***Global Marketing***

**Chapter 10 Brand and Product Decisions in Global Marketing**

1) India's Suzlon Energy has become a major player in the wind-turbine industry due to an inefficient and inconsistent power distribution system.

Answer: TRUE

 Page Ref: 296

2) The product *P* of the marketing mix is at the heart of the challenges and opportunities facing global companies today.

Answer: TRUE

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3) Brand equity is an example of a tangible product attribute.

Answer: FALSE

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4) Intangible attributes of a product includes the status associated with the product ownership.

Answer: TRUE

 Page Ref: 297

5) McDonald's golden arches have the great advantage of transcending language and therefore are very valuable to global marketers.

Answer: TRUE

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6) Strong brand equity is more vulnerable to marketing crises and actions.

Answer: FALSE

 Page Ref: 298

7) Coca-Cola has a noncarbonated ginseng-flavored beverage for sale only in Japan.

Answer: TRUE

 Page Ref: 299

8) Gillette reaps economies of scale associated with creating a single ad campaign for the world and the advantages of executing a single brand strategy.

Answer: TRUE

 Page Ref: 300

9) A global brand has the same name and in some cases a similar image and positioning throughout the world.

Answer: TRUE

 Page Ref: 300

10) Like entertainment stars, sports celebrities, and politicians, global brands have become a *lingua franca* for consumers all over the world.

Answer: TRUE

 Page Ref: 300-301

11) Global brand is the same thing as global product.

Answer: FALSE

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12) Global brands are symbols of cultural ideals and as such, marketers can use global consumer culture positioning (GCCP) to communicate a brand's global identity.

Answer: TRUE

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13) The Sony Walkman is an example of combination or tiered branding, whereby a corporate name is combined with a product name.

Answer: TRUE

 Page Ref: 301

14) Sony is a global brand and the company's portable MP3 player is an example of a global product.

Answer: TRUE

 Page Ref: 302

15) The "Intel Inside" campaign is an example of co-branding.

Answer: TRUE

 Page Ref: 302

16) The "Virgin" brand is a global brand with several brand extensions.

Answer: TRUE

 Page Ref: 302

17) According to the top brand rankings, Microsoft is the world's most valuable brand.

Answer: FALSE

 Page Ref: 303

18) Robust economic growth and rising incomes mean that consumers in China, India, and other emerging markets can buy cell phones as status symbols.

Answer: TRUE

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19) Coca-Cola, McDonald's, Singapore Airlines, Mercedes-Benz, and Sony are a few of the companies that have transformed local products and brands into global ones.

Answer: TRUE

 Page Ref: 307

AACSB: Analytic Skills

20) The basic human need to consume food and drink is not the same thing as wanting or preferring a Big Mac or a Coke.

Answer: TRUE

 Page Ref: 308

21) In countries like India and Vietnam, and other emerging markets, amenities such as refrigerators, flush toilets, and cell phones are considered as status symbols.

Answer: TRUE

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22) Marketers in Gillette's Parker Pen subsidiary are confident that consumers in Malaysia and Singapore shopping for an upscale gift will buy the same Parker Pen as Americans shopping at Neiman Marcus.

Answer: TRUE

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AACSB: Analytic Skills

23) Recent research has confirmed that the levels in Maslow's hierarchy are the same in the United States and Asia.

Answer: FALSE

 Page Ref: 307-308

24) Recent research has suggested that, in Asia, the highest level needs in Maslow's hierarchy pertain to status.

Answer: TRUE

 Page Ref: 309-310

25) In Hellmut Schutte's modified hierarchy to explain the needs and wants of Asian consumers the last three levels are affiliation, admiration, and self actualization.

Answer: FALSE

 Page Ref: 308-309

26) Finland is home to Nokia, which rose in stature from a local brand to a global brand in little more than a decade.

Answer: TRUE

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27) Studies conducted during the 1970s and 1980s indicated that the "made in the USA" image lost ground to the "made in Japan" image.

Answer: TRUE

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28) Many consumers consider products with labels such as "Made in Bangladesh" and "Made in Brazil" to be of inferior quality and value

Answer: TRUE

 Page Ref: 310-311

29) Scotland's top export category is information technology.

Answer: TRUE

 Page Ref: 310-311

30) In Germany, product packaging must conform to Green Dot regulations as part of "Eco-packaging."

Answer: TRUE

 Page Ref: 311

31) The European Union now requires mandatory labeling for some foods containing genetically modified ingredients.

Answer: TRUE

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32) In 2008, the United States enacted a country-of-origin labeling (COOL) law, which requires supermarkets to display information that identifies the country that meat, poultry, and certain other food products come from.

Answer: TRUE

 Page Ref: 313

33) Packaging aesthetics such as color or shape of a product, label, or package are very important for Japanese consumers.

Answer: TRUE

 Page Ref: 313-314

34) Due to the European Commission's regulation, McDonald's cannot give away soft-plastic toys with its Happy Meals in Europe.

Answer: TRUE

 Page Ref: 315

35) Apple launched its iPhone in the United States in mid-2007 and in the following months, it was gradually rolled out in several more markets. This is an example of the dual-extension strategy.

Answer: TRUE

 Page Ref: 316-317

36) Unilever reformulated its Cif brand spray cleaner to do a better job on grease in Italy since it was found that Italian women are not interested in labor-saving conveniences compared to cleanliness.

Answer: TRUE

 Page Ref: 319

37) A company that is oriented towards product "platforms" is likely to be pursuing a product adaptation approach to global marketing.

Answer: TRUE

 Page Ref: 323

38) Products that fall under the dynamically continuous innovation category require more R & D expenditures.

Answer: FALSE

 Page Ref: pp. 322-323

39) Sony created a new market when it introduced VCRs, which can be considered as an example of discontinuous innovations.

Answer: TRUE

 Page Ref: 322-323

40) Whenever a new product interacts with human, mechanical, or chemical elements, there is the potential for a surprising and unexpected incompatibility.

Answer: TRUE

 Page Ref: 324

41) Generally speaking, which of the following statements is true concerning product attributes?

A) Tangible product attributes are more important than intangible ones.

B) Intangible product attributes are more important than tangible ones.

C) Both tangible and intangible product attributes are important.

D) Neither tangible nor intangible product attributes are important.

E) A product has more attributes than tangible and intangible ones.

Answer: C

 Page Ref: 297

42) Advertising, company name, news stories, and promotion activities are a few of the elements that contribute to a company's:

A) logo development.

B) brand equity.

C) brand image.

D) co-branding effort.

E) brand label.

Answer: C

 Page Ref: 298-299

43) Apple and Nokia both market phones but their brand image differentiates them, which with Apple can be partially attributed to all of the factors except:

A) iPhone has user-friendly features.

B) Nokia's uses alphanumeric names for products.

C) iPhone has more brand equity than Nokia.

D) Apple's CEO has more media presence than Nokia's.

E) Nokia's brand image is more skewed toward technology.

Answer: C

 Page Ref: 298

44) \_\_\_\_\_\_\_\_ represents the cumulative added value of a company's investment in the marketing of a brand over time.

A) Brand extensions

B) Co-branding

C) Brand image

D) Brand equity

E) Brand loyalty

Answer: D

 Page Ref: 298-299

45) For nearly 60 years, DeBeers has used the advertising slogan "A diamond is forever." Such a long-term investment in marketing is central to developing:

A) brand extensions.

B) co-branding.

C) local brands.

D) brand equity.

E) brand marks.

Answer: D

 Page Ref: 298-299

46) In recent years, the Coca-Cola Company has been plagued by such problems as employee lawsuits over diversity issues, deteriorating bottler relations, a production stoppage, and a disastrous product recall in Belgium. Taken together, these problems could dilute the company's \_\_\_\_\_\_\_\_.

A) brand extension program

B) co-branding efforts

C) international brands

D) brand equity

E) product/communications extension strategy

Answer: D

 Page Ref: 298-299

47) The Nike swoosh, McDonald's golden arches, and Apple's rainbow apple are all examples of:

A) non-word marks.

B) brand extensions.

C) brand symbols.

D) global brands.

E) both A and C

Answer: E

 Page Ref: 298-299

48) Sony is famous worldwide for its Walkman® personal stereo. Which of the following reflects the most accurate use of marketing terminology?

A) "Sony," "Walkman," and "personal stereos" are global brands.

B) "Sony" is a global brand, "Walkman" and "personal stereo" are global products.

C) "Sony," "Walkman," and "personal stereos" are global products.

D) "Sony" and "Walkman" are global brands; "personal stereo" is a global product.

E) "Sony" only is a global brand and the rest are descriptors.

Answer: D

 Page Ref: 298-299

49) Around the world, various brands of personal computers are sold with Pentium processors. This fact is often used as a selling point, with advertising that proclaims "Intel Inside." Which branding concept does such advertising reflect?

A) brand equity

B) co-branding

C) brand image

D) brand extension

E) tiered branding

Answer: B

 Page Ref: 298-299

50) As outlined by branding expert Kevin Keller, the benefits of strong brand equity include all of the following except:

A) greater loyalty.

B) more vulnerability to marketing actions.

C) less vulnerability to marketing crises.

D) more inelastic consumer response to price increases.

E) more elastic consumer response to price decreases.

Answer: B

 Page Ref: 298-299

51) British entrepreneur Richard Branson has built a global business empire by:

A) relying on brand extension.

B) being the first to use smart cards in major markets.

C) developing local brands.

D) avoiding consumer businesses with established leaders.

E) restricting the "Virgin" name only to airlines.

Answer: A

 Page Ref: 302-303

52) Which of the following is NOT in the top five of the world's most valuable brands and determined by *Business Week* (2008)?

A) Sony

B) Microsoft

C) Coca-Cola

D) GE

E) Nokia

Answer: A

 Page Ref: 303

53) Maslow's hierarchy is applicable to global marketing because it can help explain how:

A) basic human needs can drive the development of global products.

B) "self-actualization" is the highest-order need in Japan as well as Western nations.

C) status needs in different countries can only be fulfilled with localized products.

D) "luxury badging" is irrelevant to companies marketing in Asia.

E) Asians differ from Westerners in their basic physiological needs.

Answer: A

 Page Ref: 307-309

54) Alfred Zeien, former chairman of Gillette, once noted that his company's Parker Pen unit does not have to develop a special model for Malaysia and Singapore because shoppers worldwide seek the same things when buying a gift that will serve the recipient as a status symbol. This insight relates to which level of Maslow's hierarchy of needs?

A) physiological

B) safety

C) social

D) esteem

E) self-actualization

Answer: D

 Page Ref: 308-309

55) Comparing the traditional formulation of Maslow's hierarchy with the results of current research on the consumer needs and motivation in Asia, which of the following is correct?

A) The lowest 2 levels of the hierarchy are the same in the traditional and Asian versions.

B) The lowest 3 levels of the hierarchy are the same in the traditional and Asian versions.

C) The lowest 4 levels of the hierarchy are the same in the traditional and Asian versions.

D) The five levels in the traditional formulation apply equally in the West and in Asia.

E) The highest levels of the hierarchy are same in the traditional and Asian versions.

Answer: A

 Page Ref: 307-309

56) Which of the following is NOT one of the levels in the Asian version of Maslow's hierarchy?

A) physiological

B) safety

C) affiliation

D) admiration

E) self-actualization

Answer: E

 Page Ref: 307-309

57) Which of the following could hinder the success of products labeled "Made in Bangladesh" or "Made in Thailand" in export markets?

A) negative country-of-origin bias

B) no possible quality/price positioning

C) low acceptance of private brands

D) high product saturation levels in global markets

E) lack of promotion in global markets

Answer: A

 Page Ref: 310-311

58) The marketers of Corona beer achieved great success in the U.S. market by:

A) retaining the bottle design originally used in Mexico.

B) hiring Hispanic movie stars as endorsers.

C) distributing Corona in returnable bottles.

D) changing the brewing recipe to conform to American palates.

E) by having the label in Spanish language.

Answer: A

 Page Ref: 310-311

59) Coca-Cola's distinctive contour bottle, which is sold in many countries, illustrates the point that:

A) the packaging strategies can vary by country and region.

B) the packaging helps in storing large sizes in refrigerators.

C) the packaging strategies do not change by country and region.

D) the packaging appeals only to Asian consumers.

E) the packaging helps in brand identification.

Answer: A

 Page Ref: 311-312

60) Generally speaking, which of the following product categories represents the best potential for extension into international markets without adaptation?

A) companion products

B) food products

C) industrial products

D) intangible products

E) non-alcoholic drinks

Answer: C

 Page Ref: 316

61) Dry soup mixes that have long been popular in Europe are marketed as sauces or dips in the U.S. This is an example of the \_\_\_\_\_\_\_\_ strategy.

A) product-communications extension

B) product extension-communications adaptation

C) product adaptation-communications extension

D) dual adaptation

E) product invention

Answer: B

 Page Ref: 316-317

62) Targeting the 300 million farmers in India who still use plows harnessed to oxen, John Deere engineers created a line of relatively inexpensive, no-frills tractors. The Deere team then realized that the same equipment could be marketed to hobby farmers and acreage owners in the United States, a segment that they had previously overlooked. This is an example of \_\_\_\_\_\_\_\_ strategy.

A) product-communications extension

B) product extension-communications adaptation

C) product adaptation-communications extension

D) dual adaptation

E) product invention

Answer: B

 Page Ref: 316-317

63) Campbell's has been marketing soup in Japan for more than 40 years. Early on, Japanese consumers were not receptive to ads featuring the Campbell Kids and the "M'm M'm Good" slogan. This compelled Campbell's to develop ads featuring a talking soup can known as "Mr. Campbell." Campbell's also developed soup varieties for Japan with fish as the main protein source and spices that reflect local preferences. As described here, which of the following strategies has Campbell's used in Japan?

A) product-communications extension

B) product extension-communications adaptation

C) product adaptation-communications extension

D) product-communication adaptation

E) product invention

Answer: D

 Page Ref: 316-317

64) Prior to 2004, Nokia launched different cell phone products in different countries at different times. Nokia also used different advertising images and messages in different countries. Which approach to the world marketplace was Nokia using?

A) product-communications extension

B) product extension-communications adaptation

C) product adaptation-communications extension

D) product-communication adaptation

E) product invention

Answer: D

 Page Ref: 318-319

65) Before Ben & Jerry's launched their ice cream in the United Kingdom the company conducted extensive research to determine whether the package design was appropriate. The research indicated that British consumers perceived the colors differently than U.S. consumers. The package design was changed accordingly. This type of strategy can be defined as:

A) product-communications extension.

B) product extension-communications adaptation.

C) product adaptation-communications extension.

D) product-communication adaptation.

E) product invention.

Answer: B

 Page Ref: 316-317

66) To promote its Centrino wireless chip, Intel launched a global ad campaign that features different combinations of celebrities. These celebrities were chosen because they are widely recognized in the key world markets. This type of strategy is referred to as:

A) product-communications extension.

B) product extension-communications adaptation.

C) product adaptation-communications extension.

D) product-communication adaptation.

E) product invention.

Answer: B

 Page Ref: 316-317

67) Colgate's Total is a new toothpaste brand whose formulation, imagery, and consumer appeal were designed from the beginning to translate across national boundaries. Which strategy did Colgate use with Total?

A) product-communications extension

B) product extension-communications adaptation

C) product adaptation-communications extension

D) dual adaptation

E) product invention

Answer: E

 Page Ref: 319-320

68) Hindustan Lever recently developed a hard candy flavored with natural fruit juice that it sells profitably in India for the equivalent of 1 cent per piece. This is Hindustan Lever's first-ever candy product. What strategy is evident here?

A) product-communications extension

B) product extension-communications adaptation

C) product adaptation-communications extension

D) dual adaptation

E) product invention

Answer: E

 Page Ref: 319-320

69) The formulation, imagery, and consumer appeal of Colgate's Total brand toothpaste were designed to translate across national boundaries. This new global brand represents which type of product innovation?

A) discontinuous innovation

B) dynamically continuous innovation

C) continuous innovation

D) comparative innovation

E) dynamically discontinuous innovation

Answer: C

 Page Ref: 321-322

70) When introduced in the late 1970s, the VCR created new patterns of consumer behavior. For example, assuming the user could learn to set the timer, he or she could tape programs to watch at a later time. DVD, a playback only video system, was introduced in the late 1990s. DVD discs contain full-length movies with digital sound in a format that resembles conventional music compact discs. Which of the following most accurately describes the respective degree of newness of these two global products?

A) The VCR is a discontinuous innovation; the DVD is a dynamically continuous innovation.

B) The VCR is a dynamically continuous innovation; the DVD is a discontinuous innovation.

C) The VCR and DVD are both dynamically continuous innovations.

D) The VCR and DVD are both discontinuous innovations.

E) The VCR and DVD are both continuous innovations.

Answer: A

 Page Ref: 321-322

71) The introduction of consumer VCRs in the late 1970s initiated a revolutionized in-home electronic entertainment. For example, assuming the user could learn to set the timer, he or she could tape programs to watch at a later time. The VCR's popularity also gave rise to an entirely new retailing concept, the video rental store. What type of innovation did the consumer VCR represent?

A) a continuous innovation

B) a dynamically continuous innovation

C) a discontinuous innovation

D) a comparative innovation

E) none of the above

Answer: C

 Page Ref: 321-322

72) The Advanced Photo System (APS) created by Kodak and its partners combines traditional chemical photo processing with digital technology. One benefit of the system is that shutterbugs can choose 3 different print sizes. The APS would best be described as a:

A) continuous innovation.

B) dynamically continuous innovation.

C) discontinuous innovation.

D) platform-based innovation.

E) new and improved innovation.

Answer: B

 Page Ref: 321-322

73) After four years of product development, Procter & Gamble recently introduced a new, improved disposable diaper. Pampers Rash Guard are designed to prevent diaper rash and represent the first time a company has made a medical claim for its diapers. What kind of innovation do the new diapers represent?

A) platform-based innovation

B) dynamically continuous innovation

C) discontinuous innovation

D) continuous innovation

E) none of the above

Answer: D

 Page Ref: 321-322

74) Procter & Gamble recently introduced Pampers Rash Guard. Rash Guard does not represent a new product *per se*; rather, the diapers are being marketed as an alternative to regular Pampers. What type of innovation do Pampers Rash Guard represent?

A) a continuous innovation

B) a dynamically continuous innovation

C) a discontinuous innovation

D) a platform-based innovation

E) none of the above

Answer: A

 Page Ref: 321-322

75) Motorola's failed Iridium venture was a global satellite telephone network designed to allow users to make or receive calls anywhere on the globe using handsets that are somewhat bigger than typical cellular phones. What type of innovation did Iridium represent?

A) a continuous innovation

B) a dynamically continuous innovation

C) a discontinuous innovation

D) a platform-based innovation

E) none of the above

Answer: B

 Page Ref: 321-322

76) By definition, a \_\_\_\_\_\_\_\_ requires a large amount of learning on the part of users and typically creates new markets and consumption patterns.

A) continuous innovation

B) dynamically continuous innovation

C) discontinuous innovation

D) platform-based innovation

E) new and improved innovation

Answer: C

 Page Ref: 321-322

77) In Chinese markets, Nike had a problem using the "Just Do It" attitude which was not found to be appropriate. Finally, Nike decided to use Chinese athletes in their promotion. This type of adaptation was needed due to:

A) Chinese do not wear running shoes.

B) ingrained Chinese values which respect authority.

C) Chinese athletes use Nike shoes.

D) "Just do it" in Chinese has a negative connotation.

E) parents do not want their children to see such ads.

Answer: B

 Page Ref: 324

78) Which of the following consumer products companies experienced a major product failure in Europe due to inadequate test marketing?

A) Procter & Gamble

B) Colgate

C) Kao

D) Unilever

E) Seagram

Answer: D

 Page Ref: 324

79) Which global company was responsible for bringing the Smart car to market?

A) Swatch

B) Volkswagen

C) Nissan

D) Ford

E) DaimlerChrysler

Answer: E

 Page Ref: 328

80) The corporate development team at Virgin evaluates more than a dozen proposals each day from outside and within the company. When assessing new-product ideas they look for all of the following except:

A) synergy with existing Virgin products.

B) pricing and return on investment.

C) marketing opportunities.

D) if the idea "uses or abuses" the Virgin brand.

E) aesthetic attributes of competitors products.

Answer: E

 Page Ref: 324

81) What are brands and what are their functions in global marketing? How do brands develop their image, identity, and equity? Are global product and global brands same?

Answer: A brand is a complex bundle of images and experiences in the consumer's mind. Brands perform two important functions, first they represents a promise by a particular company about a particular product and secondly, brands enable customers to better organize their shopping experiences by helping them seek out and find a particular product. Customers integrate all their experiences of observing, using, or consuming a product with other aspects that they obtain from a variety of published and verbal information. Perceptions can be based on price, after sale service, distribution, and a variety of other experiences. The sum of these impressions becomes a brand image which is actually a mental image of both the product as well as the company. Brand equity represents the total value that accrues to a product as a result of a company's cumulative investments in the marketing of the brand. Companies develop logos, distinctive packaging, and other communication devises to provide visual representations of their brands. A local product or local brand is one that has achieved success in a single national market. A global product meets the wants and needs of a global market. A true global product is offered in all world regions. A global brand has the same name and, in some instances, a similar image and positioning throughout the world. Thus global products and global brands are different.

 Page Ref: 298-302

82) Coca-Cola has developed several branded drink products for sale only in Japan, including a noncarbonated ginseng-flavored beverage. Using this as an example, outline the differences between local brand and global brand; combination branding; communication-branding, and brand extensions?

Answer: A local product or local brand is one that has achieved success in a single national market. A global company creates local products and brands in an effort to cater to the needs and preferences of a particular country market. The Sony Walkman is an example of combination or tiered branding whereby a corporate name (Sony) is combined with a product name (Walkman). By using combination branding marketers can leverage a company's reputation while developing a distinctive brand identity for the line of products. Co-branding is a variation of combination branding in which two or more different company or product brands are featured prominently on product packaging or advertising. A good example would be the Intel Inside campaign promoting both the Intel Corporation and its Pentium-brand processors in conjunction with advertising for various brands of personal computers. Global companies can also leverage strong brands by creating brand extensions. Brand names are used as an umbrella when entering new businesses or developing new product lines that represent new categories to the company. For example the Virgin brand has been attached to a wide range of businesses and products such as airline, retail stores, movie theaters, financial services, and soft drinks.

 Page Ref: 299-302

83) Describe the guidelines that can assist marketing managers in their efforts to establish global brand leadership.

Answer: The following six guidelines are mentioned as helpful for marketing managers in their efforts to establish global brand leadership: (1) creating a compelling value proposition for consumers in every market entered, beginning with the home-country market; (2) before going international, thinking about all elements related to brand such as brand identity, names, marks, symbols and labels which have potential for globalization; (3) developing a company-wide communication system to share and leverage knowledge and information about marketing programs and customers in different countries; (4) developing a consistent planning process across markets and products; (5) assigning specific responsibility for managing branding issues to ensure that local brand managers accept global best practices; and (6) executing brand-building strategies that leverage global strengths and respond to relevant local differences.

 Page Ref: 303-306

84) Maslow's needs hierarchy provides a useful framework for understanding how and why local products and brands can be extended beyond home country borders. How can needs hierarchy be used in global marketing?

Answer: The essence of marketing is finding consumer needs and fulfilling them. As an individual fulfills needs at each level of the hierarchy he or she progresses to the higher level. At the most basic level of human existence, physiological and safety needs must be met. Basic needs include that of food, clothing, shelter and other basic survival needs. However, one has to understand that the basic human need to consume food and drink is not the same as wanting or preferring a Big Mac or a Coke. After Coca-Cola and McDonald's established in home they entered the international arena since they are fulfilling the basic needs. These needs are deeply ingrained in the culture and so they are different in different countries. Responding to these differences has meant creating local products and brands that suit the tastes and preferences of different countries. Although the first two levels in Maslow's hierarchy are similar all over the world the mid-level needs which include self-respect and self-esteem are different for different consumers in other countries. Products can therefore fulfill different needs in different countries. For example, refrigeration is not very common in India since fresh produce are purchased on a daily basis and most of the products are not frozen. Also, due to the intermittent supply of electric current, it is not a very popular appliance. However, it is a status symbol. Similarly a flush toilet is considered as a status symbol. Thus, the upper level of hierarchy does not fit in a similar fashion between Western cultures and other cultures. Considering all these aspects, Hellmut Schutte proposed a modified hierarchy to explain the needs and wants of Asian consumers. Although the two lower-level needs are the same in the international as the traditional hierarchy, the three highest levels emphasize social needs. Affiliation needs in Asia are satisfied when an individual has been accepted by a group. The next level is admiration, a higher level need that can be satisfied through acts that command respect within a group. At the top of the Asian hierarchy is status, the esteem of society as a whole. Thus the hierarchy segments different levels, all of which should be considered by marketers taking into account the differences in cultures.

 Page Ref: 307-309

85) If a label on a product states "Made in Thailand" and a similar product has a label "Made in Germany" then why do consumers consider the latter to be better than the former? What different does a label make in the perception of a consumer?

Answer: In global marketing consumer perceptions play a very important role. Such perceptions contribute to what is referred to as the "country-of-origin" effect. They become part of a brand's image and contribute to its brand equity. This is particularly true for product categories that are most commonly consumed such as automobiles, electronics, fashion, recorded music, food, and other products. The country of origin effect can be positive or negative. Of course positive ones add to the brand's image and contribute to its brand equity. For example, Swiss watches, French wines, or Japanese cars are well known. Perceptions are hard to change and it takes time for perceptions to set. The manufacturing reputation of a particular country can change over time. Korea's image has improved greatly in recent years. It is expected that some national brands developing from Asian countries will have an impact. Sometimes one brand can lead in forming a country of origin affect. Nokia phones for example have made Finland popular and products coming from there will have the quality impression that has been formed by Nokia. Also, recently the "made in Mexico" image has become popular. For some product categories, foreign products have a substantial advantage for just being foreign. Global marketers should utilize the opportunity to bank on the special qualities of the products which are well known for their country of origin. If a country's manufacturers produce high-quality products that are nonetheless perceived to be of low quality then one has to disguise the foreign origin of the products. In any case, marketers should consider the impact that country of origin has and act accordingly.

 Page Ref: 310-311

86) It is reported that packaging aesthetics are important to Japanese. What are aesthetics and why are those important considerations in global product marketing?

Answer: Global marketers must understand the importance of visual aesthetics embodies in the color or shape of a product, label, or package. Also, aesthetic styles, such as the degree of complexity found on a label, are perceived differently in different parts of the world. For example, it is mentioned that German wines would be more appealing in export market if the labels were simplified. Aesthetic elements that are deemed appropriate, attractive, and appealing in one's home country may not be liked or may be perceived differently in other countries. Moreover, there are certain colors and shapes which are culturally liked or disliked in different countries. In some cases, colors that are accepted worldwide are preferable. For example, the yellow color of Caterpillar's corporation or the red color of Marlboro is widely accepted. In China red color is preferred and white is considered as an unlucky color. Packaging aesthetics are particularly important to the Japanese. The way a package is wrapped and presented are very important for Japanese consumers.

 Page Ref: 311-314

87) Explain the differences between "Product Adaptation-Communication Extension" and "Product-Communication Adaptation" strategies.

Answer: In the product adaptation-communication extension strategy the global product planning is to extend, without change, the basic home-market communication strategy or brand name while adapting the product to local use or preference conditions. The products perform the same function around the globe under different market conditions. For example, a new Cadillac model is built six inches shorter for Sweden and is available with an optional diesel engine. Thus, the function is the same but there are minor adaptations to suit the preference of the local consumers. On the other hand, product-communication adaptation strategy is a combination of the adaptations needed for changes in the environmental conditions and consumer preferences. For example, marketers of home appliances found that Italian women are not interested in labor saving conveniences since most of their time at home goes to housekeeping chores. They would rather prefer a product which will make the house shinier than one which will save a few hours. Thus, these two different strategies vary based on the difference in conditions when compared to the home country.

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88) What are the differences between "Product-Communication Extension" and "Product Extension-communication adaptation" as strategies?

Answer: Many companies employ product-communication extension as a strategy for pursuing opportunities in the global market. It can be the easiest and most profitable strategy if all the given conditions are favorable. Companies pursuing this strategy sell the same product with virtually no adaptation, using the same advertising and promotions used domestically. For this strategy to be successful the message must be understandable across selected cultures. This issue can be especially important in developing country markets. This is a favored strategy for many companies since it saves a lot of money, time and investment. On the other hand, there are some products which introduced outside the home market do not do very well. This may be due to the fact that consumers' perception about quality and value may be very different than domestically. It may be that certain adaptations will result in fulfilling a different need and meeting the demand of a different segment of populations. In such cases extending the product while adapting the marketing communications program may result in market success. This strategy is referred to as the product extension-communication adaptation strategy. This is preferred because of the low cost involved in its implementation. Ben & Jerry's changed the packaging design to meet the preferences of consumers in the United Kingdom.

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89) What is the significance of innovation in global marketing? Describe different categories of innovation with examples.

Answer: Innovations for new products are important for any corporation to maintain a competitive edge. A product's newness can be assessed in the context of those who buy and use it. An existing product can be new to a market which was not exposed to it. The product may also be an entirely new invention or innovation. When such products are successful they create new markets, new consumption patterns, and new ideas for further innovations. Innovations that result in creating new markets and new consumption patterns that literally break with the past are categorized as "discontinuous innovations." For example, the VCR's introduction was revolutionary and changed the way people watched and recorded movies. Likewise, computers have also brought a revolution in many ways. Another category of innovation that may be less disruptive or change producing is categorized as dynamically continuous innovations. Products in this category share certain features with earlier generations while incorporating new features that often add value to produce substantial changes. For example, Mach3 shaving systems by Gillette are an innovative development of existing products. Finally, the third category consists of products that can be truly defined as "new and improved." This category of innovations is referred to as continuous innovation. Continuous innovations cause minimal disruption of existing consumption patterns and require the least amount of learning by consumers. Examples of this category will include newer models of computers for those who are familiar with laptops and personal computers. These often take the form of line extensions such as new sizes, flavors, and low-fat versions.

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90) What factors should managers take into account in developing new products for international markets? What are the consequences for not adequately testing new products?

Answer: It is extremely important to carefully develop new products for international markets. In many corporations they have a department which is continuously responsible for testing new products. There are three primary activities that managers should undertake and carry out on a routine basis. First, they should ensure that all relevant information sources are continuously tapped for new-product ideas. This can come from external or internal sources. Secondly, they should carefully screen all ideas to identify potential candidates for further investigation. Finally, they should ensure that the organization commits adequate resources for the development of potential ideas. Once there is enough evidence that the idea has good potential it should be examined for the following aspects: (a) the size of the market for the product at various prices; (b) the expected competition; (c) market possibilities through existing structures; (d) changes to be made in order to market the product; (e) estimates of potential demand; and (f) the compatibility of the idea with the corporations goals and objectives. Once the answers to the above questions are promising, new products should be tested. One should realize that new-product introduction outside the home market is subjected to interaction with human, mechanical, or chemical elements. Incompatibility can be expected from unimaginable sources. Therefore, it is important to test a product under actual market conditions before proceeding with full scale introduction. Failure to assess actual use conditions can lead to big surprises. Unilever learned this when it rolled out a new detergent brand in Europe without sufficient testing. The ingredient in the detergent was found to be incompatible with the prevailing conditions. The company lost the opportunity since the quality of the product did not stand up against its competitor, P & G.

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