International Business Strategy

Lecture 11

May 12, 2026

Contents

I. 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**.

👉 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)

- **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))

- R: Research (March Research)

- STP: Segmentation, targeting, and positioning

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

- I : Implementation

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

V. Examples of Successes and Failures in the Marketing

🏆 Global Marketing Successes

1. McDonald’s in India: The Master of Localization

McDonald’s is often cited as the gold standard for **product adaptation.** Recognizing that 40% of India's population is vegetarian and that beef/pork are culturally sensitive, they completely re-engineered their core menu.

- **The Strategy:** They replaced the Big Mac with the **Maharaja Mac** (chicken or veg) and introduced the **McAloo Tikki** (spiced potato patty), which became a cultural staple.
- **The Win:** By building a localized supply chain and respecting religious dietary norms, they transformed from a "foreign invader" into a "local family restaurant."

2. KFC in China: Deep Cultural Integration

While many Western brands struggled in China, KFC thrived by becoming "more Chinese than the Chinese."

- **The Strategy:** Instead of just selling buckets of chicken, they added local breakfast items like **congee** (rice porridge), **egg tarts**, and **soy milk**. They also prioritized a "direct investment" model over franchising, allowing for better quality control and faster expansion into lower-tier cities.
- **The Win:** Today, KFC is the largest fast-food chain in China, frequently utilizing viral social media campaigns like "Crazy Thursday" to maintain high engagement with Gen Z.

3. Starbucks' Digital Ecosystem & "Third Place"

Starbucks succeeded globally by selling an **experience**, not just coffee.

- **The Strategy:** In China and Japan, they positioned their stores as the "Third Place" (between home and work), offering larger, more luxurious seating areas to accommodate social gatherings. They also led the way in digital integration, allowing seamless payment and gifting via platforms like **WeChat**.
- **The Win:** They managed to maintain a premium brand image while scaling aggressively, recently pivoting to an "asset-light" partnership model in 2026 to stay agile against local competitors like Luckin Coffee.

❌ Global Marketing Failures

1. Walmart in Germany: The "Culture Gap"

Walmart's exit from Germany in 2006 (at a $1 billion loss) is a classic example of **psychic distance** and cultural misalignment.

- **The Failure:** Walmart tried to force its "American" culture on Germans. For example, greeters were required to smile at customers—which many Germans found insincere or even flirtatious. They also insisted on bagging groceries, a service German shoppers preferred to do themselves.
- **The Lesson:** Success in one Western market does not guarantee success in another. Institutional differences (like Germany's strong labor unions) and consumer behavior must be researched deeply before entry.

2. Target in Canada: Logistical Hubris

Target's 2013 expansion into Canada is often called the biggest "retail wreck" in history.

- **The Failure:** They opened 124 stores in a single year—a pace that broke their supply chain. Customers walked into stores with **empty shelves.** Furthermore, Target failed to meet the expectation that their Canadian prices would match their cheaper U.S. prices.
- **The Lesson: Pacing** matters. Over-expansion without a robust backend (logistics/IT) can destroy brand equity before it even takes root.

3. Home Depot in China: Misreading the "DIY" Market

In 2012, Home Depot closed its remaining big-box stores in China after years of underperformance.

- **The Failure:** Home Depot assumed the American "Do-It-Yourself" (DIY) culture would translate. In China, however, home improvement is a "Do-It-For-Me" (DIFM) market. Labor is relatively inexpensive, and home repair is often viewed as a professional task rather than a weekend hobby.
- **The Lesson:** A business model that relies on a specific **lifestyle habit** cannot be exported if that habit doesn't exist in the host country.

I. Examples of Marketing Failures by the Global Firms

1. Pepsi — "Come Alive" in China

- **What happened:** Pepsi's 1960s slogan "Come alive! You're in the Pepsi Generation!" was mistranslated in China as "Pepsi brings your ancestors back from the dead."
- **Lesson:** [redacted] critical [redacted]

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- **What happened:** Pepsi's 1960s slogan "Come alive! You're in the Pepsi Generation!" was mistranslated in China as "Pepsi brings your ancestors back from the dead."
- **Lesson:** *Cultural misinterpretation can destroy a campaign.* Localization and linguistic checks are critical in global marketing.

2. Ford Pinto — Brazil Launch

- **What happened:** In Brazil, "Pinto" is a slang term for "small male genitals." The car's name became a joke and damaged its reputation.

3. Coca-Cola — "New Coke" in the U.S. (1985)

- **What happened:** Coca-Cola reformulated its classic drink to compete with Pepsi, but customers hated the change. The backlash was so severe that the company reintroduced "Coca-Cola Classic."

2. Ford Pinto — Brazil Launch

- **What happened:** In Brazil, "Pinto" is a slang term for "small male genitals." The car's name became a joke and damaged its reputation.
- **Lesson:** *Brand names must be tested in each target language* to avoid unintended meanings.

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- **What happened:** Coca-Cola reformulated its classic drink to compete with Pepsi, but customers hated the change. The backlash was so severe that the company reintroduced "Coca-Cola Classic."
- **Lesson:** *Ignoring customer emotional attachment and brand heritage can cause failure.*

4. McDonald's — India Menu Launch

- **What happened:** McDonald's initially offered beef burgers in a country where cows are sacred to many Hindus. Public backlash forced an immediate change.

5. HSBC — "Assume Nothing" Campaign

- **What happened:** HSBC's slogan "Assume Nothing" was mistranslated in several countries as "Do Nothing." The global rebranding cost over $10 million.

4. McDonald’s — India Menu Launch

- **What happened:** McDonald’s initially offered beef burgers in a country where cows are sacred to many Hindus. Public backlash forced an immediate change.
- **Lesson:** *Failure to respect local culture and dietary norms can alienate entire markets.*

5. HSBC — “Assume Nothing” Campaign

- **What happened:** HSBC’s slogan “Assume Nothing” was mistranslated in several countries as “Do Nothing.” The global rebranding cost over $10 million.
- **Lesson:** *Consistency in translation and message clarity are essential in global branding.*

6. Gap — Logo Redesign (2010)

- **What happened:** Gap changed its iconic logo without warning customers. Backlash on social media forced a reversal within a week.

7. Sony — PSP White Campaign

- **What happened:** Sony ran an ad for its white PlayStation Portable showing a white woman dominating a black woman — criticized worldwide as racist.

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- **What happened:** Gap changed its iconic logo without warning customers. Backlash on social media forced a reversal within a week.
- **Lesson:** *Brand identity changes should involve customer engagement and testing.*

7. Sony — PSP White Campaign

- **What happened:** Sony ran an ad for its white PlayStation Portable showing a white woman dominating a black woman — criticized worldwide as racist.
- **Lesson:** *Visuals must be reviewed for cultural and racial sensitivity.*

8. Colgate — “Cue” Toothpaste in France

- **What happened:** Colgate launched a toothpaste called “Cue” in France, unaware that “Cue” was also the name of a pornographic magazine.

[redacted]

9. Walmart — Germany Exit

- **What happened:** Walmart failed in Germany due to cultural mismatches (e.g., enforced smiling seen as fake, and centralized pricing). The company exited the market in 2006 after huge losses.

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8. Colgate — “Cue” Toothpaste in France

- **What happened:** Colgate launched a toothpaste called “Cue” in France, unaware that “Cue” was also the name of a pornographic magazine.
- **Lesson:** *Market research must include local brand associations.*

9. Walmart — Germany Exit

- **What happened:** Walmart failed in Germany due to cultural mismatches (e.g., enforced smiling seen as fake, and centralized pricing). The company exited the market in 2006 after huge losses.
- **Lesson:** *Adapting management and service styles to local consumer expectations is vital.*

10. Kellogg's — India Entry

- **What happened:** Kellogg's cold cereals didn't fit Indian breakfast habits (warm, savory foods). The product didn't sell until the company localized it years later.

[redacted]

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- **Lesson:** *Consumer behavior and eating culture should shape product strategy.*

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11. Apple – Newton PDA (1993)

- **What happened:** Apple's first personal digital assistant (PDA) promised handwriting recognition but often misread words. It became a media joke and was discontinued.

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12. Starbucks – Australia Exit (2008)

- **What happened:** Starbucks opened too quickly across Australia without adapting to local coffee culture, where independent cafés dominate. It closed 70% of stores.

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13. Target – Canada Expansion (2013–2015)

- **What happened:** Target rushed into Canada with 133 stores but suffered from empty shelves, high prices, and poor logistics. It exited within two years.

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- **Lesson:** *Overpromising on unproven technology can destroy credibility.*

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- **Lesson:** *Ignoring local competition and consumer preferences leads to rejection.*

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- **Lesson:** *Operational readiness and supply chain efficiency are vital to brand success.*

14. Adidas – "Boston Marathon" Tweet (2017)

- **What happened:** Adidas congratulated runners with the message: "Congrats, you survived the Boston Marathon!"—unintentionally referencing the 2013 bombing tragedy.

[redacted]

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15. Netflix – Qwikster (2011)

- **What happened:** Netflix tried to split its DVD and streaming services into two brands (Netflix and Qwikster). Customers hated the confusion and price hike.

[redacted]

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16. Samsung – Galaxy Note 7 Recall (2016)

- **What happened:** The Galaxy Note 7 was recalled after reports of batteries catching fire. The crisis severely damaged trust.

[redacted]

14. Adidas – "Boston Marathon" Tweet (2017)

- **What happened:** Adidas congratulated runners with the message: "Congrats, you survived the Boston Marathon!"—unintentionally referencing the 2013 bombing tragedy.
- **Lesson:** *Brands must review messages in historical and emotional context.*

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15. Netflix – Qwikster (2011)

- **What happened:** Netflix tried to split its DVD and streaming services into two brands (Netflix and Qwikster). Customers hated the confusion and price hike.
- **Lesson:** *Poor communication and sudden changes in pricing can alienate customers.*

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16. Samsung – Galaxy Note 7 Recall (2016)

- **What happened:** The Galaxy Note 7 was recalled after reports of batteries catching fire. The crisis severely damaged trust.
- **Lesson:** *Product safety is part of marketing—brand reputation depends on reliability.*

17. Heineken – "Sometimes Lighter Is Better" Ad (2018)

- **What happened:** The beer company's ad showed a bottle sliding past darker-skinned people before reaching a lighter-skinned woman, sparking racial criticism.

[redacted]

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18. Tropicana – Packaging Redesign (2009)

- **What happened:** Tropicana replaced its familiar orange-with-a-straw logo with a minimalist design. Sales dropped 20% in two months.

[redacted]

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- **Lesson:** *Visual familiarity and emotional connection are crucial for consumer goods.*

19. Bud Light – Dylan Mulvaney Controversy (2023)

- **What happened:** Bud Light partnered with a transgender influencer, leading to a major backlash and boycott from parts of its customer base.

[redacted]

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20. Nokia – Decline of a Giant (2010s)

- **What happened:** Once the world's largest phone maker, Nokia failed to adapt to smartphones and user experience innovation, losing to Apple and Android.

[redacted]

19. Bud Light – Dylan Mulvaney Controversy (2023)

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- **Lesson:** *Social or political branding requires careful audience analysis and risk management.*

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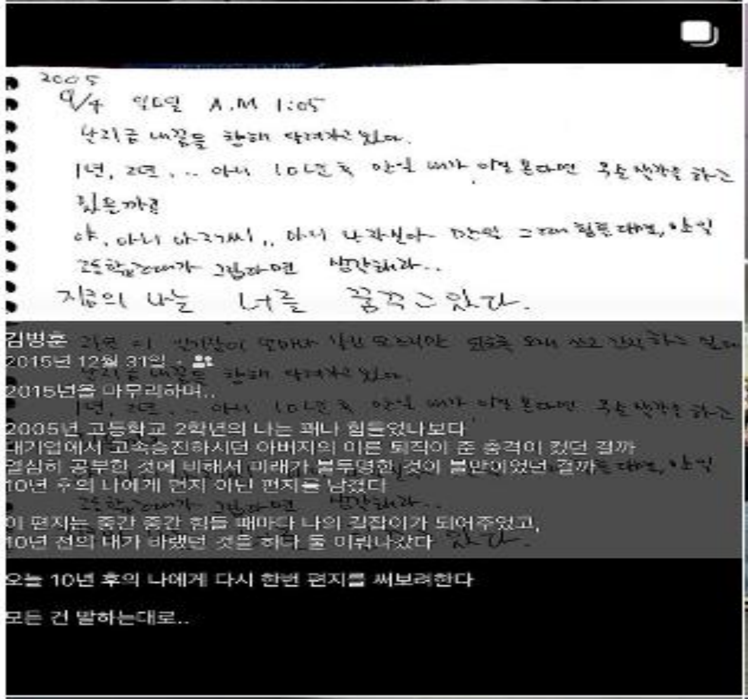
- **Lesson:** *Complacency and failure to innovate lead to brand extinction.*

V. Case Study: APR


O.N.E


6-year-old beauty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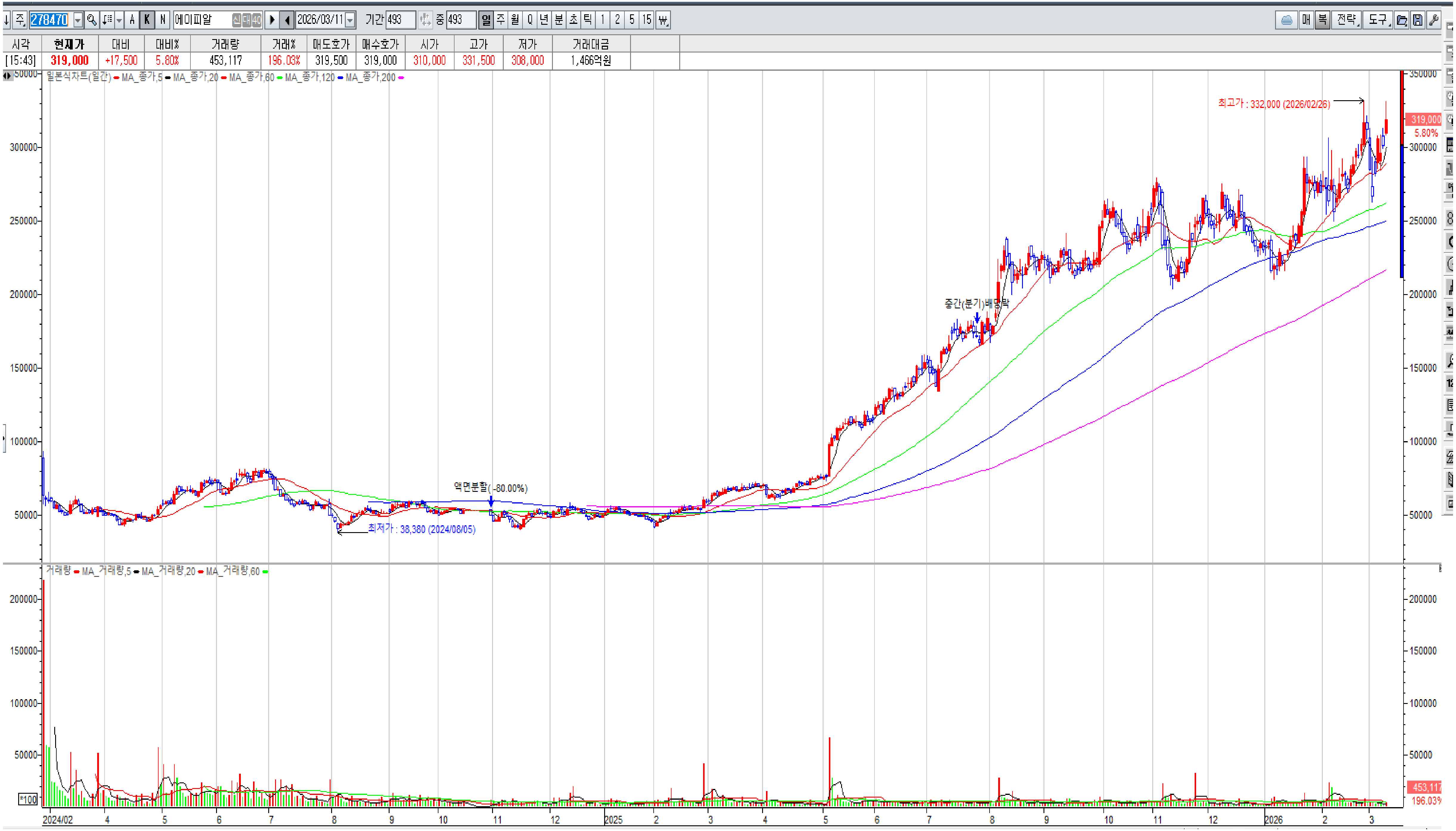

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Company Overview

- APR Corp founded in Korea
- Flagship brand: Medicube
- Focus on beauty technology + skincare
- Rapid global expansion

APR Growth

- Revenue growth driven by exports
- Strong presence in US and Asia
- Digital-first brand strategy

K-Beauty Industry

- Global popularity of Korean cosmetics
- Innovation in skincare routines
- Digital marketing leadership

International Marketing Framework

- STP Analysis
- 4P Marketing Mix
- Global Strategy
- Entry Strategy
- Competitive Positioning

Global Cosmetic Market

- Global skincare market growing rapidly
- Demand for anti-aging products
- Influence of social media

Key Competitors

- Amorepacific
- LG Household & Health Care
- Shiseido
- Estée Lauder

Competitive Landscape

- Traditional brands rely on retail distribution
- APR relies on digital platforms

Segmentation

- Gen Z digital consumers
- Millennials seeking anti-aging
- Beauty technology enthusiasts

Target Market

- Digital-native consumers
- International skincare users
- Online beauty shoppers

Positioning

- Clinical skincare
- Technology-driven beauty
- Affordable premium

Product Strategy

- Skincare products
- Beauty devices
- Integrated beauty ecosystem

Product Example

- Medicube Zero Pore Pads
- AGE-R beauty devices
- Dermatology-inspired formulations

Pricing Strategy

- Mid-premium pricing
- More affordable than luxury brands

Distribution Strategy

- Amazon
- TikTok Shop
- Global e-commerce

Retail Expansion

- Ulta Beauty in the US
- Don Quijote in Japan
- Hybrid online-offline model

Promotion Strategy

- Influencer marketing
- TikTok viral campaigns
- Celebrity endorsements

Digital Marketing Advantage

- High social media engagement
- Fast product trend adoption

Global Strategy

- Mostly standardized products
- Localized marketing content

Market Adaptation

- Regional influencers
- Language localization
- Local distribution partners

International Entry Strategy

- Cross-border e-commerce
- Social media testing
- Retail partnerships

Competitive Advantage

- Beauty device innovation
- Digital-first marketing
- Strong brand storytelling

Competitor Comparison

- APR: digital-first
- Traditional brands: retail-focused

Amorepacific Strategy

- Luxury brands
- Department store distribution

Shiseido Strategy

- Premium skincare
- Strong R&D

Estée Lauder Strategy

- Global prestige beauty brands

Challenges for APR

- Regulatory issues
- Dependence on viral marketing
- Rising competition

Future Opportunities

- Global expansion
- Beauty device innovation
- AI skincare personalization

Discussion Questions

- Why has APR grown quickly globally?
- Is the beauty device model sustainable?

Conclusion

- APR represents the new generation of global K-beauty compa nies
- Digital marketing drives international success

VI. Q&A and Quizzes