

ELEVENTH EDITION

MARKETING

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CHAPTER UNDERSTANDING AND REACHING GLOBAL CONSUMERS AND MARKETS

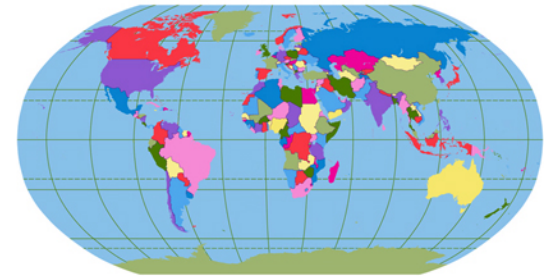
7

DYNAMICS OF WORLD TRADE

WORLD TRADE FLOWS

➤ Global Perspective

- Trade Feedback Effect
- Countertrade



➤ United States Perspective

- Gross Domestic Product (GDP)
- Balance of Trade

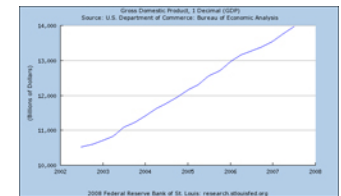
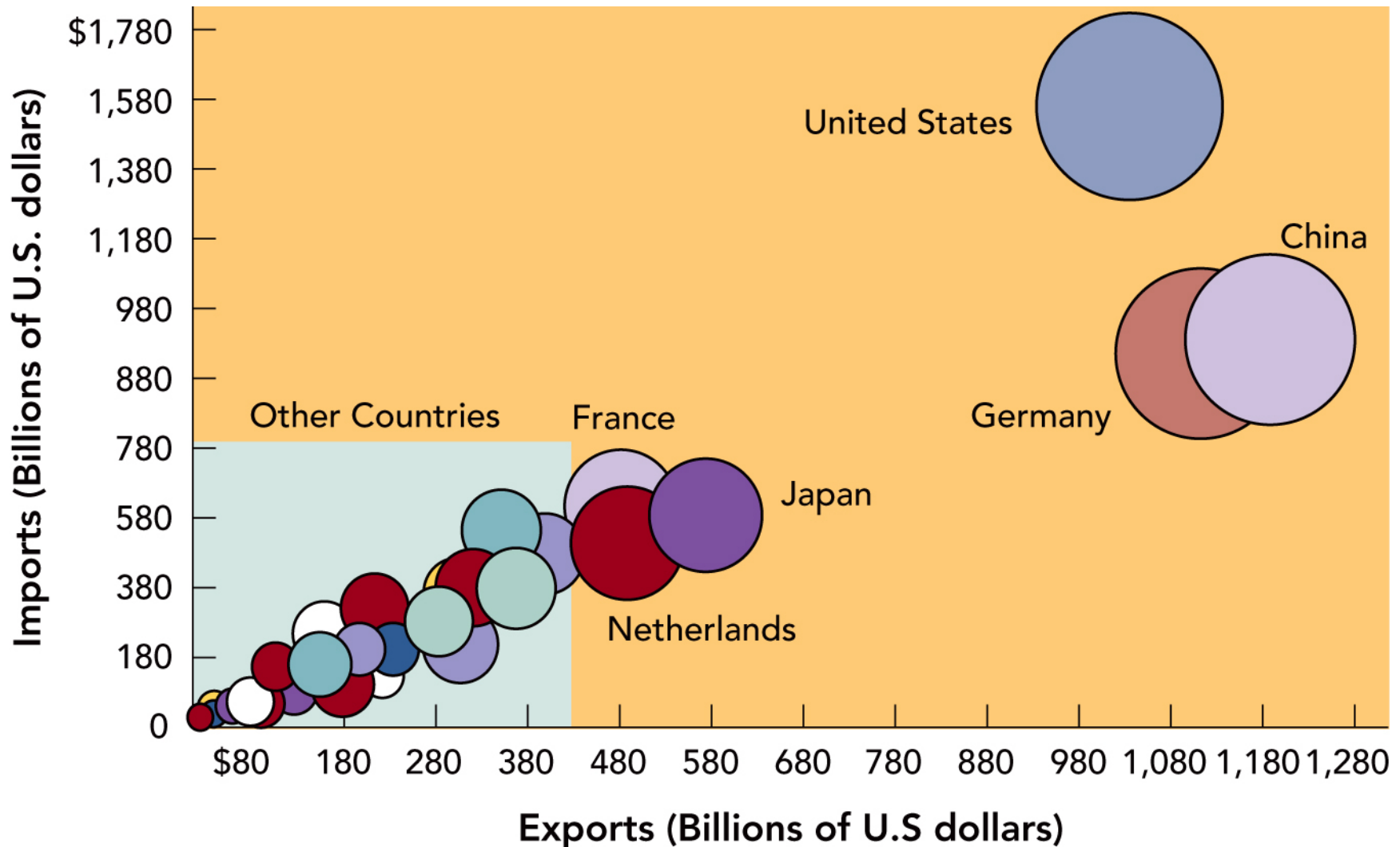


FIGURE 7-1 Leading countries in global merchandise trade in terms of imports (U.S.) and exports (China)



MARKETING IN A BORDERLESS ECONOMIC WORLD

LO1

TREND 1—DECLINE OF ECONOMIC PROTECTIONISM

- **Protectionism**
- **Tariffs**
- **Quota**
- **General Agreement on Tariffs and Trade (GATT)**
- **World Trade Organization (WTO)**



MARKETING IN A BORDERLESS ECONOMIC WORLD

LO1

TREND 2—RISE OF ECONOMIC INTEGRATION

➤ European Union



• Euro



➤ North American Free Trade Agreement (NAFTA)



➤ Asian Free Trade Agreements

FIGURE 7-4 The European Union in mid-2012 consists of 27 countries with more than 500 million consumers



MARKETING IN A BORDERLESS ECONOMIC WORLD

L01

TREND 3A—GLOBAL COMPETITION

➤ Global Competition



➤ Strategic Alliances



TREND 3B—GLOBAL COMPANIES

- **International Firms**
- **Multinational Firms**
 - **Multidomestic Marketing Strategy**
- **Transnational Firms**
 - **Global Marketing Strategy**
 - **Global Brand**

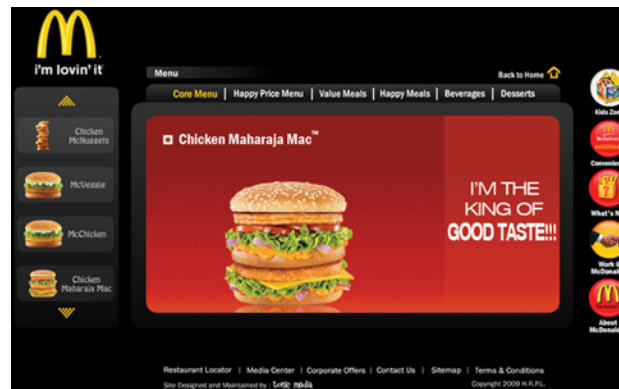
A GLOBAL ENVIRONMENTAL SCAN

CULTURAL DIVERSITY

➤ Cross-Cultural Analysis

➤ Values

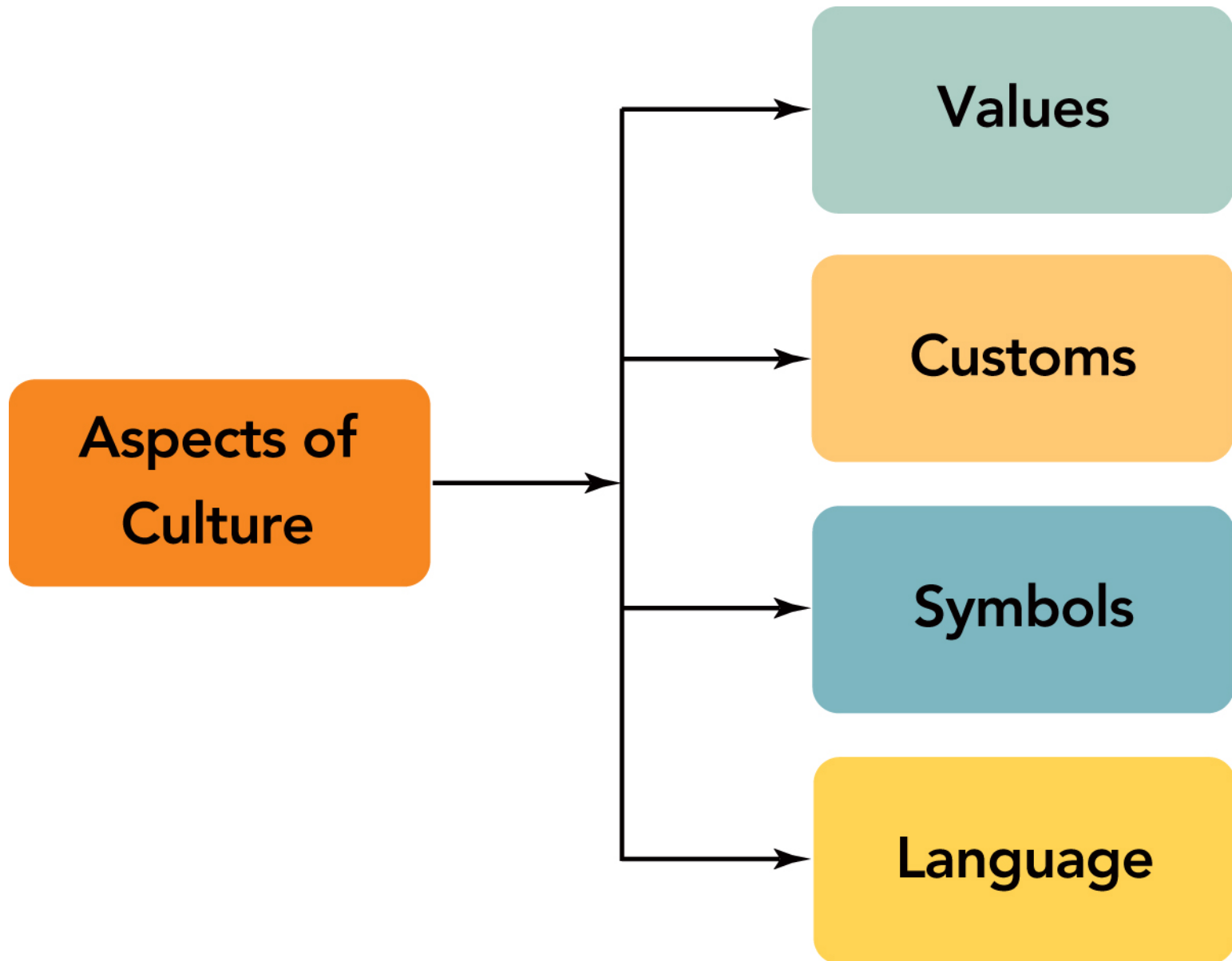
➤ Customs



- Foreign Corrupt Practices Act (1977)



FIGURE 7-B Cultural appreciation



A GLOBAL ENVIRONMENTAL SCAN

CULTURAL DIVERSITY

➤ Cultural Symbols



- Semiotics

#13



A GLOBAL ENVIRONMENTAL SCAN

CULTURAL DIVERSITY

➤ Language



- Unintended Meanings
- Back Translation



Nestlé
Ad



➤ Cultural Ethnocentricity

- Consumer Ethnocentrism

A GLOBAL ENVIRONMENTAL SCAN

ECONOMIC CONSIDERATIONS

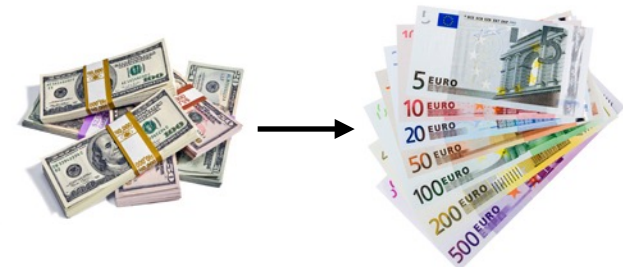
➤ Consumer Income and Purchasing Power



- **Microfinance: India**



➤ Currency Exchange Rate



A GLOBAL ENVIRONMENTAL SCAN

POLITICAL-REGULATORY CLIMATE

➤ Political Stability



➤ Trade Regulations



FIGURE 7-5 Alternative global market-entry strategies

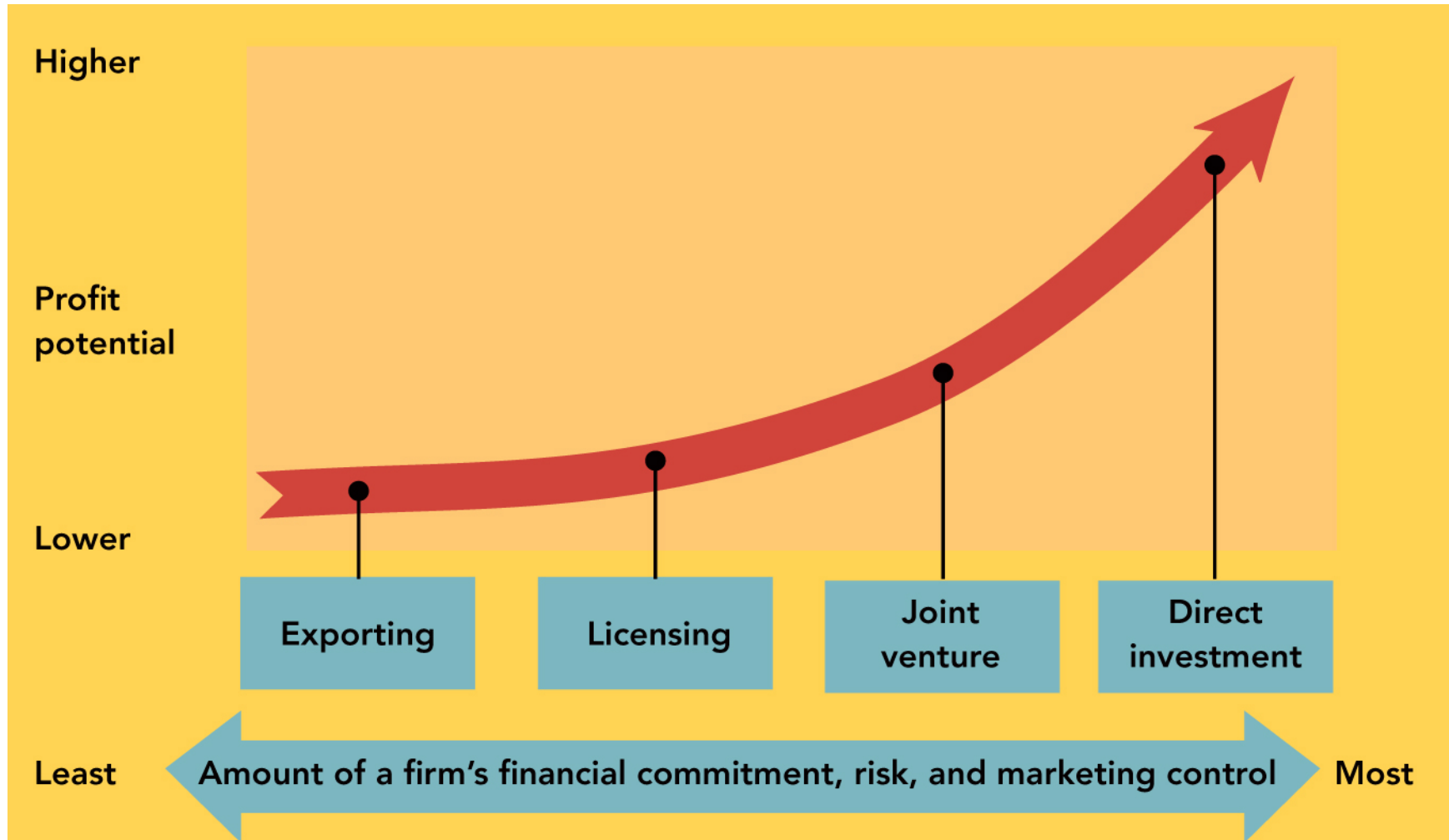
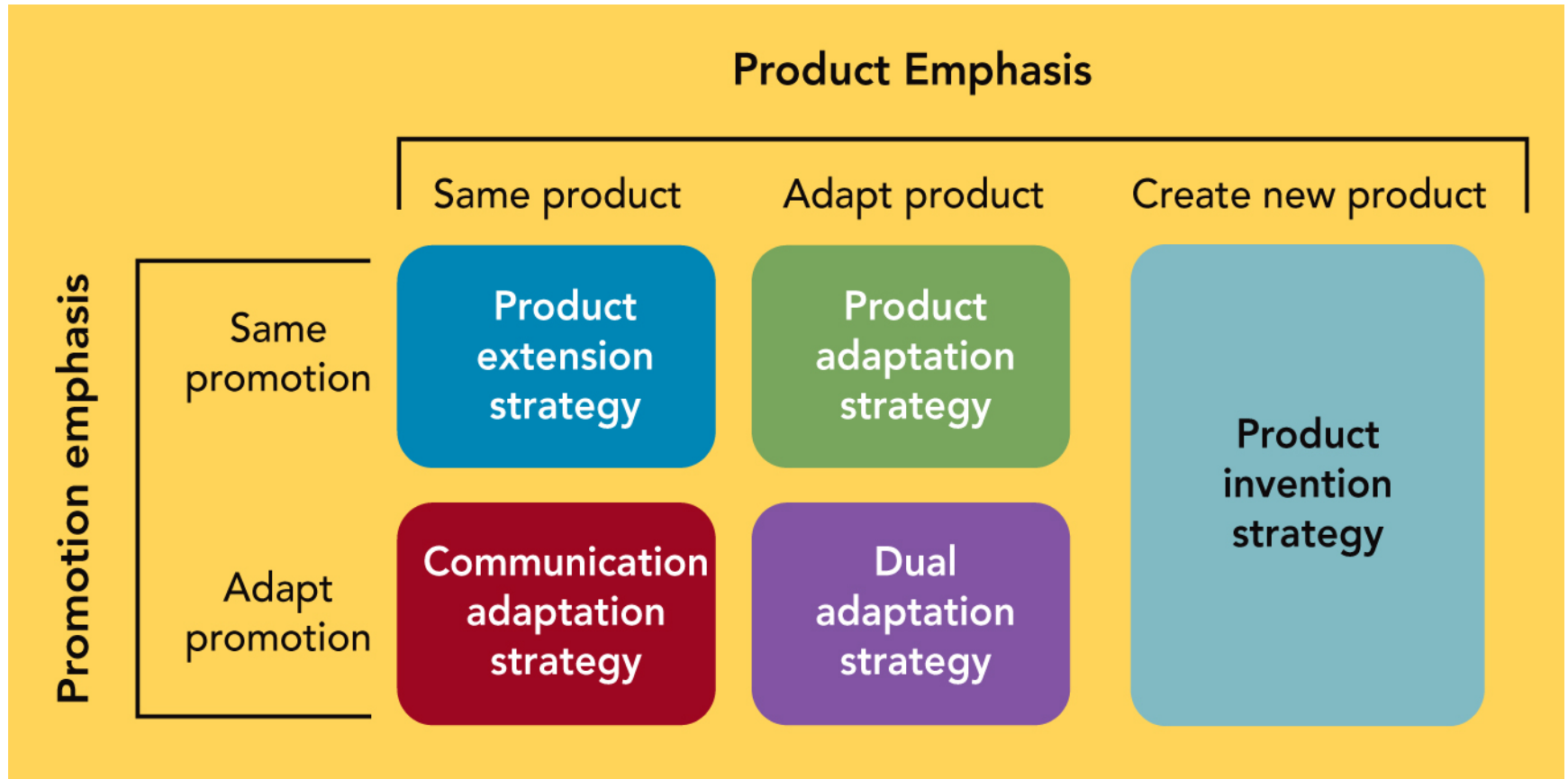


FIGURE 7-6 Five product and promotion strategies for global marketing



VIDEO CASE 7

CNS BREATHE RIGHT STRIPS: GOING GLOBAL



VIDEO CASE 7

CNS

1. What are the advantages and disadvantages for CNS taking Breathe Right strips into international markets?

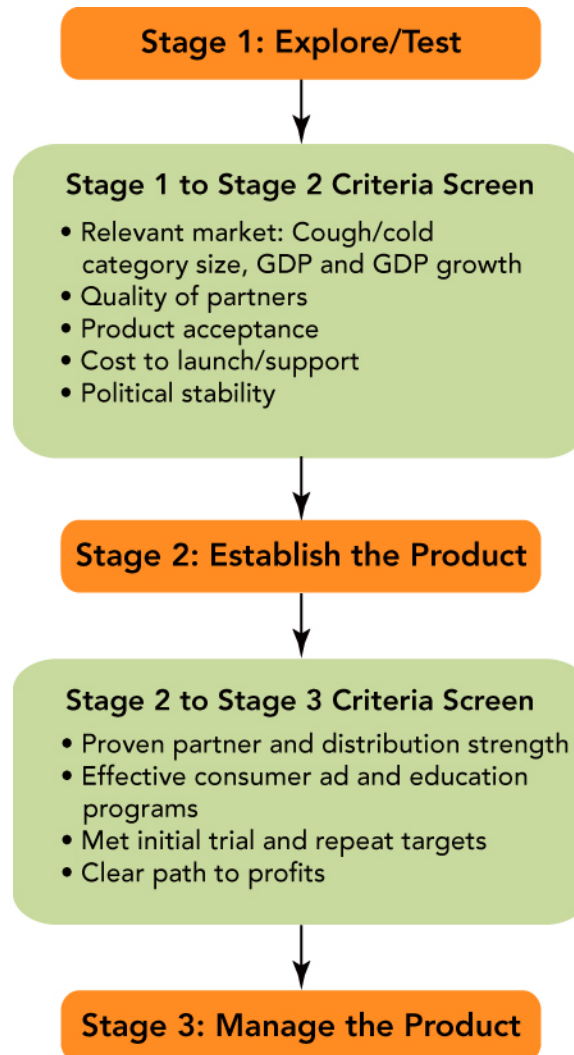
VIDEO CASE 7

CNS

2. What are the advantages to CNS of (a) using its three-stage process to enter new global markets and (b) having specific criteria to move through the stages?

VIDEO CASE 7

CNS



VIDEO CASE 7

CNS

3. Using the CNS criteria, with what you know, which countries should have highest priority for CNS?

VIDEO CASE 7

CNS

4. Which single segment of potential Breathe Right strip users would you target to enter new markets?

VIDEO CASE 7

CNS

5. Which marketing mix variables should CNS emphasize the most to succeed in a global arena? Why?

Countertrade

Countertrade is the practice of using barter rather than money for making global sales.



Gross Domestic Product (GDP)

Gross domestic product (GDP) is the monetary value of all goods and services produced in a country during one year.



Balance of Trade

Balance of trade is the difference between the monetary value of a nation's exports and imports.



Economic Espionage Act (1996)

The Economic Espionage Act (1996) is a law that makes the theft of trade secrets by foreign entities a federal crime in the United States.



Protectionism

Protectionism is the practice of shielding one or more industries within a country's economy from foreign competition through the use of tariffs or quotas.



Tariffs

Tariffs are government taxes on goods or services entering a country that primarily serve to raise prices on imports.



Quota

A **quota** is a restriction placed on the amount of a product allowed to enter or leave a country.



World Trade Organization (WTO)

The **World Trade Organization (WTO)** is a permanent institution that sets rules governing trade between its members through panels of trade experts who decide on trade disputes between members and issue binding decisions.



Global Competition

Global competition exists when firms originate, produce, and market their products and services worldwide.



Strategic Alliances

Strategic alliances are agreements among two or more independent firms to cooperate for the purpose of achieving common goals.



Multidomestic Marketing Strategy

A multidomestic marketing strategy involves multinational firms that have as many different product variations, brand names, and advertising programs as countries in which they do business.



Global Marketing Strategy

A global marketing strategy involves transnational firms that employ the practice of standardizing marketing activities when there are cultural similarities and adapting them when cultures differ.



Global Brand

A **global brand** is a brand marketed under the same name in multiple countries with similar and centrally coordinated marketing programs.



Global Consumers

Global consumers are consumer groups living in many countries or regions of the world who have similar needs or seek similar features and benefits from products or services.



Cross-Cultural Analysis

Cross-cultural analysis involves the study of similarities and differences among consumers in two or more nations or societies.



Values

Values are a society's personally or socially preferable modes of conduct or states of existence that tend to persist over time.



Customs

Customs are what is considered normal and expected about the way people do things in a specific country.



Foreign Corrupt Practices Act (1977)

The **Foreign Corrupt Practices Act (1977)** is a law, amended by the *International Anti-Dumping and Fair Competition Act (1998)*, that makes it a crime for U.S. corporations to bribe an official of a foreign government or political party to obtain or retain business in a foreign country.



Cultural Symbols

Cultural symbols are things that represent ideas and concepts.



Semiotics

Semiotics is a field of study that examines the correspondence between symbols and their role in the assignment of meaning for people.



Back Translation

Back translation is the practice where a translated word or phrase is retranslated into the original language by a different interpreter to catch errors.



Consumer Ethnocentrism

Consumer ethnocentrism is the tendency to believe that it is inappropriate, indeed immoral, to purchase foreign-made products.



Bottom of the Pyramid

Bottom of the pyramid is the largest, but poorest, socio-economic group in the world.



Microfinance

Microfinance is the practice of offering small, collateral-free loans to individuals who otherwise would not have access to the capital necessary to begin small businesses or other income-generating activities.



Currency Exchange Rate

A currency exchange rate is the price of one country's currency expressed in terms of another country's currency.



Exporting

Exporting is a global market-entry strategy in which a company produces goods in one country and sells them in another country.



Joint Venture

Joint venture is a global market-entry strategy in which a foreign company and a local firm invest together to create a local business in order to share ownership, control, and profits of the new company.



Direct Investment

Direct investment is a global market-entry strategy that entails a domestic firm actually investing in and owning a foreign subsidiary or division.



Dumping

Dumping occurs when a firm sells a product in a foreign country below its domestic price or below its actual cost.



Gray Market

A **gray market** is a situation where products are sold through unauthorized channels of distribution. Also called *parallel importing*.

