

Lecture 1: Introduction to International Marketing

Why is 'International' Marketing Different?

Well the 'principles' are the same:

Vision, mission, situation analysis, competitive advantage and differentiation, product/service development, marketing mix, implementation and adaptation

But evaluating each and all of those in an international environment IS MUCH MORE COMPLEX ...

Why?

Because the information that you need to do all that evaluation and analysis IS MUCH MORE DIFFICULT TO GET

What is International Marketing?

- "International marketing is the process of planning and undertaking transactions across national boundaries that involve exchange"

Why Is International Marketing Important?

The opportunity that it gives to:

(1) Countries:

(a) economic advantage

- what is China really good at?
- what is Oz' really good at?
- opportunity for trade

(b) economic multiplier

- local communities China / Oz'
- new jobs
- income impacts

The opportunity that it gives to:

(2) Firms

- additional growth from new markets, additional profits
- Microsoft
- McDonalds
- Apple
- Coca Cola

The opportunity that it gives to:

(3) People

- opportunity

- new jobs, growth existing jobs
- income,
- security,
- lifestyle

The opportunity that it gives to:

(4) Trade Relations:

- via formal / informal contacts ...
- government to government trade agreements (makes “rules” for trading easier / cheaper)
- business to business contracts

The opportunity that it gives for:

(5) Cultural exchange:

- better understanding of “who” we / you are
- closer political, commercial, personal relationships
- tourism, sport, education exchanges
- all above ‘help’ security ...

Case Study: What International Marketing can do in Ethakota (India)

- 10 hrs train from Hyderabad, then 2 hrs car
- Village hall has 47 people and PC’s
- PC’s connect via radio link to internet
- Used to book car servicing / check expense a/c’s / arrange job interviews for applicants – all remotely
- Set up by “gram IT” – an NGO ... (70% Indian pop in villages)
- Income is now 4 times higher than from farming
- They get to ‘stay’ in village, = greater social / local cohesion
- And, brought some villagers back from other jobs outside village

Important Learning and Revision Points

1. Learn why IM is different to domestic marketing.
2. Learn the 5 points as to ‘Who IM is Important To’.
3. Learn some examples of the benefits that IM brings.
4. Learn some examples of the challenges that IM firms have in ‘getting-it-right’ – i.e. in making their IM operations profitable.

Lecture 2(a): International Strategic Planning and Competitive Strategy

International Strategic Planning

- The process through which a firm considers its long term profitable growth options ... and believes that international market(s) development is an important part of this ... maybe even the only part

It then needs to consider:

- (1) which markets are (most) attractive?
- (2) what (type of) business models are required to do business in those markets?
- (3) the basis for competitive advantage in those markets?
- (4) profit (dollar profit) and profitability (return on investment) expectations?

Important Concepts in International Strategic Planning

- (a) Schumpeter's Theory of 'Creative Destruction'
- (b) The International Business "failure rate"
- (c) Planning is simple but most firms do it badly:
 - poor processes ...
 - poor inputs, effort, co-ordination ...
 - 91% don't know / understand process ('Kaplan' Survey 2014)
 - 1% "inspiration" / 99% "perspiration"
- (d) Concept of 'outside-in' v's 'inside-out' thinking
- (e) 'Polaris Consulting' concept:
 - "if you always do what you've always done,
you'll always get what you've always got"

Why is it important?

- Because it is this process (strategic planning) that allows executive management to consider (and evaluate) the best business options and direction for the future profitable growth of the firm

The Theory of Internationalisation

- Step 1. Partially interested firm ... begin enquiries / research
- Step 2. Exploring firm ... test marketing
- Step 3. Experimental exporter ... trial marketing
- Step 4. Experienced small exporter ...
- Step 5. Experienced large exporter ...

Note! "Born Global Firms" are an exception to these steps – but they face very special challenges of their own because once they switch the internet on, they are GLOBAL ...

The Theory of 'Market Difference'

1. **Each marketplace** (macro, micro issues) **is unique** ...

(Bangladesh, Finland, Myanmar, Germany ...)

2. So **product / service options may be different** ...

(Avon USA / China, Apple China / India...)

3. So **there will be different competitive positions** ...

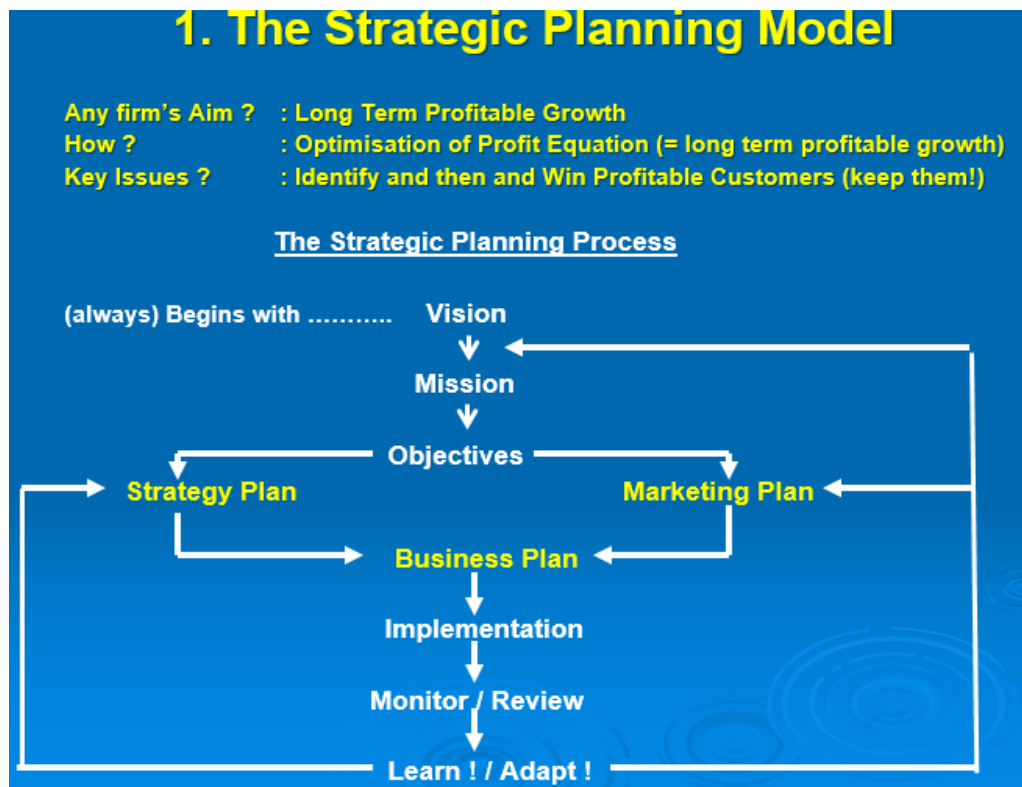
(Kellogg's - USA / China)

4. So **strategies to achieve market needs** (and the firm's objectives) will therefore be different

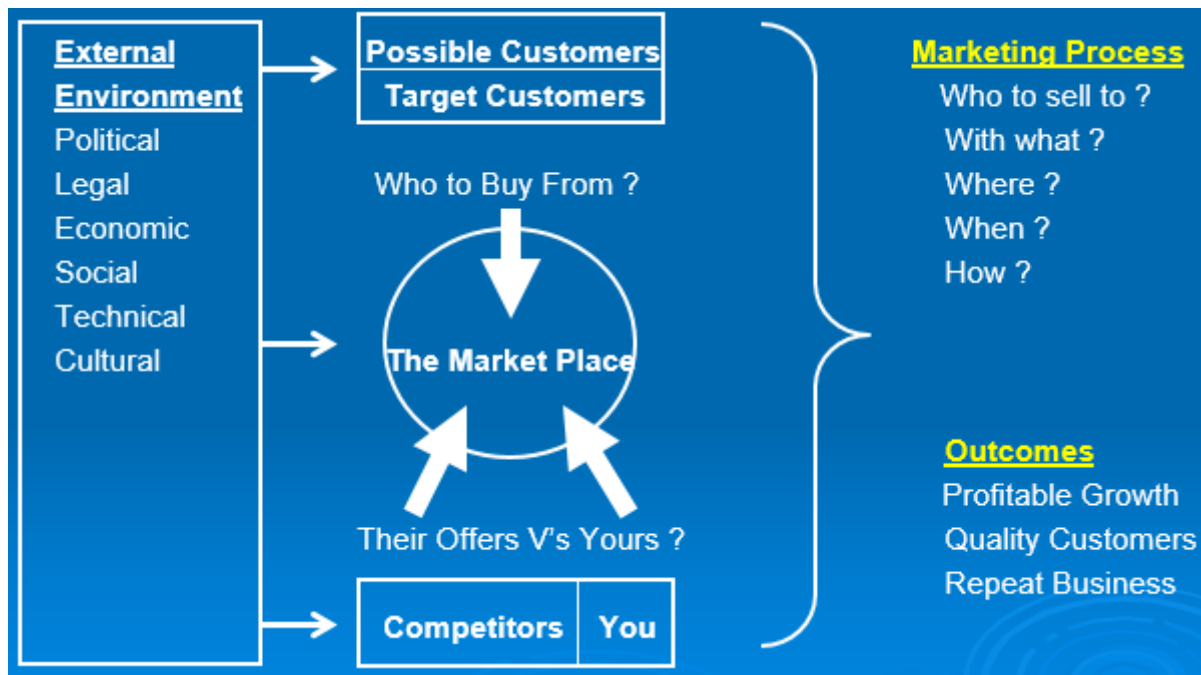
(Wal-Mart Japan / USA)

There are 2 Important Planning 'Models'

1. The Strategic Planning Model



2. The Market Schematic Model



The Major 'Types' International Marketing

Reasons can be 'proactive or reactive', 'internal or external'

This leads to 4 possible combinations:

1. Proactive external
2. Reactive external
3. Proactive internal
4. Reactive internal

'External' Driven International Marketing

1. Proactive - External

- Opportunities in foreign markets – *Coca Cola*
- Other sources of stimulus
e.g. government grants
for most export programs

2. Reactive - External

- Unsolicited order or approach
- *Tsunami Japan - rebuilding*

3. Proactive - Internal

- Management desire – *'Nike'*
- Unique offering – *new vaccine*
- Utilise excess capacity – *steel industry (anywhere)*
- Size domestic market – *Oz'*

4. Reactive - Internal

- Diversification - *'Google Cars'*
- Reduce problems of seasonality – *'Billabong'*

The Important International Planning 'Tools'

1. Which Country – 'GE / McKinsey' matrix (key learning point)
2. Market 'Power' Analytics – 'Porter's 5 Forces'
3. SWOT (weighted) – (key learning point)
4. Market Structure / Positioning
5. Market Segmentation and Target Markets (key learning point)
6. Market 'Entry' Options – business model evaluation
7. Core Competence Evaluation
8. Competitive Advantage Evaluation (key learning point)
9. Product / Service requirements
10. Marketing Strategy Evaluation
11. Value Chain Evaluation
12. Supply Chain Evaluation
13. Management experience / expertise evaluation (key learning point)
14. Risk Management Evaluation (key learning point)
15. Business Objectives – 'goals / targets' for the plan