2. Globalization of Markets

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Overview on Globalization of Markets

Framework of Market Globalization
  - Drivers of Market Globalization

Dimensions of Market Globalization
  - Consequences of Market Globalization
### Dimensions and Facilitators

<table>
<thead>
<tr>
<th>Dimensions</th>
<th>Facilitators</th>
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<tr>
<td>1) Integration and interdependence of national economies</td>
<td>Collective international activities by companies, Government initiatives to reduce trade and investment barriers</td>
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<td>2) Rise of regional trade blocs</td>
<td>Free trade areas; low or no barriers to trade and investment</td>
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<td>3) Growth of global investment and financial flows</td>
<td>Foreign direct investment, currency trading, and global capital markets</td>
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<td>4) Convergence of buyer lifestyles and preferences</td>
<td>Global media, standardized products</td>
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<td>5) Globalization of production activities and services</td>
<td>Low labor-cost locations (Offshoring and Outsourcing)</td>
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1) Interdependence of national economies

Both countries have much to gain from closer partnerships in trade and investment. Two broad goals would be desirable: One is to increase economic interdependence by facilitating investments; the other is to develop freer trade agreements.


2) Rise of regional trade blocs

CHAPTER 9 - COMING SOON!!!
3) Growth of global investment and financial flows

Driven by foreign direct investment, currency trading, and global capital markets.


4) Convergence of buyer lifestyles and preferences

Facilitated by global media and standardized products

Crowds of young people swarmed a counter as they tried to buy the new Samsung Galaxy S4 smartphone in Yangon/Myanmar, May 4, 2013 (Source: Wall Street Journal)
5) Globalization of production and services

Facilitated by low labor-cost locations

Chapter 1 - Motives (4b)

4b. Benefit from global sourcing advantages, or gain flexibility in the sourcing of products
**Key takeaway: Dimensions**

- **Countries.** Multilateral trade agreements and reducing trade barriers
- **Companies.** International investment and financial activities
- **Value-chain.** Outsourcing
- **Customers.** Converging market needs and wants
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