

Chapter 1

Nature of International
Marketing



Definition of International Marketing

- Multinational process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services and to create exchanges that satisfy individual and organizational objectives

Forms of International Marketing

- Export–import trade
- Licensing
- Joint ventures
- Wholly owned subsidiaries
- Turnkey operations
- Management contracts

Dimensions of Marketing

- Consumer Marketing vs. Business-to-Business Marketing
- Domestic Marketing vs. Foreign Marketing
- Comparative Marketing
- International Marketing vs. Global/Multinational Marketing
- Domestic Marketing vs. International Marketing
 - similar in nature but not in scope (scale)?
 - different in degree but not in kind?

MNCs (MULTINATIONAL CORPORATIONS)

- Cons
 - Exploitation
 - Erosion of a Nation's Sovereignty
- Pros
 - Power and Prestige
 - Social Responsibility
 - Market Performance

Transnationality Index (TNI)

- Foreign Assets/Total Assets
- Foreign Sales/Total Sales
- Foreign Employment/Total Employment

Company	Home country	Industry	Percent
Xstrata	United Kingdom	Mining & quarrying	93.2
ABB Group	Switzerland and Sweden	Engineering services	90.4
Nokia	Finland	Electrical & electronic equipment	90.3
Pernod Ricard	France	Food, beverages and tobacco	89.1
WPP Group	United Kingdom	Business services	88.9
Vodafone	United Kingdom	Telecommunications	88.6
Linde	Germany	Chemicals	88.3
Anheuser-Busch InBev	Belgium	Food, beverages and tobacco	87.9
Anglo American	United Kingdom	Mining & quarrying	87.5
ArcelorMittal	Luxembourg	Metal and metal products	87.2

ASEAN-BASED MULTINATIONALS IN THE TOP 100 NON-FINANCIAL MNES FROM DEVELOPING AND TRANSITION ECONOMIES, RANKED BY FOREIGN ASSETS, 2014

(\$ billion, number of employees)

Rank by FA	Corporation	Home	Industry	Assets		Sales		Employment		TNI (%)
				For.	Total	For.	Total	For.	Total	
6	Petronas	MY	Mining, quarrying, petrol	45.6	153.8	76.7	100.6	5,790	50,949	39.1
19	Singtel	SG	Telecommunications	23.9	30.6	8.4	13.4	12,596	23,000	65.3
21	Wilmar Int'l	SG	Food & beverages	23.7	43.6	33.1	43.1	3,680	92,000	45.0
30	CapitaLand Ltd.	SG	Construction	18.4	33.4	1.4	3.1	7,455	8,520	62.7
33	Genting Bhd.	MY	Hotels and restaurants	17.3	21.0	3.5	5.6	45,061	60,000	73.3
42	YTL Corp. Bhd.	MY	Construction	15.0	19.0	4.3	5.9	8,540	12,000	73.9
43	Keppel Corp. Ltd.	SG	Other Transpo Eqpt	14.7	21.9	2.4	8.1	25,338	43,157	52.0
44	Golden Agri-Res. Ltd.	SG	Food & beverages	14.7	14.7	7.6	7.6	50,000	50,000	100.0
54	Axiata Group Bhd.	MY	Telecommunications	11.5	14.1	3.4	5.7	21,250	25,000	47.8
56	Flextronics Int'l Ltd.	SG	Electronic components	10.6	11.7	25.6	26.1	146,507	150,000	81.1
64	San Miguel Corp.	PH	Food & beverages	10.2	27.2	2.1	17.7	2,879	18,538	71.2
67	Broadcom Ltd.	SG	Electronic components	10.0	10.5	4.1	4.3	7,500	8,400	27.4
82	Olam Int'l Ltd.	SG	Food & beverages	7.4	13.1	9.0	15.4	13,800	23,000	97.7
83	Sime Darby Bhd.	MY	Wholesale Trade	7.3	15.9	9.3	13.6	26,324	103,507	48.0
85	Banpu Public Co. Ltd.	TH	Mining, quarrying, petrol	6.8	6.9	2.9	3.1	6,115	6,185	92.6
90	City Dev'ts Ltd.	SG	Real Estate	6.2	14.9	1.2	3.0	22,077	22,477	84.8
93	Sembcorp Ind. Ltd.	SG	Electricity, gas and water	5.7	13.0	4.6	8.6	3,515	8,000	60.8

SOURCE: UNCTAD, WORLD INVESTMENT REPORT 2016, ANNEX TABLE 25: THE TOP 100 NON-FINANCIAL MNES FROM DEVELOPING AND TRANSITION ECONOMIES, 2014.

Transnationality Index (TNI)

- TNI is calculated by getting the arithmetic mean (average) of the three ratios.
- Foreign Assets/Total Assets
- Foreign Sales/Total Sales
- Foreign Employment/Total Employment

Characteristics of MNCs

- **Definition by Size**
 - market value
 - sales
 - profits
 - assets
 - number of employees

Characteristics of MNCs

- **Definition by Structure**
 - number of countries in which the firm does business
 - citizenship of corporate owners and top managers

Characteristics of MNCs

- **Definition by Performance**
 - commitment of corporate resources to foreign operations
 - amount of rewards from that commitment

Characteristics of MNCs

- **Definition by Behavior**
 - ethnocentricity
 - polycentricity
 - geocentricity

Behavior/ Attitude

- **Ethnocentricity**
 - orientation toward home country
 - centralization of decision making

Behavior/ Attitude

- **Polycentricity**
 - strong orientation to host country
 - decentralization of decision making

Behavior/ Attitude

- **Geocentricity**
 - world orientation
 - centralization + decentralization + coordination

Internationalization Process

- Stages of Internationalization
 - Domestic business
 - Sporadic exporting
 - Frequent exporting
 - Overseas manufacturing
- Born Global
 - Mission of being global from birth
 - Resources committed to international activities

Benefits of International Marketing

- Survival and Growth
- Sales and Profits
- Diversification
- Inflation and Price Moderation
- Employment
- Standards of Living
- Understanding of Marketing Process

Activity

- Recap:
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- Foreign Sales/Total Sales
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Solve for the TNI of the following Corporations:

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