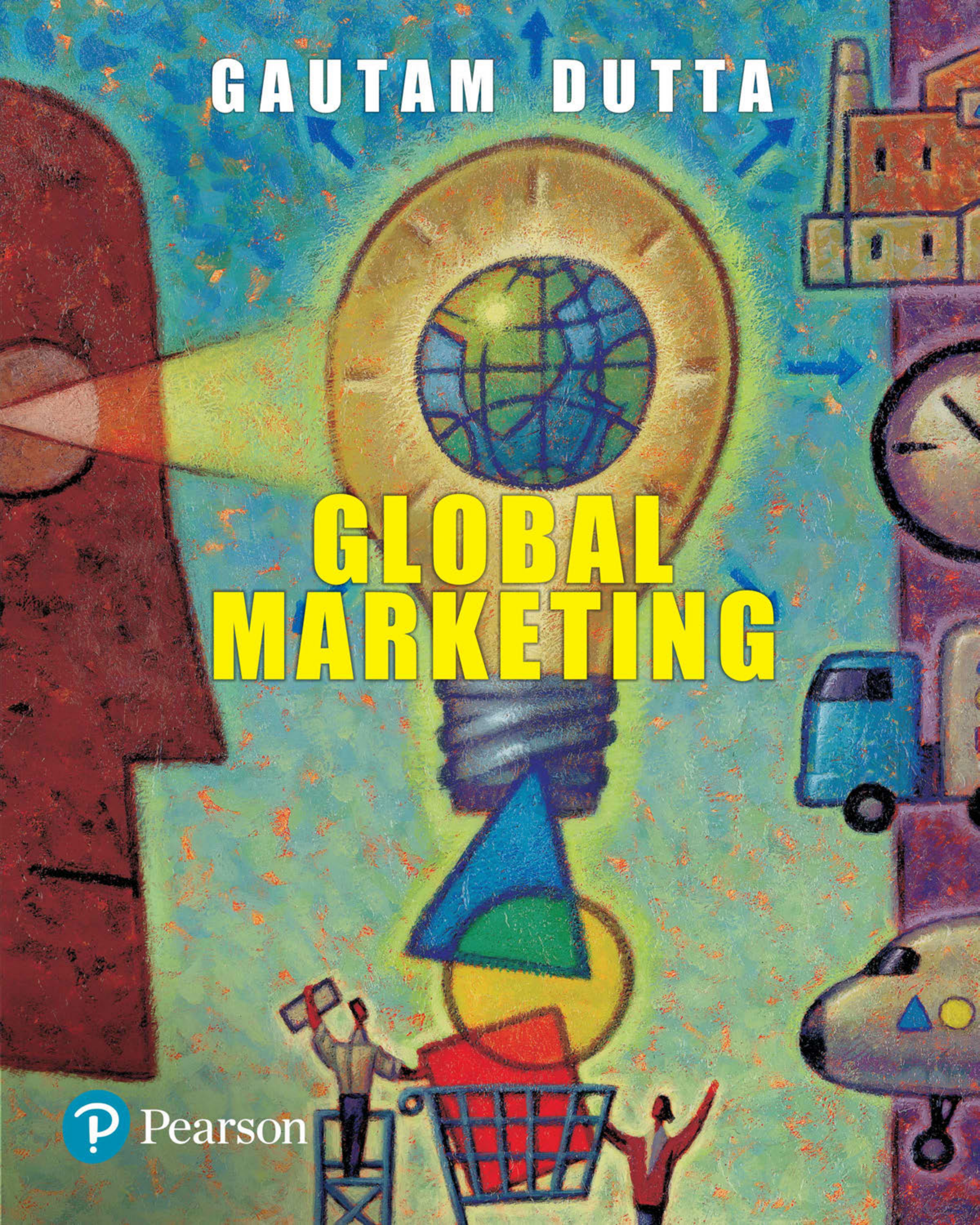
GAUTAM DUTTA

GLOBAL MARKETING



Pearson

Global Marketing

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Pearson

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To my late parents for educating me
To my teachers in school for trying …
And my wife Elora and son Abhishek for their encouragement

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Preface

In most countries around the world, there is a spurt of interest in the globalisation of businesses, whether they are small or big. This trend is visible in developed and also in developing nations. In the first phase of internationalisation, businesses of developed countries resorted to globalisation as a key to business success. American companies led from the front followed by European and Japanese companies. In course of time, there hardly existed a company which considered international interface as a separate, unrelated activity outside its normal business process. The academics of these countries went ahead whole heartedly to support their companies' stride towards internationalisation and contributed heavily by writing articles and books which allowed development and a great deal of understanding in the field. As competition brewed up in the market place across different countries, the writers and practitioners focussed on developing marketing excellence as a tool to achieve competitive advantage. Soon, a realisation dawned on them that to sustain competitive advantage in the realm of acute competition across different economies in the post-internationalisation phase, the practitioners must look beyond the tools and techniques of domestic marketing and expose themselves to specific subject areas such as international marketing or global marketing, which are still in the nascent stage. Thus, from the 1990s, there has been continuous contribution – through books and articles from different writers from different parts of the world – in developing a broad understanding on this important discipline of study known as "global marketing".

I was almost a nomad fifteen years back in this field of study. I first seriously ventured into this field when I was told that my university is considering me as a probable teacher for this subject. At that time I was working as a marketing faculty within the marketing department of a premier national- level institution. Very soon, the time came when I set out to teach global marketing to post-graduate students in the university, which was exclusively offering an MBA degree in the domain of international business.

While delving into the subject, I found a few grey areas. Aspects of domestic business management that were being discussed could easily fit in international business management. There were various other similar overlaps noted, mainly due to the cross border nature of operation. Interestingly, many of these additional aspects are directly dependent on the degree of internationalisation of companies. This makes things difficult for the learners as well as for the teachers because it brings in an ambiguity in understanding the domain of this subject. Another aspect of complexity was to determine a line of demarcation between domestic marketing and international marketing. From where students should start learning international marketing and what should be the coverage of a text book in this discipline? For example, students needed to understand the tools and techniques of executing business research for a domestic company, and hence, writers included them in the text books of business research. While the application may be different, the tools and techniques for domestic marketing research and its international or global counterpart may essentially be the same. Similarly, the fundamental principle of customer value creation is the same in international marketing as it is in domestic marketing, and the same principle is applied in a cross border marketing situation. Because of this overlapping nature, many text books have been written in international or global marketing with varied coverage which appears to be quite confusing for the students as well for the teacher. Also, there are only a few text books written exclusively in the Indian context to depict how Indian companies reach out to other country markets and spell out their marketing techniques. Cases addressing the concerns of American or European companies exclusively cannot be intriguing to students of developing countries like India. These issues prompted me to develop my own content for global marketing, which I use in a typical three-credit course of university MBA curriculum.

This book is an attempt to present the structure of global marketing from the Indian perspective in a cohesive and comprehensive manner. The cases discussed in the book depict the workings of either Indian companies or Indian scenarios to help the students grasp the flavour of cross-border marketing. The opening vignettes are strategically placed to kindle curiosity in students and, more importantly, to create a learning focus. The international market identification process for exporting businesses has never been systematically depicted in the contemporary text books of international or global marketing. Because of the requirement of the class as well as that of the exporting community, I developed a complete framework (which I call Export Market Identification and Selection Process – EMI & SP) as an iterative process of market selection which can be used by students and professional business managers. The framework has been included in this book for the reader's benefit.

Throughout the book it has been my endeavour to place and discuss the different requirements of internationalisation of companies and comment upon the extent of success of their marketing techniques. I have also highlighted the valuable contributions of different researchers in the field of international business and marketing so that students or researchers can immediately identify their areas of interest or relevance for further reading or research. The end-of-chapter questions, exercises, references and further reading sections are intended to encourage the readers in this direction. In addition to providing an in-depth understanding of global marketing, the book also suggests effective tools and techniques that budding managers can adopt in a global company set-up. Further, the book has been written keeping in mind the requirement of a teacher who is offering a three-credit course in global marketing where each chapter of the book can be considered as inputs for each session. However, the world of international business is changing very fast and I would, therefore, welcome any observations or suggestions which would help me correct, update or otherwise improve the text.

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Acknowledgements

I am deeply grateful to each and everyone who has encouraged me and helped me to think positively. Some names are so prominent that I will be failing in duty if I do not mention them. First and foremost, I thank my parents for laying the roots of simple living and positive thinking. I am thankful to my colleagues, present and past, for constantly supporting me and providing all sorts of academic inputs.

Prof D.D. Mali of Indian Institute of Entrepreneurship, who was my mentor and helped to channelize my energy to the world of academics from my pursuits in the industrial field, needs special mention. Prof K. Rangarajan of IIFT, who knew my strengths and weaknesses all along, continuously fanned the stronger points, and possibly because of that, I could aspire to write a book on global marketing. My other colleagues of IIFT, Prof J.K. Seal, Prof T.P. Ghosh, Prof R.P. Dutta, Prof B. Roychodhury, Prof S. Tripathy, Prof P.K. Das, Prof R.P. Sharma, Prof D. Sinha, Prof S. Banerjee and Prof R. Bhattacharya, who were always supportive of my work.

I am also grateful to the organisations that have permitted me to use their logo, images and material for illustrations and examples in explaining the concepts.

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Global Market Participation Decisions

1

Learning Objectives

After studying this chapter, you should be able to:

- Understand how the international marketers can create customer value better than the competitors.
- Understand the implications of the standardisation vs adaptation debate in customer value creation process.
- Understand the evolution of marketing as a discipline of study in relation with the pace of internationalisation of companies.
- Understand the different drivers of globalisation and their implications on marketing internationally.
- Understand how customer value creation process can undergo changes with respect to the different levels of country market participation.
- Understand the concept of global marketing as efficiency point.

Chapter Overview

This chapter introduces readers with the fundamentals of international business and requirements of international market participation. It first discusses the motives of internationalisation of companies and then highlights on the basic marketing tasks that are required to be performed by international marketers at different level of global market participation. This chapter seeks to answer the question whether marketers can create customer value in different countries with equal efficiency and role of standardisation and adaptation of marketing programmes thereof. In this context, the chapter also highlights the evolving nature marketing in explaining the internationalisation process of the companies. This chapter also introduces the concept of global marketing as efficiency point in the backdrop of different drivers of global market participation.

Opening Vignette

American cookies win over Indian and Chinese markets

The King of Indian Cinema, Amitabh Bachchan once saw the David Fincher's widely acclaimed American film 'The Social Network' and found that the storyline was not as relevant as the contemporary Bollywood blockbuster 'Baghban' for the Indian audiences. He, therefore, did not foresee any threat to Indian cinema from American cinema. But can anyone say the same thing for America's best loved cookie brand 'Oreo' entering India to find a place in its lucrative biscuit market estimated to be of ₹5500 crore ($1.1 billion) size? Particularly when, to its disadvantage, average Indian biscuit lovers neither heard about the American company Kraft Foods Inc nor its billion dollar brand 'Oreo' till it entered India during 2011. What it takes to be the darling of Indian consumers and challenge the existing market leaders like Parley G, Sun feast, etc? Possibly the American company knew the best particularly after its sojourn in China way back in 1996 and re-launching of Oreo during 2005. Initially, the Chinese did not entertain the American brand as they were not historically big cookie eaters. Those who tested it found the cookie to be of peculiar sweet and bitter taste and hence not in line with Chinese choice. Again without any emotional bonding with the American brand name it looked difficult that the Chinese would fall in love for the cookie. As the saying goes "in marketing war nothing is unfair", the American company assembled all the arms and ammunition to fight out the odds. It went on to developed 20 prototypes of reduced-sugar Oreos and tested them with Chinese consumers before arriving at a formula that tasted right. This skirmish with Chinese taste went on and once the 'Chinese relevant' one was found out, the American company fortified it with other weapons to fight out the competitors in the open market. Oreo was introduced with different packages, including smaller packets for just 29 cents to cater to Chinese buying habits. The localisation continued and Oreo products in China came out in different varieties like Oreo green tea ice cream, Oreo Double-Fruit, four layers of crispy wafers filled with vanilla and chocolate cream, coated in chocolate, etc., to the likings of Chinese consumers. After successful alignment with buying habit the next challenge was to align with consumption behaviour. Unlike Americans the Chinese typically do not consume biscuit by twisting open the cookies, lick the cream inside and then dunk it in milk. Here, the American company went head on to change the consumption behaviour of Chinese and launched advertising campaign to popularise the American style of pairing Oreos with milk. NBA basketball star Yao Ming was roped in to enthuse the Chinese youngsters to indulge in the act of 'twist, lick and dunk' while taking Oreo biscuits. These campaigns did wonderful result for the company and eventually Oreo became the bestselling cookies of that country. So, for India entry much latter, the company was ready to prove Amitabh Bachchan wrong. Straightway the company went ahead with product modification through sweetening of the biscuit to suit the Indian palate. Cadbury was a much close brand to the Indian customers because of its long presence in India. In India, therefore, Kraft used its already acquired British brand name and called the biscuits as "Cadbury Oreos" to have clear access to the Indian minds.

Price of the product was strategically fixed to suit Indian pocket and buying habit. Traditional and as well modern like social media like face book, etc., were extensively used to communicate its global slogan based on the concept of 'togetherness'. The result was enviable; the market share went up to 30% from mere 1% at the start up with a year.

When this success story of the American company was told to the students of international marketing in the classroom situation, the students quipped, "that's interesting, it seems that proper marketing strategy can win over any country market irrespective of difference of taste, choice, preference, etc., of the consumers. But does it require company to follow localisation strategy always? What if the reverse, i.e., standardisation strategy is used? What should be the best strategy of a company, localisation or standardisation? How companies can archive marketing success with cost efficiency in the international markets?".

Two vectors shape the world—technology and globalisation. The first helps determine human preferences; the second, economic realities. Regardless of how much preferences evolve and diverge, they also gradually converge and form markets where economies of scale lead to reduction of costs and prices.

—Professor Theodore Levitt

INTRODUCTION

The term "internationalisation" in the context of business is used to describe the outward movement or increasing involvement in a companies' or larger grouping's international operations.[1] The internationalisation of business is not a recent trend of the companies. The outward movement is in fact a very old tendency of business. The Singer Sewing Machine Company of the United States set up a foreign factory way back in 1867. Several renowned companies of today such as General Electric, Ford Motor Company and Unilever initiated their outward movement quite early and had substantial international manufacturing subsidiaries by World War I.These companies even started the process of making their presence felt permanently in the markets of other countries at that early stage. Max Keith, the man in charge of Coca-Cola Deutschland during the Second World War, decided to create a new brand "Fanta" to make its presence in the German market permanent. However, the real rush began at the end of World War II when a number of US companies found in action to win over foreign markets by either sending US-made products to these markets or producing them there. As a result, the investment of US companies in foreign country operations increased from USD 3.8 billion in 1950 to USD 11.2 billion in 1960, and USD 32.2 billion in 1970. This showed the interest exhibited no permission by US companies in manufacturing and marketing products internationally.[2]

Companies originating from other developed countries also followed the pioneering trend of internationalisation set by US companies. European companies were closely observing US companies action towards internationalisation and they soon jumped in to the bandwagon. As it stands today, urgency of internationalisation has not been confined to the US or European companies only. Rather internationalisation has become a primary condition of existence of companies, regardless of size or scope of activities. Indian small companies have shown their worth to the national economy through internationalisation and continuously contributing about 35% of the total export of the country. In fact, internationalisation of business and globalisation has become two sides of the same coin. Both supported each other and promoted a new world order by taking advantage of collapsed country market barriers across the globe. Enterprises are adopting different ways of moving outwards to enjoy the benefits of new market openings in different country markets. The multinational corporations (MNCs) justify their naming by being omnipresent. The quest of these enterprises to spread wings and cross international borders were ably supported by the integration of economies around the world through trade and finance and the resulting ease in movement of economic factors such as capital, labour, technology, and products and services across countries. Smaller companies began sending the excess production beyond the national territory after satisfying the domestic need. Some small- and medium-sized companies began doing the reverse, i.e., first satisfying the international demand and then, if need be, marketing their products in the domestic market. In the changed scenario, the companies in different countries, irrespective of their sizes, started posing a very natural question for themselves, "why should we not go beyond our national border when there are always a group of customers across the world willing to buy our products?"

[1] Johanson, J, Vahlne, J-E. The internationalisation process of a firm: a model of knowledge development and increasing foreign market commitments. Journal of International Business Studies 1977; 8: 23-32.

[2] Judd Polk, US Production Abroad and the Balance of Payments (New York: National Industrial Conference Board, 1966, p. 105.

MOTIVES BEHIND INTERNALISATION

Traditionally, companies internationalised due to various internal and external factors. The rapid growth of information and communication technology has always been the invisible external driver behind the internationalisation phenomenon. However, more specifically the following factors can be considered as very active factors responsible for intense internationalisation of companies.

Technology

The development in technology has ensured that the trends exhibited in the latest Paris fashion show spreads instantaneously across the world and, therefore, aiding apparel companies internationalisation. The English Premiere League matches can no longer be called an only British event when every match is telecast and viewed across the world. Now, thirty-three television broadcasters around the world provide coverage of the La Liga, Spanish football's top-level competition for the consumption of the globe. The ESPN Star Sports network broadcasts the La Liga matches across its channels in 18 countries, which include India, Bangladesh, Pakistan, Sri Lanka, Malaysia, Indonesia, Taiwan, Philippines, Myanmar, Cambodia, Laos, Papua New Guinea, the Maldives, Nepal, Bhutan, North Korea, China and South Korea.[3] The spread of information with visuals through television and the Internet has made it possible for the companies to reach to the customers across the world with country specific marketing stimuli designed for a segment. Many companies have been successful in developing a common marketing programme that equally appeals to the identical segments living across the world. For example, Evolution, an advertising campaign launched mainly on YouTube by Unilever in 2006 as part of its "Dove Campaign for Real Beauty" was viewed over 40,000 times in its first day, 17,00,000 times within a month of its upload and 120,00,000 times within its first year. The company was thus able to market its product and expand globally by using the rapid developments on the technology front.

Cost competitiveness

An important internal factor for internationalisation has been the ability to retain cost competitiveness required for global market participation. In the 1980s, when Nike realised that costs were increasing in the US, it closed its US factories and sourced almost all of its production from Asia. In 1982, 86% of Nike's athletic footwear came from Korea and Taiwan and were marketed across the world. Microsoft Corporation could think of developing and marketing gaming gadget Xbox 360 even without having its own manufacturing facility because it could avail cost competitiveness through internationalisation of production. Microsoft simply allowed the product to be manufactured by a specialised contract manufacturer Flextronics in China at a low cost. Xbox 360, thereafter, had tremendous marketing success across the world.

[3] ESPN STAR Sports scores with three-year deal for Spanish La Liga rights, The Business Standard, June, 21, 2011.

Untapped global opportunities

Another external factor behind internationalisation has been the new untapped opportunities present in different countries and interestingly became more pronounced due to the efforts of internationalising companies only. Indian cellular phone operator Bharti Airtel scripted a new chapter in its internationalisation drive by extending its mobile network across 15 new countries in Africa. This move truly heralded the arrival of Bharti Airtel on the global telecom map. It transformed Bharti Airtel into a truly global corporation making it the fifth-largest telecom company in the world, covering over 1.8 billion people across South Asia and Africa.[4]

Technological competence

The technological competence achieved by certain companies is another reason behind rapid internationalisation. These companies have developed strong products or technology that the local competitors are unable to match and hence different market required them. The Scandinavian company Tetra Pak is successfully demonstrating this phenomenon. “Individually, our new technological competence will bring tremendous benefits to our customers, while collectively, they signal a new era in terms of cost, efficiency and environmental performance,” quipped Michael Grosse, Executive Vice President, Development and Service Operations, Tetra Pak.[5] He was talking about a new technology developed by the company for enhancing the efficiency and performance of packaging operations. The serial unfolding of new technologies allowed the company to come close to the customers irrespective of its country of origin in a sustainable manner. This has helped them to gain a decisive competitive edge in a world of fast-changing demands and ever-higher expectations.

Entrepreneur’s aspiration

Small- and medium-sized companies, in the initial phase of internationalisation, depend more on the entrepreneur’s aspiration and dream to be global. Suzlon, the Indian company, began its home country operations in the wind power sector in 1995 with only 20 persons on its pay roll. By 2011, Suzlon had become a global brand with 10,500 turbines and more than 15 gigawatts (GW) of installed capacity in 25 countries due to the push and sheer spirit of entrepreneurship shown by its CEO Tulsi Tanti.

INTERNATIONALISATION AND MARKETING

Whatever may be reasons that encouraged these companies to explore international markets, there is one common ultimate action for all when they are international. All of them needed to market their products/services in the acutely competitive ‘market place’ by adopting the right marketing strategy. The market place, means here, may have its range of geographical spread from a few foreign countries to all the countries of the world. Companies of different sizes with varied products would be striving to develop right

[4] Annual report of Bharti Airtel, 2012
[5] http://www.tetrapak.com/about_tetra_pak/press_room/news/Pages/new_technologies.aspx

marketing programmes to win over targeted customers living in that target market place. To make things more difficult for them, there would be a number of local companies ready to compete with the foreign companies and drive them out of their countries. Ironically, the local consumers may have more preference for the local producers and even the locals can get local government patronage. The question arises how then the internationalising companies would design their marketing programmes in the midst of such competition? What type of marketing strategy would best suit them? What problems would they generally encounter while designing marketing programmes for multi-country market participation? Is it possible to design a common standardised programme for all the country markets but without compromising with the consumer preferences of individual countries? Or is it wiser to follow 'horses for the courses' policy and resort to different marketing programmes for different countries? If it requires arriving at a trade-off point between these two extremes, then how that point would be decided? What would be the benefits if the company's marketing programme tilts heavily towards standardisation? These are the questions associated with internationalisation required to be understood. This chapter, therefore, introduces readers to the different types of marketing behaviour possible to be exhibited by companies at different stages of internationalisation indicating merits, demerits, and requirements.

MARKETING: THE BASIC TASK

The basic marketing task of a company, whether in the domestic market or in the global markets, is to create customer value. Customer value is defined as the sum total of benefits (economic, functional, and psychological), which a vendor promises a customer will receive in return for the customer's associated payment or other value-transfer (time, effort, and psychological). It is to be understood that when a company enters a market, it becomes imperative that the company has designed its marketing programme in such a manner that it will be able to create the desired customer value better than the competitors in the same market for the target customers. The company needs to base its strategies on customers' preferences to do this. A customer's perceived benefits of a product would come from all the benefits that the customer is expecting from the product as well as in consideration of all the costs associated with the offering and the perceived alternatives. Formally, it may be conceptualised as the relationship between the consumer's perceived benefits, which include functional, social, and hedonic benefits in relation to the perceived costs of receiving these benefits. The perceived benefits are, therefore, relative and subjective involving a whole spectrum of human behavioural aspects towards human value formation. The customer value is often expressed as the ratio of perceived benefits to perceived sacrifice that is involved in getting the product or service. This relationship can be better understood with the help of the following equation.

$$\text{Customer Value} = \frac{\text{Perceived benefits} - \text{Perceived cost}}{\text{Price}}$$

The perceived cost is the price that the consumer is expected to pay for getting the product. A product that is available easily would have less perceived cost for the customers as it is very easy to buy. Thus, the above equation indicates that a marketer has to keep in mind that the price of the product as the denominator of the equation always put pressure on the numerator of the equation to be correspondingly high so that the customer value is increased. It is easy to understand that a marketer will not be able to increase customer value of all the people living in that country or of all the people living in its target country markets with the same marketing strategy. Therefore, the requirement of creating consumer segments comes in to play. The segment could be a group of consumers living in a country or in countries but having the same taste, choice or preferences. The marketer on entry to the new market would need to identify a suitable segment to target and then position the product accordingly to create customer value keeping in mind that the cost of the product will always be there to pull down the customer value creation process as the denominator of the equation. This process is very complicated in the international market as the marketers need to have a clear knowledge of the consumer base and the consumer requirements for that particular category of the product in the country entered into. The selection of the right segment will allow the marketers to position the product and create customer value in the desired way. In addition, the pricing may be comparatively higher in foreign country markets than the domestic one because of transportation, logistics and other costs, which may again put pressure on customer value creation. The customer value creation process, therefore, requires a clear answer for the following questions:

- Who are the customers of the product?
- What are their requirements in terms of different benefits derived from the product?
- What is offered to them?
- What is the distribution channel used?
- How are products priced?
- How is the customer interface managed?
- How are customers served?
- How are customers sustained?

THE STANDARDISATION APPROACH

There have been many discussions over how a company can create customer value in distant foreign markets while internationalising its activities. Many leading thinkers advocated that a new marketing strategy needs to be introduced since a new group of customers are encountered in foreign markets. Theodore Levitt, an American economist and professor at the Harvard Business School, proposed the main argument in favour of the standardisation approach. In his article *The Globalisation of Markets* published in the *Harvard Business Review* in 1983, Professor Levitt argued that the forces of globalisation driven by technology were homogenising the taste, preference and choice of consumers irrespective of the country they belong.[6] Based on

[6] Levitt, T. (1983), "The globalisation of markets", Harvard Business Review, Vol. 61 No. 3, pp. 92-102.

this belief, he literally blamed American multinational businesses for not understanding the same and suggested that marketers need to take advantage of this trend by following a standardised marketing strategy irrespective of the countries that they market their products in. He argued that products perceived as 'classy' such as Monalisa type artefacts, and products strongly associated with the 'country of origin' like Channel perfumes from France or Havana cigars from Cuba can create customer value in an identical way in different countries. The international marketers, therefore, do not require different marketing programme for different country markets. The same is the marketing wisdom for the 'high-tech' products like hybrid vehicles from the Toyota Motor Corporation, smart TV from Sony, etc. Products such as the hybrid cars or LED Smart TV are being marketed worldwide by the concerned companies using a standardised marketing programme. In a sense, the state-of-the art technology itself maximises the customer value and hence international marketers do not need to develop different marketing programme for different markets. Industrial products, where consumers are industries, usually fall in this category and hence candidate for identical marketing programme while marketed worldwide. Products other than 'classy', 'high-tech' and 'industrial', therefore, possibly are candidate for differential marketing programme for different countries. However, if these mass market products are marketed by considering Prof. Levitt's hypothesis of market homogenisation happened due to the forces of globalisation, then the companies can market them with identical marketing programme for various countries. This marketing strategy will also bring additional benefits to the companies with vast multinational presence as they will be able to save considerable amount of money being incurred for country-specific adaptation of the marketing mix. This saving will help them either to reduce prices of the products being marketed or they can be purposefully utilised to enhance the quality of the products further.

Professor Levitt was a staunch believer of homogenisation of the world and hence, according to him, international marketers can consider the world to be flat in terms of tastes, choices, preferences, etc., and hence, mass market products can also be marketed like class market products. He also believed that as civilisation progressed and globalisation became forceful, the ugly face of country culture is no longer creating deep impact on consumers' taste, choice, and preference. Hence, according to Professor Levitt, marketing with globally standardised marketing programme would create an ideal environment for achieving economies of scale. The international company by producing standardised products and marshalling standardised marketing mix elements for a large number of consumers across the world would almost enjoy a mass production scenario accompanied by reduced cost of production. The economies of scale, achieved in this way, would help companies to become more competitive in foreign markets because it would facilitate them to market products of the same or better quality at lower prices. Professor Levitt urged US multinational companies to follow the standardisation approach while deciding on their marketing strategy for countries abroad. He even cursed the US multinationals for not allowing their company to attain scale economics by treading too much on the line of country–specific adaptations of marketing programme and thereby spending more and wasting American stake holders' money.

THE ADAPTATION APPROACH

It did not take a long time for critics to challenge Theodore Levitt's hypothesis of a homogenised world. A number of academicians wrote about the requirement of an adaptation approach as they felt that the world had not been homogenised in the way Professor Levitt imagined. The basic tenets of the adaptation approach, propagated by many writers in response to Professor Levitt's pro standardisation arguments, may be summarised as follows:

- All countries have not been affected equally by globalisation. So, marked differences continue to exist in terms of tastes, preferences and choice of products in different countries.
- Tastes and preferences vary even within the European Union in spite of economic integration. Therefore, a marketer will not be able to adopt a standardised marketing strategy. For instance, the Germans would look to buy a technically correct cars while the French people inherently more akin to buy car that provided them with amusement, fun, etc.
- The gains achieved through economies of scale may not be high enough to provide a competitive edge in the market place and hence cannot be the deciding factor against the adaptation approach.
- The standardisation approach can not cover whole of the world. At best a company can market in a niche segment of few countries in this way. For example, an apparel company can design its marketing mix for the teenagers of India, Pakistan and Bangladesh but the same marketing mix cannot be extended to Thailand or China because of difference in tastes, choices and preferences.
- The economic differences that exist in the world influence the marketing strategy of a company. Coca Cola cannot market its products in Burkina Faso as well as in Luxembourg in an identical way because of the stark economic differences that exist between these two countries. Burkina Faso is one of the poorest countries in the world with an average income per capita of US$300 where as Luxembourg is one of the richest country of the world with average income per capita of US$81,000. This economic difference brought about differences in customer preferences.
- Along with the economic factors, marketers also need to consider country-specific cultural factors. Sometimes, cultural factors are so deep-rooted that the marketing communication positioned to change cultural stereotypes often fall flat. For example, the American multinational cereal company Kellogg's could not replace the traditional breakfast menu of *Rotis* and *Idlis* in India with cornflakes in spite of its aggressive marketing communication campaign.
- The legal and political situation in many countries forces marketers to adapt the marketing mix in accordance with the system. A company is bound to abide by country-specific advertising laws, product labelling and packaging requirements in its marketing communication campaigns. The volatile political situation in some countries forces companies to resort to unique marketing strategies different from the strategies used in politically risk-free countries. For instance, many companies had to restrict their marketing programmes in politically volatile Venezuela and North Korea.