INSTITUTE OF LAW, JIWAJI UNIVERSITY, GWALIOR

COURSE - B.COM LL.B FIVE YEAR

SEMESTER – VI

SUBJECT - INTERNATIONAL MARKETING

UNIT-2 -TOPIC-PRODUCT PLANNING FOR INTERNATIONAL MARKET

BY AJAY JAIN

Products

A product, then, can be defined as a collection of physical, psychological, service, and symbolic attributes that collectively yield satisfaction, or benefits, to a buyer or user. A number of frameworks for classifying products have been developed. A frequently used classification is based on users and distinguishes between consumer and industrial goods.

Both types of goods, in turn, can be further classified on the basis of other criteria, such as how they are purchased (convenience, preference, shopping and specially goods) and their life span (durable, non-durable and disposable). These and other classification (frameworks developed for domestic marketing are fully applicable to international marketing).

Products: National and International

National :

In marketing, a product is anything that can be offered to a market that might satisfy a want or need. Following are the categories of products based on their nationality:

National Products : A national product is one that, in the context of a particular company, is offered in a single national market. Sometimes national products appear when a global company caters to the needs and preferences of particular country markets.

International Products:

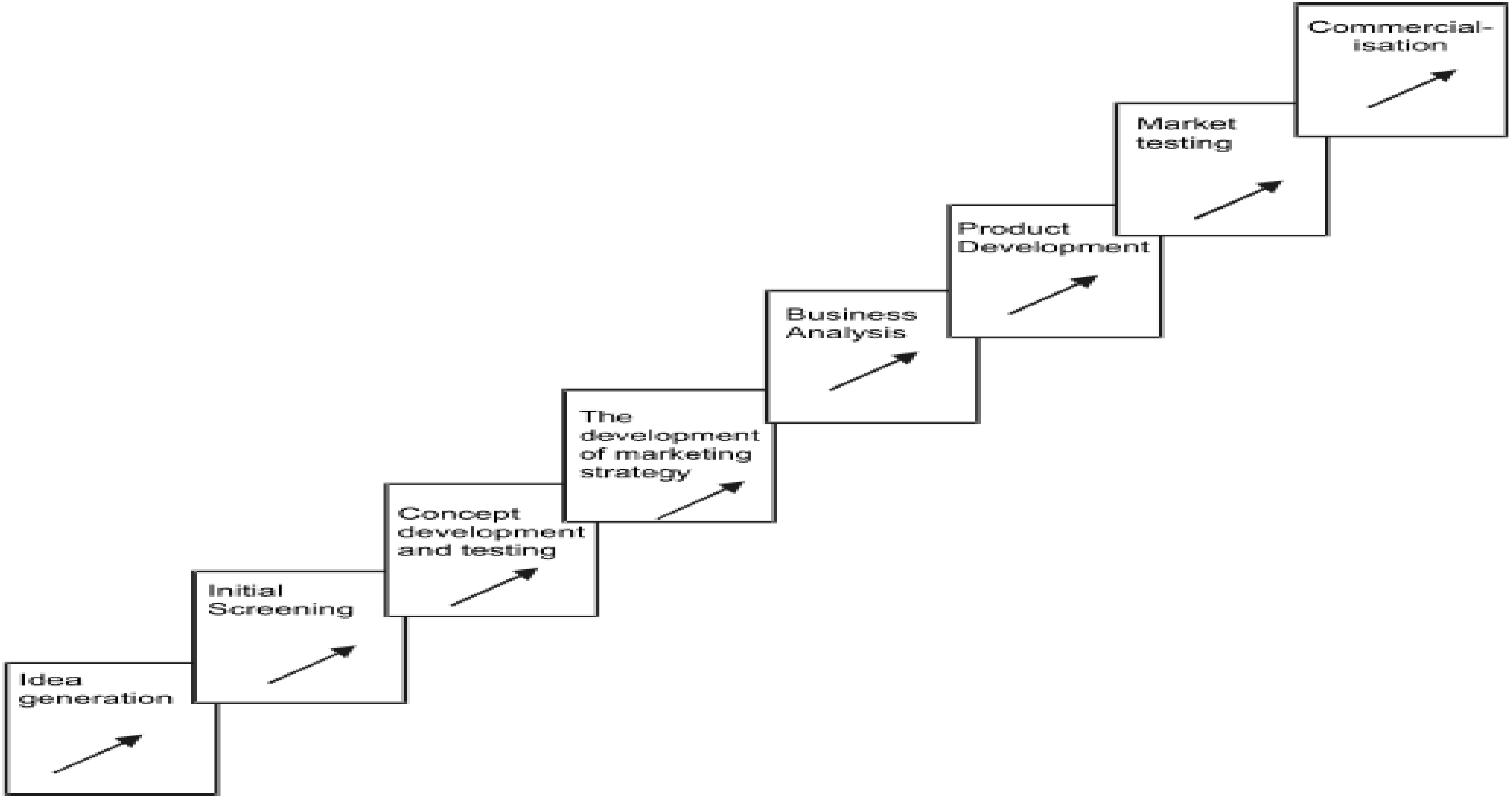
International or regional products are offered in multinational, regional markets.

Example: A portable personal sound or personal stereos are a category of international product; Sony is an international brand. An international brand, like a national or international brand, is a symbol about which customers have beliefs or perceptions.

New Product Development

Newness can be assessed in the context of the product itself, the organisation, and the market. The product may be an entirely new invention or innovation- for example, the Video Cassette Recorder (VCR) or the compact disc. It may be a line extension (a modification of an existing product) such as Diet Coke. Newness may also be organizational, as when a company acquires an already existing product with which it has no previous experience. Finally, an existing product that is not new to a company may be new to a particular market.

Product Development Process



Product Adoption vs Standardization

Product Adoption

For a product to gain acceptance it must demonstrate its relative advantage over existing alternatives. A product must also be compatible with local customs and habits. A freezer would not find a ready market in Asia where people prefer fresh food. A new product should also be compatible with consumers' other belongings. If a new product requires replacement of those other items that are still usable, product adoption becomes a costly preposition.

A new product has an advantage if it is being capable of divided and tested in small trial quantities to determine its suitability and benefits. This is a product’s trial ability /divisibility factor. Disposable diapers and blue jeans lend themselves to trial ability to rather well.

Observation of a product in public tends to encourage social acceptance and reinforcement resulting in the products being adopted more rapidly and less resistance.

Complexity of a product or difficulty in understanding the product’s quality tends to slow its market acceptance. This factor explains why ground coffee had a difficult time in making headway to replace instant coffee in many countries.

Standardization

The strength of standardization in the production and distribution of products and services is in its simplicity and cost. It is an easy process for executives to understand and implement and it is cost effective also. If cost is the only factor being considered then standardization is clearly a logical choice because economies of scale can operate to reduce production costs. Yet minimizing production cost does not necessarily mean that profit increases will follow. Simplicity is not always beneficial and costs are often confused with profits. Cost reductions do not automatically lead to profit improvement and in fact the reverse may apply. By trying to control production costs through standardization the product may become unsuitable for alternative markets. The result may be that demand abroad will decline which leads to profit reduction. In some situations cost control can be achieved but at the expense of overall profits. It is, therefore, prudent to remember that cost should not be over emphasized. The main marketing goal is to maximize profits and production cost reductions should be considered as a secondary objective.

THANK YOU!!