Transcription Lesson 7: Product or customer value

Where "product" refers to goods and services offered, "customer value" focuses on what the customer wants and needs. The MNE should study consumer wants and needs in order to attract them with a good or service that *they want to* purchase. COVID-19 highlighted the fact that an organisation's offering needs to balance efficiency with the human experience. Digital solutions may have enhanced efficiency in a time when technology became the primary means of connecting with consumers, but in a survey of over 2 500 global consumers conducted by Deloitte in 2020, one in four customers strongly felt that they would walk away from an organisation that acted out of self-interest and turn towards one that reflected their values and elevated the human experience. This example shows us how important it is for the organisation to focus on their customers' perspectives in the product decision.

The prescribed book introduces the student to the standardisation-versus-localisation debate with regard to product or customer value decisions (Peng & Meyer, 2019: 476). In lessons 5 and 6, you were made aware of the pressures for local responsiveness versus the need for an operationally integrated MNE (the integration-responsiveness framework). Standardisation offers the advantage of economies of scale to the MNE (at this point, you can refer back to Lesson 4 – The advantages of the MNE – to refresh your memory on economies of scale). Localisation, on the other hand, offers a greater chance that the product will be successful in that market. Everything boils down to costs – while a highly customised product appeals to local consumers and provides them with increased value, it might not be possible for an organisation to carry the costs of customising their offering when they serve such a vast range of customers throughout the world. Nonetheless, many consumers are averse to standardised offerings and the MNE must attempt to strike a balance. One recommendation is to review the unique set of features, design, name, and brand that can be focused on the target customer, identify the most important aspects that require customisation, and maintain the other components to take advantage of global scale and reduce costs. Brands, for example, can be customised using multi-tier branding which caters to different consumer segments – without the consumer being aware that, what they thought was a local brand, is actually one of a portfolio of brands owned by a major multinational enterprise.

Customisation can also be done at different levels – from niche customers, to country, to region even. It may also depend on the nature of the product or service in relation to the culture of the market – entertainment and food offerings need greater customisation than construction materials, for example. You will learn more about segmenting the market in the rest of this section on the product decision.

References: Kounkel, S, Silverstein, A & Peeters, K. 2020. *2021 Global marketing trends: Find your focus.* London, UK. [Online], Available: https://www2.deloitte.com/content/dam/Deloitte/uk/Documents/consultancy/deloitte-uk-consulting-global-marketing-trends.pdf; Peng, MW & Meyer, KE. 2019. *International business.* 3rd ed. Andover, United Kingdom: Cengage Learning.