

Global marketing in global trade perspective

[Business](#), [Marketing](#)



International trade refers to the exchange of raw materials and manufactured goods (and services) across national borders. This situation could happen since every country has specific products or services that are better in terms of quality, price, or any other measurable factors than one from other countries. This condition means that the country has comparative advantage in producing specific product/service (Krugman and Obstfeld 1997). This situation drives countries to export their products and services that have competitive advantages to other countries worldwide.

Within the past few decades, the increase of international trade has driven the integration of the world economy. Figure 1 International Trade Source: Map of World 2009 Figure 1 shows those countries that experience significant GDP growth will also experience the rising international trade as well. This situation highlight that those countries become potential markets for export. Out of top ten countries in terms of GDP growth, five countries are from European continents and also members of European Union (EU).

This suggests that conduct international trade (export and import) with other countries in other continents. One region that becomes the target of European countries' exports is Asia since many of countries in this region perform well in GDP growth. However, since Asian countries have different cultural background and business practices, European counterparts require customized strategy in entering Asian markets. Concerning this issue, this paper will discuss about global strategic marketing and planning focused on European products, to be specific legendary pottery from Portmeirion (www.portmeirion.co.uk), which are exported to Asian market. In this paper, we will also elaborate regarding the factors that European countries should take <https://assignbuster.com/global-marketing-in-global-trade-perspective/>

into account in order to succeed in Asian market through customized marketing. 2 Background of European Export As a continent that shows the quality of manufacturing, European countries have quality products that are saleable to other markets. Table 1 show the composition of EU exports where it reveals that most of export from European countries is machinery, transport equipment, and chemicals.

This suggests that European countries have capabilities to produce machineries better. However, European countries, especially those in European Union, are also significant players in the agriculture product. Table 1 EU's Global Trade by Product Grouping Source: Delegation of the European Union to Japan 2008 In general, the total export from European Union accounts for \$1. 952 trillion in 2007 and \$1. 33 trillion (2005) excluding intra-EU trading.

The main export commodities including machineries, and industrial products like plastics, motor vehicles, iron and steel, pharmaceuticals, wood pulp and paper products; foodprocessed products like dairy, fish, meat, and also alcoholic products (Central Intelligence Agency 2010). Figure 2 European Union top 25 Agricultural Exports Source: European Commission 2010 In addition, according to European commission, European Union becomes the largest importers and second largest exporters in the agricultural products/foodstuffs.

This performance can be reached as the EU has successfully obtained a contract and trading agreements with third countries. In addition, the quality and diversity of foodstuff products also put EU to be major exporters (Figure 2). In 2006, the total export of agricultural products reaches €72. 553 billion

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(European Commission 2010). (a) (b) Figure 3 (a) Estimated 2009 GDP Growth; (b) EU's main trading partners Source: (a) Bespoke Investment Group 2009; (b) European Commission 2010

3 Entry into Asian Markets: Portmeirion and Pottery Products 3. 1 Success Factors of Entering Asian Market The large number of foreign direct investment and export to Asian market is because Asian countries provide potential markets. In terms of economy growth, many Asian countries also score high such as China and India (Figure 3a). This fact also underlines that European countries target countries in Asia as major trading partners especially China and Japan (Figure 3b) (European Commission 2010; Manaram 2009).

In the case of legendary pottery, the potential markets into Asia is also wide opened as Asian people value the art and legendary pottery as one creation that word to be purchased especially by the Have in the Asia. However, selling pottery products need detail plan as Asian countries also well-known for their pottery products, especially those from China and Japan that inherit quality of pottery from the past. 3. 2 Customized or tailored marketing in Asian Countries Targeting Asian countries provides interesting fact as Asian countries typically have distinctive cultural background and business practices.

This condition, for example, encourages many multinational companies like Starbucks that enter Asian markets like China to appoint native Chinese as managers that deals with customers and partners (Darguste et. al 2003; Robert Fleming Inc. 2003). As Asian countries are varied in terms of GDP and many of population are underdeveloped, therefore the creation of marketing <https://assignbuster.com/global-marketing-in-global-trade-perspective/>

mix must be tailored particularly for every single country. This is because the market characteristics in Japan are different with those in Indonesia or Malaysia.

Some marketing approaches that can be taken in order to enter Asian market include corporate social responsibilities (CSR), promotion that endorsed by well-recognized celebrities as many Asian people also become fans of western celebrities and sport athletes especially soccer and basketball. However, the degree of conducting this marketing approach may be different from one country to another.

- Corporate Social Responsibility (CSR) Programs
- o Asian countries are known for having natural resources from oil, land forest, plantation like palm oil etc.

However, the beneficial condition is not accompanied with the improved wealth of farmers or in the case pottery products, the artists. Considering the issue, exporting pottery products from European countries like Portmeirion (www.portmeirion.co.uk) and Wedgwood (www.wedgwood.com) to Asian market should be accompanied by the program to improve the wealth of artists and the needy in the target Asian countries.

- o Another program that can be developed within the corporate social responsibility aspect is to give scholarship for smart Asian students to study in some universities in European Union's member countries.

- Expansion Strategy
- o Establishing a pottery store in Asian countries is one interesting strategy. Considering the market for luxury pottery is vast, the company can develop licensing and joint-venture partnership with local dealers that help Portmeirion to deal within the local regulations and local specific issues.
- o Since most Asian countries have tendency to be

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westernized, Portmeirion does not change too much their design since local consumers in Asian countries feel praised to use imported pottery products

3.3 Limitations

In marketing pottery products into Asian market, the company like Portmeirion should provide a local design to differentiate them from other pottery products. This will help the pottery products to be perceived as local but with global brands. In addition, the pottery products that marketed into Asian countries should also pay attention to the product mix, especially when targeting specific ethnicity (Moran 2005).

3.4 Importance of Global Marketing

3.4.1 International Advertising

The idea of international advertising is basically targeting prospective customers located at more than one country.

As depicted in the idea of mass customization, the international advertising also pay attention to cultural diversity, which in turn influences how advertisers employ symbols or stimuli, languages, and many other factors that are relevant to cultures of targeted customers. Douglas and Samuel says that International advertising can be regarded a communication process that takes into account multiple cultures that each differs in terms of values, communication styles, and consumption patterns.

3.4.2 Benefits of Local over Worldwide Campaigns

Concerning the comparison whether to choose global advertising or local one, we can take into account several considerations such as the purpose of advertising. For example, if a company intends to develop a strong global corporate image, we can suggest that the company had better to use global campaign where the promotional material could be the same from one

country to another. However, if the objective of the advertising is to launch a new product or brand in a designated market, we can suggest that the advertisers or product owners to develop local campaigns matched the characteristics of local markets and culture (Douglas and Samuel).

For example, an automaker that want to advertise their new high end product could use difference model in their commercial. In Europe, they could use a famous entrepreneur since it will have great impact on European customers but in Asia, the use of local or well-known worldwide celebrities has greater impact in promotional message. Or else, the automaker will loose sales. Concerning the promotion, we witness lots of advertisements fill the space of advertorial spots in all media from newspapers to television and a simple brochure to complicated pop ups advertising over the Internet.

They are all bringing the same intention that is to attract customers and fledgling ones to repeatedly use the advertised products or services. 3. 4. 3 Adoption of Technology and Marketing Campaign As it was mentioned before, the innovation element has been crucial for the growth of coffee market. It concerns primarily the technologies, which are able to improve the product quality and taste substantially. • For pottery products, in the absence of factory shops in any Asian countries, Portmeirion should enable the delivery into Asian countries with care.

One technology that enables these sales is internet where customers can browse specific products or even design and have the products delivered into their house. In online stores of Portmeirion, it seems that Portmeirion already enable the delivery into international market. However, in order to differentiate from competitors like Wedgwood that can also deliver products

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to any countries including Asia, Portmeirion needs additional service like customized design with expert's advice that would increase the customer relationship and also customers' loyalty.

(a) Portmeirion (b) Wedgwood Figure 4 Portmeirion and Wedgwood Online stores • The fast advancement of technological progress can provide companies with necessary competitive advantage in order to enhance customer loyalty and ensure company's future success. This is an internal influence of technological factor. References Bespoke Investment Group. 2009, 'Country GDP Growth', [Online] Available at: <http://bespokeinvest.typepad.com/bespoke/2009/week26/index.html> Central Intelligence Agency. 2010, 'European Union', [Online] Available at: <https://www.cia.gov/library/publications/the-world-factbook/geos/ee.html>

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