

# Lesson 6 - International Marketing Mix

In this lesson, we will examine marketing decisions and approaches taken by companies when venturing into foreign markets. We will also become familiar with Canadian companies that have been successful on a global scale.

# Marketing Mix

The marketing mix consists of a set of strategic decisions made in the areas of product, promotion, pricing, and place for the purpose of satisfying customers in a target market:



The large number of variables in each area of the marketing mix makes for complex and dynamic decisions when entering foreign markets. Often what works well in the domestic market is impossible in a foreign environment.

# Product Development (1 of 2)

A company identifies a target market, and then develops products to meet the needs of the consumers in that market. Product development is complex but usually involves these stages:

- ▶ Demand Forecast - One of the first problems that faces anyone who is trying to forecast the demand for a product is to work out what is meant by the term 'market'. A market is the set of all actual and potential buyers of a product. A potential market is the set of consumers who have some sort of interest in the product. Marketers usually define a market as all the possible buyers of a product, but if you are planning the launch of a new product you may not necessarily wish to target all the potential buyers. Many potential buyers do not in fact purchase the product for many years after the product is launched.

# Product Development (2 of 2)

- ▶ Defining the Market - Defining the market is one of the first steps in marketing a product. A market can be defined narrowly, or broadly. For example, the market for hockey equipment can be defined broadly as the sports equipment market, or narrowly as the hockey equipment market. There is no single way to define the market. By defining the market broadly, you give yourself a larger group of actual and potential buyers of your product. However, you also have a larger number of competitors to contend with. And vice versa for defining a market narrowly.



# Assignment #1 - Types of Products

- ▶ See Handout for Assignment #1

# International Promotion (1 of 5)

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## International Promotion (2 of 5)

Some companies use a standard message but most tailor their message to local conditions. Different media mixes work in different situations. Telemarketing is more accepted in some countries than in others. Internet advertising works best in North America where time spent online is not metered. Advertisers must adjust ads to the language and culture of the target audience.



# International Promotion (3 of 5)

Branding is an important component of promotion. An international brand is defined as the worldwide use of a name, term, sign, symbol, design, or combination intended to identify goods or services of one producer and to differentiate them from those of competitors. A successful brand is the most valuable resource that a company has. The brand name is the product of years of advertising, goodwill, quality, product experience, and all the other attributes consumers associate with the product. Brand image is at the core of business identity and strategy. Customers respond to images, ideas, and metaphors that help them define their identities.



PAUSE! See if you can list the top ten world's most valuable brands!

Guess Here:

Coca-Cola

Microsoft

IBM

GE

Nokia

Toyota

Intel

McDonald's

Disney

Mercedes-Benz

# International Promotion (4 of 5)

Companies with strong brands strive to use those brands globally. Even for products that have to be adapted to local market conditions, a global brand can be successfully used. A global brand gives a company a uniform worldwide image that enhances efficiency when introducing other products associated with the brand name.

# International Promotion (5 of 5)

Companies that have successful country specific brand names must balance the benefits of a global brand against the risk of losing the

of an established brand. The cost of re-establishing the same level of brand preference for the global brand that the local brand has must be offset against the long-term cost savings and benefits of having only one brand name worldwide.

# Assignment #2 - Best Canadian Brands

- ▶ See Handout for Assignment #2

# International Pricing (1 of 2)



Setting prices in international markets can be a challenge. Companies must consider economic conditions in the foreign market, currency exchange rates, and the international business climate in general. In a recession, many buyers become more conscious of price and lower priced goods acquire an advantage. The currency of the foreign country where your company does business is important. If the currency appreciates against the Canadian dollar then it will be easier to maintain profit margins. If it depreciates then the opposite effect will happen. If the foreign market uses a soft currency - one that cannot be exchanged in Canada - then that will present problems.

# International Pricing (2 of 2)

When a business introduces a new product to the market it can use one of two pricing strategies. It can skim the market or it can penetrate the market:

- ▶ Skimming is the practice of setting the price of a new product as high as possible. The strategy is designed to generate revenue quickly to pay for the cost of introducing the new product. This strategy works best when competition is weak or nonexistent.
- ▶ Penetration pricing is the strategy of setting the price for a product as low as possible to quickly enter the market and gain market share. Competition will find it difficult to match price. There are illegal forms of penetration pricing including predatory pricing - designed to wipeout competition - and dumping - the practice of selling a product at a lower price in a foreign market than it is sold in its domestic market.

# ACTIVITY - International Distribution

International distribution is complex and requires a distribution plan. In many cases an intermediary is required to help with distribution.

## International Marketing Strategies Activity:

([https://resources.elearningontario.ca/d2l/lor/viewer/viewFile.d2l/10489/98133/BBB4MPU04/BBB4MPU04A06/mme/BBB4MP\\_MME\\_U03A04v04.html](https://resources.elearningontario.ca/d2l/lor/viewer/viewFile.d2l/10489/98133/BBB4MPU04/BBB4MPU04A06/mme/BBB4MP_MME_U03A04v04.html))

# Assignment #3 and #4 (Handout)

- ▶ Assignment #3 - Read Case Study on Dumping and answer questions
- ▶ Assignment #4 - Go online and find the most intriguing foreign print or electronic advertisement you can find. Be prepared to share your findings.