CRITICAL STRATEGIC THINKING IN THE GLOBALISED MARKETING SCENARIO

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Abstract: *Globalization is an overworked word. Globalization describes a process that has been steadily gaining ground since the last two decades, characterized by the market liberalization, internationalization of business opportunities, stimulated by factors like modern communications, shrinking domestic markets, converging consumer demands in the developed countries and the ability to meet these demands quickly and efficiently. Additional impetus has come from the erosion of national barriers, financial deregulation and shifting cost structures as companies have internationalized their operations for economies of scale in production, distribution and market opportunities.*

The other side of the market liberalization is pronounced and growing homogeneity among certain groups particularly business executives, the brand-hungry young and the wealthy. Due to market liberalization, brands are found undifferentiated in the globalized economic scenario.

The balance of power has shifted to the market with a vengeance. The nature of demand, the multiplicity of choice, the rise of affluence and the availability of information have all contributed to that shift.

Marketing in liberalized scenario, should be the whole operation of the company as it tries to figure out not only how to sell what it makes, but what to make and what to sell. Marketing starts the process rather than ends it. It is the homework that a company has to do to work out what its target market wants. On the functional level, areas like purchasing and production are equally as important as functional marketing. But strategic thinking must be the driving force of the company in the globalized marketing scenario. ***In view of these factors, this paper focuses on the "Critical Strategic Thinking in the Globalized Marketing Scenario"***

Key Words: *Critical Strategic Thinking, Globalised Marketing Scenario, Marketing Audit, Market Liberalization, Strategic Framework.*

Introduction:

Globalization in the context of developing countries and with special reference to India is a national priority and in fact features in the national agenda of the political parties. While protectionism of some sort of the domestic industry, has always dominated the minds of the policy makers around the world, the merits of interlinking a country's economy with the rest of the world has never been undermined. Globalization (featured in any fashion!) has come to stay and the momentum it has attained in the recent past would keep it going in future also.

Globalization is an overworked word. Globalization describes a process that has been steadily gaining ground over the last two decades, characterized by the market liberalization, market globalization, internationalization of business opportunities stimulated by factors like modern communications, shrinking domestic markets, converging consumer demands in the developed countries and the ability to meet these demands quickly and effectively. The nation had the opportunity to wipe-out the economic consequences of the earlier British rule coupled with confrontation of enormous new challenges. In several spheres, the country progressed significantly but the fact that development had to be sought with social justice and in an environment characterized by mixed economy took its own toll bringing the country to war (of course, economic war – shall we call it as marketing war?!) by 1991. Recent changes in the economic policies in India have brought in a sea change in the total marketing and economic system of developing countries like India.

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Economic reforms package initiated by the then Congress Government in 1991 provided greater impetus to the Indian companies to globalize. Many Indian companies took advantage of the liberalized economic policies of the Government to reach out aggressively into the world. This period also witnessed several leading foreign multinationals entering India in diverse fields with majority equity holdings and management control. While the consumers were happy that they were getting better value for money, the domestic industry experienced real international competition for the first time. ***Author of this paper feels that the globalization has benefited both ends (manufacturers and of course consumers).***

The United Front Government which ruled subsequently continued these reforms but at a slower pace. The Government in 1998 led by the Bharatiya Janata Party pursued selective liberalization. Whatever may be the nature of government, there was consensus to continue the economic reforms with certain modifications.

The then honorable Finance Minister in 1991, Dr. P. Manamohan Singh who initiated liberalization has come back to power as Prime Minister of Republic of India and hence we have experienced globalization for almost two decades.

Globalization implies dismantling of national barriers to carry on production and distribution activities with the sole objective of deriving optimal benefits in the production and distribution of goods and services and sharing of such benefits among countries involved on equitable basis. The benefit is getting passed on to the final user; consumer is really becoming king!!!

The other side of the market liberalization is pronounced and growing homogeneity among certain groups particularly business executives, the brand-hungry youth and amongst all section of the society. Due to market liberalization, brands are found undifferentiated in the globalized economic scenario. The balance of power has shifted to the market with a vengeance. The nature of demand, the multiplicity of choice, the rise of affluence and the availability of information have all contributed to that shift, **author feels that it is a positive shift for the industry as well as for the economy.**

Marketing in liberalized and globalised scenario, should be the whole operation of the company as it tries to figure out not only how to sell what it makes, but what to make and what to sell. Marketing starts the process rather than ends it. It is the homework that a company has to do to work out what its target market wants. On the functional level, areas like purchasing and production are equally as important as functional marketing. But strategic marketing must be the driving force of the company in the globalized marketing scenario; that is what marketing is all about.

The future remains an open question that each marketer has to try to answer. Now, at the beginning of the twenty-first century (of course, we have already seen what has happened in the last 11 years), which is characterized by a series of Political, Regulatory, Economic, Social, Technological, Competitive, Organizational and Marketing changes (**PRESTCOM**). Strategic concepts in the globalized marketing scenario are not an easy task. We are moving into the new marketing era. We are not sure of the rate at which we are moving into the new world economy and high-tech economy, but it is happening, it is going to happen in future also.

We have to make a special effort to figure out what tomorrow looks like and move ahead. Many companies are increasingly becoming convinced of the need to coordinate their marketing across the globe, although the rationale is usually rather more complex than manufacturing.

Since 1991, many companies all over the world started developing global marketing plans. Both the time and the distance are rapidly shrinking on account of intensive and faster satellite communication, speedy transport, and financial flows. The trend has already been set in favour of international standardization all over the world. This very clearly explains the growth of global markets and the phenomenal development of MNCs to fulfill the common worldwide demand.

The increasing competition and rising tastes and preferences of the consumers' world over are forcing companies to change their targeting strategies. A tremendous and gradual change has taken place in the practice of Segmenting, Targeting and Positioning (STP) in the global markets for success. This shift in the roles of STP has led to define the new criteria of marketing performance, which is based on qualitative research in different countries to understand the real happening of market liberalization.

With the rapid development of the Internet, e-commerce is attracting the attention of several academic as well as industrial organizations. The

main purpose of these organizations is to leverage the traditional relationships existing between sellers and buyers. The major forces sweeping across the world of business today are also at work in India. The forces of transformation are many: success of some niche brands, media concentration, changing customer expectations, changing life and work styles, global excess capacity, mergers and acquisitions, deregulation, cumulative impact on globalized economy – the list goes on. The excess installed capacity in most industries has shifted the bottleneck globally. Maturation of most consumer durable markets in the developed world has meant that emerging markets are the new frontiers for established brands. International pressure to open markets to global competition has been felt by all countries, with the attendant repercussions for all. It is absolutely critical that a business, which is in direct contact with its customers, ensures that the quality of the customer service is of the highest order before money is spent on the advertising campaign. ***In view of these factors, this paper discusses the major trends in the globalized marketing scenario, which need to be taken into account and the strategies for successfully responding to these trends and thereby analyzing critical strategic concepts such as globalization, developing the strategic framework, carrying out a marketing audit, competitive analysis, clarifying the strategic role of the organization, measuring marketing effectiveness and lastly gets concluded with an appropriate summary.***

2. Globalization

It is an overworked word that was first popularized in a provocative thesis by Prof. Theodore Levitt (1983) of Harvard Business School, who said that the world is becoming standardized and homogeneous that companies should follow it. Global marketing, global business, global company, global brands, global advertising, global life-styles and so on were few references in marketing activities popularized by Prof. Levit. While it has since been extended to **'go global, but act local'** is still a valid description of the trend for companies to have a presence in number of countries.

One of the most important reasons for entering a foreign market is enhanced profitability. Entering foreign markets can also serve as a defensive move against foreign competitors, either going head-to-head against them or escaping from them shall be decided based on expertise in using the modern technology, otherwise, a company could lose out if it operates only in some part of the world and misses out on the technological development of advanced countries, or the huge market opportunities offered by the USA and Canada. Europe, USA and Canada are often referred to as the **'triad'** of global markets.

Globalization describes a process that has been steadily gaining ground over the last decade, characterized by the internationalization of business opportunities and threats and stimulated by factors like modern communications, shrinking domestic markets, converging consumer demands in the developed countries and the ability to meet these demands quickly and efficiently. "Time is money" – it's an old adage, but renewed attention is being paid to formal concepts surrounding time-based competition across the world. Organizations are beginning to manage time explicitly as a corporate resource, just as they manage time explicitly as a corporate resource, just as they manage their people and their capital assets. Brands like Rolex watches, premium scotch whiskies and cars are found undifferentiated all over the world. These are matched by youth brands like Levis, Coca-Cola, Benetton, Pepsi and McDonald's restaurants. These global brands rely on central quality control but handle local tastes by franchising nationally.

3. Developing Strategic Framework

Translating the corporate mission into a coherent, strategic framework is more important than ever. What has changed is the style of the plan, a style that has to be far more flexible and dynamic. Rolling five-year budgets made up of numbers one in the market'. In many companies there is an increasing concern that planning systems grow of their own accord and become too bureaucratic. Models are used to give insights but not answers; they can be a superficial analysis matched to a budget. What is called strategic planning is really becoming more about strategic management. The view that says strategy is a plan and has to be implemented. Companies are beginning to focus on their 'core competences'. So, while broad guidelines will be set at the most senior level with perhaps some input from specialist long-range planners, the real plan comes from divisional levels based on careful investigations of the organization's markets and its role in them. In the current context of globalization, study of Indian industry is most appropriate in the next couple of decades as India would emerge as a successful supporter of international trade from Asia, similar to China.

This is alien to executives brought up in the school of the financial budget as plan. While Tom Peters has

attracted criticism for an occasionally glib approach, there is a lot of truth in his assertion (Drucker et al., 1990) that,

"Over the years we have developed a style of doing business that is detached, calculating, dispassionate, analytical, methodological, dull and hard. My own hypothesis about tomorrow's survivors is that they will be fast, intuitive, opportunistic, hustling, caring, trusting, empathizing, cheer lending, emotional, mistake making and action taking."

These principles apply to all companies, whether they sell directly to consumers or to other businesses. Production-led organizations, particularly those in very complex new technologies, will find it hardest to make the shift. Brands are created and fought in consumers' mind through effective communication. Few things in marketing are harder to define than the personality of a brand, and seldom is this task more complex than the brand is sold in many different markets. Generally a brand can convey up to six levels of meaning depending on the choice by the marketer at which level to deeply anchor the brand's identity. They include attributes or characters of the brands. There are five perceived levels of benefits that accrue from the brands to its promoters and users. They are; functional, emotional, producer's values, brand personality; and consumer identity. The brand advantages include tracking and responding to quality and delivery problems, segmentation, strengthening corporate image through strong brands.

It matters very little whether you ask: What is the role of marketing in strategy? Or what is the role of strategy in marketing? The answer is the same it is to grow profit. Several main principles must be followed to reach that objective.

- **Select the markets that are growing and select the markets for growing look at demographics, customer attitudes and lifestyles, technologies.**
- **Aim for market share, not just through prices and products but also through people.**
- **Recruit people with the right values, train them and motivate them.**
- **Increase markets.**
- **Get the cost base down, through an intelligent and integrated use of information technology.**
- **Do not just rationalize production and cut lead times, but increase the information**
- **Flow to the customer and create added value, which will enable premium prices.**

Juggling what can seem to be conflicting concepts demands a fundamental rethinking of the role of the senior management. This will be either exciting or terrifying to corporate leaders, depending on their ability to cope with change on an unprecedented scale. Company CEOs have to become leaders, missionaries, innovators, motivators. Military-style hierarchies will be increasingly less effective. Loyalty to a brand is one of the most important assets a firm can have. Brand loyalty occurs when a consumer repeatedly purchases the same brand to the exclusion of competitors' brands.

4. Carrying Out Marketing Audit

A marketing audit should be carried out within the context of the overall strategic investigation. It is comprehensive review because it should evaluate every aspect of marketing performance. According to Kotler et al. (1989), who pioneered the concept of the marketing audit, it is a "a comprehensive, systematic, independent, and periodic examination of a company's – or business unit's – marketing environment, objectives, strategies, and activities with a view to determining problem areas and opportunities and recommending a plan of action to improve the company's marketing performance," The 10 most common problems market audits turn up, according Kotler are:

1. **Insufficient knowledge of customers' behaviour and attitudes.**
2. **Failure to segment the market in the most advantageous way.**
3. **Lack of marketing planning process.**
4. **Price-cutting rather than improvements in value.**
5. **Failure to have a market-based product-evaluation process.**
6. **Misunderstanding the company's marketing strengths and how them relate to the market.**
7. **Narrow, short-term view of advertising and**

integrating marketing communications.

8. **Tendency to view marketing as involving only advertising or sales.**

9. **Organizational structure that is incompatible with the marketing strategy.**

10. **Failure to invest for future development, particularly in the areas of human resources.**

5. Competitive Analysis

In the new marketing era, we look at these developments through the eyes of a marketer through the eyes of a businessperson who traces and manages markets in order to achieve economic transactions. We judge the changing markets, not from a political or technological viewpoint, but purely on the light of the consequences of commerce and these are very far–reaching. For us, marketing means the whole commercial process leading to economic exchange. Competitive analysis should be at the heart of strategic planning, since gaining and keeping competitive advantage over rivals is what ensures survival. But the concept of competitive advantages is not straightforward – competition itself is unlimited and international companies have to assess carefully both the actual and potential competitive forces surrounding them. Few countries have clear, consistent and universally understood brand strategies, strong brands successfully combine many different character traits within their personality, launching global brands requires flair, confidence and courage as well as money. There are a number of well-defined sources of competitive advantage. Skills can include superior engineering or technical skills, or an ability to respond quickly and effectively to the location, distributional networks and so on.

Analyzing areas of longer-term competitive advantage should be accompanied by analysis of competitors' sales and marketing efforts on a regular basis. Our daily exposure to the diverse marketing activities around us has already given us some marketing expertise. Combining this experience with more formal marketing knowledge will enable us to identify and solve important marketing problems.

Integrated marketing communications, discounting practices, relationships with distributors and various other aspects of marketing are important indicators of competitive activity, although details are often difficult to ascertain. Doubly difficult is obtaining accurate competitive numbers – market nationals, and data from country to country are rarely comparable. (Both the International Advertising Agencies Association, headquartered in New York and the World Federation of Advertisers in Brussels are actively trying to harmonize these types of data to achieve cross-border comparability.)

Competitive analysis is usually conducted at both the corporate and local levels. For instance, PepsiCo monitors Coca-Cola's global strategy from its corporate offices in New York, while Coke keeps track of Pepsi from Atlanta. But both companies depend on their foreign subsidiaries to observe each other's overseas marketing strategies and tactics, as well as local share data and advertising and marketing expenditures.

In the soft drinks market, for example, shelf space is of utmost importance to sales. In the absence of a syndicated research report on actual retail sales, an audit by someone on the scene of soft drink shelf space in key retail outlets can provide a quick assessment of brand share and the net effects of each soft drink brands' marketing programmes. However, A.C. Nielsen & Company, a worldwide research firm, monitors many consumer product sales, including those of soft drinks, in many countries. Its reports include dollar sales, unit sales, shelf space, prices, promotional activity and other data.

6. Clarifying the Strategic Role of the Organization

Marketing executives search continuously to find sustainable competitive advantage – strength such as reputation for quality, customer service, or low cost production – in the markets they serve and the products they offer. Having identified this sustainable competitive advantage, they must allocate their firm's resources to exploit it.

Companies have to begin to address the central / local relationship as a strategic requirement as soon as they start selling to a foreign country. It needs significant numbers of people to sell, distribute or service its products there. Joint venture, too, have their uses, but for forceful marketing and sales, a subsidiary company, set up from scratch or acquired is the effective vehicle. The basic strategic considerations are as follows:

- **Customers making important purchases need to feel the supplier's long-term commitment to their interests, and therefore its local presence can be essential.**

- **The suppliers' product range may need to be supplemented or adapted with software and so on, to suit local needs.**
- **Local manufacture may be necessary, either for the output or to emphasize 'good citizenship'.**
- **If government contracts are in prospect, a local presence and tax base are politically advisable.**
- **Good local business opportunities may exist outside the group's product range; acquisition of, or a joint venture with, a local company may also be desirable.**
- **Nationalistic purchasers prefer to buy from local companies not obviously controlled by outside interests.**

As the product range and the number of customers increase, an expanding local presence is almost inevitable. Cash flow becomes an issue and extensive local finance facilities will be necessary, while closer attention has to be paid to the peculiarities of the market.

One recent attempt to clarify the roles that companies adopt at the center in relation to their portfolio of businesses has been developed by Andrew Campbell and Michael Goold of the Ashridge Strategic Management Centre, working in conjunction with McKinsey's London office. They distinguished three separate 'parenting' roles; controller, coach and orchestrator:

1. **The controller adds value by picking the right managers and motivating them effectively with financial targets.**
2. **The coach uses its knowledge and experience of each business to develop and build strategy, judge and improve operating performance, and share skills and best practices. (For example, Unilever)**
3. **The orchestrator coordinates a chain of businesses to re4alize the synergies available from marketing and manufacturing (for example, IBM)**

Many companies, taken as a whole fall into either the coaching or the orchestrating categories. But the range of their activates, the stages of development of each subsidiary, the personalities of the individuals, the state of design and manufacturing technology and the degree of competition in a given market ensure that they have to use all patterns selectively for different markets at different times.

Electrolux, whose products range from refrigerators, through earthmoving equipment to plastic flowers, describes itself openly 'an impossible organization. Its group president and chief executive acts as an orchestrator toward white goods, as a coach toward Granges (the aluminum subsidiary) and as a controller toward agricultural machinery.

Classification helps to clarify the actual relationship between the organization and its operating units, and to implant in managers' minds the knowledge that there are different modes of operation that the central authority can adopt, and that the present one is not necessarily the most appropriate, it will have performed a valuable service.

Defining the strategy is one of the most important functions performed by the organization in its marketing stance. The process of leadership starts with a vision of some distant and desirable objective and then communication and enthusiasm for the whole group in the organization.

7. Measuring Marketing Effectiveness

Many current trends, such as tougher, world-wide competition and shorter product lives, throw more strain on the centre's ability to keep it informed of market trends and to assess the performance of its operating units. Every budget and target implies a judgment as to what is possible, and therefore knowledge of the local conditions. While this philosophy waxes and wanes, and there has been renewed interest in developing better measures of the feelings and emotions generated by promotional messages.

The large, centralized head office implies that executives there can make an intelligent assessment of, among other things:

- **What growth a business unit should be achieving – 20% a year may sound impressive at the shareholders' meeting, but may be sluggish if the market is growing at 50%.**
- **The local manager's explanation as to why he has fallen behind budget, his remedial action and the value of his predictions for the rest of the period;**
- **The strength of local competition (including incidence of predatory pricing);**

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- **How the market differs from others;**
- **The general economic and social trends.**

Large quantities of background data and analysis are therefore frequently required, with a high risk that the center will nevertheless miss the really significant underlying trends, or that the familiar 'paralysis by analysis' will set in.

The entrepreneur's method of relying on personal judgment, or even the cruder 'squeezing until the pips squeak', can sometimes produce spectacular results, at least in the short term, and is the basis of many conglomerates' success. The implications for the long-term health of the operation or for its wider international strategy may not be so favorable, however.

Whatever the approach, marketing performance must be assessed regularly. Many companies evaluate performance at both the subsidiary or country level and the corporate headquarters level. Multinationals with a regional structure typically review performance at the regional level as well.

Marketing evaluation criteria include a combination of sales, market share, customer satisfaction and profit. Every company weights the various criteria differently, reflecting its current priorities and the demand for its products or services at the time. The key to the evaluation process is to examine any deviations between objectives and actual results of each operating unit and they assess the unit's contributions to overall corporate goals.

8. Conclusion

Translating the corporate mission into a coherent, strategic framework is more important than ever. What has changed is the style of the plan, a style that has to be far more flexible and dynamic. What is called strategic thinking and planning is really becoming more about strategic management. A marketing audit should be carried out within the context of the overall strategic investigation. Competitive analysis should be at the heart of strategic planning, gaining and keeping competitive advantage over rivals is what ensures survival. Monitoring the sales and marketing efforts of competitors is not something to be done only in the context of the long-term plan but is an essential component of strategic marketing planning and should be done on a regular basis. Companies have to begin to address the central/local relationships as strategic requirements as soon as they start selling to a foreign country since it is a key factor in the successful implementation of strategies and influences the speed and flexibility needed to be proactive in the markets. Marketing performance must be assessed regularly. Marketing evaluation criteria shall include a combination of sales, market share, customer satisfaction and profit.

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