

GlobalMBA Cohort 2015/16: Abstracts of Global Business Team Projects

- **“Electric cars in Germany – Competitive Advantages of Nations and Corporate Strategies”**

Yi Gao, Timothy Toledo, Michał Sobolewski, Daniel Larena Baumann

As demonstrated by the success of the car manufacturer Tesla, electric cars (E-cars) represent an increasingly feasible alternative to cars with internal combustion engine. In this context, Germany seeks having one million E-cars on the road and becoming a leading supplier of E-cars until 2020. The presented thesis evaluates the competitive advantages and disadvantages of Germany as a supplier of E-cars. Furthermore, general recommendations for the German industry as well as corporate strategies are being assessed. Following a top-down approach a study of the global automotive industry provides the frame for a more detailed analysis of the German E-car industry. Porter’s Diamond model in combination with the Five Forces model, illustrate the industry conditions as well as the competitive rivalry. Combining internal and external analysis in a SWOT matrix revealed that the German E-car industry can build on a solid foundation in terms of factor conditions and reputation of German brands. However, especially investments in charging infrastructure and grid-solutions are needed. Additionally, a comparison with other leading industries like Norway highlights the relevance of incentives for potential E-car customers, for instance in form of benefits. On a corporate level, an increasing innovation pressure needs to be managed by German E-car manufacturers. A possibility would be more open innovation models. Furthermore, strategic alliances with related and supporting industries like battery manufacturers and energy companies will become indisputable in the future. Finally, new retail models should put more emphasis on the digital representation and clearer position strategies should be pursued.

- **“The German Meat Industry – A Sustainability Analysis With a Focus on Industrial Competitiveness and Corporate Strategies”**

Chabeli Caceres, Nils Hübscher, Xun Sun, Katharina Vogt

With the world population approaching nine billion people by the year 2050, the agro-food industry is facing a growing need for food, including meat. For the meat industry, demand has quadrupled in the past fifty years. The subsequent surge in supply has caused a variety of complications regarding the production processes. Consumers have become more aware of the social and environmental impacts of current production methods, whereas abusive labor conditions, increasing greenhouse gas emissions and decreasing animal welfare levels characterize the development of the meat sector. Due to an accompanied shift in consumer preferences and a variety of food scandals, requirements in meat quality and safety are increasing. German consumers are especially concerned with these developments, which can all be identified in the German pork industry, the largest sector of the German meat industry and the third largest pork industry in the world. Thus, the goal of this thesis is to investigate the German pork industry’s level of sustainability and to determine ways to implement sustainable developments in corporate strategies. After analyzing the German pork industry using an industry study per Porter’s Diamond, the levels of environmental, social and economic sustainability are presented. After all, the German pork industry can be described as profitable, but far from the aspired state of sustainability. To reach sustainability and long term profitability, the recommended course of action is a broad shift towards organic farming. Various measures including an increased focus on exports can offset the short-term costs associated with this transition.

- **“The Development of the Chinese Pork Industry – An Analysis of Inward-Outward Internationalization and Investment Strategies”**

Zhongyu Li, Annamirl Baumgartner, Sakwabo Williams, Angela Music

The increase in demand and consumption in rapidly developing countries like China puts the agricultural industry under pressure. To satisfy the continuous rise in pork demand will be a major challenge for China today, and even more in the future. The thesis intends to document the threats and opportunities of China’s pork market by analyzing the industry and its competitors utilizing a combination of PESTEL, Porter’s Diamond and OLI frameworks. The ultimate objective is to conclude whether or not it is feasible for a foreign pork producer, who desires to gain from the growing demand for pork in China, to enter the

Chinese pork market via FDI. The thesis shows that the Chinese pork industry has undergone a rapid and thorough evolution from being a mainly small-scale farmer dependent industry to leading the world's pork market with the help of the so-called Dragonhead Enterprises who have acquired major foreign competitors. The vertical integration desired and encouraged by the Chinese government creates high barriers to entry for any foreign company involved in the production or processing of pork. Due to the high investment costs, only big MNEs would be able to enter the Chinese pork market as producers via FDI. Even these firms would need to overcome strong obstacles and most preferably have certain guan xi with the Chinese government.

- **“An analysis of internationalization strategies in the apparel industry: How companies create a competitive advantage in culturally different markets”**

Michelle Boughan, Giovanni Fior, Adam Łopaciuk, Lea Valentine Frieda Steinlein

The research in this thesis illustrates that retailing companies in the apparel industry, like H&M AB and Inditex, are faced with the complexity of culturally different markets. Four key business areas are selected as a basis for the analysis, namely market entry, brand positioning, promotion, and product adaptation, and are examined in the context of the German, Chinese, and US-American markets. The strategies adopted in these four business areas and in these three countries serves as the outline for a comparison of the two firms. In conclusion, can be said that both brands aim to standardize and implement a global strategy but adapt to the business environment, consumer behavior, and cultural perceptions when it is necessary to create and sustain a competitive advantage. Several cases of best practices are given for the consideration of companies that also want to enter culturally different markets in the apparel industry.

- **“Comparative Analysis of the Market Opportunities in the USA, Germany and China for Alternatively Fueled Cars”**

Zhihang Du, Kayla Polk, Iñigo Rivero Angulo, Britta Wilmers

The Master thesis outlines and contrasts the market opportunities and challenges for electric and hybrid passenger cars in the USA, Germany and China. The global automotive industry study provides context for the comparative analysis, and proves that electric cars already have a strong influence on the dynamics in the global automotive market and industry. All different kinds of alternatively fueled vehicles are introduced in the technology

overview; however, the comparative analysis focuses mainly on electric and hybrid passenger cars. In each of the three countries (USA, Germany and China), the economic, political/legal, social, technological and environmental factors for electric and hybrid cars are analyzed by the structure of PESTEL. The combination of market perspective (number of registered electric vehicles and their influence on the competitive structure), government interventions (subsidies or tax reductions for electric vehicle purchase), consumer perspective (attitude towards electric cars), leading domestic producers (their electric mobility strategies) as well as charging infrastructure and environmental regulations for electric cars gives an overall picture of the market opportunities and challenges in each country. The results received for each country are compared and contrasted in the comparative analysis, thus making it possible to withdraw implications for business strategies. As electric mobility is an important topic for future development for auto manufacturers, the thesis is highly relevant to give market insights for different countries and thus help global automotive manufacturers to produce an effective strategy.

- **“Genetically Modified Food: A Comparative Analysis of political regulations, economic strategies, cultural perceptions, and technological developments in China, Germany, and the USA”**

Leni Baudler, Elizabeth Boyd, Qiuhe Wang

Genetic modification has become a powerful term in the world today, evoking a multitude of feelings in people that are influenced by a host of factors. Despite the role it plays today, genetic modification itself is an ancient method used for thousands of years, and only in the last few decades it was begun to manipulate the DNA of organisms, therefore making it a relatively new technology. Although, it has already produced a slew of responses, a comprehensive study has yet to be made of this subject. This shall be undertaken through the use of a PEST analysis, a comparison of the political regulations, economic strategies, cultural perceptions, and technological developments, in the People’s Republic of China, Germany, and the United States. Specifically, the legal regulations, key company’s strategies, consumers’ acceptance, and technological generations are analyzed. Under the light of an increasing use and development of genetically modified organisms, as well as due to a growing population and an increasingly interconnected world, these three countries were chosen due to their differing attitude towards this topic and based on their relative importance in the global economy. Currently, businesses located in China and the US, appear to have an advantage in terms of governmental, economic, and technological factors,

while Germany has implemented rather strict regulations, limiting the opportunities for businesses in their use of genetically modified organisms. Following an extensive analysis of the three countries, recommendations for how businesses can navigate the complexity of this industry in the future will be explored.

- **“Electric Cars in the USA – Competitive Advantage of Nations and Corporate Strategies”**

Julian Geisler, Artur Tkacz, Dane Quintal

The finite nature of fossil fuel supply and an increasing relevance of environmental issues and sustainability affect carmakers in the whole automotive industry. Thus, new forms of passenger vehicles have evolved in recent years. Specifically, E-car (Plug-in Electric Vehicle) production and sales are rising worldwide. However, the automotive industry is highly competitive, capital-intensive and dominated by multinationals which set high barriers to entry. Nevertheless, Tesla, as the pioneer of innovation-driven carmakers, has managed to come to prominence in the industry by solely focusing on the niche of E-cars. The thesis explored the role of firm heterogeneity of the E-car market using the Melitz model to examine how producers originating from the U.S. can potentially progress into a fully globalized scale. In addition to that, Porter’s Diamond was used to analyze the business environment and the competitiveness of the E-car market in the U.S. with a focus on conventional and innovation-driven E-car producers. Basing on this, strategies were deduced for both kinds of producers. It was found that there are sources of competitive advantage of nations within the U.S., and the base for them to stay a key player in the E-car market has been laid. Most importantly, to accelerate industry growth, co-opetition strategies should be utilized to develop both charging infrastructure and technology, especially of batteries. This would create economies of scale and satisfy the need for lower prices and higher accessibility pushing E-cars from an emerging state to the upper echelon of market domination.

- **“Global Value Chains in the Clothing Industry: Transfer of Best Practices in the Luxury and the Fast Fashion Sector”**

Julia Grzelak, Ronja Linge, Anne Mieden, Manyu Song

In an era where globalization influences the vast majority of manufacturing industries, one of the most globalized is the clothing industry. A key defining aspect of globalization is the

fact that products are no longer manufactured by only one company or in a single country, causing global value chains to become gradually fragmented. Two indispensable sectors of the global clothing industry are the luxury fashion sector and the fast fashion sector. While these sectors used to be at opposite ends of a broad spectrum, the fast fashion sector has recently started to pose a competitive threat to the luxury fashion sector. On this basis, the luxury sector might want to consider adopting best practices from the fast fashion sector in order to maintain a superior market position. However, the fast fashion sector is subject to issues such as unfavorable working conditions and a lack of sustainability, which is why it may benefit from adopting best practices from luxury fashion. The overall objective of this thesis thus was to assess the transferability of best practices along the lines of the global value chains of luxury and fast fashion in order to suggest potential improvements for operations in both sectors. This thesis has proven that cross-sector best practice transfers are possible and can be beneficial. However, it has also shown that one size does not fit all and that a flexible approach has to be taken, which may mean a partial transfer, or the identification of trends that can be transferred.