

# PepsiCo's Bid for Quaker Oats (D)

TheCaseSolutions.com



### An Introduction

- Deals with the experiences of global cola major PepsiCo in Burma, in the 1990's.
- Brief profile of political, social and economic crisis during the rule of SLORC.

TheCaseSolutions.com

### History of Burma

TheCaseSolutions.com

### Conclusion

- The people of Burma need to be granted their basic rights and freedoms
- Large corporations like PepsiCo have tremendous power and influence
- They have given hope for change
- Military has been put under pressure for a democratic reform to attract foreign investors back to Burma

### THANK YOU

BY

Ziko Tamara-etuweme Cinderella  
Owhorchukwu Charles  
Ang Cristine Joanna

# PepsiCo's Bid for Quaker Oats (D)

TheCaseSolutions.com



pepsi™



# An Introduction

- Deals with the experiences of global cola major, PepsiCo in Burma, in the 1990's.
- Brief profile of political, social and economic crisis during the rule of SLORC

## TheCaseSolutions.com

### TheCaseSolutions.com

- Burma has been left untouched by development progress and prosperity
- Long history of political and social instability
- Why Burma opened its economy for international investors?
- Why Pepsi rushed to do Business with Burma?
- Role of MNC's in supporting the Burmese rulers in running their regime of terror

### TheCaseSolutions.com

- PepsiCo was formed in 1965 with the merger of the Pepsi-Cola Company and Frito-Lay, Inc.
- PepsiCo has since expanded from its namesake product Pepsi to a broader range of food and beverage brands

### History Of Pepsi TheCaseSolutions.com

- Created and developed in the year 1893
- Caleb Bradham in New Bern, North Carolina, USA
- Brad's drink
- Pepsi cola in 1898
- 1903 shifted to ware house for large scale production



### TheCaseSolutions.com

- Widespread global opposition by students, human right activists, governments against human rights violation
- Suppression of right to speech, assembly and associate
- Detention of Political leaders
- Human rights violation against ethnic minorities
- Forced potherring
- Forced labor

# TheCaseSolutions.com

- *Burma has been left untouched by development progress and prosperity*
- *Long history of political and social instability*
- *Why Burma opened its economy for international investors?*
- *Why Pepsi rushed to do Business with Burma?*
- *Role of MNC's in supporting the Burmese rulers in running their regime of terror*

# TheCaseSolutions.com

- *Widespread global opposition by students, human right activists, governments against human rights violation*
- *Suppression of right to speech, assembly and associate*
- *Detention of Political leaders*
- *Human rights violation against ethnic minorities*
- *Forced pottering*
- *Forced labor*

# *History Of Pepsi*

**TheCaseSolutions.com**

- Created and developed in the year 1893
- Calem Bradham in New Bern, North Carolina, USA
- Brad's drink
- Pepsi cola in 1898
- 1903-shifted to warehouse for large scale production





# TheCaseSolutions.com

- *PepsiCo was formed in 1965 with the merger of the Pepsi-Cola Company and Frito-Lay, Inc.*
- *PepsiCo has since expanded from its namesake product Pepsi to a broader range of food and beverage brands*

# History of Burma

## TheCaseSolutions.com

### TheCaseSolutions.com

- Burma is a sovereign country in South East Asia.
- On 4 January 1948, the nation became an independent republic called Union of Burma.
- Till 1967, three general, multi-party elections were held in Burma.
- On 2 March 1962, the military, led by General Ne Win took control of Burma.
- There were sporadic protests against military rule during the Ne Win years and these were almost always violently suppressed.

Political	<ol style="list-style-type: none"> <li>1. Represents a lack of rights.</li> <li>2. No political environment for trade.</li> <li>3. Government replaced with Ne Win, Law and Order Revolutionary Council (NORC) on a form of military dictatorship.</li> </ol>
Economical	<ol style="list-style-type: none"> <li>1. Cheap labor.</li> <li>2. High market entry rates.</li> <li>3. Strategic location, which may serve as a link to India and China.</li> <li>4. Conducive environment for trade because the government wanted to stimulate the economy.</li> </ol>
Social	<ol style="list-style-type: none"> <li>1. Burmese culture placed a high value on education.</li> <li>2. NORC had been successful at increasing human rights violations.</li> <li>3. No particular safety laws meant working conditions could be very poor.</li> </ol>
Technological	<ol style="list-style-type: none"> <li>1. Building plant was not technologically advanced.</li> <li>2. The plant was built not for PepsiCo's Burmese partner, Myanmar Cold Water Co.</li> </ol>
Legal	<ol style="list-style-type: none"> <li>1. Barriers to entry were close to none.</li> <li>2. Government supported foreign investors fully in absolute terms.</li> <li>3. Numerous protests in the US against companies doing business in Burma because of the questionable human rights records.</li> <li>4. Country to risk was legal and an acceptable method of transferring profits from Burma to US.</li> <li>5. No agreement laws meant very cheap and hard working labor.</li> </ol>
Environmental	<ol style="list-style-type: none"> <li>1. No particular environmental concerns for PepsiCo's Burmese operations.</li> </ol>

### Burma's business sector

- The NORC invited foreign investors to lift the social and political status of the country.
- This meant an opening of a market with 60 million untapped consumers and a largely underdeveloped natural resources.
- Burma could provide very cheap, skilled and educated labor.
- It had a very strategic location, ideal for mass distribution in many countries.
- Because of military rule, the political environment was stable and harsh policies could easily be implemented.
- Pepsi Co and several others enter the Burmese market.

### Swot Analysis





# TheCaseSolutions.com

- Burma is a sovereign country in South East Asia.
- On 4 January 1948, the nation became an independent republic called Union of Burma.
- Till 1962, three general, multi-party elections were held in Burma.
- On 2 March 1962, the military led by General Ne Win took control of Burma.
- There were sporadic protests against military rule during the Ne Win years and these were almost always violently suppressed.