



CASE STUDY 1:

MARKET ENTRY IN DENMARK

PORTFOLIO ANALYSIS FOR ELDOMINVEST LTD.



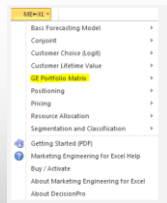



WHICH PRODUCT TO EXPORT TO DENMARK?

PORTFOLIO ANALYSIS

TOOL: GE PORTFOLIO MATRIX



SOFTWARE: ME-XL

The GE Portfolio approach evaluates a business on the basis of **two composite dimensions: INDUSTRY ATTRACTIVENESS and BUSINESS STRENGTH.**



These dimensions, in turn, consist of a series of weighted factors. Both the factor weights and the factors themselves may vary from one application to another; for example, **industry attractiveness** includes measures of market size, growth rate, competitive intensity, and the like,

whereas **business strength** normally includes such measures as market share, share growth, and product quality. Analysts assign each business a rating for each factor and weight to each factor. Multiplying the factor ratings by the weights produces a position for each business on the strength/attractiveness matrix.


The GE Portfolio approach helps firms answer such questions as:

- ✓ On which products, offerings, or divisions should we **focus** our efforts?
- ✓ What method can we use to assess and understand **the weights** that various members of the management team assign to different dimensions?
- ✓ How can we reconcile **different points of view**?





THE STEPS OF THE APPROACH

STEP 1: CREATING A TEMPLATE



- 1.1. Listing items
- 1.2. Defining the horizontal axis
- 1.3. Defining the vertical axis
- 1.4. Defining weight sets



THE TEMPLATE

THREE PRODUCTS:

1. ELECTRIC HEATERS
2. HEAT PUMPS
3. BUFFER TANKS

Horizontal Axis (ratings, weights)

On a scale from 1 to 5, rate items on each factor, and weight the importance of each factor.

Business Strength	Electric heaters	Heatpumps	Buffer Tanks	Marketing weights	Finance weights
Product Fit (CFI)					
Brand Reputation					
Product Share					
Competitive Product					
Market Share (CS)					
Product Quality					
Product Diversity					

Vertical Axis (ratings, weights)

On a scale from 1 to 5, rate items on each factor, and weight the importance of each factor.

Industry	Electric heaters	Heatpumps	Buffer Tanks	Marketing weights	Finance weights
Overall Market					
Annual Market Growth Rate (CA)					
Competition					
Intensity					
Historical Profit Margin					
Energy					
Equipments					
Environmental					
Other					

STEP 2: ENTERING THE DATA

STEP 3: RUNNING ANALYSES

STEP 4: INTERPRETING THE RESULTS

Heating installations in dwellings

Year	Electric heating	Heat pumps	Other
1981	1000	1000	1000
1990	1500	1500	1500
2000	2000	2000	2000
2010	2500	2500	2500
2012	2800	2800	2800

Rating	Subrange 10 (1-1)	Subrange 100 (1-1)	Subrange 100 (1-1)	Total
100%	100	1000	10000	11100
90%	10	100	1000	1110
80%	1	10	100	111
70%	0.1	1	10	11.1
60%	0.01	0.1	1	1.11
50%	0.001	0.01	0.1	0.111
40%	0.0001	0.001	0.01	0.0111
30%	0.00001	0.0001	0.001	0.00111
20%	0.000001	0.00001	0.0001	0.000111
10%	0.0000001	0.000001	0.00001	0.0000111

Horizontal Axis (ratings, weights)

Business Strength	Electric heaters	Heatpumps	Buffer Tanks	Marketing weights	Finance weights
Product Fit (CFI)	3	5	3	3	3
Brand Reputation	5	3	3	4	2
Product Share	1	2	2	3	3
Competitive Product	2	2	2	5	2
Market Share (CS)	2	2	2	3	2
Product Quality	3	3	3	3	2

Vertical Axis (ratings, weights)

Industry	Electric heaters	Heatpumps	Buffer Tanks	Marketing weights	Finance weights
Overall Market	2	2	4	3	3
Annual Market Growth Rate (CA)	2	3	2	2	4
Competition	3	4	5	3	3
Historical Profit Margin	2	3	3	2	3
Energy	4	4	5	4	2
Equipments	3	4	4	3	3
Environmental	3	4	4	3	3
Other	3	4	4	3	3

Market Size

On a scale from 1 to 20, please enter market size for each item.

Market Size	Electric heaters	Heatpumps	Buffer Tanks
1	7	10	14

Marketing weights

Legend: #Electric heaters (blue), #Heatpumps (red), #Buffer Tanks (green)

Finance weights

Legend: #Electric heaters (blue), #Heatpumps (red), #Buffer Tanks (green)



CASE STUDY 2:

BRICS COUNTRIES

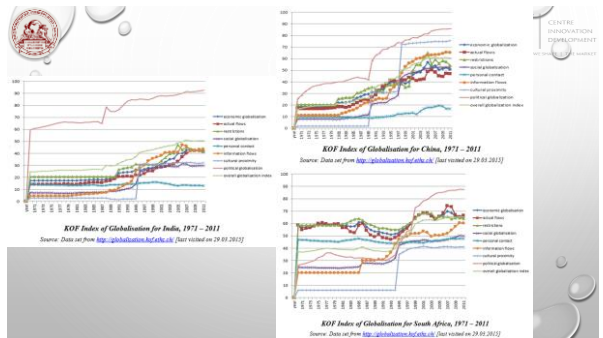
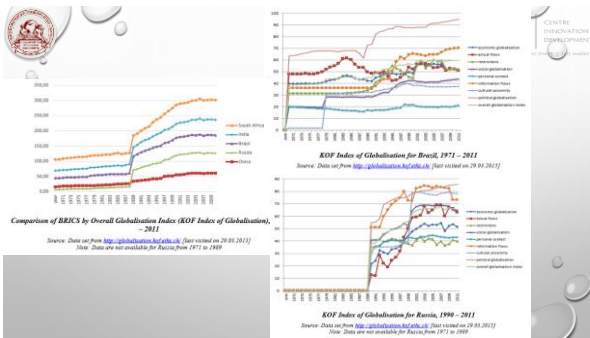
POTENTIAL HOST COUNTRIES FOR TURNKEY PROJECTS IMPLEMENTATION

Regression analysis, global markets

Dependent variable	Independent variable	Type of relationship	Coefficients	Significance
Financial efficiency	Labour expenditures/stages	Linear	a = 0.266	0.000
			b = -0.416	
HR skills	Relevant experience	Linear	a = 0.747	0.000
			b = -0.403	
Business environment	Country risk	Linear	a = 0.139	0.000
			b = 0.462	
Business environment	Infrastructure	Linear	a = 0.016	0.000
			b = 1.269	
Business environment	Security of intellectual property	Logarithmic	a = 2.585	0.000
			b = 1.137	

Secondary data sources: A.T Kearney, Foreign Policy Globalisation Index 2011 Report and World Economic Forum, The Global Competitiveness Report 2011-2012.
Note: In the above table only statistically significant relations between analysed variables are presented. Information about all tested relations could be received by the author under request. The significance values for the coefficients in regression equations is case when $\alpha > 0.01$ is shown in brackets.

Based on received results we can identify **THREE MAIN AREAS** for marketing interventions in global markets, namely financial efficiency, HR skills and business environment. **Business environment** interventions could be implemented by affecting country risk levels, infrastructure and security of international property. The second one, **infrastructure**, is particularly interesting because turnkey projects are usually used to develop and to implement infrastructure projects. The correlation analysis reveals the strongest relationship (Pearson coefficient 0.607, $\alpha = 0.000$) of the effect of **financial efficiency** over total assessment of global competitiveness. We can conclude that the most frequent interventions on global markets are performed through financial tools.



RESULTS FROM THE ANALYSIS (1)

There are obvious differences in the structure of the globalisation process between BRICS, especially for the elements "personal contact" and "cultural proximity". Two "jumps" in cultural proximity (1989 and 1997) are evident for **China**. Personal contact still remains at a low level with values quite similar to those of **India**.

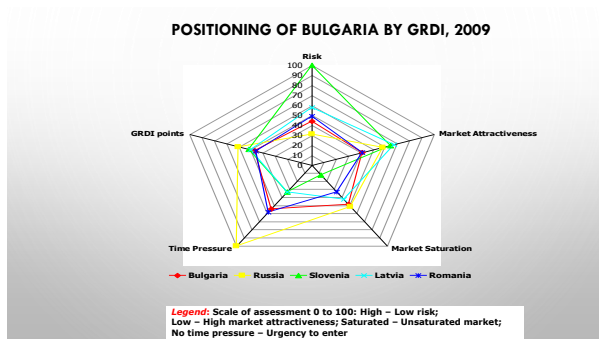
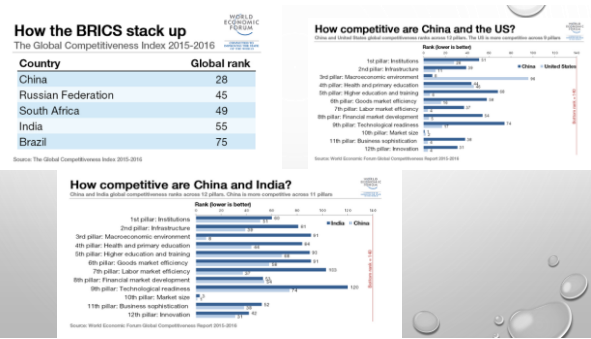
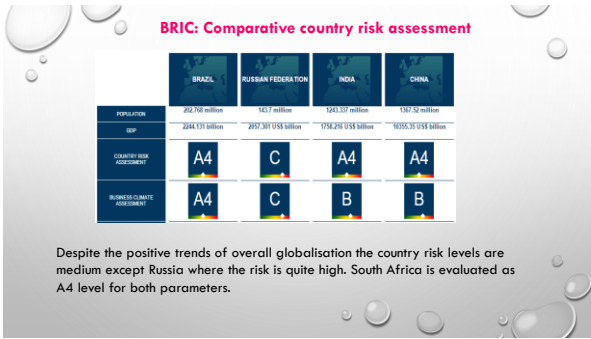
Russia is an interesting and challenging market. There is a serious "jump" in cultural proximity in 1998. During the last two years few negative trends are observed. There is a slight decline in information flows, actual flows and restrictions.

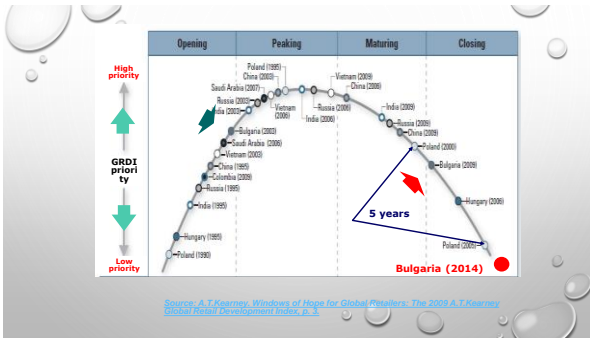
There is a group of scholars and researchers (Distler, 2005; Laudicina, 2012) who suggest that the locus of global economic, political and demographic power has been shifting with growing intensity from Global North (developed countries) to Global South (developing countries) as well. Both trends affect global supply chains decisions, especially their sourcing locations as well as expansion strategies of the companies. **Brazil** could serve as a good example with few fluctuations during the years.

RESULTS FROM THE ANALYSIS (2)

India differs a lot compared to the other BRICS countries. Political globalisation shows a permanent trend to increase while the growth rate for the rest of the factors is almost flat. There is a substantial rise in cultural proximity in 1995 but personal contact didn't change during the analysed period.

Regarding **South Africa** we can see a sharp improvement in cultural proximity in 1994 and a steady growth of political globalisation after 1994. Information flows and social globalisation are raising as well.

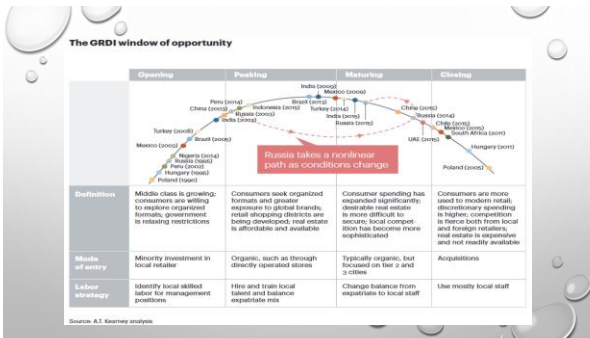




2015 Global Retail Development Index™

2015 rank	Country	Market attractiveness (2015)	Country risk (2015)	Market saturation (2015)	Time pressure (2015)	GRDI score	CAGR % to rank compared to 2014	Population (in billions)	GDP per capita (in thousands)
1	China	65.7	55.7	43.3	95.6	65.3	1	1,354	13
2	Uruguay	53.3	60.4	68.0	38.9	60.1	1	3	20
3	Chile	58.2	100.0	13.0	37.9	62.3	2	18	23
4	Catar	100.0	89.4	34.3	12.8	59.1	N/A	2	144
5	Mongolia	21.4	19.9	53.1	100.0	58.8	N/A	3	10
6	Georgia	35.5	39.1	78.8	79.2	58.4	1	5	8
7	United Arab Emirates	97.6	84.0	16.5	33.9	58.0	3	9	69
8	Brazil	58.0	60.4	45.2	28.0	57.9	3	203	15
9	Malaysia	75.6	68.8	29.3	52.7	56.8	3	30	25
10	Armenia	26.4	37.1	83.1	66.3	55.2	4	3	7
11	Turkey	83.1	48.1	40.2	44.8	54.1	1	77	20
12	Indonesia	50.6	35.5	55.1	65.9	53.8	3	251	10
13	Kazakhstan	48.8	34.2	72.5	50.7	51.8	-3	17	24
14	Sri Lanka	15.8	34.4	77.8	78.8	51.7	44	21	10
15	India	59.5	39.8	75.7	58.5	51.1	+5	1,200	6

GRDI score = Market attractiveness (20%) + Country risk (20%) + Market saturation (20%) + Time pressure (20%)



THANK YOU FOR YOUR ATTENTION!