INTERNATIONAL BUSINESS

Les R. Dlabay
James Calvert Scott

THOMSON SOUTHWESTERN

Australia - Canada - Mexico - Singapore - Spain - United Kingdom - United States


**Marketing Yourself**
Knowing how to sell yourself is critical to success in any field. *Marketing Yourself* utilizes a marketing framework to develop a self-marketing plan and portfolio. The self-marketing plan is based on the analysis of student marketable skills and abilities. Every student text includes a Portfolio CD.

Text/Portfolio CD Package .................................................. 0-538-43640-9

**Entrepreneurship: Ideas in Action 3E**
Take students step-by-step through the entire process of owning and managing a business. Focus their attention on the real skills required of entrepreneurs – start with meeting a market need and work through planning, financing, incorporating technology, hiring, managing, and avoiding legal problems. Students learn by doing using the innovative, activity-based *Build a Business Plan* in every chapter. *Winning Edge* gets students prepared for BPA, DECA, and FBLA competition.

Text ................................................................. 0-538-44122-4
Workbook .......................................................... 0-538-44124-0

**Law for Business and Personal Use 17E**
Give your students the most comprehensive coverage of cyberlaw, contracts, ethics, employment law, banking, bankruptcy, and personal law available in one book. Maintain your fundamental emphasis on business law, while presenting topics such as criminal law, marriage law, and wills. Expand your classroom by using the free Xtra! Web Site, which contains a wealth of online learning tools. *Winning Edge* gets students prepared for BPA and FBLA competition.

Text ................................................................. 0-538-44051-1
Activities and Study Guide ....................................... 0-538-44065-1

**E-Commerce Marketing**
Prepare students to plan and market electronic products and services online. Explore electronically linked distribution systems, international e-commerce, digital media design, e-tailing, online customer behavior, data mining and warehousing, and security/privacy issues. *DECA Prep* Case Studies and Event Prep included in every chapter.

Text ................................................................. 0-538-43808-8

**Investing in Your Future 2E**
Start students on the path to dollars and sense. Use NAIC's respected Stock Selection Guide process to teach smart saving, investing, and planning. Students learn how to analyze the value of stocks and mutual funds. Company Profiles introduce every chapter and the lesson-plan approach makes material easy to comprehend.

Text ................................................................. 0-538-43881-9
Module (ExamView CD, Instructor's Resource CD, Video, and Annotated Instructor's Edition) .................. 0-538-43885-1
## HOW TO USE THIS BOOK

**ENGAGE STUDENT INTEREST**

**IF YOU WERE THERE** Describes the life of an ordinary person living in the highlighted region.

**REGIONAL PROFILE**
Discuss the general historical, cultural, social, and economic conditions in the various regions around the world.

## UNIT 5

### MARKETING IN A GLOBAL ECONOMY

#### CHAPTER

16. Global Marketing and Consumer Behavior
17. Developing Goods and Services for Global Markets
18. Global Pricing and Distribution Strategies
19. Global Promotional Strategies

## COUNTRY PROFILE/CENTRAL AND SOUTH AMERICA

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<th>Exports (Billions)</th>
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**REGIONAL PROFILE/CENTRAL AND SOUTH AMERICA**

**COUNTRY PROFILE** Presents key economic and social data about each country in the region.
**CHAPTER 17**

**DEVELOPING GOODS AND SERVICES FOR GLOBAL MARKETS**

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### 17-1 Global Product Planning

**OBJECTIVES**

1. Describe sources of product opportunities for international marketing.
2. Identify categories of consumer products and explain how services are marketed.

**INTERNATIONAL PRODUCT OPPORTUNITIES**

Exhibit 17.1 offers examples of opportunities for developing new goods and services.

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### 17-2 Developing and Researching Products

**GOAL**

Begin each lesson and offer an overview.

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### 17-3 An International Product Strategy

**GLOBAL FOCUS**

Introduces real-world examples of companies engaged in international business activities.

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### CHECKPOINT

Short questions within lesson to assist with reading and to assure students are grasping concepts.

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### WORK AS A GROUP

Stimulates group discussion and cooperative learning.

---

**GLOBAL FOCUS**

Introduces real-world examples of companies engaged in international business activities.

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**CHECKPOINT**

What factors may have influenced Mattel's decision to sell Barbie dolls in other countries?

**WORK AS A GROUP**

Suggest ways to use an existing product in different ways.

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**MARKETING PRODUCTS AROUND THE WORLD**

Each day people around the world buy and use thousands of different products. A student in Rapid City, South Dakota, buys a bottle of water; a student in Egypt purchases a bottled soft drink.

**CONSUMER PRODUCT CATEGORIES**

The many items sold in the global market can be classified as convenience goods, shopping goods, or specialty goods, as shown in Figure 17-1.

**Convenience Goods** are goods that are readily available on the same day without much thought about them. **Shopping Goods** are items that require little shopping effort. **Specialty Goods** are goods that require a great deal of shopping effort.
Thatcher took office, more than half economic success. United Kingdom from achieving labor unions were preventing the role of union leaders was reduced, much less open to abuse. Various laws designed to reduce the substantial power and influence of unions in British society were passed.

Mrs. Thatcher believed in a free market economy with as little government intervention or involvement as possible. She also thought that labor unions were preventing the United Kingdom from achieving economic success. When Prime Minister Margaret Thatcher took office, more than half of the workforce were union members who were closely affiliated with the major opposition political party, the Labour Party. In the dozen years that she governed, a series of laws designed to reduce the substantial power and influence of unions in British society were passed.

Many elements of the new laws in Britain were borrowed from the United States, where labor laws are much less open to abuses. Various types of strikes were outlawed, the role of union leaders was reduced, and workers were given the opportunity to stop having a union represent them or to change unions. As a result, union membership in the United Kingdom has fallen dramatically, and strikes, which were relatively commonplace, occur much less frequently now than in the past.

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TEAM PROJECT Provides an opportunity for students to work as a team to better understand cross-cultural business activities.

UNIT 5

GLOBAL CROSS-CULTURAL TEAM PROJECT

Plan International Marketing Activities

Decisions regarding products, pricing, promotion, and distribution may be some of the most difficult international business activities. Marketing is commonly influenced by the cultural values and social trends in a country. The use of cross-cultural team can help an organization better adapt its marketing plans to the consumer in diverse societies.

GOAL

To analyze influences on marketing activities in a region of the world.

ACTIVITIES

Working in teams of 3 to 6 students, select a geographic region you will represent—Africa, Asia, Latin America, the Middle East, or North America.
1. To obtain marketing information from countries in your region, try to talk to people who have lived in or visited the area. View product samples, packages, labels and advertising from the region. Some of these items may be available in local stores or online. Finally, library sources can be a valuable resource.
2. On the web search for the demand for goods and services in your region. What factors influence the demand for goods and services?
3. List examples of customs, traditions, and cultural behavior that affect consumer buying in that region.
4. Research pricing activities in the region. What influences the amount people are willing and able to pay for various items? To what extent are prices negotiated for various purchases?
5. Describe the common promotional activities in your region. How do these compare with promotional activities in other areas of the world?
6. Describe the common areas of team conflict that might arise in your region? How are conflicts commonly resolved in that geographic area?

TEAM SKILL

Resolving Cross-Cultural Team Conflict

Differences of opinion are inevitable in almost every team situation. What are some common areas of conflict that may arise in your region? How are conflicts commonly resolved in that geographic area?

PRESENT

Create a display, using product samples, labels, packages, ads, foreign currency, and other items, to communicate marketing activities in your region.

WINNING EDGE Helps students prepare for DECA, BPA, and FBLA competitive events.

Marketing Management Role Play

You are the business administrator of a large U.S. hospital. Technology has improved maintaining files for the thousands of patients who have used your hospital. Your position requires you to make decisions that improve the profitability of the hospital. Record keeping has become increasingly expensive in the United States, making it attractive to look at less expensive international markets for outsourcing.

You are given the responsibility of maintaining files for the thousands of patients who have used your hospital. You need to research the NAFTA agreement to determine the pros or cons for the agreement. NAFTA (North American Free Trade Agreement) was passed with the intention of strengthening international trade among North American countries. This policy has received praise from proponents and criticism from opponents.

During election years much attention is given to international trade. Issues range from outsourcing of jobs to financial benefits of expanded markets. NAFTA is an agreement that has positive and negative arguments. You are assigned to research the NAFTA agreement to determine the pros or cons for the agreement. Your presentation should be so thorough that the audience will make a choice to defend/protest the NAFTA agreement. The best presentation should include facts to support your position. Your presentation must include facts that support the position you chose.

Your assignment requires you to conduct research about NAFTA. Be prepared to list the pros and cons of this policy. Use 4” by 6” note cards to record your findings about NAFTA. Your team will draw either “pros” or “cons” fifteen minutes before your presentation. This team has fifteen minutes to put together the final five-minute presentation.
Chapter 17: ASSESSMENT AND REVIEW

CHAPTER SUMMARY

17-1 GLOBAL PRODUCT PLANNING
- The sources of product opportunities for international marketing are new products, improved products, new uses for existing products, and existing products in new markets.
- The categories of consumer products are convenience goods, shopping goods, and specialty goods.
- A product line provides an assortment of items available for sale in varied target markets.
- Services are marketed with an emphasis on personalization, as they are usually produced as they are consumed.

17-2 DEVELOPING AND RESEARCHING PRODUCTS
- The steps in the new product development process are (1) generating product ideas, (2) researching product ideas, and (3) developing marketing plans. The steps in the marketing research process are (1) identify problem, (2) collect data, (3) analyze data, and (4) report results.
- Data collection methods used in international marketing research include secondary data and primary data (surveys, observations, and experiments).

17-3 AN INTERNATIONAL PRODUCT STRATEGY
- Brands used by companies are names, symbols, or designs that identify a product or service. Packaging is used to protect the product, to capture the attention of customers, and to make the product easy to use.
- A global product strategy involves decisions about whether to offer a standardized version or an adapted version of a good or service.

Chapter Summary, Global Refocus, and Global Connections.

XTRA! QUIZ PREP Provides an online chapter review with immediate feedback.

ASSESSMENT AND REVIEW

Chapter 17: ASSESSMENT

Match the terms listed with the definitions.
1. Data collected by watching and recording shopping behaviors.
2. Large-scale surveys used to collect numeric data that are often used to study consumers.
3. Products purchased for consumers compare brands and stores.
4. A standardized item that is offered in the same form in all countries in which it is sold.
5. An assessment of closely related products designed to test the varied needs of target customers.
6. A directed discussion with 8 to 12 people.
7. The stages a good or service goes through from the time it is introduced until it is taken off the market.
8. Empirical items that require little shopping effort.
9. A customized product adapted to the culture, tastes, and social trends of a country.
10. The type of data collection that involves a statistical comparison of two or more very similar situations.
11. Open-ended interview questions that allow researchers to obtain comments and comments about their attitudes and behaviors.
12. The name, symbol, or design that identifies a product.
13. Unique products that consumers make a special effort to obtain.
14. An experimental research study that measures the likely success of a new product or service.
15. The orderly collection and analysis of data that is used to obtain specific marketing information.

MAKE GLOBAL BUSINESS DECISIONS
16. Why do stores and online retailers have larger product lines than in the past?
17. Name some services that have increased in importance for our economy in recent years.

GLOBAL CONNECTIONS
16. GEOGRAPHY Describe geographic factors that might influence whether a company could sell its product as is in other countries or if they would have to adapt it.
17. COMMUNICATIONS Conduct a survey of the products people buy with no reference comparison shopping. How important is a place of purchase, price, and brand for these items?
18. HISTORY Talk to older people about products that are no longer on the market. What factors might have influenced the decline of these items?
19. CULTURAL STUDIES Collect advertisements, labels, and packages from products made in other countries. How would you describe the marketing approach for these items?
20. RESEARCH Find examples of secondary data in the Library and on the Internet that could help a company with its international marketing activities. How can the information could be of value for preparing a global marketing plan?
21. VISUAL ART Prepare a list of products that may be sold anywhere in the world without major changes being made. What determines whether an item is a global product or an international product?
22. TECHNOLOGY Use the Internet to locate online resources for data collection and analysis. Prepare a description of each of the resources you find.
17-3 AN INTERNATIONAL PRODUCT STRATEGY

REVIEW GLOBAL BUSINESS TERMS
Define each of the following terms.
1. brand
2. product life cycle (PLC)
3. global product
4. international product

REVIEW GLOBAL BUSINESS CONCEPTS
5. What purpose does packaging serve?
6. What are the stages of the product life cycle?
7. How does a global product differ from an international product?

SOLVE GLOBAL BUSINESS PROBLEMS
Most packaged products sold in the United States and almost all products in other countries use the metric system for weights and liquid measurements. The following is an approximate reference for converting to metric measurements.

<table>
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<th>Metric Unit</th>
<th>Equivalent</th>
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<tr>
<td>ounces (oz)</td>
<td>28.35 grams (g)</td>
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<tr>
<td>pounds (lb)</td>
<td>0.45 kilograms (kg)</td>
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<tr>
<td>pints (pt)</td>
<td>0.47 liters (l)</td>
</tr>
<tr>
<td>quarts (qt)</td>
<td>0.94 liters (l)</td>
</tr>
<tr>
<td>gallons (gal)</td>
<td>3.79 liters (l)</td>
</tr>
</tbody>
</table>

8. A 14-ounce package of spaghetti would weigh about  ____ grams.
9. Six pounds of cheese would weigh about  ____ kilograms.
10. Eight pints of fruit juice is equal to about  ____ liters.
11. Three quart bottles of soft drinks contain about  ____ liters.
12. Estimate how many gallons are equal to 12 liters. Then check your answer with a calculator. How accurate was your estimate?

THINK CRITICALLY
13. Locate examples of famous brands not associated with packaged products.
14. Explain why different advertising would be needed in different stages of the product life cycle.
15. Why do companies often take legal action against others who try to use the same brand name?

MAKE CONNECTIONS
16. TECHNOLOGY What types of technology have improved packaging for consumers and the environment?
17. CULTURAL STUDIES How might a nation’s customs or traditions affect the brand names used in a country?

END-OF-LESSON ACTIVITIES
Review Global Business Terms
Assess knowledge of key lesson terms.

Review Global Business Concepts
Review comprehension of important lesson concepts.

Think Critically
Provides opportunity to apply concepts.

Make Connections
Provides connections to other disciplines.

THE GLOBAL ENTREPRENEUR
Presents students with an ongoing project that emphasizes data collection and analysis in the creation of an international business plan.

XTRA! STUDY TOOLS Provides an interactive review of every lesson with games such as Beat the Clock, First Things First, Labeler, Scenario, Sort It Out, and Test Your Knowledge.
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UNIT 1

THE WORLD OF INTERNATIONAL BUSINESS

CHAPTER 1
We Live in a Global Economy

CHAPTER 2
Our Global Economy

CHAPTER 3
Cultural Influences on Global Business

CHAPTER 4
Government and Political Influences on Global Business
IF YOU WERE THERE

The year is 1392, 100 years before the arrival of Columbus. You are a sixteen-year-old Aztec woman, and it is your wedding day. Your city has a population of 100,000 and sits on the site of present-day Mexico City. Your father is a merchant. Your mother cares for the house and the younger children. Your older brother recently finished school and is training for a military career.

The homes in your neighborhood are adobe, and each has a courtyard containing a sauna that is surrounded by beautiful flowers. The man whom you are about to marry designs streets, canals, and irrigation systems for the city. This evening, burning pine branches will light the way as an older woman carries you on her back to your groom’s house. While you sit before the hearth, your partner’s tunic will be tied to your blouse as a symbol of the union.

The First North Americans

The vast land that we now call North America was discovered and settled by people who probably migrated to Alaska from Asia. Over a period of 30,000 years, more groups arrived and gradually built a variety of civilizations in this Western Hemisphere. The Aztec example above is just one Native American culture in which you could have been born. You also could have lived among the Leni-Lenape of the eastern woodlands or on the plains with the Arapaho. You might have raised a family in the great complexes built by the Anasazi in cliffs near the Grand Canyon. Hundreds of cultural groups were spread throughout the continent—each with its own unique language, religion, government, and customs.
The Norwegians explored North America in the tenth and eleventh centuries, but they had little effect on the native cultures. Explorers and settlers from Spain, Britain, France, Holland, and Sweden arrived in great numbers during the sixteenth and seventeenth centuries, bringing with them cultures that conflicted with those they met. The native population decreased quickly as a result of battles and the diseases carried by the newcomers. And so began a great cultural transformation—a destructive and creative process that continues today. Soldiers, farmers, trappers, artisans, and merchants came from Europe to help build colonies for their mother countries. Some came to escape religious and political persecution, while others came to share their religion.

Struggles for Independence

Wars were fought to establish control over these valuable lands that held great resources. In 1810, a priest named Miguel Hidalgo y Costilla set off the Mexican War of Independence from Spain. Poor natives and mestizos (of mixed native and European ancestry) fought the war. Although Miguel Hidalgo y Costilla soon died, another priest, José María Morelos y Pavón, continued to lead the movement that led to independence in 1813. Morelos was captured and shot, but Mexico eventually formed a republic in 1824.

The French lost control of Canada to the British in 1763, but the French heritage is still evident throughout Canada and most especially in the province of Quebec. Over the next 100 years under the British Crown, the Canadian assemblies gradually won power without a war. In 1867, the Dominion of Canada was established, and in 1931, Canada became a completely independent nation.

The United States won its independence from Britain through a treaty signed in 1783. Immigrants came to the new country from all over the world. Some stayed in the eastern cities and worked in the textile mills, while many others headed west with wagon trains hoping to build a new life in Kentucky, Ohio, California, and all the territories in between.

Slavery

The economies of the West Indies and the southern United States depended on labor that was supplied by the violent importation of Africans to be used as slaves.

Olaudah, an Ibo man, describes his trip to North America in 1756: “The shrieks of the women and the groans of the dying rendered it a scene of horror almost inconceivable...I began to hope that death would soon put an end to my miseries.”

Colonial America thrived on this slave labor. By 1860, the South was producing three-quarters of the world’s supply of cotton.

Immigrants Build the Economy

After the Civil War, Chinese, Japanese, Mexican, Irish, German, and Italian immigrants joined former slaves and Union and Confederate veterans to work in factories and
fields. Together they created the world’s most powerful industrial economy.

Canada's earliest immigrants came from France, England, Ireland, and Scotland. In the twentieth century, Russians, Ukrainians, and Germans were attracted to the western prairies. As in the United States, more recent immigrants to Canada are Asian and Latin American.

**North America Today**

Canada’s 3.8 million square miles of territory is second in size only to Russia. The majority of the country’s 31 million people are concentrated near its southern border with the United States. The cold northlands hold exquisite natural environments but few inhabitants. Canada’s abundance of natural resources and manufacturing industries have produced a high standard of living for most of its people. Its service industries create most new jobs. Mexico is the largest Spanish-speaking country in the world. Its population is growing by about 2 percent each year. Since 1950, land reform and a growing manufacturing base have increased incomes for a large number of Mexicans. Many, however, still live in extreme poverty. And it is these people who often attempt to cross illegally into the United States with the hope of finding work.

Mexico’s economic growth has centered on its silver, industrial minerals, and petroleum. The country’s white beaches and Aztec ruins attract tourists from all over the world.

All of the nations of continental North America and the West Indies have developed unique cultures that combine the diverse richness of Native Americans, Europeans, Africans, and Asians. Although conflicts still exist, the future of these societies depends upon the mutual appreciation of this diversity.

**Think Critically**

1. Which Native Americans once had communities where you live?
2. Why do you think Columbus receives most of the credit for “discovering” North America?
3. How do you think the geographic features of the United States influenced the settlement of the West?
4. How do you think Canada has influenced the culture of the United States and vice versa?

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