



Global Marketing

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SAPIENZA
UNIVERSITÀ DI ROMA

Overview

of the course

International marketing management

master's degree

Faculty of management

about myself



- 58 years old, married, one child
- master degree in Management at La Sapienza University
- Over 25 years of Marketing and Sales experience acquired in Fast Moving Consumer Goods (Unilever), Pharmaceutical (Bristol Myers Squibb), Telco (Telecom) and Rail (Trenitalia) in both B2B and B2C markets.
- Change management expertise, focused on target achievement and passionate for teamwork.
- Adjunct Professor in Marketing & Communication (2014) and in international marketing management (2021) at Rome La Sapienza Universities. Lecturer at Luiss and Roma TRE.
- Board Member Unidata (Fiber to the Home), Cy4gate, both companies listed at Milan stock exchange, Ferrovie dello stato italiane, a company of Economic & Finance Minister and at Unieuro, a retail company
- Voluntary consulting work for various non-profit organizations (FAI, Amicus, Archè, FIO.PSD) on strategy and marketing plan definition for fundraising optimization.
- Fluent in English, basic in Spanish and French.

Topics

- Global Marketing Environments (THE “CONTEXT”)
- Understanding Global Markets and Marketing
- Assessing the Global Environment—The Global Economy and Technology
- Evaluating Cultural and Social Environments
- Analyzing Political and Legal Environments
- Integrating Global, Regional, and National Markets
- *new trends (green economy and sustainability). Case History*

- Global Marketing Functions and Strategies (THE “TOOLS”)
- Conducting Global Marketing Research
- Segmenting, Targeting, and Positioning for Global Markets
- *Case history and best practices*

Topics

- The Four Ps of Global Marketing (THE “LEVERS»)
- Developing Global Products and Brands
- Setting Global Prices
- Global Placement and Distribution Channels
- Launching Global Communication and Advertising
- *Case history and best practices*

- New Trends in Global Marketing (THE “INNOVATIONS”)
- Using Social Media for Global Marketing
- Designing and Controlling Global Marketing Systems
- Defining Ethics and Corporate Social Responsibility in the International Marketplace
- *exercises and workshops*

RECOMMENDED TEXT BOOK

- **Global Marketing**
- Strategy, Practice, and Cases
- **AUTHORS**
 - **Ilan Alon,**
 - **Eugene Jaffe,**
 - **Christiane Prange,**
 - **and Donata Vianelli**

- **slide on my web page in Sapienza**



web page

https://web.uniroma1.it/dip_management/alessandra-bucci

LESSONS

MONDAY	8.00 -10.00	CLASS acquarietto
WEDNESDAY	8.00-10.00	CLASS acquarietto (recovery by exception)
TUESDAY.		professo Massacesi «cases and application»

workshops & exams

a) during the course of cases and application (3 CFU)
we will arrange a session of workshops

- teams of 4-5 students
- case studies
- extrapoints for thefinale vote at the exam

b) exams:

- written
- multiple choice

EXAMS

genuary

february

april

june

july

october

Chapter 1

Understanding Global Markets and Marketing

what's marketing?



what's Marketing??

- The term "marketing" refers to the exchange relationships that take place on the **market**.
- marketing: the activity of operating on the market.
- Market = place where goods or services are exchanged between supply (the seller) and demand (who needs some good / service).
- **Philip Kotler in 1967**: marketing is that social and managerial process aimed at **satisfying needs** and requirements through processes of **creation and exchange of products and values**. It is the art and science of identifying, creating and providing value to meet the needs of a target market, making a profit.
- **American Marketing Association**: Marketing is the process of planning and carrying out the **design, pricing, promotion and distribution** of ideas, goods and services aimed at creating demand and meeting the goals of individuals and organizations.

Global markets today

- **Products are selling everywhere**, with consumers becoming similar in preferences, life-style, and aspirations.
- **“Californization of Need”** means that whatever their nationality, global citizens get the same information and want the prestige that comes with certain kinds of consumer products - fashion, international cuisine, electronics, entertainment, and news.
- Outside the luxury segments, they often want the **products for the lowest prices** which emerging market multinationals are more likely to offer given their favorable labor conditions.
- **Global competition** is becoming tougher in a world without boundaries.



Global preferences in local markets

- Companies face **consumer needs** that are, despite all global harmonization, different across countries, religions, peer groups and cultures
- **Marketing channels** vary, preferred means of payment are not the same, and **language choice** is important for customer satisfaction
- The identification of **local preferences** can lead to true innovations
- **Emerging markets** as a driver of innovation
- **Global ethics and social responsibility**
- It is important to develop a **global marketing strategy**

What is globalization



- **Globalization** is the trend toward a single integrated and **interdependent world**: it is driven by international trade and made possible largely by information technology.
- **International trade** has already existed in ancient times.
 - In Greece and the wider Aegean, local, regional, and **international trade exchange existed from the Bronze Age**.
 - The earliest written sources of Homer and Hesiod attest to the **existence of trade (emporía) and merchants (emporoi) from the 8th century B.C.**
 - **International trade grew from 750 B.C.**, driven by social and political factors such as population movements, colonization inter-state alliances, the spread of coinage, the gradual standardization of measurements, warfare, and safer seas following the determination to eradicate piracy.

What is globalization



- Globalization may be understood by **different perspectives**.
 - To the **economists**, globalization refers to the emergence of global markets.
 - **Sociologists** see globalization as the convergence of lifestyles and social values.
 - To the **political scientist**, globalization reduces national sovereignty.
- One of the first to recognize globalization was Marshall McLuhan. He coined the term “**global village**”, wherein **people who are physically separated by time and space are interconnected by electronic media**. This linkage, while having positive benefits, also carries responsibilities on a global level.

History of globalization

- Some authors suggest that globalization began as early as the **discovery of America**, while others claim that it did not actually begin until the Industrial Revolution in the **latter part of the 18th century**.
- **Thomas Frieman**, with his international bestselling book “The World Is Flat: A Brief History of the Twenty-First Century”, analyzes globalization in the **beginning of the 21st century**.
- Ultimately, globalization is a **phenomenon shaped by the interplay between local and global forces**. It depends on the **political, economic, social, technological, and legal environments in and among countries**.

History of globalization

- **Globalization is still rather limited when measured on a worldwide scale.** The global transportation and logistics company **DHL** publishes a **Global Connectedness Index (GCI)** designed to track the state of globalization:
 - Globalization reached new heights in 2017 after a sharp decline in the aftermath of the **2008 financial crisis**.
 - **20 percent** of economic output around the world is exported.
 - Foreign direct investment flows equal **7 percent** of global gross fixed capital formation.
 - Roughly **7 percent** of phone call minutes (including calls over the internet) are international.
 - Only **3 percent** of people live outside the countries where they were born.
- **Globalization does not occur as a single phenomenon** but affects many facets of our life.



Cultural globalization



- Rolex and McDonald's advertisements in the Red Square in Moscow or in Paris, are **manifestations of cultural globalization**, showing that globalization is clearly more than just commerce. (language, style, tastes...)
- someone fears that culture is becoming too global, in the sense of becoming too homogenized. These concerns typically go along with the **fear that cultural globalization implies Americanization** and the uniformity of mass culture leads to a demise of national cultural heritage.
- If we look at globalization as a Westernization process, we face a dilemma as **many countries aspire to be globalized yet not Westernized**, most notably the People's Republic of China. The Chinese government is attempting to get the benefits of open markets without the unwanted side effects of Westernization.
- Cultural protectionism actually becomes because of the spread of the **Internet**
- Cultural manifestations of globalization are many , and whether they incur a loss of local values or enrich people's minds towards global perspectives and the interchange of knowledge and ideas **remains a question of balance**.

Financial globalization



- it has been possible thanks to :
- **24-hour availability of information and trading potential**: for instance, CMC Markets PLC, established in 1989, is a global leader in online financial trading. They make available over 3,000 instruments across 18 global markets as well as easy access to equities, indices, forex, commodities and treasuries, 24 hours a day from one single account.
- Increased transparency does not only benefit the professional trader but has also helped to establish **international financial centers** where loans can be negotiated at better costs than restricting oneself to local banks.
- it determines a **More efficient global allocation of resources, sustained trade balance**, and the **prevention of national shocks**
- **Critics** have remarked that the **interconnectedness of world financial markets may also increase the exposure** to real shocks and to risks that sudden capital reversals may translate into large-scale economic disruptions.
- This was evidenced most recently during the **global financial crisis of 2008**, which nearly destroyed most North American and European financial institutions, wiped out hundreds of thousands of jobs and billions in housing values in these regions, and had serious destabilizing effects reaching as far afield as Russia, China, and Southeast Asia.

Technological globalization

- **Communication and transportation systems** have facilitated access to information
- Today we are used to **consuming international news**, wherever we are and whatever we do.
- Progress in technology and communication has **also benefited poorer countries**.
- **India is playing an increasing role in information technology** innovation and major U.S. multinationals rely on their Indian employees to design software platforms and next generation features.



Educational and sociological globalization

- Educational and sociological manifestations of globalization go hand in hand. There clearly is a **large issue of labor mobility**, induced by the downfall of boundaries, especially but not exclusively within Europe.
- **Increasing mobility of researchers and students** across different countries with the dominant attracting nations being the UK, France, and Germany.
- **BRAIN DRAIN**
- Companies and nations will have to look for their **future leaders on a global scale**.
- “Globalization has changed us into **a company that searches the world**, not just to sell or to source, but **to find intellectual capital - the world's best talents and greatest ideas.**” JACK WELCH CEO GENERAL ELECTRIC



Economic globalization

- Economic aspects of globalization are clearly the most often and most controversially discussed ones and **the major issue has always been the reduction of poverty.**
- The surest route to sustained poverty reduction is clearly **economic growth.**
- Economies of **countries that open their markets grow at a faster pace** than the economies of countries that open their markets less or not at all.
- **A growing economy increases the demand for goods and services, and as demand increases, more businesses start and expand their operations. Such expansion leads to the creation of more, better-paid jobs.**
- The **same is true when the market expands beyond borders.** Gaining free access to other markets opens up new business opportunities, encouraging investment and fostering job creation.

Globalization and global marketing

- A global approach requires the firm to **focus its efforts worldwide**, rather than developing marketing strategies on a country-by-country basis.
- **Definition of global marketing** by the American Marketing Association :
 - Marketing definition: a marketing strategy that consciously addresses global customers, markets, and competition in formulating a business strategy.
 - Consumer behavior definition: an approach to international strategy that argues for marketing a product in essentially the same way everywhere in the world.
- Global marketing requires the **coordination and integration of production, marketing, and other functional activities across countries.**
- For many firms, a global marketing strategy requires a **centralized operation to leverage scale advantages and optimize resources and reduce costs**. Specifically, the objective of global marketing is to attain **worldwide coordination, rationalization, and integration of all marketing activities** including target market selection, marketing-mix decisions, and organizational design and control mechanisms.
- The world-wide integration of marketing activities includes the **development of global products and brands and global communication and distribution strategies**. However, even a global marketing strategy will need to account for some **local adaptations and the existence of paradoxes**, such as the poor versus rich, power versus fragility.

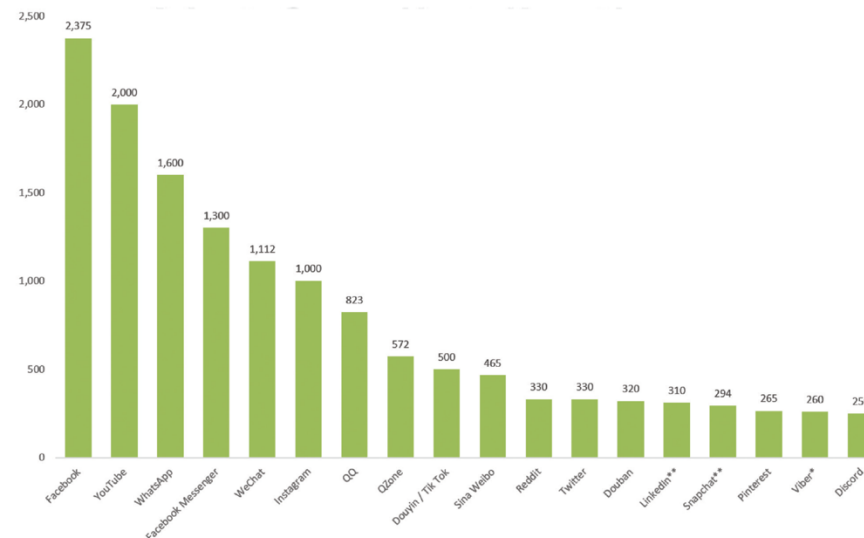
Paradoxes in globalization

- **Rich versus Poor:** The global population of high net wealth individuals (HNWIs), i.e. those individuals with USD 1 million or more in investable assets, continues to increase, surpassing the USD 70 trillion threshold for the first time in 2018. The population of HNWIs grew by 1.2 million individuals to reach 18.1 million. On the other hand, almost half the world's population (46% or 3.4 billion people) still struggles to meet their basic needs, according to the World Bank.
- **Power versus Fragility:** Many MNCs are gaining in power, they exert influence on governments to deal with subsidiaries or set standards. However MNCs are becoming more fragile because many small competitors have entered the scene and occupy a global niche market (“hidden champions”).
- **Media overload versus fragmentation of media and audiences:** The world turns into a “global village” as communication costs declined owing to improvements in information technology. On the other hand, several countries are still excluded from the Internet. In addition, different age groups prefer different media (ex social networks)



Discrepancy between rich and poor

Source: www.pixabay.com (free pictures)



Global Social Networks Ranked by Number of Users 2019

Source: Statista 2019.

The four Ps and the four As

- The operational strategy of global marketing deserves attention, as there will be changes from the **traditional 4Ps to the 4As** when applied to emerging markets.
- Some of the traditional marketing mix instruments (the 4Ps: Product, place, price, promotion) do not fully comply with the characteristics of emerging markets, where :
 - Marketers need to reconsider their pricing to make sure that their products are **affordable**.
 - They need attract people's attention to the product (**awareness**).
 - They have to select or create distribution channels that fit the infrastructure of the country (**availability**)
 - They need to make sure that people accept products in a world where they use and re-use products over generations (**acceptability**).
- In most cases, the 4As will not substitute for but rather complement the 4Ps.

The four Ps and the four As

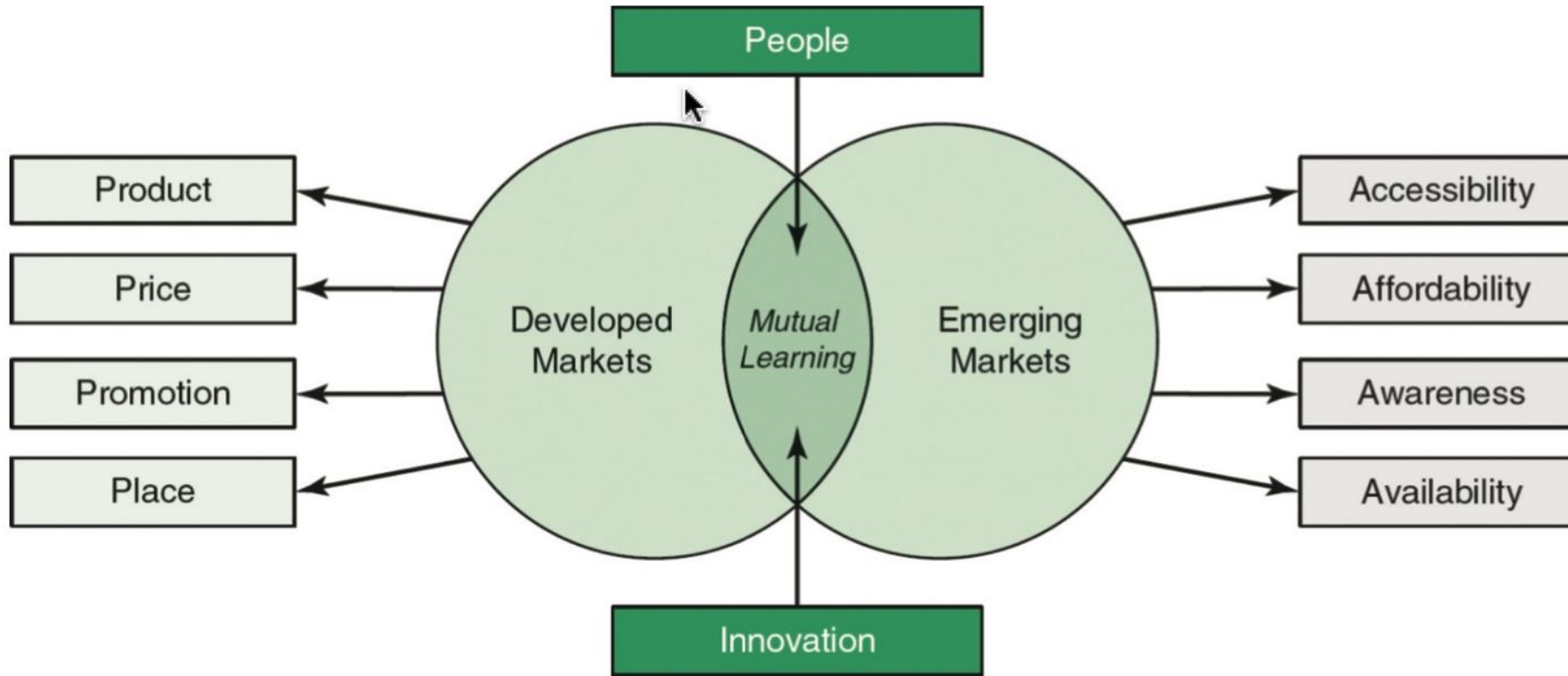


FIGURE 1.9 Global Marketing in Developed and Emerging Markets

Source: Adapted from Prahalad, C. K. and Doz, Y. L. (1987). *The multinational mission, balancing global integration with local responsiveness*. New York: Free Press.

The standardization versus Localization – Adaptation School (1)

- One of the main topics of global marketing is **whether a standardized marketing approach to markets is preferable to a localized (differentiated) approach.**
- A truly globalized marketing strategy would aim to **standardize elements of the marketing mix in all markets served by the company.** Standardization allow gaining economies of scale in production and marketing, lowering costs—especially high R&D and development costs —and easing pressures exerted by global customers for the supply of uniform products.
- However there are **significant differences between national markets that require adaptation and customization in, if not all of marketing programs, then at least in some parts, such as product and promotional strategies.** For example, different tastes and customer preferences and performance requirements and standards across countries inhibit the ability to standardize.

The standardization versus Localization – Adaptation School (2)

- In reality, it is rare to find a completely standardized marketing mix
- **Service providers typically localize their offers** to a very high degree (e.g., educational service providers that need to tailor their services to local languages or customs, or lawyers that need to rely on local laws), **but attempt to standardize their advertising campaigns** as much as possible.
- Even when products are standardized, it may not be possible to standardize other elements of the marketing mix
- Even the successful global advertising campaign of McDonalds (“I’m loving it”) is facing localization needs, as for instance the requirement to use cyrillic letters in Russia
- Companies use a strategy of foreign countries that exploits location economies, leverages core competencies, and responds to key local conditions. Value is created by the relentless renewal, enhancement, and exchange of ideas, products, and processes across functions and borders.
- **the importance of people and innovation!**

McDonald's in Malaysia and Russia



McDonald in Malaysia

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McDonald in Russia

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Algida and Toyota in the world



Proud Partner of Team USA

A global marketing management framework

