INTERNATIONAL MARKETING

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REQUIREMENTS FOR SUCCESSFUL COMPLETION OF THE COURSE

CREDIT

- Elaboration of a seminar work on the topic: **"International business marketing …".**
  - Selection of a company operating on international markets.
  - Marketing analysis of the company (what sells, where, how, advertising, distribution, price of products).
  - Range of about 10 pages.
  - Submission to email lenka.pracharova@mvso.cz by 30 November, 2021.

EXAM

- Completion of the course by an oral exam on the topics covered.
- The date of the exam will be in the exam week summer semester registration in IS STAG.
- The exam will be through MS Teams.

SUBJECT CONTENT

1. Introduction to international marketing and basic concepts
2. Analysis of the international marketing environment
3. International marketing research
4. Marketing strategies in international marketing
5. Forms of entry of companies into international markets
6. Segmentation and market selection
7. International brand strategy
8. International marketing mix
9. International product policy
10. International pricing policy
11. International distribution
12. International marketing communication

1.
INTRODUCTION TO INTERNATIONAL MARKETING AND BASIC CONCEPTS

MARKETING AND INTERNATIONAL BUSINESS

- Globalization has enabled the great development of international business in the field of production and services.
- Liberalization of international trade, free movement of capital, development of modern communication technologies and development of logistics systems have become an impetus for the development of international business activities well-thought-out international marketing strategy.
- Improves the economic results of companies and strengthens their competitiveness.
- Businesses can use international business to reduce their costs = **economies of scale**. Furthermore, they can also sell more advantageously on foreign markets due to more favorable conditions in the given countries (tax benefits).

INTERNATIONAL MARKETING

- It´s Marketing that transcends national borders.
- It is a process of managing, identifying and satisfying these needs for customers in foreign markets.
- The process of planning, implementation and control of marketing activities in an international environment is influenced by several factors.

<u>- A company entering the international market must respect:</u>

§ ***cultural and social differences in the market*** *(different religions, rules of conduct),*
§ ***language barriers,***
§ ***possible preferences for domestic products,***
§ ***different distribution chain,***
§ ***different administrative procedures,***
§ ***different customer behavior.***

OBJECTIVES OF INTERNATIONAL MARKETING

- *savings in production,*
- *savings in distribution,*
- *branding international brand building,*
- *saving marketing costs.*

INTERNATIONAL MARKETING ACTIVITIES

- *market research,*
- *market selection and segmentation,*
- *choice of form of market entry,*
- *product policy,*
- *pricing policy,*
- *communication policy,*
- *distribution policy.*

DECIDING IN INTERNATIONAL MARKETING

- *deciding on entering a foreign market,*
- *deciding on the type of foreign market,*
- *deciding on the method of entering a foreign market,*
- *deciding on a marketing program,*
- *deciding on the organization of marketing.*

ROLE OF INTERNATIONAL MARKETING

- identify markets that match the resources and capabilities of the company,
- identify socio-cultural differences,
- analyze the basis of competition,
- define market segments,
- establish a market penetration strategy,
- define marketing goals (quantitative and qualitative)
- establish product policy,
- support distribution networks,
- to support the growth of sales volume in individual markets,
- establish controls,
- evaluate the achieved results,
- establish tactics against competition.

METHODOLOGY OF MARKETING ACTIVITIES

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MARKET RESEARCH

↓

MARKET SELECTION AND SEGMENTATION

↓

SELECTION OF THE FORM OF MARKET ENTRY

↓

PRODUCT POLICY

↓

PRICE POLICY

↓

DISTRIBUTION POLICY

INTERNATIONAL MARKETING ENVIRONMENT

- Knowledge of the international marketing environment is the basic starting point for deciding on international marketing concepts and strategies.
- It is necessary to perform analyzes and evaluate the risks associated with international business.
- **The tools of international macroenvironment analysis are:**

§ **PEST ANALYSIS** analysis of the political, legal, economic, technological and socio-cultural environment.

§ **SWOT ANALYSIS**

§ **PORTER ANALYSIS OF COMPETITIVE FORCES.**

- **<u>In an international marketing environment, it is necessary to take into account:</u>**

§ *policy,*
§ *right,*
§ *economics,*
§ *competition,*
§ *level of technology,*
§ *distribution structure,*
§ *geography,*
§ *infrastructure*
§ *culture.*

BASIC CONCEPTS OF INTERNATIONAL MARKETING

- *export marketing*
- *global marketing*
- *intercultural marketing*

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EXPORT MARKETING

- Adaptation of domestic trade policy to the conditions of foreign trade.
- It is used by small and medium-sized enterprises, which do not have sufficient financial resources to build distribution channels and do not have enough experience.
- Businesses usually focus on geographically close foreign markets or only on one foreign market.
- The company starting to export is not known on the foreign market □ it has a weak business position □ it usually exports ordinary products that have a lot of competition on the international market.

DIVISION OF EXPORT OPERATIONS:

- **irregular export operations =** the company comes into contact with the foreign market irregularly.
- **regular export operations =** a strategic decision of a company to trade on a foreign market.

GLOBAL MARKETING

- Utilization of the same marketing program in different markets and the premise is to find large homogeneous market segments.
- It applies to large-scale production and average quality standardized products, the production of which can achieve economies of scale.
- With this concept, companies do not respect the specifics of the socio-cultural environment which leads to a reduction in the export of some products.

INTERCULTURAL MARKETING

- Modern marketing concept.
- The concept respects the differences and unique opportunities in a given country.
- The concept seeks to adapt marketing to the needs and wishes of individuals.
- To the maximum extent possible, it adapts its marketing program to the conditions of the foreign market. However, adaptation requires large sums of money, which are spent on product policy adjustment, distribution and communication policy.
- It takes into account the socio-cultural differences of customers, consumers use of socio-cultural zones = marketing program for a given group of countries.

STRATEGIC APPROACHES

- International business involves companies of different sizes and different economic forces, which have different business goals.
- **Strategic approaches applied in international business are:**

1. **LEADER STRATEGY**
2. **CHALLENGER STRATEGY**
3. **FOLLOWER STRATEGY**
4. **STRATEGY OF MARKET NICHE**
5. **PENETRATION STRATEGY**
6. **DIFFERENTATION STRATEGY**
7. **CONCENTRATION STRATEGY**

1. LEADER STRATEGY

- The goal of this strategy is to increase global market share and gain a dominant position.
- Companies in global markets must use a variety of marketing tools to maintain their market position.
- The most common marketing tools are innovation and investment in research and development, efforts to cover all market segments through a wide range of products, building an international brand, intensive cooperation in the distribution chain, cooperation in creating a purchasing alliance, massive global communication campaigns, acquisitions and mergers with other companies.

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2. CHALLENGER STRATEGY

- The company is trying to weaken the position of the largest company in the market and gain part of its market share.
- To weaken the head of the company, the company can use a combination of different marketing tools such as:

§ **effective pricing policy** (lower prices, more favorable payment terms)

§ **intensive communication policy** (high investment in advertising and other communication activities),

§ **bringing innovation to international markets,**

§ **improving services,**

§ **identification of weaknesses of the leading company** gaining competitive advantages in the given area.

3. FOLLOWER STRATEGY

- Small and medium-sized enterprises imitate large companies in order to maintain the acquired market share and loyal customers.
- These companies have an irreplaceable place on the international market.
- Companies usually offer quality products at affordable prices.
- The advantage is low investment in research and development.
- The strategy of imitating large companies is characteristic of some East Asian companies, which use imperfect international legislation in the field of intellectual property protection and copy the inventions of other companies (eg. Apple x Xiomi, Huawei)

4. STRATEGY OF MARKET NICHE

- The strategy is to focus on a narrow segment that the competition is not interested in.
- Companies that use strategy are not direct competitors of large companies and focus on microsegments = **market gaps**.
- Companies use direct contacts with customers and offer specialized services that would not be profitable for large companies.
- The disadvantage of narrow specialization is the possibility of a stronger competitor entering the market and the possibility of changing demand, which may mean the demise of a narrowly specialized company.
- The advantage of this strategy may be the development of assets in an international environment, which can positively affect the profitability of the company.

5. PENETRATION STRATEGY

- This strategy is used by large companies.
- Large-scale production and application of the product on international markets realizes the company's cost savings from scale.
- The company's competitive advantage lies in low costs - competitive prices.
- The strategy is used first by Japanese, Korean and Chinese electronics and car manufacturers.
- Large distribution chains are typical.

6. DIFFERENTIATION STRATEGY

- It consists in gaining a competitive advantage due to the difference from competing offers.
- This strategy is characteristic of successful companies from developed countries, which sell their products at higher prices, but at the same time offer a range of services with the product, which give it higher utility value.
- The differentiation strategy is suitable for technologically demanding products and services, as well as for branded consumer goods.

7. CONCENTRATION STRATEGY

- It is a strategy of market gaps = strategy of concentration.
- The competitive advantage is that due to narrow specialization and a limited number of buyers, the company can have relatively high margins.
- Thanks to concentration, the company can gain a dominant position in its segment on the world market.
- This strategy is used by luxury goods manufacturers or companies specializing in single deliveries for the needs of certain industries (production of specialized technology for nuclear power plants).
- In international business, the concentration strategy is suitable for medium and small companies, which focus on smaller segments that are not interesting for large companies.

SCHEME OF COMPETITIVE STRATEGY IN INTERNATIONAL MARKETS

PRODUCT DIFFERENCE PERCEIVED TO CONSUMERS

LOW COSTS

- STRATEGY DIFFENTATION
- PENETRATION STRATEGY

GLOBAL MARKET

- CONCENTRATION STRATEGY

SELECTED SEGMENT

STRATEGIC OBJECTIVE

STRATEGIC ADVANTAGE

2.

ANALYSIS OF THE INTERNATIONAL MARKETING ENVIRONMENT

ANALYSIS OF THE INTERNATIONAL ENVIRONMENT

- The aim of the analysis is to summarize the criteria that help identify a specific foreign market and provide the basis for decisions on the company's entry into a foreign market.

- The company must perform a market analysis before entering the international market.

- The most common tool for analyzing the international environment is ***PEST ANALYSIS***

- This is a comprehensive analysis:

§ legal and political environment,
§ economic environment,
§ socio-cultural environment,
§ technological environment.

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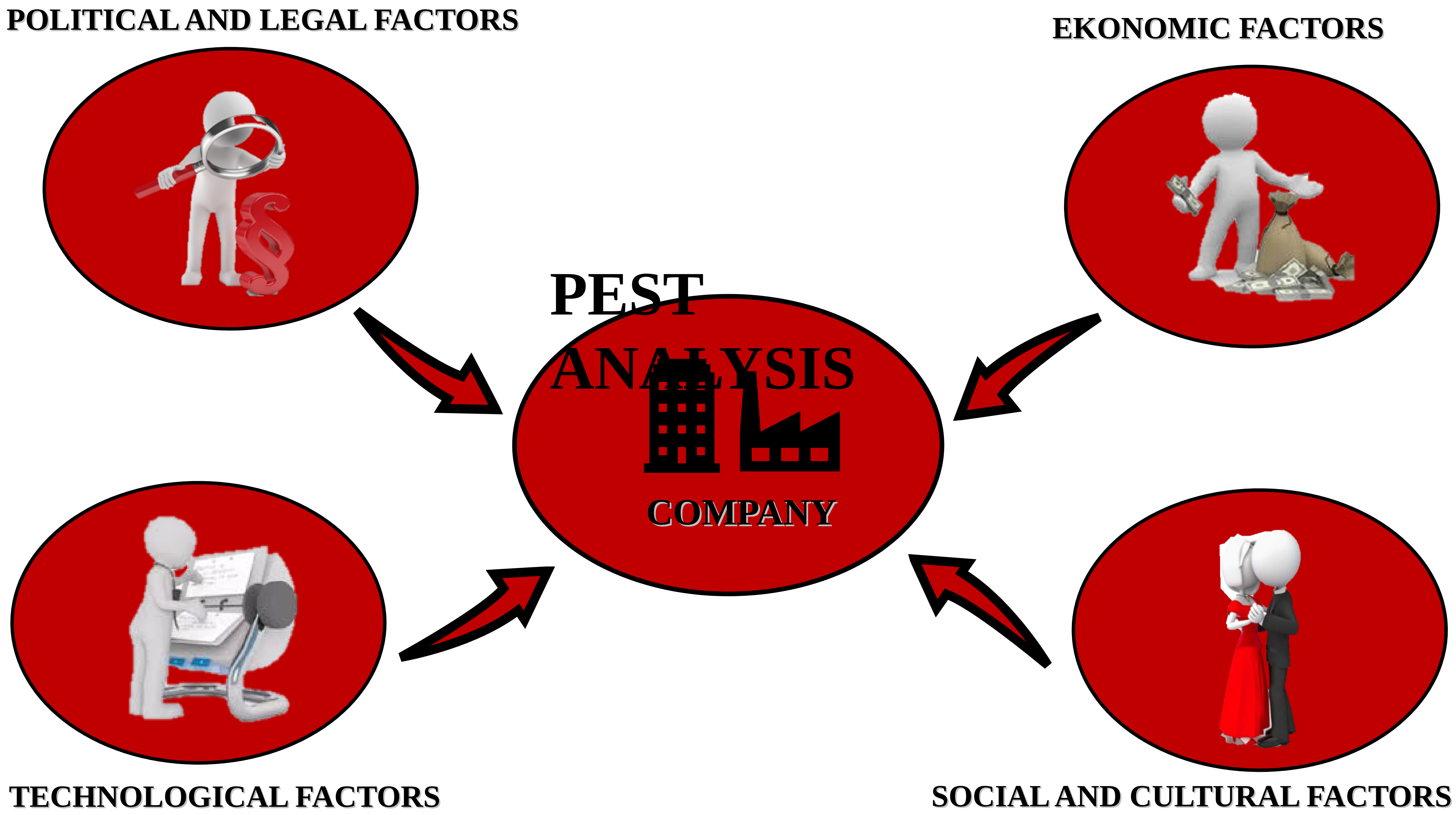
POLITICAL AND LEGAL FACTORS
EKONOMIC FACTORS
PEST ANALYSIS
COMPANY
TECHNOLOGICAL FACTORS
SOCIAL AND CULTURAL FACTORS

1. INTERNATIONAL POLITICAL AND LEGAL ENVIRONMENT

- Political and legal factors play an important role in international marketing.
- The company must include political and legal aspects in its business strategy.

- Three areas are monitored:

1. ***Political and legal environment of the country.***
2. ***Political and legal environment of the host country.***
3. ***Bilateral and multilateral agreements and treaties.***

- If a company decides to operate in a foreign market, it must respect the legal system of the country and its government policy.

- The stability of the political and legal environment influences decisions on entry and the form of entry into a given foreign market.
- The analysis of the political and legal environment focuses on the political system, environmental stability, legal norms, laws, regulations and regulations on foreign trade activities.
- An important element of the international environment is membership in integration groups, interest and professional institutions (EU, Visegrad Four).
- International marketing is also influenced by business practices based on international trade (ICOTERMS delivery conditions).

- The political environment of most countries seeks to provide general support to domestic firms the use of autonomous trade policy funds (customs).
- International trade is often hampered by the political situation (typical of less developed countries).
- Companies prefer the implementation of marketing and business activities in a stable market.

a) Macro risk = negative consequences for all foreign companies, universally for all.

b) Micro risk = negative consequences for some companies and some areas of business.

BASIC FACTORS OF THE POLITICAL ENVIRONMENT

- ***State trade policy regulation*** (trade policy, customs policy),
- ***regulation of the subject and form of business,***
- ***standards*** (safety, hygiene, technical),
- ***price control,***
- ***method of distribution,***
- ***means of communication.***

2. THE INTERNATIONAL ECONOMIC ENVIRONMENT

- Examining the economic environment is a fundamental task in choosing the target international market.
- The analysis of the international economic environment serves to identify potential target markets, forecast their development and evaluate demographic data.
- The information obtained from the analysis of the environment serves the company to find opportunities and threats arising from entering the international environment.
- The study of the foreign environment is carried out by evaluating economic variables related to the size and nature of the international market.
- We evaluate and classify markets according to the goal that the company has set in relation to the given market.

THE MOST IMPORTANT ECONOMIC INDICATORS

- *Gross domestic product (GDP) per head of population,*
- *GDP growth rate,*
- *foreign trade balance,*
- *unemployment rate,*
- *inflation rate,*
- *consumer prices,*
- *work productivity,*
- *balance of payments development,*
- *exchange rates,*
- *investment development,*
- *taxes and duties,*
- *interest rate,*
- *the amount of savings.*

- The data needed for the analysis of the economic environment are data on:

- ***population,***
- ***demographics,***
- ***infrastructure,***
- ***geography.***

POPULATION

- The subject is to find out information about:

- ***population*** (potential demand for products),
- ***the rate of growth of population development and population structure***,
- ***household size*** (European average is 2.7 persons / household, in Turkey it is 5 persons / household),
- ***consumer habits,***
- ***urbanization,***
- ***purchasing power.***

INDICATORS FOR ECONOMIC ENVIRONMENTAL ASSESSMENT

- *The World Competitiveness Scoreboard*
- *Economic Freedom of the World Index*
- *Raiting*

COMPETITIVENESS INDEX

- It is an annual evaluation of the ranking of countries according to the spinal cord's ability to compete economically.
- The index measures the influence of key factors in the country's macroeconomic environment (quality of institutions, quality of technologies, level of infrastructure, system and level of education, labor market flexibility, support of innovations).
- The global competitiveness index measures 144 countries around the world.
- In 2020, the Czech Republic was in 33rd place.
- Most competitive countries:

    1. Singapore

    2. Denmark

    3. Switzerland

1.

INDEX OF ECONOMIC FREEDOM

- The index shows the link between economic freedom and prosperity.
- The index was expressed in 2020 for 162 countries around the world.

Economic Freedom Index 2020:

1. **HON KONG**
2. **SINGAPORE**
3. **NEW ZELAND**
4. **SWITZERLAND**
5. **AUSTRALIAN**
6. **USA**

21. GERMANY

25. CZECH REPUBLIC

38. SLOVAKIA

53. HUNGARY

77. POLAND

162. VENEZUELA

RATING

- International tool for assessing the creditworthiness of countries.
- This is an important indicator for foreign investors □ it indicates the degree of risk and quality of the state in the role of the debtor and its economic ability to meet its own obligations.
- The relative credit risk is assessed through the country's rating.
- It expresses the relationship to the strengthening or weakening of the currency in the short term.
- Developed countries with an economically growing economy, low inflation, an educated population and quality infrastructure have the highest rating.
- Countries with high indebtedness have a low rating.

MOODY´S		STANDARD & POOR´S		Fitch
		Investiční stupně		
Aaa	Austrálie, Dánsko, Kanada, Lucembursko, Německo, Nizozemsko, N. Zéland, Norsko, Singapur, Švédsko, Švýcarsko, USA	AAA	Austrálie, Dánsko, Hongkong, Kanada, Lucembursko, Německo, Norsko, Singapur, Spojené království, Švédsko, Švýcarsko	Dánsko, Finsko, Kanada, Lucembursko, Německo, Nizozemsko, Norsko, Rakousko, Singapur, Švédsko, Švýcarsko, USA, Austrálie
Aa1	Finsko, Rakousko, Spojené království	AA+	Finsko, Nizozemsko, Rakousko, USA	Hongkong, Spojené království
Aa2	Francie, Hongkong, Korea, Kuvajt	AA	Belgie, Francie, Kuvajt, Nový Zéland	Belgie, Francie, Kuvajt, Nový Zéland
Aa3	Belgie, Chile,Tchaj-wan	AA-	**ČESKÁ REPUBLIKA**, Čína, Estonsko, Japonsko, Tchaj-wan, S. Arábie, Chile	S. Arábie, Korea
A1	**ČESKÁ REPUBLIKA**,Čína, Estonsko, Izrael, Japonsko, S. Arábie,	A+	Izrael, Korea	**ČESKÁ REPUBLIKA**, Čína, Estonsko, Chile, Slovensko, Tchaj-wan
A2	Polsko, Slovensko	A	Irsko, Slovensko	Izrael, Japonsko, Malta
A3	Irsko, Island, Litva, Lotyšsko, Malajsie, Malta, Mexiko	A-	Malajsie, Polsko, Slovinsko	Malajsie, Polsko, Slovinsko
Baa1		BBB+	Kazachstán, Malta, Lotyšsko	Irsko, Kazachstán, Itálie, Litva, Lotyšsko, Mexiko
Baa2	Bulharko, Itálie, J. Afrika, Španělsko	BBB	Brazílie, Bulharsko, Litva, Mexiko, J. Afrika, Španělsko	Brazílie, Španělsko, J. Afrika, Island
Baa3	Indie, Indonésie, Kazachstán, Maďarsko, Rumunsko,	BBB-	Indie, Island, Itálie	Indie, Rumunsko, Indonésie, Turecko, Rusko

3. INTERNATIONAL SOCIAL AND CULTURAL ENVIRONMENT

- Culture creates the characteristics of the members of a given society.

- It is affected by:

- ***language,***
- ***religion,***
- ***values and attitudes,***
- ***ways and customs,***
- ***education,***
- ***social aspects and institutions,***
- ***international trade negotiations.***

- Success in international marketing requires a demanding search for information on cultural differences.

4. INTERNATIONAL TECHNOLOGICAL ENVIRONMENT

- The technological environment is increasingly influencing marketing strategies.
- It has contributed to the globalization of international business.
- The technical environment provides data on the technical maturity of the country (communication technology, information technology, electronic commerce).

- Indicators for the analysis of the technological environment:

§ ***indicator of gross domestic expenditure on research and development,***

§ ***indicator of total expenditure on own research and development in the business sector.***

3.
INTERNATIONAL MARKETING RESEARCH

INTERNATIONAL MARKETING RESEARCH

- It involves the collection, processing, analysis and interpretation of information of a marketing nature about a foreign market.
- Management needs information about the foreign market and events in it to plan their marketing plans.
- International marketing research is a tool to reduce the risk of making wrong decisions that arise from ignorance of the environment in foreign markets. Managers must make the right decisions and must constantly change marketing research requirements.
- The importance of marketing research for the prosperity of a company operating in an international environment is unquestionable.
- Many companies underestimate the impact of marketing and marketing research, but statistics show that companies that invest in marketing and marketing research are experiencing higher growth.

CHARACTERISTICS OF MARKETING RESEARCH

- *Uniqueness of research,*
- *high eloquence,*
- *the topicality of the information obtained,*
- *high financial demands,*
- *high demands on the qualifications of researchers,*
- *high time requirements,*
- *high complexity of used methods.*

USE OF INTERNATIONAL MARKETING RESEARCH

- In practice, international marketing research is used by companies that enter or operate in foreign markets.
- **Areas of application of international marketing research are:**
- ***international environment research,***
- ***competition research,***
- ***the potential of target markets,***
- ***effectiveness of marketing strategies.***
- Global changes in market development are reflected in the management of business processes and increase uncertainties. The need to conduct marketing research, gather information of an international nature.

STEPS OF INTERNATIONAL MARKETING RESEARCH

1. UNDERSTANDING THE FOREIGN MARKET
2. UNDERSTANDING CULTURE AND SHOPPING HABITS
3. ANALYSIS OF INFORMATION ON THE INTERNATIONAL MARKETIGN ENVIRONMENT
4. CUSTOMER ANALYSIS

1. **STEP = UNDERSTANDING THE FOREIGN MARKET**

- A company must understand the foreign market it wants to enter.
- The aim of understanding the foreign market of a certain state is to minimize or even eliminate the risk associated with entering and operating in a foreign market.
- A company entering and operating in a foreign market must obtain market information and then thoroughly analyze it.

2. **STEP = UNDERSTANDING THE CULTURE, SHOPPING HABITS AND NEEDS OF CONSUMERS OF A GIVEN FOREIGN MARKET**

- To ensure the long-term success of doing business in foreign markets, it is necessary for the company to understand the culture of the country, respect the shopping habits of people operating in foreign markets and perceive the needs of consumers.
- The company must literally adapt to the conditions of a foreign market

3. STEP = ANALYSIS OF INFORMATION ON THE INTERNATIONAL MARKETING ENVIRONMENT

- It is about finding information about the international marketing environment.
- A number of factors affect the achievement of business goals.
- **<u>It is about:</u>**
  - ***economic factors,***
  - ***political factors,***
  - ***cultural factors,***
  - ***technological factors.***
- The company must find out whether the entry into the given foreign is possible, real and whether the market potential is attractive for the company.
- The purpose of the analysis is to find out the static data and trends from which the company estimates the future development of the market.
- Based on the analysis of the marketing environment, the company decides whether it will be possible to enter the international market and in what form it will enter the foreign market.

STEP 4 = CUSTOMER ANALYSIS

- After the analysis of the environment comes the next step of international marketing research and that is the **analysis of the customer.**
- The customer is the bearer of the demand.
- **<u>The company needs to obtain:</u>**

§ ***demographic information,***
§ ***social and cultural models of customer behavior,***
§ ***customer attitudes towards products.***

- With the help of customer analysis, the company reveals and evaluates which segments of the selected foreign market are suitable for him.
- The output of the customer's marketing analyzes is the creation of the most accurate customer profile possible selection of an adequate marketing mix.

- At present, it is a priority for many companies to reach important world markets.
- **<u>Major world markets are:</u>**

§ ***Chinese market,***

§ ***Japanese market,***

§ ***American market,***

§ ***German market,***

§ ***Russian market.***

EXAMPLE FROM PRACTICE:

- *Starbucks' entry into the Chinese market had a marketing strategy focused on conventional promotional approaches. The company has tried and is trying to respect the moderate Chinese culture as much as possible. The goal of Starbucks was not to break the typical Chinese culture with the traditional status of the time.*

SPECIFICS OF INTERNATIONAL MARKETING RESEARCH

- International marketing research has many specifics, which are based on the differences of international marketing.
- <u>**It is about:**</u>

§ ***socio-cultural differences in markets,***

§ ***trade and political conditions of the country,***

§ ***language barriers,***

§ ***varying degrees of foreign market organization,***

§ ***various distribution channels,***

§ ***preference for domestic producers.***

INFLUENCE OF MARKETING ENVIRONMENT

- International marketing differs from domestic marketing research in the environment in which the research is conducted.
- As part of the **analysis of the effects of the marketing environment**, a company entering or operating on the international market must identify the effects on business, evaluate and select significant effects, estimate trends and intensity of effects and assess the time horizon of effects on business.
- **First, companies start by analyzing the global macro environment, analyzing the effects:**

§ ***Geopolitical influences,***
§ ***Scientific and technical influences,***
§ ***Economic effects,***
§ ***Cultural influences,***
§ ***Influences of regional groupings and transnational organizations.***

- The marketing environment determines the use of individual procedures, methods, techniques and tools in international marketing research.
- **The main differences in the environment include:**
§ ***new parameters*** *(customs, foreign currency, exchange rates, international documentation, different modes of transport, different forms of market entry),*
§ ***environmental diversity*** *(country culture, demography, political system, language),*
§ ***increase in mail related factors,***
§ ***wider competition.***
- In an international marketing environment, the reputation of **the supplier** and **the brand** is as important as in the national marketing environment.
- The importance of a brand varies according to the market and the industry in which the company operates.
- The high importance of the brand is attributed mainly to tangible products (machines, components, components), less important is the role of the brand in intangible products (financial services).

- The company must not only take into account the specifics of the international environment when conducting its own marketing research, but above all must incorporate them when creating and deciding on the implementation of a specific marketing strategy and marketing mix.
- After refining the decision-making on foreign markets, the **12 C** concept was developed.
- The concept is a basic overview of information that a company should know when entering a foreign market.

CONCEPT 12 C

- **It contains the following information:**

§ **COUNTRY** = basic information about the country (use of Pest analysis),

§ **CHOICE** = analysis of supply, competition, import and competitiveness,

§ **CONCENTRATION** = market segment analysis, concentration, geographical coverage,

§ **CONSUMER BEHAVIOR** = analysis of purchasing behavior,

§ **CONSUMPTION** = analysis of demand, consumption and substitutes,

§ **CAPACITY TO PAY** = solvency analysis, pricing,

§ **CURRENCY** = currency analysis,

§ **CHANNELS** = analysis of distribution channels,

§ **COMMITMENT** = analysis of entry barriers,

§ **COMMUNICATION** = communication analysis,

§ **CONTRAXTUAL OBLIGATION** = analysis of business practices,

§ **CAVEATS** = analysis of specific, unique and significant factors.

INTERNATIONAL MARKETING RESEARCH PROCESS

- The high costs of international marketing research force clients and researchers to take a responsible approach.
- Marketing research consists of many activities and it is necessary to follow certain rules.
- Every international marketing research is unique. It is always influenced by other factors.
- **The form of research is fundamentally influenced by the research sponsor with his:**

§ ***requirements,***

§ ***financial opportunities,***

§ ***time possibilities,***

§ ***the quality and quantity of human resources,***

§ ***the quality and quantity of the methods used.***

STAGES OF INTERNATIONAL MARKETING RESEARCH

1. PREPARATORY STAGE

1. PROBLEM DEFINITION AND OBJECTIVES
2. INDICATIVE SITUATION ANALYSIS AND PILOTAGE
3. COMPILATION OF THE RESEARCH PROJECT PLAN
4. PERFORMANCE OF THE PRE - RESEARCH

2. IMPLEMENTATION STAGE

1. DATA COLLECTION
2. DATA PROCESSING
3. DATA ANALYSIS
4. VISUALIZATION OF INPUTS AND THEIR INTERPRETATION
5. PRESENTATION OF RECOMMENDATIONS

DEMANDING OF INTERNATIONAL MARKETING RESEARCH

- The specific international marketing environment brings with it specific obstacles to conducting international marketing research.
- **<u>It is about:</u>**
  - ***general risks***
  - ***market risks,***
  - ***territorial risks,***
  - ***exchange rate risks.***
- Researchers have to deal with market changes and the instability of the marketing environment.

- **Problems in conducting research in foreign markets mainly concern:**

§ ***political constraints,***
§ ***legislative restrictions,***
§ ***religious restrictions,***
§ ***limited amount of input data,***
§ ***incomparable price costs,***
§ ***technological possibilities for research in different countries,***
§ ***language barriers,***
§ ***organizational possibilities,***
§ ***selection of research methods,***
§ ***selection of respondents and interviewers,***
§ ***problems with the comparability of data from different countries,***
§ ***relevance of research outputs.***

SOURCES OF INFORMATION FOR INTERNATIONAL MARKETING RESEARCH

- We currently have a large number of data sources. Access to information and data is a key competitive advantage for businesses.
- Thanks to the large amount of data, it is crucial to find your way around the data and be able to process it into reports. Reports are inputs for strategic marketing decisions.
- At the beginning of all marketing research, we have data from which we create information.
- We obtain **primary data** from our own marketing surveys.
- We obtain **secondary data** by processing free available data.
- We verify that the secondary data is available and then create the primary data.
- The financial and time required to obtain varies. Obtaining primary data and information is much more difficult. Therefore, smaller companies often only work with secondary data, because they cannot afford to research primary data.

SOURCES OF INTERNAL SECONDARY DATA

- *cost and revenue statements,*
- *profit and loss statements,*
- *budgets,*
- *financial plans,*
- *production reports,*
- *sales statements,*
- *product records,*
- *record reports by markets,*
- *record summaries by time periods,*
- *supplier database,*
- *database of competitors,*
- *distributor database,*
- *customer registration,*

- ***correspondence with customers,***
- ***complaint,***
- ***business travel reports,***
- ***news from conferences, exhibitions and fairs,***
- ***reports from previous research***

EXTERNAL SECONDARY DATA SOURCES

- § *documents of government bodies,*
- § *regulations of state and local authorities,*
- § *legislation,*
- § *reports of statistical offices,*
- § *publications of chambers of commerce,*
- § *professional publications,*
- § *analyzes,*
- § *statements and forecasts,*
- § *newspapers, magazines,*
- § *mass media,*
- § *brochures and catalogs,*
- § *advertising,*
- § *information from competitors,*
- § *information database,*

- ***research reports,***
- ***data of marketing agencies,***
- ***information from independent evaluators,***
- ***business and trade register,***
- ***internet.***

FOREIGN SOURCES OF SECONDARY DATA

- If a company decides to enter a foreign market, it needs information of an international nature.
- An enterprise can obtain large amounts of secondary data for free or at low cost.
- **Foreign sources of secondary data are:**

§ **internal sources of the target country** = official statistical yearbooks, reports of industry associations on the development of the industry, professional magazines, catalogs of companies, materials of chambers of commerce and commerce.

§ **official external sources** = data from the UN, the World Bank, the International Monetary Fund, the World Trade Organization (WTO), the World Health Organization (WHO), the European Commission, embassies and consulates.

§ **other foreign sources** = news, yearbooks, magazines devoted to commodities and business, data from conferences, exhibitions, data from competitors.

PRIMARY DATA

- Here is new data and information that is collected for a specific purpose.
- The advantage of primary data is in their timeliness and concreteness.
- Collecting primary data is more expensive and obtaining primary data is more time consuming than obtaining secondary data.
- **<u>We divide primary data into:</u>**
  - **quantitative data** = descriptive data (demographic, economic, geographical), customer behavior data (purchasing, consumer and purchasing intentions),
  - **qualitative data** = personality characteristics of the population (lifestyle, attitudes, opinions).

SOURCES OF PRIMARY DATA

- We divide into **internal** and **external** sources.
- **Internal sources** of primary data are provided by persons in an employment relationship in the company for which the data are collected.
- **External sources** of primary data are provided by persons who participate in the market and have an impact on the results of the contracting authority (these are customers, suppliers).

COOPERATION WITH RESEARCH AGENCIES

- Implementing comprehensive marketing research is an expensive way of obtaining information.
- **<u>The contracting authority has the opportunity to choose from three variants of organizational research:</u>**
  - ***use of own marketing department or market research department,***
  - ***use of a specialized research agency,***
  - ***combinations of the above variants.***
- Many companies do not have to pay for their own marketing research, so they can use the services of research agencies.
- Large research agencies operate around the world and obtain data from respondents through online panels.
- The advantage of agency research is professional knowledge of research methodology, employment of experts in various fields, having a permanent network of interviewers, quality technical equipment and an unbiased view of research results.

TYPES OF RESEARCH AGENCIEST

- Here are many consulting companies and research agencies on the market that can help companies enter the foreign market with marketing research.
- **<u>Division of research agencies:</u>**
- **Type 1** = Agencies that provide only the required data, focus on the simplest possible methods of data collection, providing research at the lowest prices,
- **Type 2** = Agencies that serve as providers of information on market conditions, customer behavior, competitive behavior and consumption trends, in addition to obtaining data, focus on a simple description (eg research of customer satisfaction with the services offered),
- **Type 3** = Agencies that explain the importance of the information obtained to suppliers

- **Type 4** = agencies that pass on the information obtained and propose business solutions based on their own experience (eg proposals for variants of segmentation strategies for research sponsors),
- **Type 5** = agencies that, in addition, propose the optimal solution (eg recommending a segmentation strategy for the research sponsor that will bring certain sales, profit and market share),
- **Type 6** = agencies that propose the best business results through participation in the implementation of the optimal solution

- Research agencies are organized in larger associations, which are governed by international legislative guidelines and internal codes of quality, or codes of ethics.
- **At European level, these are research agencies:**
- **EFAMRO** = European federation of associations of market research organizations
- **ESOMAR** = European society for opinion and marketing research
- **At the Czech level, it is a research agency:**
- **SIMAR** = Association of Market and Opinion Research Agencies.

MAIN METHODS OF INTERNATIONAL MARKETING RESEARCH

- We divide international marketing research into **primary** and **secondary research**.

§ **Primary research**

- Represents data collection that is performed for the first time.
- This is data for a specific client and a specific problem.
- This is research that is accurate and up-to-date, but time-consuming and costly.

§ **Secondary research**

- It is based on data already published and processed.
- This is research that is cheap and affordable.
- The problem is that secondary research data may be outdated or unreliable.

MAIN PROBLEMS OF INTERNATIONAL MARKETING RESEARCH

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- **PRIMARY RESEARCH**
  - HIGH COSTS
  - LANGUAGE PROBLEMS
  - DISCHARGE OF RESPONDENTS TO ANSWER OR ANSWER IN GENERAL ONLY
  - ILLITERACY
  - COMPLEX SELECTION OF RESPONDENT SAMPLES

- **SECONDARY RESEARCH**
  - MISSING INFORMATION FROM SOME COUNTRIES
  - COMPATIBILITY ISSUES FOR CERTAIN COUNTRIES
  - INACCURACY OF SOME INFORMATION
  - UNRELIABILITY OF SOME INFORMATION

  LOW UPDATE OF INFORMATION

Another division of international marketing research:

- Is **qualitative** and **quantitative research**.
- Quantitative research is more often done.
- The difference between qualitative and quantitative research is in their focus, each of them characterizes different phenomena.

§ **Quantitative research**

- It deals with the acquisition of data on the frequency of occurrence of the phenomenon.
- Sometimes the future is analyzed, for example, the assumption of demand or consumption.

§ **Quality research**

- Research looking for the reasons why something happened.
- The basis of the method is in psychology.

PRIMARY DATA COLLECTION METHODS

- Individual methods of primary data collection have their place in all stages and steps of marketing research.
- Their use has its advantages, but it also brings certain problems, it always depends on the specific conditions of research.
- **<u>The main methods of primary data collection are:</u>**

§ ***interviewing,***
§ ***observation,***
§ ***experiment,***
§ ***group interviews.***

INTERVIEWING

- This is a **key method of data collection**.
- As much as three-quarters of marketing research spending is interviewing.
- With the advancing development of information technology and the development of social networks, we are seeing the onset of online research.
- Online research has its irreplaceable place in international marketing research for the possibility of reaching a large number of respondents without geographical barriers.
- Questioning is a method of data collection based on **direct contact** (interview) or **mediated contact** (questionnaire) between the respondent and the researcher according to predetermined questions.

- The main areas of use of respondents are situations where we need to know from respondents opinions, knowledge, feelings, attitudes, preferences or satisfaction.
- A new trend is automated polling, which is used immediately after the end of the interaction with the customer and is used to verify immediate feedback. (The example is the purchase of products on the Internet, when after completing the order, the buyer will receive an email with a questionnaire to express whether the creation of an online order was simple and convenient or clear)
- The great advantage of questioning is that the evaluation of answers is simple.
- On the contrary, the disadvantage of questioning is that some respondents are unmatched, unwilling to answer or cooperate or intentionally distort the communicated answers.

- **<u>The choice of a suitable survey depends on:</u>**
  - ***character and extent of the data collected,***
  - ***group of respondents,***
  - ***time limits,***
  - ***financial limits,***
  - ***qualification of the interviewer.***

- **<u>Types of inquiries:</u>**
  - ***personal interviewing,***
  - ***telephone inquiry,***
  - ***online survey,***
  - ***written inquiry.***

PERSONAL INTERVIEWS

- It is the most traditional type of query.
- Personal contact is based on direct communication with the respondent (face to face).
- For extensive and demanding research, constant inquiries through personal contact are irreplaceable.
- Personal interviewing is quite financially demanding.
- The traditional filling in of P + P paper questionnaires (pencil + paper) has replaced electronic questioning using electronic questionnaires in the CAPI (computer assisted personal interviewing) laptop computer.
- In the CAPI method, there is personal contact with the respondents, but at the same time the form of recording is electronic and the answers can be evaluated more quickly.
- The CAPI method is the best method of quantitative research.

ADVANTAGES AND DISADVANTAGES OF PERSONAL INTERVIEW

• DVANTAGES	• **DISADVANTAGES**
• HIGH RETURN OF QUESTIONNAIRES	• HIGH FINANCIAL DEMANDING
• EXISTENCE OF DIRECT FEEDBACK BETWEEN THE INTERVIEWER AND THE RESPONDENT	• HIGH TIME OF PREPARATION
• POSSIBILITY OF DEMONSTRATION OF SERIOUS INTERVIEWERS	• PROBLEMATIC SELECTION OF INTERVIEWERS
• OPTIONS FOR A LONGER QUESTIONNAIRE	• THE NEED TO TRAIN INTERVIEWERS
• MORE COMPLEX QUESTIONS CAN BE OR BE SPECIFIED	• THE NEED FOR CONTROL OF INTERVIEWERS
NVESTIGATIONS MAY ALSO BE OBSERVED	• RISK OF DISTORTION OF ANSWERS RECORDED BY THE INTERVIEWER
• EASY TO EQUIP	• DEPENDENCE ON RESPONDENTS WILLING TO COOPERATE

TELEPHONE INTERVIEW

- Telephone surveying was the method used, but it is gradually being pushed out by online surveys.
- Telephone interrogation was not technologically demanding and, moreover, can be combined similarly to personal interrogation with computers.
- This method is called CATI (computer assisted telephone interviewing), when the answers are processed and evaluated significantly faster.
- The interviewer is usually in the call center at the computer and by means of a telephone call he asks the respondent and immediately records his answers in an electronic questionnaire on the computer.
- The interviewer must be thoroughly trained.

ADVANTAGES AND DISADVANTAGES OF TELEPHONE INTERVIEW

MVŠO

• DVANTAGES	• **DISADVANTAGES**
• SPEED OF OBTAINED DATA	• HIGH REQUIREMENTS FOR THE CONCENTRATION OF RESPONDENTS
• LOW COSTS AGAINST PERSONAL INTERVIEWING	• POSSIBILITY OF UNDERSTANDING THE INQUIRY, AS THERE IS A RESTRICTION ON VISUAL DEVICES
• SPECIFICATION OF RECEIPT	• BRIEF QUESTIONS
• SIMPLE CONTROL OF INTERVIEWERS	• A LOT OF CONCENTRATION AND DEMANDING ISSUES CANNOT BE USED
• POSSIBILITY OF REPEATING THE CALL AND REACHING THE RESPONDENT	• THE NEED FOR TELEPHONE CONTACTS
POSSIBILITY OF CONNECTION WITH A COMPUTER	• DIRECT OBSERVATION CANNOT BE PERFORMED

ONLINE INTERVIEWING

- This is a more modern form of questioning called CAWI (computer assisted web interviweing).
- The basis of the method is to obtain information from respondents using questionnaires.
- Questionnaires are sent to email addresses or are available directly on the website.
- Necessity of internet connection.
- **<u>The approaches to selecting respondents are:</u>**

§ ***random selections on company websites,***

§ ***random selections on social networks,***

§ ***online panels based on the respondent's login and entering his data,***

§ ***selection of respondents from the database.***

ADVANTAGES AND DISADVANTAGES OF ONLINE INTERVIEW

MVŠO

- DVANTAGES
- MINIMAL FINANCIAL DEMAND
- MINIMAL TIME CONSUMPTION
- LARGE NUMBER OF RESPONDENTS FROM DIFFERENT COUNTRIES
- FLEXIBILITY
- USE OF GRAPHIC AND INTERACTIVE AIDS AND TOOLS

FAST PROCESSING OF RESULTS AND THEIR EVALUATION

INTERESTANCY'S INTEGRITY

- **DISADVANTAGES**
- TECHNOLOGICAL DEMANDING
- DISTRUST OF RESPONDENTS IN TECHNOLOGY
- LESS RETURN
- UNCERTAINABILITY OF THE ANSWERS
- DIRECT OBSERVATION CANNOT BE MADE DURING INTERVIEW

MVŠO

WRITTEN INTERVIEW

- This is the least common method of questioning.
- At present, this method is hardly used.
- It consists in sending questionnaires by mail, most often attached to the product or handed over at a conference or exhibition.

ADVANTAGES AND DISADVANTAGES OF WRITTEN INTERVIEW

• DVANTAGES	• **DISADVANTAGES**
• LOWER FINANCIAL DEMAND	• LOW RETURN OF QUESTIONNAIRES
• SIMPLE ORGANIZATION	• RETURNS SUPPORT NECESSARY
• ADDRESSITY	• THE NEED TO ASSUME SIMPLE QUESTIONS
• WIDE TERRITORIAL DISTRIBUTION	• DIRECT OBSERVATION CANNOT BE PERFORMED
• ENOUGH TIME FOR ANSWERS	SLOŽITÉ VYHODNOCOVÁNÍ Z DŮVODU NEPROPOJENÍ S POČÍTAČEM •
INTERESTANCY'S INTEGRITY	• LONG WAITING FOR ANSWERS

NEW METHODS FOR PRIMARY DATA COLLECTION

- Various online methods are increasingly being used for the needs of international marketing research.
- In the future, it is expected that traditional research methods will be fully replaced by online research methods.
- In international marketing research, the measurement and monitoring of social networks is at the forefront.
- Due to the growing importance of social networks, marketing research is also moving into this environment.
- The expansion of the Internet has made it possible to conduct online **focus group** = online group conversations around the world and in real time with significant cost savings.

- **Geomarketing** is a tool that helps increase the effectiveness of advertising and information campaigns.
  - Geomarketing uses geographic information systems, data and statistics.
  - Geomaps can help locate target groups at sales promotions.
- **Eye tracking** is a method that analyzes the movement of the eye on websites or advertising banners in order to increase their effectiveness.
- **Neuromarketing** is a method of recording electromagnetic waves mapping the emotional centers of the brain.
- **RFID chips** make it possible to observe the movement of goods and customers around the store area, and based on the data, the trajectories of purchases, purchase time, movement around the store and time spent on a particular shelf can be analyzed.

4.
MARKETING STRATEGIES IN INTERNATIONAL MARKETING

PLANNING STRATEGY

- The main task of strategic planning is to ensure consistency between long-term business goals, the resources available to the company and business opportunities in international markets.
- As part of strategic planning, it is necessary to decide which international activities the company will develop or which international activities it will limit, and which international markets it will enter.
- The task of strategic planning is to determine as accurately as possible the costs associated with international business activities and estimate their return.
- The strategic plan is the starting point for the development of partial marketing plans for individual activities and products.

- **The planning of international business activities takes place at several levels of the decision-making process:**

- ***Company-wide level*** = decision on the selection of target international markets, on the forms of entry into foreign markets, on the selection of key activities and technologies
- ***Level of business units*** = decision-making on target segments and product lines suitable for a given foreign market
- ***Brand level*** = deciding on the range of offers, products offered

- An important part of planning is:

- ***SWOT analysis,***
- ***PEST analysis,***
- ***analysis of the immediate business environment.***

- **<u>In international marketing we analyze:</u>**

- ***brand awareness,***
- ***image,***
- ***market share,***
- ***product quality,***
- ***frequency of innovations,***
- ***the range of services offered,***
- ***distribution costs,***
- ***efficiency of distribution route management,***
- ***customer relations,***
- ***sophistication of management,***
- ***price competitiveness,***
- ***effectiveness of communication activities.***

- **In the field of financial management, we analyze:**
  - ***capital intensity,***
  - ***financing options,***
  - ***financial stability of the company,***
  - ***profitability.***

- **In the field of production management, we analyze:**
  - ***level of production equipment,***
  - ***level of technology,***
  - ***productivity.***

- **In the field of human resources management, we analyze:**
  - ***qualification level,***
  - ***age structure.***
-

1. DETERMINATION OF THE COMPANY 'S MISSION AND ITS GOALS

- Company that decides to develop international activities usually has its original goals and business vision defined.
- The company's mission must be based on set goals, corporate values and corporate culture.
- **The strategic goals of international business include:**

§ ***entry into new markets and segments,***

§ ***achieving a leading position in the target segment on the international market,***

§ ***participation in a strategic alliance,***

§ ***development of selected business activities.***

- Companies should use the **SMART method** when setting strategic marketing goals.

The strategic goals of the company according to the SMART method must be:

S - **S**PECIFIC

M - **M**EASURABLE

A - **A**CHIEVABLE

R - **R**EALISTIC

T - **T**RACABLE, TIMELY

2. SELECTION OF SUPPORT ACTIVITIES

MVŠO

- An important decision of the company is the decision on the selection of core activities that the company wishes to develop in foreign markets.
- Portfolio analysis is a tool for evaluating key business activities.
- The aim of the analysis is to map the position of individual products and product lines of the corporate portfolio and to analyze which products are unpromising for a given market.
- For the needs of international marketing, the **BCG matrix model** is most often used.

MODEL BCG MATRIX

„Boston consulting group´s growth share matrix“

- The model is used for strategic international marketing.
- The method is based on the relationship between market growth rate and relative market share.
- In contrast to the usual indicator of the company's overall market share, the relative market share expresses the ratio of the analyzed company's share to the market share of the largest competitor.
- This share indicates the competitiveness of the analyzed company.
- The individual business activities are represented by a matrix of four quadrants, which indicate the relationship of the annual market growth to the relative market share of the product.
- It is possible to recommend a suitable marketing strategy for each quadrant.

BCG MATRIX


RELATIVE MARKET SHARE
HIGH
LOW
MARKET GROWTH RATE
HIGH
LOW
STARS
QUESTION MARKS
CASH COWS
$
DOGS

Stars

- These are successful business activities and products with strong growth, which have a high market share.
- These activities and products require significant financial resources to maintain market leadership.
- The investment intensity of stars decreases when they become dairy cows.

Question marks

- These are business activities and products that have a strong annual growth but a low market share.
- These products have good growth potential and can become stars if the company manages to increase its market share.
- These products require significant investment.
- The strategy is to leave the market or invest in product development.

Dairy cows

- These are business activities and products that have a relatively strong market share with weak annual growth.
- They make a profit without the need for large investments.
- The funds spent are highly repayable and help the company finance other activities and other products.
- The company strives to maintain its market share as long as possible.

Poor dogs

- These are activities and products that have not seized their opportunity or become obsolete.
- They have a low market share with low growth.
- They represent an unpleasant burden for the company, which is best to get rid of.

3. GROWTH STRATEGIES IN THE INTERNATIONAL ENVIRONMENT

- The effort to develop business activities and economic growth is the basic motivation of all companies that decide to enter the foreign market.
- **In practice, it is possible to identify three basic forms of growth strategies:**

§ ***intensive growth strategies,***

§ ***external, integrative growth strategy,***

§ ***diversification strategy.***

INTENSIVE GROWTH STRATEGY

- The basic goal of the company is to increase sales volumes in existing segments thanks to active marketing efforts.
- The company concentrates on the development of existing activities and specializes even more in a certain area of business.
- **<u>To strengthen the position in the target segment, it seeks to:</u>**

§ ***gain new customers,***
§ ***get existing customers to shop more often,***
§ ***get the existing customer to buy more products,***
§ ***persuade undecided customers to buy,***
§ ***gain customers from competing companies.***

- **<u>In the strategy of intensive growth, the company uses classic marketing tools, such as:</u>**
  - ***increasing the quality of offered products,***
  - ***increasing the quality of offered services,***
  - ***expansion of the offer,***
  - ***pricing policy optimization,***
  - ***a more efficient distribution policy,***
  - ***sales promotion actions,***
  - ***introduction of products to other foreign markets.***

EXTERNAL GROWTH STRATEGY

- **<u>It has two goals:</u>**

1. ***The goal is to increase the profitability of international business parts by better controlling the distribution chain.***
2. ***The goal is to absorb a competitor through a merger or acquisition.***

- As part of an external growth strategy, companies seek to better control their suppliers and seek to eliminate the risk of poor quality or delayed deliveries.
- The aim is to improve the supply of strategic raw materials.
- Controlling distribution links increases sales and enables the company to better meet the needs and desires of customers.
- Use of corporate franchise stores or exclusive sales agreements.
- The purpose of the acquisition or merger is to increase market share.

DIVERSIFICATION GROWTH STRATEGY

MVŠO

- The aim of this strategy is to expand existing activities and seek to spread business risks.
- Most often, it is a matter of diversifying corporate risks by expanding a new product range or launching new types of products on the market under the existing brand.
- Efforts to expand product lines are capital intensive.
- A well-conceived diversification strategy makes it possible to spread business risks.
- The most advantageous is **geographical diversification**, which makes it possible to offset the economic downturn in one geographical zone from higher incomes in another geographical zone.
- The distribution of business risks enables the focus of business activities on different segments.

5.
FORMS OF ENTRY OF COMPANIES INTO INTERNITIONAL MARKETS

MOTIVES FOR ENTRY INTO THE INTERNATIONAL ENVIRONMENT

- Participation in business, entrepreneurial and investment activities in an international environment is potentially a very profitable activity.
- Companies cannot expect to be successful by entering the international environment.
- They must adapt to the needs and possibilities of the international environment in order to gradually become successful and stable participants in international markets.
- In addition, in the international environment, companies are more exposed to competition.
- The business environment is constantly changing and evolving, companies cannot ignore foreign markets.
- Every company strives to take a global approach to its business.

- Foreign companies are expanding into new markets and opportunities in the domestic market are diminishing.
- Global competition is increasing and it is therefore necessary for domestic companies to expand abroad.
- Companies enter international markets in order to provide products and services and satisfy the needs and wishes of customers and business owners.
- The process of deciding on the entry and form of entry into the international is an increasingly complex process, which is affected by a number of factors.

- **Motivation for expansion into international markets is divided into:**
  - **active** = it is a motivation that is developed by the company's management
  - **passive** = the necessary response to the changes and pressures that create the environment for the company
- **The marketing and business activities of the company are influenced by factors:**
  - ***active factors,***
  - ***passive factors.***

ACTIVE FACTORS	**PASSIVE FACTORS**
possibility of higher profit	competitive pressures
uniqueness of products	overproduction
technological advantages	declining domestic sales
exclusive information	unused production capacity
management activity	saturated domestic markets
tax benefit	geographical proximity to customers
economies of scale	
strengthening the company's image	

DECISION OF THE ENTERPRISE OF THE ENTERPRISE ON THE INTERNATIONAL MARKET

- A company that is considering entering international markets is going through decision-making stages.
- These are market decisions, the timing of entry into the international market, the form of entry and the marketing mix.

FACTORS AFFECTING INPUT FORMS

§ ***marketing factors,***
§ ***business factors,***
§ ***political factors,***
§ ***legal factors,***
§ ***economic factors.***

1. MARKETING FACTORS

- market size,
- growth potential of the company in the market.

2. BUSINESS FACTORS

- trade barriers,
- customs and foreign regime and exchange regime,
- exchange rate risks.

3. POLITICAL FACTORS

- political system,
- country stability,
- corrupt environment,
- political parties and their influence,
- relations with foreign investors.

4. LEGAL FACTORS

- legislation,
- legal system of the country,
- conditions for foreign business entities.

5. BUSINESS FACTORS

- pace of economic growth,
- inflation rate,
- unemployment rate,
- investment development.

FORMS OF ENTERING COMPANIES INTO INTERNATIONAL MARKETS

- The choice of a specific form of entry into a foreign market precedes business activities and often decides on future success in the market.
- **Forms of entry are divided into:**

§ **business methods**

- § intermediary relations,
- § exclusive sale,
- § dealership,
- § consignment contract,
- § piggybacking,
- § direct export,
- § export alliance.

- **forms not demanding capital investments**
  - license,
  - franchising,
  - management contract,
  - processing operations,
  - international production cooperation.
- **capital inflows**
  - foreign direct deposits and investments.

BUSINESS METHODS

- They are an easier form of entering a foreign market.
- They are most often implemented on a contractual basis with business partners.
- When deciding on the use of contractual relations, it is necessary to consider the business policy conditions, the nature of the product, distribution, economic and legal environment and the requirements of the business partner.

1. INTERMEDIATE RELATIONS

- In the international environment, we often use the services of entities that trade in their own name on their own account and at their own risk and sell their goods to other customers or end consumers.
- The use of intermediary relations is advantageous for small and medium-sized enterprises that start exporting activities and do not have adequate experience in foreign markets.
- The broker's fee is the price margin, the difference between the purchase and sale price of the goods.
- The disadvantage is the loss of control over distribution and price □ exports and imports without the consent of the producer □ so-called gray exports.

2. EXCLUSIVE SALE AGREEMENT

MVŠO

- By an exclusive sales contract, the supplier undertakes not to deliver the goods specified in the contract in a certain area to a person other than the exclusive customer or the exclusive seller.
- The area and type of goods must be reserved in the contract.
- The contract must be in writing.
- The advantage is the provision of the necessary services and penetration into distant markets.
- The disadvantage is the blocking of access to foreign markets if the exclusive seller is not able to ensure the required scope of distribution.
- In some cases, it is appropriate to agree in the contract on a clause on the supply of goods at agreed prices allows you to implement a uniform pricing strategy throughout the region.

3. SALES REPRESENTATION

- The essence of commercial representation is the development of activities that lead to the conclusion of various contracts and transactions on behalf of the represented and on his behalf.
- It is necessary to pay great attention to the selection of a sales representative, because the sales representative is not in a subordinate or employment relationship with the represented.

- **<u>In practice, we distinguish the following forms of commercial representation:</u>**

§ **one-time and short-term business representation** (based on an intermediation contract)

§ **long-term agency** (based on a agency agreement)

§ **exclusive commercial representation** (on the basis of a special type of agency agreement, the represented person may not use another commercial representative for the given territory, and conclude transactions for his own account or for the account of another person.

4. COMMISSION TREATY

- By a commission contract, the commission agent undertakes to arrange a certain business matter for the client in his own name on his behalf.
- The client undertakes to pay.
- The contract does not have to be in writing.
- The client is obliged to reimburse the costs incurred by the commission agent in performing the tasks.
- The advantage is the possibility of using the good name of the commission agent in the area.

5. PIGGYBACKING

- It is a cooperation of several companies from the same field of business in the field of export, in which a large and well-known company usually makes its foreign distribution channels available to smaller companies for a fee.
- **<u>Piggybacking is used:</u>**

§ ***small businesses,***

§ ***medium-sized enterprises,***

§ ***companies in the same field,***

§ ***large companies for inter-company cooperation with state-supported activities.***

6. DIRECT EXPORT

- Direct business methods are used in the export of **production equipment** and investment units.
- Direct export is carried out on the basis of purchase contracts.
- Direct export is used for the export of complicated products, which are associated with the need to provide a range of professional services.
- **<u>The advantage of this method is the possibility to:</u>**

§ ***product control,***

§ ***price controls,***

§ ***control over marketing strategy on the international market.***

- The disadvantage of this method is the burden on the manufacturer of all costs and risks associated with direct exports.

7. EXPORT ALLIANCE

- An alliance is a grouping of at least three and a maximum of twenty-five small and medium-sized enterprises that have a complementary production program and a cooperation agreement.
- The legal form of the alliance varies and corresponds to the customs of the country.
- **<u>Alliance:</u>**

§ ***conducts market research,***

§ ***processes offers,***

§ ***provides logistics,***

§ ***mediates participation in foreign exhibitions.***

- The alliance brings cost savings, a better bargaining position and better prices.
- The Alliance is creating its own image.

FORMS OF INPUT IMPORTANT TO CAPITAL INVESTMENTS

- If the company does not intend to invest abroad, but wants to emphasize the presence of its products and services on the market in a way other than traditional business operations, it chooses the forms of licensing, processing operations and corporations.

1. LICENSE

- A license is a permit, an authorization for an activity that is not otherwise allowed.
- We refer to the participants in this relationship as:
- **provider** = owner of the exclusive right
- **acquirer** = accepts the right
- **The license agreement provides the right to:**
- ***use of intangible assets,***
- ***management of intangible assets,***
- ***using the invention,***
- ***using an industrial design,***
- ***using the trademark***
- ***using of the trade name.***

- Under the license agreement, the provider entitles the acquirer to the exercise of industrial property rights to the agreed extent and in the agreed territory, and the acquirer undertakes to provide a certain fee.
- The purpose of the license is not to create a tangible asset, but to lay down rules for its distribution.
- **The company usually considers the sale of industrial property rights in a situation where:**

§ *does not have the possibility to introduce production using its inventions,*

§ *it is able to introduce production but has certain obstacles in the form of trade, foreign exchange or customs policy which make it impossible for it to export to the territory in question,*

§ *does not have enough funds to develop its own research.*

2. FRANCHISING

- It is a contractual relationship between the partners in which the frenchiser (licensor) provides its brand and right to use the business and provides its know-how and the acquirer of the frachisant undertakes to pay a contractual fee and to comply with the provider's commercial policy.
- The acquirer remains an independent entity, ie the owner.
- The essence is to pass on a successful business concept and business opportunities under a well-known brand.
- The franchisee provides financial, material and human resources.
- The provider determines the business strategy, eliminates business risks and ensures centralized purchasing.
- Areas where franchising is used are hotels, fast food and gas stations (McDonadls, KFC, Burger King).

3. MANAGEMENT AGREEMENT

- The subject of the management contract is the provision of management knowledge and top managers.
- Usually, the contract is concluded for a definite period.
- It can be the management of a production plant or the management of services (hospitality, consulting).
- It is a **transfer of a proven management** concept abroad and is used for the management of companies in **developing countries**.

4. PROCESSING OPERATIONS

MVŠO

- The essence is the processing or reprocessing of raw materials, materials and semi-finished products to a higher degree of finality or to the final form of the finished product.
- The processing operation is referred to as outsourcing.
- Companies are motivated to use processing operations by lower processing costs abroad (lower wages in another state, lower energy costs, lower taxes, lower raw material and material costs, more favorable legislation).
- **Processing operations are divided into:**

§ **active** - the foreign customer delivers the material or semi-finished products to the national enterprise for processing

§ **passive** - the customer is a national entity that supplies raw materials or semi-finished products abroad and, after finalization, re-imports them to the Czech Republic

5. INTERNATIONAL PRODUCTION COOPERATION

- It is based on the division of the production program between manufacturers from different countries.
- The final product is completed by one or both manufacturers.
- **Cooperation is at different levels, for example:**
  - § ***manufacturing,***
  - § ***research,***
  - § ***developmental.***
- The details of the contract on production cooperation are not regulated, the parties agree on the details and conditions of the contract among themselves.
- The main advantage of this method is the increase in quality and utility value of the final product.

CAPITAL INPUTS

- Capital inflows are the highest degree of internationalization.
- They are implemented by large companies.
- These are costly methods and forms that have a long-term nature.
- The goal of foreign investors is to be present on the selected market, in the given region and to take into account the final consumer.
- Foreign investment contributes significantly to the development of the world economy, bringing capital, know-how, new jobs and new technologies to the country of entry.
- The entry of foreign investors is often supported by tax and customs relief, subsidies and other investment incentives.

1. FOREIGN DIRECT INVESTMENT

- It is the expenditure of funds or money-valued property values and rights for the purpose of establishing, acquiring or expanding permanent economic relations of a investing domestic entrepreneur in business abroad or a foreign investor in domestic business.
- **Forms of capital inflows:**
- ***capital contributions*** *(tangible and intangible investments),*
- ***portfolio investments*** *(purchase of shares),*
- ***financial investment,***
- ***profit reinvestment.***
- Capital investment decisions are influenced by a number of factors, which can be described as the investment climate.

<u>- Investments take the form of:</u>

- ***acquisitions,***
- ***fusion,***
- ***greenfield investment,***
- ***joint venture,***
- ***strategic alliances.***

ACQUISITIONS

- It is a takeover of a part of the company or the whole company with the aim of strengthening its position on the market and establishing a competitive advantage.

FUSION

- It is realized in the form of merger or amalgamation of companies.
- By merging, a new society is created and the old societies disappear.
- The merger does not create a new company, but only one company ceases to exist and merges with another.

INVESTMENT IN GREEN MEADOWS

- These are newly built companies that bring capital, new technologies or jobs to the country.

JOINT VENTURE

- It is the creation of joint ownership of two or more entities that have agreed on a joint business plan.
- At present, a form of joint venture is applied on the basis of a contractual relationship or a capital contribution.

STRATEGIC ALLIANCE

- It is a modern form of joint venture.
- The partners in the alliance become large and capital-strong companies.
- Strategic alliances are forming in the telecommunications, automotive, component manufacturing or distribution channels industries).

	INPUT FORM	**ADVENTAGES**	**DISADVENTAGES**
BUSINESS METHODS	**INTERMEDIATE RELATIONS**	• Elimination of risks on the foreign market for manufacturers.	• Loss of direct contact with the customer. • Loss of control over distribution and prices.
	EXCLUSIVE SALE	• Use of the seller's established distribution channels. • Penetration into distant markets.	• Loss of direct contact with the market.Loss of control over the seller.Blocking access to markets where the seller does not operate.
	DEALERSHIP	• Use of the seller's established distribution channels. • Penetration into distant markets.	• Loss of direct contact with the market.Great independence of the seller.
	CONSIGNMENT CONTRACT	• Price control. • The good name of the commission agent.	• Great independence of the commission agent

	INPUT FORM	**ADVENTAGES**	**DISADVENTAGES**
BUSINESS METHODS	**PIGGYBACKING**	• The name and experience of a large company. • Cost savings. • Possibility of implementing your own marketing strategy. • Price control.	• Pressure on prices.Damage to the company's image.Pressure on the quality of supplies.
	DIRECT EXPORT	• Product control. • Price control. • Implementation of own marketing strategy. • Increasing customer loyalty.	• Burden of all costs and risks associated with direct exports.
	EXPORT ALLIANCE	• Cost savings. • Better price. • Image of the association.	• Relationship imbalance. • Loss of independence.

EASY FORM FOR CAPITAL INVESTMENTS

INPUT FORM	**ADVENTAGES**	**DISADVENTAGES**
LICENSE	Low cost and risk of implementation.	Loss of control over technology.
FRANCHISING	Low cost and risk of implementation.	Loss of quality control.
MANAGEMENT AGREEMENT	Business investment. Share of profits. Acquisition of shares.	
PROCESSING OPERATIONS	Lower costs for processing products abroad.	
INTERNATIONAL PRODUCTION COOPERATION	Reduction of total costs. Increasing the quality and utility value of the final product.	

	• INPUT FORM	• **ADVENTAGES**	• **DISADVENTAGES**
• **CAPITAL INPUTS**	• **CAPITAL** • **DEPOSITS** • **PORTFOLIO INVESTMENTS** • **FINANCIAL INVESTMENTS** • **PROFIT REINVESTMENT**	• Market knowledge. • Use of contacts. • Proximity to the customer. • Share of profits. • Market development.	

6.
SEGMENTATION AND MARKET SELECTION

- Market segmentation and target market selection are among the most important strategic decisions in international marketing.
- International marketing makes it possible to design an offer for target segments in world markets and thus realize economies of scale.
- The chosen target market must be large enough to be profitable for the company to operate on it with selected marketing tools.
- **Segmentation allows you to specify:**
  - ***international market structure,***
  - ***dynamics of the international market.***
- Based on determining the structures and dynamics of the international market, the company chooses a suitable marketing mix.

SEGMENTATION OF INTERNATIONAL MARKETS

- **Segmentation is based on the recognition that the market is made up of different consumers who have different:**
  - ***needs and wishes,***
  - ***value systems,***
  - ***purchasing power,***
  - ***shopping habits,***
  - ***preference.***
- The company cannot focus on the global market, it must focus on the market segments in which it has the greatest hope of success.
- ***Segmenting the market means dividing the market into the same subsets of customers that can be influenced by selected marketing tools.***
- Certain rules must be used when choosing target segments.

SEGMET SELECTION RULES

- The segment must be large enough to be effective with the chosen marketing mix.
- The segment must be sufficiently homogeneous (homogeneous) = **the condition of homogeneity** that the specially designed offer suits the customers of the entire segment.
- The segment must be available, the company must have a real opportunity to address the segment and prepare an offer for it at a reasonable cost.
- The individual segments must be sufficiently different from each other in their market manifestations = **the condition of heterogeneity**.
- Segments must be measurable, the company must be able to obtain sufficient information about the size of the segment, its purchasing power and behavior estimate the efficiency of business in the segment.

PHASE OF INTERNATIONAL MARKET SEGMENTATION

MVŠO

- The process of segmenting international markets usually takes place in three stages:

1 PHASE

- In the first stage, the company:

§ ***selects appropriate criteria for international market segmentation,***

§ ***analyzes individual segments of the international market.***

2 PHASE

- In the second stage, the company:

§ ***selects the target international market = targeting.***

3 PHASE

- In the third stage, the company:

§ ***chooses segmentation strategies.***

1. SELECTION OF SEGMENTATION CRITERIA

- In the basic division, the market can be divided into three large groups:
  - **Consumer products market** (market of individual consumers and households who buy products and services for their own use),
  - **Industrial products market** (companies buy products for further production or distribution)
  - **Public sector market** (public administration and non - profit sector).
- Each of the above markets behaves differently, has different motivations to buy and need to be treated with different marketing tools.
- In the field of international marketing, companies can work with a diverse range of segmentation criteria that will allow them to know the characteristics of customers and the manifestations of their shopping behavior.

- It is not possible to work with segmentation criteria separately, it is necessary to combine them appropriately so that the information obtained is comprehensive and allows you to precisely target the offer to the selected market segment.

CONSUMER GOODS MARKET SEGMENTATION

- Criteria suitable for segmentation of the consumer goods market can be divided into two groups according to:

§ **market characteristics**
  - § geographical criteria,
  - § demographic criteria,
  - § socio-economic criteria,

§ **consumer behavior**
  - § psychographic criteria,
  - § behavioral criteria.

- *Geographical, demographic and socio-economic data are easily accessible and allow easy breakdown of consumers.*

GEOGRAPHICAL CRITERIA

- Geographic criteria are naturally used in international marketing.
- <u>**International markets can be divided in terms of geography according to:**</u>

§ ***countries,***
§ ***economic kinship,***
§ ***cultural relations,***
§ ***geographical zones,***
§ ***territorial division,***
§ ***city sizes,***
§ ***population density,***
§ ***climate.***

DEMOGRAPHIC CRITERIA

The breakdown of the market according to demographic criteria is according to:

- ***gender,***
- ***age categories,***
- ***the size of the family and its life cycle,***
- ***marital status,***
- ***ethnic criteria,***
- ***religion.***

SOCIO - ECONOMIC CRITERIA

- <u>They allow you to specify:</u>

- ***purchasing power,***
- ***expendityre structure.***

- <u>Socio-economic criteria include:</u>

- ***professional structure of the population,***
- ***the level of education attained by the population,***
- ***the amount of income of the population,***
- ***household income,***
- ***structure of household expenditure.***

PSYCHOGRAPHIC CRITERIA

- These are less measurable criteria, but they play an important role in modern international marketing.
- They explain the attitudes of foreign consumers, their value system and lifestyle.
- <u>**Psychographic criteria include:**</u>
  - ***social class affiliation,***
  - ***personality characteristics of consumers,***
  - ***lifestyle typology.***

- The lifestyle typology is used by a number of research and advertising agencies as well as international companies. They are used as a support tool for country strategy setting and for global segment analysis.

VALS methodology = values and life styles

- It explains the behavior of consumers according to their value systems.
- In the Czech Republic, it is used by the company Stemmark, which divides Czech consumers according to the resources they have at their disposal and according to their personal attitudes.

AIO methodology = activities, interests, opinions

- It focuses on research into consumers' work and leisure activities, their main interests and opinions.
- The above characteristics are supplemented by demographic criteria and socio-economic criteria.
- The results of AIO analyzes can be used to evaluate trends and changes in society.

BEHAVIORAL CRITERIA

- They explain consumer behavior, expectations and preferences.
- They make it possible to better adapt the company's offer to the needs and wishes of the target group.
- **<u>Consumers can be broken down by:</u>**

§ ***shopping opportunities,***

§ ***places,***

§ ***consumption time,***

§ ***benefit segmetation,***

§ ***attitude segmentation,***

§ ***loyalty segmentation,***

§ ***regularity of usage segmentation.***

- The segmentation of international markets must be based on multi-criteria analyzes, which allow a relatively accurate profile of the target group.
- Geographical, demographic and socio-economic criteria are easily identifiable in the form of secondary research and indicate the basic characteristics of consumers. They provide the basic basis for marketing decisions.
- Deeper analyzes work with emotional factors and try to obtain information about consumer motivation, including psychographic and behavioral criteria.
- Thanks to consumer knowledge, we can make better use of relationship marketing tools.

INDUSTRIAL PRODUCTS MARKET SEGMENTATION

- Industrial products are intended for companies for further production.
- Industrial marketing is the marketing of industrial products.
- The effort for international rationalization is reflected in the use of outsourcing and relocation of production from developed countries to countries in developing or geographical zones, where there are more favorable conditions for business (cheap labor, skilled labor, lighter labor regulations, lighter environmental standards, tax benefits).
- The development of the Internet influences the purchasing behavior of industrial companies, which often seek partners in the global market through online auctions or electronic marketplaces these modern forms of purchasing facilitate supplier selection decisions by enabling objective bid comparisons and increasing competition.

- **When segmenting the international market for industrial products, the following must be taken into account:**
- ***limited number of customers,***
- ***value and volume significant contracts,***
- ***derived demand and its low elasticity,***
- ***regional shopping behavior,***
- ***communication with customers,***
- ***close links between suppliers and customers,***
- ***geographical concentration.***

IVISION OF INDUSTRIAL MARKETS

- **Industrial markets can be divided according to:**

- **Geographical criteria**
  - *market size,*
  - *industrial potential.*
- **Industry or branch of business**
- **According to the size of the companies**
  - *number of employees,*
  - *turnover size.*
- **According to the legal form**
- **According to operating characteristic**
  - *sequipping the company with equipment,*
  - *levels of existing technologies,*
  - *intensity and extent of consumption of components,*
  - *financial situation of the company.*

- **Global purchasing strategies**
  - ***organizational structures of purchasing,***
  - ***decision-making powers,***
  - ***criteria for customers' purchasing decisions.***
- **Behavioral criteria**
  - ***loyalty to suppliers,***
  - ***attitudes to risks,***
  - ***flexibility in decision-making,***
  - ***personality characteristics,***
  - ***incentive systems.***

2. TARGETING

- **The choice of the target market is influenced by three factors:**
  - ***market size,***
  - ***market growth potential,***
  - ***market attractiveness.***
- The target market chosen must be large enough to be profitable for the company.
- Doing business in an international environment allows companies to concentrate their efforts on large homogeneous segments of the global market and thus increase the profitability of the business.
- Many companies enter foreign markets if the target segment is not too large but has sufficient growth potential companies consider entering such a market as an investment in the future.

- **<u>The attractiveness of the segment is affected by:</u>**
§ ***degree of competition,***
§ ***the threat of the arrival of a new competitor,***
§ ***substitution products,***
§ ***strong position of buyers,***
§ ***strong position of suppliers.***
- Despite the fact that the target segment appears to be attractive, growth and large enough, the company must consider whether the target market corresponds to the possibilities and competencies of the company.
- The selection of the target segment in international marketing is salt-influenced by the strategy that the company uses in its business.
- In the case of **global marketing**, the company focuses on broadly conceived same segments of all countries.
- In the case of **intercultural marketing**, a company can use different segment specifics for a more effective offering.

3. SELECTION OF SEGMENTATION STRATEGY

- The basis of any segmentation strategy is a decision on the number of market segments that the company intends to focus on.
- Companies choose one of three basic segmentation strategies.
- **Types of segmentation strategies:**
  - ***mass marketing,***
  - ***differentiated marketing,***
  - ***concentration strategy.***

1. SINGLE SEGMENTATION STRATEGY

- The strategy is based on the assumption of homogeneous needs and wishes of consumers.
- The company strives to promote one product on the market and maximize its market share.
- The strategy makes it possible to realize economies of scale - but this often leads to price wars, because all products on the market have similar utility properties and companies can only compete with each other in the price area.
- The strategy was most used in the 1960s in the USA.
- At present, it could find use for standardized products.
- The advantage of the strategy is savings in production and marketing costs.
- This strategy is used very rarely and rather for non-branded products.

2. DIFFERENTIATED SEGMENTATION STRATEGY

MVŠO

- The strategy aims to differentiate the company from the competition by offering a wide range of products.
- Different models are offered different segments.
- The marketing mix is adapted for each segment.
- Products differ in their useful properties and price.
- The strategy allows the company to address various segments and completely cover the offer of the target market.
- A differentiated segmentation strategy is very expensive and can be inefficient for the company in the case of an insufficiently large segment.
- A differentiated segmentation strategy can be effective in international business because it allows companies to address selected segments of the global market.

3. CONCENTRATION STRATEGY FOR THE SELECTED SEGMENT

- The strategy is that the company focuses its marketing efforts on a selected segment (microsegment = market niche).
- This is usually a small segment that is uninteresting for large competitors and that is so specific that it can be effectively addressed with a suitable marketing mix.
- Thanks to this strategy, a smaller company can achieve a large market share in a small segment and thus the company can gain a competitive advantage, because it knows the specific needs of its customers and thus can build an image over time.
- The disadvantage of the strategy is the risk of over-specialization and the risk of a stronger company entering the segment.

POSITIONING IN THE INTERNATIONAL ENVIRONMENT

- This is a crucial decision of strategic importance.
- Positioning is an expression of the brand's position in international markets and allows you to adjust the offer according to consumer expectations and with regard to the strength of competition.
- International positioning consists in determining the concept of the brand and its image in order to take a chosen position in the minds of consumers and define the brand in relation to the main competitors.
- The basic tasks of positioning are identification and differentiation.
- **Three basic factors need to be taken into account when determining international positioning:**

§ ***objective characteristics of the product,***

§ ***expectations of foreign consumers,***

§ ***different from the competition.***

THE THREE PILLARS OF INTERNATIONAL POSITIONING

CHARACTERISTICS PRODUCT

EXPECTATIONS OF FOREIGN CUSTOMERS

COMPETITION ON THE FOREIGN MARKET

- International positioning must be determined on the basis of a very good knowledge of the target group of customers in foreign markets.
- **<u>International positioning should meet certain requirements, for example:</u>**

§ ***be real*** (correspond to the competencies of the company, brand)

§ ***be easy and simple to understand*** (define the main benefit and value of the brand)

§ ***be in line with consumer expectations in foreign markets*** (perception of the country of origin of goods and the relationship of consumers to foreign brands)

§ ***emphasize the main competitive advantages of the brand*** (what advantages it offers compared to competing products)

§ ***be credible*** (based on real product properties)

GLOBAL POSITIONING

- The advantages of global positioning are economies of scale and the possibility of using a global marketing strategy.
- The strategy of high-tech positioning can be used especially in the industrial marketing of technologically demanding products (machine tools, robots), in consumer products (computers, cars, electronics) and in services (financial, insurance and logistics).
- A suitable group for global positioning are products for which is the generally perceived image of the country of origin (French perfumes, Italian pasta, Japanese sushi).

- Positioning should be determined on the basis of market research, in particular research into the strategy of competition and the expectations of foreign consumers.
- Many countries invest in marketing activities in which they seek to promote a positive perception of the country brand.
- **<u>The country's international positioning must be based on:</u>**

§ ***uniqueness and identity,***

§ ***values,***

§ ***history,***

§ ***competencies,***

§ ***competitive advantages,***

§ ***results.***

TYPES OF POSITIONING

- **Product positioning -** focuses on emphasizing the specific properties of the products (Head and Shoulders shampoo - "Beautiful hair without dandruff")
- **Positioning according to the method of use** (BeBe cookies Good morning - "Energy for the whole morning")
- **Positioning focused on the exceptional quality of products** (Budvar beer - "The rarest we have")
- **Positioning focused on a selected segment of users** (Gilette razor - "The best for men")
- **Lifestyle positioning** (Bohemia sekt - "We enjoy life")

- For all types of positioning, it is necessary to identify the main competitive advantage, believe in its reality in practice and adjust the marketing mix according to the choice.
- In the international environment, it is also necessary to respect the socio-cultural differences of consumers and the international image of the brand.
- In practice, a **perceptual map** is used to show the positioning of the analyzed brand.

PERCEPTION MAP

- The concept is based on the assumption that it is difficult for consumers to follow market developments and navigate the offer, because it is oversaturated with information messages.
- Companies try to differentiate themselves from the competition with a clear offer.
- Companies identify a significant feature of the product, which is perceived by customers as a competitive advantage and according to it they try to take the optimal position in the market.

- **<u>When designing the perception map, various criteria are used, for example:</u>**

- ***relationships between quality and price,***
- ***product knowledge,***
- ***brand preferences,***
- ***selected utility property,***
- ***savings.***

7.

INTERNATIONAL BRAND STRATEGY

- Brand policy is one of the most important parts of an international marketing strategy.
- For companies doing business in international markets, strategic brand management is a key prerequisite for success.
- International brand management is a long-term process that requires significant financial resources and extensive experience.
- In the age of globalization, the acquisition of internationally known brands is one of the frequent goals of investors.
- Brands are being linked to different historical roots in many countries and different segments.
- The brand platform is the starting point for global marketing strategies and brand architecture, which seeks to structure brand portfolio management and define the place of individual types of brands in the brand hierarchy.

- Companies can have a global, regional or corporate brand.
- The value of global brands is so high that it exceeds the value of the company's tangible assets.
- The brand is an intangible asset and forms an integral part of corporate capital.
- Determining the value of a brand is very difficult.
- **In the marketing concept, the value of a brand is given by:**

Ø ***customer loyalty,***
Ø ***brand awareness,***
Ø ***quality measure,***
Ø ***the power of identifying consumer products,***
Ø ***legal protection,***
Ø ***positions of industrial and commercial networks.***

BASIC BRAND FUNCTIONS

- **identification of the product or service** (allows the consumer to orientate and simplifies the choice),
- **differentiation** (allows the manufacturer or service provider to differentiate itself from the competition),
- **diversification of products and services** (enables the creation of quality and price levels of brands,
- **bearers of time and material continuity** (products change and modernize and are marketed under different names, but the main brand remains a bearer of continuity,
- **bearers of value** (the brand can be an intangible contribution to a joint venture, part of licensed transactions, increases the selling price of the company in mergers and acquisitions),

- **tradition and product quality guarantees,**
- **consumer image creator,**
- **lifestyle representative,**
- **a symbol of his time,**
- **important marketing tool** (enables communication with consumers, business partners and the general public).

- For companies operating in the field of industrial marketing, brands enable them to strengthen their market and competitive position in supply and demand chains and increase their success in tenders.
- **The main benefits of successful brands include:**

Ø ***higher customer loyalty and trust,***

Ø ***less interchangeability with competing products,***

Ø ***reducing the risk of falling demand,***

Ø ***less sensitivity of consumers to the level of prices,***

Ø ***higher profitability,***

Ø ***better negotiating position vis-à-vis business intermediaries and suppliers,***

Ø ***the possibility of using the strong position of the brand to market other products,***

Ø ***saving marketing costs, thanks to very good brand awareness.***

TRENDS IN INTERNATIONAL BRAND POLICY

- **We are currently encountering some new trends in the field of international brand policy, which are influenced by:**

- ***globalization and its manifestations,***
- ***internationalization,***
- ***concentration sever-increasing competition,***
  - *social factors ecology,*
  - *social responsibility,*
  - *business ethics.*

- **<u>The following trends are characteristic of current brand management:</u>**

- strengthening the role of corporate brands,
- building global brands,
- the growing importance of distribution labels (private labels),
- trend towards international brand unification,
- intercompany cooperation in the form of mutual brand support (co-branding).

GLOBAL BRANDS

- They are the most visible part of a global marketing strategy.
- **<u>Using a global brand has a number of advantages:</u>**
  - ***economic savings,***
  - ***use of a unified marketing concept,***
  - ***the possibility of strengthening the international reputation of the brand,***
  - ***building trust,***
  - ***consumer loyalty.***
- True global brands have an extremely high market value.

- An elaborate methodology for determining the value of global brands is offered by the American company **Interbrand Corporation**.
- **To be included in the ranking, they must be:**
  - ***a minimum brand value of $ 1 billion,***
  - ***at least one third of the turnover must be realized on foreign markets,***
  - ***the company must operate on at least three continents, including emerging markets,***
  - ***must publish its economic results,***
  - ***it must be profitable in the long run.***
- The methodology is based on a qualified estimate of future sales and profits.
- Interbrand also assesses business risks and takes into account, for example, the market position, the stability of the company and its ability to further its international development.

EXAMPLES OF GLOBAL BRANDS

Ø *Amazon,*
Ø *Apple,*
Ø *Microsoft,*
Ø *Google,*
Ø *Alibaba,*
Ø *Facebook,*
Ø *Coca-cola,*
Ø *McDonalds´s,*
Ø *Samsung,*
Ø *Intel,*
Ø *Toyota,*
Ø *Disney,*
Ø *Visa.*

- In the area of international distribution, there are also processes of concentration and internationalization, which strengthen the position of international retail chains.
- Distribution companies are increasingly using their economic power to promote their own distribution brands.
- This trend is reflected in food and non-food products.
- Distribution brands are most often used in the markets of developed countries.
- The trend towards international brand unification can be seen in various areas.
- Brand unification is approached by a number of globally operating companies that have entered foreign markets and initially created specific brands for them or acquired too high a brand portfolio through acquisitions and mergers (for example, mobile operators, where Vodafone used to accept a foreign brand, so the domestic one

CO-BRANDING

MVŠO

- Co-branding is the marking of products with well-known brands of several manufacturers.
- One company usually licenses the contractual partner to use its brand.
- The main advantage of co-branding is the multiplication of the competitiveness of both brands and the increase in their value.
- This form of cooperation is often used by companies whose products complement each other or can be consumed together (for example, Calgon is recommended by washing machine manufacturers).
- Co-branding can be used not only by manufacturers of finished products but also by companies that manufacture components (Intel microchips in a number of computers).
- Furthermore, co-branding can also be used in the area of services (Visa or Master together with a bank or partner).

INTERNATIONAL STRATEGIC MANAGEMENT OF BRANDS

MVŠO

- International strategic brand management is a complex, long-term and demanding process.
- Brand policy creates the image of products and the image of the company, and some brands make a significant contribution to strengthening the image of their countries of origin.
- The image is created by a summary of the useful properties of the product, the accompanying services to the product and the communication signals of the brand and is also a reflection of the way they are received and understood by the public.
- Most companies operating on the international market for a long time have a number of brands in their portfolio.
- According to the specifics of foreign markets, companies usually use a combination of global, regional and domestic brands.

- **The width of the portfolio depends on:**
- **the type of enterprise** (on the organizational structure, the level of development of international activities, the influence of corporate culture on management,
- **the diversity of international business activities** (specifics of products and services that a foreign company offers on the markets (to the degree of cultural conditionality of products),
- **target market specifications,**
- **strategy of domestic and foreign competition in the target market.**

CREATING A NEW BRAND

- **Companies approach the creation of a new brand in cases where:**
  - ***entering new markets and trying to adapt to local conditions,***
  - ***enter the market with new business activities,***
  - ***they have the impression that their original brand is outdated or could evoke inappropriate connections with the past***.
- The acquisition of a traditional domestic brand is often used in acquisitions of companies that have a strong position in the domestic market.
- The investor uses the opportunity to profit from the brand's awareness to stabilize or strengthen its share in foreign markets and, together with the brand, also takes over loyal consumers.
- Strategic decisions about brand policy usually take place in several stages.

STRATEGIC DECISIONS ON INTERNATIONAL BRAND POLICY

1. phase

- Brand choice concept. The right choice of brand. Finding out its international protection.

2. phase

- Deciding whether a company uses its own brand or another brand on a foreign market. Brand selection, manufacturer, distributor. Brand licensing. Deciding on the use of co-branding.

3. phase

- Determining a suitable portfolio of brands for the target foreign market. Product branding, umbrella brands, subsidiaries. Determining the brand platform.

DETERMINATION OF THE BRAND CONCEPT

- Determining the brand concept of a particular product or service is based on an analysis of the marketing goals that the brand should meet in an international competitive environment.
- **When deciding on the concept of the brand, it is necessary to define:**

Ø ***brand identity,***
Ø ***brand difference,***
Ø ***a place in the hierarchy of existing company brands and brands of similar products,***
Ø ***time horizon of marks,***
Ø ***territorial scope and designation of marks,***
Ø ***defining the relationship of the brand to the product and to the consumer.***

- Designing an international brand is very demanding, especially for graphic and verbal processing, because it is necessary to take into account the risks that arise from the socio-cultural differences of international markets.
- **<u>The brand can be expressed:</u>**

Ø ***visual symbols,***

Ø ***logo and color display***

Ø ***symbols,***

Ø ***slogan,***

Ø ***music,***

Ø ***using brand ambassadors,***

Ø ***cover.***

- The graphic design of the brand is usually carried out by specialized agencies.
- It is necessary to determine the positioning of the brand and the value it is to express.
- Graphic studios usually prepare several designs to be tested□ brand testing usually takes place by research participants evaluating selected criteria (eg brand credibility, aesthetics, symbolism or ability to engage).
- When designing a brand in its graphic, verbal or spatial expression, it is appropriate to proceed from the assumption of ensuring its exclusivity by subsequent registration in the register of trademarks.
- The trademark is the intellectual property of the trademark owner and a significant part of the company's property.
- Abuse, counterfeiting and unauthorized use or imitation are criminal offenses

DECISION ON THE MARKER OF THE BRAND

- The decision on which entity will be the bearer of the brand is of strategic importance.
- <u>**They can be:**</u>

Ø ***manufacturing companies,***

Ø ***service providers,***

Ø ***distribution intermediates,***

Ø ***entities*** (co-branding).

- **The value of a brand for manufacturers or service providers lies in three basic aspects:**

- **It guarantees continued sales** by creating a group of loyal customers who represent the safest market. The main task of brand management is often referred to as creating the largest possible group of loyal customers.
- **It reduces the risk of fluctuations** because it has a circle of loyal customers who buy the brand regularly.
- **It brings higher prices** because it is a guarantee of higher quality, a public promise made by a non-anonymous manufacturer.

- In the field of industrial products, the bearers of the brand are mostly manufacturing companies and the company name is often used as a brand.
- For consumer goods, the use of manufacturers' brands depends to a large extent on the target segment.
- Corporate brands clearly support the sale of luxury, fashion and technologically demanding products for which brand awareness is the main added value.
- Companies that produce consumer goods are often forced to use both their own brands and to work with distributors and sell products under their own brands.

Distribution brands

- These are retail brands.
- They are most used in the sale of food.
- Using your own brands is beneficial for both consumers and traders, and to some extent can be beneficial for suppliers.
- **The main benefits for consumers are:**

Ø ***lower prices for products whose quality is guaranteed by the retail brand,***

Ø ***simplified product selection and practicality.***

- **For retail, they mean own brands:**

Ø ***strengthening the image,***

Ø ***expanding the offer,***

Ø ***strengthening customer loyalty,***

Ø ***reduction of advertising costs,***

Ø ***the possibility of deciding on one's own pricing policy.***

Licensed brands

- For many successful companies, they represent a large source of income and an effective form of support for brand awareness.
- For example, Coca-Cola provides more than 320 licenses to use its brand in dozens of countries around the world.
- The Coca-Cola logo appears on about 10,000 products (glasses, tablecloths, T-shirts, sunglasses, cosmetics).
- Up to 50 million licensed products are sold annually worldwide.
- Successful companies also buy licenses.
- Other licensed brands are, for example, Jack Daniels, Radegast, Milka.

STRATEGIC MANAGEMENT OF THE INTERNATIONAL BRAND PORTFOLIO

- Strategic brand management is a tool that often determines the company's success in international markets in today's highly competitive environment.
- Companies usually manage a wide portfolio of brands, so it is necessary to correctly define their position and integration into the existing brand hierarchy.
- By **brand architecture** we mean the way of organizing the management and commercialization of brands, which represent the "external face" of the company.
- Brand architecture must be based on a thorough understanding of the market, competitive strategies and should best support the company's business and marketing goals.

- **<u>The choice of brand architecture depends on a number of factors:</u>**
  - ***stock market valuation,***
  - ***market characteristics,***
  - ***innovation in the sector,***
  - ***sources of added value in a given market.***

- **<u>Basic brand portfolio management strategies:</u>**
  - ***house of brands strategy,***
  - ***branded house strategy,***
  - ***sub-brand, daughter brands,***
  - ***multibranding,***
  - ***umbrella brand.***

HOUSE OF BRANDS STRATEGY

- It is characterized by a large number of independent brands with their own marketing and branding strategies, while the corporate brand remains rather in the background.
- A typical example of this approach has been American companies such as Procter and Gamble for many years.
- Today, we are more likely to find that the corporate brand plays the role of guarantor, which is why some American companies have changed their strategy and often list such a corporate brand in a less visible place.
- The corporate brand is intended for communication with investors and individual brands address various market segments.
- An example is Ahold, which operates retail chains in various countries under various brands (in the Czech Republic it is Albert, in Germany Albert Heijn and in the USA Stop a shop).

BRANDED HOUSE STRATEGY

- The company is a brand.
- All products and services are subgroups of the corporate brand, marketing and brand strategy focuses on building a strong corporate brand, and all decisions about brand strategy are at the headquarters level.
- This strategy is used mainly by Asian and Japanese or South Korean companies.

STRATEGY FOR SEPARATE PRODUCT BRANDS "MULTIBRANDING"

- The strategy is typical for companies that operate in the fast-moving goods market, where each product has its own name and specific positioning.
- Companies create a portfolio of brands that corresponds to the product portfolio.
- This strategy is based on occupying as many market segments as possible.
- For fast-moving goods, most sales are made in retail chains, so the company's goal is to occupy as much space on the shelves as possible and crowd out competition.
- Customers and consumers have an apparent choice between different brands, but they belong to one company.
- E.g. Mondelez owns the Figaro, Opavia and Milka brands.

MVŠO

Mondelēz International

OPAVIA 1840

Milka

Figaro

ROOFING STRATEGY „UBRELLA BRAND“

- In Europe and Asia, various forms of umbrella brands have a tradition.
- One brand supports products in a number of different markets.
- The main advantage of this strategy is the ability to achieve significant economies of scale and capitalize brand value.
- **In practice, we distinguish two variants of this strategy:**

1. **Flexible model**

- It offers freedom in brand management to individual divisions and subsidiaries abroad.
- It often uses the company name as an umbrella brand to emphasize the brand's affiliation with the group.

2. **Masterbrand**

- Centralized variant, where fixed rules are set for the umbrella brand, mainly a unified communication strategy.
- An example of Masterbrand is the **Nivea** brand, which belongs to the Beierdorf AG group.

MVŠO

- The Nivea brand operates in a wide range of product categories (shampoos, shower gels, creams, body lotions), but their customers know Nivea products at a glance (the brand always has the same central motif in all markets).
-

- The umbrella brand strategy is suitable for strong brands and products that can be sold in different markets without losing the meaning of the

SUBSIDIAR STRATEGY „SUB-BRANDS, "DAUGHTER BRANDS"

- This is a specific brand strategy, which is characterized by two levels of brands.
- It is characteristic of **premium brand marketing**.
- The parent brand has a strong position and creates a deeper meaning and identity of the brand.
- Subsidiary brands usually fall under separate currencies and have more autonomy and can to some extent adapt communication strategies to address the specific segment on which they are.
- The parent company creates the values that the subsidiaries share.

BRAND PLATFORM

- All brand strategies are developed for global markets and require strong coordination.
- Attention must also be paid to the development of the brand platform.
- **The brand platform is a tool that helps managers, advertising agencies and corporate partners to understand and stimulate:**

§ ***brand uniqueness,***
§ ***brand values,***
§ ***brand creativity.***

- This is a certain analogy in the field of production (eg in the automotive industry, platforms for various car models are used to save costs).
- The platform defines **brand identity** and **positioning** and identifies key elements that must be integrated into the marketing mix □ building a clear and understandable brand position in the global market.

- Positioning determines the main competitive advantage □
  a specific way of communication for a given target market is determined
  on the competitive advantage.
- The identity of the brand determines the elements that define the essence of the brand (its tangible and intangible characteristics), which are based on corporate values, history, know-how.
- Brand identity is determined by external and internal factors.
- **<u>Among the external factors that characterize the brand externally, we include the basic characteristics of the product:</u>**

§ ***unique taste,***

§ ***relational elements,***

§ ***image of a typical consumer.***

- **<u>Among the internal factors, we rank the personality of the brand:</u>**

§ ***cultural elements,***

§ - Positioning may be different in different markets, but the brand identity must be uniform, consistent, long-term and realistic.

BRAND PLATFORM

- **POSITIONING**
  - **MAIN COMPETITIVE ADVANTAGE**
- **BRAND IDENTITY**
  - **INTERNAL ELEMENTS THAT CHARACTERIZE THE BRAND**
  - **EXTERNAL ELEMENTS THAT CHARACTERIZE THE BRAND**

8.
INTERNATIONAL MARKETING MIX

INTERNATIONAL MARKETING MIX

- It represents a set of tasks and measures that help meet the requirements of foreign customers and the company to achieve business goals.
- Factors operating in international markets affect the demand for the product and determine the success or failure of the product.

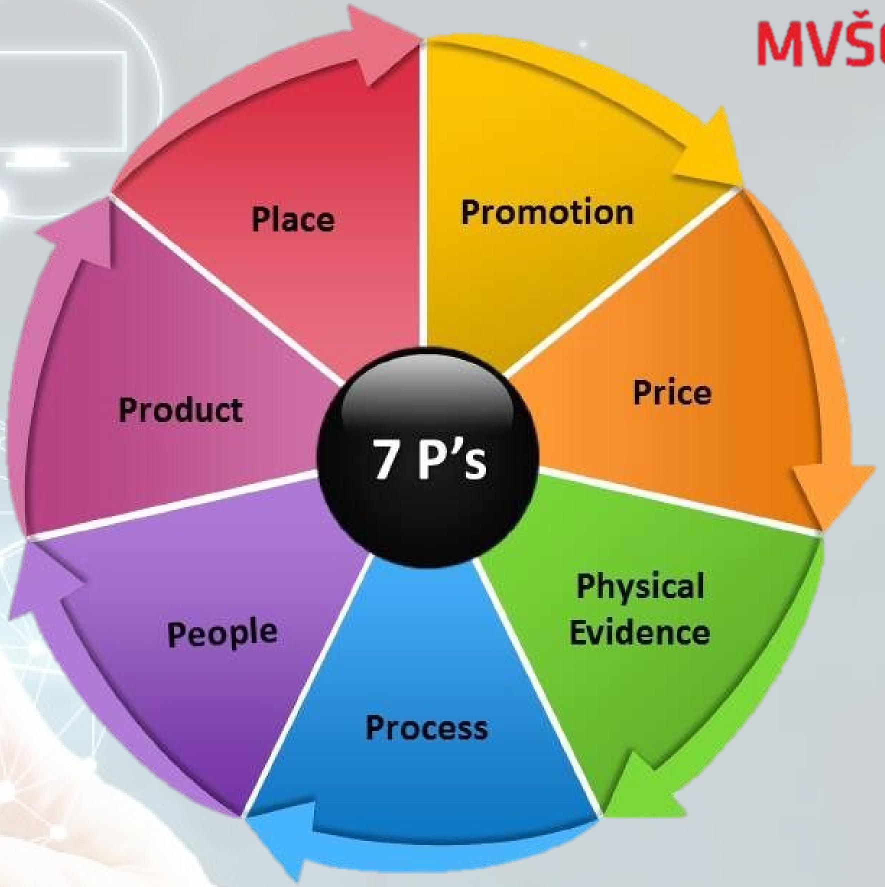
BASIC MARKETING MIX

- It consists of four elements and called 4P.

§ ***p**roduct,*
§ ***p**lace,*
§ ***p**romotion,*
§ ***p**rice.*

ADVANCED MARKETING MIX

- It consists of seven elements called 7P.
  - *product*,
  - *price*,
  - *place*,
  - *promotion*,
  - *physical evidence*,
  - *process*,
  - *people*,



THE MOST WIDESPREAD MARKETING MIX

- It consists of nine elements called 9P.
- It is extended by two more elements.
  - *packing*,
  - *partnership*.

- In the following chapters (lectures), the individual elements of the basic marketing mix will be described in more detail.
-
- **Chapter 9** (lecture) = **product**
- **Chapter 10** (lecture) = **price**
- **Chapter 11** (lecture) = **distribution**
- **Chapter 12** (lecture) = **communication**

§

9.
INTERNATIONAL PRODUCT POLICY

INTERNATIONAL PRODUCT POLICY

- Product policy is the first P international marketing mix on which the marketing tools used in international markets are based.
- From a marketing point of view, **the product** is all tangible and intangible assets that can be offered on the market and that satisfy the needs of customers, consumers.
- **The success of the product on international markets is conditioned by:**

§ ***a summary of its useful properties,***

§ ***offered services,***

§ ***by how it is perceived by foreign consumers.***

- For a product to be successful abroad, it must be distinguished from other products offered by competing companies.

RATE OF ADAPTATION OF INTERNATIONAL PRODUCT POLICY

- When deciding on international product policy, it is necessary to consider whether it is possible to realize the product on foreign markets without change or it is necessary to adjust it according to the requirements of foreign markets.
- **The following factors should be considered when deciding on the degree of adaptation:**

§ ***the product and its basic characteristics,***

§ ***the needs that the product satisfies,***

§ ***regulations and standards in the country of export,***

§ ***the size of the foreign market and the purchasing power of the population,***

§ ***socio-cultural differences of the foreign market,***

- ***shopping and consumer habits,***
- ***consumer preferences,***
- ***the size of the company and its economic possibilities,***
- ***product adaptation costs.***

- An equally expensive and easiest solution for the company is the production of fully standardized products and their sale on foreign markets without any modifications.
- However, full standardization is usually not possible and companies must respect the technical requirements and marketing differences of foreign markets.

MARKETING ADAPTATION OF PRODUCTS

- **<u>For each product, it is possible to distinguish three basic characteristics of the product:</u>**

1. ***Basic characteristics of the product and its useful properties*** *(physical properties, chemical composition, performance, dimensions, durability, taste).*
2. ***Product-related services*** *(warranty, service, consulting services, transportation, financing, payment and delivery conditions, insurance).*
3. ***Symbolic values*** *(brand image, country of origin, company image, product fashion, style).*

- **The basic characteristics of the product must always correspond to:**

§ **valid legislation of the given country** (technical, hygienic, ecological standards and regulations),

§ **climatic conditions of the country,**

§ **different somatypes** (Asians have small and small figures, Europeans have taller figures, Americans have stronger figures),

§ **to the specifics of the housing stock** (consumer electronics adapted to the small area of flats, smaller furniture for panel houses),

§ **household equipment and living standards** (households in developing countries do not have refrigerators, for example, so exported dairy products are only dried),

§ **consumer preferences** (taste and appearance adjustment),

§ **consumer habits** (sweet taste, salty taste).

- The usual adaptation is the range of services offered comprehensive services are an integral part of the offer in developed countries with high purchasing power.
- Today, international competition does not focus primarily on the basic characteristics of the product, because the functional and technical reliability of the product is a matter of course.
- Rather, companies focus on services and building a positive perception of **symbolic values** and **brand image**.
- The most common marketing adaptation for foreign markets is a change of packaging.
- <u>**The packaging has two functions:**</u>
- ***protective*** *(protects the product from damage),*
- ***communication*** *(providing important information to consumers and promoting product sales).*

- Packaging in developed countries is subject to strict laws.
- **It must be wholesome and contain a range of information:**
- ***date of manufacture,***
- ***expiration date,***
- ***composition of the product,***
- ***country of production.***
- Some products must be labeled with information on the harmfulness of the products to consumers (typical of alcohol and cigarettes).
- In many developed countries, great emphasis is placed on ecology, so it is usually on the packaging information on recycling options is provided.

- **Consumer packaging should be:**
- ***significant*** *(must make it easier for consumers to choose),*
- ***convenient for consumers*** *(easy-to-open packaging, easy carrying of products),*
- ***in accordance with the marketing strategy,***
- ***in line with the brand image.***
- **For consumer goods, packaging is tested, the goal of testing (research) is:**
- ***comparison with competing products,***
- ***selection of the optimal shape,***
- ***color and materials,***
- ***assessment of packaging functionality,***
- ***comprehensibility of the manual,***
- ***package size preferences.***

- **Marketing adjustments concern:**
  - ***package size,***
  - ***the packaging material used,***
  - ***colors,***
  - ***verbal and pictorial rendering of the packaging.***
- In developed countries, large consumer packages are usually used, which are adapted to the shopping behavior of customers (large weekly purchases in supermarkets, large packages).
- In countries with low purchasing power, smaller and piece packaging is used more.
- The differences in packaging material also result from consumer habits (in the USA, beer is sold mainly in cans, in Europe in glass bottles).
- The color of the packaging fulfills an aesthetic function and is often associated with the company's image *(Coca cola - red packaging, Pepsi cola - blue packaging, Kofola - white packaging).*

- The pictorial and verbal design of the packaging is much more elaborate in developed countries (eg the graphic design of the instructions for use).
- Innovative packaging can support the product's success in the international market.
- For many products, even packaging is to some extent an important decision factor for consumers *(eg perfume bottles, gift boxes, candy boxes, bottles of alcohol)*.
- Packaging innovation evoke… …nse of product modernization and is a … …les.

ADVANTAGES OF STANDARDIZATION AND ADAPTATION OF INTERNATIONAL PRODUCT POLICY

	• ADVANTAGES OF STANDARDIZATION	• ADVANTAGES OF ADAPTATION
• **MAINLY CHARACTERICS**	§ economies of scale savings gained from experience, § the products comply with international standards and regulations, § possibility of quick entry into the international market, § products meet the standards of international retail chains, § easier dissemination of innovation.	§ the products comply with domestic technical directives and standards, § the products are adapted to local consumer habits and preferences, § the products are adapted to the equipment and operation of households, § respecting climatic conditions and other specifics.
• **SERVICES**	§ transfer of know-how, § use of modern technologies, § high standard, § possibility of cooperation with international companies.	§ the level of products corresponds to consumer expectations, § takes into account the specifics of the distribution network, § cheaper labor in countries with lower purchasing power.
• **SYMBOLIC** • **VALUE**	§ a single image on the world market, § strengthening the international reputation of the brand, § positive perception of the country of origin, § marketing savings from scale.	§ positioning of foreign brands (covering of origin), § elimination of the problem with the foreign name, § the product corresponds to consumers, § connection to traditional domestic brands.

2. ADAPTATION OF PRODUCTS TO TECHNICAL REQUIREMENTS

- Companies entering foreign markets are obliged to adapt their products to the regulations in force in the exporting country.
- The technical requirements of the product serve as a tool to protect the domestic market however, they are often misused.
- **Technical barriers to trade are, for example:**

§ ***mandatory certificates,***
§ ***administrative positioning procedure,***
§ ***changes in production processes.***

- Czech manufacturers commonly encounter technical obstacles in virtually all countries.

- **<u>After joining the EU, the Czech Republic joined the single internal market system, where products can be divided into:</u>**
  - ***products sold loose,***
  - ***products that fall within the regulated area*** (these are products that could cause harm to the health of the consumer, endanger his life or endanger the environment).
- Most national standards for industrial products are currently being replaced by European directives, which are binding on all EU countries.

- **<u>The EU approach is based on the following principles:</u>**
- § **European directives** - regulate the basic requirements for product safety so that they can be put into circulation,
- § **European standards** - are non-binding, voluntary and provide detailed technical specifications
- § **The principle of presumption of conformity** - is based on the assumption that products that have been manufactured in accordance with harmonized European standards comply with the requirements of the directives.

- In 2010, a new legislative framework entered into force aimed at removing remaining obstacles to the free movement of goods.
- **<u>It consists of three legal documents, which stipulate:</u>**
- **Frameworks for placing products on the market** = defines the CE marking, defines the role of individual entities, sets requirements for conformity assessment procedures.
- **Requirements for accreditation and market surveillance** = the aim was to harmonize the system for granting accreditation to conformity assessment bodies (certification bodies, laboratories, inspection bodies).
- **Principle of mutual recognition** = if a product complies with the rules of one Member State, it cannot be denied entry to the markets of other countries.

- The national accreditation body in the Czech Republic is **the Czech Institute for Accreditation**, it accredits according to internationally recognized standards and market supervision in the Czech Republic is performed by **the Czech Trade Inspection Authority**.
- The system applied in the EU is characterized by producer responsibility.
- The manufacturer is responsible for carrying out the procedures that lead to the declaration of conformity of the products with the requirements of all directives that apply to the product.

- **Procedures include:**
  - ***declaration of Conformity,***
  - ***type tests,***
  - ***cooperation with the notified body,***
  - ***elaboration and archiving of technical documentation,***
  - ***providing documentation to the competent EU bodies,***
  - ***affixing of the CE marking.***
- If the product falls within the regulated area, it must comply with the requirements of the relevant directives and bear the CE mark,
- The product is CE marked either by the manufacturer or his representative established in an EU member state.

- The CE marking indicates that the product has been assessed before being placed on the market in the European Economic Area.
- This is a marking that confirms the fact that the product has passed the conformity assessment procedure and complies with the technical regulations of European directives.
- By marking the product, the manufacturer assumes responsibility for damages caused by a product defect.
- **The CE marking is therefore not a designation of origin or a quality mark.**
- Marking means European conformity.
- The CE is addressed to market surveillance authorities and it is their power to require the manufacturer to demonstrate that he has met all the requirements necessary for the product to be placed on the market. The authorities have the power to impose sanctions or even to withdraw a product from the market.

PRODUCT BREAKDOWN INTO INTERNATIONAL MARKETING MIX

- The correct division of products allows you to determine the appropriate marketing strategy.
- **<u>In terms of marketing, we divide products into two large groups:</u>**

§ **Consumer products**
  - § fast-moving products,
  - § consumer durables,
  - § special products.

§ **Industrial products**

- We are talking about industrial products about intellectual shopping, in which rational aspects clearly prevail (technical parameters, quality, service, brand and price).
- For consumer products, decision-making is more influenced by emotions and is often impulsive shopping.

MAIN CHARACTERISTICS OF THE BASIC GROUPS OF CONSUMER GOODS

	RAPID PRODUCTS	LONG - TERM CONSUMPTION GOODS	SPECIAL PRODUCTS
CONSUMER PURCHASING BEHAVIOR	§ Frequent purchases § Impulsive shopping for products. § Consumers are not willing to make much effort to buy.	§ Uncommon purchases. § Consumers plan their purchases and compare individual brands in terms of price and quality. § Consumers are willing to make a significant effort to buy.	§ Consumers have strong brand preferences and are loyal to the purchase. § Consumers are willing to make an extraordinary effort.
PRICE POLICY	§ Low price.	§ Higher price.	§ High price.
DISTIBUTION	§ Wide distribution. § Easily accessible business network.	§ Selective distribution. § The products are sold in selected stores.	§ Exclusive distribution. § The products are sold only in specialized stores and locations.
COMMUNICATION	§ Mass advertising. § Strong sales support from the manufacturer	§ Advertising and personal sales are provided by manufacturers and business intermediaries.	§ Selected forms of targeted communication provided by manufacturers and business intermediaries.

- **<u>In international marketing, we divide products according to the market for which they are intended for:</u>**

- ***domestic products,***
- ***export products,***
- ***multinational products,***
- ***global products.***

Domestic products

- They can be targeted at narrow target segments.
- Very good items are domestic products and services in countries with developed tourism (gifts and souvenirs, local specialties).
- In developed countries, we encounter preferences for domestic and regional products that emphasize regional aspects (Štramberk ears, Pilsner beer, wine from Moravia).
- The products are designed for a limited segment, but can be very successful because they are oriented to a precisely defined target group of consumers.

Export production (export products)

- These are products that the company only intends to export to selected markets and must adapt to the requirements of markets and customers.
- Products intended for export are often perceived by consumers as of better quality because they are intended for export to demanding markets.

Multinational products

- These are products that are partially modified according to the specifics of individual markets.
- The products are basically the same, but they adapt to the purchasing power of the population (eg package size, European package smaller than American package, color of package, taste preferences).

Global products

- These are products intended for the world market.
- They are not tied to socio-cultural differences and are based on the needs of world markets.
- These are products intended for the widest segments of consumers and they are fully standardized products.
- The only modifications to global products are translations on the packaging and instructions for use.

- **International marketing strategies** are usually designed for an international product mix that includes product lines and individual products that the manufacturer or retailer offers to customers in foreign markets.
- **The product mix** is referred to as the company's production or sales range.
- Companies do not sell their complete range on international markets, but only a selected part or selected products.

- **<u>When creating an international product mix, a number of decisions are made, which relate to:</u>**

- ***width,***
- ***size,***
- ***length,***
- ***depth,***
- ***consistency,***
- ***functions,***
- ***design,***
- ***style,***
- ***guarantees,***
- ***packaging,***
- ***brands.***

- **The breadth of the range** is determined by the number of product lines.
- **The length of the assortment** is given by the total number of individual items.
- **The depth of the assortment** expresses how many product variants are offered for each series.
- Companies create a basic assortment, which they supplement with other product items = **modular arrangement.**

- **In foreign markets, the range offered is derived from:**

§ ***requirements of foreign customers,***
§ ***preferences of foreign customers,***
§ ***consumer behavior of customers,***
§ ***purchasing power of customers.***

<u>Product mix strategies are:</u>

§ **line extension** (expansion of the product line with new products under the existing brand),

§ **multibranding strategy**.

- The advantage of expanding the product line with a new package size, additional flavor, different color design, lower costs when launching a new product on a foreign market.
- The disadvantage of expanding the product line is too wide assortment consumers cannot orient themselves in the assortment.
- Manufacturers of fast-moving goods, such as breweries, use the multi-brand strategy (Plzeňský prazdroj has a share of more than 50% on the Czech market thanks to the brands that fall under it, ie Pilsner Urquell, Master, Gambrinus, Kozel, Radegast).


Plzeňsky Prazdroj
RADEGAST
10
Gambrinus
Original 10
Kozel
1874
Pilsner Urquell

PRODUCT LIFE CYCLE PHASE

- Every product undergoes a certain development during its lifetime.
- At each stage of the product life cycle, it is necessary to adapt the marketing strategy.
- **The product life cycle theory is based on four assumptions:**

§ ***each product has a limited lifespan,***

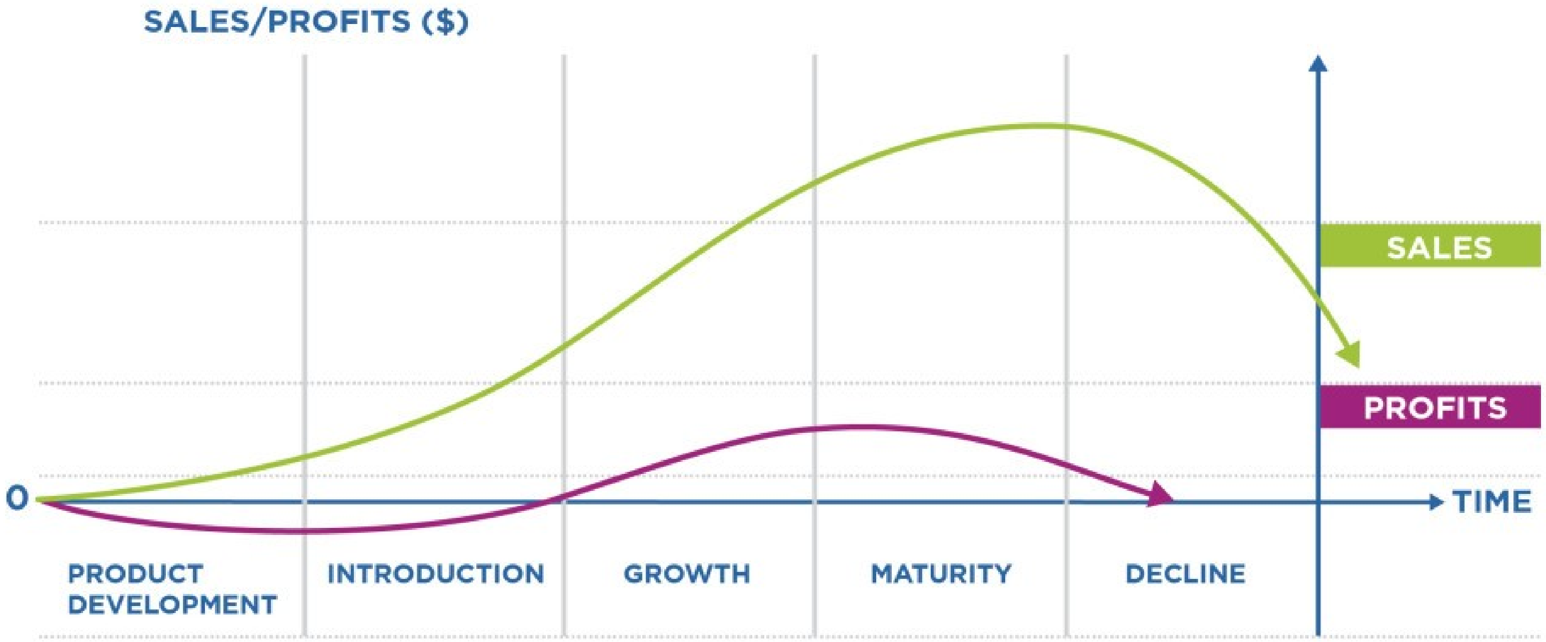
§ ***sales volume varies depending on the stage of the product,***

§ ***the volume of profit varies depending on the stage of the product,***

§ ***the marketing strategy must be adapted to the phase in which the product is located.***

- Most products go through a cycle on the domestic and foreign markets, which can be represented by the curve of the horizontal letter S.

GRAPHIC REPRESENTATION OF THE PRODUCT LIFE CYCLE



- **In general, the market life cycle of products is constantly shortening**

  ** the reason is:**

- ***scientific and technical progress,***
- ***ever-increasing demands of consumers,***
- ***growing competition.***

1. DEVELOPMENT PHASE

- This is the initial phase of the whole process.
- This phase is crucial for the company's competitiveness on the market.
- Companies must constantly innovate and change the range.
- The development of new products can take many years and is costly.
- **At this stage, the product is loss-making.**

2. INTROCUCTION PHASE

- The product enters a new market.
- **<u>In international marketing, the launch of a new product is:</u>**
  - ***global,***
  - ***regional (gradual).***
- Global product launches are used by world-renowned large companies such as Microsoft.

- In the deployment phase, large resources need to be spent, mainly on communication and penetration into foreign distribution channels.
- Due to the high initial costs, the product is still loss-making at this stage of the product life cycle.
- In the deployment phase, the product has little or no competition, but consumers approach the products with some distrust.

3. GROWTH PHASE

- In the growth phase, sales volume increases rapidly.
- At this stage, the product becomes known and the first consumers begin to make repeat purchases.
- Some companies at this stage decide to penetrate wide international markets.
- There is a decrease in prices due to the emergence of competition.
- At this stage, there is a sharp increase in profits.

4. MATURITY PHASE

- The product is well established in foreign markets.
- In the first part of the phase, sales volumes increase slightly as consumers appear who have waited to buy the product or discovered it later.
- In the second part of the phase, sales volumes are already declining.
- At this stage of the product life cycle, there is considerable competition.
- Manufacturers try to provide discounts.
- Application of reminder ads and sales support.

5. PHASE OF DECLINE

- The product is in the final stages of its life.
- The volume of sales is significantly decreasing, it is necessary to provide technical service and sufficient spare parts after a period when the product will no longer be produced.
- The last pieces of products are usually sold at significant discounts.

- Product life cycle developments differ in international markets.
- In developed markets, the product life cycle is constantly shortening and products often do not even go through all phases of the cycle.
- In developing country markets, where consumers have lower purchasing power and are often unable to buy new products, the product life cycle can be significantly longer.

10.
INTERNATIONAL PRICING POLICY

INTERNATIONAL PRICE POLICY

- International pricing policy is the only tool of the international marketing mix that generates revenue and directly affects the profitability of the business.
- Compared to other tools of the international marketing mix, price is a flexible tool, because changes in pricing policy can be implemented relatively quickly and according to the current situation in the target market.
- The advantage of pricing policy is that it is less dependent on the external environment than other tools and the company can easily control and use it as a strategic and operational tool in the implementation of international marketing strategy.

FACTORS AFFECTING THE CHOICE OF INTERNATIONAL PRICE STRATEGY

- The international pricing strategy is influenced by a number of external and internal factors.

§ <u>**External factors:**</u>

  § ***business environment,***

  § ***trade policy factors,***

  § ***exchange rate stability,***

  § ***frequency and strength of competition,***

  § ***consumer demand and behavior.***

§ <u>**Internal factors:**</u>

  § ***chosen international marketing strategy,***

  § ***pricing policy objectives,***

  § ***costs method of setting prices.***

- The basic framework for the creation and application of pricing strategies in foreign markets creates a business environment.
- The fiscal policy of the state (tax burden) is related to the business environment.
- Prices affect trade policy instruments that are used as measures to protect domestic producers, such as customs duties, import surcharges and the setting of minimum prices for imported products.
- The pricing strategy is largely influenced by competition.
- Market leaders can benefit from their position as leaders and usually apply higher prices in the area of pricing policy than competing firms.
- Price is a basic component between buyer and seller, it is part of the evaluation of the product by the consumer and is culturally conditioned.

- Consumer behavior, habits, attitudes, social status, purchasing power and perception of price and product value influence the adjustment of price in selected foreign markets for different groups of customers.
- Consumers perceive price as a symbol of quality.
- Some companies take advantage of the reputation of the country of origin (made in) and can afford to set higher prices for selected foreign markets than for the domestic market.

INTERNATIONAL PRICE STRATEGY

- When determining the international pricing strategy, the company must be based primarily on the international business strategy.
- **It is necessary for the company to choose a suitable strategy, for example:**
  - ***higher pricing strategies,***
  - ***lower price strategies.***
- Another important decision is whether the company will have a uniform pricing strategy in all markets or use different prices in different markets.
- The use of uniform prices, the so-called price standardization, is possible in the case of uniform global positioning. Prices are set at the level of the parent company and are maintained at the same level in all countries.

PRICE UTILIZATION STRATEGY

- Cream collection strategies, skimming price strategists.
- It is a strategy based on the application of a deliberately high price in a relatively short period of time.
- It is most often used when introducing a completely new product on the world market.
- Thanks to the novelty of the product, the company will gain a monopoly advantage for a certain period of time.
- With the advent of competition, the company then proceeds to gradually reduce prices.
- Manufacturers of branded and fashion goods use this strategy.

PREMIUM PRICE STRATEGY

- Prestigious price strategy, premium price strategy.
- A strategy that is usually interested in maintaining a high price level in the long run, which they want to maintain throughout the life cycle of the product.
- The aim of the strategy is to support the prestige of the product and the evaluation of high quality by consumers and to build a unique position on the market for the product.
- The strategy is used for luxury products.
- High prices are a symbol of prestige for consumers.

MARKET PRICING STRATEGY

- Penetration price strategy.
- The strategy is based on the use of low prices.
- The goal of the strategy is rapid market penetration, achieving a large market share, fast turnover and the associated increase in production volume and reduction of unit costs.
- The company must have the necessary production and distribution capacity to meet the expected high demand.

EXPANSION PRICEING STRATEGY

- This is a strategy of extremely low prices.
- This strategy is used in international markets by many companies, mainly in East Asian countries.
- The use of expansionist prices leads to anti-dumping proceedings by developed countries and may adversely affect the company's business activities abroad.

STRATEGY FOR THE USE OF TRANSFER PRICES

- Transfer pricing.
- Large international companies often have production or other activities in many countries and take advantage of different input prices (raw materials, labor, energy) and different tax burdens.
- A large part of business operations is carried out within the framework of intra-company trade between the parent company and its subsidiaries or between the subsidiaries themselves.
- The reason for using transfer pricing is to maximize profits across the company.

PRICE POLICY DURING THE LIFE OF THE PRODUCT

- The company uses different pricing policies in the individual phases of the product life cycle.

DEPLOYMENT PHASE

- When introducing a product to the market, pricing should focus on long-term profitability.
- **Two pricing strategies are most often applied during implementation:**

§ **price penetration strategy** (allows you to quickly gain significant market share),

§ **utilization strategies for new products** (products do not yet have competition and there is a demand for them).

PHASES OF GROWTH

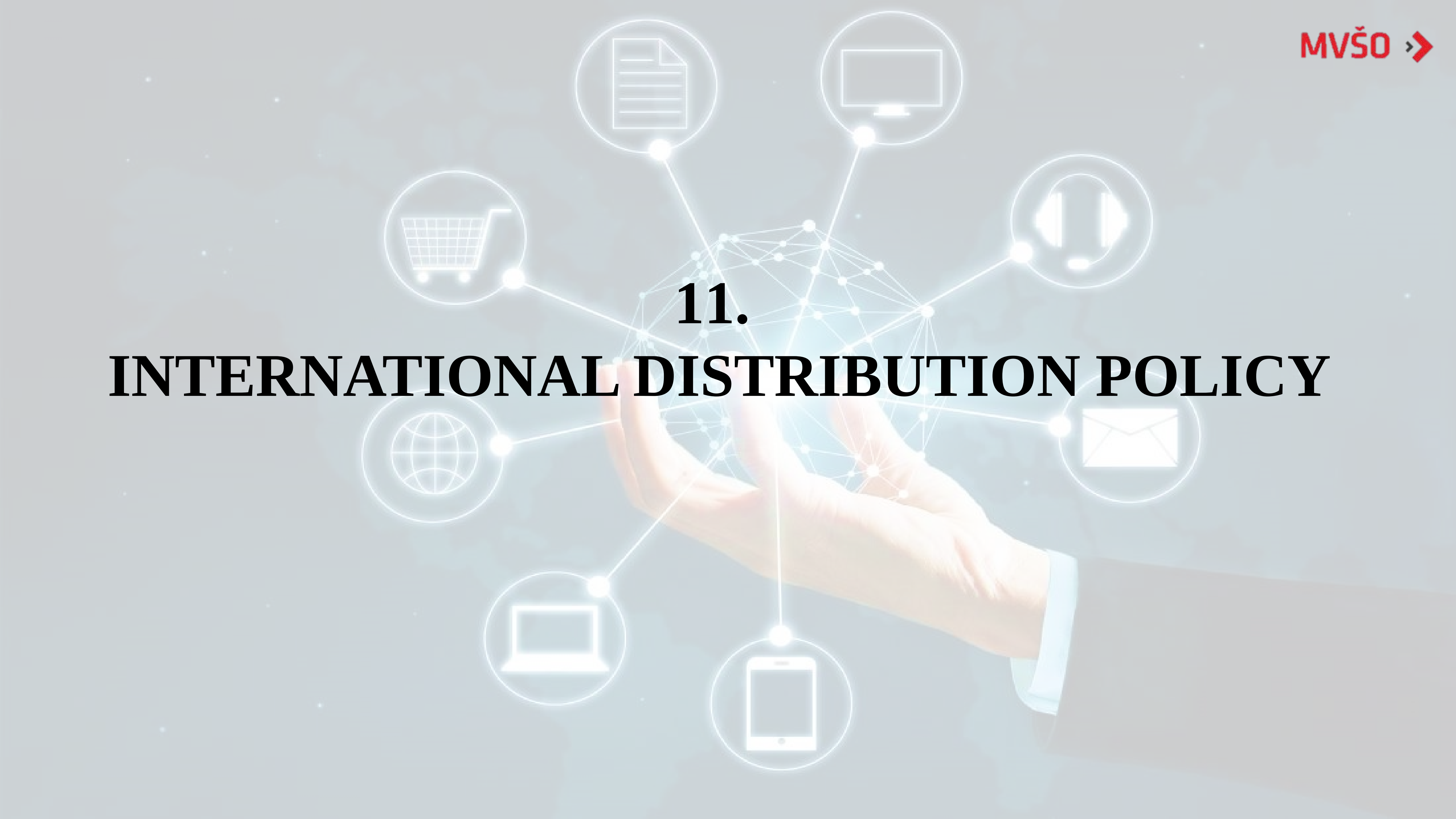
- Usually when sales volume grows, there is no reason to lower the price.
- The company usually has economies of scale.
- For durable products, there is often a problem that customers will not resell in a few years.

MATURITY PHASES

- At this stage, the company must respond to growing competition with its pricing policy.
- Competitive advantage is disappearing, competitors are launching similar innovative products at lower prices.
- Companies are looking for ways to maintain profitability and try to reduce production costs.

FINAL PHASE

- Companies strive to minimize costs.
- The cost savings are due to the reduction of the distribution network with minimal communication costs.
- Most companies use a policy of low prices at this stage, and the main tools of the pricing policy are discounts and sales aimed at reselling stocks.



11.
INTERNATIONAL DISTRIBUTION POLICY

- The aim of the international distribution policy is to bring supply closer to demand and to ensure the smooth movement of goods from the domestic producer to the final consumer on the foreign market.
- Building international distribution channels is a very expensive, complicated and long-term affair.
- International distribution policy significantly affects all other tools of the marketing mix.
- **In the area of international product policy, the distribution policy predetermines, for example:**

§ ***design and quality of delivered products,***
§ ***assortment composition of products,***
§ ***package size,***
§ ***packing method.***

DEVELOPMENT TRENDS IN INTERNATIONAL DISTRIBUTION

- There are constant changes in the field of international distribution policy.
- At a time when the supply of goods and services on the world market exceeds demand, suppliers and distribution companies must adapt their strategies to the main development trends.
- **These are mainly processes:**

§ ***internationalization,***
§ ***concentration,***
§ ***diversification,***
§ ***market dominance,***
§ ***new forms of intercompany cooperation,***
§ ***development and use of modern information technologies.***

Internationalization

- A process that is one of the main tools for corporate development and growth.
- Trend in international distribution.
- The development of internationalization on international markets is hindered by trade policy and legal obstacles, high logistics costs, high investment costs, and the impossibility of entering a foreign market.
- At present, states are trying to prevent obstacles and support the start of the process of internationalization.
- E.g. Western European retail chains have embarked on a process of internationalization.
- *Lidl*, *Bershka*, *Tedi*, *Action.*

Concentration

- It is one of the most important trends in international distribution.
- The process of concentration results from the efforts of distribution chains to strengthen their market position not only to competitors but also to suppliers.
- Concentration allows companies to achieve significant economies of scale.
- **The concentration takes place at the level of:**
  - **organizational** (creation of retail chains and strategic purchasing alliances),
  - **spatial** (business units are concentrated in shopping zones and shopping centers),
  - **operating** (consists of a growing share of turnover).
- The highest degree of retail market concentration is in Europe (Scandinavian countries, Switzerland, France).
- On the contrary, a lower degree of concentration occurs in the countries of Southern Europe (Italy, Spain).

Striving for a dominant position in international markets

- Significant trend in international distribution.
- Market dominance is not limited to distributors to suppliers.
- It can be understood as a strategic concept where individual distribution companies focus on markets, in which they achieve a dominant position.
- Companies focus on them mainly because they can realize economies of scale and have a strong bargaining position.

Diversification strategies of distribution intermediates

- In the field of distribution, diversification is manifested mainly by the use of various sales methods and sales formats, such as:

- **supermarkets** (90% of products are consumer goods (groceries), store size 400 to 2000 m^2, Albert),
- **hypermarkets** (sales area around 10,000 m^2, average number of products 30,000, about 30% are groceries, Tesco, Globus),
- **discount** stores (limited assortment with a sales area of around 600 m^2, typical pallet sales, Penny Market, Lidl),
- **cash and carry** (self-service wholesale for entrepreneurs, Makro, Jip),
- **e-retailing** (form of internet trading, Alza, Mall).

Development of cooperation between business and supplier companies

- The current trend in the field of distribution is various forms of cooperation with supplier companies.
- In traditional distribution, the individual entities operate independently and in the modern concept of distribution it is effective to cooperate.
- Companies are aware that in addition to the needs and wishes of end consumers, they must take into account the needs of their business partners in their marketing strategies.
- The goal of **trade marketing** is to develop cooperation with retail chains.
- Suppliers design a specific marketing strategy according to the needs of their key customers - individual retail chains.
- A number of purchasing decisions are made directly in stores, so retail chains and suppliers seek to coordinate marketing activities and jointly influence shopping behavior through **shopper marketing**.
- Shopper marketing is targeted marketing to buyers directly in stores.

Information Technology

- In recent years, the use of modern information technologies has developed dynamically in the field of distribution.
- The technologies have enabled companies to increase their efficiency and economy of activities.
- Thanks to information technology, we can currently obtain a number of internal and external information, which the company can then use to create marketing strategies, to create efficiency analysis, inventory management or communication with consumers.

- **<u>Among the technologies that enable the collection of internal information are:</u>**

§ **EAN barcodes and QR codes,**

§ **Cash registers equipped with scanners** (used for faster and more accurate purchase management, cash registers are a source of data),

§ **RFID radio frequency identification system** (it is a SMART intelligent microchip, equipped with a mini antenna and a numeric code that corresponds to EAN, used to transmit basic information about products, distribution around the sales area and storage area, used to analyze customer behavior),

- **Loyalty and payment cards** (a useful tool for customer relationship management, retail chains obtain a lot of information through cards),

- **GPS navigation** (allows customers to send information about promotions and specific offers to customers on their mobile devices),
- **Satellite information networks** (provide connections between the organization's headquarters and individual stores in real time, for effective inventory management between stores).

- Technology development allows companies to implement increasingly sophisticated systems in stores that serve both customers and resellers.

FACTORS AFFECTING THE CHOICE OF INTERNATIONAL DISTRIBUTION POLICY

- Factors need to be considered before deciding on the method of distribution.
- **<u>In terms of international distribution, these are:</u>**

§ ***analysis of shopping behavior,***
§ ***analysis of consumer behavior,***
§ ***the nature of the goods,***
§ ***analysis of foreign and domestic competition,***
§ ***economic aspects of the country,***
§ ***analysis of the industry in the selected foreign market.***

DISTRIBUTION STRATEGY

- **<u>Three distribution strategies are used:</u>**

§ **Intensive distribution strategy.**

- Sales through as many suitable points of sale in a particular area.
- It is a wide distribution that is suitable for fast-moving goods.
- The strategy allows you to quickly gain a high market share and realize high sales volumes.
- However, it is expensive and requires close cooperation with retail chains.

§ **Selective distribution strategies**

- Sales through a limited number of points of sale.
- Not every seller gets the opportunity to sell the product, the manufacturer chooses the seller himself.

- This strategy is used for branded and consumer durables.
- A selective distribution strategy makes it possible to better control distribution intermediaries, influence the way goods are sold and presented, communicate with customers and the level of prices.
- The disadvantage is the high cost of communication.

§ **Exclusive distribution strategy**

- These are methods of distribution where the goods are sold through a very limited number of points of sale.
- The manufacturer usually requires the distributor to sell only his products, not competing products.
- Exclusive distribution promotes brand image and product uniqueness.
- Typical strategy for franchises.

12.

INTERNATIONAL MARKETING COMMUNICATION

- Communication is the most visible and also the most culturally conditioned tool of the international marketing mix.
- The main goal of international communication policy is to create a desirable image of the company, its products and brand.
- **<u>Communication strategies in individual international markets differ in:</u>**
  - ***the degree of economic development of the country,***
  - ***socio-cultural environment.***
- Companies try to start from the basic communication concept and, as needed, adapt the individual tools of the communication mix, content, method of communication and choice of media to the socio-cultural differences of consumers.

- The success of communication is affected by interference, noise.
- Consumers are overloaded with information, and every consumer in developed countries is exposed to thousands of advertising messages every day.
- We must choose the transmission of the message so that it is the most effective form of communication.
- **The transmission of messages is divided into:**

§ **Personal communication**

- The company turns directly to the customer.
- Personal communication can take place using:
    - *personal or telephone conversation,*
    - *through SMS or email,*
    - *internet discussion.*

- The advantage of personal communication is the immediate reaction of the recipient.
- <u>The division of personal communication is into:</u>
    - **support** (companies contact customers),
    - **professional** (doctors recommend pharmaceutical products),
    - **social** (opinions of friends, family members).

§ **Impersonal communication**

- Communication that is used to address a large group of target customers.
- <u>The most common of impersonal communication is:</u>
    - **media** (newspapers, magazines, radio, television, electronic media, billboards, image media and neon signs),

- **shopping center** (shop, shopping center),
- **significant events** = event marketing (conferences, parties, grand opening of new stores, sponsorship of cultural and sporting events).

- The advantage of impersonal communication is reaching out to a large number of people who are geographically dispersed.
- The disadvantages are high financial costs and uncertain perception with a lack of feedback.

COMMUNICATION STRATEGY IN THE INTERNATIONAL ENVIRONMENT

- International communication strategies must be based on the overall corporate strategy of international marketing.

1. **Global communication strategy**

- It is used by globally operating companies to transfer successful communication concepts and advertising campaigns abroad.
- In cooperation with an advertising agency, the necessary adjustments to worldwide communication are made (translation into a foreign language, selection of suitable media).
- Global advertising uses the same slogans around the world and uses symbols and corporate image to communicate.

2. Intercultural form of communication

- It is a form of communication that is most used in international business.
- The headquarters will determine the basic concept, the main motive and the unified style.
- The services of a global advertising agency are often used to ensure unified strategic brand management.
- The task is to pay attention to uniform positioning and respect for the main values of the respective brand.

3. Domestic communication strategy

- It is fully adapted to the conditions of the foreign market.
- The creation of a communication strategy is left to the responsibility of the subsidiary.
- This strategy is typical for the banking sector.

- **Corporate communication strategy is largely influenced by distribution policy, from this point of view we distinguish two concepts:**

§ **Push strategy**

- Communication is provided by distribution intermediaries.
- The manufacturer focuses its marketing activities on business intermediaries and the goal is to ensure that they communicate appropriately with end customers.
- The main communication tools are personal sales and sales support tools (shop decoration, advertising stands).

§ **Pull strategy**

- This is a communication that focuses directly on end customers.
- The main communication tools are advertising and sales promotion.

COMMUNICATION MIX

- **<u>It includes seven main communication disciplines:</u>**

§ ***advertisement,***
§ ***direct marketing,***
§ ***sales promotion,***
§ ***public relations,***
§ ***event marketing and sponsorship,***
§ ***personal sale,***
§ ***online communication.***

- Through the optimal combination of individual components of the communication mix, the company strives to achieve its marketing goals in international markets.

THE END OF SUBJECT
INTERNATIONAL MARKETING.
THANK YOU.