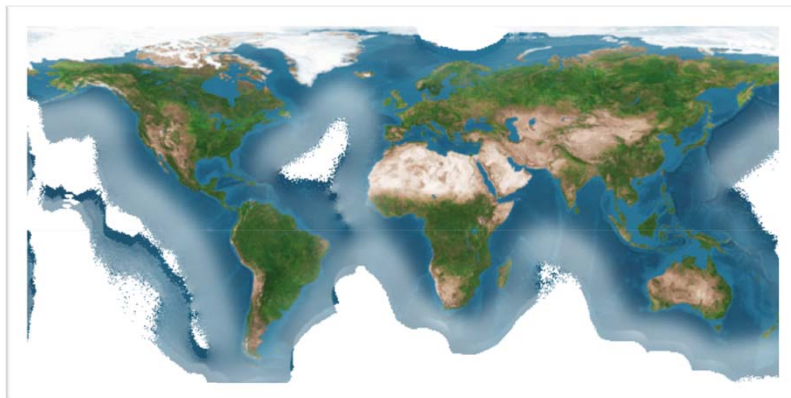


Chapter 4

Global Marketing

Global Marketing



■ Objectives

- Describe the importance of global marketing.
- Identify the alternative strategies for entering foreign markets.
- Identify the important factors for each alternative market-entry strategy.
- Describe international Marketing Orientations

Introduction

- ✦ What is Global Marketing?
- ✦ How is it different from regular marketing?



What is Marketing ?

- Philip **Kotler** defines **marketing** as :-**marketing** is about Satisfying needs and wants through an exchange process.
- The Chartered Institute of **Marketing** defines **marketing** as: "the management process responsible for identifying, expecting and satisfying customer needs and wants profitably."



What is Marketing ?

- *It includes the coordination of four elements called the **4 P's** of marketing:*
- identification, selection and development of a **product**,
- determination of its **price**,
- selection of a distribution channel to reach the customer's **place**, and
- development and implementation of a **promotional strategy**.

Global Marketing ?

- **Global marketing** is defined as: the process of adjusting the marketing strategies of your company to adapt to the conditions of other countries.
- **Global marketing** is more than selling your product or service globally. It is the full process of planning, creating, positioning, and **promoting** your products in a global market.

Global Marketing ?

- Global marketing focuses on global market *opportunities and threats*.
- the main difference between the regular marketing and global marketing is the *scope of activities* because global marketing occurs in markets outside the organization's home country.
- **Currently**, with the internet, even *small businesses* can reach consumers anywhere in the world.

Benefits of global marketing

- There are many **benefits of global marketing**, when it is done right.
- *First*, it can **improve the effectiveness of your product or service**.
- *Second*, you are able to have a **strong competitive advantage**. It is easy enough for companies to be competing in the local market. But there are very few companies who can do so on the worldwide arena.
- Third, you **increase consumer awareness of your brand** and product or service.
- Finally, global marketing can reduce your costs and increase your savings through *economies of scale*.

Where in the World?

- *How does a company decide which markets to enter?*
 - Company resources.
 - Managerial mind-set.
 - Nature of opportunities and threats in that market.

Reasons for Global Marketing

- **Growth**
 - Access to new markets
 - Access to resources
- **Survival**
 - Against competitors with lower costs (due to increased access to resources).
- **Create value for customers:**
 - Improve the product
 - Find new distribution channels
 - Create better communications

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1-11

How Big Is The Global Market?

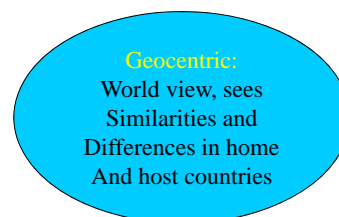
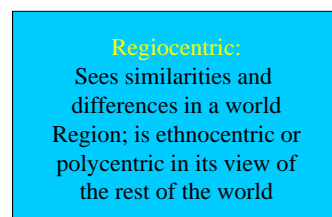
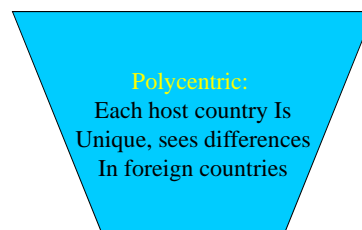
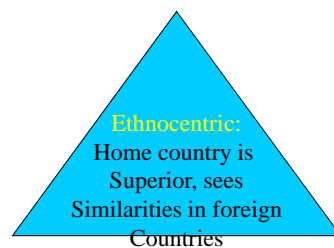
TABLE 1-4 How Big Is the Market? Consumer Products

Product or Service	Size of Market	Key Players and Brands
Cigarettes	\$295 billion	Philip Morris International (USA); British American Tobacco (UK); Japan Tobacco (Japan)
Luxury goods	\$230 billion	LVMH Group (France); Richemont (Switzerland); PPR (France)
Cosmetics	\$200 billion	L'Oréal SA (France); Estée Lauder (USA); Shiseido (Japan); Procter & Gamble (USA)
Personal computers	\$175 billion	Hewlett-Packard (USA); Dell (USA); Acer (Taiwan); Lenovo (China)
Flat-screen TVs	\$100 billion	Samsung (South Korea); Sony (Japan); LG (South Korea)
Bottled water	\$100 billion	Nestlé (Switzerland); Groupe Danone (France); Coca-Cola (USA); PepsiCo (USA)
Home appliances	\$85 billion	Whirlpool (USA); Electrolux (Sweden); Bosch-Siemens (Germany)
Cell phones	\$60 billion	Nokia (Finland); Motorola (USA); Apple (USA); Samsung (South Korea)
Video games	\$43 billion	Nintendo (Japan); Sony (Japan); Microsoft (USA)
Recorded music	\$32 billion	Sony BMG (Japan); Warner Music (USA); EMI (UK); Universal Music Group (France)

Examples of Global Marketers

- | | |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <ul style="list-style-type: none"> • Coca-Cola • Philip Morris • McDonald's • Toyota • Ford • Unilever • Gillette • IBM | <ul style="list-style-type: none"> • USA • USA • USA • Japan • USA • UK/ Netherlands • USA • USA |
|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|

International Marketing Orientations



International Marketing Orientation

- Different attitudes towards company's involvement with international marketing process are called international marketing orientations.
- **Four approaches for International Marketing Orientations:**
 - 1. Ethnocentric Approach**
 - 2. Polycentric Approach**
 - 3. Regiocentric Approach**
 - 4. Geocentric Approach**

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International Marketing Orientation

1. Ethnocentric Orientation:

- Home country is superior to others
- Sees only similarities in other countries
- Assumes products and practices that succeed at home will be successful everywhere.
- Management focus is to do in host countries what is done in the home country
- Sometimes called an *international company*.
- Leads to a *standardized approach*.

KS1

International Marketing Orientation

2 . Polycentric Orientation:

- Each country is unique.
- Leads to a *localized or adaptation approach* that assumes products must be adapted to local market conditions.
- Company operates differently in each host country based on that situation.
- Sometimes called ***a multinational company.***

Management Orientations

continued.....

3. Regiocentric Orientation:

- Region becomes the relevant geographic unit (rather than by country)
 - **Ex:** The NAFTA or European Union market.
- Some companies serve markets on a regional basis.
 - **European Union**
 - **NAFTA**
 - **Gulf Cooperation Council (GCC)**

Slide 17

KS1 The note does not seem to belong with the slide. Please review.
Kate Stephenson; 5/4/2012

Management Orientations

4. Geocentric Orientation:

- Entire world is a potential market
- Also known as a **global company**
- Retains an relationship with the headquarters country
- Leads to a combination of **extension and adaptation elements.**

1. Products

➤ Globalization or Global Localization:

- Globalization (Standardization):
 - Developing standardized products marketed worldwide with a standardized marketing mix
 - Principle of mass marketing.
- Global localization (Adaptation):
 - Mixing standardization and customization in a way that minimizes costs while maximizing satisfaction
 - **Think globally, act locally**

Why Firms Modify Products

Firms modify products for the following reasons ?

- Legal Considerations:
 - Legal factors are usually related to safety or health protection.
- Cultural Considerations
- Economic Considerations
 - Personal incomes and infrastructures affect product demand.

2. Prices

❖ Potential Problems in International Pricing:

- Government intervention
- Market diversity
- Export price increase
- Fixed versus variable pricing
- Relations with suppliers

3. Distribution

- In international marketing, a company must decide on the method of distribution among countries as well as the method within the country where final sale occurs.
- Within the marketing mix, International companies find distribution one of the most difficult functions to standardize internationally for several reasons. Each country has its own distribution system, which an International company finds difficult to modify because it is interlinked with the country's cultural, economic, and legal environments.

Qualifying Distributors

Some evaluation criteria for distributors include their:

- Financial capability
- Connections with customers
- Fit with a company's product
- Other resources
- Trustworthiness
- Compatibility with product image

4. Promotional Mix

➤ **International Promotional Mix:**

- Advertising
 - Personal selling
 - Sales Promotion
 - Public Relations
- 