

International Product and Service Strategies

Chapter 11

The online lecture is yet to start.

Roadmap

- The Dimensions of the International Product Offer
- Developing International Service Strategies
- The Product Life Cycle
- New Products
- Product Positioning
- Brand Equity
- Branding Decisions
- Sensory Branding
- Celebrity Branding
- Green marketing Strategies
- Brand Piracy
- Seminar Work Presentation: Enkhbat Khishigbat
- Country Presentation: Stepan Zhukevych

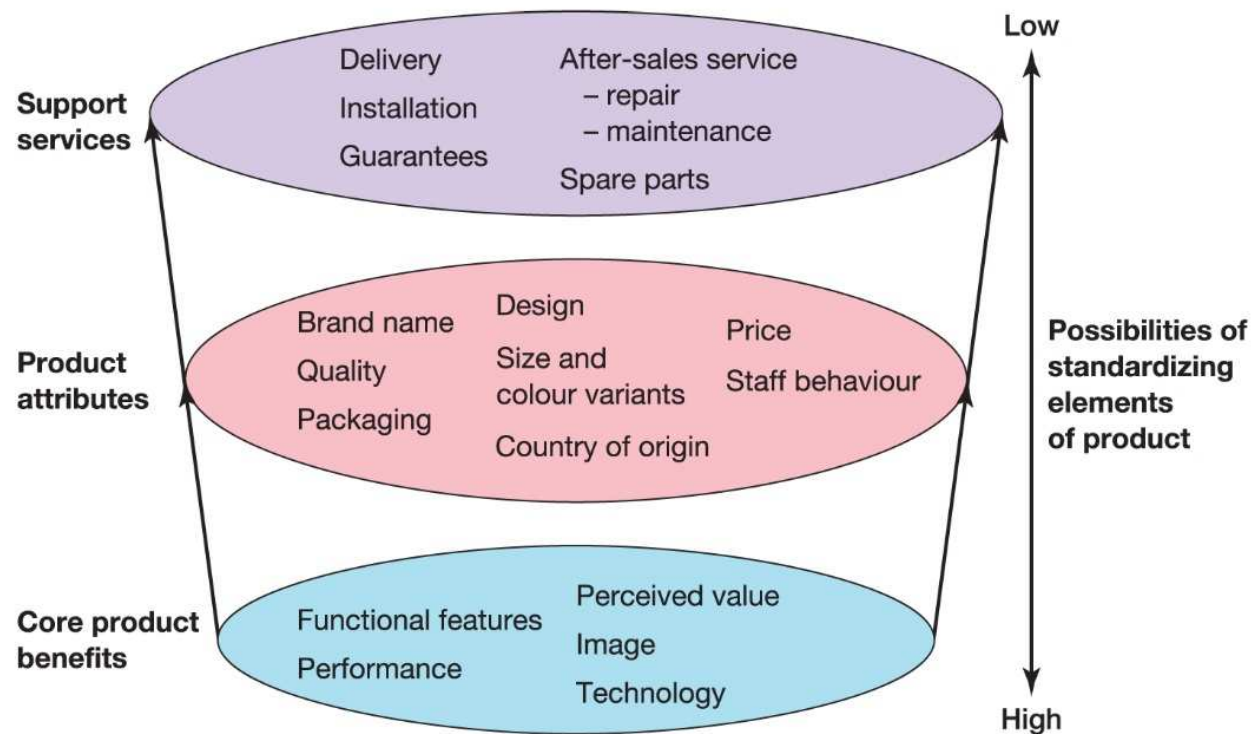
Goals of the Lecture

- To Discuss the influences that lead a firm to **standardize or adapt** its products
- Explore how international **service strategies** are developed
- Distinguish between the **product life cycle** and the **international product life cycle**.
- Discuss the challenge of developing new products for foreign markets
- Explain the alternatives in the **product communication mix**
- Define the different **branding alternatives**
- Discuss **brand piracy** and the possible anti-counterfeiting strategies.
- What is meant by a '**green**' product etc.

The Dimensions of the International Product Offer

- **Marketing P**
- **Standardization vs. Adaptation**
- Reasons for adaptation:
 - Climate in the foreign country/ region;
 - Skill level of users;
 - National consumers habits, preferences, needs;
 - Government regulations on products, packaging and label;
 - Company's history and operations (subsidiaries).
 - All these reasons can be classified into the mandatory ones, and optional ones.

The Dimensions of the International Product Offer



The Dimensions of the International Product Offer

North American red bull

Red is a symbol of action and courage
Silver-symbol of maturity
Blue-symbol of youth spirituality and peace



Chinese red bull

Red-symbol of good luck
Gold-symbol of wealth and happiness



The Dimensions of the International Product Offer

Factors favouring standardization	Factors favouring adaptation
<ul style="list-style-type: none">● Economies of scale in R&D, production and marketing (experience curve effects)● Global competition● Convergence of tastes and consumer needs (consumer preferences are homogeneous)● Centralized management of international operations (possible to transfer experience across borders)● A standardized concept is used by competitors● <i>High</i> degree of transferability of competitive advantages from market to market	<ul style="list-style-type: none">● Local environment-induced adaptation: sociocultural, economic and political differences (no experience curve effects)● Local competition● Variation in consumer needs (consumer needs are heterogeneous because of cultural differences)● Fragmented and decentralized management with independent country subsidiaries● An adapted concept is used by competitors● <i>Low</i> degree of transferability by competitive advantages from market to market
<p><i>Further issues:</i></p> <ul style="list-style-type: none">● Easier communication, planning and control (through internet and mobile technology)● Stock cost reduction	<p><i>Further issues:</i></p> <ul style="list-style-type: none">● Legal issues – differences in technical standards

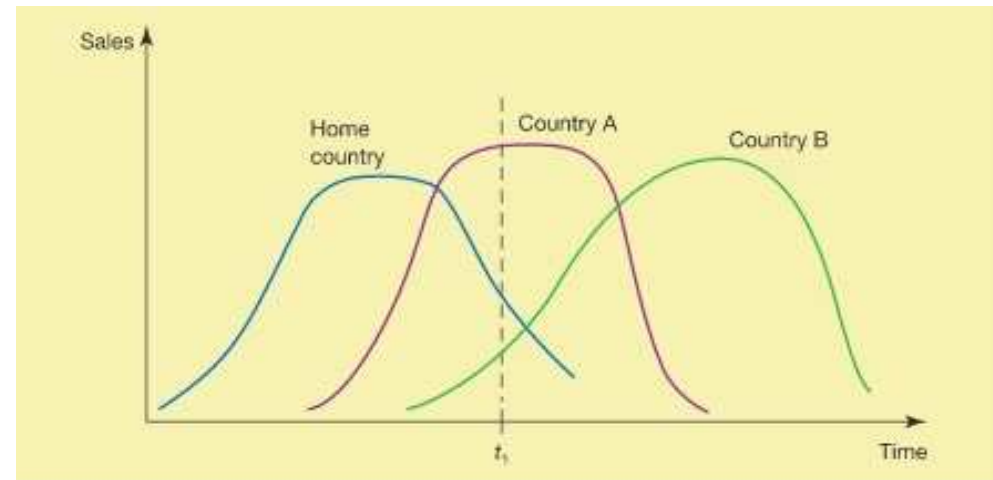
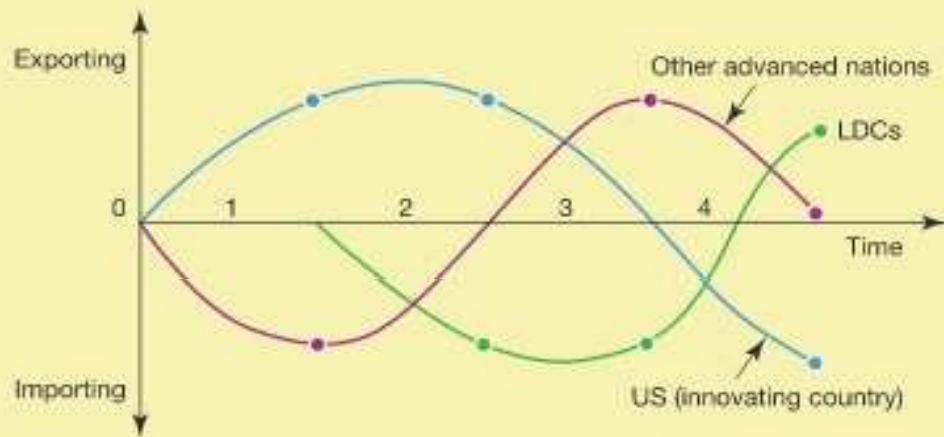
Developing International Service Strategies

- Features:
 - Intangibility
 - Perishability
 - Heterogeneity
 - Inseparability
- Categories:
 - People processing
 - Possession processing
 - Information based services
- Importance of supplementary services (e.g. information, order taking, advice, billing etc.)
- Services in B2B markets

The Product Life Cycle (PLC)

- Dependent variable
- PLC for different products within the company
- Limitations of PLC:
 - Misleading strategy prescriptions
 - Fads and unpredictability
 - Levels of product life cycle
- International markets relevant:
 - international product life cycle (IPLC) – a macroeconomic approach
 - PLCs across countries – a microeconomic approach

The Product Life Cycle



New Products

- International competition
- Cutting the time to reach market:
 - Early integration of customers and suppliers
 - Multiskilled project teams
 - interlinking of R&D, production and marketing activities
 - TQM
 - parallel planning of new products and the required production
 - High degree of outsourcing
- Degrees of product newness
- The product communication mix
- Quality deployment function (QDF)

New Products

Figure 14.10 Different degrees of product newness

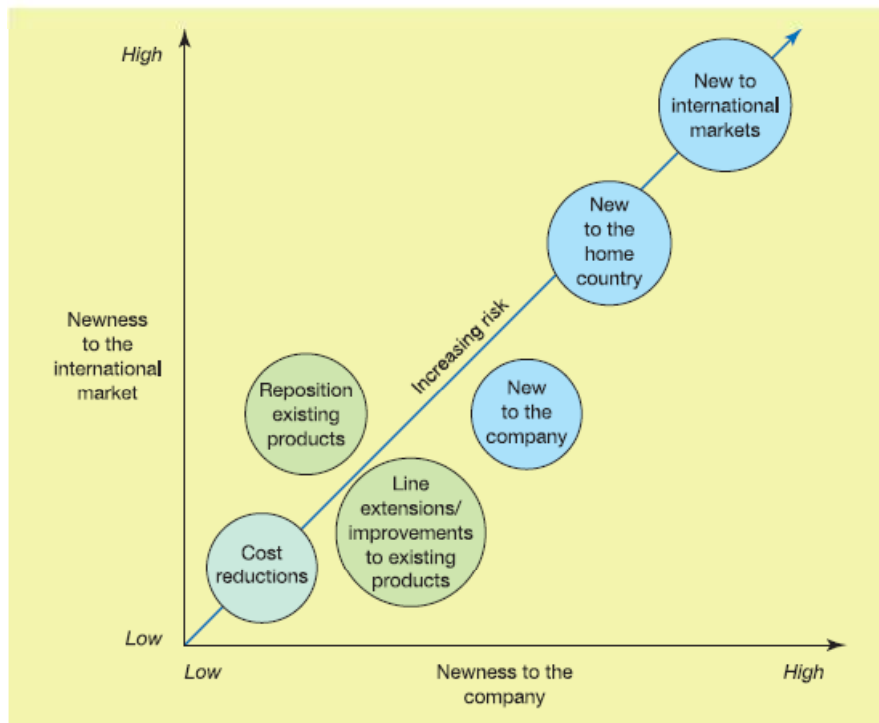


Figure 14.11 Product/communication mode

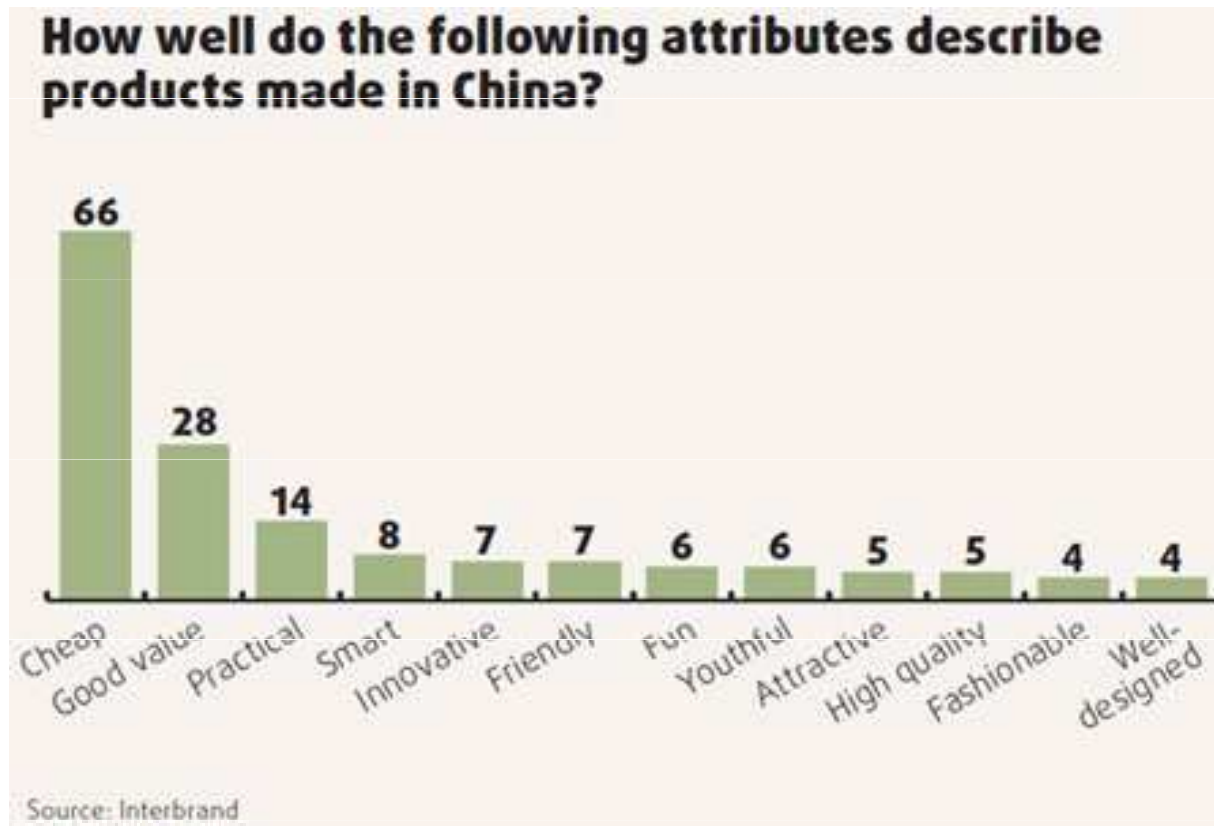
		Product		
		Standard	Adapt	New
Promotion	Standard	Straight extension	Product adaptation	Product invention
	Adapt	Promotion adaptation	Dual adaptation	

Source: adapted from Keegan, 1995.

Product Positioning

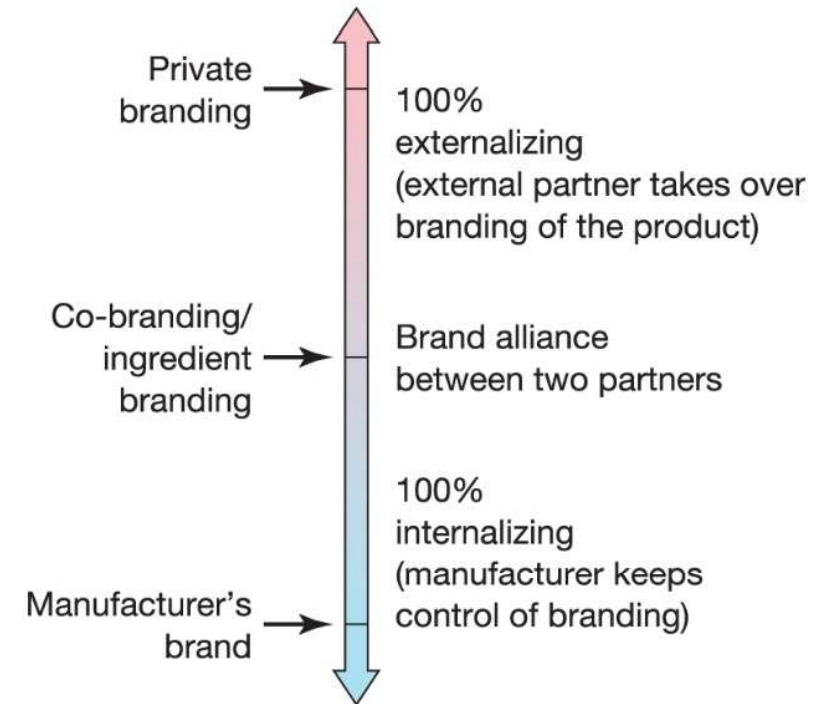
- Necessary to establish in the consumer's perception exactly what the product stands for and how it differs from competition
- The country of origin has an important impact on the perception of the product; COO is used as a product quality cue
- COO effect deals with the quality perception of products
- COO bias occurs when customers overstate positive or negative attributes of the products attributes that further leads to the bias towards products from a given country
- Different attributes involved (brand name, styling and similar features, physical, package, service and country of origin)

Product Positioning

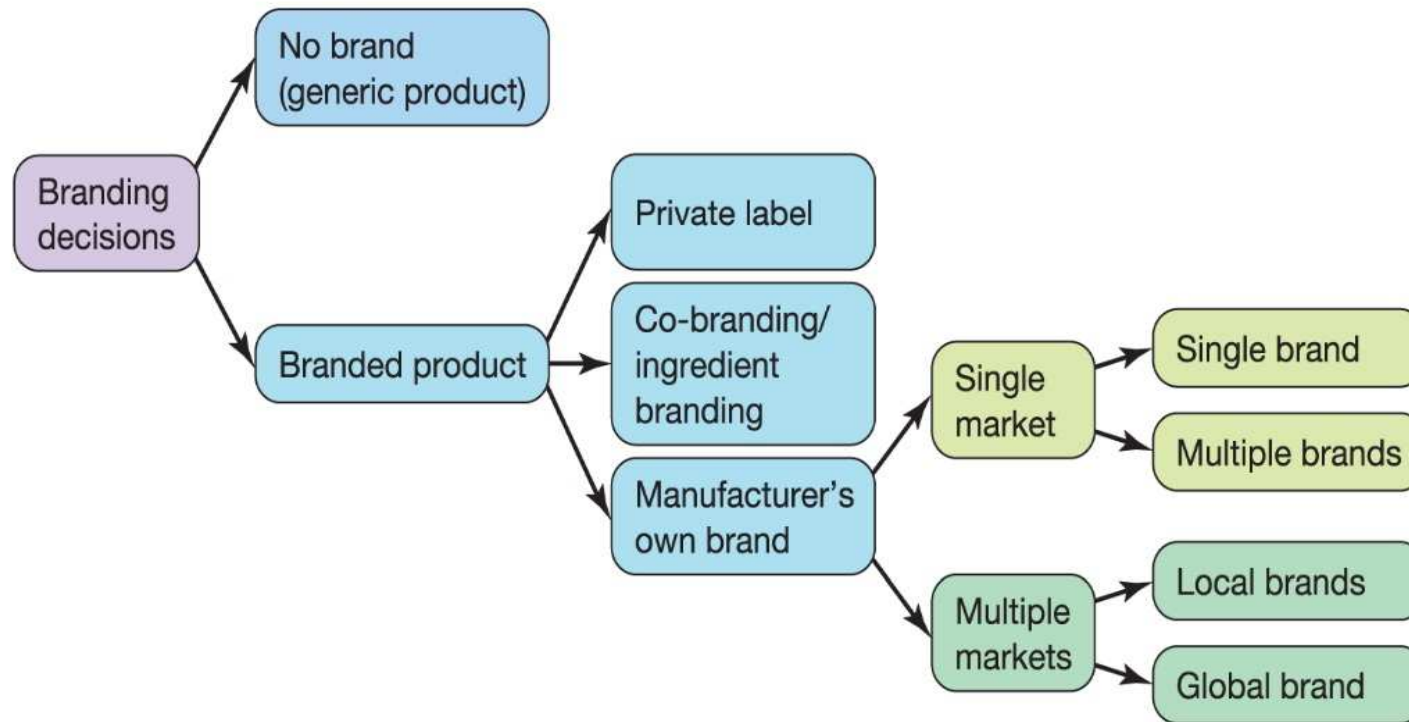


Branding Decisions

- Functions:
 - to distinguish a company's offering
 - to create identification
 - to guarantee a certain level of quality
 - to help with promotion
- Ultimate goal: sales generation
- Brand vs no-brand
- Private label vs co-branding vs manufacturer's own brand
- Shop and brand loyalty
- Single brand versus multiple brands
- Local brands versus a global brand



Branding Decisions

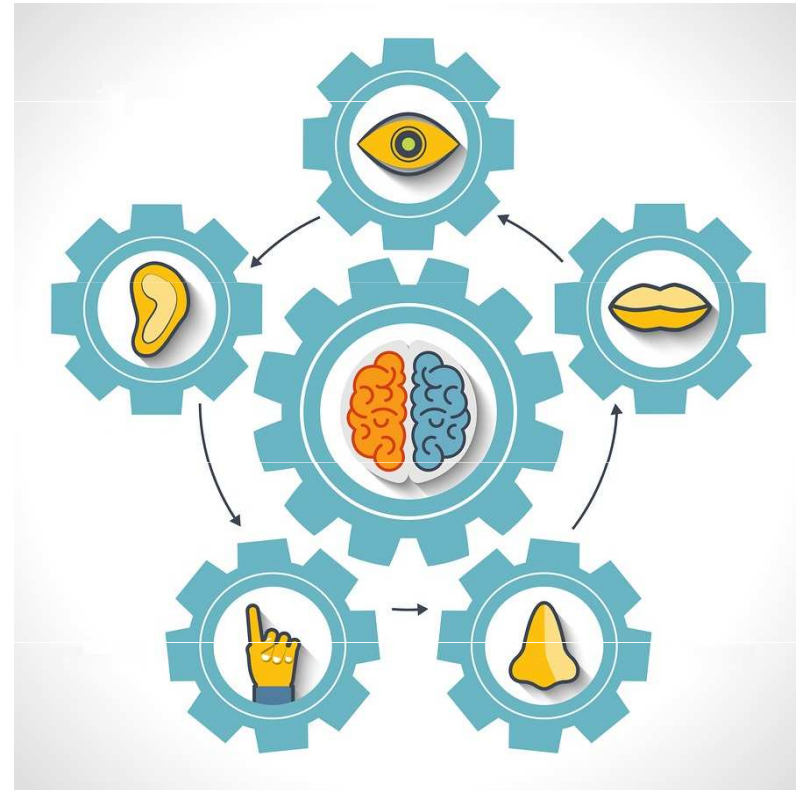


Questions?



Sensory Branding

- Five senses
 - Sight (e.g. colours, aesthetics)
 - Sound (e.g. Intel Inside tune)
 - Smell (e.g. Singapore Airlines, Crayone)
 - Touch (e.g. cosmetics, textile)
 - Taste (e.g. chocolate)



Celebrity Branding

- Celebrities use their status in society to promote a product, service or charity
- So-called name dropping
- Strong growth industry
- Steps involved:
 - identifying and clearing the rights involved
 - negotiating the terms and scope of the licence
 - determining the payment and other terms of the licence
- Forms:
 - a celebrity appearing in advertisements for a product
 - to a celebrity attending PR events
 - creating their own line of products
 - Using their name as a brand

Green Marketing Strategies

- Environmental Issues
- Balanced business approaches
- Environmental impact of production
- Environmental management in the value chain perspective
- Consumer preferences
- Green alliances

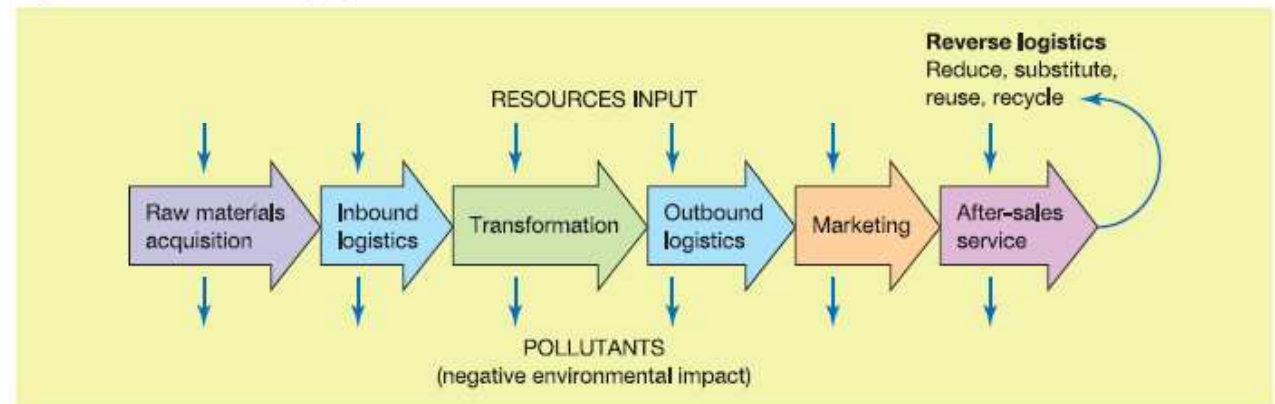
Green Marketing Strategies

Figure 14.16 Types of environmental strategic posture

		Value creation approach	
		Benefit enhancement for customers	Cost reduction
Change orientation	Proactive	Green product Innovation (major modification) ①	Pollution prevention Beyond compliance ③
	Accommodative	Green product Differentiation (minor modification) ②	Pollution prevention Compliance ④

Source: adapted from Stanik et al., 1996, p. 17.

Figure 14.17 Value-adding logistics and the environmental interface



Source: adapted from Wu and Dunn, 1995, p. 23 with permission from *International Journal of Physical Distribution and Logistics Management*, Emerald Group Publishing Ltd.

Brand Piracy

- Large-scale operations
- Negative effect on image and reputation
- Number of strategic options
- Image projections
- Helps to keep the competition out of the market

Questions?

In-class Activity

- SA4: Review Product Launch
- Available [here](#).

Home-readings for Next Week

- Reading for next lecture:
 - International Marketing Distribution and Logistics
 - *Hollensen – Essentials of Global Marketing. Chapter 12*
- Case Study
- De Beers: Forward integration into the diamond industry value chain (p. 393)
- More details available in **Interactive Syllabus**.

Thank you for your attention