International marketing theories

Why I am successful, will I be successful?

- Basis of success at home – strengths, resources and competences

  applicable abroad?
- Weaknesses at home?
- Opportunities and threats at home and abroad?

what are the sources of the success…and competitive advantage of firm？

COUNTRY- SPECFIC ADVANTAGES FIRM- SPECIFIC ADVANTAGES

COUNTRY-SPECIFIC ADVANTAGES theories

- Tomatoes, shoes, butter, cars, textile and cloth, cosmetics, alcohol beverages……

import ⟷ export

Austria,Czech Republic, Slovakia, Italy, Poland, Spain, China, Finland, France, Germany…..

WHY ???????? BENEFITS FOR WHOM???

- YOUR COUNTRY – which comparative (or absolute) advantage?
- ECONOMIC ADVANTAGE – ONE COUNTRY PRODUCES PRODUCTS BETTER OR MORE CHEAPLY (OR LESS COSTLY) THAN THE OTHER -
- Comparative advantage – free trade between two countries yields economic pay-offs to the countries (different endowments of resources, country production involves less sacrifice in the output compared to other country – specialization
- Ricardo: COMPARATIVE (RELATIVE) ADV. - one country may be better in producing many products but should produce only what it produces best

REASONS FOR EXPORT + BENEFITS

Country benefits

- Import can help save precious domestic sources
- Not enough or no domestic sources
- Competition
- Grater quantity and variety of goods customers
- Innovation – technologies - knowledge
- Lower prices
- employment

Customer benefits

- Competition
- Grater quantity and variety of goods for customers
- Lower prices

NEGATIVES

Country´s balance of payment

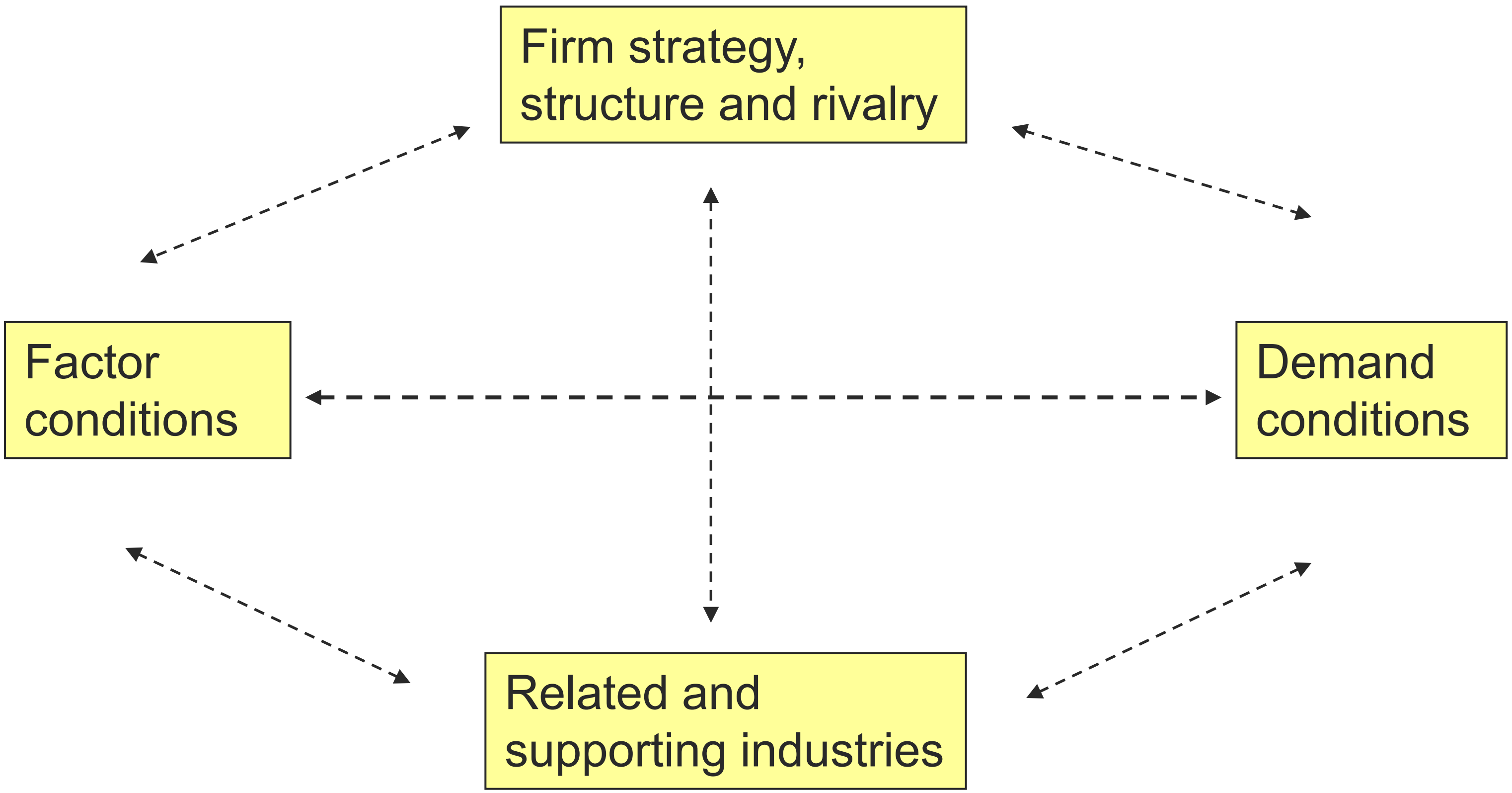
Labour force – unemployment

…..

THEORIES…BUT!!!

- Developed countries trade more among themselves than with developing countries
- Cars from Germany, Italy and France are imported to France, Italy and Germany…
- „**Born globals**“ – international new ventures - what and why?

National competitive advantage – Michael Porter – „diamond of national advantage“ - 4 factors determining CA/disadvantage:



Diamond of national advantage

(more possibilities to stay competitive)

book 1990 The Competitive Advantage of Nations

- Factor conditions – nation´s position in factor of production (skilled labour, infrastructure…..)- degree of mobility = (climate → physical infrastructure → natural resources → educational system → human resources → technological infrastructure – software, com. network… → capital)
- Demand conditions – nature of the home demand
- Related and supporting industries – internationally competitive suppliers and supporters existence or absence
- Firm strategy, structure and rivalry – the conditions in the nation governing how companies are created, organized and managed and the nature of home rivalry

The international product life cycle (IPLC) – Raymond Vernon, 1966

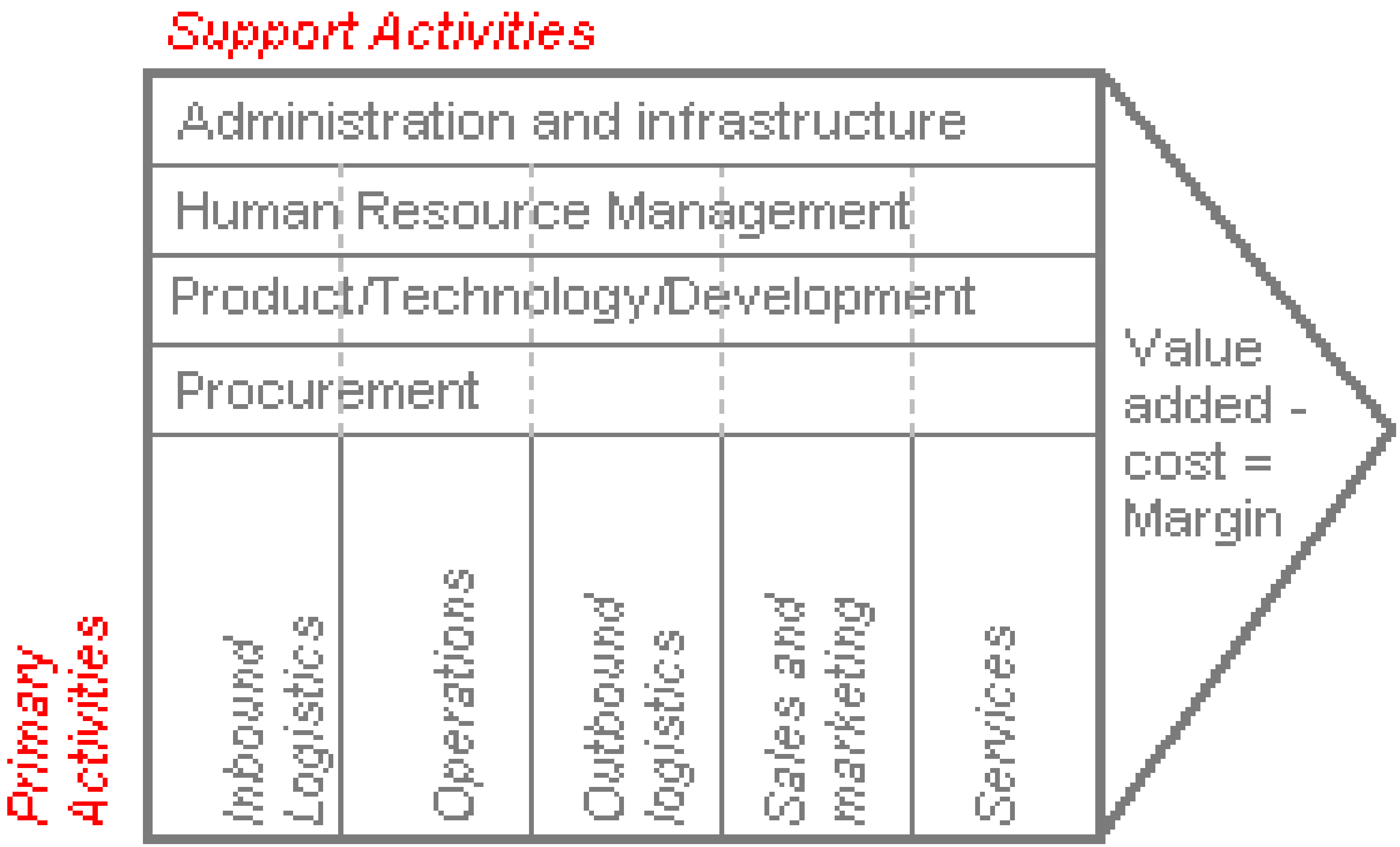
- Examples???
- What in management and in the international marketing activities is influenced by IPLC?

- The new trade theory – (in 1970s) – looks at the benefits of economies of scale. „only a few firms will be able to prosper in any one industry - countries have a trade pattern influenced by the profile of the large firms that they possess - + these firms must be „first movers“ – helps to build up market share and obtain economies of scale
- - differences in knowledge, skills, abilities, competences – REGIONAL CLUSTERS
- EXAMPLES?????????
- Country-of origin effects – quality perception of products – differ by product category (cosmetics, wine, fashion…)

FIRM-SPECIFIC ADVANTAGES theories

- Unique to a particular enterprise („monopolistic“)
- Patent, brand, control of raw-materials, know-how, control of distribution outlets, process technology, managerial capacity, marketing skills…(can have their source in country-specific variables but a particular company can use them)
- Resource-based theory – resources and capabilities of a firm (e.g. marketing capabilities - ???brand, distribution, advertisment…..EXAMPLES
- Internalization perspective (Buckley and Casson, 1976) – internalization (within own boundaries – subsidiary abroad) = FIRM-BASED SOLUTION vs externalization (some form of collaboration with foreign partner – e.g. licence, joint-ventures…)= MARKET-BASED SOLUTION
- OLI eclectic framework – Ownership – Location internalization – Dunning, 1988 – 3 conditions for international production/or trade: ownership advantages (ownership of foreign facitlities – advantage ´e.g. know-how), locational advantages (factors like labour, energy, materials, transport, communication channels…), internalization advantages (more profitable is to use its advantage than to sell it)

Value chain (Porter)



Porter's (1980) Value Chain Model

Uppsala internationalization model – Johanson and Wiedersheim-Paul, 1975

	No regular export (sporadic)	Independent representatives (export modes)	Foreign sales subsidiary	Foreign production and sales subsidiary
Market A				
Market B				
-				
Market N				

Increasing market commitment

Increasing geographic diversification

Increasing internationalization

The transaction costs analysis model Coase, 1937, Williamson, 1985)

- Organization of international activities and the choice of international market entry mode
- „If the transaction costs through externalization (e.g. through an importer or agent) are higher than the control cost through an internal hierarchical system, then the firm should seek internalization (hierarchies) of activities, i.e. implementing the global market strategy in wholly –owned subsidiaries. Or… if the frictim between buyer and seller is too high then the firm should rather internalize, in the form of its own suubsidiaries.“(Hollensen, S., 2007)

Transaction costs

- TC = different forms of costs related to the transactional relationship between buyer and seller
- = ex ante costs (search + contracting costs) + ex post costs (monitoring enforcement costs)
- Why many countries do no engage in trade with Africa?
- Examples???