STRATEGIC DECISIONS IN INTERNATIONAL MARKETING

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Abstract

Conducting business on a global basis is difficult under the best of circumstances. In turbulent markets affected by political and economic unrest such as the present economic slowdown or by the information revolution and environmental change, continuing to follow the same marketing strategy is extremely risky. Companies therefore need to examine their ways of doing business, and the concepts and methods they use, and then decide what to keep, modify, delete and most importantly add.

The Research paper focuses on two primary issues. First how to scan the global environment and prioritise the market. Second developing market mix according to the country specific. The paper is an attempt to throw lights on issues that governs international marketing

Keywords: Global Business, Standardisation, Adaptation. Latent Demand

I. INTRODUCTION

Conducting business on a global basis is difficult under the best of circumstances. In turbulent markets affected by political and economic unrest such as the present economic slowdown or by the information revolution and environmental change, continuing to follow the same marketing strategy is extremely risky. Companies therefore need to examine their ways of doing business, and the concepts and methods they use, and then decide what to keep, modify, delete and most importantly add.

“A transnational strategy seeks to achieve both global integrations and national responsiveness. A true transnational strategy is difficult to achieve, because one goal requires close global coordination while the other goal requires local flexibility. However, many industries are finding that, although increased competition means they must achieve global efficiency, growing pressure to meet local needs demands national response.

Most multinational companies want to achieve some degree of global integration to hold costs down, even global products may require some customization to meet government regulations in various countries or some tailoring to fit consumer preferences. In addition, some products are better suited for standardization than others. Most of the large multinational corporations with diverse product will attempt to use a partial multi-domestic strategy for some product lines and global strategies for others.

Transnational Company Produces, markets, invest and operates across the world. It is an integrated global enterprise which links global resources with global markets at profit. There is no pure transnational corporation. However, most of the transnational companies satisfy many of the characteristics of a global corporation.

As C.K. Prahlad and Ken Lieberthal put it, “The needs of global competitive as have ensured that the old ways of doing business will not suffice”.

II. CHALLENGES AND STRATEGIES

New manufactures and new products are appearing everywhere several companies participate in the world market place and global trading companies such as Uniliver, P&G, Volswagon, infosys use several strategies to offer product and service that has a cutting edge over the others. Looking Transnational Business challenges and strategies several issues served on the table to be discussed.

Market are changing at an accelerating rate. Industry boundaries are blurring. Companies more than ever need quick and reliable intelligence about their customers, competitors, distributors and products. There has been substantial disintermediation of wholesalers and retailers owing to electronic commerce. Virtually all products on the Internet.

Expensively printed catalogs have disappeared. B to B purchasing over the internet has increased even faster than online customer buying.

Entrepreneurial retailers are building entertainment and theatre into their shops. Many book shops, food shops, and clothes shops now include coffee bars and feature lecturers and performances.
Business are doing a better job of retaining customers through finding imaginative ways to exceed customers expectations. As a result, competitors find it increasingly difficult to acquire new customers and most companies are spending time figuring out how to sell more products and services to their existing customers.

III. ISSUES ON GLOBAL MARKETS PRIORITIZATION

The Problem of national market selection changes from companies to companies. Several factors have accelerated globalization. De-regulation, the spread of democracy, information, privatizations, the globalization of the value chain, improvements in infrastructure and the reduction of nationalistic entry barriers.

There are typically three phases involved in global strategic planning. First the global environment is scanned and specific countries are privatized. The Second Phase is typically more operational and involves detailed within - country analysis. The Third Phase involves designing optimal entry plans and monitoring approaches that can be rationalized on a regional or global basis.

According to Prof. Phillip M. Parker the most efficient way of prioritizing markets is to consider all countries on at least two key dimensions, which themselves are composites of multiple factors. Composite approaches have long been used by strategic planners. The biggest challenges in this approach is to choose the factors that are most relevant to international planners. The two measures of greatest relevance are “latent demand” and market accessibility.” Countries with high latest demand and high relative accessibility are given highest priority.

IV. THE GLOBALIZATION PROCESS – PRIORITIZE MARKETS

In order to understand latent demand, it is important to characterize the globalization process correctly. Fig - A shows the company is driven by market potential. Global aggregate demand show in Fig – B plays crucial role in determining aggregate global sales figure. This aggregate curve focuses on two underlying and fundamentally different processes. The first is a country – by- country adoption processes (“breath of adoption”). The second process involves the within country sales pattern after adoption (“depth of adoption”). The breadth processes consists of the cumulative sequential adoption of a product or service areas the world’s countries. A few countries are the “innovators” followed by the “early adopters”. The last countries to show any sales are the “laggards.”

The distractions between a “global product” and a “Non-global Product”. The breath process indicates where demand is likely to show up fast responses. Across a number of products and services large, wealthy countries are generally innovators or early adopters and smaller, poor countries are laggards.

V. MARKETING MIX – THINK GLOBAL ACT LOCAL

International marketing can be broadly divided into two areas.

a) Market entry issues and building a presence in international markets.

b) Situations where companies operating in global markets already have a pressure in the markets in which they are interested.
Multinational companies like Coca-cola, Ford, Sony, Microsoft, Tata, HP and other tend to have a pressure in most if not all the markets that interest them. For such companies is move one of managing the international marketing mix than of international market entry.

But the principle issues are what plan the marketer has to enter into global level. Generally they are as follows:

a) How does one develop a product for international markets?

b) Leading thinkers such as Theodore Levitt, who support Standardization, how far should a company standardize its product and other element of the marketing mix and how far should it adapt to individual markets?

c) If it chooses to adopt how does a company avoid potentially developing inconsistencies among different markets.

d) More generally, should the marketing mix as a whole be standardized, or adapted to each country or market?

**VI. NEW PRODUCT DEVELOPMENT**

If a product has been developed for one geographic market, taking it to other countries sometimes requires little extra intellectual effort in terms of new product development.

The pharmaceuticals products tends to be used for the same ailments whatever the country. Some countries do put up regulatory entry barriers for foreign medicine, and distribution system can be very different but the product that is distributed is the same except perhaps for packaging and branding.

Consumer tastes in cars, however, are very different in North America, UK, Germany, Italy, Japan and India. A "Global" car that does not have country – specific differentiating features will fail. The Manufacturers therefore, has to find the balance between designing one car for each market – which would be costly – and designing one car for all markets.

Mahindra & Mahindra took a different kind of approach in designing and positioning its SUV Scorpio. The designers took a modular approach where different components to match the features required for different market. Some companies, however, do develop the same product for all markets regardless of existing local preferences. Companies such as Kellogg’s have succeeded in changing consumption patterns. Breakfast cereal was unknown in France 35 years ago. Today it is common. Kellogg ignored the research that said cereal would not sell in France. Marketing professional also knows the other side of the story, how maggi noodles succeeded in India.

New product development strategy becomes effective when firms customize a product to every market. On the other hand they offer one standardized product everywhere and settle in the middle.

**Standardization Vs Adaptation:**

The launch of the product is also considered as a marketing mix decisions. In 90’s when Citibank introduced its credit card in the Asia-Pacific regions. It tailored the product features for each country while maintaining its premium positioning. The promotional pricing and distribution strategies also different from country to country.

One of the most internationalized banks, Citibank is a mass- market banker in the US which covers majority of middle class. But outside the US, Citibank has positioned itself as a provider of premium retail banking services for people with high incomes.

As a contrast Rolex international watch maker. The genuine Rolex watch is the same certified chronometer anywhere in the world, its positioning - as the time piece for the elegant high achiever – is the same around the world, as is the advertising message.

**Product - Culture-bound or culture-free:**

Culture bound products are those that are heavily influenced by a countries culture. Clothing, home decorations, and so on are products that have a larger likelihood of being culture-bound.

**Standardized Mix:**

Products that are positioned at the higher end of the spectrum in terms of price, prestige and scarcity are more likely to have standardized mix. These segments are relatively homogenous around the world. Mass – market consumer products, on the other hand, are more likely to be positioned differently in different markets.

**Promotion and target customers:**

In general products that are bought directly, evidence suggests that developed economies need higher levels of “share of voice” on different media to maintain consumer awareness. These messages need to be tailored to national markets.

**Product Price:**

Higher – price product, the chances are that it is relatively new and that the target segment consists of
innovators or early adopters - people who tend to adopt new products first, regardless of price. The more the price of a product is above, the greater the likelihood that the pricing strategy is a skimming one, product features are changing fast and availability is selective in all markets. This line of reasoning assumes that innovator and early adopter populations are likely to be similar across countries.

Complementary products / services:

Many product and services, such as computers, cars, and medical services and so on require the presence of complementary products / services to be successful in the market place. Different international markets product varying levels of complements.

VII. CONCLUSION:

When a company has the resources to enter foreign markets. How should it choose which ones to go far? The article discusses the two key dimensions. Latent demand and market accessibility and at the same time it also discusses several factors on international marketing mix such as new product development, standardization etc., the paper has focused on several issues which is considered to be the foundations of Dynamic Global Marketing.

REFERENCES:


