

MULTINATIONAL MANAGEMENT





LEARNING JOURNAL UNIT 2

BUS 2207-01 MULTINATIONAL MANAGEMENT - AY2024-T4



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REPORT ON INTERNATIONAL MARKET ENTRY STRATEGY

INTRODUCTION:

Our client manufactures organic energy bars in Nevada, California. The client looks to expand internationally. We must develop a well-informed market entry strategy. This report analyzes potential target markets. It highlights Sweden in Europe and Indonesia in Southeast Asia. It examines cultural considerations and barriers. We must address these for successful market entrance and growth.

CLIENT OVERVIEW

Our client is a new manufacturer of organic energy bars based in Nevada, California. They have achieved initial success in the United States market and are now looking to introduce their product line internationally, first targeting Europe and Southeast Asia. To facilitate smoother operations, they also plan to establish an overseas manufacturing plant.

TARGET MARKET SELECTION & RATIONALE

EUROPE: SWEDEN

For the European market entry, we recommend initially focusing efforts on Sweden. Key rationales are:

- Robust economy and high disposable incomes, allowing for greater consumer spending on premium items like organic foods.
- Healthy, active population aligning well with an energy/nutrition product positioning.
- Sweden's environmentally conscious culture is a perfect fit for marketing an organic, sustainable product line.

- Lower language/cultural barriers compared to other European markets.

SOUTHEAST ASIA: INDONESIA

To establish a foothold in the Southeast Asian region, Indonesia is an attractive initial target market for the following reasons:

- Massive population of 275 million (World Bank Open Data, n.d.), representing a large potential consumer base
- Rapidly growing middle class and economy, with increasing consumer demand for higher-quality food products
- Strategic geographic location providing efficient distribution opportunities to other regional markets like Malaysia, Singapore, etc.
- Lower manufacturing costs compared to the US, validating plans for an overseas production facility.

CULTURAL BARRIERS & CONSIDERATIONS

SWEDEN:

“Hofstede’s Cultural Dimensions Theory, developed by Geert Hofstede, is a framework used to understand the differences in culture across countries. Hofstede’s initial six key dimensions include power distance, uncertainty avoidance, individualism-collectivism, masculinity-femininity, and short vs. long-term orientation. Later, researchers added restraint vs. indulgence to this list” (Nickerson, 2023). Applying Hofstede's Cultural Dimensions framework, issues that may arise in the Swedish market include:

- **High Individualism (70)** - Marketing should prioritize individual gratification over group/family benefits.
- **Low Power Distance (31)** - Expect more democratic organizational structures and resistance to overt shows of authority.
- **Feminine Society (5)** - Focus messaging on environmental sustainability and work-life balance rather than overt ambition
- **Low Uncertainty Avoidance (29)** - Consumers are open to new/novel products and concepts.

INDONESIA:

Based on Hofstede's model, the key cultural differences, and potential barriers to consider in Indonesia include:

- **High Power Distance (78)** - More hierarchical organizations, so gaining buy-in from top leaders is crucial.
- **Low Individualism (14)** - Marketing should highlight how the product benefits the broader family/community.
- **High Uncertainty Avoidance (48)** - More resistance to unproven new products, so leveraging existing popular brands could help.
- **Masculine Society (46)** - Messaging around success, ambition, and achievements may resonate better.

- ***Production Social Norms*** - Indonesia is a Muslim-majority nation, so marketing and production must account for religious beliefs around ingredients, packaging, etc.

Through proactive analysis and resolution of these cultural disparities, we can facilitate a more seamless market entrance procedure and enhance the product's reception locally. Clear understanding and respect for national cultural values will be vital to achieving sustainable growth in each new market.

CONCLUSION:

Entering new international markets presents opportunities and challenges. We carefully evaluated and selected Sweden and Indonesia. We can proactively address cultural barriers using Hofstede's framework. This increases the likelihood of successfully introducing the product line globally. We must respect local cultural values. We must understand consumer preferences and market dynamics. This is vital for achieving sustainable growth and establishing a foothold. This report provides a solid foundation. It lays the groundwork for effective market entry strategy development. It allows planning for the client's future global expansion.

REFERENCES:

Nickerson, C. (2023, October 24). Hofstede's Cultural Dimensions Theory & Examples. Simply Psychology. <https://www.simplypsychology.org/hofstedes-cultural-dimensions-theory.html>

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