

International Marketing Plan



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International Marketing Plan

- ✓ Programme :
- International Product Policy
- International Pricing Policy
- International Distribution Policy
- International Communication Policy
- Workshop - Practical Case



International Product Policy

- ✓ International Product Policy:
 - Key **marketing variable** strategy in **domestic** as well as **foreign market**:
 - Influence **goals** and **business strategies**
 - Vehicle **brand image**
 - Influence other **marketing mix variables** (price, communication and distribution)
 - Determine **customers** and company's **competitors**
 - Influence the company's **production** and **R&D programs**
 - The **1st thing** the company **needs knowing** is if **products** are **compatible** with **market**
 - Research helps **assess** most profitable **strategic choices** (adaptation/standardization)
 - **Success** in a foreign market is **inherent** to a **critical analysis** of the **product** both technically and commercially



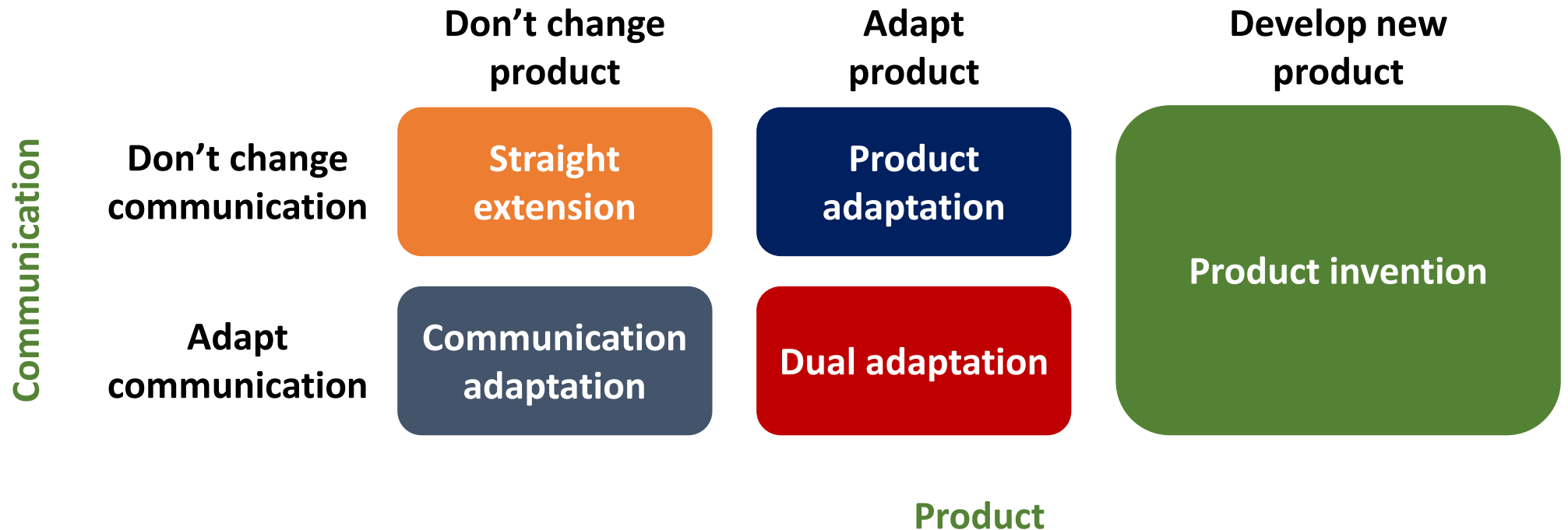
International Product Policy

- ✓ International Product Policy:
 - **Standardized** Marketing Mix:
 - Selling **largely** the **same products** and using the **same marketing approaches** worldwide
 - **Adapted** Marketing Mix
 - Producer **adjusts** the marketing **mix elements** to each **target market**, bearing **more costs** but hoping for a **larger market share** and **return**



International Product Policy

- ✓ International Product Policy:
 - Global Product and Communication **Strategies** :



International Product Policy

- ✓ International Product Policy:
 - Straight Product **Extension**:
 - Marketing a product in a foreign market **without any change**
 - Product **Adaptation**
 - Adapting a product to **meet local conditions** or **wants** in foreign markets
 - Product **Invention**
 - Creating **new products** or **services** for foreign markets



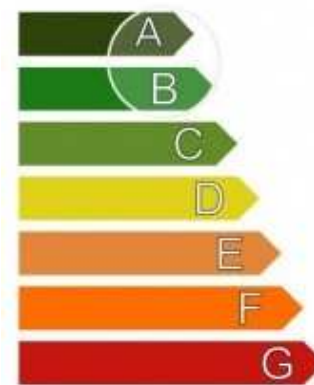
International Product Policy

✓ International Product Policy:

■ **Constraints** analysis

➤ **Technical** constraints:

- **Technical analysis** of **product** should be developed regardless of the industry
- It **includes normative dimension** completed by analysis of other **requirements**
- Integration of **normative technical requirements** of a product in the production chain **limits** the **losses** of **time** and **money**
- The company is faced with **numerous technical standards** (800+ K worldwide)
- **Non-compliance** with **mandatory standards** can cause:
 - ✓ **Prohibition** to **enter** the market
 - ✓ **Immediate withdrawal** of materials, **possible fines/lawsuits**
 - ✓ **Inability** to participate in **tenders**
- Companies must put in place a **monitoring system** to **track** the **evolution** of **standards** in their **major markets**



International Product Policy

✓ International Product Policy:

■ Constraints analysis

➤ Business constraints:

- The **commercialisation** of products **assumes** rapid **identification** by the **consumers**
- The **trade name** must **guarantee compliance** with certain **characteristics**:
 - ✓ **Legal definition** as based on **regulatory texts**
- Companies can use their **brand names** as **used** on the **domestic market**, choose **one best suited** to the **international market** or use the **distributors' brand**
- Choosing an **international brand** must **respect the same rules of selection** of **national brand** and may be **subject to international protection**
- Labelling **providing information** must also **respect the rules** in force on the **international market**



International Product Policy

✓ International Product Policy:

■ Search for **quality**

- The **quality management** in the **enterprise** can help it **succeed** and **strengthen** its **position**
- The costs of **poor quality** is **very expensive** for the company
- **Deliveries** without defects of a **suitable product** endow the company with a **quality image**
- A **quality-control analysis** assumes **potential problem identification** as experienced by customers
- **Product liability** leads to **company's responsibility**:
 - **Suing** and payment of **finances**
 - **Negative reputation** spread within the **international community**



International Product Policy

✓ International Product Policy:

■ Product-related **benefits**

- They **help** the company to **differentiate** itself over **competitors** and build its **customers' loyalty**



- Optimize **product use** and **user training**
- Englobe **Technical assistance** related to the products from **installation** to **use**
- **Clear documentation**, respecting **standards in use**, **protecting knowledge**, properly **translated**
- Organize **product recovery/maintenance** as per specific **users need** (i.e. After Sales)

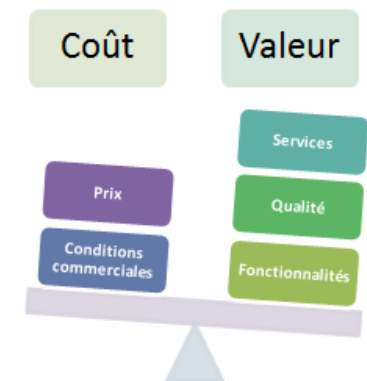


International Pricing Policy

✓ International Pricing Policy:

■ Necessary **information**

- **Appropriate information gathering** (within the **company** and **market**) allows **price setting**, respecting a **Win-Win relationship**
- **Market studies** provide information on **demand**, psychological **pricing**, **competition**, **distribution**, **accessibility** and **regulation**
- The **evaluation** of the **cost of export** is **based** on a **thorough knowledge** of **Inco-terms**, **prime elements** of the **sales agreement** (stressing the **shared responsibility** and **risks**) between **buyer** and **seller** (transport, customs clearance, insurance ...)



International Pricing Policy

✓ International Pricing Policy:

■ **Components (of export) cost of production**

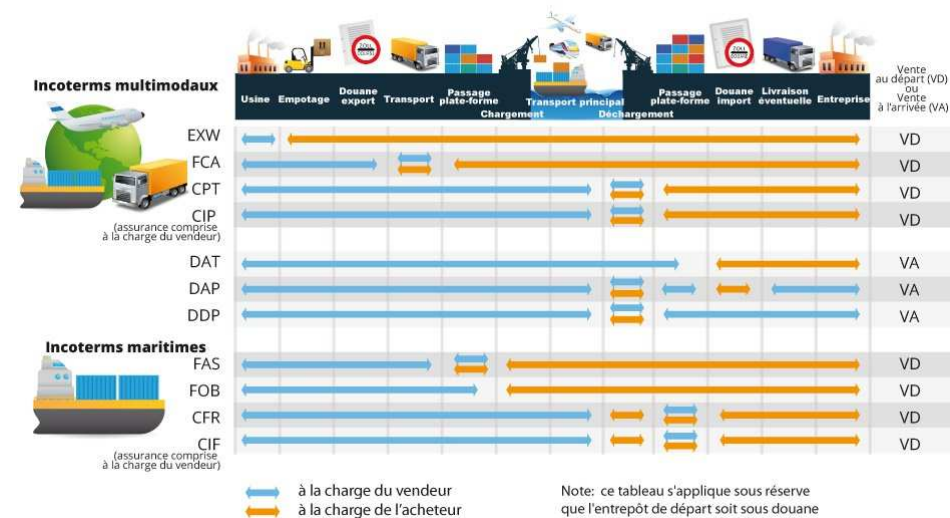
- Production **cost of goods sold** on the **export markets**:
 - Production **cost of goods sold** in the **country**
 - + Cost of **adaptation** to the **market** (**technical** and **commercial** constraints)

➤ **Product cost** price for **goods ready to leave** the country:

- Export **distribution cost**
- + Other **non-production costs**

➤ **Full export production cost**:

- **Marketing costs**
- + **Financial costs** and **risk coverage**
- + Documentation **preparation fees**



International Pricing Policy

- ✓ International Pricing Policy:
 - **Factors determining the export sales price based on costs**
 - **Full costs**: all of the **above costs** + expected **profit margin**
 - **Comparaison** with **local prices** to understand **where we stand**
 - **Marginal cost** (direct costing): taking **account** of the **few variable costs** (direct or indirect) for the cost calculation
 - Managing based on **contribution margin**
 - **Neutral**: minimum **quantities** for sales **not to lose money**
 - The company determines the **minimum activity level** to **cover** its **expenses**



International Pricing Policy

✓ International Pricing Policy:

■ **Factors** determining the **selling price** from the **export market**

➤ Pricing based **on demand**

- The company take into account the **elasticity** of **demand** in **relation** to **price**
- The **sensitivity** due to **demand** from **price** varies from **one market** to **another**
- The **price acceptability** of **international demand** must also **be analyzed** to **assess psychological price** “i.e. what **product** is **worth** for consumers”

➤ Pricing based **on competition**

- Determining the **sales price** according to **competition’s pricing**
- The company determines the **structure** of **international competition** (oligo-poly, monopoly, monopoly or pure and perfect competition)
- The company can **either align** the price to the **competition’s** or be **more competitive** (lower prices) or playing a **higher price** for **positioning reasons, image** and **strategy** (skimming)

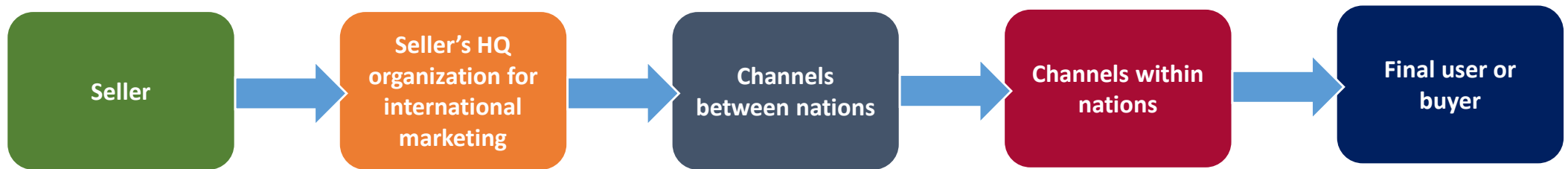
➤ The company must **coordinate prices** in **different countries**





International Distribution Policy

- ✓ The international Distribution Policy:
 - **Whole-Channel concept** for international marketing



International Distribution Policy

- ✓ The international Distribution Policy:
 - **Distribution channels**
 - Distribution should be **organized** through the **best routes** and by **product type**:
 - **Professional use** of the products **focusing** mostly on **short circuits** and **outlets** allowing **direct contact** between **manufacturer** and **customers**
 - **Products** aimed at **consumers** require **long circuits**, **many point of sales (POS)**
 - **Criteria** as **sales area**, degree **specialization**, **technical sales...** to be **considered**
 - Company can **choose** between **3 forms** of **business organizations**, corresponding to a **preferred channel** in the **minds** of **consumers** in the **target country**:
 1. **Integrated trade**: which **includes wholesale** and **retail**
 2. **Associated trade**: includes **independent retailers** who **collectively** all/part of **purchases**
 3. **Independent trade**: point of sales where the **merchant** is **solely responsible** for its **purchases**



International Distribution Policy

✓ The international Distribution Policy:

■ **Choice** of distribution

➤ The company chooses **distribution network** with following **objectives** in mind:

- Getting a **certain volume** of **sales** and **profit**
- Achieve a certain **market penetration**
- Having a **support** and **services for sales**
- Achieve a **return on investment**



International Distribution Policy

✓ The international Distribution Policy:

■ **Choice** of distribution

➤ This choice is also **constrained** by:

- **Product-related** constraints: weight, height, shelf life ...
- Constraints **related** to the **target market**: consumer base, geographical distribution, habits
- Constraints in **existing commercial setup**: each country has its own **commercial system**, with its **own structure** and **usages**
- **Legal/regulatory constraints**: some circuits are **required** for **some products**
- **Financial constraints**: correspondence between **resources** and circuits' **implementation cost**



International Distribution Policy

- ✓ The international Distribution Policy:
 - **Choice** of distribution
 - **Intensive distribution** (mass): sale to **all traders** but **high cost, deteriorated image, high management implication...**
 - **Selective Distribution**: **limited** number of **retailers** and **stronger collaborative relations**
 - The selection is **based** on criteria such as **financial strength, size, image, service quality...**
 - **Exclusive distribution**: **one trader** of a **given area** markets the product
 - **Concession and franchise** are typical **access mode** of **exclusive distribution**



International Distribution Policy

- ✓ The international Distribution Policy:
 - **Modes of access** to foreign markets
 - The **choice of location** abroad is a decision to be made **based on**:
 - **Business goals** and **prioritization** (short or long term, production or business strategy)
 - **Resources/skills**, some **modes more expensive** and **engaging** than others
 - **Nature** of products for sales: transportable product, perishable, technical, need for customer service, on-site production...
 - **Constraints** and economic, political, legal and social **market opportunities**



International Distribution Policy

- ✓ The international Distribution Policy:
 - **3 main ways to access foreign markets**
 - 1. Controlled Export** : The company **responds directly** to the **demands of foreign customers**
 - It encompasses:
 - **Direct export**: sales on exhibitions, tenders, catalogs, e-Business
 - **Representative abroad**: Employees from **exporting company**, under contract, based abroad
 - **Representative Office**: emanation of **parent company** without **legal personality** and without possibility of **performing commercial acts**
 - **Branch**: decentralized **service** of **company's headquarters**. Similar **constraints** than subsidiary



International Distribution Policy

✓ The international Distribution Policy:

■ 3 main ways to access foreign markets

1. **Controlled Export** : The company responds directly to the demands of foreign customers

■ It encompasses:

- **Distribution subsidiary**: permanent establishment abroad, with name and legal entity controlled by the parent company. It buys products from the parent company and resells them
- **Production subsidiary**: installation of a production unit abroad motivated by cost reduction and investment incentives
- **Commercial Agent**: independent agent to negotiate contracts for business



International Distribution Policy

- ✓ The international Distribution Policy:
 - 3 main ways to access foreign markets
 - 2. Outsourced export
 - It encompasses:
 - **Importer**: trader who **buys** and **sells** under his **own name** goods produced by the exporter getting its own margin
 - **Exclusive importer**: dealer who **buys** and **sells** under his **own name** its merchandise produced by the exporter getting its own margin. Required to **inform** and **provides services** in return for **territorial exclusivity** obligations
 - **Consulting companies** abroad: **service companies** acting a **enterprise**, on behalf of the principal
 - **Technology transfer**: transfer of **industrial property** rights or **know-how**. Can take the form of a **patent assignment** or **license**



International Distribution Policy

✓ The international Distribution Policy:

■ 3 main ways to access foreign markets

3. Concerted export

■ It encompasses:

- **Group of exporters:** several companies are **fully** or **partly** running a shared **export activity** to benefit from **synergy effects**
- **Portage or sponsorship:** provision to a **SME**, by a **large group**, of its **foreign trade network** on commission
- **Franchise: concession** by a company, for a **fee**, of the **right to stand** in its **corporate name** and **brand** to **sell** its **products** or **services**
- **Joint venture:** joint **operations** (venture) created by **two partners** of **different nationalities** in a **business enterprise**
 - Can also **result** from a **stake** in **capital** of **existing company** already located in the **target market**





International Communication Policy

- ✓ International Communication Policy:
 - Defining a **communication strategy**
 - **Important aspect of international marketing.** It is **not enough to produce and make available** your **product or service**, you need to **inform and convince consumers** to buy it
 - Business communication **includes** all the **signals** transmitted by the **company** to its **partners** (customers, suppliers, State, distributors ...)
 - We distinguish **4 types** of communication:
 1. **Institutional communication:** inform public and staff about Cie's **values**
 2. **Corporate communication:** describe **reality** of the company to its **partners**
 3. **Brand communication:** sharing an idea and accurately **positioning** the **brand**
 4. **Product Communication:** outlines the **qualities** and **benefits** of the **product**



International Communication Policy

✓ International Communication Policy:

■ Defining a **communication strategy**

➤ The **choice** of different **modes of action** will depend on **4 factors**:

- **Nature** of the **exported product**: industrial, service or consumer good
- **Business internationalization** rate: resources and means of the company
- **Access mode** to **foreign markets**: importer, subsidiary ...
- Commercial **communication objectives**: forecast sales and profitability

➤ The company has the **choice between**:

- **Standardization**: Adopt a communication identical in **all countries**
- **Adaptation**: establishment of **specific communication policy** for **each country**
- **Homogenization**: **middle ground** between **standardization** and **adaptation**, preserving **same image** and **positioning** while using **communication means specific** to each market



International Communication Policy

- ✓ International Communication Policy:
 - Media-based **advertising communication**
 - All the **means** to **inform** the **public** about a **product** or **service** to **convince** him/her to **buy**
 - Advertising in the media is **used to**:
 - **Confirm** the **reputation** of a product or brand
 - **Highlight** a **characteristic** of a product
 - **Image** building
 - Advertising communication **requires specific skills** of **specialized agencies**
 - **International communication** policy is **similar** to the national communication in **principle** and **tools** used



International Communication Policy

- ✓ International Communication Policy:
 - Media-based **advertising communication**
 - It is **more complex** in its **implementation** and **more random** in **outcome**
 - Internationally, the company is facing **difficulties** in the **coordination** and **coherence** of **broadcast messages**
 - International communication should also **take into account** a number of **additional constraints** such as including **local legislation**, **availability** and **terms** of media and media **habits** and **cultural** and **linguistic differences**



International Communication Policy

- ✓ Dolce & Gabbana under fire over racism accusations

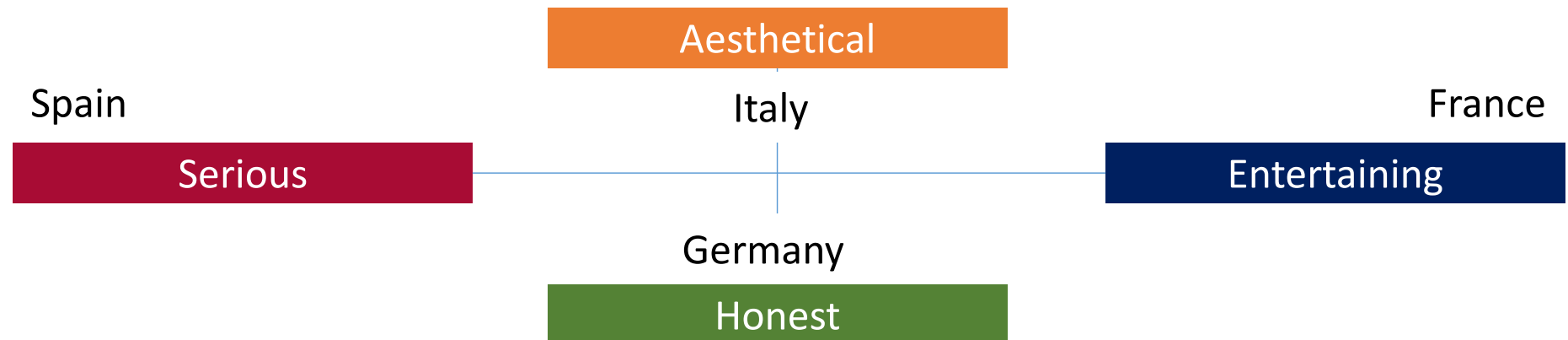


International Communication Policy

✓ International Communication Policy:

■ Media-based **advertising communication**

- The **results** of a campaign sometimes can only be **felt** only a few **years later**
- **Account** must be **taken** of the **signifier** (expression) of the **signified** (content) and **connotation**
- The **perception** of **advertising**, its **acceptance** by consumers **varies** country by country
- Advertising **tastes** are **very diverse**:



International Communication Policy

- ✓ International Communication Policy:
 - Media-based **advertising communication**
 - **Creative strategy** (copy strategy) is based on **3 points**:
 1. How advertising **challenges competition**
 2. What are the **expected consumer benefits**
 3. **Which media** can be used to support this **consumer-benefit**
 - Creative strategy **contains**:
 - A **basic promise** following the consumer's **purchasing mobile**
 - **Product features** justifying this promise
 - The **benefit** derived by the **consumer** from the promise
 - The **tone** of the **message**



International Communication Policy

- ✓ International Communication Policy:
 - Media-based **advertising communication**
 - Communications **agencies** which **can realize** the **copy strategy** are:
 - **Multinational Agency's** subsidiary of a parent company and subsidiaries located abroad
 - **International network** of advertising agencies: consisting of 1/several "advertising head" agencies **holding minority stakes** in the capital of agencies operating in different countries
 - **Foreign correspondents** of a national advertising agency
 - **Local Agency**



International Communication Policy

✓ International Communication Policy:

■ Media and **supports**

- **The Press:** The press continues to be the **main advertising medium** in **most countries** (advertising expenditure)
 - **Select media** depending on **respective characteristics**: number and **reader-ship profile**, reading **time**, number of **2nd readers**, **loyalty** rates
- **Television:** advertising **medium** that is **over time** + & + **successful** worldwide
 - Combining **picture** and **sound** enhances the **impact** on the public
- **Radio:** fairly **popular media**, characterized **by moderate cost** (contact per 1000 listeners), because this media is **transportable** and **present** in almost **all homes**



International Communication Policy

✓ International Communication Policy:

■ Media and **supports**

➤ **Billboards: Oldest** of all **advertising media**

- Used widely in **low-income countries**
- The **potential impact** will be **measured** by criteria such as **position, visibility** and the **number of people** passing by the display

➤ **Film:** Cinema is an **advertising vector** in which the company may invest by buying advertising space in order to **broadcast commercials**

- **Appreciated** in countries where the **press is not** of **high quality**



International Communication Policy

- ✓ International Communication Policy:
 - Other international **communication modes**
 - **Digital television**: International Communication **Satellite transmission** with "quasi" **immediate message** sent to recipients
 - **Highly developed** today, offering a very **broad array** of **channels**
 - **Internet: Online promotion** of products, brands and institutions
 - Consists of **various components** which are the **most commonly used** (Web, email, Streaming and VOD)



International Communication Policy

- ✓ International Communication Policy:
 - International **non-media communication**
 - **Point of Sales promotion:** It gives an **additional advantage** to a **target** for a **limited time** to change the **purchasing behavior** on or near the point of sales
 - It **pushes** the **product** to the **consumer** by **incentivising non-consumer** to **test** the product and then buy it
 - Used in **isolation**, or **combined**, with **promotions tools**, focusing on pricing, giveaways, games and contests
 - The **choice depends** on the **objectives**, targets **habits**, consumer **preferences** and **local distributors**, **nature** of the product, available **budget** and **regulations** on targeted market



International Communication Policy

✓ International Communication Policy:

■ Company's **documentation**

➤ Is the **basic tool** of communication of the firm

- It **enables the exporter to contact professional buyers abroad**

➤ The documentation **must contain** both **technical** and **commercial** information, **answering questions** that may arise from **prospective customers** about the company or product



International Communication Policy

✓ International Communication Policy:

■ Company's **documentation**

- **Sales staff** must learn to **incorporate** it in their **commercial approach** and for **argumentation**
 - **Sales staff**: In a **direct sale**, the sales staff is used to **communicate with** the **prospective customers**, primarily **face to face** and bringing a **personal touch**
 - **Brochures**: The **company brochure**, often the **first contact** with prospects **abroad**, is a **company business card**
 - **Catalogs**: They aim to **present** in more **detail** the **company's products** to promote its image on foreign markets
 - **Audio-visual aids**: The audiovisual business, whether the **slideshow** or **video**, **complete** the company **brochure** and product **catalog**
 - **Website**: **Aggregation** support for **different presentation tools** (products, corporate) and online **interactive aid** (media, tutorials), available in **several languages** and/or **variants**



International Communication Policy

✓ International Communication Policy:

■ Public Relations

- All types of **information** that the **company communicates** through the **press, radio, television** about **itself** (practices, activities, personnel) or its **products** and that it **does not pay**
- **Several tools** are **available** in public relations materials:
 - **Press relations** are to **distribute** to **selected neutrals contacts** (journalists, opinion leaders, experts, expert commentators, policy makers ...) sharing **interesting information** about the company, its know-how, its news
 - **Event communication**: to **develop business** through an **event, activity** or **individual** with **material** or **financial supports** (e.g. sponsorship and patronage)



International Communication Policy

✓ International Communication Policy:

■ Public Relations

- All types of **information** that the **company communicates** through the **press, radio, television** about **itself** (practices, activities, personnel) or its **products** and that it **does not pay**

- **Several tools** are **available** in public relations materials:
 - **Participation in trade events**: international **fair** considered a **1st step** for companies starting to export
 - **Direct marketing**: groups all the **sales** and **communication techniques** to apply **directly** to the **consumers** (e.g. mass mailing, newsletters, phoning)





Workshop - Practical Case



- ✓ Present (2 by 2) the internationalization strategies of the following companies in the following countries:

Italy Spain Brazil Russian Federation Poland China India Japan USA Turkey

Mc Donald

Peugeot

Ferrero

KFC

Unilever

Virgin Group

Renault

- *Which adaptations of their Marketing Mix did they agree to? Why? How?*



The end