Marketing Real People Real Choices 8th edition Solomon Solutions Manual

SKU: 9780132948937-SOLUTIONS

Chapter 2

Global, Ethical, and Sustainable Marketing

I. CHAPTER OVERVIEW

In this chapter, students are introduced to global marketing and explore ways in which economic, political, legal, and cultural issues influence global as well as domestic marketing strategies and outcomes. These issues also affect whether or not businesses choose to enter a global market. Students also learn that if a business does enter a global market, the level of commitment is directly related to the level of control. The chapter discusses how marketers make product, price, place, and promotion decisions in foreign markets. Ethical business practices are important for the firm to do its best for stakeholders and to avoid the consequences of low ethical standards. Many firms practice sustainability when they develop target marketing, product, price, place/distribution, and promotion strategies designed to protect the environment.

II. CHAPTER OBJECTIVES

- Understand the big picture of international marketing, and the decisions firms must make when they consider globalization.
- Explain how international organizations such as the World Trade Organization (WTO), economic communities and individual country regulations facilitate and limit a firm's opportunities for globalization.
- Understand how factors in a firm's external business environment influence marketing strategies and outcomes in both domestic and global markets.
- Explain some of the strategies and tactics that a firm can use to enter global markets.
- Understand the importance of ethical marketing practices.
- Explain the role of sustainability in marketing planning.

III. CHAPTER OUTLINE

► **MARKETING MOMENT INTRODUCTION** Ask the class for new product suggestions and conduct a simple vote (raise of hands) to choose one of the product suggestions for an in-depth discussion of global challenges for marketing that product across cultures and borders.		
p. 33	**REAL PEOPLE, REAL CHOICES—HERE'S MY PROBLEM AT JOHNSON & JOHNSON** When Johnson & Johnson launched the Earthwards® process in 2009, Keith and his team used it to encourage J&J's products teams to make significant improvements to 60 products. Today, Johnson & Johnson has integrated and expanded the original process across the company. It uses the Earthwards® approach to	

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

	drive continuous innovation. As he considered the best strategy to promote Earthwards®, Keith knew that one of his biggest challenges was to convince J&J's 127,000 employees around the globe to buy into the idea. He needed a way to drive awareness and interest in the Earthwards® approach to sustainable product development across Johnson & Johnson. Generating awareness, understanding and adoption of the process was a key performance metric against which his team would be measured. Keith had only limited resources to accomplish this objective. He considered his options: 1. Host regional green marketing conferences to showcase key tools and resources available to key stakeholders. 2. Develop a customer intranet site, including an online scorecard to take Earthwards® submissions from an Excel spreadsheet to an online database accessible by all employees. 3. Develop a high-touch strategy of identifying leaders within Johnson & Johnson for meetings and training sessions. The vignette ends by asking the student which option he/she would choose. • Keith chose option #2	
Website: www.earthwards.jnj.com		
p. 34	**1. TAKE A BOW: MARKETING ON THE GLOBAL STAGE** Living in a global community creates both opportunities and challenges. Many consumers and world leaders argue that the development of free trade and a single global marketplace will benefit us all because it allows people in developing countries to enjoy the same economic benefits as citizens of developed countries. Others express concern for the loss of manufacturing in the United States and other developed nations as factories relocate where labor and materials are less expensive.	
p. 34-35	**1.1 World Trade** **World trade** refers to the flow of goods and services among different countries—the total value of all the exports and imports of the world's nations. Today, we see increasing growth in world trade with world exports of merchandise increasing from $12 trillion in 2009 to nearly $18 trillion in 2012. In some countries, because sufficient cash or credit is simply not	Figure 2.1 North American Merchandise Trade Flows

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

	available, trading firms work out elaborate deals in which they trade (or *barter*) their products with each other or even supply goods in return for tax breaks from the local government. This **countertrade** accounts for as much as 25 percent of world trade.	
p. 35	**1.2 Should We Go Global?** When firms consider going global, they must think about this in four steps: • Step 1. "Go" or "no go"—is it in our best interest to focus exclusively on our home market or should we cast our net elsewhere as well? • Step 2. If the decision is "go," which global markets are most attractive? Which country or countries offer the greatest opportunity for us? • Step 3. What market-entry strategy and what level of commitment is best? • Step 4. How do we develop marketing mix strategies in the foreign markets? Should we standardize what we do in other countries, or develop a unique localized marketing strategy for each country?	Figure 2.2 Steps in the Decision Process for Entering Global Markets
p. 36	**1.2.1 Look at Domestic and Global Market Conditions** Many times, a firm decides to go global because domestic demand is declining while demand in foreign markets grows.	
p. 36	**1.2.2 Identify Your Competitive Advantage** Firms hope to create competitive advantage over rivals. When firms compete in a global marketplace, this challenge is even greater because there are more players involved, and typically, some of these local firms have a "home-court advantage." If it wants to go global, a firm needs to examine the competitive advantage that makes it successful in its home country. Will this competitive advantage also extend to other countries?	
p. 37	**2. UNDERSTAND INTERNATIONAL, REGIONAL AND COUNTRY REGULATIONS** Often governments erect roadblocks (or at least those pesky speed bumps) designed to favor local businesses over outsiders that hinder a company's efforts to expand into foreign markets.	
p. 37	**2.1 Initiatives in International Cooperation and Regulation** The World Trade Organization (WTO) replaced the General Agreement on Tariffs and Trade (GATT) and helped reduce the problems that protectionism creates. The World Trade Organization has made giant strides in creating a single open world market. The objective of the WTO is to "to ensure that	

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

	trade flows as smoothly, predictably and freely as possible."	
p. 37	**2.1.1 Protected Trade: Quotas, Embargoes, and Tariffs** In some cases, a government adopts a policy of **protectionism** in which it enforces rules on foreign firms designed to give home companies an advantage. Many governments set **import quotas** on foreign goods to reduce competition for their domestic industries. Quotas can make goods more expensive to a country's citizens because the absence of cheaper foreign goods reduces pressure on domestic firms to lower their prices.	
p. 38	An **embargo** is an extreme quota that prohibits commerce and trade with a specified country altogether. Governments also use **tariffs**, or taxes on imported goods, to give domestic competitors an advantage in the marketplace by making foreign competitors' goods more expensive than their own products.	
Discussion question: ask students to discuss products they know that are associated with import quotas, an embargo, and tariffs. How do they feel about these protected trade roadblocks in the context of the products they mentioned?		
p. 38	**2.2 Economic Communities** Groups of countries may also band together to promote trade among them and make it easier for member nations to compete elsewhere. These **economic communities** coordinate trade policies and ease restrictions on the flow of products and capital across their borders. Economic communities are important to marketers because they set policies in areas such as product content, package labeling, and advertising regulations.	Table 2.1 Major Economic Communities around the World
Website: www.wto.org Discussion question: ask students what they think about the various economic communities. How would/will they affect their lives as consumers?		
p. 39	**3. ANALYZE THE MARKETING ENVIRONMENT** Whether or not you have decided to venture into a foreign market, it is essential to understand your external environment. For firms that choose to limit themselves to their domestic market, having a sharp picture of the marketing environment allows them to make good decisions about marketing strategies. If you've decided to go global, understanding local conditions in potential new country or regional markets helps you to figure out just where to go.	Figure 2. 3 Elements of the External Environment

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

Troubleshooting Tip: just as in the last chapter, it is important to emphasize that the marketing environmental factors listed in this section of the chapter represent nicely the "OT" of the SWOT analysis—additionally, it is important for students to recognize that these "OT" factors are not directly controllable by the company.		
p. 39	**3.1 The Economic Environment** Understanding the economy of a country in which a firm does business is vital to the success of marketing plans.	
p. 40	**3.1.1 Indicators of Economic Health** The most commonly used measure of economic health of a country is the **gross domestic product (GDP)**: the total dollar value of goods and services a country produces within its borders in a year. A similar but less frequently used measure of economic health is the **gross national product (GNP)**, which measures the value of all goods and services a country's individuals or organizations produce, whether located within the country's borders or not. In addition to total GDP, marketers may also compare countries based on *per capita GDP*: the total GDP divided by the number of people in a country. It's important to consider exchange rates. The **foreign exchange rate** is the price of a nation's currency in terms of another currency. GDP and exchange rates alone do not provide the information marketers need to decide if a country's economic environment makes for an attractive market. They must consider **economic infrastructure,** the quality of distribution, financial, and communications systems.	Table 2.2 Selected Comparisons of Economic and Demographic Characteristics
p. 41	**3.1.2 Level of Economic Development** Level of economic development takes into consideration the broader economic picture of a country. A country's **standard of living** is an indicator of the average quality and quantity of goods and services a country consumes. Economists describe the following three basic levels of development: • A country at the lowest stage of economic development is a **least developed country (LDC)**. In most cases, its economic base is agricultural. In least developed countries, the standard of living is low, as are literacy levels. **Bottom of the pyramid (BOP)** is the name for four billion consumers who live on less than $2 a day. • When an economy shifts its emphasis from agriculture to industry, standards of living, education, and the use of	Sachet packaging

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

	technology improve. These countries are **developing countries**. In such locales, there may be a viable middle class, often largely composed of entrepreneurs working hard to run successful small businesses. Because over eight out of 10 consumers now live in developing countries, the number of potential customers and the presence of a skilled labor force attract many firms to these areas. The largest of the developing countries, Brazil, Russia, India and China, are referred to as the **BRIC countries** or simply as the BRICs. These four countries are the fastest growing of the developing countries and they represent over 40 percent of the world's population. • A **developed country** boasts sophisticated marketing systems, strong private enterprise, and bountiful market potential for many goods and services. Such countries are economically advanced, and they offer a wide range of opportunities for international marketers. The United States, the United Kingdom, Australia, Canada, France, Italy, Germany, and Japan are the most economically developed countries in the world. In 1975, they established the **Group of Eight (G8)** to serve as an informal forum for these nations.	
p. 42	**3.1.3 The Business Cycle** The **business cycle** is the overall pattern of changes or fluctuations of an economy. All economies go through cycles of *prosperity* (high levels of demand, employment and income), *recession* (falling demand, employment and income), and *recovery* (gradual improvement in production, lowering unemployment, and increasing income). A severe recession is a *depression*; a period during which prices fall but there is little demand because few people have money to spend and many are out of work. *Inflation* occurs when prices and the cost of living rise while money loses its purchasing power because the cost of goods escalates.	
p. 42 p. 42	**3.2 The Competitive Environment** Firms must keep abreast of what the competition is doing so they can develop new product features, new pricing schedules, or new advertising to maintain or gain market share. **3.2.1. Analyze the Market and the Competition** An increasing number of firms around the globe engage in **competitive intelligence (CI)** activities, the process of gathering and analyzing publicly available information about rivals. The firm uses this information to develop superior marketing strategies.	

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

► Marketing Moment In-Class Activity Have students identify information about companies that is publicly available. How can you get the information? What type of information is available? What does this information tell you about the company in terms of target market, marketing strategy, pricing strategy, etc.		
p. 43	**3.2.2. Competition in the Microenvironment** Competition in the *microenvironment* means the product alternatives from which members of a target market may choose. We think of these choices at three different levels. At a broad level, marketers compete for consumers' **discretionary income**: the amount of money people have left after paying for necessities such as housing, utilities, food, and clothing. A second type of choice is **product competition**, in which competitors offering different products attempt to satisfy the same consumers' needs and wants. The third type of choice is **brand competition**, in which competitors offering similar goods or services vie for consumer dollars.	
p. 43	**3.2.3. Competition in the Macro environment** When we talk about examining competition in the *macro environment*, we mean that marketers need to understand the big picture—the overall structure of their industry. Four structures describe differing amounts of competition. • A **monopoly** exists when one seller controls a market. • In an **oligopoly**, there are a relatively small number of sellers, each holding substantial market share, in a market with many buyers. • In a state of **monopolistic competition**, many sellers compete for buyers in a market. • Finally, **perfect competition** exists when there are many small sellers, each offering the same good or service.	
Website: Asia Insight: www.asiainsight.com		
p. 44	**3.3 The Technological Environment** Changes in technology can dramatically transform an industry. A **patent** is a legal document that grants inventors exclusive rights to produce and sell a particular invention in that country. Marketers monitor government patent applications to discover innovative products they can purchase from the inventor.	
Website: H&M virtual fashion: www.hm.com		
p. 44	**3.4 The Political and Legal Environment** The political and legal environment refers to the local, state, national, and global laws and regulations that affect businesses.	Table 2.3 Significant American Legislation
p. 45	**3.4.1 American Laws**	

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

	Laws in the United States governing business have two purposes. Some such as the Sherman Antitrust Act and the Wheeler–Lea Act make sure that businesses compete fairly with each other. Others, such as the Food and Drug Act and the Consumer Products Safety Commission Act, make sure that businesses do not take advantage of consumers.	Relevant to Marketers Table 2.4 U.S. Regulatory Agencies and Responsibilities
p. 46	**3.4.2 Political Constraints on Trade** Global firms know that the political actions a government takes can drastically affect their business operations. Short of war, a country may impose *economic sanctions* that prohibit trade with another country (as the United States has done with several countries, including Cuba and North Korea), so access to some markets may be cut off. **Nationalization** occurs when the domestic government reimburses a foreign company (often not for the full value) for its assets after taking it over. **Expropriation** occurs when a domestic government seizes a foreign company's assets (and that firm is just out of luck).	
p. 47	**3.4.3 Regulatory Constraints on Trade** Governments and economic communities regulate what products are allowed in the country, what products should be made of, and what claims marketers can make about them. **Local content rules** are a form of protectionism stipulating that a certain proportion of a product must consist of components supplied by industries in the host country or economic community.	
p. 47	**3.4.4 Human Rights Issues** Some governments and companies are vigilant about denying business opportunities to countries that mistreat their citizens. They are concerned about conducting trade with local firms that exploit their workers or that keep costs down by employing children or prisoners for slave wages. The **U.S. Generalized System of Preferences (GSP)** is a program established by Congress to promote economic growth in the developing world. GSP regulations allow developing countries to export goods duty-free to the United States.	

Websites:
Environmental Protection Agency (EPA): www.epa.gov
Federal Communications Commission: www.fcc.gov
Federal Trade Commission (FTC): www.ftc.gov
Food and Drug Administration (FDA): www.fda.gov

Discussion question: what human rights issues are particularly of concern among your students? Why?

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

p. 47	**3.5 The Socio-cultural Environment** Another element of a firm's external environment is the socio-cultural environment. This term refers to the characteristics of the society, the people who live in that society, and the culture that reflects the values and beliefs of the society. Whether at home or in global markets, marketers need to understand and adapt to the customs, characteristics, and practices of its citizens.	
p. 47	**3.5.1 Demographics** **Demographics** are statistics that measure observable aspects of a population, such as size, age, gender, ethnic group, income, education, occupation, and family structure.	
p. 48	**3.5.2 Values** Every society has a set of **cultural values**, or deeply held beliefs about right and wrong ways to live, that it imparts to its members. In **collectivist cultures**, such as those found in Venezuela, Pakistan, Taiwan, Thailand, Turkey, Greece, and Portugal, people tend to subordinate their personal goals to those of a stable community. In contrast, consumers in **individualist cultures**, such as the United States, Australia, Great Britain, Canada, and the Netherlands, tend to attach more importance to personal goals, and people are more likely to change memberships when the demands of the group become too costly.	
p. 48	**3.5.3 Social Norms** **Social norms** are specific rules dictating what is right or wrong, acceptable or unacceptable.	
p. 49	**3.5.4 Language** Language barriers can affect product labeling and usage instructions, advertising, and personal selling.	
p. 49	**3.5.5 Consumer Ethnocentrism** **Ethnocentrism** refers to the belief that one's own norms and the products made in your country are superior. **Consumer ethnocentrism** refers to consumers' beliefs about products produced in their country versus those from another.	

► Marketing Moment In-Class Activity
Have students identify countries and products or stereotypes they associate with those countries. For example, chocolate may be associated with Switzerland while wine may be associated with France. What products do students associate with Brazil? Nothing? What does that mean if you

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

are the minister of trade for Brazil? What other countries did students associate with 'wine'? What does that say about the global wine industry?		
p. 49	**4. IS THE WORLD FLAT OR NOT? HOW "GLOBAL" SHOULD A GLOBAL MARKETING STRATEGY BE?** Going global is not a simple task. If a firm decides to expand beyond its home country, it must make important decisions about how to structure its business and whether to adapt its product marketing strategy to accommodate local needs.	
p. 50	**4.1 Company-level Decisions: The Market Entry Strategy** Just like a romantic relationship, a firm deciding to go global must determine the level of commitment it is willing to make to operate in another country. At one extreme, the firm simply exports its products; while at the other extreme it directly invests in another country by buying a foreign subsidiary or opening its own stores. The decision about the extent of commitment entails a trade-off between *control* and *risk*. Direct involvement gives the firm more control over what happens in the country, but risk also increases if the operation is not successful.	Table 2. 5 Market Entry Strategies
p. 51	**4.1.1 Exporting** If a firm chooses to export, it must decide whether it will attempt to sell its products on its own or rely on intermediaries to represent it in the target country. These specialists, or **export merchants**, understand the local market and can find buyers and negotiate terms. An exporting strategy allows a firm to sell its products in global markets and cushions it against downturns in its domestic market.	
p. 51	**4.1.2 Contractual Agreements** The next level of commitment a firm can make to a foreign market is a contractual agreement with a company in that country to conduct some or all of its business there. In a **licensing agreement**, a firm (the *licensor*) gives another firm (the *licensee*) the right to produce and market its product in a specific country or region in return for royalties on goods sold. **Franchising** is a form of licensing that gives the franchisee the right to adopt an entire way of doing business in the host country.	
p. 51	**4.1.3 Strategic Alliances** Firms seeking an even deeper commitment to a foreign market develop a **strategic alliance** with one or more domestic firms in the target country. These relationships often take the form of a **joint venture**: Two or more firms create a new entity to allow the partners to pool their resources for common goals. Strategic alliances also allow companies easy access to new markets, especially because these partnerships often bring with them	

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

	preferential treatment in the partner's home country.	
p. 51	**4.1.4 Direct Investment** An even deeper level of commitment occurs when a firm expands internationally through ownership, usually by buying a business in the host country outright. Instead of starting from scratch in its quest to become multinational, buying part or all of a domestic firm allows a foreign firm to take advantage of a domestic company's political savvy and market position in the host country.	
p. 52 p. 52	**4.2 Marketing Mix Strategies** In addition to "big picture" decisions about how a company will operate in other countries, managers must decide how to market the product in each country. They may need to modify the famous Four P's—product, price, promotion, and place—to suit local conditions. **4.2.1 Standardization versus Localization** Advocates of standardization argue that the world has become so small that basic needs and wants are the same everywhere. In contrast, those in favor of localization feel that the world is not *that* small; you need to tailor products and promotional messages to local environments. These marketers feel that each culture is unique, with a distinctive set of behavioral and personality characteristics.	
Troubleshooting tip: the decision to employ a standardization vs. localization strategy is a very complex one for a firm, so plan to have an in-depth discussion of the pros and cons related to each type of strategy.		
p. 53	**4.2.2 To P or Not to P: Tweak the Marketing Mix** *Product Decisions* A firm seeking to sell a product in a foreign market has three choices: sell the same product in the new market, modify it for that market, or develop a brand-new product to sell there. • A **straight extension strategy** retains the same product for domestic and foreign markets. • A **product adaptation strategy** recognizes that in many cases people in different cultures do have strong and different product preferences. • A **product invention strategy** means a company develops a new product as it expands to foreign markets. In some cases, a product invention strategy takes the form of **backward invention**. A firm may find that it needs to offer a less complex product than it sells elsewhere. *Promotion Decisions* Marketers must also decide whether it is necessary to modify their product promotions for a foreign market. Some firms endorse the idea that the same message will	

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

	appeal to everyone around the world, while others feel the need to customize it. *Price Decisions* Costs stemming from transportation, tariffs, differences in currency exchange rates, and even bribes paid to local officials often make a product more expensive for a company to manufacture for foreign markets than in its home country. To ease the financial burden of tariffs on companies that import goods, some countries have established **free trade zones**. These are designated areas where foreign companies can warehouse goods without paying taxes or customs duties until they move the goods into the marketplace. One danger of pricing too high is that competitors will find ways to offer their product at a lower price, even if they do this illegally. **Gray market goods** are items that are imported without the consent of the trademark holder. Another unethical and often illegal practice is **dumping**, in which a company prices its products lower than they are offered at home—often removing excess supply from home markets and keeping prices up there. *Place/Distribution Decisions* Getting your product to consumers in a remote location can be quite a challenge. It is essential for a firm to establish a reliable distribution system if it is going to succeed in a foreign market.	
p. 55 p. 55-56	**5. ETHICS IS JOB ONE IN MARKETING PLANNING** It's hard to overemphasize the importance of ethical marketing decisions. Businesses touch many stakeholders, and they need to do what's best for all of them where possible. When major companies defraud the public, everyone suffers. **5.1 Ethical Philosophies** What constitutes ethical behavior is often different for different people. We can point to various ethical philosophies and see how each guides people to make their decisions. • *Utilitarian approach*: The decision that provides the most good or the least harm • *Rights approach:* The decision that does the best job of protecting the moral rights of all affected • *Fairness or justice approach:* The decision that treat all human beings equally • *Common good approach:* The decision that contributes to the good of all in the community • *Virtue approach:* The decision is in agreement with certain ideal virtues	Table 2.6 Some Common Ethical Philosophies

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

p.56	**Ethical relativism** suggests that what is ethical in one culture is not necessarily the same as in another culture.	
p. 56-57	**5.2 Codes of Business Ethics** **Business ethics** are basic values that guide a firm's behavior. A **code of ethics** refers to written standards of behavior to which everyone in the organization must subscribe.	Table 2.7 Statement of Ethics
p. 58	**5.3 Is Marketing Unethical?** There are examples of questionable or unethical marketing. Criticisms of marketing: • *Marketing serves the rich and exploits the poor* • *Products are not safe* • *Poor-quality products* • *Planned obsolescence* • *Marketing creates interest in products that pollute the environment* • *Easy consumer credit makes people buy things they don't need and can't afford*	
p. 59-60	**5.4 When is a Bribe not a Bribe? Ethical Issues for Global Business** Understanding the environment where you do business means staying on top of the ethical values and norms of the business culture in the marketplace. **Bribery** occurs when someone voluntarily offers payment to get an illegal advantage. **Extortion** occurs when someone in authority extracts payment under duress.	Table 2.8 The Transparency International 2011 *Bribe Payers Index*: Some Winners and Some Losers
p. 60	**6. SUSTAINABILITY: MARKETERS DO WELL BY DOING GOOD** Firms today have a *triple-bottom-line orientation*. They don't just look at their financial successes but also focus on how they contribute to their communities (their social bottom line) and create sustainable business practices (the environmental bottom line).	
p. 61	**6.1 Sustainability is a Sensible Business Decision** Sustainability adds to the need of the firm to sustain itself and the long-term future of society. Sustainable companies that satisfy the long-term needs of customers will survive.	Ripped from the Headlines Ethical/ Sustainable Decisions in the Real World

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

	Find out what other students taking this course *would do* and *why* www.mymktlab.com Are you more likely to shop at a store that offers recycling?	
p. 62	**6.2 Developing a Sustainable Marketing Mix** How some companies already implement sustainable marketing practices: • *Target marketing strategies:* They target **green customers** who are likely to buy eco-friendly products. • *Product strategies:* Some firms choose **fair trade** suppliers who pay a fair price to producers in developing countries • *Price strategies:* Sustainable marketing practices aim to establish prices for green products that equal the prices of other products. • *Place/distribution strategies:* **Locavorism** means that shoppers buy products from farms within 50 - 100 miles of their homes. • *Promotion strategies:* Some firms "reuse" old commercials and tell customers that this is practicing sustainability	
p. 62	**6.3 Sustainable Customer Behavior** Marketers need to understand what will motivate customers to seek out, pay for, and use sustainable options.	
P. 63	**►METRICS MOMENT** **Sustainability metrics** are tools that measure the benefits an organization achieves through the implementation of sustainability. Unfortunately, unlike many widely used financial metrics, today there is no standardized method of measuring the other two elements of the triple bottom line. Hence, it is extremely hard to compare one company working toward sustainability with another. The social capital metrics are possibly the hardest set of metrics to develop—there are simply too many variables to measure societal progress, and, as a result, it is extremely difficult to develop standardized metrics **Apply the Metrics** • Today most large firms have a section on their website that points to their sustainability initiative. Select any large company that manufactures products.. Review their website and find their section on sustainability • What are several of the key specific activities the firm points to as evidence that they are engaged in	Table 2.9 Metrics for the Earthwards® Intranet Site

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

P. 64	sustainability-related activities? • What specific evidence do they report that quantify their level of success in sustainability? **Real People, Real Choices: Here's My Choice…** Keith chose option 2.	

IV. END-OF-CHAPTER ANSWER GUIDE

CHAPTER QUESTIONS AND ACTIVITIES

▶ QUESTIONS: TEST YOUR KNOWLEDGE

2-1 Describe the market conditions that influence a firm's decision to enter foreign markets.

Marketers must consider domestic demand, the market potential abroad, and a firm's ability to have a competitive advantage in foreign markets. The decision may be based on conditions where domestic demand is declining while demand in foreign markets is growing.

2-2 Explain what world trade means. What is the role of the WTO and economic communities in encouraging free trade? What is protectionism? Explain import quotas, embargoes, and tariffs.

World trade means refers to the flow of goods and services among different countries—the value of all the exports and imports of the world's nations. In 2005, worldwide exports of merchandise totaled $10.1 trillion, up 6.5 percent from 2004.

The WTO and economic communities encourage free trade. The WTO member nations account for over 97 percent of world trade. The objective of the WTO is to help trade flow smoothly, freely, fairly, and predictably. Figure 3.1 shows the amount of merchandise traded by North America with its major partners around the world.

Protectionism is a policy of enforcing rules on foreign firms designed to give home companies an advantage. Many governments set import quotas on foreign goods to reduce competition for their domestic industries. Quotas are limitations on the amount of a product allowed to enter or leave a country. An embargo is an extreme quota that prohibits specified foreign goods completely. A tariff is a tax on imported goods to give domestic competitors an advantage in the marketplace by making foreign competitors' goods more expensive than their own goods.

2-3 Explain how GDP, the categories of economic development, and the business cycle influence marketers' decisions in entering global markets. What are the BRIC countries? What is the Group of Eight (G8)?

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

The most commonly used measure of economic health of a country is the gross domestic product (GDP), the total dollar value of goods and services a country produces within its borders in a year. A similar but less frequently used measure of economic health is the gross national product (GNP), which measures the value of all goods and services a country's individuals or organizations produce, whether located within the country's borders or not. Table 3.2 shows the GDP and other economic and demographic characteristics of a sampling of countries.

When marketers scout the world for opportunities, it helps if they consider a country's level of economic development to understand the needs of people who live there and the infrastructure conditions with which they must contend. Economists look past simple facts such as growth in GDP to decide this; they also look at what steps are being taken to reduce poverty, inequality, and unemployment.

The largest of the developing countries, Brazil, Russia, India and China, are referred to as the BRIC countries or simply as the BRICs. These four countries are the fastest growing of the developing countries and they represent over 40 percent of the world's population. The United States, the United Kingdom, Australia, Canada, France, Italy, Germany, and Japan are the most economically developed countries in the world. In 1975, they established the Group of Eight (G8) to serve as an informal forum for these nations.

2-4 Explain the types of competition marketers face: discretionary income competition, product competition, and brand competition.

Discretionary income competition is the amount of money people have left after paying for necessities such as housing, utilities, food, and clothing. Few consumers are wealthy enough to buy anything and everything.

Product competition in when competitors offer different products to satisfy the same consumer needs and wants.

When competitors offer similar goods or services and vie for consumer dollars, this termed brand competition.

2-5 What are a monopoly, an oligopoly, monopolistic competition, and pure competition?

A monopoly is a market situation in which one firm, the only supplier of a particular product, is able to control the price, quality and supply of the product.

An oligopoly is a market structure in which there are a relatively small number of sellers, each holding a substantial share of the market compete in a market with many buyers.

Monopolistic competition is a market in which many firms offer slightly different products, each with unique consumer benefits.

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

Pure competition is the market structure in which many small sellers, all of whom offer similar products, are unable to have an impact on the quality, price or supply of a product.

2-6 What aspects of the political and legal environment influence a firm's decision to enter a foreign market? Why are human rights issues important to firms in their decisions to enter global markets?

When entering a foreign market, a firm must carefully weigh political and legal risks. They must consider regulatory issues, and human rights issues. Human rights issues are important because businesses, in general, do not want to exploit workers or employ children or prisoners for slave wages.

2-7 What do marketers mean when they refer to technological and socio-cultural environments? Why do they need to understand these environments in a global marketplace?

The technological environment provides firms with competitive advantages. The technological environment profoundly affects marketing activities. Toll-free telephone numbers, easy computer access to customer databases, and, of course, the Internet have made it possible for people to buy virtually anything they want (and even some things they don't want) without ever leaving their homes. Successful marketers continuously scan the external business environment in search of ideas and trends to spark their own research efforts. These need to be understood in a global marketplace to allow the actions taken by the firm to be most appropriate and effective in meeting customer needs and desires.

The socio-cultural environment refers to the characteristics of the society, the people who live in that society, and the culture that reflects the values and beliefs of the society. It includes the demographics, values, social, and language of the society. Whether at home or in global markets, marketers need to understand and adapt to the customs, characteristics, and practices of its citizens.

2-8 What is ethnocentricism? What is consumer ethnocentrism?

Ethnocentricism relates to the tendency to prefer products or the people of one's own culture to those from other countries. For firms that seek to enter a foreign market, this willingness to try products made elsewhere comes slowly. Consumer ethnocentrism refers to consumers' beliefs about products produced in their country versus those from another.

2-9 Describe the four levels of involvement that are options for a firm: exporting, contractual agreements, strategic alliances, and direct investment.

A firm deciding to go global must determine the level of commitment it is willing to make to operate in another country. This commitment can range from a casual involvement to a full-scale "marriage." The decision about the extent of commitment entails a trade-off between control and risk. Direct involvement gives the firm more control over what happens in the country, but risk also increases if the operation is not successful.

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

Exporting involves the least risk. If a firm chooses to export, it must decide whether it will attempt to sell its products on its own or rely on intermediaries to represent it in the target country. An exporting strategy allows a firm to sell its products in global markets and cushions the firm against downturns in its domestic market. Because the exported products are made at home, the firm is able to maintain control over design and production decisions.

The next level of commitment a firm can make to a foreign market is a contractual agreement with a company in that country to conduct some or all of its business there. Two of the most common forms of contractual agreement are licensing and franchising.

Firms seeking an even deeper commitment to a foreign market develop a strategic alliance with one or more domestic firms in the target country. These relationships often take the form of a joint venture: a new entity owned by two or more firms is created to allow the partners to pool their resources for common goals. Strategic alliances also allow companies easy access to new markets.

A deeper level of commitment occurs when a firm expands internationally by buying a business outright in the host country. Direct investment allows a foreign firm to take advantage of a domestic company's political savvy and market position in the host country.

2-10 What are the arguments for standardization of marketing strategies in the global marketplace? What are the arguments for localization? What are some ways a firm can standardize or localize its marketing mix?

Advocates of standardization argue that the world has become so small, with tastes so homogenized, that basic needs and wants are the same everywhere. Those in favor of localization feel that the world is not that small and product and promotional messages should be tailored to local environments. These marketers feel that each culture is unique and that each country has a national character; distinctive sets of behavioral and personality characteristics.

When a firm offers the same products in all its markets, it is following a standardization strategy. If a firm tailors its products or promotions to the specific tastes of a region, it is localizing its marketing mix.

2-11 Describe the utilitarianism, rights, fairness or justice, common good, and virtue approaches to ethical decision making. What is ethical relativism?

- *Utilitarian approach*: The decision that provides the most good or the least harm
- *Rights approach:* The decision that does the best job of protecting the moral rights of all affected
- *Fairness or justice approach:* The decision that treat all human beings equally
- *Common good approach:* The decision that contributes to the good of all in the community
- *Virtue approach:* The decision is in agreement with certain ideal virtues

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

Ethical relativism suggests that what is ethical in one culture is not necessarily the same as in another culture.

2-12 Why is it increasingly important that firms engage in sustainability? What are some ways strategies for the four Ps can include sustainability?

With growing world populations and increasing demand for products, sustainable business practices are necessary for life in the future. Many firms practice sustainability when then develop target marketing, product, price, place/distribution, and promotion strategies designed to protect the environment and the future of our communities.

Companies implement sustainable marketing practices in the following ways:

- *Target marketing strategies:* They target **green customers** who are likely to buy eco-friendly products.
- *Product strategies:* Some firms choose **fair trade** suppliers who pay a fair price to producers in developing countries
- *Price strategies:* Sustainable marketing practices aim to establish prices for green products that equal the prices of other products.
- *Place/distribution strategies:* **Locavorism** means that shoppers buy products from farms within 50 - 100 miles of their homes.
- *Promotion strategies:* Some firms "reuse" old commercials and tell customers that this is practicing sustainability

Sustainability metrics are tools that measure the benefits an organization achieves through the implementation of sustainability.

▶ACTIVITIES: APPLY WHAT YOU'VE LEARNED

2-13 ***In Class, 10–25 Minutes for Teams:*** Tide laundry detergent, McDonald's food, and Dell computers are very different U.S. products that are marketed globally. Develop ideas about why the marketers for each of these products:

a. Standardize product strategies
b. Localize product strategies
c. Standardize promotional strategies
d. Localize promotion strategies

These decisions are based largely on the similarities and acceptance between cultures. Because values, social norms, and tastes may differ greatly from one country to another, the decision to standardize or localize marketing strategies is not an easy one. Much of the decision will be dependent on the country the firm chooses to enter.

2-14 ***Creative Homework/Short Project*** You work for a company that manufactures and sells low-cost mobile phones. Think about how the firm's offering in the product category would need to differ for LDCs. developing countries, and developed countries. Develop a proposal

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

that provides recommendations for the product, pricing, promotion, and place/distribution in each of these different markets.

The chapter provides broad insights for the potential success of products in each of the three types of economically developed countries. In least developed countries, the products that reflect luxury will not be as successful as the products that reflect necessity. In developing countries, the products, which fall in the middle of the necessity-luxury continuum, phones would be marketed as a necessity item. In developed countries, all products have the potential for great success, whether they be luxurious or necessary items. For example, a consumer may have the luxury of purchasing a phone to match her or his own personal style (e.g., purchasing a more expensive phone in order to show one's friends and family his or her own passionate and colorful personality)

2-15 ***In Class, 10–25 Minutes for Teams*** Consider the pros and cons of localization and standardization of marketing strategies. Are the advantages and disadvantages different for different products? In different countries? Organize a debate in your class to argue the merits of the standardization perspective versus the localization perspective.

These decisions are based largely on the similarities and acceptance between cultures. Because values, social norms, and tastes may differ greatly from one country to another, the decision to standardize or localize marketing strategies is not an easy one. Much of the decision will be dependent on the country the firm chooses to enter.

2-16 ***In Class, 10–25 Minutes for Teams*** Assume you are the director of marketing for a firm that produces tablets. Your firm is considering going after the Indian market and is faced with the decision of the best entry strategy. Should they simply export their products, or would a strategic alliance, licensing, or a joint venture be a better choice? Develop your ideas for a best entry strategy. Be specific in your recommendations for a strategy, how to implement the strategy, and your reasons for your recommendations.

Students need to consider the amount of risk their firm is willing to accept. They also need to consider the social norms, and values, and interests of the population of India. Exporting carries the least amount of risk. It can be done by the firm itself or with the aid of an intermediary. Students might pick a strategy with greater risk and need to support their decision.

As students begin to think about a marketing strategy to implement their chosen entry strategy, they again need to consider the social norms and culture of India and typical Indian business practices. Do they want to mimic the practice of selling home appliances or do they want to stand alone with a unique strategy? The Internet can be a good source of exploratory research, indicating how products are marketed overseas.

2-17 ***Creative Homework/Short Project*** Consumer ethnocentrism is the tendency for individuals to prefer products or people of one's own culture. Sometimes people think products made at home are better than imported goods. Develop a small study to find out what students at your university think about products made at home and abroad. Develop a

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

survey that asks other students to evaluate 10 or more products (not brands) if imported versus made at home. You might wish to ask if they feel the domestic or imported products are superior in quality and which they would purchase. Prepare a report on your study for your class.

Within one class period, you could divide the class up into two groups: the survey creators and the respondents. While the survey creators are creating their survey, the respondents can discuss what key factors they think will influence their responses on the survey.

2-18 ***In Class, 10–25 Minutes for Teams*** Some people argue that our environment is not in jeopardy and that sustainability efforts will only make products more expensive. Plan a debate in your class with two teams, one arguing for sustainability efforts and one against.

Students can have a lively debate arguing for and against sustainability efforts.

2-19 ***For further research (Individual)*** Your sporting equipment company is looking to purchase raw materials from either a U.K.-based or a Japan-based supplier. Determine the current forex rate for both countries as well as what the average forex rate is for the past five years. Based solely on the information you collect about the forex rate, explain which supplier you would choose to do business with and why.

Go to the library or the Internet to find out as much as you can about the forex rate for both the U.K. and Japan. Prepare a report that explains which supplier you would choose based on the information you collect about the forex rate.

2-20 ***For further research (Groups)*** You are part of an up-and-coming coffeehouse chain in the United States, and you know that you need to participate in competitive intelligence activities to learn more about your competitors. Using the Internet, collect at least five distinct pieces of information about either Starbucks or Dunkin' Donuts that will enable you to improve your marketing strategy

Entering global markets involves a complex decision process. Marketers must fully understand market conditions and environmental factors in order to determine the best strategy for entering the market and to create a successful marketing mix. The environments important to consider include environments of technology, economic environment, competitive, socio-cultural, and political/legal. These collectively are needed for the decision process. The library information gathering and the different environment will be expanded with the search the students conduct.

▶ APPLY MARKETING METRICS

Many Western firms see their futures in the growing populations of developing countries, where eight out of ten consumers now live. Consumers from countries such as Brazil, India, China and Russia offer new opportunities for firms because growing numbers of them are accumulating small but significant amounts of disposable income. Firms like worldwide cosmetics giant Beirsdorf, producer of Nivea products, are adapting their products and their marketing activities to meet the needs of these populations. Often this means selling miniature

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

or even single use packages of shampoo, dishwashing detergent or fabric softener for only a few cents. The huge Swiss company Nestlé sells shrimp-flavored instant soup cubes for two cents each in Ghana while the financial company Allianz, in a joint program with CARE, sells micro-insurance for five cents a month to the very poor in India. However, how do these firms measure their success in these new markets? Firms normally use such marketing metrics as customer awareness or satisfaction, increases in market share or profits, or return on marketing investment (ROMI). These metrics may not be right for the new markets in the developing world where many millions of people buy streamlined versions of a firm's products at a fraction of their usual price. What do you think? Develop a list of possible metrics that firms might use to measure their success in these new developing markets.

Large companies obviously take a huge risk with the adoption of such practices in developing countries with the hope of a huge return on their marketing investment. Such risk-return strategies may have to be developed within the perspective of a longer time period to see ROMI grow, so building brand strength and equity in a such a developing market may be more valued by a firm than immediate increases in market share or profits.

2-21 Do you think about the approach described above is effective for entering BRIC markets to appeal to consumers with small but growing disposable income?

MyMarketingLab for answers to Assisted Graded Questions.

2-22 How would the success of this approach be better measured—that is, what metrics would be more useful than the typical metrics used in developed countries? Be creative and develop a list of several possible metrics that firms might use to measure their success in these new developing markets. Hint: Keep closely in mind what firms hope to accomplish by increasing their presence and sales in those markets

MyMarketingLab for answers to Assisted Graded Questions.

▶CHOICES: WHAT DO YOU THINK?

2-23 ***Critical thinking*** What role has technology played in the globalization of businesses? Has technology leveled the economic playing field, or has it merely increased the distance between the "haves" and the "have-nots"? Give at least one example of each and explain your position.

MyMarketingLab for answers to Assisted Graded Questions.

2-24 ***Ethics*** Do you think U.S. firms should be allowed to use bribes to compete in countries where bribery is an accepted and legal form of doing business? Why or why not?

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

This may be a tough question for many students. On a personal level, students may say bribes are not ethical. However, when you mention that in some cultures it is the only way business is done, the decision may become more difficult. In developing countries, salaries for both business employees and government employees are very low. In such cases, a bribe is like a tip, expected and given freely. You might remind students that many businesses have a code of ethics that make the decision for their employees.

2-25 ***Critical thinking*** Some countries have been critical of the exporting of American culture by U.S. businesses. What about American culture might be objectionable? Can you think of some products that U.S. marketers export that can be objectionable to some foreign markets?

You might begin this conversation by talking about individualist cultures versus collectivist cultures. These deeply held beliefs form the basis of practices that may be considered objectionable.

The students may have specific examples of objectionable culture being exported from the United States. To help the discussion, you might emphasize the increasing obesity of our population, seen as gluttony by many nations. This trend may be emphasized by the food we export. Cars made in the United States may seem too large and lack the pollution controls of those manufactured and sold in other countries. American media portrays Americans as amoral and without religious beliefs. TV and movies show American cities filled with violent crime. The list is endless and students should be able to brainstorm quite a number.

2-26 ***Critical thinking*** The WTO seeks to eventually remove all barriers to world trade. Do you think this will ever be a reality? What do you think are the positive and negative aspects of a free marketplace? Which countries will win and which will lose in such a world?

The students will respond differently depending on their personal views on the World Trade Organization. Removing barriers to trade will allow the natural laws of supply and demand to regulate pricing and the success of business and will in the long term benefit consumers worldwide. On the other hand, developing countries need to protect their domestic industries in order to grow their economies. Developed countries may feel they need to protect their domestic labor force against imported products made in countries where wages are very low. Not all countries participate equally in the trade flows among nations and removing barriers may just increase the disparity.

2-27 ***Critical thinking*** In 1999, several single European nations banded together to form the European Union and converted their individual monetary systems over to the euro. Do you believe there will ever be other economic communities that would follow this path? Explain your reasoning and, if necessary, provide some possible examples. What about the possibility of a single world currency? Could this happen? Why or why not?

The Internet would be a great source to start this discussion. In particular, students should research this topic in credible sources of information, such as The Wall Street Journal, The New York Times, and Business Weekly.

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

2-28 ***Ethics*** Ethical relativism suggests that what is ethical in one culture may not be considered ethical in another. What should the attitude of businesses be when differences occur? Should businesses follow the ethical values and practices of their own country or of the host country? What should governments do about this if anything? What is the role of the WTO?

This question is thought provoking and could be a role-play. Students could argue that in some countries, bribes are simply part of the way business is carried out. If American companies do not take part in this practice, they will not be competitive. Business deals will go to other countries willing to adopt the following attitude: "When in Rome, do as the Romans do." Other students could argue that ethical values transcend business deals and that American companies should remain true to their values. They should refer to the FCPA, which prohibits American companies from giving bribes.

2-29 ***Ethics*** Review the *AMA Code of Ethical Norms and Values for Marketers*, provided in the chapter. Which of the areas represented within the document do you anticipate are the most challenging for marketers to consistently follow? What makes these issues particularly troublesome? Do you think marketing in general does a good job adhering to the *AMA Code*? Provide specific evidence from your knowledge and experience to support your position.

The students might have differing views on the topic of advertising. This is a good time to discuss ethics. Ethics are the rules of conduct that people use to judge whether a behavior is right or wrong. Some students may present arguments on the dangers of advertising for potentially dangerous products like alcoholic beverages while others may cite the Consumer Bill of Rights and consumers "right to choose." You might discuss that ethical marketing behavior means making products safe, pricing products fairly, promoting products honestly, focusing on product quality, and making the product available to consumers ethically. Students might address the issue of marketing to children. How do students feel about marketing sugar-laden products which cause tooth decay to children?

▶MINIPROJECT: LEARN BY DOING

The purpose of this miniproject is to gain experience in understanding what it takes to move a product that is successful in its home market into a global market in which it will continue to be successful. Assume that you oversee a number of up-and-coming hair salons and have decided to take your services global.

2-30 Describe your local competitive advantage and why you believe this competitive advantage will serve you globally.

This is a good opportunity to review the concepts of core competency and competitive advantage.

2-31 Determine which global market(s) is most attractive for your service. Will you target a

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

single country or an economic community? Describe your reasoning.

This is a chance for students to consider the pros and cons of marketing products in developed or developing countries. They can discuss the pros and cons standardization and localization of their service.

2-32 Decide which market-entry strategy you will pursue. Again, explain your reasoning.

This questions offers students the chance to review entry strategies and select one.

2-33 Describe your marketing mix strategy:
- How might you need to adapt your services?
- What product decisions do you need to make?
- How will you promote your services?
- How will you price your services?
- What place/distribution decisions must you consider?

Prepare a short presentation to share with your class.

This is a good project to tie in many of the concepts presented in Chapters 1–2. Students will have the opportunity to learn more about a country, think about values, cultures, and ethics and apply marketing strategies in the form of the marketing mix to what they have learned..

V. MARKETING IN ACTION CASE: REAL CHOICES AT MATTEL

Summary of Case

In 2007, trouble arrived in Toyland. Like many other toy makers, in recent years Mattel commissioned Chinese companies to produce its products. In August, Mattel was forced to recall 1.5 million of its Fisher-Price toys, including such favorites as Elmo and Big Bird, because they were suspected of containing hazardous levels of lead paint. Later in August, Mattel recalled over 19 million more Chinese-made toys because they contained magnets that could be swallowed by children or because they were made with dangerous lead paint. In 2013, Mattel voluntarily announced a recall to inspect its Fisher-Price Newborn Rock 'n Play Sleeper. It was discovered that "mold can develop between the removable seat cushion and the hard plastic frame of the sleeper when it remains wet/moist or is infrequently cleaned."

Mattel pledged to test the paint in every batch of paint delivered to all of its toy producers and to take other safety measures. Consumers, however, were not all convinced. The recall dramatically cut into Mattel's revenues. Mattel must work hard to recover from these disasters.

Suggestions for Presentation

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

This case could be assigned for various on-line or in-class discussion activities.

Online Assignment Suggestions
Go to Mattel's website and search around its various links for material regarding the controversy. What news articles do they mention? What safeguards have they put into place after this recall?

How do they attempt to reassure consumers and the world that they have corrected or are correcting the problem?

In-Class Assignment Suggestions
In groups or as individuals, discuss the various consumer and world reactions to this recall.

Divide the class into groups of three to five students and have each group conduct a strengths, weaknesses, opportunities and threats (SWOT) analysis to determine how Mattel should proceed with their marketing strategies.

You Make the Call

2-34. **What is the decision facing Mattel?**

Students should restate the questions posed at the end of the case description (or create new ones on their own):

- Are apologies and claims for new safety regulations enough, or should the company stop producing its toys in China?
- Perhaps they should move production to another country such as Viet Nam where production costs would be even lower.
- Alternatively, should Mattel return to its roots and produce the millions of Polly Pockets, "Sarge" toy cars, and Barbie play sets in the United States where costs are substantially higher but standards are tougher?

2-35**. What factors are important in understanding this decision situation?**

The important factors in this decision situation stem directly from the global marketing environment:

- The economic environments of Mattel's various marketplaces as well as of the countries that Mattel can potentially produce their products (China, Viet Nam, the U.S., etc.)
- The competitive environment—e.g., where are Mattel's competitors producing their products?
- The technological environment—e.g., can Mattel create/use better technology to aid the production of their products so that this type of recall could be avoided in the future?
- The political and legal environment—e.g., how has the political landscape changed for Mattel in the wake of its recall? Have any new laws/regulations been created in the U.S. (or other countries) because of this massive recall?

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

- The socio-cultural environment—has there been any shift in Mattel's target customers since the recall in terms of demographics, values, norms & customs, etc? If not, should Mattel shift its target marketing strategy?

2-36**. What are the alternatives?**

As students discuss the various global environmental factors mentioned above, several alternatives will come into focus—students should be encouraged to come up with their own alternatives as the discussion develops.

2-37. **What decision(s) do you recommend?**

This is a very complex and difficult decision facing Mattel, so students will undoubtedly argue passionately and persuasively for many various recommendations. However, they should be strongly encouraged to discuss the potential negative and positive outcomes of each of the alternatives.

2-38**.What are some ways to implement your recommendation?**

Students may make a variety of suggestions for implementation depending on their recommendations. These may include specific changes in marketing strategy, including promotional activities, pricing, product variations, and many others.

▶MY MARKETINGLAB

Go to **mymktlab.com** for Auto-graded writing questions as well as the following Assisted-graded writing questions:

2-39 ***Creative Homework/Short Project*** As a marketing manager, you must consider whether to delay the production and introduction of a new automobile because of a small problem with the door locks—they could become nonfunctional when temperatures drop very low. Using (1) the utilitarian approach, (2) the rights approach, and (3) the common good approach, what would the different decisions be?

2-40 ***Ethics*** Some companies have been criticized for moving their manufacturing to other countries where laws protecting the environment are more lenient and goods can be produced more cheaply because the firms do not have to invest in ways to protect the environment. What do you think of this practice? What can governments and/or consumers do to prevent such actions?

WEB RESOURCES

Pearson Education, Inc.: www.mymktlab.com

Johnson & Johnson Earthwards: www.earthwards.jnj.com

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual

Starbucks Coffee Company: www.starbucks.com

Walmart: www.walmart.com

World Trade Organization (WTO): www.wto.org

- Table 2.1 in chapter lists websites for various economic communities

The official websites for tourism in Thailand (a developing country): www.tourismthailand.org

Japan National Tourist Organization (JNTO; a developed country): www.japantravelinfo.com

Asia Insight (independent full-service market research firm providing customized research across 14 Asian countries daily, as well as numerous global studies across continents): www.asiainsight.com

Consumer Product Safety Commission (CPSC): www.cpsc.gov

Environmental Protection Agency (EPA): www.epa.gov

Federal Communications Commission: www.fcc.gov

Federal Trade Commission (FTC): www.ftc.gov

Foreign Corrupt Practices Act (FCPA)
www.usdoj.gov/usao/eousa/foia_reading_room/usam/title9/47mcrm.htm

Food and Drug Administration (FDA): www.fda.gov

Disneyland Paris: www.disneylandparis

Hong Kong Disneyland: www.hongkongdisneyland.com

Cosmopolitan magazine: www.cosmopolitan.com

The American Marketing Association's Statement of Ethics: www.marketingpower.com

Copyright © 2016 Pearson Education, Inc.

Marketing Real People Real Choices 8th edition Solomon Solutions Manual