

Hershey's entry into turkey

Economics



Turkey is a country poised between Asia and Europe. This country of 71 million people is crucial to economic developments as it lies between producers and consumers, supply and demand. While seen as a bridge between the East and West, this majority Muslim country is also torn between both worlds. Its secular government has a long history of struggles between those who feel their country's identity lies in the Middle East, those who desire full accession to the European Union (EU), and all those in between. The Turkish government's main foreign policy goals are to make Turkey an integral part of the European Union

The Turkish government has, in recent years, worked on reforms to liberalize Turkey's trade relationships and open its markets. Turkey's main export commodities are apparel, foodstuffs, textiles, metal manufactures, and transport equipment. Its main export partner is Germany, who receives 11.3% of Turkey's exports, followed by the United Kingdom, Italy, the United States, France, and Spain. On the import side, it receives the most products from Russia, at 12.8% of total imports, followed by Germany, China, Italy, France, the United States, and Iran.

Turkey's trade with Iran, the other great economic power in the region, is of special interest to those in the United States and elsewhere who are concerned about Iran's intentions and Turkey's ability to hedge against Iran in the region. Turkey has a dynamic and complex economy that has seen strong growth since a devastating economic crisis in 2001 but still faces several major vulnerabilities. The country has used its mindset of modernization to develop competitive commerce and industries in the country, yet struggles to maintain equity between the urban and rural areas.

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An exceptionally high 35% of its population is still employed in the agricultural sector (compare to 2.8% in Germany, 8.5% in Russia, 0.6% in the United States, etc). The country has seen decreased inflation and strong economic growth in the last five to seven years, largely due to renewed investor interest in emerging markets, tightened fiscal policies, and International Monetary Fund backing. Its economy, however, is still vulnerable because of high external debt and a high current account deficit. Despite strong growth, Turkey's economy is still relatively small in comparison to its main trading partners.

Comparisons can be made by examining countries' gross domestic product, which is the value of all final goods and services produced within a nation in a given year. In 2007 Turkey had an estimated GDP of \$667.7 billion, with a GDP per capita (purchasing power per individual) of approximately \$9,400. The United States, the largest economy in the world and one of Turkey's major trading partners, had an estimated GDP in 2007 of \$13.86 trillion, with a GDP per capita of \$46,000. Three of Turkey's other main trading partners are Germany, Italy, and France. Germany had an estimated 2007 GDP of \$2.33 trillion, with GDP per capita at \$34,400; Italy had a GDP of \$1.8 trillion, with GDP per capita of \$31,000; and France had a GDP of \$2.067 trillion, with a GDP per capita of \$33,800. Thus, while large in comparison to its neighbors (Armenia, GDP \$16.83 billion; Greece, GDP \$326.4 billion; etc.), Turkey still has much room for growth and competitive development in comparison to its major trading partners. When compared to Turkey, The people of France are among the healthiest, wealthiest, and best-educated

people in the world. The country is highly urbanized with more than 75 per cent of the people living in cities.

The French are known for their sophistication, their culture, the beauty of their spoken language, and their diverse accomplishments in literature, arts, and sciences. Even French cuisine and apparels have long been a source of national pride. The economy of France is one of the highly developed economies in the European Union (EU). The country is the leading manufacturer of goods such as automobiles, electrical equipments, machine tools, and chemicals. Apart from this, France is also the European Union's most important agricultural nation and ships cereals, wine, cheese, and other agricultural products to the rest of Europe and the world.

However, today, the economy in France is determined by services industry, which includes banking, retail and wholesale trade, communications, healthcare, and tourism. With its culture, France has been able to influence the entire Western world, particularly in the areas of art and literature.

French literary and artistic contributions during the Renaissance and the Age of Enlightenment deeply influenced the path of Western cultural development. It was during the Middle Ages that France attained cultural prominence in Europe. The 16th, 17th, and 18th centuries saw many of Europe's most talented artists and artisans being attracted to Paris.

The 20th century was considered to be the 'cinema era,' with French cinema assuming a leading world position, particularly in the 1960s. World-renowned French cultural figures include philosophers, writers, painters, sculptors, architects, composers, playwrights, and film directors. Based on the country

analysis, it is clear that Turkey is a market whose economy is rapidly growing, and the government of Turkey's new foreign trade policies are open market business friendly. Kraft has been aggressively pursuing to enter the French market by acquiring Cadbury by preparing to bid as much as 18. billion. Given this high competition in the French market and the possible over load of the market with Kraft's products, it would not be of Hershey's best business interest to compete and enter into the French Market at this time. Therefore, I recommend that Hershey should enter the markets of Turkey first before it ventures into opportunities in France. This means, popular companies such as Hershey can take advantage of the new open market policies of the Turkish government to explore entrepreneurial opportunities to deploy its popular products.

One of the Entrepreneurial opportunities to explore is to expand product platforms that suite the local market and strengthen the route to market through local partnerships and acquisition. I would recommend exporting as an initial market entry approach followed by joint ventures and contract manufacturing. Reference: 1. Country Analysis Report - Turkey. August 2009. Market Research. com 2. www. economist. com Country briefings - France 3. France24. com. Jan, 2010. Hershey eyes \$ 17. 0 billion bid for Cadbury.