

Global value chain and domestic value chain

Business



Global value chain and domestic value chain Introduction Value chains in business comprise of the Global and domestic value chains. However, the activities or types of value chain include the operations, marketing and sales, service, and logistics amongst others (Gereffi, Humphrey & Sturgeon, 2005). Considering the essence of comparison, in this case, the choice of global and domestic value chains is that marketing and sales.

Example 1: Global value chain in marketing and Sales

Managers of marketing and sales in the Global value chain are likely to face the challenge of diversity in cultures, religion amongst other factors that show diversity in the society. For instance, it becomes harder for a manager in the global value chain to establish the demands of a particular cultural group in a country that the firm intends to establish a market. Therefore, there is the likelihood of using resources to carry out research before making marketing advances.

Example 2: Domestic Value chain in Marketing and Sales

The challenge of the diversity of preference among customers facing a manager in a domestic value chain is minimal compared to that of a global value chain (Gereffi, Humphrey & Sturgeon, 2005). However, there is a high feasibility of competition by external investors. Thus, aspects such as pricing strategies are necessary. The most prevalent ways of resolving these issues including conducting a reconnaissance on the market before starting the operations. Alternatively, better marketing strategies ought to be instituted to facilitate successful decisions.

Description of value chains from a pre and post production service perspective.

Global value chain and examples

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The marketing and sales element of the global value chain starts by assessing and seeking authorization before starting to operate, especially in foreign countries. After production of the services, the value chain is conducted or manned considering the market status in particular nations in which it has invested. For instance, Coca-Cola Company operates and markets products in countries after complying with the market rules. Similarly, Toyota Company manages to invest in countries after it complies with the trade restrictions and regulations.

Domestic value chain and examples

Alternatively, the value chain the domestic value chain does not face a series of obstructions and necessities before and after instituting the services in the domestic market. For instance, Coca-Cola Company freely operates in the mother country and faces the challenge of market completion only. The same case applies to Toyota Company of Japan. Thus, the costs and revenue associated with these value chains also differ accordingly.

Reference

Gereffi, G., Humphrey, J., & Sturgeon, T. (2005). The governance of global value chains. *Review of international political economy*, 12(1), 78-104.