

INTERNATIONAL MARKETING!

LECTURE 1: INTRODUCTION

Why is IM different to domestic marketing?

- Same principles: vision, mission, situational analysis, competitive advantage, differentiation, product/service development, marketing mix, implementation, adaptation
- Evaluation of each component is more complex because the information is harder to obtain

5 points as to “who IM is important to”

(1) Countries

- Economic advantages
 - o What is each country good at?
 - o Opportunities for trade?
- Economic multiplier
 - o New jobs
 - o Income impacts
 - o Local communities

(2) Firms

- Additional growth from new markets = more profits

(3) People

- Opportunities for new jobs & growth in existing jobs
- Income security
- Lifestyle

(4) Trade relations

- Formal/informal contracts
- Govt. to govt. trade agreements
- B2B contracts
- Australia’s free trade agreements with Japan, China, Korea

(5) Cultural exchange

- Better understanding of who we are
- Closer political, commercial, personal relationships

Some examples of the challenges that IM firms have in “getting it right”

External Environment Challenges

- What are the external environmental challenges in each of the listed areas?
- What will it mean for the firm’s business model?
- What changes may need to be made?
- Example: doing business in USA, Vietnam?

LECTURE 2A: INTERNATIONAL STRATEGIC PLANNING AND COMPETITIVE STRATEGY

The “Key Learning Points” of the International Planning Tools (6)

(1) GE/McKinsey Matrix – Which Country?

- Market Attractiveness
- Business strength

How to use it?

- Finalize the categories in both “strengths” and “attractiveness”
- “Weight” each criteria

- Score business strengths for each market
- Score industry attractiveness for each market
- Multiple each score by its weight for each category
- Add totals for Strength and Attractiveness for each market
- Plot on XY axis

(2) Porter's 5 forces – Market power analytics

Bargaining power of suppliers

- Differentiation of inputs
- Switching costs
- Substitute inputs
- Cost relative to total purchase
- Impacts of inputs on costs

Threat of new entry

- Economies of scale
- Proprietary product differences
- Brand identity
- Access to distribution
- Cost advantages

Rivalry among existing customers

- Industry growth
- Fixed costs + value added
- Overcapacity
- Product differences
- Brand identity
- Diversity of competitors

Threat of substitutes

- Relative price performance of substitutes
- Switching costs
- Buyer propensity to substitute

Bargaining power of customers

- Buyer concentration
- Buyer volume
- Substitute products
- Price + total purchases
- Impact of quality / performance

(3) Weighted SWOT

- Consider the advantages/disadvantages of a market
- Weight each item in each category (/100)

(4) Market Segmentation and Target Market

What is market segmentation?

- Dividing a broad market into smaller subsets of buyers who have common buying needs – and then designing marketing strategies to target them

Market segmentation

- Geographics (where they are)
- Demographics (who they are)
- Psychographics (their lifestyles)
- Behaviouristics (how important it is to them)

Market Targeting

- You don't sell to every segment that you have identified

Market entry options – business model evaluation

The main “market entry” business models (12)

- Export Merchants
- Direct Exporting
- Exporting
- Licensing / Franchising
- Assembly in overseas market
- Contract manufacturing (outsourcing)
- Joint Ventures / Strategic Alliances
- Acquisitions (full, partial)
- “Green Fields”

(5) Competitive Advantage Evaluation

Strategy Formulation

1. How are you going to compete?
2. Key local competitors and how they compete?
3. How are you going to build it?
4. Can you make it sustainable?

Product/service requirements (for target segments)

- Typically there are 5 forms of development
- 1a. Waterfall effect: Zara
- 1b. Shower effect: new vaccines
- 2. Locational innovation: Amazon e’commerce model
- 3. International involvement: local product becomes an “overseas opportunity”
- 4. Mature local markets: so set up overseas production and marketing
- 5. Worldwide imitation: replacement export markets – Cola

Redefining the product

- Remember that in almost every case, your product will need to adapt in some way for the overseas market

Marketing Strategy Considerations

- Pre-emptive strike: attack before you are attacked
- Frontal attack: a direct head-on collision
- Flanking attack: attack the competitor’s flank
- Alliance strategies: the use of alliances and partnerships to build strength and stabilise situations
- Position defence: the erection of fortification
- Mobile defence: constantly changing positions
- Encirclement strategy: envelop the opponents position
- Counter-offensive: when you are under attack, launch a counter-offensive at the attacker’s weak point
- Strategic withdrawal: retreat and regroup so you can live to fight another day
- Leapfrog strategy: avoid confrontation by bypassing competitive forces

(6) Risk Management Evaluation

Risk management – supply chain map

1. Identify the risks
2. Analyse the risks
3. Evaluate the risks
4. Manage the risks
5. Regularly review the above steps