

# Global Marketing

F I F T H E D I T I O N

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**To Lauren, Tommy, and Jonny  
—WJK**

**To John W. Green, Jr. and Virginia G. Green  
—MCG**



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# PREFACE

*Global Marketing*, Fifth Edition, builds on the worldwide success of the previous editions of *Principles of Global Marketing* and *Global Marketing*. Those books took an environmental and strategic approach by outlining the major dimensions of the global business environment. We also provided a set of conceptual and analytical tools that would prepare students to successfully apply the four Ps to global marketing. We have approached all five editions with the same goal: to write a book that is authoritative in content yet relaxed and assured in style and tone. The following student comments suggest 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 than can be read easily.” When *Principles of Global Marketing* first appeared in 1996, we invited students to “look ahead” to such developments as the ending of America’s trade embargo with Vietnam, Europe’s new currency, Daimler-Benz’s Smart car project, and Whirlpool’s expansion into emerging markets. Those topics represented “big stories” in the global marketing arena and continue to receive press coverage on a regular basis.

As was the case with the first four editions, we wrote *Global Marketing*, Fifth 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*, Fifth Edition. 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. *Global Marketing* has been adopted at scores of colleges and universities in the United States; international adoptions of the English-language edition include Australia, Canada, China, Ireland, Japan, Malaysia, South Korea, and Sri Lanka. The text is also available in Chinese (simplified and traditional), Portuguese, and Spanish editions.

## WHAT’S NEW

If there is a single unifying theme in the fifth edition, it is the growing impact of emerging nations on the global scene. Brazil, Russia, India, and China—the BRIC nations—figure prominently in the text. A new sidebar feature, “BRIC Briefing Book,” includes timely information and marketing insights drawn from practitioner experience in these key markets. More broadly, the book examines emerging markets as a whole; it is safe to say that Indonesia, Mexico, and Turkey and a handful of other emerging nations are rapidly approaching the “tipping point” in terms of both competitive vigor and marketing opportunity. We can also expect that global companies such as Embraer (Brazil), Lukoil (Russia), Cemex (Mexico), Lenovo (China), and India’s Big Three—Wipro, Infosys, and Tata—will become increasingly visible on the global stage. That these companies are likely to stand alongside established global giants such as Coca-Cola, Nestlé, and Toyota is one measure of how, as Thomas L. Friedman has noted, the world has flattened.

The fifth edition also includes new material on newsworthy and relevant topics such as the expanded European Union, the impact of religion on global marketing activities, and the global music industry’s ongoing efforts to combat

music piracy. Current research findings have been incorporated into each of the chapters. For example, Shaoming Zou and S. Tamer Cavusgil's work on global marketing strategy (from *Journal of Marketing*, October 2002) is an important addition to Chapter 1 "Introduction to Global Marketing." Similarly, our thinking about global market segmentation and targeting has been influenced by David Arnold's recent book, *The Mirage of Global Markets*. We have added scores of current examples of global marketing practice as well as quotations from global marketing practitioners and industry experts. Throughout the text, organizational Web sites are referenced 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, photos, and ads that bring global marketing to life. Chapter-opening vignettes introduce a company, a country, a product, or a global marketing issue that directly relates to chapter themes and content. More than half the opening vignettes in the fifth edition are new, including: Microsoft's antitrust woes in Europe (Chapter 5), EU tariffs on shoe imports from China (Chapter 8), Pernod Ricard and Chivas Regal (Chapter 10), and Lenovo (Chapter 14). In addition, every chapter contains one or more sidebars on various themes including global marketing in action, strategic decisions, a look behind the scenes of global marketing, issues that are "open to discussion," and the cultural differences that challenge the global marketer. A new sidebar, "Global Marketing Q&A," features interview excerpts with top executives of well-known global companies.

## CASES

The case set in *Global Marketing*, Fifth Edition, strikes a balance between revisions of earlier cases (e.g., Case 1-1 "McDonald's Expands Globally While Adjusting Its Local Recipe" and Case 16-1 "Boeing Versus Airbus: A Battle for the Skies") and entirely new cases (e.g., Case 3-1 "The Free Trade Area of the Americas," Case 9-1 "Ford Bets Billions on Jaguar," Case 16-2 "Boeing Versus Airbus: A Battle for the Skies," and Case 17-1 "eBay in Asia"). The cases vary in length from a few hundred words to more than 2,600 words, yet they are all short enough to be covered in an efficient manner. The cases were written with the same objectives in mind: to raise issues that will encourage student interest and learning, to stimulate class discussion, and to enhance the classroom experience for students and instructors alike. Every chapter and case has been classroom tested. Supplements include an instructor's resource manual, a video collection, PowerPoint slides, and a test bank prepared by the authors. Special consideration was given to the test bank, with considerable effort devoted to minimizing the number of simplistic, superficial multiple-choice questions with "all of the above"-type answers.

## SUPPLEMENTS

We're pleased to offer an Instructor's Manual, Video, a PowerPoint Set, a Test Item File, and TestGen to accompany *Global Marketing*, Fifth Edition.

All these resources can be accessed on our password-protected Instructor's Resource Center online at [www.prenhall.com/keegan](http://www.prenhall.com/keegan). Many of these resources are included on the Instructor's Resource CD as well, while the Video is available on DVD. One of the challenges facing your author team is the rate of change in the global business environment. Yesterday's impossibility becomes today's reality; new companies explode onto the scene; company leadership changes abruptly. In short, any book can be quickly outdated by events. Even so, we set out to create a compelling narrative that captures the unfolding drama that is

inherent in marketing in the globalization era. The authors are passionate about the subject of global marketing; if our readers detect a note of enthusiasm in our writing, then we have been successful. We believe that adopters will find *Global Marketing*, Fifth Edition, to be the most engaging, up-to-date, relevant, useful text of its kind.



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

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**Warren J. Keegan**  
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**Mark C. Green**  
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# ABOUT THE AUTHORS

## **Dr. Warren J. Keegan**

Warren J. Keegan is Distinguished Professor of Marketing and International Business and Director of the Institute for Global Business Strategy at the Lubin School of Business, Pace University, New York City and Westchester. He is the founder of Warren Keegan Associates, Inc., a consulting consortium of experts in global strategic management and marketing, and Keegan & Company LLP, a firm specializing in litigation support.

Dr. Keegan is the author of many books. His text, *Global Marketing Management*, Seventh Edition (Prentice Hall, 2002), is recognized as the leading global marketing text for M.B.A. courses around the world. His other books include *Global Marketing*, Fourth Edition (Prentice Hall, 2005); *Offensive Marketing: An Action Guide to Gaining the Offensive in Business* (with Hugh Davidson) (Elsevier, Butterworth Heinemann, 2004); *Marketing Plans That Work*, Second Edition (with Malcolm McDonald) (Butterworth-Heinemann, 2002); *Marketing*, Second Edition, (Prentice Hall, 1995); *Marketing Sans Frontières* (InterEditions, 1994); *Advertising Worldwide* (Prentice Hall, 1991); and *Judgments, Choices and Decisions* (Wiley, 1984). He has published in the leading business journals including the *Harvard Business Review*, *Journal of Marketing*, *Journal of International Business Studies*, *Administrative Science Quarterly* and the *Columbia Journal of World Business*.

He is a former MIT Fellow in Africa where he served as Assistant Secretary, Ministry of Development Planning, and Secretary of the Economic Development Commission for the Government of Tanzania. He was a consultant with Boston Consulting Group and Arthur D. Little, and chairman of Douglas A. Edwards, a New York corporate real estate firm.

Dr. Keegan holds an M.B.A. and doctorate from the Harvard Business School. He has been a visiting professor at New York University, INSEAD (France), IMD (Switzerland), the Stockholm School of Economics, Emmanuel College of Cambridge University, and the University of Hawaii. He is a former faculty member of Columbia Business School, Baruch College, and the School of Government and Business Administration of The George Washington University.

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). His biography is listed in *Who's Who in America* (A. N. Marquis). He is a member of the International Advisory Board of École des Hautes Études Commerciales (HEC), Montreal; the Editorial Advisory Board, Cranfield School of Management and *Financial Times* Management Monograph Series; and is a current or former director of The S.M. Stoller Company, Inc.; The Cooper Companies, Inc. (NYSE); Inter-Ad, Inc.; American Thermal Corporation, Inc.; Halfway Houses of Westchester, Inc.; Wainwright House; and The Rye Arts Center.

He is an enthusiastic global traveler and enjoys teaching and learning, motorcycle touring, tennis, reading, theatre, movies, museums, swimming and rowing, loafing and working, home improvements, and life.

## **Dr. Mark C. Green**

Dr. Green is Professor of Management and Marketing at Simpson College in Indianola, Iowa, where he teaches courses in management, marketing, advertising, international marketing, and entrepreneurship and innovation. He is also a

Visiting Professor at the University of Iowa's Tippie College of Business. Dr. Green earned his B.A. degree in Russian literature from Lawrence University, M.A. and Ph.D. degrees in Russian linguistics from Cornell University, and an M.B.A. degree in marketing management from Syracuse University.

In addition to co-authoring *Global Marketing*, Fifth 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*, Fourth Edition, by William Wells, John Burnett, and Sandra Moriarty (1997); *Behavior in Organizations*, Sixth Edition, by Jerald Greenberg and Robert Baron (1996); *Business*, Fourth Edition, 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 (USAID) 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*, received an award from the Iowa-based International Network on Trade.

In 1997, Dr. Green was the 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.

Dr. Green enjoys playing bass and guitar with the Sonny Humbucker Band; the members include Simpson colleagues David Wolf (associate professor of English) and Mark Juffernbruch (associate professor of accounting). Rounding out the lineup are David Kochel, a political consultant with JDK Marketing & Public Affairs, and Thom Wright, an architect with RDG Planning & Design. Dr. Green also manages tenor saxophone jazz great Dave Tofani, who records for the SoloWinds label.

# IN MEMORIAM

Since the publication of the fourth edition of *Global Marketing*, two of the major contributors to the field of global marketing have died. We are in their debt for their contributions to the field and to this book.

**Theodore Levitt** (1925–2006) died at the age of 81 and was one of the most recognized and influential marketing thinkers of all time. His article “Marketing Myopia” was one of the most popular *Harvard Business Review* articles of all time. In this article, he argued that industries decline because managers think too narrowly about markets. Professor Levitt used the unforgettable example of the railroad industry; it went into decline, he argued, because managers and executives failed to recognize that they were in the transportation business, not in the railroad business.

In his 1983 *Harvard Business Review* article “The Globalization of Markets,” Professor Levitt argued that the future belonged not to the multinational corporation but to the global corporation. The difference between the two was the global corporation’s deeper understanding of what customers in markets wanted: value and an organizational ability to deliver that value. The article is as relevant today as it was the day it was written.

Professor Levitt was born in Germany and moved with his family to Ohio to escape the Nazis. He was drafted into the U.S. Army and served in Europe during WWII. His first job upon returning to the United States after the war was as a sports writer. He had a doctorate in economics from Ohio State University and began teaching at the University of North Dakota. After a stint as a consultant, he joined the Harvard Business School faculty where he was a popular teacher and prolific author.

**Sumantra Ghoshal** (1948–2004) died at the age of 55. He was one of the most influential academics in the field of international business. With Professor Chris Bartlett, his mentor at Harvard Business School, he coined the phrase “transnational corporation” and developed the important five stage model of development of the transnational corporation, which distinguishes between the domestic, international, multinational, global, and transnational. He, like Ted Levitt, had a sharp mind and an intense and charming style that held the attention of generations of students and executives. He was appointed the first dean of the Indian School of Business in Hyderabad. He quit six months before the school opened, explaining that he was not cut out for daily management.

Ghoshal was born in Calcutta. He graduated in physics at Delhi University and joined Indian Oil before moving to the United States on a Fulbright Fellowship in 1981. In the United States, he earned doctoral degrees at MIT’s Sloan School of Management and at Harvard Business School. He was appointed to INSEAD in France in 1985, becoming a full professor in record time and producing a stream of influential books and articles on multinational enterprise; he joined the London Business School in 1994.

I had the privilege of knowing both of these great scholars. They will be missed, but their contributions and insights live on in this fifth edition.

Warren J. Keegan  
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# Global Marketing