INTERNATIONAL PRODUCT STRATEGY

- Extension: Sell the product as it is.
- Adaptation: Modify the existing for different countries or regions.
- Creation: Design new products for foreign markets.
  - Reverse innovation: introducing new product developed in emerging markets back to developed markets.
- Globalization: Introduce one product globally.

The Total Product Model

![The Total Product Model Diagram]
Benefits of Standardization

- Economies of scale in production, R&D, marketing
- Consistency in dealing with customers
- Improved coordination and control
- Leverage of good ideas
- Easier transfer of skills and information
- Conducive to building a global brand domination

Drawbacks of Standardization

- A product orientation, not market orientation
- Vulnerable to competitive attacks in individual markets
- Ignorance of foreign idiosyncrasies
- Local subsidiary resistance
- Not feasible in certain countries or industries
**General Principles for Product Strategy**

- **Adapt when necessary**
- **Standardize when feasible**

**Degree of adaptation/Standardization depends on external and internal forces**

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**Type of Product Adaptation**

**Mandatory Adaptation**

The minimum level of adaptation that must be made to sell in the host country

- Driven by:
  * Legal standards
  * Economic conditions
  * Education
  * Climate and geography

**Discretionary Adaptation**

The adaptation over the minimum level pursued at the firm's discretion

- In response to:
  * Cultural Differences
  * Customer needs / preference
  * Competitors’ strategy
Product Adaptation Process

- Generate ideas of adaptation
- Screen ideas
- Test the adaptation concept
- Business Analysis
- Design / development
- Test marketing
- Launching
- Adapted product

Developing a Global Product

- Using product development team that is functionally and internationally representative
- Identifying universal and market-specific product features
- Developing a basic product platform
- Building adaptability into the product to achieve worldwide appeal
- Introducing the product into countries in three or more regions in a short timeframe
Developing and Managing Global Brand

Determine desired global brand identity/positioning

Decide on the global brand’s name, logo, colors, tagline, and symbol

Apply brand building tools:
- Ad
- PR
- Clubs/communities
- Trade shows
- Event marketing
- Brand personality campaign
- Social mktg

Conduct global brand auditing and repositioning

Country-of-Origin Effects

- The origin of a product may have a strong effect on consumer perceptions and biases about foreign products.