Session 6:

Business Marketing Strategies for Global Markets
Rapidly Developing Economies (RDE)

• RDEs are emerging as serious competitors in world markets. Their advantages are labor costs and, in some cases, abundant raw materials.
Global Competitive Advantages

1. Cost Advantage
2. Market Access Advantage
3. Capabilities Advantage
Challenges: Hidden Costs

1. Set up costs
2. Risk management
3. Exit costs
What Products Should Go? What Should Stay?

The decision to relocate manufacturing, R&D, and other services is a strategic decision involving:

1. Economic issues abroad and at home
2. Competitive concerns
3. Environmental issues
## Entering the Global Marketplace

<table>
<thead>
<tr>
<th>Method</th>
<th>Description</th>
</tr>
</thead>
<tbody>
<tr>
<td>Export</td>
<td>Sell domestically-produced products to buyers in other countries</td>
</tr>
<tr>
<td>Licensing</td>
<td>Legal process allowing use of manufacturing/patents/knowledge</td>
</tr>
<tr>
<td>Management Contracting</td>
<td>Includes management and manufacture contracting from making to assembling</td>
</tr>
<tr>
<td>Strategic Alliance</td>
<td>A business relationship between two or more firms to cooperate through mutual need</td>
</tr>
<tr>
<td>Joint Venture</td>
<td>Domestic firm buys/joins a foreign company to create new entity</td>
</tr>
<tr>
<td>Multidomestic</td>
<td>Companies work together to find a balance between local adaptation &amp; global optimization</td>
</tr>
<tr>
<td>Direct Investment</td>
<td>Active ownership of a foreign company/manufacturing facility</td>
</tr>
</tbody>
</table>
The Value Chain: Up- vs. Down-Stream Activities


Developed by Cool Pictures and MultiMedia Presentations
Two Dimensions of Competition: Coordination & Configuration

- **Configuration** is concerned about where each activity is performed. They range from centralized to decentralized.

- Centralized can produce economies of scale and a reduced learning curve.

- However, centralized may not be close enough to the market and the cost of getting products there may be greater than the savings.
Types of International Strategies

Framework for **Global Strategy**

- **Build on foundation of unique competitive position**
- **Emphasize consistent positioning strategy across international markets**
- **Establish clear home base for each distinct business**
- **Leverage product-line home bases at different locations**
- **Disperse activities to extend home base advantages**
- **Coordinate and integrate dispersed activities**

Managing Risk in Emerging Markets

Threats include:

1. Fragmented markets
2. Limited intellectual property protection
3. Unstructured legal system
4. Lack of standardized accounting system
5. Heavy government oversight