Regional Multinationals and Triad Strategy

by
Alan M. Rugman[*] and Alain Verbeke[**]
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Introduction

The theme of this paper is that, today, much economic activity (both in manufacturing and services) is location-bound, taking place in clusters in the "triad" of the E.U., North America and Japan. The geography of location has been summed up in the phrase "sticky places" and these rigidities influence the strategic management decisions of firms, including multinational enterprises (MNEs). In fact, the choice of entry mode and choice of location are complementary strategic management decisions of profound importance to MNEs.

The key theoretical driver behind this paper is the insight from MNE scholars such as Dunning (2001), Enright (2000), and Rugman and Verbeke (2001) that in most triad clusters of value-added activities the MNEs are embedded as leading participants. The most extreme vision of this viewpoint is that of Rugman and D'Cruz (2000) who argue that MNEs act as "flagships" to lead, direct, co-ordinate and manage strategically the value added activities of partner firms in a business network, including key suppliers, key customers, and the non-business infrastructure. While Dunning (2001) refers to flagships as leaders only of vertical clusters (as in autos), Rugman and D'Cruz also include horizontal clusters (as in textiles, financial services, etc.).

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[*] L. Leslie Waters Chair in International Business, Professor of Management, Professor of Business Economics and Public Policy, Indiana University, Kelley School of Business, BU470 Bloomington, IN, USA 47405-1701, Tel. 812-855-5415, Fax: 812-855-3354, rugman@indiana.edu, and Senior Research Fellow, Templeton College, University of Oxford, OX1 5NY

[**] Professor of International Business Strategy, McCaig Chair in Management, University of Calgary, Haskayne School of Business, 2500 University Drive NW, Calgary, AB T2N 1N4, Tel. 403-220-8803, Fax: 403-282-0095, averbeke@ucalgary.ca, and Associate Fellow, Templeton College, University of Oxford, OX1 5NY

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The new thinking explored in this paper is the extent to which clusters are "regionally" based, i.e. operate across the national borders of nation states in the triad, in the spirit of Rugman (2000). Examples will be examined from the North America (U.S—Canadian) context and from within the E.U. Coupled with this regional focus as clusters will be analysis of the past, present and future role of MNEs in such regional/triad geographical spaces. Questions to be answered include:

1. What is the significance of MNEs as flagship firms in various sectors and to what extent are such business networks regionally located?;
2. What are the implications of this for future strategy? Can there be a "global" strategy assuming an integrated, homogenous market, or are there "triad"-based regional strategies for MNEs? Here, work by Govindarajan, and Gupta (2001) will be considered.
3. How can firms and service organizations for small, open economies fit into these spatial clusters (if they do at all) and what are the past, present and future linkages between such organizations and MNEs from the triad?

The paper provides empirical evidence which demonstrates that the majority of even the most "global" MNEs in reality operate on a triad/regional basis. Of the world's 20 most global MNEs, only 6 are truly global MNEs with a global strategy; the remainder are home triad-based and need regional strategies.

A Framework of Triad/Regional Business Activity

Figure 1 presents a framework that distinguishes between global, regional and national strategies for MNEs with geographically strongly dispersed sales, assets and employees. The vertical axis represents the actual product characteristics (ex post) of an MNE at these three levels: world (or "global") product, regional (or triad) product; and nation-based product.

The extent to which products are standardized at the global, regional or national level represents the "revealed preferences" of MNEs to institutionalize a particular approach at the world scale or to adapt to the requirements of national/regional markets. In contrast, the horizontal axis is more a reflection of "stated preferences", i.e., the extent to which MNE managers view strategic decision making as a process concentrated in one home base or dispersed across regions or countries.

More specifically, the horizontal axis represents the location of decision making power (ex ante) for corporate, business or functional strategy issues. Here, the question to be answered is whether all of the MNE's key strategic decisions (e.g., choice of product/market niches, choice of

strategic management tools to outperform rivals, key decisions made in each functional area, including R&D, production, marketing, distribution, human resources management), are taken in a single location, or whether at least a substantial portion of these decisions is taken in several "home bases" at the national or regional levels.

Figure 1 is an adaptation of Rugman and Verbeke's (1993) framework on "global" strategies. They argued that the truly important decisions to be taken by MNEs are related to two parameters. First, the number of home bases with which they function, i.e., the number of locations where important strategic decisions are taken (equivalent to the horizontal axis of Figure 1). Second, the use of non-location bound versus location bound firm specific advantages (FSAs) (equivalent to the horizontal axis of Figure 1). The former allow various approaches to standardize the MNE's product offering across borders and to earn benefits of integration (related to scale, scope and benefits of exploiting national differences). The latter provide the potential to gain benefits of national responsiveness.

The difference with Rugman and Verbeke's (1993) resource-based perspective on the integration-national responsiveness model, is that Figure 1 explicitly introduces a regional dimension to the analysis. This is now needed due to the emerging empirical work, Rugman (2000) which suggests that "global" strategies are not appropriate for most MNEs that actually operate on a regional/triad basis. More specifically, on the horizontal axis this regional dimension implies that a number of strategic decisions are left to region-based headquarters, rather than nation-based ones. The vertical axis implies the development of FSAs useful at the level of the set of nations that form the region. These are region-bound company strengths: they can contribute to survival, profitability and growth beyond the geographic scope of a single nation, but they are still location-bound, in the sense that they cannot be deployed globally (Morrison, Ricks and Roth, 1991), (Morrison and Roth, 1992). In this context, Yip's (2003, p. 7) view that a global company: "has the capability to go anywhere, deploy any assets, and access any resources, and it maximizes profits on a global basis" may be a useful normative message, but one that applies to very few, in any, MNEs in practice. Indeed, most MNEs rely largely on sets of location-bound and region-bound FSAs as the basis for their competitiveness.

Figure 1 here

Figure 1 helps identify some of the more important mistakes made by proponents of globalization and a global strategy for MNEs. They view as a reflection of a global strategy not only cell 1, but also cells 2, 3, 4 and 7 (where other strategies than globalization are required). In cells 2 and 3, they focus on the decisions and actions of corporate leaders, typically the CEO, the top management committee and the MNE's board of directors. It is undoubtedly the case that

most key financial decisions in MNEs are taken at that level. However, even if all major corporate strategy decisions are taken centrally, typically in the home country (left column of Figure 1), as is the case for many companies in, e.g., the computer business (both hardware and software), cells 2 and 3 reflect respectively the existence of substantial regional and national responsiveness regarding the product offering (including its service component) that actually is provided to the market.

In other words, MNEs that tailor their product offering to regional and national circumstances do not pursue a simple global strategy as suggested by cell 1. Considerable resources must be allocated to allow for the required level of sub-global responsiveness in terms of what is being delivered to the market. In addition, even if the MNE's product offerings were largely global, this does not necessarily imply that all important decisions on market penetration, distribution, advertising etc. can be taken centrally. Bounded rationality constraints are likely to force corporate management to delegate important decisions to the regional and national levels, thereby positioning the firm closer to cells 4 and 7.

This point is vitally important, as, at the other end of the academic and policy oriented spectrum, many anti-globalization critics suffer from a similar misperception: they view MNEs as centrally directed, profit maximizing entities, eager to sell standardized products around the globe. Anti-globalization critics state that MNEs are insensitive to host country and host region demands, especially those of host country governments. In fact, the presence of intense international rivalry and the unfortunate reality that every MNE from one region does face an important liability of foreignness in the other regions of the world, forces MNEs to be particularly sensitive to the requirements of host country governments and other salient stakeholders (Rugman and Verbeke, 1998).

Of course, this does not imply that MNEs can or should adopt an approach in cell 9, and be fully polycentric, with products carefully tailored to each national market and most strategy decisions left to host country subsidiary managers. Much conceptual and empirical evidence suggests that a "multi-national" approach leads to overlapping efforts and duplication in innovation, inconsistent national strategies, opportunistic behavior by subsidiary managers, and more generally a waste of resources and lack of clear strategic direction (Bartlett and Ghoshal, 2000). The great strength of an MNE is to overcome market imperfections characterizing national markets and to develop systemic, network-related rather than asset based FSAs, see Dunning and Rugman (1985). Even for MNEs with a polycentric administrative heritage, cells 6 and 8 are likely much more relevant than cell 9. In cell 6, attempts are made to achieve decision making synergies across markets, e.g., by developing pan-European or pan-American strategies in

particular functional areas (Rugman and Verbeke, 1992). In cell 8, economies of scale and scope are pursued by the national subsidiary managers themselves, through standardizing at the regional level their product offering across those national markets that have strong similarities in demand. In that case, subsidiary initiative is critical (Birkinshaw 2000, Rugman and Verbeke 2001).

The strategy and international management literature has done a good job of distinguishing between cells 1 and 9, but it has not addressed most of the other cells. For example, the basic matrix of integration (cell 1) and national responsiveness (cell 9) popularized by Bartlett and Ghoshal (1989) distinguished between a pure global cell 1 strategy and the "act local" national responsiveness strategy of cell 9. In addition, the key contribution of their "transnational solution" framework was the prescription that MNEs should usefully combine strategies in cells 1 and 9. They should attempt to develop appropriate strategies for each separate business, for each function within that business, and for each task within that function, the capability to implement either a national or a global approach.

The Bartlett and Ghoshal (1989) framework thus can usefully explain cell 3 (centralized, global strategic decision making combined with local product offering), i.e., the global think-local act approach. It also allows the analysis of less common cases in cell 7, whereby rather powerful national subsidiaries are responsible for delivering global products, but choose themselves which products have the most potential in their national markets and largely take responsibility for the delivery, an approach found in many global professional services companies. Yet, their framework cannot handle cell 5, triad-based strategies very well, nor the intermediate cases of cells 2, 4 and 6 and 8, i.e., all cases whereby the regional level is important.

The present paper reports data suggesting that an increasing number of MNEs operates largely at the regional level. Therefore regional elements are becoming increasingly important in many MNEs, either in terms of strategic decision making, or actual product offering. If, as the empirical evidence provided in the next sections suggests, many MNEs are at least partially operating in cell 5 on a triad basis, then any strategy related analysis of the MNE's functioning first needs to take into account the need to decompose its strategic decision making processes and product offering along global, regional and national lines, building upon a more complex analytical tool than a conventional integration-national responsiveness matrix. Only then can a correct analysis be performed of the actual extent of triad-based decision making power and can the rationale for region-based and/or adapted products and services from these MNEs be properly investigated. If the theoretical construct itself of a "regional solution" (cell 5 in Figure 1) is neglected, little can be expected from empirical research on strategy and structure in MNEs to portray accurately the present importance and future potential of the regional approach.

Here, it is important to observe that the regional approach has sometimes been described as the mere outcome of a global strategy. The best known articulation of this perspective can be found in Yip (2003), who argues: "Before deciding whether and how to do business in a region of the world, a company needs to have a clear global strategy [which includes] the core business strategy, the competitive objectives for the business, and the extent to which the business will be operated as one integrated business or a looser collection of geographically independent units. Next, a company needs to decide on the overall role of the region within the global strategy." (p. 222). Yip's (2003) view assumes a particular sequence and hierarchy in MNE strategic decision making. In practice, however, the global-regional sequence is unlikely to occur.

The regional solution of cell 5 should be viewed as an efficient corporate response to several factors. First, internal information processing requirements are critical. If the "rules of engagement" are different in each region (different industry structure, different regulatory system, different competitive position of the firm, different optimal expansion pattern, different product scope, different strategy tools required to outperform rivals etc.) intra-regional information processing must be sufficiently dense so as to permit affiliates to cope optimally with shared external circumstances and to develop regionally consistent strategies. Second, customer requirements may vastly differ across regions depending upon the level of economic development, culturally determined preferences, etc. Third, region-based cluster requirements may impose specific types of behavior on firms in order for these firms to be perceived as legitimate within the context of regional clusters, especially suppliers, related and supporting industries, the non-business infrastructure etc. Here, region-based isomorphic flexibility may be critical for firms to function effectively as true insiders in the region. Finally, political requirements at the regional level are increasingly important. It could be argued that regional cooperation agreements such as the North American Free Trade Agreement (NAFTA) and the European Union (EU) single market measures mainly represent the elimination of trade and investment barriers, and therefore allow a reduced attention devoted by MNEs to government policy; in fact, regional agreements usually imply not merely the elimination of national regulation, but a shift of regulatory authority to the regional level, and thereby the need to allocate firm resources to monitor and manage relationships at that level.

The rigidity of the triad has been explored in Rugman (2000). It is reinforced by the new trade regime of the World Trade Organization (WTO), which has to devote enormous managerial resources to arbitrate triad-based trade disputes and trade-remedy law type protectionism (as in the bananas, beef hormones, export subsidies and steel cases). The new protectionism of health, safety and environmental regulations is preventing an open world market and reinforcing triad

markets. The NAFTA is being expanded into the Free Trade Agreement of the Americas (FTAA) and 13 countries are in negotiations to be added to the EU. These political developments reinforce the triad and the need for regional government policies and triad-based firm strategies.

Empirical Evidence on Triad Activity

As a test of the strength of the triad/regional focus of strategy, rather than a global strategy, let us consider the most favorable possible case for the global strategy viewpoint. This would classify as "global" all MNEs with a foreign to total sales (F/T) ratio above, say, 50% and/or with some significant activity in each part of the triad. Such MNEs are easy to identify as UNCTAD reports the (F/T) ratios for sales, assets and employees on an annual basis for the world's largest 100 MNEs, ranked by foreign assets. The UNCTAD *World Investment Report* for 2001 lists the largest 100 MNEs by foreign asset size. For these 100 MNEs we then calculate the (F/T) sales ratios where foreign sales are sales by subsidiaries and exports by the parent MNE. Of these, the top 20 MNEs ranked by foreign to total sales are reported in Table 1, as (F/T) sales

Table 1 here

In Table 1, these 20 MNEs have the highest (F/T) sales ratios among the top 100 MNEs. The 20 MNEs are mostly from small, open economies such as Canada, Australia and Switzerland, or are members of the E.U. such as Finland, France, the U.K., Germany and Sweden. There are no U.S. MNEs in the most international global firms—which is not all that surprising given the huge size of the U.S. home market. There is one Japanese MNE in Table 1.

Yet Table 1 disguises a very important point. While these 20 MNEs have the majority of their sales outside of the home country, many are still very regional. Most of these foreign sales are still mainly in their home-triad regional market. This point is demonstrated in Table 2, where MNEs are ranked according to their intra-regional sales percentages. By intra-regional is meant sales within Europe (and usually within the 15 member states of the E.U.) for MNEs from those countries and within NAFTA (for Canadian and U.S.) MNEs. In the case of Asian-Pacific MNEs, intra-regional refers to Asia excluding Australia. The result of this home-triad ranking is shown in Table 2.

Table 2 here

The data in Table 2 reveal that about half of the world's allegedly most global MNEs are, in fact, operating mainly in the home-triad market. For example the French MNEs, Pernod Ricard (81.7% intra-regional sales); and Vivendi (68.0%) are clearly "European" MNEs in their sales, as over two thirds of their business is within Europe. They need a European-based strategy, not a

global one. The same is true for several other MNEs that are allegedly global; in fact these MNEs are operating in their home-base triad for the majority of their sales:- Thomson Corporation (84.4%); Stora Enso (69.2%); Akzo Nobel (63.0%); Volvo (55.1); ABB (54.0%) and Philips (53.2%). There are two other MNEs which are very home triad-based:- Electrolux (47.0%) and Michelin (47.2%). For one MNE these data could not be constructed (Nippon Mitsubishi Oil Corporation). This leaves only 10 of the top 20 (actually the 21 included in Table 2 due to Vivendi's purchase of Seagram and then Pernod Ricard's purchase of part of Seagram's liquor business) as allegedly global MNEs that could possibly be global, with global strategies.

Of these, several are highly focused in one part of the triad, but not their home triad. These include U.S.-based MNEs such as:

- Newscorp (9% sales in Australasia, 74.7% in the United States and 16.3% in the United Kingdom)
- AstraZeneca (32% in the United Kingdom; 52.8% in the United States and 5.2% in Japan and 10% in the rest of the world)
- GlaxoSmithKline (26.5% in Europe; 52.5% in the United States and 21% in the rest of the world)
- Daimler Chrysler (29.9% in the European Union; 60.1% in NAFTA and 10% in the rest of the world).

The more balanced MNEs, operating across at least three regions of the triad number only six in total (out of 21):

- Nestle (31.6% in Europe; 31.4% in the Americas and 37% in the rest of the world)
- Holcim (33% in Europe; 22% in North America; 27% in Latin America and 18% in the rest of the world)
- Roche (37% in Europe; 38% in North America and 25% in the rest of the world)
- Unilever (38.7% sales in Europe.; 26.6% in North America; 15.4 in Asia and 12.7% in Latin America and 6.6% in the rest of the world)
- Diageo (31.8% in Europe and 68.2% in the rest of the world)
- British American Tobacco (26.3% in Europe and 73.7% in the rest of the world).

These six MNEs are much more diversified across the triad; they can be regarded as global firms and will have global strategies and structures. But they are the exception. In this exclusive set of 20 highly internationalized MNEs, only six are truly global and the others are either strongly home-triad based or are from small countries peripheral to the triad and are focused in one of the other triad markets. Most of the other 80 of the top 100 MNEs are even less global and are either domestic or home-based MNEs. Location and region matter even to MNEs.

One possible modification to this triad-based strategy message is that, for some MNEs, the strategy may need to be adjusted by Strategic Business Unit. While it is even more difficulty to find data on SBU sales, by triad, for the UNCTAD 100 Largest TNCs, some examples may help.

Table 3 reports data on the SBUs of Vivendi Universal. Some SBUs, like CANAL, are 96% in Europe, while others have a larger U.S. presence, such as the Universal Studios Group (57% U.S.), Publishing, (35% U.S.) and Music which is 42% in the United States and 40% in Europe. Vivendi's water business is part of the Environmental Services SBU, and this is still 73% in Europe.

Table 3 here

The large retail organizations are even more triad-based than the manufacturing MNEs. Table 4 reports data showing that the large U.S. retailers like Wal Mart, Sears and K-Mart are all North American based. The latter two have no stores outside the United States, and Wal Mart only has 10% of its stores and revenues outside of the NAFTA region. These, and some others, retailers are now discussed in more detail.

Table 4 here

Wal Mart has 4,414 stores of which 3,244 are in the United States, 196 are in Canada and 551 are in Mexico. Only 423 are in international markets, i.e. 9.6% of the total stores. Nonetheless, Wal Mart is the most international large-scale retailer from the United States. In 2001, foreign revenue as a percentage of total revenues was 16.26% ($35.4 billion of a total of $217.7 billion).

Sears operates only in Canada and the United States.

K-Mart recently divested itself of its operations in Canada and Mexico. Its 2,105 stores are all in the United States. There is a K-Mart Australia, but this is owned by an Australian company.

Target has 1,381 stores in the United States only.

JC Penney has 3,700 stores in the United States only.

Daiei has 8,609 stores (which includes 7,432 convenience stores). It is mainly a Japanese operation but the company also has stores in China and the United States.

Groupe Pinault-Printemps of France makes 52.5% of its revenues outside of France. However, it only makes 30% of its revenue outside of Europe.

Carrefour of France has about 9,200 stores in 30 countries. Yet, only 19% of Carrefour's revenues originate from outside of Europe. See attached Table 5. Clearly Carrefour needs to be analyzed on a European regional level; it is not a global organization.

Table 5 here

Turning to financial services, the world's largest financial MNE, Citigroup is also very regional. Table 6 reports Citigroup's consumer banking group, where total revenues are 72.7% in North America, Accounts are 77.1% and only Deposits are more diversified, at 45.5%. Credit cards are part of the Accounts in Citigroup's consumer banking group and over 76% of accounts in the United States are credit card accounts. While over 70% of Citigroup's revenue and accounts are in the United States, only 45% of average consumer deposits are there. Table 7 shows that this regionalization is common across all the major business groups of Citigroup, except in commercial loans, which is 27% U.S.-based. While Citigroup has large commercial loans to foreign companies it is not as active in foreign consumer loans, as 65.6% of consumer loans are in the United States. Overall, these data reveal a very home-based North American business. Indeed, Citibank became less global after the merger with Travellers in 1999 as the latter's insurance business was very localized, and this offset much of Citibank's banking diversification in South America and Asia.

Table 6 here

Table 7 here

Conclusions

There is abundant empirical support for the Rugman (2000) proposition that large MNEs operate on a triad rather than a global basis. The old fashioned view of "global" MNEs operating in an integrated and homogeneous world market with globalization as the predominant form of international business needs to be replaced. The world's 100 largest MNEs are mainly triad-based regional players, not global ones. They operate on a strongly segmented regional/triad basis and a relevant framework to analyze MNE strategy needs to recognize this. In short, management strategy as taught in business schools today needs to refocus from a simplistic global strategy and globalization perspective to the more empirically accurate one of triad market activity and the regional MNEs.

Our findings are partially confirmed in work on the triad-based nature of the automobile sector by Schlie and Yip (2000). However, they argue that most MNEs first follow a global strategy, and then some selectively regionalize, i.e. regionalization is a sequential process. We have not observed this; rather the triad strategies of MNEs in 2002 are very similar to the nature of triad strategies in 1972, Stopford and Dunning (1983).

Figure 1: A Framework for Analysing Globalisation

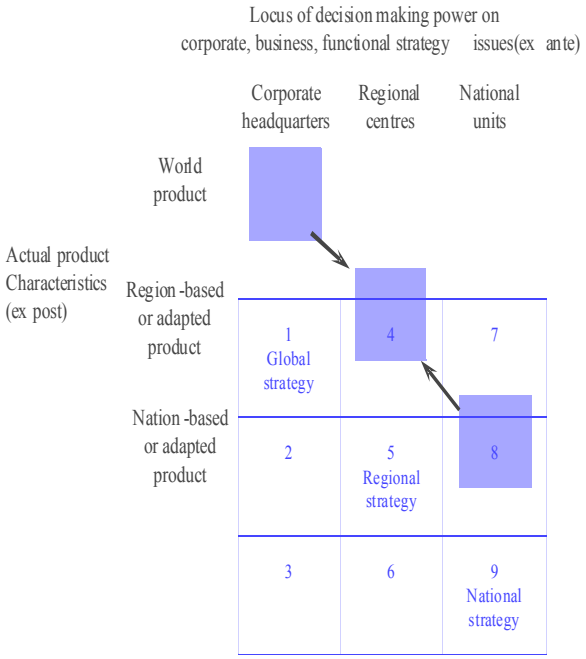

Table 1: The World's Most International MNEs

Rank	Company	Country	F/T Sales
1	Seagram	Canada	104.2
2	Roche	Switzerland	98.4
3	Nestle	Switzerland	98.3
4	ABB	Switzerland	97.5
5	Electrolux	Sweden	95.9
6	Philips	Netherlands	94.9
7	Thomson Corporation	Canada	94.8
8	AstraZeneca	United Kingdom*	94.7
9	Stora Enso	Finland	93.5
10	British American Tobacco	United Kingdom	91.2
11	News Corporation	Australia	90.2
12	Holcim	Switzerland	90.1
13	Volvo	Sweden	88.7
14	Unilever	United Kingdom	87.3
15	Diageo	United Kingdom	86.3
16	Michelin	France	86.2
17	Glaxo Wellcome	United Kingdom	85.5
18	Nippon Mitsubishi Oil Corporation	Japan	83.8
19	Akzo Nobel	Netherlands	81.8
20	DaimlerChrysler	Germany	81.1

*UNCTAD lists AstraZeneca as a US company but its headquarters are in the United Kingdom

Note: This table is constructed from the UNCTAD (2001) source which lists the world's largest 100 MNEs by foreign asset size. The foreign and total sales of these 100 MNEs are also reported so (F/T) sales ratios can be calculated. Then the top 20 MNEs on (F/T) sales are included in this table.

Source: UNCTAD, World Investment Report, 2001. Data are for 1999.

Table 2: Home Region distribution of sales of the world's TNC index, 2001

Company	Home Country	2001 % intra-regional	2001 % extra-regional	1999 UNCTAD F/T
Vivendi (*)	France	68.0	32.0	NA
Pernod Ricard (*)	France	81.7	18.3	NA
Roche	Switzerland	37.0	63.0	98.4
Nestle	Switzerland	31.6	68.4	98.3
ABB	Switz./Sweden	54.0	46.0	97.5
Electrolux	Sweden	47.0	53.0	95.9
Royal Philips	Netherlands	53.2	46.8	94.9
Thomson Corporation	Canada	84.4	15.6	94.8
AstraZeneca	United Kingdom	32.0	68.0	94.7
Stora Enso	Finland	69.2	30.8	93.5
British American Tobacco	United Kingdom	26.3	73.7	91.2
News Corporation	Australia	9.0	91.0	90.2
Holcim	Switzerland	33.0	67.0	90.1
Volvo	Sweden	55.1	44.9	88.7
Unilever	Netherlands/UK	38.7	61.3	87.3
Diageo (*)	United Kingdom	31.8	68.2	86.3
Michelin	France	47.2	52.8	86.2
GlaxoSmithKline	United Kingdom	26.5	73.5	85.5
Nippon Mitsubishi Oil Corp.	Japan	NA	NA	83.8
Akzo Nobel N.V.	Netherlands	63.0	37.0	73.7
DaimlerChrysler	Germany	29.9	70.1	81.1

(*) Purchased Seagram.

Intra-regional refers to Europe in the case of European companies and North America in the case of North American companies. In the case of DaimlerChrysler, Europe refers to the EU.

Ericsson reports Europe, Africa and the Middle East as one region.

Source: Individual Annual Reports, UNCTAD, World Investment Report, 2001

Table 3: Vivendi Universal 2001 Revenues by Region (%)

Area	Europe	U.S.	ROW
Music	40	42	18
Publishing	55	35	10
Universal Studios Group	28	57	15
CANAL+ Group & Other	96	2	2
Telecoms	87	-	13
Internet	47	53	-
Total Media and Communications	62	26	12
Environmental services	73	19	8
Non-core businesses	67	-	33
Total Vivendi Universal	68	22	10

Note: Vivendi purchased Seagram in 1999 and the combined operations are reported here

Source: Vivendi Universal Annual Report

Table 4: The Largest U.S. Retailers, Number of Stores, 2001

Company	U.S.	Canada	Mexico	North American Triad %	International	%	Total
Wal Mart	3,118	174	499	90.5	398	9.5	4,189
Sears	2,167	511	–	100.0	–	–	2,678
K-Mart	2,105	–	–	100.0	–	–	2,105

Note: In addition to Sears' Canadian retail stores, the company has over 2,157 Sears Catalogue Stores. These are independently owned catalogue stands that operate mostly in remote areas across Canada.

Source: Wal-Mart Annual Report 2001; Sears Annual Report 2001; www.sears.com; K-Mart Annual Report 2001.

Table 5: Carrefour's International Locations, 2001

Country/Region	No. of Stores	% of Total
France	3,367	36.6
Europe (excl. France)	4,870	52.9
Spain	2,719	29.6
Italy	918	10.0
Belgium	442	4.8
Greece	375	4.1
Portugal	332	3.6
Poland	62	0.7
Switzerland	11	0.1
Czech Rep.	11	0.1
Total Europe	8,237	89.5
Americas	645	7.0
Argentina	391	4.3
Brazil	226	2.5
Mexico	19	0.2
Colombia	5	0.1
Chile	4	0.0
Asia	109	1.2
China	27	0.3
Japan	3	0.0
South Korea	22	0.2
Taiwan	27	0.3
Thailand	15	0.2
Malaysia	6	0.1
Indonesia	8	0.1
Singapore	1	0.0
Other & non specified	209	2.3
Total	9,200	100.0

Source: www.carrefour.com

Table 6: International Operations of Citigroup, 2001: Consumer Banking Division

% of Total

Country/Region	Revenue	No. of Accounts	Deposits
NAFTA	72.7	77.1	45.5
Japan	8.9	3.3	10.2
Other Asia	5.8	6.2	24.2
Western Europe	6.8	6.4	9.1
Latin America	3.6	4.5	7.1
Other	2.2	2.5	4.0
Total	100.0	100.0	100.0

Note: Numbers might not add up due to rounding.

Source: Citigroup, Annual Report, 2001.

Table 7: Selected Indicators of Citigroup's International Scope

average volume in millions of dollars

Indicator	**U.S.**	**Foreign**	**U.S. as a % of Total**
Investments	95,781	38,822	71.2
Brokerage Receivables	25,058	2,517	90.9
Trading Account Assets	81,241	37,304	68.5
Trading of Federal Funds and Securities	104,150	34,087	75.3
Consumer Loans	151,837	79,782	65.6
Commercial Loans	53,834	91,867	36.9
Employees	149,000	123,000	54.8

Source: Citigroup, Annual Report, 2001.

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