International marketing theories

Why I am successful, will I be successful?

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

  applicable abroad?

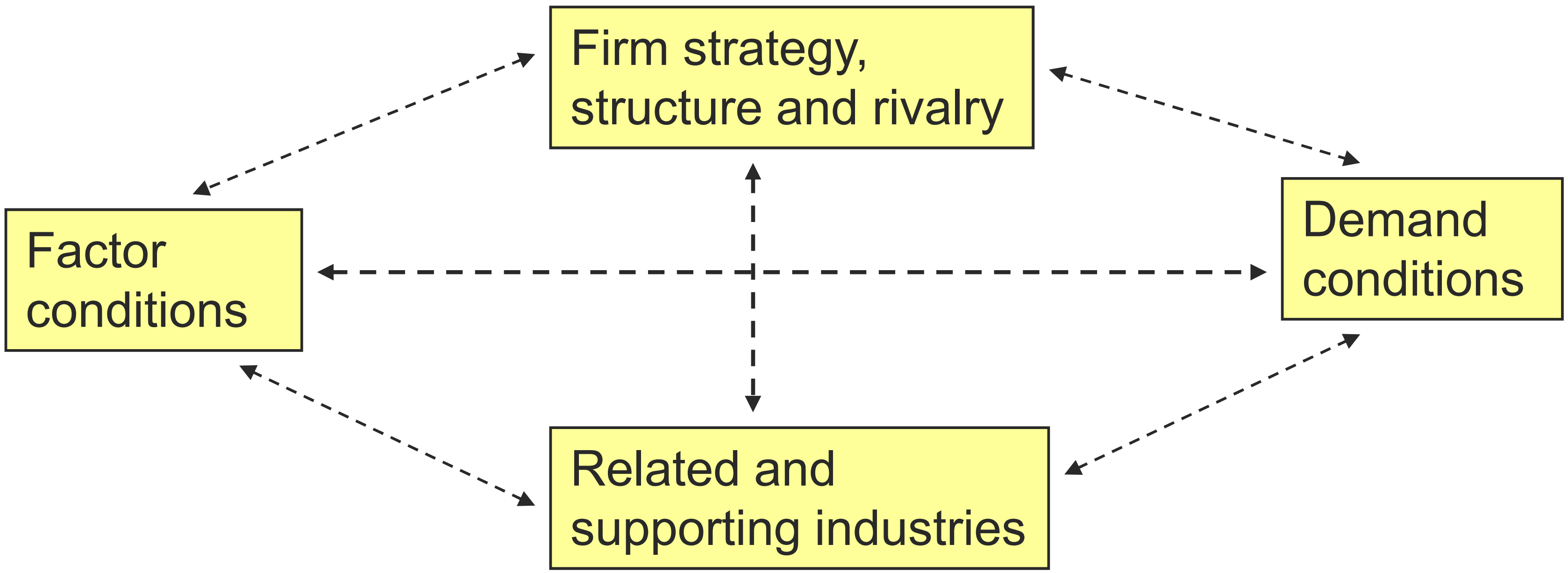
- Weaknesses at home?
- Opportunities and threats at home and abroad?

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

COUNTRY- SPECFIC ADVANTAGES FIRM- SPECIFIC ADVANTAGES

COUNTRY-SPECIFIC ADVANTAGES theories

- Austria,Czech Republic, Hungary, Italy, Poland, Spain – which comparative (or absolute) advantage?
- 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
- The international product life cycle (IPLC) – Raymond Vernon, 1966
- National competitive advantage – Michael Porter – „diamond of national advantage“ - 4 factors determining CA/disadvantage:



Diamond of national advantage
(more possibilities to stay competitive)

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 – iternationally 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 new trade theory – what are the differences among German, Italian, French, Japanees, Korean…cars?

  - differences in knowledge, skills, abilities, competences – REGIONAL CLUSTERS

- Country-of origin effects – quality perception of products – differ by product category (cosmetics, wine, fashion…)
- Internalization perspective (Buckley and Casson, 1976) – internalization vs externalization

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/view (Barney) – resources and capabilities of a firm
- Value chain

RBV Concepts:

- Resource
  - Stocks
  - Flows
- Capability
- Capacity
- Durability
- Specificity

Competencies, Core Competencies, and Distinctive Competencies

- ***Competencies:*** Internal capabilities that a company performs better than other capabilities.
- ***Core competencies:*** Competencies that are central, not peripheral, to a company's strategy and operations.
- ***Distinctive competencies:*** Competencies that are sources of sustainable competitive advantage.

RESOURCES

Daft, 1983, Barney, J., 1991

- Resource = assets, capabilities, organizational processes, firm attributes, information, knowledge, controlled by a firm that enable it to conceive of and to implement strategies that improve its efficiency and effectiveness
- Strengths that a firm can use to conceive of and implement its strategies

Wernerfelt, B., 1984, Hafeez, K., Malak, N. and Zhang, Y., 2002

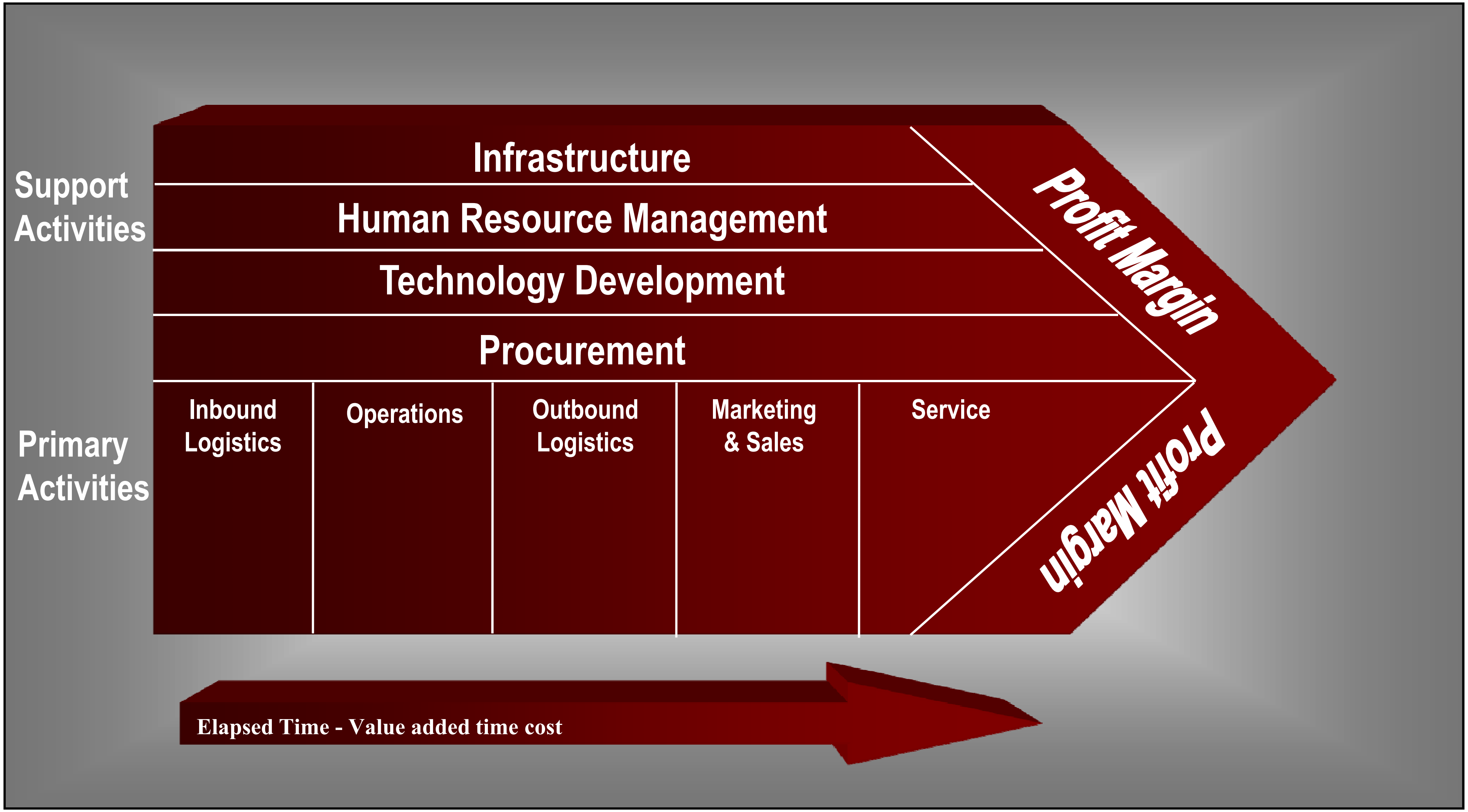
- Resource = anything that could be thought as a strength or a weakness for a firm. Tangible and intangible assets tied permanently or semi-permanently to the firm
- an input into the production process
- the basic unit for analysis
- anything tangible or intangible that can be owned or acquired

Typology of Resources

- *Barney, J., 1991*
- **1- Physical capital**
- **Technology, plant, equipment, location, access to raw material**
- **2- Human capital**
- **Training, expertise, judgment, intelligence, relationships and insights of managers and workers**
- **3- Organizational capital**
- **Organizational structure, planning, controlling and coordinating systems, informal relations among groups within the firm and with outside groups**

- *Hofer and Schendel, 1978, Grant, R., 1991*
- *Mahoney, J. and Pandian, R., 1992*
- **1- Physical resources**
- **2- Financial resources**
- **3- Human Resources**
- **4- Organizational resources**
- **5- Technological resources**
- **6- Legal resources**
- **7- Experience**
- **8- Intangible resources**

Porter’s Generic Value Chain



- Internalization perspective (Buckley and Casson, 1976) – internalization (within own boundaries – szbsidiary aroad) = 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: ownership advantages, locational advantages, internalization advantages

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 internalization

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 and 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 friction between buyer and seller is too high then the firm should rather internalize, in the form of its own suubsidiaries.“(Hollensen, S., 2007)