

BACHELORS IN COMMERCE - ENTREPRENEURSHIP

Semester II

Capturing Marketing Insights and Connecting with Customers (Unit 2)

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COLLECTING INFORMATION & FORECASTING DEMAND

Decision making today is a most important skill required for a leader. This is because there are often dramatic shifts in the economic, sociocultural, natural, technological, and political-legal environments. For firms to stay ahead of competition, it is important for them to proactively track the macroenvironmental trends. This ability will help them develop more appropriate forecasts and the same will help the leaders and all stakeholders involved to take more informed and appropriate decisions.

Components of Marketing Information System

- *A marketing information system (MIS)* is a system that consists of people, equipment, and procedures to gather, sort, analyze, evaluate, and distribute needed, timely, and accurate information to marketing decision makers. It relies on internal company records, marketing intelligence activities, and marketing research. The company's marketing information system should combine what managers think they need, what they really need, and what is economically feasible. An internal MIS committee can interview a cross-section of marketing managers to discover their information needs.
- *Internal reports* of orders, sales, prices, costs, inventory levels, receivables, and payables can often help marketing managers identify important opportunities or potential problems. The order-to-payment cycle or the sales information system often offer the most important internal indicators that help the marketing managers carefully interpret sales data to avoid drawing wrong conclusion.
- Internet and technology today has led to 'Big data' which can be very helpful to describe the opportunities and challenges, but can also overwhelm decision makers. While the internal records system supplies results data, or data about the outcome of the events, *the marketing intelligence system* supplies happenings data or the **events**. Marketing managers collect marketing intelligence by reading books, newspapers, and trade publications; talking to customers, suppliers, distributors, and other company managers; and monitoring online social media. However the marketers should be aware that all information gathering isn't legal and ethical.

The sales team may have to be trained for getting information on new developments. They may also have to network with stakeholders like distributors, retailers to get inputs. In certain instances, the intelligence may be procured for external experts, from government resources, from a customer advisory panel, or even certain external research firms specializing in providing the marketing intelligence.

The marketing intelligence could also be obtained from the internet from distributor feedback sites, blogs, customer reviews, customer complaints and so on.

Analyzing the macroenvironment

The analysis of the macroenvironment is now not just PESTLE analysis. It also includes identifying newer challenges affecting the market like steep decline of the stock market affecting the savings, investment and retirement funds; rising and long-lasting unemployment; corporate scandals; stronger indications of global warming and other signs of deterioration in the environment; and continued terrorism. Study of the demographic environment is also an important factor to be considered while analyzing the macroenvironment.

CONDUCTING MARKET RESEARCH

When the competition is so much and tough too, marketers need to take tactical decisions in very short time. For the decisions to be correct, the marketers need timely, accurate, and actionable information about consumers, competition, and their brands.

Scope of Marketing Research

As per the definition by the American Marketing Association, Marketing research is the function that links the consumer, customer, and public to the marketer through information. This information can be used to identify and define marketing opportunities and problems; generate, refine, and evaluate marketing actions; monitor marketing performance; and improve understanding of marketing as a process.

Marketing research specifies the information required to address these issues, designs the method for collecting information, manages and implements the data collection process, analyzes the results, and communicates the findings and their implications.

Companies can conduct their own marketing research or hire other companies to do it for them. Companies often creatively and affordably conduct research by engaging students or professors to design and carry out projects or use the internet or check out on rivals. Experienced marketing partner can also be a good source of information. Motivated, intelligent and creative employees can also be good source.

The Marketing Research Process

The marketing research process includes:

- defining the problem
- having a clear idea of the research objectives
- developing the research plan
- collecting the information
- analyzing the information
- presenting the findings to management
- offering decision alternatives
- making the decision

Good marketing research generally uses multiple research methods, is creative, and is economical and ethical too. In conducting research, firms must decide whether to collect

their own data or use data that already exist. They must also choose a research approach (observational focus group, survey, behavioral data, or experimental) and research instruments (questionnaire, qualitative measures, or technological devices). Decision also needs to be taken on the choice of sampling plan, the size of the sample population and the means to contact the sample population (by mail, by phone, in person, or online)

Thomson Reuters India combines industry expertise with innovative technology to deliver critical information to leading decision-makers in professional markets in India, Sri Lanka, Nepal, and Bangladesh. Just before it acquired Reuters, global information services giant Thomson Corporation embarked on extensive research to better understand its ultimate customers. Thomson sold to businesses and professionals in the financial, legal, tax and accounting, scientific, and health care sectors, and it wanted to know how individual brokers and investment bankers used its data, research, and other resources to make day-to-day investment decisions for clients. Segmenting the market by its end users, rather than by its corporate purchasers, and studying the way they viewed Thomson versus competitors allowed the firm to identify market segments that offered growth opportunities. Thomson then conducted surveys and “day in the life” ethnographic research on how end users did their jobs. Using an approach called “three minutes,” researchers combined observation with detailed interviews to understand what end users were doing three minutes before and after they used one of Thomson’s products. Insights from the research helped the company develop new products and make acquisitions that led to significantly higher revenue and profits in the year that followed.

Measuring Marketing Productivity

Marketing research must assess the efficiency and effectiveness of marketing activities. While marketing metrics can assess marketing effects, marketing-mix modeling can give an insight into the causal relationships and measure how marketing activity affects outcomes. Marketing dashboards are a structured way to communicate the insights gathered from these two approaches within the organization. Assessing the ROI of social media is challenging.

Although Facebook “likes” and Twitter tweets provide some sense of the engagement for a brand, a more complete set of measures is typically needed to get a more accurate picture of social media or other online activities.

ANALYSING CUSTOMER MARKETS

Marketers must have a thorough understanding of how consumers think, feel, and act and offer clear value to each and every target consumer.

What influences the consumer behaviour?

Consumer behavior is the study of how individuals, groups, and organizations select, buy, use, and dispose of goods, services, ideas, or experiences to satisfy their needs and wants. Marketers must fully understand both the ideal situation and the reality of consumer behavior. A consumer's buying behavior is influenced by cultural, social, and personal factors. Of these, cultural factors exert the broadest and deepest influence, as culture is often a fundamental determinant of a person's wants and behaviour.

Marketers must closely attend to cultural values in every country to understand how to best market their existing products and find opportunities for new products. Each culture consists of smaller subcultures that provide more specific identification and socialization for their members. Subcultures include nationalities, religions, racial groups, and geographic regions. When subcultures grow large and affluent enough, companies often design specialized marketing programs to serve them.

In addition to cultural factors, social factors such as reference groups, family, and social roles and statuses affect our buying behavior. Consumers also associate personalities with brand, and this affects the overall consumer behaviour. *For example, Levi's is associated with "ruggedness"; MTV with "excitement" and CNN with "competence".*

Lifestyles are a person's pattern of living in the world as expressed in activities, interests, and opinions and it also influences the consumer behaviour. *For example, by appealing to thrifty consumers, Walmart has become the largest company in the world. Its "everyday low prices" has been a major hit with customers.*

Key psychological processes

Marketers need to understand the four key psychological processes influencing the customer responses. They are motivation, perception, learning, and memory. A need becomes a motive when it is accompanied with a sufficient level of intensity.

Motivation thus gives an intensity and direction to act. Freud's, Maslow's and Hertzberg are some of best known theories of motivation and each has a quite different

implication for consumer analysis and marketing strategy. Freud assumed the psychological forces shaping people's behavior are largely unconscious and that a person cannot fully understand his or her own motivations. Marketers can concentrate on these needs and design campaign to make the customer aware of such needs. Maslow on the other hand arranged the needs in a hierarchy associated with the importance of the need, physiological needs being the first to be fulfilled followed by safety, social, esteem and self-actualization needs.

While a motivated person is ready to act, perception actually drives the consumer's actual behaviour. It is also important to note that people emerge with different perceptions of the same object because of three perceptual processes: selective attention, selective distortion, and selective retention.

Selective attention means that marketers must work hard to attract consumers' notice. *For e.g. A person who is motivated to buy a smart phone will notice smart phone ads and be less likely to notice non-phone-related ads. Another example is that a customer is more likely to notice laptops than portable radios in a computer store because you don't expect the store to carry portable radios.*

Consumers may often distort information to be consistent with prior brand and product beliefs and expectations. *For e.g. even after so many years and so many brands of noodles being introduced in the Indian market, many of the customers still correlate the image of Maggi with noodles even when they see the other brands. Ofcourse the acceptance has increased for brands like Ching's or Sunfeast, however the share of Maggi in India is still at 60%.*

Often the points that the customer remembers about a product are the ones that the customer likes. *For e.g. customers still remember (selective retention) the good things about Maggi.*

ANALYSING BUSINESS MARKETS

Business organizations do not only sell; they also buy vast quantities of raw materials, manufactured components, plant and equipment, supplies, and business services.

What is organizational buying?

Organizational buying is the decision-making process by which formal organizations establish the need for purchased products and services, then identify, evaluate, and choose among alternative brands and suppliers. The business market consists of all the organizations that acquire goods and services used in the production of other products or services that are sold, rented, or supplied to others. This process mainly happens in the business market.

The business market consists of all the organizations that acquire goods and services used in the production of other products or services that are sold, rented, or supplied to others. Any firm that supplies components for products is in the business-to-business marketplace.

Compared with consumer markets, business markets generally have fewer and larger buyers, a closer customer supplier relationship, and more geographically concentrated buyers. Demand in the business market is derived from demand in the consumer market and fluctuates with the business cycle. Nonetheless, the total demand for many business goods and services is quite price inelastic. Business marketers need to be aware of the role of professional purchasers and their influencers, the need for multiple sales calls, and the importance of direct purchasing, reciprocity, and leasing.

Some of the major industries making up the business market are aerospace; agriculture, forestry, and fisheries; chemical; computer; construction; defense; energy; mining; manufacturing; construction; transportation; communication; public utilities; banking, finance, and insurance; distribution; and services.

Business-software giant Oracle became an industry leader by offering a range of products and services to satisfy customer needs for enterprise software. Originally known for its flagship database management systems, Oracle spent \$30 billion in recent years to buy 56 companies, including \$7.4 billion for Sun Microsystems, doubling its revenue to \$24 billion and sending its stock soaring in the process. To become a one-stop shop for all kinds of business customers, Oracle now sells everything from server computers and data storage

devices to operating systems, databases, and software for running accounting, sales, and supply-chain management. At the same time, the company has launched “Project Fusion” to unify its applications so customers can consolidate solutions to their software needs, as reinforced by their company slogan, “Hardware and Software, Engineered to Work Together.” Oracle’s market power has sometimes raised both criticism from customers and concerns from government regulators. At the same time, its many long-time customers speak to its track record of product innovation and customer satisfaction.

The participants in the business buying process

The participants mainly include the buying center, buying center influences like differing interests, authority, status, susceptibility to persuasion, and so on. Business buyers also have personal motivations, perceptions, and preferences influenced by their age, income, education, job position, personality, attitudes toward risk, and culture. businesspeople are not buying “products.” They are buying solutions to two problems: the organization’s economic and strategic problem and their own personal need for achievement and reward.

The Purchasing/procurement process

In principle, business buyers seek the highest benefit package (economic, technical, service, and social) in relationship to a market offering’s costs. The strength of their incentive to purchase will be a function of the difference between perceived benefits and perceived costs.

For e.g. if a book seller on Amazon is unable to import a particular high in demand book, in the best price and in the least time, to the customer, the seller will lose the customer to other seller. Hence the purchasing/procurement process is extremely critical for the success of the seller.

Stages in the buying process.

The buying always begins with understanding the problem or the need that is triggering the purchase. The stage is then followed by a detailed understanding of the product specification. The buyer determines the general characteristics and quantity of the product. This is then followed by search for the suppliers, solicitation of proposal by suppliers, finalization of the supplier, specifying the order and reviewing the performance.

Developing Effective Business to Business Marketing

Business-to-business marketers are using every marketing tool at their disposal to attract and retain customers. They are embracing systems selling and adding valuable services to their product offerings and employing customer reference programs and a wide variety of online and offline communication and branding activities.

Business marketers are strengthening their brands and using technology and other communication tools to develop effective marketing programs. They are also using systems selling and adding services to provide customers added value.

The latest local example in this area is WeFast couriers. The service really become popular in lockdown. During 2020, they offered many coupons to customers. The customers were mainly businesses who used the WeFast services. These customers would further share the coupons with others wanting to use the services.

Many business buyers prefer to buy a total problem solution from one seller. Called systems buying, this practice originated with government purchases of major weapons and communications systems. The government solicited bids from prime contractors that, if awarded the contract, became responsible for bidding out and assembling the system's subcomponents from second-tier contractors. The prime contractor thus provided a turnkey solution, so-called because the buyer simply had to turn one key to get the job done.

For e.g. government offering support to all the companies researching on Covid vaccine and eventually purchasing the vaccine only from the vendors with that offer the best prices.

Managing Business to Business Customer Relationships

Business to Business Customer Relationships are the vertical coordination between buying partners and sellers to create more value for the end customers and also to score over competition by building a long term trust and relationship with the end customer.

For e.g. When the popularity started increasing with the travelers as well as the Ola drivers, they started partnering with car companies to sell versions of the car with Ola preinstalled. This benefitted the car companies in giving the customers one more reason to buy the car (become an Ola driver). It also gave the customers an opportunity to get one more source of earning.

Institutional and Government Markets

The institutional market consists of schools, hospitals, nursing homes, prisons, and other institutions that must provide goods and services to people in their care. Many of these organizations are characterized by low budgets and captive clienteles. Buyers for government organizations tend to require a great deal of paperwork from their vendors and to favor open bidding and domestic companies. Suppliers must be prepared to adapt their offers to the special needs and procedures found in institutional and government markets.

For example, hospitals must decide what quality of food to buy for patients. The buying objective here is not profit because the food is provided as part of the total service package; nor is cost minimization the sole objective because poor food will cause patients to complain and hurt the hospital's reputation. The hospital purchasing agent must search for institutional-food vendors whose quality meets or exceeds a certain minimum standard and whose prices are low.

TAPPING INTO GLOBAL MARKETS

As the markets are opening up, and more and more companies are going online, the competition is heating up, companies are getting less time to respond. Further it is not just products, but services are also services are being sold in the international market. The world has come closer and has also become more colourful by bringing various cultures together. Success is not guaranteed in a developed market. Developed market also may give its own verdict.

Competing on a Global Basis

In this global industry, what is becoming more obvious is that the competitors' strategic positions in major geographic or national markets are affected by their overall global positions. A global firm that operates or collaborates with other businesses in more than one country can capture R&D, production, logistical, marketing, and financial advantages that are often out of bounds for purely domestic competitors. Global firms can thus plan, operate, and coordinate their activities on a worldwide basis.



Should the Business go Global

While international markets may present better profit margins, the company gets access to a wider customer base and can hence benefit from economies of scale. Thus, the company's dependence on the local market also reduces.

However, the decision to go global also brings in certain disadvantages or challenges. On one hand the company will have to deal with multiple cultures, foreign regulations, unexpected costs, the company will also have to understand the commercial laws of the country and so on.

The Target Markets – Which and How

The company can choose the countries to enter on the basis of the product, geography, income, population, and political climate as well as competitive considerations. The entry of competition in a particular market may also be reason enough for a company to

enter a market to prevent the competitor from grabbing the market. It can also help the company from learning from competition. Market growth can also be a one of the main drivers for entry into a target market. Getting a toehold in a fast-growing market can be a very attractive option even if that market is likely to soon be crowded with more competitors.

Though many countries are coming together and collaborating their trading policies and standards for drawing more trade, each company has to do its own PESTLE analysis for a particular market to identify the readiness for different products and services and also the attractiveness of the market. It often makes sense to operate in fewer countries, with a deeper commitment and penetration in each. In general, a company prefers to enter countries that have high market attractiveness and low market risk and in which it possesses a competitive advantage.

The unmet needs of the developing world represent huge potential markets for food, clothing, shelter, consumer electronics, appliances, and many other goods. Many market leaders are relying on developing markets to fuel their growth. BRICS (Brazil, Russia, India, China, and South Africa) and the CIVETS (Columbia, Indonesia, Vietnam, Egypt, Turkey and South Africa) are two of the major developing markets.

While Brazil is resource rich,

The Marketing Program

The vast penetration of the Internet, the spread of cable and satellite TV, and the global linking of telecommunications networks have led to a convergence of lifestyles.

Increasingly shared needs and wants have created global markets for more standardized products, particularly among the young middle class. At the same time, consumers can still vary in significant ways. Consumer behavior may reflect cultural differences that can be pronounced across countries.

Consumer behavior differences as well as historical market factors have led marketers to position brands differently in different markets.

- Honda automobiles denote speed, youth, and energy in Japan and quality and reliability in the United States.

- The Toyota Camry is the quintessential middle-class car in the United States but is at the high end in China, though in the two markets the cars differ only in cosmetic ways.

Designing a single marketing program for worldwide promotion can be the least expensive, and give many advantages like economies of scale in production and distribution, lower marketing costs, power and scope, consistency in brand image, ability to leverage good ideas quickly and efficiently and uniformity of marketing practices. However, the disadvantages of the single marketing program might lead to ignoring of the differences in

- consumer needs, wants, and usage patterns for products
- consumer response to marketing programs and activities
- brand and product development and the competitive environment
- legal environment
- marketing institutions
- administrative procedures

Marketing Adaption

An adapted marketing program is required where consumer choices are heavily influenced by local preferences or cultural differences. While the popularity of the internet, cable, satellite TV, telecommunications has led to the opening of the markets, which has in turn led to the convergence of the lifestyles, consumer behavior may still reflect cultural differences that can be pronounced across countries.

The best global brands are consistent in theme but reflect significant differences in consumer behavior, brand development, competitive forces, and the legal or political environment. A common advice to marketers of global brands is to “Think Global, Act Local.” Even Coca-Cola is sweeter or less carbonated in certain countries. Rather than assuming it can introduce its domestic product “as is” in another country, a company should review the permutations and combinations that it can work with, with the following elements and see how to maximize the return on investments:

- Product features
- Labeling

- Colors
- Materials
- Sales promotion
- Prices
- Advertising media
- Brand name
- Packaging
- Advertising execution
- Advertising themes

Take McDonald’s, for example, it allows countries and regions to customize its basic layout and menu staples. In cities plagued by traffic tie-ups like Manila, Taipei, Jakarta, and Cairo, McDonald’s delivers via fleets of motor scooters.

McDonald’s Global Menu Variations	
Country	Noteworthy Menu Items
United States	Big Mac, Chicken McNuggets, Filet-o-Fish, Egg McMuffin, Fries
India	McVeggie, Chicken Maharaja-Mac, McSpicy Paneer
France	Le McBaguette, Le Croque McDo, Le Royal Cheese
Egypt	Beef N Pepper, McArabia (grilled kofta), McFalafel
Israel	McKebab, McFalafel, Big New York and Big Texas (hamburgers)
Japan	Ebi Filet-O, Mega Teriyaki Burger, Bacon Egg and Lettuce Wrap, Shaka Shaka Chicken
China	Prosperity Burger, Taro Pie, McWings, McNuggets with Chili Garlic sauce
Brazil	Banana Pie, McNifico Bacon, Cheddar McMelt, Big Tasty
Mexico	Big Mac, McChicken, Fries, etc.

The Global Product Strategies

Many leading Internet brands—such as Google, eBay, Twitter, and Facebook—made quick progress in overseas markets, as their perception was almost the same everywhere. High-end products also benefit from standardization because quality and prestige often can be marketed similarly across countries. The growing middle-class population in many emerging markets is the segment that is mainly making a difference.

Warren Keegan, an author of several marketing management books has distinguished five product and communications adaptation strategies for entering global markets:

		Product		
		Do Not Change Product	Adapt Product	Develop New Product
Communications	Do Not Change Communications	Straight extension	Product adaptation	Product invention
	Adapt Communications	Communication adaptation	Dual adaptation	

- Straight extension: In this neither the product nor the message is changed. This has worked for products like cameras, consumer electronics, etc. However, many products have failed miserably by this strategy.
- Product adaptation: South Korea's LG Electronics has found success in India by investing in local design and manufacturing facilities that helped it develop TVs with higher-quality speakers, refrigerators with brighter colors and smaller freezers, and microwaves with one-touch "Indian menu" functions, all reflecting Indian preferences.

As oats are usually cooked by boiling them in milk in the western world, the preference for hot and spicy breakfast in India, led to the launch of curry or masala oat flavours by Saffola to add Indian flavours in what is essentially a Western breakfast cereal experience.

- Product invention
 - In backward invention, a product may be reintroduced in a region and it may suit the local flavours. E.g. Many local flavours were reintroduced for Tang to popularize it. Though the sales in US went down, the sales rose overall in many countries due to this strategy.
 - Forward integration is much more detail where a variation of a product is done only to suit the target market. For example, less-developed countries need low-cost, high-protein foods. Quaker's is promoting the use of oats in Indian dishes such as dosas, uttapams and idlis, an interesting direction. Consumers who have used these recipes appear to be loving them.

The Global Communication Strategies

Companies like Coca-Cola and Goodyear have used, consists of developing a global pool of ads from which each country selects the most appropriate. Finally, some companies allow their country managers to create country-specific ads—within guidelines, of

course. The challenge is to make the message as compelling and effective as in the home market.

In 2010, Saffola, India's leading brand of healthy cooking oil from Marico, launched its range of oats. The clear objective was to leverage the strong "health" equity of the Saffola brand. A few months later, Saffola also introduced two new variants of oats catering specifically to Indian tastes: Curry & Pepper Oats, and Masala & Coriander Oats. In 2010, Kellogg's, the global giant best known for its cornflakes, also entered the oats market, with its 'Heart-to-Heart' oats, which the company claimed was tailored to the Indian palate. It emphasised the healthy nature of oats, and how it would help battle a stressful life.

Communication adaptation: Changing marketing communications for each local market is a process called communication adaptation

- Companies also must be prepared to vary their messages' appeal. In advertising, when the brand is at an earlier stage of development in its new market, consumer education may need to accompany brand development efforts. In launching Chik shampoo in rural areas of South India, where hair is washed with soap, CavinKare showed people how to use the product through live "touch and feel" demonstrations and free sachets at fairs.
- Personal selling tactics may need to change too. The direct, no-nonsense approach favored in the United States ("let's get down to business" and "what's in it for me") may not work as well in Europe or Asia as an indirect, subtle approach
- Dual adaptation: If a company adapts both the product and the communications, the company engages in dual adaptation.
- While soap was a very popular way of washing hair in India, many companies not only included the "touch and feel" demonstrations for the shampoos, but also started selling shampoos as sachets.

Global Pricing Strategies

Multinationals selling abroad must cope with price escalation and transfer prices (and dumping charges). As part of those issues, two particularly tricky pricing problems are gray markets and counterfeits.

Many multinationals are plagued by the *gray market*, which diverts branded products from authorized distribution channels either in-country or across international borders. Often a company finds some enterprising distributors buying more than they can sell in their own country and reshipping the goods to another country to take advantage of price differences. They harm distributor relationships, tarnish the manufacturer's brand equity, and undermine the integrity of the distribution channel. They can even pose risks to consumers if the product is damaged, relabeled, obsolete, without warranty or support, or just *counterfeit*. As companies develop global supply chain networks and move production farther from home, the chance for corruption, fraud, and quality-control problems rises. Sophisticated overseas factories seem able to reproduce almost

anything. Name a popular brand, and chances are a counterfeit version of it exists somewhere in the world.

At the Summer Olympics in London in 2012, the Egyptian Olympic team even admitted to buying fake Nike gear from a Chinese distributor because of the country's dire economic situation. Once Nike found out what had happened, the company donated all the necessary training and village wear to the team.

When companies sell their wares over the Internet, price becomes transparent and price differentiation between countries declines. Consider an online training course. *Whereas the cost of a classroom-delivered day of training can vary significantly from the United States to France to Thailand to India, the price of an online-delivered training would be similar everywhere.*

In another new global pricing challenge, countries with overcapacity, cheap currencies, and the need to export aggressively have pushed their prices down and devalued their currencies. Sluggish demand and reluctance to pay higher prices make selling in these markets difficult. *One can learn from the model of IKEA in China. It is not easy to appeal to the Chinese frugal customers. To begin with imported brands, have to deal with the high import taxes. Thus, it becomes almost impossible for an imported brand to earn profit. IKEA understood the problem very well and chose to stock locally manufactured products in its shop, thus dodging the problem of the import taxes completely and giving them a fairly good chance with the Chinese frugal customers.*

IKEA has adopted many innovative ways to use the pricing strategy to favour their brand.

IKEA :How to grow sales by 200% using Pricing STRATEGIES?: Business Case Study
<https://youtu.be/gIHQPkrcf8A>

Global Distribution Strategies

Manufacturers often think their job is done once the product leaves the factory. They should instead note how the product moves within the foreign country and take a whole-channel view of distributing products to final users.

As the markets are becoming global, it is important to understand that distribution channels across countries vary considerably.

For e.g. To sell consumer products in Japan, companies must work through one of the most complicated distribution systems in the world. They sell to a general wholesaler, who sells to a product wholesaler, who sells to a product-specialty wholesaler, who sells to a regional wholesaler, who sells to a local wholesaler, who finally sells to retailers. All these distribution levels can make the consumer's price double or triple the importer's price. Taking these same consumer products to tropical Africa, the company might sell to an import wholesaler, who sells to several jobbers, who sell to petty traders (mostly women) working in local markets.

Another difference is the size and character of retail units abroad.

Large-scale retail chains dominate the U.S. scene, but much foreign retailing is in the hands of small, independent retailers. Millions of Indian retailers operate tiny shops or sell in open markets. Markups are high, but the real price comes down through haggling. Incomes are low, most homes lack storage and refrigeration, and people shop daily for whatever they can carry home on foot or bicycle. In India, people often buy one cigarette at a time. Breaking bulk remains an important function of intermediaries and helps perpetuate long channels of distribution, a major obstacle to the expansion of large-scale retailing in developing countries.

More and more retailers are increasingly moving into new global markets, offering firms the opportunity to sell across more countries and creating a challenge to local distributors and retailers.

France's Carrefour, Germany's Aldi and Metro, United Kingdom's Tesco and India's Reliance Retail are some of the famous names.

Reliance Retail is the only Indian entry in the global list of 250 retailers. It features consecutively for the 4th time in the list of Global Powers of Retailing and World's Fastest Retailers. It has been ranked 53rd in the list of Global Powers of Retailing, improvement from 56th earlier, according to the Deloitte report. The list is topped by US giant Walmart Inc, which retains its position as world's top retailer. Amazon.com Inc improved its position to rank second. Costco Wholesale Corporation of US slipped a rank to be placed third followed by Schwarz Group of Germany. The top 10 has seven US retailers and one from the UK (Tesco PLC at 10th position). Other US retailers in the top 10 include The Kroger Co (ranked 5th), Walgreens Boots Alliance, Inc (6th) and CVS Health Corporation (ranked 9th). Germany's Aldi Einkauf GmbH & Co. oHG and Aldi International Services GmbH & Co. oHG is placed at 8th position.

Country-Of-Origin Effects

Country-of-origin perceptions are the mental associations and beliefs triggered by a country. Government officials want to strengthen their country's image to help domestic marketers that export and to attract foreign firms and investors. Marketers want to use positive country-of-origin perceptions to sell their products and services. Governments now recognize that the images of their cities and countries affect more than tourism and have important value in commerce. Foreign business can boost the local economy, provide jobs, and improve infrastructure. Image can also help sell products. Countries are being marketed like any other brand.

While Yash Chopra was appreciated by the Switzerland government for using the locations from the country in many of his movies, thus leading to the increase in tourism to that country, New Zealand PM also lauded the similar effort by Rakesh Roshan to New Zealand. "Kaho Na Pyaar Hai" movie led to a major increase in the tourism of all kinds to that country. It led to creation of jobs too in different areas including for the jobs in New Zealand High Commission in Delhi.

Questions

1. Elaborate on the components of marketing information system using any business and a particular need of the business as an example. (understand, analyze)
2. “Is advertising profitable?” Outline the marketing research for an advertising firm. (analyze and apply)
3. Elaborate on one example of business marketer in India. (understand and analyze)
4. Explain the phenomenon of market adaption using any one example of a product. (understand and apply)