

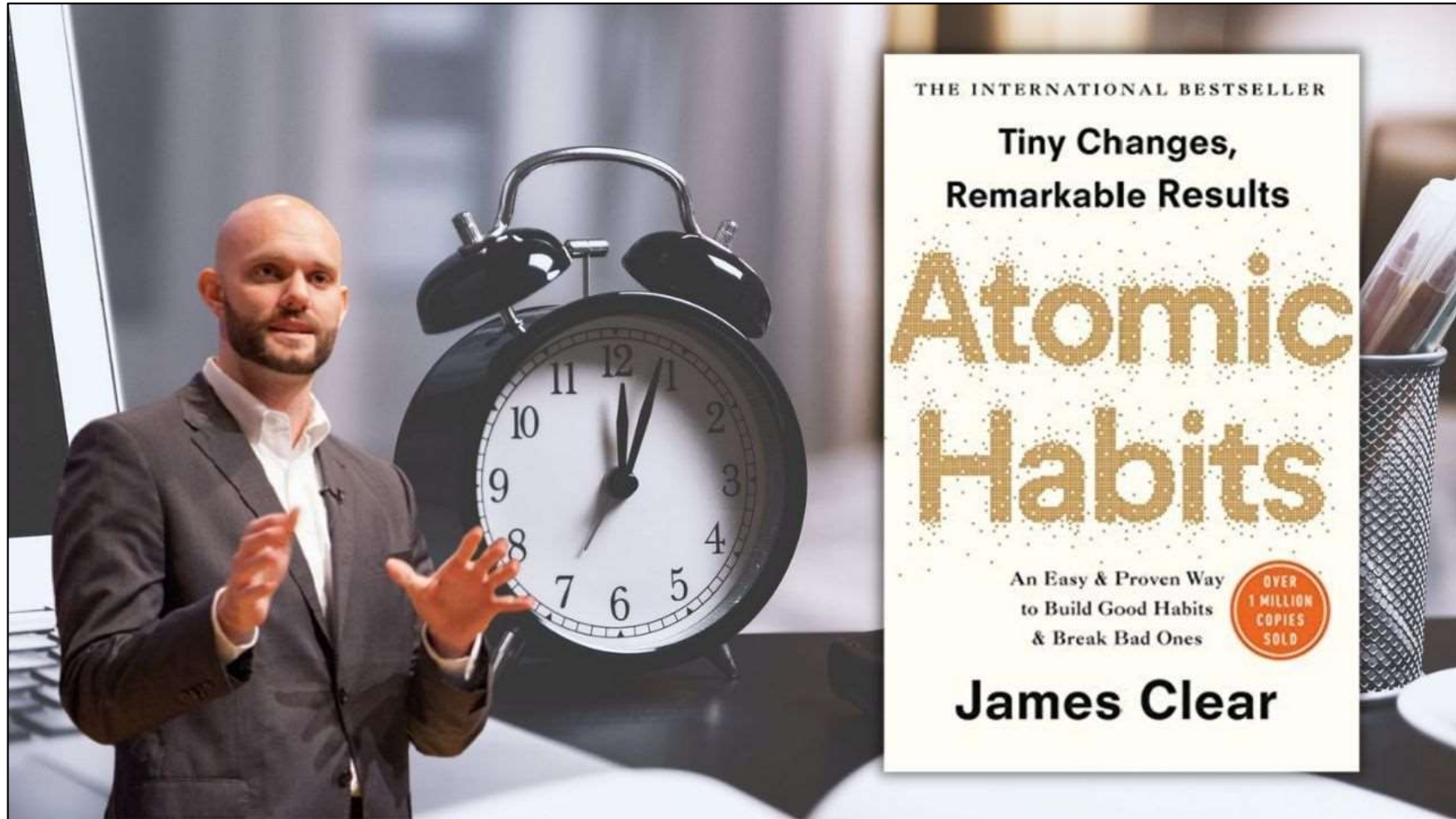
About Your Career

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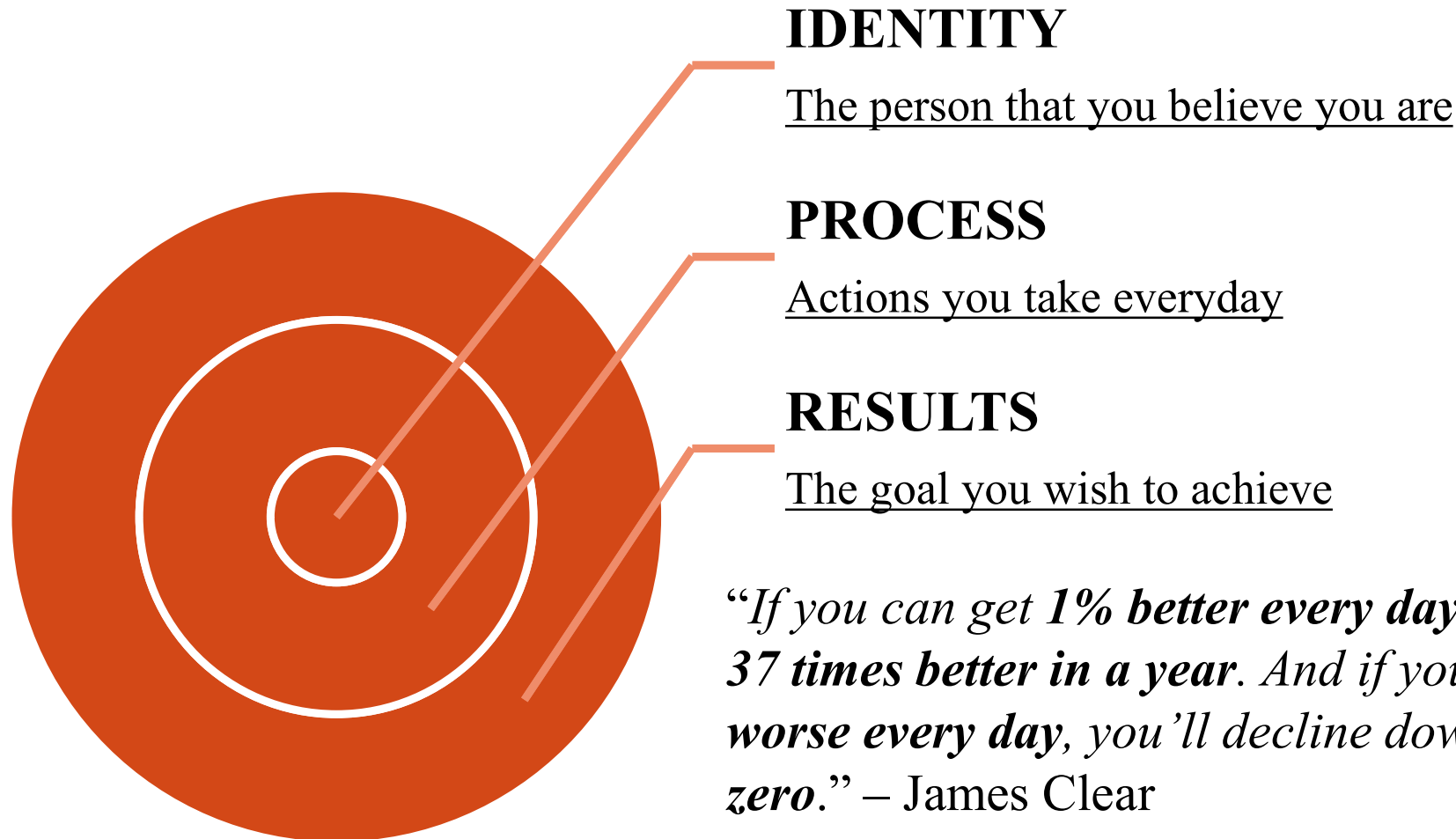


■ “Atomic Habits” by James Clear





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Exercises

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Exercise 1



■ Household Question

How many **garden hoses** were sold in **the US** last year?

- ✓ The population of the US is **300 million people**.
- ✓ The average US household is made up of **3 people**, so we are talking about **100 million households**.
- ✓ We estimate that **50%** of the households are **either suburban or rural**.
- ✓ That makes **50 million households**.
- ✓ We assume that **20%** of those homes are **apartments or condos** => This narrows down to **40 million houses**.
- ✓ Garden hoses are relatively **inexpensive**, so people have **a hose in the front and a hose in the backyard**. This makes **80 million hoses**.
- ✓ We may add in another **10 million hoses**, which can be used in **nurseries, zoos ...**
- ✓ We are now up to **90 million garden hoses**.
- ✓ They are replaced **every 3 years** => $90/3 =$ **30 million hoses a year**.

Exercise 2



■ The Industry Competition

- ❖ Look at this chart. Your company is a securities company. The majority of its revenue comes from a **stock broker's business**. It achieved a **10% growth rate** last year (**Year 1**) & was ranked **6th** in the industry. In **Year 2** it **fell to 7th**. The company wants to **get back its 6th place ranking**. **How much** will it have to **grow to maintain that 6th place ranking** in **Year 3**, given the rate of growth of its competitors?

Company	Industry Ranking	Current Size in Year 1 (Revenue)	Growth Rate	Year 2	Industry Ranking
A	1	US\$1000m	1%	1010	1
B	2	US\$900m	2%	918	2
C	3	US\$800m	0%	800	4
D	4	US\$800m	5%	840	3
E	5	US\$700m	5%	735	5
F	6	US\$600m	10%	660	7
G	7	US\$600m	20%	720	6
H	8	US\$500m	20%	600	8
I	9	US\$500m	10%	550	9
J	10	US\$400m	30%	520	10
K	11	US\$300m	20%	360	11
L	12	US\$300m	30%	390	12

Source: Cosentino (2011). Case in Point: Complete Case Interview Preparation.

Exercise 2



■ The Industry Competition

❖ $660X=772$, $X=1.17$, A minimum 17%.

Company	Industry Ranking	Current Size in Year 1 (Revenue)	Growth Rate	Year 2	Industry Ranking	Year 3	Industry Ranking
A	1	US\$1000m	1%	1010	1	1,020.10	1
B	2	US\$900m	2%	918	2	936.36	2
C	3	US\$800m	0%	800	4	800	5
D	4	US\$800m	5%	840	3	882	3
E	5	US\$700m	5%	735	5	771.75	6
F	6	US\$600m	10%	660	7	726	7
G	7	US\$600m	20%	720	6	864	4
H	8	US\$500m	20%	600	8	720	8
I	9	US\$500m	10%	550	9	605	10
J	10	US\$400m	30%	520	10	676	9
K	11	US\$300m	20%	360	11	432	12
L	12	US\$300m	30%	390	12	507	11

Source: Cosentino (2011). Case in Point: Complete Case Interview Preparation.

“Global Wine War 2015: New World Versus Old”

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■ Questions

- ❖ **How did New World wine producers challenge Old World producers, & what were their key competitive advantage? Do you think that, even without all regulatory limits, it would have been easy for France to compete with Australia & gain a competitive advantage over it? (Susanna Villa).**
- ❖ **What were the main challenges for French wine producers when entering the Chinese market, & who was their main competitor? When did France start to realize that it had to change its strategies if it wanted to keep a competitive advantage in the new growing wine market of China? Which actions did it implement? (Valentina Ghirga).**



■ Discussion Points

- ❖ Why is this case **meaningful** from a **practical** standpoint?
- ❖ Evaluate **key points** deriving from **Exhibits 1a, 3 & 4**.
- ❖ What are **critical impediments** to Old World wine producers?
- ❖ Explain **how New World producers differentiate** themselves from their **traditional counterparts**.
- ❖ Discuss what **difficulties & complexities** foreign wine producers need to overcome when entering **China** in general.
- ❖ Articulate **Exhibits 9a & 9b** & clarify **how France & Australia** pursued to **build their position in China**.



■ How to Measure ‘Competition’?

❖ Herfindahl-Hirschman Index (HHI)

- The **more competition** intensifies, the **closer** it gets to **0**.
- **Case A:** Only 2 companies are competing against each other in a given market. The market share is 50% for each company. $2 \times 0.5^2 = 0.5$
- **Case B:** When the market share of all 100 companies is 1% for each company. $100 \times 0.01^2 = 0.01$

❖ Entry & Exit Rates

- ... are the most commonly used **dynamic** measure.
- **The entry rate:** The number of **new firms** in each year / the total number of active firms in that year.
- **The exit rate:** The number of **exiting firms** each year / the total number of active firms in that year.
- From the view point of **Schumpeter’s creative destruction**, high entry & exit would be a prerequisite for innovative & competitive markets.

Source: OECD (2021). Methodologies to measure market competition, OECD Competition Committee Issues Paper (Accessed on 01.05.2024).



■ How to Measure ‘Competition’?

❖ Profits

- **High profits above the normal level** might indicate that the market is characterized by **low intensity of competition**.
- **HOWEVER**, there are several possible reasons as to why **profits above the normal level** might **NOT** be indicative of **weak competition**.
 - **Internal factors:** One firm may have higher profits than others due to **(1)** a higher level of **strategic & operational efficiency**, **(2)** **benefits from past innovation** or **(3)** **successful risk taking**.
 - **External factors:** At a market level, **unexpected increases in demand** or **falls in costs** can yield a **temporary rise in profits**.

❖ Survey Measures

- **Useful indirect evidence** on whether competition is working well **(+)**
- Answers may suffer from **common method variance** **(–)**

Source: OECD (2021). Methodologies to measure market competition, OECD Competition Committee Issues Paper (Accessed on 01.05.2024).

Quiz

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■ Yes/No Questions: Are these sentences correct or wrong?

1. Stakeholder management means the principles, standards & norms of conduct governing individual & firm behavior.
2. Liberal CEOs preserve traditional values & resist change & believe that property rights are more important.
3. Ghosn selected employees who promoted his change vision & were able to execute his plan to address a lack of accountability & organizational silos.
4. Weak institutions lead to a lack of transparent financial data & a shortage of specialized financial intermediaries.
5. Personal bases of power are (1) referent & (2) reward.
6. Entry by subcontracting or JVs takes the form of pooling resources between a foreign entrant & a local firm.



■ Yes/No Questions: Are these sentences correct or wrong?

1. **Ethics** means the principles, standards & norms of conduct governing individual & firm behavior. ✗
2. **Conservative CEOs** preserve traditional values & resist change & believe that property rights are more important. ✗
3. Ghosn selected employees who promoted his change vision & were able to execute his plan to address a lack of accountability & organizational silos. ◎
4. Weak institutions lead to a lack of transparent financial data & a shortage of specialized financial intermediaries. ◎
5. Personal bases of power are (1) referent & (2) **expert**. ✗
6. Entry by **acquisitions** or JVs takes the form of pooling resources between a foreign entrant & a local firm. ✗

“Imax: Expansion in BRIC Economies”

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■ Questions

- ❖ **How should IMAX adjust its business model in BRIC countries to navigate institutional voids (e.g., underdeveloped legal systems, cultural barriers, protectionism) while maintaining scalability & profitability? (Michela Consolati).**

- ❖ **(1) To what extent should IMAX involve itself in the local cultural production of content in emerging markets without compromising its global identity? (2) Can strategic cultural integration be a source of competitive advantage, or does it risk undermining brand coherence? (Lisa Giavarini).**

Imax: Expansion in BRIC Economies



■ Discussion Points

- ❖ **Explain** the central debate of this case **concisely & clearly**.
- ❖ Discuss **Imax's breakthrough & its business model?**
- ❖ Assess **Exhibits 2 & 3** in depth.
- ❖ What are **major sources** of **Imax's competitive advantage?**
- ❖ Analyze both **opportunities & threats** facing **Imax in BRICs**.
- ❖ If you are **Imax's next CEO**, what strategy would you design & execute for the **next 5 years** in terms of **consolidating the market presence in BRICs?**



■ Definition of Emerging Economies

- ❖ “**Emerging markets**” is a term that refers to an economy that experiences **considerable economic growth** & possesses some characteristics of a developed economy. Emerging markets are countries that are **transitioning from the “developing” phase to the “developed” phase** (Corporate Finance Institute).
- ❖ There is **no official definition** of an emerging market (IMF).
- ❖ **Common attributes** (Corporate Finance Institute):
 - Market volatility;
 - Growth & investment potential;
 - High rates of market growth; &
 - Rapid increases in income per capita.

Imax: Expansion in BRIC Economies



■ Different Groups of Emerging Countries

BRICs	Brazil, Russia, India, China
VIPs	Vietnam, Indonesia, the Philippines
VISTA	Vietnam, Indonesia, South Africa, Turkey, Argentina
NEXT 11	Iran, Indonesia, Egypt, South Korea, Turkey, Nigeria, Pakistan, Bangladesh, the Philippines, Vietnam, Mexico
MENA	Saudi Arabia, UAE, Kuwait, Qatar, Oman, Bahrain, Turkey, Israel, Jordan, Egypt, Morocco

The End of Today's Lecture



ご清聴有難う御座いました。

Thank you so much!

Vielen Dank für Ihre Aufmerksamkeit!

Grazie mille !

Merci beaucoup !

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