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CHARACTERISTICS, MAIN OPPORTUNITIES AND THREATS OF GLOBAL MARKETING

Abstract: The purpose of this study is to classify and determine the effects of globalization. The opportunities and challenges for organizations caused by globalization proliferation were analyzed. The determinants of the impact of globalization on internal relationships in the company were identified. The directions of the impact of globalization on global communications were identified. Emerging trends and problems in the context of globalization were identified.

Keywords: Globalization, Global markets, Global marketing, Global marketing opportunities, Global marketing threats.

The world has gone through the process of globalization, one that causes increasing economic, financial, social, cultural, political, market, and environmental interdependence among nations, in the past two decades. Business, as well, is inevitably affected by this process of change towards more interdependence.

Several empirical studies [1, 2, 3, 4, 5, 6] have been conducted to investigate how globalization actually affects firms. International business scholars point out the need to explore further the effects of globalization on firms.

Globalization and our internationally connected economy have affected and transformed the marketing industry, changing what it means to “grow” to include an international, multicultural and multilingual customer base. A company is tasked with deciding whether to implement a global marketing strategy where a similar marketing message is delivered in each country or an international approach that is unique to each market based on a cultural perspective and specific use of a product.

Global marketing has been defined by the Oxford University Press as “marketing on a worldwide scale reconciling or taking commercial advantage of global operational differences, similarities and opportunities in order to meet global objectives” [7, pg.118]. Thus, global marketing means to sell products all over the globe. It is really very close in meaning to international marketing but there are many differences between the two.

International marketing is the marketing approach in which a company sells international marketing products in more than one country whereas global marketing discusses the marketing actions coordinated and assimilated across numerous markets. Acocella N has defined Global Marketing as “a bigger brother to international marketing” [1, pg.28] i.e. it’s just an extension to international marketing. Easterly W., Williamson J. and Banerjee V. have defined it as “Global Marketing focuses on leveraging a company’s assets, experience and products global. It involves planning, producing, placing, and promoting a business’ products or services in the worldwide market. There is significantly more to global marketing than simply selling goods and services

internationally. It is the process of conceptualizing and subsequently conveying a final product or service globally. The company aims to reach the international marketing community” [3, pg.45].

Global marketing is actually a great deal different from international marketing. Although, they are perceived to be similar but when a company really decides to expand and create its business it actually needs to know the actual differences between the two. This way, when the company is really prepared to expand it just needs to know which of the two to adopt and it is good to go, without any further worries. Global marketing does happens when a company deems the entire worldwide market as one. Global marketing is followed by large retail stores that sell certain fixed products. The company would not introduce anything new or as since it’s a international brand that is operating in that region as a foreigner. They won’t even bring in certain foods and products that are of the host country but would only sell those found in their own country. Each and every product of theirs is the exact same as you would find in the country of their origin or that can be found in any other country for that matter.

Developments in information technology, removal of trade barriers and deregulation of trade and investment policies have provided firms seeking global markets with huge opportunities. Global marketing advantages can be defined as increases in market, trade, investment potential and resource accessibility. Changes in the business environment enable firms to access new markets, relocate their operations, exploit cheap resources around the world with lower costs.

Scope. It has become easier for firms to sell their production to different locations to gain benefits from location advantage since less trade barriers are present in today’s global marketplace. Firms are able to reach out and serve many new markets around the globe. Liberal movements of financial and human capital also facilitate their business transactions which has also become more efficient due to globalization of technology.

It also allows the marketer not only to reach consumers in a wide range of ways but enables them to offer a wide range of products and services. It includes, among other things, information management, public relations, customer service and sales. With the range of new technologies becoming available all the time, this scope can only grow.

Whereas traditional marketing is largely about getting a brand’s message out there, eMarketing facilitates conversations between companies and consumers. With a two way communication channel, companies can feed off of the responses of their consumers, making them more dynamic and adaptive.

There are probably four different marketing constituents that need to be considered if one analyzes the extent of the globalization of marketing.

The standard "Four P's" of marketing: product, price, place, and promotion, are all affected as a company moves through the five evolutionary phases to become a global company. Ultimately, at the global marketing level, a company trying to speak with one voice is faced with many challenges when creating a worldwide marketing plan. Unless a company holds the same position against its competition in all markets (market leader, low cost, etc.) it is impossible to launch identical marketing plans worldwide.

Internet marketing is able to provide an immediate impact. With traditional print media, it is not that easy for the consumer to take the step from hearing about a product to actual acquisition. With eMarketing, the product is just a few mouse clicks away. All of this can happen regardless of normal office hours. Effectively, Internet marketing makes business hours 24 hours per day, seven days per week for every week of the year. By closing the gap between providing information and eliciting a consumer reaction, the buying cycle is sped up.

eMarketing over traditional marketing. Whenever a business turns global, it should take advantage of the opportunities that Internet can bestow upon it. eMarketing is defined as a strategy used to market a product or service online, including search engine optimization, online promotions, reciprocal linking, email marketing, digital advertising and affiliate programs. While traditional media costs are limited, eMarketing opens up new avenues for smaller businesses, on a much smaller budget, to access potential consumers from all over the world. So there are less advertising costs.

Internet users, considered as a group, have greater buying power and could be considered a population group skewed towards the middle-classes. Buying power is not all though. The nature of the Internet is such that its users will tend to organize themselves into focused groupings. Marketers can easily find access to niche markets they wish to target. Marketing messages are most effective when they are presented directly to the audience most likely to be interested. The Internet creates the perfect environment for niche marketing to targeted groups.

Cross cultural negotiation. The dimensions of culture, such as power distance, the context of the culture and the local work ethic is an area of marketing and social science that is closely related to Global marketing. The ability to discern cultural differences through initial assessment of another market is considered a critical enabler to progress in Global marketing.

Effective marketing requires adapting to cultural values, and Hofstede's five cultural dimensions theory helps compare practices of consumption and consumer motivations for buying products and services. When a company can advertise effectively to its foreign markets, it brings benefits to both sides. The company gains more revenue and relations, and the foreign markets have access to better products and services. Hofstede, through the five cultural dimensions, reveals how cultures are different and value different things. When designing an advertisement, cultural value differences must be considered to be effective since advertising campaigns do not work the same way in different countries.

Closed loop marketing. It requires the constant measurement and analysis of the results of marketing initiatives. By continuously tracking the response and effectiveness of a campaign, the marketer can be far more dynamic in adapting to consumers' wants and needs. With eMarketing, responses can be analyzed in real-time and campaigns can be tweaked continuously. Combined with the immediacy of the Internet as a medium, this means that there is minimal advertising wasted on less than effective campaigns. Maximum marketing efficiency from eMarketing creates new opportunities to seize strategic competitive advantages.

The combination of all these factors results in an improved ROI and ultimately, more customers, happier customers and an improved bottom line.

Although globalization enhances a firm's market opportunities, it also increases the amount and level of global marketing threats n faced by such firms. Trade liberalization, technological developments, and convergence of governmental macroeconomic policies associated with globalization have made it easy for firms around the globe to enter different geographic markets, and thus, intensify the competitive atmosphere for firms around the world.

Competition. Globalization has changed the competitive terrain faced by firms from both developed and emerging economies. Firms operating at different levels domestic, regional, international and global are now competing against one another.

In addition, globalization also enables consumers to gather information easier, faster, and at lower costs. Thus, they become well aware of alternative products, and are ready to switch.

Given a growing number of competitors, resources are becoming increasingly scarce. Such hypercompetitive situations is harmful to firm performance. Firms are now faced with less pricing flexibility due to intensified competition and buyers' resistance, which have led to a lower rate of return [8, pg.312].

Different cultural preferences, national tastes and standards, and business institutions are vestiges of the past. Some inheritances die gradually, others prosper and expand into mainstream global preferences. There are market segments that exist in world-wide proportions. They don't deny or contradict global homogenization but confirm it.

Many of today's differences among nations as to products and their features actually reflect the respectful accommodation of multinational corporations to what they believe are fixed local preferences. They believe preferences are fixed, not because they are but because of rigid habits of thinking about what actually is. Most executives in multinational corporations are thoughtlessly accommodating. They falsely presume that marketing means giving customers what they say they want rather than trying to understand exactly what they would like [9, pg.145]. So the corporations

persist with high-cost, customized multinational products and practices instead of pressing hard and pressing properly for global standardization.

We shouldn't advocate the systematic disregard of local or national differences. But a company's sensitivity to such differences does not require that it ignore the possibilities of doing things differently or better.

But the past is a good guide to the future. With persistence and appropriate means, barriers against superior technologies and economics have always fallen. There is no recorded exception where reasonable effort has been made to overcome them. It is very much a matter of time and effort. It can be concluded that globalization undoubtedly impacts national economies and companies worldwide. The key economical aspects of globalization, as a common denominator, pertain to removal of barriers to the free flow of people, goods and capital across national borders, closer interconnectedness of players on the world economic stage and achievement of integration processes. These globalization aspects create a specific context providing companies with new business opportunities, while simultaneously presenting them with new challenges they need to adapt to.

In this regard, it is important for companies to recognize processes and understand trends brought by globalization in order to be able to make adequate business decisions and achieve success in the market. This particularly pertains to the companies from undeveloped and transition countries operating in an insufficiently developed and non-stimulating business environment.

Globalization implies changes that create both threats and opportunities. The challenge for world is to become flexible in order to avail of the opportunities this brings and surmount the threats. This requires reforming labour market and social policies. Globalisation refers to all those processes by which the peoples of the world are incorporated into a single world society, global society.

Global markets offer greater opportunity for people to tap into more and larger markets around the world. It means that they can have access to more capital flows, technology, cheaper imports, and larger export markets. But markets do not necessarily ensure that the benefits of increased efficiency are shared by all. Countries must be prepared to embrace the policies needed, and in the case of the poorest countries may need the support of the international community as they do so.

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