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E-Content BBA402- Marketing Management

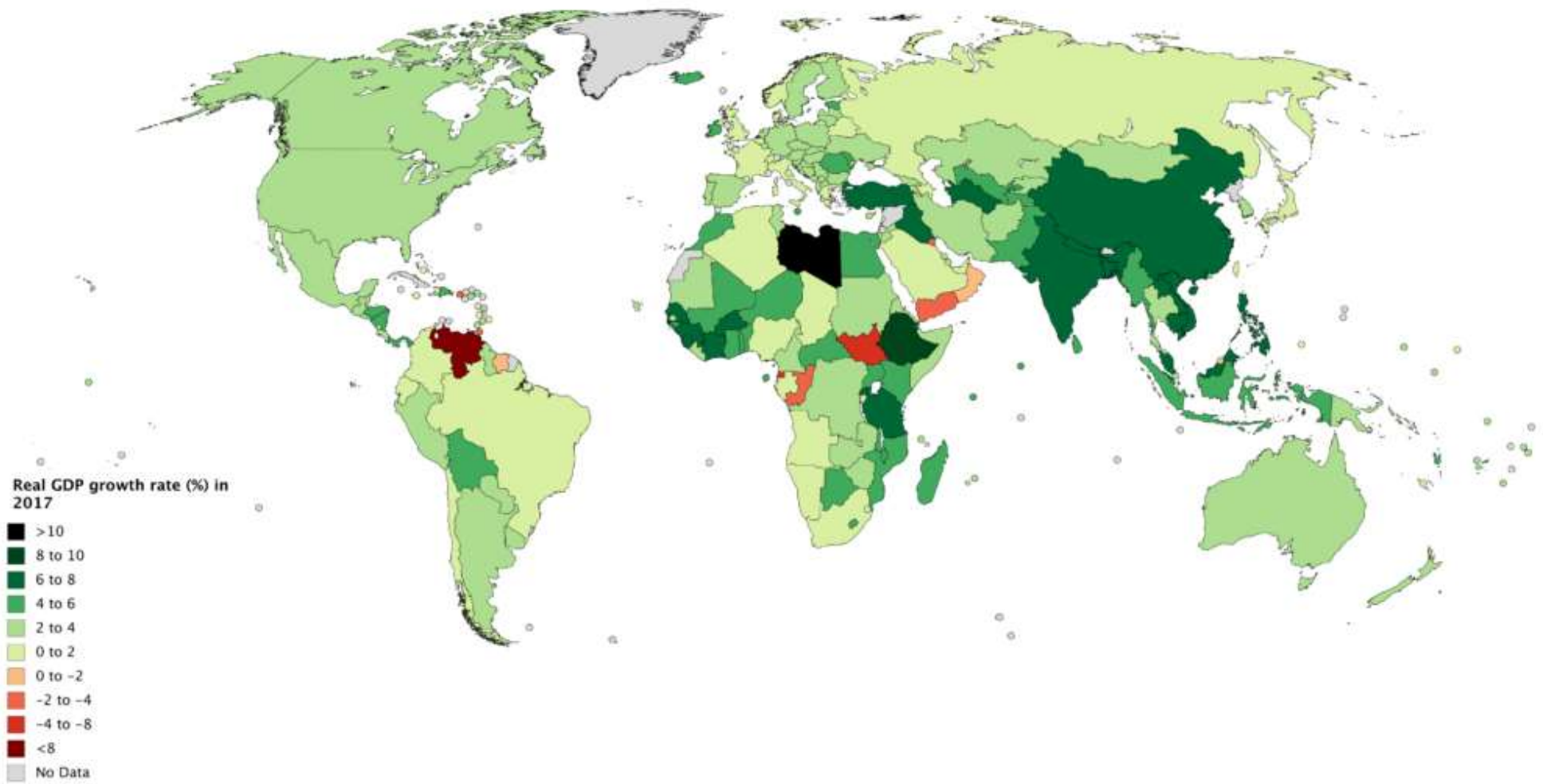
Lecture 37- Global Marketing

Prepared by:- Mr. Raj Kumar, Assistant Professor, Faculty of commerce and management, Rama University Kanpur

Globalization

Globalization is the growing level of interconnection between people, businesses, and countries around the world.





Classifying Countries by Growth Rate

- Industrialized nations have economies characterized by a healthy climate for private enterprise (business) and a consumer orientation
- Less-developed nations have extensive poverty, low per capita income and standards of living, low literacy rates, and very limited technology
- Developing nations are those that are making the transition from economies based on agricultural and raw-materials production to industrialized economies. They exhibit rising levels of education, technology, and per capita incomes



Practice Question 1

Why would marketers want to market to each type of county?

Benefits of Globalization

- Larger volumes of sales and exchange
- Larger growth rates in GDP
- More empowerment of individuals and political systems through the acquisition of additional resources and capital
- Multinational companies can lower production costs



Challenges of Globalization

- Ethical Business Practices
- Organizational Structure
- Public Relations
- Leadership
- Legal and Regulatory Structure

Additional Challenges of LDCs

- Infrastructure:
- Will roads, bridges, water supply, sewers, electrical grids, and telecommunications support operations?
- Can the company rely on a stable government, property rights, judicial system, banking and financial systems, and basic social services?
- Technology:
- Will the level of technology in the country support business operations?



Global Entry Strategies

- Export
- Licensing and franchising
- Joint ventures
- Direct investment
- US commercial centers
- Trade intermediaries



Standardization

- Offer the optimal combination of price, quality, and reliability with products that are identical in design and function throughout the world
- Standardization can translate into lower operating costs and economies of scale in product development and marketing
- The ability to develop and invest in a unified brand and/or company identity throughout the world
- Companies manage a smaller total number of brands

Localization

- Localization may involve:
- altering existing products to fit the needs of the local target market
- creating completely new products to fit the needs of the local target market
- Increases the cost and complexity but results in products and marketing strategy that are a better fit for local market needs and ultimately a greater sales success

Additional Elements of Global Segmentation

- Culture: The interplay between language, religion, education, values, identity, history, and traditions
- Economic status: Stage of economic development, wealthy vs. poor nations, employment, GDP
- Social environment: Conditions and operational stability for business, government, politics, the legal system, health care, education, and other societal support structures

Global Targeting Decisions Should Consider

- Market size and growth potential
- Competition
- Compatibility

Language in Global Promotions

- There are nearly 3,000 languages in the world
- Even countries that use the same language have words with different meanings
- May be even more significant if a country's population speaks several languages
- Consider literacy rates





Global Considerations in Promotions

- Colors: Colors may have different meanings in different cultures
- Values: An individual's values arise from his or her education, moral or religious beliefs and are learned through experiences
- Business norms
- Religious beliefs and holidays



Global Pricing Considerations

- Pricing needs to account for risk associated with fluctuations in the relative value of different currencies in the markets where businesses operate
- Cultural expectations may dictate what consumers are willing to pay

Global Considerations for Distribution

- A country's transportation and economic infrastructure, customs, marketplace conditions, and the competitive landscape
- Product's positioning in the marketplace
- How products will be distributed across the different shopping venues unique to a particular country

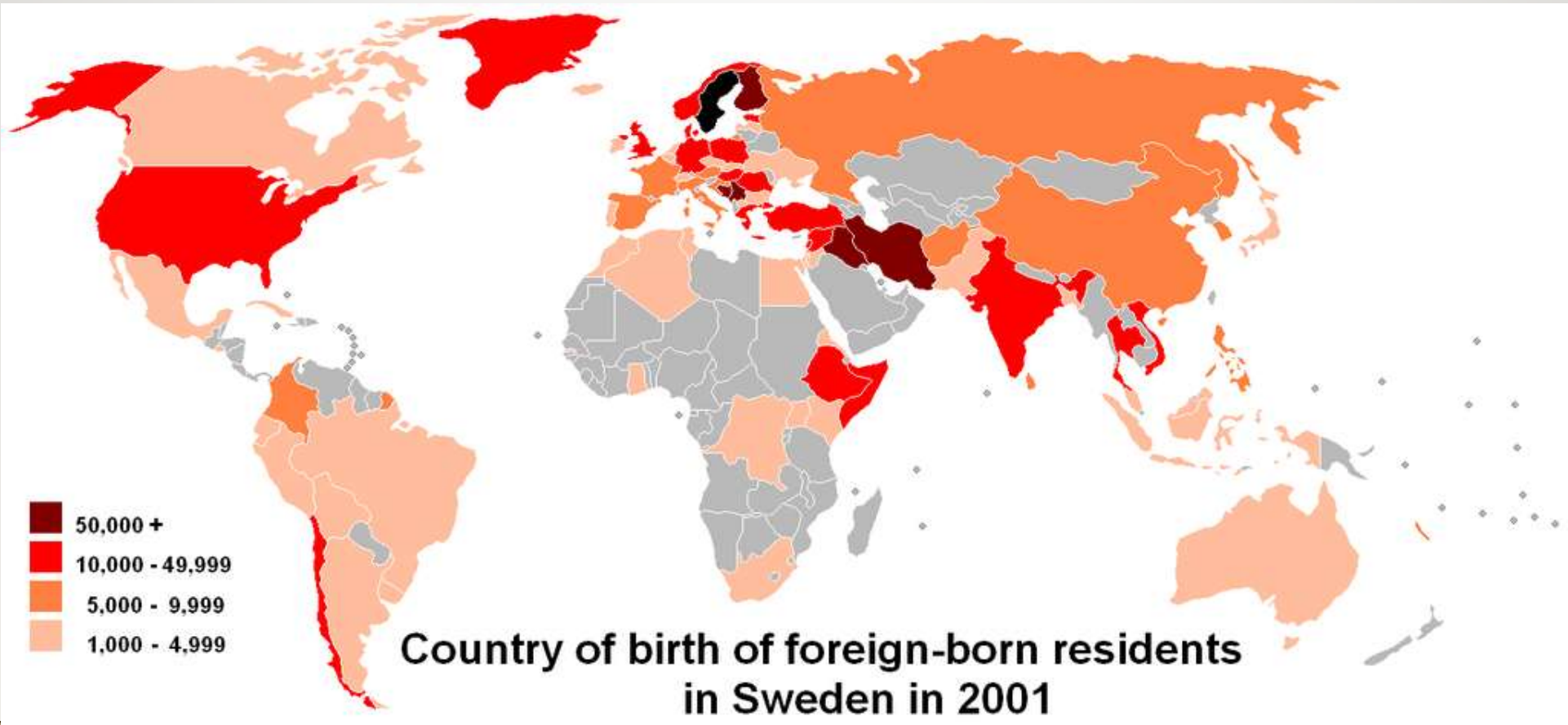




Demographics

- Age
- Social class
- Gender
- Religious affiliations
- Income brackets
- Education
- Geography

Demographic Analysis





Cautions about Using Demographics

- Demographic profiling is essentially an exercise in making generalizations about groups of people
- Marketers must also be careful to avoid interpreting demographic information using the mindset of their own “home” cultures

Cultural Factors in Global Marketing

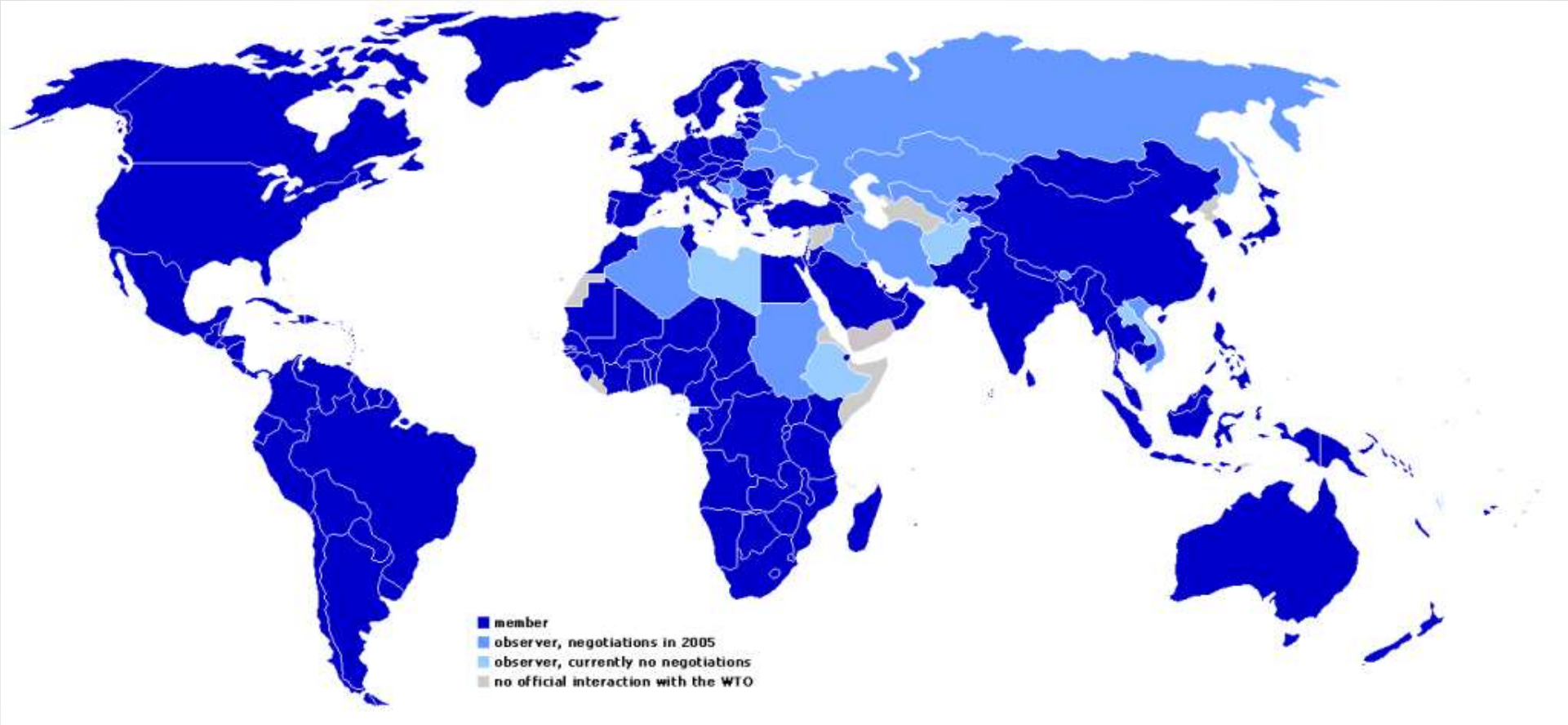
- Language
- Customs and taboos
- Values
- Time and punctuality
- Business norms
- Religious beliefs and celebrations



Reg



World Trade Organization



Fair Trade

- The fair trade movement promotes the use of labor, environmental, and social standards for the production of commodities, particularly those exported from developing countries to industrialized nations





Practice Questions 2 and 3

Why would companies want to combine standardization with localization?

What are some examples of how companies balance these strategies?

Quick Review

- What is globalization? What major benefits and challenges does it pose for multinational organizations penetrating global markets?
- What are common approaches used by organizations to compete successfully on a global scale?
- Why is it important to understand how demographic, cultural and institutional factors shape the global marketing environment?