

# Marketing for Global Markets Unit 1.docx

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 ATLAS SkillTech University

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## Unit 1: Fundamentals of Global Marketing

### Learning Objectives

1. Define the concept of global marketing and distinguish it from domestic marketing.
2. Explain the scope and strategic importance of global marketing in a dynamic business environment.
3. Identify and analyze key drivers of globalization such as technology, trade liberalization, and emerging markets.
4. Evaluate the challenges posed by cultural, legal, political, and economic differences in global marketing.
5. Understand the implications of consumer behavior differences across global markets.
6. Assess the role of global competition and its influence on branding and positioning strategies.
7. Examine real-world cases such as Coca-Cola to understand the balance between standardization and localization in global marketing strategies.

### Content

- 1.0 Introductory Caselet
- 1.1 Introduction to Global Marketing: Scope and Importance
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## 1.0 Introductory Caselet

### “The Rise of TastySpice: A Local Brand’s Leap Into the Global Market”

TastySpice, a family-run Indian spice company from Kochi, started by selling to local grocery stores freshly ground spice blends in 2010. The brand soon became a household name in southern India with unbeatable quality and genuine tastes. Inspired by the success of their local business and the global trend toward ethnic food, the 2nd generation owners began to consider exporting.

By 2015, TastySpice had export contracts with Indian stores in the UAE and UK. But as they scaled into various international markets, the founders faced new hurdles—compliance in the EU, packaging rules in North America and consumer behavior in Southeast Asia. Their marketing campaigns were traditional and culturally based on local idioms that had nothing to do with international fans.

To acclimate, TastySpice linked up with local marketing firms and took a deep dive into consumer research. They overhauled their packaging, brought to market product iterations for local tastes and leveraged online platforms to tell their brand story. The result was a hybrid approach that simultaneously standardized core brand assets like the logo and quality promise, while localizing flavors offered and marketing campaigns.

In 2023, TastySpice had become an admired international brand in 22 countries. Their success is proof that even small companies can go global with the right strategy, cultural sensitivity and nimble marketing efforts.

#### Critical Thinking Question

How did TastySpice’s strategy of balancing standardization and localization contribute to its successful international expansion, and what risks associated with this approach will it need to address as it continues to expand into more culturally diverse markets?

## 1.1 Global Marketing: An Overview of Scope and Importance

### 1.1.1 Global Marketing: Definition and Concept

Global marketing is the process of developing and executing a company's products, advertising, and other marketing activities through research that takes place on a global scale. It relates to matching the target international market segments, recognizing cultural differences, standardization versus localization of products or services, developing communication activities that resonate across different consumer profiles and at the same time respect core brand values.

Key Aspects of the Concept:

- Cross-border Marketing Strategies Integration:

International marketing is much more than just selling in another market. It entails creating and executing across a number of geographies strategies to optimize economies of scale, reinforce brand value, and take advantage of technology efficiencies. By coordinating marketing worldwide, brands can maintain consistency and pool resources across different markets. An excellent demonstration of such a philosophy can be seen in Coca-Cola's "Open Happiness" campaign, which rolled out globally virtually unchanged. That's how a consistent worldwide strategy delivers among very different audiences and still appeals to everyone.

- Focus on Heterogeneous Markets:

Marketers need to recognise significant variations in consumer behaviour, regulatory standards and socio-political considerations. Product feature, packaging and promotional preferences can be quite different, for example between Nordic countries and South Asia.

- Duality of Standardization and Adaptation:

Global marketing exists on a spectrum between extensive standardization, where the same product and promotion are employed all over the world, and full adaptation – that is, new products designed specifically for each individual market. McDonald's global strategy epitomizes this balance by featuring key brand components while customizing menus to appeal to local palates like the McAloo Tikki in India and Teriyaki Burger in Japan.

- Global Branding and Positioning:

Positioning needs to travel with the brand, but told in a culture-friendly way. Successful global brands emphasize

values common to all markets, such as quality and trust and innovation, but leaving room for expression at the local level.

- Cross-Border Market Research:

Substantial research is essential to understand the social- cultural, economic and legal context. This includes the big macro picture (GDP growth, political stability) and down to the individual consumer profile, traits, preference and media habits.

- **Technology as a Global Connector:**

Spearheaded by e-commerce, social media and mobile penetration, the digital revolution has brought about vast changes in the scope of global marketing strategies. This means brands can engage in live interactions with global audiences, and gather feedback, launch campaigns, make adjustments on the fly.

- **Multiple Market Entry Modes:**

Firms can choose to market internationally by exporting, licensing, franchising or joint ventures with a host country or setting up wholly owned subsidiaries. The selection of the entry strategy is made based on consideration of risk aversion, investment and information control.

- **Global Marketing Orientation:**

A firm's attitude toward the global market—that is whether it is ethnocentric, polycentric, regiocentric or geocentric—affects its view of and reaction to international opportunities. Of these, geocentrism is the closest to contemporary global marketing thinking; in this approach it may be seen that synergies between markets are emphasized, thereby realizing potential scale and scope economies.

- **Cultural Intelligence and Responsiveness:**

Cross-cultural communication is essential because a campaign that fails to take local customs or religious sentiments into account risks provoking a backlash and damage to its reputation.

This definition serves to emphasize that global marketing is not just “marketing abroad” but is about taking a strategic approach, and not only considering the diversity at global level but also finding out what will be relevant in local terms.

### **1.1.2 Scope of Global Marketing**

The dimensions of international marketing It consists of activities, functions or issues that are common to most, if not all countries. The scope of global marketing The width.jsdfsif dsfsd Approach a subject and discuss it contribute the concept “scope” In International Marketing. With businesses being more and more borderless, this scope has gone far beyond conventional export activities.

Detailed Dimensions of Scope:

- **Geographical Expansion:**

Multi-level marketing applies to business activities in many countries and regions where the legal, economic, and cultural environments vary. MNCs can be present on more than 100 countries and they also adjust their strategy for each market while maintaining a global integration.

- **Product Strategy and Development:**

Products need to be adapted, or better yet, designed for them in the first place. This means understanding local demand, safety requirements, consumer preferences and technology levels. Smartphone brands such as Xiaomi release phones with similar features but power settings to match the infrastructure in India or Europe.”

- **Global Branding and Advertising:**

Locale and global with marketing Creating a strong brand Global yet local market identity has to develop side by side to the company's strategies.

communication strategies. There needs to be a connection with local audiences while not compromising the core brand identity. In order to make this happen, brands do well to use local influencers and regional festivals, and speak in the native language of their chosen audience.

- **Distribution and Supply Chain Management:**

The global player tends to lead to more complex supply chain logistics. Businesses must manage warehousing, shipping routes, local partnerships and “last mile,” the last leg of a delivery route. For example, Amazon adapts its supply chain in each country to comply with local regulations and logistics.

- **Pricing Strategy and Currency Considerations:**

Global pricing needs to factor in considerations such as currency exchange rates, purchasing power, tariffs and competitive pressures. Marketers can adopt, single pricing, psychological pricing or uniform price depending on the overall strategy.

- **Regulatory and Legal Compliance:**

All markets have specific advertising regulations, labeling requirements, product safety standards, and import restrictions. Any company that doesn't ensure compliance is at risk and responsible for damages in both courts and in terms of brand reputation.

- **Consumer Insights and Market Research:**

The global consumer: Custom methods to decode how consumers behave across the world. This, it is argued, should provide some control over both the content and context of studies – focus groups, surveys and anything along an ethnographic continuum have to somehow make sense culturally in order that they bring back valid information.

- **Crisis and Risk Management:**

Political volatility or economic instability poses a real investment hazard. Marketers need to have backup strategies for the contingencies and adaptive strategies for dealing with such a situation.

- **Digital Global Marketing:**

The Surge of Digital Platforms With the proliferation of digital platforms, we can now communicate with people all over the world through social media, SEO (Search Engine Optimization), influencer marketing as well as global ad platforms like Google Ads and Facebook. For instance, Spotify derives country specific playlists and recommendations from global algorithms by incorporating local data into the models.

- **Sustainability and Ethics:**

Contemporary global consumers demand that brands are both morally and ethically sound with their business conducts in order to make this aspect of international marketing strategy indispensable. The likes of sustainability reporting, responsible sourcing, and eco-friendly packaging are all part and parcel of many global brand mandates now.

International marketing is not just about strategy but rather about the interaction among strategy, culture, technology, and adaptability over global frontiers.

### **Did You Know?**

“Many marketers are unaware that the concept of "reverse innovation" is now a vital part of global marketing scope. It refers to products originally designed for emerging markets that later gain popularity in developed economies. For example, GE Healthcare created a low-cost portable ECG machine for India, which was later adopted in U.S. rural health programs. This challenges the old model where innovation only flowed from West to East and highlights how global marketing increasingly begins in the Global South.”

### **1.1.3 Importance of Global Marketing**

Global marketing is no longer just a strategic choice but has become, for many firms, the only way to survive let alone prosper and grow in an ever faster globalising world.

Why Global Marketing is More Important than Ever:

- **Market Saturation in Domestic Markets:**

Domestic markets are mature or declining channels in most developed countries. New customer markets allow for growth, especially in developing markets where expanding middle classes and unmet demand generate new opportunities.

- Economies of Scale:

Using global economies of scale to cut unit costs and improve margins. Centralized marketing campaigns and conglomerated production hubs also further reduce both.

operational expenses, enhancing efficiency.

- Brand Globalization and Visibility:

Brand equity, consumer confidence and investor trust are all greatly enhanced by having a global presence. Large global brands such as Samsung and Nike garner respect and higher valuations, because their penetration is felt around the world.

- Access to Innovation and Talent:

International companies have access to innovation ecosystems in multiple countries. For example, we can bring together German R&D, Swedish design and Chinese manufacturing for excellent results.

- Diversification of Risk:

Companies who have no other market than the domestic one are sitting ducks for economic problems, changes in policy or natural disasters. By operating on a global scale, companies spread their interests and risks to different locations.

- Cultural Learning and Consumer Insights:

Doing business in different countries exposes companies to diverse consumer habits and preferences, leading to innovation. This helps marketers to identify global opportunities and address regional needs.

- Competitive Advantage:

Leading the way in international markets now can yield long-term advantages like increased market share.

sharing, healthy relationships — as well local goodwill. This is evidenced by companies like Unilever and Nestlé, which have developed rural supply chains before domestic competition entered the space.

- Digital Disruption and Borderless Commerce:

Geography is increasingly irrelevant in countless industries, with the growth of digital platforms and global payment systems. Small house, and suchlike kind of businesses can now scale globally through the likes of Shopify, Etsy or Amazon Global.

- Customer Expectations of Global Presence:

Today's consumers are increasingly demanding a uniform brand experience wherever they go and the demand is particularly high for service based businesses such as hotels, airlines, fast food chains. Worldwide marketing helps guarantee that brand claims are in sync at every customer touchpoint.

- Sustainability Agendas and Global Common Goals:

Cross-border marketing also extends the reach of company responsibility by reflecting ESG and UN Sustainable Development Goals (SDGs) initiatives. Even the former agnostic brands now talk actively about their climate change, gender equality, and clean energy credentials in terms of global positioning.

At a high level, then: Global marketing is no longer about surplus but, rather, the stringing together of value chain nodes (or economic clusters), brand ecosystems and multispeed global relevance.

#### 1.1.4 Domestic vs International Marketing differences

While the principles of marketing are universal, focusing on the right customer with the right product or service, there are differences you need to take into account when approaching global marketing vs. domestic marketing as well as internationally and here we will show why working with a professional in each specialised area which is important.

Comparative Dimensions:

- Cultural Sensitivity and Diversity:

Domestic marketing is inter-market differences within a country while international marketing is International Marketing – the development of marketing strategies for different countries. What is funny in one country may be downright offensive in another so being culturally sensitive is a crucial aspect.

- Regulatory Environment:

Domestic marketers play in one set of rules whereas global marketers play across many and inconsistent legal systems. These differences may encompass labelling requirements, advertising standards, employment laws and tax policies.

- Currency and Pricing Strategy:

In domestic pricing the reliance is on one currency, in a relatively stable economic environment.

challenges." by contrast, global pricing has to cope with exchange rates variations, taxes and tariffs at local level as well as difference on purchasing power parity.

- Consumer Insight and Research:

Domestic marketing has the advantage that consumer relations are easier through homogenous media habits and language. On the other hand, global marketing demands market specific research approaches that are significantly sensitive to local settings in order to deliver valid and insightful results.

- Distribution Complexity:

Supply chains within the country are largely linear and more foreseeable, while global marketing goes far beyond national borders to lean on complex international logistics. This comprises customs clearance, port handling, and 15 yard operation.

establishing partnerships with local retailers.

- Promotional Channels and Media Usage:

Media use varies greatly from one country to another. - For instance, television still reigns supreme in rural India, but mobile-first is a way of life in South Korea, thus meaning that you are @{"A good global developer"} +/- \@Aaronontheweb=> 400} any(400) atoi(variable) < 500 [rgba(255,255,0,.87)] all the REQ/resd and their values (time etc...) from Dabidi.

marketers to adapt promotional channels accordingly.

- Strategic Focus:

Home marketing is usually based on tactical and sales-motivated approaches. Global marketing, on the other hand, includes longer-term strategic planning, greater investment and consideration of geopolitical risks.

- Customer Relationship Management:

On the home front, loyalty programmes and after-sales service tend to be formulaic affairs. Customer relationship management systems have to be tuned for local communication styles and different customer service expectations around the world.

- Organizational Structure:

Domestic marketing staffs are usually part of a central company organization. For global marketing, the approach is neater: decentralised decision making for local sales and marketing adjustments, close communication with local subsidiaries and matrixed team structures.

It's important to recognize these differences in order to structure effective global strategies. Many of failures are the result of perceiving global marketing strategy as an extension of domestic strategy.

## 1.2 Drivers And Challenges Of Globalization In Marketing

### 1.2.1 Key Drivers – Technology, Trade Liberalization and Emerging Markets

Globalization in marketing is essentially due to structural, technological and economic reasons that allow companies to easily enter new international markets. Within these, three powerful forces are technology, trade liberalisation and the emergence of developing economies.

#### Technology in the Catalyzation of Global Marketing

The nature of global marketing has been significantly affected by breakthroughs in technology. They have sped up communication, research, logistics and payment systems and made them cheaper and more scalable across borders.

- Internet and Digital Platforms:

So far so good — the Internet is definitely a low-cost way to reach across borders, and represents marketing 101 these days. Digital platforms like Google, Meta, Alibaba and Amazon have enabled advertisers to reach specific groups of people around the world by language, interests, location or behaviors. What is more, e-commerce technologies power cross-border sales, logistics interconnection and multi-language websites that have streamlining overseas business easier.

- Big Data and Analytics:

In modern times, companies collect data from numerous touchpoints across the globe, such as Websites, Social Media, Point-of-Sale Systems and CRM systems. Predictive analytics and artificial

intelligence to personalize marketing messages at scale across the globe, revising segmentation as needed to drive relevancy among a broad range of consumer audiences.

- Mobile and Social Media Penetration:

Brands are now accessed by billions of users in emerging markets through the smartphone. That has been turbocharged by social media, which not only enables micro-targeting of local audiences and viral local campaigns using global platforms, but is both about reach (as in broadcast) and relevance (as in addresses the most personal information you provide to a friends site).

- Supply Chain and Manufacturing Technology:

Innovations such as robotics and 3D printing have increased cost-effectiveness, while smart warehousing has lowered the barriers to customisation in global manufacturing. Connected and IoT solutions also allow brands to track inventory in real-time, helping them be more accurate with delivery timelines and ensuring product supply across markets.

- Marketing Automation Tools:

CRM systems such as Salesforce and HubSpot now enable multilingual campaign management with localised personalisation, which means brand consistency on a global level. Meanwhile, chatbots and AI-based customer service offer 24/7 support in multiple languages and time zones to better serve clients worldwide.

### Trade Liberalization as a Driver

Trade liberalisation includes the elimination or reduction of barriers to trade, such as tariffs, quotas and regulations.

- Free Trade Agreements (FTAs):

Deals like NAFTA (which is now USMCA), the EU single market, RCEP and ASEAN have opened borders for trade to an unprecedented extent. They contribute to the reduction of tariffs, simplification of customs procedures and free movement of investment among members. Take the EU single market, for example, that allows companies such as IKEA to conduct business with ease through.

Euro countries, as RCEP enables Asian brands such as Toyota with the potential to grow more effectively across the region.

- WTO and Global Trade Governance:

The WTO is critical to create a system for trade dispute resolution and restraining protectionism. By encouraging harmonization of trading systems between its members, the WTO promotes more stable and predictable world trade. For example, the WTO dispute settlement system has been crucial in resolving disputes such as the already 14-year-old Airbus-Boeing subsidies case and provide for a fairer competition in the aviation sector.

- Ease of Market Entry:

Trade barriers to entry have also been lowered, easing the procedure for companies to set-up shop, sell goods or partner with local firms. Policy climates at the international level have been influenced in a manner that made licensing, franchising and joint ventures to seek foreign markets more attractive. A prime

is McDonald's, which has grown worldwide through franchising, and Starbucks often enters markets in joint ventures with local partners, like its alliance with Tata in India.

- Foreign Direct Investment (FDI) Incentives:

Some countries have begun offering tax incentives and infrastructure to draw international brands. Such actions could pave the way for companies to grow their marketing infrastructure in other markets and become a more significant global force. Apple, for instance, has gobbled up tax subsidies as it establishes European headquarters in Ireland; and Tesla has grown its footprint in China, where it received government-backed incentives to build its Shanghai Gigafactory.

## Emerging Markets Are the Growth Engine

GLOBAL An Ascend to power EMERGING MARKETS New wealth, new consumers drives transition of lower-income countries Emerging markets create big possibilities for worldwide marketers as income levels rise and the urban population grows.

- Rising Middle Class:

Middle-class expansion is taking place rapidly in countries like India, Brazil, Indonesia and Nigeria. This segment of the population has more and more money to spend, wants to buy global brands and are increasingly being digitized. For example, the middle class in India has driven

growth for such brands as Xiaomi and Netflix while Brazil's burgeoning consumer class has fueled demand for automotive brands like Hyundai.

- Untapped Consumer Demand:

(Few product categories, among them packaged food, personal care, insurance and mobile services that are underpenetrated in much of the developing world. Global companies have gained more by being an early entrant in these markets and create lasting legacy. For example, Unilever

won a foothold in India with inexpensive personal care items, and Safaricom in Kenya led the way in mobile money with M-Pesa to serve unmet financial service needs.

- Urbanization and Infrastructure Growth:

Strong consumer demand for modern marketing and distribution channels has been supported by better infrastructure, retail chains spreading their network to small towns, and greater digital connectivity. Walmart has benefited from urban retail expansion in Mexico, while Jumia — often referred to as the “Amazon of Africa” — is exploiting a growing logistics and e-commerce infrastructure across Nigeria and elsewhere in Africa.

- Digital Leapfrogging:

Many consumers in emerging markets have already skipped landlines and desktop computers, and simply leaped to a mobile-first way of living. This opens the door for marketers to connect with this digital-native population through mobile apps, video content and SMS campaigns. For example,

The explosive success of TikTok in Indonesia illustrates the mobile-first approach, and India's swift embrace of digital payments through Paytm showcases how consumers leapfrogged traditional banking infrastructure.

Together, these drivers dismantle the barriers to entry, lower operating expenses, extend a global reach and more broadly elevate brand identity – ensuring that globalisation becomes an essential part of every marketer’s strategy.

### 1.2.2 Cultural Differences and Consumer Behavior

Cross-cultural differences is one of the most difficult problem in the international marketing. They shape how consumers evaluate value, decide what they like, trust brands, respond to communications and experience products.

#### Dimensions of Cultural Impact on Marketing



Figure 1.1

#### Dimensions of Culture in Marketing

- **Language and Communication:**

The wrong translation or contextual relationship can completely misinterpret the intentions of a brand, its slogan or ad campaign which may also result in negative perception. For example, Pepsi’s tagline “Come alive with the Pepsi generation” was reported to have been translated in Chinese to mean “Pepsi brings your ancestors back from the grave,” which caused confusion and unintended offense.

- **Values, Norms, and Beliefs:**

Social values - be they about individualism versus collectivism, gender roles or religious norms - condition here and now what is more or less popular. A personal-gaincentric campaign can succeed in the United States, but a similar approach may not be ecognized as culturally appropriate in Japan.

- Aesthetics and Symbolism:

Colours, Geometrical forms and Symbols have different meanings to people from different culture s. For instance, white means purity and innocence in many Western cultures but is a color of mourning in much of Asia. This creates a dependency on visual material in global advertising campaigns.

- Food, Clothing, and Rituals:

Marketers for food, apparel and beauty must also grapple with dietary laws, traditional dress and grooming customs. For example, a snack that contains pork needs to be carefully sited — or steered clear of altogether — in Islamic markets; fashion labels such as H&M have needed to adjust collections in order to be sensitive to the modest clothing norms adhered to in Middle East countries.

- Decision-Making Processes:

The way people make decisions about what to buy is influenced by culture too. In high-context cultures (e.g. in China and Japan) family members are included in the buying decision process and trust accounts for a long time close relationship. In Western markets, consumers prioritize the rapidity of choice as well as autonomy and comparison.

- Brand Perception:

Other cultures are extremely brand status conscious where foreign products equate perceived quality, prestige and status--luxury goods in China being a good example. Yet other markets might see consumers favor local alternatives they take pride in or feel familiar to, for example Patanjali pitting against multinational FMCGs brands in India.

### Frameworks for Cultural Understanding

- Hofstede's Cultural Dimensions:

[4,5] Hofstede's model emphasizes 6 dimensions shaping consumer behavior and marketing in different cultures. They are individualism versus collectivism, power distance, uncertainty avoidance, masculinity versus femininity, long-term orientation and indulgence versus restraint. end up manifesting themselves Four-dimensional philosophy and turf structures are essential to understanding the ways in which societies make mindful decisions, respect the authority of their leaders and understand sexual roles, among a multitude of other ensuring factors.

marketers when designing campaigns.

- High and Low Context Cultures According to Edward Hall:

Hart describes cultures by two forms of communication. High-context cultures, such as Japan or Saudi Arabia - are often more dependent on implicit communication, shared experiences and non-verbal cues. Low context cultures, on the other hand (like Germany or The United States) emphasize clarity, directness and an explicit messaging. What marketers do need to know, however, is how to tailor their marketing campaigns by regional preference.

#### Consumer Behavior Adaptations

- Customizing Offerings:

The pasty-haired prince of brands frequently has to shift his products slightly in order to meet local tastes and health criteria. For example, beverage firms have cut sugar content in places where health awareness is growing; elsewhere tastes in spicy, sweet or herbal flavours determine products. McDonald's selling McSpicy Paneer in India or green tea-flavored KitKats in Japan are prime examples of this modification.

- Marketing Channels and Timing:

Differences in cultural and religious calendars have a substantial influence on consumer purchasing behaviour. Holidays including Ramadan, Chinese New Year, Diwali and Christmas are associated with increased shopping activity. Marketers need to be able to schedule campaigns, discounts, and product launches for these dates in order to drive engagement and sales. For instance, e-commerce behemoths such as Alibaba hit new sales records on China's Singles' Day.

- Influencer and Celebrity Selection:

The selection of endorsers is important in the communication with consumers of various geographical area. Not all stars burn as brightly in every market. In fact, local influencers and celebrities can work in your favor - since authenticity tends to get a boost when you play the regional card. For instance, while Nike works with global giants such as Cristiano Ronaldo it also works with local

athletes in India or China to increase regional appeal.

Cultural disconnect can lead to misguided campaigns, product dismissal or worse, public outrage. In this way, cultural intelligence isn't rather just an option if one wants to be successful marketing globally.

### 1.2.3 Legal, Political, and Economic Challenges

Working across borders leads marketers to an assortment of unanticipated legal, political and economic circumstances that can cause costly business disruption and marketing failure.

## Legal Challenges

- Regulatory Compliance:

Variations among countries' legal standards for advertising, labeling, pricing and selling-related actions differ from one another, which services must painstakingly manage. For instance, food adverts can only state claims which are considered health-related in the EU, and must receive approval before broadcast.

- Intellectual Property Rights:

Laws and enforcement for trademark and copyright vary by region, with some markets having little to no regulation. Counterfeiting and copycats are a big threat, especially in places like China and some of Southeast Asia. Luxury brands such as Louis Vuitton and Rolex are frequently widely counterfeited in these markets.

- Data Privacy and Digital Regulations:

Sweeping data privacy laws, like the GDPR in the European Union, also restrict how companies can gather, store and use consumer information. Similar frameworks in countries such as Brazil (LGPD) and California (CCPA) are also starting to gain traction. Companies also risk having to re-engineer CRM systems and modify digital tracking tools to comply.

- Import/Export Restrictions:

Trade Barriers, such as taxes to prevent their export or bounty to promote it, the exclusion of foreign products through tariffs or restrictions and outright prohibitions. For example, some sectors such as pharmaceuticals, luxury cars and electronics are frequently subject to import restrictions that raise the cost and add layers of friction in supply chains.

## Political Challenges

- Policy Instability:

Political transitions, coups, and new whims of policy makers can mean disrupted market access overnight. Trade frictions like the US-China tariff war have majorly hit global supply chains and marketing strategies of companies including Apple and Huawei.

- Nationalism and Protectionism:

"Buy Local" drives and protectionist measures can lead to less success among local consumers of foreign brands. Governments might also require a certain proportion of employee headcount to work locally or at home. For instance, India's FDI guidelines on e-commerce mandate foreign players like Amazon to adhere to local content norms.

- Corruption and Bureaucracy:

Bureaucratic red tape and corruption can slow operations in many developing markets.

Companies may be under pressure to pay 'facilitation fees' – bribes – for licenses and marketing approval, raising the risk involved as well as the complexity of doing business.

#### Economic Challenges

- Currency Volatility:

Exchange Rate Risk – The greatest danger to pricing and profitability in any international market is exchange rate. Multinational companies often use hedging strategies to limit exposure. For instance, Procter &

Gamble has noted foreign exchange volatility as a long-standing difficulty in its annual filings.

- Economic Cycles:

Target-market recessions or slowdowns dampen consumer demand and drive up price sensitivity. Marketers in such times frequently modify the mix to a value for money product or even result to discounting as was the case in FMCG market during 2008 global monetary slowdown.

- Inflation and Interest Rates:

Elevated inflation diminishes purchasing power and necessitates constant price changes. Higher interest rates also make it more expensive to borrow, which can hurt expansion plans and marketing budgets. Inflation, including in Argentina, remains high, forcing companies like Coca-Cola to tinker with how they price their products to keep up with a wonky economy.

Tackling these issues necessitates vigilant tracking, excellent attorneys, flexible planning and the capacity to re-target marketing in an atmosphere of uncertainty.

### 1.2.4 Competitive Pressures and World Brand Management

Global marketers work in a hypercompetitive marketplace where changing brands and being loyal to those changes is what both the local players as well as transnationals do for fun.

#### Major Global Competitive Pressures

- Local Brand Strength:

Local enterprises often have better consumer intelligence, lower production costs and the affection of patriotic consumers. These benefits serve to make them fierce rivals to

multinational corporations. For instance, in India Patanjali used Ayurvedic traditions and cultural pride to compete against international FMCG giants like Unilever and Colgate.

- Price Wars and Cost Leadership:

Rivals in developing markets often sell cheap substitutes, forcing global brands to either defend high prices or reduce them. Private Label and Direct-to-Consumer Online Gourmet Foods.

direct to consumer (D2C) brands has only heightened this price competition. Amazon Basics, for example, takes on premium electronics and household brands by providing cheap but quality alternatives.

- Speed of Innovation:

There are faster-moving local firms and startups which innovate products at a faster pace as well as many of the global corporates. This in turn forces multinationals to speed up their R&D cycles and shrink time-to-market. For instance, the Chinese tech companies like Xiaomi and Oppo are known to unveil new smartphone models at a fairly quicker pace as such when compared to their traditional global players like Samsung or Apple.

- Market Fragmentation:

World-wide, consumers are no longer satisfied with standardized goods and services –they not only want niche products but seek for personalized ones. This trend has challenged businesses using the economy of scale mode to compete. Bigger brands need efficiency together with customization.” For example, Coca-Cola has expanded into niches like flavored waters and energy drinks to cater to the fragmented tastes of consumers.

### Global Brand Management Strategies

- Consistent Brand Identity:

It is also important to have a consistent brand identity and image across different markets – so that people will recognize you and trust you. Brands should spread the message of their global purpose through logos, slogans and packaging globally. Companies such as Apple, Nike, accomplish this with lean designed icons and universally recognizable branding that is consistent in all markets.

- Localized Marketing Communication:

While a brand is the same, you need to communicate 'differently' in order for the people living over there to be encountered. This includes creating messages that are sensitive to local languages, humor and cultural sentiments. Pepsi, for instance, localized its “Live for Now” campaign during the monthlong religious season of Ramadan as “Yalla Now” in Arab countries to match cultural conditions.

- Product Adaptation and Innovation:

Brands routinely launch local skus, yet this is always in light of the globalostienlconcept.

identity. The Kit Kat bar from Nestlé is one such instance, which comes in green tea flavor in Japan and mango flavor in India, adapting to the taste buds of these regions without diluting its core brand value.

- **Managing Brand Equity Across Markets:**

Multinational companies have to constantly monitor how their brands are viewed in wide-ranging markets through surveys, sentiment analysis and social listening tools. "High brand equity not only facilitates, but also influences.

companies to charge premium prices but also has stronger distributor and retailer support. For example, high end luxury brands such as Gucci and Louis Vuitton have to constantly surveil their brand's perceived image in order to stay exclusive across the globe.

- **Cross-Functional Collaboration:**

Prompting successful international brand management is enhanced interaction between the central teams and subsidiary marketing organizations. Local feedback can help fine-tune innovation, customize campaigns and get the tactics right. Procter & Gamble, for its part, collaborates with local teams to tailor marketing approaches while maintaining a united global vision.

Global brand management is a continual exercise to maintain the delicate equilibrium between strategy control and operational flexibility in order to ensure that core global brand vision and local consumer reality are constantly aligned.

### **"Activity: Mapping Globalization Drivers in Real Brands"**

Learners will be divided into small groups and asked to select a global brand of their choice (e.g., Netflix, Zara, Uniqlo, Starbucks). Each group will identify and map the key drivers of globalization that contributed to the brand's international success—technology usage, trade facilitation, and entry into emerging markets. They will also analyze challenges the brand faced in one specific market— legal, cultural, or competitive—and how it adapted. Each group will present a 5-minute briefing supported by visual charts, allowing students to experience the complex decision-making involved in global marketing.

## **1.3 Case Study: Coca-Cola's Globalization Strategy – Balancing Standardization and Localization**

### **1.3.1 Overview of Coca-Cola's Global Presence**

Coca-Cola is one of the most widely recognized and sold products in the world, serving customers from over 200 countries. It has a presence in developed markets like the United States and Germany, and fast-growth countries such as India, Nigeria and Vietnam. Coca-Cola serves billions of consumers for more than 1,000 of the world's most widely-recognized retailers.

While it is most famous for its flagship cola, the company has expanded its product offerings to a broader collection of more than 500 brands and 3,500 different beverage choices. That includes bubbly beverages, bottled water, sports drinks, juices, teas and coffees — like such global names as Sprite or Fanta or Minute Maid and Dasani or local favorites like Thumbs Up in India.

Coca-Cola runs in a franchise system, known as the Coca-Cola System, which means that it manufactures syrup and concentrate and partners with other bottlers to do manufacturing, packaging, distribution and sales. This model is scalable and provides for flexibility in the operations of bottlers that caters to regional market needs.

Coca-Cola makes more than half of its money outside North America, where it has particularly strong business in Latin America, Europe and Asia-Pacific. The corporation enjoys positioning among the largest five valuable global brands -market capitalization and brand value leading-consistently. And beyond revenue, Coca-Cola has seeped into culture: its jingles, commercials and sponsorships of international events like the FIFA World Cup and the Olympics make it a cultural icon. In most communities, Coca-Cola represents happiness, beauty, and being together.

Whilst global, it tailors pricing and packaging to the economy in question. For the price-sensitive markets, it provides smaller low priced pack sizes to suit with consumer income. In addition, Coca-Cola demonstrates a commitment to sustainability through their business model by investing in global brands and suppliers, as well as local programs like recycling-focused World Without Waste. water neutrality projects and community-focused initiatives that demonstrate how the brand is globally responsible and locally active.

### 1.3.2 Standardization of Brand Elements

Coca-Cola is the master of brand consistency. Its visual identity – with the same red and white colour scheme, as well as Spencerian script logo and contour bottle shape – is consistent in all markets so people can immediately identify it. Its global campaigns are based on universal themes like happiness, sharing and togetherness. Campaigns such as 'Open Happiness', 'Taste the Feeling' and 'Real Magic' resonate around the world with minimal tweaks.

The world is in just one taste" The Original Formulation of Coca-Cola is standardized and produced throughout the world at a number of different bottling plants, because wherever it is drunk or tasted -THAT'S THE WAY IT TASTES AND THAT'S THE WAY IT QUENOCUES YOUR

THIRST. This trust aids brand permanency and ensures consistent customer experiences. Coca-Cola also leverages its international sponsorships, such as the FIFA World Cup and the Olympics, as unifying brand touchpoints. There are a few little things, such as images and promotional materials may be created at head office and sent out to the world with little change for culture or language.

Efficiency is also facilitated by standardized packaging formats, such as the use of uniform bottle and can sizes across markets. There are logos, nutrition and branding layouts laid out here perfectly. The corporate group steers the brand, controlling it through a few marketing teams enforcing standards for visual identity, tone of voice and uses throughout the world. Coca-Cola also has a unified digital persona online via such platforms as YouTube, Instagram and Facebook (with local variations limited to the language- and culture-specific nuance level).

### **1.3.3 Localization of Products and Campaigns**

Even though consistency describes Coca-Cola's DNA, at the same time it has always been one of the best in adapting itself to localization. Product portfolios are customized to local tastes: Coca-Cola sells canned coffee and green tea in Japan; owns the popular Indian drinks Thums Up and Maaza there; 20 years ago, it bought Inca Kola in Peru because of intense national loyalty.

Marketing campaigns are also localized for culture, festivals and language, and yet still in tune with global themes. Coca-Cola in the Middle East promotes messages of community and reflection during Ramadan, while those in Latin America frequently emphasize family celebrations. It's more than just translationLanguage adaptation is more than simple translation as Coca-Cola adds idioms, accents and dialects to connect authentically with worshippers as well.

The brand also creates celebratory packaging and campaigns synchronized with cultural moments. Chinese New Year limited-edition bottles incorporate symbols of prosperity, while Diwali campaigns in India often star Bollywood actors. Its famous "Share a Coke" campaign had names in scripts like Hindi, Arabic and Cyrillic.

On the operational front, Coca-Cola is an innovator in localized distribution. In the remote villages of Africa and Asia, it uses pushcarts, bicycles or solar-powered coolers to distribute drinks. Collaborating with micro-entrepreneurs and women-led networks helps enhance community participation. Likewise, CSR activities at local level in terms of water conservation project in India and entrepreneurship programs in Africa are also indicative of Coca-Cola's sensitivity to local social-cultural conditions. Local personalities, singers and sports figures are often used as brand ambassadors making brand presence both relatable & culturally relevant.

### 1.3.4 Lessons from Coca-Cola's Global Strategy

There are several lessons of Coca-Cola's globalization for multinational companies. It exhibits first of all how crucial it is to strike the balance between consistency and flexibility. Its essence is universal, but the application varies according to cultural factors. Second, Coke appreciates the power of local brands and acquires rather than fights them — Thums Up in India or Inca Kola in Peru — thereby increasing its appeal in these markets.

Third, cultural sensitivity is perceived as a strategy. By investing in market research and hard-core consumer insights, Coca-Cola reduces cultural screw-ups and raises resonance. Fourth, the firm supports local leaders autonomously within an integrated approach to provide regional offices flexibility when implementing campaigns, but aware of global standards.

The fifth point is brought to us by Coca-Cola which considers markets as an investment in their long term strategy. It is not about quick wins, but rather creating presence and building familiarity as a result of work-management on the ground. Operational innovation is also adapted to local needs, for example with cheap packaging in rural India and refills in low-income communities.

Finally, campaigns like Coca Cola's support of international events are often seen as a unifying anchor reinforcing its association with the moment to celebrate and come together. The comments reflect how the company is bringing brand strategy closer in line with social and environmental goals, and an example of sustainability being effectively blended into global marketing. Considered together, these lessons offer a blueprint for other companies managing the balance between global efficiency and local effectiveness.

### 1.4 Summary

- ❖ International marketing can be defined as formulating, implementing the plans for selling and promotion of goods and services worldwide standardization or adaptation.
- ❖ Global marketing touches a host of areas such as product adaptation, pricing, sales/promotional channels, supply chain management, legal compliance needs and cultural customization.
- ❖ Globalization is propelled by elements including technological advances, trade liberalization, and new consumer bases and growth prospects through emerging markets.
- ❖ Culture greatly affects the purchasing decisions, and therefore it is important for companies be aware of : local values, language preferences, rituals and themes when products are being developed or campaigns are being designed.
- ❖ Legal, political and economic issues such as regulatory misalignments, exchange rate variations and irresoluteness in policies can expose global marketers to substantial risks.

- ❖ Local pressure from local companies, Private labels and regional consumer loyalty warrant that international brands must find a balance between their global identity and listening to the voices on the ground.
- ❖ Globalization at Coke case illustrates how global branding (through standard brand elements) and localization of products, messaging and partnerships add to market relevance.
- ❖ There are several learning from Coca-Cola that reflect that Cultural intelligence, Strategic flexibility, Local autonomy and long-term depth of brand investment would lead to global marketing success.

### 1.5 Key Terms

1. International Marketing – Planning and implementation of marketing plans on an international basis to include cultural, legal, and economic factors.
2. Standardization – Keeping the same product attributes, brand and message in all countries.
3. Localisation – Modifying aspects of marketing (product, package and communication) to fit a foreign culture, taste or tradition.
4. Diversifying Markets – Troubled markets with consumer demand but without a strong middle class and global business relevance.
5. Trade Liberalization – The act of eliminating or minimizing trade restrictions such as tariffs or quotas to promote international business.
6. Cultural Intelligence – The competencies of being able to comprehend and address cross-cultural differences within an International marketing environment.
7. Franchise – Franchising is a business model that involves one party (the franchisor) granting another (the franchisee) the right to use its trademark or trade name, as well as certain business systems and processes.
8. Brand Equity: The influence a brand has on a product, making it popular by virtue of consumer perception, loyalty and recognition.
9. High-Context Culture - Cultures in which communication is largely nonverbal, utilizing social context and internalized understanding.
10. Market Entry Strategy – The strategy a company uses to enter into an international market, for example: exporting, franchising, or joint ventures.

### 1.6 Descriptive Questions

1. Explain global marketing and how it is different from domestic marketing with some good examples.
2. Describe the nature of global marketing and identify areas where strategic choices must be made.

3. Discuss how technology has influenced global marketing and shaped consumer interaction.
4. Discuss how trade liberalisation has affected the globalisation for consumer brands.
5. Explain how emerging markets are driving the growth of the global marketing and discuss some of the key tactics employed in these markets.
6. Analyze how cultural variation affects the product design, branding and promotional mix in International markets.
7. Analyze the legal and political constraints to which companies are subject in international marketing, citing examples of these from practice.
8. Describe the importance of dealing with competitive pressures in global or local market by global brand management and local innovation.
9. Based on the case related to Coca-Cola, explain how the brand seeks a trade-off between standardization of its image and localization of its marketing activities.
10. What lessons can new global players take from Coca-Cola's strategy of globalization on entry, adaptation as well as sustenance?

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### 1.8 Case Study

**"Making Herbix Naturals Go Global: from local expertise to international recognition."**

Introduction

Herbix Naturals is a mid-sized Indian personal care brand founded in 2012 driven by the aim of popularizing Ayurveda-based, chemical-free skincare solutions. Starting by appealing to the health enthusiasts in the Southern part of India, the company quickly expanded with word-of-mouth marketing, social media campaigns and rising demand for domestic alternatives (organic and herbal). Embarking on a successful journey and creating strong brand equity in the local markets, 2018 saw Herbix Naturals prepare to take its had across the globe starting with Southeast Asia and Middle East. But the unexpected challenges of breaking into varied global markets proved overwhelming, from regulatory restrictions and cultural differences to brand issues and pricing matters.

## Background

Herbix Naturals was created on the foundation of real, sustainable and healthy. Its face packs made from neem, scrubs of turmeric and gels of aloe vera too had been developed based on recipes found in Ayurveda. With recyclable packaging and ingredients sourced from women-led cooperatives, the brand spoke to the socially conscious urban consumers of India.

You succeeded in metro cities and then you as a leadership team realized that the international market was looking for natural, organic products. After conducting secondary market research, they decided to first expand to Malaysia, UAE and Singapore. Herbix Naturals, with a direct exporting model, also entered into e-commerce alliance in those markets. Although there was a good start, sales had levelled off within 6 months, exposing more fundamental strategic and operational deficiencies.

## Issue 1: Sub-Optimal Global Brand Positioning and Standardisation

- **Problem:** Herbix Naturals had one brand tone of voice and visual assets for the Indian market but used it across all international markets. The promotional verbiage was also heavily based on Ayurvedic purported benefits, apparently assuming Western consumers would respond to the same cultural and emotional triggers. Name of the product along with its marketing content continued to be in English and based on Indian cultures, thus alienating consumers in non-English speaking regions.

- **Solution:** The organization redeveloped its brand communication by developing locally relevant messaging which turned the Ayurvedic benefits into globally understandable skincare results (e.g., “anti-acne,” “hydration boost”). It also localized packaging, with translation in Malay and Arabic and changed emphasis from cultural storytelling to skin benefits. Streamlined visual branding to hold on to heritage while reflecting international design codes suited for modern F&B shelves.

## Problem 2: Cultural Disjuncture and Varieties in Consumer Behavior

- **Challenge:** The original product formulations and texture was tuned for Indian climatic conditions & consumer usages. But in humid places such as Malaysia, those heavy oil-based

moisturizers felt too thick for consumers, who left negative product reviews. In addition, the purchase of skincare as a gift in the UAE was not considered in product bundling or packaging.

- **Solution:** Herbix Naturals undertook a thorough research of local market on consumer behavior, the time of the season and their cultural buying habits. Armed with the knowledge, they retooled certain products for lighter — and faster absorbing — textures, developed a gifting line featuring luxury packaging to boot. Customized promotion is built during Ramadan and local festival to fit in the local purchase habit. Working with local beauty influencers facilitated an understanding of the culture gap and built trust.

### Issue 3: Regulatory and Logistics Considerations in Emerging Geographies

- **Issue:** The company didn't take the measure of regulatory complexity in foreign markets. Non-compliance with cosmetic safety certification in the UAE has led to a delay of products. Ingredient labelling did not conform to local norms, and the registration of products took longer than expected. And there was no warehousing nearby, meaning long delivery times and expensive shipping charges.

- **Solution:** Herbix Naturals retained local consultants to navigate regulatory terrain and overhauled its documentation and ingredient disclosures. It partnered with third-party logistics partners to open local fulfillment centers in Singapore and Dubai for quicker fulfilment and cheaper delivery. Product testing was in line with local dermatological norms, which reinforced the trust level of consumers and facilitated shelf space allocation at points of sale.

### Conclusion

The first global foray of Herbix Naturals had its fair share of inadequacy—cultural awareness, market preparedness, operational readiness. But in a recognition that localization, adaptive branding and compliance are required, the brand succeeded to revive its global business. In just 18 months, Herbix Naturals got strong traction both online and offline in three countries, cultivated local marketing teams and their rate of repeat purchases increased by 35%. The story raises the issue of standardization vs. localization in global marketing, particularly for culturally grounded brands looking to expand beyond their home market.

### Case-Related Questions

1. What were the key limitations of Herbix Naturals in their first international marketing attempts?
2. “In what ways did the brand suffer due to overreliance on domestic positioning in relation to its international appeal?”
3. Discuss the role that cultural differences played in the performance of the product and customer reactions in its new markets.
4. How did local influencers and consultants help in rejuvenating brand presence of Herbix Naturals?

5. Explain how product design and packaging must be consistent with local consumer tastes.
6. How did logistics and regulation affect Herbix Natural's expansion beyond the domestic market?
7. How should SMEs prepare for regulatory complexity in international markets?
8. What can you learn from this case study in terms of localizing branding and messaging to the market?
9. Assess the benefits and downsides of direct exporting as a mode of entry into an international market, given the following case.
10. Recommend alternative approaches that Herbix Naturals could adopt in order to enter multi cultural markets in future.

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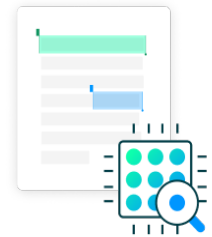
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## Unit 2: Cultural and Strategic Dimensions

### Learning objectives

1. Define and explain the concept and relevance of cross-cultural consumer behavior in global marketing.
2. Analyze Hofstede's Cultural Dimensions and apply them to real-world marketing situations.
3. Evaluate the role of cultural sensitivity in designing and executing marketing strategies across borders.
4. Examine the glocalization strategy using McDonald's case study as an example of balancing global consistency with local adaptation.
5. Compare and contrast major international market entry strategies such as exporting, licensing, franchising, and direct investment.
6. Assess the risks and benefits associated with each mode of entry and identify appropriate contexts for their application.
7. Develop strategic decision-making frameworks to select optimal entry strategies based on market conditions, resource capabilities, and cultural fit.

### Content

- 2.0 Introductory Caselet
- 2.1 Understanding Cross-Cultural Consumer Behavior (Case Study: McDonald's Glocalization)
- 2.2 Market Entry Strategies
- 2.3 Summary
- 2.4 Key Terms
- 2.5 Descriptive Questions
- 2.6 References
- 2.7 Case Study

## 2.0 Introductory Caselet

### “GlocalBrew: Brewing a Culture of Adaptation in International Coffee Markets”

GlocalBrew (2014): In 2014, premium artisanal coffee from Australia began to go global. Known for ethically sourced beans and a minimalist café decor, the brand targeted Southeast Asia as its main international growth market. With immense faith that the good quality coffee would be widely liked, GlocalBrew made its entries in Indonesia, Vietnam and Thailand through a franchise system.

The first iteration kept the vintage Australian-style menu — long blacks, flat whites and sourdough toast among it — along with spare decor. Yet consumer traction was slow, particularly in Indonesia and Vietnam, where consumers found the brand to be too Western, and out of touch with local coffee customs. And the spartan interior wasn't able to keep up with the convivial café culture, where people didn't want to sit in smaller spaces and have coffee on the bitter side (read: less sweet), but liked cozier shared areas with sweeter, lush drinks.

Identifying the disconnect, GlocalBrew organized culture immersion with local partners. The brand revamped the menu with local flavors such as Thai iced coffee, Vietnamese egg coffee and regionally favored snacks. The stores got new lighting that's warmer, communal tables and decor inspired by local art. This cultural awareness increased customer interaction, brand recognition and return.

In 2021, GlocalBrew had rebranded itself as a globally conscious brand embedded in local culture. Its willingness to compromise without compromising its principles became a global business model for cultural and strategic alignment.

### Critical Thinking Question

In what ways did GlocalBrew's first market entry strategy neglect important cultural elements and which strategic and cultural changes were instrumental in the turn-around of its global performance?

## 2.1 Understanding Cross-Cultural Consumer Behavior (Case Study: McDonald's Globalization)

### 2.1.1 Cross-Cultural Behavior: Concept and Significance

- Definition and Scope:

Cross-cultural consumer behavior is defined as the mind, heart and action that individuals express when deciding to purchase or purchase not a product. It

includes values, behavior, language, life style, communication patters and the perception of certain things that affect purchasing decision. Importantly, the extent of cross-cultural behavior is not limited to

race and country of origin, but also to include other factors such as religion, age, sex and socio-economic class that influence consumer behaviour in international markets.

- Importance in Global Marketing:

It is important to understand behaviour across cultures in order to effectively segment, position products, design products and also promote and distribute in other countries. Neglecting cultural nuances can

lead to product failures, marketing mistakes and damage to reputation. Conversely, when product attributes and communication strategies match cultural expectations, the relevance, consumer resonance and competitive advantage can be augmented.

- Consumer Decision-Making Process:

Culture affects all aspects of the consumer decision process: problem recognition, information search, evaluation of alternatives, purchase decision and post-purchase behavior. For example, in cultures that are collectivist such as Japan and India. the process of making a purchase is influenced by 1.

family consensus and social approval. For example, consumers in individualist countries (such as the US) may value personal taste and autonomy more than purchasing of a gift in accordance with their partner's preferences.

- Cultural Markers Influencing Behavior:

A few cultural cues are particularly influential on consumer activity. Language plays a key role, as

suboptimal (un)translation of product or brand names may also negatively affect brand perception—sometimes Western slogans have been grossly misunderstood by Asians. Religion also determines consumption, and affects food, dress and service predilections where sectors such as pork or alcohol are forbidden among in Islamic states. Time orientation varies

by culture: For example, monochronic societies like Germany or the U.S. seen punctuality and planning as more important while polychronic cultures such as in Latin America the Middle East take a more flexible approach to time. Symbolism and aesthetics are also important with colors, packaging, ornamentation, and design often having deep cultural significance. For instance, while white represents purity in most Western countries, it is the color of mourning in many Asian cultures.

- Marketing Implications:

These cultural differences require modifications in terms of product characteristics, pricing policies, promotion approaches and distribution channels. Humor, gender norms and communication preferences are different from region to region so a campaign that strikes the right note in North America might fall short (sometimes way short) of expectations in Asia or the Middle East. As such, companies who want to perform well globally need to find a fine line between standardization for efficiency and localization for authenticity.

- Consumer Loyalty and Brand Perception:

Brand trust and loyalty is increased because of the cultural fit. The more respectful and sensitive the brands are toward culture, the more likely it is that a brand will create an emotional connection, repeat purchases and sustained customer engagement. Misalignment, on the other hand, can alienate customers and actually harm your brand.

- Example Scenarios:

There are examples of implementation, demonstrating the need for cultural adaptation. A cosmetics company selling products in market where light skin is regarded more highly must carefully position itself to avoid ethical criticism while meeting consumer tastes. Similarly, a fast-food brand

growing in vegetarian-heavy countries like India should tailor their menu to feature recipes that don't include beef and pork -but instead offer plant-based alternatives to accommodate the typical local palate.

Cross-cultural consumption is not just nice to know it's a must-have for any international business. This prevents them making generalisations, the fine tuning of their stUnderstanding cross-cultural consumer behavior is not a proposition that's nice to know, but rather it is a necessity to get things right for marketing on a global scale.r/p>Former contributions have focused on determining the influence of cultural values and cultural differences across countries. It acts as a brake on the process of oversimplifying, allowing marketers to adjust their approaches and develop culturally sensitive brands.

### 2.1.2 Hofstede's Cultural Dimensions

- Overview of Hofstede's Model:

A Dutch social psychologist, Geert Hofstede devised a graduated framework for comparing cultures on scales of power distance, individualism-collectivism, and other variables. His model assists marketers in appreciating how cultural values influence consumer behavior, business communication and decision making across borders. Through these dimensions, companies can more effectively fine-tune their strategies for local markets and avoid expensive cultural blunders.

- Six Key Dimensions:

- o The Power Distance Index (PDI) describes the degree to which less powerful members of institutions and organization within a country expect and accept that power is unequally distributed. PDI is high, around 80 in Malaysia and Mexico. Relationships are hierarchical, authority is respected and seniority is honoured. Low PDI cultures such as Sweden and New Zealand prefer egalitarian relationships. In high PDI cultures, the endorsement of authority figures (e.g., experts or officials) could be valuable in marketing, while in low ones, peers' testimonials may prevail.

- o The degree of Individualism versus Collectivism (IDV) separates cultures which favour the individual needs or betterment from those that give value to group harmony. Individualist cultures, such as the US and UK, promote self expression and freedom. Collectivist countries like China and Indonesia emphasize family, loyalty and group benefits. And in them, advertising frequently stresses the value of togetherness, shared experiences and family values over personal achievement.

- o Masculinity vs. Femininity (MAS) focuses on whether a community believes in competition, achievement or quality of life and cooperation. The point here is that there are masculine cultures, like Japan and

Germans like success, ambition and status symbols, so performance-oriented product positioning has been well received. Feminine countries like Norway and the Netherlands are interested in modesty, well-being and work-life balance. In these areas, marketing might want to emphasize comfort, sustainability or community.

- o The UAI: Uncertainty Avoidance Index – this shows the extent to which each society tolerates ambiguity and risk. High UAI cultures (Greece, Portugal) favour clear instructions and strict rules, following procedures and stringent assurances. Low-UAI cultures such as Singapore and

Denmark is probably more open for development and experimenting. Marketers of products in high UAI areas are required frequently to offer their clients extensive assurances on the quality of goods, warranties and clear information.

o Long-Term vs. Short-Term Orientation (LTO) separates cultures oriented towards persistence and future awards from those valuing the past and results that can be achieved right away. Societies with long-term orientation, such as China and South Korea that value perseverance, thriftiness and investment are drawn to loyalty programs and saving vehicles in which consumers can participate. Culture that is short-term oriented (such as the US and Nigeria) has an emphasis on tradition, quick results and immediate indulgence.

o The last dimension, Indulgence vs. Restraint (IVR), measures the leisure and enjoyment in society compared to constraint of behaviour by strict social norms.

Consumerist cultures like Mexico and Sweden create an expectation of personal indulgence and lifestyle spending and are more open to luxury or hedonistic goods.

Suppressed cultures, such as Russia and Egypt, for example rewrite the way out of aspiration by placing more emphasis on being in control and obeying societal rules which marketers might have to strike balance between aspiration appeal and social sensitivity.

- Applications in Marketing:

Hofstede's model is an effective tool for adapting brand, communication and service policies to different cultures. Adverts may be more effective in collectivist, high PDI culture, for example, when they depict friends and family members using a product and pictures of doctors or other authority figures. Cultural dimensions guidance ensures that companies sidestep the pitfalls of misalignment by building similar messages to form deeper, more emotional connections with international consumers.

### 2.1.3 Cultural Sensitivity in Marketing

- Definition and Core Concept:

Cultural sensitivity in marketing can be defined as a brand's sensitivity to and awareness of the cultural values, beliefs, and practices of different consumer groups. It's about more than just translation; it's the emotional and contextual relativistic content of marketing messages and experiences. This insight enables brands to develop campaigns which communicate authentically with different societies.

- Role in Global Marketing Strategy:

Avoiding marketing mishaps and achieving cultural authenticity are two sides of the same coin.

The consumer is a precious resource to companies. Aural Identity it's sense to respect this and demonstrate it through brand building. "This serves as proof of a brand's gravity, trust and ultimately appeal". Culturally sensitive companies are not just perceived as inclusive and

accountable, but also globally relevant. For example, companies such as Nike and Coca-Cola have successfully localized a campaign to the cultural reality without losing their global identity.

- Key Components:

Language and tone are among the most important tools of cultural sensitivity. Literal translations often lack emotional overtones, so brands need to localize idioms, jokes, metaphors and tone to fit local tastes. The visuals and the symbolism differ as well

(to varying extents!); e.g. white is the color of mourning in many parts of Asia, purity in the West etc.

- Customization of product indicates awareness to regional consumption preferences. On the other hand, a fast food company that sells only vegetarian during religious festivals or changes its flavor to suit Indian mouth is seen as in tune with cultural expectations. Similarly, festive and religious alignment

strengthens emotional connections. Brands frequently create specific campaigns based on big cultural

festivities like Ramadan, Diwali or Lunar New Year, in a way that highlights participation not appropriation.

- Credibility is also enhanced by representation and inclusivity. Trust building Offering a diverse array of models, voices and themes that reflect local demographics without resorting to anachronistic stereotypes or cultural misappropriation.

generalizations prevents alienation. Unilever's Dove adverts, for instance, have been lauded in different countries for promoting inclusivity by featuring women of all ages, skin colours and shapes.

- Business Outcomes of Cultural Sensitivity:

An attitude of cultural sensitivity result in its turn increased brand loyalty, word-of-mouth and consumer satisfaction. It enhances new product acceptance, decreases the chances of a public relations scandal as a result of cultural miscommunication, and distinguishes a competitive position in crowded markets by providing emotional relevance.

- Training and Capability Building:

Cultural competence is not natural; it's an intention. Companies must invest in cross-cultural training, local hiring and immersive on-the-ground research. Sensitivity comes through cultural experience, lived not only data in the market, allowing firms to build strategies that really meet consumer wants everywhere.

That's because being culturally sensitive, far from a publicity stunt, is an odyssey toward brand survival and customer relations across the border.

### Did You Know?

“Many companies now use cultural audits before entering new markets. These audits evaluate how well a brand’s existing communication, visuals, and products align with the values, norms, and emotional codes of the target culture. This proactive tool helps identify potential risks or mismatches early, enabling marketers to redesign campaigns before launch. Cultural audits have saved major global brands from reputational damage and allowed them to better localize their storytelling.”

#### 2.1.4 Case Study: McDonald’s Menu Adaptation

- Background:

McDonald’s is a prime specimen of global brand that has perfected “glocalization,” i.e., achieving the right balance between standard/centralized and local strategies. Operating in over 100 countries, ZAX's mission is to provide fast, affordable and hygienic dining choices while adapting menu items, operations, and promotional activities to local cultural preferences.

- Menu Customization Examples:

In India, the menu avoids beef and pork because of religious sensitivities. Instead, and more vegetarian friendly offerings like the McAlloo Tikki Burger and Paneer Wrap have become standard, with the spices and chutney altered to match local taste. In Japan, McDonald’s caters to the Japanese palate with products such as the Teriyaki Burger and Shrimp Filet-O, along with seasonal limited time offers (LTOs) and promotion devised around local cultural events like sakura during spring to create a bonding with Japanese traditions.

- All products in the Middle East are halal-certified to adhere to Islamic dietary laws. The brand has also pushed family-focused meal deals, and campaigns during Ramadan which revolve around offerings togetherness and community. In France, McDonald’s has incorporated elements of the country’s café culture via McCafé where an array of high-quality coffee and pastries are made available. Healthier items on the menu and upscale interiors also appeal to French ideals of dining.

- **Marketing Localization:**

McDonald's localizes its advertising with regional stars, language-based slogans, and localized campaign visuals. Promotions that focus on holidays and events are based on people's & culture calendars, so your campaign will be relevant to the market you are in.

- **Operational Adjustments:**

Operationally, the company tweaks its Indian kitchen to have dedicated zones for vegetarian and non-vegetarian dishes keeping India's cultural sensitivities in mind. Its supply chains are further adjusted to enable it to source locally for its ingredients, keeping in line with regulations and offering fresher products that cater more towards what consumers expect.

- **Strategic Outcomes:**

These approaches have resulted in the brand's great acceptance in a variety of cultural settings. The brand's flexibility to evolve its menu while channeling the global brand DNA fuels greater customer goodwill and relevance. And all the while, its new-found agility allows the brand to maintain global quality standards that it has established, maintaining integrity as it seeks to build community at a local level.

The success of McDonald's in glocalization is based on a systematic approach: keeping a core global brand promise, yet working closely with local cultural expectations through adapted products and culturally sensitive communication.

## **2.2 Market Entry Strategies**

### **2.2.1 Exporting – Advantages and Limitations**

**Exporting:** This is the most frequently used and simplest method of making your products available in another market. Enterprises engage in domestic-based production that is exported to foreign markets either by the enterprises themselves or through intermediaries such as distributors or agents.

#### Types of Exporting

- **Direct Exporting**

Direct export is when the company takes responsibility of exporting on its own and selling goods to foreign buyers, agents or through a local branch established in the foreign market. This approach puts more pricing, branding and customer relationships in the hands of

companies than a traditional model does and can create better market positions and brand value. For

example, a producer of industrial machinery can sell directly to customers internationally who require close co-ordination regarding technical parameters and post-sales service.

- Indirect Exporting

Indirect exporting occurs when goods and services are sold to intermediaries in the home country, a variety of intermediary organizations may be involved such as trading companies or export houses or special export management companies. This approach helps to overcome the complications associated with foreign regulations, logistics and market entry hurdles. But, it also means that company has very little control over marketing and customers engagement. For example, a lot of small and holder farmers depend on export dark middlemen who aggregate supplies and ship them overseas.

## Advantages of Exporting

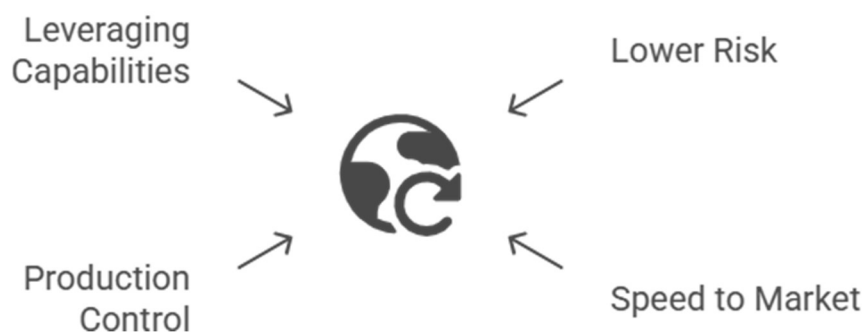


Figure 2.1

### Advantages of Exporting

- Lower Risk and Investment:

Exporting requires far less capital than building local facilities, factories, or retail outlets overseas. Firms do not find it convenient to establish global infrastructure and are thus insulated from political terms and economic instability. And that's exactly why exporting is an appealing point-of-entry strategy for companies who want to "dip a toe in the water" of global markets.

- Speed to Market:

Exporting is fast and it gets into the international markets. Shipment of already manufactured products in the home country can transport abroad in short time. This is appropriate for lack of time SMEs. This velocity permits companies to test demand and consumer sentiment rather than make enduring investments.

- **Control Over Production:**

Since all the production stays within the home country, firms have full control over product quality and its standards of manufacture. This consistency allows cross border customers to enjoy the same trusted quality which in turn, reinforces brand credibility and consumer confidence.

- **Leverages Existing Capabilities:**

With current production plants, labour skill-sets, and technology investments to exploit, companies can scale their operations cost-effectively for export needs. Exporting also prolongs the life of a product—

products that at home may be nearing the point of market saturation, can often see new life in overseas markets, as companies work to find markets where they have a so-called competitive advantage, where they can sell products and achieve maximum profits.

#### Limitations of Exporting

- **Lack of Market Proximity:**

No physical presence in foreign countries makes it challenging for businesses to grasp cultural tastes, consumer sentiments or learn about market changes. Short feedback slows down product and promotion adjustments.

- **High Transportation and Logistics Costs:**

Costs can be driven up by shipping, customs clearance and warehousing and insurance charges. The difficulties increase when dealing with big and perishable items, do delay, or inefficiency can cause financial damage and harm the image of a brand.

- **Trade Barriers and Regulations:**

Tariffs, quotas, and onerous regulations enforceable at borders—such as health certification and product labelling standards—can drive up costs and limit access. Food product exporters, for instance, are often held up by stringent health inspections before they are allowed to enter markets such as the EU.

- **Dependency on Foreign Intermediaries:**

With indirect exporting, firms depend on intermediaries to handle pricing, marketing and distribution. Bad representation or post sale services by these agents can tarnish the image of the brand and reduce satisfaction level of customers.

- Exchange Rate Volatility:

Revenue can be significantly affected by fluctuations in currency exchange rates. Exports become less competitive if the home currency is strong, and if the foreign currency depreciates it may impact profitability. Firms can Coeproe the financial risk using hedging strategies.

Exporting continues to appeal to companies who want to try out overseas markets with minimal investment. Its potential drawbacks, however especially in culturally inhospitable or micromanaged design environments—may necessitate graduating to more aggressive entry strategies as the firm expands.

## 2.2.2 Licensing Definition, Advantages and Disadvantages

Licensing involves a contractual relationship in which one company (the licensor) authorizes another company (the licensee) to use its intellectual property, including trademarks, patents, technology and brand name in the local market for an agreed period of time against payment of royalty or licensing fee.

### Concept of Licensing

- Licensing is one of the most successful internationalization strategies for companies with strong intellectual property assets – patents, trademarks, copyrights or brand image – and little desire or resources to make a commitment to a direct presence overseas. It is also highly prevalent in sectors such as pharmaceuticals, entertainment and technology, where valuing intellectual property is everything. Licensing: Through this method, a company (the licensor) provides rights to a foreign business (the licensee) to use its brand, technologies or processes in exchange for royalties or fees.

### Benefits of Licensing

- Low-Cost Expansion

If you have patents, it's a way to go global without having to make large capital expenditures on plants and distribution facilities. This allows it to be one of the lowest cost entry mode, especially for firms that are seeking international exposure without substantial up front investment.

- Quick Market Access

By working with local licensees who already have market knowledge, customer relations and infrastructure in place, the time to market is shorter. This decreases time to market and speeds up adoption in competitive markets.

- Utilizing Intellectual Property Licensing enables companies to derive value from their technical know-how and other IP assets including patents, trademarks, brand value, etc.,

while not incurring the initial operational cost overseas. Entertainment firms also license their characters and franchises for merchandise to be sold in foreign markets.

- **Lower Political Risk** As local licensee is responsible for day-to-day operations, the licensor is relatively well-protected against political instability, policy modifications and legislation challenges in the host market. This is to some extent safer than individual investments.

#### Risks and Limitations

- **Loss of Control** A primary downside with licensing is that the licensor has only so much control in order to control how the licensee treats his brand, technology or product. Lax, or untrained management has the potential to ruin your brand's name in markets across the world.
- **Intellectual Property Theft** There is a risk that a licensee may misapply or reverse-engineer the licensed technology to create unauthorized copies or even turn into a contender when the agreement is over. This is especially prevalent in low-IP enforcement markets.
- **Revenue Potential** Regardless of whether IFS, a foreign direct investment or wholly owned subsidiary is pursued, licensing has less revenue potential than either strategy. Royalties/fees are also typically fixed, not only limiting margin potential but also a hindrance should licensed product be very successful domestically.
- **Strategic Dependence**

The performance of the licensor in the host country is largely reliant on the ability, resources and commitment of licensee. If the licensee does not market well, that is going to hurt the licensor indirectly and there may not be much he can do about it.

- **Contract Enforcement Problems** Weak legal systems and poor judicial enforcement in some countries may make it difficult for the licensor to enforce a contract or otherwise punish infractions. This leaves firms more vulnerable to risk while working in unknown regulatory landscapes.

Licensing is the preferred strategy for companies that want to avoid downside risk and benefit from intellectual property. But it takes careful partnering, robust legal protections and continuous monitoring to ensure mandates align.

### 2.2.3 Franchising – Global Growth Through Partnerships

Franchising is a business relationship which allows a franchisor from the home market to let its franchisee in the host market to trade under its brand name, using its business model, format and systems of selling products against fees & royalties along with respect to compliance with standards.

## Key Characteristics of Franchising

Franchising is a popular model for market entry, the franchisor offers support including training, brand image technology and operational guidance. The franchisee, in turn, arranges for local hiring and day-to-day operation of the businesses and adherence to local laws while paying royalties to the franchisor — and often sharing profits. This model will allow the brand to globalize faster using global systems and local execution.

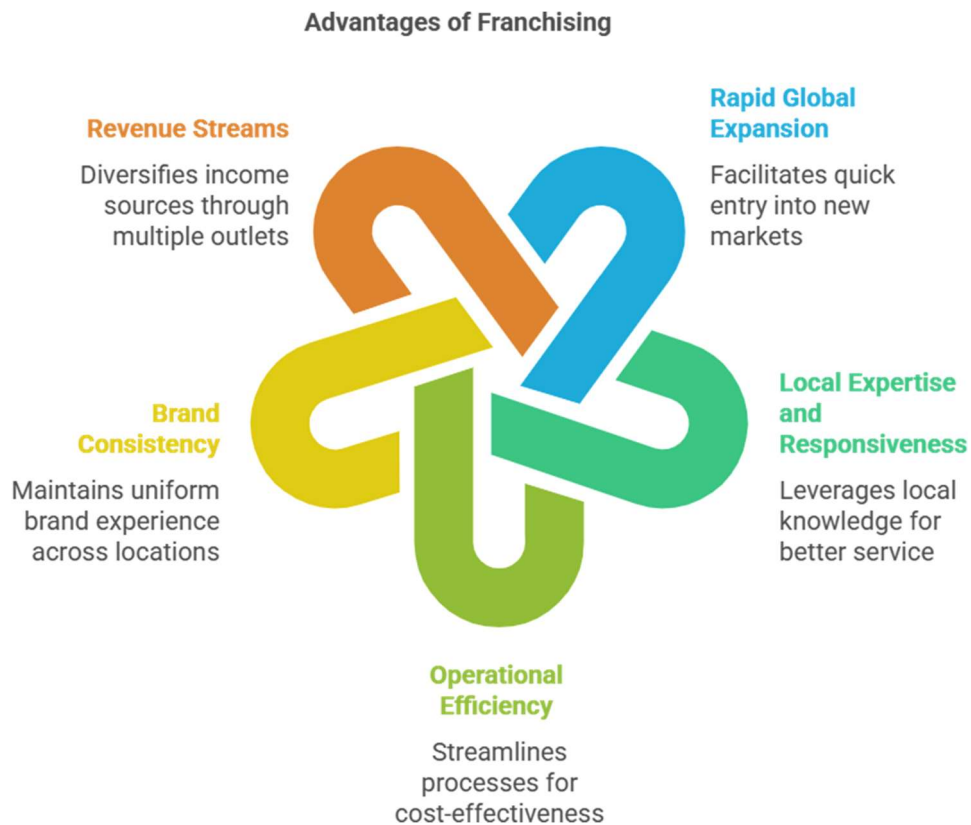


Figure 2.2

## Advantages of Franchising

- Rapid Global Expansion

It enables brands to scale and expand internationally quickly than with wholly owned operations. As the cost of establishment is borne by franchisees internationalisation can be launched without serious financial commitment. This model has helped companies like McDonald's and KFC expand into hundreds of foreign markets.

- Local Expertise and Responsiveness

Franchisees have detailed knowledge of local market conditions, cultural tastes and preferences, and regulatory matters. Their advice helps in tailoring the international brand to local consumer taste, enhancing market penetration.

- Operational Efficiency

Franchisees have skin in the game so they are likely to be very motivated for the success of your business. 160; In most (but not all) instances, this ownership interest results in a more accountable workforce, harder working managers, and really better managed businesses than hired manager managed.

- Brand Consistency

For franchise systems that are designed well, the franchisor can hold consistency of brand across very disparate markets. Whether it is store layout and product assortment, or customer service quality, franchisors can enforce a sameness that builds confidence in the brand.

- Revenue Streams

Franchising offers the franchisor regular income through collection of franchise fees and royalties. These tax-efficiencies provide ongoing and stable returns, which helps to support growing the brand and investing in product innovation for generations of consumers.

#### Limitations and Risks of Franchising

- Quality Control Issues

A common problem is to monitor whether or not franchises are following your brand voice. Any variation in the quality of service, delivery and customer experience could impact the brand negatively worldwide.

- Cultural Misalignment

Consumers may still reject with global branding when markets cannot accept standardised brand elements. Companies have to take a “glocal” approach and strike a balance between global identification and local adaptation — from Starbucks’ regional menus, for example.

- Conflict Management

Occasionally franchisor-franchisee relations can deteriorate, often over disagreements on paying royalties, how the business is to be run or local development decisions. Develop these conflicts could lead to legal disputes, and in the worst case, termination of contract.

- Regulatory Complexities

Franchising regulation varies from place to place. Local laws in a number of markets require registration as franchises, the provision for detailed disclosure and also may impose

restrictions on contract terms leading to further legal complexity and increases in expansion costs.

- Training and Support Burden

Franchisors must make substantial investments in training programs, compliance monitoring and ongoing operational support to help maintain brand standards. This results in extra resources required, particularly when dealing with a large global network.

Franchising is a great way for service and retail companies to grow efficiently by leveraging local partnerships. The model needs to balance control versus autonomy in order to be successful across cultural and operational differences.

#### 2.2.4 Foreign Direct Investment – JVs, Subsidiaries, Alliances

Foreign direct investment is the most resource-intensive method of market entry, requiring a substantial operational presence in the foreign market. This may be done through owned subsidiaries, JVs, or strategic alliances.

##### Types of Direct Investment

- Wholly Owned Subsidiary

A subsidiary is a wholly-owned subsidiary if the firm owns 100 percent of its operations in the foreign market.

This ownership can occur in the form of purchase transactions (acquisitions) of existing firms, or by establishment of new facilities (greenfield investments). Fully owned subsidiaries afford the parent with the absent from in-source motive of internalizing the source of advantages they both share and lack simultaneously.

” Companies can enter with "control", but it also takes a large financial and management commitment.

- Joint Venture (JV)

A joint venture is a partnership between a foreign entity and a local firm in which both have an ownership stake, assume risks and divide profits. JVs leverage local market learning with international expertise and capital, often serving as an entry shortcut for difficult or regulated markets.

- Strategic Alliance

Joint venture A form of co-operation in which two or more companies agree to undertake a specific project for mutual benefit while retaining their independence as separate companies. In contrast to JVs, alliances do not entail joint ownership; rather, they

engage in cooperation on R&D, distribution, marketing and so forth for mutual benefit.

### Advantages of Direct Investment

- Full Control:

Direct investment – gives the most control to companies, including over branding as well as pricing and production/service delivery. This, in turn, guarantees high quality standards and offers businesses the ability to implement global strategies without depending on other entities.

- Market Access:

Having a physical presence helps in reaching customers, distributors and regulators. It can also enable companies to overcome trade barriers, gain trust of the government and increase their foothold in the local economy, often with impunity.

- High Profit Potential:

Because profit is not shared with an intermediary, foreign direct investment can offer the greatest returns of any entry mode. The contribution of a thriving subsidiary to total revenue can be substantial.

- Customization and Responsiveness:

When their operations are on the ground, companies can rapidly alter products, services and processes based on market feedback. This responsiveness translates to increased market competitiveness and consumer satisfaction.

- Brand Building and Long-Term Value:

The natural conclusion is that FDIs reinforce the brand image and trust by demonstrating long-term commitment. This physical infrastructure (offices, factories or retail outlets) establishes the company as a 'serious' player in the market and can be very influential.

### Obstacles and Dangers of Investment Abroad

- High Financial Commitment:

Franchising Direct is expensive in terms of capital expenditure, managerial control and resources. That makes it riskier than exporting, licensing or franchising.

- Political and Economic Risk Exposure:

In politically risky or economically unstable areas, they might face increased risk of regulation, taxation or even asset expropriation.

- Complexity of Operations:

The management of foreign subsidiaries includes dealing with cultural disparities, labor laws, regulations and HR systems which can become challenging.

- Exit Barriers:

It can also be costly and legally complex to exit a direct investment, particularly in markets with inflexible labor laws, ownership restrictions or long-term leases.

- Partner Risk in JVs:

Other goals may include conflicting long term strategies, conflictive management philosophies or resource gaps.

contributions may lead to conflict. Misalignment can undermine performance or even lead to the dissolution of the JV.

Direct investment works best for firms with long-term strategic ambitions, sufficient financial horsepower and a willingness to form deep market relationships.

### 2.2.5 Comparative Analysis of Entry Strategies

A comparative analysis of entry modes however, is a requirement to make the business ambitions congruent with market. Cost, control, risk, speed of entry and long-term goals are a few of the factors that need to be taken into account by businesses when choosing their approach.

Critical Factors for Entry Mode Comparison in the International Market

- Control Over Operations:

Control has a great deal of variation according to mode of entry. Direct is the purest form of retail where the retailer, which also produces goods, maintains jurisdiction over advertising, pricing, development and customer service and can control to some extent those factors abroad. At the opposite extreme, indirect exporting and licensing provide the least control: because intermediaries or local partners take more responsibility. Franchising can offer a compromise, allowing franchisors to oversee their brand tightly but delegate the running of it to franchisees.

- Risk Exposure:

Export appears to be the least costly in financial and political terms, due to lower amounts of capital investment costs incurred abroad by companies. Also there are limitations on exposure as licensing deals with local merchandise doubt the licensee duties councillors of detail operations. Moderate risk is introduced by franchising, as quality of brand depends on the franchisee.

performance. Direct investment is the riskiest approach because of the financial stake and exposure to vagaries of politics, economics and regulation in host countries.

- Speed of Market Entry:

The quickest path to foreign markets is through licensing and franchising, which use the infrastructure and know-how that locals have already developed. Exporting may also facilitate relatively rapid entry when distribution channels are simple. By contrast, direct investment takes longer, because

Follow this up with setting up joint ventures, purchasing businesses fast and going greenfield the lead times are enormous.

- Cost of Entry:

It is the cheapest form of transport, especially when companies are over their productive capacity at home. Licensing and franchising are also cheap, since much of the expansion is financed by local partners. However, direct investment represents the most capital intensive form of FDI especially when establishing WOS or greenfield investments.

- Revenue and Profit Potential:

Direct investment has the maximum revenue and profit potential, since company earns all of them without sharing to intermediaries. Sales and licensing generally generate medium to low returns, which may not even cover logistical expenses or royalties. Franchising offers a reliable stream of income from franchise fees and royalties, but it is also often less profitable than full ownership.

- Flexibility:

Moreover, export and licensing transactions are easily reversible, enabling firms to reduce or disengage from markets with limited notice. Franchising is not as flexible because the franchisor and franchisee are both bound under fixed term contracts. The fewest options exist for direct investment as this has large sunk costs,

fixed investments, and long-term obligations that make market withdrawal difficult and expensive.

#### Contextual Suitability of Each Mode

- Exporting: Ideal for testing the market initially, short-term opportunities or when the company has excess production capacity at home.
- Licensing – Good for entering markets where local regulation is a barrier to foreign ownership or where IP can be used as leverage.

- **Franchising:** Works best for businesses that are easily replicated, such as fast food, retail and hospitality, because you must maintain brand consistency and establish a business model that can be scaled while remaining profitable.
- **Direct Investment** – Ideal for long-term investment in high-potential or strategically important markets, where control of the business is critical and local adaptation (of product offerings and brand) is important.

All such approaches are situationally appropriate given differences in market size, competitive intensity, resource endowments and strategic intent. Firms often develop over time their initial entry strategies—from exporting to franchising to direct ownership—as information and confidence increase.

### **“Activity: Designing Market Entry Strategies”**

Learners will be divided into groups and assigned a real-world consumer brand (e.g., IKEA, Starbucks, H&M). Each group will research a new international market where the brand is not yet present or has limited penetration. Based on cultural, economic, and regulatory analysis, they will propose an appropriate entry strategy (e.g., franchising in Vietnam or joint venture in Brazil). The teams must justify their choice using the comparative analysis framework. They will present their strategies in class, supported by visuals or data, encouraging practical application of theoretical concepts.

## **2.3 Summary**

- ❖ Cross-cultural consumer behaviour Cross-cultural influences are integral to international marketing, affecting how consumers from multiple cultures perceive products, make decisions and deal with brands.
- ❖ Knowing something about cultural frameworks such as Hofstede's Dimensions helps marketers to be aware of key cultural variables—power distance, individualism, and uncertainty avoidance—that affect communication, advertising, and even product choices.
- ❖ Culturally adept marketing is critical to earning trust, steering clear of clichés, and customising messaging, visuals and offerings that resonate with regional sensibilities.
- ❖ The case of McDonald's demonstrates “globalization” — managing the tension between global brand consistency with adaption of menus, décor, and promotional copy to locals.
- ❖ Entry modes have vary exposure for investment, control, risk and scalability. Common alternatives are exporting, licensing, franchising and direct investment.
- ❖ Export is low cost and low risk, markets are geographically distant, customization options may be limited. Licensing for rapid growth through brand/IP usage – but IP and control manageable risks.

- ❖ Fast world wide scaling with local partners – Franchising, but it comes with legal alignment and monitoring.
- ❖ ❖DI provides the best control and profit potential through JVs, subsidiaries or alliances but requires significantly financial, operational and managerial resources.
- ❖ Selection of an appropriate entry strategy depends on strategic objectives, market circumstances, level of cultural fit, risk tolerance and organizational capability.

## 2.4 Key Terms

1. Cross-Cultural Behavior The process of determining the extent to which consumers in one or more cultures manifest purchase, use and disposal behaviors with respect to a given product class in different ways from how they do so in other cultures on the basis of their culture-endowed norms, values, habits, and tradition.
2. Glocalization - The concept of creating nerve center and halo throughout the world with adapted product and marketing based on regional culture.
3. Hofstede's Dimensions – A set of six measures, including individualism and power distance that explain national culture in relation to consumer and business decision-making.
4. Sense of Culture – The extent to which cultures are perceived as different and the consumer expectations and marketing practices for each culture that an organization can accommodate.
5. Exporting – Entering foreign markets by exporting a product produced in the company's home country.
6. Licensing • Contractual arrangement in which one party ( the licensor) enters an agreement with another party( licensee(s))that allows them to use its intellectual property for a fee or royalty A.
7. Franchise -The right for a local firm to operate under the name and system of a foreign global company, often employed in retailing or fast food restaurants.
8. Joint Venture (JV) - An agreement formed between companies to work together on a project or explore new markets, it may involve the creation of a new business entity in which ownership, risk and rewards are shared.
9. Wholly Owned Subsidiary – Investment by the parent company in a foreign country where it owns 100% of the facilities.
10. Strategic Alliance – A relationship between two or more independent firms to agree to work together or collaborate as equals to achieve common objectives, but do not create a new entity.

## 2.5 Descriptive Questions

1. Define Cross Cultural Consumer Behaviour (CCCB) and why it is an important aspect in international marketing strategy.

2. Explain the importance of Hofstede's cultural dimensions and how they assist marketers in designing successful global campaigns.
3. Discuss the value of cultural sensitivity in global marketing? Provide examples.
4. Discuss McDonald's strategy of glocalization and key reasons behind their menu localisation:44642 2 adaptation.
5. Discuss the pros and cons of export as a market entry strategy of a new international business.
6. Compare the advantages of licensing and franchising as market entry strategies. When is one more appropriate than the other?
7. What are the major franchise risk factors and how can franchisers address them in overseas markets?
8. Explain the role of joint ventures and strategic alliances in increasing market potential internationally.
9. Critically assess the advantages and disadvantages of foreign direct investment as a market entry strategy for international expansion.
10. Contrast the four different market entry options with real brand examples.

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## 2.7 Case Study

### "Té Verde's Global Journey: Navigating Culture and Strategy in International Expansion"

#### Introduction

With a mission to keep our planet in mind and provide the best possible product while raising awareness for health and wellness, Té Verde - originally launched in 2012 in Argentina – was well received in South America due to its focus on sustainable sourcing, minimal packaging and wellness messaging. The brand quickly earned a dedicated following of urban millennials and consumers seeking healthier alternatives within just a few short years. Simultaneously, global demand for wellness beverages was taking off, and Té Verde's leadership had grand plans to expand in culturally diverse markets such as Southeast Asia, the Middle East, and Europe.

But the company's global quest was more challenging than expected. They came with great expectations, but Té Verde faced some major stumbling blocks cultural disjunct between branding and market entry models that didn't work as well as local preferences. Indeed, these challenges caused the company to rethink its globalization approach. The Lessons of Té Verde The case of Té Verde points to the vital role that cultural sensitivity and proactive strategy play in international marketing and market entry.

#### Background

The brand was based on simplicity, purity and mindfulness. Té Verde's main products were green teas, herbal infusions and detox blends that were sold as all natural lifestyle enhancers. The brand's expansion in Latin America was natural, influenced by influencer marketing, subscription models and its eco-friendly branding.

In 2017, when Té Verde's heads of leadership began focusing on international expansion. Lacking experience with overseas markets, the team did secondary research and decided to use direct exporting as its approach. Within three years, they expanded to Indonesia, Germany and the UAE — each of which has its own market dynamics. Early signs were encouraging — online enquiries flourished and local distributors expressed interest. But by mid-2020, foreign sales hit a wall and customer retention fell. I'm a greed pig and didn't take profits when Brazilian Té Verde had worldwide pandemonium articles written about them, but that did not justify the share price and they took it down again.. Trust Anatomy.

**Problem 1: Cross-Culture Brand Message Misalignment** One of the most common mistakes in cross cultural business strategy and marketing.

#### Issue:

Té Verde stayed consistent in the way it had an overarching global brand with Latin American looks and Spanish speaking subtleties. Elvin worked on product names, color palettes and packaging, using stripped back typography and botanical imagery that would be recognisable

to its home audience. But in Indonesia and the UAE, consumers couldn't make head nor tail of it." Terms such as "Limpieza Interior" (internal cleansing) were not well-received and, in some cases, culturally unacceptable or misunderstood. Likewise, the brand's positioning around "detoxification" and "mindful routines", did not resonate in countries where traditional herbal medicine had deep cultural roots.

In Germany, it was a different matter. Although health and wellness trends did map across, Té Verde's emotional benefits (tranquillity, a sense of spiritual order) did not align well with the transactional, benefit-led needs of consumers that predominates in Western European markets. Additionally, the absence of German information on the website and product labels gave an air of foreignness and mistrust.

**Solution:**

The Té Verde team adapted the brand's global messaging to now include local cultural values and priorities, but without detracting from its DNA. For both target markets I conducted a cultural audit, which then informed the restructure of product names and descriptions.

In Indonesia, the brand enlisted local wellness providers to reframe the products in more familiar language; for instance, calling it a "herbal energy booster" rather than a "detox blend." Homestuff had new design of packaging with visual elements taken from local batik pattern and had translation to Bahasa Indonesia.

In the UAE, cultural consultants helped to remove religiously sensitive terms and craft language around inner balance and halal sourcing. The standardisation of product certification to better meet regional quality requirements.

In Germany, Té Verde evolved to positioning itself based on science and health benefits, with emphasis on its levels of antioxidants, origin being organic and aiding digestion. Labels were translated in full and the brand included health claims allowed by EU regulation.

These adjustments helped regain relevance, re-orient to consumer expectations and raise the brand's image in the markets.

**Problem Statement 2: Invalid Choice of Entry Strategy**

**Issue:**

Té Verde initially followed an indirect exporting strategy in all new markets via third-party distributors and online marketplaces. Although this model reduced their risk and upfront investment, it also meant losing control over brand perception, price points, and direct consumer experience.

Distributors in the UAE had packaged Té Verde's high-end teas with low-end beverage brands, leading to erosion of its positioning as a luxury product. Domestically, local representatives did not explain how to use the product properly and people misunderstood what it could do. Té Verde was available on German e-commerce platforms, but being listed without

categorization or marketing as the company intended, with wellness-oriented potential clients unable to find them.

In addition, the firm's pricing—the premise was its premium Latin American pricing—did not consider foreign exchange effects, import duties or local ability to purchase. On this background Té Verde was overpriced with a high premium in South East Asia and underpriced with low premium on the European markets by comparison to its competitors.

Solution:

In order to address these structural problems, Té Verde reassessed its market entry positions with the help of a comparative analysis structure. Instead of a homogeneous model of exporting, the firm used differentiated entry strategies:

- **Indonesia:** Té Verde transitioned its growth strategy to become a franchisor with a major organic café chain, creating in-store experiences and brand control. The franchise contract also entailed staff training, in-store branding and cross-promotions, which served to increase brand recall in metros.
- **UAE :** The firm established a joint venture with a health-food distributor focused on premium global brands. This collaboration allowed for joint investment in marketing, local warehousing and cultural adaptation of retail campaigns.
- **Germany:** Té Verde established a 100% owned subsidiary concentrating on e-commerce and direct-to-consumer subscription services. That gave them control of logistics, branding, pricing and customer service. The company also partnered with local influencers in the wellness and nutrition world to establish trust and community.

By linking entry mode to market stage, development of infrastructure and level of consumer sophistication, Té Verde ultimately restored a strategic focus and enhanced its operational efficiency.

**Problem Statement 3: Insensitive Marketing Campaigns towards Culture and Tradition of South Africa**

Issue:

Té Verde's international market plans were developed at a central level, supported global digital assets that originated as a replication of their South American campaign for the North America version. Because of the lack of localization in social media posts, e-mail newsletters and Website content, few people engaged with our social-media mentions about localization; even fewer converted to bite.

In Indonesia, for example, messages were silent about Ramadan — a high-consumption season for health and wellness products. There was no messaging around fasting and energy restoration, so Té Verde was irrelevant during a key cultural period." In Germany, email

campaigns have pushed emotional well-being, but they were missing the product-specific content that Germans expect — nutrition information or health certifications.

By contrast, in the UAE a campaign that showed images of people doing yoga in tight fighting clothes proved to be a cultural disaster due to local norms about modesty. The company was criticized online and pulled the ads.

Solution:

Té Verde bridged the gap by setting up individual marketing teams or agencies in each location. The teams were allowed to create culturally relevant campaigns with the freedom to respect the brand's global benchmarks.

In Indonesia, the team rolled out a "Ramadan Renewal" campaign for herbal teas that help with digestion and hydration after hours of fasting. Content was created in Bahasa, with light visuals and commentary from local wellness influencers.

In the UAE, Té Verde was behind a "Holistic Halal" campaign, promoting halal certification, women-led sourcing and inner calm via natural remedies. The images were culturally sensitive and promotional materials were signed off by regional consultants prior to distribution.

In Germany, data-driven approach was more of a trend. The site incorporated downloadable wellness guides, health claims that were supported by research and the labels on its packaging included certifications from EU organic boards.

The campaigns were advertised through country-targeted channels: Instagram in Indonesia, health blogs and YouTube in Germany and WhatsApp marketing in the UAE. These regional campaigns not only drove brand engagement and CTRs, but also positive sentiment on digital channels.

Conclusion

Té Verde's expansion from regional favorite to global destination brand demonstrates the challenges of working in foreign markets with a wide variety of cultures. In its early struggles, the brand's problem was culture insensitivity, misaligned entry and lack of localization in messaging and in operations. But by culinary hyper-targeting, by learning to embrace cultural research; shift instead of alter mind-sets; and empower teams in each market, Té Verde relaunched itself successfully in three major foreign markets.

The case highlights the need for cultural intelligence, adaptable branding and market-specific entry approaches to create sustainable global operations. With more and more SMEs looking to expand internationally, Té Verde's story offers a model for how to reconcile global consistency with local responsiveness.

Case-Related Questions

What were the key cultural pitfalls of In Té Verde's early global brand strategy? They could be avoided by what?

Contrast the entry strategies of Indonesia, the UAE and Germany. What considerations are involved in each of the company's decisions?

How did Té Verde overcome the challenge of being culturally sensitive in their marketing efforts? How much did local teams matter?

Explain how Té Verde's new strategies exemplify elements of Hofstede dimensions like individualism, uncertainty avoidance, or long-term orientation.

What can be learned from Té Verde's change from being a centralised to a local company?

How Do You Think of Export and Franchising as a source of initial SOs for Global Markets by SME? Explain your answer by citing to Té Verde.

What is the impact of consumer behavior on product placement in global markets?

How do global brands make sure that the promotional instruction is appropriate across countries with different religious and social norms?

Evaluate Té Verde's pricing strategy. How can you optimally balance the forces of global margin and regional competition?

Design an imaginary campaign for Té Verde in a different market (e.g. South Korea or South Africa), taking into account cultural, strategic and operational factors.

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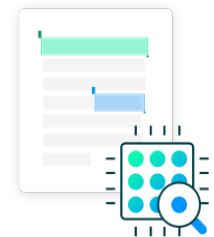
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## Unit 3: Global Marketing Mix Strategies

### Learning Outcomes

1. Understand how a global brand adapts its promotional strategy to align with different cultural values and market expectations.
2. Evaluate the effectiveness of Dove's "Campaign for Real Beauty" in promoting brand equity across diverse international markets.
3. Compare standardization and adaptation in Dove's messaging strategy across countries.
4. Analyze how Unilever balanced global brand consistency with local cultural sensitivities.
5. Discuss the role of digital and traditional media in promoting cross-cultural campaigns.
6. Apply international marketing principles to propose campaign strategies for similar brands entering new markets.

### Content

- 3.0 Introductory Caselet
- 3.1 Product Strategies: Standardization vs. Adaptation
- 3.2 Pricing Strategies for International Markets
- 3.3 Promotion and Distribution: Global Channels and Digital Marketing
- 3.4 Case Study: Unilever's Dove Campaign for Real Beauty – Tailoring Messaging Across Markets
- 3.5 Summary
- 3.6 Key Terms
- 3.7 Descriptive Questions
- 3.8 References
- 3.9 Case Study

### 3.0 Introductory Caselet

#### “Diverging Markets, Converging Vision: Rina’s Dilemma at TerraGlow Skincare”

Background:

You are Rina Kapoor, a product strategist with TerraGlow Skincare, a company that produces ethically sourced cosmetics in Singapore. Your job is to introduce the company’s bestselling “GlowMist” facial spray into two new markets: Sweden and India.

GlowMist has become a sensation in Southeast Asia, positioned as a tropical hydration booster designed for humid climates. The packaging for the product prominently features natural botanicals, bold colors and floral fragrances. It has been marketed as both fashionable and functional, the ideal companion for a life on-the-go.

But early research shows there’s a world of difference between them, at least according to market research in Sweden:

- Swedish consumers favor simple design for packaging, very lightly scented or unscented and value

scientific efficacy over emotional branding.

- In India, people prefer natural ingredients but want skin lightening even more, and ayurvedic roots are a big selling point, as are endorsements from Bollywood or social media influencers.

Now Rina has a strategic concern:

Do you agree with TerraGlow that the formula and branding of GlowMist should be standardized in both countries to maintain global brand consistency?

Or do they need to customize the product’s features, messaging and packaging for each market to more closely match local preferences?

Rina discusses it with her cross-functional team. The global marketing chief advocates for brand uniformity, expressing concern at the cost and confusion of multiple versions. Regional managers, for their part, are agitating for cultural match and caution that without local resonance the product might bomb?

Rina recalls that MBA case studies were taught to her in terms of global versus local strategy — even the top ones (Coca-Cola, McDonald’s) generally have mixed versions of both.

She's putting together two possible launch plans:

- Strategy A (standardised): Platformed packaging or global branding with only slight translation.

- **Strategy B (Modified):** Individualized packaging, altered scents/formula and celebrity endorsement in the area. Now Rina needs to make the case for her decision to the leadership team.

Critical Thinking Question:

If you were Rina, which of the two would recommend: Standardization or adaptation? What considerations are most likely to influence your decision—cultural fit, economic cost, brand identity or operational expense?

### 3.1 Product Strategies: Standardization vs. Adaptation

When a firm targets consumers in a foreign country, or seeks to market to them, the company must choose how it will make products available in that country. A central question arises:

But should the company have one product everywhere (standardized)? Or should it vary the product to fit every market (adaptation)?

This is a significant decision with huge implications for cost, brand consistency, customer experience and competitive advantage. Companies frequently do a little bit of both, modulating as required.

Now, let's get into each aspect.

#### 3.1.1 Idea of Standardization in International Marketing

This term refers to reusing exactly the same product design, features, brand, packaging and marketing strategy in all international markets. The notion is that consumers globally are growing more alike, thanks to greater global trade and travel, and companies can capitalize on those similarities by offering a consistent product.

With standardization, the product is nearly identical no matter what country you buy it in, with some small changes such as language translation or government-mandated labeling.

Example:

So is Apple's iPhone. Whether you're purchasing it in India, Germany or the United States of America, the product looks, feels and acts exactly like it should. The primary marketing message simplicity, innovation and premium design is also the same.

Why companies use standardization:

- They think brand image should be uniform all over the world.

- They want to save on the cost production and marketing.
- They believe their product has universal appeal.

### 3.1.2 Advantages of Standardized Product Strategies

There are several key benefits for corporations with standardization in global markets:

#### Cost Efficiency:

Companies save money through an economy of scale when they make the same product in large quantities. Marketing campaigns can also be recycled in all the markets, saving on advertising fees.

#### Consistent Brand Image:

One product unites and builds a powerful global brand. Customers see the same mark, package and quality, building trust and customer loyalty.

#### Simplified Operations:

And having to manage fewer product variations makes it easier for companies to control quality, synchronize production and keep supply chains running smoothly.

#### Faster Market Entry:

Companies can penetrate new markets fast because they don't have to reimagine the product for each new country.

#### Global Innovation Sharing:

The products designed for one market can be rapidly launched in others, facilitating more rapid spread of innovation throughout the firm.

### Advantages of Standardized Product Strategies

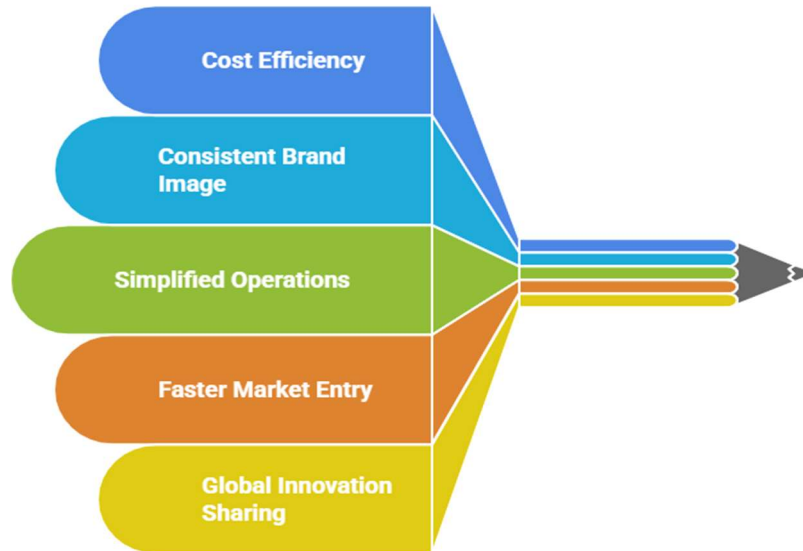


Figure 3.1

#### 3.1.3 Adaptation to Local Markets – Concept and Importance

Customization involves modifying or tailoring a product to better conform to specific differences in tastes, preferences, laws, characteristics of the local markets or climates. This may involve updating product features, packaging, wording, ingredients or branding.

This also happens when customers in various markets have different tastes or preferences. What works in one nation may not work in another because of cultural, economic and/or environmental distinctions.

Example:

McDonald's responds to local tastes with the menu in each country. In India, it serves the McAloo Tikki and refrains from serving beef out of deference for Hindu sentiments. In Japan, it might have seasonal offerings such as Teriyaki Burgers or green tea desserts.

Why adaptation matters:

- It serves specific local customer needs better.
- It is culturally respectful and sensitive.
- It increases customer satisfaction and market receptivity.

### 3.1.4 Factors Influencing Standardization vs. Adaptation

Companies consider several factors when choosing between standardizing and adapting products in foreign markets. These include:

#### Cultural Differences:

Culture impacts how people view products, color, brand, taste and design. In societies with radically different tastes, it may have to be toned down.

#### Legal and Regulatory Requirements:

Some other countries have rules on how products must be labeled, standards for safety, or lists of ingredients that are banned. Companies could also have to change products to meet local laws.

#### Economic Conditions:

Wealthy markets may have demand for premium products, while that in low-income settings seek affordable and functional products.

#### Consumer Behavior and Preferences:

Your lifestyle, usage habits or even climatic conditions can affect your performance expectations of the product. Differences in skincare Even differences such as cold and wet climates require a different type of skincare.

#### Competitive Environment:

If there is local competition with bespoke products, it might be difficult to sell a standardized system globally. Adaptation, you might say, is necessary to compete.

#### Company Goals and Strategy:

For companies that want to create a global brand, there may be more of an interest in standardization, whereas those interested in serving local markets deeply may select adaptation.

#### Product Type:

Standardization is easier to come by in some sectors — technology, for example. For others, like food and cosmetics, adjustments to local tastes are often called for.

#### Cost Considerations:

Adapting often means higher production and marketing costs. Companies must decide if the added costs are worth higher sales.

## “Activity 1: Product Strategy Decision Exercise

Instruction to Student:

Choose a consumer product (e.g., soft drink, shampoo, packaged food, mobile phone) that is sold in at least three international markets. Research how the product is standardized or adapted in each market in terms of:

- Packaging
- Ingredients/features
- Language and branding
- Endorsements or advertisements

Create a comparison table of the differences and similarities. Based on your analysis, write a short paragraph answering:

"What cultural, economic, or legal factors do you think influenced the company's decision to standardize or adapt this product in each market?"

### 3.1.5 Case Studies of Both Fully and Partially Adapted Products

Examples of How the Strategies Are Applied To see how companies actually use these strategies, let's consider some examples:

Standardized Product Example – Coca-Cola:

Coca-Cola has a consistent product and logo all around the world. Its red-and-white branding and fizzy drink recipe is pretty much uniform anywhere you go. Other than that, the company may alter a small amount of sweetness according to regional taste but the product is standardized.

Adapted Product Example – Nestlé:

Nestlé frequently tailors its products to local markets. In India, for instance, its Maggi noodles are sold in spicy varieties while seafood is more popular in Thailand and mild flavors are preferred by Europeans. Nestlé also customizes its ads to the local lifestyle and language.

Mixed Strategy Example – Starbucks:

When it comes to store layout and basic menu items (espresso-based drinks), Starbucks is pretty much the same, no matter where you are. But it's also sprinkled with local flavors — Matcha Latte in Japan, or Churro Frappuccino in Mexico — to help tailor the experience to tastes in region. This is what's called a “glocal” approach (global + local).

### 3.2 Pricing Strategies for International Markets

Pricing is among the most difficult and sensitive decision a company has to make on its international marketing. International Pricing Of course, international pricing has its additional set of problems -- exchange rates, government regulations and cultural attitudes toward value.

Large corporations must develop competitive and profitable strategies, also tailored to local conditions. Pricing strategy is not only crucial to sales in foreign markets, but also impacts the brand and market entry success, as well as the business on a long-term basis.

#### 3.2.1 Factors Affecting International Pricing

When pricing products in other countries, there are various internal and external factors that a company considers. These include:

Cost Structure:

Production, transport and warehousing costs differ between countries as well as import duties or local distribution. Prices may be higher in one market because costs are higher.

Currency Exchange Rates:

Sales in foreign markets may also be less profitable due to currency exchange rate fluctuations. Companies had to consider the risk of appreciation or depreciation of the currency.

Consumer Purchasing Power:

Country-income levels affect what price individuals will pay. Goods viewed as low-cost in highcome countries can appear to be luxury items in low income markets.

Competition:

Competition from both local and foreign competitors is a critical factor in shaping a firm's pricing policy. And if rivals are selling similar products at lower prices, the company might need to do something about that.

Legal and Regulatory Environment:

Many countries have price controls, anti-dumping laws and taxation that impact how much companies can charge for their products. Import duties and VAT add to the final prices.

Market Positioning:

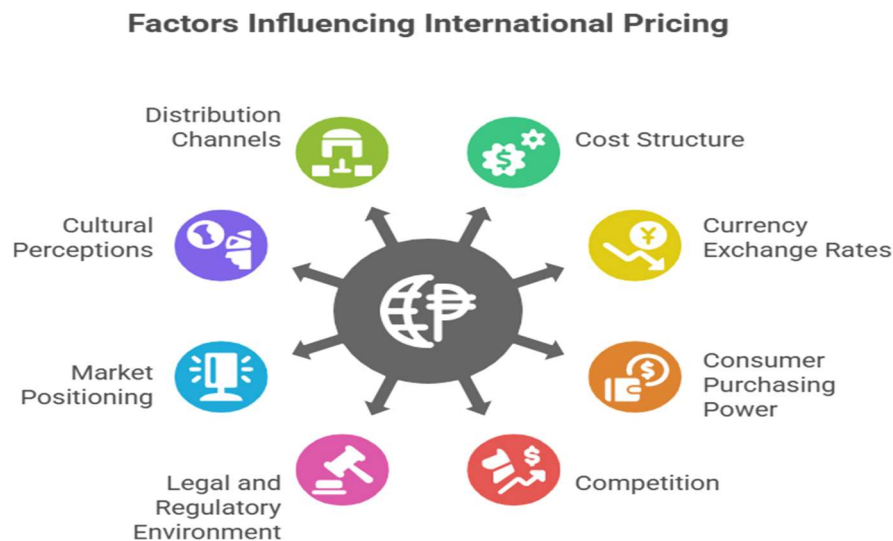
So, a premium or luxury product will certainly demand a heftier price tag, vs a mass-market item that has to stay affordable. The pricing should reflect the character of the brand.

Value and fairness perceptions and cultural variations:

Consumers in some cultures anticipate discounts or haggle over prices. In others, pricing is fixed. Pricing attitudes are influenced by local purchasing habits.

Distribution Channels:

Multiple intermediaries may escalate its final cost to the consumer. Costs are also often increased by complex distribution networks.



### 3.2.2 Price Standardization vs. Price Differentiation

Pricing in the international market is an essential part of a company's strategic plan. As with product and promotion policies, marketing organizations must choose whether to adopt a uniform pricing policy for all markets or implement prices based on local market requirements. We now consider two polar methods: price standardization and price differentiation. These 2 strategies each have their own set of pros and cons, and the decision on which one to pick depends heavily on the company's global ambitions, brand image positioning or pricing environment in that market, as well as competition level.

Price Standardization

A further validation against this practice of price standardization, related to setting a single and common price for any product that does not depend on the country where it is sold but only allows adjustments in consequence of exchange rates or taxes or logistic cost. This tactic is frequently employed by companies wanting to maintain a universal image and streamline practices.

Advantages

- Consistent Global Brand Image

A price that is standard makes it easier to control a consistent level of quality, value and brand equity perception in all markets. This is especially the case for luxury or premium brands for whom perceived exclusivity and continuity is crucial to how they position their brand.

Example: Apple applies consistent world-wide pricing for its flagship products, such as iPhones and MacBooks. This helps build its premium brand image and avoid brand dilution.

- Simplified Pricing Management

Standardized pricing reduces administrative complexity. You don't need to build and operate several regional price strategies. Allowing you to simplify financial planning, inventory and marketing across multiple regions.

- Easier International Coordination

One global price model makes it easier to coordinate international campaigns, pricing promotions and product launches. It also reduces inner-territorial team conflicts when deciding on pricing.

### Challenges

- Lack of Market Sensitivity

Centralized pricing might not account for variations in purchasing power, operational expenses and taxes. This can lead to inflated pricing in emerging markets and deflated pricing in higher income regions.

- Reduced Competitiveness in Price-Sensitive Markets

Standardised prices can make a product too expensive or simply unattractive on a local level, especially if local competitors are able to provide comparable products at more affordable prices.

### Example

An upscale brand like Louis Vuitton depends on price standardization to maintain its luxury status. However, although markets have different economic fundamentals, the company does not appear to adjust prices significantly in relation of their respective cost economies.

tax or import duty changes. This serves as a way of presence integration, strengthening the brand's exclusivity in exchange for low affordability in poor markets.

### Price Differentiation

Price Discrimination refers to that differential, where the same product is sold in two markets (national or international), because of difference in economic conditions, competitive

situations and cultural factors. This approach is more dynamic, enabling firms to adapt to idiosyncrasies of each target country.

### Advantages

- Adaptation to Local Market Conditions

Price discrimination allows product prices to reflect local incomes and costs of production, as well as consumer preferences and regulations. This allows better access to the product and penetration of the market.

- Profit Optimization

Firms maximize profits by eliminating the consumer surplus — putting richer markets at higher prices, and poorer ones at lower costs. This underpins not just profitability, but also volumes.

- Strategic Flexibility Against Local Competitors

Price Discrimination sets aside with competition, targeted promotion and the response of price to demand change choice.

### Challenges

- Risk of Grey Markets

Differences in prices between countries may lead to parallel trade, in which the export of a product from a low-price country that originally imported it can be sold at higher price without the consent of the patent owner. This erodes the ability for price control and brand integrity.

- Inconsistent Brand Positioning

Differential pricing that is too extreme can result in a jagged perception, particularly if customers discover differences when they travel internationally or go online.

- Increased Operational Complexity

Local pricing management needs a strong data infrastructure, real-time analytics capabilities and dedicated teams to observe and react to price moves from each market.

### Example

Netflix uses price differentiation extensively. Subscription fees are a fraction of what they are in the United States or Western Europe in countries such as India and Brazil. This allows Netflix to grow aggressively in low-price-sensitive regions and drive higher margins where people are willing to pay more.

### Comparison Table

Criteria	Price Standardization	Price Differentiation
<b>Pricing Model</b>	Same price globally (adjusted for exchange rates)	Prices vary by country or region
<b>Brand Image</b>	Consistent and unified	May vary by market
<b>Operational Complexity</b>	Low	High
<b>Adaptation to Local Markets</b>	Low	High
<b>Risk of Grey Markets</b>	Lower	Higher
<b>Market Competitiveness</b>	Lower in price-sensitive regions	Higher due to localized adaptation
<b>Examples</b>	Apple, Louis Vuitton	Netflix, Unilever

### Strategic Implications

There is no absolute selection between price uniformity and price diversity. Hybrid pricing strategy Many multinationals follow a combination of these two strategies. So, for instance, they might set one price in economic blocs like the European Union and another between developed and developing markets. Strategic considerations may include:

- **Product Category:** Luxury, high-tech and global-identity products tend to employ standardization. FMCGs and services tend to like differentiation.
- **Market Circumstances:** It becomes necessary to establish differentiated pricing in markets with high income inequalities or low purchasing capacities.
- **Regulatory Impact:** Tariffs, taxes and price controls may require changes irrespective of whether strategic intent is present.
- **Brand Strategy:** Companies with an overall image have incentive to uniformity in pricing; companies involved in market development and penetration, localization.

### 3.2.3 Transfer Pricing and Dumping

In the framework of international trade transfer price and dumping are two important terms having both financial and legal prospects from the point of view of MNCs. These practices are subject to surveillance by local regulatory authorities and international trade organizations because they can result in taxation from government, competition among businesses in the

market. But although both focus on cross-border pricing decisions, they have separate strategic objectives and their own sets of regulations.

## Transfer Pricing

Transfer pricing is the name of the internal prices for goods, services or IP transferred to one division or subsidiary by another unit in the same multinational corporation (MNC) but located in a different country. These are the internal transactions of global value chains, in which different elements of production and distribution are located in different jurisdictions.

### Why Transfer Pricing Matters

- Profit Allocation Across Borders

The transfer price determines who gets the profits for intra-company deals around the world. This affects corporate tax payments in both locations.

- Tax Revenue and Compliance<sup>28</sup>

Firms might have an incentive to distort their transfer prices in order to shift their profits from high-taxed countries to low-taxed ones (tax havens) and reduce their average tax burden. To prevent this, tax authorities insist that companies use the arm's length standard in pricing — that is, the price parties not related to each other would charge under those circumstances.

- Regulatory Oversight

Transfer pricing is governed by national tax laws and OECD Transfer Pricing Guidelines, which provide guidance on the determination of fair and reasonable profit allocations. Failure to comply may result in scrutiny, fines – and a tarnished reputation.

### Illustrative Example

For example, suppose a U.S. electronics company produces electronic devices in its American plant and sells the imported goods to its Mexican wholly-owned assembly facility. The U.S. company, however, should be able to set any transfer price it wants; and if it sets a low one — instead of working off a free-market-driven price, as in theory — the Mexican entity would realize most of the profit on its books, where corporate tax is generally lower.

rates. If successful, that could lower the company's worldwide tax bill but face challenge from U.S. tax authorities under transfer pricing rules.

### Common Transfer Pricing Methods

- Comparable Uncontrolled Price (CUP) Method
- Resale Price Method
- Cost Plus Method
- Transactional Net Margin Method (TNMM)

- Profit Split Method

Each approach strives to mimic market ('arm's length') pricing and the selection of a specific approach will depend on the type of transaction and availability of data.

### Dumping

Dumping is the act of a business selling its products in another country at prices lower or higher than usual—either below production costs or below what it sells them for in their home market. Dumping is usually a temporary measure to seize market share, eliminate competition or put surplus capacity to use. But, the same is an unfair trade under international law if it causes injury to the domestic industry of the importing country.

### Why Dumping is Controversial

- Unfair Competition

American manufacturers may be unable to offset the artificially low prices of dumped products. This can result in loss of markets, drop in turnover and closure of factories with subsequent unemployment locally.

- Market Disruption and Dependency

After ridding themselves of local competitors, however, the foreign firm may jack up prices and subject the importing country to both dependant and monopolist relations.

- Violation of Trade Norms

It is considered that dumping constitutes a violation of World Trade Organization rules if it causes material injury to the domestic industry. Countries are entitled to investigate if dumping occurred and levy anti-dumping duties.

### Legal Framework and Enforcement

- WTO Anti-Dumping Agreement

Enables dopting member countries to act against duming, if they can prove:

Dumping is occurring.

It is causing, or threatens to cause, material injury.

"So there is a causal relationship between the two.

- National Anti-Dumping Authorities

Nations (including the U.S. through the Department of Commerce), the European Union and India all have trade laws and authorities to investigate, monitor, and use anti-dumping duties or tariffs to protect their respective domestic ifeillions.

### Illustrative Example

In 2020, the EU applied anti-dumping measures to electric bicycles from China, which it said were being sold in Europe at less than cost price and damaging European industry. The US, for its part, has levied frequent anti-dumping measures on imported steel and aluminium products from countries such as China, India and Vietnam.

**Comparison Table**

<b>Criteria</b>	<b>Transfer Pricing</b>	<b>Dumping</b>
<b>Nature of Transaction</b>	Internal (within same multinational company)	External (sales to foreign customers)
<b>Objective</b>	Allocate profits, manage taxes	Gain market share, penetrate foreign markets
<b>Primary Concern</b>	Tax evasion, regulatory compliance	Unfair competition, injury to domestic industry
<b>Regulatory Framework</b>	OECD Guidelines, National Tax Laws	WTO Anti-Dumping Agreement, National Trade Laws
<b>Risk</b>	Penalties, fines, tax audits	Anti-dumping duties, sanctions, trade barriers
<b>Example</b>	Apple setting IP licensing fees between its own divisions	Chinese steel sold below production cost in U.S. market

**Strategic and Ethical Considerations**

Both transfer pricing and dumping are not illegal per se, but abuse or misapplication of these business transactions can result in litigation, monetary sanctions, as well as loss of face.

- **ETHICAL TRANSFER PRICING Philosophy** -Synonymous with Fair play,in this context, implies the arm’s length principle and that Transfer pricing documentation is transparent Profit allocation should be closely linked to where value has been created by constituent companies.
- **Responsible International Pricing Precludes Unfair trade Relations**, like Dumping and Establishes Long-term Sustainability in Trade relationships.

In their global operations, multinational companies need to reconcile tax planning and market expansion strategy with the respect for laws and corporate social responsibility.

## Did You Know?

Did you know that transfer pricing accounts for over 60% of global trade transactions within multinational corporations?

Most people assume international trade primarily happens between independent companies, but in reality, a large portion occurs between different branches of the same company across borders. That's why transfer pricing isn't just a financial accounting issue—it's also a critical tool for tax planning, supply chain optimization, and sometimes even profit shifting that draws regulatory attention.

### 3.2.4 Strategic pricing techniques (Penetration, Skimming and Value based)

Cost strategy doesn't work the same everywhere in the world. Firms frequently employ diverse strategic pricing strategies based on the firm's market entry objective, target segment, level of competition, as well as product lifecycle phase. Market Penetration Pricing, Price Skimming and Value-Based Pricing are the most frequently used techniques in terms of international marketing. While each approach has its own range of applications, advantages and disadvantages.

#### Market Penetration Pricing

Market penetration pricing When a low price is set for a new product released to the market, the aim being to gain market share rapidly and attract many customers in order to attain a position of competitive strength. This can work particularly well in price sensitive markets, or when introducing a new product or brand to a foreign market.

#### Key Features

- Seeks a high volume, not high margins.
- Appropriate when market is saturated or very competitive.
- Ideal for products that can be quickly scaled up in production to compensate for the smaller margins.

#### Advantages

- Accelerated Adoption and Entry to Market: The cost is less, giving companies willingness to try services out in larger scale even at developing markets.
- Deters Competition: Others can be discouraged from entering a market on which you are leading in prices.
- Scale Economies: Larger outputs may lower the average cost of production in the long run.

## Risks

- **Low Margins:** The first phase might produce low or negative margins which are not sustainable without a firm financial basis.
- **Perceived as Low Quality:** It may not be reasonable to associate poor quality with affordable pricing, but in some instances, consumers will still identify the product in question as inferior when you offer a lower price. This can end up an unfortunate side effect of your otherwise worthwhile cost-cutting measures and is especially damaging for high-end or exclusive products.
- **Tough to Raise Prices Later:** If customers get used to low prices, there might be either blowback or defection when you raise them.

## Illustrative Example

Market Entry Strategy of Xiaomi in Indian Smartphone Market China's electronic equipment manufacture took a diversified approach towards entry strategy into other countries. The company was known for selling feature-packed smartphones at very attractive, if not irresistible, prices; they were typically cheaper than rivals from Samsung and others. This assisted Xiaomi to quickly grow and emerge as one of the popular smartphone brands in India.

## Price Skimming

Price skimming is a pricing tactic that involves launching the product with an initial high price so as to target lower price segment early adopters, or customers who are not sensitive to price. The price is lowered to a more appealing level, as the product becomes less novel and consumer demand becomes more elastic.

## Key Features

- **Ideal for:** Cutting-edge, tech-driven and luxury products.
- **Best when the firm experiences first mover advantage, or significant brand loyalty.**
- **Permits market segmentation according to consumers' willingness to pay. Advantages**
- **Rapid Amortization of R&D:** Hefty initial pricing enables a quick recovery of research and development costs as well as a fast payoff for the launch.  
expenses.
- **Premium Brand Positioning:** Aids in positioning a product as premium, exclusive or innovative.
- **Higher Margins at the outset:** Premium pricing means early adopters will be making you lots of money!

## Risks

- **Early Adoption growth limitation:** Large segments of the potential market are priced out, especially in price-sensitive markets.
- **Invites Imitation and Competition:** There's the possibility that success will lure others to bring similar products to market at lower prices.
- **Risk of Negative Perception in Developing Markets:** In low-income countries, the approach could produce slower saturation or brand estrangement.

## Illustrative Example

Apple Inc always adopts price skimming during the phases of the iPhone or MacBook. They come to market with a high-swinging price point towards tech savvy and brand committed consumers. Prices typically fall a couple of months later, allowing more widespread use without as much sacrifice to early profit margins.

## Value-Based Pricing

Value based pricing is a customer oriented approach to pricing, based on the value of the product or service to the user.

## Key Features

- Emphasise customer's perception, brand equity and differentiation.

It calls for in depth market research, customer insights and knowledge of emotional and functional benefits.

- **Typically used by companies with unique experiences, premium services, or strong brand affiliation.** Advantages
  - **Prices According to Customer's Willingness to Pay:** Prices are set based on what the customers are ready to pay for and is actually valued.
  - **Influences Brand Loyalty:** It could make the customers consider the product high quality or experience which adds to brand loyalty.
  - **Market Agnostic:** Has the ability to price differently in various segments or geographies according to the value perceived, without being bounded by fixed costs.

## Challenges

- **Must have deep insights of the market:** If an organizations' decision-making is based on customer preferences and perception, it can be time-consuming and expensive exercise to receive this information.
- **Challenging in Price-Conscious Markets:** In price sensitive markets, customers may not see the added value as worth paying extra for, particularly where primary needs prevail.

- **Susceptibility to Competitor Undercutting:** If competition sells similar benefits at lower prices, a value-based pricing strategy may not be sustainable.

**Illustrative Example**

For example, Starbucks adopts value-based pricing strategy by charging higher prices for its coffee products than local coffee brands. And it’s how the whole thing – the atmosphere, service, product customisation, ethical sourcing and branding - adds up to what looks like better value than just a drink.

**Comparison Table: Strategic Pricing Approaches**

<b>Criteria</b>	<b>Market Penetration Pricing</b>	<b>Price Skimming</b>	<b>Value-Based Pricing</b>
<b>Initial Price Level</b>	Low	High	Based on perceived value
<b>Target Segment</b>	Mass market	Early adopters, premium customers	Value-conscious customers
<b>Revenue Focus</b>	High volume, low margin	High margin, lower volume initially	Margin based on value, not volume
<b>Adoption Speed</b>	Fast	Slow to moderate	Varies by market
<b>Brand Positioning</b>	Affordable, accessible	Premium, exclusive	Quality and benefit-driven

**Strategic Considerations for Global Application**

- **Market Maturation and Competition :** In very competitive markets, penetration price may be a must; That is, in innovation-driven industries skimming might be more optimal for newness.
- **Customer Attitude and Income:** In value-based pricing you need to know the cultural influences of price and value. In parts of the world, such value is placed on emotion and imagery over utility.
- **Product Lifecycle:** Skimming is generally appropriate for early life cycle products, penetration works if the product is in growth stage, and value-based pricing makes sense when dealing with mature products that are well differentiated.

- **Brand Identity:** Organizations should make pricing policies compatible with their long-term brand strategies and customer perception.

### **3.3 Promotion and Distribution-International Pipeline & Digital Advertising**

“When you deal with international marketing, it has to do not just with producing the right product at the right price,” he said in a telephone interview Tuesday morning, “but getting that to the market and doing so efficiently across boundaries.” The marketing mix calls for promotion; and the question arises, “How is our line to be promoted in areas other than our home market?” As digital platforms have made the world more interconnected, global marketing has never been closer — or harder. Companies now have to create marketing strategies that translate across media, languages, cultures and regulations.

#### **3.3.1 Global Promotion Mix- Advertisement, Sales promotion and public relations**

In international marketing, the promotional mix is composed of a blend of tools and techniques used by firms to communicate the value their products provide to consumers who are in different countries or regions. The central elements of world promotion mix are advertising, sales promotion and public relations (PR). The ultimate purpose remains the same: to influence, convince and remind consumers about the brand, but each advertising element must adapt for such differences in cultural sensitivities, media consumption behaviour, consumer expectations and regulatory climate per country. Consequently, it is crucial to find the proper balance of standardization (to ensure consistency and cost efficiency) and local adaptation (for relevance and engagement) is essential for success in foreign markets."

#### **Advertising**

Advertising is one of the most noticeable and powerful components of the promotion mix, consisting of a paid form of non-personal communication that is transmitted through a wide range of media including television, radio, newspapers, magazines, posters, websites as well as social networking sites. Worldwide, advertising has to translate into the culture of a place rather than merely converting words in meaning by echoing local values, attitudes, humour and the linguistic quirk. Superior international advertising its necessary to have an understanding of consumer psychology, cultural icons and media habits in each country.

For example, an ad that plays on individual's success and accomplishments can be more valuable in the US where value is placed on being independent. But in other countries, say Japan or South Korea, expressing that same sentiment might seem boastful to the point of being culturally inappropriate; humility and group harmony tend to be placed above the individual there. Likewise, a joke that lands in one culture can fail — or worse, insult — in another. The Pepsi “Come Alive!” campaign, which reportedly translated to “Pepsi brings your

ancestors back from the grave," in Chinese is frequently held up as an example of why literal translation without sensitivity to culture's importance doesn't work. Hence, most MNCs work with local ad agencies or teams to customize their messaging effectively.

### Sales Promotion

Sales promotion is any initiative undertaken to project a product or service to the market for the purpose of increasing demand and sales. Such incentives may be in many forms such as reduced prices, coupons, free samples, contests, rebates or loyalty rewards programs and buy one get one offers. The shape and efficacy of sales promotions in international markets may differ widely, based on cultural predispositions to pricing, perceived value, and shopping habits.

When you're in heavily competitive and consumer-driven markets like the US, sales promos are not only usual but almost a given—especially around key shopping dates such as Black Friday. On the other hand, in luxury markets like France, Japan and UAE, deep discounts could still dent the brand image of being prestigious or exclusive. "In markets like these, price tends to be perceived as a proxy of quality and brand equity, and if we do promotions too frequently, maybe we could harm our long-term positioning of the brand than means premium," he added. Moreover, legal restrictions on

sales promotion, with differences among countries—some downplay or even prohibit some sales promotional activities (e.g.: lottery and multi-level schemes). As such, companies need to be very thoughtful when localizing promotional techniques so that they comport with both consumer expectations and regulatory demands.

### Public Relations (PR)

PR activities PR comprises a variety of strategic communication efforts generate to create and maintain a favorable image of the company/brand among stakeholders (general public, media, government, investors etc). PR works opposite from advertising in that it's generally unpaid and less direct with the focus on credibility, trust-developing and long-term relationship management. The Role of PR in Global Markets At the global level, PR has additional significance because companies are not only dealing with consumer perceptions but also with their cross-cultural reputations, political sensitivities and corporate social responsibilities (CSR).

International public relations tactics can also involve community awareness and response, leadership visibility in the community, a local sponsorships of events, charities or causes and crisis communication plans. They must be as meaningful to the local context, yet tie back into the overall brand story of the company they serve. For instance, Coca-Cola's PR has focused on solving environmental problems in countries where the company takes water and leverages that negative to reflect its global values surrounding sustainability. Likewise, dealing with a crisis in one country may call for an approach that is very different to the tone and pace

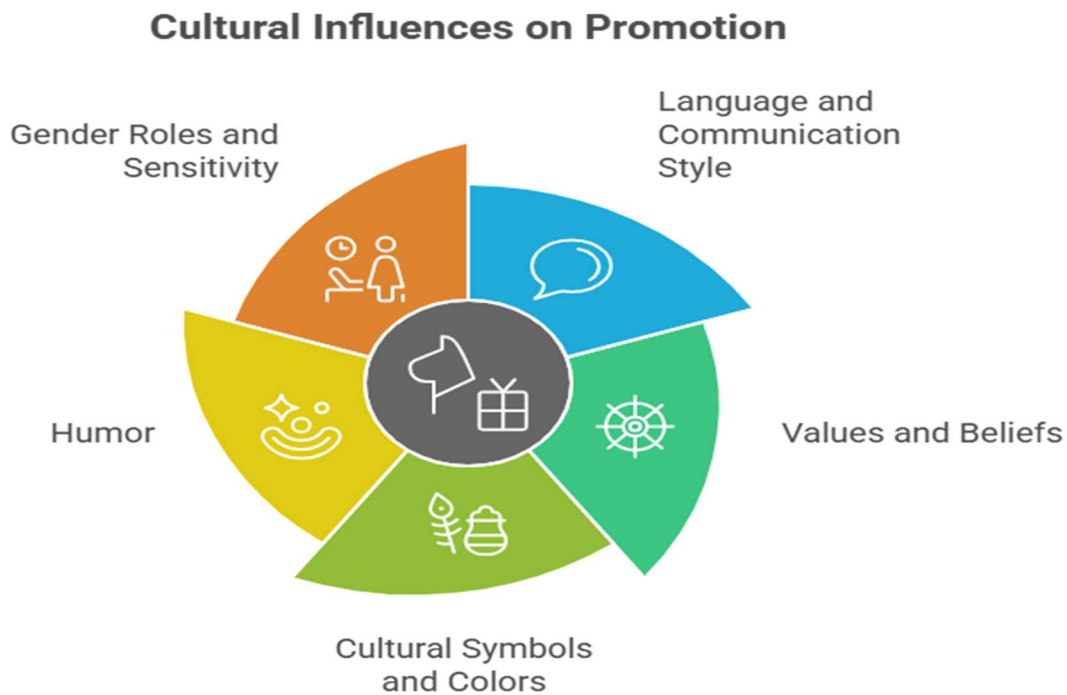
of response required in another thanks to variations in media practices, popular outlooks or cultural values. For companies looking to navigate these complexities, they generally work with local PR agencies that understand the media landscape and what stakeholders expect in the target country.

**Conclusion**

A thoughtful and coordinated global promotion mix helps guarantee that all elements of the marketing communications are brand-consistent, yet culturally relevant and locally effective. Where advertising can offer wide reach and brand exposure, sales promotions create urgency and encourage purchase, and PR fosters trust and goodwill. Promotional policies and practices of global companies have to be continually reviewed and altered according to cultural nuances, consumer behaviours and legal restrictions in foreign markets. The best global campaigns are those that manage to blend international brand consistency with local knowledge and agility.

**3.3.2 Cultural Role in the context of promoting strategies**

Culture has strong influence on the way people understand marketing messages. Symbols, colours, gestures, joke, values and social norms are very different between countries. What is successful in one country, can be misunderstood, or worse yet offensive, in another.



*Figure 3.2*

Cultural values and promotion:

Language and Communication Style

Blunt and express language can work in the U.S. but may come across as rude if used with a Japanese. Translate errors can result in damage to your brand.

Values and Beliefs

Conservative marketing in certain cultures may need meek depictions, the same way bold messages works perfect for others.

Cultural Symbols and Colors

Colors have different meanings (white is for purity in the West, but mourning to some Asian cultures).

Humor

Humor is culture-specific. Jokes may not always easily translate from one country to another, or they might be simply confusing or offensive in another context.

Gender Roles and Sensitivity

One society's advertising is another society's not-right kind of talk. Global campaigns: When pushing on a global level, the degree of representation and inclusivity must be considered.

In order to succeed abroad, marketers need to conduct cross-cultural research and frequently hire in local experts so they can appropriately fine-tune promotional messaging.

### 3.3.3 International Distribution Channels

Distribution Distribution describes how a product is transferred from the manufacturer to the end-consumer. Efficient distribution channels are a high wall to entry in global markets as each geography is distant and near impossible to achieve because of the infrastructure, regulations, and heterogeneity. Types of international distribution channels:

Direct Exporting

The company sells to buyers in another country directly, and it may be through its own sales team or a website.

Indirect Exporting

The company sells its products abroad through local intermediaries, such as agents, distributors or trading companies.

Licensing and Franchising

Local entrepreneurs are licensed to use the company's brand and products. Prevalent in industries such as foodservice and retail.

#### Joint Ventures and Local Subsidiaries

Alternatively, firms might enter into joint ventures or establish production in the target country to upstream distribution.

The right channel to select is based on:

- Market size and infrastructure
- Legal restrictions
- Control vs. cost trade-offs
- Local partnerships and trust

Smooth supply lets you get product where it needs to be, the right way-the first day.

#### **“Activity: Global Distribution Mapping”**

Instruction to Student:

Select a global company (e.g., IKEA, Nestlé, or Nike) and map its distribution strategy in any one foreign country.

Your task:

1. Identify the distribution channels used (e.g., direct-to-consumer, local distributors, franchising).
2. Note if the company owns local retail stores or works through partners.
3. Explore how local infrastructure or regulation shapes the distribution strategy.
4. Present your findings in a brief 1-page report or infographic. Conclude with a reflection:

“How do you think this distribution strategy affects the company's pricing and customer experience in that market?”

#### **3.3.4 E-commerce and Digital Platforms and its Implications**

Much has changed in the world of global marketing, thanks to the accelerating pace of internet access, mobile use and digital power. Old models rooted in physical presence, face-

to-face interactions and local distribution outlets have been replaced with technology-empowered that will be more agile. Digital economy and platforms as the key enablers to open up markets globally, engage customers and create brand beyond geographies – for business big or small! These platforms have, of course, opened up global trade to masses by reducing the entry bar and increasing visibility for brands but they come with their set of complexities and regulatory challenges.

#### Direct Access to Global Consumers

The most disruptive aspect of ecommerce is the contact between businesses and consumers that can be carried on directly, without an intermediary or a retail store. Marketplaces such as Amazon, Alibaba, eBay or Shopify are digital global sales floors open around the clock and across national borders. This has heavily reduced the cost and time of global expansion, meaning that even small companies or startups can now compete in international markets. A manufacturer of niche products in India, for instance, can sell handmade goods directly to customers in the United States or Europe through a platform like Etsy using the leverage of digital discovery without massive distribution networks.

#### Digital Advertising

Digital advertising has allowed businesses to zero in on global markets with an accuracy and individuality unknown previously. Unlike mass media one-to-many advertising, thanks to big data digital platforms can cater to and target specific demographic groups' interests, web usage patterns and locations. Advertisers on the global stage are leveraging Matrix's direct connections to international media properties such as Facebook, Instagram, TikTok and Google Ads, as well as the ability to personalize creatives in various languages and cultural themes for higher relevancy. For example, a fashion brand can simultaneously run multiple variations of an ad in the U.S., France and Japan — one customized to local trends, seasonal preferences and even linguistic flourishes. This targeted approach in campaign optimisation will increase the efficiency of marketing and maximize ROI, but it is also consistent with an approach to global brand adaptation strategies.

#### Data-Driven Marketing

Not only do digital platforms produce a rich amount of data that companies can use for data-driven marketing, but it is also where communication knowledge and capabilities converge. Thanks to solutions like web analytics, CRM tools and social listening technologies, businesses can keep track of consumers' behavioral habits, buying decisions, product recommendations and instant feedbacks. This information allows businesses to develop tailored offers, enhance customer segmentation and forecast market trends. For example, Netflix leverages sophisticated data analytics to drive personalization of content recommendations for its users in each country where it operates, recognizing that what people watch is heavily influenced by viewing trends in their own markets; and global e-commerce brands like Amazon use predictive algorithms based on prior purchase history and browsing behaviour to recommend

products. There is product-localization, ensuring that products will appeal to cultural preferences in local markets.

### Online Customer Service

One of the pillars of the global customer management system is after-sale service, and digital channels are changing how companies approach this part of their business. Tools including AI-driven chatbots, email support and social media messaging mean companies can provide 24/7 support across multiple time zones. This is very important in international markets where the consumers will want rapid solutions irrespective of their air, space or ground position. What's more, services such as WhatsApp Business, Facebook Messenger and live web chat features help businesses maintain a human touch while growing customer service operations. In Brazil, a customer might ask about a product at midnight and get an instant answer from some automated chatbot who's been trained to speak Portuguese.

### Cross-Border Payments and Logistics Integration

Reliable cross-border payments processing and international logistics are the prerequisites for worldwide e-commerce to flourish. Companies such as PayPal, Stripe and Wise (formerly TransferWise) provide so-called multi-currency wallets that enable safe transactions across borders, making consumers feel secure when buying from sellers in other countries. At the same time, cooperation with logistics vendors like DHL and FedEx make cross-country good transport sight & save. Many ecommerce solutions have it all, including one combined solution for payment gateway, inventory and shipping support - allowing you to easily handle global customer experience. These systems are essential for building and protecting customer confidence, as well as conducting efficient operations in an international financial transaction environment.

### Emerging Challenges in Global E-commerce

E-commerce provides several benefits, but it also poses new regulatory, ethical and operational challenges. Issues such as fraud, cybersecurity and digital privacy are getting more attention. Take international firms doing business in Europe, which have to navigate the General Data Protection Regulation (the GDPR) and its rules for how customer data must be collected, stored and utilized. Other countries are in the process of creating such laws, some of which may vary significantly and only add more legal complications. Furthermore, cross-border taxation such as import taxes and digital services taxes further complicate compliance for businesses manage carefully. Managing through these regulations and keeping the experience seamless is critical for long-term success in global digital markets.

### Did You Know?

Did you know that China's Singles' Day (November 11th) is the world's largest online shopping event, generating more sales in 24 hours than Black Friday and Cyber Monday combined?

The success of Singles' Day, driven by Alibaba's digital platforms, highlights how regional e-commerce innovations can shape global retail trends. This also emphasizes how digital promotion and distribution strategies must align with local shopping behavior and cultural festivals.

### 3.3.5 Pitfalls in International Supply Chain and Logistics

Transported goods cross borders with a supply chain that is widespread globally and connects sources of production, transportation paths, warehouses and retail.

In terms of global logistics there are a few challenges:

#### Transportation and Infrastructure

Delivery can be delayed and costs can mount in some areas with poor roads, ports or carriers.

#### Customs Regulations and Import Duties

Each nation has its own rules and tariffs to follow, or you can face penalties and delays.

#### Political and Economic Instability

Global supply chains can be tripped up by conflict, changes in government policy or currency crises.

#### Environmental and Sustainability Concerns

Ethical and sustainable supply chains are increasingly being required by consumers and governments. Companies should monitor their impact on nature.

#### Inventory Management Across Markets

Staying on top of demand, preventing overstock or stockout and synchronizing supply globally across many countries is a complex planning process.

#### Pandemics and Global Disruptions

The pandemic, for example showed how exposed supply chains could be to abrupt global shocks.

A global logistics achievement requires good coordination and utilization of technology (such as ERP-systems), partners' knowledge by service providers.

### 3.4 Case Study: Unilever's Dove Campaign for Real Beauty – Tailoring Messaging Across Markets

The Dove Campaign for Real Beauty is one of the most famous and studied marketing campaigns around the world in beauty industry. Created by Dove's corporate parent, Unilever, the effort was an intentional push to break outdated depictions of beauty and advocate for a broader, more realistic portrayal of women.

This is a fantastic example of how an international brand can successfully execute on global brand values and to adjust its message according to local culture and sensibility."

#### 3.4.1 Background and Purpose of the Dove Campaign

True, the Campaign for Real Beauty kicked off in 2004 after some global research found that something was amiss: different countries, identical results — the majority of women were feeling enough self-doubt about their physical appearance and not seeing a shred of themselves in traditional beauty advertising that it changed their behavior.

Key insights from Dove's research:

- Two percent of women across the globe described themselves as beautiful.
- The majority of women felt that media and advertising had a narrow definition of beauty.

Objectives of the campaign:

Redefine beauty by featuring actual, diverse women instead of professional models.

Emotionally connect with customers by demonstrating understanding of a social issue rather than simply trying to sell an item.

Reinforce Dove as a brand that seriously cares about women's self-esteem.

Position Dove unlike its competitors who were based on images reflecting idealized beauty.

The campaign originated with images showing women of different body shapes, skin colours and ages along with slogans such as "Real Women Have Curves".

The emotional and socially impactful strategy plan was to transform Dove from a skincare brand into something bigger if not entirely inspiring: a symbol of real self-esteem.

#### 3.4.2 Global Consistency in Brand Values

Localized campaigns were developed, yet the central messaging against child marriage remained consistent around the world. Unilever concentrated on a handful of core brand values that it received across all geographies:

Authenticity: Honoring real people instead of idealized models.

Empowerment: Making women feel beautiful in the skin.

Confidence – Cultivating self-esteem and mental health as a part of beauty in general.

Social Good: Challenging beauty stereotypes.

This worldwide uniformity contributed to strengthening Dove's image in all its markets. Whether you were a consumer in Canada, Brazil, or India – all over the world that person saw Dove as a brand with purpose – challenging society's way of defining beauty.

Examples of consistent campaign elements:

- The Dove Self-Esteem Project, implemented in schools and youth organizations worldwide.
- Use real unscripted women's testimonials in advertising.
- No digital retouching of campaign photographs and videos.

Dove could connect with women across the globe, all while keeping its heart and core brand story intact.

### 3.4.3 Localization of Messaging for Local Cultures

Although the key message was global, the campaign rollout was adapted to local contexts taking into account cultural habits, values and attitudes towards beauty in each market.

Examples of cultural adaptation:

India:

- o Dove worked with local influencers and media to host conversations about colorism and skin-tone bias.
- o Ads promoted self-assuredness and recast traditional notions of "fairness."
- o Messages were transcreated into local languages using women with a variety of complexions of Indian women.

Japan:

- o Emotionally strong and subtle, fit with a cultural preference for the modest and inner beauty.
- o Adverts had soothing sounds combined with simplistic imagery and symbols that are in fashion.

Brazil:

o In a category that's more often than not focused on beauty, Dove celebrated real and natural beauty by interviewing real women in local markets.

o Ads were shot on local beaches and in real-life settings rather than starlets and celebrity glamour.

Middle East:

o Campaigns were modified to accommodate modesty norms.

o Dove repositioned itself as being all about women's inner strength, roles in the family and quiet confidence – speaking to women's experiences using both female voices and visuals that harmonized with cultural sensitivities.

This adaptation approach led to relevance and deference of local culture, but did not detract from the general message on self-esteem and inclusion.

#### **3.4.4 Effect and Success of the Campaign**

The Dove Campaign for Real Beauty was a game-changer — one that transformed not just the brand, but the broader beauty world and our social discourse around body image.

Business outcomes:

- Rising global sales in Dove. For instance, sales are said to have increased from 2.5 billion in 2004-05 to more than four billion later on.
- Impress brand loyalty right from the beginning, and Dove's reputation as a responsible manufacturer.
- New product line extensions of the same Emotion Brand Meaning, to body washes, shampoos, deodorants.

Social outcomes:

- The campaign also ignited a worldwide conversation on media representation, self-esteem and beauty stereotypes.
- Dove's Self-Esteem Project reached millions of young people, teaching them body positivity and mental health.
- The campaign pressured rivals to move toward more inclusive marketing and made the beauty industry rethink its messaging.

Critical acclaim and awards:

- The campaign received numerous international advertising and social impact awards.

- It has been dissected in MBA programs, marketing classes and media studies as a paradigm for brand-driven social change.

Although there are some critics (such as inconsistencies between marketing message and parent organization behaviors), the campaign represents a milestone in global branding, cause related marketing and cultural modification.

### Knowledge Check 1

Choose The Correct Options:

Q1. Which of the following is a key advantage of product standardization in international marketing?

- A) It allows for deep cultural customization
- B) It reduces product development and marketing costs
- C) It increases production complexity
- D) It eliminates the need for global branding

Q2. In price skimming, a company:

- A) Enters the market with a low price to attract mass adoption
- B) Charges the same price globally regardless of cost differences
- C) Introduces a product at a high price, then lowers it over time
- D) Matches competitors' pricing in each market

Q3. Which element of the promotion mix focuses on maintaining a favorable image through media coverage and social impact?

- A) Advertising
- B) Sales Promotion
- C) Public Relations

D) Direct Marketing

Q4. What is one of the main challenges in global supply chain management?

- A) Too many local brands
- B) Uniform consumer behavior
- C) Customs regulations and import duties
- D) Excessive brand loyalty

Q5. In the Dove Campaign for Real Beauty, how did the brand achieve both global consistency and local relevance?

- A) By using only celebrities in all markets
- B) By adapting visuals and messaging based on local cultural norms
- C) By keeping the same campaign visuals worldwide
- D) By focusing only on online promotion

### 3.5 Summary

- ❖ This chapter investigated the key elements of international marketing strategy related to product, price, promotion, and place. Multinational Enterprises (MNEs) confront the task of Global Integration versus Local Responsiveness.
- ❖ It's also a product strategy issue: you could break this down as the trade-off between standardizing goods for efficiency and brand, versus tailoring them to local preferences, culture and regulation. Also, such factors as national economy, purchasing power of the consumer and competition tend to dictate pricing policies. Choices between uniform pricing and price discrimination -- "transfer pricing" and "dumping" -- need to be handled judiciously.
- ❖ For promotion and distribution companies, they need to create marketing narrative that is both sensitive to local culture while conforming with the global narrative — leveraging a combination of traditional and digital elements. Distribution needs to be well planned particularly given logistics issues worldwide and also due to growing e-commerce.
- ❖ The chapter ended with a case study of Unilever's Dove Campaign for Real Beauty, illustrating how one global brand was able to balance core values and local cultures. The

case exemplified how a carefully designed combination of standardisation and adaptation could drive business success with strong social impact.

### 3.6 Key Terms

1. Standardization - an international marketing approach in which the same goods are sold at the same prices using the same promotional materials in all markets.
2. Tailoring – Sensitivity to local market conditions, and ability to adapt products/pricing/messages for regional optimization.
3. Transfer Pricing – The pricing of goods or services transferred between related entities in separate countries within the same multinational group.
4. Dumping- Selling a product in a foreign market at less than its fair value or below its cost of production, or selling it at home for less than in the producing country.
5. The promotional mix-The blend of advertising, sales promotion, and public relations tools a company uses to reach consumers.
6. E-commerce – the purchase and sale of goods and services over electronic systems, especially the internet.
7. Cultural Awareness – Adapting marketing strategies to be sensitive and respectful of cultural difference.
8. Value-Based Pricing – A pricing model which considers the value of a good or service to the customer such that price is determined primarily by what customers are willing to pay.

### 3.7 Descriptive Questions

1. Discuss, in relation to international marketing, the distinction between product standardisation and product adaptation. What are the pros and cons of each type?
2. Explain some of the critical considerations that shape international pricing strategies. How do firms price discriminate between countries?
3. How does culture effects when designing campaign for international market? Give examples.
4. Discuss the effects of digital platforms and e-commerce on international advertising and distribution.
5. How did Unilever balance the need for global consistency in the Dove Campaign for Real Beauty with the necessity to make some adaptations in local markets? What made the campaign effective?
6. Discuss penetration pricing and price skimming as methods for entering foreign markets.
7. What are some common issues international logistics and supply chain managers face? How can companies address them?

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### Answers to Knowledge Check

#### Answers for Knowledge check 1 :

Q1 – B

Q2 – C

Q3 – C

Q4 – C

Q5 – B

### 3.9 Case Study:

#### “Unilever’s Dove Campaign for Real Beauty – Tailoring Messaging Across Markets”

##### Introduction

Any way you slice it, the global beauty industry has been using reductive definitions of beauty for a long time now, often conveyed on the backs or by the faces of polished professional models. This trend was challenged in 2004 when Unilever’s Dove brand emerged with the “Campaign for Real Beauty” to celebrate real women of all shapes, sizes and color. Unlike other initiatives, Dove challenged women and its well-being by igniting a global conversation about beauty.

This caselet discusses how Dove, the global brand balanced its /global consistency in terms of brand message and yet adopted communication that was contextual in terms of local expectations. The campaign reflects a delicate balance of standardization and adaptation—a central theme in international marketing.

### Background

According to Dove research, 2% of women around the world describe themselves as beautiful. The brand fought back with a campaign that would question what beauty is, featuring real, everyday women. But although the essence of what it took a stand for — self-acceptance, confidence and empowerment — was universal, Unilever acknowledged that cultural interpretations of beauty were not equally so. Therefore, the brand needed to adjust its communication techniques so as not to lose sight of its message, but it had to do this in a discreet manner for each culture.

For instance:

- In India, the campaign confronted colorism and promoted natural beauty over fairness.
- In Japan, messaging was about “quiet inner strength and calm aesthetics.”
- In Brazil, the campaign included a colorful, exciting mix of body-positivity statements.

The Dove approach is a great case in point of how global marketing campaigns can be emotionally impactful as well as culturally meaningful.

### Issue 1: Balancing Global Brand Consistency and Local Relevance.

Dove faced a balancing act: how to maintain the core brand message whilst reflecting distinct cultural contexts and expectations by including different images and language. Too much standardization risked alienating local audiences while excessive localization could dilute the brand’s identity.

Solution:

Dove pursued a “glocal” strategy — global values with local execution. They worked with local agencies, influencers and cultural consultants, to make sure the campaign visuals and messages resonated locally while remaining true to Dove’s global brand identity.

### Problem 2: Wording That’s Not Quite Right Culturally

Cultural tone-deafness or mis-reading could have hurt Dove’s standing in certain markets. For instance, thoughts and concerns about body image or modesty had to be brought up sensitively in conservative societies.

Solution:

Unilever conducted extensive market research before launching a campaign in each area. Dove also modified their campaign tone and visuals, including modest dress, regional

testimonials, and the correct languages. In some markets, Dove simply stayed away from problematic issues and instead went on shared values like self-esteem and empowerment.

### Problem 3 – Impact Measurement Across Multiple Markets

Another big hurdle was understanding the impact of campaign on regional markets that had differing KPIs, consumer behaviors and media consumption.

Solution:

Unilever measured the impact of the campaign using both quantitative (sale uplift, media impressions) and qualitative means (consumer focus groups, sentiment analysis on social media). Dove's sales grew in numerous markets and the brand benefited from greater consumer loyalty and trust.

MCQs

Q1: What approach that Dove have taken to ensure brand consistency laced with local relevance?

- A) Disconnected, localised campaigns with no central message
- B) Complete standardization across all countries
- C) Global Values/Local Message="Glocal" When you're targeting all the world, you want to speak with common human values, but not too abstract or idealistic.
- D) Outsourcing campaigns to unrelated agencies

Answer: C) A Glocal strategy - with global values and local messaging

Explanation: Dove's approach stayed true to its formative brand message — but it tailored content to suit local cultural tastes.

Q2: How was Dove successful in preventing cultural pitfalls with its international campaigns?

- A) By ignoring regional sensitivities
- B) By translating existing ads directly
- C) Making market research and move according to results.
- D) By enticing with sensitive issues

Answer: C) By doing market research and adjusting as necessary

Explanation: Dove customised every campaign to cultural differences in practices, norms and values as found in local research.

Q3: Which of these was a primary purpose of the Dove Campaign for Real Beauty?

(Not on the list, but interesting) A) Drive luxury skincare sales with celebrity star power.

B) Change what we believe beauty to be and build confidence in women

C) Niche only in high-end market segments

D) Introduce aggressive discount-based marketing

Answer: B) Changing beauty ideals to reduce the low self-esteem in young women

Explanation: It was an attempt to broaden the definition of beauty.

Conclusion

Unilever's Dove Campaign for Real Beauty Anyone that questions the ability of global brand campaigns to produce culturally sensitive and relevant work, think again! By sticking to its central values of body confidence and realness but tweaking messaging for each market, Dove created a powerful, feel-good global brand. The case supports development of cultural adaptation, emotional intelligence and strategic embeddedness in global marketing.

# Marketing for Global Markets Unit 4 V3.docx

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## Unit 4: Sustainability, Ethics, and Emerging Trends

### Learning Outcomes

1. Understand the role of ethical decision-making and corporate social responsibility (CSR) in shaping global marketing strategies.
2. Analyze how companies implement sustainable and green marketing practices to meet both environmental goals and consumer expectations.
3. Evaluate how emerging technologies like AI, personalization, and big data impact the ethical responsibilities of global marketers.
4. Examine real-world examples of how brands manage trade-offs between profitability, transparency, and sustainability in different markets.
5. Apply ethical frameworks and sustainability models to assess a company's global marketing campaigns and recommend improvements.

### Content

- 4.0 Introductory Caselet
- 4.1 Ethical Challenges and Corporate Social Responsibility (CSR) in Global Marketing
- 4.2 Sustainability and Green Marketing Practices
- 4.3 Future Trends: AI, Personalization, and Big Data
- 4.4 Summary
- 4.5 Key Terms
- 4.6 Descriptive Questions
- 4.7 References
- 4.8 Case Study

## 4.0 Introductory Caselet

### Background:

Ananya Mehta has just been announced as the Global Marketing Manager at NovaTextiles, a European fashion brand that is popular for selling fashionable yet affordable clothes. In recent years, the brand has expanded into Southeast Asia and Latin America, with a focus on fast-growing middle-class consumers. Early sales are strong, but Ananya is at an ethical crossroads that has the potential to tarnish the brand's image in the long run.

A respected journalist produces a report that uncovers how the local South East Asian supplier, one of NovaTextiles' suppliers has been using child labor due to unsafe working conditions. The supplier is not a wholly owned subsidiary of NovaTextiles, but part of its supplier network around the world. Activist organizations start calling for boycotts, and the story gains traction on social media.

Some higher-ups dismiss Ananya's concerns in a global strategy meeting, claiming that local labor practices are not up for debate and are "culturally normal" and "cost-effective." They'd recommend saying nothing and just doing business as usual. Others want to sever ties with the supplier and institute a global ethical audit.

Ananya is torn. As a marketer, she says trust and brand image are priceless. But as a manager, she must also balance financial impact, regional sensitivities and internal company politics. She remembers her MBA class on Corporate Social Responsibility (CSR) where she learned that CSR is not only about philanthropy — it's also about integrating ethical values into strategy, particularly in foreign markets with wildly differing laws and norms.

After deliberating with other CSR consultants and local community leaders, Ananya drafts a document which suggests that:

- Use independent third-party auditors for all suppliers
- Develop a code of conduct for public suppliers
- Introduce a clear CSR campaign showcasing NovaTextiles' international responsibilities
- Work with NGOs to help education in the affected areas.

Now she's got to persuade the leadership team that it's not only the right thing but also a good business.

### Critical Thinking Question:

If you were Ananya, what would you do regarding the competitive attitudes to ethical standards around the world versus country specific business practices? Must multinational corporations always apply their own ethical codes worldwide — even if it means disrupting alliances or profits?

## 4.1 Ethical Issues and CSR Developments in Global Marketing

As businesses go global, they are confronted with not only economic and legal intricacies but ethical and social responsibilities too. What is an acceptable marketing behaviour in one country can be thought of as unethical in another. In global marketing, ethics and corporate social responsibility (CSR) are important for trust, good relations with stakeholders protecting the brand image and long-term sustainability.

This section discusses the importance of ethical decision making and CSR in global marketing strategy.

### 4.1.1 Significance of Ethics in International Marketing

Marketing ethics is the use of ethical standards and moral values to marketing practices and corporate behaviour – such as business to customer or business to business relationships. Ethical concerns become more complicated in the context of global marketing, with differences among cultures, legal systems, economic levels and consumer needs and wants. For global businesses it is essential to take such variations into account and continue to adhere to universally accepted ethical norms in order to gain trust, remain compliant with different national laws and regulations, as well as ensure long-term success.

#### Definitions of Ethics

The Oxford Dictionary describes ethics as "moral principles that govern a person's behavior or the conducting of an activity"

According to the American Marketing Association (AMA) marketing ethics are "moral principles and values that guide the actions and decisions of an individual or group in the field of marketing."

According to Philip Kotler, marketing ethics concerns "the moral standards by which marketing practices are judged as within appropriate at the levels of decision making—situational and societal."

These definitions stress the importance of being a responsible decision maker, since there are global ramifications from actions that occur in one country.

#### Protects Brand Reputation

Ethical international marketing alone will protect and preserve the reputation of a brand. Unethical behavior could be anything from untrue advertising, environmental damage, the exploitation of workers or offensive ethnocentrism.

can lead to worldwide reaction, media attention and sustained harm to the reputation of a product. For example, Nestlé had come under sustained criticism for its promotion of infant formula in the developing world, where aggressive advertising was said to have discouraged

mothers from breastfeeding. This was not only a blow to the company's image, but it sparked consumer boycotts and regulatory backlash. On the other hand, brands like Patagonia, which play up their responsible sourcing and environmental activism, have built solid reputations and devoted global followings. Today, with instant news of events available world-wide, companies that would cut ethical corners do so only at the peril of their standing in a global community.

#### Builds Consumer Trust

Meanwhile, ethical marketing is essential to develop trust among the consumers particularly in diversified international markets where suspicion on foreign brands may be enhanced. If you treat the customer with honesty, transparency, and respect, they are more likely to buy and be loyal to your brand. Ben & Jerry's speaks up on social justice issues, sources are transparent and the company has been able to create a loyal customer base worldwide. Ethical branding, along with actual practices, build a positive emotional bond with their audience. On the flip-side, deceptive marketing ploys—exaggerating product benefits or burying uglier terms—can break trust and result in customer churn. Trust, being something that is hard to build and take years to do it, longer after an authentic relationship has been broken. Ethical behaviour is a long term investment in customers relationships.

#### Promotes Fair Competition

Marketing ethic prevents unfair competition by discouraging deceitful practices, price fixing and false information about competitors. In global markets, with intense competition and diverse regulation, it is very easy for firms to take advantage of legal loopholes or behave in ways that might be the norm in one jurisdiction but legally wrong in another. It is seared into the memories of many people when some large multinational pharmaceutical companies' pricing or concealment of vital details about products in lesser developed states has too often been suspect. This isn't just unfair for market competition, but can be damaging to public health and consumer interests. Ethical businesses don't gut their competition, and they support the local economy rather than sucking it dry. This attracts innovation while making sure that competition does not destroy consumers.

#### Supports Sustainable Development

Promoting the moral of marketing should be seen as part of the wider ethical agenda contributing to sustainable development more generally and there needs to be a clear distinction in corporate understanding between what is good for shareholders in short term profit taking and society, environment and future generations. Businesses using this approach include environmental and social issues in their marketing planning support UN sustainable development goals such as climate action, gender equality, and responsible consumption. For example, Unilever's Sustainable Living Plan sets out to shrink the company's environmental impact and increase health and well-being in the regions of the world where it does business. So do efforts to push things such as environmentally friendly merchandise or inclusive hiring,

showing how marketing can be a force for good. Justified marketing offers sustainable business models by enabling businesses to make products that match what the consumers want, thus facilitating their integration into a global economy.

#### Reduces Legal Risk

By conducting business ethically in the international markets, companies reduce exposure to legal infringements, fines litigation and other compliance problems. Standards in such areas as advertising, consumer rights, data protection and labour law differ between countries. An organisation that has a strict ethical code can help avoid accidental breaches of law or statutory obligations. For instance, Volkswagen's emissions scandal — in which software was used to cheat on pollution tests — cost the carmaker billions of dollars in fines and dealt a heavy blow to its global reputation. The scandal could have been averted with some ethical decision-making and more internal transparency. Those that establish their own codes of conduct and train employees in the practices of doing business worldwide are much better poised to move through murky legalities as well as sidestep bad press.

### 4.1.2 Some Ethical Issues in the Global Marketplace

Marketing around the world carries with it a plethora of ethical dilemmas. Internationalist marketers face a variety of legal and cultural differences, economic disparities, and business practices, all the while striving to have balance ethical concerns. Even more, what is perfectly fine in one jurisdiction might be considered unethical-insensitive behaviour, or it could be interpreted as illegal in another. This complexity forces marketers to implement universal moral values (honesty, fairness, respect for human rights) but at the same time contend with local conditions. Here are some of the most common ethical issues in global marketing with real-world implications and consequences.

#### Exploitation of Labor

One of the largest global supply chain ethical problems is labor exploitation in developing countries, where labor laws are poorly enforced. It includes both underpayment of wages, hazardous working conditions, excessive hours of work and the employment of children. By way of example, Nike was slammed around the world in the 1990s when workers at its subcontracted factories across Southeast Asia were found to work under poor conditions and that even children worked there. The response resulted in protest, reputational damage to brand and required the company to take a good look at its supply chain. In the years since, Nike has taken strides to put into place labor standards and boost transparency, but the case remains a classic demonstration of how unsavory labor practices can damage global brands. Firms need to be certain that their partners and suppliers, also from abroad, follow ethical (23) labor practices not only for compliance reasons but also for a good corporate image.

#### Deceptive Advertising

Unfair advertising includes providing false, overhyped or misleading information about a product in a manner that can deceive consumers. This is particularly problematic on international markets where regulation may differ or be inadequately enforced. One of the most high-profile examples is Volkswagen's emissions scandal, in which the company marketed its diesel cars as "clean" and good for the environment but secretly installed software to circumvent emissions tests. The scandal resulted in billions of fines, loss of the trust customers had placed in VW and damage to its brand over time. Likewise, a few international food and drug companies have been criticised for making unproven health claims in more laxly regulated markets. These cases serve as a reminder of the need for honest, open and provable marketing regardless of how strictly or informally future markets may be regulated.

### Greenwashing

Greenwashing is the process of deceptively promoting products or business practice as environmentally friendly, when they are not: it is a sordid stain on the professional reputation of those responsible. This style of marketing is deceptive to consumers who are seeking out sustainable options, and undermines actual environmental efforts. For instance, H&M has received negative attention for its "Conscious Collection," which advertises clothing as sustainable with little evidence to support the claim and an opaque sourcing and manufacturing chain. Environmental groups and investigative journalists have pushed back on the veracity of such claims, saying that the presence of a fast-fashion brand with sustainability messaging doesn't make much sense. lude\_time Greenwashing not only can ruin a brand's reputation, but also risk regulatory scrutiny and consumer scrutiny.

distrust. Marketers should avoid making green claims that are vague, and they should provide reliable substantiation for these kinds of claims.

### Cultural Insensitivity

Insensitive advertisement can stretch to religion and culture Unintentional ignorance in promotional or public relations programming is no safe road. This is a frequent problem for brands that copy-paste their global messaging without understanding local customs, beliefs or historical meaning. An often-cited example features Dove's 2017 ad that depicted a black woman taking off her shirt to reveal herself as a white woman, an image deemed by many as racist and culturally insensitive. The company said it was promoting diversity, but advert execution was deemed culturally ignorance as it came under attack on social media platforms. Another is Pepsi's 2017 ad with Kendall Jenner, derided as trivializing the social justice movements. These examples emphasize the importance of local market research, diverse representation and unwavering cultural sensitivity in all forms of producing marketing content.

### Bribery and Corruption

Bribery and corruption are widespread in some foreign markets, where you may be required to pay bribes to expose regulatory requirements or obtain permits. The practice may be unethical and illegal though, especially under acts such as the US FCPA and UK Bribery Act. Ensure it's a legitimate activity. One celebrated case was Siemens, which had engaged in highly extensive bribery around the world — and this resulted in more than

Fines and settlements: \$1.6 billion. The scandal revealed a culture of malfeasance at the organization, and led to sweeping reforms in its compliance programs. With such legal and reputational risks in mind, multinationals need to institute transparent anti-corruption programmes and roll out ethics training across the world.

#### Privacy and Data Misuse

With the rise of the information-based approach in digital marketing, concerns of consumer privacy and data misuse are rising. Including in a discussion of collecting, storing or sharing personal data without clear consent — or using it in ways consumers didn't agree to. An apt case in point is the Facebook-Cambridge Analytica imbroglio, in which data of millions of users were tracked without lawful consent and sold for political advertising. The episode prompted international outrage, inquiries by lawmakers and calls for stricter privacy laws such as the General Data Protection Regulation in the European Union. In global marketing, especially through e-commerce and social media, brands need to handle data ethically by being upfront about what information is gathered and how it's used, and also by giving users some control over their personal data. Families cannot afford not to comply considering the liability and loss of consumer confidence at risk.

#### 4.1.3 Definition and Meaning of Corporate Social Responsibility (CSR)

**Glossary** Companies' social responsibility A company's sense of responsibility towards the community and environment (both ecological and social) in which it operates. Instead of only pursuing profits, CSR obliges companies to take into account the impact of their decisions on various stakeholders, such as employees, customers and communities the environment or society in general. Today in this global competitive market scenario CSR is no more a philanthropic practice or compliance requirements; instead, it's a strategic business concept. And it does more than create trust in the brand — it also fuels innovation, draws top talent and forges long-term relationships with stakeholders. Brands today are so closely associated with CSR and it's an essential element in dictating global perception and loyalty amongst consumers.

#### Key Components of CSR

**Environmental Responsibility** means reducing a company's impact on the environment by implementing sustainable practices. These range from reducing carbon emissions, to limiting the use of energy and water, minimizing waste, and using renewable or recyclable materials

for production. One of those is IKEA, which hopes to be climate-positive business by 2030. The company uses responsibly sourced wood, and invests in renewable energy throughout its stores, as well as provides customers with recycling services. IKEA's focus on sustainability does not only benefit the planet, but also predisposes IKEA to fit into the demanding nature of eco-friendly customers worldwide.

Social Responsibility concentrates on the welfare of persons inside the company and outside too. This involves actively pursuing diversity, equity and inclusion in the workplace, taking care of its employees through fair employment policies and benefits, as well as contributing to local communities with education, healthcare and social programs. For instance, Salesforce is celebrated for its dedication to social impact via employee volunteer programs and its 1-1-1 model, which donates 1% of equity and employee time as well as product to organizations working on pressing global challenges. These efforts help

develop stronger community connections and positive corporate culture, strengthening that brand positioning as a socially responsible company.

**Economic Responsibility:** Doing business fairly, openly and sustainably. This ranges from fair wages and non-exploitative pricing, to investing in the local economy and backing small businesses and ethical sourcing. A case in point: Unilever, which collaborates with thousands of smallholder farmers worldwide who supply ingredients for Unilever products. The company also offers training, fair remuneration and long-term relationships so that the rural economy can improve. Not only does this model guarantee a secure supply chain, but it also reinforces Unilever's commitment to ethical economic practices.

Ethical Governance means having a strong set of values within the organisation and mechanism to hold such value accountable. This includes the implementation of anti-corruption measures, enhancing transparency, preventing victimisation and introducing extensive ethical rules. Consider Johnson & Johnson, whose time-honored corporate credo ensures that the company makes business decisions based on ethics that put customers, employees and communities ahead of profits. This moral compass has enabled the company to build trust, especially when facing crises and guiding its global business.

Extent of CSR in International Trade **MARKETING AND CSR.**

The effects of CSR in international marketing are not limited solely to internal operations but also contribute towards shaping the design, promotion and distribution strategies of products and services offered within a variety of global marketplaces. # In today globalized economy where a company is dealing with multiple stakeholders and cultures, CSR plays a very important role in building up the brand positioning and consumer relationship. The respective areas are key elements of CSR's role in international marketing:

**Sustainable Product and Promotional Design:**

Increasingly, companies are baking sustainability right into their product strategies from the get-go. That such products be more energy efficient, constructed of recycled or sustainable materials and made for longer life cycles. Case in point: Tesla, which markets electric vehicles not only as cars but also a Slackers need to learn marketing.

accelerate the world's move on adding more and more sustainable energy. Its marketing has always stressed eco-friendly benefits like zero emissions that appeal to green-minded consumers around the world.

#### Choosing Ethical Supply Chains:

International marketers need to have a supply chain that mirrors the company's CSR stance, particularly when using raw materials or labor in third world countries. These things include stopping the use of child labor, creating fair wages, and reducing environmental impact as much as possible. The outdoor clothing company Patagonia does extensive audits and has full transparency in its supply chain, including posting the locations of its factories online. The store wears this on its sleeve, and it does a lot to strengthen the impression of the brand as one with integrity and environmental/social sustainability.

#### Ethical Communication in Advertising and PR:

When it comes to marketing and CSR, it all hinges on the need for what you say publicly not to be out of step with your values. Companies that exaggerate or make false claims about their sustainability efforts risk accusations of so-called greenwashing. In contrast, brands such as The Body Shop present a fair story telling for products in campaigns that actually offer good trade and animals friendly testing. Brands can build trust by eschewing misinformation and making an effort to be authentic.

#### Responding to Stakeholder Concerns:

To be modern and global, marketing must engage in two way dialogue with all stakeholders including customers, investors, regulators NGOs and local communities. That is by listening to the complaints and criticisms, responding to them, and changing tactics as necessary. In India, Coca-Cola was rebuked for depleting too much groundwater. In conjunction, the company introduced water restoration and conservation initiatives, incorporating these efforts in CSR communications. This timely response allows businesses to safeguard their social license to operate (and) demonstrates public accountability.

#### Aligning CSR with Brand Identity:

In order to CSR work effectively in global marketing and build your brand equity, it should be an organic part of the storytelling. Brand Building: Companies that can embed their ethical beliefs into all touchpoints – product and packaging, ads messages (and messengers), after-sale treatment – are better positioned to build a relationship with value-driven consumers. TOMS Shoes, for example, based its entire brand on the promise to give back through its "One for One" model. This clear fusion of brand communication and social mission has enabled

TOMS to establish itself as a household name internationally, keeping consumers coming back time and again.

#### 4.1.4 CSR as a Strategic Instrument for Global Brands

Corporate Social Responsibility (CSR) has shifted in the last decade from being a function about compliance to one associated with strategic value.”<sup>8</sup> CSCweisfinal\_ Conducting Business About The Moscow School of Management – SKOLKOVO: Over the three years since our establishment, we are rapidly gaining recognition as an institute of distinctive managerial education and research. These days, CSR is no longer just about giving to charity or compliance with regulations; it’s now part of the way in which companies see themselves, interact with others and position themselves against competitors. For multinational corporations, integrating CSR in activities around the world builds reputation, consumer brand loyalty; improves risk management and bolsters long term capacity to weather challenges. Here are main ways by which CSR helps in delivering global brand strategy, and the cases of some real companies have also supported them.



Figure 4.1

## Brand Differentiation

CSR have provided an opportunity to global brands to differentiate themselves from their competitors through manifesting strong commitment of their businesses towards ethical values and the goodness of society. Considering the fact that in some industries, products might be indistinguishable from competitive ones, CSR is a very important differentiator of conscious consumers. For example, The Body Shop has leveraged the role of ethical beauty pioneer – thanks to its dedication to cruelty-free testing, fair trade sourcing and sustainable packaging. These practices are

much advertised in marketing and at point of sale. Therefore, the brand has cultivated an identity which sets it apart from traditional cosmetics companies in that CSR has become a very important part of its competitive positioning.

## Customer Loyalty

When brands share and support human values while demonstrating an aversion to selling, they will benefit from having a more loyal following and become more intentionally recommended as well—especially when marketing to younger audiences like millennials or gen z consumers who prioritize things like environmentally friendly practices, inclusiveness, and companies who operate with transparency. A case in point is Patagonia, a company that loudly espouses environmental protection and gives back part of its revenue to the environment. Its “Don’t Buy This Jacket” slogan promoted conscious purchasing in a counter-consumerist stance that struck a chord, particularly with the people it was selling to. Far from denting sales, this unashamedly CSR-focussed message actually enhanced customer loyalties – a lesson in how value-driven marketing can create enduring emotional bonds with customers.

## Attracting Investors

CSR is proving to be an aspect increasingly able to attract social responsible investment since more and more investors are taking ESG factors (Environmental, Social and Governance issues) into account in their investment decisions. It tends to see more stability as well as a future-oriented nature, and is believed trustworthy with less risk of regulation or reputation issues. For instance, Tesla has been the recipient of a significant investment interest not only because of its creativity but also because it wants to advance within the world at large. Strong ESG performance at Tesla has led it to be included in various ESG-focused funds and appealed to retail investors who focus on this, further cementing the combination of sustainability and financial attractiveness throughout the global market.

## Risk Management

CSR is a sort of reputation and risk management. It permits brands to avoid scandals, consumer boycotts or regulation action by foreseeing and avoiding the mistakes. In times of crisis, companies that already tend to environmental, labor and social risks are better-

prepared to steer through them. Unilever, for instance was criticized about environmental and labor issues in its supply chain, it then committed to the Sustainable Living Plan that aims to minimize its environmental impact, and improve working conditions at every level of its business operations. Having invested into CSR early and continually, Unilever has offset reputational risk, and converted its commitment into a brand strength, enabling others to see that CSR is not merely talking points and press releases but also farsighted strategy.”

### Employee Engagement

Companies that operate with ethical accountability are more likely to draw in, engage, and retain a workforce of top talent - even more so in the world’s rising global war for talent as employees have continued to prioritise purpose and values alignment. CSR fosters good work environment and boosts morale resulting in better employer brand. For instance, Google is regularly listed among the top workplace choices despite continued criticism of its power in the market - this on account of CSR drives such as residential solar and work place diversity and education programs in developing nations. When your employees feel that their company plays an active role in the social good, they are generally more motivated and empowered which often translates to increased productivity and diminished turnover.

### License to Operate

At the global level, CSR is a mechanism for companies to secure and retain their “social license to operate” by gaining the trust and legitimation of local communities, authorities and other affected actors. This is especially so where businesses are having a meaningful environmental or social effect. A good example is Coca-Cola, which incurred a heavy toll in India over its extraction of groundwater. In reaction, the company began both to replace water and to interact with nearby communities about environmental grievances. The CSR programs redeemed the public popularity and made it sure that the operations were not being disrupted. By involving stakeholders in CSR, market entry and sustainability on international markets would be easier.

### Did You Know?

Did you know that companies with strong CSR programs have a 40–60% lower risk of experiencing reputation-damaging events, such as boycotts or negative media coverage?

CSR is not just about image—it acts as a reputation shield, helping brands recover faster from crises and build long-term resilience in the global marketplace.

## 4.2 Sustainability and Green Marketing Practices

With increasing global environmental issues companies' operations have been scrutinized, putting pressure on firms to adopt sustainable working practices. Sustainability is more than just selling ecofriendly products — it includes how those products are designed and made, as well as how they're brought to market, promoted and disposed of.

Green marketing is concerned with the market prospects of environmentally sound products and practices. But sustainable marketing needs to be real, open and part of the company's broader strategy to have an authentic impact.

#### **4.2.1 Concept of Sustainability in Marketing**

In marketing, sustainability is a new concept known as an approach to promote goods and services in a way that humans & eco-systems can co-exist harmoniously by fulfilling the needs of humans but not destroying them or their environment.

In marketing, sustainability involves:

- The generation of long-term value for clients, the market, for society, and benefits to mankind.
- Minimizing the adverse environmental effects of marketing operations.
- Educating consumers on responsible consumption.

Key principles of sustainable marketing:

Eco-efficiency: Doing more with less when producing and distributing goods.

Empowerment of Consumers : Promoting ethical practices and knowledge of the consumers.

Holistic value creation: Joint driving of economy and society.

Sustainable marketing is not a single one-time campaign; instead, it is an approach to responsibly doing business that cuts across product development, pricing, promotion and packaging.

#### **4.2.2 Green Marketing – Definition and Aims**

Green marketing is the marketing of products or services that are entrenched in an ecological rationale; although it can certainly apply to any product or service being sold, its usage simply implies a relatively positive eco-friendly process.

environmentally friendly. approaches to communicating environmental performance, such as emphasizing the healthfulness or other ecological attributes of products, and promoting actions to promote a healthy and sustainable environment.

consumption and incorporating environmental responsibility into a firm's core brand strategy. Green marketing is not just about the product packaging or materials, but also involves energy-saving production procedures, less and better waste products from factories, where material is sourced ethically and sustainable messages that corporations spread. In today's environmentally friendly commercial realms, the public is starting to demand that brands stand for something more than just an exchange of money making green marketing good business.

Companies that utilize green marketing typically use highly recyclable, biodegradable, and/or sustainably produced materials in their production processes and the resulting products can usually be recycled themselves. For example, a global outdoor apparel company called Patagonia features its use of recycled fabrics and fair trade- certified manufacturing, as well as environmental activism, to further solidify its leadership in ethical business.

#### Promote Environmental Awareness

Educating consumers on the environmental effects of their purchasing decisions is one of the key aims of green marketing. With product packaging, advertising campaigns and content marketing companies educate customers on concerns related to sustainability, as well as how their brand is environmentally friendly. For instance, Seventh Generation, a company that makes all-natural household goods, lets its soaps and sprays do the talking by way of packaging and branding touting the virtues of plant-derived ingredients, biodegradable formulas and no animal testing. Their initiatives are often supplemented by educational content about climate change, plastic waste, clean water and more which empowers customers to make greener decisions and increases their overall awareness.

#### Differentiate the Brand

Green marketing also allows firms to stand out in crowded markets and competition by demonstrating their dedication to sustainability. For companies who can position themselves as environmentally responsible, it becomes easy to differentiate oneself from competing brands and the increasing audience of eco-minded consumers. IKEA is a glowing example, having been working continuously over the years establishing its credentials as an advocate of sustainable living by pushing energy-efficient home solutions and selling solar panels, in addition to the fact that many of its products are made from renewable and recycled materials. IKEA makes a point of promoting their "People & Planet Positive" strategy in marketing materials, attracting those consumers who are especially concerned with "ethical trade" and well as Sustainable Living.

#### Encourage Sustainable Buying Behavior

Another goal of green marketing is to encourage consumers to adopt eco-friendly products and a sustainable lifestyle. This doesn't involve just pushing greener options, but to encourage consumers to adopt new behaviours such as reducing plastic usage, lowering waste or

deeming slow fashion. For example, Lush Cosmetics aims to inspire shoppers to swap a shampoo bottle for solid block 'shampoo bars' instead and each one saves 2-3 plastic bottles.' Their "naked" (i.e., packaging-free) product line, combined with powerful messaging about waste reduction, helps to normalize sustainable consumption behaviours. Brands can encourage such green behaviors by providing attractive alternatives to traditional products and informing consumers of the environmental benefits these can bring.

### Comply with Regulations

As the range of environmental laws around the world continues to increase, green marketing will help ensure that companies are keeping up with these laws and their competitors in the industry. Governments and international agencies increasingly require businesses to meet environmental standards for their packaging, emissions and the ingredients in products. Brands who partake in making "green" claims frequently seek out certification for their company or a green seal of approval, such as Energy Star, Rainforest Alliance, Fair Trade and LEED for buildings! Unilever, for example, adheres according to international standards of sustainability by using sustainably harvested palm oil and consistently aligning with RSPO (Roundtable on Sustainable Palm Oil) certification. These actions not only meet a legal requirement but also generate consumer confidence, particularly when product claims are well communicated with marketing vehicles.

### Support Corporate Responsibility Goals

It also further supports a company's broader Corporate Social Responsibility (CSR) ambitions promoting environmental responsibilities that are fitting in line with brand purpose and stakeholder expectations. It makes sure sustainability inform all parts of business, from product development and supply chains to marketing and customer relations. For instance, Tesla's green branding fits perfectly with the CSR goal of global reduction in the use of fossil fuels. In its electric cars, solar panels or battery technology, Tesla's entire brand strategy centres on fixing climate problems. Its marketing isn't just selling products; it's marketing a lifestyle, and a vision, that is consistent with long-term environmental stewardship. Achievement of CSR objectives in the commercial context.

## **"Activity 1: Green Audit of Marketing Materials"**

Instruction to the Student:

Choose one company's product marketing campaign (TV ad, YouTube ad, social media, packaging, or website claim) that emphasizes sustainability or eco-friendliness.

Steps:

1. Identify the green marketing claims being made (e.g., recyclable packaging, carbon-neutral, plant-based ingredients).
2. Research whether these claims are certified, backed by data, or potentially greenwashing.
3. Compare the ad content with any available third-party certifications or consumer reviews. Deliverable: Prepare a short critique report (300–400 words) titled “Green or Greenwashed?” with:
  - A screenshot or description of the ad
  - The green claims made
  - Your evaluation of their credibility
  - Suggestions for clearer or more ethical communication

#### 4.2.3 Sustainable Supply Chains and Packaging

A genuinely sustainable brand positioning strategy in global marketing needs to do more than just paint eco-friendly platitudes on the side of every product it makes.... It must address sustainability across the entire lifecycle of a product—from raw materials, production and packaging through transportation, use and discard. “We take a holistic view to embed sustainability across the whole value chain right from sourcing to final processing rather than looking at sustainability as a project. Two of the pivotal components to achieving this are sustainable supply chains and environmentally conscious packaging; standards which contribute to lessening environmental impact, building reputational value around good brand image as well as satisfying consumer demands for ethical and responsible choices.

##### Sustainable Supply Chains

An sustainable combined business model of supply chain management is about the system use to deliver goods and services in a way that minimizes impact to the environment, continues ethical treatment of workers as well as sensitive social responsibility. This includes the ethical sourcing of raw

materials to guarantee they’re not sourced in a way that harms an ecosystem or takes advantage of workers. For example, businesses that use organic cotton or FSC-certified wood show concern for preserving biodiversity and forests. In addition to raw materials, sustainability can involve minimizing energy use, carbon output and pollution from production processes – whether that means using a higher proportion of renewable resources or embracing greener manufacturing.

Lean logistics practices are also followed by companies to minimize waste in transportation and storage, for instance; local sourcing to reduce supply chain lengths so as to reduce

emissions produced and sustain regional economies. Fair labour practices throughout the supply networks are also important for social sustainability. This includes not using child labor, ensuring safe conditions and fair pay. Unilever, for instance, has placed significant emphasis on sustainable sourcing through its engagement with smallholder farms to encourage ethical agricultural practices and the implementation of regular sustainability audits and certifications including Fair Trade and Rainforest Alliance. Effective steps like these not only bring credibility to a company's claims but also give confidence to the consumers and regulators of application to use and high ethical standards on an international scale.

### Eco-friendly Packaging

The packaging of a product is an important factor in both consumer perception and carbon footprint. Conventional packaging, which is composed largely of plastics and non-biodegradable materials, is a huge source of pollution and landfill. Eco packaging aims to counteract some of these issues by being produced using recyclable, biodegradable or compostable materials. Brands also are embracing minimalist designs that eliminate unnecessary layers of packaging to save on production costs and waste.

A third major trend is the move to refillable and reusable packaging, where consumers return containers to a store or refill them instead of throwing them away. This system also cuts down on single-use waste, while driving long-term consumer loyalty. The reinvigorated in-store refill station is an example; it has been resurrected by The Body Shop with plans of consumers bringing back their used containers and refilling them with shampoo, lotion or other products to cut down on plastic waste. Additionally, brands are shifting to non-toxic, plant-based inks and dyes for packaging designs so recycling is cleaner and safer.

An example of a brand that's become known for its creative packaging is Lush Cosmetics, which offers many of its items "naked," or without any form of packaging. For items that do need packaging, Lush uses recycled and recyclable materials and offers a discount if a customer returns an empty container. Not only does this approach help to cut down environmental waste, but it also demonstrates the brand's ethos as a proactive sustainability company and increases loyalty amongst eco-conscious consumers.

### Did You Know?

Did you know that more than 50% of global carbon emissions are linked to supply chains—not just manufacturing, but logistics, packaging, and end-of-life disposal?

That's why brands like IKEA and Unilever now use carbon labeling on their products and invest in low-carbon shipping to meet their sustainability goals. Marketing sustainability includes managing everything "from source to shelf."

#### 4.2.4 Critiques and Challenges of Green Marketing

However, despite all its advantages green marketing encounters some challenges and criticisms, from consumers and researchers.

##### Greenwashing

- Greenwashing is the practice of making misleading marketing claims about the environmentally friendly nature of a product or company.
- This hurts public trust and can lead to litigation or backlash.

##### Higher Costs

- Creation of sustainable product or packaging can be expensive to R&D and certify, as well as in terms of raw materials.
- These prices could be passed on to customers, with goods becoming less competitive in price-sensitive markets.

##### Consumer Skepticism

- Some consumers are sceptical of green claims and want transparency and evidence (e.g., eco-labels, impact reports).
- The message may go unheard if companies can't convey their sustainability efforts clearly.

##### Regulatory Complexity

- Standards governing marketing and labeling vary widely between countries, complicating efforts to make them uniform globally.

##### Limited Market Demand

- In certain areas — particularly in the developing world — price and usability are still more important than environmental considerations to many consumers.

To avoid these shortcomings, green marketing needs to be:

- **Authentic:** Actual, not just spoken.
- **Transparent:** We are fact and data driven, transparent with our certifications and honest in our communications
- **Strategic:** Part of the brand's DNA and operational framework

#### 4.3 Future Trends AI, Personalization, and Big Data

The future of world advertising is largely dominated by game-changing technologies particularly AI, personalized marketing as well as big data analytics. These solutions help marketers to better understand customer behavior on a 1-to-1 basis, said Yates, as well as make campaigns more effective and improve decision-making.

Yet despite their tremendous promise, these technologies introduce ethical and privacy concerns which marketers need to consider with care. This section discusses the impact of these developments on international marketing strategy.

### 4.3.1 AI in Marketing

AI is the science and engineering of making machines or software that imitate intelligent processes humans use to solve problems by learning, in a way that appears natural for humans. Unlike conventional software that adheres to a fixed set of rules, AI systems rely on machine learning and natural language processing (NLP) capabilities that allow them to evolve and make predictions based on data. In marketing, AI is transforming how businesses view customers, plan strategies and launch campaigns. Through the capacity to handle large and difficult datasets, AI allows business automation of repetitive tasks as well as trend prediction—delivers personalization and increases engagement in real-time for customers.

Brands the world over are pouring money into AI marketing tools to improve efficiency, accuracy and a better experience for their customers. Be it multilingual chat support bots, personalized recommendation engines for products, AI has now become a strategic imperative in the cut-throat global environment. But it also necessitates good data, transparency and ethical protections to guarantee responsible use.

#### Chatbots and Virtual Assistants

Perhaps the most widely adopted application of AI in marketing is that of chatbots and virtual assistants, which are available round-the-clock to offer customer support throughout various geographies and languages. Using NLP, these tools are not only able to understand customer questions and answer immediately they can also often address more complex requests such as order tracking, appointment booking or complaint resolution.

Sephora's virtual assistant available on Facebook Messenger is capable of giving beauty tips, suggesting products and even booking appointments for in-store services to make the shopping experience interactive. It's no different for AirAsia either: the airline's chatbot AVA can understand five languages and helps people around the world with reservations, customer service, etc. It also enables organizations to keep down customer service costs by maintaining a standard and real-time customer experience across all global operations.

#### Recommendation Engines

Recommendation engines, driven by AI, personalize shopping and entertainment experiences based on user data including browsing behavior, purchase history, ratings, and demography. These systems are built to recommend products or services that most closely match an individual's preferences, in turn, driving engagement and sales.

An archetypal exemplification is online store Amazon, that acquires significant revenue from personalized product recommendations on its Webpage and in emails. Netflix does the same by employing artificial intelligence algorithms to parse viewing history and recommend television shows or movies that may appeal to a particular user. In international markets, these engines also adapt recommendations based on local taste — promoting Bollywood movies for Indian users and anime content for Japanese audiences, for example. This kind of local personalization allows companies to reach all kinds of customer segments around the world."

### Programmatic Advertising

Programmatic advertising is powered by AI to automate the purchase, placement and optimization of ad sending on digital platform in real time. AI uses audience data to determine when is the right platform and time to reach out, by combing through massive volumes of audience behavior history data instead of older-style manual deal negotiation for ad space. It makes the process more efficient, less costly and allows for better targeting.

For instance, Coca-Cola has employed programmatic advertising to deploy personalized ads for various markets, adjusting messages based on cultural and regional differences. Such is the same strategy used by platforms like Google Ads and Meta Ads to look for highly targeted audiences via interests, behaviors, search history using smart bidding systems. Programmatic advertising allows global brands to efficiently scale campaigns across territories without defaulting on wastage-driving unrelated impressions.

### Market Forecasting

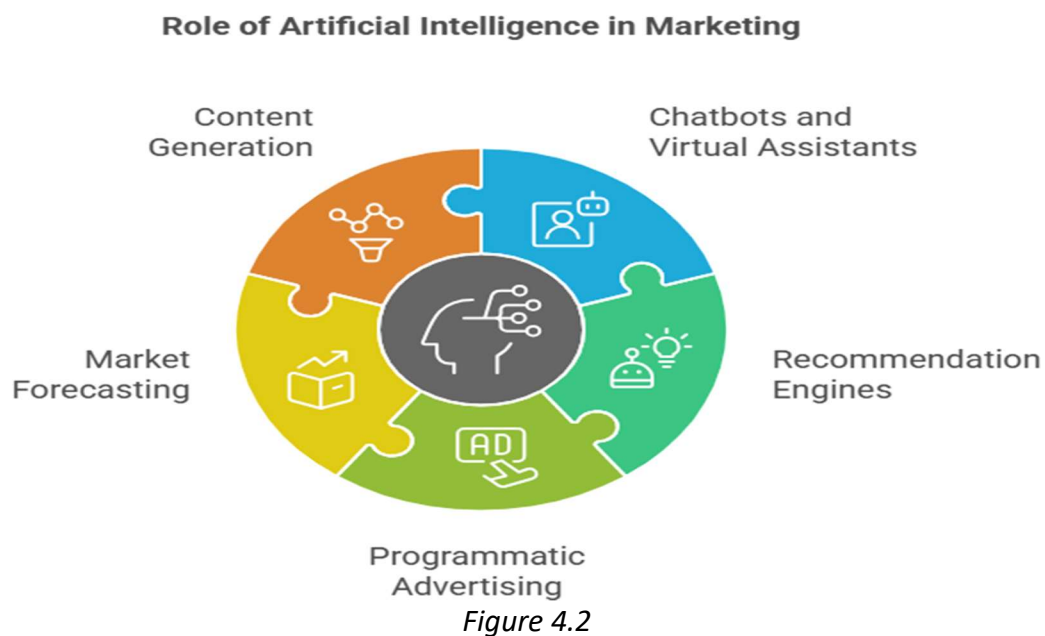
AI is also great for predictive analytics, and market prediction to help business anticipate customer demand, season trends, and need on inventory. AI algorithms are able to analyze giant data sets – from sales history and economic indicators, to social media sentiment and weather forecasts – and produce accurate predictions.

Unilever, for example, is using AI to predict demand of its many product lines in various countries, in turn helping to optimize production and prevent both shortages and excess stock. Walmart also leverages demand forecasting that our AI generates for inventory and to optimize supply chain planning for peak events (e.g. holidays, Black Friday). On a global scale, this enables companies to more rapidly adjust to evolving consumer behaviors in different geographies, increasing operational efficiency and flexibility.

### Content Generation

AI is already being used to create marketing content like product descriptions, tailored email messages, ad copy and social media posts, for example. These tools can generate natural language text that is contextual, localized and pertinent to a specific audience by applying NLP.

Ebay, for instance, has already employed AI to automatically generate product descriptions on millions of listings, saving time for sellers and enhancing consistency. Similarly, AI-powered tools like Jasper. ai or ChatGPT can draft promotional emails and social media updates in other languages, so brands can easily tweak their messaging to appeal to international markets. Another is Spotify, which applies AI not only for recommendations but also for personal targeting campaigns like “Spotify Wrapped,” where it generates a personalized playlist and report shared widely by users on social media. The way in which artificial intelligence can make marketing content scalable and personal is evident.



#### 4.3.2 Data-Driven Personalization of Consumer Experience

Marketing personalization is the practice of customizing products, services, content and messages whilst taking into account a consumer's individual preferences, behavior across channels and demographics. In the field of global marketing, personalization is an effective strategic practice for companies to manage a wide array of differences in culture and market implementation and to maintain close relationships with customers. Leveraging big data, artificial intelligence and analytics, personalization increases engagement, elevates customer satisfaction and creates lifelong loyalty. Today's consumer, particularly Millennials and Gen Z, not only desire but have come to expect personalized relationship with brands. Businesses

must strike a balance between personalization and privacy and also permission from consumers to avoid being invasive.

### Content Adaptation According to Language, Culture and Interests

Personalization in global marketing: One of the most critical functions of personalization in global marketing is customizing content to local languages, cultural sensibilities and consumer preferences. That way, marketing campaigns can be context-aware and sensitive to regional differences. For example, McDonald's changes its menus and promotions by country; it has served products such as McAloo Tikki in India or Teriyaki Burgers in Japan. Its digital marketing is also in tune with local customs and festivities, like Lunar New Year campaigns in East Asia. Through locally relevant content and product offerings, McDonald's creates a sense of familiarity and cultural relevance to give people the feeling that you know them and understand their cultural context.

### Increasing Engagement and Conversion Rates

User behavior and preference-based personalization serves to directly improve end-user engagement levels and conversions by presenting content and recommendations that match the specifics of an individual's browsing history. Besides, shoppers would rather react to something personal than a generic message. For instance, Netflix relies on a recommendation algorithm that looks at users' viewing habits, ratings as well as the duration of time spent watching certain shows to recommend new content. Over 80% of the platform's viewing activity is driven by the AI-powered recommendations underscores that personalization can lead to greater engagement and better retention everywhere. With this attitude customers stay engaged and the churn is reduced, leading to increased long-term revenue.

### Creating Loyalty with Relevancy for the 21st Century.

Personalization enables brands to create long-term brand loyalty and emotional affinity by providing rich, meaningful experiences. Consumers are more likely to come back and recommend a brand when they know it "gets" them, such as their wants and needs. Starbucks, for instance, leverages its mobile app and rewards club to monitor purchase history and offer personalized deals like recommending the customer's usual drink on a rainy morning or promoting seasonal items in accordance with what's been previously purchased. These personalized conversations not only drive sales but also promote customer retention since consumers feel important and acknowledged on a personal level.

### Leveraging Purchase History, Search Behavior, Location and Demographics Data from Amazon

Personalization derived from data Data-driven personalization uses information on purchase history, browsing behaviour, location and demographics to shape marketing campaigns. For example, Amazon have a state-of-the art recommender system [1].

The system works by examining a customer's shopping cart, previous purchases and searches to recommend other products. The company also personalizes its promotions during events,

such as Black Friday or local shopping festivals (e.g., Singles' Day in China), in order to match the regional shopping behaviors. This gives Amazon the ability to optimize relevance for global markets by delivering recommendations and offers that are pertinent to customers based on geography, and context.

#### Utilize Social Media Engagement to Tailored Messaging

Personalization Social media has played catalytic in the rise of personalization as engines gather information about what users want, like and how they are driven to click and engage. Brands employ those data to target tailored ads, campaigns and recommendations that mirror consumer behavior in real time. For instance, Spotify processes user listening history to develop customized playlists (youtube) like "Discover Weekly" or "Your Daily Mix." These playlists are algorithmically driven by your personal tastes, listening habits and even the world at large. Spotify also stages its own annual campaign, called "Wrapped," which gives users a personalized recap of what they listened to that year. This increases engagement and prompts users to post their answers on social media platforms, transforming personalization into contagious global marketing.

### **"Activity 2: Personalization Audit: How Brands Tailor Your**

Instruction to the Student:

Choose any global e-commerce platform or brand that you frequently use (e.g., Amazon, Netflix, Spotify, or Nike).

Then:

1. Log in and document personalized elements—recommendations, location-based pricing, language, or content.
2. Analyze the data inputs the brand might be using to deliver these personalized results (e.g., your browsing history, location, time of visit).
3. Reflect on how this personalization:
  - o Enhances or interferes with your experience
  - o Raises any concerns about data usage or privacy

Deliverable: Submit a 1-page observation report titled "Personalization in Action: [Brand Name]" that outlines:

- Personalization techniques used

- Data likely collected
- Ethical concerns or appreciation
- Suggestions for improvement

### 4.3.3 Global Marketing and Big Data Analytics

Big Data Big Data is a term that describes data sets so large and complex they would be difficult to process and manage with traditional software tools, In general, they have the potential for extraction of information (patterns, trends etc.) from these collections for better decision making particularly human behavior and interactions. In the market of products and services worldwide, big data has given companies a potent weapon to transcend aesthetics and sorcery when making decisions. Marketers can use advanced analytics to understand consumer behavior more deeply, personalize content and refine strategies across multiple markets around the world.

Big data marketing sources include website analytics (e.g., Google Analytics), social media footprint (likes, comments on Facebook and shares), mobile apps and location based services, CRM system through which the customer contacts are managed, loyalty programs that are used by retailers in the form of rewards, online transactions and clickstreams. When processed effectively, this data arms marketers with the insights needed to segment audiences, measure performance, predict trends and build a relationship with customers around the world. Yet big data presents challenges as well, because companies must be mindful concerning accuracy and interpretability — and ethical use, particularly with respect to consumer privacy.

#### Segmentation

Big data enables marketers to pinpoint certain groups of customers much more accurately than has ever been possible with traditional approaches. Because of examining the extensive data on its behavior, marketers can segment consumers into meaningful segments by such criteria as demographics, psychographics, preference and purchasing patterns. For instance, Coca-Cola leverages big data analytics to divide its consumer base based on lifestyle and location to customize advertising campaigns like personalized bottles with names or local phrases (“Share a Coke”) across various countries. This focus on segmentation is what allowed Coca-Cola to increase engagement and drive sales by reaching consumers in a personal, cultural way. By focusing their targeting, brands are able to create better designed marketing messages that will appeal to different global people’s message preferences.

#### Real-time Decision Making

Big data allows Marketers to dynamically vary Pricing, Promotion and Content Delivery. This reactive-decision-making approach is well-suited to global e-commerce and digital

advertising, where consumer behavior changes at a rapid pace. As an example, big data enables Uber to vary the cost of a ride in real time through its “surge pricing” strategy, which adjusts fares instantaneously according to demand and location. E-commerce behemoths such as Amazon, too, refresh recommendations for products and other promotions on the move in line with browsing activity and their purchases at that moment. This flexibility enables enterprises to stay nimble in a fiercely competitive global market, increasing customer satisfaction and squeezing the maximum revenue out of any given transaction.

#### Cross-border Strategy

Big data also contributes directly to the creation of localized global marketing strategies through its analysis of consumer behavior by region. This, in turn, allows companies to learn about cultural preference, seasonal trend and regional purchasing behavior. For instance, Netflix leans extensively on vast stores of data to understand what viewers in different countries actually want to watch, meaning it can recommend things but also create region-specific content like “Sacred Games” in India or “Money Heist” in Spain. By adapting offerings to local tastes, Netflix effectively ingratiates itself in each region. This process shows how data technology is used to translate from global (mimeplasmatic) strategies into local (reterritorialized territorial agencements), and these enable strategies that resonate within... specific cultural, social contexts.

#### ROI Tracking

Another important use of big data in marketing is measurement of return on investment (ROI) across different channels, campaigns, and customer segments. Big data tools allow companies to track exactly which of their campaigns brought in the most engagement, conversions and revenue – so they can allocate resources accordingly. For example, Procter & Gamble (P&G) leverages big data analytics to measure the success of its worldwide advertising campaigns — tracking sales lift, media efficiency and consumer response. This enables P&G to terminate low-performing campaigns and reinvest in those that yield richer profits. By constantly tracking ROI, marketers are able to maximize budgets and keep them in line with business goals.

#### **4.3.4 Ethical and Privacy Implications with AI & Data**

With this disruptive force casting a shadow over industry, politics and society, AI has become a significant ethical issue that poses important questions about data privacy, fairness and transparency. Although such technologies do pave the way for consumer\_.

customize customer experiences and increase efficiency, their abuse can result in privacy violations, reputational harm and, by the way of regulatory fines. In a global environment, with expectations for data privacy and legal regulations that may vary widely by area, marketers now need to ensure they are acting within the bounds of not only the law but also

cultural norms when it comes to AI and data practices. Responsible data use isn't a checkbox but one of the most powerful drivers to consumer trust and brand health.

### Data Privacy Violations

As one of the greatest subjects of debate in data-driven marketing, such activities are more likely to lead to problems than not, including the acquisition of personal information without explicit consent and tracking consumer behavior with no transparency. This may be misuses such as tracking the browsing or location data, sharing the user information without consent with third parties. The most famous case is the Facebook–Cambridge Analytica scandal in which personal data of tens of millions of users had been extracted without sufficient active consent and utilised for targeted political advertising. This was not only met with outrage from around the world, it also brought a more stringent privacy regulation including GDPR in Europe. These instances shed light on the fact that privacy breaches can have legal implications and may do irreparable damage to a company's brand.

### Invasive Personalization

And while personalization can improve use and navigation, over-directed ads or recommendations can also feel intrusive and manipulative. Relentless retargeting of advertising, based on browsing history or purchases, may make consumers feel like they are being cyberstalked. For instance, a whole lot of people seem to realize they don't particularly like the targeted ads that Google serves up so aggressively following up on search queries with eerily specific placements across unaffiliated websites. Likewise, Amazon generated a backlash for sending very personalized promotional emails that felt intrusive to some shoppers. Too much "creepy" personalization could easily tip over from being helpful to be downright creepy, undermining trust and potentially driving customers away.

### Bias in AI Algorithms

AI systems are trained on data, and if the data include biases, the algorithms can inadvertently exacerbate discrimination or leave some groups out. This can result in biased targeting, being excluded from offers and having ads placed unfairly. For instance, Amazon had to abandon an AI recruitment tool it discovered was biased against

women because the system had learned from historical data that was heavily male-dominated. There are analogous dangers from AI models that disproportionately cater to one demographic over another in marketing, which could lead minority customers to be marginalized within targeted campaigns. AI's bias In the absence of routine checks and varied data inputs, biased AI has a potential to reinforce imbalances and erode brand trust.

### Opacification (Artificial Intelligence in the black-box)

One major concern is that it's often unclear how AI systems are making their decisions. Most advanced algorithms function as a "black box," so their operations are opaque even to the people who write them. That breeds distrust, since people may not know why they are being

shown certain advertisements, prices or offers. Consider Spotify and its recommendation algorithm: The service has come under fire for being opaque — users aren't fully aware of why they are suddenly getting a lot of plays or followers. Likewise, dynamic pricing algorithms employed by airline industry and e-commerce services may occasionally change prices with opaque reasoning behind why, provoking consumer suspicion that they're not being treated fairly. Transparency is key in the path to building trust in AI-powered marketing systems.

### Compliance Risks

Marketers around the world must also deal with an increasingly complex tangle of data privacy regulations, varying by region. Failing to adhere can lead to hefty fines, operational limitations, and other damage to the corporate brand. For instance, last year British Airways was fined £183 million under the European Union's General Data Protection Regulation (GDPR) rules when a hacking attack exposed personal details of around 500,000 of its customers. TikTok, too, has been fined in the United States and Europe for not doing enough to protect children's data. Laws like GDPR (Europe), CCPA (California) and PDPA (Singapore) are meant for consumer protection, and businesses need to create strong compliance mechanisms to steer clear of any breaches. This is especially difficult for multinational organizations that need to tailor their data management to accommodate regional laws and customs.

### Ethical Use of AI and Data Practices!

Such ethical dilemmas need to be addressed through best practices that promote the responsible and transparent utilisation of AI as well as consumer data by organisations. Such considerations include ensuring data collection is contingent upon clear and informed consent, giving users the option to opt-out of tracking and being transparent when it comes to how this data is stored, shared and used. Routine audits and testing can uncover algorithmic bias, while a privacy-by-design mindset guarantees that protections are built in from the get go. For instance, Apple has presented itself as a leading player in privacy-first advertising by limiting third-party tracking and building features like App Tracking Transparency, which allows people to choose how their data is utilized. Such efforts both ensure compliance and increase consumer confidence in a brand.

### Did You Know?

Did you know that under the European Union's General Data Protection Regulation (GDPR), companies must be able to explain how an AI system made a decision about a person?

This concept is called the "right to explanation." It means that if an AI algorithm denies you a loan or selects what ads you see, you can request a human-understandable explanation for why that happened. It is a core part of ethical AI and data transparency.

## Knowledge Check 1

Choose The Correct Options:

Q1. Which of the following best defines greenwashing?

- A) Promoting environmental awareness through certified programs
- B) Misleading consumers by exaggerating a product's environmental benefits
- C) Using recycled materials in product packaging
- D) Reducing energy consumption across the supply chain

Q2. Which term refers to the practice of integrating ethical and sustainable practices throughout the marketing supply chain?

- A) Circular marketing
- B) Value-based promotion
- C) Sustainable marketing
- D) Profit maximization strategy

Q3. What is the primary advantage of data-driven personalization in marketing?

- A) Reducing the need for content creation
- B) Offering identical experiences to all customers
- C) Increasing customer engagement by tailoring experiences
- D) Preventing data collection and storage

Q4. Which of the following best illustrates CSR as a strategic tool?

- A) Donating to charity once a year

- B) Complying only with local laws
- C) Using CSR initiatives to align with brand identity and customer values
- D) Avoiding sustainability discussions in marketing

Q5. Under regulations like GDPR, companies must:

- A) Sell customer data to third parties
- B) Track all consumer activity anonymously without permission
- C) Provide transparency and obtain consent when collecting data
- D) Collect data from minors without restrictions

#### 4.4 Summary

- ❖ this chapter This chapter examined the impact that ethics, corporate social responsibility (CSR), sustainability and technology- enabled personalisation is having on global marketing. In addition to managing cultural and regulatory differences, with companies expanding into different countries as of today, responsible and transparent business must also be upheld.
- ❖ We discussed in the ethics and CSR section why ethical marketing is significant, and how CSR has become a strategic tool for shaping long term trust and brand value. Global ethical dilemmas are increasingly shared such as excessive use of labor force, deceptive advertising, greenwashing or abuse of consumer privacy.
- ❖ Today companies are expected to be more than profit machines; they are expected to consider their effect on the environment and society.
- ❖ Sustainability and green marketing are in the forefront of contemporary marketing communications. Marketers are selling ethical products, buying into sustainable packaging and driving fair-trade supply chains. But greenwashing, the high costs and complexity of regulation remain important issues to address.
- ❖ Chapter 7 also explained emerging trends such as artificial intelligence (AI), big data and personalization. While these technologies provide capabilities to focus on customers more accurately, and streamline marketing efforts, they also pose privacy, transparency, ethical issues.
- ❖ When you align ethical values and environmental responsibility and technological innovation, your business can create stronger global brands that are trusted, competitive and future proof.

#### 4.5 Key Terms

1. Ethics in Marketing – The consideration of all involved parties and the adherence to moral principles providing fair treatment, transparency and honesty to its customers.
2. Corporate Social Responsibility (CSR) – a business model whereby companies help contribute to sustainable development by working with stakeholders (employees, customers, suppliers and local communities) to ensure that the impacts of their activities are positive on all levels: economic, social and environmental.
3. Green marketing - Marketing that promotes a product or practice as environmentally friendly or sustainable.
4. Sustainability in Marketing – The incorporation of social, environmental and economic criteria into marketing strategies and campaigns.
5. AI (Alternative Intelligence) – The application of intelligent systems that imitates human decision processes to automate and elevate marketing programs.
6. Customization – Adapting products, services and promotional materials to the preferences of individual customers by means of data and digital tools.
7. Big Data Analytics -It is the exploration of large amounts of data to discover patterns and other useful information that can be used to make better decisions.
8. Greenwashing — The making of misleading or unsubstantiated claims about the environmental benefits of a product, service or company.
9. Privacy – Safeguarding the personal information we obtain from customers and using it in a lawful and transparent manner.
10. • Ethical Supply Chain: a supply chain with high standards of ethical labor and responsible production.

#### 4.6 Descriptive Questions

1. What are the primary ethical issues facing global marketers today? Give examples from the actual business environment.
2. Define what is meant by corporate social a. responsibility (CSR). Discuss how international brands can use CSR as a strategic marketing technique.
3. Explain what green marketing is and why it is significant. What Makes It Different from Traditional Marketing?
4. Outline the key elements of a sustainable supply chain and suggest why they are important in international business?
5. In what ways is AI changing the world of Marketing? Provide examples of its applications.
6. How big of an impact can data-driven personalization have on the customer experience? What are the associated risks?
7. What are some of the digital marketing ethical concerns about big data and AI? How can companies reconcile innovation with the trust of consumers?

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#### Answers to Knowledge Check

Correct option For Knowledge Check :

Q1 – B

Q2 – C

Q3 – C

Q4 – C

Q5 – C

#### 4.8 Case Study

##### “Patagonia – Profits with Purpose: Ethical and Sustainable”

Introduction

At a time when climate awareness and consumer activism are rising, companies also increasingly feel the need to do more than make money and become forces for good. Patagonia: The American Outdoor Brand as a Global Ethical Marketing, Sustainability and CSR Leader When it released its “Don’t Buy This Jacket” campaign smack in the middle of holiday shopping season, it stunned the advertising world — and spoke directly to values driven consumers.

Patagonia’s dedication to environmental ethics, its transparent supply chain and activist branding are a learning moment for global marketers. However, carrying such a strategy through into international markets presents complex issues regarding scaling ethics, managing green marketing and maintaining regional consistency without offensiveness.

This case looks at how Patagonia has sustained its commitment to sustainability and CSR within its global marketing strategy as well as how the brand is using forward-looking tools, such as AI and data analytics, in order to scale out their mission, while maintaining a firm-held company value system.

### Background

Founded in 1973, Patagonia has become somewhat of a household name among people searching for high-quality gear, but also seeking a company deeply committed to the natural world. It donates at least 1 percent of annual sales to environmental organizations, supports grassroots activism and urges customers to “make it last” by repairing, reusing and recycling clothing rather than buying new items.

Its advertisements emphasize meaning over material, sometimes even criticizing excessive consumption. Patagonia also practices ethical sourcing, sustainable packaging and transparent supply chain audits all stakeholders involved up to the CSR values of the company.

With growth in Europe, Asia and Latin America, the company now finds itself trying to make sure that its

branding based on ethics is universally understandable (translatable across market places irrespective of culture and wealth).

### Problem 1: The CSR Consubstantiation Issue among Different Markets

Patagonia’s involvement in environmental issues and its mission is obvious, however implementation and controlling CSR standards across different countries can prove to be hard. There are widespread differences in labor practices, environmental laws and consumer expectations.

### Solution:

Patagonia instituted a harmonised global supplier codes of conduct, third-party environmental certifications (such as bluesign®), and an army of in-region compliance teams. With its standardized audits and region-specific education programs, the company makes sure

all of its locations are aligned with its core values, no matter where in the world they're located.

#### Problem 2: preserving greenwashing free marketing while growing fast

As green marketing becomes more widespread, many companies are now using sustainability language as a marketing tool rather than an indication of any real investment. The challenge for Patagonia is how to grow without facing criticism that it's greenwashing or watering down its message.

#### Solution:

Patagonia uses radical transparency, openly publishing environmental audits, sourcing and product lifecycle data. Its campaigns serve the purpose of educating alongside persuading; and the company eschews celebrity endorsements in favour of real stories from activists, employees and customers.

#### Problem 3: Ethical Use of AI and Data in Personalization

Patagonia has opened up its e-commerce offerings and AI is being applied to recommend products, forecast demand and manage inventory. Yet that does raise questions around consumer data ethics, particularly in countries with stringent privacy laws.

#### Solution:

Patagonia practices privacy-by-design and is GDPR, CCPA- and data protection laws-compliant. The company collects as little data as possible, offers transparent consent processes and doesn't engage in manipulative ad targeting tactics; it has taken an ethical approach to its tech strategy.

#### MCQ 1

Which of the following is a strategy that enables Patagonia to maintain CSR thematic consistency across global markets?

- A) Delegating all compliance to regional bodies
- B) Avoiding audits to reduce costs
- C) Adopting global supplier codes and third-party certifications
- D) Not taking ethical performance into account when selecting suppliers

Answer: C) Deploying global supplier codes and third-party certifications.

#### MCQ 2

How does Patagonia prevent itself from coming across as guilty of greenwashing?

- A) Withholding supply chain data to sidestep controversy

- B) Spending heavily on influencer endorsements
- C) Being radically transparent in your marketing-and in your operations
- D) Ignoring the issue of sustainability in advertising

Correct Answer: C) Mastering radical transparency in everything from marketing to operations

MCQ 3

What does the above imply about Patagonia's ethical use of AI and customer data?

- A) Gathering up as much customer data as he could gather.
- B) Running targeted ads without consent
- C) In accordance with privacy by design and data protection regulations

Selling customers' information to third party advertisers

Answer: C) Using privacy-by-design principles and data protection laws

Conclusion

Patagonia in action Patagonia's worldwide success proves that doing the right thing and running a profitable business are not mutually exclusive. Patagonia has incorporated CSR, sustainability, and technology into every aspect of its marketing efforts to create a dedicated customer follower base that is aligned to their beliefs. The brand's universal values of authenticity, transparency and long-term thinking provide a potent blueprint for future-fit global marketers to follow.

As an increasing number of companies join the ranks to meld purpose and performance, Patagonia serves as a shining example that when ethics are embedded in business decisions, trust, growth and impact follow.

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## Unit 5: Global Branding and Positioning

### Learning Outcomes

1. Differentiate between global and local branding strategies and understand when each is appropriate.
2. Analyze how Starbucks balances a standardized global brand identity with local cultural adaptation across international markets.
3. Evaluate the role of brand consistency in building customer loyalty and brand equity across diverse markets.
4. Understand the elements of brand architecture and how they are applied in global brand management.
5. Apply theoretical branding concepts to assess the success and challenges of Starbucks' international expansion strategy.

### Content

- 5.0 Introductory Caselet
- 5.1 Concept of a Global Brand vs. Local Brand
- 5.2 Standardized Brand Identity vs. Local Adaptation
- 5.3 Brand Architecture in International Markets
- 5.4 Case Study: Starbucks' Global Brand Strategy – Consistency with Local Relevance
- 5.5 Summary
- 5.6 Key Terms
- 5.7 Descriptive Questions
- 5.8 References
- 5.9 Case Study

### 5.0 Introductory Caselet

## “Global Flavor, Local Soul: Aarav’s Brand Strategy Conundrum at Café Nomad”

### Background

With the retail coffeehouse chain Café Nomad rapidly expanding across India, Aarav Kapoor is the Head of International Expansion. Having conquered the home market with its indigenous menu, down-to-earth design and youth-oriented marketing, now the brand is eyeing three new areas: the ME, South Asia and eastern Europe.

Leadership is split inside of the organization. Others think they should somehow make Café Nomad a global brand and stick with the same store name, design and product line if they want to have a uniform international image.

Some argue for localized branding and the name, products and positioning of Café Nomad is refined to address local languages, customs and customer needs.

Aarav’s research shows that customer behavior is nuanced:

- In Vietnam, coffee culture is steeped in tradition and street-side cafes.
- Quiet, cozy places are important to consumers in Poland and many people associate a coffee shop with work or study.
- Cafés are valuable branding in the UAE, and a Western version of luxury is shown in café preferences.

Meanwhile, the company is debating whether it will keep its quirky Hindi-English hybrid brand name (“Café Nomad”) or use more region-neutral naming and packaging in international markets.

It is now Aarav’s strategic decision to take:

Should Café Nomad have a consistent global brand across international locations to generate worldwide brand equity, or should its branding be locally authentic to preserve cultural synergy and market excitement?

### Critical Thinking Question

As Aarav, how would you choose between a global brand building strategy and creating local versions of the brand? What cultural, competitive, operational or customer considerations would inform your decision in each market?

## 5.1 Concept of a Global Brand vs. Local Brand

One of the critical strategy decisions in international marketing is that between global brands that deliver uniformity across markets, versus local brands which resonate with regional tastes. Each has its advantages and limitations. The ideal strategy really is dependent on the organization’s objectives, resources, its industry, as well as the characteristics of the target market.

This section outlines and compares global vs. local branding strategies in international markets, as well as their definitions and benefits.

### 5.1.1 Definition and Characteristics of Global Brands

A global brand is a product that is recognized, marketed and sold in most countries all over the world. Global brands are so named because they do not need to boast local adaptations, the company name, logo and identity system is consistent throughout the world in order to maintain a single brand image. These brands represent more than products; they stand for something — a principle or experience that people around the world collectively identify with, like quality, innovation or lifestyle.

#### Definitions of Global Brands

The definition of a global brand is given by Kotler and Keller (2016) as, “a brand marketed under the same name in multiple countries with similar and centrally coordinated marketing strategies.”

According to Levitt (1983), global branding refers to the standardization of products and messages across borders in order to create a common identity across markets and to take advantage of the economies of scale.

Jean-Noël Kapferer (2008) conceptualized a global brand as “a brand whose positioning, advertising strategy, personality, look and feel are by and large the same from country to country.”

These descriptions of global marketing underscore that, globally, brands orient toward sameness: they depend on consistency and central control as well as look for universal values to be expressed so long as small degrees of localization are possible.

#### Key Characteristics of Global Brands

##### Consistent Brand Identity

One of the characteristics of global brands is brand consistency, which is a way in which the brand expresses and reflects itself. This kind of consistency builds recognition and trust, making the brand easily recognizable across the globe. For instance, the same silver Apple logo, sleek packaging and minimalist design is common to every iPhone or Macbook whether it's sold in the U.S., Japan or India. Similarly, Coca-Cola has kept its

signature red logo and font well maintained over the years, rendering it one of the most easily recognized in the world.

##### Universal Positioning

There are values and messages that transcend cultures, innovations, trust, empowerment, quality etc. – this is basis to build a global brand around. For instance, Nike's brand is based around empowerment and athletic performance and its catchphrase “Just Do It” spans across the globe. Samsung is leading and luring the market with innovation, providing one and all with a common value progress. It is this universality that signifies that even though consumer lifestyles may vary, the emotional relationship to the brand remains constant.

### Centralized Strategy

In the world of global brands, centralised brand management predominates, with memories of that corporate headquarters trip also involving identity and advertising campaign decisions (and possibly product launches) taking place in Tokyo or New York. This provides for tight global coordination and brand control. For example, McDonald's runs centralized

campaigns like "I'm Lovin' It" that are customized in languages across markets but all hold the same universal identity. Adidas, it said, centrally develops campaigns around the world and "adopts its product ranges in a targeted way (e.g. cricket products for India or football products in Europe)."

### Scale of Presence

Global brands are successful not only because of the large international presence but are also known through various processes such as franchising, licensing, joint ventures or wholly owned subsidiaries. Mass availability across various geographies makes them available to the masses and conveys an international profile. For example, Starbucks has grown in over 80 countries by mixing the same café with a locally adapted menu — green tea lattes in Asia. KFC similarly enjoys global recognition, and adapts its lineup of food as well - to spicier menus in India or rice-based meals in China.

### Strong Brand Equity and Recognition

High brand equity is the other crucial attribute of global brands, since they have high level recognition and customer trust resulting in ability to command premium pricing. For instance, Mercedes-Benz is a universally respected byword for luxury and Google is synonymous with the world's top search service. Their brand properties renders them strong even in a competitive environment and secures long-term commitment of consumer.

### Adaptability with Core Consistency

Though international brands value uniformity, they also show an awareness for local customs without becoming diluted. This equilibrium of performance has kept them relevant in various markets. For example, Pepsi has one global market identity, but localizes it using local advertising with regional stars in India, China and Latin America. And Netflix tweaks its content strategy by making local shows like "Money Heist" in Spanish and "Sacred Games" in Hindi, then promoting them under its single global brand.



*Figure 5.1*

### Examples of Global Brands

- Apple – Innovation and simplicity in design.
  - Coca-Cola: Happiness, refreshment and power of inappropriateness.
  - Nike – Empowerment and performance.
  - McDonald's – Foreign food culture with localised menu.
  - Starbucks – Coffee culture and its strong brand identity across the world.
  - Samsung – Member of the consumer technology and innovation community.
  - Mercedes-Benz – Elegance, prestige, engineering quality.
  - Google: Trust, ease and equal digital access
- Proposals for other platforms are Rupert Murdoch's Fox TV network (avatar: eagles for every man!) or Trump News Instagram (such naughty filters!).

### Did You Know?

Did you know that Apple is considered one of the most successful global brands not just because of its innovation, but because it uses the exact same advertising (images, messages, and even product launches) worldwide—

This level of brand standardization is rare and powerful—it makes Apple feel like a universal experience, whether you're in New York, Nairobi, or New Delhi.

### 5.1.2 Advantages of Global Branding

Global brand has advantages in both financial and strategic cases for companies expanding into foreign market. Through the use of a unified identity, stretching across markets, global brands work effectively and efficiently while gaining trust, loyalty, and aspiration from consumers globally. If you liked this post check out the benefits of site search in the following infographics.

#### Economies of Scale

Economies of scale are one of the key benefits for global branding. By standardizing marketing, production and R&D processes across markets, companies have been able to reduce costs dramatically. For example, Apple centrally designs its products and adopts standardised production processes worldwide – thereby achieving both cost savings as well as ensuring uniformity in quality and innovation. Coca-Cola prints its proprietary recipe in solid form and distributes it at bottling, for a good compromise of economy and market penetration. These efficiencies empower world-class brands with the resources to invest even more in innovation and building a brand.

#### Strong Brand Equity

International brands enjoy large brand equity and so they can have high price tags helping in long term customer commitment. Customers can be willing to pay a premium for a brand that stands for quality, dependability or status. "Mercedes-Benz is worth more because they sell for higher prices around the world than many other brands do, and that's in part a result of brand value," Lim said. "For example, the Mercedes-Benz brand has been built upon luxury, safety and engineering excellence." Likewise, as Nike capitalized on its worldwide brand and position in the athletic performance and empowerment sell out category known as sportswear. Equity gain not only generates revenue today but also enhances consumer relationships over time.

#### Consistent Customer Experience

One advantage of global branding is that customers can count on consistent experiences as they travel around the world, fostering confidence and ease among travelers far from home. Not matter where you are Globally, if you visit a “Tambayan” then rest assured that the taste, quality and service will be same. For instance, a customer at a Starbucks café in New York or Tokyo or Paris will enter the same kind of space as well as finding some common menu items and customer service standards, though there would be minor local “variations.” It's this reliability that assures customers and breeds brand loyalty, because regardless of where they are — if they see a Starbucks sign — it will have what they know and love.

#### Faster Market Entry

Global brands can more easily move into foreign markets with their reputation. Consumers are far more likely to trust and take up a brand name they already know, even if it's new to their local market. For instance, Samsung's

brand recognition for high-quality electronics meant it was able to quickly enter markets such as India and Latin America, where they were already aware of its global reputation. H&M too has been growing very fast in new markets thanks to its international fashion name, and their market launch has been much quicker than less-known brands. By generating brand awareness, less top of the funnel attention is necessary for international expansion.

#### Efficient Global Communication

International brands also benefit from efficient communication between markets. Companies can create one advertising campaign that they are then able to use globally (with local adjustments), saving both time and money by having a consistent brand identity. For instance, the Nike “Just Do It” campaign has been widely used globally for a number of years with country specific commercials focusing on national athletes. Coca-Cola’s “Open Happiness” campaign had a universal global message but tailored language and visual content for regional audiences. This method results in cost savings and also provides consistency, but places attention to cultural variances.

#### Cross-Border Consumer Appeal

Global brands are frequently regarded as aspirational among urban and youth consumers in emerging markets who perceive them as reflecting a modern lifestyle with higher social status. Take Louis Vuitton and Gucci: Everyone is seeking them out as must-have luxury items in Asia, where brandishing that piece can determine your level of success in the eyes of others. In the same vein, Apple’s iPhone is now a global status symbol, particularly in emerging countries where people see it as a luxury lifestyle item. The global lure of brands works across borders, allowing companies to tap into consumer aspirations and enhance their global appeal.

### 5.1.3 The Significance and Relevance of Local Brands

Local brand Fig. 2 Self-congress effect of a local brand Hye (2014) defines a local brand as the one that is formulated, developed and even brought in to satisfy the specific cultural or social norms and consumer behaviours within a national or regional market. While big brands focus on homogeneity and scale, local brands find their success in creating cultural empathy with people, according to the company. They are extremely important in markets where consumers treasure tradition, local character and homegrown authenticity. Are Brands Telling The Right Story? Local brands are more than just functional, they offer consumers a sense of pride and connectedness with community.

#### Cultural Relevance

National brands are key in mirroring cultural preferences, language and traditions and so resonate with the people from their own country. For instance, Amul in India has become a synonym for dairy consumption in India – from milk to ghee to paneer), and they did so with cheeky, culturally relevant advertising in local languages. Amul, unlike its international competitors, is something that strikes heavily to the tradition of life in India - its festivals, food

habits etc. Local brands benefit from this cultural alignment in markets where consumer behaviour is shaped by heritage and rituals.

#### Customer Loyalty

Local brands tend to be able to create very strong customer loyalty, as consumers become emotionally attached and proud to support local companies. In the Philippines, for instance, Jollibee has inspired customer loyalty by adapting its fast-food menu to local tastes with sweet-style spaghetti and burgers adapted for Filipino palates. Although international behemoths like McDonald's flourish in the Philippines, Jollibee has a cultlike following as an embodiment of national pride and values of family and camaraderie that are central to the Filipino soul. This loyalty leads not only to repeat purchases, but also helps the brand compete with international counterparts.

#### Flexibility and Agility

Local brands tend to be more nimble –versus behemoths like Unilever or P&G– at adapting to a shift in consumer demand, market dynamics, or regulation. They can quickly change products or campaigns because they are smaller and more connected to market. For example, Lijjat Papad in India expanded by listening to consumers and adapting traditional home kitchen practices. Also on the same note, Tiger Beer Singapore often create ads based around local happenings and feelings as highly a national figurehead as they are a reactive brand. This nimbleness enables local brands to be very contemporary in quickly changing consumer climates.

#### Resilience in Crisis

With economic downturn or political crisis in any country, consumers tend to prefer local brands more than foreign brands as they have faith upon and support domestic companies. For instance, when trade tensions and geopolitical hostility between China and the U.S. flared, many Chinese consumers moved away from American brands and toward homegrown options such as Huawei and Xiaomi, enhancing the power of local technology names. Likewise, in a downturn consumers from emerging markets tend to favour less-costly local brands, which are more in-tune with their outturns. This resilience serves as a model of success for regional brands to capitalize on national identity and consumer trust by holding or gaining share in competitive times.

### 5.1.4 Global vs Local Brand: Analysis of Comparison

Both international and domestic brands have special benefits that they bring to the market place: Selection of one doesn't mean rejection of the other! Today, many companies employ a hybrid strategy (known as glocalization), which combines the face of a global persona with the spirit and heart of local relevancy. This strategy enables companies to take advantage of the efficiency and cachet of global brand names while staying culturally in sync with local customers. The strengths and shortcomings of these are contrasted on important dimensions.

#### Brand Identity

The global brand is the visual identity of various logos, slogans, and logos that compose a single trustworthy image for a product. This consistency brings global recognition and trust. For a company like Apple, though, the product

branding and design are very much identical globally and send a prevalent message of innovation and top quality regardless of markets. Local brands are consumer and cultural appropriations of other brands that fit local market conditions better than the original global brand. For example, in India Amul makes use of culturally appropriate advertising and offers product lines that are tailored for the typical Indian customer.

Taste, giving the place a strong national character. Both can work; the global brand needs to be consistent, while the local brand wins through cultural relevance.

### Consumer Perception

This leaves the perception among consumers that of global brands: aspirational, contemporary and credible with global status and international lifestyles. Take Nike for example - it has a worldwide identity as an emblem of empowerment and athletic prowess that is popular among young, urban consumers. Local brands, on the other hand, are recognized as friendly, familiar and credible because they so closely reflect community values and consumer interests. In the Philippines, for instance, Jollibee is more trusted by locals than McDonald's because it speaks to Filipino tastes and family-oriented culture. This discrepancy between how global and local brands satisfy the desire for modernity, fosters the emotional link and trust – is evident.

### Marketing Strategy

Global brands usually employ a centralised approach where generic campaigns are developed to ensure brand consistency across markets. For example, Coke's "Open Happiness" campaign had a standard global message and varied only slightly with local languages and references. On the other hand, regional brands approach decentralization more localized than above mentioned pan-european brand centralizations. Would you like another example," then there are organizations outside of the US that use word-of-mouth, grassroots type marketing; Lijjat Papad in India is an example where they sell through households. This global, local balance is efficient and consistent with local relevance and consumer engagement.

### Cost Efficiency

Multinational companies are taking advantage of economies of scale - manufacturing, marketing and R&D becomes cheaper as production processes become standardised across the globe. Unilever, for instance, shares supply chains worldwide so that it can cut expenses for its international brands like Dove and Axe. On the other hand, local brands tend to have more expense because they get customization when companies change packaging, messaging or product offerings specific to certain markets. Parle-G, for example, a local Indian biscuit brand must manage separate price points and pack sizes for urban compared to rural markets — which adds cost. Global branding, on the supply side, concentrates on efficiency; local branding is more about customization and earning loyalty.

### Competitive Edge

International brands often enjoy a competitive advantage in cosmopolitan and youth-oriented markets, where people dream of the international lifestyle. For example, adidas is very popular in metropolitan cities across the world and not just because it's a worldwide power house in sports and fashion. In contrast, tradition-based or national markets tend to be local consumers want products that correspond with cultural patrimony. During

nationalist consumer waves in China, for example, the likes of Huawei and Li-Ning have stolen large market shares from their foreign competitors by riding on patriotic sentiments. This just goes to show how international brands win in aspirational categories, local brands perform better when it is all about identity and tradition.

### Flexibility

A multinational business is less likely to be sensitive to culture, since it has pre-existing strategy that may constrain them from adapting. Pepsi, for instance, received immediate backlash in India when one of its pool-side commercials didn't resonate with cultural norms showing there are risks to doing too little localization. Local brands however, are much more malleable and faster to change due to consumer input, policy changes or social phenomena. For example, Tiger Beer in Singapore themes campaigns around local festivals and moods to resonate culturally. It's this responsiveness that enables local brands to operate more nimbly in fast-paced situations, even if they are not as well-stocked with the global volume of their international peers.

## 5.2 Standardized Brand Identity vs. Local Adaptation

In international marketing, firms must decide how to present their brand identity in foreign markets. Or should the brand look and feel exactly the same everywhere, matching one cultural context to another?

In this section, we are going to discuss the meaning of brand standard, uniformity vs. variation, adaptation requirement in local levels and how companies can reconcile in the two requirements.

### 5.2.1 Concept of Standardized Brand Identity

A consistent brand identity is about having the same set of elements that defines your brand and then displaying them uniformly throughout the world so consumers are able to perceive your brand in a similar light no matter where they are based. This is done by ensuring the brand elements are used in a regular and consistent manner such as the product name, logo, slogan, packaging, colors and other elements. The general gist is to create one giant cohesive image, and let consumer

experience is consistent and reliable, no matter where in the world an individual may come across it — whether they are in New York, Tokyo, Nairobi or São Paulo.

The value of standardized branding is that it creates global awareness and trust. A well-defined identity provides assurance that my experience in one restaurant is the same when I visit another. When people, let's say a traveler sees the golden arches of McDonald's, they know exactly what it is (and what to expect). This sameness lessens consumer uncertainty, making global brands more familiar and comforting in different places.

The most important aspects of brand standardization are visual identity, message and customer experience consistency. Visual consistency allows the same logos, color schemes, typography, packaging are used globally. For example, Coca-Cola employs its famous red and white logo across the board and it's considered one of the most recognisable brands on earth. Message equity is about expressing consistent brand values, story and mission across

markets worldwide like Nike's "Just Do It" slogan that stands for empowerment in any language. Finally, a consistent customer experience means that how people engage with brand – from retail store signage and service language to digital platforms - stays the same everywhere. For instance, Starbucks offer the same coffeehouse feeling and service worldwide, with a few alterations to fit local preferences.

Branded consumer packaged goods can be most effectively disintermediated by standardized branding when the product is a "staple" and where there must be no mistake about quality or origins, such as fast food, luxury goods, consumer electronics and fashion. Companies can benefit from economies of scale in production and marketing, simplify global communication strategies and create deeper emotional connections with consumers who desire consistent experiences they know will always meet their expectations globally.

But, despite the standardized branding play on conformity, most global brands tend to "hybridize" this practice by partially adapting content for local relevance. This balance – sometimes known as "glocalization" – allows businesses to retain their global identity, but they also take into account the regional preferences or cultural sensitivities.

#### Example

This concept is best illustrated by McDonald's. Its golden arches, red-and-yellow color scheme and "I'm Lovin' It" slogan are relentlessly applied across the globe for instant recognition. There is a uniform look and service model for the brand's retail operation so customers know what to expect. At the same time, McDonald's is introducing local menu variations – like India's McAloo Tikki Burger or Japan's Teriyaki Burger – without donning a new face in every market. This equilibrium of sameness and selective localization has allowed McDonald's to become one of the most powerful global brands on the planet.

### 5.2.2 Benefits of Brand Standardization

There are many strategic and financial benefits for companies to have a consistent brand identity, across the world. Brands also optimize operations and marketing by portraying a unified front around the world. Uniformity allows wherever a consumer stumbles upon the brand they would get closer to this brand, for it has a 'similar' look and feel and values which further builds trust with them eventually turning them into long term equity. Why many global businesses embraced branding standardization Bringing brand-standards The following advantages illustrate why so many multinational companies embrace brand standardization as a critical aspect of their global strategy.

#### Stronger Brand Recognition

Uniform brand identity creation leads to better presence and more striking recognition which allows customers to easily identify and trust the operation all over the world. This is especially useful for travelers or world customers who interact with the brand in various markets. Coca-Cola, for instance, has kept its red-and-white logo, signature bottle shape and consistent theme of "happiness" being brought to life all around the globe – prompting people in over 200 countries to recognise it. The homogeneity of their product provides both trust and comfort, as the consumer knows that he can get the same quality and the same experience no matter where they buy this powder

## Economies of Scale

Standardizing brands deliver tremendous cost advantages as firms can reuse marketing promotion, packaging, and other materials across the country. This minimizes redundancy and increases the advertising/production investment return. For example, Dove of Unilever runs global campaigns such as “Real Beauty,” which closes with a single core narrative about being real and feeling good about your body across geographies with only minimal cultural adjustments. Being able to keep branding standard makes communicating effectively from region to region more achievable and you save lots of money not making new things for a million campaigns.”

## Simplified Brand Management

“Brand management is easier and it's more effective if you have one identity worldwide,” Holley says. “Fewer variations in packaging, slogans or marketing messages allow companies to have better quality control, communicate more coherently and get aligned globally as well,” he added. For instance, Nike centrally coordinates its global branding.

using “Just Do It” as a global template for the slogan. This enables marketing to be optimized, all the campaigns to support each other and no mixed message or devaluation of brand messages.

## Unified Corporate Culture

Standardization of brand also creates a sense of corporate culture to share among the company’s employees, vendors and business partners regardless of location. One brand identity becomes a common rallying call, encouraging consistency and togetherness across all teams and geographies. For instance, IKEA advocates for a uniform corporate vision of “To create a better everyday life for many people” and applies it to its product design, store atmosphere and advertisements worldwide. This unified brand purpose doesn’t just reinforce outward identity – it also nurtures internal culture when employees come together around a shared vision.

## Efficient Digital Presence

Nowadays, it is also the digital profile of a brand that attracts and retains consumer engagement. Standardization financially enables corporations to ensure a single brand voice, design language and user experience across websites, apps and social media worldwide. For instance, Starbucks maintains consistent branding across its global website and mobile app – you get the same digital experience as if you were walking into one of their coffee shops. Because no matter what city, digital carry through communicates about the same brand in terms of quality, convenience and comfort.

## Global Brand Equity

Lastly, brand standardization helps to develop cohesive world-wide brand equity by reinforcing common values and positioning in all markets. This qualifies the brand to be about global themes such as innovation, luxury or ease, things that translate throughout the world. For instance, Apple has a consistent standard packaging and minimalist ad style as well as a clean store design across all countries which it uses to build the equity of their brand on

innovation and high quality. No matter where, customers worldwide do connect with Apple take about innovation and being exclusive.

### 5.2.3 Importance of Local Customization in Branding

Although standardized there are many positive aspects to branding in terms of recognition, cost efficiency and consistency

uniformity is generally not possible in many international markets. Cultural, linguistic, and behavioral differences make it imperative for brands to adjust their approach to be relevant, okay and appealing with local consumers. Local adaptation is about making global brands respect the individual market environment without losing their overall identity. This balance is especially critical in international marketing, where running afoul of cultural norms or consumer expectations can lead to reputation damage and make a business struggle in the marketplace.

#### Cultural Differences

These aspects related to cultural norms is pivotal in the way consumers decrypt elements such as colors, symbols, humor and tone among branding. What works in one market can be off-putting, or just plain weird, in another. For instance, white symbolizes purity in Western cultures but mourning in parts of Asia. Strange, but true Pepsi discovered this for itself the hard way in Southeast Asia when it changed the colour of its vending machines from a deep colonial blue livery to light blue, oblivious that light blue was cultural symbolism of death. KFC also tailored its menu in China by selling traditional items such as congee and rice-based dishes to fit into the Chinese style of dining, but without losing its global image. "In spring 2005, when I was searching in the French brand directory for possible brand names to register as trademarks our Company's management was considering creating a limited liability company with quite an unusual name: it had appeared 120 times in different countries. These examples illustrate that awareness of and incorporation into respective cultural contexts is crucial for successful branding.

#### Language and Translation

One language is the most typical problem for global branding. Slogans, Brand Names and Taglines: What to leave behind in the original language Translations of slogans, product names and tag lines tend to need some sort of translation that allows them to retain their original meaning without taking on something completely new. One notorious instance was when Coca-Cola first tried to enter China and found its brand name inadvertently converted into characters that meant "bite the wax tadpole." The company swiftly conformed its translation to "Ke Kou Ke Le," which meant "tasty happiness" and could not have been better news for the brand. Chevy's "Nova" model, for example, did not get a good reception in those countries because the name means "doesn't go" in Spanish. These cases demonstrate the necessity for linguistic awareness to support that brand messages are well-received by local consumers.

#### Consumer Preferences

There is often a considerable amount of adaptation to local consumer preferences in terms of product design, flavor and usage patterns. For example, skincare and makeup brands cater their formulas to climate variation and the diversity of skin types that exist in so many different areas. L'Oréal, for instance, sells creams that are richer in Europe than the lighter skincare formulations it provides in humid Asian markets. # In the fast food industry, McDonald's tailors menus for local taste with items like the McAloo Tikki burger in India and Teriyaki burgers available in Japan while maintaining a cohesive global brand.

All of these localisations mean brands stay relevant to local life styles while still enjoying their international presence.

### Local Competition

In markets where local players are strong, global brands have to refine their positioning to play up what they can offer that is unique. Take Jollibee, which controls the fast-food sector in the Philippines with items designed specifically for Filipino palates. To compete, McDonald's had to adapt its menu and marketing approach in the Philippines to please local customers among them by serving rice meals and sweet-style spaghetti. And global beverage companies, like Coca-Cola, for example, have to compete with regional soda brands in Latin America and regularly adjust their pricing strategies and marketing campaigns to focus on heritage or global cool. Without them, foreign companies could have a tough time competing with the entrenched local players.

### Regulatory Compliance

They're nudges, and they exist in other industries: laws around packaging, labeling, advertising, product make-up all force brands to change. What is successful one market may not be legal in another. For instance, to enter those markets, Red Bull had to reformulate its energy drinks to meet restrictions on ingredients in France and Norway. Unilever also customizes its packaging for its personal care products by featuring local language labels and country-specific advertising codes. Living up to regulations isn't just a matter of avoiding fines –it's about respecting local legislation and consumer protection too, with implications for trustworthiness.

## “Activity 1: Menu Localization Challenge”

Instruction to the Student:

Select a well-known global food or beverage brand (e.g., Starbucks, Domino's, KFC, McDonald's). Then:

1. Visit the brand's official websites or social media pages in two different countries (e.g., India and Japan).
2. Compare the product offerings, visual design, and language used in both markets.
3. Identify at least three ways the brand has localized its offerings to match the culture or taste preferences of each country.

Deliverable:

Prepare a short report (300–400 words) titled “Localization in Action: [Brand Name]”, highlighting:

- Localized menu items
- Culturally tailored design or messaging
- Your evaluation of whether the brand has balanced global identity with local relevance effectively

#### 5.2.4 Balancing Global Consistency with Local Sensitivity

Global brands that have achieved the best results are those which acknowledge that either pure standardization or pure localization do not necessarily ensure success. Instead, they use a kind of hybrid approach called glocalization — think global, act local. That is by keeping a core global brand (we call it Brand Heart) intact such as mission, values and identity and yet have some flexibility for local implementation to address cultural, language or market-specific conditions. Striking that balance is what makes global brands instantly recognizable and locally relevant — building trust with consumers over the long haul.

Standardize the Core, Personalize the Face

At the heart of glocalization is maintaining a uniform core brand identity — mission, values, and logos — while tailoring how the brand is articulated and presented through products, messaging or tensiles. McDonald’s, for example, preserves its brand across the globe with the golden arches and tagline “I’m Lovin’ It,” but varies its menu according to local tastes. IN India, it serves food like the McAlloo Tikki, a vegetarian item, and in Japan its Teriyaki burgers are big. The tradeoff enables McDonald’s to maintain its global brand personality while still being locally relevant.

Empower Local Teams

International brands do a better job when they allow local managers and agencies to leverage that insight and apply it to a specific region. This was designed to help campaigns strike a chord with local cultural sensibilities, while maintaining coherence with global brand aspirations. Unilever, for example, lets its local teams craft marketing campaigns around its brands like Dove and Lifebuoy to address regional social issues. In India, Lifebuoy promotes awareness of hygiene with a focus on handwashing during festivals; in Africa, it concentrates on disease prevention. In doing so, the fmcg giant, Unilever forwards its worldwide mission of health and hygiene in ways that resonate with local cultures.

Use Cultural Consultants

To avoid such stumbles, organizations often work with cultural consultants and in-country experts who understand the traditions, behaviors and languages of wherever they are. With this strategy, branding is contextually relevant and never offends on the local market. For instance, Disney and local cultural experts are teamed up when designing theme parks and campaigns in various countries. In Shanghai Disneyland, the park was designed perfectly to follow

the ancient Chinese philosophy of Feng Shui in the structure style matching Chinese culture tradition's belief which makes it feel more deep and respectful. This shows cultural awareness enhances acceptance of the brand in a new market.

### Segmented Global Campaigns

Another method of maintaining the balance between consistency and sensitivity is to roll out global initiatives with regional adjustments. The service's message is universal, but it has a local market twist. For instance, Coca-Cola's "Share a Coke" campaign was global in its concept but local in its execution; the names printed on bottles were localized. In India, bottles carried popular Indian names and in Australia, the campaign rolled out with nicknames like "Mate." In the Middle East, it printed labels using Arabic script in order to play on cultural context in the region. This allowed the essence of the message to remain local while having local appeal.

### Feedback Loops

Companies with full transparency that are digging into the voice of the customer across markets, hear more nuance and strike a better balance between standardization and localization. A steady stream of feedback keeps the company current with evolving consumer demands without losing sight of its essence. For example, Netflix leverages audience data and feedback from country to country not only to recommend programming but also to determine which local show should be made. Its global brand promise to deliver high-quality entertainment does not change, however, local stories like Sacred Games in India or Money Heist in Spain are indicative of what consumers want. Feedback loops at work Netflix is able to achieve scale through feedback-driven adaptation, which enables the company to both reach a global audience and locally connect in a meaningful way.

### Did You Know?

Did you know that McDonald's customizes its menu in over 100 countries, yet keeps over 70% of its core brand assets (logo, tagline, packaging, store layout) unchanged worldwide?

This "glocalization" strategy enables McDonald's to maintain a uniform global identity while respecting local tastes and cultural norms—like offering the McAloo Tikki burger in India or teriyaki burgers in Japan.

## 5.3 Brand Architecture in International Markets

As organizations grow around the world, it is difficult to keep up with a portfolio of brands. Brand architecture is the relation between different brands of an organization and how they are grouped together with consumers. It determines how a company's different brands are positioned so they work together and the perceptions of it cross different markets.

By the way of proper brand architecture, multinational corporation are enable to control brand identity, diminishing complexity in market with consumer clarity.

### 5.3.1 Concept of Brand Architecture

Brand architecture is the manner in which an organization structures, names and manages one or more brands. It establishes a structure of levels between the parent brand, its sub-brands, and product brands along with their naming, visuals etc. Good brand architecture makes it easy for consumers to understand, enables the company to penetrate new markets and guides what the extensions or acquisitions should be. For the purpose of international marketing, brand architecture is important because companies operate multiple brands in different markets and with a clear approach they can reconcile global consistency with local relevance.

There are three primary types of brand architecture: Monolithic (or Corporate) Branding, Pluralistic (or Product) Branding, and Hybrid/Endorsed branding.

#### Monolithic (Corporate) Branding

With monolithic branding, the corporate brand is king and all items of products or services come to market under a single umbrella name and identity. This contributes to consistent brand image at a global level and will help trust-building across markets be more attainable. For instance, Virgin runs airlines, mobile phone services, health clubs and space flight companies all using the one Virgin branding. The Virgin brand is powerful - when expanding into new segments it offers credibility across sectors. Likewise, FedEx leverages its corporate brand uniformly across services such as FedEx Express, FedEx Ground and FedEx Freight, further solidifying confidence and trust in one organization. The

benefit is the high brand value, disadvantage that if the corporate brand gets damaged this reflects on all products.

#### Pluralistic (Product) Branding

Pluralistic branding focuses on individual product brands that may lack a strong emphasis on the parent company. Every single creation also has its own name, meaning and identity which enables them to address separate markets and consumer profiles, without being bridled by mother company reputation. A prime example is Procter & Gamble (P&G), which has a variety of product lines such as Tide, Gillette, Pampers and Olay. These are brands that consumers see and purchase without being aware they belong to P&G. This way the company is free to design each product brand around specific customer requirements and cultural predilections. Unilever, too, oversees brands like Dove, Axe and Ben & Jerry's that have their own identities. The advantage is flexibility, but separate maintenance of a variety of unjoined brand identities is costly in terms of expense and effort.

#### Hybrid or Endorsed Branding

Hybrid: The hybrid branding is a mix of both the monolithic and pluralistic approaches. Sub-brands live in an identity of their own but they are still endorsed by the parent brand to make them more authentic and trustworthy. Marriott International, for instance, tags its hotel brands with the corporate name but leaves fair amount of brand positioning

to sub-brands like Courtyard by Marriott, JW Marriott and Fairfield Inn. Consumers equate these sub-brands with varying levels of service and pricing, but trust them because they are backed by Marriott. Nestlé is another one: It markets product brands, like KitKat, Nescafé and Maggi. Each individual brand is locally relevant with its own heritage and personality; all brands have benefit of being associated with the Nestlé name, which consumers trust for quality and convenience worldwide. The hybrid model provides a strong parent brand consistency and product-level differentiation flexibility.

### 5.3.2 Corporate Branding vs Product Branding

In the field of international marketing, companies are frequently confronted with the decision to organise and communicate their brand portfolio using more corporate or product branding. These two methods are distinguished by identity, strategy, flexibility and risk control. Whereas corporate branding is focused on a singular and consistent brand identity, product branding allows individual products to function with their own unique character. Each approach has its pros and cons, so organizations tend to lean toward one or mix them together based on their objectives, industry others and audience.

#### Corporate Branding (Monolithic Approach)

Corporate branding, also known as the monolithic approach means that the parent company's name is applied to every product and service they offer which creates a strong and unified brand identity. This approach is defined by messaging, brand values and visual identity that's easily exported across the world and used to propagate global awareness while controlling the portfolio of brands. A good corporate image overflowing throughout all products to slope the brand equity in a product. For instance, the Virgin Group brand is applied to many different types of businesses including Virgin Atlantic (airlines), Virgin Money (banking) and Virgin Media (telecommunications). The company use of the Virgin name means that they are showing their supply innovation, customer comitment and adventurousness in all kinds of industries allowing consumers to relate new products with established trust.

The benefits of brandishing the corporate name are obvious. It enables companies to market at scale, one identity for many products. It also preservative a worldwide uniformity in order that it is simpler to showcase the exact same image all over the world. A strong corporate reputation also ladders up to lift all products — once consumers believe in the parent brand they are more willing to try new items. For instance, Samsung leverages itself with its corporate branding strategy where brand equity of innovation can be transferred across smartphones/tvs/home appliance. But company branding also has its downside. Missteps in one category can tarnish the brand namesake, as was the case when Toyota experienced a worldwide recall crisis in 2009 and eroded consumer confidence across all Toyota vehicles. In addition, being driven by vision offer less flexibility to customize products for different consumers segments as all of your offerings need to fit under the same master brand.

#### Product Branding (Pluralistic Approach)

Product Branding ( Pluralistic approach) This is a policy followed by companies where all their product have distinct identities, that are independent of the parent company. It's that kind of set-up which affords the option for

completely separate placements, messaging and thinking around each brand – tailoring to different audiences, requirements and cultural environments. For instance, brands like AAA, Tide, Gillette, Pampers or Olay are owned by Procter & Gamble (P&G), and each one has its single name, identity and marketing approach. Much of the time, those same brands might not be viewed by consumers as "P&G" though all reinforce loyalty or awareness in category.

Benefits of branding one product is More opportunity to cater to different markets and segments. Consider how Unilever owns a portfolio of brands like Dove, Axe, and Ben & Jerry's – that all have different values and personalities to resonate with various demographics. Another is risk isolation: If one brand either underperforms or becomes scandal-tarred, the contagion doesn't spread directly to the balance of the portfolio. Like, if one product of P&G is receiving a bad review then other brands go unharmed by it and thus the whole portfolio is sustained. But product branding can be challenging, too. It demands more spending on marketing and advertising, because every brand requires its own campaigns and positioning. It also poses a challenge to creating a single corporate identity, so that the parent company itself may not be as recognized by consumers as individual brands.

### **“Activity 2: Brand Architecture Mapping”**

Choose one multinational company (e.g., Unilever, Nestlé, Samsung, P&G, or Google).

1. Identify at least 5 brands or product lines under this company.
2. Categorize each as following a corporate branding or product branding strategy.
3. Create a visual brand tree showing how each brand connects (or doesn't connect) to the parent company.

Deliverable:

Submit a diagram or flowchart titled “Brand Architecture of [Company Name]” along with a short explanation (200–250 words) of:

- Why the company might have chosen this branding structure
- What the strategic benefits are in terms of consumer perception and marketing

### **5.3.3 Hybrid and Endorsed Brand Strategies**

In international marketing, some firms use corporate and product branding solutions, in combination or separately (hybrids/brand endorsed). These methods provide the ability to balance global consistency with local variation, so organizations can increase brand equity while suiting various needs in the marketplace.

Hybrid Brand Architecture

Hybrid brand architecture is both corporate branding and product branding. With this approach some products are clearly branded by the parent company, while others have developed with their own unique brand identity but retain some connection to the corporate brand. This method has the benefits of organisations conceding and benefiting from

leveraging the equity of the parent brand while leaving room to build strong independent product brands. A prominent example is Nestlé, which is not afraid to prominently splash its corporate name on a product like Nestlé Pure Life water while at the same time allowing semi-independent brands such as KitKat and Maggi operate with their own identities. Consumers believe in these products not just for what they actually are, each powerful in its own right but associated with the credibility of being a part of Nestlé. This compromise works especially well with enterprises that represent diverse, large portfolios and need to balance global commonality against local consumer needs.

#### Endorsed Branding

Under endorsed branding it retains its separate brand and position while benefiting from the endorsement of the parent brand to add legitimacy and trust. The parent brand is a quality back-stop beneath which sub-brands can evolve individual personalities. Marriott International is a great example where their sub-brands, such as Courtyard by Marriott, Residence Inn by Marriott and JW Marriott are endorsed. Sub Brands: The various sub-brands offer varying service levels, and different segment focus/ targeting with respect to pricing, although the Marriott backing inspires trust in consumers regarding service quality and experience. There is, for instance, Sony PlayStation, which maintains its powerful rhythm in the gaming space but receives a boost from HQ's endorsement as catholic leader in electronics. The power of co-branded branding lies within the compromise between confidence gained through affiliation and best independence for imagination and positioning. But it must be managed carefully to minimize brand confusion and continue making sense to consumers.

#### 5.3.4 Case Examples of Global Brand Architecture

Multinational corporations may implement various brand architecture models according to their strategic objectives, industry profiles and expectations of the consumers. The following are examples of how multinational companies effectively deploy product, corporate, hybrid, endorsed or mixed strategies.

##### Unilever – Pluralistic/Product Branding

Unilever follows a multi- or product-branding strategy, meaning each of its product brands is allowed an individual identity with relatively little connection to the parent company. Dove, Axe, Knorr and Surf as examples are sold as independent brands so the consumer may not realise they are part of Unilever. This approach ensures Unilever can customise and adapt each brand for local market segments and cultural backdrops. Dove, for example, promotes self-confidence and natural beauty; Axe's message is youth and vigor. By building personality to each brand, Unilever gets the global flexibility and relevance it is looking for, but only at a higher marketing cost per brand.

Samsung employs the use of a monolithic or corporate branding which it preserves on all its products ranging from smartphones to television sets, home appliances and through to microprocessors. This gives us one global point of view with a strong product story, that helps align Samsung as an authority in innovation and technology. The Samsung brand name is already an accepted, trusted and powerful branding, which can be used as a new product launches will get off to a good start if the consumers see that “Samsung” behind it. Harvard Business School case studies show that the success of Samsung's mobile phones increases the consumer trust in its TV and refrigerator products, as brand values are transferred under a common brand umbrella.

#### Nestlé – Hybrid Approach

It is a hybrid of corporate branding and product branding in that Nestlé applied the same brand for each level within their umbrella. Some products, like Nestlé Pure Life have the corporate name less prominently, allowing them to gain trust in the water category because of their external status as a bottled water whilst at the same time aligning behind the parent company's reputation. Other products make prominent use of the parent (e.g., KitKat with more than 150 bars and wafers worldwide) or sub-brand (e.g., Nescafé) names. Nestlé has its own signature product in places like India, where Maggi noodles rule the markets with their own identity but also with a clear indication of being part of Nestlé. It's a hybrid approach that gives Nestlé the best of both worlds — global credibility with its corporate name and local into-the-weeds relevance with product-specific branding.

#### Toyota – Endorsed Branding

Lexus (Toyota preference using its endorsed range of products branding model. Although Lexus is an entity to itself, and has its own brand identity that centres on excellence in luxury, technology and exclusivity, it also remains associated with Toyota's reputation for quality production and dependability. This kind of endorsement gives credibility to Lexus, especially when moving into new global markets where Toyota is already respected. Likewise, Toyota promotes sub-brands such as Toyota Corolla or Toyota Prius, which have their own identities but reap the benefits of association with the Toyota name. Through endorsement, Toyota can extend into other segments and for consumers it ensures that the brand is trustworthy.

#### Coca-Cola Company – Mixed Strategy

Coca-Cola uses a hybrid brand architecture posture. The company is best known for its flagship product Coca-Cola, invented in 1886 by pharmacist John Stith Pemberton and corporate great-grandparent of the territory to which this policy applies (see Coca-Cola formula). These brands are designed to address different consumer needs and market situations. Fanta, for example, is especially popular in Europe and Latin America because of its fruit flavors, while Minute Maid is now promoted as a healthier juice option in Asia. This hybrid approach enables Coca-Cola to harness the strength of a global flagship brand while simultaneously benefiting from product-specific branding for specific categories and geographies.

### 5.4 Case Study: Starbucks Global Branded Strategy Consistency vs Local Relevance

Starbucks is frequently cited as the best practice model for creating a global brand that maintains relevance in the cultural touchpoints. Its prowess in mixing standardized brand identity with local customisation has enabled it to thrive across different markets: from the U.S. and Europe to Asia, the Middle East and Latin America.

This case report examines Starbucks' globalization practices, its success and challenges, in comparison to the experiences of other well-known brands.

#### 5.4.1 Overview of Starbucks' Global Expansion

Starbucks Originally established in 1971, in Seattle, USA Started as a local roaster and retailer of whole bean and ground coffee. It started a rapid, international expansion during the 1990s that launched it in countries such as Japan, the UK and China. Nowadays Starbucks has locations in over 80 countries, with a total of over 35,000 stores.

Key milestones:

- 1996: First store outside the U.S. opens in Japan
- 2001–2010: Grew rapidly in Europe and Latin America
- 2011–present: Explosive expansion in China, India and the Middle East

Expansion strategy:

- Combination of company-owned, joint ventures and franchise models
- Targeted to downtown areas, shopping malls and business districts
- In digital tech (loyalty apps, mobile ordering)

For Starbucks the space was not merely about plying people with coffee, but being a “third place” between home and work where people could come for relaxation or to meet up with friends or to enjoy bespoke experiences.

#### 5.4.2 Standardization of Brand Image and Store Experience

While doing business in various markets, Starbucks managed to keep a consistent and solid brand personality, which provides both consistent and global recognition.

Elements of brand standardization:

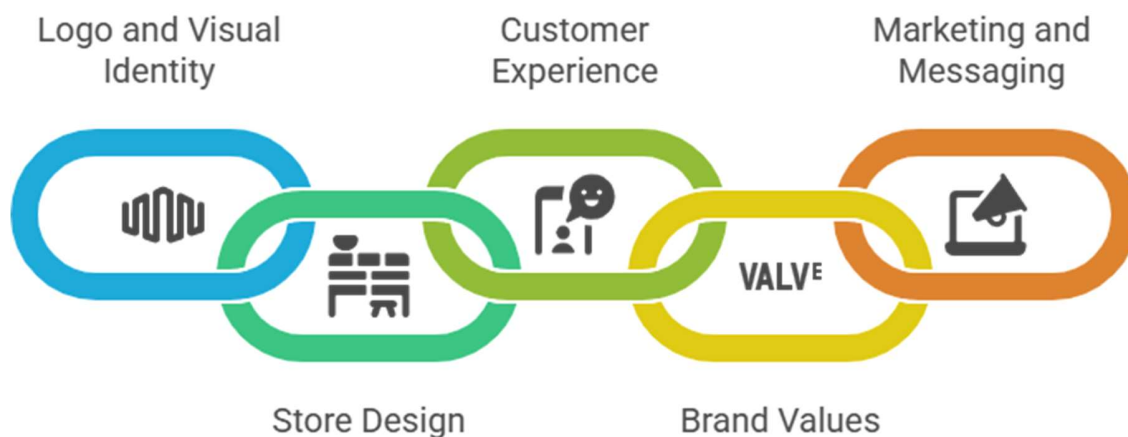


Figure 5.1

Elements of brand standardization:

Logo and Visual Identity

Its green siren logo, typeface and store marquees are universally recognized(?) across nations.

Store Design

The layouts differ but for the most part Starbucks stores are earth-toned, full of wood and plush seating, splashed with soft lighting and free Wi-Fi.

Customer Experience

The basic concept of this coffee shop – ordering system, barista speak (tall, grande, venti), and the personal touch – remains the same no matter which market in the world you are.

Brand Values

The brand ideals — community, ethical sourcing, sustainability, and premium experience — are ingrained in worldwide communication.

Marketing and Messaging

Global campaigns advance the same brand values, while enabling some localized storytelling.

Standardization has helped Starbucks create a more consistent brand, lower the costs of training and maintain quality across thousands of outlets.

### 5.4.3 Local Menu Adaptation and Cultural Relevance

Starbucks keeps their branding consistent, but engages in a significant amount of local adaptation, particularly with the menu options and store appearance.

Examples of localization:

#### Menu Customization

- o India: Masala chai, paneer wraps, veg food available.
- o Japan – Matcha green tea lattes and cherry blossom-inspired beverages
- o China: Red bean frappuccinos and mooncakes in the Mid-Autumn Festival
- o Middle East--Date cakes and Arabic coffee in Ramadan

#### Cultural Sensitivity

- o Regional style of local art and furniture corresponds to regional aesthetic principles
- o Music and language decisions suited to local palate
- o Signage, store names and packaging are in the local languages

#### Store Concept Variation

- o In Japan, Kyoto – Starbucks is situated in a conventional wooden house with tatami seating.
- o Amsterdam boasts a flagship with Dutch design translated into art space.

#### Local Partnerships

- o Works with local artists, musicians and non-profits
- o Collaborates with local vendors in the interests of cultural and environmental sustainability(">

And by adjusting its menus and experiences while staying true to the core of the brand, Starbucks gains cultural currency – and customer loyalty.

### 5.4.4 Lessons from Starbucks' Global Strategy

The Starbucks case provides some insight into how to manage global branding so that local diversity is not trampled upon by a rigidly enforced brand image.

Key takeaways:

Balance is essential

Standardize the promise of brand, and identity — localize its delivery.

Respect for tradition is the key factor to acceptance

Knowing regional likings and traditions leads to stronger emotional bonding.

Localizing doesn't water down the brand — it builds on it

Adaptation demonstrates flexibility and fit, adding brand loyalty and duration.

Use strategic partnerships

Working with local business and community further smoothes the market entry as well as adding credibility to your brand.

Leverage global brand equity

Leverage the might of a global brand to reel in aspirational consumers, but mix in localizations.

Cultural research is non-negotiable

Starbucks places a lot of emphasis on market information, consumer understanding, and empowerment of the local team.

Conclusion:

Starbucks' worldwide success is due to an ability to stay the same at the center and change at the edges. It shows how universal brands can succeed by being genuine, inclusive and locally relevant while staying true to their brand essence.

## Knowledge Check 1

Choose The correct options :

**Q1.** Which of the following is an example of a **global brand**?

- A) Amul
- B) Jollibee

- C) Coca-Cola
- D) Britannia

**Q2.** A key benefit of **standardized brand identity** is:

- A) Increased localization costs
- B) Confusion among consumers
- C) Economies of scale in marketing
- D) Complete freedom for local teams

**Q3.** In **product branding**, how are individual products positioned?

- A) They all use the corporate brand name
- B) Each has a separate brand identity and strategy
- C) They are grouped under a common visual theme
- D) All products are managed by the same marketing manager

**Q4.** Which of the following is an example of an **endorsed branding strategy**?

- A) Samsung Galaxy
- B) Courtyard by Marriott
- C) KitKat by Nestlé
- D) PepsiCo and Pepsi

**Q5.** What does the term “**glocalization**” refer to?

- A) Local branding with no global elements
- B) Standardizing local languages
- C) Adapting global brands to local markets
- D) Exporting local brands internationally

## 5.5 Summary

- ❖ This chapter has identified the key constructs, strategies and structural forms employed by business in creating strong global brands. It started by discussing the

distinction between global and local brands, explaining how global brands are consistent between markets but local brands are all about in-market fit and relevance.

- ❖ We also looked at the pros and cons of a standardized brand image versus local adaptation. Standardization secures brand identification, economic advantages and strategic focus; adaptation provides cultural fit and customer acceptance. The trick is to manage both well, by embracing a “glocal” strategy.
- ❖ Then, we examined four brand architecture methods employed by multinational enterprises: corporate branding, product branding, hybrid and endorsed. The efficient Brand Architecture allows to handle a large brand portfolio and to be consistent with both company strategy and customer expectations.
- ❖ Finally we looked at Starbucks’ international brand strategy, which reflects how a company can standardize brand values and experiences but alter menus, store design and even culture references for local markets. As firms grow internationally, the management of their global brand strategy must balance continuity and change, capitalize on existing brand equity while being sensitive to regional differences, perceiving cultural diversity and its relevance for growing globally.

## 5.6 Key Terms

1. Worldwide Brand – A brand which is bought and sold in more than one country with its name primary.
2. Local Brands – Also known as Private Labels. These are brands which are tailored to a certain market or region and generally not marketed outside of that sphere.
3. Brand Standardization – A consistent look and feel in all markets – logo, messaging, packaging are the same.
4. Brand CulturalizationUs – Adjusting brand assets to fit the local culture, language or consumption habits.
5. Glocalization – A synthesis strategy of global branding with local adaptation.
6. Brand Architecture – The way a company's brand portfolio is organized.
7. Corporate Branding A brand strategy in which one or more brands of an organization is the “face” and all products under this cover have said face (brand).
8. Product Branding – Each product is given a unique brand name.
9. Endorsed Brand – Sub-brands have their own identity but they are linked to the parent brand.
10. Hybrid Brand Architecture – A hybrid approach where corporate branding and product branding are mixed.

## 5.7 Descriptive Questions

1. Global brands VS Local brands Read the difference. Describe with the aid of examples how they each address different market requirements.

2. What are the benefits of consistency in brand identity across different international markets?
3. What is the rationale behind localizing your brand? Provide examples of brands that have localized successfully.
4. Describe the role of brand architecture. How do MNCs apply diverse branding frameworks in global markets?
5. Provide real world examples and compare and contrast corporate branding with product branding and endorsed branding.
6. Discuss how Starbucks is able to maintain the brand image of being a locality while reaching community acceptance globally. What can other global brands learn from Starbucks?

## 5.8 References

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## Answers to Knowledge Check

### Correct Answer for Knowledge Check :

Q1 – C

Q2 – C

Q3 – B

Q4 – B

## Q5 – C

### 5.9 Case Study

#### “Starbucks’ Global Brand Strategy – Consistency with Local Relevance”

##### Introduction

On a rapidly developing international marketing scene, brands need to walk the tightrope between remaining recognisable and accepting local culture. An example a brand trying to strike this balance is Starbucks – the world famous coffee shop. With more than 35,000 stores in over 80 countries, Starbucks is a globally recognized brand that also struggles to respect the local focus of other places--the flavors; language; traditions and tastes that are important to how people around the world express themselves.

This case study examines how Starbucks subjects this strategy to complete global unification of its brand and experience while maintaining the local relevance. It presents the struggles of brand consistency, menu flexibility and cultural assimilation, offering takeaways on how to address these issues for marketers and brand managers working within a global framing.

##### Background

Starbucks was established in 1971 in Seattle, United States and become a common reference for the American coffeehouse. Now that the company has gone global (it opened its first international location in 2014), it has had new dishes to get right: Would Japanese customers like their matcha sweet? Could Indian customers take up coffee instead of tea? How would Muslim-majority countries react to a brand with Western heritage?

To face such issues head on, Starbucks took a “glocal” approach — thinking globally and acting locally. It maintained the core brand identity (logo, store aesthetics, values) but tailored its menus, store layouts and partnerships to local markets.

##### Issue 1: How to Control Brand Consistency Across Different Markets

Duplicate copy of existing & copyrighted StbxDb Here we have another "site" of Starbucks Database complete with... With the proliferation of Starbucks in global markets, keeping the brand consistent has always been challenging. The decentralized geography, cultural expectations, and business environments all threatened to dilute the brand.

##### Solution

They developed a Global brand guidelines that applied to all branches in the world which shared : –the logo –the layout of the store –customer service processes and protocols –The

core branding message. Brand checks and command-and-control training programs went a long way in ensuring that every store, whether in Tokyo or Toronto, replicated the Starbucks experience. These practices supported building global brand equity and provided the scope for least operational variations.

#### Problem Issue 2: Adapting the Menu in line with Local Wants

One of the biggest headaches for localisation was menu.propriate pupME experience. Starbucks has always been associated with espresso-based drinks and Western snacks (blueberry muffin, anyone), but in some parts of the world such as Asia and the Middle East, consumer tastes demanded a major overhaul.

#### Solution

Starbucks adopted region-specific menus. In India, it added masala chai, turmeric lattes and vegetarian snacks. In China, it sold matcha green tea drinks and mooncakes during festivals. Japan made seasonal drinks like cherry blossom lattes iconic. This adaptation enabled Starbucks to emotionally reach customers, and usher them into the Starbucks experience.

#### Problem 3: Design Your Store to Local Culture

One size fits all store design is suitable in many countries, though may also appear incongruent in culturally rich or historically sensitive areas.

#### Solution

Starbucks teamed up with local architects and designers to create stores that play off local aesthetics. For instance, its Kyoto shop is housed in a traditional wooden townhouse, where customers sit on tatami mats. In

Amsterdam, the store features Dutch woodcraft and art installations. This localization of space

makes Starbucks feel like an organic part of the local landscape, not some transplant from somewhere else.

#### MCQ 1

How does Starbucks maintain brand standardisation across the world?

- A) Changing logos in every country
- B) Giving all markets absolute autonomy
- C) Global brand guidelines and centralized training enforcement
- D) Not being audited and not following best practices

Correct Answer: C) Sharing world brand guides and centralized training

## MCQ 2

What is an example of how Starbucks adjusts to local cultural taste?

- A) Based on the same menu; in all markets
- B) Discarding its logo in foreign nations
- C) Regionally focused food and drink introductions
- D) No local magic whatsoever

Answer: C) Launching region-specific food and beverages

## MCQ 3

Why does Starbucks tailor the interior of its stores in certain markets?

- A) To reduce construction costs
- B) To meet the requirements of local building codes
- C) To integrate with local culture and aesthetics
- D) To reduce employee training

Answer: C) To assimilate into the Local culture and aesthetics

## Conclusion

The global branding of Starbucks and its success in the international market are largely attributed to its method of combining consistency with flexibility. Iparams Considered of Global identity, it doesn't neglect local idioms and recherché references." ads keeping things weird.

local consumer behavior. Through customising menu offerings, store design and community involvement efforts, Starbucks delivers a tailored yet predictable experience to customers worldwide.

This case is illustrative of the fact that achieving global brand success does not necessitate total homogeneity. Instead, it has to be rooted in shared values that transcend the world's borders; and sensitive to local variation if it is to be relevant, competitive, and respected wherever it operates.

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## Unit 6: Global Consumer Insights and Market Research

### Learning Outcomes

1. Understand the role of effective communication as demonstrated by leaders in Indian mythology.
2. Identify and analyze communication strategies used by mythological characters and apply them to managerial contexts.
3. Explore negotiation techniques from epics like the Mahabharata and relate them to modern business scenarios.
4. Evaluate the ethical dimensions of conflict resolution through the lens of Dharma.
5. Examine how mythological figures resolved internal and external conflicts through values-based decisions.
6. Interpret teamwork dynamics in epic narratives and draw lessons for team leadership and collaboration.
7. Apply mythological insights to enhance interpersonal effectiveness and ethical decision-making in organizations.

### Content

- 6.0 Introductory Caselet
- 6.1 Importance of International Market Research
- 6.2 Methods: Secondary Data, Online Tools, and Big Data Analytics
- 6.3 Cross-Cultural Research Challenges
- 6.4 Summary
- 6.5 Key Terms
- 6.6 Descriptive Questions
- 6.7 References
- 6.8 Case Study

## 0 Introductory Caselet

### Background

Meera Desai is the International Marketing Head for BioGlow, an organic skincare company based in India and has become a household name throughout South Asia for its natural Ayurvedic range. Having established themselves as the domestic market leader, the company leadership wished to move into two new territories: Germany and South Korea.

Energized by the global opportunity, Meera's team initiated drafts of marketing plans modeled after BioGlow's success in India. They pitched like packaging, herbal ingredients and the branding that was rooted in age-old Indian tradition. But after two months of preparing to soft-launch, sales projections weren't adding up. Preliminary feedback from the German partners indicated that consumers couldn't understand the product names and simply didn't know about Ayurveda. In the meantime, a brand ambassador campaign fell flat among South Korean influencers who argued that the products did not align with local beauty customs and rituals which revolved significantly around dermatological research and multi-step skincare.

Meera stopped the rollout, after realizing that assumptions made on domestic market success would not be applicable to an international one. She talked to international market research companies and initiated cultural insight studies, consumer preference surveys as well as competitor analysis in the two markets.

Her revised strategy involved:

- Translating and reformulating product labels into simplified explanatory ingredients
- Introducing new product lines designed for the K-beauty craze
- Partnering with local skincare gurus and content creators
- Running continuous feedback loops through focus groups and test launches

### Critical Thinking Question

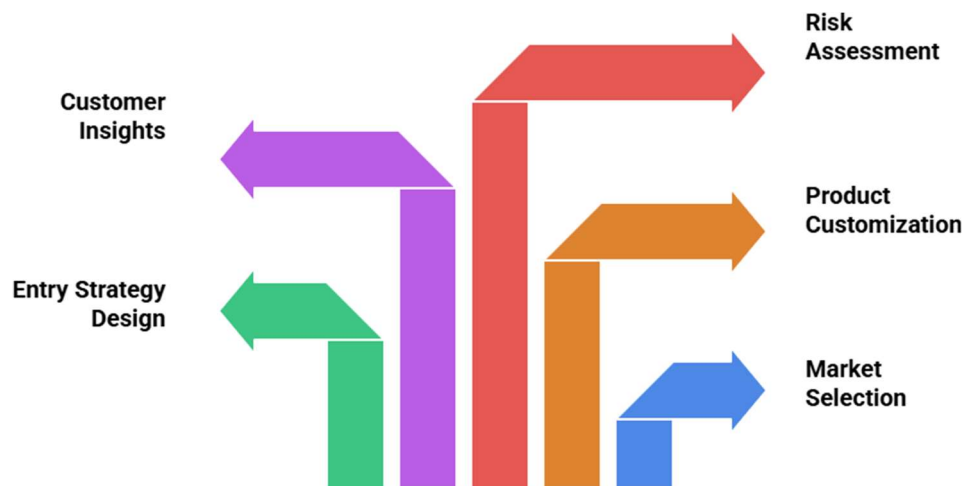
If you were Meera, which types of market research tools would you focus on before entering any new international market? How would you weigh consumer learnings against cultural compatibility and product positioning to ensure a successful entrance into global market?

## 6.1 Importance of International Market Research

When a company makes the decision to expand beyond its home country, it enters a universe of new customer behaviors, legal constructs, cultural norms and economic realities. Domestic market based assumptions does not necessarily apply to foreign markets. This is where international market analysis gains importance.

International market research involves the collection, analysis and interpretation of information to help companies know what prices to set for their products in different countries. It enables you to make smarter, data-driven decisions about expanding or entering into international markets for your business.

### 6.1.1 Role of Market Research in Global Decision-Making



**Figure. No. 6.1.1 Role of Market Research in Global Decision-Making**

International business greatly relies on market research. When firms expand internationally, they face high uncertainties associated with varying consumer tastes, culture, regulations and competition. Without research, companies can misread demand or be slow to adapt to local realities. By answering these questions, argues the report) before investing financial and human resources into a specific market without prior knowledge.” and that “Market research can ensure that a new investment or entry in to a market is based on evidence rather than assumption, through selecting markets, clustering businesses and services, or tailoring products to occupy space in the most effective way possible. This way companies make sure they use their resources to match the desires of local consumers and are still able to see global opportunities and have a chance at sustainable success.

Market Selection

There are several key plays in the work of Source Internationals: we help companies determine which foreign markets are most ripe for expansion. With those things in mind, companies can rank markets in terms of growth potential by looking at demand patterns, competition and accessibility. For instance, IKEA did a lot of research before entering India and found that consumers appreciated good quality at even low prices for affordable, yet well-built furniture. That investigation supported IKEA in selecting India for focus and crafting strategies around middle-income households. Without these studies, businesses could be entering into markets that are promising on the surface, but lack actual consumer demand or availability.

### Entry Strategy Design

Market research also guides firms in the choice of market entry modes, whether such as: direct exports, joint ventures, franchises and wholly-owned subsidiaries. For example, Starbucks first entered China through joint ventures with local partners like Beijing Mei Da Coffee to navigate cultural and regulatory intricacies. Over the years, as it developed a more nuanced understanding of Chinese consumer habits and local complications, Starbucks gravitated to more control by investing in its local ventures. This case demonstrates that research does not simply influence the selection of entry mode initially but also underpins strategic modifications subsequently.

### Product and Service Customization

Each market has different consumer demand, personal preference and using habit, would be necessary to personalization requirement. Market research enables companies to know how products need to be adapted for local markets. For instance, McDonald's conducted research to find that Indian customers like vegetarian options because of religious and cultural reasons. So the company began selling the McAloo Tikki burger, among other meat-free menu items that were adapted to match Indian tastes. Local taste preferences are reflected in McDonald's Teriyaki Burgers in Japan. These differences in approaches illustrate the value that research gives companies to reconcile their global identity with local relevance.

### Customer Insights

But also important is knowing what local customers want, how they buy and what matters to them. The insights on that can be found from various market research tools like surveys, focus groups, social media listening etc. For example, Nike has a great focus on consumer research and social listening to resonate with different global audiences. In China, Nike found that younger consumers wanted community-based experiences at a time when the company was promoting running clubs and fitness apps in addition to product. These understandings enable companies to form emotional relations with customers as well as for better positioning of their products.

### Risk Assessment

Expansion outside the U.S. also sees risks such as political instability, economic downturns and adversity with the law. Market research offers information about these external factors, which allows companies to determine the likelihood of success and potential risks when entering a new market. For example, even before deploying in Venezuela, several multinationals — including PepsiCo — had weighed the country's uncertain economy and exchange controls, and scaled down on operations. In a similar vein, firms like Tesla engage in research on environmental regulations and consumer demand for sustainability to locate attractive markets for electric vehicles, including the Norwegian and the Dutch market. A comprehensive risk assessment will allow businesses to be more prepared in dealing with the unknown by preventing any costly errors.

### Did You Know?

Did you know that Netflix uses viewing data to decide which local shows to fund? In India, the success of Sacred Games was not just a creative decision—it was a data-driven move based on research showing high engagement with crime thrillers and regional content. Market research can influence content creation, not just product sales.

### 6.1.2 Benefits of International Market Research

The strategic and operational advantages of international market research enable companies to grow beyond domestic markets with confidence. Direct interventions By making decisions based on trustworthy information rather than assumptions, firms can decrease risks and better tailor products, as well as resources. The following are the main advantages, illustrated with examples.

#### Reduces Entry Risks

Market research reduces the risks involved in making business decisions, such as entering a new market or developing a new product, by revealing potential pitfalls and successes of past initiatives. Indeed, a bad entry into Germany contributed to Walmart's failure in the country due, in part, to lack of local consumer behavior and labor law understanding. In contrast, when Starbucks came to China, the coffeehouse chain conducted thorough research into tea-drinking culture and tailored its menu items and store designs accordingly, which proved to be an effective strategy for market penetration.

#### Improves Product-Market Fit

Reassuring with global research that products are aligned to local consumer insights and preference, driving better acceptance? For example, Domino's Pizza customized its offerings in India with vegetarian toppings and spicy flavors catered to the local palate, which greatly

enhanced its reception in a culturally rich market. Without that adjustment, global brands have the potential to fit very poorly and get denied.

#### Informs Competitive Strategy

With studies of local competitors, corporations learn the cost/price structure and alternate distribution channels in addition to their percentage of market. When Uber ventured into India, for instance, the ride-hailing company learned through market research that it faced powerful local competition from companies like Ola. Uber retaliated by offering services like cash payments and auto-rickshaws, and made changes to its strategy convenient for consumer demands, cutting them down to size.

#### Supports Cultural Alignment

Brand image is also harmed when there is a conflict in cultures. Market research would prevent these types of faux pas by guiding the branding and message to fit local customs, values and symbols. Take, for instance, Pepsi's 1992 campaign in China, "Pepsi brings your ancestors back from the grave." That cultural faux pas was courtesy of an inept translation. In contrast, KFC in China tailored its communications and store layouts to focus on family dining, reflecting prevailing local cultural norms.

#### Enables Effective Segmentation

"Research is what makes each company get to the right customer and have their campaigns resonate." For example, Nike divides world markets by age, lifestyle and sport. In China, Nike pitches basketball and e-sports to the young; in Europe it promotes its football-related products. This segmentation helps Nike to effectively target their advertising efforts and enhance customer retention and loyalty.

#### Facilitates Efficient Resource Allocation

The international studies help companies to plan priorities of the market and budget as per the true information received. For instance, Coca-Cola is making a big bet on emerging markets such as India and in Africa where research suggests rising disposable incomes and demand for soft drinks. This fact-based allocation for Coca-Cola enables them to maximize ROI and minimize wastage on smaller potential markets.

#### Builds Stakeholder Confidence

Lastly, for investors and partners, market research demonstrates a logical basis for strategic expansions. For example, Tesla's move into China was informed by extensive analysis of a surging demand for electric vehicles plus government incentives for clean energy. This gave shareholders confidence and allowed its Tesla to lock in big investments and partnerships, such as building a Shanghai Gigafactory.

### 6.1.3 Challenges in Conducting Research Across Borders

Video To Global Video market research offers vital intelligence to companies needing to make global decisions, but it also has its difficulties which are not always present in domestic markets. These are faced from cultural, legal, technological and practical (logistical) standpoint, which has added to complexity, cost and time of a global research. Here's a list of some principal challenges, and some examples of how they're playing out in real life.

#### Cultural Differences

Cultural differences, including language, humour and style of communication can influence people's survey or interview responses. It could be that in one place — say, Western markets — direct questions result in open and honest answers, but elsewhere (Japan, I'm looking at you), a person will want to look polite and refrain from directly disagreeing with others and therefore answer the question in a different way. Likewise, Pepsi's misguided mistranslation in China ("Pepsi brings your ancestors back from the grave") underscores how cultural misinterpretation can disrupt research and campaigns.

#### Data Availability and Reliability

In most countries, especially emerging markets, dependable secondary source of data may not be readily available/current. For instance, when they enter African markets, companies sometimes realize that consumer spending data or retail statistics are poor-quality or fail to comply with international norms. This compels companies to invest in expensive primary research. Similarly, Walmart faced challenges in India due to the lack of organized retail data which made it difficult for them to predict how consumers shopped.

#### Legal and Ethical Barriers

Data gathering, on the other hand, has to abide by local privacy and ethical legislations that differ substantially between nations. For instance, Europe's GDPR rules place stringent constraints on how companies gather, store and process consumer data, forcing companies like Facebook and Google to revamp practices around the world.

Other countries, like China, have extremely tight government control over data-sharing rules which can present unique challenges to large multinational companies. What is legal in one country may be a crime elsewhere, complicating cross-border research.

#### Cost and Time

International work is often more resource intensive than U.S. work because of translation, local committees and longer elapsed time of projects. But when Unilever does research for its personal care products, it frequently works with a number of local research agencies in Asia, Africa and Latin America — which pushes up costs and the timeline. Although smaller firms that want to become international face these high costs which make a full research extremely hard to cost.

### Sampling Difficulties

Getting good samples in international research is difficult especially where digital penetration is low or markets are fragmented. For instance, in rural India or Sub-Saharan Africa where the internet access is limited, online surveys are not dependable hence companies rely on face-to-face interviews which are expensive and time consuming. The issue is less acute in developed economies, where digital access is prevalent, but a key hurdle for emerging markets.

### Technological Constraints

Digital tools such as online surveys or analytics platforms will not be successful in markets with low internet penetration and digital literacy. With global brands for instance trying to adopt online research in rural Bangladesh, participation rates emerged very low as a result of lack of online access. In these types of markets, companies rely more heavily on traditional methods like phone interviews or in person surveys that can slow research and increase costs.

### Interpreting Cross-Cultural Data

Last but not least, findings across countries can be deceptive when enough attention is not paid to cultural context. A behavior that looks the same in two markets might be very different. For instance, whereas luxurious purchases in the U.S. are often seen as contributing to self-expression, in China, luxury spending is more likely show-driven and about social status or collective prestige. Data comparison Without cultural insight, comparing data can be useless at best and damaging to your marketing efforts at worst.

## 6.1.4 Case Examples of Market Research in Global Brands

### McDonald's India

Before it entered India, McDonald's researched the local market to know:

- Limitation of food (such as beef and pork)
- Regional (for example, taste for spice, vegetarian meals)
- Family-centered dining culture

So McDonald's created region-derived menu items such as the McAloo Tikki Burger and Mac Maharaja, and it achieved great popularity and success.

### Unilever's Sunsilk in Southeast Asia

Unilever did ethnographic research and focus groups in places like Indonesia and Thailand to learn hair care habits, climate-driven needs and perceptions of beauty. The findings led to:

- New products specifically designed for humid environments

- Culturally relevant packaging
- Local celebrity endorsements

This enabled Sunsilk to establish a leading position in brand equity in the whole Southeast Asia.

#### IKEA in China

IKEA initially struggled in China. Research revealed that:

- Consumers had smaller living spaces
- DIY furniture was not popular
- Shopping for families was often a recreational activity

To counter this, IKEA revamped its showrooms to mimic the smaller living spaces that are more common in urban areas; introduced assembly services for customers who buy their products off the shelf but lack the time or patience to build it themselves; and began tailoring pricing strategies based on market conditions.

#### Netflix's Global Expansion

Netflix used big data and local trend analysis prior to launching in nations such as India, Brazil, or Germany

to:

- Commission and produce region-appropriate content, (such as) Sacred Games in India
- Adjust subscription pricing
- Customize recommendation algorithms

With its investment in research and development, the company experienced quick global expansion and deep user engagement.

## 6.2 Methods: Secondary Data, Online Tools, and Big Data Analytics

In international marketing, obtaining accurate, relevant, and timely information is critical—but difficult to come by when you're crossing borders. Marketers are turning to a variety of data-gathering practices as a means to work within limitations imposed by cost, time and logistics (Ester, Kriegel et al., 1996; Narver and Slater, 1990). They no longer rely on just primary data collection, but also on secondary resources for the unprecedented rise of market researchers now depend on digital methods and big data analytics. How to apply such method and its implications for international marketing research will be discussed in this section.

### 6.2.1 Use of Secondary Data in International Markets

Secondary data are data compiled and collected by someone other than the individual conducting the research, and may include data from governments, industry associations, and international organizations. It is frequently used for comparative international research too.

Common sources of secondary data:

- Official data (such as censuses, trade records)
- Global institutions (World Bank, IMF, UNCTAD)
- Business publications and databases (Statista, Euromonitor, IBISWorld etc)
- Research articles and whitepapers
- Annual reports and financial filings of the company
- Chamber of commerce and industry bodies

Advantages:

- Cost-effective and time-saving
- Possible to gain macro level landscape insights (eg) demography, economic indicators, market size)
- Assists in market feasibility and trends discerning

Limitations:

- Could be out-of-date, incomplete or not relevant to the research purpose
- Data quality and accuracy could differ by country
- The units, definitions or categories may be different between sources

Example: A business looking to expand into Latin America could first turn to World Bank data in an attempt to understand population growth, income levels and internet penetration before investing in primary research.

#### **“Activity: Global Market Feasibility Analysis”**

Instruction to the Student:

Select a product category (e.g., bottled water, mobile phones, or fitness apps). Use publicly available secondary data sources such as:

- World Bank ([www.worldbank.org](http://www.worldbank.org))
- IMF ([www.imf.org](http://www.imf.org))

- Statista (www.statista.com – free version)
- Government trade portals (e.g., data.gov.in) Complete the following steps:
  1. Select two potential international markets (countries).
  2. Gather secondary data on:
    - o Population size and income levels
    - o Internet penetration or technology usage
    - o Consumer spending patterns
    - o Industry trends or forecasts
  3. Based on the data, evaluate which country offers better market potential for your chosen product.

Deliverable:

Prepare a short report (400–500 words) titled “Secondary Data-Based Feasibility Study: [Product Name] in [Country 1] vs [Country 2]” including:

- Key data findings
- Your analysis
- Final recommendation

### 6.2.2 Online Tools and Digital Market Research Methods

The internet has revolutionized international market research by offering real-time, cost-effective and widecoverage data gathering instruments.

Key digital research methods:

#### Online Surveys

Delivered via email, social media or pop-ups. Data collection is seamless with platforms such as SurveyMonkey, Google Forms and Typeform.

#### Social Media Listening

Scrutinizes public discussions, ratings, hashtags and sentiment with the help of tools like Brandwatch, Hootsuite or Sprout Social.

#### Web Analytics

Platforms such as Google Analytics monitor user activity on websites and allow deep dives into where the traffic is coming from, how it behaves and the location of individual users.

### Online Focus Groups & Communities

Digital focus groups via platforms such as Zoom or research panels also facilitate the exploration of consumer attitudes in particular countries.

### Mobile and App-Based Surveys

Target the developing world where mobile use is high and surveys are not viable.

### Online Forums and Review Mining

Platforms such as Reddit, Amazon, TripAdvisor, or Quora can uncover candid views about products and brands.

#### Benefits:

- Scalable and fast
- Cost-effective way to cover a diffuse, widespread audience
- Enables continuous data collection
- Challenges:
  - Differences in language and interpretation of cultural aspects of the questions
  - Bias due to the known sample (no blank canvas/geographic representativeness of sampling)
  - Compliance with privacy laws (such as GDPR, CCPA)

Example: A beauty brand could leverage Instagram sentiment analysis and TikTok trends to learn about shifting beauty preferences in Southeast Asia.

## 6.2.3 Big Data Analytics for Consumer Insights

Big data : The term big data represents extremely large amount of structured and unstructured data that flows from various digital resources, such as e-commerce sites, mobile applications, GPS tracking/tracing, IoT devices and customer relationship management (CRM) systems. When it comes to global marketing, big data analytics can be leveraged by businesses to turn raw data into predictive intelligence and hyper-targeted strategies that offer a competitive advantage in highly competitive markets. Measuring consumer behavior in multiple geographies allows brands to shift from reactive decision making to an active one, customizing their products and campaigns according to the cultural, behavioral or regional considerations.

### Customer Segmentation

Customer segmentation is one of the major use cases for big data, which categorizes the customers through behavior, preference, demographics or engagement. This enables companies to deploy very personalised

strategies for each segment. Amazon is using data, ranging from browsing/purchasing history to location information, in selling items that are most suited to each individual user. On international markets, this segmentation ensures Amazon recommends products that match local purchasing behaviour, e.g., based on regional traditions or seasonality which in turn results into growing sales and happy customers.

### Trend Analysis

Big data allows companies to see developing consumer tendencies before competitors do, so they can become market leaders instead of just chasing the competition. Social media and user-generated content are especially helpful in identifying evolving consumer taste. For instance, Starbucks utilizes big data on social media mentions as well as loyalty program information to follow flavor trends and seasonal preferences across various countries. This has helped Starbucks to innovate with more local products like cherry blossom-themed drinks in Japan that are in tune with cultural dynamics and seasonal consumer demands. By getting in early on trends, companies are able to innovate more quickly and forge deeper connections with their audiences.

### Personalization

The ability to personalise is arguably the greatest promise of big data analytics. From understanding personal tastes and behaviour, businesses can in turn offer the most relevant offers, recommendations and content. For instance, when Spotify uses aggregated listening data from millions of people from around the world to produce programmed playlists like "Discover Weekly" or "Wrapped," these lists reveal an individual's unique taste in music. And in retail with big data, Sephora personalizes product recommendations using skin type, purchase history and local environment to provide consumers a very custom shopping experience. Personalization doesn't just improve customer satisfaction, but also fosters loyalty in international markets where consumer expectations can differ greatly.

### Demand Forecasting

Companies can also use predictive models on big data to anticipate demand at various locations, and manage their supply chains and inventory efficiently. Zara for example, uses big data analytics to monitor the sales performance and fashion trends in real time across its stores worldwide. Studying which garments fly off the shelves in what regions, Zara can alter production and distribution within weeks to put the right products in the right markets. Likewise, Tesla leverages big data to predict demand for electric vehicles based on regional trends in green attitudes, regulatory tax credits and consumer acceptance. Big data supported demand forecasting eliminates waste, lowers costs and in the end leads to better alignment with market requirements.

### Real-time Campaign Optimization

One more important benefit of Big Data Marketing is the option to optimize marketing campaigns in real time. With analytics feedback, companies can immediately tweak campaigns to have the greatest possible impact. For instance, following its digital campaigns across markets, Coca-Cola is leveraging real-time analytics to monitor consumer reactions. And if a message lands more strongly in one market than another, Coca-Cola can quickly tweak imagery, language or promotions to keep interest from flagging. Likewise, online advertising platforms including Google Ads and Facebook Ads allow businesses to dynamically adjust ad targeting in-line with the live performance data so developing a global campaign they achieve higher ROI.

### Did You Know?

Did you know that Alibaba's "Singles Day" sales insights are powered by one of the world's largest real-time consumer data systems? In 2022, Alibaba processed over 583,000 orders per second during peak traffic using AI-powered analytics to adjust prices, predict demand, and personalize promotions—all in real-time.

This level of big data-driven agility allows companies to optimize marketing and inventory strategies across different countries in a matter of minutes.

### 6.2.4 Advantages and Limitations of Research Methods

There are different research options available for firms in international marketing including an examination of secondary data, online sources and big data methods. The pros and cons of each approach is well worth a firm considering when deciding which to use for its objectives, market maturity, budget, and time frame. So no one method is ideal – the best way of proceeding is to use different (and 'competing') methods that converge on answers that are accurate and credible.

#### Secondary Data

Secondary data is data that already exists and has been collected by government, trade associations, research agencies or other organizations. The single greatest benefit is that it allows is a low-cost and broad sweep across a market, which assists firms to take (presumably) better decisions around market potential. For instance, the databases of World Bank and IMF are highly popular among multinationals in analyzing economic situations before venturing into a new economy. But secondary data may be obsolete or too standard to substantiate specific marketing tactics. For example, when Walmart arrived in India, it discovered that In Retail data was unavailable.

fragmented and untrustworthy making it challenging to understand real consumer shopping behaviors. Therefore, while for initial examination purposes secondary data is valuable, it often still has to be backed up with primary research.

### Online Tools

Online instruments such as digital questionnaires, web statistics and social media listening offer very quick, scalable, and cost-effective methods of measurement. They can also be particularly valuable for harvesting consumer feedback, trialing product concepts or tracking brand sentiment in real time. For instance, companies can use polling services like SurveyMonkey and Google Forms to spin up fast, low-cost international surveys or social listening tools such as Brandwatch to track consumer conversations around platforms like Twitter or Instagram. But these tools are limited—because only certain types of respondents (typically internet users) respond and not all populations, such as low digital penetration markets in emerging countries. For example, if you were to launch an online survey in rural Africa or South Asia, many off-line consumers would be left out and the resulting insight incomplete.

### Big Data Analytics

Big data analysis utilizes tall amounts of structured and unstructured data from avenues such as e-commerce sites, CRM systems, IoT devices and social media. The value it offers help you to understand consumers, forecast demand and do a better personalization marketing. Netflix, for instance, leverages viewing data from millions of users around the world to determine which shows to recommend and what local content to produce — like Sacred Games in India or Money Heist in Spain. But big data analysis is costly and there is significant capital expense for infrastructure and technical know how. What's more, it creates privacy and legal exposure in a world where regulation is getting stricter (see GDPR in Europe or CCPA in California). The risks of non-compliance have become clear with fines levied against companies, including Facebook and Google, for failing to protect consumer data.

### Choosing the Right Method

The research design will be dependent on the objective, budget and market environment. For instance, exploratory research may need second-hand data for a benchmark and finally product testing or customer feedback might call for online surveys or social media listening. For developed markets where digital penetration is high, big data analytics can provide deep insights but in emerging markets offline approaches such as face-to-face surveys may still be required. A combination of methods is often the most effective strategy for data triangulation and minimizing bias and increasing validity.

Method	Advantages	Limitations	Example
<b>Secondary Data</b>	Low cost; provides a broad overview of markets; useful for initial exploration	May be outdated, incomplete, or too general to inform specific strategies	World Bank databases used by firms for market entry decisions
<b>Online Tools</b>	Fast, scalable, and low cost; useful for consumer insights and product testing	Biased samples in markets with low internet access; may exclude offline users	SurveyMonkey surveys or Brandwatch for global social media monitoring
<b>Big Data Analytics</b>	Provides deep, real-time insights; enables demand forecasting and personalization	Expensive; requires technical expertise; privacy and legal risks	Netflix using viewing data to create local shows like Money Heist (Spain)

### 6.3 Cross-Cultural Research Challenges

Academic The World is Our Oyster: Scope, Limits and Contents of Globalisation Hands-on Research Abstract International marketing research capacity transcends linguistic, cultural and social limits. What works in one country may not — or even should not — work in another. For research to be defensible cross-culturally, such differences of personality must be carefully examined and controlled.

This section discusses the main issues and solutions for research in multicultural contexts: translation, bias, design, and practical adaptation.

#### 6.3.1 Translation and Language Barriers

One of the most daunting and enduring obstacles to international market research is language. Even when organizations spend for high quality translation, nuances of language, tone and cultural context can create bias in responses that drive misleading conclusions. Misunderstandings and literal mistakes of translations frequently result in biases, which degrade the validity of study outcomes. To get around these issues, firms need to translate not just words but cultural meaning and adapt their research instruments to accommodate local linguistic contexts.

## Literal vs. Cultural Translation

A related issue is that when research instruments are translated verbatim, the cultural meaning can be lost. Idiomatic expressions, metaphors and brand names often cannot be faithfully translated and the literal translation may mislead or offend respondents. For instance, when KFC first opened in China, its slogan “Finger Lickin’ Good” was mistranslated to “Eat Your Fingers Off,” causing consumer confusion. International workshop and conference survey questions with idiomatic English expressions (e.g., “on the same page”) are also prone to being misunderstood in translation, leading respondents to answer falsely.

## Back-Translation Issues

To refine the accuracy, researchers often employ back-translation by translating a phrase from source language to target and in return direction for consistency. But such winks and nods tend to get lost in the shuffle, even with this ploy. For example, a marketing study for a Western cosmetics company queried respondents about “feeling confident,” but when the question was translated into Japanese and translated back, the word meaning moved toward “feeling reserved,” which in fact meant something completely different. It shows that simply being correct may not be the same thing as being just right in your meaning and heart.

## Multilingual Survey Inconsistencies

When questions are asked in multiple languages, differences may arise in interpretation even if the translated versions are technically accurate. Responses of scales such as “satisfy, very satisfy or dis-satisfy” always have different meaning between languages. There was a famous case in which the brand of survey redesigned by a Western brand translated “satisfied” into several Asian languages, and words meaning “barely acceptable,” not “pleased.” So the company actually incorrectly interpreted low customer satisfaction, while a good number of respondents were actually happy with it. This discrepancy is a clear demonstration of the need to verify translations with target language speakers and to pre-test questionnaires.

## Local Dialects and Terminology

In several markets, variations in slang and regional or generational terms can make data collection more difficult. Lingo which we use in the towns, may be foreign terms or mean differently in rural settings. For example, the word “torta” is known as cake in Mexico and sandwich in Argentina within Latin America. This could lead to some confusion if used in a survey without appropriate context. India similarly has several dialects and terms used in the northern Hindi-speaking states may not evoke a similar response from respondents who are Telugu- or Tamil-speaking in the south. Not controlling for these differences can lead to biased responses or non-response.

## Example in Practice

A Western company once featured the word “satisfied” on its global survey of customer satisfaction, but in some Asian languages, the equivalent word connotes “barely acceptable”

more than “pleased or happy.” As a consequence, customer satisfaction was rated much lower than it actually was, the managers believing that service quality was insufficient. This case illustrates that even minor translation errors can have major implications in international research findings.

### 6.3.2 Cultural Bias and Its Effects on Research Validity

**Cultural bias:** When the beliefs, attitudes or norms of a particular culture affect how research is designed, conducted or where its findings are interpreted. This bias may badly compromise the international research validity because of distorting results and useless harmful conclusions. Tools need to be developed with a strong understanding that people across cultures interpret and respond to questions differently. There are generally four categories of cultural bias found within research: construct, method, item and sampling. **Construct Bias**

Construction bias occurs when the concept under investigation is not only different, but known and understood differently in other cultures. For instance, the concept of “individual achievement” tends to be a central value in Western cultures, and success is frequently judged by what one has achieved alone. In collectivist cultures, such as Japan or China, success is considered more in relation to group harmony and collective accomplishment so the construct becomes less salient. If investigators utilize same-scale for measurement across cultures, then some findings may not indeed be reflections of the true attitudes and as a consequence invalid comparisons.

#### Method Bias

**Method bias** When response styles or survey methods vary between cultures and the reliability of the results is problematic. For instance in Japan, survey respondents often refrain from giving negative answers to maintain politeness and harmony and this results in overly positive rating. “Complaining’ versus ‘wehenizing” Respondents in Germany, on the other hand, are more straightforward and critical--they offer less-positive feedback when they're not happy. Failure to control for these cultural tendencies might lead researchers to infer mistakenly that Japanese consumers are happier than German consumers, while participant differences actually stem from cultural response sets.

#### Item Bias

Item bias occurs when particular items are insensitive to culture, and make no sense for individuals of one culture, or even worse seem obviously wrong/offensive thus eliciting insincere/warped responses. A Western survey of beauty products that asks about tanning might put off respondents in South Korea, where fair skin is prized. Analogously, dietary surveys based on meat as the norm may not succeed in India, where vegetarianism is common. Such culturally ignorant questions will not only skew your data but can also harm local brand.

## Sampling Bias

Bigotry can be reinforcing, in both the rare and informal meanings of the word: Topological triangles, which tend to occur more for urban, educated and digital populations as compared to what are dismissed as rural or poor or digitally inactive regions. For example, a study entirely based on online surveys in rural Africa or South Asia may miss much of the population that does not have internet access. This can produce inaccurate findings that are unrepresentative of the general market and encourage companies to make faulty strategic decisions based on them. For instance, global mobile phone manufacturers that only sample in cities can overestimate demand for high-end phones while underestimating demand for cheap, rugged devices in the countryside.

### 6.3.3 Design Research Tools for Multicultural Contexts

Cultures Identifying effective research tools in multicultural environments can be challenging. Many market research tools are developed with a Western focus, meaning they may not translate accurately to markets in other regions. For example, western-made tools often use English cultural references and conventions that are lost in translation, while others include biases or language that is offensive when applied in other contexts. Research tools should be designed using a neutral and clear language; pre-tested statistically and during pilot runs; developed using specialized language, response scales, and visuals; and always be re-evaluated after the fact. Use Neutral Language Research tool questionnaires and stimuli should be designed in their simplest, most straightforward form. They should avoid jargon and slang, any idiomatic expressions, and culturally loaded terms. Example: "Are you on the same page as your customers?" As a metaphorical expression, the words on the same page work in an idiom but may not be easily translated. This question couldn't be used across China. Pre-Test Research tools should be pretested before deployment with a multicultural, multilingual, multiculturally aware audience. It can be pre-tested at multiple stages, for example by professional translators, in small sample sizes, large sample sizes, and in pilot runs.

## Visual Sensitivity

Images, colours and symbols in research tools or advertisements can have completely different implications in different cultures. For instance, the color white widely signifies purity in the West, for many Asian societies it symbolizes mourning. In the same way, hand signals that you might use in graphics can be considered offensive in some cultures. Pepsi got into trouble once before in a packaging test, when it angered customers in Southeast Asia by changing the color of its vending machines to light blue, not realizing that it represents death in local culture. Visual sensitivity is the key to avoiding miscommunications and fallacies.

## Inclusive Question Types

Multiple choice questionnaires need to take culturally appropriate options in account. For instance an Indian food consumption study should cover non- or vegetarian and vegan diet, while in the Middle East it is useful to reflect halal eating pattern. In the same vein, a lifestyle poll in Nigeria would have to take into consideration informal economies as many of the people polled may not fit into formal employment classifications. Being inclusive of options makes certain that data is an accurate reflection of lived experience for respondents.

#### Flexible Response Scales

Not all individuals may respond to standard Likert scales (e.g., strongly agree- strongly disagree) in the same way. Some cultures are averse to extremes, whereas others avail themselves of them more freely. For instance, in Japan, people “often attempt to be polite and avoid choosing ‘strongly disagree’” while in the U.S., participants are less reserved using extreme responses. Employing visual analog scales (such as smiley faces or sliders) is beneficial in low-literacy populations, allowing for more inclusion and accurate assessment.

### “Activity 2: Cultural Sensitivity in Survey Design

Instruction to the Student:

You are part of a global team designing a customer feedback survey for a new smartphone being launched in India, Germany, and Brazil.

Your task is to:

1. Draft 5 culturally neutral survey questions (close-ended or Likert scale).
2. Identify 2 questions that may not work equally well across all three countries, and explain why.
3. Suggest modified versions of those two culturally biased questions to make them suitable for global use.

Deliverable:

Submit a document titled “Cross-Cultural Survey Design: Smartphone Feedback Questionnaire”

with:

- Original questions
- Culturally adapted versions

- Justification for changes

### 6.3.4 Overcoming Cross-Cultural Research Challenges

This is difficult, as international market research is filled with cultural, language and behavioural nuances. Nonetheless, organizations may rely on a variety of tactics to enhance accuracy and reduce bias and cultural insensitivity in their research. The aim is not just to collect data, but also to make sure the findings are valid and reliable – and meaningful across different markets. What follows are key strategies, along with examples and elaborations.

#### Back-Translation with Expert Review

One such method for avoiding/mi... more >communicating is back-translation, in which a survey or questionnaire is translated into the target language and subsequently retrans-lated (back-translated) into the source language by another translator. but this is to be accompanied of an expert review in order to retain cultural variance. For instance, Pepsi’s slogan “Come alive with the Pepsi Generation,” translated into Chinese as “Pepsi brings your ancestors back from the grave” and it didn’t make much sense. With expert cultural reviewers in the team, the company might have avoided this particular lapse. Thereby demonstrating that simply translation is not enough, cultural interpretation matters just as much.

#### Cultural Adaptation, Not Just Translation

Cross-cultural research would need to consider tailoring the content to reflect cultural values, rather than simply translating words. Surveys on beauty products, for example, frequently inquire about tanning proclivities: southern whites share some Western ideals. But nations such as South Korea and Japan prefer fair skin. For companies like L’Oréal, whose product research and marketing tools in Asia emphasize skin-whitening types of products rather the tanning ones, is guaranteed that their cosmetics are culturally relevant to users. by matching to values instead of translating literally, allows companies to capture more precise insights.

#### Localized Research Design

According to these voices, companies should not merely translate their research tools for all markets, but design them from scratch in terms of each culture. That would take some extra resources, but it would be more accurate. For instance, Unilever developed Consumer Research methodologies for rural India and urban Europe. In India focus group discussions were carried out in local dialects and with more simple, culturally relevant visuals; however, in..

Europe, online questionnaires were more effective because of higher use of internet. This personalized approach enabled Unilever to better grasp each market.

#### Use of Mixed Methods

By including a mix of qualitative and quantitative approaches, you can provide both the numbers as well as context. For instance, ethnography in emerging markets enables researchers to see how consumers behave in their actual environment and it supplements survey data. For instance, Procter & Gamble (P&G) has employed this research technique in Africa to learn how people's households wash and use detergents, as well as soaps, in water-stressed regions and used those findings for product innovation. When combined with quantitative surveys, to be sure, richly enhanced the insights and made them more actionable.

### Triangulation

The triangulation method to help avoid cultural bias is to incorporate multiple sources, methods, or investigators in the research process in order to support the results. For instance: before shipping new products into China, Coca-Cola pooled survey data, focus group results and social media listening to cross-verify findings. The more that similar results come from different sources, the greater the confidence in the findings. This strategy may mitigate potential biases associated with a single dataset.

### Training and Sensitization

Running Order: Educated to the VarianceAndergassen must be published on researching clubs about social variations, or prejudice. This involves knowing the cultural etiquettes, body language and response behaviors of a specific market. For example, in Japan, people frequently refuse to say "no," but more direct responses are customary in Western cultures. Firms like Nielsen offer cross-cultural training for its researchers so they can interpret responses properly and engage participants respectfully. This sensitisation enhances trust and quality of information gathered.

### Partnerships with Local Agencies

Working with local research firms provides global companies the opportunity to tap into on-the-ground experts and genuine insights. Local partners are more likely to understand linguistic subtleties, cultural sensitivities, and have logistical experience. When McDonald's opened in India, for example, it partnered with local research agencies to learn about dietary restrictions and culture preferences, resulting in menu innovations such as the McAloo Tikki. Without this, those global businesses risk misunderstanding local consumer needs.

### CQ in Research Teams

Forming high CQ research teams enables such teams to sense, make sense, and navigate their way through various cultural environments. CQ is not just about language skills—although knowing how to properly communicate in terms of both traditions and values style can be key. IKEA's research teams in Asia, for instance, are staffed by local cultural experts who help decode consumer behavior, including a penchant for multifunctional furniture to fit small urban dwellings. This combination of global knowledge and local cultural intelligence ensures that research is more robust and relevant.

## Knowledge Check 1

Choose The Correct Options :

Q1. Which of the following is a major benefit of conducting international market research?

- A) It guarantees immediate success in all markets
- B) It eliminates the need for product testing
- C) It provides data for informed decision-making
- D) It replaces the need for marketing strategy

Q2. What is one key challenge of using secondary data in global markets?

- A) It is always expensive
- B) It is always country-specific
- C) It may be outdated or inconsistent
- D) It eliminates the need for surveys

Q3. Big data analytics can help international marketers by:

- A) Replacing the need for cultural research
- B) Predicting consumer behavior patterns at scale
- C) Avoiding compliance with data privacy laws
- D) Eliminating the need for local partnerships

Q4. What does back-translation help ensure in cross-cultural research?

- A) Shorter survey length
- B) Technical accuracy
- C) Accurate meaning in translated surveys
- D) Better survey layout design

Q5. Which of the following is an example of cultural bias in research?

- A) Translating surveys into multiple languages
- B) Using only local currencies in pricing questions
- C) Assuming all consumers value individualism equally
- D) Asking for customer email addresses

#### 6.4 Summary

- ❖ This chapter discussed the importance of international marketing research for successful global marketing programs. Moving into the markets where they will have no clue about the customer or their preference, market dynamics and cultural norms may cost them dearly. Thus, the fundamental role of market research is to help support decisions concerning aspects like product development, pricing, communication and entry strategy.
- ❖ We started by emphasising the significance of international marketing research and how it facilitates global decision making, provides a safer environment in which to act and very much enhances the probability of market success. We also looked at different ways of doing research — secondary data, online tools and big data analytics — that have changed the speed, scale and depth of what we can find. Finally, we explored super fast moving digital work and play with maker culture.
- ❖ The chapter also addressed the difficulties with cross cultural research including language barriers, culture-bound bias and lack of culturally appropriate instruments. Learning how to modify such research designs for multicultural contexts will offer more credible, accurate and useful data across national borders.
- ❖ Beyond translation: Cultural interpretation The current chapter made strong evidence-based claims and highlighted that international market research is more than just translation, it is about cultural interpretation, localization and consumer intimacy.

#### 6.5 Key Terms

1. Global Market Research – The collection and analysis of information concerning the data or behavior valued by customers from anywhere in the world to help make strategic business decisions.
2. Second Hand Data - Published data that has been collected by a third party such as government bodies, marketing research agencies and other organisations.

3. Digital Tools –Digital spaces that are utilized for gathering of market perceptions such as surveys, social media reviews and web monitoring.
4. Big Data Analytics - Application of sophisticated technology/tool to scan through large amounts of mixed data in order to detect patterns, trends and customer behavior.
5. Cultural Bias — A researcher distortion of data by imposing on one culture the assumptions or values of another.
6. Back-Translation: A technique for verifying the accurate translation of a survey, where text is first translated to another language and then translated back into its original.
7. Implicit Construct Bias – Divergent perception of construct between cultural groups.
8. Hybrid research methods – Combination of qualitative and quantitative methodologies that provide a wider perspective on the issue.

## 6.6 Descriptive Questions

1. Discuss how international marketing is integrated into the international decision-making process of multi-national firms. And why do you need to do it before expanding into a new country?
2. Explain the pros and cons of employing secondary data and online research tools in international marketing.
3. What is big data analytics and how does it help get consumer insights across global markets?
4. What are the challenges of doing international research? What are potential solutions to these problems?
5. Explain the effects of translation and cultural bias on international research validity. Provide examples.
6. What design of the research tools is needed to work in a multidisciplinary world?

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## Answers to Knowledge Check

### Correct Answers for knowledge check 1:

Q1 – C

Q2 – C

Q3 – B

Q4 – C

Q5 – C

## 6.8 Case Study

### “How Ikea Used Affordable Market Research to Crack the rigidly Closed Markets of China”

#### Introduction

Contrary to what we may believe, just because a global brand has been successful in one international market does not automatically ensure success in the next. Even IKEA, the Swedish retailer of cheap Scandinavian furniture known worldwide, stumbled at first in China. The company soon learned that deep, local knowledge would be more important than broad global assumptions.

This study shows how IKEA drew on international market research, which yielded a proactive response to the strategic deficit in their initial Chinese operations, shaping its business model as the result of local consumer insight, cultural understanding and retail approaches.

#### Background

The first IKEA store in China opened in 1998. It had hoped to duplicate its successful Western model: low-cost DIY furniture, huge warehouse-style stores with little interaction between staff and customers. The Chinese market was not something else, here consumers had their own distinctive behaviors such as:

- Preference for fully assembled furniture
- Smaller urban apartment layouts
- Ugnorance and disinterest in DIY culture

- Daily routines of everyday life and weekend activities-related shopping habits driven by family engagement

Early sales were sluggish. Shoppers viewed the stores as showrooms or social spaces, rather than retail options. Many would sit or stretch out on display beds for hours, sometimes even without buying anything. IKEA understood the answer to connecting its brand identity to local culture would not come from a one-size-fits-all approach; it would require deep, research-based strategy.

#### Problem 1: Out of Sync with Consumer's Lifestyle and Space Constraint

IKEA's layouts of its Western showrooms were made up with large furniture pieces for big suburban homes. But in cities like Shanghai and Beijing, average apartments are much smaller, and oversize furniture was seen as impractical.

#### Solution

IKEA conducted ethnographic research and in-home observations to find out how Chinese consumers really live. They also redecorated showrooms with replicas of actual Chinese apartments, decorated with compact, multipurpose furniture designed to fit in tighter spaces. Everything from material sizes, to planning design recommendations and catalog imagery was localized.

#### Issue 2: DIY model not attractive to local consumers

The do-it-yourself assembly model was a central element of IKEA's low-cost approach. However, building furniture oneself was often equated with low status in China and there they said that they would rather have ready-made for convenience than cheaper.

#### Solution

IKEA pivoted to provide cheap home deliveries, adapting their normal way of business. This decision was supported by consumer feedback provided by surveys and focus groups, which indicated better perceived value when services were packaged together.

#### Problem Statement 3: Cultural Function of Retail Spaces

IKEA's stores in China were serving as family-friendly play spaces, where customers came with no specific intention of buying. This contrasted with the Western visits that tended to be task-oriented.

#### Solution

Rather than discouraging this practice, IKEA capitalized on it. They added play areas for children, expanded food courts and started treating store visits as part of a brand-building experience. Market research changed the way IKEA saw its stores — initially as sales floors, and later also places to connect with communities.

## MCQ 1

What did IKEA learn from conducting in-home research in China?

- A) Consumers preferred bright-colored furniture
- B) The majority of consumers lived in large suburban houses.
- C) Urban apartments had become small and compact furniture was in demand.
- D) Assemble It Yourself furniture was in vogue among students

Correct answer: C) Urban apartments were and small needed smaller furniture.

## MCQ 2

Why did IKEA introduce delivery and assembly services in China?

- A) To increase furniture prices
- B) In rival imitation of local furniture shops
- C) There was greater demand for parcels sitting ready to use by Chinese consumers
- D) To promote the DIY lifestyle

Answer: C) More Chinese customers chose to buy furniture that had been made.

## MCQ 3

How did IKEA react to the social shift of families treating stores as pastimes?

- A) They shortened store hours to deter people from visiting
- B) They banned photography inside stores
- C) They rearranged the store space to prevent loitering
- D) They adopted the behavior and amplified it in stores

Answer: D) They adopted the behaviour and enriched in-store experience

## Conclusion

The IKEA case in China is a reminder of the importance of following up and allowing market research to guide international strategy. Rather than impose a one-size-fits-all global model, Ikea met real customer behavior with tools like ethnographic studies, focus groups and store analytics. It didn't happen by not being local, but by being complete locals — while maintaining the core principles of the brand. For all its patriotic posturing, this is an opportunity that underscores the need to do region-specific research and remain flexible on what a business may look like in different markets.

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## Unit 7: Global Supply Chain and Logistics in Marketing

### Learning Outcomes

1. Understand the strategic role of global supply chain management in creating value for international brands and customers.
2. Analyze how companies navigate challenges such as tariffs, customs delays, and transportation costs in cross-border operations.
3. Evaluate the role of supply chain agility and responsiveness in gaining competitive advantage in international markets.
4. Examine the use of advanced technologies (e.g., RFID, automation, data analytics) in optimizing global logistics and inventory control.
5. Apply theoretical concepts of supply chain and logistics to real-world multinational scenarios, emphasizing cost-efficiency, lead time reduction, and customer satisfaction.
6. Reflect on best practices in global supply chain management, using Zara or similar firms as a benchmark for speed-to-market and operational excellence.

### Content

- 7.0 Introductory Caselet
- 7.1 Role of Supply Chain in Delivering Global Value
- 7.2 Challenges: Tariffs, Customs, Transportation Costs
- 7.3 Technology in Global Logistics
- 7.4 Summary
- 7.5 Key Terms
- 7.6 Descriptive Questions
- 7.7 References
- 7.8 Case Study

## 7.0 Introductory Caselet

### “Beyond the Box: Aarush’s Supply Chain Dilemma at NovaWear”

#### Background

Aarush Mehta is the Global Operations Head at NovaWear, a young Indian activewear brand that has recently expanded its presence to Europe and Southeast Asia. With its low-cost, practical and earth-friendly apparel, NovaWear was quick to catch on in the United States. But along with global expansion came new layers of complexity.

Within months of opening in Germany and Singapore, complaints from customers piled up: orders that were late or never arrived, out-of-stock items and package quality that varied widely from region to region. Sales teams cited problems with shipping from overseas. Warehouse partners said the incorrect demand forecasts were to blame. Aarush understood the problem was not a logistical one but rather a supply chain challenge that affected the company’s global value proposition.

On closer scrutiny, he pinpointed the following gaps:

- Over centralized production in India caused long leads
- Problem of regional Inventory not tracked in real-time
- No regional inventory to enable business continuity that is not dependent on last-mile efficiencies
- Demand for our products differed profoundly from country to country, but its origin did not.

Aarush launched a full audit of the supply chain. With assistance from the data analytics team, he started mapping the end-to-end flow of goods, reviewing cost structures and considering possible regional suppliers and fulfillment centers. The aim: to construct a supply chain that was not just global — but also nimble, small scale, local and value driven.

#### Critical Thinking Question

If you were Aarush, how would you redesign NovaWear’s international supply chain to streamline speed, consistency and cost? How do you achieve centralized control and decentralized response in a globally distributed logistics network?

## 7.1 Role of Supply Chain in Delivering Global Value

In an interdependent world of business, a partner with responsive and effective supply chain capabilities becomes central to cross border customers' value delivery. Not only product availability and cost, but also brand reputation, customer satisfaction and time to market are negatively impacted.

The supply chain ties together procurement, production, warehousing, and logistics to the final customer. In the worldwide marketplace, it is an important factor of competitive strategy to be able to integrate these elements efficiently all over the world.

### 7.1.1 Importance of Supply Chain in Global Marketing

#### The Importance of Supply Chain in Global Marketing



Market Expansion  
Figure.No.7.1.1

Supply chain and marketing are so intertwined. Where marketing is about understanding what buyers want and creating demand, supply chain is about delivering on that need in a dependable, efficient way.

So why does supply chain matter in global marketing?

Ensures Product Availability

(You can't market what isn't in stock.) The supply chain ensures that product is delivered to global shelves and platforms.

Supports Customer Satisfaction

-Rapids order processing and fulfilment Fast delivery Consistency in product quality These are all supply chain achievements that help to define customer experience.

Enables Market Expansion

A good supply chain means that brands can move into new territories, handle demand variability and navigate logistical difficulties.

Controls Costs

Economical sourcing, inventory control and transportation keep operational costs at bay—there by enabling competitive price structuring in overseas destinations.

Drives Brand Reliability

Supply chain performance affects brand trust, especially in e-commerce and FMCG type of sectors where delivery speed & accuracy is important.

### 7.1.2 Integration of Supply Chain with Marketing Strategies

In top global businesses, the supply chain is not stuck in a pipe – it is aligned with marketing.

Examples of integration:

- Product Launch Synchronization

Marketing, supply chain works together on launch day to ensure consistent availability (e.g., globally product launches) across all regions.

- Demand Forecasting

Marketing campaigns drive demand, and need supply chain visibility to prepare inventory and capacity.

- Customization and Localization

Marketeers may have to consider regional product or packaging variations (for example multilingual labelling). Supply chains need to adjust in order to service these fluctuations effectively.

- Promotions and Seasonality

Sales like Diwali, Black Friday and Ramadan require supply chains to be ready for sudden demand spikes.

- Sustainability Alignment

Green marketing initiatives should be supported by environmentally friendly sourcing and logistics (eg recyclable packaging, responsible suppliers).

## Conclusion:

When marketing and supply chain plans are joined, organizations can act more quickly, reduce out-of-stocks and optimize the efficiency of campaigns.

## Did You Know?

“Did you know that Nike’s “Direct-to-Consumer” (DTC) strategy is driven by tight integration between supply chain and marketing?

When Nike forecasts spikes in demand (e.g., during product drops or sports seasons), the supply chain adjusts inventory allocation in real-time across geographies and channels. This synergy between functions has helped Nike reduce stockouts and increase margins.”

### 7.1.3 Supply Chain as a Source of Competitive Advantage

International brands are increasingly relying on their supply chains as a means of differentiation, rather than focusing solely on cost.

How supply chain is driving competitive advantage:

#### Speed and Agility

Fast fashion brands like Zara engage in short-cycle manufacturing and local sourcing to respond rapidly to the latest in fashion trends, shortening the time-to-market.

#### Cost Efficiency

Businesses such as Amazon optimize warehousing, shipping routes and automation to provide lower prices and free shipping around the world.

#### Localization and Responsiveness

There are local supply chains in different countries where McDonald’s sources its ingredients, adjusting those supplies according to regional tastes.

while reducing import costs.

#### Technological Integration

Add real-time tracking, predictive analytics and AI to inventory planning, and smart, responsive supply chains are born.

#### Sustainability and Ethical Sourcing

Consumers appreciate brands with transparent, responsible supply chains (hello, Patagonia's ethical material sourcing).

Insight:

A solid supply chain enhances the claims that marketing can make — say, speed of delivery or quality control or sustainability. Deliver consistently on these promises and their will lead to brand loyalty and market dominance.

#### 7.1.4 Case Examples of Effective Global Supply Chains

Zara (Inditex Group)

Zara operates in a fast fashion model, with a vertically integrated supply chain. The company:

- We deliver clothing from design to market in less than 3 weeks
- Caps inventory per style to prompt urgency
- Taps regional distribution centers to achieve 24–48 hours across Europe This is what gives Zara its competitive advantage in both reaction time and bottom line.

Amazon

Amazon's supply chain is built for global-scale and speed:

- Over 185 fulfillment centers around the world
- Machinery and robotics in warehouses
- Track your delivery live with real-time GPS and an optimized delivery route

This allows for 1-day or same-day delivery across many global cities, a crucial component of Amazon's customer promise.

Unilever

(Unitever Supply The chain of companies supplying the world under more than 400 brands across 190 countries, here:

- Relies on local suppliers to cut transportation emissions
- Uses digital twins and AI for supply chain simulation
- Integrates logistics with its sustainability objectives

This enables their activity to be more productive and sustainable.

Toyota

Toyota's pursuit of just-in-time manufacturing is a textbook example of lean supply chain success:

- Components arrive exactly when needed
- Reduces inventory and waste
- Supply chain is connected with international dealers and suppliers

Apple

Sample Pop-Up Store So Close, We Can Almost Smell the Unwashed. Apple manages a heavily globalized supply chain:

- Components sourced from 43 countries
- Assembly focused in China (Foxconn etc.)
- Air Freight Goods for time critical launches

Apple won success by focussing on a tight ship across the supply chain to provide global product availability and premium quality.

## 7.2 Challenges: Tariffs, Customs, Transportation Costs

Running an international supply chain is about more than just logistics — it's about navigating a complex web of regulatory, financial and operational challenges that can impact costs, timelines and returns. Obligations to customs, tariffs and logistics risks, as well as export control regulations are risks which must be mitigated in order to ensure successful cross-border delivery of goods.

### 7.2.1 Tariff and Trade Barriers

Tariffs are taxes that a government places on imported goods, aimed at either protecting domestic industries or collecting money for the state. They push up prices of foreign goods, rendering domestic options attractive. One high-profile instance is that of the U.S. tariff on imported steel and aluminum in 2018, which drove costs up for manufacturers who rely upon those raw materials.

Trade barriers, however, encompass more than tariffs and can be regulations restricting imports (for example, by quotas), designating specific areas as "trade zones", placing embargoes and import controls on products in order to diminish foreign competition or artificially stimulating investment in a nation. These walls are instruments wielded by governments to control the movement of goods, services and investment across borders. All

such barriers will have an impact on international trade and supply chains, each in its own specific way.

- **Tariffs:** Taxes on goods, assessed at their value, quantity or weight by importers and exporters. India, for instance charges a high tariff on luxury imported cars rendering them far more expensive than locally assembled cars. This policy seeks to shield the country's own auto manufacturers and stimulate production at home.
- **Import quotas:** These impose a limit on the amount of specific goods that may be imported in a specific period. For example, the European Union imposes quotas on the import of certain agricultural products like sugar and dairy to protect EU farmers from competing with cheaper imports.
- **Embargoes:** These involve total bans on trade with particular countries, typically out of political or security concerns. A classic example is the decades-old U.S. embargo on Cuba, which banned most — though not all — trade and investment because of political differences. Intelligence services also monitored the frequency of deliveries from Italy to Coca-Cola bottlers and international sanctions against Iran had limited its ability to export oil to a number of markets.
- **Local content rules:** These require that a certain percent of a product be made locally. For instance, Brazil has imposed minimum levels of domestic content in its automotive industry and the measure has induced foreign car manufacturers to set up manufacturing plants there to fulfil these requirements.

These barriers have far-reaching consequences for supply chains. They frequently generate higher landed costs of imported goods, which in turn drives businesses to implement new sourcing habits, steering clear from high-tariff regions. Regulatory checks and customs controls may cause delays in the delivery of goods that would otherwise be delivered. Further, when top economies set up barriers to one another, trade wars can arise; witness the US–China trade war. For example, duties on electronics left production costs more expensive for companies like Apple, pushing them to reconsider their reliance on Chinese assembly lines in favor of alternatives in India or Vietnam.

### **Did You Know?**

“Did you know that a 10% tariff on imported materials can increase the final retail price of a product by up to 20–30%, depending on the product's supply chain structure?

This happens due to cumulative cost effects—tariffs applied on raw materials, compounded by increased shipping costs, insurance, and markups across the distribution chain. Many

global firms conduct “tariff engineering” to redesign products in ways that reduce duty classification levels.”

### 7.2.2 Customs Procedures and Compliance Issues

Customs clearance is the act of passing goods through customs so that they can enter or leave a country. It most often consists of providing necessary papers, examination of merchandise by customs officers, and payment of the customs fees or tariffs. Any delay or mistake may disturb the flow of goods, drive up costs and even lead to penalties.

Some of the most challenging customs obstacles include:

#### Paperwork complexity

Importers and exporters have to produce an array of documentation including invoices, packing lists, certificates of origin, bills of lading and insurance certificates. A single discrepancy or missing document can delay clearance, or worse, get it denied. For instance, shipments of agricultural goods into the EU with incomplete phytosanitary certificates can be detained at ports till rectified. Apparel imports into the United States have also been held up at clearance stage where textile declarations did not match invoices.

#### Regulatory differences

Product categories, safety standards and lists of prohibited items can differ greatly between countries. A product that is openly traded in one market can be subject to onerous restrictions in another. For example, children’s toys that are imported to the EU need to meet the EU Toy Safety Directive, which has higher standards for chemical content than what’s required in the U.S. Another example is food labeling laws which differ between the U.S and Canada; in Canada(bilingual packaging) even if products are made in the US, products must be repackaged.

#### Frequent policy changes

Governments regularly change trade policies to deal with health, environmental or security risks, a source of unpredictability for importers. For example, in the COVID-19 pandemic, several countries imposed abrupt restrictions on exports of medical items like masks and ventilators resulting in fracture of global supply chains. One example is India’s sudden ban on wheat exports in

2022 in order to restrain domestic inflation but which impacted global food markets and had many importers searching for alternatives.

#### Non-compliance penalties

Errors in declarations, undervaluation or malicious intent can result in fines, confiscation of goods and even criminal sanctions. One multinational in 2019 was on the hook for millions

after U.S. Customs and Border Protection (CBP) found that imported industrial components were being misclassified to lower tariff payments. Likewise, fake luxury goods trafficked through the EU are frequently being caught up at border crossings and rogue importers penalised for breaking compliance.

To combat these issues, companies implement a variety of compliance strategies:

- Using professional services from licensed customs brokers or freight forwarders provides a reliable source for managing difficult paperwork and meeting legal standards. For instance, power electronics businesses that ship globally use brokers to navigate between the various customs processes in China, US and Europe.
- Goods must be accurately classified and the appropriate duty rates applied, with this being key to the correct application of HS codes. A classification error can result in unexpected duties or penalties. For instance, if a smartphone is misclassified under an HS Code, one might end up paying more/less tariffs that are actually applicable on another electronic device.
- Following the World Customs Organization (WCO) or national customs authorities can help businesses anticipate abrupt regulatory changes. From tracking WCO guidance, for example, companies that export chemicals often amend their labels and documentation to stay in compliance within markets such as the EU.

The pharmaceutical sector is a perfect example of these compliance challenges. European companies can export to the EU and have REACH rules (Registration, Evaluation, Authorisation and restriction of CHemicals) which also calls for information abundance, recourse on chemical substances and proof of use-safe. Failure to comply not only results in rejection, but also legal implications throughout the EU.

### 7.2.3 Transportation Costs and Global Logistics Management

Shipping costs are one of the primary cost elements for international trade, including freight, insurance, warehousing expenses, cargo handling charges and packaging. Good global logistics not only reduces supply chain costs, but also delivers a competitive advantage.

Types of global freight

- Ocean Freight: It is the most cost-effective solution for delivering large cargos, but it will take longer shipping time (20-60days) accommodation on the destination country and specific route. It is choice of industries including furniture, automobiles and raw materials. Most, for instance, vast volumes of crude oil and liquid natural gas (LNG) are shipped by sea. But random occurrences, like the Ever Given's preventing of passage through the Suez Canal in 2021, demonstrated that delays in ocean freight can be high-stakes ones, costing billions in global trade.

- **Air Freight** : This is much quicker but more expensive - just right for higher value or urgent items. Electronic, drug and temperature sensitive food items are usually flown in. For example, Apple has been known to order air freight for the introduction of new iPhones when sudden demand requires it, even if those flights results in higher costs but also in products being regularly available all around the world. The sensitivity and urgency of vaccinations during the coronavirus pandemic also meant that vaccines were shipped almost exclusively by air.
- **Coastal and Inland Shipping**: This is more intensively used within continents where distances are relatively short and infrastructure highly developed. In the EU, road freight represents more than 70% of inland transports and it is crucial for member state trade. In North America, the highway and rail cargo are a central pillar of the U.S.-Mexico-Canada Agreement (USMCA) on trade for the auto industry, where parts cross borders multiple times during the assembly process.
- **Multimodal Shipping**: A combination of two or more modes of transportation (i.e. ocean + rail + truck), providing flexibility and cost savings. For instance, China's 'Belt and Road' initiative encouraged the rail-ocean multimodal transport which shortens the time of transporting between Asia to Europe than traditional maritime shipping. Companies such as Maersk provide multimodal end-to-end solutions to support synchronized, global supply chains that enhance the reliability of deliveries.

#### Cost factors

- **Fuel prices**: Oil price volatility directly influences the rate of freight, as shipping lines reflex surcharges. Fuel price increases in 2022 drove significantly higher bunker adjustment factor (BAF) charging and interestingly purchase prices to reflect these cost increases charges, driving up ocean freight rates for shippers around the world. Airlines also pass along increased jet fuel prices to air freight customers.
- **Container shortages**: After the COVID crisis, there was a huge lack of availability for containers in particular in Asia that led to high freight rates. For example, last year it cost nearly \$20,000 to ship a container between Shanghai and Los Angeles, compared with some \$2,000 before the pandemic. This shortage led to exporters delaying shipments or paying steep surcharges for available containers.
- **Port congestion**: Overcrowded ports can cause ships to wait for several days to dock, entailing demurrage and detention charges for shippers. There was a prominent dispute at the U.S. ports of Los Angeles and Long Beach in 2021 that blocked the smooth flow of cargo and raised costs for importers of consumer goods.
- **Warehousing charges**: The price of keeping the goods is extremely different across geographies, mostly in global trade centers where real estate and labor are expensive. For instance, storage charges in Singapore and Hong Kong are some of the most expensive in Asia

because space is limited and demand high. Online retailers often have to incur extra expense to keep sufficient stock near customers.

- **Last-mile delivery expenses:** The last leg of delivery is typically the most costly piece of logistics, particularly for e-commerce. Congestion in cities, disjointed delivery routes and consumers who want their packages faster contribute to costs. Amazon, for one, has poured resources into its last-mile delivery network—comprising local delivery stations as well as partnerships with independent drivers—to lower expenses and stay competitive now that customers expect 1-day or same-day order fulfilment.

#### Optimization techniques

- **Routing and load optimization:** Sophisticated analytics and software tools enable companies to shrink fuel consumption while maximizing the use of containers (or vehicles). DHL, to take one example, has been applying route optimization software that enables it to cut down on wasteful mileage—a boon both for the P&L and the environment.

- **Strategic location of regional warehouses:** Proximity to key markets means leaner transportation distances and costs of serving the customer. IKEA for instance utilizes strategically placed distribution centers throughout Europe to allow for faster store and customer deliveries with reduced long haul transport cost.

- **Utilize third-party logistics (3PLs) or fourth-party logistics (4PLs):** Working with a 3PL lets firms access economies of scale and specialized knowledge to lean more on developing shipping as well as other core capacities that they can truly own. For example, Nike collaborates with 3PL partners to run its worldwide distribution lowering the cost and capturing the flexibility to serve local demand.

- **Transportation management systems (TMS) adoption:** These automated solutions streamline freight planning, carrier selection and counter-to-counter shipment status punches. Relation to Global Multimodal Players Companies like Unilever leverage TMS platforms for their multimodal transportation on multiple continents and can simultaneously achieve cost savings while gaining visibility.

Illustration: Amazon is the best example of optimising logistics costs. But Amazon can offer 1-day delivery in top metros and control transportation costs by operating regional fulfillment centers and leveraging AI-driven routing systems that plug into last-mile delivery networks.

#### **“Activity: Global Route Optimization Simulation”**

Instruction to the Student:

You are the logistics planner for a mid-sized electronics brand that exports products from India to three global markets: Germany, Brazil, and Japan.

1. Use an online freight calculator (e.g., DHL, Maersk, Freightos) to estimate the cost and time

of shipping 1,000 units via:

o Air freight

o Ocean freight

2. Compare costs, transit times, and CO<sub>2</sub> emissions for each route.

3. Based on your findings, recommend the best transportation mode for each destination, justifying your choices based on:

o Cost-efficiency

o Urgency of delivery

o Sustainability goals

Deliverable:

Submit a short report titled “Global Freight Planning for [Brand Name]”, including a comparison table and your logistics recommendations.

#### 7.2.4 Risk Factors in International Logistics

Supply chains with trade across borders are particularly vulnerable to many and varied risks that threaten operations and lead to higher costs or loss of customer loyalty. International shipping is a complex web of various players, jurisdictions and modes of transport-so even one hold-up can have ripple effects across vast supply-chain networks. Dealing with these threats is critical in developing resilient global logistics solutions.

### Major Logistics Risks



### Figure. No. 7.2.4

#### Geopolitical risk

Trade at the international level is often driven by political cooperation, and are not in themselves sufficient for merging disparate economies or frontiers. Wars, sanctions and trade limits can unexpectedly close routes, raise costs or prevent companies from accessing crucial markets. For instance, the Russia–Ukraine conflict significantly impacted European freight and led to more limited access to Black Sea shipping lanes while reliance on alternative routes including rail via Central Asia rose. Likewise, U.S.–China tariffs on electronics and steel also redefined sourcing now for global manufacturers. And many of them are required to diversify their production footprint in regions like Vietnam, India, Mexico.

#### Natural disasters and pandemics

Earthquakes, floods, hurricanes and pandemics can destroy infrastructure, close ports and result in severe labor shortages. A similarly large earthquake and tsunami in Japan in 2011 disrupted Toyota’s production, and contributed to an upheaval of global electronics and automotive supply chains that relied heavily on Japanese parts. The COVID-19 pandemic has led to some ports being shuttered,

for example, have caused unprecedented backlogs of shipping and spikes in freight costs, revealing the vulnerability of global systems for moving goods around the world.

#### Currency fluctuations

Most of the global logistics contracts and settlements are quoted in foreign currencies. Exchange rate fluctuation can cause landed cost increase of goods and making long-term transportation contract be ineffective. For example, when the British pound plummeted after the Brexit vote in 2016, many British importers saw their costs increase for goods delivered not just from the Eurozone but also from further afield. Currency risk is particularly great for companies that operate in emerging markets, where exchange rate swings are more abrupt.

#### Cybersecurity threats

Logistics people have a growing dependence on the internet for all their work, and are worried about cybercrime. Attacks on shipping lines, freight-forwarders or Customs databases can freeze the flow of goods, foment what analysts call “trade hypocrisy,” and destroy reputations. One high-profile example was the 2017 NotPetya cyberattack, which crippled Maersk’s global shipping operations — requiring the company to reinstall thousands of servers and computers. The strike paralyzed ports around the world, leading to estimated losses of over \$300 million.

#### Labor strikes or protests

Supply chains can grind to a halt if there are human resource problems, like strikes by port workers, truck drivers or warehouse staff. Truck driver strikes in South Korea also delayed the movement of auto parts to Hyundai and Kia's production lines in 2022. Similarly,

repeated work stoppages at U.S. ports on the West Coast have resulted in backlogs of cargo-handling due to holdups in unloading containers, affecting imports of consumer goods and raw materials.

#### Inventory mismanagement

Reduced visibility to levels of stock held, inaccurate demand forecasts or using legacy inventory systems can lead to the detriment of stock out overs and mismanagement of goods. Several retailers that underpriced demand for critical items such as masks and sanitizers in the early months of COVID-19, or overbought on goods like furniture or electronics in 2022 have since confronted excess inventory when consumer interest changed. Poor inventory management adds to storage costs and can damage customer satisfaction levels when that product isn't in stock.

#### Risk mitigation strategies

- **Multisourcing and multiorientation towards modes:** Firms can decrease their reliance on only one mode of transport or one region by engaging with several suppliers and designing alternative routing possibilities. For instance, numerous companies started to move some of their production from China to Vietnam and India in the U.S.–China trade war.

-Create buffer inventory for key items – By holding safety stock of critical components, work can continue when disruptions occur. The 2021 semiconductor shortage prompted carmakers to stockpile chips to insulate themselves from production halts.

- **Use contracts that share risk with logistics partners:** Contractual agreements that define roles, responsibilities and penalties can spread the risk associated with supply chains like Amazon Prime. For instance, some shippers contract with carriers containing fuel cost sharing provisions.

- **Supply chain visibility software:** Real-time tracking and predictive analytics make it easier for companies to identify disruptions and take mitigative action. Walmart, for example, employs sophisticated visibility tools to track shipments worldwide and to reroute merchandise during unanticipated delays.

- **Do regular risk audits:** Routine analysis of their supply chain vulnerabilities enables companies to foresee and prepare for potential disruptions. Companies including Toyota created multilayered supplier-mapping systems after the 2011 earthquake to make sure they are aware of wherever their suppliers are based and how heavily they depend on them, wherever they may be located.

Example: After the 2011 Japan earthquake, Toyota's fortunes illustrated how dangerous it is to depend too much on a single supplier for essential parts. The production disruptions lasted months and impacted not only Toyota, but also other automakers around the world. In return Toyota has adopted a multi-dimensional risk management strategy to chart and track its global supplier network with the aim of better responding to future crises.

### 7.3 Technology in Global Logistics

Trucks, containers and warehouses remain, but global logistics now is a digital to physical complex operating system, rather than just boxes bumping around the world. In our modern digital economy, technology provides the framework for efficient, flexible supply chains. Technological solutions, including automation and real-time data tracking to blockchain and predictive analytics have allowed companies to manage complexity, lower costs and provide better service across borders.

#### 7.3.1 Role of Technology in Enhancing Logistics Efficiency

The use of technology in the international logistics industry is now the norm, allowing businesses to optimize operations, minimize delays and increase transparency throughout global supply chains. Technology is helping to coordinate, reduce costs and increase resilience in the face of disruption by linking suppliers, carriers, warehouses and retailers in a single digital ecosystem.

Key benefits

- Automation of inventory, billing and warehousing jobs: Automation decreases dependency on manpower thus errors are also reduced and same task can be performed in lesser time. Amazon, for instance, uses robotic arms in its fulfilment centres to handle the picking and sorting of stock, helping it process orders more quickly and keep labour costs down. Likewise, FedEx also uses computer-generated billing systems that speed up invoicing and curtail administrative bottlenecks.
- Optimization of transport and delivery: AI- and machine-learning-driven route optimization solutions allow businesses to discover the most efficient supply chain alternatives for speed and cost. The company's ORION (On-Road Integrated Optimization and Navigation) system configures the most efficient daily routes for drivers, which saves millions of gallons of fuel annually while reducing delivery times. Such optimization is particularly important for e-commerce, where same-day or next-day delivery is a competitive necessity.
- Better inventory view for worldwide locations: Even the stock is located at different warehouses or areas hold, companies can track them out in real-time. For example, Walmart utilizes sophisticated inventory tracking systems to watch products at each of its international

locations and distribution centers for restocking purposes as well as a method to help minimize stockouts. Visibility also helps companies respond more rapidly to sudden demand spikes or supply shocks.

- Preventing human errors with system integration: An integrated logistics platform integrates order processing, warehouse management and transport all in one system, minimizing slips due to separate data management. Maersk's Tradelens blockchain system enables secure, instant document exchange between shippers, custom officials and carriers — vastly reducing paperwork mistakes and disagreements.

- Rapid communication with logistics partners and customers: Cloud-based logistics solutions and mobile apps allow real-time updates on shipments, customs status and times of delivery. DHL, for instance, offers live shipment tracking on its consumer portal and mobile app.

app for clients to always know when their delivery is going to arrive. This openness builds trust and enhances customer satisfaction.

#### Common technologies used

- Warehouse Management Systems (WMS): WMS systems are used to manage inventory, automate picking and packing, and maximize the use of warehouse space. Businesses such as IKEA utilise WMS to manage intricate cross-country stock control, maintain accurate inventory levels and fast fulfil orders. There are also WMS systems that interface directly with robotics for expedited pick-processing.

- Transportation Management Systems (TMS): TMS applications plan and optimize shipping routes, select carriers, and monitor shipments. For instance, Nestlé applies TMS to manage transport across a global Network and optimize the amount of empty miles as well as fleet usage. TMS can be interfaced even with a customs base for traffic delays at the borders.

- Enterprise Resource Planning (ERP): ERP software links logistics with procurement, financials and sales activities to enable a full picture of supply chain performance. Multinational companies like Unilever utilise SAP ERP for coordinating production, logistics and financial data so as to make decisions quicker, improve allocation of resource etc.

- Barcoding and RFID: Barcodes and Radio Frequency Identification (RFID) play a key role in tracing products through the supply chain. Walmart is credited with being first to make mass deployment of RFID technology in order to maintain better visibility when tracking products from supplier's dock to retail store shelf. RFID tags also enable Zara to keep track of the whereabouts of garments in real time, so it is able to reduce stock discrepancies and restock faster.

- Digital freight platforms: These match shippers with carriers, streamlining processes such as booking, pricing and documentation. If you need to have an accurate insight in where your shipment is, how it is being cleared by customs and an insight on the costs [click here](#) and

contact Flexport, world's largest digital forwarder. Similarly, Freightos allows for instant booking of international freight services and removes dependence on legacy brokers.

Exemplar: DHL has played a leading role in ushering in digital solutions for logistics efficiency. The company employs AI logistics planning for improving delivery routes, robotics for automating warehouses and predictive analytics to anticipate disruptions. In addition to increasing order accuracy, the technologies also increase transportation speed across different continents and enhance DHL's international logistics competitive positioning.

### 7.3.2 Blockchain and Supply Chain Transparency

A blockchain is an open, transparent and decentralized digital technology for recording transactions in a secure, efficient manner. In contrast to the typical databases that are complete under an all powerful authority, most of the information on blockchain records is shared among a network of participants, no single party can change information that has been recorded without consensus. For supply chain at the global level there is lot of involvement by multi-participants like Supplier, carrier, custom agencies and retailers Blockchain as a technology started to gain much attention. It improves traceability, trust and efficiency, resolving persistent problems such as fraud, the trade in counterfeit goods, paperwork backlogs and compliance blind spots.

Applications of blockchain in logistics

End-to-end product traceability

Through blockchain, participants can track the provenance of a product from raw material to final customer. One by one — production, transport, customs clearance, delivery — each transaction appears on the blockchain as secure information that nobody can tamper with. Walmart, for example, has used blockchain with IBM to trace leafy greens like spinach and lettuce. This enables Walmart to trace a product back to the farm within seconds, which is key for food safety and makes recalls fast in case of contamination.

Smart contracts

They rely on smart contracts, or self-executing digital agreements that live on a blockchain and are designed to automatically execute specific actions if certain conditions are met. For example, when a consignment reaches the port of destination and is verified on blockchain records, the payment could be directly released to the supplier instantly with no manual intervention necessary. This minimizes delays, administrative expenses and arguments between sellers and buyers. Maersk has tried smart contracts to automatize customs clearance processes so that shipments in compliance that can be checked against digital information, are released faster.

Anti-counterfeiting

Blockchain also creates a trustworthy trail of a product's authenticity, especially when it comes to industries susceptible to packet copying like medicine and food. Brands will also record information in blockchain, which might include where the product was made, a batch number and the path it took to get to market, this can be scanned by customers and retailers to check authenticity. For instance, De Beers is employing blockchain to trace diamonds from the mine through to the ultimate retailer, verifying they are conflict-free. Pharmaceutical companies also harness blockchain to adhere to U.S. FDA regulations.

pursuant to the Drug Supply Chain Security Act (DSCSA), which establishes traceability to address counterfeit medicines.

#### Compliance verification

International commerce brings with it myriad compliance challenges, spanning safety requirements and environmental rules to customs laws. Verified compliance records can be stored on the blockchain for every authorized party to reach. For example, in sectors such as chemicals and dangerous goods, we can be confident that safety certifications are real (not faked) and available for use right from the beginning of our supply chain. This will help you to decrease the likelihood of a fraudulent declaration and may even lead to moves through customs more smoothly, without any fines or even refusals of shipments.

#### Document digitization

Paper-based procedures, such as bills of lading, letters of credit and customs declarations, typically lead to delays and greater risk of loss or counterfeiting. Blockchain takes these documents and makes them digital, secure, impossible to fake or tamper with, and easy to access. The Port of Antwerp, for instance, tested blockchain based electronic bills of lading to replace physical paperwork and reduce clearance time and fraud. "Digital solutions not only facilitate cross-border, but also remove the administrative burden for logistics companies.

Example: Maersk and IBM created TradeLens, a blockchain-enabled chain of custody for shipping -- it links to lines, ports, freight forwarders, customs authorities, importers. It offers access to shipping information including electronic documentation and cargo tracking. TradeLens has slashed lead time of paperwork, facilitated customs examination and promoted the visibility of global supply chain. While the platform did face some resistance in securing adoption, it proved that blockchain can revolutionize global logistics.

#### Did You Know?

"Did you know that Walmart uses blockchain to trace mangoes from farm to store in under 2.2 seconds—a process that previously took 7 days?

This innovation helps reduce food waste, improves recall speed during contamination events, and builds consumer trust by providing farm-to-fork traceability."

### 7.3.3 Artificial Intelligence and Real-Time Tracking in Global Logistics

Logistics are becoming predictive rather than reactive with the use of artificial intelligence (AI) and real-time tracking. They enable businesses to predict disruptions, optimize routes and ensure a better delivery experience.

Applications of AI in logistics:

- Demand forecasting using machine learning
- Predictive maintenance of transport vehicles
- Dynamic pricing in freight negotiations
- Automatic route optimization according to traffic/weather conditions in real-time
- Customer service chatbots and virtual assistants

Real-time tracking tools:

- GPS-based fleet tracking
- Sensors for IoT in containers and packages
- Geo-fencing alerts for security
- Mobile supply-chain apps for updates on deliveries

Benefits:

- Greater supply chain visibility
- Faster problem resolution
- Reduced inventory holding costs
- Enhanced customer transparency Example:

Featuring real-time tracking integrated with AI-generated delivery predictions, FedEx Express provides accurate delivery time windows to customers that contribute to both reliability and customer satisfaction.

### 7.3.4 The Future of Technology-Based Global Supply Chains

The logistics of the future are ushered in by hyper-connectivity, automation and sustainability. Concurrent technologies are joining to form smart, autonomous and green supply chains.

Emerging trends:

Autonomous vehicles and drones

Driverless trucks and drone deliveries are being trialed for last-mile logistics.

#### Digital twins

Supply chains as digital twins Digitally twinning supply chains allows for virtual models to simulate what is happening in the real world, and visualize it in advance of actually implementing changes.

#### Sustainable tech solutions

Energy is wasted in cold chains when temperature control becomes an IoT solution. AI supports emission- minimized routing.

#### 5G-powered logistics

Allows warehouses, ports and trucks to transfer data at high speeds for real-time coordination.

#### Robotic process automation (RPA)

Tackles recurring admin functions such as customs form filling, and liberates human resource for strategic position.

#### Integrated logistics ecosystems

Apps that integrate procurement, transportation, finance and client interface in a single front end.

#### Strategic implications:

- The Tech will not only support logistics, it will shape supply chain strategy
- Instead of how fast you can deliver goods, companies will compete on their data capabilities
- Technology will be paramount in the investment to resilience, agility and customer centricity

#### Knowledge Check 1

Choose the correct option:

1. Which of the following best explains Zara's competitive supply chain advantage?
  - A) Outsourcing all production to Asia
  - B) Offering year-round discounts
  - C) Locating production close to markets and using rapid replenishment

- D) Focusing only on online retail
2. What is the main purpose of using RFID technology in supply chain management?
- A) To reduce customs duties
- B) To advertise products in real time
- C) To track inventory and shipments accurately
- D) To lower product prices
3. Which of the following is a non-tariff trade barrier?
- A) Import tax
- B) Export duty
- C) Customs quota
- D) Sales tax
4. Which technology allows stakeholders to access a tamper-proof, real-time record of transactions across the supply chain?
- A) AI
- B) ERP
- C) Blockchain
- D) RFID
5. Which of the following is a common risk factor in global logistics?
- A) Uniform customer demand
- B) Currency stability
- C) Natural disasters
- D) Overstaffing in warehouses

#### 7.4 Summary

- ❖ This chapter has investigated the importance of supply chains in the creation of global value. As more companies grow their global footprint, the need to optimize responsive and cost-effective supply chains is a strategic imperative. We started out by looking at how logistics has become more than just the logistical mainstay for companies but is also a

competitive advantage – increasing product availability, speeding delivery and to ensure greater customer satisfaction.

- ❖ We then focused on critical obstacles, such as duties, customs blockage, the cost of transport and worldwide risks - all issues that can delay delivery times, drive up costs and hinder your ability to operate. Firms will need strong platforms to manage the compliance, documentation and rules of trade in multiple markets.
- ❖ The next chapter focused on how the advancement of technology is transforming global logistics, from warehouse automation, and real-time tracking to blockchain, AI, and predictive analytics. These technologies are enabling companies to do things more effectively, but also to minimize errors and have a view into the other parts of their global operations.
- ❖ To sum up, the control of global supply chain is dependent not only on physical infrastructure but strategic alignment, technological investments and innovative approach as well. Companies that do this can drive sustained global value and establish market leadership over time.

## 7.5 Key Terms

1. Supply Chain – A complex network of people, a system or a process supplies another with goods or services.
2. Logistics – The organization of complex operations involving many people, facilities, and supplies.
3. Tariff – A tax that is levied by a government on imports or exports.
4. Compliance – Import / Export documentation and processes.
5. Transportation Management – The management of the movement of freight through planning and control as well as cost minimization and route optimization.
6. Blockchain – A trusted, decentralized system of record to log and track transactions in real time.
7. Live Tracking – Keeping an eye on shipments or vehicles while they are in transit along the logistic network.
8. AI in Logistics – Artificial intelligence application toward route optimization, demand predictions, and warehouse automation.
9. Supply Chain Risk: The risk that the supply-chain will be disrupted by unnatural, political or operational factors.
10. Digital Twin – A computer program that used to simulate supply chain activities for testing and optimization.

## 7.6 Descriptive Questions

1. Describe the role of the supply chain in international marketing. What impact has it had on customer value?
2. What are some of the most common threats to international logistics and supply chain?
3. And what is the effect of tariffs and customs on global supply chains? Provide examples.
4. Explain how technology is helping in the development of global logistics. Name three machine tools or inventions.
5. What is blockchain and how can it be used to build a transparent supply chain?
6. Assess the risk implications of global logistics and propose potential solutions.
7. Contrast old school supply chains with the contemporary technology driven global supply chains.
8. How is real-time tracking increasing efficiency in logistics and customer satisfaction?

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## Answers to Knowledge Check

### Knowledge Check 1

1. C) Locating production close to markets and using rapid replenishment
2. C) To track inventory and shipments accurately
3. C) Customs quota

4. C) Blockchain
5. C) Natural disasters

## 7.8 Case Study

### “Zara’s Agile Supply Chain: Delivering Global Value at Speed”

#### Introduction

The fashion trend cycle has sped up so much that companies today need to move even faster in order to keep up with changing customer demands. Zara, a fashion chains under the Inditex Group banner is known worldwide as an epitome of swift, timely and nimble global supply chain that can deliver new designs to outlets in 2–3 weeks while its rivals take months.

This case study examines how Zara has turned its supply chain into a leading competitive weapon, even conquering global logistics challenges such as customs, tariffs, and carrier costs. How the brand uses real time tracking, inventory analytics and centralized distribution to continue its supply chain excellence in addition is also discussed.

#### Background

Zara is in more than 90 countries and puts out over 12,000 new styles a year. Unlike traditional apparel companies that send production in bulk to low-cost countries and plan collections months ahead of time, Zara oversees the entire supply chain.

For easy reading, here are some characteristics of Zara’s supply chain:

- 60% of production takes place in Europe, and therefore closer to key markets
- Regular tiny-batch deliveries to stores as a demand test.
- Immediate inventory reporting from stores to the design team
- Centralized Distributions Centres in Spain, with high level of automation
- Orders are delivered to any store across the globe within 24-48 hours of despatch.

#### Problem 1: Customs Troubles and Global Distributing Bottlenecks

Zara transports goods from central distribution centers in Spain to each of the markets it serves, including the US, Japan and South

America. But unforeseen customs delays and port congestion were causing store deliveries to be late, compromising the freshness and speed promised by the brand.

#### Solution

Zara teamed up with freight forwarders and customs brokers in important markets and computerised its customs documentation with the help of electronic data interchange (EDI). Nor did it rely on geofencing and real-time G.P.S. tracking to track shipments, proactively rerouting them if port delays appeared likely. This has resulted in shorter customs clearance times and increased delivery dependability.

#### Problem 2: Increase in the Price of Transportation and Fuel

The rising cost of air and sea shipping with higher fuel prices and global inflation. This model was a threat to Zara's low-inventory, fast-turnaround strategy.

#### Solution

Rather than reverting to slower and less expensive shipping, Zara improved load planning and the use of multimodal freight. It bundled shipments, employed eco-efficient trucks and negotiated improved rates with logistics partners. Zara also looked at green shipping options such as rail freight within Europe to save on cost and carbon footprint.

#### Issue 3: Tracking in Real Time Across Markets

With 100s of stores worldwide, Zara wanted to ensure it had accurate, up to date stock visibility across the entire network so as not to overstock, or miss a sale.

#### Solution

Zara did this by tagging every item it produced at the point of manufacture with RFID (Radio-Frequency Identification) tags. This enabled store staff and HQ to view stock movements in real time. It had also introduced AI-based demand forecasting systems, which allowed data-driven decisions on replenishment and production.

#### MCQ 1

How did Zara cut customs delays and assure access in global markets?

- A) Outsourcing its entire supply chain
- B) Moving from air to ocean freight
- C) Through real-time monitoring and digitization of customs
- D) Expanding only in domestic markets

Answer: C) By employing real-time tracking and customs digitization

#### MCQ 2

How did Zara react to higher transportation and fuel expenses?

- A) Number of new styles has been decreased
- B) Moved to sea water shipment, but increased it completely

C) Utilised load optimisation and multimodal transport

D) Delayed shipments to reduce expenses

Answer: C) Employed Load optimization and Multi-modal transportation

MCQ 3

Why did Zara implement RFID in its worldwide stores?

A) To automate manufacturing processes

B) To track online customer behavior

C) To gain real-time inventory visibility

D) In order to impose taxes on goods brought into the country

Correct Answer: C) To provide up-to-the-moment inventory visibility

Conclusion

The global supply chain of Zara is a model for speed, flexibility and strategic integration. By nesting close to its markets and using technology to secure visibility and coordination in them, as well as adapting to pain points like customs and fuel costs, Zara manages to deliver value consistently at each of these.

geography. It underlines the significance of supply chain agility in successful global marketing and the need for continuous innovation in logistics management.

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## Unit 8: Global E-Commerce and Digital Platforms

### Learning Outcomes

1. Understand the structure and strategy of global digital marketplaces, with a focus on Alibaba's business model.
2. Identify the role of technology, data analytics, and cloud infrastructure in enabling cross-border e-commerce.
3. Evaluate the challenges of international e-commerce, including payment systems, logistics coordination, and cultural localization.
4. Analyze how Alibaba adapted its platform, services, and customer experience to compete in different global markets.
5. Apply digital marketing and global commerce concepts to assess or design scalable, cross-border e-commerce strategies for other brands.

### Content

- 8.0 Introductory Caselet
- 8.1 Rise of Digital Marketplaces (Amazon, Alibaba, Flipkart)
- 8.2 Cross-Border E-Commerce: Payment, Logistics, and Cultural Barriers
- 8.3 Social Media Marketing in Global Context (TikTok, Instagram, WeChat)
- 8.4 Case Study: Alibaba's Global E-Commerce Model
- 8.5 Summary
- 8.6 Key Terms
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- 8.8 References
- 8.9 Case Study

## 8.0 Introductory Caselet

### “From Kirana to Clicks: Kavita’s Dilemma in a Digital Marketplace Era”

#### Background

Kavita runs a little known artisanal skincare brand in Pune. For years, she was sustained by local shows, word-of-mouth referrals and a faithful client base in her community. But sales started to slow as customer expectations changed, seeking faster delivery, digital convenience and more selection — all spurred by the rise of platforms like Amazon, Flipkart and Nykaa.

With the prodding of her niece, Kavita listed her offerings on two online marketplaces. But she found her brand was finally getting out in front of a national audience, and along with that came new complications:

- Finding your way through platform fees, ratings and return policies
- Competition to mass-market brands with discounted products
- Dealing with additional orders without having yet established a logistics partner
- Responsible for our digital customer service and online feedback

Meanwhile, global giants such as Amazon and Alibaba were raising the bar for speed, personalization and trust, revolutionizing how consumers discovered, compared and purchased goods. Shelf space was no longer just a question in the marketplace; it was visibility, algorithm performance and capacity to fulfill.

Kavita faced a junction: Should it increase production to meet digital demand or remain niche and exclusive in a crowded online arena?

#### Critical Thinking Question

What are the trade-offs for small upstart brands trying to compete in large digital markets? How do niche stores gain visibility in the market, without compromising on their exclusiveness (not eating away at margins or the shopping experience, so to say) when giants such as Amazon, Alibaba and Flipkart are taking over?

## 8.1 Digital Marketplaces Proliferation (Amazon, Alibaba, Flipkart)

It has been an explosive two decades of the digital marketplace and a new way for business to sell and consumers to buy that isn't bounded by national frontiers. I don't mean to imply that Amazon, Alibaba or Flipkart remotely resemble old-time retailers. But they have also evolved much further than pure online retail players — they are logistics and payment systems, data analytics and advertising tools, even financiers of sellers.

Gone are the days when eCommerce was only B2C (Business to Consumer). So there are many markets such as b2b, cross-border C2C and other type out in the market now you have become the world's digital marketing flagship or hub!

### 8.1.1 Growth of Global E-Commerce Platforms

Emerging technology, infrastructure and consumer behavioral changes have pushed the rapid growth of global e-commerce platforms. The ubiquitous rise of the internet, as well as mobile phone usage, has allowed online shopping to reach billions. Smartphones have become prevalent and data services more affordable, which has included consumers in developed economies as well as emerging ones turning to digital marketplaces for convenience. In India, for example, the likes of Flipkart and Amazon have leveraged increased use of mobile internet to make e-commerce viable even in smaller towns or rural areas.

A second factor driving this growth has been the proliferation of digital payment infrastructure that has lowered friction in online transactions. Safe payment gateways, digital wallets and buy-now-pay-later models have increased consumer trust which has led to an increase in the use of e-commerce facilities. In China, only platforms like Alibaba and JD.com but ultimately have a lot to do with the rise of Alipay and WeChat Pay, two services that allow for frictionless digital transactions and intertwine financial services with shopping.

E-commerce has also been fuelled by improvements in logistics which make quicker and more secure delivery options possible. Some have poured money into regional warehouses, last-mile delivery systems and partnerships with logistics providers to make sure they can deliver quickly. Amazon, for example, has developed a global network of fulfillment centers and plowed money into its own air cargo fleet — Amazon Air — to ensure next-day or even same-day deliveries in major markets. The likes of Lazada and Shopee in Southeast Asia have similarly beefed up their logistics reach regionally to help serve overseas buyers effectively, solving one of the biggest challenges for an international e-commerce service.

E-commerce für jeden AI has also reshaped e-commerce by allowing mass personalisation. AI-powered algorithms evaluate browsing habits, purchase behavior and demographic information to serve personalised product recommendations and pricing in real time. Netflix and Amazon already use recommendation systems to drive sales, and Alibaba uses AI for its biggest shopping day of the year – Singles' Day – to forecast demand and manage inventory. These innovations, in addition to the user experience benefit they bring, increases customer stickiness.

Lastly, the business model based on marketplace has been another driver for global expansion of e-commerce. Platforms reduce entry barriers for small and mid-sized enterprises (SMEs) by putting millions of buyers and sellers in one ecosystem. Sellers have access to pre-built digital utilities, payment and logistics support enabling them to quickly scale their business. For instance, Etsy has created a world wide market-place for small craftsmen serving customers across nations and Amazon / eBay have empowered the SMEs to compete with the Wall Marts of the world with reach across earth. But there is a catch to these opportunities that is hard to ignore! The platforms have some pretty strict rules as to customer service and so on and need the sanity of thinking that delivery is on time, goods are authentic etc.

Several key figures illustrate the magnitude of this growth:

- Global e-commerce sales reached more than \$5.8 trillion in 2023 and are forecast to exceed \$8 trillion by 2027, as the transition from bricks-and-mortar retail to digital channels picks up pace.
- Marketplaces online make up nearly two-thirds of global ecommerce sales, underlining the extent to which platform-driven models such as these rule the roost over single-retailer sites.
- Cross-border purchases are growing rapidly, especially in the categories of clothing, electronics and health products, as consumers seek more variety and better prices. Services like AliExpress and Amazon Global have made it simpler for consumers to shop directly from international sellers, at prices that are generally cheaper than those offered by local alternatives.

#### 8.1.2 Amazon's Global Marketplace Strategy

By doing that, Amazon has become one of the most successful e-commerce players around the world – it shaped an integrated marketplace model, which works like a clockwork across different national borders. The company operates in more than 20 markets, and its approach combines localised customization with scale that allows it to offer services across millions of consumers around the world, supporting sellers with sophisticated infrastructure.

One of the reasons why Amazon business works is because of its Fulfilled by Amazon (FBA) process. With FBA, sellers send their products to Amazon's warehouses around the world and the company takes care of packaging, shipping and customer service. This makes life easier for merchants and customers, who will continue to receive the same quality of service. For instance, an Italian mom & pop type shop can use FBA to access customers across Europe and deliver at the same speed of a large brand.

- How it works: Sellers ship inventory to Amazon's warehouses → Amazon ships orders directly  
→ Faster delivery and Prime perks for customers.

- Impact: Extends sellers' global reach, quickens deliveries and boosts trust of shoppers on third-party sellers.

This idea is elaborated on under the Global Seller Program model that allows sellers to access multiple Amazon marketplaces. So, for example, sellers in India will be able to offer their goods to customers in the U.S., the U.K. and U.A.E. by leveraging Amazon's logistics network for help with customs clearance, warehousing and shipping products across regions. It enables more seller markets to be rich and gives customers a broader range of product options.

- Seller benefit: Easier access to international buyers without the hassle of complex cross-border logistics.
- Customer benefit: Distinctive products that are not local, such as Indian textiles made by hand or Korean beauty brands.

Then there's Prime Membership, which builds the rabid user base by providing more than just faster-premium shipping. It also offers benefits for subscribers, like extra exclusive deals or early access to sales while away and entertainment from its own Prime Video and Music.

- Global example: In the United States and Europe, Prime members spend well over double non-members per year as a result of this increased loyalty.
- Localized adaptation: In India, Prime subscription was made available at a reduced price and bundled with Indian streaming content to appeal to local demand.

Something else that Amazon focuses on is the Local Marketplaces, tailoring platforms for regional tastes, laws and languages. Amazon.jp in Japan, include anime, manga and high-tech devices while Amazon.de in Germany has more of an emphasis on books and home appliances.

- Regulatory compliance: If it wants to operate in India, Amazon had to set up a parallel platform, Amazon India initially with significant restrictions on its foreign direct investment that was lifted but conditions attached, and invest in local warehouses and deliver networks.
- Cultural adaptation: Currency, language and product mix are adapted to local tastes.

Last but not least, Amazon makes great use of AI and personalization to drive deeper customer engagement. Its algorithms monitor browsing and purchasing, to recommend items specifically tailored to every shopper.

- Example: On Prime Day, resources will be pushing AI-driven recommendations at consumers to help them find relevant deals where the sellers in turn get boosted visibility and sales.
- Result: More conversions, more sales and happier customers.

Amazon's expansion into India has been an example of how its worldwide practices are being cut and pasted to suit local conditions. The company acquired Junglee. com to grasp market dynamics, and the company set up local fulfillment centers, added cash on delivery for consumer trust with online payments. In the process, it planted itself as one of the most formidable challengers to local giants like Flipkart while operating under onerous foreign investment regulations.

### 8.1.3 The Expansion and Globalisation of Alibaba

In the process Alibaba Group Ltd. has emerged as one of the few true global powers in e-commerce — bigger even than its traditional Western rivals in the form of Amazon. com Inc., are booming — due to a strategy that couldn't be more different from the ones in the U.S. or Europe. Instead of a conventional online retailer, Alibaba is a technology enterprise operating an online marketplace that links buyers and sellers in the sale of goods and services (along with investment needed to support global trade).

Its ecosystem is focused on platforms addressing different market segments: Alibaba. com is a global B2B marketplace for wholesalers and manufacturers Any business from anywhere in the world can post their products.

AliExpress provides an outlet for B2C, worldwide cross-border sales, where international buyers can purchase directly from Chinese retailers; while Taobao and Tmall remain undisputed leaders in China's domestic online retail offering opportunities for both small business entrepreneurs and large brands. Backing up those systems is the Alibaba affiliate Cainiao, a smart logistics network that uses A.I., route planning and automated warehouses to help delivery run more efficiently.

Key to Alibaba's business model is the fact that it serves as a platform rather than a retailer. Unlike Amazon, which has its own branded products and also offers those of third-party merchants, Alibaba does not hold inventory (although one Alibaba business does help manage it). It doesn't operate these delivery services, but instead offers digital back ends to link buyers and sellers.

- Impact: This lowers the cost of operations and enables Alibaba to grow fast without having to worry about stock.
- Example: On Taobao, millions of tiny Chinese retailers operate their own online shops, while Tmall is a platform for international brands like Nike and L'Oréal to sell directly to Chinese consumers.

Alibaba also presents itself as a facilitator of cross-border trade: It helps small businesses sell their wares on six other platforms, and access customers in more than 190 countries. Through AliExpress and Alibaba. com, has managed to take products global without a giant distribution network.

- Example: In Yiwu, China, a small textile factory can sell its goods to wholesalers in Africa or Europe on Alibaba.com, while AliExpress allows customers in Spain or Brazil to buy products directly from China via competitive price.
- Outcome: Such portals eliminate classical barriers to international trade hence making global commerce viable for SMEs.

In logistics, Alibaba has spent big on Cainiao, its logistics affiliate. AI-powered route optimization and its integrated warehousing network enable global deliveries within 5–10 days on Cainiao's intelligent logistics infrastructure.

- Example: On China's Singles' Day shopping holiday, Cainiao handled billions of packages using automated sorting systems and real-time tracking to speed international shipments through customs and last-mile networks.

Alibaba's international strategy also focuses on localised shopping experiences in overseas markets. Alibaba adjusts its platforms to regional tastes, and also recognizes that consumer preferences and payment habits differ based on location.

- Example: AliExpress offers interfaces in local languages and supports domestic payment methods, such as MIR cards. In Brazil, where mobile penetration is high, the platform is mobile-first and allows for payments to be made in installments.
- Outcome: Localisation fosters customer confidence and speeds up uptake in competitive overseas markets.

Another key component of Alibaba's globalization is the Electronic World Trade Platform (EWTP) vision. Launched to realise Alibaba's vision of globalisation, EWTP is meant to enable SMEs to benefit from increased use of digital infrastructure, more efficient customs clearance procedures and access to financial services for cross-border trade.

- Example: Alibaba in Malaysia, where it collaborated with the government to establish an EWTP hub and got local businesses access to global buyers through integrated logistics and e-commerce solutions. In Rwanda,

a project — mobilize homegrown entrepreneurs, get them in contact with global markets, especially for farming produce and handicrafts.

- Impact: By entering into partnerships with local governments, Alibaba is solidifying its status as a broker of global trade — and positioning itself as an agent for digital economic development.

#### **8.1.4 Flipkart and Emerging Market Strategies**

One of India's largest e-commerce giants Flipkart can be considered an example of this sort, and is a model for how platforms might evolve to address the specificities — i.e. challenges as well as opportunities — that new markets pose. Walmart's e-commerce affiliate in India is

hunting for a partner more than two years after it dropped \$16 billion on Flipkart, then the country's most promising online retailer. istine Garavuso/Bloomberg Majority-owned by Walmart, Flipkart almost exclusively operates in its home nation where digital adoption is happening at breakneck speed and an increasingly young base of consumers are coming online with an appetite for shopping over the internet. Unlike Amazon or Alibaba, who have far-reaching businesses around the world, Flipkart's strength is in local strategies that are attuned to India's economic and cultural peculiarities.

One of its biggest innovations was to launch the Cash-on-Delivery (CoD), which helped mitigate trust deficit on online payments and lack of credit card penetration. At first Indian consumers were wary of paying online, concerned that they might be conned or their purchases would not arrive. The CoD option from Flipkart wherein customers could pay in cash on delivery of their orders led to high adoption. This model quickly caught up in India, and many other e-commerce websites are starting to follow it.

- Impact: Not just did CoD add to consumer confidence, it opened a gateway for Flipkart to millions of its new online shoppers.
- Example: In rural India, where digital transactions were not prevalent until recent years, CoD empowered households to confidently make purchases.

Flipkart also developed with a mobile-first strategy, as the company understood most Indian users will have their first internet experience on a smartphone. It made light weight mobile applications which worked well on low-bandwidth networks and had interfaces in many local languages, addressing non-english speaking users.

- Result: This move enabled Flipkart to reach into tier-2 and tier-3 cities, and rural markets, where internet speeds were typically bad but the uptake of mobile was high.
- Example: Regional language support in Hindi and Tamil allowed the company to target tens of millions of new users in smaller towns.

Logistics-wise, they invested big in Ekart, Flipkart's own logistic arm, to deal with the logistical hurdles that India's size and infrastructure presents. Ekart is focused on last-mile delivery, serving the most difficult-to-reach areas that many regular courier services find challenging to service.

- Example: Ekart goes to far-flung towns and villages with doorstep delivery when poor roads or connectivity makes address verification difficult.
- Impact: This logistics backbone gives Flipkart a major edge through speedier and more reliable deliveries, even in remote areas.

Flipkart has also adapted their marketing to the Indian market with festive sales and flash sale days, due to its festivity in India. Its marquee "Big Billion Day" sales event, patterned after Alibaba's Singles' Day and Amazon's Prime Day, is now a nationwide phenomenon.

- Example: Flipkart announced it broke all past records of sales in the Big Billion Day 2022 across smartphones, fashion and home appliances categories (this illustrates how important is to sync-up promotional calendars with consumer behaviors around festivity intervals.. for example Diwali).

One more has been category expansion – the hope is that Flipkart becomes an ecosystem beyond electronics and bare-bone retail. Besides entering the grocery business with Flipkart Supermart, it has also invested in Myntra, a fashion platform and PhonePe, a digital payments service.

- Impact: It's this ecosystem model that enables Flipkart to cater to such a vast array of consumer needs and not just be a marketplace.
- Example: Myntra has turned Flipkart into one of the most significant players in Indian online fashion, and PhonePe is now among the top usage digital wallets in India.

Flipkart has also dabbled with social commerce to unlock new customer segments. The company's Shopsy product enables local entrepreneurs and resellers to share product links within their communities in return for a sales cut.

- Example: In smaller towns, women use Shopsy to recommend products on WhatsApp groups, leveraging the trust that surrounds in-person friends and family networks to drive e-commerce adoption.
- Result: This bottom-up model takes Flipkart deeper into communities where formal retail has yet to make significant inroads.

### Did You Know?

“Did you know that Flipkart's "Shopsy" app allows individuals to become resellers and earn commission by sharing product links?

Targeted at Tier 2 and Tier 3 cities in India, Shopsy has created a social commerce model that combines trust, community, and low-cost mobile marketing, enabling people with limited internet literacy to participate in e-commerce.”

## 8.2 Cross-Border E-Commerce: Payment, Logistics, and Cultural Barriers

Cross-border e-commerce enables businesses to sell products to customers in other nations using digital storefronts. Sure, it opens up huge international markets — but also a host of new challenges, to do with payments and logistics, culture and law. In order to flourish, companies need to integrate into the local and govern foreign activities effectively.

### 8.2.1 Payment Systems and Currency Issues

Differences in payment systems and currency have long proved a large obstacle to cross-border e-commerce. Unlike local or domestic commerce, whose payment services are comparatively standardized, international business needs to cater for multiple cardholder preferences, regulations and banking systems. This complexity has an impact on both the user experience and business performance.

The first is currencies. The other is money conversion, given that customers across the world want to see prices in their own local tender. Costs, margins and especially purchasing decisions can be affected by changes in exchange rates. For example, the rising value of the U.S. dollar versus the euro makes American goods more expensive for European consumers, leading them to pull back on purchases. And sellers who list in multiple regions must deal with absorbing or passing along conversion fees, which can affect their competitive pricing.

Another significant obstacle would be the unstable payment preference across different countries. The probability of closing a sale depends on the degree to which customers have faith in these specific approaches.

- United States: Credit cards are king, and Visa, MasterCard and American Express are the ones most often used to pay online.
- China: The standard here is the digital wallet — Alipay and WeChat Pay have been fully integrated, life stops without it, you expect a quick QR scan and you're done (we all do).
- Germany — Bank transfers and SEPA Direct Debit are still widely used more than credit cards, with direct banking preferred over third-party providers.
- India: UPI and cash-on-delivery are both important, especially in tier-2 and tier-3 cities where the trust on paid-digital transactions is nascent.

Fraud exposure and chargebacks are also an issue in cross-border transactions, since these payments can often fall prey to cybercrime or fraudulent disputes. Sellers need to use more sophisticated detection tools and adhere with local security standards such as 3D secure in Europe. With international shipping for luxury goods stores, you'll be under a much stronger watch as disputes happen commonly with fakes product and fake money.

Not compatible with payment gateway is also a barrier to international e-commerce. Not all banks in every country are supported by local bank or card networks, and that has made it hard for consumers to make transactions. For instance, a customer from Indonesia won't be able to perform transactions with local debit cards to an international store if the payment gateway has no plugin for the regional banks. This restriction can lead to poorly handled and lost sales.

In response to these obstacles, e-commerce firms are increasingly employing strategic responses such as multi-currency processors and linking up with local wallets.

- **Multi-currency processors:** Companies such as PayPal and Stripe enable businesses to accept payments in a range of currencies, automatically converting the money and reducing exposure to exchange rate risk.
- **Off-line wallet integration:** Businesses cooperate with local services to gain users' trust and increase conversion. Amazon India, for instance, works with UPI and CoD, and Alibaba is coupled up with Alipay for domestic as well as international payments.
- **Hybrid models:** Some businesses cut off installment-based payment in markets such as Brazil — where consumers, by and large, prefer to purchase on monthly installments repayable through local credit cards.

These are not just solutions that enhance customers' confidence, but it opens entirely new markets that could otherwise stay unattended because of payment differences.

### **Did You Know?**

“Did you know that over 60% of shoppers in Southeast Asia prefer cash-on-delivery (CoD), even when purchasing on smartphones?”

Despite the rise of digital wallets, CoD remains a dominant payment mode in countries like Vietnam and the Philippines due to low credit card penetration and trust issues with online transactions. Global platforms like Lazada and Shopee adapted by integrating CoD and local e-wallets like GCash and Momo.”

### **8.2.2 Logistics and Delivery Hurdles in the Cross-Border Trade**

Cross border e-commerce logistics are much more than just shipping from one country to another. It calls for coordination between agencies of customs clearance, international warehousing, modes of transportation and the nation's last-mile delivery networks. For a lot of businesses, these pressures can lead to bottlenecks that increase costs, extend delivery times and diminish customer satisfaction.

Among the key challenges are shipping fees, which frequently have dissuading potential buyers from crossing borders. Distances, fuel surcharges customs duties and other charges reflect in the high landed cost of goods. Just compare the shipping and duty to a consumer ordering electronics from the U.S. to Africa, it could turn out that one is paying more for the shipment and duties than for the products. Smaller merchants are especially at a

disadvantage, since they do not have access to the bulk shipping discounts that global heavyweights like Amazon or Alibaba negotiate with carriers.

Another major frustration is longer shipping times, since cross-border orders range from 7 to 21 days based on origination, destination and custom processes. The lag can frustrate customers used to same-day or next-day delivery at home. Latin American clients, for example, endure long waits because of restricted air cargo capacity and an underdeveloped regional logistics network that render global deliveries slower and less reliable.

Delays due to customs are a common grounds for interruption. And even if products are dispatched on schedule, lack of proper documentation, misclassification of goods or regulatory checks can lead to cargoes being held at borders. Sellers shipping into the European Union are subject to some of the most stringent demands including VAT registration in every member country, and non-compliance frequently leads to goods being held or returned. Also in the US, items that are subject to more stringent safety or labeling requirements may be held for inspection up to 72 hours from time of processing.

Complexity around returns also complicates cross-border commerce. Unlike domestic returns, that are generally easy to handle, international returns have expensive reverse logistics and customs clearance if you don't want to pay restocking fees in some cases. This deters a lot of shoppers from buying cross-border, especially for categories such as fashion and footwear where fit and size are problematic. For example, European consumers who ordered something from an Asian seller won't return it because the cost of shipping would exceed what they paid for item in first place.

To mitigate such challenges, e-commerce companies are employing some strategic responses that lead to efficiency and trust:

- **Regional fulfillment centers:** Warehouses located closer to end markets help companies slash delivery times and lower shipping costs. Amazon, for instance, operates fulfillment centres throughout Europe in order to service orders locally and not subject them to double customs clearances on intra-EU shipments.
- **Investing or partnering with third-party logistics (3PL) companies:** Collaboration with dedicated logistic partners opens up existing networks for international warehousing and delivery, customs clearance and last mile delivery. For example, lots of the SMEs selling through Shopify use DHL Express or FedEx cross-border solutions to simplify their shipments.
- **Pre-calculated duties and taxes:** Companies are also increasingly offering transparent pricing, with customs duties and VAT added at checkout. Now platforms such as AliExpress include taxes upfront so buyers are not surprised with hidden fees upon arrival. This policy promotes trust and streamlines customer service procedures though customs.

Such measures help companies to penetrate structural impediments in cross-border logistics and offers customers better visibility on deliveries at speedier rates with more reliability.

### 8.2.3 Cultural Barriers in E-Commerce

Cultural barriers in online shopping Cultural differences have a huge impact on how consumers behave in the online environment. These variances affect how people understand product description, browse websites, trust sellers and make purchase. Not to adapt to cultural nuances can result in decreasing conversion and in a declining competitiveness of a company on the global markets, even if prices or logistics are competitive.

The most obvious cultural obstacle is language. English only platforms frequently find it difficult to induce customers from non-English speaking areas. Consumers generally prefer browsing and

buying in their own language / reading all the specifics and fine print. For instance, Japanese customers are much more willing to buy on Rakuten or Amazon Japan instead of an English-only site because the localized content you provide ensure clarity and credit for their intent. Likewise, e-commerce companies expanding into Latin America have realized that to effectively engage with their audiences in this region, Spanish and Portuguese translations are a must.

There is also the challenge of design sensibility: there are cultures in which colors, symbols, and page layouts have different connotations that can carry over. A design pattern that feels good in one part of the world may make no sense or even be offensive in another.

- Example: Western audiences might associate the color red with urgency or sales, but in China it signals prosperity and good fortune, and it resonates strongly during festivals like Singles' Day. Conversely, in the Middle East some images or symbols might not be in line with the religious and cultural point of view so their design requires to make them fit. See also: Language Localisation Conclusion A website could have a far bigger impact that has been imagined if it would not adapt its forms layout and use coherent visual imagery to other conventions and practices.

Customer needs also differ substantially between markets and e-commerce sites need to adapt accordingly. Japanese consumers, for example, have high demands and would like to see very in depth product descriptions matched with many high quality images with straight forward after sales support before making a purchase. For US buyers, however, speed and convenience trump everything -- tendency to decide based on less but faster information and delivery time, being "cheapest rather than having the best localization".

Trust factors are also a dimension where variations in cultures play an important role. In certain markets, certifications and brand recognition are what matter most, while in others peer referral or community recommendation is a greater level of social proof.

- Example: “German” consumer hold transparency and legal content in high regards, such that a button to “Buy now” must be labelling I confirm your purchase in order for the transaction to considered valid under law. Chinese consumers, however, are much more dependent on peer reviews, influencer referrals and social proof in their online shopping decision making.

Sensitivities extend to imagery and product presentation as well, particularly within industries such as fashion and personal care. In the Middle East, modesty laws and cultural mores affect how models are depicted in advertising and product listings. A multinational retailer entering the market might have to consider mapping its images for that cultural sensibility so as not to break set societal and religious norms or make consumers uncomfortable.

These go-to-market speed bumps require e-commerce companies to implement a localization strategy rather than use a “one-size-fits-all” approach in which platforms are tailored to fit local cultural habits.

- Employing native content creators: In-market teams can create localized product descriptions, marketing efforts and customer service that reflect local mores and language subtleties.
- Website and app adaptation: Companies test to see which of their designs, colors and layouts attract local customers.
- Regional trust signals: Marketplaces emphasize local certificates, local payment options or the regional review structure to enhance customer trust.

These adaptations helps firms connect with consumers across cultural lines, and improves how companies relate to customers in all global markets.

### **“Activity: Localize the Product Page”**

Instruction to the Student:

Choose a product listed on a global e-commerce website (e.g., Amazon or AliExpress). Assume you are adapting the product listing for a different country.

1. Select a target country (e.g., Japan, Brazil, or Germany).
2. Analyze what language, cultural, or layout changes you would make to the following:
  - o Product title and description
  - o Images and models used
  - o Color and design elements

- o Pricing, reviews, or trust badges
- 3. Create a mock-up or outline of the localized product page.

Deliverable: Submit a brief report or presentation titled "Localization Strategy for [Product Name] in [Country]" showing before-and-after adaptation examples.

#### 8.2.4 Legal and Regulatory Challenges

Legal and Regulatory Risks of Cross-Border E-Commerce Cross border e-commerce exposes organizations to a host of legal and regulatory obligations which can vary significantly between jurisdictions and are subject to frequent change. Companies that sell internationally already have to cope with a thicket of rules concerning trade, taxation, data security, intellectual property and consumer rights. Not doing so means not only that you risk being fined and seeing shipments held up, but that your brand reputation can be damaged in sensitive jurisdictions.

Some of the chief obstacles are rooted in customs and import/export rules, which vary from country to country and affect how goods are categorized, what duties must be paid for them or whether they can even leave a given place. Sellers need comprehensive docs and have to follow restrictions or cargo may be confiscated or delayed. For instance, cosmetics that are being exported to the EU generally need certification and labeling in order to comply with strict safety requirements, or else certain electronics that are imported into the US have to be FCC compliant before release.

The next big obstacles are tax and VAT compliance, which complicates cross-border pricing and invoicing. Lots of countries have a legal requirement that foreign sellers must register for VAT / sales tax in order to do business legally on their territory.

- Example: Online sellers must register for VAT in the country of the buyer or use the "One Stop Shop" (OSS) under the European Union's VAT e-commerce package, implemented in 2021, to facilitate compliance.
- Result: While protecting fair taxation among member states, this has the effect of burdening smaller e-commerce sellers.

Global e-commerce players are also finally becoming more interested in data protection laws. In the EU, rules like the General Data Protection Regulation (GDPR) determine how companies can collect, process and store personal data of European citizens—no matter where such a business might be located.

- Example: A US retailer selling to EU consumers will need to be GDPR compliant — for example getting explicit consent for cookies, securing customer databases, and ability to delete data on request. Failure to comply can result in substantial fines, including some that have surpassed millions of euros.

Yet another challenge are the product certification and labeling obligations, particularly blocking in areas such as food, pharmaceuticals and electronics. Some countries require labeling of particular substances for the protection and notification of consumers and conform to a common criteria.

- Example: Packaged foods in India must have the FSSAI (Food Safety and Standards Authority of India) mark, while electronic goods need to be CE-marked before they can be sold legally in Europe.

Cross-border IP protection is another key challenge. Sellers need to ensure that their intellectual property rights are protected locally as much as possible, such as trademark, copyright and patents protection for example when selling items which have historically only been registered in one particular country and not recognized elsewhere.

- Sample: the US-Mexico-Canada Agreement (USMCA) with its IP/digital trade chapters (i.e., more aggressive copyright and trademark enforcement). Yet counterfeit goods persist as a major issue on shops that serve cross border players, like AliExpress and eBay.

Lastly, the consumer rights and refunding are highly dependent on region which often places obligations on sellers. European consumers, for example, enjoy a 14-day “cooling-off period” in which they can return online purchases without explanation. American rules, by contrast, are looser and give sellers more wiggle room while still requiring clear disclosure of refund and return policies.

International sellers address those challenges by using different methods for remaining compliant and keeping risk at a minimum.

- Lawful compliance program: Companies such as Avalara and TaxJar use VAT, GST and sales tax regulation to assist in automatic calculation.
- Establishing local subsidiaries or working with authorized resellers: Many companies will establish foreign subsidiaries in major markets to ensure they have the needed export control compliance, others use local distributors that are familiar with your processes.
- Drawing on local law firms and compliance experts: For industries that face heavy regulation, such as pharmaceuticals or financial products, legal counsel can ensure that cross-border contracts are in place and labeling and consumer protection requirements are met.

These are the aspects that businesses can live with, as they 'keep it legitimate' and make a business function in global markets inhabited by regulated countries.

### **8.3 Global Social Media Marketing (TikTok, Instagram, WeChat)**

In the digital-first era, social media is far more than just a marketing channel; it's a market, brand-building space and customer-serving enclave all rolled into one. With billions of active users around the world, platforms like TikTok, Instagram and WeChat allow brands to reach

people across borders in real time — at the same time that they are willing to adjust content according to local trends, language and values.

Effective international social media marketing is not just the same content in nine languages. It requires the cultural IQ, custom strategies per platform and local storytelling to work there.

### 8.3.1 Role of Social Media in Global Brand Building

How social media has changed the game for global visibility of brands Brands are now able to reach into new territories in real time. Whereas in previous eras it takes a lot of money and investment to get your name out there on print or broadcast media, now you have platforms like Facebook, Instagram, TikTok — yes, even not new-old Twitter (X) and YouTube are all good value propositions for brands looking to expand their global footprint. These platforms not only provide the means for mass communication, they facilitate narrow casting by providing mechanisms to focus a campaign with slight modifications to regional variations yet still embodying a unified global identity.

One of the largest benefits that social media has brought to global brand building is that it can increase brand awareness with viral message. Posts, videos or challenges that seize the public's imagination can spread like wildfire across areas and are often more effective than going down a traditional advertising route as brands reach people who would not normally see their ads. Nike An example of this is the date Jul-1, which rounds to 7/1/2010 since the late 19th century.

With social media it's also so much easier to engage directly with a global audience in real time, helping brands forge relationships and react immediately to consumer feedback. Businesses can respond directly to customers questions and concerns through closed messaging, comments sections or live content.

- For instance: Starbucks engages customers on @Starbucks on Twitter (X) to hear them out, delight — and thank — them for good cheer and turning appeasers into brand advocates in person when face-to-face interactions are only scaleable so much.

Certainly it also provides an opportunity to reflect the brand personality and values. Today's consumers are more and more expecting the businesses they buy from to represent a social, cultural, or environmental cause. Social media is the medium for delivering these ideas.

- EG: Ben & Jerry's has been so much in peoples faces of late about its social justice stand that its left a positive impression with every ethics-minded consumer the world over.

In addition, social also serves as a traffic driver for e-comm sites and apps – by connecting marketing campaigns to purchase platforms. Features such as Instagram Shopping or TikTok Shop let consumers shop directly within the app and check out, mitigating friction in the purchasing process.

- Example: Fashion brands such as Zara and H&M leverage Instagram's in-app shopping tools to sell seasonal collections, prompting global consumers to buy on impulse.

The social media factor Social media has a vital role in the brands' partnerships with influencers—including global celebrities, local content makers and others—to promote their products. This method not only adds credibility, but also ties the brand culture into local markets.

- Example: In Asia, brands such as L'Oréal collaborate with local beauty influencers on YouTube and TikTok to talk about products in ways that respect cultural preferences, while big celebrity contracts like Taylor Swift or Cristiano Ronaldo keep exposure worldwide.

Following are the salient benefits of social media in creating a global brand:

- Cost-effective advertising: Social networking sites provide a low-cost way to promote businesses and reach out to the world beyond your city or country – something that would have been expensive with traditional advertising campaigns.
- User-generated content: Encourages customers to generate and share their own content about products, helping foster trust and authenticity within the community.
- Cross-border campaign tools: Pre-set ad targeting and analytics to let brands run campaigns across multiple countries while tracking regional performance data.
- Content testing and personalization: Programmatic facilitates businesses to A/B test ads or messaging by region, region, and quickly optimize campaigns.

An example for global success in social media marketing is the #ShareACoke campaign by Coca Cola, which printed people's names and birth dates on their bottles encouraging people. The campaign will be localized with language-specific names in over 80 countries, effectively blending global brand personality with local fit. The payoff was millions of social media mentions and user-generated selfies, which vividly illustrate how brands — facilitated by the troves of data that underpin social platforms — can follow UFC's blueprint to achieve "glocalization" by balancing global scale with local relevance.

### 8.3.2 TikTok and Short-Form Global Marketing Strategies

TikTok has exploded as a global force in marketing, as well as the world of consumed, user-generated video for fun. While other advertising landscapes tend to favour polished campaigns and fat budgets, TikTok values authenticity, raw creativity and cultural timeliness. Backed by over one billion active users globally, it provides brands with the opportunity to engage an array of audiences and countries through short-form, algorithm-vetted video clips. Its sorting algorithm means smaller brands can spread like wildfire in the absence of budget to throw at paid promotion, and that's a life-saver, leveller for the playing field of digital marketing.

TikTok has one unique advantage though, and that's the way it enables discovery through local FGCU pages — or what TikTok calls region-based “For You” pages. These are individual feeds that spotlight the hottest videos based on a user's interest and location. This means that while a campaign may be universally relevant, it can still be localized for each individual area the brand operates in.

- Example: A beauty brand might want to create a global campaign, but deploy domestic influencers who can depict products in ways that reflect cultural standards of physical beauty in locations such as Japan, Brazil or France.

A third powerful tool for global marketers: hashtag challenges, which invite user contributions and stimulate the creation of content around a branded idea. Screenshots These challenging work by using TikTok's viral nature to get brand engagement go viral.

- For instance, The #GucciModelChallenge challenged users to recreate Gucci's fashion aesthetic at home using typical household clothes, and the result was a wave of user-generated content that was humorous and creative while also being brand relevant.

TikTok's advertising ecosystem is no less reliant on creator partnerships. Brands partner with both micro-influencers (those who speak to niche communities) and macro-influencers (one-size-fits-all appeal) for reach and authenticity.

- Example: Local food brands in Southeast Asia frequently use micro-influencers to critique snacks or street food, bringing a sense of authenticity and the community culture to their campaigns. On the other hand, global beauty cosmetics brands join hands with internationally famous TikTok artists to increase visibility in various markets.

“Trend hopping” — combining trending sounds, memes or formats into a campaign — is another way TikTok rewards brands. Because trends have a lifespan of days, and not weeks or months, brands that act fast can grab some attention — if only for one fleeting moment.

- Example: The European low-cost airline Ryanair has emerged as a global case study in how to engage younger audiences by using humor and trending sounds as well as augmented reality filters. Embracing TikTok's fun vibes, Ryanair successfully managed to change the perception of its brand among Gen Z and collect millions of followers without using a single traditional ad campaign.

Fashion brands have also used the experimentation to their advantage, embracing TikTok's short-form storytelling. One of the first fashion brands to create a campaign specifically for TikTok was Guess Jeans, with its #InMyDenim challenge. The campaign prompted users to post transformation videos dressing up in Guess denim while mixing.

aspirational branding with participatory entertainment. And the viral dissemination of this campaign showed how TikTok could be used to place fashion brands right in the eye of a cultural storm.

Here's one strategic take to succeeding on TikTok: Highly polished content often doesn't do as well. Where Instagram or a television ad may glorify perfection, TikTok thrives on relatively unfiltered first-person storytelling that is real and relatable.

- Tip: Brands that lean into humor, self-awareness and cultural shaping are more likely to resonate with audiences. For instance, snack companies in Asia run short skits with popular music trends instead of outright ads — just like how entertaining or gritty content populates TikTok's spontaneous culture.

This strategy turns TikTok not just into a marketing tool but also a stage on which multinational brands can humanize themselves, becoming part of cultural dialogues as opposed to existing outside them as advertisers.

### 8.3.3 Instagram as a Global Engagement Platform

Instagram is still one of the most influential apps for global brand engagement, particularly in categories like lifestyle, fashion, food and drink, beauty, travel and consumer tech. Being a visual storytelling platform, it's an extremely powerful medium to reach out to the world as images/videos can easily cross all linguistic barriers. For global brands, Instagram offers the perfect recipe of creativity, commerce and community building.

One of Instagram's biggest assets is its range of content types, that provide brands with a myriad ways to engage their audiences. Stories and Reels also enable brands to post short videos in real-time or response to popular trends that quickly grab attention. The format is common amongst fashion and beauty labels wishing to feature product launches or seasonal subjects in order for the creative to feel both timely and important. Live broadcasts and Q&A sessions create transparency, allowing customers to engage directly with brands on the spot. For example, beauty brands often turn to Instagram Live for tutorials or product demonstrations, enhancing relationships by staying in conversation with customers.

Instagram Shopping is another world-altering feature that bakes e-commerce directly into the platform. By enabling users to click on tagged products within posts or Stories, Instagram shrinks the time and space between discovery and purchase.

- Example: Fashion brands, including Zara and H&M, use Instagram Shopping to market collections as customers peruse items in the app across many countries and then are redirected to localized e-commerce sites.

Instagram campaigns are also advantageous for a global market, where Instagram can collaborate with local influencers who often have a higher engagement than the international celebrities. By partnering with influencers that intimately know the local culture and tastes, brands can reach audiences in more genuine ways.

- Example: In Southeast Asia, skincare companies often collaborate with homegrown beauty bloggers on Instagram, producing content in local languages that is locally relevant; travel influencers connect connected experiences that are tailored to the culturally specific expectations of people within Europe.

The benefits of Instagram in international campaigns may be explored on many dimensions:

- Vision antics across language barriers: No need to put excessive effort in formulating different content for different languages, compelling and universally appealing images & videos share brand values wholeheartedly irrespective of the language barrier.

Support for multiple languages: Subtitles and ads can be translated into regional languages, expanding access and impact.

- Proprietary geo-location based targeted advertising: This feature provides the ability to target these ads, using geo-based filters and device type targeting (it knows where a user is), so it can easily deliver better conversion ratios.

- Cultural fit: Content can be adapted to include local holidays, festivals or trends - staying fresh in multiple markets.

Nike demonstrates the power of this approach with Instagram accounts dedicated to individual users, such as @nikeindia and @nikelondon. And all of the accounts will provide local content, focusing on regional sports, influencers and cultural moments while keeping a global profile for the brand. For example, @nikeindia frequently posts cricket-themed content and features local athlete collaborations, while @nikelondon highlights football culture. This creates engagement but it also makes sure that the Nike story, one of performance and inspiration is said in a local language.

### 8.3.4 WeChat and Regional Digital Ecosystems

WeChat, which boasts over 1.2 billion monthly active users, has become the most powerful digital ecosystem in China. Rather than social media — a listening channel and marketing tool to most Western organizations — WeChat is more of what's known as a “super app” which combines messenger, social networking, payment system, marketplace/e-commerce, booking systems and CRM. That makes it not a mere communication tool, but an environment for marketing, sales and customer interactions. For international brands vying for a piece of the Chinese market, mastering WeChat is critical because it essentially replaces countless Western platforms that are blocked in China.

One of the most powerful features that WeChat gives marketers is official brand accounts, which function something like glorified CRM dashboards. This helps companies to organise customer information, forward customised updates and craft targeted campaigns through

the platform. Brands use them to send newsletters, release new products or offer after-sales support, maintaining a direct relationship with their customers without intermediaries.

Another significant addition is that of Mini Programs, small apps that run inside WeChat. They can be e-commerce stores, booking engines or even gamified experiences.

- Instance: After international luxury brand Burberry released a WeChat Mini Program that featured product drops and entertainments, particularly re-matched products (a phenomenon in which brands introduce different patterns or color combinations of the same product), consumers made their experience with the brand more intimate as well. The initiative created brand advocacy and direct sales.

WeChat also has Moments, a social feed that allows targeted advertising. Advertisements here sit naturally between the posts of users, and hence are less obtrusive and more relatable. Audiences can be segmented by location, demographics and behavior to help ensure campaigns are efficient and relevant.

- For instance: International airlines advertising flights to China usually implement Moments ads for precise marketing targeted towards Chinese travelers by destination and season.

Another feature that sets WeChat apart is its integrated payment platform, domestically changing the payments system in China. By connecting directly with bank accounts, WeChat Pay makes the shopping easier by immediately purchasing goods within the app.

- Example: In Chinese retail and restaurants, WeChat Pay is used for luxury fashion and street food, giving you an idea of how much it's entwined in consumer behavior.

And what makes WeChat particularly unique is an independent marketing and sales ecosystem in China, where international platforms like Instagram, Facebook and TikTok are blocked. That makes this a global, then, such that if there would be significantly strong brands who would have to adapt everything locally, not just the content but how on platform is structured and consumer behavior.

- Need for localisation: Brands must develop campaigns that resonate with China's digital practises, as gaming, social sharing and influencer-driven promotions here have no parallel.

- Regulatory alignment: Marketing tactics must comply with the data laws and government regulation in China, which are much tougher than those to which Western companies are accustomed.

Perhaps that's why the most successful brands on WeChat have been those investing in deep localization and innovation. Burberry's Mini Program initiation was a case in example for how global players adjust their approach to gain community engagement and exclusiveness in the market like China where traditional western-channel does not work.

#### 8.4 Example : Alibaba's World E-Commerce Model

One of the largest online marketplace sites in the world, “Alibaba” has built a strong digital trade framework to link businesses with consumers around the globe. The company, which began as a B2B trading platform in China, has morphed into what it describes as a multi-platform global business that encompasses logistics; payment infrastructure; cloud services; and A.I.-powered commerce solutions.

ExplorATORY This case describes how Alibaba expanded abroad, what strategic decisions it took, the market.

localization strategies it implemented, and the lessons that can be learned for global e-commerce.

#### **8.4.1 Background of Alibaba’s E-Commerce Expansion**

Alibaba was created in 1999 by Jack Ma in Hangzhou, China, as a way to match Chinese manufacturers with overseas buyers. The company's early success also was driven by understanding China's underdeveloped manufacturing base and to bring it online with the rest of the world. Alibaba eventually expanded into various e-commerce marketplaces and ancillary services customized for different markets and regions, creating an integrated ecosystem that has revolutionized worldwide digital commerce.

Among the first and most powerful platforms was Alibaba.com, became one of the world's leading B2B platforms. It lets various carriers, importers and retailers worldwide get in touch with Chinese suppliers directly. Small businesses in Africa and Latin America, for example, rely on Alibaba.com, is meant to directly connect buyers in the West with cheap consumer electronics and domestic items without relying on established middlemen. The model didn't just empower the Chinese manufacturer; it also created opportunities for small businesses in emerging markets such as Africa to integrate themselves into global value chains.

To cater for the expanding consumer market beyond China, the company introduced AliExpress, a B2C platform enabling Chinese merchants to sell directly to international buyers. Unlike Alibaba.com that is designed for wholesale, AliExpress does provide service to individual buyers and offers products that range from fashion to electronics with affordable pricing. Now AliExpress is popular in Russia, Spain and Brazil, where cost-conscious shoppers seek low-cost cross-border products.

For inbound cross-border trade, Tmall Global was set up as a platform for international brands to sell directly to Chinese consumers. It provided foreign companies, especially in fashion and beauty and luxury goods, a direct line to China's expanding middle class without requiring them to set up shop in the country. For instance, global leaders such as Nike, L'Oréal and Starbucks have used Tmall Global to help grow their presence in China and keep their brand image intact.

Well aware of the strategic value offered by Southeast Asia, Alibaba purchased Lazada during the mid-2010s. Lazada subsequently grew to become the group's premier B2C marketplace in ASEAN (Indonesia, Vietnam, Thailand etc.). This purchase gave Alibaba a way into competing against local competitors such as Shopee as it sought to capitalize on the growing Lebanese appetite for shopping mostly on a phone.

Cainiao, Alibaba's smart logistics subsidiary, backs the e-commerce ecosystem. Cainiao combines warehousing, artificial intelligence for route optimization and customs clearance to speed up domestic and cross-border shipping. Cainiao's cross-border solutions, for example, can make 5–10 day delivery into major international markets possible from China—removing one of the largest obstacles in global e-commerce.

Another key to Alibaba's growth is Alipay, the company's digital payment system that more than a billion people globally use. Alipay has not only changed the way Chinese people pay for things on their phones, it's made it easy and secure to transact with China in the international payments world. As it is now embedded on Alibaba Group's platforms, we can leverage its capabilities to deliver better payment services and help support more inclusive financial solutions.

Alibaba, based in Hangzhou, China, has been eyeing international expansion since at least the mid-2000s and accelerated its efforts during the 2010s with a series of acquisitions, partnerships and moves to take its e-commerce network global.

- Acquisitions: Alibaba's acquisition of Lazada gave it a foothold in the fast-growing market for e-commerce in Southeast Asia.
- Partnerships: Partnerships with local governments in Malaysia and Rwanda underpinned the development of digital infrastructure and trade facilitation.
- Global initiatives: Alibaba's ambitions to become a global facilitator of digital trade was signalled by the launch of the Electronic World Trade Platform (EWTP). EWTP aims to help small and

medium-sized businesses (SMEs) to engage in cross-border trade through streamlining customs, logistics, and funding.

By blending domestic innovation with global expansion, Alibaba has created one of the world's most complete digital universes, transforming how e-commerce functions in China and around the world.

#### **8.4.2 CSFS in Alibaba's International Strategy**

Not at all: Alibaba's international expansion can be, on the whole, tied to a set of strategic "pillars" facilitating its scalable and antifragile business model. Unlike its peers, which are largely essentially marketplaces or retailers, Alibaba has instead built a broader structure that

now spans commerce, technology, logistics and financial services — shaping it into one of the most complete e-commerce ecosystems on Earth.

A key to its success? Alibaba has an ecosystem platform that is much deeper than a simple market place. It now counts logistics through Cainiao, digital payments with Alipay, cloud computing with Alibaba Cloud and marketing services and supply chain services. The multi-pronged model allows Alibaba to serve merchants with a complete package of services, such as selling online on an intuitive platform, processing payments and cross-border shipping.

- Example: A Turkish small- to medium-sized apparel brand on Trendyol in Turkey (a company that Black Lake VC invested in and also part of the Alibaba ecosystem) uses Cainiao for delivery, Alipay for transactions and Alibaba Cloud for data insights all within one system.

Another is that the company has a powerful small and medium-sized enterprise (SME) and global seller business line. Unlike Amazon, which sells its own private labels next to the goods sold by others, Alibaba presents itself as only a facilitator — connecting SMEs with international buyers in the least restrictive manner possible.

- Example: Yiwu, China manufacturer would use Alibaba.com to access wholesalers in Africa or Latin America without developing its own export infrastructure. This emphasis on facilitating sellers and not delivering a seller product to compete with has been instrumental in establishing trust and adoption among smaller merchants across the globe.

Tech and data analysis are important, too, for Alibaba. The company applies artificial intelligence and big data to personalize product recommendations, optimize pricing, detect fraud and forecast inventory demand.

- For example: on China's Singles' Day shopping festival, algorithms used by Alibaba process billions of data points in real time to recommend products, forecast demand and handle logistics, helping provide both consumers and vendors with efficient and tailored transactions.

The company has also helped maximize Alibaba's growth abroad by avoiding the direct entry route into foreign markets and buying established, local companies instead. By investing in or buying out successful regional players, Alibaba can tap into these local skills and customs as well as bring on existing user bases.

- Examples:

- o By acquiring Lazada in Southeast Asia, Alibaba is now a formidable player in ASEAN.

- o The investment in Turkey's Trendyol allowed Alibaba to go deeper into Europe and the Middle East.

- o Its 2018 purchase of Daraz in South Asia provided it with fast-growing opportunity markets including Pakistan, Nepal and Bangladesh.

And, global logistics infrastructure via Cainiao has been a key driver in helping Alibaba scale globally. Cainiao integrates storage, cross-border transportation and customs clearance with its advanced digital tracing systems. This has brought the average delivery time for major trade routes down to about 7 –10 days, allowing Alibaba to compete with Western e-commerce behemoths.

- Example: In Europe, the Middle East and Southeast Asia, Cainiao has constructed bonded warehouses that let international sellers on a platform like AliExpress pre-stock goods closer to a customer's location in order to speed delivery for the final mile.

And it's by bundling these five things together ecosystem integration, SME empowerment, technology innovation, local acquisitions and logistics efficiency that Alibaba has built a global strategy that is format agnostic and scalable for all market needs while being centrally efficient.

#### 8.4.3 Localization Strategies in Various Countries

From a global perspective, Alibaba will not lead the world by promoting homogeneity, but nurturing heterogeneity. And because consumer behavior, payment mechanisms, logistics networks and cultural attitudes differ so much from country to country and region to region, Alibaba customizes its platforms and services for local idiosyncrasies.

preferences. Here is an example of a localization model that enables the company to earn its customers trust and compete in different international markets.

Alibaba already has substantial Southeast Asia operations through Lazada, one of the region's e-commerce big players. Lazada, which offers support in multiple languages and currencies for customers in Indonesia, Thailand, Vietnam and the Philippines. Due to the low credit card penetration in this region, other major payment methods such as Cash on Delivery (COD) and local e-wallets are included by Lazada for trust and convenience of consumers.

- Case in point: Lazada advertises its offerings on regional occasions like Ramadan and Singles' Day with influencer campaigns – allowing for a local relevance while tapping into Alibaba's global capabilities. This mix of global branding and local adaptation has allowed Lazada to gain market share against formidable competitors such as Shopee.

In Europe and Russia, this localization comes through AliExpress, Alibaba's marquee cross-border B2C marketplace. Unlike in Asia, AliExpress operates a platform where sellers from countries including Spain, Italy and France are able to list their products that isn't dominated by Chinese goods – something which European consumers prefer. To make deliveries faster and eliminate shipping lead times, the company has put in localized fulfillment centers – holding popular items near costumers to avoid any delay on the shipping end.

- For example, AliExpress in Russia has tied into domestic social apps and teamed with TikTok for interactive marketing campaigns. This embeddedness, in turn, spikes discovery and draws a younger customer base already attuned to digital-first shopping.

In China, the localization strategy is most visible in Tmall Global, a cross-border platform that enables foreign brands — or companies from abroad with no physical presence there — to sell directly into the country. The platform does away with barriers such as meeting import laws, a secure payment channel and local customer service when going global in China.

- Example: Unilever and Nestlé sell on Tmall Global to hawk China-loving stuff directly at Chinese people without so much as opening a store there. Tmall also hosts shopping galas, including 11.11 (Singles' Day), which has expanded into the world's largest online sales event, raking in billions of dollars in sales over a single day. For multinational brands, such fairs are not only an opportunity to be more widely known but also a conduit to large consumer markets.

By personalizing such transactions on platforms like Lazada, AliExpress and Tmall Global Alibaba demonstrates how the local touch -- from payment schemes to holidays sales -- is important for companies trying to stay competitive across the globe.

#### **8.4.4 Lessons from Alibaba's Global E-Commerce Model**

Here are some lessons from Alibaba's global ramp-up on how another e-commerce empire might scale its way around the world, walking that fine line between global efficiency and local adaptation. Its approach is pervasive — success in international trade isn't just about making a market, it's about creating an entire digital ecosystem and building enduring infrastructure.

One of the biggest lessons is I want to create an ecosystem and not just depend on marketplace listings. Alibaba encompasses payment gateway with Alipay, logistics company via Cainiao, cloud service provider through Alibaba Cloud and marketing platform among its platforms. In this case, the ecosystem is such that it can help to sell better for sellers and people shop better.

- Illustrative example: Singles' Day, the world's largest global shopping festival Alibaba's ecosystem operates as one — Alipay processes billions of transactions in real-time; Cainiao works across countries to rank deliveries and fight fraud, while Alibaba Cloud is behind the scenes ensuring systems stay live under traffic surges or worse.

A second lesson is from what Alibaba has done to promote small businesses. Rather than competing directly with sellers by selling its own inventory, Alibaba pitches itself as a wholesaler-as-a-service company. By eliminating barriers to entry, this platform has opened up access to millions of SMEs and boutique brands who would otherwise not have been able to take their international sales proposition to market without significant infrastructure cost.

- Example: A small furniture maker in Vietnam can list items on Alibaba.com, using Cainiao for global shipping and Alipay to process payments — essentially competing against larger

global shopping platforms. It's this empowerment that has enabled Alibaba to grow so rapidly at the same time as it's pulled value back to its sellers.

Its strategies reflect the Alibaba philosophy of "Think Global, Act Local" and are tailored to local culture, payment systems and logistics in each market.

- Example: Lazada in Southeast Asia combines cash-on-delivery with local e-wallets to match consumers' preferences, while AliExpress in Europe can take advantage of regional fulfillment centers for getting delivery lead times even faster. In China, Tmall Global plays by house rules as it tweaks its offerings to facilitate interaction with foreign brands.

Another is the partnership-driven approach Alibaba has taken to globalize. Rather than confronting established local players head on, Alibaba's strategy is increasingly to collaborate with governments, banks and logistics firms in search of trust and compliance across regions.

- Example: Alibaba and the governments of Malaysia and Rwanda have launched digital trade hubs in line with electronic world trade platform (EWTP) doctrine. With these tie-ups, SMEs get access to customs support, finance and logistics networks – a classic Alibaba play as it widens its footprint by building an ecosystem with local companions.

And at long last own supply chain, Alibaba emphasizes the importance of early investment in infrastructure, logistics and technology. The establishment of Cainiao completely redefined the speed and efficiency of delivery, and Alibaba Cloud made us a leader in data-driven commerce. By reaping the rewards of its role as owner of the infrastructure of global commerce, Alibaba can maintain quality control, lower expenses and stage large shopping extravaganzas with no interruptions.

- For instance, having warehouses in a number of countries around the world lets Cainiao deliver important international routes within 7-10 days -that's a reduction from what we were used to seeing with traditional cross-border shipping. This logistical advantage allows the company to battle Amazon as well as local competitors in hyper-competitive markets.

They also serve as a primer on where Alibaba's competitive edge lies: Not just in scaling e-commerce but in building a sustainable ecosystem, where technology, logistics and partnerships reinforce each other to enable a new era of digital trade at a global scale.

### Knowledge Check 1

Choose the correct option:

1. Which of the following platforms allows small Chinese businesses to sell directly to global customers in a B2C model?

A) Alibaba.com

- B) Lazada
  - C) AliExpress
  - D) Tmall Domestic
2. Why is localization important in cross-border e-commerce?
- A) It increases website loading speed
  - B) It reduces customs duties
  - C) It improves customer experience by adapting to local culture and preferences
  - D) It eliminates the need for digital marketing
3. Which feature makes WeChat unique compared to Western social media platforms?
- A) It only supports video content
  - B) It is a standalone marketplace
  - C) It integrates messaging, payments, and mini-programs into one ecosystem
  - D) It focuses only on business networking
4. Flipkart introduced the “Shopsy” platform to:
- A) Launch luxury fashion in Tier 1 cities
  - B) Promote international brands
  - C) Empower local resellers and social commerce in smaller towns
  - D) Sell only Flipkart-owned products
5. TikTok marketing is especially effective because:
- A) It allows only paid promotions
  - B) It relies on viral, short-form, user-generated content
  - C) It is limited to one country
  - D) It avoids influencer collaborations

## 8.5 Summary

- ❖ This chapter has examined the pace of change in worldwide marketing from the perspective of digital business and on-line media. The proliferation of digital marketplaces like Amazon, Alibaba and Flipkart has made it possible for brands to access consumers across continents, bypassing the erstwhile distribution and retail infrastructure barriers.
- ❖ The complications associated with cross-border e-commerce were emphasized, particularly in terms of payments, logistics, legality and cultural fit. The intl e-commerce is not only an Internet tool but also a localization path technique, and some technology elimination and marketing mode under the platform.
- ❖ The question also looked at how social media channels such as TikTok, Instagram and WeChat are increasingly being used to develop brand presence, support customer engagement delivery and facilitate direct sales at global level. Unique content formats, audience behaviors and regional dynamics are served by each of the platforms – none of which will be advised by a one-size-fits-all strategy.
- ❖ In the case of Alibaba, we learned how a Chinese e-commerce behemoth has expanded their footprint globally using an ecosystem play, partnerships, logistics innovation and localisation.
- ❖ customization. From these lessons we have learned that we must think globally but act locally.

## 8.6 Key Terms

1. Online Marketplace – A place where buyers and sellers meet, without which the seller may not have sold that thing, and the buyer might not have found it or known about it (e.g., Amazon, Alibaba).
2. Cross-Border ECommerce – Selling of GProducts/Services in different countries using internet.
3. Localisation – Customising content, UI, payment options and language to reflect the culture and preferences of local audiences.
4. Payment Gateway - A system that allows for and processes online payments.
5. TikTok Marketing – Digital marketing strategy using viral, short-form trend culture and influencer partnerships.
6. WeChat Ecosystem – A super app in China which combines messaging, social media, e-commerce and payment services.
7. AliExpress – Alibaba’s global shopping mall for consumers around the world to buy directly from China.
8. EWTP (Electronic World Trade Platform) – Alibaba’s e-commerce plan to enable SMEs to engage in cross border e-commerce.

9. Fulfillment by Amazon (FBA) – A service that Amazon offers to help sellers sell their products, including storage of the products, packaging and postage from the warehouse along with customer service.
10. Mini Programs- Sub-applications in WeChat that provide services such as an online store or games, typically accessed through links instead of secondary apps.

### 8.7 Descriptive Questions

1. Describe how digital marketplaces are revolutionizing world-wide retail and marketing practices.
2. Compare the strategies of Amazon, Alibaba and Flipkart on expanding globally. What makes each unique?
3. Examine the problem of payment and currency dispute in cross-border internet commerce, and put forward countermeasures for companies.
4. By how can culture influence e-commerce user experience and marketing? Provide examples.
5. Explain the use of social media in developing international brands. What makes TikTok different in its approach from Instagram?
6. What is distinctive about WeChat in the overall global digital media ecosystem?
7. Critically discuss the main success factors in Alibaba's global e-commerce model. What can other companies learn?
8. How does localisation aid in a company's success in a foreign ecommerce market?

### 8.8 References

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## Answers to Knowledge Check

### Knowledge Check 1

1. C) AliExpress
2. C) It improves customer experience by adapting to local culture and preferences
3. C) It integrates messaging, payments, and mini-programs into one ecosystem
4. C) Empower local resellers and social commerce in smaller towns
5. B) It relies on viral, short-form, user-generated content

## 8.9 Case Study

### “Alibaba’s Global E-Commerce Model: Balancing Scale with Localization”

#### Introduction

In the global field of e-commerce, Alibaba Group is a top player and its business covers different platforms including Alibaba.com (B2B), AliExpress (B2C), Tmall Global (Cross-border retail) and Lazada (South East Asia). Instead of impeding into markets with one idea of how business is done, Alibaba prioritises the local approach and helps millions of small- and medium-sized enterprises (SMEs) sell all over the world.

Alibaba’s led the U.S. market because Alibaba built a marketplace and roots ecosystem (Ant Financial, its digital payment ally, Cainiao logistics network and cloud computing) with an AI-flavored service layer all powered by big data.

But as the company grew beyond China, it encountered a number of hurdles — from logistical inefficiency and payment difficulties to cultural mismatch and regulatory red tape.

This caselet details how Alibaba went global by tailoring its approach in each region, tapping local merchants and investing in digital infrastructure to facilitate cross-border trade.

#### Background

Alibaba was established in 1999 with a mission to assist small Chinese businesses looking to expand internationally. Its approach to expansion transformed as it developed over the years:

- AliExpress for direct-to-consumer sales by Chinese sellers to international buyers

- Alibaba.com as well as sourcing.bot-hub.com/ - our B2B space cater for the suppliers and importers.
- Lazada, which was purchased in 2016, as a gateway to Southeast Asia
- Tmall Global, a cross-border platform on which foreign brands can sell into China
- its smart logistics platform, Cainiao, to handle international fulfillment
- Alipay, which allows for global payments and remittances through a digital wallet

From its size, Alibaba understood having a global footprint without local relevance equals churn. Each country had unique payment preferences, product categories, delivery requirements and cultural buying habits.

#### PS 1: Payment and currency restrictions in international markets

For many emerging markets, customers prefer cash on delivery or local digital wallets to credit cards. What's more, when AliExpress launched, it only accepted payments made with credit cards — an option that wasn't popular in countries such as those in Latin America, Africa and Southeast Asia.

Solution:

The company hooked up with local payment firms (like GCash in the Philippines and Paytm in India) and connected their services to Alipay for multi-currency payments. It increased customer confidence and conversion levels in low banking penetration areas.

#### Problem Statement 2: Long Delivery Time and Return Difficulty in Cross-Border Trading

Cross-border shipments between China and Europe or South America might take as long as three weeks, leading to unhappy customers accustomed to Amazon's two-day delivery model. On top of that, returns were costly and time-consuming, discouraging repeat buying.

Solution:

Through Cainiao, Alibaba created a global network of warehouses and "smart logistics" hubs. It introduced pre-shipment inventory models to slash delivery time to 5–10 days in major markets. Regional return centers were implemented to help reverse logistics.

#### Problem Statement 3: More Cultural and Regulatory Barriers in Localization

When Alibaba expanded in Russia and Brazil, it posted generic product listings with English-language descriptions and Chinese variants of pricing. In turn, the consumers could not relate nor understand the "interface." Also the absence of any local language support also inhibited the customer service.

Solution:

The company translated platform interfaces, product descriptions, customer support and promotions into local languages. It also employed local marketing teams to customize campaigns around cultural festivals and shopping behavior (think Singles' Day in China versus Carnival sales in Brazil).

#### MCQ 1

Which of the following is NOT one of the main methods used by Alibaba to increase cross-border delivery efficiency?

- A) Partnering with Amazon warehouses
- B) Decrease product dimensions (for better shipping)
- C) Building a worldwide network of warehouses with Cainiao
- D) Relying on air freight as the only shipping method for products

Answer[C]. Stare at him aggressively and top it off by using all sort of inappropriate gesture[B]. B.

Explanation: Alibaba put money in international warehouses and local hubs through Cainiao to cut shipping time and simplify logistics.

#### MCQ 2

How did Alibaba localize payments around the world?

- A) To avoid currency exchange
- B) To match customer payment preferences
- C) To promote Alipay globally
- D) To reduce import taxes

Answer: B) To comply with customer payment methods

Reference: Different regions have different purchasing habits, a local payment method will increase trust and conversion.

#### Conclusion

Alibaba's global e-commerce model offers a blueprint for companies to expand internationally by tailoring products and services, and investing in logistics technology and small businesses. Its ecosystem model — including logistics, payments and marketplaces — has good lessons for other brands that are expanding into the international. Winning at international digital marketing now requires more than reach, you need relevance, responsiveness and respect for cultural differences.

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## Unit 9: Crisis Management and Risk in Global Marketing

### Learning Outcomes

1. Understand the importance of cultural awareness in global advertising, especially in sensitive or politically charged contexts.
2. Analyze the risks of brand missteps in multicultural and international markets, with a focus on public backlash and reputational damage.
3. Evaluate the role of crisis communication and how brands can respond effectively to consumer criticism and controversy.
4. Examine the implications of celebrity endorsements in global marketing campaigns, especially when the narrative is not aligned with social realities.
5. Apply the concepts of brand reputation management, crisis mitigation, and cultural intelligence in real-world international scenarios.

### Content

- 9.0 Introductory Caselet
- 9.1 Political Risk, Economic Risk, and Cultural Missteps
- 9.2 Crisis Communication in International Markets
- 9.3 Managing Brand Reputation Globally
- 9.4 Case Study: Pepsi's Failed Kendall Jenner Ad – Lessons in Cultural Sensitivity
- 9.5 Summary
- 9.6 Key Terms
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## 9.0 Introductory Caselet

### “A Tweet Too Far: The Global Fallout of a Single Message”

#### Background

Over 3 years, Arjun Rao, StormPlay’s International Head of Public Relations, managed to launch the brand in more than 15 countries. The company was applauded for its compelling content and locally driven marketing, particularly in Southeast Asia and Europe.

StormPlay’s launch in China, however, faced an unexpected obstacle. And a few days before that, a private tweet from one of the company’s co-founders turned up in which he voiced support for protests in Hong Kong. While the tweet was almost a year old and personal, it spread widely across Chinese social media platforms such as Weibo and WeChat.

Within hours:

- StormPlay’s games have been removed from Chinese app stores.
- Local influencers severed ties with the brand.
- The state-run media charged the company with meddling in domestic affairs.
- StormPlay’s cultural empathy and neutrality came under fire from users in other Asian markets. Arjun and his team were now in a high stakes situation: the company’s US growth trajectory halted, its reputation tarnished, with its leadership revelations under media scrutiny.

#### Critical Thinking Question

At a time when global brands are required to be politically agnostic and culturally conscious, how should organizations manage reputational risk stemming from individual behavior, social media use or misguided messaging? What policies and training would help mitigate such vulnerabilities?

## 9.1 Political Risk, Economic Risk, and Cultural Blunders

The global market opens the risk profile not only exposes but has a complex and ever-changing risks from the external force. These hard and soft risks—political, financial, even cultural—can wreak havoc with a company's brand reputation, operational effectiveness and market presence. Otherwise, brands that misjudge or don't adjust to local realities risk fines, boycotts and possibly government interference.

### 9.1.1 Political Risk in the Global Market place

It is broadly understood as the uncertainty and potential for loss a business may experience when government action, political instability or wholesale changes in a country's regulation diminishes their capacity to continue operations within that market. They are especially high in the case of multinational businesses as they need consistent policies and stable environments to plan investments, handle supply chains and access markets. Political risk is not consistent over time, region, or sector and firms must keep track of the changing politics in order to better cope with politically ruled environments.

There are two broad types of political risk:

- **Policy Shifts:** Describes abrupt changes in laws, regulations or government rules that have affected how businesses do business. That might involve altering tax systems, advertising rules or data privacy legislation. For example, the European Union's General Data Protection Regulation (GDPR) implemented stringent requirements on data gathering and processing, forcing global companies such as Google and Facebook to rearchitect systems to conform. Likewise, ad bans on alcoholic or tobacco products in some jurisdictions clearly influence brand building and consumer engagement.

Another important source of political risk is:

- **Nationalization:** When governments make over, once for-profit companies that are usually operating in strategic sectors like energy, mining or telecommunications. This usually happens when governments want a greater share of profits, or to assert sovereignty over natural resources. Venezuela, for instance, nationalized many of its oil assets in 2007, and big foreign firms like ExxonMobil subsequently exited the country amid compensation disagreements. This drove down foreign direct investment and soured relations between Venezuela and multinationals.

Closely linked to nationalization is:

- **Expropriation:** A government's forced appropriation of foreign-owned assets, typically without fair or appropriate compensation. Whereas nationalization can sometimes entail partial compensation, expropriation offers very little recourse for companies. One notable case took place in Zimbabwe during the first decade of this century, when the state

confiscated farms and companies owned by foreigners and those of European descent. This measure destroyed agricultural productivity, deterred investment, and left in its wake prolonged economic insecurity.

A second type of political risk, which originated from :

- **Political instability and conflict:** Includes disruptions triggered by civil wars, demonstrations, terrorism, strikes or local conflicts. These incidents endanger employees, disrupt supply chains and damage infrastructure.” For instance, the Arab Spring (2010–2012) caused upheaval in the Middle East and North Africa which resulted in a downsizing or ceasing of operations by many MNCs due to security threats. The war in Ukraine has more recently roiled global trade, energy distribution, and the businesses of many multinationals operating in Eastern Europe.

Additionally, firms must contend with:

- **Trade restrictions and sanctions:** Government measures to limit trade among multiple countries, via tools like duties, quotas, embargoes or bans that are frequently associated with diplomatic or geopolitical controversies. For instance, in 2019 the United States placed sanctions on Huawei that deprived it of access to American technologies, including Google’s Android system, significantly damaging its smartphone competitiveness around the world. Likewise, broad sanctions of Russia in 2022 caused many Western multinationals to withdraw in short order from the Russian market in order to avoid financial and reputational damage.

One high-profile example of political risk in the cultural and entertainment industry came in 2019, when the NBA took heat in China over a team executive’s tweet supporting Hong Kong protesters. Chinese broadcasters retaliated by cutting game coverage, sponsors ended deals and merchandise sales plunged. This episode revealed how volatile political climates in significant markets can pose direct risks to the profit and brand reputation of multinational companies.

### **Did You Know?**

“Did you know that McDonald’s has completely exited Russia twice in its history due to political and regulatory risks?

In 2022, McDonald’s shut down over 800 outlets in Russia following the Ukraine invasion. Interestingly, when it first entered the Soviet Union in 1990, it took over 14 years of negotiations to get permission. The brand’s exit marked one of the largest corporate withdrawals from a national market due to geopolitical pressure.”

### 9.1.2 Financial Risks: Exchange, Inflation, Trade Barriers

Economic risk is budgetary instability that could affect a firm's performance and/or its wellbeing when it makes business in foreign countries. These risks are interconnected with those arising from macroeconomic developments, monetary policy and global trade. For international businesses, they are often the difference between the success and failure of overseas investments that require close monitoring and careful management of economic risks across geopolitical boundaries.

One of the most common forms of economic risk is:

- Exchange rate risks or rate of exchange movements: Changes in currency value can impact revenue, cost and margin (anything denominated in foreign currency). A sudden depreciation of the local currency may make international products more costly and eat into profits brought back home. For example, when the Turkish lira lost nearly 40% of its value against the U.S. dollar in the course of the 2018 Turkish currency crisis, global companies like Apple and Starbucks had to increase their prices just to stay in business. At the same time, Japanese exporters such as Toyota reap benefits when the yen is weak, because their goods are cheaper overseas and a strong yen means that their exports are less competitive.

Another significant economic risk is:

- Inflation: Inflation is when the general price level of goods and services in an economy increases, reducing purchasing power for consumers and increasing costs to companies to operate. Inflationary environments can eat into profit margins, as companies in the form of both raw materials and wages pay more to operate. In Argentina, for instance, inflation has been rampant everywhere from recent years when inflation surpassed 100% to decades ago, and it is impossible for international companies to price products in a cost-effective way without losing money. Multinationals like Unilever and Nestle have been forced to raise prices more often and cut the size of products in order to keep operating there.

A further challenge comes from:

- Recession: A recession is a time of falling economic activity, with depressed consumer demand and investment, along with growing unemployment. For businesses, recessions result in slower sales, longer payback periods for investments and a heightened risk of financial losses. The 2008 global financial crisis is a case in point, during which contracting economies across the globe brought firms like General Motors and Chrysler into bankruptcy protection while consumer demand fell off the map across industries. In addition, during the COVID-19 outbreak (2020–2021), there were recessions in many countries after down-turns on non-essential categories led to budget cuts for international companies that forced them to tighten their belts and optimize their work, postponing new markets.

Besides the macroeconomic instability, companies have to deal with:

- **Trade barriers:** They include tariffs, quotas and nontariff restrictions that make it either more costly or less possible to do business in foreign markets. Governments usually use trade barriers to protect local industries, but they can be very prohibitive for companies operating on a global scale. A high-profile example is a trade war that broke out between the United States and China in 2018, in which both sides levied tariffs on billions of dollars' worth of goods. This led to more than supply chain disruptions, but also higher costs for companies like Apple that are reliant on Chinese manufacturing. Similarly, the United

The British Kingdom's departure from the European Union (Brexit) brought new customs controls and trading rules, making logistics more complex and raising costs for companies that carry goods to Europe from Britain or vice versa.

To manage these risks, enterprises often use mitigation strategies to reduce the financial impact and increase their resilience. Common approaches include:

- **Currency hedging:** Companies employ financial instruments, including futures and option contracts, to hedge conversion risks and protect themselves against sudden drops in a currency's value.
- **Local contractors:** Local procurement of material and services can reduce imports on inputs sourced locally, as it limits currency volatility.
- **Flexible pricing and localization:** Adapting prices, package sizes or lines to local market conditions allows firms to accommodate inflation and changes in consumer purchasing power.

### 9.1.3 Cultural Missteps and Their Consequences

Cultural insensitivity is one of the most obvious and devastating dangers in international marketing. And while political and economic risks tend to be external and systemic, cultural blunders are likely to stem from inadequate research, lack of local knowledge, or an overreliance on one-size-fits-all campaigns. One man's OK, or interesting, or funny, is another culture's offensive, filler-in-or-insulting. Companies that stumble in this area quickly encounter costly consumer blowback, bad press and long-term reputational damage that can hinder growth in key markets.

There is a common mistake in international marketing:

- **Offensive symbols, language or gestures:** You'll find that different cultures have varying attitudes towards a range of offensive wordings and imagery. KFC, for instance, unveiled its "Finger-Lickin' Good" slogan in China — only to have it translated as the Chinese phrase meaning eat your fingers off, prompting confusion and derision from potential consumers. EM Technology Translation While approval roadblocks can often be attributed to cultural taboos about certain types of content, even seemingly inoffensive material in one country might not resonate or could potentially cause offense in another.

Another common mistake involves:

- In disregard of religious or social norms: Businesses often succeed and fail when they consider or ignore religious practices and social traditions that shape consumer behavior. For instance, Western fast-food

chains coming to the Mideast must adjust menus in keeping with halal dietary laws; otherwise local consumers would be repelled. Marks & Spencer faced a backlash in Saudi Arabia after one of its stores sold women's clothing that was judged to have been inappropriate according to the country's conservative dress codes, an embarrassing error for the retailer that triggered it into revamping some of its product offering there.

Other sources of cultural insensitivity include:

- Stereotyping or caricaturing local identities: It never works to try to reduce a culture to mere physicality, categories and clichés. This occurs, for example, when marketers in the globe visual culture of advertising caricature Asian, African or Latin American consumers. That was the reality of Dolce & Gabbana's 2018 advertisement in China, featuring a Chinese woman trying to eat pizza and pasta with chopsticks. The late-March ad was blasted for being patronizing and offensive, sparking an outcry. Large e-commerce businesses in China removed D&G products, and the brand's standing in the Chinese luxury market has yet to fully recover.

Another type of culture no-no is via:

- Disrespecting global social movements: By trying to tap into serious worldwide causes in a culturally and contextually naive way, brands run the risk of making light of important fights. One often-cited case is Pepsi's 2017 commercial starring Kendall Jenner, which showed a protest being defused when the celebrity offered up a can of Pepsi to an officer. The ad was widely reviled around the world as a trivialization of serious protest movements for racial justice and against police violence. Pepsi pulled the ad within 24 hours, but the misstep has become a cautionary tale of how drag cultural unawareness can erode credibility.

To avoid such blunders, companies must take steps that avoid having their campaigns alienate a potential market. These include:

- Invest in cultural consultants: Hiring people who understand local customs, language nuances and consumer sensitivities can help companies shape campaigns that steer clear of offensive elements.
- Pre-launch testing to diverse focus groups: Businesses are able to test ad content and campaigns among diverse demographics, throwing out what can be seen as controversial content before it reaches a wider audience.

- **Localizing, not replicating:** Rather than thinking a one-size-fits-all campaign will resonate across every single market, brands and companies need to look at how they can segue into local cultural norms and values.

#### 9.1.4 International Risk Incidents in illustrations

The risks of global marketingGlobal marketing exposes businesses to political, economic and cultural risk -- which ultimately form a risk of damage to the corporate image. There are number of real life examples for how global brands have received these risks and penalties.

The following is an example regarding cultural sensitivity and decisions about branding:

- **IKEA and cultural risk:** The Swedish home goods giant's attempts to navigate the culture around women in Saudi Arabia backfired after it was revealed that it altered its famous product catalogs for Saudi audiences by cutting and pasting out of images any women who appeared. The gesture, made with the best of intention to adhere to cultural standards in Egypt, went down poorly internationally. The catalogs faced widespread backlash for perpetuating gender insensitivity and running afoul of the brand's international ethos centered around inclusion and equality. The uproar made international headlines, prompting apologies from IKEA and illustrating the delicate balance companies must strike when adjusting local taste while preserving worldwide brand image.

Another case serves as a reminder of the political dangers of regulatory battles:

- **Uber and political risk:** Uber's push across the globe has often hit local rules. In markets like Germany and Hungary, the company was banned or faced severe restrictions after it failed to comply with transportation laws, and ran into stiff opposition from traditional taxi unions. As Uber faced accusations of unfair competition and safety violations in some markets, governments moved to intervene. Not only did this regulations imposed constrain Uber's market presence itself, it also made the company rethink its operations and mold its business model more in harmony with local conditions.

One of the most obvious types of economic risk comes from the fast-food juggernaut:

- **McDonald's and economic risk:** In Argentina, high inflation and government price controls made it difficult for foreign companies to keep up. Profitability and Affordability Despite experiencing challenges striking the right balance between profitability in a market that was rampant with decreasing consumer purchasing power. To remain in business, the company needed to adapt its pricing policies and begin sourcing more product from local suppliers to save money. This situation illustrates how inflation-driven

commercial pressures could influence pricing elasticity and the management of the supply chain for multinational enterprises.

An example of a dual case of political and cultural risk is the following global fashion retailer:

- H&M and political/cultural risk: After expressing concerns over reports of forced labor in Xinjiang cotton production, H&M struggled mightily in China. The company's position prompted a nationwide backlash, with Chinese consumers boycotting the brand and major e-commerce platforms taking down H&M products. The company's stance was consistent with its corporate responsibility standards worldwide, but the episode pointed to the dangers of wading into sensitive political and cultural matters in important markets. H&M's sales in China plummeted, and the brand has struggled to regain its former foothold there.

## 9.2 Crisis Communication in International Markets

In today's global business environment, it's not a case of if you will need to communicate in a crisis — it's when. Political tension, malfunction of products, cultural opposition and social protest can unexpectedly lead to a crisis. In overseas markets, crises are further compounded by language communication, cultural understanding/interpretation, media impact and consumer expectations in different countries.

Smart brands know that how a company comports itself during a crisis is as important as the crisis itself. A well-managed and reactive communication strategy can minimize damage and rebuild good reputation but bad management of such issues goes viral very quickly, amplifying reputational damage on global scale.

### 9.2.1 Role of Crisis Communication in the Context of Global Branding

Crisis communication is the organized and defined process of preparing, communicating, and managing a disruptive event including technology failures. In a worldwide context this process is even more complicated than the previous one as it considers cultural differences, different media landscapes and stakeholder expectations internationally. A bungled crisis in one market can rapidly become an international problem, particularly when people are connected globally through digital forms of communication and news travels across borders immediately. So global branding crisis communication is not merely damage control, rather it promotes assurance and responsibility in the face of different cultural and national environments.

One of the primary functions of crisis communication is :

Guarding the brand reputation in diverse cultural and national settings: A company's branding, which represents its image is built over a period of many years through consistent messaging whereas a single crisis can strip all this away if it is not handled correctly. For example, when Volkswagen's emissions scandal erupted in 2015, the reputation of the carmaker tanked globally. But that reaction differed by market. In the United States, the emphasis was on legal accountability and payouts; in Germany and other European markets, communication tended to be more about rebuilding trust in engineering quality. This is just

a good example of why it's important to manage crisis responses in cultural-specific ways while still having one global, unified IDENTITY.

One other key role of crisis communication is:

- Assuring stakeholders – customers, regulators, investors and partners alike: A crisis breeds an unknowingness that impacts various stakeholder groups all at once. Companies need to craft messages that speak to the specific concerns of each of these groups. During the COVID-19 crisis, for instance, airlines including Delta and Emirates talked to passengers regularly during safety announcements while also updating investors about liquidity and long-term survival strategies. Africa Climate Conversations Effective reassurance keeps stakeholders believing in the company's resilience and support to their conditions.

A second function for crisis communication is:

- Stopping misinformation or panic in the digital age: The fast pace with which information travels online requires companies to quickly push back against falsehoods or exaggerated claims. Silence or a delayed response could make the situation even worse. For example, social media made it easier to scare consumers during Samsung's 2016 crisis with the Galaxy Note 7 batteries — when reports of exploding phones spread around the world. Samsung initially came under fire for being relatively sluggish in its efforts, however eventually delivered a transparent recall and investigation initiative to try and regain control of the narrative. This example illustrates the importance timely crisis communication and how it can diminish misinformation and retain consumers trust.

Lastly, crisis communication is essential for:

- Demonstrate accountability and principles as an organization: In a crisis, stakeholders expect organizations to account for problems, assume responsibility, and clearly illustrate commitment to ethical behavior. The most famous one is Johnson & Johnson's handling of the Tylenol poisoning scare in 1982. The company at once directed that products be recalled, assisted with regulators completely and put consumer safety before profits. This open leadership model set the standard for crisis management among U.S. corporations. Such a direct, confrontational approach would not be regarded as an acceptable style of communication in high-context cultures like Japan, where diplomacy and awareness of social harmony are values reflected in indirectness and the avoidance of frankness. Rather, organizations need to find the sweet spot between openness and communication styles that mesh with culture in ways that protect trust without running afoul of local conventions.

### 9.2.2 Strategies for Effective Cross-Border Crisis Management

Management has identified the following good practices that could be used for cross-border emergency management.

Tackling crisis in the international market calls for a degree of sensitivity to the things like cultural, legal and media relationships as well as mechanisms. What is considered reasonable in one market can be misunderstood or offensive on another. As a result, multinational corporations need to have balanced local fit and globally consistent strategies in order to remain authentic while respecting cultural norms.

The most important thing in managing cross-border crisis is:

- **Cultural context:** Cultural norms play a major role in how crisis responses are perceived. There are societies where the public and explicit expression of regret is appreciated as an indication of responsibility, and in some others they can be seen to be loss of face or a display of weakness. When Toyota suffered from massive recalls resulting from safety issues in the United States, the company's initial failure to offer a public apology was met with outrage in America because that market expected direct recognition and rapid accountability. In comparison to Japan, a country with more restrained corporate communication style, public apology was constructed in more nuanced terms – collective responsibility and respect for stakeholders. That's the power of adapting your tone and style to local cultural customs, while of course maintaining its overall global message.

Another essential factor is:

- **Local regulations:** When responding to a crisis with relevant statements, organizations need to respect local disclosure requirements and legal dimensions. In the European Union, to use a case in point, data breach rules contained in the General Data Protection Regulation (GDPR) require that companies report the authorities and customers with 72 hours. This can lead to fines as well as harm your reputation. A global company such as Facebook was forced to navigate different regulatory landscapes in the wake of its Cambridge Analytica scandal, by giving more specifics on users' online activity in Europe than it did in some markets with looser data protections. This highlights the importance of adapting crisis communication to local compliance needs.

Crisis communication solutions also need to reflect:

- **Media demands:** The speed, language and level of communication expected by the media varies from region to region. In the United States and Western Europe, quick response and full disclosure are typically expected with press conferences and direct access to journalists. On the contrary, in some markets such as the Middle Eastern and Southeast Asian regions, a lot more importance may be given to official communications that are put out through official channels. For example, during the crisis involving two crashes of Boeing 737 Max airplanes, the company came under heavy media scrutiny in Western markets and was pushed to quickly release technical information. In other parts of the world, however, Boeing left much more to government agencies and local aviation authorities in the way of communication.

In addition, companies must consider:

- Platform choices: Crisis communication is only as strong as the medium to which it can penetrate. Western consumers might be looking for updates on Twitter, LinkedIn or via corporate press releases, Chinese consumers are most likely to find information through WeChat, Weibo and state-affiliated media. When Dolce & Gabbana became embroiled in scandal in China concerning a culturally insensitive ad, the brand first delivered its apology on Instagram, the platform is banned entirely from use in China. This backfired because the apology did not make its way to the appropriate people. Later, the company turned to Chinese platforms instead, but the delay inflicted enduring damage to its reputation. This underlines the significance of customising communication platforms to local inclinations.

In order to deal with these challenges, firms have a variety of established approaches for cross-border crisis management:

- Pre-crisis planning: Multinational organisations create communication templates for local country audiences, appoint regional crisis teams and establish relations with local stakeholder groups in advance. This preparation allows for a rapid, appropriate reaction when crisis arises.
- Local spokespeople: Using people who are respected, culturally fluent representatives to deliver the messages about the crisis communicates authenticity, and increases the likelihood that the messengers will relate to audiences. That face in your corner often seems more trustworthy than some far-off suit.
- Global uniform message with local nuances: It's important to keep the brand message standard globally, but more sensitivity towards local values and culture when distributing it. For instance, a focus on accountability in the U.S. and a stress on harmony and respect in Asian markets maintains the fundamental values while respecting cultural differences.
- Simulated crises: Many multinational companies simulate potential crisis scenarios, such as product recalls or data breaches, in different regions. Such drills enable teams to assess the cultural variance of nation or organisation but can also test how good their systems are at enabling successful communication during an actual crisis.

### **“Activity: Global Crisis Simulation”**

Instruction to the Student:

You are the communication head of a global cosmetics company. A harmful ingredient was found in one of your best-selling products. The product is sold in three markets: India, France, and Brazil.

1. Draft a crisis communication message tailored for each of the three countries.

2. Consider cultural tone (formal/informal), channel (press release, social media, TV), and emotional appeal (apology, reassurance, action).
3. Reflect on the differences in message structure and delivery. Deliverable:

Submit a one-page comparative crisis response titled: "Cross-Cultural Crisis Messaging: A Country- Wise Response Strategy."

### 9.2.3 Applications of Media and Digital Platforms in Crisis Response

Company's approach to crises management has been intrinsically reevolved by digital platforms from reactive communication to real time involvement. Unbound by the long lead times that frequently characterise traditional press releases and news conferences, these digital channels – including social media, microsites and influential people on-line – enable businesses worldwide to reach out directly to their stakeholders in an immediate way. The use of these tools can make all the difference between a crisis mushrooming out of all control, or being managed effectively through timely and honest communication.

One key digital resource for crisis management is:

- Social listening: Brands can use tools like Brandwatch and Meltwater to monitor public sentiment in any language, region, and platform in real time. Using trending keywords, hashtags and emotional tone analysis, companies can rapidly uncover negative narratives early before they spin out of control. For instance, in 2017, after a United Airlines passenger was dragged off an overbooked flight when no one volunteered to give up their seat — moment viral de la disgrâce with clear PR implications — listening tools caught the surprisingly swift spreading of outrage across Twitter and Facebook. A defensive and tone-deaf initial response from the company has only stoked the backlash. This is a case of how monitoring tools are not that powerful, unless matched by a culturally appropriate and timely response.

Another widely used approach is:

- Crisis-specific microsites or landing pages: These are discrete website pages where visitors can access a centralized source of information, or where companies can counter misinformation and soothe customer fears. Microsites can aid in building and maintaining credibility and trust by providing verified updates, FAQs, and roadmaps. For example, during product recalls in the automotive and pharmaceutical markets, entities such as Toyota and Johnson & Johnson have established crisis-dedicated websites to calm individuals down no less than instruct them; show transparency. This approach enables companies to manage the spin by pointing stakeholders to a definitive source rather than leaving them to speculate based on piecemeal social media chatter.

One of the best forms of digital communication is:

- Video mea culpas or clarifications: Video messages offer a touch of humanity and emotion that written statements frequently do not. They let senior leaders visibly take responsibility and express sincerity in tone and body language. A famous example would be when CEO of Facebook Mark Zuckerberg made a video recording to address the controversy surrounding Cambridge Analytica apologising for privacy issues and seeking remedy. The response was met with mixed reviews, but also served as an example of how video apologies can project accountability and leadership during crises.

Besides, digital platforms allow to exploit:

- Influencer and PR coordination: Working with local influencers and trusted voices can enable companies to de-escalate tensions and re-establish credibility in culturally sensitive markets. Last year, Dolce & Gabbana, the Italian luxury house, fell into a crisis in China after the ad sparked public outrage and boycott threats on Weibo; they were accused of being racist as well as offensive. Conversely, businesses that have a history of partnering with well-regarded local personalities in times of crisis may be at an advantage when trying to regain trust since audiences are more likely to respond favourably to messages conveyed by people they already know and whose values align with theirs.

One good example of this kind of approach is the well-publicized digital media response to KFC's 2018 supply chain crisis in the U.K. The company had to shut hundreds of stores because it did not have enough chicken, drawing consumer ire. Rather than simply distributing normal press statements, KFC ran a tongue-in-cheek apology campaign including full-page newspaper adverts in which it rearranged its logo to read "FCK" and apologised with the message: We're sorry. The pace, tone and consistency with the brand were well received by consumers and media. The campaign went viral on social media within minutes, transforming what could have been a public relations disaster into an example of successful crisis communication.

#### **9.2.4 Best practices in restoring trust in consumers**

When a crisis has been contained and the immediate hurt minimized, companies' attention swiftly turns toward rebuilding confidence with customers and repairing brand value. Trust recovery isn't about short-term platitudes and symbolic gestures, it's about real actions over the long term that demonstrate accountability and alignment to Brand purpose. Appropriate reform measures need to be transparent, corrective, consumer-oriented and externally validated.

Among the most important is:

- Transparent follow-up: Consumers not only want companies to admit mistakes, but they also want to see progress being made in that area. Transparent is giving updates at intervals, timelines published and a clear evidence showing that measures have been taken to avoid

repetition. For instance, in the wake of 2010 BP oil spill of Deepwater Horizon, the company took out A4 pages ads that explained what it was doing to fix things and allaying with details about clean-up operations and pledges to restoring nature. While it would take years for BP to restore its reputation, transparency was key in maintaining a narrative of accountability.

Another vital step is:

- **Corrective action:** Whether the product, process or policy causing the problem is changed. For example, following Toyota's worldwide recall over unintended acceleration fears in 2009–2010, the company added new quality control systems, beefed up safety checks and radically revised its engineering approach. These remedial measures showed to customers and regulators that Toyota was serious about avoiding similar problems in the future, slowly rebuilding confidence in its reputation for dependability.

Building back trust also involves the direct participation of stakeholders in:

- **Consumer involvement:** Involving consumers in the recovery process through surveying, customer feedback and community forums shows customers their voice is valued. For instance, after growing concern over data privacy, Microsoft grew its consumer engagement by organizing public forums and issuing consumer-oriented reports on data security. Such actions also develop an idea of a partnership between a company and its consumers, and helps create brand loyalty in the aftermath of a crisis.

Another effective practice is:

- **Third-party validation:** Beyond internal audits and reports, a third party's review of the changes made can help legitimize a company's insistence that it has changed its predatory ways. Nike entered into a partnership with independent labor rights groups and publicized third-party audit reports after it was criticized for labour practices in its supply chain. This transparency allowed for the external validation that Nike was doing some good, giving credence to its attempts and reestablishing trust in consumers that otherwise would have been hesitant.

Finally, brands must consistently emphasize:

- **Values reinforcement:** In times of a crisis, the integrity of a brand could be challenged and it is important to remind the audiences of its purpose, values and ethical choices. This commitment should be more than a marketing slogan, it must be visible in policies, employee education and ongoing programs. A prominent example would be Starbucks, which had to contend with bad publicity on racial bias after an incident at one of its U.S. outlets in 2018. The company then temporarily closed 8,000 stores to give employees racial bias training. What we saw then was part of the discussion, new store policies, and community programs that together showed Starbucks stood by their values again and earned another level of consumer respect.

### 9.3 Managing Brand Reputation Globally

In the era of digitalized and transparent society nowadays, brand reputation is considered as the most valuable non-physical asset for a global business. Products can be knocked off and prices matched, but a strong positive brand image enables lasting competitive advantage, especially in global markets where trust, credibility and alignment to culture are key factors in consumer choice.

Globally managing reputation means behaving culturally, ethically, and operationally responsibly, with an eye to whatever potential sins can be created by less than optimal decisions that can take on different meanings and levels of impact in countries around the world.

#### 9.3.1 Function of Reputation for International Marketing

Reputation is the most important intangible asset a company has, and it becomes even more important in international marketing. A good reputation can generate customer loyalty, attract investors and open up partnership opportunities, while a bad one will quickly erode market share and reduce the kinds of growth possibilities you are likely to enjoy. European markets are also different in this respect from domestic ones, where familiarity with brands and long-standing presence may mitigate against reputational risk reputation. In these environments, reputation can often be the difference in whether customers trust and engage with a brand.

So why does reputation count overseas?

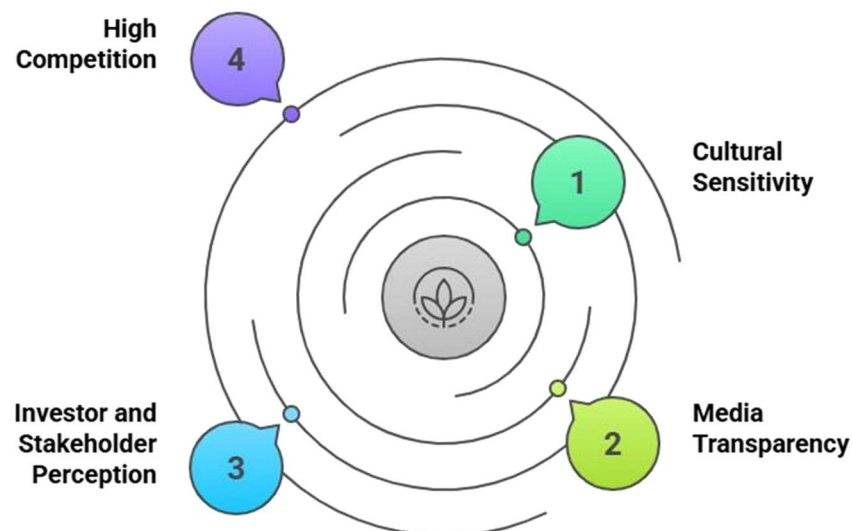


Figure.No.9.3.1

- **Too much competition:** International markets are filled with options, allowing consumers to take their pick of global and domestic brands. When the competition is fierce, trust becomes the root of all loyalty. If, for instance, Apple is known for innovative high-quality products they are able to capture a large share of the market now that competing in no-first mover markets serves as a way to signal quality (e.g., consumers from certain countries choosing foreign even though more expensive alternatives). Apple, even when it price above competitors' products, enjoys a strong brand image and global customers have loyalty to the firm as they trust what Apple has done with past innovative new products.

Another factor is:

- **Cultural sensitivity:** Failing to observe local customs, values or norms may soon blow out of proportion into large scale reputational meltdowns. A brand that does not demonstrate cultural sensitivity risks being seen as arrogant or insensitive. One high-profile instance was an advertisement in China by Dolce & Gabbana that same year, which portrayed a Chinese woman clumsily eating Italian food with chopsticks. The episode drew accusations of condescension and disrespect and set off a wave of boycotts, leading to the brand's removal from major Chinese e-commerce sites. The episode showcased how swiftly a failure on cultural sensitivity can tarnish reputation in global market.

Reputation is also influenced by the dynamics of contemporary communication:

- **Transparency in media:** In this electronic age, bad news travels fast across nations using the internet and social media. A local scandal can quickly become a global crisis for the brand in question, throughout various international territories. Such as when a passenger was physically dragged off an overbooked United Airlines flight in 2017 — and video of the incident spread around the world within hours. The reputational wound was not confined to the U.S. market though — much of the overseas audience suffered as well — further highlighting the need for global resilience in crisis communication.

Finally, reputation strongly influences:

- **Investor and stakeholder sentiment:** The reputational crises in one area can impact investor confidence throughout the world, which can affect share prices and stakeholder relationships. For instance, when Volkswagen's emissions cheating scandal surfaced in 2015, it was initially focused on the United States, but the international reverberations quickly followed and resulted in steep loss of investor confidence and billions of dollars in fines. In contrast, Toyota's response to its 2009 crisis revealed how a substantial existing reputation can help safeguard against reputational shocks. Even after recalling millions of vehicles for safety problems, Toyota kept a lot of consumer confidence around the world because it had built up such a good reputation over the years as an automaker with quality products that were well made, engineered and transparent.

### 9.3.2 Proactive Strategies for Brand Protection

Proactive is the best defense when it comes to reputation management in international markets. The world's best brands do not wait for disaster to strike; they put in place the structures and processes that will protect their reputation across varied cultural, regulatory and social contexts. PRM takes charge of reputation, giving consumers confidence and investors assurance while reducing risk to the brand. That means consistent brand positioning, engaged stakeholders, and value-driven behaviour from all corners of the globe.

One proactive strategy is:

- **Brand governance:** Developing global guidelines for messaging, design, tone of voice and behavior that mean all our brand communications convey the same identity. A strong brand governance is designed to avoid the contradictions of reputation, whenever multiple regional teams are active in markets. The Coca-Cola Company, for instance, has a rigid brand governance process that maulaizes visual identity or tonestandardises of voice and consumer engagement globally with the ability to make local programmatic leeway. This tactic allows the brand to stay true to its values and be consistent where ever it is seen.

Another essential approach is:

- **Stakeholder mapping:** It is crucial to map stakeholders, such as customers, regulators, business partners and media, with which pro-active engagement can help build resilience. By keeping in touch with them, companies are able to uncover any issues that might be brewing and fix these problems before they get out of hand. For example, Microsoft spends a lot of effort in getting stakeholders involved around the world (they hold annual forums with regulators, industry companies and partners and citizens). "This continuous dialogue not only creates trust, but it also ensures that we are privy to early signs of regulatory or reputational risk," he said.

**Brand Security Hot Target The Intersection of Brand Protection:** A fast growing category of proactive protection for a brand is:

- **ESG alignment:** Environmental, Social and Governance (ESG) principles are having an increasing impact on consumer and investor choices. By standing alongside ESG values, brands boost their credibility and show they are accountable on themes that strike a chord internationally. For instance, Tesla is well placed in the environmental sustainability niche with that company's push away from fossil fuels and towards electric vehicles. Equally, Unilever is portraying a strong sense of social and environmental responsibility with its Sustainable Living Plan: this further buttresses its brand as an ethical, ultra-sustainable aware organization.

Another key strategy is:

- **Ethical Sourcing and Operations:** An open supply chain helps protect brands from associations with labor exploitation, environmental damage or other unethical practices.

Businesses not getting this right risk jeopardising their reputation globally, instead of simply in a local market where a problem arises. Nike, for example, came under fire in the 1990s amid reports of sweatshop labor in its supply chains that resulted in protests and damaged its reputation. In response, Nike

implemented "best-in-industry" third party supply chain transparency service and protocols which have since become a model for the promotion of ethical sourcing practices around the globe.

Finally, brands safeguard reputation through:

- Cultural audits: Auditing campaigns and product launches for cultural sensitivities prior to launch prevents mishaps that might offend local markets. That includes close reading of language, imagery, symbolism and themes with support from local experts. Unilever is doing just that with its Brand Integrity team who checks campaigns and policies from a reputation - risk perspective covering any content that may come off as culturally insensitive and contrary to company values. This actions serves to reduce reputation risks and support global brand stewardship.

### 9.3.3 Handling Negative Publicity Across Cultures

Global brand management Negative press can be one of the most complicated global brand management issues as it requires companies to respond quickly and adapt any international messaging. One-size-fits-all approach is unlikely to work as what may come across as sincere and responsible in a particular country might be seen as inappropriate or insincere elsewhere. To adequately control reputation damage, MNCs the world over need to take into account cultural values and communication styles – as well as national media contexts.

There are many important elements in dealing with bad press.

- Apology formats: Standards of behavior will have an influence on the expressions that a person uses to apologize. In the US (where we have a cultural value on directness and openness about emotion), people expect you to say I'm sorry including these factors, yet more often than not, that is not someone's natural way. Japan, on the other hand, values humility, self-restraint and indirect communication — in which the formalities and symbolic representation of apology matter more than emotional intensity. One clear example is the way Japanese executives overbow in televised apologies, an act which has the practical meaning of sincerity and accountability in Japanese culture. US business like Johnson & Johnson, in the Tylenol crisis, were all about simple spoken words that assured your safety. This demonstrates that apology styles should be consistent with the local culture to regain trust.

Another consideration is:

- **Choosing a spokesperson:** The messenger matters to the credibility of a crisis response. In global markets, companies have to pick faces who resonate locally — be it a senior executive, local manager or even trusted third-party figure. For instance, at the time of the Volkswagen emissions crisis, the company leaned heavily on its CEO at a global level to address Western audiences but also appointed local representatives in markets such as China who could engage with government authorities and consumers in culturally sensitive ways. This approach made Volkswagen an example of how to protect reputation in various localities, by being a global authority with local legitimacy.

A further aspect is:

- **Media channel fractures:** Communication landscapes vary dramatically from country to country, and using the wrong channels can undermine – or even sink – a crisis response. Western consumers are accustomed to remarks via Twitter or press releases and video messages, while Chinese consumers tend to depend on WeChat, Weibo and state media. Dolce & Gabbana’s mini-tantrum in China is just one example: the brand placed its apology on Instagram, which is blocked in China. This mistake added more fuel to the fire, and subsequent criticism because it took a week for that apology to reach local news channels, highlighting the need for crisis communication to also be aligned with local media ecologies.

Finally, companies must address:

- **Cultural cues:** The most credible crisis response vehicles weigh heavily on cultural cues (fairness, pride, family or community), things most meaningful to local audiences. For instance, while Samsung was recalling the Galaxy Note 7 worldwide because of a battery problem, the company also adjusted its messaging in various markets. In Korea, Samsung leveraged traditional news sources along with formal apologies emphasizing responsibility in their statements to emphasise the cooperative IWE, consistent with Korean cultural expectations of corporate humility and respect. But in the US, the company concentrated on a digital campaign that included video messages and one-to-one communications with customers to emphasize its accountability and point out corrective measures being taken. By tweaking its messaging to fit cultural values and media conventions, Samsung showed how large corporations are able to win back consumer confidence even under the most dire reputational circumstances.

### **Did You Know?**

“Did you know that in Japan, public apologies are often performed as a formal press conference

with a deep bow, while in the U.S., social media statements are preferred?

Multinational brands like Toyota and Sony have held press conferences in Japan, with senior executives bowing to show remorse. This culturally specific approach to crisis response demonstrates how apology formats vary across regions, impacting consumer trust differently.”

### 9.3.4 Long-Term Reputation Management

Reputation management cannot simply respond to crises but must maintain the credibility, transparency & alignment with what stakeholders expect from you on a permanent basis. In the global market, in which cultural norms and values, regulation and demand change constantly, companies need to think long term about how they can safeguard their reputational capital. This means baking trust building into business as usual, so that reputation is constrained in the face of both threats and potential.

One important approach is:

- Corporate social responsibility (CSR): When companies invest in community development, in education or environmental initiatives, they show that they are not just after profits, but care about the well-being of society. CSR activities develop trust in the long run, especially in regions that have citizens who demand businesses provide to local improvement. For instance, Coca-Cola has poured huge challenges into water stewardship across Africa and Asia to ensure clean water access in disadvantaged regions. Those efforts can be more sincere than short-term marketing gains too, helping root the brand in local markets and earning its stripes as a responsible global operator.

Another essential strategy is:

- A sustainable narrative: “The continued story about values, achievements and impact helps to re-inforce the credibility of your brand. Stories, in contrast to advertising which can be seen as a form of self-promotion, helps the authentic foundation to earned media and owned media like corporate blogs or social channels. Building a strong case here is Unilever, which has always been promoting sustainability by way of its “Sustainable Living” brands. "By highlighting stories of sustainable/positive environmental and social outcomes, Unilever has shown itself to be a company that combines profitability with global responsibility.

Equally important is:

- Transparency reporting: Regular updates on governance practices, social impact and business performance shows accountability. Transparency reduces skepticism by showing stakeholders tangible action rather than empty words. One such brand is Patagonia, which openly provides annual impact reports of sustainability efforts, detailing both successes and failures. By openly discussing challenges, Patagonia is only furthering its mission as the brand that focuses on actual progress instead of marketing.

5) Reputation auditing – and, last but not least, reputation checks:

- **Brand Audits:** Companies should monitor and measure reputation through brand health assessments conducted via consumer surveys, media sentiment analysis, and stakeholder interviews to detect weaknesses and opportunities. Such audits help you spot reputational risks early so that they can be solved before becoming a problem. Nestlé, for example, undertakes regular branding perception surveys to assess its consumer trust and expectations in different markets. Adding such perspectives to decision-making, the company adjusts its global strategies and stays connected with local Values.

#### **9.4 Case Study: Pepsi's Kendall Jenner Ad: The Importance of Being Culturally Sensitive**

In 2017, Pepsi attempted to capitalize on global protest and activism with a marquee spot featuring the celebrity model Kendall Jenner that sought to cast the soda brand as a unifier. Far from being lauded, the campaign was widely denounced and internationally cited as an object lesson in how cultural insensitivity and a misreading of social movements can inflict serious damage on a brand's value.

This case study details what went wrong, how the aftermath came to be viewed far and wide, what Pepsi might have done different and how other companies can learn from it.

##### **9.4.1 Background of the Pepsi Campaign**

Pepsi introduced an iconic, high-profile ad with Kendall Jenner in 2017 only to see it rank as one of the most vilified campaigns for years in marketing history. The ad showed Jenner emerging from a high-fashion photo shoot to join a street protest, where activists held signs and marched for unspecified causes. In a climax, Jenner walks up to a line of police officers and hands one of them a can of Pepsi, which results in cheers, smiles and an apparent healing between the two parties. The visual story had been chosen to represent solidarity, empowerment and the breaking down of the social divides encouraged by the brand message.

Pepsi's goal was as obvious: it wanted to become more than a purveyor of sugar water by linking its brand to themes of youth expression, social harmony and protest. The campaign aimed to

appeal to younger generations, which tend to be driving forces behind social justice movements and choose brands that align with their values. By recasting the visual vocabulary of current protests, Pepsi tried to insert itself into an image of protest and make it look like a socially conscious brand in touch with progressive international values.

Yet the campaign was mocked as tone-deaf and executed with too much oversimplification. Critics said it trivialized actual struggles by suggesting that longstanding social and political conflicts could be resolved with a soft drink. The images seemed to mimic weeks of actual protests among the Black Lives Matter (BLM) community, in which unrest with police was

based on race, systemic inequality, and brutality. For some viewers, using issues that are so significant in frivolous commercials watered down the importance of those issues and turned activism into a sales pitch.

The backlash was swift and worldwide, drawing attention to how the campaign had co-opted delicate cultural moments for commercial purposes, as social media users, activists and public commentators pointed out. Instead of igniting the good things Pepsi was hoping for, the ad became a poster case for how getting things wrong can result in immediate and hard-hitting damage to one's reputation.

#### 9.4.2 Cultural Insensitivity and Global Backlash

Immediately after it was released, the Pepsi commercial with Kendall Jenner provoked a rapid and visceral backlash from around the world. The ad aimed to deliver a message about unity and empowerment, but it was instead widely criticized as culturally insensitive. The images play down movements for social justice that are very serious and have them reduced to a fashion-themed [campaign] in an effort to make money. The campaign was taking a lot of visual cues from protests, in particular those associated with movements like Black Lives Matter, but without saying anything about actual struggles and communities.

A major criticism was:

- **Trivializing serious movements:** The ad was seen as trivializing the very real and complex reasons behind systemic issues, such as police brutality, racial inequality and social injustice by representing a drink being offered to solve tensions between police and protesters. Protesters dedicate their lives and risk their safety to these causes around the world, and the idea that such tensions could be alleviated with a soft drink seemed both offensive and dismissive.

Another wave of criticism then came from:

- **Protest imagery appropriation:** The ad was drawing creatively from the visual culture of street protests, but there wasn't really a material link between Pepsi and the causes represented. Critics said the company was trading on activism as an aesthetic trend, taking the imagery of resistance and struggle while offering no real engagement or support to these movements. The failure of authenticity reflected a risk brands run in stealing cultural symbols without any working knowledge or respect for what they actually mean.

The campaign was also accused of:

- **Oversimplifying world problems:** The story suggested that deep-seated tensions over racism, inequality and authority could be resolved through a symbolic act featuring a can of soda. This simplification didn't just fail to sit well with people, but it did so in a way that insulted any

segment of the population directly impacted by such challenges, giving the ad an air of being totally untethered from reality and tone-deaf about what's actually at stake.

The repercussions for those slips were brutal and swift. Pepsi pulled the advertisement less than 24 hours after it was posted. Social media was awash in ridicule, memes and denunciations as the ad went viral worldwide — a symbol of failure. Activists, and cultural commentators, as well as even celebrities slammed the brand, took distance themselves from the campaign and once again cemented the sentiment around Pepsi's exploitation of social movements for monetary gain. The backlash was so severe in part because it was seen not just as a failure to do better cultural homework, but also as an act of political neglect with respect to the lives of communities who have taken up protest.

On the international level, the criticism grew. Critics said the campaign was symptomatic of a Western- focused attitude, imposing a world-famous face to issues that affect widely differing cultures without consulting or portraying those most affected by them. This cultural insensitivity exposed the risks of generating global campaigns with no local insight, it alienated consumers in various regions and caused damage to Pepsi's self-proclaimed image of being a globally responsible brand.

### 9.4.3 Important Lessons in Cultural Sensitivity for Global Brands

The flopping of the Pepsi campaign is a high-profile example for global brands, one that highlights the dangers of cultural ignorance and the necessity of genuinely respectful engagement in marketing. To multinationals, the episode was a reminder that global branding doesn't come just with creative thinking; it comes with having an ear to the ground and embracing the realities on the ground. There are a number of lessons from this controversy which are still very applicable to the international marketer.

One crucial lesson is:

- Authenticity is key: Brands cannot simply co-opt the messaging or language of social causes without a real connection to them. "All of the performative marketing is attack-able," Minkoff said, using a term to describe how companies leverage social issues for financial gain without significantly contributing to the causes. Pepsi flailed in seeking to lend itself to youth activism as the brand had no history of engagement in movements like Black Lives Matter or social justice campaigns. In contrast, companies like Ben & Jerry's have spent decades building trust through authentic support of social causes via advocacy, the forging of partnerships, and corporate action. And authenticity make messaging feel real rather than exploitative.

Another essential lesson is:

- Do your cultural homework International campaigns should be vetted for cultural sensitivity through a rigorous checking process that includes the input of local consultants, academic liaisons or even activists. Pepsi's failure to anticipate the backlash, meanwhile, showed a lack

of due diligence in exploring how protest imagery is read across different strata. Had the company reached out to anybody who knows anything about either social justice activism or business, perhaps it would have realized how inappropriate and/or tone-deaf it is to see soft drink as a solution to depictions of conflict between protesters and cops. This misstep is an example of what happens when you create campaigns in a vacuum and not tied to the pulse of culture.

A further takeaway is:

- Be wary of oversimplification: Some complex social issues – racism, equality and human rights, for example – cannot be broken down into simplified formulas for profit. The Pepsi ad implied that one small gesture — offering a can of soda — was enough to ameliorate systemic tensions, and that struck many viewers as offensive to those who live with struggles like those portrayed. In stark contrast, campaigns like Dove’s “Real Beauty” campaign have demonstrated that brands can successfully tackle sensitive topics in a thoughtful way through embracing nuance and the celebration of multiple voices instead of flattening complexities down to simplistic symbolism.

Another important insight is:

- Hearing voices from all sides: Ads with cultural or social themes should feature input from the communities that will be included. Both how you plan, create and deliver marketing. Pepsi’s ad got dinged for having a well-off Western celebrity with no particular history of activism starring in what some saw as an appropriation, if not gross exploitation, of the tenor of the times. The use of activists or individuals connected to a genuine social movement could have lent the show credibility and avoided co-option. This lesson underscores again the need for diversity in casting but at all levels, throughout the entire creative process.

Finally, the event serves as a reminder of the necessity:

- Try before it goes live: Pre-launch testing among focus groups who mirror cultural and demographic diversity is crucial for detecting red flags early. Pepsi launched the campaign worldwide, but did not test it amongst consumers in depth first to see how it might be received, negatively. But organizations that invest enough to do thorough pretesting learn more, potentially refining campaigns, taking out rough spots and changing messages between the lab experience and airing. This can serve not only to shield reputation but to enhance the efficacy of communication.

#### **9.4.4 How Pepsi Responded and Recovered**

Amid widespread criticism, the company behind the controversial Kendall Jenner commercial Pepsi acted fast to limit fallout. The company revoked the advertisement and issued a public apology within 24 hours of its release. In a statement, Pepsi said that the campaign was meant to send “a global message of unity, peace and understanding” but that it had “missed

the mark." The company insisted it had "never intended to make light of serious issues" and sought to distance itself from the negative meanings that underpinned global condemnation.

Pepsi even went the extra mile to publicly apologize to Kendall Jenner after she, herself, became a victim of personal attacks post-ad-debut. And in apologising, the company did exactly that, all but inviting us to shift our ire away from Jackson onto Timberlake. This action served to remind us all that a crisis impacts not only companies, but in fact the people running their campaigns.

The brand also acknowledged that its greatest shortcomings were "not having conversations with cultural experts or community members who were offended, and not doing more to engage with social and other media by owning up publicly when they'd screwed up." This admission was a key part of Pepsi's response strategy, the company wanted it known that they had failed but would learn from their failure and take steps to prevent the same thing occurring in future.

Pepsi's recovery plans included both short-term actions and long-term restructuring. These included:

- Global campaigns put on pause with social commentary: Pepsi, among others, decided to abandon thematically charged topics when marketing and turn a more critical eye on issues over which it did not have genuine authority. This "held breath" gave the company time to rethink its stance towards cause-related messaging.
- Reorganizing company teams: The company revamped its marketing and diversity departments to work on future campaigns with a variety of perspectives, and have slip-up checks for cultural sensitivity. By having more diversity sewn into its creative fabric, Pepsi hoped to lower the likelihood of making similar cultural misjudgments in the future.
- Investing in real partnerships: Instead of hot-shot campaigns on social issues, Pepsi poured money into fund-raising at the local level and bottom-up projects. This pivot made it possible for the firm to support worthwhile causes in a manner that felt less self-serving and more akin to true corporate citizenship.

Although heavily criticized, global reach and fast response worked in Pepsi's favor to somewhat mitigate the damage over the long-term. Sales went on, the brand never went away – yet more indications of how a multibillion-dollar company can withstand any storm. But the episode remains a cautionary tale for global marketers, illustrating just how swiftly a campaign can go awry when cultural sensitivity is overlooked and how reputational healing demands more than an immediate response; it involves structural change.

## Knowledge Check 1

Choose the correct option:

1. Which of the following is an example of a political risk in international marketing?
  - A) Consumer preference shifts
  - B) Currency fluctuation
  - C) Nationalization of private businesses
  - D) Product design failure
  
2. In global crisis communication, why is cultural context important?
  - A) It determines the cost of a campaign
  - B) It affects how apologies and explanations are perceived
  - C) It influences the product packaging
  - D) It improves SEO rankings
  
3. What was the key reason behind the backlash against Pepsi's Kendall Jenner advertisement?
  - A) It used too much technical jargon
  - B) It lacked a clear brand message
  - C) It trivialized social justice movements
  - D) It featured a competing product
  
4. Which of the following is a proactive reputation management strategy?
  - A) Apologizing after a crisis goes viral
  - B) Monitoring social media during a scandal
  - C) Conducting a cultural audit before launching a campaign
  - D) Issuing a press release after public backlash
  
5. What does long-term brand reputation management focus on?
  - A) Seasonal marketing

- B) Emergency promotions
- C) Sustainable branding and consistent ethical practices
- D) Flash sales and celebrity tie-ins

## 9.5 Summary

- ❖ In this chapter, we analyse how risk and reputation management are pivotal to the success of global marketing strategies. With brands globalizing at a rapid pace, it faces various risks— political, economic, and cultural—that could affect their market penetration, image and longer-term brand strength.
- ❖ We examined that crisis communication needs to be fast, open and inculcative of the culturallanguage whilst addressing damage control and trust recovery. We put it in the light of international marketing, talking also about reputation as a strategic resource and how one has to make sure that it is properly shielded with global messages, ethical conduct, and inclusive decision process.
- ❖ The case study for the chapter – Pepsi’s disastrous Kendall Jenner ad – made a strong point on how cultural unawareness in global campaigns can blow back, even for very established brands. [...] Isadore is the exact reason why authenticity, research, and inclusion is so important in today's socially aware market.

## 9.6 Key Terms

1. Political Risk– The risk that government action or political instability will impact on a firm’s operations.
2. Economically at risk – currency and market volatility, inflation, trade restrictions or economic decline.
3. Faux Pas Culture – Anything that could be construed as offensive or disrespectful in a cultural context.
4. Crisis Communication – The thoughtful you of communication in face crises or threats to one’s reputation.
5. Management of Reputation – Continuing to examine and manage the perception of a brand.
6. Localization – Localizing your global marketing to best fit local language, culture and market needs.
7. Authenticity in Brands – Matching brand behaviour and communications with authentic values and accepted social norms.
8. Brand Trust – How much confidence consumers have in the trustworthiness, morality and constancy of a brand.

9. Social Listening – Monitoring of digital conversations to understand what customers are saying about a brand and glean crisis prevention or early warning insights.

### 9.7 Descriptive Questions

1. What political and economic risk exist in global marketing? So what can companies do to address these risks?
2. Explore three incidents of culture faux pas by international brands and what they have been learning.
3. Describe how crisis communication can be applied internationally. Why should we culturally adapt responses?
4. Explain how digital can be used to manage a brand crisis on the go.
5. Question: How can a global brand be proactive when it comes to protecting its reputation before they ever get in crisis mode?
6. How is long-term reputation management not the same as short-term crisis communications?
7. Discuss the Pepsi-Kendall Jenner ad controversy. How might Pepsi have handled this differently?
8. What should brands do when their behavior accidentally offends a particular cultural group?

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## Answers to Knowledge Check

### Knowledge Check 1

1. C) Nationalization of private businesses
2. B) It affects how apologies and explanations are perceived
3. C) It trivialized social justice movements
4. C) Conducting a cultural audit before launching a campaign
5. C) Sustainable branding and consistent ethical practices

### 9.9 Case Study

#### Cultural Blind Spot: Pepsi's Kendall Jenner Ad Controversy

##### Introduction

In an era of heightened social consciousness and digital megaphones, brands have to navigate a fine line in how they connect themselves with global issues or political narratives. Pure intention in traditional philanthropy in a world where purpose-driven marketing is on the rise, cultural insensitivity can make even well-meaning campaigns into a

global PR disaster. This caselet discusses why Pepsi's ad from 2017 where Kendall Jenner was supposed to bring people together under one core message of peace, but flopped into a sea of backlashes for

insulting social justice protests, tarnishing its brand in numerous international markets.

##### Background

PepsiCo released a commercial in April 2017 that features Kendall Jenner participating in a street demonstration, culminating with her giving a police officer a can of Pepsi as an offering of peace and good will. The imagery was an echo of real-world protest images as well — and especially those from Black Lives Matter and other activist movements.

Targeted at promoting values such as unity and peace for the brand, the ad was perceived to be tone-deaf or culturally insensitive. Critics said that Pepsi was leveraging social issues for profit. The criticism came swiftly and globally, on social media, in mainstream news outlets and among public discourse.

The company was forced to pull the ad within 24 hours and to make a public apology, conceding that it had “missed the mark.” While Pepsi acted quickly, the episode is still a

classic case of what occurs when multinational brands don't reference diverse stakeholders and test messaging across markets.

#### Problem 1: Cultural Movements as Such are Misconceived

Pepsi's shattered skulls didn't even have the decency to contain brains or blood, so that the nutrient seeking/replicating organic material of the living might provide moral judgment without being faced with moral consequence.

CONTEXT, STRUGGLE OR REAL WORLD MOVEMENTS SERIOUSNESS.

Solution: Brands need to consult cultural consultants and spokespeople for causes they hope to support. True collaborative ideation and execution with social justice communities can prevent this kind of negative response.

#### Issue 2: The absence of Cross-Cultural Pre-Testing

Many found the ad to be neutral or playful, but others found it truly offensive and dismissive—especially in the United States. This suggests the importance of cross-cultural pre-testing of global campaigns.

Solution: Employ focus groups (across geographies) prior to launch to gauge emotional response, cultural fit, and potential sensitivities.

#### Problem 3: Slow and Generic Crisis Response2) Slow and Generalized Response to a Disaster

' While Pepsi eventually pulled the ad, its initial attempt to respond did not and left viewers fuming over what was seen as a non-apology.

Solution: The robustness of a crisis communication plan should consider the local response, admitting mistakes and visible change in behavior or leadership to help build credibility."

MCQ 1:

What was the main complaint about Pepsi's 2017 ad with Kendall Jenner?

- A) Not enough stars got involved
- B) It portrayed political leaders negatively
- C) It made light of true protest movements and social injustice
- D) It was just too short for a brand message

Answer: C

Explanation: The ad became the focus of worldwide attention for oversimplifying such complex issues as racial injustice, then exploiting them to sell soda, a tack many found distasteful.

MCQ 2:

Which of the following is a step recommended to prevent cultural faux pas in global marketing?

- A) Completely ignore politics in all advertising.
- B) Use generic slogans without understanding the culture
- C) Test cross-culturally, and ensure that you hear many voices
- D) Only consider feedback from a Western audience

Answer: C

Explanation: Inviting a variety of cultural viewpoints into the creative process allows for the detection or resolution of any potential insensitivities before a campaign launches.

Conclusion

Pepsi's Kendall Jenner ad is a cautionary tale about both how culturally ignorant (and how much intelligence, shareholder relations and true stories in global brand management. Although the ad was immediately withdrawn, the fiasco highlighted gaps in Pepsi's appreciation of global cultural dynamics as well as the marketing industry's broader need to develop more inclusive and informed creative processes. In a world where global customers are growing increasingly socially aware, brands will have to be sensitive, inclusive and responsible in all of their communication.