


## CAGE Comparator™ Instructions (Revised 15 May 2011)

**Background:** The CAGE Comparator™ facilitates the analysis of Cultural, Administrative, Geographic, and Economic differences across countries. It draws heavily on the CAGE Distance Framework, which is described in Chapter 2 of Pankaj Ghemawat's *Redefining Global Strategy* (Harvard Business School Press, 2007). The default impacts of distances and differences used in the CAGE Comparator™ are those found in the gravity model analysis developed in Pankaj Ghemawat and Rajiv Mallick, "The Industry-Level Structure of International Trade Networks: A Gravity Based Approach," working paper, Harvard Business School, Boston, February 2003.

**Integrated Instructions/Tips:** Wherever you see  in the CAGE Comparator™, there are online instructions, tips, or other useful information. Hold the mouse pointer over this symbol to see this information.

**CAGE Distance Analysis (Economywide and Industry Specific):** The CAGE Distance Analysis function enables the user to create a customized CAGE Distance metric (analogous to kilometers or miles but taking into account Cultural, Administrative, Geographic, and Economic factors) and to use that measure to adjust or "discount" measures of foreign market opportunities (market size and growth) from the perspective of a particular home country. Thus, it provides a rigorous method to identify and rank foreign countries according to their similarity or difference from a particular home country, and to incorporate that information into the analysis of foreign market opportunities from that home country's perspective.

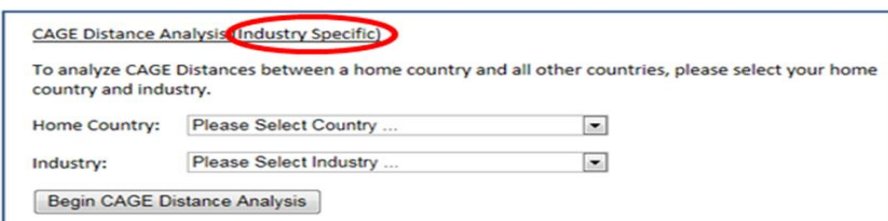
**Country and Industry Selections:** Select Economywide or Industry Specific analysis. On the main menu of the CAGE Comparator™, you will see options pictured below. To conduct a general analysis for a particular home country without specifying any particular industry of interest, choose your home country under CAGE Distance Analysis (Economywide) and click Begin CAGE Distance Analysis. If you prefer to conduct an industry specific analysis, taking into account the specific impacts of particular CAGE distances and differences observed in historic trade patterns in a particular industry, choose both a home country and an industry under CAGE Distance Analysis (Industry Specific) and then click Begin CAGE Distance Analysis.



CAGE Distance Analysis (Economywide)

To analyze CAGE Distances between a home country and all other countries, please select your home country.

Home Country:




CAGE Distance Analysis (Industry Specific)

To analyze CAGE Distances between a home country and all other countries, please select your home country and industry.

Home Country:

Industry:

### CAGE Factor Impacts:

After you begin your CAGE Distance Analysis, on the left side of the screen, you will see a section labeled CAGE Factor Impacts. The first factor shown is language, as pictured below. For each factor, there is a  icon. Hold the mouse pointer over this icon for an explanation of this factor, including information about whether or not the default value for this factor is based on historical trade analysis (gravity model) or whether it has been set to 1 (no impact) because such historical data is not available for this factor. To the right of the name of each factor, you can find the Current Setting. In the example below, the Language impact is set to 1.4 which means that countries that share a common language are 1.4 times (or 40%) closer in CAGE terms (or they trade 40% more than countries that don't share a common language). Because factor impacts are all formulated as multipliers, values that are greater than 1 bring countries closer together (increase trade) and values that are less than 1 push countries farther apart (reduce trade). A value equal to 1 means that a factor has no impact. To customize the factor impacts, drag the Custom Control Slider right or left until your desired value is shown as the Current Setting. After you adjust the settings, the analysis will be updated automatically (you may need to wait 10-30 seconds for the update, depending on the speed of your internet connection and traffic volume on our server).

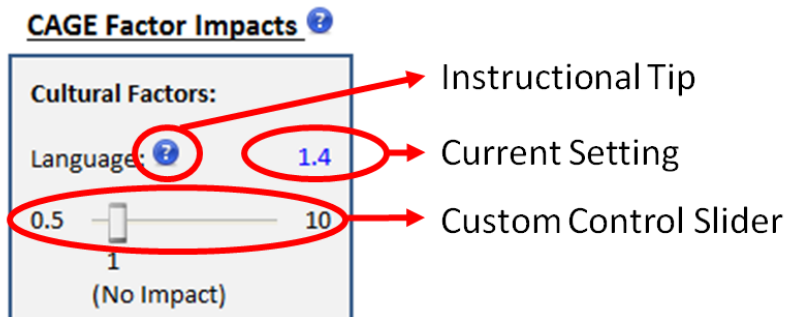







Table View:

On the right side of the page, you will see the results of your analysis. The default display is Table View. Initially, the countries are ranked according to their CAGE Distance from the home country and the closest 20 countries are shown. To display more countries, click 21-40 (for countries 21-40), etc., above the table. To re-sort the table, click on the column headings. For a definition of the material shown in each column, hold the mouse pointer over the  icon at the top of the column. To learn more about why each country is placed where it is in the table, hold the mouse pointer over the  icon to see a comparison of your home country versus the country shown in a particular row of the table.

Page Selection (Display Countries 1-20, 21-40, etc.)

View Countries: 1-20 21-40 41-60 61-80 81-100 101-120 121-140 141-160 161-162

Country List		Distance		Market Size and Growth Parameters					
No.	Country	Cage Distance	Geog. Distance (km)	GDP (USD bn)	CAGE Adj. GDP	GDP Growth Rate	CAGE Adj. GDP Growth	Industry Imports (USD bn)	CAGE Adj. Industry Imports
1	Canada 	98	548	1,336	26,910	1%	50%	370	226
2	Cuba 	1,020	2,115	47	90	6%	42%	0	0
3	Mexico 	1,082	3,369	875	1,602	1%	5%	275	11

Column Definitions

“More” Country Comparison Details


Click on Column Headings to Sort the Table

Download to Excel (Paid Subscribers Only):

If you would like to download your analysis table to Excel, click the Download to Excel button above the table.

**CAGE Distance Analysis**

Home Country: **United States**

Industry: **All Industry Aggregate** 

[Click here to switch to a dynamic map view ->](#)

[Click here to download table as Excel file ->](#)

Switch to Map View


Download Excel File

Map View:


If you would like to view the results of your analysis in the form of a custom map instead of a table, click Switch to Map View above the table.

**CAGE Distance Analysis**

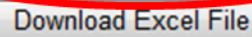
Home Country: **United States**

Industry: **All Industry Aggregate** 

*Click here to switch to a dynamic map view ->*

 Switch to Map View

*Click here to download table as Excel file ->*

 Download Excel File

A custom map will be displayed (please wait up to 30 seconds for the map to load). To identify a country on the map and compare it versus your home country, hold the mouse pointer above any country on the map. Above the map, you will see the map controls pictured below. The Distance Shown menu allows you to switch between CAGE Distance and Geographic Distance and the Country Markers menu allows you to identify countries with various markers. While it is useful to explore various settings on these menus, it is generally recommended to use CAGE Distance together with Flags and Geographic Distance together with CAGE Adjusted Market Size or CAGE Adjusted Growth. Such combinations enhance clarity by applying CAGE factor impacts to either the distances between countries or the sizes of the countries but not to both at the same time. The default Zoom setting is the widest possible zoom, making all countries visible at the same time on the map. Move the Zoom slider to the right to see more details. After you Zoom in, you will need to use the scroll bars to navigate around the map and view the regions that are of particular interest. Note, while you are in Map View, the CAGE Factor Impact sliders are still active on the left side of the screen. Adjust the impact of the CAGE Factors and the map will update automatically.

**Map Controls**

Distance Shown:

Country Markers:

Zoom: Minimum (Show All Countries)



Maximum (Show Few Countries)

*After you adjust the controls, please click to refresh the map ->*

 Refresh

**Compare Countries:** The Compare Countries function, found at the bottom of the CAGE Comparator™ main menu, allows you to select any two countries and review their similarities and differences across a variety of Cultural, Administrative, Geographic, and Economic factors.

Country Comparison

Select two countries to review their similarities and differences.

Country 1:

Country 2:

**More Questions?** If you still have questions, e-mail us at [online@ghemawat.com](mailto:online@ghemawat.com).