RIBE MASKINFABRIK A/S - DEVELOPING NEW BUSINESS AREAS

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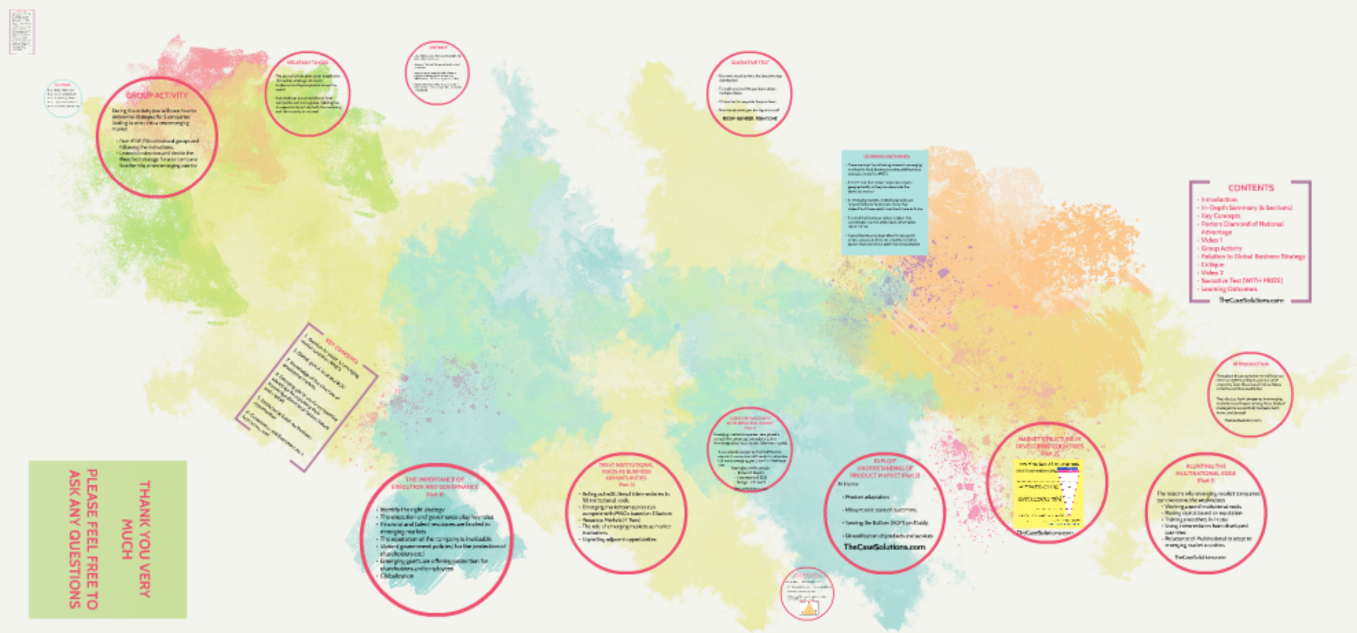

Timing

1. Presentation - roughly 35 mins including 2 videos
2. Group Activity - 15mins
4. Socrative - 10mins

Porter's Diamond of National Advantage

- Factor Conditions
- Demand Conditions
- Related and Supporting Industries
- Firm Strategy, Structure and Rivalry
- Government

Application to Japanese Fax Machine Industry

- **Japanese Factor Conditions** - There is a relativity high number of electrical engineers per capita
- **Japanese Demand Conditions** - The market is very demanding due to written language
- **Japanese Related and Supporting Industries** - It is largely related with good technology e.g. lack of space in Japan has led to good miniaturised components
- **Japanese Firm Strategy, Structure and Rivalry** - The domestic rivalry in Japanese fax machine industry pushed innovation and resulted in rapid cost reductions
- **Government Support** - NTT, the state owned tele-com company is changing its cumbersome approval requirements to each installation to a more general type approval - standardisation.

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GROUP ACTIVITY

During this activity you will learn how to determine strategies for 5 companies looking to enter into a new emerging market

- Form FIVE (5) multicultural groups and following the instructions
- Listen to instructions and decide the three best strategy for your company to enter into a new emerging country

RELATION TO GBS

CRITIQUE

SOCRATIVE TEST

ROOM NUMBER: RQAYCCMZ

LEARNING OUTCOMES

CONTENTS

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KEY CONCEPTS

1. Aversion to adapt, to emerging market countries MNE'S.
2. Global, glocal, local and BOP
3. Knowledge of the structure of developing markets.
4. Emerging giants create competitive advantage by exploiting their knowledge about local factors (talent and capital)
5. Institutional Voids are business opportunities
6. Governance and Execution are a keys to success!

INTRODUCTION

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THE IMPORTANCE OF EXECUTION AND GOVERNANCE (Part 6)

- Identify the right strategy
- The execution and governance play key roles
- Financial and talent resources are limited in emerging markets
- The reputation of the company is invaluable
- Variant government policies(for the protection of shareholders etc.)
- Emerging giants are offering protection for shareholders and employees
- Globalization

TREAT INSTITUTIONAL VOIDS AS BUSINESS OPPORTUNITIES (Part 5)

- Acting as Institutional Intermediaries to fill Institutional voids
- Emerging market companies can compete with MNC's based on 3 factors
- Resource Markets (4 Tiers)
- The role of emerging markets as market institutions
- Exploiting adjacent opportunities

EXPLOIT UNDERSTANDING OF PRODUCT MARKET (Part 3)

At Home

- Product adaptation.
- Idiosyncratic taste of customers.
- Serving the Bottom (BOP) profitably.
- Diversification of products and services

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MARKET STRUCTURE IN DEVELOPING COUNTRIES (Part 2)

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BLUNTING THE MULTINATIONAL EDGE (Part 1)

The reasons why emerging-market companies can overcome the weaknesses

- Working around institutional voids
- Raising capital based on reputation
- Training executives in-house
- Using intermediaries from developed countries
- Reluctance of Multinational to adapt to emerging market countries

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THANK YOU VERY MUCH

PLEASE FEEL FREE TO ASK ANY QUESTIONS

CONTENTS

INTRODUCTION

Throughout this presentation we will help you create an understanding of a journal article created by Tarun Khanna and Krishna Palepu in the Harvard Business Review

They discuss how companies in emerging markets must choose among three kinds of strategies to successfully compete both home and abroad!

BLUNTING THE MULTINATIONAL EDGE (Part 1)

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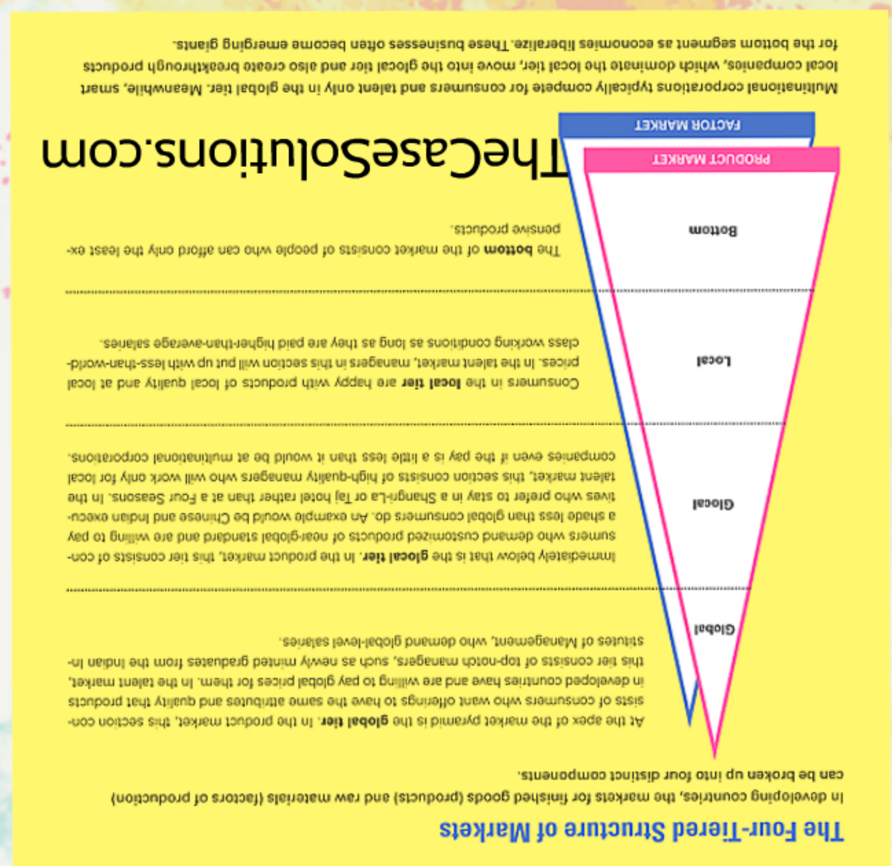
MARKET STRUCTURE IN DEVELOPING COUNTRIES (Part 2)


The Four-Tiered Structure of Markets

In developing countries, the markets for finished goods (products) and raw materials (factors of production) can be broken up into four distinct components.

At the apex of the market pyramid is the **global tier**. In the product market, this section consists of consumers who want offerings to have the same attributes and quality that products in developed countries have and are willing to pay global prices for them. In the talent market, this tier consists of top-notch managers, such as newly minted graduates from the Indian Institutes of Management, who demand global-level salaries.

Immediately below that is the **glocal tier**. In the product market, this tier consists of consumers who demand customized products of near-global standard and are willing to pay a shade less than global consumers do. An example would be Chinese and Indian executives who prefer to stay in a Shangri-La or Taj hotel rather than at a Four Seasons. In the talent market, this section consists of high-quality managers who will work only for local companies even if the pay is a little less than it would be at multinational corporations.

Consumers in the **local tier** are happy with products of local quality and at local prices. In the talent market, managers in this section will put up with less-than-world-class working conditions as long as they are paid higher-than-average salaries.

The **bottom** of the market consists of people who can afford only the least expensive products.

Multinational corporations typically compete for consumers and talent only in the global tier. Meanwhile, smart local companies, which dominate the local tier, move into the glocal tier and also create breakthrough products for the bottom segment as economies liberalize. These businesses often become emerging giants.

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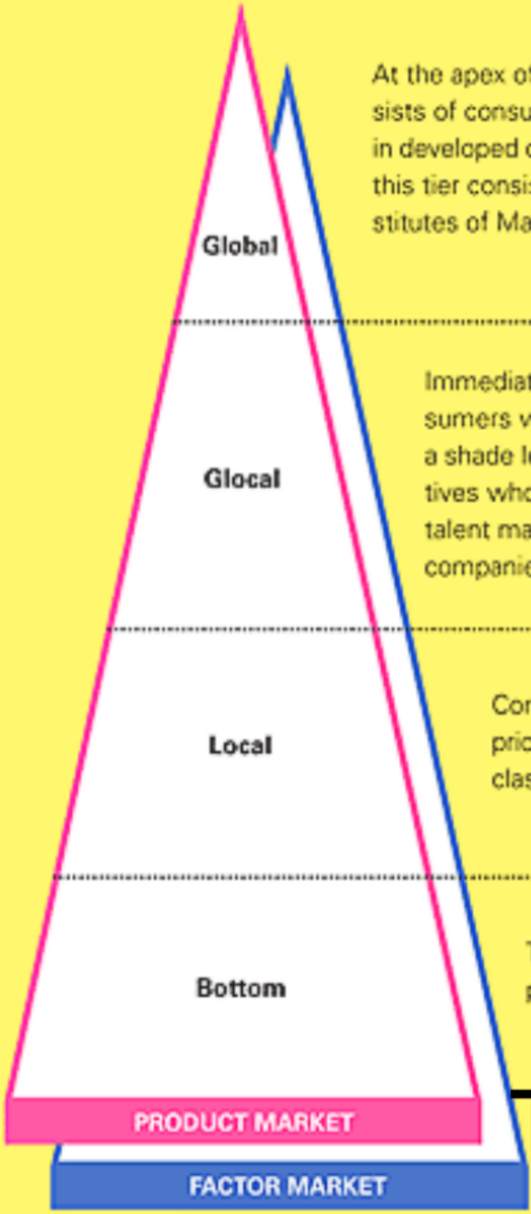

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EXPLOIT UNDERSTANDING OF THE PRODUCT MARKET (Part 3B)

Internationally:

- Similar opportunities in other developing countries.
- Customer preference (diaspora)
- Niche opportunities in developed economies, serving BOP around the world