

International Marketing

Overview



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Principles of Marketing: A Review



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Definitions of Marketing

It is the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives.

The American Marketing Association (AMA)

It is the art and science of choosing target markets and getting, keeping and growing customers through creating, delivering and communicating superior customer value

Philip Kotler

The management process responsible for identifying, anticipating and satisfying customer requirements profitably.

The Chartered Institute of Marketing (CIM), UK

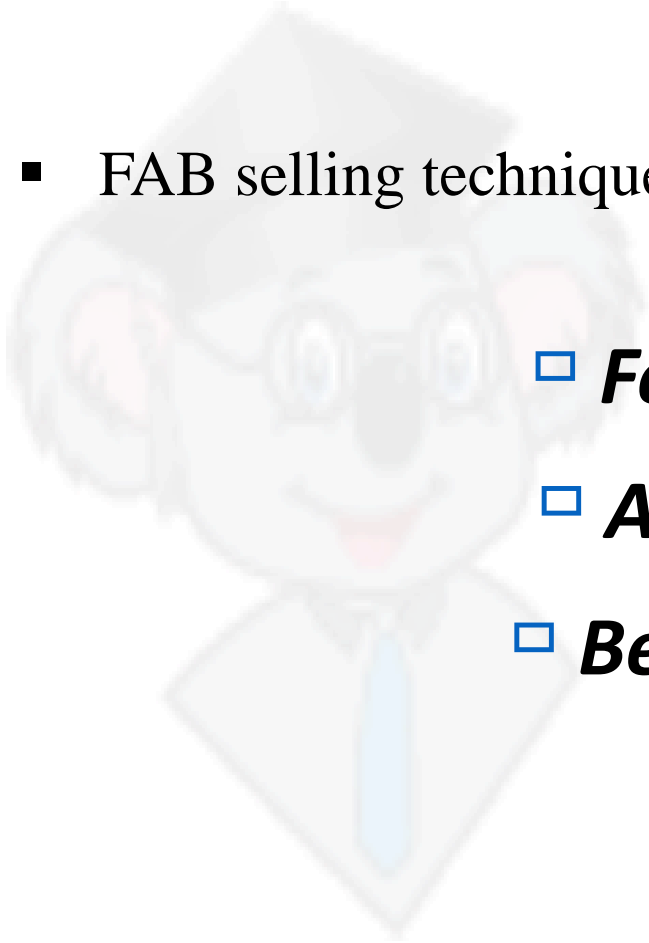
A *FAB*ulous Approach to Buyer Need Satisfaction

- FAB selling technique helps emphasize benefit

- *Features*

- *Advantages*

- *Benefits*



The Product's Features:

So What?

- **Feature – a physical characteristic**
- A physical characteristic, that you can see, feel, touch or measure.
- Expressed as a noun.
- Answers the question -- *What is it?*
- Examples:
 - size
 - color



The Product's Advantages:

Prove It!

- **Advantage - a performance characteristic**
- A performance characteristic, expressed as an adjective, a verb or an adverb.
- Answers the question, *What will it do?*
- Examples:
 - rapid
 - copy on both sides

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The Product's Benefits:

What's in it for Me?

- **Benefit – Customer need satisfying**
- An asset characteristic expressed as a personalized value.
- Answers the questions--
 - *What does that mean to the buyer?*
 - *Of what value will that be to the buyer?*
- Examples:
 - I can do things better
 - I will be able to save time

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Example of FAB statement: **Sleeping bag**

- **Features** are the facts or characteristics about the products. **“1 inch insulation layer” of a sleeping bag**
- **Advantages** are what the features do - factual, product-centric and not yet connected to buyer's need. **“helps retain body heat on cold nights”**
- **Benefits** answer why someone should value the advantage. It connects the facts about the product to a solution of buyer. **“while camping, you could have a nice warm sleep at night so that when you wake up you’ll be well rested and ready for a day of fun activities.”**
- The full **FAB** Statement **“Our sleeping bags have a 1 inch layer of insulation on them. This helps to retain body heat on cold nights. You’ll be warm all night. Which means that you’ll get a great sleep and be well rested for a day of fun activities (that you’ll fully enjoy!).”**

Customer Value

Customer Delivered Value (CDV) = Total Customer Value (TCV) - Total Customer Cost (TCC)

❖ TCV includes:

- Functional benefits
- Emotional benefits
- Economic benefits

❖ TCC includes:

- Monetary costs
- Time costs
- Energy costs
- Psychic costs

Value Delivery Network

- ✓ Value exploration
- ✓ Value creation
- ✓ Value delivery

4 P's - 4 C's - 4 A's continuum

4 P's

- ✓ Product
- ✓ Price
- ✓ Place
- ✓ Promotion

4 C's

- ✓ Consumer
- ✓ Cost
- ✓ Convenience
- ✓ Communication

4 A's

- ✓ Acceptability
- ✓ Affordability
- ✓ Availability
- ✓ Awareness



Igor Ansoff's Product/Market Growth Matrix

Product/Market Growth Matrix

		Product Orientation	
		Existing Products	New Products
Market Orientation	Existing markets	1. Market penetration strategy	2. Product development strategy
	New markets	3. Market development strategy	4. Diversification strategy

Starbucks simultaneously executed all four of the growth strategies



- **Market penetration:** Starbucks is building on its loyalty card and rewards program in the United States with a smartphone app that enables customers to pay for purchases electronically. The app displays a bar code that the barista can scan.
- **Market development:** Starbucks entered India via an alliance with the Tata Group. Phase one called for sourcing coffee beans in India and marketing them at Starbucks stores throughout the world. The next phase involved opening Starbucks outlets in Tata's upscale Taj hotels and then other parts in India
- **Product development:** Starbucks created a brand of instant coffee, Via, to enable its customers to enjoy coffee at the office and other locations where brewed coffee is not available. After a successful launch in the United States, Starbucks rolled out Via in Great Britain, Japan, South Korea, and several other Asian countries.
- **Diversification:** Starbucks has launched several new ventures, including music CDs and movie production. Next step would involve revamping stores so that they could serve as wine bars and attract new customers in the evening.

Henry Assael's Buying Behaviour Model

	High involvement	Low involvement
Significant differences between brands	Complex buying behavior	Variety-seeking buying behavior
Few differences between brands	Dissonance-reducing buying behavior	Habitual buying behavior

Michael Porter's Value Chain



Case: Can the Global Marketplace be considered as Local also?



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1st proposition:

We live in a global marketplace

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- McDonald's restaurants, Sony HDTVs, LEGO toys, Swatch watches, Burberry trench coats, and Caterpillar earthmoving equipment are found practically everywhere on the planet.
- Global companies are fierce rivals in key markets. For example, American auto industry giants General Motors and Ford are locked in a competitive struggle with Toyota, Hyundai, and other global Asian rivals as well as European companies such as Volkswagen. U.S.-based Intel, the world's largest chip maker, competes with South Korea's Samsung. In the global cell phone market, Nokia (Finland), Apple (United States), Motorola (United States), and Samsung are key players. Appliances from Whirlpool and Electrolux compete for precious retail space with products manufactured and marketed by Germany's Bosch, China's Haier Group, and South Korea's LG.



2nd proposition:

We live in a world in which markets are local

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- In China, Yum! Brands' new East Dawning fast-food chain competes with local restaurants such as New Asia Snack.



- France's domestic film industry generates about 40 percent of local motion picture box office receipts; U.S.-made movies account for about 50 percent.

HOLLYWOOD

film*
FRANCE

- In Turkey, local artists such as Sertab Erener account for more than 80 percent of recorded music sales.



Kiki, a Japanese magazine for teenage girls, competes for newsstand sales with Vogue Girl, Cosmo Girl, and other titles from Western publishers.



In Germany, the children's television powerhouse Nickelodeon competes with local broadcaster Super RTL.



nickelodeon.



In Brazil, many consumers are partial to Guaraná Antarctica and other local soft drink brands made from guaraná, a berry that grows in the Amazon region.



- In order to understand “global marketplace versus local markets” paradox, think for a moment about brands and products that are found throughout the world. If the average consumer is asked where this global “horn of plenty” comes from, a variety of answers could be expected. It’s certainly true that some brands—McDonald’s, Corona Extra, Swatch, Waterford, Ferragamo, and Burberry, for instance—are strongly identified with a particular country. In much of the world, McDonald’s is the quintessential American fast-food restaurant, just as Ferragamo is synonymous with classic Italian style.



swatch® 

Salvatore Ferragamo



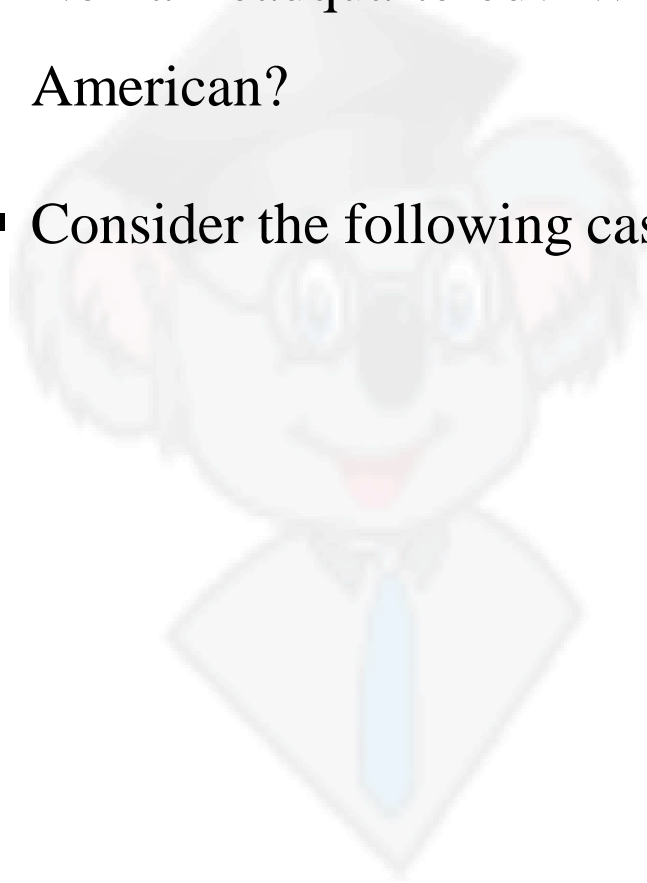
WATERFORD



CH

Salvatore Ferragamo, based in Florence, Italy, is one of the world's leading fashion brands. Emerging markets represent important opportunities for luxury goods marketers. As Ferruccio Ferragamo notes, "We cannot make enough to keep up with demand from the Chinese. They want their shoes not just 'Made in Italy' but often 'Made in Florence.'" To show its support for socially responsible initiatives, Ferragamo recently introduced a new shoe line called Ferragamo WORLD that utilizes eco-friendly production processes. A portion of the proceeds from every pair sold supports Acumen Fund's anti-poverty efforts in East Africa, India, and Pakistan.

- However, for many other products, brands, and companies, the sense of identity with a particular country is becoming blurred. Which brands are Japanese? American? Korean? German? Where is Nokia headquartered? When is a German car not a German car? Can a car be both German and American?
- Consider the following cases:



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- An American-built Ford Mustang has 65 percent American and Canadian content



- An American-built Toyota Sienna XLE minivan has 90 percent American and Canadian content



- India's Tata Group paid \$2.4 billion to acquire Land Rover and Jaguar from Ford.



RANGEROVER



- China's Shanghai Automotive (SAIC) owns the rights to the MG, the legendary two-seat British sports car. In 2008, SAIC began manufacturing a limited edition TF model at a plant in Longbridge, UK. In 2011, production of the MG6 sedan began in Birmingham.



上汽集团



- German carmaker BMW exports the X5 sport utility vehicle that it builds in Spartanville, South Carolina, to more than 100 countries.

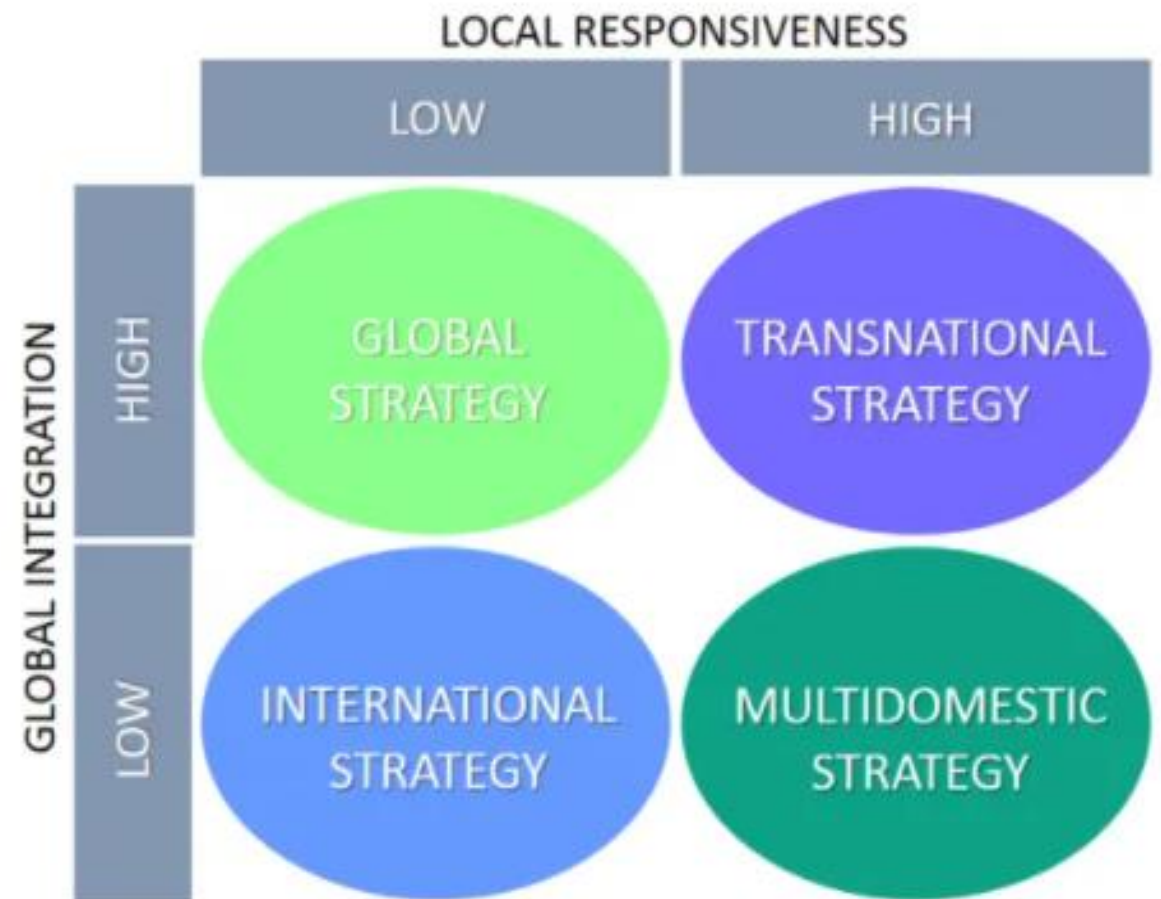


Commonly used Terms in Global Marketing

- Bartlett and Ghosal (Bartlett, C.A. and Ghosal, S. 1989: Managing Across the Borders: The Transnational Solution, Hutchinson, Business Books.) classify following types of company operating foreign interests:

- **Global**
- **International**
- **Transnational**
- **Multinational/Multidomestic**

(added later by other authors)



Global Company

- Also known as the hub-and-spoke model, the global company centralizes key functions including marketing, finance and new technology development and disseminates it to subsidiaries, which being very much dependent on the HQ serve to implement the parent company's decisions and act as pipelines of products and strategies.
- Cost advantages are achieved through economies of scale and global-scale operations.
- The need for efficiency and economies of scale means that products are developed that exploit needs felt across the range of countries.
- Specific local needs tend to be ignored and products are standardised or homogenised as much as the market will allow in order to keep costs low to achieve economies of scale,
- Marketing campaigns often span the globe with one message (albeit in different languages) in an attempt to smooth out differences in local tastes and preferences.



International company

- Headquarter of international company retains considerable control over the subsidiary's management systems and marketing policy, but less so than in the global company.
- Products and technologies are developed for the home market, extended to other countries with similar market characteristics, then diffused elsewhere, and the developmental sequence is decided on the basis of managing the product lifecycle as efficiently and flexibility as possible
- International companies have no foreign direct investments (FDI) and make their goods or services only in their home country. In other words, they are exporters and importers. They have no staff, warehouses, or sales offices in foreign countries. The best examples of international companies, in the strict sense, are exotic retail shops that sell imported products, or small local manufacturers that export to neighbouring countries.



Multinational Company

- Multinational company invests directly in foreign assets, whether it's a lease contract on a building to house service operations, a plant on foreign soil, or a foreign marketing campaign. Multinational companies, however, have FDI only in a limited number of countries, and they do not attempt to homogenize their product offering throughout the countries they operate in -- they focus much more on being responsive to local preferences than a global company would - **glocalisation**.
- Multinational companies have little pressure for global integration and hence have a very decentralized and loosely coupled structure where subsidiaries worldwide are operating relatively autonomously and independent from the headquarter.



Transnational company

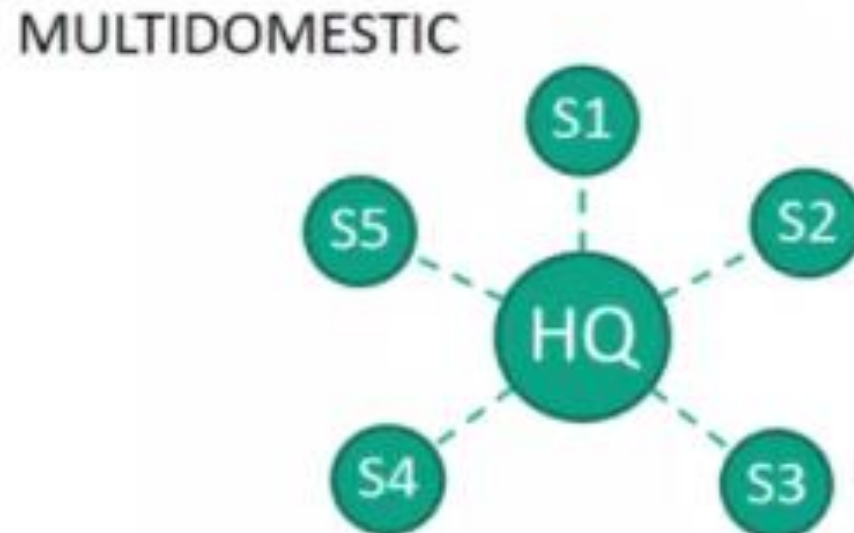
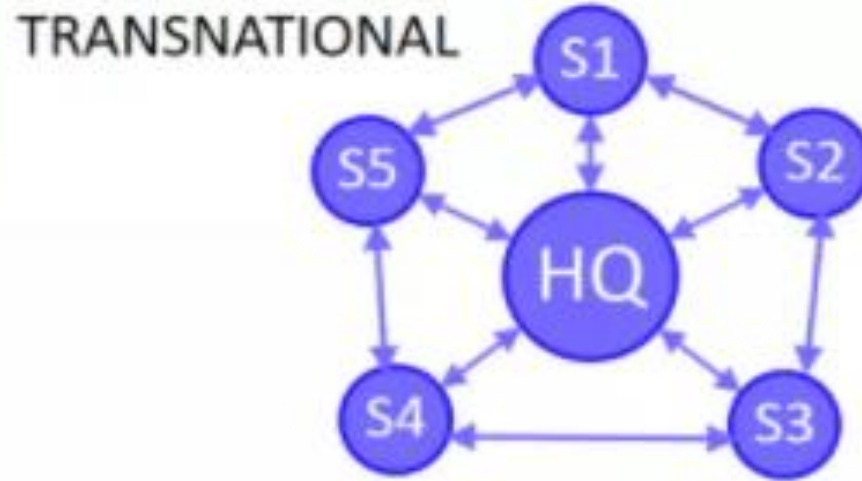
- The transnational companies evolved in the 1980s in response to environmental forces and simultaneous demands for global efficiency, national responsiveness, and worldwide in the pursuit of creating economies of scale more upstream in the value chain and be more flexible and locally adaptive in downstream activities such as marketing and sales.
- These companies may have a global headquarter, but they also distribute decision-making power to various national headquarters, and they have dedicated R&D activities for different national markets.
- In terms of organizational design, a transnational company is characterised by an integrated and interdependent network of subsidiaries all over the world, which have strategic roles and act as centres of excellence.

Transnational company (contd.)

- Due to efficient knowledge and expertise exchange between subsidiaries, the company in general is able to meet both strategic objectives.
- They invest directly in dozens of countries and experience strong pressures both for cost reduction and local responsiveness.
- A product is designed to be globally competitive, and is differentiated and adapted by local subsidiaries to meet local market demands.



Organizational structures of the Bartlett and Ghoshal's MNC Typology



Characteristics of MNC Types

ORGANIZATIONAL STRATEGY	MULTIDOMESTIC	GLOBAL	TRANSNATIONAL
Decentralized federation	High	Low	Low
Network structure	Low	Low	High
Inter-subsidary flows	Low	Low	High
HQ's pipeline	Low	High	Low/Medium
Centre of excellence	Low	Low	High
Local production	High	Low	Medium
Local R&D	High	Low	Medium
Product modification	High	Low	High
Adaption of marketing	High	Low/Medium	High
Total level of interdependence	Low	High	High
Level of HQ dependence	Low	High	Medium
Level of subsidiary dependence	Low	Low	High

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Competitive Advantage, Globalization, and Global Industries

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When a company succeeds in creating more value for customers than its competitors, that company is said to enjoy competitive advantage in an industry. Competitive advantage is measured relative to rivals in a given industry.

For example, the local apparel brand store is in a local industry; its competitors are local. In a national industry, competitors are national. In a global industry—consumer electronics, apparel, automobiles, steel, pharmaceuticals, furniture, and dozens of other sectors—the competition is, likewise, global (and, in many industries, local as well). Global marketing is essential if a company competes in a global industry or one that is globalizing.

Process of Globalization

- The transformation of formerly local or national industries into global ones is part of a broader economic process of globalization, which Jagdish Bhagwait defines as follows:

Economic globalization constitutes integration of national economies into the international economy through trade, direct foreign investment (by corporations and multinationals), short-term capital flows, international flows of workers and humanity generally, and flows of technology.

- From a marketing point of view, globalization presents companies with tantalizing opportunities—and challenges—as executives decide whether to offer their goods and services everywhere. At the same time, globalization presents companies with unprecedented opportunities to reconfigure themselves; as John Micklethwait and Adrian Wooldridge put it,

the same global bazaar that allows consumers to buy the best that the world can offer also allows producers to find the best partners



The National Football League (NFL) promotes American football globally. The NFL is focusing on a handful of key markets, including Canada, China, Germany, Japan, Mexico, and the United Kingdom. In fall 2010 guitar legend Jeff Beck performed “God Save the Queen” at Wembley Stadium in London prior to an NFL exhibition game between the San Francisco 49ers and the Denver Broncos.

Is there more to a global industry than simply “global competition”?

- The answer is “Definitely Yes”. As defined by management guru Michael Porter, a global industry is one in which competitive advantage can be achieved by integrating and leveraging operations on a worldwide scale. Put another way, an industry is global to the extent that a company’s industry position in one country is interdependent with its industry position in other countries. Indicators of globalization include the ratio of cross-border trade to total worldwide production, the ratio of cross-border investment to total capital investment, and the proportion of industry revenue generated by companies that compete in all key world regions.
- One way to determine the degree of globalization in an industry sector is to calculate the ratio of the annual value of global trade in the sector—including components shipped to various countries during the production process—to the annual value of industry sales. In terms of these metrics, the consumer electronics, apparel, automobile, and steel industries are highly globalized.

Achieving competitive advantage

- Achieving competitive advantage in a global industry requires executives and managers to maintain a well-defined strategic focus. Focus is simply the concentration of attention on a core business or competence. The importance of focus for a global company is evident in the following comment by Helmut Maucher, former chairman of Nestlé SA:

Nestlé is focused: We are food and beverages. We are not running bicycle shops. Even in food we are not in all fields. There are certain areas we do not touch. For the time being we have no biscuits [cookies] in Europe and the United States for competitive reasons, and no margarine. We have no soft drinks because I have said we either buy Coca-Cola or we leave it alone. This is focus.

Achieving competitive advantage (contd.)

- However, company management may choose to initiate a change in focus as part of an overall strategy shift. Even Coca-Cola has been forced to sharpen its focus on its core beverage brands. Following sluggish sales in 2000 and 2001, former chairman and chief executive Douglas Daft formed a new alliance with Nestlé that jointly developed and marketed coffees and teas. Daft also set about the task of transforming Coca-Cola's Minute Maid unit into a global division that markets a variety of juice brands worldwide. As Daft explained:

We're a network of brands and businesses. You don't just want to be a total beverage company. Each brand has a different return on investment, is sold differently, drunk for different reasons, and has different managing structures. If you mix them all together, you lose the focus.

- Similar view was echoed by Helmut Panke, former Chairman of Bayerische Motoren Werke (BMW) AG

“We believe a company can only think in one set of terms. If you are premium, you have to focus on it.”

Achieving competitive advantage (contd.)

- In recent years Bertelsmann, Colgate, Danone, Electrolux, Fiat, Ford, Fortune Brands, General Motors, Harley-Davidson, Henkel, LEGO, McDonald's, Royal Philips Electronics, Toshiba, and many other companies have stepped up efforts to sharpen their strategic focus on core businesses and brands. Specific actions can take a number of different forms besides alliances, including mergers, acquisitions, divestitures, and folding some businesses into other company divisions.
- Value, competitive advantage, and the focus required to achieve them are universal in their relevance, and they should guide marketing efforts in any part of the world. Global marketing requires attention to these issues on a worldwide basis and utilization of a business intelligence system capable of monitoring the globe for opportunities and threats. A fundamental premise is that the companies that understand and engage in global marketing can offer more overall value to customers than companies that do not have that understanding.

Achieving competitive advantage (contd.)

- In the mid-1990s, C. Samuel Craig and Susan P. Douglas noted:

Globalization is no longer an abstraction but a stark reality. Choosing not to participate in global markets is no longer an option. All firms, regardless of their size, have to craft strategies in the broader context of world markets to anticipate, respond, and adapt to the changing configuration of these markets.

- Three Italian furniture companies viz. Poltrona Frau, Cassina, and Cappellini have joined together to increase sales outside of Italy and ward off increased competition from Asia following the model of luxury goods giants such as LVMH and Prada Group



Cassina

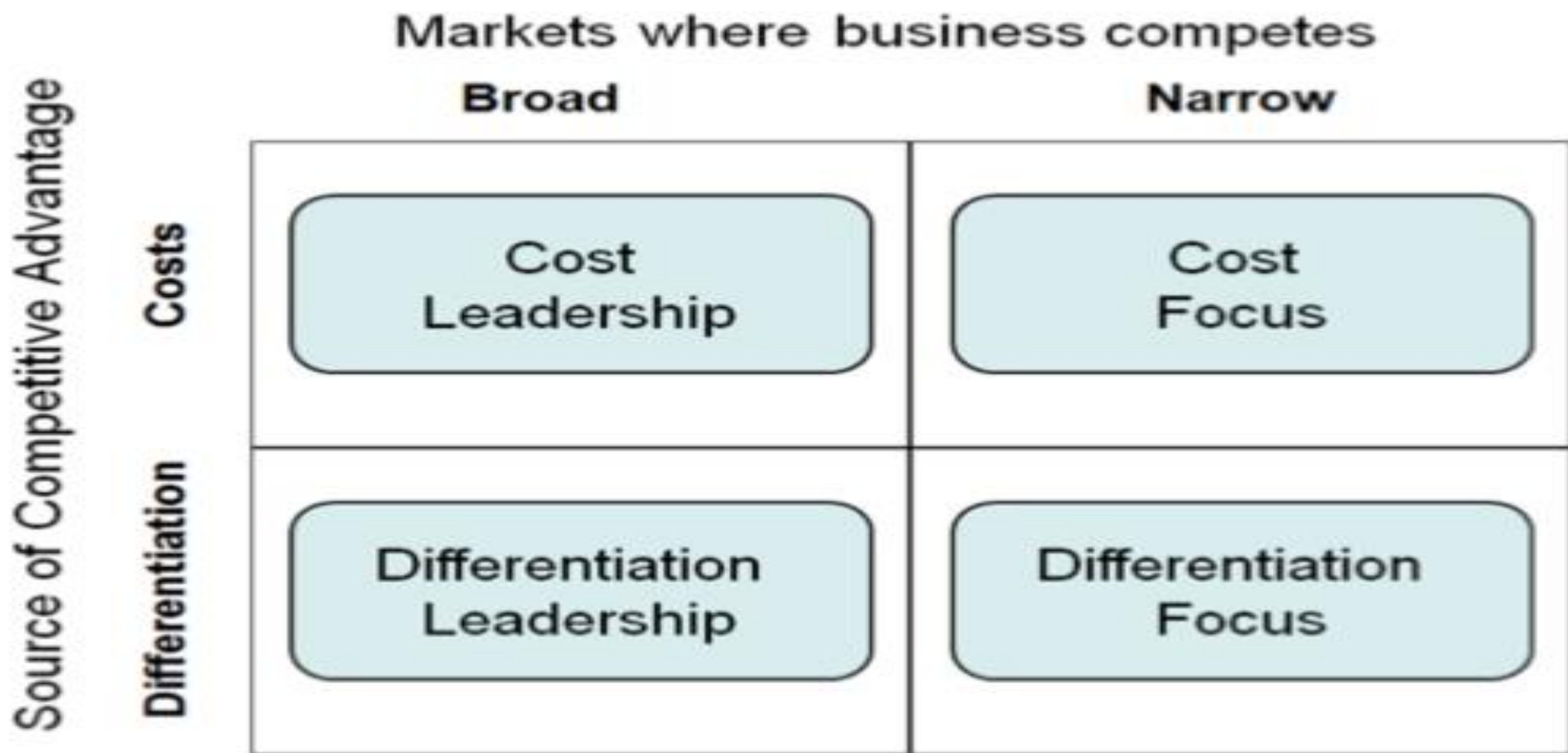
cappellini

Achieving competitive advantage (contd.)

- Hong Kong's Tai Ping Carpets International is also globalizing. Top managers have been dispersed to different parts of the world; while the finance and technology functions are still in Hong Kong, the marketing chief is based in New York City and the head of operations is in Singapore. As company director John Ying noted, **We're trying to create a minimultinational**



Porter's Generic Strategies



Concept of its Global Marketing Strategy (GMS)

- In single-country marketing, strategy development addresses two fundamental issues: choosing a target market and developing a marketing mix. The same two issues are at the heart of a firm's GMS, although they are viewed from a somewhat different perspective as shown in the table given below.

Comparison of Single-Country Marketing Strategy and Global Marketing Strategy (GMS)	
Single-Country Marketing Strategy	Global Marketing Strategy
Target market strategy	Global market participation
Marketing-mix development	Marketing-mix adaptation or standardization
	Concentration and coordination of marketing activities
	Integration of competitive moves

Concept of its Global Marketing Strategy (contd.)

- Global market participation is the extent to which a company has operations in major world markets.
- Standardization versus adaptation is the extent to which each marketing mix element is standardized (i.e., executed the same way) or adapted (i.e., executed in different ways) in various country markets.
- Nike recently adopted the slogan “Here I am” for its pan-European clothing advertising targeting women. The decision to drop the famous “Just do it” tagline in the region was based on research indicating that college-age women in Europe are not as competitive about sports as men are.



Burberry: A case study in global marketing strategy

- Burberry is a British luxury fashion house headquartered in London, England. It currently designs and distributes ready to wear including trench coats (for which it is most famous), leather goods, footwear, fashion accessories, eyewear, fragrances, and cosmetics.
- Established in 1856 by Thomas Burberry, originally focusing on the development of outdoor attire, the house has moved into the high fashion market, developing a first of its kind fabric called Gabardine, which is completely breathable and waterproof, and exclusively made for the brand. The first shop opened in the Haymarket, London, in 1891. Burberry was an independent family-controlled company until 1955, when it was reincorporated. In 2005, it completed its demerger from GUS plc, the company's former majority shareholder.

Burberry case study (contd.)

- Burberry has stores in 59 countries employee strength of 9,892. As of 2020, the Revenue, Operating income and Net income of the company were £2.63 billion, £433 million and £122



- Burberry's current expansion plans emphasize several geographical areas such as the BRIC nations, where growing numbers of middle-class consumers are developing a taste for luxury brands and United States, dotted with shopping malls whose managers are anxious to entice crowd-pulling luxury-goods retailers by sharing fit-out costs and offering attractive rent-free periods.

Burberry case study (contd.)

- Burberry's marketing mix strategy includes the following:
 - **Product:** Boost sales of handbags, belts, and accessories—products whose sales are less cyclical than clothing.
 - **Price:** More expensive than Coach, less expensive than Prada. “Affordable luxury” is central to the value proposition.
 - **Place:** Burberry intends to open more independent stores in the United States.
 - **Promotion:** In order to broaden the brand's appeal, the vintage company logo - an equestrian knight holding a flag emblazoned with the Latin word Prorsum (“forward”) was reintroduced. Burberry launched a website, www.artofthetrench.com. The company also has a presence on social media websites such as Facebook and Twitter. A project named Burberry Acoustic has been launched to provide exposure for emerging music talent via <http://live.burberry.com>.

Burberry case study (contd.)

- Burberry Group celebrated its 150th anniversary in 2006. Burberry's trademark is registered in more than 90 countries. The company's signature plaid pattern— often referred to as “the check”—is incorporated into a wide range of apparel items and accessories.



- In order to broaden the brand's appeal, the vintage company logo - an equestrian knight holding a flag emblazoned with the Latin word Prorsum (“forward”) was reintroduced. Burberry recently launched a Web site, www.artofthetrench.com. The company also has a presence on social media Web sites such as Facebook and Twitter.



BURBERRY
ESTABLISHED 1856

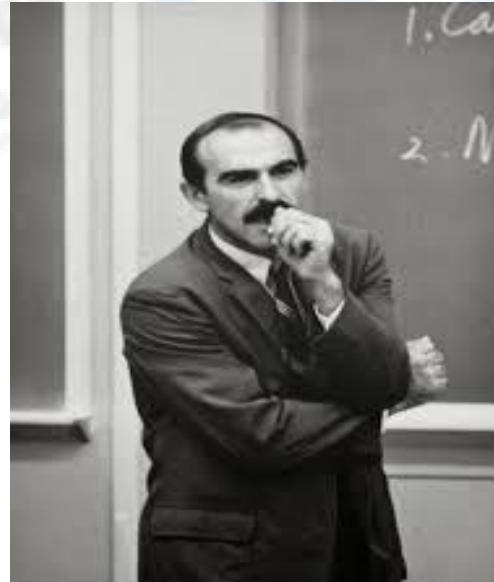
Burberry case study (contd.)

- The next part of the GMS involves the concentration and coordination of marketing activities. At Burberry, haphazard growth had led to a federation of individual operations. Company units in some parts of the world didn't talk to each other. In some cases they competed against each other, and sometimes designed their own products for their own markets and wouldn't share ideas with other parts of the business. To address this issue, company wants to leverage the Burberry franchise with “one company, one brand” mantra so that it could maintain momentum in the face of difficult economic conditions worldwide and avoid diluting the brand while ramping up expansion.



The issue of standardization versus adaptation

- The issue of standardization versus adaptation in global marketing has been at the centre of a long-standing controversy among both academicians and business practitioners, which dates back to Professor Theodore Levitt's 1983 article in the Harvard Business Review, "The Globalization of Markets", where he argued that marketers were confronted with a "homogeneous global village" and hence advised organizations to develop standardized, high-quality world products and market them around the globe by using standardized advertising, pricing, and distribution.



The issue of standardization versus adaptation (contd.)

- Some well-publicized failures by Parker Pen and other companies that tried to follow Levitt's advice brought his proposals into question.



- The business press frequently quoted industry observers who disputed Levitt's views. As Carl Spielvogel, chairman and CEO of the Backer Spielvogel Bates Worldwide advertising agency, told The Wall Street Journal in the late 1980s, *“Theodore Levitt’s comment about the world becoming homogenized is bunk. There are about two products that lend themselves to global marketing—and one of them is Coca-Cola.”*



The issue of standardization versus adaptation (contd.)

- Global marketing is the key to Coke's worldwide success. However, that success was not based on a total standardization of marketing mix elements. For example, Coca-Cola achieved success in Japan by spending a great deal of time and money to become an insider; that is, the company built a complete local infrastructure with its sales force and vending machine operations.
- Coke's success in Japan is a function of its ability to achieve global localization, being as much of an insider as a local company but still reaping the benefits that result from world-scale operations.
- Although the Coca-Cola Company has experienced a recent sales decline in Japan, it remains a key market that accounts for about 20 percent of total worldwide operating revenues.



What does the phrase global localization really mean?

- It means that a successful global marketer must have the ability to “think globally and act locally.”
- Kenichi Ohmae summed up this paradox as follows:

The essence of being a global company is to maintain a kind of tension within the organization without being undone by it. Some companies say the new world requires homogeneous products—“one size fits all”—everywhere. Others say the world requires endless customization—special products for every region. The best global companies understand it’s neither and it’s both. They keep the two perspectives in mind simultaneously.

What does the phrase global localization really mean? (contd.)

- Global marketing may include a combination of standard (e.g., the actual product itself) and nonstandard (e.g., distribution or packaging) approaches. A global product may be the same product everywhere and yet different. Global marketing requires marketers to think and act in a way that is both global and local by responding to similarities and differences in world markets.
- But it is important to bear in mind that “global localization” is a two-way street, and there is more to the story than “*think globally, act locally*.” Many companies are learning that it is equally important *to think locally and act globally*. In practice, this means that companies are discovering the value of leveraging innovations that occur far from headquarters and transporting them back home.

What does the phrase global localization really mean? (contd.)

- McDonald's restaurants in France don't look like McDonald's elsewhere. Décor colours are muted, and the golden arches are displayed more subtly. After seeing the sales increases posted in France, some American franchisees began undertaking similar renovations. As Burger Business newsletter editor Scott Hume has noted,

“Most of the interesting ideas of McDonald's are coming from outside the U.S. McDonald's is becoming a European chain with stores in the U.S.”



What does the phrase global localization really mean? (contd.)

- The reverse flows of innovation are not just occurring between developed regions such as Western Europe and North America. The growing economic power of China, India, and other emerging markets means that many innovations originate there. Nestlé, Procter & Gamble, Unilever, and other consumer-products companies are learning that low-cost products with less packaging developed for low-income consumers also appeal to cost-conscious consumers in, say, Spain and Greece.



Nestlé introduced mobile coffee carts from which vendors sell single servings of Nescafé brand coffee

What does the phrase global localization really mean? (contd.)

- The Coca-Cola Company supports its Coke, Fanta, and Powerade brands with marketing-mix elements that are both global and local.



What does the phrase global localization really mean? (contd.)

- In consumer electronics, Apple is synonymous with cutting-edge innovation and high-tech design.



- In appliances, Germany’s reputation for engineering and manufacturing excellence is a source of competitive advantage for Bosch.



The company uses the slogan “Invented for Life” in its advertising and has more than 350 subsidiaries and a market presence in more than 150 countries.

A Bosch dishwasher advertisement. The top right corner features the text "125 Years 1886-2011" next to the Bosch logo. The main headline reads "The stunning silence of German engineering." Below this, a sub-headline states: "Bosch engineering has raised the stakes by lowering the volume—presenting the quietest line of high-performance dishwashers sold in the U.S.*" The central image shows a stainless steel Bosch dishwasher. At the bottom, there is a block of text: "Silence is a Bosch virtue. That's why the new line of Bosch dishwashers is engineered to be the quietest in the U.S. Starting with a solid molded base, Bosch engineers added three layers of sound-deadening insulation and a suspension motor, measures that effectively eliminate noise caused by mechanical vibrations. We are so whisper-quiet, our competitor's dishwashers are on average 60 to 100 percent louder than our comparable models. At Bosch, we believe in owning quiet, and the sweet sounds of silence. www.bosch-home.com/us". The Bosch logo and slogan "Invented for life" are in the bottom right. A small "ENERGY STAR" logo is in the bottom left.

What does the phrase global localization really mean? (contd.)

- Italy's Benetton utilizes a sophisticated distribution system to quickly deliver the latest fashions to its worldwide network of stores.



What does the phrase global localization really mean? (contd.)

- The backbone of Caterpillar's global success is a network of dealers who support a promise of "24-hour parts and service" anywhere in the world.

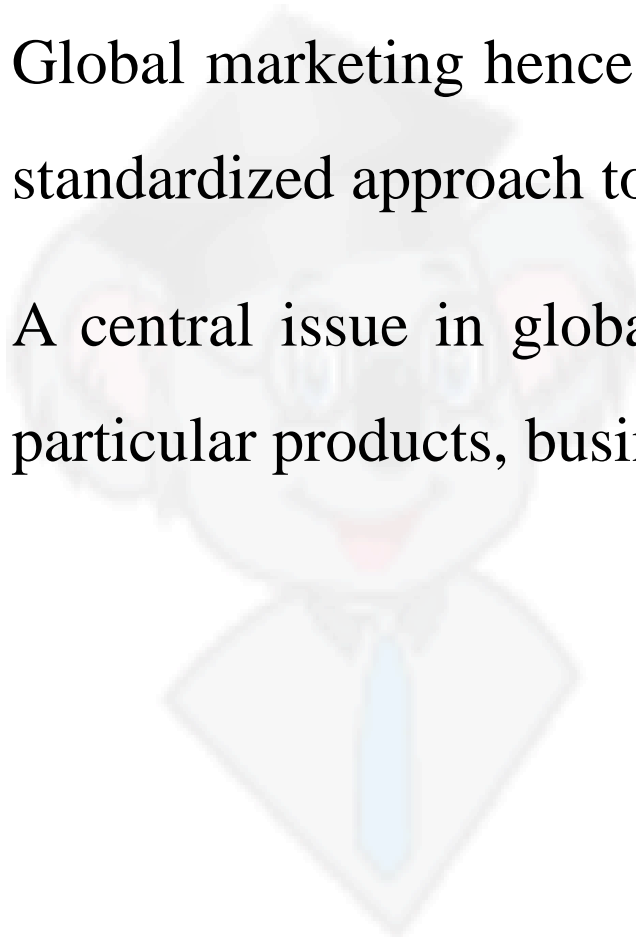


CATERPILLAR



What does the phrase **global localization** really mean? (contd.)

- Global marketing hence must not be considered as a knee-jerk attempt to impose a totally standardized approach to marketing around the world.
- A central issue in global marketing is how to tailor the global marketing concept to fit particular products, businesses, and markets.



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McDonald's: A case study of Effective Global Marketing



Marketing Mix Element	Standardized	Localized
Product	Big Mac	McAloo Tikka potato burger (India)
Promotion	Brand name	Slang nicknames, for example, Mickey D's (USA, Canada), Macky D's (UK, Ireland), Macca's (Australia), Mäkkäri (Finland), MakDo (Philippines); McDo (France)
	Advertising slogan "i'm lovin' it"	"Venez comme vous êtes" ("Come as you are") television ad campaign in France. Various executions show individuals expressing different aspects of their respective personalities. One features a young man dining with his father. The ads' creative strategy centres on sexual freedom and rebellion: The father does not realize that his son is gay.
Place	Free-standing restaurants in high- traffic public areas	McDonald's Switzerland operates themed dining cars on the Swiss national rail system; McDonald's is served on the Stena Line ferry from Helsinki to Oslo; home delivery (India)
Price	Average price of Big Mac is \$3.54 (United States)	\$5.79 (Norway); \$1.83 (China)

Some questions in global marketing

- Harley-Davidson's motorcycles are perceived around the world as the all-American bike. Should Harley-Davidson start manufacturing motorcycles in a low-wage country such as Mexico?



Some questions in global marketing (contd.)

- The success of Honda and Toyota in world markets was initially based on exporting cars from factories in Japan. Today, both companies operate manufacturing and assembly facilities in the Americas, Asia, and Europe. From these sites, the automakers supply customers in the local market and also export to the rest of the world. For example, each year Honda exports tens of thousands of Accords and Civics from U.S. plants to Japan and dozens of other countries. Will European consumers continue to buy Honda vehicles exported from America? Will American consumers continue to snap up American-built Toyotas?



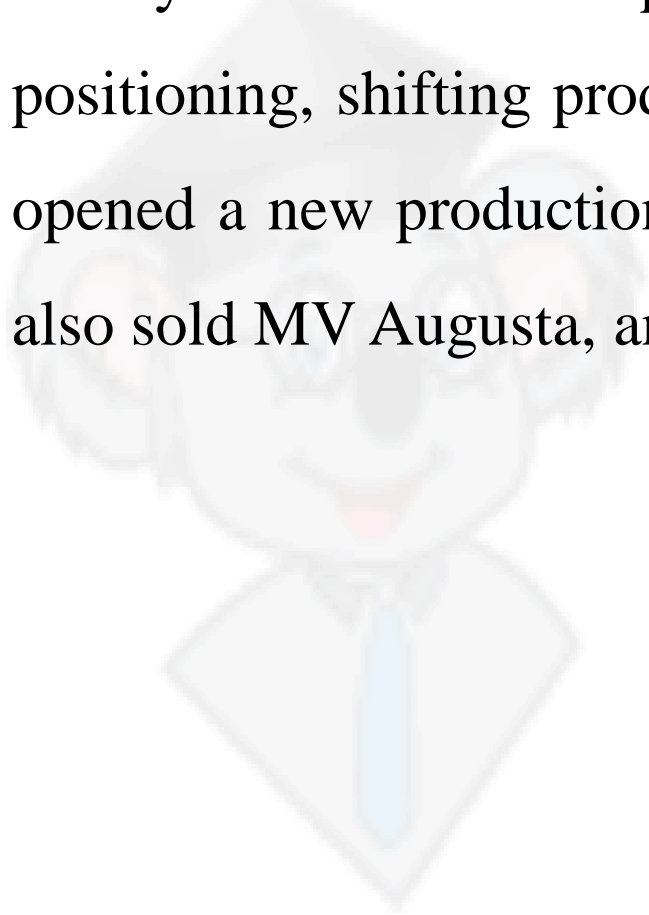
Some questions in global marketing (contd.)

- As of 2010, GAP's retail operations included about 2,500 stores in the United States and more than 500 stores internationally. The company sources most of its clothing from apparel factories in Honduras, the Philippines, India, and other low-wage countries. In China, it recently opened four stores and established an e-commerce operation. Which world region will be the driver of future revenue and profit growth?



Answer to the question: Harley-Davidson

- Harley-Davidson's competitive advantage is based, in part, on its "Made in the USA" positioning, shifting production outside the United States is not advisable. The company has opened a new production facility in Kansas, and ceased production of Buell Motorcycles. It also sold MV Augusta, an Italian motorcycle manufacturer that it had acquired in 2008.



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Answer to the question: Toyota

- Toyota's success in the United States was originally attributable to its ability to transfer world-class manufacturing skills—"the Toyota Way"—to America while using advertising to inform prospective customers that American workers build the Avalon, Camry, and Tundra models, with many components purchased from American suppliers.
- The U.S. market generates approximately two-thirds of Toyota's profits. However, in its drive to become the world's top automaker, Toyota's insular corporate culture and focus on cost cutting compromised overall product quality. The big question facing Toyota today is whether its reputation and sales will fully recover following much-publicized problems such as sudden acceleration that resulted in embarrassing product recalls.

Answer to the question: GAP

- Several hundred GAP stores are located outside the United States; key country markets include Canada, the United Kingdom, Japan, and France. China presents an opportunity for GAP to increase revenues and profits in a major non-U.S. market.
- According to A.T. Kearney's 2011 Global Retail Development Index for Apparel, China is the No. 1-ranked emerging market opportunity for apparel. Also, "American style" is in high demand in many parts of the world. In China, Gap's management team has responded to this situation by selectively targeting Beijing and Shanghai, two cities with high population densities. An online store, www.gap.cn, serves as an alternative channel with a potential reach of several hundred million consumers.
- Meanwhile, operating difficulties and executive turnover in the core U.S. market dictates that management's top priority at this time should be the domestic market. The company has also created a key new executive position: global chief marketing office (CMO) for the Gap brand.

The Importance of Global Marketing

- The largest single market in the world in terms of national income is the United States, representing roughly 25% of the total world market for all goods and services. U.S. companies that wish to achieve maximum growth potential must “go global,” because 75% of world market potential is outside their home country. Management at Coca-Cola clearly understands this; about 75% of the company’s operating income and two-thirds of its operating revenue are generated outside North America.
- Non-U.S. companies have an even greater motivation to seek market opportunities beyond their own borders; their opportunities include the 300 million people in the United States. For example, even though the dollar value of the home market for Japanese companies is the third largest in the world (after the United States and China), the market outside Japan is 90 percent of the world potential for Japanese companies.
- For European countries, the picture is even more dramatic. Even though Germany is the largest single-country market in Europe, 94 percent of the world market potential for German companies is outside Germany.

Fortune Global 500 ranking

- Each year Fortune magazine compiles a ranking of the 500 largest service and manufacturing companies by revenues.

