

## **17MBAPI303A INTERNATIONAL MARKETING MANAGEMENT 4004**

**Scope:** This course specializes by promoting the product in the international market. Focuses on Risk involved, market segmentations, product policies, pricing decisions and market communications.

**Objective:** This paper deals with a broad conceptual focus on the international marketing management problems, techniques and strategies necessary to incorporate the marketing concept into the framework of the world market place. The present course explores those aspects of marketing which are unique to international business.

### **Unit I**

International Marketing: an overview - Nature, Importance and scope of International Marketing, Domestic marketing vs. International marketing, International marketing management process – International marketing environment, Scanning and monitoring global marketing environment; International Marketing Information System.

### **Unit II**

International market segmentation, Positioning, Analysis of world market, Market analysis, International marketing research, Screening and selection of markets, International market entry: Export, Licensing , Franchise, Joint Venture, Multinational operations, Contract manufacturing.

### **Unit III**

International Product Policies – Major product decisions – Product features and quality, Product design, Labeling, Packaging, Branding and product support services; Strategies in multinational product planning, International product life cycle, New product development.

### **Unit IV**

International Pricing Decisions – International Price determination, Price escalation, International pricing process and policies, Delivery terms and currency for export price quotations, International transfer pricing, Methods of determining transfer pricing, Differential Pricing.

### **Unit V**

International marketing communication – Communication with foreign buyers, Planning and preparing, International promotion programme, Media structure, Planning media strategy, Corporate advertising.

**Suggested Readings:**

**Text Book:**

1. Nargundkar. (2008).International Marketing. (1st edition).New Delhi: Excel Books.

**References:**

1) Czinkota. (2012).International Marketing (10th Edition). UK: Thompson publication.

2)Cateora Graham. (2015). International Marketing (17th Edition). New Delhi. Tata McGraw Hill.

3)Siddiqui. (2011).International Marketing (2nd edition). New York: Wiley Dream tech publication.

4)Cherunilam, F. (2007). International Trade and Export Management. New Delhi: Himalaya publishing house.

5)Varshney, R.L., and Bhattacharya, B. (2015). International Marketing Management (9th Edition). New Delhi: Sultan Chand & Sons.

6)Jain, S. (2008).International Marketing.(3rd edition). UK: Thomson publication.



# KARPAGAM ACADEMY OF HIGHER EDUCATION

(Deemed to be University)

(Established under section 3 of UGC Act 1956)

Coimbatore-641021

## DEPARTMENT OF MANAGEMENT

Name: **Dr. V. RAMADEVI (Assistant Professor)**

Department: **Management**

Subject Code: **17MBAPI303A**

Semester: **III**

Year: **2017-19 Batch**

Subject: **INTERNATIONAL MARKETING MANAGEMENT - Lesson Plan**

UNIT – 1			
S. No	Lecture Hours	Contents	References
1	1	International Marketing – Nature & Importance	R4 - Pg 10 - 15
2	1	Scope of International Marketing	R4 - Pg 22 - 23
3	1	Domestic marketing Vs International Marketing	W3
4	1	IMM process	R4 - Pg 17 - 20
5	1	International marketing environment	R4 - Pg 31 - 43
6	1	Scanning and monitoring global marketing environment	R4 - Pg 44 – 50
7	1	International Marketing Information System	R4 - Pg 115 - 116
8	1	Case Study	T1 - 231
9	1	Recapitulation & Discussion on important questions	-
<b>Total no. of Hours planned for Unit 1</b>			<b>9</b>
UNIT – 2			
1	1	International market segmentation	R4 – Pg: 162-164
2	1	Positioning - Case study	R4 - Pg: 166
3	1	Analysis of world market, Market analysis	T1 – Pg: 67- 69
4	1	International marketing research	R4 - Pg: 115 - 119
5	1	Screening and selection of markets	R4 - Pg: 127 - 132
6	1	International market entry - Export, Licensing, Franchise	R4 - Pg: 134 - 138
7	1	International market entry - Joint Venture, Multinational operations	R4 - Pg: 140 - 144
8	1	Contract manufacturing	R4 - Pg: 138 - 140
9	1	Recapitulation & Discussion on important questions	-
<b>Total no. of Hours planned for Unit 2</b>			<b>9</b>

UNIT – 3			
1	1	International Product Policies	R4 - Pg 165
2	1	Major product decisions	R4 - Pg 166 - 168
3	1	Product features and quality	R5 - Pg 235
4	1	Product design	R1 - Pg 327 - 338
5	1	Labeling , Packaging,	R4 – Pg 176 - 178
6	1	Branding and product support services	T1 - Pg: 96 - 102
7	1	Strategies in multinational product planning	R4 – Pg 183 - 187
8	1	International product life cycle	R4 – Pg 168 - 169
9	1	New product development - Case Study	R4 – Pg 172 -173
10	1	Recapitulation & Discussion on important questions	-
<b>Total number of hours planned for Unit 3</b>			<b>10</b>
UNIT – 4			
1	1	International Pricing Decisions	R4 – Pg: 193 - 195
2	1	International Price determination, Price escalation	R4 – Pg: 197 - 198
3	1	International pricing process and policies	R4 – Pg: 199 -207
4	1	International pricing process and policies	R4 – Pg: 199 -207
5	1	Delivery terms and currency for export price quotations	R4 – Pg: 212 - 220
6	1	Delivery terms and currency for export price quotations	R4 – Pg: 212 - 220
7	1	International transfer pricing	R4 – Pg: 205
8	1	Methods of determining transfer pricing, Differential Pricing	R4 – Pg: 206
9	1	Recapitulation & Discussion on important questions	-
<b>Total no. of Hours planned for Unit 4</b>			<b>9</b>
UNIT – 5			
1	1	International marketing communication	R4 - Pg 235 - 237
2	1	Communication with foreign buyers	
3	1	Planning and preparing international Promotion	R1 - Pg 577 - 583
4	1	International promotion programme	R1 - Pg 584 - 592
5	1	Media structure	R1 - Pg 580 - 582
6	1	Planning media strategy	R1 - Pg 580
7	1	Corporate advertising - Case Study	T1 – Pg 189
8	1	Recapitulation & Discussion on important questions	-
9	1	Revision of previous year question paper	-
10	1	Revision of previous year question paper	-
11	1	Revision of previous year question paper	-
<b>Total no. of Hours planned for Unit 5</b>			<b>11</b>

**Suggested Readings:****Text Book:**

**T1-** Nargundkar. (2008).International Marketing. (1st edition).New Delhi: Excel Books.

**References:**

**R1** - Czinkota. (2012).International Marketing (10th Edition). UK: Thompson publication.

**R2** - Cateora Graham. (2015). International Marketing (17th Edition). New Delhi. Tata McGraw Hill.

**R3** - Siddiqui. (2011).International Marketing (2nd edition). New York: Wiley Dream tech publication.

**R4** - Cherunilam, F. (2008). International Trade and Export Management. New Delhi: Himalaya publishing house. 8<sup>th</sup> Edition

**R5** - Varshney, R.L., and Bhattacharya, B. (2015). International Marketing Management (9th Edition). New Delhi: Sultan Chand & Sons.

**R6** - Jain, S. (2008).International Marketing.(3rd edition). UK: Thomson publication.

**Journals:**

1. Indian Management – The Journal of AIMA
2. Focus – International Journal of Management

**Websites:**

**W1** - <http://www.marketing-schools.org/types-of-marketing/international-marketing.html>

**W2** - <https://www.smartling.com/international-marketing/>

**W3** - <https://www.enotesmba.com/2015/02/differences-between-international-marketing-and-domestic-marketing.html>

UNIT-I

SYLLABUS

International Marketing: an overview - Nature, Importance and scope of International Marketing, Domestic marketing vs. International marketing, International marketing management process – International marketing environment, Scanning and monitoring global marketing environment; International Marketing Information System.

Introduction

Today, the marketing organisations are not restricted to their national borders. The entire world is open for them. New markets are springing forth in emerging economies like – China, Indonesia, India, Korea, Mexico, Chile, Brazil, Argentina, and many other economies all over the world. In today's global market opportunities are on a par with the expansion of economies, with the increasing purchasing power, and with the changing consumer taste and preferences.

The economic, social, and political changes affect the practice of business worldwide, the business organisations have to remain flexible enough to react rapidly to changing global trends to be competitive. The objective of this post is to make you understand the term 'International Marketing' and nature and scope of international marketing.

Definitions

According to **Kotler**, "*Global marketing is concerned with integrating and standardizing marketing actions across a number of geographic markets.*"

According to **Cateora**, "*International marketing is the performance of business activities that direct the flow of goods and services to consumers and users in more than one nation.*"

According to **Cateora and Graham**, "*International marketing is the performance of business activities designed to plan, price, promote, and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit.*"

According to **Terpstra and Sorathy**, *“international marketing consists of finding and satisfying global customer needs better than the competition, both domestic and international and of coordinating marketing activities with in the constraints of the global environment.”*

International marketing is different from domestic marketing not only in scope but also in nature. Following are the nature and scope of international marketing.

### **Nature of International Marketing**

**1. Broader market is available** – Unlike domestic marketing the market is not restricted to national population. Population of other countries can also be targeted in international marketing.

**2. Involves at least two set of uncontrollable variables** – In domestic marketing the marketers have to interact with only one set of uncontrollable variables. In international marketing at least two set of uncontrollable variables are involved or more if the marketing organization deals in more countries.

**3. Requires broader competence** – Special management skills and broader competence is required in international marketing/business.

**4. Competition is intense** – An international marketing organization has to compete with both the domestic competitors and the international competitors. Hence, the competition is intense in international marketing.

**5. Involve high risk and challenges** – International marketing is prove to various kinds of risk and challenge like – political risk, cultural differences, changes in fashion and style of foreign customers, sudden war, changes in government rules and regulations, communication challenges due to language and cultural barriers, etc.,.

### **Scope of International Marketing**

**1. Export** – It is a function of international business whereby goods produced in one country are shipped to another country for further sale or trade.

**2. Import** – Goods or services brought into one country from another for use or sale.

**3. Re-export** – Import of semi-finished goods, further processing, and export of finished goods.

**4. Management of international operations**

- Operating marketing and sales facilities abroad,
- Establishing production or assembly facilities in foreign countries, and
- Monitoring the operations and practices of other MNCs and agencies.

**Importance of International Marketing**

**1. Important to expand target market** – Target market of a marketing organisation will be limited if it just concentrate on domestic market. When an organisation thinks globally, it looks for overseas opportunities to increase its market share and customer base.

**2. Important to boost brand reputation** – International marketing may give boost to a brand's reputation. Brand that sold internationally is perceived to be better than the brand that sold locally. People like to purchase products that are widely available. Hence, international marketing is important to boost brand reputation.

**3. Important to connect business with the world** – Expanding business into an international market gives a business an advantage to connect with new customers and new business partners. Apple - the tech giant designs its iPhone in California; outsources its manufacturing jobs to different countries like - Mongolia, China, Korea, and Taiwan; and markets them across the world. Apple have not restricted its business to a nation, rather expanded it to throughout the world. The opportunities for networking internationally are limitless. The more "places" a business is, the more connections it can make with the world.

**4. Important to open door for future opportunities** – International marketing can also open door for future business opportunities. International marketing not only increases market share and customer base, it also helps the business to connect to new vendors, a larger workforce and new technologies and ways of doing business. For example – American organisations investing in Japan



have found programs like – Six Sigma and Theory Z which are helpful in shaping their business strategies.

### **Difference between International Marketing and Domestic Marketing**

<b>Difference between International Marketing and Domestic Marketing</b>		
<b>Basis</b>	<b>Domestic Marketing</b>	<b>International Marketing</b>
Definition	“It is concerned with the marketing practises within the researchers or Marketers home country (domestic market).”	“It is the performance of business activities designed to plan, price, promote and direct the flow of a company’s goods and services to consumers or users in more than one nation for a profit.”
Role of Politics	Political factors are of minor importance.	Political factors play a vital role.
Languages & Cultures	One language and culture.	Many languages and differences in cultures.
Financial Climate	Uniform financial climate.	Variety of financial climate.
Risk Involved	Normal risk is involved.	Higher risks of different nature are involved.
Control of Marketing Activities	Control of marketing activities is easy as compared to international activities.	Control of marketing activities is difficult because of different factors like – regional, cultural, political, etc.
Payment	Minimum payment and credit risks.	Considerable payment and credit risks.
Familiarity	Well familiarity with domestic market.	Lack of Familiarity with foreign markets, research becomes essential.

## KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: International Marketing Management

Course Code: 17MBAPI303A

Unit 1

Semester: III

Year: 2017-19 Batch

Knowledge Requirement	Management knowledge is required.	Specific management knowledge and competence is required.
Product Mix	Product mix is decided keeping in view the satisfaction and more sales.	Product mix is decided according to foreign market.
Product Planning and Development	Product planning and development according to domestic market.	Product planning and development according to foreign market.
Focus	Focus of interest is on general information.	Focus of interest is on strategic emphasis.
Market Aspect	Market is much more homogeneous and different segments.	Different or diverse markets fragmented

### **Process of International Marketing**

According to **Cateora** and **Graham**, “international marketing is the performance of business activities designed to plan, price, promote and direct the flow of a company’s goods and services to consumers or users in more than one nation for a profit.”

According to **Terpstra** and **Sorathy**, “international marketing consists of finding and satisfying global customer needs better than the competition, both domestic and international and of coordinating marketing activities within the constraints of the global environment.”

### **Process of International Marketing**

International Marketing Process comprises of following five steps:-

**1. Motivation for International Marketing** – For an organisation the motivation for entering international market can be any or all of the following:

- Growth
- Profitability
- Economies of Scale, or

- Risk Spread

**2. Research and Analysis** – Market research is done to Analyse the organization's strength and weakness, opportunities available in international markets, and threats in international markets.

**3. Decision to Enter International Markets** – After identification of potential opportunities in international market decisions are taken to enter international market. Such decisions include – identification of potential buyers in international markets, demand measurement and forecasting, market segmentation, market targeting and market positioning.

**4. International Marketing Mix** – At this step international marketing mix is developed. Marketing mix identifies four key areas – Product, Price, Place, and Promotion for developing a well coordinated marketing strategy.

**5. Consolidate Marketing Efforts** - Developing a good marketing program is not enough a marketing organization needs to manage the international marketing effort properly. Marketing organisations also need proper analysis, planning, implementation and control of their marketing efforts.

## **International marketing environment**

### **Introduction**

Steve Jobs was ousted from Apple in 1985 and the company was on the verge of bankruptcy in the early 1990s. But Jobs returned in 1996 to lead the company to unprecedented heights. Today, under CEO Tim Cook, who replaced Jobs in 2011, Apple is now worth \$145.3 billion and ranks on top of Forbes' list of the World's Most Valuable Brands. Apple is so successful because of their effective marketing efforts. They are good in identifying relevant environmental factors and trends which helps in taking advantage of opportunities and minimising threats.

New technological developments, global economic conditions, worldwide population changes, increased competition, legislative requirements, and political events are some of the factors

affecting current and future marketing activities of the organisations around the world. Combination of such factors makes the International Marketing Environment. The long term performance of any organisation depends on its ability to identify and respond effectively to the key changes in its marketing environment.

The objective of this post is to help you understand - the meaning and nature of International Marketing Environment, and the important elements of International Marketing Environment.

### **Meaning of International Marketing Environment**

International Marketing Environment is the combination of various factors external to an organisation that can affect the international marketing decisions of the organisation in international market. These factors are largely uncontrollable, although marketers can influence some of them. For example, Apple cannot control population trends, economic conditions, or laws once passed, but it can have some influence on relations with stakeholders, technological developments, and competitive situations.

International Marketing Environment consists of organization's internal factors, domestic marketing factors, and global marketing factors.

Internal factors are controllable which includes - organisational structure, productivity, relations with stakeholders, organisational policies and rules.

Domestic marketing factors and global marketing factors are uncontrollable. Domestic marketing factors include – availability of raw material, availability of infrastructure, legal system, and technological factors.

Global marketing factors are related to the world economy. The main global marketing factors are – Political and legal factors, economic factors, social factors, technological factors, demographic factors, cultural factors, competitive factors, and institutional factors

### **Environmental Scanning – Identifying Market Opportunities and Threats**

Organisations do environmental scanning to identify important trends and determine if they represent present or future market opportunities or threats. The process of environmental scanning is

consisting of identifying relevant environmental factors and trends and assessing their potential impact on the organization's markets and marketing activities. If the trend creates market opportunity marketers have to take timely decision to take advantage of the opportunity. If the trend poses marketing threat decisions are taken to minimise the threat.

### **Elements of International Marketing Environment**



#### **Global Marketing Environment**

- Economic Environment
- Social Environment
- Cultural Environment
- Demographic Environment
- Technological Environment
- Institutional Environment
- Legal/Political Environment
- Competitive Environment

#### **Domestic Marketing Environment**

- Domestic political climate,
- Government approach towards international trade,
- Legal system and business ethics,
- Availability and quality of infrastructural facilities,
- Availability and quality of raw-material,
- Functioning of institutions and availability of facilities,
- Technological factors, and
- Ecological factors.

**Organisational Internal Environment**

- Goals and objectives of organisation,
- Managerial philosophy of organisation,
- Personal factors related to management,
- Managerial attitudes toward other nations, customers, social welfare, etc.,
- Organisational policies and rules,
- Marketing mix,
- Form of organisation and structure of organisation,
- Internal relations with other departments, and
- Company's relations with other stakeholders and service providers.

**Environmental Influences on International Marketing**



### 1. Social/cultural environment

The social and cultural influences on international marketing are immense. Differences in social conditions, religion and material culture all affect consumers' perceptions and patterns of buying behaviour. It is this area that determines the extent to which consumers across the globe are either similar or different and so determines the potential for global branding and standardisation. A failure to understand the social/cultural dimensions of a market are complex to manage, as McDonald's found in India. It had to deal with a market that is 40 per cent vegetarian, had an aversion to either beef or pork among meat-eaters and a hostility to frozen meat and fish, but with the general Indian fondness for spice with everything. To satisfy such tastes, McDonald's discovered it needed to do more than provide the right burgers. Customers buying vegetarian burgers wanted to be sure that these were cooked in a separate area in the kitchen using separate utensils and sauces like McMasala and McImli were developed to satisfy the Indian taste for spice. Interestingly however, these are now innovations they have introduced into other markets.

### 2. Legal environment

Legal systems vary both in content and interpretation. A company is not just bound by the laws of its home country but also by those of its host country and by the growing body of international law. This can affect many aspects of a marketing strategy – for instance advertising – in the form of media restrictions and the acceptability of particular creative appeals. ). Product

acceptability in a country can be affected by minor regulations on such things as packaging and by more major changes in legislation. It is important, therefore, for the firm to know the legal environment in each of its markets. These laws constitute the 'rules of the game' for business activity. The legal environment in international marketing is more complicated than in domestic markets since it has three dimensions:

(i) Local Domestic Law;

(ii) International Law;

(iii) Domestic Laws in the Firm's Home Base.

- **Local Domestic Law** - These are all different! The only way to find a route through the legal maze in overseas markets is to use experts on the separate legal systems and laws pertaining in each market targeted
- **International Law** - There are a number of international laws that can affect the organisation's activity. Some are international laws covering piracy and hijacking; others are more international conventions and agreements and cover items such as the International Monetary Fund (IMF) and World Trade Organisation (WTO) treaties, patents and trademarks legislation and harmonisation of legal systems within regional economic groupings, e.g. the European Union.
- **Domestic Laws in the Home Country** - The organisation's domestic (home market) legal system is important for two reasons. First, there are often export controls which limit the free export of certain goods and services to particular marketplaces, and second, there is the duty of the organisation to act and abide by its national laws in all its activities, whether domestic or international.

India is regarded by many firms as an attractive emerging market beset with many legal difficulties, bureaucratic delay and lots of red tape. For example, shoes cannot be imported in pairs but have to be imported one at a time – which causes huge problems for shoe manufacturers who need to import shoes as production samples. The way many of them overcome the problem is by importing the left



shoe via Madras and the right shoe via Mumbai. Companies such as Mercedes Benz, Coca-Cola and Kellogg have found the vast potential of India's market somewhat hard to break into. Its demanding consumers can be difficult to read and local rivals can be surprisingly tough. Political squabbles, bureaucratic delays and infrastructure headaches are also major obstacles.

### **3. Economic environment**

The purchasing power of people in a country is a crucial factor in determining the demand for products. Marketers must pay close attention to major trends in income and consumer spending patterns. In short, the economic conditions of a country – the nature of the economy, the stage of development of the economy, economic resources, the level and distribution of income, etc. are all very important factors in marketing. Further economic factors like inflation, productivity, shortages, unemployment etc have a tremendous impact on prices and incomes. Hence, marketers must incorporate these factors while preparing marketing programmes. This understanding is important at a world level in terms of the world trading infrastructure such as world institutions and trade agreements developed to foster international trade, at a regional level in terms of regional trade integration and at a country/ market level. Firms need to be aware of the economic policies of countries and the direction in which a particular market is developing economically in order to make an assessment as to whether they can profitably satisfy market demand and compete with firms already in the market.

### **4. Political Environment**

The political environment of international marketing includes any national or international political factor that can affect the organization's operations or its decision making. Politics has come to be recognized as the major factor in many international business decisions, especially in terms of whether to invest and how to develop markets. Politics is intrinsically linked to a government's attitude to business and the freedom within which it allows firms to operate. Unstable political regimes expose foreign businesses to a variety of risks that they would generally not face in the home market. This often means that the political arena is the most volatile area of international

marketing. The tendencies of governments to change regulations can have a profound effect on international strategy, providing both opportunities and threats.

**Political Factors include:**

**A. Laws**

There are laws in some countries that will greatly affect your ability to do business in them or prohibit it altogether. One such example is Thailand which has specific laws stating no foreign person or company can own more than 49% of business in Thailand, so you must be willing to take on a Thai partner in order to do business there. You must be aware of laws like this if part of your product marketing strategy includes manufacturing or distributing your wares in a foreign target market country.

**B. Licensing and Permits**

There is a chance that the only way you can do business in a foreign country is to give out an expensive permit or license of another business in that country to manufacture and sell your product for you. Governments do these things as a way of making sure a larger percentage of income from sales stays in the home country. An example of this is Pepsi's license to Heineken to bottle and sell Pepsi products in the Netherlands.

**C. Taxes**

Taxes are another way that governments can cash in on foreign businesses operating and selling products in their country, so their citizens' spending does not allow much money to leave the country. Taxes can and do impact your ability to make a profit selling goods and services in a foreign country and will shape your international marketing strategy because of that. High tax rates on goods sold, like those in the USA, can make it hard for a business to stay on the right side of that fine line between profit and loss.

**D. Fees**

When you market your products for sale in a foreign country, you may be subject to pay certain fees for the right to do that. These fees can be a one-time deal or recurring, and they can also be quite high in some circumstances if they involve what might be considered luxury items.

**E. Tariffs**

Tariffs have long been used to balance trade between countries and to protect national companies from losing business to foreign competitors. This can be a big factor when it comes to international trade and marketing your company's products or services for sale. An example of this is China's 105.4% tariff on chicken that is shipped from the USA; it is easy to see how a high tariff like this can push a country's citizens toward buying domestically raised chicken.

**F. Currency risks**

There are always risks when doing business in the currency of a foreign country that you are marketing your product or services to. If you have your money tied up in a foreign currency and economic events fall just right, your company could stand to lose millions.

**G. Other Political Risks and Restrictions**

- **Investment Restrictions:** Many countries have strict requirements on who can own businesses and do other business-related investments in their country. Your marketing department needs to be aware of these things. For instance in Malaysia, if you are an agricultural business and you want to buy land to produce fruits and vegetables to sell there, any land purchase over \$163,000 is subject to approval by the government and may come with other restrictions too.
- **Operational Restrictions:** Just how much operational control you will have over your overseas business remains to be seen, and that is a concern for some. Because of some of the restrictions that have been discussed and other requirements for doing business in a foreign country, chances are your business will need an international management team. This will affect the operational control of your business and has to be factored into any marketing decisions that your company makes.
- **Discriminatory Restrictions:** Discriminatory practices in a foreign country may inhibit or prohibit marketing your goods and services to that country too. The USA has imposed import quotas on Japan in protest at non-tariff barriers which they view as being imposed unfairly on US exporters. They have also imposed bans on imports from Libya and Iran in the past. Such barriers tend to be such things as special taxes and tariffs, compulsory subcontracting, or loss of financial freedom.

### **5. Technological environment**

Technology is a major driving force both in international marketing and in the move towards a more global marketplace. The impact of technological advances can be seen in all aspects of the marketing process. The ability to gather data on markets, management control capabilities and the practicalities of carrying out the business function internationally have been revolutionised in recent years with the advances in electronic communications. Satellite communications, the Internet and the World Wide Web, client–server technologies, ISDN and cable as well as email, faxes and advanced telephone networks have all led to dramatic shrinkages in worldwide communications. Shrinking communications means, increasingly, that in the international marketplace information is power.

The technological changes result in changes in consumption pattern and marketing systems. A new technology may improve our lives in one area while creating environmental and social problem in another area. The marketers should monitor the following trends in technology: the pace of change, the opportunities for innovation, varying research and development budgets, and increased regulation. He should watch the trends in technology and adopt the latest technology so as to stay alive in the field.

### **Characteristics of international marketing information system**

#### **Definition of international marketing information system**

It is not an easy task to give a comprehensive and complete definition of international marketing information system (IMIS), which would be easily understood at the same time. Defining difficulties arise from the complexity of the aforementioned system, interwoven elements that make up the IMIS, their entanglement and complementarity with other activities in the enterprise, as well as understanding the role and importance of the IMIS. In order to understand properly the meaning of the IMIS it is recommended to start with the etymological analysis of the IMIS concept. The compound "international marketing information system" will be briefly analyzed word by word "system", "informational," "marketing," while the adjective "international" is in brief content analyzed through the entire text. It is important to understand correctly the meaning of the word "system" because it is the basis for not only a IMIS, but also any other form of organization. According to Efraim Turban, Ephraim McLean, and James Wether be a system is a collection of

elements, such as: people, resources, concepts and procedures, intended to perform an identifiable function or serve a goal. A system is separate from its environment by a boundary. The system is inside the boundary, whereas the environment lies outside. In short, the system is determined by elements, its tasks and purpose, as well as the limits that can be very abstract. Especially interesting are the systems that collect and process various kind of information.

When it comes to comparison between marketing information system (MIS - referring to the information system oriented toward the domestic market only) and IMIS, the conclusion is the same as the comparison between domestic and international marketing research. Looking evolution through time first have came MIS. However, the issue of performance is not a matter of chronology rather than rationality. The broad framework of observation, or more statistical populations, theoretically creates a greater chance of optimal choice. The practical significance of IMIS, in a liberalized and the changing business world, is increasing. The need for a systematic approach to information collection and dissemination in the field of international marketing is conditioned by the weaknesses that are typical for most companies. According to Boris Tihi (2003, pg. 320) those weaknesses can be summarized as follows:

- There are many information, concerning various aspect of market problems, but the lack of a system that would select and direct that information force decision- makers to take unsystematic “information hunt” in making any specific marketing decisions;
- Above mentioned “hunting” takes place in the business environment and within an entity, and a result of unsystematic work is the fact that many valuable information are losing within the organizational structure of a subject;
- What makes situation more difficult is that a lot of information are often not formally recorded, information are kept in minds of individuals who sometimes jealously keep information for themselves believing that it could “increase their authority” in some situations;
- Late arrived information at the decision making place are practically worthless;
- Due to unsystematic data collection and use of different sources of information, it is difficult to assess the degree of reliability, which is an essential precondition for the quality of decisions. The only applicable way to solve the mentioned to solve the mentioned problems is a systematic approach. One of the possible systematic approaches to the problem mentioned is by IMIS. The

emphasis in these systems must be on determining the precise information needs of each marketing decision makers. This ensures that they have exactly the information they need, when they need them, to make the decisions that they have to. It is not easy, but it is possible knowing what characterize quality and developed IMIS. For indicators of the quality and development of information activities Miodrag Jovičević takes the following:

- The time between the moment of emerging and the moment of noticing a problem;
- Sources of data and information – to be known in advance and to provide data and information of current, future and historical character;
- Quality of data and information – reliability, accuracy and authenticity;
- Procedures and programs of data and information processing – to be known and provided in advance, that we know what the relationships and the degree of abstraction of the past and the future projection;
- Knowledge – a fundamental prerequisite for solving problems and conducting informational activities.

### **Content of an international marketing information system**

Within a IMIS comes to generating information necessary for strategic and tactical decision-making in an international environment. For a better insight into complex structure, and for the completeness and clarity, content of IMIS will be shown as a picture. This ensures a complete overview of the elements and relationships between elements of a IMIS. On the next figure is shown the content and structure of elements, and a connection between them in IMIS. The system consists of three essential parts: the information component, processing of collected data and the application of the IMIS. Information components are included in the IMIS in the form of internal, external and other data. Based on the data collected, it is necessary to apply the methods of sorting, processing, analysis and synthesis. The resulting information are input in the subsystem's tasks of IMIS. What is important to emphasize and what is not shown in the previous figure, is a feedback. Data and information regarding the purpose and quality of the IMIS application, or decisions made on the basis of information obtained through IMIS, have to become one of the components of information or re-entry to MISS

**The functioning of the international marketing information system**

For successful operation of a IMIS is necessary to exist three sub-systems shown in the second figure. In the following text will be briefly analyzed each of the subsystems and connections between them. Information components – source of the required data is the basis of the work of any of information system. All data sources, from the point of origin can be divided into external, internal and other sources. External data are: macroeconomic indicators, data on infrastructure, as well as data on market size. Data about macro-economic situation in individual countries, regions or globally, could be only the secondary. The most complete such information can be found in the database of: UN, World Bank, OECD Economic Indicators, Eurostat and the like, as well as on the websites of other institutions that monitor such indicators. Data on market infrastructure can also be geographically structured, for example: globally, regionally, nationally, and locally in the cities, depending on which the target market is. These are data about the media infrastructure, for example: electronic media, print media, outdoor advertising media (billboards, posters, etc.), and retail infrastructure, e.g.: type of organization and structure of retail organizations and wholesale legislation, the nature of competition and the like. Data about company's products, about market size and its structure, as well as alternative and complementary products can be found in databases. It is important that the product's market would not be too narrowly defined. Therefore there is the need to collect and analyze data on complementary and substitute products. Internal data are contained within the company itself. These data are relating to: financial indicators (for example ROA, ROE, etc.); market indicators (for example market share, sales costs, increased sales by individual product lines and the like); data about employees (example fluctuations, the emergence of new professions of interest to the company, etc.); data obtained through the marketing research studies (for example research centralized or organized for particular target markets and the like). Other data sources can be divided into two groups: people as a source of data and observation of physical stimuli as another data source. People could create and transfer ideas, experiences and knowledge within the organization, or between world or region markets. They create and transmit information to each other. Such communication occurs in the oral and written form, staff meetings, teleconferencing and so on. Also, this communication can be separated to the internal, within the same enterprise, and external, communication with sales representatives, managers from other countries, promotion agencies, distributors and so on. A complete picture about same market could be obtained only by



visiting that market, observing it and talking with customers and business partners, looking at shopping habits and the type of retail outlets, monitoring advertisements on electronic and print media, looking at weather conditions, geographical terrain, quality of transport infrastructure and the like.

**Part A (ONE Mark)**

**Multiple Choice Questions**

**Online Examination**

**Part B**

**(2 Marks)**

**2 MARKS**

1. What is International Marketing?
2. Define market segmentation.
3. List the stages in the evolution of companies.
4. What is Performance indicator?
5. What do you mean by international marketing communication?

**Part C (8 Marks)**

1. What are the importance, nature and scope of international marketing?
2. Write short notes on international marketing decisions.
3. What are the stages in evolution of Internationalization?
4. What broad areas are required for international marketing management?
5. Discuss merits and demerits of MNC.
6. Discuss the various market entry strategies for an international firm.
7. What are the types of exchange rates? Explain in detail.
8. Discuss globalization in detail



**INTERNATIONAL MARKETING MANAGEMENT**  
**UNIT 1 – MCQ**

<b>S. No</b>	<b>Questions</b>	<b>Option A</b>	<b>Option B</b>	<b>Option C</b>	<b>Option D</b>	<b>Answer</b>
1	According to the textbook, international marketing is "the multinational process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational objectives." The definition fails to recognize	Nonprofit marketing	Business-to-business marketing	Consumer marketing	Integration of the 4 P's	Business-to-business marketing
2	The marketing mix (the 4 Ps of marketing) does not include	Product	Place	Practicality	Promotion	Practicality
3	The study of international marketing should focus primarily on	Product	Place	Promotion	All 4p's	All 4p's
4	To U.S. students, French marketing is	Domestic marketing	Foreign marketing	Comparative marketing	International marketing	Foreign marketing
5	This kind of international marketing study contrasts two or more marketing systems to identify similarities and differences.	Domestic marketing	Foreign marketing	Comparative marketing	Extensive marketing	Comparative marketing
6	For practical purposes, the difference between the concept of international marketing and the concept of multinational marketing is	Significant	Insignificant	Meaningful	Adequate	Insignificant
7	MNCs are often associated with	Exploitation	Ruthlessness	Power	All of the above	All of the above
8	This definition of MNC focuses on the number of countries in which the firm does business and the citizenship of corporate owners and top management.	Structure	Performance	Behavior	Communication	Structure
9	This definition of MNC depends on the contribution of foreign operations in terms of earnings, sales, and assets.	Structure	Performance	Behavior	Communication	Performance
10	A strong orientation toward the home	Ethnocentricit	Polycentricity	Geocentricity	Unicentric	Ethnocentricity

	country is an indication of	y				
11	When a U.S. firm leaves local managers of its foreign subsidiary alone by assuming that the foreign market is difficult for outsiders to understand, this is a reflection of	Ethnocentricity	Polycentricity	Geocentricity	Unicentric	Polycentricity
12	Decentralization is likely in the case of	Ethnocentricity	Polycentricity	Geocentricity	Unicentric	Polycentricity
13	When a firm uses the same marketing strategies abroad as that used at home, it probably is	Ethnocentric	Polycentric	Geocentric	Unicentric	Ethnocentric
14	When companies believe that, even though countries may differ, the differences can be understood and managed, such firms are	Ethnocentric	Polycentric	U.s.-centric	Geocentric	Geocentric
15	These firms allocate corporate resources without regard to national frontiers and do not hesitate making direct investment abroa	Ethnocentric firms	Polycentric firms	Geocentric firms	Unicentric firms	Geocentric firms
16	Beatrice Foods may want to give up its U.S. citizenship because of tax advantages abroaThis kind of thinking is	Ethnocentric	Polycentric	Geocentric	Unicentric	Geocentric
17	As a result of international trade and global interdependence, countries' inflation rates tend to	Increase	Moderate	Be unpredictable	Be unstable	Moderate
18	International marketing strategy according to which company uses separate marketing mix for each international target market is classified as	Straight product marketing	Product adaptation marketing	Standardized global marketing	Adapted global marketing	Adapted global marketing
19	International marketing strategy according to which company uses same marketing mix in all international markets is called	Straight product marketing	Product adaptation marketing	Standardized global marketing	Adapted global marketing	Standardized global marketing
20	A country should export a product that it can produce at a lower cost than other nations can. This is the principle of	Absolute advantage	Comparative advantage	Relative advantage	Factor endowment	Absolute advantage
21	According to the principle of absolute	Export	Import	Both export	Neither export nor	Export

	advantage, a country should ..... a commodity that can be produced at a lower cost than can other nations.			and import	import	
22	The principle of relative advantage states that a country should produce a product with the ..... comparative advantage.	Least	Greatest	Equal	Somewhat higher	Greatest
23	The evidence that the United States exports labor-intensive goods and imports capitalintensive goods is known as	Principle of absolute advantage	Principle of relative advantage	Leontief paradox	Factor endowment	Leontief paradox
24	GATT's Subsidies Code prohibits the use of export subsidies on	Non primary products	Primary products	Both primary and nonprimary products	Neither non primary nor primary products	Non primary products
25	This world organization monitors trade and resolves disputes	WTO	GSP	UNCTAD	WORLD BANK	WTO
26	This world organization wants to achieve a broad, multilateral, and free worldwide system of trading	WTO	GSP	UNCTAD	WORLD BANK	WTO
27	This organization is a permanent organ of the United Nations General Assembly, and its goal is to encourage development in Third World countries and enhance their export positions.	WTO	GSP	UNCTAD	WORLD BANK	UNCTAD
28	Which of the following economists first proposed the idea of exploring foreign markets in his book?	Theodore levitt	Thomas friedman	Adam smith	Michael porter	Theodore levitt
29	Which organization in India did McDonald's tie up with to open "Cell Kitchen"?	India Post	ISRO	Indian Railways	ONGC	Indian Railways
30	A variety of information is needed for successfully operating in international market. Which of the following information is NOT required under the category of marketing mix?	Add products	Sales campaign	Distribution channel	nonprimary products	Add products
31	Which one of the following index measures the tolerance of social	Uncertainty Avoidance	Power Distance	Cultural Value	Individualism/ Collectivism	Cultural Value

	inequality?					
32	Which of the following best describes the reactive marketing?	Simply selling	After sales calls to get feedback	Encourage customers to contact for queries	Contact customers to seek input for future improvement in products	Encourage customers to contact for queries
33	Historical data of a firm is sufficient to find which of the following information?	Trends in sales and profit	Trends in sales only	Trends in profit only	Either trends in sales or profit	Trends in sales and profit
34	A variety of information is needed for successfully operating in international market. Which of the following information is required under the category of prescriptive info?	Exchange rate	Balance of payment	Laws and regulations	Trends in sales and profit	Laws and regulations
35	Which of the following best describes proactive marketing?	Simply selling	After sales calls to get feedback	Encourage customers to contact for queries	Contact customers to seek input for future improvement in products	Contact customers to seek input for future improvement in products
36	Which one of the following law formats is based on an all-inclusive system of written rules of law?	Code law	Interpretive law	Common law	Legislative law	Code law
37	Identify the system of accounts that record a nation's international financial transaction?	Balance of trade	Balance of payments	Balance of import	Balance of export	Balance of payments
38	A balance of payment statement includes three accounts EXCEPT:	Current account	Capital account	Reserve account	Accrual account	Accrual account
39	A statement that records all financial transactions between a nation's residents and for those the rest of the world during a given period usually one year is called a nation's:	Balance of trade	Balance of payment	Import export statement	Supply demand statement	Balance of payment
40	Which of the following social scientists is credited with doing the most thorough, influential, and widely read work on how cultural values influence various types of business and market behavior?	Milton Friedman	Daniel Starch	Geert Hofstede	Sigmund Freud	Geert Hofstede
41	The designing of marketing mix for each	Different in	Similar in	May be	Either different or	Similar in nature

	segment if marketer selects more than one segment for company, a product is:	nature	nature	different or similar	similar	
42	A variety of information is needed for successfully operating in international market. Which of the following information is required under the category of general conditions?	Exchange rate	Consumer behavior	Balance of payment	Technological environments	Consumer behavior
43	Which of the following determine the needs, wants, and interests of target markets and to deliver the desired satisfactions in a way that preserves or enhances the consumer's and society's well-being?	The Product concept	The Marketing concept	The Production concept	The Societal Marketing concept	The Societal Marketing concept
44	The nature of multi-segments (more than one segment if he/she select) that a marketer selects as a target market is:	Homogeneous	Heterogeneous	Both homogeneous and heterogeneous	Either homogeneous or heterogeneous	Heterogeneous
45	A variety of information is needed for successfully operating in international market. Which of the following information is NOT required under the category of foreign exchange info?	Laws and regulations	Availability of finance	Dividends in host country	All of the given options	All of the given options
46	According to the theory of absolute advantage, a country can have certain advantages over other countries, which of the following is the acquired advantage?	Climate conditions	Natural resources	Cheap labor-force	Legal	Cheap labor-force
47	Which of the following orientations holds that consumers will favor products that are available and highly affordable?	Product concept	Marketing concept	Production concept	Selling concept	Product concept
48	Solberg's framework (1997) is based on the following two dimensions:	industry globalism and preparedness for internationalization	strategy and industry globalism	polycentrism and industry globalism.	Porter's five forces and preparedness for internationalization	industry globalism and preparedness for internationalization
49	With the globalization of markets, the	so different	converging	becoming	being encouraged	converging upon a

	tastes and preferences of consumers world-wide are:	that they can be ignored by international organizations.	upon a global norm.	similar to the tastes and preferences of American consumers.	by multinational organizations to become increasingly similar.	global norm.
50	When management believes or assumes that the home country is superior and the needs of the home country are most relevant in terms of doing business internationally, then management is thought to have a(n) _____ business orientation.	geocentric	regiocentric	polycentric	ethnocentric	ethnocentric
51	The goals of international marketing are to:	eliminate competition in international markets.	expand business activities abroad.	create and retain customers in global markets.	gain market share and increase profit.	create and retain customers in global markets.
52	Being a global organization means:	creating standardized products for homogeneous markets.	creating both standardized and customized products.	customizing the product range for each segment in part.	eliminate competition in international markets.	creating both standardized and customized products.
53	Which of the following represents a company's effort to identify and categorize groups of customers and countries according to common characteristics?	Global marketing research	Global targeting	Global market segmentation	Global positioning	Global market segmentation
54	Which term refers to the phenomenon in which the world's population shares commonly recognized cultural symbols?	multicultural village	global village	global city	monopolistic market	global village
55	A global market leader is an organization which:	Is ahead of the competition in terms of global innovation.	Has more than 50% global market share.	Has the monopoly over several foreign markets.	is recognized as being ahead of the rest in terms of market share	is recognized as being ahead of the rest in terms of market share
56	Which of the following industries are	PCs, IT	movies and	Both 1 and 2	foods and dairies,	Both 1 and 2

	known for their high degree of globalism?	(software), records (CDs)	aircraft		wedding, legal, medical and funeral services	
57	In the EU, SMEs constitute approximately _____per cent of all firms.	78	50	25	99	99
58	Within an international context, what are 'economies of scope' synonymous with?	Reusing a resource from one business/country in additional businesses/countries.	Decreased cost per unit of output.	Buying components in bulk.	Selling Componentets	Reusing a resource from one business/country in additional businesses/countries.
59	Firm that operates in more than one country gains production, marketing and financial advantages that are not available to domestic competitors is called	Global firm	Expanding firm	Premium firm	Challenger firm	Global firm
60	In which industries is global competition more common?	Where upstream and support activities are crucial to competitive advantage	Where the value chain functions are carried out at head office	Where downstream activities or other-tied activities are vital to competitive advantage	In none of the above situations	Where upstream and support activities are crucial to competitive advantage
61	The marketing mix (the 4 Ps of marketing) does not include	Product	Place	Practicality	Promotion	Practicality

**UNIT-II**

**SYLLABUS**

International market segmentation, Positioning, Analysis of world market, Market analysis, International marketing research, Screening and selection of markets, International market entry: Export, Licensing, Franchise, Joint Venture, Multinational operations, Contract manufacturing.

**Market Segmentation**

**Market segmentation** is a marketing strategy which involves separating a wide target market into subsets of customers, enterprises, or nations who have, or are perceived to have, common requirements, choices, and priorities, and then designing and executing approaches to target them. Market segmentation approaches are basically used to identify the target clients, and provide assisting data for marketing plan components like positioning to get certain marketing plan objectives.

Businesses may discover product differentiation approaches, or an undifferentiated approach, including specific goods or product lines relying on the precise demand and attributes of the target segment.

The most common forms of market segmentation practices are as follows –

**Geographic Segmentation**

Dealers can segment market according to geographic criterion that is nations, states, regions, countries, cities, neighbourhoods, or postal codes. The geo-cluster strategy blends demographic information with geographic data to discover a more precise or specific profile. For example, in rainy areas dealers can easily sell raincoats, umbrellas and gumboots. In winter regions, one can sell warm clothing.

A small business product store focuses on customers from the local neighbourhood, while a larger departmental store focuses its marketing towards different localities in a larger city or region. They neglect customers in other continents. This segmentation is very essential and is marked as



the initial step to international marketing, followed by demographic and psychographic segmentation.

### **Demographic Segmentation**

Segmentation on the basis of demography relies on variables like age, gender, occupation and education level or according to perceived advantages which an item or service may provide.

An alternative of this strategy is called firmographic or character based segmentation. This segmentation is widely used in business to business market. It's estimated that 81% of business to business dealers use this segmentation.

According to firmographic or character based segmentation, the target market is segmented based on characteristics like size of the firm in terms of revenue or number of employees, sector of business or location like place, country and region.

### **Behavioral Segmentation**

This divides the market into groups based on their knowledge, attitudes, uses and responses to the product. Many merchants assume that behavior variables are the best beginning point for building market segments.

### **Psychographic Segmentation**

Psychographic segmentation calls for the division of market into segments based upon different personality traits, values, attitudes, interests, and lifestyles of consumers. Psychographics uses people's lifestyle, their activities, interests as well as opinions to define a market segment.

Mass media has a dominating impact and effect on psychographic segmentation. To the products promoted through mass media can be high engagement items or an item of high-end luxury and thus, influences purchase decisions.

### **Occasional Segmentation**

Occasion segmentation is dividing the market into segments on the basis of the different occasions when the buyers plan to buy the product or actually buy the product or use the product. Some products are specifically meant for a particular time or day or event. Thus, occasion

segmentation helps identify the customers' various reasons to buy a particular product for a particular and thus boosts the sale of the product.

### **International Marketing Planning**

Any company on the marketing platform is expected to have a detailed analysis of the choices and preferences of the customers in the target market. That is where the company will be selling the products. This will help the company produce the products according to the demands of the customers and this will eventually lead to a win-win situation between the buyer and the seller.

The plan that leads to the analysis is a step by step approach wherein the analysis is done on cultural, economic, and political situation prevailing in the target market or the country.

**The different steps in the planning process are as follows –**

- **Phase 1** – Identifies the target market and builds relative priorities for resource allocation.
- **Phase 2** – Fixes the positioning approach for each target market. The aim is to match the requirements with the needs based on the analysis.
- **Phase 3** – Includes the preparation of the marketing plan. It consists of examining the situation, aim, objectives, approach and tactics, budgets and forecasts, and action programs.
- **Phase 4** – The plan is executed and managed. Results are checked and strategies adjusted when required to improve results.

Even though the international marketing planning process is very much similar to planning domestic marketing strategies but the environment is far more complicated, knotty and uncertain in international markets.

### **The International Market Entry Evaluation Process**

#### **How to Enter a Foreign Market**

This lesson gives an outline of the way in which an organization should select which foreign to enter. The International Marketing Entry Evaluation Process is a five stage process, and its purpose is to gauge which international market or markets offer the best opportunities for our

products or services to succeed. The five steps are Country Identification, Preliminary Screening, In-Depth Screening, Final Selection and Direct Experience. Let's take a look at each step in turn.

### **Step One – Country Identification**

The World is your oyster. You can choose any country to go into. So you conduct country identification – which means that you undertake a general overview of potential new markets. There might be a simple match – for example two countries might share a similar heritage e.g. the United Kingdom and Australia, a similar language e.g. the United States and Australia, or even a similar culture, political ideology or religion e.g. China and Cuba. Often selection at this stage is more straightforward. For example a country is nearby e.g. Canada and the United States. Alternatively your export market is in the same trading zone e.g. the European Union. Again at this point it is very early days and potential export markets could be included or discarded for any number of reasons.

### **Step Two – Preliminary Screening**

At this second stage one takes a more serious look at those countries remaining after undergoing preliminary screening. Now you begin to score, weight and rank nations based upon macro-economic factors such as currency stability, exchange rates, level of domestic consumption and so on. Now you have the basis to start calculating the nature of market entry costs. Some countries such as China require that some fraction of the company entering the market is owned domestically – this would need to be taken into account. There are some nations that are experiencing political instability and any company entering such a market would need to be rewarded for the risk that they would take. At this point the marketing manager could decide upon a shorter list of countries that he or she would wish to enter. Now in-depth screening can begin.

### **Step Three – In-Depth Screening**

The countries that make it to stage three would all be considered feasible for market entry. So it is vital that detailed information on the target market is obtained so that marketing decision-making can be accurate. No one can deal with not only micro-economic factors but also local conditions such as marketing research in relation to the marketing mix i.e. what prices can be charged in the nation? – How does one distribute a product or service such as ours in the nation? How should we communicate with our target segments in the nation? How does our product or service need to be adapted for the nation? All of this information will form the basis of

segmentation, targeting and positioning. One could also take into account the value of the nation's market, any tariffs or quotas in operation, and similar opportunities or threats to new entrants.

#### **Step Four – Final Selection**

Now a final short-list of potential nations is decided upon. Managers would reflect upon strategic goals and look for a match in the nations at hand. The company could look at close competitors or similar domestic companies that have already entered the market to get firmer costs in relation to market entry. Managers could also look at other nations that it has entered to see if there are any similarities, or learning that can be used to assist with decision-making in this instance. A final scoring, ranking and weighting can be undertaken based upon more focused criteria. After this exercise the marketing manager should probably try to visit the final handful of nations remaining on the short, short-list.

#### **Step Five – Direct Experience**

Personal experience is important. Marketing manager or their representatives should travel to a particular nation to experience first hand the nation's culture and business practices. On a first impressions basis at least one can ascertain in what ways the nation is similar or dissimilar to your own domestic market or the others in which your company already trades. Now you will need to be careful in respect of self-referencing. Remember that your experience to date is based upon your life mainly in your own nation and your expectations will be based upon what you already know. Try to be flexible and experimental in new nations, and don't be judgemental – it's about what's best for your company – happy hunting.

### **International Market Entry Strategies**

There are a variety of ways in which a company can enter a foreign market. No one market entry strategy works for all international markets. Direct exporting may be the most appropriate strategy in one market while in another you may need to set up a joint venture and in another you may well license your manufacturing. There will be a number of factors that will influence your choice of strategy, including, but not limited to, tariff rates, the degree of adaptation of your product required, marketing and transportation costs. While these factors may well increase your costs it is expected the increase in sales will offset these costs. The following strategies are the main entry options open to you.

## **Direct Exporting**

Direct exporting is selling directly into the market you have chosen using in the first instance your own resources. Many companies, once they have established a sales program turn to agents and/or distributors to represent them further in that market. Agents and distributors work closely with you in representing your interests. They become the face of your company and thus it is important that your choice of agents and distributors is handled in much the same way you would hire a key staff person.

## **Licensing**

Licensing is a relatively sophisticated arrangement where a firm transfers the rights to the use of a product or service to another firm. It is a particularly useful strategy if the purchaser of the license has a relatively large market share in the market you want to enter. Licenses can be for marketing or production.

## **Franchising**

Franchising is a typical North American process for rapid market expansion but it is gaining traction in other parts of the world. Franchising works well for firms that have a repeatable business model (eg. food outlets) that can be easily transferred into other markets. Two caveats are required when considering using the franchise model. The first is that your business model should either be very unique or have strong brand recognition that can be utilized internationally and secondly you may be creating your future competition in your franchisee.

## **Partnering**

Partnering is almost a necessity when entering foreign markets and in some parts of the world (e.g. Asia) it may be required. Partnering can take a variety of forms from a simple co-marketing arrangement to a sophisticated strategic alliance for manufacturing. Partnering is a particularly useful strategy in those markets where the culture, both business and social, is substantively different than your own as local partners bring local market knowledge, contacts and if chosen wisely customers.

## **Joint Ventures**

Joint ventures are a particular form of partnership that involves the creation of a third independently managed company. It is the 1+1=3 process. Two companies agree to work together in a particular market, either geographic or product, and create a third company to undertake this. Risks and profits are normally shared equally. The best example of a joint venture is Sony/Ericsson Cell Phone.

### **Buying a Company**

In some markets buying an existing local company may be the most appropriate entry strategy. This may be because the company has substantial market share, are a direct competitor to you or due to government regulations this is the only option for your firm to enter the market. It is certainly the most costly and determining the true value of a firm in a foreign market will require substantial due diligence. On the plus side this entry strategy will immediately provide you the status of being a local company and you will receive the benefits of local market knowledge, an established customer base and be treated by the local government as a local firm.

### **Piggybacking**

Piggybacking is a particularly unique way of entering the international arena. If you have a particularly interesting and unique product or service that you sell to large domestic firms that are currently involved in foreign markets you may want to approach them to see if your product or service can be included in their inventory for international markets. This reduces your risk and costs because you are essentially selling domestically and the larger firm is marketing your product or service for you internationally.

### **Turnkey Projects**

Turnkey projects are particular to companies that provide services such as environmental consulting, architecture, construction and engineering. A turnkey project is where the facility is built from the ground up and turned over to the client ready to go – turn the key and the plant is operational. This is a very good way to enter foreign markets as the client is normally a government and often the project is being financed by an international financial agency such as the World Bank so the risk of not being paid is eliminated.

**Greenfield Investments**

Greenfield investments require the greatest involvement in international business. A greenfield investment is where you buy the land, build the facility and operate the business on an ongoing basis in a foreign market. It is certainly the most costly and holds the highest risk but some markets may require you to undertake the cost and risk due to government regulations, transportation costs, and the ability to access technology or skilled labour.

**Part A (ONE Mark)**

**Multiple Choice Questions**

**Online Examination**

**Part B**

**(2 Marks)**

1. What do you mean by Turnkey contracts?
2. Name two pull factors for international marketing ?
3. What spin- off benefits does international business give a company?
4. What is a Multinational company?
5. Define Corporate Advertising.

**Part C (8 Marks)**

1. Distinguish between domestic marketing and international marketing.
2. Discuss the market selection process for an international firm.
3. Discuss important foreign market entry strategy.
4. Discuss the role of Export Promotion Council.
5. Discuss about International Product Policies.
6. What are the different international marketing environments?
7. What are the various types of non-tariff barriers?
8. What are the major Regional Economic Agreements Initiatives?

**INTERNATIONAL MARKETING MANAGEMENT**  
**UNIT 2 – MCQ**

<b>S.NO</b>	<b>Questions</b>	<b>Option A</b>	<b>Option B</b>	<b>Option C</b>	<b>Option D</b>	<b>Answer</b>
1	The top country in terms of marketing research expenditures is	the United Kingdom	the United States	Germany	Japan	the United States
2	This kind of information is collected firsthand to answer specific, current research questions.	primary data	secondary data	selective data	relevant data	primary data
3	One problem of primary data is	specificity	relevance	being up to date	cost	cost
4	Information that has already been collected for other purposes is called	primary data	principal data	secondary data	selective data	secondary data
5	This is not a characteristic of a good test market	representativeness	self-contained media	expanded trading area	market isolation	expanded trading area
6	When a measuring instrument is able to measure what it purports to, the instrument is	reliable	consistent	stable	valid	valid
7	A bicycle is a recreation device in some countries and a basic transportation device in others. This research problem is known as	functional equivalence	definitional equivalence	classification equivalence	instrument equivalence	functional equivalence
8	These are tests constructed to study a phenomenon within one culture only	emic	etic	dependent	independent	emic
9	This translation technique uses several individuals to independently translate a question and compares their translated statements.	back translation	parallel blind	committee approach	random probe	parallel blind
10	This translation technique views both the source version	back translation	decentering	committee approach	random probe	decentering



	and the target version as open to modification.					
11	The results of American consumers' responses may not apply to foreign consumers. This is a problem of	internal validity	specific validity	external validity	predictive validity	external validity
12	This step of MIS development involves the investigation of all users' needs.	system analysis	system design	system implementation	system investigation	system analysis
13	The desirable characteristics of an international marketing information system do not include	time dependence	location independence	linguistic compatibility	legal compatibility	time dependence
14	This strategy involves selling a product from a home base, usually without any product modification.	exporting	licensing	joint venture	manufacturing	exporting
15	This entry strategy involves having an agreement that permits a foreign company to use industry property, technical knowhow, or engineering design in a foreign market.	exporting	licensing	joint venture	manufacturing	licensing
16	This is not an advantage of licensing	protection of patent	degree of risk	amount of capital required	amount of profit	amount of profit
17	Disney (U.S.A.) does not own the Disneyland amusement park in Japan but receives royalties because of this type of arrangement	exporting	joint venture	licensing	manufacturing	licensing
18	The least profitable entry strategy is	exporting	joint venture	licensing	FDI	licensing
19	Regarding foreign direct investment, developed countries are	largest recipients and largest sources	largest recipients and moderate sources	moderate recipients and largest sources	moderate recipients and moderate sources	largest recipients and largest sources
20	Sony and Pepsi joined	exporting	licensing	joint venture	assembly	joint venture

	together to market Wilson sporting goods in Japan. This strategy is				operations	
21	A partnership at corporate level is	licensing	joint venture	management contract	turnkey operation	joint venture
22	Joint ventures may not overcome this problem.	amount of resources	legal requirements	social requirements	control	control
23	This market entry strategy should be used when a company faces high tariffs but does not want to lose control of its operations	exporting	joint venture	licensing	Manufacturing	Manufacturing
24	This strategy involves manufacturing operations in a host country for the purpose of exporting a product made there to a company's home country or to other third countries	sourcing	joint venture	assembly	licensing	sourcing
25	Warnaco uses this strategy to save on labor by cutting fabrics in the United States and ships them to Costa Rica to be sewn.	exporting	management contract	turnkey	assembly operation	assembly operation
26	German firms were asked to build the biggest steel mills in the world in China and to train local personnel. This is known as	licensing	manufacturing	joint venture	turnkey	turnkey
27	A host government prefers this method of investment by a foreign firm	screwdriver assembly	acquisition	indirect investment	greenfield enterprise	greenfield enterprise
28	This market entry strategy offers the largest potential profits and control.	exporting	joint venture	licensing	manufacturing	manufacturing
29	This entry mode happens when an investor's transferred	assembly	brownfield	greenfield	redfield	brownfield

	resources dominate over those provided by an acquired firm.					
30	Strategic alliances do not necessarily require	a new legal entity	joint ventures	an equity-based investment	none of the above is always required	none of the above is always required
31	Which of the following is not a strategic alliance?	acquisitions	joint ventures	licensing agreements	e) sole ventures	e) sole ventures
32	This entry strategy is usually the most effective	exporting	joint venture	licensing	Not the above mentioned	Not the above mentioned
33	The future of free trade zones lies in	warehousing	manufacturing	sorting	salvaging	manufacturing
34	Free trade zones do not offer this benefit	cash flow	export facilitation	production costs	All are the benefits	All are the benefits
35	Whole sellers and retailers buying behavior is classified as	business buyer behavior	derived demand	business buying process	cognitive dissonance	business buyer behavior
36	Demand of business buyers is derived from	final consumer demand	raw materials suppliers	production controller	logistic managers	final consumer demand
37	In business buying process, group who has formal authority of supplier selection is classified as	user	influencer	decider and gatekeeper	buyer	buyer
38	Stage in buying behavior which follows reviews of supplier proposals by business buyer is	supplier selection	proposal solicitation	supplier search	order-routine specification	supplier selection
39	Business markets usually includes fewer but	large scale production firms	small scale retailers	small scale production firms	small scale wholesalers	large scale production firms
40	In 'stages of adoption process' , customer decides to become regular user in	awareness stage	interest stage	evaluation stage	adoption	adoption
41	Adopter group 'laggards' are	deliberate	guided by respect	skeptical	tradition bound	tradition bound
42	Social class group which earns through exceptional ability is best classified as	upper middles	working class	lower uppers	upper uppers	lower uppers
43	Tendency to which results of innovation are communicated	relative advantage	divisibility	communicability	compatibility	communicability

	to others is classified as					
44	Person's own living or interacting and acting pattern is classified	lifestyle	personality and self concept	social class	relative advantage	lifestyle
45	Considering industrial structures, economies who are rich in mineral resources but are poor in other manufacturing ways are classified as	raw material exporting economies	subsistence economies	emerging economies	industrial economies	raw material exporting economies
46	Global communication and product strategy in which communication is adjusted but product would not be changed is classified as	product adaptation	straight product extension	dual adaptation	communication adaptation	communication adaptation
47	Considering industrial structures, economies that are large exporters of manufactured products or services are classified as	raw material exporting economies	subsistence economies	emerging economies	industrial economies	industrial economies
48	Considering industrial structures, economies whose majority of people belongs to agricultural business are classified as	emerging economies	industrial economies	raw material exporting economies	subsistence economies	subsistence economies
49	Types of joint venturing includes	contract manufacturing	joint ownership	management contracting	all of above	all of above
50	Firm that operates in more than one country gains production, marketing and financial advantages that are not available to domestic competitors is called	global firm	expanding firm	premium firm	challenger firm	global firm
51	Way of designing international channels to manage entire supply chain which leads to global value	whole strategic view	whole channel view	whole product adaptation	whole communication adaptation	whole channel view

	delivery network is classified as					
52	Countries having industrial economic structure are	Saudi Arabia and Chile	Brazil and China	United States and Japan	both a and b	United States and Japan
53	Global product strategy in which product to be marketed is changed a little to be adapted in foreign market is classified as	product adaptation	straight product extension	dual adaptation	communication adaptation	product adaptation
54	Way of selling goods produced in home country with little modification or no modification into foreign market is classified as	exporting	importing	joint venturing	licensing	exporting
55	Kind of joint venture in which company signs agreement with foreign producers to provide services or manufacture goods is classified as	investment ownership	contract manufacturing	joint ownership	management contracting	contract manufacturing
56	Global communication and product strategy in which communication and product both are adjusted to fit in foreign market is classified as	product adaptation	straight product extension	dual adaptation	communication adaptation	dual adaptation
57	Way of entering foreign markets by setting up foreign manufacturing facilities is classified as	direct investment	indirect investment	union ownership	export union	direct investment
58	Group of nations that are gathered to work for common goals in regulation of international level trade is called	socio-economic community	economic community	geographical community	geo-political community	economic community
59	International marketing strategy according to which company uses separate	straight product marketing	product adaptation marketing	standardized global marketing	adapted global marketing	adapted global marketing

	marketing mix for each international target market is classified as					
60	Way of selling goods in to foreign market having a licensed agreement to operate in foreign country is called	joint venturing	licensing	exporting	importing	licensing

**UNIT-III**

**SYLLABUS**

International Product Policies – Major product decisions – Product features and quality, Product design, Labeling, Packaging, Branding and product support services; Strategies in multinational product planning, International product life cycle, New product development.

**International Product Policy – The Basic Product**

Many German companies are actively selling their products into global markets, and they are successful in the globalization business. For many years, Germany has the largest trade volume of all countries worldwide. Although the current climate is not very favorable for the world markets (the World Trade Organization WTO is → estimating a decline of 9% in the world trade of 2009), our success on world markets is important for country, companies, and inhabitants.

Which products to export?

One of the most relevant questions for a firm approaching international markets, is, which products to sell abroad. In particular it needs to define, if these products should be standardized or if they are to be adapted to local markets. Often the product management drives this very important question. Adaptation versus Product Standardization The most easiest way of a firm just beginning to approach international markets, is to sell the products designed for the home market abroad, without any change (standardized product).

On the other hand of the spectrum would be a company, which designs products for each individual target market (adaptation to local needs). Both approaches have advantages and disadvantages over the other, which I will discuss here.

**Factors in Favor of Standardization**

Standardized products can result in lower costs and larger economies of scale in the different activities from production to sales. Further, the management is easier, and it is possible to use identical marketing in different countries. Terpstra/ Sarathy (2002) name the following factors, which favor standardization:

- **High costs of adaptation:** High costs of production can make it difficult to sell the product at a reasonable price in low volume markets. In these cases standardization allows larger economies of scales, resulting in less costs per unit.
- **Industrial products:** Industrial goods tend to be more standardized than the more people centric consumer goods, as they normally adhere to technical principles, which are valid internationally.
- **Convergence and similar tastes:** Consumer patterns among countries with identical income levels tend to converge, and thus products for markets with differing income levels will more likely be different. The choice of target markets partially predefines which standardization level is possible.
- **Predominant use in urban environments:** Urban environments tend to be similar across countries, and it is possible to standardize if the usage of the product can be limited to urban users.
- **Marketing to similar countries:** Depending on characteristics of the particular products, it is possible to identify markets with similar characteristics in terms of sales. It is possible to standardize, when it is possible to identify clusters of similar markets.
- **Centralized management and operating with exports:** If a firm operates internationally as an exporter is more likely that this firm favors to work with standardized products.
- **Country-of-origin effects:** Products might actively retain their home market focus. The firm might use these attributes strategically and it might use these characteristics actively as a buying argument.
- **Economies of scale in production:** The firm can gain economies of scale in production when standardizing the products.
- **Economies of scale in research and development:** If the firm uses the same product design globally, it is possible to achieve economies of scale in R&D.



- **Economies in marketing:** Economies of scale are possible, if it is possible to use an identical marketing approach globally.

The Factors in favor of Adaptation

If the adapted product better meets the needs local market demands, the customers abroad are often willing to pay a higher price. Thus adapted products might yield a higher profit per unit sold.

Terpstra/ Sarathy (2002) name the following factors, which favor adaptation:

- **Differences in technical standards** might make it necessary to adapt the product to local needs.
- **Needs of local customers:** Consumer and personal use products will more exactly meet the needs of the local market, when adapted.
- **Variation in consumer needs and differing use conditions.** Use conditions in the different markets may differ, so that it might be required to adapt the product to local needs.
- **Differing income levels:** The per capita income level vary greatly among the different countries worldwide. It might be required to adapt certain product specifics to local needs, and to allow customer segments to buy it, which are different to those at home.
- **Fragmented independent national subsidiaries:** Depending on the globalization strategy, companies might have largely independent national subsidiaries, which are active in their respective markets for a long time. These subsidiaries might produce adapted products, and can, or will sometimes not follow new efforts to standardize the products globally. It is also possible that national subsidiaries demand from their headquarters local products that allow them to reach given profit targets.
- **Cultural differences:** Cultural differences might affect different buying criteria. It is thus often necessary to adapt a product to local tastes and habits.
- **Environmentally induced adaptation:** Governments might forbid or favor product characteristics, which are allowed in the home country. It is possible also, that they impose *local content requirements* (in these cases a certain portion of the product needs to be produced locally) to foreign companies.

## KARPAGAM ACADEMY OF HIGHER EDUCATION, COIMBATORE

Class: II MBA

Course Name: International Marketing Management

Course Code: 17MBAPI303A

Unit III

Semester: III

Year: 2017-19 Batch

- **Corporate strategy and competition:** The firms needs to consider examples of successful companies, and they need to understand, what these firms did, and how their success was related to the different strategic choices.

Principles for Product Adaptation

Terpstra/ Sarathy (2002) summarize the variables that foster product adaptation as follows (in declining importance in the industry):

1. The criteria *variations in customer needs, conditions of use and ability to buy* are among the most important reasons to choose an adaption strategy. These factors guide the adaptation of attributes and features of the basic product, or of areas, such as packaging.
2. In most cases different *technical standards* and different *user languages* require that particular product characteristics are altered.
3. It is then often required to *follow competitors*, which already offer adapted products.
4. If adaptation costs are low, it is likely that adaptation takes place. Products with high R&D effort will thus often not be adapted to local needs.
5. Local production parameters, and available material requires local production with changes in design or process.
6. In many cases government regulations force companies to make a localized product available.
7. Cultural preferences require certain adaptations

Example from the Software Space

**Business support software** often consists of global functions and features and of local functions and features. On the one hand side it is more efficient to develop a global product, so that a rollin of requirements needs to take place globally. This requires that the product manager is in contact with different customer groups and customer committees globally. It is further important for him to be able to identify the corresponding thought leaders.

On the other hand, the **business practices or legal rules** in the different countries differ, so that the product architecture and the use conditions need to be designed in a modularized way. The product manager needs to take care that these local demands are specified in a language that allows them to be built by development.

To avoid that the final product consists of different realizations of identical requirements, the product manager further needs to establish processes, which take care that inbound requirements can be generalized among countries.

Many software needs to be **localized heavily is in terms of documentation, translation, or cultural fields** to be able to be sold internationally. Here some examples for usual adaptations:

- Translation of all texts (screen and documentation)
- Technologies to support differing character sets
- Adaptations to search capabilities following local language rules
- Date formats, number formats, and spelling
- Local address formats, etc

## **Important Product Decisions in International Marketing Management**

Marketing strategies are the concepts and techniques to increase the sales and achieve a sustainable competitive advantage. As burger fuel plans to open new store in India after achieving market in middle eastern countries. Burger Fuel should follow marketing strategies as given below.

### **1). Product Decisions-**

A product is a physical good, service, idea, person or place that is capable of offering tangible and intangible attributes that individuals or organizations regard as so necessary, worthwhile, or satisfying that they're prepared to exchange money, patronage or some other unit of value in order to acquire it. Product decision represents product characteristics and different stages of life cycle.

Product decision should be as per the expectations of customer and as per their culture views. India is a more cultural market, where a anti culture product will effects all of the goodwill of the company. So, we should care about the ethical issues of India while taking product decision.

Important product decisions in international marketing management are:

- A. Market segment decision.
- B. Product mix decisions.
- C. Product specifications.
- D. Positioning and communication decisions.

**A. Market Segment Decision:**

The first product decision to be made is the market segment decision because all other decisions product mix decision, product specifications, and positioning and communications decisions depend upon the target market.

**B. Product Mix Decision:**

Product mix decision pertains to the type of products and product variants to be offered to the target market.

**C. Product Specifications:**

This involves specification of the details of each product items in the product mix. This includes factors like styling, shape, size and other attributes and factors like packaging and labelling.

**D. Positioning and Communications Decisions:**

Positioning is the image projected for the product. For example, burger may be positioned as veg burger, non veg burger, cream burger or egg burger. Communication refers to the promotional message designed for the product. Obviously, both positioning and marketing communication are very much interrelated. For the same product, sometimes the positioning and communication strategies differ between markets. For example, non veg burger is a low priced gin in the New Zealand(its home market); but when the company wanted to introduce it in the India it found that there was no room in the minds of the consumers for another low priced gin. So in the India the non veg burger was positioned as a high priced gin became very successful.

A product is defined as anything that can be offered to a market for attention, acquisition, use or consumption that might satisfy a want or need includes physical objects, services, person, places organizations and ideas.

## **2). Pricing Decisions-**

Pricing is the concept of determining what a organisation will receive in exchange for its products/service. Pricing factors are manufacturing cost, market place, competition, market condition, and quality of product in the presented market. Pricing is also a key variable in microeconomic price allocation theory. Pricing is a fundamental aspect of financial modeling and is one of the four P's of the marketing mix. The other three aspects are product, promotion, and place. Price is the only revenue generating element amongst the four Ps, the rest being cost centers.

Pricing is the manual or automatic process of applying prices to purchase and sales orders, based on factors such as: a fixed amount, quantity break, promotion or sales campaign, specific vendor quote, price prevailing on entry, shipment or invoice date, combination of multiple orders or lines, and many others. Automated systems require more setup and maintenance but may prevent pricing errors. The needs of the consumer can be converted into demand only if the consumer has the willingness and capacity to buy the product. Thus pricing is very important in marketing.

Pricing managers have the perception that the process they use in setting domestic prices can be applied to international price setting. What works here has got to work there was how one pricing manager stated his feeling about international price setting. This ethnocentric approach can limit a firm's opportunity to grow and be profitable in international markets. Using the most popular method of cost-plus price setting in foreign markets is too simplistic. Currency fluctuations, national and regional market regulations, cultural differences, global economic trends, and political differences all impact on how prices can be set in international markets. Each of them must be taken into consideration before a price is placed on a good/service.

International Factors to Consider While there are many factors that universally affect all pricing strategies; four are of particular concern to the international pricing manager. The first of these is governments interfere. It poses one of the greatest risks in international pricing determination, even if, there is only a threat of intervention. Government intervention can take on

many forms, such as, monetary and price controls, anti-trust legislation, non-tariff trade barriers and financial reporting requirements. Countries with hyperinflation typically impose price controls. The implication for international pricing professionals operating in such markets is that they need to develop strategies that allow them to quickly increase selling prices in response to the competition. Other possible pricing strategies might also include transfer pricing.

Pricing decision is the second most important decision in Indian food market. Our targeted customer expect a reasonable price all of our product, as they can easily afford to buy and it can't effect the budget of customers and as well as for the company. As there are a lot of existing food centres in Indian market. So we should go for competitive pricing strategies for the simple cheap product and as well as we should keep some products in expensive class for high/rich segment customers.

### **3). Place (Distribution) Decision-**

A channel is an institution through which goods and services are marketed. Channels give place and time utilities to consumers. In order to provide these and other services, channels charge a margin. The longer the channel the more margins are added. Channels are an integrative part of the marketer's activities and as such are very important. They also give a very vital information flow to the exporter. The degree of control one has over a channel depends on the channel type which is employed. Whilst for developing countries (India), as stated earlier, channels are almost given, this is not always the case, and as exporting becomes more and more necessary, it will not always be the case. In deciding on channel design the following have to be considered carefully:

- Market needs and preferences.
- The cost of channel service provision.
- Incentives for channel members and methods of payment.
- The size of the end market to be served.
- Product characteristics required, complexity of product, price, perish ability, packaging.
- Middlemen characteristics - whether they will push products or be passive.

- Market and channel concentration and organization.
- Appropriate contractual agreements.
- Degree of control.

Indian market is very large and high growth market. As India is a developing country. So, chances of growth are more than a other developed/competitive country. One major positive point for the company is the in high growth market there are lots of options/channels available for franchises. It comes with high growth chances in Indian developing market.

For launching Burger Fuel in India we should go with franchisees. Initially we should go for big cities like New Delhi, Chandigarh, Mumbai, Bangalore and after successful launching we would go for other nearby cities.

#### **4). Promotion Decision-**

Promotion/advertising is the major part of our food industry, in which our targeted customers are always affected by the advertising effectiveness. A high level of advertising always effect and motivate our targeted customers to convince them to buy our product.

#### **Promotional tools-**

**Numerous tools can be used to influence consumer purchases:**

**Advertising-** in or on newspapers, radio, television, billboards, busses, taxis, or the Internet.

**Price promotions-**products are being made available temporarily as at a lower price, or some premium is being offered for free.

#### **Sponsorships**

**Point-of-purchase-**the manufacturer pays for extra display space in the store or puts a coupon right by the product.

Other method of getting the consumer's attention-all the Gap stores in France may benefit from the prominence of the new store located on the Champs-Ely sees.

As per the market we can use different channels of promotion like Television Media, News papers, Promotion offers, references. As we have done survey on our selected test area, we should use high level of Television Media promotion and reference promotion offers like free discount coupons extra.

### 5). Integration and Link-

Integration is the concept of connecting and holding all the activities together. In burger fuel, all the activities of marketing should be liaison and work with each other.

### Coordination and Control:-

**a. Coordination-** Coordination is the act of organizing, making different people or things work together for a goal or effect to fulfil desired goals in an organization. Coordination is a managerial function in which different activities of the business are properly adjusted and interlinked. Coordination play a big role in burger fuel with its international presence in the globe.

Integration vertically involves the combination of two or more separate marketing or production components under common ownership or management. It can involve investments "forward" or "backward" in existing activities or investments in interlinked activities.

Integration horizontally means the linking of marketing or production separable at the same level in the system, for example, a group of retailers. Integration can bring a number of economies to food marketing systems:-

**Production/logistical economies:** integration can bring economies of bulk, transport and inventories.

**Transaction cost economies:** integration brings cost economies because the firm may become the sole supplier of goods and services to itself; these include bargaining costs, information system streamlining and centralized decision making.

**Risk bearing advantages:** vertical integration can overcome risk and uncertainty, i.e. by internalizing flows the organization can eliminate the risk of variability in supplies, outlets, and qualities and so on. More direct control over assets may enable the firm to invest in processing and



marketing facilities which further enable the development of economies of scale. Typical examples include nuclear estates and out grower schemes.

**Market imperfections:** these can be "absorbed" often by vertically integrated organizations. Taxes, prices and exchange controls and other regulations may be "absorb

### b. Controlling-

Control is about keeping things on track as per plan against objectives, removing and adding elements, reapportioning spend and resource as needed and informing plans for the following year. Control means keeping an eye on men (resource) money (budget) and minutes (time). The expected and the unexpected can all have a major impact.

There is no planning without control. Marketing control is the process of monitoring the proposed plans as they proceed and adjusting where necessary. If an objective states where you want to be and the plan sets out a road map to your destination, then control tells you if you are on the right route or if you have arrived at your destination.

Control involves measurement, evaluation, and monitoring. Resources are scarce and costly so it is important to control marketing plans. Control involves setting standards. The marketing manager will then compare actual progress against the standards. Corrective action (if any) is then taken. If corrective action is taken, an investigation will also need to be undertaken to establish precisely why the difference occurred.

### New Product Development

Every entrepreneur knows that *productivity* is one of the key ingredients for successful product development. One of the two key processes in Robert's Rules of Innovation is the New Product Development Process. A formalized, NPD process – also referred to and best practice: the Stage Gate® Process – is a must, from simple to sophisticate.

The New Product Development process is often referred to as The Stage-Gate innovation process, developed by Dr. Robert G. Cooper as a result of comprehensive research on reasons why products succeed and why they fail.

When teams collaborate in developing new innovations, having the following eight ingredients mixed into your team's new product developmental repertoire will ensure that it's overall marketability will happen relatively quick, and accurately – making everyone productive across the board.

### **Step 1: *Generating***

Utilizing basic internal and external SWOT analyses, as well as current marketing trends, one can distance themselves from the competition by generating ideologies which take affordability, ROI, and widespread distribution costs into account.

*Lean, mean and scalable* are the key points to keep in mind. During the NPD process, keep the system nimble and use flexible discretion over which activities are executed. You may want to develop multiple versions of your road map scaled to suit different types and risk levels of projects.

### **Step 2: *Screening the Idea***

Wichita, possessing more aviation industry than most other states, is seeing many new innovations stop with Step 2 – screening. Set specific criteria for ideas that should be continued or dropped. Stick to the agreed upon criteria so poor projects can be sent back to the idea-hopper early on.

Because product development costs are being cut in areas like Wichita, “prescreening product ideas,” means taking your Top 3 competitors’ new innovations into account, how much market share they’re chomping up, what benefits end consumers could expect etc. An interesting industry fact: Aviation industrialists will often compare growth with metals markets; therefore, when Boeing is idle, never assume that *all airplanes are grounded*, per se.

### **Step 3: *Testing The Concept***

As Gaurav Akrani has said, “Concept testing is done after idea screening.” And it is important to note, it is different from test marketing.

Aside from patent research, design due diligence, and other legalities involved with new product development; knowing where the marketing messages will work best is often the biggest part of testing the concept. Does the consumer understand, need, or want the product or service?

**Step 4: *Business Analytics***

During the New Product Development process, build a system of metrics to monitor progress. Include input metrics, such as average time in each stage, as well as output metrics that measure the value of launched products, percentage of new product sales and other figures that provide valuable feedback. It is important for an organization to be in agreement for these criteria and metrics.

Even if an idea doesn't turn into product, keep it in the hopper because it can prove to be a valuable asset for future products and a basis for learning and growth.

**Step 5: *Beta / Marketability Tests***

Arranging private tests groups, launching beta versions, and then forming test panels after the product or products have been tested will provide you with valuable information allowing last minute improvements and tweaks. Not to mention helping to generate a small amount of buzz. WordPress is becoming synonymous with beta testing, and it's effective; Thousands of programmers contribute code, millions test it, and finally even more download the completed end-product.

**Step 6: *Technicalities + Product Development***

Provided the technical aspects can be perfected without alterations to post-beta products, heading towards a smooth step 7 is imminent. According to Akrani, in this step, "The production department will make plans to produce the product. The marketing department will make plans to distribute the product. The finance department will provide the finance for introducing the new product".

As an example; In manufacturing, the process before sending technical specs to machinery involves printing MSDS sheets, a requirement for retaining an ISO 9001 certification (the organizational structure, procedures, processes and resources needed to implement quality management.)

In internet jargon, honing the technicalities after beta testing involves final database preparations, estimation of server resources, and planning automated logistics. Be sure to have your technicalities in line when moving forward.

**Step 7: *Commercialize***

At this stage, your new product developments have gone mainstream, consumers are purchasing your good or service, and technical support is consistently monitoring progress. Keeping your distribution pipelines loaded with products is an integral part of this process too, as one prefers not to give physical (or perpetual) shelf space to competition. Refreshing advertisements during this stage will keep your product's name firmly supplanted into the minds of those in the contemplation stages of purchase.

### ***Step 8: Post Launch Review and Perfect Pricing***

Review the NPD process efficiency and look for continues improvements. Most new products are introduced with introductory pricing, in which final prices are nailed down after consumers have 'gotten in'. In this final stage, you'll gauge overall value relevant to COGS (cost of goods sold), making sure internal costs aren't overshadowing new product profits. You continuously differentiate consumer needs as your products age, forecast profits and improve delivery process whether physical, or digital, products are being perpetuated.

## **International Product Life Cycle Theory**

Product life cycle theory divides the marketing of a product into four stages: introduction, growth, maturity and decline. When product life cycle is based on sales volume, introduction and growth often become one stage. For internationally available products, these three remaining stages include the effects of outsourcing and foreign production. When a product grows rapidly in a home market, it experiences saturation when low-wage countries imitate it and flood the international markets. Afterward, a product declines as new, better products or products with new features repeat the cycle.

### **General Theory**

When a product is first introduced in a particular country, it sees rapid growth in sales volume because market demand is unsatisfied. As more people who want the product buy it, demand and sales level off. When demand has been satisfied, product sales decline to the level required for product replacement. In international markets, the product life cycle accelerates due to the presence of "follower" economies that rarely introduce new innovations but quickly imitate the successes of

others. They introduce low-cost versions of the new product and precipitate a faster market saturation and decline.

### **Growth**

An effectively marketed product meets a need in its target market. The supplier of the product has conducted market surveys and has established estimates for market size and composition. He introduces the product, and the identified need creates immediate demand that the supplier is ready to satisfy. Competition is low. Sales volume grows rapidly. This initial stage of the product life cycle is characterized by high prices, high profits and wide promotion of the product. International followers have not had time to develop imitations. The supplier of the product may export it, even into follower economies.

### **Maturity**

In the maturity phase of the product life cycle, demand levels off and sales volume increases at a slower rate. Imitations appear in foreign markets and export sales decline. The original supplier may reduce prices to maintain market share and support sales. Profit margins decrease, but the business remains attractive because volume is high and costs, such as those related to development and promotion, are also lower.

### **Decline**

In the final phase of the product life cycle, sales volume decreases and many such products are eventually phased out and discontinued. The follower economies have developed imitations as good as the original product and are able to export them to the original supplier's home market, further depressing sales and prices. The original supplier can no longer produce the product competitively but can generate some return by cleaning out inventory and selling the remaining products at discontinued-items prices.

**Part A (ONE Mark)**

**Multiple Choice Questions**

**Online Examination**

**Part B**

**(2 Marks)**

1. What is Polycentricism?
2. What is comparative advantage?
3. What is bilateral quota?
4. Define Business Intelligence.?
5. What do you mean by consular formalities?

**Part C (8 Marks)**

1. Elaborate on International Marketing Information system.
2. Discuss about International Product life cycle.
3. What are the strategies in multinational product planning?
4. Discuss the various forms of Countertrade.
5. Discuss the major problems of India's export sector.
6. What are the factors influencing exchange rates?
7. Discuss the broad areas of Information requirement for international marketing.
8. What are the documents required by an exporter in India?

**INTERNATIONAL MARKETING MANAGEMENT**  
**UNIT 3 – MCQ**

S.No	Questions	Option A	Option B	Option C	Option D	Answer
1	The stages of new product development do not include	Business Analysis	Product Development	Test Marketing	Global Positioning	Global Positioning
2	The most important reason behind the utilization of market segmentation is	Market Heterogeneity	Positioning	Test Marketing	Product Life Cycle	Market Heterogeneity
3	Wool coats are not needed in a tropical area because of this product factor	Relative Advantage	Compatibility	Observation	Complexity	Relative Advantage
4	This product characteristic explains why carpet or vacuum cleaners are not needed in countries which people like to sweep and mop the floor daily.	Relative Advantage	Compatibility	Observation	Complexity	Compatibility
5	This product characteristic is negatively related to product adoption	Observation	Divisibility	Trialability	Price	Price
6	According to the international product life cycle theory, a country that developed an innovation will eventually become	A Net Importer	A Net Exporter	An Absolute Exporter	A Relative Producer	A Net Importer
7	Innovations are most likely to be first introduced in	Least Developed Countries	Less Developed Countries	Growing Economies	Highly Developed Countries	Highly Developed Countries
8	The innovating firm's sales and export volumes are kept stable in this stage of IPLC	Overseas Innovation	Maturity	Worldwide Imitation	Reversal	Maturity
9	Product standardization and comparative disadvantage are the characteristics of this stage of the international product life cycle theory	Overseas Innovation	Maturity	Worldwide Imitation	Reversal	Worldwide Imitation
10	This product is least likely to conform to the phenomenon described in IPLC	Typewriters	Semiconductors	Dishwashing Machines	Leather Goods	Dishwashing Machines
11	This is the reason why U.S. marketers	Big-Car	Left-Hand-Drive	Imperial System	Geocentricity	Big-Car

	assume that products designed for Americans are superior and should be preferred by foreign consumers as well	Syndrome	Syndrome			Syndrome
12	This kind of product is most likely to require adaptation for overseas markets	Musical Recordings	Films	Automobiles	Watches	Automobiles
13	The most important factor which makes product modification mandatory is	Country's Regulations	Electrical Current Standards	Measurement Standards	Product Standards	Country's Regulations
14	Almost all countries, except the United States, use this measurement system	British	Imperial	Metric	English	Metric
15	Which of the following describes the reluctance of the United States to adopt the metric system?	Big-Car Syndrome	Left-Hand-Drive Syndrome	Imperial Syndrome	Geocentricity	Imperial Syndrome
16	U.S. television sets cannot be sold in other countries because of	Historical Preference	Measurement Standards	Product Systems	Local Use Conditions	Product Systems
17	The world's largest exporter of services is	The United States	Canada	Belgium	Japan	The United States
18	This channel is used when a manufacturer deals with a foreign party without going through an intermediary in the home country	Indirect	Direct	Local	Domestic	Direct
19	The indirect channel has this limitation	Simplicity	Cost	Control	Responsibility Of Physical Distribution	Responsibility Of Physical Distribution
20	The direct channel has this limitation	Market Exploitation	Control	Communication	Cost	Cost
21	Concerning the goods they handle, agents do not take	Possession	Title	Paperwork	Paperwork	Title
22	This intermediary is a foreign firm that has exclusive rights to carry out distribution for a manufacturer in a	Foreign Distributor	Foreign Retailer	Manufacturer's Export Agent	Emc	Foreign Distributor



	foreign country					
23	The four levels of brands are the tangible product, the basic brand, the potential brand and the ----- brand.	Targeted	Augmented	Aggregated	Positioned	Augmented
24	A secondary-use package can best be defined as one that	Can Be Used As A Promotional Tool.	Can Be Reused For Purposes Other Than Its Initial Use.	Facilitates Transportation, Storage, And Handling For Middlemen.	Is Recyclable And Environmentally Safe.	Can Be Reused For Purposes Other Than Its Initial Use.
25	In packaging a new line of fabric conditioner, Proctor and Gamble would be wise to avoid the use of which color?	Black	Yellow	Pink	Green	Black
26	This is not a reason for using a manufacturer's export agent	Thin Overseas Markets	Geographically Widespread Market	Established Product	Simplification Of Business	Established Product
27	This intermediary has the greatest freedom and authority.	Manufacturer's Sales Rep	Emc	Cooperative Exporter	Export Broker	Emc
28	Which of the following cannot be used as a trademark?	A Name	A Symbol	A Device	All Of Them Can Be Used As A Trademark	All Of Them Can Be Used As A Trademark
29	This marketing component is most likely to be standardized.	Brand	Advertising	Price	Distribution	Brand
30	Which of the following is not a brand's function	Creating Identification	Guaranteeing Quality Level	Helping With Promotion	Lowering Production Cost	Lowering Production Cost
31	This item offers "added value.	Commodity	Product	Unbranded Good	Branded Good	Product
32	Which of the following is an advantage of a brandless product?	Product Differentiation	Repeat Sales	Quality Flexibility	Premium Pricing	Quality Flexibility
33	Compared to a brandless product, a branded product has this advantage.	Production Cost	Legal Cost	Product Differentiation	Quantity Flexibility	Product Differentiation
34	Compared to a manufacturer's brand, a private brand has this advantage (from manufacturer's perspective).	Control Of Product Features	Better Price	Promotional Expenses	Bargaining Power	Promotional Expenses

35	Compared to a private brand, a manufacturer's brand has this advantage (from manufacturer's perspective).	Brand Loyalty	Gaining Dealers' Acceptance	Promotional Expenditures	Market Share	Brand Loyalty
36	This company does not offer private branding	Michelin	Heinz	Mitsubishi	All Of Them Offer Private Brands	All Of Them Offer Private Brands
37	A private brand makes it possible for a retailer to offer a product at	Higher Price And Higher Margin	Lower Price And Higher Margin	Lower Price And Lower Margin	Higher Price And Lower Margin	Lower Price And Higher Margin
38	This party has more bargaining power	Least Dependent Person	Least Independent 39person	Less Dependent Person	Equally Dependent Person	Least Dependent Person
40	Compared to a single brand in a single market, multiple brands in a single market are inferior in terms of	Economies Of Scale	Market Segmentation	Retail Shelf Space	Trading Up/Down	Economies Of Scale
41	Compared to multiple brands in a single market, a single brand in a single market is inferior in terms of	Marketing Impact	Overall Advertising Costs	Retail Shelf Space	Economies Of Scale	Retail Shelf Space
42	Compared to local brands, a worldwide brand has this advantage	Pronunciation	Marketing Impact	Connotations	Quality Variations	Marketing Impact
43	Compared to a worldwide brand, local brands have this advantage	Marketing Impact	Brand Taxation	Travelers' Brand Recognition	Advertising Costs	Brand Taxation
44	This branding strategy assumes that the market is heterogeneous	No Brand	Single Brand In Single Market	Worldwide Brand	Local Brands	Local Brands
45	Labeling is important for three reasons, including promotional, legal reasons & _____	Marketing	Branding	Strategic	Informational	Informational
46	Labeling is important for informational, legal and ----- reasons.	Marketing	Branding	Strategic	Promotional	Promotional
47	The label on a pack of frozen peas says, 'packed within an hour of picking'. These words are used to:	To Encourage Multiple Purchases	To Provide Information	To Satisfy Legal Requirements	For Promotional Reasons	For Promotional Reasons
48	The UPC is also known as the	Price Label	Product Code	Bar Code	Product Label	Bar Code

49	This agent functions as an export department for several manufacturers	Manufacturer's Sales Rep	Emc	Cooperative Exporter	Export Broker	Emc
50	Export management companies (EMCs) receive compensation in the form of	Commission	Salary	Retainer Plus Commission	Any Or All Of The Above	Any Or All Of The Above
51	A manufacturer with its own export organization that is retained by other manufacturers to sell in foreign markets is	Webb Pomerene Association	Cooperative Exporter	EMC	Trading Company	Cooperative Exporter
52	_____ is the activities of designing and producing the container or wrapper for a product.	Labeling	Packaging	Product Support Services	Product Line Decisions	Packaging
53	An agent located near production sources who is hired by a client to buy new products there is known as a(n)	Buying Agent	Resident Buyer	Emc	Drop Shipper	Resident Buyer
54	Strategy of using individual family brand names is referred as	House Of Brands	Strategy House	House Of Products	Extended Strategy	House Of Brands
55	Branding strategies alternatively use by marketers does not include	Individual Brand Names	Company Brand Name	Sub-Brand Name	Variant Brands	Variant Brands
56	A "cold" country scores high on this characteristic	Political Stability	Market Opportunity	Economic Development	Legal Barriers	Legal Barriers
57	Based on the hierarchy of trademark registration eligibility, the highly protectable is	Fanciful	Descriptive	Arbitrary	Suggestive	Fanciful
58	This mark has no legal protection	Fanciful	Descriptive	Generic	Suggestive	Generic

59	Which of the following can be renewed indefinitely?	Patent	Trademark	Copyright	Logo	Trademark
60	The U.S. government can seize articles which	Are Colorable Imitations	Bear Counterfeit Trademark	Are Gray Market Goods	Export Drop Shipper	Bear Counterfeit Trademark
61	The most important packaging criterion is	Promotional	Functional	Attractive	Versatile	Functional

**UNIT-IV**

**SYLLABUS**

International Pricing Decisions – International Price determination, Price escalation, International pricing process and policies, Delivery terms and currency for export price quotations, International transfer pricing, Methods of determining transfer pricing, Differential Pricing.

**International Pricing Decision**

Price may be defined as the exchange of goods or services in terms of money. Without price there is no marketing, in the society. To a manufacturer, price represents quantity of money (or goods and services in a barter trade) received by the firm or seller. To a customer, it represents sacrifice and hence his perception of the value of the product. In effect, in a fast changing global economy, the key to an effective revenue management strategy is to adopt a systematic approach to pricing. The term 'price' needs not be confused with the term 'pricing'. Pricing is the art of translating into quantitative terms (rupees and paise) the value of the product or a unit of a service to customers at a point in time.

Pricing is a process to determine what manufactures receive in exchange of the product. Pricing depends on various factors like manufacturing cost, raw material cost, profit margin etc.

**International Pricing process**

Pricing can be defined as a process of determining the value that is received by an organization in exchange of its products or services. It acts as a crucial element of generating revenue for an organization. Therefore, the pricing decisions of an organization have a direct impact on its success.

The price of a product is influenced by a number of factors, such as manufacturing cost, competition, market conditions, and quality of the product. An organization, while setting the prices of its products, needs to ensure that prices must cover costs incurred for producing products and profit margins. If the price of a product does not cover costs, then financial resources of the organization would exhaust, which would ultimately result in the failure of business.

**Price Escalation**

Price escalation is similar to inflation but centered on a single product rather than an entire market. While some examples of price escalation affect everyone and generate inflation (for example gasoline or raw materials), others are more specific. When prices of goods and services essential to your business increase, don't give up. Find a way to beat price escalation.

1. Before you even reach the point of cost escalation, insert a clause in your vendor contracts to protect you against it. Such contracts won't protect you against small price increases, but they will give you recourse if costs begin skyrocketing. A typical price escalation clause states a percentage price increase as a trigger. When the price increases that much, the terms of the contract are adjusted on terms equitable for all parties involved.
2. Shop local and save. Cost escalation factors include transportation, tariffs, duties and warehousing. Products obtained closer to home are insulated from many price escalation factors because it costs less to ship them to your manufacturing and distribution centers. Further, goods sold domestically will not be subjects to tariffs, duties and other importation costs, nor the transportation and warehousing costs associated with selling goods abroad.
3. Selling your products locally helps to overcome price escalation for the same reasons that shopping locally does. When selling or producing internationally, try and do so in a free trade zone. This will help you avoid many of the costs associated with manufacturing or selling your goods internationally. Further, selling domestically saves you the cost of hiring lawyers to deal with the complexities of international trade.
4. Reclassifying your product on the international market can save money as well. You might be able to avoid tariffs by getting your product classified officially as something with a lower duty. This can also lower your administration costs if you no longer have to deal with certain trade bureaucracies.
5. Find ways to produce your products cheaper or more efficiently at the manufacturing level. This might require a capital layout up front, but can save you significant money in the long run.

**Delivery terms and currency for export price quotation**

Pricing your product properly giving complete and accurate quotation choosing the terms of sale and selecting the payment method are four critical method in selling a product or service

overseas .of the four pricing can be the most challenging even for experienced exported if your price to high your product may not sell if there are too low not be profitable or may even create a loss.

### Quotations and Pro Terms

Many export transaction particularly initial once begin with the recipt an behave from aboard followed by a request for a quotation it may include many more details include your using incorporating in your quotations but all the extra details can save time and prevent errors later on

### Terms and sale

In any sales agreement its important to have an common understanding the delivery terms because confusion over their meaning may result in lot sale or loss on a sale. Terms of sale means the obligation risk and costs and both the buyer and seller involved the delivery of goods that make up the extra transaction.

### International Transfer Pricing Inter

In taxation and accounting, **transfer pricing** refers to the rules and methods for pricing transactions between enterprises under common ownership or control. Because of the potential for cross-border controlled transactions to distort taxable income, tax authorities in many countries can adjust intergroup transfer prices that differ from what would have been charged by unrelated enterprises dealing at arm's length. The OECD and World Bank recommend intergroup pricing rules based on the arm's-length principle, and 19 of the 20 members of the G20 have adopted similar measures through bilateral treaties and domestic legislation, regulations, or administrative practice.

Transfer pricing should not be conflated with fraudulent trade mis-invoicing, which is a technique for concealing illicit transfers by reporting falsified prices on invoices submitted to customs officials. "Because they often both involve mispricing, many aggressive tax avoidance schemes by multinational corporations can easily be confused with trade misinvoicing. However, they should be regarded as separate policy problems with separate solutions," according to [Global Financial Integrity](#), a non-profit research and advocacy group focused on countering illicit financial flows.

Transfer pricing

- Determination of price on the exchange of goods or services between related parties
- Also referred to as intercompany transactions

- Upstream transfers go from subsidiary to parent, while downstream transfers are from parent to subsidiary
- Transfers also occurs between different subsidiaries of the same parent
- Significant proportion of international transactions are intercompany transfers (In 2012, represented 42% of U.S. total goods trade)

### **Performance Evaluation, Cost Minimization, and Transfer Pricing**

#### **Performance evaluation systems**

- Transfer prices directly affect the profits of the divisions involved in an intercompany transaction
- Some are based on divisional profits
- Effectiveness of these is influenced by the fairness of transfer prices
- Effectiveness of these affects the satisfaction of managers

#### **Cost minimization**

- Profit maximization and, by extension, cost minimization are important corporate objectives
- Manipulating transfer prices between countries is one way for multinational enterprises to achieve cost minimization
- This is referred to as discretionary transfer pricing
- The most common approach is to minimize costs by shifting profits to lower tax rate jurisdictions

#### **Cost minimization – Example**

- Padre Inc., a U.S. company, has two subsidiaries, Hijo and Hija. Hijo is located in Chile and Hija in the U.S. The tax rate is 17 percent in Chile and 35 percent in the U.S. Hijo transfers 100 units of cosa to Hija at a negotiated transfer price of \$10 per unit. The cost per unit is \$5 for Hijo, and Hija sells the units in the U.S. at \$15 per unit. Padre intervenes to set the transfer price at \$13 per unit.



**U.S. Transfer Pricing Rules (IRC Section 482)**

- Allows the Internal Revenue Service to audit international transfer prices
- Penalties of up to 40% of the underpayment of taxes (on a gross valuation misstatement) can be imposed on violators
- Applies to both upstream and downstream transactions, and transactions between two subsidiaries of the same parent
- Important because most MNCs are either headquartered in or have significant business activities in the U.S
- U.S. transfer pricing reforms have influenced other countries' regulations
- A "best-method rule" requires the use of arm's-length concept
- Primary factors to consider are the degree of comparability to uncontrolled transactions and the quality of the underlying analysis
- The IRS provides for correlative relief to help in situations where the IRS agrees with a company's transfer pricing but a foreign government does not

**Method of Determining Transfer Pricing**

Management's objective in setting a transfer price is to encourage goal congruence among the division managers involved in the transfer.

**A general rule that will ensure goal congruence is given below:**

$$\text{Transfer price} = \begin{array}{l} \text{Additional outlay cost} \\ \text{per unit incurred because} \\ \text{goods are transferred} \end{array} + \begin{array}{l} \text{Opportunity cost per unit} \\ \text{to the organization} \\ \text{because of the transfer} \end{array}$$

The general rule specifies the transfer price as the sum of two cost components. The first component is the outlay cost incurred by the division that produces the goods or services to be transferred. Outlay costs will include the direct variable costs of the product or service and any other outlay costs that are incurred only as a result of the transfer. The second component in the general transfer-

pricing rule is the opportunity cost incurred by the organization as a whole because of the transfer. An opportunity cost is a benefit that is forgone as a result of taking a particular action.

**These methods are:**

**(1) Market Prices**

**(2) Cost-Based Price**

**(3) Negotiated Prices**

**(4) Dual Prices**

**(1) Market Prices**

Market price refers to a price in an intermediate market between independent buyers and sellers. When there is a competitive external market for the transferred product, market prices work well as transfer prices. When transferred goods are recorded at market prices, divisional performance is more likely to represent the real economic contribution of the division to total company profits. If the goods cannot be bought from a division within the company, the intermediate product would have to be purchased at the current market price from the outside market. Divisional profits are therefore likely to be similar to the profits that would be calculated if the divisions were separate organisations.

Consequently, divisional profitability can be compared directly with the profitability of similar companies operating in the same type of business. Managers of both buying and selling divisions are indifferent between trading with each other or with outsiders. No division can benefit at the expense of another division. In the market price situation, top management will not be tempted to intervene.

**However, there are some problems using the market price approach:**

**(i) Appropriate Market Price may not Exist:**

Firstly, finding a competitive market price may be difficult if such a market does not exist. Catalogue price may only vaguely relate to actual sales prices. Market prices may change often. Also, internal selling expenses may be less than would be incurred if the products were sold to outsiders.

Further, the fact that two responsibility centres are parts of one company indicates that there may be some advantages from being part of one company and not being two separate companies dealing with each other in the market. For example, there may be more certainty about the internal division's product quality or delivery reliability. Or the selling division may make a specialised product for which there are not substitutes in the market. Hence, it may not be possible to use market prices.

***(ii) Excess Production Capacity:***

Another problem with market prices can occur when a selling division is not operating at full capacity and can not sell all its products. To illustrate this point, assume that material used by Division A in a company are being purchased from outside market at Rs 200 per unit.

The same materials are produced by Division B. If Division B is operating at full capacity, say of 50,000 units and can sell all its products to either Division A or to outside buyers, then the use of transfer price of Rs 200 per unit (market price) has no effect on Division B's income or total company profit. Division B will earn revenue of Rs 200 per unit on all its production and sales, regardless of who buys its product and Division A will pay Rs 200 per unit, regardless of whether it purchases the materials from Division B or from an outside supplier. In this situation, the use of market price as the transfer price is appropriate.

**(2) Cost Based Prices:**

When external markets do not exist or are not available to the company or when information about external market prices is not readily available, companies may decide to use some forms of cost-based transfer pricing system.

Cost-based transfer prices may be in different forms such as variable cost, actual full cost, full cost plus profit margin, standard full cost.

***(a) Variable Cost:***

Variable cost-based pricing approach is useful when the selling division is operating below capacity. The manager of the selling division will generally not like this transfer price because it yields no profit to that division. In this pricing system, only variable production costs are transferred. These costs are direct materials, direct labour and variable factory overhead.

***(b) Actual Full Cost:***

In actual full cost approach, transfer price is based on the total product cost per unit which will include direct materials, direct labour and factory overhead. When full cost is used for transfer pricing, the selling division can not realise a profit on the goods transferred. This may be disincentive to the selling division. Further, full cost transfer pricing can provide perverse incentives and distort performance measures. A full cost transfer price would have shutdown the chances of any negotiation between divisions about selling at transfer prices.

***(c) Full Cost Plus Profit Margin:***

Full cost plus mark up (or profit margin) overcomes the weaknesses of full cost basis transfer pricing system. The full cost plus price include the allowed cost of the item plus a mark up or other profit allowance. With such a system, the selling division obtains a profit contribution on units transferred and hence, benefits if performance is measured on the basis of divisional operating profits. However, the manager of the buying division would naturally object that his costs (and hence reported performance) are adversely affected.

The basic question in full cost plus mark up is ‘what should be the percentage of mark up.’ It can be suggested that the mark up percentage should cover operating expenses and provide a target return on sales or assets.

***(d) Standard Costs:***

In actual cost approaches, there is a problem of measuring cost. Actual cost does not provide any incentive to the selling division to control cost. All product costs are transferred to the buying

division. While transferring actual costs any variances or inefficiencies in the selling division are passed along to the buying division.

The problem of isolating the variances that have been transferred to subsequent buyer division becomes extremely complex. To promote responsibility in the selling division and to isolate variances within divisions, standard costs are usually used as a basis for transfer pricing in cost-based systems.

### **(3) Negotiated Prices:**

Negotiated prices are generally preferred as a middle solution between market prices and cost-based prices. Under negotiated prices, the managers involved act much the same as the managers of independent companies. Negotiation strategies may be similar to those employed when trading with outside markets. If both divisions are free to deal either with each other or in the external market, the negotiated price will likely be close to the external market price. If all of a selling division's output can not be sold in the external market (that is, a portion must be sold to the buying division), the negotiated price will likely be less than the market price and the total margin will be shared by the divisions

#### **The conditions under which a negotiated transfer price will be successful include:**

##### *1. Some Form of Outside Market for the Intermediate Product:*

This avoids a bilateral monopoly situation in which the final price could vary over too large a range, depending on the strength and skill of each negotiator.

##### *2. Sharing of all Market Information Among the Negotiators:*

This should enable the negotiated price to be close to the opportunity cost of one or preferably both divisions.

##### *3. Freedom to Buy or Sell Outside:*

This provides the necessary discipline to the bargaining process.

***4. Support and Occasional Involvement of Top Management:***

The parties must be urged to settle most disputes By themselves, otherwise the benefits of decentralization will be lost. Top management must be available to mediate the occasional unresolvable dispute or to intervene when it sees that the bargaining process is clearly leading to suboptimal decisions. But such involvement must be done with restraint and tact if it is not to undermine the negotiating process.

**(4) Dual Prices:**

Under dual prices of transfer pricing, selling division sells the transferred goods at a (i) market or negotiated market price or (ii) cost plus some profit margin. But the transfer price for the buying division is a cost-based amount (preferably the variable costs of the selling division). The difference in transfer prices for the two divisions could be accounted for by special centralised account. This system would preserve cost data for subsequent buyer departments, and would encourage internal transfers by providing a profit on such transfers for the selling divisions.

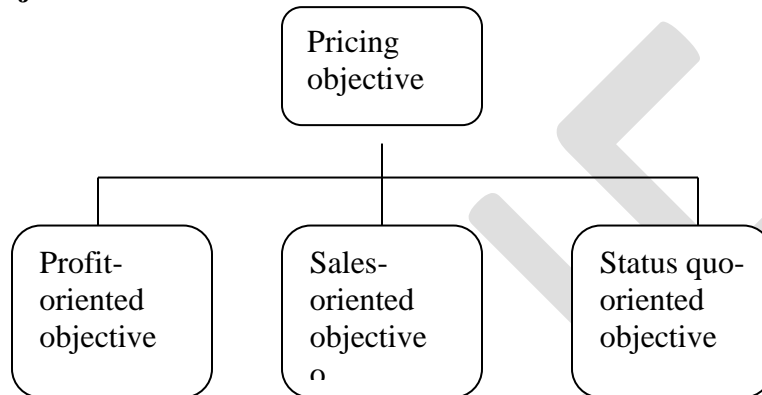
Dual prices give motivation and incentive to selling divisions as goods are transferred at market price and this arrangement provides a minimal cost to the buying division as well. Market price can be considered as the most appropriate base for the selling division. Thus dual pricing-system has the function of motivating both the selling division and buying division to make decisions that are consistent with the overall goals of decentralisation—goal congruence, accurate performance measurement, autonomy, adequate motivation to divisional manager.

**Concept of Product Pricing**

Setting prices as per the level where marginal revenue is equal to marginal cost is called marginality rule. However, there is evidence produced by some researchers that most of the organizations do not follow marginality rules rather they follow different pricing methods and strategies based on different market conditions. Pricing decisions play an important role in an organization since they help in generating revenue.

Pricing contributes to the success or failure of the organization's marketing strategy. Price is also called a demand regulator. Setting the prices involves a deep understanding of factors that affect the marketing environment. Every organization sets the prices of its products for fulfilling various objectives.

### Pricing Objectives



#### Profit- oriented objective

- a. **Maximizing Profit** - Implies that prices are set in such a way that they help in achieving maximum profit. According to Stanton, Etzel and Walker, "The pricing objective of making as much money as possible is probably followed more than any other goal." Profit maximization is more beneficial in the long run as compared to short run. For instance, an organization selling a new product tries to build a customer base by selling the product at low prices in the short run. This helps the organization to gain profit in the long run by winning loyal customers.
- b. **Achieving a target return** - Refers to earn an adequate rate of return on the investment done by an organization in manufacturing a product. The main focus of marketers is on maintaining a specific return on sales or investment. This is done by adding extra cost to the product for earning a desired profit.

#### Sales-Oriented Objectives

- (a) **Increasing the sales volume** - Implies sales expansion by giving discounts to customers. In the short run, an organization might be ready to bear losses by reducing the prices to increase the

sales volume. For instance the hotel industry faces low demand during off-season; therefore, it prefers to decrease its prices and offers discounts to increase sales.

- (b) Increasing or maintaining market share** - Plays a crucial role in the success of an organization. The organization tries to gain market share by lowering down the prices as compared to its competitors.

### **Status quo-oriented Objectives**

- a) Stabilizing the Price** - Prevents price wars between competitors. The prices are stabilized in those industries where product is standardized in nature. The stabilization of the prices helps in maintaining the demand and reducing competitive threats.
- b) Meeting the Competition** - Implies that the changes made in the price of a product help an organization to gain competitive advantage. Sometimes, the organization also tries to neutralize competitive pressures by price movement.

### **Policies and terms**

Managers should start setting prices during the development stage as part of strategic pricing to avoid launching products or services that cannot sustain profitable prices in the market. This approach to pricing enables companies to either fit costs to prices or scrap products or services that cannot be generated cost-effectively. Through systematic pricing policies and strategies, companies can reap greater profits and increase or defend their market shares.

Pricing strategy, on the other hand, refers to how a company uses pricing to achieve its strategic goals, such as offering lower prices to increase sales volume or higher prices to decrease backlog. Despite some degree of difference, pricing policy and strategy tend to overlap, and the different policies and strategies are not necessarily mutually exclusive. Pricing strategy entails more than reacting to market conditions, such as reducing pricing because competitors have reduced their prices. Instead, it encompasses more thorough planning and consideration of customers, competitors, and company goals. Furthermore, pricing strategies tend to vary depending on whether a company is a new entrant into a market or an established firm. New entrants sometimes offer products at low cost to attract market share, while incumbents' reactions vary. Incumbents that fear the new entrant



will challenge the incumbents' customer base may match prices or go even lower than the new entrant to protect its market share.

### **Currency for Export pricing quotation**

The right pricing and the way you provide quotes for your goods or services are both crucial for a successful and ongoing export business. This page outlines general export pricing information as well as for products, services, and issues to consider when quoting including using foreign currencies.

Export pricing and domestic pricing are different: different overseas market conditions, different costs, different quoting formats and different currencies all affect what you charge your customers for your products or services. Pricing for any market requires an understanding of the relative costs, demand and competition of that market. Many overseas contacts you meet will want to know your price, so it is essential to have your pricing determined before you approach an overseas market.

Developing your export markets can involve a range of costs that do not apply to domestic sales. These are general costs for exporting that are not specific to an individual contract or shipment. They could be considered your 'fixed costs' of exporting. How much you recover of these costs per unit or per order or contract is up to you, but these costs should be factored in before you start adding shipping costs, duties, etc. Costs may include:

- Research into international markets
- Travel to overseas markets
- International communications
- Production of export literature (including translations)
- Modifications to your product or service
- Packaging and labeling (products)
- Product liability insurance or other insurances
- Compliance with foreign standards
- Credit checking
- Export financing charges

- Promotional costs

### International transfer pricing

Companies have to do the same thing whenever they want to transfer goods or services between subsidiaries that are located in different countries. That means that they get to go through all the headaches of currency exchange but have to move goods alongside it all. **International transfer pricing**, or the process by which companies transfer money and goods between subsidiaries, is thus an important part of international business. However, there are some problems that arise when you move goods internationally. If you were to transfer goods from New York to Chicago, it would be as simple as putting them on a truck and stopping for gas along the way. But, moving goods between countries is much more complicated. In many events, goods have to be shipped, held in customs, have tariffs paid, and undergo any other number of costs and delays. Of these, clearing customs often presents the biggest hurdle. Many countries tax items as they leave or arrive in the country. Making sure that these taxes are being paid correctly can be complicated.

The country that the goods are being produced in may have higher taxes on profits, so it would be beneficial for the country in question to use a more cost-based transfer pricing system to get around that. However, profits could be routed to a country in which tax rates are much lower.

Countries try to crack down on corporations using these strategies to create **tax havens** that help them dodge taxes on profits. Meanwhile, companies face outrage from citizens of their home countries who often see companies' attempts at hiding their tax dollars as cheating out of their responsibility.

### Differential Pricing

Differential pricing is the strategy of selling the same product to different customers at different prices. Consider the pricing behavior at an auction. Everyone has the same information and bids on the same item. As prices increase, bidders drop out.

- Requiring customers to jump hurdles (coupons, rebates, sales, price match guarantees, time in sales cycle, distribution outlet).
- Customer characteristics (different prices based on where customer lives, readily available traits such as age, affiliations, purchasing history).
- Selling characteristics (discounts for volume purchases, bundles, different next best alternatives).
- Selling strategy (negotiation, razor/razor blade pricing, metering, dynamic pricing).

A strong and effective pricing strategy takes advantage of a company's position and product offerings to maximize profit. A differential pricing strategy allows the company to adjust pricing based on various situations or circumstances. The price variations come in different forms, from discounts for a particular group of people to coupons or rebates for a purchase. Knowledge of differential pricing allows you to determine if this strategy is a possibility for your company.

The differential pricing strategy means certain customers pay less for the same product than others pay. This technique works for services, admission fees, restaurants and products. The nature of differential pricing generally avoids conflict or feelings of unfair treatment by those who don't qualify for the discount. The discounted prices may come in the form of a temporary discount or a permanent lower price for a particular group of people. In other situations, the price may start high for everyone and gradually lower the longer the product is on the market. This is often seen in electronics as newer models become available.

**Part A (ONE Mark)**

**Multiple Choice Questions**

**Online Examination**

**Part B**

**(2 Marks)**

1. What is Counter Competition?
2. Give two problems in international research.
3. Give two reasons for the failure of a joint ventures in India.
4. What is franchising?
5. What is a global corporation?

**Part C (8 Marks)**

1. Discuss the note on New Product Development.
2. Discuss the types of joint venture's in detail.
3. What are the reasons for entering International marketing?
4. Explain the types of information system? Explain.
5. What are the difficulties involved in branding in international marketing?
6. Discuss and elaborate about performance measurement.
7. Discuss the factors affecting pricing policy in international marketing?
8. What are the types of costs in export marketing?

# INTERNATIONAL MARKETING MANAGEMENT

## UNIT 4 MCQ

S.No	Questions	Option A	Option B	Option C	Option D	Answer
1	This element of the marketing mix tends to be most adapted	Product	Branding	Price	Promotion	Price
2	Of the 4 Ps, the one that receives the least attention, domestically and internationally, is	Product	Place	Promotion	Price	Price
3	This cost-based pricing method, considered to be ethnocentric, uses	All Costs	Marginal Costs	Transportation Costs	R&D Costs	All Costs
4	The pricing method which considers these costs results in a high degree of centralization	All Costs	Marginal Costs	Transportation Costs	R&D Costs	All Costs
5	This international pricing method takes into consideration some but not all product costs incurred at home	Cost-Plus	Full-Cost	Marginal Cost	Comparative Cost	Marginal Cost
6	A seller should bill in a ..... currency	Strong	Moderate	Weak	Extra	Strong
7	This concept describes a type of market inertia that states that the relationship between variables depends on past history	Homogeneity	Heterogeneity	Hysteresis	Standardization	Hysteresis
8	Alternatives to a price change do not include	Financing/Credit Terms	Discounts	Bundling	Bait And Switch Tactic	Bait And Switch Tactic
9	Zenith accused Japanese TV manufacturers of this kind of dumping which was used to drive out competition	Sporadic	Persistent	Predatory	Reverse	Predatory
10	This type of dumping occurs when a marketer sells its product at a loss so as to drive out competition	Sporadic	Persistent	Predatory	Reverse	Predatory
11	A marketer operating in a highly inflationary should be ..... in collecting accounts receivable	Slow	Moderate	Casual	Quick	Quick
12	This kind of inventory valuation should be used in a highly inflationary environment	FIFO	LIFO	FILO	LILO	LIFO

13	This method of transfer pricing gives a buying subsidiary no incentive to hold down expenses or to maximize profits.	Direct Manufacturing Costs	Direct Manufacturing Costs Plus A Predetermined Markup	Market-Based Price	Arm's Length Price	Direct Manufacturing Costs
14	To minimize the income of a buying subsidiary in a high-tax country, this method of transfer pricing should be used	Direct Manufacturing Costs	Direct Manufacturing Costs Plus A Predetermined Markup	Market-Based Price	Arm's Length Price	Arm's Length Price
15	A parent firm should ..... its income in low tax countries	Maximize	Moderate	Minimize	Vary	Maximize
16	Higher Pricing	Penetration Pricing	Skimming Prices	Dual Pricing	Low Pricing	Skimming Prices
17	Penetration pricing	Lower Pricing	Higher Pricing	Highest Pricing	Dual Pricing	Lower Pricing
18	Government regulations preventing retailers from selling certain items for less than their cost	Penetration Pricing	Skimming Prices	Dual Pricing	Minimum Pricing	Minimum Pricing
19	Net Sales Average inventory at retail store	Asset Turn Over	Sales Turn Over	Revenue	Inventory Turn Over	Inventory Turn Over
20	This is not an advantage of countertrade	Market Access	Foreign Exchange	Pricing Alternative	Efficiency	Efficiency
21	A one-time direct and simultaneous exchange of products of equal value is	Barter	Parallel Barter	Buyback	Counterpurchase	Barter
22	The former Soviet Union bought construction machinery from Japan. In return, the Japanese took Russian timber. This set of parallel cash sales agreements is	Counterpurchase	Clearing Agreement	Offset	Buyback	Counterpurchase
23	This type of countertrade is used when a seller provides machinery and agrees to buy the related output (i.e., made by that machinery)	Counterpurchase	Clearing Agreement	Offset	Buyback	Buyback
24	Geographical pricing strategy in which seller bears whole or portion of freight is classified as	Flexible Pricing	Uniform Pricing	Basing Point Pricing	Freight Absorption Costing	Freight Absorption Costing

25	Pricing strategy which combines prices of two or more products in a combo pack is classified as	Segmented Pricing	Discount Pricing	Allowance Pricing	Product Bundle Pricing	Product Bundle Pricing
26	Kind of pricing strategy which allow sellers to continuously adjust prices according to needs and characteristics of customers is classified as	Fake Pricing	Termed Pricing	Dynamic Pricing	International Pricing	Dynamic Pricing
27	Pricing issues within channel levels includes	Price Maintenance	Predatory Pricing	Price Discrimination	Deceptive Pricing	Predatory Pricing
28	Which of the following does not contribute to price escalation in foreign markets?	Insurance Charges	Product Image	VAT	Shipping Charges	Product Image
29	_____ implies that the export price quote includes the cost of delivery to the importer's premises	Delivery Duty Paid	Free On Board	Delivered Ex-Quay	Ex-Works	Delivery Duty Paid
30	_____ involves charging a high price to achieve the highest possible contribution in a short period of time	Skimming	Transfer Pricing	Psychological Pricing	Penetration Pricing	Skimming
31	_____ implies that the prices in the individual countries may only vary within a set range	Standardized Pricing	Barter	Transfer Pricing	A Price Corridor	A Price Corridor
32	Suppose you are paying charges to the financial institution against their services, such kind of transaction is belongs to which of the following category?	Insurance Fee	Banking Fee	Franchising Fee	Licensing Fee	Banking Fee
33	Countertrade incurs extra costs that must be borne by	A Selling Nation	A Buying Nation	Both Nations	Neither A Nor B	A Buying Nation
34	This quotation term includes the unloading at the overseas port with the appropriate duty paid.	Fob	Ex Dock	Ex Works	Delivered Duty Paid	Ex Dock
35	To conserve cash, the exporter should not quote	C&F	FAS	FOB	CIF	CIF
36	This term of sale makes it most difficult for an exporter to conserve cash.	C&F	FAS	FOB	CIF	CIF
37	If an exporter wants to minimize	C&F	FAS	FOB	CIF	FOB

	currency convertibility problems, this term of sale should be used.					
38	This document is used for quotation rather than payment purposes.	Commercial Invoice	Pro Forma Invoice	Insurance Certificate	Bill Of Lading	Pro Forma Invoice
39	This method is used when goods are shipped but ownership is retained by the seller	Consignment	Bankers' Acceptance	Bill Of Exchange	Letter Of Credit	Consignment
40	This method of financing poses a high degree of risk to the seller	Consignment	Bankers' Acceptance	Bill Of Exchange	Letter Of Credit	Consignment
41	This term of payment is the one most desired by importers	Bill Of Exchange	Letter Of Credit	Open Account	Cash In Advance	Open Account
42	This financial instrument is an unconditional order in writing from an exporter to an importer to pay at a determined time (e.g., three months)	Consignment	Time Draft	Sight Draft	Letter Of Credit	Time Draft
43	This method of payment makes goods available to a buyer before payment	Consignment	Time Draft	Sight Draft	Letter Of Credit	Time Draft
44	Which of the following cannot be discounted	Bill Of Exchange	Time Draft	Bill Of Lading	Letter Of Credit	Bill Of Lading
45	Compared to a bill of exchange, a letter of credit is discounted at	A Higher Rate	A Lower Rate	The Same Rate	Moderate Rate	A Lower Rate
46	This method of payment presents the least risk to an exporter.	Bill Of Exchange	Letter Of Credit	Open Account	Cash In Advance	Letter Of Credit
47	This is not a characteristic of a letter of credit.	High Risk	Lack Of Flexibility	Being Cumbersome	Complexity	High Risk
48	This financial instrument is a document, issued by a bank at a buyer's request in favor of a seller, promising that the bank will pay an agreed amount of money upon its receipt of certain documents.	Consignment	Time Draft	Sight Draft	Letter Of Credit	Letter Of Credit
49	The world's most international currency is the	U.S. Dollar	British Pound	Euro	Japanese Yen	U.S. Dollar
50	This is a cash market where foreign exchange is available for immediate delivery	Options	Spot	Futures	Forward	Spot
51	The exchange rate affects	The Cost Of	The Cost Of	The Country's	All The Choices	All The Choices



		Imported Goods	Exported Goods	Inflation Rate	Are Correct	Are Correct
52	This exchange-rate system adjusts the rate slowly by small amounts on a continuous basis.	Par Value	Wide Band	Crawling Peg	Flexible	Crawling Peg
53	A buyer of this contract has the right but not the obligation to complete a transaction	Futures	Forward	Options	Spot	Options
54	When foreign currencies are rising against the U.S. dollar, a U.S. firm should	Make Immediate Payments To Foreign Creditors (I.E., Leading)	Delay Making Payments To Foreign Creditors (I.E., Lagging)	Hasten Collection Of Debts From Abroad	Sell The Firm	Make Immediate Payments To Foreign Creditors (I.E., Leading)
55	When the buyer is in a soft currency but the seller is in a hard currency, the seller should use the ..... currency for invoicing	Seller's	Buyer's	Third	Agent	Seller's
56	A seller should bill in a ..... currency	Strong	Moderate	Weak	Soft	Strong
57	If opportunity cost per barrel is INR 45 per unit incremental cost per barrel is INR 65 then minimum transfer price will be	INR 45	INR 110	INR 20	INR 65	INR 110
58	Per unit opportunity cost to selling subunit of company is added into per unit incremental cost is incurred at point of transfer to calculate	Minimum Operating Cost	Maximum Operating Costs	Maximum Transfer Price	Minimum Transfer Price	Minimum Transfer Price
59	The monetary amount used to record intercompany transactions is called:	Exchange Rate	Transfer Price	Conversion Rate	Incremental Cost	Transfer Price
60	A price on goods and services sold by one member of a corporate family to another, such as from a parent to its subsidiary in a foreign country, is known as —	Arm's Length Price	Transfer Price	Import Price	Export Price	Transfer Price

**UNIT- V**

**SYLLABUS**

International marketing communication – Communication with foreign buyers, Planning and preparing, International promotion programme, Media structure, Planning media strategy, Corporate advertising.

**International Marketing Communications**

International marketing is the application of marketing principles in more than one country, by companies overseas or across national borders. International marketing is based on an extension of a company's local marketing strategy, with special attention paid to marketing identification, targeting, and decisions internationally.

Marketing communications in *international markets* needs to be conducted with care. This lesson will consider some of the key issues that you need to take into account when promoting products or services in overseas markets. There will be influences upon your media choice, cultural issues to be considered, as well as the media choices themselves – personal selling, advertising, and others. As technology creates leaps in communication, transportation, and financial flows, the world continues to feel smaller and smaller. It is possible for companies and consumers to conduct business in almost any country around the world thanks to advances in international trade.

Brands and products that originate in one country are enthusiastically accepted in others. However, globalization has created just as many challenges as opportunities for brands that venture overseas. Because consumers have so many more options for similar products, companies must ensure that their products are high in quality and affordability. Additionally, these products cannot be marketed identically across the globe. international marketing takes more into consideration than just language – it involves culture, market saturation, and customer behaviors.

**Media Strategy in Advertising**

Media strategy, as used in the advertising or content delivery (online broadcasting) industries, is concerned with how messages will be delivered to consumers or niche markets. It involves: identifying the characteristics of the target audience or market, who should receive messages and defining the characteristics of the media that will be used for the delivery of the messages, with the intent being to influence the behavior of the target audience or market pertinent to the initial brief. Examples of such strategies today have revolved around an Integrated Marketing Communications approach whereby multiple channels of media are used i.e. advertising, public relations, events, direct response media, etc.

Every work to be done needs a plan of action so that the work is done in a desired and correct manner. Media Strategy plays a very important role in Advertising. The role of Media Strategy is to find out the right path to transfer or say deliver the message to the targeted customers.

A media strategy is a plan of action that helps businesses reach their target audience and by reaching their target audience they improve their overall conversion rate. When trying to capture the attention of a niche market, it's important to know the exact demographic and what will get their attention in the most effective way.

### **How to communicate with foreign buyers effectively**

Australia is quickly becoming a very attractive investment destination for foreign investors, with buyers showing great interest in our country's lifestyle, economy and educational institutions. With so much international attention, it is becoming increasingly important for real estate agents to develop their understanding of intercultural communication. Although you may have shown yourself to have excellent interpersonal skills with those who are English speakers, dealing with overseas clients is an entirely different conversation.

Miscommunication can occur without you even being aware of it. However when it does occur, it can lead to uncertainty and distrust about others' intentions, which has the potential to affect your success as an agent. As a native English speaker (which many CENTURY 21 agents are), you may not even be aware of the errors in understanding that may happen in your interactions with a foreign

buyer. But if they are occurring, it likely means that your international client is putting up with the visible problems of the miscommunication.

A simple way to ensure that your dealings with foreigners are conveying your intended meaning is to be as direct as possible. Try not to use large words if a more straightforward (even if not as sophisticated) term exists. Construct your sentences to be shorter and more concise, and your meaning will come across more powerfully.

It is amazing how much we employ metaphors in our everyday language to make a point. We even mix multiple metaphors together! While as a native English speaker you probably understand the metaphoric meaning behind phrases such as “he really stepped up to the plate and grabbed the bull by the horns”, the literal meaning is something much different, and can cause confusion for foreigners. Again remember, be as direct and specific as you possibly can.

It is no secret that different cultures have different values and customs. The Chinese, for example, believe that young people should have respect for their elders and can be suspicious of those with whom close relationships have not been established. Other cultures place importance on high levels of formality, and can be insulted by being called by their first name too quickly into the relationship. Take the time to research the background of a foreign associate and keep this in mind during your relations.

Try not to imply anything. The English language uses conditional words such as “could” and “can” more than any other culture. To your foreign client, words like these mean “will”. Although it seems like a repeated concept, directness is again key here. Always try to be clear in your meaning, and ensure that your client has understood your point.

The possibilities created by increased foreign investment are exciting for the real estate industry. It is important to develop an understanding about the people with whom you will be dealing and communicate effectively for maximum value in your relationships.

Many small and midsize companies in the U.S. deal with overseas clients and vendors every day. Meeting your international business contacts in person often provides the chance to strengthen business relationships. Such occasions also offer excellent opportunities to make presentations about your company, products or services. There are some steps you can take when presenting to an international audience to help ensure you'll be understood.

Many small and midsize companies in the U.S. deal with overseas clients and vendors every day. Meeting your international business contacts in person often provides the chance to strengthen business relationships. Such occasions also offer excellent opportunities to make presentations about your company, products or services.

What if you are giving an industry update to a multinational audience at an overseas tradeshow? The odds are high that your audience will expect you to communicate in English, the primary language of international business. But not everyone in the audience may speak English fluently. As a result, they may misinterpret some of your message and key points if you don't modify how you present.

There are some steps you can take when presenting to an international audience to help ensure you'll be understood.

**Adapt your communication style.** The style of communication in the U.S. tends to be informal and direct. We immediately use first names and rarely use titles. This is not always the case elsewhere where formalities and titles play a role. It's easier to start off initial introductions more formally and switch to a less formal manner as the relationship develops.

**A little use of the local language can go a long way.** If your ability to converse in the local language is limited—or as is more often the case, non-existent—you can still learn a few words of greeting. This simple act can help promote smooth relationships, demonstrating your willingness to learn about their culture. Just be sure to practice your pronunciation ahead of time.

**If you try speaking in the local language, keep your comments short.** I remember listening to an American executive read his entire five minute speech written phonetically in the local language. He thought the audience would appreciate the gesture, but any goodwill he hoped to generate was soon replaced with frustration. It would have been better if he had made a brief greeting in the local language, and then switched back to speaking in English.

**Speak clearly and slowly.** Your goal is to be understood. Read the faces of your audience. Are they following your words? A slightly slower pace may help. Some listeners may speak English fluently, but others may not. You should gauge your audience's level of comprehension and proceed accordingly.

**Outline each point you want to make.** If you're going to highlight three benefits of your product, simply say, "There are three points to cover..." and then proceed to describe them.

**Be descriptive.** A picture is worth a thousand words. Slides with diagrams and pictures (and not just text) can help convey the points you want to make. Likewise, stories and analogies help in explaining technical or complex topics.

**Avoid slang and clichés.** There are many expressions we use every day that don't translate well, from "You betcha" to "Hold on a sec." So if you think your audience may not understand you, rephrase those statements to "I agree" and "Please wait." U.S. sports terms in particular are not always understood, so telling someone they need to "step up to the plate" may cause more bewilderment than initiative.

**Simple terms work best.** Keep in mind that those who speak English as a second or third language may be more likely to understand more commonly used English words such as "win" instead of "triumph" or "start" rather than "commence." So again, adjust accordingly.

**Speak from the perspective of your audience.** Temperatures, weights and time can all be measured differently. If you're explaining distances, include kilometers and miles or talk about driving time. Likewise, if talking about the weather, give the temperature in Fahrenheit and Celsius. Also in much of Latin America, North and South America are often considered one continent. Thus, anyone from that continent is an American. A way to avoid any confusion is to simply use the term U.S. or "the States" in lieu of American.

**Use humor with care.** You may have a hilarious joke to tell, but does it readily translate? A punch line isn't funny if it's not understood. That doesn't mean you should void humor. One effective approach is to poke fun at yourself. That way the audience can laugh along with you since everyone can relate to making a mistake.

### **Planning your Communication For International Markets**

When developing communications for international markets, most marketers take a "reactive" approach — focusing on creating lots of new content in English and then panicking about how to get it translated for other markets quickly. A better approach is to have a clear, well thought-out international marketing communication and positioning strategy from the beginning. Translation, when "reactive," can cost too much, take too long, and lead to poor quality, damaging a brand in the process.

Instead, be prepared! Here are seven tips for building a better international marketing communication plan:

1. **Remember that “international” is not a single strategy, but a roll-up of many country-specific factors.** Each market is different, and while you can repurpose some communications, you need to start with a mindset of “local” vs. “global.” What should your message be for China? How does it need to change for Germany? How many local versions of your content will you need?
2. **Gain a clear understanding of your markets’ needs.** What are they, and how do they differ? This doesn’t have to be extremely complicated — just talk to your salespeople or marketing staff in those markets. Or, if you don’t have staff, ask your international marketing agencies for advice on how to adapt or create something new for each market. Get close to your customers! Listen to their feedback. They’ll help guide you.
3. **Push for integrated marketing communications.** It’s always better to collaborate with your colleagues in local markets when building a broader international marketing strategy. A series of one-off translation projects doesn’t help anyone move the integration needle forward; in fact, it just makes things more confusing and scattered. Gain buy-in and input from your international counterparts early in the process about how and what to translate. Once you’ve all agreed to a plan, it will be much easier to ensure your multilingual communications are being developed in a timely fashion, meeting the needs of your international markets consistently. For help with this, check out our marketer’s guide to translation.
4. **Get your baseline data.** What data do you have access to that you can use to create clear goals? And what data can you track to ensure you’re making progress? Identify the percentage of revenue, the number of leads, or whatever other metric matters most in each of your target markets. And make sure you’re measuring these things as you go. Always let data inform changes to your strategy.
5. **Create goals accordingly.** Your goals should reflect the relative importance of different markets to your business. Does your executive leadership team want to move into Japan? Or increase your company’s presence in the US Hispanic market? Vet an initial list of goals with your colleagues and boss to ensure your plan is aligned with your company’s higher-level financial goals. Make sure each goal is time-bound and measurable.
6. **Build a detailed plan.** Now that your goals are clarified, create specific communications tactics and projects that map to those goals. Identify how you will work to achieve each one.



7. **Execute!** Your international marketing communications strategy is ready. Rally your team members, leverage your in-country folks, and overall, keep all of your stakeholders in both marketing and sales (and your boss!) informed about progress toward your goals and how they will move your company's global market penetration strategy forward.

The bottom line is that communicating to international markets doesn't have to be hard. With thought and planning, and a smart translation management system to make things even easier, you can build and deliver on a strategy that appropriately meets the needs of your company's diverse markets and helps your company meet its growth goals — all while making you an international marketing rock star!

### International Promotions Program

The CTO's International Promotions Program markets the state to international visitors through trade, consumer and media relations. The program's goal is to attract a steady increase of international visitors to Colorado to experience the state's year-round travel product. The CTO currently has international marketing representatives in Germany, the United Kingdom, France and Belgium, Mexico, Canada and Japan to market travel and tourism. The CTO has a number of monthly and year-end reports from each in-market representative available upon request. Please contact Kirstin Graber [atkirstin.graber@state.co.us](mailto:atkirstin.graber@state.co.us) for more information or questions and a list of the CTO's international marketing and PR vendors.

The Colorado Tourism Office's international program encourages inbound travel to the state of Colorado. The program employs in-market representatives to effectively promote, educate, and pitch Colorado to the trade, media, social media and consumers. *international markets* needs to be conducted with care. This lesson will consider some of the key issues that you need to take into account when promoting products or services in overseas markets. There will be influences upon your media choice, cultural issues to be considered, as well as the media choices themselves — personal selling, advertising, and others. Other factors that need to be considered in relation to **international marketing communications** (Promotion) include:



- The work ethic of employees and customers to be targeted by media.
- Levels of literacy and the availability of education for the national population.
- The similarity or diversity of beliefs, religion, morality and values in the target nation.
- The similarity or diversity of beliefs, religion, morality and values in the target nation.
- The family and the roles of those within it are factors to take into account.

**Media Choices in International Marketing. Personal Selling in International Marketing.**

Personal selling has a number of pros and cons:

- It is beneficial where wages tend to be low, since staffing costs will be comparatively low.
- Where there are many languages, you'll need trained sales personnel that can convey your message in specific tongues (see culture above).
- The sales force will need to be supported. Commercial administration staff will have to take care of sales enquiries, send out product literature and samples, and make quotations – often online.
- You'll need to invest time and effort in recruiting, motivating, organizing and training a local sales force. Recruits will need to know about products and markets, language and culture, the location of target segments, customer buyer behaviour – and that's just the beginning.
- There is a dilemma as to whether to place expatriate employees into your international target market, or to recruit locally. Local is best!
- Where business etiquette varies from culture to culture, you'll need to train your people in what to expect – or recruit salesmen from the local market.

**Advertising in International Marketing**

Advertising has a number of pros and cons:

- When considering press advertising try to anticipate the levels of literacy within the nation in question. Where literacy levels are lower, perhaps you could use a more visual campaign.
- Which language(s) is the press written in?
- What is the split between regional and national press in your target market?
- What types of television channels are available? Are they HDD, digital, analogue, satellite, cable, via the telephone, via a broadband or ADSL connection?
- Which TV channels do our target segments watch?
- Is there space on the suitable TV channels when we want it, or at a price that we can afford?
- Where visual communication is paramount, are there suitable poster locations?

- What is the behaviour of the target population in relation to cinema? For example, Cinema is tremendously popular in India.
- Radio has similar issues as TV and press. Which stations do your target groups listen to – news, sports or music? Is there space available with the most suitable stations?

**Other Media Choices in International Marketing.**

**Other potential media would include:**

- Web-based marketing using your own domestic site, or one developed specifically for the target market. Chinese websites are very different to Western sites. They are very busy and every single space is filled with images and text. Affiliate or pay-per-click advertising may be available.
- International tradeshows, trade missions, sponsorship (for example international sporting events), Public Relations (for example oil companies) and a variety of other international marketing communications are available to the international marketer.
- So, to finish, this lesson aimed to summarize the key options and issues that face the international marketer when dealing with marketing communications and media choices in international markets. Of course it is by no means conclusive.

**Influences upon International Media Choice.**

There are a number of factors that will impact upon choice and availability of media such as:

- The nature and level of competition for marcoms channels in your target market.
- Whether or not there is a rich variety of media in your target market.
- The level of economic development in your target market (for example, in remote regions of Africa there would be no mains electricity on which to run TVs or radios).
- The availability of other local resources to assist you with your campaign will also need to be investigated (for example, sales people or local advertising expertise).
- Local laws may not allow specific content or references to be made in adverts (for example, it is not acceptable to show naked legs in adverts displayed in Muslim countries).
- And of course a lot depends upon the purpose of the international campaign in the first place

### **Media Structure**

The radio and television broadcasting industry is composed of two different types of companies. There are public service broadcasters, where the funding is through public money, and commercial broadcasters, which are funded through advertisement spots. Radio and television broadcasters create and/or acquire content for broadcasting, such as entertainment, news, talk, and other programs. Many television broadcasters use digital broadcasting to transmit pictures that have higher resolution, known as high-definition television (HDTV). They can transmit a single HDTV broadcast or transmit several conventional broadcasts. This “multicasting” means they can transmit a music concert, for example, from several different camera angles on the same channel. Viewers then select the view they’d like to see on their television set. Other types of broadcasters include cable and subscription or fee-based programs that have a more narrow focus, such as sports, education, and youth-oriented programming.

The print industry consists of publishing companies that produce newspapers, magazines, books, journals, and periodicals, their online versions, and directories, mailing lists, software publishing, and video games. As the North American Industry Classification Systems described it, “Publishers may publish works originally created by others for which they have obtained the rights and/or works that they have created in-house.” Published works can be in one or more formats, such as traditional print, eBooks, CD-ROM, or proprietary electronic networks. The world’s five largest publishers, known as the “Big Five,” are Hachette Book Group, HarperCollins, Macmillan, Penguin Random House, and Simon & Schuster.

The film industry is mainly composed of large, multinational corporations, major studios, and independent studios. Many of the top-name film companies are part of larger media conglomerates that also include television, cable, newspaper, and magazine organizations. Within the film industry are subsectors: film production, film exhibition, and film post-production. The top movie companies include 21st Century Fox, Comcast Corporation, The Walt Disney Company, and Viacom Inc.

In general, media and entertainment jobs include reporters, correspondents, and broadcast news analysts; writers and authors; editors; photographers; graphic designers; translators; film and video editors and camera operators; broadcast and sound engineering technicians; announcers;

producers and directors; and performers—from actors to musicians and composers. The workers who are behind the scenes and focused on the business side are public relations people, talent agents and representatives, marketing managers, entertainment lawyers, and distribution workers, among others.

### **Planning Media Strategy**

**Media planning** : series of decisions involved in delivering the promotional messages to the prospective purchase and or users the product or brand

**Media objectives:** goals to be attained by the media strategy and program.

**Media strategy:** decisions on how the media objectives can be attained.

**Media:** the various categories of delivery systems, including broadcast and print media.

**Media vehicle:** the specific message carrier, such as the Hindu or terms of India.

**Coverage:** the potential audience that might receive the message brought the vehicle.

**Reach;** the actual number of individual audience member reached at least once by the vehicle.

**Frequency:** the number of times the receiver is exposed to vehicle in a specific time period.

### **Developing and implementing media strategies:**

- The media mix
- Target market coverage
- Geographic coverage
- Scheduling
- Creative aspects and mood
- Flexibility
- Budget consideration

### **Activities involved in developing media plan:**

- the situations analysis
- the marketing strategies
- the creative strategy plan
- setting media objectives

- determining media strategy
- selecting broad media classes.

## **CORPORATE ADVERTISING**

### **Definition:**

Corporate advertising is the advertising done for an entire institution organization and not for individual brands or products. This kind of activity is an extension of the public relations activity done by the company to improve its image in the minds of the general public and increase its goodwill which is an extremely important intangible assets.

Instead of advertising for its individual brands and products the corporate advertises to build its own image. We know many companies across the globe which have numerous brands under them. HUL, P&G, Volkswagen, general motors are some examples. All of these companies also take part in corporate branding where in instead of branding only one particular product or brand they brand the corporate itself.

### **How corporate advertising is used:**

Corporate advertising is also effective for companies that are involved in businesses that have a lot of negative potential. Negative potential means possible distress to human life. These companies are extremely susceptible to controversies and hence need to regularly invest in corporate advertising to keep their image stable in the market Cigarette companies, oil drilling and exploration companies, pharmaceutical companies and mining companies are examples of organizations that have a need for corporate marketing.

### **Objectives of corporate marketing**

1. Creating a positive brand image of the firm
2. Explain view point to the public and to take a stand during controversial times.
3. Engage and enhance employee morale
4. Maintain good relations with labour unions.
5. Establish company identity and macro level positioning of the brand.

Examples of corporate advertising used in Hero Motocorp, Standard Chartered Marathons...

**Part A (ONE Mark)**

**Multiple Choice Questions**

**Online Examination**

**Part B**

**(2 Marks)**

1. What is cost based pricing?
2. What do you mean by dumping?
3. What is import substitution?
4. What is International Price Escalation?
5. List any two export promotion councils.

**Part C (8 Marks)**

1. List down the steps in pricing
2. What are the patterns for organizing and administering trade?
3. Discuss about International Marketing Communications.
4. Discuss the channels available for indirect exporting.
5. Discuss the important factors influencing channel selection in international marketing.
6. What are roles and importance of Information System?
7. Write short note on strategy implementation.
8. Discuss the business ethics in international marketing.

**INTERNATIONAL MARKETING MANAGEMENT**  
**UNIT 5 - MCQ**

<b>S. No</b>	<b>Questions</b>	<b>Option A</b>	<b>Option B</b>	<b>Option C</b>	<b>Option D</b>	<b>Answer</b>
1	Another name for an organisation's marketing communications mix is:	The advertising program.	The image mix.	The promotion mix	The sales force.	The promotion mix
2	Which tool of the promotional mix is defined as any paid form of non-personal presentation and promotion of ideas, goods, or services by an identified sponsor?	Direct marketing.	Sales promotion.	Public relations.	Advertising.	Advertising.
3	The _____ is the specific mix of advertising, personal selling, sales promotion, public relations, and direct marketing tools that the organisation uses to pursue its advertising and marketing objectives.	promotional mix	value mix	marketing control mix	integrated dealer mix	promotional mix
4	Which tool of the promotional mix consists of short-term incentives to encourage the purchase or sale of a product or service?	public relations.	sales promotion.	advertising.	direct marketing	sales promotion.
5	If an organisation wants to build a good "corporate image," it will probably use which of the following marketing communications mix tools?	sales promotion.	advertising.	public relations.	direct marketing	public relations.
6	The personal presentation by the firm's sales force for the purpose of making sales and building customer relationships is called	personal selling	advertising.	public relations.	direct marketing	personal selling
7	Although the promotion mix is the organisation's primary communication activity, the _____ must be coordinated for greatest communication impact	entire marketing mix	demand mix	profit variables in a organisation	organisational culture	entire marketing mix
8	IMC, as presented in the Marketing: in black and white stands for:	integrated marketing communications	internal marketing communication.	integrated marketing corporations.	international manufacturing capacity.	integrated marketing communications

9	If an organisation's objective were to reach masses of buyers that were geographically dispersed at a low cost per exposure, the organisation would likely choose which of the following promotion forms?	Advertising.	Sales promotion.	Public relations.	Personal selling	Advertising.
10	A _____ is a promotion strategy that calls for spending a lot on advertising and consumer promotion to build up consumer demand. If the strategy is successful, consumer demand will move the product through the channel	blocking strategy	pull strategy	integrated strategy	push strategy	pull strategy
11	The promotion mix does not include	advertising	personal selling	pricing	publicity	pricing
12	Compared to advertising in terms of promotion dollars, advertising has a ..... share	larger	same	lower	Higher	larger
13	Compared to advertising, personal selling	Expensive	is a one-way communication process	is less flexible	is more persuasive	is more persuasive
14	This is not an advantage of using foreign-born native personnel in their own country	political situation	local image	competitive pay scale	natives' multinational perspective	natives' multinational perspective
15	Publicity differs from advertising in this aspect.	Nonpersonal presentation	Sponsorship	use of media	payment to media	payment to media
16	This component of the promotion mix is temporary in nature	advertising	personal selling	publicity	sales promotion	sales promotion
17	Sales promotion is used to stimulate	consumer demand	middlemen's support	both	neither a nor b	both
18	Sales promotion does not work well with products which	are highly competitive	are of high-unit value	are standardized	have high turnover	are of high-unit value
19	This is an international customs document that facilitates the temporary duty-free importation of product samples.	commercial visa	trade show document	carnet	single administrative document	carnet
20	This document acts as “the merchandise passport” for products intended for trade shows and fairs by allowing the products to be imported duty-free on a temporary basis	export license	carnet	single administrative document	trade show document	carnet



21	A carnet is	an international customs document	a price discount	a publicity strategy	an advertising medium	an international customs document
22	This country does not allow advertising	China	Russia	India	all of them permit advertising	all of them permit advertising
23	The relationship between advertising expenditures and a country's GNP is	positive	negative	neutral	unpredictable	positive
24	The relationship between advertising expenditures and a country's economic development is	positive	negative	neutral	unpredictable	positive
25	This country is highest in per capita advertising spending.	the United States	Japan	Germany	France	the United States
26	In the United States, most TV commercials in terms of length are	60 seconds	45 seconds	30 seconds	15 seconds	30 seconds
27	TV spots shorter than 30 seconds are an overwhelming majority in the following countries, except	the United States	Japan	Spain	France	the United States
28	Compared to the other countries, the number of newspaper in a large U.S. city is	greater	smaller	about the same	neutral	smaller
29	This term is used to describe the total number of unduplicated individuals exposed to a particular media vehicle at least once during a specified time period.	reach	frequency	effectiveness	duplication	reach
30	This is an advertising medium	direct marketing	direct mail	mail order	telephone	direct mail
31	This country is the most developed market as far as direct mail is concerned	the United States	Japan	Spain	France	the United States
32	This country is the leader user of direct mail	the United States	Japan	Spain	France	the United States
33	The United States lags behind other countries in terms of per-capita advertising expenditures for this advertising medium	newspaper	magazine	direct mail	outdoor	outdoor
34	Inexpensive items (e.g., pens, calendars) carrying the advertiser's name are	ordering methods	rural media	international media	advertising specialties	advertising specialties
35	This is the most expensive strategy.	product	product	product invention	dual adaptation	product

		extension-communications adaptation	adaptation-communications extension			invention
36	When consumer need is similar across countries but use conditions for a product vary, this strategy should be used	product extension-communications adaptation	product adaptation-communications extension	product invention	dual adaptation	product adaptation-communications extension
37	This criterion offers no empirical evidence to support the standardization school of thought.	feasibility	cost savings	consumer homogeneity	product invention	consumer homogeneity
38	Standardized advertising should not be used if this criterion is not satisfied	selectivity	response	size	all of the above must be satisfied	all of the above must be satisfied
39	This school of thought claims that, regardless of countries, people have a common denominator (i.e., same need, common taste, etc.)	standardization	individualization	compromise	heterogeneity	standardization
40	This component of the marketing mix is least likely to be standardized.	branding	product	advertising	Place	advertising
41	This advertising strategy aims to maximize both the efficiency and effectiveness of an advertising campaign.	standardization	localization	global advertising	heterogeneity	global advertising
42	A global ad should not be	adaptation ready	visual	both global and local	verbal	verbal
43	Any paid form of nonpersonal presentation and promotion of ideas, goods, or services by an identified sponsor is called _____.	personal selling	advertising	direct marketing	sales promotion	advertising
44	Companies are doing less _____ and more _____ as a result of an explosion of more focused media that better match today's targeting strategies.	media; sales	broadcasting; narrowcasting	narrowcasting; broadcasting	marketing; media	broadcasting; narrowcasting
45	All of the following are reasons that marketers are losing confidence in television advertising except _____	television offers a high cost per exposure	audience size is on the decline	mass media costs continue to increase	younger consumers are using different media	television offers a high cost per exposure
46	With the use of integrated marketing communications, a company's mass-market	the same message, look,	separate marketing	equal portions of the advertising	independent communications	the same message, look,

	advertisements, Web site, email, and personal selling communications all have _____.	and feel	objectives	budget	directorsz	and feel
47	Which promotional tool is most effective in building up buyers' preferences, convictions, and, most importantly, actions?	personal selling	mass-market advertising	sales promotion	segmented advertising	personal selling
48	All of the following would be major sales force management decision steps (as shown in the model in the text) EXCEPT	Global management and marketing structures. .	Recruiting and selecting salespeople.	Supervising salespeople.	Designing sales force strategy and structure	Global management and marketing structures. .
49	The area of liability where a public relations professional can be held liable for offering advice in support of an illegal activity is called	perjury.	crisis management.	theft.	conspiracy	conspiracy
50	Media critics (movie, music, television) are protected more by defamation laws because of the notion of	fair use	fair comment	shield laws	Media Sunshine laws	fair comment
51	The protection of a creative work from unauthorized use is known as	fair use.	libel.	slander.	copyright	copyright
52	The part of a copyrighted article which may be quoted directly, where the quoted material used must be brief in relation to the length of the original work (often associated with "educational" us refers to which principle?	Fair comment	Fair use	Trademark	Consent order	Fair use
53	A trademark is represented by several key characteristics. Which of the following is one of them?	A trademark identifies a product's origin.	Trademarks are "shorthand" for retailers to use in determining pricing strategy.	Slogans are not covered under trademark law.	A trademark may not be used in copyrighting course packets.	A trademark identifies a product's origin.
54	Which of the following organizations has jurisdiction to determine if advertisements are deceptive or misleading?	Federal Trade Commission	Truth in Advertising Council	Food and Drug Administration	Better Business Bureau	Federal Trade Commission
55	In selecting media vehicles, advertisers try to	obtain a continuous schedule.	maximise total reach.	maximise CPM (Cost per Thousand).	none of the above are correct.	none of the above are correct.
56	The weight of a campaign is typically expressed in	CPM. .	GRPs.	OTS.	ERPs	GRPs.

57	Which medium has both short lead times and a short lifespan?	TV	Newspapers	Bus shelters	Magazines	Newspapers
58	Most global marketers use a strategy called _____ in which themes, copy, and visual elements are adapted for local markets.	nationalistic advertising	localized formatting	pattern advertising	format advertising	pattern advertising
59	One advantage of global marketing and global advertising is	higher marketing and advertising costs	economies of scale in production and distribution	inability to coordinate and control marketing and promotional programs	how unimportant the development and introduction of new products becomes	economies of scale in production and distribution
60	When developing an international sales promotion program, marketers need to specifically consider:	organizational structure	mission statement modifications	consumer perceptions of promotional tools	the impact of dyadic media	consumer perceptions of promotional tools

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**Continuous Internal Assessment – I – Answer Key**

**17MBAPI303A - INTERNATIONAL MARKETING MANAGEMENT**

**PART – A (15 X 1 = 15 Marks)**  
**Answer ALL the Questions**

1. With the globalization of markets, the tastes and preferences of consumers world-wide are:  
**(a) Converging upon a global norm.**  
(b) So different that they can be ignored by international organizations.  
(c) Being encouraged by multinational organizations to become increasingly similar.  
(d) Becoming similar to the tastes and preferences of American consumers.
2. When management believes or assumes that the home country is superior and the needs of the home country are most relevant in terms of doing business internationally, then management is thought to have a(n) \_\_\_\_\_ business orientation.  
(a) regiocentric  
(b) polycentric  
(c) geocentric  
**(d) ethnocentric**
3. The goals of international marketing are to:  
**(a) Expand business activities abroad.**  
(b) Create and retain customers in global markets.  
(c) Eliminate competition in international markets.  
(d) Gain market share and increase profit.
4. Being a global organization means:  
(a) Customizing the product range for each segment in part.  
**(b) Creating both standardized and customized products.**  
(c) Creating standardized products for homogeneous markets.  
(d) Standard products
5. Which of the following represents a company's effort to identify and categorize groups of customers and countries according to common characteristics?  
(a) Global marketing research  
(b) Global targeting  
(c) Global positioning  
**(d) Global market segmentation**

6. Which term refers to the phenomenon in which the world's population shares commonly recognized cultural symbols?
  - (a) global city
  - (b) monopolistic market
  - (c) global village**
  - (d) multicultural village
  
7. A global market leader is an organization which:
  - (a) has more than 50% global market share.
  - (b) is recognized as being ahead of the rest in terms of market share.**
  - (c) is ahead of the competition in terms of global innovation.
  - (d) has the monopoly over several foreign markets.
  
8. Regionalism is:
  - (a) an international management orientation and a protectionist policy created to exclude third world countries from certain forms of international trade.
  - (b) an international management orientation.
  - (c) the grouping of countries into regional clusters based on geographic proximity.**
  - (d) a protectionist policy created to exclude third world countries from certain forms of international trade.
  
9. Within an international context, what are 'economies of scope' synonymous with?
  - (a) Buying components in bulk.
  - (b) Decreased cost per unit of output.
  - (c) Reusing a resource from one business/country in additional businesses/countries.**
  - (d) Reducing the price of product.
  
10. According to the concept of the value chain, a firm is profitable if:
  - (a) it operates in global industries
  - (b) The value it commands equals the costs involved in creating the product.
  - (c) the value it commands exceeds the costs involved in creating the product**
  - (d) the value it commands is lower than the costs involved in creating the product
  
11. In which industries is global competition more common?
  - (a) where upstream and support activities are crucial to competitive advantage**
  - (b) where the value chain functions are carried out at head office
  - (c) where downstream activities or other-tied activities are vital to competitive advantage
  - (d) in none of the above situations
  
12. When companies believe that, even though countries may differ, the differences can be understood and managed, such firms are
 

(a) Ethnocentricity    (b) **Geocentric**    (c) Egocentricity    (d) Unicentric
  
13. These firms allocate corporate resources without regard to national frontiers and do not hesitate making direct investment abroad
 

(a) Ethnocentricity Firms    (b) **Geocentric Firms**    (c) Egocentricity Firms

(d) Unicentric Firms

14. As a result of international trade and global interdependence, countries' inflation rates tend to

- (a) **Increase**                      (b) Moderate                      (c) Be Unpredictable                      (d) Be Unstable

15. Global product strategy in which product to be marketed is changed a little to be adapted in foreign market is classified as

- (a) **Product adaptation**  
(b) Straight product extension  
(c) Dual adaptation  
(d) Communication adaptation

**PART – B (3 X 8= 24 Marks)**  
**Answer all the questions**

16.(a)What is International Marketing? Discuss on the different international orientations.  
(OR)

According to **Kotler**, "*Global marketing is concerned with integrating and standardizing marketing actions across a number of geographic markets*". Perlmutter's EPRG framework consists of four stages in the international operations evolution. These stages are discussed below.

**Ethnocentric Orientation**

The practices and policies of headquarters and of the operating company in the home country become the default standard to which all subsidiaries need to comply. Such companies do not adapt their products to the needs and wants of other countries where they have operations. There are no changes in product specification, price and promotion measures between native market and overseas markets. The general attitude of a company's senior management team is that nationals from the company's native country are more capable to drive international activities forward as compared to non-native employees working at its subsidiaries. The exercises, activities and policies of the functioning company in the native country become the default standard to which all subsidiaries need to abide by.

**Regiocentric Orientation**

In this approach a company finds economic, cultural or political similarities among regions in order to satisfy the similar needs of potential consumers. For example, countries like Pakistan, India and Bangladesh are very similar. They possess a strong regional identity.

**Geocentric Orientation**

Geocentric approach encourages global marketing. This does not equate superiority with nationality. Irrespective of the nationality, the company tries to seek the best men and the problems are solved globally within the legal and political limits. Thus, ensuring efficient use of human resources by building strong culture and informal management channels.

**Polycentric Orientation**

In this approach, a company gives equal importance to every country's domestic market. Every participating country is treated solely and individual strategies are carried out. This

approach is especially suitable for countries with certain financial, political and cultural constraints.

(b) Explain the International Marketing Environment with examples.

### **1. Social/cultural environment**

The social and cultural influences on international marketing are immense. Differences in social conditions, religion and material culture all affect consumers' perceptions and patterns of buying behaviour. It is this area that determines the extent to which consumers across the globe are either similar or different and so determines the potential for global branding and standardisation. A failure to understand the social/cultural dimensions of a market are complex to manage, as McDonald's found in India. It had to deal with a market that is 40 per cent vegetarian, had an aversion to either beef or pork among meat-eaters and a hostility to frozen meat and fish, but with the general Indian fondness for spice with everything. To satisfy such tastes, McDonald's discovered it needed to do more than provide the right burgers. Customers buying vegetarian burgers wanted to be sure that these were cooked in a separate area in the kitchen using separate utensils and sauces like McMasala and McImli were developed to satisfy the Indian taste for spice. Interestingly however, these are now innovations they have introduced into other markets.

### **2. Legal environment**

Legal systems vary both in content and interpretation. A company is not just bound by the laws of its home country but also by those of its host country and by the growing body of international law. This can affect many aspects of a marketing strategy – for instance advertising – in the form of media restrictions and the acceptability of particular creative appeals. ). Product acceptability in a country can be affected by minor regulations on such things as packaging and by more major changes in legislation. It is important, therefore, for the firm to know the legal environment in each of its markets. These laws constitute the 'rules of the game' for business activity. The legal environment in international marketing is more complicated than in domestic markets since it has three dimensions:

(i) Local Domestic Law;

(ii) International Law;

(iii) Domestic Laws in the Firm's Home Base.

- **Local Domestic Law** - These are all different! The only way to find a route through the legal maze in overseas markets is to use experts on the separate legal systems and laws pertaining in each market targeted
- **International Law** - There are a number of international laws that can affect the organisation's activity. Some are international laws covering piracy and hijacking; others are more international conventions and agreements and cover items such as the International Monetary Fund (IMF) and World Trade Organisation (WTO) treaties, patents and trademarks legislation and harmonisation of legal systems within regional economic groupings, e.g. the European Union.
- **Domestic Laws in the Home Country** - The organisation's domestic (home market) legal system is important for two reasons. First, there are often export controls which limit the free export of certain goods and services to particular marketplaces, and second, there is the duty of the organisation to act and abide by its national laws in all its activities, whether domestic or international.

India is regarded by many firms as an attractive emerging market beset with many legal difficulties, bureaucratic delay and lots of red tape. For example, shoes cannot be imported in



pairs but have to be imported one at a time – which causes huge problems for shoe manufacturers who need to import shoes as production samples. The way many of them overcome the problem is by importing the left shoe via Madras and the right shoe via Mumbai. Companies such as Mercedes Benz, Coca-Cola and Kellogg have found the vast potential of India's market somewhat hard to break into. Its demanding consumers can be difficult to read and local rivals can be surprisingly tough. Political squabbles, bureaucratic delays and infrastructure headaches are also major obstacles.

### **3. Economic environment**

The purchasing power of people in a country is a crucial factor in determining the demand for products. Marketers must pay close attention to major trends in income and consumer spending patterns. In short, the economic conditions of a country – the nature of the economy, the stage of development of the economy, economic resources, the level and distribution of income, etc. are all very important factors in marketing. Further economic factors like inflation, productivity, shortages, unemployment etc have a tremendous impact on prices and incomes. Hence, marketers must incorporate these factors while preparing marketing programmes. This understanding is important at a world level in terms of the world trading infrastructure such as world institutions and trade agreements developed to foster international trade, at a regional level in terms of regional trade integration and at a country/ market level. Firms need to be aware of the economic policies of countries and the direction in which a particular market is developing economically in order to make an assessment as to whether they can profitably satisfy market demand and compete with firms already in the market.

### **4. Political Environment**

The political environment of international marketing includes any national or international political factor that can affect the organization's operations or its decision making. Politics has come to be recognized as the major factor in many international business decisions, especially in terms of whether to invest and how to develop markets. Politics is intrinsically linked to a government's attitude to business and the freedom within which it allows firms to operate. Unstable political regimes expose foreign businesses to a variety of risks that they would generally not face in the home market. This often means that the political arena is the most volatile area of international marketing. The tendencies of governments to change regulations can have a profound effect on international strategy, providing both opportunities and threats.

### **5. Technological environment**

Technology is a major driving force both in international marketing and in the move towards a more global marketplace. The impact of technological advances can be seen in all aspects of the marketing process. The ability to gather data on markets, management control capabilities and the practicalities of carrying out the business function internationally have been revolutionised in recent years with the advances in electronic communications. Satellite communications, the Internet and the World Wide Web, client-server technologies, ISDN and cable as well as email, faxes and advanced telephone networks have all led to dramatic shrinkages in worldwide communications. Shrinking communications means, increasingly, that in the international marketplace information is power.

The technological changes result in changes in consumption pattern and marketing systems. A new technology may improve our lives in one area while creating environmental and social

problem in another area. The marketers should monitor the following trends in technology: the pace of change, the opportunities for innovation, varying research and development budgets, and increased regulation. He should watch the trends in technology and adopt the latest technology so as to stay alive in the field.

17.(a) Elaborate the international market entry strategies. **(OR)**

### **International Market Entry Strategies**

There are a variety of ways in which a company can enter a foreign market. No one market entry strategy works for all international markets. Direct exporting may be the most appropriate strategy in one market while in another you may need to set up a joint venture and in another you may well license your manufacturing. There will be a number of factors that will influence your choice of strategy, including, but not limited to, tariff rates, the degree of adaptation of your product required, marketing and transportation costs. While these factors may well increase your costs it is expected the increase in sales will offset these costs. The following strategies are the main entry options open to you.

#### **Direct Exporting**

Direct exporting is selling directly into the market you have chosen using in the first instance your own resources. Many companies, once they have established a sales program turn to agents and/or distributors to represent them further in that market. Agents and distributors work closely with you in representing your interests. They become the face of your company and thus it is important that your choice of agents and distributors is handled in much the same way you would hire a key staff person.

#### **Licensing**

Licensing is a relatively sophisticated arrangement where a firm transfers the rights to the use of a product or service to another firm. It is a particularly useful strategy if the purchaser of the license has a relatively large market share in the market you want to enter. Licenses can be for marketing or production.

#### **Franchising**

Franchising is a typical North American process for rapid market expansion but it is gaining traction in other parts of the world. Franchising works well for firms that have a repeatable business model (eg. food outlets) that can be easily transferred into other markets. Two caveats are required when considering using the franchise model. The first is that your business model should either be very unique or have strong brand recognition that can be utilized internationally and secondly you may be creating your future competition in your franchisee.

#### **Partnering**

Partnering is almost a necessity when entering foreign markets and in some parts of the world (e.g. Asia) it may be required. Partnering can take a variety of forms from a simple co-marketing arrangement to a sophisticated strategic alliance for manufacturing. Partnering is a particularly useful strategy in those markets where the culture, both business and social, is substantively different than your own as local partners bring local market knowledge, contacts and if chosen wisely customers.

## Joint Ventures

Joint ventures are a particular form of partnership that involves the creation of a third independently managed company. It is the 1+1=3 process. Two companies agree to work together in a particular market, either geographic or product, and create a third company to undertake this. Risks and profits are normally shared equally. The best example of a joint venture is Sony/Ericsson Cell Phone.

## Buying a Company

In some markets buying an existing local company may be the most appropriate entry strategy. This may be because the company has substantial market share, are a direct competitor to you or due to government regulations this is the only option for your firm to enter the market. It is certainly the most costly and determining the true value of a firm in a foreign market will require substantial due diligence. On the plus side this entry strategy will immediately provide you the status of being a local company and you will receive the benefits of local market knowledge, an established customer base and be treated by the local government as a local firm.

## Piggybacking

Piggybacking is a particularly unique way of entering the international arena. If you have a particularly interesting and unique product or service that you sell to large domestic firms that are currently involved in foreign markets you may want to approach them to see if your product or service can be included in their inventory for international markets. This reduces your risk and costs because you are essentially selling domestically and the larger firm is marketing your product or service for you internationally.

## Turnkey Projects

Turnkey projects are particular to companies that provide services such as environmental consulting, architecture, construction and engineering. A turnkey project is where the facility is built from the ground up and turned over to the client ready to go – turn the key and the plant is operational. This is a very good way to enter foreign markets as the client is normally a government and often the project is being financed by an international financial agency such as the World Bank so the risk of not being paid is eliminated.

## Greenfield Investments

Greenfield investments require the greatest involvement in international business. A greenfield investment is where you buy the land, build the facility and operate the business on an ongoing basis in a foreign market. It is certainly the most costly and holds the highest risk but some markets may require you to undertake the cost and risk due to government regulations, transportation costs, and the ability to access technology or skilled labour.

(b)Elucidate the determinants of international market selection.

The market selection is normally based on two sets of factors namely the firm related factors and the market-related factors.

Firm related factors refer to such factors as the objectives, resources, product mix, and international orientation etc. of the firm.

Firm related factors:

A firm whose export objective is only to sell out a marginal surplus will select a foreign market suited to serve this purpose. Another firm with the same product, which wants to export a very large quantity, forming a very significant share of its total output may have different considerations than the first firm in market selection. In the case of the second firm, as the total quantity involved is large and as it forms a significant share of its total output, market diversification would be important to minimize the risk. If we think of a third firm which also wants to export the same product as the first two firms but which wants to export several other products also, the market(s) which it selects may perhaps be different from what the first two firms have chosen; it would give more importance to the total exports of all its products than that of any single product. Further the market selection may be influenced by other objectives like growth. When business growth is an important objective, growth potential of the market will be an important criterion for selection.

The planned business strategy may also influence the market selection. For example, a market considered the most important from the point of view of exporting need not necessarily be the one that would be selected for locating production base or a sales office. A company that has plans for large expansion of foreign business may choose a market, to start with, which can serve as a hub of international business.

The market selection is also influenced by the international orientation of the company.

Another very important determinant is the company resources comprising financial, human, technological and managerial factors. The dynamism and philosophy of the top management and the internal power relations may also influence the market selection decision.

Market related factors:

There are a number of market related factors which need to be carefully evaluated for market selection. The market related factors may be broadly grouped into general factors and specific factors. General factors are factors general to the market as a whole whereas the specific factors are factors which are specific to the industry concerned.

General factors:

- Economic factors: Include factors like economic stability, GDP growth trends income distribution, per capita income, sectoral distribution of GDP and trends, nature of and trends in foreign trade and Balance of Payments, indebtedness, etc.
- Economic Policy includes industrial policy, foreign investment policy, commercial policy, monetary policy, fiscal policy and other economic policies.
- Business Regulations: Regulations of business like industrial licensing, restrictions on growth, takeovers, mergers etc., restrictions on foreign remittances, repatriations etc;

tax laws; import restrictions and local content stipulations; export obligations and so on

- Currency Stability: of the national currency is another very important consideration in the market selection.
- Political factors: Character of the political system including the nature and behavior of the ruling party/ parties and opposition party/parties, the government system etc. and political stability are among the most important determinants of market selection.
- Ethnic Factors: Ethnic factors like ethnic characteristics, including ethnic differences, and their implications for the business, ethnic harmony etc. should also be analyzed.
- Infrastructure: Infrastructural facilities seriously affect business. For example, power shortage could cause considerable production losses. Shipping and other communication bottlenecks could cause lot of delays and loss of business, in addition to high costs.
- Bureaucracy and procedures: The nature and behaviour of the bureaucracy and the procedural system or styles are also important factors to be considered.
- Market Hub: The ability of a market to act as a hub, a base from where the company can operate in a contiguous region or countries, is a very important factor in the market selection of a company with plans for expansion of international business. South Africa, for example could be such a hub for the entire sub-Saharan Africa.

A large number of Indian companies have opened offices in Singapore to use it as a hub to trade with the booming markets of South-East Asia and the Pacific. Singapore is attractive for Indian companies because of its infrastructure, tax incentives and the large Indian population. A company which sets up its operational headquarters (OHQ) in Singapore has to pay only 10% as corporate tax against the normal 30%.

Indian industrialists feel that Sweden could be used as a base for exporting to third countries, especially the Baltic states. They also feel that the Swedish industrialists could use India as a sourcing ground to manufacture goods for export to the Asia-Pacific.

#### Specific Factors

- Trends in domestic production and consumption and estimates for the future of the products concerned
- Trends in imports and exports and estimates for the future
- Nature of competition
- Government policy and regulations pertaining to the industry
- Infrastructure relevant to the industry
- Supply conditions of raw materials and other inputs
- Trade practices and customs
- Trade practices and customs
- Cultural factors and consumer characteristics

18. (a) Describe the International product communication strategies.

(OR)

Some of the important product communication strategies used in international marketing are as follows:

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. These three basic strategies can be extended into five strategic options which are as follows:

#### **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.

**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.

#### **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.

Many companies add brands to their product portfolio via acquisitions of local companies. To leverage the existing brand equity enjoyed by the acquired brand, the local brand is usually retained. Although these factors lead to product adaptation, similar core values and buying behaviours among consumers using the product might present an opening for a harmonized communications strategy.

#### **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.

### **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.

(b) Define Brand. Explain the branding decisions in international marketing.

#### **Branding decisions in international marketing:**

Global products meet the wants and needs of a global market and are offered in all world regions.

- Global brands have the same name and similar image and positioning throughout the world

Global Brand Characteristics

- Quality signal—allows a company to charge premium price in a highly competitive market
- Global myth—marketers can use global consumer culture positioning to link the brand identity to any part of the world
- Social responsibility—shows how a company addresses social problems.

#### **Branding Strategies**

- Combination or tiered branding allows marketers to leverage a company's reputation while developing a distinctive identity for a line of products – Sony Walkman
- Co-branding features two or more company or product brands – NutraSweet and Coca-Cola – Intel Inside

#### **Brand Extension**

- Brand acts as an umbrella for new products – Example: The Virgin Group

Global Brand Development

- Global Brand Leadership – Using organizational structures, processes, and cultures to allocate brand-building resources globally, to create global synergies, and to develop a global brand strategy that coordinates and leverages country brand strategies

### **PART – C (1 X 11 =11)**

#### **19. Case study (Compulsory):**

Suggest a suitable 'Foreign Market Entry Strategy' for following. Justify your answer.

- a) An Indian steel company planning to get into overseas markets.
- b) A readymade garment small scale Indian Manufacturer willing to enter U.S. markets.
- c) An Internationally reputed 'Fast Food Chain - Quick Service.

Solution:

Foreign entry strategies to be suggested for the above questions.

Reg.No.....  
(17MBAPI303A)

**Karpagam Academy of Higher Education**  
(Deemed to be University)  
(Established under section 3 of UGC Act 1956)  
Coimbatore – 641021  
(For the candidates admitted from 2017 onwards)  
Continuous Internal Assessment - I  
II MBA  
**INTERNATIONAL MARKETING MANAGEMENT**

**Time: 2 hours** **Maximum: 50 marks**  
**PART – A (15 X 1 = 15 Marks)**  
**Answer ALL the Questions**

1. With the globalization of markets, the tastes and preferences of consumers world-wide are:
  - (a) Converging upon a global norm.
  - (b) So different that they can be ignored by international organizations.
  - (c) Being encouraged by multinational organizations to become increasingly similar.
  - (d) Becoming similar to the tastes and preferences of American consumers.
2. When management believes or assumes that the home country is superior and the needs of the home country are most relevant in terms of doing business internationally, then management is thought to have a(n) \_\_\_\_\_ business orientation.
  - (a) regiocentric
  - (b) polycentric
  - (c) geocentric
  - (d) ethnocentric
3. The goals of international marketing are to:
  - (a) Expand business activities abroad.
  - (b) Create and retain customers in global markets.
  - (c) Eliminate competition in international markets.
  - (d) Gain market share and increase profit.
4. Being a global organization means:
  - (a) Customizing the product range for each segment in part.
  - (b) Creating both standardized and customized products.
  - (c) Creating standardized products for homogeneous markets.
  - (d) Standard products
5. Which of the following represents a company's effort to identify and categorize groups of customers and countries according to common characteristics?
  - (a) Global marketing research
  - (b) Global targeting
  - (c) Global positioning
  - (d) Global market segmentation
6. Which term refers to the phenomenon in which the world's population shares commonly recognized cultural symbols?
  - (a) global city
  - (b) monopolistic market
  - (c) global village
  - (d) multicultural village
7. A global market leader is an organization which:
  - (a) has more than 50% global market share.
  - (b) is recognized as being ahead of the rest in terms of market share.



- (c) is ahead of the competition in terms of global innovation.
- (d) has the monopoly over several foreign markets.
8. Regionalism is:
- (a) an international management orientation and a protectionist policy created to exclude third world countries from certain forms of international trade.
- (b) an international management orientation.
- (c) the grouping of countries into regional clusters based on geographic proximity.
- (d) a protectionist policy created to exclude third world countries from certain forms of international trade.
9. Within an international context, what are 'economies of scope' synonymous with?
- (a) Buying components in bulk.
- (b) Decreased cost per unit of output.
- (c) Reusing a resource from one business/country in additional businesses/countries.
- (d) Reducing the price of product.
10. According to the concept of the value chain, a firm is profitable if:
- (a) it operates in global industries
- (b) The value it commands equals the costs involved in creating the product.
- (c) the value it commands exceeds the costs involved in creating the product
- (d) the value it commands is lower than the costs involved in creating the product
11. In which industries is global competition more common?
- (a) where upstream and support activities are crucial to competitive advantage
- (b) where the value chain functions are carried out at head office
- (c) where downstream activities or other-tied activities are vital to competitive advantage
- (d) in none of the above situations
12. When companies believe that, even though countries may differ, the differences can be understood and managed, such firms are
- (a) Ethnocentricity      (b) Geocentric
- (c) Egocentricity      (d) Unicentric
13. These firms allocate corporate resources without regard to national frontiers and do not hesitate making direct investment abroad
- (a) Ethnocentricity Firms      (b) Geocentric Firms
- (c) Egocentricity Firms      (d) Unicentric Firms
14. As a result of international trade and global interdependence, countries' inflation rates tend to
- (a) Increase      (b) Moderate
- (c) Be Unpredictable      (d) Be Unstable
15. Global product strategy in which product to be marketed is changed a little to be adapted in foreign market is classified as
- (a) Product adaptation
- (b) Straight product extension
- (c) Dual adaptation
- (d) Communication adaptation

**PART – B (3 X 8= 24 Marks)**

**Answer all the questions**

16.(a)What is International Marketing? Discuss on the different international orientations. **(OR)**

(b) Explain the International Marketing Environment with examples.

17.(a) Elaborate the international market entry strategies. **(OR)**

(b)Elucidate the determinants of international market selection.

18. (a) Describe the International product communication strategies. **(OR)**

(b) Define Brand. Explain the branding decisions in international marketing.

**PART – C (1 X 11 =11)**

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