Glossary

absolute advantage theory: a theory that states that a country has the ability to produce a greater amount of a good or service using the same amount of resources used by another country

adaptation: changing a component of the marketing mix to better meet the needs of a local market

advertising management: the process of developing and overseeing a company’s advertising program

aesthetics: concepts about what constitutes beauty

affective message strategies: advertising messages that invoke feelings or emotions and match those feelings with a product, service, or company

agent middlemen: marketing channel members that do not take title or ownership of the products that they market

analytics: statistical methods used to evaluate data

animosity: anger toward a country that is rooted in political, economic, or military conflict between countries

announcements: advertising presentations of facts without the use of people

arbitration: a formal conflict resolution process in which both parties agree to abide by the decision of a third-party arbitrator

association transfers: an advertising format in which a product is combined with another object, person, situation, or environment

back translation: a process in which a survey is translated from an original language into a targeted language and then back into the original language in order to check for accuracy and meaning

BATNA: best alternative to a negotiated agreement

bill of exchange: an agreement between parties in which one party, a drawer, directs a second party, the drawee, to issue a payment to another party, the payee

born-global firms: businesses that operate in two or more different countries from inception

bottom-of-the-pyramid: the approximately 4 billion people globally living on less than $2 per day

brand: a name, sign, symbol, or design, or some combination of these that identifies the products of a firm and distinguishes them from the competition

brand awareness: the strength of a brand’s presence in the consumer’s mind

brand equity: the unique outcomes a product enjoys due solely to its brand name

brand extension: a strategy utilized when a brand name is extended from one product to another

brand image: consumer perceptions of a brand

brand insistence: a condition where a customer will accept no substitutes for a specific brand

brand loyalty: a consumer’s commitment to a product based on positive attitudes that leads to consistent purchase of the brand

brand parity: when brands within one product category are viewed as similar or undifferentiated

brand preference: a mental ranking in which the brand’s attractiveness becomes foremost in the consumer’s mind

brand valuation: the process of estimating the financial value of a brand

break-even analysis: a common method employed to discover the relationships between costs and price

capacity to consume: the power to use goods and services in the satisfaction of human wants

capital market: any location, online or physical, where businesses or individuals can raise funds

capitalist economic system: a marketplace in which transactions take place with limited government regulation or interference

civil law: a legal system in which law is based on written words or a legal code

clutter: the abundance of marketing messages that consumers routinely encounter

cobranding: placing two or more brand names on the same product

cognitive message strategies: advertising messages that present rational arguments or pieces of information to consumers

collusion: a pricing system in oligopolistic markets in which a set of major competitors sets prices at uniform levels, either overtly or covertly

command economy: an economy in which a central authority, normally the government, makes all key economic decisions

common law: a legal system where legal precedent and usage traditions are the basis of law

common market: a group of countries that have entered into an agreement to remove barriers to the movement of goods and services, to have a common tariff for non-members, and to allow the free movement of capital and labor within the market

communication: the process of sending, receiving, and interpreting information

communism: an extreme form of socialism where private ownership of property is outlawed

comparative advantage theory: a theory that states a country has an ability to produce a good or service at lower levels of opportunity cost than that in other countries

comparative advertising: product comparisons where two items are shown in use side by side

conative message strategies: advertising messages designed to lead directly to a consumer response, such as a store visit or purchase

conciliation: the various forms of mediation or conflict resolution that companies can pursue before beginning the more formal arbitration process

consumer culture: culture in which consumption and possessions are the primary source of meaning in life

consumer promotions: sales promotions directed at retail customers

contingency approach: marketers doing what is appropriate for individual markets, which typically leads to a combination of both standardized and adapted components

control: the process of comparing performance to standards, making corrections when needed, and rewarding success

core competence: the most proficiently performed internal activity that is central to the firm’s strategy and competitiveness

cosmopolitanism: the view that a person is a member of a larger global community rather than merely maintaining an allegiance to a local culture and close-by circumstances

cost-based pricing: pricing based on a careful assessment of all costs associated with producing and selling an item

cost-plus pricing: setting a product’s price based on fixed costs, variable costs, plus the desired profit margin for each item

countercultures: groups whose values set their members in opposition to the dominant culture

countertrade: when goods are traded or exchanged without the use of hard currency

country image: the attitudes and knowledge consumers have about a country

country-of-origin effect: the response a consumer has to a product due to the country that is the source, in the consumer’s mind, for the product

cultural convergence: the increasing similarities between global consumers

cultural crossvergence: the emergence of a new, global value system as countries become more interconnected

cultural distance: the degree to which cultural values, norms, and beliefs in one country are different from those in another country

cultural divergence: persistence of specific values due to sociocultural influences

cultural electives: areas of behavior or customs that visitors may wish to, but are not required to, conform to or participate in

cultural exclusives: customs or behavior patterns reserved exclusively for the locals and from which the foreigner is barred

cultural imperatives: the customs and expectations that must be met and conformed to or avoided if international business relationships are to be successful

culture: the beliefs, customs, and attitudes of a distinct group of people

cultures of achievement: cultures in which egalitarianism, individualism, and orientation toward economic efficiency and productivity are important

cultures of honor: cultures which value religion, traditional gender roles, hierarchy, and strong authority

cultures of joy: individuals value well-being of individuals and society, and work is for achieving quality of life not to demonstrate economic productivity

currency: the form of money used by a specific country or region

customs union: a group of countries that have entered into an agreement to remove barriers to the movement of goods and services and to have a uniform tariff policy toward non-member countries

damage control: reacting to negative events caused by a company’s mistake, consumer grievances, or unjustified or false claims made by the press or others seeking to injure a company

deceptive pricing: a pricing system in which the marketer promotes one price, yet charges more using hidden charges, add-ons, or higher prices for products with more than the minimum of features

demand: the amount of a good or service that consumers will buy at various price levels

differentiation: emphasis on a unique benefit or component of a product that separates that product from competitors

diffusion: the process by which an innovation slowly spreads through a culture or group

direct exporting: also called export marketing, a system in which the producer or supplier is responsible for marketing to foreign buyers

distinctive competence: a production activity a company performs at a level that is better than that of all competitive rivals

distribution intensity: the extent to which products are distributed throughout a country and the number of intermediaries that are utilized to carry the product

dual channel marketing: selling virtually the same goods or services to both consumers and businesses

dumping: the practice of selling goods below costs in another country in order to capture a market

economic system: the means by which countries allocate resources, goods, and services to citizens

economic union: a group of countries seeking to harmonize economic policies among members, and attempting to follow the same economic policy

economies of scale: the reduction in per unit costs as the total volume produced increases

economies of scope: efficiencies that emerge from producing a variety of similar products

emerging markets: economies in countries that have moved through the transformation from developing to developed

entertainment: when theatrical drama, musicals, shows, comedies, slapstick, humor, horror, or satire provide the primary advertising format

ethical absolutism: the philosophy that there are fundamental values that cross cultures, and companies must uphold them

ethical relativism: ethical values are relative to the norms of one’s culture

ethnocentrism: the strongly held belief that one’s culture is superior to that of others

event marketing: using marketing techniques to connect with buyers through specific live events including concerts, performances, or festivals to promote a product or brand

exchange rate: the rate at which one country’s currency can be traded for another country’s currency

exchange systems: the methods of facilitating payment for a product or service

exclusive distribution: an international marketing strategy that focuses on offering products at only one wholesaler or retailer in a particular market area

executional framework: the manner in which an advertising appeal and message strategy is delivered

experiments: research techniques that allow researchers to uncover cause-and-effect relationships by manipulating certain variables and controlling others

exporting: a mode of entry in which the product is shipped in one manner or another into a foreign market

express warranty: a document that spells out how a product promises to deliver its value and the remedies available when it does not

external validity: when cause-and-effect relationships are expected to be found in other situations or settings

family branding: a strategy wherein a number of products in a line or mix share the same brand name worldwide

flexible or floating exchange rate: the rate when the value of the currency is allowed to respond freely to market forces

focus groups: semi-structured or unstructured group discussions that generally take place in groups of eight to twelve individuals

forward rates: the exchange rates for the delivery of the currency at a specific time in the future

franchising: the contractual agreement to implement a business model

free trade: an economic situation in which goods travel across boundaries with little interference by individual governments

free trade area: a group of countries that have entered into an agreement to reduce tariffs, quotas, and other barriers to the movement of goods and services

free trade zones: specially designated areas within a country that have separate laws designed to encourage trade

future-oriented cultures: cultures in which planning for the future takes priority over enjoying the present or appreciating the past

futures contracts: contracts that allow the company to sell or buy a certain amount of a foreign currency at a set exchange rate on a specific date

global brand: identifies a company that uses the same brand name, image, and brand mark globally

Global consumer culture: globally recognized set of consumption behaviors, values, and brands associated with globalization and global culture

Global marketing strategy: a marketing strategy that encompasses several countries in the world and aims at coordinating a firm’s marketing efforts in markets in these countries

globalization: the increased interconnectedness of consumers and businesses globally

globally integrated marketing communications program: a program that consists of a carefully designed combination of all communications with the company’s internal and external publics

good: a physical product sold to and used by an individual, household, or business

gray market: the practice of distributing products through distribution channels that are not authorized by the marketer of the product

greenwashing: a practice in which a company exaggerates or even fabricates the degree of its sustainable or green activities

hard currency: currency that can be exchanged for other currencies worldwide

hedging: any financial process that lessens financial risk

high-context cultures: cultures that rely more on symbols and language with less explicit or spelled-out codes

**High-cosmopolitanism:** consumers view themselves as members of a larger global community rather than as merely maintaining an allegiance to a local culture and community

home country: the nation in which the business is located or the one that houses the company’s main headquarters

horizontal channel conflict: conflict that occurs between members of a marketing channel at the same level

horizontal integration: a marketing strategy in which a company acquires or merges with another company

host country: the nation being targeted for expansion by a company

imagination: an advertising format that utilizes cartoon or other visual techniques to make unrealistic presentations of a make-believe world

importing: the transfer or shipping of goods into a country

indirect exporting: also called export selling, a system in which the manufacturer sells the product to intermediaries who then handle the foreign selling of the product

individual branding: a strategy in which distinct brand names are used for products

inflation: a situation in which the price of goods and services increases in a country or region

infrastructure: the organizational and physical structures present in a country, such as roads, technology, and information systems

intangible product benefits: the value drawn from the social, emotional, and nonphysical aspects of consumption

integration: the process of using agreements between countries to lower limits on the movements of products, capital, or labor

intellectual property: creations of the mind or the intangible property that result from thought

intellectual property piracy: the unauthorized use or reproduction of intellectual property that has been legally protected

intensive distribution: an international marketing strategy in which a product is distributed through several wholesalers or retailers in a particular market

interest rates: the percentage rate charged or paid for the use of money

intermediaries: organizations that move products from producers to consumers and end users

internal validity: when accurate cause-and-effect relationships are identified in a research finding

international distribution: the process by which products and services flow between producers, intermediaries, and consumers, including the transfer of ownership

international finance: the study of currency exchange, investments, and how these processes influence business activities

international marketing: using the marketing mix to meet the needs and wants of consumers in foreign markets

international marketing channel: a marketing system that promotes the physical flow and ownership of products and services from producer to consumer, including producers, wholesalers, and retailers

international market segmentation: the process of identifying specific segments—whether they are country groups, other businesses, or individual consumer groups—of potential customers with homogeneous attributes across different countries, or within a single foreign market, that exhibit similar responses to a company’s marketing mix

international retailing: the retail activities that occur across and inside national boundaries

international strategic planning: the plan for the overall direction of the firm

Internet interventions: identifying false statements about a company and then responding to the allegations in the same communication channel

joint venture: a legal partnership that involves an investment, a division of ownership, and the creation of a new legal entity, or when two companies combine to create a product

jurisdiction: the power to apply law

language: the system used to communicate between peoples, including verbal and nonverbal cues

legal systems: the methods for applying and implementing the laws of a country

lesson: a form of advertising presentation that applies facts and arguments to the audience

letter of credit: a document issued by a bank to signal the creditworthiness of a buyer to a seller

licensing: a contract that grants a company the legal right to use another company’s brand, image, and other marketing components

litigation: a legal proceeding through a judicial system

logistics: the activities that manage the physical movement and storage of goods from the producer to the consumer

logistics: the management of the flow of products and services among marketing channel members

loss leader: pricing certain items at or below cost in order to build store traffic

low-context cultures: cultures that demonstrate high values toward and positive attitudes regarding words

market: people with wants and needs, money to spend, and the willingness to spend money on those wants and needs

market concentration: the strategy a company uses when it exports a small number of markets or just one key market and then slowly expands to export to new countries

market development: a strategy that focuses on increasing sales of existing products to new customers

market economy: an economy in which most economic decisions are made in the marketplace

market research: the systematic gathering, storing, and analyzing of marketplace information for use in managerial decision-making

**market segment:** a set of businesses or a group of individual consumers with distinct characteristics

**market segmentation**: a process that involves identifying specific groups based on their needs, attitudes, and interests; the grouping of consumers based on their needs, attitudes, and interests

market spreading: a marketing strategy of growing exports in many different markets simultaneously and rapidly expanding to new markets

marketing: discovering consumer needs and wants, creating the products that meet those needs, and then pricing, promoting, and delivering those products and services

marketing channel power: the ability of one channel member to control or influence the marketing decisions of another channel member

marketing mix: the major activities used to develop and sell goods and services, including products, prices, distribution systems, and promotional programs

markup pricing: a pricing method that simply adds a standard markup to the costs assigned to a product

material culture: physical elements of a culture such as clothing, food, houses, tools and machines, works of art, buildings

merchant middlemen: marketing channel members that take title and ownership of the products being marketed

message strategy: the primary tactic or approach used to deliver the key idea to be delivered in an advertisement

metrics: performance measures that serve as standards set during the planning process and that are used in the control process

mission statement: a document that delineates why an organization exists and guides the overall direction of the firm

mixed economy: an economic system in which part is guided by the marketplace and part is run by the government

monochronic-time orientation: cultural emphasis on schedules and punctuality

multinational corporations: organizations conducting business activities in at least one other country that differs from the home country in which the organization is headquartered

national competitive advantage: a circumstance in which a country has built a reputation with regard to an aspect of producing a product, such as technological superiority or lower labor costs

nationalism: the strong pride and devotion consumers have in their country or nation

needs: the necessities of life that all humans require for their survival and well-being

newly industrialized countries: nations that have experienced rapid economicexpansion and industrialization that are neither less- nor most-developed countries

nonprobability sample: a sample in which the probability of an element of the population being included in a sample is unknown

offshoring: the movement of a business activity to another country

operational plans: plans that dictate the day-to-day entry-level activities that are crucial parts of successful international marketing programs

organizing: the process through which management designs the structure of the organization, assigns responsibilities, and ensures effective communication flows throughout the company

outsourcing: relinquishing organizational control of a business process and instead hiring a third party external to the company to operate the process

parallel translation: a process in which two translators are used for the back translation process with the results being discussed and one translation selected

past-oriented cultures: cultures in which people value tradition, history, and appreciate the past

pegged or fixed regime: the value of a currency when it is set to a predetermined band or par value

penetration pricing: setting the product’s initial price as low as a company can afford, to discourage entry by competition

personal interviews: one-on-one discussions between a researcher and a respondent

pioneering advantage: the advantage that results from being the first mover in a market

planning: the process whereby managers develop goals, strategies, and activities that will best position the firm for success in the international marketplace

point-of-purchase materials: displays and materials that take a variety of forms, with the goal of encouraging the immediate sale of a product by the end user

political risk: the chance that political forces, such as government activities, will hamper and harm business activities within a country

political systems: the people with an organization, typically governments, who possess the power and how that power is structured

political union: the complete integration of political and economic policy by a group of countries

polychronic-time orientation: cultural emphasis on flexibility and performing multiple tasks at the same time

positioning: creating a perception in a consumer’s mind regarding the nature of a company and its products relative to those of competitors

positioning maps: tools used to study a company and its competitors in terms of consumer attitudes or perceptions

positioning statement: a one- or two-sentence summary of the company’s positioning strategy

predatory pricing: the direct attempt by a major competitor to drive other companies out of business by setting prices unrealistically low

present-oriented cultures: cultures which view time as a cyclical process in which the future cannot be controlled or predicted, and the past will repeat itself in the future

price: the amount a person, company, or government charges for a good or service

price elasticity of demand: a measure of the impact of price differences on demand and sales

price perceptual map: a map that depicts various companies or products along two dimensions, typically price and quality

primary data: data that are gathered by the researcher or research team for a specific project

probability sample: a sample in which each element in the population has a known, nonzero probability of being selected for a study

product: bundle of attributes, including tangible, intangible, and symbolic elements that provide value for exchange partners

product line: groups of similar products within a particular category

product line extension: a strategy that is utilized when new products are introduced that are in the related product category and that respond to specific opportunities in the marketplace

product mix: the total number of products that a firm carries

product position: what summarizes consumer opinions regarding the specific features of the product

**product positioning**: creating a perception in the consumer’s mind regarding the nature of a company and its products relative to competitors

profit-based pricing: examining pricing from the perspective of what consumers are willing to pay rather than from the cost of the item

promotions mix: a company’s combination of advertising, personal selling, sales promotion, and public relations efforts

protectionism: the desire to protect domestic businesses from the exports of foreign firms through governmental policy

psychic distance: the individual’s subjective perception of the differences between the home country and the foreign country

public relations: the management of communication with all organizational stakeholders

qualitative research design: a research method that focuses on obtaining information without a reliance on numerical expression or measurement

quantitative research design: a research design that relies on numerical measurement and analysis

reliability: the internal consistency of a measure and its ability to be replicated over time

religiosity: the degree to which consumers within a country or region are religious

repositioning: the process of changing consumer perceptions of a brand relative to competitors on key attributes

sales promotions: marketing activities that are designed to stimulate consumer and marketing channel demand for a product or service

sampling: a process wherein only certain members of a set of consumers are used to represent the views of the larger population

scientific method: the use of observations, empirical evidence, and knowledge in order to make objective statements about certain phenomena

secondary data: data that have already been collected by an agency and are made available either free of charge or for a fee

selective distribution: an international marketing strategy of using only a limited number of channel intermediaries to sell products

self-reference criterion: when someone applies his or her own cultural values and background to the assessment of behaviors of others

service: an intangible product that generally centers on an act or performance that delivers value to individuals, households, and businesses

skimming: setting a product’s initial price as high as the market will bear to allow the manufacturer or exporter to attain as much revenue as possible in a short period of time

socialism: an economic system in which the state owns at least some parts of industry

soft currency: currency that cannot be traded at major financial centers

sovereignty: governmental authority or control within its state

sovereignty debt ratings: a rating that represents the chance that a country will default on governmental debt

special effects: an advertising format used to deliver a wide variety of commercials by combining animation, cartoon, camera effects (camera motion), recording techniques, music, and other sounds

spin-off sales: sales that occur when individuals who buy a particular brand at work have positive experiences and, as a result, purchase the same brand for personal use

sponsorship: an agreement between a marketing organization and an individual, team, or a landmark

standardization: using the same marketing mix in all markets

STP approach: segmentation, targeting, and product positioning processes

strategic alliance: a formal agreement between companies to work together to achieve a common goal

strategic controls: performance measures that apply to the CEO and top-level management team that direct the portfolios of businesses or activities held by a single company or corporation

strategic planning: plans for the overall direction of the firm, the development of goals, and the allocation of resources in the pursuit of those goals, as prepared by top management

subcultures: groups whose values and related behaviors are distinct and set members off from the general or dominant culture

subjective culture: non-material elements of a culture such as ideas, values, beliefs

surveys: research instruments that can be administered to large numbers of consumers with relative ease

sustainability: meeting the needs of the current generation in a way that leaves future generations with the ability to also meet their needs

tactical planning: plans for specific activities and programs that support the overall direction set at the strategic level

tangible product benefits: the value drawn from the physical components of a product

target market: a specific, identifiable market segment that a company seeks to reach

target ROI pricing: a cost-based pricing technique that specifies a desired return on investment (ROI) for a particular product

terms of payment: the agreed-upon payment in return for the goods or services

test market: a type of experiment that is constructed within realistic marketplace conditions

theocratic law: a legal system based on religious writings

trade allowance: a price reduction or other consideration paid by a company to intermediaries as an incentive to purchase or promote a specific product

trade deficit: the balance of trade that occurs when a country imports more than it exports

trade promotions: sales promotions targeted at intermediaries, most notably wholesalers and retail outlets

trade surplus: the balance of trade that occurs when a country exports more than it imports

transition economies: rapidly developing economies that occur in what were formally communist countries with centrally planned economies

validity: the degree to which a concept is accurately measured by survey or research items

values: strongly held concepts that are pervasive within a culture

vertical channel conflict: conflict that occurs when there are disputes between channel members at different levels in the system

vertical integration: a marketing strategy in which one member of the market channel merges with or acquires another intermediary

vertical marketing system: a distribution arrangement in which the producer, wholesaler, and retailer perform marketing activities as a unified system

wants: the specific expression of needs through the desire for specific objects

wholly owned subsidiary: a company enters a country by establishing a 100% ownership stake in a business in that country