

# Globalization in oreo renault



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Thus, there was a realization that existing Market research & prevailing trends were not sufficient to explain or exploit new Markets. Thus, in the past decade, there has a multi-pronged strategic outlook towards FMC marketing in developing nations. Kraft Foods Ore has overcome several challenges in this regard, problems that have been explained at length under the titles: Logistical, Strategic, & Social.

Logistical Observations:- Firstly, a major disadvantage Kraft Foods faces is the fact that local competitors are able to utilize their distribution networks & knowledge far better than new foreign entrants.

Lack of proper Infrastructure impedes Sales in the early days whereas Price factors play a major role in impeding sales in developing markets- especially in case of FMC goods like Ore. Bureaucratic inefficiency within the Indian market further retarded avenues for growth- especially in case of new entrants starting from scratch like Kraft. Strategic Observations:- Ore's competitors in India were entrenched local competition in Parle (25% market share), Britannic (28% market share) and TIC (12% market share).

While the Indian cookie market is big (5500 core Rupees in 2010, 12500 core Rupees in 2013) & fast-growing, Kraft Foods had zero Brand recognition and no Brand loyalty.

Also- Brand awareness is ironically higher for 'local' intra-national brands among customers than it is for multinational brands. Social Observations:- Higher 'face perception' in customers from developing nations, compared to buyers in developed nations ensures that customers are more receptive to

the extrinsic properties of the product compared to its intrinsic ones, all other factors remaining the same.

This was detrimental for Ore's image- given its non-existent appeal among Indian consumers prior to 2010. Furthermore the lack of a historical ease in India meant that Kraft could not count on a case of Classical conditioning in advertising for its signature brands. Thus, while there is a situational decrease in the benefits of associative marketing in these places, there is also optimum scope for establishing a dedicate consumer base.

Furthermore the per-capita level of discretionary income is lower in India than Developed & even most developing nations, which precluded the consumption of larger unit volume variants in Ore & restricted avenues for Mass marketing.

While the extensive growth of Social Media has improved he situation, Web advertising is very competitive in nature. Kraft Foods' approach to these problems has been to leverage its economic clout to launch a hostile takeover of Catbird in 2010.

Kraft further split Caduceus existing operations into two- a \$16 billion Grocery business and a \$32 billion snacks business in order to streamline distribution networks as well as improve value for shareholders. This enabled it to divert resources into logistics & Supply exclusively in Asian & Latin American developing markets. In order to strengthen its Supply Chain in Africa, Kraft acquired Northern Africans top cookie maker, Bimbo. Kraft further enhances its takeover & integration of other companies as it is

horizontally integrated for most part, and decentralized decision making to its various subsidiaries.

The takeover of Catbird has also enabled Kraft Foods to improve its Brand Awareness among Indian customers. It took 3 years for Kraft to corner 5% of the market in China whereas it took it only 1 year to do the same in India- thus demonstrating the advantages of the mentioned acquisition. Similarly it controls 30% of the market in Chocolate Cream segment in India at present- even though it took early 5 years to do the same in China where it had to build a distribution & partnership system from scratch.

Historically, Ore commercials across the Developed World have been similar- mostly featuring young children. However, since Cookies & Biscuits are considered delicacies in developing nations, they are either not eaten in large quantities or targeted for people with larger levels of discretionary spending. Thus there is extra focus on young adults in China & India- which is reflected by Indian advertisements starring Iranian Kapok.

However the slogan. “ Only Ore” remains the same- Hough more attention is given to the Catbird Brand rather than Kraft or Ore itself.

Kraft has also compensated for the lack of Classical Conditioning for Ore among Indian Consumers by using the concept of ‘ Togetherness’ which is believed to have greater resonance in family-oriented cultures like Indian & China. The Catbird Ore Bus tour in 2011 featured in 9 major Cities as well as over 500 smaller towns in the country. While there is a prospective plan in the pipe-line to shift from the existing Catbird distribution network (which is believed to be not optimum for targeting smaller towns), Kraft is still

concentrating on Rapid Brand Awareness as well as outreach among Young Adults as the linchpin in its marketing.

The concept of ' Globalization' – in both product & price- also features heavily in Kraft Foods' Marketing strategy in developing nations. This- along with Ore's ambitious Social Media campaign to make up for its problems- will be elaborated upon in the next section. RENAULT: Unlike Kraft Foods' successes in Globalization over the past few decades, Renault has suffered severe setbacks in its four separate attempts to break out Of Western Europe in the Twentieth Century.

From 1955 onwards, it had set itself the target of exporting at least 50% of its product overseas. However in view of increasing competition from Japanese firms, Renault had started diversifying operation- setting up plants in Eastern Europe. Before entering India, Renault had originally entered North America (with the acquisition of American Motors), Central Europe (with a botched merger with Volvo) & Eastern Asia (with strategic Alliances with Samsung Motors, Dacca & Ionians.

In order to give itself greater flexibility, it sold its truck subsidiaries IRVIN & Mack trucks, and refocused all efforts on Passenger & Small commercial vehicles- attaining a market share of 9% Worldwide while maintaining a foothold in the Large Commercial Vehicle segment too. The challenges Renault faces in India can be briefly summed up as follows:- Logistical:- Renault, like Kraft Foods, lacked a proper Supply Chain or Distribution channel in India. Further, Renault ambitious plan of being among the

country's top 10 Car manufacturers by 2013 was bound to require heavy investment as well as fast growth.

Also, Renault traditionally heavily depended upon its local us bestiarities for logistical capabilities- a situation that was lacking within India.

Strategic:- Renault has historically been a bad entrant into new markets, with as many as half of its forays into new markets not ending well.

Furthermore, the Indian auto market was & remains packed with entrenched local & foreign players, with Renault-Niacin's position of combining Renaults ' Innovation & Flexibility' plank with Niacin's Volume & Diversity' which had worked well in Eastern Asia & North America, not working well in already highly competitive Small Car market.

Social:- While Renault-Ionians didn't face many problems in Brand Recognition within India- primarily because of Niacin's reputation thin India as a technologically superior Corporation, it did face severe challenges in attracting customers from established players like DATA & Handy- which had just finished its extremely successful Santos Campaigns in 2007.

Renault dealt with the Indian problem across three broad spectrums:-

Strategic Alliances Giving front-end operations to a Third-Party, thus improving speed & logistics Out-sourcing manufacturing operations from Europe to India Renault started its India entry by forming a Joint Venture with Maidenhair & Maidenhair, an entity called Maidenhair Renault Limited. Under this body, they et up local manufacturing plants in Nashua & Achaeon, and were able to access information on local customers, distribution networks as well as the competition.

Further, it was able to exchange technology & product designs with Maidenhair- thus giving it a significant advantage despite its position as a new entrant. In order to improve speed of setting up a dealership system, Renault took the services of Hover Automotive to manage its Front End operations & its dealership network. This enabled it to set up over 100 dealers within a period of 2 years. Using a third-party entrant also ensured the existence of a strong local base as well helped global quality levels.

Renault also utilized the concept of Cross-Bagging- selling the same car under different Brand names.

For improving public perception of the Brand & Brand Awareness, Renault depended on its partners, Maidenhair & Maidenhair. Nevertheless, Renault's success in India has been little. The reasons for this are several. At its core:- Renault-Niacin's stated goals (shown left) have been criticized as too ambitious. Firstly- Renault, unable to find a good partner among small-car manufacturing firms in India, had taken on Maidenhair & Maidenhair followed by Shoo Leland as partners.

Neither of the two is a leading manufacturer in the Small car segment.

Second- While outsourcing its distribution helped Renault in matters of speed, it disassociated them from the Market itself & promoted dissent within the dealers. As a result, dealers boycotted several new releases- especially Renault Valid. Third- Not taking a direct hand in logistics or manufacturing itself drove up costs for Renault & increased the Red tape. At present, Renault, despite the successes of its India- made cars overseas, is unable to react fast enough to customer needs within India. Fourth- The

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preliminary advertising campaign for Micro & Sunny were botched by Renault.

Owing to the mentioned dissociation from the customer base, Renault ended up confusing customers by cross-bagging Micro as Renault Pulse and Sunny as Scale. Also, it took Iranian Kapok as Brand Ambassador. This Was detrimental for Renault at the time as Iranian Kapok hadn't been proven as a tested dependable Brand ambassador at the time, and didn't correlate with Renaults targeted segments. As a result, while Renault has been seeing fair to good sales in its Renault Duster (similar to Maidenhair & Maidenhair's profile), its core competence in compact cars has suffered heavily- causing it to depend on exports for profits.

**CONCUSSIONS:** The comparison between the India-centric strategies between Kraft Foods & Renaults throws up several important observations about entry policies of Mans in developing countries like India.

Renaults India strategy shows a distinct weakness compared to Kraft Foods'. Kraft Foods utilized an existing distribution & logistical network that they completely controlled. This not only gave them greater knowledge & control over the Supply Chain, but also ensured better knowledge of the customers. This information translated to better knowledge of the market and thus, better Brand Communication.