



Unit 1:- International Marketing

INTERNATIONAL MARKETING

- International marketing, also known as global marketing, is the process of promoting and selling products or services to customers in multiple countries.
- It involves adapting marketing strategies, including product development, pricing, promotion, and distribution, to meet the specific needs and preferences of diverse international markets.
- This often requires understanding and navigating different cultural, economic, legal, and political environments.
- International marketing is about getting to know a potential international audience that your brand is interested in reaching, understanding the value of international marketing, and investing consistently in global marketing and advertising. With a bit of marketing management and attention to your distinct audience, international marketing won't feel too different from the work your business does domestically.

INTERNATIONAL MARKETING

What is international marketing?

- International marketing is the marketing of products or services outside of your brand's domestic audience. Think of it as a type of international trade. By expanding into foreign territories, brands are able to increase their brand awareness, develop a global audience, and of course, grow their business.
- The complexity of international marketing comes in the details. While domestic marketing takes place in the same country, international marketing is anything that happens outside that nation's boundaries, with a focus on the nuance of speaking to that international audience and trying to understand the culture, language (where applicable), and customs that may not be familiar to your brand.

INTERNATIONAL MARKETING

Definition

- **According to American Marketing Association (AMA),** “International marketing is the multinational process of planning and executing the conception, pricing, promotion, and distribution of goods and services to create exchanges that satisfy individual and organizational objectives.”
- The definition clearly states that International Marketing is the multinational process wherein, the word multinational increased the scope of marketing to several countries. Other than that, the process of marketing and international marketing remains the same.

INTERNATIONAL MARKETING

Features of International Marketing

- **International Marketing is a process** – It is the process of planning and executing the idea of goods and services, their pricing, promotion, and distribution in the international markets.
- **Multiple consumers and users** – In the international markets, the buyers can be direct consumers, other organizations, government institutions and non-profit organizations.
- **The International Marketing is an ongoing process**- It starts with conceptualization of a product, designing it according to requirements of international markets, consumers, pricing, packaging, promoting, selling the product and also the after sales activities.

INTERNATIONAL MARKETING

Features of International Marketing

- **Various modes of entry in International Markets** Companies having international business enter international markets for better opportunities; these firms can adopt several modes to enter international markets such as exporting, franchising, licensing, joint venture, or full-fledged operations in varied parts of the world
- **International Business is risky** – As compared to domestic business, international businesses riskier due to reasons such as customers' choices and preferences, cultural, political, social, legal, competitive environment.
- **Dominance of Multinational Corporations** –Multinational Corporations generally known as MNC's dominate the international markets. As these firms have experience in different markets and have large resource base, these can compete with domestic firms and give them tough competition

INTERNATIONAL MARKETING

Nature of International Marketing

- **Large Scale Operations**—Firms performing international marketing activities execute large scale operations as their product or services have to reach wide geographical locations, the operations start with production of these products which requires large amount of labor and capital.
- **Serves Broader Market** - The population generally served by international firms belongs to different nations, the international firms serve beyond geographical boundaries.
- **Global Competition** – The international firms face intense competition at both domestic and international level.
- **Exposed to Higher Risk and Restrictions** – Risk associated with international marketing is diverse in nature, it arises due to several reasons such as different cultures, political, social factors, languages, customer preferences or government regulations along with the foreign exchange risk.

INTERNATIONAL MARKETING

Nature of International Marketing

- **Uncontrollable events** – Different environments can result in different impact of similar marketing plans executed in different countries. One such example is of Meta, one of social media platforms of Face-book is banned by China because of government policy of the internet censorship. Competition, customer preferences, legal restrictions, control of government controls and many other uncertainties can directly impact international marketing.
- **International Marketing is different from International Trade** – International trade is concerned with movement of goods, services, and capital across national borders, generally known as import and export. Aspects like balance of payments, foreign reserves, barriers, duties, transfer of resources are the terms commonly associated with international trade. International marketing has larger scope as compared to international trade, the international firms enter international markets in many ways such as opening subsidiary in other countries, licensing, franchising, joint ventures, sub-contracting, turn key projects etc.



INTERNATIONAL MARKETING

Importance of International Marketing

- International marketing is crucial for businesses aiming to expand their reach, increase revenue, and build global brand recognition. It allows companies to tap into new markets, diversify their customer base, and mitigate risks associated with relying solely on domestic sales.
- By adapting marketing strategies to diverse cultural and economic landscapes, businesses can foster stronger brand authority and achieve sustainable growth on a global scale.

INTERNATIONAL MARKETING

Importance of International Marketing

1. Increased Sales and Revenue:

- Expanding into international markets provides access to a larger customer base and potential for higher sales volume and revenue generation.
- Companies can utilize excess production capacity by selling goods and services in new markets, optimizing resource utilization.
- By diversifying into multiple markets, businesses can reduce their reliance on a single economy and mitigate the impact of economic downturns.

INTERNATIONAL MARKETING

Importance of International Marketing

2. Enhanced Brand Awareness and Recognition:

- International marketing campaigns can significantly boost brand awareness and recognition on a global scale.
- Exposure to diverse audiences through various marketing channels can lead to increased customer engagement and loyalty.
- Building a strong global brand presence can enhance a company's reputation and establish it as a leader in its industry.

INTERNATIONAL MARKETING

Importance of International Marketing

3. Market Diversification and Risk Mitigation:

- Operating in multiple countries allows businesses to spread their risk across different economic and political environments.
- If one market experiences a downturn, the impact on the overall business can be lessened by revenue generated from other international markets.
- This diversification strategy provides stability and resilience in the face of unforeseen challenges.

INTERNATIONAL MARKETING

Importance of International Marketing

4. Access to New Technologies and Expertise:

- International marketing often exposes businesses to new technologies, production methods, and marketing strategies prevalent in different countries.
- This exposure can lead to innovation and improvements in products, services, and overall business operations.
- Collaborations with international partners can also provide access to valuable expertise and knowledge.

INTERNATIONAL MARKETING

Importance of International Marketing

5. Cultural Understanding and Adaptation:

- International marketing necessitates a deep understanding of diverse cultures, consumer behaviors, and market dynamics.
- Businesses must adapt their marketing strategies, product offerings, and communication approaches to resonate with local audiences.
- This cultural sensitivity and adaptation can lead to stronger customer relationships and increased sales.

INTERNATIONAL MARKETING

Importance of International Marketing

6. Competitive Advantage:

- International marketing allows businesses to gain a competitive edge by offering unique products and services in new markets.
- By understanding and catering to the specific needs of international customers, companies can differentiate themselves from competitors.
- This can lead to increased market share and a stronger position in the global marketplace.

INTERNATIONAL MARKETING

International Marketing Orientation:-

- International marketing is no longer confined only to the traditional technique of producing a product in one country and moving it across the borders of the country to other countries.
- While some firms may still be involving themselves in the traditional export-import business, many others are engaged in establishing overseas subsidiaries, joint ventures, strategic alliances, overseas production facilities, etc. not in one country but in many countries. Today, international marketing does not confine itself to movement of products .from one country to others; it encompasses movement of all the factors of production, such as raw materials, human skills, finance, machinery, technology, etc.

INTERNATIONAL MARKETING

International Marketing Orientation:-

- The trend towards more and more internationalization of business has thrown many challenges to international marketing managers.
- One of the major challenges relates to the type of orientation that a firm should give to its overseas marketing operations i.e. whether it should extend the strategies that it applies in the domestic market to its overseas operations. or whether export markets warrant different strategies.
- Some guidelines to the above issue are provided by the EPRG Framework, which identifies four types of orientation towards internationalization of business operations — ethnocentrism, polycentrism, regiocentrism and geocentrism. These orientations are assumed to reflect the objectives and philosophies of a company towards international operations and to lead to different management strategies and planning procedures.

INTERNATIONAL MARKETING

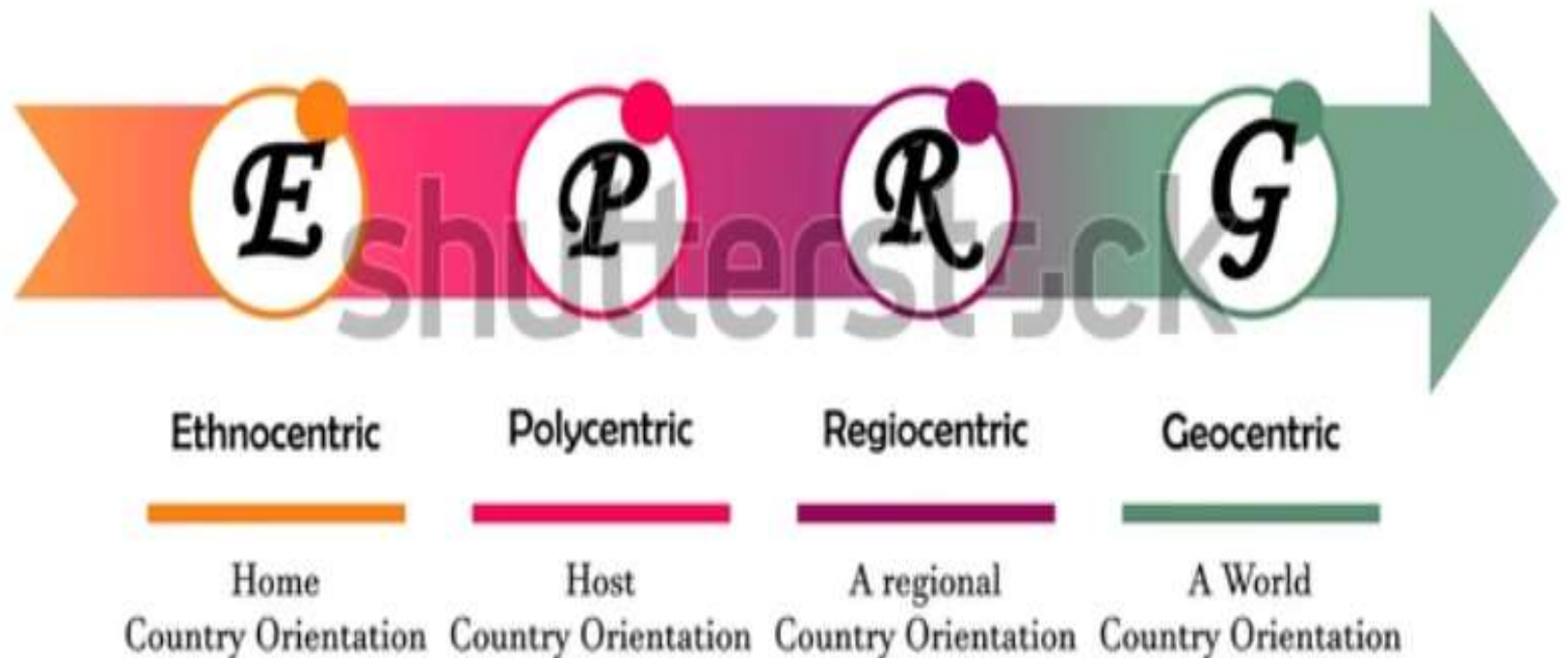
EPRG Framework

- A company is considered to follow ethnocentric orientation in its international operations when it does not differentiate between domestic and foreign markets and considers that techniques which are applied to domestic marketing can be applied equally effectively in overseas marketing also.
- The philosophy of a firm in polycentric phase is that each overseas market is different from the other and that local techniques and personnel are best suited to deal with local conditions.
- The firm in the regiocentric phase recognises the common features of a region and designs regional strategies while geocentrism treats the whole world as one market.
- Each of the above mentioned orientations has implications on the various areas of business..

INTERNATIONAL MARKETING

EPRG Model

International Marketing Orientation



INTERNATIONAL MARKETING

Ethnocentric Orientation:

- In this phase of the firm's operations, overseas operations are generally considered secondary to domestic operations and primarily as a means to dispose of domestic surplus production. Under such a situation, international marketing activities are normally controlled from the home country office and plans for overseas operations are developed in home office.
- Overseas marketing is normally looked after by an export department of the firm. Marketing personnel would be mostly home country nationals. All policies and procedures developed for international marketing would be more or less identical to those applied in the domestic market and very little of overseas marketing research would be done.
- There would hardly be any difference in the product, price, distribution and promotion strategies as between the domestic market and overseas market.
- Such companies are known to rely heavily on export agents and their sales force is mostly hired and trained in the home country.

INTERNATIONAL MARKETING

Polycentric Orientation:

- Firms with this orientation are known to organize their international marketing activities on a country-by-country basis. Each country is treated as a separate entity.
- Subsidiaries are established in all overseas markets, each subsidiary operating independently of others, having its own objectives and plans. Strategies are worked out separately for each country be they in the area of product, price, distribution or promotion.
- Marketing research is done independently in each country.
- The sales force would be mostly local nationals.

INTERNATIONAL MARKETING

Regiocentric Orientation:

- In this phase, the firm, recognising the common features of a region, views that region as one market and organises activities for that region as a whole.
- Marketing personnel are recruited from that region; regional channels of distribution are developed and policies in respect of other areas such as product, price and promotion have a regional orientation.

Geocentric Orientation:

- The basic philosophy of this orientation is that all human beings are alike. The entire world is treated as one market. Standardized product lines are developed and pricing is established on a worldwide basis.
- Global channels of distribution are established and promotional policy is developed to project a uniform image of the firm and its products. Marketing personnel are recruited from any country of the world.

INTERNATIONAL MARKETING

EPRG Orientation and Characteristics of Firm

- Let us examine which orientation should be adopted, and under what circumstances should each orientation be employed.
- **Ethnocentric Orientation:** This approach appears most appropriate when overseas sales volume is insignificant compared to the total sales of the firm. The volume of sales may not be sufficient to justify the investment needed for detailed marketing research and other activities aimed at tailoring the marketing policies to suit the overseas market.
- The major advantage of this type of attitude is that it entails minimum risk on the part of the firm. Since not much of investment is made in overseas operations, in the event of a failure on overseas front, the firm can absorb the shock without much difficulty. But the drawback in this approach is that this type of attitude may mean possibility of lost opportunities to the firm.

INTERNATIONAL MARKETING

EPRG Orientation and Characteristics of Firm

- Ethnocentric approach will better suit small firms just entering international operations. When a company is small and is not in a position to invest heavily in overseas operations, it is better for it to identify countries which have characteristics similar to those of the home country and export to them.
- On the other hand, this orientation, which invariably results in lack of attention to customers and minimum degree of marketing orientation, is not suggested for companies which are planning to extend their international operations in a big way.

INTERNATIONAL MARKETING

EPRG Orientation and Characteristics of Firm

- **Polycentric Orientation:** Polycentrism will prove ideal for firms seriously committed to international marketing and have the capacity to invest to the desired extent towards achieving their objectives.
- The major advantage of this type of orientation is that it will be the most effective way of motivating the management, since the management in each country is given a free hand in framing policies and implementing them. Besides, it has other advantages such as the possibility of knowing the customer better and maximum degree of marketing orientation.
- The polycentric approach may not also be free from problems. Treating each overseas country as a separate identity may give rise to problems of coordination and control.

INTERNATIONAL MARKETING

EPRG Orientation and Characteristics of Firm

- In some cases it may too much autonomy to national organizations leading to avoidable duplication and overlapping of the firm's activities and wastage of funds.
- In fact, there may be competition between two national organizations of the same firm for sales in a third country. Some of the problems associated with polycentrism may, perhaps, be reduced by centralization and coordination of certain activities in the home office.
- Polycentrism may be an ideal approach if there are significant differences between countries. But the growth of cross cultural communications and the emergence of regional and sub-regional groupings across national boundaries may severely limit the scope of adaptation of polycentric approach.

INTERNATIONAL MARKETING

EPRG Orientation and Characteristics of Firm

- **Regiocentric and Geocentric Orientations:** Since these orientations imply regional or global attitude to the development of marketing policies, they provide for improved coordination and control. But the very fact that policies are to be administered on a regional or worldwide basis means that these policies entail high cost. Besides, in both cases, national environmental constraints may limit the success of the approach.
- In fact, geocentric approach may prove more successful in areas such as production and research than in marketing. Moreover, the role of information in successfully implementing global or regional strategies is crucial. Once sufficient information is obtained about national market conditions, target segments could be identified on a regional or global basis, and appropriate strategies developed.

INTERNATIONAL MARKETING

EPR or G — seems to depend on the following:

- 1. Size of the firm:** The smaller the size of the firm, the nearer is it likely to be to ethnocentrism; not spending much of time and money on studying the overseas market in detail but rather focusing on overseas customers whose needs and interests are similar to those of domestic customers. Larger firms, on the other hand, may invest adequate resources to investigate overseas markets and then adopt the strategy they may find suitable, out of the other three.
- 2. Experience in overseas markets:** In view of the fact that minimum risk is involved in the ethnocentric approach, firms just entering overseas markets may prefer this approach. Firms with considerable experience in overseas marketing may adopt one or more of the other strategies.

INTERNATIONAL MARKETING

EPR or G — seems to depend on the following:

- 3. Extent of heterogeneity of the potential market:** Where the potential market is small and homogeneous, it may not be worthwhile to design separate strategies. As overseas sales grow, it may be possible to divide the market into various segments and design separate strategy for each segment or coordinate them on a regional or worldwide basis.
- 4. Nature of the product:** Products, where design is an important factor or products which are associated with cultural patterns, are less susceptible to the development of ethnocentric or geocentric approaches. For example, food products may have to be modified to suit the differences in taste. On the other hand, industrial products, where functional utility is more important, may be amenable to the development of geocentric approach, although even here, differences in customer interests and responses may show up.

INTERNATIONAL MARKETING

- The EPRG framework provides some useful guidelines for international marketing decisions. They are discussed below:
 - i) There does not appear to be any one single orientation which could be identified as superior to the others. Each orientation has its own advantages and limitations and the adoption of each is dependent on many factors.
 - ii) The advantages and disadvantages of adopting a particular orientation differs from company to company and is closely linked to such factors as the individual company's financial situation, product line, size of potential market, etc. Each company is, therefore, advised to select the orientation suitable to it only after working out the Cost-benefit ratio of each orientation.
 - iii) The suitability of a given orientation may differ not only from company to company, but also from one marketing decision area to another within the same firm. Thus, a firm may follow a particular orientation in respect of a particular marketing decision area but may follow an entirely different orientation in respect of another area.

INTERNATIONAL MARKETING

International Marketing Management Process

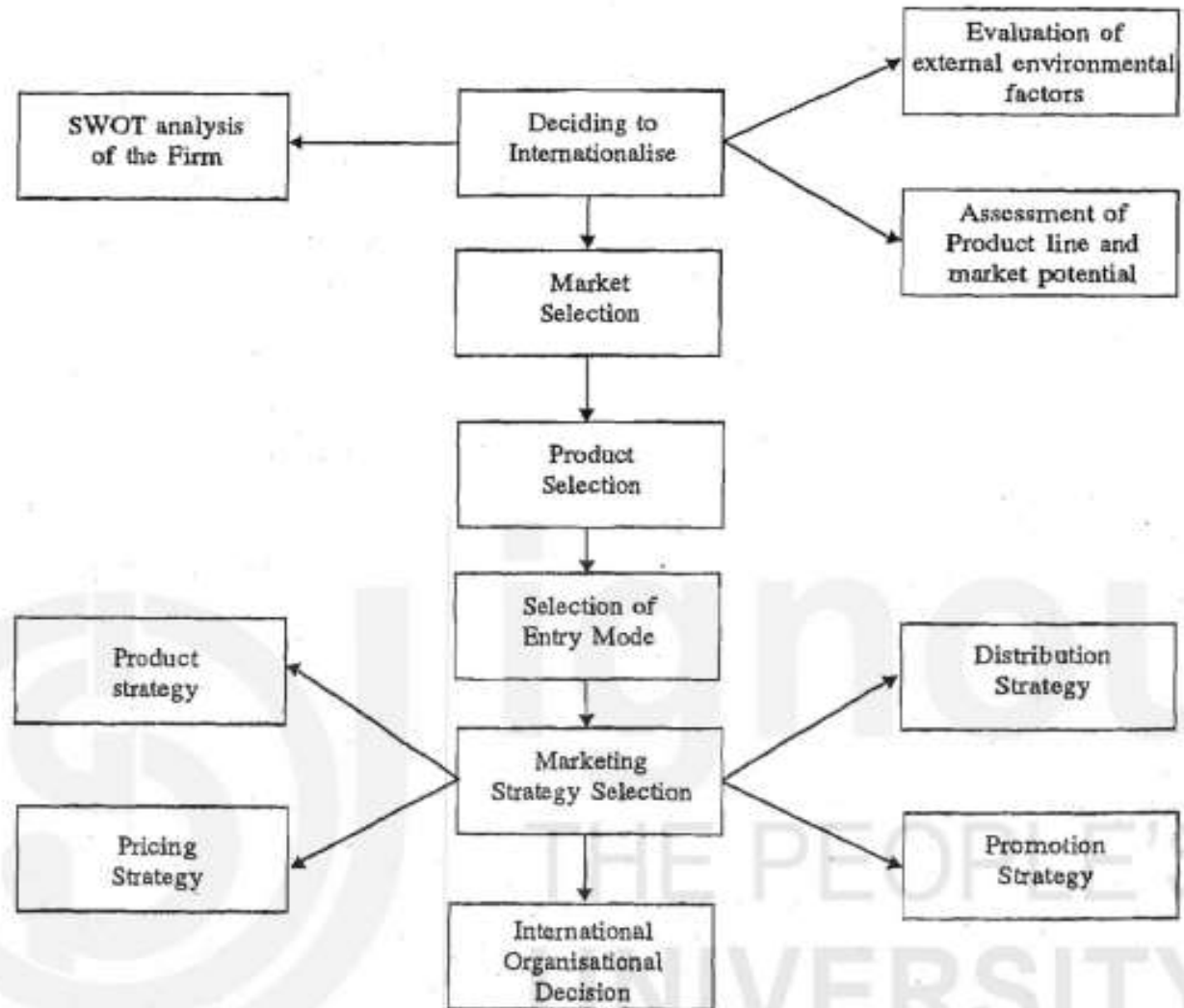
- International marketing management may be defined as the analysis, planning, implementation and control of programmes designed to create, build and maintain beneficial exchanges with the target buyers in overseas markets for the purpose of achieving organizational objectives. Thus, conceptually the job of the management may be the same as in domestic marketing i.e. maintaining beneficial exchanges with target buyers.
- The differences may arise in the application of techniques to achieve the objectives, because of the possible differences between the overseas and domestic environments.
- These differences may warrant appropriate modifications in the techniques that are applied in domestic marketing to suit the overseas environment.
- The success of a firm in international marketing depends on how correctly it determines the wants and desires of the overseas target market segments and delivers the desired satisfaction more effectively than the competing firms.

INTERNATIONAL MARKETING

International Marketing Management Process

- A large number of products are internationally traded every day and a large number of companies undertake export-import business. This does not mean that every company can export every product every day to every overseas country.
- Each company has its own strengths and weaknesses and the environment is full of opportunities and threats. Thus, once a company has decided to venture into overseas marketing, it should undertake a careful scanning of the domestic and overseas environments and attempt to arrive at the best fit between the company and the environments. Let us discuss the major steps in the process of international marketing

INTERNATIONAL MARKETING



INTERNATIONAL MARKETING

International Marketing Management Process

- **Deciding to Internationalize** The first question arises whether the firm should internationalize its operation or not? You have already learnt in Unit 14 that why Ohm enter into international marketing activities? It is obvious that the benefits of international marketing attract the firm to expand its operations. At the same time, the risks associated with the international operation poses a threat to the firm.
- **Market Selection** Once the company has set its international marketing objectives, in the light of the outcome of environmental scanning, it should start identifying its target customers i.e. select its overseas market.

INTERNATIONAL MARKETING

International Marketing Management Process

- **A number of criteria may be used in this selection process, some of which are discussed below:-**
- A company may select its target markets on the basis of geographical proximity since it would be able to reach the product fast to a nearby country and service the market quickly and more effectively.
- There are instances where, inspite of geographical proximity, it may be difficult to reach products to nearby countries due to lack of sufficient and convenient sea, air, rail and road linkages. In such cases, a company may go in for relatively distant markets on the basis of more efficient and convenient logistics.
- A second criterion that a firm may use in market. selection is the market potential of the country as evidenced by its prosperity, the size and growth of its imports etc.

INTERNATIONAL MARKETING

International Marketing Management Process

- **A number of criteria may be used in this selection process, some of which are discussed below:-**
- “Market access” can be another yardstick in market selection. It is not enough if a country is rich and its imports are large and growing. It is quite likely that the growth in imports is limited to certain product(s)/groups and/or to certain countries. The country’s import policy may be biased in favor of certain items and/or certain countries. There may be a number of tariff and non-tariff barriers on imports from certain countries and/or of certain products.
- The other yardstick that a company may use in market selection relates to the market characteristics of the country. For instance, some small firms may like to select small countries in terms of population size and try to get as much penetration as possible into the markets rather than fritter away their limited resources in covering large countries

INTERNATIONAL MARKETING

International Marketing Management Process

- **Product Selection** A firm should undertake product selection exercise along with market selection exercise. The considerations that a company may take into account in selecting product(s) for export will include the following:
 - Elasticity of supply should be a major consideration in selecting product(s) for export i.e. either due to natural resource endowment or acquired skills and assets; the company should not face any supply constraint in exporting the product(s).
 - Another, method would be to approach the problem of product selection from the demand side, i.e. to identify the products that are in demand, and likely to continue to be in demand, in an overseas country and then try to export these products to the identified country(s).
 - A third method would be to select products which face minimum import restrictions in select overseas markets, so that market access does not pose much of a problem.

INTERNATIONAL MARKETING

International Marketing Management Process

- **Selection of Entry Mode** Another major responsibility of the management is to decide on the mode of entering the selected market(s). The management may decide on one or more of the various options available to it while deciding on the mode of entry.
 - **Marketing Strategy Selection** Now comes the most crucial stage i.e. choosing a proper mix of the controllable variables of marketing to most effectively achieve the organizational goal. Though, in the following paragraphs, each variable is discussed separately, all of them must be optimally integrated for best results.
1. **Product Strategy:** It is very rarely that the same product strategy succeeds in all markets equally effectively. Taking into account the local environment, the product strategy may have to be modified for each market.

INTERNATIONAL MARKETING

International Marketing Management Process

- 2. Pricing Strategy:** A company should decide whether it should charge the same net price for a particular product in all its markets or different prices in different markets. Very often a firm may not have much choice in export pricing beyond a point because it has to match competitor's price.
- 3. Distribution Strategy:** In general, product wise distribution channels are well set in every country, and they have evolved over period. It is said that every product chooses its own distribution channel and it is advised that a company should not, normally, attempt to change a channel for a product.
- 4. Promotion Strategy:** Promotion is the variable which, perhaps, is impacted maximum by environment. The company should decide on the optimum promotion mix i.e. advertisement, personal selling and sales promotion for a product in an overseas market, including sub areas like advertisement media, the number of spots, the duration and time, trade fairs, type of sales promotion, etc.

INTERNATIONAL MARKETING

International Marketing Management Process

- **International Organization Decision** The last step involves decision regarding the international organization. The organisational decision is based on the volume of export business, the nature of the overseas market, .the nature of the product, the resources of the firm, etc. The firm may organize the international marketing operations in three ways. They are:
 - (i) creation of export department,
 - (ii) setting up an international division
 - (iii) development of a global organization.

INTERNATIONAL MARKETING

International Marketing Management Process

- The simple form of international marketing organization is the creation of the export department. Export department looks after all international activities of the firm. When the activities of the firm further expand, it may create the full-fledged international division. The international division may be organized in three ways;
 - (i) geographical organization; where managers are responsible for the marketing activities of their respective countries,
 - (ii) world product groups; where managers are responsible for sale of a particular product group,
 - (iii) international subsidiaries; where managers are responsible for its sales and profits like a subsidiary.
- These days several firms have developed global organizations. Here, the focus is on the global market. Therefore, the manufacturing and marketing activities are planned globally.

INTERNATIONAL MARKETING

International Marketing Environment

- Environment consists of forces. Environment is made of such controllable and uncontrollable forces. It is the environment that determines favorable or unfavorable conditions, and hence, provides either opportunities or threats and challenges.
- Degree of one's success, to a large extent, depends on effect of marketing environment and ability of the firm to respond effectively. International marketing environment covers all the relevant global forces influencing international marketing decisions.
- These forces may be internal (such as resource ability and management attitudes), may be domestic (such as government policy toward international business and facilities), and global (such as overall international business environment of relevant part of the world). However, discussion of global forces is more relevant as they are major considerations in international marketing.

INTERNATIONAL MARKETING

International Marketing Environment

Definition:-

- We can define the word ‘international marketing environment as under:
 1. International marketing environment is a set of controllable (internal) and uncontrollable (external) forces or factors that affect international marketing. International marketing mix is prepared in light of this environment.
 2. International marketing environment consists of global forces, such as economic, social, cultural, legal, and geographical and ecological forces, that affect international marketing decisions.
 3. International marketing environment for any marketer consists of internal, domestic, and global marketing forces affecting international marketing mix.

INTERNATIONAL MARKETING

Importance of International Marketing Environment

- The **international marketing environment** is critically important for any business that operates across national borders. It encompasses all the external factors that affect a company's ability to enter, operate in, and succeed in foreign markets. Understanding this environment is essential for developing effective global marketing strategies.
- Here's why the international marketing environment is important:
 1. **Helps Identify Opportunities and Threats:-** By analyzing international markets, businesses can discover new customer segments, growing economies, or underserved needs.
 2. **Guides Market Entry Strategies:-** Knowledge of the international environment influences how a company enters a market — through exports, joint ventures, franchising, or wholly owned subsidiaries.

INTERNATIONAL MARKETING

Importance of International Marketing Environment

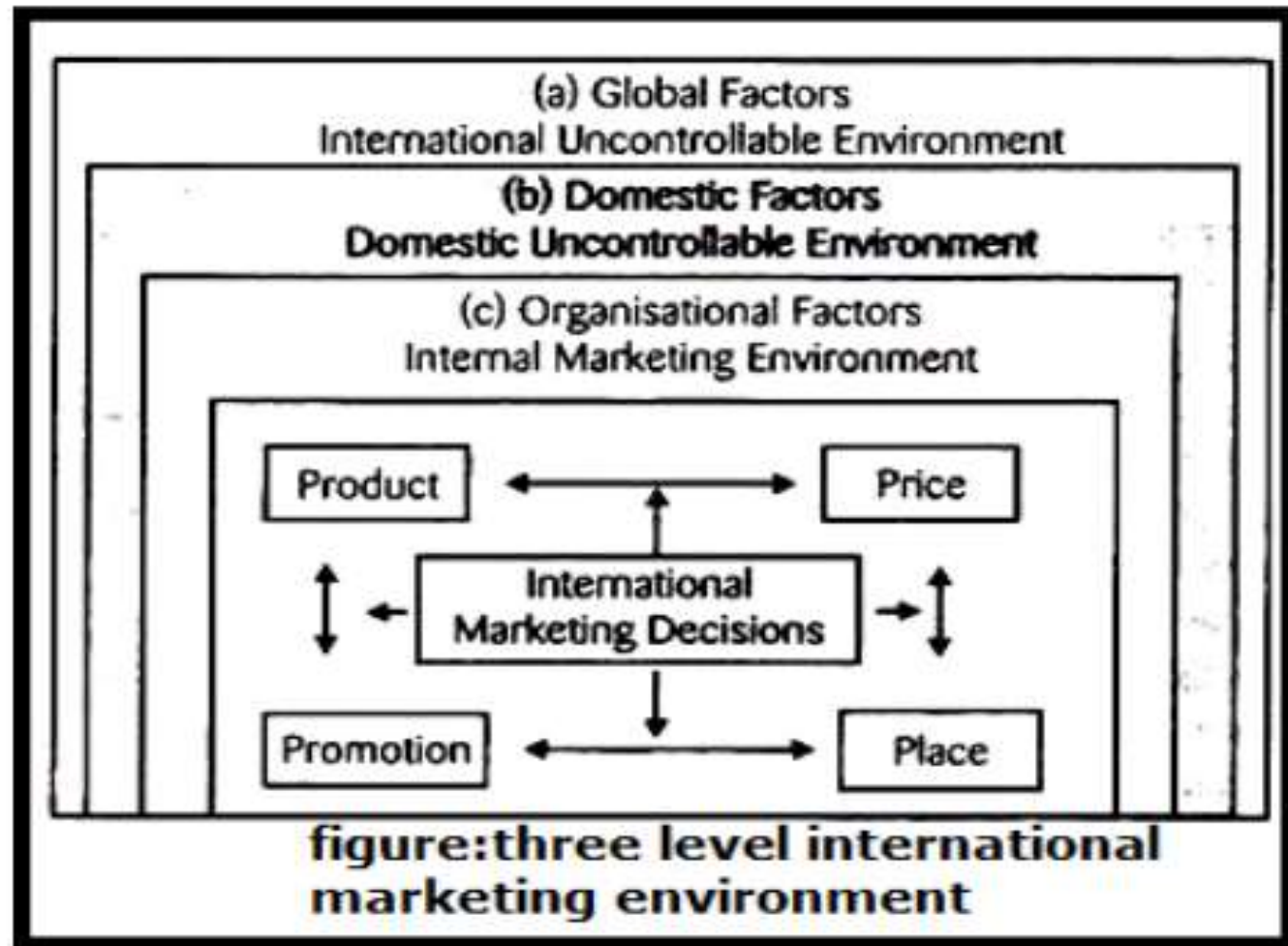
- 3. Enables Cultural Sensitivity and Adaptation:-** Understanding social and cultural environments helps companies tailor products, promotions, and communications to local tastes and values.
- 4. Ensures Compliance with Legal and Political Systems:-** Each country has its own regulations on advertising, labeling, pricing, and business practices. Awareness of the legal and political environment helps avoid penalties, lawsuits, or bans.
- 5. Responds to Economic Conditions:-** Economic indicators like income levels, inflation, currency exchange rates, and purchasing power guide pricing and positioning strategies.
- 6. Facilitates Competitive Advantage:-** Monitoring the global competitive landscape helps businesses understand what local and international competitors are doing.
- 7. Supports Sustainable and Ethical Practices:-** Growing global awareness of environmental and ethical issues requires companies to adapt their practices in line with local expectations and global standards.

INTERNATIONAL MARKETING

Factors International Marketing Environment

- Factors or forces involved in the international marketing environment can be classified into three categories as stated in the figure
- Manager dealing with international marketing has to design his marketing mix and marketing (mix) strategies in accordance with these forces.
- He has to keep in mind the present them and expected impacts of such forces while taking international marketing decisions. The environment determines the degree of favorableness for any marketer for international marketing; determines level of opportunities and threats.

INTERNATIONAL MARKETING



INTERNATIONAL MARKETING

Global Factors

- Such factors are related to the world economy. Broader picture of global phenomenon affects every decisions of international marketing.
- Main global factors include:
 - i. Customer-related factors
 - ii. Political and legal factors
 - iii. Social factors
 - iv. Cultural factors.
 - v. Competition
 - vi. Global relations among nations and degree of the worldwide peace.
 - vii. Geographic/ecological/climate-related factors
 - viii. Functioning of international organizations like UNO, World Bank, WTO, etc.
 - ix. Availability of marketing facilities and functioning of international agencies, etc.

INTERNATIONAL MARKETING

Domestic Factors

- Domestic factors are related to the economy of the nation. Overall economic, social and cultural, demographic, political and legal, and other domestic aspects constitute domestic environment for international marketing. This environment affects international marketing mix in several ways.
- Important domestic factors include:
 - i. Political climate/stability/philosophy
 - ii. Government approach and attitudes toward international trade
 - iii. Legal system and business ethics
 - iv. Availability and quality of infrastructural facilities
 - v. Availability and quality of raw-materials
 - vi. Functioning of institutions and availability of facilities
 - vii. Technological factors
 - viii. Ecological factors, etc.

INTERNATIONAL MARKETING

Internal of Organizational Factors

- These are internal and controllable factors. They are related to internal situation of the company dealing with international trade. International marketer needs to use, adjust, and organize these factors to satisfy needs and wants of the (international) target markets.
- These factors include:
 - i. Objectives of company
 - ii. Managerial philosophy of company
 - iii. Personal factors related to management
 - iv. Managerial attitudes toward other nations, customers, social welfare, etc.

INTERNATIONAL MARKETING

Internal of Organizational Factors

- v. Company's policies and rules
- vi. Resource ability of company and marketing mix
- vii. Form of organization and organizational structure.
- viii. Nature and types of employees
- ix. Internal relations with other departments
- x. Company's relations with other stakeholders and service providers.

INTERNATIONAL MARKETING

International Marketing V/S Domestic Marketing

Sr no	Domestic Marketing	International Marketing
1	Domestic marketing focuses on a single country's market.	International marketing involves marketing activities across multiple countries or global markets.
2	The target market is limited to the domestic market or local customers.	The target market expands to include customers from various countries and cultures.
3	Marketing strategies are tailored to meet the specific needs and preferences of the domestic market.	Marketing strategies consider cultural, economic, and social differences in each target international market.
4	Advertising and promotional campaigns are targeted toward domestic customers and their specific interests.	Advertising and promotional campaigns adapt to cultural sensitivities, local media channels, and international market dynamics.

INTERNATIONAL MARKETING

International Marketing V/S Domestic Marketing

Sr no	Domestic Marketing	International Marketing
5	Market research primarily focuses on the domestic market and local customer insights.	Market research involves understanding the preferences, behaviors, and trends of diverse international markets.
6	Pricing strategies are determined based on domestic market factors, competition, and customer purchasing power.	Pricing strategies consider factors such as exchange rates, international competition, tariffs, and localized pricing dynamics.
7	Distribution channels are designed to reach customers within the domestic market efficiently.	Distribution channels may involve complex logistics and international partnerships to reach customers in various countries.

INTERNATIONAL MARKETING

International Market segmentation & positioning

International Market Segmentation involves dividing potential customers in global markets into distinct groups with common characteristics or needs. This strategic approach enables companies to tailor their marketing strategies, products, and services to better match the specific preferences, behaviors, and demands of different segments across international boundaries. By recognizing the diverse nature of global markets, businesses can more effectively target their offerings, enhancing customer satisfaction, improving brand loyalty, and increasing market share. Segmentation criteria may include geographic location, demographic factors, psychographic profiles, behavioral traits, or economic conditions. This process not only aids in identifying the most lucrative markets or niches but also helps in optimizing resource allocation, creating more focused marketing messages, and developing products that resonate well with targeted consumer segments, ultimately leading to more successful international marketing endeavors.

INTERNATIONAL MARKETING

International Market segmentation Characteristics

- **Geographic Segmentation**

Dividing the market based on location, such as countries, regions, cities, or climate zones. Geographic segmentation helps companies tailor their offerings to meet the specific needs and preferences influenced by the geographical context.

- **Demographic Segmentation**

Segmentation based on demographic factors such as age, gender, income, education, and family size. This characteristic is crucial as it often correlates with consumers' buying habits and preferences.

INTERNATIONAL MARKETING

International Market segmentation Characteristics

- **Psychographic Segmentation**

Involves segmenting markets based on lifestyle, values, attitudes, and interests. Understanding the psychographic profile of different segments helps in crafting messages that resonate with the target audience's core values and lifestyle.

- **Behavioral Segmentation**

Focuses on dividing the market based on consumer behaviors, usage rates, brand loyalty, benefits sought, and decision-making patterns. This characteristic allows marketers to identify and target consumers with specific buying habits or product usage tendencies.

- **Cultural Segmentation**

Segmentation based on cultural factors, including language, religion, traditions, and social norms. Recognizing and respecting cultural differences is essential for international marketing success.

INTERNATIONAL MARKETING

International Market segmentation Characteristics

- **Cultural Segmentation**

Segmentation based on cultural factors, including language, religion, traditions, and social norms. Recognizing and respecting cultural differences is essential for international marketing success.

- **Economic Segmentation**

Involves segmenting markets based on economic factors such as income levels, economic conditions, and consumers' purchasing power. This helps in positioning products and setting prices that match the economic realities of each segment.

- **Political and Legal Segmentation**

Segmenting markets based on the political and legal environment, including trade policies, regulatory frameworks, and political stability. Companies must navigate these differences to operate successfully in various international markets.

INTERNATIONAL MARKETING

International Market segmentation Strategies

- **Geographic Segmentation**

Businesses divide the market based on geographic borders such as countries, cities, or regions. This strategy acknowledges that location can significantly influence consumer needs, preferences, and purchasing power. For example, a company may tailor its products to suit tropical climates differently from those suited for colder regions.

- **Demographic Segmentation**

This strategy segments the market based on demographic factors like age, gender, income, education, and occupation. It's based on the premise that these factors affect consumers' buying habits. For instance, luxury goods may target higher-income segments, while educational toys may target families with young children.

INTERNATIONAL MARKETING

International Market segmentation Strategies

- **Psychographic Segmentation**

Psychographic segmentation divides consumers based on their lifestyle, values, attitudes, and interests. This approach goes deeper into understanding the consumer's psyche, allowing for more personalized marketing strategies. A fitness brand, for instance, might target individuals who value health and wellness.

- **Behavioral Segmentation**

Markets are segmented based on consumer behavior patterns, including product usage rates, brand loyalty, and benefits sought. This strategy can help businesses tailor their offerings to meet specific consumer needs more effectively, such as targeting frequent travelers with a loyalty program.

INTERNATIONAL MARKETING

International Market segmentation Strategies

- **Economic Segmentation**

Segmentation by economic conditions considers consumers' economic environments and purchasing power. Products and services can be tailored to fit different economic segments, from budget to luxury options, accommodating varying levels of disposable income.

- **Cultural Segmentation**

This strategy recognizes the profound impact of culture on consumer behavior. It involves segmenting the market based on cultural norms, values, beliefs, and language. Businesses adapting their products and marketing messages to fit cultural contexts can significantly increase their appeal in international markets.

- **Benefit Segmentation**

Focusing on the specific advantages consumers seek from products or services, benefit segmentation allows companies to align their offerings more closely with customer desires. For example, in the automobile industry, segments might include those seeking safety, luxury, or fuel efficiency.

INTERNATIONAL MARKETING

International Market Positioning

International Market Positioning

International Market Positioning refers to the strategic effort by a company to create a distinct image or identity for its products or services in the minds of international consumers across different markets. This process involves differentiating the brand or product from competitors on the global stage based on attributes such as quality, price, value, or unique selling propositions. Effective market positioning allows a company to communicate its offerings' benefits clearly, appealing to specific customer needs, preferences, and cultural nuances within various international markets. By establishing a strong, recognizable position, companies can attract targeted customer segments, build brand loyalty, and achieve a competitive advantage. Successful international market positioning requires understanding diverse consumer behaviors, competitive landscapes, and cultural sensitivities, ensuring the brand's message resonates well across different geographical and cultural boundaries.

INTERNATIONAL MARKETING

International Market Positioning Characteristics

- **Differentiation**

The ability to stand out from competitors on significant aspects such as quality, design, value, or customer service. Differentiation is crucial in conveying unique benefits to consumers.

- **Relevance**

The degree to which the positioning resonates with the target market's needs, desires, and expectations. A relevant positioning ensures that the product meets the practical and emotional needs of the target audience.

- **Clarity**

Positioning should be easily understood and recognizable. Clear communication of what the brand stands for is essential to prevent confusion in the international market.

INTERNATIONAL MARKETING

International Market Positioning Characteristics

- **Consistency**

Maintaining a consistent brand message across different markets and over time helps in building a strong, recognizable brand. However, consistency should be balanced with the need for local adaptation.

- **Adaptability**

The flexibility to adjust positioning as markets evolve or as new insights about consumer behavior emerge. Adaptability is particularly important in the fast-changing international landscape.

- **Competitive Awareness**

An understanding of the competitive landscape in each target market. Effective positioning identifies a niche or aspect that competitors have overlooked, allowing the brand to fill a specific gap in the market.

- **Credibility**

The brand's claims in its positioning statement must be believable and credible to the target audience. Credibility is built through consistent delivery on promises and product quality.

INTERNATIONAL MARKETING

International Market Positioning Strategies

- **Value-Based Positioning**

This strategy focuses on the value proposition of the product or service, emphasizing the quality or benefit relative to the cost. Companies use value-based positioning to appeal to consumers who are looking for a balance between price and quality, showcasing their offering as the best value option.

- **Quality or Premium Positioning**

Brands position their products or services as the highest quality option available in the market. This strategy targets consumers who prioritize quality over price and are willing to pay a premium for superior products or services.

INTERNATIONAL MARKETING

International Market Positioning Strategies

- **Differentiation Positioning**

Companies emphasize unique features, benefits, or aspects of their products or services that set them apart from competitors. Differentiation can be based on various factors, including technology, design, customer service, or user experience.

- **Problem-Solution Positioning**

This strategy involves positioning a product or service as the best solution to a specific problem faced by consumers. By directly addressing consumer pain points, companies can create a strong connection with their target audience.

- **Cultural Positioning**

Tailoring the brand message to resonate with the cultural values, norms, and preferences of consumers in different international markets. Cultural positioning helps in building brand relevance and appeal across diverse cultural landscapes.

INTERNATIONAL MARKETING

International Market Positioning Strategies

- **Niche Positioning**

Focusing on a specific niche market or segment that may be underserved by competitors. Niche positioning allows companies to concentrate their efforts on a smaller, well-defined group of consumers, offering specialized products or services.

- **Global or Local Positioning**

Companies decide whether to position their brand as a global leader with a consistent worldwide image or adapt their positioning to fit local market preferences and conditions. This strategy involves balancing global brand consistency with local market relevancy.

- **Eco-friendly or Sustainable Positioning**

Positioning the brand or products as environmentally friendly or sustainable, appealing to consumers who are concerned about environmental issues. This strategy highlights a company's commitment to eco-friendly practices and sustainability.

INTERNATIONAL MARKETING

Screening and Selection of international markets are critical processes for businesses seeking to expand globally. These processes enable companies to evaluate and prioritize potential markets based on various criteria, ensuring that they allocate resources efficiently and maximize their chances of success in new territories.

- [Introduction to Market Screening and Selection](#)

Globalization of economies has presented businesses with unprecedented opportunities to expand their operations beyond domestic borders. However, entering international markets is fraught with complexities and risks. To navigate this landscape effectively, companies must undertake a rigorous process of screening and selection of international markets. This process involves sifting through numerous potential markets to identify those that offer the most promising opportunities for growth, compatibility with the company's strengths, and manageable risks.

INTERNATIONAL MARKETING

Need for Market Screening and Selection

- **Resource Optimization:**

Businesses have finite resources; thus, selecting the right market is crucial for optimizing the use of these resources for maximum return on investment.

- **Risk Mitigation:**

Understanding the risks associated with each market helps in devising strategies to mitigate them.

- **Alignment with Objectives:**

Not all markets will align with a company's strategic objectives. Market selection ensures efforts are concentrated on markets that do.

- **Cultural Compatibility:**

Success in international markets often requires adapting to local cultures. Screening helps identify markets where cultural barriers can be effectively managed.

INTERNATIONAL MARKETING

Stages of Market Screening and Selection

The process of screening and selection can be broken down into several stages, each designed to gradually filter out less suitable markets and focus on the most promising ones.

Preliminary Screening

This initial stage involves filtering out markets that do not meet basic criteria essential for entry. Factors considered may:

- **Economic indicators:**

GDP growth rate, income levels, and economic stability.

- **Political and Legal environment:**

Political stability, regulatory framework, and legal barriers to entry.

- **Market size and growth:**

Current market size and potential for growth.

INTERNATIONAL MARKETING

Intermediate Screening

Markets that pass the preliminary screening undergo a more detailed analysis that may:

- **Market accessibility:**

Distribution channels, logistical infrastructure, and tariffs.

- **Competitive landscape:**

Number of competitors, market share distribution, and level of competition.

- **Customer analysis:**

Consumer behavior, preferences, and purchasing power.

INTERNATIONAL MARKETING

In-depth Screening

This stage involves an even deeper analysis of the shortlisted markets, focusing on:

- **Cultural compatibility:**

Language, social norms, and consumer attitudes.

- **Operational factors:**

Availability of local partners, labor market conditions, and local sourcing options.

- **Risk assessment:**

Evaluation of country risk, market-specific risks, and competitive risks.

INTERNATIONAL MARKETING

Criteria for Market Selection

The selection of international markets is guided by a set of criteria tailored to the company's strategic goals, capabilities, and risk appetite. These criteria might include:

- **Strategic fit:**

Alignment with the company's long-term strategic objectives.

- **Market potential:**

The size of the opportunity in terms of customer base and revenue.

- **Entry barriers:**

The ease or difficulty of entering the market.

- **Competitive advantage:**

The company's ability to leverage its strengths to gain a competitive edge.

INTERNATIONAL MARKETING

Tools and Techniques for Market Screening and Selection

Several analytical tools and techniques assist in the screening and selection process:

- **PEST Analysis:**

Evaluates political, economic, social, and technological factors to understand the macro-environmental context.

- **SWOT Analysis:**

Identifies strengths, weaknesses, opportunities, and threats related to specific markets.

- **Porter's Five Forces:**

Analyzes the competitive dynamics within a market.

- **Market Attractiveness Frameworks:**

Assesses markets based on various dimensions of attractiveness, such as market size, growth rate, and profitability potential.

INTERNATIONAL MARKETING

Challenges in Market Screening and Selection

Despite the availability of sophisticated tools and methodologies, companies face several challenges in effectively screening and selecting international markets:

- **Data reliability:**

The accuracy and reliability of data on international markets can vary greatly.

- **Dynamic environments:**

Political, economic, and social conditions can change rapidly, affecting market attractiveness.

- **Cultural nuances:**

Understanding and adapting to cultural differences requires deep insights and local knowledge.



INTERNATIONAL MARKETING

International Market Entry Strategies

- Market entry strategies provide businesses with a roadmap to enter into international markets. Since there are many methods companies can use to sell their goods globally, they will choose the best approach based on their goals and target market.
- Understanding market entry strategies and their differences can help you decide which strategy offers the most benefits to your company.

INTERNATIONAL MARKETING

International Market Entry Strategies

- Global market entry strategies are methods companies use to plan, distribute, and deliver goods to international markets. The cost and level of a company's control over distribution can vary depending on the strategy it chooses.
- Companies usually choose a strategy based on the type of product they sell, the value of the product, and whether shipping it requires special handling procedures. Companies may also consider their current competition and consumer needs.

INTERNATIONAL MARKETING

International Market Entry Strategies

- To select an effective strategy, companies align their budgets with their product considerations, which often improves their chances of increasing revenue.
- The three primary factors that affect a company's choice of international market entry strategy are:
 - 1. Marketing:** Companies consider which countries contain their target market and how they would market their product to this segment.
 - 2. Sourcing:** Companies choose whether to produce the products, buy them or work with a manufacturer overseas.
 - 3. Control:** Companies decide whether to enter the market independently or partner with other businesses when presenting their products to international markets.

INTERNATIONAL MARKETING

International Market Entry Strategies

Why are global market entry strategies important?

- Market entry strategies are important because selling a product in an international market requires precise planning and maintenance processes.
- These strategies enable companies to stay organized before, during, and after entering new markets. Since every company has its own goals for entering an international market, having the option to choose from various types of strategies can allow a company to find one that fits its needs.

INTERNATIONAL MARKETING

1. Exporting

- An **exporting entry strategy** is one of the most common and low-risk ways for a business to enter an international market. It involves selling domestic products or services to customers in foreign countries, either directly or through intermediaries.

Definition

- Exporting is the process of selling goods or services produced in one country to another country. It's typically the first step for companies expanding internationally.

INTERNATIONAL MARKETING

Types of Exporting

Direct Exporting

- The company sells directly to a customer in the foreign market.
- **Pros:**
 - Greater control over brand and pricing
 - Better customer relationships
- **Cons:**
 - Higher investment in distribution and logistics
 - Requires understanding of foreign markets

INTERNATIONAL MARKETING

Types of Exporting

Indirect Exporting

- A third party (like an export agent or trading company) handles the export on behalf of the company.
- **Pros:**
 - Low risk and investment
 - Easier market entry
- **Cons:**
 - Less control
 - Lower profit margins

INTERNATIONAL MARKETING

Key Considerations for Exporting Strategy

- **Market Research**
 - Identify demand, competition, legal/regulatory issues, cultural preferences
- **Mode of Export**
 - Choose between direct and indirect exporting
- **Distribution Channels**
 - Select local distributors, agents, or e-commerce platforms
- **Logistics and Supply Chain**
 - Plan for shipping, customs, insurance, and warehousing
- **Pricing Strategy**
 - Factor in exchange rates, duties, and shipping costs
- **Legal Compliance**
 - Understand export regulations, labeling, and packaging standards
- **Payment and Financing**
 - Use safe payment methods (e.g., Letters of Credit)
 - Consider export credit insurance



INTERNATIONAL MARKETING

Advantages of Exporting

- Low entry cost
- Fast market access
- Scalable approach
- Less risk compared to setting up operations abroad

Disadvantages of Exporting

- Tariffs and trade barriers
- Transportation costs
- Limited local market insights
- Risk of intellectual property theft

INTERNATIONAL MARKETING

2. Licensing

- Licensing is an international market entry strategy where a company (**licensor**) grants permission to a foreign company (**licensee**) to use its intellectual property—such as brand, technology, patents, trademarks, or know-how—for a specified period, in exchange for fees or royalties.

Key Features

- Low-risk market entry
- Involves intangible assets (e.g., technology, brand)
- Time-bound agreement with specific terms and conditions
- Suitable for manufacturing, tech, entertainment, and brand-driven industries

INTERNATIONAL MARKETING

Key Components of a Licensing Agreement

- **Scope:** Products, territories, duration
- **Royalties:** Fixed fee or percentage of sales
- **Intellectual Property Rights:** What is being licensed
- **Performance Clauses:** Minimum sales or marketing standards
- **Termination Conditions:** How and when the agreement ends

INTERNATIONAL MARKETING

Advantages of Licensing

- **Low Investment**
 - No need to build infrastructure in the foreign market.
- **Faster Entry**
 - Leverages local partner's resources and market knowledge.
- **Risk Sharing**
 - Political and operational risks are borne by the licensee.
- **Scalability**
 - Enables simultaneous expansion into multiple markets.

INTERNATIONAL MARKETING

Disadvantages of Licensing

- **Loss of Control**
 - Quality and brand reputation can suffer if the licensee underperforms.
- **Lower Profit Margins**
 - Compared to direct operations like subsidiaries or joint ventures.
- **Risk of IP Theft**
 - The licensee may become a future competitor.
- **Limited Market Feedback**
 - The licensor may not get direct insight into customer preferences.

INTERNATIONAL MARKETING

3. Contract Manufacturing

- **Contract manufacturing** is an international market entry strategy where a company (the **contracting firm**) hires a foreign manufacturer (the **contract manufacturer**) to produce its goods.
- The contracting firm retains control over marketing, branding, and distribution, while the manufacturer handles production.

INTERNATIONAL MARKETING

3. Contract Manufacturing

Why Use Contract Manufacturing?

- It allows companies to:
- Enter foreign markets without setting up manufacturing facilities
- Reduce production costs (especially labor-intensive industries)
- Focus on core activities like R&D and marketing.

Key Features

- Foreign partner manufactures to specifications
- Company retains brand and product control
- Usually involves formal agreements for quality, delivery, confidentiality

INTERNATIONAL MARKETING

Advantages of Contract Manufacturing

Advantage	Description
Cost Savings	Lower labor and production costs in the host country
Low Risk	No capital investment in facilities
Scalability	Easily increase or decrease output
Faster Market Entry	Use existing local infrastructure and workforce
Focus on Core Competencies	Company can focus on branding, R&D, and distribution

INTERNATIONAL MARKETING

Disadvantages of Contract Manufacturing

Disadvantage	Description
Quality Control Issues	Manufacturer may not meet expected standards
Intellectual Property Risk	Risk of imitation or leakage of proprietary designs
Dependency	Over-reliance on third-party manufacturer
Ethical Concerns	Labor and environmental practices can impact brand reputation
Limited Market Insight	Less direct customer engagement and feedback

INTERNATIONAL MARKETING

4. Joint Venture

- A **Joint Venture** is a business arrangement where a foreign company partners with a local firm in the target country to form a new, jointly owned entity. Each partner shares resources, risks, and profits.

Types of Joint Ventures

- **Equity JV** – Both firms invest capital and share ownership.
- **Contractual JV** – Based on a contractual agreement, without forming a new entity.

INTERNATIONAL MARKETING

Advantages of Joint Venture



Advantages of JVs

Advantage	Description
Market Access	Partner brings local knowledge, networks, and government relationships
Shared Risk & Investment	Costs and risks are split between partners
Compliance with Local Laws	Useful in countries where foreign ownership is restricted
Cultural Integration	Local partner helps navigate cultural and regulatory landscape

INTERNATIONAL MARKETING

Disadvantages of Joint Venture

Disadvantage	Description
Conflict Risk	Differences in goals or management style
Loss of Control	Shared decision-making can slow down execution
Profit Sharing	Profits must be divided between partners
Exit Complexity	Dissolving a JV can be legally and financially complicated

INTERNATIONAL MARKETING

4.1 Merger & Acquisition

What Are M&As?

- **Merger:** Two firms combine to form a new entity.
- **Acquisition:** One firm purchases another to gain control of its operations.
- In international contexts, this involves a **foreign company buying or merging with a local firm** in the target country

INTERNATIONAL MARKETING

Advantages of M & A



Advantages of M&A

Advantage	Description
Instant Market Access	Gain existing customer base, operations, and market share
Control	Full ownership leads to more control over business decisions
Resource Acquisition	Access to local talent, assets, and infrastructure
Speed	Faster than building new facilities from scratch



INTERNATIONAL MARKETING

Disadvantages of M & A

Disadvantages of M&A

Disadvantage	Description
High Cost	Significant financial investment
Cultural Clashes	Differences in corporate culture or national culture
Regulatory Hurdles	Government approval may be required
Integration Issues	Merging operations, systems, and people can be complex

INTERNATIONAL MARKETING

5. Wholly Owned Subsidiary

- A **wholly owned subsidiary (WOS)** is an entry strategy where a company **sets up or acquires a 100% ownership stake in a foreign business entity**. This gives the parent company **full control** over operations, strategy, and profits in the foreign market.

There are two main ways to establish a WOS:

- **Greenfield Investment** – Building a new operation from scratch.
- **Acquisition** – Buying an existing local company outright.

INTERNATIONAL MARKETING

Advantages of Wholly Owned Subsidiary

Advantage	Description	
Full Control	Complete decision-making power over operations, branding, pricing, HR, etc.	
Profit Retention	All profits go to the parent company	
Strong Brand Presence	Allows full control over the customer experience and brand integrity	
Long-Term Market Commitment	Signals strong dedication to the host country	
Protection of IP	Better control over proprietary technology or processes	



INTERNATIONAL MARKETING

Disadvantages of Wholly Owned Subsidiary

Disadvantage	Description
High Cost	Significant capital investment required (especially for Greenfield)
High Risk	Greater exposure to political, economic, and legal risks
Complex Setup	Legal, tax, and compliance processes can be time-consuming
Cultural and Market Differences	Without a local partner, adaptation may be more difficult
Longer Time to Market	Especially with Greenfield operations

INTERNATIONAL MARKETING

Greenfield VS Acquisition

Factor	Greenfield	Acquisition
Speed	Slower (setup from scratch)	Faster (uses existing operations)
Control	Full, from the start	May face integration challenges
Cost	High initial cost, long-term savings	High upfront cost, quicker returns
Cultural Fit	Can build culture from ground up	May face legacy cultural issues

INTERNATIONAL MARKETING

6. Strategic Alliances

- A **strategic alliance** is a formal agreement between two or more companies to **cooperate** in specific areas (e.g., technology, distribution, marketing, or R&D) **without forming a new legal entity** or acquiring equity in each other.
- In an international context, a company partners with a **foreign firm** to gain market access, share resources, or strengthen competitiveness in a target country.

Key Characteristics

- Partners remain **legally independent**
- Focus is on **collaboration**, not ownership
- Can be **short- or long-term**
- Involves sharing **resources, knowledge, and capabilities**
- Often used in **tech, pharmaceuticals, automotive, and aerospace industries**

INTERNATIONAL MARKETING

Types of Strategic Alliances

Type	Description
Non-equity alliance	Partnership based on contracts (no shared ownership)
Equity alliance	One partner takes a minority stake in the other
Global strategic alliance	Collaboration between firms from different countries to pursue global objectives

INTERNATIONAL MARKETING

Advantages of Strategic Alliances

Advantage	Description
Market Access	Partner provides local knowledge and networks
Cost Sharing	Split investment and operational costs
Risk Reduction	Shared responsibility in uncertain markets
Speed to Market	Faster than setting up own operations
Learning Opportunities	Access to new technologies, practices, or customer insights
Flexibility	Easier to enter or exit compared to joint ventures or acquisitions

INTERNATIONAL MARKETING

Disadvantages of Strategic Alliances

Disadvantage	Description	
Lack of Control	Less authority over joint activities	
Conflicting Goals	Different strategic priorities may lead to disagreements	
Intellectual Property Risks	Possible exposure to technology or know-how leakage	
Cultural Clashes	Misalignment in management or communication styles	
Dependence on Partner	Performance depends on the partner's capabilities and commitment	



Thank you