



Global

Second Edition

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M A R K E T I N G

**FOREIGN ENTRY,
LOCAL MARKETING,
& GLOBAL MANAGEMENT**

JOHNNY K. JOHANSSON

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& GLOBAL MANAGEMENT**

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To my parents,
Ruth and Nils Johansson

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ABOUT THE AUTHOR

Johny 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, 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.

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, D.C., with his wife Tamiko, and their two daughters, Anna and Sonja.



P

R E F A C E

Global marketing is one of the most exciting fields of business today—but also one of the most challenging. This goes not only for working in it or learning about it, but 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 in global marketing, the text has three main distinguishing features:

1. There is no initial part with several chapters on “the international environment” of politics, finance, legal, 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. 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 also 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 theoretical foundation from the theory of the multinational firm. This is not for academic credit, but because the theory helps the marketing manager understand what drives the company expansion abroad, and helps the manager understand how and when to adapt the various marketing functions involved.

"TRIED AND TRUE" MATERIAL

At the same time as these differences may be novel, I have also incorporated much of the excellent research and teaching material that global marketers in business and academe have contributed over the years. This material is reflected not only in the chapter text, but also 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 such an exciting managerial career—and fit the material into a structure which reflects the global marketing management tasks. I have focused on relevant material, which is timely and up-to-date, and which is not a rehash of standard marketing principles.

TARGET AUDIENCE

The text is aimed towards the executive, the MBA or senior undergraduate, neither 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 towards 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.

POSSIBLE COURSES

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 alternative.
- A shorter “Global Marketing Management” course, perhaps for executives, could go straight from the fundamentals in the first three chapters to the global management part starting in chapter 11. This is one approach I have used at Georgetown.
- An “International marketing” course could focus on the local marketing and the global management parts.
- An “Export marketing” course could select the foreign entry chapters, and then do the local marketing plus the pricing and distribution chapters in global management.
- At Georgetown I have also used the text in a second-year MBA class entitled “Foreign Market Development,” for which I assign the foreign entry and local marketing parts, but only the first two chapters of the global management part.

NEW TO THE 2ND EDITION

The 2nd edition keeps the original structure (Foreign Entry, Local Marketing abroad, 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 six major changes:

1. The second chapter has been turned into a “Global Competitive Analysis” chapter.
2. An entirely new chapter (no.11) has been written on “Global Segmentation and Positioning.”

3. The “Global Products and Services” chapter (no.12) now has a new and extended section on “Global Branding.”
4. The last chapter on “The Future of Global Marketing” now treats the global aspects of the Internet and electronic commerce extensively.
5. The country-specific “Local Marketing Abroad” chapters have been increased from 2 to 3 based on reviews and requests from users. This part of the text has proved especially successful in project-oriented classes.
6. The cases have been updated and consolidated into longer versions. Several new cases have been added.

There are also a few minor changes:

1. The first chapter now gets into globalization of marketing right away, as many users have wanted.
2. The popular vignettes and boxed inserts have been updated, new have been added, and some deleted.
3. The marketing implications of the global financial turmoil at the end of the 1990s have been incorporated where applicable to update the text. In particular, Russia’s problems have been used to caution against the blind “Global Imperative,” and the potential of a more “limited global” strategic posture is discussed.
4. A number of new Power Point slides have been added to the supplements.

Even with these changes, most of what was unique about the first edition of the text has been retained, and the reader will find a similar Table of Contents and the same number of chapters (18).

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 MANUAL: This manual 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 electronic transparencies, videos and readings.

TEST BANK: The Test Bank 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 eighteen chapters is tested by a battery of sixty multiple-choice, ten short-answer and ten essay questions. The computerized version of the test bank, Computest 4, is available in DOS and Windows format.

ELECTRONIC TRANSPARENCIES: A large set of slides, many new to this edition including both in-text and out-of-text graphics, are available on PowerPoint software diskettes. Information about the slides is included in the Instructor’s Manual.

VIDEOS: The videos are comprised of numerous segments which highlight important aspects of global marketing. The videos are intended to provide unique footage of global marketing in action.

INTERNATIONAL READINGS BOOKLET: This booklet, available in some packages, reprints current global business articles.

As in the first edition, 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.

ACKNOWLEDGEMENTS

The first edition built upon the help and inspiration of many people. Many of these people have also been instrumental in helping me with the 2nd edition. 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 an outstanding assistant, Anne Walsh. Then there are colleagues like Michael Czinkota, Ilkka Ronkainen, Paul Almeida, Stan Nollen, Rob Grant, Kasra Ferdows, Tom Brewer and Andrea Alexander, friends and colleagues, and other colleagues in marketing and international business, who have provided a stimulating environment for the work. Minako Fukagata and Hyun Jung were very able research assistants.

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When it comes to global strategy, I have been greatly influenced by George Yip at Cambridge, a good friend and co-author, Warren Keegan at Pace and Nick Binedell in Johannesburg. In global branding, a new section in this edition, I have benefitted from discussions with Sandra Milberg and Ronnie Goodstein at Georgetown, Susan Douglas at New York University, Erich Joachimsthaler at Darden, 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. On electronic commerce, another expanded section in this edition, I have learned a great deal from Bill McHenry at Georgetown, Eric Boyd of InfoCast, and Mikael Karlsson at Reson AB in Stockholm. Among marketing colleagues, I want to single out David Montgomery at Stanford, Philip Kotler at Northwestern, Dominique Hanssens at UCLA, Evert Gummesson at University of Stockholm, and John Graham at Irvine, who all have helped bridge the gap between international and non-international research in marketing.

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