

Theme 4: Global Business Revision

Understanding Globalisation and Business Strategies



Understanding Globalisation



Definition of Globalisation

Globalisation involves the process of international integration, whereby local or national economies, cultures, and politics become interconnected through trade, investment, and technology. This process often helps businesses expand in the global market.

Drivers of Globalisation

Key drivers of globalisation include technological advancements that facilitate communication and transportation. Liberalisation of trade policies that reduce barriers to trade, and improvements in logistic systems enabling faster and cheaper global shipping.



Impacts on Businesses

Globalisation imparts significant impacts on businesses, such as expanded market reach, diverse customer bases, and increased competition. Companies must adapt to varied cultural preferences, which can influence product development and marketing strategies.



Opportunities and Challenges

Globalisation offers numerous opportunities for businesses, including greater market access and resource acquisition.

However, challenges such as increased competition, regulatory compliance, and supply chain complexities require careful management to ensure success.





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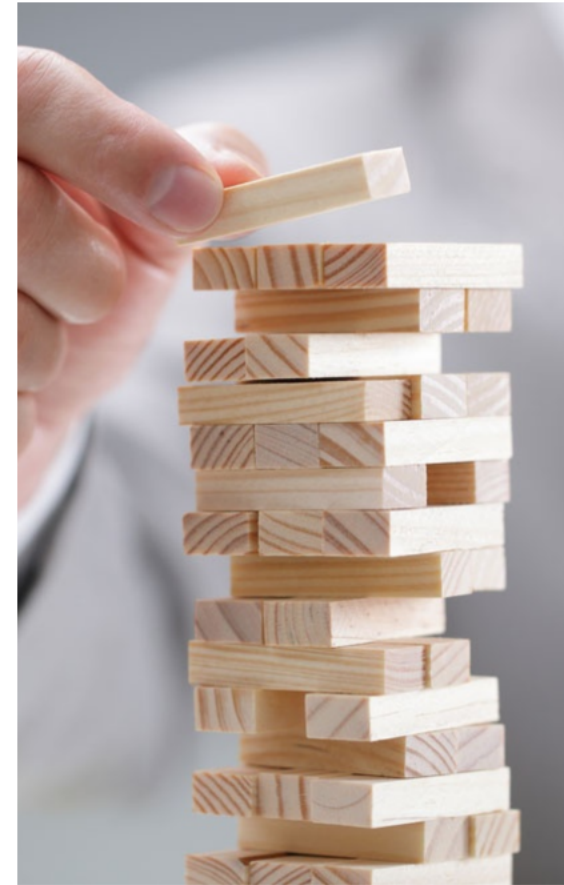
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Global Markets and Business Expansion

Assessing Global Markets

Businesses must thoroughly evaluate global markets to identify lucrative opportunities. This involves analyzing market size, growth potential, and economic stability to ensure alignment with corporate objectives.



Factors for Market Evaluation

Key factors for market evaluation include economic stability, legal environments, political risks, and consumer demand. Understanding these elements helps businesses mitigate potential uncertainties.



Methods of Expansion

Common methods for business expansion include exporting products, forming joint ventures, and establishing wholly-owned subsidiaries. Each method presents its unique set of risks and advantages that businesses must navigate.



Risks and Benefits of Expansion

Expanding into global markets can yield substantial benefits such as increased revenue and brand recognition. However, businesses must also confront risks like cultural misunderstandings, regulatory challenges, and financial uncertainties.



Cultural and Regulatory Considerations

Successful market entry requires a deep understanding of cultural differences and local regulations. Businesses must adapt their strategies to local consumer behavior and comply with various legal requirements to ensure success.



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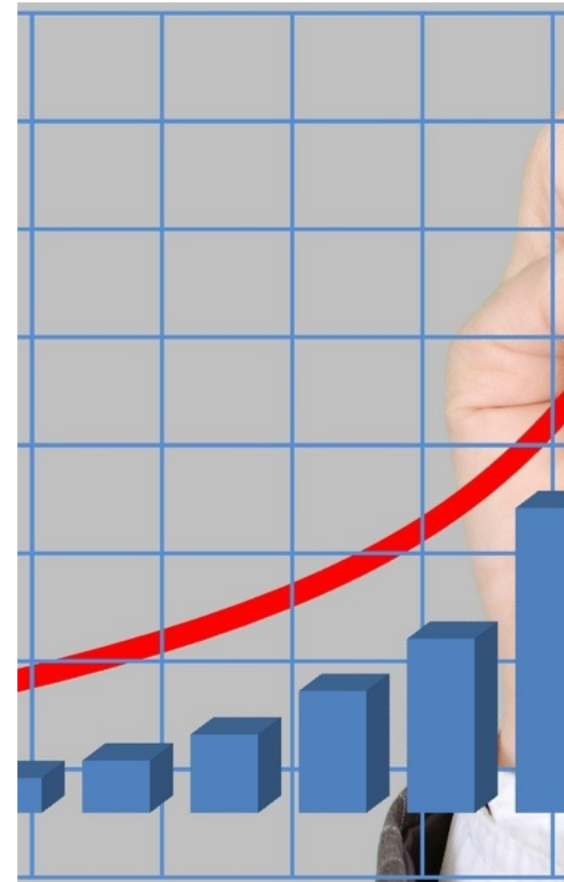
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Factors for Market Evaluation

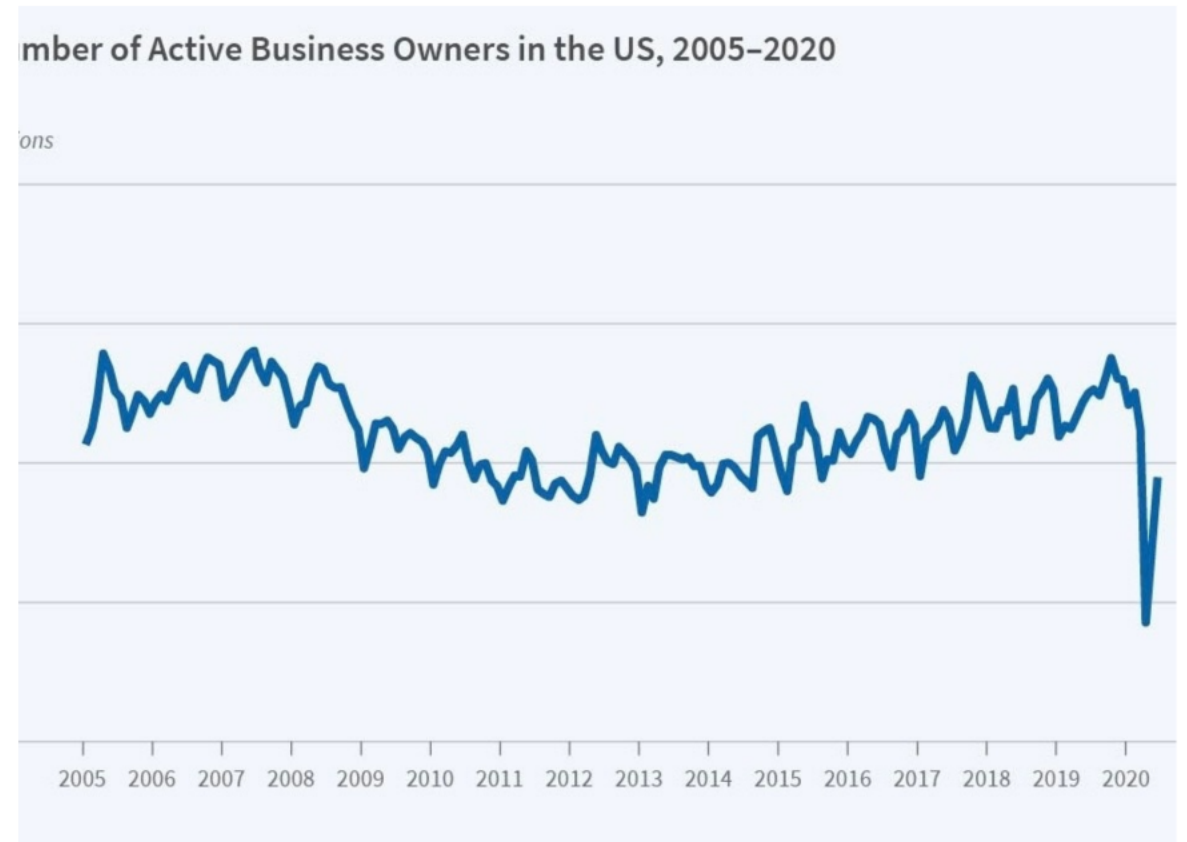
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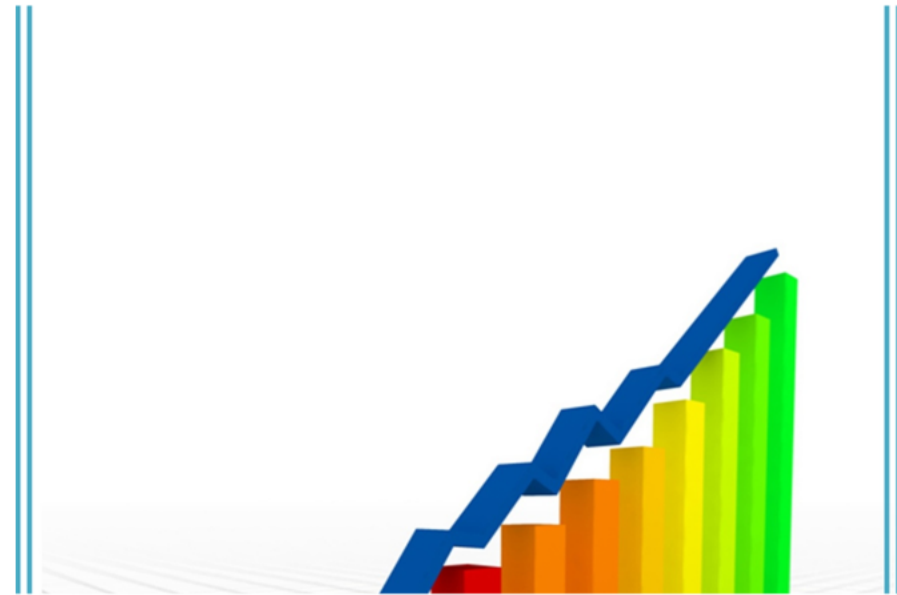
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Global Marketing Strategies

Marketing Approaches

Businesses adopt various marketing approaches to reach global audiences effectively.

These include standardized strategies, which offer consistency, or differentiated approaches, allowing customization to cater to distinct market needs and preferences.



Global vs. Glocal Strategies

Global strategies focus on standardizing products and marketing efforts across regions. In contrast, glocal strategies tailor offerings to local tastes, combining global efficiencies with localized relevance to capture diverse consumer bases.



Marketing Mix Adaptation

Effective global marketing necessitates adapting the marketing mix, particularly the 4 Ps: product, price, place, and promotion. Tailoring these variables ensures alignment with local consumer preferences and market conditions.



Importance of 4 Ps

Understanding the 4 Ps is crucial in global marketing. This framework assists businesses in making strategic decisions concerning product development, pricing strategies, distribution channels, and promotional activities tailored to various markets.



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Global Industries and Multinational Corporations (MNCs)

Role of MNCs in Global Trade

MNCs dominate global trade by facilitating the flow of goods, services, and capital across borders. Their vast networks create interdependencies between markets, impacting economic policies and trade agreements.



Economic Development Contributions

MNCs contribute to economic development by investing in infrastructure and creating jobs in host countries. This stimulates local economies and enhances skill levels among the workforce.



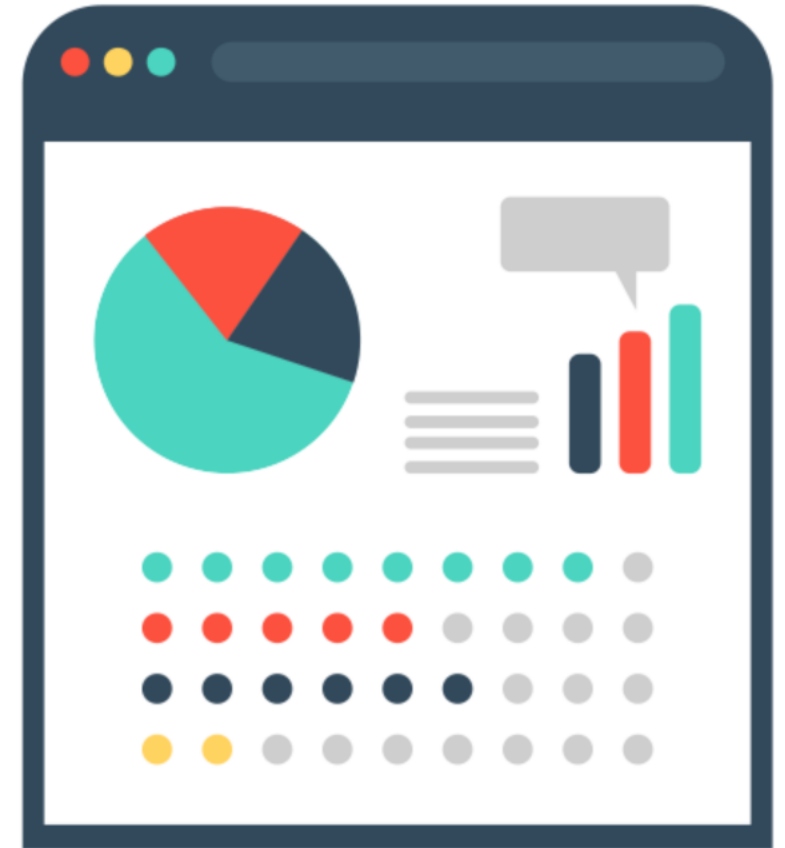
Ethical Considerations for MNCs

MNCs face ethical scrutiny over labor practices, environmental impact, and corporate social responsibility. Adhering to ethical standards is crucial for maintaining reputation and customer trust across diverse markets.



Control and Coordination Across Regions

Effective control and coordination are vital for MNCs operating in multiple regions. This involves balancing global strategies with local adaptations to maintain operational efficiency and market responsiveness.



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