



Challenges in marketing: A global perspective

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Abstract

Globalization is certainly a widely debated topic in current scenario. To the large expansion of the concept contributed the multitude of perspectives which can be addressed on the topic. This paper focuses on the various different perspectives on globalization, looking to explain how the process of globalization has influenced the marketing as a whole. Moreover, by analysing a series of practical examples, the paper helps to provide some answers to the dilemma of internationalization versus globalization in marketing sector. The study contributes to the literature by showing that globalization has some, implications for international business strategy and that only those businesses that are able to appropriately respond to the global changes will be able to survive and flourish in the long term. Findings from this secondary survey can provide useful theoretical and strategic insights into how market can cope with pressures emanating from globalization. The entry of new markets, deregulation, and privatisation create a constantly expanding economic and financial environment. These developments highly contribute to an economy's globalisation, leaving the field open to enterprising and innovative players. What is something new about the globalisation phenomenon is that it partly escapes from nation-state control and legislation. The field of technical-economic change speeds up under the influence of global competition. The world has entered into a race where speed is imposed by business dynamism and competitive games which indirectly contribute to globalization. This section is often faster than that of political, civil and institutional society.

Keywords: globalization, internationalization, marketing strategy, global competition, marketing activities

Introduction

Overview of globalization on marketing

Globalization itself is older than 5,000 years, but it was much speeded up lately, especially after the collapse of the USSR and the fall of the "iron curtain". The term "globalization" appeared somewhere in the early '60s, this term was initiated by Canadian specialist in mass media theory and was first introduced in the dictionary in 1961, although the verb "to globalize" was first appeared in the Merriam Webster dictionary in 1944. The term quickly gained the importance and became one of the most fashionable words of the time.

Globalization has been defined in various ways (Hirst and Thompson, 1996, 1999; McGrew and Lewis, 1992; Sander, 1996) [16]. The definitions and explanations of globalization include economic, political, and sociological perspectives. Similarly, there has been debate on whether globalization is happening and the degree to which it is impacting on individuals and societies (Albrow, 1997), believes that a business should surrender strategic fit for strategic flexibility in order to gain comparative advantage. Porter (1986) [18] recognizes the interdependency among various country markets and contends that a global strategy has two basic dimensions: configuration of value-adding activities and co-ordination of the activities across markets. He maintains that the strategic imperative in global markets is to concentrate value-added activities to exploit factor cost differentials and extend competitive advantages by co-ordinating

interdependencies among markets. Hence, success demands achieving integration of the firm's competitive position across markets. It is undeniable that globalization has generated a number of benefits for marketing activities in organizations. The most important benefits are generated by a globalization strategy (Buzzell, 1968) [2, 19]. Competition for customers and markets has intensified significantly as a result of globalization.

The world has gone through the process of globalization, i.e., increasing social and cultural interconnectedness, political interdependence, and economic, financial and market integrations (Eden and Lenway, 2001) [20]. Global market opportunities refer to the increases in market potential, trade and investment potential and resource accessibility (Contractor and Lorange, 1988) [3, 21]. Global market threats refer to the increases in the number and level of competition, and the level of uncertainty (Burgers, Hill, and Kim, 1993) [1, 22].

Conceptual approach of globalization in context to marketing

Globalization of markets is best seen and observed in the "internationalization" of business transactions. This means that one or more aspects of economic activity carry an international character. One of the parties to the transaction may be a foreign partner; the transaction may take into consideration a foreign currency; financing may involve

foreign lenders; technology may originate from a different foreign partner; and so on. It is possible to identify at least five dimensions or facets of the globalization of markets.

- First is the flexible nature of manufacturing and sourcing activities. Today, business activities flow freely to places best equipped to perform it most economically and efficiently. This is especially found in the case of the service industry.
- Second, competition for customers and markets has increased at large and is significant as a result of globalization. Decades ago only handful of companies took part in worldwide trade but today mostly all countries are a part of global trade.
- Third, the types of international business transactions have proliferated. In the past, it could be seen that much of international business activity was in the form of export-import and foreign direct investment. In today's era, transactions are varied and more complex, this consist of contract manufacturing, global franchise operations, countertrade, turnkey construction, and innovative technology transfers, international strategic alliances, and more.
- Fourth, technology spreads freely and rapidly between markets and players. Technological leadership refrains from providing a monopolistic advantage for very long. Companies must capitalize on their discoveries quickly, before others match them.
- Fifth, borrowing-financing activity has become worldwide as well. Most of the businesses finance their growth and expansion through international capital markets, which is best for their overall growth. As such, they are able to take advantage of varying interest rate and currency markets by tapping a wide variety of funding sources.

Different dimensions of globalization on marketing

Given the numerous dimensions of globalization discussed above, it is absolutely normal to have many points of view regarding the definition of this concept.

Economic globalization means Economic globalization is the increasing economic integration and interdependence of national, regional, and local economies across the world through an intensification of cross-border movement of goods, services, technologies and capital. On the other hand, many economists define globalization as a continuous process which reached its historical peak by the end of the 20th century and is accelerating day by day. This process leads to increased production of goods, services, ideas, culture, enhance communication but also lead to increasing global environmental pollution. According to Firat (1997) ^[6], globalization is the presence of the same lifestyles, products, consumption patterns and cultural experiences across the globe, across many economically affluent or economically poor countries of the world.

Also, Jones (2002) ^[9] defines globalization as the continuous integration of financial, product, and labour markets across national boundaries. Graham (1999) ^[7] highlights that globalization is accepted as the set of activities related with the international / direct foreign investing firms which

integrates its activities across national borders to maximize the profits.

At a political level it is observed that traditionally politics has been undertaken within national political systems. National governments play a vital role in maintaining the security and economic welfare of their citizens, as well as the protection of human rights and the environment within their borders. With global ecological changes, the political sector comes into account for fare global trade.

Considering the ecological level, the awareness is also developing a global reach with international treaties. Ecosystem is constantly exchanging the materials through the movement of air in the atmosphere. The transport of many types of materials, including gases, minerals and even organisms, can affect natural systems and harm the ecosystem to a greater extent. The "greenlash," movement occurs when environmental changes localized to a small geographic area have far-reaching effects in other areas.

Globalization and its effect on marketing

Globalization is an interesting phenomenon since it is obvious that the world has been going through this process over a long period of time and is a change towards increasing economic, financial, social, cultural, political, market, and environmental interdependence among nations. Virtually, everyone is affected by this process. Given these changes, globalization brings about a borderless world (Eden and Lenway, 2001) ^[20]. Globalization drives people to change their ways of living. The opportunities and threats evoked by globalization have caused firms to adapt their organizational structures and strategies accordingly (Jones, 2002; Knight, 2000) ^[9, 10]. Firms that respond to these trends have been found to improve their performance (Knight, 2000) ^[10]. Although many scholars have often discussed these two effects of globalization, a review of related literature reveals that empirical work on such effects and business firms is still scarce (Eden and Lenway, 2001; Oxley and Schmitz, 2001) ^[20, 12].

Globalization and firm performance

Since the effects that global market opportunities and threats have on firm performance are almost unexplored, the two studies included in this dissertation are designed to study the relationships between these two effects of globalization on firms' performance and their international marketing cooperation and performance. On the one hand, it is suggested that global market opportunities enable firms to access worldwide resources and expand into many new overseas markets; thus, enhancing firm performance (Hafsi, 2002; Jones, 2002; Levitt, 1983; Shocker, Srivastava, and Ruekert, 1994) ^[8, 9, 11, 13]. On the other hand, global market threats can be destructive to firm performance due to an increasing number of competitors and an increase in intensity of competition coupled with higher market uncertainty (Fawcett and Closs, 1997; Hafsi, 2002; Jones, 2002; Levitt, 1983; Sanchez, 1997) ^[5, 8, 9, 11].

Market and Creativity

Since the Neolithic era, the economic environment has always been based around the exchange of goods. Due to the

technological advancement humans are progressing towards globalization and pave a way for good exchange. This becomes one of most powerful forces driving economic development, and markets are born. These markets put the economy under constant strain and lay the groundwork for long-term movement with considerable social consequences. A Venice historian once dryly remarked, 'The Venetians are currency exchangers, but it takes genius to transform salt and dried fish into spices and silks and the latter into Titian or Palladio. The market was long regarded as one of the factors in civilization; indeed, it originally replaced violence, robbery or theft with relations based on dialogue, reason, interest and the recognition of differences.

Research Methodology

Type of Research Problem Identification and Statement:

The research undertaken is based on the challenges in marketing in the globalized era. The different opportunities and threat faced by market in the globalized era is being covered in the research.

Objectives of the study: The objectives are-

- To understand the meaning of globalization.
- To understand the relationship between globalization and internationalization.
- To study the effect on globalization due the inequality of the market growth
- To understand the different dimensions of globalization that creates an impact on marketing.

Type of Research Design

The present paper is an exploratory type of research. The data has been collected from the secondary sources like books, journals, research papers and internet.

Globalization V/S Internationalization

Before analysing the effects of globalization process on marketing activities, one should clearly understand the difference between the concept of "globalization" and the concept of "internationalization". Thus, it is believed that globalization means developing marketing strategies as though the word is a single entity, marketing standardized products in the same way everywhere. The authors define internationalization as a process that involves customizing marketing strategies for different regions of the world according to cultural, regional and national differences to serve specific target markets. Internationalization is the process of planning and implementing products and services so that they can easily be adapted to specific local languages and cultures according to that particular local region, a process called localization. The internationalization process is sometimes called translation or localization enablement. It implies the designing of a product in such a way that it will meet the needs of users in many countries or can be easily adapted by all the consumers around the globe. Internationalization might mean, for example, designing a website so that when it is translated from English to French the layout still works same although many words in French have more characters and therefore take up more space on the

page in Spanish than in English. Products that are internationalized often must be localized to fit the needs of that country's users.

As regarding the marketing activities, globalization requires standardization of products, prices, distribution channels and promotional campaigns which makes marketing a easier task in other countries. According to the logic of globalization, companies see the world as a single market, considering that the differences between different markets or market segments are not large enough to justify the implementation of the marketing mix elements to the requirements of these markets. Instead, internationalization means adapting the marketing mix elements (product, price, place and promotion) to different markets in which the organization operates, it is because it considers the cultural factor of that market. In the context of internationalization, it is widely used market segmentation, and marketing strategies are tailored to the cultural, regional and national peculiarities of the segments identified. Once the market segmentation process takes place, marketers start grouping regions or countries according to different criteria, such as cultural, social, political, or economic and technologic, and develop marketing strategies tailored to these groups of countries or regions.

Effect on globalization due the inequality of the market growth

While multiplying wealth, the market and the invisible hand are unable to assure its proper allocation. The mechanisms for redistribution of wealth designed by States at a global level the drama of unemployment and exclusion. Some argue that a more liberal economy could remedy the problem. Others, I included, believe that the real problem lies in a pace of change that is too fast for our societies to be able to adapt to without too much suffering. One of the greatest challenges which we face is that of reconciling market economy dynamism with social justice. It is important to go into depth in this analysis and to be more precise about exactly what we are discussing. For example, a slow improvement in the lowest income bracket may well coincide with a rapid increase in inequality.

Dimensions of globalization creating impact on marketing.

Integration and Interdependence of National Economies Firms engage in operations across multiple countries. Trade, investment, geographic dispersal of company resources, and integration and coordination of value-chain activities are among the operations of international firms which forms a great part of internationalization. There are four distinct dimensions of globalization which is a major challenge in marketing; they are- Economic, political, social & cultural and ecological.

- Economic globalism involves long-distance flows of goods, services and capital and the information and perceptions that accompany market exchange, this not just within a nation's boundary but across it. One of the best examples of economic globalization is low-wage production in Asia for the United States and European markets. Economic flows, markets and organization — as in multinational firms — all go together.
- Ecological globalism refers to the long-distance transport

of materials in the atmosphere or oceans or of biological substances such as pathogens or genetic materials that affect human health and well-being.

- Social and cultural globalism. It involves movements of ideas, information, and images and of people, who of course carry ideas and information with them. In the past, social globalism has often followed military and economic globalism which takes into account all those factors that can be socially accepted. However, in the current era, social and cultural globalization is driven by the Internet, which reduces costs and globalizes communications, making the flow of ideas increasingly independent of other forms of globalization.
- The political dimension of globalization' looks at political arrangements beyond the nation-state. Political globalization encompasses the expansion of political interrelations around the world.

Conclusion

Based on the findings of the study, it is apparent that there are various challenges to be faced in marketing due to globalization. Business expansion on markets outside the national boundaries makes the development of that particular nation and implementation of one single marketing strategy quite impossible. Nowadays, in order to be successful on all markets, marketing strategies must be managed locally. Global firms should establish direction at headquarters and manage operations in multiple, highly diverse markets spread out across the world. In the case of multinationals, with branches on several continents, branches' marketing strategies have little in common and must be managed at the local level in order to be successful. In order to gain competitive advantage in global markets, companies must combine internationalization and globalization elements. Hence, the marketing mix of many companies is, actually, rather "glocal", meaning global and local in the same time. Managing a global marketing strategy begins from a localized version that later is integrated into a globally managed one. Most companies apply, for all marketing mix elements, the Ohmae saying (1989): "think global, act local." Hence it can be concluded that the marketers need to keenly understand and analyse the market at a global level in order to be successful and have sustainable development.

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