

Short contents

Preface to the third edition	XVII
Guided tour of the book	xxviii
Acknowledgements	xxx
Publisher's acknowledgements	xxxii
Abbreviations	xxxvi
E-marketing terminology	xxxviii
About the author	xl
Part I The decision whether to internationalize	1
1 Global marketing in the firm	3
2 Initiation of internationalization	30
3 Internationalization theories	50
4 Development of the firm's international competitiveness	84
Part I Case studies	108
Part II Deciding which markets to enter	131
5 Global marketing research	135
6 The political and economic environment	166
7 The sociocultural environent	193
8 The international market selection process	218
Part II Case studies	24
Part III Market entry strategies	27
9 Some approaches to the choice of entry mode	27
10 Export modes	29
11 Intermediate entry modes	308
12 Hierarchical modes	33
13 International sourcing decisions and the role of the subsupplier	35
14 Global e-marketing	37
Part III Case studies	41
Part IV Designing the global marketing programme	44
15 Product decisions	44
16 Pricing decisions and terms of doing business	49

vi Short contents

17 Distr	ibution decisions	524			
18 Comi	18 Communication decisions (promotion strategies)				
Part	IV Case studies	594			
	Implementing and coordinating the global				
	marketing programme	619			
19 Cross	-cultural sales negotiations	621			
20 Orga	nization and control of the global marketing programme	643			
Part '	V Case studies	672			
Index		697			



Part I

Contents

Preface to the third edition

Guided tour of the book	xxviii		
Acknowledgements	xxx		
Publisher's acknowledgements			
Abbreviations	xxxvi		
	xxviii		
About the author	хl		
Adout the author	λ,		
The decision whether to internationalize	1		
The decision whether to meethadionalize			
	_		
Global marketing in the firm	3		
• • • • • • • •	2		
Learning objectives	3		
1.1 Introduction	3 4		
1.2 Development of the 'global marketing' concept1.3 Comparison of the global marketing and management style of SMEs and LSEs	6		
1.4 Forces for 'global integration' and 'market responsiveness'	13		
1.5 The role of global marketing in the firm: a holistic approach	16		
1.6 The value chain as a framework for identifying international competitive advantage	17		
1.7 Information business and the virtual value chain	23		
1.8 Summary	25		
Case study 1.1 Vermont Teddy Bear: Should Vermont Teddy Bear go abroad?	25		
Case study 1.2 Arcor: A Latin American confectionary player is globalizing its business	27		
Questions for discussion	28		
References	29		
Further reading	29		
Language of the street			
Initiation of internationalization	30		
Learning chinativos	30		
Learning objectives	30		
2.1 Introduction 2.2 Internationalization motives	31		
	37		
2.3 Triggers of export initiation (change agents)2.4 Internationalization barriers/risks	42		
2.5 Summary	44		
Case study 2.1 Blooming Clothing: A bumpy path to exports	44		
Case study 2.2 Elvis Presley Enterprises Inc. (EPE): Internationalization of a 'cult' icon	47		

xvii

	Questions for a References		48 48
	Further reading		49
3	Internation	nalization theories	50
	Learning objec	tives	50
	3.1 Introducti		50
		rala internationalization model	52
	3.3 The trans 3.4 The netwo	action cost analysis (TCA) model	57 60
		nalization of SMEs	64
	3.6 Born Glob	pals	67
		nalization of services	71
	3.8 Summary		77
	Case study 3.1	, , , , , , , , , , , , , , , , , , ,	78
		Fox Kids Europe: Rapid internationalization of a TV channel for kids	80
	Questions for a	liscussion	81
	References Further reading		81 82
	J		02
4	Developm	ent of the firm's international competitiveness	84
	Learning object		84
	4.1 Introduction		84
		f national competitiveness (the Porter diamond)	86
		on analysis in an industry	89
	4.4 Value cha	in analysis	94
	4.5 Summary		102
	Case study 4.1	Microsoft Xbox: The battle for gaming leadership against Nintendo's	
	Casa atudy 4.2	GameCube and Sony PlayStation 2	103
	Case study 4.2	Sony Ericsson: Will pooling of competences in the mobile phone business create international competitiveness?	104
	Questions for di		
	References	scussion	105 106
	Further reading		106
	Part I Case	studies	
	Case study I.1	Manchester United: Trying to establish a global brand	108
	Case study I.2	Bridgestone Tyres: European marketing strategy	112
	Case study I.3	ResMed Inc.: Helping patients around the world suffering from obstructive sleep apnea (OSA)	118
	Case study I.4	Steinway & Sons: Internationalizing the piano business	123
	Case study I.5		127

131

	rketing research	1
Learning object	ives	
5.1 Introduction	on	
5.2 The chang	ing role of the international researcher	
5.3 Linking glo	obal marketing research to the decision-making process	
5.4 Secondary	y research	
5.5 Primary re		
•	ernet) primary research methods	
• •	es of marketing research	
5.8 Summary		
Case study 5.1	Teepack Spezialmaschinen GmbH: Organizing a global survey of	
	customer satisfaction	
Case study 5.2	Tchibo: Expanding the coffee shops' business system in the United Kingdom and the rest of Europe	
Questions for d	iscussion	
References Further reading		
Learning object	tives	
Learning object	· · · · ·	
6.1 Introducti		
6.1 Introducti 6.2 The politic	on cal/legal environment	
6.1 Introducti6.2 The politic6.3 The economic	on cal/legal environment omic environment	
6.1 Introducti6.2 The politic6.3 The econ6.4 The Europ	on cal/legal environment omic environment oean Economic and Monetary Union and the euro	
6.1 Introducti6.2 The politic6.3 The economic	on cal/legal environment omic environment oean Economic and Monetary Union and the euro	
6.1 Introducti6.2 The politic6.3 The econ6.4 The Europ	on cal/legal environment comic environment cean Economic and Monetary Union and the euro The World Bank and the IMF: What on earth is globalization about?	
6.1 Introducti6.2 The politic6.3 The econo6.4 The Europ6.5 SummaryCase study 6.1	cal/legal environment cal/legal environment comic environment cean Economic and Monetary Union and the euro The World Bank and the IMF: What on earth is globalization about? Massive protests during a meeting in Prague	
6.1 Introducti6.2 The politic6.3 The econo6.4 The Europ6.5 Summary	cal/legal environment cal/legal environment comic environment cean Economic and Monetary Union and the euro The World Bank and the IMF: What on earth is globalization about? Massive protests during a meeting in Prague Sauer-Danfoss: Which political/economic factor would affect a	
6.1 Introducti6.2 The politi6.3 The econ6.4 The Euro6.5 SummaryCase study 6.1	cal/legal environment comic en	
6.1 Introducti 6.2 The politic 6.3 The econ 6.4 The Europ 6.5 Summary Case study 6.1 Case study 6.2	cal/legal environment comic en	
6.1 Introducti 6.2 The politic 6.3 The econ 6.4 The Euro 6.5 Summary Case study 6.1 Case study 6.2 Questions for a References	cal/legal environment cal/legal environment comic environment cean Economic and Monetary Union and the euro The World Bank and the IMF: What on earth is globalization about? Massive protests during a meeting in Prague Sauer-Danfoss: Which political/economic factor would affect a manufacturer of hydraulic components?	
6.1 Introducti 6.2 The politi 6.3 The econ 6.4 The Euro 6.5 Summary Case study 6.1 Case study 6.2 Questions for a References Further reading	cal/legal environment comic environment cean Economic and Monetary Union and the euro The World Bank and the IMF: What on earth is globalization about? Massive protests during a meeting in Prague Sauer-Danfoss: Which political/economic factor would affect a manufacturer of hydraulic components? discussion	
6.1 Introducti 6.2 The politi 6.3 The econ 6.4 The Euro 6.5 Summary Case study 6.1 Case study 6.2 Questions for a References Further reading	cal/legal environment cal/legal environment comic environment cean Economic and Monetary Union and the euro The World Bank and the IMF: What on earth is globalization about? Massive protests during a meeting in Prague Sauer-Danfoss: Which political/economic factor would affect a manufacturer of hydraulic components?	
6.1 Introducti 6.2 The politi 6.3 The econ 6.4 The Euro 6.5 Summary Case study 6.1 Case study 6.2 Questions for a References Further reading	cal/legal environment comic environment comic environment comic environment come Economic and Monetary Union and the euro The World Bank and the IMF: What on earth is globalization about? Massive protests during a meeting in Prague Sauer-Danfoss: Which political/economic factor would affect a manufacturer of hydraulic components? discussion Cultural environment	
6.1 Introducti 6.2 The politic 6.3 The econ 6.4 The Euro 6.5 Summary Case study 6.1 Case study 6.2 Questions for a References Further reading	cal/legal environment comic environment components compone	
6.1 Introducti 6.2 The politic 6.3 The econ- 6.4 The Europ 6.5 Summary Case study 6.1 Case study 6.2 Questions for a References Further reading The socio Learning object 7.1 Introduct 7.2 Layers of	cal/legal environment comic environment components compone	
6.1 Introducti 6.2 The politic 6.3 The econ- 6.4 The Europ 6.5 Summary Case study 6.1 Case study 6.2 Questions for a References Further reading The socio Learning object 7.1 Introduct 7.2 Layers of	cal/legal environment comic environment components compone	
6.1 Introducti 6.2 The politic 6.3 The econ- 6.4 The Europ 6.5 Summary Case study 6.1 Case study 6.2 Questions for a References Further reading The socio Learning object 7.1 Introduct 7.2 Layers 6 7.3 High- ar 7.4 Element	cal/legal environment comic environment components compone	

Part II Deciding which markets to enter

7.6 7.7 7.8 7.9	Converge The effec	ngths and weaknesses of Hofstede's model g cultural differences ence or divergence of the world's cultures ts of cultural dimensions on ethical decision making	207 208 209 210
7.10	Summary		210
	study 7.1 study 7.2	Lifan: A Chinese subsupplier and brand manufacturer of motorcycles is aiming at the global market Playboy Enterprises: Internationalization of the Playboy business	213
Quest	ions for dis	compared with its major competitors (Hustler and Beate Uhse)	215
Refere		scussion	216
Furthe	r reading		217
	_		217
8 The	interna	ational market selection process	218
	ng objectiv		218
	troduction		218
8.3 B	uilding o n	al market selection: SMEs versus LSEs	219
8.4 M	larket evn:	nodel for international market selection ansion strategies	220
		product/market portfolio	233
	Jmmary	Moduci/market portfolio	239
	•		239
Case st Case st		Jarlsberg: The king of Norwegian cheeses is seeking new markets Durex: Durex Global Sex Survey	240
Questio	ns for disc	cussion	242
Referen			242
Further	reading		243
	J		243
Part I	l Case	studies	
Case stu	udy II.1 C	CarLovers Carwash: Serendipity as a factor in foreign market selection: he case of CarLovers from Australia	245
Case stu		emale Health Company (FHC): The female condom is seeking foothold in the world market for contraceptive products	248
Case stu	-	ipperary Mineral Water Company: Market selection inside/outside urope	251
Case stu	-	everage Brands: Planning an international raid with the FABs lavoured alcoholic beverages)	255
Case stu	dy II.5 Vi	illage Roadshow/AOL Time Warner: Globalization of the theme park	
	bı	usiness	262

Part II	Market entry strategies	271
9	Some approaches to the choice of entry mode	277
	Learning objectives	277
	9.1 Introduction	277
	9.2 The transaction cost approach	278
	9.3 Factors influencing the choice of entry mode	279
	9.4 Summary	284
	Case study 9.1 IO Interactive: A computer games developer is reconsidering its	
	entry mode	284
	Case study 9.2 condomi AG: Evaluating its 'entry mode' strategy in Africa	289
	Questions for discussion	290
	References	290
	Further reading	290
10	Export modes	291
	Learning objectives	291
	10.1 Introduction	291
	10.2 Indirect export modes	293
	10.3 Direct export modes	297
	10.4 Cooperative export modes/export marketing groups	302
	10.5 Summary	303
	Case study 10.1 Lysholm Linie Aquavit: International marketing of the Norwegian	
	Aquavit brand	304

Aquavit brand	304
Case study 10.2 Parle Products: An Indian biscuit brand is seeking agents and	
cooperation partners in new export markets	305
Questions for discussion	307
References	307
Further reading	307
11 Intermediate entry modes	308
Learning objectives	308
11.1 Introduction	308
11.2 Contract manufacturing	310
11.3 Licensing	311
11.4 Franchising	313
11.5 Joint ventures/strategic alliances	318
11.6 Other intermediate entry modes	326
11.7 Summary	329
Case study 11.1 Ka-Boo-Ki: Licensing in the LEGO brand	330
Case study 11.2 Bayer and GlaxoSmithKline: Can the X-coalition and the product	
Levitra challenge Viagra's market leader position?	331

Questions for di	scussion	333
References		33
Further reading		333
Hierarchica	al modes	335
Learning objecti	ves	221
12.1 Introducti		33
	-based sales representatives	33
12.3 Resident	sales representatives/foreign sales branch/foreign sales subsidiary	337
12.4 Sales and	production subsidiary	331 338
	intres (regional headquarters)	339
	onal organization	342
12.7 Establishir	ng wholly owned subsidiaries – acquisition or greenfield	342
12.8 Foreign di	vestment: withdrawing from a foreign market	343
12.9 Summary	•	345
Case study 12.1	Durex condoms in Japan: SSL will sell Durex condoms in the	
	Japanese market through its own organization	347
Case study 12.2	The Fred Hollows Foundation: A non-profit organization establishes	047
	lens production factories in Nepal and Eritrea	348
Questions for dis		349
References		349
Further reading		350
subsupplier	al sourcing decisions and the role of the	351
Learning objective	es	351
13.1 Introductio	n	351
13.2 Reasons fo	r international sourcing	353
13.3 A typology	of subcontracting	355
	er interaction	356
13.5 Developme	nt of a relationship	358
13.6 Reverse ma	arketing: from seller to buyer initiative	361
13.7 Internationa	alization of subcontractors	362
13.8 Project exp	ort (turnkey contracts)	365
3.9 Summary		366
Case study 13.1	LM Glasfiber A/S: Following its customers' international expansion	
	In the wind turbine industry	367
Case study 13.2	Lear Corporation: A leading supplier of automotive interior systems	369
Questions for disc	ussion	369
References		370
Further reading		370

Contents	xiii
Contents	~,,,,,

14	Glo	bal e-m	arketing	372		
	Learnii	ng objectiv	es	372		
	14.1	Introducti		372		
	14.2 Types of products					
	14.3	, ,	e-marketing – defining new business models	375		
	14.4	Exploring	buying behaviour in e-marketing	381		
	14.5	Disinterm	ediation in e-marketing – myth or reality?	387		
	14.6	•	ng dynamic global e-marketing	389		
	14.7	_	environment of e-marketing	393		
	14.8	_	strategy for Internet marketing	394		
	14.9		nal mobile marketing	399 407		
	14.10	•		407		
	Case	study 14.1		409		
	Casa	study 14.2	considering online sales in Europe Auto-by-Tel: An example of reintermediation in the value chain	410		
		-		411		
		ions for dis	CUSSION	411		
	Refere	nces r reading		413		
		0	at Pag			
	Part	III Case	e studies			
	Case	study III.1	IKEA: Expanding through franchising to the South American market?	414		
	Case	study III.2	NTT DoCoMo: Using a strong domestic position as a basis for international expansion	420		
	Case	study III.3	Autoliv Air Bags: Transforming Autoliv into a global company	427		
	Case	study III.4	IMAX Corporation: Globalization of the film business	432		
	Case	study III.5	Heineken/Al Ahram Beverages Co.: Marketing of alcoholic and non-alcoholic drinks to Egypt and to other Muslim markets – does an acquisition help?	438		
IV	Des	signing	the global marketing programme	443		
15	Pro	duct de	cisions	449		
	Learni	ing objectiv	ves	449		
	15.1	Introduct		449		
	15.2		ensions of the international product offer	450		
	15.3		ng international service strategies	450		
	15.4	The prod	luct life cycle	455		
	15.5		ducts for the international market	459		
	15.6		positioning	466		
	15.7	Brand ed		467		
	15.8	Branding	decisions	468		

	15.9 15.10	Implicati	ions of the Internet/e-commerce for product decisions narketing strategies	475
	15.11		ality management and ISO 9000 certification	480
	15.12	Summai	ry	484
	Case s	tudy 15.1		486
			 Zippo Manufacturing Company: Has product diversification beyond the lighter gone too far? 	
	Questic	ons for dis		489
	Refere		•	490
	Further	reading		491 492
16	Pric	ing dec	cisions and terms of doing business	494
		g objectiv		
		ntroductio		494
				494
		actors in	nal pricing strategies compared with domestic pricing strategies fluencing international pricing decisions	495
	16.4 li	nternation	nal pricing strategies	495
			ns of the Internet/e-commerce for pricing across borders	499 510
	10.6	erms of s	ale/delivery terms	510
		erms of p		513
		xport fina	ıncing	517
		ummary		519
	Case st	udy 16.1	Harley-Davidson: Does the image justify the price level?	520
	Case Sil	Jay 16.2	Gillette Co.: Is price standardisation possible for razor blades?	521
		ns for disc	cussion	521
	Referend Further i			522
	r urtirer r	eaung		523
17	Distr	bution	decisions	524
l		objective		524
		troduction		524
	17.2 Ex 17.3 Th	ternal de	terminants of channel decisions	526
			re of the channel	529
		anaging a anaging k	and controlling distribution channels	533
			s of the Internet/e-commerce for distribution decisions	536
-	17.7 Sp	ecial issu	ue 1: International retailing	543
	17.8 Sp	ecial issu	le 2: Grey marketing (parallel importing)	544 549
1	17.9 Su	mmary	o (· · · · · · · · · · · · · · · · · ·	551
	Case stud	dy 17.2	De Beers: Forward integration into the diamond industry value chain Konka Group: Will an aggressive strategy help the Chinese television	551
	3		manufacturer to penetrate US retail distribution?	554
<u> </u>	Juestion: Reference	s for discu	ussion	555
	Further re			556
•	J. 11 101 16	aung		556

637

639

18 Communication decisions (promotion strategies)	557
Learning objectives	557
 18.1 Introduction 18.2 The communication process 18.3 Communication tools 18.4 International advertising strategies in practice 18.5 Implications of Internet/e-commerce for communication decisions 18.6 Summary 	557 558 561 579 584 588
Case study 18.1 Helly Hansen: Sponsoring fashion clothes in the US market Case study 18.2 Fisherman's Friend: Is sponsoring extreme motorsport events a good promotion tool?	589 591
Questions for discussion References Further reading	592 592 593
Part IV Case studies	
Case study IV.1 Absolut Vodka: Defending and attacking for a better position in the global vodka market	594
Case study IV.2 3B Scientific: World market leader in the niche of anatomical models	601
Case study IV.3 BMG (A): Global marketing strategy for the music business	604
Case study IV.4 Dyson Vacuum Cleaner : Shifting from domestic to international marketing with the famous bagless vacuum cleaner	607
Case study IV.5 Triumph Motorcycles Ltd: Rising from the ashes in the international motorcycle business	614
Part V Implementing and coordinating the global marketing programme	619
19 Cross-cultural sales negotiations	621
Learning objectives	621
19.1 Introduction	621
19.2 Cross-cultural negotiations	622
19.3 Intercultural preparation	628 629
19.4 Coping with expatriates19.5 Knowledge management and learning across borders	631
19.5 Knowledge management and learning across borders19.6 Transnational bribery in cross-cultural negotiations	636
10.7 Summany	637

Mecca Cola: Marketing of a 'Muslim' cola to the European market

for its high-tech brands in the United States

TOTO: The Japanese toilet manufacturer seeks export opportunities

19.7 Summary

Case study 19.1

Case study 19.2

Questions for References Further reading		641 641 642
20 Organizat	ion and control of the global marketing programme	643
Learning objec	tives	
20.1 Introduc	etion	643
20.2 Organiza	ation of global marketing activities	643
20.3 The Glo	bal Account Management (GAM) organization	644 649
20.4 Controlli	ing the global marketing programme	657
20.5 The glob	pal marketing budget	664
20.6 Summar		668
Case study 20.	and contectionary	
Casa atudu 00	divisions	668
Case study 20.	The Cyclems: Neconsidering its global organization	
Ougatians (structure	669
Questions for d	ISCUSSION	670
Further reading		671
. armor reading		671
Part V Case	Femilet: A SME is seeking foothold in the European lingerie market	672
Case study V.2	BMG (B): New worldwide organizational structure and the marketing, planning and budgeting of Dido's new album	677
Case study V.3	Dandy/Cadbury Schweppes: Alliance building and corporate organizational considerations in the world chewing gum market	681
Case study V.4	SKF Rolling Bearings: The automotive division is facing a big challenge in Japan	687
Case study V.5	Vipp AS: A SME uses global branding to break into the international waste bin business	692
Index		697