

# GLOBAL MARKETING

THIRD EDITION



WARREN J. KEEGAN • MARK C. GREEN



# *Global Marketing*

THIRD EDITION

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Prentice  
Hall

Upper Saddle River, New Jersey 07458

**Library of Congress Catalogue-in-Publication**

Keegan, Warren J.

Global marketing/Warren J. Keegan, Mark C. Green.—3rd ed.

p. cm.

Includes bibliographical references and index.

ISBN 0-13-066998-9 (pbk.)

1. Export marketing. I. Green, Mark C. II. Title.

HF1416.K443 2002

658.8'48—dc21

2002190399

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**Cover Illustration/Photo:** Lorraine Silvestri/Stock Illustration Source, Inc.

**Full-Service Project Management and Composition:** Carlisle Communications, Ltd.

**Project Manager:** Lynn Steines

**Printer/Binder:** Courier-Westford

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10 9 8 7 6 5 4 3 2 1

ISBN 0-13-066998-9

# PREFACE

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*Global Marketing*, Third Edition, builds on the worldwide success of *Principles of Global Marketing* and *Global Marketing*, Second Edition. The first two editions utilized an environmental and strategic approach by outlining the major dimensions of the global business environment and by providing a set of conceptual and analytical tools designed to prepare students to successfully apply the 4Ps to global marketing. Additionally, the first two editions were designed to be compact but comprehensive, authoritative but engaging, and highly readable. Comments from satisfied students attest that we accomplished our goal: “the textbook is very clear and easy to understand”; “an excellent textbook with many real-life examples”; “the authors use simple language and clearly state the important points”; “this is the best textbook that I am using this term”; “the authors have done an excellent job of writing a text that can be read easily.” *Principles of Global Marketing* was the first textbook on the subject to be published in a full four-color format. In addition, when it appeared in fall 1996, the first edition invited students to “look ahead” and stay abreast of such developments as the ending of America’s trade embargo with Vietnam, Europe’s new currency, Daimler-Benz’s Smart car project, and the controversy concerning Benetton’s advertising. Those topics represented “big stories” in the global marketing arena and they continue to receive press coverage on a regular basis.

As was the case with the first two editions, we approached *Global Marketing*, Third Edition, with today’s students and instructors in mind. Guided by our experience using the text in undergraduate and graduate classrooms and in corporate training seminars, we have revised, updated, and expanded *Global Marketing*, Third Edition, while retaining the best features of the first two editions. We have benefited tremendously from adopter feedback and input; we also continue to draw on our direct experience in the Americas, Asia, Europe, Africa, and the Middle East. The result is a text that addresses the needs of students and instructors in every part of the world. The English-language editions of *Principles of Global Marketing* and *Global Marketing*, Second Edition, have been used in many countries, including Australia, Canada, China, Ireland, Japan, Malaysia, and Sri Lanka; the texts are also available in Spanish, Portuguese, and Japanese editions.

The third edition includes new material on newsworthy and relevant topics such as the price of AIDS drugs in developing countries and the impact of electronic music file swapping on the global music industry. Current research findings have been incorporated into each of the chapters. For example, Dana L. Alden, Jan-Benedict Steenkamp, and Rajeev Batra’s work on global consumer culture positioning (from *Journal of Marketing*, January 1999) is an important addition to Chapter 7 “Segmentation, Targeting, and Positioning,” and Alan M. Rugman and Joseph R. D’Cruz’s five partners model (discussed in their 2000 book *Multinationals as Flagship Firms*) is included in Chapter 10 “Strategic Elements of Competitive Advantage.” We have added scores of up-to-date examples of global marketing practice as well as quotations from global marketing practitioners and industry experts. Throughout the text, organizational Web sites are referenced not as ornamental adornment but as essential pedagogical tools for further student study and exploration. A Companion Website ([www.prenhall.com/keegan](http://www.prenhall.com/keegan)) is integrated with the text as well.

Each chapter contains several illustrations that bring global marketing to life. Chapter-opening vignettes introduce a company, country, product, or global marketing issue that directly relates to chapter themes and content. Many of the opening vignettes in the third edition are new, including those in Chapter 2, Chapter 5, Chapter 11, and Chapter 15. In addition, every chapter contains one or more sidebars with information on various themes including global marketing in action, risks and gambles, a look behind the scenes of global marketing, issues that are “open to discussion,” and the cultural differences that challenge the global marketer.

The case set in *Global Marketing*, Third Edition, includes updates and revisions of earlier cases (e.g., Case 1-1 “McDonald’s Expands Globally While Adjusting Its Local Recipe”); entirely new cases (e.g., Case 12-1 “Pricing AIDS Drugs in Emerging Markets,” Case 13-1 “Wal-Mart’s Global Expansion,” and Case 15-1 “Napster and the Global Music Industry”); as well as holdovers of “oldies but goodies” (e.g., Case 9-2 “Airlines Take to the Skies in Global Strategic Alliances”). The cases vary in length from a few hundred words to more than 2600 words, yet they are all short enough to be covered in an efficient manner. The new and revised cases were written with the same objectives in mind: to raise issues that will stimulate student interest and learning, to provoke class discussion, and to enhance the classroom experience for students and instructors alike. Every chapter and case has been classroom tested. Supplements to the text include an instructor’s resource manual with a complete test item file and a Web site ([www.prenhall.com/keegan](http://www.prenhall.com/keegan)). The Web site also includes downloadable PowerPoint files. Special consideration was given to the test bank, with considerable effort devoted to minimizing the number of simplistic and superficial multiple-choice questions with “all of the above” type answers and replacing them with more challenging, thought-provoking questions.

One of the constant challenges authors of books about global marketing face is the rate of change in the global business environment. Yesterday’s impossibility becomes today’s reality. Books are quickly outdated by events. Even so, we believe that adopters will find *Global Marketing* Third Edition, to be as up-to-date, relevant, and useful to today’s students of global marketing as any comparable text on the market, perhaps even more so.

## ACKNOWLEDGMENTS

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This book reflects the contributions, labor, and insights of many persons.

I would like to thank my students, colleagues, associates, and clients, for their many insights and contributions. It is impossible to single out all of the people who have contributed to this edition, but I would especially like to thank:

Peter Allen, Stephen Blank, Jean Boddewyn, Lawrence G. Bridwell, Steve Burgess, Arthur Centonze, Marcos Cobra, Fernando de Campos, Bertrand de Frondeville, John Dory, Bob Fulmer, Pradeep Gopalakrisna, Doug Jebb, Steve Kobrin, Jean-Marc de Leersnyder, Susan Douglas, Donald Gibson, Jim Gould, Tayfur Gullulu, Salah Hassan, David Heenan, Peter Hoefler, Robert Isaak, Hermawan Kartajaya, Suren Kaushik, Mark Keegan, Hermann Kopp, Jem Li, Raymond Lopez, Malcolm McDonald, Dorothy Minkus-McKenna, Jan Morgan, Stan Paliwoda, Howard Perlmutter, Robert Radway, Alan Rugman, John Ryans, Bodo B. Schlegelmilch, Donald Sexton, Barbara Stöttinger, Francoise Simon, Oleg Smirnoff, Ralph Z. Sorenson, Earl Spencer, Moshe Speter, William Stolze, John Stopford, Jim Stoner, Martin Topol, Robert Vambéry, Terry Vavra, Len Vickers, Dianna Powell Ward, Colin Watson, Kathy Winsted, Dominique Xardel, George Yip, Philip Young, and Alan Zimmerman.



I would especially like to acknowledge the many contributions of the students in my doctoral seminar on global strategic marketing. My research assistants, Tayfur Gullulu and Thomas Sillery, provided invaluable research assistance in many areas, including the very difficult task of creating the Global Income and Population data that appears in this edition. My office managers, Gail Pietrangolare Weldon and Lisa DeFonce and my secretaries Mary O'Connor, Vicki Underwood and Marie Loprieno have provided outstanding and creative support above and beyond the call of duty, and always with a cheerful attitude.

Special thanks are due the superb librarians at Pace University: Michelle Lang, Head, Graduate Center Library, Anne B. Campbell, Reference Librarian, and Christa Burns, Head Of Research & Information Services have a remarkable ability to find anything. Like the Canadian Mounties who always get their man, Michelle, Anne, and Christa always get the document. My admiration for their talent and appreciation for their effort is unbounded.

Whitney Blake, our editor at Prentice Hall, was quick to endorse and support this great third edition as was Wendy Craven, our new acquisitions editor. We are grateful for the continuity of the support at Prentice Hall.

  
**Warren J. Keegan**

I am indebted to the many colleagues and friends who carefully read and critiqued individual manuscript sections and chapters. Their comments improved the clarity and readability of the text. In particular, I would like to thank Hunter Clark, Frank Colella, Dave Collins, Wendy Foughty, Mark Freyberg, Alexandre Gilfanov, Carl Halgren, Kathy Hill, Mark Juffernbruch, Peter Kvetko, Keith Miller, Gayle Moberg, Marilyn Mueller, James Palmieri, Alexandre Plokhov, and Thomas Schmidt.

I would also like to thank the many present and former Simpson College students who offered feedback on the second edition of *Global Marketing* and suggested improvements to the manuscript of "version 3.0" as it evolved over many months in 2001-2002. Special thanks go to my departmental assistants, Michelle Archibald and Sara Bieker, for their help with fact checking and creating data tables and charts. Beth Dorrell graciously contributed her story for this edition's "A Day in the Life" sidebar. Thanks also to Roslyn Haskins for suggesting the Celtic Tiger vignette that opens Chapter 2. I also benefited greatly from weekly conversations with Yoshimi Mochizuki about consumer behavior in Japan.

It was a great pleasure working with the Prentice Hall team that supervised production of this edition. My heartfelt thanks to Wendy Craven, Melissa Pellerano, Danielle Serra, and Maureen Wilson. Kudos also to our photo researcher, Teri Stratford, for demonstrating once again that "every picture tells a story." Thanks also to Michelle O'Brien for her great work on marketing support materials, and to the entire PH sales team for helping promote the book in the field. I also want to acknowledge the contributions of Susan Leshnower at Midlands College, Midlands, Texas, for her fine work on the Instructor's Manual, and Tracy Tuten Ryan of Virginia Commonwealth University for preparing a new set of PowerPoint slides. As was the case with the first two editions, several friends and colleagues at Simpson College were very supportive of my research and writing endeavors. Once again, Kristi Ellingson at Dunn Library cheerfully and tirelessly processed my many interlibrary loan requests, and Robyn Copeland extended special consideration regarding "due dates" of books and periodicals that I checked out.

**Mark C. Green**

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Dr. Keegan is Professor of International Business and Marketing and Director of the Center for Global Business Strategy at the Lubin School of Business of Pace University—New York, and is Visiting Professor, Cranfield University School of Management (UK), CEIBS (China European International Business School)—Shanghai, Wharton Executive Programs, University of Pennsylvania, and ESSEC, Cergy-Pontoise—France. He is the founder of Warren Keegan Associates, Inc., a consulting consortium of experts in global strategy formulation and implementation. The firm is affiliated with Marketing Strategy & Planning, Inc.—New York, and MarkPlus, Indonesia's leading marketing consulting firm. Dr. Keegan is Chairman of the MarkPlus Global Institute—Singapore.

He wrote the first multinational marketing textbook and is one of the world's leading experts on marketing and global business. He holds B.S. and M.S. degrees in economics from Kansas State University and an MBA and doctorate in marketing and international business from the Harvard Business School. He has held faculty positions at a number of business schools including Columbia, George Washington University, New York University, INSEAD, IMD, and the Stockholm School of Economics.

His experience includes consulting with Boston Consulting Group and Arthur D. Little, marketing planning with the Pontiac Division of General Motors, and Chairman of Douglas A. Edwards, Inc., a New York commercial real estate firm. He is a consultant to a number of global firms. Current or former clients include AT&T, Bertelsmann, Bell Atlantic, General Electric, J. Walter Thompson, PurduePharma, Philips, Reckitt & Colman, Singapore International Airlines, and the Singapore Trade Development Board.

Dr. Keegan is the author or co-author of many books, including *Global Marketing Management* (7th ed., Prentice Hall, 2002), *Global Marketing Management: A European Perspective* (Financial Times/Prentice Hall, 2001), *Marketing Plans That Work: Targeting Growth and Profitability* (Butterworth Heinemann, 1997), *Marketing* (2nd ed., Prentice Hall, 1996), *Marketing Sans Frontiers* (InterEditions, 1994), *Advertising Worldwide* (Prentice Hall, 1991), and *Judgments, Choices, and Decisions: Effective Management Through Self-Knowledge* (John Wiley & Sons). He has published numerous articles in leading journals including *Harvard Business Review*, *Administrative Science Quarterly*, *Journal of Marketing*, *Journal of International Business Studies*, and *The Columbia Journal of World Business*.

Dr. Keegan is a former MIT Fellow in Africa, Assistant Secretary, Ministry of Development Planning and Secretary of the Economic Development Commission, Government of Tanzania, consultant with Boston Consulting Group and Arthur D. Little, and Chairman of Douglas A. Edwards, a New York corporate real estate firm.

He is a Lifetime Fellow of the Academy of International Business; Individual Eminent Person (IEP) appointed by Asian Global Business Leaders Society (other awardees include Noel Tichy, Rosabeth Moss Kanter, and Gary Wendt); listed in Marquis Who's Who in America, 55th and earlier editions; member of the International Advisory Board of École des Hautes Études Commerciales (HEC)—Montreal; Member, Editorial Advisory Board, Cranfield School of Management and Financial Times/Prentice Hall Management Monograph Series, *The International Journal of Medical Marketing*; and is a commissioner of PT Indofood Sukses Makmur (Jakarta). He is a former director of The S.M. Stoller Company, Inc., The Cooper

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In addition to co-authoring *Global Marketing* Third Edition with Warren Keegan, Dr. Green has also contributed case studies and chapter materials to several other textbooks published by Prentice Hall. These include: *Advertising Principles and Practices*, 4th ed., by William Wells, John Burnett, and Sandra Moriarty (1997); *Behavior in Organizations*, 6th ed., by Jerald Greenberg and Robert Baron (1996); *Business*, 4th ed., by Ricky Griffin and Ronald Ebert (1995); and *Principles of Marketing*, by Warren Keegan, Sandra Moriarty, and Thomas Duncan (1992). Dr. Green has also written essays on technology and global business that have appeared in *The Des Moines Register* and other newspapers.

Dr. Green has traveled to the former Soviet Union on numerous occasions. In 1995 and 1996, he participated in a grant project funded by the U.S. Agency for International Development and presented marketing seminars to audiences in Nizhny Novgorod. In addition, Dr. Green has served as a consultant to several Iowa organizations that have business and cultural ties with Russia and other former Soviet republics. Dr. Green has lectured in Russia and Ukraine on topics relating to emerging market economies. His 1992 monograph, "Developing the Russian Market in the 1990s," received an award from the Iowa-based International Network on Trade.

In 1997, Dr. Green was recipient of Simpson College's Distinguished Research and Writing Award. Dr. Green also received the 1995 Distinguished Teaching Award for senior faculty. In 1990, he was the recipient of Simpson's Excellence in Teaching Award for junior faculty. He also received the 1988 Outstanding Faculty of the Year awarded by the Alpha Sigma Lambda adult student honorary at Simpson College.



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