ROLE OF INTERNATIONAL MARKETING IN INDIA

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International Marketing

International marketing refers to the marketing activities a company carries out in markets outside its core constituency. This strategy uses an extension of the techniques used in the home country of a firm. International marketing is simply the application of marketing principles to more than one country. International marketing may differ from global marketing when one considers the number of countries involved. But usually the terms international marketing and global marketing are used interchangeably

According to **Doole and Lowe** *"International Marketing is the performance of business activities that direct the flow of a company's goods and services to consumers or users in more than one nation for a profit."*

As earlier said, international marketing is usually used with global and multinational marketing interchangeably, so it becomes necessary to define the different probabilities and different conceptions of international marketing. An effort has been made to have a comprehensive look on the same as follows:

Figure: 1.1 Process of Internationalization

Domestic marketing: A company marketing only within its national boundaries only has to consider domestic competition. Even if that competition includes companies from foreign markets, it still only has to focus on the competition that exists in its home market. Products and

services are developed for customers in the home market without thought of how the product or service could be used in other markets. All marketing decisions are made at headquarters.

Export marketing: Generally, companies began exporting, reluctantly, to the occasional foreign customer who sought them out. At the beginning of this stage, filling these orders was considered a burden, not an opportunity. If there was enough interest, some companies became passive or secondary exporters by hiring an export management company to deal with all the customs paperwork and language barriers. Others became direct exporters, creating exporting departments at headquarters. Product development at this stage is still focused on the needs of domestic customers. Thus, these marketers are also considered ethnocentric. (Kotabe & Helsen, pp.15-16)

Global marketing: The Oxford University Press defines global marketing as "marketing on a worldwide scale reconciling or taking commercial advantage of global operational differences, similarities and opportunities in order to meet global objectives." Global marketing is not a revolutionary shift, it is an evolutionary process. While the following does not apply to all companies, it does apply to most companies that begin as domestic-only companies. The five stages outlined below are explored in depth in the textbook Global Marketing Management.

International marketing: If the exporting departments are becoming successful but the costs of doing business from headquarters plus time differences, language barriers, and cultural ignorance are hindering the company's competitiveness in the foreign market, then offices could be built in the foreign countries. Sometimes companies buy firms in the foreign countries to take advantage of relationships, storefronts, factories, and personnel already in place. These offices still report to headquarters in the home market but most of the marketing mix decisions are made in the individual countries since that staff is the most knowledgeable about the target markets. Local product development is based on the needs of local customers. These marketers are considered polycentric because they acknowledge that each market/country has different needs. (Kotabe & Helsen, p.16)

Multinational marketing: At the multi-national stage, the company is marketing its products and services in many countries around the world and wants to benefit from economies of scale.

Consolidation of research, development, production, and marketing on a regional level is the next step. An example of a region is Western Europe with the US. But, at the multi-national stage, consolidation, and thus product planning, does not take place across regions; a regiocentric approach. (Kotabe & Helsen, pp.16-17)

Benefits of International Marketing

Increasing sales: International marketing is one way of increasing sales potential; it expands the "pie" that the firms earn money from, while the local market may represent enough sales potential for smaller firms, for medium and larger companies the local market is just too small and the only way to expand sales is to market internationally

Increasing profits: Companies generally strive to make profits and the bigger the profits the better. In many instances, International marketing can contribute to increased profits because the average orders from international customers are often larger than they are from domestic buyers, thereby affecting both total sales and total profits

Reducing risk and balancing growth: It is risky being bound to the domestic market alone. In international marketing you approach more markets to serve and it reduces the risk the company. Serving one market may be risky after some time because of the less untapped part of the market and more competitors.

Lower unit costs: International Marketing helps to increase the production capacity to work. This is generally achieved the more efficient utilisation of the existing factory, machines and staff.

Economies of scale: International Marketing provides and opportunity to enjoy pure economies of scale with products that are more "global" in scope and have a wider range of acceptance around the world. This is in contrast to products that must be adapted for each market, which is expensive and time consuming and requires more of an investment

Minimizing the effect of seasonal fluctuations in sales: For the companies selling seasonal goods, International marketing can help to achieve a longer and more stable sales pattern. This increases the sales potential for these goods and also helps reduce risk. The time when their product is not in the demand in domestic markets.

Small domestic markets: One good reason to beyond domestic borders is when the local market is too small to support a firm's output or when the market becomes saturated. For companies that produce heavy industrial machinery or that have invested in large factories, they need to be able to sell enough of their manufactured goods to justify the investment and to insure that the unit price of goods are kept acceptably low.

Overcoming low growth in the home market: It is not uncommon for a recession in the local market to act as a spur for companies to enter export markets that may offer greater opportunities for sales.

Extending the product life-cycle: All products go through a product life-cycle. In the beginning they are novel and sales increase quite dramatically, then sales level off and they become what is referred to as mature products and eventually sales start to decrease and the product goes into decline. Now, a product that has entered its decline stage may have a life elsewhere in the world and by finding a market where this product could be sold anew, you are essentially extending the life-cycle of the product.

Improving efficiency and product quality: The global market is a highly competitive place and by participating in this marketplace, you need to become equally efficient and quality conscious.

Untapped markets: A company may have a very unique product that is not yet available elsewhere in the world. In this instance, these untapped markets are likely to drive the firm's export activities.

Addressing customer, competitor and cost factors: The more formal theory of internationalisation discusses customer, competitor and cost factors that drive the internationalisation process.

Nestle – Corporate Profile

History of Nestle:

For 130 years, the Nestle story has been a tale of growth and expansion. In 1875, when Henry nestle sold his company to a group of Swiss businessmen, they incorporated the firm with a capitalization of one million Swiss francs. Eight years later, as an attempt was made to merge the Nestle Company with archrival Anglo-Swiss consented Milk Company, the capitalization of Nestle had raised by a factor of 10. On the eve of World War 1, the value of Nestle, which by no

include the Anglo-Swiss value had climbed to 145 million Swiss francs. Today, Nestle has a market capitalization that has risen to around 100 billion Swiss francs.

Nestle India Ltd., 51% subsidiary of Nestle SA, is among the leading branded food player in the country. It has a broad based presence in the foods sector with leading market shares in instant coffee, infant foods, milk products and noodles. It has also strengthened its presence in chocolates, confectioneries and other semi processed food products during the last few years. The company has launched Dairy Products like UHT Milk, Butter and Curd and also ventured into the mineral water segment in 2001. Nestlé's leading brands include *Cerelac, Nestum, Nescafe, Maggie, Kit Kat, Munch* and *Pure Life*.

Plant locations:

Nestle started its manufacturing operations with Milkmaid in 1962 at Moga factory. Manufacturing of Nescafe started in 1964 at the same factory. The company set up another factory at Cherambadi in Tamil Nadu, for manufacture of infant foods, coffee etc. For almost two decades there were no new additions of manufacturing facilities due to restrictive policy environment. The company set up its Nanjangad (Karnataka) factory in 1989 and the Samlakha (Haryana) factory in 1992. The Ponda (Goa) factory started operations in 1995. The Company set up its sixth manufacturing unit in 1997 at Bicholim in Goa

Segments of Nestle (World Wide):

By Geographic area

Country	**2010**
Europe	36.7%
North and South America	31.8%
Africa, Asia and Oceania	19.3%
Other activities	12.2%

By main product group (Nestle)

Product	**2010**
Beverages	27.4%
Milk products, nutrition & ice cream	27.6%
Prepared Dishes and cooking aids	25.2%
Chocolate and confectionery	15.2%
Pharmaceuticals	4.6%

Nestle break up at a glance

Expenses	**2010**
Raw materials	26.2
Packaging	8.8
Salaries and welfare expenses	16.6
Depreciation	4.1
Other trading expenses	34.5
Total trading expenses	90.2
Trading profit	9.8
Total	100

Turnover of chocolate is 2/3 of 354 crores.

Advertisement spend	**% change**	**Sales**	**Ad spend % of sales**
29.62 cr.	15.75	354.4 cr	8.36%

GENERAL PRINCIPLES

At Nestle they try to take the mentally and customs of individual countries into account, but there are certain general principles that they apply everywhere:

- A positive attitude towards work;
- Pragmatism realism;
- An open minded approach to the world;
- A minimum amount of systems and written guidelines;
- A personal style of management
- An atmosphere of mutual trust;
- No showing off; no mind rhetoric; no hypocritical remarks;
- Living and practicing our corporate culture rather than publishing leaflets above it.

A number in an organization cannot himself do all the work necessary for the accomplishment of organizational objectives. Therefore, he assigns some part of his work to his subordinates and give them necessary authority. This placement of granting authority to subordinates and exacting responsibility from them is known as delegation of authority. Delegation takes place, when one person gives another the right to perform work on his behalf and in his name and the second person accepts a corresponding duty or obligation to do what is required of him.

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