GLOBALIZATION AND MARKETING: EXPLORING THEIR INTERDEPENDENCE

Mitrevska K.
PhD student
University American College Skopje

Abstract

The impact of globalization, coupled with increased market competition, has compelled companies to explore new approaches to maintain their competitive edge. Today, most companies do not focus on whether to go global or not, but rather on where, when and how to penetrate new international markets. When working in different countries, companies must adjust to the conditions and select appropriate marketing strategies. Globalization and marketing are closely connected, as the expansion of global markets has created new opportunities and challenges for marketers.

This review emphasizes globalization and marketing interdependence and highlights the importance of companies understanding this relationship to succeed in a constantly evolving global market.

Keywords: globalization, internationalization, global strategy, marketing.

Defining globalization

Globalization is changing the way nations, businesses, and people communicate by expanding trade, opening up global supply chains, and providing access to natural resources and labor markets. This change in trade and financial interaction also promotes cultural exchange of ideas by removing barriers imposed by geographic constraints, political boundaries, and political economies. Globalization creates opportunities for expansion by reducing trade restrictions, promoting international competition, and encouraging innovation and the exchange of knowledge. However, the various types of exchange facilitated by globalization can have positive and negative effects, such as promoting new ideas and business opportunities while also potentially destabilizing political economies. This chapter defines the concept of globalization, examines it as a process of international economic integration, and outlines its effects.

Globalization as a term generally refers to the expansion of global connections and encompasses multiple processes. Definitions used to describe globalization vary depending on what aspect of globalization is being focused on. It is a complex phenomenon whose meaning has been the subject of general discussion over the years. Essentially, globalization means an economic, political, and cultural process made possible by the rapid development of transportation and communication, often driven by the desire of large companies to expand in new markets.

Different authors provide different definitions of globalization, however, the common component for almost every one of them is that globalization implies the free movement and exchange of resources among countries worldwide. The majority of authors in academic literature, analyzed throughout the years up to today, agree in their views that globalization represents a process [1],[2],[3],[4],[5],[6],[7],[8]. Additionally, a large portion of the authors see globalization as a phenomenon [9] of integration of economies worldwide [10],[11],[12],[13] while a smaller portion defines it as a concept of interdependence of various aspects of life [14],[15],[16],[17],[18]. The definition of [19] is somewhat different and globalization is described as a way for countries to establish some kind of relationship in the international economy, and [20] according to which globalization implies a way [21] in which economies develop to work together as one system. At the core of all definitions over the past thirty years lies global interdependence, i.e. mutual integration of countries worldwide and the intensification of global awareness. The intensification of global awareness is also indicated in today's conditions of action, especially in less developed or poorer countries where markets are still not sufficiently developed, so after companies reach a certain level of business activity, they begin to think about expanding their business beyond national borders. Globalization is a process that affects business systems, their organizational structure, their capabilities, various resources, etc. on a global scale, in such a way that the world is represented as one market. The main goal of globalization of markets is to develop such a global market by maximizing the advantages and various opportunities that individual countries in the world have and should offer (market analysis capability, market access, marketing experience, attractive interest rates, etc.). In global business, decisions are made based on global identification of people, partners, technology, and strategic decisions are made to achieve a competitive advantage in the global market. Once markets and companies become global due to the varied competitive situations they encounter, the adoption of the marketing concept becomes a necessity. The strategies used by global companies will have to include market development, mergers and partnerships in some markets, acquisitions in others, and various activities, both in new and existing markets. Business strategy becomes more complex and multidimensional, based on different marketing strategies in different markets. An increasing number of companies worldwide see their business in a global context. For some, this means considering markets and company operations together in an integrated framework. For others, it means standardizing products and marketing programs, as well as streamlining research and development and production to create global economies of scale, with tactical marketing carried out on a country-by-country basis. For many companies, this means transforming from domestic or multinational into individual global entities that are active everywhere in the world. The global strategy implies that the company is positioned on the basis of a combination of expertise, infrastructure, and products in all markets, rather than on the principle of "country-by-country".

Tempted by the possibility of achieving higher rates of profit and creating new labor-saving technologies, the innovative capitalists, according to [22], are confronted with technological imitations and intense competition that negatively affects their market advantage. The only way to escape such a situation is to invest abroad, i.e., globalization, investing and producing in less technologically developed economies. Such globalization of markets is seen as a double-edged sword as it creates replicas of technologically advanced economies on one hand and destroys the social and economic fabrics of less developed economies on the other [23]. Generally speaking, it can be said that this is a progressive, contradictory, and uncertain process that is quite topical and a subject that triggers many debates with different interpretations.

Drivers of globalization

Companies that operate in global industries must plan and implement their business activities in accordance with the criteria imposed by the global aspect of the specific industry. There are many factors that drive global orientation, even for companies that want to work within the boundaries of their country and belong to one of the global industries. Global competitors may enter the domestic market by offering better products or lower prices. The company may also discover foreign markets that offer more profit opportunities than the domestic market. The domestic market of the company may shrink, or the company may need to expand its customer base to achieve economies of scale. Or maybe it wants to reduce its dependence on any market to reduce its risks. Finally, the company's customers may demand a global level of quality, which is an additional challenge for the company to withstand the pressures of globalization.

Before entering the international market, the company needs to have identified the potential risks of entering such a market. It also needs to have carried out various research and analyses on whose basis it will determine its real ability to work globally. Some of the basic questions that need to be addressed include: whether the company is sufficiently prepared to understand and accept the specific habits of consumers in the market of the country in which it wants to enter; whether it can offer attractive products for competition; whether the company has the ability to adapt to the business culture of the country; whether the company's managers have the international work experience required to enter the foreign market; whether the legal regulations are known etc.

Among the most important motives for companies' global orientation are the following [24]: *competition and customers* (in many industries, competitors have a global approach to customers, and therefore customer demands are more sophisticated), *technology* (considering the fact that technology develops at different rates in different countries, as a driving force for change and competitive advantage, it is no longer enough for technological resources to come from only one country) and the *business economy* (the business economy changes in accordance with labor costs, availability of special skills and standardization opportunities, for example, textile production advantages have moved from Hong Kong to Taiwan, Korea and Mauritius, and then to China, according to the global approach, which enables the company to plan and respond to these changes in the costs and quality of its outputs).

Another important classification includes the following engines of globalization: the market, costs, government, and competitiveness.

The market as an engine includes: increased expectations, changes in lifestyle and tastes, increased travels, positioning of global names and brands, emergence of segments of the global market, demands for global promotional campaigns, and the internet as a generator of market trends.

The cost engines include: strengthening the economies of scale, acceleration of technological innovations, transportation advantages, redirecting production activities to newly developed countries in search of cheap resources and labor, and increasing costs for the development of products related to shortening the life cycle of products in the market.

The government as an engine includes: reducing trade barriers, forming regional business groups, privatizing state affairs, and reducing the number of economies with a dominant state.

And competitiveness as a driving force encompasses: expanding the world economy, increasing the level of foreign intermediation, increasing the number of companies operating at a global level versus national bases, and forming global strategic alliances.

The drivers of globalization create the potential for businesses to achieve the benefits of a global strategy, and the ability of the company to achieve a global strategy depends on how important the benefits that need to be achieved are.

Global aspects of work.

In the modern global economy, organizations face the phenomenon of globalization. Every country, without exception, to a greater or lesser extent, strives to open up to foreign markets. This fact imposes the need to reconsider the domestic orientation of companies and increase the interest in a global approach through a global strategy [25]. Each industry has global or potentially global aspects. A business strategy is global to the extent that it has integral business performances in the global market as a whole, where it is not identified with its parts, such as global production or standardization of global products. The global strategy is a flexible combination of many elements and as a process, it has three distinct phases [26]:

First phase: Developing a business strategy based on the company's competitive advantage and involving management for global positioning.

Second phase: Internationalizing the strategy by expanding activities and adapting the core strategy to foreign markets.

Third phase: Integrating strategies in global markets, ensuring globalization of the business.

The strategy for globalization is multidimensional and requires a choice between at least five strategic dimensions, such as: market selection, market share and level of activity in that market; standardization of the product and/or service; choice of location for activities in the value chain (from research and development to service support); mandatory marketing orientation in determining the brand name or brand strategy, promotion strategy, sales strategy, and gains; and competitive moves that are related to the extent to which moves in certain countries are part of the global competitive strategy. The benefits of a global strategy are most obvious in the following categories: reducing costs, improving the quality of products and services, increasing benefits for customers, and improving competitive power.

As a disadvantage of the global strategy, high costs are cited for standardizing products, services, and processes that may not be adapted to specific consumers and their needs in certain countries and may not generate success for the company. Also, there are difficulties in specifying the competitive position in certain countries, which makes some market strategies in that country less effective than in another country.

The global company within its operations contains the following characteristics: for its business activities it has a global concept, so the focus is on how to do business, not where to work; decentralization of its activities, so that the company will be able to work anywhere, yet in accordance with the needs of centralized activities; adoption of the concept of integration and belief that each individual activity should reflect the whole; adaptation to values, attitudes, and beliefs in the areas where it operates and which are specific to the local interests of the groups; elimination of boundaries between participants in creating the value chain and elimination of barriers to information transfer; builds trust among members of the company and the global network in order to encourage communication and decision-making in business operations; encourages both vertical and horizontal communication; acts as a coordinator between members of the organization's networks; possesses an understanding of the global business economy in which it is included; advocates the concept of social responsibility in the countries in which it operates; and actively works to achieve economies of scale.

Interdependence of globalization and marketing.

In every area of human activity, there is a part that contains "foreign" elements, whether it is products, services, information, capital flows, knowledge flows, technology and experience transfers, sports, science, environmental protection, etc. The strong influence of factors from the international environment in the conception and development of own activities, the provision of necessary resources and the profiling of products according to international standards, contributes to a high degree of interdependence and interconnectivity of all business activities at a global level. Such "growing global interconnection of the economies of modern countries was dramatic," as "policymakers had finally realized that it was difficult to isolate domestic economic activities from international market activities" [27]. Even in the 1980s, when the era of global markets and global competition began, it was warned that states and companies would be at a crossroads, so that every state that adopted such a system of work must have companies that would be able to survive in the market, to develop business activities globally and to progress in such a world of global competition, in order to achieve success. Generating market success refers to capturing markets at the national and international level, while achieving market share, maintaining or increasing it.

It is estimated that the creation of a global consumer market largely results from technological development [28]. The assessment is that products with widely varying purposes and places in the consumer system can become global products. The reason for the success of global products is that customers prefer good value for high-quality, highly adapted products for specific purposes, even at significantly higher prices. An organization that wants to be global in this way must not only try to find target markets, but also create them. It is necessary to minimize some insignificant differences between countries and to try to use marketing as a homogenized global demand. The success of some companies in the international market is the result of factors other than creating universal products and customer demand. Whether the market is global or not is assessed from the perspective of two criteria. The first is whether certain needs become similar between countries. The second is that rarity or restrictions on factors can prevent globalization. Global mass marketing is possible only if global needs and resources are homogeneous. Global marketing means focusing on a company's global opportunities, rather than overlooking the risks that such an orientation entails. A global marketing plan is created based on information from the international market and must integrate all activities in the target markets. Global planning also requires a global approach to controlling the marketing system and different standards for measuring the success of the organization's operations. Global marketing requires planning, organizing, and controlling marketing activities with the intention of achieving the organization's goals simultaneously in and among foreign markets. In global marketing, the development of new products is carried out with the aim of meeting the needs of the national and global markets, based on the opportunities. Ideas are used from around the world if they fit within the strategic areas of the organization. For the necessary financial resources, the organization turns to sources where it can obtain them on the most favorable terms.

In global marketing, it is necessary to work on multiple projects in a coordinated manner and allocate and reallocate resources according to the needs to achieve global strategic goals. Orientation towards global markets usually requires the creation of a "megabrand" and a global marketing mix that emphasizes criteria of availability, accessibility, and acceptability [29]. An important decision in international marketing is whether, in the process of globalizing the business, to standardize the marketing mix tools or, in some way, to precisely select the buyers of the company's products for a potential global market. Today, there is a new production technique that, with the help of the Internet and advanced technological processes, will enable individual consumers to create their own products while still having global access to business and communication. This so-called mass customization is a significant factor in the competitiveness of the global market [30]. Companies that enable such a way of mass ordering declare themselves as global, using interactive internet presentations in communication with global consumers.

Conclusion

In conclusion, globalization is a complex and multifaceted process that has brought significant changes on a global scale. The interdependence between globalization and marketing is a complex and dynamic relationship that has created both new opportunities and challenges for marketers. As companies expand their operations globally, they face unique challenges and competitive situations that require complex and multidimensional strategies. Global marketing plays a crucial role in this process by enabling organizations to plan, organize, and control marketing activities across multiple foreign markets. One of the key ways that marketing and globalization are interdependent is through the need for businesses to tailor their marketing strategies to different cultures and regions. With globalization advancing rapidly, marketing trends are constantly evolving and companies must continuously adapt to these changes to succeed. Overall, the interdependence between marketing and globalization is significant, and businesses that are able to effectively navigate through this are well-positioned to succeed in today's global economy.

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