NATIONAL OPEN UNIVERSITY OF NIGERIA

# MKT 825

## International Marketing

## Module 1

# MKT 825 (International Marketing) Module 1

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# Unit 1 An Overview of International Marketing

## 1.0 Introduction

Random distribution of natural resources necessitates inter-dependence among countries of the world. Since no country is self-sufficient, that is, no country can produce all the goods and services needed for its economy. Hence, different countries around the globe engage in the production and exchange of different commodities. Countries engage in international marketing/trade to obtain goods they could not produce at home or those goods which can be bought at cheaper prices than home products.

Today, individuals and nations, buys goods and services which they can produce themselves, simply because, they tend to specialise on the production of those commodities and services they have greatest comparative advantage. In other words, trade between nations developed first, where one country can produce something desirable while others could not. International marketing/trade owes it origin to the varying resources of different regions.

## 2.0 Objectives

At the end of this unit, you should be able to:

- define international marketing
- give reasons for international marketing
- explain challenges in international marketing
- explain stages of international marketing involvement
- differentiate between global company and multinational company.

## 3.0 Main Content

### 3.1 An Overview of Marketing and International Marketing

Current interest in international marketing can be explained by changing competitive structures coupled with shift in demand characteristics in markets throughout the world. With the increasing globalisation of markets, companies find themselves unavoidably enmeshed with foreign customers, competitors and suppliers, even within their own borders.

Marketing principles are universally applicable, whether a firm sells in the domestic market or foreign market, its marketing programmes should be built around a good product or service properly priced, promoted, and distributed to a market that has to be carefully analysed.

If the statement is nothing to go by, we shall start our study of international marketing by refreshing our memory with the meaning of marketing in general. Although, there are many definitions attached to marketing, notwithstanding, we shall adopt the following:

Kotler and Armstrong (1996) defined marketing as the business function that identifies customers' needs and wants, determines which target markets the organisations can serve best, and designs appropriate products, services and programmes to serve these markets.

Stanton (1981) defined marketing as a total system of business activities designed to plan, price, promote, and distribute want-satisfying goods and services to present and potential customers.

Kotler (1984) defined it as a social process by which individuals and groups obtain what they need and want through creating and exchanging products and value with other.

Marketing is a profit making activity which involves the co-ordination of various functions aimed at facilitating the flow of the required goods and services from the place of production to the place of consumption. A breakdown of this definition shows that marketing involves:

- Investigation
- Designing, and
- Selling

**International Marketing**

International marketing involves the extension of the analysis of planning and implementation of marketing resources and programmes to foreign markets. Once a firm extends its marketing resources and programmes beyond its national boundary to other countries, that firm will be said to been engaging in international marketing.

The American Marketing Association (AMA) defined international marketing as "the multinational process of planning and executing the conception, pricing, promotion and distribution of ideas, goods, and services to create exchange that satisfy individual and organisational objectives. The inclusion of multinational implies that marketing activities are undertaken in several countries and such activities should somehow be coordinated across nations.

It also means that the international marketing process is not a mere repetition of using identical strategies abroad. The four Ps of marketing (product, place, promotion and price) must be integrated and coordinated across countries in order to bring about the most effective marketing mix. In some cases, the mix may have to be adjusted for a particular market for better impact.

Cateora and Graham (1999) defined international marketing as the performance of business activities designed to plan, price, promote, and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit.

Although, international marketing does not involve principles found in the domestic marketing, it deserves special attention because of the following factors:

- Its growing importance as an area of marketing opportunity and
- Its greater level of risk and uncertainty stemming from the marketer's unfamiliarity with other cultures.

It therefore calls for critical studying and evaluation of economic, political, socio-cultural and legal environments. In this regard, companies that seek its fortunes in the global markets, should carefully plan its marketing activities abroad, this is because its risks are enormous. Likewise its rewards are unquantifiable.

Thus, international marketers should critically focus on:

- International marketing decisions
- Market selection decision
- Entry and operation decision
- Marketing mix decision, and
- Market organisations decision.

## 3.2 Reasons for International Marketing

Most companies would prefer to remain domestic, if their domestic market were large enough. This is because, managers would not need to learn another country's language and laws, deal with volatile currencies, face political and legal uncertainties or redesign their products to suit different customers' needs and expectations. Besides, business would be easier and faster at home.

However, Kotler (1997) gave several reasons that might draw a company into international marketing. Some of these are:

- Global firms offering better products or lower prices might attack the company's domestic market. The company might want to counter these competitors in their home markets to tie up their resources.
- The company might discover that some foreign markets present higher profit opportunities than the domestic market.
- The company might need a large customer base to achieve economies of scale.
- The company might want to reduce its dependence on any one market so as to reduce the risk.
- The company's customers might be going abroad and might require international servicing.
- Differences in factor endowment. International trade owes its origin to the varying resources of different regions. Resources are not evenly distributed around the globe, thus some countries are better in some resources than the other.

## 3.3 Challenges in International Marketing

Most companies, if not all, are compelled to go abroad. However, they wish to limit their marketing activities to home markets. Some of the reasons why some of these companies do not want to abroad include:

Unstable Government: High indebtedness, high inflation, and high unemployment (most especially African countries, Nigeria in particular) in several countries have resulted in high unstable governments that expose foreign firms to high risks. Some companies have to adopt strategy of sponsoring the government in power during campaign processes, because of their investments in such countries. These activities engaged in by these companies; add to the marketing costs which they have to contend with. For such reasons, most of the companies do not want to go global.

High Foreign Indebtedness: Many companies and countries have accumulated huge foreign debts on which it is difficult to pay back, even the interest. This indebtedness could be attributed to loans taken, poor leadership, paying employees abroad, paying necessary taxes, etc, as stipulated by the governments abroad.

Foreign Exchange Problem: High indebtedness and economic-political instability decreases the value of a country's currency. Foreign firms want payments in hard currencies with profit repatriation rights. But these options may not be available in total in markets.

Foreign Government Entry Requirements and Bureaucracy: Governments of most countries place some regulations on foreign firms operations. Most companies find these laws and regulations, most especially in developing world, difficult to meet up. Thus, they find it difficult to go abroad.

Tariffs and other Trade Barriers: Governments often impose high tariffs to protect their domestic markets. They also resort to invisible trade barriers, such as slowing down import and approvals, requiring costly product adjustments and slowing down inspections or clearance of arriving goods especially at the ports.

Corruption: Officials, who are charged with the responsibility of discharging one service or the other, requires bribes before necessary documents are signed. Most often, they award contract/business to highest bidders rather lowest bidders.

Technological Pirating: A company locating its plant abroad worries about foreign managers learning how to make its products and breaking away to compete openly, either due to some disagreements, change in foreign government and policies, or inability of the firms to meet up with the economic conditions or intentional break-off. All these challenge most companies to go global.

High Cost of Production and Communication Adaptation: A company going abroad must study each foreign market critically and carefully, this is because it must be sensitive to its economics, laws, and politics; and adapts appropriately its products and communications to such markets.

Shifting Border Issues: Many international boundaries are in a state of flux. National borders are fundamental to marketing activities, this is because they dominate and shape economic behaviour within the country's borders. Changing boundaries may mean moving targets for international marketers.

## Self-Assessment Exercise

1. To assess your understanding of this section, do work out this activity:
2. Give five reasons why firms go abroad.

## 3.4 International Marketing Concepts

Cateora and Graham (1999) reported that the differences in the international orientation and approach to international markets that guide the international business activities of companies can be described by one of the three orientations to international marketing management, namely:

1. Domestic market extension concept
2. Multi-domestic market concept, and
3. Global marketing concept

**Domestic Market Extension Concept:** The domestic company seeking to extend the sale of its products into foreign markets, views its international operations as secondary to, and an extension of its domestic operations. The primary motive is to make excess domestic production. Foreign sales are seen as a profitable extension of domestic operations.

**Multi-Domestic Market Concept:** Once a company recognises the importance of differences in overseas markets and the importance of offshore business to the organisations, its orientation towards international business may shift to a multi-domestic market strategy. A company guided by this concept has a strong sense that a country's markets are vastly different and that market success requires an almost independent program on a country by country basis, with separate marketing strategies for each country.

**Global Marketing Concept:** A company employing a global marketing strategy strives for efficiencies of scale by developing a standardised product of dependable quality, to be sold at a reasonable price to a global market. That is, marketing planning mix is approached from a global perspective and where feasible in the marketing mix, efficiencies of standardisation are sought for.

## 3.5 Stages of International Marketing Involvement

Regardless of the means employed to gain entry into a foreign market, a company may from marketing view-point, make no market investment. That is, its marketing involvement may be limited to selling a product with little or no thought given to development of market control or a company may become totally involved and invest large sums of money and effort to capture and maintain a permanent, specific share of the market. Regardless of their involvement, briefly discussed below are some of the stages.

1. **No Direct Foreign Marketing**
   Companies in this stage do not actively cultivate customers outside national boundaries. However, this company's products may reach foreign markets. Sales may be made to trading companies as well as other foreign customers who come directly to the firm. Other products reach foreign markets via domestic wholesalers or distributors, who sell abroad on their own without explicit encouragement or even knowledge of the producer.
2. **Infrequent Foreign Marketing**
   Temporary surpluses caused by variations in production levels or demand may result in infrequent marketing overseas. The surpluses are characterised by their temporary nature; therefore, sales to foreign markets are made as goods are available with little or no intervention of maintaining continuous market representation.
3. **Regular Foreign Marketing**
   At this level, the firm has permanent productive capacity devoted to the production of goods to be marketed on a continuing basis in foreign markets. A firm may employ foreign or domestic overseas middlemen or it may have its own sales force or sales subsidiaries in important markets. The primary focus of operations and production is to service domestic market needs.
4. **International Marketing**
   Companies at this stage are fully committed and involved in international marketing activities. Such companies seek markets all over the world and sell products that resulted from planned production for markets in various countries. This generally entails

not only the marketing; but also the production of goods outside the home market. At this point, a company becomes an international or multinational marketing firm.

**5. Global Marketing**

At the global marketing level, the most profound changes are the orientation of the company toward markets and its planning. At this stage, companies treat the world, including their home market as one market. The entire marketing operations, and so forth, are considered as a global perspective, for example Coca-Cola Company.

### Self-Assessment Exercise

Briefly give reason for international marketing.

## 4.0 Conclusion

Certainly, the homogenising effect of tele-communications system has eliminated many of the regional differences that once existed. Thus, the world is considered as a global village/market. Marketing internationally should entail looking for market segments with similar demands that can be satisfied with the same product, standardising the components of the marketing mix that can be standardised, and where there are significant cultural differences that require parts of the marketing mix to be culturally adapted.

## 5.0 Summary

This unit examined marketing definitions relating to international marketing. Reasons for going international were x-rayed; challenges and individual company's involvement were examined.

## 6.0 Self-Assessment Exercise

Explain the challenges in international marketing

## 7.0 References/Further Reading

Kotler, P. (1997). *Marketing Management-Analysis, Planning, Implementation, and Control*. (9$^{th}$ ed.). New Jersey: Prentice-Hall.

Onkvisit, S & Shaw, J.J(1997). *International Marketing-Analysis and_Strategy* (3$^{rd}$ ed.) New Jersey: Prentice-Hall.

Stanton, W.J (1981). *Fundamentals of Marketing*. (6$^{th}$ ed.). Japan: McGraw-Hill Book Company.

# Unit 2 Basis of International Trade

## 1.0 Introduction

Whenever a buyer and a seller come together, each expects to gain something from each other. The same expectation applies to nations that trade with each other. It is virtually impossible for a country to be completely self-sufficient without incurring undue costs. Therefore, trade becomes a necessary activity, though, in some cases, trade does not always work to the advantage of the nations involved. Notwithstanding, too much emphasis is often placed on the negative effects of trade, even though it is questionable whether such perceived disadvantages are real or imaginary. The benefits of trade, in contrast are not often stressed, nor are they well communicated to workers and consumers? The question is- Why do nations trade?

A nation trades because it expects to gain something from its trading partner(s). Then one may ask whether trade is like zero-sum game, in the sense that one must lose so that another will gain. The answer is no, because, though one does not mind gaining benefits at someone else's expense, no one wants to engage in a transaction that includes a high risk of losses. For trade to take place, both nations and individuals must anticipate gain from it. It is a positive sum game. This unit examines some theories with respect to nations and individual's trading.

## 2.0 Objectives

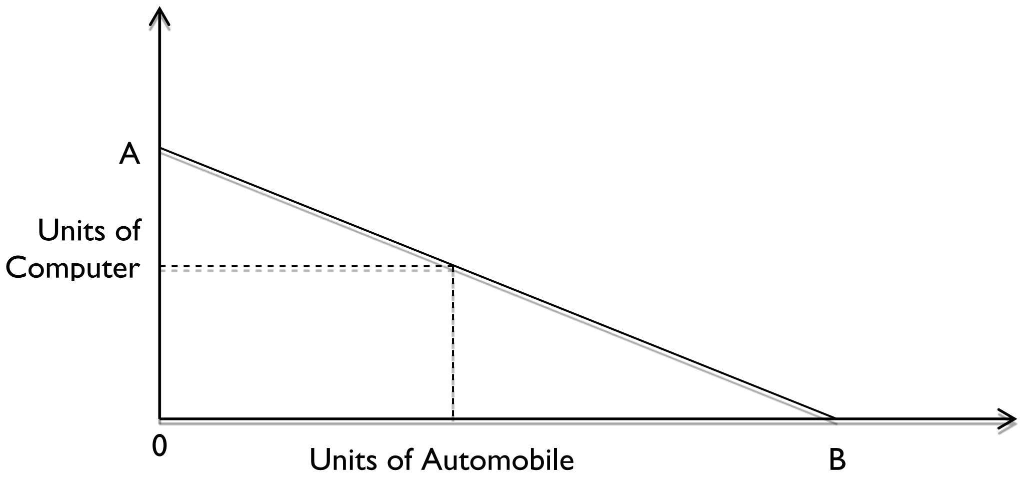
At the end of this unit, you should be able to:

- explain the basis for trade among nations and individuals
- explain some theories in respect of international trading.

## 3.0 Main Content

### 3.1 Production Possibility Curve

Without trade, a nation would have to produce all commodities by itself in order to satisfy all its needs. The diagram below shows a hypothetical example of a country with a decision concerning the production of two products- computers and automobiles.




***(Production Possibility Curve: Constant Opportunity Cost)***

This diagram shows the number of units of computer or automobile a country is able to produce. The production possibility curve shows the maximum number of units made when computers and automobiles are produced in various combinations, since one product can be substituted for the other within the limit of available resources. The country may elect to specialize or put all its resources into making either computers (point A) or automobiles (point B). At point C, product specialisation has not been chosen, thus, a specific number of each of the two products would be produced.

Because each country has a unique set of resources, each country possesses its own unique production possibility curve. This curve when analysed provides an explanation of the logic behind international trade. Regardless of whether the opportunity cost is constant or variable, a country must determine the proper mix of any of the two products and must decide whether it wants to specialise in one of the two. Specialisation will likely occur if specialisation allows the country to improve its propensity by trading with another nation. These principles of absolute advantage and relative advantage explain how the production possibility curve enables a country to determine what to export and import.

## 3.2 Principles of Absolute Advantage

Adam Smith in his book entitled *The Wealth of Nations* used the principles of absolute advantage as the justification for international trade. According to him, a country should export a commodity that can be produced at a lower cost than can other nations. Conversely, it should import a commodity that can only be produced at a higher cost than other nations.

Consider for example, a hypothetical production figures for Nigeria and Ghana as shown in table 1 below.

**Table 1: Possible Physical Output**

| | Product | Nigeria | Ghana |
|---|---|---|---|
| Case 1 | Computer | 20 | 10 |
| | Automobile | 10 | 20 |
| Case 2 | Computer | 20 | 10 |
| | Automobile | 30 | 20 |
| Case 3 | Computer | 20 | 10 |
| | Automobile | 40 | 20 |

From the table above, Case 2 shows that given certain resources and labour, Nigeria can produce twenty computers or ten automobiles or some combination of both. In contrast, Ghana is able to produce only half as many computers (i.e. Ghana produces ten for every twenty of Nigeria produces). The disparity might be the result of better skills by Nigerian workers in making this product. Therefore, Nigeria has an absolute advantage in computers. However, Ghana has an absolute advantage in automobiles.

At this point, it should be clear why trade should take place between the two countries. Nigeria has an absolute advantage for computers, but absolute disadvantage for automobiles. For Ghana, absolute advantage exists for automobiles and absolute disadvantage for computers. Therefore, if each country specialises in the product for which it has an absolute advantage, each can use it resources more efficiently while improving consumer welfare at the same time.

This implies that since Nigeria would use fewer resources in making computers, it should produce these products for its own consumption as well as for export to Ghana. Based on this arrangement, Nigeria should import automobiles from Ghana rather than manufacture them itself. While for Ghana, automobiles would be exported and computers imported.

Thus, for practicability, each person should concentrate on and specialise in the craft that person has mastered. Similarly, it should not be practical for consumers to attempt to produce all the things they desire to consume. One should practice what one does well and leave the production of other things to people who produce them well.

## Self-Assessment Exercise

Briefly explain the term ‘absolute disadvantage.

## 3.3 Principles of Comparative Advantage

One problem with the principle of absolute advantage is that it fails to explain whether trade will take place if one nation has absolute advantage for all products under consideration. Case 2 of table 1 above shows that situation. Note that the only difference between case 1 and case 2 is that Nigeria is capable of making thirty automobiles instead of the ten incase 1. In the second instance, Nigeria has advantage for both products, resulting in absolute disadvantage for Ghana for both. The efficiency of Nigeria enables it to produce more of both products at lower cost.

At first glance, it may appear that Nigeria has nothing to gain from trading with Ghana. However, nineteenth-century British Economist, David Ricardo, perhaps the first economist to fully appreciate relative cost as a basis for trades, argues that absolute production costs are irrelevant. More meaningful are relative production costs, which determine whether trade should take place and which items to export and import. According to his principles, a country may be better than another country in producing many products, but should only produce what it produces best. Essentially, it should concentrate on either a product with the least comparative disadvantage. Conversely, it should import that which it has the greatest comparative disadvantage or one for which it has the least comparative advantage.

Case 2 shows how the relative advantage varies from product to product. The extent of relative advantage can be found by determining the ratio of computers to automobiles. The advantage can be found by determining the ratio of computers to automobiles. The advantage ratio for computers is 2:1 (i.e. 20:10) in favour of Nigeria. Also, in favour of Nigeria to a lesser extent is the ratio for automobiles, 1.5:1 (i.e. 30:20). These two ratios indicate that Nigeria possesses a 100-percentage advantage over Ghana for computers, but only a 50-percentage advantage for automobiles. Consequently, Nigeria has a greater relative advantage for the computer products. Therefore, Nigeria should specialise in producing computer products. While Ghana having the least comparative disadvantage in automobiles indicates that it should make and import automobiles.

## 3.4 Factor Endowment Theory

The principles of absolute and relative advantage provide a primary basis for trade to occur, but the usefulness of these principles is limited by their assumptions. One basic assumption is that the advantage, whether absolute or relative, is solely determined by labour in terms of time and cost. Labour then determines comparative production costs and subsequently product prices for the same commodity.

However, if labour is indeed the only factor of production or even a major determinant of product content, then countries with high labour cost should be in serious trouble.

It is misleading to analyse labour costs without also considering the quality of that labour. A country may have high labour cost on an absolute basis, yet this cost can be relatively low if productivity is high. Furthermore, the price of a product is not necessarily determined by the amount of labour it embodies, regardless of whether the efficiency of labour is an issue or not. Since product price is not determined by labour efficiency alone, other factors of production must be taken into consideration, including land and capital.

In conclusion, since countries have different factor endowments, a country would have a relative advantage in a commodity that embodies in some degree that country's comparatively abundant factors. A country should thus export that commodity that is relatively plentiful within the relatively abundant factor.

It should be noted that there are other theories such as production life cycle, Leentief paradox and so forth that you can read on your own.

## 3.5 Limitations

In sum, trade theories provide layout explanations about why nation's trade with one another, but such theories are limited by their underlying assumptions. Most of the world's trade rules are based on a traditional model that assumes that:

1. Trade is a bilateral process
2. Trade involves products originating primarily in the exporting country
3. The exporting country has a comparative advantage, and

4. Competition primarily focuses on the importing country's market.

However, today's realities are quite different, namely:

- Trade is a multilateral process
- Trade is often based on products assembled from components that are produced in various countries
- It is not easy to determine a country's comparative advantage as evidenced by the countries that often export and import the same product, and
- Competition usually extends beyond the importing country to include the exporting country and the third countries.
-

**Self-Assessment Exercise**

Briefly state the basis of relative advantage.

## 4.0 Conclusion

For countries to want to trade with one another, they must be better off with trade than without it. The principles of absolute and relative advantage explain how trade enables trading nations to increase their welfare through specialisation. Trade of products is for those with the best potential for its own consumption as well as for export. Trade theories, in spite of their usefulness, simply explain what nations should do rather than describe what nations actually do.

## 5.0 Summary

This unit explained the basis of trade, and some theories of trade among nations.

## 6.0 Self-Assessment Exercise

Should there be trade if a country has an absolute advantage for all products over its trading partner?

## 7.0 References/Further Reading

Smith, Adam. (1776). *The Wealth of Nations.* Irwin: Homewood.

David, Ricardo (1817). *The Principles of Political Economy and Taxation*. Penguin: Baltimore.

Onkvisit, Sak & Shaw, J. J. (1997). *International Marketing-Analysis and Strategy*. (3rd ed.), New Jersey: Prentice-Hall.

# Unit 3 World Market Environment

## 1.0 Introduction

Knowledge of world market environment is imperative, especially the environment prospect of companies one wants to trade with. Some companies' products fail at the world market not because the products are not quality enough, or the target markets do not need them, but they fail to study such environment for their business operations. Some business persons confuse the world market environment with home market environment by considering them to be one and the same. This unit examines the world market environmental variables as they affect marketing activities.

## 2.0 Objectives

At the end of this unit, you should be able to:

- explain world market environment
- explain the variables at the world market environment
- explain its marketing implications.

## 3.0 Main Content

### 3.1 Knowledge of Global Markets

One of the characteristics that distinguish humankind from the rest of the animal kingdom is the ability to devise ways to overcome the harshness of the environment. Geography, the study of earth's surface, climate, continents, countries, people, industries, and resources, is an element of the uncontrollable that confronts every marketer but which receives scant attention. The tendency is to study the aspects of geography as isolated rather than as important causal agents of the marketing environment.

A significant determinant in shaping the culture of a society and its economy is the on-going struggle to supply its needs within the limits imposed by a nation's physical make-up. Thus, the study of geography is important in the evaluation of markets and their environments.

Let us examine this example**:**

**'LACK OF BUSINESS ENVIRONMENT KNOWLEDGE'**

"A major food processing company had production problem after it built a pineapple cannery at the delta of a river in Menico. It built the pineapple plantation upstream and planned to barge the ripe fruit downstream for canning, load them directly on ocean liners, and ship them to the company's various markets. When the pineapples were ripe, however, the company found itself in trouble: crop maturity coincided with the flood stage of the river. The current in the river during the period was far too strong to permit the backhauling of barges upstream; the plan for transporting the fruit on barges could not be implemented. With no alternative means of transport, the company was forced to close the operation."

This case has explained itself, hence no need for further explanations.

## 3.2 Demographic Environment

Knowledge of the world market population is pertinent to an international marketer. Markets may exist at the world market, but is the population big enough to break-even, let alone of making profits? Answers must be provided for this question; otherwise going to the world market is nothing but visitation.

Knowing the gross population is not even enough to an international marketer. For the marketer to efficiently plan and implement good marketing programmes, the population has to be broken down into geographical distribution, density, mobility trends, age distribution, birth and death rates, and marriage rates. The international marketer that carefully considers and understands the components of the demographic environment will likely perform a better marketing job than the one that jumps into the market with the assumption that the markets are the same with the home market.

## 3.3 Natural Environment

By nature, some countries are endowed with natural resources such as oil, sand, water, minerals, mountains, rivers, streams, and so forth than the others. Some countries create these artificially to their own advantage. It therefore calls for critical study of these resources as impetus for world market opportunities and threats.

## 3.4 Political-Legal Environment

Marketing decisions are strongly affected by developments in the political and legal environment. This environment is composed of laws, policies, government agencies, regulations, and pressure groups that influence and limit various organisations and individuals. Sometimes, these laws create new opportunities for business, and not only serve as threats.

To assess a potential marketing environment, a company should identify and evaluate the relevant indicators of political difficulty. Potential sources of political complication include social unrest, the attitude of nations, and the policies of the host government.

Much like the political environment explained above, there are multiplicities of laws that an international marketer must contend with. These include:

- Varying laws of nations
- Bribery and corruption
- Exchange rate policies
- Profits repatriation issues
- Issues of employment at the subsidiaries/branches
- Intellectual property rights, and so forth.

## 3.5 Socio-Cultural Environment

The society in which people grew up shapes their beliefs, values, and norms. Culture, an inclusive term can be conceptualised in many different ways. The concept is often accomplished by numerous definitions. In any case, a good basic definition of the concept is that 'culture' is a set of traditional beliefs and values that are transmitted and shared in a given society. Culture is also the total way of life and thinking patterns that are passed from generation to generation. Culture means many things to many people, because the concept encompasses norms, values, customs, art, and mores. Therefore, a worldwide business success requires a respect for local customs.

For example, consumption patterns, living styles and the priority of needs are all dictated by culture. In addition to consumption habits, thinking processes are also affected by culture. Food preparation methods are also dictated by cultural preferences. For instance, Asian consumers' prefer their chicken broiled or boiled rather than fried. Consequently, the Chinese in Hong Kong found American-style fried chicken foreign and distasteful.

Cultural universals, when they exist, should not be interpreted as meaning that the two cultures are very much alike. Too often, cultural similarities at first glance may in fact be just on illusion. Thus, an international marketer must therefore guard against taking market for granted.

## 3.6 Technological Environment

One of the most dramatic forces shaping people's lives is technology. The pace of technological development among nations is not the same. Thus, an international marketer must study each nation's technological development independently. Some of the issues, he/she must contend with include:

- Mode of production of goods and services
- Mode of delivery of services
- Packaging systems
- Mode of payments
- Time consideration
- Availability of expected technology
- Cost of technology, and
- Accessibility of technology.

## 3.7 Economic Environment

Markets require purchasing power as well as people. The availability of purchasing power in an economy depends on current income, prices of goods and services, savings, debt and credit availability. Thus, an international marketer must pay close attention to major trends in income and consumers' spending patterns, in addition to economic situation of the world markets.

## Self-Assessment Exercise

Does culture influences mode of consumption?

## 4.0 Conclusion

A complete and thorough appreciation of the dimensions of world market environment may well be the single most important gain to a foreign market. Necessary marketing research needs to be carried out into world market culture, political-legal system, technological advancement and so forth.

## 5.0 Summary

In this unit, you learned about world market environment as it affect international marketing activities.

## 6.0 Self-Assessment Exercise

Why should a foreign marketer be concerned with the study of culture?

## 7.0 References/Further Reading

Eze, B.I. (1999). *International Marketing.* (Unpublished). Bauchi: ATBU.

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# Unit 4 International Marketing - Mode of Entry

## 1.0 Introduction

Marketing opportunities exist in all countries regardless of the level of economic development. To assume that only developed countries offer more market potential is a misconception that will lead international marketers astray. A particular market may initially seem attractive because of its potential demand and size in terms of the number of consumers or their purchasing power. Yet the market may be attracting more than its share of competition. Since the market is thus crowded by many competitors, it may not be especially attractive after all. As a result, Onkvisit and Shaw (1997) observed that LDCs may provide a better return on investment because competitive expenditures can be significantly less when sophisticated and expensive marketing techniques are not necessary.

A marketer usually discerns far more market opportunities than a firm's limited resources permit to be pursued. It therefore implies that a marketer must develop a priority system so that available resources will not be spread too thin for the needed impact. Countries must be screened based on certain relevant criteria for comparing opportunities. Such criteria may include market potential, economic growth, political risk, available resources, etc. In assessing market opportunities, there is no single ideal criterion. A marketer must therefore employ a set of criteria that is relevant to the market opportunity under consideration. This unit examines the various alternatives of entering international markets.

## 2.0 Objectives

At the end of this unit, you should be able to:

- explain modes of entering international markets
- select the best option for your business
- advise clients on the modality of approaching an international market.

## 3.0 Main Content

### 3.1 International Market Entry Decision

Once a company has analysed the environment of foreign market and concludes that it represents an alternative opportunity, the next step for the company is to take strategic decisions on how to enter the market. A company that has this kind of decision to make usually has three strategic options to consider and select the most appropriate. In trying to select the most appropriate strategic option, the company has to consider the impact of some the crucial factors such as the nature of the product, nature of the market, financial capacity of the company, the management expertise, and the established objectives of the company. These options are thus discussed below.

## 3.2 Export

This is the quickest and simplest way through which a company can enter foreign markets. With the option, the manufacturing facilities of the company will remain located in the home country while the company simply makes arrangement on how to sell some of its present products abroad. Exporting is a strategy in which a company, without any marketing or production or organisation overseas, exports a product from its home base market abroad.

Exporting allows a company to enter foreign markets with a minimum of change in its product line, company organisation, investment, or company mission.

The main advantage of exporting strategy is the case in implementing the strategy. Risks are minimal because the company simply exports its excess production capacity when it receives orders from abroad. The problem with using an exporting strategy is that it is not always an optimal strategy. A desire to keep international activities simple, together with a lack of product modification, make a company's marketing strategy inflexible and unresponsive.

However, any company that chooses to enter into international markets by only exporting its products to the foreign markets can achieve the objective through two ways, namely indirect export and direct export.

### 3.2.1 Indirect Export

Under this method or strategy, the firm does not have to develop an oversea sale force. It will only hire independent international middlemen in the countries concerned. Firms that are stating export business for the first time usually adopt this method. The method involves less investment and fewer risks. The assumption is that the middlemen's established goodwill, marketing know-how and services will enable the image of the product and possibly increase the speed of its acceptance in the market.

Firms that adopt the indirect export method in their international business usually have three options of domestic middlemen arrangements. They can use any or combination of the following:

**Domestic Based Export Merchants**
Buys the manufacturers' products and then sell them abroad. With this arrangement, the exporting company only sells its products to the export merchant in the home country. After buying from the company, the export merchant will then sell the product to foreign markets on its own account. Because, the merchant takes title to the product, it shoulders all the burden and risks involved in exporting the product to foreign markets.

**Domestic-Based Export Agents**
The agents seek and negotiate foreign purchases and are paid commissions. The agents simply agree to seek for foreign buyers for the company. Their job normally is to bring foreign buyers into contact with domestic sellers. They receive commission on any business done. However, the exporting firm will bear the whole risk involved in the business. In selecting the agent to work with, the exporting company has the option of choosing any of the following:

**Export Buying Agents**
They reside in the manufacturer's country but represents foreign buyers. Their functions are to place orders with the manufacturers.

**Brokers**

Their function is only to find buyers for the manufacturer. They do not handle the product.

**Manufacturers' Export Agents**

These agents represent many manufacturers with non-competing interests. They render selling and other marketing services to the manufacturers.

**Cooperative Organisations**

The cooperative organisations serve many producers with non-competing interests by making careful plans on how to export the products on their behalf. Although, the cooperative organisation is independent, it is not wholly independent as the producers have a remarkable influence on the administrative control of its activities.

### 3.2.2 Direct Exports

The manufacturers concerned take responsibility of exporting their products instead of using the services of middlemen. However, not all the manufacturers can enter through this method. The method is often employed by big manufacturers with enough quality of products to sell to and by those whose market has grown to sufficient size to justify the burdens involved in it, for example the Coca-Cola Company.

Although, the method has a high probability of yielding a profitable return, the level of investment and risk associated with it is usually high. Notwithstanding, manufacturers that use this method as their entry strategy into international markets, can adopt any of the following options:

**Domestic-Based Export Department:** An export sale manager carries on the actual selling and draws on market assistance as needed. The department might evolve into a self-contained export department performing all the activities to export and operating as a profit centre.

**Overseas Sales Branch or Subsidiary:** An overseas sales branch allows the manufacturer to achieve greater presence and program control in the foreign market. The sales branch handles sales and distribution and might handle warehousing and promotion as well. It often serves as a display and customer service centre also.

**Traveling Export Sales Representatives:** The manufacturers concerned usually send one or two of their home-based sales representatives to foreign markets to canvas for business and possibly get orders from buyers. This strategy is often employed by big companies that are entering into a market newly and by small companies with financial handicap.

**Foreign-Based Distributors or Agents**: The company can hire foreign-based distributors or agents to sell the company's goods. These distributors and agents might be given exclusive rights to represent the manufacturer in that company or only limited rights.

## 3.3 Joint Venturing

Foreign investors may join with local investors to create a joint venture in which they share ownership and control. That is, companies that adopt this method as their entry strategy into foreign market join hands with the nationals in the foreign countries to set up production and marketing facilities abroad. For example, Kotler (1997) reported that Coca-Cola and the Swiss company Nestle are joining forces to develop the international market for "ready to drink" tea and coffee, which currently sell in significant amounts only in Japan.

Also, Procter and Gamble has formed a joint venture with its Italian arch-rival Fater to cover babies' bottoms in the United Kingdom and Italy. Some of the available options are:

### 3.3.1 Licensing

An export manufacturer will enter an agreement with a foreign company authorising the foreign company to use the production process, trade mark, patent, or trade secret of the exporting manufacturer for a defined fee or royalty. Under this consideration, the exporting manufacturer is the licensor while the foreign partner is the licensee.

The advantage of licensing is that the licensor will gain entry into the market without much difficulty and at a little risk while the licensee will gain production expertise or well-known name without starting from the scratch.

However, the licensor will have less control over the business activities unlike if it had its own production facilities. Besides, the licensor may even find out that it has set up a competitor. The licensee as well suffers from the foreign interference on it affairs.

### 3.3.2 Contract Manufacturing

In this strategy, the arrangement will be for the local company in the foreign country to be in charge of the production of the licensed products, while the marketing of the products will rest on the company. The export firm is only exporting its marketing expertise. The advantages and disadvantages of this are similar to that of licensing.

### 3.3.3 Management Contracting

In some cases, government pressure and restrictions force a foreign company either to sell its domestic operations or to relinquish control. In such a case, the company may have to formulate another way to generate the revenue given up. One way to generate revenue is to sign a management contract with the government or the new owner in order to manage the business for the new owner. The new owner may lack technical and managerial expertise and may need the former owner to manage the investment until local employees are trained to manage the facility. Examples are Arik Airways, Ondo Oil, etc.

It should be noted that management contracts do not have to be only after a company is forced to sell its ownership interest. Such contracts may be used as a sound strategy for entering a market with minimum investment and minimum political risks. For example, Club Med, a leader in international resort vacations, is frequently wooed by LDCs with attractive financing options because these countries want tourism. Club Med's strategy involves having either minority ownership or none at all, even though the firm manages all their resorts.

### 3.3.4 Turkey Operations

A turkey operation is an arrangement by the seller to supply with a facility fully equipped and ready to be operated by the buyer's personnel, who will be trained by the seller. The term is sometimes used in fast-food franchising when a franchisor agrees to select a store site, build the store, equip it, train the franchisee and employees and sometimes arrange for the financing. In international marketing, the term is usually associated with giant projects that are sold to government or government run companies. Large-scale plants requiring technology and large-scale construction processes unavailable in local markets commonly use this strategy. Such large-scale projects include building steel mills, fertiliser, and chemical plants etc.

## 3.4 Direct Investment

Direct ownership of foreign-based assembly or manufacturing facilities is the ultimate form of foreign investments. The foreign company can buy part or full interest in a local company or build its own facilities. When the firm feels that it has mastered the market and there are opportunities, it will then establish its own production facilities with full management and control.

Some of the advantages include: The company may secure real cost economies in the areas of cheaper labour and raw materials. It can develop manufacturing and marketing policies that will be in agreement with the culture of the people and therefore enhance its long-term international objectives. However, the company suffers from exposing a large investment to certain risks, such as devaluation of currencies, and keen competition, etc.

## 3.5 Free Trade Zones

When entering a market, a company should go beyond an investigation of market entry modes. Another question that should be asked is whether a free Trade Zone (FTZ) is involved and needs consideration. The decisions concerning market entry and FTZs are somewhat independent. An FTZ can be used regardless of whether the entry strategy is exporting or local manufacturing.

A FTZ is a secured domestic area in international commerce, considered to be legally outside a country's customs territory. It is an area designed by a government for the duty-free entry of goods. It is also a location where imports can be handled with few regulations, and little or no customs duties and excise taxes are collected. As such, goods enter the area without paying any duty. The duty would be paid only when goods enter the customs territory of the country where an FTZ is located, for example Calabar, Nigeria.

Variations among FTZs include free ports, tariff-free zones, airport duty free arcades, export processing zones, and other foreign grade zones. FTZs are usually established in countries for the convenience of foreign trades. The zones may be run by the host government or by private entries.

FTZs offer several important benefits, both for the country and for companies using them. These include:

- Job retention and creation- when better facilities and plants are provided to attract MNCs, FTZs can generate foreign investment and jobs.
- Some countries offer superior facilities for lower costs.
- Lower theft rate, lower insurance costs, delay of tax payment, and reduction of inventory in transit.
- It improves the cash flow for a company since FTZ eliminates the need to pay duty immediately on docking.
- An FTZ can eliminate the waiting period for the arrival of a product from an overseas firm.

- The firm can hold goods in an FTZ until the quota opens up, making it possible to move the goods immediately into the market at the earliest opportunity.
- FTZs also provide a means to circumvent import restrictions.
- FTZs provide a means to facilitate imports and exports and so forth.

### Self-Assessment Exercise

Briefly define FTZ and explain its benefits.

## 3.6 Introducing a Product into International Market

Introducing a product into the international market is not an easy task. The company has to first of all research the market to such an extent that all the components and supportive attributes of the product have to be clearly detected. Both the market research and the product introduction have to be done with careful consideration of the following factors:

### 3.6.1 Time Scale

In interpreting the research findings, the firm has to take into consideration the dynamic fashion environment in the market and rapidly changing tastes and demands of the consumers. Without that, the firm may discover that it has succeeded in introducing a product that is already out-of-fashion and therefore has no demand in the market. This is one of the tricky aspects of modern international marketing. A tactful marketer must try to combine facts with changing scenes.

### 3.6.2 Firms Resources and Goals

It is imperative to note that firms have to design their products within the framework of their economic realities, resources and goals. Although, the aim is to attain the full satisfaction of the consumers' needs, the firm has to do it in such a way as to make profit or attain other objectives.

### 3.6.3 Specified Markets

In designing the product, the firm has to have a defined target group at the back of its mind. The target group can be a wide one, consisting of country or region or a small area of few consumers. No matter the size, what is important is that the job must be carried out with a definite buyer in mind.

## 3.7 Factors to be considered: Whether to Standardise or to Differentiate

It should be recall that standardisation and differentiation have been looked into in the earlier part of the course. Thus, there are many factors to be considered at any time a decision is to be taken on the issue of standardisation and differentiation. Some of these are thus briefly examined below:

### 3.7.1 Corporate Objectives

An international firm that seeks to maximise profits regardless of international market penetration goals is more likely to strike towards product standardisation. This is because by the nature of such strategy, the firm is likely to generate a better profit performance in the short-run that differentiation is opted for.

### 3.7.2 The Market Usage of the Product

Standardisation is hereby recommended where the consumers' usage of the product is similar in all the markets. However, where it differs, differentiation is considered as a better option.

### 3.7.3 Company Resources

Differentiation involves consideration in production facilities, inventory management and marketing mix ingredients. Because of these financial resources requirements, most weak firms do not go for differentiation strategy; rather they prefer standardisation strategy option.

### 3.7.4 Level of Service Required

Products with high technical services, either before or after the delivery, adopt standardisation strategy. Examples are: electronics, automobiles and so forth.

### 3.7.5 Base of Production

A product that requires intricate manufacturing processes is likely to support differentiation strategy than a product which can be manufactured with ease. Toilet soaps and aeroplane are two different products with different skills, this thus call for different strategies.

### 3.7.6 Legal Considerations

Legal systems can have a major impact on the design of a product, its packaging and the printed messages incorporated. For example, a packet of cigarette in Nigeria must contain a warning about the health hazard of smoking. It should however be noted that the law is not interested in the inconveniences that such regulations may impose on marketing personnel as it is their duty to assess the market and know which strategy is better option.

**Self-Assessment Exercise**
Briefly examine the factors to consider: whether to standardised or differentiate.

## 4.0 Conclusion

When a company considers marketing in foreign markets, it needs to analyse such economic characteristics as GNP, income, and population in order to compare market opportunities.

Once a particular market is chosen, management needs to decide on the market entry strategy. However, such companies should consider the feasibility of operating all or some of its international business in a free trade zone, since such zone can complement many of the market penetration options.

## 5.0 Summary

This unit examined the various modes of entering international markets.

## 6.0 Self-Assessment Exercise

What is an FTZ? What are its benefits?

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# Unit 5 Branding and Packaging

## 1.0 Introduction

In developing a marketing strategy for individual products, especially for international market, the Multinational Companies (MNCs) have to consider the branding decision. Branding is a major issue in product strategy. Developing a branded product requires a great deal of long-term investment planning, especially for advertising, promotion and packaging. Many brand-oriented companies subcontract manufacturing to other companies. The purpose of this unit is to acknowledge the strategic significance of branding and packaging, and to examine some of the problems commonly faced by MNCs.

## 2.0 Objectives

At the end of this unit, you should be able to:

- explain branding and packaging
- state their importance
- classify various types of branding.

## 3.0 Main Content

### 3.1 Purpose of Branding

In many countries, branding may be nothing more than the simple process of putting a manufacturer's name, signature or picture of a product on its package. Perhaps, the most distinctive skill of professional marketers is their ability to create, maintain, protect and enhance brands. Marketers say that "branding is the art and cornerstone of marketing." The American Marketing Association defines a brand as "a name, term, sign, symbol or design or a combination of them, intended to identify the goods or services of one seller or group of others and to differentiate them from those of competitors." This therefore implies that brand identifies the logo or other symbols of a product.

A brand is essentially a seller's promise to consistently deliver a specific set of features, benefits, and services to the buyers. The best brands convey a warranty of quality. But a brand is even a more complex symbol. A brand can convey up to six levels of meaning: attributes, benefits, values, personality and user.

If a company treats a brand only as a name, it misses the point of branding. The challenge in branding is to develop a deep set of meanings for the brand. When the audience can visualise all its dimensions of a brand, the brand is deep, otherwise it is shallow. For example, a Mercedes is a deep brand, because we can understand its meaning along all six dimensions. An Audi is brand with less depth, since we may not grasp as easily its specific benefits, personality and user profile.

Given the six levels of a brand's meanings, international marketers must decide at which levels to promote deeply, and anchor the brand's identity. One mistake is to promote only the brand's attributes.

Promoting the brand solely on one or more of its benefits can also be risky. For example, if Mercedes touts its main benefits as "high performance." suppose several competitive brands emerge with high or higher performance, or suppose buyers start placing less importance on high performance as compared to other benefits. Thus, Mercedes needs the freedom to maneuver into a new benefit positioning.

The most enduring meaning of a brand includes its values, culture and personality. They define the brand's essence. For example, Mercedes stands for high technology, performance, success and so on. This is what Mercedes must protect in its brand strategy.

The basic purposes of branding are the same everywhere in the world. In general, the functions of a brand are to:

- Create identification and brand awareness
- Guarantee a certain level of quality, quantity, and
- Help with promotion

All these purposes have the same ultimate goals-to repeat sales. However, taking into consideration, the importance of branding as a marketing tool, one would expect that corporate headquarters would normally have a major role in brand planning for overseas markets. Besides, international marketing managers, considered some cultural and socio-economic conditions of foreign countries in making global brand image strategy decisions.

## Self-Assessment Exercise

Briefly state the basic purpose of branding**.**

## 3.2 Branding Decisions

To brand or not to brand, that is the focus of this section. Branding is not a cost-less proportion, because of the added costs associated with marking, labeling, packaging and legal procedures. These cots are mostly relevant in the case of commodities, such as salt, cement, diamonds, beef and other agricultural and chemical products. Unbranded or undifferentiated products are sold by grade. Branding such products is probably undesirable, because brand promotion is ineffective, and thus, unnecessary expenses to operations cost.

Besides, a brand-less product allows flexibility in quality and quantity control, resulting in lower production costs along with marketing and legal costs.

However, the basic problem with a commodity unbranded is that its demand is strictly a function of price. The brand less product is thus vulnerable to any price change. For example, Nigerian farmers can attest to this vulnerability, because prices of farm products have greatly been affected by competition from overseas producers.

On the contrary, branding when possible transforms a commodity into a product.  It also makes premium pricing possible because of better identifications, awareness, promotion, differentiation, and brand loyalty, etc.

Although, branding provides the manufacturers with some insulation from price competition, a firm must still find out whether it is worthwhile to brand the product. In whichever way, the following factors should be considered:

- Quality and quantity consistency
- The possibility of product differentiation, and

- The degree of importance consumers place on the product attributes to be differentiated.

## 3.3 Types of Brands

Branding to promote sales and move products necessitates a further branding decision. Whether the manufacturer should use its own brand or a distributor's brand, this is the discussion of this section.

### 3.3.1 Private Brands versus Manufacturer's Brand

Distributors in the world of international business include trading companies, importers and retailers, among others. Their brands are private brands. For example, many portable TV sets made in Japan for U.S market are under private labels.

Even though it may seem logical for a distributor to carry the manufacturers well-known brand, many distributors often insist on their own private brands for several reasons, namely:

- A distributor may be able to create a unique product by bundling or unbundling product attributes and then adjusting the price to reflect the proper value.
- A private brand is a defensive strategy that guarantees that a distributor is not by-passed by its supplier.
- Distributors can convert fixed production costs into variable costs by buying products made by others.
- Distributors insist on private brand mainly because of brand loyalty, bargaining power, and price.

However, there are a number of reasons that the strategy of private branding is not necessarily bad for a manufacturer. The reasons include:

- The ease in gaining market entry and dealers' acceptance may allow a larger market share or all, while contributing to offset fixed costs.
- There are no promotional headaches and expenses associated with private branding, thus making the strategy suitable for a manufacturer with unknown brand. For example, Suzuki cars are sold in the United States under the GM brand names.
- A manufacturer may judge that the sales of its own products are going to suffer to a greater or lesser degree by various private brands.
- The manufacturer can easily be by-passed.
- It loses control over how its product should be promoted-this fact may become critical if the distributor does not do a good job, pushing the product.

Private branding and manufacturer's branding is not necessarily an either/or proposition. A compromise can often be reached to ensure mutual co-existence. If desired, both options can be employed together.

### 3.3.2 Single Brand versus Multiple Brands

When a single brand is marketed by the manufacturer, the brand is assured of receiving full attention for maximum impact. But a company may choose to market several brands within a single market based on the assumption that the market is heterogeneous, and thus must be segmented. Therefore, a specific brand is designed for a specific market segment. For example, the Watch industry provides a good illustration for the practice of using multiple brands in a single market for different market segments. Also, Citizens, in its attempt to capture the new youth and multiple watch owners market, traded down to include a new brand called 'Vega.'

Multiple brands are suitable when a company wants to trade either up or down because both moves have a tendency to hurt the firm's main business. If a company has the reputation for quality, trading down without creating a new brand will hurt the prestige of the existing brand.

However, if it is known for its low-priced production, trading up without creating a new brand would hamper the image of the existing products. For example, Casio is perceived as a manufacturer of low-priced watches and calculators, and the name adversely affects its attempt to trade-up to personal computers and electronics and musical instruments. To overcome this kind of problem, Honda uses the Acura name for its sporty cars, so that Acura's image is not affected by the more pedestrian Honda image. In addition, IBM has begun to segment the Pc market and employed a multi-brand strategy. Hence, the company aims different brands and separate sale channels at different groups of customers.

### 3.3.3 Local Brands versus Global Brands

When the manufacturer decides to put its own brand name on the product, the problem does not end there, if the manufacturer is an international marketer. The possibility of having to modify the trademark cannot be dismissed. Then international marketer must decide whether to use just one brand name worldwide or differentiate brands for different countries.

A single worldwide brand is also known as an international, universal or global brand. For a brand to be global or worldwide, it must, by definition has some commonly set of characteristics and benefits in all its markets. For example, Coca-Cola is a global brand in the sense that it has been successful in maintaining similar perception across countries and cultures.

A worldwide brand has several advantages:

- It tends to be associated with status and prestige.
- It achieves maximum market impact overall, while reducing advertising costs, because only one brand is pushed. For example, Bata Ltd, a Canadian shoe marketer and retailer in ninety-two countries, found out from its research that consumers greatly thought Bata to be a local concern, no matter the country survey. The company thus decided to become an official sponsor of World Cup Soccer in order to enhance Bata's international stature.
- It provides a convenient identification, and international travels that can easily recognise the product.

- It is an appropriate approach when a product has a good reputation or is known for quality.

**Local Branding:** There are several reasons for using local branding, namely:

- When the manufacturer is unable to ensure uniform product quality across countries.
- When an existing brand is difficult to pronounce. For example, Wrigley had trouble with its spear mint name in Germany, until the spelling was changed to SPEAMINT.
- A local brand is more easily understood and more meaningful for local consumers.
- A local brand can avoid a negative connotation.
- Some MNCs acquire local brands for a quick market penetration in order to save time.
- A local brand may have to be introduced because of prices issues.

## Self-Assessment Exercise

What are the reasons for global branding?

## 3.4 Brand Characteristics

- An international brand name should reflect the desired product image. Consumer perception should be taken into account. For example, worldwide consumers usually perceive French perfumes to be superior. One way of creating a desired image is to have a brand name that is unique or distinctive. Mercedes Benz has this quality.
- An international product should have an international brand name, and this name should be chosen with the international market in mind. One way of making a brand name more international is by paying special attention to pronunciation. Many languages do not have all the letters, and the English Language is no exception.
- The legal aspect of branding should be taking into consideration. A name that is similar to other firm's trademarks should be avoided.

## 3.5 Packaging

Much like the brand name, packaging is another integral part of a product. Packaging serves two primary purposes-functional and promotional. A package must be functional in the sense that it is capable of protecting the product at minimum cost. If a product is manufactured locally and has to be exported to another country, extra protection is needed to compensate for the time and distance involved. A country's adverse environment should also be taken into consideration.

For most packaging applications, marketers should keep in mind that foreign consumers are more concerned with the fundamental aspect of a packaging than they are with convenience.

For example, empty glass containers can be sold by consumers to recoup a part of the purchase price.

### 3.5.1 Packaging Modification

A package change may be either mandatory or at the discretion of the marketer. A mandatory change is usually necessitated by government regulations. Sometimes, it is for safety and other reasons. However, packaging regulations sometimes are designed more for protection against import than for consumer protection.

## 4.0 Conclusion

Branding decisions involve more than merely deciding whether a product should be branded or not. A manufacturer must decide whether to use a single brand for maximum impact or multiple brands to satisfy different markets. In addition, packaging should be looked into critically, as well as cultural differences and consumers' perception.

## 5.0 Summary

In this unit, you have studied branding and packaging as they affect international marketing activities.

## 6.0 Self-Assessment Exercise

Give reasons for global branding.

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