

The Scope and Challenge of International Marketing

Chapter 1

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Learning Objectives

- LO1 The benefits of international markets
- LO2 The changing face of U.S. business
- LO3 The scope of the international marketing task
- LO4 The importance of the self-reference criterion (SRC) in international marketing
- LO5 The increasing importance of global awareness
- LO6 The progression of becoming a global marketer

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Global Commerce Causes Peace

- Global commerce thrives during peacetime
- Economic boom in North America in the late 1990s largely due to the end of the cold war

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The Internationalization of U.S. Businesses

U.S. Companies/Brands	Foreign Owner
7-11	Japan
Barneys New York (retailer)	Dubai
Ben & Jerry's (ice cream)	U.K.
Budweiser	Belgium
Burger King (fast food)	U.K.
Chef America ("Hot Pockets" and other foods)	Switzerland
Chrysler	Italy
Church's Chicken	Bahrain
CITGO	Venezuela
Columbia Pictures (movies)	Japan
Firestone (tires)	Japan
Frigidaire	Sweden
Genentech	Switzerland
Gerber	Switzerland
Huffy Corp. (bicycles)	China
Croweater (breads)	Mexico
Radio Shack	Mexico
Random House (publishing)	Germany
RCA (televisions)	France/China
Smith & Wesson (guns)	U.K.
Swift & Company (meatpacking)	Brazil
The Wall Street Journal	Australia
T-Mobile	Germany
Volvo	China

Exhibit 1.1 Foreign Acquisitions of U.S. Companies, Sources: Compiled from annual reports of listed firms, 2012.

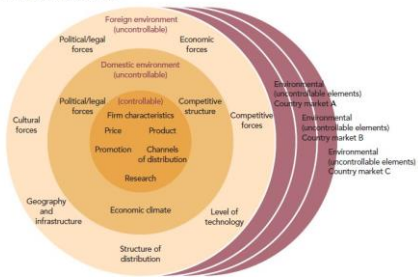
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The International Marketing Task

Exhibit 1.3 The International Marketing Task



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Exhibit 1.2 Selected U.S. Companies and Their International Sales

Company	Global Revenues (billions)	Percent Revenues from Outside the U.S.
Walmart	\$401.2	24.6%
Ford Motor	146.3	51.9
General Electric	182.5	53.7
CitiGroup	52.8	74.8
Hewlett-Packard	118.4	68.2
Boeing	60.9	38.9
Intel	37.6	85.4
Coca-Cola	31.9	77.0
Apple	36.5	46.0
Starbucks	10.4	20.8

Source: Compiled from annual reports of listed firms, 2012

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Self-Reference Criterion & Ethnocentrism

- **Self-Reference Criterion (SRC)** is an unconscious reference to one's own cultural values, experiences, and knowledge as a basis for decisions.
- **Ethnocentrism** is the notion that people in one's own company, culture, or country know best how to do things.
- Both the SRC and ethnocentrism impede the ability to assess a foreign market in its true light.

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Developing Global Awareness

To be globally aware is to have:

- tolerance of cultural differences and
- knowledge of cultures, history, world market potential, and global economic, social, and political trends

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Stages of International Marketing Involvement

- No Direct Foreign Marketing
- Infrequent Foreign Marketing
- Regular Foreign Marketing
- International Marketing
- Global Marketing

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Factors Favoring Faster Internationalization

- Companies with either high technology and/or marketing-based resources are better equipped to internationalize than more traditional manufacturing companies (Tseng et. al., 2007)
- Smaller home markets and larger production capacities favor internationalization (Fan & Phan, 2007) and
- Firms with key managers well networked internationally are able to accelerate the internationalization process (Freeman and Cavusgil, 2007)

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The Orientation of International Marketing

- Environmental/cultural approach
- Relate the foreign environment to the marketing process
- Illustrate how culture influences the marketing task
- The cultural environment within which the marketer must implement marketing plans can change dramatically from country to country

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