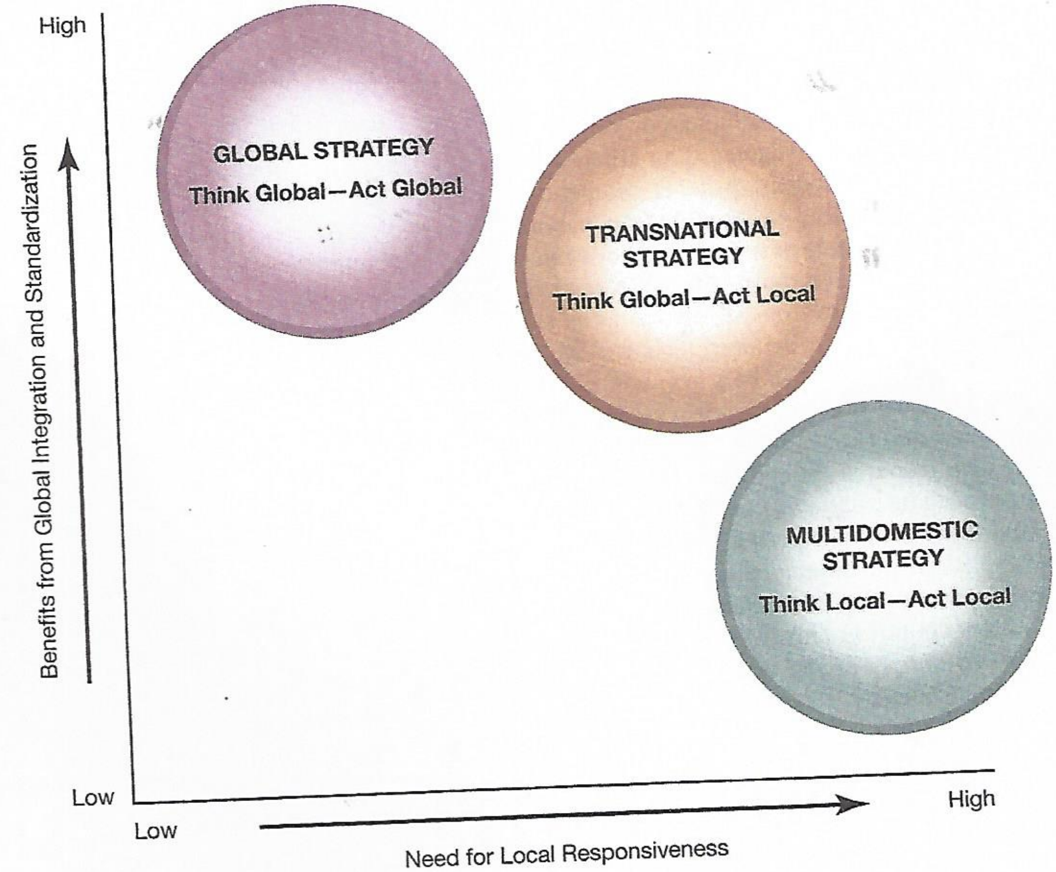
FIGURE 7.2 Three Approaches for Competing Internationally



Multidomestic Strategies—A "Think-Local, Act-Local" Approach

> **CORE CONCEPT**
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> A **multidomestic strategy** is one in which a company varies its product offering and competitive approach from country to country in an effort to be responsive to differing buyer preferences and market conditions. It is a **think-local, act-local** type of international strategy, facilitated by decision making decentralized to the local level.

A **multidomestic strategy** is one in which a company varies its product offering and competitive approach from country to country in an effort to meet differing buyer needs and to address divergent local-market conditions. It involves having plants produce different product versions for different local markets and adapting marketing and distribution to fit local customs, cultures, regulations, and market requirements. Castrol, a specialist in oil lubricants, produces over 3,000 different formulas of lubricants to meet the requirements of different climates, vehicle types and uses, and equipment applications that characterize different country markets. In the food products industry, it is common for companies to vary the ingredients in their products and sell the localized versions under local brand names to cater to country-specific tastes and eating preferences. Motor vehicle manufacturers routinely produce smaller, more fuel-efficient vehicles for European markets, where roads are narrower and gasoline prices are two to three times higher than in the North American market (where many consumers prefer larger vehicles). The models they manufacture for the Asian market are different yet again—and local managers tailor the sales and marketing of these vehicles to local cultures, buyer tastes, and competitive conditions.