How does the world market affect US market?

Marketing is an economic activity affected by the economic environment in which it is conducted. International marketing has a twofold economic environment: world economy and economy of individual countries.

It is reasonable to speak of the world economy because the nations of the world do relate to each other economically. Nations also relate to each other politically, diplomatically, military, and culturally. Many of these other elements of international relations are intertwined with economic considerations. More recently, economic considerations have played a role in regional cooperative movements such as the European Union. International economic concerns are also frequent items on the agenda of the United Nations and its affiliated agencies.

The existence of this world economy is critical for the business firm. Because nations do communicate to each other economically, international business operations are potential. These days, international marketers are main participants in international economic relations. Therefore, it is needed to examine the world economy to see how it aids and constrains international marketing.

The volume of world trade in 1998 was $6.6 trillion, a figure larger than the gross national product (GNP) of every nation in the world except the United States and four times the GNP of Latin America. This is one indication of international trade's importance as part of world economic activity. Not only is it large in volume, but it is also one of the fastest-growing areas of economic activity.

In the United States, exports and imports of goods and services were $1.9 trillion, or over 25% of GNP in 1997. This percentage is twice as high as it was 20 years earlier. Yet even this does not adequately measure the significance of foreign trade to the U.S. economy. For one thing, exports in some lines are much higher percentages of output, over 50% in some cases. Some major U.S. exports in 1997 were capital goods, $253 billion; industrial supplies and materials, $148 billion; automotive, $60 billion; and other consumer goods, $70 billion.

Some nations are also much more reliant on trade than others. The United States is the world's leading imported and exporter, but such trade is only a little over 25% of its GNP. The figures are much higher for other developed countries, for example, 55% for Germany, 106% for the Netherlands, and 120% for Belgium.

The export contribution of the nation influences that of the firm. It is not surprising, therefore, that firms from heavy exporting countries tend to be more internationally oriented that those from other countries. For example, the average number manufacturers in the United States are less apt to be an exporter than is the average Belgian or Dutch firm.

WORKS CITED

Marketing Environment. " Globalization". The Dryden Press, Orlando. March 2000.

www.ask.com. " World Market and United States". 24 September 2002.

www.altavista.com. World Map. 24 September 2002.