

UNDERSTANDING GLOBALIZATION

INTERNATIONAL MARKETING



WONKWANG UNIVERSITY

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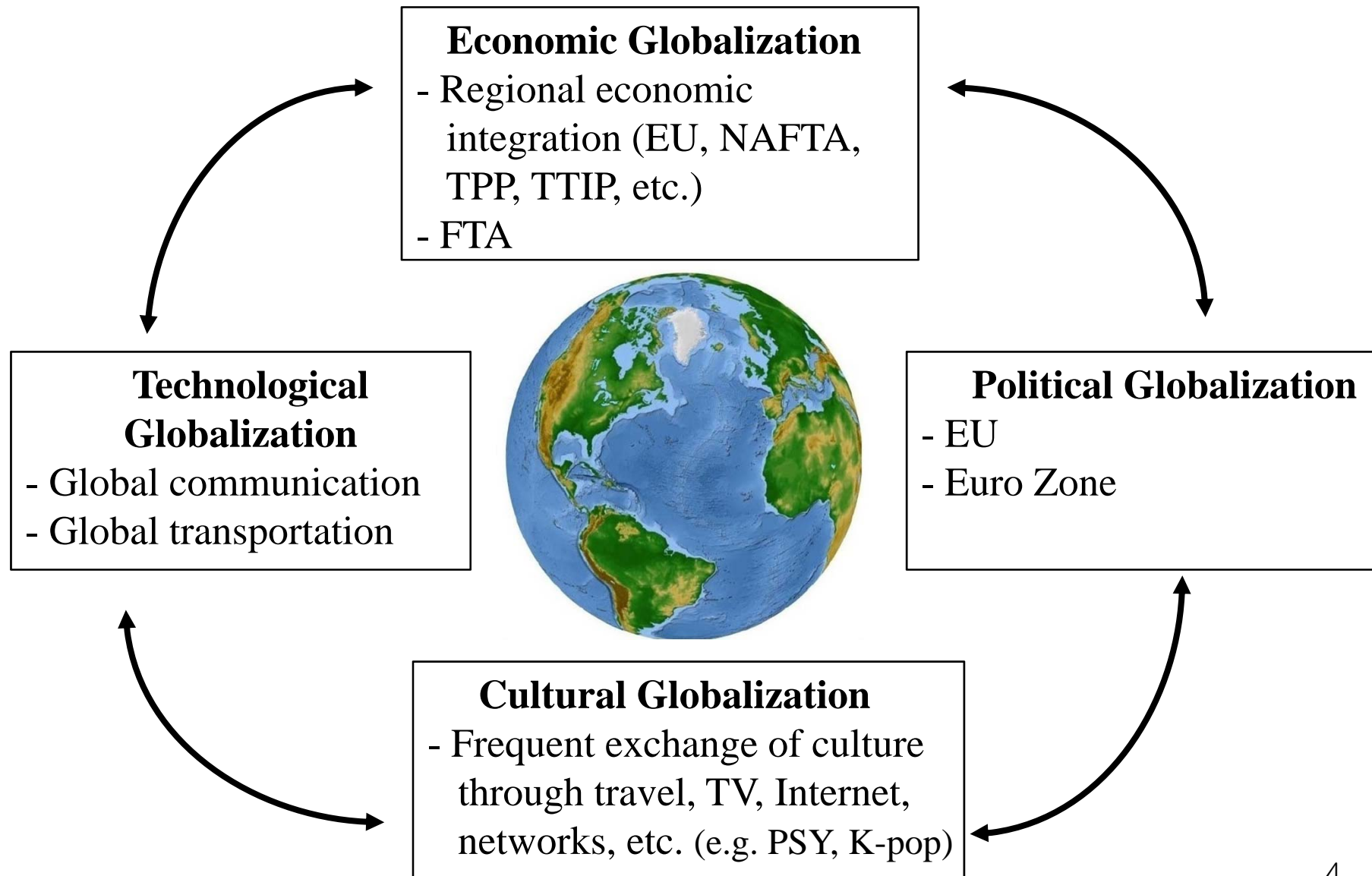
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UNDERSTANDING GLOBALIZATION

1. Globalization

- Globalization is a megatrend toward greater economic, cultural, political and technological interdependence among nations.
- Globalization = Interdependent relationship among many nations.
 - It allows the free flow of goods, services, technology, capital, money, people, ideas, and even culture across national borders.
 - Globalization is an inevitable phenomenon to individual, business firms, and nations.

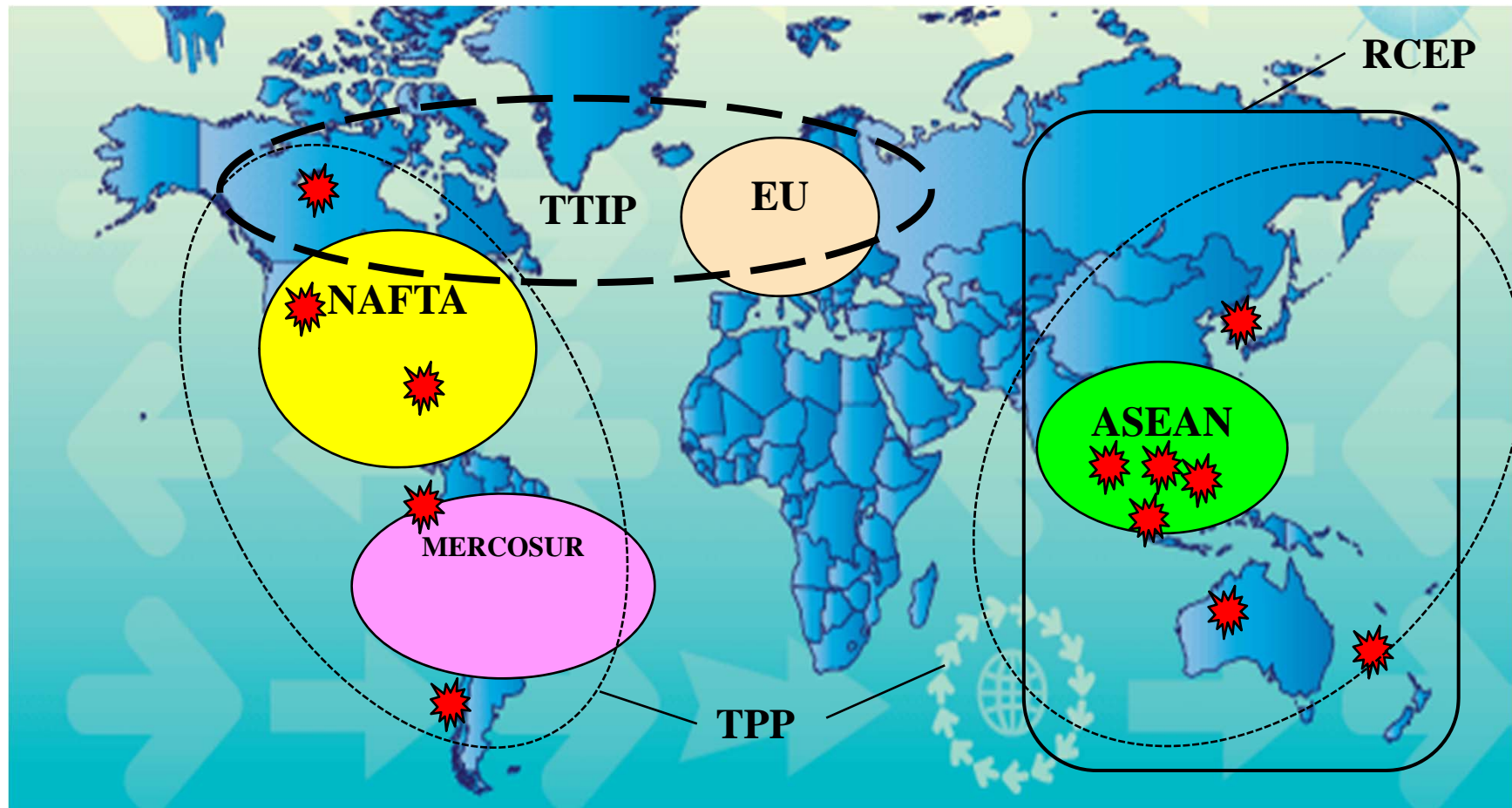
UNDERSTANDING GLOBALIZATION



UNDERSTANDING GLOBALIZATION

1) Economic Globalization

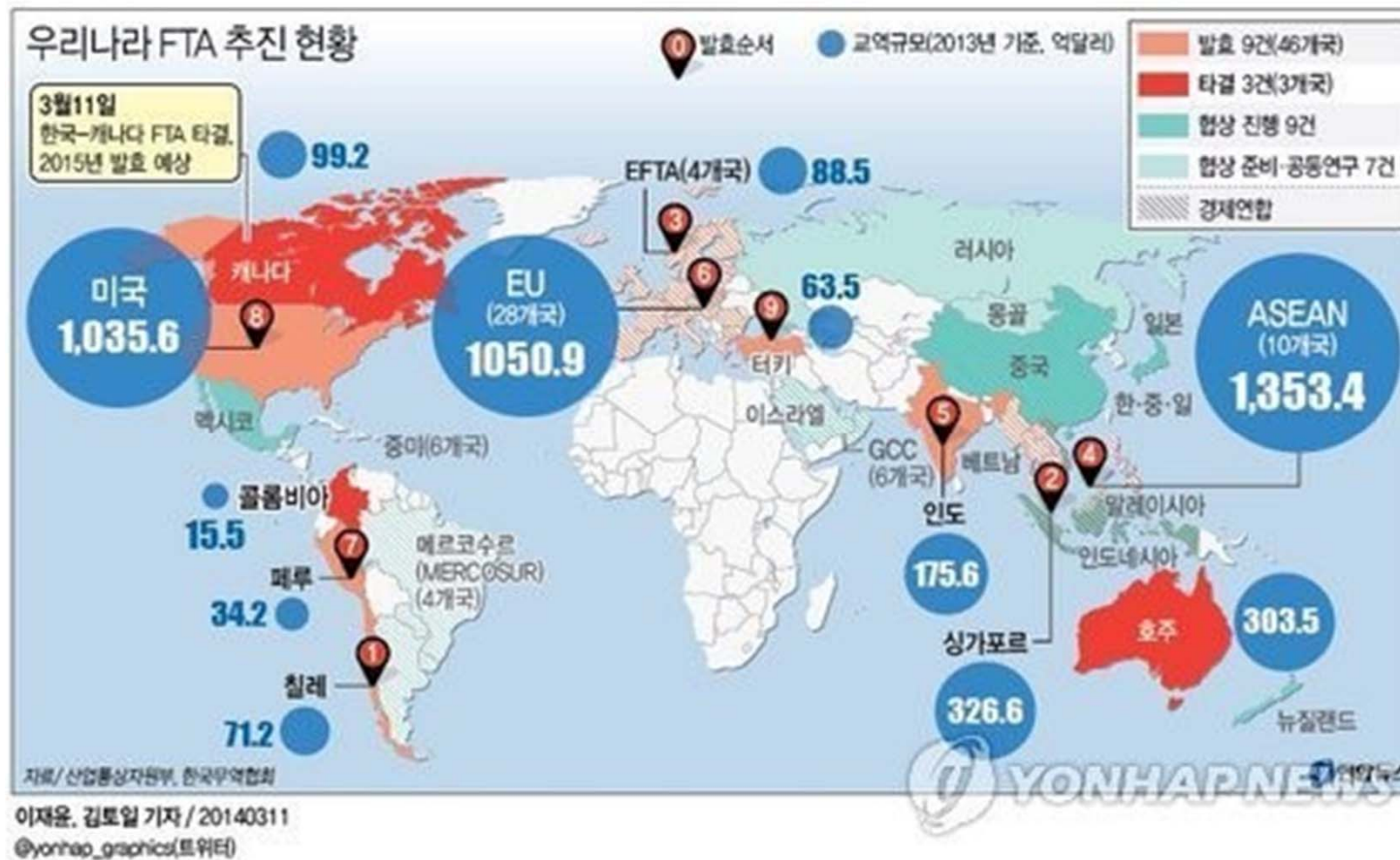
[Status of Regional Economic Integration]



★ : A member of TPP

UNDERSTANDING GLOBALIZATION

[FTA Status of Korea as of March, 2014]



Source: Yonhap News (2014. 3.11)

UNDERSTANDING GLOBALIZATION

2) Political Globalization

[EU's Political Integration Dilemma]

Interview

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The EU's Political Integration Dilemma

Interviewee: Daniela Schwarzer, Head of Research Division European Integration, German Institute for International and Security Affairs
Interviewer: Christopher Alessi
August 15, 2011

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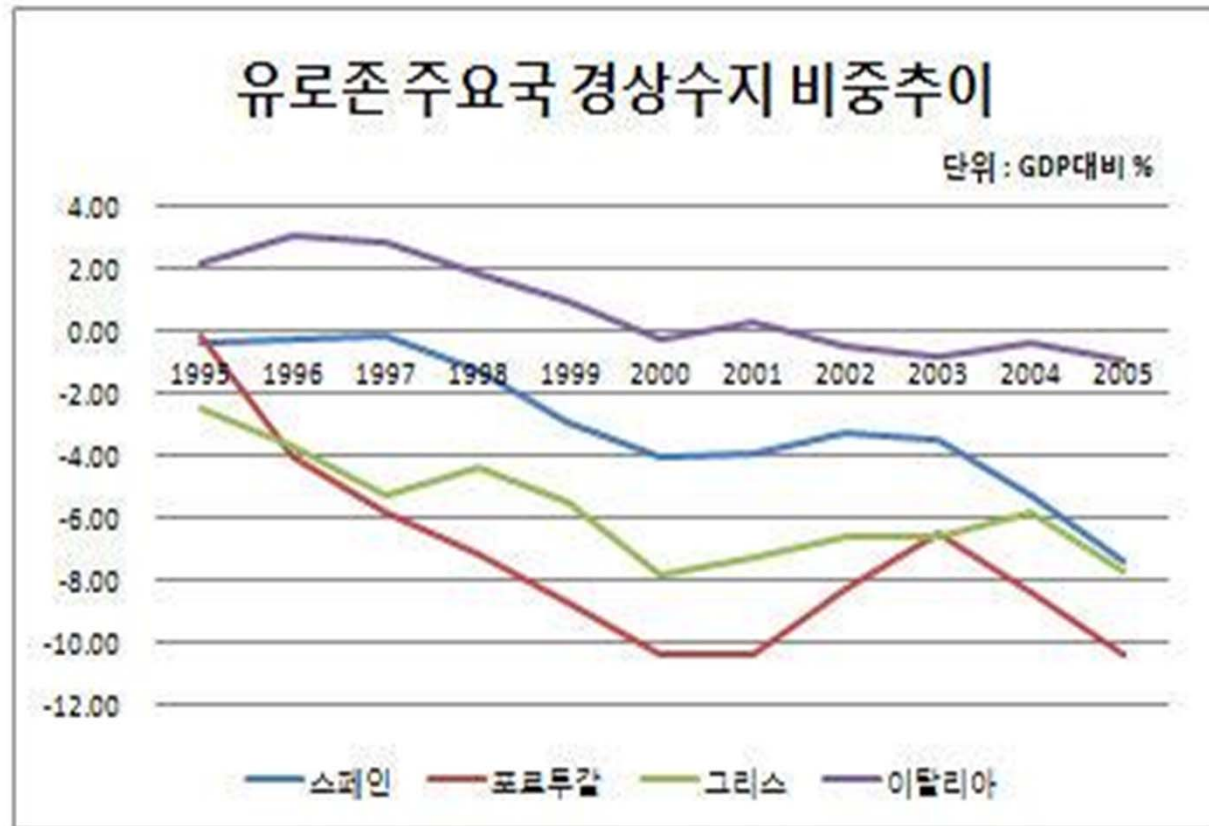
German Chancellor Angela Merkel and French President Nicolas Sarkozy are meeting in Paris August 16 for yet another **eurozone summit (*Guardian*)** amid growing fears over sovereign debt contagion to Italy and Spain. But while Germany has supported the European Central Bank's (ECB) reactivated government **bond-buying program (*Reuters*)**, it has resisted

calls for further EU political integration, adamantly opposing common **eurozone government bonds (*DeutscheWelle*)**. The eurozone is approaching a crossroads between two political options, says **Dr. Daniela Schwarzer**, a European integration expert at the German Institute for International and Security Affairs. "One is that Europe leaps forward in terms of political integration," she says. "The alternative is an end to the currency union as we have constructed it over the last twelve years."

Source: Council on Foreign Relations (2011)

UNDERSTANDING GLOBALIZATION

[Balance on Current Account of Eurozone Countries]



Source:
Yonhap Infomax (2014)

- Only currency integration without political integration has caused financial crisis in some Eurozone countries such as Portugal, Italy, Greece and Spain.

UNDERSTANDING GLOBALIZATION

3) Cultural Globalization

[McDonald's]



[PSY]



[Sunglasses]



UNDERSTANDING GLOBALIZATION

2. The Reasons of Pursuing Globalization

Reasons	Objectives
Political reasons	<ul style="list-style-type: none">• Following global trend (FTA, Regional integration)• Collaboration with other nations• Market expansion
Resource development reasons	<ul style="list-style-type: none">• Stable procurement of resource (Resource seeker)
Technology reasons	<ul style="list-style-type: none">• Obtaining new technology and management skills (e.g. Investment in Silicon Valley)
Cost reasons	<ul style="list-style-type: none">• Cost saving• Increasing production efficiency
Competition reasons	<ul style="list-style-type: none">• Preoccupancy of market• Curbing competitors

UNDERSTANDING GLOBALIZATION

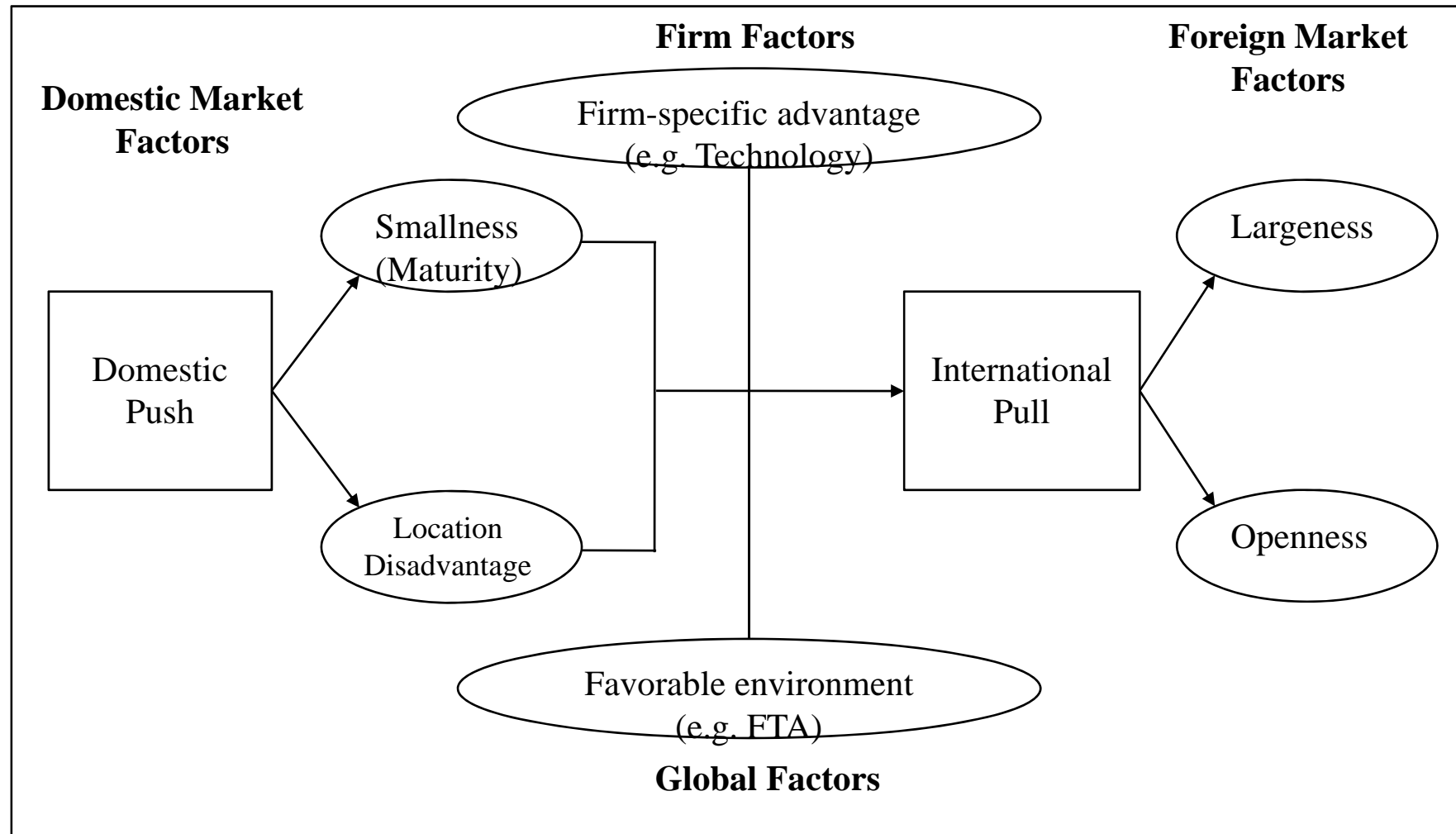
3. Forces Driving Globalization

The following factors enable firms to pursue globalization.

No.	Factors	Results
1	Multilateral agreement and regional integration	Reduce barriers to trade and investment. (e.g. WTO, FTA, Regional integration)
2	Improvement in transportation and logistics	Further reduce the costs of exporting and importing.
3	Homogeneity of market	Global markets become homogeneous
4	Improvement in communication tools and skills	Easy access to the international markets with effective communication.
5	Maturity of the domestic market	Seeking new opportunities of business in global markets.

UNDERSTANDING GLOBALIZATION

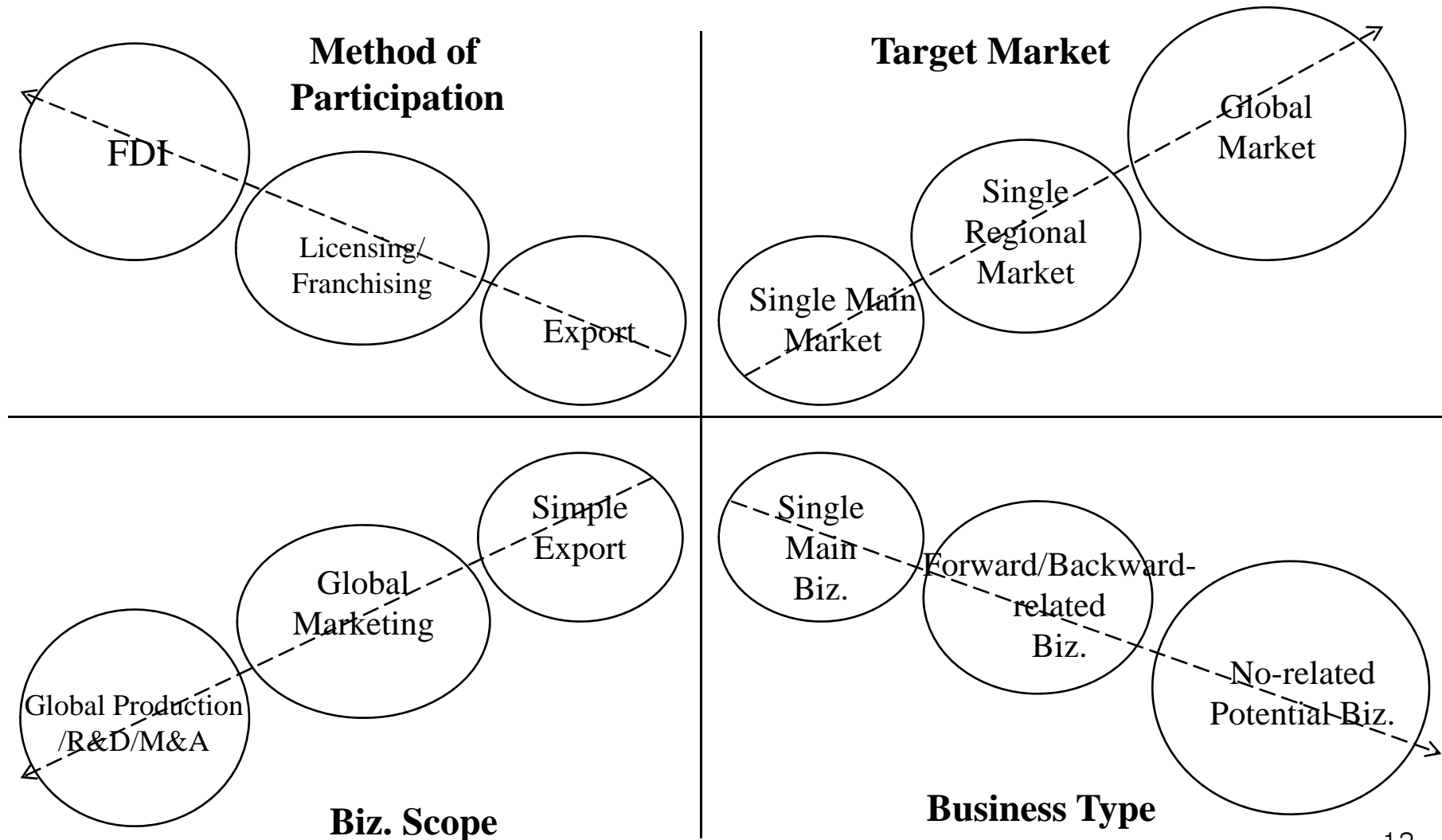
4. Four Factors Explaining Globalization



Source: Re-designed by In Woo, Jun (2012) from Albaum, *et al*, (2002), "International Marketing & Export Management", Prentice Hall.

UNDERSTANDING GLOBALIZATION

5. The Process of a Firm's Globalization



GLOBAL MARKET & ECONOMY

1. The Importance of Global Market

- Firms may not create competitive advantage or make sufficient profits only from the domestic markets.
- Therefore, companies become involved in international markets for a variety of reasons.
 - Some firms simply respond to orders from abroad without making any organized efforts (e.g. simple export activities).
 - Others seek new opportunities of business in foreign markets when their domestic market has reached maturity.
 - However, most companies enter foreign markets in order to increase sales and profits.

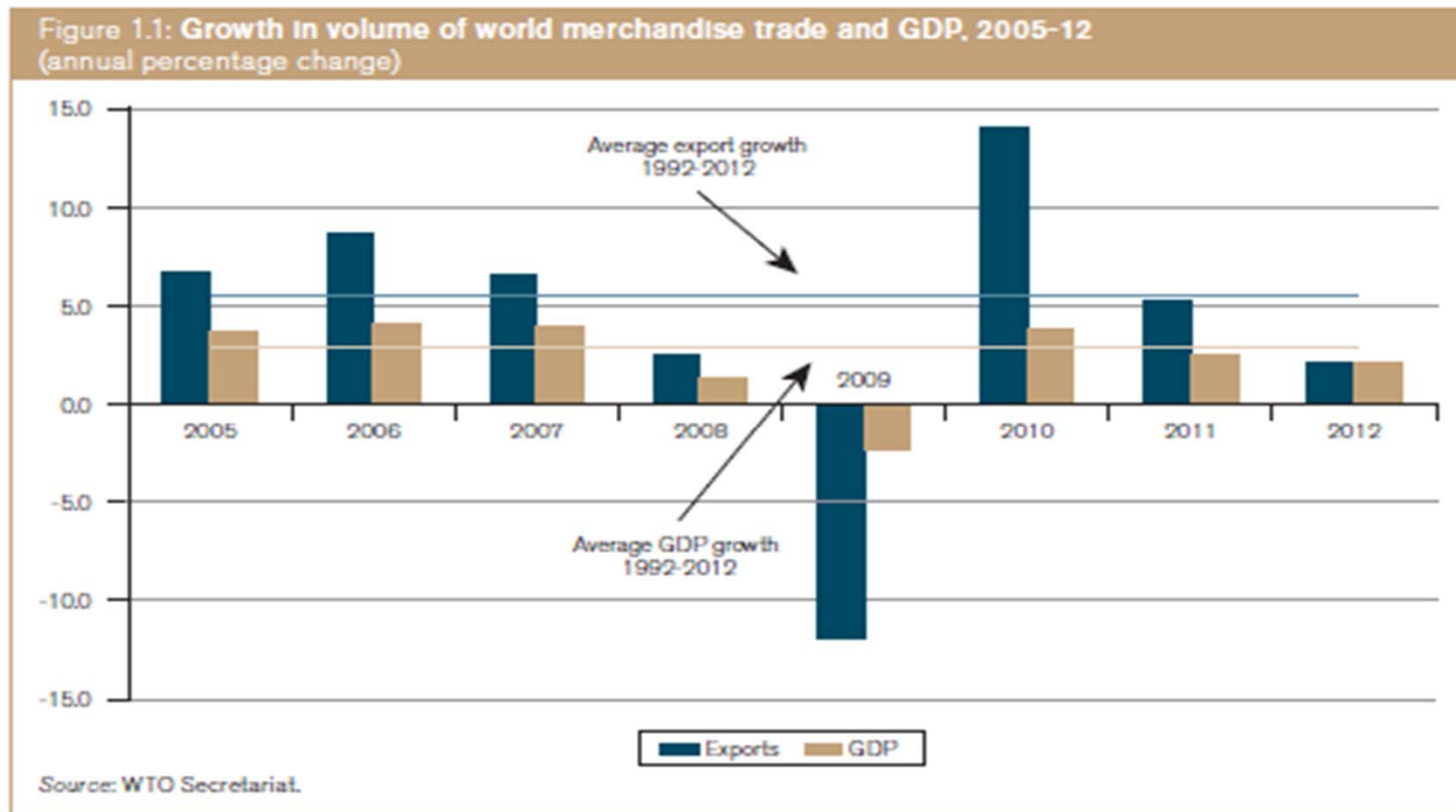
GLOBAL MARKET & ECONOMY

2. The Volume of Global Market

- International market are expanding very rapidly.
- The world's combined value of merchandise exports has grown up to US\$18,325billion in 2012 from US\$59billion in 1948.
- The share of Asia's exports has been increasing significantly since the 1990s. (e.g. China)
- WTO member's share in the world exports account for nearly 95%.

GLOBAL MARKET & ECONOMY

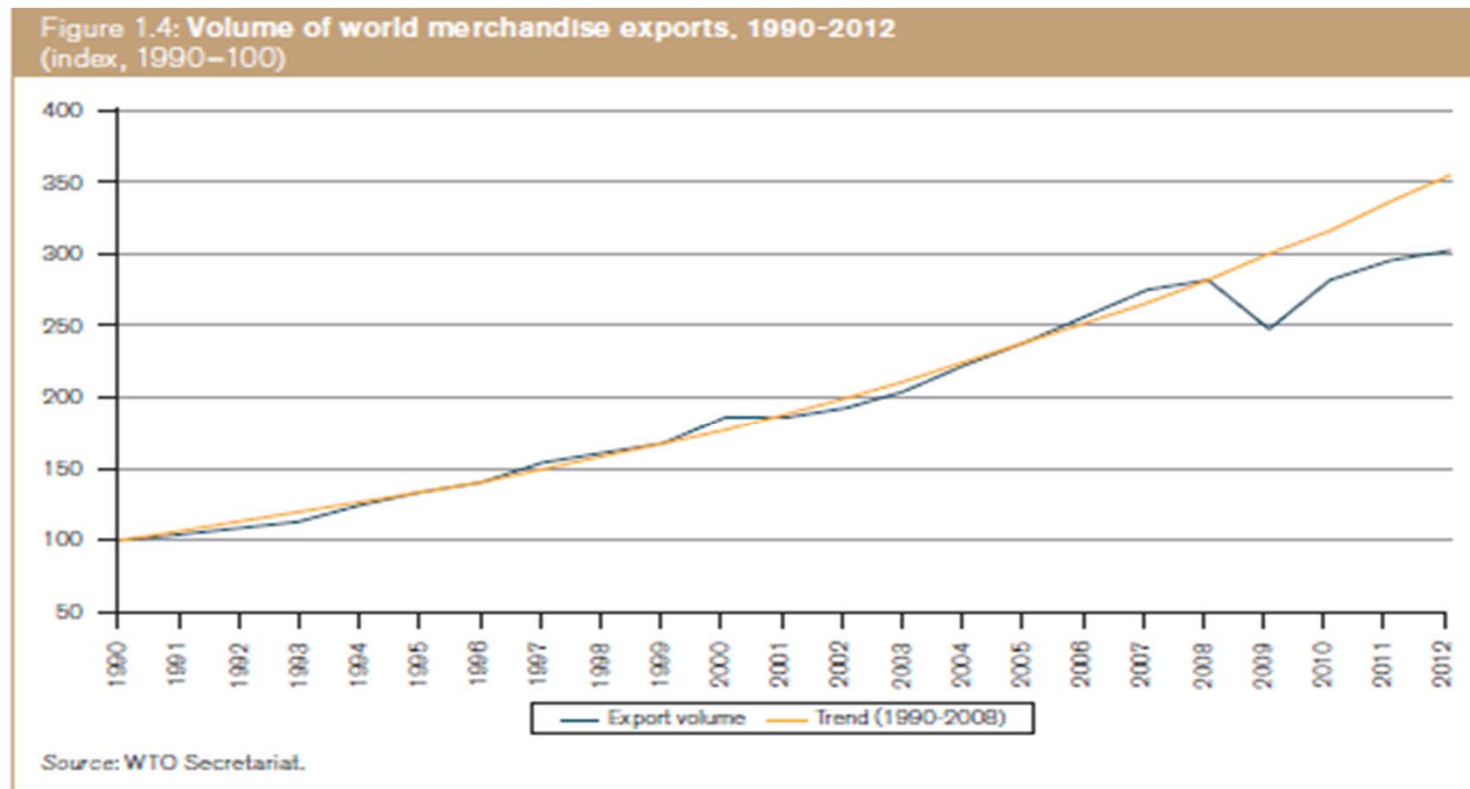
< Growth of World Merchandise Trade and GDP >



Source: WTO (2013), "World Trade Report, 2013"

GLOBAL MARKET & ECONOMY

< Volume of World Merchandise Exports >



Source: WTO (2013), "World Trade Report, 2013"

GLOBAL MARKET & ECONOMY

< World Merchandise Trade in 2012 >

Appendix Table 1.2: Merchandise trade: leading exporters and importers, 2012 (US\$ billion and percentage)									
Rank	Exporter	Value	Share	Annual percentage change	Rank	Importer	Value	Share	Annual percentage change
1	China	2,049	11.2	8	1	United States	2,335	12.6	3
2	United States	1,547	8.4	5	2	China	1,818	9.8	4
3	Germany	1,407	7.7	-5	3	Germany	1,167	6.3	-7
4	Japan	799	4.4	-3	4	Japan	886	4.8	4
5	Netherlands	656	3.6	-2	5	United Kingdom	680	3.7	1
6	France	569	3.1	-5	6	France	674	3.6	-6
7	Korea, Republic of	548	3.0	-1	7	Netherlands	591	3.2	-1
8	Russian Federation	529	2.9	1	8	Hong Kong, China	554	3.0	8
9	Italy	500	2.7	-4		– retained imports	140	0.8	6
10	Hong Kong, China	493	2.7	8	9	Korea, Republic of	520	2.8	-1
	– domestic exports	22	0.1	33	10	India	489	2.6	5
	– re-exports	471	2.6	7	11	Italy	486	2.6	-13
11	United Kingdom	468	2.6	-7	12	Canada*	475	2.6	2
12	Canada	455	2.5	1	13	Belgium	435	2.3	-7
13	Belgium	446	2.4	-6	14	Mexico	380	2.0	5
14	Singapore	408	2.2	0	15	Singapore	380	2.0	4
	– domestic exports	228	1.2	2		– retained imports ^b	199	1.1	11
	– re-exports	180	1.0	-3	16	Russian Federation*	335	1.8	4
15	Saudi Arabia, Kingdom of ^c	386	2.1	6	17	Spain	332	1.8	-12

GLOBAL MARKET & ECONOMY

16	Mexico	371	2.0	6	18	Taipei, Chinese	270	1.5	-4
17	Taipei, Chinese	301	1.6	-2	19	Australia	261	1.4	7
18	United Arab Emirates ^c	300	1.6	5	20	Thailand	248	1.3	8
19	India	293	1.6	-3	21	Turkey	237	1.3	-2
20	Spain	292	1.6	-5	22	Brazil	233	1.3	-2
21	Australia	267	1.4	-5	23	United Arab Emirates ^c	220	1.2	7
22	Brazil	243	1.3	-5	24	Switzerland	198	1.1	-5
23	Thailand	230	1.3	3	25	Malaysia	197	1.1	5
24	Malaysia	227	1.2	0	26	Poland	196	1.1	-7
25	Switzerland	226	1.2	-4	27	Indonesia	190	1.0	8
26	Indonesia	188	1.0	-6	28	Austria	178	1.0	-7
27	Poland	183	1.0	-3	29	Sweden	162	0.9	-8
28	Sweden	172	0.9	-8	30	Saudi Arabia, Kingdom of	144	0.8	9
29	Austria	166	0.9	-6					
30	Norway	160	0.9	0					
Total of above ^d		14,870	81.2	-	Total of above ^d		15,270	82.3	-
World ^d		18,325	100.0	0	World ^d		18,565	100.0	0

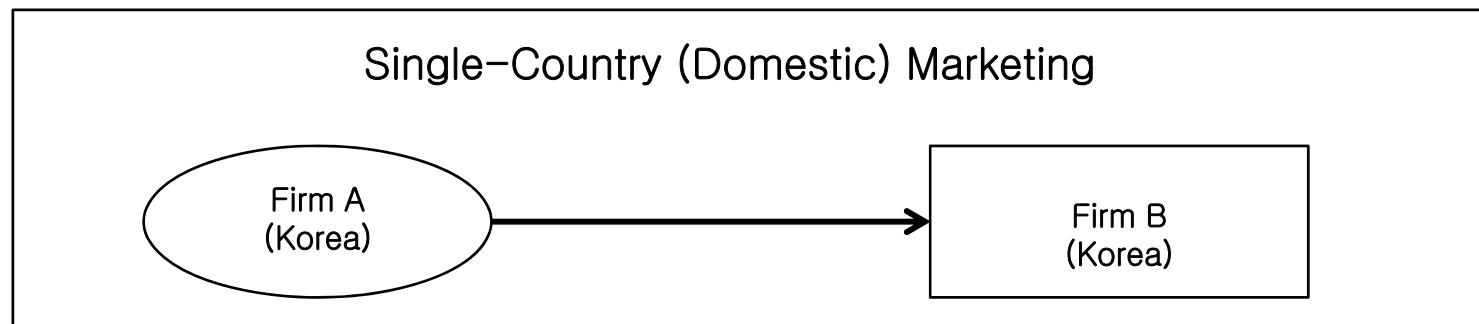
Source: WTO (2013), "World Trade Report, 2013"

TYPES OF MARKETING (BUSINESS)

1. Types of Marketing (Business)

1) Domestic Marketing

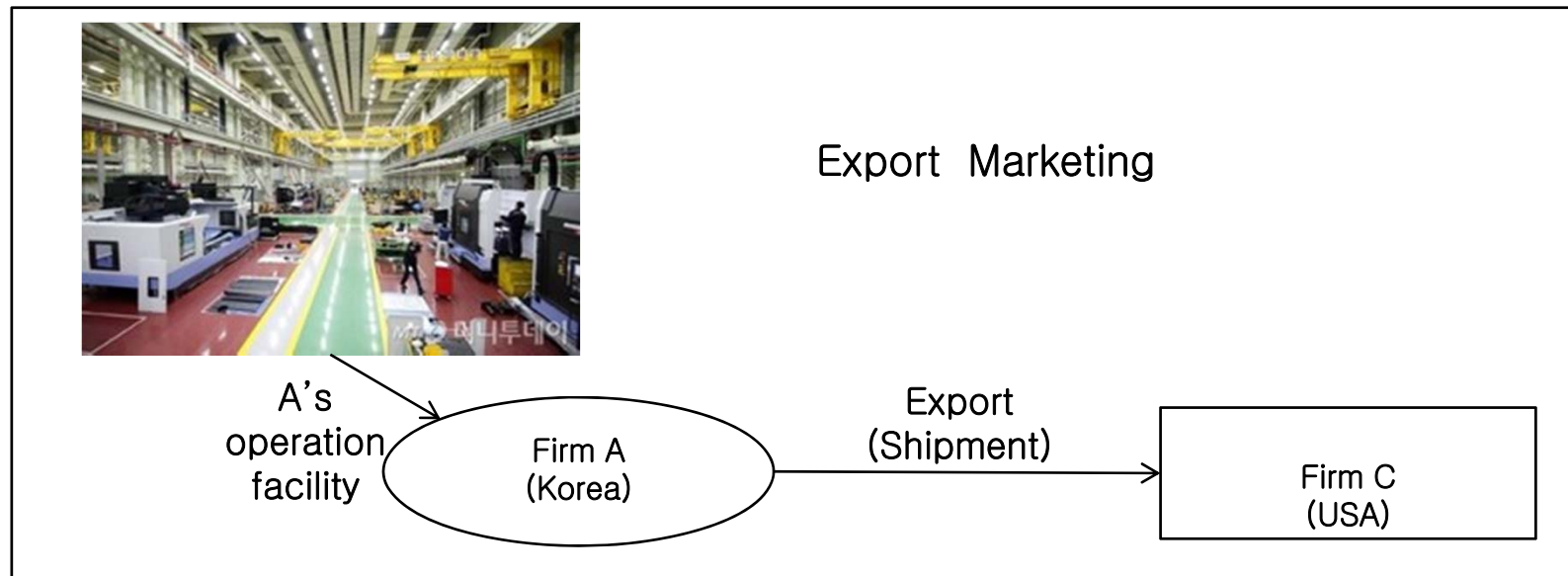
- Marketing activity that is aimed at a single market - the firm's domestic market.
- In domestic marketing, the firm faces only one set of competitive, economic, and market issues, and it deals with only one set of national customers.



TYPES OF MARKETING (BUSINESS)

2) Export Marketing

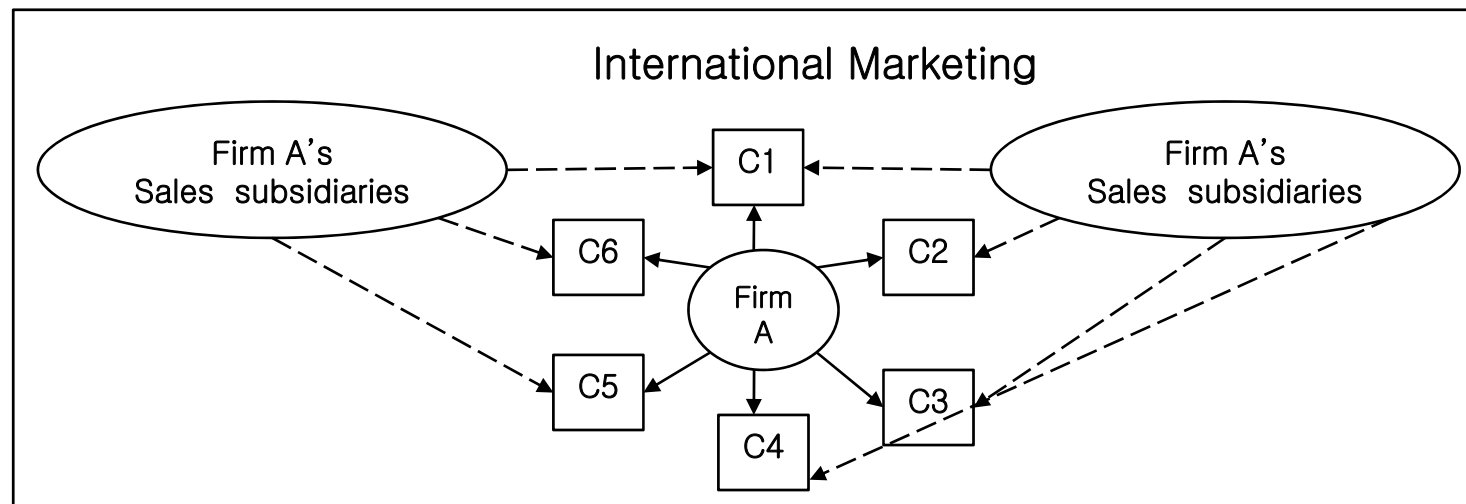
- Marketing activity that is involved when companies sell their products abroad from their domestic base of operation.
- It is an initial step toward global (International) marketing.



TYPES OF MARKETING (BUSINESS)

3) International Marketing

- Marketing activities undertaken when a company becomes significantly involved in local marketing environments in foreign countries.
- The firm normally has its sales subsidiaries → They participate in and develop entire business strategies for their local markets.



TYPES OF MARKETING (BUSINESS)

4) Global Marketing

- Marketing activities that encompass many countries simultaneously.
- Instead of focusing on any individual market, a firm pursues global business strategy that can be applied throughout the world market (Borderless business activities)

