

# Globalization, glocalization, slowbalization

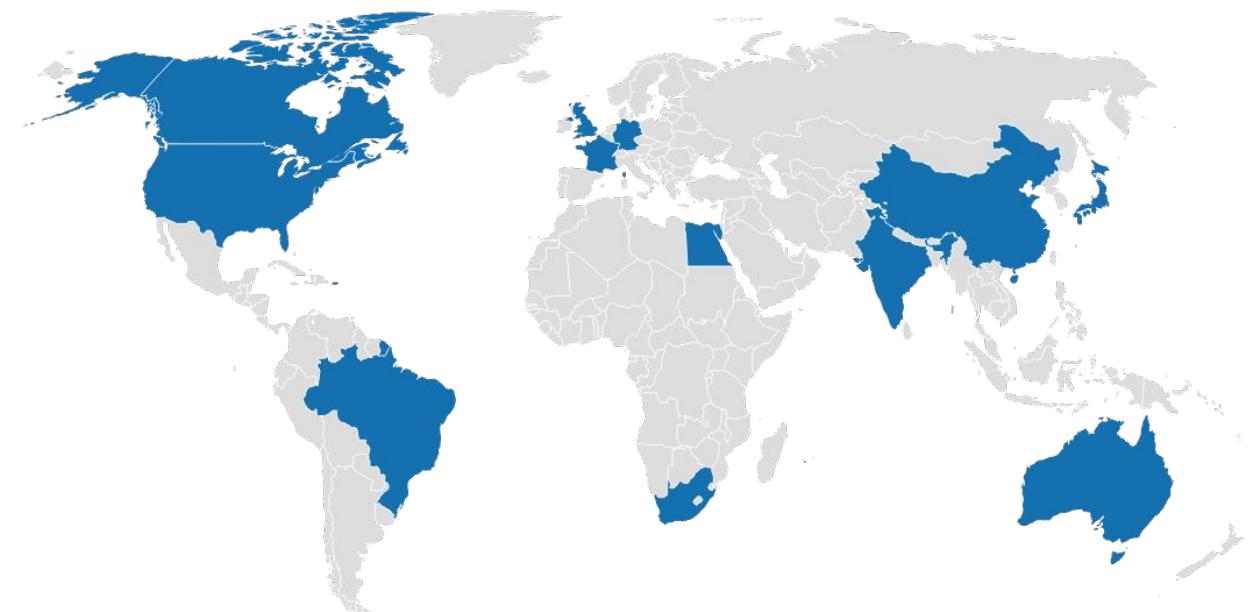
Market Entry



# International Business Simulation: Market Entry

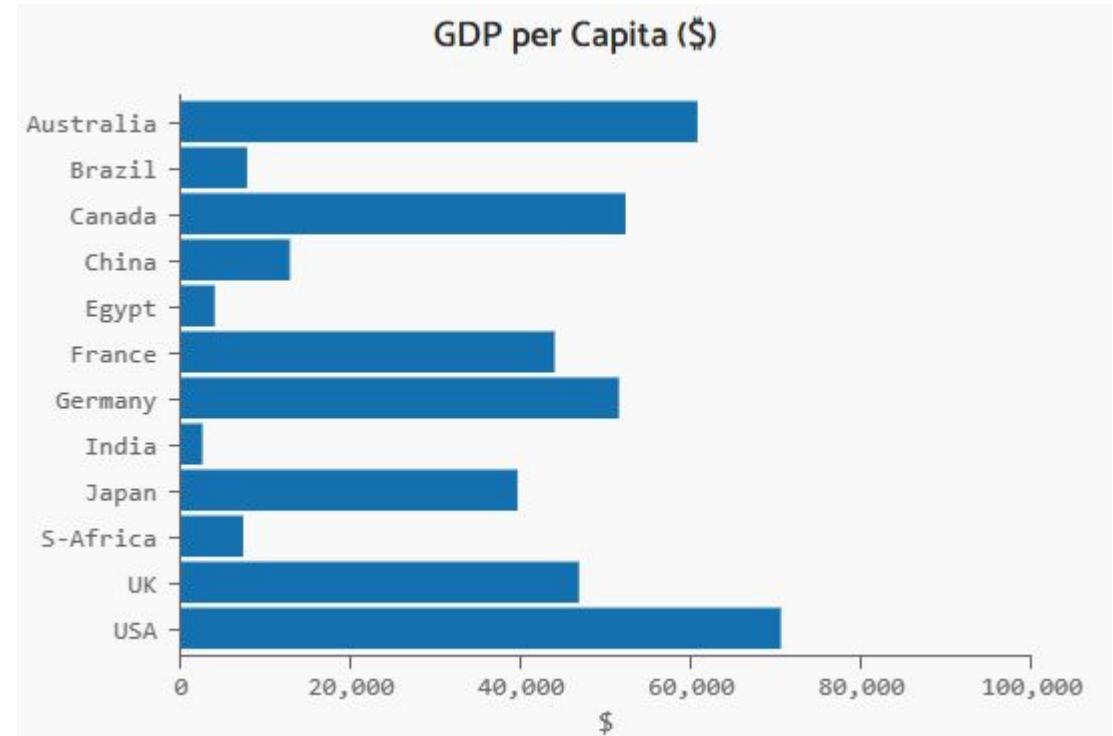
## - Overview

- In the Market Entry simulation, you are in charge of managing the international strategy and operations of a casual dining chain of restaurants for 6 years.
  - You manage all of the company's business *outside* your home country.
- After choosing a home country, review the country information and news for the year before making decisions on:
  - Countries to enter, grow or exit
  - Entry Modes
  - Local Marketing decisions



# Country Info: GDP and Population

- Gross Domestic Product (GDP) per Capita is a measure of the income level of people in the country.
- GDP forecast is indicator of expected market growth. Based on data from the International Monetary Fund.
- GDP per capita, GDP growth and population growth are indicators of market attractiveness in the family restaurant market.



# Country Info: Market Characteristics

## Country Risk:

- A broad measure that indicates risks arising from economic or political changes or general instability in a country.

## Trade Barriers (tariffs):

- Impact the cost of importing ingredients from the home country.

## Industry Rivalry:

- The intensity of competition in a market.



# Country Info: Culture

- Culture can be defined as ‘the set of shared beliefs, values and other norms that distinguish one group of people from another’.
- Geert Hofstede developed a framework that summarizes cultures along six dimensions:
  - Power Distance
  - Individualism
  - Masculinity vs Femininity
  - Uncertainty Avoidance
  - Long Term Orientation
  - Indulgence
- In the simulation, Cultural Distance between two countries is calculated based on the sum of the differences in scores on each of the dimensions of culture.
- Indulgence reflects the extent to which a society values the satisfaction of human needs and desires.
  - In the simulation, countries with a high Indulgence score are more attractive.



# Cultural awareness and cultural shock

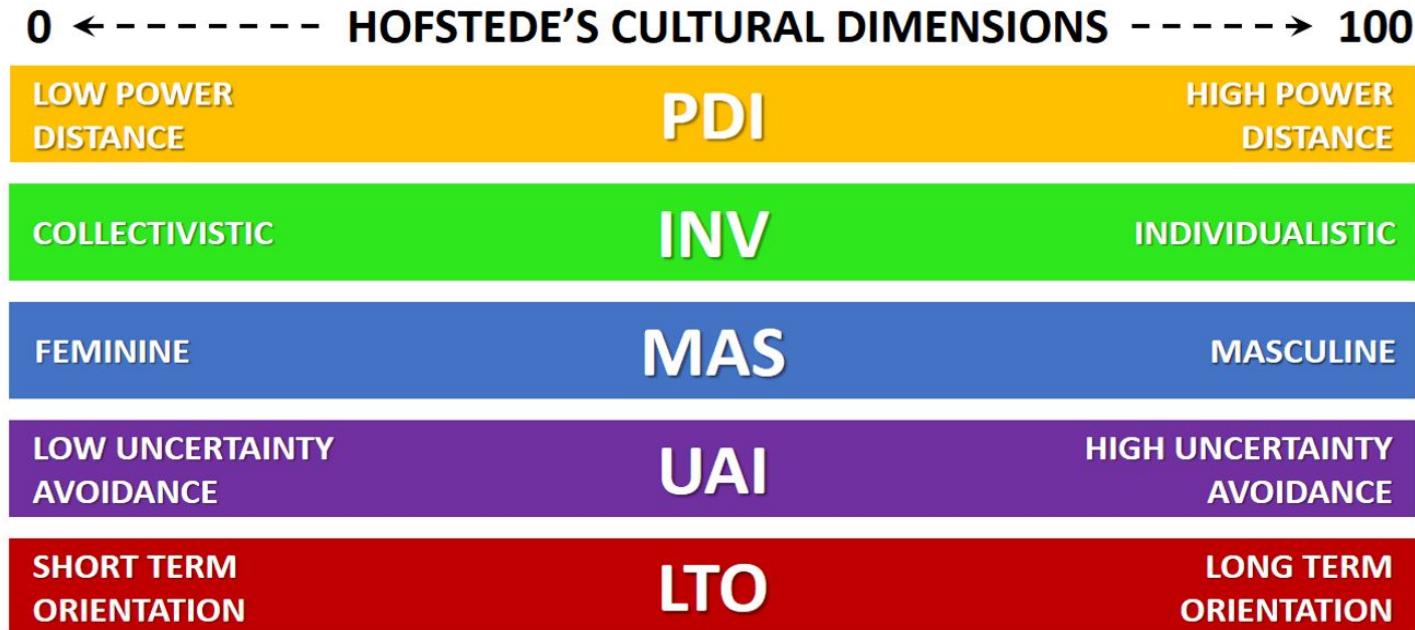
Geert Hofstede, a Dutch interculturalist, is one of the most noted academicians to explore this subject

From 1967 until 1973 as an IBM psychologist, Hofstede collected and analyzed data from over 100,000 individuals from over 50 countries

From those results and later additions, Hofstede developed a model that identifies four primary dimensions to differentiate cultures. He later added a fifth dimension.



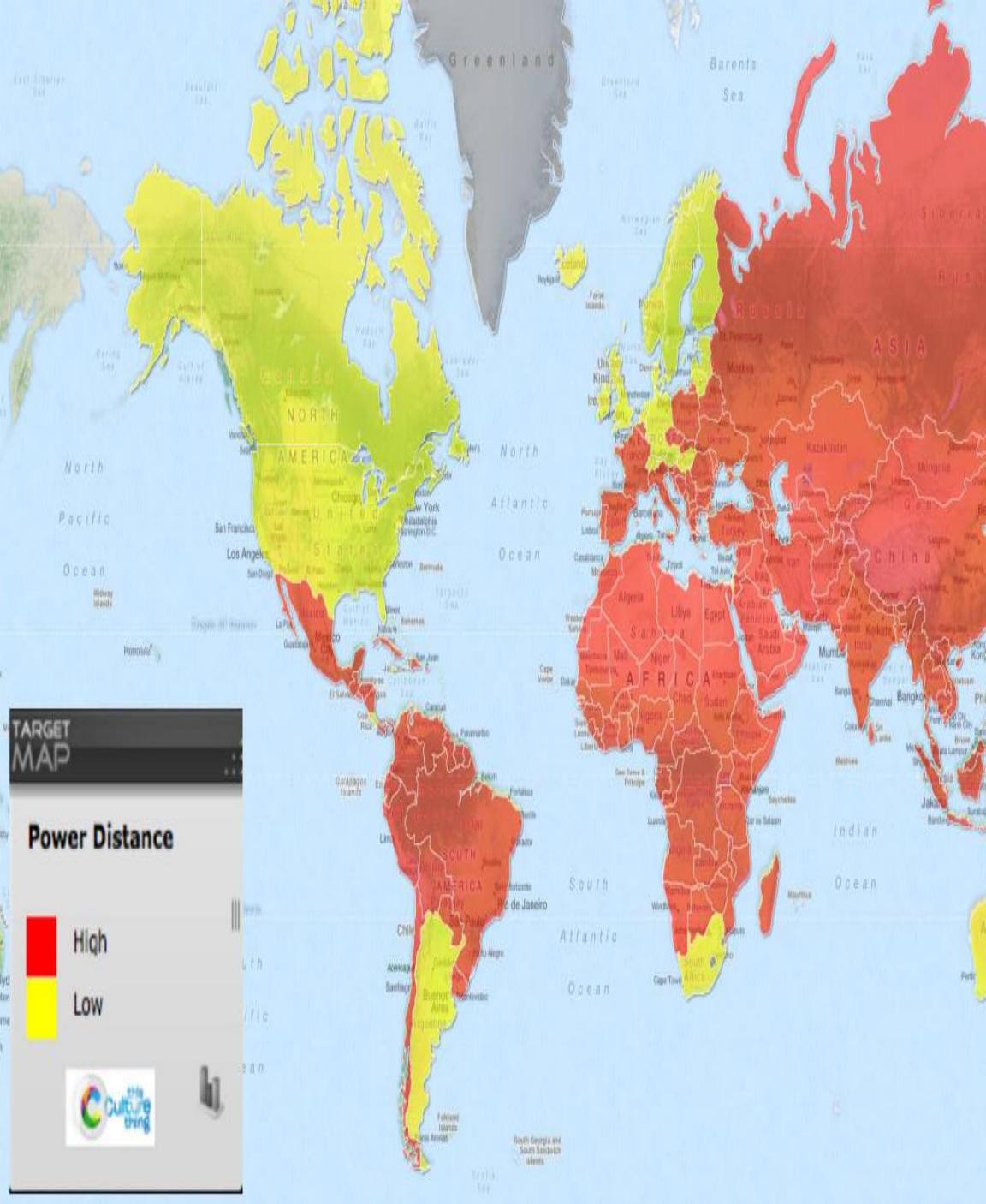
# Cultural awareness and cultural shock



# Cultural awareness and cultural shock

Power Distance Index (**high** versus **low**)

This dimension explains the extent to which members who are less powerful in a society accept and also expect that the distribution of power takes place **unequally**



# Cultural awareness and cultural shock

## High vs. Low power distance

- 1) More powerful members of society perceive their subordinates as unequal
- 2) People are equal, they consider social inequalities obsolete (borders, politics)
- 3) Members accept power distance as part of a social order, it determines what is right and wrong
- 4) There is not much trust among co-workers
- 5) Everyone should have equal rights
- 6) Subordinates fear the more powerful members
- 7) Power is exerted only where it is necessary
- 8) Subordinates are blamed for mistakes
- 9) Subordinates are considered as older, more experienced colleagues
- 10) The system is blamed for mistakes
- 11) The acceptance of the privileges that come with power

# I Cultural awareness and cultural shock

## High vs. Low power distance

| Features of high power distances cultures  | Features of low power distances cultures   |
|--|--|
| Members accept power distance as part of a social order, it determines what is right and wrong                   | Power is exerted only where it is necessary                                      |
| More powerful members of society perceive their subordinates as unequal  | People are equal, they consider social inequalities obsolete (borders, politics) |
| Subordinates fear the more powerful members  | Cooperation should be based on the principle of solidarity                       |
| There is not much trust among co-workers   | Subordinates are considered as older, more experienced colleagues                |
| Majority of people are dependent on others   | Co-workers are prone to trust one another  |
| Subordinates are blamed for mistakes   | The system is blamed for mistakes  |
| Social inequalities are accepted, every person has a high or low place in a social order and is protected by law | Everyone should have equal rights  |
| The acceptance of the privileges that come with power  | Strong and weak members coexist in harmony and in the same place                 |

# News and Crises

- Operating an international company involves dealing with risk and uncertainty:
  - News items appear every year and can impact the attractiveness of countries as well as optimal local marketing strategies.
  - A crisis can appear unexpectedly. Although crises are not entirely predictable, the possibility that some crisis may happen needs to be taken into account when making decisions.
- The occurrence of major news items and crises depends on how the facilitator has set up the simulation.

