

Analyze the opportunities and challenges that firms practice global marketing ess...

[Business](#), [Branding](#)



Global marketing refers to marketing activities coordinated and integrated across multiple country markets. The concept of this involves the creation of a single or standardized strategy for a product, service or a company (Johansson, 2006). Those markets are not only defined within country borders, but are also defined by buyer preferences that are similar across countries. Recently, going global becomes a trend. As Crespy (1986) indicated, firms should turn themselves into global corporations otherwise they will lose out to the new wave. Therefore, not only big sized business, even the smallest businesses have already extended their businesses to foreign markets.

One of the best examples is Coca Cola which is the champion of “ Best Global Brand” in last ten years. Its brand promise of fun, freedom, spirit and refreshment resonate the world over and it excels at keeping the brand fresh and always evolving. It produces standardized products of coke and similar message of fun and freedom in its worldwide promotion to gain customer loyalty and enlarge its business share. Many businesses also use internet marketing to expand their business such as online shopping, e-commerce and social networking (Arora and Gambardella, 2005).

For example, Starbucks developed a Facebook page to promote its brand and allow its customers to share their experience and photo in this platform. The reason of the firms go global is because there are many opportunities of practicing global marketing and the above example gain benefits in this practice successfully. In this article, I will focus on three aspects which are extension of product life cycle, cost effectiveness and reduction of market

risks. When a global firm can enjoy many advantages, however, it also needs to overcome many challenges and drawbacks, including selection an appropriate market, implement and sustaining the business in the market. Similarly, I will deeply discuss some aspects of each part Opportunities Extend product life cycleProduct line cycle which depicts how the sales of a product category progress over time is a main concern of a firm since if the product leaves as is to continue to the decline stage, the firm needs to develop new product which is difficult to estimate demand and the development costs may not be covered by the sale (Gupta, Ramachandran, 2009). Therefore, many firms will spend many resources to extend the product life cycle. One of the solutions is foreign expansions that there may be new potential and demanding from other foreign markets.

This is because stage of product life cycle of a product can be different across different country markets. The firm can enter those markets which may not be saturated that there are not many substitutes or the product is still highly demanded and capture the demands to keep sales, increase profits and enhance its market share. Cost effectiveness One of the global marketing strategies is to standardize the product which is suitable to a global market. The benefit of standardization is that resources and manufacturing process are same which the firm can enjoy economy of scales since narrow materials are needed. When the manufacturing process is standardize, advance technology can be used across a whole product line which reduce development costs and overhead costs. In global marketing,

the firm also needs to standardize its global brand which is known as umbrella positioning.

According to Erdem's study (1998), a consistent branding can help to reduce consumer risks if the brand has good reputation because it can provide confidence to consumers and they can base on their experience of the same brand to make purchasing decision. Therefore, the firm does not need to spend many resources on promotion to build up consumer confidence in foreign regions. On the other hand, the costs of materials, capitals and labors in developing countries are much lower than developed. The globalized firms can enter those countries to enjoy cost saving. In addition, technologies of research and development in developed regions are more mature.

The firm can set up its R&D centers at those regions, even outsource to domestic R&D companies to gain professional knowledge and reduce resource wasting. Diversify and reduce the market risk To maintain a business, a firm needs to bear uncertain risks. The risks can come from economy, policies or demand fluctuation, etc. Those risks can decline the profits of a firm. However, the risks can be diversified by global marketing since the loss in a market can be covered from other profitable markets compared with only relying on a single market.

Besides, there are certain country markets where a global firm wants to be present though competition is fierce and profitability is uncertain. These are called lead markets. The market situations of these markets are as similar as

local market or other targeted markets but there are countries location-specific advantage, such as free from government regulation and technological know-how and labor skills (Muhlbacher, Leihs and Dahringer, 2006). The firm can explore the markets' practices, learn from other competitors and customers and accumulate experience to improve other existing markets' practices and to design marketing strategies elsewhere, which can help to reduce the market risks in existing and new markets.

**Challenges Internal** In internal aspect, main challenge to a firm is lack of resources. The resources do not only financial and material resource, but also include global knowledge, experience and human resources. Financial and material resources are necessary investment of instituting global marketing.

However, compared with other resources, it is more easily to overcome by loans, leveraged buyout, etc. The drawback is the immaterial capital since it is difficult to gain and accumulate but it is important in global effort to restructure the company and management system, design marketing programs and processes, reconcile managerial conflicts, implement and control different business affairs.

**External Political and legal level** It is impossible for a marketer to do business without considering political and legal issues because a firm must base on the laws to do business and government has power to change the laws and interrupt market situation (Johansson, 2006). Therefore, political and legal issues are one of important assessment criteria to select a market. Basically, main power of government is that it can set entry barriers and domestic protection. Use US as an

example, there are many restrictions toward Chinese to do business in US. Since most of the Chinese products have high ratio of value and cost, US government then increase tax of those products to increase the price and set entry barriers such as quota to limit the import of Chinese products. In Korea, there are labor laws to protect domestic labor that the companies cannot employ non-domestic labor without special concessions.

There are also other political causes of instability in global market such as change in political parties and animosity targeted toward specific countries. In some countries, such as US, there are two strong political parties and typically succeed one in election has higher power in control of the government. This makes the trade conditions more unpredictable since different political parties have different propositions which affect policy development.

For the animosity aspect, current relationship between China and Japan is a good example. Because of the Senkaku Island dispute, the relationship between two region is worsening and Chinese government institute export ban of rare earth elements which are important material of many electronic products to Japan which directly hurt supply chain of the firm in Japan.

Cultural issues There are cultures differences in different countries, even sub-regions. These differences are other challenges for global marketers to design and implement their marketing strategies. This is because culture can affect consumption pattern of a person, including preference, taste, product acceptance and lifestyle (Aizenman and Brooks, 2005). For example, in Muslim regions, people do not eat pork so McDonald introduced new

hamburger with kebab to replace pork. In US, compared with Europe, design of bedroom furniture is different such as standard American bed is shorter and wider. Those diversities contravene the standardization of product in global marketing.

Therefore, a global marketer needs to develop a standardized manufacturing process to tackle the variety of products. On the other hand, there may be strong nationalism and low acceptance of foreign brands in the countries with strong and high context culture. The nations' people are proud of their countries and unity. They will protect their own interest, cultures and security. Hence, when they feel threatened by some outside force, they will protect themselves against intrusions.

The conflict between China and Japan and boycott other party's products is a good illustration. Although we know the importance of culture issue, the most challenging thing is to understand the attitude and behavior of culture and countries (Douglas, 2001). Culture has been built up for a long time and it is too complex to analyze and understand. Antiglobalization As O'Neill (2004) said, antiglobalization threats have become a hallmark of global activism since 1999.

Over this time, these movements have generated its own internal and external dynamics of conflict and cooperation, play them out on a global scale. To institute global marketing, it is possible to face this challenge. Most of these protests fight for enhancing democratic representation, human rights, fairness and seeking environmental conservation, safe working

environment, and appropriate compensation (Schuler, 2004). When practicing global marketing, the firm will hire labor and purchase materials from developing countries where the costs are much lower and environmental conservation policy and labor policy are not mature. It is easy to appear exploitation of labor rights, illegal trades and create unfairness and pollution in these regions. On the other hand, it is not unusual to find that a strong firm monopoly the market or domestic interests are exploited by foreign companies.

Those issues are the cause of antiglobalization. In extreme case, the consequence of these can be terrorist activities. Conclusion Practicing global marketing can create many opportunities to the firm and consequently enlarge its profits and enhance its strengths and sustainability.

However, not all companies can practice global marketing or enjoy the advantages of the activities since there are many challenges and drawbacks which wait for the firms, including internal and external issues. There are some recommendations to deal with the challenges. First, the firm must conduct exhaustive study of the global market. Not only external factors, but also the firm needs to assess its internal factors, the competition and customer's taste and select appropriate markets.

These are important since the firm needs to balance its abilities, performances, market risks and outcomes. Second, the firm should hire local employees cooperate with local firms and, such as joint-venture, franchising or use local suppliers. This is because they have better understanding of the



local market, including culture, policies competition and other market conditions. They can provide knowledgeable suggestions and share their experience to help the firm design appropriate marketing strategies (Allen, 2001). This can also benefit the local market which can enhance acceptability of local. Last but not least, practicing corporate social responsibility is a must because currently people are concerning the social responsibility of the firm more than the quality or price of specific product or service. Therefore, sustaining a good social responsibility can be a firm specific advantage.

To achieve this, the firm needs to consider and protect the interests of its stakeholders. Reference1. Johansson, J. K. (2006).

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