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The global facets of marketing

Whether a company is small or large, it is necessary to adopt a global marketing strategy to ensure success in the future. The first of a three part series.

One of the widely publicized myths is that the U.S. economy is now a service-oriented one due to the significant decline in U.S. manufacturing. Actually, manufacturing output is now at the highest level in U.S. history; and its share of the U.S. GDP has held steady since 1977 at over 17%.

Many people falsely attribute the decline in manufacturing to cutbacks and industrial restructuring in certain U.S. regions. While some of this is true and thousands of jobs have been lost, many manufacturing jobs were simply relocated to the Southeast.

Several other key economic measures confirm the robustness of the U.S. manufacturing sector. The U.S. accounts for one in every eight dollars' worth of manufactured products in world trade. The value produced by America's over 380,000 manufacturing companies is also 50% more than the output in Japan and 33% more than the combined manufacturing output of France, Germany and Great Britain. Furthermore, 80% of U.S. exports are manufactured goods.

According to one economist, "We are a nation that has specialized in high-skilled, higher-end products. So we are an exporter of civilian aircraft, space technology, and the like. And we will continue to expand those industries as we contract the lower-skilled ones."[1]

Whether a firm is small or large, operates solely in its home nation or both domestically and abroad, markets goods or services, and is profit- or nonprofit driven, it needs to grasp key international marketing concepts and to devise a proper strategy. This means achieving and maintaining a broadened marketing perspective.

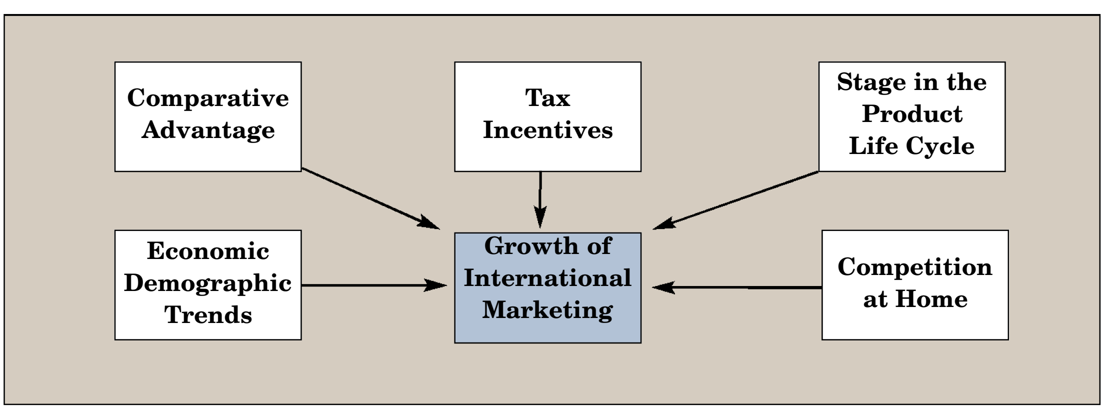
The concept that a global perspective is the exclusive province of the large corporation needs to change. Small companies are missing opportunities for growth through exports, licensing and joint ventures. Despite increasing overseas opportunities, many businesses are not interested in any of these aforementioned alternatives because they are comfortable in the domestic economy. This situation is dangerous because the global economy, with its accelerating pace of change and ever-newer information technology, brings competition from unexpected places.

Small U.S. firms have a cultural disadvantage relative to most equivalent-sized firms elsewhere in the world. The enormous size of the U.S. market has heretofore provided sufficient opportunity, with little need to learn other cultures, languages or additional ways of doing business.

By stark contrast, European and Asian businesses have acquired the skills, networks and support needed to compete in the global marketplace, and have evolved in the international business arena for a significant number of years.

DEFINITIONS

• *Domestic Firm* restricts its efforts to the home market. *Key:* It believes its base market is both large enough and responsive enough to



meet its strategic goals.

• *Exporting Firm* is simply embarking on sales expansion beyond the home boundaries. *Key:* It recognizes that the home market is no longer adequate to support revenue and profit goals.

• *International Firm* goes beyond just exporting existing products. It makes modifications in those items for foreign markets or introduces new ones. *Key:* There remains enough strength in the firm's domestic market for that market to remain the dominant one for the company.

• *Multinational Firm* is a worldwide player. Although corporate headquarters are in the home nation, the domestic portion of its business is often less than 50%. *Key:* Many leading U.S. players fall into this category; they market items around the world. But have a distinctly American business culture.

• *Global Firm* is also a worldwide player. Yet, because its domestic sales are low, it places even more reliance on foreign transactions. It has the greatest geographic scope. *Key:* Such firms have been more prone to emerge in smaller nations, where the firms have historically needed foreign markets to survive.

In this 21st century, it is clear that more domestic firms will need to become exporters and then international in orientation. At the same time multinational firms will need to become more global, thereby acting boundary-less and not dominated by a home-country-based corporate culture.

There are many reasons why countries and individual firms are engaging in greater international marketing efforts than ever before *(see figure on previous page)*.

The fundamental thesis statements surrounding this figure are:

• Countries trade items in which they have a comparative advantage.

• The domestic economy and demographics affect international efforts.

• Home competition may lead to international efforts.

• International marketing may extend the product life cycle or dispose of discontinued items.

Chemark will cover other important aspects of international marketing in succeeding columns. **CW**

References:

1. Philip Siekman, "The Big Myth About U.S. Manufacturing," Fortune (Oct. 2, 2000), pp. 244BB-244NN.

See Chemark's ad this month on page 17.