



MUEO

MOI UNIVERSITY

OFFICE OF THE DEPUTY VICE CHANCELLOR
(ACADEMICS, RESEARCH & EXTENSION)

UNIVERSITY EXAMINATIONS 2022/2023 ACADEMIC YEAR FOURTH YEAR SECOND SEMESTER EXAMINATIONS

FOR THE DEGREE OF BACHELOR OF BUSINESS MANAGEMENT

COURSE CODE: BBM 463/BSM 409D

COURSE TITLE: GLOBAL BUSINESS MANAGEMENT

DATE: 17TH APRIL, 2023

TIME: 9.00 A.M. – 12.00 NOON.

INSTRUCTION TO CANDIDATES

- SEE INSIDE.

THIS PAPER CONSISTS OF (2) PRINTED PAGES

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BBM 463/BSM 469: GLOBAL/ INTERNATIONAL BUSINESS MANAGEMENT
INSTRUCTIONS: Answers question one and any other three questions.

QUESTION ONE

Read the case below and answer the questions that follow:

P&G's Success in Trickle-Up Innovation:

Vicks Cough Syrup With Honey 9A new over-the-counter medicine from Vicks that has recently become popular in Switzerland is not as new as it seems. The product, Vicks Cough Syrup with Honey, is really just the latest incarnation of a product that Vicks parent company, Procter & Gamble (P&G), initially created for lower-income consumers in Mexico and then "trickled up" to more affluent markets. The term "trickle up" refers to a strategy of creating products for consumers in emerging markets and then repackaging them for developed-world customers. Until recently, affluent consumers in the United States and Western Europe could afford the latest and greatest in everything. With purchasing power dramatically reduced because of the global recession, budget items again make up a growing portion of total sales in many product categories.

P&G is not the only multinational company using this strategy. Other practitioners of trickle-up innovation include General Electric (GE), Nestlé, and Nokia. In early 2008, GE Healthcare launched the MAC 400, GE's first portable Electrocardiograph (ECG) that was designed in India for the fast growing local market there. The company simplified elements of its earlier, 65-lb devices made for U.S. hospitals by shrinking its case to the size of a fax machine and removing features such as the keyboard and screen. The smaller MAC 400 costs only \$1,500, versus \$15,000 for its U.S. predecessor. This trickle-down innovation trickled back up again when GE Healthcare decided to sell the unit in Germany as well. Nestlé offers inexpensive instant noodles in India and Pakistan under its Maggi brand. The line includes dried noodles that are engineered to taste as if they were fried, while they have a whole-wheat flavor that is popular in South Asia. And Nokia researches how people in emerging nations share phones, such as the best-selling 1100 series of devices created for developing-world consumers. The company then uses the information as inspiration for new features for developed-world users. But what is unique about P&G's Honey Cough, as it is also called, is that it has moved around the globe in more than one direction.

Honey Cough originated in 2003 in P&G's labs in Caracas, Venezuela, which creates products for all of Latin America. Market research revealed that Latin American shoppers tended to prefer homeopathic remedies for coughs and colds, so P&G set out to create a medicine using natural honey rather than the artificial flavors typically used. The company first introduced the syrup in Mexico, under the label Vick Miel, and then in other Latin American markets, including Brazil. P&G deduced that the product would appeal to parts of the United States that have large Hispanic populations. In 2005, the company rebranded it as Vicks Casero for sale in California and Texas, at a price slightly less than Vicks' mainstay product, Vicks Formula 44.

Within the first year of its release, the company boosted distribution to 27% more outlets. Figuring that natural ingredients could appeal to even wider groups, P&G took the product to other markets where research indicated that homeopathic cold medicines are popular. In the past

2 years, the company has been marketing the product in Britain, France, Germany, and Italy, as well as Switzerland, and plans to add other Western European countries to the roster. And Western Europe is not the last destination for iterations of Honey Cough. If P&G's current market research in the greater United States shows that mainstream American shoppers will buy Honey Cough, P&G will repackage it and market it nationwide, not just as Vicks Casero in Latino markets. Developing and marketing a new product for each nation or ethnic group can take half a decade. Trickle up innovation can reduce this time by several years, which explains its appeal. In each rollout, P&G has needed to do little more than make adjustments for each nation's health regulations. At a time when companies are looking to speed product offerings while dealing with shrinking budgets and cash-strapped consumers, P&G's experience with its Honey Cough line shows how an international product portfolio can be tapped quickly and cheaply—that is, if American companies learn how to go against the flow.

- a) Explain the innovations strategies by P&G and the other global companies above to gain competitive advantages as they trot the globe. (9 marks)
- b) Explain the features of the strategy used by P&G in her global expansion attempts given the varied national health regulations. (8 marks)
- c) Choose and explain the application of one of Hofstede's dimension that P &G could have deployed for her expansion mission. (8 marks)

QUESTION TWO

- a) With relevant examples, discuss the role of politics in the globalization of multinational companies. (7 marks)
- b) Discuss the place of sovereignty as a predictor of conflicts between multinational enterprises and host countries. (8 marks)

QUESTION THREE

Using a global company of your own choice, discuss the relevance of Michael Porter's Profitability Framework in global going-concern internationalization strategies. (15 marks)

QUESTION FOUR

- a) Using Czinkota's conceptual model, assess the global companies' motivation for global-spanning endeavours. (7 marks)
- b) Discuss the similarities and differences between licensing and franchising as global entry strategies. (8 marks)

QUESTION FIVE

Discuss how Michael Porter's 1990 Country Diamond **model** explains how countries utilize their innovativeness for advantages in international trade. (15 marks)

QUESTION SIX

With relevant examples, discuss the emerging issues in global finance, supply chain and logistics, marketing and human resources environments. (15 marks)