

International Marketing - Introduction

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Roadmap

- Lecturers
- Aim and Content of the Course
- Tasks and Schedules
- Literature
- Exam and Grading System
- Advices
- Introduction to the Problematic:
 - Key terms
 - Motives for firms going international
 - Triggers of export initiation
 - Export barriers etc.

Lecturers

- Ing. Dušan Mladenović Ph.D.
 - dusan.mladenovic@econ.muni.cz
 - Room 545, 5th Floor
 - Individual office hours (online) is possible to arrange via e-mail

Lectures' Structure

- Theory Summary – 50-60 minutes
- Presentations - 40 minutes
- If time available - Case Study or Specific Tasks Will be Solved
- Attendance is mandatory

Aims and Content of the Course

- Students who complete this course successfully will be able to:
 - **Understand reasons for adaptations** of many marketing approaches in the international environment
 - **Use special techniques or methods** of international and global marketing
 - **Analyze, select and evaluate various frameworks** for firms approaching international markets having in mind the impact of cultural differences on marketing decisions
 - **Be analytical and critical** when it comes to analyzing and interpreting global marketing issues
 - **Understand the culture and cultural** differences in business etc.

Aims and Content of the Course

- Following topics will be covered throughout the semesters:
 - The Nature of Global Marketing
 - **Theories** of International Trade and Marketing
 - The **International Environment**
 - **Culture** and International Marketing
 - International Market **Selection and Segmentation**
 - International **Marketing Research**
 - **Market Entry Strategies** and Modes
 - **Product and Service Strategies**
 - International **Pricing**
 - International **Distribution**
 - International Marketing **Communication**

Tasks and Schedules

- Each student **must choose** one of the following:
 - Seminar work
 - Presentation of the country from the marketing standpoint
 - Weekly Case Study (optional)
- Deadline for registration and enrollment: **03.10.2020** via IS.
- Further details available in the **Interactive Syllabus**

Literature

- **Mandatory**

- Hollensen, S. (2008). *Essentials of global marketing*. Pearson Education.
- Hollensen, S. (2007). *Global marketing: A decision-oriented approach*. Pearson education.

- **Recommended**

- Usunier, J. C., Lee, J. A., & Lee, J. (2005). *Marketing across cultures*. Pearson Education.
- Kotabe, M. M., & Helsen, K. (2020). *Global marketing management*. John Wiley & Sons.

Exam and Grading System

- Consists of **30 questions**
- **Negative points** (-0.25) for incorrect answer
- **Online** via IS
- **Minimum: 60%**
- Dates will be communicated upfront – the latest 3rd week of November
- Grade structure:
 - Exam = 30%
 - Presentation = 40%
 - Case Studies = 10%
 - Attendance = 15%
 - Extra points for participation in research = 5%


Exam and Grading System


1.	<ul style="list-style-type: none"> •Originality and Creativity Creativity and originality of logic •Timeliness and uniqueness of ideas 	15	
2.	<ul style="list-style-type: none"> •Organization (Logical presentation of ideas) Objectives/goals are clearly stated. •Methods are appropriate for achieving goals •Results are clearly presented •Thoughts and ideas flow in a logical manner 	10	
3.	<ul style="list-style-type: none"> •Presentation (<u>Not applicable in online mode</u>) Exhibits good body posture •Maintains good eye contact with audience •Good diction; good articulation •Time management 	5	
4.	<ul style="list-style-type: none"> •Knowledge of Material Exhibits knowledge of subject matter •Answers questions with confidence •Visual materials are easy to read. 	10	
5.	Overall Presentation (Total)	40	

Advices

- Be **on-time**
- Be **proactive**
- Consider **Case Studies**
- **Always prepare for lectures (home-reading)**
- Read **Interactive Syllabus**
 - *Check tab: Bonus Materials*

Interactive syllabus



 Ing. Dušan Mladenović, Ph.D.
International Marketing - Interactive Syllabus

INFO ▼

Interactive Syllabus for MPH_IMAR. Please consult these pages before escalating further. We gave our best to sum up the major points in the most comprehensive and straight-forward way we eventually could.

MPH_IMAR Team
Join our [Facebook group](#)

International Marketing - Interactive Syllabus

STUDY NOW

➔ [Organizational Instructions to the Course](#)

STUDY NOW

➔ [Shortcuts](#)

➔ [Bonus Materials](#)

STUDY NOW

➔ [Week 1 - Introduction](#)

🔒 [Week 2 - Internationalization Theories](#)

🔒 [Week 3 - International Marketing Environment](#)

🔒 [Week 4 - Culture and International Marketing](#)

🔒 [Week 5 - Segmentation and Targeting](#)

🔒 [Week 6 - International Marketing Research](#)



Introduction

- What is marketing?
- What are export, international, multinational, and global marketing?
- What are reasons for the differences?
- Definition and „synonyms“ for international marketing?

Figure 1.1 The nine strategic windows

		Industry globalism		
		<i>Local</i>	<i>Potentially global</i>	<i>Global</i>
Preparedness for internationalization	<i>Mature</i>	3. Enter new business	6. Prepare for globalization	9. Strengthen your global position
	<i>Adolescent</i>	2. Consolidate your export markets	5. Consider expansion in international markets	8. Seek global alliances
	<i>Immature</i>	1. Stay at home	4. Seek niches in international markets	7. Prepare for a buyout

Source: Solberg, 1997, p. 11. Reprinted with kind permission. In the original article Solberg has used the concept 'globality' instead of 'globalism'.

Definitions and Synonyms

- **Marketing** is the activity, set of institutions, and processes for creating, communicating, delivering, and exchanging offerings that have value for customers, clients, partners, and society at large.
- Unique feature of **international marketing** is its polycentric orientation with emphasis on product and promotional adaptation in foreign markets.
- **Polycentric orientation** refers to a predisposition of a firm to the existence of significant local cultural differences across markets, necessitating the operation in each country being viewed independently.

Definitions and Synonyms

Core marketing concepts

Needs

- States of felt deprivation (physical – food, warmth, safety, social – belonging, affection and individual – knowledge, self-expression)

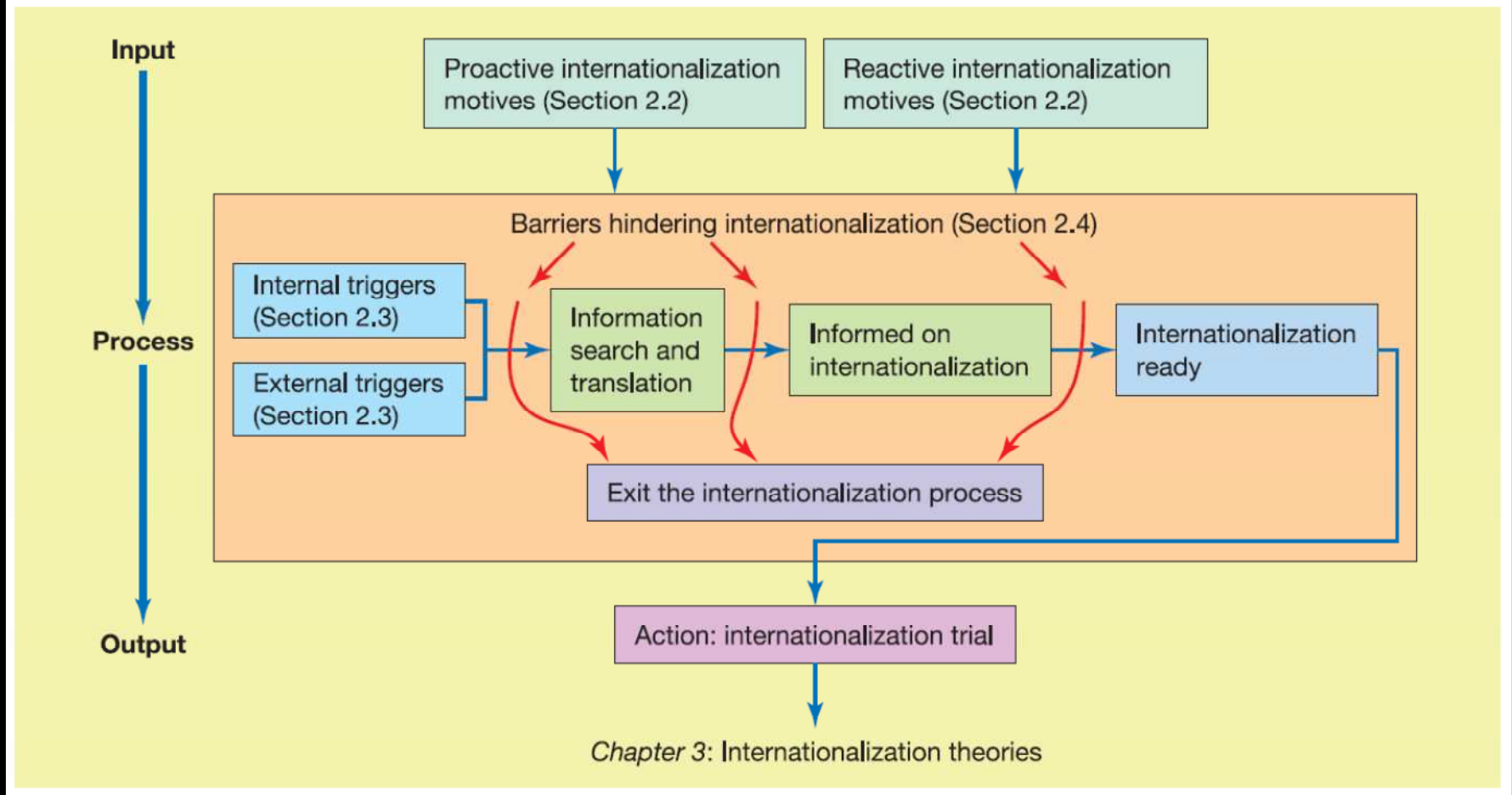
Wants

- The form taken by human needs as they are shaped by culture and individual personality or shaped by society and described in terms of objects that will satisfy needs

Demands

- Human wants that are backed with buying power
- Demand = Want + willingness to buy + ability to buy
- Demand may be brand specific (Adidas vs Nike vs Puma)

Figure 2.1 Pre-internationalization: initiation of SME internationalization



Definitions and Synonyms

Export marketing begins with unsolicited orders from foreign customers.

The internationalization process is a consequence of incremental adjustments to the changing conditions of the company and its environment, rather than a result of its deliberate strategy.

Export marketers still tend to take an ethnocentric approach to foreign markets as being an extension of their domestic market and export products developed primarily for home country customers with limited adaptation to foreign customers' needs.

Definitions and Synonyms

International marketing is the process by organizations:

- Identify needs and wants of customers in different markets
- Provide products, services and ideas competitively to satisfy needs and wants of different customer groups concerning issues different from domestic market
- Communicate information about the products and services with the proper adaptation to different customer perception rising from other country effect
- Deliver the products and services internationally

Definitions and Synonyms

- **Multinational marketing** is when the company markets its products in many countries around the world.
- Management of the company comes to realize the benefit of **economies of scale** in product development, manufacturing, and marketing by consolidating some of its activities on a regional basis.
- This **regiocentric approach** suggests that product planning may be standardized within a region (e.g., a group of contiguous and similar countries), such as Western Europe, but not across regions.

Definitions and Synonyms

- Product development, manufacturing, and marketing are all **executed by each subsidiary** for its own local market.
- **Different product lines, product positioning, and pricing may be observed** across those subsidiaries. Few economies of scale benefits can be obtained.
- **Multi-domestic marketing** is useful when customer needs are so different across different national markets that no common product or promotional strategy can be developed.

Definitions and Synonyms

Global marketing is defined as the firm's commitment to coordinate its marketing activities across national boundaries in order to find and satisfy global customer needs better than the competition.

This implies that the firm is able to:

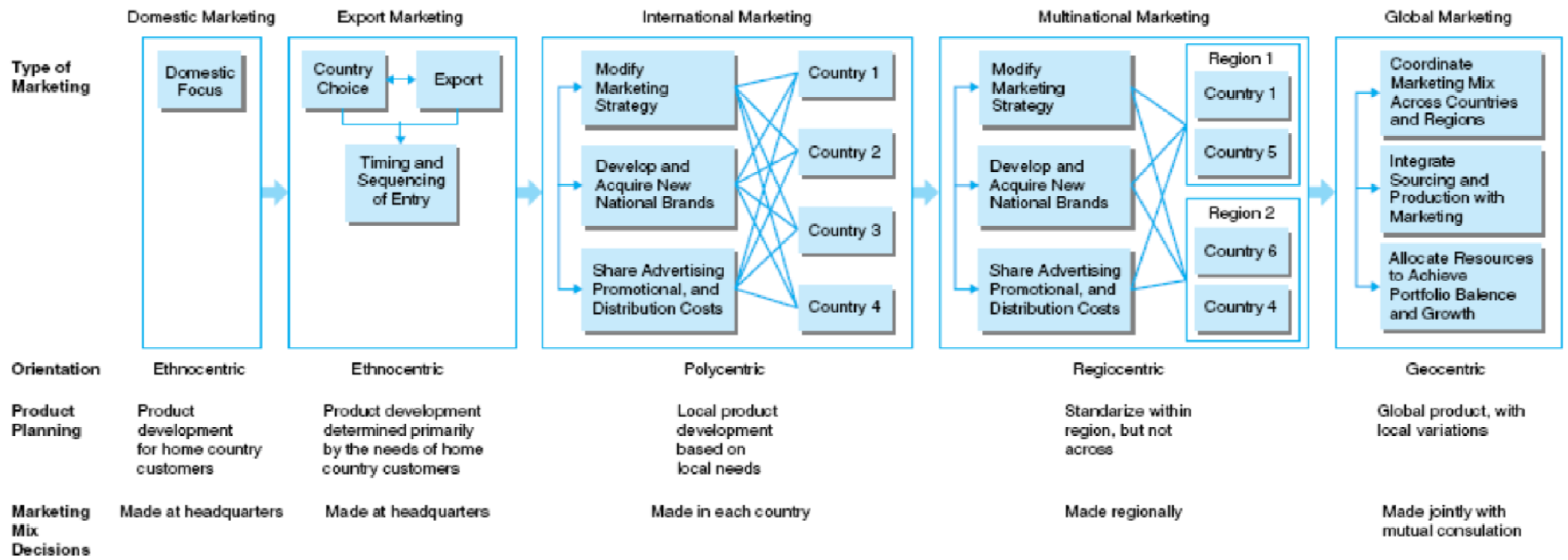
- develop a global marketing strategy, based on similarities and differences between markets
- exploit the knowledge of the headquarters (home organization) through worldwide diffusion (learning) and adaptations
- transfer knowledge and 'best practices' from any of its markets and use them in other international markets

Definitions and Synonyms

Global marketing refers to marketing activities by companies that emphasize the following:

- **Standardization** —standardizing marketing programs across different countries particularly with respect to product offering, promotional mix, price, and channel structure
- **Coordination** —reducing cost inefficiencies and duplication of efforts among their national and regional subsidiaries
- **Global Integration**—participating in many major world markets to gain competitive leverage and effective integration of the firm's competitive campaigns across these markets by being able to subsidize operations in some markets with resources generated in others and responding to competitive attacks in one market by counterattacking in others

EXHIBIT 1-2
EVOLUTION OF GLOBAL MARKETING



Source: Constructed from Susan P. Douglas and C. Samuel Craig, "Evolution of Global Marketing Strategy: Scale, Scope and Synergy," *Columbia Journal of World Business*, 24 (Fall 1985), p. 50; and Balaji S. Chakravarthy and Howard V. Perlmutter, "Strategic Planning for a Global Business," *Columbia Journal of World Business*, 20 (Summer 1985), p. 6.

Internationalization Philosophies

- Ethnocentric (domestic/export marketing)
- Polycentric (international marketing)
- Regiocentric (multinational marketing)
- Geocentric (global marketing)

Internationalization Philosophies

Ethnocentric orientation

- Home country is superior to others
- International markets are secondary, regarded as outlets for surplus production
- Sees only similarities in other countries
- Assumes products and practices that succeed at home will be successful everywhere
- Leads to a standardized or extension approach

Negatives

- Loss of demand
- No local responsiveness
- No anticipation of local needs

Internationalization Philosophies

Polycentric

- Each country is unique
- Guided by the multi-domestic marketing concept
- Each subsidiary develops its own marketing strategies
- Fully decentralized, minimal coordination with headquarters
- Leads to a localized or adaptation approach that assumes products must be adapted to local market conditions

Negatives

- No economies of scale
- Duplicated functions
- Higher final costs

Internationalization Philosophies

Regiocentric orientation

- A region is the relevant geographic unit
- Regional offices coordinate marketing activities
- Question: *Is everything in one region same?*

Geocentric orientation

- Entire world is a market
- Strives for integrated strategies
- Strategies aimed at market segments, rather than geographic locations
- Maximizes efficiencies worldwide and provides standardized product or service
- Retains an association with the headquarters country
- Pursues serving world markets from a single country

Internationalization Philosophies

Domestic Marketing	Export Marketing	Multinational Marketing	Global Marketing
<p>Low or no international commitment</p> <p>Focus on domestic consumers and home country environment</p> <p>Domestic focus</p>	<p>Limited international commitment</p> <p>Involves direct or indirect export</p> <p>Ethnocentric</p>	<p>Substantial international commitment</p> <p>Focus on different international countries</p> <p>Polycentric</p>	<p>Extensive international commitment</p> <p>Focus on regions market segments rather than countries</p> <p>Regiocentric Geocentric</p>

Standardization vs. Adaptation

Globalization (standardization)

- Developing standardized products marketed worldwide with a standardized marketing mix
- Essence of mass marketing

Global localization (adaptation)

- Mixing standardization and customization in a way that minimizes costs
- Essence of segmentation
- *“Think globally, act locally”*

Internationalization Motives

Table 2.1 Major motives for starting export

Proactive motives	Reactive motives
<ul style="list-style-type: none">● Profit and growth goals● Managerial urge● Technology competence/unique product● Foreign market opportunities/market information● Economies of scale● Tax benefits	<ul style="list-style-type: none">● Competitive pressures● Domestic market: small and saturated● Overproduction/excess capacity● Unsolicited foreign orders● Extend sales of seasonal products● Proximity to international customers/psychological distance

Source: adapted from Albaum *et al.*, 1994, p. 31.

Export Initiation

Table 2.2 Triggers of export initiation

Internal triggers	External triggers
<ul style="list-style-type: none">● Perceptive management● Specific internal event● Importing as inward internationalization	<ul style="list-style-type: none">● Market demand● Competing firms● Trade associations● Outside experts

Internationalization Barriers

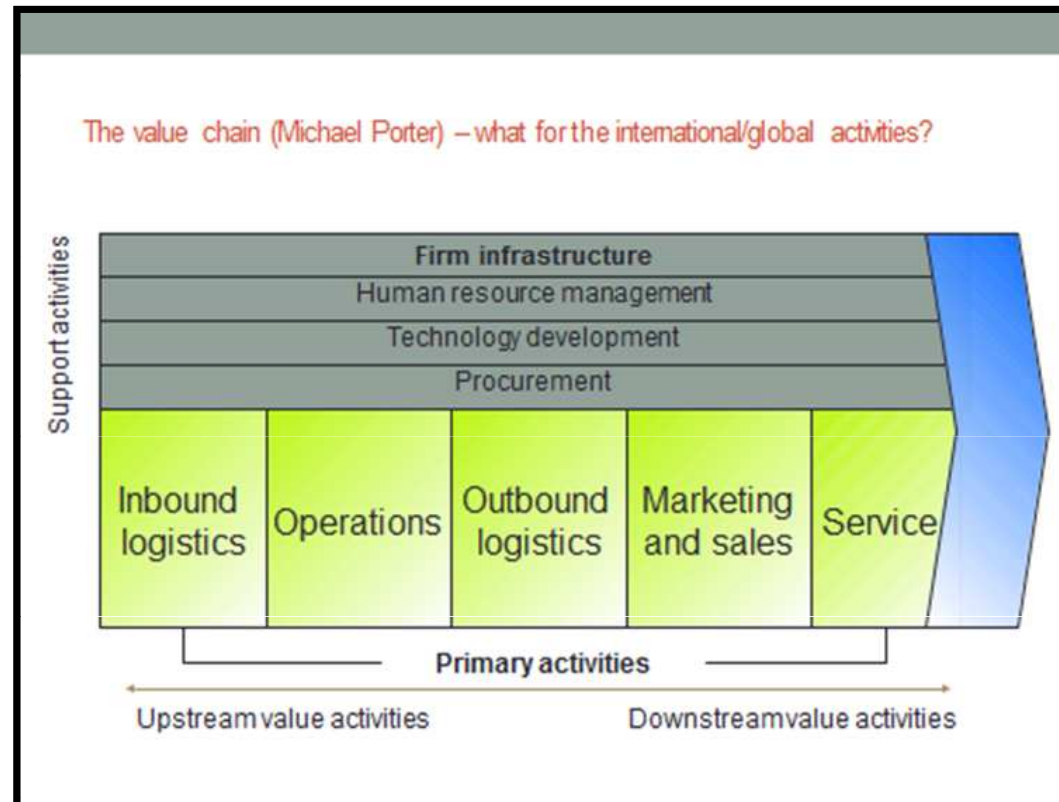
Internal

- finances
- insufficient knowledge
- lack of foreign market connections
- lack of export commitment
- lack of capital to finance expansion into foreign markets
- lack of productive capacity to dedicate to foreign markets
- lack of foreign channels of distribution
- management emphasis on developing domestic markets
- cost escalation due to high export manufacturing, distribution and financing expenditures

External

- Market risk
- Commercial risk
- Political risk

Value Chain in International Marketing



Home-readings for Next Week

Reading for next lecture (state holiday):

- Theories Explaining Firms' Internationalization Process
- *Hollensen – Essentials of Global Marketing. Chapter 3*

Case Study

- *Entertainment Rights: Internationalization of 'Postman Pat' (p. 67)*

More details available in **Interactive Syllabus**.

Pilot Study

- Please fill out the following survey: <https://forms.gle/5jzLQKNfuSKvVBdq9>
- This is a pilot study for us to understand if the survey questions are clear enough and ready for full scale research
- Approximate time: 5-7 minutes
- Thank you very much



Usage of Cryptocurrencies in Online Shopping

Dear participant,

Thank you for you attention