

What is 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.

What is Brand image?

The sum of impression. A single mental image about both the product itself and the company that markets it.

What is 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.

How do you actually measure Brand Equity?

- ① "Awareness"
- ② Evaluation("Attitude")
- ③ "Brand image/thought/belief"

What are the benefits of having high brand equity?

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

What is appropriate figure of the Importance-evaluation graph?

"Diagonal"

What is the relationship between Brand Equity and each 4P?

- Price (in B.E.) : High price = High B.E.
- Place : Appropriate availability(not selling in discount store) = High B.E.
- Promotion : More awareness & more experience = High B.E.
- Product : High quality = High B.E.

What is Global brand?

It has same name and a similar image and positioning throughout the world.

What is Combination/Tiered branding? Give an example.

A corporate name is combined with a product brand name

ex) Sony Walkman

What is Cobranding/Dual branding? Give an example.

A variation on tiered branding in which two or more different company or product brands are featured prominently on product packaging or in advertising.

ex) Intel의 Pentium brand 시리즈

What is Brand extension? Give an example.

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.

ex) Virgin

What is main problem of Cobranding and brand extension?

Brand dilution

What is Maslov's Hierarchy of Needs?

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

What is Maslov's Hierarchy of Needs(Asian)?

Physiological → Safety → Affiliation → Admiration → Status

What is Affiliation needs in Maslov's Hierarchy of Needs(Asian)?

Satisfied when an individual has been accepted by a group

What is Admiration needs in Maslov's Hierarchy of Needs(Asian)?

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

What is Status needs in Maslov's Hierarchy of Needs(Asian)?

Esteem of society as a whole.

What is Difference between needs and wants?

Needs : basic human requirement, universally found in everywhere.

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

What factors determine Place in marketing mix?

Channels
Coverages
Assortments
Locations
Inventory
Transport

What factors determine Promotion in marketing mix?

Sales Promotion
Advertising
Sales force
Public relations
Direct marketing

What factors determine Promotion in marketing mix?

List price
Discounts
Allowances
Payment period
Credit terms

What factors determine Promotion in marketing mix?

Product variety
Quality
Design
Features
Brand
Packaging
Sizes
Services
Warranties

Returns

What is benefit of standardization? What is benefit of adaptation?

Benefit of standardization : Cheaper!
Benefit of adaptation : Satisfy local needs and wants

What is Packaging?

An integral element of product-related decisionan important consideration for products that are shipped long distances to markets in all parts of the world.

What is the core factors determining packaging?

Labeling, Aesthetics

What is Extension strategy?

Offering a product virtually unchanged("extending" it) in markets outside the home country.

What is Adaptation strategy?

Changing elements of design, function, or packaging in response to needs or conditions in particular country markets.

What is Product - Communication Extension (Dual extension/Straight extension)? Explain adv/disadv.

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.
The easiest product marketing strategythe most profitable one.
Advantage : "Cost Saving"
Disadvantage : It may result in market failure.

What is Product Extension - Communication Adaptation? Explain adv/disadv.

Product fills a different need, appeals to a different segments, or serves a different function.
Advantage : Relatively low cost of implementation.

What is Product Adaptation - Communication Extension?

Extend, without change, the basic home-market communications strategy while adapting the product to local use or preference conditions.

What is Product-Communication Adaptation (Dual adaptation)?

Combination of the market condition with strategies 2 and 3.
When environmental conditions or consumer preferences differalso function a product serves or consumer receptively to advertising appeals differ.
Associated with the decentralized structure of the multinational corporation.

What is Product 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.

What is Forward invention?

Create new product which satisfies customer's wants and needs.
Invent a product to create wants and needs in the country.

What is Backward invention?

Reintroduce product which is well-adapted foreign country's wants and needs.
Reintroduce something already available in other place.

What is the methods of identifying New-Product Ideas?

- ① Discontinuous innovations
- ② Dynamically continuous innovations
- ③ Continuous innovation

What is relationship between quality and price in positioning?

Higher quality, higher price

What is relationship between price and brand equity?

Cheap price = Low quality.

What is relationship between demand and price?

Higher price, lower demand

How inelastic demand curve established? What are the conditions?

- ① When there are no substitute, nobody has it but people still needs it.
- ② Buyers don't know about higher price.
- ③ Price is justified. Understanding of cost associated.
- ④ It has high brand equity. Price increasement is not that big impact.

What influences demand curve?

- ① Competitor's actions and influences.
- ② Survey result. "Will you buy the product in this price?"
- ③ Past experiences,

What are the 3 global pricing strategies?

- ① Market Skimming
- ② Penetration Pricing
- ③ Companion Products

What is 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.

What is Penetration Pricing? give an example.

Setting price levels that are low enough to quickly build market share. Also trying to develop market.
ex) Sony walkman

What is Companion Products? give an example.

"Razors and Blades" Pricing

What are the consideration in determining cost-based pricing?

- 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?

What are 3C Models?

[Price / Market condition]

Ceiling price	Customer demand schedule
Orienting point	Competitors prices
Floor price	Cost function

What is Cost-based pricing?

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

What is Rigid cost-plus pricing? Explain adv/disadv.

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)

What is Flexible cost-plus pricing?

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

What is 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.

How to fix price escalation problem? what is the problem of each method?

- 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] : "Price transparency" problem; "Grey market"(Parallel importing) problem

- ③ Set a cost-based approach in each country

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

What are the environmental Influences on Pricing Decisions?

- (1) Currency Fluctuations
- (2) Inflationary Environment
- (3) Government Controls, Subsidies, and Regulations
- (4) Competitive Behavior
- (5) Using Sourcing as a Strategic Pricing Tool

What is 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.

What is Price transparency?

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

What are three global Pricing?

- ① Extension / Ethnocentric pricing policy

- ② Adaptation / Polycentric pricing
- ③ Geocentric pricing

What is Gray market goods?

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

What is 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.

What is Price Fixing?

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

What is Horizontal price fixing?

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

What is Vertical price fixing?

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

What is 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.

What are 3 Major alternative approaches to transfer pricing?

- ① Market-based transfer price
- ② Cost-based transfer pricing
- ③ Negotiated transfer prices

What is "arm's-length" formula?

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

What is Countertrade transaction?

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

What are the conditions countertrade transaction emerge?

- ① The priority attached to the Western import.
- ② The value of the transaction
- ③ The availability of products from other suppliers.

What are the types of countertrade transaction?

- ① Barter
- ② Counterpurchase
- ③ Parallel trading / parallel barter
- ④ Offset
- ⑤ Compensation trading (buyback)
- ⑥ Switching trading (Triangular trade and swap)

Describe distribution channel with arrows.

Seller → Seller's international marketing → Channels between nations → Channels within foreign nations → Final Buyers

What are the 4 Major categories of channel utilities?

- ① Place utility
- ② Time utility
- ③ Form utility
- ④ Information utility

What is 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.

What is Channels?

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

What is Piggyback marketing? Give an example.

One manufacturer obtains product distribution by utilizing another company's distribution channels.
(ex) Reader's Digest subscription along with Avon's health and beauty product

What is 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.

How to solve cherry picking problem?

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.

What is the difference between 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. Generally fewer customers, Large purchases.

What are the types of global retailer?

- Department store
- Specialty retailer
- Supermarkets
- Convenient stores
- Discount stores (Full-line discounters; Warehouse club)
- Hypermarkets
- Supercenters
- Category killers
- Outlet stores
- Outlet malls

What are the four Global Retailing Market Entry Strategy?

- ① Organic growth
- ② Franchising
- ③ (Chain) Acquisition
- ④ Joint venture

Explain 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.

Explain 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.

Explain (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.

Explain Joint venture.

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

What are features of water transportation?

[Inland water transportation] An extremely low-cost mode generally used to move agricultural commodities, petroleum, fertilizers,.. Slow and subject to weather-related delays.
[Ocean transportation] Most cost-effective to ship large quantities of merchandise. Sailing time is not competitive with air. Low reliability.

What are features of air transportation?

The fastest transport mode and the carrier of choice for perishable exports such as flowers or fresh fish. Also it is reliable. But most expensive.

What are feature of Internet transportation?

Low cost, high reliability. Only digitalizable things can be delivered.

What are the features of Rail transportation?

An extremely cost-effective means for moving large quantities of merchandise long distances. Less reliable than trucks.

What are the features of Trucks transportation?

An excellent mode for both long-haul, transcontinental transport and local delivery of goods.

What are the components of 5Ms of advertising?

Mission, money, message, media, measurement

Rate the items in order of advertising spend in B2C.

- 1. Sales promotion
- 2. Advertising
- 3. Personal selling
- 4. PR

Rate the items in order of advertising spend in B2B.

- 1. Personal selling
- 2. Sales promotion
- 3. Advertising
- 4. PR

What is Advertising in marketing communication? Explain goal and types of 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, ...

What is sales promotion in marketing communication? Explain features.

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

More cost-effective method.

What is Public relations in marketing communication? Explain features.

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!

What is Pattern advertising? Give an example.

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

What is Standardization in global advertising?

Cost savings, increased control, potential a creative leverage of a global appeal.

What is Adaptation in global advertising?

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.

What is advertising appeal?

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

What is Rational appeal?

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

What is 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.

What is Copy?

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

What is 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.

[Summary] polite and indirectness; unfocused, sometimes brand even not mentioned; artful, rather than functional sales; entertainment focused

What is Public Relations (PR)?

Fostering goodwill, understanding, acceptance among a company's various constituents and publics.

What is earned media?

PR

What is unearned media?

advertising and promotions

What do a company do to fix insufficiency of control?

- ① Corporate advertising
- ② Image advertising
- ③ Advocacy advertising

What is Consumer sales promotion?

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.

What is Trade sales promotion?

It is designed to increase product availability in distribution channels.

What are Advantages of sales promotions?

- ① Providing a tangible incentive to buyers
- ② Reduce the perceived risk buyers may associate with purchasing the product
- ③ Provide accountability
- ④ Build up information in its database for use when communicating with customers (sweepstakes, rebate, ..)
- ⑤ Leverage experience gained in one country market and use it in another market.
- ⑥ Sales increase in short term.

What are 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.

What are the 2 Types of sales promotion? Explain each.

- 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.

What is Sampling? What are the disadvantages?

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

[Disadvantage] High cost. Sometimes it is difficult to assess the contribution of sampling.

What is Couponing?

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

What are the 4 types of coupons?

Free-standing insert(FSI); On-pack coupon; In-pack coupon; Cross coupon

How to measure Sales Promotion?

Evaluation of the communication activity. It is more easy to determine because communication between the

organization and customer is direct.

What is Personal selling? What are the adv/disadv?

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

[Adv] Critical feedback can be submitted. Popular tool in countries with various restrictions on advertising. cf)

Japan

[Disadv] Expensive

What are the Characteristics of quality of personal selling?

- ① Personal competition
- ② Cultivation
- ③ Response
- ④ Communication mix
- ⑤ Large purchasesales forcesdirect connections.

What are the 5 Strategic/consultative selling model steps?

- (1) Develop a personal selling philosophy
- (2) Develop a relationship strategy
- (3) Develop a product strategy
- (4) Develop a customer strategy
- (5) Develop a presentation strategy

What is 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.

What are the features of direct marketing?

- ① It is non-public.
- ② Customized communication
- ③ Being up-to-date
- ④ Interactive

What are the Advantages of direct marketing?

- ① Reduce costprice-savingsincrease profit.
- ② Customer's satisfaction
- ③ Easier to target audience.
- ④ Maintain customers

What are the Types of direct marketing?

- ① Direct Mail
- ② Catalogs
- ③ Infomercials and Teleshopping
- ④ Sponsorship

What is 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.

What are the Five forces influencing competition in an industry?

- (1) Threat of New Entrants
- (2) Threat of Substitute Products
- (3) Bargaining Power of Buyers

(4) Bargaining Power of Suppliers

(5) Rivalry Among Competitors

What are the 8 Major sources of barriers to entry in terms of Threat of New Entrants?

- ① Economies of scale
- ② Product differentiation
- ③ Capital requirements
- ④ Switching costs
- ⑤ Distribution channels
- ⑥ Government policy
- ⑦ Cost advantages independent of scale economies
- ⑧ Competitor response

What is 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.

What is Substitute?

Product which satisfy same "wants" and "needs"

How do Buyers drive down profitability in the supplier industry?

- 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.

What is Backward integration?

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

What are the factors Supplier's ability to gain leverage over industry firms?

- 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.

Explain Rivalry Among Competitors. When is it positive force and when is it negative force?

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

What are the 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.

What are the factors of Global Competition and National Competitive Advantage?

- (1) Factor Conditions
- (2) Demand Conditions
- (3) Related and Supporting Industries
- (4) Firm Strategy, Structure, and Rivalry
- (5) Chance
- (6) Government

What is Factor conditions?

A country's endowment with resources. It may have been created or inherited.

What are the 5 Categories of factor condition?

- ① Human Resources
- ② Physical Resources
- ③ Knowledge Resources
- ④ Capital Resources
- ⑤ Infrastructure Resources

What is Demand Conditions?

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

What are the factors of Demand Conditions?

- ① Composition of Home Demand
- ② Size and Pattern of Growth of Home Demand → economies of scale
- ③ Rapid Home Market Growth
- ④ Means by Which a Nation's Products and Services Are Pushed or Pulled into Foreign Countries

What is advantages of Related and Supporting Industries?

It is advantageous When they have internationally competitive suppliers (or industries). (ex) Sourcing company in my home country.

What are the Advantages Firm Strategy, Structure, and Rivalry?

- ① Intensity of the competition and the quality of the competitors makes the company constantly innovate.
- ② Differences in management styles, organizational skills, and strategic perspectives can be advantages.
- ③ Capital markets and attitudes toward investments can be advantages.