

Chapter 10. Product and Brand Decisions

Basic Product and Brand Concepts

; Skip

Product Types

; Skip

Brands

; **Brand** : A complex bundle of images and experiences in the customer's mind. It represents a promise by a particular company about a particular product. ★

; 즉 이는 일종의 품질 증명서(quality certificate)와 같은 것이다. 또한 브랜드는 소비자들이 특정 제품을 찾고 초점을 맞추는 것을 도우면서 시장 경험을 조직화할 수 있도록 한다.

; 브랜드의 중요한 기능은 특정 기업이 제공하는 것을 다른 기업에 대해 차별화(differentiate)하는 것이다. 제품과 브랜드에 대한 정보는 advertising, publicity, sales personnel, packaging 등과 같은 다양한 원천으로부터 온다.

; **Brand image** : The sum of impression. A single mental image about both the product itself and the company that markets it. ★

; **Brand equity** : The added value that accrues to a product as a result of a company's prior investments in the marketing of the brand. ★★★

; Positive differential fact.

; Core/central idea of targeting potential customer.

; 이는 또한 장기간에 걸쳐 브랜드와 소비자 사이의 관계에 의해 형성된 가치를 표현하고 있는 자산(asset)으로 볼 수도 있다. The stronger the relationship, the greater the equity.

; 예) 코카콜라와 말보로.

; 강력한 브랜드 이름을 소유하고 있으면 그보다 덜한 브랜드의 소유주에 비해 높은 가격을 부과할 수 있다. 즉 강력한 글로벌 브랜드는 엄청난(tremendous) brand equity를 소유하고 있는 것이다.

; Measurement of brand equity

; What do I actually measure BE? ★★★

- ; ① "Awareness" : 즉 우선은 사람들이 brand에 대해 알아야 함
- ; ② Evaluation("Attitude") : {좋아한다, 싫어한다}의 single dimension
- ; ③ "Brand image/thought/belief"

; Results are:

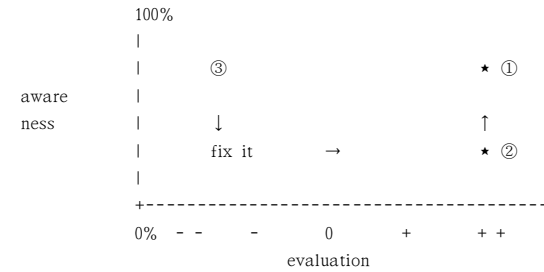
- ; ① Actually look at behaviors
- ; ② \$ premium
- ; ③ Preference
- ; ④ Loyalty

; Benefits of having high brand equity: ★★★

- Charge of premium.
- Create loyalty.
- Elasticities of the price.
- Provide for licensing opportunity.
- Brand extension opportunity.

; 따라서 Brand equity를 개발하는 것을 "Investment"라고 생각하는 것이 좋다.

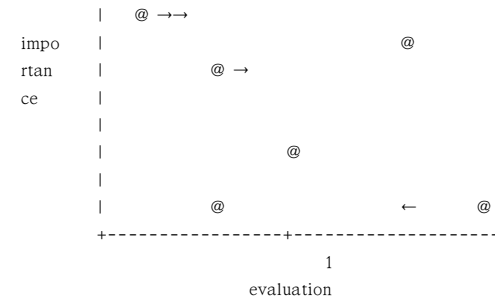
[Awareness - Evaluation] ★ ★



; 즉 지각도에서 ③의 위치에 있다는 것은 "Everybody knows you but everybody hates you"를 뜻한다. 이는 위의 화살표와 같이 "U" course를 따라서 Repositioning 되어야 할 필요가 있다.

; Awareness - cost-effective thing of advertising 에 속한다.

[Importance - Evaluation] ★ ★



; 이 때 Importance = 4 x Safety + 3 x Reliability + 2 x Performance 식으로 코딩될 수 있다.

; 그렇다면 위의 산포도에서 무엇에 집중해야 하는가? 왼쪽 위에 있는 것들은 오른쪽으로 Fix 해야 한다. 이들은 그 중요도에도 불구하고 evaluation이 낮은, 즉 communication이 좋지 못하다는 문제점을 가지고 있기 때문이다. 오른쪽 위에 있는 것들은 좋은 communication point를 가진 것들이다.

; 바람직한 것은 "Diagonal"이 되도록 포지셔닝 하는 것이다. 즉



이런 식으로 가도록 하는 것이다.

; Relationship between Brand Equity and 4P ★ ★

- **Price (in B.E.)**

- Strong B.E. = High price.
- 그렇다면 만약 가격을 낮추면 어떻게 되겠는가(How about cutting the price down)? 이는 오히려 B.E.의 잠식으로 이어질 수도 있다.(It may erode brand equity.)
- If the price is low(cheap), it may cause negative effect to brand equity.
- High price ~ High quality.

- **Place**

- Availability의 문제이다. 제품을 discount store 등에서 팔게 된다면 B.E.에 부정적 영향을 끼치게 된다. 이를 적당히 조절하는 것이 중요하다.

- **Promotion**

- awareness를 높이고 싶다면 advertising을 많이 해야 한다.
- experience를 높이고 싶다면 sales promotion, 그 중에서도 sample marketing 을 하는 것이 좋다.

Local Products and Brands

; **Local product/Local brand : One that has achieved success in a single national market.**

; 예를 들어 코카콜라는 일본에서 Sokenbicha라는 로컬 브랜드 음료를 만들었다.

; It represent the lifeblood of domestic companies.

International Products and Brands

; **International product/International brand : They are offered in several markets in a particular region.**

; 예를 들어 "Euro brand"

Global Products and Brands ★★

; **Global product : It meets the wants and needs of a global market. It is offered in all world regions.**

; **Global brand : It has same name and a similar image and positioning throughout the world.★★**

; **Combination/Tiered branding : A corporate name is combined with a product brand name★★**

; ex) Sony Walkman

; 이는 신제품을 소개할 때 매우 유용할 수 있다.

; **Cobranding/Dual branding : A variation on tiered branding in which two or more different company or product brands are featured prominently on product packaging or in advertising.★★**

; 제대로만 하면 고객 충성도 강화와 시너지를 가져올 수 있지만 자칫하면 소비자를 혼란시키고 brand equity를 희석시킬 수 있다.

; **문제점 : Brand dilution; 고객이 기억하는 기존의 brand와 다르다는 점**

; ex) Intel의 Pentium brand 시리즈

; **Brand extension : It entails using an established brand name as an umbrella when entering new businesses or developing new product lines that represent new categories to the company.★★**

; 즉 이는 기존의 Brand equity를 이용하는 방식이라 생각하면 된다.

; **문제점 : Brand dilution; 고객이 기억하는 기존의 brand와 다르다는 점**

; ex) Virgin

Global Brand Development

; considerations:

; ① Managers must realistically assess whether anticipated scale economies will actually materialize.

; ② They must recognize the difficulty of building a successful global brand team.

; ③ Managers must be alert to instances in which a single brand cannot be imposed on all markets successfully.

; **Global brand leadership**

; Using organizational structures, processes, and cultures to allocate brand-building resources globally, to create global synergies, and to develop a global brand strategy that coordinates and

leverages country brand strategies.

Local versus Global products and brand: A needs-based approach ★

; **Maslov's Hierarchy of Needs ★**

; **Physiological → Safety → Social → External and internal esteem → Self-actualization**

; **Maslov's Hierarchy of Needs(Asian) ★**

; **Physiological → Safety → Affiliation → Admiration → Status**

; **Affiliation needs**

; Satisfied when an individual has been accepted by a group

; 이를 위해서는 conformity with group norms가 중요함.

; **Admiration**

; Higher-level need that can be satisfied through acts that command respect within a group.

; **Status**

; Esteem of society as a whole.

; **Conspicuous consumption or luxury badging**

; Some customers flaunt their wealth by buying expensive products and brands that others will notice.

; Products can fulfill different needs in different countries.

; 예를 들어 미국에서의 병창고는 기본적인 needs를 채워주는 것이다. 하지만 저소득 국가에서는 luxury item으로 인식된다.(needs for prestige)

; **Difference between needs and wants:★★**

; **Needs : basic human requirement, universally found in everywhere.**

; **Want : more specific object. (specific object that fulfill needs)**

Marketing mix = Target markets ★★

Place

Channels

Coverages

Assortments

Locations

Inventory

Transport

Promotion

Sales Promotion

Advertising

Sales force

Public relations

Direct marketing

Price

List price

Discounts

Allowances

Payment period

Credit terms

Product

Product variety

Quality

Design
 Features
 Brand
 Packaging
 Sizes
 Services
 Warranties
 Returns

- * **Product variety** * *
 - ; "Standard" (-) "Localized" 두 가지 방법이 있다.
 - ; **Benefit of standardization** : Cheaper!
 - ; **Benefit of adaptation** : Satisfy local needs and wants

Packaging

- ; **Packaging: An integral element of product-related decision; an important consideration for products that are shipped long distances to markets in all parts of the world. ***
- ; **"Consumer packaged goods" : packaging designed to protect or contain the product during shipping, at retail locations, and at the point of use or consumption.**
- ; "Eco-packaging" : 현재의 패키징 이슈 가운데 하나.
 - ; cf) Germany에서는 Green Dot 규정에 맞게 패키징을 해야 한다.
- ; 그리고 Size of package 역시도 고려 대상이다. 어느 국가에서는 냉장고의 크기에 코카콜라가 맞지 않을 수도 있다.
- ; 또한 패키징은 중요한 커뮤니케이션 기능을 수행한다. (소비자의 구매 결정에 영향을 미침) 많은 음료 제조업체들은 단순히 liquid를 들고 있는 것 이상이라는 점을 소비자에게 전달한다. 즉 사람들의 주의를 끌어야 함.
 - ; cf) Corona, Coca-cola의 packaging 사례

(1) Labeling

- ; 오늘날의 소매 환경에서 product label은 소비자의 주의를 끌고, 제품의 포지셔닝을 support하며 소비자로 하여금 사도록 설득하는 것을 돕기 위해 디자인된다. label은 또한 다양한 종류의 정보를 소비자에게 제공할 수 있다. product label의 내용은 region-of-country에 의해 통제될 수도 있다. (EU의 예)
- ; 오늘날 미국에서 판매되는 거의 모든 제품은 nutrition에 대한 정보를 표준적인 양식에 따라 제공하여야만 한다. "light"이나 "natural"과 같은 단어의 사용도 제한된다.

(2) Aesthetics

- ; Global marketer는 다음을 고려하여야 한다.
 - ; visual aesthetics ~ embodied in the color or shape of a product, label, or package.
 - ; aesthetic styles ~ such as degree of complexity found on a label
 - ; 한 나라에서의 심미적 기준이 다른 나라에서는 다를 수도 있다.
 - ; 하지만 standardized color와 같은 경우도 있다. cf) yellow Caterpillar, red Malboro
 - ; 즉 color choice는 local perception에 따라 달라져야 한다.
 - ; cf) 일부 국가에서 white 는 죽음의 색 (asian)
 - ; Packaging aesthetics : Japanese에게는 중요하다. 즉 "a book is judged by its cover."가 통하는 나라.

Product Warranties

- ; **Express warranty**
 - ; A written guarantee that assures the buyer is getting what he or she has paid for or that provides recourse in case a product's performance falls short of expectations.
- ; global marketing에서 warranty는 기업을 긍정적인 방향으로 포지셔닝하는데 경쟁력있는 도구가 될 수 있다.
 - ; ex) Hyundai의 warranty 전략

Extend, adapt, create: Strategic alternatives in global marketing

; 기업의 목표와 시장의 요구(market needs)에 따라 마케팅 프로그램은 아래의 2가지 전략이나 이의 혼합으로 구성될 수 있다.

- ; ① **Extension strategy**
 - ; Offering a product virtually unchanged("extending" it) in markets outside the home country.
 - ; 성공적인 local product/brand를 개발해 낸 기업이 쓸 수 있음.
- ; ② **Adaptation strategy**
 - ; Changing elements of design, function, or packaging in response to needs or conditions in particular country markets.
 - ; 또한 ①과 ②의 조합도 가능하다.
- ; ③ **Product invention**
 - ; Developing new products "from the ground up" with the world market in mind.

- ; 때때로 시장에서 성공을 거두기 위해서는 지역적 필요에 초점을 맞추는 것이 중요하다. 하지만 이러한 목적을 달성하기 위해서는 제품 설계 변경과 테스트를 위한 비용이 많이 요구될 수도 있다. 또한 지역별로 다른 고객의 want & need 의 문제도 있다.
- ; 다른 국가들의 law와 regulation은 의무적인 제품 설계 adaptation을 요구하기도 한다.
 - ; ex) EU의 예
- ; Convergence를 지향하는 경향에도 불구하고 많은 제품들은 harmonized되지 않게 표준화 되어 있다. (EU 외에서 문제가 발생할 가능성이 높음)

Different communication	Strategy 2: Product extension Communication adaptation	Strategy 4: Dual adaptation
	Strategy 1: Dual extension	Strategy 3: Product adaptation Communication extension
Same communication	Same product	Different product

[중요!] * *

- ; **International company** : The extension strategy reflects an ethnocentric orientation and the assumption that all markets are alike.
- ; **Geocentric company** : Thoroughly understand its markets and consciously take advantage of similarities in world markets.
 - ; ex) Gillette
- ; **Multinational company** : Utilizes the adaptation strategy because of its polycentric orientation and assumption that all markets are different

- ; 또한 대안(alternatives)들은 상호 배타적이지 않다. 기업들은 동시에 다른 product/communication strategy를 적용할 수 있다.
 - ; ex) Nike

Strategy 1: Product - Communication Extension (Dual extension/Straight extension) * *

- ; **The easiest product marketing strategy; the most profitable one.**
- ; **Selling the same product with virtually no adaptation, using the same advertising and promotional appeals used domestically, in two or more country markets or segments.**

- ; B2B에서 보다 많이 쓰인다. ex) Henkel KgaA's Loctite Corp.
- ; But it does not work in every market. ex) Campbell Soup
- ; Advantage : "Cost Saving"
- ; Disadvantage : It may result in market failure.

Strategy 2: Product Extension - Communication Adaptation ★ ★

- ; **Product fills a different need, appeals to a different segments, or serves a different function.**
- ; 왜 이것을 사용하는가? 소비자의 "quality" 와 "value"가 나라마다 다를 수 있기 때문이다.
- ; **Advantage : Relatively low cost of implementation.**
 - ; Physical product is unchanged, expenditures for R&D, manufacturing setup, and inventory are avoided.
 - ; Biggest cost: market research, revising advertising, sales promotion, point-of-sale material, other communication material.
 - ; ex) Ben & Jerry's Homemade, Jagermeister

; Product transformation

- ; **The same physical product ends up serving a different function or use than that for which it was originally designed or created.**
- cf) Jagermeister

Strategy 3: Product Adaptation - Communication Extension ★ ★

- ; **Extend, without change, the basic home-market communications strategy while adapting the product to local use or preference conditions.**
- ; cf) Exxon ~ adapt their gasoline

Strategy 4: Product-Communication Adaptation ★ ★ (Dual adaptation)

- ; **Combination of the market condition with strategies 2 and 3.**
- ; **When environmental conditions or consumer preferences differ; also function a product serves or consumer receptively to advertising appeals differ.**
- ; Associated with the decentralized structure of the multinational corporation.
 - ; ex) Unilever
- ; 이러한 전략적 옵션은 상호 배타적인 것이 아니라는 점에 주의하여야 한다. 이 모든 것을 동시에 사용할 수도 있다.
 - ; ex) Heinz

Strategy 5: Product Invention

- ; **Invention**
 - ; **A demanding but potentially rewarding product strategy for reaching mass markets in less developed countries as well as important market segments in industrialized countries.**
 - ; Companies in low-income countries that achieved local success may have to go beyond mere adaptation by "raising the var" and bringing product designs up to world-class standards if they are to succeed in high-income countries.

- ; 때때로 세계 시장에 뛰어들고자 하는 개발 도상국의 제조업자들이 이러한 제품 개발 전략을 사용한다.
 - ; ex) Thermax

- ; 글로벌 경쟁의 승자는 결국 구매자들에게 "greatest value"를 제공하는 기업들이다. 때때로 value는 performance가

아닌 customer perception으로 정의될 수도 있다. 제품의 질(product quality)도 중요하다.

; Two types of invention ★ ★ ★

- ; **Forward invention?**
 - ; **Create new product which satisfies customer's wants and needs.**
 - ; **Invent a product to create wants and needs in the country.**
- ; **Backward invention?**
 - ; **Reintroduce product which is well-adapted foreign country's wants and needs.**
 - ; **Reintroduce something already available in other place.**

How to Choose a Strategy

; Two types of errors regarding product and communication decisions

- ; ① **"Not invented here"(NIH) syndrome**
 - ; Ignoring decisions made by subsidiary or affiliate managers.
- ; ② **Imposing policies upon all affiliate companies on the assumption that what is right for customers in the home market must also be right for customers everywhere. (즉 강제적인 적용)**

- ; ex) Volkswagen AG

; Three stages that a echnocentric company will go through:

- ; ① **Cave dweller** : The primary motivation behind launching new products internationally is to dispose of excess production or to better utilize plant capacity.
- ; ② **Naive nationalist** : Company recognizes growth opportunities outside the domestic market. "Sees product adaptation as the only possible alternative."
- ; ③ **Globally sensitive** : The company views regions or the entire world as the competitive marketplace.

; The 3 key factors of choice of product-communication strategy in global marketing:

- ; ① The product itself
- ; ② The market
- ; ③ Adaptation and manufacturing cost

; The choice of product-communication strategy in global marketing is a function of three key factors:

- ; ① The product itself
- ; ② The market
- ; ③ Adaptation and manufacture cost

New Products in Global Marketing

; 글로벌 기업으로서 성공 조건

- ; ① They focus on one or only a few businesses
- ; ② Senior management is actively involved in defining and improving the product development process
- ; ③ They have the ability to recruit and retain the best and the brightest people in their fields
- ; ④ They understand that speed in bringing new products to market reinforces product quality.

Identifying New-Product Ideas

; (1) Discontinuous innovations

- ; **When products are successful, they create new markets and new consumption patterns that literally represent a break with the past**
- ; cf) VCR

; (2) Dynamically continuous innovations

- ; Products with intermediate category of newness which is less disruptive and requires less learning on the part of consumers.
- ; 이전 것과 어느 정도 공유하면서도 새로운 것을 도입하는 측면이 있다.
- ; ex) Gillette's Sensor, SensorExcel, MACH3, Sony's Walkman

; (3) Continuous innovation

- ; Typically "new and improved" versions of existing ones and require less R&D expenditure to develop than dynamically continuous innovations.
- ; It cause minimal disruption of existing consumption patterns and require the least amount of learning on the part of buyers.
- ; ex) PC

; Line extension

- ; Continuous such as new sizes, flavors, and low-fat versions.

New-Product Development

- ; The major driver for the development of global products : The cost of product R&D
- ; 따라서 이를 줄이는 것이 관건이다.
- ; Often the goal is to create a single platform, or core product design element or component, that can be quickly and cheaply adapted to various country markets.
- ; cf) Automobile manufacturer
- ; Also other design related costs must be considered.

; Durability and quality

- ; Important product characteristics that must be appropriate for the proposed market.

The International New-Product Department

- ; A high volume of information flow is required to scan adequately for new-product opportunities, and considerable effort is subsequently required to screen these opportunities to identify candidates for product development.
- ; Requirements for new product development
 - ; ① All relevant information sources are continuously tapped for new-product ideas
 - ; ② Screen these ideas to identify candidates for investigation
 - ; ③ Investigate and analyze selected new-product ideas.

Testing New Products

Chapter 11. Pricing Decisions

Basic Pricing Concepts

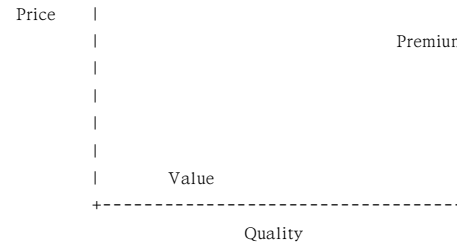
; Law of one price

- ; All customers in the market could get the best product available for the best price.
- ; In a true global market, it is possible.
- ; ex) Boeing
- ; 그렇지 않은 예들도 있다
- ; ex) Beer market; extremely fragmented
- ; 따라서 가격 결정시 cost, interest groups (within the firm), antitrust implication 등등을 고려하여야 한다.

; Setting a price *

- ; Setting a single price = Prices are very like segments. It varies from segment to segment.
- ; Price depend on the segment and position.

; Quality and Price *

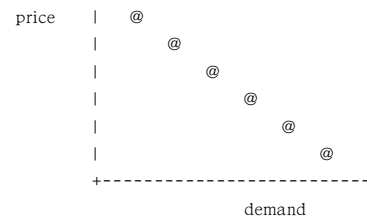


; Relationship between price and brand equity **

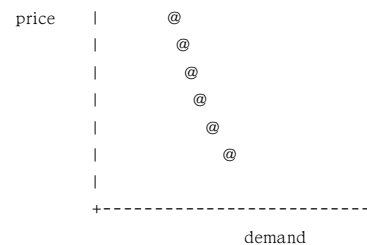
- ; Cheap price = Low quality.
- ; So if the price is expensive, it implies the product have good quality.

; Demand and Price

(elastic)



(inelastic)



- ; **Inelastic을 만드는 조건: ★★**
 - ; **When there are no substitute, nobody has it but people still needs it.**
 - ; **Buyers don't know about higher price.**
 - ; **Price is justified, Understanding of cost associated.**
 - ; **It has high brand equity, Price increasement is not that big impact.**

- ; **Demand curve determination factors: ★★**
 - ; **Competitor's actions and influences.**
 - ; **Survey result. "Will you buy the product in this price?"**
 - ; **Past experiences,**

- ; **Short-term and long-term objectives**
 - ; **To gain long-term profit, maximize market share. To do that it is required to cut my prices, Over the long run, lower unit per cost is required to achieve longer term profit.**

Global Pricing Objectives and Strategies

(1) Market Skimming and Financial Objectives

- ; **Market skimming pricing ★★**
 - ; **Part of a deliberate attempt to reach a market segment that is willing to pay a premium price for a particular brand or for a specialized or unique product.**
 - ; **Companies that seek competitive advantage by pursuing differentiation strategies or positioning their products in the premium segment frequently use it.**
 - ; **Appropriate in the introductory phase of the product life cycle when both production capacity and competition are limited.**
 - ; ex) VCR, HDTV
 - ; **특징**
 - ; **신기술이 적용된 제품들에 효과적이다.**
 - ; **Innovators, early adoptors를 대상으로 한다.**
 - ; **높은 가격을 설정한다.**
 - ; **PLC(Product life cycle) 에 따르면, 가격은 점차 하락하게 된다 (경쟁 등으로 인해)**
 - ; **또한 다음의 이유로 Skimming pricing을 사용한다 :**
 - ; **높은 가격은 우월한 이미지를 전달한다(High price can communicate superior image)**
 - ; **만약 Product-quality leadership을 가지고 있다면 premium product를 통해 높은 가격이 정당화된 다. 고객들의 wants and needs를 만족시키기 때문에.**

(2) Penetration Pricing and Nonfinancial Objectives

- ; **(Market) Penetration pricing policy strategy ★★**
 - ; **Setting price levels that are low enough to quickly build market share. Also trying to develop market.**
 - ; ex) Sony walkman
 - ; **First-time exporter is unlikely to use penetration strategy: "sold at loss for a certain length of time"**

(3) Companion Products: "Razors and Blades" Pricing

- ; **Companion products ★★**
 - ; ex) Console game software, razor blade, ...

Target Costing

- ; **대개 일본에서는 가격을 먼저 결정하고 나머지를 그에 맞춘다.**
- ; **Planned selling price - the desired profit = target cost 가 됨.**
- ; **반면 미국에서는 cost는 대개 design, engineering, marketing decision이 끝난 이후에 결정됨.**

Calculating Prices: Cost-based Pricing and Price Escalation

- ; **Considerations: ★★ [중요]**
 - ; ① **Does the price reflect the product's quality?**
 - ; ② **Is the price competitive given local market conditions?**
 - ; ③ **Should the firm pursue market penetration, market skimming, or some other pricing objective? (short-term vs long-term)**
 - ; ④ **What type of discount (trade, cash, quantity) and allowance (advertising, trade-off) should the firm offer its international customers?**
 - ; ⑤ **Should prices differ with market segment?**
 - ; ⑥ **What pricing options are available if the firm's costs increase or decrease? Is demand in the international market elastic or inelastic?**
 - ; ⑦ **Are the firm's prices likely to be viewed by the host-country government as reasonable or exploitative?**
 - ; ⑧ **Do the foreign country's dumping laws pose a problem?**

; 3C Models ★★★ [중요]

Price	Market condition	비고
Ceiling price	Customer demand schedule	최고 가격
Orienting point	Competitors prices	경쟁사의 가격에 따라서 결정됨. premium 제품이라면 이보다 약간 높게 설정한다.
Floor price	Cost function	최저 가격. Dumping.

; 즉 이는 cost-plus pricing approach이다.

; Cost-based pricing ★★

; **Pricing strategy based on an analysis of internal(materials, labor, testing) and external costs.**

- ; **"Total cost" = "Fixed cost" + "Variable cost" ★**
 - ; **Fixed cost - do not vary with revenue or sales.**
 - ; **Variable cost - it varies with production.**
 - ; **Average cost = Total cost / number of unit (it means, "cost per unit")**

; **How to maximize the profit?**
; It is needed to understand relationship between units.

; **entering a new market.?**
; Full cost approach 혹은 Direct cost(additional cost) approach를 사용할 것인가의 문제

; (1) Full absorption cost method

- ; **It defines per-unit product cost as the sum of all past or current direct and indirect manufacturing and overhead costs. (주로 Western cost accounting을 하는 곳에서 사용)**
- ; **하지만 상품이 국경을 넘어가면 다른 추가적인 비용 발생함. 이를 고려해주어야 함. 정확한 가격을 계산하기는 쉽지 않음.**

; (2) Rigid cost-plus pricing ★★

; **Set prices without regard to the considerations. No adjustment to reflect market conditions outside**

the home country.

; Advantage : Simplicity

; Disadvantage : Ignores demand and competitive conditions in target market. (risk of too high or too low price)

; Attractive to inexperienced exporters.

; Price escalation을 일으킬 위험이 있음.

; (3) Flexible cost-plus pricing ★★

; Used to ensure that prices are competitive in the context of the particular market environment.

; Used by experienced exporters and global marketers.

; Estimated future cost method를 사용함.

; Price escalation ★★

; The unintended result that exports are priced at levels above what consumers can pay. It occurs when some of the costs are added to the per-unit cost of the product itself.

; Problem of that price are going higher just to maintain the original sales margin.

; Way to fix it: ★★

① Setting uniform price everywhere

; Problem : You cannot maximize profit. Losing profit in somewhere. Too high in some country, too low in the other country.

② Market based approach : Charge as each country could afford

; Problem :

; ① "Price transparency" problem

; You can cross to another country to buy the product. (Actually it is different price!) It happens in EU.

; 아래쪽에 잘 나와 있으니 참고할 것.

; ② "Grey market" (Parallel importing) problem

; cf) buying textbook in online-market.

; 아래쪽에 잘 나와 있으니 참고할 것.

③ Set a cost-based approach in each country

; Price = Internal + external cost

; Problem: Not looking at the marketing consideration. The cost may be too high.

; Estimated future cost method

; Flexible cost to establish the future cost for all component elements.

Terms of the Sale

; Incoterms

; "Internationally accepted terms of trade"

; Two Incoterms apply to all modes of transportation

; Ex-Works

; When a contract specifies it, the seller places goods at the disposal of the buyer at the time specified in the contract.

; Delivered duty paid

; If the contract specifies it, the seller has agreed to deliver the goods to the buyer at the place he or she names in the country of import, with all costs, including duties, paid.

; F.A.S (free alongside ship) named port of destination

; The contracts call for the seller to place goods alongside, or available to, the vessel or other mode of transportation and pay all charges up to that point.

; F.O.B (free on board)

; The responsibility and liability of the seller do not end until the goods have actually been placed aboard a ship.

; "F.O.B. ship (name port)" 와 같은 식으로 쓰여야 함.

; F.O.B. 용어 사용에 주의할 것.

; "goods must be loaded on board, AND buyer pays freight." 이 때 freight에는 goods도 들어가기에, double payment가 되게 된다.

; C.I.F. (cost, insurance, freight) named port of destination

; The risk of loss or damage to goods is transferred to the buyer once the goods have passed the ship's rail.

; However, the seller has to pay the expense of transportation for the goods up to the port of destination, including the expense of insurance.

; C.F.R. (cost and freight)

; The seller is not responsible for risk or loss at any point outside the factory.

; All import charges are assessed against the landed price of the shipment.

Environmental Influences on Pricing Decisions

(1) Currency Fluctuations

; For the transnational corporation, currency fluctuation is not simply a matter of home country currency value relative to the value of currencies in key markets.

; ex) Honda, sourcing 까지 연결되어 있어서 꽤 문제가 복잡하게 된다.

; Global pricing strategies [읽어볼 것]

; (1) When domestic currency is weak

; ① Stress price benefits

; ② Expand product line and add more costly features

; ③ Shift sourcing to domestic market

; ④ Exploit market opportunities in all markets

; ⑤ Use full-costing approach, but employ marginal-cost pricing to penetrate new or competitive markets

; ⑥ Speed repatriation of foreign-earned income and collection

; ⑦ Minimize expenditures in local or host-country currency

; ⑧ Buy advertising, insurance, transportation, and other services in domestic market

; ⑨ Bill foreign customers in their own currency

; (2) When domestic currency is strong

; ① Engage in nonprice competition by improving quality, delivery and after-sale service

; ② Improve productivity and engage in cost reduction

; ③ Shift sourcing outside home country

- ; ④ Give priority to exports to countries with stronger currencies
- ; ⑤ Trim profit margins and use marginal-cost pricing
- ; ⑥ Keep the foreign-earned income in host country; slow down collections
- ; ⑦ Maximize expenditures in local or host country currency
- ; ⑧ Buy needed services abroad and pay for them in local currencies.
- ; ⑨ Bill foreign customers in the domestic currency.

; Market holding

; The use of the flexible cost-plus method to reduce prices in response to unfavorable currency swing. It is adopted by companies that do not want to lose market share.

; Marginal-cost pricing ★★

; Setting the selling price equal to the variable(incremental) costs of producing one additional unit of output.

; It can be used to penetrate market.

; 다만 이걸 사용하게 되면 dumping charge가 될 위험이 있다.

; ex) 1998 아시아 외환 위기 당시.

; Price transparency ★★

; Buyers will be able to comparison shop easily because goods will be priced in euros as opposed to marks, francs, or lira.

; ex) EU의 통합 이후 생긴 문제.

(2) Inflationary Environment

; Inflation

; A persistent upward change in price level.

; Can be caused by an increase in the money supply.

; ex) Russian ruble inflation

; Requirement for inflation: Maintenance of operating profit margins.

(3) Government Controls, Subsidies, and Regulations (안나올듯 한데..)

; Government policies affect pricing decisions: dumping legislation, resale price maintenance legislation, price ceilings, and general reviews of price levels.

; These activities include...

; Selective controls

; Requirement of deposit funds in a noninterest-bearing escrow account for a specified period of time if they wish to import products

; Profit transfer rule

; Government subsidies

(4) Competitive Behavior

; If competitors do not adjust their prices in response to rising costs, management will be severely constrained in its ability to adjust prices accordingly. Conversely, if competitors are manufacturing or sourcing in a lower-cost country, it may be necessary to cut prices to stay competitive.

(5) Using Sourcing as a Strategic Pricing Tool

; ① Switching to offshore sourcing of certain components to keep costs and prices competitive

; China가 좋은 예이다

; ② Through audit of the distribution structure in the target market. "Rationalization" of the distribution

structure.

; ex) Toys 'R' Us

Global Pricing: Three Policy Alternatives

(1) Extension or Ethnocentric

; Extension / Ethnocentric pricing policy

; Pricing policy in which the per-unit price of an item to be the same no matter where in the world the buyer is located.

; Importer가 freight 과 import duties를 흡수한다.

; Advantage : Extreme simplicity

; Disadvantage : It does not respond to the competitive and market conditions of each national market; do not maximize the company's profit.

(2) Adaptation or Polycentric

; Adaptation / Polycentric pricing

; It permits subsidiary or affiliate managers or independent distributors to establish whatever price they feel is most desirable in their circumstances.

; 모든 국가별로 가격을 설정할 필요는 없다. 이 경우 독립적인 유통업자들을 활용하는 것이 poliocentric pricing 을 활용하는 가장 좋은 방법이다.

; Adv : local market condition에 민감하게 반응할 수 있다.

; Disadv : Valuable knowledge and experience within the corporate system concerning effective pricing strategies are not brought to bear on each local pricing decision. Arbitrage problem occurs; 즉 인접한 국가 사이의 가격 차가 운송수단 이용 가격보다 크다면 사람들이 싼 곳에서 사서 비싼 곳으로 옮겨 팔기 시작한다.

(3) Geocentric

; Geocentric pricing

; Based on the realization that unique local market factors should be recognized in arriving at pricing decisions. (이 factor에는 local costs, income levels, competition, local marketing strategy 등이 포함되어 있다)

; 장기적으로는 local costs + ROI + personnel fix 이지만, 단기적으로는 HQ가 market penetration 과 같은 전략 을 취할 수도 있다.

; The important point here is that in global marketing there is no such thing as a "normal" margin.

; 그리고 위의 3가지 방법 중에서 geocentric approach가 가장 좋은 전략이다.

Gray Market Goods

; Gray market goods ★★

; Trademarked products that are exported from one country to another where they are sold by unauthorized persons or organizations.

; Parallel importing ★★

; Typically flourishes when a product is in short supply, when producers employ skimming strategies in certain markets, or when the goods are subject of substantial markups.

; Problem : It harms the authorized importer!

; 때때로 gray marketer들은 한 국가에서 제품을 가져와 다른 국가에서 판매하면서 authorized importer들과 경쟁하는 경우도 있다.
; 요즘은 인터넷의 등장으로 이것이 더욱 커지는 경향이 있음.

Dumping

; "The sale of an imported product at a price lower than that normally charged in a domestic market or country of origin."
; "An unfair trade practice that results in 'injury, destruction, or prevention of the establishment of American industry.'"

; Dumping을 입증하기 위해서는 2가지 모두를 충족하여야 한다 : ① Price discrimination ② Injury

; Price discrimination

; The practice of setting different prices when selling the same quantity of 'like-quality' goods to different buyers.

Price Fixing

; Price fixing

; Representatives of two or more companies to secretly set similar prices for their products.
; 규제의 대상이다.

; Horizontal price fixing

; Competitors within an industry that make and market the same product conspire to keep prices high.

; Vertical price fixing

; A manufacturer conspires with sholesalers or retailers to ensure certain retail prices are maintained.

; ex) DeBeer's

Transfer Pricing

; Transfer pricing

; Pricing of goods, services, and intangible property bought and sold by operating units or divisions of the same company. It concerns intracorporate exchanges.

; Intracorporate exchanges

; Transactions between buyers and sellers that have the same corporate parent.

; 3 Major alternative approaches to transfer pricing:

; ① Market-based transfer price

; Derived from the price required to be competitive in the international market. It represents an approximation of an arm's-length transaction.
; 제약사항(constraint) : cost

; ② Cost-based transfer pricing

; It can take the same forms as the cost-based pricing methods including full cost and estimated future cost.

; ③ Negotiated transfer prices

; Allow the organizatoin's affiliates to determine price among themselves. It may be employed when

market prices are subject to frequent changes.

Tax Regulations and Transfer Prices

; There is incentive of maximizing system income in countries with the lowest tax rates and minimizing income in high-tax countries.

Sales of Tangible and Intangible Property

; "arm's-length" formula

; The price that would have been charged in independent transactions between unrelated parties under similar circumstances.

Competitive Pricing

; If only the arm's-length standard is applied, a company many not be able to respond to the competitive factors that exist in every market, domestic and global.

Importance of Section 482 Regulations

Countertrade

; Countertrade transaction (대응 무역)

; A sale results in product flowing in one direction to a buyer; a separate stream of products and services, often flowing in the opposite direction, is also created.

; 이러한 대응 무역이 요구되는 상황에는 몇가지 조건이 있다.

; ① The priority attached to the Western import.

; 즉 우선순위가 높을수록 대응 무역을 요구할 가능성이 낮아진다.

; ② The value of the transaction

; 즉 가치가 높을수록 대응 무역을 요구할 가능성이 높다.

; ③ The availability of products from other suppliers.

; 경쟁사가 대응 무역을 하고자 한다면 거래를 잃을 확률이 높다고 할 수 있다.

(1) Barter

; Barter

; A direct exchange of goods or services between two parties.

(2) Counterpurchase

; Parallel trading / parallel barter

; Each delivery in an exchange is paid for in cash.

; Counterpurchase

; Two separate contracts are signed. In one the supplier agrees to sell products for a cash settlement; in the other supplier agrees to purchase and market unrelated products from the buyer.

(3) Offset

; A reciprocal arrangement whereby the government in the importing country seeks to recover large sums of hard currency spent on expensive purchases such as military aircraft or telecommunications systems.

; 혹은 cooperation in manufacturing, technology transfer, plasing subcontracts locally, arranging local assembly or manufacturing equal to a certain percentage of the contract value 등을 할 수 있다.

; 차이점 : ① "smaller deals over shorter period time". ② The agreement is not contractual but reflect a memorandum or understanding that sets out the dollar value of products to be offset and the time period

for completing the transaction. ③ There is no penalty on the supplier for nonperformance.

(4) Compensation Trading

; Compensation trading (buyback)

; Two separate and parallel contracts are required. In one contract, the supplier agrees to build a plant or provide plant equipment, patents or licenses, or technical, managerial, or distribution expertise for a hard currency down payment at the time of delivery. In the other contract, the supplier company agrees to take payment in the form of the plant's output equal to its investment (minus interest) for a period of as many as 20 years.

(5) Switch Trading

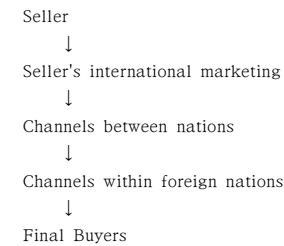
; Switching trading (Triangular trade and swap)

; A professional switch trader, switch trading house, or bank steps into a simple buyer or other countertrade arrangement when one of the parties is not willing to accept all the goods received in a transaction.

Chapter 12. Global Marketing Channels and Physical Distribution

Channel Objectives

[Distribution channels] ★



; **Marketing channels exist to create utility for customers.**

; **Major categories of channel utilities: ★★**

; ① Place utility

; The availability of a product or service in a location that is convenient to a potential customer

; ② Time utility

; The availability of a product or service when desired by a customer

; ③ Form utility

; The availability of the product processed, prepared, in proper condition and/or ready to use.

; ④ Information utility

; The availability of answers to questions and general communication about useful product features and benefits.

Distribution Channels: Terminology and Structure

; Channel of distribution ★

; **An organized network of agencies and institutions which, in combination, perform all the activities required to link producers with users to accomplish the marketing task.**

; Channels ★

; Made up of a coordinated group of individuals or firms that perform functions that add utility to a product or service.

; Physical distribution

; Movement of goods through channels

; B2C (business to consumer) marketing

; Consumer channels are designed to put products in the hands of people for their own use.

; B2B (business to business) marketing

; Industrial channels deliver products to manufacturers or other types of organizations that use them as inputs in the production process or in day-to-day operations.

; Distributor

; A wholesale intermediary that typically carries product lines or brands on a selective basis.

; Agent

; An intermediary who negotiates transactions between two or more parties but does not take title to the goods being purchased or sold.

Consumer Products and Services

; ① **To market directly to buyers via the Internet, mail order, various types of door-to-door selling, or manufacturer-owned retail outlets.**

; P2P marketing e.g. eBay

; Low-cost, mass-market nondurable products and certain services can be sold.

; 다만 일본의 경우 keiretsu system의 소비자 버전이 등장하면서 이것이 자동차 판매에서도 쓰이고 있다.

; ② **Manufacturer-owned store / Independent franchise store**

; ③ **Various combination of a manufacturer's sales force and wholesalers calling on independent retail outlets, which in turn sell to customers.**

; ④ **Piggyback marketing ★★**

; **One manufacturer obtains product distribution by utilizing another company's distribution channels.**

; 이 경우 양쪽 모두가 이익을 얻는다.(Win-win) 효과적이 되기 위해서는 둘 사이의 관계가 상보적(complementary)이어야 한다.

; ex) Reader's Digest subscription along with Avon's health and beauty product

Industrial Products

; 3 basic elements : ① **Manufacturer's sales force** ② **Distributors or agents** ③ **Wholesalers**

; cf) Dell, Kyosera

Establishing channels and Working with Channel Intermediaries

; **Direct involvement**

; The company establishes its own sales force or operates its own retail stores.

; **Indirect involvement**

; Utilizing independent agents, distributors, and/or wholesalers.

; **Guidelines to help prevent problems of choosing a channel intermediary:**

; ① Select distributors. Don't let them select you.

; ② Look for distributors capable of developing markets, rather than those with a few good customer contacts.

; ③ Treat local distributors as long-term partners, not temporary market-entry vehicles.

; ④ Support market entry by committing money, managers, and proven marketing ideas.

; ⑤ From the start, maintain control over marketing strategy.

; ⑥ Make sure distributors provide you with detailed market and financial performance data.

; ⑦ Build links among national distributors at the earliest opportunity.

; **Cherry picking ★★**

; **Practices of ① accepting orders only from manufacturers with established demand for products and brands. Or ② Selecting only a few choice items from a vendor's product lines.**

; Middle vendors' seeking practice to maximize their own profit rather than the manufacturer's.

; 이들은 international company가 되면 문제가 발생한다. 따라서 공급자는 리더십을 발휘하여 이러한 관계를 정리하여야 한다. 이러한 cherry-picking member를 피하는 것이 좋다.

; **해결책 : ① Shift from direct involvement to a more cost-effective independent intermediary. ② Rely on a distributor's own sales force by subsidizing the cost of the sales representatives the distributor has assigned to the company's product. 다만 이 방법은 "expensive"하다.**

; **Pulling and pushing strategy: ★**

; It means selling product to the customer.

; pull ~ try to create demand

; push ~ intermediaries focused, push it to intermediaries.

; **Why do we use intermediaries? ★★**

; how about direct marketing?

; ex) Dell's success

; On-line, internet connects B2C.

; It has 0-level channel! Cutting out all the intermediaries.

; I can have my own sellers and my own stores!

; -> **shoten the channels as minimum as possible!** When number of intermediaries are increased, cost will be increased too!

; **B2B and B2C distribution channel ★★**

; **B2C : Your products are ahead of consumer. Long channel.**

; **B2B : Delivering products, use them as inputs for operation. ★**

; **It is more direct, 0 level channel. Fewer intermediaries.**

; ex) Boeing.

; **Generally fewer customers, Large purchases.**

Global Retailing

; **Global retailing**

; Any retailing activity that crosses national boundaries.

; **Department store**

; Store that have several departments under one roof, each representing a distinct merchandise line and staffed with a limited number of salespeople.

; ex) Marks&Spekcer, Macy's

; **Specialty retailer**

; More narrowly focused and feature a relatively narrow merchandise mix aimed at a particular target market.

; ex) Laura Ashley, Body Shop, Gap, Starbucks, ..

; **Supermarkets**

; Departmentalized retail establishments that offer a variety of food and nonfood items, mostly on a self-service basis.

; ex) Safeway, A&P, ..

; "lower price", "more variety", "greater selection of merchandise"의 이점 제공

; **Convenient stores**

; Store that offer some of the same products as supermarkets, but the merchandise mix is limited to high-turnover convenience products.

; Price는 supermarket에 비해 10-15% 정도 높다. 보통 교통의 요지, 혹은 학생들이 많은 곳에 위치함.

; **Discount stores**

; "low price"의 특징을 가짐.

; 종류

; ① **Full-line discounters**

; Typically offer a wide range of merchandise, including non-food items and nonperishable food.

in a limited-service format.

; ex) Wal-Mart

; ② Warehouse club

; consumers "join" the club to take advantage of low prices on products displayed in their shipping boxes in a "no frills" atmosphere.

; ex) Sam's Club

; Hypermarkets

; A hybrid retailing format combining the discounter, supermarket, and warehouse club approaches under a single roof.

; Supercenters

; It offer a wide range of aggressively priced grocery items plus general merchandise in a space that occupies about half the size of a hypermarket.

; Category killers

; Stores specialize in particular product category such as toys or furniture and offer a vast selection at low prices.

; cf) Toys "R" us, Home Depot, IKEA.

; Outlet stores

; Retail operations that allow companies with well-known consumer brands to dispose of excess inventory, out-of-date merchandise, or factory seconds.

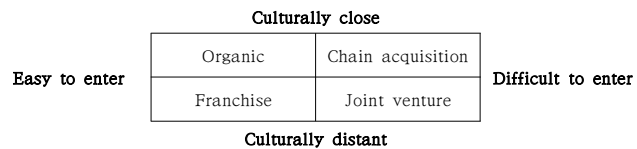
; 소비자를 끌어들이기 위해 이들은 대개 outlet mall에 그룹을 짓게 된다.

; Outlet malls

; Grouped outlet malls.

; cf) Woodbury Common mall

; Global Retailing Market Entry Strategy Framework ★★



; ① Organic growth

; It occurs when a company uses its own resources to open a store on a greenfield site or to acquire one or more existing retail facilities from others.

; ② Franchising

; The appropriate entry strategy when barriers to entry are low yet the market is culturally distant in terms of consumer behavior or retailing structures.

; ③ (Chain) Acquisition

; Purchasing a company with multiple existing outlets in a foreign country. It can provide the buyer with quick growth as well as access to existing brand suppliers, distributors, and customers.

; ④ Joint venture

; Used when culturally distant, difficult-to-enter markets are targeted.

; The ownership can be splitted.

Innovation in Global Retailing

; Incidence and rate of retail innovation:

; ① Innovation takes place only in the most highly developed systems.

; ② The ability of a system to successfully adapt innovations is directly related to its level of economic development

; ③ Even when the economic environment is conducive to change, the process of adaptation may be either hindered or helped by local demographic factors, geographic factors, social mores, government action, and competitive pressures.

; ④ The process of adaptation can be greatly accelerated by the actions of aggressive individual firms.

; 가장 좋은 예 가운데 하나는 Self-Service 이다.

Physical Distribution, Supply Chains, and Logistics Management

; Value chain

; The value chain concept is much broader:

; ① The value chain is a useful tool for assessing an organization's competence as it performs value-creating activities with a broader supply chain.

; ② The particular industry in which a firm competes is characterized by a value chain.

; "upstream" in the value chain

; A company is somewhat removed from the final customer.

; "downstream" in the value chain

; A company is relative close to customers.

; Supply chain

; Including all the firms that perform support activities by generating raw materials, converting them into components or finished products, and making them available to customers.

; Logistics

; The management process that integrates the activities of all companies to ensure an efficient flow of goods through the supply chain.

; Inbound logistics

; Suppliers are upstream in the value chain, and the process by which wood is transported to the factories.

; Outbound logistics

; The activities associated with shipping furniture kits from factory to store.

(1) Order processing

; Order entry in which the order is actually entered into a company's information system.

(2) Warehousing

; Storing goods until they are sold.

; Distribution center

; It is designed to efficiently receive goods from suppliers and then fill orders for individual stores or customers.

Marketing Communication ★★

Advertising			Brand image
Sales promotion			Brand responses
Brand awareness	[Marketing communication]	[Brand equity]	Direct marketing
PR			Brand relationship
Personal selling			

① Advertising ★★

- ; Any sponsored, paid message that is communicated in a nonpersonal way.
- ; Cost-effective method to build up brand awareness.
- ; Goal : build awareness.
- ; Types : print, broadcasting, billboard, playsigns, ...

② sales promotion ★★

- ; Any paid consumer or trade communication program of limited duration that adds tangible value to a product or brand.
- ; More cost-effective method.
- ; Types : coupons, rebates, premium, free samples, special financing, ...
- ; 다음 장에서 보다 자세히 설명함.

③ Public relations ★★

- ; Fostering goodwill, understanding, acceptance among a company's various constituents and publics.
- ; Very effective way of communicate.
- ; Most cost-effective method; Most cheaper!; Most reliable!
- ; Least controllable!

④ Personal selling

- ; 다음 장에서 보다 자세히 설명함

Global Advertising

; Advertising ★

- ; Any sponsored, paid message that is communicated in a nonpersonal way.

; Global advertising

- ; Messages whose art, copy, headlines, photographs, tag lines, and other elements have been developed expressly for their worldwide suitability.

; Global advertising의 장점들

- ; ① Find a global market for any product is frequently at an advantage relative to competitors that make the same discovery later.
- ; ② Build a long-term product and brand identities and other significant savings by reducing the cost associated producing ads.
- ; ③ Increases as companies recognize and embrace new concepts such as "Product culture"
- ; ④ Economies of scale in advertising as well as improved access to distribution channels.

Global Advertising Content: The "Standardization" Versus "Adaptation" Debate

; 4 Major difficulties can compromise an organization's attempt to communicate with customers in any location.

- ; ① The message may not get through to the intended recipient.
- ; ② The message may reach the target audience but may not be understood.
- ; ③ The message may reach the target audience and may be understood but still may not induce the recipient to take the action desired by the sender.
- ; ④ The effectiveness of the message can be impaired by noise.

; Pattern advertising ★

- ; Developing a basic panregional or global communication concept for which copy, artwork, or other elements can be adapted as required by individual country markets.
- ; ex) "Got milk" campaign

; 여하튼 둘 중 무엇을 써야 하는가에 대한 논쟁이 계속되고 있다.

; Standardization ★★

- ; Cost savings, increased control, potential a creative leverage of a global appeal.
- ; ex) PC, iPod, ...

; Adaptation ★★

- ; Focus on the most important attributes of a product or brand in each nation or culture.
- ; Less likely to be required for industrial products or for technology-oriented products sold to either consumers or business customers.
- ; Expensive.

Advertising Agencies: Organizations and Brands

- ; Advertising organizations [안중요한 듯]
- ; Full service agencies [안중요한 듯]

Selecting an Advertising Agency [안중요한 듯]

- ; Considered issues to select agency:
 - ; ① Company organization
 - ; ② National responsiveness
 - ; ③ Area coverage
 - ; ④ Buyer perception

Creating Global Advertising ~ "Message"

; 즉 중요한 것은 광고가 담고 있는 "Message"이다.

; Creative strategy

- ; A statement or concept of what a particular message or campaign will say.

; Big idea

- ; "that flash of insight that synthesizes the purpose of the strategy, joins the product benefit with consumer desire in a fresh, involving way, brings the subject to life, and makes the reader or audience stop, look, and listen."
- ; 기억에 남을만한 광고들은 오랜 기간에 걸쳐 사용할 수 있기 때문에 "leg"을 가지고 있다고 말하기도 한다.
- ; ex) Absolut Vodka

; Advertising appeal ★

- ; The communication approach that relates to the motives of the target audience.

; Rational appeal *

- ; It depend on logic and speak to the audience's intellect.
- ; Based on consumer's needs for information.

; Emotional appeal *

- ; It may tug at the heartstrings or tickle the funny bone of the intended audience and evoke a feeling response that will direct purchase behavior.

; Selling proposition

- ; The promise or claim that captures the reason for buying the product or the benefit that ownership confers.

; Creative execution

- ; The way an appeal or proposition is presented.
- ; "differences between what one says and how one says it."

; 실행 스타일 면에서는 다음과 같은 Appeal 이 있을 수 있다. [수업 때 언급된 것인지는 잘.] *

- ; Humor appeal, fear appeal, sex appeal, warmth appeal, nostalgia appeal, comparative advertising, testimonial advertising

Art Directors and Art Direction

- ; Art direction
 - ; The visual presentation of an advertisement.
- ; Art director
 - ; An advertising professional who has the general responsibility for the overall look of an ad.

Copy

; Copy *

; The words that are the spoken or written communication elements in advertisements

; Copywriters

- ; Language specialists who develop the headlines, subheads, and body copy used in print advertising and the scripts containing the words that are delivered by spokespeople, actors, or hired voice talents in broadcast ads.
- ; Global ads에서는 visual appeal을 많이 하고 copy의 사용은 가급적 줄이는 경향이 있다.
- ; Copy translation은 중요한 이슈이다.
- ; 해외 마켓에서의 copy 사용에는 3가지 길이 있다:
 - ; ① Prepare new copy for a foreign market
 - ; ② Translate the original copy into the target language
 - ; ③ Leave some (or all) copy elements in the original (home-country) language.

; 다른 나라에서의 적용에 주의할 것.

; cf) 맥도날드가 중국에서 4라는 숫자를 지속적으로 강조한 것 → 죽음이라는 의미

Cultural Considerations

- ; 미국의 광고들이 logical argument to try to appeal to the reason of audiences 인 반면 일본의 광고들은 more image oriented and appeals to audience sentiment 이다.

; 7 characteristics that distinguish Japanese from American creative strategy: *

- ; ① Indirect rather than direct forms of expression are preferred in the messages.
- ; ② There is often little relationship between ad content and the advertised product
- ; ③ Only brief dialogue or narration is used in television commercials, with minimal explanatory

content.

- ; ④ Humor is used to create a bond of mutual feelings.
- ; ⑤ Famous celebrities appear as close acquaintances or everyday people.
- ; ⑥ Priority is placed on company trust rather than product quality.
- ; ⑦ The product name is impressed on the viewer with short, 15-second commercials.

; 즉 특징을 요약하면 *

- ; polite and indirectness**
- ; unfocused, sometimes brand even not mentioned.**
- ; artful, rather than functional sales**
- ; entertainment focused**

; ex) "Pepsimen" advertisement in Japan.

Type of appeal	Cultural/Market Factors	Countries where Appeal is appropriate
Rational/argument	<ul style="list-style-type: none"> ! Monochronic cultures with low power distance ! High uncertainty avoidance ! Good supply of marketing professionals 	<ul style="list-style-type: none"> ! Austria, Belgium, Germany, Italy, US
Rational/lecture	<ul style="list-style-type: none"> ! Collectivist cultures with high power distance and high uncertainty avoidance 	<ul style="list-style-type: none"> ! Belgium, Italy, Mexico
Emotional/Psychological	<ul style="list-style-type: none"> ! Collectivist cultures with high power distance ! High advertising expenditures ! Strict government control 	<ul style="list-style-type: none"> ! Hong Kong, Taiwan, France, US, SK, Spain
Emotional/dramatic	<ul style="list-style-type: none"> ! High power distance ! High advertising expenditures ! Limited supply of advertising professionals 	<ul style="list-style-type: none"> ! Hong Kong, France Japan

Global Media Decisions *

- ; Available alternative media: Print media, electronic media, ...
- ; 그런데 국가마다 이러한 availability가 달라질 수 있음을 염두에 두어야 한다.

Media Vehicles and Expenditures *

- ; 대개 선진국일수록 보다 광고 비용 지출이 크다. (미국 1위) 또한 국가마다 어떤 media가 더 큰 비중을 차지하는가 가 다르다. 대개 TV의 비중이 가장 크다.
- ; Television ad will become more important as a communication vehicle.**
- ; Radio : the least proposition, but most cost-effective means of communication, effective in low literacy country**
- ; 또한 mass transportation과 highway infra가 발달되었다면, indoor / outdoor poster & billboard를 이용하는 것이 좋다.

Media Decisions *

- ; 국가마다 다르기 때문에 주의할 필요가 있다.

- ; Japan ~ readership is high, ⇔ US ~ readership is relatively low
- ; Even when media availability is high, its use as an advertising vehicle may be limited.
- ; ex) Europe에서는 TV 광고가 여러 범위에서 제한되어 있다. 아동 보호를 위해 제한하는 나라들도 있음.

Public Relations and Publicity

; Public Relations (PR) ★

- ; **Fostering goodwill, understanding, acceptance among a company's various constituents and publics.**
- ; PR department attempts to generate favorable publicity about the company and its products and brand.

; Publicity

- ; **Communication about a company or product for which the company does not pay.**
- ; 이는 "earned media" 로 여겨짐. 반면 "unearned media"는 advertising and promotions 이다. *

; PR tools:

- ; Press releases, media kits, interview, and tours.

; 대개 기업은 정보의 흐름에 있어서 어떻게 할 소지가 적은 경우가 많다. 따라서 이러한 통제의 부족을 해결하기 위해 다음과 같은 것을 할 때가 많다:

; ① Corporate advertising

- ; Created and paid for by a company or organization identified in the ad. The object is not to generate demand by informing, persuading, entertaining, or reminding customers. Often used to call attention to the company's other communications efforts.

; ② Image advertising

- ; Designed to enhance the public's perception of a company, create good will, or announce a major change, such as a merger or acquisition.

; ③ Advocacy advertising

- ; A company represents its point of view on a particular issue.

The growing Role of Public Relations in Global Marketing Communications

- ; Global PR 기업들이 늘어나고 있고, 이에 대한 비용 지출도 증가하는 추세에 있다.
- ; PR 전문가가 되려면 언론사 기자들과 좋은 관계를 유지하는 것이 중요하다. 또한 해당 국가의 언어를 아는 것도 중요하다.

How Public Relations Practices Differ around the World

- ; PR은 여러 문화 환경 사회적 여건에 따라 다르다.
- ; 선진국가에서는 mass media, written word가 중요하지만 개발 도상국에서는 gongman, town crier, market square 등을 활용하는 것이 더 나올 수 있다.
- ; 산업화된 국가들 사이에서도 PR 수행에 대한 차이가 존재한다.
- ; 대개 재난 상황이 발생하였을 때 PR의 힘과 중요성이 나타난다. The best response is to be forthright and direct, reassure the public, and provide the media with accurate information.

Chapter 14. Global Marketing Communications Decisions II

Sales Promotion

; Sales promotion ★★

- ; Any paid consumer or trade communication program of limited duration that adds tangible value to a product or brand.

; Consumer sales promotion (소비자 판매 촉진) ★

- ; It is designed to make consumers aware of a new product, to stimulate nonusers to sample an existing product, or to increase overall consumer demand.

; Trade sales promotion (유통업체 판매 촉진) ★

- ; It is designed to increase product availability in distribution channels.
- ; ex) coupons, cash refunds, price off, premium prices, demos, ...

; Retailer sales promotion (소매상 판매 촉진) ★

; Advantages of sales promotions: ★

- ; Providing a tangible incentive to buyers
- ; Reduce the perceived risk buyers may associate with purchasing the product
- ; Provide accountability
- ; Build up information in its database for use when communicating with customers (sweepstakes, rebate, ..)
- ; Leverage experience gained in one country market and use it in another market.
- ; Sales increase in short term.

; Disadvantages of sales promotion ★★★

- ; ① Customer may postpone purchases until the sales promotion.
- ; ② Brand equity may be eroded. Buyer may feel that the product became devaluated because the price is discounted.
- ; ③ Brand loyalty may be decreased.
- ; Works best with single product.

; 2 Types of sales promotion: ★★

; ① Price promotion

- ; Tangible value may take the form of a price reduction, coupon, or mail-in refund.

; ② Nonprice promotion

- ; Free samples, premiums, "buy one, get one free" offers, sweepstakes, and contests.

; 함부로 Price를 건드리게 되면 브랜드 자산을 잠식할 수 있다. 따라서 Nonprice promotion 이 좋은 방법이다. 하지만 이는 Expensive하다는 단점이 있다.

; 4 Factors that contribute to more HQs involvement in the sales promotion effort:

- ; ① Cost : As sales promotions command ever-larger budget allocations, HQs naturally takes a greater interest
- ; ② Complexity : The formulation, implementation, and follow-up of a promotion program may require skills that local managers lack.

; ③ Global branding : The increasing importance of global brands justifies HQs involvement to maintain consistency from country-to-country and ensure that successful local promotion programs are leveraged in other markets.

; ④ Transnational trade: As M&A lead to increased concentration in the retail industry and as the industry globalizes, retailers will seek coordinated promotional programs from their suppliers.

; Factors determining the extent to which the promotion must be localized :

; Levels of economic development; Market maturity; Local perceptions or particular promotional tools; Local regulations; Trade structure

Sampling ★★

; Sampling

; A sales promotion technique that provides consumers with the opportunity to try a product or service at no cost.

; Feature

; More likely to result in actual trial of product.
; Important if customers are not persuaded by claims made in ads or other channel.

; Disadvantage

; High cost.
; Sometimes it is difficult to assess the contribution of sampling.

; "Point-of-use" sampling

; "Point-of-dirt" sampling

Couponsing ★★

; Coupon

; A printed certificate that entitles the bearer to a price reduction or some other special consideration for purchasing a particular product or service.

; The goal is to reward loyal users and stimulate product trial by nonusers.

; Types of coupons:

; Free-standing insert(FSI)

; Coupons distributed in a printed ride-along vehicle.

; On-pack coupon

; Coupon attached to, or part of, the product package.

; In-pack coupon

; Coupon placed inside the package.

; Cross coupon

; Coupon distributed with one product but redeemable for a different product.

; 하지만 많은 국가에서는 아직도 coupon 사용이 일반화되지 못했기 때문에 이런 전략이 효과가 없다.

; Consumer likes coupon; but retailer doesn't like coupon.

Sales Promotions: Issues and Problems

; 사람들이 fraud 한 것을 감안하고 전략을 짜야 한다. (미리 상품 당첨 여부를 엿볼 수 있다든지 하는..)

; 또한 규정(regulation) 등을 잘 살펴야 한다.

; 그리고 종교적 차이를 살펴서 해야 한다. (이슬람에서는 sweepstakes를 도박처럼 여기기 때문에 꺼려함)

; Sales Promotion Measurement ★★

; Evaluation of the communication activity.

; It is more easy to determine because communication between the organization and customer is direct.

; Sales promotion objectives are defined in terms of some specific change that will occur in the marketplace.

Personal Selling

; Personal selling ★★

; Person-to-person communication between a company representative and a prospective buyer.

; Feature

; 단기적으로는 상품 판매, 장기적으로는 구매자와의 관계 형성이 목적이다.
; 2-way communication channel이기 때문에 expensive하고 기술적으로 복잡하다.

; Adv

; Critical feedback can be submitted.
; Popular tool in countries with various restrictions on advertising. cf) Japan

; Disadv

; Expensive

; Characteristics of quality of personal selling ★

① Personal competition

; Interactive relationship, face-to-face style.

② Cultivation

; between buyers and sellers..

③ Response

④ Communication mix

; personal selling is the effective way.

⑤ Large purchases; sales forces; direct connections.

; how personal selling works?

; Expatriates

; Also known as expats; Employees who are sent from their home countries to work abroad.

; Initial stages of implementing a personal selling strategy:

; ① Political risks

; Unstable or corrupt governments can completely change the rules for the sales team.

; ② Regulatory hurdles

; Governments sometimes set up quota systems or impose tariffs that affect entering foreign sales forces.

; ③ Currency fluctuations

; There have been many instances where a company's sales effort has been derailed not by ineffectiveness or lack of market opportunity, but by fluctuating currency values.

; ④ Market unknowns

; It is difficult to make generalizations about the optimal time to enter a new country.

The strategic/Consultative selling model

; Strategic/consultative selling model steps ★★

; (1) Develop a personal selling philosophy

; It requires a commitment to the marketing concept and a willingness to adopt the role of problem solver or partner in helping customer.

; (2) Develop a relationship strategy ★

; A game plan for establishing and maintaining high-quality relationships with prospect and

customers.

; Relationship marketing

; An approach that stresses the importance of developing long-term partnerships with customers.

; global 상황에서 이를 적용할 경우 한발짝 물러나서 해외의 환경에 맞는지 이해해 볼 필요가 있다.

; (3) Develop a product strategy

; Assist the sales representative in selecting and positioning products that will satisfy customer needs.

; (4) Develop a customer strategy

; Sales professional will be maximally responsive to customer needs.

; (5) Develop a presentation strategy

; Setting objectives for each sales call and establishing a presentation plan to meet both objectives.

; Satisfaction vs expectation ★

; We want satisfy customer in long-term relationship, Not about making one time selling.
 ; Thus setting proper expectation is required.

; Presentation plan

; ① Approach

; The sales representative's initial contact with the customer or prospect.

; ② Presentation

; The prospect's needs are assessed and matched to the company's products.

; ③ (Sales) Demonstration

; The salesperson has the opportunity to tailor the communication effort to the customer and alternately tell and show how the product can meet the customer's needs.

; ④ Negotiation

; Both the customer and the salesperson come away from the presentation as winners.

; ⑤ Close

; Completing the negotiation step and thus ask for the order.

; ⑥ Servicing the sale

; Ensure customer satisfaction with the purchase, an implementation process must be outlined and a customer service program established.

Sales Force Nationality [안나올듯?]

; Composition of the sales force in terms of nationality:

; ① Expatriate sales person

; ② Hire host country nationals

; ③ Utilize third-country sales personnel

; ④ (optional) Utilize the services of sales agents.

; ⑤ Others...

Category	Advantages	Disadvantages
Expatriates	<ul style="list-style-type: none"> Superior product knowledge Demonstrated commitment to high customer service standards Train for promotion Greater HQ control 	<ul style="list-style-type: none"> Highest cost High turnover Cost for language and cross-cultural training
Host country	<ul style="list-style-type: none"> Economical Superior market knowledge Language skills Superior cultural knowledge Implement actions sooner 	<ul style="list-style-type: none"> Needs product training May be held in low esteem Language skills may not be important Difficult to ensure loyalty
Third country	<ul style="list-style-type: none"> Cultural sensitivity Language skills Economical Allows regional sales coverage 	<ul style="list-style-type: none"> Faces identity problems Blocked promotions Income gaps Needs product or company training Loyalty not assured
Sales agent	<ul style="list-style-type: none"> Less expensive than full-time employees Understanding the market as a team of in-country nationals Much less costly to pull out 	<ul style="list-style-type: none"> Challenge of control Loyalty not assured

; sales force에서 몇 번 실패를 한 다음에 많은 기업들은 balanced mix of expatriates and in-country nationals 들로 혼합된 구성을 가지게 된다.

; Others...

; ① Exclusive license arrangements

; ② Contract manufacturing or production

; ③ Management-only agreements

; ④ Joint ventures with an in-country (or regional) partner

Special Forms of Marketing Communications: Direct Marketing, event sponsorship, and product placement

; Direct Marketing ★★

; Any communication with a customer or business recipient that is designed to generate a response in the form of an order, a request for further information, and/or a visit to a store or other place of business.

; Direct communication between organization and customer.

; Also called "negotiating marketing"

; Features ★

; ① It is non-public.

; Adv: competitive advantage.

ex) e-mail message...

; ② Customized communication

; Message will be produced to particular person.

; ③ Being up-to-date

Message is passed very quickly.

; ④ **Interactive**

You can change your message delivered to the customer.

; **Advantages** ★

; ① **Reduce cost; price-savings; increase profit.**

; ② **Customer's satisfaction**

; because it is "Convenient"

; ③ **Easier to target audience.**

; collect, pricing, and selling.

; ④ **Maintain customers**

; **Success of this approaches?** ★

; Collect, manage and use of the customer data.

; **Big issue?** ★

; Effort to build and maintain the relationship with customers.

; Data protection, data privacy problem regarding to regulations.

; **Measurement** ★

; Measurements can be direct; effectiveness. You can see what kind of response you received.

; **one-to-one marketing**

; **Treating different customers differently based on their previous purchase history or past interactions with the company.**

; 4 steps in 1-to-1 marketing:

; ① Identify customer and accumulate detailed information about them

; ② Differentiate customers and rank them in terms of their value to the company

; ③ Interact with customers and develop more cost efficient and effective forms of interaction

; ④ Customize the product or service offered to the customer (e.g. personalizing direct mail offers)

Direct Marketing	Mass Marketing
<ul style="list-style-type: none"> Marketer adds value (creates place utility) by arranging for delivery of product to customer's door Marketer controls the product all the way through to delivery Direct response advertising is used to generate an immediate inquiry or order Repetition is used within the ad or offer Customer perceives higher risk because product is bought unseen. Recourse may be viewed as distant or inconvenient. 	<ul style="list-style-type: none"> Product benefits do not typically include delivery to customer's door Marketer typically loses control as product is turned over to distribution channel intermediaries Advertising is used for cumulative effect over time to build image, awareness, loyalty, and benefit recall. Purchase action is deferred Repetition is used over a period of time Customer perceives less risk due to direct contact with product Recourse is viewed as less distant.

; **Types of direct marketing:**

; ① **Direct Mail**

; ② **Catalogs**

; A magazine-style publication that features photographs, illustrations, and extensive information about a company's products.

; ③ **Infomercials and Teleshopping**

; Infomercials

; A form of paid television programming in which a particular product is demonstrated, explained and offered for sale to viewers who call a toll-free number shown on the TV screen.

; Teleshopping

; The programming is exclusively dedicated to product demonstration and selling

; ④ **Sponsorship**

; A company pays a fee to have its name associated with a particular event, team or athletic association, or sports facility.

Product Placement in Motion Pictures, Television Shows, and Other Performances

; **Product placement**

; Arranging for their products and brand names to appear in popular television programs, movies, and other types of performances.

; Prominent product placement in a television program leads to better recall than a traditional ad.

Chapter 15. Strategic Elements of Competitive Advantage

Industry Analysis: Forces Influencing Competition

; Industry

; A group of firms that produce products that are close substitutes for each other.

; Competitive advantage ★

; Some asset you have that have to be translated in Value to the customer. If you providing more benefits, it has more value.

; Five forces influencing competition in an industry:

(1) Threat of New Entrants ★

; 이는 prices will be pushed downward, margins squeezed, reduced industry profitability in the long run을 의미한다.

; 8 Major sources of barriers to entry: ★

; ① Economies of scale

; The decline in per-unit product costs as the absolute volume of production per period increases.

; ② Product differentiation

; The extent of a product's perceived uniqueness

; ③ Capital requirements

; ④ Switching costs

; Cost caused by the need to change suppliers and products.

; ⑤ Distribution channels

; ⑥ Government policy

; ⑦ Cost advantages independent of scale economies

; ⑧ Competitor response

; Exit barriers ★

; Degree of how easily to getting out

; 따라서 전략 : High entry, Low exit.

(2) Threat of Substitute Products ★

; The availability of substitute products places limits on the prices market leaders can charge in an industry; high prices may induce buyers to switch to the substitute.

; Substitute : Product which satisfy same "wants" and "needs". ★

; cf) MP3

(3) Bargaining Power of Buyers ★

; "buyer" = manufacturers and retailers

; Buyers drive down profitability in the supplier industry in several ways:

; ① Purchase in such large quantities that supplier firms are highly dependent on the buyers' business.

; ② When the suppliers' products are viewed as commodities(standard or undifferentiated) buyers are likely to bargain hard for low prices, because many firms can meet their needs.

; ③ When the supplier industry's products or services represent a significant portion of the buying firm's cost

; ④ The willingness and ability to achieve backward integration.

; Backward integration ★

; Acquiring ownership of one's supply chain, usually in the hope of reducing supplier power and thus reducing input costs.

(4) Bargaining Power of Suppliers ★

; Supplier's ability to gain leverage over industry firms is determined by several factors:

; ① If they are large and relatively few in number.

; ② When the suppliers' products or services are important inputs to user firms. The suppliers will have considerable leverage over buyers.

; ③ Suppliers will also enjoy bargaining power if their business is not threatened by alternative products.

; ④ The willingness and ability of suppliers to develop their own products and brand names iff they are unable to get satisfactory terms from industry buyers.

(5) Rivalry Among Competitors ★

; It's Positive force WHEN rivalry among firms forces companies to rationalize costs

; It's Negative force WHEN it drives down prices, and profitability, and creates instability in the industry

; Factors that can create intense rivalry: ★★

; ① Once an industry becomes mature, firms focus on market share and how it can be gained at the expense of others.

; ② Industries characterized by high fixed costs are always under pressure to keep production at full capacity to cover the fixed costs.

; ③ Lack of differentiation or an absence of switching costs, which encourages buyers to treat the products or services as commodities and shop for the best prices

; ④ Firms with high strategic stakes in achieving success in an industry generally are destabilizing because they may be willing to accept below-average profit margins to establish themselves, hold position, or expand.

Global Competition and National Competitive Advantage

; Global competition

; It occurs when a firm takes a global view of competition and sets about maximizing profits worldwide, rather than on a country-by-country basis.

; [주의] 아래의 conditions는 advantage가 될 수도, disadvantage가 될 수도 있다.

(1) Factor Conditions ★★

; Factor conditions

; A country's endowment with resources.

; It may have been created or inherited.

; 5 Categories of factor condition: ★

① Human Resources

; The quantity of workers available, the skills possessed by these workers, the wage levels, and the overall work ethic of the workforce together constitute a nation's human resource factor.

; It may be advantage or disadvantage (즉 저임금 인력이 많은 나라에서 노동 집약적인 제품 개발은 장점이 되지만, 고속권 노동자를 요구하는 제품을 개발하는 것이 되면 단점이 된다)

② Physical Resources

; The availability, quantity, quality, and cost of land, water, minerals, and other natural resources determine a country's physical resources.

; Country's size and location.

③ Knowledge Resources

; The availability within a nation of a significant population having scientific, technical, and market-related knowledge.

; Usually a function of the number of research facilities and universities.

④ Capital Resources

; Availability, amount, cost, and types of capital available to the country's industries. The nation's savings rate, interest rates, tax laws, and government deficit.

⑤ Infrastructure Resources

; Nation's banking system, health care system, transportation system, communications system, and availability and cost of using these systems.

(2) Demand Conditions ★ ★

; Demand conditions determine the rate and nature of improvement and innovation by the firms in the nation.

① Composition of Home Demand

; How firms perceive, interpret, and respond to buyer needs.

② Size and Pattern of Growth of Home Demand → economies of scale

; Important only if the composition of the home demand is sophisticated and anticipated foreign demand.

③ Rapid Home Market Growth

; Another incentive to invest in and adopt new technologies faster and to build large, efficient facilities.

; Early home demand

; Gives local firms the advantage of getting established in an industry sooner than foreign rivals if it anticipates international demand.

; Early market saturation

; Puts pressure on a company to expand into international markets and innovate.

④ Means by Which a Nation's Products and Services Are Pushed or Pulled into Foreign Countries

(3) Related and Supporting Industries ★ ★

; Advantages

; When they have internationally competitive suppliers (or industries).

; ex) Sourcing company in my home country.

(4) Firm Strategy, Structure, and Rivalry ★ ★

; Advantages:

; Intensity of the competition and the quality of the competitors makes the company constantly innovate.

; 즉 이런 경쟁자가 없으면 noncompetitive 하게 될 수 있다.

; Differences in management styles, organizational skills, and strategic perspectives can be advantages.

; Capital markets and attitudes toward investments can be advantages.

(5) Chance ★

; Occurrences that are beyond the control of firms, industries, and usually governments.

; Types

; Wars and their aftermaths; major technological breakthroughs; sudden dramatic shifts in factor or input cost(oil crisis); dramatic swings in exchange rates, ...

(6) Government

; Influences determinants by virtue of its role as a buyer of products and services, and by its role as a maker of policies on labor, education, capital information, natural resources, and product standards.