Marketing and Marketing Management

- Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders.
- Marketing management is the art and science of choosing target markets and getting, keeping, and growing customers through creating, delivering, and communicating superior customer value.

Sources: Kotler and Keller (2014)

The Marketing Mix (4Ps)

International Marketing

- International marketing is the process of planning and conducting transactions across national borders to create exchanges that satisfy the objectives of individuals and organizations.
- International marketing has forms ranging from export-import trade to licensing, joint ventures, wholly owned subsidiaries, turnkey operations and
International Marketing: Introduction to International Marketing

- Single Country Marketing vs. International Marketing
  - Single Country Marketing Strategy
    - Target Market Strategy § Marketing Mix
    - Product – Price – Promotion – Place
  - International Marketing Strategy
    - Global Market Participation
    - Marketing Mix Development
    - 4 P’s: Adapt or Standardize?

The Importance of Going Global

- For U.S. companies, 75% of total world market for goods and services is outside the country
- Coca-Cola earns 75% of operating income and 2/3 of profit outside of North America
- For Japanese companies, 90% of world market is outside the country
- 94% of market potential is outside of Germany for its companies even though it is the largest EU market

How Big Is The Global Market?

<table>
<thead>
<tr>
<th>Product or Service</th>
<th>Size of Market</th>
<th>Key Players and Brands</th>
</tr>
</thead>
<tbody>
<tr>
<td>Cigarettes</td>
<td>$295 billion</td>
<td>Philip Morris International (USA); British American Tobacco (UK); Japan Tobacco (Japan)</td>
</tr>
<tr>
<td>Luxury goods</td>
<td>$230 billion</td>
<td>LVMH Group (France); Richemont (Switzerland); Kering (France)</td>
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<td>Cosmetics</td>
<td>$200 billion</td>
<td>L’Oréal SA (France); Estée Lauder (USA); Shiseido (Japan); Procter &amp; Gamble (USA)</td>
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<td>Personal computers</td>
<td>$175 billion</td>
<td>Hewlett-Packard (USA); Lenovo (China); Dell (USA); Acer (Taiwan)</td>
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<tr>
<td>Flat-screen TVs</td>
<td>$100 billion</td>
<td>Samsung (South Korea); Sony (Japan); LG (South Korea)</td>
</tr>
<tr>
<td>Bottled water</td>
<td>$100 billion</td>
<td>Nestlé (Switzerland); Groupe Danone (France); Coca-Cola (USA); PepsiCo (USA)</td>
</tr>
<tr>
<td>Home appliances</td>
<td>$85 billion</td>
<td>Whirlpool (USA); Electrolux (Sweden); Bosch-Siemens (Germany)</td>
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<td>Cell phones</td>
<td>$60 billion</td>
<td>Nokia (Finland); Motorola (USA); Apple (USA); Samsung (South Korea)</td>
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<tr>
<td>Video games</td>
<td>$43 billion</td>
<td>Nintendo (Japan); Sony (Japan); Microsoft (USA)</td>
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<tr>
<td>Recorded music</td>
<td>$32 billion</td>
<td>Sony BMG (Japan); Warner Music Group (USA); Universal Music Group (France)</td>
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</tbody>
</table>
Globalisation drivers: Market factors
- Growth in world trade outperformed growth of domestic economies, despite the 2008–2009 GFC
- Firms made global investment, shifting locations of industries
- Impact of new technology and developed infrastructures
- Emergence of trading blocs
- Convergence of consumer demand
- Channels of distribution become more global

Globalisation drivers: Cost factors
- Avoiding cost inefficiencies and duplication of efforts
- A single-country approach maybe not be large enough to achieve economies of scale and scope, and synergies
- Size as a major asset, with many mergers and acquisitions in aerospace, pharmaceuticals, telecommunications

Globalisation drivers: Environmental factors
- Fallen government barriers •Rapid technological evolution
- Emergence of new-generational global players: mini-nationals or ‘born globals’ (newer companies with sales between $200m and $1b)

Globalisation drivers: Competitive factors
- Leading companies drive globalisation process through their global network
- Global marketers look for new markets and focus on best product categories for growth
- Important to execute global strategies and prevent others from having undue advantage in unchallenged markets

Challenges in international marketing
- Awareness of global developments §Understanding diversified and changing consumer attitudes
- Adaptation to market conditions
- Anticipating the actions of global competitors
- Developing new strategies involve
  ➢ Technological innovation
  ➢ Process improvements
  ➢ Creativity

International Marketing: Introduction to International Marketing
Opportunities in international marketing
- Market needs
- Reaching more customers
- Consumers have more variety

- Avoiding market saturation
- Outperforming domestic counterparts
- Lowering insolvency risk
- Small to medium-sized enterprises (SMEs) are “born global”
  - They achieve an almost immediate global presence, particularly in computer and telecommunication industries
  - Smaller firms are considered major players
  - 90 per cent of Australian firms have 50 or fewer employees

**Global marketing evolution**

<table>
<thead>
<tr>
<th>Phase 1</th>
<th>Phase 2</th>
<th>Phase 3</th>
</tr>
</thead>
<tbody>
<tr>
<td>Leverage of domestic capabilities: foreign market entry</td>
<td>Expansion of foreign market presence</td>
<td>Coordination of global operations</td>
</tr>
<tr>
<td>Objective: economies of scale</td>
<td>Objective: economies of scope</td>
<td>Objective: exploit synergies throughout network</td>
</tr>
<tr>
<td>Corporate Actions</td>
<td></td>
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<tr>
<td>Driven opportunistically, often by approach of distributor or customer</td>
<td>Slower domestic growth creates greater pressure for foreign sales growth</td>
<td>Product is broadened, new emphasis on full-line service rather than proprietary technology</td>
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<tr>
<td>Constrained by lack of funding (domestic growth still priority investment), so low-cost entry</td>
<td>New lines carried, sales mix broadens and reflects national market</td>
<td>Global account management</td>
</tr>
<tr>
<td>Risk minimised by entering close markets (geographically, culturally, economically)</td>
<td>Search for new customer segments requiring new management skills</td>
<td>Coordination mechanisms (global task forces)</td>
</tr>
<tr>
<td>Entry based on core products with technical superiority</td>
<td>Countries develop own marketing programs</td>
<td>Learning transferred between countries</td>
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<td></td>
<td>New applications sought</td>
<td>Headquarters introduces global branding and packaging</td>
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<td></td>
<td>Decentralisation of R&amp;D</td>
<td>Requires common culture</td>
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<td></td>
<td>Regional management reflects foreign experience</td>
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**International marketing questions**

- Should I obtain my supplies domestically or from abroad?
- What marketing adjustments are or will be necessary?
- What threats from global competition should I expect?
- How can I work with these threats to turn them into opportunities?
- What are my strategic global alternatives?
Strategic planning process: Assessment and analysis
- Understanding and adjusting the core strategy:
  • Clear definition and participation of executives from different functions
- Market and competitive analysis:
  • Simultaneous focus on a broad range of markets, understanding of customers and structure of the global industry
- Internal analysis:
  • Assessing internationalisation readiness

Strategic planning process: Objective setting
- Choice of competitive strategy:
  • cost leadership, differentiation, or focus
- Country market choice:
  • evaluating internal strengths against market attractiveness
- Segmentation:
  • Taking advantage of the benefits of standardisation for segments that span markets

Bases for global segmentation

Strategic planning process: Develop the global marketing program
- Degree of standardisation in the product offerings
- Marketing program beyond the product variable
- Location and extent of value-adding activities