

1.1: Introduction to International Marketing Summary

Marketing is an organizational function and a set of processes for creating, communicating, and delivering value to customers and for managing customer relationships in ways that benefit the organization and its stakeholders. A company that engages in global marketing focuses resources on global market opportunities and threats. Successful global marketers such as Nestle, Coca-Cola, and Honda use familiar marketing mix elements – the four Ps – to create global marketing programs.

Marketing, R&D, manufacturing, and other activities comprise a firm's value chain; the value equation ($V = B/P$) expresses the relationship between values and the marketing mix.

Global companies also maintain strategic focus while pursuing competitive advantage. The marketing mix, value chain, competitive advantage, and focus are universal in their applicability, irrespective of whether a company does business only in the home country or has a presence in many markets around the world. However, in a global industry, companies that fail to pursue global opportunities risk being pushed aside by stronger global competitors.

A firm's global marketing strategy (GMS) can enhance its worldwide performance. The GMS addresses several issues. First is nature of the marketing program in terms of the balance between a standardization (extension) approach to the marketing mix and a localization (adaptation) approach that is responsive to country or regional differences. Second is the concentration of marketing activities in a few countries or the dispersal of such activities across many countries. Companies that engage in global marketing can also engage in coordination of marketing activities. Finally, a firm's GMS will address the issue of global market participation.

The importance of global marketing today can be seen in the company rankings compiled by the Wall Street Journal, Fortune, Financial Times, and other publications. Whether ranked by revenues, market capitalization, or some other measure, most of the world's major corporations are active regionally or globally. The size of global markets for individual industries or product categories helps explain why companies "go global". Global markets for some product categories represent hundreds of billions of dollars in annual sales; other markets are much smaller. Whatever the size of the opportunity, successful industry competitors find that increasing revenues and profits means seeking markets outside the home country.

Company management can be classified in terms of its orientation toward the world: ethnocentric, polycentric, regiocentric, or geocentric. The terms reflect progressive levels of development or evolution. An ethnocentric orientation characterizes domestic and international companies; international companies pursue marketing opportunities outside the home market by extending various elements of the marketing mix. A polycentric worldview predominates at a multinational company, where the marketing mix is adapted by country managers operating autonomously. Managers at global and transnational companies are regiocentric or geocentric in their orientation and pursue both extension and adaptation strategies in global markets.

The dynamic interplay of several driving and restraining forces shapes the importance of global marketing. Driving forces include market needs and wants, technology, transportation and communication improvements, product costs, quality, world economic trends, and recognition of opportunities to develop leverage by operating globally. Restraining forces include market differences, management myopia, organizational culture, and national controls such as nontariff barriers (NTBs).

Source

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