

Management for Professionals

Bodo B. Schlegelmilch

Global Marketing Strategy

An Executive Digest

Second Edition



Springer

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Global Marketing Strategy

An Executive Digest

Second Edition

 Springer

Bodo B. Schlegelmilch
WU Vienna
Vienna University of Economics and Business
Vienna, Austria

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Appraisals

The Opinion of Significant Others

This book is a must-read! A successful strategy builds on serving one's customers in good ways—and this is what this book is all about. The global focus is particularly relevant, given the fact that the competition today for leading customers is global—as said, a must-read!

Peter Lorange
Professor and Chairman, Lorange Network
Honorary President, IMD, Switzerland
Zurich
Switzerland

This is a perfect book for executive managers and MBA students who would like to grasp the essence of global marketing strategy quickly. In the second edition, Professor Schlegelmilch did a wonderful job updating and further enriching the key knowledge of global marketing strategy in an easy-to-understand manner.

Kazuhiro Asakawa
Professor of Global Innovation Management
Graduate School of Business Administration
Keio University
Japan

Schlegelmilch offers a compelling and contemporary perspective on marketing's central role within global firms, and the need to continuously create new means to engage with customers worldwide as the Fourth Industrial Revolution takes hold, yet with significant variation in ecommerce and digital behavior around the globe. As a marketing professional with experience in both academia and practice, I

strongly recommend this book to global marketing managers as well as educators - it would be an ideal read for MBA students studying global marketing strategy.

Kelly Hewett
Associate Professor
Editor: Journal of International Marketing
The University of Tennessee
Knoxville, Tennessee
USA

Perfect for the executive MBA or specialist master's student seeking cutting-edge thinking on global marketing strategy. Entertaining, full of surprising insights, ambitious in its coverage, and totally engaging, yet lean and to the point. Schlegelmilch marshals his vast experience as a global executive teacher, consultant, and researcher to give us an educational page-turner. Outstanding!

John Cadogan
Professor and Head of Marketing and Retailing
Editor-in-Chief: International Marketing Review
Loughborough University
United Kingdom

I think the new edition will benefit our MBA and EMBA students a lot on both theory and practice which will lead them to deal with challenges from the chaotic global environment.

Jintao Wu
Associate Professor and Director of MBA Programs
Assistant Professor of Marketing
School of Business
Sun Yat-sen University
Guangzhou
China

Bodo Schlegelmilch has produced a definitive book on global marketing that does an outstanding job clarifying how to bring the best of both local and global marketing efforts into one unifying marketing strategy. The book is a "must-read" for any manager interested in understanding how to better market his or her brands in an increasingly global economy.

Russell S. Winer
William H. Joyce Professor of Marketing
Stern School of Business, New York University
New York
USA

The book is great for executives who want an easy, yet comprehensive, book on global marketing strategy and for students in a global marketing strategy course to use as a guiding framework for doing business in the twenty-first century.

Victoria L. Crittenden
Professor of Marketing and Peter M. Black Endowed Faculty Scholar
Editor: Journal of Marketing Education
Babson College
Babson Park
USA

The second edition of this extremely readable book offers a completely updated analysis of core issues relating to the development and implementation of global marketing strategy. Executives at all levels and from all functional areas will greatly benefit from this book which succinctly and powerfully addresses the most crucial decisions impinging upon global marketing success. Definitely a must-read.

Adamantios Diamantopoulos
Chair of International Marketing
University of Vienna
Vienna
Austria

Bodo Schlegelmilch takes the reader on an insightful and compelling journey through the world of global marketing strategy. This powerful book should be an obligatory read for any brand or product manager aiming at succeeding on a global scale.

Björn Ambos
Professor and Managing Director: Institute of Management
Senior Editor, Journal of World Business
University of St. Gallen
Switzerland

We all know that marketing in different markets is quite challenging. In the VUCA+ world, global marketing is more complicated than ever. The good news is that this book deciphers this complexity! Theories and vignettes are carefully integrated to help readers understand the concepts and see how to use them. A must-read.

Surat Teerakapibal
Vice Rector for Administration (The Prachan) and International Affairs
Associate Professor of Marketing
Thammasat University
Bangkok
Thailand

To my family

Preface

Benefits

The second edition of this book has been completely revised and extended. It looks at international marketing challenges from a strategic perspective. If you share the belief that successful business leaders cannot afford to think in functional silos and agree that the best companies combine a strong marketing orientation with a systematic and thoughtful strategy, this book will appeal to you. If you are also too busy for reading textbooks the size of *War and Peace* to get the latest thinking on global marketing strategy, you will like the conciseness of the book. And finally, if you would like to have a book that points you to further readings on topics you may want to pursue in more depth, you should definitely hit the “order now” button.

The Ideal Reader

You are an experienced business leader or a student in a postgraduate program, such as an MBA or a specialized master’s program. You have an international orientation and are interested in cross-cultural differences and their impact on marketing and strategy. You prefer a big picture approach to nerdy details.

Vienna, Austria

Bodo B. Schlegelmilch

Acknowledgment

Whole societies are built on the division of labor, and this book also benefited from insights, discussions, and the help of others. First, there are a number of bright students in my CEMS and MSc courses held here in Vienna. They never stop inspiring and introducing me to new perspectives. Second, there are countless executive MBA students and business leaders I taught in more than 30 countries around the world. Their practical examples and unique cultural perspectives taught me to appreciate the importance of context. Third, there are my research assistants Reiko Domai, Sarina Mansour Fallah, Sanem Öztürk, and Erin Silangil, who greatly helped me with sorting out references, writing off for copyright permissions, and proofreading the text. Last but not least, there is my PA, Hanife Özdemir, who formatted the text and supplied me with copious amounts of coffee while I was writing.

Contents

1	Marketing Strategy: A Global Discipline	1
1.1	Mapping Out the Field	2
1.1.1	What Is Marketing	2
1.1.2	What Is Strategy	3
1.1.3	What Is Global	3
1.2	The Path to Globalization	6
1.2.1	International Trade Theories	6
1.2.2	Uppsala Model of Internationalization	6
1.2.3	Born Global Firms	8
1.2.4	The Eclectic Paradigm	11
1.2.5	Other Motives to Globalize	12
1.3	Summary	13
	References	15
2	The Global Marketing Environment	19
2.1	Analytical Frameworks: PESTLE and Co.	20
2.2	Political Factors	23
2.3	Economic Factors	27
2.4	Social Environment	31
2.4.1	Population	32
2.4.2	Culture and Values	34
2.5	Technological Environment	38
2.6	Environmental Factors	42
2.7	Legal Environment	43
2.8	Summary	45
	References	46
3	Selecting and Entering Global Markets	51
3.1	Selecting Overseas Markets	51
3.1.1	Corporate Growth Paths	51
3.1.2	The Global Market Selection Context	53
3.1.3	The Global Market Selection Process	55
3.2	Alternative Market Entry Methods	60
3.2.1	Motivation and Timing of Foreign Market Entry	60

3.2.2	Balancing Risk and Control	61
3.2.3	Foreign Market Entry: Non-equity Modes	62
3.2.4	Foreign Market Entry: Equity Modes	72
3.3	Summary	77
	References	79
4	Balancing Global Synergies and Local Responsiveness	83
4.1	Contravening Forces Facing Global Companies	84
4.1.1	Forces for Global Integration and Coordination	84
4.1.2	Forces for Local Responsiveness	86
4.2	Implications for Global Corporate Structure and Control	90
4.2.1	The Integration-Responsiveness (IR) Framework	90
4.2.2	The Adaptation-Aggregation-Arbitrage Model	93
4.2.3	The Role of Regions in Corporate Global Strategies	93
4.3	Global Marketing Strategy as a Balancing Act	94
4.3.1	Determining the Degree of Global Marketing Integration	96
4.3.2	Instruments Used to Facilitate Global Marketing Integration	98
4.3.3	Arguments for Empowering Local Marketing	99
4.4	Summary	100
	References	101
5	Steps in Developing Global Marketing Strategies	105
5.1	Global Marketing Strategy Decisions in Context	106
5.2	Organizational Purpose	106
5.3	Where to Compete	109
5.3.1	Mapping the Competitive Environment	109
5.3.2	Detailed Analysis of the “Playing Field”	110
5.4	How to Compete	115
5.4.1	Differentiation	116
5.4.2	Low Cost	118
5.4.3	Beyond Low Cost Versus Differentiation	119
5.5	With What to Compete	121
5.6	Management Systems	123
5.7	Summary	124
	References	125
6	Segmenting Targeting and Positioning in Global Markets	129
6.1	STP: The Holy Trinity of Marketing	130
6.2	Market Segmentation in a Global Context	131
6.2.1	Geographic Segmentation	132
6.2.2	Demographic Segmentation	133
6.2.3	Psychographic Segmentation	136
6.2.4	Behavioral Segmentation	138
6.2.5	Benefit Segmentation	139

6.2.6	Segmentation Through Big Data Analysis	140
6.3	Selecting Global Target Segments	142
6.3.1	Targeting Approaches	142
6.3.2	Assessing Target Segments	143
6.3.3	Selecting Target Segments	144
6.4	Positioning	147
6.4.1	Establishing a Frame	147
6.4.2	Clarifying Areas of Parity	148
6.4.3	Differentiation	148
6.5	Summary	153
	References	155
7	Creating Global Product and Service Offerings	161
7.1	Consumers Buy Solutions	162
7.2	Turning Products into Solutions	162
7.2.1	Product Dimensions	163
7.2.2	Product Types	164
7.3	The Standardization-Adaptation Debate	165
7.3.1	Standardization	168
7.3.2	Adaptation	169
7.3.3	Contingency Perspective	171
7.4	Global Innovation and Product Development	174
7.4.1	The Innovation Cube	175
7.4.2	Designing Global Innovation Strategies	177
7.4.3	The New Product Development Process	178
7.5	International Product Life Cycle	181
7.5.1	Explaining Foreign Investment Patterns	181
7.5.2	Explaining Revenue and Profit Patterns of Products	182
7.6	Counterfeits and Pirated Goods	184
7.7	Summary	186
	References	188
8	Extracting Value from Global Operations	193
8.1	Global Pricing: Challenges and Opportunities	194
8.2	Environmental Influences on Global Pricing	195
8.2.1	Competition and Demand	195
8.2.2	Foreign Exchange Rates	196
8.2.3	National Regulations	200
8.2.4	Inflation	201
8.2.5	Shorter Product Life Cycles	202
8.3	Global Pricing Strategies and Practices	202
8.3.1	Cost-Plus Pricing	202
8.3.2	Parity Pricing	204
8.3.3	Market Penetration Pricing Versus Market Skimming	204

8.3.4	Pricing in a Digital Environment	205
8.3.5	Countertrade	206
8.3.6	Incoterms	207
8.3.7	Standardization Versus Differentiation	209
8.3.8	Decentralization Versus Centralization	210
8.3.9	Transfer Pricing	210
8.4	Market Disturbances	213
8.4.1	Dumping	213
8.4.2	Grey Markets and Parallel Imports	214
8.4.3	Cartels	216
8.5	Summary	217
	References	219
9	Global Supply Chains	225
9.1	Global Supply Chains, Value Chains, and Digital Ecosystems	226
9.2	Benefits and Challenges of Global Supply Chains	227
9.2.1	Inbound Logistics	228
9.2.2	Outbound Logistics	233
9.2.3	Reverse Logistics	234
9.3	Channel Functions and Organizational Formats	235
9.3.1	Functions of Channel Members	235
9.3.2	Direct vs. Indirect vs. Hybrid Channels	236
9.3.3	Channel Networks	238
9.4	Selecting Channels for Different Country Markets	241
9.4.1	Different Digital Market Infrastructure	241
9.4.2	Different Customer Preferences	241
9.5	Market Coverage	242
9.6	Management of Intermediaries	243
9.6.1	Selection of Intermediaries	243
9.6.2	Motivating and Training Intermediaries	243
9.6.3	Competing with Intermediaries	245
9.7	Future Trends in Global Supply Chains and Distribution Networks	245
9.7.1	Supply Chain Reconfiguration	246
9.7.2	Technological Developments	246
9.7.3	Sustainability and CSR	247
9.8	Summary	248
	References	250
10	Global Branding and Communication	253
10.1	Branding and Communication Strategies	254
10.2	Branding Basics	254
10.2.1	Brand Value	254
10.2.2	Brand Architecture	257

10.2.3	Brand Identity, Brand Image, Brand Resonance	258
10.2.4	Brand Extension	259
10.3	Global Brands	262
10.3.1	What Is “Truly Global”?	262
10.3.2	Challenges to Globalizing Brands	263
10.3.3	Cultural Factors in Global Branding	264
10.3.4	Branding and Religious Endorsements	265
10.3.5	Local Versus Global Brands	267
10.3.6	Global Brand Portfolios	270
10.4	The Communication Mix in the Age of Digital Marketing	271
10.4.1	Advertising	275
10.4.2	Personal Selling	275
10.4.3	Sales Promotion	278
10.4.4	Public Relations	279
10.4.5	Integrated Marketing and Relationship Communication	280
10.4.6	Barriers to Standardizing the Communication Mix	280
10.5	Summary	282
	References	284
11	Global Digital Marketing Strategy	289
11.1	The Planet of Phones	290
11.2	The World Is Turning Digital: The Internet of Everything	291
11.3	The Digital Consumers	293
11.3.1	Mobile Smartphone Ownership: Persistent Global Disconnects	293
11.3.2	Internet Usage Around the Globe: Not All Are Online	294
11.3.3	Global E-Commerce	296
11.3.4	Mobile Payment: Emerging Market Consumers Lead the Way	298
11.3.5	Social Media Behavior Differs Strongly Around the Globe	299
11.3.6	Emerging Market Consumers Less Concerned About Internet Privacy	301
11.3.7	Capturing Digital Diversity Across Country Markets	302
11.4	The Digital Corporate Landscape	303
11.4.1	The Big Players in the West: Facebook, Amazon, Apple, and Google	305
11.4.2	Behind the Chinese Firewall	305
11.4.3	Comparing the Chinese BATs with Their Western Counterparts	308
11.4.4	The Digital Landscape in India	311
11.5	Summary	313
	References	314

12	Organizational Design for Global Marketing Strategy	319
12.1	Aligning Global Strategy and Structure	320
12.2	Corporate Anatomy: Global Organizational Structures	321
12.2.1	Organizational Structures for Limited International Sales	321
12.2.2	Area Structures Versus Product Divisions	323
12.2.3	Matrix Structures Versus Transnational Networks	326
12.2.4	Benefits of Regional Structures	329
12.2.5	Design Options for Regional Headquarters	331
12.3	Corporate Physiology: Processes and Relationships	336
12.3.1	Coordination and Corporate Learning	336
12.3.2	Allocating Responsibilities Across Hierarchies and Value Chain Activities	337
12.3.3	Relationship Between Global and Regional Headquarters	338
12.3.4	Relationship Between Regional Headquarters and National Subsidiaries	339
12.3.5	Relationship Between Different National Subsidiaries	340
12.3.6	Relationships with Key Accounts	340
12.4	Corporate Psychology: Organizational Norms, Values, and Culture	341
12.5	Summary	343
	References	345
13	Global Business Responsibility	349
13.1	Business Responsibility in Global Marketing	350
13.2	Deciphering the Terms	352
13.2.1	Business Ethics, Marketing Ethics, and Global Marketing Ethics	352
13.2.2	Corporate Social Responsibility	353
13.2.3	Sustainability	355
13.3	Sources of Disparity	357
13.3.1	Competing Theories in Business Ethics	357
13.3.2	Ethical Differences Across Cultures	360
13.4	Ethical Issues in Global Supply Chains	362
13.4.1	Ethical Issues Pertaining to Product Sourcing	363
13.4.2	Ethical Issues Pertaining to Intermediaries	365
13.4.3	Ethical Issues Pertaining to Retailers	366
13.4.4	Ethical Issues Pertaining to Consumers	368
13.5	Ethical Concerns in Global Marketing Communication	369
13.6	Implementing Responsible Business Conduct into Global Marketing Practice	372
13.6.1	Mission Statements	372
13.6.2	Corporate Codes of Ethics and Credos	373

13.6.3	Corporate Ethics Training Programs	373
13.6.4	Ombudsmen, Ethics Committees, and Hotlines	374
13.6.5	Regulatory Drivers	374
13.7	Summary	375
	References	377
14	The Future of Global Marketing Strategy	383
14.1	Different Visions of the Future	384
14.2	Six Paradoxical Trends	385
14.2.1	Global Bliss or Global Anguish	385
14.2.2	Population Growth or Population Shortage	390
14.2.3	Rise of Supranational Organizations or Devolution of Power Within Nations	392
14.2.4	Increasing Speed of Technological Change or Longing for Stability	397
14.2.5	Environmental Lip Service or Fundamental Change	400
14.2.6	Benefitting from Big Data or Protecting Privacy	403
14.3	Implications for Global Marketing Strategy	406
14.3.1	Six Key Questions on the Sustainability of the Current Business Model	406
14.3.2	The Quest for Balance in Global Marketing Strategy	406
14.4	Summary	409
	References	411

About the Author

Bodo B. Schlegelmilch heads the Institute for International Marketing Management at WU Vienna and is Chair of the global accreditation organization AMBA [Association of MBAs]. For more than 10 years, he served as founding Dean of the WU Executive Academy. He also founded the Vienna Executive MBA, a cooperation with the University of Minnesota, and led the program into the *Financial Times* Top 50 Global Executive MBAs.

Starting at Deutsche Bank and Procter & Gamble, he continued his career at the University of Edinburgh and the University of California, Berkeley. Tenured professorships at the University of Wales, UK (British Rail Chair of Marketing), and at Thunderbird School of Global Management, USA (Head of Marketing Section), followed. To date, he taught in more than 30 countries on six continents, mainly in executive programs.

Bodo received numerous awards and fellowships for his teaching and research, such as from the Academy of International Business, the Academy of Marketing Science, the American Marketing Association, and the Chartered Institute of Marketing. He heads and is member of advisory boards of European (UK, Cyprus, and Hungary) and Asian (China and Thailand) universities and business schools.

His research interests span from international marketing strategy to CSR, and his work has been published in leading academic journals, such as the *Strategic Management Journal*, *Journal of International Business Studies*, and *Journal of the Academy of Marketing Science*. In addition to some 150 journal papers, he has also published more than 10 books in English, Chinese (Mandarin), and German.

Bodo has been Editor-in-Chief of the *Journal of International Marketing* and serves/d on the editorial boards of the *Journal of Marketing*, the *International Journal of Research in Marketing*, *AMS Review*, and many other leading academic journals.

Initially educated in Germany, he obtained two doctorates (in International Marketing Strategy and CSR) from the University of Manchester (UK) and an honorary Ph.D. from Thammasat University (Thailand).

List of Abbreviations

4 Ps	Product, place, price, promotion
5 Vs	Volume, velocity, veracity, variety, value
AAA	Adaptation, aggregation, arbitration
AACSB	Association to Advance Collegiate Schools of Business
AD	Area division
AGSS	Austria, Germany, Switzerland, Slovenia
AI	Artificial intelligence
AMA	American Marketing Association
AMBA	Association of MBAs
ANX	Automotive Network Exchange
AOA	Asia, Oceania, Sub-Saharan Africa
ASEAN	Association of Southeast Asian Nations
AWS	Amazon Web Services
BAT	Baidu, Alibaba, Tencent
BMI	Body mass index
BMW	Bayerische Motoren Werke
BPO	Business process outsourcing
BREXIT	British exit (from the European Union)
BRIC	Brazil, Russia, India, China
BTO	Build to order
C&P	Contracting and procurement
CAGE	Cultural, administrative, geographic, economic
CD	Compact disk
CEE	Central and Eastern Europe
CEEMEA	Central and Eastern Europe, Middle East, Africa
CEO	Chief executive officer
CEIBS	China Europe International Business School
CFA	Confirmatory factor analysis
CHF	Swiss franc
CIBER	Center for International Business Education and Research
CIF	Cost, insurance, freight
CRM	Customer relationship management
CSR	Corporate social responsibility

DACH	Germany, Austria, Switzerland
DDP	Delivery duty paid
DVD	Digital versatile disk
EDI	Electronic data interchange
EIU	Economist Intelligence Unit
EMA	European Medicines Agency
EMBA	Executive Master of Business Administration
EMC	Export management company
EMEA	Europe, Middle East, Africa
EMENA	Europe, Middle, East, North Africa
EMNE	Emerging market multinational enterprise
EQUIS	European Quality Improvement System
ERP	Enterprise resource planning
ERPT	Exchange rate pass-through
EU	European Union
EUIPO	European Union Intellectual Property Office
EUR	Euro
ETC	Export trading company
eWOM	Electronic word of mouth
FAANG	Facebook, Amazon, Apple, Netflix, Google
FAS	Free alongside ship
FTC	Federal Trade Commission
FDA	Food and Drug Administration
FDI	Foreign direct investment
FMCG	Fast-moving consumer good
FOB	Free on board
GAAP	Generally accepted accounting principles
GBU	Global business unit
GBS	Global Business Services
GDP	Gross domestic product
GDPR	General Data Protection Regulation
GNI	Gross national income
GNP	Gross national product
GRI	Global Reporting Initiative
HMV	HMV Retail Ltd (HMV = His Master's Voice)
HOG	Harley Owners Group
HQ	Headquarters
HR	Human resources
HUL	Hindustan Unilever Ltd.
IACC	International Anti-Counterfeiting Coalition
IB	International business
IBM	International Business Machines Corporation
ICC	International Chamber of Commerce
IFRS	International Financial Reporting Standards
IIRC	International Integrated Reporting Council
IMC	Integrated marketing communication

IMD	Institute for Management Development
Incoterms	International Commercial Terms
IoT	Internet of things
IP	Intellectual property
IPLC	International product life cycle
IR	Integration-responsiveness
IRT	Item-response theory
IT	Information technology
JV	Joint venture
KFC	Kentucky Fried Chicken
KPMG	Klynveld Peat Marwick Goerdeler
KOG	Kongsberg Gruppen
Latam	Latin America
LATTE	Local, authentic, traceable, transparent, ethical
LBS	Location-based services
LCR	London Countertrade Roundtable
LTT	Latent trade theory
LU	Local unit
LVMH	Moët Hennessy Louis Vuitton S.A.
MAN	Maschinenfabrik Augsburg-Nürnberg
MBA	Master of Business Administration
MDO	Market Development Organization
MNC	Multinational corporation
MNE	Multinational enterprises
MSU	Michigan State University
MTV	Music Television
NAFTA	North American Free Trade Agreement
NFC	Near-field communication
OBM	Original brand manufacturer
OECD	Organisation for Economic Co-operation and Development
OEM	Original equipment manufacturer
P&G	Procter & Gamble Company
P&L	Profit and loss
PC	Personal computer
PD	Product division
PEST	Political, economic, social, technological
PESTEL	Political, economic, social, technological, environmental, legal
PESTLE	Political, economic, social, technological, legal, environmental
PESTELED	Political, economic, social, technological, environmental, legal, ethical, demographics
PLC	Product life cycle
POS	Physical point of sale
PR	Public relations
QR code	Quick response code
RBV	Resource-based view
R&D	Research and development

RCM	Relationship communication model
REACH	Registration, Evaluation, Authorization and Restriction of Chemicals
RFID	Radio-frequency Identification
RHQ	Regional headquarters
RMB	Renminbi
SaaS	Software as a service
SASB	Sustainability Accounting Standards Board
SBU	Strategic business unit
SCA	Sustainable competitive advantage
SDG	Sustainable Development Goals
SK-II	Secret Key (a P&G skincare product)
SLEPT	Social, legal, economic, political, technological
SLEPTS	Social, legal, economic, political, technological, sustainable
SME	Small and medium-sized enterprise
SMS	Short message service
S&P	Standard & Poor's
STP	Segmentation, targeting, positioning
STEEPLE	Social, technological, environmental, economic, political, legal, ethical
STEEPLED	Social, technological, environmental, economic, political, legal, ethical, demographics
SWAP	Swap option (exchange of liabilities on outstanding debts)
TNC	Transnational corporation
TNI	Transnationality Index
TPP	Trans-Pacific Partnership
TTIP	Transatlantic Trade and Investment Partnership
TV	Television
UN	United Nations
UNCTAD	United Nations Conference on Trade and Development
UNFPA	United Nations Fund for Population Activities
UNFCCC	United Nations Framework Convention on Climate Change
UK	United Kingdom
US	United States
USA	United States of America
USP	Unique selling proposition
VMI	Vendor-managed inventory
VMS	Vertical marketing system
VRIN	Valuable, rare, imperfectly imitable, not substitutable
VUCA	Volatility, uncertainty, complexity, ambiguity
VW	Volkswagen AG
WEF	World Economic Forum
WOM	Word of mouth
WOS	Wholly owned subsidiary
WTO	World Trade Organization

List of Figures

Fig. 1.1	Stepwise internationalization predicted by the Uppsala Model . .	7
Fig. 1.2	Uppsala Model	8
Fig. 1.3	Key constructs and relationships of the Born Global Model. <i>Source: Knight, G. A., & Cavusgil, S. T. (2004). Innovation, organizational capabilities, and the born-global firm. Journal of International Business Studies, 35(2), 124–141</i>	9
Fig. 2.1	Ghemawat's CAGE Framework	21
Fig. 2.2	CAGE within the tension between local responsiveness and global synergies	22
Fig. 2.3	World merchandise trade volume, 2000–2022. <i>Source: WTO (2020, April 8). Trade set to plunge as COVID-19 pandemic upends global economy. Accessed May 8, 2020, from https://www.wto.org/english/news_e/pres20_e/pr855_e.htm</i>	29
Fig. 2.4	Interregional and intraregional merchandise exports (2016 bn US\$). <i>Source: Roland Berger (2018, February). Roland Berger trend compendium 2030. Accessed May 26, 2020, from https://globalmaritimehub.com/wp-content/uploads/2018/04/roland_berger_trend_compendium_2030_trend_2_globalization_and_future_markets_1.pdf and WTO Statistical Review 2019: WTO Trade Statistics - World Trade Statistical Review 2019 – Highlights of World Trade</i>	30
Fig. 2.5	Real GDP forecast (million US dollars). <i>Source: OECD (2020). Real GDP long-term forecast Accessed May 9, 2020, from https://data.oecd.org/gdp/real-gdp-long-term-forecast.htm#indicator-chart</i>	32
Fig. 2.6	Estimated development of world population and annual growth rate. <i>Source: United Nations (2019). World Population Prospects 2019. Department of Economic and Social Affairs. Accessed May 12, 2020, from https://population.un.org/wpp/Publications/Files/WPP2019_Highlights.pdf</i>	33

Fig. 2.7	Comparison of Brazil, China, India, and the United States along the six Hofstede dimensions. <i>Source</i> : Hofstede, G. (n.d.). <i>Hofstede insights</i> . Accessed May 14, 2020, from https://hofstede-insights.com	36
Fig. 2.8	The Schwartz value framework. <i>Source</i> : Schwartz, S. H. (2012). An Overview of the Schwartz Theory of Basic Values. <i>Online Readings in Psychology and Culture</i> , 2(1). https://doi.org/10.9707/2307-0919.1116	37
Fig. 2.9	Generic Gartner's Hype Cycle. <i>Source</i> : Gartner (2020). <i>Gartner hype cycle: Interpreting technology hype</i> . Accessed May 15, 2020, from https://www.gartner.com/en/research/methodologies/gartner-hype-cycle	40
Fig. 2.10	The Gapframe. <i>Source</i> : Gapframe (n.d.). A safe space for all of us. Gapframe: Global goals relevant for every nation & business. Accessed May 17, 2020, from http://gapframe.org/wp-content/uploads/2017/01/Visual-comparison-SDGs-and-Gap-Frame_final-1.pdf	42
Fig. 2.11	Transparency International—countries perceived to be most/least corrupt. <i>Source</i> : Transparency International (2020). <i>Corruption perception index 2019</i> , Accessed May 18, 2020, from https://www.transparency.org/files/content/pages/2019_CPI_Report_EN.pdf	45
Fig. 3.1	Generic corporate growth paths	52
Fig. 3.2	Key questions in assessing the transferability of a business model	54
Fig. 3.3	Common market entry methods	62
Fig. 3.4	Embodied object export versus embodied people export. <i>Source</i> : Ball, D. A., Lindsay, V. J., & Rose, E. L. (2008). Rethinking the paradigm of service internationalization: Less resource-intensive market entry modes for information-intensive soft services. <i>Management International Review</i> , 48(4), 413–431	68
Fig. 3.5	Joint venture life cycle phases	75
Fig. 4.1	Long-term decline of transport and communication costs. <i>Source</i> : Nieminen, R., Puccio, L. & André, M.C. (2017, October 27). <i>The added value of international trade and impact of trade barriers</i> . European Parliament Research Service Blog. Accessed May 20, 2020, from https://eprthinktank.eu/2017/10/27/the-added-value-of-international-trade-and-impact-of-trade-barrier	85
Fig. 4.2	Balancing global versus local responsiveness	91
Fig. 4.3	Organizational formats: extended integration-responsiveness framework. <i>Source</i> : Bartlett, C. A., & Ghoshal, S. (1989). <i>Managing across borders: The transnational solution</i> . Boston, MA: Harvard Business School Press	92

Fig. 4.4	Measuring company pressures for adaptation, aggregation, and arbitrage	94
Fig. 4.5	Location of decision-making versus marketing mix standardization and adaptation	97
Fig. 5.1	Core strategic marketing decisions: the where, how, and what ..	107
Fig. 5.2	Porter's 5 Forces	110
Fig. 5.3	Review of domain positions in different country markets	111
Fig. 5.4	Market attractiveness and market position	115
Fig. 5.5	Stuck in the middle	119
Fig. 5.6	Treacy and Wiersema's market leader triangle	121
Fig. 5.7	Linking the Resource Based View with competitive advantage and firm performance	122
Fig. 6.1	Population density in the Russian Federation. <i>Source:</i> Center for International Earth Science Information Network (2005). <i>Russian Federation: Population density 2000</i> . Accessed August 4, 2020, from https://www.flickr.com/photos/54545503@N04/5457018241	132
Fig. 6.2	Regional differences within China. <i>Source:</i> Data Based on the China Statistical Bureau 2020: http://data.stats.gov.cn/english (2019 data)	134
Fig. 6.3	Strings of single-use pouch goods in an Indian store	135
Fig. 6.4	Rogers' Diffusion of Innovation Model	139
Fig. 6.5	Netflix's "Trending Now." <i>Source:</i> Netflix: Vantage DS/shutterstock.com	141
Fig. 6.6	Segment–target interaction	146
Fig. 6.7	Red Bull—establishing a frame. <i>Source:</i> Can; Red Bull GmbH	148
Fig. 6.8	Positioning by primary versus secondary benefits	149
Fig. 6.9	The universal language of high-touch positioning. <i>Source:</i> Ralph Lauren: George Rudy/shutterstock.com	152
Fig. 7.1	Product-service continuum	164
Fig. 7.2	Optimizing standardization and adaptation	167
Fig. 7.3	The Prange-Schlegelmilch innovation cube. <i>Source:</i> Prange, C., & Schlegelmilch, B.B. (2016). Managing Innovation Dilemmas—The Cube Solution. <i>Business Horizons</i> , 61(2), 2018, 309–322	175
Fig. 7.4	PLC in different countries	183
Fig. 8.1	Price elasticity of demand	196
Fig. 8.2	Reducing the international price corridor	216
Fig. 9.1	Hourly compensation costs in manufacturing, US dollars, 2016. <i>Source:</i> Data based on The Conference Board (2018, Feb. 16). <i>Hourly compensation costs</i> . Accessed January 1, 2021, from International Comparisons of Hourly Compensation Costs in Manufacturing, 2016—Summary Tables The Conference Board. www.conference-board.org	230

Fig. 9.2	Global greenhouse gas emissions. <i>Source:</i> IEA. (2020). <i>Tracking Transport 2020</i> . Paris: IEA. Accessed January 10, 2021, from https://www.iea.org/reports/tracking-transport-2020	231
Fig. 10.1	Building brand resonance	260
Fig. 10.2	Unilever ice cream brands in different countries. <i>Source:</i> Unilever Deutschland Holding GmbH, 25 September 2015	263
Fig. 10.3	Halal and Kosher certificates used for product endorsements	266
Fig. 10.4	Distribution of advertising spending worldwide in 2022. <i>Source:</i> Data based on Zenith. (2020, July 11). <i>Distribution of advertising spending worldwide in 2022, by medium</i> . In Statista. Accessed February 11, 2021 from https://www.statista.com/statistics/269333/distribution-of-global-advertising-expenditure	272
Fig. 10.5	Hand-painted outdoor advertising	274
Fig. 10.6	Advertising spending worldwide from 2000 to 2022. <i>Source:</i> Data based on Zenith (2020, July 27). <i>Advertising spending worldwide from 2000 to 2022, by region (in million US dollars)</i> . In Statista. Accessed February 14, 2021, from https://www.statista.com/statistics/278335/global-advertising-expenditure-by-region	276
Fig. 10.7	Leading direct selling markets worldwide in 2019. <i>Source:</i> Data based on WFDSA (2020, July 1). <i>Leading direct selling markets worldwide in 2019 (in billion U.S. dollars)</i> . In Statista. Accessed February 15, 2021, from https://www.statista.com/statistics/743446/leading-direct-selling-markets-worldwide	277
Fig. 11.1	The planet of Ood and the planet of Earth. <i>Source:</i> Urte Paulus (left), PintoArt/shutterstock.com (right)	290
Fig. 11.2	Percentage of adults who own no mobile phone or have a non-smartphone in 2018. <i>Source:</i> McCarthy, N. (2019, February 8). <i>Smartphone Ownership: The Mobile Disconnect</i> . Statista. Accessed May 23, 2021, from https://www.statista.com/chart/16937/share-of-adults-who-own-no-mobile-phone-or-have-a-non-smartphone	294
Fig. 11.3	Global Internet penetration rate as of January 2021 (percentage of population) and number of worldwide Internet users in 2020 by region. <i>Source:</i> Statista (2020, July 14). <i>Number of worldwide Internet users in 2020, by region (in millions.)</i> Accessed May 1, 2021, from https://www.statista.com/statistics/249562/number-of-worldwide-internet-users-by-region , and We Are Social, Hootsuite, & DataReportal (2021, January 27). <i>Global Internet penetration rate as of January 2021, by region</i> . In	

	<i>Statista</i> . Accessed May 1, 2021, from https://www.statista.com/statistics/269329/penetration-rate-of-the-internet-by-region	295
Fig. 11.4	E-commerce sales in top ten countries in 2021. <i>Source</i> : Cramer-Flood, E. (2021, February 10). In global historic first, e-commerce in China will account for more than 50% of retail sales. <i>eMarketer</i> (online). Accessed May 2, 2021, from https://www.emarketer.com/content/global-historic-first-ecommerce-china-will-account-more-than-50-of-retail-sales	298
Fig. 11.5	Proximity mobile payment usage penetration in selected countries in 2019. <i>Source</i> : eMarketer (2019, October 25). In <i>Statista</i> . Accessed May 6, 2021 from https://www.statista.com/statistics/244501/share-of-mobile-phone-users-accessing-proximity-mobile-payments-country	299
Fig. 11.6	Russian Starbucks app. <i>Source</i> : Postmodern Studio/shutterstock.com	300
Fig. 11.7	Interaction with brands and retailers on social media. <i>Source</i> : Euromonitor International (2015, April). <i>Consumers in the Digital World: Hyperconnectivity and Technology Trends</i> . Euromonitor International, London	301
Fig. 11.8	FAANG vs. BAT market capitalization. Market capitalization is calculated as daily closing price multiplied by shares outstanding. FAANG data is obtained from CRSP and Compustat, while BAT data comes from Compustat and Yahoo Finance	307
Fig. 11.9	Baidu search on a laptop. <i>Source</i> : Tramp57/shutterstock.com	308
Fig. 11.10	Most popular social networks worldwide as of January 2021 by number of active users (million). <i>Source</i> : We Are Social, Hootsuite, & DataReportal (2021, January 27). <i>Statista</i> . Accessed May 15, 2021 from https://www.statista.com/statistics/272014/global-social-networks-ranked-by-number-of-users	312
Fig. 12.1	Organizational design in the context of global marketing strategy	321
Fig. 12.2	Export department	322
Fig. 12.3	Simple international divisional structure	322
Fig. 12.4	Geographic area structure	325
Fig. 12.5	Product structure	325
Fig. 12.6	Geographic area structures versus product divisions. <i>Source</i> : Egelhoff, W.G. (1988). <i>Strategy and Structure in Multinational Corporations: A Revision of the Stopford and Wells Model</i> . <i>Strategic Management Journal</i> , 9(1), 12	326
Fig. 12.7	Matrix structure. <i>Source</i> : Ambos, B., & Schlegelmilch, B.B. (2010). <i>The New Role of Regional Management</i> . Basingstoke: Palgrave-Macmillan, 467	327

Fig. 12.8	Single-country market. <i>Source:</i> Adapted from Ambos, B., & Schlegelmilch, B.B. (2010). <i>The New Role of Regional Management</i> . Basingstoke: Palgrave Macmillan, 74	334
Fig. 12.9	Sub-regional headquarter structure. <i>Source:</i> Adapted from Ambos, B., & Schlegelmilch, B.B. (2010). <i>The New Role of Regional Management</i> . Basingstoke: Palgrave Macmillan, 74 . .	334
Fig. 12.10	Mixed regional headquarter structure. <i>Source:</i> Adapted from Ambos, B., & Schlegelmilch, B.B. (2010). <i>The New Role of Regional Management</i> . Basingstoke: Palgrave Macmillan, 74 . .	335
Fig. 12.11	Regional network structure. <i>Source:</i> Adapted from Ambos, B., & Schlegelmilch, B.B. (2010). <i>The New Role of Regional Management</i> . Basingstoke: Palgrave Macmillan, 74	335
Fig. 12.12	Allocation of organizational responsibilities across different hierarchies and units of a value chain	338
Fig. 12.13	Levels of corporate culture. <i>Source:</i> Adapted from Schein (1984). Coming to a new awareness of organizational culture. <i>Sloan Management Review</i> , 25(2), 3–16	343
Fig. 13.1	Consumer perceptions of corporate social responsibility. <i>Source:</i> Adapted from Öberseder, M., Schlegelmilch, B. B., Murphy, P. E. & Gruber, V. (2013). Consumers' perceptions of corporate social responsibility—Scale development and validation. <i>Journal of Business Ethics</i> , 93(1), 101–115	355
Fig. 13.2	UN Sustainable Development Goals. <i>Source:</i> Accessed April 8, 2021, from https://sdgs.un.org/goals	356
Fig. 13.3	Illustrations of mainstream sustainability domains	357
Fig. 13.4	IKEA catalog picture with and without a woman. <i>Source:</i> With kind permission of IKEA: Accessed January 4, 2015, from http://buytheway.annenbergcourse.org/what-ikea-told-us	370
Fig. 13.5	Cultural appropriation. <i>Source:</i> Capital Pictures, London, UK . .	371
Fig. 14.1	World trade as proportion of world GDP. <i>Source:</i> Data based on World Bank Development Indicators. World Bank. (n.d.). Accessed June 7, 2021, from https://data.worldbank.org/indicator/NE.TRD.GNFS.ZS	388
Fig. 14.2	Percent of world population over 65 years of age versus under the age of 4. <i>Source:</i> Data from World Population Review (2021). <i>Countries with declining population 2021</i> . Accessed June 10, 2021, from https://worldpopulationreview.com	391
Fig. 14.3	Investment in renewable energy by country/region in billion US dollars. <i>Source:</i> Data from Buchholz, K. (2020, September 11). Who is driving investment in renewable energy? In <i>Statista</i> . Accessed June 15, 2021, from https://www.statista.com/chart/22877/investment-in-renewable-energy-by-country-region	403
Fig. 14.4	Increasing variety and complexity of data	404
Fig. 14.5	Six big “hows” managers should ask about the future	407

Fig. 14.6	Exploitative and explorative types of innovation. <i>Source:</i> Prange, C., & Schlegelmilch, B. B. (2010). Heading for the Next Innovation Archetype? <i>Journal of Business Strategy</i> , 31(2), 47	407
Fig. 14.7	Global marketing strategy needs to balance opposing trends	408