

8.9: Marketing in a Global Environment

Learning Objectives

By the end of this section, you will be able to

- Describe how marketing strategies are adapted for a global marketplace.
- Summarize how global strategies affect the 4Ps of marketing.

Adapting Marketing Strategies for the Global Marketplace

Until now, we've mostly been learning about the bigger-picture decisions a company must make when deciding whether to enter the global marketplace. Once these company-wide decisions are made, marketing managers must determine the most effective way to market their products in the new markets. They must determine if completely new products or existing products will be offered in the new market. Additionally, they must determine if the other marketing mix variables must be adapted to the local market.

Standardized Global Marketing

A standardized global marketing strategy is one in which a company uses the same marketing strategy in all markets. Coca-Cola primarily uses a standardized marketing strategy in all markets. The brand, brand name, and iconic cursive writing in white on a red background can be seen all over the world. The advantage that Coca-Cola has in this strategy is that the company can spread the cost of marketing over all the regions in which it operates (Tirosh, 2024).

Adapted Global Marketing

Conversely, a company may not find success in a one-size-fits-all marketing strategy. In this case, the company may choose an adapted global marketing strategy in which marketing strategies differ among global markets. If a company chooses an adapted global marketing strategy, there would be high marketing costs associated with each of the markets in which the company conducts business. Netflix, for example, offers different content (movies and shows) in each of its markets based on the customer demands in each country (Tirosh, 2024).

The 4Ps of Marketing in a Global Environment

Now that the company has chosen either a standardized or adapted marketing strategy for its global operations, it's time to consider each of the 4Ps of global marketing—product, price, place, and promotion.

Product

Companies entering new foreign markets have three choices surrounding the product. They include straight product extension, product adaptation, and product invention. Each has its own advantages and disadvantages and levels of risk. Let's take a look:

- A straight product extension is a strategy that entails maintaining the same product for both home and foreign markets. As you can imagine, this is the easiest product strategy and has the same advantages as a standardized marketing strategy. Some products are globally known and need no modifications to sell them.
- Product adaptation is when companies modify products to align with the local culture. For example, Nike manufactures different styles of shoes based on the local culture's preferences, such as the Nike Air Zoom, a high-intensity interval training (HIIT) shoe released in Australia (Nike, 2024a). This shoe is not available in the United States and looks quite different from other performance shoes offered in the United States (Nike, 2024b).
- The most involved product strategy used in global marketing is product invention. Product invention consists of creating entirely new products for a global market. Consider the earlier example of the Ugandan market. Because less than half of the population has access to electricity, there is a potential for companies to invent new products, such as cooling systems, that do not require electricity (World Bank, 2024).

Link to Learning: 7-Eleven and Product Adaptation

There are numerous examples of product adaptation across markets. Check out this video on how 7-Eleven differs between American and Japanese markets.



Price

When pricing a product in a foreign market, there are other factors to evaluate besides home country considerations. Tariffs, the local economy, shipping, and other factors need to be considered because these will all impact earnings and profit.

Do you know which country is the most expensive to purchase a car in? You might be surprised to hear it is Singapore. The small island country doesn't have a lot of room to accommodate everyone having an automobile, so the government has imposed high import taxes and yearly fees to keep the number of automobiles down (ezAUTO.MY, 2022).

Place: Distribution Channels

Marketers considering distribution channels in foreign markets may find themselves with limited options compared with their home country. In the United States, for example, most companies have many choices of wholesalers, retailers, and supply chains. However, those options can be limited in more remote areas of the world and developing countries. Consider again our Uganda example. Most retailers, particularly outside the capital city of Kampala, are "mom-and-pop" stores. Additionally, there are few transportation routes, and the ones that do exist consist mostly of dirt roads and a few highways. Unlike the United States, it is rare to see tractor-trailers (semis) carrying containers of goods from one location to another. Instead, taxis, motorbikes, and foot traffic are the main modes for product transportation.

Marketers must consider the whole channel when making distribution decisions. The whole channel refers to the design of the international channels that incorporates all members, including the manufacturing, retailer, and wholesaler sites, as well as transportation (Definition, 2024).

Have you seen the movie *Captain Phillips*, starring Tom Hanks? The movie was loosely based on the true story of the Maersk Alabama container ship that was hijacked by Somali pirates off the coast of Somalia. Yes, pirates exist, and when they are able to capture large cargo ships, they can loot a lot of valuable cargo (Beckcom, 2017). While many large vessels avoid pirate territory when considering the whole channel, pirates still exist today and often wait at sea to steal millions of dollars' worth of goods.

Promotion

Just as marketing managers must determine whether to adapt their product to new markets, they must also determine the best course of action for the promotion strategy. Nearly all promotion strategies must adapt to some degree in different markets, even if it is a simple product expansion.

Consider Coca-Cola, whose brand name remains unchanged. However, in some countries, the slogan is slightly tweaked to have a more local meaning but with the same underlying promotional message. Refer to Table 8.2 for some of the Coca-Cola slogans used around the world.

Coca-Cola Slogans Around the World

Country	Slogan
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Country	Slogan
India	Always the Real Thing
United States	Real Magic
New Zealand	Real Magic
Spain	Siente El Sabor (Feel the Flavor)
Hungary	Kóstold meg az érzést (Taste the Flavor)
Indonesia	Rasakan Keajaiban (Real Magic or Feel the Magic)

Table 8.2 Coca-Cola Slogans

Knowledge Check

It's time to check your knowledge on the concepts presented in this section. Refer to the Answer Key at the end of the book for feedback.

1.

A company that uses the same marketing strategy in all markets is most likely utilizing which of the following?

- a. Standardized
- b. Adapted
- c. Invention
- d. Modified

2.

Which of the following is correct regarding the promotion strategy of global markets?

- a. All promotion strategies should remain the same across markets.
- b. Promotion strategies of global markets should deviate only slightly from the home market.
- c. Promotion strategies should reflect the market, some to different degrees.
- d. Promotion strategies of global markets should always be completely different from those of the home market.

3.

Which of the following Coca-Cola slogans is used in New Zealand?

- a. "Real Magic"
- b. "Always the Real Thing"
- c. "Feel the Flavor"
- d. "Feel the Magic"

4.

Which of the following is part of the whole channel?

- a. Promotions
- b. Communications
- c. Price
- d. Distribution channel members

5.

Which country has the highest automobile prices?

- a. China
- b. Singapore
- c. United States
- d. Canada

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