

CHAPTER 15

Global Marketing

What is 'Marketing'?

What is Global Marketing?

How is it different from regular marketing?



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Globalization of Markets?

- “A powerful force drives the world toward a converging commonality, and that force is technology” (Levitt, 1983)
- “Converging commonality” may not have happened universally
- Consumer product tastes converge < industrial product specifications

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Market Segmentation

- The process of identifying distinct groups of consumers
 - Demography, geography, social-cultural factors, psychological factors
- Marketing mix variables:
 - 4 P's

Segment	Percentage
Traditionalists	31.2%
Quiet reminiscers	6%
Racy role models	37.3%
Hearts of gold	6.3%
Adventure seekers	19.9%
Other	6.3%

International Market Segmentation

Offer the same products (standardization)

- marginally adapt the balance of the marketing mix
- inter-market segments -- allow companies to offer standardized products

Adapt their products (adaptation)

- adapt the balance of the product mix

Product

The diagram illustrates the layers of a product:

- Core benefit:** The central element.
- Actual product:** The middle ring, including Brand name, Features, Design, Packaging, and Quality level.
- Augmented product:** The outer ring, including Delivery and credit, After-sale service, Warranty, and Installation.

<http://www.voivoice.us/salesandservices/overseasdelivery/>

International Marketing Mix:
Place

- Optimal channel a company chooses to deliver the product
- Most locally responsive element of marketing mix
 - retail system: concentrated vs, fragmented
 - channel length: long vs. short
 - Channel exclusivity: Japan

International Marketing Mix:
Promotion

- How firm communicates the product attributes / benefits to customers
- Determinants of push/pull strategies
 - Product type: industrial or consumer
 - Channel length: short vs. long
 - Media availability: limited vs. sufficient

- **Barriers** to international communication
 - Cultural barriers (cross-cultural literacy), Chev NOVA
 - Source effects (country of origin effects: wine, cuisine)
 - Noise levels
- **Standardized promotion (e.g., Global ads):**
 - Pros (economic adv, bigger impact, global brand)
 - Cons (cultural & country regulation differences)

- <http://www.youtube.com/watch?v=km2XNQm yjaU&mode=related&search= Japanese Ajinomoto>
- <http://www.youtube.com/watch?v=nhwIFbB5i uo> India
- <http://www.youtube.com/watch?v=jLTGQ4Eo Rjc>: European
- <http://www.youtube.com/watch?v=5lth7KvAE SI> China
- <http://www.clioawards.com/winners/index.cfm>
- <http://www.youtube.com/watch?v=4vXHm8T zLzE> Debeers

- ## International Marketing Mix
- ### Pricing
- Price discrimination:
 - demand elasticity (lower income levels & hi # of competitors)
 - Strategic pricing
 - predatory (quick share-of-market focus):
 - lower prices to drive competitors out, then raise prices
 - Multipoint pricing:
 - pricing in one market may have an impact in another market; subsidize low pricing in one market from profits in another
 - experience curve:
 - use aggressive pricing to build volume and move firm down experience curve (lower marginal costs)
 - Regulatory issues: antidumping, monopoly restriction


