

INTERNATIONAL MARKETING



FOUR KEY ELEMENTS FOR A COMPETITIVE ADVANTAGE

◆ WHY ARE SOME COMPANIES AND INDUSTRIES IN A COUNTRY SUCCESSFUL WHILE OTHERS LOSE GROUND OR FAIL?

◆ **FOUR KEY ELEMENTS WILL HELP TO DETERMINE WHY SOME COMPANIES HAVE A COMPETITIVE ADVANTAGE OVER OTHERS.**

◆ THESE ARE:

(1) FACTOR CONDITIONS

(2) DEMAND CONDITIONS

(3) RELATED AND SUPPORTING INDUSTRIES

(4) COMPANY STRATEGY, STRUCTURE AND RIVALRY.



FOUR KEY ELEMENTS FOR A COMPETITIVE ADVANTAGE

1) FACTOR CONDITIONS:

- ◆ NATURAL RESOURCES
- EDUCATION AND SKILL LEVELS
- WAGE RATES
- ◆ EG. DUTCH CUT-FLOWER INDUSTRY - RESEARCH

2) DEMAND CONDITIONS:

- ◆ SIZE OF MARKET
- ◆ SOPHISTICATION OF CONSUMERS
- ◆ MEDIA EXPOSURE OF PRODUCTS
- ◆ EG. JAPANESE MARKET: SONY, SANYO, HITACHI.



FOUR KEY ELEMENTS FOR A COMPETITIVE ADVANTAGE

3) RELATED AND SUPPORTING INDUSTRIES:

- ◆ EXISTENCE OF SUPPLIER
CLUSTERS

- ◆ EG. GERMAN PRECISION
ENGINEERING SUPPLIERS.

4) COMPANY STRATEGY, STRUCTURE, AND RIVALRY:

- ◆ NUMBER OF COMPANIES IN THE
INDUSTRY

- ◆ INTENSITY OF COMPETITION

- ◆ PUBLIC OR PRIVATE OWNERSHIP
EG. ITALIAN SHOE INDUSTRY –
FIERCE COMPETITION.



A PRODUCT MAY BE SOLD GLOBALLY IN THREE WAYS:

(1) IN THE SAME FORM AS IN ITS HOME MARKET, (2) WITH SOME ADAPTATIONS, OR (3) AS A TOTALLY NEW PRODUCT.

1) PRODUCT EXTENSION: SELLING VIRTUALLY THE SAME PRODUCT IN OTHER COUNTRIES. EG. COKE, GILLETTE RAZORS, LEVI'S JEANS.



2) PRODUCT ADAPTATION:

CHANGING A PRODUCT IN SOME WAY TO MAKE IT MORE APPROPRIATE FOR A COUNTRIES CLIMATE OR PREFERENCES.

✦ EG. GERBER BABY FOOD – VEGETABLE AND RABBIT MEAT IN POLAND.



3) PRODUCT INVENTION:

INVENTING A TOTALLY NEW PRODUCT THAT DOES NOT CURRENTLY EXIST IN ANY COUNTRY. A PRODUCT THAT WILL SATISFY COMMON NEEDS IN MULTIPLE COUNTRIES.