UNIT 10:
GLOBAL MARKETING STRATEGIES

1. SIGNIFICANCE OF GLOBAL MARKETING

Global Marketing refers to the firm's commitment to coordinate its marketing activities across multiple countries to achieve organizational objectives. It involves identifying market segments, positioning, and marketing mix strategies (4 Ps) that are consistent globally, or adapted where necessary.

Significance:

1. **Market Growth:** Domestic markets may be saturated; global markets offer significant opportunities for sales and profit growth.
2. **Competitive Advantage:** Operating globally allows firms to achieve economies of scale and scope, leveraging resources and knowledge across borders.
3. **Survival:** Global firms often pressure domestic players. To survive, companies may need to follow their customers or competitors internationally.
4. **Resource Acquisition:** Access to cheaper raw materials, lower-cost labor, or unique technological expertise in foreign locations.
5. **Product Life Cycle Extension:** Products that are mature domestically may find renewed growth and profitability in less-developed foreign markets.

2. SELECTING A POTENTIAL MARKET

The process of selecting which foreign markets to enter involves systematic screening and evaluation.

2.1 Regional Free Trade Zone

Free Trade Zones (FTZs) or Economic Blocs (like the EU, NAFTA/USMCA, ASEAN) simplify international trade by eliminating or reducing tariffs, quotas, and trade barriers among member nations.

- **Significance:** Targeting countries within a FTZ allows a firm to treat the entire zone as a single, larger market, streamlining logistics and reducing costs.

2.2 Evaluation of Potential Markets

Market selection is a multi-phase process to narrow down attractive opportunities.

Phase 1: Analyze Macro Environmental Factors

Initial screening based on broad, high-level factors:

- **Geographic Factors:** Climate, terrain, population density.
- **Demographic Factors:** Population size, growth rate, age distribution, urbanization levels.

- **Economic Indicators:** GDP, income distribution, inflation rates, infrastructure quality.
- **Political Stability:** Government type, risk of expropriation, trade policy, regulatory environment.

Phase 2: Analyze Market Size, Product Acceptability and Customer Perceptions

A closer look at specific market attractiveness:

- **Market Size & Growth:** Current consumption levels and projected growth of the specific product category.
- **Product Acceptability:** Compatibility of the current product with local needs, tastes, and culture; need for adaptation.
- **Customer Perceptions:** Brand perception, local competition, and potential for competitive advantage.

Phase 3: Analyze Micro Environmental Factors

Detailed scrutiny of operational aspects and industry structure:

- **Distribution Channels:** Availability, cost, and efficiency of local distribution networks.
- **Competition:** Specific analysis of local and international competitors using tools like Porter's Five Forces.
- **Cost of Entry:** Tariffs, taxes, investment requirements, and local operational costs.

Phase 4: Ranking Potential Markets

Based on the scores from the previous phases, markets are ranked according to their potential profit, risk, and strategic fit. The company decides on the sequence and scale of entry.

3. IMPACT OF ENVIRONMENTAL FORCES ON GLOBAL MARKETING

Global marketers must be acutely aware of how environmental forces shape the viability and success of their strategies.

3.1 Economic Environment

Key factors include income levels, purchasing power parity (PPP), currency exchange rates, interest rates, and the state of the infrastructure (transportation, communication).

- *Example:* Companies might scale down product features for markets with lower per capita income.

3.2 Political Environment

This includes government stability, trade regulations (tariffs, quotas), investment policies, and the risk of political intervention (e.g., nationalisation).

- *Requirement:* Firms must establish strong political ties and understand local political risks.

3.3 Social and Cultural Environment

Culture is perhaps the most difficult force to manage, encompassing:

- **Language:** Literal translations can lead to errors.
- **Values and Beliefs:** Attitudes toward materialism, work ethic, and religion significantly affect product acceptance and communication.
- **Aesthetics:** Colors, symbols, and design elements carry different meanings.
- **Customs and Traditions:** Affect consumption patterns and business protocols.

3.4 Legal and Regulatory Environment

Differences in laws governing product safety, packaging, advertising, contracts, intellectual property protection, and competition.

- *Challenge:* A product that is legal in one country may be banned in another.

3.5 Technological Environment

The level of technological development (e.g., internet penetration, mobile usage, manufacturing technology) dictates how products are consumed, advertised, and distributed.

- *Strategy:* Adaptation of the product or marketing mix is often required to fit the local technological base.

4. METHODS OF ENTERING A NEW MARKET

Market entry modes represent a continuum of commitment, risk, control, and profit potential.

4.1 Direct Exports

Selling products directly to foreign buyers, often through the company's own sales force or website.

- **Pros:** High control, potential for higher profits.
- **Cons:** Higher logistics costs, significant investment in overseas operations.

4.2 Indirect Exports

Selling products through independent domestic intermediaries who then export the products.

- **Types:** Export management companies (EMCs), export agents, or trading companies.
- **Pros:** Lowest risk, less investment, little foreign market knowledge required.
- **Cons:** Low control, limited potential profit, little market feedback.

4.3 Licensing

The licensor grants a foreign company (licensee) the right to use a manufacturing process, trademark, patent, trade secret, or other intellectual property in exchange for a fee or royalty.

- **Pros:** Low risk, quick entry, no large capital investment.
- **Cons:** Loss of control over manufacturing quality, potential creation of a future competitor, limited returns.

4.4 Joint Ventures

A foreign investor and a local investor share ownership and control of a new local business.

- **Pros:** Access to local partner's market knowledge, shared financial and political risks.
- **Cons:** Potential for conflict over management and strategy, disagreement on profit sharing.

4.5 Internationalization Process (The Uppsala Model)

This model suggests that firms gradually increase their international involvement. Companies typically start with markets that are "psychically close" (similar language, culture, political systems) and use low-commitment entry modes (exporting), before moving to "psychically distant" markets and higher-commitment modes (FDI).

5. TYPES OF MARKETING ORGANIZATION

As a firm increases its international commitment, its organizational structure must evolve.

5.1 Export Division

Typically the initial structure for low-volume indirect or direct exporting. The marketing and sales staff focus solely on export duties while being domestically based.

5.2 International Division

As global sales increase, a separate division is created, headed by an International Marketing Manager. This division manages all international activities, including marketing, manufacturing, and R&D specific to international markets.

5.3 Global Organization

For companies where global operations are critical (often 50% or more of revenue). The firm organizes globally, often around:

1. **Global Product Groups:** Product managers are responsible for worldwide product strategies (e.g., a "Car Division" handles its product globally).
2. **Geographic Organization:** Regional managers are responsible for all products within their geographical area (e.g., "Asia-Pacific Division").
3. **Global Matrix Organization:** A complex structure combining product, geographic, and functional managers, offering both localized responsiveness and global coordination.

6. DEVELOPING GLOBAL MARKETING STRATEGIES

The core decision in global marketing is **Standardization vs. Adaptation** (often called the global vs. local dilemma).

6.1 Product Strategies

- **Straight Extension:** Marketing the product in the foreign market without any changes (low cost, high risk of failure).
- **Product Adaptation:** Changing the product to meet local conditions or preferences (e.g., modifying color, size, ingredients).
- **Product Invention:** Creating something entirely new for a specific foreign market.

6.2 Promotion Strategies

- **Communication Adaptation:** Using the same product but adapting the advertising message/theme to fit local cultural norms and media availability.
- **Dual Adaptation:** Adapting both the product and the communication.
- **Standardized Global Advertising:** Using the same message, copy, and visuals in all markets (e.g., Coca-Cola's image campaigns). Saves costs but may ignore local nuances.

6.3 Pricing Strategies

Global pricing involves tariffs, transportation costs, currency risks, and local price controls.

1. **Uniform Price:** Setting the same price everywhere (rarely feasible).
2. **Market-Based Price:** Adjusting prices to match local competitive conditions and purchasing power.
3. **Cost-Based Price (Standard Markup):** Adding a standard markup to the costs of product, shipping, and tariffs (simplest but may result in non-competitive prices).

- **Dumping:** Pricing a product in a foreign market below the cost of production or below its price in the home market (often illegal).

6.4 Place Strategies (Distribution)

This involves getting the product from the point of manufacture to the consumer in the foreign market.

- **Whole-Channel View:** Requires looking at the entire global value chain, from seller's headquarters to the final international consumer, including international shipping, entry points (ports), and in-country distribution channels.
- **Channel Differences:** Distribution systems vary vastly; some countries have highly fragmented retail structures (many small shops), while others are dominated by large, integrated chains.

7. MARKETING STRATEGIES OF MNCS IN INDIA

India presents unique challenges and opportunities for Multinational Corporations (MNCs):

1. **Focus on Value (Cost Focus):** Due to high price sensitivity, MNCs must often downsize products (e.g., smaller sachets/pack sizes) or utilize low-cost manufacturing/sourcing to compete on price, even while maintaining quality.
2. **Rural Market Penetration:** A large portion of India's population is rural. MNCs often use innovative distribution models (e.g., direct-to-village sales, mobile vans) and regional language advertising.
3. **Digital Adoption:** Rapid growth in mobile internet use requires MNCs to heavily invest in digital marketing, e-commerce, and vernacular content strategies.
4. **Hybrid Products:** Creating products specifically for India that blend global quality standards with local cultural requirements (e.g., vegetarian-only product lines, region-specific flavors).
5. **Local Sourcing and Manufacturing (Make in India):** MNCs often increase their local footprint in manufacturing and R&D to gain government support, reduce import duties, and respond faster to local tastes.