

## Research Project products and companies: Clarifications on some of these product selections, sources and explanations

- 1. Fashion/2. Sports/7. Nutraceuticals/12 & 13. Food:** these are all consumer goods, so you could remind yourself of the characteristics of consumer markets to help you focus on how these types of business market and operate. Consumer goods markets for example are fragmented (their buyers are all over the country); they are diverse (there are millions of them); they buy in small order quantities (eg one pair of shoes at a time); their orders are of low unit value (one kilo of cheese is cheap); they buy from shops so the last stage of the distribution chain is the retail sector; the goods are of relatively low technology; there is lots of choice so there are many substitute products from a variety of competitors; they are often sold on the basis of status, convenience or brand attributes; and they usually contain high 'cultural grounding' (ref Lecture 4). **(1. Fashion (luxury goods)** though is something of an anomaly here, since fashion items are designed to be exclusive and not common, are high priced, and rely on positive country of origin effects so that they are seldom adapted for consumer preferences in different markets, but they are still a consumer good).

These characteristics influence directly the nature of marketing such goods and hence the environmental factors important to your allocated firm (Project Part1) and the way that your marketing strategy evolves (Project Part 2). In Part 1, culture for instance is more important as a variable for consumer goods than is technology. In Part 2, in Place for example you could note that distribution channels are long and complex and end in a retail stage; Promotion is often of a pull nature directed to the consumers to stimulate purchasing desire and product demand. The nature of consumer markets determines how your firm goes about its international marketing so you should focus on these in considering how your firm undertakes its international business.

Look for useful material and data in eg Austrade (articles in the Australia Unlimited website: <http://www.australiaunlimited.com/> and especially Euromonitor reports via the Library's page).

- 3. Medical equipment:** medical equipment is a high technology field where Australia has world-beating companies. Here's an example: ResMed <http://www.resmed.com/au/en/consumer.html>. ResMed makes a range of medical devices, but only within its narrow medical specialty of sleep disorders. Nevertheless it exports 97% of its output, and is hugely successful, reckoning that 90% of its potential market (those not using such devices but who should be) remains untapped. ResMed holds over 3,000 patents for its innovations. ResMed's products are sold both to consumers (who buy them on their doctor's instructions) and institutions like hospitals and aged care facilities. That means there are both a consumer and a B2B angle to their marketing, which makes it more interesting. A key point to understand about such a firm though is that its market success and penetration might be dependent on the healthcare structure in a country, for example whether medicine is largely privatised and payment

for ResMed's products is done by health insurance companies, or whether it's a universal gov't-provided health system like the UK's National Health. Doing such a product should invite you to look into the health system in your country and consider how such 'necessary', ie non-discretionary goods, are marketed, as well as the regime of regulatory approvals (because these are used on people).

**4/5. Franchises, both food and non-food:** Franchises are one of the fastest growing forms of international business, and have been for that last 20 or more years. Franchising as a form of market entry is discussed on pp249 – 251 of your textbook, and you need to research the nature of this type of commerce and what benefits both the seller (franchisor) and buyer (franchisee) gain from it. There are a couple of sources that are useful for you: for franchises in general and for examples of ones that have already internationalised, you can go to Franchise Business <http://www.franchisebusiness.com.au/knowledge-centre/-/all/all/all> (note also their back copies available online: <http://www.franchisebusiness.com.au/info/back-issues>, browse these for information on franchise marketing), and Australian Franchise website <http://www.australianfranchises.com.au/franchising-advice.html>. Another useful site is a resource centre and research source on the franchise industry, run by Griffith University: <http://www.franchise.edu.au/>.

When considering international expansion of your franchise you should realise that there are two aspects for you to consider. Firstly, if it's a consumer franchise (such as food) then naturally the acceptability of the food item to the foreign consumer (think 'cultural grounding' – Lecture 4) is one thing to consider, as well as the wider (augmented) aspects of the product such as service expectations and standards, branding and physical presentation. Secondly, you also have to consider the franchisor marketing its franchise system to its investor – the franchisee. Accommodating the investment rules, regulations, business practices in commercial relationships or negotiating, and the business environment in your target country is going to be equally important for your Australian firm's success in establishing a chain of its outlets there.

**6. Agricultural, manufacturing, environmental equipment or technology:** Australia has a robust manufacturing sector which produces advanced engineering products and equipment for many industries. Most business actually is B2B rather than B2C, so you are likely on graduation finding yourself working in this type of marketing. For these industrial products you need to identify the industry your company is involved in and research this in your target country. However B2B marketing is quite different from consumer marketing, and the B2B nature of such products means that if you haven't done the Marketing unit 'B2B Marketing', then as a first step you should go to the Library and find any book titled 'B2B Marketing' and read about the essential differences between consumer and industrial marketing, so you can apply these in your RE2.

**8. Wine:** wine is one of Australia's major exports and one for which we have a worldwide reputation and a natural comparative advantage. So important is it that the Australian

Gov't has established a wine industry body to ensure standards are kept high and to assist winemakers in their marketing efforts. This is Wine Australia:

<https://www.wineaustralia.com/> , go to the Marketing page and also via their linked site of the AGWA view their Export Market Guides

<http://www.wineaustralia.com/en/Winefacts%20Landing/Export%20Market%20Guides.aspx> and overseas market intelligence view

<http://www.wineaustralia.com/en/Winefacts%20Landing/Overseas%20Market%20Intelligence.aspx> .

9. **Alcohol (beer or spirits):** The site Australia Unlimited has a short article on the craft beer industry (<http://www.australiaunlimited.com/food/the-australian-craft-beer-revolution>), but there are other manufacturers here and in the spirits segment too. This type of product falls into the category of products with some measure of social harm attached to them (like tobacco), so unsurprisingly they tend to be highly regulated in entry or customer access in various countries, as well as having a strong cultural influence on consumption, all of which alerts you to the need to check the regulatory regime in your target country, as well as social attitudes such as the 'drinking culture' or place of alcohol in the traditions of your country. This is also a consumer good which is costly to transport: factor this into your marketing calculations.
  
10. **Retail chain** (investment decision, company expanding owned stores overseas): some companies have developed a competitive advantage not in their actual products but in the way they do business. A successful retail chain is an example. Their competitive advantage comes from their retail concept rather than the actual goods they sell. In fact they probably don't make anything themselves, only selling other firm's goods (unless they have some own-branded lines). And they don't franchise their stores, they own them themselves.

Here's an example, Super Retail Group: <http://www.superretailgroup.com.au/>. It's already in NZ and has started in China. SRG is a holding company for a number of distinct retail chains. Take their Goldcross Bicycles brand and chain. This is a retail concept narrowly focused on one product type: bicycles (in the retail trade it's called a 'category killer'). As an International Marketing exercise, this chain would seek to replicate its retail concept in other markets, selling in these other countries perhaps some of the same goods but likely a range from different manufacturers, but still aiming to succeed by relying on the unique package of its concept which distinguishes it from its competitors. SRG even helpfully spells out its sources of differentiation for you: <http://www.superretailgroup.com.au/about-us/differentiators/>. So if you were working for SRG and assessing new foreign markets as the next one to colonise, you'd be focusing on factors like the consumption by consumers of your particular product range, of course, but also (since you're setting up company-owned stores there) such market criteria as the stage of development the retail industry has reached, property costs (for leasing shop space), employment laws (because they are employing locals), business licensing requirements, and so on.

**11. A service which is exported.** Note that although they are two of Australia's largest export dollar earners, tourism and education are excluded from this assignment. That's because both are a category of export services called 'domestically-delivered services', that is they are an export because the consumer is a foreigner and they pay in a foreign currency, but everything else supplied is done within Australia, so there's nothing much to learn here about International Marketing. Think of the Sydney Harbour Bridge Climb as an example.

However Australia has a huge and rapidly growing services export trade. Going to DFAT's site and finding out about services is a good place to start. This page shows that Australia exported \$4.1 billion of professional services and \$3.5 billion of technical and other business services, and these apply to you: <http://www.dfat.gov.au/international-relations/international-organisations/wto/Pages/the-importance-of-services-trade-to-australia.aspx> . A good start is to familiarise yourself with the peculiar nature of services as a type of product (if you haven't already done 'Marketing of Services' as a unit). Go to the Library and take any text book on marketing of services and read the first chapter which explains their unique characteristics (intangibility, perishability, simultaneity, heterogeneity). Read also Chapter 11 in your textbook, especially.

**14. Meat – fresh:** Australia has a very large export market of fresh or frozen meat, not surprising given our comparative advantage in climate and space. Meat here means not livestock (like the live sheep trade to the Middle East), but meat that has been processed through an abattoir and is in mostly retail ready forms or carcasses but which is not packaged in retail packaging like supermarket retail meat trays. This is meat that is sold to the wholesale meat trade in a foreign country, and these wholesalers then sell it to retailers like supermarkets who put it in the retail packs. The meat industry is really important to Australia so, like wine, comes with government oversight and some regulation. A good place to start is the Meat & Livestock Association <http://www.mla.com.au/Home>, noting pages dealing with marketing, the industry, pricing and so on. The Commonwealth Dept of Agriculture is another useful starter source: <http://www.agriculture.gov.au/>.

**15. Seafood – live or fresh:** Australia, not least because of our clean, green reputation (think 'country of origin effect') and our long coastline is a major exporter of seafood in various forms. Especially successful are live or fresh seafood from for example Western Australia and Tasmania. Some species are unique to Australian waters, some gain added value by being available counter-seasonally for the northern hemisphere. Quite a number of companies operate in this trade. One interesting issue with this product is how its extreme perishability affects the way it is marketed and distributed: research cold chain distribution and the ways seafood is airfreighted with minimal delay. Research also the distribution structure of this industry, since imported or locally caught seafood is often (or usually) sold wholesale by auction through large central urban fish markets, and your product might follow this trend; examples for you find and understand are the Sydney

Fish Markets here at home and the Tsukiji Fish Market in Tokyo, Japan. A good place to start is the Dept of Agriculture's Fisheries section:  
<http://www.agriculture.gov.au/fisheries> .