

Commerce, International Banks Embassies and High Commissions etc., may be availed of. A suitable system for motivating and controlling the agent should also be devised. An agency agreement, providing for all possible contingencies must also be concluded by the export firm with the agent. Physical distribution encompasses important areas such as warehousing, transportation, risk taking and inventory management and all areas are inter-related. Hence, an integrated approach is suggested for physical distribution management.

### 10.11 KEY WORDS

**Distribution Channel:** The path traced in the direct and indirect transfer of title to a product as it moves from a producer to the ultimate consumer or industrial user.

**Indirect Exporting:** Transfer of the selling responsibility to other organization by the manufacturer.

**Direct Exporting:** Manufacturers retain the responsibility for performing international selling activities.

**Domestic Agents:** The agents who never take the title to the goods, regardless of whether they take possession of the goods or not.

**Domestic Merchants:** The agents who own the merchandise, regardless of whether they take the possession of the goods or not.

**Piggybackings:** An arrangement with another company, which sells to the same customer segment and takes the new products as if it were the manufacturer's product.

**Export Agency Agreement:** A legal document, which establishes the commercial relationship between the principal and the agent.

### 10.12 ANSWERS TO CHECK YOUR PROGRESS

- A. 4 i) False ii) True iii) False iv) True v) False  
B. 4 i) True ii) False iii) False iv) True v) True

### 10.13 TERMINAL QUESTIONS

- 1) Distinguish between direct and indirect selling channel. Discuss the advantages and disadvantages of both the channels.
- 2) Distinguish between domestic agents and domestic merchants. Explain various types of domestic agents.
- 3) Describe various types of domestic merchants with suitable examples.
- 4) What are the factors affecting the channel choice? Discuss the criteria for selection of channels.
- 5) Do you think that the overseas agents are advantageous. Discuss and explain how can you identify a foreign agent.
- 6) Draft a hypothetical export agency agreement.
- 7) Write short notes on the following:
  - (a) Overseas agent
  - (b) Piggybackings
  - (c) Export agency agreements.

## UNIT 11 INTERNATIONAL MARKETING COMMUNICATION

### Structure

- 11.0 Objectives
- 11.1 Introduction
- 11.2 Marketing Communication
  - 11.2.1 Communication Process
  - 11.2.2 Concept of Promotion Mix
- 11.3 International Marketing Communication
  - 11.3.1 Objectives
  - 11.3.2 Role
- 11.4 Key Issues in International Marketing Communication
- 11.5 Major Marketing Promotion Tools
- 11.6 Let Us Sum Up
- 11.7 Key Words
- 11.8 Answers to Check Your Progress
- 11.9 Terminal Questions

### 11.0 OBJECTIVES

After studying this unit, you should be able to:

- describe the concept of marketing communication
- explain the process of communication
- identify the elements of promotion mix and explain them
- explain the concept and role of international marketing communications
- identify the key decisions and common issues in international marketing communications.

### 11.1 INTRODUCTION

Marketing communication—one of the 4 Ps of the marketing mix—refers to all forms of communications that organizations use to influence buying behaviour of present and potential customers. Marketing communication should be designed to inform customers about the benefits and values that a product or service offers. The principal forms of marketing communication are advertising, personal selling, publicity and sales promotion. All these elements can be utilized in global marketing also. However, the environment in which marketing communication programmes are implemented can vary from country to country. In this unit, we shall discuss the meaning, objectives, role and key decisions, common issues and major communication tools in international marketing communication.

### 11.2 MARKETING COMMUNICATION

Communication has a very important place in marketing. It is that function of marketing which is charged with the task of informing the target customer about the nature and type of the firm's product and services, their unique benefits, uses and features as well as the

price and place at which those would be available in the market place. Since marketing communications aim at influencing the consumer behaviour in favour of the firm's offerings, these are persuasive in nature. These persuasive communications are more commonly called 'promotion' and constitute one of the 'four Ps' of the marketing mix. Thus, in the context of marketing, promotion refers to the applied communication used by marketers to exchange persuasive messages and information between the firm and its customers, both present and prospective.

A study of marketing communication, therefore, is a study of the promotion function of marketing. Notwithstanding the continuing debate whether promotion is the first element of the marketing mix or the last, the fact remains that sound management of the marketing function is dependent on the effective management of its promotion function. With growing competition in the market place as well as the customers becoming better informed and more choosy, it is imperative now that marketing communications of the right kind only are made to the right group of target buyers.

### 11.2.1 Communication Process

Communication itself may be defined as "the process of influencing others behaviour by sharing ideas, information or feelings with them." The basic goal of communication is a common understanding of the meaning of the information being transmitted. In other words, the receiver of the information should understand as closely as possible the meaning intended by the sender of the message. It is largely the responsibility of the sender to ensure that this purpose is achieved. We discuss two aspects under communication process. They are: (a) elements in communication process, and (b) steps in the communication process. Let us discuss these two aspects in detail.

#### Elements of Communication Process

Communication has been described as "who says what to whom through which channels with what effect". We notice that the two major parties involved in the process are the sender (who) and the receiver (whom). The tools that senders use to reach their intended receivers are called messages and channels (or media). Thus communication occurs when: 1) a sender transmits a message, 2) a receiver receives that message, and 3) the sender and the receiver have a shared meaning. **The communication process itself involves the functions of encoding, decoding, response and feedback.** Let us understand each of these elements in the communication process.

**Sender**, also called the source, is the party who sends the message to another party called the receiver or destination. The sender is engaged in the mental process of putting thought into a form in which it can be communicated.

**Receiver** is a person for whom the message is intended and takes an active part in the communication process. How meaning is assigned to a message by the receiver depends upon the receiver's attitudes, values, previous experience, needs and the timing of the message.

**Encoding** is the process of translating the idea to be communicated into a symbolic message consisting of words, pictures, numbers, gestures, etc. This step is necessary because there is no way of sending an idea from one person to another in its raw or pure form.

**Message** is a combination of symbols representing objects or experiences that a sender transmits in order to induce a change in the receiver's behaviour. Since most symbols (words, pictures, numbers, etc.) have more than one meaning, the symbols selected for the message should be simple and familiar to receivers.

**Medium** is the means by which the sender conveys the message to the receiver. Broadly there are two types of media: 1) inter personal media, and 2) mass media. In **inter personal medium** there is a direct contact between the sender and receiver. For example, in personal selling salesperson contacts the customers and directly communicates about the product. Here, communication flows in both directions and the salesperson receives immediate and direct feedback. This enables the salesperson to have greater control over the communication process. **Mass media** are non-personal communication media which provide contact between the sender and a large number of receivers simultaneously. Newspapers, magazines, television, radio, hoardings, billboards, etc., are examples of mass media.

**Decoding** is the process by which the receiver attempts to convert symbols conveyed by the sender into a message. Just as the sender encodes the message, the receiver must decode it. Receivers may decode or interpret the message in different ways because of their individual characteristics, experiences and backgrounds. For example, a famous airline had once advertised, "if you fly with us you will never walk again". Although the airline intended to convey to the receiver (i.e. potential passengers) that the airline provides such an excellent services that passengers would always want to fly with this airline, it could be misunderstood by many as a threat or a warning of physical damage to their limbs.

**Response** is a set of reactions a receiver has after being exposed to the message. Receiver responds to sender's message by reacting in different ways such as asking questions, buying or not buying the product or seeking more information, etc

**Feedback** is the communication from a receiver to the sender about how he/she understood the message and reacted to it. In this reverse flow of communication, receivers encode their message and send them to the sender. The sender must then decode the feedback message. The longer it takes the sender to receive and decode the feedback, the less valuable it becomes. Feedback is more direct, more frequent and more immediate when interpersonal communication (sales personnel) channels are used. Good salespeople receive feedback directly and immediately from their prospects and can modify their sales presentations to suit the prospect's requirements. It is usually indirect, slow and hard to obtain when the communication is through mass media. In fact, it can be obtained only if the sender has made some arrangement to receive. Sender may have to carry out marketing research to determine whether the receivers have received the message, how many times, whether they can recall the message or not, etc.

**Noise** refers to anything that interferes with the communication process so that the receiver gets a message, which is different from the one the sender sent or gets no message at all. Noise can affect any or all elements of the communication process. For example, if there are too many advertisements of the same product (different brands) in a single newspaper or magazine, it can create distraction. Our earlier example of the airline slogan is a case of noise.

Look at Figure 11.1 carefully for a diagrammatic presentation of the inter-relationship between various elements in the communication process. The model underscores the key factors in effective communication. Senders must know which audiences they want to reach and what responses they want. They should encode their messages in a way that takes into account how the target audience usually decodes messages. Senders must transmit their message through appropriate media that reach the target audience. Senders must also develop feedback channels so that they can know the receiver's response to their message. For a message to be effective, the sender's encoding process must match with the receiver's decoding process. Messages are essentially signs that must be familiar to the receiver. The more the sender's field of experience overlaps with that of the receiver, the more effective the message is likely to be. The source can encode, and the destination can decode, only in terms of experience each has had. This puts a burden on communicators from one social stratum (such as advertising people) that wants to communicate effectively with another stratum (such as factory workers).

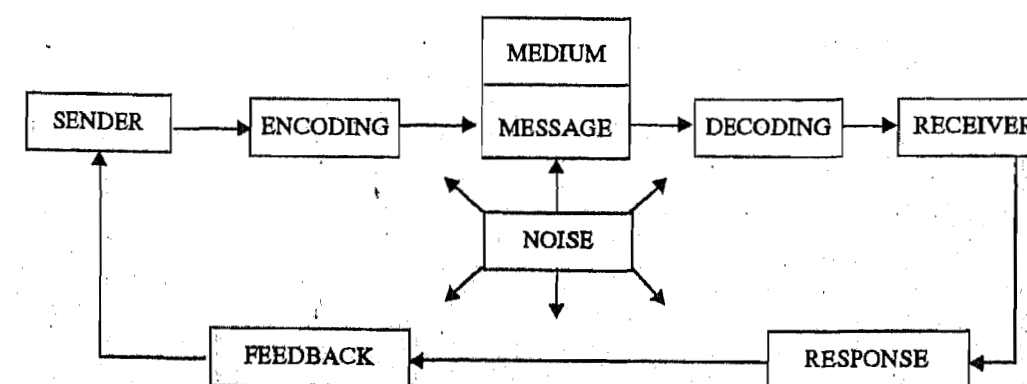


Figure 11.1 : Communication Process

## Steps in Communication Process

There are five steps in communication process: (1) identifying the target audience, (2) determining the response sought, (3) choosing the message, (4) selecting source attributes, and (5) collecting feedback.

- 1) **Identifying the Target Audience:** The term target audience refers to people for whom the promotional message is meant, and includes both present and potential customers. Therefore, to reach such people with a meaningful message, the marketer must identify the target receivers and their characteristics (like age, sex, income, education, occupation, life style, etc.), attitudes, values, past experience, buying habits and buying decision process. By understanding the profile of target customers, it becomes easier for the sender to match the message to his target audience.
- 2) **Determining the Response Sought:** After having identified the target audience, the sender decides on what response he is expecting from the receiver. For example, the sender might want the receiver to search for more information a product or service, or he might want the receiver to see the product physically and buy it. The ultimate response, however, is purchase. As you know, the decision-making process of the consumer, leading to a purchase, is itself long and complex. Therefore, the sender must know how to move the target audience from its present state to a state which is closer to the actual purchase of a product or service.
- 3) **Choosing the Message:** After deciding about the type of response expected from the receiver, the next step is to develop an effective message. The message should be able to gain the receiver's attention (i.e. the pictures or words used in the message should have impact), arouse interest in the proportion (i.e. the message should provide information of interest to the receiver), produce a desire for the product or service (i.e. make the receiver want the product or service), and finally elicit action of some kind such as actual purchase. The important decision areas relating to message design are: 1) **message content** (what is to be said), 2) **message format** (how it is to be said), 3) **message source** (who should say it).
- 4) **Selecting Source Attributes:** After selecting the effective message, you have to decide how to present it to the receiver. One has to decide whether it is to be presented by the sales persons or presented through mass media like newspaper, magazine, TV, radio, etc. here you have to identify a medium or media which can reach your target receivers. Here you also must decide how frequently you communicate. For instance, you may decide to use newspaper and print everyday for one week. In some media, you have to decide during which time in a day you communicate.
- 5) **Collecting Feedback:** It refers to the receiver's reaction to the message being communicated back to source. We have already discussed this in great detail while discussing about 'feedback' in this unit. Based on the feedback, you can improve your strategy.

### 11.2.2 Concept of Promotion Mix

In our daily life we all are exposed to various tools of promotion aimed at communicating one thing or the other to us. To illustrate, while at home we come across advertisements when reading a newspaper, watching TV, listening to radio or even examining the water, electricity or telephone bills. On our way to the office similar communications are present on bus panels, roadside hoardings, neon signs, posters and banners, etc. At a retail shop these take the shape of traffic builders, product displays, streamers, hangers, bins etc., all sharing information relating to a specific product of a company. These are just few examples of promotion tools.

There are four major components of marketing communication. These are: advertising, personal selling, sales promotion and publicity. These four elements of marketing communication put together are referred to as 'promotion mix'. There is no way that an individual activity, say advertising, can be managed fully without considering its relationship with the other elements. Therefore, business enterprises normally adopt all the four elements though the relative importance placed on different elements of the promotion mix differ from enterprise to enterprise. Now let us study each of these four elements in some detail.

- 1) **Advertising:** Any paid form of non-personal communication through mass media about a product, a service or an idea by an identified sponsor is called advertising. It consists of paid messages by identified sponsors through non-personal channels (media). Advertising bears a signature in the form of a company or brand name. The media used could include, magazines, newspapers, radio, television, bill-boards (hoarding), direct mail, etc. Sponsors may be non-profit organization (colleges, universities, institutes), companies or individuals. We will discuss about advertising in detail in Unit 16.
- 2) **Personal Selling:** Personal selling is a person-to-person dialogue between buyer and seller, where the purpose of this face-to-face contact is to persuade the buyer to accept a point of view or to convince the buyer to take a specific course of action. In other words personal selling is a person-to-person process by which the seller learns about the prospective buyer's wants and seeks to satisfy them by making a sale. A salesperson should be properly trained to develop and deliver a message to a prospective buyer. Personal selling often involves a lot of traveling by salespeople and stay outside the normal place of residence. Therefore, personal selling is very expensive. But the high cost of personal selling is offset by flexibility. The salesperson can modify and adapt his presentation to meet the specific needs of the prospect (customer). The salesperson can handle the customer's objections as they arise. Direct and almost immediate feedback can be obtained from customers in personal selling. A detailed discussion on personal selling will be taken up in Unit 13.
- 3) **Publicity:** Non-personal stimulation of demand for a product, service or business unit by generating commercially significant news about it in published media or obtaining favourable presentation of it on radio, television or stage. Unlike advertising, this form of promotion is not paid for by the sponsor. Thus publicity is news carried in the mass media about an organization, its products, policies, personnel or actions. It can originate with the media or the marketer, and is published or broadcast at no charge for media space and time, to the organization.  
  
Publicity is similar to advertising except that it involves an unpaid and unsigned message, even though it may use the same mass media as advertising. When information about a product or a company is considered newsworthy, mass media tend to communicate the information at free of cost. Thus the organization being publicized neither pays nor signs the message.  
  
Publicity can either be positive (favourable) or negative (unfavourable). Since the message is in the hands of media and non-controlled by the organization, publicity can be unfavourable. Newspaper (press) reports some years ago about a major fire in a five star deluxe hotel in Delhi, gave the hotel a great deal of adverse publicity on account of its faulty fire escape systems. The hotel suffered a tremendous loss of business. On the other hand, when Air India sponsors the Himalayan Car Rally and organizes it well, it is likely to receive favourable coverage by mass media since the event is newsworthy. Marketers spend a lot of time and effort in getting news items and articles placed in newspapers and broadcasts so that a favourable image of the company is created. You can learn more about publicity in Unit 16.
- 4) **Sales Promotion:** It is the means of communicating with the target audience in a way that is not possible by using other elements of the promotion mix. Sales promotion may be defined as those promotional activities other than personal selling, advertising and publicity that are intended to stimulate buyer purchases or dealer effectiveness in a specific time period. Thus, sales promotion is any activity that offers an incentive for a limited period to obtain a desired response from the target audience or intermediaries (wholesalers and retailers). Special offers of gift, coupon deals, discounts, demonstrations, trade shows, contests, etc., are some examples of sales promotion. The purpose of sales promotion programmes is to supplement the advertising and personal selling messages offered by an organization. The effects generally occur at the point of purchase.

These promotional effects are of two general types involving: 1) direct face-to-face communication, and 2) indirect communication through some mass medium, such as television, newspapers, radio, etc. Sometimes a mixture of personal (direct) and non-personal (indirect) promotion issued, as we shall see in the case of sales promotion. The

nature of the message and the context in which it is delivered, influence the method to be used. For example, an industrial buyer would not decide to purchase equipment merely on the basis of advertisements or direct mail. Greater emphasis will be given to personal selling. On the other hand, a customer buying soap or toothpaste will have less contact with company salespersons, and will be influenced more by advertisements.

An integration of all the elements of promotion mix is necessary to meet the information requirements of all target customers. This simply means that the promotion mix is not designed to satisfy only the prospective buyer or only the regular buyer. Some elements of the mix may be aimed at the target customer who is unaware of the product, while others may be aimed at potential customers who are fully aware of the product and are likely to purchase it. Suppose you are interested in buying a personal computer. Because of your interest in the product, you started paying attention to computer advertisements in newspapers and magazines. You may even read the media reports on personal computers by experts (publicity). You also may participate in training programmes or demonstrations. You may also contact the salespersons of different computers and find out the features and relative merits. Based on all this information you may then purchase a specific brand.

Now can you answer the question, which aspect of the promotional mix brought you to the decision to buy the brand you finally selected? You may say that the expertise of the salespersons was a major influence, but the fact is that all the elements of the mix played their roles in bringing about the sale. Therefore, to get better response from the target customers, you have to adopt all the four components of the promotion mix. However, you should note that the elements of the promotion mix must be coordinated and integrated so that they reinforce and complement each other to create a blend that helps in achieving the promotional objective of the organization.

#### Check Your Progress A

1. What is noise in a communication process?

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2. State various steps in the communication process.

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3. What is promotion mix?

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4. State the components of promotion mix.

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5. State whether the following statements are True or False:

- i) The basic goal of communication is a common understanding of meaning between the sender and the receiver.
- ii) The two major tools of communication are response and feedback.
- iii) The two broad types of channels used in communication are encoding and decoding.
- iv) Advertising is a non-paid, non-personal form of mass communication.
- v) Publicity is a form of advertising.
- vi) Sales promotion is used continuously over a long period of time.
- vii) Personal selling involves a direct face-to-face contact between a buyer and a seller.

### 11.3 INTERNATIONAL MARKETING COMMUNICATION

In the previous section, you have learnt that the four components of promotion mix are: (1) advertising, (2) personal selling, (3) publicity, and (4) promotion. In this section, you can learn about the international marketing communication. International marketing communication comprises all these elements of marketing communication and in addition, a global target audience. The following four major difficulties can arise in organizations attempting to communicate internationally:

- The message may not get through to the intended recipient. This difficulty could be the result of an advertiser's lack of knowledge about media that are appropriate for reaching certain types of audiences. For example, the effectiveness of television as a medium for reaching mass audiences will vary proportionately with the extent to which television viewing occurs within a country. Similarly, in a French speaking country advertising in an English TV channel may be relatively ineffective.
- The message may reach the target audience but may not be understood or may be misunderstood. This can be the result of an inadequate understanding of the target audience's cultural and historical background.
- The message may reach the target audience and may be understood but still may not induce the recipient to take action desired by the sender. This could result from a lack of knowledge about the target audience's cultural and economic background.
- The effectiveness of the message can be impaired by noise, or the effect of external influences such as competitive advertising, other sales personnel, and confusion at the receiving end, which can detract from the ultimate effectiveness of the communication.

#### 11.3.1 Objectives

We have learnt about marketing communication, in general, and international marketing communication in particular. Marketers engage in international marketing communications with the following objectives in mind:

- 1) **Introduction of new products:** A proper communication exercise is essential to ensure that overseas customers know about the introduction of the product, its benefits, where it may be available, how to get more information about the product, etc. Therefore, as the first step, international marketers create awareness about the product through international communication exercises.
- 2) **Inducing potential customers to buy:** Only when international customers come to know about the features, quality, price and other characteristics of the new product through a series of marketing communications exercises, then they will be interested in buying the product. A constant marketing communication exercise could convert potential customers (those who can afford the product) to actual buyers. Demand for the product from the customers will also force the traders to maintain the stocks of the product.



- 3) **Reminding users about an existing product/service:** Manufactures continue to promote their products to maintain the buyers' interest. This is necessary to meet the challenges posed by the competitors who introduce new products in the market. Existing customers have to be communicated regularly in order to encourage repeat purchase.
- 4) **To create an international brand image:** Business firms get into marketing communication exercises across national borders in order to establish an image for the brand and create customer loyalty. When customers develop brand loyalty, they are not inclined to shift to other brands easily.
- 5) **To intimate international customers about new uses of a product:** Marketing communication is used to convey new uses of an existing product to the international customers or to draw their attention to some new features of the product. This objective of marketing communications is meant to convince the customers about the superiority of a product in comparison with competitors' products in the same line. This has a great strategic advantage during positioning or repositioning of the brand.
- 6) **To highlight brand character internationally:** For certain products, consumers may feel that a particular characteristic is very important. It may determine the buyer's choice of a particular brand out of several competing brands. If the product has that feature, marketing communication is used to stress it and demonstrate its advantages. Similarly, if the product has a special feature, which is linked with a desirable consumer benefit, marketing communication is used to emphasize it.
- 7) **Dealer support in local markets in different countries:** Sometimes the aim of a marketing communication effort is to provide support to dealers and distributors in local markets of countries where the product has been introduced. Thus, there are many advertisements in newspapers, in which the addresses and details of local dealers and distributors are mentioned along with the particulars of the product.
- 8) **Increasing retail trade through special promotional offers:** The objective of marketing communication is also to increase retail sale through off-season or special festival discounts, gift schemes, clearance sales, etc. For example, Levis Jeans can be on discount sales in India during the Diwali festival season whereas it will be on clearance sale during the Thanksgiving to Christmas shopping season in the U.S.A. The objective of such communication exercises is to draw the attention of customers towards the special offers.
- 9) **To introduce a brand in foreign markets:** Marketers engage in communications exercises to introduce brands in foreign markets. The foreign market may know about the company manufacturing the brand, but not the brand in question. For example, Coca Cola's introduction of the Sprite brand in India was preceded and accompanied by a marketing communication exercise.
- 10) **To introduce a marketer in new international markets:** Introducing a new company in a new market requires dissemination of information about the history of the company in the parent country, its product line, etc. Hence the pressing need for international marketing communication.

### 11.3.2 Role

For a domestic firm which want to sell its product in a foreign market, to bring the product to the notice of potential buyers in other countries is a much more difficult task than the corresponding effort in domestic market. The cultural environment, the distribution system, the buying process, the legal system and the methods of promotion in the target market may be totally different from those in the domestic market. Therefore, in order to develop the product marketing communication strategy, the marketer must study the total marketing system as operating in the target foreign market and then prepare an international marketing plan of which the communications strategy will be one element.

An important question that needs to be answered in preparing an international marketing communication strategy is: why do the potential foreign buyers want your product? The general answers to this question are: (a) to obtain products which are somewhat different from the domestic products, and (b) to obtain quality goods at a bargain price. Though

such generalized answers are not sufficient for developing the promotion strategy, it points out to two basic elements of the marketing strategy: (1) the product that the marketer is trying to sell to the foreign market is not just a copy of the locally available product, and (2) the product offers a good value for money. Therefore, it can be said that the matrix of motivation of buying foreign goods consists of product specifications, quality and price.

International marketing communication planning and decision making take place in the context of an overall marketing plan. The marketing plan includes planning, implementation and control functions for a total corporation or a particular decision making unit or product line. The marketing plan will include a statement of marketing objectives and will spell out particular strategies and tactics to reach those objectives. The marketing objectives should identify the segments to be served by the organization and how it is going to serve them. The needs and wants of consumers, on whom the firm will concentrate, are identified and analyzed in a marketing plan.

There are several marketing tools that can be used to help an organization achieve its marketing objectives. Most people are familiar with the '4 Ps' (the marketing mix), which includes product, price, place and promotion. A marketing plan formulates the strategy and tactics for each of these 4Ps. The marketer's product or service can be developed or refined. A distribution network can help match an organization's output with its clientele. Pricing strategy is another marketing decision variable. The most appropriate way to improve the sales of a brand may not involve promotion at all, but may involve more extensive distribution, better relationships with the trade, a lower price, or simply better product quality.

A product manager needs to spend considerable time to exactly find out the reasons for a product's poor sales before jumping to the conclusion that the core problem is an inadequate or poor marketing communication exercise. For instance, if research data indicate that consumers are trying the product, but not repurchasing it, it may imply that the marketing communications effort is successful (since consumers are trying the product), but there is something wanting in the product or product service (since people who try the product do not repurchase it).

In addition to placing the marketing communication plan in the total context, the product manager must also take care to develop a marketing program in which the component parts work in a coordinated and synergistic manner instead of at cross purposes. For instance, when a firm develops a prestige product with a premium price, it is important that the marketing communication effort reinforces the image of high quality and prestige. This can be done by associating the product with prestigious people, situations or events. If the marketing communication objectives are incompatible with a prestige image, the whole marketing program might be jeopardized. Alternatively, when a firm offers a low-priced product, the job of a marketing communication program is to stress the price aspect.

The role of the marketing communication programme will also depend on the distribution channel selected. If door-to-door selling is employed, marketing communication may be used only to introduce the salesperson, or it may not be used at all. If wholesalers, retailers or other middlemen are employed, different promotion strategies have to be deployed. The communication and selling effort may be directed to either the consumer or the trade. When communication is directed to the consumer, the intent would be to have consumer interest "pull" the merchandise through the distribution channel. In the latter case where communication is directed to the trade, distributor margins would get the emphasis, consumer directed promotional efforts would be less, and the intent would be to "push" it through the channel. Generally, the nature and significance of the communication exercise will differ according to whether the marketer is stressing a push or pull strategy and whether its distribution strategy is intensive (the use of a few outlets to maximize customer convenience), exclusive (the use of a few outlets to maximize retailer interest), or selective (intermediate arrangements).

It is vital that international marketing managers understand the power and the constraints of international promotion strategy. International promotion strategy determines the positioning of the product in a foreign market. The formulation of this strategy is dependent to a significant extent, on where the product is in its life cycle in target markets. This is likely to vary between different markets depending on the time of entry,

market structure, competitors and customers. Further, the effective implementation of promotion policy is a key ingredient for success in international marketing programmes. The coordinating and integrating of promotional mix elements with other aspects of the marketing programme is often more difficult in foreign markets. The type of promotional tools available and the media vehicles plus existing regulations, are parameters which limit what can be done. The international marketer must know these parameters well.

The role of international marketing communication is, therefore, to facilitate the accomplishment of international marketing objectives. The communication strategy should be dictated by the overall marketing strategy and not the other way around.

## 11.4 KEY ISSUES IN INTERNATIONAL MARKETING COMMUNICATION

Companies that operate in one or more foreign markets must decide as to how much to adapt their promotion strategy mix to local conditions. At one extreme are companies that use a standardized promotion mix worldwide. Standardization of the product, promotion, distribution and other elements of the marketing mix promises the lowest market share and profits. At the other extreme is the idea of an adapted marketing mix, where the producer adjusts the promotion mix elements to each target market, leading to more costs but hoping for a larger market share and profit. Between these two extremes, many possibilities exist.

**Straight extension** means introducing the product in the foreign market without any change. Top management instructs its salespeople: "find customers for the product as it is." The first step, however is to determine whether the foreign consumers use that product. Deodorant usage among men ranges from 80% in the United States, 55% in Sweden, 28% in Italy, and 8% in the Philippines. In interviewing women in one country about how often they used a deodorant, a typical response was "I use it when I go dancing once a year" which is hardly ground for introducing the product. Straight extension has been successful with cameras, consumer electronics, many machine tools, and so on, but a disaster in other cases. General Foods introduced its standard powdered Jell-O in the British market only to find that British consumers prefer the solid wafer or cake form. Campbell Soup lost an estimated \$30 million in introducing its condensed soups in England, where consumers saw the small-sized cans and rejected them without realizing that water needed to be added to the content for making soup. Straight extension is tempting because it involves no additional R&D expense, manufacturing retooling, product or promotional modification. But it can be costly in the long run.

**Product adaptation** involves altering the product to meet local conditions or preferences. There are several levels of adaptation. A Company can produce a regional version of its product, such as a Western European version, a North American version, and so on. In Japan, Mister Donut's coffee cup is smaller and lighter to fit the hand of the average Japanese consumer; even the doughnuts are a little smaller. In Australia, Heinz sells a baby food made from strained lamb brains' and in the Netherlands, a baby food made from strained brown beans. General Foods blends different coffees for the British (who drink their coffee with milk), the French (who drink their coffee black), and Latin Americans (who want a chicory taste). A company can produce a city version of its product, for instance a beer to meet Munich tastes or Tokyo tastes. Finally, a company can produce different retailer versions of its product, such as a coffee brew for the Migros Chain Store and another for the cooperative chain store, both in Switzerland.

Companies can either adopt the same promotion strategy they used in the home (domestic) market or change it for each local market. Consider advertising messages (one of the tools of marketing communication). Advertising plays a more important communication role in the marketing of consumer products than industrial products. Frequently purchased, low cost products generally require heavy advertising support. Some global companies use a standardized advertising theme around the world. Exxon used "put a tiger in your tank," which gained international recognition. Of course, the copy may be varied in minor ways to adjust for language differences. In Japan, for instance, where consumers have trouble pronouncing "snap, crackle, pop," the little Rice Crispies critters say "patchy, pitchy, putchy." Colours are also changed sometimes to

avoid taboos in other countries. Purple is associated with death in most of Latin America; white is a mourning colour in Japan and green is associated with jungle sickness in Malaysia. Even names must be changed. In Sweden, Helen Curtis changed the name of its Every Night Shampoo to Every Day because Swedes usually wash their hair in the morning. Kellogg also had to rename Bran Buds cereal in Sweden, where the name roughly translates as "burned farmer."

Other companies follow a strategy of **communication adaptation** that is fully adapting their advertising messages to local markets. The Schwinn Bicycle Company might use a pleasure theme in the United States and a safety theme in Scandinavia. Kellogg ads in the United States promote the taste and nutrition of Kellogg's cereals versus competitors' brands. In France, where consumers drink little and eat little for breakfast, Kellogg's ads must convince customers that cereals are a tasty and healthful breakfast.

Media also need to be adapted internationally because media availability varies from country to country. TV advertising time is very limited in Europe, for instance, ranging from four hours a day in France to none in Scandinavian countries. Advertisers must buy air time months in advance, and they have little control over airtimes. Magazines also vary in effectiveness. For example, magazines are a major medium in Italy and a minor one in Austria. Newspapers are national in the United Kingdom but are only local in Spain.

**Global advertising** is the transfer of advertising appeals, messages, art, copy, photographs, stories and video and film segments from one country to another. The ability to transfer a successful campaign worldwide is a critical advantage to a global company. Today, regional trading blocs such as European Union are experiencing internationalization of brands as clients align themselves, buy up other companies and get their pricing and production plans organized for a united region. From a marketing point of view, there is a great deal of activity going on that will make brands truly pan-European in a very short period of time. This phenomenon is accelerating the growth of global advertising.

Why do many global advertising campaigns fail? It is not always because of the differences in culture or consumer experience among the peoples of the world. Rather, they often fail because the people responsible for executing the global campaigns locally exhibit strong resistance to the global campaign. For example, Bruce Steinberg, ad sales director for MTV Europe reports that he sometimes has to visit as many as 20 marketing directors for the same company to get approval for a pan-European TV ad.

The potential for effective global advertising is increasing as new concepts such as product cultures are emerging. Today, branding is based on global demography-youth culture, rather than ethnic or national culture. Instead of ethnic culture, we can think in terms of product culture. As an example, clothing products can be targeted to males 8 to 25 years old, throughout the world to a worldwide segment. William Roedy, director of MTV Europe, sees clear implications of product culture for advertising. "Eighteen year olds in Paris have more in common with 18 year olds in New York than with their own parents. They buy the same products, go to the same movies, listen to the same music, and sip the same colas. Global advertising mainly works on that premise," he says.

MTV is just one of the reasons the people of the world is seeing one another on television and they are making choices from other cultures. Human wants and desires are very similar if presented within recognizable experience situations. People everywhere want value, quality and the latest technology at affordable price; everyone gets hungry, wants to get loved and respected.

The advantages of **global branding** include economies of scale in advertising as well as improved access to distribution channels. In cases where shelf space is at a premium, as with food products, a company has to convince retailers to carry its products rather than those of competitors. Having a global brand may help to persuade them, since from a retailer's standpoint, a global brand is less likely to languish on the shelves. A Landor Associates study showed Coke to enjoy the number-one brand awareness and esteem position in the United States, number two position in Japan, and number six position in Europe. Nestle's Nescafe is marketed as a global brand even though advertising messages and product formulations vary to suit cultural differences.

In the final analysis, the decision of whether or not to use *global or localized campaign* depends on the trade-offs involved. On the one hand, a global campaign will result in

substantial benefits of cost savings and increased control as well as potential leverage of a global appeal. On the other hand, localized campaigns have the advantages of appeals that zero in on the most important attributes of a product in each culture.

The list of products 'going global', once confined to a score of consumer and luxury goods, is growing. Sales of disposable diapers and diamond watches, shampoos and fine Scotch are growing on the global advertising wave. And some longtime global advertisers are benefiting from fresh campaigns. Levi Strauss & Co., the jeans maker, racked up record sales in Europe in 1991 on the strength of a campaign extended unchanged to Europeans, Latin Americans and Australians.

It is important to distinguish between the selling proposition and the creative presentation, between what one says and how one says it. For example, the selling proposition for many products is fun or pleasure, and the creative presentation shows people having fun with the product. According to one recent survey, experienced advertising executives indicated that strong buying propositions can be transferred more than 50 per cent of the time. An example of a buying proposal that transfers well is "top quality". The promise of low price or of value for money regularly surmounts national barriers. In the same survey, most executives indicated that they did not believe that creative presentations traveled well. The obstacles are cultural barriers, communication barriers, legislative problems (for example, children cannot be used in France to merchandise products), competitive position (the advertising strategy for a leading brand or product is normally quite different from that of a minor brand), and execution problems.

These are real barriers, but there are powerful reasons to try to create an effective global campaign. To do so means that the company is forced to discover the global market for its product. The first company to find a global market for any product is always at an advantage over those who discover it later. The search for a global advertising campaign can be the spearhead of the search for a coherent global strategy. Such a search should bring together all the people who are involved with the product so that they can share information and experience.

Knowledge of cultural diversity is essential to any global marketer's efforts, especially the symbolism associated with cultural traits. Local country managers will be able to share important information, such as when to use caution in advertising creativity. Use of colours and man/woman relationships can often be stumbling blocks. For example, white in Asia is associated with death; in Japan, intimate scenes between men and women are considered to be in bad taste.

Veteran advertiser John O'Toole offers the following insights to global marketing communicators:

- Transplanted American creative people always want to photograph European men kissing women's hands. But they seldom know that the nose must never touch the hand or that this right is reserved solely for married women. And how do you know that the woman is married? By the ring in her left hand, of course. Well, in Spain, Denmark, Holland and Germany, Catholic women wear the wedding ring on the right hand.
- When photographing a couple entering a restaurant or theater, you show the women preceding the man, correct? No. Not in Germany and France. And this would be laughable in Japan.
- Having someone in a commercial hold up his hand with the back of it to you (the viewer), and the fingers moving toward him should communicate "come here". In Italy it means "good-bye."

The creation of a common database can be the foundation for the development of a truly global campaign, and the global campaign can be the conceptual glue that pulls together a truly global campaign. Of course, this task is an enormous one in markets such as Russia where the mountains of data that marketers take for granted in the west simply do not yet exist. Advertisers that can normally acquire target market statistics such as information on income, age and geographic distribution, suddenly find these tasks difficult, if not impossible.

Global campaigns attest to the conviction on the part of some advertisers that unified themes not only spur short-term sales but also help build long-term product identities and

other significant savings in production costs. Still, not every company is embracing the concept of global advertising. Colgate has departed from a global advertising strategy and is taking a different approach:

Colgate's advertising and marketing in the 1990s has been tailored specifically to local markets and countries. To underscore this point, TV commercials from different countries were shown and no two were alike.

Once market penetration and positioning is established in the targeted country, Colgate moves the product into similar markets in other countries. Product introduction has matched this approach with the introduction of Ajax bathroom spray in France. Once a market is established there, plans are made to extend the product to other market areas. Colgate products such as actibrush plaque-fighting mouth rinse, currently in the U.K., France and Brazil is approved for marketing in Australia and Italy.

## 11.5 MAJOR MARKETING PROMOTION TOOLS

**Sales Promotion Tools:** For many products, goods and services other forms of promotion are equally effective. These include sales literature, trade fairs and other trade shows, international direct mail, publicity releases, and point-of purchase materials.

- An important element of any campaign is *sales literature*, which is normally translated for use in foreign markets. In some instances, the material may be tailored to the characteristics of the target country. In sales literature, it is admissible to include limited technical information and should stick to the facts. For example, for industrial products and appropriate consumer durables, the sales literature should list weights, dimensions and other pertinent data in metric as well as British measures. Non-English speakers occasionally complain about the poor quality of technical translations given in technical translations provided in catalogues and product literature.
- International *trade fair* is a popular marketing tool in recent years. Over 2,000 trade fairs are conducted every year in over seventy countries. Some are so popular that exhibitors book space for years ahead. There are two kinds of trade fairs: (a) horizontal trade fair, which allows the exhibition of a wide range of products, and (b) vertical trade fair, which is more specialized. These fairs are usually of a more technical nature and attendance is restricted. There are three ways a firm can participate in a trade fair: (1) self-participation, (2) invited participation, and (3) government aid.
- International marketers can communicate with foreign buyers through publicity releases directed to the new product and new literature section of those publications serving their target audiences. Not all trade publications accept product publicity stories, but new product editorial coverage in those that do is an excellent way to supplement advertising programmes.
- *Point-of-purchase promotion* is what occurs very often in stores to induce the consumer to purchase. This is done partly through the packaging of the product in attractive ways, although POP mainly applies to in-store demonstrations, contests, samples, and coupons.

### Check Your Progress B

1. State the main problems in international marketing communication.

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2. State any three objectives of international marketing communication.

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3. Differentiate between extension and adaptation in international marketing communication.
4. State whether the following statements are true or false.
  - i) The message may reach the target audience, but still may not induce the recipient to take action desired by the sender.
  - ii) Marketing plan includes a statement of marketing objectives and it spells out particular strategies and tactics to reach those objectives.
  - iii) Communication extension strategy involves altering the advertising message to meet local preferences.
  - iv) Distinction between selling proposition and the creative presentation is like the difference between what one says and how one says it.
  - v) In horizontal trade fairs a limited range of specialized products are exhibited.
  - vi) Point-of-purchase promotion mainly applies to in-store demonstrations, contests, samples and coupons.

## 11.6 LET US SUM UP

Marketing communication, one of the 4Ps of marketing mix, comprises all forms of communication that organizations use to influence the buying behaviour of the present and potential customers in favour of their offers. It normally comprises advertisement, publicity, personal selling and sales promotion.

International marketing, as far as concept and techniques are concerned is the same as marketing communication, except that the target customer groups in the former are residents of overseas countries while in the latter, they are local citizens. This difference is very important because the political, legal, cultural and technical environments in many overseas countries likely to be different from these in the home country and hence the techniques of communication must necessarily have to be adapted to suit the changed environment. The basic objective of international marketing communication is to make the overseas customer opt for the company's offer as against those of competitors.

Communication can be directed at both, the customer and the distributor. In order to influence an overseas customer, a firm need not have to do any adaptation in its product and promotional strategies, or may have to change one of the two only or may have to change both the strategies. Each one of these strategies has their advantages and disadvantages and deployment of each of these strategies is greatly influenced by the environment prevailing in an overseas country. Similarly deployment of each one of the promotion vehicles such as advertisement, sales promotion, point of purchase display etc. is also dependent on a number of variables such as the product type. The reasons available, the environment in the country etc. as a general rule it may be said that if a firm wants to become a real global company by standardizing product and promotion strategies and by going in for global personnel to undertake global marketing management jobs, it will have to deploy huge resources and be prepared to face substantial risks. In spite of risk, there are perhaps powerful reasons to try to create a global campaign. The exercise of creating a global campaign forces a company to identify a global market for its product, and this is the beginning of the development of a global promotion strategy. In addition, the identification of global appeals and benefits forces a company to probe deeply to identify basic as opposed to superficial needs and buying motives. The success of Coke, Pepsi, Marlboro, and Nestle is a testament to the payoff of a successful global strategy.

## 11.7 KEY WORDS

**International Marketing Communications:** Refers to all forms of communications that international organizations use to establish meaning and influence buying behaviour among existing and potential customers internationally.

**Promotion Mix:** Refers to four elements of the promotion namely advertising, publicity, personal selling and sales promotion.

**Publicity:** A promotional tool which involves nonpersonal stimulation of demand for a product or service through significant news item about it in a mass medium that is not paid for by the sponsor.

**Advertisement:** Any paid form of nonpersonal communication intended to promote ideas goods or services placed in a mass medium where the advertiser is clearly identifiable.

**Personal Selling:** A promotional tool, which involves face-to-face contact between the seller or his representative and the prospective buyer and oral presentation.

**Internet and World Wide Web:** The international network of computers.

## 11.8 ANSWERS TO CHECK YOUR PROGRESS

- A. 5. i) True ii) False iii) False iv) False v) False vi) False vii) True  
B. 4. i) True ii) True iii) False iv) True v) False vi) True

## 11.9 TERMINAL QUESTIONS

- 1) What is marketing communication? Outline the elements of a simple communication process.
- 2) Describe the differences between domestic and international marketing communications.
- 3) Discuss the role of international marketing communication in the international marketing strategy of a company.
- 4) Explain the key decisions in international marketing communication.
- 5) Assess the effectiveness of various promotional tools used in international marketing communication.