

Question No.1 What do you understand by international marketing, multinational marketing and global marketing? Explain how international marketing involvement and commitment of the company change in the above three situations.

Solution:

International Marketing

In International Marketing, the firm realises the difficulties in selling the products in foreign markets without full-fledged marketing efforts in those countries. In international marketing focus changes from just exporting to marketing in foreign countries. Company establishes subsidiaries in the foreign countries to undertake marketing operations. These subsidiaries may be working either through direction from the headquarters in the domestic country or independently, but the key positions in such concerns are manned by nationals of domestic country.

When the firm decides to pursue market opportunities outside the home country, it extends marketing, manufacturing, and other activities outside the home country. The marketing strategy of the firm is an extension; that is, products, promotion, pricing, and business practices developed for the home-country market are 'extended' into markets around the world. The underlying philosophy is that given limited resources and experience, companies must focus on what they do best. When a company decides to go international, it makes sense at the beginning to extend as much of the business and marketing mix (product, price, promotion, and place or channels of distribution) as possible so that learning can focus on how to do business in foreign countries.

Multinational Marketing

In international marketing the firm extends the domestic marketing mix to all countries. The firm realise that the extension of domestic marketing mix is not effective as the business environment in other countries differ from domestic country. The differences in markets across the countries necessitate modification of the marketing mix suitably to the environment in each country. Therefore, marketing mix should be unique for respective country in which the firm conducts its business. This is multinational marketing approach. Thus multinational marketing is the adaptation of the domestic marketing mix suitable to the market differences in market environment in each country of operation. The guiding philosophy of multinational marketing is that markets and ways of doing business around the world are so unique that the only way to succeed internationally is to adapt to the different aspects of each national market. Subsidiaries are formed in each country or group of countries to handle all marketing operations in that country/region. Each foreign subsidiary is managed as if it were an independent unit. The subsidiaries are part of an area structure in which each country is part of a regional organisation that reports to world headquarters in the domestic country. It makes no distinctions in its personnel policy between national and non-national. The role of headquarters in such concerns is that of coordination among the subsidiaries.

Global Marketing

In multinational marketing, marketing mix is different from country to country as market environments differ, and the country subsidiaries operate just as independent units. As a

result, the firm fails to realise the economies of scale possible through world scale operations. At this stage the firm realises, although the world is not a homogeneous market, the possibilities to identify the groups of consumers (segments) across the globe with similar values, needs and behaviour patterns who can be satisfied with a single standardised product and marketing mix. This is global marketing strategy. Under this strategy, the world as a whole is viewed as the – market and the firm attempts to standardise as much of the company effort as is practical on a worldwide basis. Some decisions of marketing mix are viewed as applicable worldwide, while others require consideration of local influence. Thus, the global marketing views an entire set of country markets as a unit, identifying groups of prospective buyers with similar needs as a global market segment and developing a marketing plan that strives for standardisation wherever it is cost and culturally effective. This might mean a company's global marketing plan has a standardised product but country specific advertising; or has a standardised theme in all countries with country/culture-specific appeals to unique market characteristic but adapted products to meet specific country needs, and so on. In other words, the marketing planning and marketing mix are approached from a global perspective, and where feasible efficiencies of standardisation are sought. We may conclude that ***global marketing means operating as if all the country markets in a company's scope of operations (including the domestic market) are approachable as a single global market and standardising the marketing mix where culturally feasible and cost effective.***

International Marketing Involvement

Though each of the terms, international marketing, multinational marketing, and global marketing, have distinctive meaning, there is strong inter-relationship too. The basic difference between these terms is in terms of the international marketing involvement and commitment the company is prepared to make.

From international marketing view point, the company may not make any investment, meaning its marketing involvement is limited. On the contrary, a company may become involved by investing a large sum of money and effort to capture and maintain international market share. On careful examination of the terms discussed, it will realise that the firm's international marketing involvement is totally absent in domestic marketing and it gradually increases as we move from export marketing to international marketing to multinational marketing to global marketing.

In domestic marketing, the marketing focus of the firm is only on domestic market and there is no involvement in international marketing activity. If the firm moves from domestic marketing to export marketing, firm's involvement in international marketing starts. Here the involvement and commitment is the least. There are no subsidiaries outside the country, but there is a division of exports/international sales force at headquarters in domestic country. In the next phase **when the firm moves to international marketing, involvement and commitment increases further as the subsidiaries are established in foreign countries, and they undertake marketing operations in their respective .countries/ territories.** Here domestic marketing mix is extended in all foreign countries. **In multinational marketing, the involvement and commitment further increases as all the subsidiaries operate independently and marketing mix is designed as per the local conditions.** International marketing involvement would be the maximum in global marketing as the firm views the whole globe as a single market, certain aspects of marketing mix are standardised wherever it is cost effective and others are adapted to local environment in each country.

In general an international business firm can be placed in any one of these five distinctive but overlapping phases of international marketing. **When a firm want to increase its involvement, it is not always necessary to go sequentially.** It may, if desired so, skip some phases while

moving forward. However, business usually moves through the five phases of international marketing involvement one at a time, but it is not unusual for a company to skip one or more phases. As a firm moves from one phase to another, the complexity and sophistication of international marketing activity tends to increase and the degree of internationalisation to which management is philosophically committed tends to change. Such commitment affects the specific international strategies and decisions of the firm.

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