

International Marketing

Introduction to International Marketing

Learning objectives

- Understanding of international marketing.
- Distinguish between international and domestic marketing.
- Identifying the factors drive companies into expanding in international markets.
- Understanding stages of international marketing.
- Identifying the benefits of international marketing.

Definition of Marketing

- The American Marketing Association **defines marketing** as the performance of business activities that direct the flow of goods and services from producer to consumer or user.
- The Chartered Institute of Marketing also **defines marketing** as the management process that identifies, anticipates and satisfies customer requirements profitably.
- **Marketing** is also defined as discovering consumer needs and wants, creating the goods and services that meet that needs, and then pricing, promoting and delivering those goods and services.

Key terms

- **Market** is the set of all actual and potential buyers of a product or service.
- **Market segment** is a group of consumers who respond in a similar way to a given set of marketing efforts.
- **Product** is an object made available for consumer use; it is anything that can be offered to a market to satisfy the desire or need of a customer.

International marketing

- **International marketing** is defined as the application of marketing principles to satisfy the varied needs and wants of different people residing across the national borders.
- **International marketing** is also defined as the performance of the business activities that direct the flow of a company's goods and services to consumers or users in more than one nation for a profit.

International Marketing cont'2

- **International marketing** also refers to marketing carried out by companies overseas or across national borderlines.
- **American Marketing Association** defined **international marketing** as the multinational process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.

International marketing cont'3

- International marketing takes care of functions like international market research, selection of products, pricing, distribution channels, advertising and promotion in selected countries.
- **International marketing involves:**
 - Identifying the needs and wants of the customers in international markets.
 - Taking marketing mix decisions.
 - keeping in the view the diverse customers and market behavior.
 - Penetrating into international markets by using the various modes

Domestic marketing versus international marketing

- **Domestic marketing** is concerned with the marketing practices within a marketer's home country while **international marketing** activities take place in more than one country.
- **Domestic marketing** involves one set of uncontrollables derived from the domestic market. **International marketing** is much more complex because a marketer faces two or more sets of uncontrollable variables originating from various countries. **The marketer must cope with different** cultural, legal, political, and monetary systems.

Domestic marketing versus international marketing cont'2

- Then **the difference** between domestic and international marketing **lies** not with different concepts of marketing but **with the environment** within which marketing plans must be implemented. The uniqueness of foreign marketing comes from the range of unfamiliar problems and the variety of strategies necessary to cope with different levels of uncertainty encountered in foreign markets.
- Competition, legal restraints, government controls, fickle (changeable) consumers, and any number of other uncontrollable elements **can affect the profitable outcome of good marketing plans**. Generally speaking, the marketer cannot control or influence these uncontrollable elements but instead must adjust or adapt to them in a manner consistent with a successful outcome

Factors drive companies into expanding in international markets

- The following factors **drive companies into expanding in international markets**:
 - Excess production capacity beyond the home-country's demand.
 - Low production costs including the cost of labour.
 - Low cost of materials along with easy availability.
 - Proximity to international markets.
 - Government regulations encouraging international marketing, like incentives.

Factors drive companies into expanding in international markets cont'2

- High profit opportunities in the international market than the domestic market.
- Achieving economies of scale.
- Increasing market share.

Stages of International Marketing Involvement

- In general, firms go through five different phases in going international:
 1. No Direct Foreign Marketing
 2. Infrequent Foreign Marketing
 3. Regular Foreign Marketing
 4. International Marketing
 5. Global Marketing

No Direct Foreign Marketing

The **features of no direct foreign marketing**:

1. A company in this stage does not actively cultivate customers outside national boundaries.
2. Products “indirectly” reach foreign markets.
3. Sales may be made to trading companies who directly contact the firm.
4. Sales may also be made to foreign customers who directly contact the firm.
5. Products may reach foreign markets via domestic wholesalers/distributors who sell abroad.
6. Companies develop web sites on the Internet, many receive orders from international Internet users.
7. Foreign orders stimulate a company’s interest to seek additional international sales.

Infrequent Foreign Marketing

- The **features of infrequent foreign marketing**:
 1. Caused by temporary surpluses.
 2. The surpluses are characterized by their temporary nature, therefore, sales to foreign markets are made as goods become available.
 3. Firm has little or no intention of maintaining continuous market representation.
 4. Foreign sales activity declines and is withdrawn when domestic demand increases.

Regular Foreign Marketing

- The **features of regular foreign marketing**:
 1. The firm has permanent productive capacity devoted to the production of goods and services to be marketed in foreign markets.
 2. Firm may employ domestic or foreign intermediaries
 3. Firm may use its own sales force or sales subsidiaries.
 4. The primary focus of operations and production is to serve domestic market needs.
 5. As overseas demand grows, production is allocated for foreign markets, and products are adapted for foreign markets.
 6. Firms depend on profits from foreign markets.

International Marketing

- The features of international marketing:
 1. Fully committed and involved in foreign markets and international marketing activities.
 2. Companies seek markets all over the world and sell products that are a result of planned production for markets in various countries
 3. This planning generally entails not only the marketing but also the production of goods outside the home market.
 4. At this point, a company becomes an international or multinational marketing firm

Global Marketing

- The features of global marketing:
 1. The firm sees the world as one market.
 2. Market segmentation is now defined by income levels, usage patterns, or other factors that span the globe.
 3. More than half of a firm's revenues come from abroad.
 4. The firm has a global perspective.

The benefits of international marketing

- The benefits of international marketing are considerable. It provides companies with opportunities to **increase sales and profits, achieve survival and growth and enhance diversifications**. For many companies, survival or the ability to diversify depends on the growth, sales, and profits from abroad. The more commitment a company makes to overseas markets in terms of personnel, sales, and resources, the more likely it is that it will become a multinational corporation.
- International marketing activities also beneficial to **moderate inflation and improve both employment and the standard of living**, while providing a better understanding of the marketing process at home and abroad

Marketing mix

- Companies seeking to successfully market items in other countries employ all of the elements of the marketing mix.
- The 4ps of marketing mix include:
 - Product
 - Price
 - Place
 - Promotion

Book

- **International Marketing 15th Edition.** by Philip Cateora , Mary Gilly, John Graham.