

Think India Journal

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Global Marketing Strategies: Recent Scenario

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Abstract

Global marketing is a complex form of international marketing that engages an organization in marketing operations in many countries. Global marketing involves the marketing of goods and services outside the organization's home country. Global marketing refers to marketing activities coordinated and integrated across multiple markets. International marketing requires a multi-faceted strategic approach. Continuous value creation and delivery should be the focus of strategies. Flexibility is as important as commitment. A hybrid approach that considers both country bases as well as buyer response bases is found to be more realistic. Global marketing requires firms to respond quickly in an ever-changing environment and necessitates a rapid and accurate response for both internal and external efficiency.

Keywords: *International marketing, segmentation, Strategic marketing.*

1.1 Introduction

Currently in India, the national economy and marketplace are undergoing rapid changes and transformation. A large number of reasons could be attributed to these changes. One of the reasons in these changes in the Indian Market Scenario is Globalization, and the subsequent and resulting explosive growth of global trade and the international competition.



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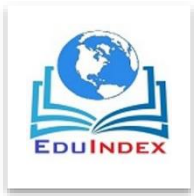


The other reason for these changes in the Indian Market Scenario is the technological change. This is an important factor because the technological competitiveness is making, not only the Indian market, but also the global marketplace cutthroat.

In the Indian Marketing Scenario, the market success goes to those companies that are best matched to the current environmental imperatives. Those companies that can deliver what the people want and can delight the Indian customers are the market leaders.

Today the companies are operating in such a marketplace where survival of the fittest is the law. In order to win, the companies are coming out with various new and evolving strategies because the Indian market is also changing very fast. It is to capture the Indian market, that the Indian and the Multi-National Companies are using all of their resources.

The Indian market is no longer a sellers' market. The winner is the one who provides value for money. A large number of companies have huge idle capacities, as they have wrongly calculated the market size and installed huge capacities. This has further contributed to converting the Indian market into a buyers' market. The Indian Marketing Scenario is one of the biggest consumer markets and that is precisely the reason why India has attracted several MNC's. These large Multi-National Companies have realized that to succeed in the Indian market-place they need to hire Indian representative who are much more aware of the Indian economic, political, legal and social realities. In the Indian Marketing Scenario, it is the **MADE FOR INDIA** marketing strategies that work. 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). 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.



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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)

1.2 Globalization and its effects

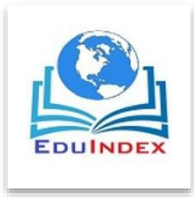
Globalization is an interesting phenomenon since it is obvious that the world has been going through this process of change towards increasing economic, financial, social, cultural, political, market, and environmental interdependence among nations. Virtually, everyone is affected by this process. Given these changes, globalization brings about a borderless world. Throughout this dissertation, the effects of globalization are classified into two broad Categories:

1.3 Measures of Globalization Effects

1.3.1 Global market opportunities

1. Opportunities to develop customer markets worldwide.
2. Global opportunities for trade and investment.
3. Market potential.
4. Opportunities to expand the firm's products and/or markets.
5. International market expansion.
6. Identify potential customers.

1.3.2 Global competitive threats



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1. Globalization has increased the number of competitors.
2. Globalization has increased the level of competition.

1.3.3 Global market uncertainty

1. Globalization has increased the difficulty in forecasting demand for the firm's products.
2. Markets have become increasingly uncertain due to globalization.
3. Globalization has caused unpredictable changes in consumer purchasing patterns.

1.3.4 Global Multi Strategies

A global marketing strategy that totally globalizes all marketing activities is not always achievable or desirable. In the early phases of development, global marketing strategies were assumed to be of one type only, offering the same marketing strategy across the globe. As marketers gained more experience, many other types of global marketing strategies became apparent. Some of those were much less complicated and exposed a smaller aspect of a marketing strategy to globalization. A more common approach is for a company to globalize its product strategy and localize distribution and marketing communication.

1.3.5 Integrated Global Marketing Strategy

When a company pursues an integrated global marketing strategy, most elements of the marketing strategy have been globalized. Globalization includes not only the product but also the communications strategy, pricing and distribution as well as such strategic elements as segmentation and positioning. Such a strategy may be advisable for companies that face completely globalized customers along the lines. It also assumes that the way a given industry works is highly similar everywhere, thus allowing a company to unfold its strategy along similar paths in country by country.

1.3.6 Global Product Category Strategy

Possibly the least integrated type of global marketing strategy is the global product category strategy. Leverage is gained from competing in the same category country after country and may come in the form of product technology or development costs. Selecting the form of

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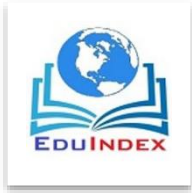
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global product category implies that the company while staying within that category will consider targeting different segments in each category or varying the product, advertising and branding according to local market requirements.

1.3.7 Global Segment Strategy

A company that decides to target the same segment in many countries is following a global segment strategy. The company may develop an understanding of its customer base and leverage that experience around the world. In both consumer and industrial industries significant knowledge is accumulated when a company gains in-depth understanding of a niche or segment. A pure global segment strategy will even allow for different products, brands or advertising although some standardization is expected.

1.3.8 Global Marketing Mix Element Strategies

These strategies pursue globalization along individual marketing mix elements such as pricing, distribution, place, promotion, communications or product. They are partially globalized strategies that allow a company that customize other aspects of its marketing strategy.

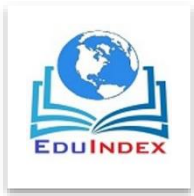
1.3.9 Global Product Strategy

Pursuing a global product strategy implies that a company has largely globalized its product offering. Although the product may not need to be completely standardized worldwide, key aspects or modules may in fact be globalized. Global product strategies require that product use conditions, expected features and required product functions be largely identical so that few variations or changes are needed.

1.3.10 Global Advertising Strategy

Globalized advertising is generally associated with the use of the same brand name across the world. However, a company may want to use different brand names partly for historic purposes. Global advertising themes are most advisable when a firm may market to customers seeking similar benefits across the world.

1.3.11 Composite Global Marketing Strategy



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The above descriptions of the various global marketing models give the distinct impression that companies might be using one or the other generic strategy exclusively. Reality shows, however, that few companies consistently adhere to only one single strategy.

1.3.12 Competitive Global Marketing Strategies

Two types of approaches emerge as of particular interest to us. First, there are a number of heated global marketing duels in which two firms compete with each other across the entire global chessboard. The second, game pits a global company versus a local company- a situation frequently faced in many markets.

1.4 Global Market Entry Strategies

1.4.1 Exporting as an Entry Strategy

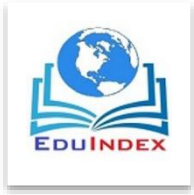
Exporting represents the least commitment on the part of the firm entering a foreign market. Exporting to a foreign market is a strategy many companies follow for at least some of their markets. Since many countries do not offer a large enough opportunity to justify local production, exporting allows a company to centrally manufacture its products for several markets and therefore to obtain economies of scale.

1.4.2 Direct Exporting:

Direct exporting includes setting up an export department within the firm or having the firm's sales force sell directly to foreign customers or marketing intermediaries. A company engages in direct exporting when it exports through intermediaries located in the foreign markets. Under direct exporting, an exporter must deal with a large number of foreign contacts, possibly one or more for each country the company plans to enter.

1.4.3 Licensing:

Licensing is similar to contract manufacturing, as the foreign licensee receives specifications for producing products locally, but the licensor generally receives a set fee or royalty rather than finished products. Licensing may offer the foreign firm access to brands, trademarks, trade secrets or patents associated with products manufactured.



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1.4.4 Franchising:

Franchising is a special form of licensing in which the franchiser makes a total marketing program available including the brand name, logo, products and method of operation. Usually the franchise agreement is more comprehensive than a regular licensing agreement in as much as the total operation of the franchisee is prescribed. It differs from licensing principally in the depth and scope of quality controls placed on all phases of the franchisee's operation.

1.4.6 Local Manufacturing

A common and widely practiced form of market entry is the local manufacturing of a company's products. Many companies find it to their advantage to manufacture locally instead of supplying the particular market with products made elsewhere. Numerous factors such as local costs, market size, tariffs, laws and political considerations may affect a choice to manufacture locally.

1.4.7 Ownership Strategies

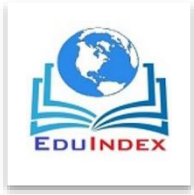
Companies entering foreign markets have to decide on more than the most suitable entry strategy. They also need to arrange ownership, either as a wholly owned subsidiary, in a joint venture, or more recently in strategic alliance.

1.4.8 Strategic Alliances

A more recent phenomenon is the development of a range of strategic alliances. Alliances are different from traditional joint ventures in which two partners contribute a fixed amount of resources and the venture develops on its own.

1.4.9 Entering Markets through Mergers and Acquisitions:

Although international firms have always made acquisitions, the need to enter markets more quickly than through building a base from scratch or entering some type of collaboration has made the acquisition route extremely attractive. This trend has probably been aided by the



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opening of many financial markets, making the acquisition of publicly traded companies much easier. Most recently even unfriendly takeovers in foreign markets are now possible.

1.4.10 Entry Strategy Configuration:

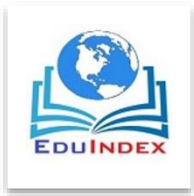
In reality, most entry strategies consist of a combination of different formats. We refer to the process of deciding on the best possible entry strategy mix as entry strategy configuration.

1.5 Conclusion

Global marketing is the process of focusing an organization's resources on the selection and exploitation of global market opportunities consistent with and supportive of its short and long-term strategic objectives and goals.

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