

International business environment argumentative essay



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1. An analysis of the national business system and cultural conditions in Vietnam with an assessment of how this will affect Starbucks Vietnam has become one of the world's largest exporters of coffee.

Coffee production has increased considerably over the last decade in Vietnam. By 2001, the Vietnamese coffee industry accounted for 12.3 per cent of global production. Coffee is the number two, export earner for Vietnam after food industry. Vietnamese coffee markets by continent (%) Mccargo 2004 Carrying on this tradition of tolerance, today in Vietnam, young Vietnamese flock to a coffeehouse in every city centre to sit around sipping their favourite caffeinated drink. The younger consumers under twenty-five years old are a vital part of the coffee market.

The young people account for a large proportion of the market. Therefore they are the future. Starbucks has positioned its brand through its customer experience as the highest-quality coffee experience all over the world. As a result of its brand, foreign customers know exactly what to expect from Starbucks. Therefore, Starbucks is able to increase its share of the market.

Success in Vietnam requires a far greater commitment than in the West. One of the reasons German automakers had success in Vietnam is that they stayed in the country when American companies left the country during challenging times. It is this steadfast presence, the long-term relationships. This is the process of creating that becomes the greatest strength of a new entrant. It is well-known that for a foreign company to understand the market, it must have Vietnamese executives and Vietnamese partners. There is surely great truth in this observation.

However, there are also many times when Vietnamese staff and alliance partners are not necessary and can even be a liability in market innovation. To the extent that new entrants need to contact with the traditional market—distribution channels, consumers, et cetera— Vietnamese partners and executives are really valuable (Abuza 2001, p. 23). To the extent that entrants are using market innovations and concentrating on new consumers, the Vietnamese perspectives become less important and sometimes a disadvantage. This is not to assert that Starbucks with this focus shouldn't utilize its Vietnamese partners and executives. But they should first carefully analyze the advantages and disadvantages of these relations.

After overcoming the critical years, Vietnamese economy seems to have entered a high growth era (Table 1). The Vietnamese economy registered a 7.25 percent GDP growth rate and achieved macroeconomic balance in 2004. (V V G – Economic Indicators 2007) The Vietnamese government and Vietnamese firms have been quick to understand the opportunities for selling to and sourcing from Asia (Grossheim and Houben 2001, p. 69). Vietnam is a trendsetter, investor, and builder across Asia.

Vietnam's GDP growth rate continued to increase by 8.5 percent in 2007, led by industry and the construction sector. Gross fixed investment, which had been severely constrained in previous years, grew about 20 percent in 1993. Both exports and imports grew considerably.

Index Mundi 2007 Vietnam shares with the rest of Asia its rapid market development and opportunities (CIEM 2002). Vietnam's post-war development became the successful market and shows a very different

model of development than the gradual development of markets in European and American countries. Although other Asian nations have accelerated Vietnamese's rate, none have come as far along in their development. In this respect, Vietnam's move from a struggling, tightly regulated local market to a successful, sophisticated, increasingly customer-driven market is a scheme that other Asian nations are following.

There are also a number of challenges for Starbucks' entry. The Vietnamese may call this entry globalization run amok and bad taste, even American cultural imperialism. It is surely an irritant to Vietnamese nationalists. Vietnamese leaders have made it clear that modernization is not Westernization. There is a differentiation throughout Asia between a movement toward a more modern society and preserving cultural and societal values that are very different from those in the West.

This distinction has increased Vietnamese's importance. It is the developed and flourishing modern society that is not Western (Abuza 1998, p. 1109).