

The Scope and Challenge of International Marketing



Modular:

Afjal Hossain

Lecturer, Department of Marketing

PSTU

Global Perspective: Global Commerce Causes Peace

- Global commerce during peace time
 - Commercial aircraft and space vehicle industries
 - Mobile phone industry
 - Individuals and small companies
- International markets are ultimately unpredictable
 - Flexibility means survival



Events and Trends Affecting Global Business

- The rapid growth of the World Trade Organization and regional free trade areas
- The trend toward the acceptance of the free market system among developing countries in Latin America, Asia, and eastern Europe
- The burgeoning impact of the Internet, mobile phones, and other global media on the dissolution of national borders
- The mandate to properly manage the resources and global environment for the generations to come



The Internationalization of U.S. Business

- Increasing globalization of markets
- Increasing number of U.S. companies are foreign controlled
 - \$9.6 trillion in foreign investment in the U.S. – \$2.6 trillion more than American overseas investment
- Increasing number of foreign companies building and buying manufacturing plants in the U.S.
- Increasing difficulty for domestic markets to sustain customary rates of growth



Foreign Acquisitions of U.S. Companies

U.S. Companies

Firestone (tires)
Ben & Jerry's (ice cream)
Alpo (pet food)
Burger King (fast food)
Random House (publishing)
Chrysler (autos)
TV Guide (magazine)
New York Post (newspaper)
Oroweat (breads)
Smith and Wesson (guns)
RCA (televisions)
Chef America ("Hot Pockets" and other foods)
[IBM] ThinkPad (personal computers)
Huffy Corp. (bicycles)

Foreign Owner

Japan
U.K.
Switzerland
U.K.
Germany
Germany
Australia
Australia
Mexico
U.K.
France/China

Switzerland
China
China



Selected U.S. Companies and Their International Sales

Company	Global Revenues (billions)	Percent Revenues from Outside the U.S.
Wal-Mart	\$285.2	19.7
Ford Motor	171.6	49.2
General Electric	152.4	46.8
CitiGroup	86.2	58.1
Hewlett-Packard	73.1	60.3
Boeing	52.5	28.7
Intel	34.2	76.8
Disney	30.8	28.8
Coca-Cola	22.0	73.1
Apple	8.3	40.7

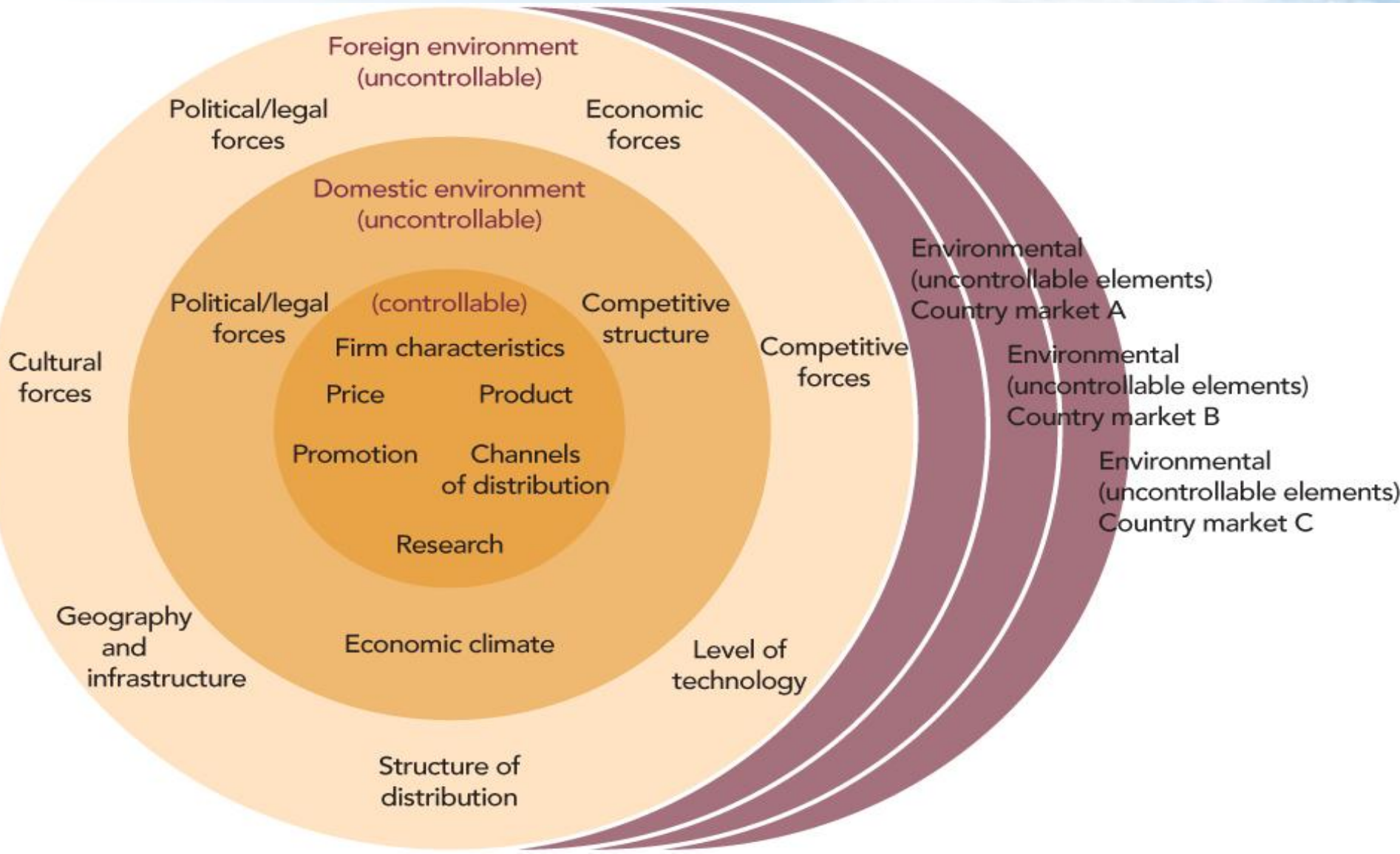


International Marketing Defined

*International marketing is the performance of business activities designed to **plan, price, promote,** and **direct** the flow of a company's goods and services to consumers or users in more than one nation for a profit.*



The International Marketing Task



Environmental Adaptation Needed

- Be able to interpret effectively the influence and impact of the culture in which you hope to do business
 - Cultural adjustments
- Establish a frame of reference
- Avoid measuring and assessing markets against the fixed values and assumptions of your own culture



The Self-Reference Criterion and Ethnocentrism

- The key to successful international marketing is **adaptation** to the **environmental differences** from one market to another.
- Primary obstacles to success in international marketing:
 - SRC
 - Associated ethnocentrism

SRC is an unconscious reference to one's own cultural values, experiences, and knowledge as a basis for decisions.

Ethnocentrism is the notion that one's own culture or company knows best how to do things.



The Self-Reference Criterion and Ethnocentrism (continued)

- Dangers of the SRC:
 - Failing to recognize the need to take action
 - Discounting the cultural differences that exist among countries
 - Reacting to a situation in a way offensive to your hosts
- Ethnocentrism and the SRC can influence an evaluation of the **appropriateness** of a domestically designed marketing mix for a foreign market.
- The most effective way to control the influence of ethnocentrism and the SRC is to **recognize** their effects on our behavior.



Framework for Cross-cultural Analysis

1. Define the business problem or goal in home-country cultural traits, habits, or norms.
2. Define the business problem or goal in foreign-country cultural traits, habits, or norms through consultation with natives of the target country. Make no value judgments.
3. Isolate the SRC influence in the problem and examine it carefully to see how it complicates the problem.
4. Redefine the problem without the SRC influence and solve for the optimum business goal situation.



Developing a Global Awareness

- Tolerance of cultural differences:
 - Understanding cultural differences and accepting and working with others whose behavior may be different from yours
- Knowledge of cultures, history, world market potential, and global economic, social, and political trends

Approaches to global awareness:

- Select individual managers specifically for their demonstrated global awareness
- Develop personal relationships in other countries
- Have a culturally diverse senior executive staff or board of directors



Stages of International Marketing Involvement

- No direct foreign marketing
- Infrequent foreign marketing
- Regular foreign marketing
- International marketing
- Global marketing



Strategic Orientation

- Domestic market extension orientation
- Multi-Domestic market orientation
- Global market orientation

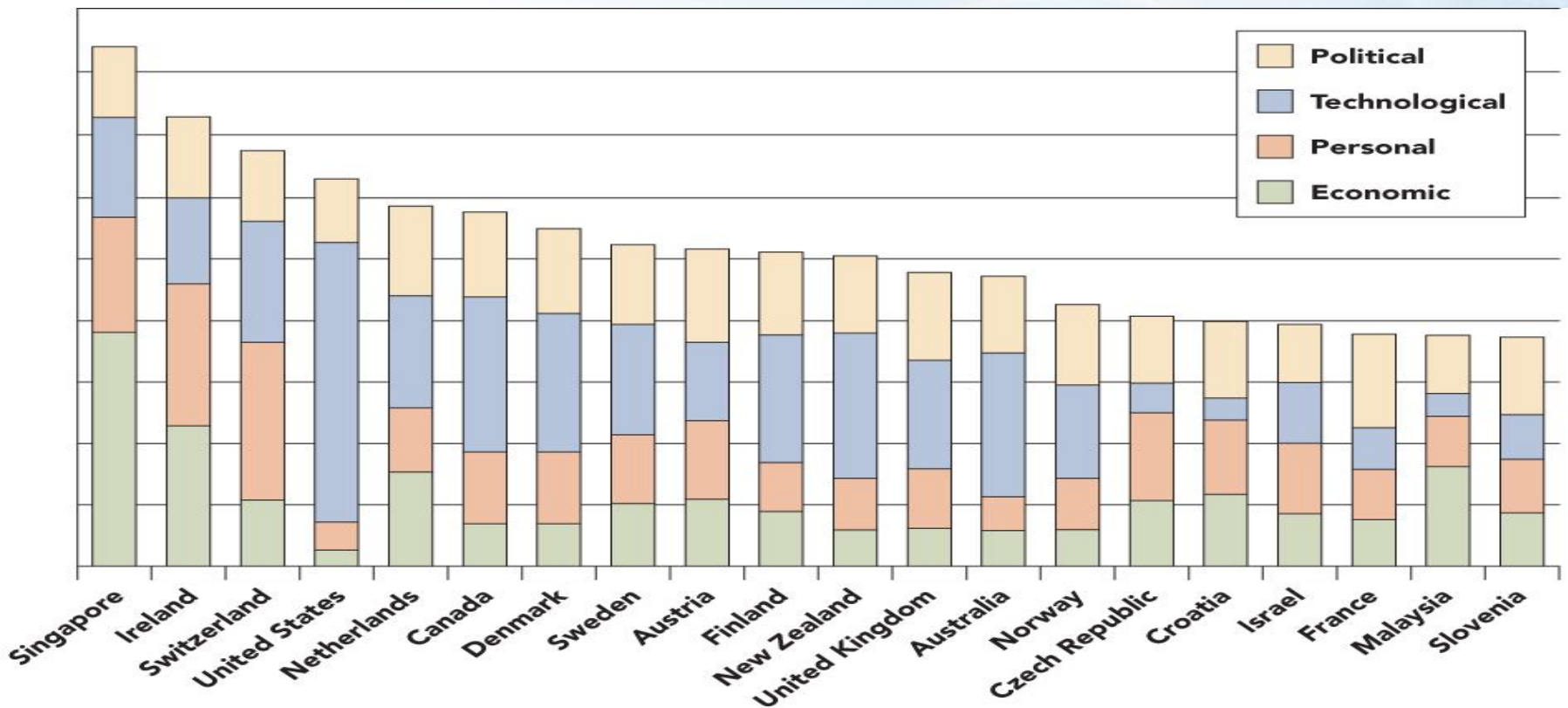


The Orientation of *International Marketing*

- An environmental/cultural approach to international strategic marketing.
- Intended to demonstrate the unique problems of international marketing.
- Discussion of international marketing ranges from the marketing and business practices of small exporters to the practices of global companies.



Foreign Policy's Global Top 20



ECONOMIC INTEGRATION:
Trade and foreign direct investment

TECHNOLOGICAL CONNECTIVITY:
Internet users, Internet hosts, and secure servers

PERSONAL CONTACT:
International travel and tourism, international telephone traffic, and remittances and personal transfers (including worker remittances, compensation to employees, and other person-to-person and non-governmental transfers)

POLITICAL ENGAGEMENT:
Membership in international organizations, personnel and financial contributions to U.N. peacekeeping missions, international treaties ratified, and governmental transfers

Any Query?



Thanks

...for staying with me...

