J. of the Acad. Mark. Sci. (2012) 40:202–217
DOI 10.1007/s11747-011-0287-9

Reflections on international marketing: destructive regeneration and multinational firms

S. Tamer Cavusgil · Erin Cavusgil

Received: 8 March 2011 / Accepted: 1 September 2011 / Published online: 18 September 2011

Abstract Constant in the evolution of the business enterprise has been its relentless search for competitive advantage. What has been phenomenally different about this quest is that it is, increasingly, a global landscape that defines the firm's opportunities and challenges. The global marketplace has always been dynamic and complex in terms of the changes it brings, but the last two decades have been exceptionally transformational. In terms of opportunities, firms pursuing international customers have never before faced such open markets, rise in discretionary income, and modern tools for accessing global markets. In terms of challenges, intense competition, complexity of managing multiple markets and coordinating marketing strategy, a host of risk elements, and the sheer difficulty of managing geographic, cultural, and political barriers are among the factors which impede the firm's success in global markets. Often, these changes come in the form of radical, transformative disruptions. This essay draws attention to major disruptions impacting international marketers and provides insights for appropriate firm response.

Keywords International marketing · Destructive regeneration · Future of marketing · Austrian economics · Forces of change in international marketing

S. T. Cavusgil (✉)
Georgia State University,
Suite 1424, 35 Broad Street, NW,
Atlanta, GA 30303, USA
e-mail: stcavusgil@gsu.edu

E. Cavusgil
University of Michigan Flint,
Flint, MI, USA
e-mail: erinc@umflint.edu

> Montezuma is a swamp extending from the nearby Seneca River. Every several decades the swamp entirely dries out once, killing all the vegetation and the fish population. The process starts with migration of carp from the river into the swamp. Overpopulated with the newcomers, carp block the sunlight as they feed in the muddy bottom. Lacking the sufficient light for photosynthesis, the indigenous vegetation eventually diminishes, and the weeds and algae take over to choke the entire area. For the onlookers, the view is devastating. Yet, the swamp makes a comeback. It resurrects itself by a burning drought and rejuvenates the indigenous vegetation and fish, this time even stronger.

The boundary function is the most paramount ingredient in bridging behavior to a situation. Very much like living species, firms adapt to environmental imperatives to survive. Billions of years of evolution have taught us that natural selection is a strenuous engagement for life, in which only those organisms best adapted to existing conditions are able to survive. Ignoring such reality misses the rule that maladaptivity breeds dysfunctionality in survival and brings eventual extinction.

Traditionally, in order to keep the firm functionally productive, international marketing has been a two-way channel to inhale and exhale life, to keep the organization adaptive to its environment. In the past, this function has been evolutionary. It has been characterized by an adaptive behavior that allowed the marketing arm of the firm to create value by finding global targets for which it provided goods and services utility. In return, the firm reaped stability, growth, higher returns on its capital, and boost to its value.

Evolution is usually considered a non-disruptive progress in which survival is achieved by the fittest. It is framed as an ebb and flow that emerges from the resistance of disruption to previous patterns of accustomed practice, and organizational and societal inertia (Cantwell et al. 2010). Also, periodicity of institutional constraints in the pattern of evolution over time (Freeman and Louçã 2001; Freeman and Perez 1988) and its path dependence are recognized. Advance in evolutionary process is cumulative, and occurs with mainly incremental changes bringing about a movement from one period to another (Mokyr 2002).

A firm's evolution is not different. It is an incremental process that encourages (or inhibits) business activity of both national and cross border type. International evolution, in particular, is driven by the legal enforcement of contracts and property rights, institutional norms that discourage corruption and provide incentives for investment in human capital, or norms that increase the incentives for productive innovation (Cantwell et al. 2010). These are evolutionary in the sense that they represent a periodization that was employed by Dunning and Lundan (2008). However, this examination excludes drastic disruptions, albeit rare, in the broader environment which, according to the current models, are constant and exogenous.

The current environment in which the business firm operates is more complex. It calls for broadening of traditional functions, and completely transforming these into new capabilities. Additionally, international marketing needs to expand beyond the role of the enabler of market expansion. Rather, international marketing must become a constructive engine levering disruptive forces emanating from rapid change of forces around the firm and the markets. Simply put, international marketing is to redefine the rules of the game by putting a lens on the peripheral transformation that has been considered to be exogenous.

Here, the destructive forces refer to more than familiar marketing challenges. We use the term in the same sense as Austrian economics. It refers to threats that cause the firm to destructing its own capabilities in order to re-generate them anew. According to the Austrian economists, the macro environment usually follows tractable mechanisms, but it occasionally gets disrupted by forceful "shocks" (see, e.g., Altman 1995; Phillips and Wrase 2006; Schumpeter 1961). These shocks generate more than unpredictability; they bring about destructive turbulence, threatening the functions of existing entities and, in some cases, even their extinction.

Austrian economists consider destructive forces not as a source of failure, but a regenerative event. They see periodic, recessive pressures for business as necessary "corrections," following periods of prosperity and expansion. According to this view, when an unprofitable venture is liquidated, it frees capital for new ventures. This way, the periods of destruction purge unsuccessful enterprises as resources are transferred by market forces from less productive to more productive uses. As such, market destruction and performance downturns are a natural mechanism of undoing the misallocation of resources inherited from the "boom" phase.

This is exactly where we are at present in international marketing. Accordingly, marketing's charge is to deconstruct and then reconstruct capabilities of the firm by means of a better allocation of resources. The centerpiece in such allocative efficiency efforts is the recognition of global connectedness under the strain of disruptive forces. Extending earlier work by scholars including North (1990, 2005) in economic history and Nelson (2002, 2003, 2007) in evolutionary economics, the future stream of studies will place more emphasis on the emergent conditions where path dependence will be disrupted by black swan events.

In this essay, we draw attention to major trends that have come to define the nature of international marketing in the current environment. We illustrate each trend with contemporary firm examples. We also provide insights into how international marketers can adapt to these challenges in creative ways. As such, the purpose of this article is not to provide a comprehensive review of the literature in international marketing or to call for future research on specific topics. Scholars have contributed such articles elsewhere (see, e.g., Cavusgil 1998; Cavusgil et al. 2005; Griffith et al. 2008). Several studies have also critically examined the rigor of international business research (Hult et al. 2008a, b).

Conceptual transformation of the firm in the context of international marketing

International marketing has anchored its theorizing to the division of local and global, which is based on a simplifying demarcation of spatial dichotomy, very much like far versus close, and wide versus narrow. Conceptualizing the firm in discontinuous demarcations as in foreground over a background, or in shadow behind a stroke of light, is limiting. In contrast, this article views a firm as a node, establishing the continuity of inside and outside. Accordingly, a multinational enterprise (MNE) is functional only if it inter-connects. That is so because a multinational enterprise is an actant[1] of inter-connecting entities of its own kind which keeps information, financials, and product/services in flow.

Traditionally, studies looking into the firm from the outside have focused on the issues of adaptation and co-evolution from a vista of competing firms in an

[1] The concept of actant, which refers to an entity that acts, frees the concept of the firm from common criticisms of anthropocentrism and sociocentrism, which are always criticized by its antagonists.

industry-specific environment or congregations of firms in connected industries (Aldrich and Ruef 2006; Sørenson 2004). This approach is aimed at categorizing populations that are homogenous inside while equally heterogeneous across a universe of firms. A priori partitioning of firms has been quite useful for arriving at generalizations, but it has culminated in smoothing out the idiosyncratic aspects of interaction each firm had with its unique broader periphery.

Specifically, the literature on national systems (e.g., Dosi 1999; Freeman 1995; Murmann 2003), regional systems (e.g., Cooke 2001; Freeman 2002), and sectoral systems (e.g., Malerba 2004) has adopted a wholesale treatment of the similar entities as the studies tend to stress environment-level and collective determinants of systemic change. Although the resulting co-world view was useful to articulate broad frames, it left a gap between a variety of differentiated firm-level initiatives and corresponding immediate and unique aspects of the environment. With this framing, we are utterly limited in following how the decisions and activities of a firm go from being local individual (A) to collective global (B) and back.[2]

Downplaying the segmentation mentality, future thinking will anchor the theorizing more on mass individualization of companies where co-production between them will accompany their competition. Companies will preserve their uniqueness as they interact and mesh with others. In a neo-network theory, the framework will sway away from conventional conceptualization of "inside-out," "outside-in" perspectives and engage the fresh idea of connectedness that resembles a theory with overlapping actors. In this approach, competition will be overshadowed by a concept of externalities which features both positive and negative spillovers transmitted beyond prices. As externalities diffuse globally, so will the risks and rewards creating a global contagion pattern which will require idiosyncratic modeling of its own. In the new model, instead of having a framework which is broken between the local and the global, and that is further broken into exogenous and endogenous, we conceive the MNE as a highly connected global entity, which extends continuously from local to global. (This is the reason we offer the conceptualization of the firm as a connecting surface rather than an island of resource bundles.)

One of the consequences of viewing the world in continuity is the reconsideration of competitive advantage as a matter of ownership and possession of assets. Those who subscribe to the new view will recognize resource rights that traverse firm boundaries and national borders.[3] As the MNE's borders blur, its content and activities further complicate the concept of ownership.[4] That, in turn, will redefine the notion of competition in unexpected ways so that the competition is not only rivalry in price but also in complex ownership arrangements and contractual commitments in international factor markets.

A case in point is an interesting auction of RIM patents in 2011. A group of rivals in smartphone business including Apple, Microsoft, Research In Motion, Sony, EMC, and Ericsson offered the winning bid in an auction in which even the auctioneer was partly contributed. The bankrupt RIM had roughly 6,000 patents, and the six-company consortium's winning bid came in at $4.5 billion. Of this amount, RIM is responsible for $770 million of the bid. The blurring of seller and buyer; overlapping of rivalry and partnership, complexity of right to innovation and sharing it, are interesting features of this example.

The MNE has to constantly co-evolve, modulate, and extend; otherwise it deprives itself of vitality. Its evolution is only of the contingent variety, and it is locally achieved only through overcoming temporaneously compelling challenges. All this happens in a way that North (2005) calls

[2] If you were to delete the word *international* in most of the articles in the domain of international marketing, they would be as equally perfectly relevant and applicable to a domestic firm. This begs the question of whether international marketing is only a semiotic in ontology. In order to refute this question, there needs to be clear demarcation of domestic and international firms along the lines of decisions, activities, processes strategies, and structural aspects of global marketing.

[3] Ownership (O) specific advantages related to resources, capabilities, and markets are a central tenet in OLE theory (Dunning and Lundan 2008).

[4] Apple has about 70 billion dollars in cash and liquid assets in its coffers in 2011. Seemingly, this is a passive asset which does not earn returns. However, a closer look reveals that Apple utilizes its financial muscle to support smaller, global manufacturers who happen to have the technology but limited capital to advance and engineer it. In return, Apple secures exclusive rights to output of the factory for a set period of time (perhaps 6 to 36 months) and then for a discounted rate afterwards. This yields advantages that are not available to other companies: First, Apple has access to new component technology months or years before its rivals. This allows it to release groundbreaking products that are actually *impossible* to duplicate. For instance, for as long as a year or so after the launch of the iPhone, none of the would-be iPhone clones could even get a capacitive touch screen to work as well as the iPhone's. It wasn't just the software—Apple simply had access to new technology earlier. Another extraordinary example of this is the exclusive rights to trade secrets in aluminum machining technology which is used to make Apple's laptops with unsurpassed strength and lightness.

Eventually its competitors catch up in component production technology. But, by then, Apple has contracts in place that will allow it to source those parts at a lower cost due to the discounted rate it has negotiated with the most experienced and skilled provider of those parts (who probably has also brought its production costs down as well). This discount is also potentially subsidized by its competitors buying those same parts from the same provider. The part is now commoditized so the factory is allowed to produce them for all buyers, but Apple gets special pricing.

non-ergodic type of continuous change, in that the future is strikingly different than its past. Owing to a rise in global diffusion of connections—hence cascading risks and opportunities—MNEs evolve in uncharted ways. Such development is further complicated because human actors exercise choice and judgment when developing new spheres of value creation. Firms collectively initiate disruptions in which they are a part; in reaction, they self-transform. As a result of this evolutionary development, the MNE runs through an open and irreversible process that advances through real historical time, rather than a closed and purely deterministic process of transition from one received state of the world to another (Cantwell et al. 2010).

Boundary conditions

No one will deny that we are in the midst of a remarkable transformation. A period of long prosperity caused us to tolerate: (1) globalization by an entrepreneurial spirit[5] on overdrive, while losing the necessary risk focus; (2) over-expansion of global credit (which has created unjustified leverages and weakened firm's endurance to turbulence); (3) new forms of financial instruments (which cascaded and dispersed risk far from the source to distant geographies and enterprises); (4) international connectedness and linkages (that leveraged economic epidemics); and (5) international market expansion, accelerated by the above forces, along with managerial greed.

Against this, current theories maintain that co-evolution of organizations (e.g., MNEs) and institutions is viable because institutional arrangements are open, albeit unpredictable. For instance, North and Wallis (1994) point to the distinction between social technologies and physical technologies. The difference between the two lies, according to the authors, is that, while one evolves in patterned human interaction, the other is engineered. Certain aspects of social technologies happen to yield only particular standardized and legitimized rules, but not others. This is because of the potential availability of many alternative institutional arrangements at any given point in time (North 2005). Accordingly, the evolution takes place as institutions (and their enforcement mechanisms) set the rules of the game, which organizations, in pursuit of their own learning and resource allocative goals, must follow.

All together, these have prepared the boundary conditions for the MNE, compelling it to a strenuous adaptation. At the current turning point, the new reality has redefined what we considered "normal" in the past. It has changed international marketing from a geographic diversification to a constitutive drive in which globalization is not another option of strategy, but a structural shift. This is not an evolution in the familiar sense because it requires new and novel solutions and demands undoing of inherited practices.

Adaptability to exogenous impediments is one of the critical capabilities of extended MNEs. The multinational enterprise is advantaged at the level of finding survival niches and achieving structural conformity to new environments. Westney (2009) argues that weak selection regimes—in which firms represent a wider variety of organizational forms—can learn and adapt sufficiently to survive. Plausibly, the overall chance of adaptability and survival of a system improves when the environment changes in ways that favor niche activities. On the structure side, the prescription is to adapt by modulating the market entry form and the architecture of the firm. Even modulating environmental parameters is possibility. Indeed, in line with social network analysts, firms can react differentially to the opportunities created by the network structure in their environment (Powell et al. 1996) including structural holes (Burt 1992; Walker et al. 1997) and, in doing so, change the structure of the network.

In the contemporary MNE, coordination and integration will be the key issues in the extended global enterprise (Cavusgil et al. 2004: Townsend et al. 2004; Yeniyurt et al. 2005; see also the papers in the special issue of *Management International Review* on "International Integration and Coordination in MNEs"). Integration vehicles such as global product platforms, global teams, global talent pools, and global brands will be handled in novel ways and under new rules (Shi et al. 2010). Those companies that are able to create better internal linkages and consolidating capability will flourish by dealing with external flux of dynamic forces.

The drive to integrate operations on a global scale is motivated by the desire to exploit expertise, resources, and assets that would help differentiate the MNE from its relevant rivals. For instance, centers of excellence are integrated globally so that the best talent, capability, and assets can be put to most productive use. Mobility of intangible assets and transfer capabilities is the critical challenge for MNE's adaptability to periphery. To deal with this challenge, MNEs shift toward more open business network structures (Chesbrough 2006) that provide greater flexibility in adapting to changes in the institutional environment (Cantwell et al. 2010).

Global integration is especially critical for those MNEs operating in global industries and those with global supplier or distributor networks. As an example, Li & Fung Ltd., a Hong Kong based company, can source its resources and value-added services from virtually anywhere in the world. It can

[5] This is the aggression of the animal spirit that Keynes framed (see Akerlof and Shiller 2009).

procure cotton from the U.S., knit and dye it in Pakistan, and have it sewn into garments in Cambodia (IBM 2008).

In this context, our discipline's glaring weakness remains its inability to shift the unit of analysis to the "extended enterprise" level. Ghoshal and Bartlett (1990) view the MNE as embedded in an external network of customers, regulators, suppliers, and competitors with which it interacts. Much research still treats the individual firm as the focal unit, when in fact, in many industries, performance needs to be captured at the extended enterprise level—the focal firm in conjunction with its upstream and downstream partners. One of the ways to see the extended enterprise is to conceive its structure as asset pools with cross-linkages. These assets are more than balance sheet items in the life of a corporation. They are enablers that lever the transnational assets and operate as capabilities so that the extended enterprise will enhance its value and performance. Recognizing that actors in the extended enterprise influence strategy and performance, scholars have called for acknowledging an institution-based view of international business strategy along with the industry- and resource-based views (Peng et al. 2008).

The four forces defining international marketing

The following discussion provides an overview of four forces that have come to redefine the nature of marketing in the global context. We contend that these influences are responsible for a profound influence on the role and impact of marketing and will continue to be relevant for the foreseeable future. Therefore, a better understanding of these environmental and organizational trends is paramount to effective formulation and deployment of marketing strategy, as well as advancing marketing thought. Marketing academics and practitioners must be cognizant of these four forces so that they can be more successful with the elusive search for firm competitiveness in the contemporary world.

The four forces defining the nature of marketing today are a combination of mega trends external to the business enterprise, as well as internal, dynamic transformations within the enterprise. These are illustrated in Fig. 1. The four forces are:

1. *Drastic volatility and changes in the global economy, technology, and the social terrain.* Far-reaching changes include the geographic shift in the center of

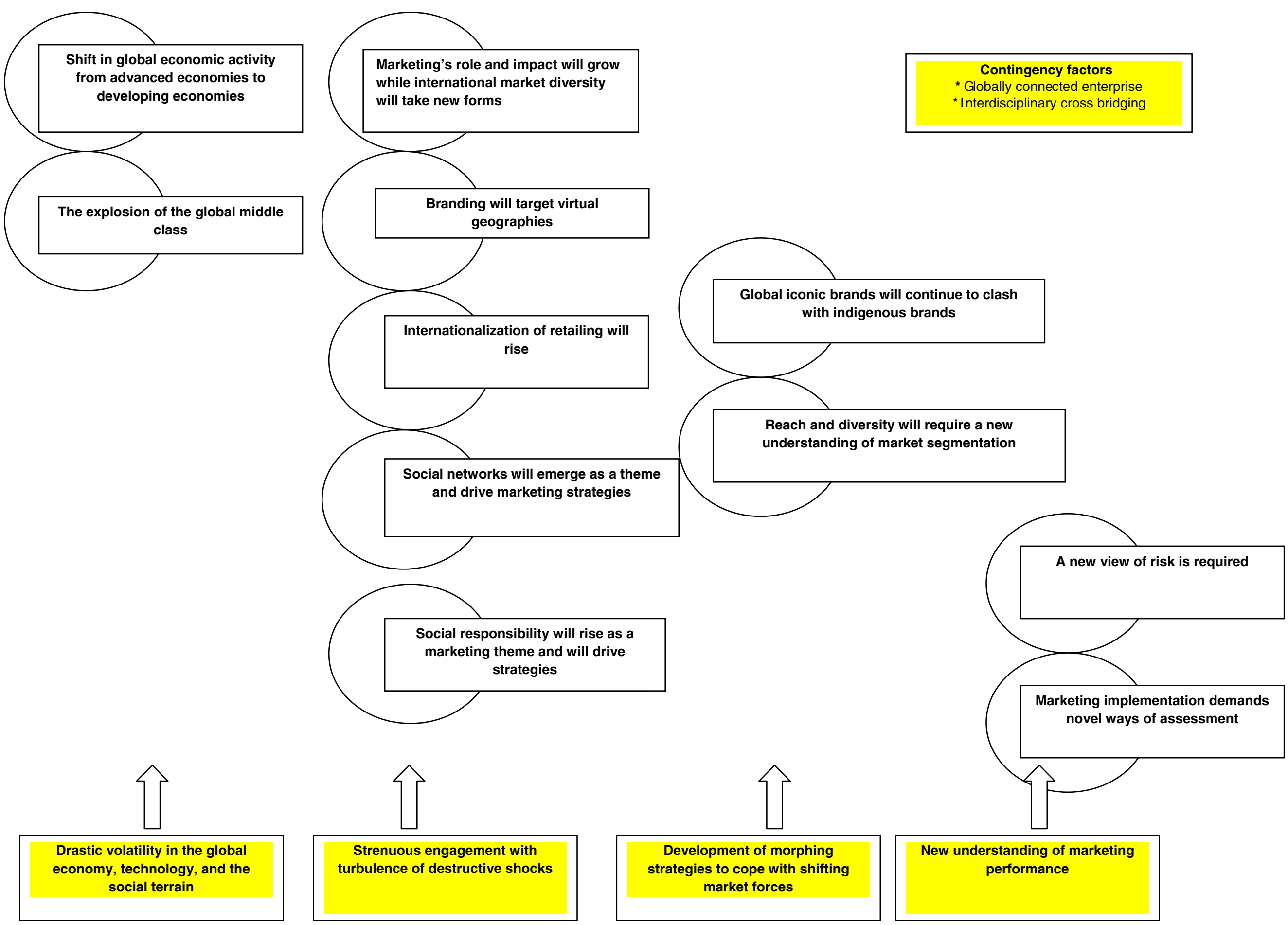

Fig. 1 A proposed conceptual framework of four forces defining international marketing

economic gravity from the west to Asia and the emerging markets, and the rapid rise of the middle class in these transforming economies. The disruptive nature of the discontinuities puts MNEs into North's (2005) non-ergodic uncertainty, which suggests that the future is not extrapolatable from the past. Thinking about uncertainty in the traditional sense may be fatal, and overleveraging and risk need to be reconsidered.

2. *Strenuous engagement with turbulence of destructive shocks.* Clearly, the marketing function, organization, and the processes are assuming a new identity and character today due to a host of external trends. These changes include: global reach of marketing; branding spilling into virtual geographies; internationalization of retailing; social networks; and corporate citizenship and CSR. As it is indicated elsewhere (Cantwell et al. 2010), business activity and its growth in the long run is a question of the emergence of a complex foundation to deal with the uncertainties that involve both market and non-market actors (North 1990, 2005). Accordingly, the institutional aspects of the environment for IB activity have become steadily more important for MNEs over time. This has gained particular attention since our transformation into a knowledge-based economy in contemporary globalization (Cantwell et al. 2010). Institutional development favors status quo and incremental steps, yet the current developments present market shocks and disruptive incidents, which create discontinuities as the world becomes increasingly interconnected over markets and entire systems. As the participants, MNEs both carry and suffer from the contagion effects of tension that leads to discontinues. They take part in cause, play to react, and reform the environment that rejuvenates in a new eco-system.
3. *Development of morphing strategies to cope with shifting market forces.* A new enterprise and new enterprise demands are replacing past practices in response to changing imperatives. With the new definition of market scope and connectedness, the concept of market reach calls for allocative strategies, and diversity requires a new understanding of market segmentation. Allocative strategies are intended to improve overall performance by giving ownership of assets to the most capable owners in the global enterprise. This way, the enterprise will move to a capability-centered asset allocation model rather than the old model of investing into the use of resources at their point of availability or access.
4. *New understanding of marketing performance.* Productivity of marketing efforts can no longer be evaluated through existing, narrowly focused metrics. First, the unchartered opportunity terrain requires a new view of risk. Second, marketing implementation demands novel ways of assessment.

The discussion that follows elaborates on each the four fundamental forces and serves to illustrate their far-reaching impact for the MNE.

Force one: drastic volatility in the global economy, technology, and the social terrain

The shift in global economic activity from advanced economies to developing economies For decades, the global marketplace was dominated by firms in the Triad countries—Western Europe, United States, and Japan (Rugman and Verbeke 2004). Today, firms face a crowded marketplace and new players from afar. The global economy is witnessing widespread participation by firms from a large number of countries. By 2025, the center of economic geography will have shifted from the advanced economies to Asia and emerging markets elsewhere (International Monetary Fund 2010). This shift in global economic activity from developed to developing economies is accompanied by a substantial rise in the number of middle class consumers in emerging markets. For marketers, the implication is that U.S. consumption can no longer be the engine for global growth. Those firms aspiring to grow will increasingly look to Asia. The fundamental drivers of Asian growth—including productivity gains, technology deployment, modernization, and rapid industrialization—will continue to fuel these economies.

The explosion of the global middle class Exponential growth of the middle class in emerging markets will surely create a broader foothold for marketing activity. The middle class phenomenon is what is fueling emerging markets and global economic activity (Douglas and Craig 2011). Global marketers can thrive by responding to the momentum brought about by rapid economic development and the resulting rise in discretionary income. Rising prosperity is evident in the increasing discretionary incomes of consumers in such rapidly liberalizing economies as China, India, Brazil, Indonesia, and Turkey.

As evidence, during the period from 2004 to 2010, the increase in consumer expenditures by households in the U.S. has been only marginal, whereas in China and India, consumer expenditures by households almost doubled for the same period. The increase in annual disposable income in China and India in 2009 was about twice their value in 2004. The McKinsey Global Institute estimates that India's middle class will grow from 50 million to 583 million consumers over the next two decades. China is projected to become the world's third-largest consumer market by 2025, transitioning to a more consumer-focused model. Its middle class should increase from 43% of the population today to 76% by 2025. Indeed, it is expected soon to be the world's fourth-largest population of wealthy households.

What are the implications for marketers? Appealing to this new class of consumers with increasing disposable income is imperative. Rising disposable income is allowing households to spend a substantial share for discretionary consumption including apparel, household durables, and personal products. There is now empirical evidence that suggests superior performance by firms responding to this opportunity. In a recent IBM study, researchers found that those companies that were devoting more than 30% of their total annual investments to the middle class and wealthy consumers outperformed their counterparts (IBM 2008).

It also appears that these consumers are becoming increasingly more sophisticated in their marketplace choices. Consider the following companies that are targeting the middle class and wealthy consumers in emerging markets. Lancôme, a marketer of luxury cosmetics and skin care products, has had much success in China. Luxury cognac marketer Louis XIII features luxury images such as pianos and yachts, with simpler ads that often focus solely on the bottle and packaging. Other marketers acknowledge the Chinese consumer's preference for functional benefits by emphasizing product quality. Italian fashion brand Ermenegildo Zegna conducts demonstrations of how its ties are made in order to accentuate its craftsmanship (Burkitt 2010).

Yet another distinct strategy of international marketers has been to take advantage of shrinking costs of technology by developing products appealing to the middle class. Thus, Advanced Micro Devices introduced a no-frills $185 Personal Internet Communicator for emerging markets. Motorola introduced a no-frills cell phone priced at $40; it expects to sell 6 million cell phones in 6 months in markets including China, India, and Turkey (Johnson and Nhon 2005).

The middle class phenomenon will surely present marketers with tremendous opportunities. Therefore, a deeper understanding of this core group in the population is essential. The concept of middle class is increasingly a source of confusion as globalization creates waves of contagion in values, habits, desires, and world view. Thinking of middle class from an economic perspective, for example, as members of the group who fall in the middle of the society's income distribution is flawed. Instead, middle class needs to be re-conceptualized as salaried workers who do not own the means of production and whose major function in the social landscape is the reproduction of mainstay vitality of society, culture, and capital. The future of a society depends on this group as they scale up their circle of influence by increased worldwide connections, especially with the social web tools and higher connectedness. All of this awaits marketing scholars' attention as social and economic repercussions in evolution, along with implications for firms, conglomerates, trade and investment, and impact on the world economy.

Force two: strenuous engagement with turbulence of destructive shocks

Marketing's role and impact will grow while international market diversity will take new forms Marketing's role has been shifting greatly from domestic to global marketing over the past three decades. This trend will gain speed in the decades to come, positioning marketing as a catalyst for change in the business enterprise. As more and more companies define internationalization as a business imperative rather than a choice, the marketing function will surely play a crucial role in transforming the organization. This, of course, is an opportunity for marketing to have a seat at the corporate table.

In the international setting, marketing activities will need to be leading in areas other than just market identification, customer contact, and sales and distribution. Marketing will need to assist or take leadership in such functions as *commercial diplomacy*, *business development*, and *corporate social responsibility*. In addition, it needs to be primarily responsible for effective coupling or alignment with the organization's external forces—customers, government, suppliers, etc. In an international setting, necessary adjustments must be made, since marketing tactics can be culturally dependent (Engelen and Brettel 2011). If impactful in such a broader capacity, marketing can be the central driver in building coalitions in international markets.

Branding will target virtual geographies Globalization will continue to enable faster diffusion of new products, ideas, and consumption patterns. Opportunities to build strong regional or global brands will continue to expand.

A global brand is now the most important arsenal in the firm's efforts to offset the so-called *liability of foreignness* (Zaheer 1995). Hymer (1976) was among the first to point attention to higher costs of operations, in comparison to local firms, that an MNE will experience in international markets. Without a deep understanding of the local market's nuances, a foreign enterprise will not be able to carry on its business activities as effectively as will a local firm (Lu and Beamish 2004). This phenomenon is discussed widely in the international business literature (Apéria et al. 2004; Fombrun and Van Riel 2004).

Yet the relevance of this liability of foreignness is waning in the contemporary environment where iconic global brands thrive and command premium value (e.g., BMW, Cadbury, Cisco, Godiva, IKEA) in the global marketplace. To offset such inherent disadvantages, multinationals must invest in brands that cater to universal needs that exploit their global capabilities. They also need to employ appeals that are shared by consumers everywhere such as quality and safety. Whether it is Toyota in automobiles or Shiseido in cosmetics, these appeals are treasured universally.

Surprisingly, in emerging markets, foreignness may also provide the MNE with an *advantage*. While there is evidence that suggests a bias against foreign companies in advanced economies, recent research in the emerging market context suggests otherwise. For instance, Newburry et al. (2006) discovered that, where local companies possess limited skills and reach, foreignness does not necessarily result in disadvantages. This may be attributed to company-specific strengths, greater access to technology, global networks, and large overseas markets.

Regardless, consumers everywhere have developed greater affinity and preference for global brands in recent years. The net implication of this trend is that multinational enterprises must engage in a deliberate shift from a multi-domestic strategy to a global marketing strategy. Whether through organic growth or acquisitions, MNEs need to invest in nurturing global brands. Research indicates that standardized global brand names provide firms with cost savings and greater product sales volume (Alashban et al. 2002). Additionally, perceived brand globalness is positively associated with brand quality and prestige (Steenkamp et al. 2003).

Indeed, firms are rising to the challenge. As an example, Unilever recently eliminated some 1,200 brands from its brand portfolio to concentrate on 400 brands. Procter & Gamble has retained 300 brands, while selling many of its local brands. L'Oreal is investing in 16 worldwide brands. Nestle has favored its six strategic worldwide brands, including Nescafe and Buitoni. Similarly, Mars has invested mainly in global brand names (Schuiling and Kapferer 2004).

Internationalization of retailing will rise Retailers have been quick to exploit opportunities made possible by globalization, especially in view of the growing middle class in emerging markets. Wal-Mart, IKEA, B&Q, and Tesco are among the retailers that have expanded into China or other emerging markets by investing in or establishing a joint venture with local retail chains. Wal-Mart and others are now looking to Africa for future growth, where the economy is expected to grow to $2.6 trillion in 2020 from $1.6 trillion in 2008 (Hagerty and Connors 2011).

Yet retailers' success in international markets has been mixed. The same company—whether it's Wal-Mart, Carrefour, or IKEA—performs well in some markets while faltering in others. Marks & Spencer has had difficulties in entering the U.S. and Canadian markets (Burt et al. 2002), Wal-Mart has failed in Germany, and Home Depot withdrew from Chile within 3 years of entry (Marcus and Blank 1999, p. 201). In February 2011, it announced that it will not open stores in Russia after contemplating entry for several years. Most recently, Best Buy abandoned the Chinese market shortly after it set up operations there (Bustillo 2011). Bloomberg News (2011) reported that Best Buy will also close its two stores in Turkey.

Transferring home market success to foreign markets has been a tortuous road for retailers. Four barriers are responsible for mixed results (Cavusgil et al. 2012). First, culture and language have served as a formidable barrier, making it difficult for foreign firms to embed themselves in the broader social network (Bianchi and Ostale 2006). Second, consumers tend to have a strong loyalty to indigenous retailers. Third, legal and regulatory barriers have hindered retail operations. For example, IKEA has been reluctant to pursue expansion into India due to regulations requiring a local business partner and a limited 51% stake in a joint venture partnership (Sharma 2010). Fourth, developing local sources of supply has proven to be a challenge for retailers. Often, their scale is not big enough to command any advantages in the supply chain network.

What does the future hold for international retailers? Clearly, to succeed in foreign markets, retailers will need to pursue a customized approach. Experimenting with operating models that are tailored to each market is clearly preferable. In a foreign market, retailers need to carefully choose the brand, value proposition, and economic implications. As an example, in achieving success in international markets, H&M and KFC have maintained a consistent brand and introduced new categories, value-added services, and menu items to appeal to local consumers. In Mexico, Wal-Mart operates bodegas to meet local market demands (McKinsey and Company 2005). Choice of location is also critical. Already, some countries are already crowded while others are ripe for new entrants (A. T. Kearney 2010).

Africa will require greater attention as African countries that are building modest middle classes and have growing urban areas become attractive. Particularly in North Africa, where grassroots freedom movements in early 2011 may produce a more liberalized marketplace, firms may encounter greater opportunities.

Social networks will emerge as a theme and drive marketing strategies Communication strategies are critical to firms of all sizes, from small-to-medium enterprises to established MNEs (Zhou et al. 2007). In particular, the explosion of social media as a communication tool can be critical for firms engaging in cross-cultural communications. Social media trends signal an opportunity for international marketers to get on the main agenda; marketing can be instrumental in establishing global scale virtual communities. When asked about what issues will occupy their attention over the next 5 years, CEOs identified "getting closer to customers" as the most pressing task (IBM 2010). This drive to getting to know the consumer better has now gone beyond "collaboration" and has taken the form of "co-creation." Relying on customer insights in the innovation process is now a well-accepted responsibility for managers. Increasingly, social networking will emerge as the vehicle to accomplish this. Social networking channels such as Facebook and Twitter will be used both inside and outside the organization to facilitate information sharing and collaboration. Social networking and real-time collaboration tools enhance communication and close the distance between people in different locations. Better ideas develop, ideas spread quickly, and problems are resolved faster.

In the international context, Coca-Cola and Procter & Gamble are just a couple of marketers that have utilized social media to advantage. In a recent campaign known as Expedition206.com, Coca-Cola is sending three 20-somethings to all 206 countries where Coca-Cola is sold. These young fans are blogging about their travels, using Twitter, and uploading photos to Flickr. When P&G lunched its Old Spice "Smell like a man, man" campaign, it generated over 140 million views on YouTube. Viewers watched not only the official Old Spice commercial but also dozens of parodies created by consumers. The brand's followers on Twitter increased by 2,700%. The currency the campaign created in social media pushed the product into popular culture (Elliott 2010).

Corporate social responsibility will rise as a marketing theme and will drive strategies Global corporate citizenship and corporate social responsibility (CSR) Will escalate to the top of the organization as critical agenda items (Griffith et al. 2008). Global CSR campaigns positively impact consumers' perceptions of a firm's brand and products, as well as the firm's reputation as an industry leader (Becker-Olsen et al. 2011). This focus on CSR is in response to customer expectations of corporate social responsibility everywhere. Stakeholders are more vocal and actively seek solutions to a wide array of environmental and social issues ranging from climate change to child labor to recycling to product safety. Husted and Allen (2006) find that institutional pressures are guiding corporate decision-making with respect to CSR. Accountability to such broader goals has become a benchmark by which management and enterprises are judged. Wherever the multinational enterprise does business, its impact on local welfare is now paramount (London and Hart 2004). Given the new expectations, marketing can be the centerpiece of efforts to help define opportunities for local responsiveness and actions.

Indeed, MNEs have begun to respond in creative ways. Coca-Cola is one company that has developed a deeper concept of CSR that goes beyond philanthropy. The company regards global corporate citizenship as more of a business opportunity than a burden. It has developed a capability to replenish the water it takes out of local markets. It also refined its knowhow in recycling water, glass, and metal to such an extent that it actually generates revenues by consulting for other firms (McKay 2007).

Marks & Spencer is another global company that has taken corporate social responsibility seriously. The retailer launched a comprehensive program in 2006 to engage its customers in solving issues, not simply providing them with information. As an example, it works to enhance both efficiency and sustainability among its global suppliers, who employ some half-million workers at 20,000 farms, fisheries, and forests. Farmers who create biogases from farm waste are now selling green electricity to Marks & Spencer (IBM 2008).

At Wal-Mart, another global retailer, creating social value and becoming locally embedded in the social infrastructure of the countries where it operates is an overriding goal. The firm has over 1,000 Global Sourcing associates from 19 countries who now participate in Wal-Mart's Global Care projects. They volunteer tens of thousands of hours to make a difference in their respective communities. In the Indian subcontinent, Wal-Mart associates work with mentally ill children and set up schools for children of immigrant workers. In Africa and the Middle East, Wal-Mart rebuilds homes and drinking water facilities. In the Americas, they find homes for abandoned children. In Asia, they support orphanages and develop schools for the blind and the disabled. In China, Wal-Mart employees rebuilt schools destroyed by the 2008 earthquake.[6]

Force three: development of morphing strategies to cope with shifting market forces

Global iconic brands will continue to clash with indigenous brands MNEs from developed countries are facing greater competition from large firms in emerging markets such as

[6] See http://cdn.walmartstores.com/sites/globalsourcing/corporate-social-responsibility.html.

China, Brazil, and India (Douglas and Craig 2011). While global brands have had much success in international markets, concurrently, local brands continue to survive and prosper. Experience shows that there is plenty of room for local brands that cater to unmet, indigenous needs better. Strong local brands owe their resilience to long-established loyalty, unique benefits, closer identification with local lifestyles and preferences, and effective distribution. Consumers tend to have developed closer relationships with the indigenous brands over the years, leading to a solid franchise.

Recognizing the inherent advantages of local players, MNEs need to go to great lengths to project an indigenous image with their local clientele. The so-called "glocal" strategies are indeed a response by multinationals to walk the fine line between retaining global scale and efficiency while attempting to be responsive to local customers. MNEs such as Unilever and Nestle have done well in this respect.

One company that is pursuing the strategy of balancing global with the local is the Volkswagen Group. Each of its nine brands from seven European countries has its own character and operates as an independent entity. Collectively, the group has a global vision, sharing best practices and exploiting economies of scale. A "modular" manufacturing strategy will further optimize production and costs across brands and regions beginning in 2012. Yet, the Volkswagen Group adapts its vehicles for local customers and has localized key elements of the value chain, with the support of regional R&D teams, local sourcing, and local marketing. For example, local materials and suppliers account for at least 80% of the value of all vehicles made in Brazil (IBM 2010).

Another consumer products marketer, Avon, has successfully competed against home-grown companies such as Natura in Brazil. Natura had adopted the direct selling business model of Avon and grown rapidly during the 1980s, even in the face of many foreign companies. Avon recruited an army of sales representatives who needed a source of income and were attracted to the firm's growing commitment to environmental causes. It was also better able to cope with the often unpredictable and turbulent Brazilian environment (Jones 2010).

MNEs may even resort to using local brand names in order to establish greater affinity with local customers. For example, in Germany, British Petroleum acquired the local leader Aral and, in recognition of the strong brand equity, retained the local brand name. In the Czech Republic, Danone uses the local brand franchise Opavia to develop its business rather than its global Lu brand (Schuiling and Kapferer 2004).

Reach and diversity will require a new understanding of market segmentation Opportunity to build global market segments has never been better. Cross-national segmentation is possible for global businesspeople, teenagers, and the middle class, in general (Dawar and Parker 1994; Hassan et al. 2003; Levitt 1983), though cross-cultural segmentation might be better suited for certain industries (Agarwal et al. 2010). MNEs will need to learn how to create large segments of homogenous customers, identify common needs, and find optimal ways to serve them with standardized offerings.

A host of MNEs now pursue customer segments that transcend national borders (Bolton and Myers 2003; Bruning et al. 2009; Hassan et al. 2003; Helsen et al. 1993; Hofstede et al. 1999; Nachum 1994; Souiden 2002). Dior, Gucci, L'Oreal, Louis Vuitton, and Nintendo are examples. Others in the fashion industry cater to young consumers who are brand and fashion conscious. Firms in apparel, accessories, and cosmetics are examples. Their efforts are greatly assisted by the availability of transnational media, including such magazines as Vogue and Elle (Blyth 2006; Bryck 2003; Ko et al. 2007; Morton 2002).

Force four: new understanding of marketing performance

A new view of risk is required A host of recent events in the Arab world, combined with global economic recession and black swan events that shook the corporate world, have helped escalate risk assessment and mitigation to the top of the corporate agenda. Senior executives as well as directors are now demanding better information and analytics to predict consequences of unfavorable events and better preparedness. In the years to come, corporate attitudes and responsiveness to risk will change in fundamental ways. Indeed, building a "risk-resilient enterprise" will become the next big challenge for senior managers. Building a risk-resilient enterprise requires a change in organizational culture.

As an externally focused business function, marketing can achieve greater respect in the global corporate organization by playing a lead role in *risk assessment and mitigation*. Since many risks emanate from customers, competitors, policy makers, suppliers, and intermediaries, marketers are ideally positioned to serve as intelligence providers and risk mitigation agents in the organization.

Yet marketing's role in determining and reducing business risk is not well understood (Miller 1992). While a general recognition prevails that marketing assets contribute to a risk-resilient organization, the precise impact of marketing assets on risk mitigation has not been explored. An exception in this context is the work of Rego et al. (2009). Arguing that market-based assets such as brands should lead to reduced risk, these authors explore the impact of consumer based brand equity on firm risk using panel data. They conclude that brand equity plays a strong role in reducing downside systematic risk.

Other scholars also encourage ascertaining the positive role of marketing assets in not only increasing firm returns but in lowering risks associated with these returns (e.g., Fornell et al. 2006; Srivastava et al. 1998). What remains to be explored is confirmation of such effects in the international context.

Marketing implementation demands novel ways of assessment Increasing emphasis on marketing productivity—ROI in marketing—is a frequent priority brought up in the contemporary organization. Yet, ROI falls short of reflecting the real performance of the MNE, especially in international setting. Along with the ROI, most other measures of marketing's impact on firm performance are financial in nature. Ambler and Roberts (2008) recommend the use of multidimensional measures that incorporate non-financial measures.

In the international setting, there is evidence that investment in *relationships is* most optimal for firms (Deligonul and Cavusgil 2005; Havila et al. 2004; Jean et al. 2010; Kotabe et al. 2003). Formidable ties to suppliers, intermediaries, and other network partners provide valuable and sustained advantage for the global firm (Coviello 2006). Yet we do not have precise methods for measuring the value of cross-border relationships. Furthermore, approaches to building such relationships will vary from one region to another, complicating such efforts. For example, Kumar et al. (2011, p. 35) concede that "there is no 'one size fits all' solution to global customer relationship management." Scholars generally acknowledge long-term dividends accruing from relationships, yet we are constrained by an inability to explore long-term measures of marketing performance.

In addition, marketing scholars ought to better understand the differential outcomes of marketing investments across countries. Managers require better tools for allocating their marketing dollars based on such pertinent factors as penetration rates, competitive intensity, and media costs. Samsung is one company that developed a managerial tool to assess where and how marketing investments would yield highest future returns (Corstjens and Merrihue 2003). Samsung discovered that it overinvested in North America; these regions received 45% of the company's global marketing budget, yet their profit potential merited 35%. In contrast, it underinvested in Europe and China; these regions received 31% of the global budget but merited 42%. Growing availability of data and high-powered computing, along with enhanced modeling and marketing engineering, should aid scholars in fine-tuning of efforts to better assess the impact of marketing investments on firm outcomes.

Conclusion

In line with Dunning and Lundan (2008), international marketing currently considers the MNE as a coordinated network of cross-border value-creating activities, some of which are carried out within the hierarchy of the firm, while others are carried out through informal social ties or contractual relationships (Cantwell et al. 2010). Within this framework, how effective have marketers been in addressing the disruptive forces in their environment? What is their record in successfully reinventing themselves? Expectedly, the record is mixed in this regard. Some firms have been able to transform themselves in creative ways. A few examples include Apple, Berlitz, Cemex, IBM, IKEA, GE, Nestle, Tetra Pak, and Tesco. At the same time, others have struggled in adjusting to the challenges of changing technologies, customer expectations, government regulations, and the like. Still others have gone extinct or are facing extinction.

Rule followers versus rule breakers

Industries are populated by firms that submissively seek rewards under the broader conditions of environment; these firms surf the waves and try to best manage the risks imposed by changes in the environment. Suppose we call them *Type A* international marketers or *rule followers*. Type A firms are willing to follow the rules and opt for a lower level of risk in return for more stability and security.

The second group, *Type B* international marketers, are *rule breakers*. They define the rules of game and change the competitive terrain to their favor. Apple, Dell, Lego, Amazon, and Facebook can be given as examples. These are players that preempt firm transformation by ensuring adaptability of the environment to their own game. Through their marketing sensory skills, the rule breakers are apt to see ten things where others see only one in the horizon. By connecting upstream and downstream in both directions, rule breakers broaden the variation between the fit and misfit by shaping relevant practice. They see the disruptive influence of four forces as a breakout possibility and capitalize on the opportunity. The future belongs to these firms—rule breakers or Type B players.

Country and industry environment matters

Disruptive forces are not faced at the same level of intensity in all industries or countries. Some countries and industries are relatively more protected from environmental turbulence. Suppose *Environment X* stands for an unconcentrated market relatively immune from the four forces. In contrast, *Environment Y* represents a concentrated market which comes under the intense pressure of four forces. In Environment X, Type A international marketers (rule followers) try to build scale advantages as they target the center of mass markets. They ride the experience curve and capitalize on mass markets with standardized products. For these, the middle of the mass market is the most hospitable, where the firm resources, scale advantages, and volume characteristics conveniently match. After all, in the center of the mass market, these firms know they can peak their advantages.

However, in Environment Y, despite the very concentrated market under the four forces, the capability endowments of Type B players (rule breakers) enable them to leverage their resources and attain novel plays richer than in Environment X. For rule breakers, the rigor in their capability set that pertains to various parts of the market (specialized, away from the mass market) can generate openings into a multitude of new terrains that are hospitable to them. As rule breakers migrate toward the new horizon, the firm gets effectively partitioned between the different types of players and new markets break out.

Tools of adaptability

The new international marketing faces a conundrum under the four forces. Faced with the need to adapt, marketing can ensure that the firm is reliable and accountable so that it survives (favored by selection). Yet, the need for reliability and accountability can lead to inertia and resistance to change. A key charge for the new international marketer is that the four forces inducing transformation are themselves so disruptive that they will result in wiping out the inefficient firms while at the same time rejuvenating successful firms. Marketing adaptation needs to be in the core of broader transformations so that it will take the center stage of a selective replacement process.

How then can international marketers take the lead in triggering such a transformation in the organization? How can firms avoid the consequences of maladaptivity? What recommendations can be offered for effective coping with disruption and strategic renewal? The following discussion offers some insights that should be helpful in addressing adaptation and renewal for international marketers.

Entrepreneurial response to destructive forces We contend that marketers have reacted to disruptive forces in the global environment in both productive and destructive ways. Destructive entrepreneurship occurs when companies employ resources for discovering new attributes that fail to increase net social benefits. Examples would include opportunistic behavior vis-à-vis foreign partners. Productive entrepreneurship occurs when the discovery of new attributes leads to an increase in net social benefits. This occurs when, for example, the marketer discovers new local tastes in a country that can be the basis for new products elsewhere (Deligonul et al. 2008; Foss and Foss 2000).

Deployment of intangible assets International marketers essentially have two types of resources at their disposal: generic and strategic. Generic resources are process-specific and obtainable from the market. Examples are production technology, hardware, software, capital, and labor. Strategic resources are company-specific or idiosyncratic to their owners. They are not directly transferable. Companies can either develop them organically or acquire them by acquiring their holders. By their very nature, strategic resources are complex and tacit, and they generate advantages that are critical for competitive superiority.

MNEs will need to cultivate and accentuate their strategic assets in response to the four forces. Most promising in the international context are *symbol assets* (such as brands, trademarks, etc.), *downstream assets* pertaining to the market (such as an idiosyncratic distribution system, global presence, footprint, etc.), *relational assets* (such as long term partnerships), and *innovation assets* (such as patents). These assets are especially critical in the international context where generic resources are widely available and provide elusive advantages. In contrast, strategic assets render the firm with idiosyncratic competitive leverage and create value in different ways.

Flexibility in location and partners Flexibility in terms of where to add value (manufacture, conduct research, or source) will bestow firms with the ability to make best use of the resources and assets resident in alternative geographies (Kogut and Kulatilaka 1994). In this way, the firm can not only search for the best location to add value but also raise capital, learn to adapt, and borrow ideas and technologies. Similarly, partnerships that allow the firm to collaborate with others on a project basis—as opposed to equity partnerships—are designed to provide the best match for complementarities.

Globally integrated enterprises In an increasingly interconnected global market, firms will have no choice but to tightly integrate their worldwide operations and coordinate their positioning and strategic moves across the globe. Clearly, the days of autonomous, loosely-connected country units are over. To minimize redundancy in operations and investments, and to rationalize value-adding activities, firms will need to adopt common practices, platforms, and reward mechanisms. Instrumental in implementing this global rationalization are such integrating tools as global supply chains, global product platforms, global teams, intranets, and global talent pools (Hult et al. 2007; Sinkovics et al. 2011; Townsend et al. 2004).

Innovation: creative destruction While many established firms struggle with the demands of international expansion, we have recently witnessed a new breed of firms that excel in international markets. The so-called *born global firms*—young, entrepreneurial firms that engage in export activity almost from inception—are beating the odds in several ways (Knight and Cavusgil 2004; Oviatt and McDougall 1994). Sometimes referred to as *international new ven*tures or *global start-ups*, born globals succeed by: (1) entering foreign markets with unique products or services; (2) relying on modern communications technologies and tools such as the Internet; (3) avoiding administrative heritage of long-established organizations (Knight and Cavusgil 2004; Collis 1991; Miller and Friesen 1984); and (4) exhibiting entrepreneurial behaviors of agile organizations. Born global firms provide strong evidence that, while being constrained by scarcity of resources and experience, organizations can produce superior performance in international markets by leveraging a distinct mix of orientations and strategies.

Epilogue

It is increasingly clear that the current economic downturn is fundamentally different from recessions of recent decades. The global economy is being restructured, creating new challenges for the firm. The global economy is experiencing not merely another turn of the business cycle, but a restructuring of the economic order. The "new normal" will be shaped by a confluence of powerful forces and disruptions.

To succeed in the new normal, MNEs must develop early scanning capabilities; focus on what has changed and what remains basically the same for their customers, companies, and industries; and develop quick response and risk mitigation strategies. An environment with constant disruption and change requires agile organizations and timely and creative responses to emerging opportunities and risks.

Acknowledgement The authors are grateful to Professors Seyda Deligonul, St. John Fisher College, G. Tomas Hult, Michigan State University, and Attila Yaprak, Wayne State University, for valuable ideas and suggestions on earlier drafts of the manuscript.

References

Agarwal, J., Malhotra, N. K., & Bolton, R. N. (2010). A cross-national and cross cultural approach to global market segmentation: an application using consumers' perceived service quality. *Journal of International Marketing, 18*(3), 18–40.

Akerlof, G.A. & Shiller, R.J. (2009). Animal Spirits: How Human Psychology Drives the Economy, and Why It Matters for Global Capitalism. Princeton, N.J.: Princeton University Press.

Alashban, A. A., Hayes, L. A., Zinkhan, G. M., & Balazs, A. L. (2002). International brand-name standardization/adaptation: antecedents and consequences. *Journal of International Marketing, 10*(3), 22–48.

Aldrich, H. E., & Ruef, M. (2006). *Organizations evolving*. London: Sage.

Altman, M. (1995). Business cycle volatility and economic growth: the historical record, 1870–1986. *Journal of Post Keynesian Economics, 17*(4), 561–577.

Ambler, T., & Roberts, J. H. (2008). Assessing marketing performance: don't settle for a silver metric. *Journal of Marketing Management, 24*(7/8), 733–750.

Apéria, T., Brønn, P. S., & Schultz, M. (2004). A reputation analysis of the most visible companies in the Scandinavian countries. *Corporate Reputation Review, 7*(3), 218–230.

Becker-Olsen, K. L., Taylor, C. R., Hill, R. P., & Yalcinkaya, G. (2011). A cross-cultural examination of corporate social responsibility marketing communications in Mexico and the United States: strategies for Global Brands. *Journal of International Marketing, 19*(2), 30–44.

Bianchi, C. C., & Ostale, E. (2006). Lessons learned from unsuccessful internationalization attempts: examples of multinational retailers in Chile. *Journal of Business Research, 59*(1), 140–147.

Bloomberg (2011). Best buy to close China, Turkey stores, restructure. *Bloomberg,* February 21, 2011. Retrieved July 30, 2011 from http://www.bloomberg.com/news/2011-02-22/best-buy-to-close-china-turkey-stores-restructure-correct-.html.

Blyth, M. (2006). Fashion magazines bulk up for September publishing. *The New York Sun,* August 14, 2006. Retrieved February 25, 2011 from www.nysun.com/article/37856.

Bolton, R. N., & Myers, M. B. (2003). Price-based global market segmentation for services. *Journal of Marketing, 67*(3), 108–128.

Bruning, E. R., Hu, M. Y., & Hao, W. (2009). Cross-national segmentation: an application to the NAFTA airline passenger market. *European Journal of Marketing, 43*(11/12), 1498–1522.

Bryck, S. A. (2003). Generation Y: is their future in your future? *LIMRA's Market Facts Quarterly, 22*(1), 84–89.

Burkitt, L. (2010). China's web takes on a luxury look. *The Wall Street Journal*, December 2, 2010. Retrieved July 30, 2011 from http://online.wsj.com/article/SB10001424052748703865004575648312069857150.html.

Burt, R. S. (1992). *Structural holes: The social structure of competition*. Cambridge: Harvard University Press.

Burt, S. L., Mellahi, K., Jackson, T. P., & Sparks, L. (2002). Retail internationalization and retail failure: issues from the case of Marks and Spencer. *International Review of Retail, Distribution & Consumer Research, 12*(2), 191–219.

Bustillo, M. (2011). Best buy to close China stores. *The Wall Street Journal,* February 21, 2011. Retrieved July 30, 2011 from http://online.wsj.com/article/SB100014240527487038002045761592211164003208.html.

Cantwell, J., Dunning, J. H., & Lundan, S. M. (2010). An evolutionary approach to understanding international business activity: the co-evolution of MNEs and the institutional environment. *Journal of International Business Studies, 41*(4), 567–586.

Cavusgil, S. T. (1998). Knowledge development in international marketing. *Journal of International Marketing, 6*(2), 103–112.

Cavusgil, S. T., Yeniyurt, S., & Townsend, J. D. (2004). The framework of a global company: a conceptualization and preliminary validation. *Industrial Marketing Management, 33*(8), 711–718.

Cavusgil, S. T., Deligonul, S., & Yaprak, A. (2005). International marketing as a field of study: a critical assessment of earlier development and a look forward. *Journal of International Marketing, 13*(4), 1–27.

Cavusgil, S. T., Knight, G., & Riesenberger, J. (2012). *International business: The new realities* (2nd ed.). Upper Saddle River: Prentice Hall.

Chesbrough, H. (2006). *Open business models: How to thrive in the new innovation landscape*. Cambridge: Harvard Business School Press.

Collis, D. J. (1991). A resource-based analysis of global competition: the case of the bearings industry. *Strategic Management Journal, 12*(S1), 49–68.

Cooke, P. (2001). Regional innovation systems, clusters, and the knowledge economy. *Industrial and Corporate Change, 10*(4), 945–974.

Corstjens, M., & Merrihue, J. (2003). Optimal marketing. *Harvard Business Review, 81*(10), 114–121.

Coviello, N. E. (2006). The network dynamics of international new ventures. *Journal of International Business Studies, 37*, 713–731.

Dawar, N., & Parker, P. (1994). Marketing universals: consumers' use of brand name, price, physical appearance, and retailer reputation as signals of product quality. *Journal of Marketing, 58*(2), 81–95.

Deligonul, S. Z., & Cavusgil, S. T. (2005). Legal versus relational ordering in channel governance: The case of the manufacturer and its foreign distributor. In C. A. Solberg (Ed.), *Advances in international marketing: Relationship between exporters and their foreign sales and marketing intermediaries, 16* (pp. 49–79). Kidlington: Elsevier Science, Ltd.

Deligonul, S. Z., Hult, G. T. M., & Cavusgil, S. T. (2008). Entrepreneuring as a puzzle: an attempt to its explanation with truncation of subjective probability distribution of prospects. *Strategic Entrepreneurship Journal, 2*, 155–167.

Dosi, G. (1999). Some notes on national systems of innovation and production, and their implications for economic analysis. In D. Archibugi, J. Howells, & J. Michie (Eds.), *Innovation policy in a global economy* (pp. 35–48). Cambridge: Cambridge University Press.

Douglas, S. P., & Craig, C. S. (2011). Convergence and divergence: developing a semiglobal marketing strategy. *Journal of International Marketing, 19*(1), 82–101.

Dunning, J. H., & Lundan, S. M. (2008). *Multinational enterprises and the global economy* (2nd ed.). Cheltenham: Edward Elgar.

Elliott, S. (2010). Marketers trade tales about getting to know Facebook and Twitter. *The New York Times,* October 14, 2010. Retrieved February 25, 2011 from http://www.nytimes.com/2010/10/15/business/media/15adco.html?_r=2&ref=facebook_inc.

Engelen, A., & Brettel, M. (2011). A cross-cultural perspective of marketing departments' influence tactics. *Journal of International Marketing, 19*(2), 73–94.

Fombrun, C. J., & Van Riel, C. B. M. (2004). *Fame and fortune: How successful companies build winning reputations*. Upper Saddle River: Prentice-Hall.

Fornell, C., Mithas, S., Morgeson, F. V., III, & Krishnan, M. S. (2006). Customer satisfaction and stock prices: high returns, low risk. *Journal of Marketing, 70*(1), 3–14.

Foss, K., & Foss, N. (2000). Economic organization and the trade-offs between productive and destructive entrepreneurship. In N. J. Foss & P. G. Klein (Eds.), *Entrepreneurship and the firm: Austrian perspectives on economic organization*. Aldershot: Edward Elgar.

Freeman, C. (1995). The "national system of innovation" in historical perspective. *Cambridge Journal of Economics, 19*(1), 5–24.

Freeman, C. (2002). Continental, national and sub-national innovation systems: complementarity and economic growth. *Research Policy, 31*(2), 191–211.

Freeman, C., & Louçã, F. (2001). *As time goes by: From the industrial revolutions to the information revolution*. Oxford: Oxford University Press.

Freeman, C., & Perez, C. (1988). Structural crises of adjustment: Business cycles and investment behavior. In G. Dosi, C. Freeman, R. R. Nelson, G. Silverberg, & L. Soete (Eds.), *Technical change and economic theory* (pp. 38–66). London: Francis Pinter.

Ghoshal, S., & Bartlett, C. A. (1990). The multinational corporation as an interorganizational network. *Academy of Management Review, 15*(4), 603–625.

Griffith, D. A., Cavusgil, S. T., & Xu, S. (2008). Emerging themes in international business research. *Journal of International Business Studies, 39*(7), 1220–1235.

Hagerty, J. R., & Connors, W. (2011). U.S. companies race to catch up in Africa. *The Wall Street Journal*, June 6, 2011. Retrieved July 30, 2011 from http://online.wsj.com/article/SB10001424052748703841904576257233342891732.html.

Hassan, S. S., Craft, S., & Kortam, W. (2003). Understanding the new bases for global market segmentation. *Journal of Consumer Marketing, 20*(5), 446–462.

Havila, V., Johanson, J., & Thilenius, P. (2004). International business-relationship triads. *International Marketing Review, 21*(2), 172–186.

Helsen, K., Jedidi, K., & DeSarbo, W. S. (1993). A new approach to country segmentation utilizing multinational diffusion patterns. *Journal of Marketing, 57*(4), 60–71.

Hofstede, F. T., Steenkamp, J.-B. E. M., & Wedel, M. (1999). International market segmentation based on consumer-product relations. *Journal of Marketing Research, 36*(1), 1–17.

Hult, G. T. M., Cavusgil, S. T., Kiyak, T., Deligonul, S., & Lagerstrom, K. (2007). What drives performance in globally focused marketing organizations? A three-country study. *Journal of International Marketing, 15*(2), 58–85.

Hult, G. T. M., Ketchen, D. J., Griffith, D. A., Chabowski, B. R., Hamman, M. K., Dykes, B. J., et al. (2008a). An assessment of the measurement of performance in international business research. *Journal of International Business Studies, 39*(6), 1064–1080.

Hult, T. G. M., Ketchen, D. J., Griffith, D. A., Finnegan, C. A., Gonzalez-Padron, T., Harmancioglu, N., et al. (2008b). Data equivalence in cross-cultural international business research: assessment and guidelines. *Journal of International Business Studies, 39*(6), 1027–1044.

Husted, B. W., & Allen, D. B. (2006). Corporate social responsibility in the multinational enterprise: strategic and institutional approaches. *Journal of International Business Studies, 37*(6), 838–849.

Hymer, S. H. (1976). *A study of direct foreign investment*. Cambridge: MIT Press.

IBM (2008). IBM global CEO study: The enterprise of the future. Retrieved February 25, 2011 from http://www-935.ibm.com/services/uk/gbs/pdf/ibm_ceo_study_2008.pdf.

IBM (2010). IBM global CEO study: Capitalizing on complexity. Retrieved February 25, 2011 from ftp://public.dhe.ibm.com/common/ssi/ecm/en/gbe03297usen/GBE03297USEN.PDF.

International Monetary Fund (2010). *World Economic Report*. Washington, D.C.

Jean, R.-J. B., Sinkovics, R. R., & Cavusgil, S. T. (2010). Enhancing international customer-supplier relationships through IT resources: a study of Taiwanese electronics suppliers. *Journal of International Business Studies, 41*(7), 1218–1239.

Johnson, K., & Nhon X. (2005). Selling to the poor. *Time,* April 17, 2005. Retrieved February 25, 2011 from http://www.time.com/time/magazine/article/0,9171,1050276-2,00.html.

Jones, G. (2010). Multinational strategies and developing countries in historical perspective (*HBS* Working Paper No. 10–076). Boston, MA: Harvard Business School. Retrieved February 25, 2011 from http://www.hbs.edu/research/pdf/10-076.pdf.

Kearney, A. T. (2010). Expanding opportunities for global retailers: The 2010 A. T. Kearney Global development Index, available at www.atkearney.com.

Knight, G. A., & Cavusgil, S. T. (2004). Innovation, organizational capabilities, and the born-global firm. *Journal of International Business Studies, 35*(2), 124–141.

Ko, E., Kim, E., Taylor, C. R., Kim, K. H., & Kang, L. J. (2007). Cross-national market segmentation in the fashion industry: a study of European, Korean, and US consumers. *International Marketing Review, 24*(5), 629–651.

Kogut, B., & Kulatilaka, N. (1994). Operating flexibility, global manufacturing, and the option value of multinational network. *Management Science, 40*(1), 123–139.

Kotabe, M., Martin, X., & Domoto, H. (2003). Gaining from vertical partnerships: knowledge transfer, relationship duration, and supplier performance improvement in the U.S. and Japanese automotive industries. *Strategic Management Journal, 24*(4), 293–316.

Kumar, V., Sunder, S., & Ramaseshan, B. (2011). Analyzing the diffusion of global customer relationship management: a Cross-regional modeling framework. *Journal of International Marketing, 19*(1), 23–39.

Levitt, T. (1983). The globalization of markets. *Harvard Business Review.* May-June, 92–102.

London, T., & Hart, S. L. (2004). Reinventing strategies for emerging markets: beyond the transnational model. *Journal of International Business Studies, 35*(5), 350–370.

Lu, J. W., & Beamish, P. W. (2004). International diversification and firm performance: the S-curve hypothesis. *The Academy of Management Journal, 47*(4), 598–609.

Malerba, F. (2004). *Sectoral systems of innovation: Concepts, issues and analyses of six major sectors in Europe*. Cambridge: Cambridge University Press.

Marcus, B., & Blank, A. (1999). *Built from scratch*. New York: Time Business Random House.

McKay, B. (2007). Message in a drink bottle: Recycle. *The Wall Street Journal*, August 30, 2007. Retrieved July 30, 2011 from http://online.wsj.com/article/SB118843746241213077.html.

McKinsey & Company (2005). Globalization: Is it for U.S. retailers? Retrieved February 25, 2011 from http://www.mckinsey.com/practices/retail/knowledge/articles/McKinsey_retail_globalization.pdf.

Miller, K. D. (1992). A framework for integrated risk management in international business. *Journal of International Business Studies, 23*(2), 311–331.

Miller, D., & Friesen, P. H. (1984). *Organizations: A quantum view.* Englewood Cliffs: Prentice-Hall.

Mokyr, J. (2002). *The gifts of Athena: Historical origins of the knowledge economy.* Princeton: Princeton University Press.

Morton, L. (2002). Targeting generation Y. *Public Relations Quarterly, 47*(2), 46–47.

Murmann, J. P. (2003). *Knowledge and competitive advantage: The coevolution of firms, technology, and national institutions*. Cambridge: Cambridge University Press.

Nachum, L. (1994). The choice of variables for segmentation of the international market. *International Marketing Review, 11*(3), 54–67.

Nelson, R. R. (2002). Bringing institutions into evolutionary growth theory. *Journal of Evolutionary Economics, 12*(1/2), 17–28.

Nelson, R. R. (2003). On the uneven evolution of human know-how. *Research Policy, 32*(6), 909–922.

Nelson, R. R. (2007). Universal Darwinism and evolutionary social science. *Biology and Philosophy, 22*(1), 73–94.

Newburry, W., Gardberg, N. A., & Belkin, L. Y. (2006). Organizational attractiveness is in the eye of the beholder: the interaction of demographic characteristics with foreignness. *Journal of International Business Studies, 37*(5), 666–686.

North, D. C. (1990). *Institutions, institutional change and economic performance*. Cambridge: Cambridge University Press.

North, D. C. (2005). *Understanding the process of economic change*. Princeton: Princeton University Press.

North, D. C., & Wallis, J. J. (1994). Integrating institutional change and technical change in economic history: a transaction cost approach. *Journal of Institutional and Theoretical Economics, 150*(4), 609–624.

Oviatt, B. M., & McDougall, P. P. (1994). Toward a theory of international new ventures. *Journal of International Business Studies, 25*(1), 45–64.

Peng, M. W., Wang, D. Y. L., & Jiang, Y. (2008). An Institution-based view of international business strategy: a focus on emerging economies. *Journal of International Business Studies, 39*(5), 920–936.

Phillips, K. L., & Wrase, J. (2006). Is Schumpeterian "creative destruction" a plausible source of endogenous real business cycle shocks? *Journal of Economic Dynamics and Control, 30*(11), 1885–1913.

Powell, W. W., Koput, K. W., & Smith-Doerr, L. (1996). Interorganizational collaboration and the locus of innovation: networks of learning in biotechnology. *Administrative Science Quarterly, 41*(1), 116–145.

Rego, L. L., Billett, M. T., & Morgan, N. A. (2009). Consumer-based brand equity and firm risk. *Journal of Marketing, 73*(6), 47–60.

Rugman, A., & Verbeke, A. (2004). A perspective on regional and global strategies of multinational enterprises. *Journal of International Business Studies, 35*(1), 3–18.

Schuiling, I., & Kapferer, J.-N. (2004). Executive insights: real differences between local and international brands: strategic implications for international marketers. *Journal of International Marketing, 12*(4), 97–112.

Schumpeter, J. A. (1961). *The theory of economic development: An inquiry into profits, capital, credit, interest, and the business cycle (originally published in 1911)*. New York: Oxford University Press.

Sharma, A. (2010). IKEA seeks an India opening. *The Wall Street Journal,* September 20, 2010. Retrieved July 30, 2011 from http://online.wsj.com/article/SB10001424052748703989304575503391487933342.html.

Shi, L. H., White, C., Zou, S., & Cavusgil, S. T. (2010). Global account management strategies: drivers and outcomes. *Journal of International Business Studies, 41*(4), 620–638.

Sinkovics, R., Roath, A. & Cavusgil, S.T. (2011). International integration and coordination in MNEs: Implications for international management. *Management International Review*, *51*(2), March.

Sørenson, J. (2004). Recruitment-based competition between industries: a community ecology. *Industrial and Corporate Change, 13*(1), 149–170.

Souiden, N. (2002). Segmenting the Arab markets on the basis of marketing stimuli. *International Marketing Review, 19*(6), 611–636.

Srivastava, R. K., Shervani, T. A., & Fahey, L. (1998). Market-based assets and shareholder value: a framework for analysis. *Journal of Marketing, 62*(1), 2–18.

Steenkamp, J.-B. E. M., Batra, R., & Alden, D. L. (2003). How perceived brand globalness creates brand value. *Journal of International Business Studies, 34*(1), 53–65.

Townsend, J. D., Yeniyurt, S., Deligonul, Z. S., & Cavusgil, S. T. (2004). Exploring the marketing program antecedents of performance in a global company. *Journal of International Marketing, 12*(4), 1–24.

Walker, G., Kogut, B., & Shan, W. (1997). Social capital, structural holes and the formation of an industry network. *Organization Science, 8*(2), 109–125.

Westney, D. E. (2009). The multinational firm as an evolutionary system. In S. Collinson & G. Morgan (Eds.), *Images of the multinational firm* (pp. 117–144). Chichester: Wiley.

Yeniyurt, S., Cavusgil, S. T., & Hult, G. T. (2005). A global market advantage framework: the role of global market competencies. *International Business Review, 14*(1), 1–19.

Zaheer, S. (1995). Overcoming the liability of foreignness. *The Academy of Management Journal, 38*(2), 341–363.

Zhou, L., Wu, W.-P., & Luo, X. (2007). Internationalization and the performance of born-global SMEs: the mediating role of social networks. *Journal of International Business Studies, 38*(4), 673–690.