

INTERNATIONAL MARKETING AND ITS CHANGING FACE

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Abstract

With the innocence of a child if the theory on “Market for Lemons, Asymmetric Information and Adverse Selection” is studied, one will definitely have an opinion that marketing (domestic or international) is nothing else but FRAUD. Information Technology, Audio visuals today play a portentous role in international brand selling. Today business-to-business or B2B portals act as a hub for sale and resale of goods and services. However these portals are a business unto themselves and the need for marketing is capitalized by B2B portals to grow their own business. Negative externality of international marketing can be witnessed today from the Phishing practices and unscrupulous deal on web as almost all of these are cross border concerns. At present the world is eclipsed by the Dragon's power of having a comparative advantage in several goods. The paper deals with all such aspects related to international marketing, crony capitalism, trade negotiations, WTO and its strategies and wars as benefits. This paper has mainly an India Centric approach.

1. INTRODUCTION:

Over the past 60 years, the WTO, which was established in 1995, and its predecessor organization the GATT have helped to create a

strong and prosperous international trading system, thereby contributing to unprecedented global economic growth (WTO, 2013).

The WTO's founding and guiding principles remain the pursuit of open borders, the guarantee of most-favored-nation principle and non-discriminatory treatment by and among members, and a commitment to transparency in the conduct of its activities. The opening of national markets to international trade, with justifiable exceptions or with adequate flexibilities, will encourage and contribute to sustainable development, raise people's welfare, reduce poverty, and foster peace and stability. At the same time, such market opening must be accompanied by sound domestic and international policies that contribute to economic growth and development according to each member's needs and aspirations (WTO, 2013).

However there have also been cases of forced marketing as witnessed in the case of Monsanto in seeds supply. *“Monsanto’s operation in India illustrates monopolization and manipulation of the market economy, tradition, technology, and misgovernance. The world’s largest producer of genetically engineered seeds has been selling genetically modified (GM) in India for the last decade to benefit the Indian farmers – or so the company claims.”*(Ahmed Iqbal, 2012).

“The government reform did not help the farmers. With pressure from the World Bank and International Monetary Fund (IMF), the Indian government has “forced market liberalization on India which means the elimination of government subsidies and government-backed loans to farmers.”

Enter Monsanto with its “magic” GM seeds to transform the lives of the poor Indian farmers.

The U.S. agri-business giant took full advantage of its entry into the Indian market. It entered into an agreement with state governments including Rajasthan and Andhara Pradesh to introduce a Memorandum of Understanding (MOU) that dictated the terms of disseminating the GM technology in Indian market.

For Monsanto, it is one thing to convince farmers to use artificial seeds for the purposes of enriching their lives, it is quite another to manipulate nature and technology to profit from them.”(Ahmed Iqbal, 2012).

2. CRONY CAPITALISM:

International marketing today more or less practices crony capitalism which acts as a manacle for product diversity. It praises favouratism thus putting barriers to entry and making it difficult for the new entrant to get financial and market support.

2.1. Lobbying:

India is a country with huge marketing potential. Recent case of lobbying witnessed in India is that of Wal-Mart. Global retail giant Wal-Mart — waiting for years to open its supermarkets in India — has been lobbying with the US lawmakers since 2008 to facilitate its entry into the highly lucrative Indian market. (Times of India, 2012)

According to lobbying disclosure reports filed by Wal-Mart with the US Senate, the company has spent close to \$25 million (about Rs 125 crore) since 2008 on its various lobbying activities, including on the issues related to "enhanced market access for investment in India"(Times of India, 2012).

In the last quarter ended September 30, 2012 itself, the company spent \$1.65 million (about Rs 10 crore) on various lobbying issues, which included "discussions related to FDI in India"(Times of India, 2012).

In India the role of "Consultant" which is a clean word for Dalal is very important in all projects, procurement, execution and running.

We aren't naïve to understand who is the actual beneficiary from such practices to push the bill in spite of risk associated with its position.

3. *ADVERTISING:*

With the advancement in technology and innovation knowledge based complex factors have become an important factor in advertising. Let us support this statement with an example of "Horlicks" a UK product of Glaxo Smith group of companies which promotes its product with the fact that "Horlicks is a rich source of vitamin D, helping your body to absorb calcium when sunshine is in short supply!.", "From British soldiers to polar explorers, Horlicks has long been a favourite for active people" (GlaxoSmithKline, 2011). Such kind of advertising is based on hard facts which a person (literate or illiterate) would be unable to deny. Though the fact remains that India has no dearth of sunshine. Who has ever seen a British soldier or a polar explorer drinking such health drinks?

Another one is that of Complain which is a Heinz product supposed to have active DHA which would make kids taller, stronger and sharper (<http://www.heinz.co.in>). However their official website doesn't provide any search results for DHA. It is said that these results are based on Indian RDA analysis on malnutrition and provides details on its data. However if this is the fact about an "underdeveloped"

country than the fact holds that if not almost of these are poor children. Therefore in my humble opinion whosoever has set to solve such a problem must promote cheaper products.

In India aping the west is what we believe in? This can be seen from great marketing strategies of Colgate, Pepsi, and Coke etc which have a negligible nutritional value.¹ Today India and Africa is also a very big market for fairness products where new technological chemicals like Magnesium Ascorbic Phosphate are used. As the production technology of such raw materials is not available it creates new markets. PepsiCo also launched “Glucos” to cater to bottom of the pyramid consumers who couldn’t afford colas and juices. Pollution awareness has brought about a huge market of mineral and packaged drinking water reaping millions (Sharma Shailja, 2012).

From a modest start in 1937, when hand-carts were used to distribute Colgate Dental Cream Toothpaste, Colgate-Palmolive (India) today has one of the widest distribution networks in India – a logistical marvel that makes Colgate available in almost 4.93 million retail outlets across the country. The Company has grown to a Rs. 2805 crore plus organization with an outstanding record of enhancing value for its strong shareholder base. The company leads the Rs.5200 crore Indian toothpaste markets by holding 53.2% of the market share. (<http://www.colgate.co.in>)

Indian and Saudi Arabian companies have purchased more than one million acres of land in Gambella in Ethiopia to grow cash crops and sell to their parent countries. Thus land as a scarce commodity is a new

emerging market (GOI MONITOR DESK, 2011). This is the case where land has been marketed.

3.1. Need Based:

India became a market for selling tamiflu at the time of spread of H1N1 virus. Lots of money was spent for importing Tamiflu from a global pharmaceutical Roche when Cipla has been exporting drugs to Latin America. This is an example of need-based marketing.

3.2. Indoctrination:

Many marketing strategies have a “brainwashing effect” on population where a consciousness is created among people and suddenly a new market entry takes place. We can consider an example of Touch Screen, Tabs, iPhones etc. causing less radiation where local players cannot compete and already established players make hay when the sun shines.

3.3. Culture Based:

Kentucky Fried Chicken (KFC) largely boasted of chicken with a familiar American Bland taste turn to NO ALL CHICKEN in order to compete with McDonald’s and open new stores in smaller towns. “Consumer research showed that there is larger need to introduce vegetarian offerings” said Tarun Lal, general manager, KFC India. (Vats Rachit, 2013)

3.4. Chinese-factor Strategy:

If one goes on web to search for any product Chinese marketing is such that almost all the brands on the list are Chinese products. China-factor is based on cost-effectiveness rather than quality consciousness. But Chinese marketing strategy has brought about a sea change in the

way goods were being marketed. An example is of dry cells (pencil cells and button cells) where one pencil cell cost Rs9/=in India. The Chinese pencil cells sold in retail at 4 cells at Rs10/= .Though the quality had much to be desired the typical consumer shot down the pencil cell market in India and eventually the local brands had to bring down their cost to Rs. 6-7 initially. Thus it can be seen that global marketing can bring down the margins appreciably to reasonable limits and curbs monopolistic margins. Today it's the China factor which believes in lowering production costs by bulk production thus doing away the complacent high margin sales.

4. ***BANKING AND INSURANCE:***

India is a country with second largest world population (World Population Review, 2012) thus has a wide scope for marketing in banking and insurance sector.

The case for more private banks in the name of financial inclusion is weakly made. If financial inclusion were the alleged goal of allowing more banks to come into existence four decades after bank nationalization, then obviously something is wrong with the operating model of the banking system in the country. In fact, it was left to the microfinance sector to begin to make a serious dent toward financial inclusion (Nageswaran Anantha, 2012)

5. ***WARS AS MARKET:***

Creating warlike conditions and selling of weapons, bulletproof jackets, cameras, guns, planes ,and explosives have become a new trend to improve the seller's economy .Today the fight for control scare resources by military might changing regimes to push large firms into a particular country is becoming the trend and it is now very important

that countries like India become self sufficient and allow good governance with tight fiscal control to fight such moves.

6. *RETROSPECTIVE TAXATION:*

Due to new and emerging markets like spectrum sales the governments make calculation mistakes in calculating the real potential(value) of such sales. It can either peg the goods at a very high or very low rate and then resort to corrections later on which is ill advised and gives a bad picture of ignorance to the global players.

CONCLUSION:

A country with strong economic and technological base, coupled with Good Governance and Policies, effective taxation, Economies of Scale and Flooding of presence in market will according to Darwin's Theory of Survival emerge a Global Power.

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