

Case study: the mars company



**ASSIGN
BUSTER**

1. 0 Introduction

This essay is to analyze an international company and The Mars bar as a product is chosen. It is a massive chocolate manufactory in the United Kingdom. Also, I would like to choose UK and China to conduct a cross-cultural analysis to develop an understanding of the social and cultural differences between these two countries.

1. 1 About The MARS

The MARS bar is a chocolate bar manufactured in the United Kingdom. Frank C MARS gives his son, Forrest, \$50, 000 and the formula for ‘ Milky Way’ to go to the UK and start his own business, MARS Limited. The first MARS bars were handmade in August Bank Holiday Monday in 1932. During the war years, MARS bars were allocated to troops in the UK and to prisoners of war in Germany in 1935. MARS does its bit and continues to be manufactured and distributed for the Armed Forces rations when World War 2 sweet rationing introduced in 1940-5. When confectionery rationing was lifted, 7, 000 MARS bars were sent to Dr. Barnardo’s children’s homes in 1953. The MARS became popular and worldwide; they sponsored the Football World Cup in 1990, Olympic Games in 1992 and the World Cup in USA in 1994 etc. The MARS produced new products, such as ice cream and bottled drink. MARS bars in the UK are renamed ‘ Believe’ bars on pack as a gesture of support for the England football team for the duration of the World Cup in 2006. ([http://marsbar. com/](http://marsbar.com/))

1. 2 Countries

The MARS Company has been very successful in the United Kingdom. As the international market analyst for the MARS, it is considered the next step of introduce the MARS business to another country that has a growth of economy, financial and business.

China would be a very good choice of introduce the business from the UK. The population growth of the World's largest country is China; it has just over 1.3 billion people. As the world's population is approximately 6.7 billion, China represents a full 20% of the world's population so one in every five people on the planet is a resident of China. Also, it is developing better and better. People spend money in China now and the currency is rising, it means the economy is improving. As we know, Beijing and Shanghai are the most develop areas in China. (<http://geography.about.com/od/populationgeography/a/chinapopulation.htm>)

There are examples of European companies have developed their business in China. E. g. H&M's first store was opened in Sweden in 1947. H&M has expanded substantially in recent years throughout other areas. There were two stores opened spring 2007 in high spending Shanghai in China. Both stores are full concept stores in the best business location. (http://www.hm.com/us/abouthm/theworldofhm/asia/china__worldofhm_countrycode_cn.nhtml)

2. 0 Context of cross-cultural relationships

Hall (1976) defined language as the most important component of culture. And one culture will be different from another if it understands and

communicates in different way. Cultures vary in the extent to which communication is influenced by context. High Context and Low Context defined as in terms of how individuals and the society get information and knowledge. (Hall 1976) (International Marketing Strategy, Frank Bradley, Fifth Edition, 2005)

2. 1 Low Context Culture

Low context meaning comes from spoken and written languages by carrying the information in communications.

2. 2 High Context Culture

High context meaning is internalized by the individual. The social importance is taken into report by the message receiver in the high context cultures.

By using context as the foundation Bush and Ingram (1996) develop a framework that captures the general comparative characteristics of culture which may be applied to international marketing in high and low context.

Table as below:

Characteristic

Low context

High context

Communication and language

Explicit, direct

Implicit, indirect

Sense of self and space

Informal handshakes

Formal hugs, bows and handshakes

Dress and appearance

Dress for individual success, wide variety

Indication of position in society, religious rule

Food and eating habits

Eating is a necessity, fast food

Eating is a social event

Time consciousness

Linear, exact, promptness is valued, time – money

Elastic, relative, time spent on enjoyment, time – relationships

Family and friends

Nuclear family, self-oriented, value youth

Extended family, other oriented, loyalty and responsibility, respect for old age

Values and norms

Independence, confrontation and conflict

Group conformity, harmony

<https://assignbuster.com/case-study-the-mars-company/>

Beliefs and attitudes

Egalitarian, challenge authority, individuals control destiny, gender equality

Hierarchical, respect for authority, individuals accept destiny, gender roles

Cognitive style

Linear, logical, sequential, problem solving

Lateral, holistic, simultaneous, accepting life's difficulties

Work habits

Task oriented, rewards based on achievement, work has value

Relationship oriented, rewards based on seniority, work is a necessity

The concept of context is valid in understanding the behaviour of customers in different countries and in dealing with all forms of negotiation involving companies in these countries. (International Marketing Strategy, Frank Bradley, Fifth Edition, 2005)

2. 3 Hofstede Cultural Dimensions

Geert Hofstede had experience to work relates differences in works or businesses access to different countries and cultures. Hofstede's research gives us insights into other cultures so that we can be more useful when interacting with people in other countries. He identified four dimensions to support cross cultures business: Individualism (IDV), Power Distance Index (PDI), Masculinity (MAS) and Uncertainty Avoidance Index (UAI). Hofstede

believed these are the key points for assist cross cultures in businesses.

(www.geert-hofstede.com/)

Individualism (IDV)

Individualism refers to the degree which individuals are integrated into groups. Some societies which ties between individuals are loose. Everyone look out for their own interest and their immediate family in high individual society. Also, we look for societies which are integrated strong by people from birth onwards, cohesive in groups and extended families which carry on defending them in exchange for absolute loyalty.

Power Distance Index (PDI)

“ That is the extent to which the less powerful members of organizations and institutions (like the family) accept and expect that power is distributed unequally.” (www.geert-hofstede.com/) Power Distance Index (PDI) has involved in which societies deal with power and inequality. Power is focused at the top of the ladder in high power distance societies. And employees in the company feel equality in a low power distance societies.

Masculinity (MAS)

It refers to the distribution of roles between the genders which is another fundamental issue for any society to which a range of solutions are found. The studies show “ Women’s values differ less among societies than men’s value in the masculine society. Men’s values from one country to another contain a dimension from very assertive and competitive and maximally different from women’s values on the one side, to modest and caring and similar to women’s values on the other.” (www.geert-hofstede.com/)

Uncertainty Avoidance Index (UAI)

UAI deals with a society's tolerance for uncertainty and ambiguity. People in uncertainty avoiding countries are also more emotional, and motivated by inner nervous energy. For uncertainty accepting cultures are more tolerant of opinions different from what they are used to; they try to have as few rules as possible. (www.geert-hofstede.com/)

2.4 Culture/Communication Typologies

Four verbal communication typologies were suggested by Gudykunst and Ting-Toomey (1988) which can be used as a basis for cross-cultural analysis. These are Direct Vs Indirect, Elaborative Vs Succinct, Personal Vs Contextual and Instrumental Vs Affective.

(International Marketing Strategy, Analysis, development and implementation, Fourth Edition, ISOBEL DOOLE AND ROBIN LOWE, 2004, Reprinted 2005)

Direct Vs Indirect - refers to the explicitness of the verbal message of a culture. The Chinese use the indirect style, often hiding their real feelings and concerned the feelings of others by harmony with groups. It related to Hall's high context culture and Hofstede's collective dimension.

Elaborative Vs Succinct - reflects the quantity of talk that people feel comfortable with in a particular culture. The quantity of talk is relatively low by the succinct style which reflects high uncertainty avoidance and a high context culture. The Elaborative styles usually would be used more in low context cultures where the spoken language is of greater importance such as U. S.

<https://assignbuster.com/case-study-the-mars-company/>

Personal Vs Contextual - Contextual style focuses on the role of the speaker and the role of relationships. The role and hierarchical relationship of the parties in conversation will be reflected in the form of address and words that are used. It reflects high power distance, collectivism and high context cultures. E. g. Japan.

Instrumental Vs Affective - Affective style is process orientated which concern either the speaker or receiver will be put in an uncomfortable position. The speaker also listens to and closely observes the receiver in order to interpret how the message is being taken. It reflects the high context and collective culture such as South East Asia.

(International Marketing Strategy, Analysis, development and implementation, Fourth Edition, ISOBEL DOOLE AND ROBIN LOWE, 2004, Reprinted 2005)

2. 41 Cross-cultural/diffusion and learning matrix

In International Marketing Strategy, Wills et al (1991) defined the cross-cultural analysis model examining the relationships between the context of a culture and the rate of diffusion of new products. The rate of learning will impact on the rate of diffusion so by comparing the diffusion rate to whether a culture is high or low context.

High Context or Fast Diffusion: South East Asia and Japan

High Context or Slow Diffusion: India and Asia

Low Context or Fast Diffusion: Scandinavia, USA and Canada

Low Context or Slow Diffusion: UK and Eastern Europe

3. 0 Cross-cultural analysis

To compare a country to another, we usually compare by culture because different culture represent different area. In this case, we compare China (Eastern) to the United Kingdom (Western). The first difference came up into my mind is the “ Languages” such as Chinese (Mandarin or Cantonese) and English. China is a communism country and UK is a capitalism country. The way that both governments work is totally different; this is one of the examples of the differences between two different countries.

(http://www.1000ventures.com/business_guide/crosscuttings/cultures_east-west-phylosophy.html)

4. 0 Social and Culture Factors

4. 1 Religion

China is a country with a great diversity of religious beliefs. The main religions are Buddhism, Taoism, Islam, Catholicism and Protestantism. There are over 100 million followers of various faiths, more than 85, 000 sites for religious activities, some 300, 000 clergy and over 3, 000 religious organizations throughout China. (<http://chineseculture.about.com/library/china/whitepaper/blsreligion.htm>)

As we can see the power of religion is very big in China. To win the custom in China, we really need to consider the way for our product to access the Chinese customers by some kind of religious schools or activities.

4. 2 Language

The main language is Chinese (Mandarin and Cantonese). English is used widely in some well developed areas such as Beijing and Shanghai. It is very important to not to misunderstand or lose interest of the words when translating the information of the product from English to Chinese. Also, Chinese became the largest language in the world (International Language) because of the population in China. Also, the Chinese culture is high context which interpret more of the elements surrounding the message to develop their understanding of the message.

4. 3 Education

The Education in China is increasing higher and higher now. The Chinese government provides primary education for six years and follows by secondary education for six to seven years. The percentage of China's college-age population in higher education has increased from 1. 4% in 1978 to roughly 20% in 2005. For us to spread around our product, it would be a very good opportunity to begin in the schools or colleges. Especially, the population in China is very high. (<http://www.index-china.com/index-english/education-s.htm>)

4. 4 Values and Attitude

Family is the first priority in the Chinese culture valued higher than individual honors; the Chinese really enjoy the warm of the family. Especially the youth's educate and health, they are important in the Chinese's mind. The MARS has to consider carefully about the valued held in China with a large populations when the packaging is ready to launch in the market. E. g.

Family pictures enjoying the happiness or words represent a warm family on the package.

4. 5 Technology

China has a high level of technology nowadays. China could be a large supplier of technology in the world as we notice that lots of our electrical devices in Europe are made in China. Most family has computers and televisions in China, also most people have at least one mobile phone no matter adult or teenagers. The MARS would be easily promoted by the wide technology with commercials in TV. Also, internet has become very popular in recent years. Rather than promotion, customers can search for information about our company very easily. We can deal with customer's requests or orders by internet and email which is a lot quicker than answering phone calls or by mail.

4. 6 Economy

The Chinese economy grew 9. 9% in 2008, and 11. 9% in 2007. The economy of China is rapidly developing and influential market economy. China is the third largest economy in the world after United State and Japan with a nominal GDP of US \$ 4. 4 trillion (2008) when measured in exchange-rate terms. It is an ideal place for us to introduce MARS to the Chinese market.

(http://www.economywatch.com/world_economy/china/)

4. 7 Aesthetics

Aesthetics covers the local culture's perception of things such as beauty, good taste and design and dictates acceptable to the local culture. Mars needs to ensure that use of colour and brand names in the product and

<https://assignbuster.com/case-study-the-mars-company/>

communications strategies is sympathetic and acceptable to the Chinese culture. E. g. Red is the colour represent celebrate and happiness in the Chinese culture. The background colour of the wedding is red in China unlike the Western culture. (International Marketing Strategy, Analysis, development and implementation, Fourth Edition, ISOBEL DOOLE AND ROBIN LOWE, 2004, Reprinted 2005)

5. 0 Strategies Implications on marketing mix

To become a successful company, understanding the marketing mix with seven P's is very important. In this case, marketing mix is applied with some ideas of MARS introducing to the China market. The seven P's are Product, Promotion, Price, Place, People, Process and Physical evidence.

5. 1 Product

The international product life cycle can be used that the Mars Bar can have consecutive ' lines' in different countries. Product portfolio analysis such as the Boston Consulting Group's Growth Share Matrix can lead the Mars oversees its market growth in China.

Building a strong brand also is crucial which it can give certain values to consumers and build up a relationship with consumers. Therefore, positioning is concerned in order to differentiate from the competition, for example, what is the difference between DOVE and the Mars Bar.

It is better to know the customers' needs before evaluating the strategies implications of MARS chocolate. Chocolate is something you can eat and taste, so it is important for us to understand the Chinese customer's taste of chocolate in the market.

Chinese people considered chocolate are something sweet and brown that you can put into your mouth in the past. They realize that chocolate can represent more than just snakes and fashionable assortments. Foreign chocolate brands such as Dove, Cadbury and Hershey's have captured about 70% in the Chinese chocolate market now. And milk chocolate is the Chinese customer's favourite flavour; there were 38% of value sales of chocolate in 2007.

(<http://ezinearticles.com/?Chinas-Chocolate-Market-Dominated-by-Foreign-Brands&id=1013918>) (http://www.china.org.cn/business/2008-09/16/content_16461850.htm)

We understand more about their taste from this research now. MARS chocolate bar has a milky version like "Milky Way", I am sure that we can bring this product to the Chinese chocolate market and it should be successful.

5.2 Promotion

The Mars Bar has to avoid an inconsistency in the messages conveyed to customers from different countries and cultures. Its company should have consistent styles of presentation of brand and product image which would not confused customers. Furthermore, the Mars Bar should have a sufficient coordination of messages, such as press release or advertising campaigns.

Sales promotions can be used in a variety of ways to add value to the sale and are particularly effective. To promote MARS chocolate, the common tools are always work for that such as advertisement in TV, magazine, schools and internet etc. we can also hold an event in the shopping mall in <https://assignbuster.com/case-study-the-mars-company/>

great developed area such as Beijing and Shanghai to let people know MARS chocolate bar is available in China now. Special offers or money-off vouchers are useful for promotion as well. People always captured by words like “ Buy one get one free.” Or “ 30% off.” Etc. The packaging of the chocolate bar is important too. We know family is the first priority for most of the Chinese people and red is the colour brings happiness to them. We could consider about these points into the chocolate market in China and create a great image of MARS to everyone in China.

5. 3 Price

The price of the MARS chocolate bar is valuable in the UK market. The currency is different from the UK and China, and also the income for a regular Chinese is different when comparing to the UK. The price in the UK is roughly about 40-60p, depends where the customers buy it from. A local shop and food machine could be a different price. Although 60p per chocolate bar is quite valuable, it is important that everyone including student could afford for it. The currency rate from British pounds sterling exchange to Chinese yuan (RMB) is 11. 1604, 1. 00 pounds equal to 11. 16 RMB. Therefore, 60p is equal to 6. 65 RMB.

I think price reduces is necessary in this case because it is quite expensive for a chocolate bar in China, people might not go for it. I think we need to keep the valuable theory for MARS even in different countries not only China.

(<http://www. expedia. co. uk/pub/agent. dll>)

5. 4 Place

Place for the product is something we need to consider carefully because it is relating to the target customers. Places such as local shops, food machines, schools, supermarkets and petrol stations are the main places for our product to launch. Our target customers could be adults; the main targets are children, teenagers and students. Students usually buy snakes in school during break and lunch time, so schools are the most popular place for us to consider about our product. Students can spread this reputation of MARS to others, such as classmate, teachers, parents and neighbours

5. 5 People

Consumers must be educated in order for their expectations of the service to be managed and employees must be motivated and well trained in order to ensure that high standards of service are maintained. China has a slow diffusion culture, high quality of staffs and proper training is really necessary. Different culture wants different staff. E. g. the majority of people in the UK are relaxed at most of the time and Sunday must be a holiday for everyone in the UK. People in China are very rush and the period of working is very long (10 to 12 hours a day). As we can see the examples, we cannot use the UK training method in China whenever the staff training is active for MARS. The speed of service and the long queuing problems are what we have to consider carefully in China. (International Marketing Strategy, Analysis, development and implementation, Fourth Edition, ISOBEL DOOLE AND ROBIN LOWE, 2004, Reprinted 2005)

5. 6 Process

A successful service is dependent on the total customer experience a well-designed method of delivery is essential. Customer expectations of process standards vary with different cultures and standardisation is difficult in many varied contexts. A smooth process of service is needed in a culture like China with a large population and the speed they require.

5. 7 Physical Evidence

Physical evidence is the direct sensory experience of a product or service that allows a customer to measure whether he or she has received value. Examples might include the way a customer is treated by a staff member, or the length of time a customer has to wait, or a cover letter from an insurance company, or the environment in which a product or service is delivered. MARS chocolate bar also contains paper packaging or internet pages websites which users can experience.

(International Marketing Strategy, Analysis, development and implementation, Fourth Edition, ISOBEL DOOLE AND ROBIN LOWE, 2004, Reprinted 2005)

6. 0 Standardisation vs. Adaptation

Levitt (1983) studied a debate on standardisation vs. adaptation. According to his study, marketers and consumers become more similar at an accelerated place, leading to converging world markets and necessitating a standardise approach.

Sorenson and Wiechmann (1975, P. 54) cover summarize that is “ to the successful multinationals, it is not really important whether marketing

<https://assignbuster.com/case-study-the-mars-company/>

programs are internationally standardised or differentiated; the important thing is the process through which these programs are developed is standardised.”

In order to enter China’s confectionary market, Mars can look on Meyer and Romans’ institutional theory, which identify the idea that societies use pressures for institutions agreement to legitimised managerial routines and standards and it can constrain resource allocation decision and strategy selection. In this theory, Mars with its standardisation could lead to increased legitimacy for headquarters in its international markets, which would lead to higher levels of motivations among local managers to accept and use deployed knowledge. For the adaptation, Mars could lead to increased legitimacy of the foreign arm of the company in its headquarters and it would likely enhance manager’s motivation to listen to their foreign counterparts. Its routine and characteristics are forced by both national cultures. Therefore, Mars may need to develop routines and characteristics that fit the culturally different markets together in which they operate. However, under these circumstances, managers cannot know in advance which characteristics are vital competitive advantages.

Leung et al. (2005, P. 361) state fit theory that “ Most existing models of culture and work behaviour assume cultural stability and emphasize the fit between a give culture and certain managerial and motivation practices.” Mars should have a high fit to a given culture and regains high level of adaptation of management process, which will lead to high organisational effectiveness. Also, it is important to have a high level of identification of foreign representations’ personnel with their local culture in China.

<https://assignbuster.com/case-study-the-mars-company/>

Griffith, Hu, and Ryans (2000) assume that standardisation would be the preferred option for process characteristics is the fit theory. However, they argue that standardisation of process should be used when communicating companies come from what they term as the same cultural type, which refers to cultures with similar beware conflicts of the cultures and avoids to mislead consumers in China.

In short, obtaining and maintaining local legitimacy is vital to Mars in all markets.

7.0 Sponsorship

Sponsorship is one of the promotional tools to let people to know more about the brand. As we can see from the television, there are lots of events, organizations or clubs have been sponsored by some companies. Such as, Arsenal Football Club has sponsored by Emirates Airline. Arsenal is a big worldwide football club in England and supporters everywhere in the world; Therefore, Emirates spreading its brand by using the success of Arsenal FC. From this case, we can think of sponsor to some events or clubs in the future in China. Example as follows:

MARS can be the sponsorship of an event of a new PlayStation 3 game in China. E. g. ProEvolution Soccer 2011. This football game is very popular now; everyone is waiting for the new version to launch in the market. MARS can use this opportunity to spread the brand to the audience of the event or people who walk pass the event.

8.0 Market entry strategy

The major questions in foreign market strategy planning concern how Mars is going to locate, price, sell, deliver, service product, and collect money: Mars has already distributed brands such as Dove chocolate bars, M & M's chocolate, SNICKER chocolate bars, SKITTLES candy, WHISKAS cat food and PEDIGREE dog food. However, Mars does not sell mars bars in China, and Mars can use same distribution channels of the above brands to sell mars bars. The company can use direct exporting (see Appendix). Also, Mars could use indirect distribution channels (see Appendix), which are less expensive in the early stages of exporting due to the foreign market penetration cost is borne directly by intermediary and the intermediary may generate greater profits than Mars.

For the direct distributions, it gives a greater start up costs but Mars may gains advantages to identify more about the Chinese marketplace and Chinese needs for the product. The issue of market control must be considered. Although Mars may build up a pleasant relationship with its distributors, Mars should be aware and retain more control over the product (Mars Bars).

Indirect export marketing:

Export Management Company (EMC) requires solely arrangement and few years contract from Mars since the product will take long time to achieve its profit.

Direct export marketing:

A foreign based sales representative operates less risk and costs by signing an agreement with Mars. It may be positive for Mars to have same sales representative in China, which the commission is greater for the representative and ensure the new product will not go wrong with its distribution.

9.0 Evaluation

In this report, I talked about the cross-cultural business. Bringing a business from the United Kingdom to China, which has a very big different of culture. I suggested some ideas for this action, and I think it can reach the successful line. I learnt a lot about how a firm access from a country to another country.