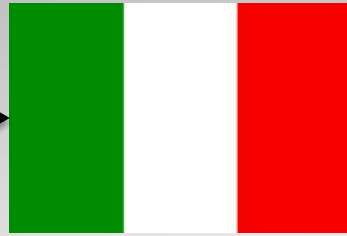


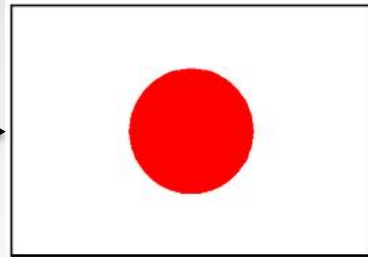


14. TAPPING INTO GLOBAL MARKETS





Italian Suit



Japanese Restaurant



American Movie



Korean TV



Global Firm



Nestlé

Good Food, Good Life
Good Food, Good Life



TOSHIBA

Leading Innovation >>>

NOKIA

Connecting People

L'ORÉAL®

What is a Global Firm?

A **global firm** is one that **operates in more than one country** and captures R&D, production, logistical, marketing, and financial **advantages in its costs and reputation** that are not available to purely domestic competitors.



Major Decisions in International Marketing

1. Deciding whether to go ?
2. Deciding which markets to enter ?
3. Deciding how to enter ?
4. Deciding on marketing program ?
5. Deciding on the marketing organization ?



Deciding whether to go abroad

Deciding which markets to enter

Deciding how to enter the market

Deciding on the marketing program

Deciding on the marketing organization

1. Deciding Whether to Go Abroad



Reasons for Pursuing Global Markets:

- Better profit opportunities
- Larger customer base to achieve economies of scale
- Less dependence on any one market
- Desire to counterattack global competitors in their home markets
- Customers require international service



Risks to Going Abroad

- Lack of knowledge of foreign culture
- Lack of understanding of foreign needs
- Lack of understanding of foreign regulations
- Lack of managers with international expertise
- Changes in the country environment

Four Stages of Internationalization



- Stage 1: No regular export activities
- Stage 2: Export via independent agents
- Stage 3: Establish sales subsidiaries
- Stage 4: Establish production facilities abroad

2. Deciding Which Markets to Enter

How Many Markets to Enter:

Waterfall Approach: gradually entering countries in sequence

Sprinkler Approach: entering many countries simultaneously

Born Global: technology intensive firms



Developed versus Developing Markets:

- **Developed markets**
only about 20 percent of the world's population with big purchasing power
- **Developing markets**
Huge population ; small but potential purchasing power

Evaluating Potential Markets

Its **readiness** for different products and services, and its **attractiveness** as a market, depend on its demographic, economic, sociocultural, natural, technological, and political-legal environments.

3. Deciding How to Enter the Market

**INDIRECT
EXPORT**

**DIRECT
EXPORT**

LICENSING

**JOINT
VENTURES**

**DIRECT
INVESTMENT**

Commitment, Risk, Control, and Profit Potential



4. Deciding on the Marketing Program

Consumer behavior differences as well as historical market factors lead marketers to position brands differently in different markets:

- Heineken beer is a high-end super-premium offering in the United States but middle-of-the road in its Dutch home market.
- Honda automobiles denote speed, youth, and energy in Japan and quality and reliability in the United States.
- The Toyota Camry is the quintessential middle-class car in the United States but is at the high end in China, though in the two markets the cars differ only in cosmetic ways.



What Marketing Aspects Might Be Adapted for International Marketing?

- Product features
- Labeling
- Colors
- Materials
- Sales promotion
- Advertising media
- Brand name
- Packaging
- Advertising execution
- Prices
- Advertising themes

Five International Product and Communication Strategies

		Product		
		Do Not Change Product	Adapt Product	Develop New Product
Communications	Do Not Change Communications	Straight extension	Product adaptation	Product invention
	Adapt Communications	Communication adaptation	Dual adaptation	

Price Choices

- Set a uniform price everywhere
- Set a market-based price in each country
- Set a cost-based price in each country



5. Deciding on the Marketing Organization

Export Departments

International Divisions

Global Organization