Global Marketing Strategy

Key Questions:

What determines a firm's international marketing performance?

Are national markets converging? If so, how to compete effectively in the world?

The Principle of “Fit”: The fit between a firm’s international marketing strategy and its external and internal environments determines the firm’s international marketing performance (Cavusgil and Zou 1994).

GLOBALIZATION TRENDS

Driving Forces

- Technology
- Culture
- Market Needs
- Cost
- Competition
- Economic Integration
- Peace
- Management Vision
- Strategic Intent
- Global Strategy and Action

Restraining Forces

- Culture
- Market Differences
- Costs
- National Controls
- Nationalism
- War
- Management Myopia
- Organization History
- Domestic Focus
New Sources of Global Competitive Advantages in a Globalized World

Key Global Marketing Strategy Dimensions

- **Standardization**
  - **Economies of scale** – low cost
  - **Consistent brand image**

- **Concentration and Coordination of Value-Chain Activities**
  - Benefit from different countries' comparative advantages
  - **Economies of scale**
  - **Cross-country synergies**

- **Integration**
  - Cross-subsidization: drawing resources from one country to compete in another.
  - Cross-pollination: borrowing good ideas from one country and applying them to another.

The GMS: Global Marketing Strategy

![Diagram of the GMS: Global Marketing Strategy](image)

Figure 1. The GMS: A Unified Conceptualization of Global Marketing Strategy
Multidomestic vs. Global Marketing

**Multidomestic Marketing Strategy**
- Country markets: different
- Marketing programs: independent
- Between markets: no coordination
- Emphasis: adaptation
- Decision: decentralization

**Global Marketing Strategy**
- World: a single market
- Key: economies of scale
- Between markets: high coordination
- Emphasis: standardization
- Decision: centralization

The Value Chain: Multidomestic Marketing

Country A

\[ \text{R&D} \rightarrow \text{Engineering} \rightarrow \text{Manufacturing} \rightarrow \text{Marketing} \rightarrow \text{Customer Value} \]

Country E

The Value Chain: Global Marketing

Country A

\[ \text{R&D} \rightarrow \text{Engineering} \rightarrow \text{Manufacturing} \rightarrow \text{Marketing} \rightarrow \text{Customer Value} \]

Country B

Country C

Country D

Country E
Implementing Global Marketing Strategy:
Organization Structural Alternatives

- Global geographical area divisions
  - responsible for all manufacture and marketing of all products/lines in respective areas.
- Global product divisions
  - responsible for all manufacture and marketing of a product/line worldwide.
- Global customer structure
  - based on customer groups.
- Global matrix or hybrid structure

Global Geographical Area Divisions

![Diagram of Global Geographical Area Divisions]

Global Product Divisions

![Diagram of Global Product Divisions]
Global Customer Divisions

Headquarters

Customer A
- Governments

Customer B
- Education

Customer C
- Private

R&D

Manufacturing

Marketing

Global Matrix

<table>
<thead>
<tr>
<th>Product</th>
<th>Asia</th>
<th>EU</th>
<th>Latin Am.</th>
</tr>
</thead>
</table>
| Product A
  Tobacco |      |    |           |
| Product B
  Foods  |      |    |           |
| Product C
  Apparels|      |    |           |

Matching organizational structure to international marketing strategy

- **Global marketing strategy:**

- **Multidomestic marketing strategy:**
Implementing Global Marketing Strategy: Roles for Country Organizations

Think Globally
Act Locally