

Concluding Remarks

Overall, the outlook for Carnival and the cruise-line industry is sunny. With prospects for growing incomes (despite a global recession) in many countries (such as China), more people will have discretionary income to spend on tourism. Only 16 percent of the U.S. population has yet to take a cruise—a potential two-edged sword. On the one hand, this number indicates growth potential. On the other hand, people who have taken a cruise continue to be repeat customers, and the percentage of first-time customers is in fact declining. On the downside, then, industry observers worry that experienced cruisers will tire of visiting one port that's pretty much like another and that noncruisers will still prefer such destinations as resorts to ports of call. ■

QUESTIONS

1. What global forces have contributed to the growth of the cruise-line industry?
2. What specific steps has Carnival Cruise Lines taken to benefit from global social changes?
3. What are some of the national differences that affect the operations of cruise lines?
4. Although most cruise-line passengers are from the United States, the average number of annual vacation days taken by U.S. residents is lower than that of workers in most other high-income countries (13 days, compared with 42 in Italy, 37 in France, 35 in Germany, and 25 in Japan). How might cruise lines increase sales to people outside the United States?
5. What threats exist to the future performance of the cruise-line industry and, specifically, of Carnival Cruise Lines? If you were in charge of Carnival, how would you (a) try to prevent these threats from becoming reality and (b) deal with them if they were realized?
6. Discuss the ethics of cruise lines regarding the avoidance of taxes while buying ships built with governmental subsidies.

SUMMARY

- Globalization is the ongoing process that deepens and broadens the relationships and interdependence among countries. International business is a mechanism to bring about globalization.
- International business has been growing rapidly in recent decades because of technological expansion, the liberalization of government policies on cross-border movements (goods, services, and the resources to produce them), the development of institutions needed to support and facilitate international transactions, consumer pressures to buy foreign products and services, increased global competition, changing political situations, and cooperation in dealing with transnational problems and issues. Because of these factors, foreign countries increasingly are a source of both production and sales for domestic companies.
- Globalization has many critics who feel that it weakens national sovereignty, promotes growth that is detrimental to the earth's environment, and skews income distributions.
- Offshoring—the transferring of production abroad—is controversial in terms of who benefits when costs are reduced and whether the process exchanges good jobs for bad ones.
- Companies engage in international business to expand sales, to acquire resources, and to diversify or reduce their risks.
- A company can engage in international business through various operating modes, including exporting and importing merchandise and services, direct and portfolio investments, and collaborative arrangements with other companies.
- Multinational enterprises (MNEs) take a global approach to markets and production. Sometimes they are referred to as multinational corporations or companies (MNCs) or transnational companies (TNCs).
- When operating abroad, companies may have to adjust their usual methods of carrying out business. This is because foreign conditions often dictate a more suitable method, and the operating modes used for international business differ somewhat from those used on a domestic level.
- To operate within a company's external environment, its managers must have not only knowledge of business operations but also a working knowledge of the basic social sciences: geography, political science, law, anthropology, sociology, psychology, and economics.
- A company's competitive strategy influences how and where it can best operate. Likewise, from one country to another, a company's competitive situation may differ in terms of its relative strength and which competitors it faces.
- There is disagreement about the future of international business—that globalization is inevitable, that it will be primarily regional, and that the growth will slow.