Customer Relationship Management

Customer satisfaction has always been a key element in the pursuit of corporate goals and objectives. However, the current competitive environment fostered by liberalization and globalization of the economy and the rising customer expectations for quality, service and value have promoted many companies to organize their business around the customers they serve, rather than around the product lines or geographic business units.

Customer relationship management (CRM) first gained prominence in the early 1990s. It refers to the holistic approach that organizations can take to manage their relationships with their customers, including policies related to contact with customers, collecting, storing, analyzing customer information, and the technology needed to perform these tasks.

According to Philip Kotler and Gary Armstrong, 'CRM is concerned with managing detailed information about individual customers and all customer "touch points" to maximize customer loyalty. It can also be defined as, 'an alignment of strategy, processes and technology to manage customers, and all customer-facing departments and partners'. In short, CRM is about effectively and profitably managing customer relationships through the entire life cycle.

Relationship marketing

Customer relationship marketing is supported by customer relationship management. Think of customer relationship marketing as a strategy and customer relationship management as an action. The latter can be used to carry out the former.

To understand these concepts better, let's break down the definition of each, their stages, and examples of each one.

According to Techopedia, **customer relationship marketing** is "a business process in which client relationships, customer loyalty, and brand value are built through marketing strategies and activities."

Relationship Marketing vs. Relationship Management

Relationship Marketing-

Relationship marketing is a sales approach focusing on building a long-term relationship that benefits both the customer and the business. Some of the techniques businesses use in relationship marketing include providing consistently excellent customer service, getting to know the individual and anticipating their future needs, and offering discounts and special perks through loyalty programs for repeat customers. The rise of the internet gives small businesses ample opportunity to build relationships and engage with customers by inviting them to visit their websites and comment on blogs, as well as interact on social media sites such as Facebook, Twitter, Pinterest, YouTube and LinkedIn.

CRM-

CRM is the acronym for customer relationship management, a phrase describing web-based computer systems or software that helps businesses organize and provide marketing, sales and customer service assistance. Data collected includes information about customers' purchasing history, demographics, details of purchases and returns, and anything that will help salespeople assist the customer in future interactions. Much of this data must be entered by the sales team. CRM systems are also mined to identify new sales leads and potential new product or service areas.

Main Differences-

While relationship marketing is a sales and marketing concept, CRM refers to the tools used to carry out the concept. Relationship marketing is implemented as a strategy and includes activities such as identifying long-term sales and retention goals, public relations, marketing and advertising campaigns.

CRM includes the operational tasks that support the relationship marketing strategy. Activities may include gathering data about the customers, then organizing and analyzing it to create target customer profiles. CRM data is also effective in finding opportunities to create special offers to reward long-time customers for their loyalty, further building the relationship.

Relationship Marketing	**Relationship Management**
1. Focus on buyer-seller relationship	1. Focus on supplier customer relationship
2. Relationship are built using technology	2. Emphasizes what man can do with technology
3. Commonly used in B2B and service firms.	3. Commonly used in consumer goods and service process.

Types of Customer Relationship Managment

1. Operational CRM: Operational CRM provides support to “front office” business processes, including sales, marketing and service. Each interaction with a customer is generally added to a customer’s contact history, and staff can retrieve information on customers from the database as necessary. One of the main benefits of this contact history is that customers can interact with different people or different contact “channels” in a company over time without having to repeat the history of their interaction each time. Consequently, many call centers use some kind of CRM software to support their call centre agents.

2. <u>Collaborative CRM</u>: Collaborative CRM covers the direct interaction with customers, for a variety of different purposes, including feedback and issue- reporting. Interaction can be through a variety of channels, such as internet, email, automated phone (Automated Voice Response AVR), SMS or through mobile email. Studies have shown that feedback through SMS or mobile email provides greater efficiency relative to alternative channels. Part of this has to do with the ease of use of particular feedback channels. The objectives of Collaborative CRM can be broad, including cost reduction and service improvements.

3. <u>Analytical CRM</u>:Analytical CRM analyses customer data for a variety of purposes including:

i. Design and execution of targeted marketing campaigns to optimize marketing effectiveness

ii. Design and execution of specific customer campaigns, including customer acquisition, cross-selling, up-selling, retention**iii**. Analysis of customer behaviour to aid product and service decision making (e.g. pricing, new product development etc.)**iv**. Management decisions, e.g. financial forecasting and customer profitability analysis**v**. Prediction of the probability of customer defection (churn).

Analytical CRM generally makes heavy use of predictive analytics.

<u>Significance (Importance) of CRM</u>:

1. <u>Better service to customers</u>:CRM provides more avenues for customers to communicate and explain their needs to the organization through numerous contact points. Customers get increased satisfaction and a feeling of being special and important because of the increased personalization of services and customization of goods offered to them.

2. <u>Customization of market offerings</u>: Companies can customize a product or service depending on the data available with the firm. The firm can facilitate customer-company interaction through the company contact centre and web site. Such interactions help develop customized products.

3. <u>Reduction in the customer defection rate</u>:CRM emphasizes on training and development of the employees to become more customer oriented. Due to CRM training and development, employees show care and concern towards the valuable customers; therefore, the customer defection rate may be reduced.

4. <u>Increase and improvement in long-term relationships</u>: Some firms treat their customers as partners. Firms solicit the help of the customers to design new products or to improve their services. If the customer gets involved with the firm, they are more likely to remain with the firm.

5. <u>Increase in customer equity</u>:CRM increases customer equity. Firms focus the marketing efforts more on the most valuable customers (MVCs). The main aim of CRM is to produce high customer equity. Customer equity is the sum of lifetime values of all customers.

6. <u>Competitive advantage</u>: The firms that adopt CRM get competitive advantage in the market. They can face the competition with much ease. Competitive advantage helps in generating higher returns on investment.

7. Building and maintaining corporate image: The image of the firm also gets enhanced. Loyal customers become evangelists. The evangelists spread a good word about the company and its products. This enables a firm to get additional customers to its fold.

8. Higher return on investment: Due to CRM, a company gains a position to generate higher returns on investment. This is because of the repeat purchases on the part of the loyal customers. The company also makes money through cross selling. The higher return on investment increases the shareholders' value.

Global Marketing

Global marketing involves planning, producing, placing, and promoting a business' products or services in the worldwide market.There is significantly more to global marketing than simply selling goods and services internationally. It is the process of conceptualizing and subsequently conveying a final product or service globally. The company aims to reach the international marketing community.

Global marketing is a specialized skill. If marketing professionals do their job properly, they can catapult their company to the next level.

Several different strategies are possible. Which one to implement depends on the company's target area. For example, the menu of a fast food restaurant will depend on whether it is in Europe, Asia, Africa, etc.

Global marketing is part of marketing. Marketing refers to analyzing the market, finding out what consumers want, and determining whether you can make it at the right price. You then produce it and sell it.

As per Prof M.V. Kulkarni "Global marketing involves identifying needs, wants and demand of global customers and making the products/services available to them either through own manufacturing or outsourcing and distributing the product/service at the places convenient for consuming."

Advantages:

a. Economies of scale in production and distribution

b. Lower marketing costs

c. Power and scope

d. Consistency in brand image

e. Ability to leverage good ideas quickly and efficiently

f. Uniformity of marketing practices

g. Helps to establish relationships outside of the "political arena"

h. Helps to encourage ancillary industries to be set up to cater for the needs of the global player

i. Benefits of e-Marketing over traditional marketing

Current Scenario of Global Marketing

The marketing world moves at the speed of light.

As a marketer at any experience level, keeping up with these changes isn't always easy. But, to succeed in the fast-paced marketing world — and maintain a sense of relevance with your audience — it's vital to stay ahead of them.

To help businesses build cutting-edge and competitive marketing strategies in 2023, the Hub Spot Blog surveyed more than 1,000 global marketing professionals — and talked to a handful of industry experts — to create this bookmark able guide of marketing trends to watch in the next year.

Trend 1. Brands answer economic instability with marketing investments

Financial uncertainty such as inflation, supply issues and a looming recession is the top-of-mind concern for brands globally. Rather than cost cutting, brands surveyed are planning to weather financial uncertainty with marketing investments.

Globally, the top three strategies include:

a. Accelerating to new digital platforms/technologies

b. Expanding into new markets, segments, and geographies

c. Implementing systems such as artificial intelligence and create greater customer personalization

Trend 2. Chief marketing officers drive growth through internal sustainability efforts

While there are many potential approaches to sustainability, brands surveyed are concentrating their efforts on shoring up the sustainability of their own internal practices, rather than trying to influence customer behavior. These efforts not only establish an authenticity to brands' marketing initiatives but leverages heightened awareness of global uncertainties to help build a more secure, sustainable future.

Globally, the top three sustainability strategies include:

a. Improving sustainability of internal marketing practices

b. Promoting more sustainable product and service offerings

c. Establishing long-term sustainability commitments

Trend 3. Creativity as a force for growth

High-growth brands surveyed are prioritizing creativity as a force for long-term growth over their low-growth counterparts. High-growth brands also place a higher priority on increased risk taking, cross functional collaboration, and looking to the marketing function for its most creative ideas.

Trend 4. Rising technologies for marketers to watch

Which new technologies most interest marketing leaders this year—and which are likely to sustain their interest over the long term? Marketers have their eye on expanding their investment in block chain and the metaverse.

Global Marketing Environment

The Global international marketing environment surrounds and impacts upon the organization. Marketers aim to deliver value to satisfied customers, so they need to assess and evaluate the internal environment and the external environment which is subdivided into micro and macro.

Thus, there are mainly two components of international marketing environment:

1. Internal Environment
2. External Environment

1. Internal Environment: Internal environment refers to the firm related factors. The firm related factors are referred to as controllable variables because the firm has control over them and can (relatively easily) change them as may be thought appropriate as its personnel, physical facilities, organization and functional means such as marketing mix, to suit the environment.

The internal environment of the company includes all departments, such as management, finance, research and development, purchasing, operations and accounting. Each of these departments has an impact on international marketing decisions. For example, research and development have input as to the features a product can perform and accounting approves the financial side of marketing plans.

The ability of a firm to do international business depends on a number of internal factors like the mission and objectives of the firm; the organizational and management structure and nature; internal relationship between employees, shareholders and Board of Directors, etc.; company image and brand equity; physical assets and facilities; R&D and technological capabilities; personnel factors like skill, quality, morale, commitment, attitude, etc.; marketing factors like the organization for marketing, quality of the marketing men and distribution network; and financial factors like financial policies, financial position and capital structure.

2. External Environment: External environment refers to the factors outside the firm. These factors are uncontrollable or we can say that these are beyond the control of a company. The external environmental factors such as the economic factors, socio-cultural factors, government and legal factors, demographic factors, geographical factors etc. are generally regarded as uncontrollable factors.

The external environment may further be divided in two parts:

a. Micro Environment and

b. Macro Environment.

A. Micro Environment: The micro environment is made from individuals and organizations that are close to the company and directly impact the customer experience. They can be defined as the actors in the firm’s immediate environment which directly influence the firm’s decisions and operations. These include, suppliers, various market intermediaries and service organizations, competitors, customers, and publics. The micro environment is relatively controllable since the actions of the business may influence such stakeholders.

1. Suppliers: Marketing managers must watch supply availability and other trends dealing with suppliers to ensure that product will be delivered to customers in the time frame required in order to maintain a strong customer relationship.

2. Marketing Intermediaries: Marketing intermediaries refers to resellers, physical distribution firms, marketing services agencies, and financial intermediaries. These are the people that help the company promote, sell, and distribute its products to final buyers.

3. Customers: Another aspect of microenvironment is the customers. There are different types of customer markets including consumer markets, business markets, government markets, international markets, and reseller markets. The consumer market is made up of individuals who buy goods and services for their own personal use or use in their household. Business markets include those that buy goods and services for use in producing their own products to sell.

4. Competitors: Competitors are also a factor in the micro environment and include companies with similar offerings for goods and services. To remain competitive a company must consider who their biggest competitors are while considering its own size and position in the industry. The company should develop a strategic advantage over their competitors.

5. Publics: The final aspect of the microenvironment is publics, which is any group that has an interest in or impact on the organization's ability to meet its goals. For example, financial publics can hinder a company's ability to obtain funds affecting the level of credit a company has. Media publics include newspapers and magazines that can publish articles of interest regarding the company and editorials that may influence customers' opinions.

B. Macro Environment: The macro environment is less controllable. The macro environment consists of much larger all-encompassing influences (which impact the micro environment) from the broader global society. The macro environment includes culture, political issues, technology, the natural environment, economic issues and demographic factors amongst others.

1. Social/Cultural Environment: The social/cultural environment consists of the influence of religious, family, educational, and social systems in the marketing system. Marketers who intend to market their products overseas may be very sensitive to foreign cultures. While the differences between home country and those of foreign nations may seem small, marketers who ignore these differences risk failure in implementing marketing programmes. Failure to consider cultural differences is one of the primary reasons for marketing failures overseas.

These include:

(a) Language,(b) Colour,(c) Customs and taboos,(d) Values,(e) Aesthetics,(f) Time,(g) Business norms,
(h) Religion, and(i) Social structures.

Each is discussed in the following sections:

(a) Language: The importance of language differences cannot be overemphasized, as there are almost 3,000 languages in the world. Language differences cause many problems for marketers in designing advertising campaigns and product labels

(b) Colours: Colours also have different meanings in different cultures. For example, in Egypt, the country's national colour of green is considered unacceptable for packaging, because religious leaders once wore it. In Japan, black and white are colours of mourning and should not be used on a product's package. Similarly, purple is unacceptable in Hispanic nations because it is associated with death.

(c) Values: An individual's values arise from his/her moral or religious beliefs and are learned through experiences. For example, in America people place a very high value on material well-being, and are much more likely to purchase status symbols than people in India.

(d) Aesthetics: The term aesthetics is used to refer to the concepts of beauty and good taste. The phrase, "Beauty is in the eye of the beholder" is a very appropriate description for the differences in aesthetics that exist between cultures. For example, Americans believe that suntans are attractive, youthful, and healthy. However, the Japanese do not.

(e) Time: Americans seem to be fanatical about time when compared to other cultures. Punctuality and deadlines are routine business practices in the US. However, salespeople who set definite appointments for sales calls in the Middle East and Latin America will have a lot of time on their hands, as business people from both of these cultures are far less bound by time constraints.

(f) Business Norms: The norms of conducting business also vary from one country to the next.

Here are several examples of foreign business behaviour that differ from Indian business behaviour:

(1) In France, wholesalers do not like to promote products. They are mainly interested in supplying retailers with the products they need.

(2) In Russia, plans of any kind must be approved by a seemingly endless string of committees. As a result, business negotiations may take years.

(3) In Japan, businesspeople have mastered the tactic of silence in negotiations.

(g) Religious Beliefs:

A person's religious beliefs can affect shopping patterns and products purchased in addition to his/her values. In the United States and other Christian nations, Christmas time is a major sales period. But for other religions, religious holidays do not serve as popular times for purchasing products.

2. <u>Political Environment</u>: The political environment abroad is quite different from that of India. Most nations desire to become self-reliant and to raise their status in the eyes of the rest of the world. This is the essence of nationalism. The nationalistic spirit that exists in many nations has led them to engage in practices that have been very damaging to other countries' marketing organizations.

(a) Political Stability: Business activity tends to grow and thrive when a nation is politically stable. When a nation is politically unstable, multinational firms can still conduct business profitably. Their strategies will be affected however. Most firms probably prefer to engage in the export business rather than invest considerable sums of money in investments in foreign subsidiaries.

(b) Monetary Circumstances: The exchange rate of a particular nation's currency represents the value of that currency in relation to that of another country. Governments set some exchange rates independently of the forces of supply and demand. The forces of supply and demand set others.

(c) Trading Blocs and Agreements:A trade bloc is a type of intergovernmental agreement, often part of a regional intergovernmental organization, where regional barriers to trade, (tariffs and non-tariff barriers) are reduced or eliminated among the participating states. Regional trading blocs represent a group of nations that join together and formally agree to reduce trade barriers among themselves.

(d) Tariff and Non-Tariff Barriers: The most common form of restriction of trade is the tariff, a tax placed on imported goods. Protective tariffs are established in order to protect domestic manufacturers against competitors by raising the prices of imported goods. The other form of restriction is non-tariff. Countries impose non-tariff barriers to restrict the import of goods indirectly from certain countries. Non-tariff barriers include quota system, restriction on foreign exchange, state trading, etc.

(e) Expropriation: All multinational firms face the risk of expropriation. That is, the foreign government takes ownership of plants, sometimes without compensating the owners. However, in many expropriations there has been payment, and it is often equitable. Many of these facilities end up as private rather than government organizations. Because of the risk of expropriation, multinational firms are at the mercy of foreign governments, which are sometimes unstable, and which can change the laws they enforce at any point in time to meet their needs.

3. <u>Legal Environment</u>: Businesses are affected by legal environments of countries in many ways. Legal environments are not just based on different laws and regulations concerning businesses, these are also defined by the factors like rule of law, access to legal systems by foreigners, litigations systems etc. Variations in legal environments, rule of law, laws, and legal systems affect foreign business firms in a number or areas.

Key areas of business that are affected by legal environments are listed below:

(a) Laws concerning employment and labour affect managing of workforce in international markets.

(b) Different laws in foreign countries regulate financing of operations by foreigners. In some countries foreign firms are restricted access to local deposits/funds.

(c) Various countries around the world have different laws concerning marketing of products, especially food products, pharmaceuticals, hazardous materials and strategic products to a nation.

(d) Countries also control and regulate developing and utilising of technologies through various laws and regulations.

(e) Many countries also have different laws and regulations that affect ownership of businesses by foreigners.

(f) Countries also regulate /restrict remittances to foreign countries and repatriation of profits.

(g) Some countries regulate closing of operations and in some countries businesses are not allowed to close shop especially when they have sold products that have guarantees and warranties from the foreign firms.

(h) Various countries around the world have implemented different trade and investment regulations.

(i) Countries also have their own taxation requirements, systems and laws.

(j) Countries also differ on the accounting reporting requirements from various categories of firms.

(k) Countries around the world have also actively implemented environmental regulations that affect businesses.

4. <u>Technological Environment</u>: Technological know-how impacts all spheres of an international marketer's operations including production, information system, marketing etc. The international marketers must understand technological development and its impact on its total operations. The marketing intelligence system may help the international firm to know technological orientations of other enterprises and to update its own technologies to remain competitive. Research and Development (R&D) has a vital role to play in increasing technological ability of a firm.

New technologies create new markets and opportunities. However, every new technology replaces an old technology. The level of technological development of a nation affects the attractiveness of doing business there, as well as the type of operations that are possible. Marketers in developed nations cannot take many technological advances for granted. They may not be available in lesser developed nations.

Consider some of the following technologically related problems that firms may encounter in doing business overseas:

(a) Foreign workers must be trained to operate unfamiliar equipment.

(b) Poor transportation systems increase production and physical distribution costs.

(c) Maintenance standards vary from one nation to the next.

(d) Poor communication facilities hinder advertising through the mass media.

(e) Lack of data processing facilities makes the tasks of planning, implementing, and controlling marketing strategy more difficult.

5. <u>Economic Environment</u>: The international marketer tries to understand economic environmental variables of the global markets for identifying the right marketing opportunities for the enterprise.

The economic environment is comprised of the following economic variables:

(a) National Income(b) Gross Domestic Product (GDP)(c) Industrial Structure(d) Currency floating (Open/fixed) issue(e) Demand patterns(f) Balance of Payment (BOP) status(g) Economy base (Import/Export)(h) Rate of Economic Growth(i) Occupational Pattern(j) State of Inflation(k) Consumer Mobility.

The economic situation varies from country to country. There are variations in the levels of income and living standards, interpersonal distribution of income, economic organization, and occupational structure and so on. These factors affect market conditions. The level of development in a country and the nature of its economy will indicate the type of products that may be marketed in it and the marketing strategy that may be employed in it.

In high income countries there is a good market for a large variety of consumer goods. But in low-income countries where a large segment does not have sufficient income even for their basic necessities, the situation is quite different. A nation's economic situation represents its current and potential capacity to produce goods and services. The key to understanding market opportunities lies in the evaluation of the stage of a nation's economic growth.

6. <u>Competitive Environment</u>: To plan effectively international marketing strategies, the international marketer should be well-informed about the competitive situation in the international markets.

By competitive environment we mean the following variables:

(a) Nature of competition(b) Players in the competition

(c) Strategically weapons used by the participants(d) Competition regulations

Entering an international market is similar to doing so in a domestic market, in that a firm seeks to gain a differential advantage by investing resources in that market. Often local firms will adopt imitation strategies, sometimes successfully. When they are successful, their own nation's economy receives a good boost. When they are not successful, the multinational firm often buys them out.

Japanese marketers have developed an approach to managing product costs that has given them a competitive advantage over US competitors. A typical American company will design a new product, and then calculate the cost. If the estimated cost is too high, the product will be taken back to the drawing board.

Following are the ways an international marketer can handle competition:

(i) Proper knowledge about the competitors

(ii) Knowledge of competitors' objectives

(iii) Knowledge of competitors' strategies

(iv) Knowledge of competitors' reaction patterns

(v) Knowledge of competitors' strengths and weakness.

Global Marketing: Entry Strategies

Once the company has committed to go global it must choose an entry strategy, i.e., the best mode of entering into global marketing.

The usual entry strategies are:

1. Exporting:A marketer can enter the global market by exporting from the home country. This is an easier and common entry strategy as a first step to enter the global market. There is minimum risk of financial liability. It can be adopted even by a mature global company. Exporting is an appropriate and permanent form of global operation in marketing.

2. Licensing: It is a good method to enter a global market. It does not involve large capital investment. The license agreement may provide patent rights, trade mark rights, and the rights to use technological processes. The exporter (licensor) gains entry into another country at limited risk.

License may be granted for production process, for the use of patents, or merely for distribution of imported goods, if foreign companies are not allowed by a country, licensing acts as an ideal entry strategy in global markets.

3. Franchising: Franchising is a rapidly-growing form of licensing in which the franchiser provides the franchisee a standard package of products, as well as management and distribution systems/services. The franchisee (licensee) offers market knowledge, capital and personal involvement in management and marketing.

Franchise companies can also enter a foreign market through a joint venture with a local company. However, in a joint venture franchisor and franchisee become regular partners in business. Even a Government can become a partner in franchising.

4. Contract Manufacturing: It is an alternative entry strategy to licensing. A company enters into a contract with a foreign producer to manufacture products for sale in the foreign markets only. The company retains responsibility for promotion and distribution of its product. Contract manufacturing is common in book publishing and magazine publishing industry (e.g., Indian Edition of American book for India).

5. Management Contract: Under this type of entry, a company contracts with a foreign corporation or government to manage an entire project or undertaking for an agreed period. Management contracts provide for training of local personnel who will, in due course, take over full management responsibility, in the installation of modern telecommunication system such a form of entry into a foreign market is quite common.

6. Joint Venture: Joint venture is a typical form of foreign collaboration adopted by a multinational corporation to expand its business in foreign countries, particularly in developing countries. Such joint deals take place between two or more units when these units come together for financial, managerial and technical collaboration. Joint venture is a partnership between the business houses or corporations of two countries.

The global partner or collaborator supplies capital, technology as well as managerial and technical personnel to start a project in another country. Multinational corporations are particularly interested in expanding their production and markets through joint ventures all over the world.

7. Direct Investment (Manufacturing Abroad): Global investment in foreign countries indicates total involvement in production, finance, marketing and management of business in foreign countries. The biggest involvement in a global market is through direct investment or assembling facilities in foreign countries. This is done when foreign countries have no objection and the foreign market is vast. India has now agreed for direct investment, particularly in its infrastructure development, i.e., in transport, power and communication.

This pattern of marketing enables the marketer to use low-cost manpower, avoid several import-export restrictions, reduce cost of transport and distribution and secure access to local raw materials. Of course, in such global investment the marketer has 100 percent, ownership.

Global P's of Marketing

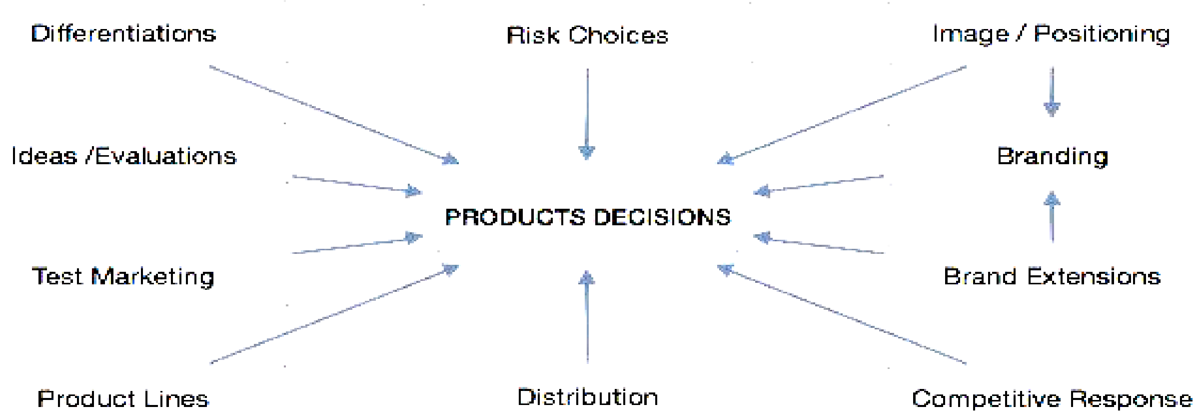
Global Marketing combines the promotion and selling of goods and services with an increasingly interdependent and integrated global economy. It makes the companies stateless and without walls.

The **4P's** of Marketing − **product, price, place, and promotion** − pose many challenges when applied to global marketing. We take each one of the **P's** individually and try to find out the issues related with them.

I. Products:

The product and service mix is one of the most important ingredients for the global marketer today. The diverse demand for products and services in the era of globalization is mind-blowing. Presence of industrialized and emerging markets, increasing purchasing power, and the growth of Internet has made the customers aware, smart, and more demanding. The result is a greater competition between firms.

Here are the important factors to consider when going global with a product or service.



The global consumer makes purchasing decisions to get the best quality products at the most affordable price. They have information available in abundance, thanks to the Internet. Therefore, **innovation** takes center-stage to gain adequate attention from potential consumers.

A global marketer must be **flexible enough to modify the attributes** of its products in order to adapt to the legal, economic, political, technological or climatic needs of a local market. Overall, global marketing requires the firms to have available and specific processes for product adaptation for success in new markets.

Culture can differentiate a standardized product from an adapted one. Making cultural changes in product attributes is like introducing a new product in your home country. The product should meet the needs, tastes, and patterns that are permitted by the market culture.

Lastly, it is essential to understand that a product or service is not just one "thing." It should be seen as a part of the whole marketing mix so that a great synergy can be built among different strategies and actions.

II. Price:

Pricing is a crucial part of the marketing mix for international firms. Pricing techniques play a critical role when a company wants to penetrate into a market and expand its operations.

Drivers in Foreign Market Pricing

The most important factors that decide the prices are labelled the **4 C's** −

- Company (costs, company goals)
- Customers (price sensitivity, segments, consumer preferences)
- Competition (market structure and intensity of competition)
- Channels (of distribution)

International Pricing Challenges

Global firms face the following challenges while pricing their products and services to suit the requirements of international market −

1. Export Price Escalation - Exporting includes more steps and higher risks than domestic sale. To make up for shipping, insurance and tariffs, and foreign retail prices, the export price may be much higher than domestic country. It is important to know whether external customers are willing to pay an additional price for the products/services and whether the pricing will be competitive in that market.

2. Inflation - Intense and uncontrolled inflation can be a huge obstacle for MNCs. If inflation rates are rampant, setting prices and controlling costs require full dedication of marketing and financial divisions. Some alternatives to counter inflation include changing the components of products or their packaging, procuring raw materials from low-cost suppliers and shortening credit terms, etc.

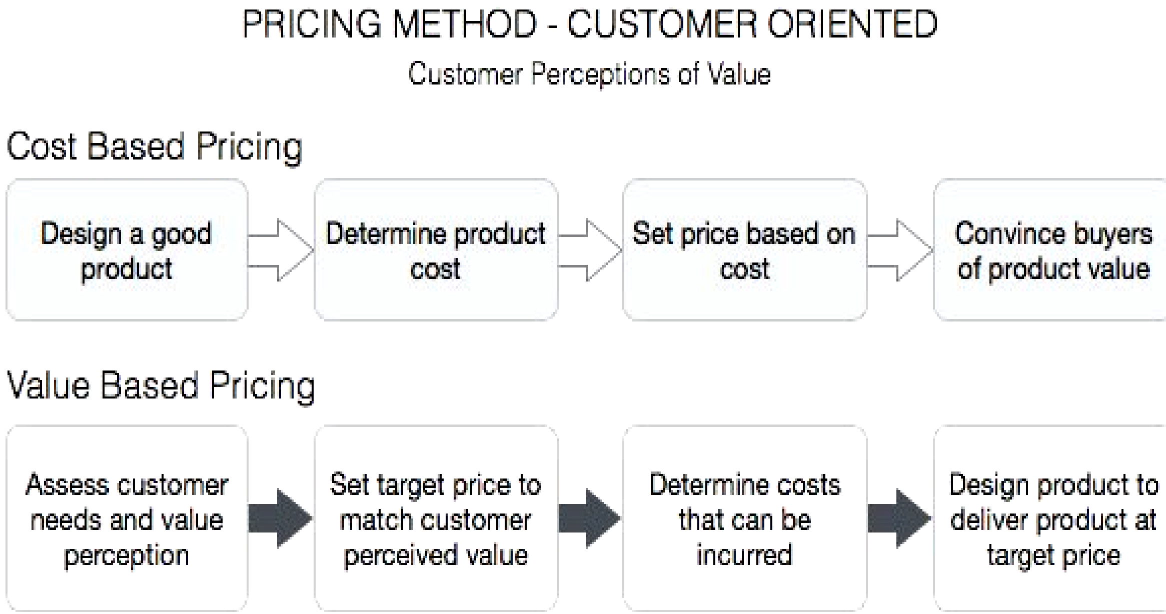
3. Currency Movements - Exchange rates being unstable, setting a price strategy that can get rid of fluctuations gets difficult. Key considerations include what proportion of exchange rate gain or loss should be transferred to customers (the pass-through issue), and finding which currency price quotes are given in.

4. Transfer Pricing -Transfer prices are the charges for transactions that involve trade of raw materials, components, finished products, or services. Transfer pricing include stakeholders, such as the company, local managers, host governments, domestic governments, and joint-venture partners. Tax regimes, local conditions, imperfections, joint venture partners and the morale of managers affect transfer pricing.

5. **Anti-dumping Regulations** - Dumping occurs when imports are sold at an unfair and very low price. Recently countries have adopted anti-dumping laws to protect their local industries. Anti-dumping laws should be considered when deciding global prices.

6. Price Coordination − Price coordination is the relationship between prices charged in different countries. It is an important consideration while deciding the global pricing model. Price coordination includes the following factors − Nature of customers, Product differentiation amount, Nature of distribution channels, Competition type, Market Integration, Internal organizational characteristics, and Government regulations.

7. Countertrade − Countertrades are unconventional trade-financing transactions including non-cash compensation. A monetary valuation can however be used in countertrade for accounting purposes. In dealings between sovereign states, the term bilateral trade is generally used. Examples include clearing arrangements, buybacks, counter purchases, switch trading, and offsets.



III. Promotion

Promotion comes into picture when a global company wants to communicate its offering to potential customers. How an organization chooses to promote its products and services can have a direct and substantial impact on its sales.

Advertising and Culture

Advertising can create a popular culture and a culture may influence the ad as well. Culture's impact in advertising is prevalent, especially in culturally-sensitive issues like religion and politics.

Setting a Budget

A global marketer can consider budgeting rules such as percentage of sales (creating budget as a percentage of sales revenues), competitive parity (taking competitor's ad spending as a benchmark), or objective-and-task (treating promotional efforts to achieve stated objectives). Global markets use **three approaches** to reach allocation decisions −

- In **bottom-up budgeting,** the units independently determine the market budget and request resources from headquarters.
- In **top-down budgeting,** the headquarters set a total budget and split up the resources.
- Decisions may also be made at a **regional level** and submitted to the headquarters for their approval.

Promotional Strategy

When global marketers choose a standardized approach, the same global campaign is applied throughout all countries.

- **Advantages** − Achieving economies of scale in ad campaigns to reduce cost, maintaining a consistent brand image.
- **Barriers** − Cultural differences resulting in negative or ineffective consumer response, advertising laws and regulations, variations in degree of marketing development.

Assessing Global Media Decisions

Global media decisions are a big concern for global firms. The media buying patterns vary across countries. A global marketer must find the best media channels in a market.

Ad Regulations

Foreign regulations on advertisements may be present in a specific country. Research of the laws in the country of operation is necessary before developing a campaign, to avoid legal implications and waste of time and money.

Choosing an Agency

Choosing an ad agency may prove more effective due to their understanding of the country and market they are doing business in.

Other Communication Options

Sales events, direct marketing, sponsorships, mobile marketing, product placement, viral marketing, and public relations and publicity are also applicable.

Globally Integrated Marketing Communications (GIMC)

A GIMC is a system of promotional management that coordinates global communications - horizontally (from country to country) and vertically (promotion tools). GIMC is meant to harmonize the promotional and communication disciplines in every way. All communication vehicles may be integrated so that they convey the single idea to all concerned in a unified voice.

III. Distribution

In order to be successful in a global market, a marketer must make its products and accessible to customers at all costs. Distribution channels make up the "place" in the 4 P’s of the marketing mix (along with Product, Price, and Promotion).

Distribution Processes and Structures

The distribution process deals with product handling and distribution, the passage of ownership (title), and the buy and sell negotiations.

Traditionally, **import-oriented distribution** structures relied on a system where importers controlled a fixed supply of goods. The marketing was based on the idea of limited suppliers, high prices, and smaller number of customers. Today, the import-oriented model is hardly used. Channel structures have become more advanced with overall development.

Distribution Patterns

To understand a foreign distribution system, marketers should never believe that it is the same as the domestic one. Many distribution patterns exist in retailing and wholesaling. Size, patterns, direct marketing, and the resistance to change affect the composure of distribution channels.

- **Retail size and pattern** − Company's may either sell to large, dominant retailers directly or distribute to smaller retailers.
- **Direct marketing** − The challenge in underdeveloped nations is handled through direct marketing. Direct marketing occurs when consumers are targeted through mail, telephone, email, or door-to-door selling. This process also doesn't take retailer and wholesaler types into consideration.

Choosing Your Middleman

The channel process starts with manufacturing and ends with the final sale to the customer. It is most likely to counter many different middlemen in the process. There are three types of middlemen in distribution channels −

- **Home-Country Middlemen** − They provide marketing and distribution services from a domestic base in the home country. The parties usually relegate the foreign-market distribution to others; including manufacturer or global retailers, export management companies, or trading companies.
- **Foreign-Country Middlemen** − For a greater control, foreign-country middlemen are hired who can create a shorter channel and have more market expertise.
- **Government-Affiliated Middlemen** − Government-affiliated middlemen are often responsible in distribution for the government's use.

Recent trends and innovation in marketing

1. More Emphasis on Quality, Value, and Customer Satisfaction: Today's customers place a greater weight to direct motivations (convenience, status, style, features, services and qualities) to buy product. Today's marketers give more emphasis on the notion, "offer more for less."

2. More Emphasis on Relationship Building and Customer Retention: Today's marketers are focusing on lifelong customers. They are shifting from transaction thinking to relationship building. Large companies create, maintain and update large customer database containing demographic, life-style, past experience, buying habits, degree of responsiveness to different stimuli, etc., and design their offerings to create, please, or delight customers who remain loyal to them. Similarly more emphasis is given to retain them throughout life. Marketers strongly believe: "Customer retention is easier than customer creation."

3. More Emphasis on Managing Business Processes and Integrated Business Functions: Today's companies are shifting their thinking from managing a set of semi independent departments, each with its own logic, to managing a set of fundamental business processes, each of which impact customer service and satisfaction. Companies are assigning cross-disciplinary personnel to manage each process.This is the positive development, which broadens marketers' perspectives on business and also leads to broaden perspective of employees from other department.

4. More Emphasis on Global Thinking and Local Market Planning: As stated earlier, today's customers are global, or cosmopolitan. They exhibit international characteristics. This is due to information technology, rapid means of transportation, liberalization, and mobility of people across the world. Companies are pursuing markets beyond their borders. They have to drop their traditions, customs, and assumptions regarding customers.Decisions are taken by local representatives, who are much aware of the global economic, political, legal, and social realities. Companies must think globally, but act locally. Today's marketers believe: "Act locally, but think globally."

5. More Emphasis on Strategic Alliances and Networks:A company cannot satisfy customers without help of others. It lacks adequate resources and requirements to succeed. Company needs to involve in partnering with other organizations, local as well as global partners who supply different requirements for success.Senior manager at top-level management spends an increasing amount of time for designing strategic alliance and network that create competitive advantages for the partnering firms. Merger, acquisition, and partnering are result of a strong thirst for strategic alliance and networks.

6. More Emphasis on Direct and Online Marketing: Information technology and communication revolution promise to change the nature of buying and selling. Companies follow direct channel in term hiring salesmen, setting own distribution network, designing network marketing, applying online marketing, and contracting with giant shopping/retailing malls.

7. More Emphasis on Services Marketing: As per general survey, about 70% people are, either directly or indirectly, involved in service marketing. Because services are intangible and perishable, variable and inseparable, they pose additional challenges compared to tangible good marketing. examples are banking, insurance, and other services.

8. More Emphasis on High-tech Industries: Due to rapid economic growth, high-tech firms emerged, which differ from traditional firms. High-tech firms face higher risk, slower product acceptance, shorter product life cycles, and faster technological obsolescence. High-tech firms must master the art of marketing their venture to the financial community and convincing enough customers to adopt their new products.

9. More Emphasis on Ethical Marketing Behavior: The market place is highly susceptible to abuse by those who lack scruples and are willing to prosper at the expense of others. Marketers must practice their craft with high standards. Even, governments have imposed a number of restrictions to refrain them from malpractices. Marketers are trying to sell their products by obeying and observing moral standards or business ethics.

Green Marketing Introduction

Green marketing is not a simple or easy concept. Green marketing is a marketing of environmentally friendly products/services. It has become more popular because people has become more concerned with environmental issues and they try to purchase those product that are kinder to the planet.Green Marketing is the marketing of products and Services that are eco-friendly with environment. Thus green marketing includes a large range of activities like product Alteration, Adopting new technology in production process, good packaging and labeling and also adopting new strategies for product advertising. Green marketing is growing need among the consumers all over the world due to the safety of environment. In recent time in India Green Marketing has become so popular because so many companies looking for a good opportunity in this sector.

According to American Marketing Association, Green marketing is about marketing a product which is environmental friendly. Green marketing should look at minimizing environmental harm, not necessarily eliminating it

Nature/Characteristics of Green Products

With the help of green technology those products are made and that are followed process to safety of environment are known as green products. The following are some Characteristics of Green Products.

1. It is originally grown
2. It is recyclable, reusable and biodegradable Product
3. It has natural ingredients
4. Only approved chemicals contents
5. Products that do not pollute the environment
6. It is not harmful for environment
6. Not tested on animals
7. Products that have eco-friendly packaging

Importance of Green marketing

1. **Big Opportunity**: -More than 30% of consumers prefer ecofriendly products in India. So there is a big Opportunity for marketers have diverse segments to cater to.

2. **Social Responsibility**: **-** It's a Social Responsibility of companies to behave in an environmental friendly manner. Companies realize that they should fulfill social responsibility for environmental objectives as well as organization profits objectives.

3. **Support by Government**: - There are so many rules and regulation made by the governments to protect consumers as well as society. The Govt. of India has also banned plastic bags in various state to reduce the production of harmful products.

4. **Cost Saving**: - Reduces of harmful waste may lead to saving in cost.

Agile marketing

Agile marketing is the application of agile values and principles to manage the way a marketing team gets work done. At its core, an agile approach values flexibility, iteration, and speed. It enables you to quickly learn what does and does not work, so you can incrementally improve the results of your marketing efforts.

Agile marketing is a response to the way marketing practices have changed over the last 30 years. Traditionally, marketing teams used channels like radio, print advertising, and billboards to reach a broad audience. They invested large amounts of time and money to launch a big campaign once or twice a year. And they had limited tools available to measure return on investment.

But the internet has transformed how marketing teams function. Digital marketing mediums such as online display advertising, search engines, email, and social media are now the primary way to deliver targeted messages to customers. These mediums allow marketing teams to capture a large amount of data about customer behavior and gain valuable insights into their preferences.

Accordingly, marketing teams today need to work in a way that is more incremental, measurable, and compatible with our rapidly changing digital world. This is why many organizations are turning to agile marketing. It allows teams to be nimble, offer more personalized messages, stay competitive, and deliver better results for the business.

Benefits of Agile marketing

Agile marketing teams that bring a clear strategy to their work are able to move fast and with purpose. According to a 2017 survey, 94 percent of companies say that agility and collaboration are essential to their success. And 32 percent report that they are already taking steps to be more agile.

So what does implementing an agile methodology look like in practice? Besides moving quickly, different marketing functions can use data or customer feedback to inform how they approach their work.

For example, marketing managers can explore new channels and methods to increase traffic, digital teams can reallocate online ad spending, and content teams can adjust their editorial calendar or test and iterate on social media strategies.

Additional benefits to adopting an agile marketing approach include:

1. Integrated programs and campaigns

Teammates in digital, content, and product marketing are aligned on the marketing plans and can deliver a consistent and seamless experience to prospects and customers.

2. Cost savings

Iterating means that you do not waste time and resources on approaches that are not suited for your target audience. For example, if a channel is not delivering the results you want, then you can quickly stop investing in it.

3. Data-driven decisions

Tracking real-time data gives you valuable insights into audience behavior. Traffic, clicks, and conversion rates shed light on how your programs and campaigns are performing — and what needs to be adjusted to better reach customers.

4. Transparency and trust

Constant communication and collaboration across marketing teams helps ensure that everyone's skills are properly utilized and that capacity is fairly balanced across teammates.