

Welcome to IF Consulting's weekly e-mail newsletter

June 20, 2003

Our regular email tackles the topical issues that surround all marketing channels and their underlying strategies.

This newsletter is also available as a PDF on our Website (<http://www.i-f.com/E-comLinks02.htm>) if you want to download a version for your hard copy file.

Lessons should be learnt before entering international markets

A senior business consultant believes that many Singapore companies fail when they try to expand overseas because they focus too much on the short term, and neglect to develop the right strategy, processes and talent.

Mr Aneel Karnani, an associate professor of corporate strategy and international business at the University of Michigan Business School, says that most Singapore companies expanding their business overseas have struggled because they focus on daily operations and neglect long-term strategy development.

Karnani cites three vital aspects that Singaporean companies have failed to effectively manage when expanding overseas: the strategy, the processes and the people. "Many multinational companies set up base in Singapore to expand across the region. Yet local companies have not had much success doing the same," Karnani says.

http://www.bossmag.com/magarticle.asp?doc_id=21834&listed_months=0

IF Comment

While this story relates to Singapore, it is really an object lesson to any supplier or franchisor wishing to expand internationally. Dr Karnani lists three aspects for adaptation to local circumstances - the right strategy, the right process and the right people. However, he doesn't mention one significant point - ensuring that the country entered is the right country.

An Australian company, International Market Selection (IMS) (www.INTLMS.com.au) has developed software to ensure that companies expanding internationally do choose the right countries. IMS' founder and Chief Executive Officer, Dr Richard Gould, says that each country is different, which represents a unique level of achievable sales and consequently, times to reach break even vary significantly. He also says that what's best for one organisation is not necessarily for another, eg. just because one fast food operation succeeds in a country such as China, does not mean another will. Many local factors that are often not researched are determinants of success. As a specific example, Jollibee, a home grown hamburger franchise, has consistently outperformed McDonald's in the Philippines.

Finally, according to Dr Gould, expansion without a country by country analysis may result in companies missing countries with the best potential and which require much less effort to enter.



Marketing Channel
Strategy Consultants
Maximizing shareholder value
through creating the best route
to market

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Snippets

Despite previous unsuccessful attempts, computer giant now believes it can make a viable business out of recycling computer equipment. According to the Environmental Protection Agency, approximately 250 million computers will become obsolete by 2005, and most of them contain non-recyclable materials as well as toxins such as lead.

http://www.businessweek.com/technology/content/jun2003/tc2003065_6460_tc121.htm

Insurance provider Direct Line plans to introduce web services technology that uses artificial intelligence (AI) to increase the number of customers transacting online. AI-based software will offer a more intuitive website by allowing customers to ask questions while they are completing online transactions.

<http://www.crmbuyer.com/perl/story/21662.html>

Richard Branson has unveiled his latest venture. He has opened a car showroom with a difference in the UK. Calling itself the world's first vehicle department store, the Virgin Cars showroom put various brands of cars, motorbikes and vans alongside each other on the forecourt.

http://www.ananova.com/business/story/sm_784277.html?menu

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