

International Product Management

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Session objectives

- The importance of offering a product suitable for the intended market
- Branding decisions
- Physical, mandatory, and cultural requirements for product adaptation
- The need to view all attributes of a product in order to overcome resistance to acceptance

What is a product?



Product

A product is anything that meets the functional needs of customers.

A bundle of satisfaction?

World's most powerful brands

RANK	2001 BRAND VALUE (\$BIL.)	2002 BRAND VALUE (\$BIL.)	PERCENT CHANGE	COUNTRY OF OWNERSHIP	DESCRIPTION	
1	COCA-COLA	70.45	69.64	+1%	U.S.	New variations such as Vanilla Coke and a lemon-flavored diet drink helped the soft-drink icon remain bubbly.
2	MICROSOFT	65.17	64.09	+2	U.S.	The software giant shifted its advertising to build the brand, not just sell products, at a time when most firms were suffering.
3	IBM	51.77	51.19	+1	U.S.	Big Blue gained recognition in new markets, partly thanks to an \$800 million marketing campaign pushing e-business on demand.
4	GE	42.94	41.31	+2	U.S.	Outgunning double-digit growth is harder, but in tough times, the brand that Colson built holds its own.
5	INTEL	31.11	30.96	+1	U.S.	With Intel Inside and Wi-Fi out to take over the world, the chipmaker's center wireless notebook package delivered a powerful punch.
6	NOKIA	29.44	29.97	-2	Finland	Still the world's leading mobile-phone maker, Nokia faced stiff challenges from industry slumping and a growing crop of smartphone phones.
7	DISNEY	29.04	29.26	-4	U.S.	Not the Happiest Place on Earth as Disney Stores were up for sale, ABC overhauled prime time, and travel woes sapped theme parks.
8	McDONALD'S	24.70	26.38	-6	U.S.	Mixed-up orders and dirty restaurants hurt the brand. New business is recovering somewhat behind a renewed focus on service and value.
9	MARLBORO	22.18	24.15	-8	U.S.	Under siege from smoking bans and lawsuits, the Marlboro Man was looking like a fugitive.
10	MERCEDES	21.37	21.01	+2	Germany	The luxury auto maker crabs the sumptuous sedans the rich and famous love to buy—and ordinary consumers dream of owning.

Source: www.intelbrand.com (07/03/2004)

Brand

A brand can be defined as a specific name, symbol or design – or more usually, some combination of these – that is used to distinguish a particular seller's product.

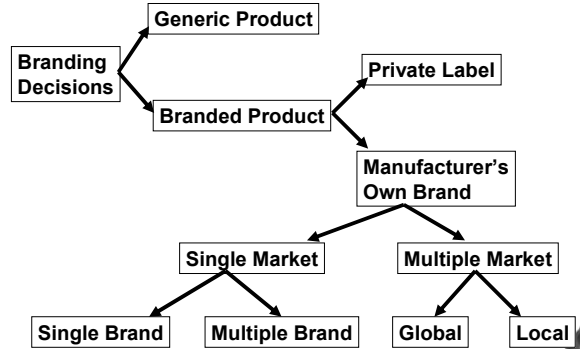
Why Branding?

- To create identification & brand awareness
- Guarantee a certain level of quality, quantity, and satisfaction
- Help with promotion



To Induce Repeat Sales

The Branding Levels

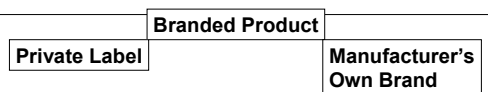


The Branding Decision



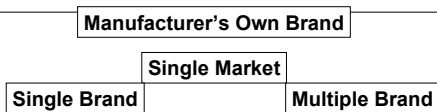
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| <ul style="list-style-type: none"> ➤ Better Identification ➤ Better Awareness ➤ Better Chance for Differentiation ➤ Better Chance for Repeat Sales ➤ Possible Premium Pricing ➤ Possibility of making demand more price inelastic | <ul style="list-style-type: none"> ➤ Lower Production Cost ➤ Lower Marketing Cost ➤ Lower Legal Cost ➤ More flexibility in quality & quantity control ➤ Good for commodities |
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The Branding Decision



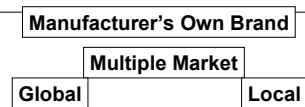
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| <ul style="list-style-type: none"> ➤ Ease in Gaining Dealers ➤ Possibility of Larger Market Share ➤ Less Promotional Hassles ➤ Good for small manufacturer with unknown brand & identity | <ul style="list-style-type: none"> ➤ Better control of Products and Features ➤ Price inelasticity ➤ Retention of Brand Loyalty ➤ Better Bargaining Power ➤ Less Channel Conflict |
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The Branding Decision



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| <ul style="list-style-type: none"> ➤ Better Marketing Impact ➤ More Focused Marketing ➤ Full Attention on one Brand ➤ Reduction of Ad costs ➤ Lack of Duplication ➤ Elimination of Brand Confusion ➤ Good for product with good reputation | <ul style="list-style-type: none"> ➤ Utilization of Market Segmentation technique ➤ Creation of excitement among insiders ➤ Creation of competition within ➤ Avoidance of -Ve remarks ➤ Less brand overlapping ➤ Choice to disloyal customer |
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The Branding Decision



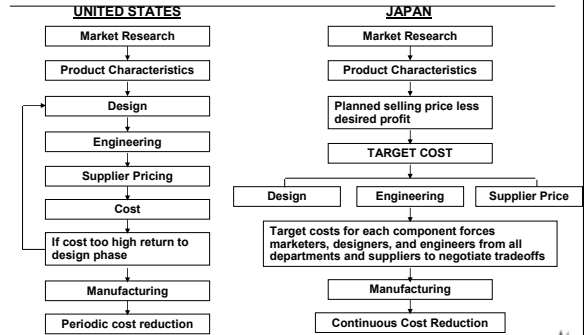
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| <ul style="list-style-type: none"> ➤ Better Marketing Impact and Focus ➤ Reduction in Ad costs ➤ Elimination of brand confusion ➤ Good for Culture-free product ➤ Good for prestigious brand ➤ Easy Identification for International customers | <ul style="list-style-type: none"> ➤ Legal Necessity ➤ Vernacular problems ➤ More meaningful local name ➤ Elimination of -VE remarks ➤ Avoidance of taxation ➤ Allowance of variance in Quality and Quantity standards |
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Some Big Players in the Global Game

Company	Foreign Revenues % of Total	Foreign Profits % of Total	Foreign Assets % of Total
Ei du Pont de Nemours	43.1	28.9	40.6
Proctor & Gamble	50.1	36.9	40.5
Coca-Cola	67.1	67.8	37.7
Intel	58.4	38.4	20.2
Motorola	45.0	92.4	37.7
Johnson & Johnson	49.6	46.1	45.3
Sara Lee	39.7	53.8	51.3
Colgate-Palmolive	71.6	83.6	60.4
Gillette	63.1	41.1	62.6
Compaq Computer	46.5	51.7	31.4
McDonald's	57.0	49.6	55.0
Avon Products	65.3	58.9	59.0
RJR Nabisco	36.2	53.8	20.2

*1996 data.
SOURCE: Adapted from Brian Zajac, "Buying American," July 28, 1997, p218.

Product Development Process United States and Japan

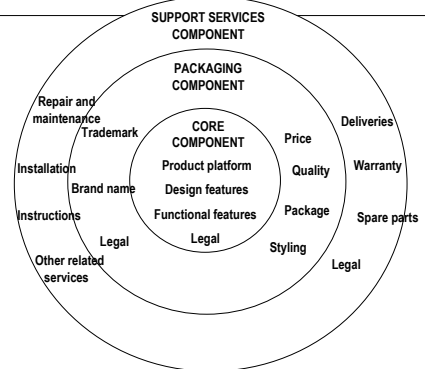


SOURCE: Adapted from Ford S.Worthy, "Japan's Smart Secret Weapon," *Fortune*, August 12, 1991, p.73.

Brands and Culture

- Cultural Influences
- Innovative Products and Adaptation
- Diffusion of Innovations
- Degree of Newness
- Characteristics of Innovations

Product Component Model



Would They Sell in the UK?

- *Alu-Fanny*: French Foil wrap
- *Atum Bom*: Portuguese tuna
- *Crapsy Fruit*: French cereal
- *Kack*: Danish sweets
- *Kum Onit*: German pencil sharpeners
- *Mukk*: Italian yogurt
- *Plopp*: Scandinavian chocolate
- *Pocari Sweat*: Japanese sport drink
- *Pschitt*: French lemonade
- *Poo*: Argentine curry powder