BRIEF CONTENTS

1 • GLOBALIZATION IMPERATIVE 1
2 • Economic Environment 32
3 • Financial Environment 66
4 • GLOBAL CULTURAL ENVIRONMENT AND BUYING BEHAVIOR 103
5 • Political and Legal Environment 141
6 • Global Marketing Research 192
7 • GLOBAL SEGMENTATION AND POSITIONING 221
8 • Global Marketing Strategies 249
9 • Global Market Entry Strategies 290
10 • GLOBAL PRODUCT POLICY DECISIONS I: DEVELOPING NEW PRODUCTS FOR GLOBAL MARKETS 330
11 • GLOBAL PRODUCT POLICY DECISIONS II: MARKETING PRODUCTS AND SERVICES 360
12 • Global Pricing 395
13 • Communicating With the World Consumer 426
14 ◆ Sales and Cross-cultural Management 465
15 • Global Logistics and Distribution 498
16 • Export and Import Management 541
17 • Planning, Organization, and Control of Global Marketing Operations 575
18 • Marketing Strategies for Emerging Markets 597
19 ♦ Global Marketing and the Internet 626
Cases 659
Subject Index 691
Author Index 709
Company Index 717

CONTENTS

1 ◆ GLOBALIZATION IMPERATIVE 1	3 • Financial Environment 66
Why Global Marketing is Imperative 2	Historical Role of the U.S. Dollar 67
Globalization of Markets: Convergence and Divergence 8	Development of Today's International Monetary System 68
International Trade versus International Business 11	The Bretton Woods Conference 68
Who Manages International Trade? 12	The International Monetary Fund 69
Evolution of Global Marketing 13 What is Marketing? 13	The International Bank for Reconstruction and Development 71
Domestic Marketing 14	Fixed versus Floating Exchange Rates 71
Export Marketing 16	Currency Blocs 72
International Marketing 17	Foreign Exchange and Foreign Exchange Rates 74
Multinational Marketing 17	Purchasing Power Parity 74
Global Marketing 18	Forecasting Exchange Rate Fluctuation 75
The Impact of Economic Geography and Climate on	Coping with Exchange Rate Fluctuations 75
Global Marketing 19	Spot versus Forward Foreign Exchange 78
Short Cases 23	Exchange Rate Pass-Through 79
Appendix: Theories of International Trade and the	Balance of Payments 81
Multinational Enterprise 25	The Internal and External Adjustments 84
2 • Economic Environment 32	Economic and Financial Turmoil Around the World 85
Intertwined World Economy 34	Asian Financial Crisis and Its Aftermath 85
Foreign Direct Investment 36	The South American Financial Crisis and Its
Portfolio Investment 38	Aftermath 86
Country Competitiveness 39	The U.S. Subprime Mortgage Loan Crisis and the
Changing Country Competitiveness 39	Subsequent Global Financial Crisis 87
Human Resources and Technology 40	Financial Crises in Perspective 88
Emerging Economies 42	Responses to the Regional Financial Crises 88
Evolution of Cooperative Global Trade	Marketing in the Euro Area 92
Agreements 45	Historical Background 92
General Agreements on Tariffs and Trade 45	Ramifications of the Euro for Marketers 95
World Trade Organization 46	Short Cases 100
Information Technology and the Changing Nature of Competition 51	4 • Global Cultural Environment and Buying
Value of Intellectual Property in Information Age 52	Behavior 103
Proliferation of E-Commerce and Regulations 53	Definition of Culture 105
Regional Economic Arrangements 54	Elements of Culture 106
Free Trade Area 55	Material Life 106
Customs Union 57	Language 108
Common Market 57	Social Interactions 111
Monetary Union 58	Aesthetics 112
Political Union 58	Religion 114
Multinational Corporations 58	Education 115
Short Cases 63	Value Systems 117

Cross-Cultural Comparisons 118	6 ♦ Global Marketing Research 192
High- versus Low-Context Cultures 118	Research Problem Formulation 195
Hofstede's Classification Scheme 119	Secondary Global Marketing Research 197
Project GLOBE 121	Secondary Data Sources 197
World Value Survey (WVS) 122	Problems with Secondary Data Research 199
Adapting to Cultures 123	Primary Global Marketing Research 200
Culture and the Marketing Mix 125	Focus Groups 200
Product Policy 126	Survey Methods for Cross-Cultural Marketing
Pricing 127	Research 202
Distribution 128	Observational Research 206
Promotion 128	Leveraging the Internet for Global Market Research
Organizational Cultures 130	Studies 206
Global Account Management (GAM) 132	Market Size Assessment 209
Global Accounts' Requirements 133	Method of Analogy 209
Managing Global Account Relationships 133	Trade Audit 210
Global Customer Relationship Management	Chain Ratio Method 211
(CRM) 134	Cross-Sectional Regression Analysis 212
Motivations 135	New Market Information Technologies 213
Gains from CRM 135	Managing Global Marketing Research 215
Challenges 136	Selecting a Research Agency 215
Guidelines for Successful CRM Implementation 136	Coordination of Multicountry Research 216
Short Cases 139	7 • GLOBAL SEGMENTATION AND POSITIONING 221
5 A D	Reasons for International Market Segmentation 222
5 POLITICAL AND LEGAL ENVIRONMENT 141	Country Screening 222
Political Environment – Individual Governments 142	Global Marketing Research 223
Home Country versus Host Country 142	Entry Decisions 223
Structure of Government 144	Positioning Strategy 223
Government Policies and Regulations 146	Resource Allocation 224
Political Environment—Social Pressures and Political Risk 155	Marketing Mix Policy 224
Social Pressures and Special Interests 155	International Market Segmentation Approaches 225
Managing the Political Environment 158	Segmentation Scenarios 227
Terrorism and the World Economy International Agreements 162	Bases for International Market Segmentation 229 Demographics 230
International Agreements 163	Socioeconomic Variables 231
Group of Seven (G7), Group of Eight (G8), and	Behavior-Based Segmentation 234
Group of Eight plus Five (G8+5) 164	Lifestyle 235
Wassenaar Arrangement 166	International Positioning Strategies 236
International Law and Local Legal	Uniform versus Localized Positioning
Environment 167	Strategies 236
International Law 167	Universal Positioning Appeals 239
Local Legal Systems and Laws 167 Jurisdiction 171	Global, Foreign, and Local Consumer Culture Positioning 240
Issues Transcending National Boundaries 171	Short Cases 244
ISO 9000 and 14000 171	Appendix: Segmentation Tools 247
Intellectual Property Protection 172	
International Treaties for Intellectual Property Protection 176	8 • GLOBAL MARKETING STRATEGIES 249 Information Technology and Global
Antitrust Laws of the United States 180	Competition 250
Antitrust Laws of the European Union 182	Real-Time Management 250
U.S. Foreign Corrupt Practices Act of 1977 182	Online Communication 251
Short Cases 188	Electronic Commerce (E-Commerce) 251

E-Company 253	Strategic Alliances 315
Faster Product Diffusion 253	Types of Strategic Alliances 315
Global Citizenship 253	The Logic behind Strategic Alliances 316
Global Strategy 254	Cross-Border Alliances That Succeed 316
Global Industry 254	Timing of Entry 317
Competitive Industry Structure 257	Exit Strategies 319
Competitive Advantage 259	Reasons for Exit 319
Hypercompetition 264	Risks of Exit 321
Interdependency 264	Guidelines 322
Global Marketing Strategy 265	Short Cases 326
Benefits of Global Marketing 266	Appendix: Alternative Country Screening
Limits to Global Marketing 268	Procedure 329
R&D, Operations, and Marketing Interfaces 270	
R&D/Operations Interface 272	10 ◆ GLOBAL PRODUCT POLICY DECISIONS I:
Operations/Marketing Interface 273	DEVELOPING NEW PRODUCTS FOR GLOBAL
Marketing/R&D Interface 275	markets 330
Regionalization of Global Marketing Strategy 276	Global Product Strategies 332
Cross-Subsidization of Markets 278	Strategic Option 1: Product and Communication
Identification of Weak Market	Extension – Dual Extension 332
Segments 278	Strategic Option 2: Product Extension—
Use of the "Lead Market" Concept 279	Communications Adaptation 333
Marketing Strategies for Emerging Markets 280	Strategic Option 3: Product Adaptation—
Competitive Analysis 283	Communications Extension 333
Short Cases 286	Strategic Option 4: Product and Communications Adaptation—Dual Adaptation 333
	Strategic Option 5: Product Invention 333
9 • Global Market Entry Strategies 290	Standardization versus Customization 334
Target Market Selection 291	Drivers Toward Standardization 334
Choosing the Mode of Entry 294	Two Alternatives—Modular and Core Product
Decision Criteria for Mode of Entry 294	Approach 338
Mode-of-Entry Choice—Two Opposing Paradigms:	Back-of-the-envelope Calculations—Incremental
A Transaction Costs versus Resource-Based	Break-even Analysis (IBEA) 339
View 297	Multinational Diffusion 342
Exporting 299	Developing New Products for Global Markets 344
Licensing 301	Identifying New Product Ideas 344
Benefits 301	Screening 346
Caveats 302	Concept Testing 347
Franchising 303	Test Marketing 347
Benefits 304	Timing of Entry: Waterfall versus Sprinkler
Caveats 304	Strategies 348
Contract Manufacturing (Outsourcing) 305	Truly Global Product Development 351
Benefits 305	Short Cases 355
Caveats 305	Appendix: Using Conjoint Analysis for concept
Expanding Through Joint Ventures 306	testing in Global New Product
Benefits 307	Development 357
Caveats 307	11 • GLOBAL PRODUCT POLICY DECISIONS II:
Drivers Behind Successful International	
Joint Ventures 308	MARKETING PRODUCTS AND SERVICES 360
Wholly Owned Subsidiaries 312	Global Branding Strategies 362
Benefits 312	Global Branding 362
Caveats 312	Local Branding 366
Acquisitions and Mergers 313	Global or Local Branding? 367
Greenfield Operations 315	Brand-Name Changeover Strategies 371

Management of Marking discust Day Jacob Pierre 274	Constitute Standard 424
Management of Multinational Product Lines 374	Creative Strategy 434
Product Piracy 378	The "Standardization" versus "Adaptation" Debate 434
Strategic Options against Product Piracy 380	Merits of Standardization 435
Country-of-Origin (COO) Effects 382	Barriers to Standardization 437
Country-of-Origin (COO) Influences on Consumers 383	Approaches to Creating Advertising Copy 438
Strategies to Cope with COO Stereotypes 385	Global Media Decisions 440
Global Marketing of Services 386	Media Infrastructure 440
Challenges in Marketing Services	Media Limitations 441
Internationally 386	Recent Trends in the Global Media
Opportunities in the Global Service Industries 387	Landscape 442
Global Service Marketing Strategies 388	Advertising Regulations 444
Short Cases 391	Choosing an Advertising Agency 447
Short Cases 391	Other Means of Communication 449
12 • Global Pricing 395	Sales Promotions 449
Drivers of Foreign Market Pricing 396	Direct Marketing 451
Company Goals 396	Global Sponsorships 451
Company Costs 397	Mobile (Brand-in-the-Hand) Marketing 443
Customer Demand 398	Trade Shows 443
Competition 398	Product Placement 454
Distribution Channels 400	Viral Marketing 455
Government Policies 401	Global Public Relations (PR) and Publicity 456
	Globally Integrated Marketing Communications
Managing Price Escalation 402 Pricing in Inflationary Environments 403	(GIMC) 457
·	Short Cases 461
Global Pricing and Currency Fluctuations 405 Currency Gain/Loss Pass Through 406	Short cases 401
Currency Quotation 409	14 A S
Transfer Pricing 409	14 SALESAND CROSS-CULTURAL MANAGEMENT 465
Determinants of Transfer Prices 409	Market Entry Options and Salesforce Strategy 467
	Role of Foreign Governments 470
Setting Transfer Prices 410	Cultural Considerations 471
Minimizing the Risk of Transfer Pricing Tax Audits 411	Personal Selling 471
Global Pricing and Anti-dumping Regulation 412	Cultural Generalization 472
Price Coordination 413	Corporate (Organizational) Culture 473
Global-Pricing Contracts (GPCs) 415	Relationship Marketing 473
Aligning Pan-Regional Prices 415	Myers–Briggs Type Indicator 474
Implementing Price Coordination 417	Impact of Culture on Sales Management and Personal Selling Process 475
Countertrade 418	
Forms of Countertrade 418	Salesforce Objectives 476 Salesforce Strategy 477
Motives behind Countertrade 420	Recruitment and Selection 478
Shortcomings of Countertrade 421	Training 479
Short Cases 424	Supervision 480
Short Cases 424	Evaluation 482
13 ◆ Communicating with the World	
Consumer 426	Cross-Cultural Negotiations 482 Stages of Negotiation Process 482
Global Advertising and Culture 427	Cross-Cultural Negotiation Strategies 483
Language Barriers 427 Other Cultural Barriers 429	Expatriates 486
Communication and Cultural Values 430	Advantages of Expatriates 487 The Poturn of the Expatriate Population 402
	The Return of the Expatriate—Repatriation 492 Generalizations about When Using Expatriates Is
Setting the Global Advertising Budget 430 Budgeting Rules 431	Positive/Negative 493
Resource Allocation 433	Short Cases 495
Resource Allocation 433	Short Cases 495

Planning 576

Pitfalls 576

15 ◆ GLOBAL LOGISTICS AND DISTRIBUTION 498	Key Criteria in Global Organizational Design 577
Definition of Global Logistics 500	Environmental Factors 577
Managing Physical Distribution 502	Firm-Specific Factors 578
Modes of Transportation 503	Organizational Design Options 578
Warehousing and Inventory Management 505	International Division Structure 579
Third-Party Logistic (3PL) Management 509	Global Product Division Structure 579
Logistical Revolution with the Internet 510	Geographic Structure 580
Managing Sourcing Strategy 511	Matrix Structure 583
Procurement: Types of Sourcing Strategy 512	The Global Network Solution 585
Outsourcing of Service Activities 518	Organizing for Global Brand Management 587
Free Trade Zones 520	Global Branding Committee 587
International Distribution Channel 523	Brand Champion 587
Channel Configurations 523	Global Brand Manager 587
Channel Management 524	Informal, Ad Hoc Branding Meetings 587
International Retailing 525	Life Cycle of Organization Structures 588
Private-Label Branding (Store Brands) 527	Control of Global Marketing Efforts 590
"Push" versus "Pull" 528	Formal ("Bureaucratic") Control Systems 590
On-Time Retail Information Management 529	Informal Control Methods 591
Retailing Differences across the World 530	"Soft" versus "Hard" Levers 592
Short Cases 536	Short Cases 595
Appendix: Maquiladora Operation 539	
Appendix Maquinatora Operation 200	18 • Marketing Strategies for Emerging
16 ◆ Export and Import Management 541	Markets 597
Organizing for Exports 543	Emerging Markets 598
Research for Exports 543	Definition 598
Export Market Segments 544	Characteristics of Emerging Markets 599
Indirect Exporting 545	Competing with the New Champions 603
Direct Exporting 547	The New Champions 603
Mechanics of Exporting 548	Computing Against the Newcomers 607
Legality of Exports 549	Targeting/Positioning Strategies in Emerging
Export Transactions 550	Markets-BOP or No BOP 608
Terms of Shipment and Sale 550	Entry Strategies for Emerging Markets 611
Payment Terms 551	Timing of Entry 611
Currency Hedging 553	Entry Mode 612
Role of the Government in Promoting Exports 553	Product Policy 612
Export–Import Bank 556	Product Design 612
Tariff Concessions 557	Branding 613
Export Regulations 557	Packaging 614
Managing Imports—The Other Side of the Coin 559	Pricing Strategy 615
Mechanics of Importing 561	The Distribution Challenge 616
Import Documents and Delivery 561	Creating Distribution Systems 617
Import Duties 562	Managing Distributor Relationships 618
Gray Markets 563	Communication Strategies for Emerging Markets 619
Short Cases 572	Push versus Pull Activities 619
	Mass Media versus Non-Traditional Marketing
17 • PLANNING, ORGANIZATION, AND CONTROL OF	Approaches 619
GLOBAL MARKETING OPERATIONS 575	Short Cases 623
Global Strategic Marketing Planning 576	
Bottom-Up versus Top-Down Strategic	19 ♦ GLOBAL MARKETING AND THE INTERNET 626

Barriers to Global Internet Marketing 627

Language Barriers 627

Cultural Barriers 628
Infrastructure 629
Knowledge Barrier 631
Access Charges 632

Legal Environment and Government Regulations 632

Competitive Advantage and Cyberspace 633

Global Internet Consumers 634

Globally Integrated versus Locally Responsive Internet Marketing Strategies 637

The Internet and Global Product Policy 641

Global Branding and the Internet 641 Web-based Global New Product Development 642

Web-based Marketing of Services 643

Global Pricing and the Web 644 Global Distribution Strategies and the Internet 645

Role of Existing Channels 645 E-Tailing Landscape 647

The Role of the Internet for Global Communication Strategies 648

Online Advertising 648
Non-Traditional (NT) Web-based
Communication 650
Online Monitoring 652

Short Cases 655

CASES 659

Carrefour: Entry into India 660
Wal-Mart's Rising Sun? A Case on Wal-Mart's
Entry into Japan 665
Arla Foods and the Mohammed Cartoon
Controversy 671
Club Med: Going Upscale 674
Honda in Europe 679

SUBJECT INDEX 691
AUTHOR INDEX 711
COMPANY INDEX 719

The following additional cases appear on the textbook's website:

Volkswagen AG Navigates China The Coca-Cola Company in Japan Wal-Mart Operations in Brazil

Sony PS3 on the Run

Nintendo: Expanding the Gaming Population through Innovation Subway Restaurant Entry in Japan

Virgin America Lands in the United States

Kirin in Search of Growth Strategy Louis Vuitton in Japan: The Magic Touch

Starbucks Coffee: Expansion in Asia

Gap Inc.

Motorola: China Experience

iPod in Japan: Can Apple Sustain Japan's

iPod Craze?

NTT DoCoMo: Can i-Mode Go Global?

The Future of Nokia

Maybelline's Entry into India

Yahoo! Japan AOL Goes Far East

Danone: Marketing the Glacier in the U.S.

BMW Marketing Innovation

Herman Miller, Inc. vs. ASAL GmbH

Nova Incorporated

Ceras Desérticas and Mitsuba Trading Company

The Headaches of GlaxoWelcome

Benetton

Two Dogs Bites into the World Market: Focus on

Japan

ABC Chemical Company Goes Global

DaimlerChrysler for East Asia

Shiseido, Ltd.: Facing Global Competition

SMS Pacs

Daimler-Benz Ag: The A-Class and the

"Moose-Test"

Pepsi One

Unisys

Ford Motor Company and Die Development

Citibank in Japan

Kao Corporation: Direction for the 21st Century

Planet Hollywood: The Plate is Empty

Hoechst Marion Roussel: Rabipur Rabies Vaccine