

International Marketing



Chapter1 Introduction



- What is marketing?
- What is global marketing ?
Why it is important?
- What is meant by global localization?



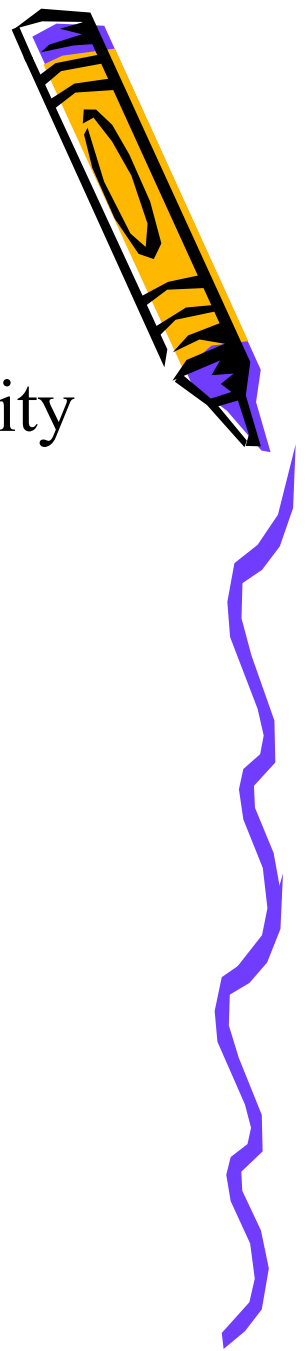
A. Marketing

What is a Market?

A market is all potential customers who share common needs and wants and who have the ability and willingness to buy the product.

What is Marketing?

The process used to determine the customers' needs. satisfy the customers' needs and in order to make a profit.



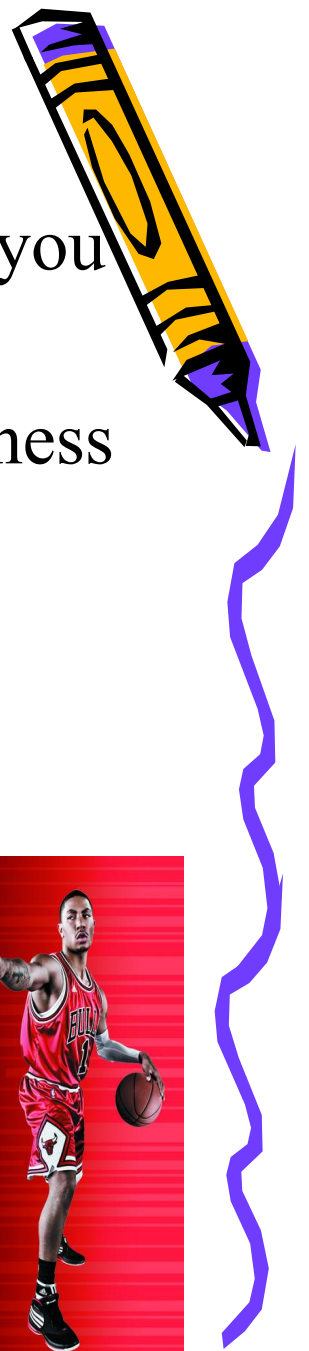


- Analyzing the **needs** of the people
- Trying to guess **what** types of products they want
- Estimate **how** much they will buy
- Predict **when** they will want to buy
- Determine **where** they go to buy the stuff



.... And

- Figure out the best **price** to sell it at - and can you still make a **profit** selling it at that price
- Decide on **promotional** things to create awareness about the product
- Look at the **competition** to see what they are doing with pricing, features etc.

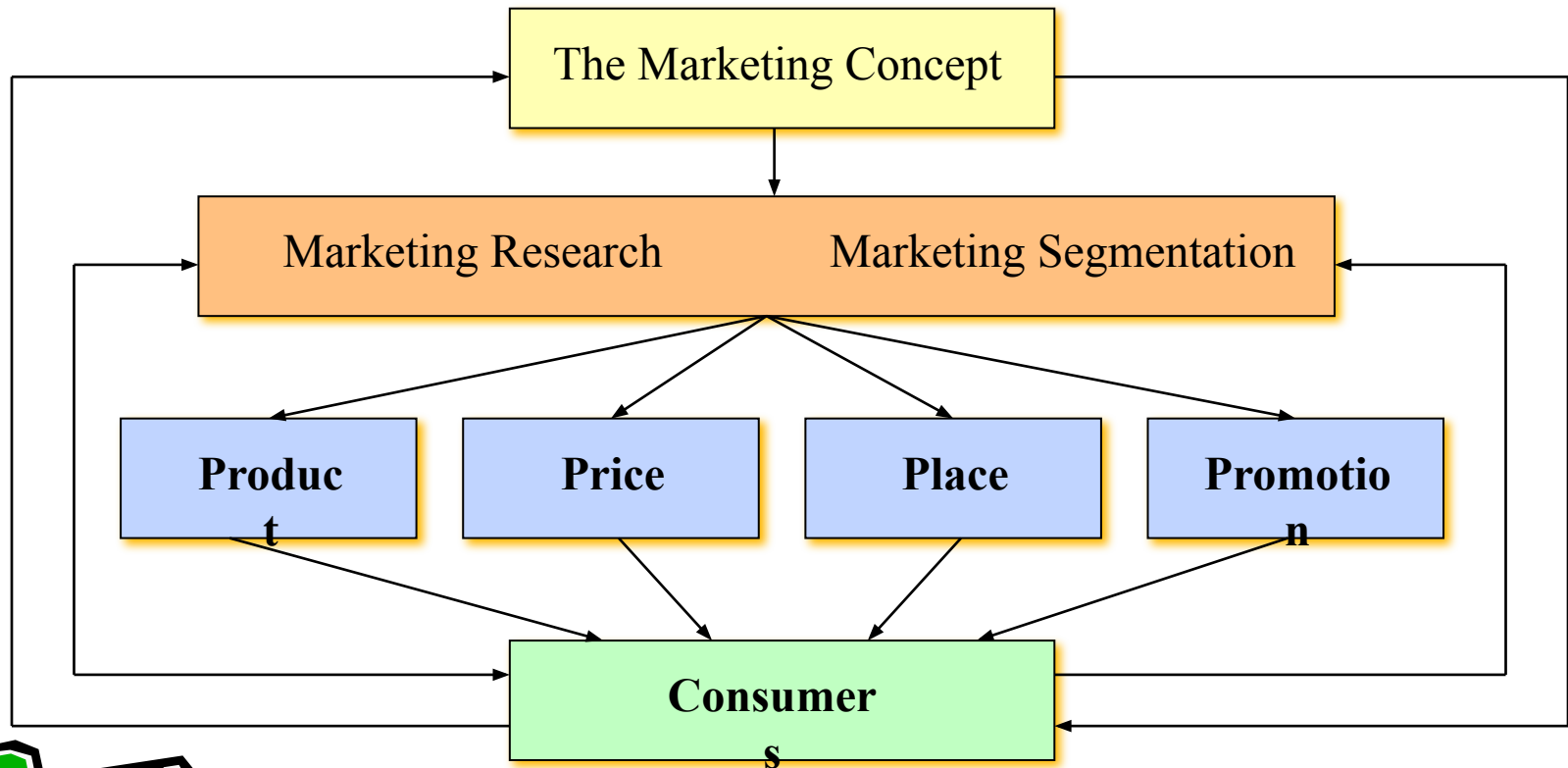




- The idea that you must satisfy the customers' needs and wants in order to **make a profit**.
- Businesses must have the **right goods** and services at the **right time**, at the **right price** and at the **right place**. Plus they must communicate this to their customers

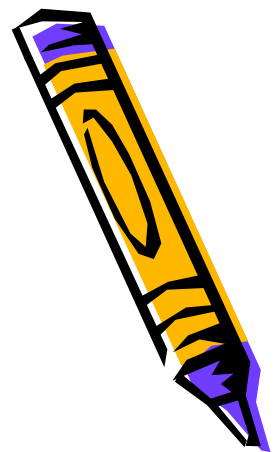


- The **Marketing Mix** is comprised of four basic marketing strategies, collectively known as the “**Four P’s.**”



Product Strategy

- What product to make
- How to package it
- What brand name to use
- What image to project



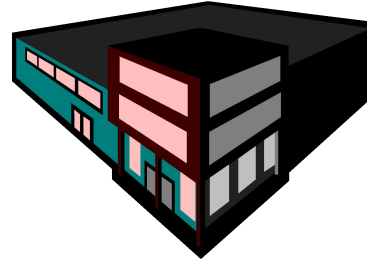
Price Strategies

Reflects what the customers are willing and able to pay.



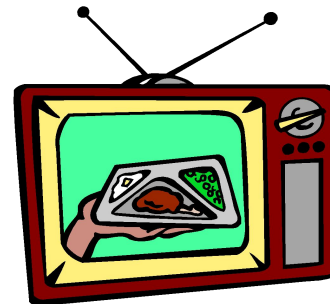
Place Strategies

- How and where a product will be distributed



Promotion Strategies

- How will the customer be told about the product
- What will the message be
- When and where will it be delivered
- With what media





- When you buy a product - the cost of marketing amounts to **40 ~ 60%** of the total

eg. If we buy shoes for \$70, \$35 of that 70 has been spent on marketing (including **advertising, market research, development** etc.)



The marketing functions

- Buying
- Selling
- Transportation
- Storage
- Standardization
- Financing
- Risk Taking
- Information Collection



B. Global marketing

- **Exporting:** Marketing domestically produced goods and services in foreign countries.
- **Importing:** Purchasing foreign goods and services.

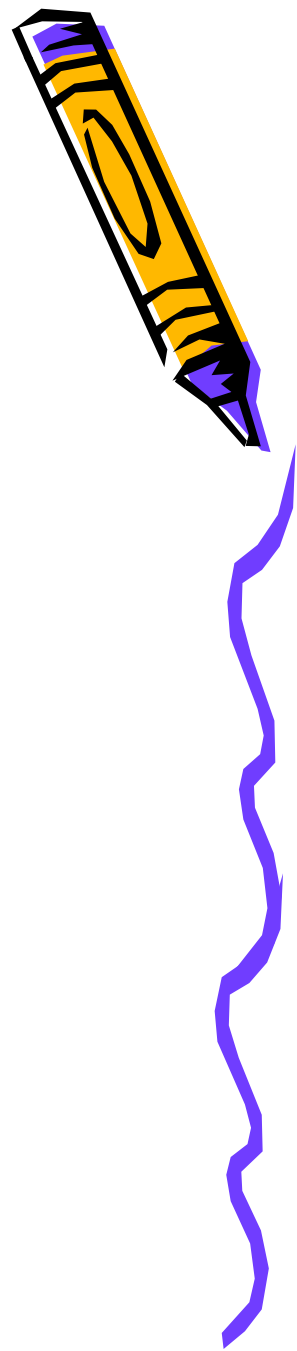
Global Marketing: Focuses resources on global market opportunities and threats



The main difference is the scope of activities because global marketing occurs in markets outside the organization's home country.

Marketing has become more complex.

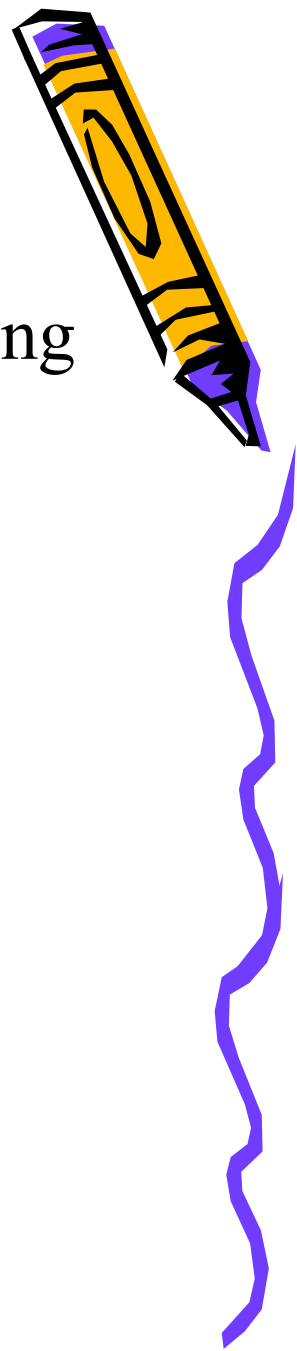
Any Risk?



- Unstable governments
- Foreign-exchange problems
- Different culture
- Legal system
- Foreign entry and government bureaucracy
- Tariffs and other trade barriers
- High cost of product and communication adaptations

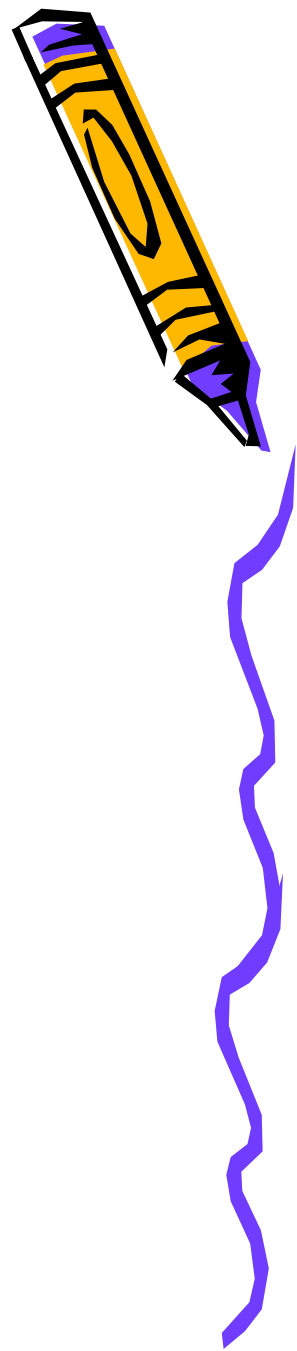
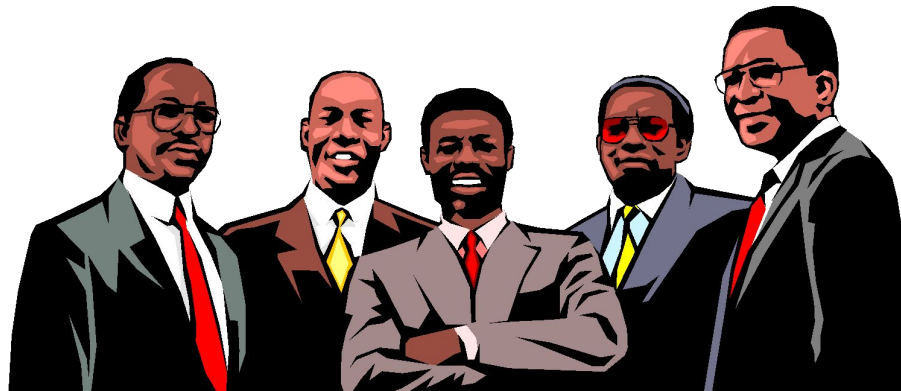


- Increases in new products, product extensions, high cost of distribution and shelf space.
- Expansion of retailer control and power, changing media habits.
- Ultimate goal of programs
- Timing goals
- Global competitors
- Company needs a larger customer base for economies of scale.



Decisions to make:

- Deciding to go abroad
- Deciding which markets
- Deciding how to enter markets
- Deciding on marketing programs
- Deciding on marketing organization

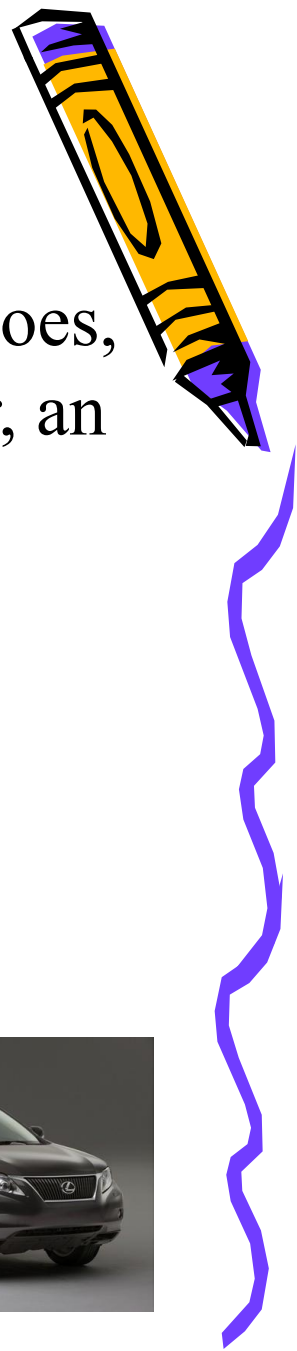




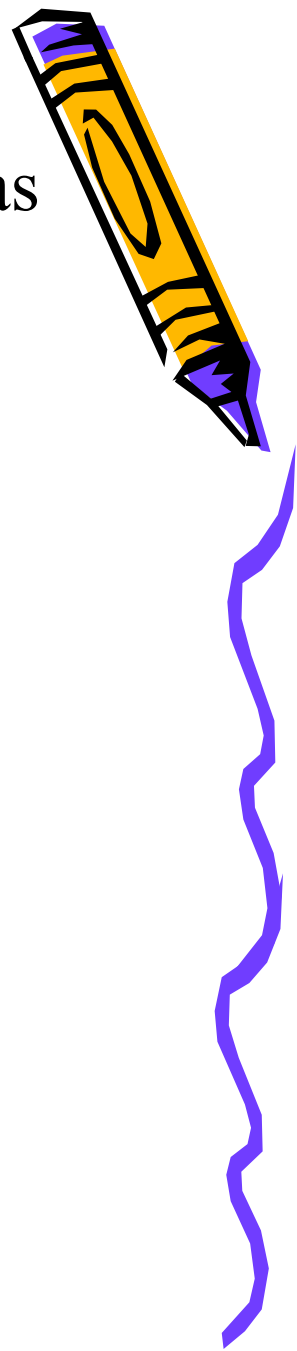
CASE

In Hong Kong, a German businessperson is driving a Lexus; he's wearing Bruno Magli shoes, Irish cashmere socks, Calvin Klein underwear, an Armani suit, with a Gucci belt.

He has a Mont Blanc pen, in his Italian shirt. He's going to meet an American investor at a KFC restaurant, for a Coke.



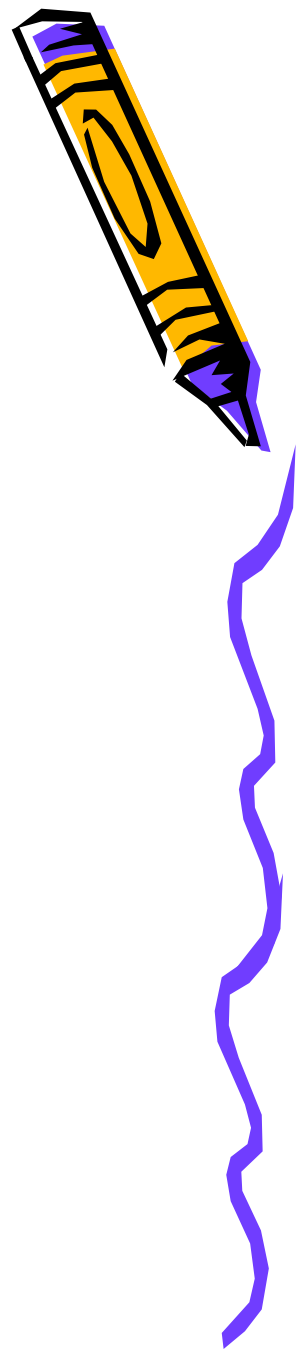
When he gets home, sitting on an ottoman, he has an Absolut vodka nightcap, while listening to American country western music.



Reasons for Global Marketing

A. To Survive and Growth

1. Access to new markets and resources
2. Manage marketing tasks more efficiently and effectively
3. Expand customer base to include developed and developing nations
4. Against competitors with lower costs (due to increased access to resources)



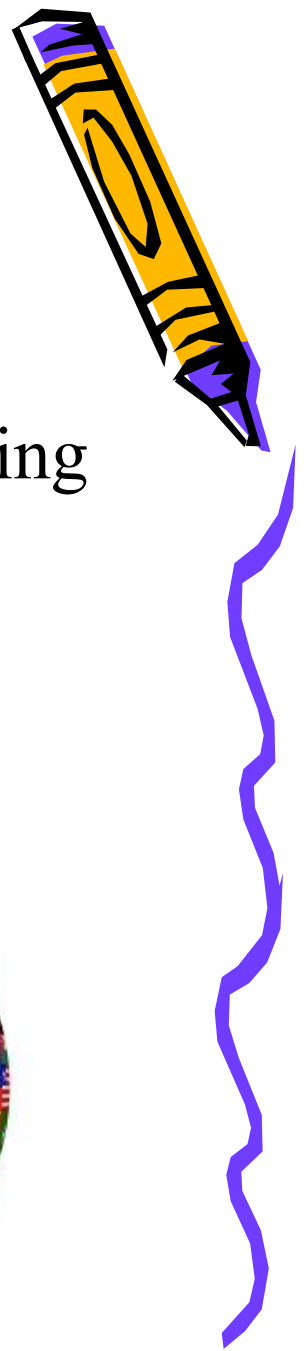
B. To Diversify Product and Market Portfolios and Improve competitiveness

1. Effects of seasonal and cyclical fluctuations in one market offset by others
2. Diversification increases market size and enhances economies of scale



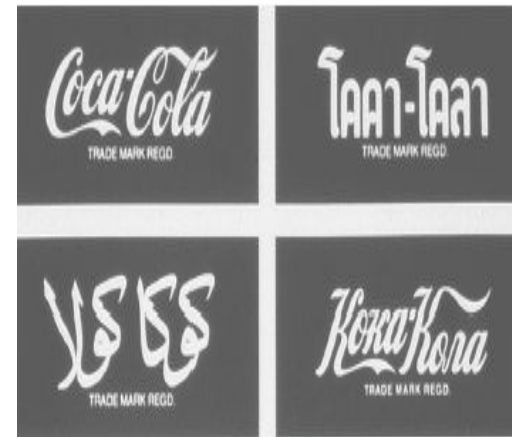
C. To Operate Within a Global Marketplace

1. Goods, services, capital, technology, and labour are going global
2. Reduced government restrictions are affecting global marketing
3. Bilateral and multilateral negotiations are reducing restrictions

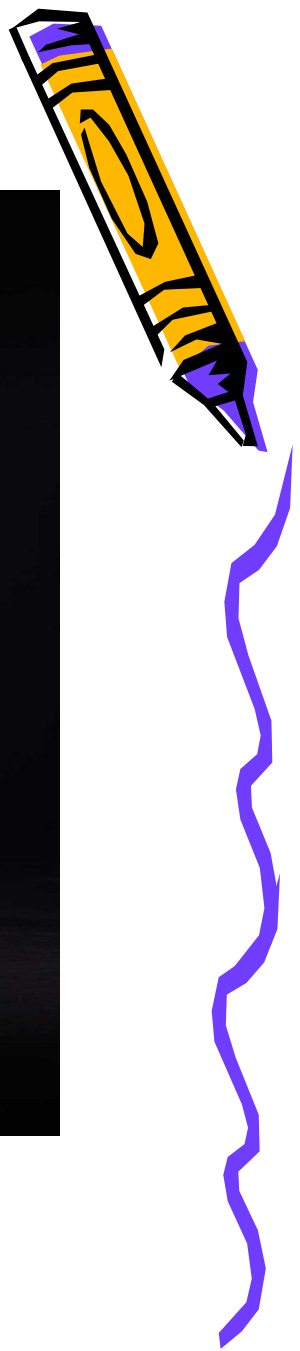




- For **US**-based companies, **75%** of sales potential is outside the US.
 - About **90%** of Coca-Cola's operating income is generated outside the US.
- For **Japanese** companies, **85%** of potential is outside Japan.
- For **German and other EU** companies, **94%** of potential is outside Germany.



CASE



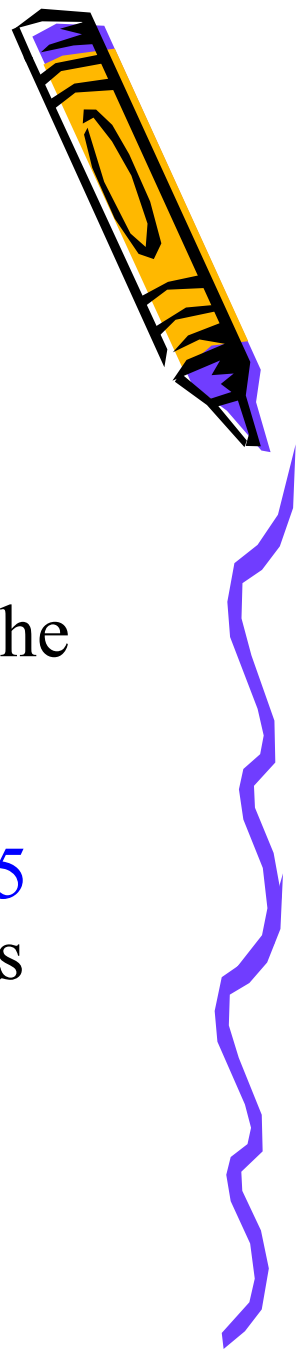
- Toyota's history dates back to 1897, In 1933, Sakichi established an automobile department and the first passenger car prototype was developed in 1935.
- During a visit to Ford to study the US automotive industry, Kiichiro (Sakichi Toyoda 's son)saw that an average US worker's production was nine times that of an average Japanese worker. He realized that to compete globally, the Japanese automobile industry's productivity had to be increased.



- In **June 1995**, Toyota announced the '**New Global Business Plan**,' aimed at advancing localization and increasing imports over a three year period.
- A major objective of this plan was to increase Toyota's offshore production capacity to **2 million** units **by 1998**.
- Apart from this short-term global business plan, Toyota also came up with a long-term global business vision in **June 1996**, named the '**Global Vision 2005**'.



- In **April 2002**, Toyota announced another corporate strategy to boost its globalization efforts. the '**2010 Global Vision**' was aimed at achieving a 15% market share of the global automobile market by early 2010.
- By **mid-2003**, Toyota was present in almost all the major segments of the automobile market that included small cars, luxury se, pickup trucks, SUVs, small trucks and cvehicles. Toyota had **45** manufacturing plants in **26 countries** and regions by this time, and sold vehicles in **160 countries**.





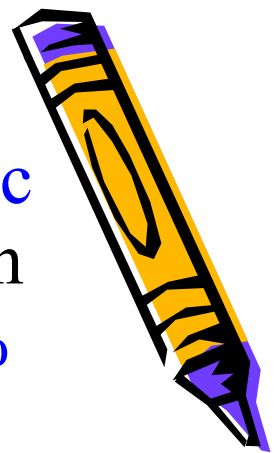
- One of its strongest markets was the **US**, the world's largest automobile market. Toyota had emerged as a strong foreign player in **Europe** as well, with a 4.4% market share. In **China**, it had a 1.5% market share.
- The other major markets in which the company was fast strengthening its presence were **South America**, **Southwest Asia**, **Southeast Asia** and **Africa**. Back home in **Japan**, it enjoyed a market share of over 43%.

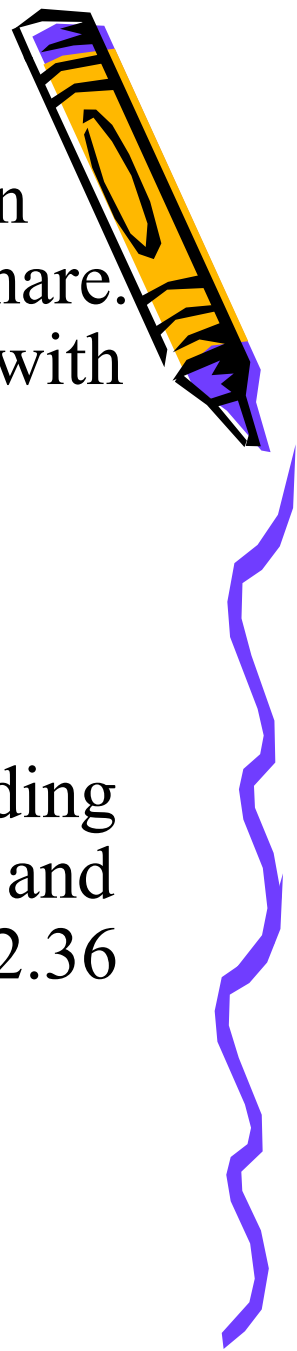


- In **January 2004**, leading global automobile company and Japan's number one automaker, Toyota Motor Corporation, replaced Ford Motors (Ford) as the world's second largest automobile manufacturer.
- Worldwide sales of **6.57 million** units in fiscal 2004; sales of **2.12 million** units in North America by 2004; a **5% market share** (800,000 units sales) in Europe by 2004; a **15% market share** in the global market and a **10% market share** in China by 2010.



- Toyota has been badly hit by the **global economic crisis** in **2008** and said its global sales were down **4 %** in 2008, but GM witnessed sales fall **10.8 %** in the same period.
- **In 2008**. Toyota has overtaken General Motors as the largest car maker in the world in terms of sales volume. Toyota sold **8.97 million** vehicles , beating the **8.35 million** sold by the Detroit auto giant and ending GM's 77-year reign at the top. And held the position for **three years**.



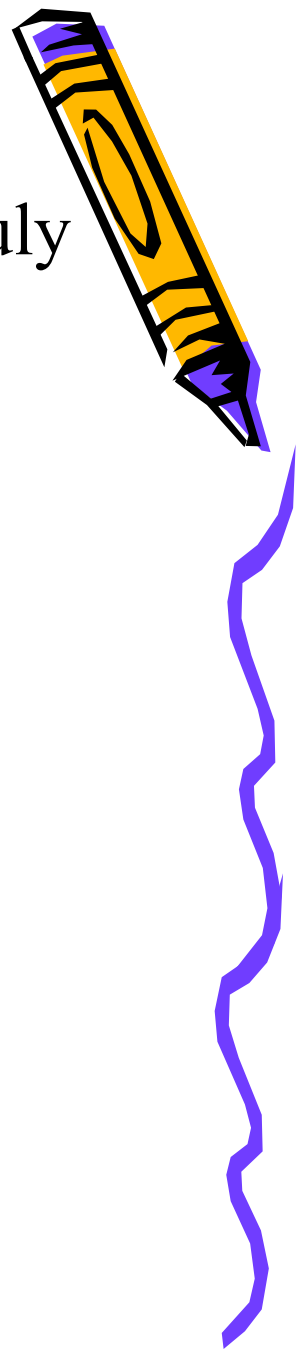


- Toyota came back in **2012** with full production and higher discounts in a bid to gain market share. Toyota sold **9.75 million** vehicles , compared with **9.29 million** for GM. And it was boosted by a 27% sales increase in the U.S .
- The Japanese giant sold **2.43 million** vehicles globally in the **first three months of 2013**, fending off strong competition from both Volkswagen and General Motors, which sold 2.27 million and 2.36 million respectively.



- Analysts felt that the following factors were helping the company in its quest to become a truly global automobile major:

- Strong financial condition
- Globally efficient production system
- Unique corporate culture
- The ability to develop a product range that met the unique needs and desires of customers in different regions

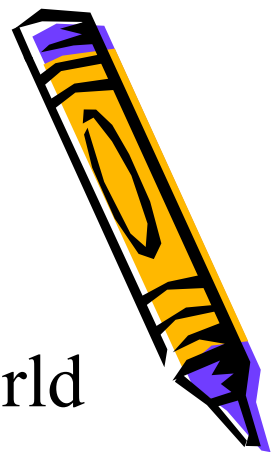


D. Globalization

Globalization is the process of international integration arising from the interchange of world views, products, ideas, and other aspects of culture.



A shirt could have very well been made with **Chinese cotton** sewed by **Thai hands**, shipped across the Pacific on a **French freighter** crewed by **Spanish** to a **Los Angeles harbor**.



CASE 1



'Made in ... where?'
The Boeing Dreamliner aircraft may be made in America, but with essential imports sourced from so many other places that it's difficult to know where to begin.



There's the Integrated Surveillance System Processor and an Integrated Navigation Radio, from Canada.

There's also a Valve Control Unit from Germany – passengers can thank that for keeping their cabin air pressure within tolerable limits.

And there's a turbine engine exhaust nozzle, brought in from Mexico from titanium sheets made in China. Those are just the first three telling examples that show up from a glance through US Customs records – with each import necessary to the American workers in places like Everton.

That doesn't even get to the big-ticket items: the Rolls-Royce Trent 1000 engine, the testing in wind tunnels in the UK and France; the Mitsubishi Heavy Industries' wing; Italian horizontal stabilizers, doors from France, and other critical components from Sweden, India, South Korea – it's a very long list.

The Dreamliner is as cosmopolitan as the American people. Boeing's American workers should love imports, because their jobs depend upon them.

Source: **Greg Rushford**, "Made in America?", 21 February 2012, *Rushford Report*, www.rushfordreport.com



- Boeing is actively pursuing a strategy for globalization and global value creation through new partnerships, joint ventures, mergers and acquisitions, supplier relationships and a greatly expanded international presence.
- Their customers are in more than **90 countries** around the world, and they have employees in about **70 countries**. About **3%** employees of Boeing are based outside the US including approximately **3,000** in **Australia** with hundreds more in **Britain, Germany** and **Russia**.

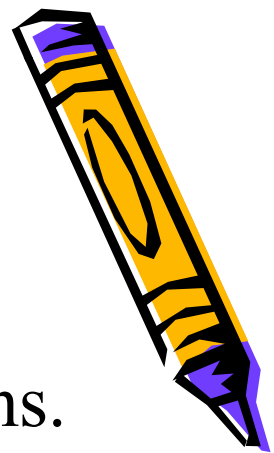


- As Boeing produces globally, it also is sourcing globally.
- Almost **400 Russian engineers** work for Boeing in Moscow, and are linked electronically to a design team in Seattle.



- The recent establishment of a new Phantom Works research and technology center in **Madrid** will allow Boeing to tap European expertise in areas under study there — environmental and air traffic management technologies.





- The series of Boeing-sponsored International Technology Summits that have been held in **Tokyo, London, Paris** and **Madrid**. More are scheduled for **Berlin, Seoul**, and other locations.
- These events bring together decision makers from important regions to discuss key topics such as air traffic management, aerospace and the environment, international co-operation in defense, future aircraft concepts, advanced manufacturing and more.



Joyce Tucker,
Boeing vice
president
of Global
Diversity





- Jeppesen Sanderson Inc., a Boeing subsidiary since October 2000, is the world's leading supplier of flight information, flight planning services, aviation weather services, maintenance information and aviation training systems.
- It has an 85 percent global airline market share for its core navigation services such as aeronautical charts and electronic navigation data. Jeppesen products are a key component of Boeing's growing customer information services business. Jeppesen has offices in the [US](#), [UK](#), [Germany](#), [Australia](#), [China](#) and [Russia](#).



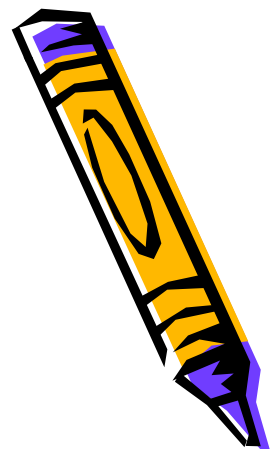
CASE 2



volkswagen (VW)

Q: Where is the VW Golf designed?

A: Corporation in **Germany**





Q: Where might the parts originate for the U.S. Model?

A: **Japan; Mexico, China...**





Q: For the U.S. model, where might the vehicle be assembled?

A: **Mexico...**



Q: For the U.S. model, where might the steel come from for the parts?

A: **South Korea...**



Q: For the U.S. model, where might the rubber come from for the tires?

A: **Malaysia...**





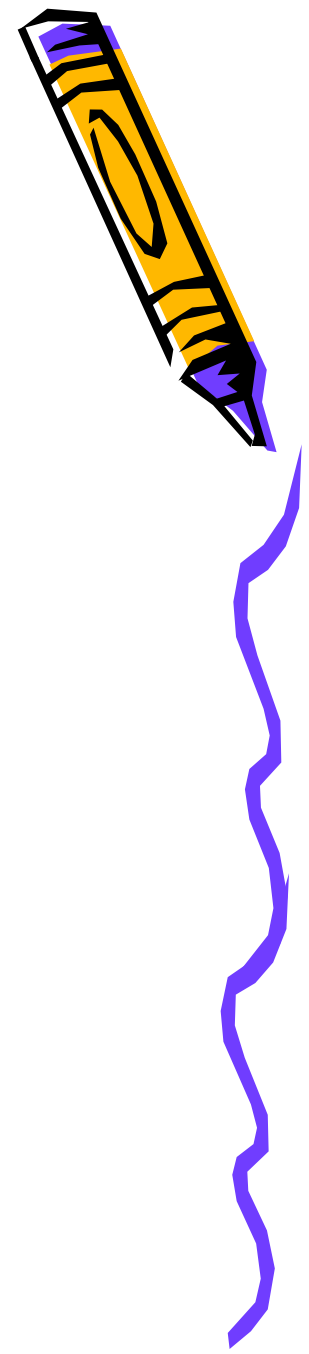
Q: For the U.S. model, where might the fuel come from to run the car?

A: **Canada, or Saudi Arabia...**

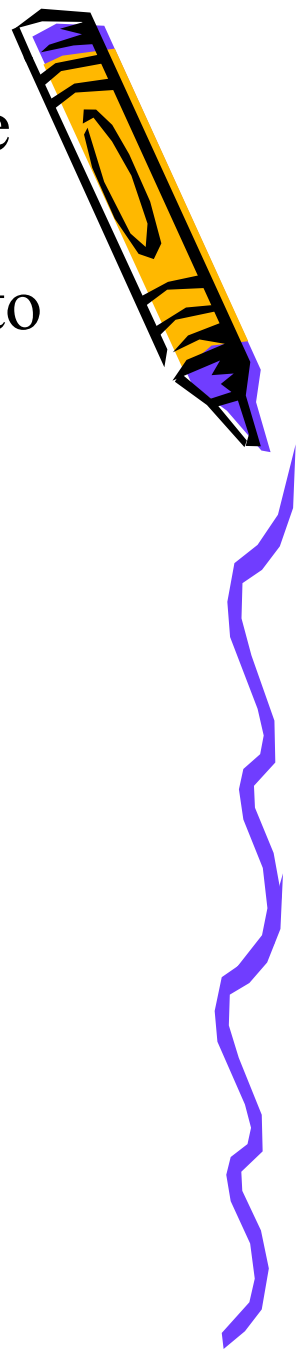


中国
制造

Made in China

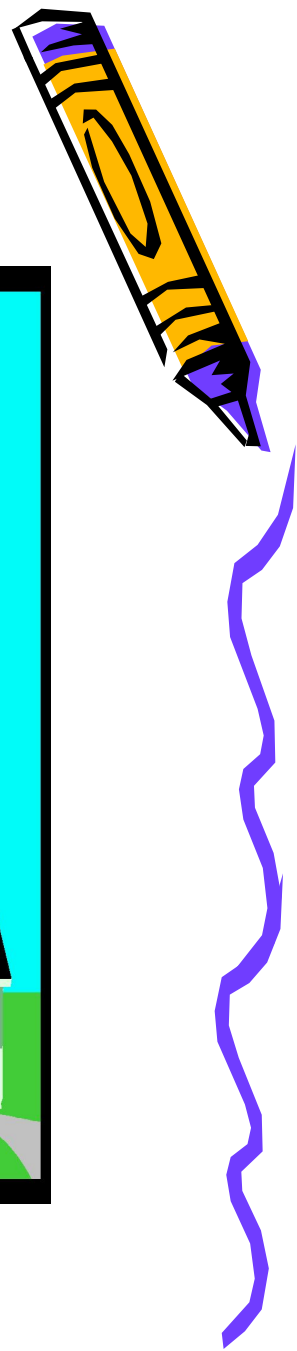
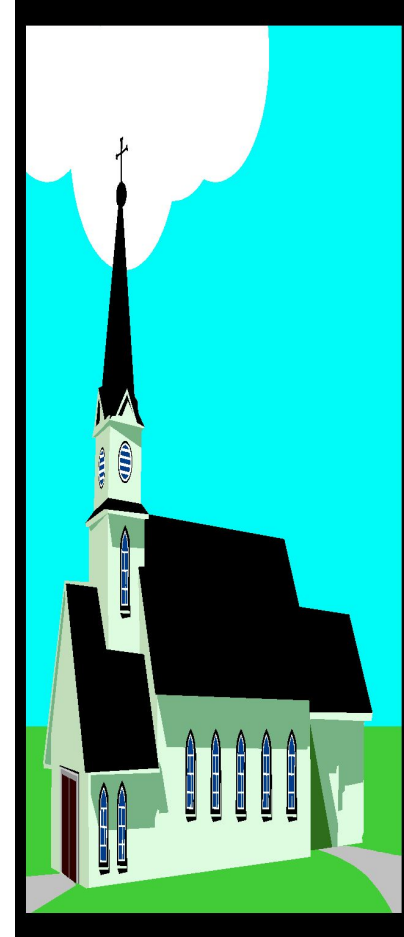


- Every American household is full of goods made in China. Whether it's clothes, toys, or increasingly technology, Made in China is hard to miss. Yet, those goods are not China brands. They're Nike. They're Hasbro. They're Ralph Lauren.



C. Global localization

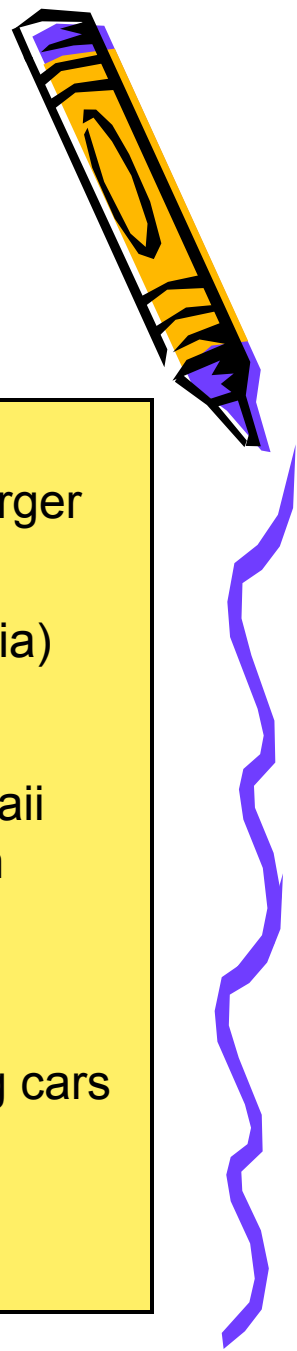
- It means a successful global marketer must have the ability to “*think globally and act locally*”.
- A central issue in global marketing is how to tailor the global marketing concept to fit a particular product or business



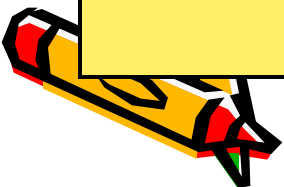


Case

McDonald's Global Marketing



Marketing Mix Element	Standardization	Localized
Product	Big Mac	McAloo Tikka potato burger (India)
Promotion	Brand name	Slang 'Macca's (Australia) MakDo (Philippines)
	Advertising slogan "I'm Loving It"	<i>McJoy</i> magazine, "Hawaii Surfing Hula" promotion (Japan)
Place	Free-standing	Home delivery (India) Swiss rail system dining cars
Price	Big Mac is \$3.10 in U.S. and Turkey	\$5.21 (Switzerland)



Summary



- Marketing is the process used to determine the customers' needs. satisfy the customers' needs and in order to make a profit.
- 4Ps: Product. Price. Place. Promotion
- Doing global marketing is risky. But there are still many reasons for that.
- Do Remember: Think globally and act locally.



Reference

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谢谢

