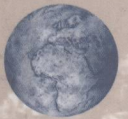


JOHNY K. JOHANSSON



global MARKETING

THIRD EDITION

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L O C A L M A R K E T I N G ,

& G L O B A L M A N A G E M E N T

G L O B A L

M A R K E T I N G

THIRD EDITION

Foreign Entry,
Local Marketing,
& Global Management

JOHNY K. JOHANSSON

Georgetown University



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To my parents,
Ruth and Nils Johansson

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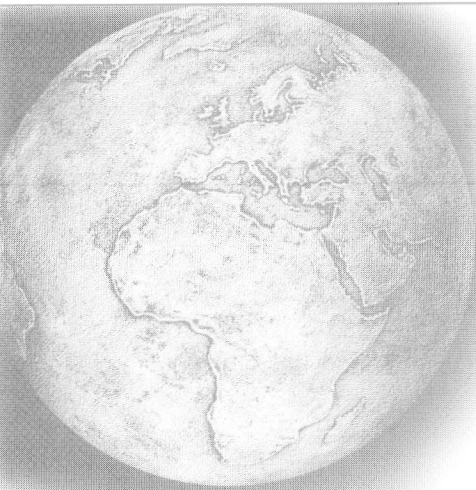
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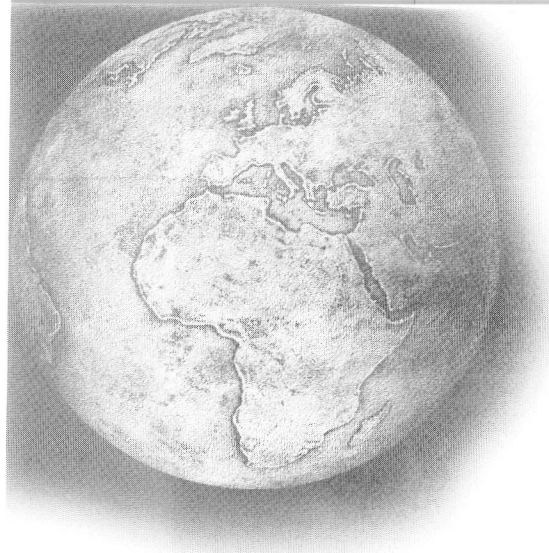
ABOUT THE AUTHOR



Johnny K. Johansson was named the McCrane/Shaker Chairholder in International Business and Marketing in the McDonough School of Business at Georgetown University in 1989. An expert in the areas of international marketing strategy and consumer decision making, especially as applied to Japanese and European companies and markets, Johansson has published over 70 academic articles and chapters in books. He is the author (with Ikujiro Nonaka) of *Relentless: The Japanese Way of Marketing*, HarperBusiness, 1996. He has conducted numerous executive seminars in many countries, including Japan, Germany, Sweden, Hong Kong, Thailand, and India. He has also been a consultant to companies in many countries, including Standard Oil of Indiana, General Electric, General Telephone and Electronics and Xerox in the United States, Ford Werke AG in Germany, and Honda, Mazda, and Fuji Film in Japan.

Before joining Georgetown's faculty, Professor Johansson held faculty positions at the University of Washington and the University of Illinois. He also has held many visiting appointments in several countries. He was the first Isetan Distinguished Visiting Professor at Keio Business School (Japan) and the first Ford Distinguished Visiting Professor at University of Cologne in Germany. He also has been a visiting professor at New York University, Dalhousie University (Canada), Stockholm School of Economics, the Catholic University of Leuven (Belgium), the National Defense Academy (Japan), and the International University of Japan. In 1988 he was a Phelps scholar at the University of Michigan.

Professor Johansson earned Ph.D. and M.B.A. degrees from the University of California, Berkeley, and his undergraduate degree (Civilekonom) from the Stockholm School of Economics. A Swedish citizen, he lives in Georgetown, Washington, DC, with his wife, Tamiko, and their two daughters, Anna and Sonja.



Global marketing is one of the most exciting fields of business—today perhaps even too exciting. Global marketers and their global brands are really the bull’s-eye target for antiglobalization activists, and multinational capitalism is a red flag in the fabric of the societies attacked by international terrorists. While many people and many companies around the globe still believe in the basic soundness of globalization and free trade, there are clearly countries, companies, and people who have been short-changed by the globalization process and who, not surprisingly, demand redress. While terrorism cannot—and, fortunately, is not—condoned by anybody sane, the antiglobalization activists are raising issues that the global marketer needs to pay attention to.

But there are other challenges as well. Global marketing is very demanding professionally. This goes for managing it or learning about it, and also for teaching it. It requires not only a good grasp of marketing principles and an understanding of the global environment, but also how the two interact—that is, how the environment impacts the applicability of the marketing principles. Good marketing might be good marketing everywhere—but this does not mean it is necessarily the same.

The challenge when writing a text in global marketing is how to avoid being overwhelmed by all the curious and amazing differences in the marketing environment in foreign countries. These differences make things fun and enjoyable—but also frustrating, since after a while it is difficult to see if any progress has been made. It is hard to see the forest for the trees. The key is to focus on the marketing decisions that have to be made—and then deal with those environmental factors which directly impact those decisions. This is the approach taken in this text. It discusses the complexities of global marketing and clarifies the managerial roles involved, without getting bogged down by the many environmental issues which are only marginally relevant.

KEY FEATURES

When compared to other texts on the subject, *Global Marketing* has three main distinguishing features:

1. There are no introductory chapters on “the international environment” of politics, finance, legal issues, and economic regions. With the exception of culture, the book covers the environmental variables on an “as needed” basis, in the various chapters.
2. As opposed to the traditional view of one “marketing manager,” the typical global marketing manager’s job consists of three separate tasks: foreign entry, local marketing, and global management. Each requires different skills, as we will see. Our metaphor is that the marketer wears “three hats,” sometimes successively. In foreign entry, in global management, and to a large extent even as a local marketer in a foreign country, the global marketer needs skills that the home market experience—or the standard marketing text—have rarely taught. The recognition of the three roles helps dispel the notion that “there is no such

thing as international or global marketing, only marketing.” This sentiment has some truth to it, but mainly in the local marketing portion of the job.

3. The material is based on a foundation of the theory of the multinational firm—for the most practical of reasons, because the theory helps the marketing manager understand what drives the company expansion abroad and how and when to adapt the various marketing functions involved to local conditions.

At the same time much of the excellent research and “tried and true” teaching material that global marketers in business and academe have contributed over the years is reflected in the chapters and in the several cases which can be found at the end of each major section. My intent has been to retain and update much of the teaching and instructional material that has made global marketing such an exciting class in many business schools—and made for the start of an exciting managerial career—and to fit the material into a structure which reflects the global marketing management tasks. I have focused on material which is timely and up-to-date, and relevant to the global context.

TARGET AUDIENCE AND POSSIBLE COURSES

Global Marketing is aimed at the executive, the MBA student, or senior undergraduate, none of whom is completely new to marketing or to the global environment. I have in mind a reader who is familiar with the basic marketing principles, and who has had some exposure to the international environment and the thrust toward a global economy. I have avoided unnecessarily complicated jargon—the global marketing job is inherently complex, and any opportunity to “keep it simple” has been capitalized on.

The three-way partition of the book makes it possible to construct several alternative course outlines from the book.

- A complete course on “Global Marketing,” possibly using additional cases, is the “full-course” treatment.
- A shorter “Global Marketing Management” course, perhaps for executives, could go straight from the fundamentals in the first three chapters to Part Four, “Global Management,” starting with Chapter 11. This is one approach I have used at Georgetown.
- An “International Marketing” course could focus on local marketing and global management, Parts Three and Four.
- An “Export Marketing” course could select the foreign entry chapters from Part Two, and then do the local marketing chapters in Part Three plus the pricing and distribution chapters in Part Four, “Global Management.”
- At Georgetown I have also used the text in a second-year MBA class titled “Foreign Market Development,” for which I assign Parts Two and Three on foreign entry and local marketing, and then only the first two chapters of Part Four, “Global Management.”

NEW TO THE THIRD EDITION

The third edition keeps the original structure (Foreign Entry, Local Marketing, Global Management) which has proved successful and popular among users. But based upon user and reviewer feedback, several changes have been introduced in order to make the text more relevant, useful, and up-to-date.

There are four major changes:

1. There are now separate chapters on “Global Products” (Chapter 11) and “Global Services” (Chapter 12). This has made it possible to add material on new product development and on services marketing abroad.

2. The first chapter deals directly with the antiglobalization trend and discusses its impact on global marketing. The events of this sort of the last two or three years, including the September 11, 2001, terrorist attacks, are discussed throughout the text where appropriate.
3. The material on the Internet has been updated and moved from the last chapter and is now introduced at various places throughout the text such as in Chapter 16 on e-commerce. This has made it possible to reduce the number of chapters to 17.
4. An Appendix on “Global Marketing Planning” has been added at the end of the book.

There are also a few changes in the sequencing of materials based on user feedback:

1. Macrosegmentation including country clustering has been moved to Chapter 4. This chapter now focuses on researching country attractiveness.
2. Market segmentation and positioning are now placed directly with buyer behavior in Chapter 7, before the three chapters on different local markets. This helps prepare the reader for the analysis of the different local markets.
3. Negotiations are now placed in Chapter 3 on culture, which also has been thoroughly updated with new sources.
4. All chapters and cases have been updated with new information and recent examples. The popular vignettes and boxed inserts have also been updated, many new ones have been added, and some deleted.
5. A number of new PowerPoint slides have been added to the supplements.

Even with these changes, most of what was unique about the previous editions of the text has been retained, and the reader will find the Table of Contents quite similar to before.

SUPPLEMENTS

Teaching a global marketing course requires more supplementary material than usual because of the amount of information about foreign countries which has to be provided. No one can master it all. I am pleased to say that the editorial staff at Irwin-McGraw Hill has helped me put together what I think is a very strong resource package.

The supplements are especially designed by marketing professors, colleagues of mine, to help teachers of this course be more effective. We have taken care to offer the best supplements we could make available.

INSTRUCTOR'S CD-ROM This supplement contains our Instructor's Manual that is designed to assist instructors in meeting the varied curricular and pedagogical challenges inherent in teaching an International or Global Marketing course. The manual is particularly sensitive to the needs of various kinds of global marketing classroom situations and includes syllabus construction, pacing of topic coverage and other teaching suggestions, lecture outlines, discussion of end of chapter questions and supplemental readings based on the varying perspectives and needs of the instructor. Included in this supplement are discussions of the PowerPoint slides and readings.

The Computerized Test Bank written by Ronald L. Weir of East Tennessee State University, also on the Instructor's CD-ROM, consists of more than 1,400 questions designed to thoroughly test the comprehension of basic terminology and concepts as well as the student's ability to apply those concepts. The material in each of the text's 17 chapters is tested by a battery of 60 multiple-choice, 10 short-answer, and 10 essay questions.

Also included on our CD-ROM is a comprehensive set of PowerPoint slides created by Andrew Yap, many new to this edition including both in-text and out-of-text graphics.

ACKNOWLEDGEMENTS

As in the previous editions, I have tried to make the text as fun and interesting to read as possible! You will of course judge for yourself whether I have succeeded. Many people have helped.

The third of the previous editions has built upon the contributions and inspiration of many people. The environment at Georgetown's School of Business is still ideal, with its emphasis on "international" as a school theme, the support of the Dean, and the resources made available through the McCrane/Shaker chair, including a reduced teaching load and secretarial assistance. My biggest debt of gratitude is to Paul Kolesa, a PhD candidate in international business, who was a nearly full-time assistant for the last few months of the third-edition revision, contributing a number of the boxed vignettes of real-world examples of global marketing and updating the cases. Then there are friends and colleagues Michael Czinkota, Ilkka Ronkainen, Paul Almeida, Stan Nollen, Rob Grant, Kasra Ferdows, Tom Brewer, Dennis Quinn, and others in marketing and international business, who always provide a stimulating environment for the work. Cipriano De Leon was a very able research assistant.

The third edition owes much to conferences and colleagues at other academic institutions as well. Two conferences in particular stand out. The June 2001 network conference at the Stockholm School of Economics, with Lars-Gunnar Mattsson, Hakan Hakansson, Jan Johanson, and their European colleagues in the IMP group, was very beneficial to my thinking. I also benefited greatly from the conference on current research in international marketing organized by Subhash Jain and his colleagues at the University of Connecticut in October 2001.

Among international scholars, Hans Thorelli at Indiana, Nick Papadopoulos at Carleton, Tamer Cavusgil at Michigan State, Gary Knight at Florida State, David Tse at City University of Hongkong, Bruce Kogut at Wharton, and Masaaki Kotabe and Preet Aulakh at Temple have had a strong impact on my thinking. So have Jean-Claude Usunier at Universite Louis Pasteur in Strasbourg, Christian Homburg at Mannheim University, Masaaki Hirano at Waseda, Saeed Samie at Tulsa, Tomas Hult at Michigan State, Jens Laage-Hellman at Chalmers in Gothenburg, Mosad Zineldin at Vaxjo University, Israel Nebenzahl at Bar-Ilan University, Bernard Simonin, now at the University of Illinois, and Carlos Garcia-Pont at IESE, Barcelona.

When it comes to global strategy, I have been greatly influenced by George Yip, now at London Business School, and Ikujiro Nonaka at Hitotsubashi University, both good friends and co-authors; Nick Binedell in Johannesburg; and Tadao Kagono at Kobe University. In global branding, the conference held at Georgetown in May 2001 helped my thinking a great deal. Special thanks go to the practitioners who presented their companies' branding philosophy, especially Hikoh Okuda and Gary Podorowsky of Sony, Dan Bonawitz of Honda, and Allen Adamson at Landor. I also learned much from Rajeev Batra at Michigan, Erich Joachimsthaler, now of Brandleadership Inc, and Kevin Keller at Tuck. I have benefited from discussions with Sandra Milberg and Ronnie Goodstein at Georgetown, Susan Douglas at New York University, Chris Macrae of the World Class Branding Network in London, Hiroshi Tanaka at Hosei University in Tokyo, Shigeo Kobayashi of Honda's Future Research group, and Lia Nikopoulos of Landor Associates.

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Iida and Takanori Sonoda at Honda, Masumi Natsusaka at Kao-Beiersdorf in Tokyo, Masaaki Eguchi at Kao, Per Surtevall at SIFO, Stockholm, Hermawan Kartajaya of MarkPlus in Jakarta, Ulf Södergren and Lars-Göran Johansson at Electrolux, Casey Shimamoto of ExecNet, Tokyo, and Jan Segerfeldt of Segerfeldt & Partners in Stockholm. Several of my present and former students provided valuable input of one kind or another, especially Paul Lewis and Mitchell Murata at Georgetown.

I am especially grateful to the many people who have given me constructive feedback on the previous editions of the book. In particular I want to thank Martin Cody of AIM International, Larry Cunningham at the University of Colorado in Denver, Anthony Lowe at the University of South Australia, Masoud Kavoossi at Howard, Philip Rosson at Dalhousie, and Gary Bamossy at Vrije Universiteit in Amsterdam. Nikolai Ostapenko at the University of Maryland was particularly helpful with the Russian material.

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Finally, I want to acknowledge the debt to my family. Tamiko, my Japanese wife, and Anna and Sonja, our two daughters with U.S. passports, faced firsthand the daily challenges of living in a multicultural and globalized city targeted by terrorists in 2001.

To all these people I say thank you. I think all of us hope that the new millennium will deliver on the glowing promises of globalization despite a less than fortunate beginning.

Washington, D.C., March 2002
Johny K. Johansson



C O N T E N T S

P A R T O N E

Fundamentals 1

1 The Global Marketing Job 2

- Going Global 4
- A Historical Perspective 5
 - The Multinational Phase* 5
 - The Global Phase* 6
 - The Antiglobalization Phase* 7
- Key Concepts 9
 - Global Marketing* 9
 - International Marketing* 10
 - “Foreign” Marketing* 10
 - Multidomestic Markets* 10
 - Global and Regional Markets* 12
 - Global Products* 12
 - Global Brands* 14
 - Leading Markets* 15
 - The Product Life Cycle* 15
- Drivers toward Globalization 16
 - Market Drivers* 16
 - Competitive Drivers* 17
 - Cost Drivers* 18
 - Technology Drivers* 19
 - Government Drivers* 20
- Localized Global Marketing 20
 - The Limits to Global Marketing* 20
 - Global Localization* 21
- Developing Knowledge Assets 22
 - New Products* 22
 - Advertising* 23
 - Distribution* 23
 - Skill Benefits* 24

- Global Marketing Objectives 24
- Three Hats 25
 - The Foreign Entry Role* 25
 - The Local Marketing Role* 25
 - The Global Management Role* 26
- A Guide to the Chapters 27
- Summary 28

2 Theoretical Foundations 32

- Introduction 34
- Country-Specific Advantages (CSAs) 35
 - Comparative and Absolute Advantages* 35
 - The International Product Cycle (IPC)* 36
 - National Competitive Advantages* 38
 - The New Trade Theory* 40
 - Country-of-Origin Effects* 41
- Firm-Specific Advantages (FSAs) 42
 - Knowledge-Based FSAs* 42
 - Marketing FSAs* 43
 - Transferability of FSAs* 45
 - FSAs and Internalization* 47
 - FSAs and Transaction Costs* 48
 - FSAs in the Value Chain* 50
- Extending Porter’s “Five Forces” Model 52
 - Rivalry* 52
 - New Entrants* 53
 - Substitutes* 54
 - Buyer Power* 55
 - Supplier Power* 56
- Rivalry between Global Competitors 56
 - Competitive Strength* 56

<i>Competitive Repertoire</i>	57
<i>Global Rivalry</i>	57
<i>Hypercompetition</i>	59
Strategy and the Three Hats	60
Summary	61

3 Cultural Foundations 64

Introduction	66
The Meaning of Culture	68
Culture across Countries	68
<i>High versus Low Context Cultures</i>	68
<i>"Silent Languages"</i>	69
<i>Avoid Self-Referencing</i>	70
<i>Hofstede's Cultural Dimensions</i>	70
<i>Gannon's Metaphors</i>	73
Culture and "How to Do Business"	74
<i>Culture and Managerial Skills</i>	76
<i>Managerial Styles</i>	77
<i>Managing Subordinates</i>	77
Culture and Negotiations	79
<i>Know Whom You Are Dealing With</i>	80
<i>Know What They Hear</i>	80
<i>Know When to Say What</i>	81
The Limits to Cultural Sensitivity	82
<i>Nonadaptation</i>	82
<i>Keeping One's Center</i>	84
Culture and Industrial Buyers	84
<i>The Business Marketing Task</i>	84
<i>Cultural Conditioning</i>	85
<i>Organization Culture</i>	85
<i>Relationship Marketing</i>	86
<i>Culture and Networks</i>	89
Culture and the Three Hats	89
<i>Foreign Entry</i>	89
<i>Local Marketing</i>	90
<i>Global Management</i>	91
Summary	92

CASE 1.1: IKEA's Global Strategy:
Furnishing the World 95

CASE 1.2: Globalization Headaches at
Whirlpool 101

PART TWO

Foreign Entry 109

4 Foreign Entry Research 110

Introduction	112
Political Risk Research	113
Environmental Research	114
<i>Physical Environment</i>	116
<i>Sociocultural Environment</i>	117
<i>Economic Environment</i>	117
<i>Regulatory Environment</i>	117
Macrosegmentation	118
<i>Clustering Countries</i>	118
Researching Competitors	122
<i>Strengths and Weaknesses</i>	122
<i>Competitive Signaling</i>	123
Entry Evaluation Procedure	124
<i>Stage 1—Country Identification</i>	124
<i>Stage 2—Preliminary Screening</i>	125
<i>Stage 3—In-Depth Screening</i>	126
<i>Stage 4—Final Selection</i>	126
<i>Personal Experience</i>	128
Country Data Sources	128
Forecasting Country Sales	132
<i>A Basic Equation</i>	133
<i>Stage of the Product Life Cycle</i>	133
Industry Sales	134
<i>The Build-Up Method</i>	134
<i>Forecasting by Analogy</i>	134
<i>An Illustration: TV Penetration</i>	134
<i>Judgmental Forecasts</i>	136
<i>Time Series Extrapolation</i>	137
<i>Regression-Based Forecasts</i>	137
Forecasting Market Share	138
<i>Predicting Competition</i>	138
<i>Identifying Competitors</i>	139
<i>Domestic Competitors</i>	140
<i>Foreign Competitors</i>	140
Summary	141

5 Export Expansion 144

Introduction	146
--------------	-----

Four Modes of Entry	146
<i>Exporting</i>	147
<i>Licensing</i>	147
<i>Strategic Alliances (SAs)</i>	147
<i>Wholly Owned Manufacturing Subsidiary</i>	148
Entry Modes and Marketing Control	148
The Exporting Option	150
<i>Indirect Exporting</i>	150
<i>Direct Exporting</i>	151
<i>The Exporting Job</i>	152
<i>Product Shipment</i>	152
<i>Export Pricing</i>	154
<i>Local Distribution</i>	157
<i>Payment</i>	160
<i>Legal Issues</i>	162
<i>After-Sales Support</i>	163
Cultural Distance and Learning	164
<i>The “Cultural Distance” Effect</i>	165
<i>The International Learning Curve</i>	165
Internationalization Paths	166
<i>The Internationalization Sequence</i>	167
<i>Born Globals</i>	168
Export Expansion Strategy	168
<i>Waterfall versus Sprinkler Strategies</i>	169
<i>A Comparison of Two Industries</i>	171
<i>Diversification versus Focus Strategy</i>	171
<i>Importers as Trade Initiators</i>	172
Summary	173

6 Licensing, Strategic Alliances, FDI 176

Introduction	178
The Impact of Entry Barriers	179
<i>Entry Barriers Defined</i>	179
<i>The Cost of Barriers</i>	181
<i>The Importer’s View</i>	181
<i>Tariff and Nontariff Barriers</i>	181
Government Regulations	182
Distribution Access	183
Natural Barriers	184
<i>Advanced versus Developing Nations</i>	184
Exit Barriers	185
<i>Effect on Entry Mode</i>	185
Licensing	186

<i>Franchising</i>	188
<i>Original Equipment Manufacturing (OEM)</i>	188
Strategic Alliances	189
<i>The Rationale for Nonequity SAs</i>	189
Distribution Alliances	190
Manufacturing Alliances	191
R&D Alliances	191
Joint Ventures	192
Manufacturing Subsidiaries	193
Financial Analysis	194
Acquisitions	195
Optimal Entry Strategy	195
<i>The Entry Mode Matrix</i>	195
Optimal Modes	196
Real-World Cases	198
Summary	201
CASE 2.1: Daloon A/S: Internationalizing a Small Business	204
CASE 2.2: Toys “R” Us Goes to Japan	212
CASE 2.3: The Internationalization of the Illycaffè Company	217

PART THREE

Local Marketing 223

7 Local Buyer Behavior, Segmentation, and Positioning 224

Introduction	226
Local Culture and Buyer Behavior	227
Marketing and Materialism	228
<i>The Meaning of a Product</i>	229
<i>A Universal Trait in Local Form</i>	230
Buyer Decision Making	230
Problem Recognition	232
Search	233
Evaluation of Alternatives	234

<i>Choice</i>	235
<i>Outcomes</i>	236
<i>A “No-Nationality” Global Consumer?</i>	237
<i>Local Buyer Research</i>	238
<i>Problem Definition</i>	238
<i>Qualitative Research</i>	238
<i>Consumer Surveys</i>	240
<i>Trade Surveys</i>	241
<i>Observational Studies</i>	242
<i>Causal Research</i>	243
<i>Measurement and Scaling</i>	243
<i>Questionnaire Construction</i>	244
<i>Sampling</i>	244
<i>Fieldwork</i>	245
<i>Local Microsegmentation</i>	246
<i>Segmentation Criteria</i>	246
<i>Local Product Positioning</i>	248
<i>The Product Space</i>	248
<i>Strategic Implications</i>	249
<i>Overcoming Mispositioning</i>	250
<i>Changing the Product Space</i>	250
<i>Changing Preferences</i>	252
<i>Targeting Strategies</i>	253
<i>Summary</i>	254

8 Local Marketing in Mature Markets 258

<i>Introduction</i>	260
<i>Three Local Marketing Environments</i>	260
<i>Marketing Environment</i>	260
<i>Marketing Tasks</i>	261
<i>Local Marketing in Mature Markets</i>	262
<i>Market Segmentation</i>	262
<i>Product Positioning</i>	263
<i>Marketing Tactics</i>	263
<i>Competition</i>	265
<i>Close-Up: Pan-European Marketing</i>	267
<i>Background</i>	267
<i>Competition</i>	268
<i>Market Segmentation</i>	269
<i>Product Positioning</i>	270
<i>Marketing Tactics</i>	271
<i>The Future</i>	275
<i>Close-Up: Marketing in Japan</i>	276
<i>Background</i>	276

<i>Foreign Trade Agreements</i>	277
<i>Competition</i>	277
<i>Market Segmentation</i>	278
<i>Product Positioning</i>	279
<i>Marketing Tactics</i>	279
<i>Close-Up: Marketing in Australia and New Zealand</i>	282
<i>Regional Trade Agreements</i>	282
<i>Competition</i>	283
<i>Market Segmentation</i>	283
<i>Product Positioning</i>	284
<i>Marketing Tactics</i>	284
<i>Close-Up: Marketing in North America</i>	285
<i>Regional Trade Agreements</i>	285
<i>Background</i>	286
<i>Competition</i>	288
<i>Market Segmentation</i>	288
<i>Product Positioning</i>	288
<i>Marketing Tactics</i>	288
<i>Summary</i>	290

9 Local Marketing in New Growth Markets 294

<i>Introduction</i>	296
<i>Two Kinds of Markets</i>	296
<i>The Role of Trade Blocs</i>	297
<i>Market Segmentation</i>	298
<i>Product Positioning</i>	298
<i>Marketing Tactics</i>	300
<i>Close-Up: Marketing in Latin America</i>	300
<i>Market Environment</i>	301
<i>Regional Trade Agreements</i>	302
<i>Market Segmentation</i>	302
<i>Product Positioning</i>	303
<i>Marketing Tactics</i>	303
<i>Major Country Markets</i>	307
<i>Pan-Regional Marketing</i>	309
<i>Close-Up: Marketing in the New Asian Growth Markets</i>	312
<i>Market Environment</i>	312
<i>Regional Trade Agreements</i>	314
<i>Market Segmentation</i>	314
<i>Product Positioning</i>	315
<i>Marketing Tactics</i>	315
<i>Major Country Markets</i>	318

Pan-Regional Marketing 320
 Summary 321

10 Local Marketing in Emerging Markets 324

Introduction 326
 Local Marketing in Developing Countries 326
Market Segmentation 327
Product Positioning 327
Pricing 328
Distribution 329
Promotion 330
 Close-Up: Marketing in Russia and Central Europe 330
International Support 331
Political and Legal Factors 331
Market Segmentation 332
Product Positioning 334
Marketing Tactics 335
Russia at the Crossroads 340
 Close-Up: Marketing in China 341
China's Market Potential 341
Entry Barriers 342
Special Economic Zones 344
Hong Kong's Role 344
Market Segmentation 345
Product Positioning 346
Marketing Tactics 346
Continuous Change 348
 Close-Up: Marketing in India 349
Market Potential 349
The Socialist Era 349
Free Markets 350
Market Segmentation 351
Product Positioning 352
Marketing Tactics 353
 Summary 354

CASE 3.1: P&G's Pert Plus: A Pan-European Brand? 358

CASE 3.2: Levi Strauss Japan K.K.: Selling Jeans in Japan 364

CASE 3.3: Colgate-Palmolive: Cleopatra in Quebec? 373

PART FOUR

Global Management 385

11 Global Products 386

Introduction 388
 The Pros and Cons of Standardization 389
The Advantages of Standardization 389
The Drawbacks of Standardization 390
 Which Features to Standardize? 391
 Localization versus Adaptation 392
Basic Requirements 392
Compatibility Requirements 392
Multisystem Compatibility 393
 Pitfalls of Global Standardization 393
Insufficient Market Research 393
Overstandardization 394
Poor Follow-Up 394
Narrow Vision 394
Rigid Implementation 394
 Global Product Lines 395
 Developing New Global Products 396
Idea Generation 397
Preliminary Screening 398
Concept Research 399
Sales Forecast 401
Test Marketing 401
 Globalizing Successful New Products 402
New Product Success Factors 402
Speed of Diffusion 403
 Global Brand Management 403
Brand Equity 404
Global Brands 405
The Brand Portfolio 407
Brand Globalization Potential 408
Implementation 410
Changeover Tactics 410
 Defending Local Products 411
 Counterfeit Products 411
Extent of Problem 411
Actions against Counterfeits 413
 Summary 414

12 Global Services 418

Introduction 420

Services versus Products	422
<i>Characteristics of Services</i>	422
<i>A Product Equivalence</i>	423
Foreign Entry of Services	425
<i>Foreign Trade in Services</i>	426
<i>Service Entry Modes</i>	427
<i>Entry and Exit Barriers</i>	430
Local Marketing of Global Services	431
Controlling Local Service Quality	434
<i>Critical Incidents in Global Services</i>	435
<i>Culture and Service Quality</i>	436
Service Globalization Potential	438
<i>Stage of the Life Cycle</i>	438
<i>Infrastructure Barriers</i>	439
<i>Idiosyncratic Home Market</i>	440
Close-Up: Two Globalized Services	440
<i>Fast-Food Franchising</i>	441
<i>Professional Services</i>	443
Summary	444

13 Global Pricing 448

Introduction	450
A Global Pricing Framework	450
Pricing Basics	452
<i>The Role of Costs</i>	452
<i>Experience Curve Pricing</i>	453
<i>Competition</i>	453
<i>Demand</i>	454
Financial Issues	454
<i>Exchange Rates</i>	454
<i>Hedging</i>	457
<i>Government Intervention</i>	457
Transfer Pricing	458
<i>Definition</i>	458
<i>Arm's-Length Price</i>	458
<i>Shifting Resources</i>	459
Countertrade	460
<i>Business Evaluation</i>	462
System Pricing	462
Price and Positioning	463
<i>Price-Quality Relationships</i>	464
<i>The PLC Impact</i>	465
Global Coordination	466
<i>Pricing Actions against Gray Trade</i>	466
Global Pricing Policies	471

<i>Polycentric Pricing</i>	471
<i>Geocentric Pricing</i>	471
<i>Ethnocentric Pricing</i>	471
<i>Managerial Trade-Offs</i>	473
Summary	473

14 Global Distribution 476

Introduction	478
Rationalizing Local Channels	478
<i>Changing Distributors</i>	478
<i>Dual Distribution</i>	479
Wholesaling	480
<i>Vertical Integration</i>	480
<i>Types of Wholesalers</i>	482
Retailing	483
<i>Retailing and Lifestyles</i>	484
<i>Creating New Channels</i>	485
<i>Global Retailing</i>	485
Global Logistics	489
<i>Competition and Technology</i>	489
<i>Air Express</i>	490
<i>Ocean Carriers</i>	490
<i>Overland Transportation</i>	492
<i>Warehousing</i>	492
Parallel Distribution	493
<i>Gray Trade</i>	493
<i>Effects of Gray Trade</i>	496
<i>Channel Actions against Gray Trade</i>	497
<i>Multiple Distribution Channels</i>	498
Global Channel Design	500
<i>The FSAs Revisited</i>	500
<i>Availability of Channels</i>	501
<i>Channel Tie-Up</i>	501
<i>Coordination and Control</i>	501
Summary	502

15 Global Advertising 506

The Global Advertising Job	508
The International World of Advertising	509
<i>Advertising Volume</i>	509
<i>Media Spending</i>	510
<i>Global Media</i>	510
<i>Strategic Implications</i>	512