

CHAPTER 4

Chapter Overview

INTRODUCE THE CHAPTER

This chapter explores international trade in the context of the interdependence of nations—what is called the global marketplace. It examines the effects of international trade on the United States and the countries with whom the U.S. trades. Students also examine government involvement in international trade, how politics affects the global market, and the practical side of doing business abroad.

BUILD BACKGROUND

Tell the class that in the 1960s, social commentator Marshall McLuhan coined the term *global village* to refer to the contemporary world where electronic communications made all the people on earth neighbors. Ask students whether they think that this description is more or less true today. Why or why not?

EXPLORE THE PHOTO

Market Talk Lead a discussion asking students to name familiar imported products or to give examples of products that the United States imports or exports.

Quick Think Write suggestions on the board as they are offered. Answers may include laws of the host country regarding marketing or socio-cultural customs and accepted behaviors of a country.

Follow Up Ask students: If they could market a product in another country, what product and country would they choose? Why?

REVIEW THE OBJECTIVES

Explain the interdependence of nations.

Most countries do not produce or manufacture all the goods and services they need. They get some of their goods and services from other nations.

Describe international trade. **the exchange of goods and services among nations**

CHAPTER 4 Global Analysis

Chapter Objectives

After reading this chapter, you should be able to:

- Explain the interdependence of nations
- Describe international trade
- Discuss the balance of trade
- List three trade barriers
- List three significant trade agreements and alliances
- List forms of international trade
- Identify political, economic, socio-cultural, and technological factors that affect international business
- Suggest global marketing strategies

GUIDE TO THE PHOTO

Market Talk How many products that you use are made in foreign countries? How many products made in the United States are sold in foreign countries? When you answer those two questions you will realize that the world is now a global marketplace.

Quick Think What factors should a company consider when deciding if it should get involved in international trade?

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Claro Cortes/Reuters/Corbis

Discuss the balance of trade. **The difference in value between exports and imports of a nation is called its balance of trade. A positive balance of trade, or trade surplus, occurs when a nation exports more than it imports. A negative balance of trade, or trade deficit, occurs when a nation imports more than it exports.**

List three trade barriers. **tariffs, quotas, embargoes**

List three significant trade agreements and alliances that foster worldwide free trade. **World Trade Organization (WTO), North American Free Trade Agreement (NAFTA), European Union (EU)**

List forms of international trade. **importing, exporting, licensing, contract manufacturing, joint**

ventures, foreign direct investment

Identify political, economic, socio-cultural, and technological factors that affect international business. **Political factors: government stability, trade regulations and agreements; Economic factors: infrastructure, labor force, employee benefits, taxes, standard of living, exchange rate; socio-cultural factors: language and symbols, holidays and religious observances, social and business etiquette; technological factors: measurement systems, voltage standards**

Suggest global marketing strategies. **globalization, adaptation, customization**





DECA Events These acronyms represent DECA competitive events that involve concepts in this chapter:

AAM	BSM	HLM*	RMS
ADC*	EMDM	HMDM*	SEM*
ASM	FMAL	MMS*	SMDM*
BLMDM	FMDM	QSRM*	TMDM*
BMDM*	FMML*	RFSM*	TSE

Performance Indicators The performance indicators represent key skills and knowledge. Relating them to the concepts in this chapter is your key to success in DECA competitive events. Keep this in mind as you read, and write notes when you find material that helps you master a key skill. In these DECA competitive events, you should follow these performance indicators:

- Explain the nature of international trade.
- Discuss the impact of cultural and social environments on world trade.
- Explain marketing and its importance in a global economy.

The events with an asterisk (*) also include:

- Identify considerations in implementing international marketing strategies.
- Assess global trends and opportunities.

Some events include these performance indicators:

EMDM	Describe the impact of e-commerce on international trade.
SMDM	Explain international trade considerations for sport/event industries.
SEM	Explain international trade considerations for sport/event industries.
RSM	Identify the effects of international trade on buying and merchandising.
AAM	Explain the effect of international trade on buying and merchandising.
FMAL	Explain the effect of international trade on the food marketing industry.

DECA PREP

ROLE PLAY Check your understanding of DECA performance indicators with the DECA activity in this chapter's review. For more information and DECA Prep practice, go to the *Marketing Essentials* OLC through glencoe.com.

glencoe.com



Discuss the performance indicators for the DECA events listed, so that students understand how to demonstrate their understanding.

The event acronyms stand for:

AAM:	Apparel and Accessories Marketing Series
ADC:	Advertising Campaign Event
ASM:	Automotive Services Marketing Series
BSM:	Business Services Marketing Series
EMDM:	E-Commerce Management Team Decision Making Event
FMAL:	Food Marketing Series, AL
FMDM:	Financial Analysis Management Team Decision Making Event
FMML:	Food Marketing Series, ML
FSRM:	Full Service Restaurant Management Series
HMDM:	Hospitality Services Management Team Decision Making Event
HRR:	Hospitality and Recreation Market- ing Research Event
MMS:	Marketing Management Series
QSRM:	Quick Serve Restaurant Management Series
RFSM:	Restaurant and Food Service Management Series
RMS:	Retail Merchandising Series
SEM:	Sports and Entertainment Marketing Series
SMDM:	Sports and Entertainment Marketing Management Team Decision Making Event
TMDM:	Travel and Tourism Marketing Management Team Decision Making Event
TSE:	Technical Sales Event

DECA PREP

Find timed DECA Prep activities correlated to the Competitive Events Workbook for students and DECA tips for teachers at the *Marketing Essentials* OLC through glencoe.com.

CHAPTER 4 Classroom Resources

For the Teacher

- TeacherWorks™ Plus
- Teacher Resources at glencoe.com
- Interactive Chalkboard
- ExamView® Assessment Suite
- Fast File Unit 2

For the Student

- *Marketing Essentials* Online Edition
- Student Activity Workbook
- Marketing Math Workbook
- Marketing Research Project Workbook
- School-to-Career Activity Workbook
- Competitive Events Workbook
- *BusinessWeek* Reader with Case Studies
- Interactive Student Edition
- Student Resources at glencoe.com

FOCUS

BELLRINGER ACTIVITY

Ask students to work in groups to name items that they have seen that were made or manufactured in some other country. List these as they are suggested. When you have a number of items listed, ask students how consumers might react if the products were no longer available for import.

Preteaching

VOCABULARY

KEY TERMS Pronounce each term for students, and then have students skim the selection to find the term and its definition in context. Select a student to read that word and its definition aloud to the class.

ACADEMIC VOCABULARY Refer students to the OLC through glencoe.com for the Academic Vocabulary Glossary before they read the section

GRAPHIC ORGANIZER

Model using the graphic organizer for students. Tell students to go to the OLC through glencoe.com for a printable graphic organizer.

NCLB connects academic correlations to book content.

International Trade

READING GUIDE

BEFORE YOU READ

Connect Consider the reasons international trade is flourishing around the world.

OBJECTIVES

- Explain the interdependence of nations
- Describe international trade
- Discuss the balance of trade
- List three trade barriers
- List three significant trade agreements and alliances

KEY TERMS

- international trade
- imports
- exports
- balance of trade
- free trade
- tariff
- quota
- embargo
- protectionism
- World Trade Organization (WTO)
- North American Free Trade Agreement (NAFTA)
- European Union (EU)

ACADEMIC VOCABULARY

You will find these words in your reading and on your tests. Make sure you know their meanings.

- potential
- infrastructure

THE MAIN IDEA

Nations rely on each other for goods and services. This interdependence, along with trade agreements, creates a global marketplace.

GRAPHIC ORGANIZER

Draw a chart like the one below, to organize key concepts related to international trade.

International Trade		
Balance of Trade	Trade Barriers	Trade Agreements

Go to the OLC through glencoe.com for printable graphic organizers, Academic Vocabulary definitions, and more.

ACADEMIC STANDARDS

English Language Arts

NCTE 1. Read text to acquire new information.

Social Studies

NCSS 6 Power, Authority, and Governance: how people create and change structures of power, authority, and governance

AS YOU READ

Connect Observe signs of global trade when shopping for clothes and other items.

Nature of International Trade

The global marketplace exists because countries need to trade with one another. It continues to expand because of the reduction of trade restrictions throughout the world. This new global marketplace makes all people and businesses in the world both **potential** customers and potential employees or employers.

READING GUIDE

BEFORE YOU READ

Ask students to share their responses. For example, they might consider the effects of the Internet on the needs and wants of people all over the world.

D Develop Concepts

THE MAIN IDEA

Go over the points made here: 1) No country has all of the resources it needs. 2) This creates interdependence. 3) In some cases, written trade agreements have been drawn up between countries. 4) Countries benefit from these exchanges of goods and services.

AS YOU READ

Tell students that they can take notes while they are shopping.

TEACH

Discussion Starter

INTERDEPENDENCE OF NATIONS

After students read this section, ask them to list reasons why products are imported from other countries to be sold domestically.

Answers might include that most countries do not produce or manufacture all the goods and services they want or need or that goods and services can be produced better or more efficiently.

Model Bring to class examples of common goods, such as clothing and backpacks, to see where they were made. Explain to the class that the United States is moving away from manufacturing and toward a more information- and technology-driven society, and goods such as textiles and clothing are increasingly being made abroad.

R Reading Strategy
Guided Practice

Understand Concepts Call students' attention to the title of this chapter, Global Analysis, and the titles of the two sections, International Trade and The Global Marketplace. Then give the class a couple of minutes to jot down any comments, questions, or other ideas called to mind by these titles. Have students save these notes to return to after study of the chapter.

C Critical Thinking

Explain Ask students to explain the relationship between resources and comparative advantage.

If a country possesses a resource in abundance, it can produce certain products more efficiently than other countries and then trade these products for products that are produced efficiently in other countries.

• **VERIZON GLOBAL** Companies do not necessarily have to establish a business abroad to cash in on the global market. Verizon, a U.S. leading wireless communication company, tries to fulfill business travelers' needs.

Why do you think Verizon decided to market global phone service?

International trade is the exchange of goods and services among nations. **Imports** are goods and services purchased from other countries. Conversely, **exports** are goods and services sold to other countries. These exchanges occur among businesses, but they are controlled by the governments of the countries involved.

Interdependence of Nations

Most countries do not produce or manufacture all the goods and services they need. They get some of their goods and services from other nations. This economic interdependence

happens because each country possesses unique resources and capabilities. The principle of economic interdependence is fundamental to marketing in a global environment.

Absolute Advantage and Comparative Advantage

Any nation that takes part in international trade may have an economic advantage over its trading partners. There are two types of advantages in international trade—absolute and comparative.

Absolute advantage occurs when a country has natural resources or talents that allow it to

AD GUIDE

• VERIZON GLOBAL

Discussion Lead a discussion asking students what two business needs this ad addresses. Answers might include the need for reliable telephone service at home and abroad. Also ask students to identify the target market for this product. Answers might include a businessperson or somebody whose work involves world travel.

Caption Answer Students may speculate that Verizon saw a need that was going unfilled and turned this into a marketing opportunity.

Follow Up Have Verizon's efforts paid off? Ask students to research whether Verizon's service has been successful.

TEACH CONTINUED

C Critical Thinking

Explain Ask students to explain why a skilled labor force is considered an exportable resource.

D Develop Concepts
Guided Practice

Benefits of International Trade Ask students to list some of the benefits of international trade. Have students volunteer examples of each type of benefit.

Answers may include increased competition, which leads to better quality goods and lower prices, higher employment rates, improvement in standards of living, and increased purchasing options.

**Extended Activity**

Point out to students that the word *interdependence* is composed of the root *dependence* and the prefix *inter-*, which means “between or among.” Ask students to compare this prefix with *intra-*, which means “within, or on the inside.” Then put these sentences on the board:

1. We will study *interstate* commerce.
2. We will study *intrastate* commerce.

Ask which word means within a state (intrastate) and which means between or among states (interstate).

MARKET TECH

The Next Step in Wireless Service

Cell phones and the wireless services that support them continue to raise the bar. Today's wireless devices do almost everything: take, display, and send photos, access the Web, play music, check e-mail, organize schedules, and even shoot digital video. Now Japanese content provider Faith, Inc. has introduced Voce, the world's first premium wireless service.

Defining Premium

As an adjective, premium means “of very high quality” or “higher than normal, especially in price.” This is the case with Voce, which charges a one-time, non-refundable membership fee of \$500, plus a flat rate of \$200 a month for service. Members are entitled to a variety of perks not found at other carriers. Voce has roaming agreements with leading wireless servers around the globe. Every 12 months, members receive a new state-of-the-art mobile device with accessories such as fully insured handsets. When traveling out of the country, Voce will provide a free loaner phone. There is no long-term contract and the flat fee means unlimited everything, from calls and messaging to personal mobile assistants. Voce's clientele includes international business travelers and customers who demand the very best.

THINK LIKE A MARKETER

You work at a marketing firm promoting a premium cell phone service, such as Voce. What types of customers would you target in promotional materials?

@ Online Action!

Go to the *Marketing Essentials* OLC through glencoe.com for an activity on technology and international business.

produce an item at the lowest cost possible. China produces 80 percent of all the silk in the world, which gives it absolute advantage in the silk market.

Comparative advantage is the value that a nation gains by selling what it produces most efficiently. When countries specialize in products or services well suited to their capabilities, they may gain a comparative advantage in international trade. Businesses in those countries produce these goods and services to satisfy economic needs in an international economy.

The United States has comparative advantage in producing high-tech products because of its **infrastructure**, raw materials, and educated labor force. Products include airplanes, computers, high-tech machinery, entertainment, and telecommunications.

Some emerging nations have large, unskilled labor forces available at a low cost. Labor-intensive industries—ones that rely on labor as opposed to machinery—do well in such an environment. Emerging nations can produce labor-intensive products such as toys, clothing, and shoes at a lower cost than most industrialized nations. They have a comparative advantage when manufacturing these goods. It is more cost effective for high-wage countries like the United States to buy those items from emerging nations.

Benefits of International Trade

Consumers, producers, workers, and nations benefit from international trade in different ways. Consumers benefit from the competition that the foreign companies offer. This competition encourages the production of high-quality goods with lower prices. The variety of goods increases as more producers market their goods in other countries. Individuals have more options when making purchasing decisions.

Many producers expand business by conducting operations in other countries. About one-third of the profits of U.S. businesses come from international trade and foreign investment.

MARKET TECH

The Next Step in Wireless Service

Discussion Lead a discussion asking students to speculate about why consumers would be interested or willing to pay more for wireless phone service.

THINK LIKE A MARKETER Answer: Students might suggest targeting business people who do a lot of traveling, or individuals who conduct a lot of business by phone.

@ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through glencoe.com.

Follow Up

Ask students to think of benefits of using a high-end wireless phone service such as Voce.

TEACH CONTINUED

Workers also benefit from international trade. Increased trade can lead to higher employment rates both at home and abroad. For example, according to the U.S. Chamber of Commerce, Toyota, a Japanese company, has generated 500,000 jobs in the United States.

Nations as a whole benefit from international trade. Increased foreign investment in a country often improves the standard of living for that country's people. Economic alliances among nations often solidify political alliances that foster peace.

Government Involvement in International Trade

All nations control and monitor their trade with foreign businesses. The U.S. government monitors imports through the customs division of the U.S. Treasury Department. All goods that enter the United States from a foreign country are subject to search and review by U.S. customs officials. Other countries also check incoming goods. All U.S. citizens and firms must meet the customs requirements of foreign countries when visiting or when exporting goods.

Balance of Trade

Nations must keep track of their international trade to be aware of their economic status. The difference in value between exports and imports of a nation is called its **balance of trade**. A positive balance of trade, or trade surplus, occurs when a nation exports more than it imports. A negative balance of trade, or trade deficit, occurs when a nation imports more than it exports.

Trade Deficit

The large U.S. trade deficit may seem surprising because the United States is the world's biggest exporter. Some analysts believe this situation exists because Americans purchase more goods and services than people of other nations. Others believe that the United States is now focusing more on providing services, making it more economical

to import goods that were once domestically manufactured.

Negative Consequences of a Trade Deficit

An unfavorable balance of trade reduces a nation's revenue. When more money leaves a country than comes in, that country is in debt, or is a debtor nation. To survive as a debtor nation, the United States relies on foreign investors who buy U.S. securities. Another effect of a negative balance of trade can be increased unemployment. People may lose their jobs as foreign competitors take business away from domestic firms. If domestic businesses do not become competitive, they will fail.

Trade Barriers

Many countries around the world favor and practice **free trade**, or commercial exchange between nations that is conducted on free market principles, without restrictive regulations. However, nations sometimes impose trade barriers or restrictions when they want to limit trade. These controls restrict the flow of goods and services among nations. The three main types of trade barriers are tariffs, quotas, and embargoes.

Tariffs

A **tariff** (sometimes called a duty) is a tax on imports. Tariffs may be used to produce revenue for a country. Revenue-producing tariffs were used in the United States as a primary source of income for the government before income taxes were established in 1913. These tariffs exist today, but they are as low as 25 cents or less per item or pound.

Another type of tariff is protective. A protective tariff is generally high. Its purpose is to increase the price of imported goods so that domestic products can compete with them. Protective tariffs can prevent foreign businesses from trading with the United States. This would protect domestic jobs and new domestic industries from foreign competition.

W Writing Support

Guided Practice

Ethics and International Trade

Inform students that when engaging in trade, many U.S. companies take ethical considerations into account, such as whether the efficiency of production is dependent on an oppressive government, low wages, or poor working conditions for a labor force. Ask students to research human rights and international trade and give a five-minute oral presentation about what they learned.

D Develop Concepts

Drawing Conclusions

Balance of Trade Ask students to explain which of these options is better and why:

1. When a country imports more than it exports
2. When a country exports more than it imports

It is better when a country exports more than it imports because it means that the country's businesses are selling more abroad than its consumers are buying from foreign producers.



Extended Activity

Local Products

Ask students to explain why a country might choose to restrict imports of products that can also be produced domestically. Have students share their responses in class and propose examples of restricted products.

TEACH CONTINUED

D Develop Concepts
Guided Practice**Trade Agreements and Alliances**

Trade increase due to expanding globalization has led to the need for controlling bodies. After students have read this section, ask them to list the advantages and disadvantages of trade organizations and trade agreements.

Clarify Ask students to name the number one trading partner of the United States (Canada). Tell students that NAFTA reduced trade barriers such as tariffs and quotas between Mexico, Canada, and the United States to make it less expensive and easier to perform trade. The EU performs a similar function for its members.

R Reading Strategy

Analyze Words Ask students to preview the following words by reading them in context and provide a synonym.

- impose **set, decree**
- subsidized **financed**

C Critical Thinking
Drawing Conclusions

Embargoes Tell students that when the U.S. ended its trade embargo on Vietnam in 1995, allowing American products to be sold there, the Coca-Cola company flew a 30-foot-tall inflatable Coke bottle to a Vietnamese celebration, and PepsiCo released a photo of a giant Pepsi can placed in the main part of Ho Chi Minh City. Ask students to guess what the purpose of these public relations ads might have been.

Possible answer: to attract consumers in a new market.

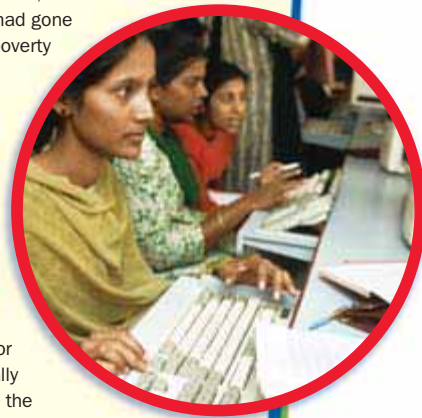
Case Study

The New Calcutta

Rapid changes are taking place in Calcutta (Kolkata), which shows how the outsourcing of jobs from the United States is helping to transform India. Long neglected by investors, Calcutta is attracting technology companies ranging from International Business Machines Corp. (IBM) to India's Wipro Ltd., thanks to its educated workforce and low costs. Software engineers who had gone abroad for opportunity are returning. Even though Calcutta is still poverty stricken, changes around the city are encouraging. The changes include brand new offices springing up on vacant land outside the city, huge housing developments, and new malls complete with cinemas and cafés.

Stressing the Positives

In the past, Calcutta suffered from a reputation for labor unrest. So, the city stressed the positive. Unlike many parts of India, Calcutta's power supply is fairly reliable. Costs are even lower than in Bangalore or Bombay (Mumbai). There is a huge supply of talent from nearby engineering schools such as the prestigious Indian Institute of Technology. To ease apprehensions about possible labor stoppages, the government made software and office services legally equivalent to a public utility so that in the event of a general strike, the government will ensure their work goes on as usual.

**THINK STRATEGICALLY**

Evaluate Calcutta as a site for a U.S. tech company by conducting an environmental scan.

@ Online Action!

Go to the *Marketing Essentials* OLC through glencoe.com for an activity on international business and economic development.

Quotas

An import **quota** limits either the quantity or the monetary value of a product that may be imported. For example, the U.S. government could place a quota on foreign automobiles, limiting the number that may be imported. This would control the number of cars that could enter the U.S. market from other countries. In theory, such a measure would give U.S. auto manufacturers a better chance to sell their own cars.

Sometimes one trading partner voluntarily puts quotas on exports to improve its relations with another country. In the 1980s, Japan placed quotas on its auto exports to the United States to improve trade relations between the two nations.

Embargoes

An **embargo** is a total ban on specific goods coming into and leaving a country. A government can impose an embargo for

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C

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Case Study

The New Calcutta

Discussion Ask students to state what has been the biggest drawback about outsourcing jobs to Calcutta (labor unrest). Then ask how the governments can address outsourcing issues.

THINK STRATEGICALLY

Answer: Environmental scans should consider political, economic, socio-cultural, and technological aspects of Calcutta. Have students review the material on marketing plans and environmental scans in Chapter 2 before they begin their analysis.

@ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through glencoe.com.

TEACH CONTINUED**D** Develop Concepts
Guided Practice

The European Union Inform students about the history of the EU. The European Union consists of a number of democratic European countries committed to working together for peace and prosperity. EU countries still make many of their own economic decisions, but they leave other decisions to Europe-wide institutions such as the European Parliament and the European Central Bank. The idea for the EU was proposed in 1950, but the European Union did not become a reality until 1992. As of 2004, there were 25 member states in the EU. Tell students that individual countries vote on whether to become part of the EU. Lead a discussion about why countries might or might not want to become part of the European

ASSESS

KEY TERMS

Have students work in small groups to review key terms, their spellings, and their definitions.

RETEACH

INDEPENDENT REVIEW

L1 Assign and review Chapter 4 activities in the Student Activity Workbook.

L2 Assign and review Chapter 4 activities in the Marketing Math Workbook.

L3 Assign and review Chapter 4 activities in the *BusinessWeek* Reader with Case Studies.

health reasons. The U.S. government embargoed Chilean grapes in 1989 as a precaution after inspectors found poisoned fruit in a shipment. That embargo was lifted within a week.

Embargoes are also used for political reasons. Such embargoes based on political differences can last for a very long time. The United States lifted its 30-year embargo on Vietnam in 1994 so that trade relations could start again between the two nations. The U.S. embargo against Cuba—imposed in 1960 when Fidel Castro created a communist state—still remains in effect. In 2000, President Clinton signed a law that relaxed restrictions on food sales to Cuba. As a result, Cuba has paid more than \$1.5 billion to the United States, Cuba's main source of food products.

Protectionism

Trade regulations can have many political and economic consequences. **Protectionism** is a government's establishment of economic policies that systematically restrict imports in order to protect domestic industries. Protectionism is the opposite of free trade. Imposing tariffs and quotas is one method of practicing protectionism.

Protectionism and Subsidies

A government can accomplish the same goal by subsidizing domestic industries, thus allowing them to be more competitive against foreign competition.

For example, the United States and Europe subsidize their farmers. Those subsidies allow farmers to overproduce products that they can sell or donate overseas. All excess output can then be sold internationally at very low prices. Naturally this displeases the foreign competitors who cannot compete with those low prices in the global marketplace.

Sometimes, when one country imposes a tariff or quota, the other country retaliates. For example, in November 2003, the United States imposed new import quotas on Chinese dressing gowns, knitwear, and bras in order to protect domestic textile firms that produce those products. After those quotas were

announced, China cancelled a trade mission to the United States to buy farm products such as cotton, wheat, and soybeans.

Trade Agreements and Alliances

Governments make agreements with each other to establish guidelines for international trade and to set up trade alliances. Some milestones in the movement toward worldwide free trade are the formation of the World Trade Organization, the North American Free Trade Agreement, and the European Union.

The World Trade Organization

The **World Trade Organization (WTO)** is a coalition of nations that makes rules governing international trade. The WTO had 148 members as of October 2004.

The WTO was formed in 1995 as the successor to the General Agreement on Tariffs and Trade (GATT). GATT was an international trade agreement designed to open markets and promote global free trade. It reduced tariffs and created a common set of trading rules. GATT had no enforcement power, so it created the WTO to police the agreement and resolve disputes among nations. For example, in 2004, the WTO ruled in favor of Brazil, which had alleged that U.S. cotton subsidies violated international trade rules and hurt Brazilian farmers by depressing global prices.

The WTO also manages world trade by studying important trade issues and evaluating the health of the world economy. It deals with activities that GATT was unable to address, including intellectual property rights, investment, and services.

The WTO, For or Against?

Supporters of the WTO and free trade stress that globalization and the expansion of trade have created enormous wealth in both rich and previously poor countries.

Free trade supporters believe global prosperity can be maintained and expanded only through a borderless economy. This requires

**Online Activity****Border Safety**

Studies indicate that our ports and the amount of goods that moves through them are a weak spot in U.S. border defense. Ask students to use the Internet to research current domestic security concerns regarding international trade and present their findings to the class.

SECTION 4.1

ASSESS

AFTER YOU READ

Have Students complete the Section 4.1 After You Read section review.

ONLINE STUDY TOOLS

Have students go to the *Marketing Essentials* OLC through glencoe.com for the Section 4.1 practice test.

CLOSE

CULMINATING ACTIVITIES

1. Ask students to work in groups of three to five. Have students choose one nation and research its major industries, resources, imports, and exports. Have students give a five- to 15-minute presentation on the country's economy and its prospects for international trade.
2. Ask students to describe the global marketplace discussed at the beginning of this section.

The global marketplace is the term used to describe international trade.

NCLB

NCLB Activity correlated to Mathematics and Social Studies Standards

a set of rules that is universally accepted. Advocates argue that such a system is the only way to ensure fairness and avoid damaging trade wars.

Critics of the WTO raise concerns about democracy, labor rights, and the environment. They charge that the WTO makes decisions affecting all of society on a commercial basis. They do not like giving a nonelected body the power to overrule governments on issues of environmental protection and labor rights. Some of the more radical critics want the organization disbanded. Others want to transform it into a body that addresses social and environmental concerns as well as economic ones.

North American Free Trade Agreement

The **North American Free Trade Agreement (NAFTA)** is an international trade agreement among the United States, Canada, and Mexico. It went into effect on January 1, 1994.

The main goal of NAFTA is to get rid of all trade barriers and investment restrictions among the three countries by 2009. Tariffs were eliminated immediately on thousands of goods traded between Mexico and the United States, including food, clothing, and automobiles.

European Union

The **European Union (EU)** is Europe's trading bloc. In 1992, the Maastricht Treaty created the EU to establish free trade among the member nations, as well as a single European currency (the euro) and a central bank. Other treaty provisions relate to fair competitive practices, environmental and safety standards, and security matters.

In 2004, the EU added ten new members, including Poland, Hungary, the Czech Republic, and the Slovak Republic. To be considered part of the EU, these countries had to conform to the EU's political, economic, and legal standards.

4.1 AFTER YOU READ

Key Terms and Concepts

1. Explain the nature of international trade.
2. What are two key reasons why embargoes are imposed?
3. What is the common goal or purpose of the WTO, NAFTA, and the EU trade agreements?

Academic Skills

Math

4. If a Japanese company reported an 8.8 percent increase in net profit from last year's 426 billion yen, what would be this year's net profit in yen?

Social Studies/History

5. Why does the United States have an embargo against Cuba?

CONCEPT Numbers and Operations:

Percent Increase A percent increase can be calculated in one step by multiplying the original amount by a percent greater than 100.

1. To solve the problem, think of this year's net profit as 108.8 percent of last year's. Convert the percent to a decimal number.
2. Multiply that decimal number by 426 billion yen, last year's revenue, to find the dollar amount of this year's net profit.



For help, go to the Math Appendix located at the back of this book.

Online Action!

Check your answers at the *Marketing Essentials* OLC through glencoe.com.

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glencoe.com

4.1 AFTER YOU READ

Key Terms and Concepts

1. International trade is the exchange of goods and services between nations.
2. Two reasons are health reasons, as in contaminated products, and political or diplomatic reasons.
3. The common goal of all three agreements is to establish trade guidelines and set up trading alliances.

Academic Skills

4. 38 billion yen
5. The embargo is political in nature; Cuba is a communist country and U.S. policy does not support communist countries.

Online Action!

Find Answers at the *Marketing Essentials* OLC through glencoe.com.

The Global Marketplace

READING GUIDE

BEFORE YOU READ

Connect Suppose you have manufactured a new product and you want to sell it in a foreign country. List three things you would need to know to accomplish your goal.

OBJECTIVES

- List forms of international trade
- Identify political, economic, sociocultural, and technological factors that affect international business
- Suggest global marketing strategies

KEY TERMS

- licensing
- contract manufacturing
- joint venture
- foreign direct investment (FDI)
- multinationals
- mini-nationals
- globalization
- adaptation
- customization

ACADEMIC VOCABULARY

You will find these words in your reading and on your tests. Make sure you know their meanings.

- corporate
- focus

THE MAIN IDEA

Besides language barriers, there are many factors that must be considered for doing international business.

GRAPHIC ORGANIZER

Create a chart like the one below to list factors that affect international business.



Go to the OLC through glencoe.com for printable graphic organizers, Academic Vocabulary definitions, and more.

ACADEMIC STANDARDS

English Language Arts

NCTE 1 Read texts to acquire new information.

Social Studies

NCSS 9 Global Connections: personal, national, and global decisions, interactions, and consequences

Doing Business Internationally

The global marketplace has been growing with the increasing acceptance of capitalism around the world, advances in technology such as Internet connections, and the reduction of trade barriers. Global news coverage is instantaneous, connecting people throughout the world. These factors have encouraged businesses to venture into foreign countries. In this section, you will see what it takes for a business to become a global player.

AS YOU READ

Connect Think of one example for each type of international business transaction this section describes.

FOCUS

BELLRINGER ACTIVITY

Divide students into groups of three to five. Ask groups to choose the one foreign country to which they would most like to market a product or service and then explain their choice in an informal class discussion.

Preteaching

VOCABULARY

KEY TERMS Assign three key terms each to groups of three students. Have Students study the words in context and then write a sentence for each term. They can then present sentences and word definitions to the rest of the class.

ACADEMIC VOCABULARY Refer students to the OLC through glencoe.com for the Academic Vocabulary Glossary before they read the section.

GRAPHIC ORGANIZER

Model using the graphic organizer for students. Tell students to go to the OLC through glencoe.com for a printable graphic organizer.

NCLB

NCLB connects academic correlations to book content.

READING GUIDE

BEFORE YOU READ

Ask students to write down their lists without discussion. Encourage them to return to the lists at the end of this section, changing and adding as needed based on what they have learned.

D Develop Concepts

THE MAIN IDEA

Set purpose by asking students to read Section 4.2 to see what some of those factors might be.

AS YOU READ

Ask students to share their examples of the types of transactions in class.

SECTION 4.2

TEACH

Discussion Starter

DOING BUSINESS INTERNATIONALLY

After students have read this section, read the material under this heading aloud to the class and ask volunteers to explain two ways of getting involved in international trade.

Answers may include importing, exporting, licensing, contract manufacturing, and foreign direct investment.

R Reading Strategy Guided Practice

Clarify Point out that each of these ways of closing business involves a different amount of risk and control. Help students see that in this context, *risk* refers to the possibility of losing one's investment, while *control* refers to how much say a business owner has, even over that owner's own business, when operating in a foreign country.

C Critical Thinking

Explain Ask students: Should intellectual property—ideas, written work, and so on—be protected and licensed in the same way that products are? Why?

Trade agreements by governments set the guidelines for businesses to operate in the global marketplace. Getting involved in international trade can mean importing, exporting, licensing, contract manufacturing, joint ventures, or foreign direct investment. Each option offers a different level of risk and control. **Figure 4.1** shows how the profit potential increases as the levels of financial commitment, risk, and marketing control increase with the different market entry options.

Importing

Importing involves purchasing goods from a foreign country. Products imported for the U.S. market must meet the same standards as domestic products, including those imposed by the Food and Drug Administration. If these standards are met, most products can be imported without prior government approval.

A quota can limit entry of certain goods into the country. Quotas exist on agriculture, food products, and other merchandise. Once a quota is reached for a certain item, no more of that item may enter the country. Any

shipment in excess of the quota is quarantined by U.S. Customs. Knowing the details of importing is difficult and U.S. businesses usually hire customs brokers—specialists licensed by the U.S. Treasury Department. Customs brokers know the laws, procedures, and tariffs governing imports. They handle over 90 percent of imports because of the complex procedures involved.

Exporting

A domestic company that wishes to enter into the global marketplace with minimal risk and control might consider exporting. Domestic companies that want to export their goods and services can get help from the United States government, through its Internet export portal and at its BuyUSA site.

Licensing

Licensing involves letting another company (licensee) use a trademark, patent, special formula, company name, or some other intellectual property for a fee or royalty. This type of market entry has its pros and cons.

Figure 4.1

Doing Business Internationally

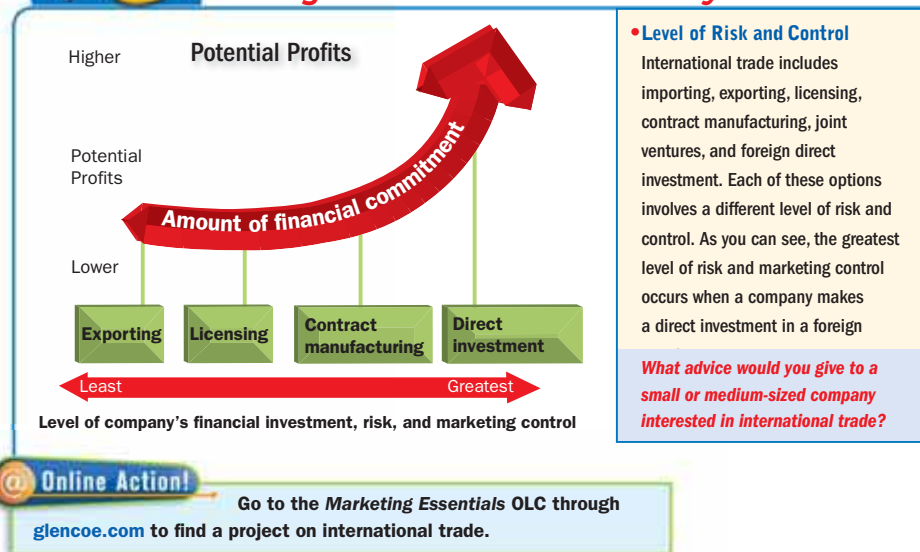


Figure 4.1

Doing Business Internationally

Discussion Ask students to discuss why they feel that marketing in a foreign country might increase the risk for a certain product or company.

Caption Answer Students may feel that keeping risk low, for example focusing on exporting, is the way for a smaller company to enter this market.

@ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through glencoe.com.

TEACH CONTINUED

Jeff Greenberg/Alamy Fotostock



• **OPENING a GLOBAL BUSINESS** Starting an import-export business is one way to capitalize on the global marketplace.

What might you need to know before starting such a business with Japan?

With licensing, a foreign company makes the product using the information or guidelines provided by the licensor. If the product is a success in the foreign country, the licensor has gained entry with minimal risk. If the product fails, the licensor's name is tarnished.

A special type of licensing is franchising. In a franchise agreement, a franchisor grants the franchisee the rights to operate under the company name. The agreement involves following specific guidelines for operation to foster a unified image of the franchisor. Many fast-food chains, like McDonald's, Wendy's and Burger King, have franchised operations in foreign countries.

Contract Manufacturing

Contract manufacturing has become popular as emerging countries offer facilities, know-how, and inexpensive labor. **Contract manufacturing** involves hiring a foreign manufacturer to make your products, according to your specifications. The finished goods are either sold in that country or exported.

Many U.S. companies that sell clothing, toys, golf clubs, and computers use contract manufacturers in emerging countries to manufacture their products.

The major benefit is lower wages, which allow companies to be more competitive in their pricing. One of the pitfalls of contract manufacturing is that proprietary information must be given to these companies. Golf clubs are an example. In China, molds of new golf club heads have been stolen by workers and sold to counterfeiters. The counterfeit clubs are then sold as copies or knockoffs in the United States and abroad for much less than the brand-name clubs.

Joint Ventures

A **joint venture** is a business enterprise that companies set up together. In some countries, foreign investors are not permitted to own 100 percent of a business. If you want to conduct business in those countries, you must find a local business partner, thus creating a joint venture. This is often a good idea even

C Critical Thinking

Moving Operations Explain to students that the U.S. has laws designed to create a safe workplace and to provide a certain amount of pay. Some companies have moved operations to other countries where wages are lower and there are fewer restrictions. Ask students to share any information they have heard or read about U.S. companies moving their operations out of the country.

D Develop Concepts

Guided Practice

Understand After students have read the section on contract manufacturing, ask them to list one advantage and disadvantage of this manufacturing method.
advantage: lower wages, competitive prices; **disadvantage:** possibility of knockoffs, or counterfeit products

R Reading Strategy

Guided Practice

Analyze Explain the relationship between contract manufacturing and knockoffs. In contract manufacturing, one company engages a foreign manufacturer to produce product to the company's specification. A knockoff is an illegally manufactured item that is made to look like a brand-name product.

PHOTO GUIDE

• OPENING a GLOBAL BUSINESS

Discussion Lead a discussion about this photo by asking students what kind of research an entrepreneur might do before beginning a business venture in Japan.

Caption Answer Answers may include political, economic, socio-cultural, and technological issues and trends.

Follow Up Ask students to research and give a brief oral report on retail business etiquette in Japan or another country of their choice.



Online Activity

Joint Ventures

After students have read this section, ask them if they were surprised to find that foreign businesses have part ownership of U.S. companies. Explain that many corporations have global branches and interests. Ask students to use the Internet and other sources to research a business enterprise that involves businesses from one or more countries and to present a summary of that company to the class in a five-minute presentation.

TEACH CONTINUED

S Skill Practice

Independent Practice

Global Environmental Scan

L1 Ask students to imagine that they have just become employed in a marketing job. The company they work for is considering marketing its product, a new brand of healthful cat food, in foreign markets. Have students return to and reread the material on the environmental scan in Chapter 2. Ask students to give an example of the political and economic factors, socio-cultural differences, and technological levels they might consider.

L2 Ask students to imagine that they have just become employed in a marketing job. The company they work for is considering marketing its product, a new brand of healthful dog food, in foreign markets. Have each student choose a country and conduct an environmental scan, and report his or her findings in a two- to three-page written memo.

L3 Ask students to imagine that they work for a company based in Ireland, where they manufacture and sell gift items with Irish themes, such as china mugs decorated with shamrocks and other items of this type. The company is considering marketing its products in the United States. Have students perform an environmental scan and report their findings in a five-minute oral presentation.

D Develop Concepts

Trade Regulations and Laws Since each country possesses a different set of economic laws, trade organizations can facilitate economic interaction between nations by setting up common standards. Ask students to use the internet and other sources to research trade regulations in a country of their choice. Have students share what they learned with a partner.

when it is not mandated by law. Domestic business partners know the market and procedures for conducting business in their own country. For example, Viacom Inc., which owns CBS, Nickelodeon, and MTV, has a minority share in a joint venture with Shanghai Media Group.

Foreign Direct Investment

All the joint ventures described above are also considered foreign direct investments. A **foreign direct investment (FDI)** is the establishment of a business in a foreign country.

Sometimes that may involve no more than setting up an office with a staff to maintain a presence in that country. Higher levels of direct investment involve acquisitions of existing foreign companies and construction of facilities such as manufacturing plants and retail stores. Honda, a Japanese company, has invested in several countries. It has foreign direct investment of approximately \$9 billion in North America. In the United States, Honda has six manufacturing facilities and built a facility in Indiana in 2008.

Multinationals and Mini-Nationals

Multinationals are large corporations that have operations in several countries. About one-third of the world's private-sector assets are controlled by some 37,000 transnational corporations with over 170,000 foreign affiliates. Apple Inc., Procter & Gamble, Unilever, Nike, PepsiCo, and Coca-Cola are multinational firms. Nike has manufacturing operations in more than 50 countries. The products from these operations are distributed in more than 160 countries.

Mini-nationals are midsize or smaller companies that have operations in foreign countries. The key characteristic that sets multinationals and mini-nationals apart from domestic businesses is that these companies receive funds from foreign investments for factories, offices, and other facilities abroad that are used for operations. All these investments are referred to as FDIs.

84 UNIT 2 — ECONOMICS

Global Environmental Scan

Recall the factors involved in an environmental scan (see Chapter 2). How would you use those factors to evaluate a country's marketing opportunities and threats?

A global environmental scan is in order. This includes analysis of political and economic factors, sociocultural differences, and technological levels.

Political Factors

Political factors include a government's stability, its trade regulations and agreements, and any other laws that might impact a company's operation.

Government Stability

A government's stability is an important factor when considering international business operations. If there are changes in the government, investors become wary. For example, when Luiz Inácio Lula da Silva, a left-wing politician, won Brazil's presidential election in 2002, stock prices in Brazil plunged. Stocks regained strength when businesses saw that President da Silva supported continued economic reform.

Trade Regulations and Laws

A business must keep abreast of new trade regulations, which can force companies to reconsider doing business in a country. Changes in trade regulations include review of trade agreements, tariffs, laws to protect intellectual property rights, and foreign direct investment restrictions. For example, on January 1, 2004, the United States-Chile Free Trade Agreement went into force. Under this agreement, Chile must have stronger standards for the protection of intellectual property rights. This means that Chile will need to adopt rules similar to those in the United States for copyrights, trademarks, patents, and trade secrets.

Domestic laws must be followed by foreign marketers. For example, war toys cannot be advertised in Greece. These regulations are important for retailers such as Toys "R" Us.



Extended Activity

Business and Politics

Remind students that political change might result in changes in economic and political policy, both of which can affect business. Ask interested students to research how recent major political changes have affected stock markets in the United States and other countries and report their findings in a five-minute oral presentation.

Economic Factors

Key economic factors relevant to doing business in another country include infrastructure, the quality and cost of labor, employee benefits, taxes, the standard of living, and foreign exchange rates.

Infrastructure

Things like undependable telephone service or inadequate roads would rule out a location for some businesses. Yet these same infrastructure factors would be an opportunity for companies involved in building roads, energy plants, and telecommunications systems. For example, Poland and the Czech Republic had to carry out environmental cleanup to meet the entry requirements for membership in the European Union. U.S. companies that have expertise in that area could partner with companies in Poland and the Czech Republic to help them with these projects.

Labor Force

S If you are establishing a business in another country, you must consider the quality and cost of the labor force available there. You need to know the educational and skill levels of the workers, as well as the customary wages and employment laws. For example, India has been supporting technology education and now has a pool of highly qualified workers whose wages are lower than those for similar workers in the United States. U.S. companies like AOL, Yahoo!, and Google have recognized this opportunity and now look to India for computer programming and other computer-related expertise.

Employee Benefits

In most countries, employers are responsible for paying for mandated employee benefits above and beyond wages. Many companies shy away from investing in France because of labor policies. France restricts the work week to 35 hours and requires companies to consult with employees before downsizing or restructuring. Payroll taxes and employee benefits are high, so that the cost of the total employee

A MATTER OF ETHICS

Is the Price Right?

Suppose an international company is a direct purchaser of many products it sells. Because of its size, it is also able to negotiate great prices from suppliers. For example, it has been able to get low prices on raw materials for its suppliers.

Economies of Scale

In the case of clothing, this large international company visits mills around the world to get the best deal it can on fabric. Its supplier of jeans, for example, benefits because it is able to get a great price on the fabric.

Lower Than Low Prices

As a result, jeans that used to sell for \$30 are now selling for under \$10. The company's competitors cannot keep up with such low prices for jeans because their manufacturers pay regular prices for the fabric.

THINKING ETHICALLY

Is it ethical for a large business to use its clout to secure low prices on raw materials for its suppliers too?

@ Online Action!

Go to the *Marketing Essentials* OLC through glencoe.com for an activity on ethics and international business.

package is higher in France than in other European countries.

Taxes

Other costs include taxes on property and profits. Countries that want to attract foreign investment may offer reduced taxes for a period of time as an incentive. Switzerland offered **corporate** tax breaks in 1997 and since

TEACH

Skill Practice
Independent Practice

Communication Skills Have students consider the challenges firms face when doing business in a foreign country.

L1 Have students list two to five problems that might arise from the cultural differences, such as communication difficulties, prejudice, different economic laws, and company policy regarding hours, holidays, and time off.

L2 Have students identify the source or cause of two challenges and write a short summary of each. For example, communication problems might be caused by a language barrier.

L3 Have students choose one potential challenge and develop strategies to deal with the problem in a one-page memo. For example, the language barrier could be breached by providing instruction and training in more than one language, and/or by having managers who are proficient in both languages.

A MATTER OF ETHICS

Is the Price Right?

Discussion Lead a discussion on this question, encouraging students to view it from the standpoint of a customer, of an executive or stockholder in the large company, and of a small competing business that manufactures and sells only jeans.

THINKING ETHICALLY Answer: Some students not troubled by the practice may cite free enterprise. Others may see this as a monopolistic practice that should be regulated by government control.

@ Online Action!

For instruction, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through glencoe.com.

Follow Up

Ask: Do any existing U.S. laws or trade regulations address issues such as these? Ask interested students to do research and report their findings.

SECTION 4.2

TEACH CONTINUED

S Skill Practice Independent Practice

Socio-Cultural Factors After students have read this section, form the class into groups of three to four. Have groups research business etiquette in the country of their choice and use presentation software to give a 10-minute presentation on their findings.

Model Bring in ads or articles from the Internet or other sources that appeal to cultural biases or stereotypes.

D Develop Concepts

Technological Factors Explain to students that in countries that do not have well-developed telecommunications infrastructure, the cost of telephone service is very high. Ask students to determine what kind of market the lack of infrastructure might benefit.

wireless or cell phone technology

C Critical Thinking

Explain Ask students to consider how technology influences socio-cultural factors such as language usage. Have students discuss their thoughts and opinions in class.

then has experienced a growth in foreign direct investment. Some large companies, like Procter & Gamble, Starbucks, and Google, have their European headquarters in Switzerland.

Standard of Living

Standard of living can be a consideration if a business is eyeing a country as a market rather than a manufacturing site. When Honda entered China's consumer market, it recognized that most Chinese people could not afford cars. The company targeted the motorcycle market instead and was very successful.

The number of middle-income workers is increasing in poorer nations. This increases the demand for all types of ordinary consumer goods. U.S. products like soaps, detergents, breakfast cereals, snack foods, and soft drinks are gaining popularity among consumers in emerging nations.

Foreign Exchange Rate

The foreign exchange rate is the price of one country's currency if you were to buy it with another country's currency. Exchange rates vary every business day. The exchange rate for a nation's currency based on the U.S. dollar is an important factor to consider. Changes in an exchange rate affect businesses that sell abroad. If the dollar strengthens in value against other currencies, that means it costs more yen, euros, or pesos to buy one dollar. It also means it costs more yen, euros, or pesos to buy one dollar's worth of U.S.-made products. International sales of U.S.-made products are likely to fall. If the reverse happens—if the U.S. dollar is devalued—U.S. products are more attractive in the global marketplace. The devaluation of the dollar in 2004 affected the profits of many international companies that do business in the United States. For example, Honda Motor Co. reported a drop in net income in April 2004, which it attributed to lower sales, rising costs, and the effects of a stronger yen against the U.S. dollar.

Socio-Cultural Factors

Marketers must be savvy with cultural diversity and a foreign society's value system.

Before conducting business in a foreign country, a cross-cultural analysis should be performed. This analysis should include socio-cultural factors such as language and symbols, holidays and religious observances, and social and business etiquette.

Language and Symbols

Differences in language and customs make international trade more challenging than doing business at home. Cultural symbols are often different. In the United States, the number 13 is considered unlucky. Many hotels do not include a 13th floor. In China and Japan, the number four is unpopular because it relates to death. Marketers in these countries who sell multiple units of a product should consider groups of six or eight, never four.

Holidays and Religious Observances

Holidays and religious observances are part of a country's culture too. In India, the cow is sacred, so little beef is sold there. Fast-food companies like McDonald's adapt to India's culture by selling chicken, fish, and vegetarian burgers. Marketers must heed these cultural differences when creating, naming, and packaging products, as well as when designing ad campaigns for them.

Social and Business Etiquette

Social and business etiquette is important when doing business abroad. A common practice in one country may take on a different meaning elsewhere. Gift giving is one area of concern. A gift may be considered part of business etiquette in the Far East; however, it might be considered an illegal bribe in the United States or Canada.

Technological Factors

Technology is changing the ways that businesses can get involved in international trade. Studying a country's technology means taking into consideration even the most basic factors such as measurement systems and electric voltage standards. A thorough look at the use of computers, faxes, voice mail, cellular phones, and the Internet is important.



Extended Activity

Global Marketing Strategies

Show students products, packaging, or Web sites that offer content in more than one language. Explain to students that the Internet allows marketers an easy way to reach the entire world. Form students into teams of three to four and assign them a country to research. Students should identify or create a product that they believe would sell well in that particular country. Ask students to create a presentation to package, promote, and sell that product to the country they chose.

TEACH CONTINUED



• **A NEW FORM of CUSTOMIZATION: TRANSCREATION** Marvel Enterprises, Inc. and Gotham Entertainment Group, an Indian publishing licensee of Marvel Comics, launched *Spider-Man India*, the first-ever comics transcreation: They re-invented the origin of Spider-Man so that he is an Indian boy in Bombay (Mumbai), dealing with local challenges and problems.

Why do you think the Spider-Man story was re-invented instead of translated?

A visit to the CIA's *World Fact Book* Web site provides information about the number of telephones (main lines and mobile), radio and television broadcast stations, Internet service providers, and Internet users in a given country. Considering these facts can help you decide if setting up a Web site in a specific country would be worthwhile.

Global Marketing Strategies

In planning and making decisions about the four Ps (see Chapter 1) of the marketing mix, global marketers need to consider all the factors analyzed for the environmental scan. The possibilities for marketing strategies that **focus** on a product and promotion decisions range from complete standardization, called globalization, to new product development, which is complete customization. **Figure 4.2** shows examples of the global marketing strategies for product and promotion decisions.

Globalization

Globalization is selling the same product and using the same promotion methods in all countries. Only a small portion of products that are common to all global customers can use this marketing strategy. Coca-Cola and other

soft drink companies can use a globalization marketing strategy by offering the same version of its products with the same advertising message in countries around the world.



Explain Why might soft drink companies utilize the globalization strategy?

How Globalization Works

The reason these companies are able to use the same product and same promotion is that they have uncovered a common need that transcends different cultures. They are able to identify a global consumer. One of the benefits of globalization is global brand recognition. An example of a company that answers common needs across the globe is Microsoft. While users need computer programs to function in different languages, the basic applications remain the same; likewise Internet search engines. The success of e-commerce has increased the power of globalization in some instances, particularly where technology is involved.

Adaptation

Companies study the characteristics of a country and find ways to target consumers with similar needs and wants. That often

D Develop Concepts

Guided Practice

Adaptation After students read this section, ask them to brainstorm ideas why food and food products lend themselves well to product adaptation.

Food preferences vary by culture, but all cultures need food.

Demonstrate If possible, bring in an example of packaging or an ad for a foreign food product.

Extend Tell students that one marketing strategy involves giving products foreign names to lend them an air of exoticism. For example, some food products may be referred to by a French or French-sounding name because of the association some may have between French culture and food.



Answer Soft drink companies can use a globalization market strategy by offering the same version of its products with the same advertising message in countries around the world.

W Writing Strategy

Guided Practice

Cultural Marketing Ask students to use the Internet and other resources to locate products that are marketed to different ethnic groups within the United States. Have students create a five-minute presentation or summarize what they learned in a one-page report.

AD GUIDE

• A NEW FORM of CUSTOMIZATION: TRANSCREATION

Discussion Ask students to brainstorm how the character of Spider-Man might be changed to fit other cultures with which they are familiar.

Caption Answer Students may infer that a translation merely reflects that American culture and values might not have the same appeal to the target market. Marvel integrated the values and characteristics of the target market to ensure that Spider-Man would be more relevant and accessible to its audience.

SECTION 4.2

ASSESS

CONCEPTS

Ask students to explain the difference between globalization, adaptation, and customization.

In globalization, the product is sold as is, without modification for particular countries. In adaptation, the product or the promotion of it are changed to suit the country. Customization is the creating of an entirely new product for a specific foreign market.

KEY TERMS

Have each student work with a partner to review the spellings and definitions of key terms.

RETEACH

INDEPENDENT REVIEW

L1 Assign and review Chapter 4 activities in the Student Activity Workbook.

L2 Assign and review Chapter 4 activities in the Marketing Math Workbook.

L3 Assign and review Chapter 4 activities in the *BusinessWeek* Reader with Case Studies.

ASSESS

AFTER YOU READ

Have students complete the Section 4.2 After You Read section review.

ONLINE STUDY TOOLS

Have students go to the *Marketing Essentials* OLC through glencoe.com for the Section 4.2 practice test.

Figure 4.2

Global Marketing Strategies

• **Marketing Abroad** When marketing products in foreign countries, companies must make product and promotion decisions. Some create completely new products for specific countries (customization), while others use the same products and promotions for every country (globalization). Between these two extremes are companies that keep their products' brand names but vary their products and/or promotions enough to meet local tastes. Here are some examples of each strategy.

How do companies reach customers around the world?

Customization Customization is creating entirely new products and promotions for a specific country or region. The Coca-Cola Company developed the Smart brand specifically for the Chinese market. This carbonated soft drink comes in flavors such as apple, watermelon, grape, and mandarin orange. The company also developed a ready-to-drink carbonated tea called Ice Lemon Tea. Product packaging uses Chinese icons, and ads show young people having fun drinking Smart.



Globalization Pringles Potato Chips are marketed with the same product packaging and promotional message around the world. The company's slogan in Germany is "Einmal Gepoppt, Nie Mehr Gestoppt!" In Italy it is "Se Fai Pop, Divertimento Non Stop!" In Brazil it is "Fale de boca cheia!" They all mean, "Once you pop, you can't stop!"



Product Adaptation The Campbell Soup Company uses product adaptation to sell its soups internationally. With product adaptation, the company keeps the brand name but changes the product to meet local needs and tastes. In Australia you can get Campbell's pumpkin soup, and in Mexico, you will see chile poblano and squash flower (flor de calabaza) soups.



Promotion Adaptation Promotion adaptation involves changing some part of the promotional message or visuals used in the promotional campaigns for different markets. Advertisements for Kellogg's cereals use the same message (in different languages) and format but different models to appeal to customers from different countries.



@ Online Action!

Go to the *Marketing Essentials* OLC through glencoe.com to find a project on global marketing strategies.

Figure 4.2

Global Marketing Strategies

Discussion Ask students to give their opinions on the effectiveness of each of the ads in the figure, giving both real-life examples and their first impression. Have students defend and discuss their opinions in small groups.

Caption Answer Answers may include by customizing products, marketing existing products globally, or adapting the product or the promotion of the product.

@ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through glencoe.com.

requires adapting their products or promotions to each country where they do business. Sometimes, only the product is changed, while in other cases, only the promotion is changed. **Adaptation** is a company's use of an existing product and/or promotion to which changes are made to better suit the characteristics of a country or region.

Product Adaptation

Changing a product to meet different consumer needs and/or to reflect the cultural differences in a foreign market is product adaptation. In some cases, a product's brand name is changed. For example, Unilever's Sunsilk hair products are called *Seda* (which means silk) in Latin America. In addition, Sunsilk's ingredients are formulated to match consumers' needs (prevalent hair types) in different countries.

Promotion Adaptation

A promotion adaptation strategy involves changing the advertising message to reflect the values, familiar images, and cultural differences in a foreign market. In some cases, the advertising is changed to adhere to government regulations. For example, McDonald's is careful to use only adults in its advertising in Sweden, where advertising to children is prohibited.

Another facet of adaptation is the use of adaptation pricing policy. This pricing technique requires a careful competitive analysis so that a product's price can be accurately set to match and compete with the prices of comparable local products.

Customization

Customization involves creating specially designed products or promotions for certain countries or regions. Each geographical area where a product is sold or a service is offered becomes a unique market segment.

CLOSE

CULMINATING ACTIVITIES

1. Have students choose a product they know well or use a lot. Ask them to assume they have the opportunity to market it worldwide. Which marketing strategies would they use: globalization, adaptation (either product or promotion or both), or customization? Ask students to summarize their opinions in a one-page response.
2. Ask students to identify a socio-cultural, economic, or political factor that a business should consider when deciding to become involved in international business. *Answers may include cultural factors such as differences in language and business etiquette, economic factors such as infrastructure, the cost and/or skill level of workforce, and taxes, or political factors such as type of government, government stability, trade agreements, and foreign investment opportunities.*



Online Activity

Foreign Outsourcing

Ask students to use the Internet to research foreign outsourcing in the country of their choice. Have them recall their findings in a one-page report.

NCLB

NCLB Activity correlated to Mathematics and Social Studies Standards

4.2 AFTER YOU READ

Key Terms and Concepts

1. Give an example of a political factor that could discourage a business from engaging in international trade with a given country.
2. Give an example of how a country's poor infrastructure can create opportunities for foreign companies
3. Which socio-cultural factors make doing business abroad difficult?

Academic Skills

Math

4. Assume the currency exchange rate between the United States and Canada is 1.25, which means US\$1 dollar is equal to CN\$1.25 in Canadian currency. If a T-shirt costs \$20 at a Gap store in Montréal, how much should it cost at a Gap in Detroit?

Social Studies/World Languages

5. Translate a magazine ad or advertising slogan into a world language you are studying. Then translate it back into English.

CONCEPT Numbers and Operations:

Exchange Rates Exchange rates are decimal numbers that represent the value of one currency in relation to another.

- To solve this problem, divide the amount the shirt costs in Canadian currency by the exchange rate.



For help, go to the Math Appendix located at the back of this book.



Online Action!

Check your answers at the *Marketing Essentials* OLC through glencoe.com.

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4.2 AFTER YOU READ

Key Terms and Concepts

1. Possible answers include an unstable economy, change in political party, or a more drastic political change such as a coup or a civil war.
2. If roads are bad, bridges in disrepair, electricity and phones unreliable, a foreign company that can replace, repair, or create new infrastructure could prosper.

3. learning about and then acting according to a different language and symbol system, holidays and religious observances, and social and business etiquette

Academic Skills

4. It should cost \$16 in Detroit;
 $\$20 \div 1.25 = \16

5. Students might explain to the class whether their translations are word-for-word or if rewording was necessary, and why.



Online Action!

Find answers at the *Marketing Essentials* OLC through glencoe.com.

CAREERS IN MARKETING

Lifelong Learning

CAREER INFORMATION

Have students go to the *Marketing Essentials* OLC through glencoe.com and find the Chapter 4 Careers page. They can then click on the link for the American Marketing Association's Career Strategies and Tips. Ask students to select one article, read it, and summarize it in three short paragraphs.

SKILLS FOR THE GLOBAL MARKETPLACE

Qualities that might help a person succeed at a marketing job in the global marketplace include a sound marketing background, the ability to speak one or more foreign languages, flexibility, interest in other people and how they live, an outgoing personality, and sensitivity to the feelings of others.

Primary Source

Ask students to go to the *Marketing Essentials* OLC through glencoe.com and find Chapter 4 Resources. Ask them to click on the link for the American Marketing Association's marketing dictionary and read the definitions of terms relating to international trade and the global marketplace.

THINKING CRITICALLY

Studying abroad or participating in multicultural awareness and sensitivity training will help individuals build skills for the global marketplace.

@ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through glencoe.com.

CAREERS IN MARKETING



LEE DULANEY
SENIOR ACCOUNT
EXECUTIVE
CREATIVE ALLIANCE

? What do you do at work?

My job is to coordinate all of Creative Alliance's advertising account services for Yum! Brands' KFC franchisees in the Caribbean and Central and South America. Creative Alliance handles all the TV, radio and in-store POP (point of purchase) advertising for this diverse region. I also

act as agency producer for TV and radio, because of my background in broadcast/video production.

? What skills are most important to you?

A willingness to learn and the ability to think on your feet are just two of the skills that I believe are the basis for everything. In a marketing capacity, be it national or international, you need to be able to listen and learn about your client, and the consumer your client is trying to reach. In an international marketing capacity, it's crucial that you try your best to understand the culture of your target audience. What motivates them? How do they spend their disposable income? Organizational skills and the ability to prioritize are also critical, because you can often have three or four campaigns in production at any given time.

? What is your key to success?

Being able to communicate, listen and follow-through are three very important keys. You also have to make the effort to understand cultural nuances and customs. A marketing idea that works in the United States may not work in, say, the Caribbean or Latin America.

Aptitudes, Abilities, and Skills

International marketers must be able to step inside the mindset of other cultures. Research skills are a must.

Academics and Education

Courses marketing, advertising, world languages, general business

Degrees High School, BA, or MBA

Career Path

Entry-level marketing positions can lead to global careers such as this one, particularly if the person has world language skills.

Career Outlook

Growth to increase significantly faster than average for the next ten years

Source: *Occupational Outlook Handbook*



THINKING CRITICALLY

Why is spending time abroad prior to launching a career in international marketing helpful?



@ Online Action!

Go to the *Marketing Essentials* OLC through glencoe.com to find a career-related activity.



Test-Taking Strategies

Suggest to students that when they take a test, they should take care not to get stuck on one question if they are not sure of the answer. Instead, they should first go all the way through the test, completing those items for which they know the answers. They can then go back through and address each item that requires more thought.

FOCUS on KEY POINTS

SECTION 4.1

- International trade is necessary because of the interdependence of nations.
- Governments are involved in international trade through monitoring trade between countries and establishing trade regulations. Currently, the United States has a trade deficit.
- Three types of trade barriers are tariffs, quotas, and embargoes.

SECTION 4.2

- Businesses can get involved in international trade through importing, exporting, licensing, contract manufacturing, joint ventures, and foreign direct investments.
- A global environmental scan analyzes political, economic, socio-cultural, and technological factors.
- Global marketing strategy options include globalization, adaptations of product and promotion, and customization.

REVIEW VOCABULARY

- On a sheet of paper, use each of these key terms and academic vocabulary words in a written sentence.

Key Terms

- international trade (p. 75)
- imports (p. 75)
- exports (p. 75)
- balance of trade (p. 77)
- free trade (p. 77)
- tariff (p. 77)
- quota (p. 78)
- embargo (p. 78)
- protectionism (p. 79)
- World Trade Organization (WTO) (p. 79)
- North American Free Trade Agreement (NAFTA) (p. 80)
- European Union (EU) (p. 80)
- licensing (p. 82)
- contract manufacturing (p. 83)
- joint venture (p. 83)
- foreign direct investment (FDI) (p. 84)
- multinationals (p. 84)
- mini-nationals (p. 84)
- globalization (p. 87)
- adaptation (p. 89)
- customization (p. 89)

Academic Vocabulary

- potential (p.74)
- infrastructure (p.76)
- corporate (p.85)
- focus (p.87)

REVIEW FACTS and IDEAS

- Explain economic interdependence. (4.1)
- How are governments involved in international trade? (4.1)
- Explain the U.S. balance of trade. (4.1)
- What are three types of trade barriers? (4.1)
- List three trade agreements and alliances. (4.1)
- Name ways businesses get involved with international trade. (4.2)
- What is a global environmental scan? (4.2)
- List socio-cultural factors. (4.2)
- Explain globalization as a strategy. (4.2)
- Explain customization as a strategy. (4.2)

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FOCUS on KEY POINTS

Divide students into pairs. Have each student take turns reading aloud a key point from Section 4.1 and have them explain it in their own words. Have everyone switch partners and do the same for Section 4.2.

REVIEW VOCABULARY

See glossary at the back of this book for definitions of Key Terms. Academic Vocabulary definitions are on the book's OLC.

- Sample answers might read:
Key Terms *International trade* is the exchange of goods and services among nations.
Academic Vocabulary *Potential* is the possibility for development.

REVIEW FACTS and IDEAS

- The concept of economic interdependence of nations is that no one nation has all the resources it needs and wants and so must get some of its resources from other nations.
- Governments make the laws and trade agreements that are essential for smooth functioning of international trade.
- The term *balance of trade* refers to the difference between a country's imports and exports. The U.S. currently has a trade deficit because it imports more than it exports.
- Three basic types of trade barriers are quotas, tariffs, and embargoes.
- Three significant trade agreement and alliances are the World Trade Organization, the North American Free Trade Agreement (NAFTA), and the European Union (EU).
- The increasing acceptance of capitalism around the world, advances in technology such as Internet connections, the reduction of trade barriers, and instantaneous global news coverage are all factors that have encouraged businesses to venture into foreign countries.
- A global environmental scan includes analysis of political and economic factors, sociocultural differences, and technological levels.
- Examples of sociocultural factors are languages and symbols, holidays and religious observances, and social and business etiquette.
- Globalization is selling the same product and using the same promotion methods in all countries.
- Customization is creating entirely new products and promotions for a specific country or region.

CHAPTER 4 REVIEW

BUILD REAL-WORLD SKILLS

12. Workplace Skills

Students should demonstrate an understanding of the value of diversity.

13. Technology Applications

Students should demonstrate an understanding of a recession and the ability to use word processing software.

BUILD ACADEMIC SKILLS

14. Math Practice

You would have 236,000 yen;
 $\$2,000 \times 118 = 236,000$.
Spreadsheets should include prices for items such as food and lodging and demonstrate an understanding of how to determine the amount of money needed for the stay.

15. Social Studies/Geography

Maps should reflect research and include all label and information regarding outsourcing.

DEVELOP CRITICAL THINKING

16. Trading With the World

Examples should express an understanding of importing and how the marketing of products is often modified or changed to better appeal to other cultures or countries.

APPLY CONCEPTS

17. International Trade Benefits

Student presentations should demonstrate an understanding of international trade. Presentations can be evaluated on content, especially quality of research in finding interesting examples, as well as competence with the software.

CHAPTER 4 REVIEW

BUILD REAL-WORLD SKILLS

12. Workplace Skills

Teamwork and Presentation Skills

Work in a group to prepare a three-minute presentation that addresses the impact and value of diversity, as well as how diversity affects marketing in a global marketplace. Include specific examples in your oral presentation.

13. Technology Applications

Global Crisis Look up information on the Internet about the global recession of the late 1990s. Using word processing software, charts, and graphs, prepare a short report on your findings.

BUILD ACADEMIC SKILLS

14. Math Practice

Prices in Japan If the exchange rate is 118 yen to the U.S. dollar, how many yen would you get for \$2,000? Research prices for items such as food and lodging (hotels) in Japan. How many days could you afford to stay in Tokyo? Use a spreadsheet program to present a report on the daily costs of your trip.

CONCEPT Numbers and Operations:

Choosing an Operation To solve this problem multiply the U.S. dollar amount by the number of yen it is worth.



For help, go to the Math Appendix located at the back of this book.

15. Social Studies/Geography

Outsourcing Outsourcing often involves sending manufacturing jobs to countries that pay workers a lower wage. Research outsourcing in the United States. Determine the top three countries to which U.S. jobs are outsourced. Draw a map showing where these countries are located. Label how many jobs and what jobs are outsourced in each country.

DEVELOP CRITICAL THINKING

16. Trading With the World

Why does the global economy have an impact on marketing? Give three examples of foreign products that are imported and explain how they are marketed in the United States.

APPLY CONCEPTS

17. International Trade Benefits

Work in groups to prepare an oral presentation that explains international trade to a group of teenagers. Include why it is important, how we benefit from it, what government measures affect or regulate it, and what business ventures foster it. Present several examples.

Activity Present your findings in a written report, using word processing software, and create an oral presentation, using presentation software. Cite your sources.



Formative Assessment

Formative assessment is an essential component of classroom work. This type of assessment provides information that is then used as feedback to modify teaching and meet student needs.

L1 Have students use each key term in a sentence.

L2 Collaborate to write a narrative about an importing business started by two teenagers. Give the first sentence and then let the class take it from there.

L3 Have students choose one of the ads from this chapter and write a one-page narrative about its creation, using at least three key terms in their story.



Reteach

If the results of this formative assessment seem low, consider the following activity:

Students can share with a partner the questions they wrote for the Prepare to Read for each section, adding newly acquired facts and insights.

NET SAVVY

18. Global Scan

Visit the Web site for the CIA's World Fact Book to conduct a global environmental scan for a country of your choice.



STANDARDIZED TEST PRACTICE

- Directions** Choose the letter of the best answer. Write the letter for the answer on a separate piece of paper.
Assume the exchange rate between the United States and Britain is 1.55, which means that \$1 is equal to £0.65. How much would \$45 be worth in British pounds?
A £29.25
B £69.75
C £90.45
D £46.55
- Directions** Choose either True or False as the answer. Write the letter for the answer on a separate piece of paper.
Customization means selling the same product and using the same promotion methods in all countries.
T
F

Test-Taking Tip

When working on a test, keep things moving along. Work on a problem until you get stuck. Think about it for a minute or two, and if nothing comes to mind, then drop it and go on to another problem.

THE



CONNECTION

Role Play Game Company Employee

Situation Assume the role of employee of a company that produces hand-held electronic games. The games are sold in retail outlets and through the company's Web site. Many online purchases are made by international buyers, especially from Europe. A European electronic store chain wants to carry your games. The company president (judge) is considering the proposal but is unsure about exporting. He/she has asked for your input about international trade and exporting your games.

Activity You are to prepare an outline of a presentation to the president (judge). Include the pros and cons of international trade and an explanation of exporting.

Evaluation You will be evaluated on how well you meet the following performance indicators:

- Discuss the impact of cultural and social environments on world trade.
- Describe the impact of e-commerce on international trade.
- Prepare written reports.
- Make oral presentations.



@ Online Action!

For more information and DECA Prep practice, go to the *Marketing Essentials* OLC through glencoe.com.

glencoe.com



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THE



CONNECTION

Students should be evaluated according to the performance standards noted in the role play. For another DECA role play, go to the Competitive Events Workbook or the Student Activity Workbook, or go to the *Marketing Essentials* OLC through glencoe.com.

@ Online Action!

For instructions, ideas, and answer guide, go to the Teacher Center at the *Marketing Essentials* OLC through glencoe.com.



DECA Advisors Corner

Consider either an actual or an electronic exchange with DECA chapters abroad. Such partnerships can help chapter members learn more about and feel comfortable in the global marketplace.

NET SAVVY

18. Global Scan

Encourage students to share the results of their country in class.

STANDARDIZED TEST PRACTICE

ANSWERS

1. A 2. F

TEST-TAKING STRATEGIES

When your students have a standardized test coming up, these last-minute test-taking tips and strategies will help students relax and do their best.

Test Format Help your students become familiar with the format of the specific test they are going to take by practicing with test items that imitate the actual test items.

Test Timing Have your students take one or more timed practice tests so that they become comfortable with the test format.



MINI-QUIZ

Read these sentences aloud and have students volunteer the missing words.

- _____ refers to the fact that all countries depend on each other for resources that they themselves lack. (*Interdependence*)
- Two types of advantages in international trade are comparative and _____. (*absolute*)
- A trade deficit occurs when a country's _____ are greater than its _____. (*imports, exports*)
- The business activity in the global market that carries the lowest risk is _____. (*exporting*)
- Offering a product for sale world-wide without making any changes or modifications to the product is called _____. (*globalization*)

For an expanded chapter quiz, go to Chapter 4 in the TeacherWorks™ Plus DVD and to Chapter 4 in the ExamView® Assessment Suite.

MARKETING INTERNSHIP

SET-UP

Discuss the basic background to make sure students understand the simulation. Direct students to financial or industry Web sites and publications about global food retailers in order to assess the marketing strategies of successful food retailers in their countries of interest. Let students know opportunities in other countries remain untapped while the United States continues as a hotly contested battleground for market share.

PROCEDURES

You may want to list procedures on the board and talk about any questions the students might have. Remind the students that a suggested outline for their project is available at the *Marketing Essentials* OLC through glencoe.com.

TIME MANAGEMENT

Set goals, block schedules, and milestones. Assign interim deadlines for each step of the project.

ASSESSMENT

The rubrics for evaluation of the written, oral, and computer presentations are available at the *Marketing Essentials* OLC through glencoe.com.

MARKETING INTERNSHIP

A SIMULATED



SPORTS AND ENTERTAINMENT MARKETING EVENT

Conduct a Global Environmental Scan



BASIC BACKGROUND

Friendly Supermarkets is looking to expand its operations globally. An article in *Supermarket News* identified four countries with potential for growth in this area: Russia, China, India, and Japan. Multinational competitors include Wal-Mart (United States), Carrefour (France), Tesco (United Kingdom), and Metro (Germany).



The Ideal Destination

The marketing director has indicated that Friendly is not interested in countries where the market is

saturated, such as Brazil, Poland, Hungary, and South Africa. It is also not interested in areas where there are aggressive price promotions, such as western Europe, or where there is political unrest, such as the Persian Gulf region. It wants the location with the greatest potential and the least risk.



YOUR OBJECTIVE

You will be working in a team to give Friendly Supermarkets well-researched advice on how to proceed. The company needs to now which country to pick, how to set up its business there, and how to give local customers what they want. Friendly's U.S. marketing plan may not apply overseas.



SKILLS NEEDED

Preview the project and brainstorm a list of skills you will need to complete it. Describe how you might apply them. Some skills might include:

Academic Skills reading, writing, social studies, and researching

Basic Skills speaking, listening, thinking, and interpersonal skills

Technology Skills word processing, presentation, telecommunications, and Internet skills



ASSIGNMENT AND STRATEGY

- **Get the background** Research the four countries and the competition. Consider the stability of the governments and their attitudes toward foreign investors. Look at the countries' economic philosophies (traditional, market, command), economic health, factors of production, infrastructure, and technology. Consider Friendly's potential customers. What socio-cultural factors, such as languages, customs, and religion, would affect the



READ to WRITE

The Chinese Market

Have students research how large companies such as PepsiCo, Volkswagen, or Wal-Mart gained a stronghold in China. Have them write a two-page response about special dealings with the government and considerations made especially for the Chinese market. During their research, ask students to consider how the United States views China. They might have to research economic trends in China from World War II to the present in order to grasp how consumerism has gained ground in the Chinese economy. Students might also consider the future of the Chinese market for American consumer goods. For example, what issues exist for companies wishing to market products to the Chinese? What factors must they take into consideration? Have students answer these questions in their written responses.

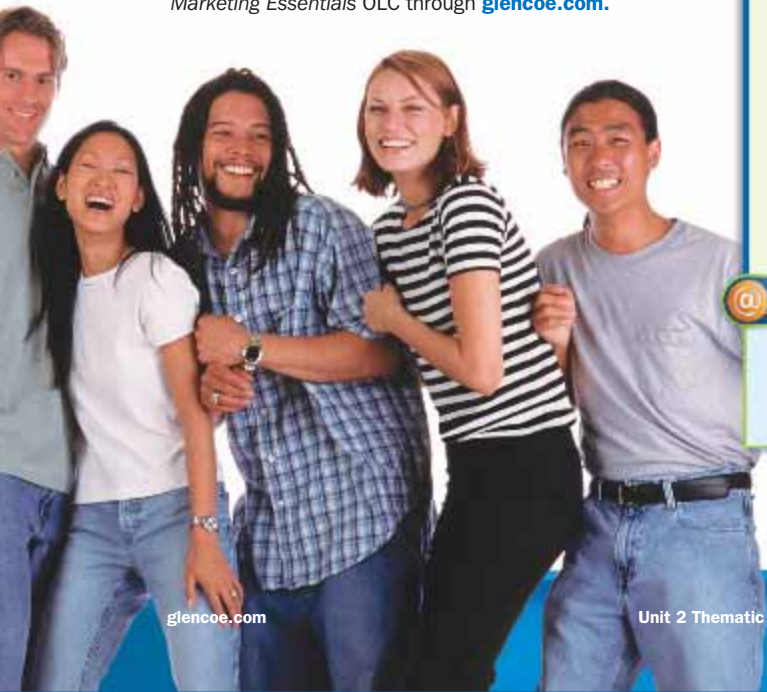
four Ps of the marketing mix? Consider the competition. What are the successful competitors doing differently?

- **Conduct an analysis** Use your research to conduct an environmental scan for each country. Look for opportunities and threats. As a team decide which country Friendly Supermarkets should invest in first. Rank the second, third, and fourth choices. Support your choices with facts.
- **What your project should include** Choose a country for Friendly Supermarkets' international expansion and explain why it is the best choice. Which city or region should Friendly try first? Should the company work with a local partner or not? Should Friendly use its existing products and promotions or adapt them? How should it answer the other P questions: place, price, and promotion?



YOUR REPORT

Use a word processing program and presentation software to prepare a double-spaced report and an oral presentation for Friendly Supermarkets. See a suggested outline and key evaluation points at the *Marketing Essentials* OLC through glencoe.com.



glencoe.com

Unit 2 Thematic Project — Marketing Internship 95

BUILD YOUR PORTFOLIO



Option 1 Internship Report

Once you have completed your Marketing Internship project and presentation, include your written report and a few printouts of key slides from your oral presentation in your Marketing Portfolio.

Option 2 Searching the Globe

Select a special product, such as a locally made soft drink or handcrafted jewelry, to market in a foreign country. Conduct environmental scans (PEST) of several countries before choosing the best one for the product. Investigate competitors and target markets. Conduct a SWOT analysis. Prepare a written report and an oral presentation using word processing and presentation software. See a suggested outline and key evaluation points at the *Marketing Essentials* OLC through glencoe.com.

Online Action!

Go to the *Marketing Essentials* OLC through glencoe.com to review global environmental scan concepts that relate to DECA events.

Unit Review

Have students prepare a display of products, ads, and articles related to doing business in domestic and in global marketplaces. Ask students to supply materials and captions that present a complete picture of the following key concepts: types of businesses, current business practices (including ethical and social issues), and conducting business in the global marketplace.

STEP AHEAD

Now that students have learned about different types of economies, ask whether they think it is a good idea for businesses from different economies to work together. *Students should agree that international business offers profitability but that companies must conduct research and forecasting.*

Internship Wrap-Up

Have students conduct a global environmental scan on a domestic company of their choice. Encourage students to follow the steps used in their Friendly Supermarkets internship to complete their analysis.

BUILD YOUR PORTFOLIO



Explain to students that portfolios provide evidence of their knowledge and skills in working with data, people, and concepts. Developing a portfolio can be a valuable career development and planning tool. Point out to students that written components of portfolios should be free of typos and grammatical mistakes. Encourage students to check the portfolio information available at the *Marketing Essentials* OLC through glencoe.com.

Peer Review

Fellow students who share common interests can serve as reviewers of the final portfolios. This review can be completed through the use of a checklist. Go to the *Marketing Essentials* OLC through glencoe.com to find a suggested checklist.