INTRODUCTION

In a layman language the term strategy is a term related to ‘warfare or a plan to win a war’. But in the business world it refers to plans relating to marketing, financing and manufacturing operations. Executives of different business organizations concentrate their efforts to win the biggest possible share of the targeted market. The field of strategy planning is much wider. It deals with the adjustment of controllable factors, viz, production, physical distribution, promotion and pricing within the environment of uncontrollable factors, viz, competition, legal barriers, interference of different behaviours and scientific and technological differentiation.

It is a job of crucial significance to formulate the business. Failure or survival of a business depends upon the effectiveness of strategic planning. For e.g. to increase the prices of a product to a significant extent the management will have to explore and evaluate the competitors towards the change in price. If the change leads to market dominance, competitors by changing the prices of their products will rush to grab the market share. The management of a company should look at defensive tools to be used to safeguard its market position. This requires a continuous review of controllable factors within the atmosphere of uncontrollable ones.
Meaning and Definition

A marketing strategy serves as the base of a marketing plan. A marketing plan contains a list of specific actions required to successfully implement a specific marketing strategy. An example of marketing strategy is as follows: "Use a low cost product to attract consumers. Once our organization, via our low cost product, has established a relationship with consumers, our organization will sell additional, higher-margin products and services that enhance the consumer's interaction with the low-cost product or service." Without a sound marketing strategy, a marketing plan has no foundation. Marketing strategies serve as the fundamental foundation of marketing plans designed to reach marketing objectives. It is important that these objectives have measurable results.

A good marketing strategy should integrate an organization's marketing goals, policies, and action sequences (tactics) into a cohesive whole. The objective of a marketing strategy is to provide a foundation from which a tactical plan is developed. This allows the organization to carry out its mission effectively and efficiently. A marketing strategy is a process that can allow an organization to concentrate its limited resources on the greatest opportunities to increase sales and achieve a sustainable competitive advantage. A marketing strategy should be centered on the key concept that customer satisfaction is the main goal.
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Marketing strategy can be defined as a firm’s positioning to gain a competitive advantage in the marketplace. The primary objective is to secure organizational effectiveness by performing the right activities at the right time. The central focus of it is to achieve the right fit with the external environment. A marketing strategy allows firms to develop a plan that enables them to offer the right product to the right market with the intent of gaining a competitive advantage. In other words, a marketing strategy provides an overall vision of how to correctly position products in the marketplace while accounting for both internal and external constraints.

Marketing strategy research has primarily been focused in either one of two arenas: marketing strategy formulation or marketing strategy implementation. Marketing strategy formulation research examines the impact of certain variables on the development of marketing strategies themselves. In addition, this stream of research tends to focus on what should be done in practice or what role strategy plays in practice. On the other hand, marketing strategy implementation research treats the strategy as a given and examines the outcomes attributed to successful implementation of the strategy. The focus of this research falls within the
marketing strategy formation domain and concentrates on the ability to effectively formulate marketing strategies for new technologies.

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“Marketing strategy is a method of focusing an organization's energies and resources on a course of action which can lead to increased sales and dominance of a targeted market niche. A marketing strategy combines product development, promotion, distribution, pricing, relationship management and other elements; identifies the firm's marketing goals, and explains how they will be achieved, ideally within a stated timeframe.” Marketing strategy determines the choice of target market segments, positioning, marketing mix, and allocation of resources. It is most effective when it is an integral component of overall firm strategy, defining how the organization will successfully engage customers, prospects, and competitors in the market arena. (Gupta Sunil & Chandel Kulbhushan, 2008).

The following are the factors that determine the elements of marketing strategy.

(i) Uncontrollable factors

(ii) Controllable factors
**Uncontrollable Factors**

These are the basic determining factors of marketing strategy. A change in former affects the later. Similarly a change in any segment of the later must affect the former. This correlation ship between the two classes of factors varies from company to company because of the nature and characteristics of the business.

Controllable factors constitute the main decision making area of management. Such factors are under the control of the management. They can change anytime in proportion to their composition. The main components of controllable factors are Product, Price, promotion and physical distribution. These are the basic four essential components which are taken into consideration for the formation and implementation of marketing strategy. For the sake of decision making these elements are independent; they are being greatly influenced by the external environment through several complex interactive processes of the business.

In the words of Kotler. “marketing mix is the set of controllable variables that a firm can use to influence the buyer responses”. And according to Mc Karthy these elements are the American 4 p’s.

The controllable factors may have a great influence by uncontrollable factors. The main task of management is to take a decision concerning the best use of marketing inputs in the context of changing environment. The marketing is
therefore required to give due consideration to external business environment which is uncontrollable in nature.

An organisation’s success is influenced by factors operating in its internal and external environment; an organisation can increase its success by adopting strategies which manipulate these factors to its advantage. A successful organisation will not only understand existing factors but also forecast change, so that it can take advantage of change within the environments in which it operates.

A company is characterized by

- Economic factors
- Socio-Cultural factors
- Political/legal factors and
- Technological factors

Management of a company has no direct control over uncontrollable factors which create various opportunities threats and regulatory guidelines which the company must survive and grow. The marketing strategy of a company should be formulated in the context of a careful analysis of these factors at each stage of planning as it has a great impact on decisions taken.
Economic factors.

All the economic activities such as production, distribution and consumption are affected by changes in the prices of product. In a free economy prices act as a signal for the allocation of consumption expenditure on the part of consumers and it is known as the demand side and the allocation of the factors of production which is refered to as the supply side. While prices are determined through the interaction of demand and supply. They in their turn determine the relative distribution of income. The prices so determined would however be subject to change owing to changes in monetary and fiscal policies and wage income policies. They would be subject to changes in variables like income, tastes, availability of complimentary products and substitutes when one look on complex interaction in the industry one finds that the above did not perfectly fit in with the facts since there are some other variables which play their roles. Decisions regarding marketing strategy are influenced by different competitive settings. Perfect competition is an extreme form of the marketing condition according the classical economists. It doesn’t exist in real life situation because the condition necessary for the existence of pure and perfect competition is as follows.

All businesses are affected by national and global economic factors. National and global interest rate and fiscal policy will be set around economic conditions. The climate of the economy dictates how consumers, suppliers and other
organisational stakeholders such as suppliers and creditors behave within society. An economy undergoing recession will have high unemployment, low spending power and low stakeholder confidence. Conversely a “booming” or growing economy will have low unemployment, high spending power and high stakeholder confidence. A successful organisation will respond to economic conditions and stakeholder behaviour. Furthermore organisations will need to review the impact economic conditions are having on their competitors and respond accordingly.

In this global business world organisations are affected by economies throughout the world and not just the countries in which they are based or operate from. Cheaper labour in developing countries affects the competitiveness of products from developed countries. An increase in interest rates in the USA will affect the share price of UK stocks or adverse weather conditions in India may affect the price of tea bought in an English cafe.

A truly global player has to be aware of economic conditions across all borders and needs to ensure that it employs strategies that protect and promote its business through economic conditions throughout the world.

Socio cultural factors

The socio cultural factors focus its attention on forces within society such as family, friends, colleagues, neighbours and the media. Social forces affect our
attitudes, interests and opinions. These forces shape who we are as people, the way we behave and ultimately what we purchase. Population changes also have a direct impact on organisations. Changes in the structure of a population will affect the supply and demand of goods and services within an economy. Falling birth rates will result in decreased demand and greater competition as the number of consumers fall. Conversely an increase in the global population and world food shortage predictions are currently leading to calls for greater investment in food production. Due to food shortages African countries such as Uganda are now reconsidering their rejection of genetically modified foods. Organisations must be able to offer products and services that aim to complement and benefit people’s lifestyle and behaviour. If organisations do not respond to changes in society they will lose market share and demand for their products or services.

There are other factors also like consumers buying behavior and social factor in decision making. In the case of other consumer goods both function, choice of products and the payment of its price are performed by the consumers itself. The demand of a product is normally a function of relative prices and income.

Following are the socio cultural factors which might affect managerial practices.

- Role of Religion
- View of management goals and contribution to culture.
• Attitude towards management and managers.

• Attitude towards efficiency

• View of savings and investments

• Attitude towards material possession.

• View of time and change, use of new knowledge, and statistical data and population growth.

• View of authority, group decisions, marketing and inter organizational cooperation.

• Inter personal cohesion, class structure, and individual mobility.

• Attitude towards scientific method.

**Political Factors**

Political factors influence organisations in many ways. Political factors can create advantages and opportunities for organisations. Conversely they can place obligations and duties on organisations.

Political factors include the following types of instrument.

• Legislation such as the minimum wage or anti discrimination laws.

• Voluntary codes and practices
• Market regulations

• Trade agreements, tariffs or restrictions.

• Tax levies and tax breaks.

• Type of government regime e.g. communist, democratic, dictatorship.

Non conformance with legislative obligations can lead to sanctions such as fines, adverse publicity and imprisonment. Ineffective voluntary codes and practices will often lead to governments introducing legislation to regulate the activities covered by the codes and practices.

**Technological factors**

The fourth factor is technology, as we are probably aware that technological advances have greatly changed the manner in which businesses operate. Technology has created a society which expects instant results. This technological revolution has increased the rate at which information is exchanged between stakeholders. A faster exchange of information can benefit businesses as they are able to react quickly to changes within their operating environment.

However an ability to react quickly also creates extra pressure as businesses are expected to deliver on their promises within ever decreasing timescales. For example the Internet is having a profound impact on the marketing mix strategy of organisations. Consumers can now shop 24 hours a day from their homes, work,
and Internet cafés and via 3G phones and 3G cards. Some employees have instant access to e-mails through BlackBerry’s but this can be a double edged sword, as studies have shown that this access can cause work to encroach on their personal time outside work.

The pace of technological change is so fast that the average life of a computer chip is approximately 6 months. Technology is utilised by all age groups, children are exposed to technology from birth and a new generation of technology savvy pensioners known as “silver surfers” have emerged. Technology will continue to evolve and impact on consumer habits and expectations, organisations that ignore this fact face extinction.

**Controllable Factors**

The marketing strategy principles or marketing mix principles (also known as the 4 p’s.) are used by business as tools to assist them in pursuing their objectives. The marketing mix principles are controllable variables, which have to be carefully managed and must meet the needs of the defined target group. The marketing mix is a part of the organisations planning process and consists of analysing the defined:

- How to design, package and add value to the product?
- What pricing strategy is appropriate to use Price strategies?
• Where will the firm locate its place strategies?

• How will the firm promote its product’s Promotion strategies?

The first controllable factor is Product which can be elaborated as follows

**Product**

In order to develop a marketing mix, the product decision is the first decision to be taken by a marketing manager. This is considered to be a very important decision because without product there will be nothing to distribute, nothing to promote and nothing to price. Thus it makes us logical that the product decision must be made very carefully. A careful analysis should be carried out regarding nature of the product line, the possibilities of new product development and product innovations. The overseas research and development and a strategic screening and elimination of unsuccessful product line may bear heavily on the success in overseas markets.

**Meaning of the Product**

It is very difficult to define a product. The reason behind is the difficulty that the same product may have a different significance for the people of different nations. One product may be a necessity in one country whereas; may be a luxurious for the people of other country. Thus in order to serve an operational purpose the
definition of product should be comprehensive. A product is a set of attributes that satisfies a customer demand. It may be in the tangible form or in the form of service or ideas. For example the attributes of a car are its model, fuel economy, speed, space, its engine etc. A person all around the world would prefer different set of attributes, while buying one model of car for himself. The selling of a product to a customer also denotes the satisfaction level. A customer also buys satisfaction along with a product. The customer satisfaction is derived from the product attributes, other product features and characteristics. Therefore while defining the product objectives it must be defined in terms of the consumer needs for which the product is designed to satisfy the consumer. Thus a product cannot be defined in terms of its physical characteristics, but it must be defined in terms of needs. It should be studied in the consumer's terms not in the manufacturer's terms. If it is being defined terms of consumer needs, the needs should be studied, only in economic or physical terms but also in terms of socio-psychological needs. For example, a woman's dress seldom a functional objective. It may fulfill up to certain extent, the physiological needs of certain cases and in some cases, it may be for preservation of modesty. It is fulfilling psychological as well as social needs. The customers do not get only physical satisfaction from their functional aspect but also socio-psychological satisfaction. It is from attributes about their appearance and style, the perception about the image of the product etc. Therefore
it is not justified to define a product on the basis of its features only. Thus the concept of a product should include the assessment of social and psychological needs and the satisfaction and it must involve its functional aspects.

One used the following techniques to device the Marketing Strategy for the product:

- Segmentation
- Targeting
- Positioning

**Segmentation**

Market segmentation is the process in marketing of grouping a market (i.e. customers) into smaller subgroups. This is not something that is arbitrarily imposed on society. It is derived from the recognition that the total market is often made up of submarkets (called 'segments'). These segments are homogeneous within (i.e. people in the segment are similar to each other in their attitudes about certain variables). Because of this intra-group similarity, they are likely to respond somewhat similarly to a given marketing strategy. That is, they are likely to have similar feeling and ideas about a marketing mix comprised of a given product or service, sold at a given price, distributed in a certain way, and promoted in a certain way.
Market segmentation is widely defined as being a complex process consisting in two main phases:

- Identification of broad, large markets

- Segmentation of these markets in order to select the most appropriate target markets and develop Marketing mixes accordingly.

Everyone within the Marketing world knows and speaks of segmentation yet not many truly understand its underlying mechanics, thus failure is just around the corner. What causes this? It has been documented that most marketers fail the segmentation exam and start with a narrow mind and a bunch of misconceptions such as "all teenagers are rebels", "all elderly women buy the same cosmetics brands" and so on. There are many dimensions to be considered, and uncovering them is certainly an exercise of creativity.

While market segmentation can be done in many ways, depending on how to slice up the pie, three of the most common types are:

- Geographic segmentation – based on location such as home addresses;

- Demographic segmentation – based on measurable statistics, such as age or income;
• Psychographic segmentation – based on lifestyle preferences, such as being urban dwellers or pet lovers.

**Positioning**

Positioning refers to ‘how organisations want their consumers to see their product’. What message about the product or service is the company trying to put across? Car manufacturer Daewoo in the UK, has successfully positioned themselves as the family value model. The UK car Skoda brand which has been taken over by Volkswagen has been re-positioned as a vehicle which had negative brand associations, to one which regularly wins car of the year awards. The positive comments from the industry and attributes of this vehicle is has changed the perception of consumers about the Skoda brand.

Developing a positioning strategy depends much on how competitors position themselves. Do organisations want to develop ‘a me too’ strategy and position themselves close to their competitors so consumers can make a direct comparison when they purchase? Or does the organisation want to develop a strategy which positions themselves away from their competitors? Offering a benefit which is superior depends much on the marketing mix strategy the organisation adopts. The pricing strategy must reflect the benefit offered and the promotion strategy must communicate this benefit.
Positioning Strategies

There are seven positioning strategies that can be pursued:

Product Attributes: What are the specific products attributes?
Benefits: What are the benefits to the customers?
Usage Occasions: When / how can the product are used?
Users: Identify a class of users.
Against a Competitor: Positioned directly against a competitor.
Away from a Competitor: Positioned away from competitor.
Product Classes: Compared to different classes of products.

Targeting:

Target Marketing involves breaking a market into segments and then concentrating marketing efforts on one or a few key segments. It can be the key to a small business’s success. The beauty of target marketing is that it makes the promotion, pricing and distribution of your products and/or services easier and more cost-effective. Target marketing provides a focus to all of the marketing activities.
**Product Planning**

The world market can be divided on the basis of various factors, such as geographical basis, demographical basis, on the basis of GNP per capita, on the basis of risk factors and on the basis of political factors etc. The marketing mix of a company is to be decided accordingly. The product planning involves the decision or planning regarding the product mix that which product is to be introduced into which market segments. It is helpful in making decision regarding the modifications required in the product mix. What new product ranges are to be added, what brand name is to be used, what packaging to be used, what after sales services are to be provided and lastly the most important component that what it is suitable as well as beneficial to enter into the market.

**Strategies of Product Planning**

There are many factors to consider breaking out of domestic market and selling it across the borders. An important question which a multinational marketer is to answer is whether the same product strategy will be sufficient in international markets or not.

Such product design strategy should be based upon the following two strategies.

(i) Standardization

(ii) Customization
A decision is to be made about which is the more appropriate strategy among two.

(I) **Standardization**: This strategy emphasized to offer a common and uniform product on a regional, national and worldwide basis.

(II) **Customisation**: It is based upon the strategy of making product to match local prospective of the customers’ needs. That is to make appropriate changes in the product accordingly.

Marketers must examine the criteria in order to decide the extent to which products should vary and tried from place to place and region to region accordingly.

**Decision criteria**: - This is an important question with marketers that whether they are to produce standardized product or customized product. It is evident that sometime standardization fails completely in the international context. Because in the international market the product decision of a customer is unique and a marketer is to concentrate on such particular and specific needs. It is important to that excessive concern with local customization can be troublesome, though for some time. There are a lot of examples of some companies that how they have failed with customization. For example the Philips, an electronic company, learned a lesson that it is not possible for their company to afford customization to the European markets and other markets separately. On the other hand, Volkswagen's
worldwide success with the Beetle supports standardization. Thus it can be concluded that no strategy is superior on the basis of its merits. Therefore certain criteria should be used in this context to adopt the strategies.

**Nature of product:** - It is evident in the practice that foreign product design strategy tends to vary from one country to another country according to the nature of the products. It is emphasized that more standardization is feasible in case of the industrial products in comparison to the consumer goods. As far as consumer products are concerned non-durables require more customization than durables. It is because of the reasons that non-durables consumer products are based upon the tastes, habits and customs etc. These features are different in each country. Therefore customization is significant in this case. The customization of a product can also be targeted to the small identifiable segments.

**Market Development:** - Usually a product crosses through five different stages of product life cycle. These are introduction, growth stage, maturity stage, saturation stage and the decline stage. The different markets for a particular product are at different stages of product life cycle. The product passes through different stages over a period of time and for each stage a different appropriate marketing strategy is developed and adopted accordingly. For example, if a product is in its different stages of product life cycle in two different countries, it has to adopt two different marketing strategies for its product in the international market. On the basis of
different stages of product life cycle an appropriate change in the product design become desirable in order to make an adequate product match in the international market. While segmenting the world market one segment may be ready for the standardized product, while other segment may emphasize on the customized products. Therefore decision and strategies for the product planning is made by considering market development in the international market.

**Cost-Benefit Relationship:** While designing product strategy in the international market, the cost-benefit analysis may be an important tool in this respect. Whether a marketer is to go for the customized product strategy or for standardized market strategy. It can be decided on the basis of cost benefit analysis. The strategy relating to product customized is emphasizing for make the product, which match with local conditions in the international market. It involves certain costs, like the costs relating to the research and development, physical change in the product design, styles, features, changes in packaging and brand name etc. On the other hand if a company is adopting standardization as its product design strategy, no cost for R & D and other factors is involved. Because the technology involved and other quality control parameters have already been established. The performance of both product design strategies is measured -improved.

**Legal Requirements:** The different nations of the world have their own different legal system. They have different laws about product standards, patent laws, tariffs
and taxes etc. These laws may require product adaptation. The manufactures must comply with all legal requirements in the export business.

**Foreign Competition:** The presence of competition in the international market may require customization of its product strategy to take an advantage over the competitor's product. By customization it may provide a product that ultimately matches with the local conditions. On the other hand, in case of absence of competition, a multinational company may continue to do better with its standardized product. For example, most of the multinational companies from industrialized countries of Asian nations customizing their products to changing needs of the markets and also adopting more innovative product strategies. In this context the multinational companies of these nations do have a competitive edge over the multinational companies of industrialized nations. Thus the later must understand the market requirements better and to customize their product more appropriately to be competitive.

**Institutional and Functional Support System:** The institutional and functional support system is necessary to be created and developed in the domestic as well as international market. It includes the wholesalers, sales agents, retailers, ware housings and transportation systems etc. The multinational companies should be very careful while developing such system in the foreign market.
For example, the frozen products cannot be marketed in those countries where the retailers do not have facility of freezers with them.

**Branding**

The brand name and packing play an important role in the marketing of a product. Therefore an advance planning is essential for various branding and packaging strategies. The branding of a product is of strategic importance. It is an associated attribute and has been given due weight age in strategy formulation. Branding plays a significant role in international marketing. Thus a brand is a symbol, a mark or a specific name that acts as means of communication to bring about an identity of a given product. It can be said that brand is an image of a product, a mark of quality, a value and a personality as well. For example, Adidas, Benetton, Calvin Klein, Diesel, Gucci, Guess, Lactose, Lee, Van Hausen, etc.

Branding is the process of finding and deciding the means of identification. It is merely naming the product like naming a newly born child. Once a product is designed it requires an identity and that is in terms of its brand name. Therefore it can be said that brand is a name, term, symbol or a particular identity intended to identify the goods or services of a manufacturer and to differentiate them from those of competitors.
An identification of a multinational company is considered to be valuable asset in international marketing as well as in domestic markets. They try to link the company image with its product and brand and thus establish their market strengths for its products or brands. While formulating its policy at international level, it faces numerous problems like cultural differences, language problems and nationalistic approach etc. A multinational company is to make strategic decisions on its multinational identification. It is about the brand name and its use of trade mark etc.

The role of trade mark is very significant in strategic planning. To understand this phenomenon, the understanding of a trade mark is essential from the legal point of view. A trademark is something other than a name. It may be defined as a device, brand, label, name or any other combination used in connection with goods of the proprietor by virtue of manufacturers and offered for sale in the market. When a trade mark is registered for service, it is known as service mark.

In most of the countries, branding is used by putting a manufacturer's name, signature or any other major product or packaging. The basic objectives of brand are similar everywhere in the world.
Brand Selection and its Management

A brand is a distinctive name, image or design that provides a way for the buyers to distinguish a product from its competitors. The reputation of a company can be enhanced by establishing a strong and positive brand image. It is also known as brand equity. A marketer is to give full consideration to the brand image that how it will be maintained in different market places. The brand is the image of a company and it can be controlled to a great degree of extent by skilled management.

Big Company, Big Name: Some of the companies have established themselves globally. There brand name is recognized everywhere in the international market, for example, Coca-Cola, Toyota, Mc Donald and Nestle etc. On the other hand most of the companies are not equipped with such goodwill of their brand in advance of their arrival. Therefore they are to start from the scratch, while entering into new markets. It has both positive and negative aspects. The positive aspect may be that the target markets have no preconceived notion about what the company is representing. The reputed company's product not only bears the quality standard but is also seen as representatives of foreign cultures. For example nestle is often taken to task for the clinical impact of its products on a global scale-It is not possible for a company to come up against enormous local protest. Further it is assumed in the new market that big company can throw huge
amount of money both legally and illegally. It may force the local partners to become indiginate about the financial control, which is also a part and parcel of international business.

**Small company, Big problems:** There may be problem for the unknown company in the international market. It is very much possible that business leaders the government in the target market is reluctant to meet with an obscure foreign marketer. It is pertinent to explain here that the marketers have to spend more extra time explain the company's back ground and reliability of the products. Further both the distributors as well customers may have little value as well as perception, while buying or using any unrecognized product. Therefore must be taken as a challenge as in the domestic market. The marketers may face same kind of problems in the global market for their brands, as they have faced in the domestic market. Even additional problems like language problem, legal problem and cultural difference etc. may also be there. Therefore an awareness campaign through various promotional methods should be carried out as acquaint and manage the new or old product in the market.

**An attractive and Distinctive Brand name**

This can be a very delicate issue. Retaining the same domestic name without any change or translation in the international market may cause problems. It may be an unattractive word for the foreign buyers because different language. Therefore it is
for the marketers choose such brand name, which should be based upon the image desired; cultural perception of the consumers should also be based upon the marketer's product line, will definitely be helpful in controlling as well as managing the brand effectively.

**Attractive and Distinctive symbol or Logo**

The symbols often create a very strong reaction among consumers about the product image and also a company itself. For examples in Japan the flowers symbolize perfection and symmetry in Japanese domestic culture therefore a Japanese base company may use flowers as part of its logo. On the other hand in U.S. market flowers are associated with feminine images and they are not use in the factories generally. But now a day’s most of the companies have moved towards more generic images for their logos. For example Microsoft windows use that window frame pattern which can be easily recognized in the market.

**Attractive Slogans:** The slogan should be attractive and customized to each targeted market. The slogan must have certain meaning. For example, Japanese marketed Toyota with its slogan like. “You want it you got it-Toyota!” These kinds of slogans tend to stay in the consumers mind for the extended periods. Their contents may vary from one culture to another culture but their effectiveness remains same.
**Brand Extension:** Brand extension is the process of applying an established brand name to the new product lines. However, this is a risky concept both in domestic market as well as while entering in the foreign market. But it has also a great potential for the big success. The companies are always looking to consider their established brand name to their product line. The extension of brand name to new products may enhance its exposure. It is for the marketers to select their product line carefully so as not to confuse consumers. The consumers may accept some brand extensions, while they do not accept some other extensions. For example, Nike moved from shoes to clothing company and has been accepted well in the market. On the other hand, McDonald has not been accepted in most markets for its sandwich product.

**Co-Branding:** This technique involves the direct linkage of brand names from separate companies. For example, "Intel inside logo is displayed on the cabinet of most personal computers. By this way if computer will be performing well, both the Intel as well as computer manufacturer will perform, as well as gain well. On the other hand if the things are adverse both companies shall suffer. Therefore it is for the marketers to choose his co-branding partners very carefully. For example a foreign company entering in a new market may join hands with a successful and already established foreign company. In case of unstable market conditions, local partners may be the best choice.
Packaging

Packaging is an integral part of a product like the brand name. It plays an important role and can be described basically in two ways: (1) functional and (2) psychological. First and foremost a package must be functional in the sense and it should be capable of protecting products at minimum cost. The psychology aspect involves the package as a promotional tool. The international packaging should consider the requirement of four groups of people generally: Consumers, shippers’ distributors and the requirements of host governments. For international packaging, a marketer should always keep in mind that foreign consumers are more concerned with the physical aspect of packaging. The psychological aspect packaging is just as critical as the physical aspect, from the marketing point of view.

Requirements of the Customers: The requirement for the packaging of a particular product varies from country to country. It is also based upon the characteristics of the customers and other socio-economic and cultural requirements. Further the customer's characteristics should be examined very carefully in order to make sound packaging decisions. The most important aspect in this regard is the aesthetics of the package. The shape of the packaging, logo and symbol etc. are used on it. The words and slogans should be appropriately attuned as to describe the product features.
**Requirements of the shippers:** The main concern of the shipper is to transport the product to the ultimate destination of the buyers, without any kind of damage, theft or any other loss and at minimum possible cost. An efficient packaging is the key factor for the accomplishment of this task. The major factors which are to be considered in this regard are the place, where the shipment is going, whether it will be placed in warehouse.

**Requirements of the Distributors:** It is for the marketers in the international marketing to arrange the channels of distribution for the product through packaging in such a way, so that any kind of theft damages could be avoid in the way. In international marketing most of the requirements for channels of distributions are similar to the domestic distribution channel.

**Legal and Government Requirements:** In international marketing the legal and governments requirements are generally in the labeling and marking. Labeling is intended to ensure the customers about the contents, the packaging conform to the regulation in force within the market. The regulations relating to the marking are concerned only with the transport containers, It do not affect the labeling on the retail package lying inside.
Labeling

Simply labeling may be a tag or sticker attached to the product. It may also be designed of graphic which may be a part of the packaging. The marketers must label its products. The label should carry the brand name and also a great deal of information. Some time a marketer may prefer simple label but the law may enforce to provide additional information. The following functions are being performed by labeling. The labeling is helpful to grade the product. For example the particular grade labels like A, B and C or ISO mark is displayed on the product, which shows the quality, standard and parameters of a particular product.

It describes the product. The label might describe the product.

The general information of following types can be obtained about the product.

Who made the product?

When the product was made?

What does it contains?

How the products can be used safely?

The attractive labeling is always helpful to promote the product. The attractive graphics is also helpful to attract the customer’s attention towards the product. The labels eventually become out dated with the passage of time. Therefore it should be equipped with gradual changes as per the requirements in the size and design of
the letters. The labels on certain soft drinks were substantially changed when competitors’ labels began to picture fresh fruits as to increase the sales volume.

**PRICING STRATEGIES**

Price is the only element of the marketing mix that produces revenue. The other element of marketing mix produces costs. In today's era of liberalization, privatisation and globalisation the companies are to decide about number of difficult pricing tasks.

**Meaning of pricing**

Pricing is an important element of marketing mix. It can be used as a strategic marketing variable to face the Competition. Price can be termed as an exchange value of product and services in terms of its monetary form. It is an art of translating the value of the products in terms of its monetary form to the customers. Many internal as well as external factors are taken into consideration, while fixing the price of a product or service.

According to Philip Kotler, "Pricing is the only element in the marketing mix that produces revenue, the other elements produces costs. Price is also one of the most flexible elements of marketing mix that can be changed quickly, unlike product features and channel commitments. At the same time, pricing and price competition are the main problems faced by many marketing executives."
The various concepts of pricing can be sited as follows.

**Normal price:** It is the price at which goods and services would change ownership under free and unrestricted competition, accurate and uniform information are distributed among both buyers and sellers, the buyers and sellers are both equally aggressive, alert and exercise their judgments’ with reference to present and future conditions of demand and supply.

**Market price:** The market price is a ratio of the value of given amount of some goods and services to the value of a given amount of the goods or services used as money. The value of each is determined by the demand and supply for those particular goods or services. The product is launched in the market as an indication of price. Many marketing strategies, advertising etc. may affect the market price. Thus pricing is an important element of marketing mix and it affects both buyers and sellers in a particular market. Therefore while fixing the price for a particular product or services, there must have full harmony in the market place. It is a critical and complex variable international marketing. The pricing decision may affect an organizational ability to stay in the marketing. Thus it is to be said that pricing is an important decision in any kind of business, whether domestic or overseas. It affects directly the revenue and thus profitability of the concern. The proper growth and development of market depends on pricing, to the large extent. A poor pricing decision may be a threat for the survival even. If a business house
is charging too much high prices, it may mean no business on the other hand a lower price may lead to an unprofitable operation. In some of the cases, price is also an indication for the product quality. For example, Mercedes car is made for the people of high income groups. It is also priced more if it would have been priced less in comparison to some other automobile products, it may loose its image for the quality. Finally pricing may affect the extent of promotional support to be allocated to a product.

Pricing strategies

The significance of the role of pricing variable in developing evident that in the past most of U.S. based companies were relying more on the non price competition in the overseas market. They often were of the opinion to avoid price competition in the common market and to go for alternative strategies like competitive leverage through product differentiation, effective advertisements and selling etc. It may be because of the fact that manufacturing costs are usually high in United States and it makes difficult for the U.S. manufacturers to compete price wise. The quality of the U.S. made products is always considered high, which enable the manufacturers to compete in those segments where price do not matter. Since last few years, the price competition has been witnessed very much. It is evident that a small decrease in price may be an effective way of increasing market penetration in many overseas markets. These foreign markets are
very much priced conscious. Furthermore in some countries like Germany, the
cost of production is increasing faster in comparison to U.S. market. On the other
hand, in some countries like China, the cost of production is less in comparison to
U.S. market. Thus in both the cases the price competition shall be feasible only in
some areas. In the era of Liberalization, Privatisation and Globalisation the
multinational companies are to adopt their pricing strategies very consciously.

An effective pricing strategy is very essential for achieving a desired rate of
growth in exports. There are many factors which are considered essential for price
determination in the overseas market. Many information’s, like product
information’s, information relating to the foreign market etc. provides useful input
for facilitating export pricing decisions.

**Product information:** It is essential to know whether particular product is
consumer product or industrial product in nature. If it is a consumer product, it
should be known that whether it is necessity regular or luxury in nature. Further
the elasticity of demand and elasticity of the supply of product is studied. After
having gone through with the analysis demand and supply, various international
taxes duties, export incentives and other export parameters examined before
making any decision for export price in overseas market.

The analysis of the production cost is an important tool for pricing decision. In this
process the detailed analysis of production costs such as prime costs, factory cost,
and administrative overheads is carried out before taking any such decision. Further the analysis of distribution cost is carried out. In this context the analysis of cost of packaging, selling and distribution costs etc. is made.

**Market Information:** An analysis of market structure and peculiarities of the export market should be carried out, while making decision regarding export pricing. The information regarding the prices of substitutes should be analysed. Other terms and conditions offered by other competitors are also an important considerations for export pricing decisions. Some other market information, which are to be considered are trade agreements, consumption pattern, brand image, brand loyalty, market segmentation channels of distribution, freight, insurance, packaging etc.. Finally documentation and invoicing requirements and other government regulations are also analysed for making export pricing decisions.

**Information at the micro level:** A manufacturer is always required to analyse some aspects at micro level. The production capacity of the plant is a very important consideration. It includes both utilised as well as unutilized production capacity of the plant. The domestic market is very important for the manufacturer. An analysis of domestic price structure and demand and supply position of domestic market is considered for making decision about export pricing.
Additional export potential and various avenues in this regard are import factors to be considered.

**Information needed for export quotation:** It includes the currency in which quotation is to be made. The condition for any kind of discounts should be analysed. It includes the analysis of trade discount, quantity discounts and cash discounts. Further the type of quotation should be known very clearly. It includes the study of various types of price quotations such as FOB, Ex-factory pricing, F.A.S., CIF Loco price, Franco pricing strategy etc. It would be better to give a complete breakup of costs at each stage. Finally the terms of payment is a very important consideration for export pricing decision.

**Price Quoting Principles**

The price may be quoted on the basis of following principal ways.

**Ex-Factory Price:** It is a simplest way for quoting the price. The buyer is to buy the product at manufacturers steps. Thereafter all the export risks are born by the buyers. This limits the buyer’s risks. The exporters are always selling their products on the similar pattern. On the other hand the importers will not be willing to purchase on the similar arrangements. Because it is very difficult for him to arrange for the transportation and regard formalities by sitting in the abroad.
**Free on Board (F.O.B):** When the price is quoted F.O.B., all the expenses and risks of delivering the board at the port are born by the seller until the goods effectively been placed aboard the ship. The buyer all the expenses and risk from the time the goods h placed on board at the port. Generally the big companies prefer to quote FOB price. Because this will limit their responsibility and risks in their home country which can be managed easily.

**Free alongside Ship (FAS):** The FAS price make an exporter responsible for the goods until they placed alongside the ship. The expenses incurred uptill alongside the ship shall be born by the seller.

**Cost, Insurance and Freight (CIF):** The exporters do have the option to quote price on CIF basis. Under this arrangement the ownership of the goods passes to the buyer as they are loaded aboard the ship, exporter is to bear all the expenses of freight and insurance charges up to the port.

**Franco Price:** Under such price quotations charges and expenses necessary for sending goods to buyers places of business are born by the exporter, marine insurance premium is also born by the exporter if it is a Franco price quotation. It imposes the complete responsibility of an exporter for delivering the goods at a particular place in the importer's country.
Similarly another strategy used to moderate the price effect is to bundle or unbundle the product. Bundling offers a buyer to more products for less money. It simplifies the production and marketing activities. But it is not likely to match with the buyer’s need. Unbundling strategy offer a buyer, so that he doesn’t have to pay any extra for not wanted. This strategy makes the prices more affordable by unbundling the product.

**DISTRIBUTION STRATEGIES**

The third controllable factor is the Physical distribution or marketing channels. Marketing channels refers to those interdependent organisations which are involved in the process of making a product or services available for the consumption of ultimate customers. The decision regarding the marketing channels is one of the most critical decisions faced by the management. The decision regarding the channel of distribution affects all other decisions of marketing. The price of multinational companies depends on the channels used for the distribution. The promotional decisions and sales force decisions depends upon how much training and motivation the buyers needs. It involves relatively more and long term commitments to other firms.
Thus a distribution system can be said to be a key external resource. It takes number of years to build up and not tends to be changed easily. It is considered to be an important key resource of multinational company among others such as manufacturing, research, engineering and others. It also represents a significant commitment to large number of independent companies, who are involved in the business of distribution. There are two major channels of distribution.

(1) Indirect channel of distribution

(2) Direct channel of distribution.

**Indirect Channel of Distribution**

It is also known as domestic channel of distribution- It is employed when a firm, markets its product through another firm, which acts as manufacturer's sales intermediary. The sales intermediary is just a domestic channel for the manufacturer, because of the fact that there is no dealing with overseas firms. Thus the manufacturer does not have any need to set up an international department for export purpose, and he works by exporting through and independent local middleman. The sales intermediary or middleman act as the manufacturer’s external averse organization. It usually assumes the responsibility for moving the product in the overseas market.
Direct Channels of Distribution

It is employed when the manufacturer deal directly with overseas buyers without employing an intermediary in the home country and develops an overseas channel, multinational company must set up the overseas channels to take care of the business activities between the different nations. The manufactures exports the shipmen through its own export division in the organization.

Intermediaries tend to play an important role in the overseas business. There are several types of intermediaries who are associated with both direct channel of distribution, as well as indirect channel of distribution. Intermediaries associated with direct Channel of distribution.

Overseas Distributors

An overseas distributor is foreign based firm which has an exclusive right to carry out distribution network for the manufacturer in the overseas market. All the marketing activities are channeled through the foreign distributor even also in those circumstances when the distributor is willing to appoint sub-distributor in the particular region. The merchandise is purchased by the distributor, from the manufacture at a discounted price and then finally he distributes or sells the merchandise to the retailers. Sometimes he uses to sell the merchandise to the ultimate customers also. In this regards in many countries the distributor act as a
wholesales and retails as well on the other hand in most of the cases the distributor is considered as an importer or foreign wholesaler. The association between the exporter and its overseas distributor is established through a contract which is to be renewed after a certain gap of time and it depends upon the satisfaction level of the performance of both.

**Overseas Retailer:** - There are number of way by which an exporter can contact overseas retailers and motivate them for buying a product. The exporter use make personal visit to the work place of a retailer, mailing of catalogs, sending brochures and other literature to prospective related outlets. Though the personal visits the retailer is an expensive exercise, because of costs and other expenditures but it provide for a more effective sale presentation as well as for better screening of retailers for the purpose of distribution. On the other hand if exporter is mailing literature, brochures and catalogs, it may be less expensive but may not be able to motivate and convince its prospective buyer to buy certain sort of product.

**State controlled Trading Agencies:**- Sometimes an exporter is to contact the state controlled agencies the sale of their products. For example, for some product especially utility items or telecommunication equipments, i manufacturer is to contact state-controlled agencies for it sales. It is evident that in many countries, there are state controlled trading agencies which are in the operations such
activities. These trading agencies do have complied control over the buying and selling of some product. Further the buyers of these state controlled agencies being the government polices for trade. The political will have a big influence on the marketing activities for the products of state-controlled trading agencies, opportunities and other avenues are very limited to manufactures and are also totally dependent upon the government policies.

**End users:** Sometimes an exporter manages to sell the product directly to overseas end users. There is no any intermediary involved in the process of export. This type of channel is always considered a better and logical choice, the costly industrial products. This type of channel is practical only for some products and only in some countries. The main problem with the customers is of duty and clearance. If a customer place an order without understanding the legal parameters for import, he may be in a problem. He may not be able to claim the merchandise at the port. As a result, the product may be either seized or returned. This type of a problem is also an expensive approach for the manufacture. Further a manufacturer may use publications as to attract overseas buyers, in order to solicit orders. An advertiser can also put its advertisements with the overseas publishers directly. This particular approach is being used by many countries in order to promote the local tourism industries.
(B) Intermediaries associated with indirect channel of distribution

Sometimes a manufacturer may find it difficult or rather impractical to sell most of the products directly to various overseas buyers, such as overseas distributors, retailers, state controlled trading agencies and end users. With an indirect channel of distribution, a manufacturer or any other multinational business firms do not have to correspond with overseas buyers in the foreign markets. The manufacturers usually deals with domestic intermediary and the domestic middleman sell the product to overseas intermediaries or to the ultimate buyers.

These kinds of domestic intermediaries can be classified as under

(i) Domestic Agents  (ii) Domestic Merchants

Domestic Agents

(A) For Exporters

(I) Exporter Broker: The main function of an export broker is to bring all exporters and importers together. The manufacturer can employ an export broker in overseas segments or in some overseas market as to attract potential buyers. The export broker can negotiate the best suitable terms for the manufacturer but he cannot conclude the transactions without the principal's approve of the arrangement. The export-broker can operate under its own name or that of the manufacturer. He performs this duty as a representative of the manufacturer. The
broker is entitled for the fee or commission for any kind of an action performed. Further it is pertinent to mention here that an export broker does not take possession or title to the goods. The export broker sometimes makes an arrangement for credits, but other than this it has no financial responsibility.

(II) Export Agent: The export agent also works commission like a broker. He does have very go relationships with the manufactures. The contract between a manufacturer and export agent is for a definite time period. The contract between two is renewable by the mutual agreement between them. The contract defines the terms of sale, territory, method of compensation. Further the export agent generally does not offer all services therefore he can present some problems to the manufacturer. These services may be advertising ere facilities, after sales services etc. The risk of loss m remains with the manufacturer, because an export age takes the possession of the goods and not the title to the goods. The manufacturer may lose control over the marketing activities and this can also hurt a manufacturer whose volume is too small to receive the support of export agent. When a manufacturer employ an agent, can avoid fixed costs associated with international marketing. Because he is to pay only commission for the total sales made. An export agent of a manufacturer has extensive and professional skill of specific overseas markets. He has more avenues and other financial incentives to work, in comparison to manufacturer's o salespersons. More over the export agent carries
number of product lines of several companies therefore expenses of doing business activities are shared by the various manufacturers.

(III) Co-operative exporter: It is a manufacturer with having its own export organization. It is retained by the manufacturer to sell in overseas markets. Though a co-operative exporter is a manufacturer, the functions like any other export agent. The co-operative exporter makes an arrangement to operate as a distributor for the overseas market. Sometimes he acts as a commission representative or brokers. He arranges for the shipping. He does not take the title for the goods but he takes the possession of goods.

The main motive of a co-operative exporter in dealing with other manufacturers is his own financial interests. The co-operative exporter do have certain fixed costs for its marketing activities and he also desires to share its fixed expenses and other marketing expertise with other manufacturers, who are willing to sell in the same overseas market. There is long term relationship between the cooperative exporter and its principal. But some time it may be a problematic if the principal decides to market a new product which creates a stiff competition directly to the cooperative exporter's own products or to his clients.

Webb-Association: When two or more firm join their hand together to market their product in the overseas market the Webb-association is formed. Basically these associations are export cartels. In V.S. market these kinds of cartels are
allowed to operate as long as it has no anti- marketing impact on the domestic marketing activities.

(B) For Importers

**Buying Agent:** The buying agent represents the overseas buyer. He works for the interest of foreign buyer and is entitled for fee or commission for the services rendered. Usually the buying agent belongs to the exporter’s country and is in a better position to arrange the product that matches the overseas principal's needs and requirements. The buying agents work for the interest of the buyers and always try to get products at best possible prices for him. The buying agent is also known by the other names like commission agent, export commission house, export buying house etc.

**Resident Agent:** The resident buyer is an agent and is located at highly centralized production industries. The resident agent is retained by the importer on a permanent basis. He is to maintain a search and research for some new and latest products that may be suitable the importer. These kinds of permanent relationship make it possible for the resident agent to be compensating with a commission for the business transacted.

Further the resident agent is always useful for manufacturer. He provides many useful services for manufacturer. He can offer an opportunity for exporter
maintain long term business relationship as long as exporter is competitive in all respects such as private services offered, style or design, quality of the product delivery schedule.

(2) Domestic Merchant

Export merchant: Uptill now we have discuss all those types of intermediaries which do have some common characteristics. They prefer to get commission or fees for their services rendered. They don't want to take risk or title of the merchandise. The domestic merchants prefer to work to make profit rather than to work commission basis. The domestic merchant’s independent businessmen. There are various types’ domestic merchants. An export merchant is one kind domestic merchant. The export merchant use to made purchases from manufactures in its own country to needs and requirements of the people. Usually the export merchants deal with undifferentiated products or with those in which brand name is not important. After getting the merchandise packed with having all specifications, the export merchant use to resell the products in its own name in the overseas market. The export merchant bear all kind of risks associated with these arrangements.

Desk jobber: The mode of operation for desk jobber requires requesting a manufacturer to drop a product directly to the foreign customer. It is not possible for the desk jobber to handle or possess the product directly. Therefore the
ownership of desk jobber for the goods may last for few hours. After receiving an order from its overseas clients, the desk jobber in turn places an order with a manufacture. He uses to direct the manufacturer to deliver the goods directly to the overseas buyer. The manufacturer receives the payment from desk jobber, who in turn receives the same from its overseas client services.

**Export Distributors:** The basic difference between export distributors and others like desk jobber and export merchant is of permanence. The export distributors deal with the manufacturer on permanent basis, whereas others dealing depends upon the order in their hand. Whenever there will be orders in hand they use to order the manufacturer. The export distributors are authorized to represent the manufacturer to sell in some or all overseas markets. An export distributor also different from the overseas distributor. The overseas distributor is located in a particular overseas market and is authorized to sell the product there. On the other hand an export distributor is located in the manufacturer's own country and is authorized to sell in some or all markets or foreign countries.

**Trading companies and Agencies:** The trading companies are the most common form of intermediaries in many countries. Whenever the buyer and sellers do not have any knowledge about each other’s and are willing to establish business relationships, the trading agencies fill up the gap between two. The type of arrangement is most influential in volume business. The trading companies usually
operate in less developed countries and in their own home markets. Many of them are having large scale business and having their own branches in most of those countries where they do carry business.

**Export Trading Companies:** The export trading companies are operating in the United States. The export trading company Act was passed in USA in the year 1982, because of the fact that export Management Company and Webb- Poperene companies were getting limited success. Both the entities could not perform well for the two reasons namely: limited financing and antitrust limitation. It was observed in the part that if anyone was dealing in any one of these two problems after getting involved into difficulty with the other one.

**Modes of Transportation**

The modes of transportation are a very important factor, which influences international marketing mix. Generally there are three basic modes of transportation which are used. These are air transport, water transport and land transport (railways and truck etc.). The air transport and water transports are used generally for exporting products to overseas market. It is useful when boundaries are not connected and buyer is located at considerable distance. On the other hand whenever the countries are connected by land, it is useful to go for railways or highways to move merchandise from one location to another, for example, from the United States to Canada. Another example may be of European Market, where
railway is considered to be important mode of transportation, because of availability of a modern, efficient and quick railway system.

The various modes of transport:

**Land Transport:** Land Transportation is an important mean of delivering the goods, whether it is domestic or an overseas shipment. Land transportation is also used in moving goods to and from an airport or at seaport. The railways and trucks are used in land transportation mode. If the quantum of merchandise is large and distance is also quite long the railway mode of transportation can be an economical mode of delivery.

**Air Transport:** It is one of the most fast growing modes of transportation and is less confined to expensive products. The air transport mode of delivery is quite costly but there are many advantages associated with delivery of goods through air transport.

**Water Transport:** It is one of the most practical and efficient mean of transportation for bulk shipping in international business. It is considered to be one of the dominant forms of international mode of transportation. Its main advantage is its low cost for transportation.
PROMOTION

Promotion is a very important component of international marketing mix. The purpose of promotion is to communicate the buyers about the product features and finally to influence them. The customer must be provided the derived information’s about the products or services. So that he could be able to comprehend that information. The information provided should be sufficient enough as to motivate and influence the buyers. It is not enough for a business to have good products sold at attractive prices. To generate sales and profits, the benefits of products have to be communicated to customers. In marketing, this is commonly known as "promotion".

Basically the communication process passes through five different stages.

(I) Encoding       (II) Source       (III) Information

(IV) Decoding      (V) Destination

Furthermore, the encoding is a process of transformation of ideas or information’s into the desired form. It can be written as well as verbal. To understand the coded information’s, that particular person should be able to decode the information’s or worlds properly. The experience always matter in order to encode or decode or the source can encode only through the experience and same is for the receiver for decoding. The communication process and effectiveness can be obtained more
properly, if the buyers have similar taste, fashion and other characteristics. It is relatively more difficult in case of international communication. If the circle do not meet and sender and receiver have nothing in common. It will be extremely difficult circumstances for both to understand and the communication is most likely impossible or very difficult. Therefore the approach of the seller must be customer oriented. The information should be encoded with relevant images and words common to the customer’s tastes and language.

**Promotion Mix**

A business' total marketing communications programme is called the "promotional mix" and consists of a blend of advertising, personal selling, sales promotion and public relations tools. There are several promotional tools, which are use to communicate and influence customers. The most important and visible component of promotion is advertising. The promotion mix also includes other interrelated activities. These are personal selling, publicity and sales promotion. The promotion for a trade fair can also be viewed as advertising. The sponsored of a fair as we as participating companies uses direct mail and also advertise the event in the newspapers. The media may also be willing to provide free publicity for the fair as it receives orders for the advertisements and news releases as well there may be a plenty of opportunities with a company’s representative to make sale at a
display booth by using personal selling. All techniques of such kind can be termed as sales promotion tool Personal selling.

Personal selling is an ancient art of an oral presentation with one or more than one prospective buyers, for the purpose of making sales. It is most commonly known as the salesmanship, used at every distributing mode.

It is helpful to define the four main elements of the promotional mix before considering their strengths and limitations.

(1) Advertising

Any paid form of non-personal communication of ideas or products in the "prime media": i.e. television, newspapers, magazines, billboard posters, radio, cinema etc. Advertising is intended to persuade and to inform. The two basic aspects of advertising are the message (what you want your communication to say) and the medium (how you get your message across).

The Institute of Practitioners in Advertising (IPA), the body which represents advertising agencies, defines advertising as:

"The means of providing the most persuasive possible selling message to the right prospects at the lowest possible cost".

Kotler and Armstrong provide an alternative definition:
"Advertising is any paid form of non-personal presentation and promotion of ideas, goods and services through mass media such as newspapers, magazines, television or radio by an identified sponsor".

There are five main stages in a well-managed advertising campaign:

**Stage 1: Set Advertising Objectives**

An advertising objective is a specific communication task to be achieved with a specific target audience during a specified period of time. Advertising objectives fall into three main categories:

(a) To inform - e.g. tell customers about a new product

(b) To persuade - e.g. encourage customers to switch to a different brand

(c) To remind - e.g. remind buyers where to find a product

**Stage 2: Set the Advertising Budget**

Marketers should remember that the role of advertising is to create demand for a product. The amount spent on advertising should be relevant to the potential sales impact of the campaign. This, in turn will reflect the characteristics of the product being advertised.

For example, new products tend to need a larger advertising budget to help build awareness and to encourage consumers to trial the product. A product that is
highly differentiated may also need more advertising to help set it apart from the competition - emphasising the points of difference.

Setting the advertising budget is not easy - how can a business predict the right amount to spend. Which parts of the advertising campaign will work best and which will have relatively little effect? Often businesses use "rules-of-thumb" (e.g. advertising/sales ratio) as a guide to set the budget.

**Stage 3: Determine the key Advertising Messages**

Spending a lot on advertising does not guarantee success (witness the infamous John Cleese campaign for Sainsbury). Research suggests that the clarity of the advertising message is often more important than the amount spent. The advertising message must be carefully targeted to impact the target customer audience. A successful advertising message should have the following characteristics:

(a) Meaningful - customers should find the message relevant

(b) Distinctive - capture the customer's attention

(c) Believable - a difficult task, since research suggests most consumers doubt the truth of advertising in general

**Stage 4: Decide which Advertising Media to Use**
There are a variety of advertising media from which to choose. A campaign may use one or more of the media alternatives. The key factors in choosing the right media include:

(a) Reach - what proportion of the target customers will be exposed to the advertising?

(b) Frequency - how many times will the target customer be exposed to the advertising message?

(c) Media Impact - where, if the target customer sees the message - will it have most impact? For example does an advert promoting holidays for elderly people have more impact on Television (if so, when and which channels) or in a national newspaper or perhaps a magazine focused on this segment of the population?

Another key decision in relation to advertising media relates to the timing of the campaign. Some products are particularly suited to seasonal campaigns on television (e.g. Christmas hampers) whereas for other products, a regular advertising campaign throughout the year in media such as newspapers and specialist magazines (e.g. cottage holidays in the Lake District) is more appropriate.

*Stage 5: Evaluate the results of the Advertising Campaign*

The evaluation of an advertising campaign should focus on two key areas:
(1) The Communication Effects - is the intended message being communicated effectively and to the intended audience?

(2) The Sales Effects - has the campaign generated the intended sales growth. This second area is much more difficult to measure.

Overseas product advertising is the practice of advertising in the overseas media. It is carried out, while the advertising campaign is planned. It can be planned directly, indirectly or by an advertiser from other country. Availability of advertising media is very important to consider while planning advertising in an overseas market. It is pertinent to mention that media may not be available readily in every country or in some areas within a particular country. The following types of advertising media can be used in the overseas market for the promotion of products or services.

The various means of advertising are as follows.

**Television:** Television is most popular media used by the multinational companies for the promotion of their products or services. In some of the developing nations, where television is not available on nationwide basis, the viewing habit of the people is noted more. The viewing habit of the people cannot be underestimated in those countries. For example a set of television in a village can attract large
number of viewers. It can also result in a great deal of interaction among peoples in terms of conversation about the advertised product.

**Radio:** The Radio media of broadcasting may be said to be the kind of all media in most of the countries. It can be considered to be a real national medium. It is an affordable medium to every class of customers. It is also a free medium to listen to the different programs and the cost to handle and maintain it is also negligible. It uses to penetrate from the highest to lowest level of socio-economic and other demographical variables. Further, the problems like illiteracy have no impact on this medium. It is pertinent to mention here that in some of the markets, the radio commands the largest portion of advertising expenditures. However, the radio media of broadcasting do have wider coverage, in comparison to any other media, but still, it faces a number of problems and do have variety of complexities.

**Magazines:** Magazines are also a most popular media, used for the promotion of goods and services in the world market for this purpose. These magazines are for the masses as well as for the marketers. It uses to make possible for advertisers to direct their campaigns to obtain reach and to increase the frequency or both in the international market. The foreign magazines are not particulars in terms of a particular audience.

**Direct mail:** It is significant to mention that direct marketing is a broader term that encompasses the other related terms also. The direct marketing includes the
total of all activities, by which a marketer offer the products or services to market segments.

**Outdoor advertising:** Outdoor advertising is an important and frequently used medium for the promotion of products in the overseas markets. An outdoor advertising includes posters, bill boards, roadside signs, store signs and painting bulletins etc. An outdoor advertising serves very well as reminder promotion for established product because of the fact that it has got a great impact and impressiveness of size and colour. The big advantage of outdoor advertising is its low cost of labour in painting and low erecting costs for such displays.

**Periodicals:** The periodicals do help to promote the product and services. These include, Business Week, Economist, Euromoney Fortune, News week, National Geographic etc. Majority of these periodicals appeals to the some market segment in the overseas market.

**Cinema:** Cinema is one of an important media to promote the product or services in India. However, it is a declining medium to promote the product and services in western countries since last few years. The following are few problems with this type of media in the international market.

**Newspaper:** This is a fact that almost in all urban areas of the world; the people have their access to daily newspaper. There is a problem with advertisers to
choose right media for the advertisement of their product. In some countries big
cities support numerous daily newspapers. It results into dividing the readership
market. In communist countries, the newspapers are controlled by the government.
The newspapers tend to carry those news items, for which the particular
government deems to express some moral and social values.

2. Sales Promotion

Sales promotion is said to be a key ingredient in the international marketing
campaign. It consists of mostly collection of those short term incentive tools,
which are designed to stimulate purchase of a particular product or service.
Advertisement plays an important role in the marketing. It offers a reason to buy
certain product or service. On the other hand sales promotion offers an incentive to
purchase. It also consists of tools for customer promotion. It includes samples,
special discount offer, special prize incentives, cash awards, special price
concessions, warranties etc. Trade promotion is another tool for sales promotion. It
includes price off, advertisements allowances and free goods. Business and Sales-
force promotion is also a tool used in sales promotion. It consists of trade
exhibitions, trade fair, trade shows, sale people contests etc. All these sales
promotion tools are used by the most of profit organizations as well as non-profit
organizations.
(3) Personal Selling

Oral communication with potential buyers of a product with the intention of making a sale. The personal selling may focus initially on developing a relationship with the potential buyer, but will always ultimately end with an attempt to "close the sale".

(4) Publicity

The communication of a product, brand or business by placing information about it in the media without paying for the time or media space directly. otherwise known as "public relations" or PR.

Push and pull strategies of promotion.

"Push or Pull"?

Marketing theory distinguishes between two main kinds of promotional strategy - "push" and "pull".

Push

A “push” promotional strategy makes use of a company's sales force and trade promotion activities to create consumer demand for a product. The producer promotes the product to wholesalers, the wholesalers promote it to retailers, and
the retailers promote it to consumers. A good example of "push" selling is mobile phones, where the major handset manufacturers such as Nokia promote their products via retailers such as Carphone Warehouse. Personal selling and trade promotions are often the most effective promotional tools for companies such as Nokia - for example offering subsidies on the handsets to encourage retailers to sell higher volumes.

A "push" strategy tries to sell directly to the consumer, bypassing other distribution channels (e.g. selling insurance or holidays directly). With this type of strategy, consumer promotions and advertising are the most likely promotional tools.

**Pull**

A “pull” selling strategy is one that requires high spending on advertising and consumer promotion to build up consumer demand for a product. If the strategy is successful, consumers will ask their retailers for the product, the retailers will ask the wholesalers, and the wholesalers will ask the producers.
REFERENCES


