

Microeconomics

Oleksandr SAVYCH

**FEATURES OF MARKETING ACTIVITY
OF PRODUCERS IN CONDITIONS
OF GLOBALIZATION**

Abstract

Producers are basic subjects of the world commodity market which carry significant part of world economy added value. All industrial companies are working in hard competitive conditions. The modern feature of any company activity is global processes' influence: competition from global companies' side (transnational corporations), global preferences of consumers, necessity in production of standardization and high qualitative commodities, necessity in development of single global or regional marketing strategy and marketing mix. The modern state of industrial companies' marketing management has been considered at the article, problems of marketing management dedicated to globalization and strong competition have been determined. Modern features of the globalization and its influence at marketing management of industrial businesses have been studied at the article.

Key words:

Management, marketing, globalization, transnational corporations, industrial companies.

© Oleksandr Savych, 2015.

Savych Oleksandr, Cand. of Economic Sciences, Assist. Prof., Kyiv National Economic University after Vadim Hetman, Ukraine.

JEL: M20, M31, L60.

Actuality. Producers are basic subjects of the world commodity market which carry significant part of world economy added value. The modern feature of any company activity is global processes` influence: competition from global companies` side (transnational corporations), global preferences of consumers, necessity in production of standardization and high qualitative commodities, necessity in development of single global or regional marketing strategy and marketing mix. Any company has to decide what to produce, how much to produce, whom and how to sell its products, which level price to quote and how to act on competitive markets. Globalization has its influence first of all that local company has to compete with transnational corporations and has to enter on global markets needs to standardize its marketing activity on all markets, taking in account only local differences on big markets. At the same time, external environment has influence I that way that companies have to take into account local peculiarities and change standard marketing mix tools.

Results of research. Economic globalization process consist in national producers use relative advantages of production in its own interests in others countries and therefore transforming at transnational corporations. Usual situation in international relations is strong competition for sales markets, for owning raw materials, for investments for political and economic influence. All types of activities become more global as geographical borders are washing out, scientific progress is accelerating, and marketing is going on the first place as a weapon for market conquer and mean for arrange of product sales in terms of global competition. In terms of global competition the demands to product quality from customers are increasing.

Globalization is the process of social, cultural, political and economic enhance of mutual dependence that has influence at business environment changes. The efficiency of the globalization from the marketing point of view has two basic company's influence:

- Global market opportunities
- Global market threats.

Opportunities and threats that arise due to globalization make companies to adopt its organizational structures and marketing strategies. Global marketing

opportunities allow companies to get the way to world resources and expand activity on new foreign markets and thus increase competitiveness of the company. But from the other side, global marketing threats increase quantity of competitors and intensity of competition as well as increase probability market uncertainty. The combination of threats and opportunities of companies in condition of globalization allow customers to get most qualitative product for lowest price.

Globalization – it is the basic engine of technological and economic growth, a guaranty of market's` openings and free movements of capital, goods, labor and others resources.

So, globalization from the marketing side – it is objective process of company's entering on global market, so it is activity of the company on most country markets where company faces with hard competition from the side of transnational corporations on global market. Taking into account this, it is necessary to produce standard products with highest quality by competitive price as well as using standard marketing-mix but nevertheless it is needed to take into account regional features of markets, competition and customers. In automotive industry most of car makers are global companies that have operations on majority of markets except companies with low resources availability and low quality.

The main point of marketing activity of producers is that companies have the opportunity to use single marketing mix on all different markets. Thus, the product has to be checked as on local market as on different foreign markets.

It is possible to underline the typical globalization factors: political, cultural, ecological, legislative, technological, marketing, human and financial.

Political factors refer to unifications problems and integration political systems to single global system.

Cultural factors are characterized by life styles integration and behavior models on the global level and universalization of minds and cultures.

Ecological factors are dedicated to environment situation, problem of savings and protection that are global phenomena.

Legislative factors relates to problems of unification of legislative regulations on the global level. The base of the global order rules – is the system of regulations that set up of legal norms complex which set global behavior of the company.

Technological factors dedicated to global researches, innovations and technologies. These factors are: global application of technologies, global scientific and technological collaboration, and scientific-technical progress.

Marketing factors – are factors of global markets, competitive strategies, marketing activities of companies with acknowledgement of global and regional

approaches, global logistic processes... In conditions of global resources usage, all produced goods become products made in the world.

Financial factors mean capitals` movement, movement of property and resources allocation. Productive resources become more mobile, companies produce goods as much as closer to consumer markets. Global companies allocate own assets and investments there where it could be get profits as much as possible and as much as quick.

Human factors refer to free movement of labor in that way where its salary is higher and payments are quick.

In general, the modern market economy is functioning on the global market where distributive mechanisms are in force without taking in account countries` borders. In fact it is the system that is based on transnational network of the company.

Internationalization and globalization of companies are executed mostly by external method by means of international agreements on mergers and acquisitions of foreign assets. It helps for quick and effective expansion on foreign markets.

It is natural for producers to have such strategy that is directed on seeking for strategic assets using NTP (progress in science and technology) achievements in the field of transport and information transmission. Such companies so called transnational corporations are getting new opportunities to find new market niches, beneficial location of foreign affiliates, production organization which is based on foreign technologies, productive capacities and cheap labor.

In globalization conditions the development of the company gas several stages:

Stage #1. *Activity on the local market.* Company is working on the local national market with the aim to get profit. On this stage, company is not interested in entering foreign markets, especially when local market is quite wide by sizes and profits.

Stage #2. *Trade on external market.* Company reaches maximum of productive and marketing capacity, local market is getting narrow that is objective necessity to enter foreign markets by mean of export transactions.

Stage #3. *Production organization on foreign markets.* The moment is coming when the volume of export operations is increasing and/or foreign markets are protected by tariff and non-tariff barriers or because of logistic it is not profitable to sell goods which are produced on origin market of the company as well as if resources costs and production costs on foreign markets is more profitable, companies are arranging production of goods on foreign markets.

Stage #4. *Internationalization of the company.* Company is entering on the markets of several countries and is trying to consolidate all international operations. The specific feature is change of end products and raw materials or half-processed goods between its own companies from different countries or/and with mother-company.

Stage #5. *Globalization in the activity of the company.* Companies are taking decisions as for globalization of all operations. Financial, marketing and productive operations are managed on central level.

Such development needs to create such marketing strategy that will allow providing efficient functioning of the company at any stage of globalization and movement to another stage on time. At the beginning three stages, the task of the company is analytic of external environment, making SWOT analysis and adoption of activity of the company. Effective strategy has to be pledged by efficient organizational structure, modern marketing system and management. The company needs to target at modern, high technological and competitive goods based on global standards, developing logistic and distributive systems which will enable quick communication with suppliers and clients. Special attention is needed to pay to marketing orientation and innovation development. So, it is possible to ensure competitive position for company on local market and create opportunities for globalization of its activity.

The main aim of the company under globalization conditions is to conquer of the competitive advantage that takes place under strong fight that is the feature of the world market functioning. For that reason, it is necessary to develop innovative products, global technologies, look after market changes, making forecasts regarding clients` and competitors` behavior. Therefore competitiveness of any company depends on skill of quick development of innovative products and sells them on the world market as well as advantages which any company creates and operates under states` influence on any foreign market.

By the level of standardization of international marketing-mix there are two global marketing strategies: global marketing strategy and global-local strategy.

The global strategy is characterized by the development of standard marketing mix for similar markets and segments. The main advantage of this strategy is the possibility to economize because of production volumes non-differentiated goods and using general pricing policy, distribution and communications on foreign markets that makes costs much lower in comparison with goods of big local competitor.

But, regional foreign markets are so different from the point of consumption culture that are using of standard approaches are enforced with smaller quantity of companies. The reasons for decrease in mass marketing application are connected with appearance of technological complicated goods, new methods of buying and its payments with enhance of competition. Therefore after all

opportunities of whole standardization are finished, companies have to shift to global-local marketing strategy that means in standardization of main and adaptation of several secondary elements of marketing mix with taking in account features of different countries. Global-local strategy allows from one side to economize resources and decrease expenses due to partly global standardization, but from other side – adaptation of its activity with the aim of more efficient positioning of the products regarding conditions of local market.

The pillar of marketing activity of producer under condition of globalization is consist of such elements: studying and researches of external environment, competitors, clients, suppliers, market, development of logistic policy, competitive advantages creation, product, price, communication policies, sales strategy, motivation and studying. On global and local levels of company activity appears different tasks on marketing activity and therefore company needs to act different. So, features of marketing activity in condition of globalization are determined in the Table 1.

Table 1

Marketing parts and activities of company on the global and local levels

Marketing instruments	Global level	Local level
Studying of external environment and its influence	High influence on activity of company that is different on different foreign markets. The necessity in studying on all markets.	Only influence of local forces, necessity in analytic and neutralization.
Competitors studying	Strong competition, influence of different competitors on different markets. Plenty of competitors. Actions development on as global as local players neutralization on all markets.	The competition level is different depends on markets but average in comparison to world market.
Market research and development forecast	Necessity in detailed analysis of any market as well as world market. Development of long-term forecasts of market growth.	Short-terms plans and forecasts.
Work with suppliers	Agreements on the global level with global suppliers, the opportunity to get better conditions and decrease logistic costs.	Preferable work with local suppliers or representatives

Marketing instruments	Global level	Local level
Logistics	Close to all markets, warehouses locations, productions and supplier close to sales markets.	Logistics is built depending on production's demand or trade, work «on situation»
Products development	General product, last developments and technologies. The product is high qualitative and competitive.	Product is developed for particular market, more mobile productive policy.
Pricing	Adopted price for any market.	General price for local market.
Sales	Standard channels and sales methods.	Standard channels and sales methods.
Communicative policy	General policy but some tools are adopted as well as messages for every market.	Standardization on communicative policy.
Motivation	General policy is standard with small adaptation depending on labor market situation or market features.	General policy is standard.
Trainings	General policy is standard with small adaptation depending on market features.	General policy is standard.

Conclusions. To sum up, it is possible to conclude that made analysis of company marketing activity in condition of globalization allows determining 2 contradictions. From one side, modern world is characterized by economic globalization which influences all subjects of world economy and leads to enforcement of its relationship. Globalization processes are followed by company expansion on international markets due to appearance of close type consumers in different countries because of similar tests and demands of clients. Appearance of similarity target markets leads to appearance of suitability to realize expansion of marketing strategies for international companies: from local sometimes multinational to global marketing strategy. But at the same time most of transnational corporations uses actions directed at individualization of marketing that is connected with necessity much full satisfaction of client demands in strong global competition conditions: from global marketing to niche marketing. Constant increase of local adaptation is taking place as well as decrease of global standardization with at the same time increase of long-term relationship, from single change of resources and information to constant communications in relationship marketing.

Such trends make producers to expand sales markets and fully satisfied individual demands of consumers.

Bibliography

1. Archibugi D., Michie J. The Globalization of Technology Myths and Realities // Research Papers in Management Studies. – 1993. – № 18. – P. 47–54.
2. Barlett C. A., Goshal S. Managing Across Borders. The Transnation Solution. Boston: Harvard Business School Press, 1989.
3. Dicken P. Global Shift The International of Economic Activity. New York; London: McGraw-Hill, 1992.
4. Falk R. Predatory Globalization. New York: Harper & Row, 1999.
5. Meshaykina E. I. Strategic Enterprise Management in a dynamic environment // Belarusian economic journal. 2001. № 1. pp 53-62.
6. Goncharov V. V. Guide for top management (Experience the best industrial companies in the US. Japan and Western Europe). M.; MP Souvenir, 1993.
7. Pylypchuk V. P. Sales Management: Training. manual / V. P. Pylypchyk, O. V. Dannikov. – K.: MBK, 2011. – 627 p.
8. Andreas A. Zoltners, Prabhakanat Sinha, Sally E. Lorimer. Sales strategy: the organization of product sales force / Andreas A. Zoltners, Prabhakanat Sinha, Sally E. Lorimer. – Ed. from English. – Dnepropetrovsk: Balance Business Books, 2005. – 512 p.
9. Kaplan, R., Norton D. Organization-oriented strategy / R. Kaplan, D. Norton. – Ed. from English. – M.: UAB «Olympus-Business», 2004. – 416 p.

The article was received on January12, 2015.