

- c. What would happen if the U.S. government required that flat panel displays sold in the United States had to also be made in the United States? On balance, would this be a good or a bad thing?
- d. What does the example of Vizio tell you about the future of production in an increasingly integrated global economy? What does it tell you about the strategies that enterprises must adopt to thrive in highly competitive global markets?

Research Task globoledge.msu.edu

Globalization

Use the globalEDGE™ site to complete the following exercises:

Exercise 1

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 sizable population base. You are required to prepare a preliminary report with the top 10 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.

Exercise 2

You are working for a company that is considering investing in a foreign country. Investing in countries with different traditions is an important element of your company’s long-term strategic goals. As such, management has requested a report regarding the attractiveness of alternative countries based on the potential return of FDI. Accordingly, the ranking of the top 25 countries in terms of FDI attractiveness is a crucial ingredient for your report. A colleague mentioned a potentially useful tool called the “*FDI Confidence Index*” which is updated periodically. Find this index and provide additional information regarding how the index is constructed.

CLOSING CASE

The Globalization of Starbucks

Thirty years ago, Starbucks was a single store in Seattle’s Pike Place Market selling premium-roasted coffee. Today it is a global roaster and retailer of coffee with some 16,700 stores, 40 percent of which are in 50 countries outside of the United States. Starbucks set out on its current course in the 1980s when the company’s director of marketing, Howard Schultz, came back from a trip to Italy enchanted with the Italian coffeehouse experience. Schultz, who later became CEO, persuaded the company’s owners to experiment with the coffeehouse format—and the Starbucks experience was born. The strategy was to sell the company’s own premium roasted coffee and freshly brewed espresso-style coffee beverages, along with a variety of pastries, coffee accessories, teas, and other products, in a tastefully designed coffeehouse setting. The company focused on selling “a third place experience,” rather than just the coffee. The formula led to spectacular success in the United States, where Starbucks went from obscurity to one of the best-known brands in the country in a decade. Thanks to Starbucks,

coffee stores became places for relaxation, chatting with friends, reading the newspaper, holding business meetings, or (more recently) browsing the web.

In 1995, with 700 stores across the United States, Starbucks began exploring foreign opportunities. The first target market was Japan. The company established a joint venture with a local retailer, Sazaby Inc. Each company held a 50 percent stake in the venture, Starbucks Coffee of Japan. Starbucks initially invested \$10 million in this venture, its first foreign direct investment. The Starbucks format was then licensed to the venture, which was charged with taking over responsibility for growing Starbucks’ presence in Japan.

To make sure the Japanese operations replicated the “Starbucks experience” in North America, Starbucks transferred some employees to the Japanese operation. The licensing agreement required all Japanese store managers and employees to attend training classes similar to those given to U.S. employees. The agreement also required that stores adhere to the design parameters