

# International marketing study guide assignment

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Product and Brand Decisions Basic Product Concepts -A product is a good, service, or idea -Tangible Attributes, you can touch it -Intangible Attributes, feeling you have from it -Product Classification -Consumer goods -Industrial goods Product Types -Buyer orientation -Amount of effort expended on purchase -Convenience-Gum @ a convenience store -Preference- You know what you like and what you want to get -Shopping -Specialty- anything that usually has to be ordered Brand-Intangibles -Bundle of images and experiences in the customer's mind A promise is made by a particular company about a particular product -A quality certification -Differentiation between competing products -The sum of impressions about a brand is the brand image Brand Equity -The added value that accrues to a product as a product as a result of investments in the marketing of the brand -An asset that represents the value created by the relationship between the brand and customer over time Local Products and Brands -Brands that have achieved success in a single national market -Represent the lifeblood of domestic companies Entrenched local products/brands can be a significant competitive hurdle to global companies Regional/International Products and Brands -Offered in several markets in a particular region -Euro brands Global Products and Brands -Global Products -Meets the needs and wants of a global market and are offered in all worlds regions -Global Brands -Have the same name and similar image and positioning throughout the world -Global brands are not the same as global products -iPod= brand -Mp3 player= product Branding Strategies -Combination or tiered branding allows marketers to leverage a company's reputation while developing a distinctive identity for a line of products -Sony Walkman -Co Branding -Feature two or more different company or product brands -NutraSweet and Coca-Cola -Intel inside Brand <https://assignbuster.com/international-marketing-study-guide-assignment/>

Extension -Brand acts as an umbrella for new products -EX: The Virgin Group  
 -Virgin Entertainment: Virgin Mega Stores and MGM Cinemas -Virgin Trading:  
 Virgin Cola and Virgin Vodka -Virgin Radio -Virgin Media Group -Virgin Hotels  
 -Virgin Travel Group Country of Origin as Brand Element Perceptions about  
 attitudes towards particular countries often extended to products and brands  
 known to originate in those countries -Japan -Germany -France -Italy Product  
 Decisions Extended, Adapt, Create: Strategic Alternatives in Global  
 Marketing -Extension -Offering product virtually unchanged in markets  
 outside of home country -Adaptation -Changing elements of design, function,  
 and packaging according to needs of different country markets -Creation -  
 Developing a new product for the world market Global Product Planning:  
 Strategic Alternatives Product Communication| Same| Different|  
 Different| Strategy 2: Product Extension communication adaptation| Strategy  
 4: Dual adaptation| Same| Strategy 1: Dual extension| Strategy 3: Product  
 adaptation communication extension| Identifying New Product Ideas  
 Continuous Innovations Dynamically continuous innovations Discontinuous  
 innovations Least disrupting Some disrupting influence on Requires new  
 consumption influence on established established consumption patterns  
 patterns and the creation of consumption patterns previously unknown  
 products What is the new product -New to those who use it or buy it -New to  
 the organization -New to market Packaging -Consumer packaged goods  
 refers to a -Products whose packaging is designed to protect or contain the  
 product during shipping at retail or point of use -Eco packaging is key  
 because package designers must address environmental issues -Offers  
 communication cues that provide consumers with a basis for making a

purchase decision Labeling -Provides consumers with various types of information -Regulations differ by country regarding various products Health warnings on tobacco products -American Automobiles labeling act clarifies the country of origin and final assembly point -European union's requires labels on all food products that include ingredients from genetically modified crops Pricing International Pricing Approaches -Full cost pricing -A method of pricing based on the view that no unit of a similar product is different from any other unit of a similar product and that each unit must bear its full share of the total fixed and variable cost, whether sold in the home market or abroad -Variable Cost Pricing A method of pricing goods in foreign markets in which a company is concerned only with the marginal or incremental costs of producing goods for sale in those markets -Firm using this method takes the view that foreign sales are bonus sales International Pricing Approaches - Skimming -Method of pricing in which a company seeks to reach a segment of the market that is relatively price insensitive and thus willing to pay a premium price for the value received -This method may be used to sell a new or innovated product to maximize profit until a competitor forces a lower price -Price penetration A method of pricing in which a low price policy is used to gain market share from competitors -Alternatives for Worldwide Pricing -Extension or Ethnocentric Strategy -Per unit price in world no matter where you are -Adaptation or Polycentric Strategy (country only) -Managers usually have control over price take everything into account -Disadvantage, people buy where its cheaper and take back to home country -Geocentric Strategy -Best for global company takes into account local factors, they can lose a little profit if they gain market share from competitors Price Escalation -Ways to reduce -Lowering cost of goods Outsource , get rid of some of the <https://assignbuster.com/international-marketing-study-guide-assignment/>

features on your products , reduce quality -Lowering tariffs -Reclassify your goods -Lowering Distribution Costs -Middle men -Using foreign trade zones - Simplified customs, free trade zones, don't have to worry about overhead cost -Causes -Taxes , Tariffs, and administrative costs -Tariffs: Cost you have to pay when you bring a product into a country -Admin Cost- Export fees - Inflation: More money for the same thing -Deflations: Prices keep decreasing(want everyone in supply chain to reduce price) -Exchange Rate Fluctuations -Middlemen and Transportation costs Cost of warehousing, packaging, etc Tariff/Duty -Ad valorem Duty -Expressed as percentage of value of goods -Specific Duty -Expressed as a specific amount of currency per unit of weight, volume, length, or other units of measurement - Compound or mixed duty -Apply both ad valorem and specific on the same items Promotions International Advertising Seven Steps: 1. Perform Marketing Research 2. Specify the goals of the communication 3. Develop the most effective message for the market segment selected(Most difficult) 4. Selective effective media 5. Compose and secure a budget to meet goals 6.

Execute the campaign 7. Evaluate the campaign relative to the goals specified Creative Challenges with the Message -The international communication process: -If not properly considered, different cultural contexts can increase the probability of misunderstandings -Effective communication - Demands the existence of a " psychological overlap" between the sender and receiver -It can never be assumed that if it sells well in one country it will sell in another The international communication process: Creative Challenges with the Messages -Legal Constraints -Comparative Advertising -

Television Advertising Limitation on length and number of commercials -  
Special Taxes Media Planning -Availability -Cost -Coverage -Options -News  
papers -Magazines -Radio and Television -Direct Mail -The internet -Social  
Media Sale Promotions -In markets with media limitations the percentage of  
the promotional budget allocated to sales promotions may have to be  
increased -Product sampling -Coupons -In store demonstrations -Special  
Event sponsorship Place/Distribution Exporting -Indirect exporting -Via  
piggybacking , consortia, export management companies, trading companies  
-Direct exporting -Using market country agent or distributor Using own sales  
subsidiary -Direct Marketing -Including mail order, telemarketing, or e-  
commerce Indirect Exporting -Export management companies perform all  
the transactions relating to foreign trade for the firm and are independent  
agents working for the firm in overseas markets, going to fairs, and  
contacting distributors -The advantage is that the firm avoids the overhead  
cost and administrative burden involved in managing their own export affairs  
-The disadvantage is that the skills and know how developed through  
experiences abroad are accumulated outside the firm, not in it

Direct Exporting -The firm is able to more directly influence the marketing  
effort in the foreign market -Advantage over indirect exporting is control of  
operations Direct Exporting: Service -After sales support -Service, parts  
supply, training -Often managed by the distributor , aided by the agent -  
Sales subsidiary -The decision to establish a sales subsidiary , staffed with  
locals and a few top managers from headquarters is often made because  
after sales service is important and requires training -Ex. Automobiles,  
computers, high tech electronics Direct Exporting: Local Distribution Finding

a distributor or agent -The most common approach is to use existing channels, found via -Assistance from government agencies -Trade fairs and international conventions -Screening Distributors -On key performance criteria -Previous experience, services, offered, financial strength, relations with government, cooperatives, whether or not they are handling competing products -The financial strength of the distributor is less important if the entering firm can support the company in the start up period

Direct Exporting: Legal Issues -Legal Issues -Export License In the US usually issued by the department of commerce -Transfer Title -Title of ownership follows bill of lading -Insurance -Hiring an agent

Exporting Functions -Product Shipment -Transportations -The shipment of the product to the border of the country is usually handled by an independent freight forwarder -Clearing through customs -Unloaded at the national border , the product will go from the ship or airline to a customs free depot before being processed through customs -Warehousing -After entering the country, the goods will often require storage

-Export pricing Price quote : Cost Insurance Freight(Seller) vs Free on Board -Prices quoted CIF, seller accepts the responsibility for product cost , insurance and freight. Is recommended alternative for an export marketer -Trade Credit -A high price can often be counterbalanced by beneficial trade credit terms -Price escalation -Due to transportation costs, tariffs and other duties, special taxes and exchange rate fluctuations, export prices tend to escalate. Still, competitive conditions and a desire to penetrate a new market often makes overseas prices lower than home

Terms of Shipment Ex Works -Seller agrees to deliver goods at point of origin or some specified place, all other charges are borne by the buyer -Free alongside ship (FAS) -Price for good includes charges for delivery of the goods alongside a vessel -

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Free on Board (FOB) -In addition to FAS the seller loads goods on vessels -  
 Cost and Freight (CFR) -Price for goods includes cost of transportation to an  
 oversea port -Cost insurance and freight (CIF) -Price includes insurance and  
 all transportation and miscellaneous charges to the port of disembarkation  
 for the ship or aircraft Water fall expansion

Sprinkler Simultaneous Expansion Government Programs that Support  
 Exports -Tax incentives -Subsidiaries -Government Assistance -Foreign trade  
 zones Governmental Actions to Discourage Imports and Block Market Access  
 -Tariffs (3 r's Rules, rate schedules, regulations) -Import control -Nontariff  
 barriers -Quotas -Discriminatory procurement policies(must buy domestic  
 unless unavailable) -Restrictive customs procedures( make compliance  
 different) -Arbitrary monetary policies(having a weak currency to encourage  
 or discourage imports) -Restrictive Regulations( product size regulation  
 (weight)) Licensing A contractual agreement whereby one company (the  
 licensor) makes an asset available to another company ( the licensee) in  
 exchange for royalties , license fees, or some other form of compensations -  
 Patent -Trade secrets -Product formulas -Brand name Advantage to licensing  
 -Provides additional profitability with little initial investment -Provides  
 method of circumventing tariffs, quotas , and other export barriers -  
 Attractive ROI -Low cost to implement Disadvantage to Licensing -Limited  
 participation -Returns may be lost -Lack of control -Licensee may become  
 competitor -May exploit company resources Joint Ventures Advantages  
 Allows for sharing risk -Provides opportunity to learn new environment -  
 Provides opportunity to achieve synergy by combining strength of partners -  
 May be the only way to enter market given barriers to entry Disadvantages -



Requires more investment than a licensing agreement -Must share rewards as well as risks -Requires strong coordination -Potential conflict among partners -Partner may become a competitor Investment via ownership or equity stake (most risk) -Start up of new operations -Manufacturing subsidiaries or -Greenfield investment- direct investment in factory, rental outlet, new operation -Merge w/ an existing enterprise

Manufacturing Subsidiaries -Wholly owned manufacturing subsidiaries - Undertaken by International firm for several reasons -To acquire raw materials -To operate at lower manufacturing costs -To avoid tariff barriers - To satisfy local content requirements Advantages -Local production lessens transport / import related costs, taxes and fees -Availability of goods can be guaranteed, delays may be eliminated -More uniform quality of product or service -Local production says that the firm is willing to adapt products and services to the local customer requirements Disadvantages -Higher risk exposure Heavier pre decision information gathering and research evaluation -Political Risk -Country of Origin effects can be lost by manufacturing elsewhere FDI: Acquisitions -Insead of a greenfield investment, the company can enter by acquiring an existing local company - Advantages -Speed of penetration -Quick market penetration of the company's products -Disadvantages -Existing product line and new product to be introduced might not be compatible -Can be looked at unfavorably by the government, employees or others -Necessary re-education of the sales force and distribution channels