

Advanced 1
Unit 3 Reading
Presented by Mohammad Rajabpur

The Global Product
The World as a Single Market

A

For businesses, the world is becoming a smaller place. Travel and transportation are becoming quicker and easier, communications can be instantaneous to any part of the world, and trade barriers are breaking down. Consequently, there are tremendous opportunities for businesses to broaden their markets into foreign countries. The challenge facing those promoting products globally is to determine whether marketing methods should be the same across the world or if they should be adapted to different markets based on specific cultural factors.

B

Many theorists argue that, with the "shrinking" of the world, global standardization is inevitable. Over time, and as economics develop, it has been suggested that consumer buying patterns will blend into one another and national differences may disappear. Kellogg, the American breakfast cereal producer, has been very influential in challenging consumption patterns in countries outside the United States. In France, for example, breakfast cereals were almost unheard of and market research suggested that the market was closed to companies like Kellogg. However, today, there is growing demand for breakfast cereals across France. Nevertheless, the standardization of products for worldwide consumption in this way is rarely the most effective strategy as is evident from an analysis of the following key aspects of global marketing.

C

First of all, it is considered better business practice by many large, established companies to change their products from one country to the next. Take the example of Coca Cola. The recipe for this drink is changed to suit local tastes—the brand in the U.S. is much sweeter than in the U.K., whilst in India the product's herbs and flavoring are given more emphasis. In terms of the car industry, it would be too expensive for manufacturers to develop and build completely different vehicles for different markets, yet a single, global model is likely to appeal to no one. In response

to varying needs. Nissan, for example, sells in 75 different markets, but has eight different Chassis designs. The Ford Mondeo was designed with key features from different markets in mind in an effort to make its appeal as broad as possible. The best policy, as far as most multi-national companies are concerned, is to adapt their product to a particular market.

D

Secondly, it is also important to consider whether a product should be launched simultaneously in all countries (known as a "sprinkler launch") or sequentially in one market after another (a "waterfall launch"). In practice, most companies producing consumer goods tend to launch a new product in one or two markets at a time rather than attempt to launch a product across a range of countries at a single time. Many high-tech products such as DVD players reached the market in Japan before reaching the U.K. Hollywood films are often seen in the United States weeks or months before they arrive in other countries. For example, *Star Wars Episode One* was launched in the U.S. in May 1999, in the U.K. in July 1999, and in Spain in August 1999.

E

The advantage for firms is that it is easier to launch in one market at a time. Effort and concentration can be focused to ensure the best possible entry into the market. Moreover, for technical products especially, any initial problems become apparent in a single market and can be corrected prior to launch elsewhere. Even though this method can be time-consuming, it is usually a safer approach than a simultaneous launch. Despite this, in certain highly competitive markets such as computer chips, companies such as Intel tend to launch their new products internationally at the same time to keep the product ahead of its competitors.

F

The final consideration when planning to enter a global market, rather than assuming the product will suit all markets, is to take cultural differences into account. Prices have to be converted to a different currency and any literature has to be translated into a different language. There are also less tangible differences. It is quite possible that common practices in one country can cause offense and have grave consequences for business success in another. In one situation in China, a Western businessman caused offense to a group of local delegates because he started to fill out the paperwork immediately after shaking hands on a deal. Completing the legal

documents so soon after the negotiations was regarded as undermining the hosts' trust. Knowledge about such cultural differences is absolutely vital.

G

Therefore, if a company is attempting to broaden its operations globally, it must take the time to find out about local customs and methods of business operation. Equally important is to ensure that such information is available to all necessary workers in the organization. For example, in order to attempt to avoid causing offense to passengers from abroad. British Airways aims to raise awareness of cultural differences amongst all its cabin crew.

H

It can be concluded that global standardization of products to "fit" all markets is unlikely to be the most viable option. Marketing methods employed will depend on many factors, such as the type of product, the degree of competition, the reputation of the firm and/or the brand, the state of the economy into which the product is to be launched, and how and when to launch. In short, the key to marketing success on a global level is to have sufficient information on how cultural differences are likely to affect the marketing of a product and then allow the appropriate decisions to be made.

Vocabulary

A

- **Trade barriers** – Restrictions such as tariffs, quotas, or regulations that make it difficult to buy and sell goods between countries.
- **Tremendous opportunities** – Very large or significant chances for success.
- **Broaden their markets** – Expand the range of countries or customers a business sells to.
- **Marketing methods** – Strategies or techniques used to promote and sell products.
- **Adapted to different markets** – Changed or modified to suit local preferences or conditions.
- **Cultural factors** – Traditions, beliefs, values, and social behaviors unique to a particular society.

B

- **Theorists** – People who formulate ideas and concepts to explain phenomena.
- **Shrinking of the world** – The phenomenon where global connectivity and interaction make countries more interconnected.
- **Global standardization** – Making products and marketing strategies uniform across all countries.
- **Consumer buying patterns** – Habits and tendencies of people when purchasing products.
- **National differences** – Distinctive economic, social, or cultural characteristics between countries.
- **Market research** – Gathering and analyzing information about consumers, competitors, and market trends.
- **Worldwide consumption** – Products being bought and used across multiple countries.

C

- **Business practice** – The standard or accepted way companies operate.
- **Local tastes** – Preferences of consumers in a particular region.
- **Emphasis** – Special attention or importance given to something.
- **Chassis** – The frame of a car on which the body and engine are built.
- **Multi-national companies (MNCs)** – Companies that operate in multiple countries.
- **Adapt their product** – Modify a product to suit the needs of a specific market.

D

- **Launched simultaneously** – Released in all markets at the same time.
- **Sprinkler launch** – Strategy of launching a product simultaneously in many countries.
- **Sequential launch / Waterfall launch** – Releasing a product in one country at a time, in sequence.
- **Consumer goods** – Products bought and used by ordinary people, not for manufacturing.

E

- **Effort and concentration** – Focus and work applied to achieve a goal.
- **Technical products** – Items that involve technology, machinery, or specialized knowledge.

- **Initial problems** – Early issues that occur when introducing a product.
- **Highly competitive markets** – Markets with many firms competing aggressively.
- **Keep the product ahead of competitors** – Maintain a competitive advantage over rivals.

F

- **Cultural differences** – Variations in customs, beliefs, and behaviors across countries.
- **Converted to a different currency** – Changed the price from one country's money to another's.
- **Less tangible differences** – Differences that are not easily seen or measured, such as etiquette or social norms.
- **Cause offense** – Actions that may upset or insult others.
- **Grave consequences** – Serious or severe results.
- **Undermining trust** – Damaging confidence or faith in someone or something.

G

- **Broaden its operations globally** – Expand business activities to international markets.
- **Local customs** – Traditional practices or habits in a specific country.
- **Raise awareness** – Increase knowledge or understanding of something.

H

- **Viable option** – A practical and workable choice.
- **Degree of competition** – The level of rivalry among companies in a market.
- **Reputation of the firm / brand** – How a company or brand is perceived by the public.
- **Sufficient information** – Enough knowledge or data to make informed decisions.
- **Marketing success** – Achieving desired outcomes in selling and promoting products.

Comprehension Questions:

Paragraph A

Q1: How is the world becoming “smaller” for businesses?

A1: Because travel and transportation are quicker and easier, communications are instantaneous, and trade barriers are breaking down.

Q2: What opportunities arise from this “smaller world”?

A2: Businesses have tremendous opportunities to broaden their markets into foreign countries.

Q3: What challenge do companies face when promoting products globally?

A3: They must decide whether marketing methods should be the same across the world or adapted to different markets based on cultural factors.

Paragraph B

Q4: What do many theorists believe about global standardization?

A4: They argue that it is inevitable as the world “shrinks” and consumer buying patterns blend, making national differences disappear.

Q5: How did Kellogg influence consumption patterns in France?

A5: Kellogg challenged local consumption patterns, and although breakfast cereals were once almost unheard of, there is now growing demand.

Q6: Is global product standardization always effective?

A6: No, it is rarely the most effective strategy, as shown by global marketing considerations.

Paragraph C

Q7: Why do companies adapt products to different countries?

A7: Because local tastes and market preferences vary, and a single global product may not appeal to everyone.

Q8: How does Coca-Cola adapt its product in different countries?

A8: The recipe is adjusted—sweeter in the U.S., different flavor emphasis in India.

Q9: How does Nissan manage its cars for different markets?

A9: Nissan sells in 75 markets but has eight different chassis designs to meet varying needs.

Q10: What is the general policy for multinational companies regarding product adaptation?

A10: They usually adapt their products to suit particular markets.

Paragraph D

Q11: What are the two types of product launches mentioned?

A11: A “sprinkler launch” (simultaneous in all countries) and a “waterfall launch” (sequentially, one market after another).

Q12: Which launch method is more common for consumer goods?

A12: Launching in one or two markets at a time is more common.

Q13: Give an example of a product that was launched sequentially in different countries.

A13: Star Wars Episode One—U.S. in May 1999, U.K. in July 1999, Spain in August 1999.

Paragraph E

Q14: What are the advantages of a sequential (waterfall) launch?

A14: Focused effort, better market entry, and early detection and correction of problems.

Q15: Why might some products still use simultaneous launches?

A15: In highly competitive markets, such as computer chips, to stay ahead of competitors (example: Intel).

Paragraph F

Q16: What cultural factors must companies consider in global markets?

A16: Currency differences, language translation, and local practices that may cause offense.

Q17: Give an example of a cultural misunderstanding in business.

A17: In China, a Western businessman offended local delegates by filling out paperwork immediately after shaking hands.

Q18: Why is knowledge of cultural differences important?

A18: It is vital for business success and avoiding mistakes that could harm relationships.

Paragraph G

Q19: What should companies do before entering global markets?

A19: They must research local customs and business methods.

Q20: How does British Airways address cultural differences?

A20: By raising awareness among all cabin crew to avoid offending passengers from abroad.

Paragraph H

Q21: Is global standardization of products likely to succeed?

A21: No, it is unlikely to be the most viable option.

Q22: What factors influence global marketing methods?

A22: Type of product, competition, company/brand reputation, economic conditions, and launch strategy.

Q23: What is the key to marketing success globally?

A23: Having sufficient information on cultural differences and making appropriate decisions based on that knowledge.

Summary of the Whole Passage

Globalization has created vast opportunities for businesses to expand internationally, but success depends on carefully balancing standardization and adaptation. While some theorists predict global consumer habits will converge, most companies find it more effective to adjust products, marketing strategies, and launch methods to suit local tastes, cultural norms, and market conditions. Examples include Coca-Cola tailoring flavors by country, car manufacturers designing region-specific models, and companies choosing sequential or simultaneous product launches based on risk and competition. Understanding cultural differences, from language and currency to business customs, is essential for avoiding misunderstandings and ensuring effective global operations. In short, informed adaptation rather than universal standardization is key to marketing success in a global market.

Paragraph by Paragraph Summary:

A – Globalization has made the world more connected through faster travel, communication, and reduced trade barriers. Businesses now have opportunities to expand internationally but must decide whether to use uniform marketing strategies or adapt them to local cultures.

B – Some theorists argue that global standardization of products is inevitable as consumer habits converge worldwide. Companies like Kellogg have successfully influenced foreign markets, though total standardization is rarely the most effective approach.

C – Many companies prefer adapting products to local tastes rather than using a single global model. Examples include Coca-Cola adjusting sweetness by country

and car manufacturers like Nissan and Ford creating different models or features to suit local markets.

D – Companies must also decide whether to launch products simultaneously worldwide (“sprinkler launch”) or sequentially in select markets (“waterfall launch”). Most consumer goods are introduced gradually, as seen with DVD players and Hollywood films.

E – Sequential launches allow companies to focus resources, identify and fix initial problems, and reduce risk. However, in highly competitive sectors, simultaneous global launches may be necessary, as with Intel’s computer chips.

F – Cultural differences must be considered in global marketing. This includes currency, language, and business customs. Misunderstandings, like ignoring local negotiation practices, can harm business relationships.

G – Companies need to research local customs and share this knowledge internally. For instance, British Airways trains cabin crew to be aware of cultural differences to avoid offending international passengers.

H – Global standardization is rarely the best strategy. Successful marketing depends on product type, competition, brand reputation, economic conditions, and launch strategy, with cultural awareness being crucial for informed decisions.