

The hershey company and lotte announce china marketing essay



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Hershey co. is one of the largest producers of quality chocolate in north America and it is one of the global leader of chocolate and confectionery. Hershey is located Hershey, Pennsylvania. Hershey co product consist of following brands which call; Hershey, Reese kisses, kit kat, twizzler and others. Currently Hershey co. is focusing on Asia and Latin America. Hershey co. could didn't internalize in the earlier stage therefore Hershey currently moving fast on and trying to solve the problem of culture that affecting their sales, agriculture of raw material and distribution. (H. Snyder, B. (2011))

This report is based on role of culture, role of culture is defined as Cultural is about values, beliefs, and traditions significantly affect family life. They dictate family members' roles and responsibilities toward one another with family members relate to one another and decisions are made within families Malaysia culture is more ethnic groups. In order to partner with Malaysian it take a long time to achieve, because before being partner it needed to build up positive relations and mutual trust. Providing trips and more time together would be best for achieving contract with Malaysian partner. As for Saudi Arabia culture in business Religion is the precious culture point. It is recommend avoiding entering into and carrying negotiations during the month of Ramadan. In Arab the countries do not sell and consume pork or alcohol therefore it is not recommend to bring as gift, when comes to talking business with family of the partner or friends that nothing to do with it. It is allowable for those who have nothing to do with business negotiation to talk for extend the talk. It is not a rude for them to talk or cut in (open door policy). (Kosberg, J. I., & Garcia, J. L. (Eds.).(1995).

Product

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Hershey co. business strategy of product offering is being affected. So therefore Hershey's priority is to expand immediately in China, Mexico, and Canada, because they can provide rapid sales growth. While expanding in these markets, Hershey's strategy is to create partners through strategies like mergers, acquisitions or joint ventures with foreign companies that better known local markets around the globe. Within these markets, they want to focus on five of its' brands: Hershey's, Reese's, Ice Breakers, Kisses, and Jolly Ranchers. Hershey uses their best brands and trying to target new market such as Asia country. Product offering is being affected by culture. Hershey has been acquisition of the company knowledge of local culture and understands how to promote and survey without any culture barrier. For example of barrier are language and culture understanding. Even though Hershey is one of the top companies in the globe, Hershey could not just export their product into another country without acquisition. Hershey uses acquisition to solve the problem on how to adapt into totally different type of culture or race. Example that Hershey acquisition Reese brand candy bars to supply and destroy competitor. Hershey acquisition the country local company to adapt and increase it revenue thru it and also it is provide Hershey innovation and export the new product to home country. Hershey able to avoid the role of culture of that specific country and offer its product directly with all the knowledge inside. Role of culture in the specific country is providing home country along with host country product to blend in and making consumer able to accept the product. As Hershey offer its product into Asian country, their language and branding is best made for example china to change their name into Chinese and provide feedback of difference

race instead of home. In china Hershey brand name is change to 好时巧克力, - ç•€.

Product packaging of consumer reference affect Hershey. As Hershey all this while been using simple plastic bag seal. Hershey currently targeting Asia country such as china. Hershey co have acquisition a company in china that packaging is a core point instead of just supplying candy. It is quote as “ Hershey’s growing understanding of the Chinese consumer has led it to, for instance, change the package of Hershey’s Kisses, putting the individually-wrapped chocolates into large pouches that resemble the candy, rather than simple plastic bags found in the U. S. Sales of Kisses have been nearly doubling, on average, over the last five years.”(4-trader (2013) The Hershey Company : Hershey Raises Long-Term EPS Growth Target). Hershey had analysis that some culture prefer to beautiful packaging and able to make it as gift when festival of celebration. In Asian country, chocolate is more likely a gift but consumption of chocolate is minimal and prefer liquid form. Not much Asian culture able to bear to eat chocolate bar every day because of its sweetness that affects their preference of chocolate and they prefer drinking chocolate instead of consuming a bar of chocolate. Based on Neiburg, O.(2013) Because Asian countries culture provides different type of idea and mindset Hershey co. have created a innovation kitchen in the china to expend and innovate the product adapting to the local preference. “ New Asian manufacturing facility to push its core brands and a new R&D center is set to open soon in China “ Koestoer, Y. (2013)

Distribution

Hershey is used to be focusing on selling their product domestic only. So the distribution of Hershey now is advancing slowly due to its late advancement . Hershey currently aiming for geographical expansion. Culture affect distribution, So Hershey uses joint venture to tackle the problem of selling their product abroad. Hershey should uses joint venture, Hershey co is able to earn more with less management because when joint venture it is having a partner helping you manage oversea. so therefore Hershey is not facing language barrier, understanding the culture of running the business in the country. Example Working with Lotte, we'll be able to produce affordable products in the right flavors and formats for the local Chinese market, as well as regional Asian markets. The manufacturing facility in Jinshan also gives us the flexibility to make products closer to our consumers, bringing locally relevant and innovative new products to markets faster and fresher." The Hershey Company (2013) the Hershey Company and Lotte Announce China Joint Venture. Hershey will provide Lotte with expertise and distribution capabilities in the United States. The Hershey Company will help test and distribute Lotte's successful Xylitol gum and a variety of other refreshment products. Hershey has avoided culture problem such as negotiation with government and local, able to understand feedback which is written in Chinese and also Hershey co.

Distribution method is also affect, distribution as in selling product in different ways or method. Number of outlets that may carry a product is limited, but not to the extent of exclusive dealing. By carefully selecting wholesalers or retailers, the manufacturer aim for profitable and proper relationships to merchandised properly. Which Hershey co. needed to tackle

is that country role of culture of distribution method, because some country culture prefers to buy product from shops some prefer vending machine. Asian country their grocery have easy access to any type of candy bar but as in US their candy bar is being sold in vending machine. Why china does not sell it in vending machine because of the country crime rate and also maintains. In china people prefer to keep their product in stall where they can see and touch the culture in china is that anything can be supervise is best otherwise their thing can get stolen. Based on my personal experience there are few type of vending machine in china, when I went to china there is no vending machine for candy or chocolate they are mostly drinks and suppressing a crab vending machine. Because China culture does not prefer chocolate or candy they prefer drinks. (NDTV) The culture of China and US is different therefore distribution method is different in different countries. Another example is that Malaysia does not have any chocolate vending machine and chocolate is a premium item, so mostly of their item are in shopping mall or grocery shop.

Asia, chocolate hasn't traditionally been the sweet of choice, market analysis firm Euromonitor International reports. Right now, Indians eat only 165 grams (less than 6 ounces) of chocolate a year. The Chinese eat only 99 grams (3.5 ounces). (Who consumes the most chocolate? CNN)

Agriculture

Aside of other aspect, agriculture affect Hershey international business strategy is because as company become international they tend out source and help out other country in return for something. Raw material one of

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culture needed to source it. Hershey co. changes their business strategy. Their strategy now is to use outsource for their raw material to another place which is either underdeveloped country or a country that still product cocoa. So base on "" its stated that The Hershey Company is dedicated to sustainably and ethically supplying the cocoa needed for its products as well as educating its suppliers. One program that integrates these two concepts is Hershey's " CocoaLink - Connecting Cocoa Communities" program. (The Hershey Company and West African Cocoa). Role of culture in developing country give Hershey a oppourtunity to buy from them and support them. Countries that are developing had built up a culture of being farmer because of lack technology and education in their culture. The international business strategy of global adaption is needed to be done. Africa produces more than 75% of the world's cocoa. The Ivory Coast alone produces more than 35% of the world's cocoa, says the International Cocoa Organization.(Who consumes the most chocolate? CNN)

CSR is being affect by role of culture of different country. The role of culture of each country consists of different type. Some are technology orientated some are farmer orientated. The role of culture of different country which focus toward farmer and manufacturing. Hershey focus on those In contrast, Adams et al. (2006; 2003) examined the role of cultural factors in Mauritius that have enabled an increasing number of women to study IT. Their results show that from 1990 to 2003, there have been rapid increases in computer science and engineering enrollments in Mauritius. " CSR would be the same everywhere, whether it's in developed or in developing countries. But particularly interesting in the developing countries would be the areas of

interventions that are normally needed. In the case of Indonesia, again, the basic needs of the community, the livelihood, would be very much the challenge. Therefore, the ways the companies provide CSR are pretty much driven by the needs of the community” (Koestoer, Y. (2013). In many societies, social responsibility is rooted in spiritual traditions, both religious and secular. Such traditions often shape a society’s expectation of business, including how they treat employees, the types of philanthropy they undertake and, in some cultures, how they treat the gods. While this may be of great philosophical interest, it also has deeply pragmatic implications for companies operating in a global economy (L. White. (2013) Culture Matters: The Soul of CSR in Emerging Economies. [e-book] BSR. p. 6. http://www.bsr.org/reports/CultureMatters_CSRSpirituality_1.pdf [Accessed: 4 April 2013]). So therefore Hershey is helping country that having problem sustaining their culture and the culture benefits back to Hershey. For example in Africa their culture is forces to stay alive day by day without being abuse, their culture of religion and other is being removed by company that abusing them. So Hershey is now providing them job let them sustain their culture and uses their culture of farm which also provides them education to improve their culture. Even though it isn’t about their role of culture influence, but it is about enhancing their culture and respect them.

Conclusion

Base on above report. This report shows how Hershey co. tackle internationalization problem, which is culture. Because culture comes in my form Hershey co. uses acquisition, Corporate Social Responsibility (CSR) and distribution method to overcome and try to adapt the world. Hershey is <https://assignbuster.com/the-hershey-company-and-lotte-announce-china-marketing-essay/>

targeting Asia and Latin America but my report will mostly base on Asia country. Hershey co currently target bigger population and try to acquire more culture difference.