

# International Marketing Management

By: S.G. Deo

This reference book can be useful for  
BBA, MBA, B.Com, BMS, M.Com, BCA, MCA  
and many more courses for Various Universities



**NEERAJ  
PUBLICATIONS**  
**[www.neerajbooks.com](http://www.neerajbooks.com)**

Published by:



## NEERAJ PUBLICATIONS

*(Publishers of Educational Books)*

Sales Office : 1507, 1st Floor,

Nai Sarak, Delhi-110 006

E-mail: [info@neerajbooks.com](mailto:info@neerajbooks.com)

Website: [www.neerajbooks.com](http://www.neerajbooks.com)

© Reserved with the Publishers only.

Typesetting by: Competent Computers

### Terms & Conditions for Buying E-Book

- The User must Read & Accept the Terms and Conditions (T&C) carefully before clicking on the accept option for Buying the Online Soft Copy of E-books. Under this Particular Facility you may buy only the Online Soft Copy of E-books, no Hard Copy or Printed Copy shall be provided under this facility.
- These E-Books are valid for 365 days online reading only (From the Date of Purchase) and no kind of Downloading, Printing, Copying, etc. are allowed in this facility as these products are just for Online Reading in your Mobile / Tablet / Computers.
- All the online soft copy E-books given in this website shall contain a diffused watermark on nearly every page to protect the material from being pirated / copy / misused, etc.
- This is a Chargeable Facility / Provision to Buy the Online Soft Copy of E-books available online through our Website Which a Subscriber / Buyer may Read Online on his or her Mobile / Tablet / Computer. The E-books content and their answer given in these Soft Copy provides you just the approximate pattern of the actual Answer. However, the actual Content / Study Material / Assignments / Question Papers might somewhat vary in its contents, distribution of marks and their level of difficulty.
- These E-Books are prepared by the author for the help, guidance and reference of the student to get an idea of how he/she can study easily in a short time duration. Content matter & Sample answers given in this E-Book may be Seen as the Guide/Reference Material only. Neither the publisher nor the author or seller will be responsible for any damage or loss due to any mistake, error or discrepancy as we do not claim the Accuracy of these solution / Answers. Any Omission or Error is highly regretted though every care has been taken while preparing these E-Books. Any mistake, error or discrepancy noted may be brought to the publishers notice which shall be taken care of in the next edition. Please consult your Teacher/Tutor or refer to the prescribed & recommended study material of the university / board / institute / Govt. of India Publication or notification if you have any doubts or confusions before you appear in the exam or Prepare your Assignments before submitting to the University/Board/Institute.
- Publisher / Study Badshah / shall remain the custodian of the Contents right / Copy Right of the Content of these reference E-books given / being offered at the website [www.studybadshah.com](http://www.studybadshah.com).
- The User agrees Not to reproduce, duplicate, copy, sell, resell or exploit for any commercial purposes, any portion of these Services / Facilities, use of the Service / Facility, or access to the Service / Facility.
- The Price of these E-books may be Revised / Changed without any Prior Notice.
- The time duration of providing this online reading facility of 365 days may be alter or change by [studybadshah.com](http://studybadshah.com) without any Prior Notice.
- The Right to accept the order or reject the order of any E-books made by any customer is reserved with [www.studybadshah.com](http://www.studybadshah.com) only.
- All material prewritten or custom written is intended for the sole purpose of research and exemplary purposes only. We encourage you to use our material as a research and study aid only. Plagiarism is a crime, and we condone such behaviour. Please use our material responsibly.
- In any Dispute What so ever Maximum Anyone can Claim is the Cost of a particular E-book which he had paid to Study Badshah company / website.
- If In case any Reader/Student has paid for any E-Book and is unable to Access the same at our Website for Online Reading Due to any Technical Error/ Web Admin Issue / Server Blockage at our Website [www.studybadshah.com](http://www.studybadshah.com) then He will be send a New Link for that Particular E-Book to Access the same and if Still the Issue is Not Resolved Because of Technical Error/ Web Admin Issue / Server Blockage at our website then His Amount for that Particular Purchase will be refunded by our website via PayTM.
- All the Terms, Matters & Disputes are Subjected to "Delhi" Jurisdiction Only.

# CONTENTS

| <b>S.No.</b>   | <b>Page</b> |
|--|-------------|
| 1. International Marketing: Basic Concepts .....                   | 1           |
| 2. International Marketing Orientation and Involvement .....       | 26          |
| 3. Analysing International Marketing Environment .....             | 39          |
| 4. International Market Segmentation .....                         | 52          |
| 5. Foreign Market Selection .....                                  | 65          |
| 6. International Marketing Entry Decisions .....                   | 78          |
| 7. International Product Planning .....                            | 93          |
| 8. International Branding, Packaging and Other Decisions .....     | 106         |
| 9. International Pricing .....                                     | 120         |
| 10. International Distribution .....                               | 136         |
| 11. International Marketing Communication .....                    | 149         |
| 12. International Advertising .....                                | 164         |
| 13. Personal Selling, Publicity and Sales Promotion .....          | 177         |
| 14. International Marketing Planning, Organising and Control ..... | 194         |
| 15. International Marketing of Services .....                      | 204         |
| 16. Emerging Trends and Issues in International Marketing .....    | 220         |
| 17. Introduction to International Marketing Research .....         | 229         |
| 18. Data Collection .....  | 243         |
| 19. Data Analysis and Report Writing .....                         | 264         |

# **Sample Preview of The Chapter**

*Published by:*



**NEERAJ  
PUBLICATIONS**

[www.neerajbooks.com](http://www.neerajbooks.com)

# INTERNATIONAL MARKETING MANAGEMENT

## International Marketing: Basic Concepts

1

In this chapter we shall study the following:

- (i) Marketing concept
- (ii) Difference between selling and marketing
- (iii) International marketing
- (iv) Importance of international marketing
- (v) Reasons for entering international markets.
- (iii) Development of products and services for satisfying the needs of the target customers.
- (iv) Satisfying needs of target customers better than the competitors.
- (v) Ensuring reasonable profit by performing all these activities.

### INTRODUCTION

The concept of **marketing** can be viewed from social and managerial perspectives. At its simplest, marketing can be defined as an exchange transaction that takes place between the buyer and seller. Marketing occupies an important position in the organisation of business unit. Traditional view of the marketing asserts that the customer will accept whatever product the seller presents to him. But this point of view of marketing has now changed. The modern concept may be viewed from the customer's point of view. Marketing is centered around the customer. Producer does not produce whatever he likes but whatever consumer wants. **Philip Kotler** has rightly remarked "*Marketing is analysis, organising, planning and controlling of the firm's customer-impinging resources, policies, activities with a view to a profit.*" Thus, the prime objective of marketing is the satisfaction of consumers' needs.

Following are the essential elements of marketing:

- (i) Identifying the customers who are chosen as the target of marketing efforts.
- (ii) Understanding the needs and wants of target customers.

**Marketing management** is that part of business management which is concerned with marketing. According to **Stanton**, "*Marketing management is the marketing concept in action.*" According to **Philip Kotler and Gary Armstrong**, "*Marketing management is the analysis, planning, implementation and control of programmes designed to create, build and maintain beneficial exchanges with target buyers for the purpose of achieving organisational objective.*"

Following are the **objectives** of marketing management:

**1. Creation of customers:** The first objective of marketing management is to create the demand of the product through various means. For this purpose, marketing manager attempts to find out the preferences and tastes of the customers so that goods produced are in accordance with the needs of the customers.

**2. Market share:** Marketing helps the business organisation to establish itself in the market. Various methods of sales promotion are used to make the goods popular. Goods of high quality are offered to the customers at reasonable price and aggressive selling

## 2 / NEERAJ : INTERNATIONAL MARKETING MANAGEMENT

efforts are made. All these activities help a firm to capture reasonable share in the market.

**3. Goodwill:** Marketing helps a business firm to build goodwill in the market. The basic objective of marketing is to popularise products. By building the goodwill, a firm increases its operations and turnover.

**4. Consumer satisfaction:** Modern marketing is customer-oriented. Marketing tries to realise long term goals of profitability, growth and stability through satisfying customer's wants.

### MARKETING PHILOSOPHIES OR CONCEPTS

**Philip Kotler** has shown five competing concepts for carrying out marketing activity in any organisation:

**1. Production concept:** Production concept of market philosophy believes that customers are interested only in low priced, easily and extensively available goods; and finer points of the product are not very important to them. Hence, they believe that they must concentrate only on efficient (economical) and extensive (large scale) production.

A company which believes in this approach, concentrates on achieving high production efficiency and wide distribution coverage resulting in lower cost of production.

**2. Product concept:** The product concept implies that consumers favour those products that offer the most quality, performance, and features. Managers also believe that consumers appreciate quality features and shall be willing to pay 'higher' price for the 'extra'

quality in the product or service made available to them. Those companies which believe in product concept, concentrate on product and its improvement.

**3. Selling concept:** Selling concept assumes that effective selling can push its output into the hands of customers. In other words, it assumes that consumers on their own will not buy enough of organisation's products, unless the organization undertakes aggressive sales and promotional efforts. Hence some companies believe that aggressive permission and selling is the curse of the business success, and without such method they cannot sell and survive.

**4. Marketing concept:** Modern concept of marketing based on consumer satisfaction. All activities of an organization are directed to satisfy the consumers. Companies produce to satisfy consumers' needs and requirements. The consumer is treated as a king who dictates. "Make what you can sell instead of trying to sell what you can make" is the approach in marketing concept.

**5. Societal marketing concept:** Societal marketing concept is an extension of modern or marketing concept. Societal marketing concept emphasises social welfare along with the interests of the firm and its customers. This concept includes social implications in the decision-making. According to this concept, firms should consider the welfare of the society as well as consumer satisfaction.

Following table presents the comparative view of different marketing concepts:

| Concepts                   | Stage 1                                     | Stage 2  | Stage 3                                       | Result of Stages 1-3  | Profits                               |
|----------------------------|---|--|---|---|---------------------------------------|
| Production Concept         | Vague idea about customer wants             | Mass Production  | Mass Distribution                             | Product availability at a low price                             | Profits through mass Standardisation  |
| Product Concept            | Vague idea about customer needs             | Superior Products by R & D                                 | Distribution without proper marketing-mix     | Superior performance product availability                       | Profits through 'Marketing Myopia'    |
| Selling Concept            | Vague idea about customer needs             | Mass production and distribution                           | Maximum use of Selling techniques             | Product availability; Buyer inertia                             | Profits through Hard-sell             |
| Marketing Concept          | Analyse target market                       | Know-what customer needs                                   | Integrated Marketing                          | Product as per customer requirements                            | Profits through customer satisfaction |
| Societal Marketing Concept | Analyse target market & know customer needs | Study Customer Needs in the light of ecological impurities | Integrated market with ecological constraints | Product as per customer requirements and ecological constraints | Profits through human satisfaction.   |

**Marketing and Selling:** In common parlance, people often take selling and marketing to be the same. But it is not so. A seller and a marketer differ in terms of what they want to do and how they do. The goal of selling is not the same as that of marketing. Selling and marketing differ terms of their goals and the means to be employed in

achieving them. Selling means the process of distribution of goods and services irrespective of consumers' needs. Marketing means the process of production and distribution of such goods and services as are needed and desired by the customers. Following table shows the distinction between marketing and selling:

| <i>Basis of Difference</i> | <i>Selling</i>  | <i>Marketing</i>   |
|----------------------------|---|--|
| 1. Focus                   | Selling focuses on sellers' needs <i>i.e.</i> , increase in the sales volume. | Marketing focuses on customers' needs and desires <i>i.e.</i> , consumer satisfaction.       |
| 2. Scope                   | Selling is a narrower concept. Selling is a part of marketing.                | Marketing is a wider concept. Marketing includes selling.                                    |
| 3. Basis                   | Selling is based on profit through sales volume.                              | Marketing is based on profit through consumer satisfaction.                                  |
| 4. Approach                | Selling is a piecemeal approach to achieve short term goals.                  | Marketing is an integrated approach to achieve long term goals.                              |
| 5. Process                 | Selling is concerned with the goods already produced.                         | Marketing begins before the production and continues even after the sale has been completed. |

**Strategic concept of Marketing:** Strategic concept of marketing as propounded by **Wawen J. Keegan**, envisages that a marketer must know the customer in a context including the competition, government policy and regulation and the broader economic, social and political macro forces. In international marketing strategic concept of marketing means working closely with home-country government trade negotiators and other officials and industry competitors to gain access to a target country market.

Following are three principles of strategic marketing:

- (i) Customer value and the value equation.
- (ii) Competitive or differential advantage
- (iii) Focus or the concentration of attention.

**Marketing Mix:** Marketing mix may be defined as the set of controllable marketing variables/activities that the firm blends to produce the response it wants in the target markets. Marketing mix refers to set of four Ps—product, price, promotion and place that a firm blends to produce the response it wants in the target group.

According to **Stanton**, “Marketing mix is the term used to describe the combination of four inputs which constitute the core of company's marketing system—the product, the price structure, the promotional activities and the physical distribution.”

Following are the components or elements of marketing mix:

**(a) Product mix:** Product mix refers to the activities relating to the product, service or idea to be offered. Product mix involves planning, developing and producing the right type of products and services to be marketed by the firm. Product strategy includes decisions about quality, size design, package design, branding, trade marks, warranties, guarantees, product life cycles, new development, etc.

**(b) Price mix:** Price mix refers to the decisions relating to the price charged for the product, service or idea. A marketing manager has to consider a number of factors while determining the price of the product, *e.g.*, cost of production, middlemen's margin, cost of physical distribution, selling expenses, price of competing brands, price-elasticity of demand, etc.

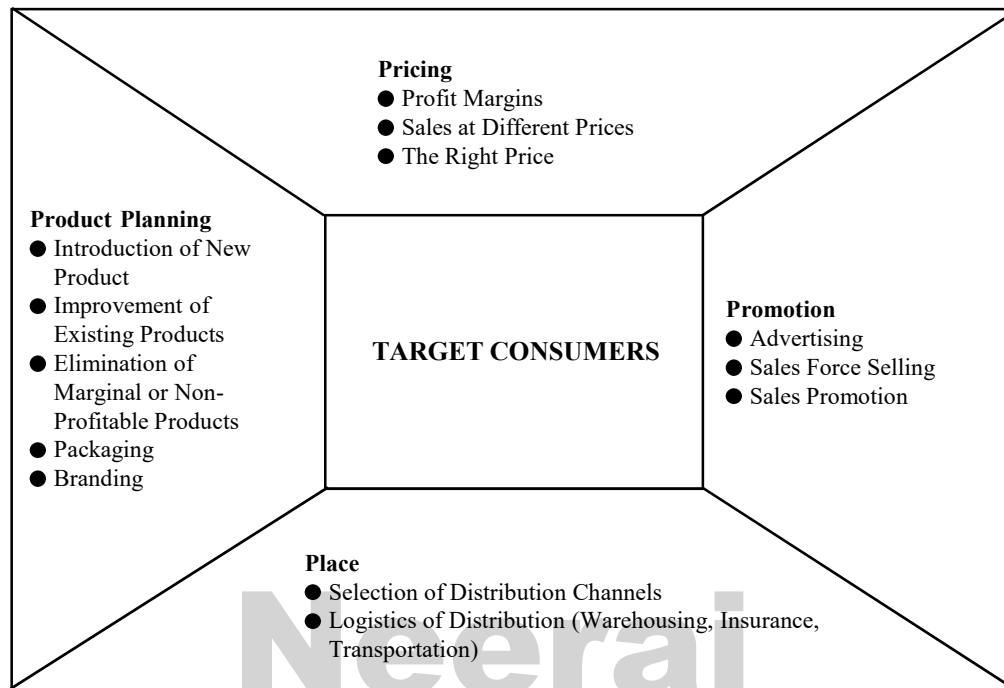
**(c) Promotion mix:** Promotion deals with the informing and persuading the customers regarding the firms product. Promotion mix involves decision with respect to following:

- (i) Advertising
- (ii) Publicity
- (iii) Personal selling
- (iv) Sales promotion
- (v) Public relations.

**(d) Place or physical distribution mix:** Finally, a marketing manager has to develop an institutional structure for making his products available to his customers at the right place and at right time. Physical distribution includes all those activities involved in moving products or services from producer to consumer.

#### 4 / NEERAJ : INTERNATIONAL MARKETING MANAGEMENT

Following figure shows the components of marketing mix:



**International Marketing:** 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. 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. Thus, international marketing is the coordinated marketing process undertaken in several countries. The difference between domestic marketing and international marketing arise entirely from the differences that exist in the national environment within which the marketing effort is directed and the differences that arise in the organization and programme because of operations being conducted simultaneously in different markets.

Following terms are also used in the context of International Marketing:

**1. Domestic Marketing:** Domestic marketing is the marketing that is targeted exclusively on the home country market.

**2. Export Marketing:** Export marketing is the first stage when a firm thinks of the exploring market opportunities outside the country. In export marketing,

there is no direct marketing effort in the foreign country. The emphasis is on expanding the market size by exporting to other countries a firm involved in export marketing maintains a department with international sales force in the organizational structure.

**3. International Marketing:** In International Marketing, the focus of a firm changes from just exporting to marketing in foreign countries. A firm makes full-fledged marketing efforts in the foreign countries. The marketing mix developed for the home market is extended into the foreign markets. An international company normally relies on the international division structure for carrying out the international business. An international company establishes subsidiaries in the foreign countries to undertake marketing operations.

**Multinational Marketing:** Multinational marketing means adaptation of the domestic marketing mix (product, price, promotion and place or channels of distribution) suitable to the market differences in each country of operation. When a company decides to respond to market differences, it evolves into a stage three multinational or multi-domestic. Such a company formulates a unique strategy for each country subsidiaries are formed in each country or group of countries to handle all marketing operations in that country. Each foreign subsidiary is managed as if it were an independent unit.