INNOVATIVE COMPETITIVENESS
Rethinking the International Business Model

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THE WAY BUSINESS THINKS IS CHANGING

MASS PRODUCTION
Engineering Model
Make it → Sell it (Engineering Demand Model)

Early Information Importance & 4Ps
LEAN JAPANESE MODEL
Just In Time (JIT), TQM, 6 SIGMA,
Make it with – Marketing/ Consumer Research/
Modify

INTERNET/ INFORMATION AGE
Create Value → Information – Innovation
Consumer Driven – Change

Then Came 70s

Today’s Competition
<table>
<thead>
<tr>
<th></th>
<th>Internet Enabled Mix</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Price</strong></td>
<td></td>
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<tr>
<td><strong>Place</strong></td>
<td></td>
</tr>
<tr>
<td><strong>Promotion</strong></td>
<td></td>
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<tr>
<td><strong>Product</strong></td>
<td></td>
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</tbody>
</table>

**Looking @ Old Marketing 4 Ps Mix**
## Looking @ Old Marketing 4 Ps Mix

### Price

- Heavy **influence of firm** in relation to competitive positioning.
- Price **segments** in order to achieve the highest price from different consumer groups through **targeted discounting**.

### Place

- Marketplace focus with company sites. **Some freedom from place through mail orders** and mailing of brochures.

### Promotion

- **Standard** avenues of advertising, using mixture of TV, print, radio, etc. Idea is to "**intercept**" people and get them to shift away from current activity toward seller's promotion (read the ad, see the billboard, interrupt the TV show).
- **COMPANY DRIVEN** intercept and message
  - **BrAND – IMAGE**  Company Controlled

### Product

- **All products and services** available but often in **predetermined supply** due to inventory issues. **Relies on location** for distribution.
- **THROUGH PROMOTION YOU FIND PRODUCTS/SERVICES PUSHED AT YOU**

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## Internet Enabled Mix

### Price

- Significantly **influenced by consumer**.
- Internet searches for price and information flow by social networks, and reduce company's ability to regulate price.

#### INFO SEARCH PRICING

- **Freeloader Research** – Information

### Place

- Internet **frees companies from location**—location becomes web address. The concept is that "**marketspace**" makes products and services globally available.

### Promotion

- **Search Engine Optimization** a central means of reaching consumers. Uses data mining techniques to focus resources toward specific high-potential consumer groups. Digital campaigns non-intrusive to the consumer.

#### CONSUMER DRIVEN

- **TARGET : FACEBOOK & GOOGLE DEMOGRAPHIC – DATAMINING**

### Product

- **Digital services and products available for immediate download and use.** Physical products available through mail distribution, **long tail ability**

#### PRODUCTS FIND YOU – DATA MINING/ SOCIAL NETS GPS

- **NYTimes best seller – not published** 7th J.K. Rowling’s Harry Potter book Amazon’s most pre-ordered product 1.6 million copies globally
PRODUCTS FOR EVERYONE

80/20 RULE OF CONSUMER’S OUT THE WINDOW

INFORMATION BASED

55k Movies

98%

10K songs

95%

COMPETITION PROFITS

Head

Long Tail

Products

COMPETITION PROFITS

Borders 100k
Amazon 25% outside top 100
1/3 existing market outside
Developing a Strategic Marketing Position

Internet Properties
- Mediating technology
- Global
- Real Time
- Marketspace vs. marketplace
- Distribution channel
- Low barriers to entry
- Consumers empowered
- Low user search costs
- Innovation driven
- Can equalize firm size advantages

Internet Consumer Relationships
- Commerce
- Content
- Customization
- Community
- Communication

Environments
- Technological
  - National Consumer-Firm
  - Consumer
  - Political
  - Social
  - Competitive

Tools Mix
- Digitalization
- Product & Distribution
- Social Media
- SEO
- Website Abilities
- Multimedia approaches
- Email

Firm's Competitive Advantages & Objectives (SWOT)

Strategic Marketing Position
## Book Fares That Fit Your Budget Now!

- **Book your tickets** by March 11, 2010.
- Travel to and from Florida, San Juan, Aruba, Montego Bay, and Cancun is valid from April 6 through November 16, 2010.
- Travel to all other destinations is valid through November 16, 2010.
- 10-day advance purchase required.
- Lowest sale fares are valid for travel on Mondays, Tuesdays, Wednesdays, Thursdays and Saturdays.
- Additional sale fares are valid for travel on Fridays and Sundays.

### Sale fares between Boston and:

<table>
<thead>
<tr>
<th>Destination</th>
<th>Price</th>
</tr>
</thead>
<tbody>
<tr>
<td>Akron/Canton</td>
<td>$69</td>
</tr>
<tr>
<td>Aruba</td>
<td>$194</td>
</tr>
<tr>
<td>Atlanta</td>
<td>$89</td>
</tr>
<tr>
<td>Baltimore</td>
<td>$54</td>
</tr>
<tr>
<td>Bloomington/Normal</td>
<td>$104</td>
</tr>
<tr>
<td>Branson</td>
<td>$104</td>
</tr>
<tr>
<td>Cancun</td>
<td>$89</td>
</tr>
<tr>
<td>Charlotte</td>
<td>$79</td>
</tr>
<tr>
<td>Chicago (Midway)</td>
<td>$84</td>
</tr>
<tr>
<td>Columbus</td>
<td>$79</td>
</tr>
<tr>
<td>Dallas/Ft. Worth</td>
<td>$77</td>
</tr>
<tr>
<td>Dayton</td>
<td>$69</td>
</tr>
<tr>
<td>Denver</td>
<td>$104</td>
</tr>
<tr>
<td>Des Moines</td>
<td>$134</td>
</tr>
<tr>
<td>Detroit</td>
<td>$109</td>
</tr>
<tr>
<td>Flint</td>
<td>$119</td>
</tr>
<tr>
<td>Ft. Lauderdale</td>
<td>$75</td>
</tr>
<tr>
<td>Ft. Myers</td>
<td>$76</td>
</tr>
<tr>
<td>Grand Rapids</td>
<td>$119</td>
</tr>
<tr>
<td>Gulfport/Biloxi</td>
<td>$89</td>
</tr>
<tr>
<td>Houston (Hobby)</td>
<td>$97</td>
</tr>
<tr>
<td>Indianapolis</td>
<td>$69</td>
</tr>
<tr>
<td>Jacksonville</td>
<td>$69</td>
</tr>
<tr>
<td>Kansas City</td>
<td>$88</td>
</tr>
<tr>
<td>Key West</td>
<td>$147</td>
</tr>
<tr>
<td>Las Vegas</td>
<td>$94</td>
</tr>
<tr>
<td>Los Angeles (LAX)</td>
<td>$94</td>
</tr>
<tr>
<td>Memphis</td>
<td>$104</td>
</tr>
<tr>
<td>Miami</td>
<td>$94</td>
</tr>
<tr>
<td>Milwaukee</td>
<td>$74</td>
</tr>
<tr>
<td>Minneapolis/St. Paul</td>
<td>$79</td>
</tr>
<tr>
<td>Milwaukee/Quad Cities</td>
<td>$119</td>
</tr>
</tbody>
</table>

### Search and Book

- **Travel:** Round Trip / One-way
  
  - **From:** [Origination City]
  
  - **To:** [Destination City]
  
  - **Departing:** 08 / March 2010
  
  - **Returning:** 15 / March 2010
  
  - **Passengers:** 1

  [Advanced Search] >

  [search]

  Problems with this form? Visit [AirTran.com](http://www.airtran.com) or search [en español](http://www.airtran.com/espanol).

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**Universal Orlando® Resort - Buy 3 Nights, Enjoy 2 More Nights FREE!**
COMPETITIVE ADVANTAGES

OLD ADVANTAGES
• Low cost labor/
  Labor relationships
• Favorable debt
  financing
• Domestic subsidies
• Protected markets
• Size
• Superior tax systems

NEW ADVANTAGES
• Responsive infrastructures
• Consumer aware
• Education
• Management/Organization Enthusiastic to Change
• Technology & Innovation Driven

SUBJECT TO:
 SHIFTS IN CONSUMER DEMAND
 LACK OF PROTECTION OF TECHNOLOGY
 REPLACEMENTS OF PRODUCTS BY TECH
KEEPING UP WITH CHANGE
Technology & Pace of Change
The problem— not really so much how to get new, innovative thoughts into your mind, but how to get old ones out.

“...It is generally much easier to kill an organization than change it substantially.”

Kevin Kelly, Out of Control

Nike, recently made 400 of its patents public Web-based marketplace “GreenXchange” to multiply the people actively thinking about ways to make it's ideas more useful.

Google - Engineers 1 day a week to work on whatever they want and to “follow their hunches” Has created: Gmail, Google News, and AdSense.
Attack the market where the competitor is weakest. Winning by flanking.
Offering new product making theirs unnecessary, **MAKING THINGS PEOPLE CAN NOT LIVE WITHOUT THAT THEY DO NOT KNOW THEY NEED**
NEVER HAS ENVIRONMENT BEEN MORE RECEPTIVE TO NEW IDEAS & MORE HOSTILE TO EXISTING FIRMS and NATIONS

COMPANIES MORE LIKELY TO BE AMBITION CONSTRAINED THAN RESOURCE CONSTRAINED
SPEED & FLEXIBILITY
LARGE FIRMS FIND DIFFICULTIES

Internet as Mass Medium — North

North American Users / Households (MM)

Years to Reach 50 MM Users

Radio: 38 years
TV: 13 years
Cable*: 10 years
Commercial Internet: 5 years

Facebook
6 years 500m

* Launch of HBO in 1976 used to estimate the beginning of cable as an entertainment / advertising medium
Facebookistan

500 Million users – 3rd largest “Nation” in World

- 70% of Facebook users outside US
- 43% US Penetration 6% World

70 Languages
The New Email?

300,000 app translators

People spend over 700 billion minutes per month on Facebook
HOW MUCH DO CONSUMERS TRUST?

<table>
<thead>
<tr>
<th>Method</th>
<th>Trust (%)</th>
</tr>
</thead>
<tbody>
<tr>
<td>Email from people you know</td>
<td>77%</td>
</tr>
<tr>
<td>Consumer product ratings/reviews</td>
<td>60%</td>
</tr>
<tr>
<td>Portals/search engines</td>
<td>50%</td>
</tr>
<tr>
<td>Yellow Pages (not online)</td>
<td>48%</td>
</tr>
<tr>
<td>Print newspapers</td>
<td>46%</td>
</tr>
<tr>
<td>Social networking site profiles from people you know</td>
<td>43%</td>
</tr>
<tr>
<td>Print magazines</td>
<td>39%</td>
</tr>
<tr>
<td>Radio</td>
<td>39%</td>
</tr>
<tr>
<td>Online content sites (e.g., NYTimes.com, CNET, iVillage)</td>
<td>39%</td>
</tr>
<tr>
<td>TV</td>
<td>38%</td>
</tr>
<tr>
<td>Wikis (e.g., Wikipedia)</td>
<td>33%</td>
</tr>
<tr>
<td>Email from a company or brand</td>
<td>28%</td>
</tr>
<tr>
<td>Direct mail</td>
<td>25%</td>
</tr>
<tr>
<td>Message board posts</td>
<td>21%</td>
</tr>
<tr>
<td>Online classifieds</td>
<td>20%</td>
</tr>
<tr>
<td>Personal blog</td>
<td>18%</td>
</tr>
<tr>
<td>Social networking site profiles from a company or brand</td>
<td>18%</td>
</tr>
<tr>
<td>Company blog</td>
<td>16%</td>
</tr>
</tbody>
</table>

Base: US online adults who use each type of content

*Trust is defined as a 4 or 5 on a scale from 1 [don't trust at all] to 5 [trust completely].
Source: North American Technographics® Media And Marketing Online Survey, Q2 2008

Source: Forrester Research, Inc.
1. **Endless boundary:** eWOM communicators can reach far beyond geographical limitations, because consumers from all over the world can access internet.

2. **Written sphere:** unlike traditional WOM which consists of spoken word exchange, electronic WOM is written.

3. **Communication with anonymous people:** traditional WOM occurs with relatives and friends, and eWOM gives an opportunity to communicate with other people.

4. **Directness:** eWOM a seller to effectively and directly initiate and broadcast consumer reviews with the help of advancement in technologies.

5. **Volume:** information available online is much more voluminous in quantity compared to that of traditional WOM.

SOURCE: Hong (2010)
How successful is the campaign? What is:
The concept? Ambassador? Way to keep buzz going?
NETWORK - IDEAS MOST COME FROM INTERACTION

INNOVATION'S KEY IN GLOBAL STRATEGY

A key part of P&G's innovation strategy is to find innovation, not just develop it.

Called "Connect + Develop," the aim is to connect with the most creative minds in the world, bringing in house ideas and innovations that advance, enhance or expand current P&G work projects or strategies. Then, through mutually beneficial partnerships, P&G builds on those ideas to deliver with both speed and excellence. Superior products and improved business outcomes for consumers, customers and P&G.

- Connect: P&G needs to connect with the right people, whether they are fellow scientists, business partners or even competitors. This helps to ensure that the best ideas get the attention they deserve.
- Develop: Once ideas are connected to the right people, they need to be developed into market-ready products. This involves working with partners to bring ideas to life and make them a reality.

Innovation is not just about coming up with new ideas, it's about turning those ideas into something people can use and enjoy. That's why P&G's Connect + Develop strategy is so important. By connecting with the right people and developing those ideas, P&G can create products that are better, faster and more efficient than ever before.
Technology, friend or foe?

1097 Pope Urban II outlawed crossbow

THE DUTCH FLOWER GROWERS (DFA)
TELE-FLOWER AUCTION (TFA)

11,000 SELLERS
3,500 FLOWER TYPES
5,000 BUYERS
120 AUCTION GROUPS

WEB The first United Breaks Guitars video cost $150 viewed on YouTube 10 million over 100 million people learned Dave’s story Estimated that the first UBG video cost United Airlines over $180 million.
THE END

BECAUSE IDEAS NEED TO BE ABLE TO TRAVEL BOTH WAYS

EMAIL ME WITH YOUR IDEAS!

KIP BECKER
GoGlobal@BU.EDU