



VIDEO CASE

COMPETING IN GLOBAL MARKETS

Many consumers in countries around the globe would like to buy American products, but it can be difficult for American companies to enter these global markets. Legal and regulatory issues, as well as other challenges, often make the transition to global trade difficult. However, once they meet these challenges, American businesses can enjoy huge success in other countries.

This video shows how large companies such as Levi's, KFC, McDonald's, and Coke have been successful in South Africa. The companies then used their base in South Africa to springboard into other African countries. One reason the companies chose to enter African markets by way of South Africa is that the South Africans are more accepting of multiracial Americans because they too are multiracial. Perhaps the most compelling reason American companies choose to expand into South Africa is that the democratic government has given the country the stability that firms need in order to thrive in global markets.

Large corporations are not the only American companies doing business globally. Michael Jackson and Eleanor Zemmick, owners of a small bike company called Cannonball Bicycle, have taken on the Japanese giants on their own turf by selling their American bikes to eager Japanese customers. Japanese buyers are willing to pay as much as \$5,000—twice the price in the United States.

When Jackson and Zemmick first tried to sell their products in Japan they found it difficult to crack the bureaucratic Japanese system. They finally found a way to get their products where they wanted by taking them directly to bike stores. They introduced themselves by giving presents to the storeowners. They knew that when trying to sell in a different country, it is fundamentally important to adapt as much as possible to the local culture. As a Japanese Studies major in college, Jackson was familiar with the culture and adopted Japanese standards of payment, marketing, sponsorship, etc. Cannonball bikes were adapted to the size of Japanese riders and were painted in colors that appeal to Japanese customers (e.g., periwinkle purple).

By doing their homework, Jackson and Zemmick are gaining market share in a country that many large companies have difficulty entering. Their advice to other small businesspeople who might want to accept the challenge of trading in countries like Japan: Start small, move slowly, and plan to stay for the long haul.

Discussion Questions

1. What evidence have you seen to show that other countries have adapted their products to meet the needs of the U.S. culture?
2. What might be some steps you could take now to prepare yourself to become an international businessperson?
3. What is happening in society today that indicates that there will soon be a world market for almost everything?