

په نام شرا  
**صورتيات پانډاريايي پيون العالم**  
 سرپرست: داکتر منصور منطقي  
 مشفق: Cateora Graham  
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**Chapter 1**  
**The Scope and Challenge of International Marketing**

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**Chapter Learning Objectives**

1. The changing face of U.S. business
2. The scope of the international marketing task
3. The increasing importance of global awareness
4. The progression of becoming a global marketer
5. The importance of the self-reference criterion (SRC) in international marketing

**Preface**

"Never before in American history have U.S. businesses, large and small, been so deeply involved in and affected by international business. A global economic boom, unprecedented in modern economic history, has been under way as the drive for efficiency, productivity, and open, unregulated markets sweeps the world. Powerful economic, technological, industrial, political, and demographic forces are converging to build the foundation of a new global economic order on which the structure of a one-world economic and market system will be built" (Cateora and Graham)

**Global Perspective: Recent Events**

- Information technology boom of the late 1990s
- The high-tech bust of 2001
- Enron and WorldCom scandals
- September 11th attacks on the World Trade Center at Pentagon
- Wars in Afghanistan and Iraq

**Global Perspective: Recent Events**

- International conflict among China, Taiwan, and the United States
- 2003 SARS outbreak in Asia
- Global terrorism, e.g., Indonesia, Israel, India, and Morocco
- Transcending these events, international commerce continued

**Global Business Trends**

1. The rapid growth of the World Trade Organization and regional free trade areas, e.g., NAFTA and the European Union
2. General acceptance of the free market system among developing countries in Latin America, Asia, and Eastern Europe
3. Impact of the Internet and other global media on the dissolution of national borders, and
4. Managing global environmental resources

**Internationalization of U.S. Business**

Increasing globalization of markets

Firms face competition on all fronts

Many U.S. companies are now foreign controlled:  
 Camion (Swiss),  
 Daimler-Chrysler (German)

U.S. firms seeking foreign markets to increase profits

**Table 1.1**  
 Foreign Acquisition of U.S. Companies

U.S. Company	Foreign Acquirer	Year
General Motors	Daewoo (South Korea)	2002
Boeing	British Aerospace (UK)	2001
Rockwell International	Alenia (Italy)	2000
Boeing	British Aerospace (UK)	2000
Boeing	British Aerospace (UK)	2000
Boeing	British Aerospace (UK)	2000
Boeing	British Aerospace (UK)	2000
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Boeing	British Aerospace (UK)	2000

**Table 1.1**  
Top 10 U.S. Firms in the Global Market

Company	Average Revenue (\$ Bill)	Average Revenue Percent of Total	Foreign Revenue Percent of Total	Foreign Assets Percent of Total
Walmart	17,004	7.1	12.7	11.9
Amazon	10,271	27.1	19.6	11.7
Wal-Mart Stores	10,170	26.9	19.6	11.7
Home Depot	4,402	24.1	28.1	18.9
McDonald's	4,174	14.7	14.7	11.6
General Electric	3,108	21.1	23.8	41.6
Boeing	3,106	21.1	34.1	41.6
Chrysler	3,094	20.1	14.6	41.9
Wells Fargo	3,090	20.1	18.9	11.6
United States	1,114	30.0	11.9	30.1

**International Marketing: A Definition**



International marketing is defined as 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

Marketing concepts, processes, and principles are universally applicable all over the world



**Environmental Adaptation Needed**

Differences are in the uncontrollable environment of international marketing

Firms must adapt to uncontrollable environment of international marketing by adjusting the marketing mix (product, price, promotion, and distribution)

**Continuum**

Adaptation (of Marketing Mix) ← Standardization (of Marketing Mix)

INFLUENCED BY 7 ENVIRONMENTAL FACTORS

**Self-Reference Criterion (SRC) and Ethnocentrism: Major Obstacles**

- SRC is an unconscious reference to one's own cultural values, experiences, and knowledge as a basis for decisions
- Ethnocentrism refers to the notion that one's own culture or company knows best how to do things
- Both the SRC and ethnocentrism impede the ability to assess a foreign market in its true light
- Reactions to meanings, values, symbols, and behavior relevant to our own culture are different from those of foreign
- Relying on one's SRC could produce an unsuccessful marketing program

**Avoiding the Self Reference Criterion**

To avoid the SRC, the following steps are suggested:

- 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. 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**

To be globally aware is to have:

1. **Tolerant** of Cultural Differences, and



2. **Knowledgeable** of:
  - (a) Culture, (b) History, (c) World Market Potential, (d) Global Economic, Social and Political Trends

**Stages of International Marketing Involvement**

In general, firms go through five different phases in going international:

**Strategic Orientation: EPRG Schema**

Orientation	EPRG Schema
Domestic Marketing	(Ethnocentric)
Extension	(Polycentric)
Multi-Domestic Marketing	(Regio/Geocentric)
Global Marketing	

**Strategic Orientation: EPRG Schema**

Generally, four distinctive approaches dominate strategic thinking in international marketing:

**1. Ethnocentric or Domestic Marketing Extension Concept:**  
Home country marketing practices will succeed elsewhere without adaptation; however, international marketing is viewed as secondary to domestic operations

**2. Polycentric or Multi-Domestic Marketing Concept:**  
Opposite of ethnocentrism  
Management of these multinational firms place importance on international operations as a source for profits  
Management believes that each country is unique and allows each to develop own marketing strategies locally

**Strategic Orientation: EPRG Schema**

Generally, four distinctive approaches dominate strategic thinking in international marketing:

**3. Regiocentric:**  
Sees the world as one market and develops a standardized marketing strategy for the entire world

**4. Geocentric:**  
Regiocentric and Geocentric are synonymous with a Global Marketing Orientation where a uniform, standardized marketing strategy is used for several countries, countries in a region, or the entire world

**Road Map of the Course**

- Introduction to International Marketing
- Understanding the External Environments
- Evaluation of Global Market Opportunities
- Developing Global Marketing Strategies
- Implementing Global Marketing Strategies