

# Global Marketing

Foreign Entry, Local Marketing, and Global Management



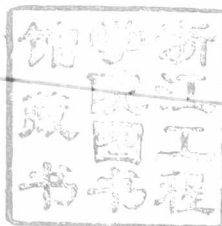
Johny K. Johansson

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## Foreign Entry, Local Marketing, and Global Management

**Johny K. Johansson**  
*Georgetown University*



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## About the Author

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Johny K. Johansson was named the McCrane/Shaker Chairholder in International Business and Marketing 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, West 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 and General Telephone and Electronics in the United States, Ford Werke AG in West Germany, and 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 West 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.



# Preface

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Global marketing is one of the most exciting—but also one of the most challenging—fields of business today. It requires not only a good grasp of marketing principles and an understanding of the global environment, but also how the two interact, and how the environment impacts the applicability of the marketing principles.

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 environments among foreign countries. So, the key approach of this text is to focus on the marketing decisions that have to be made, and then to deal with the environmental factors which directly impact those decisions. This text 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.

## Special Features

When compared to other texts in global marketing, the text has three main distinguishing features:

1. There are no designated chapters on the international environment of politics to discuss finance, legal, and economic regions. With the exception of culture, the book covers such variables on an as-needed basis in the various chapters.
2. As opposed to the view of the traditional “marketing manager,” the typical global marketing manager’s job consists of three separate tasks: foreign entry, local marketing, and global management. For each task the global marketer needs skills that the home market experience (or the standard marketing text) has rarely taught. This text’s recognition of the three roles helps to dispel the notion that “there is no such thing as international or global marketing, only marketing.”
3. The material is based on a theoretical foundation of the multinational firm. This is not for academic credit but rather because the theory helps the marketing manager to understand what drives the company expansion abroad, and it helps the manager understand how and when to adapt the various marketing functions involved.

## Standard Material

This text also contains much of the standard 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 that can be found at the end of each of the four parts. My intent has been to retain and update much of the teaching and instructional material that has made global marketing such a successful class in many business schools (and made for such an exciting managerial career) and to fit the material into a structure which reflects the current aspects of global marketing tasks.

To further illustrate the principles, the book incorporates cases at the end of each part. Many of these cases have been written by outstanding contributors to the field of global marketing, and I am very pleased to be able to introduce them here. Most of the cases are brief, as they are meant to serve as discussion material in class and not as a substitute for the longer Harvard-style cases which occupy entire sessions. In the teacher's manual I give suggestions for suitable longer cases for the various parts.

## Target Audience

The text is aimed towards the executive, the M.B.A., or the 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.

## Possible Courses

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

- A complete course on global marketing, possibly using additional Harvard-style cases, is the "full-course" treatment alternative.
- A shorter global marketing course, perhaps for executives, could go straight from the introductory first three chapters to the global management part starting with Chapter 11.
- 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 chapter plus the pricing and distribution chapters in global management.
- At Georgetown I have used the text in a second-year M.B.A. class entitled "Foreign Market Development," for which I assign all of the

foreign entry and local marketing parts, but only the first two chapters of the global management part.

## 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. I am pleased to say that the editorial staff at Irwin has helped me put together what I think is a very strong resource package.

The supplements are especially designed by marketing professors 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 authors of this manual have been particularly sensitive to the needs of various kinds of global marketing classroom situations, concerning themselves with 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 complete set of slides, including both in-text and out of text graphics, are presented on the PowerPoint software disk. 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.

I have tried to make the text as enjoyable and interesting to read as possible. You will, of course, judge for yourself whether I have succeeded.



# Acknowledgments

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This textbook would not have been possible without the help and inspiration of many people. The environment at Georgetown's School of Business was 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 secretary, Jennifer Barker. Then there were colleagues like Michael Czinkota and Ilkka Ronkainen, friends and competitors, and my other colleagues in marketing and international business, who all convinced me that a new text was needed, and who provided a stimulating environment for its completion. Andrea Alexander, May Guo, Niels Nielsen, and Kerri Olson were very able research assistants.

The content of the book owes much to colleagues at foreign academic institutions as well. First and foremost is Ikujiro Nonaka, professor at Hitotsubashi University in Tokyo, who has been a coauthor and friend over many years. Others in Japan include Tadao Kagono at Kobe University, Akihiro Okumura at Keio Business School, and Kiyonori Sakakibara, now at London Business School. I also learned from Masaaki Hirano at Waseda, Mitsuo Wada, when I was a visitor at Keio Business School, from my colleagues at IUJ in Urasa when I visited there, and from the many Japanese marketers I have met over the years through my academic friends.

In Europe, Professor Richard Koehler at Cologne University was very helpful as I learned more about the European integration effort. In Belgium, Piet Van den Abeele was a stimulating colleague. My Swedish colleagues—Gunnar Hedlund, Jan-Erik Vahlne, Lars-Gunnar Mattsson, Orjan Solvell in Stockholm, and Mats Forsgren and Jan Johansson at Uppsala—have been a source of inspiration over many years. Insead's Reinhard Angelmar and Jean-Claude Larreche have influenced my thinking about European companies more than they know. Tage Madsen at Odense is another colleague who has helped me understand what sets the Europeans apart.

Here in North America, I owe a lot to Alan Rugman at Toronto, who first introduced me to the new theory of the multinational, and whose writings I have used liberally. Susan Douglas was a great colleague during my two years at New York University. Tom Roehl, then at University of Washington now at University of Illinois, has been constantly provocative about the Japanese marketers. During my time at University of Washington, I also enjoyed Jerry Sullivan's different perspective on things Japanese, as well as Dick Moxon's and Fred Truitt's international business know-how. The

work of Hans Thorelli at Indiana, Tamer Cavusgil at Michigan State, David Tse, now at City University of Hongkong, Philip Rosson at Dalhousie, Saeed Samiee and Tulso, Warren Keegan at Pace, and Masaaki Kotabe at Texas has had a strong impact on my thinking. When it comes to global strategy, I have been greatly influenced by George Yip at UCLA, a good friend and co-author, by Kamran Kastiani at IMD, and also by John Onto at the University of Melbourne and Nick Binedell at the University of Witwatersrand in Johannesburg.

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To all these people I say thank you. I hope the effort has not been in vain.



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