

Practical Class #08

International Management
Spring 2025

April, 10/11

Multinational Competitive Advantage

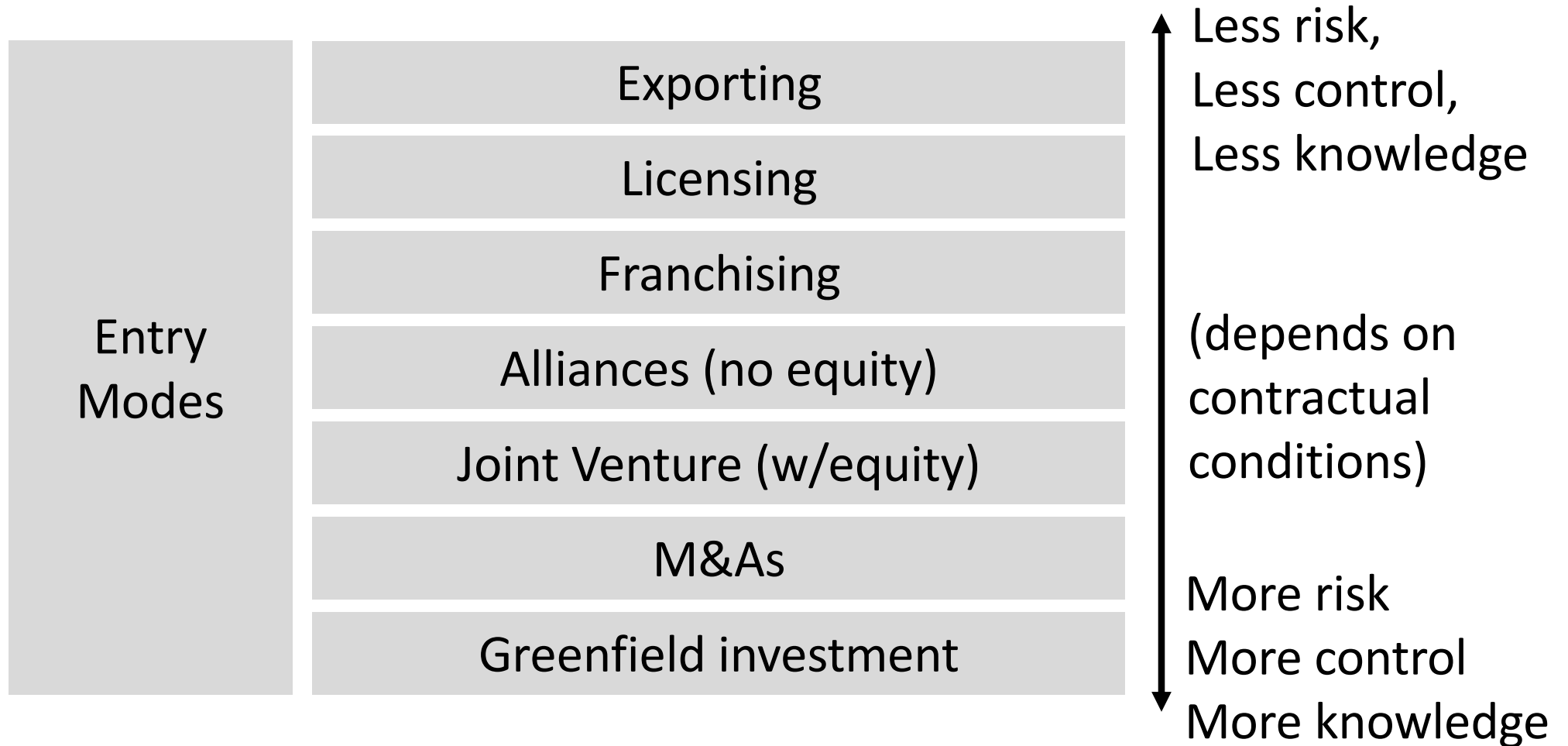
❖ Seeking new markets (to extend existing competitive advantages)

- Does the company have a competitive advantage that can work abroad?
- Need to analyse whether key sources of competitive advantage can be transferred to a particular country
 - E.g.: Walmart opening stores in China

❖ Develop worldwide competitive advantage (to seek new sources of competitive advantage)

- Can the company go abroad to develop a worldwide competitive advantage?
- Need to analyse the degree to which the value chain can be integrated around the world to develop global sources of competitive advantage
 - E.g.: Walmart buys many of its products from China

How to enter a market?



ARA: a new geography, a new challenge



Exercise Reading & Discussion

- ❖ Go to Moodle >> JM in Colombia (PDF)

- ❖ Based on the article, answer to:
 1. What is JM's competitive advantage that is being explored in its international expansion?
 2. What were the main aspects considered when selecting Colombia and the Eje Cafetero location?
 3. What was the entry mode adopted? Why?
 4. Which aspects of the value chain are critic in this operation?
 5. Is ARA different from Pingo Doce?

Exercise Reading & Discussion

1. What is JM's competitive advantage that is being explored in its international expansion?
 - Price competitiveness (efficiency is key)
 - Private labels
 - Proximity stores
 - Knowledge and know-how

Exercise Reading & Discussion

2. What were the main aspects considered when selecting Colombia and the Eje Cafetero location?
 - Highly significant logistic advantages (local suppliers)
 - No/little competition

3. What was the entry mode adopted? Why?
 - Greenfield to maintain control and have higher knowledge of the market

Exercise Reading & Discussion

4. Which aspects of the value chain are critic in this operation?
- Quality of suppliers
 - Private labels: local suppliers
 - Distribution
 - The management of the entire value chain to ensure efficiency
 - Autonomy to better adapt to the local needs

Exercise Reading & Discussion

5. Is ARA different from Pingo Doce?

- Bigger stores
- Store layout
- Range of products
- Colourful environment, music in stores, the brand

In common:

- Price competitiveness (efficiency is key)
- Private labels
- Proximity store
- Cost leadership

Exercise – Entry Modes

1. In groups, discuss the chosen entry mode and potential alternatives. Discuss advantages and disadvantages of each entry mode