

Students' version

LIUC

International Marketing

30th of September, 2019

Università

Contents of the session



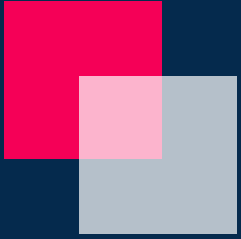
1. A note of first IM exercise
2. Your takeaways of the Market Selection session
3. Country portfolio analysis
4. Wrap-up

Learning Objective

Evaluate Country Portfolio Analysis:
Where to go and what to sell

The background of the slide is a dark blue world map. Overlaid on the map are numerous glowing blue dots, likely representing major cities or data points. These dots are interconnected by thin, white, curved lines that arc across the map, symbolizing global communication, trade, or data flow. The overall aesthetic is high-tech and international.

International Marketing Course



Country Portfolio Management

Market direction: build, hold or shrink?



What are the main factors affecting business success?

Intro: Factors affecting Biz. Success

Political risk:

- Country lawfulness
- Level of economic development
- Stability



Competitive Position:

- Entry barriers
- Rivalry
- Market concentration

Market Growth:

- Market size
- Profitability
- % Growth



1. Competitive Strategy

When we have product and we want to
increase our business:

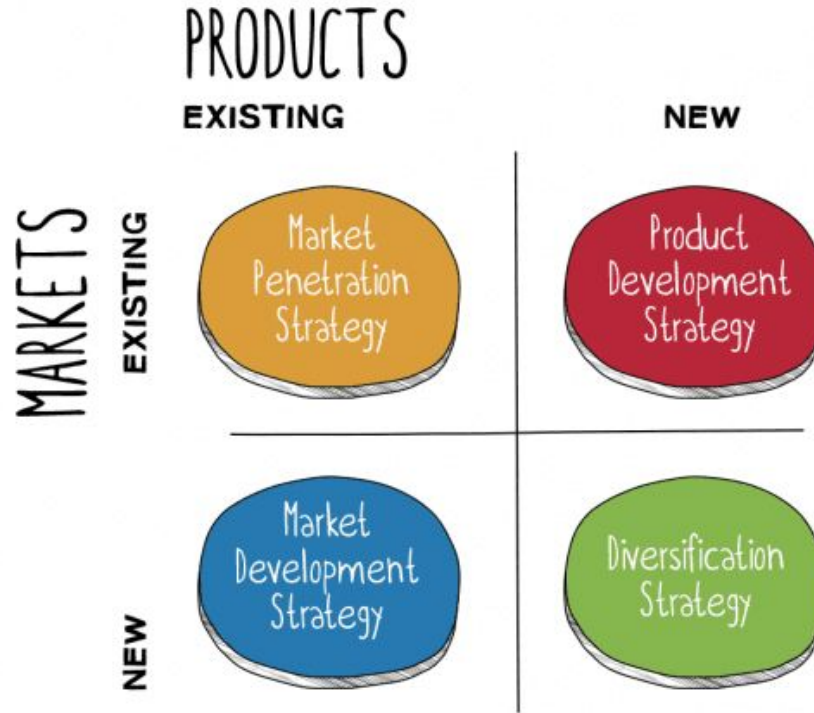
How many options do we have?

1. Competitive Strategy

Once we have product we have the following options:

1. Sell more in our current market
2. Develop new products to sell in our current market
3. Sell our products in a new market (region/country)
4. Look for new business to diversify our portfolio

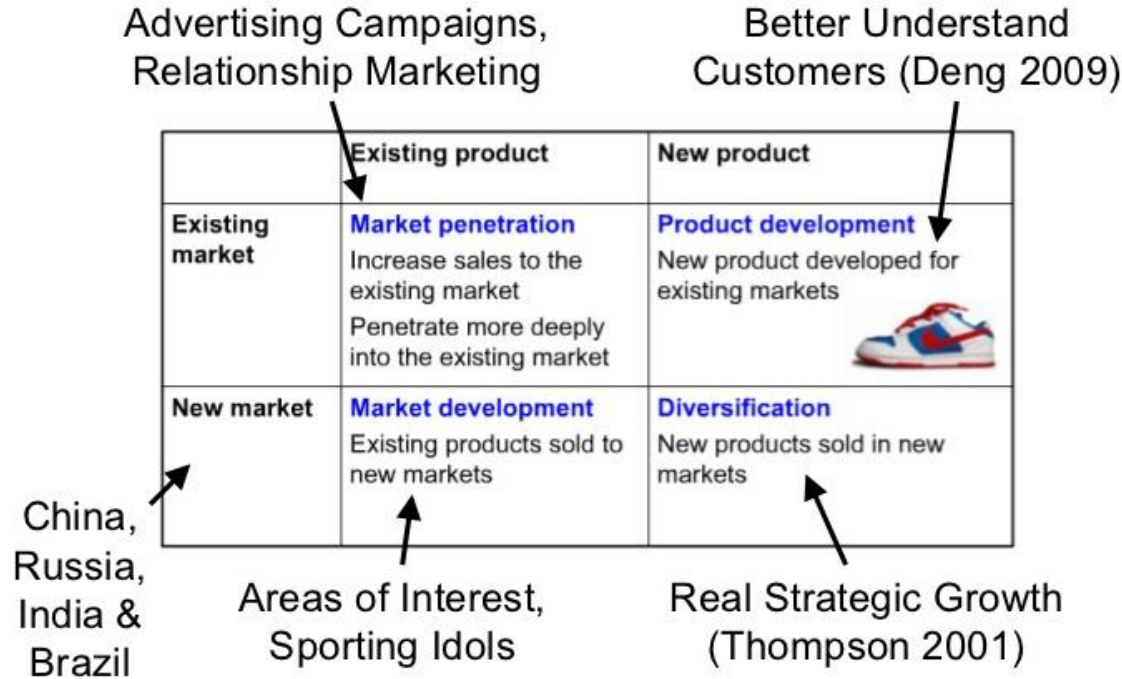
1. Competitive Strategy: ANSOFF's Matrix



Ansoff, H. I., McDonnell, E. J., & Ansoff, H. I. (1988). *The new corporate strategy*. New York: Wiley

Prof. Antonio González Ph.D.

1. Competitive Strategy: ANSOFF's Matrix



How to decide expansion to a particular foreign country?

2. CAGE Analysis for Country Distance Assessment

How to decide to expand to a particular foreign country?

Consider four distance dimensions and ask how the might affect to your industry:

Culture

Administrative

Geographical

Economic

2. CAGE Analysis for Country Distance Assessment

Cultural Distance

Admin and Political Distance

Geographic Distance

Economic Distance

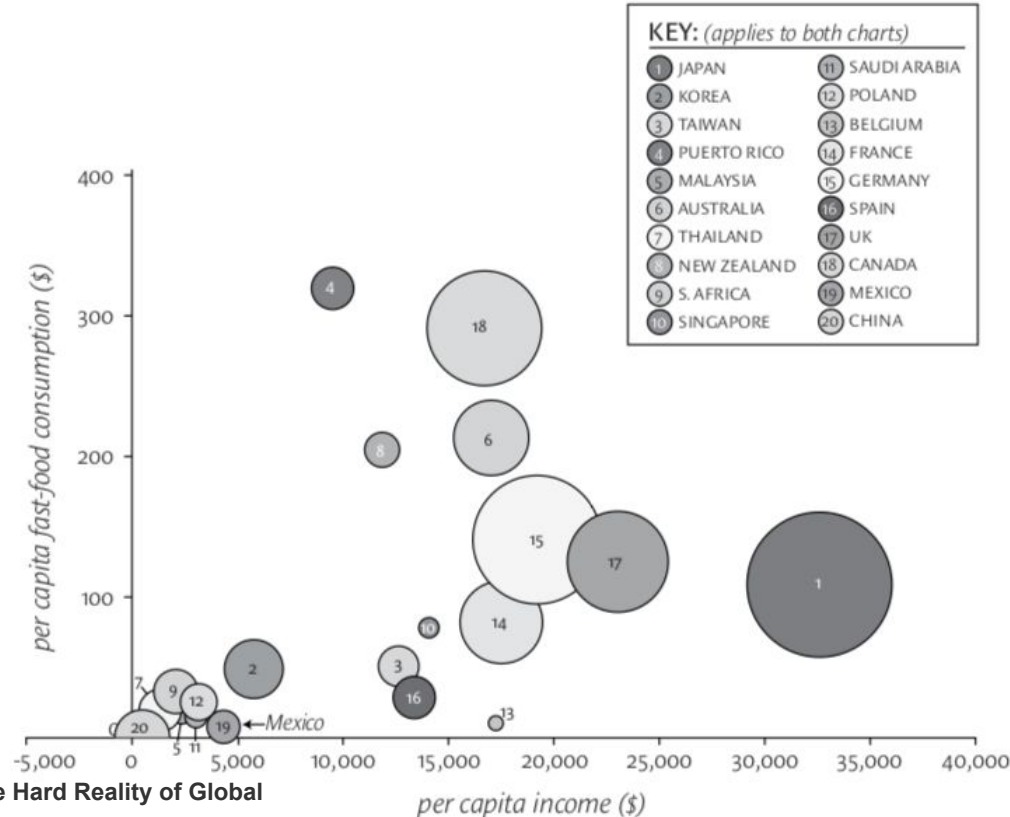
Distance between 2 countries increases with...

Distance more affects industries and products

<ul style="list-style-type: none"> - Different religions, languages, ethnicity, social norms - Lack of connective ethnic or social networks 	<ul style="list-style-type: none"> - Absence of shared political or monetary association - Political hostilities - Weak of legal and financial institutions 	<ul style="list-style-type: none"> - Lack of common border or waterway access - Physical remoteness - Lack of transportation - Different climates 	<ul style="list-style-type: none"> - Different consume incomes - Different costs and quality of resources (natural, HR, etc) - Different information knowledge
<ul style="list-style-type: none"> - High linguistic content (TV) - Related to national identity (food) - Carrying country specific associations (wine) 	<ul style="list-style-type: none"> - Building national reputations (aerospace) - Vital to national security (electricity, telecommunications) 	<ul style="list-style-type: none"> - Low value/weight ratio (bulk goods as cement ie) - Fragile or perishable (glass, fruits) - Vital communications (financials) 	<ul style="list-style-type: none"> - Demand varies by incomes (cars, luxury products ...) - Labour and other cost difference matters (electronics, garments)

2. CAGE Analysis for Country Distance Assessment

Example
Fast-food



2. CAGE Analysis for Country Distance Assessment



Prof. Antonio González Ph.D.

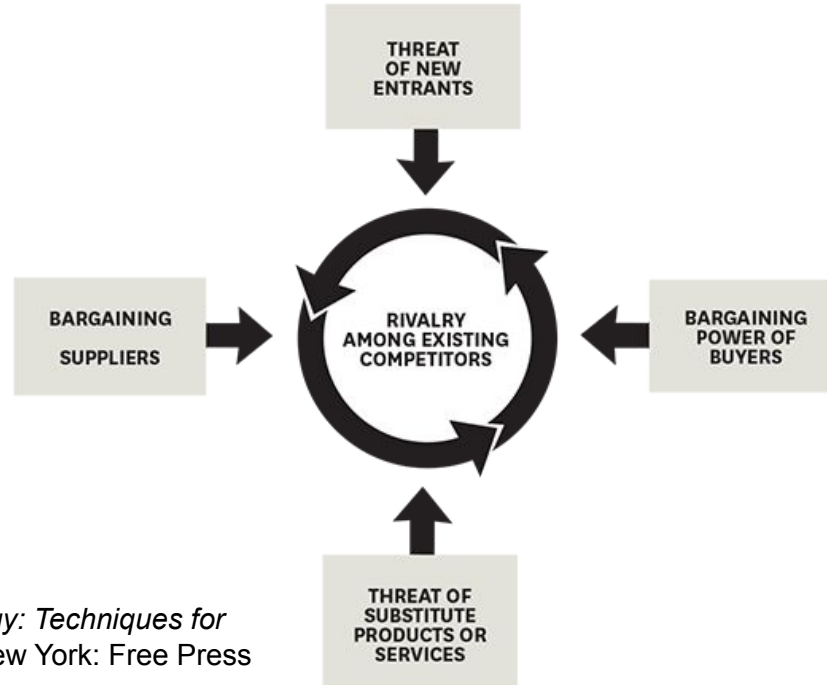
2. CAGE Analysis for Country Distance Assessment

An exercise with CAGE framework in 10':
Would you sell *Jamón Ibérico* in Mongolia?
Why? Why not?



3. Industry Analysis: 5 Forces of Porter

A look on 5 Forces of Porter Analysis: the airline industry



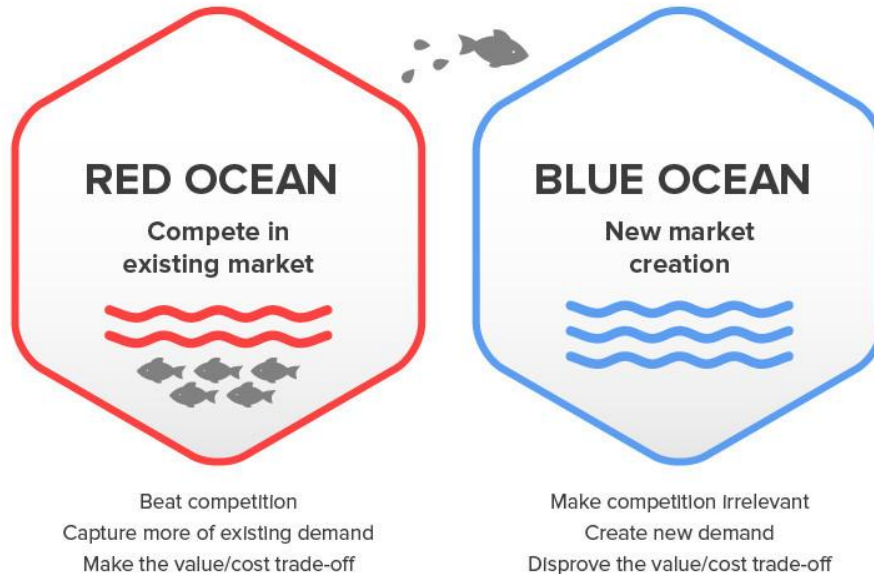
Porter, M. E. (1980). *Competitive strategy: Techniques for analyzing industries and competitors*. New York: Free Press

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3. Industry Analysis: Blue Ocean Strategy

An alternative to 5 Forces approach: Blue Ocean Strategy



3. Industry Analysis: Blue Ocean Strategy

An alternative to 5 Forces approach: Blue Ocean Strategy

Red Ocean Strategy Focus on current customers	Blue Ocean Strategy Focus on noncustomers
• Compete in existing markets	• Create uncontested markets to serve
• Beat the competition	• Make the competition irrelevant
• Exploit existing demand	• Create and capture new demand
• Make the value-cost trade-off	• Break the value-cost trade-off
• Align the whole system of a firm's activities with its strategic choice of differentiation <u>OR</u> low cost	• Align the whole system of a firm's activities in pursuit of differentiation <u>AND</u> low cost

Kim, W. C., & Mauborgne, R. (2005). *Blue ocean strategy: How to create uncontested market space and make the competition irrelevant*. Boston, Mass: Harvard Business School Press.

4. BCG approach to Strategy: BCG Matrix

Key Assumptions:

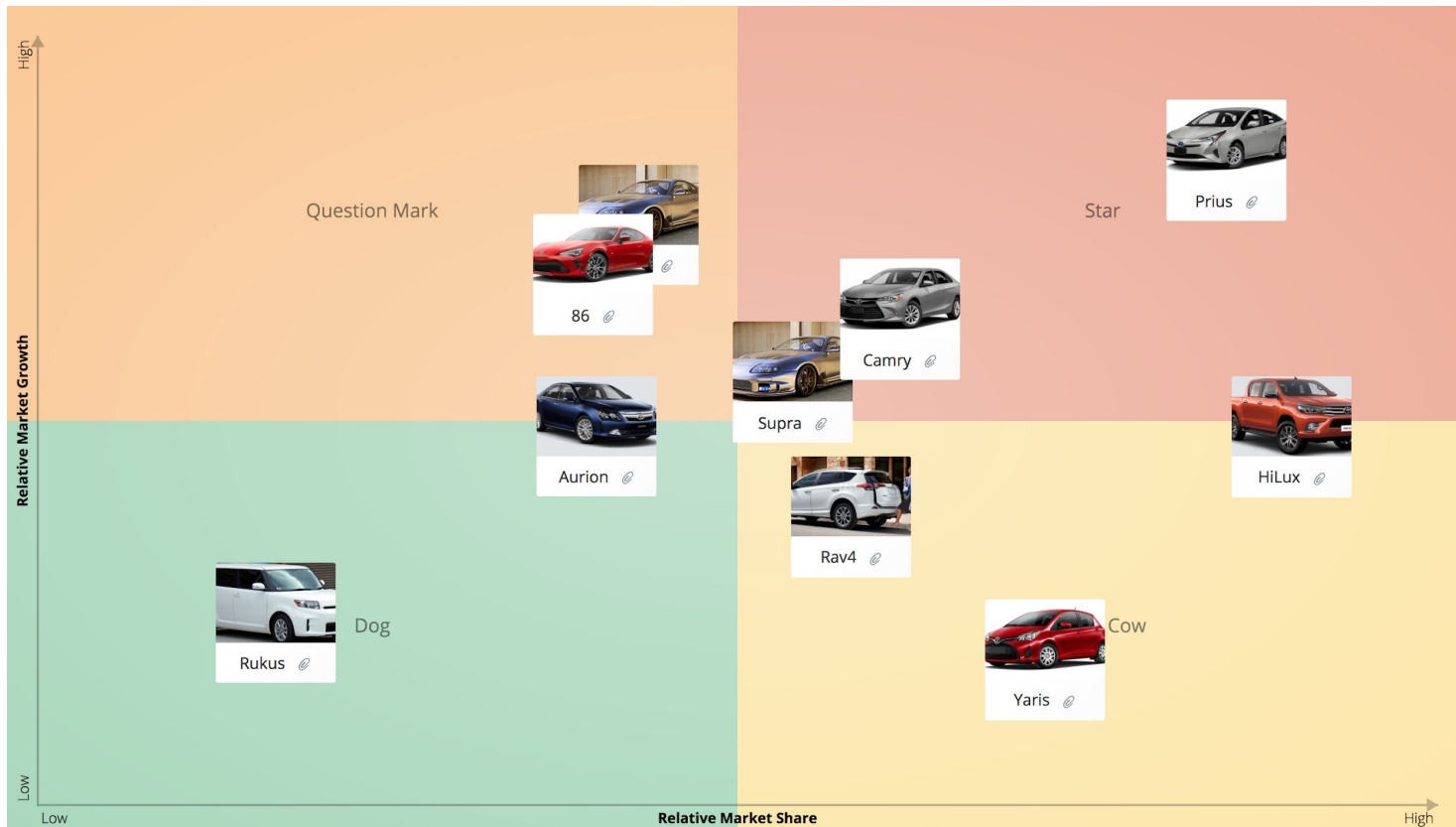
- Costs are a predictable function of volume/expertise (economies of scale)
- Experience curve: every time its doubles production costs reduce by 20/30%
- A competitor that double its production first would gain significant cost advantage over competitors
- BCG Matrix evaluates products in 2 dimensions:
 - Industry attractiveness
 - Company size related to its No. 1 competitor

4. BCG approach to Strategy: BCG Matrix

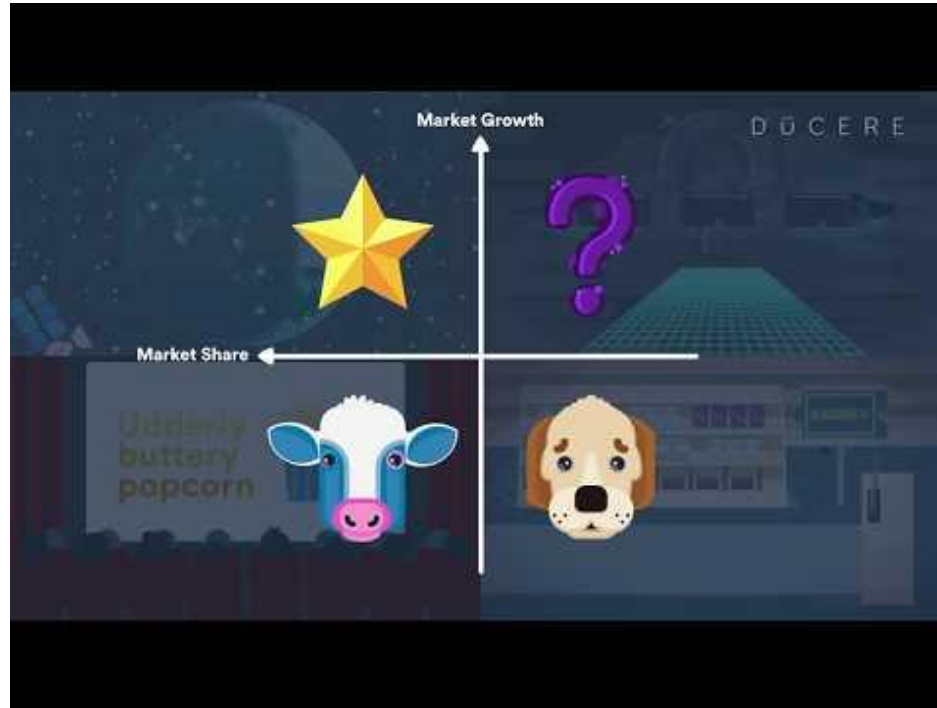


4. BCG approach to Strategy: BCG Matrix

Example Toyota



4. BCG approach to Strategy: BCG Matrix



5. GE-McKinsey Matrix

BCG Matrix approach has been criticized for its reliance on two single factors and for its focus on cash flow

To meet these criticisms, General Electric and McKinsey & Co. jointly developed a composite-factor approach with the determination of investment attractiveness as its end objective

5. GE-McKinsey Matrix

Business Strength:

- ★ Size, Growth, Share, Position
- ★ Profitability, Margins
- ★ Technology position
- ★ Strength and Weakness
- ★ Image
- ★ Pollution
- ★ People



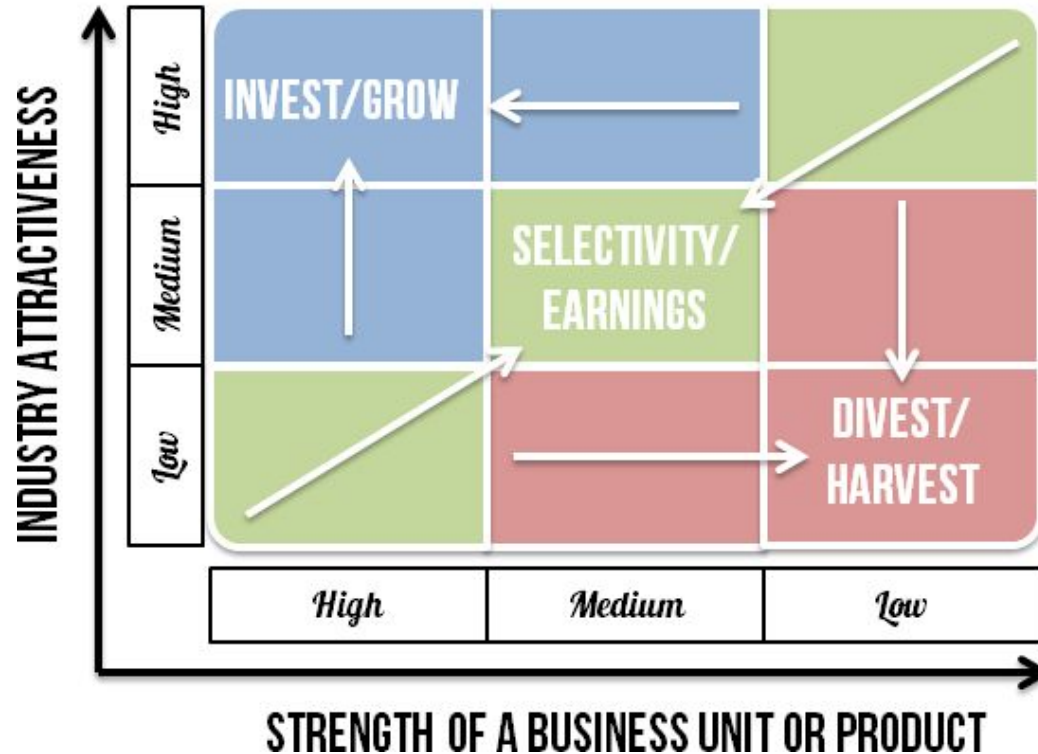
5. GE-McKinsey Matrix

Industry Attractiveness:

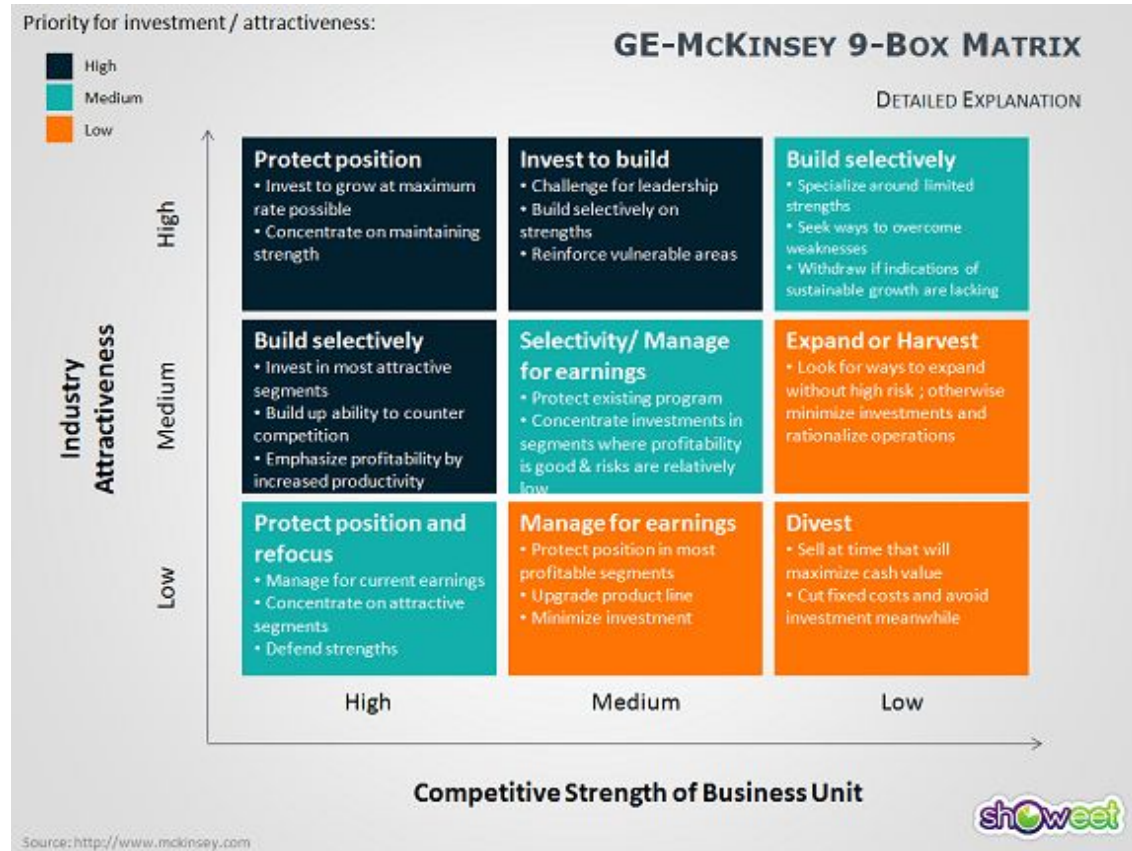
- ❖ Size, market growth
- ❖ Pricing and industry profitability
- ❖ Market diversity
- ❖ Competitive structure (oligopoly, duopoly, fragmented...)
- ❖ Macro factors (PESTEL analysis)



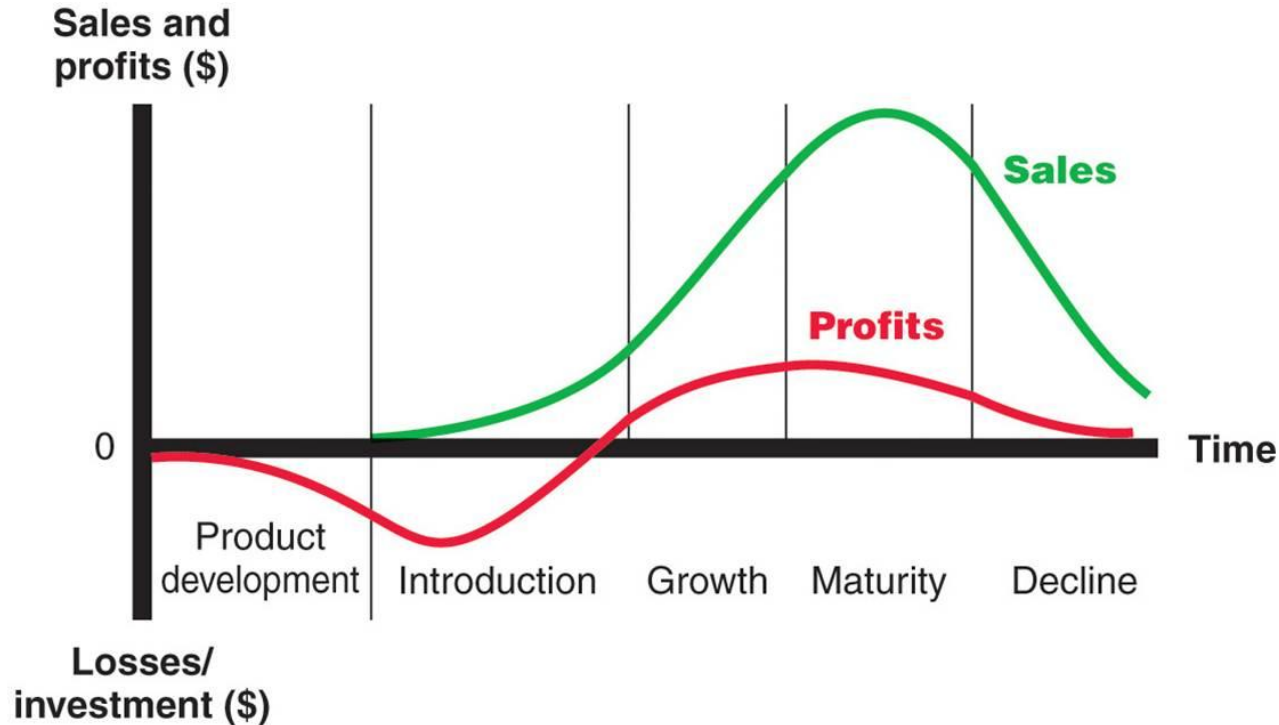
5. GE-McKinsey Matrix: strategic implications



5. GE-McKinsey Matrix: strategic implications



6. Product Life Cycle



Remember:
We r selling
24/7!

Thanks for
your attention

