

Outside-in or Inside-out? A New Research Solves A Famous Strategic Debate

The Secret Lies in the Power of Marketing Capabilities For Establishing International Business

ZICHRON YAAKOV, ISRAEL, February 13, 2020 /EINPresswire.com/ -- Imagine a hypothetical scenario in which Jeff Bezos and Steve Jobs sit in a meeting room. Suddenly, a man rushes in, calling out: "Did you hear about the new product Samsung just launched?" Bezos immediately asks: "What are consumers saying about it?" Almost in parallel, Jobs smiles and says, "I don't care. We are going to launch an innovative product soon!" This scenario exemplifies distinct ideologies: outside-in (OI hereunder) and inside-out (IO hereunder). OI proponents are externally oriented and focus on the market. They ask questions such as "What do our customers need?", "What are our competitors doing?" and "What capabilities do we need to win?" and aim to adapt to the market. IO proponents are internally oriented and focus on their unique technology. They deal with questions such as "How can we invent the future?", "How can we make innovative products?" and "What can we do with our capabilities?" They aim to change the market. Which approach is more effective?

A research that was conducted in Israel by [Dr. Yoel Asseraf](#) (Ruppin Academic Center) and Prof. Aviv Shoahm (Haifa University) and was published in the International Marketing Review offers a clear solution based on a quantitative study. Based on data that were collected from 202 senior managers, the findings reveal that opting for OI seems the best way to develop MCs and thus maximize performance in international markets. On the other hand, IO is much more likely to result in TCs being developed. Evidence suggests that OI companies possess scope to construct MCs. Among other things, this enables them to assess potential of new markets and develop relationships with different stakeholders within them. Such companies will supposedly become better equipped than others to enter new markets, which bodes well for competing in overseas environments. It is likewise claimed that MCs help combat the high degree of uncertainty typical within international markets. In contrast, IO has been more strongly associated with TCs. Identification and development of new technologies hence provides the means for such operators to initiate change.

Interestingly, Asseraf and Shoham argue that to implement OI in the right way, managers should rely on market orientation and incorporate it with the ability to respond rapidly to new competitive conditions which will result in more adapted products to the local needs. Importantly, managers should be aware that MCs are more important than TCs in international contexts as the findings demonstrate that the advantage of MC over TC is doubled when international performance is taken into consideration. Managers who favor an OI approach should see their firms become better equipped to succeed in foreign markets. Knowing this should alert firms oriented towards technologies of the need to also incorporate some key aspects of an OI approach. Fortunately for them, the world is not "black or white" and IO and OI are not mutually exclusive. Potential exists to develop and use elements of both. However, the starting point should be OI.

In sum, it seems that even Steve Jobs understood this lesson in the end and implemented an OI strategy as he note in 1997: "You've got to start with the customer experience and work backwards to the technology...You can't start with the technology and try to figure out where you are going to try to sell it...". According to Dr. Asseraf: "The recommendation for managers is not to fall too early into the technology trap. Before you are investing in innovation for your new

market, make sure that you map the market, understand the needs and offers an adapted solution”

This press release is based on:

Asseraf, Yoel and Shoham, Aviv (2019), “[Crafting strategy for international marketing: outside-in or inside-out?](#)”, International Marketing Review

Emerald (2020), “[Finding an effective strategy](#) for international markets: Which capabilities are most important?”, Strategic Direction

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