

Overseas marketing

[Nutshell:] International marketing involves recognising that people all over the world have different needs. Companies like Gillette, Coca-Cola, United Airlines, BIC, Cadbury-Schweppes and Nissan have brands that are recognised across the globe. While many of the products that these businesses sell are targeted at a global audience using a consistent marketing mix, it is also necessary to understand regional differences, hence the importance of international marketing. Organisations must accept that differences in values, customs, languages and currencies will mean that some products will only suit certain countries and that as well as there being global markets e.g. for BIC and Gillette razors, and for Coca-Cola drinks, there are important regional differences - for example advertising in China and India need to focus on local languages.

Just as the marketing environment has to be assessed at home, the overseas potential of markets has to be carefully scrutinised. Finding relevant information takes longer because of the unfamiliarity of some locations. The potential market size, degree and type of competition, price, promotional differences, product differences as well as barriers to trade have to be analysed alongside the cost-effectiveness of various types of transport. The organisation then has to assess the scale of the investment and consider both short- and long-term targets for an adequate return. Before becoming involved in exporting,

An organisation must find the answers to two questions:

1. Is there a market for the product?
2. How far will it need to be adapted for overseas markets?

The product must possess characteristics that make it acceptable for the market - these may be features like size, shape, design, performance and even colour. For example, red is a popular colour in Chinese-speaking areas. Organisations also have to consider different languages, customs and health and safety regulations. If a company offers a product, which is undifferentiated between any of the markets to which it is offered, then standardisation is taking place. The great benefit of standardisation is the ability to compete with low costs over a large output.

The diagram below illustrates the use of a standardised products and marketing mix: > In most markets, however, there are many barriers to standardisation. It is not difficult to think about the standard marketing mix for a product and how this might vary from one country to another. For example: *product - tastes and habits differ between markets *price - consumers have different incomes *place - systems of distribution vary widely *promotion - Consumers' media habits vary, as do language skills and levels of literacy.

With differentiated marketing, on the other hand, an organisation will, segment its overseas markets, and offer a marketing mix to meet the needs of each of its markets. The great benefit of standardisation is that costs are lowered, profitability is increased and the task of supplying different markets becomes substantially easier. The diagram illustrates the process of adapting the marketing mix to meet the needs of different geographical markets: > However, it could also be argued that the success of many products in international markets has come about because marketers have successfully adapted their marketing mix to meet local needs. To a large extent the standardisation/adaptation dilemma depends upon an organisation's view of its overseas markets and the degree to which it is prepared to commit itself to meeting the needs of overseas customers.

There are three main approaches, which can be applied:

1. Polycentrism - With this marketing approach, a business will establish subsidiaries, each with their own marketing objectives and policies, which are decentralised from the parent company. Adaptation takes place in every market using different mixes to satisfy customer requirements.

2. Ethnocentrism - Overseas operations are considered to be of little importance. Plans for overseas markets are developed at home. There is little research, the marketing mix is standardised and there is no real attention to different customer needs and requirements in each market.

3. Geocentrism - Standardisation takes place wherever possible and adaptation takes place where necessary. This is a pragmatic approach.

A confectionery and soft drinks manufacturer like Cadbury-Schweppes typically produces a range of standard items that are sold throughout the globe using similar marketing mix. However, differences may occur in such aspects as distribution channels and pricing as well as advertising in languages that are relevant to particular cultures.

In addition such a company would produce some products which cater for particular tastes, and which are relevant to particular cultures. New products might then be tested in a regional area, before consideration of which other areas of the globe to roll out that product to.

Business dictionary: Standardisation - refers to manufacturing, marketing or employing other processes in a standard way. Differentiation - is the process of making products or aspects of the marketing mix different so as to appeal to different markets.