

Global Business Strategy (Chap 9)

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Recap : Mini Quiz

Q: Your company (in fast food industry, specialize in "beef bawl" such as Yoshinoya) wants to expand your business in India. As you may imagine, "cultural distance" between Japan and India is critical to your global business development. What kind of AAA strategy would you pursue? Will you choose the style of "wholly owned subsidiary" or "joint venture with India firm"? Why?

A: Since cultural distance is critical to your business, you need to develop new menus for your customer in India. (Adaptation). In order to understand customer taste, you'd better make some alliance (either JV or joint marketing activities by contract) with some Indian firm. (But it would be OK with aggregation, wholly owned, if there is strong reason) ₂

Issued to be covered

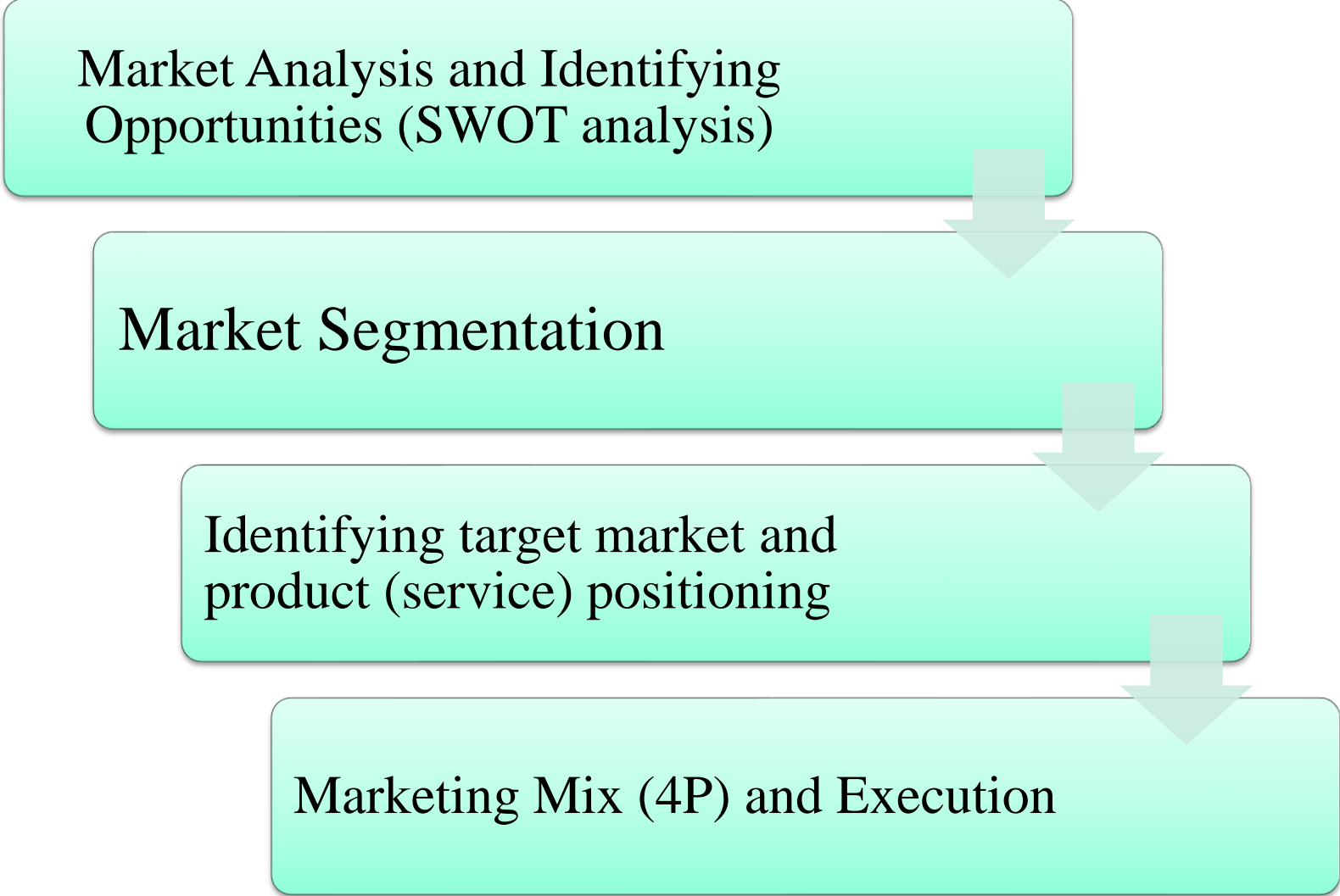
- What is marketing, why important?
- Marketing strategy planning steps
- 4P: Product, Price, Place and Promotion
- Marketing for emerging economies: China, India : Emergence of middle class, and “Good Enough” market

Marketing and Sales

Marketing	Sales
New customers, potential customer needs	Existing customers
Forward looking (for new product, services)	Existing products
Market analysis for value creation	Actions (Eigyo), and sales force management
Involves whole process of marketing strategy	Focus on “Promotion” in marketing 4P

Strategic Marketing Planning

Market Analysis and Identifying Opportunities (SWOT analysis)



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graph TD; A[Market Analysis and Identifying Opportunities (SWOT analysis)] --> B[Market Segmentation]; B --> C[Identifying target market and product (service) positioning]; C --> D[Marketing Mix (4P) and Execution];
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The diagram illustrates a four-step process for Strategic Marketing Planning. It begins with 'Market Analysis and Identifying Opportunities (SWOT analysis)', followed by 'Market Segmentation', then 'Identifying target market and product (service) positioning', and finally 'Marketing Mix (4P) and Execution'. Each step is contained within a light blue rounded rectangular box, and the steps are connected by large, light blue downward-pointing arrows, indicating a sequential flow from top to bottom.

Market Segmentation

Identifying target market and product (service) positioning

Marketing Mix (4P) and Execution

Ansoff's Product and Market Growth Matrix



Global Business Context: CAGE and AAA framework

Example of Market Segmentation

1. Geographical

⊙ Region ⊙ Weather ⊙ Population Density

2. Demographic

⊙ Age ⊙ Sex ⊙ Family Size
⊙ Income ⊙ Vocation

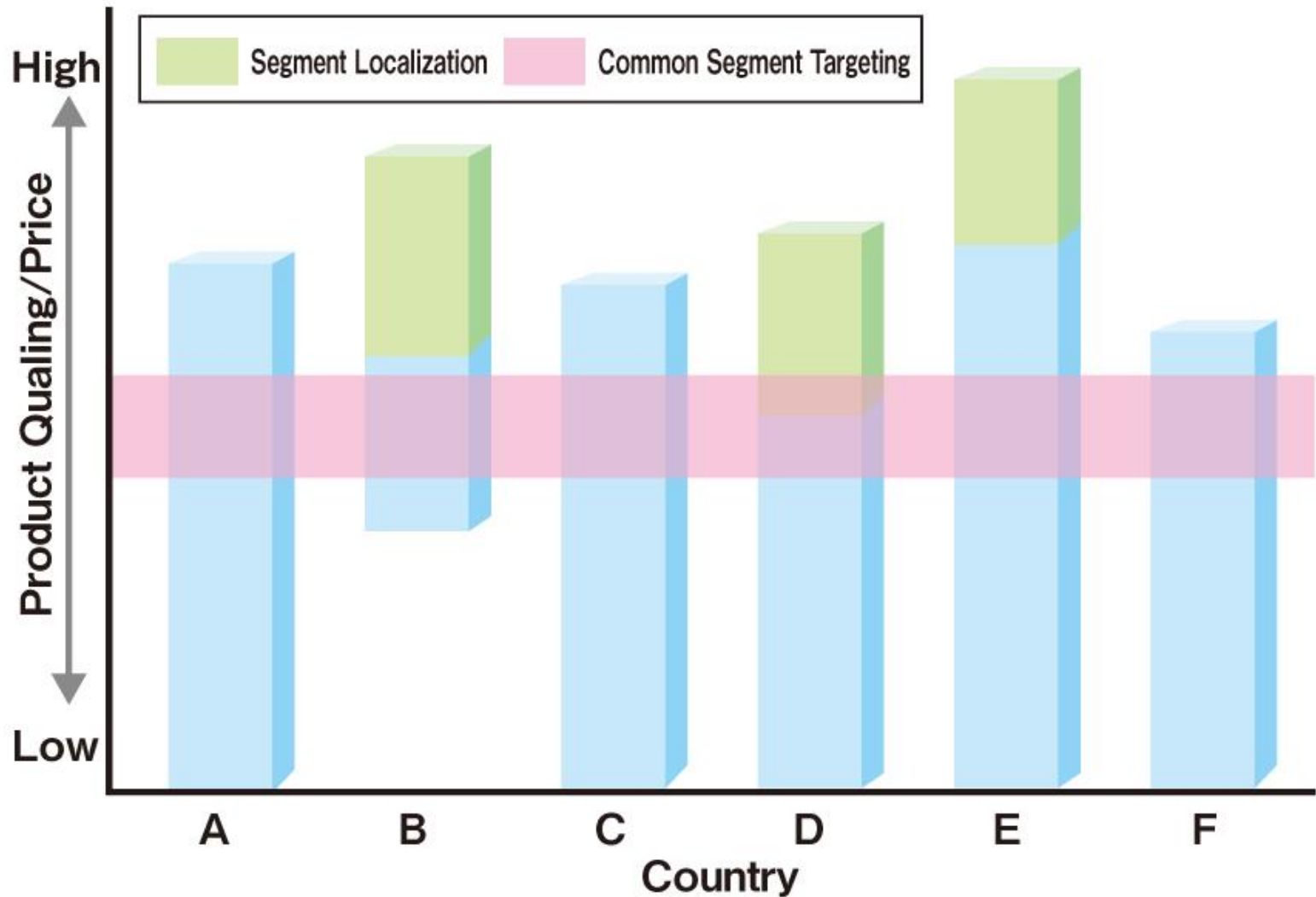
3. Psychological

⊙ Life Style ⊙ Personality

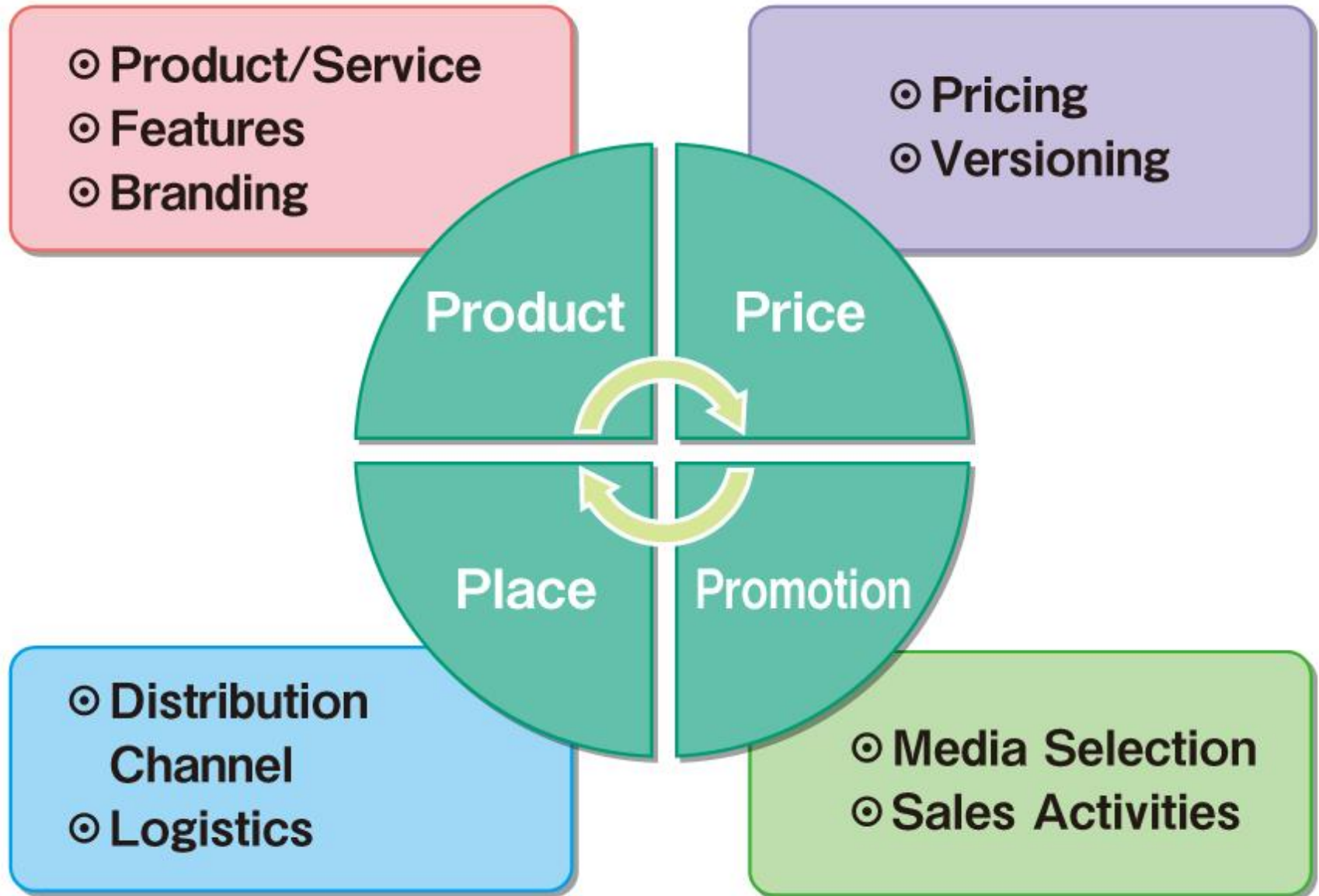
4. Behavioral

⊙ Usage Frequency ⊙ Benefit of Use

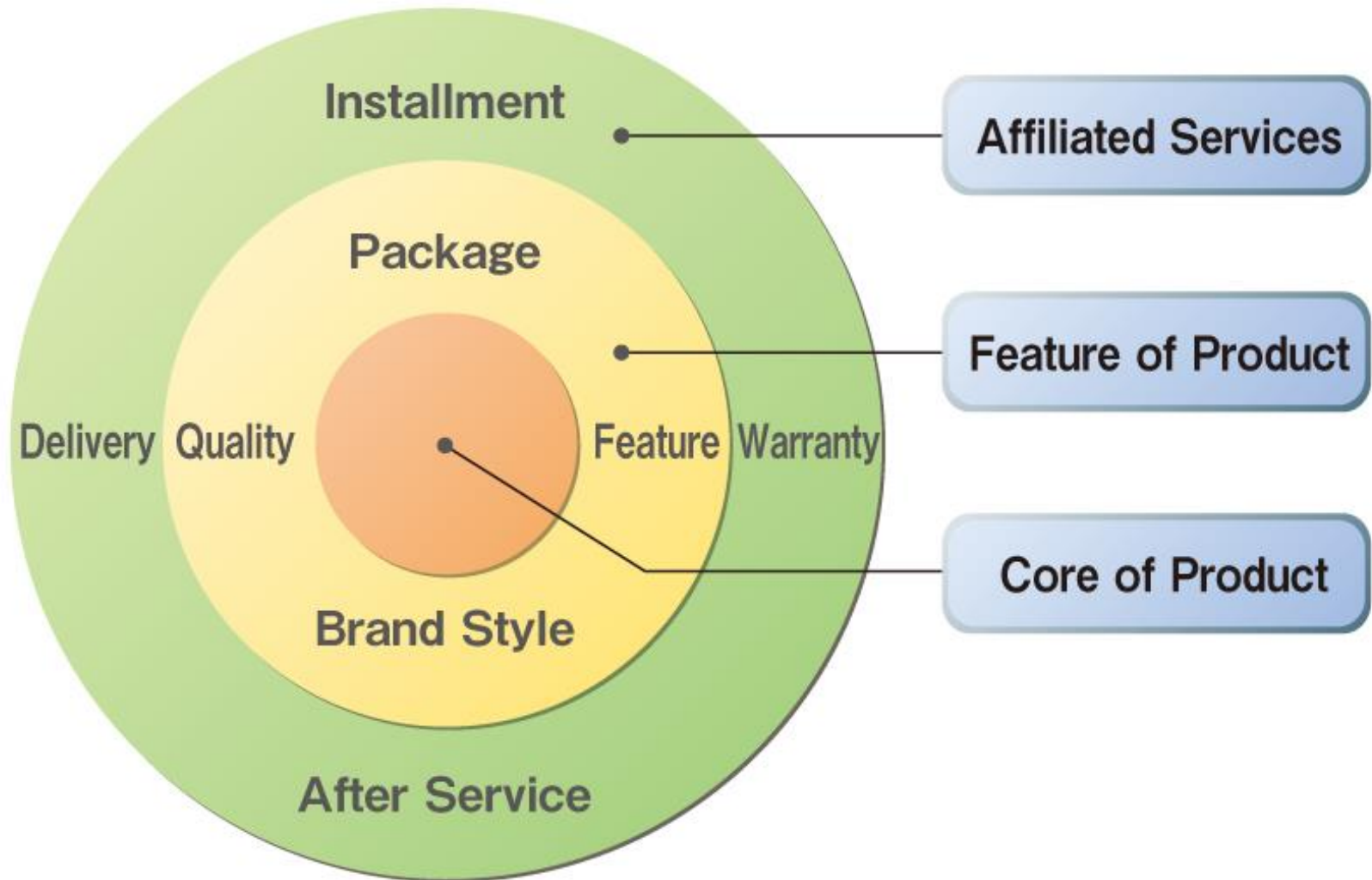
Target Segment Identification



Marketing's 4P



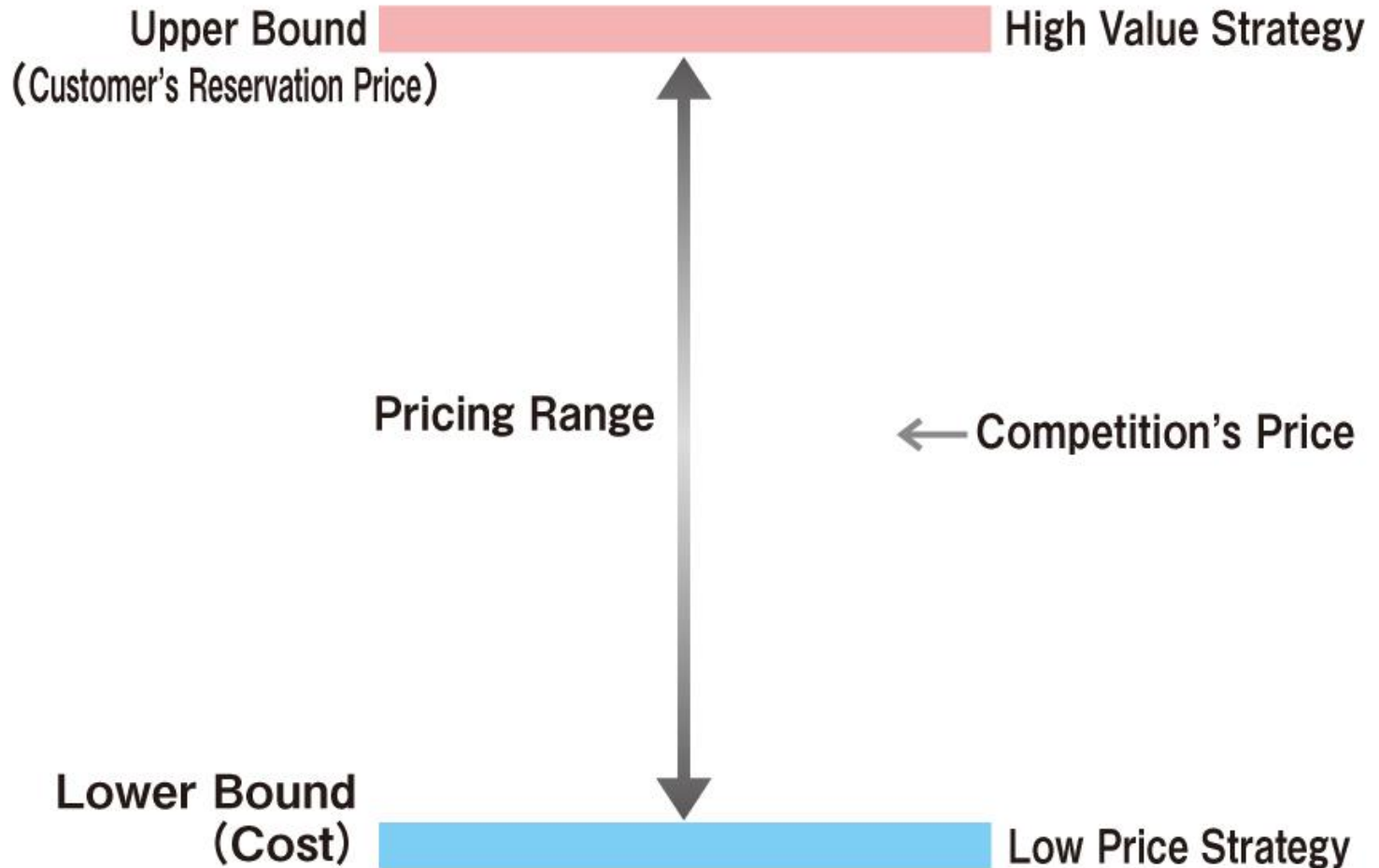
Product



Importance of brand

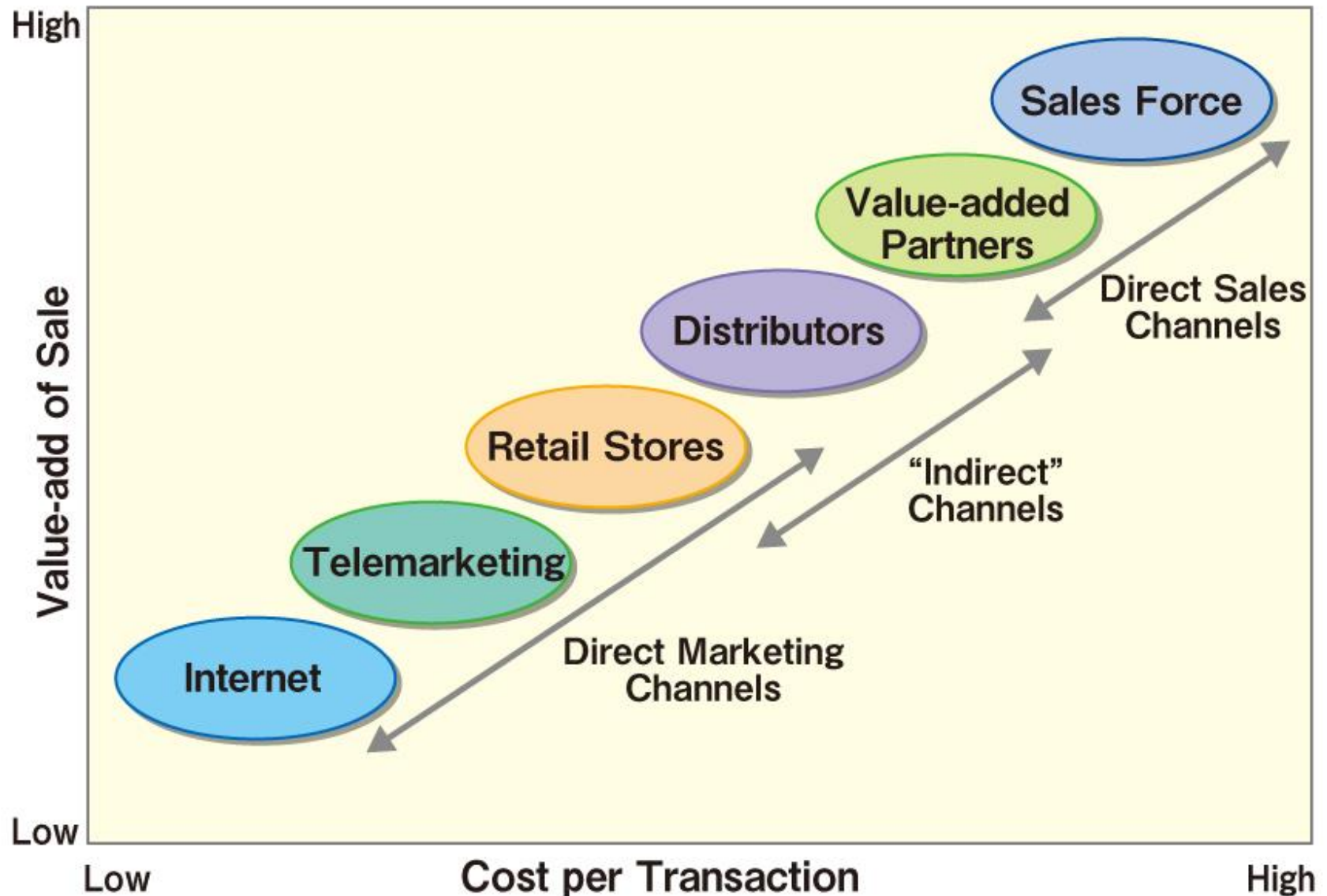


Price

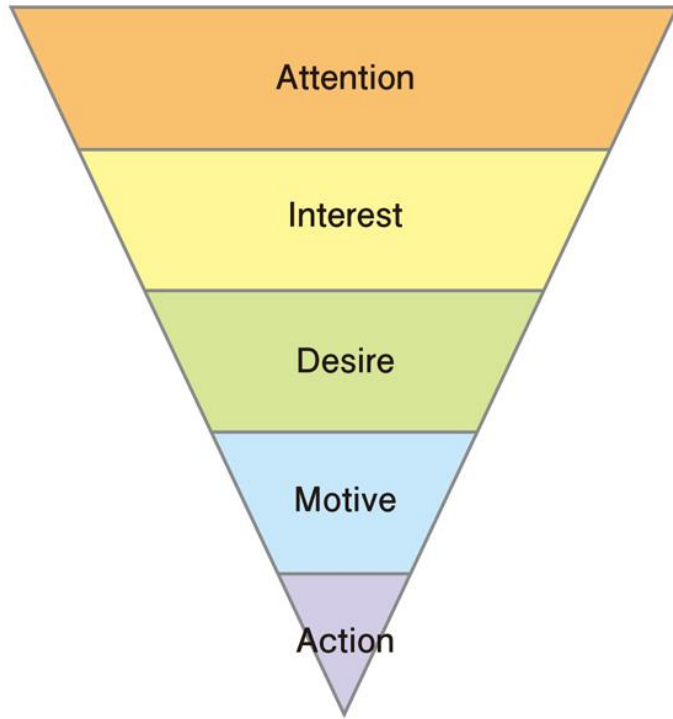


To what extent you can be a price setter, instead of price taker ?

Place (Channel)



Promotion (AIDMA)



Changing to
AISAS (Search-Action
- Share) in Internet Era



Promotion tools (in detail)

Advertising	Sales Promotion	Events & Experiences	Public Relations & Publicity	Direct & Interactive Marketing	Word-of-mouth Marketing	Personal Selling
Print and Broadcast ads	Contents, Games,	Sports	Press Kits	Catalogs	Person-to-person	Sales Presentations
Packaging-outer	Sweepstakes, Lotteries	Entertainment	Speeches	Mailling	Chat Rooms	Sales Meetings
Packaging Inserts	Premiums and Gifts	Festivals	Seminars	Telemarketing	Blogs	Incentive Programs
Posters and Leaflets	Fairs and Trade	Arts	Annual Reports	Electronic		Samples
Display Signs	Shows	Factory Tours	Charitable Donations	Shopping		Fairs and Trade
Symbols and Logos	Exhibits	Company	Publications	TV Shopping		Shows
Videotapes	Demonstrations	Museums	Community Relations	E-mail		
	Coupons		Lobbying	Blogs		
	Rebates			Web Sites		
	Low-interest					
	Financing					
	Continuity Programs					

Marketing in Global Biz Strategy

Cultural Distance

- Difference in life style, customer's perception
- Terminology in foreign language

Administrative Distance

- Regulations over promotion activities: such as whether you can do “comparative advertising”

Economic Distance

- “not so good” market and growing middle class (“Product” and “Price” in 4Ps)

Alliance strategy

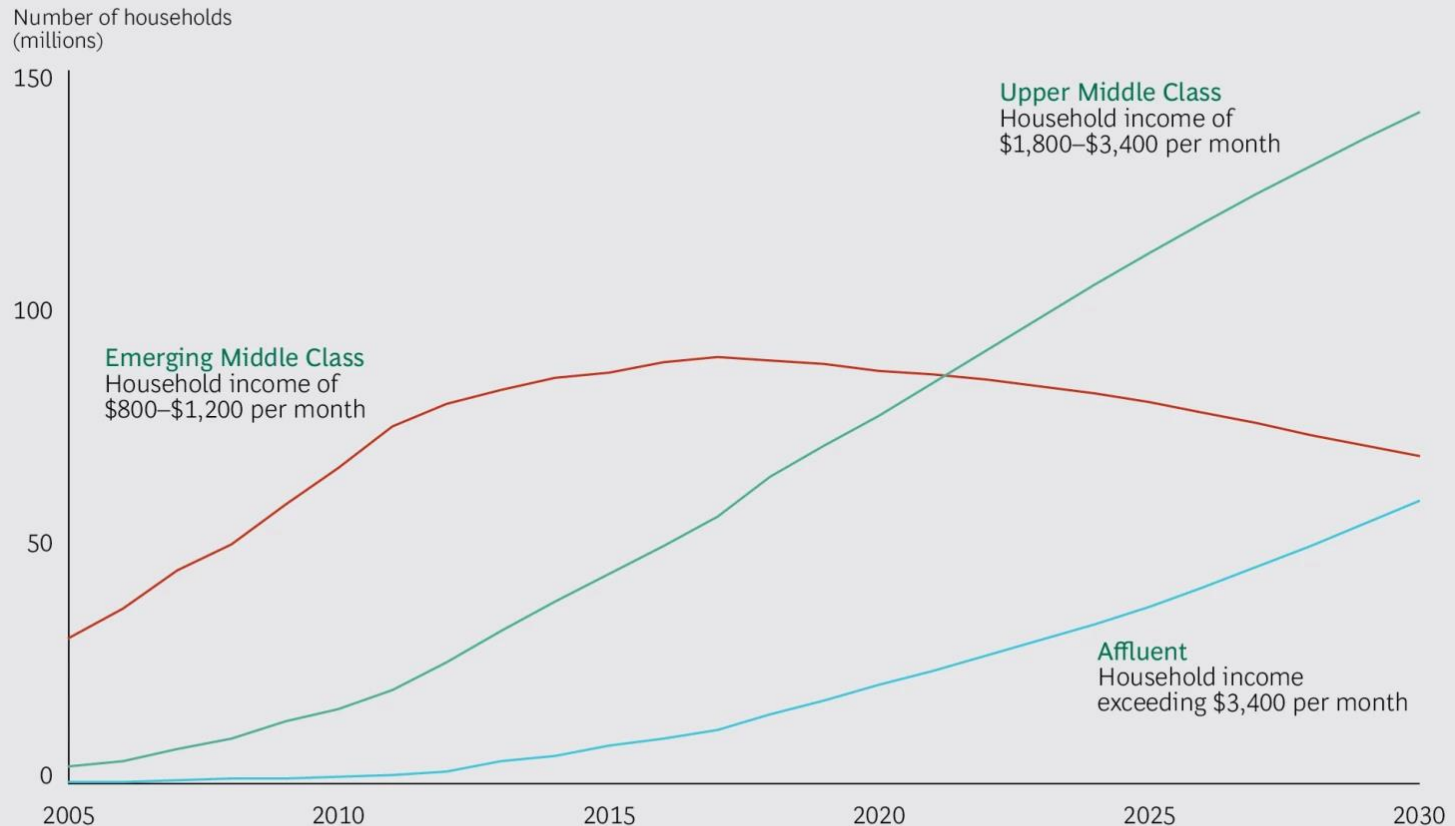
- Local distributors (“Place” in 4Ps), local ad agency (“Promotion” in 4Ps)



- Target Customer : 80's after (80后), Young Mother
 - Cultural distance : one plate dish
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- Higher Taiwan 80后 actress to change Chinese customer's perception : serving a curry in an uptown Shanghai apartment.
 - Use Words of Mouth by influential blogger.

Middle class in China

EXHIBIT 3 | The Number of Upper-Middle-Class and Affluent Households Will Continue to Grow

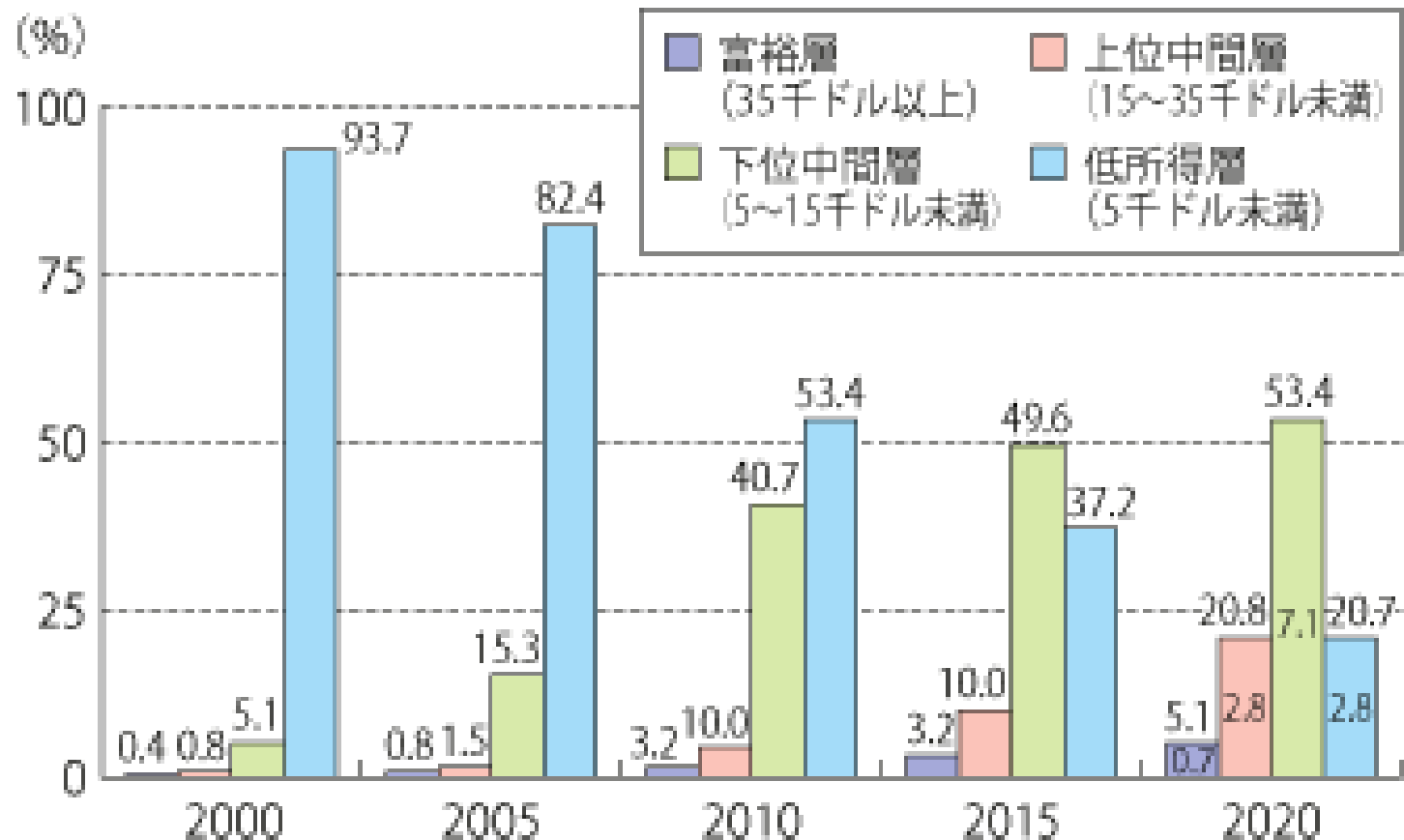


Sources: BCG Global Wealth database; BCG Middle-Class and Affluent Consumer database; BCG analysis.

Note: Exchange rate: US \$1 = RMB 6.7. The exhibit includes only select income groups.

(BCG, June 28, 2017)

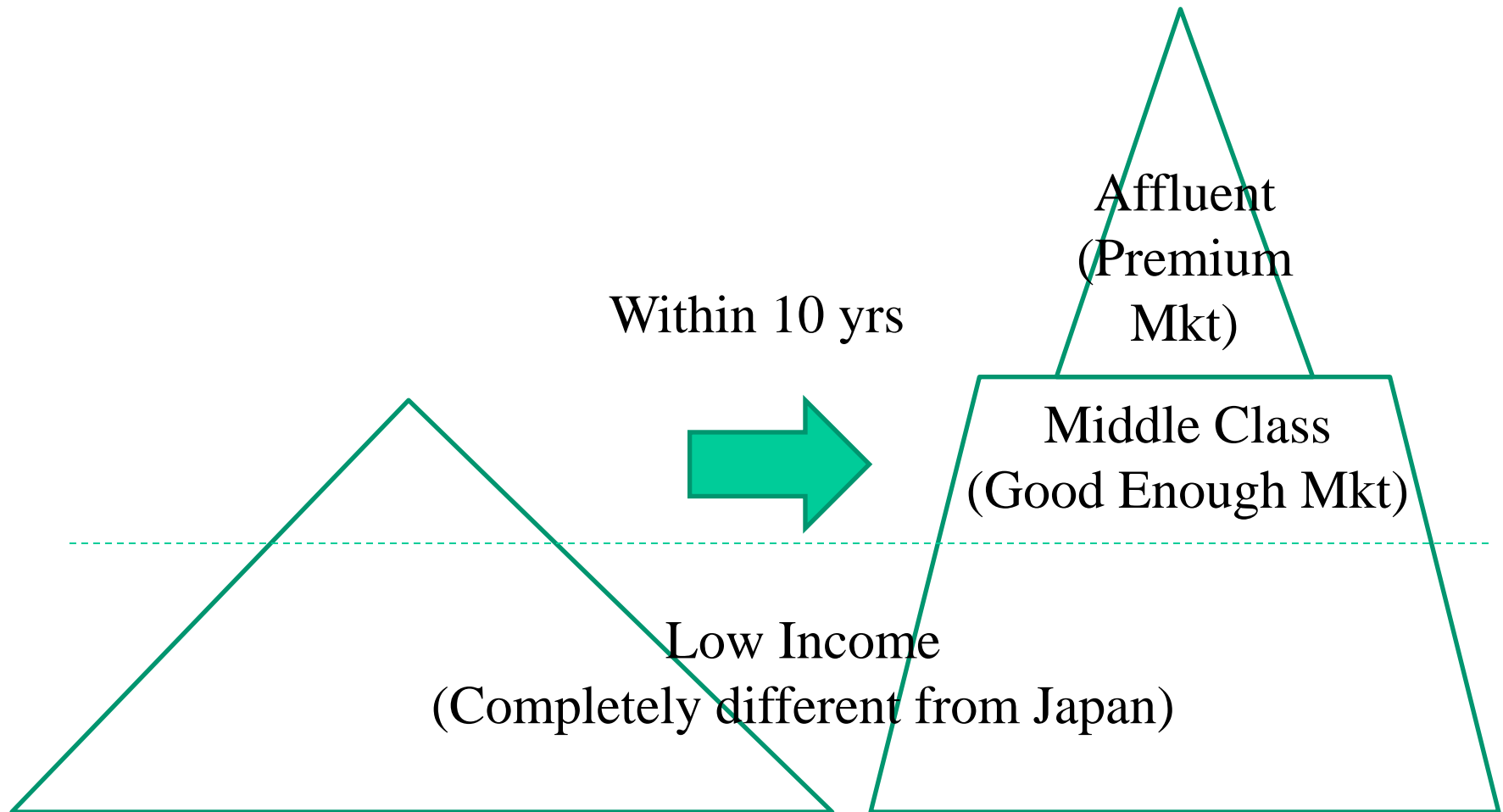
Middle class in India



備考：世帯可処分所得別の家計人口。各所得層の家計比率×人口で算出。
2015年、2020年はEuromonitor推計。2020年の棒グラフ上の数値は人数（億人）。

資料：Euromonitor International 2011から作成。

Segmentation by income (China, India)



TM by type of overseas market:

Premium or good enough?

	Relevance for premium market (enough volume, brand image, quality requirement by customers)	Good enough products and services are OK (saturated value proposition curve, commoditization ...)
Strong competitive position against local competitors	Stay-in and focus on premium market	Risk of innovator's dilemma, prepare for good enough market strategy, local partnership (but risk of cannibalization)
Local competitors' catching up	Further development and product differentiation by non-technical factors such as investing-in brand, safety and eco-friendly	Give up this market and go another place? Local partnership with local autonomous management (a kind of portfolio investment)

Adapted from “The Battle for China’s Good-Enough Market”
by Gadish, Leung and Vestring, HBR September 2007

Supplement:

Another concept of price: PPP

- Concept of PPP (Purchasing Power Parity)
- Big Mac price by Economist magazine

US: 4.07 \$, China: 14.7 RMB=2.27 US\$ (▲44%)

	2005		2010	
	PPP	/US\$	PPP	/US\$
China	42	8.19	53	6.71
India	33	44.1	44	44.7
Japan	118	110	144	80.5
USA	100	1	100	1