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UNDERSTANDING OF GLOBAL MARKETPLACES

Pramila, Research Scholar, Deptt. of Commerce, M.D.U. Rohtak

Abstract: *With faster communication, transportation and financial flows, the world is rapidly shrinking. Product and services developed in one country are finding enthusiastic acceptance in others. A German businessman may wear an Italian suit to meet an English friend at a Japanese restaurant who later returns home to drink Russian vodka and watch an American movie on a Korean TV. More and more countries are becoming increasingly multicultural. Companies need to be able to cross boundaries within and outside their country. Companies today no longer afford to pay attention only to their domestic market, regardless of its size. Today almost every firm large or small faces international marketing issues. Many industries are global industries, and firms that operate globally achieve lower cost and higher brand awareness. At the same time, global marketing is risky because of variable exchange rates, unstable governments, tariffs and trade barriers, and several other factors. Given the potential gains and risks of international marketing, companies need a systemic way to make their global marketing decisions. So this paper discusses the major decisions in marketers make in going well. Like what factors should a company review before deciding to go abroad, how can companies evaluate and select specific foreign markets to enter, What are the major ways of entering a foreign market etc.*

Keywords: *Global firm, Exporting, Joint Venturing, Management Contracting, Joint Ownership, Adapted global marketing.*

INTRODUCTION

The world is shrinking rapidly with the advent of faster communication, transportation, and financial flows. Product developed in one country - Samsung electronics, McDonald's hamburgers, Zara Fashions, German BMW's, Facebook social networking - have found enthusiastic acceptance in other countries. Many companies have been global marketers for decades—firms like Shell, Bayer, and Toshiba have sold goods around the world for years. In luxury goods such as jewelry, watches, and handbags, where the addressable market is relatively small, a global profile is essential for firms like Prada, Gucci, and Louis Vinton to profitably grow. But global competition is intensifying in more product categories as new firms make their mark on the international stage. As global trade grows, global competition is also intensifying. Foreign firms are expanding aggressively into new international markets, and home market is no longer as rich in opportunity. The recently dampened global economic environment has also created big global challenges. In addition, corruption is an increasing problem; officials in several countries often award business not the best bidder but to the highest briber.

A global industry is one in which competitors' strategic positions in major geographic or national markets are affected by their overall global positions. A global firm operates in more than one country and capture R&D, Production, logistical, marketing, and financial advantages not available to purely domestic competitors. For a company of any size or any type to go global, it must make a series of decisions:

1. Looking at the global marketing environment
2. Deciding whether to go global
3. Deciding which markets to enter
4. Deciding how to enter the market
5. Deciding on the global marketing program
6. Deciding on the global marketing organization.

1. Looking at the global marketing Environment

It discussed how the international trade system and the economic, political-legal, and cultural environment affect a company's international marketing decisions. A company must understand the global marketing environment, especially the international trade system. It should assess each foreign market's economic, political- legal, and cultural characteristics. The company can then decide whether it wants to go abroad and consider the potential risks and benefits. It must decide on the volume of international sales it wants, how many countries it wants to market in and which specific markets it wants to enter. These decisions call for weighing the probable returns against the level of risk.

2. Deciding whether to go Global

Most companies would prefer to remain domestic if their domestic market were large enough. Before making a decision to go global, the company must be aware of and weigh several risks and answer many questions about its ability to operate globally. Can the company learn to understand the preferences and buyer behavior of consumers in other countries? Can it offer competitively attractive products? Will it be able to understand the foreign country's business culture? Do the company's mangers have the necessary international experience? Has management considered the impact of regulations and the political environment of others countries? According to some researchers, top management begins to pay more attention to global opportunities when over 15% of revenue comes from international markets.

3. Deciding which markets to Enter

Before going global, the company should try to define its international marketing objectives and policies. What proportions of international to total sales will it seek? Most companies start small when they venture global. Some plan to stay small; others have bigger plans.

In this mainly three decisions considered-

i) How many markets to enter?

The company must decide how many countries to enter and how fast to expand. Companies must be careful not to spread themselves too thin or expand beyond their capabilities by operating in too many countries too soon.

ii) Types of countries to enter

A country's attractiveness depends on the product, geographical factors, income and population, political climate and other considerations. In recent year many major new markets have emerged, offering both substantial opportunities and daunting challenges.

iii) Evaluating potential markets

After listing possible international markets, the company must careful evaluate each one. It must consider many factors. Its readiness for different products and services, and its attractiveness as a market, depend on its economic, political, legal, and cultural environment.

4. Deciding how to enter the Market

Once a company has decided to sell in a foreign country, it must determine the best mode of entry. It may be through exporting, joint venturing, or direct investment; Many companies start as exporters, move to joint ventures, and finally make a direct investment in foreign markets. In exporting, the company enters a foreign market by sending and selling products through international marketing intermediaries or the company's own department, branch, or sales representatives or agents, When establishing a joint venture, a company enters foreign markets by joining with foreign companies to produce or market a product or service. In licensing, the company enters a foreign market by contracting with a licensee in the foreign market and offering the right to use a manufacturing process, trademark, patent, trade secret, or other item of value for a fee or royalty.

5. Deciding on the global marketing program

In deciding on the global marketing program, a company must decide how much to adapt its marketing program. At product level, firms can pursue a strategy of straight extension (marketing a product in a foreign market without making any change to the product), product adaption, product invention. At one extreme, global companies use standardized global marketing worldwide. Other use adapted global marketing, in which they adjust the marketing strategy and mix to each target market, bearing more costs but hoping for a larger market share and return. However, global standardization is not an all or nothing proposition. It's matter of degree. Most international marketers suggest that companies should "think globally but act locally" - that they should seek a balance between globally standardized strategies and locally adapted marketing mix tactics. Here adapted global marketing means an international marketing approach that adjusts the marketing strategy and mix elements to each international target market, which creates more cost but hopefully produces a larger market share and return.

6. Deciding on the global marketing organization

Companies manage their international marketing activities in at least three ways: Most companies first organize an export department, then create an international division and finally become a global organization.

Export Department- A firm normally gets into international marketing by simply shipping out its goods. If its international sales expand, the company organizes an export department, consisting of a sales manager and a few assistants. If the firm moves into joint ventures or direct investment, the export department will no longer be adequate to manage international operations.

International Division - Many companies engage in several international markets and venture. Sooner or later they create international division to handle all their international activity. The international division is headed by a division president who set goals and budget and is responsible for the company's international growth.

Global organization - Many firms have passed beyond the international division stage and truly global organization. Global organizations don't think of themselves as national marketers who sell abroad but as global marketers. Global organizations recruit management from many countries, buy components and supplies where they cost the least, and invest where the expected returns are greatest.

CONCLUSION

To be successful in today's globalized economy, it is a must for the companies to simultaneously be responsive to local as well as global market conditions and varying aspect's related to the international marketing process. After understand the concept of how to companies develop competitive marketing strategies to create customer value and build lasting customer relationships now a try to give attention in this paper on concepts of global marketing. Although global topics are familiar but it's difficult to find an area of marketing that doesn't contain at least some international elements- here focus on special considerations that companies face when they market their brands globally. The increasing intensity of competition in global markets is a challenge facing companies at all stages of development in international markets. In modern era almost every organization large or small faces international marketing issue. Today, more and more marketing companies specialize in translating products from one country to another So here examine the major decisions in expending into global markets.

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