

International Marketing

Lecture 2

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I. Syllabus

II. What is marketing ?

1. What is Marketing?

Marketing is the process of **understanding customer needs** and creating, communicating, and delivering value to satisfy those needs—while helping organizations achieve their goals.

- It's **not just selling or advertising**.
- It's about **finding out what people want, designing products/services** they value, **setting a fair price, making it available where they can buy, and promoting it effectively.**

4 P's (Product, Price, Place, and Promotion)

👉 In short: **Marketing = creating value for customers and building strong relationships to capture value in return.**

2. Key Marketing Theories

(a) The 4P's of Marketing (McCarthy, 1960)

- **Product:** What you sell (design, features, quality).
- **Price:** What the customer pays (discounts, strategy).
- **Place:** How it's distributed (stores, online, delivery).
- **Promotion:** How people learn about it (ads, social media).

Example: Starbucks →

- Product: coffee, snacks, "third place" atmosphere.
- Price: premium (higher than local cafes).
- Place: convenient city-center stores, mobile ordering.
- Promotion: lifestyle branding, loyalty rewards app.

(c) STP Model (Segmentation, Targeting, Positioning)

<Marketing Strategy>

- **Segmentation:** Divide the market into groups (age, income, lifestyle).
- **Targeting:** Choose which group to serve.
- **Positioning:** Create a clear image in customers' minds.

Example: Nike → targets athletes and fitness enthusiasts; positions itself as "inspiring every athlete in the world."

3. Why Marketing Theories Matter

- They **help businesses design strategies.**
- They **explain consumer behavior.**
- They **bridge economics, psychology, and management.**
- For students: understanding these helps analyze real companies and their success/failure.

III. Process of Marketing Management

- R->STP->MM->I->C (five steps)

1. R: Research (Market Research)

2. STP: Segmentation, targeting, and positioning (strategy)

3. MM: Marketing Mix (popularly known as the four P's (product, price, place, and promotion.))- marketing tactics

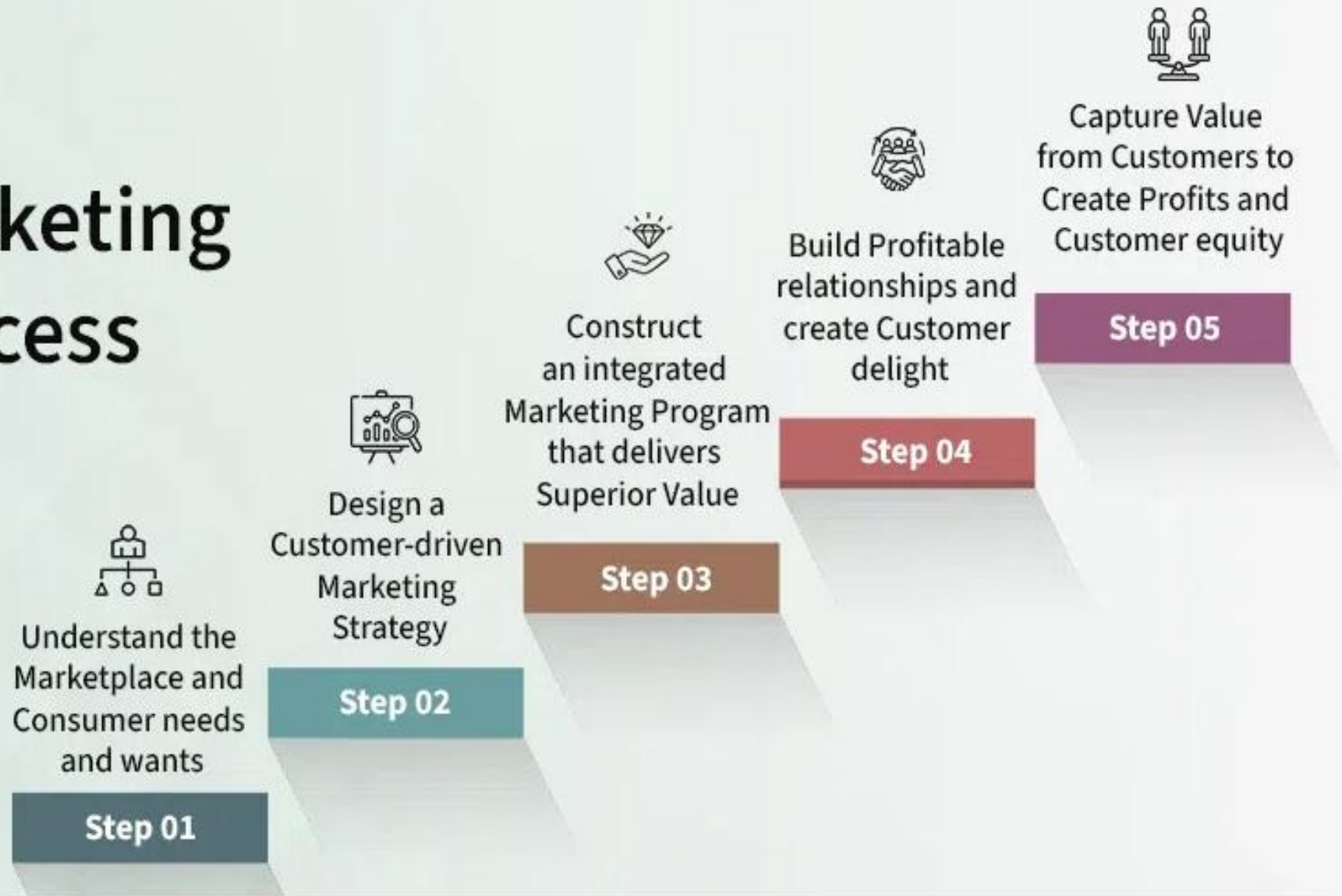
4. I : Implementation

5. C: Control (getting feedback, evaluating results, and revising or improving STP strategy and MM tactics)





Marketing Process



Marketing Process

Global companies usually follow a **structured and widely accepted marketing process** that helps them stay consistent while adapting to local markets. Here's the general flow most well-known firms use:

1. Market Research & Environmental Analysis

- Gather data on customer needs, industry trends, and competitors.
 - Use tools like PESTEL (political, economic, social, technological, environmental, legal) and Porter's Five Forces.
 - Example: Apple constantly studies consumer behavior before launching new iPhones.
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2. Market Segmentation, Targeting, and Positioning (STP)

- **Segmentation:** Divide the market into meaningful groups (e.g., age, income, lifestyle).
- **Targeting:** Choose the most profitable segments.
- **Positioning:** Define how the brand should be perceived in consumers' minds.
- Example: Tesla positions itself as a premium, sustainable EV brand.

3. Marketing Strategy Development (4Ps / 7Ps)

- **Product:** Innovate and ensure quality.
 - **Price:** Decide between premium, competitive, or penetration pricing.
 - **Place:** Distribution channels—offline, online, D2C.
 - **Promotion:** Advertising, digital campaigns, PR, influencers.
 - For services, firms often extend to 7Ps (People, Process, Physical Evidence).
 - Example: Coca-Cola applies consistent global branding but adapts flavors and promotions locally.
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4. Implementation & Campaign Execution

- Roll out campaigns across channels (digital, retail, events).
- Use integrated marketing communications (IMC) to ensure the same message across platforms.
- Example: Nike blends sports sponsorships, social media, and community events.

5. Monitoring, Feedback & Continuous Improvement

- Measure KPIs like sales growth, customer satisfaction, and ROI.
 - Use analytics and customer feedback loops to refine campaigns.
 - Example: Amazon tracks customer behavior in real-time and tweaks promotions instantly.
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✓ In short, the **marketing process is cyclical**: *Research → STP → Strategy (4Ps/7Ps) → Execution → Evaluation → Adjustment.*

Example 1: Xiaomi (China) – 4 P's

Xiaomi 4P Deep Dive + Competitor Comparison (Huawei, Realme)

Prepared on 2025-09-06

Xiaomi: 4Ps Snapshot

- Product
 - Triathlon: Hardware + Internet Services + New Retail
 - AIoT ecosystem (phone as hub), HyperOS
 - Flagship imaging via Leica partnership
 - New category: EV (SU7)
- Price
 - Hardware net profit cap ~5%
 - Aggressive entry pricing; bundles; limited-time flash sales
- Place
 - Omni-channel: Mi.com, Mi Home, third-party retail
 - Rapid offline expansion in China + overseas
- Promotion
 - Fan/community-driven; Mi Community; social media
 - Localized ambassadors; experiential (factory tours, roadshows)

Deep Dive – Place (Distribution)

- “New Retail” integrates online + offline with data-driven operations
- Large Mi Home / Xiaomi Store footprint in Mainland China (10k+ outlets)
- Overseas push: SE Asia, 200+ Mi Home abroad (Q2 2025), more planned
- Goal: dense physical presence for trials, finance options, after-sales service

Place – India & SEA Execution

- India
 - Started online-first (flash sales); then hybrid with Mi Home + partners
 - Scaling exclusive & preferred partner stores; rural reach
- SEA
 - Prioritize Thailand/Malaysia store rollouts
 - O2O: online discovery → offline trial → app-managed ownership

Promotion – Community & Experiences

- Mi Community forums, social co-creation, low traditional ad spend
- Flash-sale 'hunger marketing' to spark buzz and scarcity
- Experiential: EV factory tours, launch events, camera co-branding (Leica)

Product – Ecosystem & Flagship Storytelling

- Phone-centric AIoT (wearables, home, scooters, TVs) with app tie-ins
- HyperOS → Human × Car × Home integration
- Leica-tuned cameras differentiate premium flagships

Price – Monetize Beyond Hardware

- 5% net hardware profit cap (long-term pledge)
- Value-for-money positioning drives installed base
- Services, ads, cloud, accessories lift lifetime value (LTV)

4P Comparison: Xiaomi vs Huawei vs Realme

Brand	Product	Price	Place	Promotion
Xiaomi	AIoT + EV (Leica imaging)	Value-first; profit cap	Omni-channel ; fast store growth	Community + experiential
Huawei	HarmonyOS; XMAGE imaging; premium focus	Premium/mid-high tiers	Strong offline in China; brand showrooms	Imaging contests; national brand halo
Realme	Mid-range focus; design collabs; youth features	Aggressive promotional pricing	Online-first; expanding offline selectively	"Dare to Leap" youth marketing, social-first

***Realme is a Chinese consumer electronics and technology company, founded on May 4, 2018, by Sky Li (Li Bingzhong), a former Oppo vice president. Realme began as a sub-brand of Oppo but quickly established itself as an independent company. Headquartered in Shenzhen, Guangdong, it is known for producing affordable smartphones and other AIoT products, targeting young consumers with a "Dare to Leap" attitude.**

Market Context – Q2 2025 (Selected)

- Global shipments: Samsung 20%, Apple 16%, Xiaomi 15% (Canalys)
- China: Huawei #1 (~18.1% share; Counterpoint); Xiaomi ~15%
- India: Market up ~7–8% YoY; Xiaomi/realme each ~9–13% share (varies by source/quarter)

Case Questions for Students

- How does Xiaomi's 'New Retail' change CAC and LTV vs online-only models?
- If hardware profit is capped, which service levers maximize margin?
- Design a 90-day Xiaomi retail playbook for Thailand (KPIs, budget, partners).
- Counter Huawei's offline strength: what promotions would you run regionally?
- How should Realme defend youth mindshare as AI features commoditize?

References / Sources (short list)

- Canalys Q2 2025 global share; Counterpoint China Q2 2025
- Xiaomi 2023 AR; Q3 2024 & Q2 2025 investor materials
- SCMP/TechCrunch: 5% profit cap; Leica/Xiaomi press releases
- Wired/Reuters/Yahoo Finance: EV factory tours; store expansion
- India/SEA distribution articles; academic cases on 'hunger marketing'

IV. Current Global Economy Issues

Global economic issues today are ***interconnected***.
Inflation, debt, and inequality affect individuals directly.

Trade wars, climate policies, and geopolitical tensions reshape how nations and businesses interact.

1. Global Inflation and Interest Rates

- **What it is:** Inflation means prices of goods and services rise, reducing purchasing power. Central banks (like the U.S. Federal Reserve or the European Central Bank) raise interest rates to slow inflation.
- **Why it matters:** High inflation makes it harder for families to afford basics (food, rent, fuel) and raises borrowing costs for businesses.
- **Example:** In 2022–2023, global energy and food prices spiked after Russia invaded Ukraine, causing inflation in the U.S., Europe, and many developing countries.

2. U.S.–China Trade and Technology Tensions

- **What it is:** The two biggest economies compete over trade, technology, and supply chains. They impose tariffs, restrictions, and subsidies.
- **Why it matters:** This rivalry reshapes global supply chains, pushes companies to diversify production, and may slow globalization.
- **Example:** The U.S. restricts China's access to advanced semiconductors, while China invests heavily in its own chip industry. This affects global tech companies like Apple, Samsung, and TSMC.

5. Supply Chain Disruptions

- **What it is:** The global system of producing and transporting goods faces risks from pandemics, wars, and trade restrictions.
- **Why it matters:** Shortages raise prices and slow growth. Companies must rethink efficiency vs. resilience.
- **Example:** During COVID-19, carmakers couldn't get enough semiconductors, delaying car production worldwide.

7. Geopolitical Conflicts and Wars

- **What it is:** Wars and political conflicts disrupt trade, energy supply, and investor confidence.
- **Why it matters:** Markets react strongly to uncertainty, oil/gas prices rise, and global trade slows.
- **Example:** Russia–Ukraine war disrupted global grain and energy exports, while tensions in the Middle East affect oil supply.

8. Deglobalization vs. Regionalization

- **What it is:** After decades of globalization, countries are moving toward regional trade agreements and domestic production for security.
- **Why it matters:** This could reduce global efficiency but improve resilience and national security.
- **Example:** The U.S. promotes domestic semiconductor production through the CHIPS Act, while Asia strengthens trade through the Regional Comprehensive Economic Partnership (RCEP).