Multinational marketing information systems

Introduction:

In 1996 Professor PHILIP KOTLER USED THE TERM marketing nerve center to describe a new unit within marketing to gather and process marketing information. He identified 3 types marketing information system: (5)

Marketing Intelligencies (Information that follows into the firm from the environment)

Internal Marketing Information (information that is gatherd within the firm)

Marketing Communication (Information that flows from the firm outward to the environment)

He recognized the decision support intent of the nerve center make easy to make decision such as dropping a price, revising sales territories, or increasing the adverstasing expense level. Although he did not use the term MIS. (4)

Information systems for multinational companies (MNCs), referred to as international information systems (IIS), have been a problem area for many years, yet have failed to attract more than token attention from the academic information systems research community.

What is MMIS:

Marketing Information System is a computer based system that works in conjuction with other functional information system to support the firms management in solving problems that relate to marketing the firms products.

Basic components of marketing information system the same: (4)

Internal documentary procedure of the firm

Marketing intelligence system:

The term marketing intelligence may bring to mind vision of one firm spying on another industrial espionage. A certain amount of such undercover work does go on in the competitive world of Business, but few have been publicized. Marketing intelligence refers to the wide range of ethical activities that may used to gather information about competitors.

Formal marketing research system

Marketing research to gather any type of information, but most activity is aimed at customer and prospects. (Primary and Secondary Data)

Management science system

Product, Place, Pricing Subsystem:

Integrated-Mix Subsystems

How Manager Use MIS: (4)

Marketing Manager use MIS to lern about consumer needs and wants, to formulate the marketing Mix and to follow up on how well the mix is received by the consumers.

Multinational Marketing

Information System

Country 1

CMIS

Country 2

CMIS

Country n

CMIS

Corporate

MMIS

Use of MMIS:

Marketing is concerned with identifying the customers for the firm's products and service, determining what they need or want, planning and development products and services to meet their needs, and advertising and promoting these products and services. Marketing Information System support all of the above activities. (1)

Order Processing System: support Enter, Process, and Track Orders User Operational Management Level.

Market Analysis System: support identifying customers and markets using data on demographics, markets, consumer behaviour, and trends User Knowledge Level Management System.

Pricing analysis System: support Determine prices for product and Services User Management Level.

Sales trend forecasting System: Support Prepare 5-year sales forecasts User Strategic Management Level

Above data shows that Information Systems are used in sales and marketing in a numbers of ways.

At the strategic level, sales and marketing systems monitor trends affecting products and sales opportunities, support planning for new products and services and monitor the performance of the competitors.

At the management level, sales and marketing system support market research, advertising and promotional campaigns, and pricing decisions. They analysis sales performance and the performance of the sales staff.

Knowledge-level sales and marketing systems support marketing analysis workstations. At the operational level, sales and marketing systems assist in locating and constracting prospective customers. Tracking sales, processing orders, and providing customer service support. (1)

Figure: 1 It shows the output of a typical sales information system at the management level. The system consolidates data about each item sold (such as product code, producy description, and sales amount) for further management analysis. Company managemenet examine this sales data to monitor sales activity and buying trends.

The Canadian unit of Italian eyewear maker and distributor Safilo used to be a paper manufacturer’s best friend.

Each quarter, its IT department would print reams of sales reports for the 30-person traveling sales team. The reports were stuffed with critical sales information — customer orders, pricing information, delivery status. They were as hefty as big-city phone books.

The trouble for Safilo’s sales reps wasn’t just the logistical hassle of lugging around such thick reports. The bigger problem was effectively using these data to stay on top of their accounts, manage orders and keep their clients — 2, 500 opticians and optometrists across Canada — informed and happy.

Today, Safilo’s paper chase is a memory thanks to an implementation of Cognos business intelligence software and software from Safilo’s IT partner, Syntax. net. Today, rather than lugging around a thick pack of papers, Safilo sales staffers carry an IBM laptop loaded with current sales information viewable in clear, relevant, easy-to-understand formats. “ Our salesmen are really happy with the solution. It is fast to find the information,” says Claude Groppi, Safilo’s IT manager.

Importance of MMIS:

MMIS is important for the company to get competitive advantage in this global market. (3)

It brings flexibility in responding to competitors in different countries and Markets.

It gives ability to respond in one country- or in a region of a country- to a change in another

It gives ability to keep abrest of market needs around the world

It gives ability to transfer knowledge between units in different countries

It reduce the overall cost of operation

Increased efficiency and effectiveness in meeting customer needs

It gives ability to achieve to achieve and maintain diversity in the firm's products and in how they are produced and distributed.

It reduce the time of communicaton

Problems in Implementing MMIS: (4)

Company can face number of problems to implement MMIS. The most common problem is given below:

Politically Imposed Constrains

Restriction on Hardware purchase and Imports

Restriction on Data processing

Restriction on Data Communication (Transborder Data Flow TDF)

Technological Problems

Lack of Support from Subsidiary Manager

Introduction:

Concept of Franchise:

Franchising is an advanced form of licensing in which the focal firm (the franchisor) allows an entrepreneur (the franchise) the right to use an entire business system in exchange for compensation. McDonald's, Subway, Hertz, and FedEx are well-established international franchisors. Some retailers, such as IKEA and Starbucks, have a strong preference for expanding abroad through company-owned outlets. (1)

The Callifornia Business and Professons Code, Section 2001, defines ‘’franchise’’ as follows: (4)

Franchise means a contract or agreement, express or implied, whether oral or written, between two or more persons by which:

A franchisee is granted the right to engage in the business of offering, selling, or distributing goods or services under a marketing plan or system prescribed in substantial part by a franchisor;

The operation of franchisee’s business pursuant to that plan or system as substantially associated with the franchisor’s trademark, trade name, logotype, advertising, or other commercial symbol designating the franchisor or its affiliates; and

The franchisee is required to pay, directly or indirectly, a franchise fee.

There is various type of franchising, the most typical arrangement is Business Format Franchising also called System Franchising. (2)

Franchisor Provides:

Trademark-protected business concept; plus

Everything needed for its implementation (patents, know-how, training, services, products)

Franchisee compensates the franchisor through a combination of:

Lump-sum payment

Down-payment plus royalty

Other mark-ups and contributions (e. g., finance charges, sale of related products)

Franchisor

Franchisee

Exhibit: 01 Franchising as a Foreign Market Entry Strategy (Source: Adapted from Welch (1972) and personal correspondence with Lawrence Welch)

Exibit: 1 Shows the nature of the franchising agreement. In this agreement, the franchisor transfers a total business method, including production and marketing methods, sales systems, procedures, and management know how, as well as the of its name and usage rights for products, patents, and trademarks. (3)

McDonald's is perhaps the leading example of Business Format franchising. Its worldwide franchise network is remarkably successful. The opening of the first Russian McDonald's outlet in Moscow in January 1990. About 80 percent of McDonald's 30, 000-plus restaurants world-wide are owned and run by franchisees These resturents serve over 50 million customers daily and employ 1. 5 million people. (1)

A major challenge for franchisors is to become familiar with foreign laws and regulations. For Example: EU law favour franchisee, which sometimes hamper the franchisor ability to maintain control over franchisee operation.

Advantage and Disadvantage of Franchising (The Franchisor Perspective): (1)

Advantage:

Entry into numerous foreign markets can be accomplished quickly and cost effectively

No need to invest substantial capital

Established brand name encourages early and ongoing sales potential abroad

The firm can leverage franchisees’ knowledge to efficiently navigate and develop local markets

Disadvantage:

Maintaining control over franchisee maybe difficult

Conflict with franchisee are likely, including legal disputes

Franchisse may take advantage of acquired knowledge and become competitors in the future.

Advantage and Disadvantage of Franchising (The Franchisee Perspective): (1)

Advantage:

Gain a well-known, recognizable brand name

Acquire training and know-how; receive ongoing support from the franchisor

Operate a independent business

Increase likelihood of business success

Become part of an established international network

Disadvantage:

Initial investment and loyalty payment maybe substantial

The franchisor holds much power, including superior bargaining power

Franchisor may impose inappropriate technical or managerial systems on the franchisee

How it can be used International Marketing Strategy:

Just as the overwhelming popularity of franchising has captured the attention of the U. S. economy over the past 30 yers, it has also attracted genuine attention in the overseas markets over the past 10 yers and is likely to be a major trend in the future, subject to global geographical trends and concerns. For Example United States-based franchisors are currently operating in more than 160 countries worldwide. The reason for foreign expansion are strikingly similar to the domestic growth, including a greater demand for personal services, higher levels of disposable income, and an increased desire for individual business ownership. (5)

When embarking on an international expansion program, franchisors must always consider: (5)

Language Barrier: The local countries standards of humour, accepted punch or jargon, or even subtle gestures may not be the same as your companies domestic countries norms and may need to be adjusted accordingly.

Taste Barrier: Foreign tastes differ greatly from the home counties food test. Tis factors should be carefully reviewed with the assistance of local marketing personnel and product development specialists before undertaking any negotiations with suppliers and distributors.

Marketing Barrier: These types of barrier most frequently go to the deepest cultural levels. For example: Whereas many overseas markets have developed a taste for : fast food: burgers and hot dogs differences in cultures demand.

Legal Barries: Domestic legislation may not be conducive to the establishment of grancise. Tax laws, Customs Laws, import restrictions all prove to be significant stumbling blocks.

Access to raw material and Human Resources: Not all countries offer the same levels of access to critical raw materials and skilled labor that may be needed to operate the underlying franchised business.

Government Barriers: The foreign Government may or maynot be receptive to foreign investment in general or to franchising in particular.

Choice of Territory: A territory overseas may consist of a major city, an entire country. The chosen territory may well affect sales, distribution, and the ability to expand at a later point in time.

Intellectual Property and quality control concerns: protection of trade marks and trade names and service makes are vital for a domestic franchisor’s licensing of intellectual property oveseas. Distance between farnchisor’s domestic headquaters and the overseas franchisee make monitor of quality control more difficult.

Source of finance

Expatriation of profits

Taxes

Dispute Resolution

Use of a Local Liaison

Naturally, these opportunities also bring certain challenges for which appropriate strategies must be developed. For Example: McDonald’s had to build an underground heated parking lot to attract customers when they opened their first Franchisor in Iceland.

Developing an International Franchising Strategy: (5)

There are eight Commandments of developing an effective international Franchising Strategy.

Know thy Strength and Weaknesses: Before Expanding to another country, be sure to have a secure domestic foundation from which the international program can be launched. Make sure that adequate capital, resources, personnel, support system, and training are in place to assist your franchisees abroad.

Know thy target Market: Going into a new market blindly can be costly and lead to disputes. Market studies and Research should be conducted to measure market demand and competion for companies producy and services.

Know thy Partner: Ultimate success in franchising depends on three critical things: 1. Finding the right partner 2. Finding the right partner 3. Finding the right partner. The most promising candidate will often be those with financial resources, They should have experienced a successful business in the host country, have management resources, communication capabilities. They should have knowledge of underlying industry . Beyond a certain point, however only careful negotiating and contract preparation will provide any degree of protection for a franchisor risking entry into a new market.

Know thy Value: Many franchisors entering overseas markets for the first time have grandiose ideas about the structure of the master Licence fee and sharing the single unit fee and royality. Reality and patience are two buzzwords here. If you overprice, you will scare away qualified candidates or leave ypur partner with insufficient capital to develop the market. If you underprice, you will be lacking the resources and incentive to provide quality training and ongoing support.

Know thy Trademark:

As a general matter, trademark laws and rights are based on actual (or bona fied intent to) use in a given country. Unlike international copyright laws, your properly registered domestic trade mark does not automically confer any trademarks right in other countries. Be sure to take steps to ensure the availability and registration of your trademark in all these targeted markets. May be company have to modify their names, designs, or slogans because of translation or pirating problem in new markets.

Know thy Product and service:

The format of products and service that have success in home country may nor maynot be successful in another country. Be sensitive to different tastes, cultures, norms, traditions, trends and habits within a country before making finl decision on prices, size and packning.

Know thy Resources:

Access to the resources and experienced advise is a major factor in the success of an international franchising program. Extensive resources available at the International Franchise Association in Washington, D. C. (202-6028-8000), It is a excellent strating point of gathering data about target market.

Know thy Rationale:

Franchisors often have widely varying resons for selecting a target market or country. Sometimes they are pulled into a market by an interested prospect who is familiar with their concept (often as a result of being a temporary resident, tourist, or student in the franchisor's home country), which especially dangerous if the franchisor relies only on the assurances of the interested candidates that there is a demand for the product and service.

Other fransior push their wy into a targeted foreign market (sometimes due to market saturation or a lack of opportunity in their domestic market) by a ranking likelihood of their success by measuring certain factors of oversas markets. These factors include language and cultural similarities, geographic proximity, market and economic growth trends, risk level, cooperative attitude, and potential return on investment.

Conclusion:

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