Strategies for Making Competition Irrelevant in the Global Market for Developing Economies

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Abstract
Competition in the global market in the 21st century has now become tougher and complicated, especially with activities of the online competitors, apart from the rivalry of Multination Corporations (MNCs) with their mega-brands. The reality of the situation is that the Developing Economies are unable to cope with the competition with the MNCs locally and globally. On the other hand, the Emerging Economies of Asia, such as India and China have initially avoided competition with the Advanced Economies by massively investing and developing their domestic markets, and eventually competed favourably in the global market to the extent of now being rated among the largest economies of the world. The focus of this paper is to examine how the Developing Economies can avoid competition or make competition irrelevant and in the long run compete favourably with other industrialized regions. The major findings of this study is that the Developing Economies can eventually cope with the global market competition if they initially create products or services for which they have no direct competitor in form of blue-ocean strategies and thereby make competition irrelevant. With this, the Developing Economies can eventually deliver unique value for their products and compete favourably in the global market, as the Emerging Economies have done. The significance of this study to managers, marketers and policy makers lies in the fact this aspect of global competition by developing economies has not been resolved. The study shows that, like Emerging Economies of Asia, Developing countries can initially avoid stiff competition by adopting “blue ocean” strategies with MNCs of Industrialized Economies such as Africa and eventually compete favourably with Industrialized Economies in the Global market.

Keywords: competition, emerging economics, global market, developing countries.

INTRODUCTION
Building strong brands to face global competition requires a keen understanding on dealing with global competition, as competition becomes more intense every year and from all directions – from global competitors eager to grow sales in new markets, online competitors, private-label and store brands and strong mega brands. Global competition is mostly rivalry among Multi-National Corporations (MNCs) selling goods and services in the global market place, that are faced with additional global decisions and challenges from one country to another. The picture in the global market place is that of the dominance of the industrialized countries, which have rich markets for cheap, very expensive and sophisticated products. The Emerging Economies of the Asian world have “broken the jinx” and are now becoming industrialized economies, the Developing Economies, especially the sub-Saharan Africa, have remained perpetually under industrialized and underdeveloped and therefore unable to face global market competition.

The focus of this paper is to examine how Developing Economies can avoid the stiff global competition or make competition irrelevant to industrialize in order as the Emerging Economies of Asia have done.

STATEMENT OF RESEARCH PROBLEMS
The major problem of this research is that, in the midst of the growing tense global competition by MNCs and other large global companies, the economies of the developing countries, especially Africa, are unable to cope with the global competition because of their endemic problems of underdevelopment, such lack of capital, high cost of production and others. Moreover, the developing economies are also unable to cope with the sophisticated theories of competitive advantage and product leadership of global companies, cost structure and globalization, propagated by the Industrialized Countries of Europe and U.S.A. This study attempts to gain new insight with a view of developing adequate propositions to enable the Developing to favourably participate in global market competition.
CONCEPTS AND THEORETICAL FRAMEWORK

Global Marketing
According to Keegan W. J. (1989), there are four stages in the development of global marketing, namely; domestic marketing, international marketing, multinational market and global marketing.

Domestic marketing focuses on the company’s energies or opportunities in the domestic market while international marketing still focuses on domestic market but exploits foreign market opportunities and extends home country products. On the other hand, in multinational marketing, the company discovers markets around the world and adapts marketing strategies to meet the needs of foreign markets to succeed and develop chain of large companies around the world. Nwokoye (2004) cited the well known examples of the inroads of Japanese cars into the U.S. market and their motorcycles into the U.K. market. Bamgboye (2003) also cited the examples of attractive foreign market for making more profit. Global marketing is a situation when the company adapts flexible global marketing to accommodate the similarities and differences and adopt them to local foreign needs to appeal to global market.

Therefore a global market is one that can be reached with the same basic product, appeal, and message. Examples are luxury cars (Mercedez), drugs (Panadol) and drinks (Coca-cola).

Global Competition
Competition, according to Kotler P. and Keller K. L. (2009), can be viewed from both industry and marketing points of view. Industry concept of competition views rivalry among firms in the same group of firms that offer a product or class of products that are close substitutes to one another, and other similar attributes. Industries are classified according to the number of sellers, degree of differentiation of products, presence or absence of entry, cost structure, degree of vertical integration and globalization. On the other hand, the market concepts of competition view the competitors as companies that satisfy the same customer needs. For example, soft-drinks business. The market concept reveals a broader set of actual and potential competitors. Rayport, J. F. and Jaworski, B. J. (2006) suggest profiling a company’s direct and indirect competitors by mapping out the buyer’s steps in obtaining and using the product.

Global competition is rivalry among companies selling goods and services in the global market place faced with additional global decisions and challenges. Some of the decisions and challenges are deciding which countries to enter, how to enter (as exporter, licensor, joint venture, contract manufacturing and sole manufacturer). These decisions must be made in the face of different requirements for buying, different culture, languages, legal and political systems, and the fluctuations in the value of currencies.

The theoretical frame work of this study is anchored on the proposition to look beyond Porter. (1990’s) conventional theories of Competitive Advantage and the Industrialized Nations’ capacity for effectively coping with global market competition, which are not applicable to Developing Economies, which cannot cope with the competition of MNCs in the local and global markets. (Agbonifoh, B. A. Ogwo, O. E. and Nnolim, D. A. (1988).

In addition, the Developing Economies should imbibe “blue-ocean” strategies, which will allow them “to create products and services for which there are no direct competitors, and make competition irrelevant” in the global market place. (Chan Kim, W. and Mauborne, R. 2005)

Developing, Emerging And Industrial/Developed Economies
Industrial structure of nations is defined by Kotler P. and keller K. L. (2006) in terms of their level and distribution of income and industries. They stated that there are four types of industrial structures: subsistence economies (with opportunities for marketer); raw-material-exporting economies such as Saudi Arabia, Nigeria and other African countries (now termed Developing Economies), industrializing economies such as India, China, Egypt and Philippines, where a new rich class and a growing middle class demand (and sometimes produce) new types of goods; and the industrialized economies, which are rich markets for all sorts of cheap and sometimes very expensive goods.

It should however be noted that classification is changing where the Emerging Economies of the Asian world of China, India and others are now becoming industrialized economies. These are of great interest to all marketers.

Dealing With Global Market Competition
Porter, Michael (1990), in his epoch-making article on the “Competitive Advantage of Nations” opined that “a nation’s competitiveness depends on the capacity of its industry to innovate and upgrade and not out of a country’s natural endowments”. He also advocated that a nation’s competitive advantage is created and sustained through a highly localized process. He also pointed out that the prevailing thinking at the time of writing is that “labour cost, interest rates, exchange and economies of scale are the most potent determinants of competitiveness in companies. The words of the day are merger, alliance, strategic partnerships, collaboration, and
supranational globalization” and manager are to manage these policies. Porter concluded that these are flawed, as they fundamentally misperceive the true sources of competitive advantage. He concluded that competitive advantage of nations come from:

(i) Creating pressures for innovation,
(ii) Seek out the most capable competitors as motivators,
(iii) Globalize to tap selective advantages in other nations, and
(iv) Locate the home-based to support competitive advantage, among others.

More recently, two marketing consultants, Treacy M. (1993) et al and have offered a new classification of competitive marketing strategies. They proposed delivering superior value to their customers. The three strategies of delivering superior value are also called “value disciplines.”

The three strategies are:
(i) Operational excellence – companies providing superior value by leading its industry in price and convenience.
(ii) Customer intimacy – providing superior value to match exactly the unique needs of customers or targeted customer.
(iii) Product leadership – companies providing superior value by offering leading edge products or services. This aims at being open to new ideas and possibly make its own competing product obsolete.

Other theories of global market competition propagated by industrialized countries regards to new entrants must have differential advantage sufficiently to overcome the loyalty built up by established brands and the nationalism that motivate buyers to support local producers. Most of these strategies cannot be applicable to the developing economies as they do not have the capacity to compete globally.

In assessing Porter’s Analysis on competitive advantage, Agbonifoh Ed. (2008:64) stated that Porter’s Analysis was a major contribution to the field of strategic management, which provided the analytical framework for understanding the nature and degree of industry competitiveness. This enables managers and marketers to formulate and apply appropriate competitive strategies so that the firm can cope effectively with competition.

The above comments are very useful for strategic management of competition in industry. However, the reality of the situation in the competition of industry in local and global markets is that the less developed economies, such as Nigeria and even South Africa, the largest economy in Africa, cannot cope with the competition of the Multinational Companies in the local environment, talk more of the competition in the global market. This is why it is necessary to avoid competition and make it irrelevant for companies in developing economies to grow throw blue – ocean strategies and compete with those in the global market in the long run.

The Treacy M. and Wiersema F. (1993)’s strategy of delivering superior value for product leadership is not applicable to most developing countries for now. The proposition will be good for industrialized and emerging economies with production of sophisticated products.

Blue-Ocean Strategies

Blue-ocean strategies is defined by Chan-Kim and Manborgue (2005) as “creating products and services for which there are no direct competitors”. Their belief is that “instead of searching within the conventional boundaries of industry competition, managers should look beyond those boundaries to find unoccupied market positions that represent real value innovation”. They also believe that too many firms, especially multinational companies, engage in “red-ocean thinking” seeking bloody “head-to-head” battles with competitors, based largely on incremental improvements in cost, quality, or both.

The other elements in their analyses of blue-ocean strategies are: “designing creative business ventures to positively affect both company’s cost structure and its value disposition to customers, and offering reliable but fun and convenience at low cost”. They gave example of South Airlines created an airline that offers reliability, fun and convenience low cost service. Manborgue (2005) proposed four crucial questions for marketers to ask themselves in guiding and creating value innovation:

(i) Which of the factors that our industry takes for granted should we eliminate?
(ii) Which factors shall we reduce well below the industry’s standards?
(iii) Which factors shall we raise well above the industry’s standards?
(iv) Which factors shall we create that the industry has never offered.

They maintain that most successful blue-ocean thinkers took advantage of all the four platforms on which value innovation can take place.

Another blue-ocean strategy is “market nicher” strategies. As already stated, smaller firms avoid competing with larger firms by targeting small markets of little or no interest to large ones. The danger is that niching easily weakens, as larger firms use their departments and units to niche in few markets including the ones used by the smaller firms. This is why the smaller firms are advised to take to multiple, instead to single niching, for survival if they have enough resources.
In some cases, large firms or leaders may choose to use niching strategies for some of their business units to compete with smaller business. This is called “smart niching”. A good example of “smart niching” is U.A.C., Nigeria, an MNC manufacturing branded table water, “eva” to compete favourably with those of smaller companies.

**Strategies of Emerging Economies And Progressive Developing Economies**

In recent years in the 21st century, the Emerging Economies of Asia nations have recorded rapid economies growth and wealth creation. The articles of Joseph Slight (2008) show that much of their growth are fueled by their investment in domestic market”. India and China are among the world’s fastest growing nations and after Japan, are the largest economies in Asia from 2007 to 2008, it was reported by Slight (2008) that Indian economy grew by a whopping 9%, fueled by its investment in the domestic market. Meanwhile, with pressure on China’s currency, the Yuau, China experienced a sharp slow down, but with a good growth figure in normal condition. China, however poured billions into recovering package. With China’s concern about its economy, it subsequently has been encouraging its companies to invest more in overseas and exporting relatively cheaper commodities with its labour intensive technique of production.

**Making Global Competition Irrelevant**

From the analysis, it can be seen that Porter M. (1990) thesis on “Competitive Advantage of Nations” is a laudable contribution to global competitive marketing but has been found not to applicable for developing economies that cannot cope with the competition of MNCs in the local and global markets. Treacy, et al (1993)’s is proposition of delivering superior value for product leadership is not equally applicable for developing countries for now. It will be good for industrialized and emerging economies that market superior and sophisticated products with high technology.

The “blue-ocean” strategies which allows the developing economies to create products and services for which there are no direct competitors, instead of engaging in “red-ocean” thinking of bloody “head-to-head” battles with competition by MNCs largely based on incremental improvements in cost, quality and others.

The developing economies can avoid competition and make competition irrelevant by designing creative ventures with less cost and deliver unique value by offering reliable product or services with fun and convenience. For example in Nigeria cultural artifacts, musical and cultural displays, or designing machines for making local foods (pounded yam), could be adapted for foreign goods.

Other blue-ocean strategies are “market nichers” strategies, in which small businesses, predominant in developing countries, can use in avoiding competition with larger firms, as MNCs. They do this by targeting small markets, which are of interest to larger ones. The smaller firms are however advised to take to multiple niching, as the larger ones can later niche in the markets of smaller firms.

Customization, also called “designer or custom-made products” can effectively make competition irrelevant in the global markets. Here the producers specialize in the production of such brands and are privy to the special needs and preferences of the individual customers. Care should also be taken by the producers of these products so that they are not easily overtaken by “mass customization” of large companies with modern technologies.

Furthermore, the recent veritable strategies of the Emerging Economies of China and India, with common developments problems with other poor countries, can also be used by Developing Economies to avoid global competition at the early stages of growth. The Emerging Economies grew by lips and bound in the early 21st century by massive investment and development in their domestic markets before participating in the global markets competition in the long run. Presently, these countries are competing with advanced countries favourable by mass production and exporting of relatively cheaper commodities with labour-intensive techniques of production.

**LIMITATIONS OF RESEARCH**

The major limitation of this research is that as a non-empirical research, as ex-post-far-to or descriptive research, the information of the independent variables, which are studied in retrospect are given and cannot be observed or manipulated. In this study, the independent variables of global market competition such as product, capital and others while the dependent variable is the global market performance. This may have therefore affected the findings of the research, as it is in this case.

**CONTRIBUTION TO KNOWLEDGE**

The contribution of this study to knowledge is that the findings of this study have bridged the gap existing between the existing theories of global market competition, such as “competitive advantage”, propagated by industrialized countries, which are suitable for the Developing Countries and the competitive strategies to be applied by the developing economies. The findings are creating products and services for which they (Developing Countries) have no direct competitors, investing initially in their domestic markets and some “blue-ocean” strategies of customization and market niching. In the long run, the developing economies
can deliver unique value for their products and compete favourably in the global market, as the Emerging Economies of Asia, have experienced in early 21st century.

The study will be of great benefits to social science and other researchers, Academic, consultants and the larger reading communities, especially in the developing countries. This is because the findings are antidotes or break through for the developing economies to solve the critical problem of favourably competing with the Industrialized Economies for decades. In addition, the findings will also be of great benefits to new international investors in the Industrial and Developing World, alike.

CONCLUSION
The Developing Economies can eventually cope with the global market competition if they initially create products and services for which there are no direct competitors by applying “blue-ocean” strategies, instead of engaging in bloody “head-to-head” battles in competition with large companies (MNCs). With this, the Developing Economies can eventually deliver unique value for their products and make competition irrelevant. Other “blue-ocean” strategies of “market nichers” which small businesses can target for smaller markets, through customization and other special needs of the customer can also make competition irrelevant. The recent strategies of initial investment and development of their domestic markets before engaging in global market competition can be emulated by Developing Economies for avoiding competition initially and later develop the capacity to face competition with industrialized countries, also serve as good lessons for Developing Economies.

REFERENCES


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