9

Engineering *Versus* Marketing: An Appraisal in a Global Economic Environment

Hwy-Chang Moon

Graduate School of International Studies, Seoul National University, Seoul, Korea

Abstract: The global manager should consider engineering first before marketing because optimal engineering efficiency creates more values than customized marketing efficiency. Although the debate over the global standardization continues in the area of global strategic management, global firms need to conduct this new type of global strategy. Foreign consumers actually prefer global products to locally customized products in many industries such as automobiles, electronics, food, and others in which engineering applications are important. Therefore, the most important task of the global firm is to change local products to global products through enhanced engineering.

9.1 Introduction

Innovation telecommunications is growing faster than ever before. Michael Armstrong [1], Chairman and CEO of AT&T, said, "*It took radio 30 years to reach 50 million people; it took 13 years for TV to do the same; but the World Wide Web reached twice as many users in half the time*." The number of Internet users will soon reach a "critical mass" and the Internet will be treated as a valuable business platform. The future will move even faster. Bill Gates [8], Chairman and CEO of Microsoft Corporation, said, "Business *is going to change more in the next 10 years than it has in the last 50 years.*" We have witnessed that all these predictions are becoming true.

Globalization has been accelerating with these rapid developments in telecommunication technology. Telecommunications break down national trade barriers and create seamless global trading, global shopping, and global manufacturing. The environment of international business has thus been dramatically changed. In this globalizing business environment, there have been debates on what the global standards are and whether business people should follow the global standards. There are basically three approaches to global standards: international organization-driven, government-driven, and corporate-driven standards. International organizations such as the World Trade Organization set new rules on global standards in such areas as E-commerce. Rules and principles formulated by international organizations are sometimes mandatory, but are advisory in many cases. Governments set new standards in product specifications, safety rules, and so on.

[1] This chapter, in parts, is based on Moon [21] and is has been adapted with permission.

These standards are often mandatory and necessary rather than advisory. Global firms pursue management strategies and techniques that can be regarded as global benchmarking or global standards by other firms.

This study focuses on corporate-driven standards. In particular, this chapter addresses strategic issues concerning global standardization and local responsiveness. A corporate-driven global standard can be defined as the standardization of the best product and management in a competitive global market. Firms usually prefer a standardization strategy that minimizes production and management costs but may also prefer a customization strategy that responds to local differences, thereby increasing the local market share. Standardization and customization are thus two conflicting forces or trade-offs that firms must consider simultaneously.

The standardization of market strategies has been a continuing topic of debate and research since Levitt's [13] article. Debates on the standardization *vs*. customization (or segmentation) strategy in the world market are documented well in scores of articles (*e.g.*, Levitt [13], Douglas and Wind [6], Bartlett and Ghoshal [3], Varadarahan, Clark and Pride [30], McCutcheon, Raturi and Meredith [16], Gupta and Govindarajan [11], Chen and Paliwoda [5], Capar and Kotabe [4], Gabrielsson and Gabrielsson [7], London and Hart [14]).

In theory and practice, the opportunity cost of a standardization strategy may be lost sales, while a customization strategy may sacrifice the firm's production and/or marketing efficiencies. However, the debate itself is often pedagogical. In addition, most scholars have chosen examples selectively and interpreted subjectively in order to support one of the two extreme arguments. On the other hand, by recognizing that the world market is neither extremely homogenous nor heterogeneous, a compromising strategy has been introduced. For example, a word that captures the global and local perspective is "glocal", a new concept for a new globally competitive world [10]. However, this study argues that the most challenging issue is not to choose one of the two extremes, nor to compromise the two, but how to increase the degree of standardization by enhancing the product values.

In the next section, the standardization issue for value creation will be revisited, including an attempt to clearly explore its assumptions and criticisms. Counter-arguments will also be provided. In the section that follows, strategic implication of global standardization and new challenging issues will be discussed. A new model for dynamic globalization will then be introduced. Finally, the new organization of global firms will be discussed to pursue this new global strategy.

9. 2 Creating Product Values with Low Cost and High Quality

According to Levitt [13], companies must learn to operate as if the world were one large market, ignoring regional and national differences. Historical differences in national tastes or modes of doing business will disappear. An emerging similarity of global customer preferences will be triggered by developments in both production technology and in communication and transportation networks. Such conditions in turn will lead to standardization strategies for product and other marketing mix elements, as well as manufacturing. Companies which are able to push costs and prices down while pulling quality and reliability up will inevitably attract customers to the firm's globally available and standardized products. Levitt believes that multinational corporations will have minimal needs for local adaptation in the evolving "global village".

In contrast, Quelch and Hoff [27], for example, challenged the "standardization imperative" for global managers. Despite the promised economies and efficiencies to be gained with standardization strategies, many managers appear reluctant to take the global marketing plunge. These managers see customers and competitive conditions as differing significantly across national boundaries. This perception (and some bad experiences) represents the basis for much of the skepticism about standardized strategies.

Levitt's argument was further criticized by Douglas and Wind [6]. They questioned three of Levitt's assumptions: (1) that consumer tastes are becoming homogenous worldwide; (2) that consumers are willing to sacrifice personal preferences in return for lower prices; and (3) that economies of scale (EOS) are significant with standardization. It is useful to examine Douglas and Wind's criticisms on Levitt's assumptions. Counterarguments will then be discussed.

9.2.1 "Consumer Tastes Are Becoming Homogenous"

Douglas and Wind claimed that evidence is lacking to show that consumer tastes are becoming more similar globally. Indeed, they contended that the world market is probably becoming more diverse. For example, Coca-Cola markets Georgia Coffee, a canned coffee drink, in Japan, but the product is not accepted by U.S. and other buyers around the globe. However, this is one of a few examples of customization. Many other products are easily transferable across countries. Keegan, Still and Hill [12] reported that multinational firms selling consumer packaged goods perceived few problems in transferring products between markets as dissimilar as the U.S. and less developed countries (LDCs). They found that about 1200 (54.4%) of the 2200 products sold by 61 subsidiaries had been transferred from home-country markets (U.S. or U.K.) into LDCs. This means that over half the items in LDC lines are "international products", that is, their commercial appeal extends over multiple markets.

While there may be a lack of substantive evidence of movement towards a more homogenous global market, the same is true in support of an increasingly heterogeneous global market. Despite the lack of empirical data, more scholars seem to agree with the homogenization trend. Sheth [28], for instance, argued that there is evidence of increasing international standardization of both product quality and product safety standards. Porter [25] also noted a change towards more homogenization of needs internationally.

9.2.2 "Consumers Are Willing to Sacrifice Personal Preference in Return for Lower Prices"

A low price appeal resulting from standardization offers no long-term competitive advantage to the firm, according to Douglas and Wind. They saw the inevitable vulnerability of this pricing strategy as stemming from these factors: a) new technological developments that lower costs; b) attacks from competitors with lower overhead and lower operating or labor costs, and c) frequent government subsidies paid for emerging country competitors. Any or all of these, they claimed, may undermine the effectiveness of low price strategy.

What they did not consider, however, is that a low price strategy linked to reduced average cost which results from a firm's technological advantage *does* endure. Standardization, thereby, offers a long-term competitive advantage. In fact, Levitt emphasized both low price and high quality. He suggested that if a company could push costs and prices down and at the same time pull quality and reliability up—thereby maintaining reasonable concern for buyer suitability—customers would prefer its world-standardized products.

Whether a firm can pursue more than one generic strategy is an important issue in the area of strategic management. Porter [25] classified two basic types of competitive advantage that a firm could possess: low cost and differentiation. These two basic types of competitive advantage combined with the scope of activities (broad target or narrow target) lead to three generic strategies: cost leadership, differentiation, and focus. The focus strategy has two variants, cost focus and differentiation focus [24]. According to Porter [23, 24], the underlying implication of generic strategies is that a firm has to make a choice about the type of competitive advantage that it seeks to gain. A firm could choose a cost leadership or differentiation in a broad competitive scope; a cost or differentiation focus in a narrow target scope. Porter argued strongly that businesses should compete on the basis of just one (not the combination) of the four generic strategies in order to be successful.

However, there are some criticisms of Porter's framework. As a matter of fact, cost leadership and differentiation are not mutually exclusive, but often complementary. Differentiation, which increases demand and market share by satisfying consumers, may produce economies of scale and speed up the descent along the cost curve [17]. On the other hand, many cost-reducing skills may also enhance the quality, design, and other differentiated features of the product. Global players are concerned about both cost leadership and differentiation [18]. An important issue of standardization is not to give up quality, but to serve the global market with a recognized and branded product at a reasonable price.

9.2.3 "Economies of Scale Are Significant with Standardization"

Douglas and Wind pointed out three weaknesses in Levitt's Economies of Scale (hereafter EOS) justification for standardization: a) flexible factory and automation enable EOS to be achieved at lower as well as higher levels of output; b) the cost of production is only one and often not the critical component in determining the total product cost; and c) strategy should be not only product-driven but should take into account other components of the marketing mix.

The arguments of Douglas and Wind are true in particular industries. However, there are still many industries where the benefits of EOS are significant with standardization. An example of the magnitude of EOS is found in the paper industry. In the production of uncoated paper for printing, an expansion from 60,000 to 120,000 tons brings with it a 28% drop in fixed costs per ton. For this same expansion, labor costs can be reduced by 32% as new technical opportunities for production open up (Oster [22]). Prolonged benefits from EOS are significant in many mature industries such as steel and automobiles.

9.3 Strategic Implications of Global Standardization

In evaluating the standardization strategy, Levitt focused on perceived and real similarities, while Douglas and Wind stressed the perceived and real dissimilarities. The correct strategy for any particular firm appears to be highly empirical and circumstantial in determination. The more challenging issue is whether we can predict which of the two strategies, standardization or

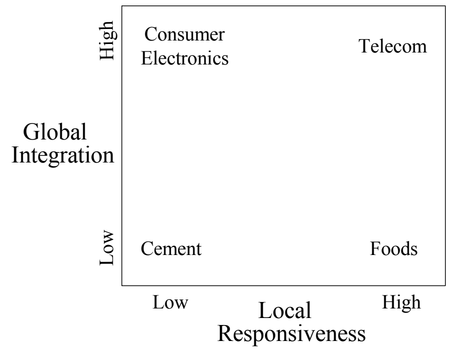

Figure 9.1. I-R framework

segmentation, would be appropriate, given stated conditions and industries.

The preference for a standardization strategy identified by previous research is determined mainly by the type of product or industry. Bartlett [2], for example, offered a model as shown in Figure 9.1 to illustrate how forces for global integration strategy versus national responsiveness strategy may vary from one industry to the next. Bartlett [2] and also Ghoshal [9] suggested that the consumer electronics industry (radio and TV) is characterized by low responsiveness benefits and high integration benefits. The reasoning is that EOS in electronics product development and manufacturing are important sources of competitive advantage. In contrast, for branded packaged foods, firms may experience variations in local (foreign) tastes, buying habits, distribution channels, and promotional media. Food industry firms would, as a result, possibly benefit by the use of country-differentiated strategies. Douglas and Wind [6] also pointed out that standardization may be more appropriate for industrial rather than consumer goods, and for consumer durables rather than nondurables.

However, there are several problems with these traditional views. Firstly, Bartlett's model, for example, is not clear in distinguishing product standardization from the standardization of the other marketing mix elements, *i.e.*, distribution, promotion, and pricing. The distribution and promotion strategies of Coca-Cola Co. may differ across national borders, but the basic product is standardized. From this viewpoint, at the least, product strategy can often be efficiently standardized over multiple markets. Simon-Miller [28] also argued that where the product itself is standardized or sold with only minor modifications globally, its branding, positioning, and promotion may reflect local conditions.

Secondly, what is more important is the firm's strategy, not the industry condition. Bartlett [2] argued that within any industry companies can and do respond in many different ways to diverse and often conflicting pressures to coordinate some activities globally, and to differentiate others locally. In his example of the auto industry, Toyota had a world-oriented strategy with a standardized product, while Fiat built its international operations on various governments' interest in developing national auto industries. If this is true, *i.e.*, if different firms have different strategies in a single industry, then an industry-based framework such as the one shown in Figure 9.1 may not be very useful. Therefore, a new framework is needed to explain why and how a firm (not industry) pursues a standardization strategy, while others in the same industry may not. Why, for example, is Kentucky Fried Chicken more standardized and globally accepted than other competing products in the "same" (fast foods) industry?

Finally, the strategic recommendations of previous researchers are based on static rather than dynamic conditions, whether these are either for the choice of the two strategies of standardization or customization, or a compromise of the two. Bartlett and Ghoshal [3] found that managers in most worldwide companies recognize the need for simultaneously achieving global efficiency, national responsiveness, and the ability to develop and exploit knowledge on a worldwide basis. To achieve these multiple goals, they suggested the transnational strategy. However, it is doubtful whether this strategy is really optimal and desirable. Would not more astute managers seek to implement a global strategy, focusing on transnational similarities rather than differences? The global strategist, recognizing the risks but being aware of the trade-offs, would seek to offset consumer resistance with his or her extended product package, rather than customize the product to precisely meet the local consumer needs. In the next section, a new model will be developed to explain the dynamic behavior of global firms, which improve country-specific products to global products.

9.4 The Dynamic Nature of the Global Strategy

Products can be classified into two categories: global and country-specific. The global product is output efficiency-based, more easily standardized, and universally offered, and accepted by consumers worldwide. Examples are industrial products and consumer durables. The country-specific product is quite sensitive to environmental factors. Sales are more closely tied to political, economic and cultural forces, meaning that localized or national strategies seem preferable. Processed food and clothing items are examples.

In a dynamic setting, even country-specific products may become candidates for global products as shown in Figure 9.2.

This is where both industry and firm are driven by the search for higher technological content and stricter quality control. Coca-Cola, McDonald's, Kentucky Fried Chicken, and Levi Strauss, for example, all offer products that are more globally acceptable than parallel products with country-of-origin other than the U.S. However, note that these products—food and clothes—are all ethnic products that may be positioned in the lower right-hand corner in Figure 9.1 where forces for national responsiveness are high.

Let us take a closer look at the food industry, for instance, in which strategic positioning can be

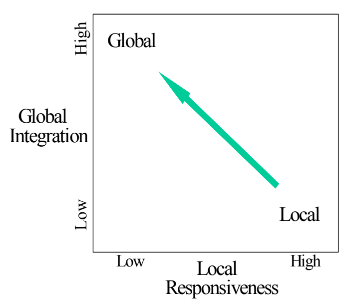

Figure 9.2. Dynamic globalization strategy

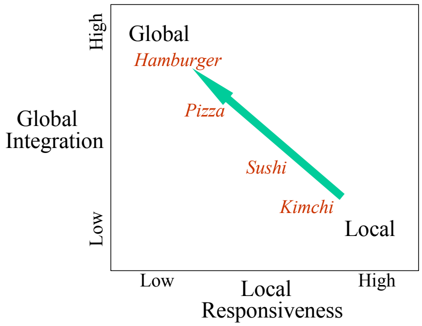

Figure 9.3. Different strategic positioning

diverse. There are several foods along the dynamic globalization arrow in Figure 9.3, ranging from kimchi that is the most localized food to the hamburger that is the most globalized food. It is important to note how a firm can enhance the local product to global product.

Kimchi is a spicy, fermented pickle that invariably accompanies a Korean meal. The vegetables most commonly used in its preparation are celery cabbage, Chinese turnip, and cucumber. The prepared vegetables are sliced, highly seasoned with red pepper, onion, and garlic, and fermented in brine in large earthenware jars. Dried and salted shrimp, anchovy paste, and oysters are sometimes used as additional seasonings. During fermentation, which takes approximately one month depending on weather conditions, the kimchi jars are stored totally or partially underground in cellars or sheds built expressly for this purpose. Kimchi is very unique in taste and thus country-specific to Korea.

Sushi is a Japanese food, consisting of cooked rice flavored with vinegar and a variety of vegetables, eggs, and raw fish. Sushi began centuries ago in Japan as a method of preserving fish. It is told that the origins of sushi came from countries of Southeast Asia. Cleaned raw fish was pressed between layers of rice and salt and weighted with a stone. After a few weeks, the stone was removed and replaced with a light cover, and a few months after that, the fermented fish and rice were considered ready to eat. It was not until the 18th century that a clever chef named Yohei decided to forego the fermentation and serve sushi in something resembling its present form. Anyhow, raw fish is a major ingredient of sushi. Still, many people think sushi means raw fish, but the literal translation means "with rice." So, sushi used to be very unique and country-specific to Japan. However, when sushi is introduced in other countries, the ingredients are significantly changed. In particular, raw fish is often replaced with other ingredients such as avocado. Sushi has been evolved from a country-specific food into a globally accepted product.

Pizza is a dish of Neapolitan origin consisting of a flattened disk of bread dough topped with olive oil, tomatoes, and mozzarella cheese. Pizza is baked quickly and served hot. The popularity of pizza in the United States began with the Italian community in New York City; the first pizzeria appearing there in 1905. After World War II the pizza industry boomed. In the United States, sausage, bacon, or ground beef, mushrooms, peppers, shrimps, and even oysters are sometimes added. Thus, pizza originated in Italy but is now well accepted in the global market.

The hamburger is customarily eaten as a sandwich. Between two halves of a round bun, mustard, mayonnaise, catsup, and other condiments, along with garnishes of lettuce, onion, tomato, and pickle, constitute the classic dressing. In the variation known as the cheeseburger, a slice of cheese is melted over the patty. The patty itself is often seasoned or augmented with chopped onions, spices, or bread crumbs before being cooked. The hamburger is probably the most global food, but it too used to be a local product. The hamburger is named due to the city of its origin, Hamburg, Germany. In the 1850s it was brought by German immigrants to the United States, where in a matter of decades it came to be considered an archetypal American food.

How can the hamburger become a global food? First of all, the hamburger is probably the most efficient food in terms of the function as a food. It contains almost all the ingredients for the nutritional requirements of food in a small, convenient size. This function as a near complete food is well accomplished with reliable quality and at an affordable price by global firms such as McDonald's. The company's strategy is to maintain rigorous, standardized specifications for its products, raw ingredients, and store management worldwide. The company has standardized recipes for its products. Menus in international markets are a little diverse, but most of the products are quite standardized in terms of ingredients and even the temperature of the food. When McDonald's entered Russia, the company found that local suppliers lacked the capability to produce quality products. To solve this problem, McDonald's built the world's largest food-processing plant in Moscow at a cost of $40 million. McDonald's also tightly controls the operating procedures of stores around the world. Therefore, the most important strategy of McDonald's is to enhance the economic values (*i.e.*, reliable quality and affordable price) of the product by effectively maintaining the standardized, strict specifications of the product engineering.

The above examples show that successful global firms can move the country-specific strategy in a more global direction if they can make the perceived benefits of better quality and reasonable price outweigh the need for buyers to satisfy their specific localized preferences. Therefore, the most important strategic implication is that the real issue of globalization is not the forced choice between the two extremes, nor a compromise of these two, but rather how to increase the degree of engineering efficiency through standardization. A high level of technology and quality control may redirect the firm's strategic choice away from national responsiveness towards higher global standardization.

One more important thing is that a global firm can pursue a strategy of product diversity only if the introduction of a new or customized product does not hurt the overall efficiency. An example is the product lines of Coca-Cola: Coke, Diet Coke, Classic Coke, New Coke, and so on. The product strategy of Coca-Cola is not completely segmented, since the formulas for Coca-Cola products are not without overlap or similarity. The firm makes only slight changes in the basic ingredients for all. The availability of flexible manufacturing enables the firm to produce and market slightly differentiated products to different target market groups, without sacrificing the benefits of global EOS. Coca-Cola would not have introduced New Coke or Classic Coke if the development of this product were to significantly impede the company from achieving its engineering efficiency. Benefits from efficiently engineering the product and principal business functions should be emphasized first for a successful global firm.

Levitt [13] suggested that although the earth is round, marketers should view it as flat. However, one further step can be suggested: "Do not just treat it as flat, but make it flat". Many multinational marketers may still insist on viewing the world through the lens of localized tastes and unique buying habits. Correct understanding of the behavioral context in foreign markets is at first very important for the global manager. However, really successful global managers may have to be able to inform and persuade local consumers through communications. Some consumers in LDCs, for example, enjoy American-type soft drinks, but they prefer them at room temperature and sweeter in comparison with North American taste. They might be persuaded to prefer less sweet drinks through education that excess sugar is not good for their teeth or general health. They might also be persuaded to prefer colder soft drinks, as refrigerators become more common in their households.

Coming up as fast as communication tools are supra-national electronic media, which transcend country boundaries. These media will permit the use of standardized and simultaneous promotional strategies across vast regions and multiple markets. These developments in global telecommunications, together with parallel innovations in transportation and an expansion of international advertising agency services will facilitate media and message access to some unfamiliar markets. With these tools the most important task of global managers is to find the common need of global consumers and to develop global products, rather than to customize their product to the local markets.

9.5 A New Strategy for Dynamic Globalization

In the integration-responsiveness (I-R) framework, several different strategies can be contrasted as shown in Figure 9.4.

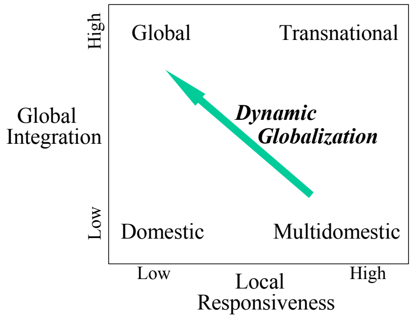

Figure 9.4. Types of international strategies

Type 1: Centralized Organization: Standardized Strategy

Levitt [13] argued that there is a new commercial reality: the emergence of global markets for standardized products. According to him, the global corporation operates at relatively low cost as if the entire world were a single entity; it sells the same things in the same way everywhere. Levitt's global strategy is thus located in the upper left corner (high integration and low responsiveness) of the I-R model.

Type 2: Decentralized Organization: Customized Strategy

Douglas and Wind [6] critically examined the key assumptions underlying the philosophy of the integration strategy, and the conditions under which it is likely to be effective. Based on this analysis, they proposed that the responsiveness strategy is more common than the integration strategy because international markets are more heterogeneous than homogenous. Their strategy is thus located in the lower right corner (low integration and high responsiveness) of the I-R model. This type of firm can be called a multinational [6] or multidomestic firm [26, 19].

Type 3: Mixed Organization: Transnational Strategy

According to Bartlett and Ghoshal [3], each of the above two approaches is partially true and has its own merits, but none represents the whole truly. They suggested the need for simultaneously achieving global integration and local responsiveness. To achieve global competitive advantage, costs and revenues have to be managed simultaneously, efficiency and innovation are both important, and innovations can arise in many different parts of the organization. Therefore, instead of centralizing or decentralizing assets, the transnational firm makes selective decisions. They call this the transnational solution, which can be located in the upper right (high integration and high responsiveness) of the I-R model.

Type 4: Flexible Organization: Dynamic Globalization

However, none of these strategies adequately explain the dynamic nature of global firms that improve country-specific products to global products by recognizing global needs and persuading global consumers with value-added products. This strategy implies the dynamic shift from a multidomestic firm to a global firm as the arrow indicates in Figure 9.4. The new paradigm should be a flexible organization that enables the firm to educate or persuade local consumers, through enhanced engineering efficiency.

It is important to understand the relation between the exploration of new possibilities and the exploitation of old certainties. This complementary aspect of firm's asset portfolio is particularly important in understanding the entry modes of multinational firms [20]. March [15] argued that adaptive processes, by refining exploitation more rapidly than exploration, are likely to become effective in the short run but self-destructive in the long run. The static global strategy of deciding whether the international market is homogeneous or heterogeneous, in order to most effectively exploit a firm's existing products or capabilities, is related to the exploitation of old certainties. However, the dynamic global strategy of introducing new global products or improving country-specific products to global products is related to the exploration of new possibilities.

The truly global firm can achieve this exploration goal by enhancing the product's economic values, such as price and differentiation, so that local consumers give up their local preferences for the increased economic value of the product. In other words, the most important task of global managers and organizations is not to decide whether the international consumer is global, local, or even glocal, but to change local consumers to global consumers by providing products in which product values outweigh local tastes.

The debate on standardization versus customization is an important subject in the international marketing field and thus related examples and cases are primarily consumer products. However, very important implications can also be derived for engineering products and engineering applications to consumer products. In today's global economy, the need for customization in the foreign market is often overstated with an overemphasis on differences in consumer tastes across nations. However, the introduction of a customized product is costly and sometimes risky when the customized product is deviated from engineering efficiency. Foreign consumers actually prefer global products to locally customized products in many market segments such as automobiles, electronics, and other products in which engineering applications are important. The global manager should consider engineering efficiency first before marketing efficiency because optimal engineering efficiency creates more values than customized marketing efficiency.

9.6 Conclusions

Despite numerous articles on this issue, the debate over international standardization continues. This is partly because there is a lack of empirical data, but mainly because most scholars merely deal with selective examples for their particular purposes. The main problem with existing studies is that they are static rather than dynamic. Their strategic recommendations are mostly based on the perceived and static dissimilarities or similarities of international markets. This chapter argues not that the global market is homogenous or heterogeneous, but that the most successful global firm should be able to change more heterogeneous local consumers to more homogenous global consumers through enhanced engineering.

The global market place is not purely homogenous. Managers are frequently urged "to tailor for fit" in each different country environment. If they focus too much on the differences, however, the global screening process may undervalue the available markets. In many cases, environmental differences among national markets can be dealt with over time through appropriate strategies. This chapter suggested a new strategic guideline for global firms to pursue this new task of dynamic globalization.

In today's globalized and also localized economy, international managers selectively choose globalization and customization to maximize profits. However, the most important role of the global manager is not just to find profits but to add value to product and management by reducing local differences and unnecessary waste. Therefore, the debate on global standardization should focus on how to shift local product to global product, rather than on whether global standardization is good or not. This study has demonstrated that a preferred strategy is dynamic globalization and engineering efficiency is often more important than marketing efficiency in creating values. Further empirical studies would be necessary to establish whether the ideas presented in this study will make an impact on the success of global firms.

References

[1] Armstrong CM. Communications: The revolution continues. AT&T Web site, CEO Club of Boston, Boston College, Nov. 5, 1998.

[2] Bartlett CA. Building and managing the transnational: The new organizational challenge. In Michael E Porter, editor. Competition in global industries. Boston: Harvard Business School Press, 1986.

[3] Bartlett C.A, Ghoshal S. Managing across borders: The transnational solution. Boston: Harvard Business School Press, 1989.

[4] Capar N, Kotabe M. The relationship between international diversification and performance in service firms. Journal of International Business Studies 2003; 34(4): 345–355

[5] Chen J, Paliwoda S. Adoption of new brands from multi-branding firms by Chinese consumers. Journal of Euro-Marketing 2002; 12(1): 63–77.
[6] Douglas S, Wind Y. The myth of globalization. Columbia Journal of World Business 1987; winter: 19-29.
[7] Gabrielsson P, Gabrielsson M. Globalizing internationals: Business portfolio and marketing strategies in the ICT field. International Business Review 2004; 13(6): 661–684.
[8] Gates B. Digital nervous system – enterprise perspective. Microsoft Web site. Speech in New York, 24 March 1999.
[9] Ghoshal S. Global strategy: An organizing framework. Strategic Management Journal 1987; 8: 425–440.
[10] Gross T, Turner E, Cederholm L. Building teams for global operations. Management Review 1987; June: 32–36.
[11] Gupta A, Govindarajan V. Managing global expansion: A conceptual framework. Business Horizons 2000; 43(2): 45–54.
[12] Keegan W, Still R, Hill J. Transferability and adaptability of products and promotion themes in multinational marketing – MNCs in LDCs. Journal of Global Marketing 1987; 1(2): 85–103.
[13] Levitt T. The globalization of markets. Harvard Business Review 1983; May-June: 92–102.
[14] London T, Hart S. Reinventing strategies for emerging markets: Beyond the transnational model. Journal of International Business Studies 2004; 35(5): 350–370.
[15] March J. Exploration and exploitation in organizational learning. Organization Science 1991; 2(1): 71–87.
[16] McCutcheon D, Raturi A, Meredith J. The customization-responsiveness squeeze. Sloan Management Review 1994; winter: 89–99.
[17] Miller D. The generic strategy trap. The Journal of Business Strategy 1992; Jan.-Feb.: 37–41.
[18] Moon HC. The dynamics of Porter's three generics in international business strategy. In: Rugman Alan M, (editor). Research in global strategic management 1993; 4: 51–64.
[19] Moon HC. A revised framework of global strategy: Extending the coordination-configuration framework. The International Executive 1994; 36(5): 557–574.
[20] Moon HC. Choice of entry modes and theories of foreign direct investment. Journal of Global Marketing 1997; 11(2): 43–64.
[21] Moon HC. The new organization of global firms: From transnational solution to dynamic globalization. International Journal of Performability Engineering 2005; 1(2): 131–143.
[22] Oster SM. Modern competitive analysis, New York: Oxford University Press, 1990.
[23] Porter ME. Competitive strategy: Techniques for analyzing industries and companies, New York: The Free Press, 1980.
[24] Porter ME. Competitive advantage: Creating and sustaining superior performance, New York: The Free Press, 1985.
[25] Porter ME. The strategic role of international marketing. The Journal of Consumer Marketing 1986a; 3(2): 7–9.
[26] Porter ME. Competition in global industries: A conceptual framework. In Michael E Porter, editor. Competition in global industries, Boston: Harvard Business School Press, 1986b.
[27] Quelch JA, Hoff E. Customizing global marketing. Harvard Business Review 1986; May-Jun: 59–68.
[28] Sheth J. Global markets or global competition? The Journal of Consumer Marketing 1986; 3(2): 9–11.
[29] Simon-Miller F. World marketing: Going global or acting local? The Journal of Consumer Marketing 1986; 3(2): 5–7.
[30] Varadarajan R, Clark T, Pride W. Controlling the uncontrollable: Managing your market environment. Sloan Management Review 1992; Winter:39–47.