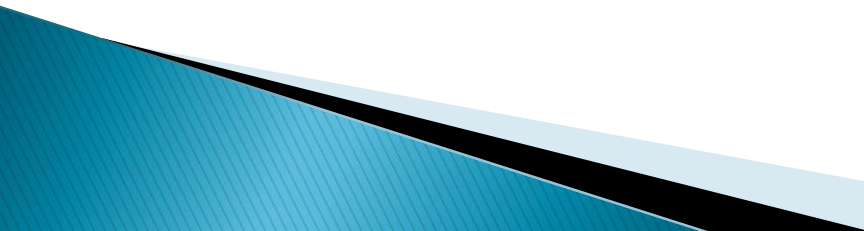


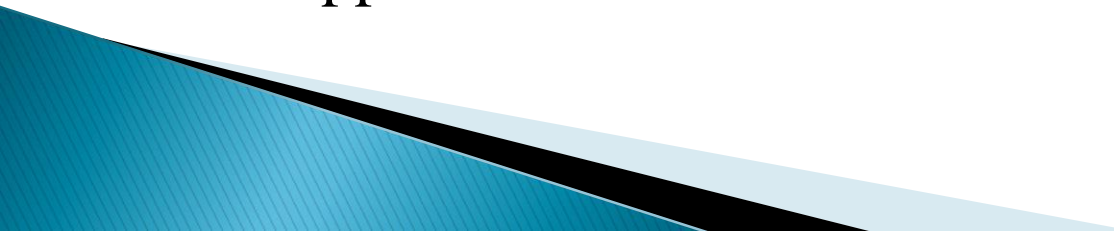
**SOS POLITICAL SCIENCE AND
PUBLIC ADMINISTRATION
MBA FA 404
SUBJECT NAME:
INTERNATIONAL MARKETING**

TOPIC NAME: INTERNATIONAL MARKETING

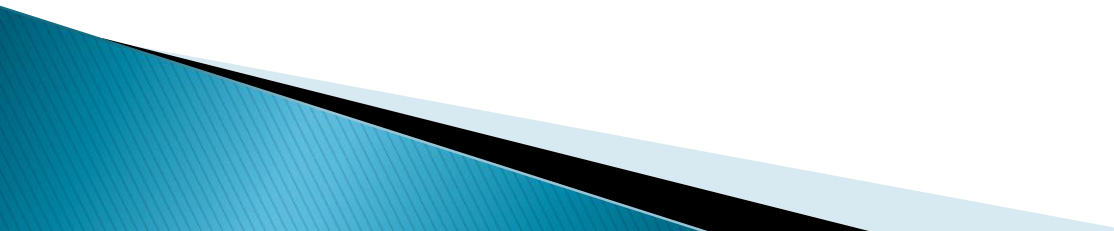


MEANING:

- ▶ The International Marketing is the application of marketing principles to satisfy the varied needs and wants of different people residing across the national borders.
 - ▶ Simply, the International Marketing is to undertake the marketing activities in more than one nation. It is often called as Global Marketing, i.e. designing the marketing mix (viz. Product, price, place, promotion) worldwide and customizing it according to the preferences of different nation people.
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- ▶ The foremost decision that any company has to make is whether to go international or not, the company may not want to globalize because of its huge market share in the domestic market and do not want to learn the new laws and rules of the international market.
 - ▶ But however, there are following reasons that attract the organization to be global:
 - ▶ Increased Economies of Scale
 - ▶ High-profit opportunities in the international market than the domestic market
 - ▶ Huge Market Share
 - ▶ Elongated life of the product
 - ▶ Untapped International Market
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CHARACTERISTICS OF INTERNATIONAL MARKETING:

- ▶ **Broader market is available**
 - ▶ A wide platform is available for marketing and advertising products and services. The market is not limited to some precise local market or for people residing in a particular place, region or country but is free for all. People from different nations sharing different cultures and traditions can actively participate in it.
 - ▶ **Involves at least two set of uncontrollable variables**
 - ▶ By uncontrollable variables, we mean the geographical factors, political factors prevailing in different countries. At the global level, all the companies have to face uncontrollable variables from different countries. While establishing business globally, a company has to learn to deal with these variables.
 - ▶ **Requires broader competence**
 - ▶ International market requires more expertise and special management skills and wider competence to deal with various circumstances and handle different situations like changes in the strategies of the government, the mindset of the people and many other such factors.
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▶ **Involves high risk and challenges:**

▶ International marketing with its own advantages is also prone to different and tangible risks and challenges. These challenges come in the form of political factors, regional and cultural differences, changing fashion trends, sudden war situation, revision in government rules and regulations and communication barriers

▶ **Large-scale operation**

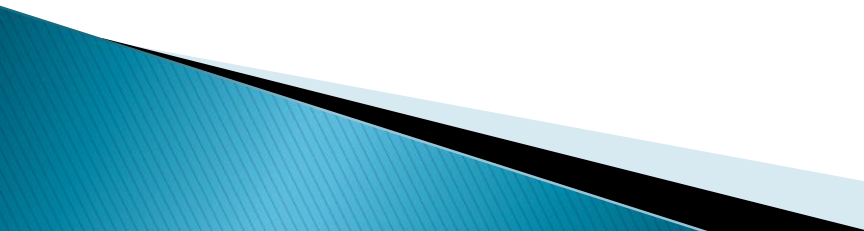
▶ Large-scale operations involve relative amount of labor and capital to cater to the needs such as transportation, and warehousing.

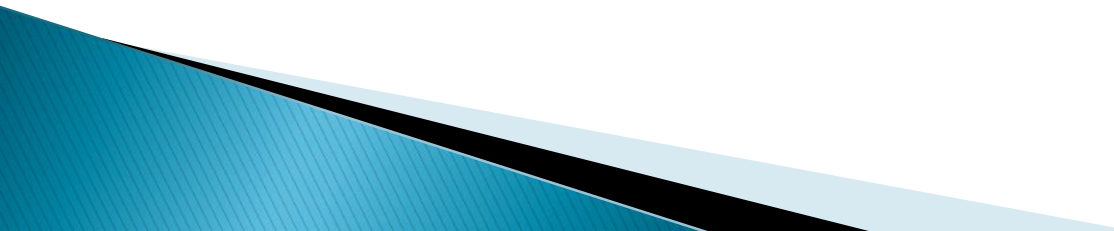
▶ **Domination of multinationals and developed countries:**

▶ International marketing is highly dominated by multinational corporations due to their worldwide reach. These organizations apply efficient and effective business practices to all their business operations. They have a stable position and with their global approach find themselves fitting into the arena of international marketing.

▶ **International restrictions:**

▶ The international market needs to abide by different tariff and non-tariff constraints. These constraints are regulated because different countries follow different regulations. All nations tend to rationally abide by tariff barriers. All the imports and exports between the nations participating in international marketing follow some restrictions in foreign exchange.

- ▶ **Competition is intense**
 - ▶ Competition is very tough in international market, as the organizations at the global level have to compete with both competitors in their home countries and also in the foreign lands. Competition is high because the clash is between developed & developing countries and both have different standards and are unequal partners.
 - ▶ **Sensitive character:**
 - ▶ International marketing is highly sensitive and flexible. The demand for a product in a market is highly influenced by political and economic factors. These factors can create as well as decrease the demand for a product. In fact, use of advanced technology by a competitor or the launch of a new product by another competitor may affect the sale of a particular firm's product worldwide.
 - ▶ **Importance of Advanced Technology:**
 - ▶ International market is dominated by developed countries like the USA, Japan, and Germany as they use highly advanced technology in production, marketing, advertising and establishing a brand name. They provide admirable quality of products at reasonable prices. Presently, Japanese products have got substantial existence in markets around the world. The Japanese could achieve this only because of automation and effective use of advanced computer technology.
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- ▶ **Need for specialized institutions:**
 - ▶ Marketing at global level is highly prone to risks & is very complex and knotty. It undergoes lengthy and time taking procedures & formalities. Competent expertise is required for handling various sections of international marketing.
 - ▶ **Need for long term planning:**
 - ▶ International marketing calls for long term planning. Marketing practices differ from nation to nation influenced by social, economic & political factors.
 - ▶ **Lengthy & Time Consuming:**
 - ▶ The activities in international marketing are very time-consuming and knotty or complex. The main cause of these difficulties are the local laws and policies enforced on different nations, issues in payment as different countries use different currencies, distance between the participating nations and time taking formalities involved therein.
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HOW TO ENTER THE INTERNATIONAL MARKET?

There are following ways through which companies can globalize:

- ▶ **Exports:** The easiest way to enter the market is through exports that can be indirect or direct. In Indirect Exports, the trading companies are involved that facilitates the buying and selling of goods and services abroad, on the behalf of the companies. Whereas in Direct exports, the company itself manages to sell the goods and services abroad, by opting one of the following ways:
- ▶ By setting Domestic based Export Department, working as an independent entity
- ▶ Through Overseas sales branch, that carries out the promotional activities and facilitates sales and distribution.
- ▶ The sales representatives traveling abroad
- ▶ The distributors or agents in abroad working exclusively on the behalf of the company

- ▶ **Global web Strategy:** Nowadays, companies need not go to the international trade shows to show their products, they can very well create the awareness among the customers worldwide through an electronic media i.e. internet. Through the company website, customers can read the detailed information, generally written in different languages, about the product and can order online.
- ▶ **Licensing and Franchising:** One of the ways to globalize is through licensing, wherein the domestic company issues the license to the foreign company to use the manufacturing process trademark, patent, name of the domestic company while facilitating the sales. In licensing, the domestic company has a less control over the licensee. But, in the case of franchising, the domestic company enjoys the higher control as it allows the franchise to function on its behalf, and in line with the terms and conditions of the domestic company. MC Donalds, Dominos are the examples of franchising.

- ▶ **Joint Ventures:** The companies can go international by joining hands with other country based companies with the intention to monetize their existing relationships with the local customers. In India, TATA AIG, HDFC standard life insurance, TATA Sky are the examples of joint ventures.
 - ▶ **Direct Investment:** Ultimately, the firms can establish their own business facilities or own a part of the local company to facilitate the sale of goods and services.
 - ▶ The companies go international with the objective to have an increased sales along with the huge market share. But certain things such as political, social, technological, cultural situations should be kept in mind while designing the marketing principles since these are different for the different nations.
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FACTORS THAT HAVE INFLUENCED THE GROWTH OF INTERNATIONAL MARKETING:

- ▶ **Export** – Trading of goods and services from one country to another by promoting the same on social media, and abiding by the rules and regulation of both the home country and the foreign country with respect to the rules and regulations is known as export. In short, exporting means shipping the products and services from one nation to another.
- ▶ **Import** – Buying of products and services from an external source across national borders is known as import.
- ▶ **Re-export** – Re-export refers to the export of foreign goods in the same state as previously imported, from the free circulation area, premises for inward processing or industrial free zones, directly to the rest of the world and from premises for customs warehousing or commercial free zones, to the rest of the world.
- ▶ **Regulation on marketing activities** – Re-export refers to the export of foreign goods in the same state as previously imported, from the free circulation area, premises for inward processing or industrial free zones, directly to the rest of the world and from premises for customs warehousing or commercial free zones, to the rest of the world.

- ▶ **Formalities and procedures of marketing** – There are a number of laws and policies framed by different countries and these make international marketing more complex, and a time consuming process. The exporters & importers are compelled to abide by all the formalities & procedure related to licensing, foreign exchange, customs duties & goods clearance.
- ▶ These policies, rules and regulations are not static for all participating countries. So, it is important to be well aware of the procedure and formalities and plunge into the vast expanse of international marketing.
- ▶ **Trade block and their impact** – Active participation of several nations in marketing activities builds trade block. These blocks involve EU, LAFTA, ASEAN, EFTA & CACM. Measures should be taken to reduce trade blocks as they are harmful to the growth of free world trade.
- ▶ **Commercial policies and their impact** – The countries participating in the international marketing design their own commercial policies that suit their requirements. Different policies of different nations invoke the commercial environment of international market.
- ▶ **International marketing research** – International market is important, as it deals with marketing on a larger scale and also paves way for productive research. Research requires complete knowledge of the in and out of target market, customers' needs and requirement, buying behavior, prevailing market competition and many more. Market research at international level provides base for product planning & development, introduction of sales promotion techniques.