List of Figures *v*List of Tables *xi*Preface *xii*

Section A The Meaning and Subject Area of International Marketing /

- I Internationalization Tendencies in Business 3
 The macroeconomic dimension of internationalization 3
 The microeconomic dimension of internationalization 7
 Internationalization and small and medium-sized
 - enterprises 7
 Saturation tendencies and international trade relations 9
- 2 International Marketing as a Co-ordinative Task 13
 The classic understanding of international marketing 13
 Characteristics of international marketing 16
 Co-ordination in the context of international marketing operations 23

Defining and delineating international marketing 52

3 Case Study: Fillkar Electric AG 56

Background to Fillkar Electric 60
Future plans at Fillkar Electric 64

The competition 71

Changes in cost-structure

The tasks facing them 74

Section B Market Entry Strategies in International Marketing: 'Going International' 75

4 The Market Selection Decision 81 Evaluating country markets 81

Selection of country markets 97

5	Market Entry Strategies 110
	Timing the entry 110
	Selection of an appropriate organizational structure for foreign
	business activity 120
	The marketing instruments 144
6	Decision-making Interdependencies in 'Going International' 22/

Section C Co-ordination Decisions in the Context of 'Being International' 241

8 Co-ordination Problems and the Dynamics of Country Markets 243 Changes in institutional (environmental) conditions 244

Changes at the level of market partners 263 'Being international': a problem map 274

Co-ordination in Converging Markets 276 The origin of co-ordination problems in converging markets 276 The extent of co-ordination problems in converging markets 281 Co-ordination strategies in converging markets 300 Case study: PharmaCo 386

10 Co-ordination Problems in Diverging Markets 392

The origin of co-ordination problems 392
The extent of co-ordination problems 398
Co-ordination strategies in fragmenting markets 403
Case study: Petrolub AG 407

Bibliography 421 Index 434



- 1.1 Development of the world's gross domestic products and exports 3 Share of world trade accruing to North America, Europe and 1.2 South East Asia, 1999 1.3 Caricature of the impact of globalization on employment 5 1.4 Development of the number of employees of the German company, Henkel KGaA working outside Germany 8 1.5 Production cost comparison for one yard of cloth between Germany and India 1.6 The largest textile firms, 1992 (in billions of €)
- 2.1 Selected definitions of the concept of international
 - marketing 14
- 2.2 Co-ordination tasks of international enterprises 22
- **2.3** Systematization of the problems of cross-border marketing 25
- 2.4 Production facilities for the Fiat Palio 30
- 2.5 Regional distribution of A340 orders 35
- 2.6 The competitive situation of an international enterprise 43
- 2.7 The network of competitors in the automotive industry 4
- 2.8 Global airline alliances, April 2002 47
- 2.9 Interdependence and co-ordination in international marketing 48
- 2.10 The impact of market integration 50
- 2.11 Positioning the tasks in international marketing 53
- 2.12 Negotiation training as an example of multinational marketing activities 54
 - 3.1 Functional principles of UPSs 58
 - 3.2 Different types of large UPSs
 - 3.3 Fillkar's sales regions in Germany 62
- B.I Interdependencies when entering one or more country markets 78
- 4.1 Typology of target markets 82
- 4.2 Development of the automobile market in Asia 83
- **4.3** Dependence of market-attractiveness dimensions on enterprise size 84
- 4.4 Aircraft orders from Boeing and Airbus since 1974 88
- 4.5 Product portfolio of Boeing and Airbus after the introduction of the A380 89

	countries 90						
4.7	Country risks having an impact on international						
	companies 92						
4.8	Systemization of concepts for evaluating country risks 93						
4.9							
	by medium-sized firms 94						
4.10	Examples of the influence of interdependency on market						
	attractiveness and market barriers 95						
4.11	Phases in the market selection process 98						
4.12	Example of evaluating the country markets 101						
4.13	Example of quadratic Euclidean distances 103						
4.14	Remaining process of merger 104						
4.15	Example of determining the number of clusters according to the						
	elbow criterion 105						
5.1	The waterfall strategy						
5.2	Product life cycles in individual country markets 113						
5.3	Comparative turnover between waterfall strategy and						
	simultaneous introduction 114						
5.4	Price differentials and market introduction timing 115						
5.5	Example of determining the marginal revenue with a parallel						
	marketing introduction 117						
5.6	The shower strategy 119						
5.7	Systematization of alternative organizational forms for foreign						
	business 122						
5.8	Capital participation of EdF in other European power-supply						
	concerns 127						
5.9	Equity participation of DTAG and Telecom Italia in						
	Europe 129						
5.10	Forms of market entry and the situational context 131						
5.11	International use of Internet hosting, 1991–2000 135						
5.12	Applying the Internet in international marketing 136						
5.13	Geographical distribution of Internet hosts in various country						
E 14	markets /39						
5.14	Temporal and product structure elements of product						
5.15	policy 147						
5.16	Product components 147 Functions of packaging 150						
5.17							
5.18	Differing product names in various country markets 153 Examples of international product logos 154						
5.19	Coca-Cola product logos 154						
5.20							
5.21	Imitations of the 'Pattex' product design 155 Standardized logos and different brand names of Langnese-Iglo						
J. 4 I	GmbH 156						
	GIIIDI I 130						

Reciprocal cultural distance of managers from four

4.6

5.23	Instructions from 3M for making overhead transparencies 159
5.24	The impact of the degree of product-policy differentiation on
	unit costs and revenues 162
5.25	The impact of costs and arbitrage on the optimal degree of
	product differentiation with differentiation-dependent
	arbitrage 165
5.26	The impact of costs and arbitrage on the optimal degree of
	product differentiation with differentiation-independent
	arbitrage 166
5.27	Microsoft's attempts to prevent the standardization process for
	Java 169
5.28	Factors influencing price standardization or differentiation 171
5.29	The 'Big Mac' Price Index 2001, using McDonald's price
	data 173
5.30	Alternative arbitrage-tendency functions 175
5.31	Part-worth utilities for one respondent as determined by
	conjoint analysis 177
5.32	Empirically derived arbitrage-tendency function 178
5.33	The impact of exchange rate movements on the pharmaceutical
	prices of SmithKline Beecham 181
5.34	Example of the impact of international taxation
	differences 183
5.35	Determining the amount (quantity) of arbitrage 190
5.36	Corporate profit with alternative price differentiation 192
5.37	Derivation of co-ordination profit 193
5.38	Arbitrage tendency as a linear arbitrage-profit function 196
5.39	Approaches to price optimization in international
	markets 198
5.40	Spatial distance to domestic and foreign sales locations as
	arbitrage determinants in Sander's model 203
5.41	Price corridor for the lead-country concept 205
5.42	Country-specific CNN Internet services 211
5.43	Regional broadcasting zones for the TV station ARD through
	the Astra satellite 212
5.44	Optimal level of standardization within communications
	policy 214
5.45	Levels of standardization in international advertising 215
5.46	Conjoint analysis determination of the significance of various
	formulation elements of international advertisements with
	respect to evaluating similarity 217
5.47	Main entrance to the 17,000 squ. m. Carrefour self-service
	warehouse in Tokyo 219
7.1	The components of a telephone system 229

5.22 Service classification 158

159 on

171

P) and
en 1949 and
50
government
outh-eastern
:67
rom the
alization
M in Europe,

Key problem areas in 'being international'

Price differences of various automobiles in Europe

Industry-specific impact of linkages within the EU 282

Example of an import offer in the automotive sector

Changes in the procurement requirements of automobile

Dynamic pricing comparison of medicines in ten European

Systematization of co-ordination strategies in converging

Conceptual procedure for determining the optimal

Macroeconomic effects of converging markets: the European

Cost-induced feedback by competitors as competition-related

The development of absolute price differences and the degree of

277

8.16

9.1

9.2

9.3

9.4

9.5

9.6 9.7

9.8

9.9

9.10

9.11

Union 284

feedback 291

manufacturers 295

Union countries 299

standardization path 303

markets 301

The experience curve 287

integration of country markets 298

9.14 Example of brand switching through progressive blending 307 9.15 Information-aided transition from Mars to Masterfoods 308 9.16 Information-aided transition from Melitta to Toppits 309 9.17 Active communication of the planned information-aided transition at BASF 310 Market shares of Albal and Handy Bag before and after brand 9.18 elimination 312 Changes in factors influencing price standardization decisions in 9.19 converging markets 313 9.20 Profit developments of alternative adaptation strategies subject to exchange 314 Price development in Germany and the USA subject to 9.21 exchange rate fluctuations 315 9.22 Profit development of alternative adaptation strategies subject to exchange rate fluctuations 316 Alternative pricing scenarios in converging markets 318 9.23 Example of successive price adaptation with declining arbitrage 9.24 costs 320 9.25 Example of successive price adaptation with increasing arbitrage tendency 321 The need for pricing-policy action as a result of the currency 9.26 union 324 International price comparison of continental winter tyres with 9.27 the COPIS price information system 327 International price development in the European market, 9.28 1993-8 329 9.29 The impacts of converging markets on the standardization versus differentiation decision in international communication policy 332 Formulation elements and phases of communication 9.30 standardization 333 Advertisement from Lancôme for the product 'Miracle' (in 9.31 Germany) 334 9.32 Advertisement from Lancôme for the product 'Miracle' (in Italy) 335 Changes in the application of differentiated and standardized 9.33

international advertising, 1976, 1986 and 1987 336

Advertising image for Honda Jazz in the German market.

Revenue impacts of product differentiation in converging

Standardization sequence of product policy elements 306

markets subject to assimilated preferences 304

9.12

9.13

9.34

2003 338

9.35	Advertising image for Honda Jazz in the Italian market, 2003 339					
9.36	Advertising slogans for Coca-Cola in Germany and the USA, 1970–93 340					
9.37	Developments in the European market shares of selected food retailers 341					
9.38	Market separation through measures aimed at reducing demand-related feedback 348					
9.39	Dimensions of product differentiation 350					
9.40	Reversible and irreversible blisters for pharmaceutical products 352					
9.41	Examples of types of services for specific purchasing phases 353					
9.42	Product modification and arbitrage profits 356					
9.43	Direct and indirect exporting 361					
9.44	The battle between Glaxo and the European Commission 365					
9.45	International division 367					
9.46	Forms of integrated structure in international circle prisos					
9.47	Matrix structure 369					
9.48	Cost structures with alternative technologies 384					
9.49	Reducing competitive feedback through market exit 386					
10.1	Changes in interdependency in different types of diverging markets 395					
10.2	Pay-out effective unit costs and target pricing 397					
10.3	Alternative types of market split 400					
10.4	Categorization of market splits in Central and Eastern Europe 402					
10.5	Optimal co-ordinating pricing paths in dynamic markets 404					
10.6	Reversal of pricing policy adaptation measures with market fragmentation 405					
10.7	Co-ordination problems in fragmenting markets 406					
10.8	Sales development of concern 407					
10.9	Petrolub's strategic business units 408					
10.10	National and international investment 408					
10.11	Tax burden on regular petrol 410					
10.12	European prices for fuel 410					
10.13	Sales development of filling stations, 1972–92 411					
10.14						
10.15	•					
10.16	·					
10.17	Price-response function for regular fuel in Czech and Slovak markets 417					

3.	Distribution	٥f	LIPSe	hv	nower	class	43
٠.	 Distribution	OI.	OF 33	υy	power	Class	03

- 3.2 Distribution of customers buying small UPSs, by sector 71
- 5.1 Sample data illustrating the waterfall strategy 112
- **5.2** The impact of differing distribution-channel profit margins in the pharmaceutical sector in Europe 185
- **5.3** International price differences for selected consumer goods 186
- 5.4 Optimal prices and profits in the context of the price corridor 202
- 5.5 Primary image associations for 104 German and 112 French respondents to the concept of 'the Caribbean' 2/2
- **5.6** Advantages and disadvantages of standardizing advertising campaigns for shampoo brands 213
- 7.1 Financial data for EWSD technology, 1999 228
- 7.2 Forecast statistics for EWSD technology, 2008 229
- 7.3 Local manufacturing project, Brazil 233
- 7.4 Estimated payments for Argentina and Peru until 2008 239
- 8.1 EU banana imports, by region of origin, 1991 257
- 8.2 Tariff rates for banana imports in the EU, 1995 258
- **9.1** Emergence of price differences for pharmaceuticals in Europe 278
- **9.2** Trend towards reducing the number of direct suppliers in the automobile industry 296