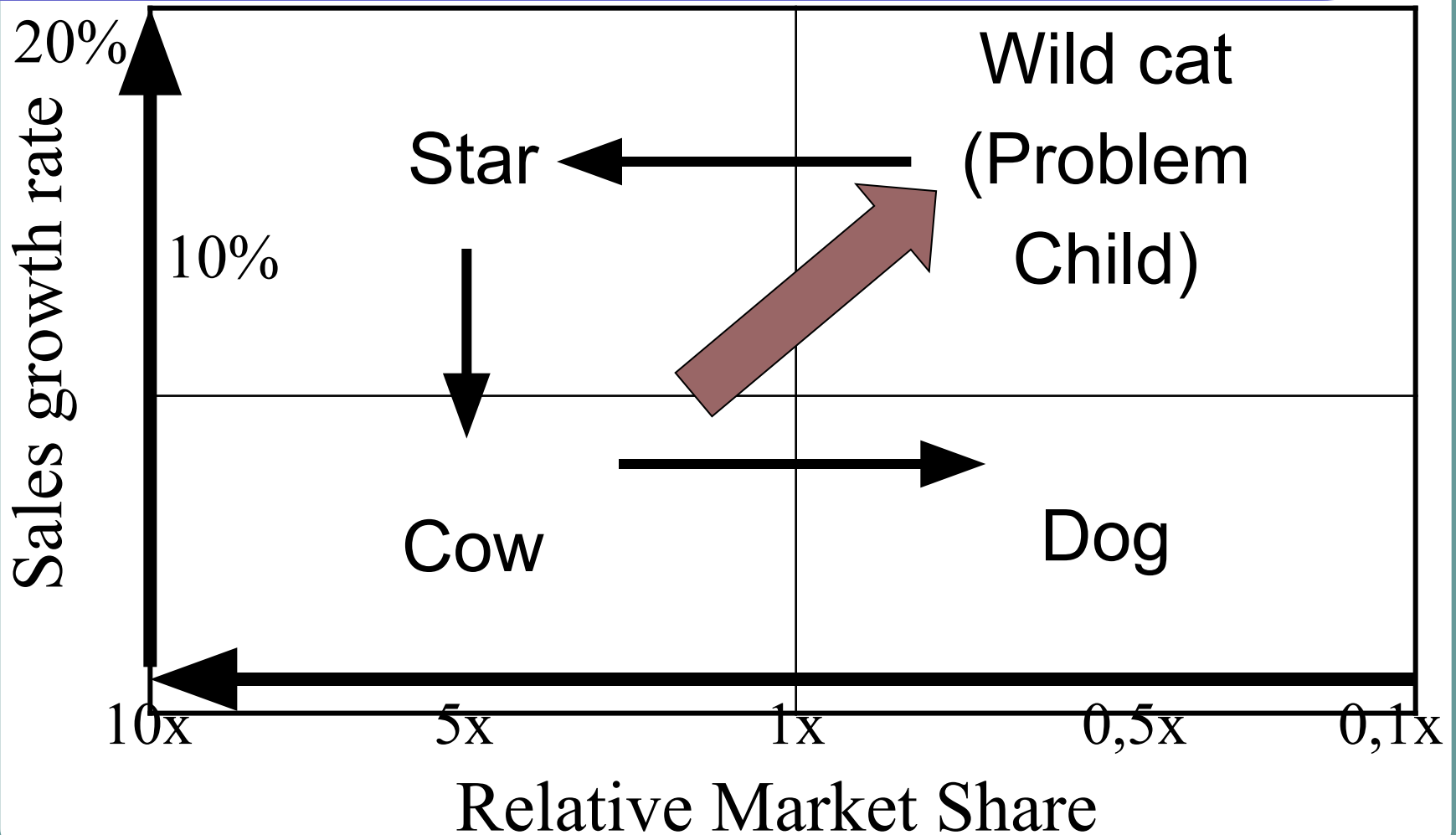
# BENIHANA in Moscow



# Session 4. Portfolio Strategies

- Boston Consulting Group Matrix
- General Electric Matrix

# Portfolio Analysis (BCG Matrix)



# Portfolio Analysis (formulas)

- $SGR = (S_1 - S_0) / S_0$
- $RMS_c = MS_c / MS_l$
- $RMS_l = MS_l / MS_f$ ,

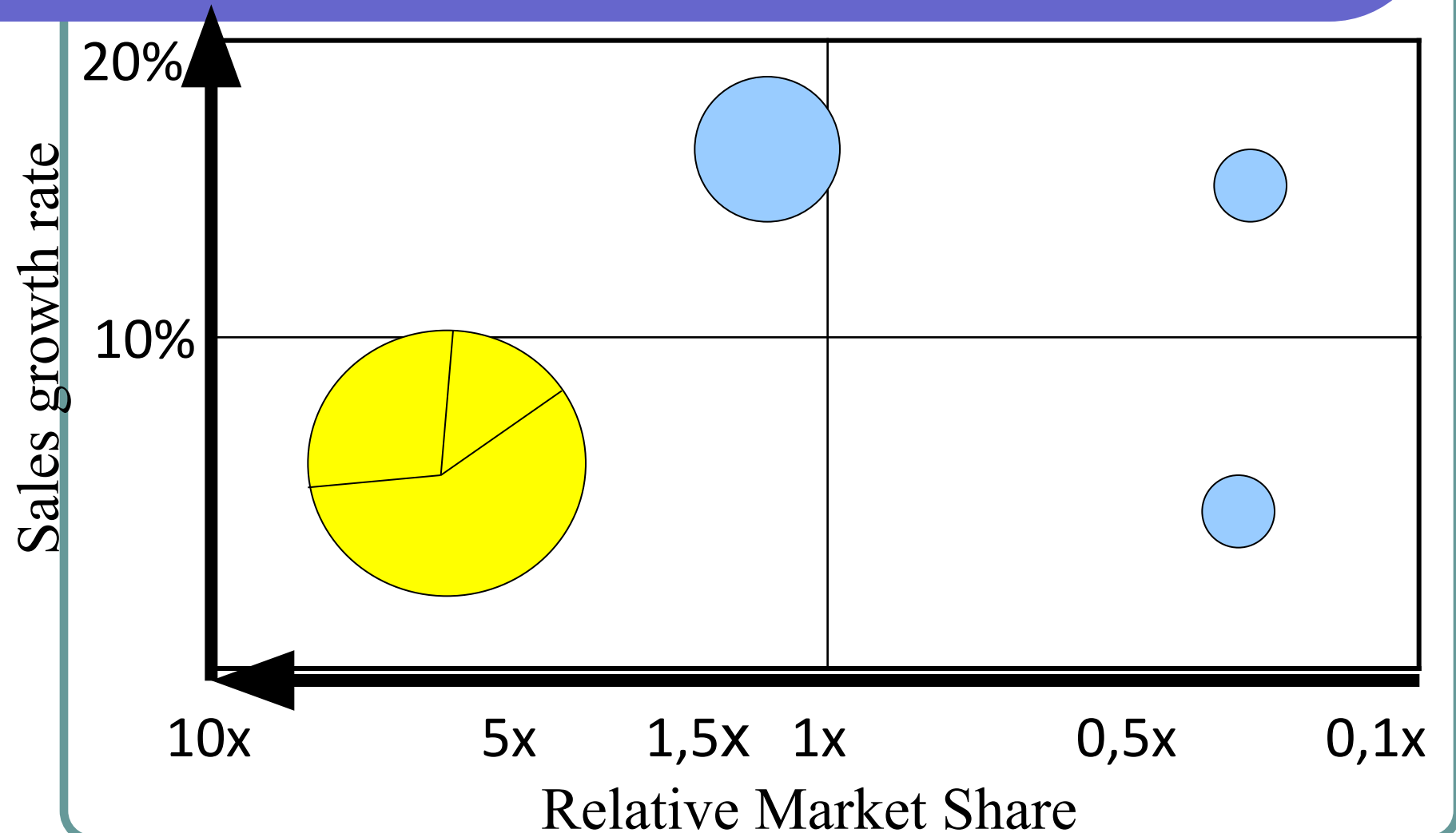
*S - sales*

*c – company*

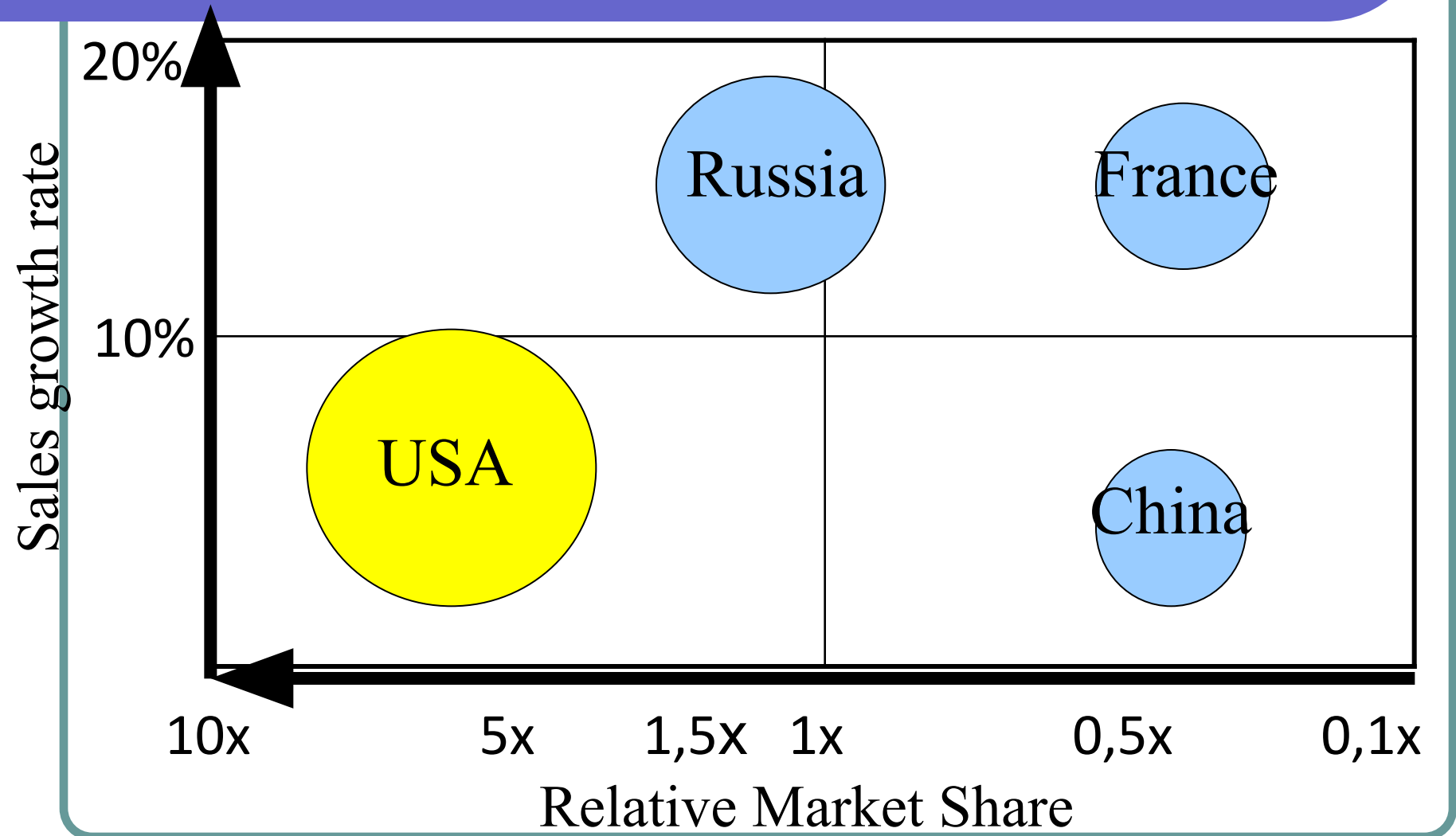
*l – leader*

*f – the first follower*

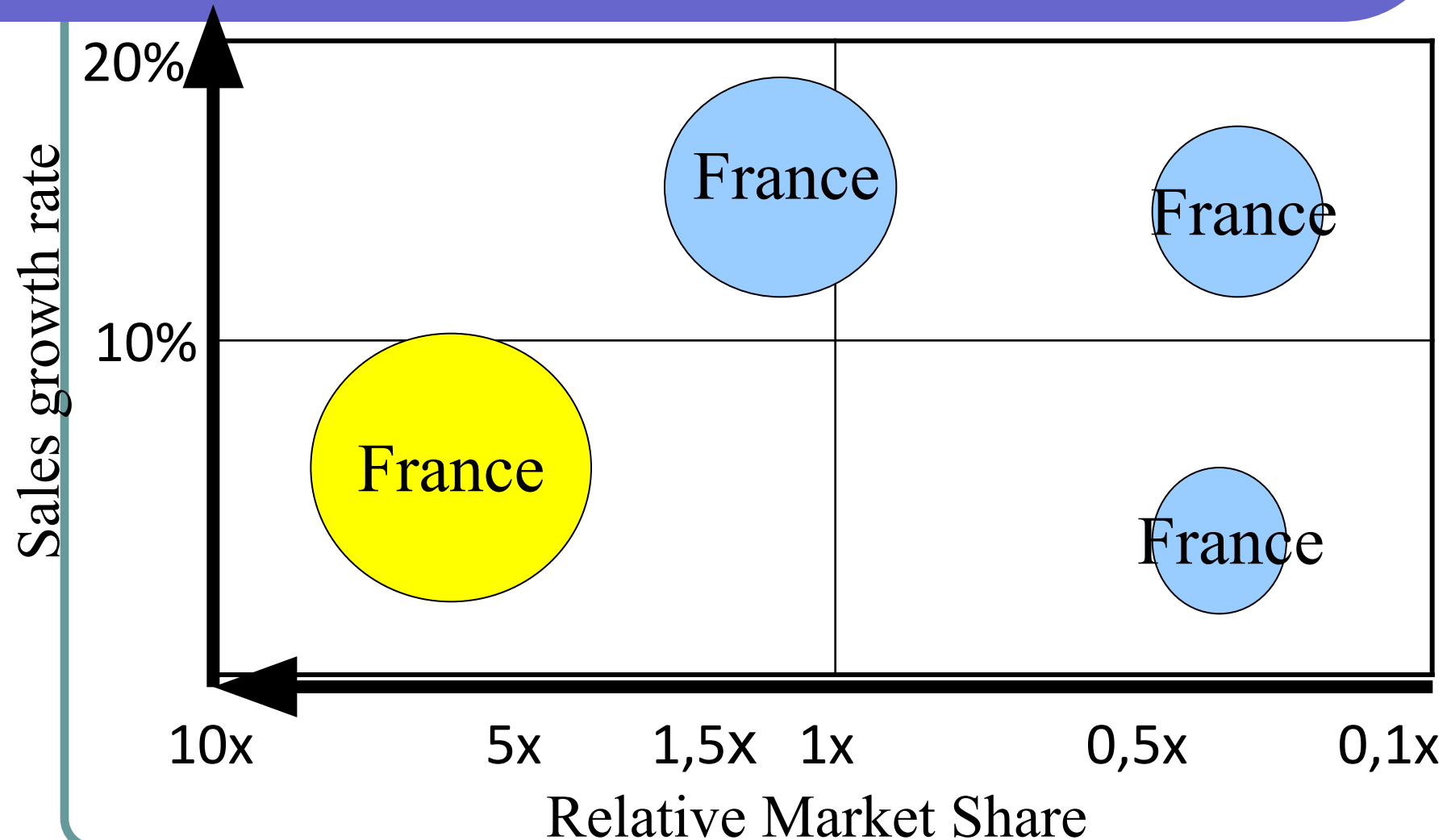
# Portfolio Analysis (BCG Matrix)



# Portfolio Analysis (BCG Matrix)



# Portfolio Analysis (BCG Matrix)





# Portfolio Analysis (Matrix GE)

Market (country) attractiveness

High	9	Invest		Improve the firm		
Medium	6		Selective strategies			
Low	3	Improve the market		Divest, partnership, harvesting		
	9	High	6	Medium	3	Low

Firm competitiveness

# GE Matrix Composite Dimensions

## Attractiveness

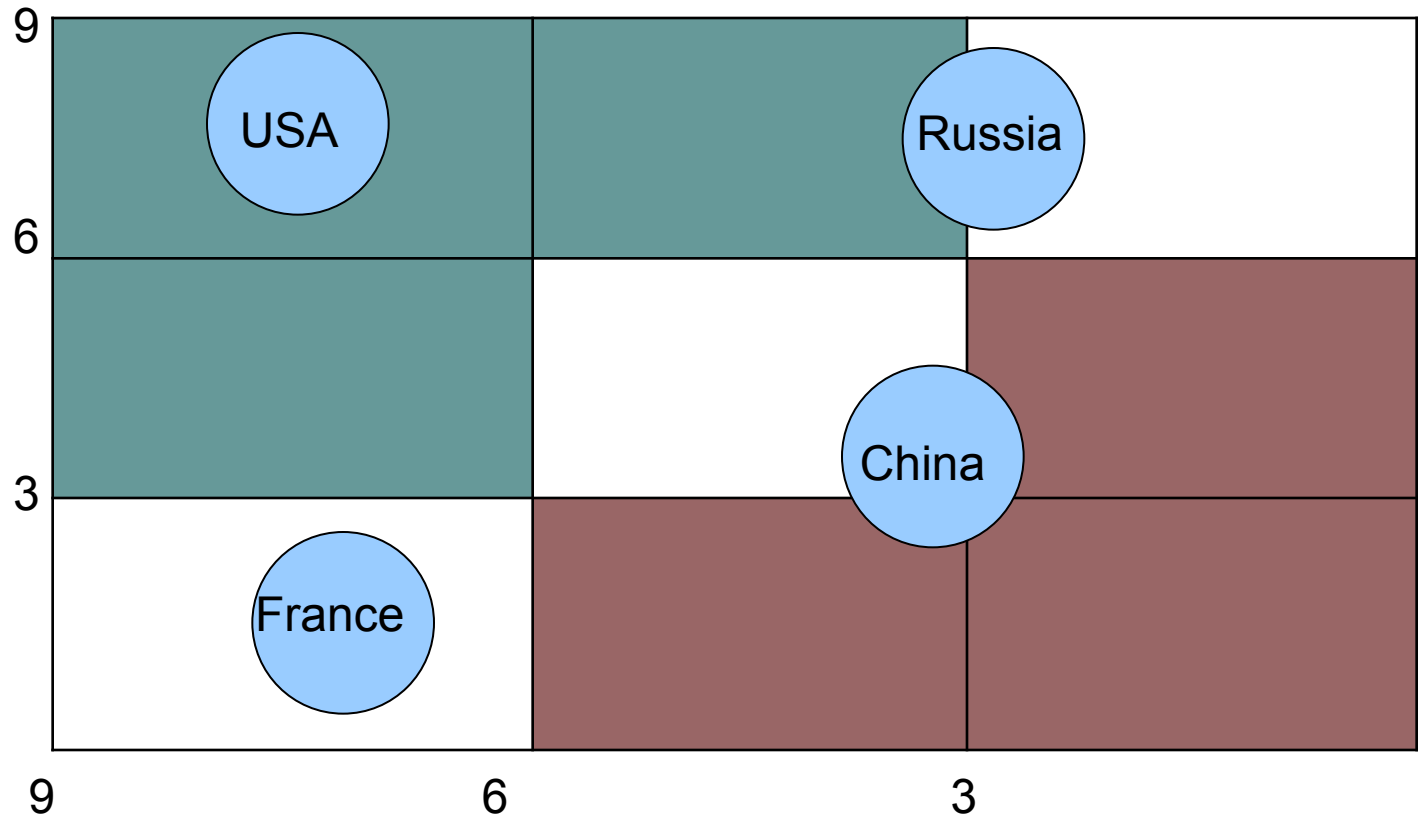
- Market growth
- Market capacity
- Economic and political stability

## Competitiveness

- Marketing skills
- Product image
- Distribution network and service quality

Rank from 0 to 9 to get positions in the matrix

# Portfolio Analysis (Matrix GE)



# GE Matrix Advantages

- Combines firm's SW and market OT
- Defines primary role of each specific market in international context (harvesting, investment, advertising...)
- Applicable to investment and strategic alliance entry modes as it is to export
- Replaces 2 single with 2 composite dimensions applied to export issues

# Case 4a. BCG Matrix

	Sales, 2012	Sales, 2013
Product A	2000	2200
Product B	4000	4400
Product C	1000	1100

Define the position of all the products in BCG matrix

# Case 4b. GE Matrix

## Factor Evaluation

- Population incomes - 5
- Company market share - 7
- Market potential - 3
- Market knowledge - 5
- Competitive pressures - 2
- Legislation - 6
- Marketing skills - 5
- Financial resources - 7
- Product quality - 6

## Task

Define the «X-company» position in accordance with the given evaluation of “Attractiveness / Competitiveness” factors

# Session 5. Product Decisions

- International Competitiveness
- International Product Life Cycle
- New Product Introduction
- International Product Mix

# Marketing Mix (4 “p”)

- Product
- Price
- Promotion
- Place
- People
- Physical intangibility (нематериальность)
- Process infeasibility (неотделимость от процесса)
- .....



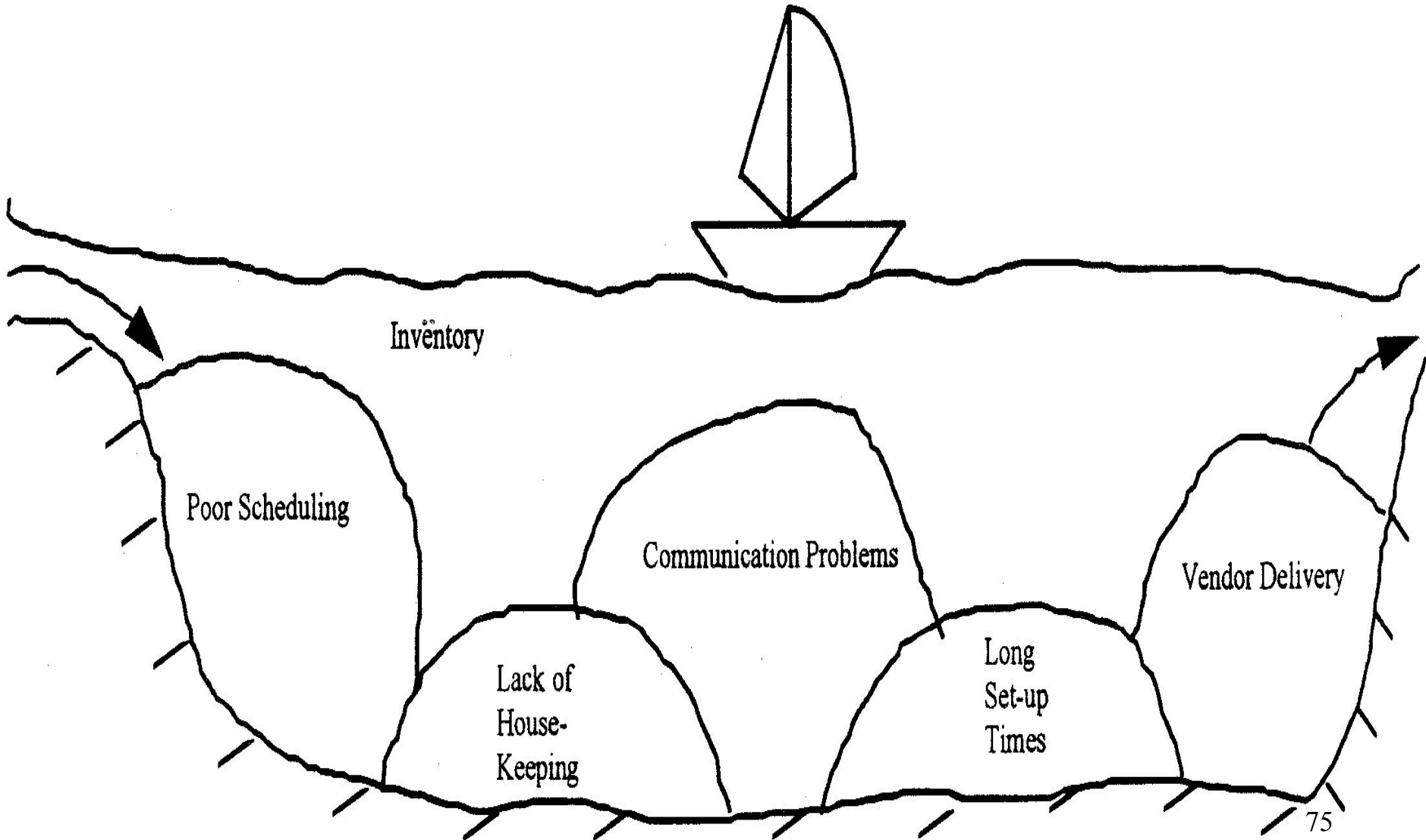
# Famous blunders and decisions

- Apple vs IBM in Japan
- P&G in Japan
- General Motors of Canada
- East-Indian company (1857)
- “Speaking doll” of Gong-Kong
- Ford in Europe

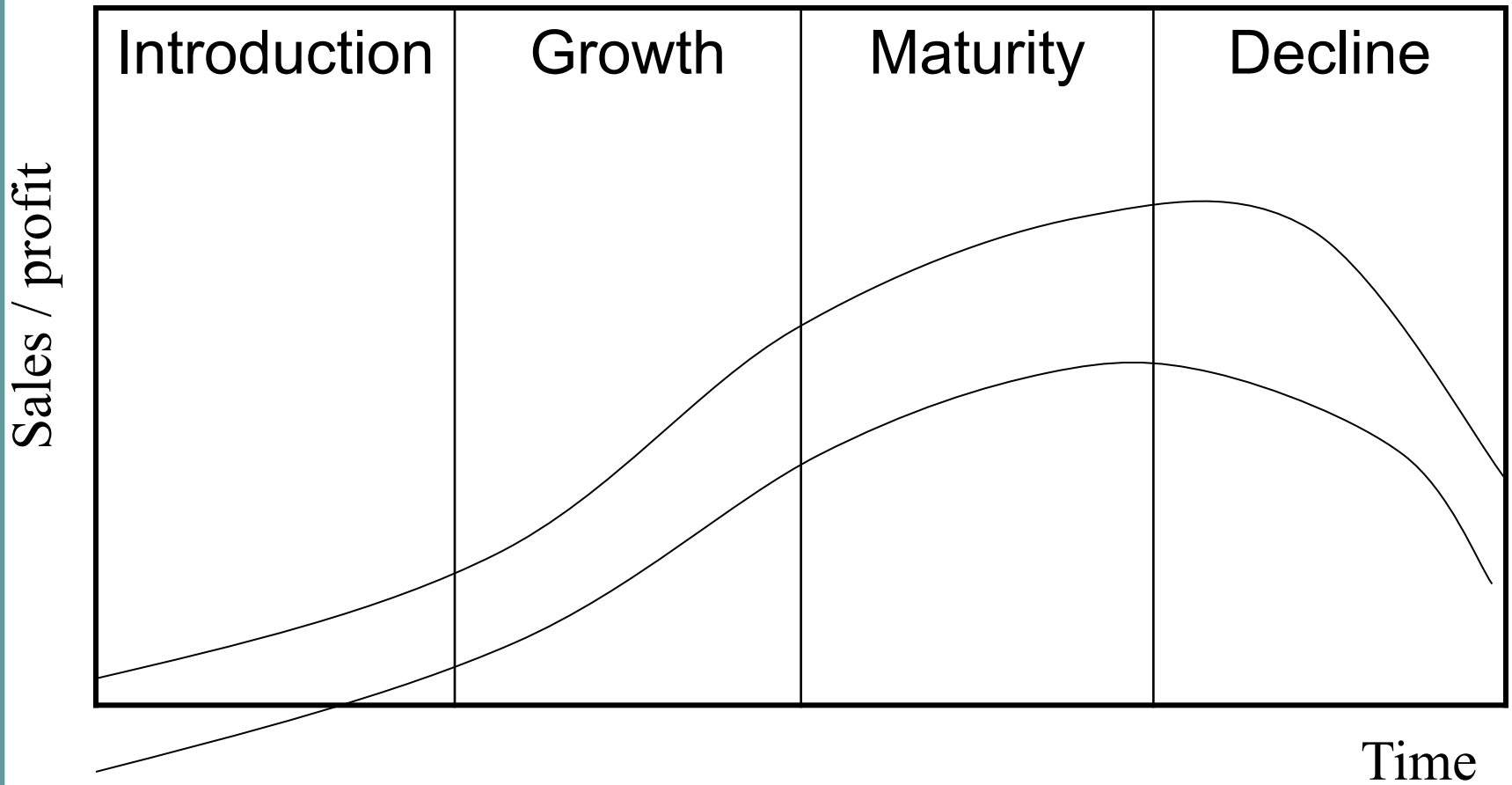
# International Competitiveness

- Product features (core and complementary)
- Productivity, cost and price
- Transfer of R&D to foreign subsidiaries instead of licensing
- Quality improvement systems («quality circles», TQM, TQC, “just-in-time”, “kaizen”, “camban”, “6 sigma” ....)
- Quality standards (ISO-9000, ISO-14000, JIS)
- Country competitive position

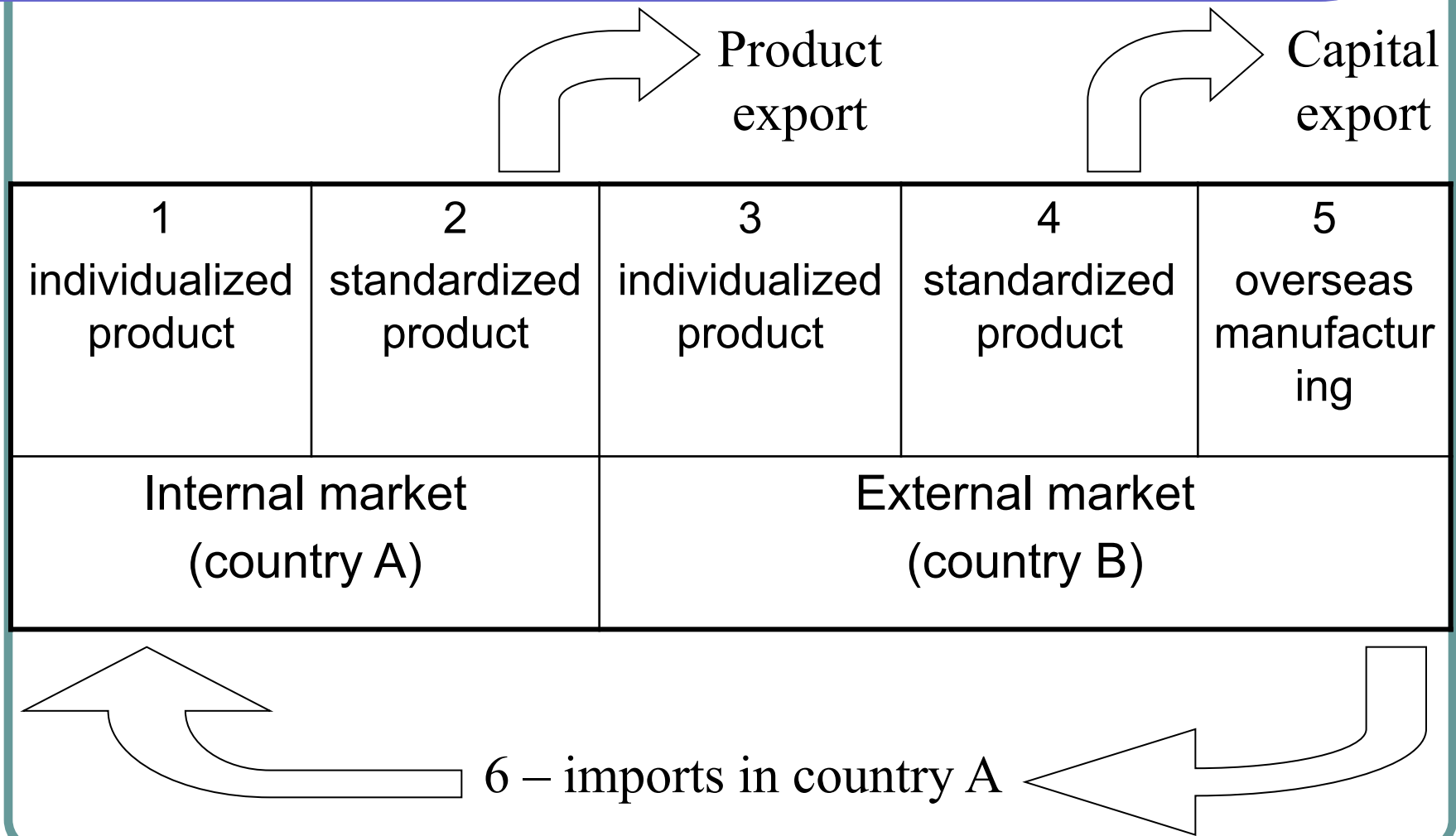
# Inventory Threats



# Traditional Product Life Cycle



# International Product Life Cycle

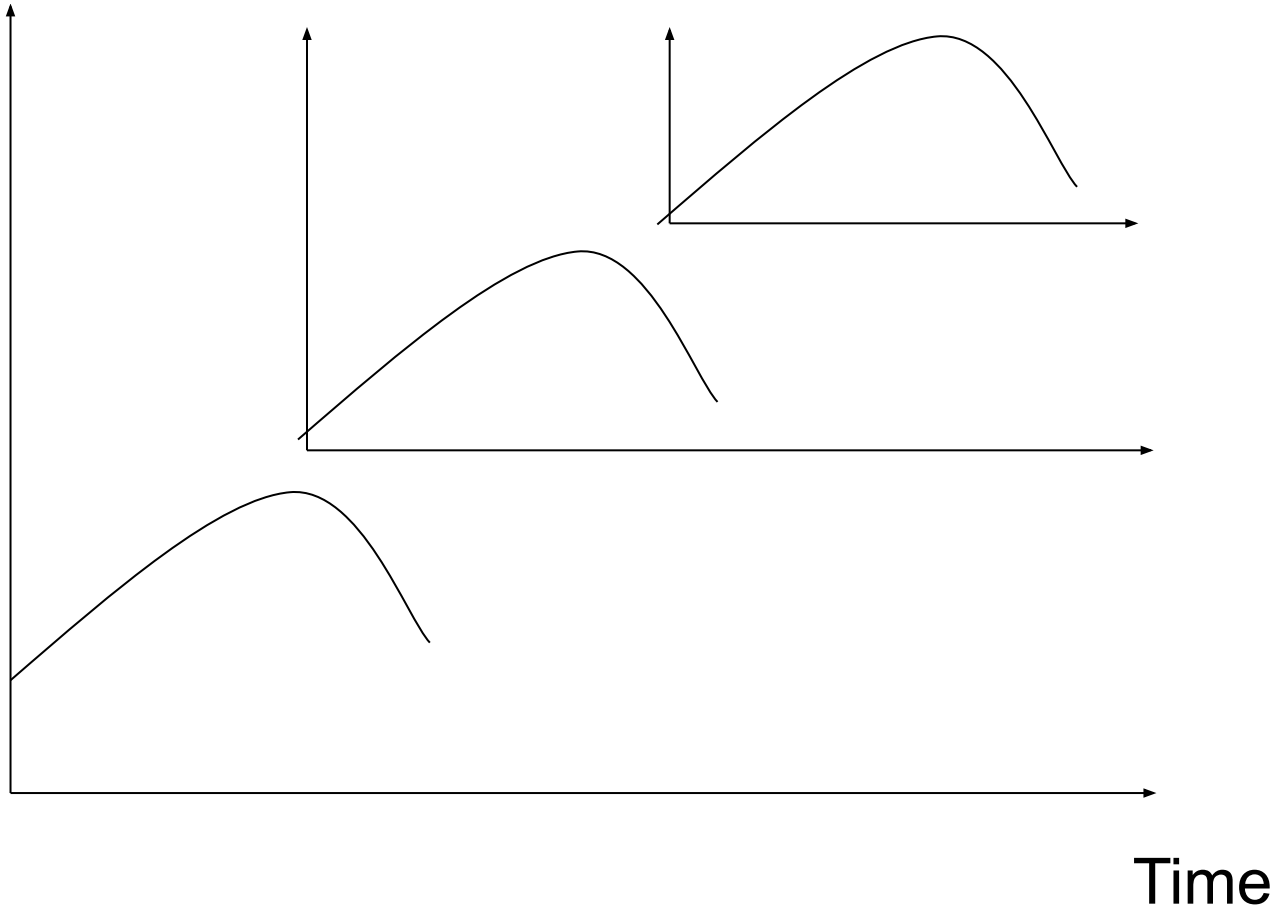


# PLC Models

- Successive mode (market milking, limited resources, no-fashion goods)
- Parallel mode (aggressive innovation, global marketing)
- Reverse mode (national market is less attractive)

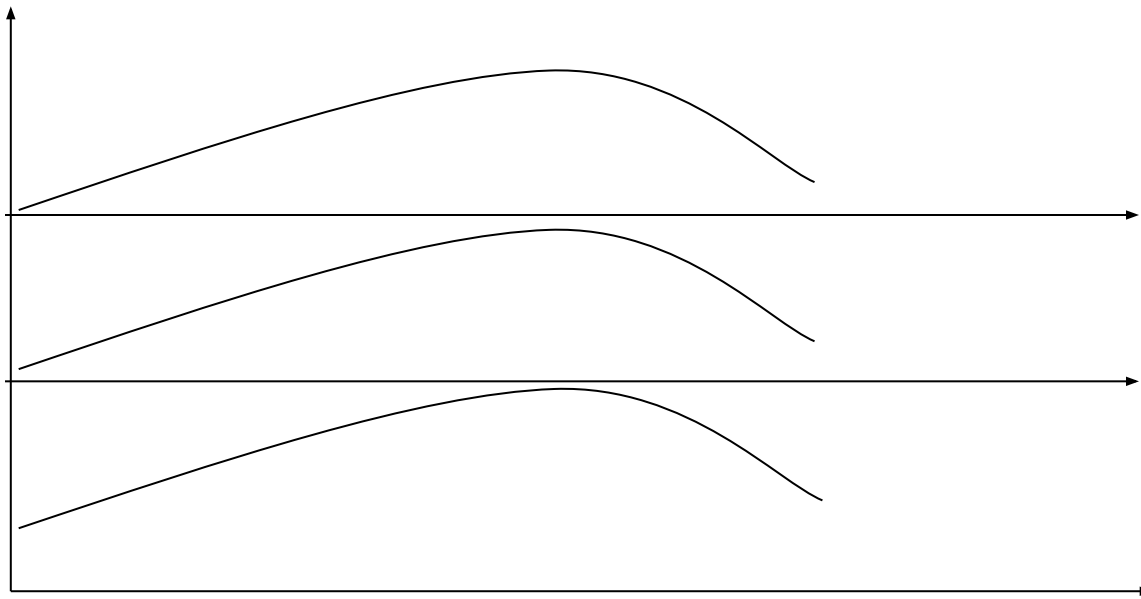
Sales  
volume

# Successive Mode



# Parallel (Synchronized) Mode

Sales volume



Time



# Factors of PLC Reduction Trend

- Foreign markets specific environment:
  - no competitors
  - foreign partner opportunity
  - policy change
  - trade limitations
- National market environment:
  - intensive competition
  - aggressive innovative strategy

# New Product Introduction

- Export domestic products
- Piggyback marketing
- Benchmarking
- Changing existing products
- Internal product development

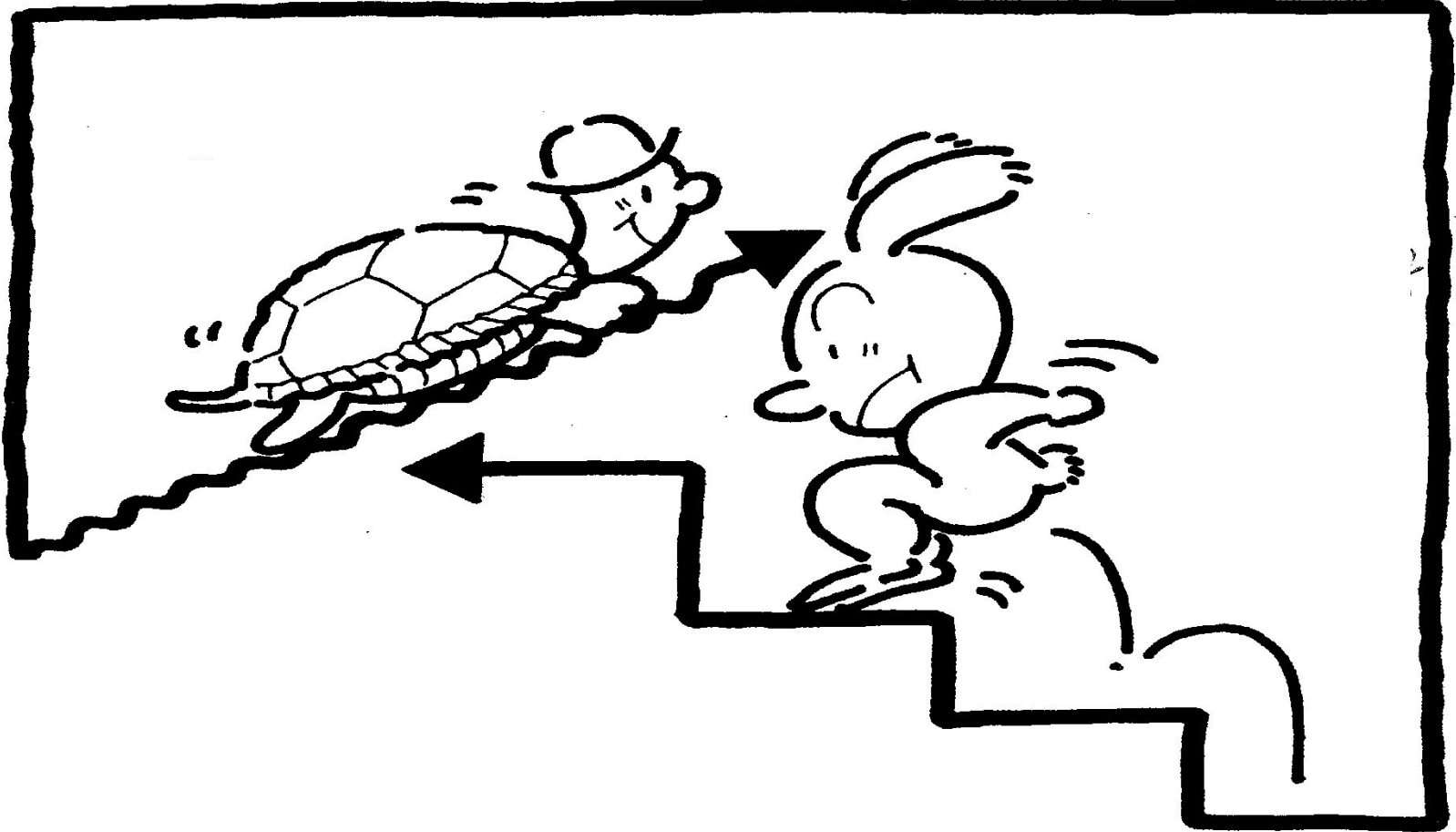
# Changing Existing Products

- Product modification
- New uses for existing products
  - industrial use of home-use product
  - male/female product
  - related application

# Product Development

- R&D location: centralization /decentralization
- Breakthroughs / improvements (“kaizen team”)
- Trends: R&D transfer abroad; R&D transfer to subsidiaries (instead of licensing)

# Breakthroughs / improvements



# Marketing goals priorities

Priority	Фирмы США	Фирмы Японии
1	ROI	MS
2	Shares profitability	ROI
3	MS	Innovation

# Product Mix Strategies

- Product Mix – a set of product lines
- Short / long product line
- Width, length, depth of Product Mix

# Product Mix: Internal Determinants

- Goals - profit, market share, risk spreading
- Resources - surplus production capacity, the better use of technology, managerial and marketing skills capacity
- Philosophy of management (sales-oriented or marketing-oriented)



# Product Mix: External Determinants

- Customer - values, product use, “built-in” images (“made in”)
- Competition (penetration cost)
- PEST-factors

# Market / product development strategies

Markets Products	Existing	New
Existing	<i>Penetration (focus on segment)</i>	<i>New market development</i>
New	<i>New product development</i>	<i>Diversification (concentrate, conglomerate)</i>

# Case 5. BARBIE product policy

What is the key  
to success?



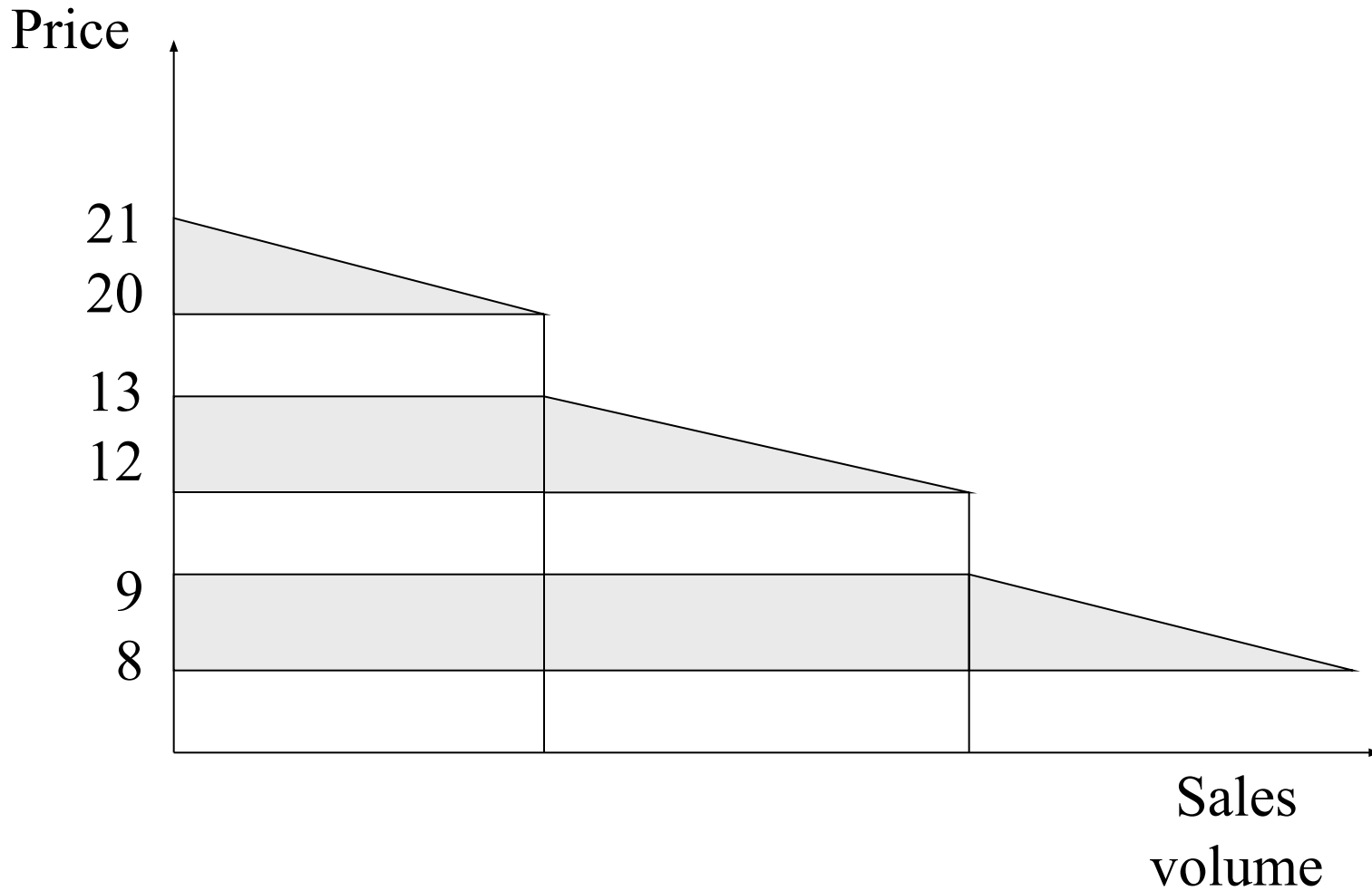
# Session 6. Pricing Decisions

- Export Price Determinants
- Price Lines and the “Cannibalism Effect”
- Export Price Escalation
- Pricing Methods and Strategies

# Export Price Determinants

- Costs
- Competition
- Customers
- Product features
- Legal and political factors
- Economic situation
- Company strategy

# Price Lines and the “Cannibalism Effect”



# Export Price Escalation

- Product cost in exporter country
- Export cost prior to entering an importer country (documentation, transportation, insurance, exporting department activities)
- Import cost in importer country (import tax, custom duty, storage cost, distribution cost)

# Foreign and Domestic Prices

- Export prices are lower - less known, “plus” business, competitors produce cheaply, attractiveness of increased sales
- Export prices are higher - high entry cost (price escalation), extra investment, added risk
- Export prices are on par - fair price, easily altered price, lack of knowledge



# Cost Pricing

- Marginal price
- “Technical price” (break-even point)
- “Cost plus”

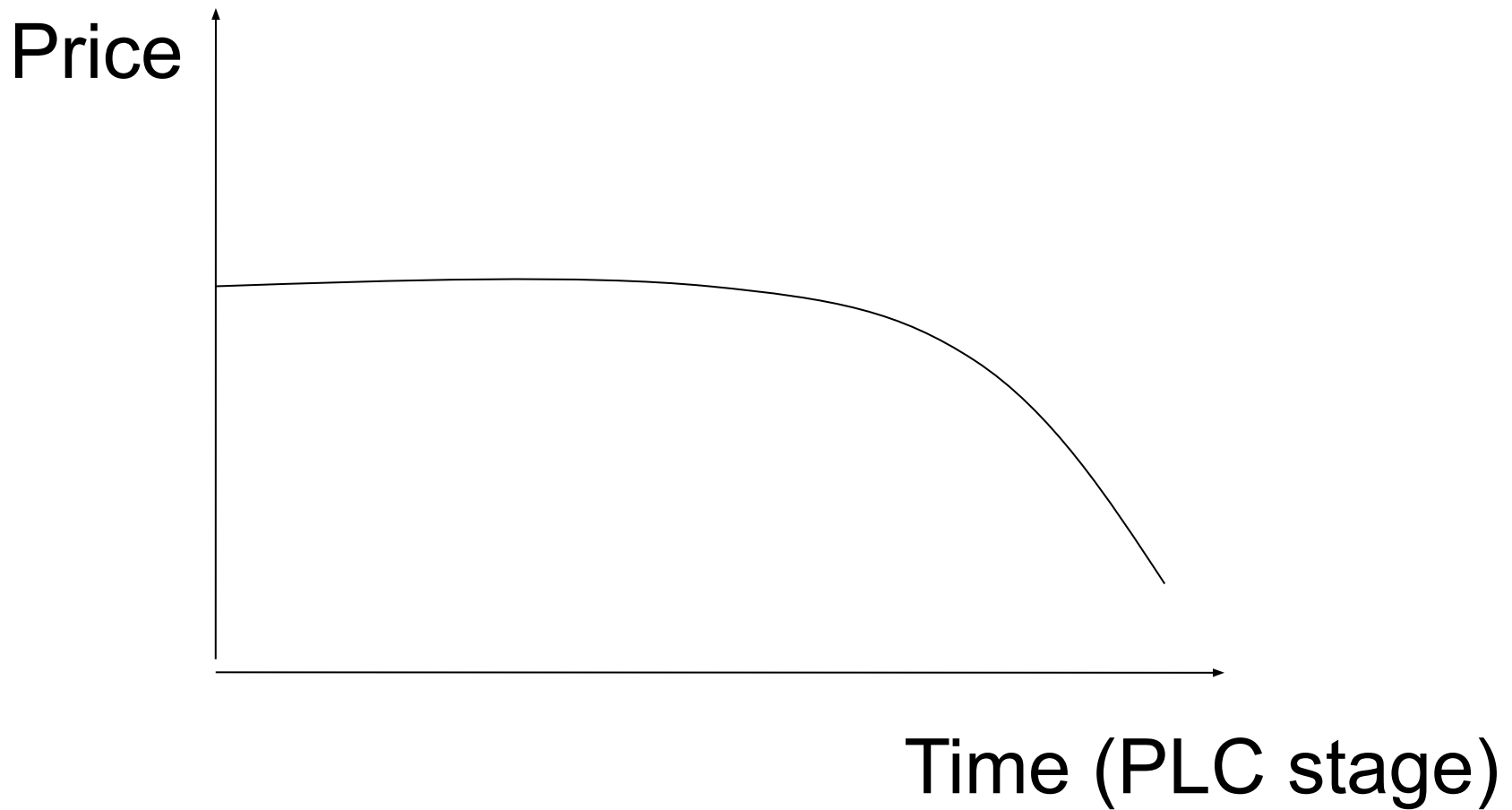
# Competition-Based Pricing

- Prices based on current international price levels
- Prices based on international practices of pricing
- Following the industry leader price
- Following the competitors' prices
- Auction, bargaining, stock exchange pricing

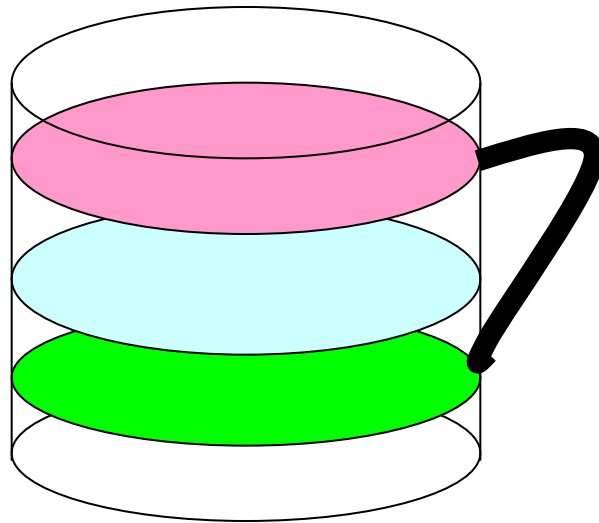
# Pricing Strategies for New Products

- Skimming the market
- Penetration pricing

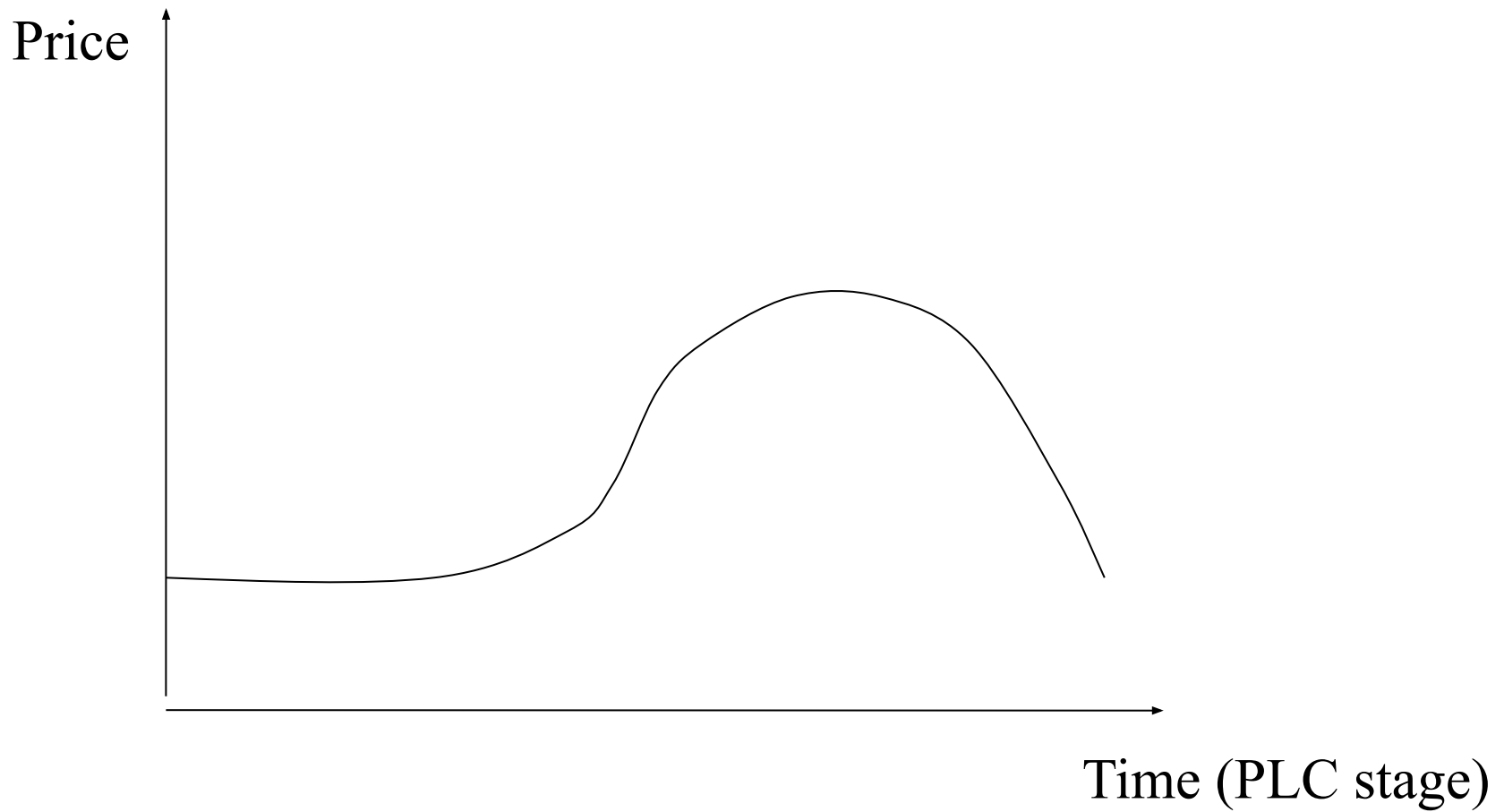
# Skimming the Market



# Skimming the Market



# Penetration



# Product Type Based Pricing Strategy

Pricing strategy	Products	
	Individualized	Standardized
Skimming	+	
Penetration		+
Marginal price		+
Technical price	+	

# Differentiated Pricing Towards Different Countries

- Discriminative pricing
- Preferential pricing
- Integration of price and product mix / country mix
- Constant prices
- Equal prices



# Psychological Pricing

- Prestige (premium) pricing
- Agiotage pricing
- “Price to quality” pricing
- Habitual pricing
- Unrounded prices

# “Price to quality” pricing

		Price		
		H	M	L
Quality	H	1. Premium	2. Beneficial	3. Super
	M	4. High	5. Average	6. Good
	L	7. Robbery	8. False	9. Discount

# PLC-Based Pricing Strategy

PLC stage	Product individualization	Pricing strategy
1	High	Set high prices
2	Low	Decrease prices
3	High	Set high (rarely low) prices
4	Low	Decrease prices
5	---	Keep (decrease) prices
6	---	Set low prices

# Case 6. BIC vs GILLETTE

- 50s – ball pens
- 70s – lighters
- 80s – razors

# Session 7. Promotional Decisions

- Techniques of Promotion
- International Promotional Strategy
- Promotional Barriers
- International Promotion Trends

# Techniques of Promotion

- Advertising
- Public relations
- Personal selling
- Sales promotion
- Direct marketing
- Package
- AdTraction

# Advertising

- Advertising – non-personal paid communication (TV, radio, street, internet, product placement....)

# Public relations

- Publications
- Public “out-door” activities (exhibitions, holiday sales, celebrations, events)
- Company / product news
- Press-conferences, interviews
- Endowment activities



# Sales Promotion

- Samples
- Bonuses, gifts, “sales”
- “In-door” activities (product presentations, competitions)
- Handouts (brochures, posters, magazines, souvenirs)
- Stationary aides (external zone, entrance, trading area, cashier area)
- Distribution network promotion (personnel training, corporate meetings)

# Merchandizing

- Product allocation
- Purchase facilitation
- “Space management”
- Easy access to information

# Personal Sales

- Company representatives
- Experts
- Public channels (network marketing)

# Direct Marketing

- Direct mail
- Telemarketing (phone, fax, call-service)
- TV-shops
- Electronic commerce
- SPAMs
- SMS-offers

# Packaging Roles

- Dual role - protection, promotion
- VIEW test:

□ *visibility* (be distinguished among competitors)

□ *informative* (quickly communicate the content)

□ *emotional impact* (create favorable impression)

□ *workability* (protection and efficient in home use)

# Packaging Components

- Language
- Size
- Color
- Cost
- Picture

# Promotion-Mix Composition

- Market type factor: consumer / business
- Product type factor: individualized/standardized, differentiated/regular etc.
- “Push” strategy: focus on dealers, brokers, wholesalers (many similar brands in a segment)
- “Pull” strategy: focus on consumers (clear brand differences and advantages)
- Competitor-oriented strategy (giving a standard, comparison, benchmarking)

# Promotional Barriers

- Language (KFC in China; “touch-toe”; Ford Caliente in Mexico; Chevrolet Nova in Spain)
- Cultural backgrounds (Thailand delegation; Hitachi branch in USA)
- Customer values and preferences (bicycle in Europe and USA)
- Non-verbal communication
- Symbols (meaning of color; animals in ads)
- Legislation
- Economic factors



# Factors Affecting International Promotion

- Globalization of Business
- Growing competition pressures
- Technological breakthrough

# International Promotion Trends

- Growth of promotional expenses
- High profitability of advertising business
- Emerge of advertising agencies international network
- Growing importance of branding
- Replacing traditional advertising by BTL methods

# Advertising Spending (% of GNP)

USA	2,49
United Kingdom	1,35
South Korea	1,21
Australia	1,20
Canada	1,17
Argentina	1,08
Japan, Germany	0,82

# Standardization/Adaptation Strategies

	Product doesn't change	Product changes
Advertising doesn't change	Standardization	Product adaptation
Advertising changes	Advertising adaptation	Double adaptation

# Preferred International Promotional Strategy

- Global concept plus partially adapted promotional message (“Think globally, act locally”)
- Movie adaptation
- Slogan adaptation
- Foreign media adaptation
- Mandatory adaptation

# International Media

- Global media (Time, Wall Street Journal, Financial Times, CNN, MTV, Euronews, Internet)
- Local national media
- “Covering” media (Russia – CIS, France – Belgium – Switzerland)
- Product Placement

# The Biggest Advertising Agencies

- WPP Group, London
- Interpublic Group of Companies, NY
- Omnicom Group, NY
- Dentsu, Tokyo
- Cordiant, London (with Saatchi & Saatchi)
- Young & Rubicam, NY
- Euro RSCG, Levallois-Perret
- Grey Advertising, NY
- Hakuhodo, Tokyo
- Leo Burnett, Chicago
- True North Communications, Chicago
- D'Arcy Masius Benton & Bowles, NY
- Publicis Communication, Paris
- BDDD Group, Paris

# Case 7a. Repositioning in Kentucky Fried Chicken

Why did “Kentucky Fried Chicken” change its name and logo for short “KFC” version in 1991?



# Case 7b. Goodyear Tire and Rubber

- Goodyear Tire and Rubber advertised products in 39 countries with slogan "Goodyear, take me home"
- Ad videos were different by country (in UK – slow and serious conversation? In Brazil – humor episode)



# Адаптация рекламы Coca-Cola

Coca-Cola Light Plus впервые появилась в Бразилии в 2010 году на "Неделе моды" в Сан-Паулу. Предполагалось, что новинка в первую очередь заинтересует взрослых потребителей – сочетание элегантного дизайна бутылки с низкой калорийностью напитка сделала его хитом продаж. А в 2012 году Coca Cola выпустили в Бразилии свою модную линию одежды. Образы рекламной кампании вышли зажигательными, как сами бразильцы. Для продвижения Coca Cola пригласила популярных бразильских моделей, которые по задумке режиссера фотосессии резвились и наслаждались солнцем и великолепной погодой на белом как снег пляже. Коллекция была рассчитана на жизнерадостных веселых молодых людей и включала в себя большой ассортимент одежды. (известные «карнавальные» характеристики бразильцев присутствуют и в рекламе)

# Адаптация рекламы



Пообещав бороться с ожирением на глобальном уровне, Соса-Кола решила начать с Аргентины, учитывая уровень значимости проблемы в этой стране. В 2013 компания представила первый натуральный низкокалорийный напиток под названием Соса-Кола Life со смесью сахара и стевии, содержащий вдвое меньше калорий, чем обычная Соке. Компания создала рекламный ролик новой колы под названием “Primer Beso”, что в переводе с испанского значит «первый поцелуй» (аргентинцы все воспринимают на уровне чувств).

## LA MAQUINA DE LA AMISTAD

En el Día del Amigo, invitamos a los amigos a celebrarlo compartiendo un 2x1 de Coca-Cola. Para ello colocamos una máquina expendedora de Coca-Cola mucho más alta que las comunes, de manera tal que sólo se podía alcanzar el botón con la ayuda de un amigo.



# Адаптация рекламы



В Канаде креативное агентство MacLaren разработало наружную кампанию под названием "Straw" ("Соломинка") для Coca-Cola, используя слоган "Refresh on the Coca-Cola side of life", который можно перевести как "Освежайся на кокакольной стороне жизни". Оригинальная наружная реклама называется "Окна", "Постеры", "Лестница" и "Биллборд". Здесь можно проследить определенную сдержанность, даже мрачноватость, присущую канадцам.

# Session 8. Entry Modes

- Indirect export
- Direct export
- Grey export (parallel trading)
- Overseas production (manufacturing, assembly)
- Contracting (license, franchising, contract manufacturing, management contracting, joint venture, strategic alliance)

# Indirect Export

- Home country based merchants (export merchant, trading company, “cable” merchant)
- Home country based agents (commission house, confirming house, resident buyer, broker, export management company, manufacturer’s export agent)
- Cooperative organizations: piggyback marketing, exporting combinations - associations, cartels

# Evaluation of Independent Marketing Organizations

- Difficult to categorize
- Short time
- Minimum financial outlay
- Promote only the most profitable products
- Inevitable conflict (differences in goals, target customers, channel design, channel policies)

# Direct Export

- Home country based department (export manager, built-in or separate export department, export sales subsidiary)
- Traveling salesperson
- Foreign sales branch
- Storage or warehousing facilities abroad
- Foreign sales subsidiary
- Foreign based distributors and agents



# Evaluation of Dependent Organizations

- Full return from sales (no sharing profits)
- Complete control over marketing
- Thorough knowledge of foreign markets
- Export channels are permanent and reliable
- Product goodwill accrues to manufacturer rather than to a marketing organization
- Higher expenditures and risks
- Specialist necessity

# Grey Export (Parallel Trading)

- Deteriorate pricing
- Change cash flows
- Accelerate market penetration
- Market demand test
- Access to risky and “closed” markets
- Duracell case

# Manufacturing / Assembly

- Location – “climate” for foreign capital, production considerations, competition, political risk (transfer, operational, general instability, ownership/control)
- Ownership - full (subsidiary) or partial (JV, stock company, merger)
- Implementation - acquisition or greenfield

# Strategic Alliances

- Goal - enhance long-run competitiveness of partners
- Advantages - sharing large investments (R&D), access to complementary resources (technologies), risks spreading, economies of scales, specialization, co-opetition, rationalization
- Drivers - innovation, market globalization
- Core dimensions - goal compatibility, strategic advantage, commitment, coordination, planning, communication and conflict resolution, dependence

# Licensing

- Licensing - the right to use:
  - 1) technology, know-how, manufacturing processes
  - 2) trademark, brand name, logos
  - 3) product design
  - 4) marketing knowledge
  - 5) other trade secrets
- Objectives:
  - 1) foothold for later move
  - 2) reciprocal know-how
  - 3) revenue of the company-owned patents, trademarks, know-how

# Licensing Pros and Cons

- Advantages - use licensee's resources, royalties, market test
- Drawbacks - lack of control and flexibility

# Franchising

- Incomplete licensing - supplement of important ingredient of the finished product (Coca-Cola: syrup; McDonalds: raw food)
- Start-up loans
- Mandatory training
- Standardization of operations
- “Soft” franchising

# Contract Manufacturing

- Products manufactured by foreign partner are targeted for sales in this country or elsewhere
- Retaining marketing and distribution, often transfer of technology and technical assistance
- Applied under limited resources or exporting problems



# Contract Manufacturing

## Pros and Cons

- Advantages - minimum investment/rapid entry, control over marketing and service (=trademark protection), avoids currency and financial risks, avoids pricing problems (which arise with subsidiary)
- Drawbacks - profit transferred to contractor, trains a potential competitor (know-how), weak control over product quality, difficult to find satisfactory partner

# Management Contracting

- Local investor provides capital, international marketer provides management know-how
- One of the forms – “Turnkey operation” (construction of a plant, personnel training, initial operation of the plant)
- Option to buy all or a part of a newly created firm

# Management Contracting

## Pros and Cons

- Advantages - low risk, guaranteed income and quick return, functional control without legal responsibility, clarity in decision making (less arbitration)
- Drawbacks - complicated contract (future problems and management limitations), hinder other operations

# Joint Venture

- Shared ownership and control
- Technical and emotional effect
- Advantages - good for limited capital firms, low risk (easier adaptation, savings, government support), greater sales/profits (nationalist-oriented consumers)
- Limitations - shared profits, managerial disputes
- Most important - local partner selection (difficult), anticipation of all possible disagreements

# Disagreements in Joint Venture

- Profit reinvestment / dividend maximization
- Partner share evaluation
- Foreign market penetration levels
- Marketing strategy
- Branding
- New products and technologies
- Quality and ecology standards

# Strategic Alliances

- Goal – enhancement of partners' competitiveness
- Advantages – access to extra resources (technologies), risk sharing, scale economies, specialization
- Required terms – compatibility of goals, strategic benefits, trust, coordination, conflict resolution mechanism, planning

# Strategic Alliance Forms

- R&D-consortia (sharing engineers)
- Cross-distribution agreements
- Marketing agreements
- Investment agreements
- Manufacturing agreements

# Distribution Mode Selecting Criteria

<b>Distribution Mode</b>	<b>Control</b>	<b>Cost</b>	<b>Risk</b>
Direct Export	High	Medium	Low
Indirect Export	Low	Low	Low
Licensing	Medium	Low	Low
Management contracting	Medium	Low	Low
Contract manufacturing	Medium	Low	Low
Joint venture	Medium	Medium	Medium
Subsidiary	High	High	High



# Case 8. KFC in Mexico

**Should KFC leave  
the Mexico market???**

# Session 9. Marketing-Mix: International Practice

- **McDonalds Product Decisions**

# Case 9a. McDonalds Product Decisions

**Fast-food**



```
graph LR; A([Fast-food]) --> B([Fast-marketing])
```

**Fast-marketing**

# McDonalds Marketing

- Space design (furniture)
- Loud noisy music
- Time limit per customer
- Standardized positive phrases
- Beverages – the largest income
- Girls.....
- Constant floor cleaning
- Personnel rotation
- “Anything else?...” in cash-box
- Difficult franchising

# Session 10. Marketing Research and International Marketing Plan

# International Marketing Plan

1. Foreign market selection
2. Situational analysis (PEST/ STEP/ STEEP, SWOT)
3. Target market definition and segmentation
4. Competitive differentiation and positioning
5. Marketing mix (4 “p”)
6. Sales forecast, budgeting, evaluation, control

# Маркетинговая информация позволяет предприятию:

- Снизить финансовый и имиджевый риск
- Получить конкурентные преимущества
- Следить за маркетинговой средой
- Координировать стратегию
- Оценивать эффективность работы
- Подкреплять интуицию менеджеров

# Виды маркетинговой информации

- Первичная информация - данные, получаемые в результате специально проведенных для решения конкретной маркетинговой проблемы полевых исследований
- Вторичная информация - данные, собранные ранее для целей, отличных от целей конкретного маркетингового исследования



# Достоинства и недостатки первичной информации:

- Достоинства первичной информации:
  - сбор в соответствии с поставленной целью;
  - известна и контролируется методология сбора;
  - результаты доступны для компании и могут ограждать от конкурентов;
  - известна степень надежности.
- Недостатки:
  - большое время на сбор и обработку;
  - дороговизна;
  - сама фирма не всегда может собрать все необходимые данные.

# Внутренние источники вторичной информации (документация фирмы)

- Бюджеты
- Отчеты
- Счета
- Архивы
- Предыдущие исследования и др.

# Внешние источники вторичной информации

- Публикации национальных и международных официальных организаций
- Публикации государственных органов, министерств, муниципальных комитетов и организаций
- Публикации торгово-промышленных палат и объединений
- Сборники статистической информации
- Отчеты и издания отраслевых предприятий
- Книги, сообщения в журналах и газетах
- Публикации учебных, научно-исследовательских, проектных институтов и общественно-научных организаций, симпозиумов, конгрессов, конференций
- Прайс-листы, каталоги и другие фирменные публикации
- Материалы консалтинговых организаций

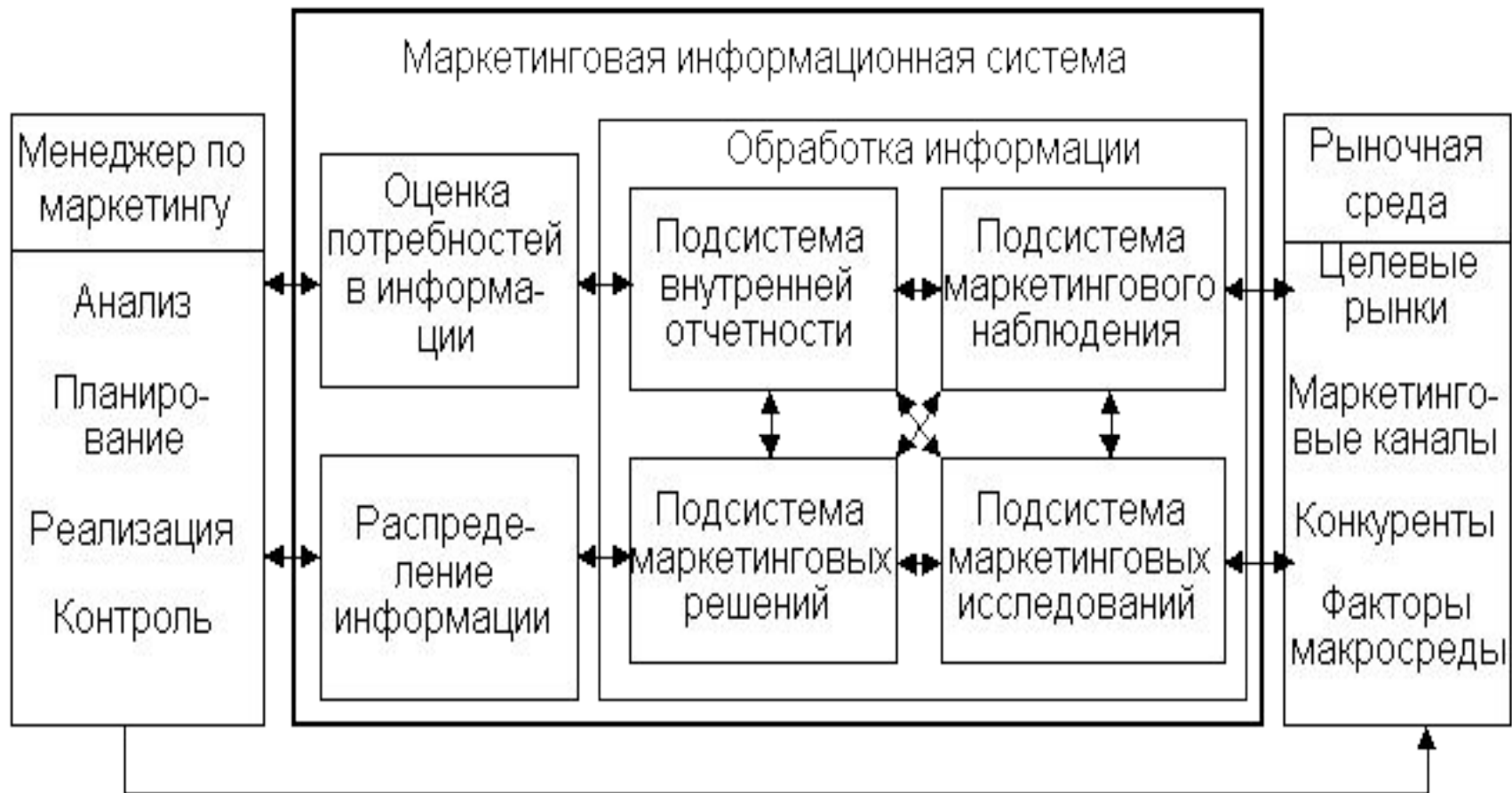
# Достоинства и недостатки вторичной информации

- Достоинства:
  - дешевизна по сравнению с первичной информацией;
  - возможность сопоставления нескольких источников;
  - быстрота получения по сравнению со сбором первичной информации.
- Недостатки:
  - неполнота;
  - устареваемость;
  - иногда неизвестна методология сбора и обработки;
  - невозможность оценить достоверность.

# Основные секторы рынка маркетинговой информации

- Экономическая информация
- Биржевая и финансовая информация
- Профессиональная и научно-техническая информация
- Коммерческая информация
- Статистическая информация
- Массовая и потребительская информация
- Заказные маркетинговые исследования

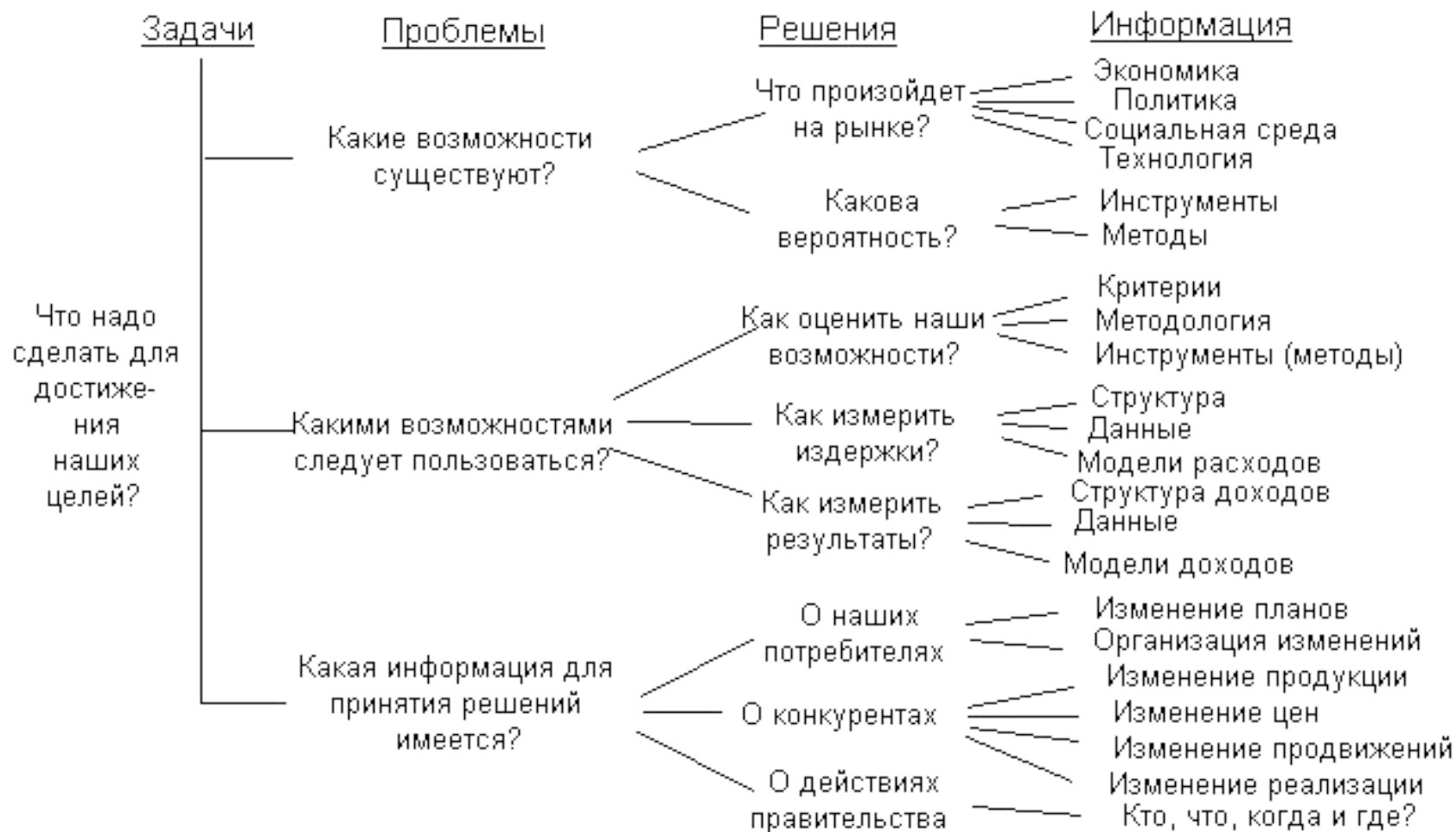
# Маркетинговая информационная система



# Основные преимущества использования МИС

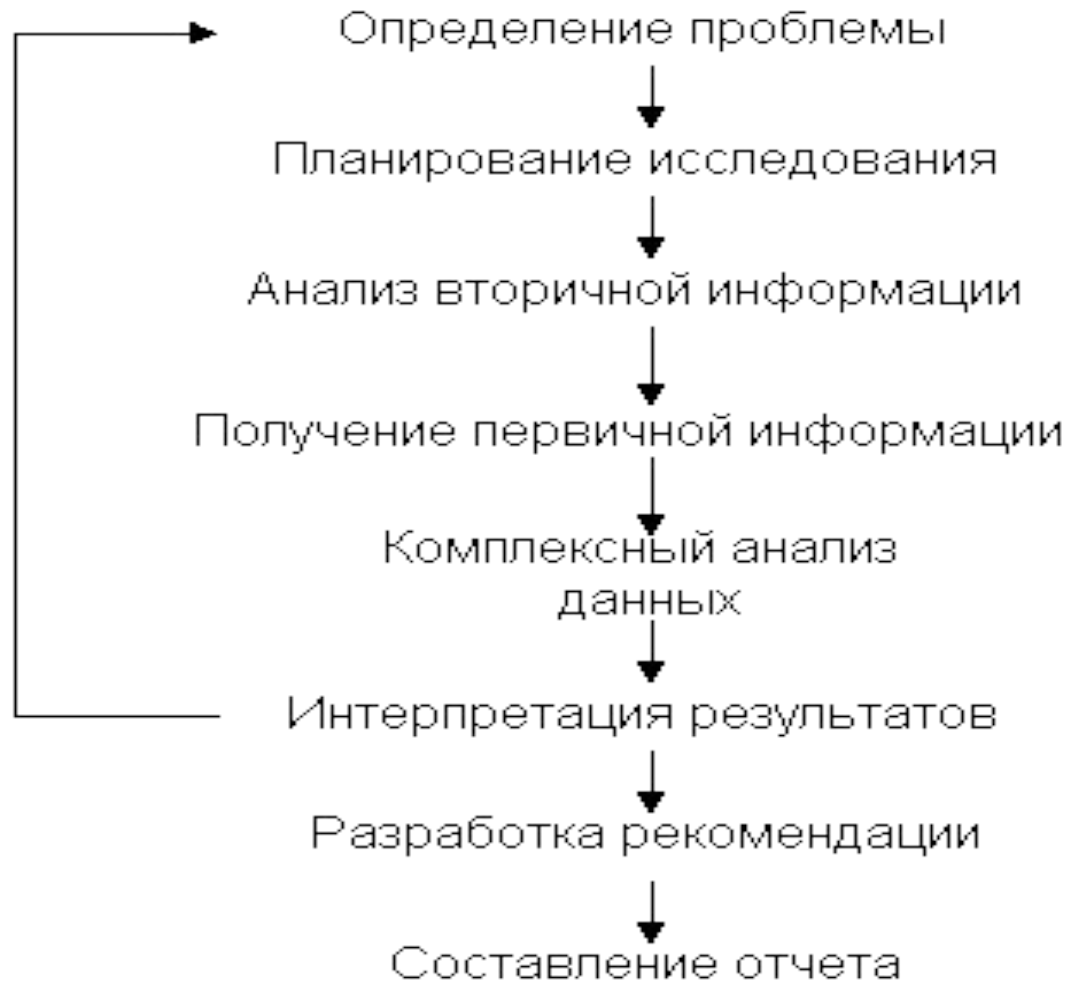
- Организованный сбор информации
- Широкий охват информации
- Предупреждение кризисов в деятельности фирмы
- Координация планов маркетинга
- Скорость анализа
- Представление результатов в количественном виде

# Использование МИС для принятия маркетинговых решений





# Стадии маркетингового исследования



# Основные методы исследования

- Наблюдение
- Эксперимент
- Групповые исследования
- Качественные исследования
- Обзорные исследования

# Преимущества и недостатки четырёх контактных методов

	Почта	Телефон	Личный контакт	Inter net
Гибкость	2	4	5	3
Количество информации, которое можно получить	4	3	5	4
Контроль воздействия интервьюера	5	3	2	5
Контроль выборки	3	5	3	3
Скорость сбора данных	2	5	4	5
Уровень реакции	2	4	4	2
Стоимость	4	3	2	5
Структура выборки	4	5	3	2

# Примеры открытых вопросов

Название	Описание	Пример
Обычный вопрос	Опрашиваемому задают вопрос, подразумевающий свободную форму ответа	“Чем вы обычно занимаетесь, когда летите на самолете?”
Подбор словесной ассоциации	Опрашиваемому называют слово и просят назвать первое, пришедшее на ум слово	“Какое первое слово приходит вам на ум, когда вы слышите слово “авиалиния”?”
Завершение предложения	Опрашиваемому предлагают незаконченное предложение и просят его завершить	“Когда я выбираю авиакомпанию, для меня самое главное ..”
Завершение рассказа	Опрашиваемому предлагают незаконченный рассказ и просят его продолжить	

# Примеры закрытых вопросов

Название	Описание	Пример
Альтернативный вопрос	Вопрос, предлагающий выбрать один из двух ответов	“Задумав поездку, вы лично позвонили в авиакомпанию Delta?” Да.Нет.
Вопрос с выборочным ответом	Вопрос, предлагающий выбрать один из трех и более вариантов ответов	“С кем вы собираетесь лететь на этот раз?” Один. С женой (мужем). С женой (мужем) и детьми. Другое
Вопрос со шкалой Лайкерта	Утверждение с предложением указать степень согласия или несогласия с сутью сделанного заявления	“Малые авиакомпании обслуживают пассажиров лучше, чем крупные”. Абсолютно не согласен. Не согласен. Не могу сказать. Абсолютно согласен
Шкала важности	Шкала с оценкой степени важности характеристик: от “совсем неважно” до “исключительно важно”	“Питание в полете для меня”. Исключительно важно. Очень важно. Довольно важно. Не очень важно. Совсем не важно
Оценочная шкала	Шкала, оценивающая какую-то характеристику от “неудовлетворительно” до “отлично”	“На самолетах авиакомпании Delta питание ...” Отличное. Хорошее. Удовлетворительное. Неудовлетв.

# Последовательность критериев при работе с отчетом



# Международный план маркетинга

1. Выбор зарубежного рынка
2. Ситуационный анализ (PEST, SWOT)
3. Определение и сегментация целевой аудитории
4. Конкурентное дифференцирование и позиционирование
5. Маркетинг-микс (4 “p”)
6. Прогноз продаж, бюджет, оценка, контроль

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