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Drawing Modelling Canvas For The International Positioning Of Indian Beverage Products

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ABSTRACT

Purpose

The objective of this paper is to develop a mechanism for the international positioning of Indian Origin Beverage Products (IOBP) that concatenates four essential segments of globalization, which has not been addressed in the literature yet.

Methodology

The paper tailors the information for the international positioning of Indian Origin Beverage Products through certain sequential steps: information development, information validation and information refinement. The information is validated using statistical package R and refined using Principal Component Analysis. The refined information is used for the development of model for the effective positioning of IOBP in the international market.

Findings

The study explores four statistically significant steps for the international positioning of IOBP, which are finally summarized into 18 highly influencing variables in contrast to 91 variables available in literature.

Research Implications

The 18 variables explored in this study should be considered as initial set of information for the international positioning of IOBP. It should not be taken as standard paradigm to be followed in all cases.

Practical Implications

The model developed in this paper will be useful for the researchers and practitioners related to Indian beverage industry for drawing the strategy canvas to position goods effectively in the international market.

Originality/Value

The model developed in this paper will be useful for Beverage Industry oriented business decision makers, in identifying the dimensions that can be considered for formulating the strategy for each stage of international positioning process.

Paper Type Research Paper

Keywords: International business, International positioning, Indian Origin Beverage Products (IOBP)

1. Introduction

Many industries have witnessed accelerated and enhanced globalization in both pace and magnitude in the latter half of 20th century. At the dawn of new millennium, such a trend of globalization has stirred up fierce competition even in the industries which are quite away from onslaught of foreign rivalry like beverage industry. Therefore, if it is interpreted as beverage market is free from challenges, will not be true. In fact, there is a hype of competition in this industry which has forced many organizations to perform the biopsy of their business styles and suggested them to expend their business beyond National boundaries for profit enhancement. Keeping in view such issues and considering the prior research on international business and positioning perspectives, the present article develops a model for international positioning of beverage products i.e. Indian origin soft drinks and fruit juices. The literature of the subject admits that to come up with the 'right' positioning strategy is not something that 'just happens', especially because of its exclusive nature of soft drinks business. It seeks a good deal of marketing research and analysis, in order to understand, first, whether the products have international market potential, second, in

TABLE 1: INFORMATION FRAMEWORK FOR INDIAN MARKET POSITIONING

S. No.	Cardinal Dimensions	Adjuvant Dimensions	Decision Variables
1.	Internal Scanning	Domestic market performance (DMP)	(1) Firm's current market size (2) Yearly sale (3) Ability to meet market share (4) Firm's market expansion rate
		International marketing capability (IMP) of the firm	(5) Past IB experience (6) Export revenue (7) Comparative product quality / features
		Firm's Competitive Advantage (FCA)	(8) Corporate Culture (9) Product technology (10) Effective organization structure (11) Creative HR practices
		Objective's clarity (OC)	(12) Intentions of firm's international business
2.	External Scanning	Macro Economic Indicators of target market (Macro)	(13) Economic Parameters (14) Social and cultural parameters (15) Analytic parameters (Financial Capability)
		Micro Economic Indicators of target market (Micro)	(16) Product Oriented Opportunities (17) Expected number of competitors in the target market (18) Competitor's market share & growth rate
		Market Specific Uncertainties (MSU)	(19) Tariff and non tariff barriers (20) Political stability
		Structural Compatibility Indicators (SCI)	(21) Business structure compatibility (22) Distribution system compatibility (23) Legal system compatibility (24) Business system compatibility (25) Government Links (26) Geographical characteristics
		Policy Indicators (PI)	(27) Risks in the target market (28) National Business Policy of the target market
3.	Entry Mode Decision	Expected Level of Business Association (ELBA)	(29) Expected Level of Control (30) International Business Policy of target country
4.	Competitive Positioning	Marketing Mix (MM)	(31) Promotion (32) Place (33) Product (34) Price
		Post Entry Strategy	(35) Oligopoly Reactions

which market one should enter and how (Koch,2001), and third, how to compete in that market in a much effective way with respect to the competitors (Brooksbank, 1994). This article attempts to address these issues for IOBP by developing a model.

The article is organized as follows. Section 2 tailors the information for international positioning process (IPP) in terms of information development, information validation and information refinement. The information is validated using statistical package R and refined using Principal Component Analysis. Section 3 develops the model for international positioning of IOBP. Section 4 concludes the article and discusses limitations and scope for future study.

2. Tailoring the Information

2.1 Information Framework for International Positioning Process

To address the objective of this paper, a thorough literature review was made to explore the information for international positioning of IOBP. The literature evolves 91 indicators relevant to the objective. These variables were processed and summarised in the form of framework. The development of information framework developed for the study includes the broad section of 4 cardinal dimensions, 12 adjuvant dimensions and 35 decision variables that represent the entire set of indicators for worldwide positioning (discussed in detail in the manuscript of Sharma and Srinivasan, 2008), shown in table 1. Cardinal dimensions are main dimensions that identify the response of each step of positioning process. To support this, the concept of adjuvant dimension is developed, which are supportive dimensions to cardinal

TABLE 2: AVERAGE IMPORTANCE RATING CHARGED TO DECISION VARIABLES

Specific Decision Variables (Table 1)	n=122		
	Mean	Standard Deviation	Ranking
(1)	2.79	0.71	**27**
(2)	3.04	0.79	**29**
(3)	3.01	0.75	**28**
(4)	3.14	0.81	**30**
(5)	1.48	0.87	**13**
(6)	3.24	0.89	**33**
(7)	1.18	0.67	**4**
(8)	3.19	0.85	**31**
(9)	3.32	0.90	**35**
(10)	3.27	0.92	**34**
(11)	3.21	0.86	**32**
(12)	1.50	0.91	**14**
(13)	1.73	0.71	**16**
(14)	2.14	0.80	**19**
(15)	1.36	0.79	**10**
(16)	1.10	0.69	**1**
(17)	2.19	0.81	**20**
(18)	1.32	0.77	**9**
(19)	1.43	0.81	**11**
(20)	2.23	0.85	**21**
(21)	1.28	0.74	**8**
(22)	2.28	0.89	**22**
(23)	1.23	0.65	**6**
(24)	1.26	0.73	**7**
(25)	1.13	0.62	**2**
(26)	2.01	0.74	**17**
(27)	1.21	0.63	**5**
(28)	2.09	0.77	**18**
(29)	1.45	0.85	**12**
(30)	2.48	0.90	**23**
(31)	2.62	0.93	**25**
(32)	2.64	0.97	**26**
(33)	2.56	0.91	**24**
(34)	1.16	0.71	**3**
(35)	1.58	0.95	**15**

dimensions. This framework is used to develop the model for international positioning of IOBP. Internal scanning is listed as the first cardinal dimension in the framework which is considered as a prerequisite for this exercise. This dimension evaluates the international business capability of the firm and assesses product quality of the selected IOBP products in comparison with the best products in the global market. The second cardinal dimension of the framework is external scanning where the central focus concern is appropriate market identification. Entry mode decision is the third cardinal dimension that identifies most suitable entry mode to the target nation. Competitive positioning is the fourth cardinal dimension listed in the framework which is executed in terms of marketing mix and oligopoly reactions.

TABLE 3: AVERAGE IMPORTANCE RATING CHARGED TO CARDINAL DIMENSIONS

Cardinal Dimensions (Table 1)	n = 122			
	Mean	SD	Rank	SC α
Internal Scanning	2.70	0.83	**4**	0.87
External Scanning	1.70	0.75	**1**	0.80
Entry Mode Decision	1.96	0.88	**2**	0.75
Competitive Positioning	2.13	0.89	**3**	0.70

2.2 Information Framework

The next important issue is, whether the information mentioned in the framework covers each aspect of international positioning for IOBP. For that, information needs to be validated scientifically by the experts in international business of beverage products. A judgmental sample of 122 experts of India dealing with international business for beverage products was selected. A focus group session for this purpose was organized. It was attended by 34 top ranked officials of Indian beverage companies, and 12 experts from most reputed management institutions of India, holding admirable command in international business & marketing. Other than all this, experts and senior officials involved in the international business of beverage products, from Indian companies, were contacted personally and through mail. In order to provide exploratory answers to the research issue posed in this study, the learned experts were asked to rate each of the decision variable of information framework (table 1) in terms of "degree of importance they attach with the information for making decision about international positioning of beverage goods". The options of evaluation were based upon 5 point Likert scale ranging from extremely important (1^{st} level) to unimportant (5^{th} level). Entire questionnaire data is processed with statistical package R. The epitome of the means, standard deviations (SDs) and ranking of importance ratings accredited by respondents to the 35 decision variables is shown in table 2.

Table 4: IMPORTANCE ORIENTED CLASSIFICATION OF DECISION VARIABLES

Important Decision Variables	Moderately Important Decision Variables	Less Important Decision Variables
27,25,23,7,16,34,24,21,18 ,15,19,29,5,12,35,13	1, 14,17,20,22,26 28,30,31,32,33	2,3,4,6,8,9,10,11

The point estimates were used to rank all the decision variables. The mean importance rating ranged from 1.10 (the highest importance rating for decision variable number 16 – *Product Oriented Opportunities in the target market*) to 3.32 (the lowest importance rating for decision variable number 9 – *Product Technology*). Findings of importance of information and standardized coefficient alpha (**α)** for each cardinal dimensions are shown in table 3. *External scanning* is ranked 1^{st}, *entry mode decision* is ranked 2^{nd} and c*ompetitive positioning* is figured out as third most important cardinal dimension. Internal scanning is ranked 4^{th} by the respondents.

This comprehensive study of information validation reveals three kinds of decision variables on the basis of their importance in making decision for international positioning. It is shown in table 4. The variables which have importance rating above or equal to 3 are rated as less important decision variables. A significant gap is observed among important and moderately important decision variables, the decision variables ranged from 1.10 to 1.73 on importance scale, are considered as important variables. The noticeable difference is observed among the importance rating of 16^{th} (mean = 1.73) and 17^{th} (mean = 2.01) ranked decision variable, shown in figure 1. The decision variables with importance rating ranged from 2.01 to 2.79, are acknowledged as moderately important decision variables. Therefore, it is expected that these distinguished sets of decision variables (important and

moderately important) may help the beverage industry decision makers to make effectual and dynamic decisions for the international market positioning. The findings of information validation admits that (a) 35 decision variables in information framework sufficiently represent each aspect of effective positioning for international scenario, as no new information was added by the experts of international business in beverage industry and, (b) all four cardinal dimensions are reliable steps for effective positioning mechanism as Alpha value is greater than 0.60 for all the four cardinal dimensions (shown in table 3), (c) one set of variables influences international positioning mechanism more as compared to rest, as shown in figure 1 and table 4. Therefore, there is a need to use data reduction technique for further refinement of information.

TABLE 5: FACTOR ANALYSIS STATISTICS OF IOBP

Principal Component	IOBP		
	Decision Variables	Communality	% Variance
Internal Scanning	* Ability to meet market share	0.63	15.8
	* Past IB experience	0.59	
	* Comparative Product Quality/ features	0.61	
	* Intentions of firm's international business	0.68	
External Scanning	* Product Oriented Opportunities	0.81	
	* Competitor's market Share & growth rate	0.67	
	* Tariff and non tariff Barriers	0.74	19.2
	* Legal System Compatibility	0.61	
	* Business System Compatibility	0.70	
	* Government links	0.79	
	* Risks	0.71	
Entry Mode Decision	* Level of Control	0.69	18
	* International Business Policy of the target market	0.70	
Competitive Positioning	* Product	0.66	
	* Price	0.78	12
	* Promotion	0.66	
	* Place	0.54	
	* Oligopoly Reactions	0.55	

2.3 Information Refinement

To refine the findings of information validation, the data of 122 international business experts were subjected to Principal Component Analysis. After Varimax rotation, the factors emerged with Eigen values greater than 1.0, accounting for the independent decision variables and explaining 65% of total variance for IOBP (Table 5). All four principal components are loaded with certain decision variables having communality greater than 0.50. Therefore, this analysis explores 18 highly influencing decision variables for IOBP positioning. It justifies the authenticity of previous finding related to importance of decision variables, mentioned in table 4. The decision variables highlighted as less important (table 4) for the positioning of IOBP are automatically excluded in Principal Component Analysis study (table 5). At the end of the questionnaire the respondents were requested to mention their choice for the sequence of steps for the positioning of beverage industry products. The options of choice were based upon four cardinal dimensions. They were allowed to add or delete any step (cardinal dimension) for the positioning mechanism relevant for beverage industry products. The summary of responses is mentioned in figure 2. *Internal scanning* was selected as first step by 122 respondents. External scanning was selected as second step for international positioning of beverage industry products by 108 respondents. 114 respondents supported *market and entry mode decision* for the third step; whereas 109 respondents braced *competitive positioning* as third step for IOBP products positioning exercise.

3. Model Development

The study of sequence of cardinal dimensions (mentioned in figure 2) and highly influencing decision variables (mentioned in table 5) concludes a model for international positioning of beverage industry products, shown in figure 3. The model suggests analyzing the internal environment of the firm with four filtered decision variables to evaluate the international business capability of the firm. The firm that proves worth on these evaluative criteria of Internal Scanning is suggested to analyze the external environment for market selection. 7 refined decision variables are advised to meet this task. The next step identifies the entry mode to international market

for beverage industry products. This decision is largely dependent upon firm's expectations for business association/control in the target market. The fourth step focuses on the competitive positioning of goods/services by defining appropriate marketing mix in terms of product, price, promotion, place, and oligopoly reactions. The feedback of last five variables helps the firm to assure competitive quality and effective positioning of the target products in the mind of customers. This entire exercise helps the organization to tailor productive international business strategy. The development of this model may act as an initial step in covering the international trade journey of beverage industry products from capability generation to competitive positioning.

4. Concluding Discussion

Indian market has been witnessing rapid and amassed internationalization, in both momentum and magnitude since last two decades. If the relentless patrolling of globalization has uplifted the standard of living of the society in the Indian scenario by providing best goods and services, on the other hand, it has punched a big blow to the local goods and services. To cope up with such kind of fast changing market scenario, international business styles needs to be updated regularly. Therefore, it seems imperative to have focused information of international positioning business ventures regarding IOBP. This is the issue, we have addressed in this study by exploring 18 statistically significant pieces of information for international positioning of IOBP. The paper concludes that if a beverage firm is equipped with the answers of these 18 decision variables, least hindrance is expected on its way to international positioning of its goods. *Product oriented Opportunity*, *Government Links* and *Price of the Products* have come up as first three most important decision variables for making decision regarding international business of IOBP (table 2). These findings are justified by Factor Analysis in table 5, where these three variables are evolved with highest communality. *Product oriented Opportunity* emerged as most important decision variable for the positioning of IOBP in the international market (as shown in table 2). It indicates that the identification of potential market ensures the productive positioning of beverage products. Without identifying the potential market, it is not possible to successfully market the IOBP internationally and this identification is greatly dependent on product demand. Therefore, the above said decision variable that emerged as most important, seems extremely relevant. Secondly, in the identified potential market, if governments of both sides have good relations, the international positioning mechanism becomes easier and effective. Third, competent pricing not only contributes in developing powerful marketing mix, but also makes positioning mechanism more impactful in the identified market.

The model developed in this paper for the international positioning of beverage goods, integrates four aspects of international business which are not addressed in the literature yet. The literature advocates that research lacks in joint work of *competitive positioning* with *firm's international business capability, market selection and entry mode choice*. This study was an attempt in that direction and developed a model that comprises these elements as four steps for international positioning of beverage goods. Moreover, the statistical analysis justifies the logical existence of all these four steps for IPP, as each cardinal dimension is statistically significant (SC $\alpha > 0.60$ for all four cardinal dimensions), shown in table 2. This paper justifies the necessity and validity of all these steps (four cardinal dimensions) for international positioning of beverage goods.

This study revealed *external scanning* as most important dimension for the international positioning of beverage goods, as it justifies suitability and attractiveness of market. *Internal scanning* emerged as relatively least important dimension. It indicates that if a beverage firm did not develop significant market base in the domestic market but its products have the competent quality, in such case, a firm can directly plan to position its beverage products in the international market.

The model developed in this study advocates the need & importance of developing competent marketing mix for the effective positioning of beverage products. Traditionally, 4P (product, price, promotion and place) are sufficient to develop effective marketing mix. But this study explores the importance of incorporating 5th P also i.e. *Probabilistic Oligopoly Reactions.* The study indicates that if a beverage firm aims to compete for a long time in the target market, 4P should be mixed in right composition with Probabilistic Oligopoly Reactions. Therefore, this study has evolved 5P for the competitive positioning of beverage goods.

The findings communicate coherent and fair appraisal of information regarding the positioning of beverage goods according to the view point of the experts of international business. Results of the study of cardinal dimensions posed series of questions. Answers to these questions can help decision makers to tailor customized positioning process. The study reveals that if a beverage firm wants to position its products in the international market, the following questions must be addressed

- Does a firm have the potential to position its products in the international market?
- Is there any suitable market for your product in the international scenario?
- Which entry mode will be most suitable to enter into the identified market?
- What may be the most competent marketing mix for the positioning of your beverage products in the target market?

The optimistic answers of these questions reflect positively on the positioning paradigm. The response to above mentioned queries can chart the complete marketing map for the beverage goods for the international scenario.

The research implications must be taken with in the context of limitations. First, there is a need for implementation of model to evaluate the external validity. Secondly, there is a scope of increase in sample size as questionnaires can be filled across the borders. Third, because this study relied on the memory or recall of the respondents, some responses might have been inaccurate or biased. The last international business experience/observation might be occurred some time ago, so the respondents might not have been able to remember and identify their perceptions of international business at that time. However, sometimes it is difficult to obtain an accurate database of companies that have just entered in international business of beverage products. Future research could possibly utilize the press releases of listed companies announcing their latest international beverage business involvement.

This research offers the beginning point through which the beverage firms aiming at international business can develop customized framework for the positioning process of their goods. Moreover, this research is exploratory in nature. It evaluates and ranks the importance of information for international positioning. The modeling of variables should be looked upon as initial set of information for international positioning of goods. It should not be taken as assured paragon to be followed in all cases. Research requires to be administered to valuate such research implications.

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FIGURE 1: AVERAGE IMPORTANCE RATING OF DECISION VARIABLES

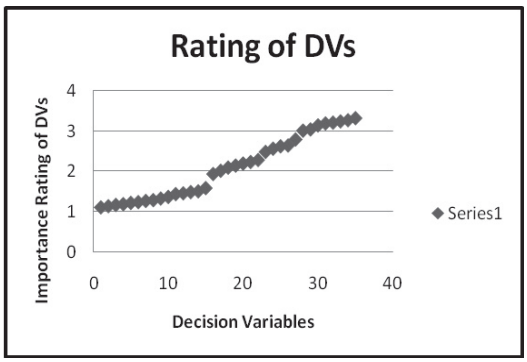


FIGURE 2: SEQUENCE OF STEPS FOR IOBP PRODUCTS POSITIONING

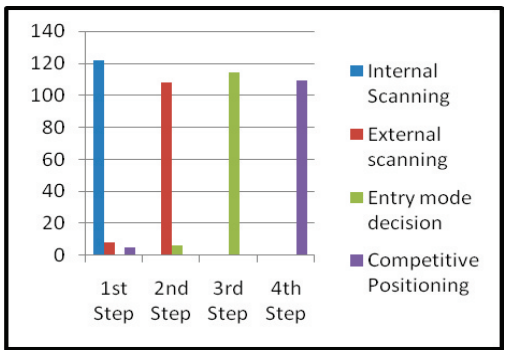
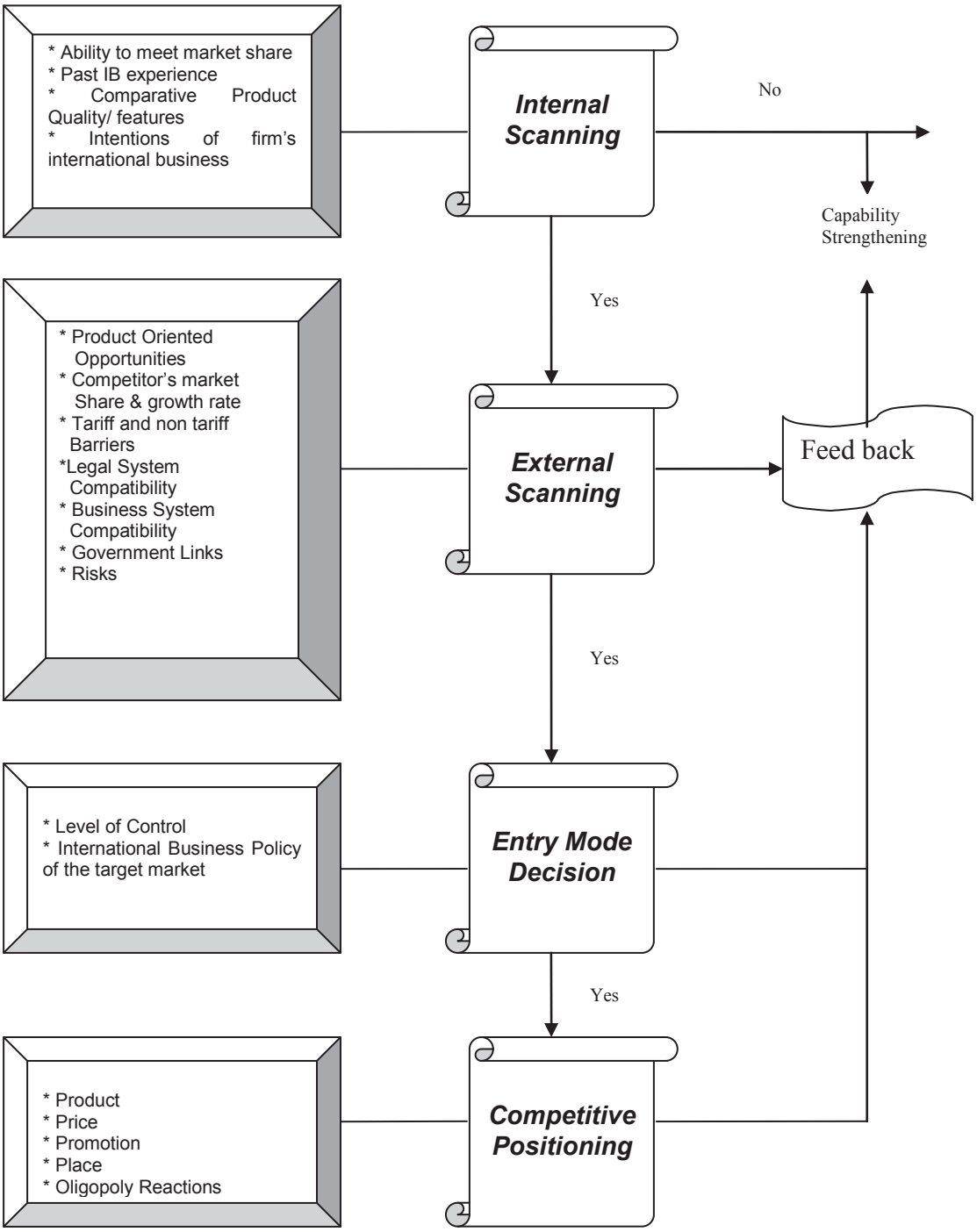


FIGURE 3: MODEL FOR INTERNATIONAL POSITIONING OF IOBP



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