

INTERNATIONAL BUSINESS ECONOMICS

SUGGESTED TOPICS FOR SHORT PAPER

1. FLAT PANEL TELEVISIONS AND THE GLOBAL ECONOMY

Describe the development of the flat panel television industry over recent decades. The following questions can be helpful in directing your response.

1. Reflect on the evolution of the flat panel television industry. Why has production shifted from country to country? What does your response suggest about the globalization of production?
2. RCA developed the underlying technology for the flat panel television in the 1960s, yet today, the company plays only a minor role in the industry. Why?
3. How has the globalization of the flat panel television industry benefited consumers?
4. Who are the losers in the industry?

Another Perspective: Students can learn more about through information provided by the Hong Kong Trade Development Council at http://www.tdctrade.com/report/mkt/mkt_060905.htm.

2. USE THE GLOBALEDGE™ SITE <http://globalEDGE.msu.edu/> to complete the following exercises:

Your company has developed a new product that has universal appeal across countries and cultures. In fact, it is expected to achieve high penetration rates in all the countries where it is introduced, regardless of the average income of the local populace. Considering the costs of the product launch, the management team has decided to initially introduce the product only in countries that have a sizeable population base. You are required to prepare a preliminary report with the top ten countries in terms of population size. A member of management has indicated that a resource called the “World Population Data Sheet” may be useful for the report. Since growth opportunities are another major concern, the average population growth rates should be listed also for management’s consideration.

3. STARBUCKS’ FOREIGN DIRECT INVESTMENT (I)

Explore Starbucks’ global expansion. Although concentrating originally on the franchising method of expansion and licensing of its products, Starbucks later pursued other options such as joint ventures, wholly owned subsidiaries, and acquisitions to retain tighter control over operations. The following questions can be helpful in directing your response.

- Reflect on the various entry strategies used by Starbucks. Why did the company approach markets using so many entry modes? Was it wise for Starbucks to

depart from its domestic strategy of expanding only through company owned stores?

- Why is it important for Starbucks to require the same store format in its foreign stores?
- Where do you think the best opportunities for future growth lie for Starbucks? Why?
- Where the most recent stores have opened, and what form of investment was used. Please visit <http://www.starbucks.com> and click on “international” to see a list of countries where the company operates.

4. STARBUCKS’ FOREIGN DIRECT INVESTMENT (II)

- Explore Starbucks’ recent entry into the French market, and its strategic changes in its Chinese operations. Please visit <http://www.starbucks.com> and click on “international” to see a list of countries where the company operates.

5. GOVERNMENT POLICY INSTRUMENTS AND FDI

The World Bank has a wonderful site devoted to foreign direct investment. Students can start exploring the site by going to <https://www.doingbusiness.org/> Then click on “Doing Business” to generate reports comparing countries on various factors. The site is easy to navigate and contains a wealth of information.

6. FOREIGN DIRECT INVESTMENT

Your company is considering opening a new factory in Latin America, and management is in the process of evaluating the specific country locations for this direct investment. The pool of candidate countries has been narrowed to Argentina, Mexico, and Brazil. Prepare a short report from a well-known organization’s publication of *Country Fact Sheets* to compare the foreign direct investment environment and regulations of these three countries.

Hint: The data source can be accessed by searching the term “World Investment Report” at <http://globaledge.msu.edu/ResourceDesk/>. The link to the World Investment Report is found under the globalEDGE category “Research: Statistical Data Sources”. On this website, the list of members top transnational corporations can be found under the “Largest TNCs” link, located on the left of the page. Be sure to check the “Resource Desk only” checkbox of the search function on the globalEDGE website.

Search Phrase: “World Investment Report”

Resource Name: UNCTAD: Largest Transnational Corporations

7. MTV NETWORKS

Describe MTV’s global strategy. Since its start in 1981, the network has expanded to reach some 330 million customers spread across 140 countries. Interestingly, MTV

has found that its global strategy has to be surprisingly local. Consumers in different markets, while enjoying some American programming, prefer to see their own local superstars. To maintain the company's culture and operating principles, MTV transfers expatriates from elsewhere in the world to new stations, then moves them elsewhere once the local station is well established. The following questions can be helpful in directing your response.

- How would you describe MTV's strategy for competing internationally when it originally expanded internationally in 1987? What were the strengths of this strategy? What were the limitations?
- Why did MTV change its initial strategy in 1995?
- What strategy did MTV start to pursue in 1995? What were the benefits of this strategy to MTV? What were the drawbacks?
- Recently MTV has started to take ideas developed in national subsidiaries, and see if it can find ways of leveraging them globally. Does this represent a retreat from its post 1995 strategy, or a refinement of that strategy? What kind of company do you think MTV is striving to become? Why?

To clearly get a feel for the differences and similarities in MTV's programming in various markets, students should go to {www.mtv.com}, the U.S. site, and then to some of the company's foreign sites, MTV Europe {<http://www.mtvne.com/>}, MTV Asia {<http://www.mtvasia.com/>}, and MTV Latin America is at {http://www.mtvla.com/sitewide/includes/country_selector.jhtml?referrerParams=&referrerURL=/index.jhtml&requestid=172999}

8. MEGAHERTZ COMMUNICATIONS -<http://www.megahertz.us/>

Describe Megahertz Communications' export strategy. Megahertz Communications is one of Great Britain's leading independent broadcasting system builders. Megahertz International's export strategy involved providing turnkey solutions to emerging broadcast and media entities in Africa, the Middle East, and Eastern Europe, as well as offering to custom-design, manufacture, install, and test broadcasting systems. While the company found it easy to make sales, export financing has proven to be a challenge. The following questions can be helpful in directing your response.

- What was the motivation for Megahertz's shift toward a strategy of export-led growth?
- Why do you think the opportunities for growth might be greater in foreign markets?
- Do you think that developing countries are likely to be a major market opportunity for Megahertz? Why?

9. COMPLETE THE FOLLOWING EXERCISE

You are the assistant to the CEO of a small textile Greek firm that manufactures high-quality, premium priced, stylish clothing. The CEO has decided to see what the opportunities are for exporting in EU countries and has asked you for advice if EU markets are available for the company's product. Prepare a short report from various resources on the Internet in advising the CEO about the foreign market potential of your products.

10. LI & FUNG CASE- [HTTPS://WWW.LIFUNG.COM/](https://www.lifung.com/)

Explore the operations of Li & Fung, one of the largest multinational trading companies in the developing world. Serving customers like The Limited retail clothing chain, Li & Fung uses its network of independent suppliers to find the best manufacturing enterprises to produce products. The company uses information systems to manage and coordinate its web of globally dispersed activities. The following questions can be helpful in directing your response.

- What services does Li & Fung sell to its customers? What makes the service beneficial to its buyers?
- What is Li & Fung's competitive advantage? How does this help the company serve its customers?
- Why is it important for Li & Fung to have multiple suppliers?

Hint: Visit <https://www.lifung.com/> and then click on "Global Network" to see the extent of the company's global operations.

11. LEVI STRAUSS GOES LOCAL

Explore how Levi Strauss, the manufacturer of blue jeans, changed its international marketing strategy to regain its competitiveness in the mid-2000s. The following questions can be helpful in directing your response.

- How would Theodore Levitt view the world of blue jeans? Why did Levi Straus change its marketing mix? What effect did the change have on the company's overall strategy?
- How did Levi Strauss engineer its turnaround?
- What does the decision to give national managers more autonomy mean to the company's overall strategy?

Hint: Please visit <http://www.levistrauss.com/> and explore the various topics including values and vision, and company transformation

12. KODAK IN RUSSIA

Describe the approach Kodak took to establish itself as a leader in the Russian consumer photography market. The following questions can be helpful in directing your response.

- How did the Russian market differ from markets in developed Western nations? How were these differences likely to impact upon demand for photographic products?
- How did Kodak adjust its marketing mix in Russia to match local requirements? Do you think this was the right thing to do?
- Kodak's traditional film business is now under attack from digital photography (in which Kodak is also a leader). Should Kodak adjust its marketing mix for digital products to the Russian market? Why?

The Kodak web site {http://www.kodak.com/eknec/PageQuerier.jhtml?pq-path=2/6868&pq-locale=en_US&requestid=5417}. Explore the company's marketing efforts in other countries by changing the country selection at the top of the page. Go to the site, and change the country to Russia to see the company's current efforts there.

2. Three small companies, Morgan Motors (<https://www.morgan-motor.com>), Wadia (<http://www.wadia.com/en-us/corporate/history>), and Malden Mills (<https://www.encyclopedia.com/social-sciences-and-law/economics-business-and-labor/businesses-and-occupations/malden-mills-industries-inc>), have successfully increased their sales and profits through exports. Morgan Motors, a British sports car manufacturer ships 70 percent of its production overseas. Wadia, a Michigan-based producer of high end compact disc players relies on exports for 70 to 80 percent of its sales. Malden Mills, an American manufacturer of high technology textiles earned over half of its 2006 sales from exports.
- Why did Morgan Motors and Wadia make the decision to export? What does this tell you about the opportunities for small exporters?
 - How does Malden Mills export strategy differ from those of Morgan Motors and Wadia? Why did Malden Mills need export assistance.

13. READ THE MANAGEMENT FOCUS ON WAL-MART'S INTERNATIONAL DIVISION AND ANSWER THE FOLLOWING QUESTIONS:

- Why did the centralization of decisions at the headquarters of Wal-Mart's international division create problems for the company's different national operations? Has Wal-Mart's response been appropriate?
- Do you think that having an international division is the best structure for managing Wal-Mart's foreign operations? What problems might arise with this structure? What other structure might work?

To learn more about Wal-Mart's foreign operations, go to the company's web site at <http://www.walmart.com>

14. IKEA: A CASE STUDY OF INTERNATIONALIZATION

To enter new markets the most obvious challenge is to understand the new market and take marketing perspective. In order to better understand the internationalization process it is crucial to examine how firms learn from their experiences of entering international markets. If we are to understand the impact and implications of why some firms succeed while others fail when entering international markets, the issue of "knowledge sharing" is essential. IKEA's experiences from entering international markets, e.g., European and North American markets, Russia, China, Japan, etc., is a pivotal case study to understand different knowledge types and how knowledge flows within the organization, both in order to support a market entry but also the ongoing activities of internationalization.

Issues to study:

- Role of socio, economic, political and cultural factors that prevail in China in shaping IKEA's strategy in China
- Need for IKEA to strike a balance between globalization (integration) and national responsiveness (differentiation) in China

15. NIKE IN CHINA

The US-based Nike, Inc., the world's leading designer, marketer, and distributor of athletic footwear, apparel, equipment, and accessories, has had a presence in China since the 1970s. The low wages and talented manpower in China encouraged Nike to shift some of its production from other countries to China. However, Philip Knight, one of the founders of Nike saw China as a huge market for Nike.

The consumer presence of Nike in China started in 1981. In order to encourage and build a sporting culture in the country, Nike sponsored several clubs and sports related events, including professional leagues. It launched professional sporting leagues and was instrumental in building the American 'streetball' culture in China.

Issues to study:

- Evaluate Nike's entry and expansion strategies in China
- Understand how China went on to become one of Nike's most important markets
- Examine Nike's efforts to popularize sports and related activities in China
- Understand the challenges faced by Nike in China
- Study the problems faced by Nike in China after the 2008 Olympics
- Examine Nike's 'Category offense' strategy and understand how it helped Nike gain lost ground in China.
- Explore the future strategies that Nike needs to adopt in China in the face of the changing macroeconomic situation in the country.

16. HUAWEI: CHALLENGES IN THE GLOBALIZATION AGENDA

In this case you examine the passage of Shenzhen-based networking and telecommunications equipment and services company, Huawei Technologies Ltd. (Huawei), and its emergence as a global brand from China. Huawei entered the Chinese telecommunications equipment market in 1987. Despite its late entry, it quickly made its presence felt, outwitting giant international telecommunications companies in the process. The company was also hugely successful in the developing markets such as Russia and Africa. However, Huawei faced several challenges in mature markets such as the US, Australia, and Europe.

Issues to study:

- Analyze the effectiveness of Huawei's lobbying efforts for tackling espionage accusations against the company.
- Apply strategies that help Huawei achieve brand recognition in the intensely competitive US smartphone market and enterprise market.
- Prepare a roadmap for Huawei to tackle concerns related to lack of openness and transparency at Huawei