

Free global marketing: a case analysis of nandos entry into brazil report example...

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Introduction

Nandos is a fast food chain that is based on recipes that is connected to Portuguese explorers who acquired spices in different parts of the world, including Africa and the Far East. The fast chain commenced operations in Johannesburg, South Africa in the year 1987 and it provides various chicken foods and other recipes that are prepared according to fundamental Portuguese cuisine systems. After Apartheid ended in South Africa in 1994, the restrictions placed on South African businesses were lifted and Nandos was set to become a global business. Nandos now has branches in Europe, North America, Asia, Australia and other parts of Africa. The company is noted for its peri-peri spices and hot chicken prepared according to traditional Portuguese recipes.

This paper examines the way and manner through which Nandos can expand into Brazil, a leading economy in South America and Latin America. Brazil is a former Portuguese colony and as such, it has strong traditional linkages with Nandos which is steeped in traditional Portuguese recipes. This paper will examine the main elements and aspects of the expansion process and its drive.

Question 1: Country Analysis: Brazil

In order to prescribe the entry of a firm into a given country, there is the need to conduct a PESTLE analysis which will provide a thorough understanding of the macro-environment of the country in question. This brings about the analysis of the Political, Economic, Sociological, Technological, Legal and Environmental factors, relevant to the market

within which a firm seeks to enter. This helps in the positioning of a firm on the basis of its unique competencies and challenges.

This section of the paper will discuss three areas of change in the PESTLE analysis of Brazil conducted in Appendix 1 below that are most relevant to Nando's integration into the market.

Political Failures

Politically, Brazil has embarked on a path of liberal trade and economic investment systems that relates to its current president, Dilma Rouseff and immediate past president, Lula Da Silva. The main element of change in the system indicates that in the past three years, these changes have been flawed significantly and Brazil has been ran in a way and manner that shows obvious lapses. In the recent Brazilian elections, Dilma Rouseff survived marginally with less than a 2% victory over his political opponent. This is because the liberal trade policies have failed significantly. This threatens the country's welfare agenda and shows traces of threats to Brazil's growth of a middle class.

The practices of political leaders of Brazil have also been questioned. Issues like bribery and prejudicial killings make it a dangerous place to do business ethically. Although this has significantly decreased in the past few years, they remain a threat to the way and manner in which a firm can operate ethically in a country where these threats could exist behind the background.

Economic Slowdown

Brazil was seen as a beacon of development in the developing world. Brazil's economic miracle was hailed around the world. However, this has changed

significantly. Brazil is going through a financial slowdown because its growth was based on China's success. And since China is in decline, Brazil has also faced a high degree of decline that means its promising economic growth could be threatened in the coming years.

However, Brazil's economy faces a major threat of uncertainties which include exposure of its primary exports to volatilities on the world markets and inflation which is a major problem in the country. This implies that Brazil is likely to become an unsafe place to do business. The uncertainties make it difficult for business to be done in the simple sense. Hence, any firm entering the economy will have to tread cautiously and put in place good measures and processes that will protect their interests.

Lapses in the Welfare System (Sociological)

The economic policies of the country by the Lula-Dilma administration were aimed at building a larger and broader middle class. It was on course until a major change occurred. Sociologically, Brazil is facing major challenges with poor people who do not really want to partake in governmental policies. This includes high dropout rates. This presents a risk, but on the other hand, the Brazilian middle-class is growing and this is because a lot of poor people are taking the opportunities handed to them. This implies that there will be better results for the country in the coming years. However, there is a major gap between the north of Brazil and the south. This means that the country will have to do more to ensure that the development of the country is more even and more uniform.

Recommendations for Positioning in Macro Changes

The economic slowdown means the growth in the Brazilian economy is bound to be slower with time. This implies that Nandos will have to find dynamic ways of pricing its products in order to keep consumers interested throughout the next five years because economic challenges might mean consumers will have to cut down on their spending.

Finally, the lapses in the sociological and welfare plans of the state imply that there is a risk that the expansion of the middle class in Brazil would slowdown. This means Nandos will have to find a strategy of segmenting its services by targeting the poor and underprivileged class of people in the society. This can be done by having poorer Nandos to target the less-privileged and also retain other outlets for the rich and the middle class.

Question 2: Culture and Marketing Mix

One obvious aspect of Brazil's culture is that Brazil is heavily Portuguese. Almost every Brazilian speaks Portuguese and products are labelled in Portuguese. This is not the same as countries like Germany, Colombia or others where you get dual labelling that varies between English and the local language. Brazil is predominantly Portuguese.

The main model for conducting a review of cultural dimensions is the Hofstede Cultural Scale which examines five main variables:

- Power-distance;
- Masculinity
- Individualism

- Uncertainty Avoidance and
- Long-Term Orientation

The Hofstede scale provides a system of gauging the absolute and relativist features of a given country's economy. The rating of Brazil is presented below in Figure 1:

Figure 1: Brazil on the Hofstede Scale

Brazil is seen as a relatively high power-distance culture with a high uncertainty avoidance tendency. This means that people expect to give respect to certain classes of people and provide segregation. High Uncertainty Avoidance means that a firm operating in Brazil will have to take all necessary measures to prevent issues, glitches and mistakes.

Brazil also seems to have a moderately high indulgence level and this means that there is the opportunity for consumers to spend money as part of their indulgence processes. This is because people spend a lot of money from what they will genuinely enjoy. Thus, there must be a trend towards the promotion of appropriate methods and measures that will entice consumers and encourage them to spend more of their earning with a given fast food company.

It also appears that Brazil is a much more collectivist society, rather than an individualistic system. This reflects the Catholic culture which is based on stressing the importance of family values and the conduct of affairs as a family, rather than as individuals. Hence, Brazil is highly collectivized and this means that advertising must be done in an atmosphere of collective packages that will be presented to consumers.

There is a trend towards a moderately masculine society whereby gender

roles are important. Hence, there is the opportunity to market products based on various gender variables and unique gender based needs of each class of people in the society.

The pragmatist dimension on the Hofstede scale measures the extent to which people in a given culture will want to accept stereotypes (normative) as opposed to finding new (pragmatic) ways of dealing with issues. In the case of Brazil, it appears that they have a low pragmatist system, which means they prefer a stereotyping of things and will want to follow traditional patterns in doing things.

Recommendations for Positioning in the Cultural Context

The marketing mix includes the 4Ps which is attributed to MacCarthy (1960) includes the Product, Price, Place, and Promotion. This was upgraded to the 7Ps which included People, Physical Evidence and Process. Therefore, looking at the realities of the Brazilian circumstances, the following approaches might be desirable:

- Product: Nandos might want to consider focusing on the Portuguese spices and services that will be known amongst some traditional Brazilians who have connections to Portugal;
- Price: The price should be high enough to reflect the growing middle-class and their needs. This will include a price that meets other international brands like MacDonalds;
- Place: Nandos will need to position itself as a high-end international brand. Hence, they should serve their products at high-end parts of the major cities. This will integrate the indulgent nature of the emerging super-rich and they

will visit as a kind of upgraded form of eating-out;

- Promotion: The promotion must include communication that is based on targeting certain rich members of society and making the less rich feel they are being made to look rich. Also, the symbols of adverts by Nandos in Brazil must target the traditional structures of the society and reflect the masculine nature of Brazilian society.
- People: The people in Nandos must be positioned to make consumers feel they are being treated specially and they are being given a high quality service;
- Physical Evidence: Must suggest an upmarket kind of eating outlet and system;
- Process: The process must focus on family-oriented consumers to reflect the collectivism of the Catholic country.

Question 3(b) Management Information System and Internationalisation

This section will examine the importance of Management Information System (MIS) in the creation and maintenance of a global business. This section will critique the structure, sources of information and its usefulness in attaining success in the internationalisation of a business.

Management information is seen as an information system and structure that allows a firm to gather and process relevant data about the various constituents of an organization in order to give the top management of the information that is relevant for decision-making. Management information system involves a decision support software (DSS) that is utilized by a firm to gather information from the different managerial levels of a firm in order to

process business intelligence that aids the top management or strategic level management in their decision-making.

Therefore, it can be said that MIS is a process through which information is coordinated and gathered in order to provide the top level management with information when they need it. In an international expansion drive, a firm will need to have MIS as a means of gaining information about affairs in the different constituents of the business. This is for various reasons. One of the leading reasons is to gather information about the firm from distant parts of its operations. Thus, MIS allows the firm to gather information about distant units of the firm that can be utilized as a tool for decision making. Secondly, a firm can gather intelligence about important aspects of a totally unknown market and logically analyse it through an appropriate MIS system and procedure.

It is worthy to note that internationalisation comes with the need for an international or global strategy. Thus, a firm will need to draw a strategy on how to expand and grow its operations to different parts of the world. Hence, MIS provides a firm with a proactive opportunity to study, evaluate and analyse important data that will help them to implement their strategies in an appropriate framework. Additionally, MIS provides evidence of actions and this helps to reduce various forms of disagreements and challenges in the operation of an international firm or organisation. This provides a transparent system that helps in the control of the firm over thousands of miles. This has enabled so many firms to operate successfully over long distances.

Finally, MIS is a tool for gaining and maintaining competitive advantage in

unknown markets. This is because a firm operates on the basis of capturing and holding on to market share. And in attaining a high market share in this era of consumer sovereignty, there is the need for the management of a firm to detect what consumers on the markets want and provide it to them. Thus, MIS helps global businesses to understand what people in specific market niches want and provide it to them. This is the best way a firm will be able to understand what consumers want and provide it.

Example: Nandos Global & Nandos Brazil

Thus, in the scenario above, the parent company of Nandos with its headquarters in South Africa will be able to get live information about Nandos Brazil and take decisions about what to do. This is because in the normal sense, Nandos International will have a strategy for entering the Brazilian market. And this strategy will be imposed on Nandos Brazil and they will have to meet targets. Hence, Nandos International will gather information about Nandos Brazil via MIS which will give them information about what is going on and impose checks and changes as and where necessary. This will help them to streamline disagreements and also gain evidence that will promote transparency and accountability. More importantly, Nandos International will understand what Brazilian customers want. This will be done by finding out what customers are responding to and what they are not responding to. Through that, they can change their operations and meet the targets and expectations of the consumers and improve their operations.

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Appendix 1: PESTEL Analysis of Brazil

*Sourced from Datamonitor. com