

Multinationals and the Globalization of Production

Exam I: Information

Penn State // Fall 2017

Administrative things

- ▶ Sign in to Arkaive.com (course code: 84ST)
 - ▶ If not working, sign in up front
- ▶ PS #2 is due Thursday, end of class
- ▶ Next week
 - ▶ Tuesday: Review
 - ▶ Thursday: Exam I

Exam I: Thursday 10/5

- ▶ Exam duration is 75 minutes
- ▶ We will start on time; arrive early
- ▶ Bring
 - ▶ Calculator (not your phone)
 - ▶ One page of notes (8.5"x11", both sides)
 - ▶ No wireless devices or other materials
- ▶ Show your work!

Exam I: Thursday 10/5

- ▶ Covers everything up to and including Thursday 9/28
- ▶ Data
 - ▶ Need to know “stylized” facts
 - ▶ Do not need to know the actual numbers
 - ▶ Yes: “GDP per capita is positively related to outward FDI”
 - ▶ No: “Outward FDI/GDP in Angola is 0.057”
- ▶ Graphing
 - ▶ Will not ask you to make graphs — no computers allowed
 - ▶ May show you a graph, ask for interpretation

1. WALMART: RETAIL [WHOLESALE]
NAICS 452112 "DISCOUNT DEPT STORES"

Consumer:

BUSINESS MODEL "Low prices everyday"
[compare to sales]
Temporary

Operations:

SIZE + SCALE

DISTRIBUTION NETWORKS / LOGISTICS

2. WALMART U.S. } mostly RETAIL
WALMART INT'L }
SAM'S CLUB → online?

3. 1991 : Mexico

JOINT VENTURE w/ CIFRA

BENEFITS

- Infrastructure

- Brand awareness / EST. MARKET

- Smaller Commitment

- LOCAL EXPERTISE

LOCAL MARKET KNOWLEDGE

1997 CIFRA → WALMART OF
MEXICO ; C.A.

4. 1996: USA \approx 70 bil.
INTL \approx 7.5 bil. \leftarrow SMALL FRACTION
OF TOTAL SALES
 \approx 6%

2017: USA \approx 300 bil.
INTL \approx 114 bil. \leftarrow 24%
of total sales

5. 1996:
WM USA \approx 2000 "units"
INTL \approx 200

2017 USA \approx 5000
 \approx 6000

\Rightarrow Big presence in MEXICO
+ LATIN AMERICA | U.K.

1. WALMART

O: Supply-chain productivity
Low-price strategy / Branding

L: RETAIL

I: {logistics / distribution are complex
{maintain control of these complex networks
{ Brand consistency.

2. Yes. Productive firm. [can see this in domestic data]

3. Yes. By market.

High Income \rightarrow Bad?

Far From U.S.

[culture]

Exam I: Thursday 10/5

- ▶ How to study
 - ▶ Review on Tuesday
 - ▶ Problem sets — solutions online
 - ▶ Slides and notes
 - ▶ Practice exam (timed?)
- ▶ As you study, create your notes page
 - ▶ What was emphasized in class?
 - ▶ What formulas have I used? What do they mean?

OFFICE Hrs TBA