THE UNIVERSITY OF THE WEST INDIES
FIVE ISLANDS CAMPUS

Semester II

Examinations of APRIL/MAY 2023

Course Code:	**MGMT2013**
Course Title:	**INTRODUCTION TO INTERNATIONAL BUSINESS**
Date of Assessment:	**APRIL 28, 2023**
Time:	**9:00 AM**
Duration:	**TWO (2) HOURS**

INSTRUCTIONS TO CANDIDATES:

This paper has _4__ pages and _4__ questions.

YOU ARE REQUIRED TO ANSWER ____3____ QUESTIONS.

THIS ASSESSMENT IS WORTH ____60____ % OF YOUR FINAL GRADE.

ASSESSMENT DETAILS FROM INSTRUCTOR(S):

Section A has a compulsory Case Study with five (5) questions, but candidates are to answer any four (4).
Section B has three (3) questions, candidates are required to answer any two (2).

SECTION A (Compulsory)

Question # 1: Case Study: Read the Case and answer any four (4) questions (20 marks)

Coca-Cola

Coca Cola the iconic American soda maker, has long been among the most international of enterprises. The company made its first move outside the United States in 1902, when it entered Cuba. By 1929, Coke was marketed in 76 countries around the world. In World War II Coke struck a deal to supply the U.S. military with Coca Cola, wherever in the world it went. During this era, the company built 63 bottling plants around the world. Its global push continued after the war, fueled in part by the belief that the U.S. market would eventually reach maturity and by the perception that huge growth opportunities lay overseas. Today more than 59,000 of the company's 71,000 employees are located in 200 countries outside the United States, and over 70 percent of Coca-Cola's case volume is in international markets.

Until the 1980's strategy was one of considerable localization. Local operations were granted high degree of independence to manage their own operations as they saw fit. This all changed in the 1980's and 1990's under the leadership of Roberto Goizueta, a talented Cuba immigrant who became the CEO of Coke in 1981. Goizueta placed renewed emphasis on Coke's flagship brands which were extended with the introduction of Diet Coke, Cherry Coke, and the like. His prime belief was that the main difference between the United States and international markets was the lower level of penetration in the latter, where consumption per capita of the colas were only 10 to 15 percent of U.S. consumption. Goizueta pushed Coke to become a global company, centralizing a great deal of management and marketing activities at the corporate headquarters in Atlanta, focusing on core brands, and taking equity stakes in foreign bottlers so that the company could exert more strategic control over them. This one-size-fits-all strategy was built around standardization and the realization of economies of scale by, for example, using the same advertising message worldwide.

Goizueta's global strategy was adopted by his successor, Douglas Ivester, by the late 1990's the drive towards a one-size-fits-all strategy was running out of steam, as smaller more nimble local competitors marketing local beverages began to halt the Coke growth engine. With Coke failing to hit its financial targets for the first time in a generation, Ivester resigned in 2000 and was replaced by Douglas Daft. Daft instituted a 180-degree shift in strategy. Daft's belief was that Coke needed to put more power back in the hands of local country managers. He thought that strategy, product development, and marketing should be tailored to local needs. He laid off 6,000 employees, many of them in Atlanta, and granted country managers much autonomy. Moreover, in a striking move for a marketing company, he announced that the company would stop making global advertisements, and he placed advertising budgets and control over creative content back in the hands of country managers.

Daft's move was in part influenced by the experience of Coke in Japan, the company's second most profitable market, where the best-selling Coca-Cola product is not a carbonated beverage, but a canned cold coffee drink, Georgia Coffee, that is sold in vending machines.

The Japanese experience seemed to signal that the products should be customized to local tastes and preferences, and that Coke would do well to decentralize more decision-making authority to local managers. However, the shift towards localization didn't produce the growth that was expected, and by 2002 the pendulum was swinging back toward more central coordination, with Atlanta exercising oversight over marketing and product development in different nations. But this time it was not the one-size-fit-all ethos of the Goizueta era.

Under the leadership of Neville Isdell, who became CEO in the month of March 2004, Coke now reviews and guides local marketing and product development, but he has adopted the belief that strategy including pricing, product offerings and marketing message, should be varied from market to market to much local conditions. Isdell's position in other words represents a midpoint between the strategy of Goizueta, and that of Daft. Moreover, Isdell has stressed the importance of leveraging good ideas across nations. A case in point Georgia Coffee. Having seen the success of this beverage in Japan, in October 2007 Coke entered into a strategic alliance with Illycafe, one of Italy's premier coffee makers, to build a global franchise for canned or bottled cold coffee beverages. Similarly, in 2003 the Coke subsidiary in China developed a low-cost noncarbonated orange drink that has rapidly become one of the best-selling drinks in that nation. Seeing the potential of the drink, Coke is now rolling out in other Asian countries. It has been a huge hit in Thailand, where it was launched in 2005, and seems to be gaining traction in India, where it was launched in 2007.

A. Why do you think that Roberto Goizueta switched from a strategy that emphasized localization towards one that emphasized global standardization? Discuss both strategies in terms of cost pressures and pressures to local responsiveness. (5 marks)

B. Discuss the strategy employed by Daft? Daft's strategy also did not produce the desired results. Why do you think this was the case? (5 marks)

C. How would you characterize the strategy Coke is now pursuing? How is this different from the strategies of both Goizueta and Daft in terms of benefits, the potential costs and risks? (5 marks)

D. Firms typically choose among four main strategic postures when competing internationally. Briefly describe the strategic posture **NOT employed** by Coca Cola. (5 marks)

E. Compare and contrast Coca Cola to firms within CARICOM. (5 marks)

SECTION B: Answer any two (2) of the three (3) questions.

Question # 1: (20 marks)

A. List the various modes of internationalization firms use to enter foreign markets. Discuss the advantages and disadvantages of any three modes. (5 marks)

B. You are the manager of a Caribbean Firm which has decided to enter the US market on your recommendation. Discuss your recommendation. (5 marks)

C. The operations of a firm can be thought of as a value chain comprised of a series of distinct value creation activities. Discuss and categorize these value creation activities. (5 marks)

D. Explain the three (3) types of economic systems and state which system obtains in Antigua and Barbuda. (5 marks)

Question # 2: (20 marks)

A List the theories of International Trade and briefly discuss any three (3). (5 marks)

B. List three (3) Caribbean organizations and explain their role in the region. (5marks)

C. What is Foreign Direct Investment (FDI)? Briefly explain the Flow of FDI, the Stock of FDI, the Inflows of FDI and the Outflows of FDI. (5 marks)

D. Identify the trade instruments used by governments to influence international trade and briefly discuss any three (3). (5 marks)

Question # 3: (20 marks)

A. Explain globalization, globalization of production and globalization of markets. (5 marks)

B. Define culture and list the determinants of culture. (5 marks)

C. List three (3) global organizations and explain their role in the international environment. (5 marks)

D. Discuss the two main functions of the foreign exchange market. (5 marks)

END OF QUESTION PAPER