



CHALLENGES AND OPPORTUNITIES FOR MARKETERS IN THE EMERGING MARKETS: GLOBAL PERSPECTIVE

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ABSTRACT :

With increasing importance of the emerging markets in the global economy, there is growing interest among marketing researchers and managers to understand the differences between the consumers in the developed and emerging markets as well as the challenges and opportunities posed by these differences for both local and foreign marketers in these emerging markets. However, most recent research on consumer behavior and marketing strategy in the emerging markets uses concepts and theories developed and tested in the developed markets. Hence, it is not clear if these studies reflect the real picture of the consumers and marketers in the emerging markets by looking through the lens of developed markets. This special issue consists of twenty six papers, categorized along three broad themes (comparative marketing strategy, comparative consumer behavior, and emerging markets perspective), which not only extend the growing research on this important topic but also push the agenda for making the field of marketing into a truly global discipline, by not just merely replicating established theories and models but also identifying the limitations of the existing theories and extending these to provide fresh insights.



With increasing importance of the emerging markets in the global economy, there is growing interest among marketing researchers and managers to understand the differences between the consumers in the developed and emerging markets as well as the challenges and opportunities posed by these differences for both local and foreign marketers in these emerging markets. However, most recent research on consumer behavior and marketing strategy in the emerging markets uses concepts and theories developed and tested in the developed markets. Hence, it is not clear if these studies reflect the real picture of the consumers and marketers in the emerging markets by looking through the lens of developed markets. This special issue consists of twenty six papers, categorized along three broad themes (comparative marketing strategy, comparative consumer behavior, and emerging markets perspective), which not only extend the growing research on this important topic but also push the agenda for making the field of marketing into a truly global discipline, by not just merely replicating established theories and models but also identifying the limitations of the existing theories and extending these to provide fresh insights.

KEYWORDS : Consumers, Cross-Culture, Developed Economies, Emerging Economies.

INTRODUCTION

The global changes in the world, changes in political, economic and business activities as well as the development of technology, transport and communications, impose the need for enterprises in its struggle for survival, to change their strategies and go out from the borders of their own country. Limited market, competitive pressure, demand for cheaper resources and the dynamics of the postmodern era, forcing business leaders to change their focus from traditional targets to alternative measures for successful business and the entrance on global markets, with the purpose of making competitive advantage.

The process of globalization is a natural process that is a result of the growing and accelerated process of generalizing of the character and process of production. The development of science, engineering and technology and the expansion of markets for goods, worldwide, lead to internationalization of economic and financial developments and their global deployment. If globalization is understood as a process that leads to greater economic integration of national economies, as a process of fragmentation of the world economy and the international economy, than the globalization is a process of opening of national

economies through the removal of economic and financial boundaries of national economies and thus their transformation into an international economic and financial market.

Globalization is a worldwide trend, through which economies in the world lose their borders and connect to each other. The companies are no longer imprisoned in their borders and can implement a wide range of business activities around the world. Many companies are present in markets around the world, procured their raw produce or conduct research and development worldwide. Trade barriers fall and global trade between countries in goods and services is growing faster than domestic production. As a result of this, companies cannot afford the luxury to assume that the success of the domestic market will lead to long-term profitability. The flow of money across national borders is freer, and companies seek better financing rates in the world and investors everywhere are looking for a more favourable return on investment.

CHALLENGES AND OPPORTUNITIES FOR MARKETERS IN THE EMERGING MARKETS

Early researchers tried to differentiate countries on the basis of simple criteria, such as their level of economic development or their size and the development of their middle classes. Subsequent researchers developed more complex typologies with a diverse range of micro and macro variables. For example, researchers have identified three factors that shape consumption values of the consumers, which include level of economic development, political ideology, and business training and philosophy. Researchers also argue that the basic lack of marketing infrastructure in the emerging markets has led to low market penetration, small market shares and poor profitability of foreign players in these markets. Others recommend that multinationals should follow a balanced approach in the emerging markets, by focusing on both economic and social aspects of their operations, in order to maintain sustainable growth and avoid any pitfalls.

In this context, recent research has highlighted the need to develop unique marketing strategies to address these challenges in order to help these markets realize their true potential. However, it is also interesting to note that the differences among the consumers in the developed and emerging markets are diminishing with time as the income levels and living standards rise in the emerging markets, resulting in higher levels of consumerism, materialism and cultural convergence, and a concomitant rise in the number of middle class consumers. These new changes have resulted in calls for more conceptually sound, empirically robust and practically relevant research, in order to help us understand how the consumers and marketing mix elements in the emerging markets are similar to or different from those in the developed markets. This special issue identifies and describes three main research streams on the challenges and opportunities for marketers in the emerging markets.

GLOBAL CHALLENGES

The overall international market for the energy products has revealed that the countries are putting their every possible effort to self-sufficient themselves in the energy sectors. This is the major challenge the company at present is facing even after reducing the size of the production for energy products, the market demand is decreasing, and this is causing difficulty in meeting the set targets and attracting the international market for its products. As regard to the services sector, the sharing of expertise and provision of services is directly associated with the company products of marine and energy solutions. The decreasing sales of the marine and the energy solutions have direct proportion to the services solutions provided by the company. He also said that the worldwide interest for vitality is climbing, and governments must urge advancement to keep up, fights a group from EDF, a main atomic vitality organization situated in France. Different difficulties incorporate constraining ozone depleting substance outflows to stem an unnatural weather change and advancing supportability in urban areas with fast development. On the interest side, advances exist for an extensive variety of end-utilizes: warm protection in structures, productive lighting, more proficient electric engines, warm pumps, sun oriented controlled water radiators, and so on. On the supply side too, there are advances that can convey bring down carbon power at a reasonable value. Recommendations incorporate consolidated cycle gas turbines and without carbon innovations like sunlight based, hydroelectric, atomic

and wind control – with new confinements foreseen after the Fukushima fiasco. Government strategies ought to energize efficiencies and developing advancements. Structures built today, most recent 100 years or more; the present speculations should represent the long haul, avoiding deficiencies and emergencies later in the century. Thus, the decrease in the services solutions over the past few years have also been observed in the operating performance of the company. However, the company is employing its every possible effort to increase the sales and come into various agreements with the other countries to protect production and services of the company in international market. The marketing manager also said in response to the question about how the potential challenges are linked with the existing international market challenges, the continuous efforts by the countries for self-sufficiency and dependence will be the potential challenge for the companies dealing in international market. He also stressed that the international markets are going to be more competitive since more firms are entering to cater to the market demand globally. This will not only pose the challenge of supply but also focus the companies on accepting the competitive market price.

CULTURE CHALLENGES

This is an established fact that the culture differences leave impact on the products of the companies offered either in domestic or global markets. The marketing manager of company was asked a group of questions to know about the challenges faced by the company in global market. I wanted to know from the manager that whether the cultural differences in the international market affect. The manager said that the cultural differences generally affect every business product in local and international markets. However, these effects are quite influential and sensitive for the global markets. The manager said that the cultural differences arise from several dimensions, the nature of product, country relations, religious and social values, along with business operations, business values, product nature, personnel hiring, firing, and the government policies. The cultural differences mainly faced by the company include the business operations such as working staff in the other countries, communication, sharing of values and business culture. These differences have the significant impact on the internal business operations. The other challenge faced by the company is related to the consumption of the products being offered, the manager said that the consumption patterns vary regarding the energy products, service solutions and the marine solutions particularly in tariffs and thus these challenges. I also asked about the potential cultural differences which may arise in future about their business products. The manager said that the cultural differences with the passage of time are going to be eliminated in many stages, however, the working styles; sharing community values are changeable which may not be the future challenge. The challenges of product consumption patterns and the government ideologies towards religion and people orientation are going to be quite influential in the future. The company as regard to the operations, the company hires the local persons for business facilities and the marketing staff is also hired from the country of operations. The religious values and the community sharing practices are properly taken care of by the company. The cultural differences are the major influencers in the international markets.

BRANDING

Branding challenges have significant impact on the product penetration and acceptance in the international markets. He said that the branding challenges are increasing with every passing day, the entrance of competitors and country specialized skills in this industry have changed the minds of the people. Thus, this challenge is being faced by the company and collective efforts from the government and company are needed to deal with this issue. The role of country in building the brand image stressed with enlarging his eyes that the country relations and specialization in the product have far bearing role in building the brand image of the country. Japan and the USA are known for the automobile and services around the globe. He said that their company potentially is forecasting the challenges of the market regarding the branding since the skills sharing and self-sufficiencies in the countries are increasing in addition to the global market competition. The domestic government is continuously taking measures to promote the exports and various

measures regarding international market agreements have been taken. Furthermore, the local government has given tax relives to the companies particularly to the servicing industry. He said that the challenge of branding is going to be very important with the passage of time for all the countries and companies ultimately in upcoming future.

The role of branding in penetration the market is the key to success, the word of mouth by the people of the other countries regarding the product contributes a lot towards the acceptance. The company is dealing in a product which is equally acceptable with least difference of the culture and religious values, this product is easy to penetrate. However, the levy of tax, international pricing standards are the challenges faced by the companies.

PRICING

It is important to reveal about how the firm is dealing with the challenges of the price. The manager was asked again a sequential set of questions to discuss the challenges. The 1st question that manager was asked was “what major fortunes generally change the profitability of the business”. The manager was quite prepared on this question, he replied that the price is the major factor along with the quality of the product. However, he also said that the international market price usually continues to vary due to the influential status of the countries with developed nature such as USA. He said that the low cost of production, availability of the labour, effective means of transportation and other input cost have strong bearing in changing of the profitability fortunes of the company.

The company in-order to increase its market share is working parallel on entering into agreements directly and through the government. The company is also trying to offer its marine and energy products to developing countries to increase its market share. The price challenge is dependent upon the cost of input and the international market trends particularly change in the value of dollar. The manager said that they are possibly trying to manage the changes of the prices with the local government. However, this is an ongoing challenge which is dealt in line with the available situation.

SUGGESTIONS AND RECOMMENDATIONS

The suggestion and recommendations after undertaking the entire study are elaborated as follows;

1. Global markets are mostly on the developing, emerging and developed phases which itself continue to change the various policies depending upon the international regulations, changes in international trade laws, protection of national interest, political intervention, and the market mechanism due to international policies and agreements. Thus, the 1st challenge that the global markets are facing are itself its structure that brought obstacles in the past and will continue to bring more in the future. The best solution for this challenge is to formalize the international laws relating to the global markets on a single forum which should address all the issues of local and international governance along with domestic and international interests. The interview analysis also reveals that the generic challenges of global markets are increasing day by day and this is mainly due to the concepts of self-dependence in the energy, marine and services solution sectors.
2. The role of the customer preferences in the international markets is one of the biggest phenomena of the international markets. The customer preferences, perceptions of the product are being translated from the general image of the country and word of mouth generated about the products in the international markets. For this reason, the understanding of the culture and perceptions of the host and home country is very important. Thus, the customer perceptions and the cultural changes are the big most challenges of the future in the global markets due to the rapid change in the life style of the people and governance structures around the globe. It is suggested that the firms going globalized should take a deep study of the both the host and home country in-addition to the international image of the product in rest of the world. This will be helpful in setting out the basic foundations to penetrate in the global market. This is to be noticed that the undertaking these studies at large is one big question and obviously time and cost taking with generalized results. Interview analysis on the international market

practices of customer preferences usually comes from the culture differences. The major challenge was about the consumption patterns and the business operations styles of the people hired locally who share working values.

3. The global markets are characterized with more complex policies and the stiff competition. In order to survive in the market, the firms have to work more on international marketing plans instead of the domestic marketing plans. The marketing concepts for international marketing are restricted with the international and host country policies. The brand image is the tough task to be developed around to the globe to gain international market share since the countries are competing based on their research and development in each of the products. The brand image is the challenge that every firm faces in global markets. The analysis of the literature suggests that the brand image shall have to be built in the international market with marketing plans, requirement of the cross-cultural customers.
4. The global markets are facing the trade barriers due to the protection of the home industry, the preference of the utilization of the resources and many other governance and political reasons in various countries. The international trade barriers are generally created by the development countries since their economies are very strong in multi-dimensions. The study analysis has suggested that the international rules and regulations shall have to be followed by the firm and the home country with international consortium may lead to remove this trade barriers wall ceilings.
5. Finally, the global pricing is generally viewed with the international currency which is quite fluctuating in nature such as the US \$. The international pricing in some of the cases is quite high with higher profits with more tariffs or either cost of production is high and the exchange rate lead to eat up the profits of the developing economies. Thus, the pricing in the global markets is the major issue for the firms. The pricing of the products may be tackled by forming up a single forum for the products keeping in view the resources and the cost of production in different countries. The interview analysis regarding the price revealed that the exchange rate differences, hedging practices and other related price challenges are ongoing and time to time measures are taken by the company. Moreover, in order to penetrate in the global market, the company is entering in the agreements with the developing countries to grab their economies.

CONCLUSION

This research study has focused on highlighting the major global market challenges which may arise in the future in the global markets. The emergence of international trade and various trade agreements among the countries has not only brought a positive impact on the sharing of the resources but also raised the quality of lives of the people. This study has highlighted the major global market challenges for the future including of the global markets itself, cultural and consumer perceptions, brand image, international trade barriers and the pricing. The analysis of the literature by the various experts and scholars revealed that the global markets within its nature of existence, structure and home-host country concerns is a challenge to be operated for equal sharing of benefits and welfare. The firms are not only facing the cultural barriers of marketing their products in the existing global markets but will also continue to face this cross-cultural emergence of the products within the same country, which will gain a new challenge for future in the global markets. Moreover, the rapid change in the thinking and life style of the people towards the cultural and religious values is itself challenging for the firms at global and domestic levels. The third future challenge of the firms in the global markets is the branding of the products. The brand image for the domestic country is quite easy to understand, however, global image of the product is based on different marketing factors since the shared values are different among the countries and the quality of products may vary from country to country due to climatic and natural effects. The international trade barriers are generally created either for political reasons or for the governance reasons. These barriers are in the form of quota systems, protection of home industry, the political concerns, health issues, religious and community issues. These challenges may continue to increase with the passage of time since the developing countries are likely to depend more on the imports and thus to prevent the resources of home country, the trade barriers will increase in the

future. Finally, pricing is the biggest issue in global markets where competition is very high, the global markets are driven on the international currency which is dominant and is in dollar. This currency may fluctuate more often and result in the huge losses to the global firms and thus a single marketed price may not be confirmed. In case of a single price, the fluctuation may result in the abnormal profits.

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