

# Lesson 4 - International Marketing Strategies

This lesson will provide you with an overview of market entry strategies used by companies for entering foreign markets.

# What is Marketing? (1 of 2)

There are many definitions of marketing. Marketing is the social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with others. It is also the right product, in the right place, at the right time, at the right price. The better definitions of marketing are focussed on customer orientation and the satisfaction of customer needs.



## What is Marketing? (2 of 2)

Central to understanding marketing in the present day is an understanding of the marketing concept. The philosophy of marketing is that customer orientation must play a part in every area of an organization. Modern corporate marketing managers are passionate about satisfying their customers. The philosophy of marketing is implemented through the marketing concept. Marketing is not only much broader than selling; it is not a specialized activity at all. It encompasses the entire business. It is the whole business seen from the point of view of the final result, that is, from the customer's point of view. Concern and responsibility for marketing must therefore permeate all areas of business.

# Always Remember These Points About The Marketing Concept

- ▶ Marketing focuses on the satisfaction of customer needs and wants.
- ▶ Everyone in the organization must be committed to the marketing concept for it to work.
- ▶ Future needs have to be identified and anticipated.
- ▶ There is a focus on profitability. In a not-for-profit organization this is seen as sustainability.
- ▶ Marketing influences society.

# Marketing Myopia (1 of 2)

Marketing myopia is a term used in marketing. It describes the idea that most businesses take too narrow a view of what business they are in. Businesses can find that they are missing opportunities that were plain to see once they adopt the wider view.

## Marketing Myopia (2 of 2)

One reason that short sightedness is so common is that people feel that they can not accurately predict the future. While this is a legitimate concern, it is also possible to use a whole range of marketing approaches to estimate future circumstances as best as possible. Part of the success that Tim Hortons enjoys today is that they realized many years ago that they were more than just a donut shop. On its web site, Tim Hortons describes itself as a quick serve restaurant.

The logo for Tim Hortons, featuring the brand name in a red, cursive script font. The letters are thick and stylized, with a registered trademark symbol (®) at the end of the word "Hortons".

*Tim Hortons*®

# Assignment #1 - Marketing Myopia

- ▶ See Handout for Assignment #1

# Market Segmentation (1 of 6)

Consumer markets are made up of individuals and households of people who purchase and consume goods and services. These people are end-users. Marketers need to reach end-users. One way in which this is done is by identifying various market segments. Market segmentation is about understanding the needs of customers and, therefore, how they decide between one choice and another.



# Market Segmentation (2 of 6)

This information is used to form groups of customers who share the same or very similar value criteria. A business is then able to determine which groups of customers it is best suited to serve and which product and service offers will both meet the needs of its selected segments and outperform the competition. The primary objective of segmentation is how to win and retain the customers you want to serve.

# Market Segmentation (3 of 6)

There are three main types of characteristics that identify market segments:

- ▶ Demographics
- ▶ Geographics
- ▶ Psychographics

# Market Segmentation (4 of 6)

Demographics are a method of dividing consumers into groups based on factors such as age, gender, ethnicity, education, socio-economic status, income, employment status, religion, marital status, language, mobility, and ownership, (e.g., dog owners) so that different groups can be treated differently. Two advertisements might be developed, one for adults and another for teenagers, because the two groups are attracted to different types of advertising appeal.

# Market Segmentation (5 of 6)

Another type of characteristic that identifies market segments is the location where people live. A neighbourhood, city, province, or region of a country can be a market segment. International businesses can focus on even larger areas as markets, such as North America.

# Market Segmentation (6 of 6)

Psychographics are a strategy that divides the intended audience for a given product according to social class, lifestyle, or personality. Companies use brands to match products to these consumer traits.



# Assignment #2 - Market Segmentation

- ▶ See Handout for Assignment #2

# Standardization, Adaptation, or Completely Different? (1 of 3)

Standardization is always the most efficient process in production, but it doesn't always work in marketing. The most cost efficient approach would be to use the same marketing mix in all of the company's worldwide operations:

- ▶ If the product sold in the domestic market can be exported, there could just be longer production runs. Even when the product is produced in a foreign market, production costs will be lower because research and development costs of adapting domestic products or developing new ones will be avoided.

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# Standardization, Adaptation, or Completely Different? (2 of 3)

- ▶ If product names, logos, advertising campaigns, promotional materials, and sales training can be used worldwide then expensive creative costs do not have to be repeated.
- ▶ Standardized pricing strategies prevent the embarrassment and litigation costs of gray marketing.



# Standardization, Adaptation, or Completely Different? (3 of 3)

In spite of all of these advantages standardization is rarely achievable. The extent of deviation from the standard depends on the type of product, degree of market penetration, and other environmental factors.

# Adapting a product to a particular market or culture allows for...

- ▶ Different levels of customer purchasing power;
- ▶ Appropriate technical sophistication;
- ▶ Standards of maintenance and availability of repair.

Low incomes make cheaper versions of products more appealing in less developed countries. Ease of use may be a critical factor in choosing a particular product. Sometimes more durable versions of a product are required given the degree of use and the availability of repair facilities or spare parts.

# IKEA - Read Article (Handout)

- ▶ [Read Article:](#) IKEA - Profile of a company that has been successful with international marketing strategies



# Assignment #3 - IKEA

- ▶ See Handout for Assignment #3