MARKETING MANAGEMENT: AN INTERNATIONAL PERSPECTIVE

INTERNATIONAL MARKETING SERIES

Series Editor: Professor Christian Pinson, INSEAD

MARKETING MANAGEMENT: AN INTERNATIONAL PERSPECTIVE

Edited by
Kamran Kashani and Dominique Turpin

Selection and editorial matter

Copyright IMD – International Institute for Management Development,
Lausanne, Switzerland 1999

Cases copyright before 1990:

Copyright 1999 by IMEDE, Lausanne, Switzerland. IMD – International Institute for Management Development, resulting from the merger between IMEDE, Lausanne and IMI, Geneva, acquires and retains all rights. Not to be used or reproduced without written permission directly from IMD.

Cases copyright after 1990:

Copyright 1999 by IMD – International Institute for Management Development,
Lausanne, Switzerland. Not to be used or reproduced without written permission
directly from IMD.

Softcover reprint of the hardcover 1st edition 1999 978-0-333-75007-0

All rights reserved. No reproduction, copy or transmission of
this publication may be made without written permission.

No paragraph of this publication may be reproduced, copied
or transmitted save with written permission or in accordance
with the provisions of the Copyright, Designs and Patents
Act 1988, or under the terms of any licence permitting limited
copying issued by the Copyright Licensing Agency, 90 Tottenham
Court Road, London W1P 0LP.

Any person who does any unauthorised act in relation to
this publication may be liable to criminal prosecution and
civil claims for damages.

The authors have asserted their right to be identified as the
authors of this work in accordance with the Copyright,
Designs and Patents Act 1988.

First published 1999 by
MACMILLAN PRESS LTD
Houndmills, Basingstoke, Hampshire RG21 6XS
and London
Companies and representatives throughout the world

ISBN 978-0-333-75008-7 ISBN 978-1-349-27529-8 (eBook)

DOI 10.1007/978-1-349-27529-8

A catalogue record for this book is available from the British Library.

This book is printed on paper suitable for recycling and made from
fully managed and sustained forest sources.

10 9 8 7 6 5 4 3 2 1
08 07 06 05 04 03 02 01 00 99

Editing and origination by
Aardvark Editorial, Mendham, Suffolk

Contents

<i>List of Exhibits</i>	vii
<i>Case Writers and Associates</i>	xiv
<i>Preface</i>	xv
<i>Acknowledgements</i>	xvii

SECTION I INTRODUCTION TO MARKETING 1

Introduction to Marketing	3
The Job of the Marketing Manager	3
The Marketing Mission	3
Putting It All Together	14
Cases in Section I	15
Learning Points	15
 Case 1.1 <i>The Skisailer: Marketing a Young Investor's Dream</i>	17
Case 1.2 ^R <i>Delissa in Japan</i>	35

SECTION II MARKETING DECISIONS: THE FIVE 'PS' 53

Introduction: The Five 'Ps'	55
Segmentation and Positioning Decisions	55
Product Management Decisions	56
Pricing Decisions	60
Distribution Decisions	64
Communication Decisions	68
Conclusions	73
Learning Points	73
 Case 2.1 <i>Konica Corp.</i>	75
Case 2.2 <i>Kirin Brewery Co. Ltd (A)</i>	104
Case 2.3 <i>Daewoo Motor Company UK (A)</i>	134
Case 2.3 <i>Daewoo Motor Company UK (B)</i>	147
Case 2.4 ^R <i>Interdrinks</i>	160
Case 2.5 <i>Salomon: The Monocoque Ski</i>	191
Case 2.6 <i>Hong Kong & Shenzhen Bank (A)</i>	216
Case 2.6 <i>Hong Kong & Shenzhen Bank (B)</i>	222
Case 2.6 <i>Hong Kong and Shenzhen Bank (C)</i>	225

Case 2.6	<i>Hong Kong & Shenzhen Bank (D)</i>	241
Case 2.6	<i>Hong Kong and Shenzhen Bank (E)</i>	245
Case 2.6	<i>Hong Kong and Shenzhen Bank (F)</i>	247
Case 2.7	<i>Computron Inc., 1994</i>	248
Case 2.8 ^R	<i>Pharma Swede: Gastirup</i>	256
Case 2.9 ^R	<i>Jordan A/S</i>	280
Case 2.10	<i>GPS One-hour Service (C): Moving Abroad</i>	298
Case 2.11	<i>Make Yourself Heard: Ericsson's Global Brand Campaign</i>	326
Case 2.12 ^R	<i>Mediquip S.A.</i>	345

SECTION III INTERNATIONAL MARKETING: GLOBAL INTEGRATION STRATEGY 355

International Marketing: Global Integration and Strategy	357
Forces	359
P&G Goes Global	361
Global Marketing: The Issues	363
Global Strategy: A Framework for Analysis	366
The Case of Integrated Solutions Inc.	369
Cases in Section III	370
Learning Points	371
 Case 3.1 <i>Libby's Beverages: Um Bongo Fruit Drink</i>	 373
Case 3.2 <i>Hilti Corporation (A)</i>	411
Case 3.3 ^R <i>Haaks Europe</i>	418

SECTION IV INTERNATIONAL MARKETING: STRATEGY IMPLEMENTATION 423

International Marketing: Strategy Implementation	425
Chapter Coverage	426
Structure	426
Tasks	431
Process	433
Behavior	435
Skills	437
Cases in Strategy Implementation	439
Learning Points	440
 Case 4.1 ^R <i>Alto Chemicals Europe (A)</i>	 441
Case 4.1 ^R <i>Alto Chemicals Europe (B)</i>	453
Case 4.2 <i>Sony Europa (A)</i>	456

List of Exhibits

CASE 1.2

Exhibit 1	Illustration of Skisailer from Product Brochure	30
Exhibit 2	Skisailer Market Potential	32
Exhibit 3	Skisailer Achievable Sales Estimate	33
Exhibit 4	World Market of Alpine and Cross-country Skis	34

CASE 2.1

Exhibit 1	Konishiroku Photo Industry (Konica) Selected Data	84
Exhibit 2	World Amateur Photographic Exposures (units in bns)	86
Exhibit 3	Japanese Photography Exposures (bn shots)	87
Exhibit 4	Japanese Amateur Total Photographic Expenditures (¥100 mn)	88
Exhibit 5	The World Photofinishing Industry (US\$100 mn)	89
Exhibit 6	Photofinishing Sales in Japan (¥ bn)	90
Exhibit 7	Sales of Data Processing by Type of Outlet (% of total value)	91
Exhibit 8	Photofinishing Prices in Japan (¥)	92
Exhibit 9	Sales of Still Cameras in Japan (¥ mn)	93
Exhibit 10	Sales of Cameras in Japan by Sex and Age Group (%)	94
Exhibit 11	Sales of Photographic Film in Japan by Sex and Age Group	95
Exhibit 12	Market Shares in the 35mm SLR Camera Industry in Japan (1975–86)	96
Exhibit 13	Sales of Color Negative Film in Japan by Size, Sensitivity and Prints (Film for Amateurs Only)	97
Exhibit 14	Konishiroku Photo Industry Product Line for Color Print Film (Film for Amateurs Only)	98
Exhibit 15	Konishiroku Photo Industry Product Line for Color Print Film (Film for Amateurs Only)	99
Exhibit 16	Comparative Retail Prices for Color Print Film in Japan 1987*	100
Exhibit 17	Photographic Subjects for Color Prints by Sex and Age Group	101
Exhibit 18	Photographic Subjects for Color Prints by Season* (ISO100, Color Prints 1980–86)**	102
Exhibit 19	Fuji Photo Film Selected Data	103

CASE 2.2

Exhibit 1	The World Beer Industry (1987)	118
Exhibit 2	Selected Financial Data	119
Exhibit 3	Comparative Market Shares in the Japanese Beer Industry (1949–87*)	120
Exhibit 4	Segmentation of the Beer Market in Japan by Product Categories and Brewers in 1987 (× 10,000 kiloliters)	121
Exhibit 5	Comparative Marketing Expenditures of the Major Japanese Brewers 1983–87 (¥ bn)	122
	Comparative Advertising Expenditures per Media, 1987 (in %)	123
Exhibit 6	Sapporo Breweries' Selected Financial Data	124
Exhibit 7	Asahi Breweries' Selected Financial Data	125
Exhibit 8	Positioning Map for Beer Products	126
Exhibit 9	Asahi's Super Dry Label	127
Exhibit 10	Kirin's Lager Beer Label	128
	Consumer Opinions on Dry Beer in Japan	129

CASE 2.3A

Exhibit 1	New Car Market Shares and Distribution Structure by Manufacturer: 1992–94	140
Exhibit 2A	Overview of Segmentation of the UK Car Market	141
Exhibit 2B	Market Share by Model: Lower- and Upper-medium Segments (1993)	142
Exhibit 2C	Private Buyers – Main Reasons for Purchase	143
Exhibit 2D	Price Ranges of Competing Models: August 1994	144
Exhibit 3	Largest UK Franchised Dealer Groups	145
Exhibit 4	Brand and Retail Advertising for Top Car Manufacturers	146

CASE 2.3B

Exhibit 1	Daewoo Launch Advertising	152
Exhibit 2	New Car Registrations in UK by Marque: 1994–97	157
Exhibit 3	Daewoo New Model Pricing	159

CASE 2.4

Exhibit 1	Switzerland and IDC's Geographic Coverage*	173
Exhibit 2	Partial Organization Chart	174
Exhibit 3	Income Statement (in thousand Sfrs)	175
Exhibit 4	Balance Sheet (in thousand Sfrs)	176

Exhibit 5	IDC's Product Line	177
Exhibit 6	1997 Sales by Outlet (in thousand Sfrs)	178
Exhibit 7	1997 Sales by Outlet (in thousands of bottles)	179
Exhibit 8	Average Ex-factory Prices by Outlet* in 1997 (Sfrs)	180
Exhibit 9	Variable Manufacturing Costs* (in Sfrs)	181
Exhibit 10	Advertising and Promotion Expenditures (in thousand Sfrs)	182
Exhibit 11	Swiss Soft Drink and Mineral Water Consumption (millions of liters)	183
Exhibit 12	National Market Shares of Top Bottling Companies (1997, liters)	184
Exhibit 13	Representative Consumer Prices (in Sfrs)	185
Exhibit 14	Share of Food Chains in Total Consumer Purchases (%)	186
Exhibit 15	Estimated Sales of Competitors Within IDC's Region	187
Exhibit 16	Breakdown of Selling Expenses (Sfrs 000s)	188
Exhibit 17	Age and Service Profile of Salesmen	189
Exhibit 18	Performance Evaluation Form	190

CASE 2.5

Exhibit 1	Salomon S.A., Sales and Profits (FF mn)	205
Exhibit 2	Growth of Sales and R&D Expenditures Index (1983–84 = 100)	206
Exhibit 3	Salomon S.A., Five-Year Financial Summary	207
Exhibit 4	Ski Sales in the 1980s (millions of pairs)	209
Exhibit 5	1986–87 Sales by Country (thousands of pairs)	210
Exhibit 6	The Market Price Structure in the Ski Market	211
Exhibit 7	Sales by Manufacturers (thousands of pairs)	212
Exhibit 8	Types of Ski Structure	213
Exhibit 9	The Ski Purchasing Process	214
Exhibit 10	The Ski Concept: Progressive Profile	215

CASE 2.6A

Exhibit 1	Organization Chart of the Hong Kong & Shenzhen Bank	221
-----------	---	-----

CASE 2.6C

Exhibit 1	Step 1a: Summary of Clients' Expectations	226
Exhibit 2A	Step 1a: Division's Performance	228
Exhibit 2B	Step 1a: Division's Performance	229
Exhibit 2C	Step 1a: Division's Performance	230
Exhibit 2D	Step 1a: Division's Performance	231

CASE 2.6C

Exhibit 3A	Step 1b: Sensitiveness of the Employees Towards Quality	232
Exhibit 3B	Step 1b: Sensitiveness of the Employees Towards Quality	233
Exhibit 3C	Step 1b: Sensitiveness of the Employees Towards Quality	234
Exhibit 3D	Step 1b: Sensitiveness of the Employees Towards Quality	235
Exhibit 3E	Step 1b: Sensitiveness of the Employees Towards Quality	236
Exhibit 3F	Step 1b: Sensitiveness of the Employees Towards Quality	237
Exhibit 3G	Step 1b: Sensitiveness of the Employees Towards Quality	238
Exhibit 3H	Step 1b: Sensitiveness of the Employees Towards Quality	239
Exhibit 3I	Step 1b: Sensitiveness of the Employees Towards Quality	240

CASE 2.6D

Exhibit 1	Examples of Company Charters	243
Exhibit 2	The Hong Kong & Shenzhen Bank's Quality Chart	244

CASE 2.7

Exhibit 1	Estimated Price for the 1000X Computer for the Slavisky Experimental Pilot Plant based on 'Usual' Calculations	254
Exhibit 2	1993 Market Share for Companies Selling Medium-priced Computers to the Polish Market (US\$)	255

CASE 2.8

Exhibit 1	Pharma Swede (Sales in \$ mn)	270
Exhibit 2	Partial Organization Chart	271
Exhibit 3	The Development of a New Drug	272
Exhibit 4	Product Pricing and Government Relations	273
Exhibit 5	The Oral Osmotic Delivery System (OROS)	274
Exhibit 6	Sales and Market Shares in Major European Markets* (Sales in \$ mn)	275
Exhibit 7	Retail Prices in Europe (Daily Treatment Cost)	276
Exhibit 8	Price Setting and Reimbursement in the EU	277
Exhibit 9	Relative Retail Prices of Gastrirup	279

CASE 2.9

Exhibit 1	Selected Financial Results (millions of Norwegian kroner)	290
Exhibit 2	Sales Budget Total: 330 mn kroner	292

Exhibit 3	The World Market for Toothbrushes (data unavailable for some countries)	293
Exhibit 4	Jordan Market Share by Country	294
Exhibit 5	Major Competitors in Toothbrushes: Selected Financial and Operating Statistics (\$ mn)	295
Exhibit 6	Major Competing Brands of Toothbrushes	296
Exhibit 7	British Toothbrush Market	297

CASE 2.10

Exhibit 1A	Representation of the GPS Group	310
Exhibit 1B	GPS Consolidated Profit & Loss 1992–96	311
Exhibit 2	The Spirit of GPS	312
Exhibit 3	Photos of GPS Stores	313
Exhibit 4	Quick Look at the Optical Industry	315
Exhibit 5	Costs and Income of a Typical Grand Optical or La Générale d'Optique Store in France	318
Exhibit 6	Grand Optical Facts and Figures as per December 1996	319
Exhibit 7	Overview of International Competitors	320
Exhibit 8	Positioning of the International Optical Chains	322
Exhibit 9	Quantitative Market Data	323
Exhibit 10	Competitors' Profiles per Market (as evaluated by the IMD MBA project team)	324

CASE 2.11

Exhibit 1	Partial Organization Chart: Ericsson Group and Mobile Phones and Terminals	336
Exhibit 2	Mobile Phones: Global Market Shares	337
Exhibit 3	Pan-European Press Advertising 1995	338
Exhibit 4	James Bond Tie-in Advertising: Austria 1997	339
Exhibit 5	Global Brand Campaign Billboard Advertising 1998	340
Exhibit 6	Global Brand Campaign TV Commercial Storyboards 1998	341
Exhibit 7	European Region's Product Campaign Press Advertising 1998	342
Exhibit 8	Local Product Campaign Press Advertising 1997	343
Exhibit 9	Radio Systems Press Advertising 1998	344

CASE 2.12

Exhibit 1	Account Management Analysis Forms (condensed version)	352
-----------	---	-----

CASE 3.1

Exhibit 1	Nestlé's 1988 Sales Breakdown	386
Exhibit 2	Partial Corporate Nestlé Organization Chart	387
Exhibit 3	Segmentation of the US Beverage Market, 1988	388
Exhibit 4	US Competitive Overview: Who is Who in Shelf-stable Juice	389
Exhibit 5	1988 Dollar Volume and Share Trends: Total US Juice/Drinks Category (US\$ thousands)	391
Exhibit 6	Libby's US Division Reporting Structure	392
Exhibit 7	Juicy Juice: Sample Labels	393
Exhibit 8	Juicy Juice Positioning (Based on 1987 Creative)	394
Exhibit 9	Juicy Juice Storyboard	395
Exhibit 10	Hawaiian Punch Storyboard	396
Exhibit 11	Juicy Juice Consumer Profile	397
Exhibit 12	Highlights of 1989 Marketing Plan Juicy Juice	398
Exhibit 13	Segmentation of the UK Beverage Market, 1988 (US\$ mn)	399
Exhibit 14	Um Bongo Brik Paks	400
Exhibit 15	Um Bongo Commercial Storyboard	401
Exhibit 16	UK Consumer Data on Um Bongo*	402
Exhibit 17	Spanish Fruit Juice and Drinks Market* 1988	403
Exhibit 18	Portuguese Fruit Juice and Drinks Market* 1988	404
Exhibit 19	US Um Bongo Research: Interpretative Summary and Selected Findings	405

CASE 3.2

Exhibit 1	The Hilti Product Line	416
Exhibit 2	Global Strategy	417

CASE 3.3

Exhibit 1	Haaks International Partial Organization Chart	422
-----------	--	-----

CASE 4.1A

Exhibit 1	Stabilizer Market Segments (1989)	450
Exhibit 2	Stabilizer Marketing Organization	451
Exhibit 3	Partial Job Definitions	452

CASE 4.1C

Exhibit 1	Sony Product Innovations	475
Exhibit 2	History of Sony's Operations in Europe	476
Exhibit 3	Relations Between European Country Management and Sony Tokyo	477
Exhibit 4	European Consumer Electronics Market Size and Shares of Major Producers	478
Exhibit 5	European Consumer Electronics Sales Trends by Product Category	479
Exhibit 6	European Consumer Electronics Sales Trends by Country and Region	480
Exhibit 7	Per Capita Expenditure on Consumer Electronics (1992)	481
Exhibit 8	Shares of Consumer Electronics by Channel	482
Exhibit 9	Partial Organization Chart: European Sales and Marketing Operations	483
Exhibit 10	The Butterfly Concept	484
Exhibit 11	SymphONY Europa	485
Exhibit 12	Shin Takagi's Career History at Sony	486
Appendix	Partial Text of Organization Announcement	487

Case Writers and Associates

Case 1.1	Dominique Turpin and Kamran Kashani
Case 1.2 ^R	Juliet Burdet-Taylor and Dominique Turpin
Case 2.1	Dominique Turpin
Case 2.2	Dominique Turpin with Joyce Millar
Case 2.3	Debra Riley, under the supervision of Sean Meehan
Case 2.4	Srinivasa Rangan and Janet Shaner under the supervision of Kamran Kashani
Case 2.5	Francis Bidault
Case 2.6	Dominique Turpin and Giana Klaas
Case 2.7	Ralph Z. Sorenson, revised by Dominique Turpin
Case 2.8 ^R	Kamran Kashani with Robert C. Howard and Janet Shaner
Case 2.9 ^R	David H. Hover and Janet Shaner under the supervision of Per V. Jenster and Kamran Kashani
Case 2.10	Els van Weering under the supervision of Jacques Horovitz
Case 2.11	Kamran Kashani
Case 2.12 ^R	Kamran Kashani
Case 3.1	Kamran Kashani with Robert C. Howard
Case 3.2	Peter Killing
Case 3.3 ^R	Kamran Kashani with Janet Shaner
Case 4.1 ^R	Kamran Kashani
Case 4.2	Kamran Kashani and J.B.M. Kassarian

Preface

This book intends to respond to a growing interest in the internationalization of business and the challenges of conducting marketing in markets other than one's own. In a shrinking world of business, thanks to ease of transportation, instant communications, rapid deregulation of financial markets and trade, this book introduces the students of international marketing and management to the excitement, challenges and opportunities of global markets and offers a practical means of learning about international marketing issues.

This book is primarily designed for international marketing teaching purposes but it can also serve to cover more general management issues in international business such as cross-cultural management, strategic alliances and partnerships. The cases are based on our personal observations of companies and their operations in countries where the IMD faculty has done consulting or research. We have used every case presented in this book successfully with both IMD MBA participants and executives. Taken together, they cover subjects in different international marketing contexts: evaluating the potential of different markets around the globe, launching or re-launching a product or service in a global context, managing the marketing mix in an international or new

environment, implementing a global marketing strategy, dealing with cross-cultural marketing issues, managing alliances and partnership strategies in international marketing.

The cases in this book are not intended to be examples of 'best practices' or, for that matter, of ineffective management. We selected them for their general interest and pedagogical value, the overall picture of doing business overseas they paint, and the specific issues on international marketing they present. All the cases in this book are comprehensive and are based on real business situations. They include selected information about the companies, the events and circumstances they operate in. All cases are especially designed for teaching – they highlight the issues important in developing a management framework by engaging participants in probing discussions. Most importantly, this book features real management issues. The views of the managers and the experiences of the companies, different as they are from each other and from those of academic scholars, are invaluable because they are based on the field experiences of real world marketers.

The structure of the book has the following flow of topics: it begins with an overview and an examination of marketing fundamentals before progressing to the more advanced issues

in global marketing. The four parts of the book are organized as follows:

Section I: Introduction to Marketing provides a general picture of international marketing issues, market analysis and decisions. It introduces the students to the complexity of the international environment and provides a general overview of key managerial issues in international marketing such as evaluating the size of a new market for an innovative product or seizing the opportunities for growth in different markets.

Section II: Marketing Decisions introduces the students to the key decision areas in marketing, the so-called ‘5 Ps’: segmentation and positioning; product and service policy; pricing; distribution; and communication.

Section III: International Marketing – Integration & Planning focuses on issues coming out of companies trying to adapt their international marketing towards a coherent integrated

strategy. The introductory chapter highlights some of the pertinent issues here, such as local versus global bias in marketing decision-making, and sets the stage for the cases that follow.

Section IV: International Marketing – Organization & Strategy Implementation examines important issues left out of most international marketing case books: not only the organizational structure (which is usually covered) but also elements of strategy implementation. This latter set of issues deals with how a management team undertakes actions necessary to implement a given strategy. Implementation issues are especially critical when a given strategy cuts across many organizational, cultural and market divisions – as is often the case in international marketing.

An Instructor’s Manual is available for adopters of this book.

KAMRAN KASHANI
AND DOMINIQUE TURPIN

Acknowledgements

We would like to thank our colleagues at IMD for their generous support of our effort to produce this book. Many people have contributed to the realization of our project, but special mention should be made of Persita Egeli-Farmanfarma, IMD Case Administrator, Gordon Adler, IMD Senior Writer, and his assistant Cheryl Petroski, and our proofreader, Michelle Perrinjaquet, for providing us with the assistance necessary to put this book together. We are equally grateful to Janet Shaner, Research Associate, who worked on updating many of the cases that appear in this book. Her work has resulted in exciting new and timely teaching material. Our thanks also go to several of our current and former colleagues for

contributing their fine cases to this collection. They are Professors Francis Bidault, Jacques Horovitz, Per Jenster, J.B.M. Kassarian, Peter Killing, Christopher Lovelock, Sean Meehan and Ralph Z. Sorenson. We are also grateful to the research staff who assisted them in developing these cases.

As always, we owe special thanks to our families for their understanding and unwavering support during the completion of this project.

Every effort has been made to trace all the copyright holders but if any have been inadvertently overlooked the publishers will be pleased to make the necessary arrangements at the first opportunity.