

# BMGC OLI Framework

Made by Aleksanyan E.

1) Choose a domestic company that doesn't have a global presence

Company chosen: "Tepemok".

2) In this analysis we are going to consider the first Russian chain of fast-food - "Tepemok". Founded in 1999 "Tepemok" now has 330 restaurants in Russia and the last year's revenue of the company indicated its popularity among people - 14,6 billion rubles for year 2022. The number of restaurants grows approximately by 7 restaurants per year.

## **Ownership advantages**

Company's trademark "Tepemok" is registered and patented by the founder of the company Mikhail Goncharov: the last update of the rights for this trademark were done in 2020 year and will last till 2030. "Tepemok" has three types of a restaurant - *food court restaurants, fast-casual restaurants and kiosks*. Moreover, there is a difference of the "Tepemok" fast-casual restaurants from others - every restaurant has its own unique design that does not repeat in other restaurants of the chain. The soleness of each fast-casual restaurant may be one of the reasons why this type of restaurant is more popular in Russia than other types of "Tepemok". Another ownership advantage is the corporate culture of the "Tepemok". Company is very attentive to their employees and thoroughly regulates their work. In every restaurant there is an administrator that looks after each cook and correct them if needed. Also, on a regular basis mystery shopper visits the restaurants with a microphone and evaluates cahiers for their knowledge of menu and dish weight. Also, the quality department regularly checks the skills of every cook in the kitchen. Thus, "Tepemok"'s chain has an ownership advantage.

## **Location advantages**

One of the company's strategies is to open small places where there is a large flow of people, these are shopping malls, train stations, airports. We can take into account the study of the consulting company WhiteSpace Partners devoted to the international development of restaurant chains, in which the main conclusions were that restaurant brands managed to fully develop in the foreign market by opening 10 or more outlets in 45 cases out of 143 (32%), 17 attempts (12%) ended in failure - the closure of

establishments and the withdrawal of the network from the market. Fast-service enterprise networks are much more likely than full-service concepts to decide on international development (76% of attempts) - and more often achieve success in this. So we can conclude that fast food has good chances in the international market, but then the question arises, why did the “Тепе́мок” opened in the USA have to be closed? The main reason was Russophobia towards the Russian brand, as well as the concept aimed at Russian cuisine, the difference in mentalities is too high and the cuisine that Russians have fallen in love with may not be so successful abroad. Then the “Тепе́мок” should be oriented towards opening in those countries where the brand's menu is understood and is well regarded as fast food as such, for example Kazakhstan. So, the advantour website describing Kazakhstan mentions that Russian cuisine is very popular in this country and, for example, a cafe chain called “Blinchik” is actively developing in one of the cities. Kazakhstan Today also points to the high consumption of fast food by the population of the country. It should also be taken into account that in 2023 the minimum wage will amount to 70,000 tenge (\$152), and the average salary in Kazakhstan in the third quarter of 2022 amounted to 299,782 tenge (\$ 651). Therefore, labour is cheap in this country. Another important point for the company is that many suppliers of “Тепе́мок” supply products to Kazakhstan (such as Coca-Cola, Kraftheinz, Cherkizova, Lavazza). This will definitely help with integration. Therefore, “Тепе́мок” has a high chance of becoming a successful company in this country.

### ***Internalisation advantages***

“Тепе́мок”’s production is dependent on the suppliers, which are both Russian firms (Черкизово, Скит, Киприно, Ремит, Путина etc.) and foreign (Lavazza, Scandipakk, Kraftheinz, CJ Raviollo and others). But there is a strategy that could give “Тепе́мок” internalisation advantage: it could agree to joint ventures with local partners or acquire existing local companies.

3) Based on your analysis make a conclusions what form of the international expansion (e.g. greenfield investments vs licensing or franchizing) the company should choose.

Based on this analysis, the optimal way to expand “Теремок” internationally is franchising or brownfield investment. As there already exists some firms that are specialised on making Russian cuisine in foreign countries, such as “Blinchik” chain in Kazakhstan, it would be easier to acquire existing firms (or independent restaurants) or to franchise them rather than build “Теремок” thorough greenfield investments. Moreover, these strategies could help in finding suppliers faster, as already existing restaurants may already have agreements with them or at least would know the best supplier. Also, there is another advantage of acquiring a firm - there already is a personnel that better knows foreign culture and people and can help not only in developing and customising the menu but also in communicating with knowing the nation better than foreigners.

4) What resources, capabilities, etc the company should build or acquire to have a compatitive business in other countries?

In order to have a competitive business in other countries, the company should take into account several points:

“Теремок” must understand the local culture, customs and preferences of customers in different countries. This will help the company to adapt its menu and marketing strategies in accordance with local demand.

The company must establish a reliable supply chain management system to ensure that it can supply high-quality ingredients and supplies at a reasonable price. This will help the company maintain its corporate identity and quality in different places.

Теремок should also develop marketing, thereby increasing brand awareness.

If we consider a franchise, then we need to develop a reliable management system to ensure that our franchisees comply with the company's standards and guidelines. This will help the company maintain consistency across locations and ensure customer satisfaction.

Considering what is written above, the company will be able to successfully develop in other countries.