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Global Marketing Strategies and Implications for US Based Firms

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Executive Summary

Global market strategies are essential for global market success. Much research has been done that denotes a direct correlation between profitability success and global market strategy success. There are several types of global market strategies by definition, but the conclusion of this author is that three possibilities surface: standardization, a form of adaptive or customized strategy, and the relatively new Global Market Strategy, or GMS. With the resulting review of each strategy, the US firm entry into the global marketing environment is reviewed.

It is significant to note that many executives within US Firms hold a personal opinion that is negative in relationship to global market strategy. Research notes that many feel their product is not of high enough quality to enter the global playing field, and still others are short-term in view and do not grasp the long-term, future benefits of developing and implementing a global market strategy. Foreign markets remain an untapped resource for profitability, offsetting the increased competition found within the US. While many companies are adverse to global market strategies, there are those who employ such strategies with great success.

One corporation that has found increasing success in the global market is the Whirlpool Corporation. The successes of Whirlpool are the result of a specific global market and brand strategy that is the result of strategic decision-making at the multi-national level. Whirlpool, a United States-based firm, first expanded through a standardized brand message within Europe, and has since patterned its now global successes from its European strategy.

Organizations such as the Whirlpool Corporation show the value of employing a consistent and effective global market strategy. It is this author’s evaluation that a standardized
method combined with minimal flexibility within specific local markets is the best option for
global market strategy successes. However, with the development of the newly suggested GMS
model, global market strategy offers a new way to create performance criteria that will aid both
industry success and support future research in this field.
Global Marketing Strategies and the Implications for US-based Firms

Introduction

Determining the most effective global marketing strategy has been the focus of many debates and research journal entries over the past several decades. This is due in part to the growing demand for a globalized economy in order to hold and maintain a competitive advantage. In fact, the world of business today is changing and growing rapidly, making strategic planning decisions at the global level complex and challenging for executive management (Harrell and Kiefer, 1993). Globalization requires firms to respond quickly in an ever-changing environment and necessitates a rapid and accurate response for both internal and external efficiency (Wasilewski, 2002). This paper will address current research on global market strategies and will furthermore utilize the researched findings on these strategies and apply them to United States (US) corporations as they expand to the global market, while simultaneously addressing US executive viewpoint on global markets. Finally, a brief analysis will be conducted on Whirlpool Corporation. Their global market strategy and their current level of global marketing will be reviewed from the framework of a US-based organization. The author will provide an evaluation and conclusion of global marketing strategies and will offer recommendations for US companies in an effort to support strategic global marketing practices.

Strategy Analysis

Marketing efforts on a global scale can be approached through many different strategies. One of the greatest challenges for a corporation today is the lack of congruence on what a global marketing strategy is by definition, and the lack of supporting measurable criteria for the determination of success (Kaustin, 1994). Zou and Cavusgil (2002) note that there are
ultimately three strategic perspectives: integration, configuration-coordination, and standardization. However, the research of Karuppur (1994) suggests three strategies with incorporation of a differing terminology: standardization, multi-domestic, and various strategies that fall between the two. Kaustin (1994) further divides the global marketing strategy approach into two options: modified marketing strategy or standardized product marketing strategy. Finally, Moon (2005) notes in his research that global marketing strategies are divided into the following options: standardization or customization. An analysis of the possible strategy terms leads to the realization that standardization has the greatest stronghold in the global industry with some form of adaptation as the opposing strategy. This paper will next review the global standardization strategy.

A global standardized marketing strategy, considered the most influential strategy (Zou and Cavusgil, 2002; Karuppur, 1994), is one that provides a standard approach to marketing, branding, and product development on a global level. Standardization occurs across factories, product research and development, and global marketplaces (Ronkainen and Menezes, 1996). Furthermore, the research of Sashi and Karuppur (2002) determines that standardization incorporates the entire marketing operations: product, price, distribution or place, and promotion. Those in favor of standardization find the value of this strategy encompasses many positive attributes, including the economies of scale an organization can achieve, an opportunity to share positive ideas at a global level, and consistency in product development and customer service (Zou and Cavusgil, 2002). However as previously noted, there is much research that supports the adaptation of marketing efforts within certain global markets, and therefore this research cannot be disregarded. In an effort to bridge the gap between
standardization strategy and a form of customization strategy to create the result of a more simplified focus, one team of researchers has developed a combined measure of global marketing strategy.

In light of the variety of global marketing strategy definitions and therefore possible variety of measurable and reportable results, researchers Zou and Cavusgil created what they term as GMS, or Global Marketing Strategy (2002). GMS is a broad strategy that encompasses the main components of the other more narrowly defined global marketing strategies in order to streamline the approach to marketing and to provide an opportunity that both benchmarks organizations against other industry competitors and develops consistent measures of success (Zou and Cavusgil, 2002). The main focus of GMS is the value-chain activities of the corporation and furthermore supports developing synergies to create a competitive advantage. Through analysis of current strategies, GMS combines the following to create the focus of this overarching strategy: product standardization, promotion standardization, standardized channel structure, standardized price, concentration of marketing activities, coordination of marketing activities, global market participation, and integration of competitive moves (Zou and Cavusgil, 2002). Sashi and Karuppur (2002) have determined through their collective research that the ability of a firm to successfully operate at the global level suggests the need to overcome internal and external risks and uncertainties, thereby embracing the flexibility components found within the GMS option. The results of GMS support a positive impact on a global firm’s competitiveness and efficiency (Zou and Cavusgil, 2002). As GMS incorporates components of the standardized strategy, this paper will now address components of an adaptation strategy to create overall understanding of global marketing strategies.
Some corporations adjust their product attributes to a specific market while maintain a standardized overarching marketing strategy (Karuppur, 1994). Therefore, some level of standardization is necessary in an adaptation or customized strategy. Karuppur notes in his findings that it is important to determine the level of standardization at the creation and executive level, which will thereby create a framework for determining the components of the global strategy (1994). According to the research of Zou and Cavusgil (2002), configuration and integration strategies are founded on exploiting synergies and overcoming battles with competitors to create leverage, respectively. Now that a thorough analysis of the definition of global marketing strategy has been completed, this paper will therefore move to a discussion on US firms’ entry into the global market through the utilization of one or some combination of these strategies.

US Firms’ Implementation of Global Market Strategies

According to the research of Dev, Brown and Zhou (2007), the decision to enter into a multinational or global market entails an opportunity to take full advantage of the firm’s strengths while simultaneously benefiting from the market conditions and available resources. Utilizing a specific global market strategy that encompasses ways to overcome barriers to entry and showcases the best of the organization is essential for US company success in today’s competitive global marketplace (Dev, et al, 2007; Harrell and Kiefer, 1993). In order to best understand the United States corporations’ responses to global market strategy, it is necessary to first research the viewpoint on globalization.

In a survey conducted by Denton and Richardson (1992), it was found that most businesses did not export nor move into the global marketplace because they did not believe
that the product or service they provided was of global quality nor demand. Because it was found most business leaders had never researched the possibility of globalization, these theories were simply the personal opinions of the executives. Research shows that the world is becoming more global and concurrently more competitive; therefore the need for US corporations to reach into the global marketplace to expand business and increase profits is growing (Denton and Richardson, 1992; Ronkainen and Menezes, 1996). It is also of note that the research of Kennedy (1996) found the future focus of the United States’ corporations is overwhelmingly short-term, while many foreign producers have a much more long-term view. These viewpoint differences explain in part why the US is slower to enter into the global marketplace than the foreign multinational corporation. The research of Kennedy also noted that most US companies considering or moving into the realm of global marketing did not have a monitoring mechanism in place to determine success or failure (1996). This was supported by a lack of global market strategy. Without measures to help determine return on investment, executives of US corporations could not envision the value of going global. In concert with negative personal opinion on global markets, it is also important to note the actual barriers to entry for global market strategies.

According to Moon (2005), “the more critical issue for the survival of any global retailer is whether it has its own strategic advantages over its competitors to meet the dynamics of domestic and global markets” (p. 222). Moon further noted in his research that expansion into a global market strategy is crucial for United States’ retail success because competition is increasing in the US and the overseas market creates a profit potential (2005). The research of Amin and Hagen (1998) denotes barriers to entry for the US firm, citing the following:
productivity, investment, international trade, political legal environment, education and technology among the barriers to global market strategy. They further note that strategic alliances, partnership, and cooperation must be central to the global success of such firms (Amin and Hagen, 1998). The opportunity for global growth through global market strategies is available. Some US based firms have already taken full advantage of a solid global market strategy to become an international player. One such organization is the Whirlpool Corporation, which will now be reviewed.

*Whirlpool Corporation: A Review*

The United States’ based Whirlpool Corporation provides an excellent examination on the implications of successfully imparting global market strategy and the results that this can employ. Ronkainen and Menezes conducted research on the Whirlpool Corporation in order to better define and clarify the marketing processes of the organization (1996). The past two decades have seen remarkable growth for Whirlpool, as the organization moved from simply domestic to the realm of a global player. Their utilization of a customer-driven standardized strategy has fueled the company’s success (Ronkainen and Menezes, 1996).

Whirlpool leadership notes that a transnational branding strategy has allowed them to become very successful through correlation of their product, communications, pricing and market channel strategies. The success of Whirlpool’s entrance into Europe has been patterned and the same techniques are utilized now with their continued market penetration and growth in both Asia and Latin America (Ronkainen and Menezes, 1996). With such development internationally, Whirlpool has taken the greatest successes and turn them into global common
processes. The research of Ronkainen and Menezes (1996) noted there were five such processes, the culmination of which Whirlpool labels the brand management process.

Evaluations and Conclusion

This paper has reviewed the terms and definitions associated with global market strategy. These terms included specifically standardization strategy, a form of coordination or adaptation strategy, and the relatively new Global Marketing Strategy (GMS) which incorporates the most measurable and essential components of each of the previously mentioned strategies. The research of Karuppur (1994), Zou and Cavusgil (2002), Kaustin (1994), Wasilewski (2002), and Sashi and Karuppur (2002) aided in global market strategy analysis and definition.

Following the analysis of global marketing strategy, a closer look was taken on US Firm entry into global markets. Results of this analysis show a significant opportunity for US firms to grow through sustainable global market strategies designed to showcase the organization’s strengths and minimize the organization’s weaknesses. The findings of this section were supported by the research most specifically of Amin and Hagen (1998), Moon (2005), Kennedy (1996), Denton and Richardson (1992), and Dev, Brown and Zhou (2007). Supporting the analysis of the United States’ market as ready for increase in global market strategy and development was a review of the Whirlpool Corporation. This review was supported by the research of Ronkainen and Menezes (1996), and the results showed the value of employing a consistent and effective global market strategy.

It is this author’s evaluation that a standardized method combined with minimal flexibility within specific local markets is the best option for global market strategy successes.
Therefore, with the development of the newly suggested GMS model, this author supports the findings that the GMS offering of global market strategy provides a new way to create performance based and measurable criteria that will aid both industry success and support future research in this field. Global market strategy, in closing, provides the framework for international market entry and opportunity for profitability and organizational success.
References


