International Marketing 17th Edition Solutions Manual by Philip Cateora, John Graham, Mary Gilly


Chapter 3 – History and Geography–The Foundations of Culture

Teaching Objectives
Understanding the geography and history of a country can help a marketer have a better appreciation for many of the characteristics of its culture. A culture of a people evolves in response to the environment which it confronts. The geography of a country, its topography, climate, physical position relative to other countries affect a culture’s evolution including its marketing and distribution systems. While is impractical for a marketer to be an expert on the geography of every country in the world, it is important for a marketer to understand that geography plays an important role in the economy of a country and its marketing system. One objective of this chapter is to sensitize students to the importance of geography as one of the explanations of a country’s market and economy.

The history of a country is also important in understanding many aspects of a culture. In the author’s opinion, it is imperative that an international marketer making a long-term commitment in a country have some knowledge of its history.

One cannot fully understand how businesspeople negotiate, how they conduct business, their attitudes toward foreign investment, the legal system, and other aspects of the market/business system without a historical perspective. A historical perspective helps prepare an international marketer for many of the cultural differences that often cause misunderstandings and in many cases, mistakes. While a marketer may not be able to change a person’s attitude or behavior, if you have an historical perspective of why they react as they do, you can gain insights that can possibly make it easier to adapt your strategies for a successful outcome. Today with the importance of NAFTA, China, Japan, the EU, etc., a knowledge of geography of the regions and an appreciation for the history of the regions is a must in order to be culturally aware. The teaching objectives of this chapter are to:

1. Help students understand the importance of geography and history in understanding a country’s economy and markets.
2. Appreciate the effect that topography and climate have on products, population centers, transportation, and economic growth.
3. Be sensitive to the growing problem of environmental damage and its effect on business and the social and moral responsibility of each citizen to protect the environment.
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4. Understand the effect of the history of each culture on international marketing.

Comments and Suggestions

1. To illustrate some of the geographic differences among countries, we have had students study the folio of color maps of the text, and prepare a comparative analysis. Divide the class into three or four groups, assign different sets of countries to each group and then have each student within a group do a comparative analysis of the set of countries (select countries that will be very different, for example, the United States, China, and Mexico). During class, have the students contribute what they have learned to illustrate the geographic diversity that exists among the countries analyzed. The professor's discussion can build on this example and illustrate the vast differences in population, resources, transportation networks, economic activity and their effect upon markets.
2. The ability to physically move goods to markets is a major problem in much of the developing world. These are the markets where the greatest growth is expected in the next few decades. Some of the potential demand in these markets will be building infrastructure necessary to overcome geographical barriers. To illustrate these two points and to stress the importance of understanding geography, we use transportation, that is, highway systems, railroads, seaports, and airports as a basis for our lectures. Any number of countries can be used. I use Mexico and China. The need for more highways, better railroads, and the connection of seaports with major markets are necessary in both countries but the problems to achieve a better transportation infrastructure are substantially different. Both countries offer enormous market opportunity as they invest in infrastructure.

3. The importance of international trade to the United States makes it imperative that we have a better understanding of the history between the U.S. and the rest of the world. Our political and economic relations are affected by the legacy of our long history of intervention and meddling in the affairs of other countries. While all of this is history and, for the most part the United States does not behave as it did during much of the late 1800s and early 1900s, it is still very much a part of the attitudes citizens of these countries have towards the United States and U.S. business.

4. Throughout the discussion of history we stress that history is subjective and that an international marketer must strive to understand history from the other country’s perspective.

Lecture Outline
I. History and Geography: The Foundations of Culture
II. Global Perspective
III. Historical Perspective in Global Business
   A. History and Contemporary Behavior
   B. History is Subjective
   C. Manifest Destiny and the Monroe Doctrine
IV. Geography and Global Markets
   A. Climate and Topography
   B. Geography, Nature and Economic Growth
   C. Social Responsibility and Environmental Management
   D. Resources
V. Dynamics of Global Population Trends
   A. Controlling Population Growth
   B. Rural/Urban Migration
   C. Population Decline and Ageing
   D. Worker Shortage and Immigration
VI. World Trade Routes
VII. Communication Links
VIII. Summary

Discussion Questions
1. Define:
   - Manifest Destiny
   - Sustainable development
   - Roosevelt Corollary
   - Monroe Doctrine
   - Expropriation
   - Opium Wars
   - Green-house gas emissions
   - Confucian philosophy
   - Rural/urban migration
   - Taiping Rebellion

2. Why study geography in international marketing?
   Geography is a study of the physical characteristics of a particular region of the earth. Involved in this study are climate, topography, and population. The interaction of the physical characteristics is one of the principal determinants of a country’s customs, products, industries, needs, and methods of satisfying those needs.

   Marketing is concerned with satisfying the needs of people. International marketing seeks out the whole world as its marketplace. Therefore, for an international marketer to know how to satisfy the needs of the international market, he must be familiar enough with geography to know what the various causal factors of the people’s needs are. He must know that various climates and topographies do exist and that they are vital in shaping the marketing plans that an international marketer must make. As an example, a producer selling machinery in the tropics would have to realize that special protection is needed to keep a machine running properly in hot and humid climates.

3. Why study a country’s history?
   History helps define a nation’s “mission,” how it perceives its neighbors, how it sees its place in the world, and how it sees itself. Insights into the history of a country are important for understanding attitudes about the role of government and business, the relations between managers and the managed, the sources of management authority, and attitudes toward foreign corporations.

   To understand, explain, and appreciate a people’s image of itself and the attitudes and unconscious fears that reflected in its view of foreign cultures, it is necessary to study the culture as it is now as well as to understand the culture as it was—that is, a country’s history. Unless you have a historical sense of the many changes that have buffeted Japan—seven centuries under the shogun feudal system, the isolation before the coming of Admiral Perry in 1853, the threat of domination by colonial powers, the rise of new social classes, Western influences, the humiliation of World War II, and involvement in the international community—it is difficult to fully understand its contemporary behavior.

   Loyalty to family, to country, to company, and to social groups and the strong drive to cooperate, to work together for a common cause, permeate many facets of Japanese behavior and have historical roots that date back thousands of years. Loyalty and service, a sense of responsibility, and respect for discipline, training, and artistry have been stressed since ancient times as necessary for stability and order. Confucian philosophy, taught throughout Japan’s history, emphasizes the basic virtue of loyalty “of friend to friend, of wife to husband, of child to parent, of brother to brother, but, above all, of subject to lord,” that is, to country. A fundamental premise of Japanese ideology reflects the importance of cooperation for the collective good. Japanese achieve consensus by agreeing that all will unite against outside pressures that threaten the collective good. A historical perspective gives the foreigner in Japan a basis on which to begin developing cultural sensitivity and a better understanding of contemporary Japanese behavior.

4. How does an understanding of history help an international marketer?
To understand, explain, and appreciate a people’s image of itself and the fundamental attitudes and unconscious fears that are often reflected in its view of foreign cultures, it is necessary to study the culture as it is now as well as to understand culture as it was, that is, a country’s history. An awareness of the history of a country is particularly effective for understanding attitudes about the role of government and business, the relations between managers and the managed, the sources of management authority, and attitudes toward foreign MNC’s. History is what helps define a nation’s “mission,” how it perceives its neighbors, and how it sees its place in the world. To understand a country’s attitudes, prejudices, and fears it is necessary to look beyond the surface or current events to the inner subtleties of the country’s entire past for clues.

5. Why is there a love/hate relationship between Mexico and the United States? Discuss.

A crucial element in understanding any nation’s business and political culture is the subjective perception of its history. To a Mexican, the United States is seen as a threat to their political, economic, and cultural independence. To most citizens in the United States, the causes for such feelings are a mystery. After all, the U.S. has always been Mexico’s “good neighbor.” Most would agree with President Kennedy’s proclamation during a visit to Mexico, “Geography has made us neighbors, tradition has made us friends.” North Americans may be surprised to learn that most Mexicans felt it more accurate to say, “Geography has made us closer, tradition has made us far apart.”

North Americans feel they have been good neighbors. They see the Monroe Doctrine as protection for Latin America from European colonization and the intervention of Europe in the governments of the Western Hemisphere. Latin Americans tend to see the Monroe Doctrine as an offensive expression of U.S. influence in Latin America. Or to put it another way, “Europe keep your hands off, Latin American is only for the United States.”

United States Marines sing with pride of their exploits “form the Halls of Montezuma to the shores of Tripoli.” To the Mexican, the “Halls of Montezuma” is remembered as U.S. troops marching all the way to the center of Mexico City and extracting as tribute 890,000 square miles that included Texas, New Mexico, Arizona and California. Most U.S. citizens probably do not know of the boy heroes of Chapultepec Park but every Mexican can recount the heroism of “Los Ninos Heroes,” and the loss of Mexican territory to the United States.

6. Some say the global environment is a global issue rather than a national one. What does this mean? Discuss.

Many view the problem as a global issue rather than a national one. One report on the global environment stressed . . . “it is quite clear that a number of critical problems—the threat to the ozone layer, the greenhouse effect, the loss of biodiversity, and ocean pollution—cannot be addressed by nations in isolation.”

Companies looking to build manufacturing plants in countries with more liberal pollution regulations than they have at home are finding that regulations everywhere are becoming stricter. Many Asian governments are drafting new regulations and strictly enforcing existing ones. A strong motivator for Asia and the rest of the world is the realization that pollution is on the verge of getting completely out of control.

Neither Western Europe nor the rest of the industrialized world are free of environmental damage; rivers are polluted and the atmosphere in many major urban areas is far from clean. The very process of controlling industrial wastes leads to another and perhaps equally critical issue: the disposal of hazardous waste, a by-product of pollution control. Estimates of hazardous wastes collected annually exceed 300 million tons; the critical question is disposal that does not move the problem elsewhere.
The business community is responding positively to the notion that the focus must be on the global environment rather than “the quality of the air, land, and water in our own backyards.” An International Chamber of Commerce Industry Forum on the environment reflected a shift in company attitudes toward environmental issues away from a reactive and largely defensive stance to a proactive and constructive approach. Some skeptics may dismiss such statements as “window dressing” and they could be, but the beginning of change is awareness. Responsibility for cleaning up the environment does not rest solely with governments, businesses, or activist groups. Each citizen has social and moral responsibility to include environmental protection among his/her highest goals.

7. Pick a country and show how employment and topography affect marketing within the country.

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8. Pick a country (other than Mexico) and show how significant historical events have affected the country’s culture.

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9. Discuss the bases of world trade. Give examples illustrating the different bases.

The basis for world trade is the differences between countries. One of these differences is the difference between people. Different heritages have resulted in the development of certain unique skills in the people of a country. An example would be the watchmaking skill developed by the Swiss. Thus, they have a unique skill on which to base trade. Another difference is the one of differing stages of economic development existing in the world today. Some countries are highly developed and industrialized. These nations, such as the United States and France, might be trading in luxuries, whereas an underdeveloped nation, such as Kenya, might be forced to trade only in essential capital goods. A third difference in countries serving as a basis for world trade is the availability of natural resources. Great Britain, poor in mineral resources, imports petroleum, whereas West Germany, rich in mineral resources but not food, imports large amounts of fruits and vegetables. Thus, trade is created by these differences: (1) Differences in skills – other countries seek the products of skills, (2) differences in economies – countries seek products they don’t produce but need, and (3) differences in national resources – countries buy and sell resources which they do not have or have an abundance of.

10. The marketer “should also examine the more complex effect of geography upon general market characteristics, distribution systems, and the state of the economy.” Comment.

There can be no doubt that geography has had a “complex effect upon general market characteristics, distribution systems, and the state of the economy.” Therefore, the world marketer should be careful not to look just at how his product must be changed to fit into a foreign market. That is, he must not just fit his electric motors, say, with high-temperature operating characteristics and stop there.

There’s more to it than that. Consider the diverse nature of South America, for example. The channels of distribution that a domestic marketer has been accustomed to using might not even exist because of natural barriers. These same natural barriers also cause quite varied levels of economic development within the same country. Cities and rural areas might not even be on the same economic plane. Finally, as a result of these barriers and thus physical isolation of various population centers, areas of the same economic development might have entirely different cultures. Therefore, the general market characteristics of these areas would also differ greatly and have a direct effect upon the success of marketing plans.

11. The world population pattern is shifting from rural to urban areas. Discuss the marketing ramifications
There are many marketing ramifications to the world rural-urban population shift. One of the obvious ones is that the world market is becoming more unified in location. Thus, it is becoming easier to reach a larger segment of the market by just marketing in the urban population centers. The types of products marketed will also change with this population shift. For example, food might become a more important product in international marketing with few people raising their own. Similarly, these shifts will result in greater industrialization in countries with presently low levels of industrialization. This again implies marketing changes that might affect the world marketer, increased sales of capital goods, for example. In summary, people living in cities have different needs than those living in the country. Thus, the shift from country to city means that the world marketer has a different market to serve with different characteristics.

12. Select a country with a stable population and one with a rapidly growing population. Contrast the marketing implications of these two situations.

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13. “... world trade routes bind the world together ...” Discuss.

World trade routes bind the world together. This statement means that the world trade routes serve as avenues of minimizing differences between countries. Without these routes, countries would stand alone – each different from the rest in resources, economy, and people. The trade routes allow both people and products to flow, making more of a unified, balanced world. The physical imbalances overcome, also smooth, cultural and economic differences through the exchange of ideas as well as products.

14. Discuss how your interpretation of Manifest Destiny and the Monroe Doctrine might differ from a Latin American’s.

Manifest Destiny and the Monroe Doctrine were accepted basis for U.S. foreign policy during much of the 19th and 20th centuries. Manifest Destiny, in its broadest interpretation, meant that Americans were a chosen people ordained by God to create a model society. More specifically, it referred to the desires of American expansionists in the 1840s to extend the U.S. boundaries from the Atlantic to the Pacific; the idea of “Manifest Destiny” was used to justify U.S. annexation of Texas, Oregon, New Mexico, and California; and later, U.S. involvement in Cuba, Alaska, Hawaii and the Philippines.

The Monroe Doctrine, a cornerstone of U.S. foreign policy, was enunciated by President James Monroe in a public statement proclaiming three basic dicta: no further European colonization in the New World, abstention of the U.S. from European political affairs, and nonintervention of European governments in the governments of the Western Hemisphere.

After 1870, interpretation of the Monroe Doctrine became increasingly broad. In 1881, its principles were evoked in discussing the development of an interoceanic canal across the Isthmus of Panama. The Monroe Doctrine was further applied by Theodore Roosevelt with what became known as the Roosevelt Corollary to the Monroe Doctrine. The corollary stated that not only would the U.S. prohibit non-American intervention in Latin American affairs but it would police the area and guarantee that Latin American nations met their international obligations. The corollary sanctioning American intervention was applied in 1905 when Roosevelt forced the Dominican Republic to accept the appointment of an American economic advisor who quickly became the financial director of the small state; it was used in the acquisition of the Panama Canal Zone from Colombia and the formation of a provisional government in Cuba in 1906.
According to U.S. history, these Latin American adventures were a justifiable part of our foreign policy; to Latin Americans, they were unwelcome intrusions in Latin American affairs. The way historical events are recorded and interpreted in one culture can differ substantially from those same events recorded and interpreted in another. A comparison of histories goes a long way in explaining the differences in outlooks and behavior of people on both sides of the border. Many Mexicans believe that their “good neighbor” to the North is not reluctant to throw its weight around when it wants something. There are suspicions that self-interest is the primary motivation in good relations with Mexico, whether it be fear of Fidel Castro 50 years ago or eagerness for Mexican oil today.

15. The telegraph, telephone, television, satellites, computer, the Internet, and mobile phones have all had an effect on how international business operates. Discuss how each of these communications innovations affects international business management.

An underpinning of all commerce is effective communications, knowledge of where goods and services exist and where they are needed and the ability to communicate instantaneously across vast distances. Facilitating the expansion of trade have been continuous improvements in electronic communications. First came the telegraph, then the telephone, television, satellites, the computer and the Internet. Each revolution in electronic technology has had a profound effect on human conditions, economic growth and the manner in which commerce functions. As each “new” communications technology has had its impact, new business models have been spawned and some existing businesses re-invented to adapt to the new technology while other businesses have failed to respond and thus ceased to exist. The Internet revolution will be no different; it too affects human conditions, economic growth, and the manner in which commerce operates. As we will discuss in subsequent chapters, the Internet has already begun to shape how international business is managed. However, as the Internet permeates the fabric of the world’s cultures, the biggest changes are yet to come!

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1 For an interesting discussion of aspects of Japan’s political, economic, and social life that helps to explain how Japan is today and why it is like that, see: Duncan McCargo, *Contemporary Japan*, (New York: Palgrave Macmillan 2nd edition, 2003).

2 For centuries, Japan sought isolation from the rest of the world refusing to trade or become involved in any way. When Commodore Perry sailed to the Land of the Rising Sun, Japan was opened to the West. Treaties, signed with the United States, Britain, Holland, Russia, and France, extended jurisdiction onto Japanese soil and limited the country’s right to impose taxes on imports. According to one account, these unequal and humiliating treaties had much to do with shaping Japan’s goal to make itself the West’s industrial and military equal. For an history of the period see Ann Graham Gaines, *Commodore Perry Opens Japan to Trade in World History*, (Berkeley, Heights, NJ: Enslow Publishers, Inc., 2000).

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