

The Global Marketplace

Chapter 19

Objectives

- Understand how the international trade system, economic, political-legal, and cultural environments affect a company's international marketing decisions.
- Learn three key approaches to entering international markets.

Objectives

- Understand how companies adapt their marketing mixes for international markets.
- Learn how to identify the three major forms of international marketing organizations.

Case Study

Coca-Cola

- 1900: Coca-Cola was available in foreign countries
- Early branding efforts placed logo prominently abroad
- 1971: “I’d like to buy the world a coke” TV ad
- Coca-cola has recently entered India, China and Indonesia
- Consistent positioning and taste worldwide
- Ads and promotions are adapted to local markets
- Sprite: a global success

Definition

- **Global Firm**
 - A firm that, by operating in more than one country, gains R&D, production, marketing, and financial advantages in its costs and reputation that are not available to purely domestic competitors.

Global Marketing in the 21st Century

- International trade is booming
- Many U.S. firms are successful international marketers
- Global competition is intensifying
- Global companies face several problems
- Companies face six major decisions in international marketing

Global Marketing in the 21st Century

International Marketing Decisions

- Looking at the global environment
- Deciding whether to go international
- Deciding which markets to enter
- Deciding how to enter the markets
- Deciding the global marketing problem
- Deciding on the global marketing organization

Looking at the Global Marketing Environment

- **The International Trade System**
 - Tariffs, quotas, embargos, exchange controls, nontariff trade barriers
 - World Trade Organization and GATT
 - Regional free trade zones
 - ❖ *European Union*
 - ❖ *North American Free Trade Agreement*
 - ❖ *Other free trade areas*

Looking at the Global Marketing Environment

- **Economic Environment**
 - Industrial structure
 - ❖ *Subsistence economies*
 - ❖ *Raw material exporting economies*
 - ❖ *Industrializing economies*
 - ❖ *Industrial economies*
 - Income distribution

Looking at the Global Marketing Environment

- **Political-Legal Environment**
 - Attitudes toward international buying
 - Government bureaucracy
 - Political stability
 - Monetary regulations
 - ❖ *Countertrade: barter, compensation, counterpurchase*

Looking at the Global Marketing Environment

- **Cultural Environment**
 - Impact of Culture on Marketing Strategy
 - ❖ *Cultural traditions, preferences, behavior*
 - Impact of Marketing Strategy on Cultures
 - ❖ *Globalization vs. Americanization*

Deciding Whether to Go International

- Not all companies need an international presence
- Globalization may triggered by several factors
- Risk and the ability to operate globally must be carefully assessed

Deciding Which Markets to Enter

- Define international marketing polices and objectives, and sales volume goals
- Decide how many countries to target
- Decide on the types of countries to enter
- Screen and rank each of the possible international markets using several criteria
 - Market size, market growth, cost of doing business, competitive advantage, risk level

Deciding How to Enter the Market

- **Exporting**
 - Direct vs. indirect
- **Joint Venturing**
 - Licensing, contract manufacturing, management contracting, joint ownership
- **Direct Investment**
 - Assembly facilities, manufacturing facilities

Deciding on the Global Marketing Program

- **Standardized Marketing Mix**
 - Same basic product, advertising, distribution, and other elements of the marketing mix are used in all international markets.
- **Adapted Marketing Mix**
 - The marketing mix elements are adjusted for each international target market.

Deciding on the Global Marketing Program

- **Product Strategies for the Global Market**
 - Straight product expansion
 - ❖ *Marketing the product with no changes*
 - Product adaptation
 - ❖ *Altering the product to meet local conditions or the wants of the foreign market*
 - Product invention
 - ❖ *Creating new products or services for foreign markets*

Deciding on the Global Marketing Program

- **Global Promotion Strategies**
 - Standardized global communication
 - ❖ *Advertising themes are standardized from country to country with slight modifications*
 - Communication adaptation
 - ❖ *Advertising messages are fully adapted to local markets*

Deciding on the Global Marketing Program

- **Global Pricing Strategies**
 - Companies face many problems
 - ❖ *Price escalation*
 - ❖ *Pricing to foreign subsidiaries*
 - ❖ *Recent economic and technological forces*
 - ❖ *The Internet*

Deciding on the Global Marketing Program

- **Global Distribution Channels**
 - Whole-channel view
 - ❖ *Seller's headquarters organization*
 - ❖ *Channels between nations*
 - ❖ *Channels within nations*
 - ❖ *Numbers and types of intermediaries*

Deciding on the Global Marketing Organization

- **Managing International Marketing Activities**
 - *Step 1:* Organize export department
 - *Step 2:* Create an international division
 - *Step 3:* Become a global organization