

Module: International Business Management  
Class: 1st Year Master Business Management

## **LECTURE SEVEN:** MANAGING MARKETING, SCM AND FINANCE IN INTERNATIONAL OPERATIONS

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## 1- Introduction

In this lecture, you'll provide an introduction to the key functions that drive international business: marketing, supply chain management (SCM), and finance. These three pillars work together to help companies access global markets, move goods across borders efficiently, and navigate the financial challenges of international transactions.

To succeed in global marketing, firms must understand the cultural, political, and economic differences between countries, as well as the unique marketing channels available in each region. International operations require integrated strategies that address cross-border trade, market entry, and adaptation to diverse cultural norms, regulatory environments, and currency fluctuations.

Effective global business involves optimizing supply chains for international reach, customizing products to meet local preferences, and securing financing across borders—all while balancing the need for global consistency with local responsiveness.

## 2- Marketing in International operations → International Marketing

### a. Definition of International Marketing:

- It is the application of marketing principles to satisfy the varied needs and wants of different people residing across the national borders.
- Simply, the International Marketing is to undertake the marketing activities in more than one nation.
- International Marketing is the multinational process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods and services to create exchanges that satisfy individual and organizational objectives. (AMA).
- International Marketing can be defined as the performance of business activities designed to plan, price, promote, and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit.

Typically, international marketing has a broad scope, from global supply chains to cross-cultural customer engagement. This provides both challenges and opportunities for marketing teams.

International marketing encompasses various activities, including export marketing, global branding and communications, market research, product development, packaging and branding.

## 2- Marketing in International operations → International Marketing

### b. Objectives of International Marketing:

- To promote social and cultural exchange among the countries and continents.
- To assist developing countries in their economic and industrial growth by inviting them to the international market thus eliminating the gap between the developed and the developing countries.
- To assure sustainable management of resources globally.

### c. International Marketing Decisions

The marketing concepts for all type of businesses remain same as basic ingredients of marketing are same but the international marketing decisions are more complex than domestic market decisions. The international market environment is uncontrollable and the factors are quite heterogeneous. The decision making process in international situations is quite challenging.

A firm which wants to operate internationally has to undertake series of strategic decisions. They are the following:

- Going international
- Market selection decision
- Mode of entry and operating decision
- Marketing Mix decisions
- International Organization Decision

## 2- Marketing in International operations → International Marketing

### d. Adapting the marketing Mix to Global settings

Marketing Mix Element	Standardization (Global Consistency)	Adaptation (Local Customization)
<b>Product</b>	Same design/features worldwide (e.g., Apple iPhone)	Adjust flavors, packaging, or sizes (e.g., McDonald's menu varies by country)
<b>Price</b>	Uniform pricing strategy across markets	Adjusted to local income levels, taxes, and competition
<b>Place (Distribution)</b>	Global e-commerce platforms, same retail formats	Local channels (small shops, informal markets, regional logistics)
<b>Promotion</b>	Universal campaigns, same slogans and visuals	Tailored messages reflecting cultural norms, language, and humor

## 2- Marketing in International operations → International Marketing

### e. Challenges in International Marketing

- **Political & Legal Differences:** Foreign markets operate under diverse regulations and political climates, making decisions complex.
- **Cultural Diversity:** Variations in traditions, values, and consumer behavior can threaten marketing success.
- **Economic Variability:** Differences in income levels, living standards, and spending habits complicate strategy.
- **Financial Systems:** Currency convertibility and exchange rate volatility pose risks to pricing and profitability.
- **Language Barriers:** Misinterpretations due to multiple languages and connotations hinder effective communication.
- **Marketing Infrastructure:** Advertising and promotional methods that succeed in developed nations may fail in less developed ones.
- **Trade Restrictions:** Import controls, tariffs, and barriers limit market access.
- **Customs & Practices:** Distinct trading traditions across countries add uncertainty to marketing decisions.

## 3. Supply chain management in international operations → Global SCM

**a. Definition :** International supply chain management refers to the management or control of both physical and information flow concerning a wide variety of goods, tracking them from the point of their origin until they reach the destination. International SCM is done with the help of a number of tools, which provide support when it comes to planning and implementing the set plans for the efficient flow of the supply chain.

**International Supply Chain definition is similar to the definition of supply chain management**, which is the management of the flow involving goods or services, represented by transportation and storage, inventory and shipping schedules, beginning with the acquisition of raw materials to providing the final product to the end consumer. In the case of International supply chain management, this flow assumes the involvement of at least one company from abroad, with the purpose of creating a network composed of transnational companies.



### 3. Supply chain management in international operations → Global SCM

#### b. Key Strategies for International Supply Chain Management

- 1) The optimization of inventory, making sure that ideal amounts are available at all times;
- 2) Flexibility, as the supply chain is capable of adapting to changes in the market and other factors that may influence it;
- 3) Fast fulfilment of customer needs, which became more and more important as people around the world prefer using their mobile devices as a faster way to find and get what they need;
- 4) Customization, which means that the supply chain will be adjusted so that it will be capable of meeting the demands of the clients;
- 5) Sustainability, a trend that is becoming increasingly prominent in the International Supply Chain Management, having in mind that fossil fuels are a finite good and they have to be used in a smart manner while considering the use of renewable fuels.

### 3. Supply chain management in international operations → Global SCM

#### c. Phases of International Supply Chain Management

## The 5 Phases of Supply Chain Management

From planning to return



#### 1. Planning

Planning defines the resources, deadlines and budgets of the supply chain, requiring risk analysis and strategic vision. Its efficiency determines the solidity of the following stages of the project.



#### 2. Acquisition

The second stage is the acquisition of materials, which requires selecting reliable suppliers, prioritizing quality, competitive cost and ethical-sustainable alignment. A rigorous evaluation and negotiation process ensures long-lasting partnerships and mutual benefits.



#### 3. Manufacturing

The central stage transforms raw materials into components of the final product, ensuring efficiency, quality and compliance with safety and environmental standards. After manufacturing (assembly, testing and packaging), the product is delivered and provided to the customer for support.



#### 4. Delivery

The delivery stage involves efficient transportation to customers, using advanced logistics, tracking and inventory management to ensure safety and punctuality. Sustainability (optimized routes) and flexibility for unforeseen events, such as alternative distribution plans, are essential at this stage.



#### 5. Return

The feedback phase is crucial for a company's reputation as it helps minimize waste, reduce costs, and promote sustainable practices. It also provides an opportunity to receive valuable feedback from customers to improve product quality.

### 3. Supply chain management in international operations → Global SCM

#### 5 Stages in International Supply Chain Management

##### Stage 1: Procurement Management

**Supplier Selection:** The first stage in your international supply chain management process is to select reliable suppliers. The selection of suppliers should be based on four factors: Cost, Quality, Reliability, and Capacity.

**Contract Negotiation:** The procurement manager must ensure that you have agreed on the right terms and conditions with suppliers and that they offer you good pricing and delivery schedules.

**Supplier Relationship Management** is a key component of international supply chain management. It helps maintain consistent communication and collaboration and leads to reliable and quality products and services.

##### Stage 2: Production

**Manufacturing Planning:** You should develop schedules that help optimize production runs and minimize production downtime.

**Quality Control:** Implement measures that ensure products meet your defined quality standards before moving through the supply chain.

**Inventory Management:** You should maintain balanced inventory levels that meet demands without any overproduction or understocking.

### 3. Supply chain management in international operations → Global SCM

#### Stage 3: Transportation

**Logistics Planning:** You should design and streamline your international logistics network, from suppliers to manufacturing plants and distribution centers, for your international supply chain management.

**Freight Management:** Choose a cost-effective logistics network. You may choose from several modes, such as trucking, air freight, and sea transportation, whatever suits your requirements and objectives.

**Customs Brokerage:** Ensure that you comply with international trade regulations and streamline your clearance processes according to the government requirements.

#### Stage 4: Warehousing

**Storage Management:** Choosing warehouses that provide more space, a more accessible location, and lower costs will increase the efficiency of your warehousing.

**Order Fulfillment:** For better customer satisfaction, use supply chain management software that may process incoming orders swiftly.

**Inventory Tracking:** For better international supply chain management, use technology that may provide you with real-time inventory data.

#### Stage 5: Distribution

**Network Design:** Supply chain network design helps you strategically position distribution centers to optimize delivery costs and times.

**Returns Management:** Finally, your international supply chain management should implement processes like reverse logistics to handle returned goods efficiently.

#### 4. Finance in international operations → International finance

**a. Definition:** International finance focuses on managing financial resources in a global business environment. It explores the principles of trading in international markets, foreign currency exchange, and profit generation through such activities. As a key aspect of financial economics, international finance addresses monetary interactions between two or more countries. It covers topics such as currency exchange rates, global monetary systems, foreign direct investment (FDI), and other critical aspects of international financial management.

International Corporate Finance refers to the financial management practices and strategies employed by multinational corporations (MNCs) as they engage in business operations across international borders. This field encompasses critical decision-making processes regarding entering foreign markets, evaluating performance, and managing various financial risks associated with global trade. MNCs often assess the potential benefits and drawbacks of foreign investments, seeking to understand market imperfections and the dynamics of local currencies, inflation rates, and regulatory environments.

International finance deals with capital flows, transactions, and investments across national borders

#### 4. Finance in international operations → International finance

##### b. Basic Aspects of International Trade Finance:

- Finance is crucial for importers to make payments on time and exporters to buy materials and deliver as expected.
- International trade finance helps in mitigating risks for all stakeholders by providing monetary support and assurance, often with creative financing methods.
- International trade finance helps organizations with the strategic decision-making required to be successful internationally.

##### c. Key Stakeholders in Trade Finance:

There are two categories of stakeholders: users and providers of trade finance.

- Users are the exporters and importers that need financial support during cross-border trading.
- Providers are the banks, financial institutions, and intermediaries that help users with finance-related needs.

#### 4. Finance in international operations → International finance

##### d. Major Risks Involved in Trade Finance:

There are four categories of risk: technical risk, management risk, commercial risk, and external risk.

TECHNICAL RISK	MANAGEMENT RISK	COMMERCIAL RISK	EXTERNAL RISKS
for instance, highlights the importance of <b>technology</b> in creating contracts, understanding market by defining requirements, assessments, and assumptions.	becomes even more important when organizations are dealing with international parties. The common issues that organizations face while managing international projects <b>are trust, resource availability, communication, and bank risk.</b>	(divided into non-payment and non-performance risk) plays a vital role in business success. It is one of the areas in trade finance <b>that can make or break a business.</b>	are the risks which are not in organization's control e.g. <b>country risk, foreign exchange risk, weather, and ecology</b> etc.

#### 4. Finance in international operations → International finance

##### e. Risk Management Cycle Used to Manage Trade Risk

Foreign organizations need to use an effective risk management process that includes identifying, assessing, responding, communicating, and monitoring risks in trade. One process is called the risk management cycle, in which these five steps are followed in a continuous way

1. **Identifying Risk** is about identifying warning signs and sharing it with stakeholders.
2. **Assessing Risk** involves determining the scope of risk along with factors influencing severity of the risks identified.
3. There can be five ways to **responding to risk**: accepting risk, reducing risk, risk avoidance, risk monitoring and risk transfer.
4. There then arises a need to **communicate the risk effectively to internal and external parties** to help with effective decision making.
5. Once the risks have been identified and have been communicated to stakeholders, next step in risk management cycle is to **monitor the implementation of risk mitigation plan.**

## 4. Finance in international operations → International finance

### f. Trade Finance Risk Mitigation Tools

There are two risk mitigation strategies: International trade finance instruments and International financial institutions and aid agencies.

**I. Trade finance instruments**: There are four trade finance instruments that are commonly used: open account, advance payment, documentary collection and documentary letters of credit.

- **An open account** is an arrangement where the exporter ships goods and the importer pays at a later date (often 30–90 days). It is essentially a deferred payment system, similar to trade credit.
- **Advance Payment** (Cash-in-Advance): An advance payment is when the buyer pays the seller before goods are manufactured or shipped. Sometimes the full amount, sometimes a partial deposit.
- **A documentary collection** is a process where the exporter's bank sends shipping documents to the importer's bank, which releases them to the buyer only after payment or acceptance of a bill of exchange. there are Two types: Documents against Payment (D/P): Buyer pays immediately to receive documents. and, Documents against Acceptance (D/A): Buyer accepts a bill of exchange to pay later.
- **A letter of credit (LC)**, also called a documentary credit, is a commitment by the buyer's bank to pay the seller once the seller presents documents proving shipment and compliance with contract terms. It is a bank guarantee of payment, provided documents are correct.

**II. The financial institutions and aid agencies** can be banks, intermediaries or third parties providing financing to importers and exporters. These could be public and private funded organizations, could be operating at domestic or global level.

## 4. Finance in international operations → International finance

Method	Definition	Risk for Exporter	Risk for Importer	Best Use Case
<b>Advance Payment (Cash-in-Advance)</b>	Importer pays before shipment; exporter ships after receiving funds.	Very low (payment secured upfront).	Very high (no guarantee goods will be shipped).	When exporter doubts buyer's creditworthiness or in unstable markets.
<b>Open Account</b>	Exporter ships goods first, importer pays later (30–90 days).	Very high (risk of non-payment).	Very low (receives goods before payment).	Established trust, long-term relationships, competitive markets.
<b>Documentary Collection (Cash Against Documents)</b>	Exporter ships goods, banks handle documents; importer pays to receive documents.	Moderate (depends on importer's willingness to pay).	Moderate (must pay to obtain shipping documents).	When trust exists but exporter wants some banking safeguard.
<b>Documentary Letters of Credit (LCs)</b>	Bank guarantees payment if exporter meets terms (documents presented correctly).	Low (bank obligation reduces non-payment risk).	Low to moderate (must comply with strict LC terms).	Large, high-value, or risky transactions; new trade partners.

## 8. Conclusion:

While **marketing** principles remain universal, **international marketing** demands customized strategies that navigate diverse environments and ensure growth abroad.

International marketing challenges ripple into **SCM** (logistics, sourcing, distribution) and **financing** (payment security, currency risk, liquidity). A firm going global must design strategies to that integrate all three — marketing, supply chain, and finance — to remain competitive and resilient.



## Thank you

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