

# International Marketing

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# Session 1

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# I. The nature of international marketing

## Introduction to international marketing .1

« International marketing consists in identifying and satisfying consumer needs abroad; better than the national and international competitors, under the constraints of the internationalization stage of the firm and the global environment. » (Nathalie Prime)

# Key elements of the international marketing mix

Product	Price	Place	Promotion
<ul style="list-style-type: none"> <li>-Product adaptation</li> <li>packaging and labeling</li> <li>translation of technical literature</li> <li>-Quality management</li> <li>-Licensing and contract manufacturing</li> </ul>	<ul style="list-style-type: none"> <li>-choice of pricing strategy</li> <li>-Competitor analysis</li> <li>-Discount structures</li> <li>-Credit management</li> <li>-Delivery terms</li> <li>-costing and budgeting</li> </ul>	<ul style="list-style-type: none"> <li>-International distribution</li> <li>-Control of agents</li> <li>-Export documentation</li> <li>-cargo insurance</li> <li>-Joint-ventures and subsidiaries</li> </ul>	<ul style="list-style-type: none"> <li>-Advertising, public relations and sales promotion</li> <li>-Direct marketing</li> <li>-Control of salespeople</li> <li>-Translation of sales literature</li> <li>-Exhibiting</li> <li>-Marketing research</li> </ul>

# Differences between domestic and international marketing

Domestic	International
Research data is available in a single language and is usually easily accessed	Research data is generally in foreign languages and may be extremely difficult to obtain and interpret
Business is transacted in a single currency	Many currencies are involved, with wide exchange rate fluctuations
Head office employees will normally possess detailed knowledge of the home market	Head office employees might only possess and outline knowledge of the characteristic foreign markets
Promotional messages need to consider just a single national culture	Numerous cultural differences must be taken into account
Market segmentation occurs within a single country	Market segments might be defined across the same type of consumer in many different countries.

## Differences between domestic and international marketing (continued)

Domestic	International
Communication and control are immediate and direct	International communication and control might be difficult
Business laws and regulations are clearly understood	Foreign laws and regulations might not be clear
Business is conducted in a single language	Multilingual communication is required
Business risks can usually be identified and assessed	Environments may be so unstable that it is extremely difficult to identify and assess risks
Planning and organizational control systems can be simple and direct	The complexity of international trade often necessitates the adoption of complex and sophisticated planning, organization and control systems

# Differences between domestic and international marketing (continued)

Domestic	International
Functional specialization within a marketing department is possible	International marketing managers require a wide range on marketing skills
Distribution and credit control are straightforward	Distribution and credit control may be extremely complex
Selling and delivery documentation is routine and easy to understand	Documentation is often diverse and complicated due to meeting different border regulations
Distribution channels are easy to monitor and control	Distribution is often carried out by intermediaries, so is much harder to monitor
Competitors' behavior is easily predicted	Competitors' behavior is harder to observe, therefore less predictable
New product development can be geared to the needs of the home	New product development must take account of all the markets the product is sold in.



# International marketing and exporting

International marketing is more than exporting,  
because it involves:

- Marketing products that have been manufactured or assembled in the target country
- Establishing a permanent presence in the foreign country
- Licensing and franchising
- Sourcing components from foreign states.

# International and multinational marketing

International marketing means marketing across national frontiers.

Multinational marketing means the integrated coordination of the firm's marketing activities throughout the world.

## 2. Reasons for marketing abroad

- Economies of scale and scope ➤
- Existence of lucrative markets in foreign countries ➤
- Saturated markets in the home country ➤
- High R&D costs ➤
- International opportunities ➤
- Less competition ➤
- New trade agreements ➤
- ... ➤

# 3. Exporting

Exporting means the sale in a foreign market of an item produced, stored or processed in the supplying firm's home country.

Two kinds of exporting: passive and active

# 3. Exporting (continued)

## **Sources of foreign demand (passive exporting):**

- Non-availability of appropriate products from domestic producers
- Price differentials between imported and locally supplied items;
- Exotic images attaching to foreign products;
- Inefficiency of local distribution systems, political disruptions, industrial action, or other factors that prevent local firms from supplying goods.

# Exporting (continued)

Reasons for active exporting:

- The product has reached the end of its life cycle at home
- Less competition
- Easy access to major customers
- Export increases turnover.

# Example: Manchester United

MUFC has more fans abroad than at home

Merchandising: clothing, shoes, sports  
equipment

Manchester United Magazine, Manchester  
United on Video

TV Channel - MUTV

...

## II. Strategic considerations in international marketing

Strategy means choosing a general direction for the firm, together with organizational designs, policies, systems and a style of management best suited for beating the competition in the field.

Tactics concern practical methods for implementing strategic decisions.



# 1. Competitive advantage

The elements of competitive advantage are the critical offer, the significant operating factors and the firm's strategic resources.



Competitive advantage

Critical offer features

Strategic resources

Significant operating factors

# Porter's model of competitive advantage

Cost leadership ➤

Differentiation ➤

Specialization ➤

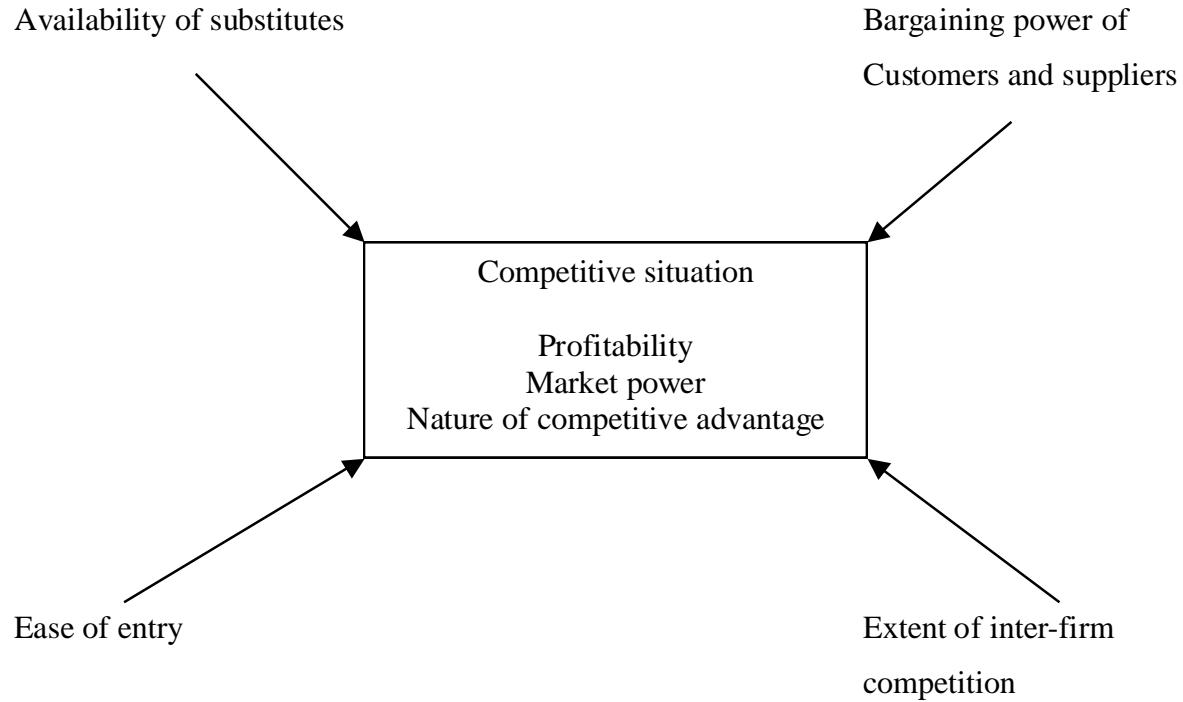
# 2. The competitive environment

Factors:

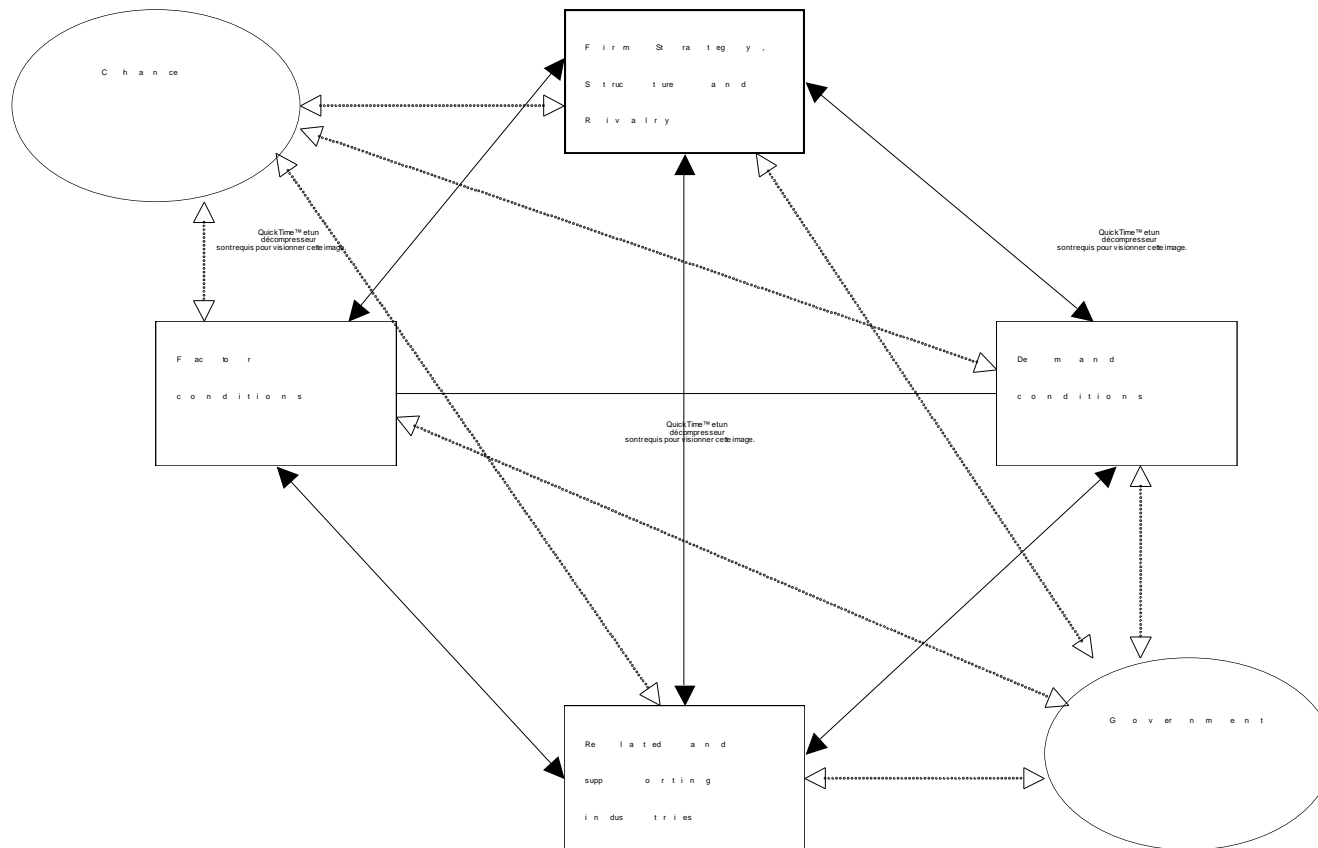
- Ease of entry by competitors into the market ➤
  - The bargaining power of customers ➤
    - The bargaining power of suppliers ➤
      - Availability of substitutes ➤
- Level of existing competitive pressure ➤

# The Porter Model

The Porter Model



# Competition between nations



The national diamond (Porter, 1990)

# 4. The value chain

## **Primary activities:**

Inbound logistics ➤

Operations - the conversion of inputs into ➤  
products

Outbound logistics - which concern ➤  
distribution

Marketing and sales ➤

Service activities ➤

# III. International marketing strategy

## The five stage model .1



## 2. International marketing planning

Planning means looking into the future and deciding today what to do in the future given predicted or intended circumstances.



# ‘What if’ analysis

Management asks the question ‘what will we need to do if it happens?’ and makes sure that the firm is adequately prepared for the environmental change.

‘What if’ analysis recognizes complexities, discontinuities and uncertainties of the real world.

# 4. Control and coordination

Control:

- Establishing standards and targets ➤
- Monitoring activities and comparing actual ➤  
with target performance
- Implementing measures to remedy ➤  
differences

# 4. Coordination and control

Coordination means the unification of effort,  
i.e. ensuring that everyone within the  
enterprise is working towards a common goal.  
Effective coordination requires efficient  
control.

# Mechanistic systems of control

- Standardization of administrative procedures ➤
- Feedback systems (reports) ➤
- Face-to-face meetings ➤
- Appointment of a full-time liaison manager ➤

# Cultural systems of control

- Clear corporate vision and mission; ➤
- Free-flowing communication between the workforce and management ➤
- Good internal PR and internal marketing ➤
- Good induction procedures for new staff to adopt the corporate culture at an early stage ➤

***FINALLY THE CORE FACTIONS OF •  
INTERNATIONAL MARKETING IS TO  
THINK GLOBAL AND ACCT LOCAL***