

1.3: Defining International Marketing

Learning Objectives

After reading this section, students should be able to ...

1. Extend the definition of 'Marketing' to 'International Marketing'
2. Define 'International Marketing'

Case: Toyota has a vehicle for every market

Each market has unique cultural characteristics and contextual circumstances that must be considered. For example, in the United States roads tend to be wide; highways can accommodate a broad array of vehicles with a high number of lanes, and people demand a mix of cars based on their needs. Conversely, in Europe roads tend to be narrow, and the market demands smaller, more fuel-efficient vehicles. Therefore, while a Toyota 4Runner tends to sell extremely well in the United States, it would not be a very popular model in Europe for these very reasons. As a result, Toyota invests billions of dollars every year into market research and market development to make sure they meet the needs and wants of its customers, in each specific country that they sell their vehicles in. This has led to Toyota's success in the US automotive market, as our earlier case suggested. With their #1 selling sedan, Toyota Camry, a wide array of hybrid models, trucks, and SUVs to meet the United States constantly-changing expectations, Toyota is, arguably, the strongest player in the automotive industry.

Now that the world has entered the next millennium, we are seeing the emergence of an interdependent global economy that is characterized by faster communication, transportation, and financial flows, all of which are creating new marketing opportunities and challenges. Given these circumstances, it could be argued that companies face a deceptively straightforward and stark choice: they must either respond to the challenges posed by this new environment or recognize and accept the long-term consequences of failing to do so. This need to respond is not confined to firms of a certain size or particular industries. It is a change that to a greater or lesser extent will ultimately affect companies of all sizes in virtually all markets. The pressures of the international environment are now so great, and the bases of competition within many markets are changing so fundamentally, that the opportunities to survive with a purely domestic strategy are increasingly limited to small and medium-sized companies in local niche markets.

Perhaps partly because of the rapid evolution of international marketing, a vast array of terms have emerged that suggest various facets of international marketing. Clarification of these terms is a necessary first step before we can discuss this topic more thoroughly.

Let us begin with the assumption that the marketing process that you have learned in any basic marketing course is just as applicable to domestic marketing as to international marketing. In both markets, we are goal-driven, do necessary marketing research, select target markets, employ the various tools of marketing (i.e. product, pricing, distribution, communication), develop a budget, and check our results. However, the uncontrollable factors such as culture, social, legal, and economic factors, along with the political and competitive environment, all create the need for a myriad of adjustments in the marketing management process.

One of the inevitable questions that surfaces concerning international marketing are: how does international marketing truly differ from domestic marketing, if at all? There has historically been much discussion over commonalities and differences between global and domestic marketing, but the three most common points of view upon which scholars agree are the following. First, all marketing is about the formulation and implementation of the basic policies known as the 4 P's: Product, Price, Place, and Promotion. Second, international marketing, unlike domestic marketing, is understood to be carried out "across borders". Third, international marketing is not synonymous with international trade (Perry, 1990). Perhaps the best way to distinguish between the two is simply to focus on the textbook definition of international marketing. One comprehensive definition states that, "international marketing means identifying needs and wants of customers in different markets and cultures, providing products, services, technologies, and ideas to give the firm a competitive marketing advantage, communicating information about these products and services and distributing and exchanging them internationally through one or a combination of foreign market entry modes" (Bradley, 2005)

At its simplest level, international marketing involves the firm in making one or more marketing decisions across national boundaries. At its most complex, it involves the firm in establishing manufacturing and marketing facilities overseas and

coordinating marketing strategies across markets. Thus, how international marketing is defined and interpreted depends on the level of involvement of the company in the international marketplace.

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