Global Marketing Management
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Lecture – 39
Marketing in Emerging Markets– Part II

Welcome to global marketing management and now we will start talking about the last component of this course that is global marketing and the Internet. This topic will be covered in two modules that is module 39 and 40. Now we will start talking about module 39.

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And we will talk about what are the barriers to global internet marketing now everyone thinks that internet marketing is very easy and lots of things and everybody can do it. So therefore we will be talking about barriers to the global internet marketing. Then, you will also see what kind of what is the relationship between the competitive advantage and the cyberspace how a company can acquire a competitive advantage in the cyberspace.

And then you will also talk about the global internet consumers and the Globally integrated versus local responsive internet marketing strategy. Now you see that internet has revolutionised every face every aspect of life including international business and global marketing in particular.

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So roughly it has generally speaking it is it is a network of Computers interconnected throughout the world operating on a standard protocol that allows data to be transmitted from point x to point y and so on. Until the early 1990s, the internet was primarily used by used for military and academic research, military and academic researches.

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Internet provides a unique distribution and communication channels to marketers across the globe. So now communication has become much more easier and so it has the distribution also in several product categories. So it is ultimate market place to buy and to sell goods and services. The development of new software and other information and communication technologies during the 1990s they have turned the internet into a commercial medium that has transformed

businesses worldwide. In this module we will look at the impact of the world wide web on the internet of global marketing activities.

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Top 15 Countries in Internet Usage

Country	Internet Users (in millions)	% of World Users	Penetration (as % of country's population)	User Growth (2000-2008)
1. China	253.0	17.3	19.0	1,024.4
2. United States	220.1	15.0	72.5	130.9
3. Japan	94.0	6.4	73.8	99.7
4. India	60.0	4.1	5.2	1,100.0
5. Germany	52.5	3.6	63.8	118.9
6. Brazil	50.0	3.4	26.1	900.0
7. United Kingdom	41.8	2.9	68.6	171.5
8. France	36.1	2.5	58.1	325.3
9. South Korea	34.8	2.4	70.7	82.9
10. Italy	34.7	2.4	59.7	162.9
11. Russia	32.7	2.2	23.2	954.8
12. Canada	28.0	1.9	84.3	120.5
13. Turkey	26.5	1.8	36.9	1,225.0
14. Spain	25.6	1.8	63.3	375.6
15. Indonesia	25.0	1.7	10.5	1,150.0
Worldwide Total	1,463.6	100.0	21.9	305.5

This table shows top 15 countries by their percentage of internet usage. So China is supposed to be have the largest number of users followed United States and Japan.

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Barriers to Global Internet Marketing

• Although most forecasts about the future of global e-commerce are rosy, there are several structural barriers that might slow down its expansion.

Language Barriers	Cultural Barriers	Infrastructure
Knowledge Barriers	Access Charges	Government Regulations

So, now having understood that the world wide web and the internet has increased affected the International Business and it has become very easy to do Global marketing but there are also certain, some barriers to that comes with that. And now we will talk about various barriers.

Although most forecast about the future of global e-commerce are rosy, but there are several structural barriers that may slow down the expansion of this global E-Commerce.

And these are the following six, are the four six barriers. So, there are language barriers, cultural barriers, infrastructure, knowledge barriers, access charges and government regulations and we'll talk about each of them in some detail.

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So let us see what are the language barriers? So most of the content on the web is in English business users on the web are three times more likely to purchase when the website speaks their native, native language. Now, you see that most of the content is in is in English while the chances of a person purchasing increases three times if the content are in their local language. And the demand for Website localisation services has boosted a new web oriented translation industry.

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Another factor that affects the global internet marketing are the cultural barriers. Cultural norms and traditions can hinder the spread of internet. In Confucian based cultures like most East Asian nations business is conducted on a personal and face to face basis in many countries. Credit card penetration is very low. Advances in encryption and smart card technology should provide solution on this front.

However, even when all the enhanced, with all the enhanced security features many internet users is still prefer to have transaction offline because they think that are they doing transactions online is much more riskier.

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Cultural sensitive, sensitivity also matters in the website design. So, websites must include content and have a structure that conforms to the cultural values, symbols and Heroes of the sites visitors. Now you have to consider this website as a product and then therefore and then have to have to design the website accordingly. Failing to respect the local cultural norms companies run the risk of antagonizing the customers which they are trying to attract in the first place.

Then attitude towards privacy they are also vary widely. But Patriotism is another important consideration.

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And being sensitive to National identity can imply having a country specific website for each country instead of bundling smaller countries with the larger ones. So now you will have to the company will have to have to have a country specific website rather than thinking that the bigger they will go to the website of the bigger country and then do the transactions there. Symbols very familiar in the home market do not necessarily have a Universal meaning or they may even offend foreign consumers.

Website colours also convey different meanings. So here, what we are trying to understand is that the companies should, should come out of the self reference criteria and ethnocentrism and consider the website also as a product and design the website according to the customers,

according to the preferences of the customers they are trying to attract. And not just and they should not just try to adopt the website that they have made for some other country.

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Another challenge is that of infrastructure. In many emerging market countries e-readiness rank very low. E-readiness measures the extent of internet connectivity and infrastructure in the country. A key component of the measure relates to the hardware infrastructure for example the number of Wi-Fi, Wi-Fi hotspots, broadband penetration, security of internet connections, mobile phones in the country.

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This index also captures other elements such as citizen's ability to utilise technology skillfully, the transparency of the country's business and legal environment, the extent to which the government encourages the use of digital technology.

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Another important types of barriers are the knowledge barriers. A critical component of the international internet marketing is that the Digital literacy level of the host country. So now, earlier we were talking about the about the infrastructural barriers. Now we will talk about the knowledge barriers. And that that will include the data literacy levels of that country. So digital literacy is often defined as the ability to locate understand and create information using digital information.

Digital literacy matters both on the demand and the supply side. On the demand side low computer literacy could limit consumer's willingness to engage in e-commerce transaction.

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Barriers to Global Internet Marketing

- On the supply side, setting up an e-business often requires recruiting people with high computer literacy skills that in many countries are often in short supply.
- Especially in emerging markets, scarcity of proper talent and skills can restrain the development of a digital economy.
- Several governments have launched initiatives to improve digital literacy within their society.

And on the supply side setting up an e-business often requires recruit recruiting people with high computer literacy skills that in many countries maybe in short supply. So therefore because the supply, supplies in these kinds of people are very less in supply. So, they will be charging hire for for their services. Especially in emerging market scarcity of proper talent and skills can restrain in the development of the digital economy. Several governments have launched initiatives to improve digital literacy within their societies.

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Barriers to Global Internet Marketing

- **Access Charges:**
  - In numerous countries, high Internet access charges may deter users.
  - Rates vary a great deal across countries.
  - In markets with excessive access charges, comparison-shopping becomes very costly.
  - For instance, while eBay's U.S. customers may spend hours browsing the auction site, this is less likely in Europe where most people pay per-minute phone charges for internet access.

So after having understood the infrastructure barriers the knowledge barriers, now comes the access charges. So that can, access charges can also limit the usage of Internet in several emerging markets. In numerous countries high internet access charges may deter users. Rates

vary a great deal across countries in market with excessive access charges comparison shopping becomes very costly.

And when the when these charges are low then, it becomes easier and less costly for the consumers to compare the prices and other features of the, of the brands before they make a purchase. For instance, while eBay U.S. customers may spent hours browsing auction site, this is like less likely Europe where most people pay per minute phone charges for internet access.

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Government regulations, increased competition and new access tech alternatives should put down what special on the cost of going online.

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Then there are certain legal constraints and government regulations also that affect the global internet marketing. The first of this is the Red Tape and the government regulations stall E-Commerce in dozens of countries. Regulation differs on issues such as data protection, customer acceptance of the use of digital signatures and email contract are legally binding. So the regulations regarding the use of regarding the status of cryptocurrency for example, the data protection and what are the customs what will be the acceptance of digital signature and can we have a contracts being signed digitally and can we have contracts that can be emailed instead of having in hard copy.

So, ecommerce is global, but the laws are mostly local in nature. Hence one of the fundamental issues is the question of Jurisdiction, whose contract and consumer laws apply? Because the company for example this E-bay is a US company and customers in Europe. So, Laws of which country will be applicable in this kind of situation.

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Barriers to Global Internet Marketing

- Fragmented government regulations and laws affect e-commerce.
- Difference in value-added taxes, currencies and culture may pose problems for the companies.
- Legal conflicts also arise about domain names.
- Although government over-regulation can discourage the digital industry, some amount of regulation is clearly necessary, especially to defend intellectual property rights (IPR) and to stamp out cybercrime.

Fragmented government regulations and laws affects e-commerce. So now because of because of these laws being local in nature and e-commerce being global in nature this is also important agenda in the WTO that we have talked about in earlier module. Difference in value added taxes currencies and culture may pose problems for the companies because the value added tax's currency may be different in different countries.

So, legal conflicts also arise about the domain name so the same domain name it may be registered by someone in one country and it may not be available for this company to get. So, all the government over regulations can discourage the digital industry, some amount of regulation is is necessary especially to defend intellectual property rights and cyber and Cyber crimes.

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Barriers to Global Internet Marketing

* **Some other barriers**
  - Geographic distances can be a major constraint when goods need to be stocked and shipped.
  - Shipping costs easily become a major hurdle for many e-shoppers, especially for bulky items.
  - Delivery delays also increase with distance.
  - Credit card fraud and lack of trust in general is another challenge.
  - Several e-tailers have a blacklist of countries to which they refuse to ship because of past fraud problems.

In addition to these barriers, there, there are some other barriers. For example, Geographic distances can be major constraints when goods need to be stocked and shipped. So, if the geographic distances are huge, for example, in most of emerging markets there is a need to have more frequent more places where good can be stocked. Shipping cost easily becomes the major hurdle for many e-shoppers especially for bulky items.

So, if I purchase a bulky item from let us assume U.S., then the shipping charges will be very, very high and that will make it the product the cost of the product very high and therefore it will not be feasible for me to the buy the product. Then, there are also delivery delays because of distances there are some delivery delays also. On top of that there are credit card frauds and lack of trust in general is another challenge.

So people generally do not trust websites because they do they have not seen, the people there they have not seen the shop so that is another issue regarding trust. And then there are lots of credit card frauds also happening all the time. Several e-retailers have a black list of countries to which they refused to ship because of the past fraud problems.

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Competitive Advantage and Cyberspace

- The Internet offers two major benefits to companies that use the tool as a gateway to global marketing:
    1. Cost/efficiency savings
    2. Accessibility (*connectivity*)
- Compared to traditional communication tools (e.g., media advertising, catalogs) and distribution channels, the costs of the internet as a delivery channel are far lower.

Let us see the relationship of how cyberspace affects competitive advantage. Internet offers two major benefits to the company that uses the tool as gateway to global marketing the first is the cost and efficiency savings and another is accessibility that is the connectivity. Compared to traditional communication tools for example media advertising and catalogues and distribution channel the cost of the internet as a delivery channel are far lower.

So when you are not using internet for these two purposes then the cost will be used while internet will offer you cost Savings and it also increases the connective accessibility.

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Competitive Advantage and Cyberspace

- The Internet also offers access to customers around the world.
- As a result, the value of some of the pre-Internet sources of competitive advantage has been deflated.
- Some observers argue that small and large firms are on an equal footing as global competitors.
- Although size-related advantages will probably lessen, claims that the Internet provides a level playing field for all are somewhat overblown.

The internet also offers access to customers around the world. So customers around the world can go to the website and purchase there. As a result the value of some of the free Internet sources of competitive advantage are no longer there some of the observers argue that small and large firms on an equal footing as a global competitor because they the smaller company also can use internet with the same kind of efficiency and effectiveness as large competitors.

Although size-related advantages will probably lessen lower down claims that the internet provides a level playing field for all or somewhat overblown so, although there can be lots of advantages for small firms also but the large firms have the advantage of large number of resources, huge amount of money with them.

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Large Multinationals will still maintain an edge in most Industries over their smaller competitors especially when we are talking of global arena. Large firms still enjoy a substantial competitive advantage because of larger sources and more visibility among prospective customers worldwide. Deep pockets allow them to hire the best talent and buy the latest technology in the area. So although cyber space has leveled down the playing field between the large and small players but still large place have dual advantage because they have lots of money and there that money can be used effectively to acquire newer technology and for advertising and promotion.

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Competitive Advantage and Cyberspace

- They can also tap into their global expertise to cope with the countless challenges that going international poses:
  - The logistics of getting tangible goods to the customers,
  - Differing payment methods and currencies,
  - A maze of rules and regulations,
  - Coping with customs, and so forth.
- It is also more likely that target customers will find the website of well-known large MNC rather than of a small upstart.

They can also tap into their global expertise to cope with the countless challenges that going International poses. For example, the logistics of getting tangible goods in the customers different payment method and currencies a maze of rules and regulations coping with customer and so forth for big companies because they have lot of infrastructure, they have lot of money it is easier for them to deal with this 4 issues which is not the advantage with a small company.

It is also more likely that target customers will find the website of a well-known large multinationals where than a small of a start because large multinational has lots of money and they can use that only to, to index their website at a variety of places. So as soon as possible search something that website will come up first and advantages not there with a small, small upstart.

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Instead of size, technology is now being touted is it source for competitive advantage. Although technology matters, marketing skills will still pay play a major role in global marketing so cyberspace is available to everyone. But size matters now because of Technology the advantage of size is decreasing. But marketing skill will still play a major role. As a site with the latest technology but one that doesn't need customer Expectations will not make the cut.

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Let us see how the Global customers, internet consumers look like. For the following are the emerging issues and questions for global marketers. To what extent do online customers differ from online one, to what degree do internet buyers differ across cultures or countries? So internet usage patterns clearly differ across the countries, internet use rises with higher education and

income. But still there is a need to answer the questions that are to what extent online and offline customers are similar or different and the second is to what degree do internet by is differ across cultures and countries.

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Internet users also differ in terms of their online buying behaviour. So their offline buying behaviour may be different from the online buying behaviour of consumers. So Consumers can also vary in the perceived value that they derive from visiting a brand's website. So it is not only the perceived value of the product that they are buying it is also the perceived value that they want to derive out of the, the website itself.

The most important driver of perceived value is the utilitarian experience associated with the website. Companies can increase that experience by offering useful truthful and new information about their products and brands. So how much you utility the website is providing is the most important driver of the perceived value when the customers is talking about is thinking about a website and therefore the companies can increase that experience by offering useful truthful and new information.

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Global Internet Consumers

ii. The second most critical factor is the amount of pleasure provided by the site, with visual material being a major component.

iii. The next factor is customization.

iv. The effect of privacy/security protection on perceived value is strongest for people living in countries high on individualism and where the rule of law is weak.

v. Websites should be adapted to the local context for countries where consumers take pride in their country's symbols, cultures, and language.

The second most critical factor is the amount of pleasure provided by the site with visual material been a major component. The next important factor is customization. The effect of privacy security protection on perceived value is strongest for people living in countries high on individualism and where the rule of law is weak, so, in these kinds of countries that the most important thing for the customer is the privacy and the security protection.

Website should be adopted to the local context for countries where consumer take pride in their country symbols, culture and language.

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Globally Integrated versus Locally Responsive Internet Marketing Strategies

- At the core of any global web marketing strategy is the conflict between local responsiveness and global integration.
- Consumers have a higher purchase intention and better attitude toward locally adapted websites.
- However, localization comes at a price.
- By global or regional integration, the global web marketer can achieve operational efficiencies – in terms of setup, learning, and maintenance costs.

Now let us look at the Global integrated versus local responsive internet marketing strategies. At the core of any global web marketing strategy is the conflict between local responsiveness and global integration. So this tug of war this problem is always facing the multinational whether it is using internet marketing or not. But here we are a specifically at the internet marketing strategies. To consumers who have a higher purchase intentions and better attitude towards locally adopted websites. However, localisation comes at a price.

By global or regional integration the Global web market, marketers can achieve operational efficiencies in terms of setup learning and maintenance cost.

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Multinationals can also leverage these deficiencies to gain a competitive edge over their local players or global Rivals, rivals that use a different business model. These cost savings can be passed on to the distributor and to the end Consumers in the form of lower prices. So an integrated web marketing strategy can also ensure Cross Country consistency in building up a global brand image.

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Framework for deciding on the most suitable global internet marketing strategy

Now let us look at a Framework for deciding on the most suitable global internet marketing strategy. Global internet marketing strategy global internet strategies according to nature of building services being sold. So on x-axis we have Global integration that varies from high to low and on y-axis we have local responsiveness that again varies from high to low. So let us start with one. That is where Global integration is low while local responsiveness is high. So look and feel goods and services nationally differentiated strategy for example clothing, used cars, collectible arts and auctions.

Let us move on to the second cell, where Global integration is low and the local responsiveness is also low. So we are talking of local commodities pure local adaptation strategy for example produce, agriculture produce, internet access. The third cell is where the Global integration is high while local responsiveness is low. Here we are talking of global commodities that is global low cost strategy examples, books, CDs, videos, used records industrial goods and components.

In the fourth quadrant we are talking of high Global integration and high on local responsiveness. That is cultural or regulated goods or services, traditional cost adoptive strategy for example, wine financial products and information.

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Conclusion

- In this module, we have talked about various barriers to global internet marketing.
- We have also discussed how internet provides competitive edge to multinationals.
- The factors that differentiate global internet consumers from their offline counterparts have also been dealt with.
- Finally, we have covered various internet marketing strategies.

To conclude in this module, we have talked about the various barriers to global marketing strategies. Now we all know that internet is is a tool for global marketing but in this module we have talked about the various barriers that that comes along with the internet with for global marketers. We have also discussed about how internet provides a competitive edge to multinationals. Although it it provides the competitive internet provides competitive advantage to smaller companies also but the bigger companies are able to take more advantage of internet Visa Vis small companies.

The factors then we have talked about the factors that differentiate global internet consumers from their offline count counter parts and finally we have covered various internet internet marketing strategies.

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And these are the books that that have been used to develop this module. Thank you.