

McDonalds enters kazakhstan: market entry strategy

[Business](#), [Marketing](#)



McDonald's Enters Kazakhstan: Market Entry Strategy. A very important consideration for any firm expanding internationally is the entry strategy. Getting it wrong with the entry strategy can only spell failure for the organisation as it enters foreign markets. Research is therefore important so as to understand the regulatory environment, financial systems and cultural aspects relevant to doing business in the new markets. It is also important to compare all the available modes of entry options in terms of cost and success rate so as to go with the most appropriate strategy. This will guarantee a speedy adaptation into the new market as well as access to important resources.

Considering the licensing times and requirements in Kazakhstan, the very appropriate for McDonalds is through joint ventures. This strategy of entry will allow the company to enter through an already existing firm such as Kairat Boranbayev which is already established and understands the various aspects of business in the country. The country is predominantly Muslim when it comes to religion and therefore while entering the market McDonalds must adequately capture the local cultures in order to break even. Entering through a joint venture with a firm that already understands the cultural aspects of the Kazakhstan will guarantee that McDonalds get it right on this one.

Another advantage of joint venturing for McDonalds as it enters Kazakhstan is access to production resources, raw materials, distribution channels and established marketing strategies. Partnering with an already established firm in the new market delivers many strategic benefits when it comes to understanding and responding to local cultures. McDonalds will therefore be

able to employ appropriate strategies with the strategic advice and assistance of the sister firm when it comes to issues such as cultural elements affecting food intake, local eating & purchasing habits and the most appropriate strategies for CSR that appeal to the locals. Through joint venture, McDonald will also be able to easily access valuable knowledge in terms of locations for the retail stores.

Business benefits of entering through joint venture include McDonalds having a considerable level of control when it comes to major business decisions. Risks will also be shared through combination of McDonald's technologies and the local partner's in-depth local market knowledge. Joint venture also guarantees financial strength as well as easier regulatory requirements to be met. Disadvantages include lack of full management control, differing views on benefit expectations and disagreements surrounding third party markets to serve. However, these can easily be overcome if mapped out in advance with the local partners.

The most appropriate entry strategy for McDonalds as it enters into the Kazakhstan market will therefore be through a joint venture with an already established market. Benefits are many but more importantly is the in-depth knowledge of local cultures and their influence to business. Being a Muslim dominated country for instance means the Muslim eating restrictions play a very important role. A local partner will there be better placed to advise on the ingredients to be included in food products as well as naming of the different foods so as to capture local cultural considerations. The local partner will also offer valuable knowledge when it comes to store branding and designs that appeal to the local lifestyles and cultures.