

*Your company does not belong in
markets where it cannot be the best.*

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DESIGNING GLOBAL MARKET OFFERINGS



Competing on a Global Basis

- Global industry
- Global firm

Major Decision in
International Marketing



Deciding Whether To Go Abroad



- Factors drawing companies into the international arena:
 - Some international markets present higher profit opportunities than the domestic market.
 - The company needs a larger customer base to achieve economies of scale.
 - The company wants to reduce its dependence on any one market.
 - The company decide to counterattack global competitors in their home markets
 - Customers are going abroad and require international service.

Deciding Whether To Go Abroad



- Before going abroad, the company must weigh several risk:
 - The company might not understand foreign customer preferences and fail to offer a competitively attractive product.
 - The company might not understand the foreign country's business culture.
 - The company might underestimate foreign regulations and incur unexpected costs.
 - The company might lack managers with international experience.
 - The foreign country might change its commercial laws, devalue its currency, or undergo a political revolution and expropriate property.

Deciding Whether To Go Abroad



- Four stages of internationalization process:
 1. No regular export activities
 2. Export via independent representatives (agents)
 3. Establishment of one or more sales subsidiaries
 4. Establishment of production facilities abroad

Deciding Which Markets to Enter



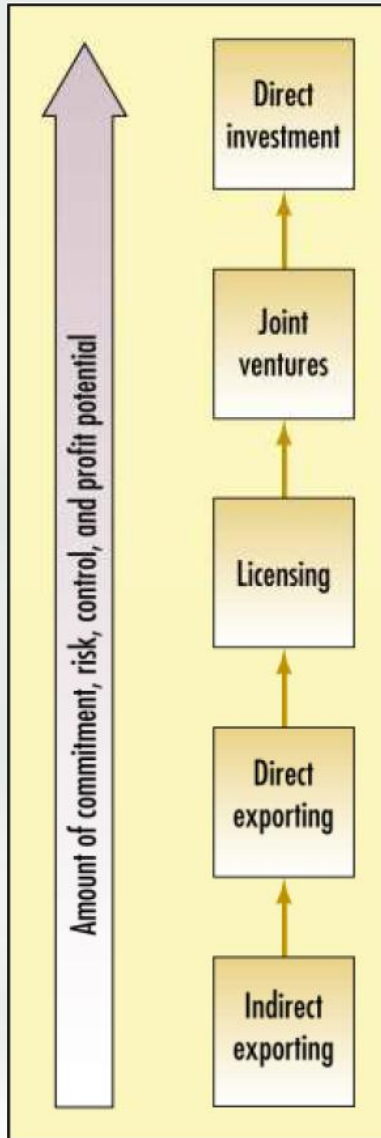
- How many markets to enter
 - The company must decide how many country to enter and how fast to expand
 - Typical entry strategies:
 - Waterfall approach
 - Sprinkle approach
 - Country's attractiveness is influenced by the product and by geography, income and population, and political climate

Deciding Which Markets to Enter

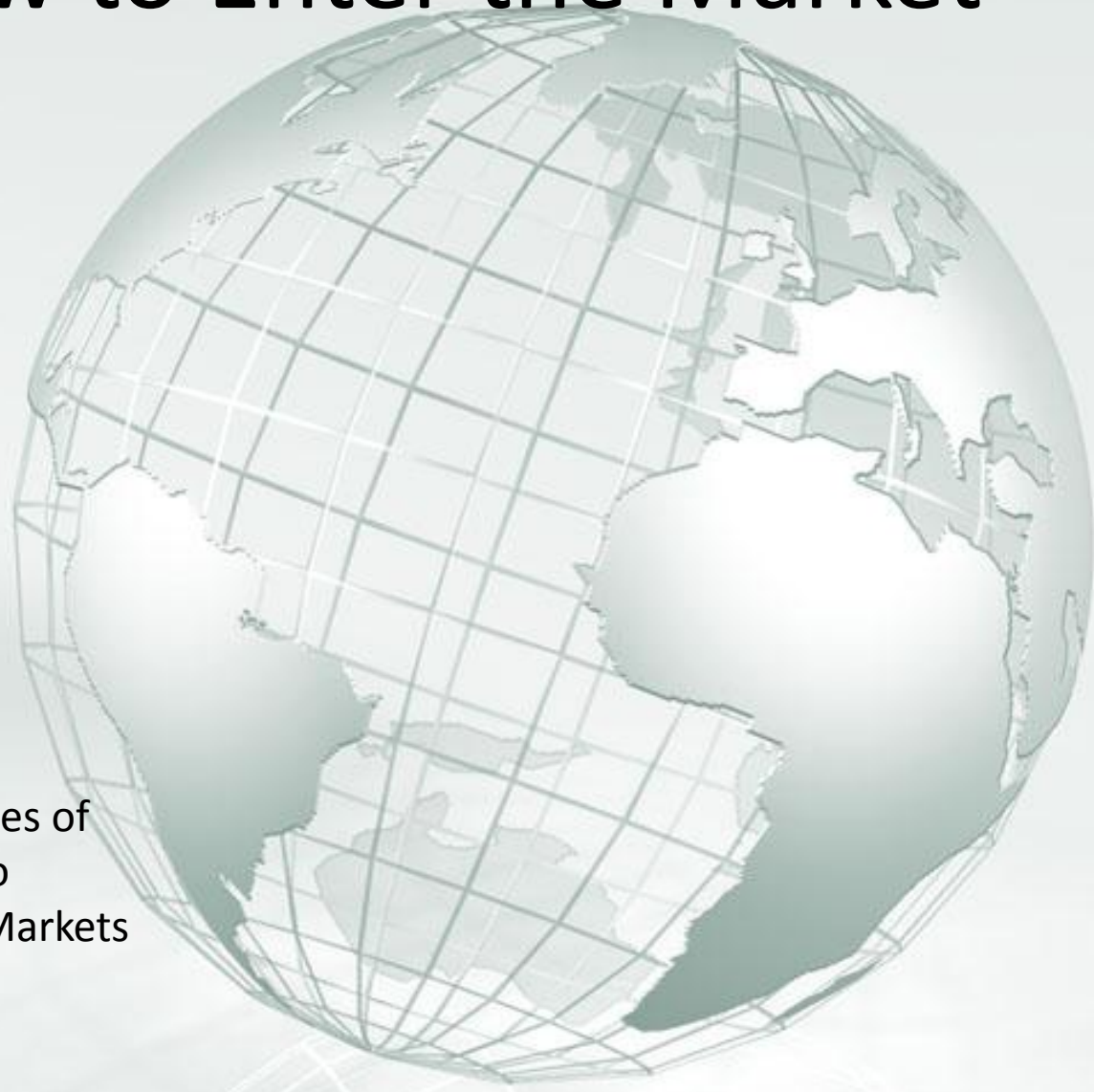


- Developed versus Developing Markets
- Regional free trade zones
 - The European Union
 - NAFTA
 - MERCOSUL
 - APEC
 - ASEAN
- Evaluating potential markets
 - Psychic proximity

Deciding How to Enter the Market



Five Modes of Entry into Foreign Markets



Deciding How to Enter the Market



- Indirect and direct export
 - Domestic-based export department or division
 - Overseas sales branch or subsidiary
 - Traveling export sales representatives
 - Foreign-based distribution or agents

Deciding How to Enter the Market

- Using a Global Web Strategy
- Licensing
 - Management contracts
 - Contract manufacturing
 - Franchising
- Joint ventures
- Direct investment



Deciding on the Marketing Program

- Standardized marketing mix
- Adapted marketing mix




Deciding on the Marketing Program



The company should review the following elements which add more revenue than cost:

- Product features
- Labeling
- Colors
- Materials
- Sales promotion
- Advertising media
- Brand name
- Packaging
- Advertising execution
- Prices
- Advertising themes

Deciding on the Marketing Program

- Hofstede identifies four cultural dimensions that differentiate countries:
 - Individualism vs. Collectivism
 - High vs. Low power distance
 - Masculine vs. Feminine
 - Weak vs. Strong uncertainty avoidance
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Deciding on the Marketing Program

- Product
 - Straight extension
 - Product adaptation
 - Product invention
 - Backward invention
 - Forward invention



Five International Product and Promotion Strategies

		Product		
		Do Not Change Product	Adapt Product	Develop New Product
Promotion	Do Not Change Promotion	Straight extension	Product adaptation	Product invention
	Adapt Promotion	Communication adaptation	Dual adaptation	

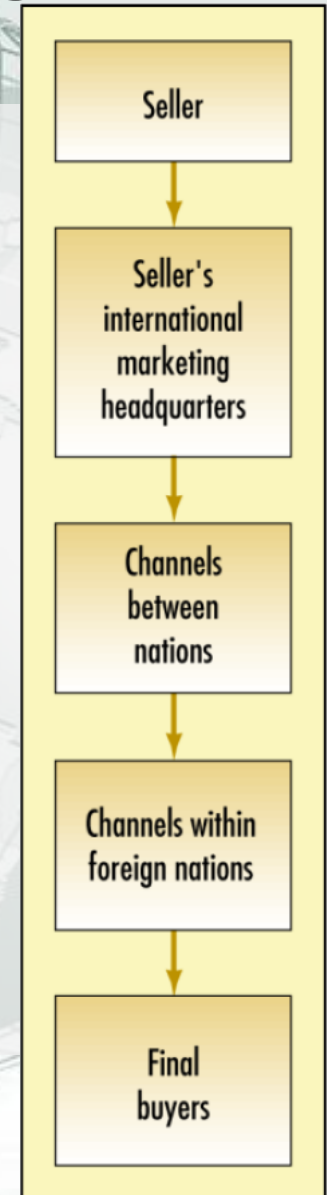
Deciding on the Marketing Program



- Promotion (Communications)
 - Communication adaptation
 - Dual adaptation
- Price
 - Price escalation
 - Companies have three choices
 - Set a uniform price everywhere
 - Set a market-based price in each country
 - Set a cost-based price in each country
 - Transfer price
 - Dumping
 - Arm's-length price
 - Gray market

Deciding on the Marketing Program

- Place (distribution channels)
 - Seller's international marketing headquarters
 - Channels between nations
 - Channels within foreign nations



Whole-Channel Concept
International Marketing

Country-of-Origin Effects

- Building Country Images
- Consumer Perceptions of Country of Origin



Deciding on the Marketing Organization

- Export department
- International division
 - Geographical organizations
 - World product groups
 - International subsidiaries
- Global organization



Reference

- Kotler, Philip, and Kevin Keller. *Marketing Management*. 13th ed. Prentice Hall, 2008.

