GLOBAL MARKETING PROSPECTIVES

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Global marketing is the process of focusing the Resources and objectives of a company on Global marketing opportunities. companies engaging in a Global marketing for two reasons.To take advantage of opportunities for growth and Expansion and to survive. Companies fails to pursue global opportunities are likely to eventually lost their domestic markets because they will be pushed aside by stronger and more competitive global competitors. The topic presents certain prospective on global marketing issues, global strategies and global opportunities.

A global market place has Emerged Many companies have recognized the rational of conducting business. Activites outside of the home country Industries that dominated today by a handful of global companies. This paper is about global marketing. An organisation that engages in global marketing focuses its resources on global market opportunities and threats. One difference between national marketing and global marketing is in the scope of activities. A company engages global marketing conducts important business activities outside of the home country of the market. Another difference is that global marketing involves an understanding of specific concepts,considerations and strategies that must be skilfully applied in conjunction with universal marketing fundamentals to ensure success in global markets. This paper attempts to throw light on certain dimesions on global marketing.

Strategic marketing

The Strategic concept of marketing a major evolution in the history of management thought,shifted in the focus of marketing from the customer of the product to the customer in the customer in the broader external environment. Strategic marketing is in the marketing objective from profits and benefits.

Global Marketing Strategies

Although some would stem the foreign invasion through protective legislation, protectionism in the long run only raises living costs and protects inefficient domestic firms (national controls). The right answer is that companies must learn how to enter foreign markets and increase their global competitiveness. Firms that do venture abroad find the international marketplace far different from the domestic one. Market sizes, buyer behavior and marketing practices all vary, meaning that international marketers must carefully evaluate all market segments in which they expect to compete.

Whether to compete globally is a strategic decision (strategic intent) that will fundamentally affect the firm, including its operations and its management. For many companies, the decision to globalize remains an important and difficult one (global strategy and action). Typically, there are many issues behind a company`s decision to begin to compete in foreign markets. For some firms, going abroad is the result of a deliberate policy decision (exploiting market potential and growth); for others, it is areaction to a specific business opportunity (global financial turmoil, etc.) or a competitive challenge (pressuring competitors). But, a decision of this magnitude is always a strategic proactive decision rather than simply a reaction (learning how to business abroad).

Reasons for global expansion are mentioned below:

a) Opportunistic global market development (diversifying markets)
b) Following customers abroad (customer satisfaction)
c) Pursuing geographic diversification (climate, topography, space, etc.)
d) Exploiting different economic growth rates (gaining scale and scope)
e) Exploiting product life cycle differences (technology)
f) Pursuing potential abroad
g) Globalizing for defensive reasons
h) Pursuing a global logic or imperative (new markets and profits)

Moreover, there can be several reasons to be mentioned including comparative advantage, economic trends, demographic conditions, competition at home, the stage in the product life cycle, tax structures and peace. To succeed in global marketing companies need to look carefully at their geographic expansion. To some extent, a firm makes a conscious decision about its extent of globalization by choosing a posture that may range from entirely domestic without any international involvement (domestic focus) to a global reach where the company devotes its entire marketing strategy to global competition. In the development of an international marketing strategy, the firm may decide to be domestic-only, home-country, host-country or regional/global-oriented.

Each level of globalization will profoundly change the way a company competes and will require different strategies with respect to marketing programs, planning, organization and control of the international marketing effort. An industry in which firm competes is also important in applying different strategies. For example, when a firm which competes in the pharmaceutical industry which is heavily globalized, it has to set its own strategies to deal with global competitors. (constant innovation)

Tracking the development of the large global corporations today reveals a recurring, sequential pattern of expansion. The first step is to understand the international marketing environment, particularly the international trade system. Second, the company must consider what proportion of foreign to total sales to seek, whether to do business in a few or many countries and what types of countries to enter. The third step is to decide on which particular markets to enter and this calls for evaluating the probable rate of return on investment against the level of risk (market differences). Then, the company has to decide how to enter each attractive market. Many companies start as indirect or direct export exporters and then move to licensing, joint-ventures and finally direct investment; this company evolution has been called the internationalization process. Companies must next decide on the extent to which their products, promotion, price and distribution should be adapted to individual foreign markets. Finally, the company must develop an effective organization for pursuing international marketing. Most firms start with an export department and graduate to an international division. A few become global companies which means that top management plans and organizes on a global basis (organization history).

Typically, these companies began their business development phase by entrenching themselves first in their domestic markets. Often, international development did not occur until maturity was reached domestically. After that phase, these firms began to turn into companies with some international business, usually on an export basis. But, this process may vary dramatically with the size of the domestic market. For example, when we contrast the Netherlands market for Philips vs the US market for GE, we see that smallness of Netherlands`s market resulted in rapid globalization of Philips` activities.

when compared with GE`s activities in US. As the international side of their sales grew, the companies increasingly distributed their assets into many markets and achieved what was once termed the status of a multinational corporation (MNC). Pursuing multi-domestic strategies on a market-by-market basis, companies began to enlarge and build considerable local presence. Regions are treated as single markets and products are standardized by region or globally; promotion projects a uniform image. Although this orientation improves coordination and control, it often discounts national differences. The French automobile industry offers a good illustration of the evolution of an international marketing strategy. In the 1980s, according to an industry analyst for Eurofinance:

"For years, the French industry depended on the domestic market. Then in the 1970s, it developed a Europewide market. Now it finds it must crack the world market if it expects to survive. And it is getting a late start."

France`s Renault was moving quickly into the world market. It purchased 10 percent of Sweden`s Volvo and planned to design a new car in conjunction with Volvo. But, the Volvo deal fell apart which is one of the reasons that they went to Nissan. Only during their latest phase have these firms begun to transform themselves into global marketing behemoths whose marketing operations are closely coordinated across the world market rather than developed and executed locally. This traditional sequencing of the growth from domestic to international, to multi-domestic or multinational to global seems to be followed by most firms and also by many newly formed companies. However, some newer firms are jumping right into the latest or global category and not necessarily going through the various stages of development (management vision). Once a company commits to extending its business internationally management is confronted with the task of setting a geographic or regional emphasis. A company may decide to emphasize developed nations such as Japan or those of Europe or North America. Alternatively, some companies may prefer to pursue primarily developing countries in Latin America, Africa or Asia. Management must make a strategic decision to direct business development in such a way that the company`s overall objectives are congruent with the particular geographic mix of its activities. Other factors in this decision of foreign market selection include in addition to macro-environmental issues (economic, socio-cultural and political-legal factors), micro-environmental issues such as market attractiveness and company capability profile (skills, resources, product adaptation and competitive advantage).

Developed economies account for a disproportionately large share of world gross national product (GNP) and tend to create many new companies. In particular, firms with technology-intensive products have concentrated their activities in the developed world. Although competition from both other international firms and local companies is usually more intense in those markets, doing business in developed countries is generally preferred over doing business in developing nations. Because the business environment is more predictable and the investment climate is more favorable.

Emerging markets differ substantially from developed economies by geographic region and by the level of economic development. Markets in Latin America, Africa, the Middle East and Asia are also characterized by a higher degree of risk than markets in developed countries. Because of the less stable economic climates (income, employment, prices, development, etc.) in those areas, a company`s operation can be expected to be subject to greater uncertainty and fluctuation. The issues are infrastructure such as transportation, technology, telecommunications, stable banking, convertibility of currency, protection of Intellectual Property Rights, enforceability of contracts, and transparency in the legal system (government agencies&systems, laws and ordinances, etc.). Moreover, huge foreign indebtedness, unstable governments, foreign exchange problems, foreign government entry requirements, tariffs and other trade barriers, corruption, bureaucracy, technological pirating and high cost of product and communication adaptation can be issues in those countries. Furthermore, the frequently changing political situations in developing countries (war, nationalism, etc.) often affect operating results negatively. As a result, some markets that may have experienced high growth for some years may suddenly experience drastic reductions in growth. In many situations, however, the higher risks are compensated for by higher returns, largely because competition is often less intense in those markets. Consequently, companies need to balance the opportunity for future growth in the developing nations with the existence of higher risk.

Economic Liberalisation of the Countries

The economic liberalization of the countries in Eastern Europe opened a large new market for many international firms. The market typically represents about 15 percent of the worldwide demand in a given industry, about two-thirds of that accounted for by Russia and other countries of the former Soviet Union.

Although many companies consider this market as long-term potential with little profit opportunity in the near term, a number of firms have moved to take advantage of opportunities in areas where they once were prohibited from doing business. Many countries are changing from a centrally planned economy to a market-oriented one. East Germany has made the fastest transformation because its dominant western half was already there. Eastern European nations like Hungary and Poland have also been moving quickly with market reforms. Many of the reforms have increased foreign trade and investment. For example, in Poland, foreigners are now allowed to invest in all areas of industry, including agriculture, manufacturing and trade. Poland even gives companies that invest in certain sectors some tax advantages.

At some point, the development of any global marketing strategy will come down to selecting individual countries in which a company intends to compete. There are more than two hundred countries and territories from which companies have to select, but very few firms end up competing in all of these markets. The decision on where to compete, the country selection decision is one of the components of developing a global marketing strategy.

Why is country selection a strategic concern for global marketing management? Adding another country to a company`s portfolio always requires additional investment in management time and effort and in capital. Although opportunities for additional profits are usually the driving force, each additional country also represents both a new business opportunity and risk. It takes time to build up business in a country where the firm has not previously been represented and profits may not show until much later on.

Consequently, companies need to go through a careful analysis before they decide to move ahead. They can analyze the investment climate of the country and determine market attractiveness of it.

In the context of selecting markets for special emphasis, the lead market concept can help in identifying those countries. Lead market is the market where a company should place extra emphasis. It is essential for globally competing firms to monitor lead markets in their industries or better yet to build up some relevant market presence in those markets.

As global marketers eye the array of countries available for selection, they soon become aware that not all countries are of equal importance on the path to global leadership.

Markets that are defined as crucial to global market leadership, markets that can determine the global winners among all competitors, markets that companies can ill afford to avoid or neglect-such markets are "must win" markets. Contrary to other markets, "must win" markets can not be avoided if global market leadership is at stake.

Firms need to understand their competitors because corporate success results from providing more value to customers than the competition. Industry structure is the framework within which companies compete. Five forces determine the attractiveness of an industry: the threat of new entrants, the bargaining power of suppliers, the bargaining power of buyers, the presence of substitute products and the intensity of the rivalry between firms in the industry. Firms need to manage these factors so that industry structure is favorable.

Generic strategies are general classifications of prototype strategies that help us understand different approaches to globalization. The concept has been widely used by writers on business and corporate strategies including Michael E. Porter.

Generic strategies such as differentiation, cost leadership and the like are archetypes that describe fundamentally different ways to compete. Creating and sustaining a competitive advantage can be achieved by offering superior value through a differential advantage or managing for cost leadership. Firms can gain a competitive advantage through differentiation of their product offering or marketing mix which provide superior customer value or by managing for lowest delivered cost. These two means of competitive advantage when combined with the competitive scope of activities (broad vs narrow) result in four generic strategies: differentiation, cost leadership, differentiation focus and cost focus. The differentiation and cost leadership strategies seek competitive advantage in a broad range of market or industry segments whereas differentiation focus and cost focus strategies are confined to a narrow segment. When we consider the idea of sustainability of competitive advantage here, many of these advantages are only temporary and can easily be copied.

The sources of competitive advantage are the skills and resources of the company. Analysing these factors can lead to the definition of the company`s core competences. These are the skills and resources at which the company excels and can be used to develop new products and markets.

To many readers, the term "global marketing strategy" probably suggests a company represented everywhere and pursuing more or less the same marketing strategy. However, global marketing strategies are not to be equated with global standardization, although they may be the same in some situations. A global marketing strategy represents the application of a common set of strategic marketing principles across most world markets. It may include but does not require similarity in products or in marketing processes. A company that pursues a global marketing strategy looks at the world market as a whole rather than at markets on a country-by-country basis which is more typical for multinational firms. Globalization deals with the integration of the many country strategies and the subordination of these country strategies to one global framework. As a result, it is conceivable that one company may have a globalized approach to its marketing strategy but leave the details for many parts of the marketing plan to local subsidiaries.

Few companies will want to globalize all of their marketing operations. The difficulty then is to determine which marketing operations elements will gain from globalization. Such a modular approach to globalization is likely to yield greater return than a total globalization of a company`s marketing strategy.

To a large extent, international firms operating as multi-domestic firms have organized their businesses around countries or geographic regions. Although some key strategic decisions with respect to products and technology are made at the central or head office, the initiative of implementing marketing strategies is left largely to local-country subsidiaries. As a result, profit and loss responsibility tends to reside in each individual country. At the extreme, this leads to an organization that runs many different businesses in a number countries-therefore the term multi-domestic. Each subsidiary represents a separate business that must be run profitably. Multinational corporations tend to be represented in a large number of countries and the world`s principal trading regions.

Many of today`s large internationally active firms may be classified as pursuing multi-domestic strategies. Companies might globalize production or "back office" operations while maintain multiple local brands. Economic conditions, changes in consumer attitudes and behavior and the rise of generic brands have all contributed to a decline in brand loyalty. More consumers have been selecting products from among manufacturers` brands, distributors` brands and generic products. Often a coupon, price special or a desire for variety will influence the purchase decision.

Regional marketing strategies focusing on Europe, Asia or Latin America represent a halfway point between multi-domestic and truly global strategy types. Conceptually, they are not global because the coordination takes place across one single region only, with pan-European strategies standing out as the first real regional marketing strategies created because of the run up to the European Union integration.

The marketing research surveys study and analyze various factors within foreign markets and their importance to the decision about which foreign markets to enter. These factors include: economic-financial factors, political-legal factors, cultural factors, demographic factors and trade agreements. (economic integration) (See appendix 1) Integrated Global Business Strategies: Looking at global business strategies, companies have several choices to make: first, the global focus strategy and second, the global business.

Formulating Global Focus Strategies

Geographic extension is one of two key dimensions in the strategy of an international company. The second dimension is concerned with the range of a firm`s product and service offerings. To what extent should a company become a supplier of a wide range of products aimed at several or many market segments? Should a company become the global specialist in a certain area by satisfying one or a small number of target segments, doing this in most major markets Regional marketing strategies focusing on Europe, Asia or Latin America represent a halfway point between multi-domestic and truly global strategy types. Conceptually, they are not global because the coordination takes place across one single region only, with pan-European strategies standing out as the first real regional marketing strategies created because of the run up to the European Union integration.

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Global Marketing

Although the marketing discipline is universal ,markets and customers are quite differentiated. This means that marketing practise must vary from country to country. Each person Is unique and each country is unique. This reality of difference means that we cannot always directly apply experience from one country to another. If the customers,competitors channels of distribution and available media are differant, it may be necessary to change our marketing plan.

Companies which do not appreciate this fact will soon learn about it,if they transfer irrelevant experience from one country or region to another .An important task in global marketing is learning to recognise the extent which marketing plans and programmes can be extended worldwide,as well as the extent to which they must be adapted.

Coke products success in Japan,acc0rding to Kenichi oh-mac ("The borderless world") was a function of its ability to achieve"global localization", the ability to be as much of an insider as a local company but still reap the benefits that result from worldscale operations. What does"global localization" really mean It means a successful global marketer must have the ablity to "Think globally and Act locally". Global marketing may include a combination of standard(actual product) and non standard(Distribution and packaging) approaches. A global product maybe" the sameproduct" everywhere and yet “different”. Global marketing requires marketers to behave in a way that is global and local at the same time by responding the similarities and difference in world markets.

A central issue global marketing is how to tailer the global marketing concept to fit a particular product or business.It is necessary to understand that the global marketing does not mean entering every country in the world.Global marketing does mean widening business horizons to encompass the world when scanning for opportunity and threat.The decisions to enter markets outside the homecountry depends on a company resources, managerial mindset and the nature of the opportunity and threat.

Coke product is the Best known, strongest brand in the world.Its enviable global position has resulted in the part from the coco cola companys willingness and ability to back its flagships product with a strong local marketing effort. A number of other companys have successfully pursued global marketing by creating strong global brands.

The global marketing is bright since the cost of market entry has dropped dynamically.for companys,with a stomach of risk ,there is a opportunity to invest.building marketpositions in countries that most experts believe will soon return to long term growth.Inthe meantime,otherworld regions will continue grow and world wealth become more evenly distributed. Global markets will continue to grow in importance as global marketers continues their questto identify and serve global segments. This growth will enhance and expand the value of global experiences for managers and executives world-wide.

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