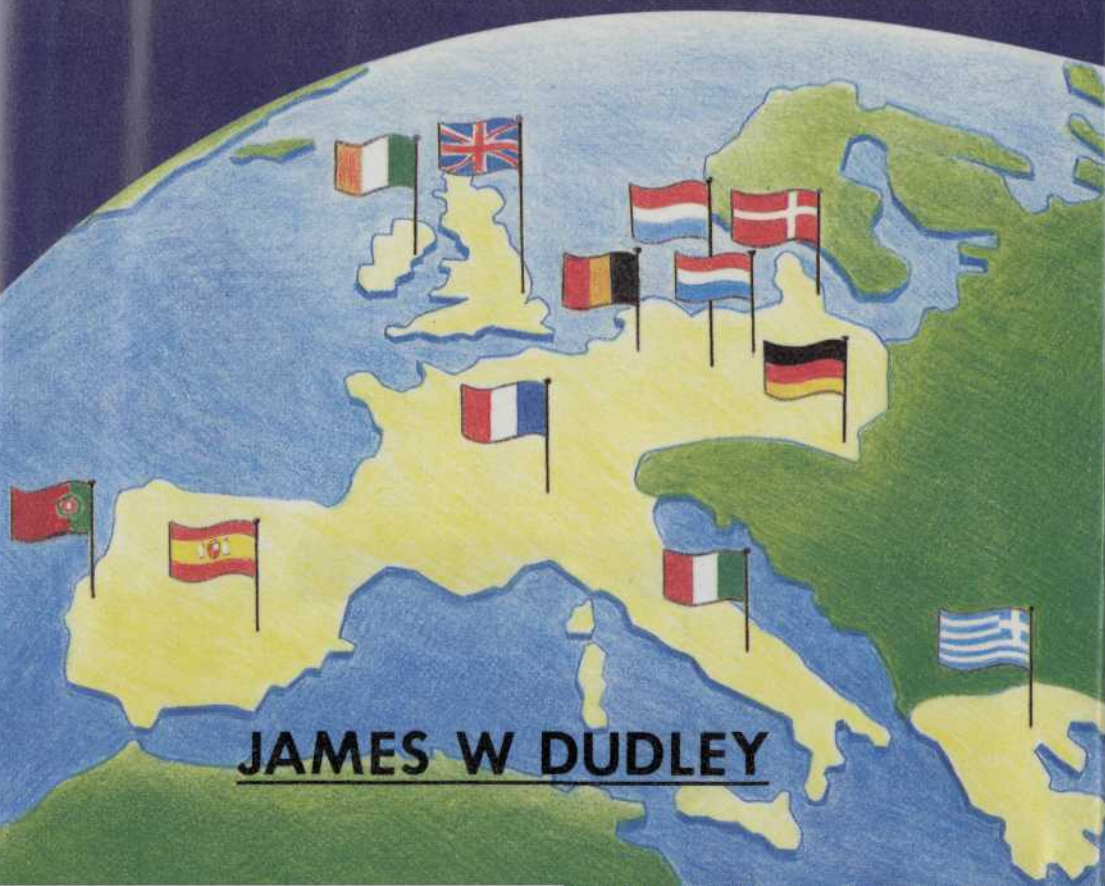


1992

STRATEGIES FOR THE SINGLE MARKET



JAMES W DUDLEY

Contents

<i>Acknowledgements and Note</i>	6
<i>List of Figures</i>	11
<i>List of Tables</i>	13
<i>Foreword</i>	15
<i>Introduction</i>	17
1 The Trauma of the Single Market	21
The European Community – a coalition of self-interest	25
The Single European Act	27
Paolo Cecchini's report	34
Will the Single Market deliver for business?	43
Comparison between EC and Japanese industrial strategies	46
Decision-making in the Community	49
Developing a political strategy	53
2 Competitive Challenges of the Single market	55
The impact of Japanese competition	57
North American competition	61
Competition from the Pacific basin	63
European competition	65
Small- and medium-sized businesses	66
The effects of competition on industry structures	67
3 Strategic Management for the Single Market	77
Strategy – reasons, aims, processes	78
Defining the corporate mission	81
Analysing the company's competitive position	83
Competitive advantages	91
Multi-competitive advantage strategies	95
Resource analysis	95

8 CONTENTS

Resource audit	96
The nature of the market	99
Setting objectives	102
Finding projects and opportunities	108
Organisation for strategic management	114
4 Domestic Firms: Threats and Opportunities	116
Threats from international companies	117
Create defensive strategies	118
Inward opportunities	122
Expand internationally	128
5 Marketing Research for Business Strategies	132
Methods of marketing research	134
Prioritising markets	134
Mapping markets	135
Identification of competitor weaknesses and strengths	135
Determining success criteria	138
Testing individual components of the strategy	138
Assessing public attitudes to products and the company	139
Practical applications of marketing research	139
Setting and executing research projects	141
Methodology for desk research	143
Organising a system for marketing information	152
6 Organising for Europe	157
Phases of international evolution	158
Marketing and distribution structures	160
Branch offices and subsidiary companies	169
Shared ownership	171
Joint ventures	172
Minority control	173
Management and turnkey contracts	174
Licensing	174
7 Product Strategies for International Markets	179
Corporate style	180
Global orientation	182
Finding product candidates	187
Specific products for specific markets	190
8 New Product Development Strategies for International Markets	194
Global development and the application of technology	195
Developing specific products for specific markets	196

NDP in market-maintenance strategies	197
Technology to utilise production capacity	203
Making research and development more competitive	204
Corporate venturing – a new opportunity	211
EC-sponsored research and development	213
Participation and compliance – product standards directives	214
9 Concept Development for New Products	217
Staff schemes and other methods	217
Screening new product ideas	221
Turning an idea into a product concept	222
From concept to new product	224
Reliability and service support	234
Market testing	236
10 Pricing Strategies for International Markets	243
Effects of the Single Market on international pricing strategies	243
Organisational constraints on pricing	246
Problems of controlling prices in a global arena	248
Pricing strategies	250
Pricing in the marketing mix	252
Discouraging price competition	256
Unfair competition regulations	257
Transfer pricing	259
11 International Advertising Policies	261
Advertising in the international marketing mix	261
Standardisation of creative policies	263
Problems of transferring finished advertising	273
Market orientation and economics	273
12 Media Policies for International Products	276
Media structures	276
Advertising standards and legal controls	280
Media information	282
Broadcasting media in Europe	284
International centralisation – decentralisation issues	290
International client–agency relations	292
13 Management of Logistics, Physical Distribution and Customer Service	299
Understanding distribution channel structures	300
Minimising costs, maximising volume	303

10 CONTENTS

Options for devolving production	306
Customer service and customer care	312
14 Foreign Exchange	314
EC capital movements and financial services	314
European financial area	315
The banking sector	316
Liberalisation of capital movements	317
The benefits for companies	318
Risks and transactions	319
Exchange rates	319
Foreign exchange restrictions	322
Instruments of foreign exchange	324
Management of exchange loss risks	326
15 Organisation for International Business	328
Criteria for the international organisation	328
Alternative structures	329
Degree of autonomy for subsidiary companies	345
EC impacts on organisational management – social rights and participation	350
16 Making It Happen	355
The Single-Market plan	357
Outline for a strategic plan	357
Political and legal strategies	360
Resource development and product-markets-development plans	361
The strategic budget	369
Internal organisation to manage the Single-Market strategy	372
A timetable for action	374
Appendix: 1992 programme checklist	375
<i>Useful Addresses</i>	383
<i>Bibliography</i>	389
<i>Index</i>	391

List of Figures

Figure 1.1	The acceleration of mergers and acquisitions involving EC-based companies	23
Figure 1.2	The approach needed to assess the impact of the Single Market	24
Figure 1.3	European Community member states: basic statistics	33
Figure 1.4	The decision-making process in the EC	51
Figure 2.1	Simplified industry value system	69
Figure 2.2	Impact of the Single Market on industry structure	71
Figure 3.1	A scheme of corporate strategy development in the Single Market	80
Figure 3.2	Cascade of missions for a pharmaceutical business	83
Figure 3.3	Assessment of competitive position	89
Figure 3.4	Competitive advantage compass illustrating the gap of feasibility between opposites	92
Figure 3.5	Marketing development based on product life cycle	100
Figure 3.6	Illustration of the use of gap analysis to set objectives and projects	103
Figure 3.7	Market share	105
Figure 3.8	Number of different strategy options which are afforded to companies (with some conceptual attachment risk)	108
Figure 3.9	Integration and diversification in an industry value system	111
Figure 4.1	Division of potential competitors into friends, contestants into allies	123

12 LIST OF FIGURES

Figure 5.1	Mapping the market	136-137
Figure 5.2	Model worksheet for finding information	143
Figure 5.3	Marketing information system	152
Figure 5.4	Co-ordinated information flows within a company	155
Figure 7.1	A scheme for differentiated marketing programmes	193
Figure 8.1	Product stretching strategies drug indications/ drug-delivery systems	199
Figure 8.2	Product proliferation calculators	200
Figure 8.3	Contrast of traditional view of a product life cycle and the shortening life cycles for high technology products	201
Figure 9.1	The six key tasks of a package are embodied in four overlapping features of a pack	235
Figure 10.1	The effect of price levelling in the Single Internal Market	245
Figure 12.1	Intelsat 5 - The big media footprint on Europe satellite broadcasting	285
Figure 13.1	Long and short distribution channels	302
Figure 13.2	Matching scale advantages to market share strategies to achieve a competitive service while minimising costs	304
Figure 15.1	Diversified business with a centralised export structure	331
Figure 15.2	International divisional structure	332
Figure 15.3	Mother-daughter structure	335
Figure 15.4	Global functional structure	336
Figure 15.5	Product divisional structure	338
Figure 15.6	Local umbrella company structure	339
Figure 15.7	Regional functional structure	341
Figure 15.8	Regional product structure	343
Figure 16.1	Strategic plan for the Single Market	358

List of Tables

Table 1.1	The relative cost of financial services in the EC	41
Table 1.2	Composition of the Economic and Social Committee	50
Table 2.1	Top automotive companies	58
Table 2.2	The EC's share of global companies – Top 1,000	62
Table 10.1	National price differences compared with intra-EC differences – the case of home electronics in Germany	244
Table 10.2	Rates of VAT in the Community Member States (situation as of January 1986)	249
Table 11.1	Differences between advertising proposition and presentation	269
Table 12.1	Distribution of advertising expenditure by media	283
Table 12.2	Number of commercial stations – radio	284
Table 12.3	Availability of TV advertising in 14 European countries	287
Table 12.4	Satellite and cable broadcasting companies in Europe	288– 289
Table 13.1	Rank ordering of service levels – grocery buyers USA	299