

# International Marketing

**INB 4311**

## **Week 4**

- Product Life cycle
- Life cycle extension strategies
- Free Market
- Command Market





## Product Life Cycle



# Introduction stage

- The introduction stage is where customers are presented with **a new product**.
- There is often **little or no competition** during the introduction phase of a product that is unique or has a point of difference from its competitors.
- Substantial investment is **spent in advertising and marketing** campaigns that are focused on growing consumers' awareness of the new product offering and its benefits



# Growth stage

- The growth stage is where a successfully introduced product will generate a **growth in demand**, a production increase, and an expansion in the product's availability.
- During the growth stage, you may continue to invest in targeted marketing campaigns that help to differentiate your product from competitors or choose to refine your product by improving its functionality and value based on customer feedback. **(Room to improve)**
- Product growth will vary between industries and product types. Increased sales often result during this stage of the product life cycle boosting revenue. **(Start making a profit)**



# Maturity stage

- The maturity stage of a product life cycle is considered to be the **most profitable** of all the life cycle phases.
- While the maturity phase **attracts greater competition** and is the stage of the product life cycle where marketing and **production costs decrease**. **Competition** and market saturation mean **profit margins start to shrink**.
- This is where a product life cycle **extension strategy will help**. Your strategy should identify new and innovative ways to differentiate yourself from the competition, maintain market share and capture a larger market presence.



# Decline stage

- The decline phase of the product life cycle is when the item continues to take on **increased competition** or it becomes **obsolete.(out of date)**
- In the decline stage, a product may **lose market share** and begin its decline.
- Product sales begin to drop because the market is saturated, or because consumers have **moved on to an alternative product.**



# 11 effective product life cycle extension strategies

## What is a product life cycle extension strategy?

A product life cycle extension strategy is a high-level plan for extending the life of a product that has **reached maturity**. The goal of the strategy is to increase market share and keep the product generating income **without letting it fall into decline**.



# 1. Differentiate your product

A goal of a differentiation strategy is to highlight the **quality** and **characteristics** of your product that make your product **stand out from the rest**.

Differentiate the product from others by emphasising its functionality and benefits such as ease of use, safety features, reliability, and performance or a combination of these qualities.



# Brand Images European Vehicle Industry

AT LEAST THERE'S STILL  
ONE SAFE PLACE TO BE



WEEK 1





IN ONE CAR ONLY?



WEEK 1



## 2. Repackage and refresh

Packaging plays a significant role in consumer purchasing decisions. By refreshing product packaging or changing the style you can help to broaden its appeal.

“One study suggests 40% of buyers will post images of a product with attractive packaging on social media.”

<https://www.unleashedsoftware.com/blog/product-life-cycle-extension-strategies>





### 3. Introduce new sizing options

Changing or introducing new sizes is an excellent extension strategy to draw new interest in your product.

While product **appearance is fundamental** to winning the consumer's **attention, product assortment** is particularly **beneficial to retailers**.

This means that offering your product in a variety of sizes is beneficial for B2B organisations. Varying the size of your product can be attractive to both new and existing customers. For example, travel-sized coffee products that are easy to pack, carry or store appeal to consumers on the move.



## 4. Product improvement

Adding new features to an old product provides customers with the product's familiarity by improving it and adding a new spin.

Product **improvements can be intangible** such as using more sustainable materials or using 100% ethical supply chains.

There are multiple ways to add new features to an existing product. Bike manufacturers, for example, can add any number of accessories, such as lighter frames, or tubeless tires.



## 5. New markets

Globalisation and eCommerce have opened up the world. Your business now has access to international markets 24/7 to sell your products in different states or countries.

Finding new markets is an easy way to extend the life cycle of your product.



## 6. Bundle products

Grouping or pairing products and selling as a bundle can increase the sale and profits of individual items over time.

Look for opportunities to group certain products and sell them at a slightly reduced price.

By grouping products, customers are buying more than one item during a single purchase, increasing your average order value.





Putting different products together is often perceived by the consumer as greater value for their money. Bundling also enables you to sell more with lower marketing and distribution costs.

- Pro & Cons to be discussed further in pricing strategies



## 7. Reduce product prices

Once a product has reached the maturity phase of its lifecycle there are generally several **other competitors** in the market. Many of these may be offering **similar products at lower prices**.

**One of the most common** strategies then is for companies to reduce their product price to increase sales. By cutting profit margins to boost sales, you can maintain brand loyalty, increase sales and extend the life cycle of your product.

When the price is reduced, **your existing customers are liable to continue buying it**, while **other consumers may switch** from competing products to yours. At the maturity phase of a product life cycle, you will generally see a **drop in your production and marketing costs** due to greater economies of scale.



## 8. Increase your marketing

Companies can often increase sales and extend the product life cycle purely through advertising and promotions.

By running fresh advertising campaigns, you can drive higher demand while retaining existing customers. Invest in marketing campaigns that aim to achieve **higher brand recall** and **maintain brand loyalty**.



## 9. Reposition

Consumer **preferences and demand patterns continually change**, so marketers should revisit their positioning strategies occasionally to maintain sales and growth.

Brand repositioning is **not a complete makeover** of your company's identity, it's a deliberate and determined adjustment.



## Brand Positioning

### WEEK 1

Repositioning a product  
involves exploring new  
markets.

Price



Quality



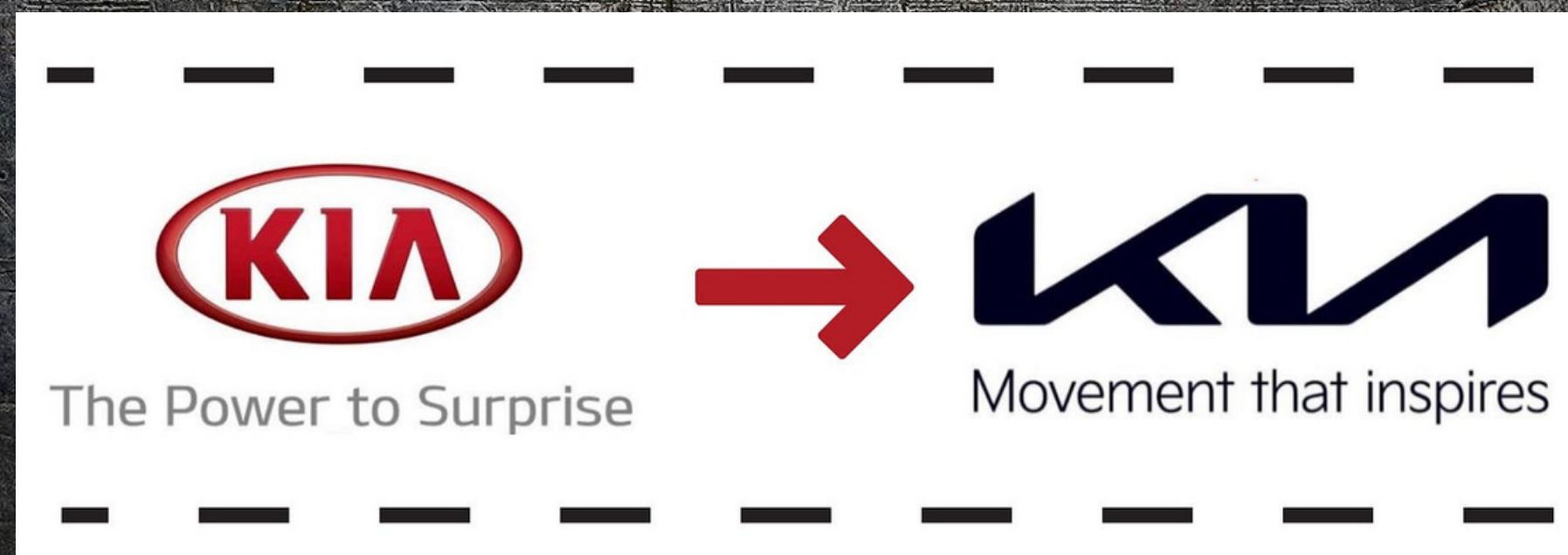
## 10. Rebrand the business

A rebrand could involve many of the strategies already mentioned as well as changing your brand name, logo, core product, and entire business model.

Businesses generally rebrand to get a fresh start.



2015



2022



## 11. Run a relaunch

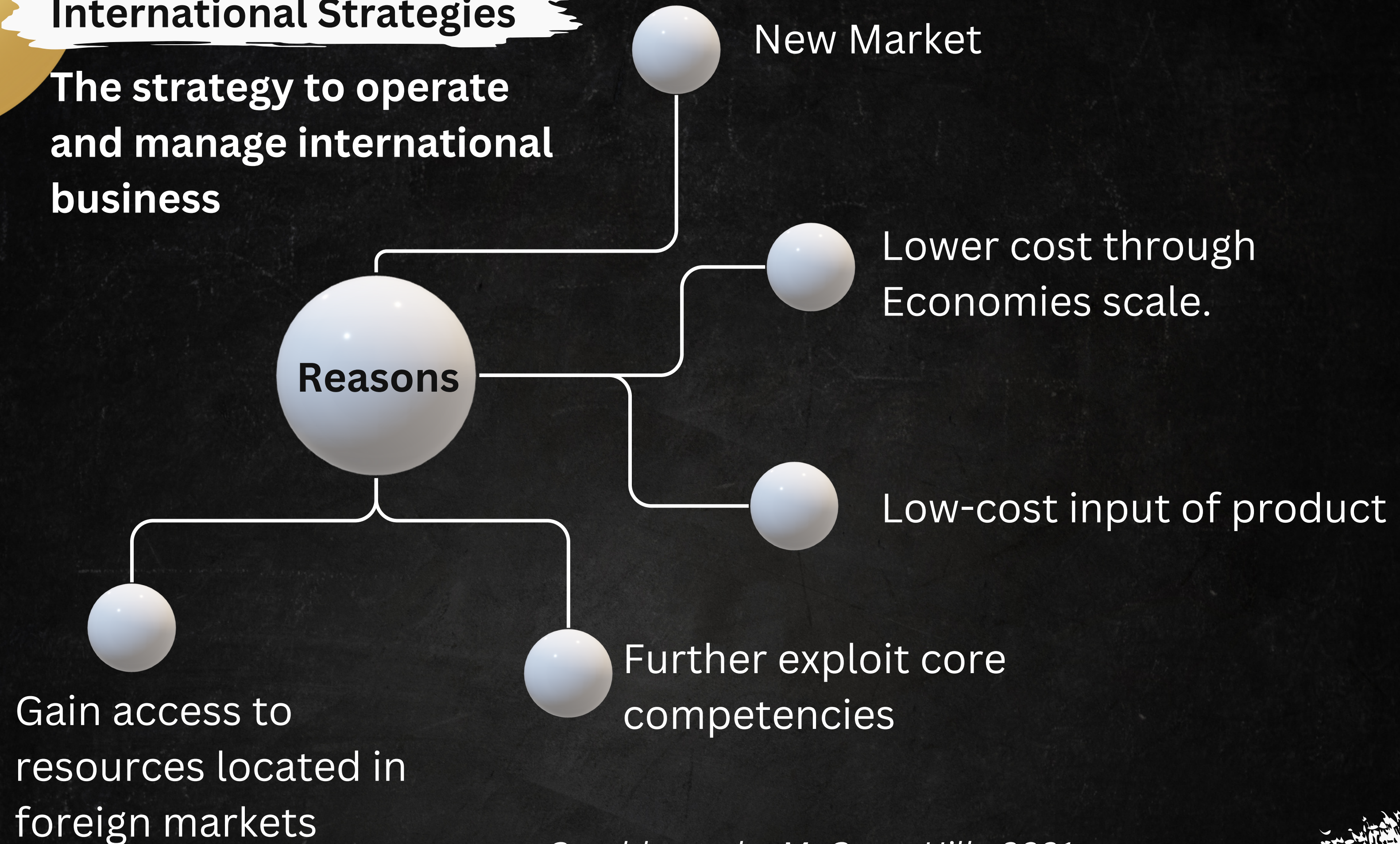
If all else fails, change the product sufficiently enough to release it as a new and improved version.

With **new formulas** and **new features**, you can extend the product lifecycle by releasing the product as version 2.0 (and subsequently, version 3.0).



# International Strategies

The strategy to operate and manage international business





**When**



**Where  
Which Market?**



**What Scale**



**How  
Which Strategies**







# WHERE ? WHICH MARKET ?

## 5 Factors You Must Consider While Your Company is Entering to a New Market

- Economic Factors: (Example LAOS)
- Social and Cultural Factors: (MacDonald in India / Starbuck in Australia)
- Political and Legal Factors:

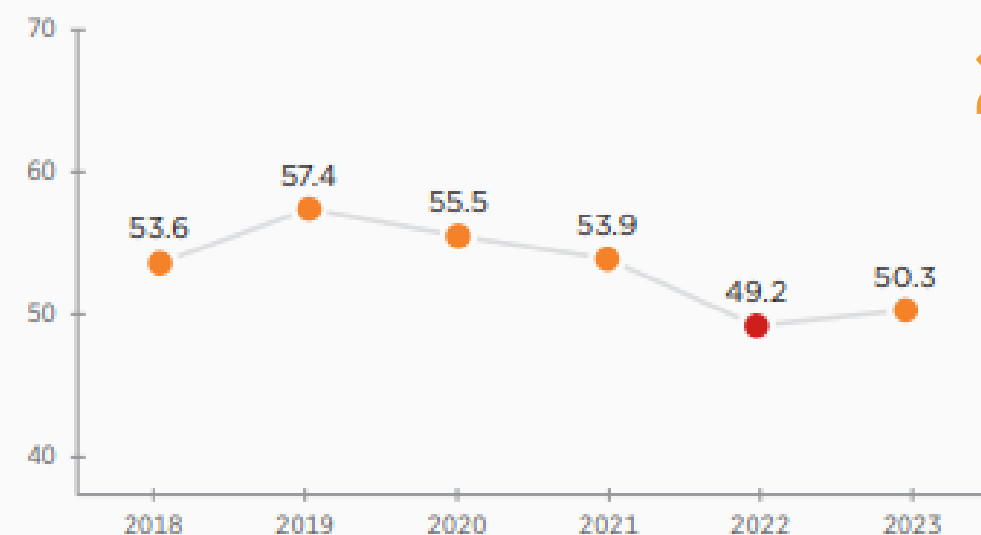


Market Attractiveness: ( **CHINA / MALDIVES** )

- Capability of the Company: (Internal)
- 



## RECENT FREEDOM TREND



2023

## QUICK FACTS

**POPULATION:**  
7.4 million

**GDP (PPP):**  
\$62.6 billion  
2.1% growth in 2021  
5-year compound  
annual growth 3.9%  
\$8,489 per capita

**UNEMPLOYMENT:**  
9.4%

**INFLATION (CPI):**  
3.8%

**FDI INFLOW:**  
\$1.1 billion

**PUBLIC DEBT:**  
93.5% of GDP

2021 data unless otherwise noted. Data compiled as of September 2022

## LAOS

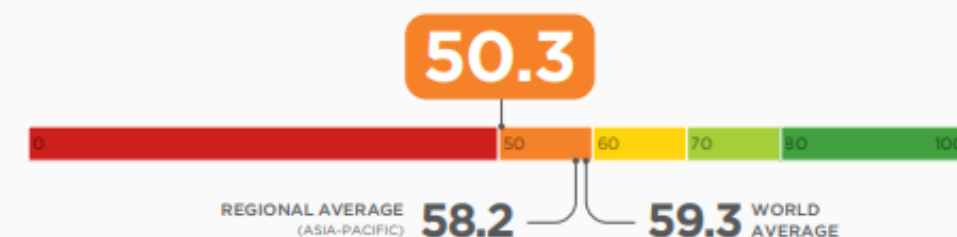
WORLD RANK: **147**  
REGIONAL RANK: **32**  
ECONOMIC FREEDOM STATUS: **MOSTLY UNFREE**

Laos's economic freedom score is 50.3, making its economy the 147th freest in the 2023 *Index*. Its score is 1.1 points higher than last year. Laos is ranked 32nd out of 39 countries in the Asia-Pacific region, and its overall score is below the world and regional averages.

Deeper institutional reforms are needed in many areas of the Laoian economy to encourage broad-based long-term economic development. As indicated by low scores for property rights and freedom from corruption, the overall legal framework is inefficient and lacks transparency. The rule of law is undermined by corruption and political interference.

2023

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1996): +11.8

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
7.4 million

**GDP (PPP):**  
\$62.6 billion  
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2021 data unless otherwise noted. Data compiled as of September 2022

2022

## LAOS

WORLD RANK: **151**  
REGIONAL RANK: **33**  
ECONOMIC FREEDOM STATUS: **REPPRESSED**

Laos's economic freedom score is 49.2, making its economy the 151st freest in the 2022 *Index*. Laos is ranked 33rd among 39 countries in the Asia-Pacific region, and its overall score is below the regional and world averages.

The Laoian economy grew slowly over the past five years, with only a modest decline in 2020. After an initial uptick, economic freedom has declined in the past half-decade. Driven lower by score decreases in fiscal health and rule of law, Laos has recorded a 4.8-point overall loss of economic freedom since 2017 and has fallen from the "Mostly Unfree" category to the "Repressed" category. An economy relatively unburdened by taxation and government spending may be a bright spot, but judicial effectiveness and financial freedom in Laos are among the worst in the world.

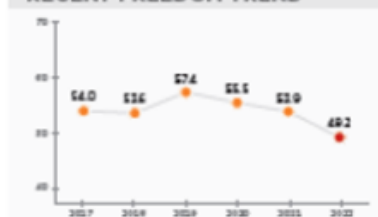
**IMPACT OF COVID-19:** As of December 1, 2021, 178 deaths had been attributed to the pandemic in Laos, and the government's response to the crisis ranked 2nd among the countries included in this index in terms of its stringency. The economy contracted by 0.4 percent in 2020.

## ECONOMIC FREEDOM SCORE



HISTORICAL INDEX SCORE CHANGE (SINCE 1996): +10.7

## RECENT FREEDOM TREND



## QUICK FACTS

**POPULATION:**  
7.3 million

**GDP (PPP):**  
\$58.9 billion  
-0.4% growth in 2020  
5-year compound  
annual growth 4.9%  
\$8,111 per capita

**UNEMPLOYMENT:**  
1.0%

**INFLATION (CPI):**  
5.1%

**FDI INFLOW:**  
\$968.0 million

**PUBLIC DEBT:**  
68.0% of GDP

2020 data unless otherwise noted. Data compiled as of September 2021

**BACKGROUND:** Laos is a one-party state. In the early years of its rule, the Communist government that took power in 1975 destroyed the economy. Minimal liberalization, begun in 1986, has yielded some progress, but civil liberties remain heavily restricted. In 2021, the National Assembly elected former Prime Minister Thongloun Sisolath to a five-year term as President of Laos and General Secretary of the Lao People's Revolutionary Party. He is the first non-military civilian to be so elected. According to the World Bank, Laos has enjoyed a rapid decline in poverty rates, which dropped from 46 percent in 1993 to 18 percent in 2019. Approximately 80 percent of the rural population works in subsistence farming. The economy relies heavily on exports of such natural resources as copper, gold, and timber.

## QUICK FACTS

**POPULATION:**  
7.3 million

**GDP (PPP):**  
\$58.9 billion  
-0.4% growth in 2020  
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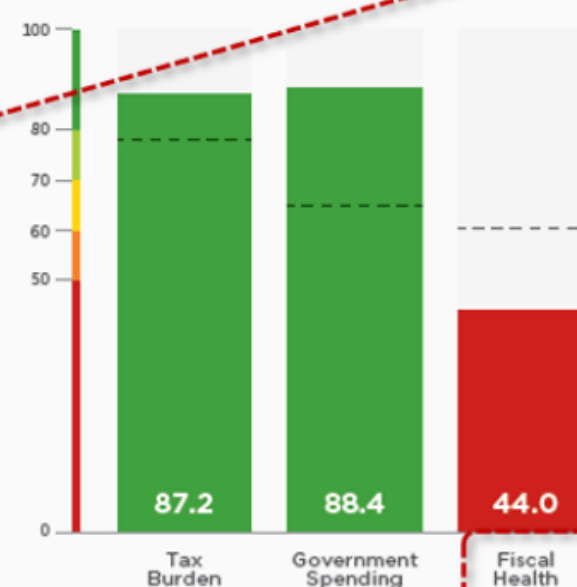
41.26%

88%

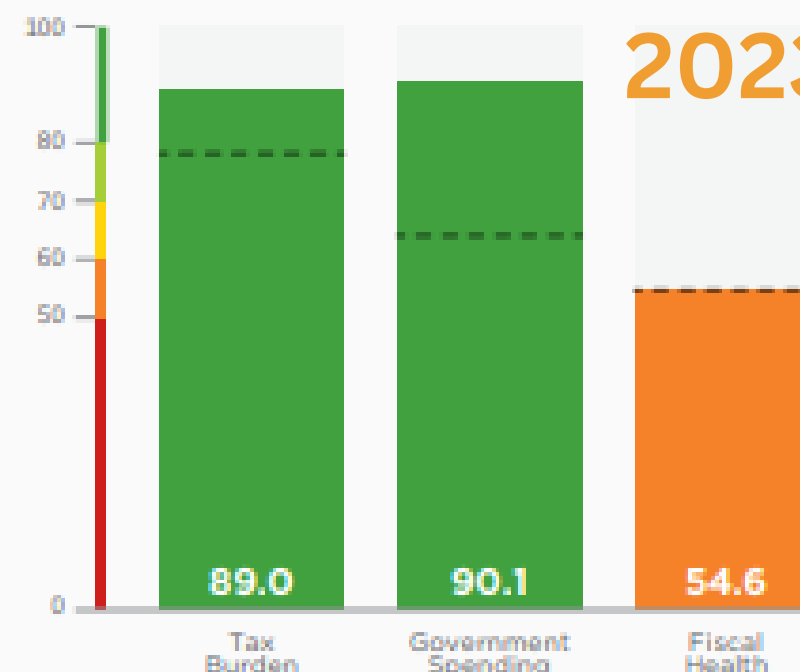
2023

2020 data unless otherwise noted. Data compiled as of September 2021

## GOVERNMENT SIZE



2023


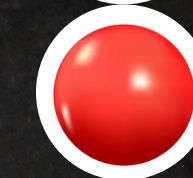




# WHERE ? WHICH MARKET ?

-  Political Stable
-  Low Inflation
-  Free Market

**DO**

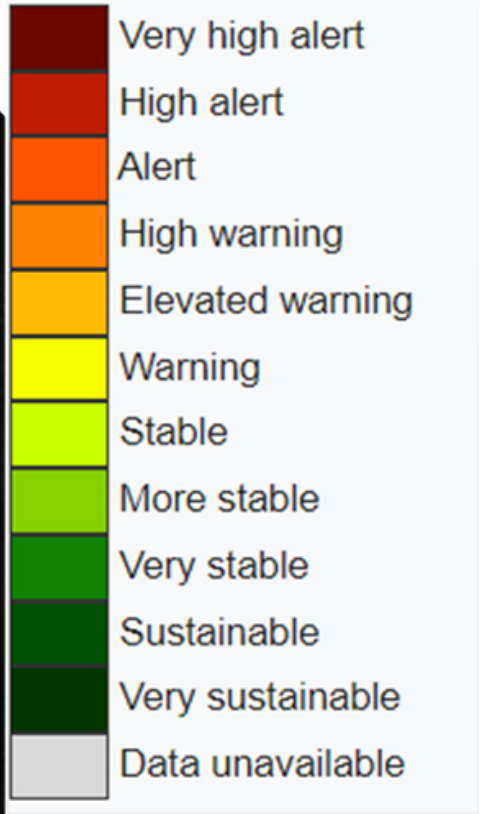
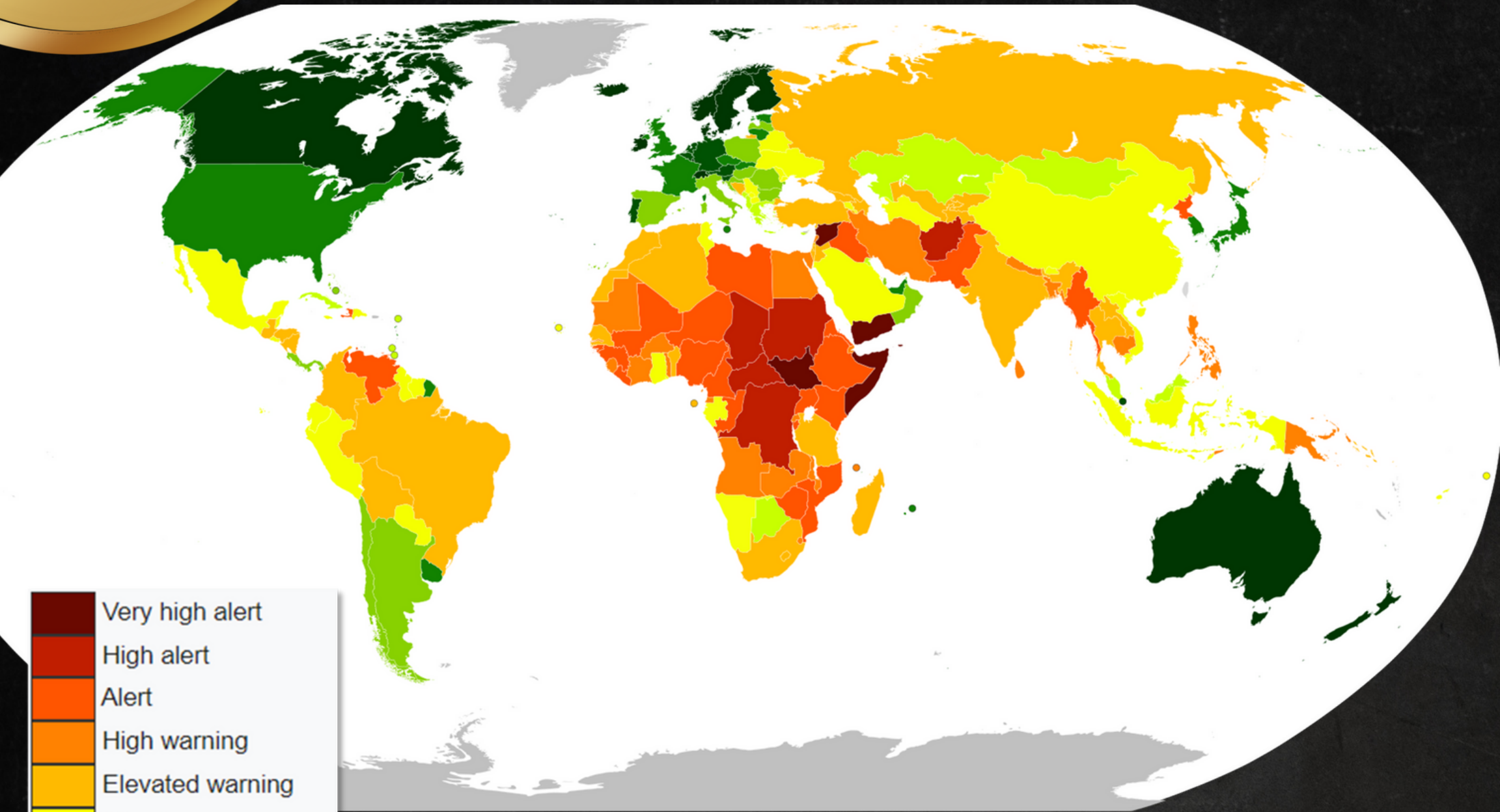
-  Political Unstable
-  Risk of Financial Bubble
-  Command Economy

**DON'T**



# Political Stable World Index

TH = 136



Source: The World Bank



# Inflation Rate Index

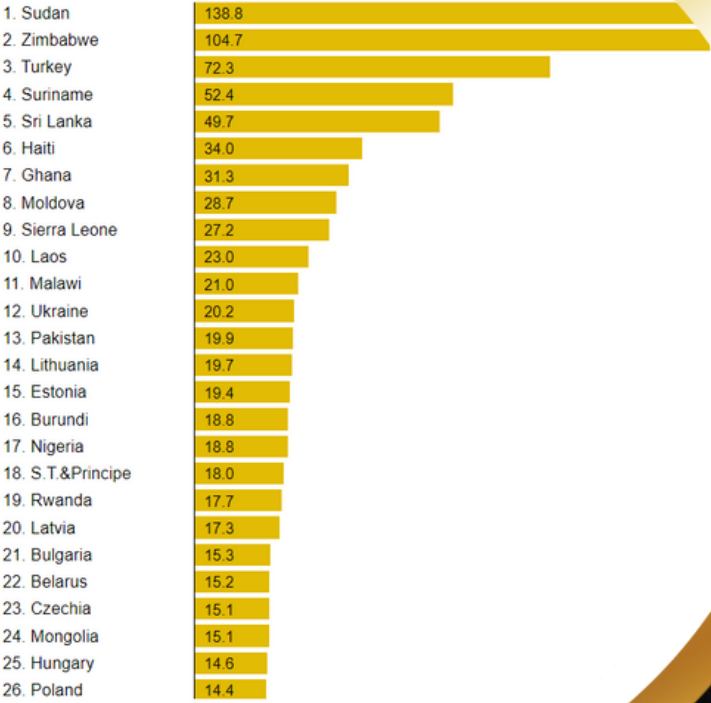
TH = 107 (6.1%)

**Inflation: percent change in the Consumer Price Index, 2022:** The average for 2022 based on 148 countries was 11.8 percent. The highest value was in Sudan: 138.8 percent and the lowest value was in Macao: 1 percent. The indicator is available from 1960 to 2022. Below is a chart for all countries where data are available.

Measure: percent; Source: The World Bank

World [Download data](#)

Countries ▲ ▼	Inflation, 2022 ▲ ▼	Global rank ▲ ▼	Available data ▲ ▼
Sudan	138.8	1	1960 - 2022
Zimbabwe	104.7	2	2010 - 2022
Turkey	72.3	3	1960 - 2022
Suriname	52.4	4	1960 - 2022
Sri Lanka	49.7	5	1960 - 2022
Haiti	34	6	1960 - 2022
Ghana	31.3	7	1965 - 2022
Moldova	28.7	8	1992 - 2022
Sierra Leone	27.2	9	2007 - 2022
Laos	23	10	1989 - 2022
Malawi	21	11	1981 - 2022
Ukraine	20.2	12	1993 - 2022



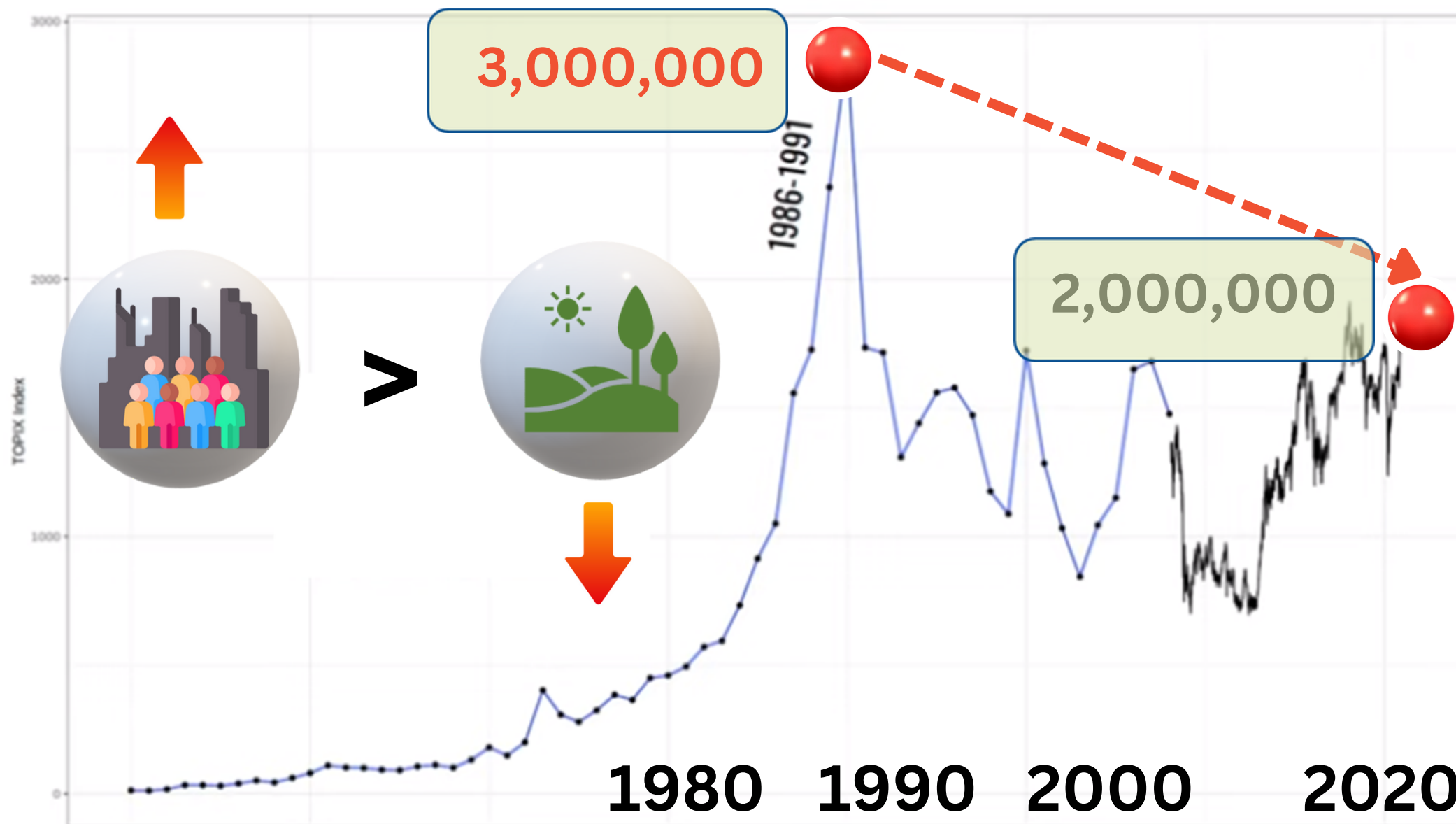
Source: The World Bank



# Risk of Financial Bubble

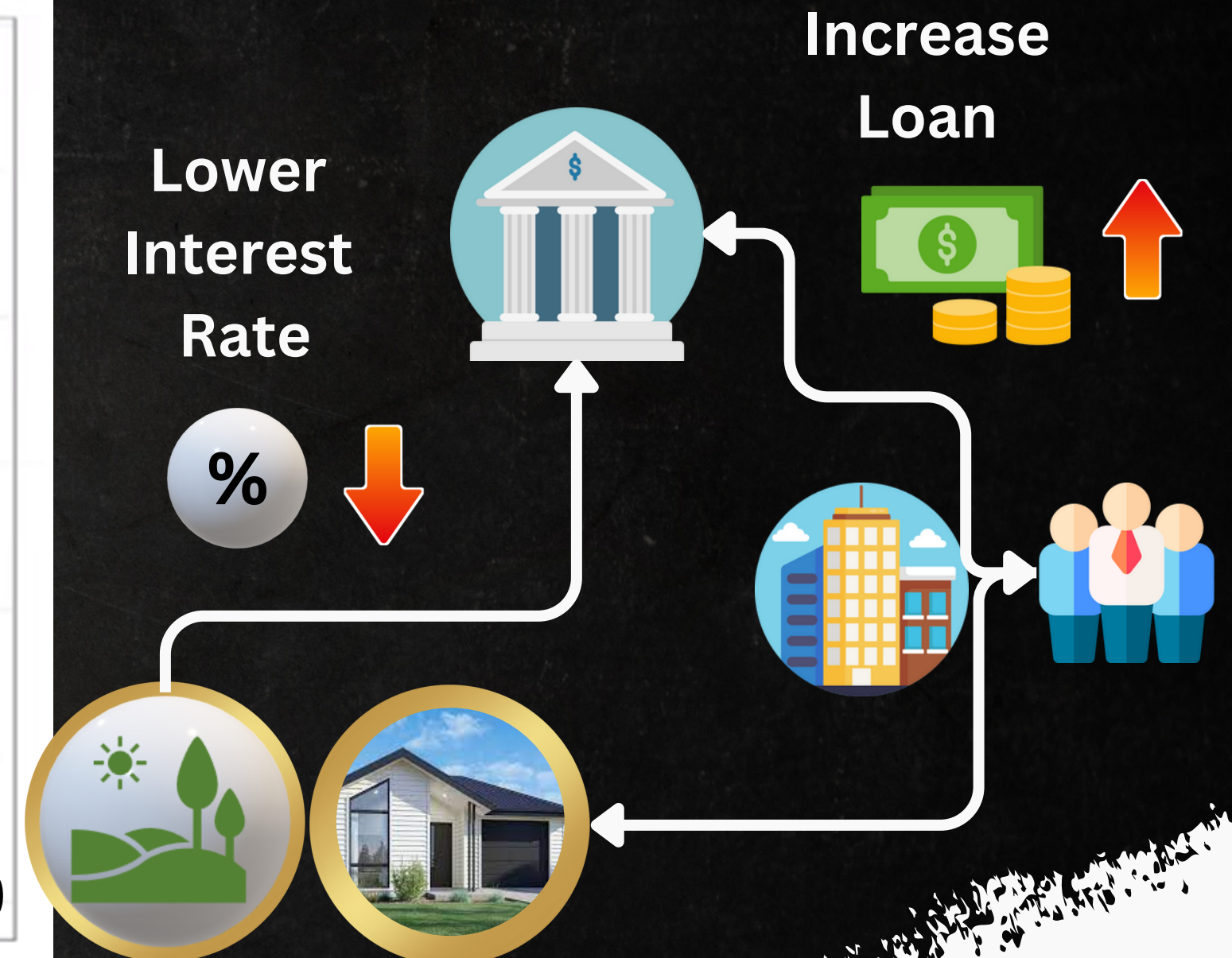
An economic cycle that is characterized by the rapid escalation of market value, This fast inflation is followed by a quick decrease in value / "Clash"

## JAPAN ASSET BUBBLE CASE STUDY



Credit : Japan Exchange Group

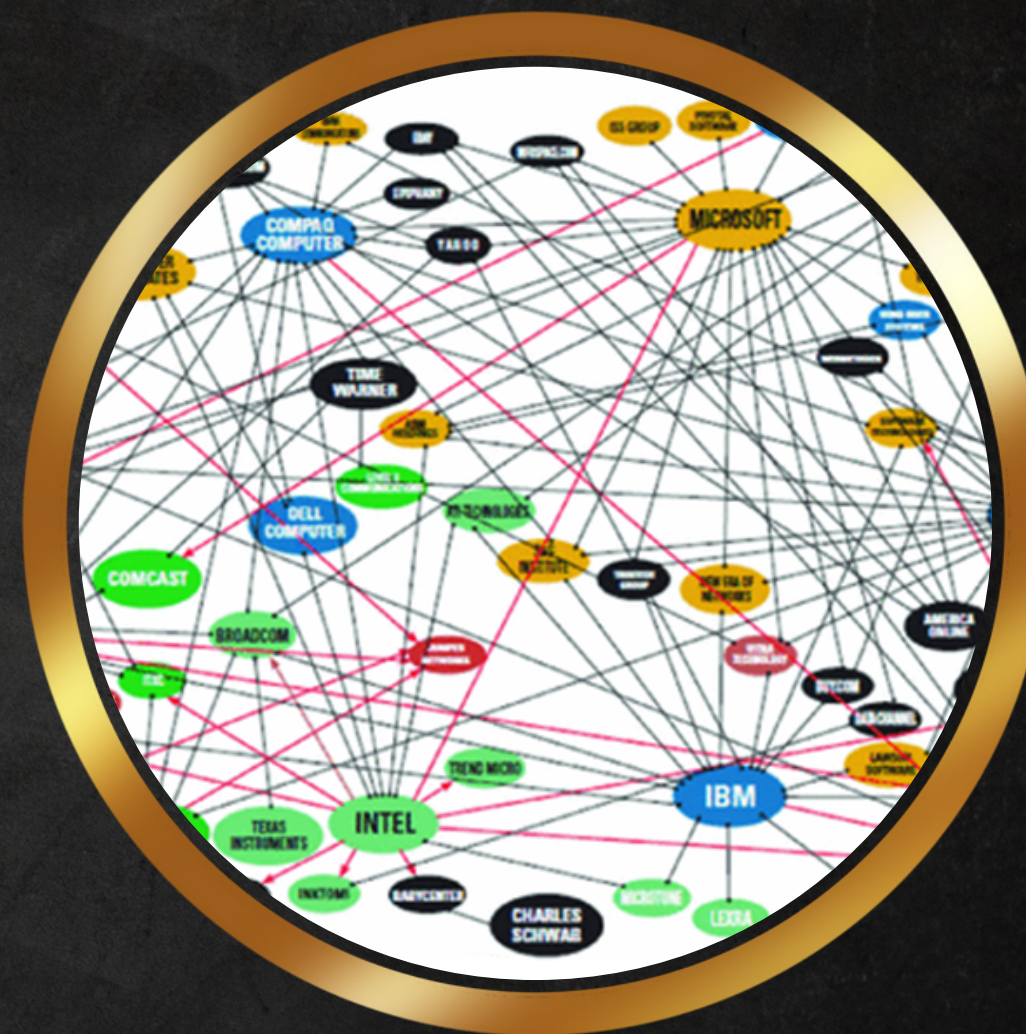
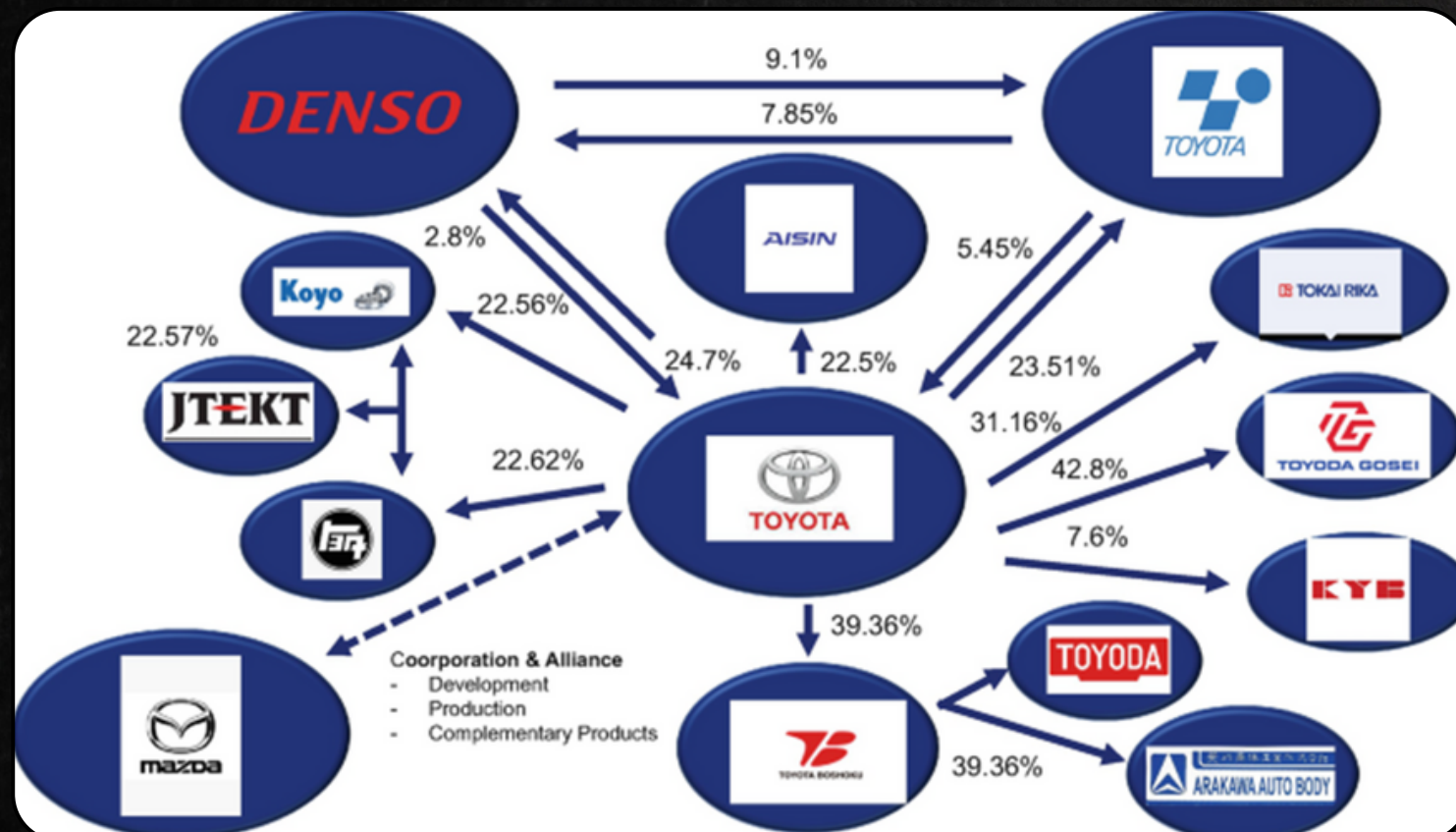
Source: Japan Exchange Group





# KEIRETSU

A keiretsu is a set of companies with interlocking business relationships and shareholdings that have dominated the Japanese economy since the second half of the 20th century.





# 2023 INDEX OF ECONOMIC FREEDOM

Find Your Country

COUNTRY RANKINGS

GRAPH THE DATA

INTERACTIVE HEAT MAP

EXPLORE THE DATA

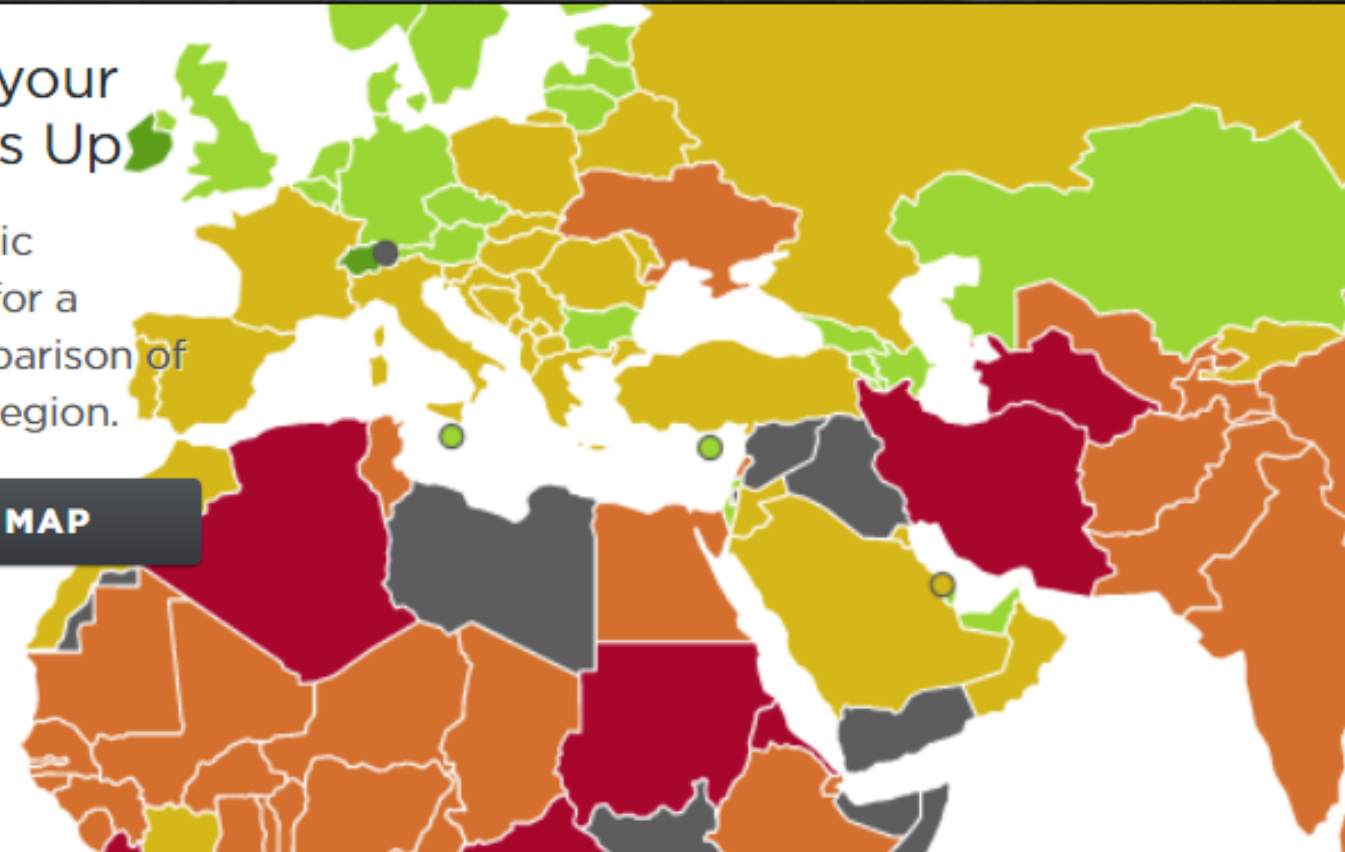
DOWNLOADS

ABOUT THE INDEX

## Discover how your Country Stacks Up

Explore our Economic Freedom Heat Map for a stunning visual comparison of the world and your region.

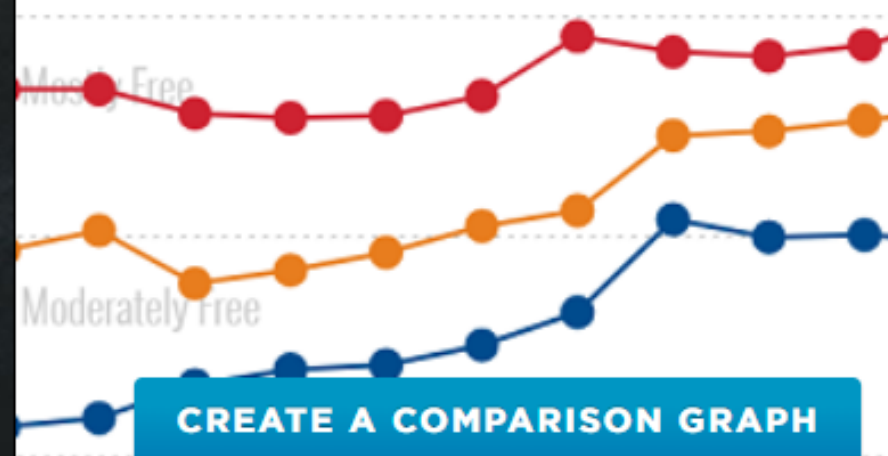
SEE THE HEAT MAP



## Promoting Economic Opportunity, Individual Empowerment & Prosperity

For twenty-nine years, the Index of Economic Freedom has measured the impact of liberty and free markets around the globe, and the 2023 Index confirms the formidable positive relationship between economic freedom and progress.

## Graph The Data



CREATE A COMPARISON GRAPH

## Top 10 Countries

RANK	COUNTRY	OVERALL	CHANGE
1	Singapore	83.9	-0.5 ▼
2	Switzerland	83.8	-0.4 ▼
3	Ireland	82.0	0.0 —
4	Taiwan	80.7	0.6 ▲
5	New Zealand	78.9	-1.7 ▼
6	Estonia	78.6	-1.4 ▼
7	Luxembourg	78.4	-2.2 ▼
8	Netherlands	78.0	-1.5 ▼
9	Denmark	77.6	-0.4 ▼
10	Sweden	77.5	-0.4 ▼

SEE ALL RANKINGS



# FREE MARKET

An Economic System based on Supply and Demand with little or No control from the Government

Free Market  
Environment



**Low Cost of Goods**



**Innovation**



**Open Competition**

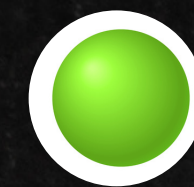


**Easy to start new Business**



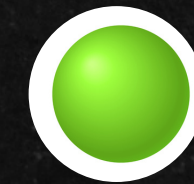
# FREE MARKET

Incentive  
Competition

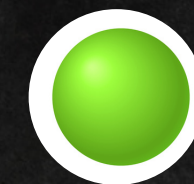


**Adaptability**

price quality function quantity

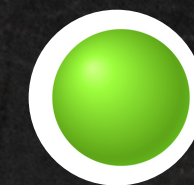


**Freedom -- > innovation**



**Growth**

Fianacial Product Development



**Choice**



**Monopolies**



**Fewer Public good and services**



**Cutting Connor & Negative Externalities**



# Command Economic



An economic system that heavily influenced by the Government, it does not allow market forces like supply and demand to determine production or prices.

One in which the central government plans, organizes, and controls all economic activities to maximize social welfare. (EX Oil price in Thailand)



## Characteristics of a Command Economy?

- Public ownership of major industries
- Government control of production levels and distribution quotas
- Government control of prices and salaries
- Monopolies are common in command economies as they are considered necessary to meet the goals of the national economy.





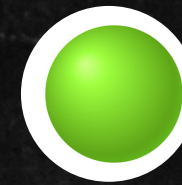


## Command Economic

- Policy maker too human, can be influenced by political interest.
- Wages are set centrally for workers, and profits are eliminated as an incentive for management. There is no apparent reason to produce excellence, improve efficiency, control costs, or contribute effort beyond the minimum required to avoid official sanction.
- Tragedy of the commons
- Maximize social welfare, unlike in free-market economies, where this goal is secondary to maximizing private profit.







Command economies are seen as better able to take decisive, coordinated action in the face of a national emergency or crisis such as a war or natural disaster.





**Garrett Hardin**  
**(1915 - 2023)**



## **Tragedy of the Commons in Economics**

The tragedy of the commons is an economic theory claiming that individuals tend to exploit shared resources so that demand outweighs supply, and it becomes unavailable for the whole

**Example : Fisherman in Business Ethic**

**Exmample : of Car driver in real life**





## University of Maryland 2015

SELECT 6 Points or 2 Point Extra to final grade  
But if More than 20% in class select 6 points  
nobody get the point





**“For all the people that believe in Free Market”**

**Credit : CNBC**

**( Example of John and Apple )**





- 
- Question ?
  - Discussion