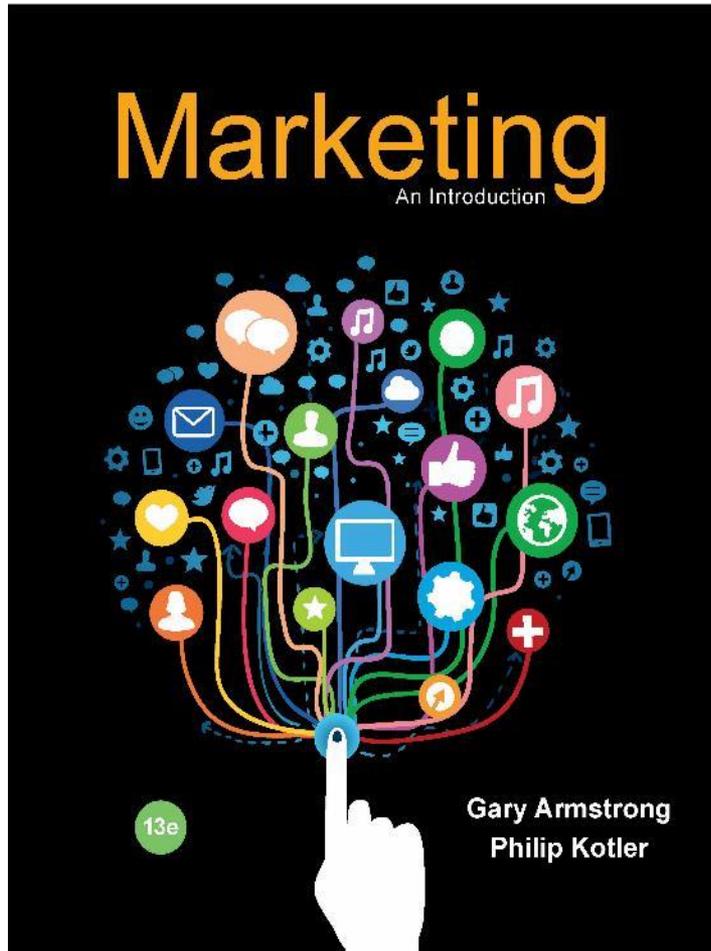


Marketing: An Introduction

Thirteenth Edition



Chapter 15

The Global Marketplace

First Stop: L'Oréal “The United Nations of Beauty”

L'Oréal balances local brand responsiveness and global brand impact.



Global Firm

- Operates in more than one country
- Gains research and development, production, marketing, and financial advantages that are not available to purely domestic competitors
- Faces increasing problems
 - Highly unstable governments and currencies
 - Restrictive government policies and regulations
 - High trade barriers and corruption

Major International Marketing Decisions



Looking at the Global Marketing Environment

- International trade system
- Economic environment
- Political-legal environment
- Cultural environment

International Trade System (1 of 2)

- Trade barriers
 - Tariffs or duties
 - Quotas and exchange controls
 - Nontariff trade barriers
 - Biases against the bids
 - Restrictive product standards
 - Excessive host-country regulations or enforcement

International Trade System (2 of 2)

Because of nontariff obstacles, Walmart recently suspended its once ambitious plans to expand into India.



World Trade Organization (WTO)

- Established by the General Agreement on Tariffs and Trade (GATT) in 1995
- Promotes world trade by reducing tariffs and other international trade barriers
- Negotiates to reassess trade barriers and establish new rules for international trade
- Imposes international trade sanctions and mediates global trade disputes

Regional Free Trade Zones (1 of 2)

- **Economic community:** Group of nations organized to work toward common goals in the regulation of international trade
 - European Union (EU)
 - North American Free Trade Agreement (NAFTA)
 - Central American Free Trade Agreement (CAFTA-DR)
 - Union of South American Nations (UNASUR)

Regional Free Trade Zones (2 of 2)

The European Union represents one of the world's single largest markets.



Economic Environment

- Factors reflecting a country's market attractiveness:
 - Industrial structure
 - Subsistence economies
 - Raw material exporting economies
 - Emerging economies
 - Industrial economies
 - Income distribution
 - Low-, medium-, and high-income households depending on the industrial structure of the nation

Political-Legal Environment

- Considerations for a company to do business in a country:
 - Country's attitude toward international buying
 - Government bureaucracy
 - Political stability
 - Monetary regulations
- International trade involves
 - Cash transactions
 - Bartering

Impact of Culture on Marketing Strategy

(1 of 2)

- Companies that understand cultural nuances can
 - Avoid expensive and embarrassing mistakes
 - Take advantage of cross-cultural opportunities

Impact of Culture on Marketing Strategy (2 of 2)

IKEA customers in China want a lot more from its stores than just affordable Scandinavian-designed furniture.



Impact of Marketing Strategy on Cultures

KFC has become one of Japan's leading Christmas dining traditions.



Deciding Whether to Go Global

- Factors influencing the decision:
 - Attacks on a company's home market by global competitors
 - Expanding customer base in international markets
 - Better opportunities for growth

Deciding Which Markets to Enter

- A company should
 - Define its international marketing objectives and policies
 - Decide what volume of foreign sales it wants
 - Choose in how many countries it wants to market
 - Determine the types of countries to enter
 - Evaluate each market

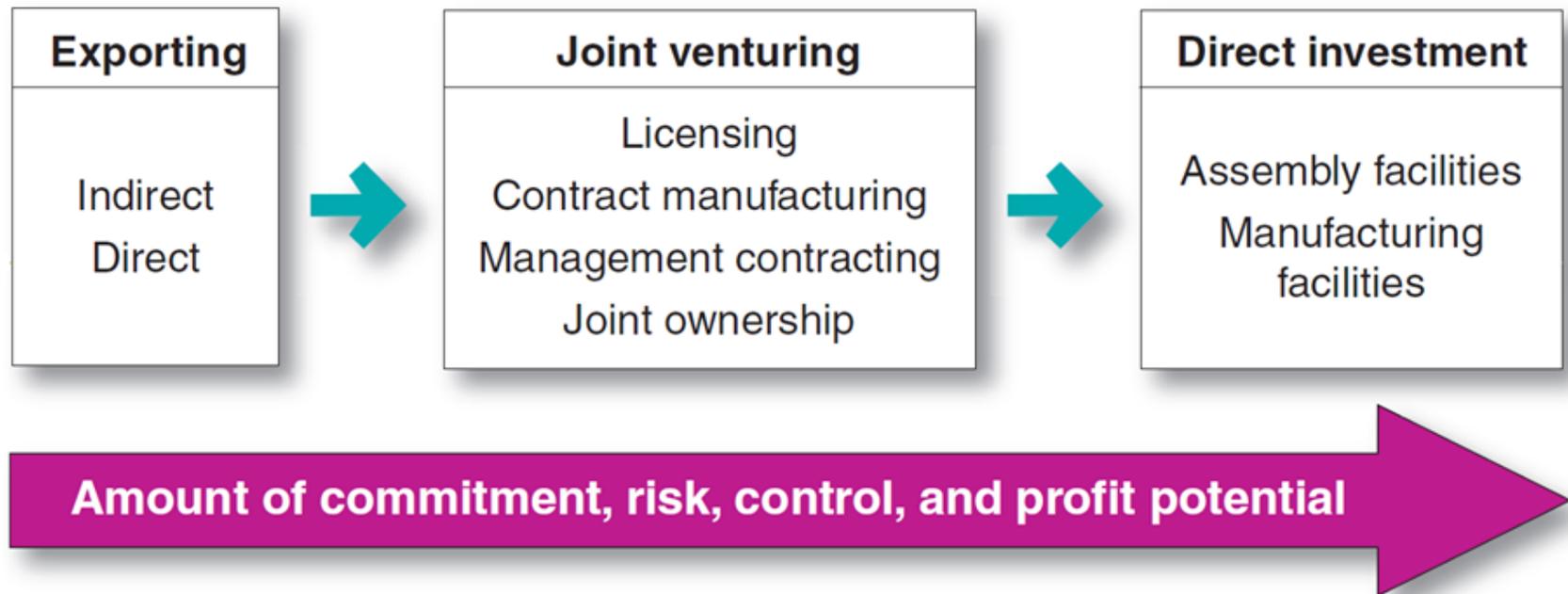
Table 15.1 - Indicators of Market Potential

Demographic Characteristics	Sociocultural Factors
Education Population size and growth Population age composition	Consumer lifestyles, beliefs, and values Business norms and approaches Cultural and social norms Languages
Geographic Characteristics	Political and Legal Factors
Climate Country size Population density—urban, rural Transportation structure and market accessibility	National priorities Political stability Government attitudes toward global trade Government bureaucracy Monetary and trade regulations
Economic Factors	
GDP size and growth Income distribution Industrial infrastructure Natural resources Financial and human resources	

Learning Objective 15-1 Summary

- Understand the global marketing environment and the international trade system
- Assess foreign market's economic, political-legal, and cultural characteristics
- Decide whether it wants to go abroad and consider the potential risks and benefits
- Decide on the volume of international sales, countries and markets it wants to enter

Figure 15.2 - Market Entry Strategies



Learning Objective 15-2 Summary

- Company must decide on an international market entry strategy
 - Exporting
 - Joint venturing
 - Direct investment

Deciding on the Global Marketing Program

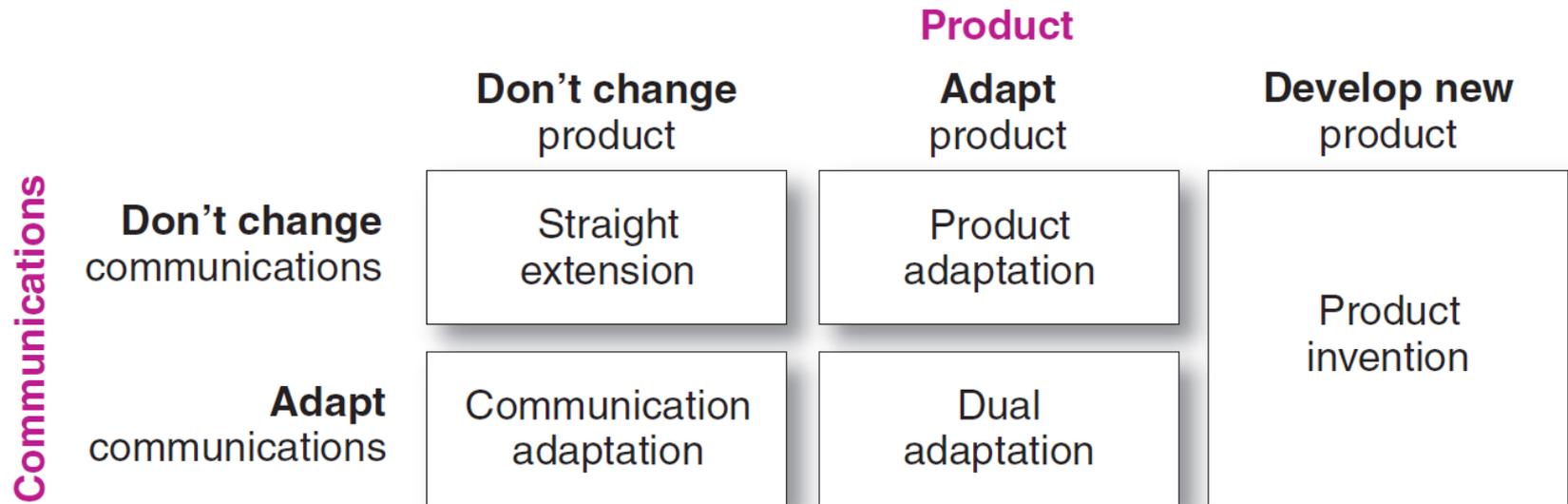
Standardized global marketing

- Using the same marketing strategy and mix in all of the company's international markets

Adapted global marketing

- Adjusting the marketing strategy and mix elements to each international target market
 - Creates more costs
 - Produces a larger market share and return

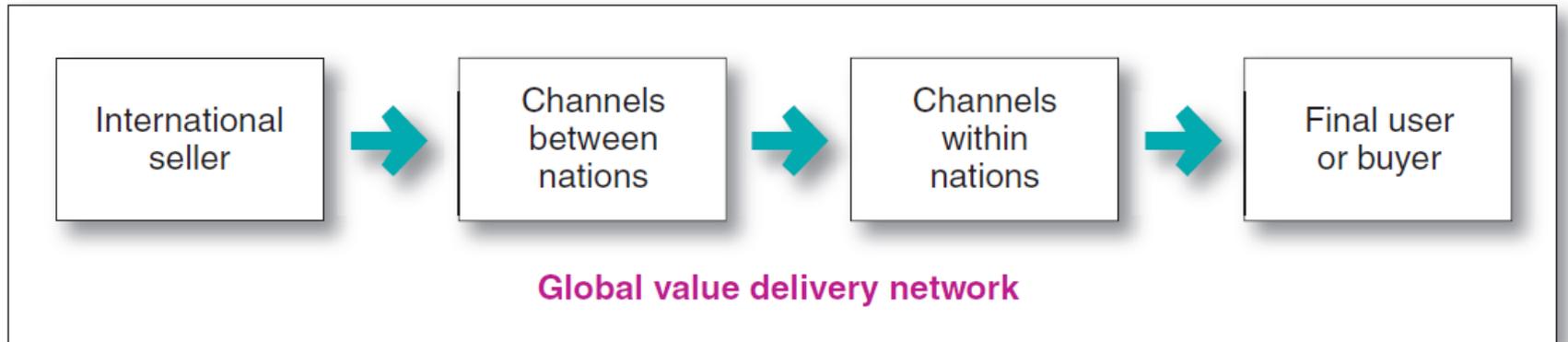
Figure 15.3 - Five Global Product and Communications Strategies



Global Price Considerations

- Set a uniform price globally
- Set according to the customers
- Use a standard markup of the company's costs everywhere

Figure 15.4 - Whole-Channel Concept for International Marketing



Learning Objective 15-3 Summary

- Companies must decide how much their marketing strategy and mix should be adapted for each foreign market
- Global companies use standardized or adapted global marketing
- Adapted global marketing cost more but companies hope for a larger market share and return
- Global standardization is not an all-or-nothing proposition – it's a matter of degree

Deciding on the Global Marketing Organization

- Methods of managing international marketing activities:
 - Organizing an export department
 - Creating international divisions
 - Geographical organizations
 - World product groups
 - International subsidiaries
 - Becoming a global organization

Learning Objective 15-4 Summary

- Companies must develop an effective organization for international marketing
- There are three major forms of international marketing organization:
 - Export department
 - International division
 - Global organizations

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