

**International Product Decision
first session
for
Indo German Programme**

Product in international market

Dr Ramesh Mittal
Director
CCS National Institute of Agricultural Marketing
Jaipur

Standardisation Vs Adaptation

- In international markets, success depends on satisfying the market demands. The product or service must be suitable and acceptable for its purpose.

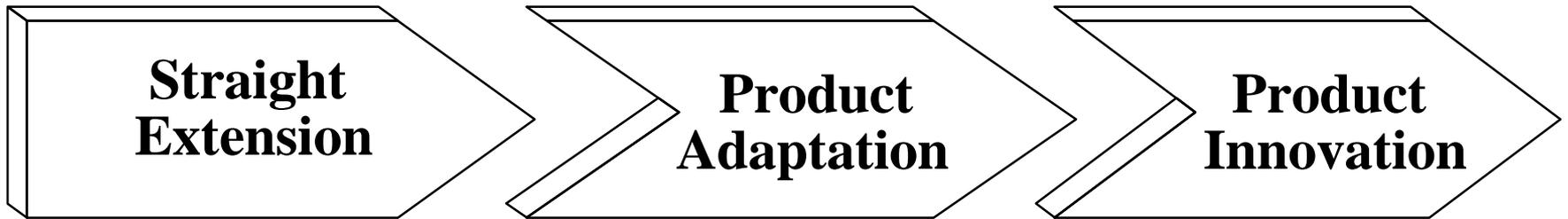
“The main issue for a company about to commence marketing internationally, is to assess **the suitability of the existing products for international markets.**”

- Product policy abroad: firm must decide **which aspects of a product need to be adapted** and which can be standardised.

Standardisation Vs Adaptation

- **Standardisation policy: offering a uniform version of a product in all of its foreign markets.**
- **Adaptation policy: offering a product to targeted foreign consumers altered to specific tastes, preferences and needs. Adaptation can concern all the characteristics of the product.**
- **Decision between standardisation and adaptation is not mutually exclusive rather it is a matter of degree**
- **A certain degree of adaptation of a product is required in international markets.**

International Product Strategies



**Straight
Extension**

**Product
Adaptation**

**Product
Innovation**

**The firm adopts
the same policy
used in its home
market.**

**The company caters
to the needs and wants
of its foreign customers.**

**The firm designs a
product from scratch
for foreign customers.**

These Six Basic Strategies Can Be Further Broken Down Into 3 Options

International Product Strategy	Product Example	Consumer Need Satisfied	Product Strategy	Communication Strategy
<u>Strategy 1</u> Product and Communication Extension	Cumin	Easy to use product	Extension	Extension
<u>Strategy 2</u> Product Extension Communication Adaptation	Coriander	Substitute for existing spice	Extension	Adaptation
<u>Strategy 3</u> Product Adaptation Communication Extension	Mango	Taste	Adaptation: Adding local products to range	Extension: Using global campaign
<u>Strategy 4</u> Product and Communication Adaptation	Green Chilly	Taste/ Lose Weight	Adaptation: Consumer preferences for different flavors	Adaptation:
<u>Strategy 5</u> Product Invention	Turmeric	Immunity	Medicinal	Develop new communication
<u>Strategy 6</u> Need identification	Ginger	Medicinal	drinks	Develop new communication

Reasons for Product Standardization

- **Economies of scale :**
Production, R&D, Marketing
- **Common Consumer needs :**
Cooking patterns, Taste, Aroma
- **Consumer Mobility :**
Customer retention & Loyalty

Indian Curry ...
- **Home Country Image :**
History of Spice trade/good quality/look mangoes
- **Impact of technology :**
GAP, Organic/non organic/certifications

Reasons for Product Adaptation

- **Climate:** winter/ summer
- **Skill level of users :** How to use
- **National consumer habits :**
 - Aromatic
Taste
Cooking pattern
- **Government regulations** on products, packaging, and labels.
- **Company history and operations** (subsidiaries)

Adaptation

Mandatory Product Adaptation

- **Government regulations**
- **Current standards**
- **Measurement systems**
- **any other requirement**

Optional Product Adaptation

- **Physical distribution**
- **Local use conditions**
- **Climatic conditions**
- **Space constraint**
- **Consumer demographics as related to physical appearance**
- **User's habits**
- **Environmental characteristics**
- **Price**
- **Limiting product movement across national borders (gray marketing)**
- **Historical preference or local customs and culture**

International Product Strategies

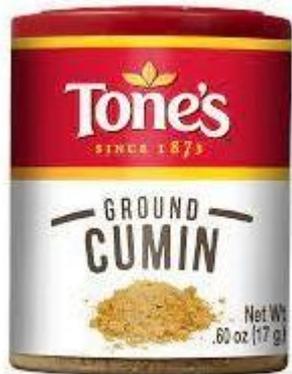
- **Standardized Product**
 - Domestic product introduced internationally, with minor or no modification
- **Localized Product**
 - Domestic product adapted for foreign markets
 - Product made/grow specifically for foreign markets
- **Global Product**
 - Product made/grow with international (not national) markets in mind
 - Product having universal use
 - Product being adaptation-ready, when necessary

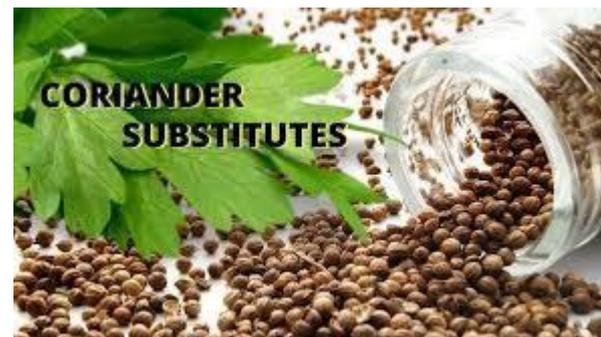
Degree of Standardization

- International practice at par with other countries
- Core-Product (Common Platform) Approach
 - Balancing standardization & adaptation
 - Over standardization vs. over customization

high touch

Ready to use/cook/eat



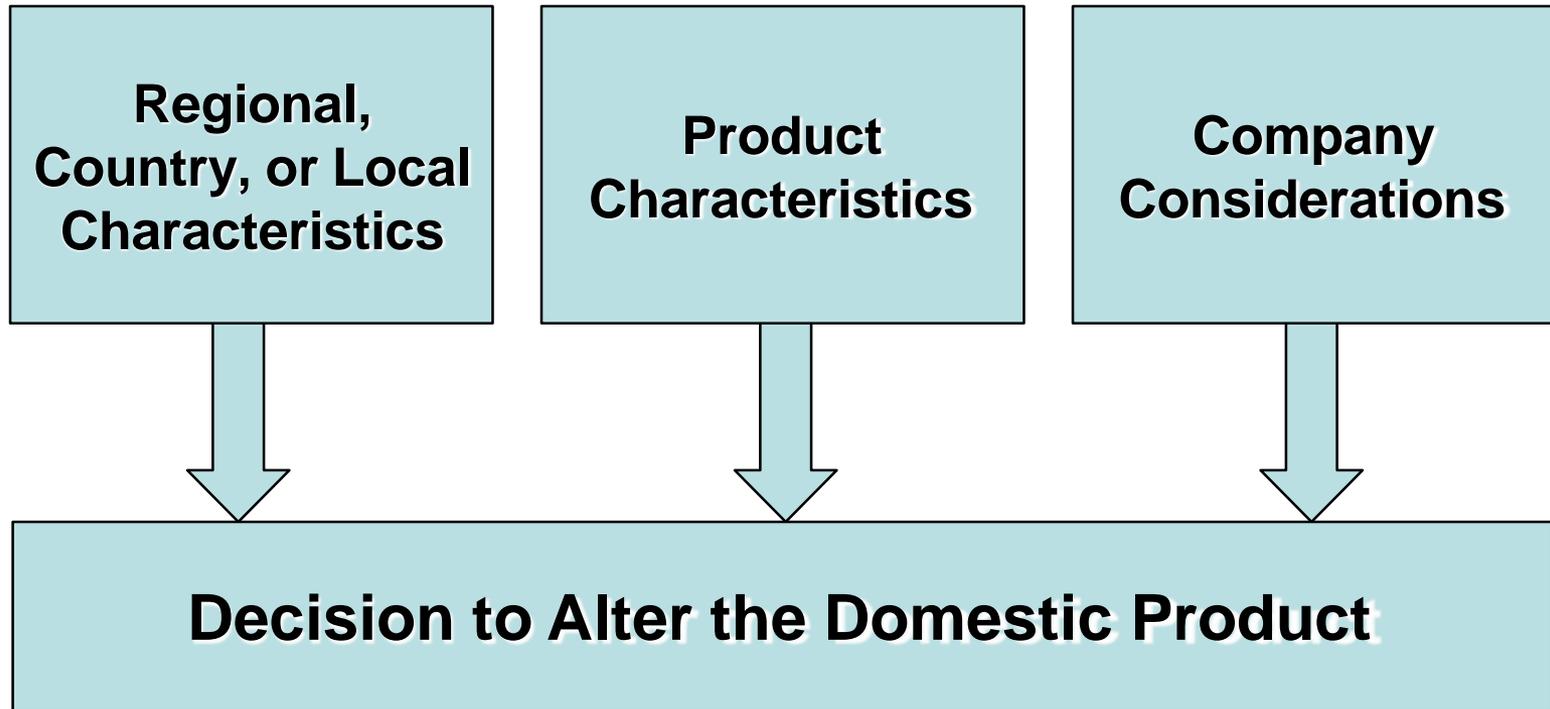


Country-of-Origin Effects



- **Impact of where the product is grown**
 - perceived quality?
 - patriotism/nationalism?
- **Country-of-origin versus country-of- grown/processed**
- **Interaction of country-of-origin and brand name effects**
- **Hybrid products (e.g., components manufactured in multiple countries; products via strategic alliances)**
- *“...any influence that the country of origins , has on a consumers positive or negative perception of a product”*
- **Stereotypes – positive or negative**
- **Significant influence on product positioning**
- **Adapt positioning from country to country**

Factors Affecting Adaptation



Considerations in adapting products

Target Market	Macro-environment	Government Regulations	Competition
<ul style="list-style-type: none">❑ Who buys the product?❑ Who uses the product?❑ How is it used?❑ Where/ why/ when is it bought?	<ul style="list-style-type: none">❑ Geography❑ Climate❑ Economic❑ Socio-cultural❑ Political/legal	<ul style="list-style-type: none">❑ Tariffs❑ Labeling❑ Patents/trademarks❑ Taxes❑ Other	<ul style="list-style-type: none">❑ Price❑ Performance❑ Design or style❑ Patent protection❑ Brand name❑ Package❑ Services

The Market Environment

- Government Regulations
 - Political and social agendas often dictate regulatory requirements
- Nontariff Barriers
 - Product standards, testing, subsidized local products
- Customer Characteristics, Expectations, and Preferences
 - Physical size, local behaviors, tastes, attitudes, and traditions
 - Consumption patterns, psychosocial characteristics, and general cultural criteria

The Market Environment

- Economic Development
 - The stage of economic development affects the market size and demand characteristics. Backward innovation of the product may be required to meet local requirements.
- Competitive offerings
 - Monitoring competing local products is critical in adjusting the product for competitive advantage.
- Climate and geography
 - Local climatic conditions and terrain features can make products vulnerable to damage.

What should be the product's...

- Physical attributes?
 - Size, design, materials, weight, color, etc.
- Package attributes?
 - Protection, color, design, brand, etc.
- Service attributes?
 - Use instructions, installation, warranties, repair/maintenance, spare parts, etc.
- Expected profit contribution of each adaptation?

Mango (scientific name: [Mangifera indica](#)) trees are cultivated in tropical and subtropical regions. Important varieties and hybrids for the European market include Kent, Keitt and alternatively Palmer. The fibreless varieties are most in demand because of consumer preference.

Fresh mangoes are available as:

- Normal whole fruit
- Ready-to-eat (ripened at destination)
- Tree-ripened (air-freighted)
- Freshly cut (consumer packed)

Commercial varieties

- Kent (fibreless)
- Keitt (fibreless, productive)
- Palmer (minimal fibre)
- Osteen (typical variety in Spain)
- Tommy Atkins (long shelf life, fibrous but declining interest)
- Amelie (Burkina Faso / West Africa)
- Shelly (Israel)
- Kensington Pride (originating in Australia)

Minor commercial varieties (air freighted)

- Ataulfo (small Mexican variety)
- Nam Dok Mai (exotic variety from Thailand / Southeast Asia)
- Alphonso (India, mainly ethnic market)
- Kesar (India, mainly ethnic market)

Tips:

Increase your chances in Europe by providing both a reliable and quality supply. Make sure to do whatever you say you will be doing, and be honest about the volume and quality you can offer. Communicate proactively with your buyer whenever you expect quality issues. Any success you appear to have by making things seem better than they actually are will be short-lived.

Reduce your risks in the mango trade by diversifying your markets (focus on both local and export markets).

Which European countries offer most opportunities for mangoes?

The Netherlands play a central role in the mango trade in Europe, but Spain also takes on a more prominent trading role besides their own mango production. The traded mangoes mainly end up in Germany, the United Kingdom, France and Portugal. French and Portuguese consumers value a good tasty mango, while Germany and the United Kingdom maintain the highest standards in terms of certification.

Tip: The Netherlands: your main trade hub for mangoes

Include the Netherlands into your European export plan. Even if you do not manage to sell through the Netherlands, just by meeting and talking to Dutch mango importers or traders you can learn a lot about the mango market in Europe.

Tip: Germany: your largest destination market for mangoes

Test your mangoes regularly on pesticide residues to see if they are fit for the German market. Maintain a residue standard of 30% to 50% of the European guideline as provided by the [MRL database](#).

Tips: United Kingdom: convenience is dominant

Make the United Kingdom your priority market when you want to export Indian mango varieties. The United Kingdom is by far the best market for mango varieties such as Alphonso or Kesar.

Find British mango traders in the [trader search option of UK Trade Info](#) (Search in [commodities for mango with HS-code 080450](#)). You can also check the [Exim World United Kingdom buyer and importer directories](#) to see which British companies are importing mangoes mainly from India.

Drivers of Product Adaptation

Example Mango

- Differences in EU :
 - Quality in Germany
 - Taste in (UK)
 - Tree ripened-Dutch



- **Packaging:**
 - Ecological boxes in Germany
- **Distribution:**
 - in Italy and Spain
 - in UK
- **Communication:**
 - in Italy and Spain

Product Characteristics

- Product Constituents
- Branding
- Packaging
- Appearance
- Method of Operation or Usage
- Quality
- Service
- Country-of-Origin Effects

International packaging and European Packaging Trends

- Transportation Concerns
- Climate Concerns
- Economic Concerns
- Cultural Factors
- Promotional Considerations
- Market Retailing Structure
- Labelling



Company Considerations

- Organizational capabilities?
- Is it worth it?
- Can we afford not to do it?
- Can a specific return-on-investment (ROI) be attained?
- Quality, price, and user perceptions?
- Warranties?
- Managerial talent?

- Thanks