



FOURTH EDITION

GLOBAL MARKETING

KATE GILLESPIE AND H. DAVID HENNESSEY

Global Marketing

Fourth Edition

Kate Gillespie and
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First published 2016
by Routledge
711 Third Avenue, New York, NY 10017

and by Routledge
2 Park Square, Milton Park, Abingdon, Oxon OX14 4RN

*Routledge is an imprint of the Taylor & Francis Group,
an Informa business*

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Library of Congress Cataloguing-in-Publication Data
Gillespie, Kate.

Global marketing / by Kate Gillespie and David Hennessey. —
4th edition.

pages cm

Includes bibliographical references and index.

1. Export marketing. 2. Export marketing—
Management. I. Hennessey, Hubert D. II. Title.

HF1416.G54 2015

658.8'4—dc23

2014041447

ISBN: 978-0-7656-4295-0 (hbk)

ISBN: 978-1-315-71688-6 (ebk)

Typeset in Sabon
by Apex CoVantage, LLC



Global Marketing

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This textbook introduces students to the important concepts of global marketing today, and their managerial implications. Designed to be shorter than many other textbooks, *Global Marketing* focuses on getting to the point faster.

Increasingly, marketing activities must be integrated at a global level. Yet, the enduring influence of culture requires marketers to adapt local strategies in light of cultural differences. *Global Marketing* takes a similar strategic approach, recognizing the need to address both the forces of globalization and those of localization. Other key features include:

- Coverage of often overlooked topics, such as the competitive rise of China's state-owned enterprises; the importance of diasporas as target markets; and the emerging threat to legitimate marketers from transnational criminal organizations.
- A chapter dedicated to understanding global and local competitors, setting the stage for ongoing discussion of both buyers and competitors in an increasingly competitive global marketplace.
- Extensive real-life examples and cases from developed and emerging markets, including insights into the often-overlooked markets of Africa, Latin America, and the Middle East.

Written in a student-friendly style, previous editions have received praise from both students and instructors. This edition continues to build on this strong foundation, making this the book of choice for students of global marketing classes.

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Preface

Today, virtually every major firm must compete in a global marketplace. Buyers can comprise ordinary consumers or local businesses in international markets, multinational corporations (MNCs) or foreign governments. Competitors can be local firms or global firms. Although some consumer needs and wants may be converging across national markets and multilateral agreements seek to bring order to the international economic and legal environment, global marketers must still navigate among varied cultures where unexpected rules apply. Addressing this varied and increasingly competitive marketplace and developing strategies that are both efficient and effective are the tasks that face the global marketer.

Whether they oversee foreign markets or face international competitors at home, every student who plans to enter marketing as a profession will need to understand and apply the essentials of global marketing. This text prepares them for that challenge.

Why This Book?

There are a number of global marketing texts on the market. Our approach differs from that of other books in several ways.

A Dual Focus: International Buyers and Global Competition. Whereas most texts envisage global marketing as an understanding of international buyers, we envisage it as *competing* for those buyers. Immediately following our chapter on global markets and buyers we present the student with a chapter on global and local competitors. From then on we keep students focused on both buyers and competitors throughout the book.

A Global View Combined with a Strong Appreciation for Cultural Differences. Some global marketing texts downplay culture. Others make cultural differences their focus. Our approach is to recognize that cultural differences do exist and influence global marketing in a plethora of ways. To this end, we introduce the student early on to cultural issues and ways of analyzing culture that are reinforced throughout the book. But we also present students with a global view of managing

cultural differences. For example, if you know you are going to sell a new product in 70 countries, why not consider this when you first design the product? What is the best design that will allow for necessary adaptations with the least effort and cost?

Regional Balance. For a text to be a true guide to global marketing, it must present students with a regional balance. Most texts concentrate on the markets of the United States, Europe and China. Our book delivers a balance of developed and developing markets including insights into the often-overlooked markets of Africa, Latin America and the Middle East. We also encourage students to think of competitors as coming from all countries, including emerging markets such as China, India, Korea and Mexico.

Current Coverage Across a Wide Variety of Topics. Our combined research and consulting experience allows us to speak with enthusiasm and conviction across the many areas covered by a global marketing text, including global strategy, cross-cultural consumer behavior and marketing organization as well as the effects government policy can have on international markets and global marketing. Our text combines recent academic research along with in-the-news corporate stories.

Gender Representation. We have taken care to present examples of women as well as men in roles of global marketers. This is apparent in our end-of-chapter cases as well as the many real-life examples in the text.

Recent Technological Advances. Technology continues to impact global marketing. We acknowledge its impact throughout the book from the use of social media in marketing research and promotion to the role of the Intranet in a global marketing organization.

Application Opportunities. To help students better internalize their knowledge of global marketing, this text offers opportunities to apply knowledge of global marketing concepts and skills to business situations. These opportunities include end-of-chapter cases and a *Country Market Report*.

End-of-Chapter Cases. Each chapter concludes with two or three short cases such as:

- *ShanghaiCosmopolitan.com.* Young Chinese cosmopolitans love their social networking site, but can the site's owners attract advertising from MNCs without offending the site's users?
- *Why Did They Do It?* German automaker Volkswagen AG and Japan's Suzuki form an alliance to help bear the costs of massive investments in new technologies and to better position themselves in emerging markets. But is this alliance doomed from the beginning?
- *How Local Should Coke Be?* Coca-Cola has decided to break its European division into several smaller country groupings. But will this reorganization help or hurt its global marketing strategy?
- *Fighting AIDS in Asia.* A former global product manager in packaged foods has turned social marketer and must prioritize markets and programs to help alleviate the spread of AIDS in Asia. Can her skills in global marketing be put to use in this new context? And what can she learn from a major donor that entered the market and then quickly exited the market?
- *Diaspora Marketing.* World migration has doubled in the past 35 years. How can marketers from both host and home countries help meet the needs of the new diaspora markets?
- *Making Products Ethical.* What can global firms do to make their products more socially acceptable? What are the costs and benefits of doing so?

Country Market Report. Included at the end of the book is a *Country Market Report* guide. This guide assists students in assessing whether a firm should enter a foreign market. For example, should Marriott hotels enter Uzbekistan? Should Yoshinoya, a Japanese casual dining chain, enter Brazil? The first half of the *Country Market Report* guide assists students in assessing the economic, cultural, political and regulatory environment of their target country and helps them determine how this environment will impact their company's specific business model. Students are then directed to evaluate current and potential competitors, both local and global. Advice is offered on identifying viable modes of entry and choosing the most appropriate one. The guide then walks students through subsequent marketing mix questions such as what adaptations would a U.S.-based dating service have to make if it were to enter the French market. What pricing, promotion and distribution strategies should it employ?

Content and Organization of the Book

Chapter 1 presents an introduction to global marketing. In this chapter we describe the development of global marketing and the importance of global marketing to both firms and the managers of the future. We explore the need for a global mindset and set forth the structure of the book.

Part 1 is entitled "Understanding the Global Marketing Environment." In this early section we investigate the key ways that the macro environment can affect global marketers. Although the concepts may be macro, we constantly show how they apply to a variety of firms trying to succeed in a vibrant international marketplace. In Chapter 2, "The Global Economy," we present the student with basic theories of trade, explain how exchange rates work and affect marketing decisions, and explore issues of protectionism and trade restrictions as well as economic integration and the challenges of outsourcing. In Chapter 3, "Cultural and Social Forces," we explore the impact on marketing of factors such as religion, family structure, education and attitudes toward time. We describe the Hofstede measures of culture and present ratings for nearly 70 countries—ratings that can be used time and again when analyzing cultural underpinnings of marketing dilemmas later in the book. The chapter continues with a discussion of issues relating to language and communication such as the difference between high- and low-context cultures and the social acceptability (or not) of showing emotion. We explain the dangers of both common and sophisticated stereotyping and conclude with insights into overcoming language barriers and dealing with culture shock. In Chapter 4, "Political and Regulatory Climate," we begin by asking the question, "What do governments want?" We then explore the varied ways that both host and home countries can impact global marketers. We describe how legal systems and attitudes toward rules vary around the world. We continue by explaining the difference to the global marketer between the task of forecasting and managing regulatory change and the task of managing political risk, and we offer concrete ideas on how to do both. The chapter concludes with a discussion of how terrorism can affect global marketing.

Part 2 concentrates on "Analyzing Global Opportunities." Beginning with Chapter 5, "Global Markets," we introduce students to segmentation in international markets and discuss cross-cultural aspects of consumer, business and government markets, including a discussion of bribery and international contracts. Chapter 6, "Global Competitors," introduces students to both issues of

global firm versus global firm as well as global firm versus local firm. In particular, we present ways in which one global firm can successfully engage another as well as ways in which a local firm can respond to an encroaching global firm—including going global itself. We then explore cultural attitudes toward competition that can help explain why government regulation of corporate behavior varies around the world and why firms from different countries can be expected to behave differently. We describe how the actions of home countries can affect the global competitiveness of their firms. In addition to discussing firms from the developed world, we devote a separate section to better understanding firms from the emerging markets of the developing world. We conclude by examining the country-of-origin advantage (or sometimes disadvantage) that affects global competition, and we discuss the increasingly visible phenomenon of consumer animosity toward firms from particular countries. In Chapter 7, “Global Marketing Research,” we present issues of research design and organization in a global setting and discuss the collection of secondary and primary data across cultures.

Part 3, “Developing Global Participation Strategies,” examines the key decisions of determining where and how to compete and how to enter foreign markets. In Chapter 8, “Global Market Participation,” we look at traditional patterns of how firms internationalize as well as the more recent phenomenon of born-global firms that enter foreign markets from their inception. We identify the pros and cons of geographic market choices such as targeting developed versus developing economies and explore the concepts of standalone attractive markets and strategically important markets. We then provide a format for country selection. We also discuss when to exit a market and when to re-enter one. In Chapter 9, “Global Market Entry Strategies,” we cover the varied options of how to enter a foreign market, including production and ownership decisions, as well as e-business entry options.

Part 4, “Designing Global Marketing Programs,” covers the global management of the marketing mix and the cross-cultural challenges involved in decisions concerning products, pricing, distribution and promotion. Chapter 10, “Global Product Strategies,” explores necessary and desirable product (including packaging and warranty) adaptations for international markets, and it explains the importance of managing a global product line. We examine a key paradigm—designing a product with multiple national markets in mind. We also explore the decision to design (rather than adapt) a product for an important foreign market. We identify different sources for new products, whether developed in-house or outsourced, and conclude with an examination of global rollouts for new products. In Chapter 11, “Global Strategies for Services, Brands and Social Marketing,” we present the particular cross-cultural challenges of services marketing and discuss branding decisions, including issues of brand protection. The chapter concludes with a discussion of the possibilities and challenges of applying global marketing concepts to social marketing internationally. In Chapter 12, “Pricing for International and Global Markets,” we examine how cost and market factors as well as environmental factors such as exchange rate movements and inflation can affect pricing in international markets. We then explore managerial issues such as determining transfer prices, quoting prices in foreign currencies, dealing with parallel imports and deciding when and how to participate in countertrade arrangements.

Part 4 continues with Chapter 13, “Managing Global Distribution Channels.” This chapter reviews global channels and logistics and introduces the potential differences that exist among

local channels, with special emphasis on accessing and managing these channels. Recent trends are examined, including the globalization of retail chains and the growth of direct marketing worldwide, as well as the peculiar challenges of smuggling and the increasing presence of transnational organized crime in the global movement of consumer goods. Chapter 14, “Global Promotion Strategies,” begins by exploring global selling and cross-cultural differences in local selling and sales force management. It continues with a discussion of international sports sponsorship and public relations, as well as cross-cultural differences in sales promotions, product placement and managing word of mouth. Part 4 concludes with Chapter 15, “Managing Global Advertising,” which explores issues of global versus local advertising as well as global media strategies and agency selection.

Chapter 16, “Organizing for Global Marketing,” in Part 5, identifies the elements that will determine the most appropriate organization for a firm’s global marketing and outlines the characteristics of various organizational options. The chapter also examines issues of control and discusses the particular problem of conflict between headquarters and national subsidiaries. We conclude with a discussion of global marketing as a career.

Pedagogical Advantages

Our book has incorporated several features to help students learn about global marketing:

- **Chapter-Opening Stories.** Each chapter begins with a short recap of a marketing experience that illustrates key issues from the chapter that follows. This helps students grasp immediately the real-life relevance and importance of issues presented in the chapter.
- **Chapter Outlines and Learning Objectives.** At the beginning of each chapter we present both a chapter outline and a list of clear learning objectives to help focus students on the understanding they can expect to take away from the chapter.
- **“World Beat” Boxed Inserts.** Numerous and timely examples of market challenges from around the world help students further explore international issues.
- **Managerial Takeaways.** Each chapter concludes with a list of key managerial takeaways—advice that students can take to the workplace.
- **Discussion Questions.** We provide discussion questions at the end of each chapter that challenge a student’s creativity to stretch beyond the chapter.
- **Short but Evocative End-of-Chapter Cases.** We believe cases can be short but conceptually dense. We have included two or three such cases at the end of each chapter. These cases were written or chosen to work with the chapter content. The end-of-case questions often refer specifically to chapter content in order to test a student’s ability to apply the chapter to the case.
- **Country Market Report.** This exercise presents students with an opportunity to apply concepts from the chapters in the book as well as introduces them to Internet sites that are useful to global marketers.
- **Glossary.** The textbook includes a glossary of terms relating to global marketing and its environment.

Complete Teaching Package

A variety of ancillary materials are designed to assist the instructor in the classroom.

- **Online Instructor's Resource Manual.** An instructor's manual provides ideas pertaining to discussion questions and teaching notes for end-of-chapter cases. Suggestions for assigning the Country Market Report are also provided.
- **Test Bank.** The test bank has been completely updated. We provide more than 1,500 questions in the test bank. Approximately 450 are application-oriented questions. The test bank includes true/false, multiple-choice, fill-in-the-blank and essay questions, complete with answers and text-page references. In addition, there are mini-cases with questions. These mini-cases can be used to test a student's ability to apply knowledge to new situations and to think across chapters.
- **Power Points.** Downloadable Power Points for each chapter are also available.

Acknowledgments

We very much appreciate the contributions of cases studies from Anna Andriasova, William Carner, Michael Magers, Liesl Riddle and K.B. Saji. In addition, we are grateful to Harry Briggs of M.E. Sharpe for his insights and guidance and to Sharon Golan and Jabari LeGendre at Routledge for their kind assistance in bringing this fourth edition to fruition.

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