

Chapter 24 – GLOBAL BUSINESS

PAST GLOBAL BUSINESS EXAM QUESTIONS

<p>2019 – DISCUSS THE BENEFITS AND THE CHALLENGES FOR A BUSINESS OF TRADING IN THE GLOBAL MARKET.</p> <p><u>Benefits</u></p> <ol style="list-style-type: none"> 1. Increase sales - Ireland has a small population, Asia and Europe have large populations, selling here could have a positive effect on sales/profits. 2. Greater Economies of Scale - benefits of large production /Producing and selling in bulk will reduce unit costs resulting in increased sales and profits. 3. Niche Markets can exist in different countries i.e. luxury Irish skincare products. Target certain markets. 4. The business may acquire ideas from other markets and competition. 	<p>2019 – DISCUSS THE BENEFITS AND THE CHALLENGES FOR A BUSINESS OF TRADING IN THE GLOBAL MARKET.</p> <p><u>Challenges</u></p> <ol style="list-style-type: none"> 1. Competition levels are high so only the most efficient businesses will survive 2. There will be a lot of red tape for selling a products to foreign markets even within the EU. Staff may need to be retrained and costs may rise. 3. Social and cultural differences. Different types of skin Types to product to reflect this. 4. Difficulty getting goods delivered in a fast and reliable manner 	<p>2018 – EVALUATE THE OPPORTUNITIES AND CHALLENGES FOR THE IRISH ECONOMY OF FOREIGN MULTINATIONALS (MNCs) LOCATING IN IRELAND.</p> <p><u>Opportunities</u></p> <ol style="list-style-type: none"> 1. Direct employment. Employ highly skilled graduates, prevents a 'brain drain' from the country. 2. Tax revenue for the Government 3. Positive spin-off effects for the local economy and local business 4. Enhance Ireland's reputation and acts as a catalyst for further FDI 5. Bring a knowledge base and a business expertise to Ireland
<p>2018 – EVALUATE THE OPPORTUNITIES AND CHALLENGES FOR THE IRISH ECONOMY OF FOREIGN MULTINATIONALS (MNCs) LOCATING IN IRELAND</p> <p><u>Challenges</u></p> <ol style="list-style-type: none"> 1. Excellent high-tech companies have easy access to international markets. 2. Repatriation of profits, which means wealth leaves the Irish economy. 3. Tax avoidance schemes such as those operated by Apple mean the actual tax gain for the country is much less than expected. 4. Brexit. The decision of the United Kingdom to leave the European Union will mean that the UK are free to 'outbid' Ireland to attract multinationals. 5. New US Trade rules may attract multinationals back to the US 	<p>2017 – EXPLAIN THE TERM GLOBAL BUSINESS.</p> <p>A global business sells all over the world/regards the world as a single market /using a standardised marketing mix /adapted marketing mix.</p> <p>NAME TWO EXAMPLES OF GLOBAL BUSINESSES.</p> <p>Examples: Coca-Cola, Google, Facebook, Nike, Adidas, Amazon, VW, Ford</p>	<p>2016 – DISCUSS THE MARKETING CHALLENGES AN IRISH BUSINESS MAY FACE WHEN TRADING GLOBALLY, PROVIDING EXAMPLES TO SUPPORT YOUR ANSWER.</p> <ol style="list-style-type: none"> 1. Product may have to be adapted to meet local requirements. Example: Irish electronic products would have to be adapted to suit electrical sockets 2. Price must take into account standard of living, local competition, taxes, - Irish firm may charge a higher price due to standard of living 3. Longer channels of distribution (place) may result in firms setting up manufacturing plants in other countries- Glanbia have set up plants in various countries including Germany, Belgium, USA etc. 4. Language, culture, media are major factors for business to take into account before engaging in a promotion campaign. Tobacco products cannot be advertised in Ireland but can in other countries.
<p>2014 – EXPLAIN THE TERM 'GLOBAL BUSINESS'</p> <p>A global business sees the world as one giant market and production location. A global business provides the same, undifferentiated product worldwide. It uses a global marketing strategy, which involves the same or sometimes an adapted marketing mix (product, price, place, promotion) throughout the world to build a global brand. Examples of global businesses include Coca Cola, Dell, Nike, Toyota, Microsoft, Intel, HP, Google, and Nokia.</p>	<p>2014 – DISCUSS THE EFFECTS OF 'GLOBALISATION' ON THE IRISH ECONOMY. PROVIDE EXAMPLES TO ILLUSTRATE YOUR ANSWER.</p> <ol style="list-style-type: none"> 1. Globalisation can be viewed as an opportunity for Irish businesses to sell goods and services abroad and grow and expand their operations.. 2. Globalisation impacts on the labour market within the Irish economy, Ireland now has significant immigration as global companies located here try to fill high skill vacancies, for example in the technology sector, where there is a skill shortage. 3. Global companies located in Ireland are a significant source of employment. Companies such as Dell, Microsoft, Google, Hibernian Aviva, Palm Inc., Facebook & Intel have all made significant contributions to the success of Ireland's economy. 4. Consumers get much wider variety of products to choose from and they get the product they want at more competitive prices 	<p>2012 – OUTLINE FOUR DEVELOPMENTS IN TECHNOLOGY THAT HAVE FACILITATED THE GROWTH IN GLOBALISATION.</p> <ol style="list-style-type: none"> 1. Design/ CAD. CAD (Computer Aided Design) had revolutionised the design process, making it much easier and faster, allowing companies to change to global conditions. 2. Production/CAM Computer aided manufacture (CAM) where all equipment can be computer controlled and computer integrated manufacturing (CIM) which involves total integrated control of the production from design to delivery, 3. Communication/mobile technology/EDI greatly facilitates communication in a global market. Document transfer, automated stock ordering, details of trading figures 4. Decision Making/ISDN uses telephone lines to transmit and receive digital information. File transfer, teleworking, video conferencing, e-mail 5. Marketing/Internet/social networking/www
<p>2011 – ILLUSTRATE HOW FOREIGN TRANSNATIONALS HAVE IMPACTED ON THE IRISH ECONOMY.</p> <ol style="list-style-type: none"> 1. Direct employment 2. Tax revenue P 3. Positive spin-off 4. Enhance Ireland's reputation 5. Bring a knowledge base and a business expertise to Ireland 6. have easy access to international markets. 7 promoting an entrepreneurial spirit. 	<p>2009 – EXPLAIN THE TERM 'GLOBAL MARKETING' AND NAME TWO GLOBAL BUSINESSES.</p> <p>A global business sells the same, undifferentiated product worldwide. Global marketing uses the same or an adapted marketing mix (product, price, place, promotion) throughout the world to build a global brand.</p> <p>Examples: Coca Cola, Dell, Nike, Toyota, Microsoft, Intel, HP, Google, Nokia</p>	<p>2009 -DISCUSS CHALLENGES OF GLOBAL BUSINESS, USING EXAMPLES TO SUPPORT YOUR ANSWER.</p> <p><u>Global Price</u></p> <ol style="list-style-type: none"> 1. Reflective of the respective cost of living in different countries/sun cream in Spain 2. Recognises the cost of production, distribution, marketing, transportation etc <p><u>Global Place</u></p> <ol style="list-style-type: none"> 1. Selling directly to customers 2. Use of agents - independent person who will act on behalf of the firm, <p><u>Global Promotion</u> Differences in legislation, language and culture need to be recognised in the choice of promotion - internet, trade fair</p> <p><u>Global Product</u> - Product may need to be adjusted to reflect technical/legal requirements - Packaging may need to be changed to cater for the needs of the local</p>

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WHAT ARE TNC

1. Are firms that produce and market goods in more than one country - For example McDonalds, Microsoft, Ford. They are also known as Multinationals
2. They have a global perspective - They see the world as one giant market. They don't have strong ties to any one particular country
3. They carry out market research, raise finance, source raw materials and manufacture wherever they can maximise a profit
4. Most TNC have their headquarters in USA, Europe

GLOBAL MARKETING MIX

Global Marketing means marketing a product globally with broadly the same marketing mix as though the world were a single marketplace. This provides

- Cost savings - Product design and advertising can be the same
- Recognition - Global Brands = customer loyalty

Standardised Global Marketing mix

using the same basic mix in different countries. This is used by coca cola. Sometime adjustments have to be made for each country

Adapted Global Marketing Mix

Adjusting the mix to take into account Cultural, Geographic, Economic and other difference in various countries

BENEFITS OG OPERATING GLOBALLY

1. Access to a global Market
2. Huge Economics of Scale (Discounts)
3. Global Brand Recognition
4. Expansion and business survival
5. Customer needs may not be properly met (Standardised products)
6. Diseconomies of scale -
7. Increased risks

GLOBAL COMPANY

Characteristics

1. **Global Market** - the world as one single marketplace. Regardless of location
2. **Standardised Products** - Sells the same product in broadly the same way throughout the world with minor variations
3. **Economics of Scale** - By mass producing quantities of goods these can be achieved. This reduces production cost per unit to a low level
4. **Global Branding** - They invest in developing a recognisable brand. All elements of the marketing mix as the same world wide

Reason for Developing a Global Company

1. **Own Market Saturation** - Can increase sales in their own market
2. **Spread the risk** - Not dependant on one country (Unilever)
3. **Economics of Scale** - Can be achieved by selling to large markets
4. **Opening of Global Markets** - EU and WTO
5. Faster transportation and Tele Communication links - ICT - E-mail, EDI, Video Conferencing
6. E-business - Buying and selling on the internet

HELPING IRISH GO GLOBAL

Enterprise Ireland

- This is a state agency responsible for assisting Irish owned firms to grow and expand by exporting internationally
- They assists Irish firms by

1. Providing Market Research
2. Assisting with international Advertising
3. Providing Translation services
4. Providing advice
5. Provides Grants and venture capital investment

GLOBAL PRODUCT	GLOBAL PRICE	GLOBAL PLACE	GLOBAL PROMOTION
<ol style="list-style-type: none"> 1. This is a product that is the same all over the world. 2. It's easier for consumers to recognise and trust a product. Product sharing means that part of a product is made in one country and then shipped to another for further assembly Product design may need to be adjusted Brands names 	<p>Price may vary from country to country due to the following</p> <ol style="list-style-type: none"> 1. Standard of living 2. Transportation costs 3. Import and sales tax 4. Levels of competition 5. Different Adjustments 	<p>The channels of distribution tend to be more complex. The channel available to a global company include</p> <ol style="list-style-type: none"> 1. Export directly to the customer (Dell) 2. Use distribution agents - (car dealers) 3. Licensing - A foreign licensing agreement is a deal that gives permission to a local firm to manufacture or distribute a global firms goods or service. In return the global business receives a commission on sales 4. Joint venture - Resource and capital are invested in both companies and profits are shared 5. Set up a foreign subsidiary - set up a manufacturing plant in the country concerned 6. Use an export trading house - buying the product in one country and the resells it at a profit in another country 	<p>Instead of designing different campaigns for each country, one global promotion campaign can be implemented</p> <ol style="list-style-type: none"> 1. Global Advertising - poster and websites can be easily translated into different languages 2. Global Public Relations - using it good reputation in one part of the world to improve relations in another country 3. Internet - 4. Trade Fair - Is a business exhibition where suppliers display their products to potential customers