International Marketing Management

Class 11

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Contents

I. International Marketing (Standardization vs Adaptation)

1. Core Concept: Standardization vs Adaptation

Standardization Strategy

A company uses:

- similar products
- similar branding
- similar advertising
- similar pricing/logistics approaches

across many countries.

Goal

Achieve:

- economies of scale
- lower costs
- consistent global brand image

Simple Example

Apple sells highly standardized products globally:

- same iPhone design
- similar store layouts
- similar premium branding
- similar advertisements

Adaptation Strategy

A company modifies:

- product
- promotion
- packaging
- pricing
- distribution

to fit local cultures, tastes, laws, or income levels.

Goal

Increase local customer acceptance.

Simple Example

McDonald's adapts menus:

- India → McAloo Tikki
- Korea → Bulgogi Burger
- Japan → Teriyaki Burger

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2. Key Theories Related to Standardization vs Adaptation

A. Theodore Levitt's Globalization Theory (1983)

Main Idea

Consumers around the world are becoming similar because of:

- media
- technology
- globalization
- modern lifestyles

Therefore, companies should sell standardized global products.

Famous Statement

"The world's needs and desires have become irrevocably homogenized."

Advantages

- lower production costs
- strong global identity
- operational efficiency

Criticism

Consumers are still culturally different.

Real Case: Coca-Cola

Standardized Elements

- logo
- bottle image
- red color
- happiness/emotion branding

Adapted Elements

- local celebrities
- local language advertisements
- sweetness levels adjusted by country

Teaching Point

Even the most globalized brands still adapt partially.

B. Contingency Theory

Main Idea

There is NO single best strategy.

The best approach depends on:

- culture
- competition
- customer income
- regulations
- religion
- technology

Teaching Message

Sometimes standardization works.
Sometimes adaptation works.
Most firms use a hybrid strategy.

Real Case: Samsung Electronics

Standardized

- Galaxy global brand
- core technologies
- product architecture

Adapted

- dual-SIM phones in India
- local apps
- regional pricing
- local influencers

C. Hofstede's Cultural Dimensions Theory

Geert Hofstede explained that cultures differ in:

- individualism
- uncertainty avoidance
- masculinity/femininity
- power distance
- long-term orientation

These cultural differences affect marketing strategy.

Real Case: Unilever

Example

Advertisements differ greatly:

- Western countries → individual success
- Asian countries → family harmony and collective values

Teaching Point

Culture strongly affects advertising adaptation.

D. Integration–Responsiveness (I-R) Framework

This is one of the MOST IMPORTANT theories for international strategy.

The framework argues firms face two pressures:

Pressure	Meaning
Global Integration	Need for efficiency and consistency
Local Responsiveness	Need to adapt to local markets

Four Strategies

Strategy	Integration	Responsiveness
Global Strategy	High	Low
Multidomestic Strategy	Low	High
International Strategy	Low	Low
Transnational Strategy	High	High

Real Case: Netflix

Standardized

- platform technology
- interface
- subscription system

Adapted

- Korean dramas
- Indian content
- local subtitles/dubbing
- local productions

Excellent Example of:

Transnational Strategy

3. Excellent Real Cases for Classroom Discussion

Case 1: Starbucks

Standardized

- premium coffeehouse atmosphere
- logo
- store identity

Adapted

- green tea products in Asia
- local desserts
- larger seating culture in Korea
- Ramadan products in Muslim countries

Classroom Question

Why can Starbucks not fully standardize globally?

Case 2: KFC in China

Massive Adaptation

Chinese menu includes:

- congee
- egg tarts
- rice dishes
- soy milk

Result

Very successful localization.

Teaching Point

Deep adaptation can outperform standardization.

Case 3: IKEA

Standardized

- Scandinavian identity
- store layout
- DIY concept

Adapted

- smaller furniture in Asia
- local room models
- localized catalogs

Interesting Failure

Initially struggled in:

- Japan
- Korea

  because homes were smaller than expected.

4. Modern Trend: “Glocalization”

This is the MOST realistic modern approach.

Meaning

“Think globally, act locally.”

Companies:

- maintain global identity
- adapt selectively

7. Recommended Industries for Easy Student Understanding

Mostly Standardized	Mostly Adapted
Smartphones	Fast food
Luxury brands	Retail supermarkets
Software	Cosmetics
Electronics	Media content

II. Case Studies

Case 1 Cross-Cultural Marketing • Market Entry Strategy

Starbucks in China: Localizing the "Third Place"

Starbucks entered China in 1999, a country with a deeply rooted tea culture and widespread skepticism toward coffee. Rather than replicating its U.S. model, Starbucks introduced tea-based drinks, larger store layouts to accommodate the Chinese preference for social gatherings, and partnered with local real estate conglomerates to secure prime urban locations. By 2023, China became Starbucks' second-largest market with over 6,500 stores. However, it now faces fierce competition from Luckin Coffee, a domestic rival that undercut Starbucks on price by 30–40% using a mobile-first, delivery-centric model — a format Starbucks had been slow to adopt in China.

DISCUSSION QUESTIONS

Q1. What cultural dimensions (e.g., Hofstede's) help explain why Starbucks had to change its store design and product menu for China?

Q2. How did Starbucks use a joint venture entry mode to navigate cultural and regulatory barriers in China?

Q3. Why might a "premium café experience" strategy be vulnerable in a market where mobile apps and delivery are dominant? What would you recommend Starbucks do?

Case 2 Pricing & Distribution • Market Entry Strategy

Dollarama Goes International: Can $4 Products Work in Latin America?

Dollarama, Canada's leading dollar-store chain, expanded into Latin America through a 50.1% stake in Dollarcity, operating in Colombia, El Salvador, Guatemala, and Peru. Dollarcity sells everyday items at fixed low price points (equivalent to ~$4 USD). The model succeeded in Canada by offering consistent, no-frills value — but in Latin America, Dollarcity competes with informal street markets, local tiendas, and growing e-commerce giants like MercadoLibre. Purchasing power parity, currency volatility, and logistics infrastructure vary dramatically across these four countries, challenging the fixed-price model that works seamlessly in Canada.

DISCUSSION QUESTIONS

Q1. How should Dollarcity set price points in countries with different inflation rates and income levels? Is a single fixed-price strategy viable across Latin America?

Q2. What distribution challenges does a physical retail chain face when competing against informal markets and digital platforms like MercadoLibre?

Q3. Using the Uppsala Model, how would you describe Dollarama's internationalization path? What risks come with the next stage of expansion?

Samsung vs. Xiaomi: The Social Media Battle for Emerging Markets

In India — the world's second-largest smartphone market — Samsung once held a dominant share. Then Xiaomi disrupted the market entirely through a "flash sale" model on Flipkart and Amazon India, creating artificial scarcity and massive hype on social media with zero traditional advertising spend. Xiaomi built a cult-like community of "Mi Fans" who co-created products through online forums, generating word-of-mouth at scale. Samsung, meanwhile, relied on traditional TV and billboard advertising. By 2018, Xiaomi had overtaken Samsung in India. Samsung has since responded by doubling down on "Make in India" manufacturing and influencer partnerships on Instagram and YouTube.

DISCUSSION QUESTIONS

Q1. How did Xiaomi use digital platforms to turn customers into brand advocates? What specific psychological mechanisms (e.g., scarcity, community identity) were at work?

Q2. Why was traditional advertising less effective for reaching price-sensitive Indian smartphone buyers? What does this suggest about digital vs. traditional media in emerging markets?

Q3. How should a global brand like Samsung adapt its digital marketing strategy differently for India versus South Korea or the U.S.?

IV. Q&A