

International Marketing
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Lecture – 01
Introduction to International Marketing

Hello, Good morning to all of you. I am Biswarup Ghosh and I am from Vinod Gupta School of Management Indian Institute of technology Kharagpur. So, it is my pleasure to have you as my students here. I will be taking a session on international marketing and I have worked more than 30 years in the industry out of that around 10 years in international marketing in various countries.

So, I try to make this course as easily understandable. And I am sure, I am hoping that you will understand it. I have made some arrangements here like initially, there will be around sessions on the theory part. So, you need to understand little bit of the theory. I have tried to make it as lucid as possible but certain theories you know little complex. So, I will try to explain as much as possible.

The theory portion to all of you. After the theory, there will be certain case studies which we will discuss with you based on my experience. My real life experience in international marketing. And also, I have arranged some visit of some interaction with some industry experts very senior people working for large time long time in industry and they are all in international business.

So, we will have some interaction **session**. So, you can listen from the horse's mouth. So that would be the best part of it. So, this way I have structured my program as on date. This little flexible may be at the later stage. Maybe a little bit change the program if required and I am sure this course will add lot of value to you. This course is basically for the students. The first one is a groups group of students who are pursuing the MBA at various institutes in the country.

So, if they want to understand, the international marketing, what is all international marketing? Then this would be a great platform for them. This would be also useful for the practicing managers. So that means the managers who are already practicing international marketing or who has worked long time in domestic marketing. And now want to explore the career in international marketing.

This will be also useful for them. And mostly targeted to the students and the practicing managers. So, this way I have planned this course, structured this course this way. So, I will take you through this course and in this learning process will tell you what are the essential prerequisites for you to learn. Prior to this course, all those I will discuss. So, I wish you all the best and let us have a good learning session.

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International Marketing

International + Marketing

- “Marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with other”– Philip Kotler, Marketing Management
- “International marketing is the performance of business activities designed to plan, price, promote, and direct the flow of a company’s goods and services to consumers or users in more than one nation for a profit.” - Cateora et al. (2015)

The slide features a light beige background with a dark blue and green geometric design on the right side. At the bottom, there are two logos: a circular one on the left and a rectangular one on the right.

So, marketing, what is international marketing? So, the marketing, as you know, the, I will take the examples from Philip Kotler who is a marketing guru. And marketing is a social and managerial process by which individuals and groups obtain what they need and want through creating and exchanging products and value with other. So that is Philip Kotler I will and what is international marketing now?

International marketing is the performance of business activities designed to plan, price, promote and direct the flow of companies goods and services to consumers or users in more than one nation for a profit. So, you can see the difference here, so more than one nation. So

that means we are going out of the domestic market to another nation and that is an international market.

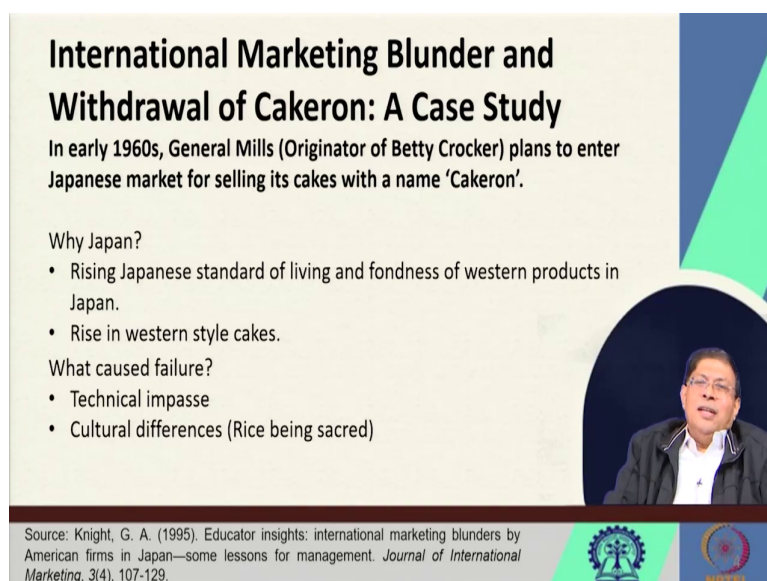
So, this is the famous Cateora definition on international marketing. So, I have referred couple of books and you must go through these books from this renowned authors, very, very respected learned authors. Cateora is one of them. So, and please refer this books after my class.

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So, now I will go to the why international marketing. So, that is the fundamental you have to understand why international marketing you have to and why it is useful for you.

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So, here before I go to this case about international marketing, I will tell you, what are the prerequisite? What you have to learn first? So, you have to learn first the basics of marketing. So, I would recommend you that before you start this international marketing course. You should go through the basic marketing course what we call marketing management basic and an advanced course on marketing management.

So, if you understand the basics and little bit of advance of marketing management, then this course will be easy for you to understand. So, first and foremost thing for you to understand is the domestic marketing. So, you just cannot start working on international marketing without understanding the domestic marketing. That is the fundamental so you need to understand you have to understand what is marketing?

Then you have to have an expertise in domestic marketing and then only you can explore international marketing. So, it goes step by step. . So, here, so the first thing what you have to learn and which we, I will not teach basics of marketing. But I will teach you, I will explain you what you need to know before you start going through my lecture. The first is the basic marketing and then developing the marketing strategies.

And the, what are the marketing strategic plans in the country in the domestic market. You need to also learn what are the typically the forecasting techniques. There are various forecasting techniques, but you need to know, you know, why forecasting is important? Because in the business your manager or your CEO will always want from you. What will be the business quarterly or monthly from your particular product range?

And what will be the forecast for the whole quarter or the next 4 quarters and the next year. Why it is important? Because he has to plan the inventory. He has to plan the production. He has to plan the supply chain, logistics, all those things are required at the same time. He has to also give the forecast to his, the shareholders about the how the companies will perform? And what are the companies plan details? All those future plans.

Also, he has to discuss with the board members. So, forecasting is a very, very crucial thing, which you need to learn. Let me tell you this is not very simple. Forecasting there are various

statistical techniques are there in forecasting. But you need to use, you need to learn which one to use and which will be applicable for your industry. So, its industry certain are industry specific.

That is the forecasting for the consumable products which are required almost every month. So, the consumables, the forecasting techniques are different. Capital equipment forecasting techniques are different. So, we need to, based on the industry you have to learn the forecasting techniques. But it is not the, I will not cover that forecasting. But before , you go for study this international marketing.

You need to learn the forecasting techniques which you use for the domestic marketing. The third one is the market research. So, how you do? What are the various market research primary research, secondary research? How do you carry out the research? And how do you interpret the data? So, those knowledge are very important in marketing. The mix next is the long term loyalty relationship and customer value analysis.

So, long term who are your loyal customers? And how do you retain those loyal customers? Because the customers are repeated **buyers** from you. So, how do you maintain and manage those customers with you and also the customer value analysis? So, how much the value the customer brings to the company? Then you need to also understand what is consumer market? The products which is directly consumed by the consumer are known as a consumer market.

So, you need to understand the, what is consumer market? You also need to understand what is B2B market or business to business market. That means you the product which and the company buys for manufacturing the end product. So, you are that can be a product that can be a service and you need to understand what is B2B market. And then also you have to understand what is the famous STP analysis or segmentation, target and positioning analysis in marketing.

So, how do you segment? How do you target? And which of that out of that segment which one you target? And how do you position your product in that segment? You need to learn in

domestic market. How do you do that? Then the most important thing is how you position the brand that is very, very important. How you position the brand? So, brand positioning is extremely important because you know, the brand comes with two very important things.

Once is points of parity and points of disparity, so, or points of difference. So, the, how, what are the your points of parity with the other brands at the marketplace? And what is the points of difference with the other brand at the marketplace? So, you need to understand branding, then you need to understand various techniques in branding. Then brand then comes your addressing the competition.

So, that is the another most important part of this whole study that how do you study competitors? Who are your competitors? What are their brands? Key differentiable items or the features and what are their market share? What are their future plans? All those things you need to understand? What is your competitors and then comes the product strategy?

So, what type of a product strategy you have you need to learn in basic marketing? What is your product strategy? Is it a new product altogether to the market? Or it is changing little bit of features of the previous product and relaunching the product making some cosmetic changes or all those details you have to learn in the product strategy. It is a huge subject you need to learn that.

Then comes the price, another most important part is the pricing strategy. How do you price? So, it is based on a market-based pricing, competitors, the market leaders base pricing or it is a cost-based pricing or it is an various types of pricing strategy you need to learn. And then designing the distribution channels. So, how finally the product will reach from your company to your end users.

So, this in between the distributors and retailers are there and how do you fix those channels? So, there are 4 pieces in basic marketing. One is the product then is the price then is the promotion and then is the placement so promotion is the, how do you promote the product? And then finally the placement, how do you place out? or what are your distribution channels?

So, I would suggest you that you must before you go through this international marketing course.

This specifically for the MBA students and I am sure you must have done completed your basic marketing management and also advanced marketing management and the sub and the topics which I discussed for last 5, 6 minutes, you should have a good amount of knowledge on the subjects. So, why I am insisting this, the reason behind this is that if you know all these critical parameters of marketing.

All if you know, for the domestic marketing, then you can do jolly well in international marketing. Then there will come some more complex dimensions, which I will discuss. But before going to the international marketing you should have thorough knowledge on the various marketing subjects. What I have discussed and you should have thorough knowledge. So, this is very, very important for you to understand and go through that.

If you have studied, maybe if you are a practicing manager and studied long ago during your MBA days, I would suggest that go through once again the famous Kotler book or any good text book on marketing. Go through these chapters once again, and I am sure you will, you can recapture your memory and you can learn that. So, that is very, very important for you. Next is that I will start with the case is very simple case.

This international marketing blunder and withdrawal of Cakeron a case study. So, I have referred. This is a source from night. I have referred from where I have taken the journal of international marketing. I have taken this case. You know in early 1960's so, there was a company known as General Mills and they are the fame originator of Betty Crocker and they are the cake company.

And so, they are one of the famous cake company in United States. So, what they do? They prepare the cake, mixing mixes and then they sell it to the customers. And the customers in US were having a oven baking oven in their house. And they bake, then they make that bake that cake in the oven. And they enjoy the food in the house. So, this company thought we are so big in United States and we have such a good brand.

Why not explore the Japanese market? So, imagine where is United States in the globe and the Japan where it is Japan. So, they thought so let us go to the Japan market. Why? Because the Japanese standard of living was very high gradually rising and they have Japanese. People have lot of fondness for the western products in Japan. So, they are very, very they were liking that if some western product comes, they will try it out.

So, there was a there and the people preferred to have western style cakes. And then they can buy this western style skits from the cake shop. Now this General Mills thought that why cannot we sell this cake mixture? And why cannot we give it to sell it in the Japanese market? And let them make the cake at home . So, they will make this. So, they try to enter the market. So, by produce by extending that same product to the Japanese market.

So, it is, we typically call it product extension, So, they extended this product to this market without any change of the product so, they extend it. So, they have set up a distribution channel there, placement channel, and then there, then they, when they went to the market, they found that Japanese do not have the oven in their house in American citizens. They have the oven baking oven in their house but Japanese do not have an oven in their house.

So, but they discovered they are having a rice cooker in the house. So, Japanese people as you know, like we Asians. , they, We prefer, we take lot of rice. So, the rice cooker is there. So, they thought that this cake can be also baked or prepared inside using the rice cooker. So, they targeted that segment and they went to that market for the rice cooker. Initially there was a great success Japanese people.

Instead of going to the shop buying the western cake, they came to the, they, they purchased the cake mix and they make it in the house and put it in the oven and then bake the cake and then eat here. Initially the company was doing very well. But finally, what happened, you know, the whole sale started falling down. People stopped buying it. Now you must be thinking why, what happened? They love Western cake.

The cake is a famous from the US General Mills. The brand cake around, so why it failed? Why the sales are not picking up? So, when the company executives came? They found that actually rice is the main food of Japanese people. It is one of the main food and is very, very sacred. So that is the food they take. And now in that oven, when they make the cake in that oven, there is the, you know cake there are in that cake mixture.

There are various ingredients which has lot of smells. So, what happens when they take it out? Even after cleaning there is some smell inside the oven. So, when they cook rice next time, in that the rice also, they get some smell. They are not able to accept that because they want the rice. The rice of original flavour of rice which got mixed up with the cake, cake mixture smell. So, the people in Japan they discarded the product.

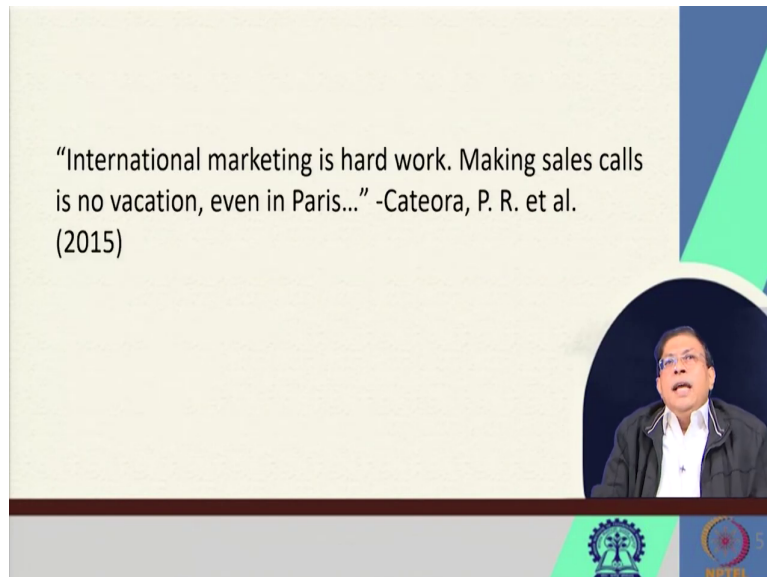
So, why I started this? Because we often the domestic market years, we often get very excited if the product is very successful in my domestic market. Why cannot we extend to the international market? So, this is a classic case study where they thought that we are very, very powerful in United States. And we have a such a high brand pool at United States. And this is in Japan the people like western cakes.

Why cannot we go to Japan and sell the same product? So, they have just extended the product without understanding their cultural difference. So that is the way, this is a big cultural difference. Because you know, in United States people do not take that much of rice every day. But in Japan, the rice is the main food which is prepared in a cooker. But in United States, they have a separate baking machine oven baking oven in the house where they bake the cake.

But in Japan, they do not have the baking oven. So, they wanted to use their household oven. They wanted to use the for the rice cooker for making the cake. So, that became a failure. So, that was the so that is it too simplistic way of extend the product. And this is not the Cakeron. There are so many companies after doing extremely well in domestic business. They wanted to extend the product without understanding the demand.

Whatever I taught previously I discussed in this basics of marketing without understanding the cultural differences, without understanding the various marketing dynamics at that international market. They wanted to just launch the product so which failed?

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“International marketing is hard work. Making sales calls is no vacation, even in Paris...” -Cateora, P. R. et al. (2015)

The slide features a quote in black text on a light background. In the bottom right corner, there is a circular video inset showing a man in a dark jacket and glasses speaking. At the bottom of the slide, there are two logos: a green gear logo on the left and a red circular logo with the text 'NPTEL' on the right.

So, the next is, the international marketing is a very hard work very, very hard work and ‘Making sales calls in no vacation, even in Paris’ that is a Cateora’s famous statement.

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Why International Marketing?

The slide displays a world map with various countries labeled and their major export products listed. A large blue box with the word 'ASIA' is positioned over the Asian continent. In the bottom right corner, there is a circular video inset showing the same man from the previous slide. At the bottom of the slide, there are two logos: a green gear logo on the left and a red circular logo with the text 'NPTEL' on the right.

Map Illustration From Google Earth.
Country's Major Export Data Source: <https://bec.world/en/profile/country/{countrycode}>
OECD data is publicly available information.

Now what is international marketing? Now I am showing you a big picture. So, this international marketing, today if you look at this slide. You will see that you are sitting in India at some place in Kolkata or in Delhi or Bangalore. You are using the oil which is

coming crude oil which is coming from Saudi Arabia. And you are getting some grapes which is coming from Afghanistan.

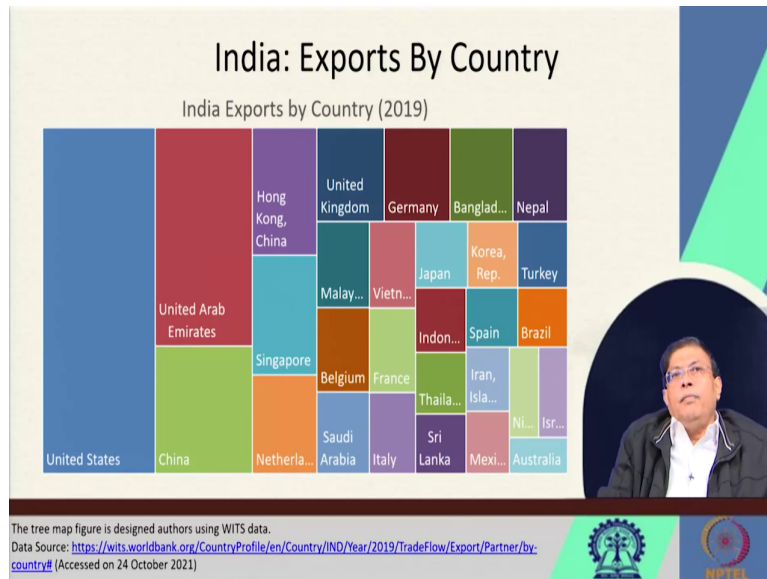
Textile which is coming from Sri Lanka or there are integrated circuits or you are using the television, the raw materials or the television circuitries, IC's, all those things are coming from Taiwan or these countries or some from Vietnam Cambodia. So, this is the way and the automobile and you are using an automobile which is some essential part of this automobile is maybe coming from Japan or coming from Korea and all those.

So, why international market is important that with every moment of your life, you are using some or other product where some either the product has come from abroad from international market from the other mark from the other country or part of that product was produced with the raw material from international market. So, if this international market is not available tomorrow and imagine, this is not for us for every citizen in the world will have an issue.

So, international marketing is extremely important for us because we cannot, you have to understand we cannot produce everything in our country. We need to , we can produce where we have expertise and where we have knowledge where we have skills where we have the labour or the capital intensive industry skills available with us. Based on that we can produce whatever is possible will teach you lot of theories on that.

And then you will learn from that. But just for very basics to , this slide will give you an idea that these are the places the world international marketing is very, very essential for all of us. We just cannot say no to international marketing because we will not survive. So, because the products it is not possible for any country to really produce everything they need. So, they have they need certain products which they have to import from the other country.

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Now, how do we do on the exports of the country? So, exports you know, that means the country sells, the products their own products outside world but outside the countries. So, if it is, I am showing here, the slides which is known as the world in world integrated trade solution is an world bank site. And I have given a link there. You can go there and you select country-wise how they export.

Now, the foreign exchange reserve: what is the foreign exchange reserve of our country? The foreign exchange reserve of our country is 641 billion dollar. So, India today, we are having a very good amount of foreign exchange reserve with us. Foreign exchange 651 billion dollars is the total foreign exchange reserve. So, how much we import? We import we export around 330 billion dollar worth of goods.

We export to international market. So, India exports roughly 330 billion dollar worth of goods. And this is the data of 2019, 330 billion dollar. And where from we and the exports where we export, we export to United States. We export United Arab Emirates, China, Hong Kong, Singapore, Netherlands, UK, Germany, Bangladesh, Japan. All these countries what you can see here.

Look this exports, you can see that the Indian products are somewhere in Turkey someone is using. Someone using in Spain. Someone using in Brazil. Someone using in Australia. Someone using in US. Someone is using China. So, that is the way how great, these exports

for any country. So, you are producing something in India and it is getting used in the other countries.

So, this is the dynamics and I would strongly suggest that you go to this website where this world bank which website, which is worlds integrated trade solution. And you can select and you can get the idea about this world bank. , So that is about the exports and you can go to the before you go to any country for international marketing. You have to understand what the, what are the countries? Where they export and from where they import?

What is their total export amount? How much they earn from? How much the foreign exchange they generate from the export? And how much foreign exchange they spend for imports? So, one is you generate for the exports, the foreign exchange comes to the country. Another is the imports where foreign goes out of the country. So that is very, very important for you to understand.

So, this is the fundamental. Then we will go through little bit of economics. We will study a little bit of very, very basics of macro-economics. We will study today, and I will give you the exposures. What are the typically gross domestic product, gross national product balance of trade balance of payment? These are very essential things like what I taught told you few minutes ago about the marketing essentials.

What you need to learn you need to also learn the very basics. So, an international marketer is very important. The first thing you have to important for you where India, where you export. So, now suppose you want to go to a country say, Turkey. So, you have to look at the Turkey's export and Turkey's import. Turkey's foreign exchange **reserve**. Why foreign exchange reserve is important?

Because the country's ability to pay you in foreign currency in US dollar or Euro to you when you export. So, the foreign exchange reserve is extremely critical. If the country is not having large amount of foreign **exchange** reserve, it is a very, very risky proposition for you. So basically first you have to see if they are exporting something. That means they have a core competency on that product.

So, you should not try to export that product to that country. , so we need to look at the, then I will come in the next slide. I will come about the imports but here we are talking about the exports. And, then this website will also tell you what are the products what we export to each of these countries and how much is the value terms? How much is the percentage terms? So, that is the way it is there and this Netherlands, China, Italy.

Any one of this, you can click in the website and you will see that the amount exported in that financial year. And what is a percentage of the total exports all those information are available there. And then I will come to the next session or next session on and start on the imports and then take you through the imports. Thank you. Thank you very much.