

Management for Professionals

Bodo B. Schlegelmilch

Global Marketing Strategy

An Executive Digest

 Springer

Management for Professionals

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To Irene and Roger

Preface

The Benefits

This book provides an opportunity to look at international marketing challenges from a strategic perspective. If you share the belief that managers cannot afford to think in functional silos and agree that the best companies combine marketing and 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 international 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 without any further ado.

The Ideal Reader

The ideal reader is like an ideal partner: he or she does not exist in reality. However, here is my wish list. You are an experienced manager 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.

The People Who Did the Real Work

Whole societies are built on the division of labor. I make no secret of the fact that this book uses the same principle. First, there are a number of bright students, who helped me in getting the literature up to date and doing some background work. These include, but in case I forgot someone, are not restricted to, Helmut Artinger, Hanin Al-Zahid, Carina Brenner, Doina Bors, Damir Haramina, Antonia Karamat Calice, Tassilo Benjamin Karunarathna, Martin Kirks, Richard Kolárik, Janina

Kuhagen, Tanja Lang, Julia Lanske, Irina Mihai, Marcos Munoz, Ekaterina Nikitina, Bogdan Liviu Pralea, Tobias Rauscher, Stefanie Reif, Marie-Theres Riegler, Gerald Sonnleitner, Lilla Sarolta Balogh, Leonidas Tsotras, Peter Ummenhofer, and Alexandra Ioana Velescu. Second, there is Ms. Gina Villanueva-Weinzierl, who helped me organize the students. Third, there is Ms. Miya Komori-Glatz, who proofread the entire book. And last but not least, there is Ms. Hanife Özdemir, who formatted the text and supplied me with copious amounts of coffee while I was writing.

The One Who Gets the Credit

I am a professor of international management and marketing at Vienna University of Business and Economics, WU Vienna for short. Here, I established and chair the Institute for International Marketing Management and founded the WU Executive Academy, now one of the leading business schools for professionals in Central and Eastern Europe. Leaving the school after serving more than 10 years as Dean in 2015, the business school is a profitable venture that now serves some 2000 students p.a., has an administrative staff of 50 plus people, and employs some 500 instructors each year. It is EQUIS, AMBA, and AACSB accredited and has alumni from more than 80 countries.

I was brought up and educated in Germany and obtained two doctorates (Ph.D. and D.Litt.) from Manchester Business School (UK) and an honorary Ph.D. from Thammasat University (Thailand). Starting at Deutsche Bank and Procter and Gamble in Germany, I continued my career at the University of Edinburgh and the University of California, Berkeley. Appointments as British Rail Chair of Marketing at the University of Wales (UK) and Professor of International Business at Thunderbird School of Global Management (USA) followed.

Currently, I am serving on the Board of Governors of the Academy of Marketing Science, in the USA, the Board of Trustees of the Association of MBAs in the UK, and the Executive Board of the American Chamber of Commerce in Austria. I am also on the Advisory Board of a number of international Business Schools and have been a visiting professor at a number of international business schools, for example, at the Universities of Minnesota (USA), Keio (Japan), Leeds (UK), Sun Yat-Sen (China), and Cologne (Germany). Other claims to fame include various teaching and research awards as well as Fellowships of the Academy of Marketing Science and the Chartered Institute of Marketing. My research has been published in a wide variety of books and journals, such as the *Strategic Management Journal*, *Journal of International Business Studies*, *Journal of the Academy of Marketing Science*, and *Journal of World Business*. I was also the first European Editor-in-Chief of the *Journal of International Marketing*, published by the American Marketing Association.

Appraisals

The Opinion of Significant Others

My wife Irene likes the book! Of course, I admit that she is biased. Other people stated the following:

The charm of this book lies in its interdisciplinary perspective. Bringing together insights from marketing and strategy, it offers a structured approach to the topic for graduate students and a crisp digest for seasoned international managers alike.

Howard Thomas

LKCSB Chair in Strategic Management

Former Dean: Lee Kong Chian School of Business

Singapore Management University

Singapore

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.

Russ Winer

William H. Joyce Professor of Marketing

Stern School of Business, New York University

New York

USA

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 of the Lorange Institute of Business

former President of IMD

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. Professor Schlegelmilch did a wonderful job bringing his deep knowledge of global marketing strategy into an easy-to-read textbook.

Kazuhiro Asakawa

Mitsubishi Chaired Professor of Global Innovation and International Management

Graduate School of Business Administration

Keio University

Japan

Ambitious Marketeers need to see a broader perspective. This book will give them a crisp and easy-to-read guide for their leap into Global Marketing. Highly recommended for its concise character!

Günter Thumser

CEO

Henkel Central and Eastern Europe

Vienna

Austria

An instructive and insightful guide for busy managers to understand how to compete in the global market today. The book is an excellent reading for both MBA and Executive MBA students.

Xu Xinzong

Professor and Dean: Lingnan (University) College

Sun Yat-sen University

Guangzhou

China

A thought-provoking and easy to follow book, which can enable time-pressed readers to comprehend or formulate global marketing strategy.

Andrew Main Wilson

Chief Executive

AMBA—The Association of MBAs

London

UK

An impressive combination of advanced academic wisdom and very practical advice for achieving success in global marketing strategy.

Valery Katkalo

Professor and Dean: Sberbank Corporate University

Moscow

Russia

This book presents complex issues in an easily understandable, concise manner. A must read for busy managers who need to understand the essential global marketing strategy concepts but do not have the time to read lengthy textbooks.

Joseph F. Hair, Jr.

Director Emeritus, Louisiana State University Entrepreneurship Institute and

Alvin C. Copeland Endowed Chair of Entrepreneurship

Baton Rouge

USA

With so much written about the infinitely complicated world of global marketing, this book does the hard sorting of what's important for you and delivers the essence of what's needed in a clear, digestible, and insightful way.

Vince Mitchell

Sir John E Cohen Professor of Consumer Marketing

Faculty of Management, Cass Business School

City University London

UK

This book is clear and concise and focuses on the most relevant concepts. I highly recommend this text for managers, who need to understand how marketing strategy can be applied in a global context.

Pannapachr Itthiopassagul

Director of the Master of Marketing Program (MIM)

Thammasat Business School

Bangkok

Thailand

Whether you are new to the global marketing scene or a seasoned global manager, Professor Schlegelmilch presents a useful, readable framework for organizing and understanding the key issues and concepts in global marketing strategy planning and execution.

Michael J. Houston

Ecolab-Pearson M. Grieve Chair in International Marketing

Carlson School of Management

University of Minnesota, Minneapolis

USA

This is a very nicely structured and written 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. A “must” read.

Adamantios Diamantopoulos
Chair of International Marketing
University of Vienna
Vienna
Austria

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 and Chair, Marketing Division
Babson College
Babson Park
USA

Global Marketing Strategy: A Managerial Perspective is a highly insightful, comprehensive, and up-to-date book on a topic critical for all companies involved in international business. It is easily accessible to practicing managers as well as to business students. I highly recommend it.

George S. Yip
Professor of Strategy and Co-Director, Centre on China Innovation
China Europe International Business School
Shanghai
China

Global Marketing Strategy fills a gap in the international marketing literature by offering a concise textbook without sacrificing a broad coverage of issues relevant to managerial decision making in foreign markets from a world-renowned specialist in the area. The book aims at an executive audience that can strongly benefit from its direct, hands-on approach.

Angela da Rocha
Professor and Director of NUPIN - Núcleo de Pesquisas em Negócios Internacionais (Center for International Business Research)
Pontifical Catholic University of Rio de Janeiro
Brazil

The book covers key dimensions of global business in a crisp and vibrant manner. It manifests the experience and academic versatility of the author and makes the book highly recommended reading for every business manager and student.

Mubbsher Munawar Khan

Principal: Hailey College of Banking and Finance

University of the Punjab

Lahore

Pakistan

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

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List of Abbreviations

4Ps	Product, Place, Price, Promotion
AAA	Adaptation, Aggregation, Arbitration
AACSB	Association to Advance Collegiate Schools of Business
AD	Area Division
AGSS	Austria, Germany, Switzerland, Slovenia
AMA	American Marketing Association
AMBA	Association of MBAs
ANX	Automobile Network Exchange
ASEAN	Association of Southeast Asian Nations
BMI	Body-Mass-Index
BMW	Bayerische Motoren Werke
BPO	Business Process Outsourcing
BRIC	Brazil, Russia, India, China
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
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
EMC	Export Management Company
EMEA	Europe, Middle East, Africa

EQUIS	European Quality Improvement System
ERP	Enterprise Resource Planning
ERPT	Exchange Rate Pass-Through
EU	European Union
EUR	Euro
ETC	Export Trading Company
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
GDP	Gross Domestic Product
GRI	Global Reporting Initiative
GNI	Gross National Income
GNP	Gross National Product
HMV	HMV Retail Ltd. (HMV = His Master's Voice)
HQ	Headquarters
HR	Human Resources
HUL	Hindustan Unilever Ltd.
IACC	Anti-Counterfeiting Coalition
IBM	International Business Machines Corporation
ICC	International Chamber of Commerce
IFRS	International Financial Reporting Standards
IMC	Integrated Marketing Communication
IMD	Institute for Management Development
Incoterms	International Commercial Terms
IPLC	International Product Life Cycle
IR	Integration-Responsiveness
IRT	Item-Response Theory
IT	Information Technology
JV	Joint Venture
KFC	Kentucky Fried Chicken
Latam	Latin America
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
MNC	Multinational Corporation
MSU	Michigan State University
MTV	Music Television
NAFTA	North American Free Trade Agreement

OECD	Organization for Economic Co-operation and Development
P&G	Procter and Gamble Company
PC	Personal Computer
PD	Product Division
PESTLE	Political, Economic, Social, Technological, Legal, Environmental
PLC	Product Life Cycle
PR	Public Relations
QR-code	Quick Response Code
R&D	Research and Development
RCM	Relationship Communication Model
RFID	Radio Frequency Identification
RHQ	Regional Headquarters
SLEPTS	Social, Legal, Economic, Political, Technological, Sustainable
SK-II	Secret Key [a P&G skincare product]
SME	Small and Medium-Sized Enterprise
SMS	Short Message Service
STP	Segmentation, Targeting, Positioning
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 Position
VMI	Vendor-Managed Inventory
VMS	Vertical Marketing System
VW	Volkswagen AG
WEF	World Economic Forum
WOS	Wholly Owned Subsidiary
WTO	World Trade Organization

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