

WOMEN'S UNIVERSITY IN AFRICA



Addressing gender disparity and fostering equity in University Education

FACULTY OF MANAGEMENT AND ENTREPRENEURIAL SCIENCES

MASTERS DEGREE IN BUSINESS ADMINISTRATION

MAIN PAPER

MBA 224: INTERNATIONAL BUSINESS

INTAKE 22: FIRST YEAR SECOND SEMESTER

TIME: 2 HOURS MORNING

INSTRUCTIONS TO CANDIDATES

Answer Question 1 and any other two.

Question 1

CASE: GRUPO BIMBO

Grupo Bimbo (hereafter GB) was established in Mexico City, Mexico, in 1945 as a small bread production and delivery company. Today, GB is the third largest baking company in the world and a leader among breadmakers in Mexico and Latin America. GB has expanded into the United States and 14 countries in Latin America and Europe. GB's 76 worldwide plants and 25,000 truck fleet allow products to reach 600,000 points of sale in the markets it serves. The majority of GB's 3,600 products are loaf bread, pastries, and cakes. GB has nearly 100 brands such as *Bimbo*, *Marinela*, *Tia Rosa*, and *Mrs Baird's*. the company remains Mexico's largest commercial baking operation.

GB has begun to expand into the United States through investments (*greenfield, franchise*) and numerous *acquisitions*. Believing that they have maximized growth in Mexico and Latin America, GB hopes to expand into the United States by gaining *market share* of the United States' bread market.

GB's main *competitors* include ConAgra, Grupo Corvi, Fritolay, Haribo, Hershey, Nestle, and Sara Lee Bakery Group. Many of these competitors are American -based firms. As competitors expand into the Mexican and Latin American markets, GB is faced with new challenges. Quality control has become an increasingly important aspect of food production. GB sees production quality and international recognition through ISO certification as vehicles for strengthening value and its competitive position.

International concerns for nutrition continue to grow. Competitors, such as ConAgra and Sara Lee Bakery Group, have begun to present their products as healthy and nutritious. GB is expanding its image as providing healthy and nutritious products. In advertisements, GB presents images of fresh ingredients used to make bread. GB enriches its bread with vitamins and minerals and uses enriched flour. The company has developed brands that target different segments of the market with a focus on nutrition. *Bimbo*

Xtreme is a line of loaf bread with combinations of ingredients that “cater to the preferences of active young people who like to enjoy nature in all its splendor”. *Bimbo Kids* is a brand created and marketed as a nutritious part of the daily diet of children.

GB attempts to compete by producing bread and other products at a lower cost and by trying to reach customers more efficiently than its competitors. The massive quantities GB produces allows the firm to produce each unit at a lower cost than competitors can. GB’s extensive distribution network creates another competitive advantage for the firm. The firm’s extensive distribution network allows GB’s products to reach more points of sale than its competitors. These products also reach points of sale more quickly, making GB a fresher product.

GB has also capitalized on the expansion of U.S firms into Mexico. GB’s distribution capability has appealed to a number of American firms because it allows products to reach a broad consumer base. For example, GB formed a strategic alliance with the Wrigley Company, the world’s largest manufacturer of chewing gum. The alliance states that GB will be the exclusive distributor of Wrigley’s chewing gum in Mexico. This strategic alliance was made possible by utilizing the company’s established distribution channels.

Source: www.bimbo.com

You are required to:

- a) Discuss the terms shown ***bold and italics*** in the case. [20]
- b) Discuss GB’s approach to the marketing mix of this global company. [20]

Question 2

International Marketing and International Business are different sides of the same coin.

Discuss. [20]

Question 3

Discuss the following exchange rate quotations as used by banks.

- a) Bid;
- b) Offer; and
- c) Cross.

[20]

Question 4

Discuss the following World Bank related issues:

- a) Roles and function of the Bank [10]
- b) Its successes and failures since its formation in 1944. [10]

Question 5

Give brief explanatory notes on the following exchange rate systems.

- a) Fixed exchange rate
- b) Floating exchange rate
- c) Managed exchange rate [20]

Question 6

Discuss the implications for Direct Foreign Investment (FDI) of the following PESTEL variables.

- a) Economic [10]
- b) Technological [10]

END