

# BUSI 1301 – Business Principles in a Global Economy

Professor: Dr. Joseph L Thompson



# Semester Contact Information for Professor Thompson

- Professor: *Dr. Joseph L Thompson*
- Preferred Email: [jltompson@bauer.uh.edu](mailto:jltompson@bauer.uh.edu)
- Office Location: Virtual
- Office Hours: Virtual



## Required Texts

1. The Syllabus (This is the most important document in the course. Students must keep up to date with the syllabus. If changes need to be made, the professor or your TA will inform students. )
2. Geringer - International Business (3rd edition) with Connect Plus.
3. Some topics require additional readings and videos. Those readings and videos will be located in the appropriate topic folder

## Recommended Readings

- Each student should acquire a copy of the classic book on writing style, *The Elements of Style* by William Strunk and E.B. White. This book will help all students learn how to write effectively for all writing inside and outside of college.
- Anyone involved in global business should be aware of business resources that provide information on industries, companies, markets, and more. Students should also pay close attention to media outlets for up to the minute stories that can have a dramatic impact on international businesses. The following library resources are highly recommended and should be used by each student when conducting research on the international business environment. These sources can be accessed via the UH library by using your CougarNet ID to log in. Click on the link (<https://guides.lib.uh.edu/business>) for more details about each of these sources.

**Mental Health**  
Counseling and Psychological Services  
<http://www.uh.edu/caps>  
(713) 743-5454



Let's Talk Program  
(no appointment necessary): [http://  
www.uh.edu/caps/outreach/  
lets\\_talk.html](http://www.uh.edu/caps/outreach/lets_talk.html)



Click on Musical Notes Throughout Presentation to Hear  
Lecture

# International Competitive Strategy

## Key Terms:

- Corporate Identity
- Strategy
- Value Creation
- SWOT
- Five Forces Model



## Lecture Outline:

- I. Developing a Corporate Identity
- II. Competitive Strategy and Value Creation
- III. Strategic Frameworks
  - I. SWOT Analysis
  - II. Five Forces Model

# What is International Competitive Strategies?

- A firm that does business in multiple countries is known as a **Multinational Corporation (MNC)**
- **Multinational corporations must use an international strategy**

- **Recognizable brand**
- **Efficiency in processes**
- **Lower costs**
- **Streamlined operations**

**Click on Musical Notes Throughout Presentation to Hear Lecture**

Click on Musical Notes Throughout  
Presentation to Hear Lecture

# Corporate Identity and Strategy

- Strategy depends on goals
- Corporate Identity: The way a company presents itself and/or the way the public perceives the company
- Importance of corporate identity:
  - Stand out from your competitors
  - Consumer loyalty
  - Employee morale
- Strategy: actions a manager takes to reach the firm's goals



# Clear Vision?

(Do the following companies have strong identities or a clear corporate vision? What are those qualities?)

Having a clear, positive corporate identity is important for a number of reasons.



# Clear Vision?

(Do the following companies have strong identities or a clear corporate vision? What are those qualities?)

Having a clear, positive corporate identity is important for a number of reasons.



TESLA

# Clear Vision?

(Do the following companies have strong identities or a clear corporate vision? What are those qualities?)

Having a clear, positive corporate identity is important for a number of reasons.

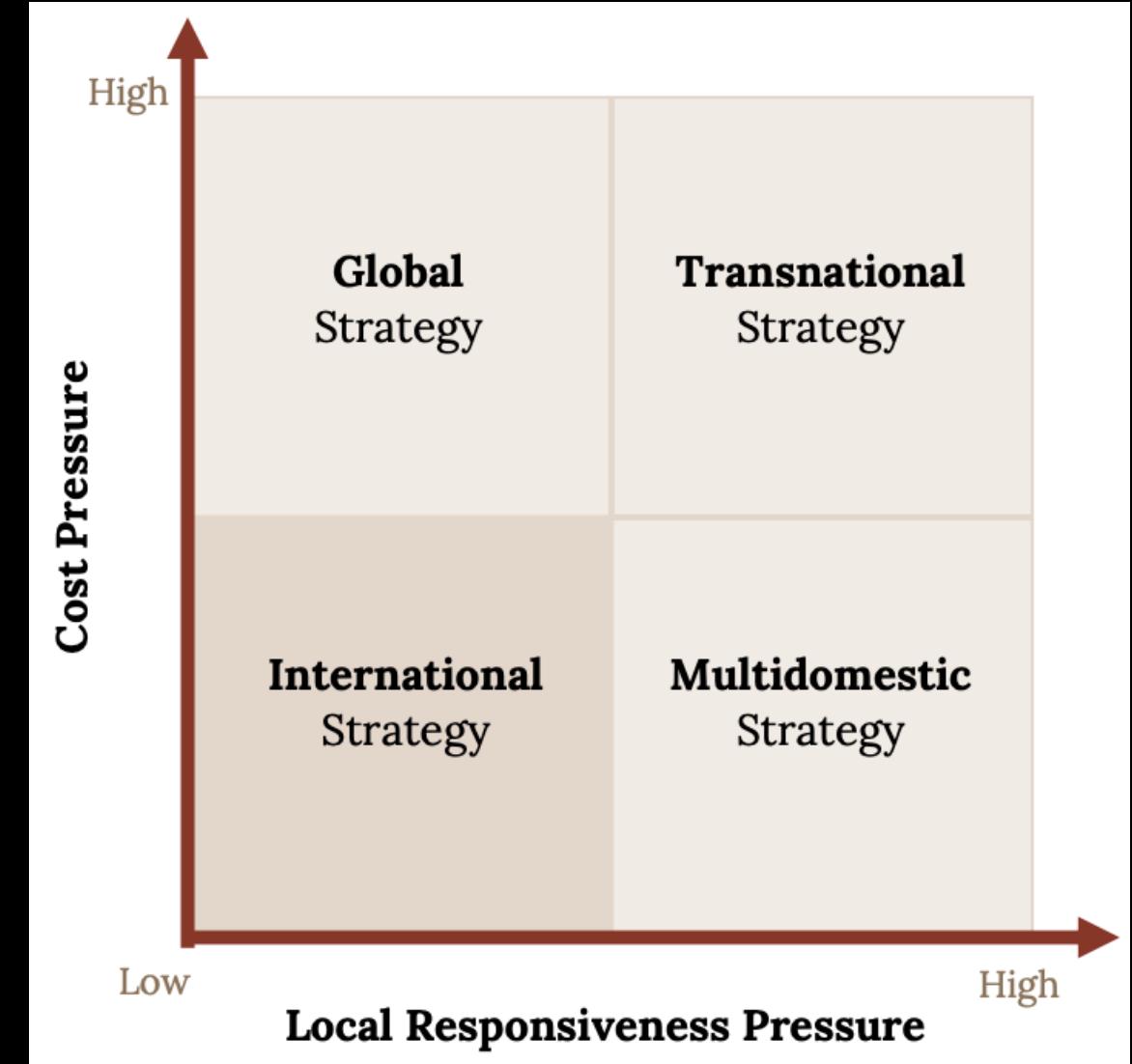


Click on Musical Notes Throughout  
Presentation to Hear Lecture

# 4 Main Strategies Used



- International Strategy
- Multi-domestic Strategy
- Global Strategy
- Transnational Strategy



Click on Musical Notes Throughout  
Presentation to Hear Lecture

# International Strategy

- Not concerned with costs or adapting to local cultural conditions
- Want to sell products internationally with little change
- Example 1: Harley Davidson
- Example 2: Belgium Chocolate



**Click on Musical Notes Throughout  
Presentation to Hear Lecture**

# Multi-Domestic Strategy

Does not focus on cost or efficiency

Emphasizes responsiveness to local cultural requirements

- **Example 1:** Netflix's customizable programming
- **Example 2:** Heinz ketchup ingredients
- **Example 3:** Outback Steakhouse adapting to local preferences



Click on Musical Notes Throughout  
Presentation to Hear Lecture

# Global Strategy

- Sacrifices responsiveness of local requirements
- Emphasizes lower costs and better efficiency
- Example 1: Microsoft offering the same products globally
- Example 2: Proctor & Gamble gain efficiency by creating global brands

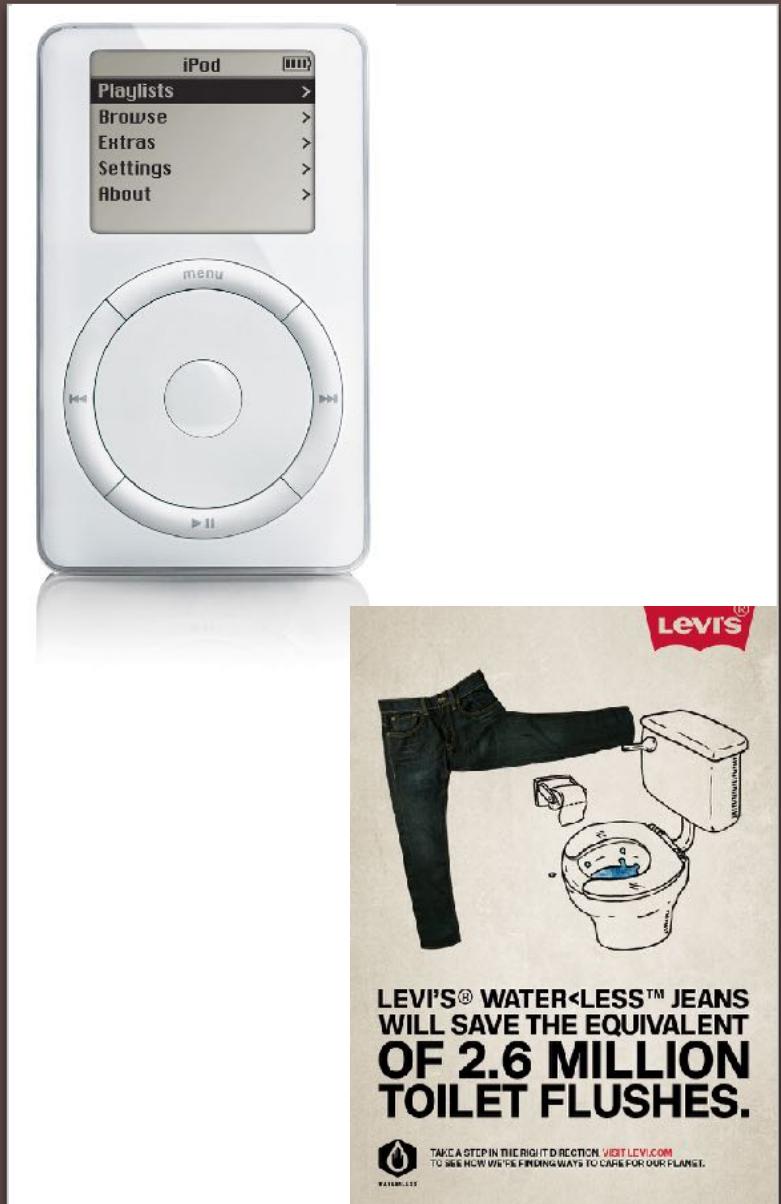


**Click on Musical Notes Throughout  
Presentation to Hear Lecture**

# Transnational Strategy

- Middle ground between multi-domestic and global strategies
- Balance desire for lower costs while maintaining cultural inclusion
- **Example:** McDonald's





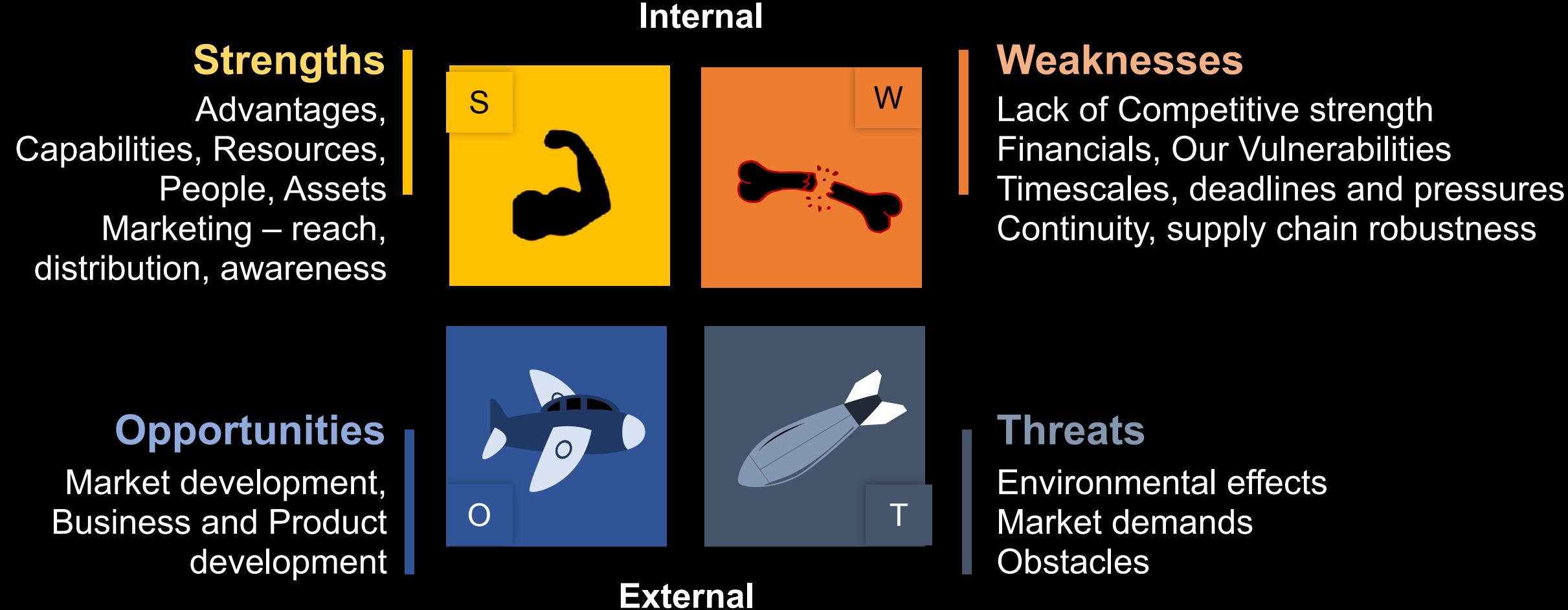
Click on Musical Notes Throughout Presentation to Hear Lecture

## Value Creation

- More Value: more bang for your buck
- Better Value: changing impact, intensity, or application of a product
- New Value: breaking into a new sector
- Social Value: having a social impact

Click on Musical Notes Throughout  
Presentation to Hear Lecture

# SWOT Analysis



# Travel and Tourism Industry

**Read the Lecture Notes for More Detail over these slides**

The tourism and travel industry plays a significant role in the economy of a country.

According to statista.com, the tourism industry combined with the travel business contributed approximately 2.9 trillion US dollars to the global economy by the end of 2019. The tourism industry has added approximately 580.7 billion US dollars to the US economy alone.



# Travel and Tourism Industry: Strengths



**Read the Lecture Notes for More Detail over these slides**

**Cultural Heritage, Local Festivals, Safe Environment, Accommodation Facilities, Enough Resources to Produce Quality Products, Traveling Convenience, Diverse Culture**

**Economic Growth:** The tourism industry plays a very important role in the GDP and economy of a country. In 2019, the tourism industry along with the travel business single-handedly added 2.9 trillion dollars to the world's economy. The countries that have realized the significance of the tourism industry, earn billions of dollars of revenue annually from it.



# Travel and Tourism Industry: Weaknesses



**Read the Lecture Notes for More Detail over these slides**

**Less Management Skill, Lack of Innovation, Lack of Quality Service, Seasonal Staff, Conventional Marketing Strategies**

**High Turnover Rate:** The employees' turnover rate is very high in the tourism industry. It's because the work pressure is very high during the season, and pay is very low. The reason people accept such a job is to fill the gap in their careers. They're always looking for a better opportunity. Whenever they find it, they leave their job immediately.



# Travel and Tourism Industry: Opportunities

**Read the Lecture Notes for More Detail over these slides**



**Personalized Service with Unique Experience, New Products, Environment-Friendly Place, Economical Service, Online Marketing**

**Unusual Venues to Attract People:** If you're new in this field of the hospitality industry, selecting an unusual spot and building it has growth potential. It would require a huge amount of resources. If you can manage to raise the capital, work on the land, establish a good place, then you would able to attract a lot of tourists.

# Travel and Tourism Industry: Threats



**Read the Lecture Notes for More Detail over these slides**

**Pandemic of Covid-19, Environmental Issues, Limited Finances, Highly Competitive, Visa Restrictions**

**Limited Professional Institution for Tourism:**  
There are very few institutes that provide professional training for tourism. That's why we don't see often professionalism in the tourism industry. It could be the professional product quality and service, or the professional way of doing business.

# Video Recording Link

The following is a recording of the International Competitive Strategy Lecture (Part II) from September 14, 2022.

Note: From **38:05-41:20 in the video**, students in class watched the “Shell Scenarios” video. The link is located in the topic folder and on the Shell Scenario Planning Slide. There are two videos on the Shell Scenario Planning PowerPoint slide. Students should watch both videos.

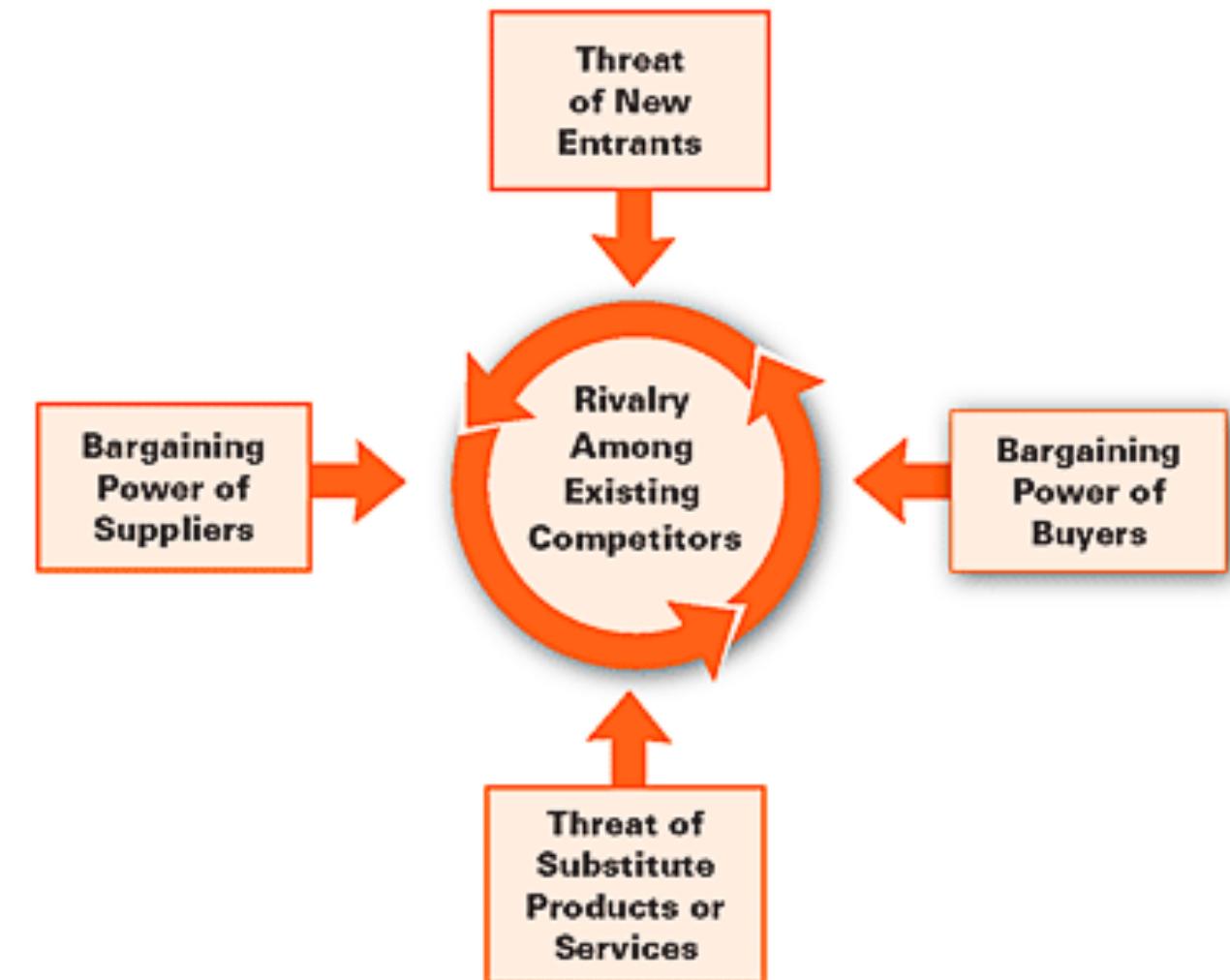
[https://uh-edu-cougarnet.zoom.us/rec/share/  
s59TBWBHX8dXqekhY9MVY5tVE6JyBONFchtuPMT4az4TKKSXA\\_5OcM7iFwdFEXBv.nLXonVx  
gKiXECQ4O](https://uh-edu-cougarnet.zoom.us/rec/share/s59TBWBHX8dXqekhY9MVY5tVE6JyBONFchtuPMT4az4TKKSXA_5OcM7iFwdFEXBv.nLXonVxgKiXECQ4O)

Passcode: Rch8kv+^

## Michael Porter's Five Forces Model

- Intensity of forces affects profitability, desirability of market
- The higher the competition, the less attractive a market is for a company
- The more intense the forces, the higher the competition for a company, therefore the less profitable the market is

### The Five Forces That Shape Industry Competition



# Threat of New Entrants



Bring new capacity,  
knowledge, or ability (fuboTV  
list of channels bottom left)



# Have a strong desire to increase market share



Can put competitive pressure  
on an industry



# Can limit profitability



## Threat of Substitutes

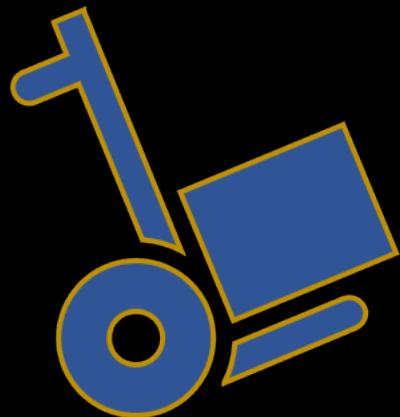


Threat of consumers switching to a different but comparable product  
OR opting out completely



Companies want unique products that cannot be substituted easily

# Power of Suppliers

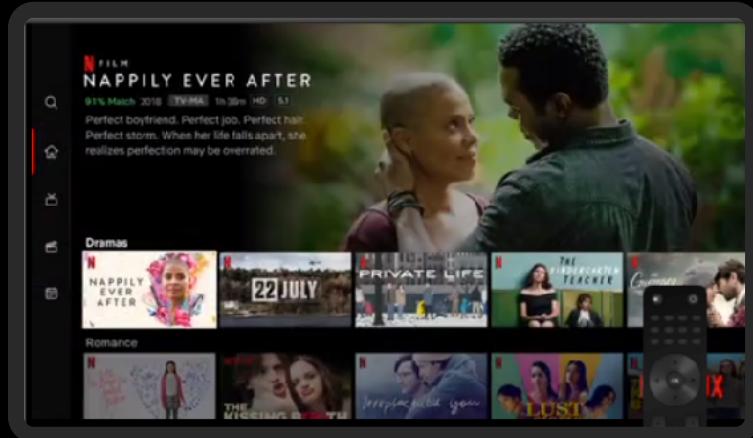


- Powerful suppliers can have immense bargaining power
  - Charge higher prices
  - Withhold services
  - Shift costs to their customers (the company buying the products)
- Suppliers are powerful when:
  - There are fewer of them than the companies they supply
  - They serve multiple companies



## Power of Buyers

- Consumers have an impact on prices and the types of goods or services a company offers
- Buyers are powerful when:
  - There are multiple companies in the industry offering similar goods
  - They can easily substitute other goods or opt out completely



- Founded in 1998 as a DVD mailing service
- 2007: Pioneered streaming services
- 2011: Began to look into producing original content
- 2013: **HOUSE**  **of CARDS**

## Scenario Planning:

Managers are now more interested  
In “what-if” planning instead of  
planning for a single set of events.

Multi-domestic company Royal Dutch  
Shell is a pioneer in using this technique  
in response to possible oil shortages.

Shell Scenarios Video: <https://youtu.be/srY-hJuqYTM>

Shell energy to 2050: <https://youtu.be/jQ2ulPeiEYQ>



Scenario planning is used more frequently today. Bain and Company's annual survey queries 13k respondents from more than 70 countries about the use and utility of management tools. In 2014, 18 percent of respondents reported using scenario planning and 60% said they expected to use it in 2015.

There is scenario planning and effective scenario planning. What is effective scenario planning?

Effective scenario planning enables managers to view the future differently- helping them get out of their mental mind-sets. This is called “re-perceiving.”

