



# YIP Matrix

George Yip provides a framework for analysing 'drivers of globalisation'. Yip's globalisation framework sees international strategy potential as determined by market drivers, cost drivers, government drivers and competitive drivers.





# YIP Matrix : The four families of international drivers



G. YIP's framework is rooted in the "outside-in" approach of international strategy, which answers the question "what potential value can be found abroad?"

G. YIP identifies 4 sources of potential international value:

- **Market drivers:** similar customer needs and tastes (ex: credit cards); global customers (ex: semiconductors); transferable marketing (ex: global brand or dot.com website...).
- **Cost drivers:** economies of scale (increasing volumes beyond the national market reduces unit cost); country-specific differences (ex: cheaper workforce, taxes, easier access to raw material...).
- **Competitive drivers:** *interdependence between country* operations increases the pressure for global coordination. Similarly, the presence of *globalised competitors* increases the pressure to adopt a global strategy in response.
- **Government drivers:** trade policies (ex: reduction of barriers to trade like TAFTA; regional economic integration like EU...); Technical standards (international interoperability of systems); and particular host government policies.



Source: Exploring Strategy, Text and cases, 10<sup>th</sup> Edition. Pearson



# YIP Matrix : illustration with the case of Lenovo



Lenovo's internationalization from China can be used to illustrate the drivers towards globalization. One way to apply YIP matrix in this case is to combine a qualitative appraisal with a quantified scoring of each family of drivers.

## YIP Matrix applied to Lenovo's PC business

Drivers for internationalization	Qualitative analysis	Score /3
<b>Market drivers</b>	<b>very strong in the Computer market</b>	<b>9</b>
Similar customer needs	Similar customer needs over PCs / high growing PC Market	3
Global customers	Global consumers in B2B	3
Transferable marketing	Global branding	3
<b>Cost drivers</b>	<b>relatively weak for Lenovo</b>	<b>4</b>
Economies of scale	the main driver here is scale economies as Lenovo already ber	2
Country-specific differences	None	0
Favourable logistics	Strong Chinese export capabilities	2
<b>Competitive drivers</b>	<b>very strong competitive drivers</b>	<b>6</b>
Interdependences between countries	the PC value chain is fragmented globally, pushing for global	3
Competitors' global strategies	Lenovo faces global competitors (Apple, Dell, ...) in a global m	3
<b>Government drivers</b>	<b>relatively strong given current free-trade policies</b>	<b>6</b>
Trade policies	The current context of free-trade promoted by WTO and othe	3
Technical standards	Standardized products	3
Host government policies	However, some restrictions (quotas and taxes) applied to Chir	0
<b>TOTAL</b>		<b>25</b>

- YIP's framework applied to Lenovo reveals strong potential for internationalization from the Chinese local market, mainly pushed by **market** and **competitive** drivers as well as **free-trade** policies.

- It provides a clear set of objectives for the **internationalization roadmap**.

- Download** the template here

**YIP Matrix: The four families of international drivers**

Drivers for internationalization	Qualitative analysis	Score
<b>Market drivers</b>	...	<b>6</b>
Similar customer needs	...	1
Global customers	...	3
Transferable marketing	...	2
<b>Cost drivers</b>	...	<b>4</b>
Economies of scale	...	1
Country-specific differences	...	3
Favourable logistics	...	2
<b>Competitive drivers</b>	...	<b>6</b>
Interdependences between countries	...	1
Competitors' global strategies	...	3
<b>Government drivers</b>	...	<b>6</b>
Trade policies	...	1
Technical standards	...	3
Host government policies	...	2
<b>TOTAL</b>		<b>22</b>



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