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INTERNATIONAL MARKETING MANAGEMENT

R.L. VARSHNEY
B. BHATTACHARYYA



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INTERNATIONAL MARKETING MANAGEMENT

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International Marketing Management

An Indian Perspective

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Preface

To the Twenty-Fifth Edition

As earlier, I have updated the relevant chapters. The most significant new feature of this edition is the addition of Part V, International Marketing in Action.

This add on is the direct result of my experience in teaching that whenever a theory of concept is toughs, students ask for examples. To them quite justifiably, a relevant example proves the correctness or practical application of the theory.

In this Part, I have included more than 40 examples across the world which when used in conjunction with theories, will show to the students how international marketing is actively carried out.

June 2014

B. BHATTACHARYYA

To the Twenty-Fourth Edition

We have carried out extensive revisions and additions to make the book up-to-date and relevant to current trade and marketing practices. All the Chapters in Part II have been rewritten, data brought forward to 2011 and new materials on India's export promotion strategies and assistance measures added. In Part III, in Chapter 12, the latest conceptual model, OECD Four Speed Classification for global classification of markets, has been added which should be of particular interest. In Chapter 13, latest examples on global strategies on product planning have been included. A case study on computer giant Lenovo has been included so that students can get a real example of how theories get worked out in actual market conditions. In Chapter 28, the 2010 revised version of INCOTERMS has been included.

In addition, other chapters have also been suitably revised. It is hoped that the teachers and students of international marketing will find the new edition much more enriched.

August 2011

B. BHATTACHARYYA

Extract from Preface to the Sixteenth and Fifteenth Editions

The chapters 'Recent Trends in World Trade', 'International Economic Institutions' and 'Export Assistance' have been thoroughly revised. We are grateful to Prof. Sahib Singh of the Indian Institute of Foreign Trade for his contribution in revising the chapter on 'Export Assistance'.

In addition, a new chapter on 'Global Marketing of Services' has been added to the text.

New Delhi

R.L. VARSHNEY
B. BHATTACHARYYA

Extracts from Prefaces to the Earlier Editions

To make the text as comprehensive as possible, we have added three new chapters in the third edition, *viz.*, 'Exports of Projects and Consultancy Services', 'Multinationals and Export Marketing' and 'Legal Aspects of International Marketing'.

Three new chapters have been added in the second edition, *viz.*, 'Overseas Market Research', 'Management of Risks in International Marketing' and 'New Techniques of International Marketing'. These topics are considered to be of great interest both to the students and practising executives. We hope that the addition of these chapters will make the publication more useful, interesting and comprehensive.

For the student community, we have introduced in the second edition a number of case histories and cases on international marketing. The case histories are given as Annexures to the relevant chapters while the export marketing cases are given in Appendix 1. Case method is an accepted tool of managerial education. We hope teachers in various management education centres will find these cases useful in teaching the course on international marketing.

For the benefit of the practising export executives, we have sharpened our presentation and focused attention on the seven basic issues relating to international marketing. Accordingly, the book deals with the 4 'Ws' of export marketing:

- Why export? The book describes the tangible benefits to be derived from export business?
- When to export? The book discusses the necessary decision-making framework for export operations with the help of illustrations and logic charts.
- What to export? It deals with the various aspects of product adaptation and packaging.
- Where to export? It contains a step-by-step guide for identifying, evaluating and selecting markets.

It also answers basic questions, such as,

- How to export? It contains a bird's-eye view of the documentary and procedural requirements.
- How to price products for export markets? The book will also help the exporters in pricing their products for export in the light of contractual conditions and in preparing the export price quotations.
- How to enter export markets? The book discusses the various methods of entry into foreign markets and gives valuable tips for the selection of agents and distributors.

Our thanks are also due to Shri Sahib Singh, Programmes Officer of the IIFT, for his help in revising the chapter on 'Risk Management in International Marketing'.

R.L. VARSHNEY
B. BHATTACHARYYA

To the First Edition

In view of the felt need of an increasing number of professionally trained managers in the field of international marketing, a number of Indian universities have introduced international marketing as a subject both in undergraduate and graduate courses.

One basic problem faced by teachers engaged in teaching international marketing to Indian students is that there is no standard textbook which deals with the fundamental concepts of international marketing in the Indian context. Concepts, to be meaningful, are to be related to environment. Since India's production system, characteristics of its merchandise, its access to resources and the economic and social climate in which it operates, are dissimilar to those prevailing in the developed West, foreign textbooks often are of limited help to the teachers and the taught.

The present authors, who have the experience of teaching international marketing in various forums to a very diversified group of audience, from the post-graduate level students to professional managers with years of experience, have always felt the absence of a basic textbook which deals with the problems of international marketing in a typical Indian context. This is by no means to deny the usefulness of the works of foreign authors, which is proved by the large number of references to such works in this text.

The book has been written keeping in view the syllabi requirements of the university students, their graduate or undergraduate courses. Some of the chapters on international marketing may be rather difficult for undergraduate students, which may be omitted by the teacher while recommending the book.

The authors have tried to make a blend of theory and practice, which hopefully makes the book useful to the would-be exporters, practising businessmen, bank officers working in international divisions and those working in export service organisations such as export promotion councils.

The authors are grateful to Shri Narayan Datt for his help in preparing the chapter on Export Documents and Procedure.

The authors are grateful to the Indian Institute of Foreign Trade for permitting them to undertake this work.

New Delhi
Basant Panchami,
January 22, 1980

R.L. VARSHNEY
B. BHATTACHARYYA

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Abbreviations

ADB	: Asian Development Bank/African Development Bank
AMS	: Aggregate Measurement Support
AMSCO	: African Management Services Company
ANCOM	: Andean Common Market
APEDA	: Agricultural & Processed Food Products Export Development Authority
ASEAN	: Association of South East Asian Nations
ASSOCHAM	: Associated Chamber of Commerce and Industry
ASTA	: American Spice Trade Association
BOP	: Balance of Payments
B/L	: Bill of Lading
CACM	: Central American Common Market
CARICOM	: Carribean Community and Common Market
CBI	: Centre for the Promotion of Imports from Developing Countries
CBs	: Commodity Boards
CCCN	: Customs Cooperation Council Nomenclature
CCFF	: Compensatory and Contingency Financing Facility
CEMs	: Combination Export Managers
CEPT	: Common Effective Preferential Tariffs
CIF	: Cost, Insurance and Freight
CII	: Confederation of Indian Industry
CIS	: Commonwealth of Independent States
CKD	: Completely Knocked Down
COD	: Cash-on-Delivery
CPA	: Central Purchasing Agency
DGCI&S	: Directorate General of Commercial Intelligence and Statistics
DGFT	: Directorate General of Foreign Trade
D/A	: Documents against Acceptance
D/P	: Documents against Payment
ECGC	: Export Credit Guarantee Corporation
ECIP	: European Community Investment Partners
ECM	: European Common Market
EEC	: European Economic Community
EEFC	: Exchange Earners' Foreign Currency

EFTA	: European Free Trade Association
EIC	: Export Inspection Council
EMF	: Export Marketing Fund
EOUs	: Export Oriented Units
EPCG	: Export Promotion Capital Goods Scheme
EPCs	: Export Promotion Councils
EPZs	: Export Processing Zones
ESAF	: Enhanced Structural Adjustment Facility
ESCAP	: Economic and Social Commission for Asia and the Pacific
EU	: European Union
EXIM Bank	: Export Import Bank
FAO	: Food and Agriculture Organisation
FAS	: Free Alongside Ship
FASII	: Federation of Associations of Small Industries of India
FDI	: Foreign Direct Investment
FEMA	: Foreign Exchange Management Act
FERA	: Foreign Exchange Regulation Act
FIB	: Freight Investigation Bureau
FICCI	: Federation of Indian Chambers of Commerce and Industry
FIEO	: Federation of Indian Export Organisations
FIIIs	: Foreign Institutional Investors
FOB	: Free on Board
FOR	: Free on Rail
FPA	: Free from Particular Average
FTA	: Free Trade Area
FTZs	: Free Trade Zones
GATS	: General Agreement on Trade in Services
GATT	: General Agreement on Tariffs and Trade
GDP	: Gross Domestic Product
GDRs	: Global Depository Receipts
GNP	: Gross National Product
GSP	: Generalised System of Preferences
GSTP	: Global System of Trade Preferences among Developing Countries
HHEC	: Handicrafts and Handlooms Export Corporation
IATA	: International Air Travels Association
IBRD	: International Bank for Reconstruction and Development
IDA	: International Development Association
IDBI	: Industrial Development Bank of India
IEC	: Importer-Exporter Code Number
IFC	: International Finance Corporation

IIFT	: Indian Institute of Foreign Trade
IIP	: Indian Institute of Packaging
IJIRA	: Indian Jute Industry Research Association
ILO	: International Labour Organisation
IMF	: International Monetary Fund
IPQC	: In-process Quality Control
ITC	: International Trade Centre/India Tobacco Company
ITPO	: India Trade Promotion Organisation
JETRO	: Japan External Trade Organisation
JVs	: Joint Ventures
LDCs	: Least Developed Countries
LERMS	: Liberalised Exchange Rate Management System
LTFP	: Long-Term Fiscal Policy
L/C	: Letter of Credit
MDA	: Market Development Assistance
MFA	: Multi-Fibre Arrangement
MFN	: Most-Favoured Nation
MIGA	: Multilateral Investment Guarantee Agency
MITCO	: The Mica Trading Corporation of India Ltd
MNCs	: Multinational Corporations
MPEDA	: Marine Products Export Development Authority
MRTP	: Monopolies and Restrictive Trade Practices
NAFTA	: North American Free Trade Agreement
NCAER	: National Council of Applied Economic Research
NCTI	: National Centre for Trade Information
NFE	: Net Foreign Exchange Earnings
NICs	: Newly Industrialising Countries
OCCI	: Overseas Construction Council of India
OECD	: Organisation for Economic Cooperation and Development
OGI	: Open General Licence
OPEC	: Organisation of the Petroleum Exporting Countries
FCDPC	: Foreign Currency Denominated Pre-shipment Credit
PEC	: The Projects Equipment Corporation of India Ltd
POL	: Petroleum, Oil and Lubricants
RBI	: Reserve Bank of India
SAARC	: South Asian Association of Regional Cooperation
SAPTA	: South Asian Preferential Trading Agreements/SAARC Preferential Trading Arrangement
SBI	: State Bank of India
SDRs	: Special Drawing Rights
SIL	: Special Import Licence

INTERNATIONAL MARKETING MANAGEMENT

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SSIs	: Small Scale Industries
STC	: State Trading Corporation
SWOT	: Strengths, Weaknesses, Opportunities and Threats
TELCO	: The Tata Engineering and Locomotive Company
TNCs	: Trans-National Corporations
TRIMS	: Trade Related Investment Measures
TRIPs	: Trade Related Intellectual Property Rights
TTCI	: Tea Trading Corporation of India
UCPDC	: Uniform Customs and Practice on Documentary Credit
UNCITRAL	: United Nations Commission on International Trade Law
UNCTAD	: United Nations Conference on Trade and Development
UNCTC	: United Nations Commission on Transnational Corporations
UNIDO	: United Nations Industrial Development Organisation
UNO	: United Nations Organisation
USAID	: United States Agency for International Development
VAT	: Value-added Tax
VP	: Value Payable
WA	: With Average
WIR	: World Investment Report
WOSs	: Wholly Owned Subsidiaries
WTO	: World Trade Organisation

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