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# Culturally Responsive Marketing of Coach and Pepsi

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**Abstract**
This study will focus on the cultural aspects of China and how the brands Coach and Pepsi will target Chinese consumers. Information will be provided on the society, economical facets, marketing analysis and positive and normative perspectives of the study. China, like with many other countries has developed certain marketing techniques as a way of gaining the interest of their consumers.

## 1. Introduction

There is an increasing attempt to understand the importance of culture for determining the behavior of individuals. Culture is the shared values, beliefs, and experiences of a group of individuals. In fact, anthropologist Edward Tylor defined culture as the full range of learned human behavior patterns (O'Neil, 2006). "Culture is that complex whole which includes knowledge, belief, art, law, morals, custom, and any other capabilities and habits acquired by man as a member of society" (O'Neil, 2006). The concept of culture becomes more complex when subcultures develop within society. For example, ethnic groups such as African Americans and Vietnamese Americans have unique experiences as a result of their ancestral background. This layering of culture establishes patterns of behavior for communicating, marriage, raising children, leadership, and division of labor.

Another perspective of the concept of culture is how it relates to organizations or corporations. The term corporate culture is increasingly being explored to determine what mechanisms produce successful organizations. Patrick's (2013) article explained corporate culture define what values are important to the company and are reflected in the hiring process of employees. For example, corporate culture can be centered on teamwork and collaboration or individuals being effective by working independently. West, Ford, Farris (2014) discussed corporate culture can be influenced by the cognitive style which is how individuals choose to process information by their perception of the organizational culture. Experienced managers will have the propensity to adapt their cognitive style to the organization's culture for taking risk, problem solving, and dealing with uncertainty.

The difference between the two concepts or definitions of culture are essential to consider for organizations to operate effectively in the market. Consumer behavior is influenced by subculture experiences which determines the likeability of how individuals select products and services. Organizations have to employ organic processes to respond to the diversity of consumer differences. The very nature of culture will continue to evolve as individuals embrace new experiences and respond to changes in society.

Cultures establish opportunities for diversification of products and services. Marketing managers must be able to recognize the unique values, rituals, and symbols of subcultures to produce desired objectives. Utilizing a cultural thought process for marketing can further identify specific strategies for tangible results.

**2. Regional Economic Integration**

Globalization requires firms to navigate the complexities of foreign trade restrictions to effectively operate. This requires firms to implement unique strategies for each of their foreign operations. India is an examples of a country that focused on liberation of their economic markets from the government. In the 1990s, India's government incurred fiscal deficit and faced currency implosion as a result of borrow from the World Bank and Asian Development Bank. "By 1991 the central government's budget deficits reached a record high of 8.4% of GDP. The inflation rate, which for most of the 1970s and 1980s remained at a single digit, went up to 17%; external debt increased from $21 billion in 1980 to over $71 billion; and debt-to-service ratio increased to an unmanageable 32% of GDP" (Dash, 2005). The Prime Minister Narasimha Rao responded to the macroeconomic crisis by implementing economic reforms to decrease the government control and create a market-friendly environment to attract foreign direct investment. Dash's (2005) study discussed those reforms as shown in Table 1.

Table 1
*Summary of Economic Reforms and Changes in the Indian Economy (1991-93)*

| Reforms | Descriptions |
|---|---|
| **Industrial Reform** | |
| Abolition of industrial licensing | Industrial licensing abolished for all but 18 strategic industries. |
| Removal of control over capacity expansion | Under Monopoly and Restrictive Trade Practices (MRTP) Act, large firms were prevented from expanding their existing industrial capacity. |
| Participation of foreign firms in new projects | Automatic approval granted for projects involving foreign equity investment up to 51% in high priority industries such as transportation, power, infrastructure-related |
| Privatization | List of industries reserved for public sector reduced from 17 to 6. Private sector participation is allowed in industries on the reserved list. |
| Price liberalization | Prices of most controlled items such as steel, petroleum, and coal liberalized. |
| **Capital Market Reform** | |
| Liberalization of foreign investment | Foreign Exchange Regulation Act (FERA) was amended to make it easier for foreign firms to take more than 40% stake in India firms. Foreign institutional investors such as pension funds and mutual funds were allowed to invest in India capital market after registering with the independent authority called Security and Exchange Board of India (SEBI) |
| Access to global capital markets | Indian firms were allowed to raise debt and equity in global capital markets |
| Rupee convertibility on current account | No longer necessary to purchase raw materials and capital goods at government-fixed exchange rates. |
| **Tax Reform** | |
| Reduction of income tax rate | Corporate taxes lowered from 65% to 45%. Personal income tax rate reduced to 40% and exemption limit raised. |
| Abolition of wealth tax | Wealth tax on all financial assets, including shares, securities, bonds, and bank deposits abolished. |
| **EXIM Policy Reform** | |
| Reduction of tariff structure | Customs duties on raw materials and finished goods lowered from 110% to 65% and on capital goods from 110% to 25%. Requirement on import licenses removed. Import duties on machinery for agriculture, horticulture, |

| | |
|---|---|
| | forestry, poultry, etc. reduced from 100% to 25% |

In 2002, India passed the Competition Act that covered three antitrust areas: anticompetitive agreements, abuse of dominance, and combination (mergers and acquisitions) that are likely to have an adverse effect on competition (Bhattacharjea, 2012).

India's economic liberation established significant opportunity for foreign investment. Javalgi and Talluri's (1996) study revealed the creation of the Foreign Investment Promotion Board and the Financial Reforms which granted three private banks for lending in joint ventures in India. This cleared the way for several U.S. companies such as IBM, Kellogg, and Ford to invest in India. McDonald's has benefited from joint venture investment in India with over 271 stores customized to India's culture.

India is a member of the European Union (EU) which is a politico-economic union of 28 states. India is a larger trading partner with the EU and have developed joint commission for economic and commercial issues. The EU ensure undistorted competition within a single market. For example, the EU prevented the merger between GE and Honeywell. In addition, the EU guarantees consumers fair treatment; products meet acceptable standards; and a right of redress. The EU provides legislation for misleading advertising and unfair contract terms. Multinational companies are required to comply with EU's internal market and competition rules for establishing investments in India.

**3. Marketing Institutions and Infrastructure**

Multinational corporations utilize different strategies when operating within foreign countries. Several countries are members of the World Trade Organization (WTO), for example China. China has become a very attractive place for multinational corporations to invest due to the large population and growth middle class of consumers. China's food retail market has attracted several foreign suppliers. Chinese food suppliers have utilized a positioning strategies to influence foreign retailers. Skallerud and Gronhaug (2009, p. 196) stated, "What all the food retailers have in common, is that they try to position their stores in such a way that they obtain a defendable and sustainable market position." Retailers have used their positioning strategy like pricing, design of the stores, customer service, advertisement, and marketing to communicate value to customers. "Knowledge about the behavior and criteria used in different segments of the retail market is a prerequisite for developing and implementing effective marketing programs" (Skallerud and Gronhaug, 2009, p. 197).

China take great care when implementing trade among countries. Fram, Le, and Reid's (2005, p. 4) study explained, "Seventy-one Chinese purchasing agents were interviewed to establish how they perceive American industrial firms, producing data that has a general implication for governments and businesses." The findings indicated that U.S. export performance could be improved by establishing a more China-centric approach. Fram, Le, and Reid's (2005, p. 16) study suggested the following checklist of questions to offer American managers assistance with assessing their performance:

- To what extent do our representatives need to strengthen their interpersonal relationships with industrial purchasing agents (Pas)?

- Are we providing realistic delivery dates that are perceived as reasonable by Pas?
- How often do we miss a promised delivery date?
- To what extent are we meeting requests for technical information?
- How often are we receiving complaints about poor packaging?
- To what extent have we received quality complaints over the last several years?

Pricing has a strong impact on the ability of multinational corporations to with foreign companies. Tian, He, Zhao, and Yi's (2005, p. 84) study examined the characteristics the pricing behaviors of steel firms and how Chinese steel firms participated in the price competition. Chinese steel industries develop their strategic pricing mechanism by analyzing market trends and competitors. As a result, price leaders are able to galvanize the attention of consumers. Historically, China's steel industries have faced aggressive price competition with other steel industries and adjusted their prices to reap short-term profits. "Chinese iron and steel industry, like the industries in many other countries, operates in a condition close to the oligopolistic market, and experiences rapid transformation in its pricing system in the process of China's transition from a planned economy to a market economy" (Tian, et.al., 2005, p. 67). China's ability to exercise leadership and price discipline has increased the steel industry understanding of customer value.

## 4. Cultural Aspects of Advertisement

Advertisements has a significant impact on our daily lives regardless of location. Advertisements are displayed worldwide to exemplify to individuals what products are offered and how those products can very well increase their happiness and well-being. How advertisements are viewed depends on the belief system of a particular culture. Emery and Tian (2010, p. 48) stated, "Advertising appeals are the specific approaches advertisers use to communicate how their products will satisfy customer needs by embedding a culture's values, norms, and characteristics." China has recently been known to have the second largest advertising industry in the world. Advertisement has increased since the administering of the 'open door policy' therefore, increasing the level of income which has enhanced the consumer buying power. "Chinese consumers have become more used to employing advertising as their information source to make purchasing decisions, and in addition, more and more companies use advertising as the means to promote their products and services" (Emery and Tian, 2010, p. 46). In China, advertisements are usually seen in newspapers and magazines, on the radio and television, and the outdoors. Li, Lee, Lee, and Griffin (2011, p. 159) stated, "Chinese advertisements often retain characteristics of consensual, gentle, family-oriented, utilitarian, well-state of being, and to promise a better life." Advertisers are known to create some form of appeal in order to motivate the consumers to purchase.

In China, laws and policies are enforced to ensure that advertisements are not depicting wrongful messages however; the government plays an important role in the regulation of advertisements. Gao (2006, p. 310) stated, "Scholars have observed that lawmaking in China is decentralized and fragmented, with government ministries holding enormous influence over the interpretation and implementation of laws." These policies are enforced to prevent confusion, inefficiency, bureaucracy, and corruption. Advertisements must be depicted as traditional and trustworthy therefore, "they legally institutionalize government censorship, resort to vague and general language, and impose categorical bans on some advertising claims, thus opening the door for subjective interpretation and inconsistent enforcement" (Gao, 2006, p. 312). China's various regulations on advertisements are administered to protect the ideologies of their culture.

Advertisements that are effective in one country may not be as effective in another country. "The reasoning is that consumers grow up in a particular culture and become accustomed to that culture's value systems, beliefs, and perception processes" (Emery and Tian, 2010, p. 47). For example, Japanese ads are known to contain fewer comparative appeals than the United States ads, whereas China is an opposite of both Japan and the United States in obtaining a more utilitarian appeal in their ads. Advertisements in each country are known to reflect the perceived beliefs and values of their culture.

Chinese consumers have indicated that foreign advertisements are attractive and trustworthy. Famous icons and entertainers are perceived as a positive aspect in terms of being utilized in Chinese advertisements. For example, Viser and Wang (2009) stated that during the 2008 Olympics, NBC aired an advertisement for Coca-Cola which featured animated characters of Yao Ming and LeBron James.

> The tension is disrupted by an untranslated chant, "tuanjie de liliang da, tuanjie de liliang jiushi da!" (there's strength in unity, there's truly strength in unity!), as the two men exchange Cokes labeled in their respective native languages, clink bottles, and gulp them down to cries of "cheers" (Yao) and ganbei (James) (Viser and Wang, 2009, p. 616).

The advertisement proved successful beyond its target and cultural audience.

How advertisements are perceived to a specific gender has become an importance as well. A study was completed by Li, Lee, Lee, and Griffin (2011) that global companies should consider when targeting Chinese women the design of the campaign and its cultural context. A content analysis comparing the various ads was completed on four Chinese popular women's magazines - *Rayli, Fashion Cosmo*, and *Bazaar*, to understand the consumers' cultural position. The results indicated that magazines are a standard advertisement piece for Chinese women. In terms of branding, the women were attracted to foreign and global brands over local brands. They too valued their local products. "Advertisers need to consider not only the psychology of Chinese women, their current social surroundings, and the styles they are more likely to consume, but also try to find out what modern Chinese women desire in their daily life" (Li, Lee, Lee, and Griffin, 2011, p. 160).

### 4.1 *Analyzed cultural and other aspects of selling*

Sales strategies are known to vary in different countries. Retail outlets and other venues must appeal to their consumers. There has to be a need or some form of interest to the consumer in order for them to purchase the product. For example, McNeill (2006, p. 35) stated, "Chinese consumers are said to prefer to shop in smaller, local retail outlets, and that Chinese consumers spend a relatively small amount on regional standards." Large international stores like Wal-Mart and Tesco are integrating into the Chinese culture however, retail stores are still considered more popular.

Advertisers, marketers, and international businesses must comprehend the importance of communication techniques and cultural content of various countries. Sternquist and Wang (2010) stated that many Chinese corporations insist on incorporating guanxi (meaning an exchange of favors in which personal relationships are developed and seen more important than business-related issues) when conducting business. They value the establishment of a personal relationship before conducting business.

International corporations must understand the cultural values of consumers as well. “Chinese cultural values that impact on consumption behavior include humbleness, loyalty to superiors, tolerance of others, protection of face, conservatism, and societal debt” (McNeill, 2006, p. 37). They place a higher value on human relationships than physical products however international and local retail industries must comprehend and mirror these notions. “Retail buying is an important part of the value chain; retail buyers serve as gatekeepers determining what products will be available for consumers.” (Sternquist and Wang, 2010, p. 492). For example, the buying committees in China were to:

- Offer a wider range of experience in the decision-making process;
- Conduct decision-making processes that are more technical in nature; and
- Reduce the level of personal pressure in the buyer-supplier relationship. (Sternquist and Wang, 2010, p. 506)

Ellis, Williams and Zuo (2003, p. 206) stated, “Service quality excellence has been shown to assist in both the retention and expansion of the existing customer base.” Chinese consumers prefer making purchasing decisions within their own time without the pressure of a salesperson. The various behavioral norms must be understood in order to offer satisfactory customer service.

**5. Cultural marketing patterns in China for Coach and Pepsi brands**

China’s marketing aspect has progressed within the past several decades which has resulted from collaborating with western cultures, change in various rules and policies, and becoming a member of the World Trade Organization (WTO). Darling and Heller (2011, p. 35) stated,

> “WTO membership signaled China’s commitment to establish sets of clear and enforceable nondiscriminatory rules to conduct business in the broad spectrum of markets within the country. This integration into the world economy has resulted in spectacular numbers for China both in trade and in investment.”

International corporations have entered into the Chinese marketplace and are in the process of understanding China’s society as a result on how to effectively market to them. China’s business environment is very high-context in nature whereas establishing relationships are just as important as confirming business negotiations. As an exchange of culture, business partners must understand the communicative context of the meeting in order to effectively collaborate and negotiate business deals.

As it is important for international marketers to effectively negotiate business deals with Chinese businesses, they too must realize the significance of understanding the shopping patterns of Chinese consumers. Research has indicated that personal values and self-actualization is highly valued within the Chinese society. Tai (2008, p. 381) stated, "Among the dimensions of personal values, self-actualization plays a major role however, personalized shopping, advertised specials, and shopping for self-satisfaction were found to be the three major shopping orientations that were closely related to personal values." Individuals are known to seek self-gratification through shopping.

China's rules and policies have created a society where Chinese citizens are able to purchase more, live a better lifestyle than their ancestors and have the ability to provide more for their children. In 1979, China adopted the 'one child policy' where families are only allowed to conceive one child per household. Through this policy, the child would receive his or her love and affection from the two parents and four grandparents which is known as the 4-2-1 indulgence factor. Chinese children have been known to influence the economic decision making of their parents. McNeal and Yeh (1996, p. 15) stated, "Chinese children's overall index of influence on family spending on 25 items is around 68 percent, surpassing the approximately 40 percent for U.S. children on similar items." However with an influence on spending, Chinese children also understand the values of savings. China's society has progressed tremendously over the past several years.

### *5.1 Economy of China*

China's economy has experienced a substantial incline throughout recent years. More international corporations have become dependent on Chinese manufacturers to make their products, which have increased the profit margin of China's economy. The lifestyles of Chinese consumers have changed; governmental officials have regulated policies which have led to an increase in incomes therefore leading to an increase in shopping habits. KPMG and Monash University (2007) stated, "While hard work and plain living have been revered virtues of the Chinese people for generations, there has been a growth in demand for foreign-branded or imported goods." International corporations have gained an interest in selling their products to economically rising countries. "Research suggests that while the emerging middle class will continue to save heavily, they will also spend increasingly amounts of money" (KPMG and Monash University, 2007).

### *5.2 Culture of China*

Fan and Zigang (2004, p. 81) stated, "The 21st century is an era of the globalization of the world economy. Cross national business is facing great challenges in cultural differences." International corporations have to understand the cultural environment in the various countries in which they will do business with. The lack of understanding of cultural differences can hinder the organization and the confirming of business deals. "Cultural differences greatly affect human thinking and behavior and thus business organizations in which people interact on the basis of shared values" (Fan and Zigang, 2004, p. 84).

As more international corporations collaborate with Chinese business people, understanding the cultural background is of significant importance. Chinese are of a collectivist society that has a medium masculinity rate, believe in the establishment of personal relationships and avoid open conflicts. They are not quick to take risks and will not make immediate decisions if the outcome is uncertain. They have developed the non-participatory approach when it comes to decision making. As a high context culture, Chinese emphasize the value of a person's position in society. "In such a culture, a distribution agreement is more likely to be based on who you are (and how you think and feel) than on formal legalistic constructs" (Darling and Heller, 2011, p. 39). Before confirming business deals, Chinese believe in 'guanxi' meaning relationships, familiarizing themselves with potential partners and perceiving a sense of global responsibility.

As China's economy has progressed with time, so has the income level of many citizens. More middle and upper class Chinese citizens have heightened their interest in buying luxury, quality products. "The luxury brands currently operating in China are largely of European origin and span across various retail sectors such as fashion apparel and accessories, footwear, perfume and cosmetics, jewelry, automotive, and liquor" (KPMG and Monash University, 2007). Luxury brands are set apart sometimes because consumers are willing to pay a higher price on the basis that the brand has distinctive characteristics, quality, reputation, and craftsmanship. The brand conveys a standard of excellence or achievement. It states that 'I have made it' to some consumers. Some higher income gaining Chinese consumers tend to buy luxury goods as a reward gratification and even though they value authentic products, they are still very price conscious. How international companies market to Chinese consumers are of significant importance. Most Chinese consumers would prefer to see Chinese faces or an iconic foreign celebrity marketing their products. Understanding the society and culture of foreign countries in terms of if certain brands or products of particular corporations are of any usage to the consumers is highly pertinent.

### *5.3 Products in China*

The researcher has selected Coach and Pepsi as the brands that will be addressed for this study. Coach Inc. was established in 1941 in Manhattan, New York by a family in which the generational craftsmanship of making fine leather products was passed down the family line. Coach Inc., (2012) mission statement says, "Coach seeks to be the leading brand of quality lifestyle offering classic, modern American styling." The company is known for making luxury, high-quality products such as handbags, business cases, luggage, travel accessories, wallets, eyewear, fragrances, gloves, and jewelry. "Coach is available at over 970 department store locations in the US, 211 international department stores, retail store and duty free shop locations in over 20 countries" (Coach, Inc., 2012). Coach maintains the highest standards of material and workmanship.

Pepsi was discovered in 1898 by Caleb Bradham, a pharmacist in New Bern, North Carolina. One day Bradham mixed a blend of syrup, spices and juices that became known as today's world famous Pepsi-Cola. In the United States and throughout the world, Pepsi has been known for its red, white, and blue circular symbol. The Pepsi symbol is an important advertisement and branding feature that is recognized by many. In some instances, many individuals purchase products based on the brand, the quality, and what it stands for. Kumar and Gupta (2003, p. 58) stated, “Brand personality may, indeed, influence the self-concept of the consumer however, consumers may use brand meanings to construct and sustain their social self.” In the past, consumers have become familiar with Pepsi products through different advertisement slogans such as ‘More Bounce to the Ounce’ or ‘the Pepsi Generation’.

### *5.4 Differences between the marketing practices of the two companies*

Within the past several decades, China has seen a tremendous growth in retail sales. More Chinese consumers are engaging in the purchasing of foreign products. Coach has a very distinctive brand which is set apart from its competitors. The company operates on a direct-to-consumer and indirect marketing strategy. Coach has marketed to the Chinese industry mainly through websites, retail outlets, and social media networks. The company continuously offers new products on their website and products may be located through a search box that is easily accessible to customers. The website was customized in offering the Chinese language and currency system, Renminbi. In many aspects, it is significant for companies when entering into other countries, understand the balance of standardization and adaptation. Lacking adaptation could possibly hinder the success of the company but maintaining a level of standard is just as important.

Pepsi may be purchased at low prices which is a standardized pricing strategy. However in China, the price has stabilized to 1RMB which has obtained a profit between 150% - 200%. As pricing is seen as an importance, so is the advertisement approach. Pepsi is standardly advertised by television, radio, magazines, newspapers, music, email, social media networks, word-of-mouth, and through other Pepsi items. In China, Pepsi have begun to incorporate the Chinese culture into their advertisements in order to appeal to Chinese consumers. For example, Shimp (2010) stated, that Pepsi wanted to reach out to China’s Internet-savvy youth by engaging their interest in Pepsi. The marketers created the Pepsi Challenge contest in which consumers were invited to develop a television spot that included Asian superstar Jay Chow. Contestants had to submit scripts for the commercial and Pepsi executives and Mr. Chow selected the top 5 scripts. The final winner received $12,500 and an opportunity to participate in the production of the commercial. This marketing method proved effective which gained the prospect of many Chinese consumers. Consumers may purchase the product through online stores, grocery stores, chain stores, restaurants, net cafes, wholesale markets, gas stations, retail outlets and vending machines.

### *5.5 Marketing practices of the two companies both positive and normative perspectives*

Coach and Pepsi are two popular products purchased by Chinese consumers. It is of significant value that these two companies understand the cultural dynamics of the Chinese business world and their consumers. Providing customer service and how both companies market their products would be greatly valued among Chinese consumers. Chinese would prefer to see Chinese faces or an iconic foreign celebrity marketing the products. Both have website designs, advertising approaches, and retail outlets that are standardized. Another marketing modification in which stated, “A great deal of the purpose of negotiating is for a person from a high-context culture like China to get to know the potential partner, and perceive a sense of global responsibility in that person” (Darling and Heller, 2011, p. 39). As Chinese would say, establishing ‘guanxi’ is key value. It could take several years for a company to build a trusting relationship with Chinese companies.

Coach and Pepsi must too offer substantial exporting systems. These systems can be modified by incorporating the following:

- Building interpersonal relationships;
- Providing effective delivery dates;
- Meeting the requests for technical information;
- Providing effective customer service;
- Placing emphasis on product appearance.

It is also important for Coach and Pepsi to familiarize themselves with the pricing competition among local Chinese business counterparts. They must administer a strategic pricing plan that will ward off competition and attract consumers. With an increase in income among Chinese consumers, many have accessible buying power and value authentic products, but are price conscious. Overall Pepsi and Coach must understand the culture and have the ability to appeal to Chinese consumers.

**6. Legal Issues in International Marketing**

International marketing is increasing as multinational corporations seek to operate in foreign countries. Corporations marketing activities are designed to reflect the international marketplace. The complexities of international markets require corporations to consider social, cultural, political, and legal context when establishing marketing campaigns. Legal issues are of significant importance as for marketing. Fleming and Fleming’s (2008) study explained there are two key reasons why law is important for marketing: marketers can be charged with legal violations such as pricing fixing, mail fraud, antitrust issues and other infractions; and product design considerations may lead to expensive product liability exposure. In addition, there are specific legal establish by the World Trade Organization (WTO), the Federal Trade Commission and the Consumer Protection Safety Act prohibits or restrains certain activities. For example, intellectual property rights protect trademarks, copyrights, and patents. The WTO’s agreement on trade related aspects of intellectual property rights defines counterfeit goods as the following:

> “Goods, including the packaging bearing with authorization a trademark which is identical to the trademark registered in respect of such, or which cannot be distinguished in its essential aspects from such a trademark, and which thereby infringes the rights of the owner or the trademark in question under the law of the country importation” (Fleming and Fleming, 2008).

The WTO ensures both the consumers and businesses are protect for the smooth flow of trade between countries.

**5.2 Why is it important?**

The growth of the Internet has enabled corporations to increase their ability to build relationships with consumers with social media, online product purchases, and data gathering of consumer information. However, the Internet has given increased ability for the infringement of copyright material and fraudulent activities to gain consumers' information. This is a major concern since corporations need to safeguard their information for competitive advantage. Jain's (1996) study discussed that foreign governments have the following major enforcement inadequacies for protection of intellectual property rights:

- No preliminary or final injunction relief
- Lack of seizure and impoundment relief
- Lack of exclusion of infringing imports
- Lack of compulsory court process and/or discovery
- Inadequate civil remedies, usually in monetary damages, limits on recoveries preclude deterrent effects
- Fine or other criminal penalties inadequate
- Unreasonably slow enforcement process during which illegal activity continues
- Enforcement officials systematically discriminate against foreigners
- Training and resources for enforcement inadequate
- Court decisions biased or political
- Corruption

Each countries varies with its deficiencies to protect the piracy of intellectual properties. These deficiencies can result in substantial loss of sales and potential profits. For example, the Pharmaceutical Manufacturers Association concluded $70 million in unauthorized copies of drug is sold in Korea (Jain, 1996).

**5.3 International regulation in various countries**

There is variance among countries for regulations of protecting intellectual properties. The WTO and the European Union (EU) attempt to establish stronger intellectual properties protection but enforcement depends on each countries' government. A major of regulation is the result of Internet filtering or censorship by countries to online information within territorial boundaries. Deibert and Crete-Nishihata's (2012) study revealed, "Some states justify Internet filtering to control access to content that violates copyright, concerns the sexual exploitation of children, or promotes hatred and violence. Other countries filter access to content related to minority rights, religious movements, political opposition, and human rights groups." Another example of states governance of the Internet is just-in-time blocking; "a phenomenon in which access to information is denied during important political moments when the content may have the greatest potential impact such as elections, protects, or anniversaries of social unrest" (Deibert and Crete-Nishihata, 2012).

### 5.4 Strategies some companies taken with respect to legal issues

Several companies have taken legal action against trademark infringement activities. Tiffany, Louis Vuitton, and Rolex initiated a lawsuit against eBay for incidence of online auction of counterfeiting and trademark infringement in the United States and European courts (Saunders and Berger-Walliser, 2011). eBay has implemented several processes to combat fraud and counterfeiting. For example, eBay fraud engine that actively monitor the website for violates of eBay policies. In addition, eBay has the Verified Rights Owner (VeRO) Program for the right owners can report to eBay and remove listed items. (Saunders and Berger-Walliser, 2011). It is important for businesses to continue challenging the increased protection of their intellectual property rights. Terry and Taylor's (2010) study explained some businesses are challenging Google's Adwords service which allows advertisers to copy or imitate trademarks for higher search results. As technology continues to evolve, new challenges of copyright or trademark infringements are essential update laws into modern context.

## 6. Summary

Both Coach and Pepsi provided informative information concerning the companies and their products. They offered the languages of the local countries in which they are marketing too; offered currency values of the local countries in which they are marketing too; and provided contact information as well as customer service information. Both brands appear to be very effective in regards to marketing the companies' products. They both are culturally sensitive and appeal to the local consumers of those countries. For China, it would serve as a more effective marketing tool if Coach and Pepsi offered advertisements using Chinese models and icons.

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