

Export marketing

(Sem-6)

Module-1 product planning and pricing decisions for export marketing

Product planning decisions:

- 1)Product Design
- 2)Product mix/line decision
- 3)Product packaging
- 4)Product labelling
- 5)Product pricing
- 6)Product positioning
- 7)Product promotion
- 8)Product warranty
- 9)Branding decisions
- 10)After-sale services

Branding decisions:

- “It is the process of giving distinct name to a product , to give distinct identity from competing brands”
- 1)Individual brand name
 - 2)Blanket name
 - 3)Family brand name
 - 4)Names of founders
 - 5)Typical name
 - 6)Combination of name & nos
 - 7)Name with relevance of product
 - 8) Names communicating attributes

Factors influencing branding

- 1)Customers
- 2)Corporate name branding
- 3)Competition
- 4)Company
- 5)Market area
- 6)Market size
- 7)Name of product
- 8)Preference to promoters
- 9)rRegistration formalities
- 10)Reputation to company

PACKAGING DECISIONS

IMPORTANCE:

- 1)Protect products
- 2)Preserve quality
- 3)Promotion
- 4)Conformance of buyer specification
- 5)Conformance of standard
- 6)Consumer preference
- 7)Convenience to Dealers
- 8) Convenience to Customers
- 9)Quality
- 10)Re-Use value

ESSENTIALS OF GOOD PACKAGING:

(if product is)

- 1)Suitability (I.e suitable)
- 2)Attractive
- 3)Buyer’s specifications
- 4) Convenience to Dealers
- 5) Convenience to Customers
- 6)Dependable
- 7)Easy to identify
- 8)Handiness
- 9)Handling instructions
- 10)Re-Use value

LABELLING



LABELLING OF EXPORT GOODS

PRODUCT LABELING IS THE WRITTEN,VERBAL COMMUNICATION ON THE PACKAGE OR ON THE PROTECT

INFORMATIONS ON LABELS:

NAME OF BRAND AND BRAND LOGO

NAME OF COMPANY THAT PRODUCED THE BRAND

PLACE OF ORIGIN

DESCRIPTION OF PRODUCTS

CONTENTS

INGREDIENTDS

EXPIRY DATE,SIDE EFFECTS,ETC

NEED AND ADVANTAGE OF LABELING

1)Brand identification(easy to identify)

2)Brand image

3)Brand promotion

4)statutory requirements

Such as warnings,expiry date

Ex-cigrattes is injurious to health

5)Transportation details

(for transporting company to transport good safely

Instruction for handling should be mention)

6)Purchase decision

(good label with correct info over contents inside attract customer)

7)Use of product

(how to use the product)

Ex-clothes washing and ironing

8)Custom clearance

(to clear easily all the details should be properly mention like EU insists

The amt of pesticides and insecticides used in the horticulture products

PRICING

Factor's determining export price

Internal

-cost

-objective

-project

-image of firm

-product life cycle

-size of the order

External

-competition

-demand

-consumers

-channels

-govt duties(taxes)

MARKING OF EXPORT GOODS

Mostly used for on e or few cartoons for identification .exporter should mark with water proofs markers with big and bold letters



That can be read easily

1)**consignee details** (name,add., contact no.should be mention in the package with markers

2)**exporters details**

3)**country OF ORIGIN**

4)**contents inside**

5)**common language (eng)**

6)**symbols and phrases**

7)**Weight and measurement**

Module 2: export distribution and promotion

DISTRIBUTION IN EXPORT MARKETING

MEANING: DISTRIBUTION CHANNEL MEANS

THROUGH WHICH GOODS ARE MOVED FROM SUPPLIER PLACE TO CONSUMER PLACE

FACTORS INFLUENCING DISTRIBUTION CHANNEL

1) CUSTOMER CHARACTERISTICS

LARGE CUSTOMERS=INDIRECT CHANNEL

FEW CUSTOMERS=DIRECT CHANNEL (SELL DIRECTLY)

2) PRODUCT CHARACTERISTICS

LUXURY PRODUCT=FEW SHOWROOMS
(DIRECT CHANNEL)

FMCG PRODUCT=INDIRECT CHANNEL

3) COMPANY PROFILE

NOT POPULAR COMPANY=INDIRECT

NICE IMAGE =MAY SELECT DIRECT DEALERS

(I.E DIRECT CHANNEL)

4) COMPETITORS DISTRIBUTION STRATEGY

CHANNEL SELECTION ACCORDING TO COMPETITORS

HAD SELECTED TO SURPASS THEM

5) AREA COVERAGE

FEW CUST=DIRECT CHANNELS

LARGE CUSTOMERS=INDIRECT

6) MIDDLEMAN CHARACTERISTICS

7) ECONOMIC CONDITION

8) SIZE OF THE ORDERS

9) CHANNEL OBJECTIVE

DIRECT EXPORTING- (DIRECT CHANNEL)

ADVANTAGE:

1-REPUTATION

2-OPTIMUM PRODUCTION CAPACITY

3-SPREADING RISK

4-EXPORT OBLIGATION

5-DIRECT CONTROL

6-EXPORT INCENTIVES

DISADVANTAGE:

1-HIGHER RISKS

2-MORE INVESTMENT

3-LACKS SPECIALISATION

4-HIGH OVERHEADS

5-PROBLEM TO SMALL MANUFACTURER

6-LESS ECONOMIES OF DISTRIBUTION

COMPONENTS OF LOGISTICS

PHILIP KOTLER DEFINES LOGISTICS AS: "planning, implementing, and controlling the physical flows of materials and finished goods from the place of origin to the point of the use to meet the customer needs at a profit"

1) FACILITY LOCATION AND NETWORK DESIGN

2) INFORMATION

3) CUSTOMER SERVICE STANDARDS

4) CUSTOMER ORDER PROCESSING

5) WAREHOUSING

6) TRANSPORTATION

7) MATERIALS HANDLING {UNITIZATION=CONSOLIDATE LUMPSUM HANDLED BY TRUCK

{CONTAINERIZATION=SEPARATE SEPARATE EASY TO

HANDLE

8) INVENTORY MANAGEMENT.

INDIRECT EXPORTING- (INDIRECT CHANNEL)

ADVANTAGE:

1-LESS RISKS

2-LESS INVESTMENT

3-SPECIALISATION

4-SUITABLE TO SMALL FIRMS

5-TECHNICAL GUIDANCE

6-LESS OVERHEADS

DISADVANTAGE:

1-LOWER PROFITS

2-LESS OR NO EXPORT INCENTIVES

3- NO SUPPORT FROM INTERMEDIARIES

4-SECOND HAND INFORMATION

*** NEEDS FOR INSURANCE***

(IMP)

- 1)PROTECT AGAINST COMMERCIAL RISKS
- 2)PROTECTION AGAINST CREDIT RISKS
- 3)CONTRACTUAL REQUIREMENT
- 4)COVERAGE FOR LIMITED CARRIER LIABILITY

SALES PROMOTION TECHNIQUES

I)CONSUMER ORIENTED

- 1)COUPONS
- 2)DISCOUNTS
- 3-EXCHANGE OFFER
- 2-SUGGESTION INCENTIVES
- 4-FREE SAMPLES
- 5-INSTALLMENT SALE

IMPORTANCE OF TRADE FAIR & EXHIBITIONS

- 1-CREATING AWARENESS
- 2- DEVELOPING ATTITUDES
- 3- DEMO OF PRODUCT
- 4- BRAND IMAGE
- 5--CORPORATE IMAGE
- 6- COMPETITIVE ADVANTAGE
- 7- EDUCATING CUSTOMERS
- 8- EXPANSION OF MARKETS

- 5)TO REDUCE THE TIME FOR RECOVERY OF LOSS
- 6)TO PROTECT AGAINST POLITICAL RISKS
- 7)TO AVOID BLOCKING OF WORKING CAPITAL

II)TRADE ORIENTED

- 1-CASH AND TRADE DISCOUNT
- 2-CREDIT SALES
- 3-STAFF INCENTIVES
- 4-STOCK RETURN
- 5-DEALER TROPHIES

III)SALES FORCE INCENTIVES

- 1-PERFORMANCE ORIENTED
- 2-SUGGESTION INCENTIVE,ETC

SELECTION OF MODES OF TRANSPORT

- 1-LOGISTIC FEASIBILITY
- 2-STOWAGE OF CARGO
- 3-VALUE OF GOODS
- 4-SHIPPING QUANTITY
- 5-PERISHABILITY OF CARGO
- 6-URGENCY OF THE BUYER
- 7-RISKS FACTOR
- 9-COSTS OF PORT TERMINALS

BENEFITS OF PERSONAL SELLING


- 1-IDENTIFY THE BUYER
- 2-INCREASE IN SALES
- 3-INCREASE IN MARKET SHARE
- 4-CORPORATE IMAGE
- 5-COMPETITIVE ADVANTAGE
- 6-CUSTOMER SATISFACTION
- 7-CUSTOMER LOYALTY
- 8-HANDLING OBJECTIONS

ESSENTIALS OF ADVERTISING IN EXPORT MARKETING

- 1-TARGET AUDIENCE
- 2-OBJECTIVES OF ADVERTISING
- 3-MEDIA OF ADVERTISING
- 4-LANGUAGE OF ADVERTISING
- 5-BRAND AMBASSADOR
- 6-AD AGENCY
- 7-EDUCATION
- 8-BUDGET

MODULE 3-EXPORT FINANCE

<p><u>METHODS: OF PAYMENT-</u></p> <p>1-PAYMENT IN ADVANCE</p> <p>2-OPEN ACCOUNT METHOD</p> <p>3-PAYMENT AGAINST SHIPPMENT ON CONSIGNMENT</p> <p>4-DEFERRED CERDIT PAYMENT</p> <p>5-LETTER OF CREDIT</p>	<p><u>PROCEDURE TO OPEN LETTER OF CREDIT</u></p> <p>1-EXPORTER REQUEST</p> <p>2-IMPORTER REQUEST TO HIS BANK</p> <p>3-ISSUE OF LC</p> <p>4-RECEIPT OF LC</p> <p>5-SHIPMENT OF GOODS</p> <p>6-SCRUTINY OF DOCUMENTS</p> <p>7-REALISATION OF PAYMENT</p> <p>8-DOCUMENTS TO IMPORTER</p>	<p><u>TYPES OF LC</u></p> <p>1-REVOCABLE LC</p> <p>2-IRREVOCABLE LC</p> <p>3-WITH RECOURSE</p> <p>4-WITHOUT RECOURSE</p> <p>5-CONFIMED LC</p> <p>6-UNCONFIRMED LC</p> <p>7-TRANSFERABLE LC</p> <p>8-NON TRANSFERABLE LC</p>	<p><u>BENEFITS OF COUNTERTRADE</u></p> <p>1-ENTRY IN DIFFICULT MARKET</p> <p>2-OPTIMUM USE OF PRODUCTION</p> <p>3-OVERCOMES FOREIGN EXCHANGE RESERVES PROBLEM</p> <p>4-OVERCOMES CREDIT PROBLEM</p> <p>5-ALLOWS INPUTS AT LOWER RATES</p> <p>6-BOOST FOREIGN INVESTMENT</p> <p>7-EMPLOYMENT OPPORTUNITIES</p>
<p><u>PRE-SHIPMENT FINANCE</u></p> <p><i>MEANING=</i></p> <p><i>PRE SHIPMENT FINANCE ALSO KNOWN AS"PACKING CREDIT" IT'S A KIND OF LOAN GIVEN BUY COMMERCIAL BANKS TO EXPORTER BRFORE HIS SHIPMENT TAKES PLACE,THE MAIN PURPOSE IS MAINTAIN EXPORTERS WORKING CAPITAL NEEDS i.e SUFFICENT AVAILIBY OF CASH FOR PAYMENTS OF RAW MATERIALS,WAGES ,ETC</i></p>	<p><u>FEATURE OF PRE-SHIPMENT FINANCE</u></p> <p>1-ELIGIBILITY</p> <p>2-PURPOSE(WORK.CAP)</p> <p>3-SECURITY</p> <p>4-FORMS</p> <p>5-PERIOD(180(+90)=270)</p> <p>5-RATE OF INTEREST</p> <p>6-LOAN AGREEMENT</p> <p>7-MAINTAINENCE OF A/C'S</p> <p>8-REPAYMENT</p>	<p><u>POST-SHIPMENT FINANCE</u></p> <p><i>MEANING=</i></p> <p><i>POST SHIPMENT FINANCE IS PROVIDED TO MEET WORKJING CAPITAL REQUIREMENTS AFTER THE ACTUAL SHIPPENT TAKES PLACE, IT HELPS TO CONNECT THE GAP PERIOD FROM DATE OF SHIPPMENT I-----TO ACTUAL RECEIPTOF PAYMENT.</i></p>	<p><u>FEATURE OF POST-SHIPMENT FINANCE</u></p> <p>1-ELIGIBILITY</p> <p>2-PURPOSE(WORK.CAP)</p> <p>3-SECURITY</p> <p>4-FORMS</p> <p>5-PERIOD(90+90)</p> <p>5-RATE OF INTEREST</p> <p>6-LOAN AGREEMENT</p> <p>7-MAINTAINENCE OF A/C'S</p> <p>8-REPAYMENT</p> <p>{NOTE:BOTH FEATURES ARE SAME}</p>

<p><u>ROLE OF EXIM(EXPORT IMPORT BANK OF INDIA):</u></p> <p>SINCE-1982, HEADQUARTER IN MUMBAI</p> <p><u>FUNCTIONS/ROLES:</u></p> <p><u>A) FUND BASED ASSISTANCE</u></p> <p>1-ASST. TO INDIAN IMPORTERS</p> <p>2-ASST. TO INDIAN BANKS</p> <p>3-ASST. TO OVERSEAS BANKS</p> <p>4-ASST. TO OVERSEAS BUYERS contd.....</p>	<p><u>B) NON-FUND BASED ASSISTANCE:</u></p> <p>5-GUARANTEES AND BONDS</p> <p>6-ADVISORY AND OTHER SERVICES</p>	<p><u>ROLE OF SIDBI(SMALL INDUSTRIES DEVELOPMENT BANK OF INDIA):</u></p> <p>SETUP=2 APRIL 1990</p> <p>FOR MSME SECTOR DEVELOPMENT</p> <p>HEAD OFFICE IN LUCKNOW-UP</p> <p><u>SCHEMES OF SIDBI:</u></p> <p><u>A) REFINANCE ASST.</u></p> <p>1-SEED CAPITAL SCHEME</p> <p>2-EQUIPMENT REFINANCE SCHEME</p> <p>3-TOURISM SCHEME</p> <p><u>B) BILLS REDISCOUNTING SCHEME:</u></p> <p><i>SIDBI REDISCOUNT THE BILL THAT WAS EARLIER DISCOUNTED WITH COMMERCIAL BANK</i></p> <p><u>2 TYPES BRS:</u></p> <p><u>1) EQUIPMENT=5YRS</u></p> <p><u>2) SHORT TERM= NOT MORE THEN 90 DAYS</u></p> <p style="text-align: right;"><u>CONT.....</u></p>	<p><u>C) DIRECT ASST.</u></p> <p>1-PROJECT FINANCE SCHEME</p> <p>2-ISO 9000 SCHEME</p> <p>3-EQUIPMENT FINANCE SCHEME</p> <p><u>D) BILLS SCHEME</u></p> <p>1-DIRECT DISCOUNTING SCHEME(SIDBI DIRECT DISCOUNTS THE BILLS DRAWN BY MSME's)</p> <p><u>2 TYPES OF DDS:</u></p> <p><u>1) EQUIPMENT=5YRS BILL&MIN VALUE 1 LAKH</u></p> <p><u>2) SHORT TERM=WHERE UNEXPIRED PERIOD OF BILL NOT MORE THAN 90 DAYS</u></p>
<p><u>ROLE OF ECGC</u></p> <p><u>=TO PROTECT EXPORTER AGAINST CREDIT RISK I.E NONREPAYMENT BY BUYERS</u></p> <p><u>=TO PROTECT BANK AGAINST LOSSES DUE TO NON -REPAYMENT OF LOAN</u></p> <p><u>COVERS ISSUED BY ECGS</u></p> <p><u>A) STANDARD POLICIES</u></p> <p><u>B) SPECIFIC POLICIES</u></p> <p><u>C) FINANCIAL GUARANTEES</u></p> <p><u>D) SPECIAL SCHEMES</u></p>			