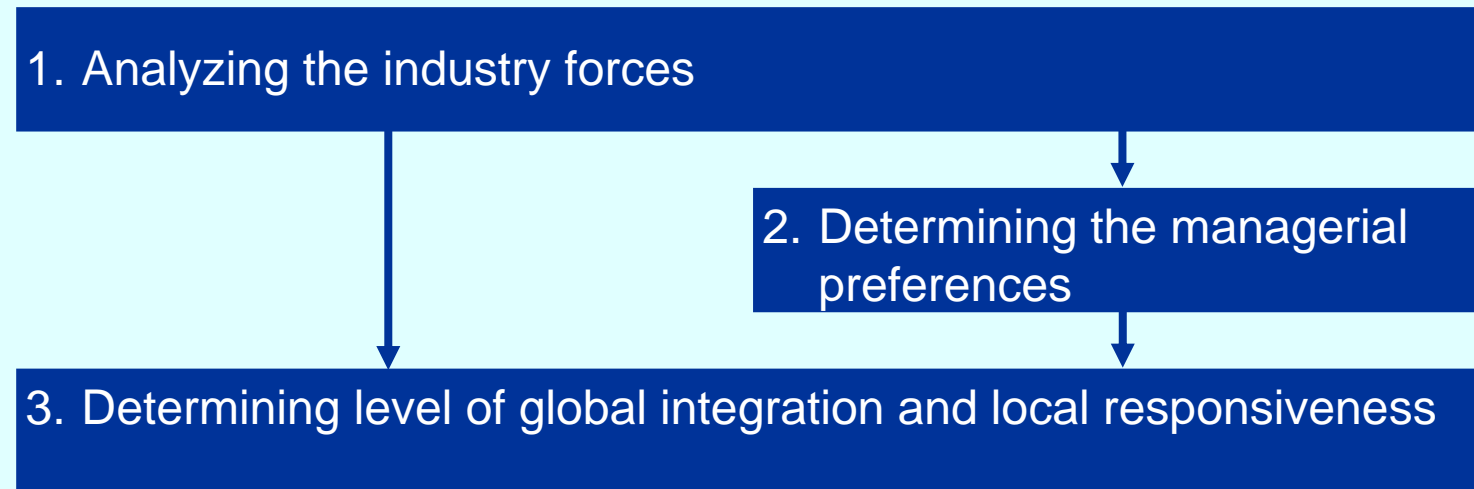


Integration-responsiveness framework

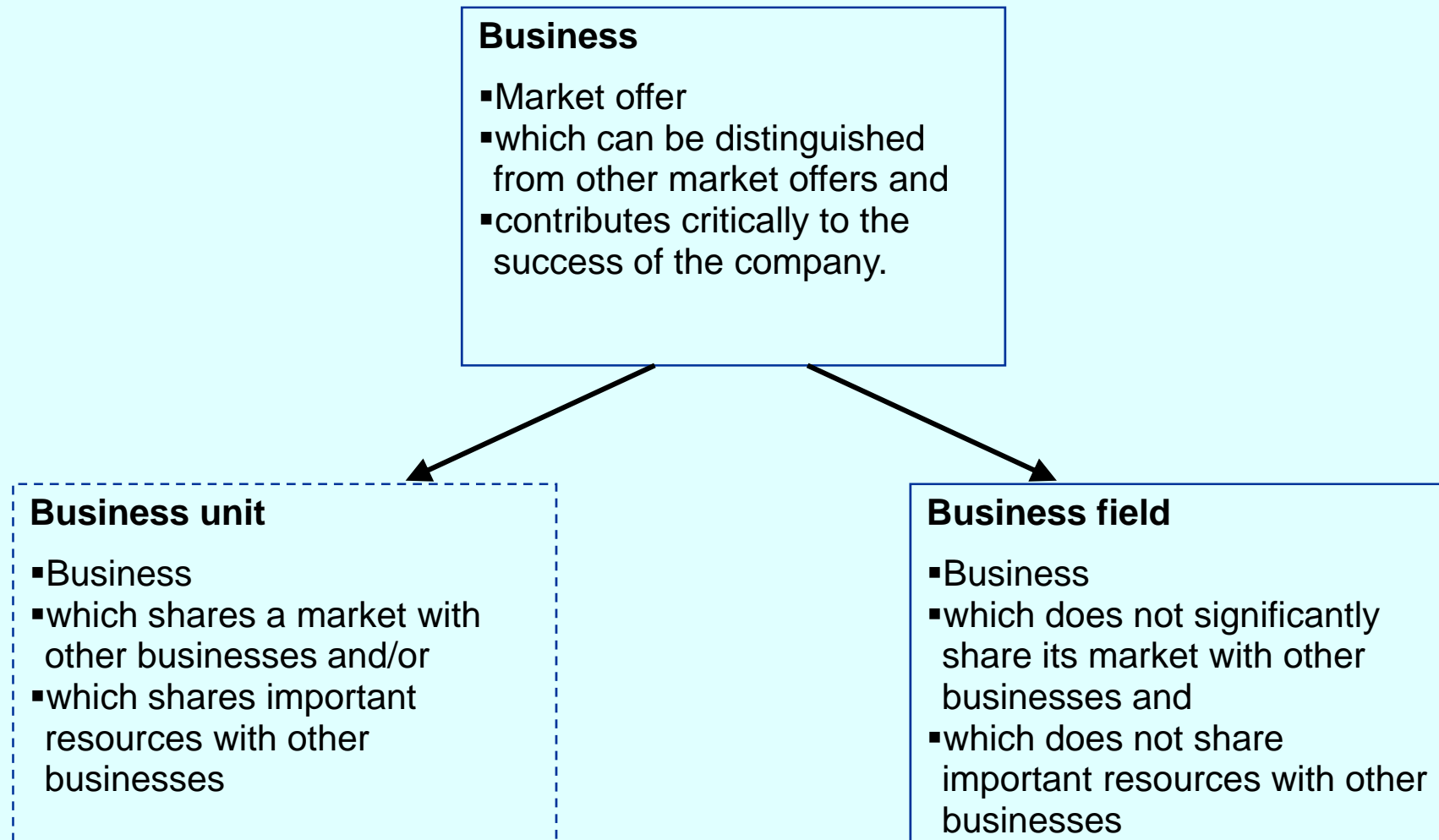
Level of global integration	high	Global strategy	Transnational strategy
	low		Multinational strategy
		low	high
		Level of local responsiveness	

(adapted from Bartlett/Ghoshal/Beamish, 2008)

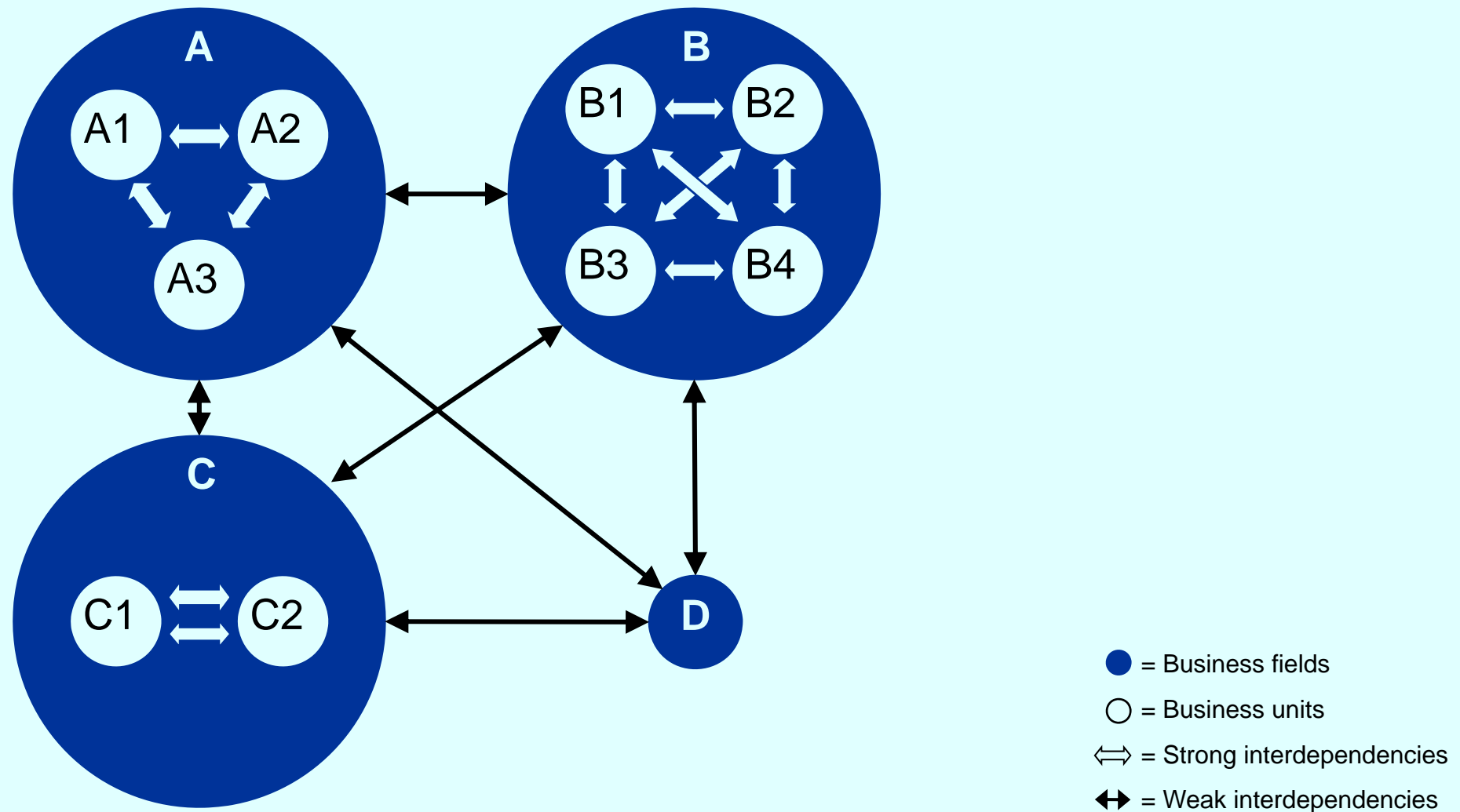
Process for determining the level of integration and responsiveness



Business, business unit and business field



Business units as parts of business fields



Process for defining the strategic businesses

1. Defining the strategic business units



2. Defining the strategic business fields

Business structure of Ricola

	Switzerland	Germany	France	US	...
Hard herb drops	●	●	●	●	
Soft herb drops	●			●	
Instant tea	●	●	●		
Teabags	●				
Chewing gum					

● = Business unit □ = Business field

(adapted from Thahabi, 2010)

Patterns of strategic businesses where countries are the competitive arenas

Business units based on countries and industry segments

		R ₁		R ₂	
		C ₁₁	C ₁₂	C ₁₁	C ₁₂
I ₁	S ₁₁	●	●		
	S ₁₂		●	●	●
I ₂	S ₂₂	●		●	●
	S ₂₂	●		●	●

R = Region
C = Country
I = Industry
S = Industry segment
● = Business unit
□ = Business field

Business fields based on regions and industries

		R ₁		R ₂	
		C ₁₁	C ₁₂	C ₁₁	C ₁₂
I ₁	S ₁₁	●	●		
	S ₁₂		●	●	●
I ₂	S ₂₂	●		●	●
	S ₂₂	●		●	●

Business fields based on regions

		R ₁		R ₂	
		C ₁₁	C ₁₂	C ₁₁	C ₁₂
I ₁	S ₁₁	●	●		
	S ₁₂		●	●	●
I ₂	S ₂₂	●		●	●
	S ₂₂	●		●	●

Business fields based on industries

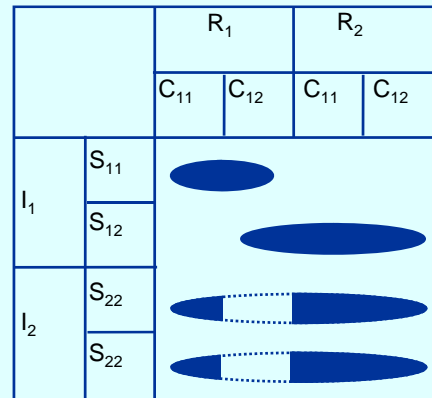
		R ₁		R ₂	
		C ₁₁	C ₁₂	C ₁₁	C ₁₂
I ₁	S ₁₁	●	●		
	S ₁₂		●	●	●
I ₂	S ₂₂	●		●	●
	S ₂₂	●		●	●

No business fields

		R ₁		R ₂	
		C ₁₁	C ₁₂	C ₁₁	C ₁₂
I ₁	S ₁₁	●	●		
	S ₁₂		●	●	●
I ₂	S ₂₂	●		●	●
	S ₂₂	●		●	●

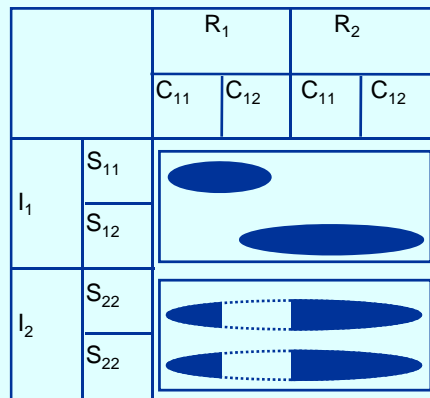
Patterns of strategic businesses where the world market is the competitive arena

Business units based on industry segments

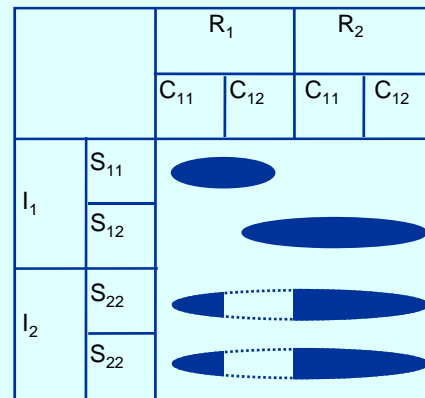


R = Region
 C = Country
 I = Industry
 S = Industry segment
 ● = Business unit
 □ = Business field

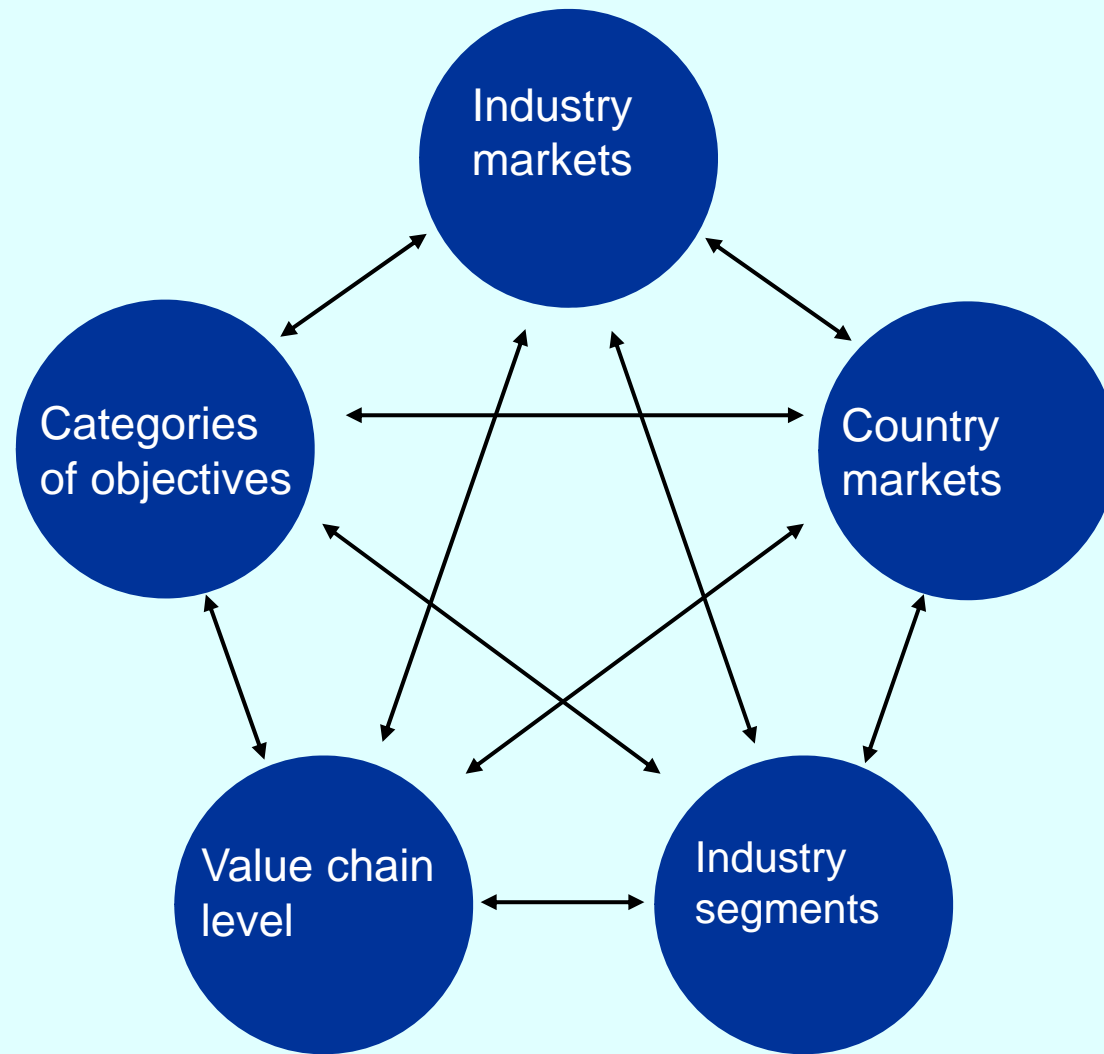
Business fields based on industries



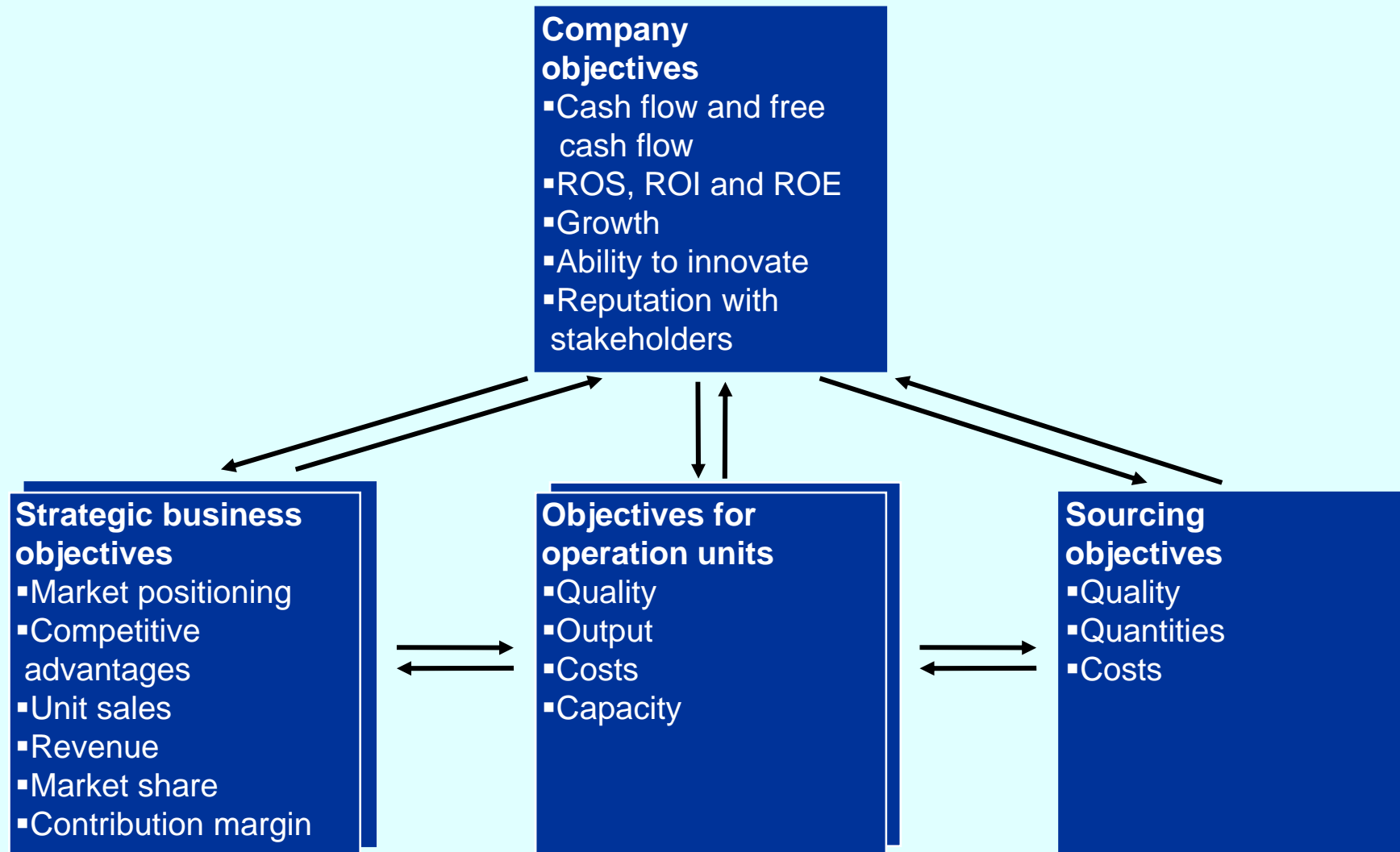
No business fields



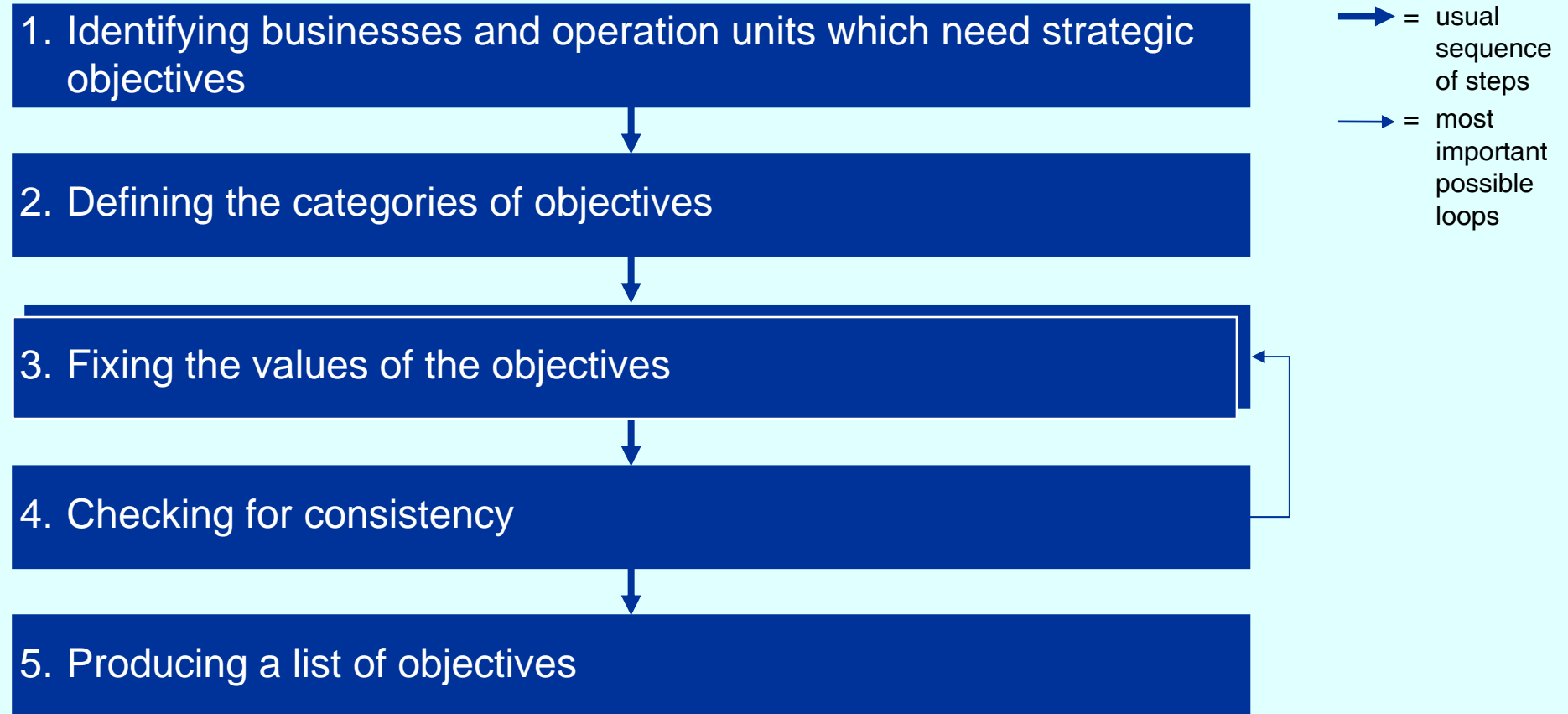
Dimensions of the strategic objectives in an international company



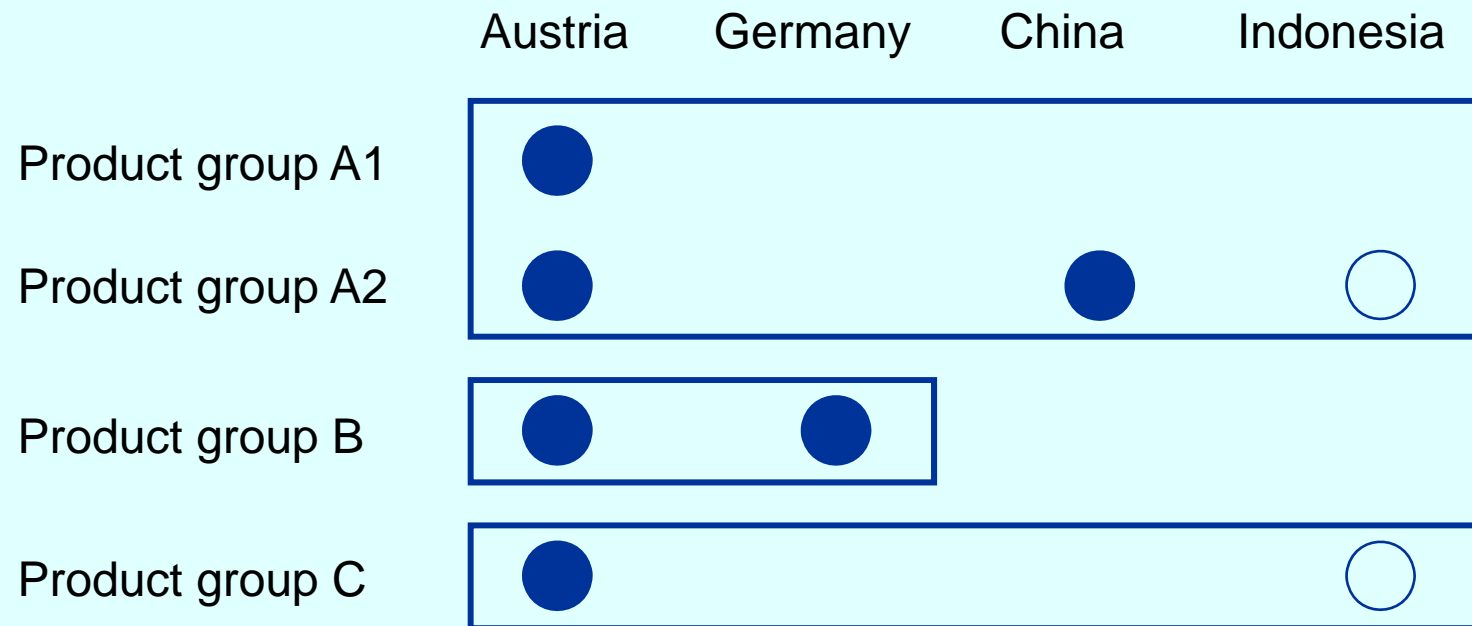
Possible strategic objectives



Process of defining strategic objectives



Businesses of FFA



● = Existing business unit

○ = Planned business unit

■ = Business field

Contribution margin and cash flow definition for FFA

	Revenue
./.	<u>Cost of raw materials and components</u>
=	Contribution margin 1
./.	Direct production cost
./.	<u>Sales cost</u>
=	Contribution margin 2
./.	Fixed cost of the factory/factories *
./.	<u>Overhead cost of the business field *</u>
=	Contribution margin 3
./.	<u>Overhead cost of the company *</u>
=	Cash flow
./.	<u>Investments</u>
=	Free cash flow

* = without amortisations and depreciations

Strategic objectives of FFA

Business objectives

Businesses	Years	Turnover	Contribution margin 2	Contribution margin 3
A1 Austria	20xx	6	3	—
	20xx + 1	6	3	—
	20xx + 2	6	3	—
	20xx + 3	6	3	—
	20xx + 4	6	3	—
A2 Austria	20xx	10	3	—
	20xx + 1	10	3	—
	20xx + 2	10	3	—
	20xx + 3	10	3	—
	20xx + 4	10	3	—
A2 China	20xx	15	3.8	—
	20xx + 1	16	4	—
	20xx + 2	17	4.3	—
	20xx + 3	18	4.5	—
	20xx + 4	19	4.8	—
A2 Indonesia	20xx	0	0	—
	20xx + 1	0	0	—
	20xx + 2	2	0.4	—
	20xx + 3	2.5	0.6	—
	20xx + 4	3	0.8	—
A Total	20xx	31	9.8	5.2
	20xx + 1	32	10	5.4
	20xx + 2	35	10.7	5.9
	20xx + 3	36.5	11.1	6.3
	20xx + 4	38	11.6	6.8
B Austria	...	...	...	—
B Germany	...	...	...	—
B Total	20xx	20.5	6.8	2.5
	20xx + 1	21	7	2.5
	20xx + 2	21.5	7.2	2.6
	20xx + 3	22	7.4	2.6
	20xx + 4	22.5	7.6	2.7
C Austria	...	...	...	—
C Indonesia	...	...	...	—
C Total	20xx	8.5	2.8	1.9
	20xx + 1	9	3	2.1
	20xx + 2	11.5	3.3	2.3
	20xx + 3	12.5	3.8	2.8
	20xx + 4	13.5	4.5	3.5

Factory objectives

Factories	Products	Years	Output	Direct cost per unit	Fixed cost
A1 Austria	A11	...	...	...	...
	A12	...	...	...
A2 China	A21	...	...	...	...
	A22	...	...	...
B Czech Republic	B1	...	...	...	...
	B2	...	...	...
C Austria	C1	...	...	...	...
	C2	...	...	...

Sourcing objectives

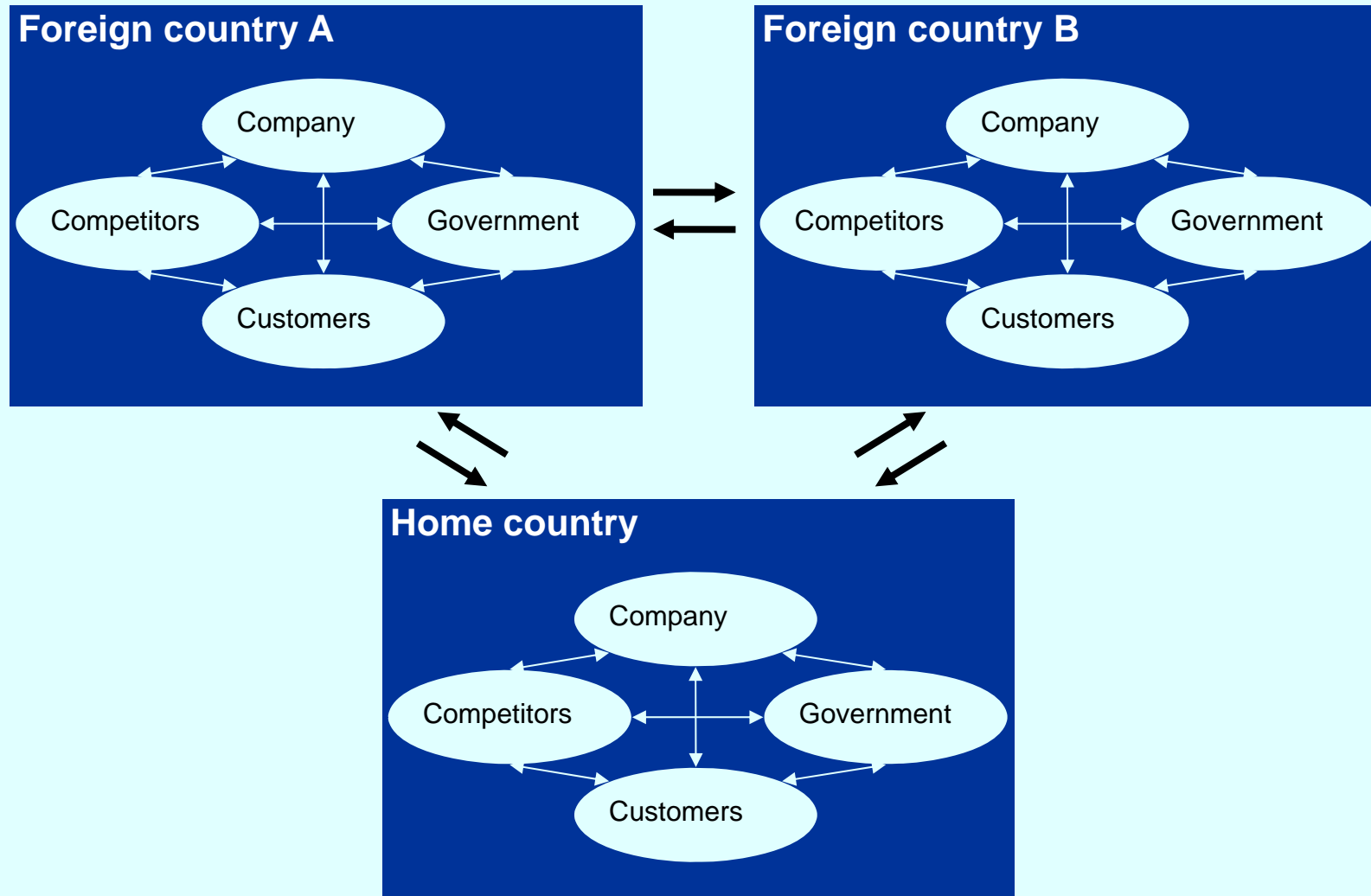
Products	Raw materials and components	Years	Quantities	Cost per unit
A11	A111	...	...	...
	A112	...	...	...
A12	A121	...	...	...
	A122	...	...	...
A21	A211	...	...	...
	A212	...	...	...
A22	A221	...	...	...
	A222	...	...	...
B1	B11	...	...	...
	B12	...	...	...
B2	B21	...	...	...
	B22	...	...	...
C1	C11	...	...	...
	C12	...	...	...
C2	C21	...	...	...
	C22	...	...	...

Company objectives

Years	Turn-over	Contribution margin 3	Cash Flow	Free cash flow
20xx	60	9.6	3.6	2.6
20xx + 1	62	10	4	0.8
20xx + 2	68	10.8	4.6	3.4
20xx + 3	71	11.7	5.5	4.3
20xx + 4	74	13	6.8	5.6

Figures in millions of EUR
 — = not possible to calculate at this level
 ... = not displayed to shorten the figure

Interdependencies between marketing in different countries

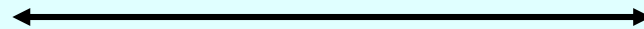


Standardization, differentiation and types of international marketing

Ethnocentric
marketing



Internationally
standardized
marketing



Locally
adapted
marketing



Global
marketing

Availability of selected car models of Volkswagen in different countries

Model	Country				
	Germany	USA	India	Brazil	Japan
Gol				x	
Golf	x	x		x	x
Golf GTI	x	x		x	x
Touran	x				x
Fox	x			x	
Scirocco	x				x
Sharan	x				x
Polo	x		x	x	x
Vento			x		
Eos	x	x			
Jetta	x	x	x	(x)	
Voyage				x	
Passat / CC	x	x	x	x	x
Routan		x			
Tiguan	x	x		x	x
Touareg	x	x	x	x	x
New Beetle	x		x	x	
Phaeton	x		x		

The brand structure of Anheuer-Busch InBev

Brand type	Brands
Global brands	Budweiser, Stella Artois, Beck's
Multi-country brands	Hoegaarden, Leffe
Examples of local brands	USA: Michelob, Bud Light Argentina: Quilmes Belgium: Jupiler Brazil: Skol, Antarctica China: Sedrin, Harbin Germany: Diebels, Franziskaner Russia: Bagbier UK: Bass, Whitbread

Process for determining the product and brand portfolio

1. Analyzing the market needs in the foreign market



2. Determining which product/brands from the existing portfolio fit the demand in the foreign market



3. Analyzing the benefits and costs of modification of products/brands from the existing product portfolio for the foreign market

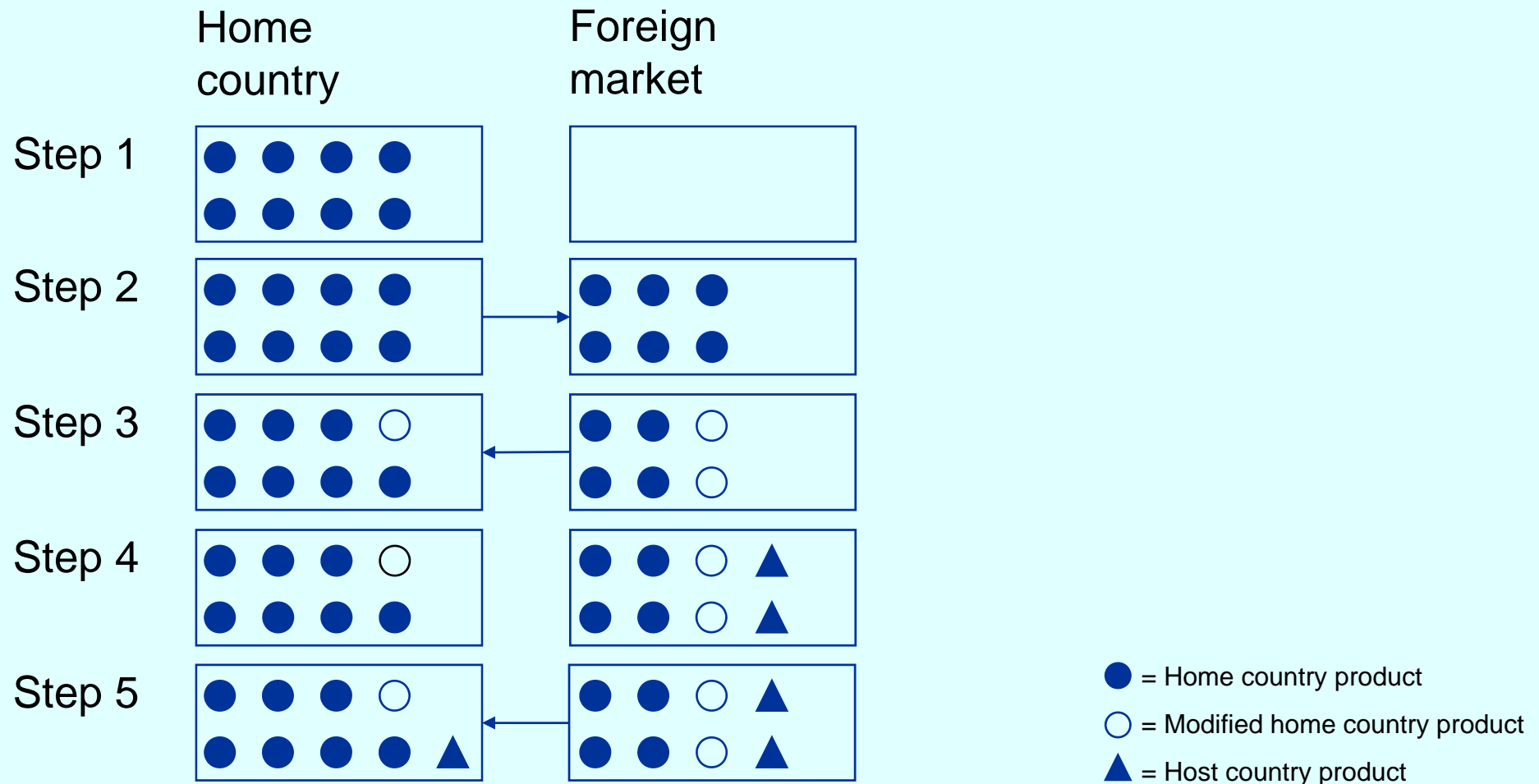


4. Analyzing the benefits and costs of developing specific products/brands for the foreign market

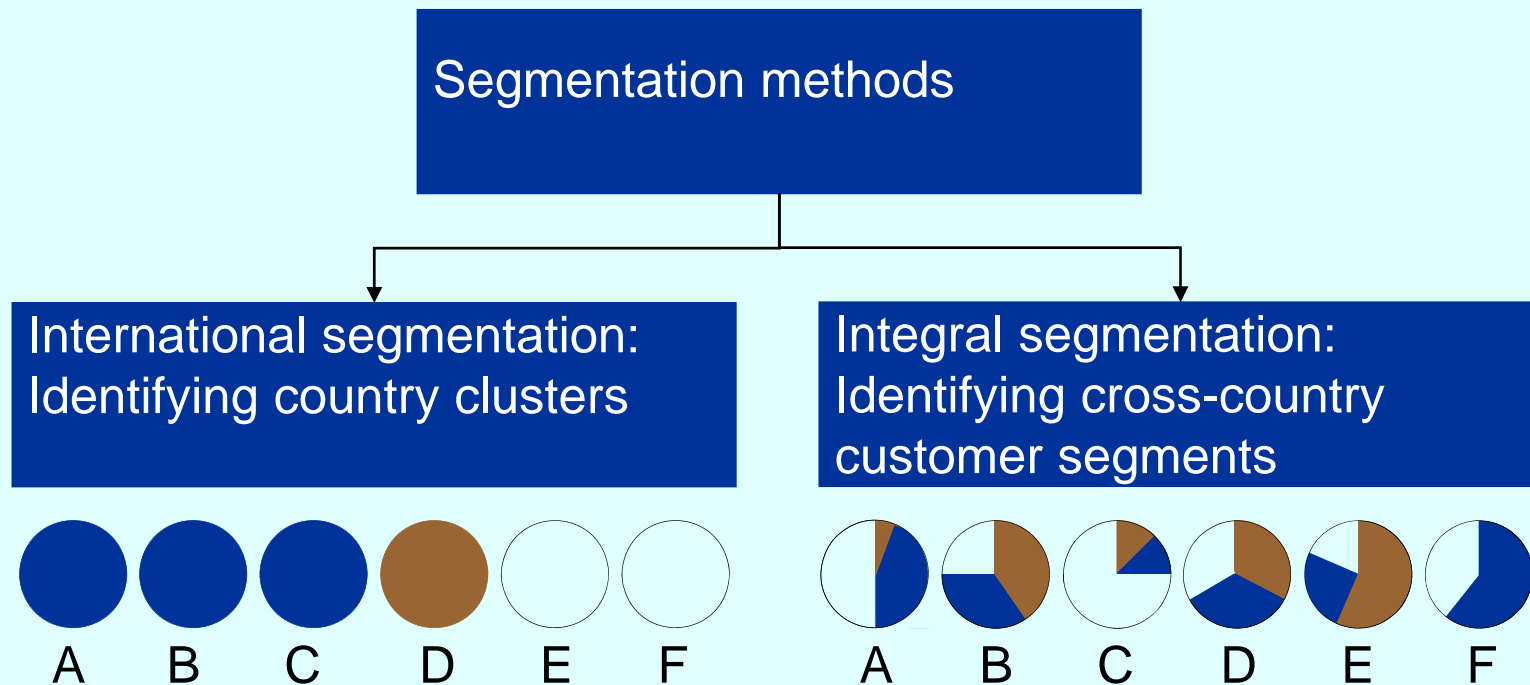


5. Determining which products/brands from the foreign market are suitable for introduction in the home market

Product and brand portfolio in the foreign market and the home country during the process



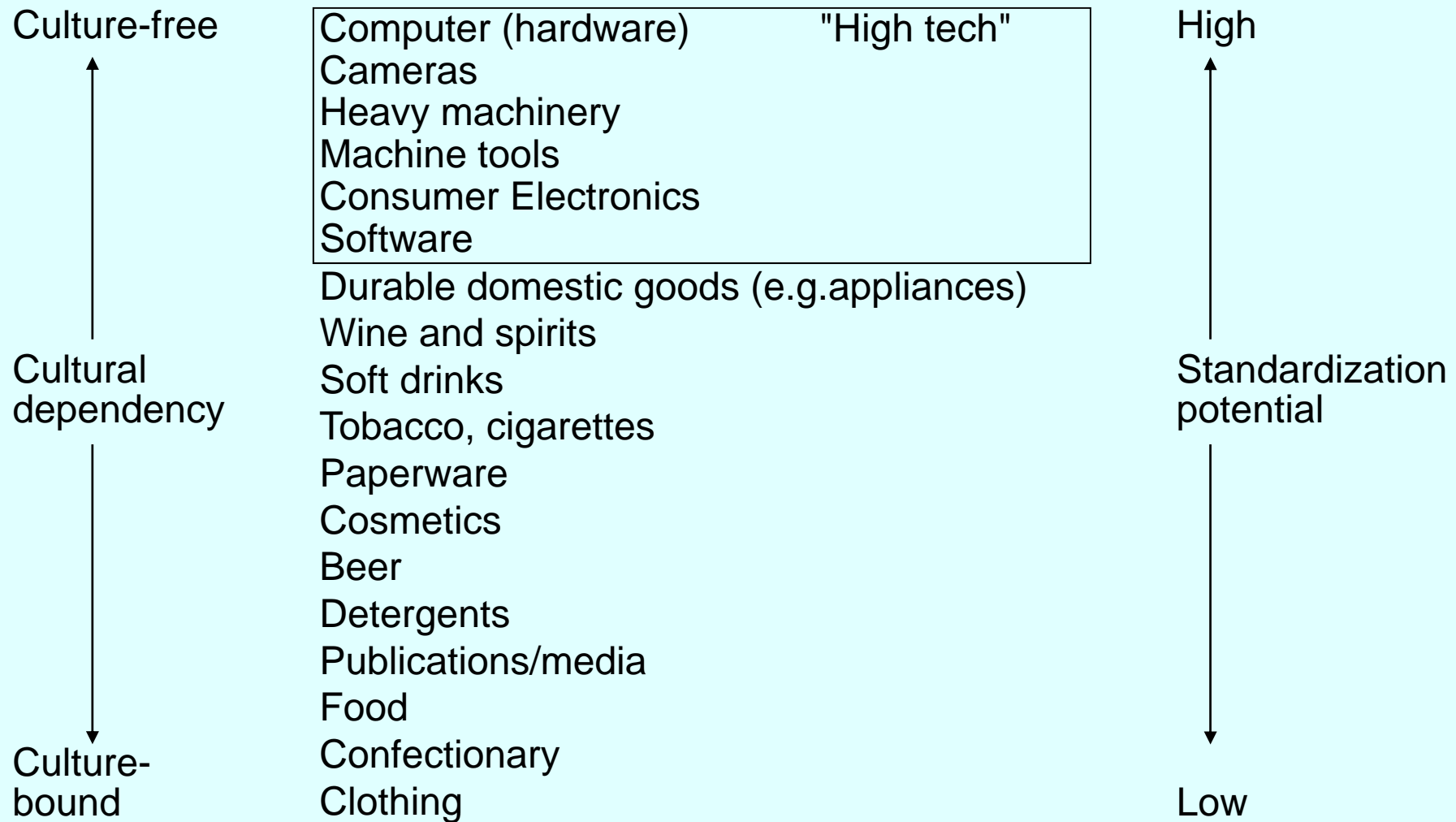
Basic methods of market segmentation in international marketing



A-F = Countries

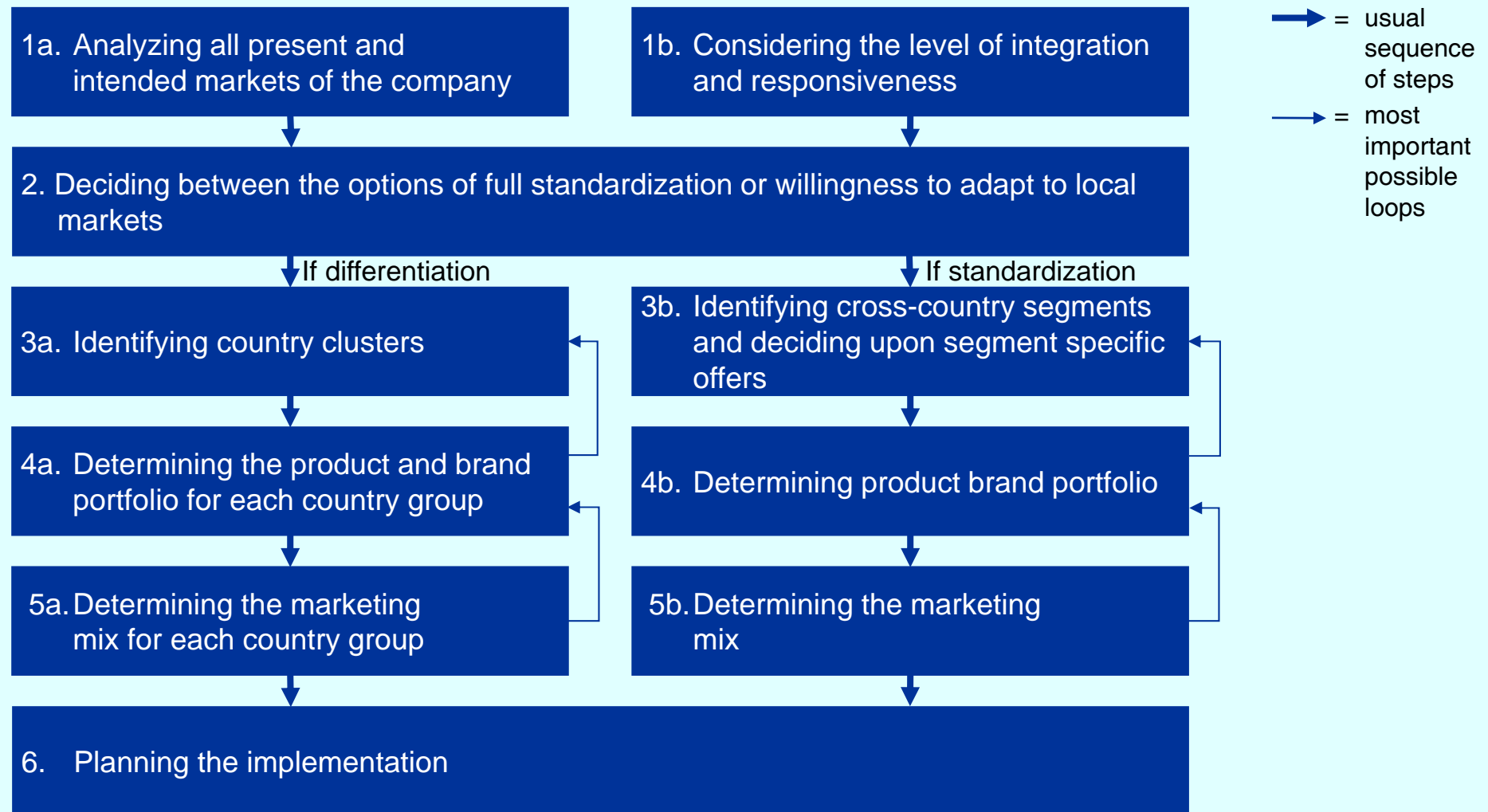
= Segments

Culture-boundedness of different product categories

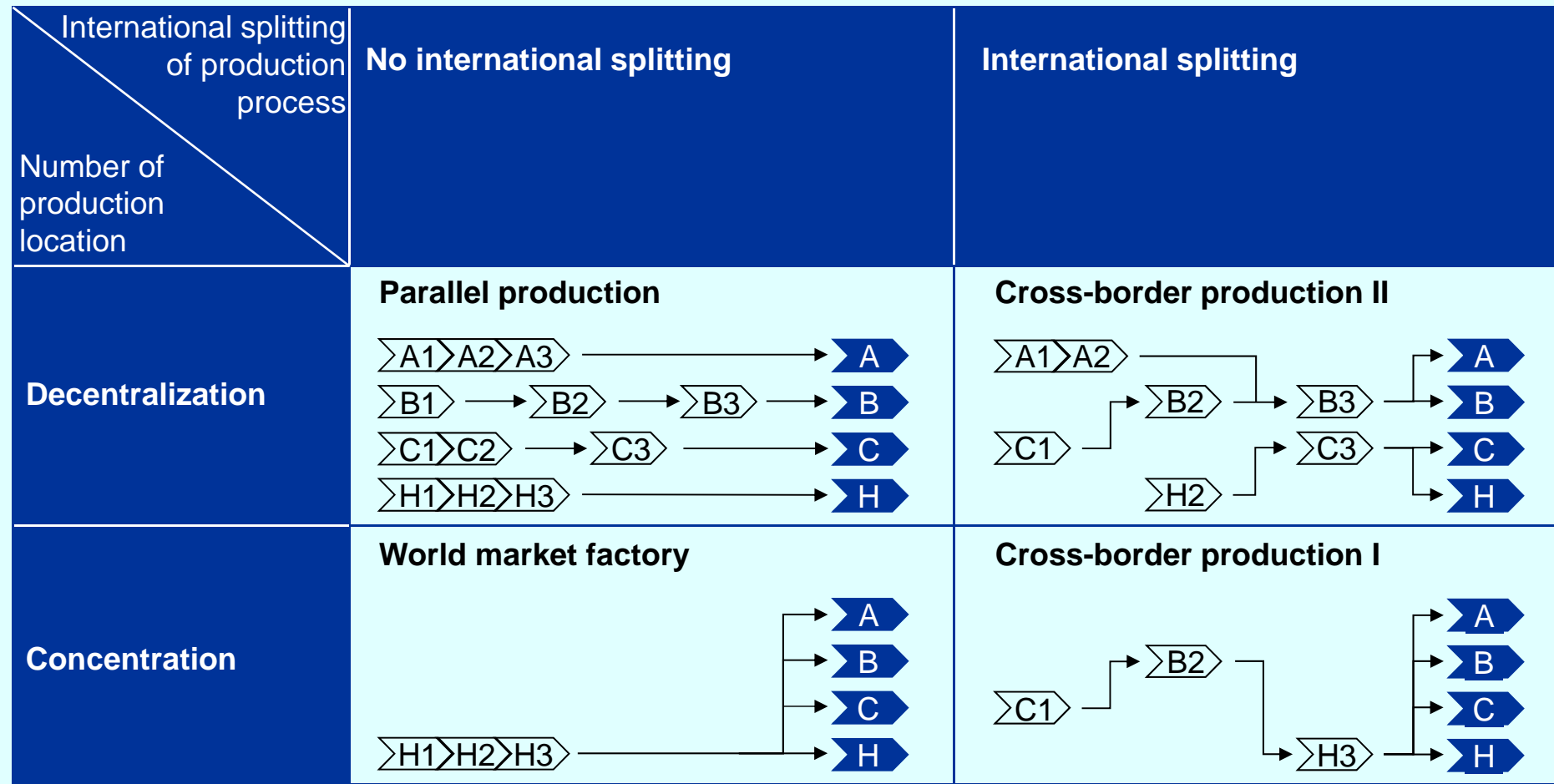


(Müller/Gelbrich, 2004)

Process for determining the level of standardization and differentiation of market offers



Basic types of production configurations



H = Home countries

A, B + C = Host countries

1, 2 + 3 = Production steps

= production steps

= sales

= one production location

= different production locations

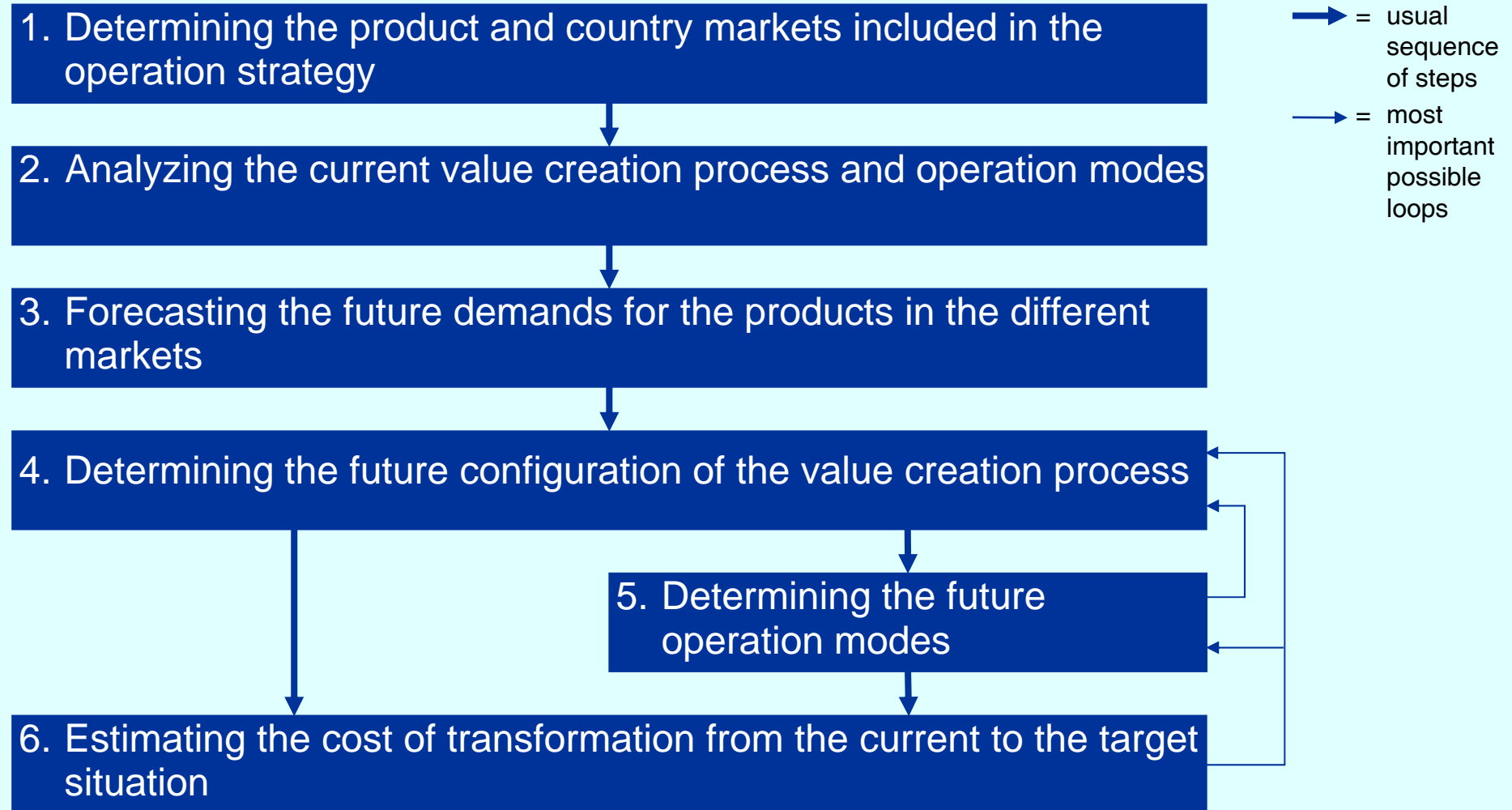
(adapted from Knüppel, 1997; Kutschker/Schmid, 2011; Morschett/Schramm-Klein/Zentes, 2010)

Configuration of Precln GmbH

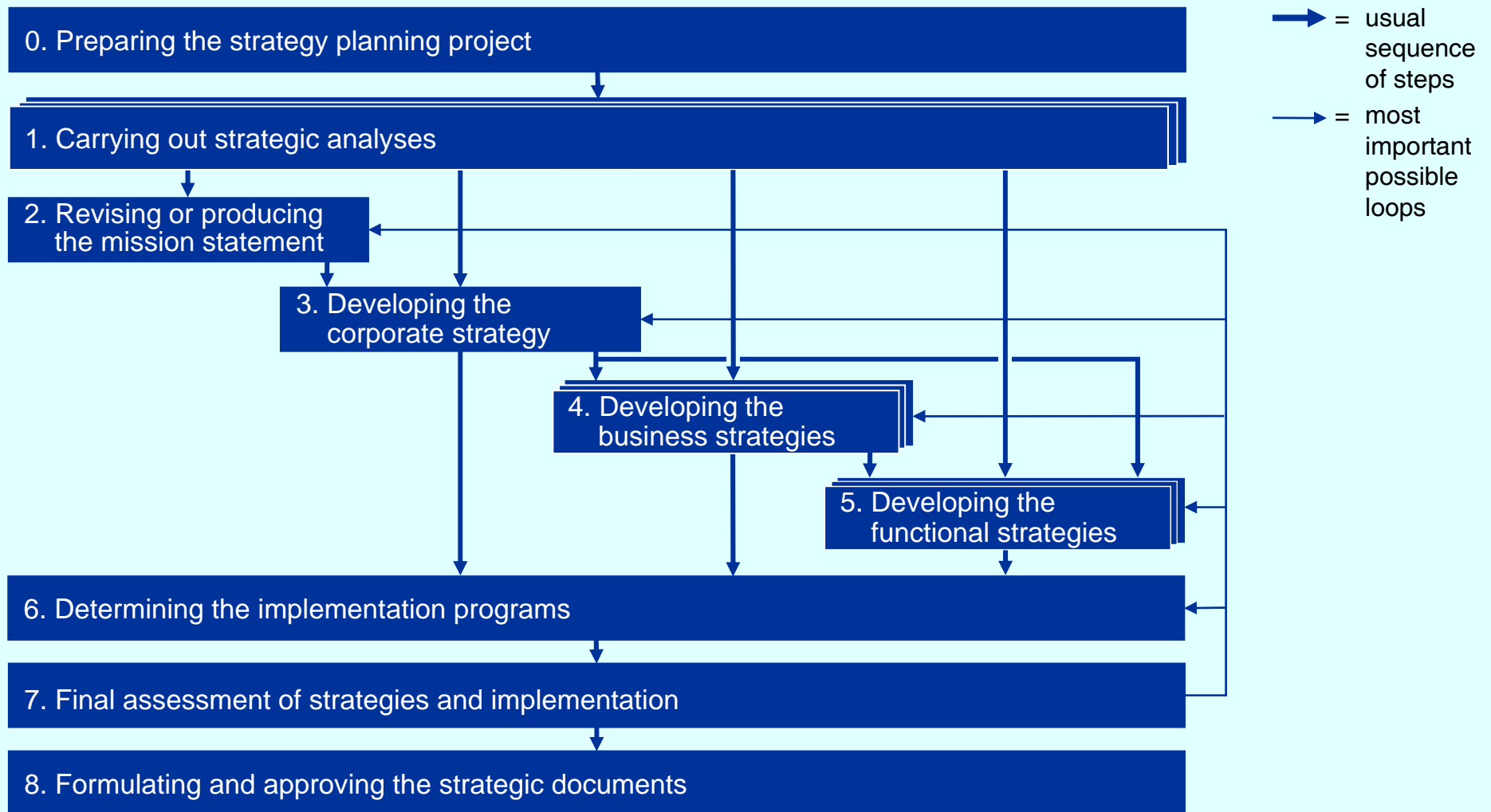


- = Production plant
- ▲ = Wholly-owned sales unit
- ▲ = Sales joint venture or partially owned sales unit
- △ = Independent distributor
- = Flow of finished products
- ⋯→ = Flow of components

Process for developing an operations strategy



Process of strategic planning in an international company



(adapted from Grünig/Kühn, 2011)

Fields of analysis for FFA

Countries	Global environment	Industry markets			Company		
		A	B	C	Sales	Production	Comp. in general
Austria	e	e	e	e	e	e	e
Germany	e		e		e	e	
Czech Rep.	e						
China	e	e			e	e	
Indonesia	p	p		p	p		
World	e	e	e	e			

■ = main analysis field
e = existing market or resources

▤ = additional analysis field
p = potential market or resources

Table of contents of a mission statement

1. Corporate identity / raison d'être of the company
2. Overriding objectives and values
3. Areas of activity
4. Relation to specific stakeholder groups
5. If any: Principles governing specific tasks

(adapted from Grünig/Kühn, 2011)

Table of contents of a corporate strategy

1. Level of integration and responsiveness
2. Strategic businesses
3. Strategic objectives
4. If needed: Level of standardization and differentiation of market offers
5. If needed: Configuration of the value creation process and operation modes
6. Required business strategies and functional strategies

Business field patterns in international companies and their drivers

Level of integration and responsiveness \ Competitive arena	Country markets as competitive arenas	World market as competitive arena
Multinational strategy	<ul style="list-style-type: none"> ▪ Business fields according to regions and industries ▪ Business fields according to regions 	
Transnational strategy	<ul style="list-style-type: none"> ▪ Business fields according to industries ▪ No business fields 	
Global strategy	<ul style="list-style-type: none"> ▪ Business fields according to industries ▪ No business fields 	<ul style="list-style-type: none"> ▪ Business fields according to industries ▪ No business fields

Businesses of FFA

	Austria	Germany	China	Indonesia
Product group A1	●			
Product group A2	●		●	○
Product group B	●	●		
Product group C	●			○

● = Existing business unit

○ = Planned business unit

■ = Business field

Target Boston Consulting Group portfolio for FFA

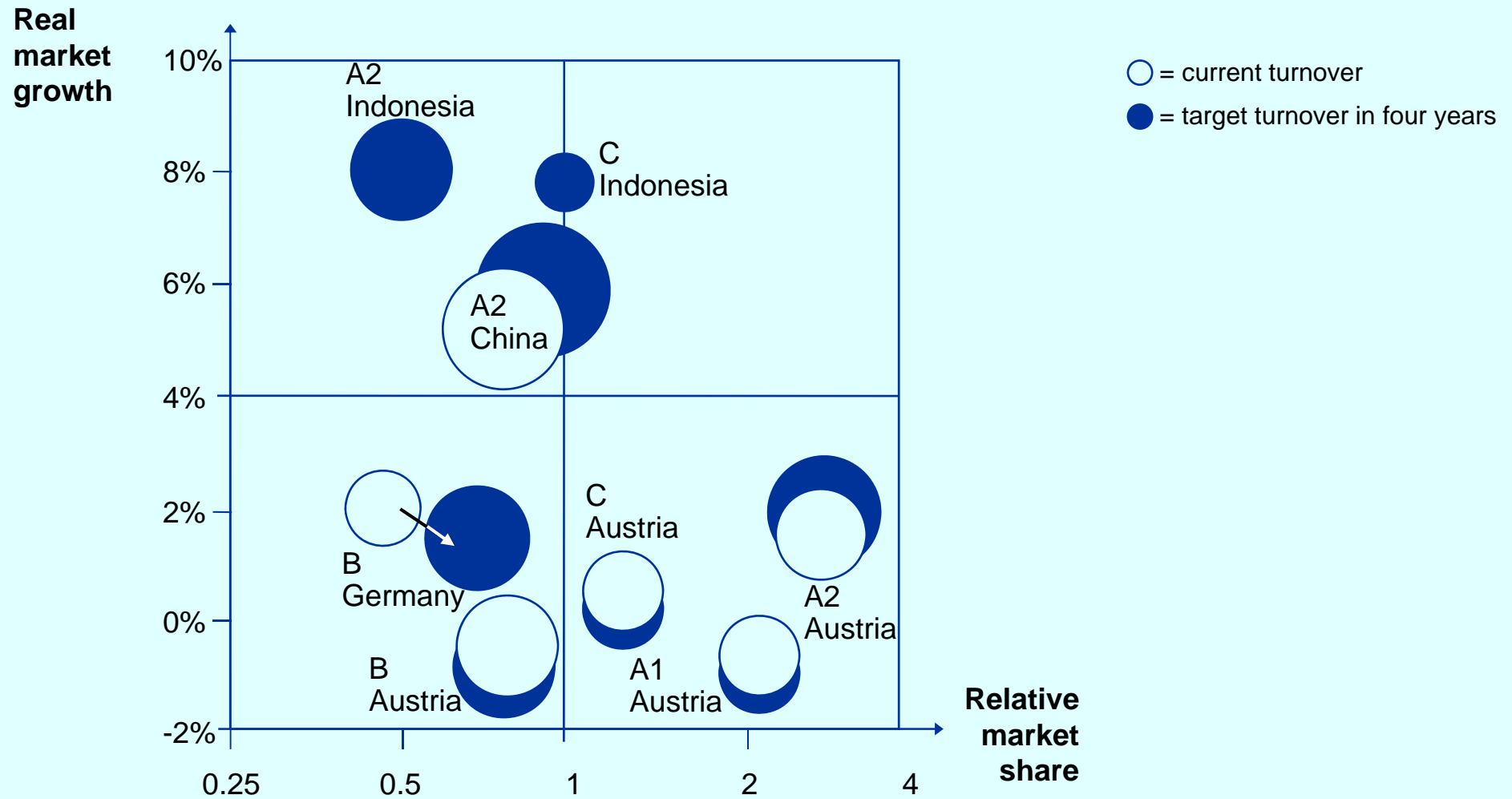


Table of contents of a business field strategy

1. Strategic objectives
2. Generic business strategy
3. If needed: Standardization and differentiation of the market offers
4. Competitive advantages of the market offers
5. Strategy of business unit A
6. Strategy of business unit B
7. Competitive advantages of resources and processes
8. If needed: Operations strategy

Generic business strategies

		Competitive advantage	
		Lower price	Product and image advantages
Scope of market	Whole market	1. Broad scope price strategy	2. Broad scope differentiation strategy
	Niche market	3. Niche focus price strategy	4. Niche focus differentiation strategy

(adapted from Porter, 1980)

Competitive advantages of the pocket knives of Victorinox

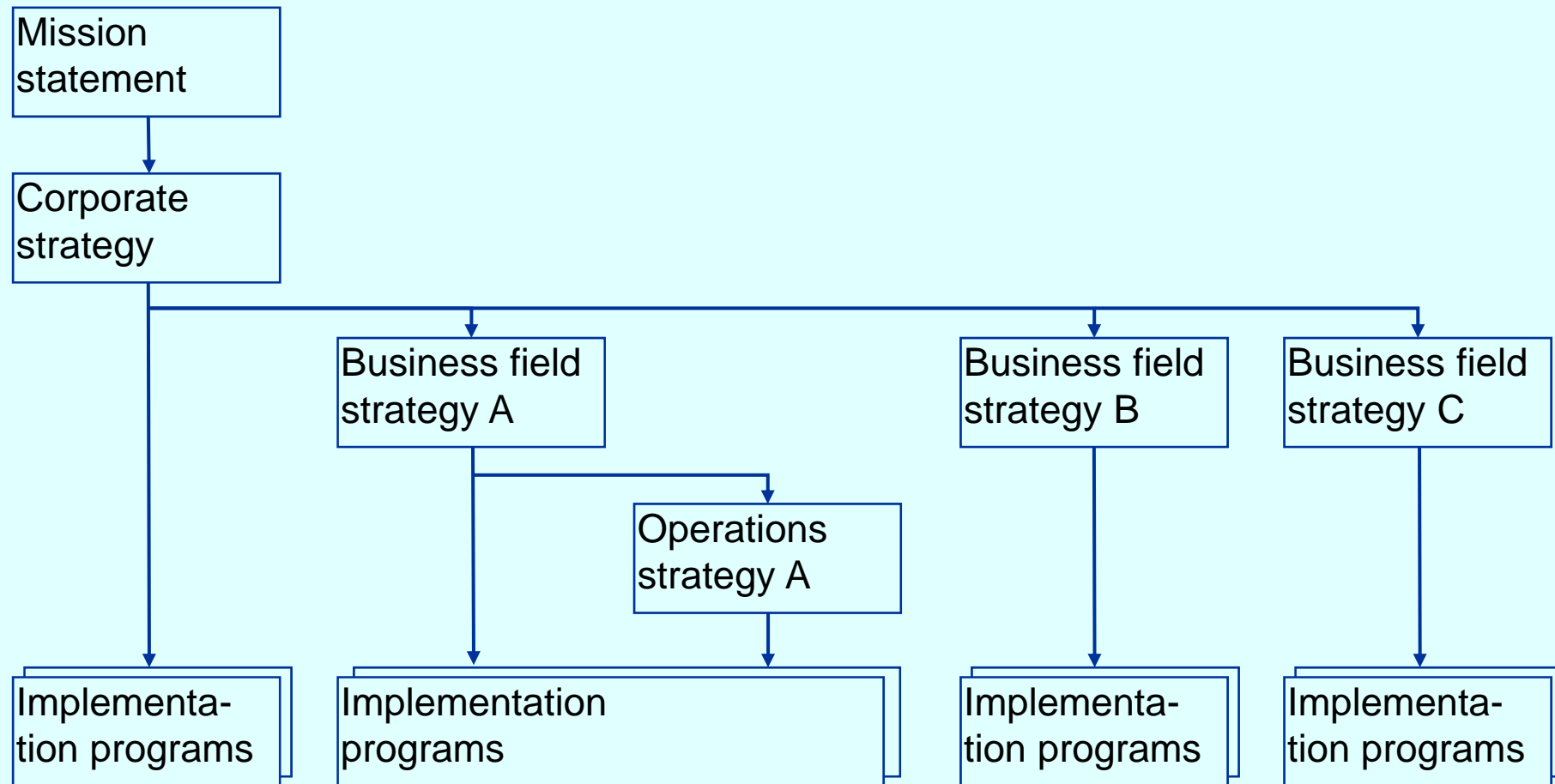
- Top quality products
- Multifunctional products
- Broad range of traditional and innovative pocket knives
- Uniform product design
- Swiss cross emphasizing Swissness
- Well-known brand

Strategic programs of FFA

Corporate level	Business field A	Business field B	Business field C
Building up a sales subsidiary in Indonesia*	Introduction of product group A2 in Indonesia	Replacing the sales representative in Germany by a sales subsidiary	Introduction of product group C in Indonesia
Introduction of a holding structure	Entering central and western China with product group A2	Marketing campaign in Germany	Building up logistics for Indonesia*
	Building up logistics for Indonesia*	Implementing rationalizations in the Czech factory	
	Building up logistics for central and western China		
	Shifting production steps for product group A1 from Austria to China		

* = Must be coordinated with each other

Strategic documents of FFA



<http://www.springer.com/978-3-642-24724-8>

Developing International Strategies
Going and Being International for Medium-sized
Companies

Grünig, R.; Morschett, D.

2012, XXIV, 368 p., Hardcover

ISBN: 978-3-642-24724-8