

## CHAPTER 2: INTERNATIONAL MARKETING

### Why is there a trend towards Internationalization?

As there is more **cooperation among countries (multilateral trade agreements)** as well as development of specific countries (**BRIC**), with the combination of **new technologies** and **social marketing**, internationalization seems like a normal consequence.

Companies now **need to open to new markets in order to survive the market rivalry**. This strategy provides **growth**. At the same time, this situation provides a **good opportunity for cooperation between international companies**.

### Requirements & **needs** to trade Internationally:

- **Global conscious:** Of course.
- **English:** Not German, not Spanish, not Dutch, fucking English.
- **Respect of other cultures:** We are not going to put jam in a Muslim country...
- **Market knowledge:** Look at the Barbie case.

### Globalization

Economic, political and social process leading to the increase in **relationship among different countries through international enterprises**. Decrease barriers to allow companies to go abroad, make money and bring back this money.

So, you allow the consumer to get to your product or services faster wherever they are as well as you are reaching them easily.

### Characteristics.

- ❖ **Global market:** More than just a few markets, is the world what we are talking here.
- ❖ **Choosing what countries and the target market:** More possibilities.
- ❖ **Developing marketing mix:** Standardization or Adaptation.
- ❖ **Concentration of the marketing activities:** Well nothing to say.
- ❖ **Coordination of the marketing activities:** Easy.
- ❖ **Integration of competitive moves:** More competitive advantages when globalization happens successfully.

### Causes of Globalization

Globalization is caused by a combination of availability of low-cost possibilities to reach more people and the opportunity of revenue through those global market.

- Multinational trade agreement
- Converting customer needs & wants
- Transportation and communication advances
- Technological evolution and information revolution
- Production costs and development

## CHAPTER 2: INTERNATIONAL MARKETING

This is not important because it is obvious, as well as the consequences which are the **effects on production**, which is organized globally and **selling or distribution**, which is done in different countries.

Advantages:

- ✓ **Access:** To more markets.
- ✓ **Risk diversification:** When you can get more ways of income, the importance of one in particular is reduced.
- ✓ **Company competitive position:** Is always tested so you keep improving.
- ✓ **Global image:** It looks better when you are international. You know, like the rapper Pitbull, "All around the world".
- ✓ **Company structure:** Is developed, again, forcing innovation.
- ✓ **Cost reduction:** In comparison to what it would cost with the amount of income you are getting from a global approach.

Definition of International Marketing

International marketing is **satisfying international customer needs & wishes** placed out of borders. So basically, the same definition than marketing but with people from other countries.

Characteristics

- **Competitor:** It is key that the global customer needs are better satisfied with you.
- **Coordinate:** Marketing activities as you are in more than 1 country.
- **International Environment:** The company needs to realize is working with a different kind of pressure, but the objectives still have to be accomplished.

Challenges

- **Adapting:** To the culture of the other country.
- **Losing the global message:** of the company, confusing older customers.
- **Cost of getting to know your company:** Not everybody is Amazon.
- **Differ and individualize your company:** not to be categorized with other companies

Marketing Plan

The marketing plan when doing it in an international market has two types of variables we have to consider:

1. **Controllable variables:** Financial conditions, Infrastructures, employees...
2. **No-controllable variables:** Economic environment, culture, language...

However, when going international there is only one possibility: "Think globally but act locally".

Joke

- What is orange and sounds like a parrot?
- A carrot.

## Strategic Orientation

This is the different strategies we have to reach our objectives the best way possible. Basically, most of these strategies just go from centric views to less centric views. There are **four** types

### 1. Ethnocentrism

- **Decisions:** Main Headquarters
- **Standards:** Home applied to all markets
- **Objectives:** Domestic ones
- **Nationality/Identification:** Owner
- **Managers:** Homeowners nationality

Domestic. **Ex.:**  
Tesco, Barbie

### 2. Polycentrism

- **Decisions:** Lower role of Headquarters
- **Standards:** Local on local markets
- **Objectives:** Local objectives
- **Nationality/Identification:** Host country
- **Managers:** Local

Local. **Ex.:**  
McDonalds

### 3. Regiocentrism

- **Decisions:** Regional headquarters
- **Standards:** Regions applied in region markets
- **Objectives:** Regional
- **Nationality/Identification:** Regions
- **Managers:** Regional managers

Region. **Ex.:**  
Coca Cola

### 4. Geocentrism

- **Decisions:** Collaboration with local headquarters
- **Standards:** Universal standards
- **Objectives:** Global
- **Nationality/Identification:** Global view
- **Managers:** They need to have different experiences in other countries

Universal with  
experience.  
**Ex.:** KFC

## Uppsala Model

This consist on expansion to other countries following a specific model. The company moves from one stage to the next one, gaining a **gradual increase in commitment**.

### Market decision.

We are going to base our solution in **distance (physic), size (market) and tariffs (transportation and barriers)**.

From that moment on, we will follow stages:

- **Stage 1:** No regular export activities
- **Stage 2:** Export via agents
- **Stage 3:** Export via sales subsidiary
- **Stage 4:** Production overseas

From less commitment to  
more commitment

### Joke

- How do you keep an idiot in suspense?

## Behavioral Models

Internationalization is a gradual process, where firm increase their knowledge, experience and commitment in the overseas market. There are different types we can use:

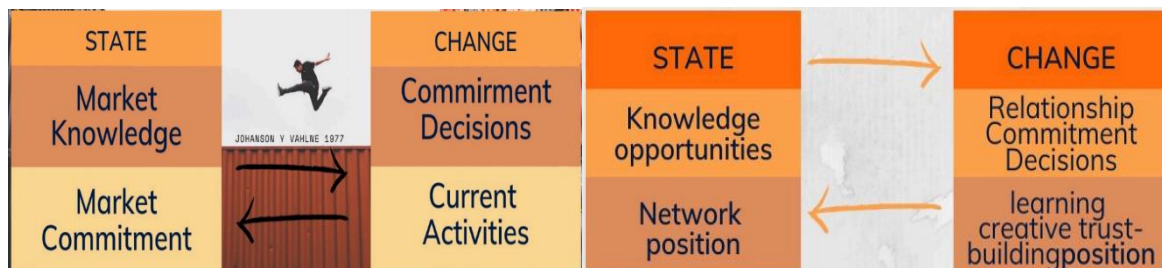
### Types.

- **Joint venture and strategic alliances:** You all know what it is.
- **Franchise & Licensing:** Same

**Innovation-Model:** The internationalization process is an innovation for the company. Not really important.

### Network Theory

The environments become more complex and competitive, less structured. Companies have a **director or indirect relationship with other companies and partners, creating a network**. The psychic distance becomes less relevant.



The first one is for behavioral models and the second one for the network theory.

### Born Global

This are companies that from its creation, in less than 2 years, are international even global.

### Factors for this to happen:

1. **New market conditions:** Like a niche market where the local demand is too small.
2. **Technological development:** On production, transportation & communication areas.
3. **Increase of strategic alliances and global networks:** Like an Erasmus.
4. **Managerial capabilities:** International experience, vision, knowledge, having commitment, network and flexibility...

## Export

### Barriers

- Competitors
- Competitive prices
- Limited Information
- Lack of managers and time
- High risk and costs, specially on transport and shipping
- Lack of government assistance or incentives, as well as tariffs
- Unfavorable exchange rate/currency
- Shortage of financial resources

### Stimuli

- ❖ Potential increase in **sales, growth**
- ❖ Possession of a **unique product, competitive advantage**, managerial interest
- ❖ Capture of new opportunities, receipt of unsolicited orders
- ❖ Overcome a saturation in the domestic market, as well as reduce the **dependence on the original market**.

### Key Decisions when entering a new market

#### 1. Enter or not?

We need to analyze the **market** and **what we have**. More specifically, there are **4 factors**:

- ✚ **Human resources**: We need people to go there
- ✚ **Financial resources**: We need to pay those people
- ✚ **Production capacity**: We need to sell something over there
- ✚ **Adaptation capacity**: Same as everything in this topic

#### 2. Where to enter?

Basically, more than the **accessibility** and **competitive advantage**, we have to look at:

- ✓ **Physique distance**: With its risks and Environments
- ✓ **Size**: With its growing potential
- ✓ **Barriers to trade**: We have seen it

You can see how this part is mostly a summary of all the rest

#### 3. How to enter?

We can do this by different ways:

- ❖ **Exporting**
  - Direct or Indirect, with no intermediaries or with intermediaries
- ❖ **Contractual Agreements**
  - Franchising and licensing
- ❖ **Direct Investment**
  - Strategic Alliances like a Joint venture
  - Production subsidiaries
  - Acquisitions or equity stake

#### 4. Which product or service?

Well is easy, again more points:

- ✚ **Benefits, competitive and demand**: Does it have the capacity to do it
- ✚ **Adaptation and Homologate**: Well, same question
- ✚ **Production**: And...surprise, same question than before

### 5. Marketing plan: 4 P's

One decision to consider here, should we **standardize** or **adapt** the 4 P's

### 6. Structure of the International marketing department

I believe the point itself is explanatory. Don't you think?

**Let's put some party, THE END.**



← CHAPTER 1

CHAPTER 3 →

<https://youtu.be/UFUXdov7WkE> - David Guetta

<https://youtu.be/WO43XZ1zXBg> - Avicii

<https://youtu.be/pQe89J2MV18> - Mashup for house party

<https://open.spotify.com/user/rgtvohyxut3w7ofm87axuk03v?si=d5UN96VsRzm89d9KapB1Vg>  
– My profile with all the lists