

DOCTORAL PROGRAM (Ph Degree)

Conceptual Model of International Marketing Strategy

Vs.

Conceptual Model of Global Marketing Strategy

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ABSTRACT

Marketing has been studied for many years. The establishment of a market economy wrought marked changes in the social and economic structure. A new attitude toward business revolutionized the economy of the country and that revolutionary element was identified by the term “marketing”. Historical accounts of trade lead one to conclude that marketing has always existed (Bartels, 1976).

Today, it could be concluded that the term “marketing” definition has broaden thru time. Now it is not about defining the term, but rather about studying its broadness in terms of what it has reach today, and what it could reach tomorrow.

It is about understanding that marketing is not just a component to other areas within the organization. Instead, it is a key field of study, as it is finance, human resources, etc... So, it is about removing barriers, to achieve organizations’ thrive.

As competition grows and new competitors are born, domestic marketing is not enough. Basically this worldwide competition and e-Commerce has pushed the evolution of marketing.

MARKETING DEVELOPMENT

A business could have started with domestic marketing, where an organization focus all activities and concentrate in the market inside its own country. From this point, to continue growing, it may suite for the organization to enter the export marketing, which basically involves the sale of its goods and services to a new market outside its' country boundaries, maybe by direct sales or sometimes with the help of some kind of intermediary means (indirect sales).

As the organization grows, and new markets emerge the next stage could be international marketing. At this point, the company decides to establish physical presence in another country. The organization will have to adapt its' goods and services to the new market.

Yet, for some other organizations, it is possible that their products could be standardized and sold in other countries, approaching the market to consume it, based on characteristics such as price and quality. This is global marketing.

Today, the survival of businesses has reached a point where organizations have to search for markets outside its frontiers. As such, international marketing and global marketing emerge, so that organizations could also keep growing.

It is important to understand each concept together with their similarities and differences, and then develop and apply the model that best suits each organization, according to the business mission and goals and own characteristics. This is a very important process, particularly when some authors believe that both terms basically mean about the same.

WHAT IS MARKETING?

As a crucial part of business, marketing has been studied and defined by many people. Too many different points of view have given in return too many definitions. Though very similar, everyone adapts his definition to his/her specific field of study.

Some definitions focus on marketing in terms of what it means to an organization, such as being the key functional area for generating revenue, while other definitions lean more toward defining marketing in terms of its most visible tasks, such as advertising and creating new products.

For the purpose of this project, marketing will be defined as the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organization goals (Cateora, Ghauri, 1999).

INTERNATIONAL MARKETING

What is international marketing?

International marketing has been defined by many authors. Most of them do not stand a difference between international marketing and global marketing; instead they interchange or substitute names. For other authors, international marketing is considered in the absence of global marketing. It is the application of marketing orientation and marketing capabilities to international business (Cateora, Ghauri, 1999). Other authors differentiate between international marketing, which refers to simple mix changes, while global marketing refers to more complex and extensive changes (Doole and Lowe, 2001).

For the purpose of this project “International Marketing” is defined as the performance of business activities designed to plan, price, promote and direct the flow of it company's goods and services to consumers or users in more than one nation for a profit. (Cateora, Graham, 2007). But this definition will be extended to include the following phrase: “by means of adapting the goods and services to each and every country”. From a simple point of view, international marketing could refer to the 4p’s in another country. But it is way beyond it; it involves the establishment of the organization, itself, in other countries. It appoints going abroad.

International marketers are knowledgeable about cultures, history, geography, demographics, world market potentials, global economics and social trends. These marketers are considered polycentric because they acknowledge that each market/country has different needs. (Kotabe, Helsen, 2004).

International marketing strategies are:

1. Consumer behavior - determine customer needs and behavior, to, then, create or modify its’ products or services to satisfy market demand.

2. Market mix - developing customize goods and services while standardize whenever it is possible.
3. Market - develop products to meet specific country needs.

GLOBAL MARKETING

What is global marketing?

Most people refer to international and global marketing from one standpoint: when they are referring to one person's or company's marketing to a foreign market. They will say these terms mean the same thing. Again it is difficult to establish an accurate definition for global marketing, as there are so many definitions. As usual, they are about the same, but one single different argument or characteristic turns to a different definition or at least gives it a different sense.

For the purpose of this project, again, global marketing is defined as the performance of business activities designed to plan, price, promote and direct the flow of a company's goods and services to consumers or users in more than one nation for a profit (Cateora, Graham, 2007). But this definition will, too, be extended to include the phrase: "by means of presenting the market homogeneous-standardized products, focusing on affordable price and quality".

Global marketing focuses its resources on global market opportunities and threats. It involves an understanding of specific concepts, considerations, and strategies that must be skillfully applied in conjunction with universal marketing fundamentals to ensure success in global markets (Keegan, 2002). It emphasizes the recognition of similarities and differences in all markets of the world, and understanding that it is possible to develop global strategies

When a company becomes a global marketer, it views the world as one market and creates products that will require little time to fit into any marketplace. Marketing decisions are made by consulting with marketers in all the countries that will be affected. The goal is to sell the same thing the same way everywhere. (Levitt, 'Harvard Business Review'). These marketers

are considered geocentric, as they focus on the world similarities regardless of geographic areas in which they are located.

Many organizations have probably tried and become successful changing from the international level to the global level. But many have also fail, as not always can an organization standardized its' tangibles and /or intangible selling products.

Global marketing strategies are:

1. Economies of scale in production and distribution
2. Lower marketing costs
3. Power and scope
4. Consistency in brand image
5. Ability to leverage good ideas quickly and efficiently
6. Uniformity of marketing practices

CHARACTERISTICS OF INTERNATIONAL AND GLOBAL MARKETING

In order for any organization to cross its' country boundaries and enter into foreign markets, in other words, enter into a new country, some important characteristics must be accepted.

These characteristics include:

1. Marketing information and research process. It involves surveys for market, product and product testing, to be able to understand each country's nature. It is important to recognize that the organization will adapt to the country. The study and analysis of market trends, market potential and the organization capability will lead to the possible success.
2. Establishing a branch in foreign market for processing, packaging or assembling the goods according to the needs of the markets. The branch through direct investments carries out sometimes-complete manufacturing. That become for the organization to establish physical presence. Other ways to establish physically may include joint ventures and licensing arrangements.
3. Large Scale Operations, where business is carried out on economy of scale. Transactions are conducted in large quantities of the product.
4. Long-Term plans, prepared to make investments to acquire a market position and often evincing bursts of international activities (Cateora, Graham, 2007). Return on investment will be factor.

MARKETING STRATEGIES

New trends that will impact the capacities for trade, the new areas to conduct business and the potential to maximize opportunities and minimize threats prepare the new competitive environment for organizations to settle in international or global marketing.

The marketing practices will vary from country to country, as countries and peoples of the world are different. By these means, any marketing technique that has been successfully implemented in one country does not have to succeed in another country. It is important to be acquainted that customer preferences, competitors, channels of distribution, and communication media may differ. An important task in global marketing is learning to recognize the extent to which marketing plans and programs can be extended worldwide, as well as the extent to which they must be adapted (Keegan, 2002).

When developing key strategies for an organization, it is imperative to understand that, while international business lead to adaptation, global business lead to standardization.

For international marketing, for example, developing a successful advertising campaign in one country will not mean a successful advertising campaign in another country. Meanwhile, for global marketing, an advertising campaign primordially focuses on the product quality, need and price, for example.

In other words, while international marketing strategies have to spend a lot of money in order to understand the culture of each country it is to enter, for global marketing strategies, practically identical strategies will work in any country, thus lowering their costs and earning higher margins.

As there are many internal variables that could be controlled by the organization, as the 4 p's, the marketing mix, or even their strengths and weakness, there are external, uncontrollable variables, such as opportunities and strengths.

But besides these, there are other uncontrollable variables that affect both, the international and the global marketing strategies:

1. Politics - the acceptance of goods and services from foreign countries, while protecting local investment and interests. Maintain and require ethics and social responsibility
2. Laws and Regulations - prohibitions, special requirements
3. Technology - communication across countries, transportation;
4. Competence - number of domestic organizations and organizations entering
5. Economy - growth, exchange rates, taxes
6. Culture - language, values, religions, beliefs
7. Social factors - demographics, population distribution, education, lifestyle

These uncontrollable variables could also be explained in other ways that affect directly the conduction of the business:

Relationship between Government and marketing

1. The relationships of the company with the government
2. Its' government assists the business in its' home market
3. Government sponsorship for new technology industries is available

Technology and advanced research capability environment

1. Utilize technological innovation to gain unique competitive advantage
2. Maintain leadership in worldwide high-technology markets

3. Emphasis on producing the best performing products, at the lowest cost, with the highest quality, in every market
4. Apply the integration of technology with marketing in order to meet customer needs
5. Adoption of advanced technologies and introduction of technologically sophisticated products
6. Strong on advanced research capabilities
7. Strong on product design capabilities
8. Product quality is superior to the competition generally

Customer satisfaction and competitive companies' advantage

1. Emphasis on quality and reliability for customers
2. Emphasis on customer service and satisfaction
3. Development of long-term relationships with consumers by continuing to provide quality products and services
4. Emphasis on customer orientation "the customer is king"
5. Emphasis on giving 'superior quality and reliability' as a major competitive advantage

Demographic environment impact on behavioral patterns and marketing mix

1. Marketers are familiar with the cultural traits of the potential market they want to do business with
2. Adjust marketing programs to be acceptable to consumers in foreign markets
3. Examine cultural elements to be sure that none present obstacles to the marketing plan
4. Examine elements of the marketing mix that are influenced by an element of culture
5. Interest in the age distribution of the population in a potential market

6. Pay attention to the different stages of the life cycle of consumers who have different needs and present

Company objective of short term profit

1. Emphasis on short-term profit as the company's objective

Utilization of resources in marketing research

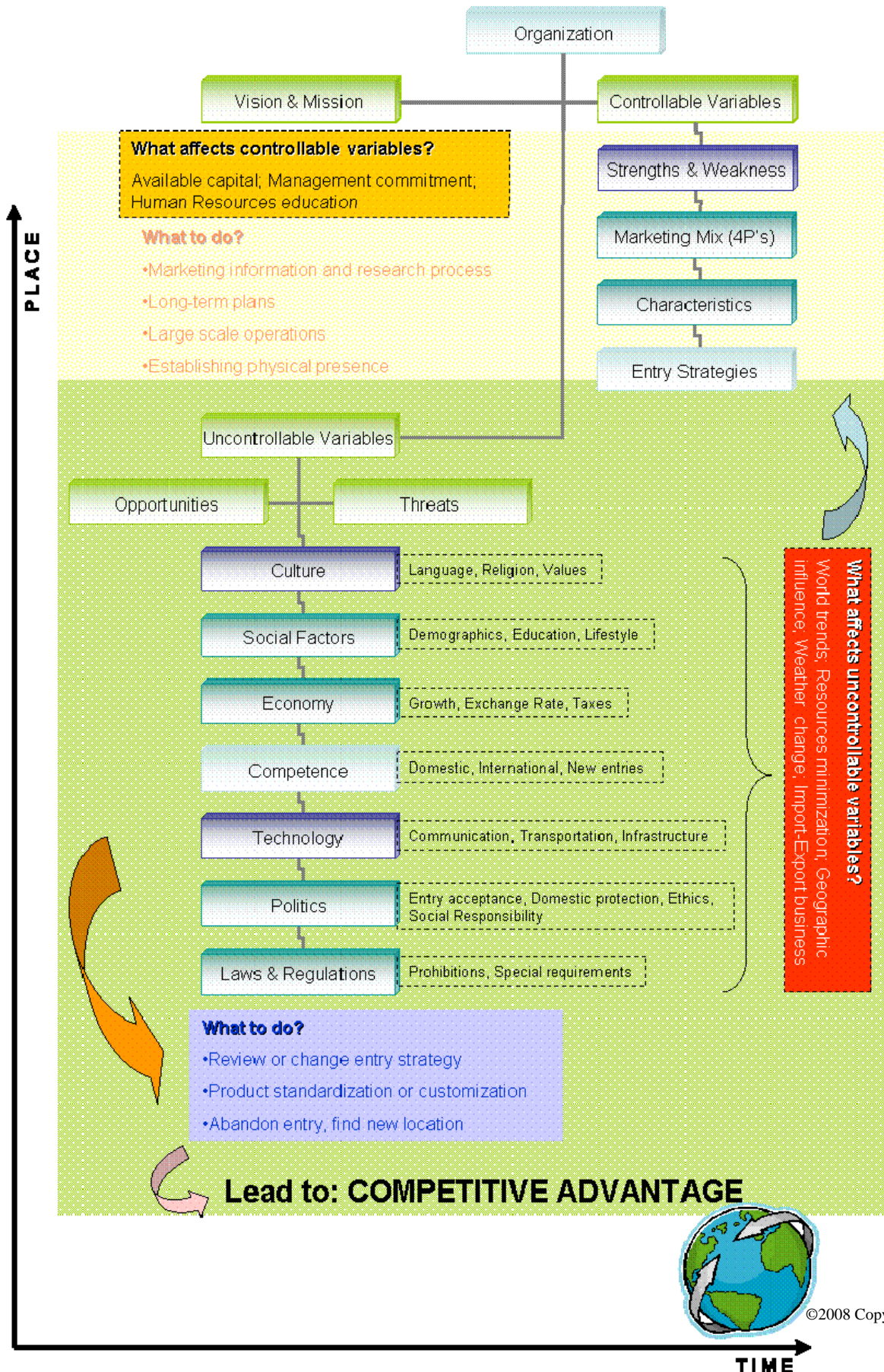
2. Have a well-organized market research and information system at your disposal
3. Relatively large sales promotion budgets

CONCLUSION

Organizations that not only want to thrive, but that are at risk of failure must understand the nature of their business and enter into international or global business.

More and more companies are realizing that, simply to survive, they must compete worldwide. As firms increase their international scope, they need people who are familiar with foreign cultures. Students who are willing to travel to, or relocate in foreign cities are valuable resources to global oriented companies.

Universal Business Access Model (UBAM)



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