

### Session objectives

- Global marketing game
- International marketing task
- Global vs. International Perspective
- Benefits of global orientation
- New product development for global markets
- International planning and organizing
- Product component model

### Top 10 US players in the global game

Company	Foreign Revenues (\$ Mil)	Foreign Revenues (Percent of Total)	Foreign Profits (Percent of Total)	Foreign Assets (Percent of Total)
ExxonMobil	115,464	71.8	62.7	63.9
IBM	50,377	57.5	49.6	43.7
Ford Motor	50,138	30.8	N/A	44.2
General Motors	46,485	26.3	55.3	38.0
Wal-Mart Stores	40,794	16.7	14.7	32.4
General Electric	35,350	31.7	22.8	47.4
Texaco	32,700	77.1	54.1	45.2
Citigroup	28,749	35.1	N/A	41.0
Hewlett-Packard	23,398	55.2	58.0	51.5
Compaq Computer	21,174	55.0	101.4	28.2

Sources: Adapted from Brian Zajac, "Global Giants," Forbes, July 24, 2000 and Wal-Mart Stores Annual Report 2003



### International Marketing Concepts

Concept	EPRG Schema
Domestic Market Extension	➔ (Ethnocentric)
Multi-Domestic Market	➔ (Polycentric)
Global Marketing	➔ (Regio/Geocentric)

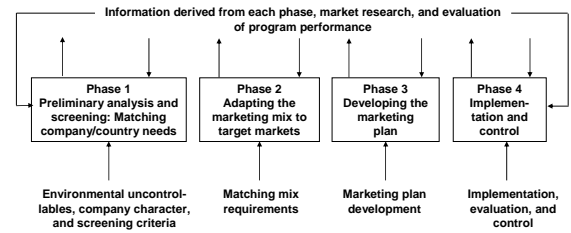
- ### Benefits of Global Orientation
- Economies of Scale in Production & Marketing**
  - Transfer of Experience and Know-How across Countries**
  - Uniform Global Image**
  - Control and Coordination of Operations**

## Secondary Data in Global Markets

- Data from sources that already exist - they have not been gathered for the specific research project
- Therefore: Minimal effort and cost
- Possible problems
  - accuracy
  - availability
  - timeliness
  - costs and
  - comparability of data

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## International Planning Process



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## International Planning Process

Phase 1	Phase 2	Phase 3	Phase 4
<b>Company Character</b> <ul style="list-style-type: none"> <li>● Philosophy</li> <li>● Objectives</li> <li>● Resources</li> <li>● Management style</li> <li>● Organization</li> <li>● Financial limitations</li> <li>● Management and marketing skills</li> <li>● Products</li> <li>● Other</li> </ul> <b>Home Country Constraints</b> <ul style="list-style-type: none"> <li>● Political</li> <li>● Legal</li> <li>● Economic</li> <li>● Other</li> </ul> <b>Host Country(s) Constraints</b> <ul style="list-style-type: none"> <li>● Economic</li> <li>● Political/legal</li> <li>● Competitive</li> <li>● Level of technology</li> <li>● Culture</li> <li>● Structures of distribution</li> <li>● Geography</li> </ul>	<b>Product</b> <ul style="list-style-type: none"> <li>● Adaptation</li> <li>● Brand name</li> <li>● Features</li> <li>● Packaging</li> <li>● Service</li> <li>● Warranty</li> <li>● Style</li> </ul> <b>Price</b> <ul style="list-style-type: none"> <li>● Credit</li> <li>● Discounts</li> </ul> <b>Promotion</b> <ul style="list-style-type: none"> <li>● Advertising</li> <li>● Personal selling</li> <li>● Media</li> <li>● Message</li> <li>● Sales promotion</li> </ul> <b>Distribution</b> <ul style="list-style-type: none"> <li>● Logistics</li> <li>● Channels</li> </ul>	<ul style="list-style-type: none"> <li>● Situation analysis</li> <li>● Objectives and goals</li> <li>● Strategy and tactics</li> <li>● Budgets</li> <li>● Action programs</li> </ul>	<ul style="list-style-type: none"> <li>● Objectives</li> <li>● Standards</li> <li>● Assign responsibility</li> <li>● Measure performance</li> <li>● Correct for error</li> </ul>

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## Ties that Bind: Japanese Keiretsu and Toyota

Toyota has a typical keiretsu family with financial ties to its most important suppliers. Some of those companies, with the percentage of each that Toyota owns:

Lighting	Koito Mfg.	19.0 %
Rubber	Toyoda Gosel	41.4
Disc Brakes	Akebona	13.9
Transmissions, clutches, brakes	Aisin Seiki	22.0
Clocks	Jeco	34.0
Electronics	Nippondenso	23.6
Seat belts, switches	Tokai Rika	28.2
Steel	Aichi Steel Works	21.0
Upholstery material	Kyowa Leather	33.5
Door sashes, molding	Shiroki	13.2
Painting	Trinity	30.2
Mufflers	Futaba Industrial	13.2

SOURCE: Adapted from "Japan: All in the Family," *Newsweek*, June 10, 1991, p. 38.

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## Ford's Keiretsu

VEHICLE ASSEMBLY		
Company	Country	Percent Equity
Mazda	Japan	25%
Kia Motors	Korea	10%
Aston Martin Lagonda	Britain	75%
Autolatina	Brazil-Argentina	49%
Iveco Ford Truck	Britain	48%

PARTS			
PRODUCTION			
Company	Country	Component	Percent Equity
Cummins	U.S.	Engines	10%
Excel Industries	U.S.	Windows	40
Decoma International	Canada	Body Parts, Wheels	49

SOURCE: Adapted from "Learning from Japan," *Business Week*, January 27, 1992, p. 55.

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## Ford's Keiretsu

### Financial Services

Through seven wholly owned units, Ford extends consumer and commercial credit. It issues car loans, mortgages, and credit cards, does industrial leases and finances dealer purchases of cars.

### Marketing

Owns 49 percent of Hertz.  
Hertz and other car rentals are among Ford's largest customers.

### Research and Development

Ford belongs to eight consortiums that do research into environmental issues, better engineering techniques, materials, electric car batteries, and the Chrysler and General Motors "precompetitive research" on batteries and materials.

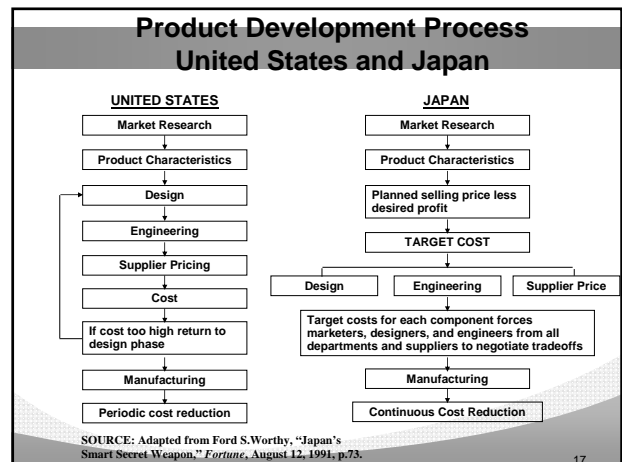
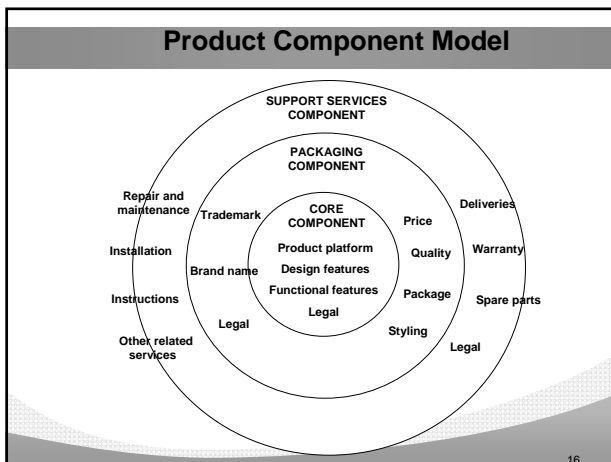
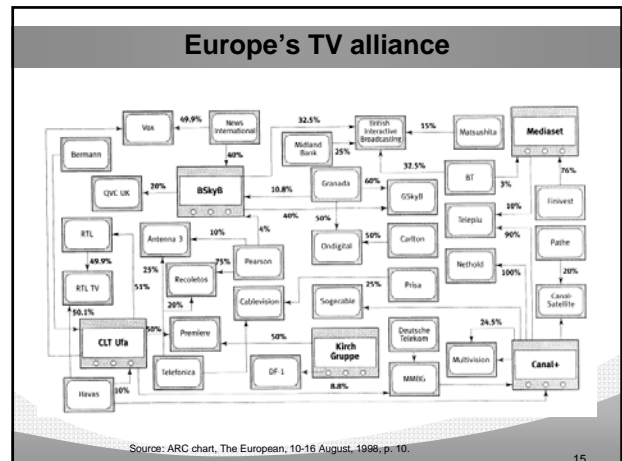
SOURCE: Adapted from "Learning from Japan," *Business Week*, January 27, 1992, p. 55.

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### Benetton

It has achieved its retail distribution through an unusual arrangement with 'agents', first in Italy and other European countries, and now in emerging economies. According to one of the company's marketing executives, the term 'franchising' in describing Benetton is a misnomer. Agents of the company are assigned vast territories, largely through verbal agreements, in which they try to develop Benetton retail outlets. They find smaller investors and store operators exhibiting a 'Benetton mentality' to form individual partnerships. An individual agent might supervise and hold an interest in a number of stores. In 1982, Benetton conducted business with 35 agents. Store owners are neither required to pay Benetton a fee nor a royalty for using its name. They are required to carry only Benetton merchandise, maintain a minimum sales level (equivalent to orders for about 3500 garments per year), adhere to suggested mark-ups of about 80 percent above cost and pay for their orders within 90 days.

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### Would They Sell in the UK?

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

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