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Global Distribution and Advertising

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Developing an effective strategy is an important part of the marketing process. However, the implementation of that strategy is equally important. This paper will focus on a few of the details of the marketing process that help move the product or service from manufacturing to the hands of the consumer. The ability to effectively advertise the product or service and facilitate the delivery of the product or service on a global scale presents unique challenges to the marketing executive. Discussion of these challenges and potential solutions are presented in this paper.

Distribution Channels

There are a host of factors that influence the structure and overall strategy of global distribution channels. These factors weigh heavily on the decision of what type of distribution channel to utilize when seeking to introduce a product to a global market (Mallen, 1996).

Of great concern to the strategy of distribution channels are the characteristics of the customers to whom the product is being marketed (Black, 2002). The characteristics of the consumer are similar to the information that is necessary when researching the type of consumer who will find most value in the product being offered. For example, the size of the population, the geographic area, income and shopping habits of consumers all affect the type of distribution channel that may work best (Keegan, 2002). Of particular concern to the manager might be the way in which the particular customer prefers to use when shopping for the product. For example, if a customer prefers to use the internet to shop for the product, the option may exist to have a direct to the customer distribution channel from the manufacturing facility (Hitt, 2002).

In addition to the characteristics of the customer, another consideration is the product itself. Does the product have a specific shelf life that requires a certain distribution time frame or does the product rely heavily on a trained sales force to discuss the intricacies of the product for

the consumer (Iyer, 1998)? For example, the purchasing of exotic fruit presents challenges, since it does not have a very long shelf life. This in turn affects the distribution channel necessary to facilitate the sale of the good to the consumer (Henderson, 1992).

The presence of distribution agents also has an impact on the channels of distribution. The presence of a middleman in the flow of a product from manufacturing to customer can affect the manner in which a product is marketed, as well as the inventory of the product. The existence of retailers in between the manufacturer and the consumer creates another layer of individual interests; which may or may not be in keeping with the broader interests of the company (Villas-Boas, 1998). The company must be careful to ensure that the presence of a middleman or retailing agent does not adversely affect the overall marketing strategy of the product or service.

There are also environmental factors that are outside of the company that can affect the distribution strategy. These can be political (Secil, 1993) or economic, but they must be considered when pursuing an effective distribution strategy.

By researching and discussing the factors listed above, the marketing executive can effectively discern the distribution method that fits with the overall goals and objectives of the company. However, the distribution channel need not be an either/or proposition. The ideal strategy might be a mix of various channels, thereby taking advantage of the strengths and weaknesses of each (Berman, 2004).

Global Advertising

One of the key questions that a marketing manager must answer is whether or not the marketing and advertising message can be standardized globally or if the advertising message needs to be broken down by region or country (Domzal, 1993). The process of determining whether or not an advertising strategy for a product or service can be standardized takes into

account numerous factors. One of the main considerations is whether or not the target market differs cross-nationally (Roth, 1995). If the target markets do not differ much across various regions and nations then the opportunity for standardization of the advertising is greater.

However, the opposite is also true, that if the target markets do maintain a significant difference across regions and nations then the opportunity for standardization is lessened, and the need for more region specific marketing might exist.

Standardized global advertising can provide a company with numerous advantages. For example, the presence of a standardized global marketing and advertising strategy strengthens the image of the brand being marketed (Strong, 1987). The strength of the brand is vital to the competitive advantage of the product over other competitors. If a company can obtain a strong brand on a global scale it allows the product or service to benefit from the strength of the product in other markets, as it does with brand strength on a national level.

Another benefit of standardized global advertising is the benefit that accompanies any mass media advertising, which is the ability of the company to take advantage of the economies of scale (Henry, 2006). Crosby (2002) notes the following:

A key issue when developing a global strategy is how much the strategy, particularly the marketing strategy, will be standardized across countries. The prime motivation for standardization is economics. The more standardization, the greater the potential for scale economics. The promise of a single global product that shares R&D, manufacturing, a common name, position, package, and advertising drives a vision of the ultimate global strategy. (p. 10)

An effective marketing manager will seek out ways to standardize the advertising when it allows, but should be careful not to standardize at the expense of the target market or the branding strategy of the product.

Sales Promotions

Sales promotions play an important role in the global marketing strategy of a company. Fam (1998) states, “Promotion is a vital part of business and is an integral ingredient of the total marketing process. It helps to make potential customers aware of the many choices available regarding products and services” (p. 354). Sales promotions involve activities such as temporary price reductions, coupons or free-gift offers (Sonal, 2005). The presence and degree of sales promotions in the marketing mix should be decided based on the overall marketing strategy of the company. This can be especially true of the strategic branding associated with the product. The method and type of sales promotions can have an effect on the perception of the brand, whether positively or negatively (Erdem, 2002). In addition, the importance of the sales promotions on the overall marketing strategy necessitates that the effects of the sales promotions be carefully measured for effectiveness and impact (Carroll, 1989).

However, the type and presence of sales promotions may differ depending on the industry of the company and whether or not the company is primarily business to business (B2B) or business to consumer (B2C) focused. The typical attributes of a sales promotion such as a temporary reduced price are more beneficial in a B2C situation than they are in a B2B transaction. Hellman (2005) lists some of the pitfalls of exclusively relying on price incentives in a business-to-business relationship by stating:

This is not to say that direct price incentives have no place in a company’s promotions arsenal. However, price incentives are:

- Always the most expensive promotion;
- Significantly less effective at producing ongoing sales than sampling;
- Easily matched and therefore negated;
- Erosive of brand image, since they send the unconscious message, “something’s wrong with the product so I have to discount the price to sell it”;
- Educational in a destructive way, since they teach customers not to pay full price;
- Symptomatic of the product manager’s fear that the price is too high;
- Easy substitutes for the hard work of discovering what is really the barrier to purchase; and
- Irrelevant if the barrier to purchase is something besides price. (pg. 4)

B2B and B2C marketing share many of the same qualities, such as customer satisfaction, customer value, and customer loyalty (Lam, 2004). However, the priority that each of these areas holds to the consumer may vary. For example, the switching costs, which are the costs that a consumer must absorb if they decide to stop the use of one product and switch to a competitor, tend to be higher in a B2B relationship. This, in turn, places a high value on the relationship that is developed between the seller and the purchaser prior to the sale of the product or service (Lam, 2004).

Conclusion

The ability of the marketing executive to reach out to the consumer by advertising necessarily correlates to the ability of the executive to deliver the product or service to the customer. By analyzing not only the method in which the goods will be promoted, but also establishing the most effective and cost efficient method to deliver those goods make a large

impact on the success or failure of a specific product and also the success or failure of the entire organization.

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