Class discussion / Group work

**International Marketing**

INSTRUCTIONS

M&S has succeeded just partially in entering and establishing in the Chinese market. Indeed, the case study highlights some noteworthy result obtained by the UK company in China (turnover growth is one of those) but also many difficulties and some trivial mistakes as well.

**In preparation of the class discussion with Prof. Bortoluzzi, read the case study and start a group discussion. Your task is to use the theories, the concepts learned in class to discuss the international marketing strategy adopted by M&S to enter the Chinese market.**

In particular, I invite you to reflect on the following points:

1. **Discuss the segmentation, targeting and positioning strategy of the company.** 
   1. segmentation approach used (criteria for segmenting the market)
   2. international approach to segmentation used by M&S (Global vs. Multinational)
   3. targeting criteria adopted (if any)
   4. intended and real P.O.D. (points of difference)
2. **Focus on the product standardization/adaptation strategy of the firm. Start from the table below that summarizes the discussion on the factors to be considered before opting for a product standardization or an adaptation strategy.**

|  |  |  |  |
| --- | --- | --- | --- |
| **Variables** | **Explanation of Variable** | **When Standardization Is Favourable** | page10image41585472**When Adaptation Is**  **Favourable** |
| **Environmental Factors** | Differences in physical characteristics of the countries, socio-economic and demographic information, religion, language, political aspects and culture | Environmental factors are homogeneous. | Environmental factors are non- homogeneous. |
| **Costs reduction** | Cost reductions as a result of economies of scale vs. cost additions as a result of adaptation | Cost reduction is preferred. | Cost reduction is not necessary. |
| **Global Image** | Company has a global image versus a local image; company’s strategy contributes to strengthening one corporate brand | The company has a global image. | The company has a local image. |
| **Easier Planning and Control** | Planning and control of the marketing mix policies | When the easier route is preferred. | When ease of implementation is not a consideration. |
| **Diffusion of Innovations** | The degree to which a company can diffuse the costs of innovation | Diffusion of innovation more justifiable. | Diffusion of the costs of innovation supports adaptation. |
| **Motivation of managers** | The degree to which a company’s local managers are motivated to create and innovate | Local managers are not highly motivated. | Local managers are highly motivated. |
| **Benefits for local consumers** | The willingness of local consumers to purchase a standardized product over an adapted product and vice versa | Consumers are homogeneous, making them more willing to purchase standardized products. | Local consumers are interested in reaping benefits, making them more willing to purchase adapted products. |
| **Legal Issues and Differences in Technical Standards** | The amount of variability between two countries in terms of their levels of technology, standards and approval procedures. | Few or no differences | Many differences |
| **Distribution Costs, Coordination and Personal Client Services** | Increased costs as a result of distances between countries | Low costs | High costs that can be reduced through adaptation |
| **Competition** | The level of global competition vs. local competition | High level of global competition | High level of local competition |
| **Customers** | The degree to which a company’s clientele is global vs. local and thereby affects purchasing functions | Most customers are global. | Most customers are local. |

Fill a similar table with information retrieved from the case. For each variable discuss if the conditions (“variables” in the table) would drive towards a more “standardization-oriented” or “adaptation-oriented” strategy

ex: in relation to “Environmental factors”, socio-economical differences between the domestic market (UK) and the Chinese market are big. Indeed, … (*quote selected info from the case*). Further, also cultural differences are consistent as demonstrated by the fact that… (*quote selected info from the case*). Under such conditions, an adaptation approach seems more advisable”.

Repeat for each variable. Eventually, discuss the overall situation emerging from the table: based on the evidence you collected, which product strategy would have been more advisable for M&S? Standardization or adaptation?

1. **Discuss the pricing strategy of M&S in China. Given local conditions which pricing method would you recommend? Mark-up (Production costs + logistic costs + margin) or competition-based (based on local competitors’ prices)? Explain why.**

Always support your statements with data and information retrieved from the case or collected elsewhere. If you collect external data and information, always cite precisely your sources.

I’m interested in your opinions as long as they are grounded on evidence and they are consistent (ex: “Given the fact that also main competitors of M&S were applying the same pricing strategy in the Chinese market successfully – as shown in this article (cite your source) – I think M&S was right in applying such a pricing strategy. Hence the partial success of it should be attributed to other factors, but not to the strategy itself”. Otherwise, they are just opinions (“I think M&S was wrong in using that strategy”).

**Your participation to the discussion will be evaluated. Outstanding participants will be signalled to the official lecturer of the course.**