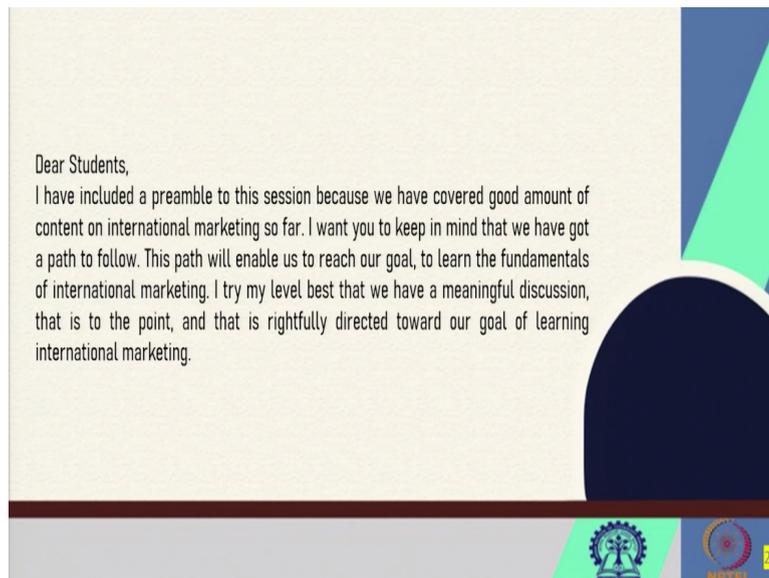


**International Marketing**  
**Prof. Biswarup Ghosh**  
**Department of Vinod Gupta School of Management**  
**Indian Institute of Technology – Kharagpur**

**Lecture – 20**  
**Designing a Global Marketing Program**

Hello good morning, how are you doing? Good. So, today we will have our module 5, Lecture 20 designing a global marketing program. So, we will start this session today.

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And I will take you before I start the session. I have a preamble for all of you. I have included a preamble to this session because we have covered good amount of content on international marketing so far. I want you to keep in mind that we have got a path to follow. This path will enable us to reach our goal to learn the fundamentals of international marketing. I try my level best that we have a meaningful discussion that is to the point and that is rightfully directed toward our goal of learning international marketing.

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## Preamble to This Session

- In the earlier sessions, we have already discussed ways to enter into the foreign markets, including some theoretical underpinnings in this regard.
- We have also covered a module on import export procedures and have gained a sufficient level of familiarity with the relevant key terminology.
- The next step, on our way ahead, is to design a global marketing mix.
- Therefore, in this lecture, we will have in-depth discussion on the 4Ps of marketing. Our discussion will be in the global (international) context.
- Further, we will extend our discussion between marketing mix for B2C, B2B, and the marketing mix for the services.
  
- I hope, you'll enjoy the discussion!



So, preamble of this session. In the earlier session, we have already discussed the ways to enter into the foreign market including some theoretical underpinnings in this regard. So, we have decided, we have discussed several ways and to enter in international market and also some international theories with you. We have also covered a module on import and export procedures and have gained a sufficient level of familiarity with the relevant key terminologies like **INCOTERMS**, bill of exchanges.

Bill of entry, letter of credits all those we have discussed in the previous module. The next step on our way ahead is to design a global marketing mix which is very, very important for all of you. Therefore, in this lecture we will have an in-depth discussion about the four P's of marketing. I am sure you all of you have studied in the basic marketing four P's. Here we will provide an extension of this to the internal marketing.

So, how these are little different so that I will teach you here. Further, we will extend our discussion between the marketing mix for the B2C and B2B business to consumer and business to business and in the marketing mix for the services. I hope you will all enjoy the session be with me thanks a lot.

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## The Concept of Marketing Mix

“Marketing is still an art, and the marketing manager, as head chef, must creatively marshal all this marketing activities to advance the short and long term interests of his firm.”

-(Neil H. Borden, 1964)<sub>(1)</sub>



1. Borden, N. H. (1964). The concept of the marketing mix. *Journal of advertising research*, 4(2), 2-7.



So, the concept of marketing mix, the marketing is still an art and the marketing manager as a head chef must creatively marshal all this marketing activities to advance the short and long term interest of the firm. See look how a beautiful definition marketing is an art and marketing manager is a head chef. So, the taste of the food and the success of marketing will be the activities in the short term and long term interest of the firms. So, how nicely this has been said by Borden. So, I have quoted his famous quote.

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## Company Orientations Toward the Marketplace

1. The production concept
2. The product concept
3. The selling concept
4. The marketing concept
5. The holistic marketing concept

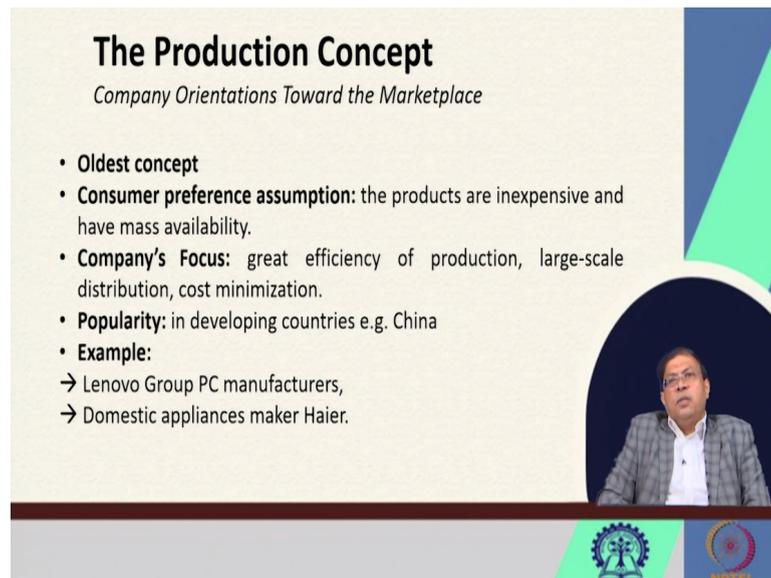
We'll have a brief discussion on the upcoming slides.




So, the company now let us come to the very basics you will recapture your knowledge what you learned in your basic marketing courses. So, we are starting from there and to give you an heads up on that and take you through concept and extend it for the international marketing. So, there are companies who are orientation towards the marketplace, several company orientation they are some company is saying that the production concept.

Another company setup company **thought** the product concept, another company strategies on the selling concept, some companies on the marketing concept and the last one the holistic marketing concept. So, we will brief discussion on all upcoming slides what are these so it will help you recapture the memory the learning what you have learned in your basic marketing.

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**The Production Concept**  
*Company Orientations Toward the Marketplace*

- **Oldest concept**
- **Consumer preference assumption:** the products are inexpensive and have mass availability.
- **Company's Focus:** great efficiency of production, large-scale distribution, cost minimization.
- **Popularity:** in developing countries e.g. China
- **Example:**
  - Lenovo Group PC manufacturers,
  - Domestic appliances maker Haier.

The slide features a speaker video inset in the bottom right corner showing a man in a suit. At the bottom, there are logos for IIT Bombay and IIT Madras.

So, the production concept the oldest concept. So, these companies some companies they have the orientation towards the marketplace it is a production concept. So, the consumer preference assumption the products are inexpensive and have mass availability. Company's focus great efficiency of production large scale distribution, cost minimization. So, all the company always **want** that the large economy of scale so that they have a cost minimization.

And popularity in developing countries like China examples Lenovo group, PC manufacturing, domestic appliance maker, Haier all these companies follow this. So, this is the oldest concept. In these concepts the company decides that what we will produce and very efficiently we will produce and a very high large economy of scale and large scale of distribution, economy of scale of production, distribution, cost minimization and the customer will buy it.

So, here we are not really considering the customer requirement so they are considering the production concept based on the production we will produce a mass production or goods and then this will be available at a lower price and then customers will buy that. So, typically

Lenovo manufacturers like this the personal computers and the domestic appliance manufacturers like Haier they also do that.

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**The Product Concept**  
*Company Orientations Toward the Marketplace*

- **Consumer preference assumption:** products that are innovative, high quality, high performance.
- **Company's Emphasis:** to attain high efficiency in manufacturing, cost reduction, & mass distribution.
- **Limitation:** manager may over-emphasize the product part only, but may completely importance of price, place, and promotion.
- **Example:** Apple , Gucci, Louis Vuitton

The slide features a video inset of a speaker in the bottom right corner. At the bottom of the slide, there are two logos: the NIPTE logo on the left and the NIPTE logo on the right.

The second one is a product concept. So, the product concept this time some company think that the consumer preference assumption they assume that products are innovative and high quality and high performance. So, the companies emphasis to attain high efficiency in manufacturing cost reduction and mass distribution. So, what are the limitations in this model?

Manager may over emphasize the product part only, but may completely importance of the price and promotion like the examples of Apple, Gucci, Louis Vuitton these are the products. So, these companies they decide that will make the product which are innovative and the customers will buy the product. So, some companies they follow that they do not really consider they are not really looking at this phase the companies who follow these product concept they will always look at the innovative products.

So, they would imagine that if they develop an innovative product customers will buy that product so that is the issue here, that is the way the product concept is discussed here.

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## The Selling Concept

*Company Orientations Toward the Marketplace*

- **Consumer preference assumption:** It is believed that consumers (B2C and B2B), themselves, will not buy the enough of the products.
- Many products are unsought goods, such that consumer don't even think that the need exists.
- Therefore, push marketing and aggressive selling is required.
- **Company's Focus:** "they sell, what they make"
- **Limitation:** bad WoM (Word of Mouth) and product return may result from aggressive selling.
- **Example:**  
→ Insurance products




The next is the selling concept. So, the consumer preference assumption it is believed that the consumers whether it is a business to consumer or business to business we will not buy the enough of the products. Many products are unsold goods such as consumer do not even think that need exist and company's focus they sell what they make. So, company is focused here whatever we produce we sell and we provide some discounts.

We provide some **push sell** we put lot of sales people to sell that so it is more of a selling concept. So, whatever they have produced and they will sell it that and that you will find several companies follow this type of a selling concept they do not follow the product concept or the production concept here the selling concept. So, they will have the products and they will push sell the products typical and there is a limitation what are the limitations here bad word of mouth and product return result from the aggressive selling.

Examples insurance products as you know all the life insurance, health care insurance and all those are typically a product from there this is selling concept.

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## The Marketing Concept

*Company Orientations Toward the Marketplace*

- Consumer centered, “sense and respond the market” philosophy
- **Consumer preference:** Customization as per the consumer needs.
- **Company's Focus:**
  - Find the right product for the consumer.
  - Creating marketing mix (4Ps) better than the competitors.
- **Example:**
  - Dell: customize what the product needs.



Then finally comes the marketing concept so where consumer the whole concept till now we have discussed about the production concept, product concept, selling concept. Now first time we are talking here it is a consumer centered sorry for the spelling mistake this will be centered not cantered it will be a centered. Sense and respond the market philosophy. Consumer preference; customization as per the customer need.

Company's focus find the right product for the consumer, creating marketing mix four P's better than the competitor so that is the way the marketing mix and the example Dell. As you know you want to buy a Dell laptop you have a choice of buying any sort various type the processors like Intel processors like i5, i7 and then various different nomenclatures of i5 or i7 then choice of various type of hard disk.

Choice of SSD hard disk and then RAM choices so many choices are there and you can customize your products. So, typically if you look at the first one this is the customer centered so the Dell customize a product. So, I may need a laptop with 256 GB hard disk with maybe 8 MB Ram and may be and windows operating system may be 10 is okay with me. Some customers think or someone may be friend think, my colleagues think I do not need 8 MB RAM, I need 4 MB RAM should be okay, but I need hard disk 512 GB hard disk.

So, that is the way the Dell tries to satisfy each customer needs. So, this is typically known as a marketing concept. It is totally different and it is totally customer centered. So, it is not really the production that whatever we produce we will sell or whatever the product we have

deigned we will sell or whatever we have the products we will have some push sales or selling concept will do that nothing starts from the consumer.

So, here is the first concept where it starts from the consumer what consumer is looking for and I will develop a product based on my consumer requirement this is known as a marketing concept.

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Marketing vs. Selling		
<i>Perceptive Contrast between Selling and Marketing –Theodore Levitt <sup>(1)</sup></i>		
	Selling	Marketing
Focus	Focus on needs of seller.	Focus on needs of buyer.
Objective	Encash the seller's product offering	Satisfying the consumer needs by the mean of: <ul style="list-style-type: none"> <li>• Creating an offering based on consumer needs,</li> <li>• Reasonable pricing,</li> <li>• Two-way communication,</li> <li>• Convenient delivery facilitating hassle-free consumption.</li> </ul>
Communication	Aggressive push strategy and B2C communication.	Pull strategy. Business wants to know what customers want.

1. For reading: Theodore Levitt, "Marketing Myopia," Harvard Business Review, July–August 1960, p. 50.

Now, all of you must be thinking what is the difference between marketing and selling? So, lot of people there is somebody thinks that it is a marketing same like selling, selling is marketing and all those so let us clarify that to all of you. So, the focus of selling is focus on needs of the seller. So, here whatever the need of the seller that means I have the product with me and I will sell it at any cost that means I will give discounts.

I will continuously pursue and I will sell on the needs of the seller. So, it is my need basically that if I sell by selling this I will earn some commission or I will earn some money by selling this. So, its focus is totally need on the seller whereas in marketing focus need on the buyer what buyer is looking I will have a product for the buyer. Objective encash the seller product offering.

So, selling is basically the seller's product offering that I give you buy this along with this I will give you two more things free of cost I will give you discount, I will give you extended payment terms in the EMIs and all those things. These are all basically the selling concept

whereas in marketing satisfying the consumer needs by the mean of creating an offering based on the consumer need what consumer needs reasonable pricing.

Two way communication that means a communication from the company to the customer and then consumers communication to the company how he is liking the product whether there is any deficiency on the product or any features he is not liking or any features any product performance issues, service issues so there is a two way communication and convenient delivery of facilitating hassle free consumption.

Communication as you know the aggressive push strategy and B2C communication you have seen that you go to the big modern trade stalls say spencers or say Big Bazaar or any of these modern trade stalls. You will see lot of sales people are standing there and trying to make push sales there. So that is typically a selling concept they will try to bring a product, show you a product maybe an hair care product, maybe a soap may be a detergent and we will try to push sell that product.

So, it is a aggressive push sale strategy in B2C communication, but marketing it is not a push strategy it is a pull strategy. So, business wants to know what customer wants there is a big difference whatever I have I am going to sell it so that is typically selling and the marketing is business wants to know what the customer is looking for. See Dell looking for what (( )) (13:14) type of a computer, (( )) (13:17) friend is looking what type of a computer.

So, I am having all the product to satisfy each one of these customer so that is the way how what customer wants. So, the big difference Dell is not telling that I have one product you buy it and I will have no variation. So, that is typically known as a selling concept. So, these are the difference between selling and marketing. So, fundamentally marketing focuses the need of the buyer and the selling is the focus on the needs of the seller.

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## The Holistic Marketing Concept

*Company Orientations Toward the Marketplace*

***“Holistic marketing acknowledges that everything matters in marketing— and that a broad, integrated perspective is often necessary.” –Philip Kotler, Marketing Management.***

There are four dimensions of Holistic Marketing:

1. Internal marketing
2. Integrated marketing
3. Performance marketing
4. Relationship marketing

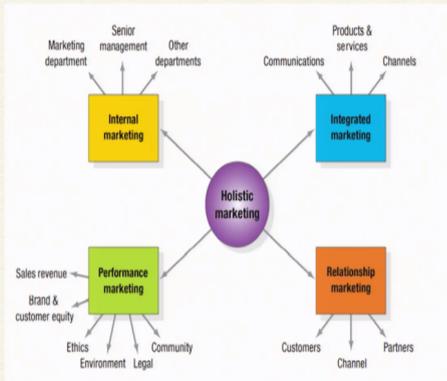


Now comes the holistic marketing so what is holistic marketing. Holistic marketing acknowledges that everything matters in marketing and that a broad an integrated perspective is often necessary it is a Philip Kotler’s Management book. There are four dimensions of holistic marketing I will come to the next slide in that. So, one is the internal marketing within the company, integrated marketing, performance, marketing, relationship marketing I will come into that in the next slide you will be there.

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## The Holistic Marketing Concept

*Company Orientations Toward the Marketplace*



**Figure: Holistic Marketing**

Source: Figure 1.3, p. 19 in Kotler, P., & Keller, K. (2011). *Marketing management 14th edition*. Prentice Hall.



You look at this slide so there are four boxes here four squares are there. On the first left if you see internal so who are the people in the internal within the company, the marketing department, the senior management, CEOs and the various Vice President or head of various units and the other departments like the HR department, procurement department all these are an IT department these are all internal marketing department they are also there.

Then comes the integrated marketing that means the communications, product services, channels all those are having one integrated marketing. So, in that communication we talk in the communication we talk about the product services on our distribution channel and we have a communication for that is typically integrated marketing then comes a relationship marketing so what is that?

With the customer channel and partners you have a constant relation that is we typically call it customer relationship management where you constantly get the feedback about the product and then you constantly provide the service to the customer and you have a constant online connection with the customer so that is maintaining the customer relationship management through loyalty programs.

And then various other customer relationship it is subject by itself then performance marketing what is the sales revenue coming from that, brand revenue, ethics, environment, legal community. So, the thing here is an organization will have different departments in sales and marketing, accounting and finance, R&D, product development and finally HR and operations in any company.

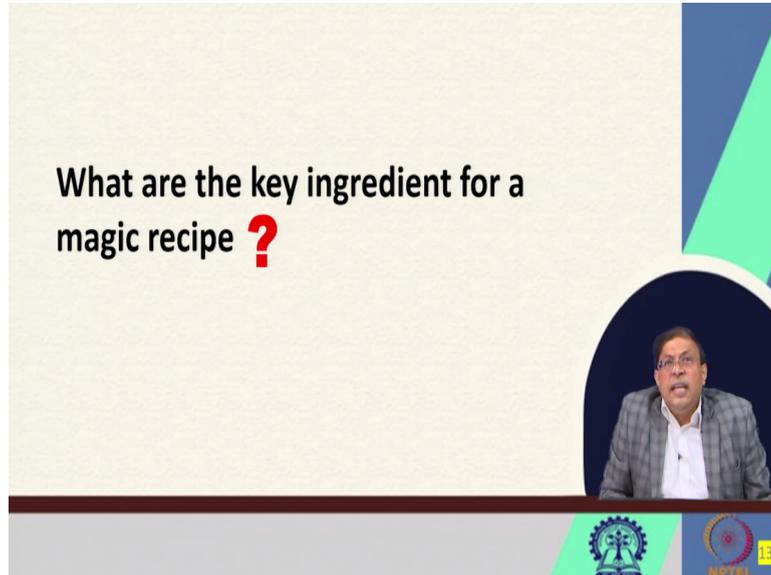
Thus, if you want to implement a holistic marketing concept in your organization you need to ensure that the R&D and product development take the feedback from marketing and sales to launch the product which is most likely to attract the customer. So, here is this thing that R&D and production should not produce something in isolation, they will constantly take the feedback from the sales people or from the customer directly to design and develop the product.

On the other hand they need to work closely with the accounting and finance to find out the exact budget for the project. Sales and marketing need to communicate to the HR and right kind of people they need. So, HR is also very crucial here because HR they will communicate what type of sales people in marketing people you need for this and finally admin and operations need to devise a plan to retain the people.

So, it is the whole effort holistic effort by internal marketing, integrated communications, performance marketing, relationship marketing put together comes the holistic marketing. So,

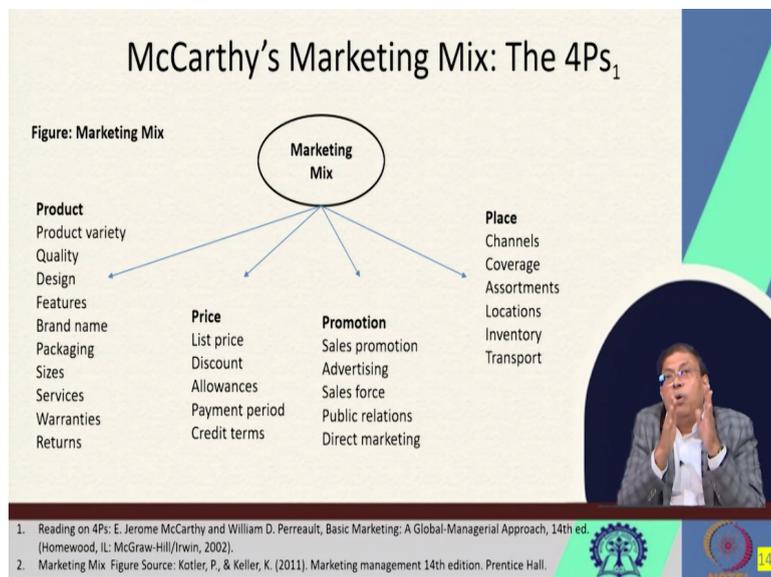
these all four works together to make that success make the product company success. This slide I have taken from Kotler's book of marketing management and this is I will refer you can read that book that is a famous marketing book and very nicely written for the students. So, I request you to if you want to study little bit more on that please go through that book.

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So, what are the key ingredients in the magic recipe? Now, what is a magic recipe?

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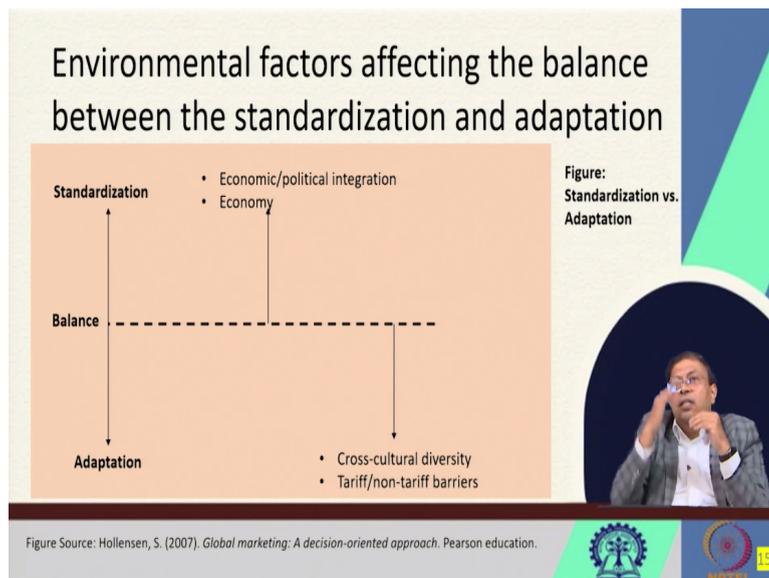
So, this is the marketing mix the four P's. The marketing mix as you know there are the four P's which I have discussed in very beginning on the first lecture there are four P's in marketing that is product, price, promotion and place or placement which is distribution channel. So, what is product basically? Product is a various types of product variety it can be

variety of products, quality, design, features, brand name, packaging, sizes, services, warranties, return all these comes under the product.

Price **list** price, discount, allowances, payment method, credit terms all these comes under pricing. Promotion, what is the sales promotion, advertisement, sales force, what types of sales force you have and then public relations and also the direct marketing. The channels which is typically a distribution channel, assortments, locations, inventory transportation. Now how you mix this?

So, what type of a correct mixtures that is why you remember when we said couple of slides ago the marketing manager is a chef basically what is a recipe how you mix the product, price, promotion and placement how you mix and the correct mix will give you a success at the marketplace.

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Now here now I am bringing little bit now to the international marketing. Now what is standardization and what is **adaption** in international marketing? So, what is the difference between standardization and adaption? Say you are a domestic company you have a product available with you in the domestic market. So, and you have either you can standardize that product in the international market that you can have exactly the extent the same product in the international market or you can **adapt** a different product depending on the country where you are marketing.

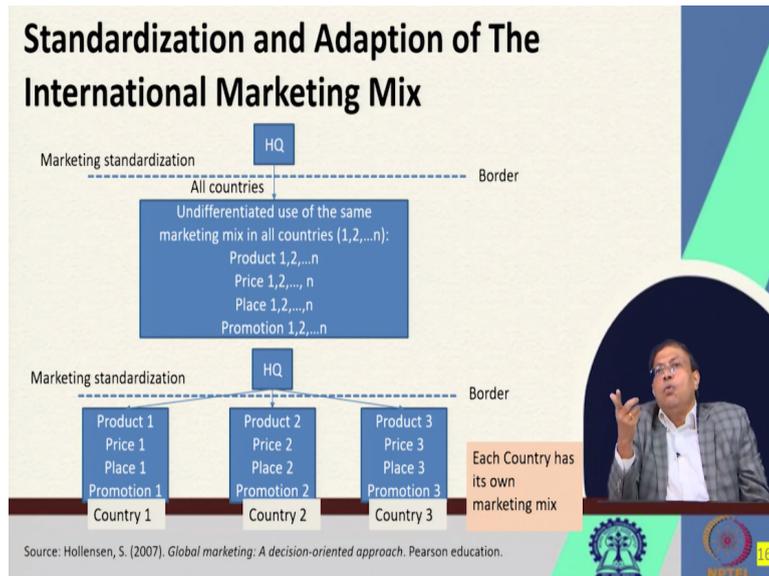
So, there is a balance center line is a balance line. The top one is standardization and the below is the adaption. So, what is the standardization? If you find that economical, political integration, economy these are all very, very equal and the customer requirements are also similar you can standardize the product in couple of countries. In some countries you find there is a huge cross cultural diversity, tariff, non tariff barriers, custom duties are different than you might **adapt** your product and pricing strategy or any of the four P's.

You can change depending on the country. So, the environmental factors are very, very important. So, when we talked about this four P's product, price, placement and promotion all these you can standardize this for couple of countries depending on the economic and political integration, economy like typically we taught about the GDP and all those how that GDP as I said that GDP is extremely important.

And the growth of GDP, absolute number of GDP is important as well as the growth of GDP is also very important. So, here how you standardize the product, how you standardize you can standardize suppose the countries you have selected three, four different countries they are almost similar economic, political or economy the nature you can have the four P's you can have the standardized mix there.

But if you go to a market or a country there is a huge cross cultural diversity or maybe there is a huge tariff barrier or nontariff barrier you might change the pricing because you might not be competitive at the market place. You might have to reduce your price and provide and make your product more competitive. So, international marketing when you take these four P's to the international marketing you have either you can standardize or you can **adapt** or you can balance in between. So, this is the way how you can change the four P's in international marketing.

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Now let us go into little bit into more into depth in international marketing mix say headquarter is located in one country and they take a decision in case one the top one they take a decision a marketing mix of product, price, promotion and placement all these they put it in five different countries say the countries are 1, 2, 3, 4 up to n product 1, 2, 3, 4, 5 n price, place and promotion they have an uniform to all countries that can be one sort of a structure you can say.

Suppose you are an entrepreneur of India you have three different products and the three different product maybe one for the entry level, one for mid level and other for the top end of the market you have three different products. You want to take it in three different countries or four different countries. You can have uniform that product 1, 2, 3 product segment 1 segment, 2 segment, 3 in all the countries.

And then you might have little bit of difference of pricing there and then placement and the promotions you can follow this uniform structure for your company's product in five different geographical territories or 7 or 8 or 10 geographical territories. So, that is known as undifferentiated of same. So, you will not differentiate based on the countries. I will not have a separate pricing for country 1, separate pricing for country 2, separate pricing for country 3 I will have almost uniform structure.

So, this is known as the same marketing mix in all countries. So, that is the one there is a type of marketing I can do another I will not do this. So, I will think that I will have put one sort of a product, one type of a pricing, one type of promotion in country 1, one type of a product,

one type of a pricing and the promotion in country 2 and I have one type of a product and price and promotion in country 3.

So, I will have country specific product, price, placement and promotion all country specific. So, the difference between look once again if you can take a decision that I will have uniform undifferentiated use. I will have the same product, same price, same placement strategy and the same promotional strategy in all the countries or I can have three countries or five countries I can have five different strategies there.

So, this you can choose any one of that either you can choose a top one or you can choose the top one. So, why we will do this in the second one each country has its own mix. So, in India when you come I will have a different type of a pricing, product, promotion, placement because there is a huge geography in India, the placement is very, very important here, the distribution network is very crucial in India.

So, I may have a different distribution network in India. Now, if I am operating in Sri Lanka country is small I may not have that type of a similar distribution channel in Sri Lanka. So, it will vary totally different or maybe I am in a different country say another country in Thailand I will have a different communication, the promotional strategy in Thailand, but I will have a different promotional strategy in Sri Lanka and in Bangladesh.

So, I will have a country specific the one first one is uniform undifferentiated for any country, the number two the second option is that country specific product mix.

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## Factors Affecting Standardization/Adaptation

Factors favour standardization	Factors favour adaptation
<ul style="list-style-type: none"> <li>• Scale economies in:               <ul style="list-style-type: none"> <li>→ Research &amp; Dev.,</li> <li>→ Production,</li> <li>→ Market related activities</li> </ul> </li> <li>• Competition at global level</li> <li>• Convergence of consumer taste</li> <li>• Mass management and centralization is feasible (global experience transfer is feasible)</li> <li>• Standardization is practiced in industry</li> <li>• Swift management (communicate, plan, &amp; control (via internet and technology))</li> </ul>	<ul style="list-style-type: none"> <li>• Adaptation encouraged by Local environment, govt. &amp; regulatory stimulus (no experience curve effects)</li> <li>• Competition at local level</li> <li>• Heterogeneous consumer taste because (i.e. cultural differences).</li> <li>• Decentralized management with independent country subsidiaries</li> <li>• Adaptation is practiced in industry/competitors</li> <li>• Legal issues – differences in technical standards</li> </ul>



So, the favours of standardization, scale of economies. So, the standardization what is a benefit quickly let us just recapitulate that research and development, production, market related activities, competition at global level, convergence of consumer taste and mass management and centralization is feasible and standardization is practiced in the industry, swift management.

All these things are like the communicate plan, control so this is a standardization. If you standardize for all the countries and you do not make country specific then it is having these are the factors which will help you. The other factors in the **adaption** if you **adapt** like I will have some strategy for country 1 I will have some study for country 2, I will have some strategy for country 3 then this comes under adaption.

So, adaption encouraged by the local environment, government and regulatory stimulus, competition at local level, heterogeneous consumer taste because the cultural difference is different so it is not an uniform cultural difference and decentralized management with independent country subsidiary. In this case I cannot have one subsidiary I will have a decentralized and country subsidiaries as I have explained in this strategy.

And then legal issues differences in technical standard. So, that is the difference of the factors of favour of adaption. So, remember standardization gives you several benefits, but there is no such thumb rule that you can follow the standardized same product what you produce in the domestic and then you take a strategy of marketing it in international marketing, all the

international market you will have a same all 4P mix product, price, promotion and placement.

Same type of a situation, same type of strategy mix you will provide in all countries that is typically a standardization whereas in adaption I will make the changes based on the countries, cross cultural, economy and various consumer requirement of the particular countries consumer. So, I will make the adaption I will adapt what the country requires. So, there is a big difference between standardization and adaption that is all. Thank you very much. Thanks a lot.