

## Responding to global demand

1	Concept: Globalisation vs glocalisation	<b>Glocalisation</b> is the name given to the concept <b>"Think Global - Act Local"</b> Businesses aim to reach a potential customer base around the world. Businesses operate on a global scale whilst taking care to meet local customer needs and preferences. E.g. traditions, tastes, customs, etc...
	Approach 1: Domestic/ethnocentric	Selling mostly standardised products everywhere e.g. Ferrari, iPhone, PS4
	Approach 2: International/Polycentric	Essentially, firms focus on adapting to the local <b>market</b> , providing tailored products to the <b>market</b> : believing that the <b>market</b> is distinct from that of domestic <b>markets</b> and thus requires tailored products.
	Approach 3: Geocentric/Mixed	A mixture of both above approaches. A combination of standardised products that are slightly adapted to meet local needs, tastes and preferences e.g. KFC has "a vegetarian thali (a mixed meal with rice and cooked vegetables) and Chana Snacker (burger with chickpeas) to cater to vegetarians in India"

## Evaluating the ethnocentric approach

Economies of Scale – standardised product across global markets, scale of production is large and cost savings (e.g. bulk buying of raw materials (possible)	Product may not sell well if adapted to meet local needs
No R&D or marketing costs for new markets because the same product is sold, marketing economies of scale possible	If 4P's not considered for the local market, then high risk of failure
	Doesn't take into account national, cultural preferences

## Evaluating the polycentric approach

Products adapted to local markets needs, therefore greater chance of success/profits	Higher cost of development
Thorough research conducted before launch therefore reduced risk of failure	Higher costs of research
	May struggle to compete with established local players

## Evaluating the geocentric approach

Reasonable chance of success of product because some adaptation has been done	Higher costs of development and research compared to ethnocentric approach
Sales may be higher because locals may favour the global brand over local brands e.g. McDonalds Maharaja burger in India.	Economies of scale not fully possible as some adaptation of products will be made

## Difficulties faced when entering foreign markets and how marketing needs to be adapted to take these into account

Cultural social factors	Information and communication factors
Taking into account religious and dietary preferences	Language barrier - businesses have to ensure they translate marketing and promotional material correctly and appropriately
Adapting western standards of dress, behaviour and morality	Western staff must ensure they adapt their behaviour/body language so as not to cause offence in local market
Example: McDonalds adapting its menu in India and Japan.	Examples: TV adverts gone wrong, not to shake with left hand in Muslim countries, not pointing finger in L. American countries

## Price and non-price competition

Price competition	Non-price competition
Appropriate pricing strategies. People on low incomes need low prices (competitive pricing cost plus pricing) Selling premium products will require premium pricing. Market research is therefore necessary	<b>Branding</b> – creating strong brands helps the business stand out in the market. Product differentiation - Firms can compete by making a product/service different from its rivals in ways that attract customers
	<b>Promotion</b> is an umbrella term for advertising, branding, PR and packaging with a whole range of strategies for keeping the product in the public eye.
	<b>Distribution methods</b> - Where customers buy the product will affect sales. It's easy for a product to be in the wrong place and lose sales, or maybe even fail altogether.
	Product differentiation - Firms can compete by making a product/service different from its rivals in ways that attract customers

What is a global niche market?

Customers around the world who have very specific needs not catered for by mass market products. Some of these customers may be found globally, others will be unique to one culture or area.

Why target global niche markets?

Global niche markets can transform business prospects because they create opportunities where national niche markets are very small. They are smaller, more specialised parts of a global market where customers in more than one country have particular needs that are not fully met by the global mass market. The product or service is likely to be differentiated from that of the mass market.