



**SILESIA
UNIVERSITY**

SCHOOL OF BUSINESS
ADMINISTRATION IN KARVINA

Introduction to International Marketing

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International Marketing/subject code

OUTLINE OF THE LECTURE

1. Basic information – course structure, literature, evaluation.
2. International Marketing – definitions, types.
3. The most important motives to enter foreign markets.

TEACHER INTRODUCTION

- 11th year lecturing at this faculty – teaching marketing courses, such as International Marketing, Marketing Research, Marketing Communication.
- Worked as consultant in several small and medium companies, did communication campaigns for municipalities, festival.
- Many EU projects, teaching at universities in Glasgow, Nicosia, Joensuu.

COURSE REQUIREMENTS

- Attendance in seminars 50 %.
- Seminar paper + presentation in seminars – maximum 15 points.
- Final written exam – May - August, maximum is 40 points.

Mark	Points
A	55 – 52
B	51 – 48
C	47 – 43
D	42 – 38
E	37 - 33

SEMINAR PAPER 1

- Describe the international marketing of a chosen company.
- **The aim of the seminar paper is to describe the differences in the functioning of the selected company in different markets!**
- Each chapter should contain your own ideas written in your own words. The length of the paper is very low, so try to capture the essentials. Seminar paper should not contain theory. Seminar paper should prove that you understand the theories being discussed and can apply them in practice.
- The presentation should take about 10-15 minutes. The aim is not to present theory. You do not need to present all parts of the paper, choose important and interesting stuff, justify the deleted portions. Presentations should be focused on practical demonstration of international marketing applications in the chosen company.

SEMINAR PAPER 2

- 1. A brief general description of the selected entity - mission, vision, objectives. (1 page)
- 2. International marketing environment - describe the macro environment, which environmental elements affect the company and how, try to capture the differences in the various markets, no theory and generalization, everything must be practical. (2 pages)
- 3. International strategies and entry forms - describe strategies for different markets, segmentation, targeting, positioning, entry forms in different markets. (2 pages)
- 4. Marketing mix - characterize the marketing mix and its differences for different markets, specifically how product / price / distribution / communication differ on specific markets. (2 pages)
- 5. News - relating to the subject in an international environment, again, not general news, but the news with links to international marketing. (1 page)

COURSE OBJECTIVES

- The aim of this course is to provide students with the necessary knowledge in a comprehensive way to enable their better orientation in a relatively complex area of international business and enable them to apply their knowledge of international markets and international marketing methods in practice. International marketer needs to know, analyze and respond to changes in the international environment and also needs to be able to successfully apply knowledge of specific marketing strategies that determine the success of international business.

COURSE LITERATURE

- Presentations are in the Moodle! Use them.
- Books are in the library.
 - CATEORA, P. R., GILLY, M. C. and J. L. GRAHAM, 2013. International Marketing.
 - MACHKOVÁ, H., KRÁL, P. and M. LHOTÁKOVÁ, 2010. International marketing: theory, practices and new trends.
- The final test is only from the things covered in presentations, **HOWEVER**, if you do not understand them properly, read the books! Ask, discuss, consult etc.
- I do not need you to memorize definitions, I want you to understand the things we go through and be able to use them in practical examples.

STRUCTURE OF LECTURES

1. Introduction to International Marketing.
2. International marketing environment.
3. PEST - Culture.
4. Market Entry Strategies.
5. International Product Policy.
6. International Distribution Policy.
7. International Communication Policy.
8. International Price Policy.
9. International Market Research.
10. STP and International Strategic Marketing.
11. CRM and Services in International Marketing.

BE ACTIVE, READ ON THE INTERNET

- I can not stress out enough that you should be reading about the Things you study on the internet!
- Our own content is unfortunately for you in Czech, but there are plenty of English websites that you can check out and learn about real life examples from this course.
- I recommend.
 - <https://www.ama.org/Pages/default.aspx>
 - http://www.forbes.com/home_europe/
 - <http://mashable.com/>
 - <https://www.engadget.com/>

MOTIVATION – WHY THIS SUBJECT?

- This subject is one of the subjects that you will have at your degree examinations! There are 5 questions covering the whole subject in the pool of examination questions.
- This subject is a practical implication of everything you have learned so far. And I really mean EVERYTHING!
- And I am sure we will have a lot of fun together 😊

1. INTERNATIONAL MARKETING

- **International marketing** is a business philosophy focused on meeting the needs and wishes of customers in international markets. The aim of the international marketing strategy is to create maximum value for business partners by optimizing resources and search for business opportunities in international markets. (Machková, 2006)
- **Domestic marketing** is oriented on the domestic market. In a domestic environment, the company is facing relatively well known and identifiable factors (competition, economic and social environment, legislation, etc.). Also, it is much easier to understand the behavior and preferences of customers, more so when the company deals with many segments.

SIGNIFICANT DIFFERENCES BETWEEN DOMESTIC AND INTERNATIONAL MARKETING

- Social and cultural differences and their influence on consumer behavior and decision making.
- Differences in business negotiations.
- Language barriers.
- Legislation.
- Potential reach of about 200 countries.
- The predominant effort to prefer domestic products, especially in developed countries (protectionism policy, ethnocentrism).
- Only relative explanatory power of marketing research abroad in both primary and secondary sources of information.
- The actual business activity in an „alien“ environment.
- The influence of professional lobby.
- Higher costs of circulation / transportation.
- Controlling actions remotely.

EVOLUTION OF INTERNATIONAL MARKETING 1

- After the Second World War, the internationalization of economic activities in the world increased. In international trade, which is seen mainly as an international movement of goods and historically preceded the international marketing, companies were beginning to involve strategy and marketing tools. This was a time of international marketing's origin.
- At the time, global processes of internationalization and globalization were starting to heavily influence everything and became important factors in international business. Internationalisation brings businesses new opportunities, but on the other hand, leads to a much broader and more focused competitors. A knowledge and application of specific strategies of international marketing allows businesses to increase competitiveness and achieve their economic goals. (Vašítková, 2007, p. 16)

EVOLUTION OF INTERNATIONAL MARKETING 2

- An important phenomenon of the 70s and 80s of the 20th century was the emphasis on cost reduction and quality improvement. It referred to the concept of TQM (Total Quality Management), pressured to reduce costs for suppliers and thus to reduce prices for end customers to maximize their number. (Vašítková, 2007, p. 16)
- At this time, there were significant barriers that prevented global internationalization. For example, a block of socialist states, where there was no opportunity to invest and where international trade enterprises were only organized centrally, or inconvertibility of most currencies. (Vašítková, 2007, p. 16)

EVOLUTION OF INTERNATIONAL MARKETING 3

- In the early 90s of the 20th century, a number of major changes has occurred in the world economy. The political changes in Central and Eastern Europe with the opening of these markets and also the improved situation in access to Asian markets. Significant changes have occurred in the development of communication technology and transport and logistics systems. International business is very intensively developed not only in goods but also services market. With the development of information technology, especially the Internet, the world, including trade, has become much more transparent. This resulted in changing customer behaviour. Customers now operate in a much stronger negotiating position than they had in the past, as well as their requirements being increasingly influenced by global trends. (Vaštíková, 2007, p. 16)

EVOLUTION OF INTERNATIONAL MARKETING 4

- Late 90s and early 21st century saw rise of a new marketing approach, referred to as relationship marketing, which is part of the business concept of CRM (Customer Relationship Management). CRM is a business strategy based on an understanding of customers, from which companies can anticipate the needs of current and future customers. The objective is to maximize customer loyalty and consequently the profitability for the enterprise. Because it is less expensive for the company to retain existing customers, analyse them and respect their individual needs, making them more loyal to the company, buying its products regularly, than to spend considerable resources to acquire new customers all the time. (Vašítková, 2007, p. 16)

Case study „Mark Ritson on the effectiveness of Tourism Australia's award-winning 'Dundee' ad“

- Watch this [video](#).



2. THE THREE INTERNATIONAL MARKETING CONCEPTIONS

- The Czech dictionary of synonyms states that "international = global = world = foreign."
- BUT! In marketing, there are several conceptions that developed from international marketing:
 - Export marketing (A).
 - Global marketing (B).
 - Intercultural Marketing (Euromarketing, cross-cultural, ethnomarketing) (C).

A. EXPORT MARKETING

- It is the basic (simplest) form of international marketing, where goods are sold across national borders. The main activity is getting the product abroad with only limited investments into adaptation (or no adaptation at all).
- The main differences from the national marketing are that with export marketing we see the need for the selection of markets, choice of distribution and possible modification of the product according to customer requirements.
- Marketing strategies are focused primarily on sales and distribution.

THE PROCESS OF EXPORT MARKETING

- Enterprise performs market research at the pre-selected countries.
- Selects one country or group of countries that best fit its possibilities.
- Selects business method to export goods.
- Decides to prepare a business strategy and marketing mix.
- Draws up a concrete offer for the chosen market.

B. GLOBAL MARKETING

- Marketing activities of companies are global and cover the whole world. It seeks to achieve economies of scale through product development, which will be sold at a reasonable price throughout the global market.
- Its based on the fact that global markets are gradually converging towards common characteristics and the same basic ways to meet the needs (supply homogenization).
- Thus creating significant market segments with similar demand for certain basic products worldwide (demand homogenization).
- Some decisions are applicable throughout the world, other require an assessment of local influences. The company produces global marketing strategy. Nevertheless, prices, distribution channels and advertising can vary in different markets.

PREREQUISITES OF GLOBAL MARKETING

- Homogenization of consumer needs and behavior - this phenomenon is driven largely by modern means of communication (satellite TV, internet) and tourism development.
- Consumers prefer standard quality products at an affordable price.
- Mass production enables cost reduction and the resultant effect is called economies of scale.
- Weaknesses of the concept: it does not take into account the different socio-cultural habits of consumers, does not allow quick response to market changes and competition. It is also somewhat demotivating for employees of foreign subsidiaries of these multinationals, because they severely limit their decisions.

C. INTERCULTURAL MARKETING

- The company must examine and adapt to different international marketing environment (cultural, social, economic, political, legislative and demographic and geographic), and creates a specific marketing mix according to the environment differences.
- Consumer behavior is influenced by social and cultural factors and shows that the more mature and richer society is, the more different needs and desires individuals have.
- Alternate approach: Euromarketing, Ethnomarketing, Cross-cultural marketing.

EXAMPLES OF CONCEPT DIFFERENCES 1

Factor	Intercultural	Global
Product lifecycle	Every market has products in different stages of their lifecycle	Global lifecycle – all products are in the same stage at all markets
Product design	Various adaptations of the product for different markets	Products are developed for global taste.
Market segmentation	Different segments with different characteristics – products are adapted to them.	Segments have similarities, company recognizes only very few and pushes global ones onto every consumer.
Competition	Competition is different in each country.	Competition is the same everywhere.

EXAMPLES OF CONCEPT DIFFERENCES 2

Factor	Intercultural	Global
Production	Standardization is limited due to the need to adapt according to demand in each market.	Globally standardized production.
Consumer	Preferences are what distinguishes different markets.	Global approximation of needs and wishes.
Product	Different based on its characteristics.	The same, but may be sold differently.
Price	Higher.	Same everywhere.

3. THE MOST IMPORTANT MOTIVES TO ENTER FOREIGN MARKETS

- **Active:** favorable economic conditions abroad, unique products, expanding market share, improve trade and political climate, currency devaluation, a new demand for goods, economies of scale, creating the image of international company.
- **Passive:** competitive pressures (competition entering domestic market), utilization of production capacity, declining home sales and profits (restrictive measures, worsening business and political climate), reducing the risk of overproduction, proximity to customers, saturated domestic markets.

REASONS AND FACTORS FOR INTERNATIONAL MARKET ENTRY

- Reasons for companies entering international markets can also be generalized into the following categories:
 1. increasing the sales and everything connected with it,
 2. getting resources,
 3. diversification of suppliers and customers,
 4. minimize the competitors risks.

THE END

Thank you for your attention.

