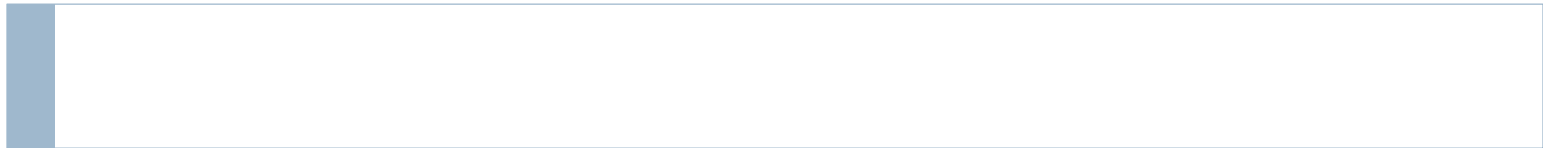


CH 2 INTERNATIONAL MARKETING MIX



International Marketing Mix

- ▶ The **International Marketing Mix** refers to the strategic combination of the **4Ps** (Product, Price, Place, and Promotion) adapted for marketing products or services in **global markets**. When businesses expand internationally, they must adjust each element of the marketing mix to account for **cultural, economic, legal, and competitive differences**.
 - ▶ **The international marketing mix strategy** involves the use of different marketing instruments to achieve positive financial results by a company operating on international or global markets. These instruments include product, price, distribution, and promotion. The international marketing mix strategy should take into account legal and socio-cultural circumstances in every country to which it is directed.
-



International Marketing Mix

Main types of international marketing strategy

- ▶ On international market marketing mix has three varieties:
- 1. Global marketing mix strategy** – is based on the assumption that on the international market there is the so-called global consumer with similar needs and preferences. Using this approach, on foreign markets companies apply identical marketing instruments and their combinations, there are no different instruments adapted for a social and cultural environment in those countries,
- 2. National marketing mix strategy or multinational strategy** – for each country company applies a separate marketing strategy adapted to specific needs and preferences of customers, their customs and traditions.



International Marketing Mix

Main types of international marketing strategy

- ▶ On international market marketing mix has three varieties:
3. **Hybrid marketing mix strategy** – involves standardization of one or more marketing instruments and at the same time adjusting others to the characteristics and conditions prevailing on the particular national market (customs, traditions, regulations, etc.,).



International Marketing Mix

Different product strategies used in international markets

Product policy on the international market includes three strategies:

- ▶ **Product standardization** – The company introduces an unchanged product on the foreign market. Such action makes sense when the product due to its nature, has similar utility for customers in various markets. The use of this strategy is comfortable and not very expensive. An example of companies using this strategy is IKEA.
- ▶ **Product adaptation** – involves the adjustment of the product and its properties to the conditions prevailing on the particular market. This includes packaging, size, symbols (depending on the culture prevailing in the country concerned), color. Adaptation of the product requires a large amount of capital and experience.
- ▶ **Gradual changes in the product** – used in the situation where there is no danger of the emergence of competition.



International Marketing Mix

Pricing policies in the international marketing mix

- ▶ Pricing involves the problem of price management on an international scale. There are two basic points of view:
- ▶ usually, the company introduces **separate pricing** policies on foreign markets (due to differences in wealth, competition, etc.),
- ▶ The development of modern communication technology makes distant markets more similar to each other, which makes it harder to lead a separate pricing policy at home and abroad. In this case, the company carries out a **global pricing strategy**, when the processes of internationalization blur the differences between the various markets.



International Marketing Mix

Distribution policy in international markets

- ▶ On the international market distribution activities are related to the offering on the market of products in an appropriate form, place and time.
- ▶ The activities must, however, be adapted to other instruments of the marketing mix and change along with them. The main goal of distribution policy is to overcome temporary and ownership barriers to distribution separating the manufacturer and the final customer. International logistics plays a major role in international sales and production activities.



International Marketing Mix

Promotion policy as a marketing mix instrument

- ▶ Promotion policy involves transferring information to new potential buyers about the company, its products to make them buy these products. Selection and use of the instruments needed to achieve these objectives depend on factors such as:
 - ▶ the objective of promotion on the international market,
 - ▶ financial resources and experience in foreign markets,
 - ▶ provisions of the law which regulate promotional activities in each country,
 - ▶ cultural factors – e.g. language, habits, religion, symbols, associations related to the color,
 - ▶ attitude to foreign products,
 - ▶ competition on the foreign market,
-

International Marketing Mix

The International 4Ps Explained:

1. Product

- ▶ **Customization vs. Standardization:** Should the product be adapted to local tastes or remain the same?
- ▶ Consider:
 - ▶ Cultural preferences
 - ▶ Legal and safety standards
 - ▶ Packaging and branding
 - ▶ Language and labeling
- ▶ **Example:** McDonald's offers rice dishes in Asia and vegetarian options in India.



International Marketing Mix

The International 4Ps Explained:

2. Price

- ▶ Factors to consider:
 - ▶ Local income levels and purchasing power
 - ▶ Currency exchange rates
 - ▶ Competitive pricing
 - ▶ Tariffs, taxes, and distribution costs
 - ▶ Psychological pricing in local culture
- ▶ **Example:** iPhones are priced higher in some countries due to import taxes and currency differences.



International Marketing Mix

The International 4Ps Explained:

3. Place (Distribution)

- ▶ How the product gets to the consumer:
 - ▶ Local infrastructure and logistics
 - ▶ Retail environment and shopping habits
 - ▶ Online vs. offline presence
 - ▶ Channel partners (wholesalers, agents, retailers)
- ▶ **Example:** In countries with poor infrastructure, companies may use direct sales or mobile platforms.



International Marketing Mix

The International 4Ps Explained:

4. Promotion

- ▶ How the product is communicated to the market:
 - ▶ Language and cultural nuances
 - ▶ Local media habits (TV, radio, internet, social media)
 - ▶ Legal restrictions (e.g., advertising certain products)
 - ▶ Promotional timing (holidays, seasons)
- ▶ **Example:** Coca-Cola adapts its advertising to local customs and languages while keeping its global brand message consistent.



International Marketing Mix

Challenges in International Marketing Mix

Cultural Differences

- ▶ Misunderstanding values, norms, or consumer behavior can damage brand image.
- ▶ Example: A marketing campaign that works in the U.S. might offend customers in the Middle East due to cultural taboos.

Legal and Regulatory Barriers

- ▶ Different countries have unique advertising laws, packaging requirements, and product regulations.
- ▶ Example: Pharmaceuticals and alcohol are highly regulated in many countries.



International Marketing Mix

Challenges in International Marketing Mix

Economic Disparities

- ▶ Differences in income levels and consumer purchasing power affect product affordability and demand.

Political and Legal Instability

- ▶ Changes in government, tariffs, or trade restrictions can impact operations and pricing.

Logistics and Infrastructure Limitations

- ▶ Poor roads, limited internet access, or unreliable postal services affect product delivery and promotion.



International Marketing Mix

Product

- ▶ A product is a good, service, or idea with both tangible and intangible attributes that collectively create value for the buyer or user. It includes a bundle of utilities. A product is a combination of physical attributes, like size and shape, and subjective attributes, like image or quality. A customer purchases on both dimensions. It is increasingly important that the product fulfill the image that the manufacturer is projecting.
- ▶ This may involve organizations producing symbolic International Marketing Mix offerings represented by meaning-laden products that are directed at stimulation-seeking consumers. For example, selling an SUV involves projecting an image of both performance and luxury, which is difficult to achieve in product and brand positioning. This throws up a new marketing challenge for the manufacturer.



International Marketing Mix

Product Communication Strategies

- ▶ A product can be marketed abroad only with the help of a communication strategy, which is what conveys the promotional theme to consumers abroad, allowing them to form perceptions about the product, spelling out, in turn, the quantitative and qualitative sales for the manufacturers. Keegan has identified five major product communication strategies, international marketers can choose from to convey the message to customers in different foreign markets.
- ▶ Companies can pursue three strategies to penetrate foreign markets. Some firms will simply adopt the same product or communication strategy used in their home market. This is extension. Other companies prefer to adapt their strategy to the local marketplace. This strategy of adaptation enables the firm to cater to the needs and wants of its foreign customers. A third alternative is to adopt an invention strategy, where products are designed from scratch for the international marketplace.



International Marketing Mix

Product

Strategic Option 1:

- ▶ **Product and Communications Extension – Dual Extension:** At one extreme, a company might choose to market a standardized product using a uniform communications strategy. Early entrants in the international arena will often opt for this approach. Also, small companies with few resources typically prefer it. For them, the potential pay-offs of customized products or advertising campaigns usually do not justify the costs of adaptation.
 - ▶ Dual extension might also work when the company targets a ‘global’ segment with similar needs. The Japanese firm, Shiseido, the world’s sixth-largest cosmetics company by sales volume, sells in Europe, the Americas and across the Asia- Pacific, including Australia and New Zealand. The company’s strategy is a global multi-brand strategy, with each brand similarly positioned in each market, including near-identical advertising and packaging.
-



International Marketing Mix

Product

Strategic Option 1:

- ▶ Generally speaking, a standardized product policy coupled with a uniform communication strategy offers substantial savings because of economies of scale. This strategy is basically product-driven rather than market-driven. The downside is that it is likely to alienate foreign customers, who might switch to a local or other foreign competing brand that is more in tune with their needs.
- ▶ In many industries, modern production processes, such as Computer-Aided Design/Computer-Aided Manufacturing (CAD/CAM) technologies, obviate the need for large production batch sizes. Blundstone, the unique and highly successful Australian boot brand, exports the same range and is similarly positioned in each of its international markets. It has been able to leverage the inherent features of the products and capitalize on its Australian heritage to differentiate itself and become an international success using the dual product and communication extension strategy.



International Marketing Mix

Product

Strategic Option 2:

- ▶ **Product Extension – Communications Adaptation:** Because of differences in the cultural or competitive environment, often the same product is used to offer benefits or functions that dramatically differ from those in the home market. These differences between the foreign and home market drive companies to market the same product using customized advertising campaigns.
- ▶ Although it retains the economies of scale in manufacturing, the firm sacrifices potential savings on the advertising front. Clothing Company Levi's uses this approach. Although the famous Levi's brand name carries clout in many parts of the globe, and the basics such as manufacturing and distribution are pursued by Levi's relatively uniformly, there are wide differences in its communication strategies within different markets.



International Marketing Mix

Product

Strategic Option 3:

- ▶ **Product Adaptation – Communications Extension:** Alternatively, firms might adapt their product but market it using a standardized communications strategy. Local market circumstances often favour the case of product adaptation. Another source for product adaptation is the company's expansion strategy.
- ▶ Within such a context, clever marketing ideas can be transferred from one country to another country, despite the product-related differences with their core brand, 'British Petroleum'. BP delivers a series of adapted energy products in more than 100 countries (e.g., different formulae of petrol to meet each country's unique regulations). However, the core brand values remain almost identical and the communication strategies and commercials are very similar in each market. The logo and most visible aspects of BP are markedly consistent in most countries.



International Marketing Mix

Product

Strategic Option 4:

- ▶ **Product and Communications Adaptation – Dual Adaptation:** Differences in both the cultural and physical environments across countries call for a dual adaptation strategy. In such circumstances, the most viable option for international expansion is adaptation of the company's product and communication strategy.
- ▶ Slim-Fast adapts both product and advertising to comply with varying government regulations for weight-loss products. When Slim-Fast was first launched in Germany, its ads used a local celebrity. In the U.K., testimonials for diet ads may not feature celebrities. Instead, the U.K. introduction campaign centered around everyday people. Also, the product gets adapted to the local markets. In the U.K., banana is the most popular flavor but this flavor is not sold in continental Europe.



International Marketing Mix

Product

Strategic Option 5:

- ▶ **Product Invention: Genuinely** global marketers try to figure-out how to create products with a global scope rather than just for a single country. Instead of simply adapting existing products or services to the local market conditions, their mindset is to zero in on global market opportunities. Black & Decker is a good example of a company that adopts the product invention approach to international market expansion. Black & Decker aims to bring out new products that cater to common needs and opportunities around the world to manage its global product development process. Black & Decker set up a worldwide household board.
- ▶ This steering committee approves global plans, allocates resources and gives direction and support, among other tasks. One of the product innovations flowing from this global product planning approach is the Snake Light Flexible Flashlight. The Snake Light was first launched in North America, and then, six months later, in Europe, Latin America and Australia. The product addresses a global need for portable lighting. The Snake Light proved to be major hit around the world.



International Marketing Mix

Advantages of product standardization

Advantages

- ▶ **Cost Efficiency:**
 - ▶ Economies of scale in production, packaging, and marketing.
- ▶ **Consistent Brand Image:**
 - ▶ Strengthens global brand identity.
- ▶ **Simplified Operations:**
 - ▶ Easier supply chain, inventory management, and quality control.
- ▶ **Faster Market Entry:**
 - ▶ Less time spent on R&D for each market.



International Marketing Mix

Limitations of product standardization

Limitations

- ▶ **Cultural Insensitivity:**

- ▶ May not meet local tastes, preferences, or cultural expectations.

- ▶ **Regulatory Mismatches:**

- ▶ Might not comply with local laws, standards, or certifications.

- ▶ **Competitive Disadvantage:**

- ▶ Local competitors with customized offerings may appeal more to the market.

- ▶ **Lower Customer Satisfaction:**

- ▶ One-size-fits-all products may not satisfy niche or specific needs.



International Marketing Mix

Advantages of product Adaption

Market Relevance:

- ▶ Better meets local consumer preferences and cultural expectations.

Regulatory Compliance:

- ▶ Easier to meet local legal and technical standards.

Improved Customer Satisfaction:

- ▶ Increased product acceptance and loyalty.

Competitive Edge:

- ▶ Helps differentiate from global competitors who don't localize.



International Marketing Mix

Limitations of product Adaption

- ▶ **Higher Costs:**
 - ▶ More expensive R&D, production, and marketing.
- ▶ **Operational Complexity:**
 - ▶ Complicates supply chain and inventory management.
- ▶ **Brand Dilution:**
 - ▶ Inconsistent brand messaging across regions.
- ▶ **Slower Time to Market:**
 - ▶ More time needed for localization, testing, and compliance.



International Marketing Mix

Branding in International Market

- ▶ The product is recognized by its name. Once the name has been recognized, it may run smoothly among the people. The firm wants to create an awareness and recognition through the branding strategies.' The question arises what is a brand? A brand is a name, term, sign, symbol or design or a combination of them, intended to identify the goods or services of one seller or group of sellers and to differentiate them from those of others.
- ▶ That part of the brand which can be vocalized (the utterable) is known as the brand name. That part of the brand that is given legal protection for exclusive use by a seller is known as the trademark. A trademark may, thus, include any word, name, symbol or design. A trademark registered for a service is known as a service mark.



International Marketing Mix

Objectives of Branding

- ▶ The basic objective of branding is the same everywhere in the world.
The major objectives are as follows:
 - i) Create identification and brand awareness
 - ii) Guarantee a certain level of quality, quantity and satisfaction
 - iii) Help in the promotion of the product.



International Marketing Mix

Price

- ▶ **Definition:** International Pricing refers to the strategic marketing activity determining the monetary exchange value of the product sold across countries.
- ▶ It is the **flexible element** of the marketing mix which can be altered easily. However, price competition in the market is a significant issue.

Also, it is an essential factor in determining the following:

- ▶ International Pricing Policy
- ▶ International Sales
- ▶ Profitability
- ▶ ***Note: Only price generates revenue among the four elements of the International Marketing Mix.***



International Marketing Mix

- ▶ Domestic and International pricing is different from one another. This is due to the **economic variation** across countries. Thus, making it more complex in comparison to domestic pricing.

Some reasons behind these differences are as under:

- ▶ The difference in the legal and economic environment.
- ▶ Relationship between different markets.
- ▶ Less knowledge about the foreign market.
- ▶ **Mostly, the new entrants go global with the same price and strategy as domestic markets.** Later on, they change their pricing strategy as per the market conditions.



International Marketing Mix

Factors affecting International Pricing

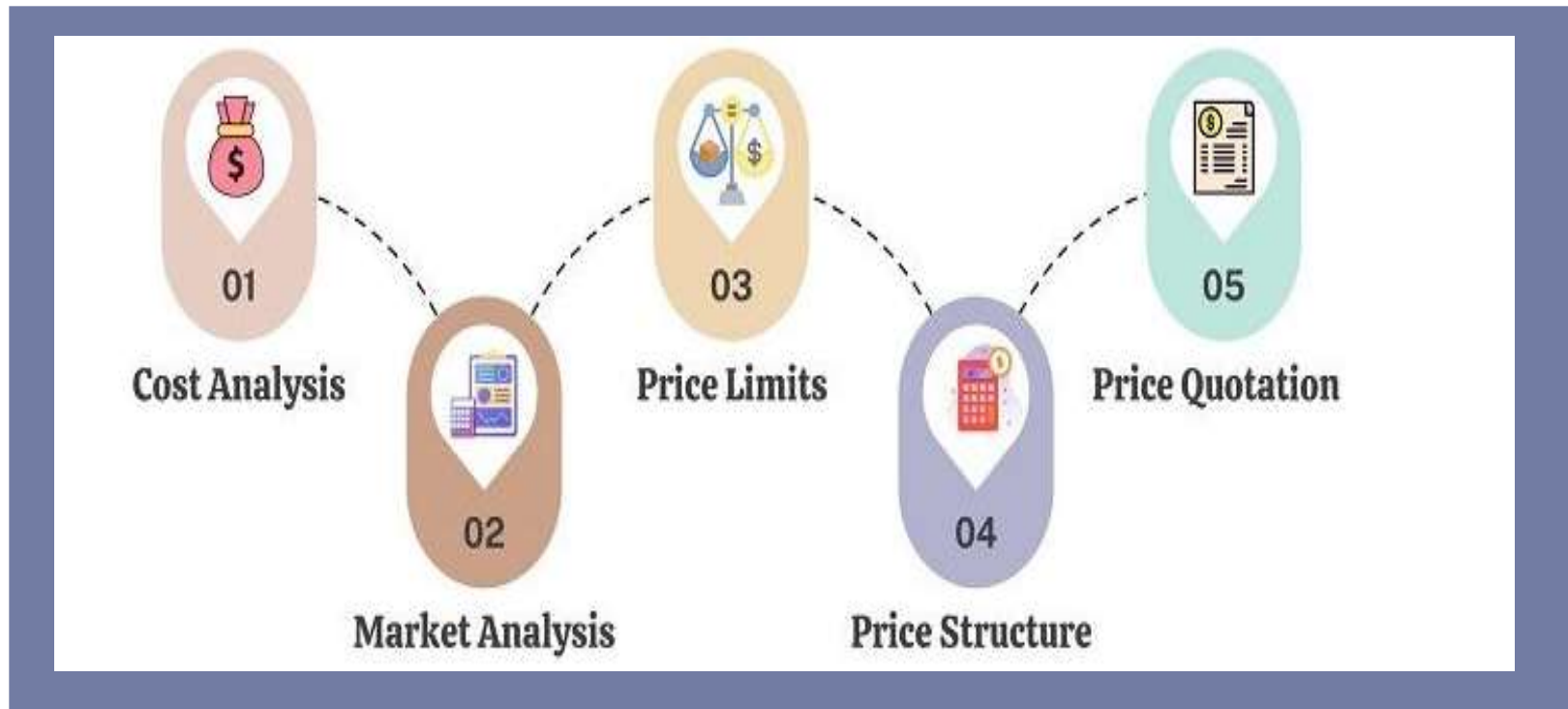
Some factors affecting international pricing are given below:

- ▶ **Cost:** It is the most influential factor affecting prices in domestic and international markets. Cost is made up of fixed and variable cost, which varies in the short and long run.
- ▶ **Demand:** Price and demand are **inversely related** and sensitive towards it. Here, companies consider the demand of the countries they are operating in.
- ▶ **Exchange Rate:** It plays a vital role in price fixation. The product's price **increases or decreases** as per the prevailing exchange rate.
- ▶ **Political Environment:** It consists of the rules and regulations of the host or foreign country's government. Companies need to consider these during the price determination process.
- ▶ **Brand Awareness:** A known brand has the backing of an **established customer base**. For this reason, they can take advantage and charge higher prices. On the other hand, unpopular ones need to keep the prices affordable.



International Marketing Mix

Pricing Steps



International Marketing Mix

Step 1 Cost Analysis

- ▶ The price determination process begins with an in-depth analysis of cost. It includes determining the cost of product, distribution and market support.

Step 2 Market Analysis

- ▶ The next step in the process is analyzing the market of the exporting country. The analysis includes variables like:
 - ▶ Market Size
 - ▶ Market Segment
 - ▶ Price Level
 - ▶ Competition



International Marketing Mix

Step 3 Price Limits

- ▶ In this step, companies determine their upper and lower price limits. The upper limits imply the maximum price that could be charged. On the contrary, lower limits refer to the minimum cost of the product.

Step 4 Price Structure

- ▶ Forth step in the forgoing process is fixing the price structure. For this purpose, companies can use the best-suited pricing strategy for the product. In addition, they may also design Discounts and offers regarding the product.

Step 5 Price Quotation and Term of Sale

- ▶ Quotation gives details about the concerned product, such as:
- ▶ Quantity
- ▶ Size
- ▶ Weight
- ▶ Volume
- ▶ Price, etc



International Marketing Mix

Transfer Pricing

- ▶ Transfer pricing refers to the prices of goods and services that are exchanged between companies under common control. For example, if a subsidiary company sells goods or renders services to its holding company or a sister company, the price charged is referred to as the transfer price.
- ▶ Entities under common control refer to those that are ultimately controlled by a single parent corporation. Multinational corporations use transfer pricing as a method of allocating profits among their various subsidiaries within the organization.



International Marketing Mix

Example

- ▶ Consider ABC Co., a U.S.-based pen company manufacturing pens at a cost of 10 cents each in the U.S. ABC Co.'s subsidiary in Canada, XYZ Co., sells the pens to Canadian customers at \$1 per pen and spends 10 cents per pen on marketing and distribution. The group's total profit amounts to 80 cents per pen.
- ▶ Now, ABC Co. will charge a transfer price of between 20 cents and 80 cents per pen to its subsidiary. In the absence of transfer price regulations, ABC Co. will identify where tax rates are lowest and seek to put more profit in that country. Thus, if U.S. tax rates are higher than Canadian tax rates, the company is likely to assign the lowest possible transfer price to the sale of pens to XYZ Co.



International Marketing Mix

Benefits of Transfer Pricing

- ▶ Transfer pricing helps in reducing duty costs by shipping goods into countries with high tariff rates by using low transfer prices so that the duty base of such transactions is lowered.
- ▶ Reducing income and corporate taxes in high tax countries by overpricing goods that are transferred to countries with lower tax rates helps companies obtain higher profit margins.

Risks

- ▶ There can be disagreements within the divisions of an organization regarding the policies on pricing and transfer.
- ▶ It gets difficult to establish prices for intangible items such as services rendered, which are not sold externally.



International Marketing Mix

Various Incoterms

EXW

- ▶ Ex Works (EXW) is a term used in international trade. It describes an arrangement in which a seller makes a product available at a designated location, and the buyer of the product must cover the transport costs.
- ▶ Ex Works (EXW) is one of the 11 standardized international trade arrangements published by the International Chamber of Commerce, which are known as Incoterms (International Commercial Terms). These terms outline and standardize the responsibilities of both buyers and sellers in different types of transactions



International Marketing Mix

Various Incoterms

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- ▶ Ex Works (EXW) is one of the 11 standardized international trade arrangements published by the International Chamber of Commerce, which are known as Incoterms (International Commercial Terms). These terms outline and standardize the responsibilities of both buyers and sellers in different types of transactions.
- ▶ Ex Works (EXW) requires a seller to safely package goods, label them appropriately, and deliver them to a previously agreed-upon location. A commonly used option is the seller's nearest port. The seller must also help the buyer get export licenses or other required paperwork, although the buyer must pay the actual fees for the documents.

International Marketing Mix

FCA Free Carrier

- ▶ Under the shipping terms for the FCA Incoterms (short for “Free Carrier”), the seller is responsible for export clearance and delivery of goods to the carrier at the named place of delivery.
- ▶ Unless otherwise agreed upon, the seller is only responsible for loading the goods if the seller’s place of business is the named place of delivery.
- ▶ A carrier is any person or company who undertakes the carriage, such as a shipping line, airline, trucking company, railway or freight forwarder.



International Marketing Mix

FAS Free Alongside Ship

- ▶ In the Incoterms rules for FAS (short for “Free Alongside Ship”), the seller clears goods for export and places them alongside the vessel at the named port of departure. The named port of departure location can be a loading dock or a barge, but not a container terminal.
- ▶ The buyer is responsible for loading the freight onto the vessel, as well as handling local carriage, discharge, import formalities and duties and onward carriage to the final destination.
- ▶ FAS only applies to ocean or inland waterway transport. It is popular with bulk cargo, such as oil or grain.



International Marketing Mix

FOB Free on Board

- ▶ Under the terms of FOB (short for “Free on Board”), the seller clears the goods for export and ensures they are delivered to and loaded onto the vessel for transport at the named port of departure.
- ▶ The buyer takes over risk and costs, including import clearance and duties, as soon as the goods are loaded onto the transport vessel at the port of departure.
- ▶ FOB only applies to ocean or inland waterway transport. As such, the named place is always a port. It does not apply if the main carriage is via air, ground or rail.
- ▶ This term is commonly used for bulk cargo (such as oil or grain) or freight from Asia.



International Marketing Mix

CFR Cost and freight

- ▶ Under CFR terms (short for “Cost and Freight”), the seller is required to clear the goods for export, deliver them onboard the ship at the port of departure, and pay for transport of the goods to the named port of destination.
- ▶ The risk passes from seller to buyer when the seller delivers the goods onboard the ship.
- ▶ The buyer is responsible for paying all additional transport costs from the port of destination, including import clearance and duties.
- ▶ Only use CFR for ocean or inland waterway transport.
- ▶ If the freight is containerized and to be delivered to a terminal only.



International Marketing Mix

Cost, Insurance & Freight.

- ▶ Under CIF (short for “Cost, Insurance and Freight”), the seller delivers the goods, cleared for export, onboard the vessel at the port of shipment, pays for the transport of the goods to the port of destination, and also obtains and pays for minimum insurance coverage on the goods through their journey to the named port of destination.
- ▶ The buyer assumes all risk once the goods are on board the vessel for the main carriage; however, they don’t take on any costs until the freight arrives at the named port of destination.
- ▶ CIF applies to ocean or inland waterway transport only. It is commonly used for bulk cargo, oversized or overweight shipments.



International Marketing Mix

CPT Carriage Paid To

- ▶ Carriage Paid To (CPT) rules require the seller to clear the goods and arrange carriage (by one or more transport modes) to the named place of destination. The seller does not need to obtain or pay for insurance.
- ▶ A carrier is any person or company who undertakes the carriage of the goods, such as a shipping line, airline, trucking company, railway or freight forwarder.
- ▶ In multimodal shipments, the place of shipment is the first carrier used.
- ▶ Under CPT rules, the seller's risk ends, and the buyer's risk begins, when the first carrier receives the goods from the seller. However, the buyer is only responsible for additional costs after the goods arrive at the final destination.



International Marketing Mix

CIP Carriage Insurance & Paid To

- ▶ In Carriage and Insurance Paid To (CIP), the seller assumes all risk until the goods are delivered to the first carrier at the place of shipment—not the place of destination. Once the goods are delivered to the first carrier, the buyer is responsible for all risks.
- ▶ However, the seller is responsible for the cost of carriage as well as all-risk insurance coverage until the freight reaches the named place of destination.
- ▶ A carrier is any person or company who undertakes the carriage of goods, such as a shipping line, airline, trucking company, railway or freight.



International Marketing Mix

DAF Delivered at Frontier

- ▶ "Delivered at frontier" (DAF) is a term used in international shipping contracts that requires a seller to deliver goods to a border location. The seller is usually responsible for all costs of transporting the goods to the drop-off point for the buyer. The party picking up the goods will usually be importing them and traveling across customs.
- ▶ In the case of a shipping contract including a delivered at frontier drop-off, the seller of the goods is usually responsible for all costs pertaining to the goods while they are in their possession. Delivered at frontier will clearly detail an exact location for drop off and the individuals meeting the seller. The party picking up the goods on behalf of the buyer will usually be traveling across border customs and importing the goods.

International Marketing Mix

DES Delivered Ex-Ship

- ▶ Delivered ex-ship (DES) was a trade term that required a seller to deliver goods to a buyer at an agreed port of arrival. The seller assumed the full cost and risk involved in getting the goods to that point. After arrival, the seller was considered to have met its obligation and the buyer assumed all ensuing costs and risks. This term applied to both inland and sea shipping and often in charter shipping.

DEQ Delivered Ex Quay.

- ▶ Delivered ex quay denoted items to be delivered at a wharf, and was thus applicable to goods delivered via waterways (whether inland or sea). It could be denoted as either duty paid (where the seller was responsible for all costs, such as customs duty and taxes, associated with the delivery) or unpaid (where the buyer would assume these costs).
-



International Marketing Mix

DDU Delivered Duty Unpaid

- ▶ Delivered Duty Unpaid (DDU) is an international trade term that holds the seller accountable for ensuring the safe delivery of goods to a specified destination, covering all transportation expenses and risks during transit. Once the goods arrive, the responsibility shifts to the buyer to pay import duties and any additional transport costs.

DDP Delivery Duty Paid

- ▶ Under the Delivered Duty Paid (DDP) Incoterm rules, the seller assumes all responsibilities and costs for delivering the goods to the named place of destination. The seller must pay both export and import formalities, fees, duties and taxes.
- ▶ The seller is not obligated to insure the goods for pre-carriage or main carriage.
- ▶ The buyer is free of any risk or cost until the goods are unloaded from the vehicle at the named place of destination, usually the buyer's place of business.
- ▶ DDP is the only Incoterms rule that places responsibility for import clearance and payment of taxes and/or import duty on the seller.

International Marketing Mix

Promotion

- ▶ International marketing promotion involves communicating with potential customers across national borders to build awareness, generate interest, and ultimately drive sales of a product or service. It encompasses various strategies like advertising, public relations, sales promotions, personal selling, and digital marketing, each tailored to the specific cultural and market conditions of the target country.
 - ▶ **Advertising:**
 - ▶ Utilizing various media channels (TV, radio, print, online, social media) to deliver promotional messages to international audiences.
 - ▶ **Public Relations:**
 - ▶ Managing a company's reputation and building relationships with international stakeholders through press releases, events, and media outreach.
 - ▶ **Sales Promotion:**
 - ▶ Offering incentives like discounts, coupons, and contests to encourage international customers to purchase products.
 - ▶ **Personal Selling:**
 - ▶ Engaging in direct communication with potential customers through sales representatives, both locally and internationally.
- 

International Marketing Mix

Promotion

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International Marketing Mix

Promotion

International Promotion Mix. refers to the strategic combination of marketing communication tools and channels a company uses to effectively communicate its brand message and value proposition to consumers across different countries and cultures. This mix typically includes advertising, sales promotion, public relations, personal selling, and direct marketing. Each element of the promotion mix is adapted to suit the preferences, laws, and cultural nuances of the target international market. The goal is to create a cohesive and compelling brand image that resonates with global audiences, drives demand, and fosters brand loyalty across borders. By carefully balancing and integrating these promotional tools, companies aim to maximize their reach and impact, ensuring their message is effectively conveyed and well-received in diverse international markets, thus achieving their marketing and business objectives on a global scale.



International Marketing Mix

Promotion

International Promotion Mix. Components:

- **Advertising:**

This involves the use of paid media to convey messages about a product, service, or brand to a wide audience. In an international context, advertising strategies may vary significantly to suit local tastes, cultural nuances, and media habits. It includes television, radio, print, online, and outdoor advertising.

- **Sales Promotion:**

Sales promotions are short-term incentives designed to stimulate immediate sales. Examples include discounts, coupons, contests, and buy-one-get-one-free offers. These need to be adapted to local market expectations and consumer behaviors.



International Marketing Mix

Promotion

- **Public Relations (PR):**

PR activities aim to build and maintain a favorable image of the company and its products or services among the public, including handling the press, organizing events, and community engagement. In an international setting, understanding and leveraging local media landscapes and cultural sentiments are crucial.

- **Personal Selling:**

This involves direct interaction between a company's sales representatives and its customers or potential customers. Personal selling strategies can be particularly sensitive to cultural differences, requiring adaptations in sales techniques, negotiation styles, and communication methods.

- **Direct Marketing:**

Direct marketing reaches out to customers directly through mail, email, telephone, or the internet, allowing for personalized communication. The approach and channels used may differ internationally based on consumer privacy regulations, technology usage, and preferences.



International Marketing Mix

Promotion

- **Digital Marketing:**

Although not always listed as a separate component, digital marketing is increasingly important in the international promotion mix. It encompasses social media marketing, search engine optimization (SEO), email marketing, and content marketing. Strategies are often adjusted to align with the digital platforms popular in each target market and to comply with local data protection laws.

- **Sponsorship:**

Companies may sponsor events, teams, or individuals to increase brand visibility and associate their brand with certain values or lifestyles. The choice of sponsorship opportunities should resonate with the target culture's values and interests.



International Marketing Mix

Distribution

- ▶ International marketing distribution refers to the process of delivering goods and services from a producer to consumers in different countries. It involves managing various activities like logistics, navigating trade regulations, and establishing relationships with local partners to ensure products reach target markets effectively. The choice of distribution channels significantly impacts a company's success in international markets.



International Marketing Mix

Indirect Exporting

- ▶ To give an indirect export meaning in simple words, we can say that Indirect exporting relates to the sale to a middleman who subsequently sells the products or services either directly to the importing wholesaler or the customer.
 - ▶ Indirect Exporting meaning is selling in your territory to an intermediary. Selling to an intermediary in your own country is the simplest way of indirect export. A local middleman can be an export trading company or an export management company. In this particular case, you are not liable for collecting payment from the foreign client or coordinating the shipping logistics when selling under this approach.
 - ▶ An intermediary in the exporter's country plays specific promotional roles related to the exchange of the commodity between the exporter and the importer. Indirect exports are similar to domestic sales.
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International Marketing Mix

Advantages of Indirect Exporting:

Risk-Free and No Special Skills are Required

- ▶ One of the most significant benefits of indirect exporting is that intermediary organizations handle all exporting operations. Besides, an intermediary handles all the tasks related to documentation to get licenses from the government.

Minimal Involvement in The Export Process

- ▶ In indirect exporting, the company generally uses the services of independent international marketing intermediaries or cooperative organizations.

High Volume of Business

- ▶ A manufacturer significantly increases the sales volume of the overseas market over a while. Ordinarily, the distribution channel's agents enjoy significant market credibility.

Support from a local Agent

- ▶ Indirect exporting is more popular with firms who are just starting their export activities. It may not be significant in the initial phase of a company's export business to spend a lot of money on market research.

International Marketing Mix

Disadvantages of Indirect Exporting

No control over foreign sales

- ▶ The biggest drawback of indirect exporting is that the authority of overseas activities is transferred to the intermediary organization.

No personal interaction with the customers

- ▶ Since the intermediary buyer takes responsibility for exporting and selling the goods, the organization never gets an opportunity to develop personal communication with the customers.

Lack of control over prices

- ▶ The seller doesn't have any control over prices. The merchant exporter or export house buys and sells products from the manufacturer on the global market.

Low profitability rate

- ▶ Intermediary involved in export trade may impose a certain percentage of commission for the services provided by him.
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International Marketing Mix

Direct Exporting

- ▶ **Direct exporting refers to when businesses export their product directly to the customer in a foreign market.**
- ▶ Direct exporting cuts out the middleman - namely, the intermediary between your business and the international market.
- ▶ That being said, direct exporters may still export to intermediaries in the foreign market, such as wholesalers, retailers and distributors.

Advantages of direct exporting

Increased profit

- ▶ Direct exporting cuts out the third party between you and your foreign customers.
- ▶ This means that there is no intermediary to take a commission during the export process.



International Marketing Mix

Increased control

- ▶ The lack of an intermediary between your business and the international market means that you can control exactly how the product is marketed and distributed abroad.

Better communication with your customers

- ▶ Direct exporting allows you not only to leverage the brand image you desire, but also allows you to receive direct feedback from your customers.
- ▶ This gives your business increased market information, allowing it to adapt accordingly and grow.



International Marketing Mix

Disadvantages of direct exporting

Increased workload

- ▶ Cutting out the intermediary between you and the international market means taking responsibility for all of their work.
- ▶ The logistical planning involved in export shipping is time-consuming and complex.

Limited market knowledge

- ▶ Significant market research needs to be conducted, and marketing strategies and campaigns need to follow. Similarly, an understanding of local prices and competitors is needed.

Increased costs

- ▶ The increased workload associated with the logistics of export organization as well as foreign market research will require an increase in staff.
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International Marketing Mix

- ▶ **International Market Intermediaries** are middleman or intermediaries who act as channel members in the product distribution channel. They facilitate the sales process by linking buyers with sellers.
- ▶ International Market Intermediaries are responsible for seeking potential buyers/sellers, negotiating terms of trade and importing/exporting the products to the end user.

Types of Foreign Intermediaries

- ▶ **Foreign distributor** – It refers to a foreign company having exclusive rights to distribute a company's product in the foreign market or specific area.
 - ▶ **Foreign retailer** – It is a retailing company in a foreign country engaged by the foreign distributor concerning dealing and selling of a company's products. Foreign retailers deal in products meant for consumers.
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International Marketing Mix

- ▶ **State-controlled trading company** – It is a government owned company authorized to deal and sell the products/services of foreign companies. Generally utility and telecommunication equipment are sold to state controlled companies by manufacturers. Example – State Trading Corporation of India.
 - ▶ **Export Broker** – An export broker is engaged in exporting goods for a domestic company by charging a fee. Export brokers act as a representative of a manufacturer and are responsible for bringing together buyers and sellers and negotiating the terms for the seller. The export broker may operate under its own name or that of the manufacturer.
 - ▶ **Manufacturer's Export agent / sales representative** – It is an independent firm exclusively engaged to take up all export activities of a domestic manufacturer. An export agent operates under his own name and charges a commission for seeking potential buyers and selling the domestic manufacturer's product.
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International Marketing Mix

- ▶ **Export Management Company** – It is a company that manages the entire export activities of a domestic company on a contract. It may function as an export department for a manufacturer therefore it is also known as a Combination Export Manager (CEM).
- ▶ **Cooperative Exporter** – Manufactures of a particular product in the domestic country form a cooperative union to manage their export activities. Example – Singer, Borg Warner
- ▶ **Purchasing/Buying agent** – It is an agency of a foreign buyer/importer company which appoints agents to arrange for buying products from other countries.
- ▶ **Resident Buyer** – A resident buyer is an independent agent located near a highly centralized production industry involved in buying products on behalf of an importer.
- ▶ **Export Merchant** – An export merchant is a person who buys products in domestic country to sell them in foreign country.



Thank you

