

Branding Strategy for Entry to New Latin American Markets an Institutional and Cultural approach Bimbo Case

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ABSTRACT

The main objective of this work is to analyze from an approach based on the theory of institutions in conjunction with culture and how these aspects influence when entrepreneurs are interested in entering new markets. Throughout this work you can observe the application of Branding strategies accompanied by the aforementioned positions, specifically in practical cases that the Bimbo company made in its entry to the Latin American markets, specifically in Argentina, Brazil and Peru. A description of some strategies was presented and the Branding processes that arose from them are presented in graphic form. Finally, we can conclude that the success that Bimbo has had in entering new markets is derived from the previous study of all the factors that identify a new market, such as culture, consumption habits, customs, values and laws. of the markets where they intend to enter, is a fundamental part to define strategies.

Keywords: Strategies, branding, internationalization, culture, institutions.

JEL CODES: F23, F18, M31, M37

INTRODUCTION

The growing globalization and constant economic growth have driven companies to generate strategies to compete in global markets. The developments of such strategies have focused on the positioning and acceptance of products. Companies today have great challenges to conquer new international markets, since the prior knowledge of their target market in variables such as culture, consumption habits, trade agreements and institutions will set the tone for the identification of opportunities to develop key strategies which in turn reduce the risk of failure in the decision to enter global markets.

An acquisition is a way to internationalize. Acquiring companies that are already established in the target market is a way of reducing risk by contrasting it with arriving and settling from zero in a new market. However, it also generates a process in which different strategies are proposed to position the brand of the company that acquired the company. This

process cannot occur immediately because the credibility and consumer loyalty would be affected. It is where Branding plays an important role.

A branding strategy is based on planning, design and actions that are aimed at ensuring that the image of the brand that is transmitted to consumers is faithfully what the company wants. It will consist of those actions that are directed both in the design of the logo, as well as the adaptations in the names of the products. However, these actions do not generate that the essence of the brand or original name is lost.

This work aims to recognize and know the strategies of Branding that has been implemented by Bimbo Group (Grupo Bimbo), relating these strategies in the theory based on institutions specifically on cultural impact. Considered as a consolidated global company, its learning curves stand out, which supported the continuous improvement of its strategies for the conquest of future target markets. The concept of theory based on institutions and the

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impact that culture has on the generation of Branding strategies is analyzed. As well as it shows in detail some of the strategies that Bimbo implemented to establish in the markets of Argentina, Brazil and Peru.

BACKGROUND OF THE PROBLEM

Entry to International Markets. Knowledge of Culture to Reduce the Risk of Failure

International business initiative is defined as "a combination of innovative proactive behavior and in search of risks that cross national borders with the intention of creating wealth in organizations" McDougall and Oviatt (2000, p.903). That said, the entrepreneurs who decide to undertake the challenge of becoming international are clear that the risk of failure is a latent possibility.

To identify the necessary factors to consider in how they plan their internationalization strategies, it must be considered the "tripod of the strategy", which consists of the leading perspectives in strategy: the vision based on industry, resources and institutions (Peng, 2012). This considers that it generated a complete model for entrepreneurship.

It is spoken of the vision based on the institutions it is emphasized that this implies knowing what the restrictions are in a formal or informal way, considering that the formal restrictions refer to all those regulations, laws and regulations that the country where the company intends to reach has. On the other hand, informal rules refer to all those cultural factors that include values and behaviors.

Grupo Bimbo is one of the most important companies in the baking industry worldwide. The accelerated growth to position itself in new markets leads it to generate new strategies, due to the cultural exchange for the commercialization of its products. It considers important challenges in knowledge of consumer habits, preferences, norms, as well as the perception of the brand. Once seen that the prior knowledge of the culture and values that define the new target market is relevant to accompany as an important element of the global marketing strategy is the brand, or the strategy of Branding.

An important element of a company's overall marketing strategy is its brand policy. Strong brands help the company establish an identity in the market and develop a solid customer

franchise (Aaker, 1996). They can also serve as a basis for brand extensions, which further reinforce the company's position and improve value (Aaker and Keller, 1990).

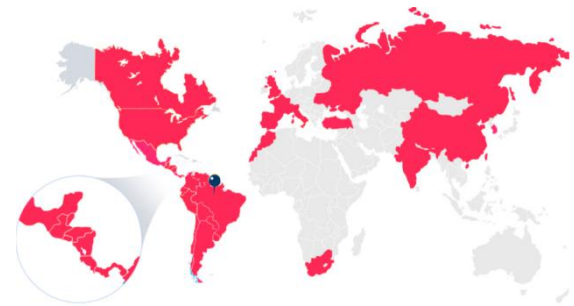


Figure 1. Presence of Grupo Bimbo worldwide.

Source : Bimbo

In international markets, the company's brand strategy plays an important role in the integration of the company's activities throughout the world. A company can, for example, develop global brands (using the same brand name of a product or service around the world) or approve local brands of countries with the brand or company logo, thus establishing a common image and identity through the markets of countries. It is for this reason the importance of combining both concepts from the perspective of the theory based on institutions and the strategy of Branding for the incursion to new international markets.

THEORETICAL-CONCEPTUAL REVIEW: THE THEORY BASED ON INSTITUTIONS AND THE BRANDING STRATEGY FOR ENTERING NEW MARKETS

The Vision Based on Institutions, Cultural Perspective

The vision based on the institutions maintains that in addition to the conditions at the level of the company and the industry, they must take into account the domain and transcendence that the state and society can have when proposing strategies (Peng, 2012). Scott (1995) in his book describes that there are different ways in which institutions can be regulated based on their function and their way of relating to other elements that surround the institution.

It establishes that informal organizations are identified by including norms, cultures and ethics. Scott (1995) mentions that there is a formative pillar, which refers to the influence on the behavior of individuals or companies, based on the values and beliefs of these.

According to Scott (2013) the institutions are all the commitments that include regulatory, normative and cultural cognitive elements that, together with the associated activities and resources, provide stability and meaning to social life.

The culture is made up of several elements that are related to each other. Hostede (1997) defines it as "the collective programming of the mind which distinguishes the members of one group or category of persons from another" (p 421). This author proposes a classification scheme of culture composed of the following 4 dimensions:

- Distance of power, referring to the degree of inequality that the people of a country see as acceptable. To exemplify the nations that have a high distance are Arab countries, Mexico and West Africa. On the other hand, those with a low distance are countries such as Germany, Great Britain and the United States.
- Avoidance of uncertainty, which is interpreted as up to which a culture people prefer structured rules and clear to unstructured ones.
- Individualism, are societies that prefer current as individuals rather than as groups, the "I" over the "we".
- Masculinity, makes a distinction between the values that define as masculine those that are like assertiveness, success, competitiveness within society, in terms of feminine values are those such as solidarity and quality of life.

Investigations subsequent to Hofstede's work in Asia conferred a fifth dimension: the long term, in which denominates the companies that are oriented for the long term as those that have future values (e.g. perseverance, economy). On the other hand, short-term societies are concerned that their values reflect their past and present (e.g. respect for traditions).

The adaptation to foreign cultures is a fundamental factor to consider when entering foreign markets, derived to each one has cultural stereotypes, damages that are summarized in the cultural sensitivity that this market presents. Therefore, the cultural adaptation of the host country is indispensable. This adaptation is often difficult due to the criterion of self-reference (CAR), a term coined by J.A. Lee,

cultural anthropologist. That refers to that interpretation with an unconscious tendency that people have to resort to their cultural experience and values to assimilate a business situation. Lee (1966) designed a procedure that consists of 4 stages that allows designers of global marketing strategies to identify intercultural differences and define the necessary actions to face them. The mechanism is the next:

- Stage 1: Define an objective in terms of its own traits, customs and cultural values.
- Stage 2: Define an objective in terms of the traits, customs and cultural values of the host country.
- Stage 3: Isolate the influence of the CAR on the objective and examine how it interferes with the objective of the company.
- Stage 4: Redefine the objective of the company, but this time without the influence of the CAR, and define the optimal actions to achieve the objective.

The definition of what establishes the theory based on institutions and the particular concept of culture allows us to address the problems of this study, because through these theory decision makers will be able to consider these factors relevant to the development of strategies that allow internationalize and reduce the uncertainty of the risks involved in carrying it out.

The Branding Strategy for Entering New Markets.

The questions the company faces in the development of an international brand strategy depend on how it has expanded internationally and how its international operations are organized. Some companies, such as Procter & Gamble (P & G) and Coca-Cola, have expanded by taking advantage of their national "power" brands in international markets. Consequently, in their attempt to expand further, they should consider developing brands adapted to specific regional or national preferences and how to integrate them into your brand strategy.

Other companies such as Nestlé and Unilever have adopted strategies traditionally focused on the country, building or acquiring a mix of national and international brands. These companies must decide to what extent they move towards greater harmonization of brands across countries and how to do it. Such issues are particularly important in markets outside the

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United States, where the concept of "power" brand is relatively new (Barwise and Robertson, 1992).

REVIEW OF THE EMPIRICAL LITERATURE

Perspectives of Branding Strategies

Today the constant development of the history of nations is linked to business growth and development. Globalization and high costs have forced companies to use options to improve the efficiency of their processes (Grosse and Glock, 2014), as a result of which improving processes has an impact on costs and if companies cannot generate benefits that require this could leave them behind. That is why the adoption to promote their distinctive features and remains with their position respecting a unique identity based not only on tangible but intangible elements (Kavoura, 2014).

For the above, and looking for strategies that can continue to guarantee economic results and reduce the uncertainty of risk, marketing arises which plays an important role in the operations of a company. Branding is used today as a key tool in companies and has been strengthened in marketing processes, putting as a focal point the creation of activities in their brands, since it determines everything will persevere in the mind of the consumer that is summarized as the perception of the brand (Kotler and Keller, 2012).

RESEARCH METHOD AND DATA ANALYSIS

Bimbo in the Latin American market: Argentina, Brazil and Peru

This research was carried out using a methodology of qualitative type, where as an instrument for obtaining data, it was the interview with key administrative personnel of the Bimbo organization that had contact or had the opportunity to be implementers of the strategies that helped Bimbo to consolidate in the Latin American market. Today Grupo Bimbo is a world leader in the baking industry for production and sales volumes. It has a presence in 32 countries of America, Europe, Africa and Asia where has 197 plants, more than 139 thousand employees and an approximate 3 million of points of sale. And it has one of the largest distribution networks in the world. Bimbo reaches annual sales of 14.4 million dollars, produces and distributes fresh and frozen bread, buns, biscuits, pastries, English muffins, bagels,

packaged products, tortillas, salted snacks and confectionery, among others.

Below are some Branding strategies in brands, logos that Bimbo made in its adaptation process for some of the Latin American markets.

Bimbo and Plus Vita Brazil

In 2001, Bimbo announced that it had acquired Plus Vita, one of the largest baking companies in Brazil, which produces a wide range of products including packaged white bread, specialty breads, buns, cakes and fried foods. The brands that will be acquired are some of the most recognized and traditional in Brazil, such as: Pullman, Plus Vita, Ana Maria, Muffs and Van Mill.

Bimbo's interest in the Brazilian bread industry was considered several times, since it fit in with its expansion strategy in Latin America. For this market in particular, when making the acquisition of that company and its cashier line called Pullman decided to bet on a Branding strategy where the Pullman brand suffered an adaptation to the logo as a hallmark of its acquisition. Respecting the name of the brand acquired by consumer issues will not assimilate it as invasive, just decided to add an element to the current logo. See Figure 2. Product as the "Medias noches" traditional in the Mexican market also has its counterpart in the Brazilian market under the name of "Misino". See Figure 3.



Figure 2. left Logo Antes, Right current logo



Figure 3. Left Medias Noches, Right Mistinho

Source: Official page of Bimbo (2018).

Bimbo and the Tortillas Market in Argentina

In 2011 Bimbo made the acquisition of Fargo. Said company is the main producer and distributor of bread products in Argentina, with sales of approximately \$ 150 million dollars per year. With five plants and more than 1,500 employees, the company sells its products under the brands FARGO®, LACTAL® and ALL NATURAL®, among others, through the wholesale, retail and institutional channels. This acquisition strengthened the regional profile and the growth strategy of Grupo Bimbo in Latin America.

The experience in particular described is the incursion into the Tortillas market, Bimbo wanted to add to the portfolio of products that had acquired the line "Tortillinas under the brand Tía Rosa". It did marketing the product, to its surprise it saw that the returns were very high, and the result of its saturation to position this product did not give the expected result. Generating different market research observed that the consumption habits of the Argentine market did not include tortillas as it is in Mexico.

So it generated a strategy of branding in that product changing the name of Tortillinas to "Rapiditas under the brand Bimbo". However, this strategy was not only the name change but followed by an advertisement that had to do with explaining the forms of consumption of this product. The result of this advertising was very successful and the name had to do with the fact that the consumption of this product is for fast food. See figure 4.



Figure 4. Left Tortillinas, Right. Rapiditas

Source: Official page Bimbo (2018)

Bimbo and the Peruvian Market

The case of Peru has to do with the problems he had when entering his cake "Pinguinos Marinela", a derivative that said name already had a patent, therefore, a branding strategy was carried out based on the change of the name of the product. However, it keeps all the original packaging. The new name that the firm adopted

was that of "Biri Biri", which today is used as an advertising strategy in the Mexican market and has great success. See Figure 5



Figure 5. Left Pinguinos, Right Biri Biri

Source: Official page Bimbo (2018)

As well as these strategies, there is a diversity of them that Bimbo has had to carry out. It is important to emphasize that for the development of these strategies, it has as a solid base the previous knowledge of the target market, to carry out investigations of consumption habits, where the preferences that consumers have are evaluated and the place where Bimbo wants to sell its products. This gives it the opportunity to further diversify its already wide portfolio of products, which allows it to be sharing showers wallets in all countries where it is present today, where they resemble the cultures and consumption habits.

The sources indicate that teams of work are brought together in the market that they want to reach with the brand and studies, strategies are carried out, for months, making tests even consumption by launching test markets of some products to evaluate their acceptance. With this, Bimbo can define and reduce the uncertainty that emerges from exploring new global markets.

CONCLUSIONS AND RECOMMENDATIONS

The vision based on the institutions provides key points as to how the state behaves and the repercussions that the interested company can have to enter a new global market, and from this the culture that derives from the topic of food product commercialization. it detonates several aspects, such as the habits of consumption, the beliefs and customs of the target market.

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noted Bimbo now positioned in the global market. During the period of internationalization, it has had crucial stages of learning derived from these issues of culture. Adaptation is not easy and requires willingness to a possible failure, as in the case of Bimbo in Argentina, the losses that had to enter the product of Tortillas and the risk that ran to re-intern position the product at the end I generate an optimal result.

The process of defining an optimal Branding or internationalization strategy depends on the entrepreneur being at least trained in the prior knowledge of his target market. This must verify if the portfolio of products is adapted to this new market, or will have to be carried out adaptations, innovations in the products, or in the communication required to publicize the brand. Branding is a very useful tool to develop short and long term strategies to achieve its main objective, which is that the brand is remembered as an intangible asset and generates a link with the consumer, so that their preference is not only for the shopping instinct but also for the love of the brand. Bimbo is a sign that through its products generates this link among its consumers. The various procurement strategies and ways in which it has led to position as a world leader in baking, are relevant to the study applied to the various theories that exist.

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