International Marketing

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I. INTRODUCTION

International Marketing can be defined as exchange of goods and services between different national markets involving buyers and sellers. According to the American Marketing Association, “International Marketing is the multi-national process of planning and executing the conception, prices, promotion and distribution of ideal goods and services to create exchanges that satisfy the individual and organizational objectives.”

Domestic Marketing

I. Domestic Marketing is concerned with marketing practices within the marketer’s home country.

II. Foreign Marketing: It refers to domestic marketing within the foreign country.

III. Comparative Marketing: when two or more marketing systems are studied, the subject of study is known as comparative marketing. In such a study, both similarities and dis-similarities are identified. It involves an analytical comparison of marketing methods practiced in different countries

IV. International Marketing: It is concerned with the micro aspects of a market and takes the company as a unit of analysis. The purpose is to find out as to why and how a product succeeds or fails in a foreign country and how marketing efforts influence the results of international marketing.

II. International Trade: International Trade is concerned with flow of goods and services between the countries. The purpose is to study how monetary and commercial conditions influence balance of payments and resource transfer of countries involved. It provides a macro view

VI. Global Marketing: Global Marketing consider the world as a whole as the theatre of operation. The purpose of global marketing is to learn to recognize the extent to which marketing plans and programmers can be extended worldwide and the extent to which they must.

IV. INTERNATIONAL MARKETING

International marketing involves recognizing that people all over the world have different needs. Companies like Gillette, Coca-Cola, BIC, and Cadbury Schweppes have brands that are recognized across the globe. While many of the products that these businesses sell are targeted at a global audience using a consistent marketing mix, it is also necessary to understand regional differences, hence the importance of international marketing. Organizations must accept that differences in values, customs, languages and currencies will mean that some products will only suit certain countries and that as well as there being global markets e.g. for BIC and Gillette razors, and for Coca-Cola drinks, there are important regional differences - for example advertising
in China and India need to focus on local languages. Just as the marketing environment has to be assessed at home, the overseas potential of markets has to be carefully scrutinized.

Finding relevant information takes longer because of the unfamiliarity of some locations. The potential market size, degree and type of competition, price, promotional differences, product differences as well as barriers to trade have to be analyzed alongside the cost-effectiveness of various types of transport. The organization then has to assess the scale of the investment and consider both short- and long-term targets for an adequate return.

**Standardization**

If a company offers a product, which is undifferentiated between any of the markets to which it is offered, then standardization is taking place. The great benefit of standardization is the ability to compete with low costs over a large output.

The diagram below illustrates the use of a standardized products and marketing mix:

![Diagram showing single product/marketing mix for global market](https://example.com/standardization-diagram)

In most markets, however, there are many barriers to standardization. It is not difficult to think about the standard marketing mix for a product and how this might vary from one country to another. For example:

- **Product** - tastes and habits differ between markets
- **Price** - consumers have different incomes
- **Place** - systems of distribution vary widely
- **Promotion** - Consumers' media habits vary, as do language skills and levels of literacy.

With differentiated marketing, on the other hand, an organization will segment its overseas markets, and offer a marketing mix to meet the needs of each of its markets.

The great benefit of standardization is that costs are lowered, profitability is increased and the task of supplying different markets becomes substantially easier.

The diagram illustrates the process of adapting the marketing mix to meet the needs of different geographical markets:

![Diagram showing adapted marketing mixes for different regions](https://example.com/differentiated-marketing-diagram)
However, it could also be argued that the success of many products in international markets has come about because marketers have successfully adapted their marketing mix to meet local needs.

To a large extent the standardization/adaptation dilemma depends upon an organization’s view of its overseas markets and the degree to which it is prepared to commit itself to meeting the needs of overseas customers. There are three main approaches, which can be applied:

1. **Polycentrism** - with this marketing approach, a business will establish subsidiaries, each with their own marketing objectives and policies, which are decentralized from the parent company. Adaptation takes place in every market using different mixes to satisfy customer requirements.

2. **Ethnocentrism** - overseas operations are considered to be of little importance. Plans for overseas markets are developed at home. There is little research, the marketing mix is standardized and there is no real attention to different customer needs and requirements in each market.

3. **Egocentrism** - standardization takes place wherever possible and adaptation takes place where necessary. A confectionery and soft drinks manufacturer like Cadbury Schweppes typically produces a range of standard items that are sold throughout the globe using similar marketing mix. However, differences may occur in such aspects as distribution channels and pricing as well as advertising in languages that are relevant to particular cultures. In addition such a company would produce some products which cater for particular tastes, and which are relevant to particular cultures. New products might then be tested in a regional area, before consideration of which other areas of the globe to roll out that product.

4. **Standardization** - refers to manufacturing, marketing or employing other processes in a standard.

**ADVANTAGES OF INTERNATIONAL MARKETING**

International marketing holds many potential benefits for the small-business owner. From the expansion of your customer base to the image of your company within the industry and among your customers, to the formation of new supplier and sales relationships, to its role as the logical first step toward more ambitious and risky ventures to come, international marketing is a gateway to opportunities you may otherwise miss out on.

Small businesses often need market researchers to point them in the right direction. For example, before designing a product line or a marketing campaign, a company needs to understand the buying habits of its target consumers. Businesses can hire external consultants such as a market research firm or they can use an internal marketing research department, which has both advantages and disadvantages.

**IMPARTIALITY**

Internal marketing research departments might not be impartial, which can be a disadvantage. For example, a company's employees might not be willing to critique a supervisor's plan. External consultants, on the other hand, might have no problem exposing a plan's weaknesses.

**LACK OF EXPERTISE**

Another disadvantage of an internal marketing research department is that a company might lack the expertise to foster an effective staff. Marketing research is a complex undertaking, requiring deep knowledge of statistical methods and marketing concepts. A small business might not have the resources to fund such an undertaking or to hire staff that could manage such a project. In this case, hiring third-party experts to consult on a case-by-case basis might make more sense.

**COST**

In general, hiring external consultant’s costs more than having an internal marketing research department, according to the book "Marketing Research," by Jan Wide and Colin Diggins. Having in-house experts might or might not be a cost-effective option, because everything depends on the specific needs and resources of a given business. Creating an internal marketing research department might be overkill. For example, if a company is small, it might not need the services of a full-time marketing research department. Occasionally hiring external consultants as necessary might cost less and also allow the company to focus on its primary business activities.

**IN HOUSE EXPERTISE**

One advantage of creating an internal marketing research department is that the research will be led by people who are experts in the particular needs of that business. The employees of a business understand its everyday operations and needs. In contrast, third-party experts might not be familiar with how the business
works, so they might lack important insights that could make their marketing research more effective. Also, if a company has proprietary information that would be damaging if leaked, using in-house experts that it can monitor and control might be a prudent option.

**SPEEDY RESULTS**

Another advantage of having an internal marketing research department is fast results. Instead of bringing third-party consultants up to speed about a project and then waiting for the results, a company has in-house experts to which it can turn for insights or data.

**DISADVANTAGES OF INTERNATIONAL MARKETING**

Centralized marketing departments have difficulties conducting research in all markets where their products may be placed. External marketing firms have contacts in multiple geographic locations that can localize and conduct effective marketing research targeted at current or potential customers.

**Agility**

Working with research firms requires somewhat rigid guidelines and research requirements. Companies using an internal marketing research department obtain built-in agility to modify research during the course of the investigation. Internal marketing teams can also move at the pace set by business needs.

**Expenses**

Hiring external firms for marketing research may be more expensive than using corporate employees. Costs, expenses and resources can be tightly monitored and controlled when an in-house staff conducts investigations.

**Customization**

Internal employees tap product, development and support staff for in-depth product knowledge, questions and advice. This resource advantage allows internal marketing teams to customize and maximize research efforts. For example, marketing staff could discuss product feature options with engineering staff to help craft a survey to establish customer product preferences for future models.

**DIFFERENCE BETWEEN DOMESTIC MARKETING AND INTERNATIONAL MARKETING**

Marketing is the process of focusing the resources and objectives of an organization on environmental opportunities and needs. It is a universal discipline. However, markets and customers are different and hence the practice of marketing should be fine tuned and adjusted to the local conditions of a given country. The marketing man must understand that each person is different and so also each country which means that both experience and techniques obtained and successful in one country or countries. Every country has a different set of customers and even within a country there are different sub-sets of customers, distribution channels and media are different. If that is so, for each country there must be a unique marketing plan. For instance, nestle tried to transfer its successful four – flavor coffee from Europe to the united states lost a 1% market share in the us. It is important in international marketing to recognize the extent to which marketing plans and programmed can be extended to the world and the extent to which marketing plans must be adapted. Prof.Theodore Levitt thought that the global village or the world as a whole was a homogeneous entity from the marketing point of view. He advocated organization to develop standardized high quality word products and market them around the world using standardized advertising, pricing and distribution.
Differences between domestic and international marketing

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

Exports and Imports: International trade can be a good beginning to venture into international marketing. By developing international markets for domestically produced goods and services a company can reduce the risk of operating internationally, gain adequate experience and then go Contractual Agreements: Patent licensing, turnkey operations, co-production, technical and managerial know-how and licensing agreements are all a part of international marketing. Licensing includes a number of contractual agreements whereby intangible assets such as patents, trade secrets, know-how, trademarks and brand names are made available to foreign Joint Ventures: A form of collaborative association for a considerable period is known as joint venture. A joint venture comes into existence when a foreign investor acquires interest in a local company and vice versa or when overseas and local firms jointly form a new firm. In countries where fully owned firms are not allowed to operate, joint venture is the alternative.

Wholly owned manufacturing: A company with long term interest in a foreign market may establish fully owned manufacturing facilities. Factors like trade barriers, cost differences, government policies etc. encourage the setting up of production facilities in foreign markets. Manufacturing abroad provides the firm with total control over quality and production.

Contract manufacturing: When a firm enters into a contract with other firm in foreign country to manufacture assembles the products and retains product marketing with itself, it is known as contract manufacturing the following three things helps in marketing.

The three things are:
People must have the desire or motivation to do what you want them to do.
People must also have the ability to do what you want them to do.
The third and most often missed factor of persuasion is the trigger – they must be reminded, essentially, of their desire.
So let’s talk about these factors a little more in-depth and how to use the model to influence international students.
1. Motivation

This is where research really comes into play. Understanding the true motivations behind an international student’s decision to choose one country over another and one school over another, and the intricacies behind it, is crucial – and many education marketers get this wrong (I should know, I was an international student).

For example, many university advertisements emphasize on “world class education”. But what does “world class” really mean? Most international students have never heard of your university’s brand and there are so many university rankings, they are often contradicting.

Other motivations, such as:
- Internationally recognized qualifications
- Are they allowed to work part-time in the country? This is not up to the university to decide, but if the local government does allow it, then use it in your advertisement!
- And here’s one that’s often missed… international students often want to migrate to the target country. Can your degree help with that?
- We can also create motivation by educating them. What makes your university stand out – how will a degree affect their wellbeing – how much does your average international graduate earn?
- The more informational it is, the more comfortable the student will be when it comes to making a decision.

2. Ability

The fact that they want to study in a foreign university, however, doesn’t mean all of them can afford it. The person who usually funds the student’s education is the parents. And because of that, parents have a huge say in which university their children study in.

This is why marketing materials attempting to attract international students must also convince their parents.

What are the concerns of these parents? Here is a couple:
- Parents accord greater concern for safety and security than do their kids. Parents are concerned about undue peer pressure and bad influence. They care about tradition and religion – is the university accepting of their practices and do they have the appropriate facilities?
- And finally, will the qualification their child gets be recognized in their home country?
- Then there’s also the issue of living expenses. Some universities provide local accommodation at a heavily discounted rate so as to attract new students, for example. And what they found is that profits ultimately lifted – because now MORE international students can afford to move.
- Once we get the parents to approve and make sure they can afford it, the next thing to make sure is that they BOTH have the ability to enroll. This is where agents come in. They help lost international students navigate the VISA process and all the documents universities need.
- In my opinion, the enrolment process in most universities is archaic. The fact that they need an agent to help them fill out the form speaks volumes about it. So some innovative universities simplify the process to one simple form that students can fill out online – and they ask for more information after the student enrolls.

3. Triggers

Facilitate. This happens when a potential student has high motivation but low ability. Triggers for these students can be advertisements that emphasize on how easy it is to enroll, or the 24/7 support to help them out if they have issues.

Spark. This happens when a potential student has high ability but low motivation. This is what most ads are designed to do: inspire, scare and/or offer hope.

Signal. This happens when a potential student has high ability and high motivation. And all they needed is a little reminder. A great way to do this is get them to sign up to an email list in which you can then follow up with – if you want to deal directly.