

# National and Firm-Level Advantage

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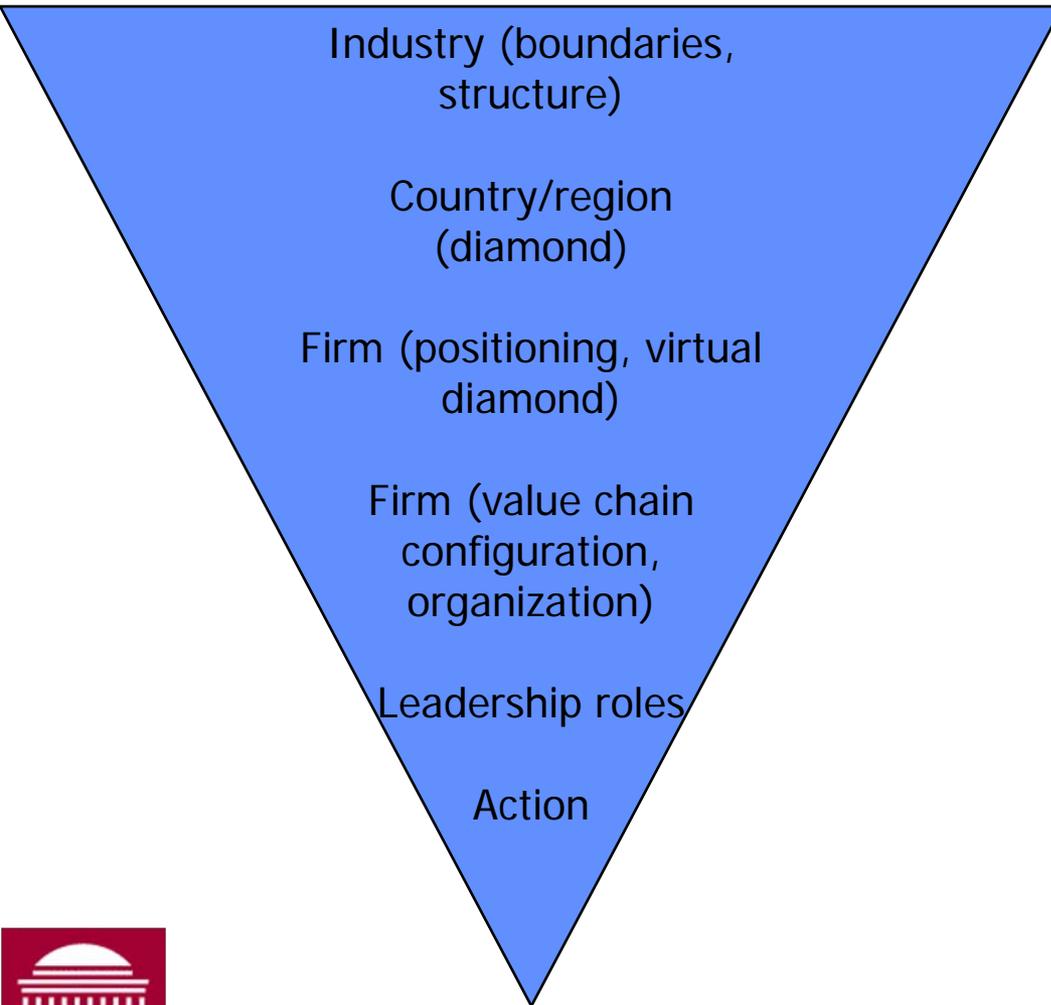
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# Frameworks and Issues



- How “global” is the game, is it worth playing?
- What advantages can we potentially gain from conditions in home country (and other regions firm can “tap”)?
- On what basis should we play?
  - Scale/scope
  - Arbitrage
  - Variety
- How to configure globally to deliver
- How to perform key roles

# Bollywood revisited

- Movie (and more broadly produced entertainment) industry is “semi-global”
- BW has various potential bases for international/global competitiveness
  - sunk cost/scale
  - great home base
  - variety
- These apply differently to different countries, segments
- Important that it adopt a global focus

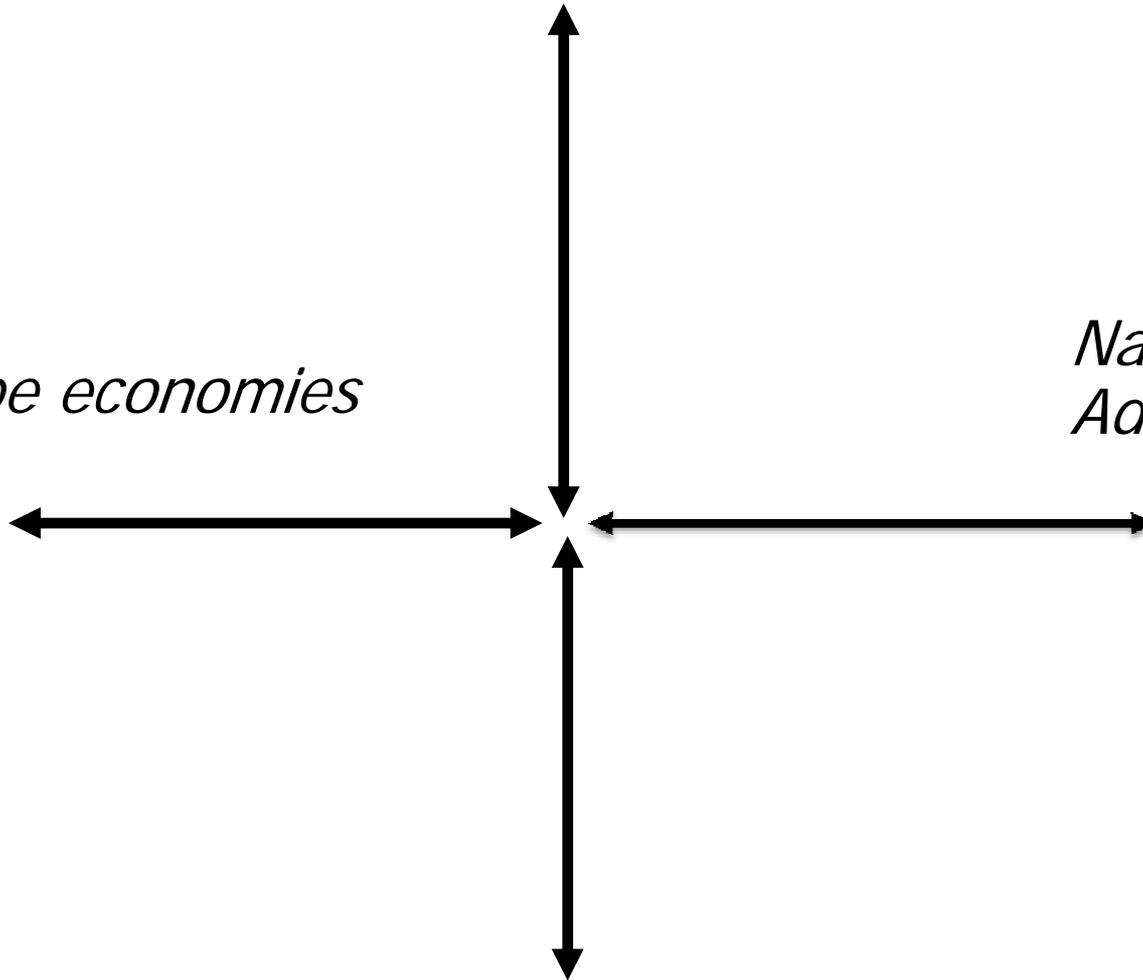


# How global is the moviemaking industry?

*Market similarity*

*Scale, scope economies*

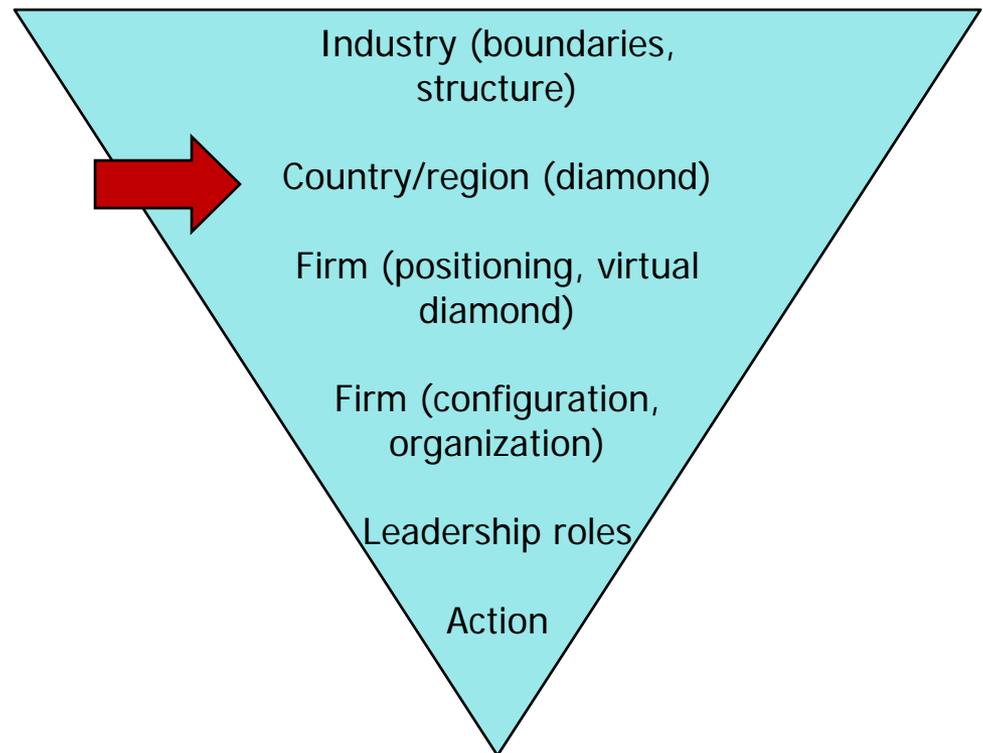
*National Advantage*



*Global regimes/ National regulation*

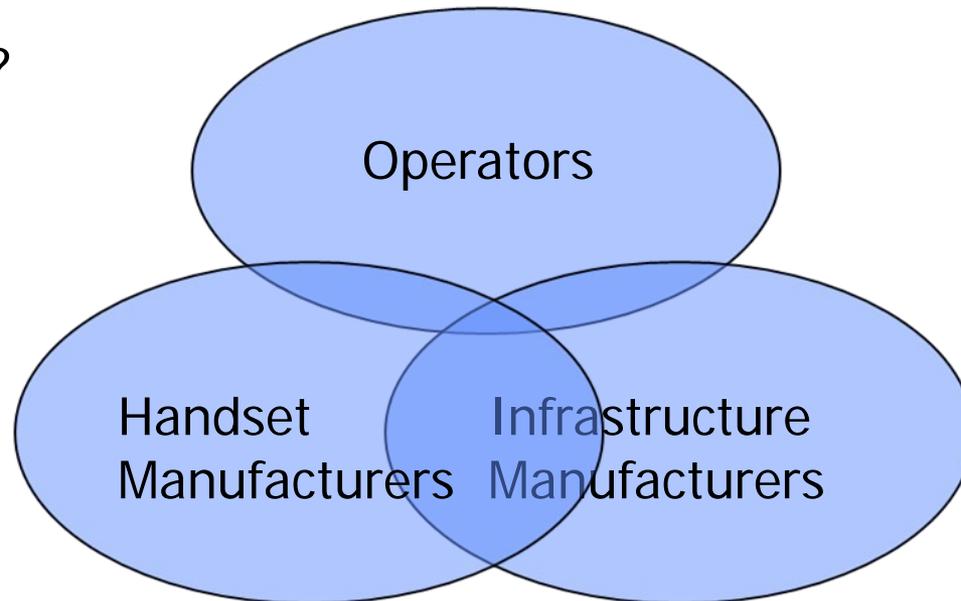
# Today's Focus

- Understanding “Home –base” Advantage
  - What it is?
  - How to exploit it globally?
  - How to move beyond it?



# Mobile Phone Industry scope

- In order for country characteristics to matter, “industry” must extend beyond national boundaries.
- How global is (or should be) cell-phone industry?
- Which piece?

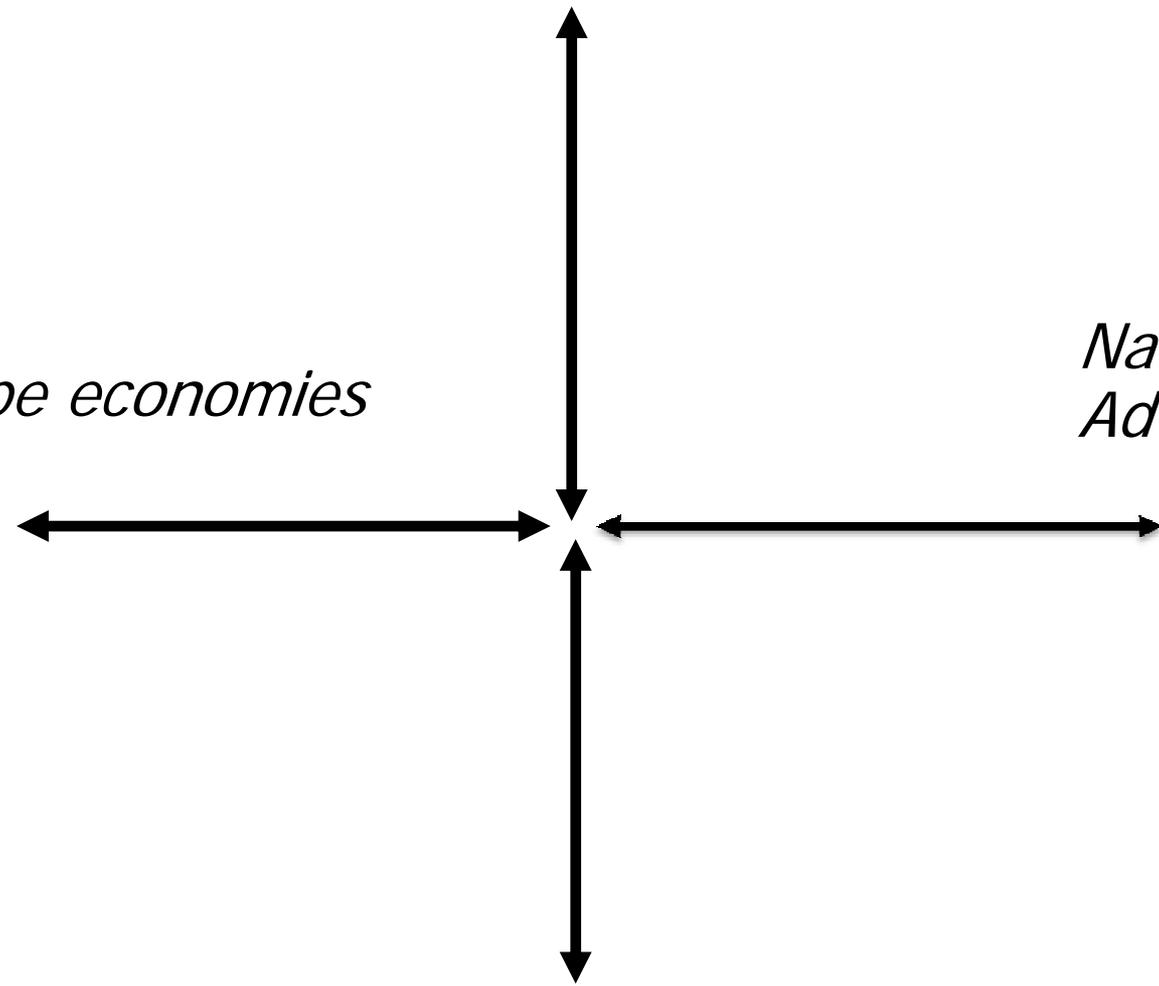


# How (potentially) global is the mobile phone industry?

*Market similarity*

*Scale, scope economies*

*National Advantage*

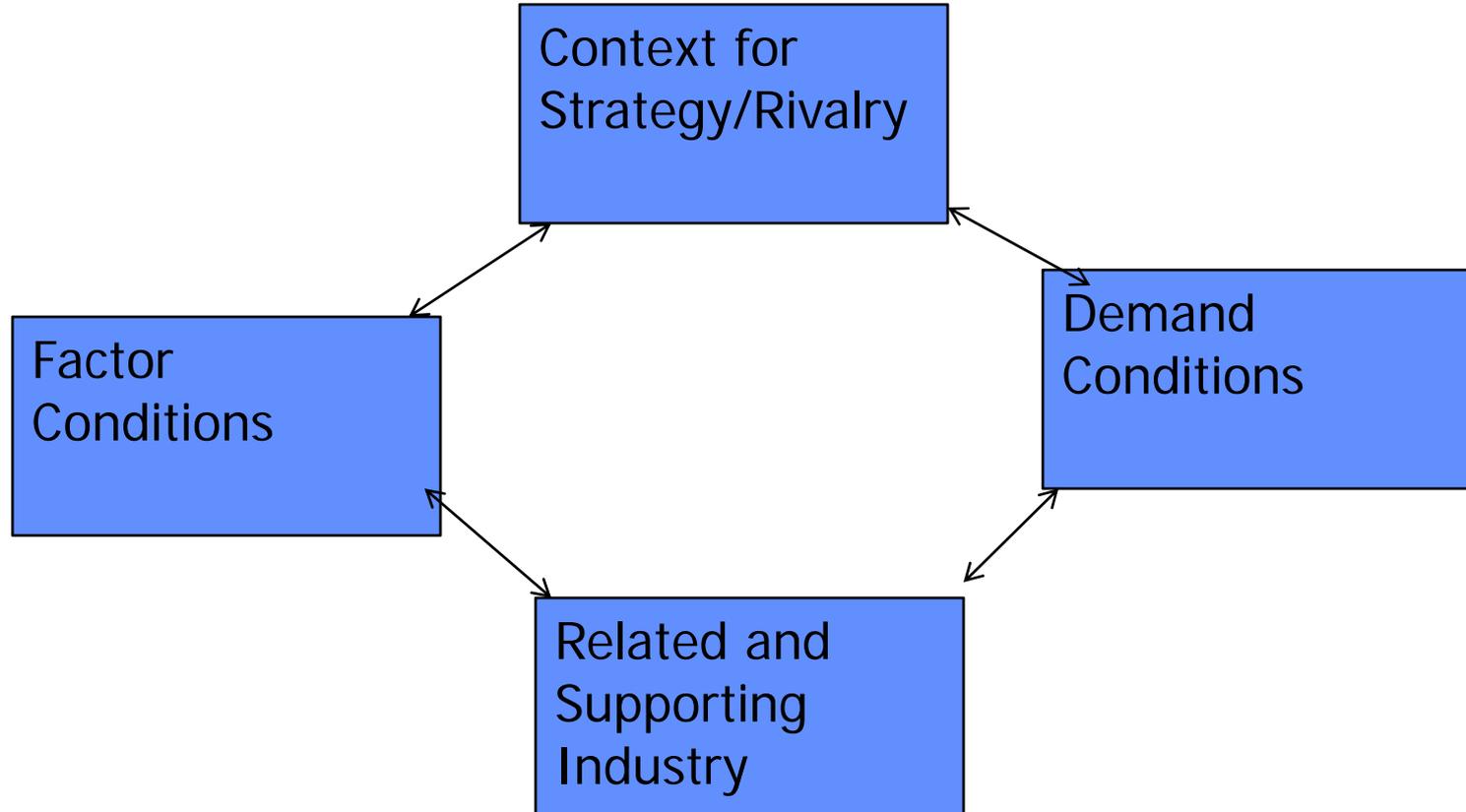


*Global regimes/ National regulation*



# Finland as Home Base

- What were the primary characteristics of Finland that allowed Nokia to build a global leadership position in mobile phones? Which of these were the result of explicit policy choices?



# Was Finland Unique?

- To what extent were these advantages unique to Finland, compared to Germany or other countries in Western Europe, the U.S. or Japan?

Student response removed due to copyright restrictions.



# Reaching Beyond

- To what extent did Nokia “reach beyond” these “home-base” characteristics in establishing its leading position?

Student response removed due to copyright restrictions.



# Now What?

- Do you think the same cycle of establishing advantage (and the associated business model) in an advanced country and diffusing it to other markets (including emerging markets) is still relevant in this industry? Why or why not?

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# Changing Demand Patterns

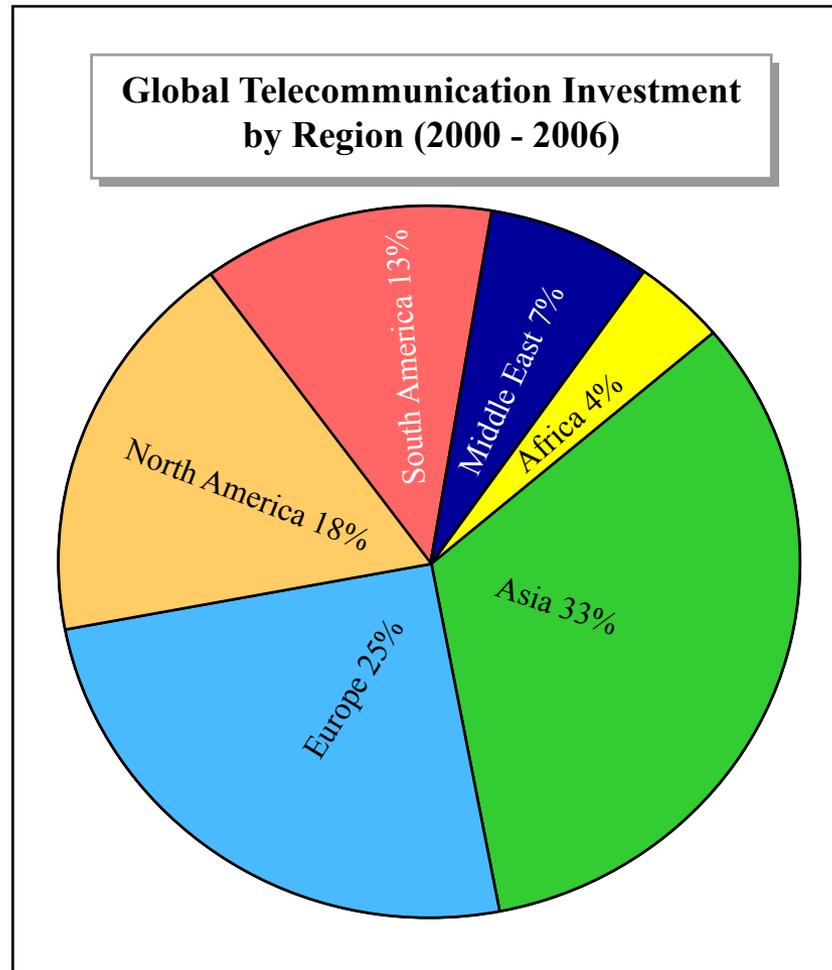
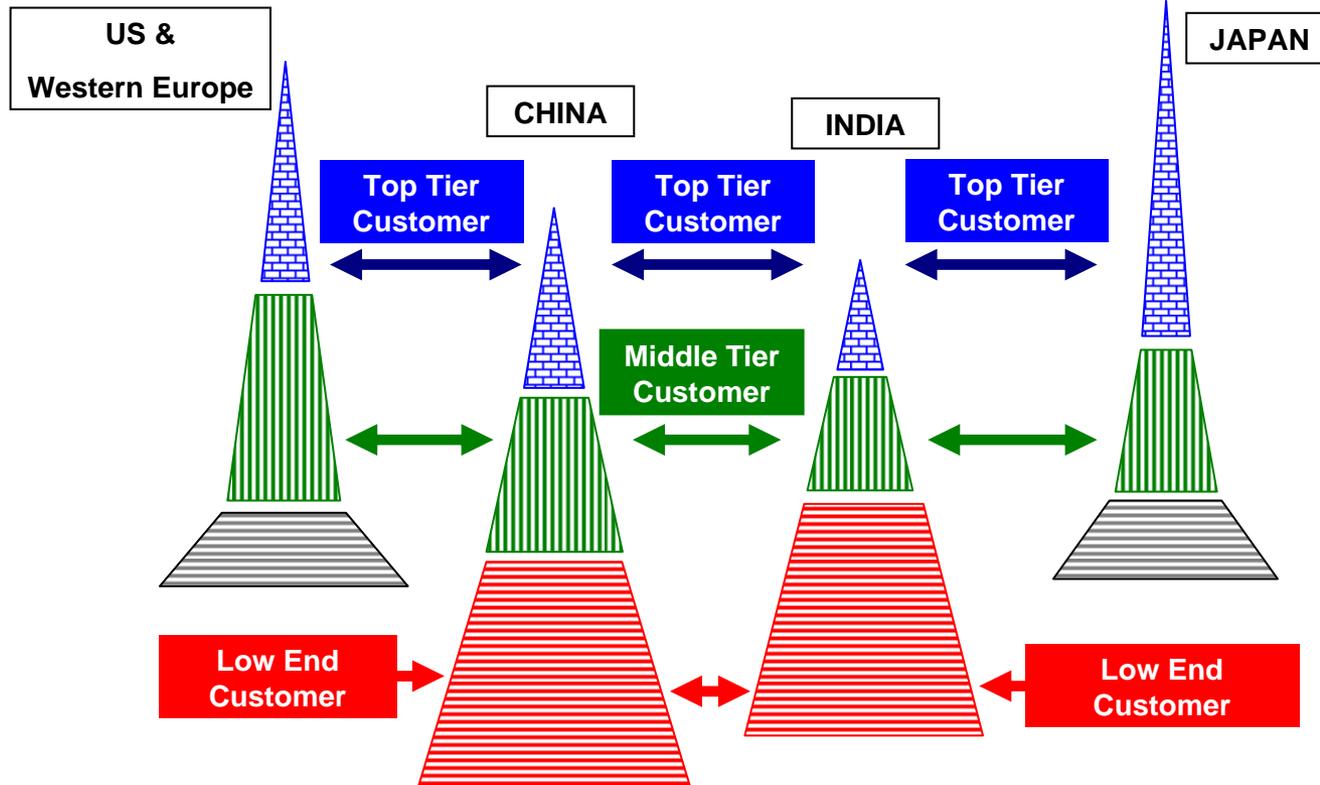


Figure by MIT OpenCourseWare.

# Evolution of "Global" Segments



Source: Rehan Asad Thesis 2008  
Courtesy of Rehan Asad. Used with permission.

# Wednesday's Focus -- Shimano

- Understand how firms “internationalize” by “exploiting” home base advantage
- Understand how firms “enhance” capabilities by creating “virtual diamonds”
- All in dynamic context

