



Lulu thought of the idea of ready-to-eat flavored gelatin desserts when she was looking for the popular dessert in local stores. At the time, she was living in the United States, but originally she came from Mexico. The ready-to-eat flavored gelatin desserts were a staple in her native Mexico, but the concept was a novelty when she introduced it to American grocers. Today, Lulu's Desserts can be found in some 20 of the most well-known grocery stores in the United States (e.g., Albertsons, Safeway, Walmart).

The basic concept was straightforward. Lulu identified and recognized a need for gelatin desserts, filled it with what has now become 45 ready-to-eat products of different sizes and flavors, and transformed the food industry by creating the first ready-to-eat gelatin category based largely on her mother's recipes. The business concept has become quite a "spoon spectacular" since Lulu first began, with a catch line for the company of "more fun for your spoon."

The party started out very small, with just Lulu making her mother's gelatin recipe desserts and an initial production of 300 cups of gelatin per day. Ultimately, the party grew so big that Lulu could not handle it by herself and had to negotiate help from established markets and wholesale distributors. Lulu wanted everyone within reach to enjoy her festival of flavors. In going international, she spent some 10 years trying to gain international sales but continued to run into all kinds of problems. After the trial-and-error decade, she found assistance from the U.S. Export-Import Bank's services and now has deeper confidence in her abilities to export products worldwide.

Over the years, Lulu has kept making more and more varieties of her gelatin desserts. A carnival of colors of three-layer gelatins, fruit parfaits, and festive containers of wild new colors and flavors have become identifying marks. This exporting innovation led Bill Hopkins of *USA Today* to call Maria de Lourdes Sobrino "the queen of ready-to-eat gelatins and a force in the surging number of

Hispanic Entrepreneurs." Hal Lancaster of *The Wall Street Journal* also recognized her as an innovator and very successful entrepreneur in "getting out and selling customers your dream."

Today, with its exporting worldwide—but especially to Mexico—and sales across the United States, Lulu's Dessert Corporation's core focus is on five product categories, including the original Mexican gelatin cup, a rice pudding Mexican-style cup, the original creamy gelatin cup, parfait treats gelatin cups, and caramel flan cups. The flavors include such exotic descriptors as Fruit Fantasia, Orange Blast, Creamy Vanilla with Cinnamon, and Sugar Free-De-Light.

### Sources

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### Case Discussion Questions

1. Desserts are often localized in taste. Beyond the United States and Mexico, where do you think Lulu's Dessert products would be favorably received by customers?
2. Lulu's Dessert used services of the U.S. Export-Import Bank to help with knowledge and market segmentation for her desserts as a part of exporting the company products. The Ex-Im Bank receives lots of positive and negative reviews in the United States; do you think it is helpful that the United States has an export-import bank to assist U.S. companies?
3. Do you think franchising is a foreign market entry option for Lulu's Dessert? Why or why not?

### Apple: The Best Supply Chains in the World?

For the last decade, Apple has been recognized as having perhaps the best worldwide supply chains. The company led the "Gartner Global Supply Chain Top 25" ranking for eight years of the last decade. Recently, Apple has even been classified above the ranking as a "Master." The Master status recognizes the accomplishments and capabilities of long-term global supply chain leaders in the Gartner Global Supply Chain Top 25. Companies qualify for the Master category if their score places them in the top five rankings for at least 7 out of the past 10 years

(the only other company in this Master category is Procter & Gamble).

Numerous accolades have also been made about Apple's supply chain strategy, operations, and results. For example, Apple's supply chains "best demonstrate leadership in applying demand-driven principles to drive business results." "Apple dominates because it consistently brings both operational and innovation excellence to bear in some of the most competitive markets in the world." Basically, Apple gets a lot of credit in the supply chain

profession for being able to ramp up volumes both in hardware and software while also uniquely helping redefine the consumer electronics market (e.g., iPhone, iPad, MacBook, Watch).

Apple is the world's largest information technology company, overtaking Samsung a few years ago. In Interbrand's *Best Global Brands* report, Apple is now also the most valuable brand in the world. It overtook Coca-Cola in 2013 for the number 1 position after Coca-Cola's 13-year run at the top and has stayed at the top every year since that time (Google is now number 2 and Coca-Cola in number 3). Apple has an estimated brand value of about \$180 billion. "Few brands have enabled so many people to do so much so easily, which is why Apple has legions of adoring fans." These "fans" or customers have downloaded apps for Apple's electronic gadgets more than 130 billion times (Apple's app store has more than 2 million apps).

The company's general supply chain model follows the path of most large multinational corporations' supply chains. Apple does research and development to cultivate new technologies and/or to acquire intellectual property needed for future products. It tests the product concepts via marketing research, product testing, and total cost analysis. After that, Apple typically does a prelaunch of new products, where global production, sourcing commitments, inventory management, and so on are evaluated. The product launch involves doing demand forecasts, resolving potential backlogs, and ensuring that the products are in the hands of its customers in as fast a cycle time as possible. After the launch, monitoring starts with periodic reviews of inventory, demand, life cycle status, and component cost forecasts.

A number of factors make Apple's global supply chains world leading. First, early on, Apple took steps to manage the total value created in its global supply chains by managing its suppliers and all other providers within the chains. Predetermined expectations of suppliers, exclusivity in supplier arrangements, and volume guarantees ensured a supply chain infrastructure that could support Apple's aggressive market leadership. Apple's relationship building with its network partners is also a strength that has helped with increased scaling of production and resulted in improved quality in the manufacturing processes. Plus, and not to be underestimated, Apple has amassed lots of cash! The available cash funds have partially been used to place high-volume orders, which strengthen supplier relationships, and in other ways maintain global supply chain leadership.

Using its supply chain infrastructure, Apple has managed to solve most of the challenges it has faced. For example, while the global economic downturn in 2008–2009 presented problems for virtually all companies, Apple came through it in great shape. At the time, then CEO Steve Jobs said, "We're armed with the stron-

gest product line in our history, the most talented employees and the best customers in our industry. . . . Apple just reported one of the best quarters in its history." Other challenges that Apple is facing include obtaining enough quality components for its consumer electronics, the potential for supply chain disruptions (natural and people created), dependence on third-party logistics providers, and inventory management issues. In each case, so far, Apple has strategically solved major issues to the satisfaction of the marketplace (the company consistently ranks at the top in "customer satisfaction" in the American Customer Satisfaction Index).

However, everything is not all rosy or positive about Apple. The company's reputation has taken a few hits recently. For example, Apple was found guilty by a U.S. court of conspiring with publishers to set the price of e-books that were bought using iTunes. The ongoing feud with Samsung regarding various patents keeps lingering year-by-year, and worldwide customers are almost fanatically taking sides for or against Apple. There have also been allegations about the treatment of employees at Foxconn in China (one of the Apple suppliers and the world's largest contract electronics manufacturer). Plus, there was a U.S. Senate hearing that investigated Apple's "highly questionable" tax minimization strategies. Now, on the more positive side, Apple has a portfolio of potential blockbuster products, welcomed upgrades, and innovative services in the making that are sure to remind its fans why they favor Apple products.

The challenges attached to these new offerings are sure to test Apple's leadership in both brand value and best global supply chains. To some degree, the future challenges are clear. To stay at the top of its industry, Apple has to succeed in continuing to slow Samsung's momentum and capturing the booming Chinese mobile phone market. As always with Apple, as set in our expectations over the years by Steve Jobs's "one more thing" announcements, CEO Tim Cook and the new Apple leadership team must keep communicating to the market that their vision, innovations, and leadership can drive the idea that Apple's best days are ahead. As one way to do this, Apple is on a hiring binge in Asia, adding hundreds of engineers and supply chain managers to its staff in Shanghai and Taipei as it seeks to increase the speed at which it introduces new products. Plus, with Cook as the CEO, Apple has a global production and supply chain management expert at the helm who constantly scrutinizes Apple's supply chains, production operations, and fair labor practices.

### Sources

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Jordan Golson, "Apple's App Store Now Has Over 2 Million Apps," *The Verge*, June 13, 2016; D. Hofman, "The Gartner Supply Chain Top 25," [www.gartner.com/technology/supply-chain/top25.jsp](http://www.gartner.com/technology/supply-chain/top25.jsp); "Interbrand's Best Global Brands 2016," [www.interbrand.com](http://www.interbrand.com); E. Doe, "Apple Goes on Hiring Binge in Asia to Speed Product Releases," *The Wall Street Journal*, March 3, 2014; "Fixing Apple's Supply Chains," *The New York Times*, April 2, 2012.

### Case Discussion Questions

1. According to Interbrand's analysis, Apple's brand is valued at more than \$180 billion, while Google in second place is valued at \$133 billion and Coca-Cola in third is at \$73 billion (2016). Do you agree that Apple should be so far ahead of its nearest brand competition? What about Samsung (Samsung is valued at \$52 billion)?
2. With the 2011 death of Steve Jobs, Apple's legendary founder and CEO, what can we expect from Apple in the future? Will it be as innovative? Will it maintain brand value leadership? Will it run the top global supply chains in the world?
3. Apple products have usually been priced above their competition and sold for their value, intrigue, and market leadership. Some would say Samsung is catching up on many of these fronts and even, perhaps, passing Apple. Do you think Apple can charge a price premium for its products much longer?
4. Apple's global supply chains make its business thrive. There is secrecy among suppliers, superior quality standards by every party involved in Apple's supply chains, and a total value focus that ultimately makes the customers happy. Is this a sustainable business model for Apple's global supply chains?

### Domino's Global Marketing

Domino's made its name by pioneering home delivery service of pizza in the United States. The company was founded in 1960 in Ypsilanti, Michigan, by Tom Monaghan and his brother, Jim. Domino's Pizza was sold to Bain Capital in 1998 and went public in 2004. Before that, on May 12, 1983, Domino's opened its first store internationally—in Winnipeg, Canada. And, in 2012, Domino's Pizza removed the word "Pizza" from the logo to emphasize its non-pizza products. Its current menu features a variety of Italian American entrées, side dishes, and desserts.

You can now order Domino's with your Apple iPhone, with Amazon's Echo, and of course, in any way you want online and with a variety of electronic gadgets. "Ordering via Amazon Echo marks Domino's eighth platform in the suite of AnyWare technology," said Dennis Maloney, Domino's vice president and chief digital officer. "We want to continue making ordering pizza as convenient as possible, and this is no exception." Domino's has been constantly adding new ways to order items in recent years, including options to order via tweet, text message, smartphone app, its website, Samsung Smart TV, Amazon Echo, Ford Sync, Apple Watch, Android Wear, Pebble Smartwatch, and voice commands. Emphasis on technology innovation helped Domino's achieve \$5.6 billion in global digital sales last year.

Strategically, beyond digitalization of ordering, the growth for Domino's has been overseas. With the U.S. fast-food market saturated and consumer demand weak, Domino's has been looking to international markets for growth opportunities. Today, almost all new store openings are outside the United States. Domino's has about 14,000 stores worldwide, with about 5,300 stores in the United States, 950 in the United Kingdom, 1,100 in India, 400 in Canada, and the remaining spread out in 80 other

countries. On October 5, 2015, Domino's even opened its first store in Milan, Italy—the birthplace of pizza. "I am beyond excited to celebrate this huge milestone for Domino's," said Patrick Doyle, Domino's president and CEO. "We've been opening new stores around the world at a steady clip—building beautiful and customer-friendly pizza theaters with our new image."

Domino's plans call for about a 4 to 5 percent growth in stores per year for the next few years (more than 500 new stores annually, with the majority in foreign markets; although in 2016, Domino's opened 1,281 new stores worldwide). Given this expansion and clear international growth strategy, perhaps even more amazing is the 92 straight quarters of same-store sales growth in Domino's international stores. The company reported global retail sales of more than \$10.9 billion in the last year, comprised of more than \$5.3 billion in the United States and more than \$5.5 billion internationally. Perhaps more impressive, Domino's has opened more than 5,000 new stores around the globe since 2010.

As Domino's expands its international businesses, there are some things that the company has kept the same as in the United States, and there are some things that are very different. What is the same is the basic business model of home delivery. This sets it apart from many of its rivals, which changed their basic offering when they entered foreign markets. For example, when Yum! Brands Inc. introduced Pizza Hut into China, it radically altered the format, establishing Pizza Hut Casual Dining, a chain that offers a vast selection of American fare—including ribs, spaghetti, and steak—in a full-service setting. Pizza Hut adopted this format because table service was what the locals were used to, but Domino's isn't interested. "We go in there with a tried-and-true business model of