




Global Marketing Strategies:
Challenges and Opportunities

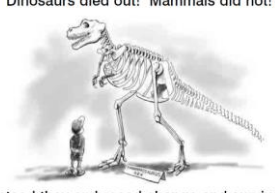


According to Carl Sagan's famous Cosmic Calendar, the earth formed in September of the first year in the life of the cosmos. Dinosaurs emerged on Christmas Eve, and apes appeared at 10:15 p.m.

Today is the first second of the cosmic year number two...

Dinosaurs died out! Mammals did not!



Instead they embraced change and survived.



What is the message?



We are witnessing and we have to learn how to deal with:

- time-space compression
- deterritorialisation and supraterritoriality



facebook

TOPICS

- Globalisation and Global Markets
- Market Entry Strategies
- Example of Secondary Data Analysis
- Case Studies



Globalisation and Global Markets



“Globalisation in its current phase has been described as an unprecedented compression of **TIME** and **SPACE** reflected in the tremendous intensification of:

- 1/ social,
- 2/ political,
- 3/ economic, and
- 4/ cultural **interconnections** and **interdependencies** on a global scale.”

Stegler, p. ix



Table 1. Global business drivers

Driver	Description
Globalisation	<ul style="list-style-type: none"> • Realignment of global supply chain • Economic shift from global North to South • Changing global governance • Elevated financial volatility and risk • More inclusive globalisation
Consumer behaviour	<ul style="list-style-type: none"> • New models of consumer engagement • The insatiable consumer • New era of squeezed profitability
Demographics	<ul style="list-style-type: none"> • War for talent • Growing infrastructure needs
Regulation and activism	<ul style="list-style-type: none"> • Changing role of government • Rising geopolitical instability
Environment and natural resources	<ul style="list-style-type: none"> • Depleting natural resources • Responding to sustainability challenge
Technology	<ul style="list-style-type: none"> • New paradigms in product design and manufacturing • New and innovative R&D models

Source: Adapted by: Report of the Global Business Policy Council at A.T. Kearney [available at: <http://www.atkearney.com/gbpc/global-business-drivers>]



One way to approach the topic: think about the world **BEFORE** globalisation


- Distance mattered — space often measured in time
- Territorial boundaries more or less kept things in and out
- Society and culture had spatial referents
- Everything had its “place” (literally)

GLOBALISATION

In a world of deterritorialisation and supraterritoriality

- Distance becomes almost irrelevant (the end of distance)
- Boundaries are increasingly permeable.
- Groups and cultures increasingly don't have a territorial basis
- A new kind of non-physical “place” is emerging





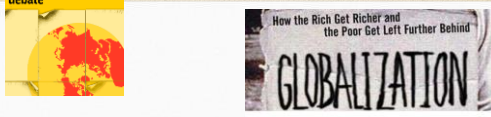
Key Processes and Drivers of Globalisation

Key Processes of Globalisation

- Technological advances
- Expansion of international commerce (exports and imports)
- Rising importance of private capital flows (stock markets and multinational corporations)
- Increasing travel and migration (international tourism and domestic diversity)
- Increased communication and interaction between peoples (through all sorts of media)

Bosworth and Gordon: A survey of some key processes of globalisation

The globalisation debate



The fact there are winners and losers, and societies vary in how much they compensate the losers

Continuing poverty:
 ¼ world's population below \$1 a day; around ½ below \$2 a day (has declined since article, mainly because of China and SE Asia and to some degree India)

The globalisation debate



Gap between rich and poor countries has widened. And inequality within most countries has risen with globalisation.

Environmental concerns and conflict over global governance

Open borders and their effects (money laundering, terrorism, disease, drugs, sex trafficking)



Factors contributing to globalisation	Explain how
Technological change	More powerful computers and internet have allowed the easy transfer of data, which plays an important role in speeding up the globalization.
The reduction of transportation costs	Air transportation and telephone costs have improved the developing environment for globalisation.
Consumer taste change	More and more consumers today are willing to buy foreign or new products for fashion or new styles.
The growth of new markets	New markets have been opened up in countries like former Eastern European countries and China. The growth of new markets has increased the trend of globalisation.
Competition	More and more fierce competition has forced businesses to seek opportunities in the world markets. To compete successfully, businesses today must develop a global strategy.

Three major economic forces the global economy has never previously experienced:

1. The collision of technological disruption
2. Rapid emerging-markets growth, and
3. Widespread aging.







Business troubles mixed on both deflation and emerging markets watches

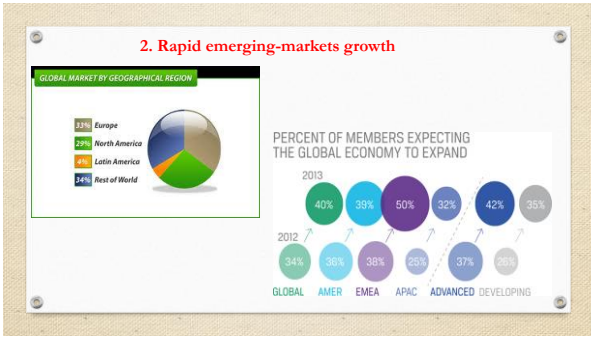
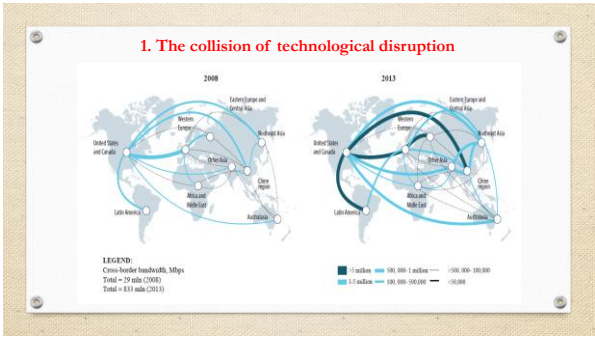
Analysts also argued the ECB's 1% rate shows support for the euro, with the on-site 7.6% (2014) vs. 6.5% (2013)

Indian equities grow stronger among emerging markets

2014 was the best year for the MSCI India 22 pct. (2014) vs. 10.1% (2013), 14.8% (2012)

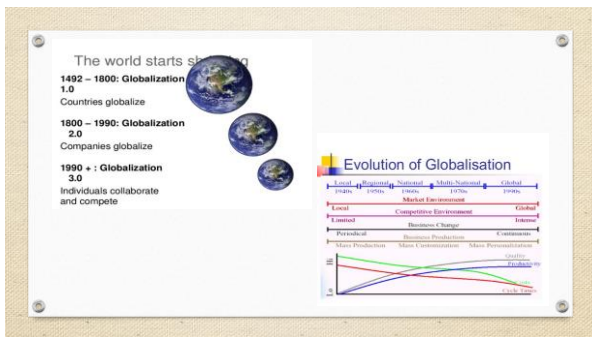
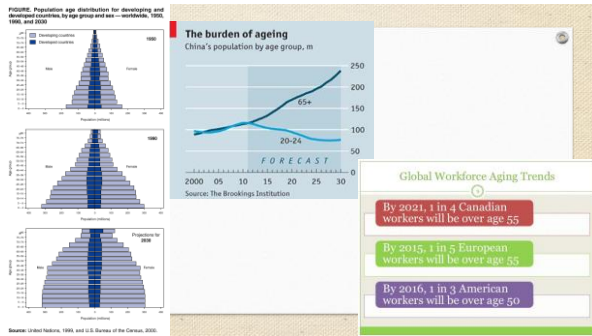
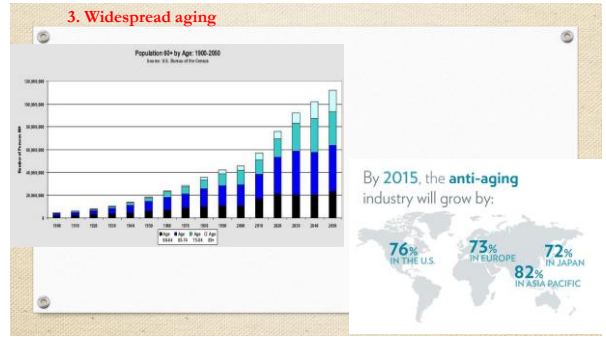
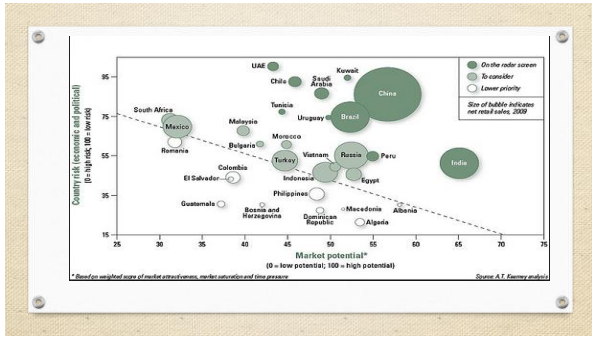
Emerging nations to keep markets robust

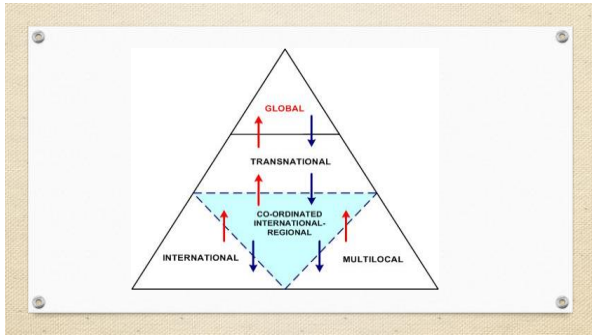
Though the primary market for equities has grown and global markets are the best over the past 10 years, the U.S. 4.0% (2014) vs. 4.0% (2013)



The global urban population is growing by 65 million a year, and nearly half of global GDP growth between 2010 and 2025 will come from 440 cities in emerging markets, 95% of them being almost unknown small and medium-sized cities in emerging markets.

The shifting balance of power has been indicated as a transition from Globalisation 2.0 (Western-dominated) to Globalisation 3.0 (China-dominated).





EPRG Schema

- Ethnocentric
- Polycentric
- Regiocentric
- Geocentric

← Criterion: International commitment of the firm

1. Domestic market extension orientation
2. Multi-domestic market orientation
3. Global marketing orientation

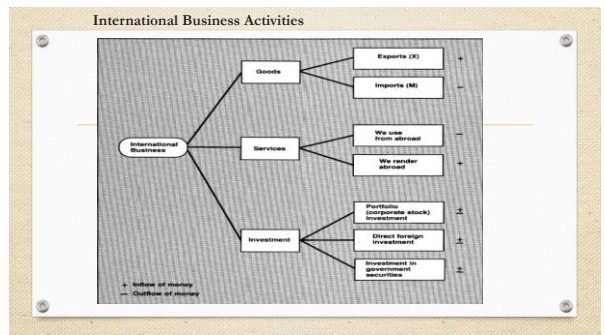
With the trend towards more interdependence among nations, several changes in the business environment have emerged:

- 1/ converging consumer demand,
- 2/ increasing trade and investment liberalisation,
- 3/ emergence of global markets for goods, services, labor and financial capital.

Hence, global markets became both a fundamental research topic and hot business issue.

How can you define a global market?

A **global market** is not limited to specific geographic locations but rather involves the exchange of good, services, and labor anywhere in the world.





Global marketing is 'the **process** of focusing the **resources** (people, money, and physical assets) and **objectives** of an organisation on **global market opportunities and threats**'.

Keegan



FUNDAMENTAL SHIFTS IN GLOBAL MARKETS (1)

First, as global economic linkages intensify, the focus has shifted from trade relationships among countries to business activities of individual enterprises.

Second, the competitive environment has changed dramatically thus challenging the critical sources of competitive advantage. Following the first trend, nation-based advantages have been replaced by firm-based competencies and assets.

FUNDAMENTAL SHIFTS IN GLOBAL MARKETS (2)

Third, a substantial advantage of global operations is the flexibility the firm gains in terms of sourcing and manufacturing.

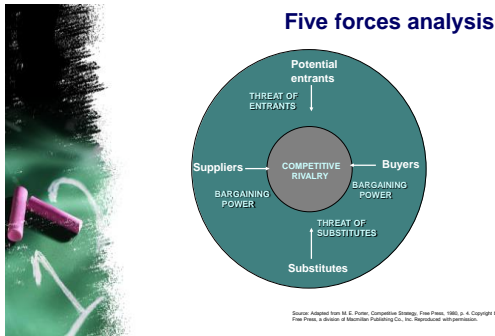
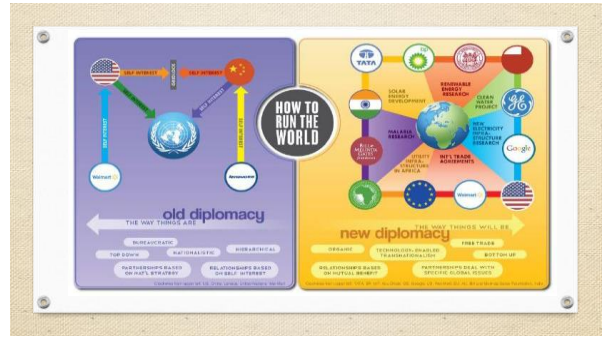
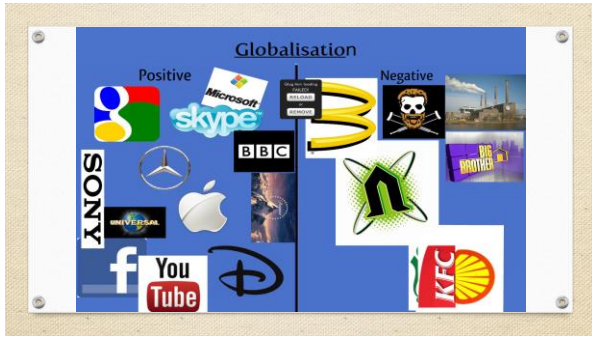
Fourth, the focus of management attention is rapidly moving away from an emphasis on transactions to relationships among firms.

Finally, there is a constant move from competition to cooperation which results in the emergence of a new phenomenon called co-opetition. Successful international companies thrive on the basis of networks of collaborators.

Your final purpose:

To develop a global awareness
which means:

- to be objective
- to be tolerant towards cultural differences
- to have knowledge of 1/ cultures, 2/ history, 3/ world market potential and 4/ global economic, social and political trends



- ### Competitive Rivalry
- Entry is likely
 - Substitutes threaten
 - Buyers or suppliers exercise control
 - Competitors are in balance
 - There is slow market growth
 - Global customers increase competition
 - There are high fixed costs in an industry
 - Markets are undifferentiated
 - There are high exit barriers



- ### Buyer power
- There is a concentration of buyers
 - There are many small operators in the supplying industry
 - There are alternative sources of supply
 - Components or materials are a high percentage of cost to the buyer leading to "shopping around"
 - Switching costs are low
 - There is a threat of backward integration

Bargaining power of buyers: Wal-Mart



Supplier power

- There is a concentration of suppliers
- Switching costs are high
- The supplier brand is powerful
- Integration forward by the supplier is possible
- Customers are fragmented and bargaining power low

Bargaining power of suppliers: Bill Gates (Microsoft)



Threat of substitutes

Substitutes take different forms:

- Product substitution - BT for Orange
- Substitution of need - international not local calls (satellites not wires)
- Generic substitution - mobiles for land based telephones
- Doing without - no communication

Threat of substitutes: KFC China



The threat of entry

Dependent on barriers to entry such as:


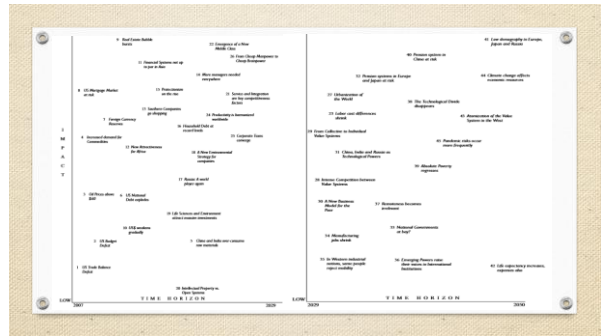
- Economies of scale
- Capital requirements of entry
- Access to distribution channels
- Cost advantages independent of size (e.g. the "experience curve")
- Expected retaliation
- Legislation or government action
- Differentiation



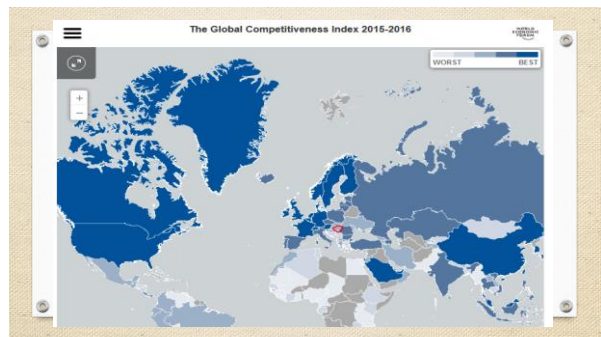
THE COMPETITIVENESS ROADMAP: 2007 - 2050

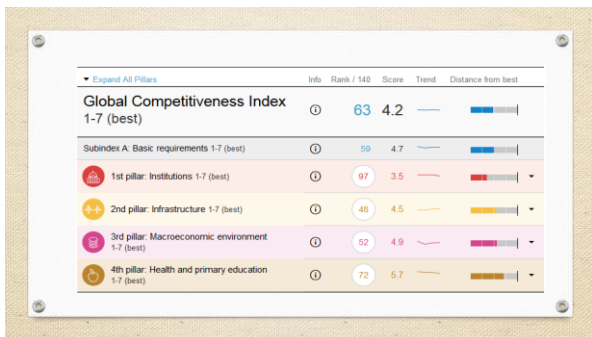
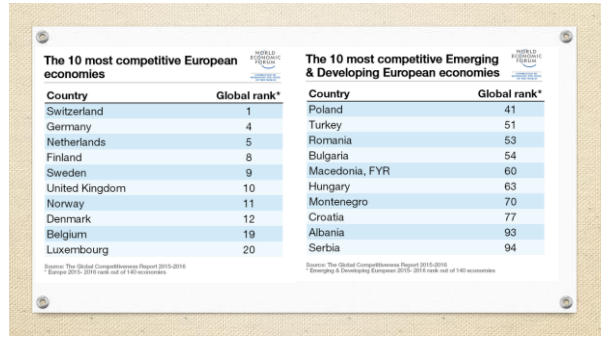
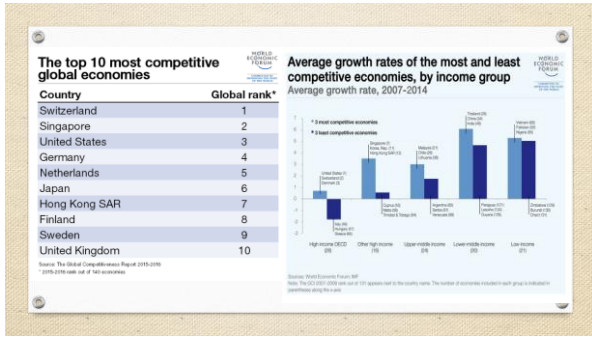
Among the main issues with a high impact on world competitiveness environment during the next three decades are the following ones:

- ⇒ Protectionism on the rise;
- ⇒ Service and integration are key competitiveness factors;
- ⇒ Labour cost differences shrink;
- ⇒ The technological divide disappears;
- ⇒ China, India and Russia as technological powers;
- ⇒ Climate change affects economic resources.

WORLD EXCHANGE





It has been said that arguing against GLOBALIZATION is like arguing against THE LAWS OF GRAVITY

Kofi Annan (Former UN Secretary-General)

- Technology (Internet)
- Transport costs and speed of transport
- End of the Cold War
- Global problems (climate, migration)
- Liberalisation

**THANK YOU
FOR YOUR ATTENTION!**