



Fall 2011 (Course #4055)

# Busad-177: Introduction to International Marketing

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**Busad-177** examines the concepts, principles, theory, and practice of international marketing. Topics include the United States and foreign marketing organizations, United States international marketing positions, market entry strategies, analysis of foreign markets, culture and marketing, product design, pricing, distribution, promotion, and sales. Upon successful completion, the student will be able to:

- apply the "4Ps" of marketing (product, price, promotion and placement) in an international context;
- use international market segmentation and targeting, the Digital Revolution, and the Global electronic Marketplace to
- interpret, evaluate, and make decisions on selecting target markets; and
- examine the implementation of cross cultural issues in international marketing.

**Textbook: W.J. Keegan & M.C. Green: Global Marketing (Prentice Hall: 2011), ISBN 978-0-13-702386-8**

<b>Instructional Methods:</b>	Lectures, discussions, video-presentations and case studies
<b>Evaluation Methods:</b>	Class tests (best 2 of 3) = 50%; Comprehensive Final Examination = 25%; Case Study = 15% (7½% Presentation, 7½% Report); Presence and Participation in the class (including the Pop-Quizzes) = 10%
These tests and exam comprise True/False propositions, short notes and essays.	

## Schedule for Lectures, Tests and Final Examination (6<sup>55</sup> – 10<sup>05</sup> PM, CR-137)

	<i>Preview of the course</i>	<i>Chapters here refer to those in the Keegan/Green Textbook</i>
Oct 24, 26, 31 Nov 2	1. Introduction to Global Marketing 2. The Global Economic Environment 3. Regional Market Characteristics and Preferential Trade Agreements 4. Social and Cultural Environments 5. The Political, Legal, and Regulatory Environments	Nov 7 (7 <sup>30</sup> -8 <sup>30</sup> pm) <b>Class-Test 1</b>
Nov 7 (8 <sup>45</sup> -10 <sup>05</sup> PM), 9, 14 & 16	6. Global Information Systems and Market Research 7. Segmentation, Targeting, and Positioning 8. Importing, Exporting, and Sourcing 9. Global Market Entry Strategies: Licensing, Investment, and Strategic Alliances 10. Brand and Product Decisions In Global Marketing 11. Pricing Decisions	Nov 21 (7 <sup>30</sup> -8 <sup>30</sup> pm) <b>Class-Test 2</b>
Nov 21 (8 <sup>45</sup> -10 <sup>05</sup> PM), 23, 28, 30	12. Global Marketing Channels and Physical Distribution 13. Global Marketing Communications Decisions I: Advertising and Public Relations 14. Global Marketing Communications Decisions II: Sales Promotion, Personal Selling, Special Forms of Marketing Communication 15. Digital Revolution 16. Strategic Elements of Competitive Advantage 17. Leadership, Organization, and Corporate Social Responsibility	Dec 12 (7 <sup>30</sup> -8 <sup>30</sup> pm) <b>Class-Test 3</b> <b>This is also the due date for "Take-Home" final exam.</b>
Dec 5	Case-Study Presentations*	

\*A written report, due with the presentation, is a detailed analysis of the case using principles discussed in the book and the class.

## The Class and Grading Policies:

- DEADLINES: Oct 29 for ADD/DROP "WITHOUT W", Dec 3 to DROP with an AUTOMATIC "W" (dropping after this date means an automatic 'F') (DROPPING OUT OF THE COURSE, WITH OR WITHOUT A "W", IS THE STUDENT'S RESPONSIBILITY).
- The class will rely heavily on discussions and analyses of the current issues, events and/or topics of interest to international business. YOUR SUCCESS WILL DEPEND ON THE NOTES YOU TAKE IN THE CLASS, YOUR READINGS BEFORE AND AFTER THE CLASS, AND ON YOUR PARTICIPATION IN DISCUSSIONS.
- **Note that (a) there will be no homework or assignments, (b) an attendance below 70% will invite an F, and (c) any suspicion of "cheating" and/or any other kind of disruptive and/or anti-social behavior will invite negative points and/or the letter grade F for the entire course.**
- For final grading (A ≥ 90% > B ≥ 80% > C ≥ 70% > F), best 2 of the 3 Class-Tests will account for 50% of the overall grade, the comprehensive final exam for 25%, "Case Study" for 15%, and presence and participation (including any pop-quizzes) in the class for the remaining 10%.
- **The Class-Tests will be based on multiple-choice, short notes and essay-type questions.**
- Any "Extra Credit" work — an ORIGINAL essay or term paper or research paper, project or report — will be graded on a -5 to +5 scale. Such a grading will be done only in marginal cases and therefore at the time of the Final grading.

## International marketing

International marketing involves recognising that people all over the world have different needs. Companies like Gillette, Coca-Cola, BIC, and Cadbury Schweppes have brands that are recognised across the globe. While many of the products that these businesses sell are targeted at a global audience using a consistent marketing mix, it is also necessary to understand regional differences, hence the importance of international marketing. Organisations must accept that differences in values, customs, languages and currencies will mean that some products will only suit certain countries and that as well as there being global markets e.g. for BIC and Gillette razors, and for Coca-Cola drinks, there are important regional differences - for example advertising in China and India need to focus on local languages. Just as the marketing environment has to be assessed at home, the overseas potential of markets has to be carefully scrutinised. Finding relevant information takes longer because of the unfamiliarity of some locations. The potential market size, degree and type of competition, price, promotional differences, product differences as well as barriers to trade have to be analysed alongside the cost-effectiveness of various types of transport. The organisation then has to assess the scale of the investment and consider both short- and long-term targets for an adequate return.

Before becoming involved in exporting, an organisation must find the answers to two questions:

1. Is there a market for the product?
2. How far will it need to be adapted for overseas markets?

The product must possess characteristics that make it acceptable for the market - these may be features like size, shape, design, performance and even colour. For example, red is a popular colour in Chinese-speaking areas. Organisations also have to consider different languages, customs and health and safety regulations.

### Standardisation

If a company offers a product, which is undifferentiated between any of the markets to which it is offered, then standardisation is taking place. The great benefit of standardisation is the ability to compete with low costs over a large output.

This diagram illustrates the use of a standardised products and marketing mix.

Single product/marketing mix

Global Market

In most markets, however, there are many barriers to standardisation. It is not difficult to think about the standard marketing mix for a product and how this might vary from one country to another. For example:

- product - tastes and habits differ between markets
- price - consumers have different incomes
- place - systems of distribution vary widely
- promotion - Consumers' media habits vary, as do language skills and levels of literacy.

With differentiated marketing, on the other hand, an organisation will segment its overseas markets, and offer a marketing mix to meet the needs of each of its markets.

The great benefit of standardisation is that costs are lowered, profitability is increased and the task of supplying different markets becomes substantially easier.

This diagram illustrates the process of adapting the marketing mix to meet the needs of different geographical markets.

Marketing Mix A

Region A

Marketing Mix B

Region B

Marketing Mix C

Region C

However, it could also be argued that the success of many products in international markets has come about because marketers have successfully adapted their marketing mix to meet local needs.

To a large extent the standardisation/adaptation dilemma depends upon an organisation's view of its overseas markets and the degree to which it is prepared to commit itself to meeting the needs of overseas customers. There are three main approaches, which can be applied:

1. **Polycentrism** - with this marketing approach, a business will establish subsidiaries, each with their own marketing objectives and policies, which are decentralised from the parent company. Adaptation takes place in every market using different mixes to satisfy customer requirements.
2. **Ethnocentrism** - overseas operations are considered to be of little importance. Plans for overseas markets are developed at home. There is little research, the marketing mix is standardised and there is no real attention to different customer needs and requirements in each market.
3. **Geocentrism** - standardisation takes place wherever possible and adaptation takes place where necessary. This is a pragmatic approach.

A confectionery and soft drinks manufacturer like Cadbury Schweppes typically produces a range of standard items that are sold throughout the globe using similar marketing mix. However, differences may occur in such aspects as distribution channels and pricing as well as advertising in languages that are relevant to particular cultures. In addition such a company would produce some products which cater for particular tastes, and which are relevant to particular cultures. New products might then be tested in a regional area, before consideration of which other areas of the globe to roll out that product to.

**Standardisation** - refers to manufacturing, marketing or employing other processes in a standard way.

**Differentiation** - is the process of making products or aspects of the marketing mix different so as to appeal to different markets.

Read more: <http://www.thetimes100.co.uk/theory/theory--international-marketing--241.php#ixzz1biRl7pGP>