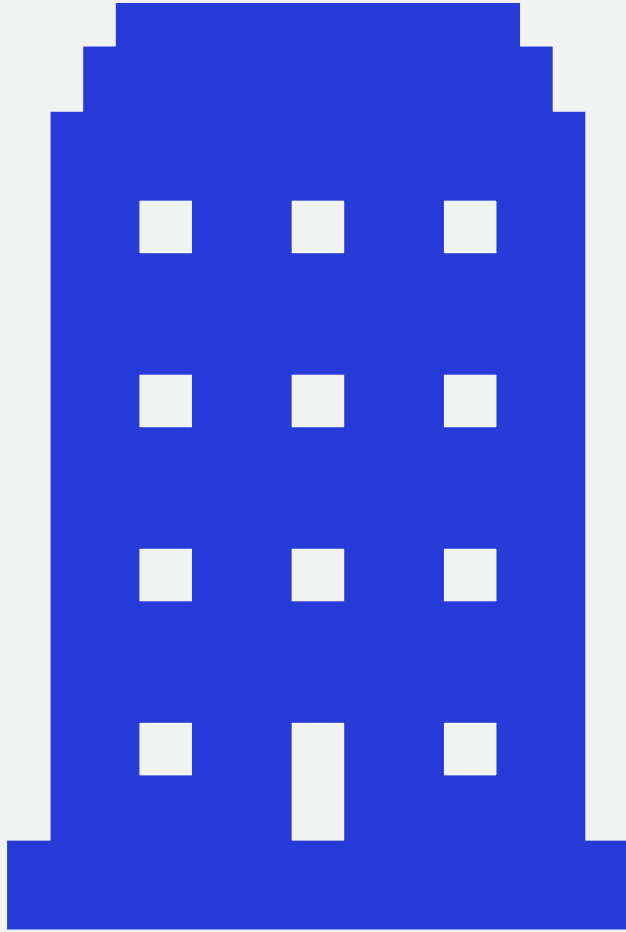

Benefits of Global Branding and Foreign Market Expansion Feasibility

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What we need to know

Here are all the topics this PowerPoint aims to cover from the BME Y12 Syllabus.

- benefits to a business of having a global brand
- factors that determine the feasibility of expanding into a foreign market, including:
 - level of demand by consumers
 - consumption patterns
 - competitor activity



Defining a Global Brand

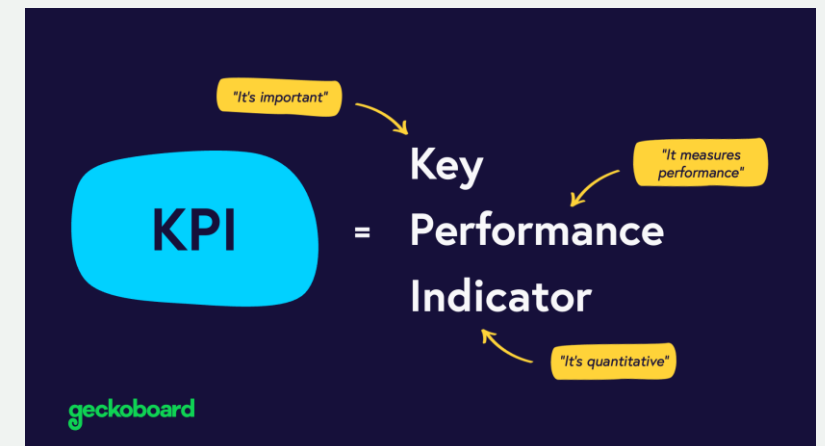
A business' global brand is an identifiable set of characteristics **associated with a company or product** which is managed in throughout **various regions** of the world. A firm with a global brand uses **a similar marketing strategy** to support its brand and development **globally**.

Benefits of a Global Brand

There are two types of benefits a firm can receive by utilizing a global brand: KPI aligned benefits and cost aligned benefits.

KPI aligned benefits:

- **Greater customer base** – as a firm sells in more markets, they can capitalise on a larger pool of customers which leads to more exposure
- **Greater revenue growth** through increased sales and exposure
- **Recognition** – a strong visual identity such as logos can allow consumers to identify products easily amongst others
- **Economics of scale** – the high costs associated with advertising can be spread across the world. Firms also benefit from selling in bulk internationally which reduces time and transaction costs
- **Diversification** – the risk of volatility (rapid and unpredictable change) that comes from PEST factors is spread globally so one or two failures do not threaten the business' solvency (ability to pay debts when due)
- **Extent product life cycle** – a firm can sell to a broad spectrum of consumers (especially developing countries) which can increase sales



Benefits of a Global Brand (Continued)

Cost aligned benefits:

- **Consistency** – enables a business to communicate consistent marketing messages to consumers which can result in stronger brand awareness and positioning as all marketing supports the same messaging.
- **Minimising risk** – businesses can utilise marketing strategies that historically have worked in domestic markets and globalise them
- **Easier to manage** – a standardised approach to global branding is less complicated than working with multiple marketing strategies

Feasibility of Foreign Market Expansion – Level of Demand by Consumers

Economic factors can impact the demand for **price elastic products**, these are products where the demand for them are highly sensitive/dependent on the price of the products.

Inflation, interest rates, discretionary spending (income levels), and job security all determine consumer propensity (readiness) levels that directly affect demand.

Level of Demand by Consumers

- Whether foreign markets have enough potential customers to justify the investments required in expanding to these markets.

Considerations to be made

- Frequency of purchases by consumers in foreign market
- The income levels of these potential customers being sustained so their discretionary income stays the same. This allows for the actual sales of a firm to remain close to the projected sales.
- Ability for a firm to influence the foreign markets to raise higher prices (to recoup research etc costs)
- Level of competition and the possibility of future competitors
- Ability to recuperate (make back) expansion costs

Feasibility of Foreign Market Expansion – Consumption Patterns

The composition or makeup of the tastes and preferences of a consumer group in a market is what's known as a **consumption pattern**.

Stability and predictability should be at the forefront in evaluating patterns.

Considerations to be made:

- Increased trade intensity has opened Australian exports to various consumers and markets
- Rising income and middle-class population in developing countries have increased demand for luxury goods. This incentivizes firms to market premium goods.
- Consumers' awareness and understanding has increased with relation to global brands. This has led to developed tastes for foreign and culturally diverse items.
- Asian markets are becoming increasingly more westernized as a direct result of similar needs
- Social media aligns global tastes and preferences (i.e. global demand for environmentally sustainable goods) and as such should be monitored to predict desirable goods and services.

Feasibility of Foreign Market Expansion – Competitor Activity

Competitor Activity

It is difficult for new firms to penetrate foreign markets if established competitors have:

- Strong **customer bases**
- Considered a part of the **country's culture**
- Have **established distribution channels**
- Have **strong working relations with partners and suppliers**

Considerations to be made

- Pre-existing intellectual property may limit or restrain a firm from entering the foreign market
- Differentiation by creating a unique selling point for the firm's offerings (innovation!)
- Achieving economics of scale. This allows a firm to exploit the bargaining power that comes with bulk buying (negotiating better prices for material or inputs like labour)
- Multinational firms that could exploit their economics of scale and drive less productive firms out of the market