

GLOBAL MARKETING: WHAT ALL IT CONSISTS OF, ITS IMPORTANCE AND THE FACTORS AFFECTING IT

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Abstract: The main aim of this research paper is to study the broad concept of global marketing. This paper will also focus on what can and cannot be classified into global marketing and the importance of it. Apart from all these topics, the factors that affect the marketing activities at the global level are also explained.

This paper will show that the marketing done at a global level has a lot more dimensions as compared to domestic marketing. A lot more factors have to be considered as the area to be covered is bigger and consists of a larger variety of cultures, products, economies and trade barriers, etc. Companies also have to consider the communal differences, religious beliefs and the laws of the countries in which they plan to market their products. Due to all these factors and differences, it becomes very clear for the companies that the strategies they have implemented in one country may not work in another country. Considering everything, it becomes very clear that marketing is one of the most crucial activities for a company and its success whether in the domestic market or the global market.

1. INTRODUCTION

Nowadays, the business environment is very complex and for the companies that are ambitious and want to gain more market share and competitive advantage, internationalization of their operations becomes a very crucial. The main advantage of internationalization is that the companies are able to cover a broader and more diverse customer base. The spread of globalization has made this process of internationalization much easier for the companies. Due to less barriers and more liberal policies, the companies are able to enter and establish their brand name in newer countries.

This process of internationalization in which companies are entering newer markets require the help of global marketing to reach to the customers overseas. Global marketing helps the companies to enter new markets and make the consumers aware of their presence and activities. Now companies develop special strategies called the global marketing strategies (GMS) for this purpose. The issues of the target market and the development of marketing mix are the main parts of the marketing strategies of the companies, whether it is a domestic or single-country marketing or a global marketing strategy.

Due to the changing global business environment, it becomes very important to understand the power of global marketing. This paper will focus on all the aspects of global marketing including its importance and the factors, which have to be kept in mind for it. Thus, this paper will help in explaining the importance of global marketing for companies who want to internationalize their operations and what they need to focus on to successfully market their products on a global level.

Some famous examples for global marketing success are Coca-Cola; which is considered to be one of the most recognizable brands in the world. They have a marketing approach in which they market globally but keep in mind the local mindset and culture of the people, which helps them to connect to people in a better way. In the same way, German companies like Bosch enjoy the competitive advantage of Germany's reputation for the excellent engineering of the products. We can find several examples of such practices by big companies worldwide which help them in becoming successful in overseas markets.

2. GLOBAL MARKETING: EXPLAINED

Global marketing is a process of adjusting the marketing strategies of a company in order to adapt to other country's conditions. Global marketing is not just a process of selling your services or products globally; it is a complete process of planning the product, creating and positioning it and then promoting that product in a worldwide market. In global marketing, different strategies are implemented depending on the region that company/brand is marketing to. We can also define global marketing as a marketing that is based on a global level that takes advantages of various global operational similarities, opportunities and differences that will help in meeting the global objectives of the company. During process of global marketing, companies make sure that their vision is delivered across different countries by retaining its capability, knowledge and reach. One of the major things that companies need to focus on in global marketing is to find out about their target market, various legal policies, laws and competition associated with them in that particular country. The company would also have to take care of the religious and communal preferences associated with their target market. Keeping this in mind, company would have to make adjustments by also maintaining a homogenization in their offering. Global marketing is done successfully when marketing executives use a proper global plan; keeping in mind different countries it is planning to market in.

For example: Coca Cola started selling its products globally from the year 1919. It has its presence in more than 200 countries around the world. To maintain the consistency of its brand, Coca Cola tastes the same in every region it sells. But there is difference in the shape, labeling and size of the bottle depending on the region it is selling in, keeping in mind various norms of each country. Earlier, Coca-Cola used a standardized advertising approach for all the countries it was selling its products in but later it changed to adapt advertising messages to local culture. To fit according to local tastes, the company adjusts its product line.

Therefore, developing a global marketing plan keeping in mind various laws, customer preferences, culture, economical/trade barriers and various religious differences is important for the success of the company.

3. IMPORTANCE OF GLOBAL MARKETING:

The basic definition remains the same for both domestic and global marketing remains the same; the only difference is the target market, which is usually the market in some other country. Most of the other components remain the same, the only things, which need to be tailored, are the socio-cultural, political, legal, economic and technological aspects based on each particular nation. Global marketing is very essential for internationalizing a business.

- **Global marketing effects everyone:**

There are only a few major players in a particular industry that have a significant control and effect on all of us. The key players in countries have a significant effect on both the businesses and customers at one point or another. This may act in a way that will either hurt or benefit you, therefore one should be familiar with the strategies which will help both the customers and businesses to adapt to these changes. Being aware of what is happening in the global market is always an advantage.

As we take an example of Automobile industry in India, thirty years back, the leading manufacturers in Automobile industry were Fiat, Maruti and Ambassador. They were dominating the market. But as the time has changed, companies like Toyota, Honda, BMW, Audi and Mercedes are dominating most of the segments in the automobile industry and are the major players that have changed the game completely. Now, as consumers, they have more options and with increased competition, they are likely to get better deals. For global marketing, even various companies planning to enter the Indian market would first consider these major players and then plan their strategies.

- **Nobody wants to miss a good opportunity:**

For some, the capacity to showcase items and services likewise brings an immense business opportunity. At the point when local markets extend up to developed regions of the world, reaching out of the national borders enables a firm to capitalize upon nations encountering financial and population development. It helps in taking advantage of unequal distribution of wealth by enhancing domestic sales with international can help in business growth. For example: for a manufacturer of sun tan lotion, his business is usually during hot summer months only. They could double its sales by marketing to a new country with opposite seasons. Therefore it is a good opportunity for them too if they are involved in global marketing.

- **Global marketing IS the future:**

With the rapid development of technology, there is free flow of goods and services and it has allowed people and capital to engage in e-commerce and exchange of goods and services with the help of Internet. Internet revolution has played a major role in changing the way business worked/functioned in the world before. The number of people using Internet has been increasing day by day and it reached up to 2 billion in 2011 and it will continue to increase in all the parts of globe. Even the total e-commerce turnover is seen to rise year by year. Companies like Amazon and eBay seem to have conquered the world, as they have extended and function all across the world. With the help of Internet many small companies have extended their operations and have globalized and the trend continues to grow for the companies that haven't yet globalized. The convenience and abilities that technological innovation has cultivated in both b2b and b2c organizations tasks is significant, and is a steady reminder of how advertising will keep on developing later on.

- **Working towards understanding local cultures better**

There is a lot of threat associated with global competition, but along with it comes the global cooperation. Various organizations have been made that help in understanding and communicating effectively to one another's culture, which helps in achieving greater business success. Companies study about the different attitudes, values, beliefs and language when they plan to extend to foreign markets. People become familiar to various cultural differences and start accepting them. Companies and foreign competitors pursue partnerships, which is a mutual benefit. They work together to rely for economic resources on each other, which helps in promoting peace in both political and social issues.

4. MARKETING STRATEGIES FOR GLOBAL MARKETS

“Think Global, Act Local”: this phrase is a popularly known and for good reason. For brands and companies to expand and market on a global level, they need to take into account the local needs and tastes for the regions they aim to expand into. Some ways companies can have a better success rate in foreign regions is by implementing some marketing

1. One Size Does Not Fit All: There are no universal consumer tastes and preferences. They differ from country to country, climate, GDP and other various factors. The food industry has adapted the best to this. While in much of Asia Dominoes uses seafood as toppings, in India, they use curry. Japanese automobile manufacturer Suzuki has come up with several variants of its SX-4 model first as a hatch back for European markets, then as an SUV in US markets, subsequently as Sedan in India and S-Crossover in different markets

2. Understanding Local Culture: One of the most important aspects of expanding into foreign markets is to know what one is getting into. Companies have failed miserably over the years when they ignored the local language or the way people in the local region react to their advertising methods. Chevrolet's Nova failed miserably in Spain because No-Va means No Go in Spanish. Nike had to recall its products because an illustration resembled Allah in Arabic.

3. Tying Up With A Local Partner Who Understands The Local Market: This is one of the best strategies many companies have used to enter into India. Star Market and Vistara are two examples of TESCO and Singapore Airlines tying up with TATA to enter the Indian market and flourish well. Vistara provides the best domestic flight experience while Star Market has been able to provide products at a heavily discounted rate. A good understanding of the local market is a pre-requisite for success and the best way to ensure that is by tying up with a local partner, be it through joint venture or acquisition.

4. Utilizing Social Media: Social Media has become one of the strongest platforms to advertise and run a marketing campaign. The reach of social media has crossed even that of traditional Television. On a global scale, none is more powerful than social media to reach a wide audience, with pictures, videos and lesser texts.

5. Utilizing Local Strengths: In many countries, malls are just an emerging power. However, small convenience stores like kirana shops in India and Kombini in Japan are essential parts of life. Amazon markets its products online yet delivers them through these shops.

6. Usage of Local Team Leads: Perhaps one of the usual mistakes companies make in global marketing is failing to consider the input of strong and competent employees in their foreign markets, especially when establishing strategic decisions. These individuals are significant because they know their country and your company. Since one of the biggest issues businesses face when including local input is communication, the marketing team must have a system that guarantees that local perspectives are gathered and distributed often.

5. FACTORS AFFECTING GLOBAL MARKETING

There are several factors that affect marketing on global level. However, we have broadly classified them into three factors that we hope can cover all aspects.

1. Global Factors: The global factors that are outside of the control of individual organizations, but that can affect the way that businesses operate can be considered as the global factors affecting the international marketing environment. These factors include cultural and social influences, legal issues, demographics, and political conditions, as well as changes in the natural environment and technology. Some major organizations involved in this level of international marketing are the UNO, World Bank, and the WTO.

2. Domestic Factors: Factors related to the personal affairs or internal affairs of a country that affect the economy of the country participating in the international marketing are considered as domestic factors. These include the political scenario and the approach by the government and its attitude towards international trade, business ethics, availability and quality of infrastructure, raw-materials, and other technological and ecological factors. The level of participation by governmental bodies at the central and state level in a country is one of the major factors that the fate of marketing environment.

3. Organizational Factors: The internal factors that influence the decision-making process in a company are considered as organizational factors. These include the events, factors, people, systems, structures and conditions inside the organization that are generally under the control of the company. The internal environment influences the organizational activities, and also the attitudes and behavior of employees. Changes in the leadership style inside the organization can also have a profound impact on the organization. Marketing environment is changing rapidly. Every factor, right from the domestic level, organizational level, to the global level is interrelated.

6. GLOBAL MARKETING MIX

When a company decides to enter a foreign market or decides to sell its products globally it has to carefully look into many aspects of the markets it is deciding to expand into. The market it is planning to enter might have different culture and environment and may have different tastes and preferences. The economic status of the people in the new market might also be different. There might be rules and regulations prohibiting the advertisement of the product or maybe the product be considered taboo in the new country just like Heineken when it was launched in Arab countries. The company therefore, needs to evaluate all these differences and make their marketing mix for the new country based on these parameters. It can also develop a standard marketing mix for all the markets it is trying to enter given they have many similarities, like the European market. There is a need for developing a separate global marketing mix for companies who are planning to go global.

The four P's of international marketing are:

PRODUCT: Basic concepts of marketing will help us to know what are the products demanded by the people of that particular market and what product will sell well in that market. A lot of factors are taken into consideration while planning this like culture of the people, their buying habits, their cultural background, history of the country, economic background, and level of education, disposable income of the population and distribution of income. The company will have to adapt to these changes in the new country and will have to prepare its plan for the market accordingly. The product developed will be based on these premises. Heineken had to introduce 0% alcohol beer for its market in Arabian countries as alcohol is considered a taboo there, McDonalds introduced vegetarian burgers in India as a majority of people in India are vegetarians.

The companies have to adapt to the new market and design the product according to the population in the target market if it needs to be successful in the new country.

PROMOTION: The promotional techniques of the companies would also be changed according to the new market conditions. The company will take into consideration the competition, political and cultural environment, language and religious practices which are followed in that country. The advertisements will be made according to these parameters. Government rules and regulations are also one of the most important. Also, a promotional strategy in one country can be offensive in another. For example we can the Pepsi advertisement with David Beckham which was a hit in Europe but could be seen as offensive and disrespectful in Japan and other Asian countries.

PRICE: The pricing strategy in the foreign country is one of the most complex task. The company has to take into consideration the traditional price considerations, i.e., fixed costs, variable costs of the product and prices charged by the competition. Apart from all these the company have to consider the aspects like spending power of the people in the target country, import duties and tariffs, transportation costs, exchange rate fluctuations and the economic situation of the country.

PLACE: The place element of international marketing mix is related to the distribution of the product of international organization in the local market. In a national market the distribution system will involve manufacturers then a chain of wholesalers/distributors and then retailers. But it is more complex in international market where more parties will be added to the chain as the goods will be required to be moved internationally. For example, in Japan the goods have to be moved through about five different wholesalers and distributors before reaching the consumers. The businesses need to understand the distribution systems in the foreign country. The distribution strategy can be different in the foreign country and it will also depend on the profit margins and transportation costs.

7. CONCLUSION

Marketing of products internationally is a very complex tasks. It has various aspects which are to be looked into before launching the product internationally. A lot of research work needs to be carried out and a vast study of the tastes and preferences of consumers in foreign market is required. It is very important for the company as the success and failure of the product in the global market is based on this and it helps a company to maximize its profit by successfully selling its product in a global market. By successfully implementing the global marketing strategies the companies can capitalize on the opportunities available to them in the foreign market and expand its operations. Before the company expands globally it has to look into various factors that will or might affect the product. These can be global and local but they have to be carefully analyzed before launching the product in the global market. One thing we all should must remember is that one strategy that worked in one country might fail in another. We all should remember that we international marketeers should “*Think Globally and Act Locally*”

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