



MARKETING STRATEGIES WHILE GOING GLOBAL: AN EMPIRICAL STUDY

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ABSTRACT

As the companies taking a leap into the global market it's always important for the companies to choose the perfect mode of entry and also the factors to be considered before going global. The study mainly focusses on different factors that may affect the decision of companies that are planning to go global. As part of the study we reviewed various articles which talk about the entry modes of MNCs and stated the possible reasons why they failed or succeeded in the global markets and provides with alternatives solutions. The results are best useful for the smaller firms and also start-ups who are planning to go global. As companies continue to go global whatever the reason might be that will always lead to new priorities.

Keywords: Brand Awareness, External Threats, Bargaining Power, Competition, Own Culture.

1. INTRODUCTION

With each passing year, business activities across the globe are erasing the boundaries and spreading across different nations. Every business started all across the world has only single aim of growing big and without becoming global no business can become big in the current scenario. The concept of "GLOBAL VILLAGE" is more popular now than it ever was before, thanks to the growing technology which connects nations across the globe within seconds. With growing businesses and globalisation spreading like wildfire across the countries, different restrictions imposed by various before are now been removed. This coupled with the facts that globalization increases the employment opportunities, contributes to the nation's GDP, increase of exports and maintenance of trade balance have made countries more leaned towards accepting global offers and encouraging its local companies to go global after expanding its trademark over the local market.

Going global is a huge leap for any organisation and like any other major decision this possess a great amount of challenges to the organisation. Tons of factors are to be considered while going global. Strategies and business models adopted in the local markets may not be feasible when adopted for other international markets. Various branches of organisation has to develop different innovative strategies which can be successfully adopted when business is expanded internationally. Finance, human resource, production management and marketing are few notable areas where a company has to design new feasible strategies.

Our research article primarily focuses on "MARKETING STRATGIES" that organisations should consider before going global. Marketing is the driving force behind any company and without it no company can achieve success especially in a global scenario and marketing strategies that should be adopted by any company should change and vary according to different country as each country has different communities who have different feeling towards different sentiments. For ex: Strategies adopted by McDonalds in U.S.A cannot be adopted in Russia as the people of the country have different set of values, principles and beliefs.

This article primarily suggests the different factors and strategies that any organisation should consider before venturing into any global market so that it can successfully run its business internationally.

Charles R. Taylor, Shaoming Zou, George E. Osland (2000) wrote an article "Foreign Market Entry Strategies of Japanese MNCs". The study mainly concentrates the factors which influence the entry strategies of Japanese MNCs .As a part of the study the authors surveyed 1,189 Japanese MNCs in order to know the most influential factors while going global. They used questionnaire to collect the data. They used skewness and kurtosis to analyze the data.

After the 'Post bubble' era the Japanese economy became relatively stable and the Japanese firms continued to strive in the global markets. They entered new markets in Asia, Europe and North America in the last few decades. The mode of entry strategy will have an impact on their level of influence. For example if the MNCs go through Licensing or exporting they might have low level of risks as well as lower level of control over the operation instead if they go through a joint venture they might high higher involvement with operations as well as they are subjected to more level of risk. As it's inappropriate to go back to the parent country after the entry has done into the new markets, it's important to decide and make the decision the before entering the market.

They have a total of 8 hypotheses which includes the factors like stake of the firm, local contribution, the riskiness of the investment, host government restrictions. Etc. They found out that as the firm strake increases the bargaining power decreases and it might force to allow at lower levels. The need for the local resources is also necessary as it supplies the required capital, technology and also the skilled

labor. So there is positive relation between the local contribution and the bargaining power of the host country. Therefore if the Japanese MNC depends on more on the local contribution they may have to settle at lower control mode.

This study has attempted to know the factors that will significantly impact the MNCs foreign entry decisions. Based on the survey they found that the bargaining power theory related factors play an important role in deciding the choice to enter the foreign markets.

Katarzyna Twarowska, Magdalena Kąkol (2013) published an article “International Business strategies -Reasons and forms of expansion into foreign markets” During the last twenty years the international barriers for free trade has fallen down deeply and prompted globalization. Nonetheless, a few ventures benefited more from globalization than do others, and a few countries have a relative favourable position over different countries in specific enterprises. To make an effective worldwide methodology, authors first should comprehend the way of worldwide businesses and the flow of worldwide rivalry. The paper introduces the issue of universal business technique. To start with, the authors characterize an idea of worldwide procedure and give a few reasons why do organizations go global and how they do it .The paper incorporates the contextual investigation of global system utilized by IKEA and endeavours to clarify when firms ought to institutionalize or receive their items to remote market. After that, the authors demonstrate a few cases of joint wander and worldwide cooperation’s. In the universal aggressive environment, the capacity to build up a transnational hierarchical capacity is the key components that can help the firm adjust to the adjustments in the dynamic environment. As the quick rate of globalization renders the conventional methods for working together superfluous, it is indispensable for administrators to have a worldwide outlook to be viable. Globalization of business has prompted to the rise of worldwide key administration. A mix of key administration and worldwide business will bring about procedures for worldwide collaboration. Appropriate powerful correspondence will be a key component for worldwide methodologies since what is legitimate and compelling in one culture might be ineffectual and shameful in another. Advertising items comprehensively is mind boggling and troublesome in view of a few elements including: Worldwide Strategic Alliances, coordination and control of global promoting, correspondence, local exchange squares, and decision of worldwide methodology. The firm with the decision of a viable worldwide procedure that mulls over its qualities and shortcomings notwithstanding the open doors and dangers in the earth will survive.

Sil T. G. Jansen (25th of March 2013) published the article “Factors in International Market Selection”. Universal market choice is an imperative perspective for an organization that is considering about growing business abroad through areas, accomplices, clients or conveyance focuses. The organization may put resources into this new open door and hence the decision of nation ought to be the correct one. There are many components which the organization can take into record when settling on the worldwide market determination choice. What are the most vital variables for the organizations to consider and will the global experience of the organization play a figure picking these components. Hypothesis about worldwide market determination has been examined keeping in mind the end goal to discover universal market choice variables for each of these three methodologies. 28 variables were discovered which can be utilized as a part of the global market determination and these 28 elements were utilized as a part of the following stride of the review, talking with four organizations keeping in mind the end goal to get some answers concerning their worldwide market choice. The meetings were additionally used to frame the premise of the quantitative review, a survey in which four variables are utilized to decide whether organizations have an inclination for a specific kind of variable in view of their worldwide experience. In the poll questions have been included that figure out if the respondent inclines toward the causation procedure or the effectuation procedure. At the point when taking a gander at the scores on causation for the organizations, there is a gradually climbing pattern line unmistakable when the global experience rises. This implies more experienced organizations incline toward the causation handle more than the less experienced organizations. The hypothetical significance of this review will be made by the way that this review takes the entrepreneurial procedures of causation and effectuation and the three IMS methodologies and consolidates this with one particular segment. The general hypothetical reviews are currently utilized as a part of request to get an inside and out view into the street transportation segments.

Zeriti, Robson, Spyroupolou and Leonidou (2013) have conducted a research titled “Sustainable Export Marketing Strategy Fit and Performance”. This research studies and suggests about developing a sustainable export marketing strategies. Exports have been most popular and most low risk form of expanding the business globally but still exports face barriers and obstacles from various countries citing environmental reasons. . Apart from this, in recent years, because of the growing awareness about the environmental degradation and global warming, developing an environmentally sustainable marketing strategy has gained a huge importance but none of the research’s conducted till date have not properly focused on the same.

This paper investigates this issue and suggests a stable sustainable model. A model of drivers of sustainable export marketing strategy adaptation was developed based on contingency theory and the concept of strategic fit and authors developed and explored under what circumstances these strategies impacted the performance of exports. U.K exporters were used as sample and the study found out that different forms of micro and macro-economic factors influence the sustainable marketing strategy adoption and this in turn influences the sustainable export marketing strategy and its export performance outcomes. The results indicate that the difference between home and export markets, economic and technological advancement, intensity of competition, characteristics of the customer and pressure from the stakeholders shapes the adaption of the sustainable marketing strategies.

3. CASE STUDIES AND ANALYSIS

Entry of ‘Metro Cash and Carry’ into Vietnam

About 15 years prior, the Vietnam retail showcase started transforming from the customary road advertise based model to the more present day grocery store display. Metro Cash and Carry rapidly observed and misused that pattern. Metro Cash and Carry, a fragment of Metro AG from Germany, is known as the overall pioneer in self-benefit discount. It's business procedure is to concentrate

fundamentally on expert clients, for example, inns, eateries and little and medium size retailers... instead of individual buyers.

Metro entered Vietnam in 2002 and this turned out to be great planning. Around then, similar to now, Vietnam was a nation with a youthful populace, developing obtaining power in urban territories and a retail showcase developing at a 16% every year pace. After a little more than 10 years of operation in Vietnam, Metro's income developed from \$30 million to \$650 million in 2013, more than 20 times, before being purchased by the Berli Jucker Group from Thailand. Metro Vietnam had developed to 19 outlets, making it Metro's second-biggest Asian market, after China. Add up to workers developed to 5,000 and they had more than 800,000 clients.

Analysis

Metro's prosperity is because of perceiving a basic change in Vietnam's economy and neighbourhood retailers being moderate to modify. Prior to Metro's entrance, the domestic wholesale market was comprised of littler, conventional discount stores that had small bragging power with providers. Metro filled in this hole by presenting their first outlet in Ho Chi Minh City with an aggregate speculation of \$78 million. Around then, Metro was known as the distributor to wholesalers and the pioneer of Vietnam's current discount show.

Metro's centre technique is to purchase merchandise directly from the makers. In light of their huge size, they have all the more bargaining force with their providers. This permits them to control their info quality and costs so they can give fantastic items at an appealing and direct cost. One review demonstrated that 73% of Metro's products were valued lower than the least cost in the market.

Another system Metro actualized was to encourage their client's buy action. Metro offered their clients a one-stop answer for their buy with a wide cluster of items, permitting their clients to purchase practically all that they need with one visit.

The European wholesale giant's entry into a developing country was a success story. This was because Metro did not see itself as a competitor to the existing players but as the provider for the entire retail industry competition. Metro couldn't have done better in establishing its brand and network in Vietnam. The strategies of Metro were a long short which was perfectly executed by the company.

Entry of 'PepsiCo' into India

It took a large portion of 10 years of arranging, 20 debates in Parliament and a formidable advertising effort for Pepsi to enter India. It seemed just in Jaipur, Kanpur, Bangalore and Punjab.

In May 1985, PepsiCo had held hands with one of India's driving business houses, the R P Goenka (RPG) gathering, to start operations in the nation. The organization, alongside the RPG gather organization Agro Product Export Ltd. planned to import the cola focus and offer soda pops under the Pepsi name.

To make its proposition appealing to the Indian government PepsiCo said that the import of cola think would basically be as a by-product of trading juice condensed from operations to be set up in the north Indian condition of Punjab. The administration dismisses this proposition principally on two grounds. The relationship with the RPG assemble excessively finished at this point

The organization realized that the political and social problems that tormented Punjab were an extremely sensitive issue for India. PepsiCo's choice to connection its entrance with the development and welfare of the state. The new proposition gave enough accentuation on impacts of PepsiCo's entrance on farming and business in Punjab. The organization guaranteed to make numerous employment opportunities in the state. It additionally asserted that numerous fear based oppressors would be lured to return to the general public to work. It added a considerable measure of positives to the organization's proposition.

Analysis

PepsiCo's entry into the Indian market was a long struggle and an expensive affair to the company. The strategies adopted by the company were to impress the government and to gain its trust. Pepsi had to diversify from its core business into agriculture to make its mark in the Indian market.

PepsiCo had entered the Indian market in the wrong time for the first time. It had to restructure its entry model while entering the second time. The foreign trading barriers established by the Indian government were a big look over on the operations of the company. The strategies adopted by PepsiCo and the time it entered the market were both not the best suited for India. The wrong timing led to inapplicable entry strategy and call for a second entry strategy.

The major competitor of PepsiCo, Coca Cola, had it all got right by entering the Indian market after the liberalization of the trade policies in 1991. Today Coca Cola's operations in India are larger than that of PepsiCo in India.

Entry of 'LG' into India

LG Electronics India Limited (LGEIL) is an entirely claimed backup of Seoul based parent organization. The organization's concentrate on development in Indian market has been inch culminate and that is the reason it has possessed the capacity to get the share of Indian market (by volume) equal to 29.4 percent in coolers, 26.5 percent in shading TVs, 35.8 percent in Washing Machines, and a devastating 38 percent in Microwave stoves. LG's Indian piece of the pie in GSM handsets is presently 6 percent and rising. According to the Managing Director of LG the Indian buyers are mind boggling, so to drive long haul associations with them the organizations must make long haul responsibilities and speculations to comprehend them to be effective.

LG's initially endeavoured to enter India amid mid 1990s wallowed as an aftereffect of troubles experienced fundamentally working with the neighbourhood shippers. At first it was known as 'Fortunate Goldstar' and it confronted two noteworthy difficulties including

the disappointment of joint endeavours and de-permitting of the shopper gadgets industry prompting to the suspension of its operations in Indian market. Besides, as Lucky Goldstar, the organization's greatest blame was that it did decisively what other white merchandise brands of the 1990s were doing, for example, some apathetic promoting and pushing the items just when the shopper entered the store. In any case, it again entered the market in January, 1997 after the Indian Government's light to establish best in class white merchandise processing plant in Greater Noida and it was named as LG Electronics India Private Ltd. a 100 percent auxiliary of Korean chaebol. Amid that time, there was such an exceptional rivalry in the Indian markets with the Japanese players commanding the Indian shopper hardware showcase. Low brand mindfulness among customers was another test for LG in India. It was one of the last customers electronic MNCs to enter Indian markets and its rivals had a two years kick off over it. Furthermore, it needed to deal with large amounts of import obligation, the abnormal amounts of rivalry from the neighbourhood players and different MNCs, and the affectability of Indian shoppers towards estimating issues.

To maintain a strategic distance from the purposes behind its disappointment amid the first occasion when, it entered the Indian market it moved the assembling base for a considerable lot of its items like PC screens and fridges and utilized the method of agreement assembling for creation of shading TVs (CTVs). This likewise helped the organization to decrease its expenses. They additionally thought of limited items like CTVs which had Hindi and provincial dialect menus as choices. At the cost cognizant clients it presented low evaluated "Cineplus" and "Sampoorna" extend for the country markets. It had a circulation organize in which the merchants work specifically with the organization. This demonstrates how LG was likewise ready to pivot its fortunes and be an effective worldwide brand in the Indian market the second time around by gaining from the mix-ups it had set aside a few minutes.

Analysis

The organization defeated all difficulties by utilizing inventive advertising techniques, particularly got ready for Indian markets, with the presentation of creative advancements in shopper gadgets and home apparatus section. Keeping in mind the end goal to build up a more grounded associate with the Indian gathering of people it started a nearby tie-up with cricket that included marking on driving Indian cricketers and propelling cricket diversions on its TV models.

LG was perceived as the principal major MNC that produced exceptionally solid tie-ups with cricket by supporting the World Cups in the year 1999 and 2003. It concentrated on items which dealt with the strength of the Indian purchasers just with dispatches like "Brilliant Eye" shading TV, ACs utilizing the "Wellbeing Air System" and the microwave stoves with "Wellbeing Wave framework" and so on.

The innovative strategies of LG India had brought back its brand name into the market. Though the first attempt to penetrate the market was a failure, LG had bounced back with its typical Indian strategy, i.e. bridging the gap between cricket and television.

Overall Analysis

Globalization has made the world into a global village. With the increasing expansion of MNCs into developing countries, the market entry strategies are very important for a company to capitalize its entry into a new market.

It is important for MNCs to understand that when it is expanding into new markets, the company can no longer operate in the same way it has been operating in its parent country. It must think in the way of an average consumer of the country that the company is entering into. Many MNCs have learned this the hard way by first committing the mistake and then paying the cost. Innovative strategies must be adopted by the MNCs in order to penetrate the markets.

One very important thing that was noticed from the PepsiCo case study was that the time to enter a new market is one of the most crucial things that determine the success or failure of the company. PepsiCo tried to right the wrong by diversifying into the agriculture sector of the economy. It was bold move that did not pay off well for the brand and the company.

4. SUGGESTIONS AND RECOMMENDATIONS

- Whenever company enter a new markets they might have different motives examples can be growth, increase in brand awareness or increase in customer base. Whatever their motive be they always one common goal that is to increase in the future profits. In order to run the business profitable they must avoid external threats and apply their own culture in the company.
- Whenever a company enters a new markets they should consider the external threats to be successful. The external threats may be cultural, economic or even political. The economic factors should be analysed and therefore a firm could decide whether the market has the potential growth or not. Regarding the language barriers it is most preferable that there is only language used by all the employee. This will decrease the cultural gap between the employees. The technological threats cannot go unnoticed, if it's wrong in predicting the technological future it might lose its markets share due to lack of competence.
- When a firm enters into a new market it should build a strong culture so that the employees feel belonging to the firm and it also helps to attract the best employee. It also recommend to service firm to develop to develop their relations from the very moment they enter the market.
- If a company chooses to acquire a company it will help the company to increase their company stock and also it makes the company to understand the established customer relations.
- If a company plans to enter into country which is economically weak at that point of time, it is recommended to provide funds to the subsidiary. This could help the subsidiary to survive while the other competitors don't survive, which leads to the increase in the future profits due to less competition.

5. CONCLUSION

Any company which has engaged itself in the global marketing operations will be similar with the huge number of strategic decision that needs to be taken by it. At the start, a choice on a fundamental level should be made conferring the organization to some level of internationalization. Firms will eventually find that to strengthen global presence demands that international marketing must be pursued for competitive reasons to overtake the competitors and that it is not a strategy that should be ignored. Once committed, the company needs to gear up its strategies and adopt it to the global level or else the firm will have to face the wrath of failure.

Globalization is now common among many industries. Some companies go global only to withstand the competition from their key competitors. This leads to a change in the strategic choices of the firm and will create new priorities. Globalization is not a new concept and it has been existed for long time now but it now emerged to become a new competitive game for companies requiring them to change their culture and to adjust to change their way of doing business. Survival of many companies depends on how well they handle this game.

Firm from all the parts around the world, in foreseeable future, will slowly adopt the global marketing strategies. The trend towards globalisation will continue to rise as the markets now have become more accessible as the countries have reduced many barriers. Firms in developing economies, will start to change their strategies to match with the firms from the developed countries so as to provide better competition to them and increase globally. This is a major reason why the marketing managers from developing countries too should have global thinking as those in the developed countries. They should come out of their comfort zone and explore the new for growth of the firm.

Global marketing strategies are not providing any comfort to the firms which are not associated with globalisation. Smaller firms will find huge benefits from a global marketing strategy. To withstand the competition from global firms, these firms will make the best use of the limited resources which are available to these firms and they will most likely select niche strategies but pursue global reach in many key markets. Apart from this, all the start-ups will aim for global markets from the inception of firm to reach higher level of success. As a results these ventures will implement global marketing strategies from beginning unlike many other current MNC's such as Nestle and Unilever which became global not by choice but by accident.

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