Global Marketing Strategy: A Conceptual Frame Work

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Abstract**:** Global-Market strategies are essential- for global- market success. Global- market strategy is due in part to the growing demand for a globalized economy in order to hold and maintain a competitive advantage. In fact, the world of business today is changing and growing rapidly, making strategic planning decision at global level- complex and challenges for executive management. A global market strategy is effective it must incorporate all functional aspect of a business from finance to operations and research and development. It is a successful key in modern marketing knows how to harness innovation and technology to build brands and reach now market, there for gaining maximum coverage and exposure in these market. In this paper, I focus the concept the global marketing strategy, benefits and cost of global marketing strategy and which factors affecting the global marketing strategy.

Keywords: Globalization, Global Market, Strategies, Market, Effectiveness factors.

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Introduction

Global-Market strategies are essential- for global- market success. Global- market strategy is due in part to the growing demand for a globalized economy in order to hold and maintain a competitive advantage. In fact, the world of business today is changing and growing rapidly, making strategic planning decision at global level- complex and challenges for executive management. Globalization require firms to respond quickly in an ever- changing environment and necessitates a rapid and accurate response for both internal and external efficiency. A global- market standard marketing strategy, considered the most in fluent strategy, is one that provides a standard approach to marketing, branding and product development one global level. In this paper, I focus the concept the global marketing strategy, benefits and cost of global marketing strategy and which factors affecting the global marketing strategy.

The 1990s mark the first decade in which domestic companies around the world have to start thinking globally. Time and distance are rapidly shrinking with the advent of faster communication, transportation and financial flows. Products developed in one century- Gucci purses, Ball point pens, McDonald hamburgers, Japanese Sushi, Pierre Cardin suits, German BMWs, Apple Computers- are finding enthusiastic acceptance in other countries. True, many companies have been conducting International Marketing for decades. Nestle, Shell, 3M, Toshiba and other multinationals are familiar to most consumers around the world. But today global competition is intensifying. Domestic companies that never thought about foreign competitions suddenly find these competitors in their backyard. News Paper headlines report on Japanese victories in the consumer electronics, motorcycle, copying machine, and camera markets, the gains of Japanese and South Korean Car imports in the U.S. on Malaysia's Proton success in the U.K. Car Market, and on how Hong Kong and Taiwan exporters have captured significant shares in the global textile and shoe markets. Such Japanese names as Sony, Honda and Toyota are household words. Asia's multinationals are venturing into the World party through buying up companies in the U.S. and Europe. Although some countries try to stem foreign competition through protective legislations protectionism in the long run only raises living costs and protects inefficient domestic firms. The right answer is that companies must learn how to enter foreign markets and increase their global competitiveness. Global marketing blunder due to lack of strategy:

➢ Hallmark cards bombed in France. The French dislike syrupy sentiments and prefer writing their own cards.

➢ The Ronnie McDonald promotion of McDonald's failed in Japan White face means death.

➢ Phillips began to earn a profit in Japan only after it had reduced the size of its coffee makers to fit into the smaller Japanese Kitchens and its shavers to fit the smaller Japanese hand.

➢ Coca-Cola had to withdraw the two-liter bottle in Spain after discovering that few Spaniards owned refrigerators with large- enough compartments.

➢ General Foods Tang initially failed in France because it was positioned as a substitute for orange juice at breakfast. The French drink orange juice and almost none at breakfast.

➢ General Foods squandered millions trying to introduce Japanese consumers to packaged cake mixes. The company failed to note that only three percent of Japanese homes were equipped with ovens.

Strategy for Global Marketing

Global strategy is a shortened term that covers three areas:-

- **International strategy**: the organisation's objectives relate primarily to the home market. However, we have some objectives with regard to overseas activity and therefore need an international strategy. Importantly, the competitive advantage – important in strategy development – is developed mainly for the home market.

- **Multinational strategy**: the organisation is involved in a number of markets beyond its home country. But it needs distinctive strategies for each of these markets because customer demand and, perhaps competition, are different in each country. Importantly, competitive advantage is determined separately for each country.

- **Global strategy**: the organisation treats the world as largely one market and one source of supply with little local variation. Importantly, competitive advantage is developed largely on a global basis.

Benefits of a global strategy

1. Economies of scope: the cost savings developed by a group when it shares activities or transfers capabilities and competencies from one part of the group to another – for example, a biotechnology sales team sells more than one product from the total range.

2. Economies of scale:the extra cost savings that occur when higher volume production allows unit costs to be reduced – for example, an Arcelor Mittal steel mill that delivers lower steel costs per unit as the size of the mill is increased.

3. Global brand recognition: the benefit that derives from having a brand that is recognized throughout the world – for example, Disney..

4. Global customer satisfaction: multinational customers who demand the same product, service and quality at various locations around the world – for example, customers of the Sheraton Hotel chain expect and receive the same level of service at all its hotels around the world.

5. Lowest labour and other input costs: these arise by choosing and switching manufacturers with low(er) labour costs – for example, computer assembly from imported parts in Thailand and Malaysia where labour wages are lower than in countries making some sophisticated computer parts (such as high-end computer chips) in countries like the USA

6. Recovery of research and development (R&D) costs and other development costs across the maximum number of countries – new models, new drugs and other forms of research often amounting to billions of US dollars. The more countries of the world where the goods can be sold means the greater number of countries that can contribute to such costs. For example, the Airbus Jumbo A380 launched in 2008 where development costs have exceeded US$ 10 billion.

7. Emergence of new markets: means greater sales from essentially the same products.

Costs of a global strategy

1. Lack of sensitivity to local demand: Leavitt argued that people would be prepared to compromise on their individual tastes if the product was cheap enough deriving from economies of scale and scope. Is this really correct? Other writers argued that there could be costs in adapting products to match local tastes, local conditions like the climate and other local factors like special laws on environmental issues.

2. Transport and logistics costs: if manufacturing takes place in one country, then it will be necessary to transport the finished products to other countries. The costs for some heavy products, like steel bars, may be greater than the economies of scale from centralised production in one country.

3. Economies of scale benefits may be difficult to obtain in practice: plant takes time to commission, local competitors still using old plant and cheap labour may still be competitive. For an example, see the Tate & Lyle Case in Chapter 19 of Lynch.

4. Communications costs will be higher: standardisation of products and services needs to be communicated to every country. In virtually every case, it will also be necessary to monitor and control the result. All this is time consuming, expensive and at the mercy of local managers who may have their own agendas and interests.

5. Management coordination costs: in practice, managers and workers in different countries often need to be consulted, issues need to be explored and discussed, local variations in tax and legal issues need to be addressed. This means that senior managers operating a global strategy need to spend time visiting countries. It cannot all be done on the telephone and worldwide web. This takes a tremendous toll of people personally.

6. Barriers to trade: taxes and other restrictions on goods and services set by national governments as the goods cross their national borders.

7. Other costs imposed by national governments to protect their home industries – like special taxes or restrictions on share holdings.

Effectiveness factors of Global Marketing Strategy :-

Environment analysis is not simply extrapolation. We may expect a future like the past. But acting on this opinion requires judgment about the future. Thinking about the unthinkable and seeking new insights signify analysis rather than extrapolation. Managers must systematically analyze the environment, since environmental factors are primary influencers of strategy. Environmental analysis gives the strategic manger time to anticipate opportunities and to plan alternative responses to those opportunities. It also helps them to develop early warning systems to prevent threats or develop strategies, which can turn a threat to the organization's advantage. Business environments, which affect the strategy in a big way, are as follows:

➢ **Economic Environment**: - There are a variety of economic factors which affect demand and supply for products and services and their prices. The state of economy at present and in the future can affect the fortunes and strategies of the firm. The specific factors that a firm would be interested to analyze are: the stage of the business cycle, inflationary or deflationary situation, monetary policies, fiscal policies, balance of payments, structure of industry, global competition etc. Each of these factors of the economy can help or hinder the achievements of the firm's objectives and lead to success or failure of the strategy. Economic factors may be good for one industry and the same factors may be adverse to another industry.

➢ **Political Legal Environment**: - Presently, the Centre, State and Local Government of many countries are increasingly affecting the operations of almost all business. The governments may legislate on matters like wage and price control, safety and health at work, location of the plant, waste treatment etc. Government policies about its relationship with business can change over time. With the change in government the policies of the firms and the complexion of threats and opportunities may also change. Hence, a strategic manager should also examine the legal and political environment. Nations differ greatly in their political legal environment. A company should consider four factors in deciding whether to do business in a particular country i.e. (a) Attitude towards International Buying, (b) Political stability (c) Monetary Regulations, (d) Government Bureaucracy.

➢ **Cultural Environment:** - Each nation has its own values, customs and taboos. Foreign business people, if they are to be effective, must drop their ethnocentrism and try to understand the culture and business practices of their hosts, who often act on different concepts of time, space and etiquette. The seller must check out the way foreign consumers perceive and use certain products, before planning the marketing program.

➢ **Business Environment**: - Business norms and behaviour also vary from country to country. Business executives need to be briefed before negotiating in another country. Each country and even regional groups within each country has cultural and business traditions, preferences, and taboos that the marketer must study.

➢ **Technology Environment**: - Strategic managers also search for new and better technology that would increase the sales, reduce costs and improve the product. Changing technology can offer major opportunities for improvement and can eliminate major threats. Technological advancement will affect the product life cycle. Decrease in product life cycle results in increased profits. Technological change may also affect distribution methods, qualify and type of raw materials and skills of the work force. Whether technological change comes fast or slow is a function of the creativity of people and entrepreneurs, receptivity of the industry, and availability of finance for Research & Develop activity and global changes. Not all sectors of the economy are likely to be equally affected by technological change. Some sector may be more to technological influences than others.

➢ **Operating Environment**: - The operating environment involves factors in the immediate competitive situation that provide many of the challenges a particular firms faces in attempting to attract or acquire needed resources or in striving to profitably market its goods and services. Among the most prominent of these factors are a firm's competitive position, customer profile, reputation among suppliers and creditors and accessible labour market. The operating environment also called the competitive or task environment, differs from the remote environment in that it is typically subject to much more influence or control by the firm. Thus when they consider conditions in the operating environment, business can be much more proactive in strategic planning than they are when dealing with remote factors.

➢ **Micro Environment**: - Microenvironment includes small but significant elements of business environment. It includes suppliers marketing intermediaries, market type, market demand, competition, financial institution, regulatory provisions, industrial relations climate availability of skilled manpower etc.

Strategic managers view the impact of their environment in different ways. Some may see ambiguity as threat and some other may see it as an opportunity while some may be reactive in responding to changes others may be proactive. They may make choices about which parts of the environment can be changed and then seek to set up an appropriate strategy. Strategic responses to environmental threats can vary significantly..

Conclusion :A global- market standard marketing strategy, considered the most in fluent strategy, is one that provides a standard approach to marketing, branding and product development one global level. Environment factor, political legal factor, business environment, technological environment, microenvironment are effect the global business strategy. A global market strategy is effective it must incorporate all functional aspect of a business from finance to operations and research and development. It is a successful key in modern marketing knows how to harness innovation and technology to build brands and reach now market, there for gaining maximum coverage and exposure in these market.

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