

INTERNATIONAL MARKETING

Approaching and Penetrating the
International Marketplace: A Case
Study of Three Multinationals

Group Members

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Purpose of Presentation

Tonight, we will examine the international marketing strategies of three multinationals: Unilever, McDonald's, and Molson's. More specifically, we will highlight the marketing strategies of these three TNCs, with reference to a global based market.

Presentation Overview

- Purpose
- Introduction
 - International Business
 - Role of TNCs in international marketing
 - What is marketing?
- Define key terms
 - The Marketing Mix: 4Ps
 - International marketing
- Case Study One: Unilever
- Case Study Two: McDonalds
- Case Study Three: Molson Inc.

Introduction: International Business

- What motivates companies to seek international markets?
 - i) Saturation of domestic market
 - ii) Globalization of competition
 - iii) Lucrative markets
 - Others include: economies of scale, international production, customer relationships, market diversification
- In the past few decades, there has been a surge in the development of global products
 - e.g. Fall of communism in Eastern Europe

Introduction: TNCs

- How does the structure of the TNC change to take advantage of a global market?
 - In order to be successfully global, the internal structure of a corporation has to change (Dicken).
 - Every TNC tackles this in a different manner depending on the *firm's specific history* - home country embeddedness and its culture and administrative heritage - and the nature and complexity of the *industry's environment*.

Introduction: TNCs

- According to Dicken, four basic organizational structures for TNC's exist:
 - i) Multinational
 - ii) International
 - iii) Global
 - iv) Integrated Network

Introduction: TNCs

<i>i) Multinational</i>	Overseas operations seen as portfolio of independent businesses
<i>ii) International</i>	Overseas operations appendages to central domestic corporation
<i>iii) Global</i>	Overseas operational treated as "delivery of pipelines" to unified global market
<i>iv) Integrated Network</i>	Overseas operations consist of integral parts of complex networks of flows of components, products, resources, people, information among interdependent units

Introduction: Relevance of TNC Structure to Global Markets

- *Why is Organizational Structure Important to International Marketing?*
- Generally, the organizational structure contributes to the method of marketing strategy used by the TNC globally.

Introduction: What is Marketing?

- Defined as '*the management process responsible for identifying, anticipating, and satisfying consumers requirements profitably*' (UK Chartered Institution Of Marketing)
- Basic tenets of marketing: "satisfaction" and "exchange" (Curry)
- In essence, matching consumer wants with business needs (i.e. businesses require willing consumers in order to be sustainable)

Key Terms and Concepts

- Marketing Mix and the 4Ps (Bennet):
 - Product
 - Place
 - Price
 - Promotion

Key Terms and Concepts 2

- International marketing: simply marketing activities across state boundaries, retaining the basic marketing tenets of "satisfaction" and "exchange".
 - But have to factor in a few things:
 - Cultural differences
 - Market segmentation
 - Remoteness of markets
 - Logistics of physical distribution and place decisions
- We will examine three multinationals based upon these four parameters.

The Four Elements of International Marketing

- We will now examine these four factors:

- 1) Cultural factors and forces
- 2) Market Segmentation based on Geography
- 3) Remoteness of markets
- 4) Logistics and place decisions

1) Cultural Factors and Forces

- Sensitivity to local market
 - e.g. McDonald's take-away bags in 1994
- Communication tools may require adaptations or radical changes
 - e.g. Language differences
 - GM Nova: "Nova" means 'no go' in Spanish
 - e.g. Religious difference
 - Frying oil in McDonald's

2) Market Segmentation: Geography Based

- Markets can be segmented according to:
 - Country or geographic region
 - Cultural characteristics
 - Demographic and economic variables
- TNC's segmentation is important in a global market

3) Remoteness of Markets

- Makes monitoring and control more difficult
 - e.g. Following the trends of a consumer in London, England is much more difficult than the market in Toronto, Ontario if the head offices are situated there

4) Logistics and Place Decisions

- Affected by infrastructure differences in some overseas markets
 - e.g. Poor transportation networks in sub-Saharan Africa
 - e.g. Nestle and bottled water in Pakistan creating widespread inequalities

International Market Entry Strategies

- There are five basic strategies for entering foreign markets (Blythe):
 - 1) Keep product and promotion the same worldwide
 - 2) Adapt promotion only
 - 3) Adapt product only
 - 4) Adapt both product and promotion
 - 5) Invent new products

International Market Entry Strategies

1) Keep Product and Promotion the Same Worldwide

- Advantageous because it minimises entry costs
- Advertisements are usually just translated
- Drawback is that it takes no account of local customs

2) Adapt Promotion Only

- Product stays the same but promotion is adapted to local cultural norms
- Enables more effective marketing while avoiding a redesign for the product itself

International Market Entry Strategies

3) Adapt Product Only

- Less common
- Modifications of the specific products to meet needs of different markets

4) Adapt both Product and Promotion

- Sometimes necessary for entry into foreign market

5) Invent New Products

- If existing products cannot meet the conditions in the new market, a new product must be invented.

Case Studies

- 1) Unilever
- 2) McDonalds
- 3) Molson Inc.



Case Study: Questions

We will address the following questions:

- a) What is the structure of the TNC?
- b) What marketing strategy has each TNC adopted?
- c) How does each company advertise and appeal to place specific markets?

Unilever

- Unilever is a consumer goods company.
- Unilever consists of many different brands and companies including Knorr, Lipton, Hellman's, Dove, Axe, etc.
- As a result, Unilever is an complex *integrated network* of components, products, resources, people, and information.

Unilever

- "Unilever is a *Multi-local - Multinational*"
- "Unilever is dedicated to meeting the *everyday needs of people everywhere*"
- "Our success depends on our companies keeping close ties to customers and being *deeply rooted in the societies in which we operate*"

(source: www.unilever.com)

Unilever: Branding of Products

- Of the 400 brands Unilever handles, there is a mixture of "global brands" and "local jewels" that are marketed to appeal to "particular local tastes and habits."

Responding to "particular local tastes and habits"



In Summary...Unilever

- Unilever adapts their products, their promotion, and creates 'new' brands according to geographic location.
- ⑩ Unilever utilizes all 4 elements of International Marketing.
- For Unilever, diversity is key to their success.

2) McDonald's



- Food Service Industry
 - Originated in US in 1960s
- McDonald's now...
 - "Is the world's leading food service retailer with more than 30,000 restaurants in 119 countries serving 47 million customers each day."
 - "Is one of the world's most well-known and valuable brands and holds a leading share in the globally branded quick service restaurant segment of the informal eating-out market in virtually every country in which we do business."
- "Think Globally, Act Locally"
 - Attempts to deliver same product throughout the world
 - But, must adapt products to meet local wants
 - e.g. Burgers in India

McDonald's: Organizational Structure

- Franchising
 - Approximately 70% of McDonald's worldwide restaurants are owned and operated by franchisees.
 - "Business format franchising"
 - About 85% of McDonald's are locally owned and operated

McDonald's: Marketing Strategy

- Mass Marketing Strategy
 - Displaces strategies which revolve around national, regional, and cultural differences
 - Global Branding
 - Homogeneous Product
 - Meanings of product vary between cultures, even if the product is exactly the same
 - Adapting the Product Line
 - 1997: Success in the adaptation to local tastes

McDonald's: Global Promotion

■ 2003 Global Branding Campaign

- "I'm Lovin' It"

• Change image

- Health-conscious
- "Forever Young"
- Justin Timberlake



In Summary...McDonald's



Photos for Slides 28-32: Source (McDonald's)

3) Molson

- "Vision is to become and remain one of the top producing beer companies in the world"
- Produces beer in Canada and Brazil
- Exports beer to the U.S., the U.K., Switzerland and Germany

Molson: Brazil

- Brazil main target of international growth strategy
 - 2000 - acquired Bavaria S. A. brand
 - 2003 - acquired Cervejarias Kaiser Brasil S.A.
 - Marketing regulations in Brazil
 - forbid erotic content and explicit exhortations to drink

Molson: USA

- Repurchased 100% of the brand in 2001
- Marketing strategies:
 - "let your Molson do your talking"



Molson

- Adapts promotion - Molson USA
- Keeps product and promotion the same - Brazil
- Within the US, a more *international* approach emerges; can be considered a *multinational* with regards to Brazil

In Summary...Molson

- Recognizes cultural differences
- Emphasizes market segmentation
- Acknowledges remoteness and place decisions
- Emerging with a more international approach to marketing in US, but maintain domestic brands in Brazil

Conclusion

- "I am a citizen not of Athens or Greece, but of the world." -Socrates
- International marketing takes a variety of forms.
 - There is not a 'right' way to target global markets.
 - Each place has natural advantages (comparative advantages) over other places in the production of certain goods
 - Thus, international marketing creates a more efficient system.

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Questions?

