

International Marketing
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Lecture – 21
Designing a Global Marketing Program

Hello, good afternoon welcome back. We have discussed in the last session, we have discussed about the standardization and adaption in international market.

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Product

"A product is anything that can be offered to a market to satisfy a want or need." (Kotler, P., & Keller, K. 2011)⁽¹⁾

10 things that can be marketed as product:

1. Physical goods	7. Properties
2. Services	8. Organizations
3. Experiences	9. Information
4. Events	10. Ideas
5. Persons	
6. Places	

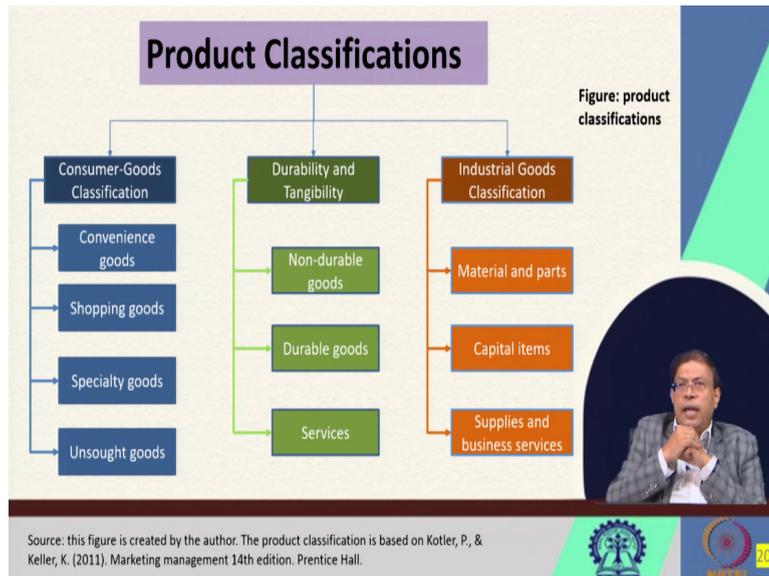
Full Citation: Kotler, P., & Keller, K. (2011). Marketing management 14th edition. Prentice Hall.

The slide features a video inset of Prof. Biswarup Ghosh in the bottom right corner, a blue and green geometric design on the right side, and logos of the Indian Institute of Technology Kharagpur and the Vinod Gupta School of Management at the bottom.

Here we will discuss the most important part the first P of marketing is the product. So, what is product? A product is anything that can be offered to a market to satisfy want and needs that is from Kotler and Keller. So, there can be 10 things that can be marketed as a product one is a physical goods, services like the restaurant services or the airline services these are all the one kind of a product, experiences, events, persons, places, properties, organization, information, ideas these can be all type of a product or a different type of products.

Now to give you much more details to clarify each one of this I will go much more in details in the next slides.

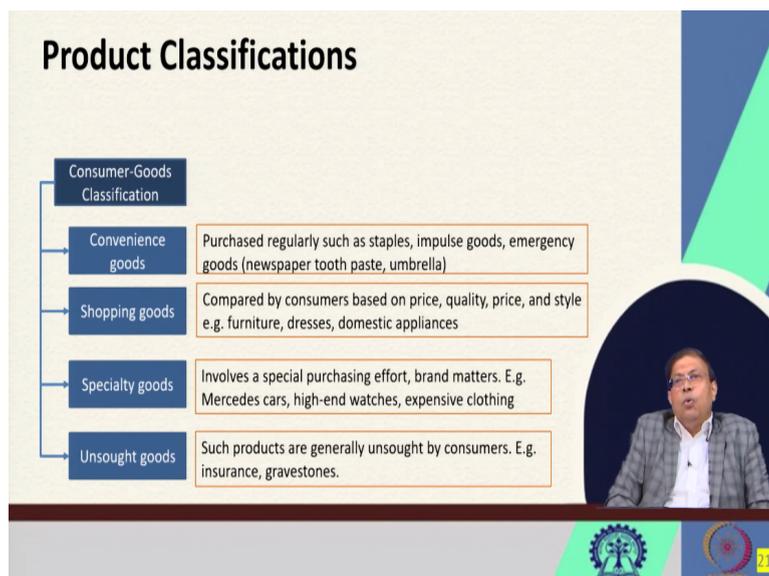
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How the products are classified? So, products are classified on consumer goods classification. Remember these are very, very important slide consumer goods classification. Under the consumer goods there is a convenience good, shopping goods, specialty goods and unsought goods. I will explain each one of that to you. The next one is durability and tangibility. Based on the product durability and tangibility it can be a non durable good.

It can be durable good it can be the services and the third one is the industrial goods classification that is materials and parts capital item, suppliers and business services. So, let us go little bit in to depth into that.

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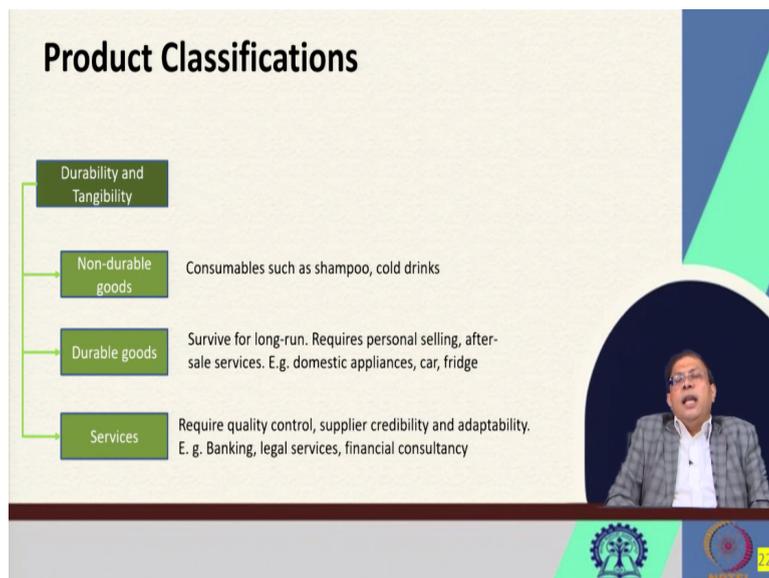
So, what is consumer goods classification convenience goods. So, which are the products we typically call as a convenience goods. So, purchased regularly such as staples, impulse goods,

emergency goods, newspaper, tooth paste, umbrella. These are typically known as a convenience good I am sure you must have studied this in your basic marketing, but let me just recap very fundamentals.

What are the shopping goods? Compared by the consumer based on the price, quality and the style typically the furniture dress, domestic appliances like refrigerator, washing machine, microwave these are typically shopping goods, specialty goods which are specialty goods involves a special purchasing effort brand matters like Mercedes Benz car or a Gucci or Louis Vuitton or a very expensive cloth or an omega t-shirt very expensive watches.

So, these are typically specialty goods, unsought good. Such products are generally unsought by the consumers. Consumer normally is not really sought for that type of product typically insurance or maybe gravestones these are typically unsought goods. They do not really sought to buy these type of goods.

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Durability and tangibility so what is non durable goods all the consumables like shampoo, cold drinks these are all non durable goods, detergent, soap these are all non durable goods. What are durable goods? Durable goods survive long run requires personal selling, after sale service like domestic appliances, car, refrigerators these are all durable goods.

Services require any quality control and supplier credibility like banking services, legal services, financial consultancy services these are all coming under services category.

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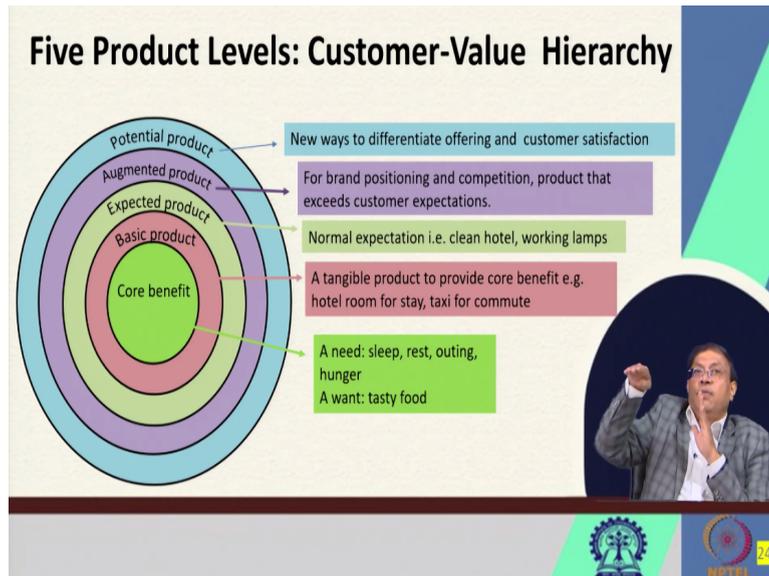


Then industrial goods classification like materials and parts raw material manufactured in materials, parts so you need to manufacture say a washing machine so you need the motor, you need the drum, you need the electronic, you need the mother PCB there are so many components. Similarly in the car you need the engine, gear box, steering all the details battery, tyres these are all you need to make a car.

So, typically materials and parts raw material manufacture item parts are there in industrial goods products. Capital items, installation of equipment or machinery you need a lathe machine so this is typically will come in a capital equipment in an healthcare capital equipment can be an MRI machine, can be a CT machine all these can be a capital equipment in an hospital industry.

Suppliers and business services, maintenance services like repair items, operating suppliers and business advisory services. These are typically the supplies and the business services. When you buy an equipment so there will be spares required for that, service required for that, these are typically supplies and the business services.

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Now five levels of the customer value hierarchy. So, this one you must understand in depth if you have any doubt I will request you to go through Kotler's book once again if still there is anywhere you are not very clear you might ask me whenever we will have an interaction session. Whenever we look at the product what is the first the core benefit of the product the need as I explained to you what is the need?

Need is the hunger, sleep, rest, outing these are typically a need and want is basically tasty food. I need food basic food rice chapatti, dal this is my need and want is a tasty food. I need Paneer makhani and all those I need these are typically a tasty food I am looking. So, what is the core benefit? So, any product should have fundamentally the core benefit. So, what is the core benefit of the car?

Travel from point A to point B that is my core benefit. What is the core benefit of a motorcycle? Travel from point A to point B is the core benefit what is the basic product and then basic product a tangible product to provide core benefit hotel room to stay, taxi and commute. What is the basic product a typical hotel room for stay, a taxi for commute is typically known as a very basic product.

You may not need that taxi always to travel, you may need an hotel room always as you basic need to stay so this is a basic product typically travel from point A to point B you may need a taxi to commute so that is typically a basic product. What is the expected product? Normal expected that in a hotel you need a very clean hotel. It has to have working lamps, the gysers should work, the hotel, the food should be available.

Room service should be available that is your expectation about the hotel, but if you know the basic product in the hotel you just need a room in the hotel that is all nothing more than that. You need a room that is all in the basic, but in the same hotel you expect that it should be clean hotel, it should have a lounge available there, it should have a clean toilet, it should have a gysar there.

It should have a air condition there so that is typically an expected product and augmented product brand positioning and completion product has exceeded the customer expectation and see in that hotel if you have checked in that hotel you have gone to one hotel and then the hotel authority, the management has told you that we will give you a breakfast free along with that.

So, here along with the room rent you are getting a breakfast free or maybe one dinner or one lunch free. So, this here your customer expectation you wanted to have a very clean hotel, decent hotel with an air conditioner, with a gysar everything fine then in the hotel management give you on the top of that they give you a breakfast free and also dinner or lunch one of this food free or maybe breakfast free or only lunch free something like that.

So, that is your expectation so that is your augmented product and finally the potential product new ways to differentiate the offering and customer satisfaction, how you differentiate your product offering and your customer satisfaction so that is your potential product how you finally package the entire products. So, the whole levels customer value hierarchy.

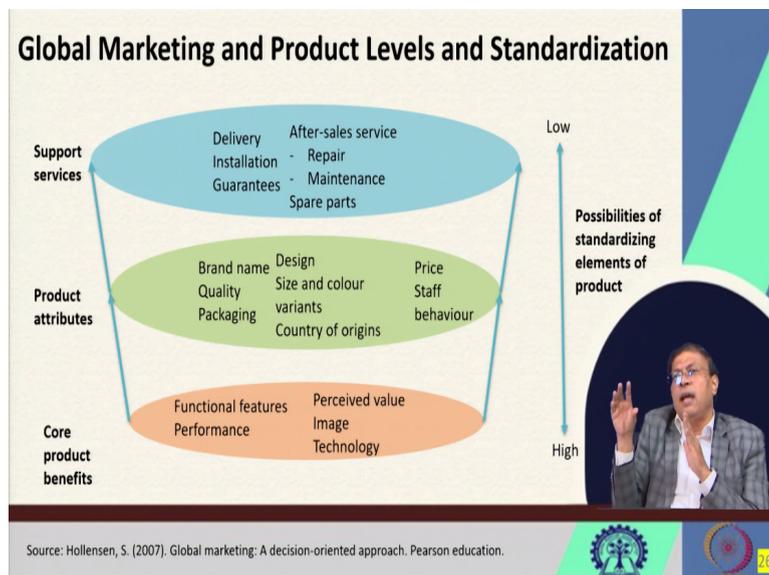
So in each customers some customer will only look at the core benefit, some will look at the basic product expected product, augmented product and then finally a potential product.

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So, think about the business product or industry of your choice and try to fit that the customer value hierarchy in the five levels. I will give you the assignments and you can fit five levels and you can take any of these products and then put it in the five levels of this hierarchy I will give one of the assignment which will be very simple for you to understand if you have understood the previous one.

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Now this is the reference from the Hollensen's global marketing book. The global marketing and product levels and standardization. So, first look at that and this is very important slide for you to understand what is the core product benefits? So, here standardization of the core product benefit is very, very high, you can standardize the functional features, and perceived value, image, quality you can standardize that say you are into the Apple phone or you are in

the Samsung or you are having a very high end cars say Mercedes or BMW or jeep or any of these cars international market Kia, Hyundai any of this or Suzuki is there.

You can have the very high standardized you can have a standardized based on the features, performance all those you can standardize and perceive value, image, technology you can have a very high standardization of the product then the product attributes like the brand name, quality, design, variance, country of origin, price, stuff these can be little less amount of standardization.

You may not have the similar price of the product in country x or you may not sell the similar all the similar the what is called your packaging of the product in all countries (()) (11:32) you may have some sort of a less standardization. So, the first where standardization is high you have produced five different cars which are all standardized and then based on the features you have the entry level, mid level, high end all those you have standardize that product.

Now that standardized product you are taking to now five different countries. You cannot have a standardized price or a standardized colour for that country or you may not have a standardized variance for that country maybe in India you have come with a car and you have put five different variance, but maybe the same car when you take to another country say Thailand you may offer two variance.

You go take the same car to Philippines or Indonesia you might give another five variance. So, that is typically it is not standardized the product attributes are not standardize this is a medium. Core product benefits has to be standardized suggestion is very high, but product attributes is less and the third one is the support services like delivery installation, guarantee, after sale.

So, I will take you the simplest example from the car industry or maybe the computer industry take it anything it will be very easy for you to understand. See delivery installation guarantees, see what delivery installation guarantee I give it in a country in India I may not give that same delivery installation guarantee in Bangladesh or in Thailand or in what is called Indonesia or Philippines.

My after sale service repair, maintenance, spare parts will not be very, very difficult to standardize that I cannot have a standardized after sale support or the standardized installation warranty everything standardized whatever I have standardize in India I cannot do the same standardization in another country why not the problem is here say a German manufacturer Mercedes.

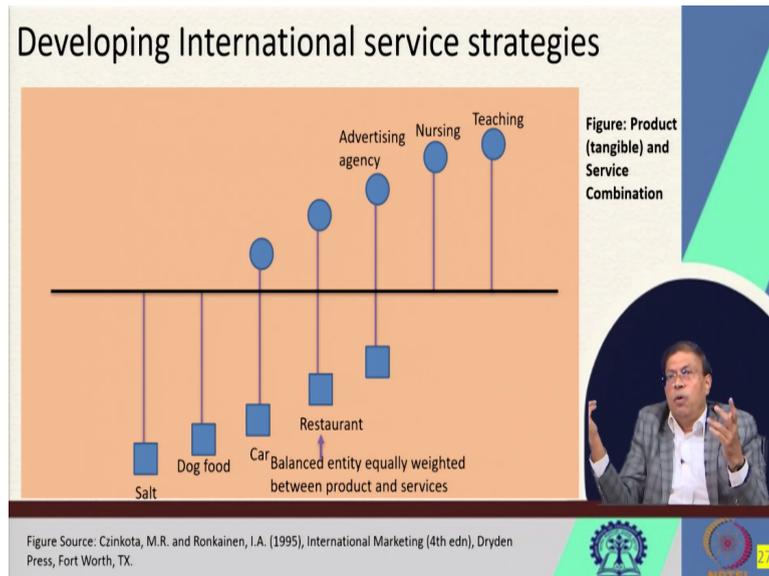
They have standardized a delivery installation warranty in Germany for Mercedes car. They have a different after sale repair, maintenance strategy in US depending on the US market. They cannot standardize they just cannot bring the same standardized service network and standardized policy for US same cannot have the Mercedes India cannot extend the exactly the same there may be similarities, but they just cannot standardized.

So, it is very, very difficult the support services. So, support services cannot be standardized okay it has to vary from country to country. So, remember in international marketing core product benefits can be highly standardized. I can standardize the products, but I can decide that I will put this product in a different country this product in different country that I can do, but the product can be standardized.

But the product attributes standardization is very, very difficult I might have to change the product attribute based on the country and the support services is very, very low standardization I may offer to a same day delivery, same day service in India it may not be possible to do it maybe in Philippines, maybe in Indonesia in typically in Indonesia it is very difficult.

I may not be able to give you the same day delivery or these are the service commitments can be different I cannot standardization so very low standardization. So, the core product benefits can be highly standardized, product attributes can be in between it is not very standardize and very low standardized high versus low it can be in between, but services very, very low standardization. It has to be country specific so that is the one.

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Developing international service strategy. So, how what type of a service strategy now here in this I have shown and I have taken an example I have referred the textbook here from international marketing textbook and here I have given a reference say the salt is a product you do not need any service for that, you just go to the market any grocery store buy the salt or may be dog food, cat food or any of this there is no service for that.

So, these products will not have any service any tangible or any service combination. So, some of the products will not have any service. Next you look I have given an example of a car which is a product and also there is a service component on the top service you see there is a blue one there is a service I just cannot sell the car without providing the service so service is tagged with a product.

Look at the restaurant, a restaurant is a product where you have all the infrastructure available there, but service is also a very important criteria in that restaurant. So, the balanced entity between the equally weighted between the products and services. See if you look at this the service amount and the restaurant is balanced you cannot have a very good restaurant with zero service.

You cannot have a very good service without a very bad restaurant, very dirty restaurant you cannot have that. So, there is a balance between the product and the service is in between the restaurant. In car you see the product is service is there, but more important is a car part how is a feature of a product, what is the performance of the car, what is the safety features of the

car, what is the fuel economy of the car all those things are very, very crucial there and service is also important, but not really the equally one.

You do not buy the car because the service and car should be 50-50. The service should be also very high and the product you always give more weightage to the product and less weightage to the service. Advertising agency almost having the same like typically the advertising agencies the more on the service part. If you look at that their service is more than the product like the bill board, various display boards on the various traffic signals, various point of display positions.

You see where the product portion is little less rated compared to the service what they provide the advertising agency, nursing there is no product basically it is full service there is no product it is fully service, teaching is fully service there is no product. So, there is a differentiation between the certain products or having only the product certain products having product and some amount of service.

Certain products are having equally product and service are balanced. In some product, product is less, service is more. In some services only service there is no product. So, that is the extreme from salt which is a product no service to teaching or nursing where it is only service there is no such product. So, there is developing the product and service combination how you develop.

So, depending on your product in international market you have to develop what type of a product and service combination you should do.

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Categories of Services

People processing	Possession processing	Information-based services
<ul style="list-style-type: none"> • Customer participates in production. Company needs local presence. • Example: education, health care, food services • Possibility of standardization: No 	<ul style="list-style-type: none"> • Tangible actions and physical objects are involved. • Car repair, machine installation, laundry • Possibility of standardization: better than people processing services 	<ul style="list-style-type: none"> • Information processing is involved, • Tangibility is very low, • Telecommunication, banking, internet • Possibility of standardization: very good possibilities




The categories of service people processing. The customer participate in production, company needs local presence example education, healthcare, food services, possibility of standardization no you cannot standardize a product. Possession processing, tangible actions, physical objects are involved car repair, machine installation, laundering. Possibility of standardization better than people procedure.

There you can do little bit more standardization in this possession processing. Information based service like information processing is involved tangibility is very low, telecommunication, banking, internet these are typically information based service, possibility of standardization is very good. You can have some standardized procedure in various international market information based service.

So, if you look at the category of service some services which is based on the people processing, possibility of standardization you cannot standardize, but if you look at the standardization of the information like IT information based services or typically the banking, telecommunication internet there is a possibility of standardization. So, that is the category of services.

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Seven Ps of Service Marketing Mix

1. Product
2. Price
3. Place
4. Promotion
5. People
6. Physical participants
7. Process

As we have discussed, that services are different than the products.
Its marketing mix is also different.



Then we come to the 7 P's of service marketing mix. So, in services in the product we have seen that the 4 P's of marketing like product, price, place and promotion the four P's then in services there are 3 more P's are very important which is people of course the service is through the people so people is very important, physical participants and the process. So, we have discussed and services are different than the products and the marketing mix is also different. So, how you mix all these 7 P's are very, very crucial in your service.

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Four Stages of Product Life Cycle

Each stage is distinguished by its sales volume, as well as variable levels of profitability, degrees of competition, and marketing strategies.

- As products progress through several stages, the PLC highlights the importance of reviewing marketing objectives and methods.
- It's useful to consider marketing decisions across the course of a product's life cycle.
- Managers must be aware of the PLC's limitations in order to avoid being deceived by its prescriptions.

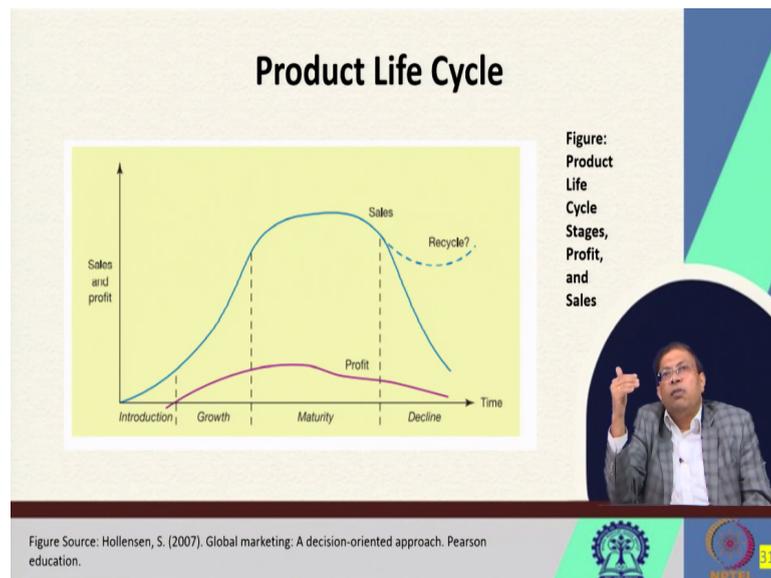


Then I have discussed this product like cycle previously in one of my session I will go little bit in depth about more on product lifecycle and discuss about what is international product life cycle. So, product lifecycle I will show you the diagram and then explain to you again once again, but this discussion will be little bit more in depth compared to the previous one.

So, each stage is distinguished by its sales volume as well as variable, levels of profitability, degrees of competition and marketing strategies.

A product process through a product progress through several stages and PLC highlights the importance of reviewing the marketing objectives and methods. It is useful to consider marketing decision across the course of a product life cycle. Managers must be aware that the PLC's limitation in order to avoid being deceived by the prescriptions.

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See here this slide this curve we have seen the below one is a red one which is the profitability I have explained in my previous lecture one of the previous lecture and the blue one is the revenue. So, how you see first you see how the product is introduced when you introduce the product on the x axis you see the sales and profit on the right axis is a time. When you introduce the product sales will not start immediately they will be slowly the sales will start and then it will reach to the group.

And then it will reach to the peak and it will fall down again with a time. Look at the profit initially there will be no profit because you are making all the expenses or promotional expenses and all the advertisement everything is there. You have no revenue basically along with that. So, you see the revenue is negative basically if you see the red curve it starts below x axis.

So, in that you see that it is in the product introduction is a loss. See in the y axis the sales and profit is in the y axis in the profit sales are happening, but profit is not coming because the

volumes are low you are spending much more in advertisement and promotion and accordingly you are not getting sufficient amount of profit so you are making loss there and then once the volume increases you start making the profit also making growth.

And slowly your profit is also increasing and then when your product sales falls down your profit also goes decline. So, this is typically the stages of marketing the introduction, growth, stability and then finally the decline of the product or maturity or growth. So, the four stages of the product life cycle is a very simple one where you can see the sales and profit both the curves here.

Now when you recycle when the sales are falling down you recycle what is recycle? Rebranding, re-product, repackaging, re-communication, so many things can happen. I will give you an example let us take an example of a Lifebuoy or Hamam soap. Imagine Lifebuoy soap is there for last so many years. You see how the product if you consider that product it must have they have not done any recycling the product must have died.

But what the company has done they have recycled it when the sales were falling down they have repacked it, they have made a different communications and then promotions all they have done to again recycle the products. Similarly, for Hamam similarly for several product they do this. If you look at this Maruti 800 you imagine Maruti 800 when it was introduced they have done.

See there is a huge increase of sales and then late 90s or beginning of 2001 the sales started falling down because Alto came into the marketplace. They have introduced another model and that is here the Maruti sales was trying to following down. What they have done in that time they have changed the four gear system to five gear system. They have repackaged they have changed the front facie of the car, grill they have changed.

They have made so many changes in the car to recycle the product and then it continued for certain time, but then after all they have taken it out form the market 800. So, every marketer, every product will go through this cycle. So, the introduction, growth, maturity and decline before it declines all marketer will try to all marketers will try to recycle the product and when they recycle the product they will try to get some benefit, they will try to extend that product for some more time.

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Limitations of The Product Life Cycle

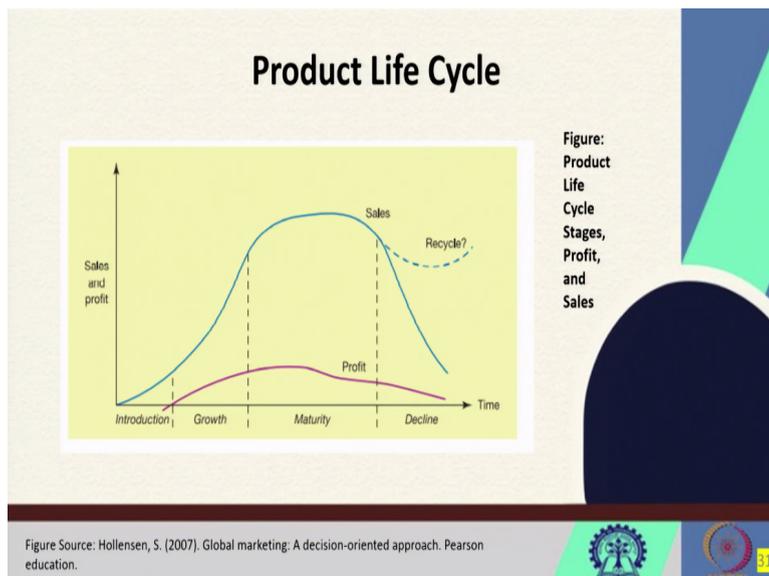
- Product life cycle, many times, depends on the marketing mix but managers think opposite.
- Management should not presume that a product's sales are dropping because the brand is in decline.
- If management stops investing in the brand's marketing, it will become a self-fulfilling prophecy, and sales will continue to fall.
- Instead, management might boost marketing assistance in order to foster a recycling culture.



So, limitations of the product lifecycle. Product life cycle many times depends on the marketing mix that means 4 P's. Management should not presume that product sales are dropping because of the brand is declined. So, that should not be presumption, management should not presume that. If the management stops investing in brands marketing it will become a self **fulfilling** prophecy and sales will continue to fall.

Instead management might boost marketing assistance in order to foster the recycle culture that means you have to recycle that I have given example of Lifebuoy soap.

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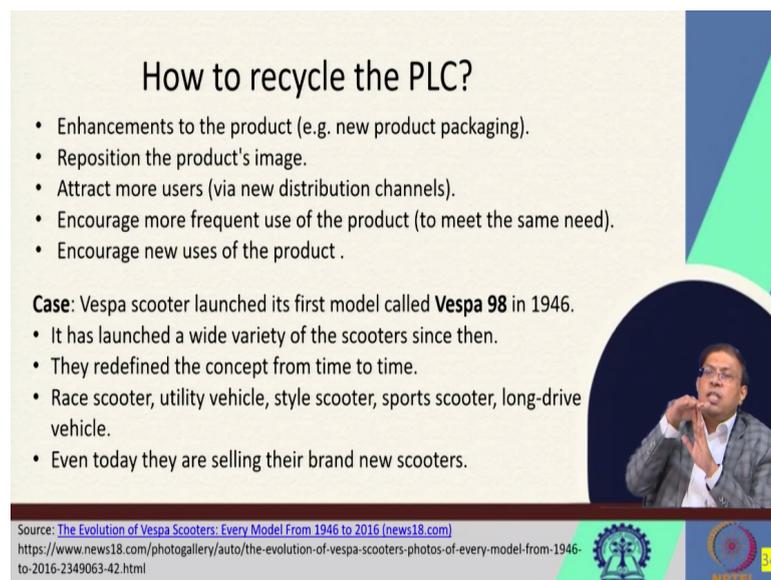
So, here you see when the sales were falling down they have recycled that product and then started again that. So, that is the one which the last one I said instead they should not if they

stop the management stop investing in brand market. Suppose Hindustan Unilever has stopped marketing recycling the product the product would have been dead, but they have not done that.

So, what they have done they have managed might boosted the marketing assistance, repackaged it for the recycling so that is typically it has happened. So, product life cycle has stages and these products. So, limitations product life cycle many times depends on the marketing mix, but manager think opposite. Management should not presume that product sales are dropping because the brand is declined.

And management stops investing in brands marketing it will have a self fluffing prophecy which I have said and instead management might boost marketing assistance in order to foster the recycle.

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How to recycle the PLC?

- Enhancements to the product (e.g. new product packaging).
- Reposition the product's image.
- Attract more users (via new distribution channels).
- Encourage more frequent use of the product (to meet the same need).
- Encourage new uses of the product .

Case: Vespa scooter launched its first model called **Vespa 98** in 1946.

- It has launched a wide variety of the scooters since then.
- They redefined the concept from time to time.
- Race scooter, utility vehicle, style scooter, sports scooter, long-drive vehicle.
- Even today they are selling their brand new scooters.

Source: [The Evolution of Vespa Scooters: Every Model From 1946 to 2016 \(news18.com\)](https://www.news18.com/photogallery/auto/the-evolution-of-vespa-scooters-photos-of-every-model-from-1946-to-2016-2349063-42.html)
<https://www.news18.com/photogallery/auto/the-evolution-of-vespa-scooters-photos-of-every-model-from-1946-to-2016-2349063-42.html>

So, how to recycle a PLC how to do that enhancement to the product you can enhance the product, new packaging as you have seen the Lifebuoy they have done the new packaging, reposition the product's image you can reposition that, attract more users a new distribution channel you go to a new geography or you have a new distribution channel so you can do that.

Encourage more frequent users, encourage to frequent uses of the product. Encourages new uses of the product these are typically how you can recycle. So, these are the ways how a company can once the product starts declining you can use any of this techniques to recycle

the product either you change the packaging of the product or you attract or you change a new distribution channel.

Say you have not been to the North Eastern state you have not been a certain states in India, you develop a distribution channel and enter in the new geography or maybe your distribution channel was up to a Tier 1 and Tier 2 cities, Tier 3 and Tier 2 cities not to the Tier 1 you go now to the Tier 1 cities and you go in that cities. So, how you change the distribution network in that.

Encourage more frequent uses of the product or encourage new uses of the product maybe that product find out some new use whether the product can be used. Typical example Vespa launch the scooter Vespa 98 in 1946 it launched a wide variety of scooters since then they redefined the concept from time to time raise scooter, utility vehicle, style scooters, sport scooter, long drive vehicle even today they are selling the brand new scooter.

So, Vespa is still in the marketplace, see Vespa in 1946 and still they have in brand new market brand new scooter so to say so how they have recycled it. Thank a lot.