	MEASI INSTITUTE OF MANAGEMENT **CHENNAI-14** Approved by All India Council of Technical Education and Affiliated to the University of Madras, ISO 9001:2015 Certified Institute

INTERNATIONAL BUSINESS

CASE STUDY NUMBER	**1**
LEVEL OF TEACHING	**L3**
PROGRAM OUTCOMES COVERED	**PO2,PO4,PO7**
COURSE OUTCOME COVERED	**C207.1**

The Boston-based firm Gillette was founded in 1895 and is still best known for its original products, razors and razor blades. By the end of the twentieth century, Gillette had grown into a global corporation that marketed. Its products in 200 countries and employed 44,000 people worldwide. About 1.2 billion people use Gillette products every day. Its sales are about equally distributed among the United States (30 percent), Western Europe (35 percent), and the rest of the world (35percent).

As markets matured in developing countries, Gillette sought growth through product diversification, moving into lines such as home permanents, disposable lighters, ballpoint pens, and batteries. In the mid-1990s, Gillette targeted several key emerging markets for growth. Among them were Russia, . China, India and Poland. Russia was already a success story. Gillette's move into the Czech Republic had prospered as well and in 1995 Gillette bought Astra, a 10caI; privately owned razor blade company. Astra gave Gillette expanded brand presence in the Czech market. Astra's relatively strong position in export markets ~n East Europe, Africa and Southeast Asia proved a boon to Gillette in those markets as well. Just as in other markets in the developing world, 70 percent of East European blade .consumers used the older, lower tech double-edge blade. Then disaster struck. A financial crisis that began in Thailand quickly spread across Asia. Many wary investors responded by pulling money out of other emerging markets as well depressing economies across the globe. Bad economies meant slower sales for Gillette, especially in Asia, Russia and Latin America. In Russia, wholesalers could not afford to buy Gillette products. Consequently, these products disappeared from retail stores and Gillette's Russian sales plummeted 80 percent in a single month.

Gillette found it could not meet its projected annual profit growth of 15-20 percent. The price of Gillette shares tumbled 36 percent in 6 months. To save money, Gillette planned to close 14 factories and layoff 10 percent of its workforce. .

Despite its recent bad experience in developing countries and in the former Soviet bloc, Gillette was still moving ahead with plant expansion plans in Russia and Argentina that would total $64 million. Some even suggested that this was a good time to expand in the emerging markets by buying up smaller competitors that had been hurt even worse by the crises.

Questions

1. Why do companies such as Gillette target emerging markets? Do you agree?
2. What are the dangers to Gillette of targeting emerging markets?
3. Why would local, privately owned companies like Astra want to sell out to companies like Gillette?
4 What global strategy would you suggest for a company such as Gillette? Explain your choice.

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CASE STUDY NUMBER	**1I**
LEVEL OF TEACHING	**L3**
PROGRAM OUTCOMES COVERED	**PO2,PO4,PO7**
COURSE OUTCOME COVERED	**C207.1**

The globalization of Indian economy has led to the establishment of a number of large and medium firms as licensing was not necessary. This resulted in production of a number of goods, more than the demand in some cases. Consequently, some small scale units which were receiving Govt. protection became sick. The earlier sick units became mortal. Some examples in this category weretextile units in Ahmedabad, electronic units in Delhi, consumer goods firms in Mumbai, AP Lightings, Anantapur, steel melting units in Hindupur, paper mills in Coastal Andhra and leather units in Chennai. Globalization resulted in the entry of a number of MNC's in India through exports, joint ventures etc. in the addition, U.S.A and Malaysia dumped cooking oil, steel, electronic products etc. The European countries exported milk and other agro-based products. These factors created a slump in the market due to excess supply. Further the decline in the employment opportunities affected the purchasing power of the middle class consumers adversely.

This created like China, S.Korea produced goods at a cheaper rate than India. This created a havoc in the market. The policy of globalization was criticized by some.

Other quarters of the industry felt that Indian business and industry should learn management techniques and focus on high productivity and low cost.

In the light of above answer the following questions:

1) Is globalization desirable for the Indian economy? Why?

2) How globalization will benefit the Indian Consumers?

3) Identify the key areas where in the Indian manufactures need to improve to enable them to compete internationally.

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CASE STUDY NUMBER	**1II**
LEVEL OF TEACHING	**L3**
PROGRAM OUTCOMES COVERED	**PO2,PO4,PO7**
COURSE OUTCOME COVERED	**C207.1**

Cutting Edge Ltd., a Nasik based company is globally set up, for its unique products. This is a precise example of which have remarkable skills and strategies for identifying new product developing them for commercial exploitation. The company always at global operation right from the beginning. It was very quick in and extablishing itself firmly in the international markets.

The company began its corporate journey in the year 1995manufacturing of quality scissors used for various application/uses did not lose any time and was quick enough to spread its wings in other countries. By the end of year 2004, it had added more procucts portfolio, popular among them are razors and blades.

CEL' s manufacturing operations, apart from Nasik are in more than 10 locations in four countries. The products are market more than 20 countries. Within a span of less than 10 years, CEL has its overseas revenue from a meager US$50000 to US$140 million.
It concentrated on its main line of scissors and blades and expanded the by adopting novel ideas like distribution free razor blades or scissors bank(Shave and save plan) or (Cut and cut the expenditure plan). Even the recessionary period it

sponsored major sporting events and through worldwide advertising kept up its sales.

The remarkable strategy adopted by this company is in identifying for which there was need and developing from the beginning a high product and convincing consumers to buy quality and sophisticated. This enabled the company to sell more expensive products at a higher of profit. It kept in close touch with the market and the needs of produced new product as demand arose. The company involved in considerable market research and design engineering.

CEL realized the importance of exports and international operation. Words, international operation/business was the part of the plan from inception ot the company and not an afterthought.

Out of the total sales of US$140 million, almost 92% sales are coming from developed market like U.S.A., Canada Japan, etc. the company has not been able to make inroads in developing and underdeveloped markets. One of the main reasons fearing is that in the developing and underdeveloped markets it may able to enjoy the same profit margins as it is enjoying in developed CEL would like to make sure that its presence must be felt in the developing and underdeveloped markets and business contribution from these markets must be enhanced to a large extent without harming the profitability picture.

Analyse the case and guide the CEL management in increasing the sales revenue from the less developed markets without hampering the company's overall profitability.