GOING GLOBAL: GLOBAL MARKETING, SOCIAL AND CULTURAL ENVIRONMENTS IN TRANSITIONAL ECONOMIES

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Abstract

The era of change has reached also countries in every corner of Europe, which until now were closed and have had a centralized economy. The best example is countries in South Eastern Europe (SEE), in particular countries emerged from ex-Yugoslavia, which are going through the transition process for many years. Like many developed countries that have changed the way of operating, developing and in transition countries are trying to switch from one economy to another, from closed and centralized to open and a free market economy. As the market is becoming more open for new entries, highly decentralized organizations are operating across a broad range of countries, without tending to centralize their operation to a single location. Hence, this has minimized the importance of a geographic area (as well as the home region) and is no longer treated as a priori to be the primary base for any (or all) functional area of global organizations. Many functions that are part of every organization, such as sourcing, manufacturing, marketing and sales is performed in the location(s) around the world, which are seen as most suitable for that particular function to be carried. All those changes, even many other that are seen that will happen in the near future, has been realized thanks to technology improvement and globalization that shaped the world. As the technology supports to govern human preferences; globalization has its impact on economic realities.

Keywords: Marketing, personnel management, strategic management, global marketing, transitional economies

Introduction

As the new economy is reaching us, the pressure for businesses to meet and even to exceed the targets, is increasing. According to Friedman, (2006) "The World is Flat" this mean that "the global competitive playing field is being leveled…It is now possible for more people than ever to collaborate and compete in real time with more other people on more different kinds of work from more different corners of the planet and on a more equal footing than at any previous time in the history of the world" (Friedman 2006, p. 8). In other words, the world is more global than ever. It is interesting to know that we can be everywhere anytime. It is not possible, someone may think. But, the reality is showing us that it is possible. US businessmen could be in a meeting (virtual) with a German company, and in meanwhile he is in the way to China, where he will meet his other colleagues from Japan, and then staying over the night in India, where he will be meeting also someone ells. We are becoming international, starting from food we eat, clothes we ware, language we speak, people we meet, and what is most important, the way we thing and behave is more international.

Based on those facts, businesses are interested and forced to accept this as a reality, in order to be competitive. Therefore, companies must incorporate those traditions and international habits to their strategies, and becoming international even in their own markets. By being present and doing business in international markets, means not only to be able to offer products and services there, above all, it means competing with other companies. Companies which are present there for a long time, and have significant competitive advantages, and therefore they offer more experience to that market. If these facts are not taken into consideration, before entering a new international market, this can become a huge risk to firm cultural differences, which should be in place ahead of embarking those markets.

In this paper, we will try to define differences between standardized and local strategies, the role of the cultural pattern in a society and how do those affect the consumption, and how market research must proceed when an enterprise enters a new international market.

Research methodology

Though there is no severe dissection, cross-national study research can be assumed of as being affected or in close relation by both general methodological issues related to any study (that has to deal with the survey quality) as well as the extent of similarity between replies from diverse countries or cultures (uniformity of meaning) (Harkness J, Schoua-Glusberg, 1998). When making research that deals with globalization, one may be aware that there are many nations, cultures and habits involved, and none of them is the same or at least, same issues are seen differently in different countries or cultures. Hence, the range of community opinion research to a greater number and variety of nations almost surely involves greater difficulties of equivalence of meaning and comparability of research data quality (Harkness J, Schoua-Glusberg, 1998). Furthermore, according to Harkness (1999), in the cross-national background or situations, deliberations of quality are uncommon compared with deliberations of equivalence of meaning (Harkness, 1999).

Even if by many the methodological research aspect was tended to be focused on macro-level, tending to describe in quantitative view the dimensions of world becoming global, there are many issues which cannot be measured in numbers (Lynn, 2003a). As further noted by Brown (2006), tending to measure in macro-level, there are many key aspects that can be ignored and which are crucial for the results of the study (Brown, 2006). Hence, to avoid unnecessary limitations and wrong perception of findings, the researcher has implemented the qualitative research methodology with differentiating approach, in order to take into consideration its numerous perceptions of same issues (Hopper, 2006, p. 1). Additionally, the *differentiating* approach enables the researcher to focuses more on how the various processes of globalization are met and how they are seen by different community groups (Hopper, 2006, p. 139). It is therefore ever more significant to combine qualitative and ethnographic elements to globalization study to be able to capture its multidimensional unspecified processes (Cohen, 2005; Hopper, 2007; Brown, 2006; Hay & Marsh, 2001).

As a means to implement the above mentioned approach, this paper studies some empirical properties of qualitative field study as a means to benefit to better comprehend how the globalization processes are established and carried within specific economies, with particular focus on transitional economies.

Going Global

Ahead of entering and competing in new (foreign) markets today's global marketplace, corporations and their leaders must master certain areas (Travis, 2007). A noted by Martin and Chney (2006), organizations (including their leaders and management) needs to create environmental competence in order to realize the needs and wants of global marketing, by creating analytic competence to be able to evaluate global marketing prospects, strategic competence to be able to develop global marketing policies and approaches (Martin & Chaney, 2006).

Countries around the world are linked among them not only geographically, but also through different multidimensional networks that are enabled by ne technological development, such as economic relations, social, cultural, and political ties (Spilsbury, 2013). Hence, ahead of entering any new market, or going global, one should understand the global marketing environment that is set as a destination to enter and offer products and services.

Even if it seems to be an advantage for companies entering new markets and through that move, creating new connections, penetration and participation in those markets will become more important and complex. Based on new ideas and knowledge pertaining to new markets that companies obtain, they will find themselves richer (in knowledge of customer needs) but more vulnerable to foreign competition. As they (companies entering new markets) face with those threats by competition and working environment; hence, becoming more vulnerability, will move the concerns related to international trade and finance into the political arena (Grossman, 2001).

According to Bearden et.al. (2001), organizations and its leaders should comprehend the nature of the marketing environment and why it is important to marketers, especially when entering new markets, or in other words, when becoming global. Companies and organizations should be able to describe the major components of the environment within the market planning to enter, how trends in the new environment affect marketing and how they are related to the organization's products. Not only selling means that organizations will succeed in new markets, but foremost one should see how the political and/or legal environment within those new markets can be turned into opportunities and what are possible threats (Bearden, Ingram, & LaForge, 2001).

There is no exact procedure when entering new markets. It is more than a guide. The right solution is that organizations should study how to enter a specific market as each market has its own characteristics and differs from other markets, in particular comparing with firms domestic one. Market sizes, buyer behavior and marketing practices all very important and curtail knowing them, meaning that companies entering new international marketers must carefully evaluate all market segments in which they expect to compete (Susman, 2007).

Standardized and Localized Strategies

Trying to adopt to the new reality, companies have become more open for new ideas and businesses. The main drivers of standardization in marketing have been the globalization of business and the appearance of multinational companies. There were many drivers which have shown that globalization is possible and through which it was made easy for companies, such as advances in technology, transportation and communication (Levitt, 1983). Hence, those companies which have adopted the standardization of products harvested the benefits of those markets on which they have expanded their presence, by being able to produce cheaper and with same or higher quality.

This is nothing new and it is not from today. The debate about effective global marketing management is present since the technology has advanced to that extend, where big companies have snuffed new investment possibilities, with better income possibilities. There were different arguments from 70's until the end of the last century, standardization or adaptation, globalization or localization, and at the end the argument was global integration or local awareness (Kotabe & Helsen, 2014). The essential question was whether the global homogenization of the buyer's demands allowed global standardization of the marketing mix (Cateora & Graham, 2005). Different companies are responding differently to this issue. Some of them are adopting standardization strategy, whereas others choose for localization strategy in international markets.

Standardized strategy (advantages and disadvantages)

Not only companies are becoming standardized, also customers throughout the world, thanks to information technology are getting more similar on their behavior and requests. Therefore, "companies must see the world as one large market, whereas they should ignore regional and national differences, which are present on those countries (markets)" (Levitt, 1983 p. 92). Hence, the most important part of a global marketing strategy may be the Marketing Mix. (Douglas and Craig, 1986, p. 156) As noted further in this article marketing mix can be applicable in some elements related to the product (example branding), but not in all fields (such as pricing and distribution). (Douglas and Craig, 1986, p. 156)

When speaking of standardizing, we have to have in mind that, there are many benefits which company may profit from, however, having in mind also that there are barriers which may come across.

Table 1, The advantages of standardization

Economies of Scale in Production and Marketing.	Company may achieve cost reduction and efficiency in many fields. The efficiency of the economy in scale will be significant especially in the area of production and advertising.
Know-how and Experience Transfer	Standardization means that companies will create standardized facilities and centralized co-ordination and control of operations within different countries, hence the decision making will be improved and there will be more informed decisions. Also, there will be information (knowledge) sharing to all its units and departments.
Uniform image (global branding)	Standardizing basic brand effigy ensures that brands are able to maintain an international image that is attractive across cultures and countries. It is known that many customers are related to some products (brands) and by having the chance to travel in different places all around the world, they (customers expect to have the

	same product and standard benefits.
Easier Control and Coordination	It facilitates coordination and control of operations in different countries (markets). Companies will, through standardization, create uniformity in products, pricing, promotion, and other fields which are very important to cost reduction and quality improvement.

Source: Douglas and Craig, 1986, p. 158 - 160

Disadvantages of standardization - When speaking of standardization, it is clear that there are many restrictions which will come across during this process. These restrictions appear as a result of different cultural habits and market restrictions of those countries. Many companies in beverage industry have succeeded in standardization; however, they had to make compromise to locale taste in order to succeed in those markets, which differ one from another, even if they are geographically near to other markets.

Table 2, Disadvantages of standardization

Government and Trade Restrictions	There are many factors that can impact negatively and hamper standardization process and its strategies, such as tariffs, different trade barriers, subsidies for local products which are competing with imported products, pricing or promotion regulation, different standard regulations, etc.
The Nature of Marketing Infrastructure	Differences in the markets infrastructure can hinder implementation of standardization strategies. Different cost structures may demand individual pricing, there may be different or unavailable distribution channels, many products or parts of those products my need to be changed and modified to meet local preferences, and promotional methods may need to be accustomed to local media outlets, example European and US vs. Middle East countries.
Competitive Structure	There are different opportunities and possibilities in different markets to implement standardization strategies. There may be local low cost competition, pre-emption of already existing distribution networks by local or already existing competition, etc.

Source: Douglas and Craig, 1986, p. 161

Obviously, there are differences in different markets which any company has to face and confront in order to be able to implement is strategies. Different sectors face different restrictions or preferences. High-technology markets are highly standardized, whereas there are products which are affected by culture and other circumstances dictate the extent of standardization on those particular markets. Every company multinational or global can benefit from Porter’s five strategies (forces). Based on the facts that determine the long run profitability of any industry and by determining how the value is created on those industries and markets, companies can adopt specialized strategies to be able to succeed in those markets (Porter, 1980, p. 34).

Localized strategy (advantages and disadvantages)

There are markets which are worthy of significant attention and adoption, and this strategy (localized) is focused on those markets in different countries or regions. This strategy can be seen as a home replication strategy. The best case to implement localization strategy is when there are the facts and clear differences among national and regional (global) markets where the company intends to enter. There are many of them who say that, there are only few markets which are precisely alike and so it is required to adapt the marketing mix to ensure that adequate customization is present to please customer requirements in each of those markets. (Quelch and Hoff, 1986, p. 60)

By implementing localization strategy, the product will be incorporated into all cultural and other habits of the intended market (country). The product or service must be offered in that way that it will please all expectations of that market and other elements which have an influence on those customers. However, there are movements in those markets where localized strategy is appropriate to be implemented. Many customers (from those markets) are ready to sacrifice preferences such as product features, product design, and product function for lower prices, whereas, on the other side, some are ready to accept only higher quality (Levitt, 1983, p. 98).

There are advantages and disadvantages when it comes to implementing localized strategy. There are many countries, due to their policies and regulations, which restrict the entrance of products or brands in the original form, as they are present in other markets or in their country of origin. Many big companies (such as Coca-Cola and McDonalds) have recognized that some markets can be invaded only by implementing localization strategies. They have customized products to fit to local culture and requirements. On the other side, there are disadvantages on implementing localized strategy. Companies, by implementing localized strategies, have to shoulder additional cost, due to dulcification of efforts in numerous markets which differ from each other. It is very important that the company must be sure in all their planning and they must build a perfect strategy, when implementing (entering) a market where localized strategy is required.

Cultural Patterns in a Society

There are many questions which arose during the globalization process. It is not only on companies to become adaptive on different markets, customers are the most important part in this process. The entire world market place has become global; there are global brands which one can see in every corner of the world and those brands have become part of everyday life for many people (customers) around the world.

As the world is changing and the differences are not as evident as they were in the past, the customer's reactions are also changing towards the companies and their brands. Reactions and evaluation of those values (which are brought through brands) are not always the same. One may have to why those reactions are different in different markets (countries). One of the reasons is Cultural Identity of that particular market (country). It can affect the perception, opinion and preference of global consumption offerings which are offered to them.

As first, companies must learn about the cultural patterns in those countries where they intent to offer their products. Hence, the first question may be: what does Culture patterns means? According to Benedict (2006) "a culture patterns are patterns of behavior and thought which are learned and that help a group to adapt to its surroundings" (Benedict, 2006, p. 251). How do customers consume, in one country or market, can be shown through their cultural patterns. The most important part of invading a market by a brand is the fact that, the marketer who is responsible to manage that particular region or country should be highly knowledgeable with the culture and its patterns in that region.

There are many institutions, above all social institutions, which have influence in cultural patterns, simultaneously, affecting the consumption pattern. Social institutions like family, education, religion, media, government, have great impact on how the members are related to each other, pass those patterns to the future generations, and teach them how to govern themselves and others as part of that social institution. Undeniably, global marketing has had a great impact and has played a leading role in influencing the rate of cultural change. It has changed the consumption patterns in many countries, by offering them new opportunities to choose those products/services, which were not offered to them by local companies. The change is happening and that in all segments of marketing, starting from companies (by learning new cultures and their needs) and customers (by learning other's cultures and patterns).

The market research process when entering a new international market

As the companies are getting bigger and more capable to extend their production capability, many of them see the chance to grow by entering into international markets. Without any doubt, international market research ha becomes an important part of strategic planning. Depending on the product variety and depending on market conditions and requirements, companies which intend to expand to those companies, all strategies needs to be considered carefully. There are many indicators which can affect the success of the company within those markets. One may think that it is nothing special when expending to international markets. Is it? Companies are prepared for any market. Are they? It is not so easy, and many companies are yet not ready to make that move. International marketing research is a very costly process and the final results are not, in all cases, 100% reliable.

When preparing to enter en international market, companies must take into consideration many issues, which play a crucial role in those markets, such as: the political situation, the cultural pattern in that society and how do those affect the consumption, distribution networks, business culture, Internal business regulations and policies, political stability, and many other. There are many countries which intend to protect their own production by eliminating foreign competition through different measures, but, the better way would be to offer the opportunity to those companies to continuously improve their products in their home markets, and in the same time to expand into other international markets.

In today’s economy, the global company’s position in the global market will affect also their position within their own local markets. Global companies are active and operate in different world countries. Their entire strategies are based on global research and not only on their domestic market. R&D, production, marketing, logistic, and financial issues are not available only to their domestic competitors. Those companies plan, coordinate their activities and operate on a global basis. Ford is one of the most knows car manufacturer in the USA. On the other site, if we consider where those cars (trucks) are produced and assembled, then one may say that Ford is a global brand. For instance, Ford’s world truck has an EU made cab, a North American chassis, and all that will be assembled in Latin America (Brazil) and then will be sold in the USA (Businessreviewusa.com).

As first, companies must decide whether to go abroad and to enter new markets. It is the very first and most important issue to be solved. Entering other markets, means also learning other languages, cultures, laws, and many other details related to that market (or country). Many companies, yet, prefer to remain on their domestic markets. According to a study, 70% of 8000 polled by the British Chambers of Commerce (BCC) offers their products on the UK market (Tyler, 2011). Mainly, all companies said that their products and services were unsuitable for consumption overseas and they see as a risky movement to try to improve their products and services to adjust to requirements from other countries. On the other side, a fifth of those companies interviewed, were quite happy living off their existing sales and they see every additional change as a risky move, which they think it is not necessary to do.

If the potential is there for companies to move forward and go abroad, the next step would be to decide which market to enter. Most of the companies seek for those markets (countries) which are similar or the differences are not so big comparing to their domestic market. Companies need to define their strategies and policies, and then seeking for the best opportunity to enter foreign markets. Many companies start small and then they try to grow gradually, as they see their chance for improvement. In meanwhile, the company must prepare the strategy to enter those markets. To be more precise in strategy preparation, they (company management) must decide on how many markets they are able to enter. They must prepare the plan where all details about those markets (countries) are listed and what the company must improve to be able to enter and to remain there.

The way the companies enter a new international market is crucial for surviving in those markets. When deciding to enter solely or through a local partner company, then the company must see how high are the chances to succeed when deciding the way they are interested to do. The risk is there, solo or through local partner. However, determinative to select one of these options is that which of these methods offers more security on returning the investment. There are companies that cannot enter as solely new international markets, therefore they select a local partner, who is already in the market, has his own logistic and network, and is familiar with consumer habits and needs, culture, law and policies, etc. There are many institutions which helps companies to export/import their products and services to international markets (Australian Institute of Export).

Table 3, The most important information which a company needs to have before entering an international market

Knowing the Market Culture!	Are the company's products suitable for that market? What may be the reaction of the customers and people within that market toward the company's marketing and advertising? Are the products new for that market, if yes, what is the expected reaction of the people in that country?
Existing and the possibility to create new distribution channels!	Are there any existing logistic facilities which can be used from the company? If they exist, are they adequate channels and reliable? Are those channels time efficient and cost efficient?
Is there any and if yes, what kind of competition?	How active is competition in the company's product and the service area? What kind of competition local, international, mixed, etc.? How strong are competitors in pricing, distribution and performance?
Are there any barriers to enter	What are countries import tariffs or quotas? How hard

the market?	or difficult is to register a company and to obtain documentation? What attitude does the country have for foreign products and companies and do they support foreign companies and products?
What economic conditions do the market (country) offers?	Is the new product offered affordable for the average consumer? What is the economic trend in that country? Is the economy growing in that country? What is the percentage of the potential customers comparing with the number of the total market?
Are there politics which support or hinders the market entry?	How stable is the country? What are threats for the company - confiscation, nationalization, etc.?
Where is the country (market) located - geographic location?	Ho easily can the company access the country and reach the customers? Through what kind of transportation can the country be accessed (by road, sea, railway, air)? Are the country's climate and other conditions suitable for the company's products?

Based on the facts gathered from investigation and researches of international markets, based on the indicators above, the company can decide *if, how, when, how many,* markets to enter.

Conclusion

Information is available everywhere and in all possible forms and formats. Being informed, means that they (customers) will demand more. It is the era of customized product and services and not mass products. All multinational companies are operating in countries which are characterized with uncertainty and permanent change. Faced with this reality, international marketing management has become more important than ever. Being able to decide which strategy (centralized or decentralized) is more suitable for companies which are interested to offer their products to new international markets, knowing the role of cultural patterns within those countries and being able to adapt to them, being able to conduct effective market research in order to succeed, means that the company has understood the world as a permanently changing environment.

Not only companies in developed countries are getting international or multinational. Also companies in developing countries are embracing that. A simple case is at my company (where I work). I work for a multinational IT company in Kosovo. We are active in different countries (in Balkans) and have one strategy, or do we have many of them? Our company is striving to be able to adapt to all of those countries, but not losing the name (brand) which is our strongest weapon within those markets. One may say that we are concentrated only in the Balkans. But, we are working with EU standards, which is another tradition and culture. Our PC-s (which we sell) are USA brand, manufactured in China, another culture added to all those previous. Now we have companies in China which are working for a USA brand under EU standards, and at the end, they all are conform standards and requirements from our customers. Is that possible? Does somebody in China even know where Kosovo is? Does this mean that our customers are also getting more internationalized on their requirements, behavior and the way they think? We are getting more and more even (uniform) when it comes to standards of our surrounding.

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