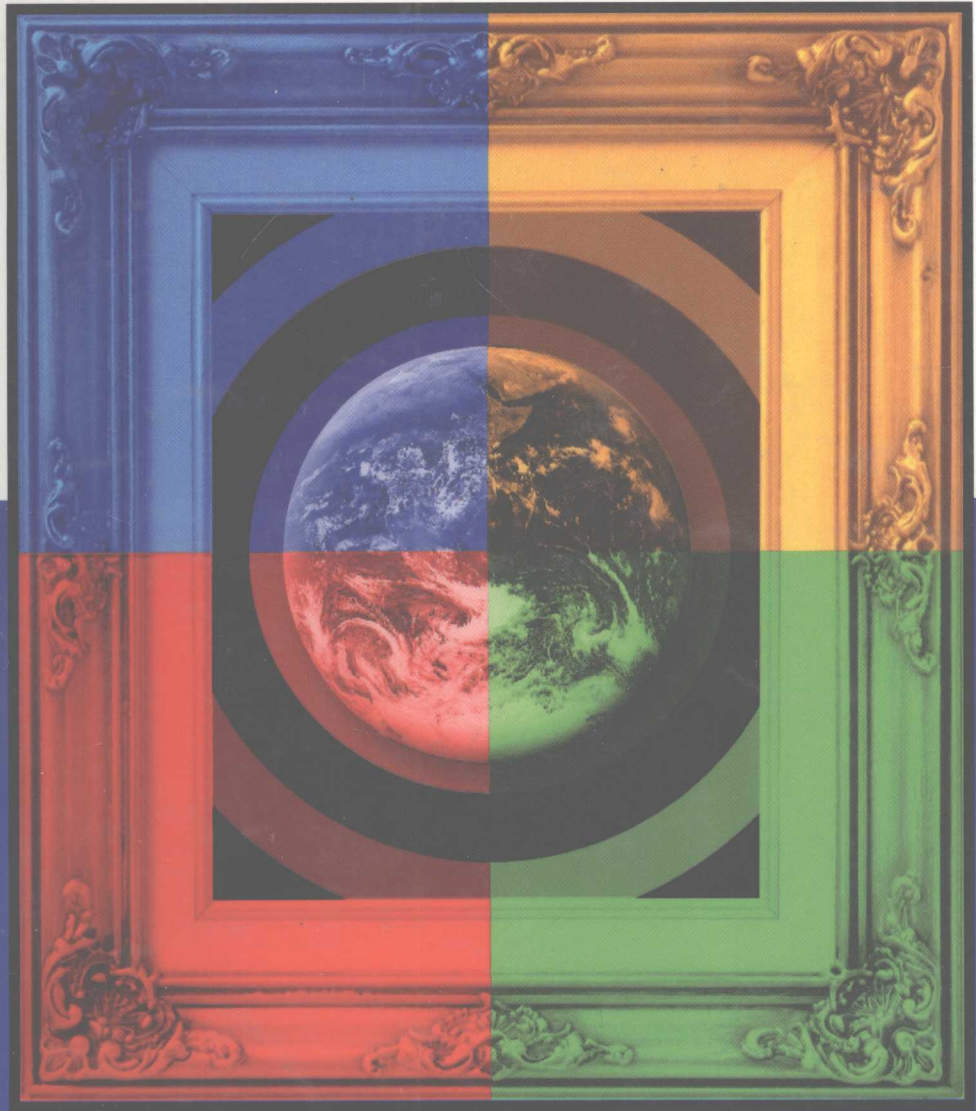


# International Marketing

Managing Worldwide Operations in a Changing International Environment



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Dana-Nicoleta Lascu

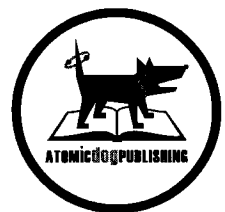


# International Marketing

*Managing Worldwide Operations  
in a Changing International Environment*

**Dana-Nicoleta Lascu**

*University of Richmond*



Cincinnati, Ohio  
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## Dedication

*This book is dedicated to the memory of Valeria and Isidor Lupse, who fostered an imaginative environment, who taught me that anything was possible, and who shielded me from fear (during the invasion of Czechoslovakia, they told me that all the airplanes overhead were going to America, the land of the new world); to the memory of Daniel Suguru, my close friend and one of the first victims of AIDS; to Aloys Nyabutsitsi and his family, who lost their lives for being proud members of the Watutsi tribe; and to Ofra Haza and Umm Kulthoum, the divas of music who inspired the world to unite through song.*



# Preface

International marketing represents my area of didactic concentration and reflects my research positioning in the marketing academic spectrum. In the process of teaching an international marketing course for more than a decade, I attempted to find the ideal textbook for my students, one that challenged them and interested them the most. Although I could not settle on one text, the early 1990s offered an opportunity: None of the available textbooks addressed the rapid changes in the political, legal, and financial environment. Most made no mention of the transformation of Central and Eastern Europe, the GATT Uruguay Round, and the formation of the European Monetary Union. At that point, I wrote the missing chapters, using them as handouts in class. That effort marked the incipient stage of the current textbook: It germinated the thought that writing an international textbook might be something of long-term interest.

*International Marketing: Managing Worldwide Operations in a Changing International Environment* reflects my teaching philosophy: creating vivid, memorable examples that help students retain international marketing theory and facts. I have spent time with local students and students from the United States in different countries and acted, in turn, as a student of their impressions and reactions. I use in the text the more memorable aspects of these experiences—those that had the most resonance in my international marketing class—to ensure that the notions explained in the text come to life for university-level students. I also share my own perspectives as a product of different cultures who has experienced and observed marketing on four continents, and both as an expatriate and as a local who has functioned under a free-market system and under a repressive, anti-consumerist command economy. These experiences are further supplemented with material collected in my recent research and other fieldwork and with materials obtained from various international sources: newspapers and magazines (*The Financial Times*, *Le Monde*, *The Economist*, *The International Herald Tribune*, *Wall Street Journal Europe and Asia*, *Frankfurter Allgemeine*, *Süddeutsche Zeitung*, *Die Zeit*, *L'Express*, *Le Point*, *Jeune Afrique*, and local and international fashion magazines); government and non-governmental organizations' publications (World Bank, United Nations Development Program, among others); as well as publications aimed at expatriates (*Delegates' World*, *Le Monde Diplomatique*).

The text adopts strategic, applications-oriented approaches to country- and region-specific environments. These are also illustrated with interviews conducted for the textbook and for the case studies in the instructor's manual with international and local (national) marketing managers and with marketing theorists who uphold different international marketing philosophies. And interviews with consumers are used to illustrate a number of consumer behavior issues in the chapters.

## Online and in Print

*International Marketing: Managing Worldwide Operations in a Changing International Environment* is available online as well as in print. The online chapters demonstrate how the interactive media components of the text enhance presentation and understanding. For example,

- Animated illustrations help to clarify concepts.
- Clickable glossary terms provide immediate definitions of key concepts.
- The search function allows you to quickly locate discussions of specific topics throughout the text.

You may choose to use just the online version of the text, or both the online and print versions together. This gives you the flexibility to choose which combination of resources works best for you. To assist those who use the online and print versions together, the primary heads and subheads in each chapter are numbered the same. For example, the first primary head in Chapter 1 is labeled 1-1, the second primary head in this chapter is labeled 1-2, and so on. The subheads build from the designation of their corresponding primary head: 1-1a, 1-1b, etc. This numbering system is designed to make moving between the online and print versions as seamless as possible.

Finally, next to a number of figures in the print version of the text, you will see an interactive figure icon like the one on the left. The icon indicates that this figure in the online version of the text is interactive in a way that applies, illustrates, or reinforces the concept.



## Acknowledgments

I would like to express my gratitude for all the support I have received in building this textbook. My thanks go to the team at Atomic Dog Publishing for all their support and guidance in the process of accomplishing this project. Steve Scoble and Kendra Leonard were instrumental in the materialization of the text; without their support through each stage of the project, this book could not have become a reality. I would also like to thank Charles Hutchinson, Nicky Hardy, and Victoria Putman for their dedicated work and for sharing their talent on this project. I would like to thank my international marketing students throughout the years and my current students and student assistants<sup>1</sup> for their valuable feedback; Mrs. Sandra Blanchard for all her support and dedication during the creation of this text; my colleague and former chairman, Harold Babb, and my dean, Karen Newman, and former dean, Randolph New, for their support throughout the text development process. My thanks go to my husband, Bram Opstelten, for his extensive input on all the chapters and for his support throughout the years that this text took to develop (I could not have done it without him), and to Michael and Daniel for forcing me to be aware of children's programming and products in all the countries where we have traveled. I would also like to thank my parents, Lucia and Damian Lascu, for the formidable international experiences that this book is based on and for creating and facilitating the foundations for this text.

<sup>1</sup>Tiffany Allen, Joanna Applegate, Anne Carson Crumley, Kristin DeYonker, Jessica DiTommaso, Franklin Fowler, Andrea Fuller, Ryan Ganley, Christianne Goldman, Catherine Hopkins, Kimberly Hribar, Elizabeth Manera, Paula Munafo, Lisa Myers, Pascal Ontijd, George Papalexandratos, Akshay Patil, Leslie Ramich, Taylor Roberts, Kerrie Robinson, Teri Schrettenbruner, Brian Stroop, Amber Summers, Brian Thoms, Maria Vornovitsky, Elise Woodling, and Sean Wygovsky.

# About the Author

## **Dana-Nicoleta Lascu**

*University of Richmond*

Dana-Nicoleta Lascu is associate professor of marketing and chair of the marketing department at the University of Richmond, in Richmond, Virginia. She has a Ph.D. in marketing from the University of South Carolina, a Master of International Management with concentrations in marketing and finance from the American Graduate School of International Management (Thunderbird), and a B.A. in English and French from the University of Arizona. She has taught international marketing at the University of Richmond for more than a decade and has published her research in international marketing in journals such as *International Marketing Review*, *International Business Review*, *European Journal of Marketing*, *Journal of Euromarketing*, *Journal of International Consumer Marketing*, *Journal of Teaching in International Business*, and *Multinational Business Review*. She has organized a number of international conferences and published related proceedings (among them, the 1996 World Business Congress, in Bermuda, and the Sixth Conference on Marketing and Development, 1997, in Romania) and has participated as track chair, session chair, or conference co-chair in numerous other national and international conferences. She is on the editorial board of a number of international marketing journals.

Dana Lascu worked previously as a simultaneous and consecutive translator (in English, French, and Romanian) for the Romanian government (the Central Committee of the Youth Union and the Ministry of Foreign Trade) and for the United Nations, Kigali, Rwanda, where she translated documents for the 1982 Round Table for International Aid. She also worked in international training in the United States, teaching managerial skills to civil servants from developing countries and developing related training proposals.

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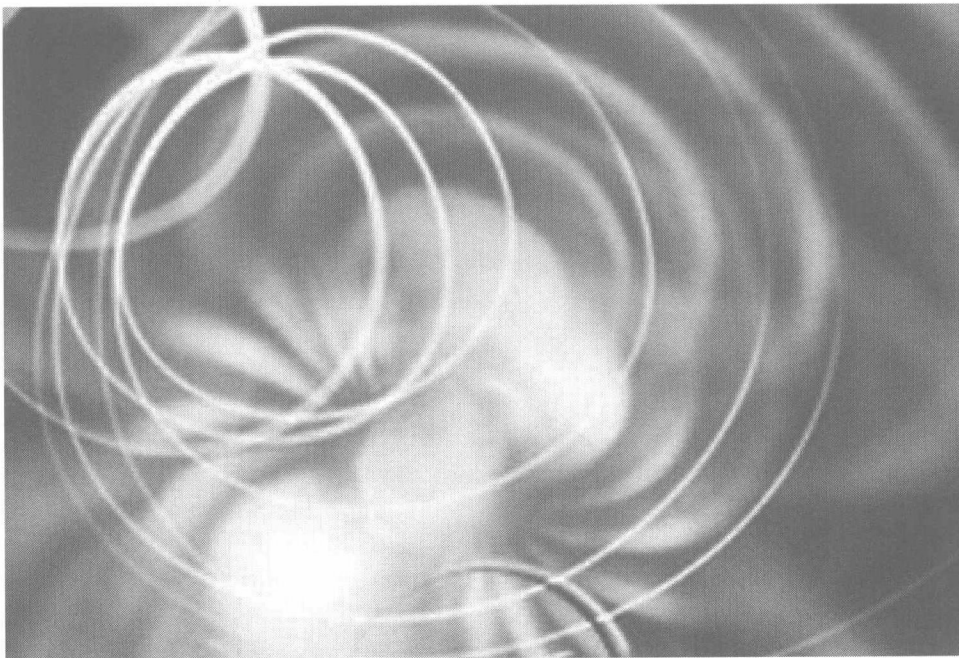
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# Part

# 1

## **Introduction to International Marketing**



### **Chapter 1**

Scope, Concepts, and Drivers  
of International Marketing

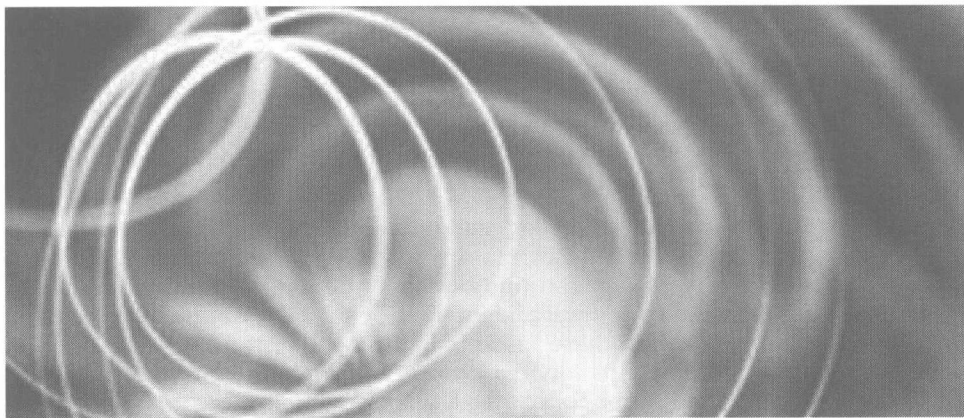


# Chapter

## Chapter

# 1

## Scope, Concepts, and Drivers of International Marketing



### Key Terms

domestic marketing  
drivers in the business environment  
driver of internationalization  
ethnocentric orientation  
export marketing  
firm-specific drivers  
geocentric orientation

global marketing  
international marketing  
multinational marketing  
obstacles to internationalization  
polycentric orientation  
regiocentric orientation  
self-reference criterion

### Outline

#### Learning Objectives

- 1-1 The Importance of International Marketing
  - 1-2 Levels of International Marketing Involvement
  - 1-3 The EPRG Framework and International Marketing Concepts
    - 1-3a Ethnocentric Orientation
    - 1-3b Polycentric Orientation
    - 1-3c Regiocentric Orientation
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  - 1-4 Drivers of International Expansion
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# Learning Objectives

## Learning Objectives

*By the end of this chapter, you should be able to:*

- Define international marketing and identify the different levels of international involvement
- Describe the different company orientations and philosophies toward international marketing
- Identify environmental and firm-specific drivers that direct firms toward international markets
- Identify obstacles preventing firms from engaging in successful international ventures

More than ever before, firms are looking for success beyond their national borders, partnering with foreign firms, or entering new markets on their own. In the past, internationalization was an option for large firms that had the necessary resources to enter and develop new markets. Today, small and medium-size businesses have access to international markets and can benefit from new venues—e.g., the Internet—and new markets—e.g., emerging markets worldwide—for selling their products.

Companies can look at international markets as a possible venue for distributing overproduction. Alternatively, they can look at the international market as a source of limitless opportunity—Federal Express, when assessing its growth opportunities, states: “International, sky is the limit.”<sup>1</sup>

Federal Express has traditionally pursued markets only in industrialized countries. In many developing countries (in Sub-Saharan Africa, for example), its competitor, DHL, was the first to enter the market, securing business from the national government, to the expatriate community, to local and international businesses operating there. When Federal Express decided these markets had potential, it had to spend large amounts of money to promote its services in these developing countries and to gain access there. Similarly, Pepsi set up a strategic alliance with government agencies in Central and Eastern Europe in the late 1960s, at a time when Coca-Cola did not consider communist countries in Europe as an attractive investment venue. As a first mover into this market, Pepsi was able to secure exclusive access and effectively blocked Coca-Cola’s access for decades. In the 1990s, when these markets opened their doors to foreign investment, Coca-Cola had to spend huge amounts of money to overtake Pepsi’s lead in these markets, with limited success.

This chapter will introduce the different internationalization philosophies of international firms and address the drivers (environmental and firm-specific) of and obstacles to international expansion.

1. FedEx Corporation Presents, internal presentation.