Global Marketing Strategy

Key Global Marketing 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).
Global Marketing Environment

- "...the world is becoming more homogenous..."
- "...distinctions between national markets are fading and may disappear..."

Globalization Trends

Driving Forces
- Technology
- Culture
- Market Needs
- Cost
- Free Markets
- 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

Globalization Drivers

- Technology Factors
  - telecommunication, data processing, transportation.
- Market Factors
  - new consumer groups, developed infrastructures, globalization of distribution channels.
- Cost Factors
  - avoiding cost inefficiencies
- Governmental Factors
  - reduced governmental barriers, rapid technological evolution
- Competitive Factors
  - rapid product innovation, introduction, distribution
New Sources of Competitive Advantages in a Globalized World

Global Brand Domination
- A well-known brand
- With consistent image

Cross Subsidization
- The ability to use one country’s resources to subsidize another

Low Cost Position

The GMS: Global Marketing Strategy

Promotion Standardization
Product Standardization
Standardized Channel Structure
Standardized Price
Concentration of Value-chain Activities
Coordination of Value-chain Activities
Global Market Participation
Integration of Competitive Moves

Key Global Marketing Strategy Dimensions

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

- **Concentration and Coordination**
  - **Benefit from different countries’ comparative advantages**
  - **Economies of scale**
  - **Cross-country synergies**

- **Integration**
  - **Cross-subsidization**
  - **Cross-pollination**
**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

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**The Value Chain: Multidomestic Marketing**

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R&D   Engineering  Manufacturing  Marketing  Customer
```

Country A:
- 
- 

Country E:
- 
- 

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**The Value Chain: Global Marketing**

```
R&D   Engineering  Manufacturing  Marketing  Customer
```

Country A
- Country B
- Country C
- Country D
- Country E
WHAT IS A GLOBAL INDUSTRY?

A Global Industry Is...

"An industry in which a firm's competitive position in a country is dependent on its competitive positions in other countries."

-- Michael Porter

Examples of Global Marketing

<table>
<thead>
<tr>
<th>Product Design</th>
<th>Canon photocopier/McDonalds/Toyota/Ford</th>
</tr>
</thead>
<tbody>
<tr>
<td>Brand Name</td>
<td>Marlboro/Coca/Pepsi/Mercedes/Caterpillar</td>
</tr>
<tr>
<td>Product Positioning</td>
<td>Colgate toothpaste/Unilever fabric softener</td>
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<tr>
<td>Packaging</td>
<td>Gillette razors</td>
</tr>
<tr>
<td>Advertising Strategy</td>
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<td>Sales Promotion</td>
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<td>Distribution</td>
<td>Benetton/United Distillers</td>
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<tr>
<td>Customer Service</td>
<td>American Express/Hertz</td>
</tr>
</tbody>
</table>
The Strategic Planning Process

Global Strategy Formulation
- Assessment and Adjustment of Core Strategy
  - Market/Competitive Analysis - Internal Analysis
- Formulation of Global Strategy
  - Choice of Target Countries, Segments, and Competitive Strategy
- Development of Global Marketing Program
- Implementation
  - Organisational Structure - Control

Think Globally
Act Locally