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Marketing

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Global Marketing Benefits Everyone

US President Barak Obama stated in his address in Everett, Washington, at Boeing on February 17, 2012 to its employees, “ and in a global economy, some companies are always going to find it more profitable to pick up and do business in other parts of the world. That’s just the nature of a global economy. But what that does not mean that we’ve got to just sit there and settle for a lesser future. I don’t accept that idea. You don’t accept that idea. America is a place where we can always do something to create new jobs, and new opportunities, and new manufacturing, and new security for the middle class, and that’s what I’m here today. That’s our job. That’s what we’re going to do together”.

This poignant speech clearly defines how the leader of a country strategically plans his control and financial commitment for the future of his country. He pronounced words that changed the mindset of his people by ensuring them “ to create new jobs, and new opportunities and new manufacturing.” The speech encouraged the Boeing workers after USA lost 700, 000 jobs during the recession in 2008 with 25 big companies closed.

How will the US president create jobs? How will he invite investors? What is his strategic plan? This is the same question that rings into the minds of all other companies who are experiencing losses and strategically planning ways to sustain the business. A good example is Rolls-Royce, the manufacturer of the famous luxury car from UK.

Rolls-Royce declared bankruptcy in 1971. The ambition to develop the RB211 for Lockheed L-1011 popularly known as the jumbo jet led them to bankruptcy (Lazonick, W and Prencipe, A). They were bought by the Labour and Conservative government of UK. In 1987, they went into privatization and their stocks were offered to the public as a listed corporation which sustain them. Since they are a high-tech company, they continued to develop new technologies and inventions. They developed the aero engines and exported them abroad. As the frontiers in aerospace engines, they used it to their advantage and brought high returns on their investment. This is a clear example of strategic marketing. Leaders knowing where, when and how to market the product (daviesbdm B2B Marketing).

Basing on the theory of innovative enterprise developed by Lazonick and O'Sullivan (2000; Lazonick 2002; Carpenter, et al. 2003) this clearly documents ability to sustain utilizing company resources, exercising strategic control by way of utilizing human resources within the company to innovate or create new products. These brings financial gains as these are new in the market, no competitors and novelty brings new buyers. Financial commitment of the top managers to explore innovations in technology increase revenue.

Going back to the scenario of workers in Everett, Washington. Boeing company is a subsidiary of Rolls-Royce. The aeroengines are innovative inventions from the UK. Rolls-Royce reported on 12 November 2014 that “ US Air Force awards Rolls-Royce multi-million dollar AE 2100 engine contract. The contract is worth over \$100 million with Rolls-Royce to purchase spare engines and parts for its C-130J and to support Foreign Military Sales

customers”. Considering

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their advantage in the market, this clearly shows how the marketing mix is layed to business. This was the right place for an exemplary product with the abundance of workers. The reknowned excellence in aerospace technology has contributed to the promotion and marketing of engines for military airplances. Rolls-Royce was not exempted from the problems of recession in the 1980. Let alone, their partnership with with General Electric left a strain in their business relationship. Contracts entered by Rolls Royce for aero enginess were not met due to lact of finance. The Thatcher government wanted them privatized “ to reduce government intervention in industry and to spread capitalism through wider share ownership”(Hayward 1989, 160). Once it was privatized, reorganization started. Strategy was now focus on outsourcing, which led to downsizing and cost reduction. Strong internal control was inforced. Restructuring meant that suppliers were involved and the business is now aimed at catering to its customer, the civil airlines. Research and Development sought the partnership of universities in their research programs. With the new organization, Rolls-Royce creativity and innovation was not confined among their engineers but with the assistance of new minds from the universities. They introduced the program called Project 2000 which was geared on quality control replicating the Japanese movement on quality with the purpose of identifying and eliminating processes that did not add value (Verchere 1992). Outsourcing was the biggest answer to financial freedom from their losses. The started building new factories all over the world. With cheaper labor

outside the United Kingdom, Rolls-Royce steadily became financially liquid and continued to produce new products as developed by the new breed of engineers in the Research and Development. Rolls-Royce has immensely diversified and created growth in those countries. To name a few countries to this day, Rolls-Royce reports that “ Canada’s expertise is in both engineering and repair and overhaul in the Aerospace and Energy businesses. China manufactures as a partner of Rolls-Royce and in building Civil Aerospace, Marine, Energy and Nuclear. They are closely linked in the strategic planning and economic development of China. Finland takes care of sales market in Europe but has factories in Rauma and Kokkola to design, market and manufacture marine equipment. In France is Rolls-Royce Civil Nuclear SAS for the development of nuclear control and safety instrumentation. Germany, as a partner of Rolls-Royce supplies, products and supports for customers in Germany and abroad. It builds commercial airline and helicopters. Most of the fixed-winged aircraft and helicopters of the German Armed Forces are powered by Rolls-Royce. Rolls-Royce invested a total of 2.2 billion euros and is now the only country’s certified engine manufacturer with complete systems capability for the design, production, and after-sales support of modern civil and military turbine engines and in the United States, Rolls-Royce powers more than 3,800 aircraft, its engines and technology have greatly served the US allied forces on land and its naval marine (Rolls-Royce Report, 2014)”

The success and expansion of Rolls-Royce can be seen as an integration of these four factors which I consider very important. The participation of the local community or region by way of assistance in research in R&D through

universities; reorganization of the company and refocusing on its new goals in selling civil and commercial airplanes; outsourcing for new suppliers and setting up factories in those places and most of all the Management of Technology

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(MO) (Best, 2003) which are properly aligned with company goals and strategic plans. Technology management can play a very important role in our innovative technology driven economy. When things go wrong, management is not expected to be adamant and just take the blow. Strategic plans in rebuilding from its ruins after bankruptcy followed. External factors like the government's acquisition, created management change. However, after it was traded in the open market, the local region started to participate in the company by buying stocks. Capital accumulation followed. Now, they can support new inventions plus the increasing profit brought about by savings through outsourcing. Diversification was principal to its development as well as to those countries in form of jobs created. The employment of more workers outside the borders of UK became impetus for the local government to consider Rolls-Royce as partner in nation building just like China considers Rolls-Royce its partner in their industrialization. During the recession in 2008, a lot of companies close due to big financial losses. Without the support of government, these companies slowly shut down. Such was in the case of Rolls-Royce. Government intervened as it has a big impact in the employment industry. Participation of the community in building capital by investing in stocks open to market gave great support. Innovation was not enough. They have to cut cost to reduce production cost.

Diversification by way of building parts in other countries and sending them back for assembly provided export gains. This value added chain benefited both the main and subsidiary companies as well as reducing its price.

With this information, I conclude that global marketing moves people to be creative. Management should try to look within their resources for sustainable growth. The strategic plans of the Rolls-Royce engineers to continue inventing becomes the special asset of the company. Management of Technology with strong support from upper management, can be transformed to revenues by way of creating new products. Thus, global marketing benefits everyone.

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Appendix

Export and Imports of The United Kingdom

US President Barak Obama stated in his address in Everett, Washington, at Boeing on February 17, 2012 to its employees, “ and in a global economy,

some companies are always going to find it more profitable to pick up and do business in other parts of the world. That's just the nature of a global economy. But what that does not mean that we've got to just sit there and settle for a lesser future. I don't accept that idea. You don't accept that idea. America is a place where we can always do something to create new jobs, and new opportunities, and new manufacturing, and new security for the middle class, and that's what I'm here today. That's our job. That's what we're going to do together.

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