

MK 333/326
International Marketing
Chapter 12

By Ajarn Suwalya K.
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Chapter 12

Global Marketing Management: Planning and Organization

International Marketing

18th Edition



Learning Objectives

- 12-1 How global marketing management differs from international marketing management
- 12-2 The need for planning to achieve company goals
- 12-3 The important factors for each alternative market-entry strategy
- 12-4 The increasing importance of international strategic alliances

Global Marketing Management 1 of 4

Standardization versus adaptation 1970s

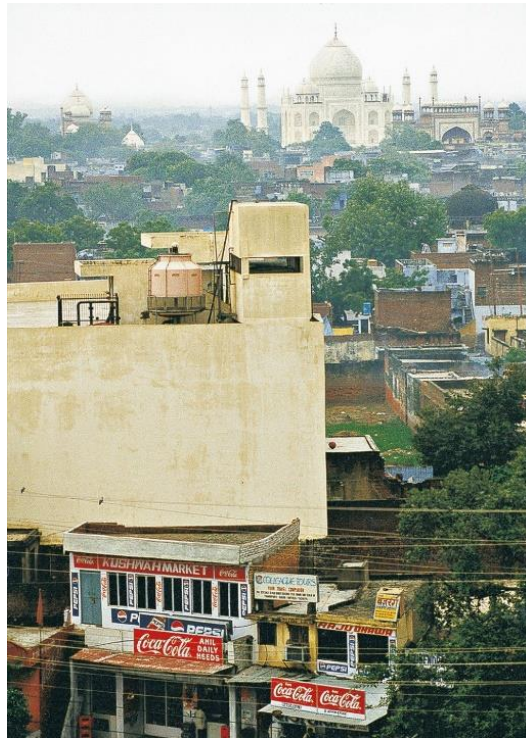
Globalization versus localization 1980s

Global integration versus local responsiveness 1990s

- Trend toward localization



Soft Drink Market in India



© John Graham



© John Graham



© John Graham

The competition among soft drink bottlers in India is fierce. Here Coke and Pepsi combine to ruin the view of the Taj Mahal. Notice how the red of Coke stands out among its competitors in the picture. Of course, now Coca-Cola has purchased Thums Up, a prominent local brand—this is a strategy the company is applying around the world. But the red is a substantial competitive advantage both on store shelves and in outdoor advertising of the sort common in India and other developing countries. We're not sure who borrowed the “monsoon/thunder” slogans from whom.

Adaptation by Mattel



Items in the Disney Princess collection are on display at the Licensing International show at New York's Javits Convention Center. Mattel's strategic response to Bratz and Disney's ethnically diverse lines was twofold. First, it sued Bratz owner MGA with an intellectual property rights claim. The lawsuit lasted nine years, and a federal appeals court awarded only legal fees to MGA—no damages. In response, MGA plans more legal action regarding Bratz's loss of brand equity during the years of legal machinations. Second, Mattel bought the rights to produce the Princess dolls. The Disney Princesses have been selling well due to Mattel's marketing efforts.

Global Marketing Management 2 of 4

Market Segmentation

- Finding most efficient method important
 - More so than standardization versus adaptation debate
- Selecting segmentation variables
 - Best companies avoid just using country borders
 - Climate, language, media habits, income all important variables
 - Internet allows for more specific segmentation



Global Marketing Management 3 of 4

The Nestlé Way: Evolution Not Revolution

- International company almost from start in 1866
- Goal is dominate all of its markets
- Four main points to summarize its strategy
 1. Think and plan long term
 2. Decentralize
 3. Stick to what you know
 4. Adapt to local tastes



Nestlé

Good Food, Good Life



Nestlé Vietnam Corporate Video 2019



Son Thai · 207 views · 1 year ago



Global Marketing Management 4 of 4

Benefits of Global Marketing

1. Knowledge helps scale production and marketing efforts for multinational businesses
2. Global diversity in marketing talent leads to new approaches across markets
3. Improved coordination and integration of marketing allows for transfer of knowledge across countries
4. Gives marketers access to toughest customers
5. Financial benefits from diversity of markets



Planning for Global Markets 1 of 9

Planning

- Systemized way of relating to the future
- Manage impact of external, uncontrollable factors
 - Effects on firm's strengths, weaknesses, and objectives
- Formulation of goals and methods to achieve them
 - Commitment of resources to country market
 - Allows for rapid growth of international function



Planning for Global Markets 2 of 9

Corporate planning

- Long term, generalized goals for enterprise as whole

Strategic planning

- Conducted at highest levels of management
 - Products, capital, research, long- and short-term goals

Tactical planning

- Conducted locally; addresses marketing and advertising
 - Actions and allocation of resources to implement strategic planning goals in specific markets

Planning for Global Markets 3 of 9

Company Objectives and Resources

- **Important to define objectives for global success**
 - Clarifies orientation of domestic and international divisions
 - Permits consistent policies
- **Might not match foreign market opportunities**
 - Change the objectives
 - Alter the scale of international plans
 - Abandon foreign market



Planning for Global Markets 4 of 9

International Commitment

- Required for successful international operations
- Managers must determine willingness to commit
 - Invest finances and personnel for management
 - Determination to stay in market long enough for profit
- Planning impacts degree of commitment
 - Degree of commitment impacts strategies and decisions



Planning for Global Markets 5 of 9

The Planning Process

- First-time foreign marketer
 - Determine products to develop and in which markets
 - Identify level of resource commitment
- Already committed companies
 - Allocate effort and resources among countries and products
 - Choose new market segments and products to develop and old ones to abandon
- Systematic process with four phases

Planning for Global Markets 6 of 9

Phase 1: Preliminary Analysis and Screening

- Evaluate potential of foreign markets
- Analyze environment in which company plans to operate
- Company and country needs must be matched



Planning for Global Markets 7 of 9

Phase 2: Defining Target Markets and Adapting Marketing Mix Accordingly

- Potential target markets identified and analyzed further
- Marketing mix evaluated in each target market
- Analysis answers questions about adaptation
 - Are there identifiable market segments that allow for common marketing mix tactics across countries?
 - Which cultural/environmental adaptations are necessary for successful acceptance of the marketing mix?
 - Will adaptation costs allow profitable market entry?

Planning for Global Markets 9 of 9

Phase 4: Implementation and Control

- Planning process continues even after implementation
- Evaluation and control system
 - Requires performance-objective action
- Utilizing a planning process and system
 - Encourages consideration of all variables that impact success
 - Provides basis for viewing all country markets and their interrelationships as an integrated and global unit

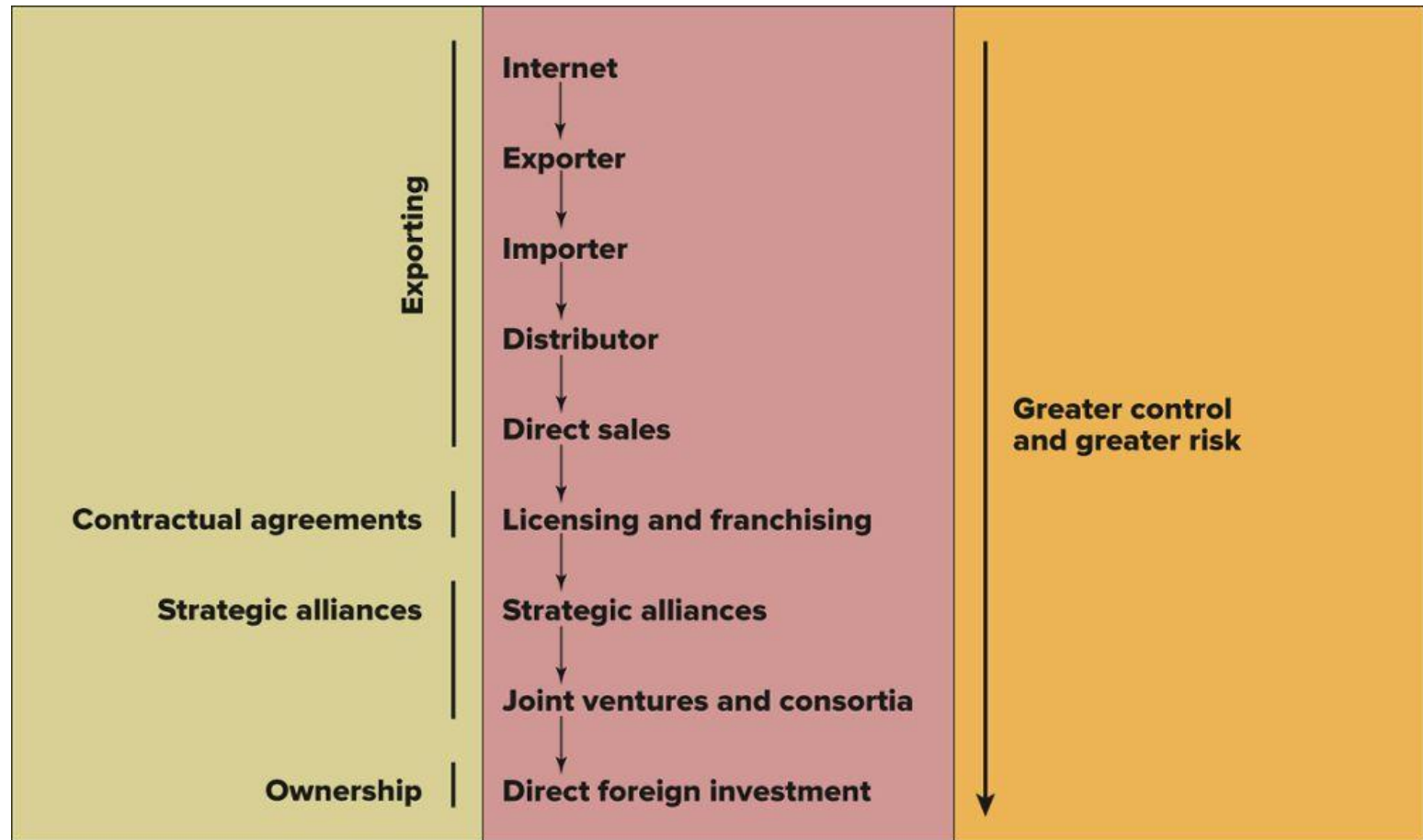
Alternative Market-Entry Strategies 1 of 5

Four broad modes of foreign market entry

1. Exporting
2. Contractual agreements
3. Strategic alliances
4. Direct foreign investment



Exhibit 12.2 Alternative Market-Entry Strategies



Companies most often begin with modest export involvement. As sales revenues grow, the firms often proceed through the steps shown toward direct foreign investment.

Alternative Market-Entry Strategies 2 of 5

Exporting



- Direct exporting
 - Company sells to customer in another country
- Indirect exporting
 - Company sells to importer or distributor in another country
- The Internet
 - IIM: International Internet Marketing
- Direct sales
 - May involve establishing office in foreign country
 - Particularly used for high-tech and big ticket industrial products

Alternative Market-Entry Strategies



Alternative Market-Entry Strategies 3 of 5

Contractual Agreements

- Long-term association between companies
 - Nonequity; just a means to transfer knowledge or skills
 - Generally technology, processes, trademarks, skills
- Two main categories
 - Licensing
 - Franchising



Alternative Market-Entry Strategies 4 of 5

Contractual Agreements: Licensing

- Rights granted to foreign company
 - Patent rights
 - Trademark rights
 - Rights to use technological processes; aids in production and distribution of imported products
- A means to establish foothold in foreign market
 - No large capital outlays; lower risk
 - Favored by small and medium-sized companies



Alternative Market-Entry Strategies



Alternative Market-Entry Strategies



Alternative Market-Entry Strategies 5 of 5

Contractual Agreements: Franchising

- Skill centralization and operational decentralization
 - Franchiser provides standard package of products, systems, management services
 - Franchisee provides market knowledge, capital, and personal involvement in management
- Key factors that influence success
 - Monitoring costs (based on physical and cultural distances)
 - The principal's international expense
 - The brand equity in the new market



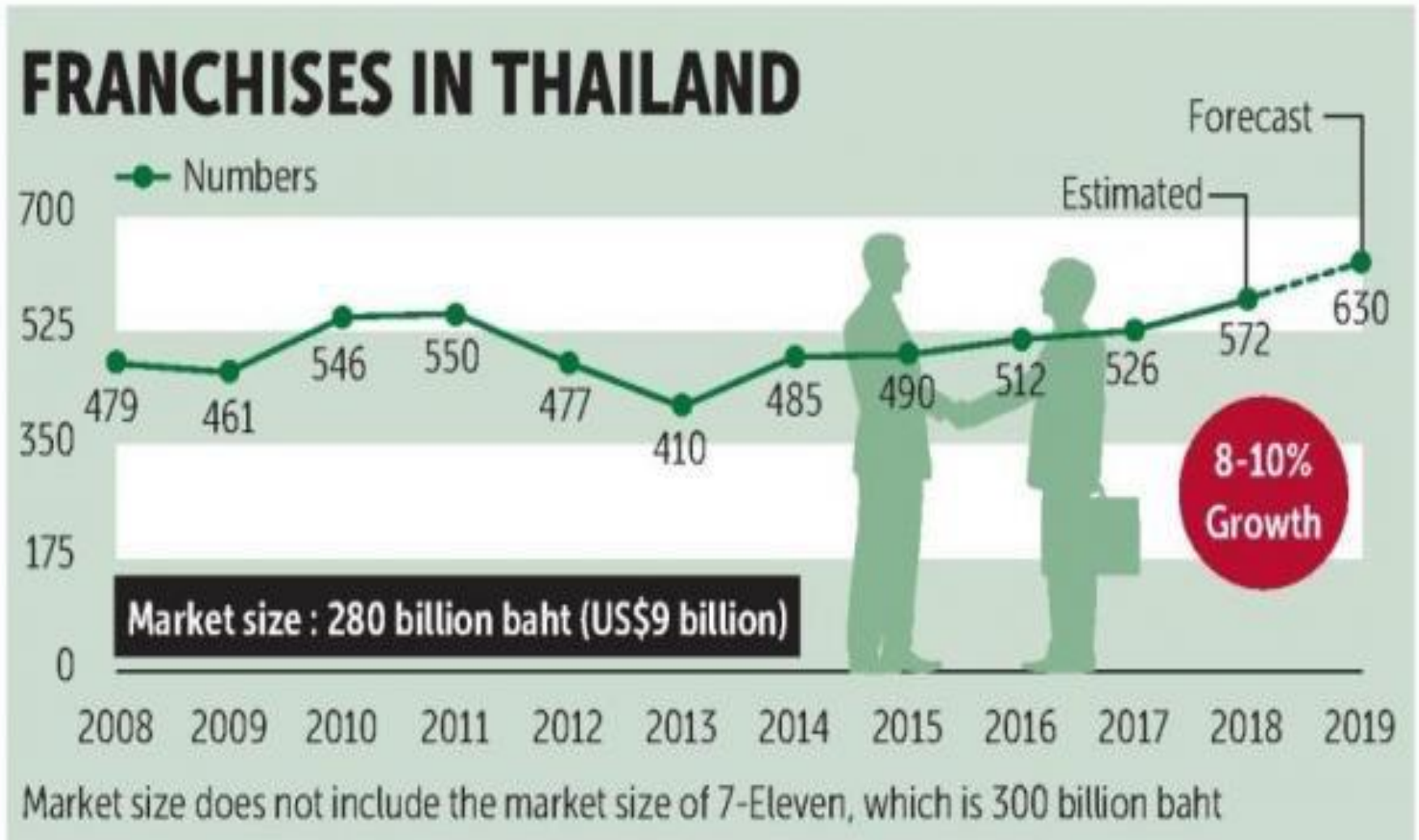
Alternative Market-Entry Strategies



Alternative Market-Entry Strategies



Alternative Market-Entry Strategies



Source: Gnosis

BANGKOK POST GRAPHICS

Examples of Franchises



Maybe they can help you find a home with a view of the Black Sea here at the Century 21 office in Istanbul, Turkey. We know they'll be happy to sell you a piece of chicken from the Colonel's place in Eilat, Israel, just across the Red Sea from Aqaba, Jordan.

Strategic International Alliances 1 of 5

Relationship established by two or more companies

- Cooperate out of mutual need, share risk in achieving shared goal

Firms enter SIAs for several reasons

- Opportunities for rapid expansion into new markets
- Access to new technology
- More efficient production and innovation
- Reduced marketing costs
- Strategic competitive moves
- Access to additional sources of products and capital

Strategic International Alliances 2 of 5

International Joint Ventures

- Two or more companies create a separate legal entity
- Acknowledged intent by partners to share in management
- Between legally incorporated entities, not individuals
- Equity positions held by both partners



Strategic International Alliances Joint Venture

2 **BIG BRANDS** joining forces is a perfect example of the total being greater than the sum of its parts!

BIGGER, STRONGER & BETTER

HITACHI
Inspire the Next

+

SUNWAY®

- Major IT business company within Hitachi Group.
- 50 years of IT experience & track records.
- Hitachi Brand established globally.
- Provides One Stop Solution of IT Life Cycle.
- Virtualization & data center management knowledge & skills set.

- IT business company within Sunway Group.
- 3 decades of It experience & track records.
- Established regional presence.
- More than 800 customers base.
- Sunway brand name.

Strategic International Alliances 4 of 5

Direct Foreign Investment

- Reasons to invest in foreign country
 - Capitalize on low-cost labor
 - Avoid high import taxes
 - Reduce high costs of transportation to market
 - Gain access to raw materials and technology
 - Gain market entry



Strategic International Alliances



Strategic International Alliances



Strategic International Alliances 5 of 5

Direct Foreign Investment: Factors Affecting Structure and Performance

- Timing; first movers have advantages but are more risky
- The growing complexity and contingencies of contracts
- Transaction cost structures
- Technology and knowledge transfer
- Degree of product differentiation
- Experiences and cultural diversity of acquired firms
- Advertising and reputation barriers



Top 10 Best Coffee Chains Around The World



BabbleTop · 28K views · 2 years ago

