

# Doing Business in Emerging Markets

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## Session 3 “Emerging Market Multinationals”

31.10.2023



Aalto University  
School of Business

# Agenda for today

16:15 – 17:45

Opening of the session, News from emerging markets

Emerging Market Multinationals: The case of Latin America – **Maria De Villa**, Professor of Strategy at EAFIT University, Colombia

17:45 – 18:00 *Break*

18:00 – 19:00 Emerging Market Multinationals: The case of India – **Jhoomer Chandra**, Visitor, Management, Aalto BIZ

**Any news from Emerging Markets?**

# Doing Business in Emerging Markets

## Emerging Market Multinationals (EMNEs): The Case of Latin America

Maria Andrea De Villa  
[mdevilla@eafit.edu.co](mailto:mdevilla@eafit.edu.co)  
October 31, 2023



Aalto University  
School of Business



AAC LOGISTICS

MIAMI  
FREE ZONE



**PROCOLOMBIA**  
EXPORTACIONES TURISMO INVERSIÓN MARCA PAÍS



Grupo  
**nutresa**

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International  
Business

MBA

PhD in Strategy

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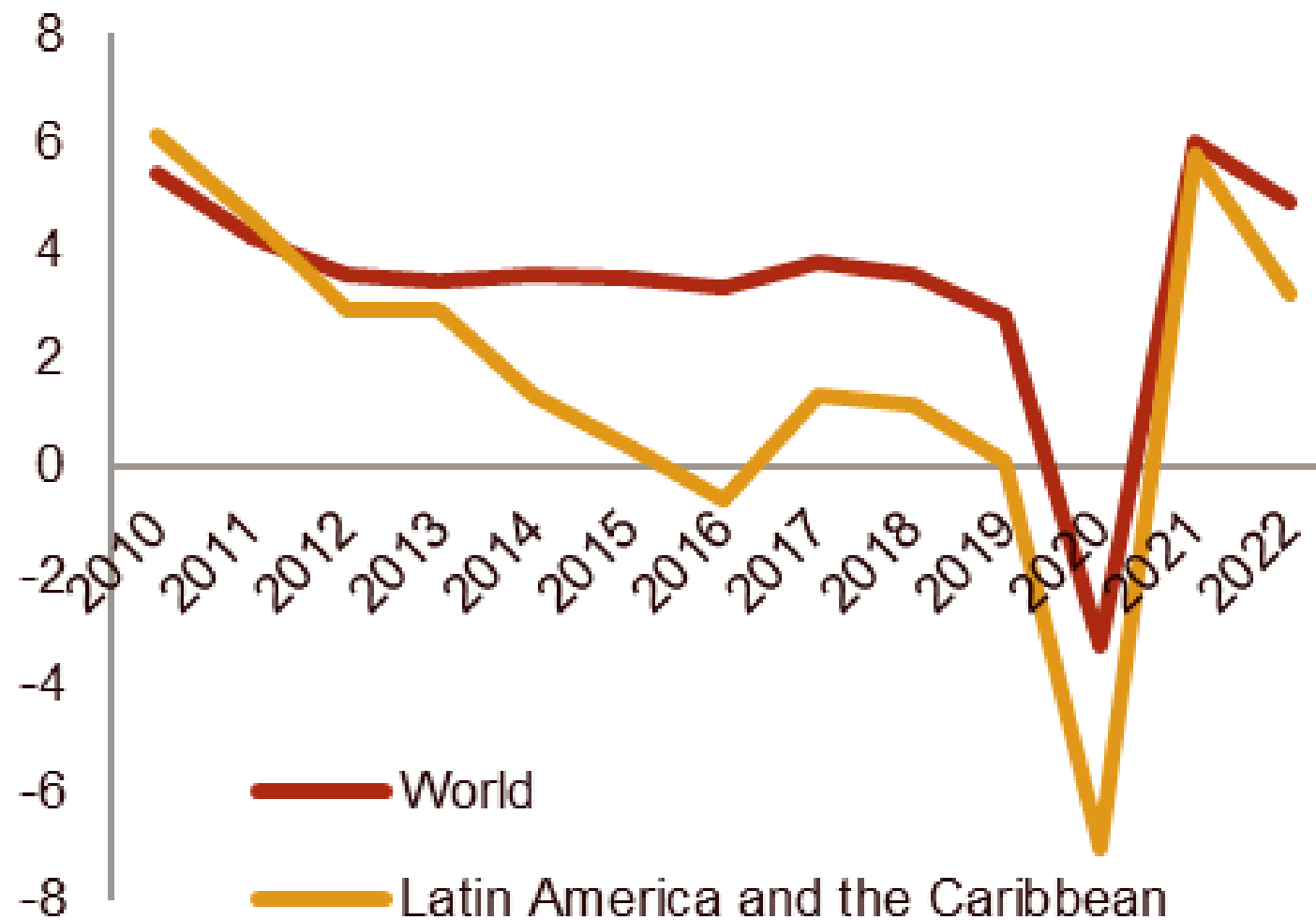
**UNIVERSIDAD  
EAFIT**<sup>®</sup>



**Aalto University**

**UNIVERSITY OF  
MICHIGAN**

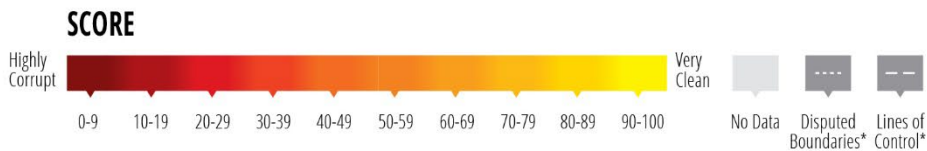
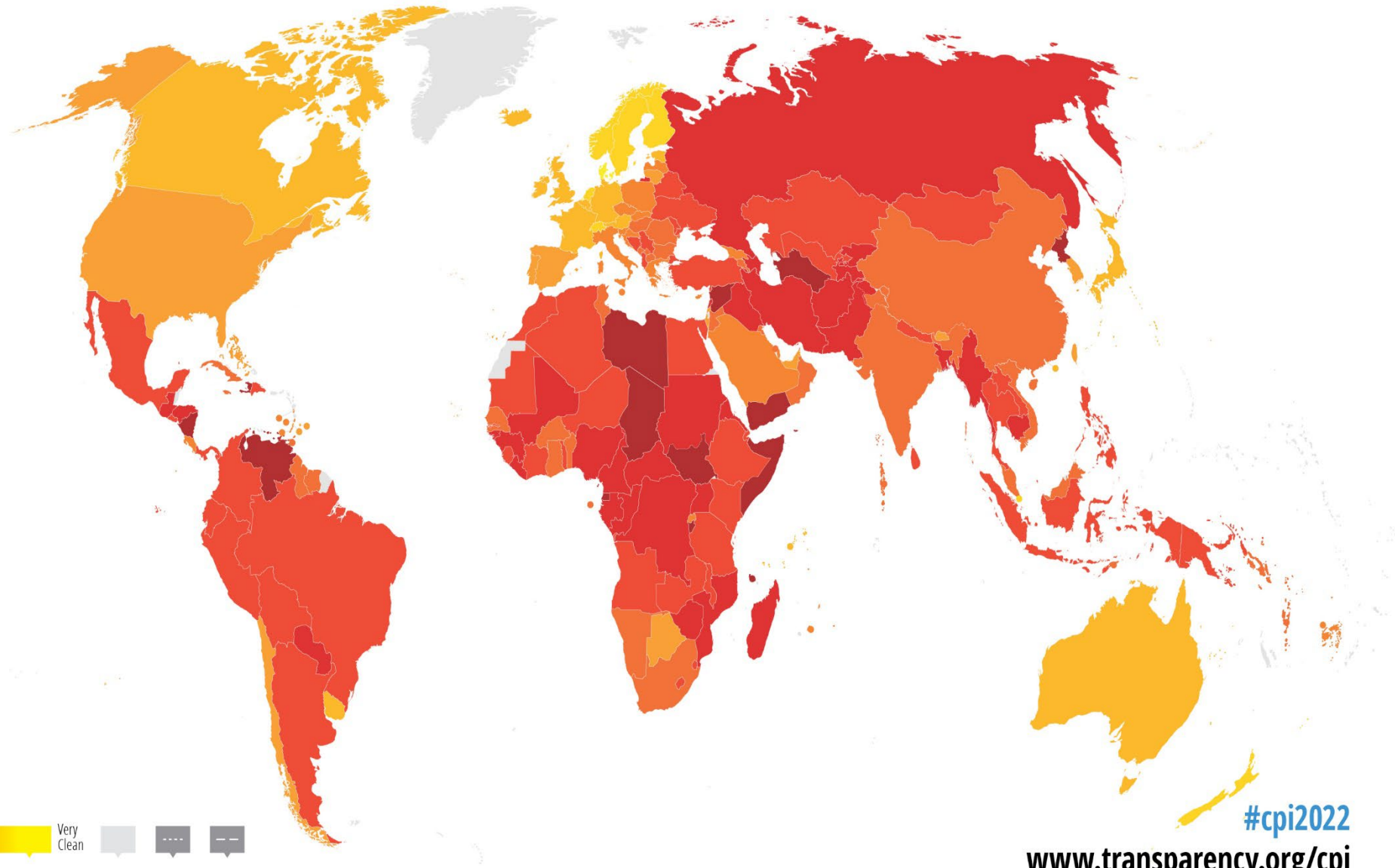
## Comparison of real GDP growth: global average versus Latin America (in %)



Source: IMF WEO July 2021

# CORRUPTION PERCEPTIONS INDEX 2022

The perceived levels of public sector corruption in 180 countries/territories around the world.



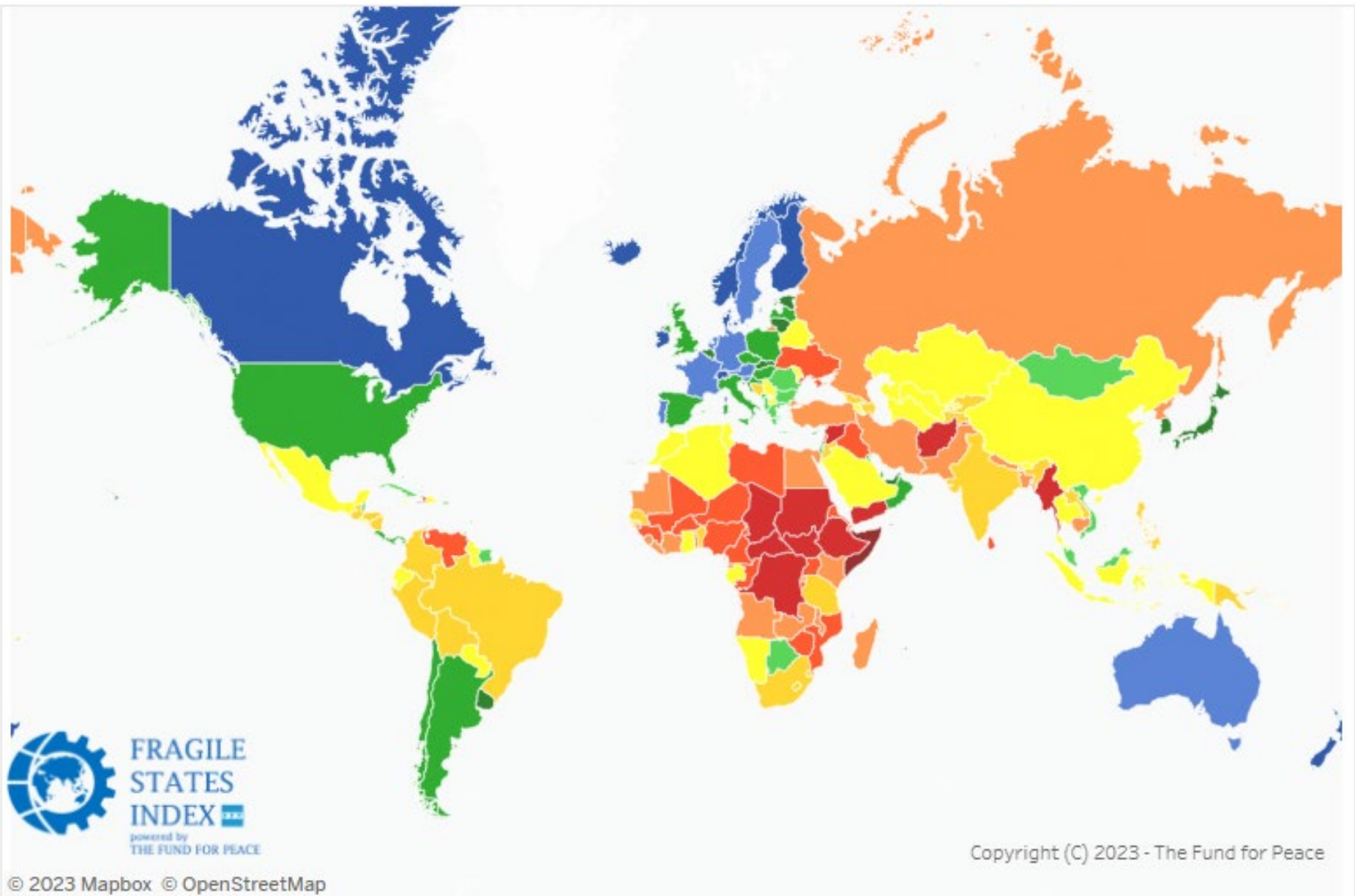
\*The designations employed and the presentation of material on this map follow the UN practice to the best of our knowledge and as of January 2023. They do not imply the expression of any opinion on the part of Transparency International concerning the legal status of any country, territory, city or area or of its authorities or concerning the delimitation of its frontiers or boundaries.



# FRAGILE STATES INDEX

powered by  
THE FUND FOR PEACE

Since the end of the Cold War, a number of states have erupted into mass violence stemming from internal conflict. Some of these crises emerge from ethnic tensions; some are civil wars; others take on the form of revolutions; and many result in complex humanitarian emergencies.



Sustainable

Stable

Warning

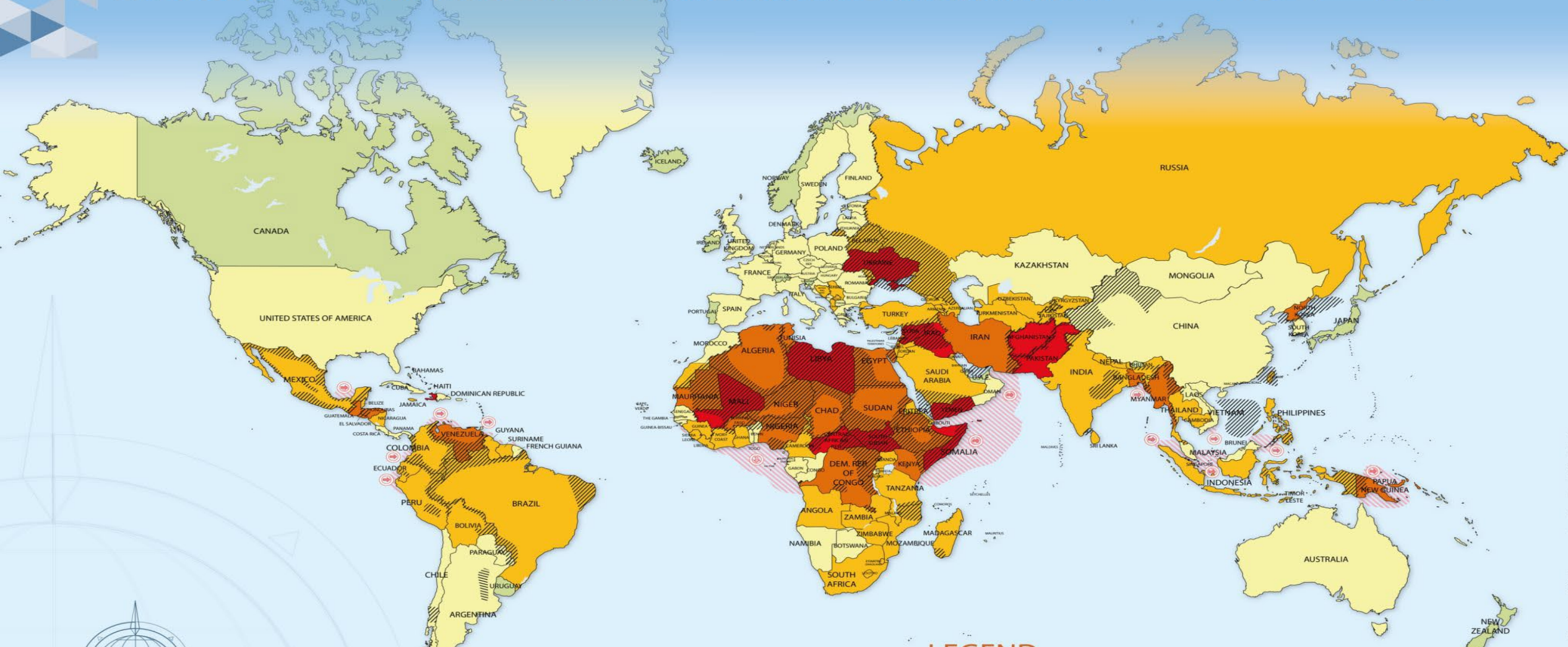
Alert

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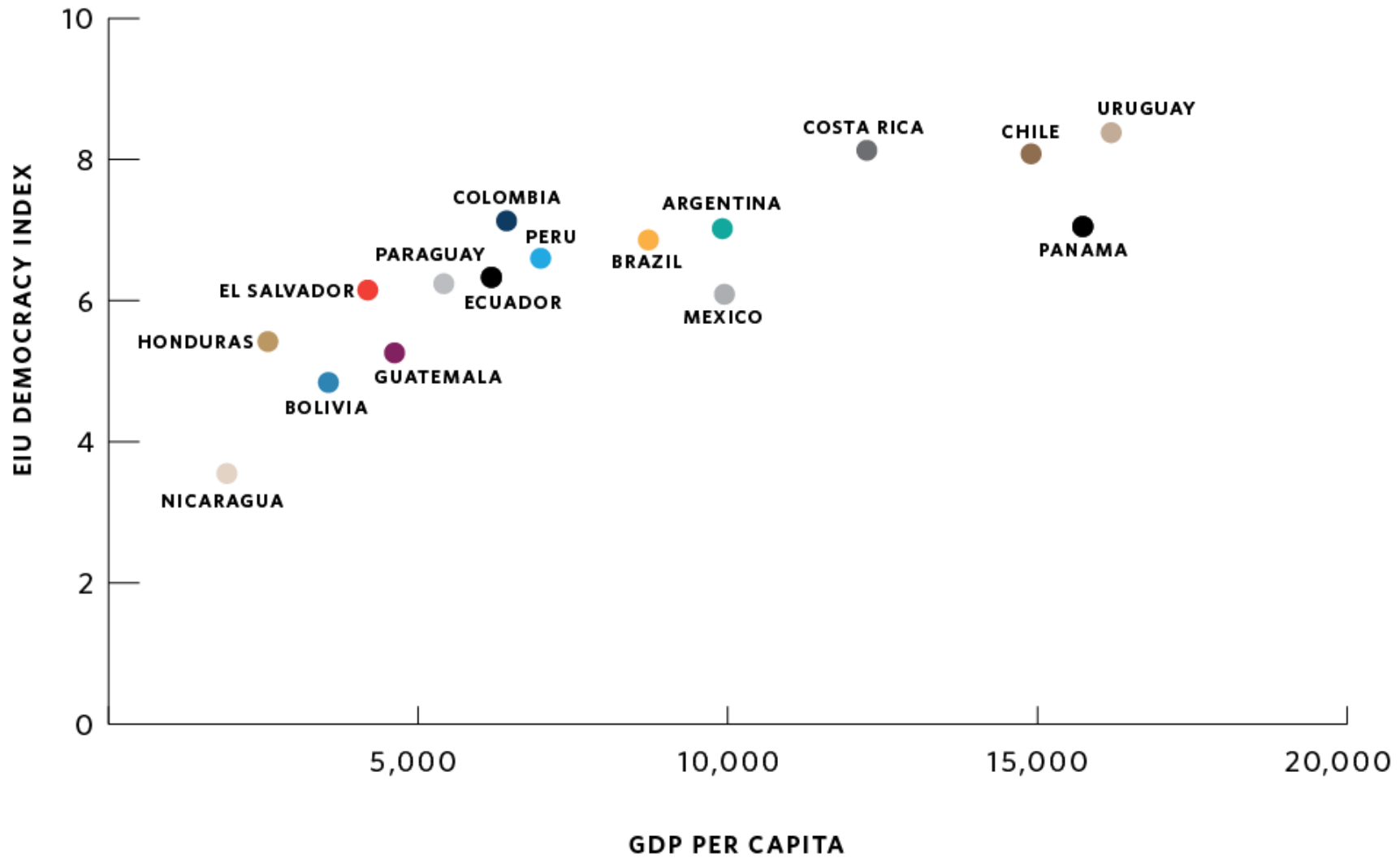


**LEGEND**

Risk Levels					
Specific Risks					
	Political Instability Areas	Maritime Piracy/ Crime Areas	Evolution in Maritime Piracy/ Crime		

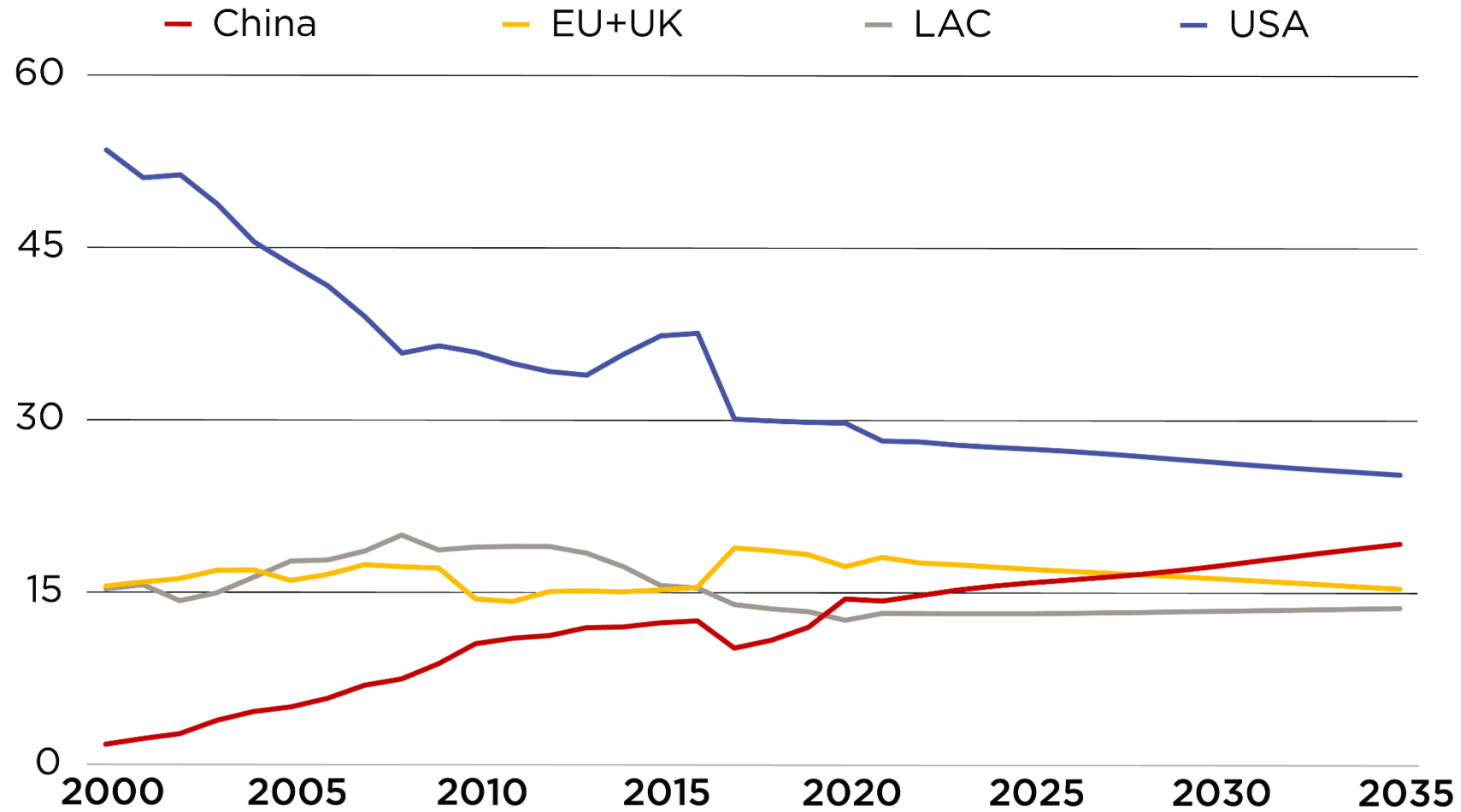
\*The health risk related to the Covid-19 pandemic is not taken into account in this rating.

## Democracy and GDP Growth



**SOURCE:** Economist Intelligence Unit, [https://www.eiu.com/n/campaigns/democracy-index-2020/#mktoForm\\_anchor](https://www.eiu.com/n/campaigns/democracy-index-2020/#mktoForm_anchor).

## LAC's Main Trade Partners through 2035

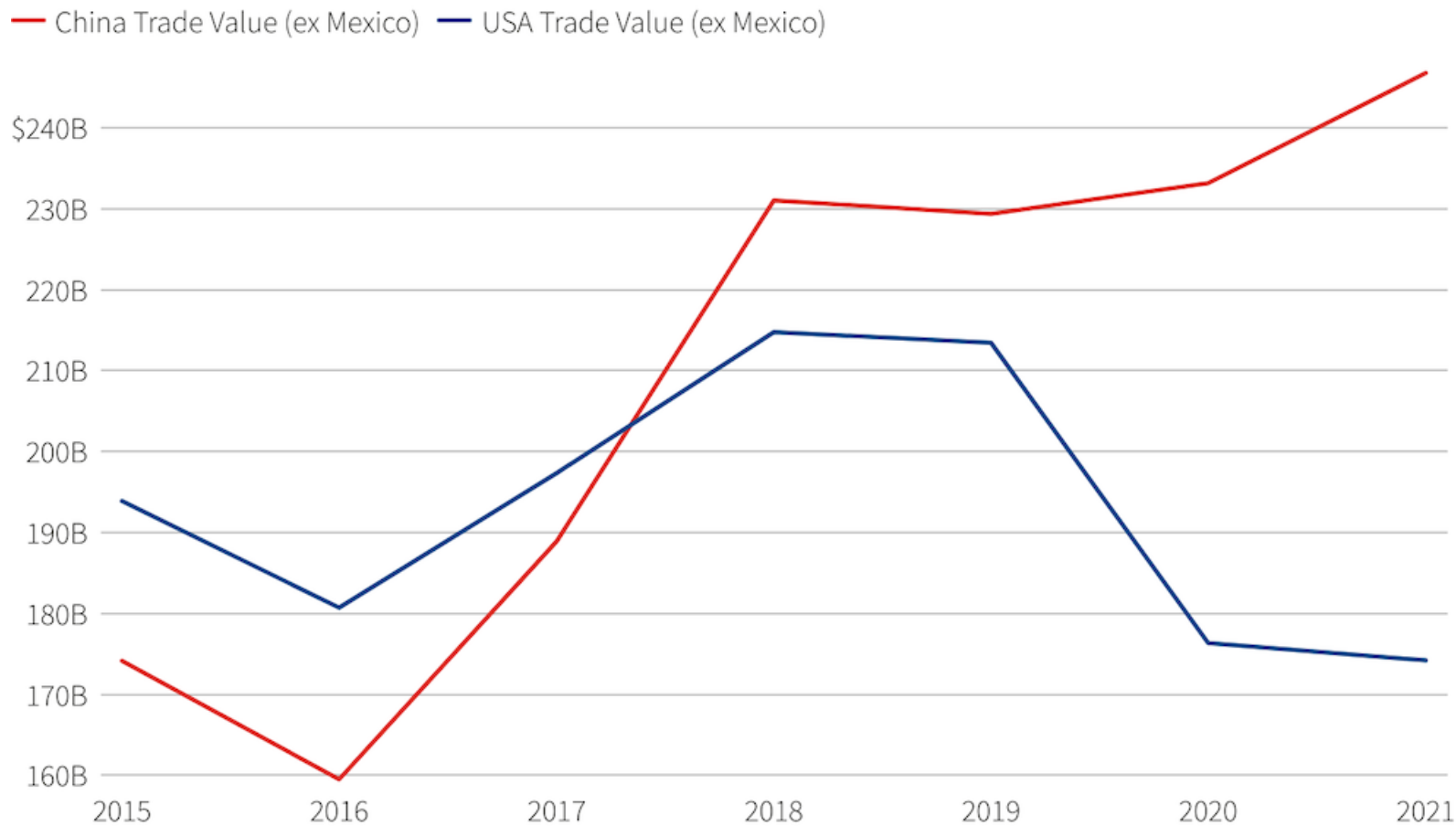


Source World Economic Forum (2021)

# Latin America trade: US v China

China's trade with Latin America - when excluding Mexico - has overtaken the United States in the past few years and the gap is widening,

The shift is mainly driven by the resource-rich countries in South America like Brazil. When including Mexico, the United States' top trade partner, China still remains well behind.



Note: 2021 data not available for Argentina, Peru, Uruguay, Costa Rica, Honduras and Suriname, though historically these countries would roughly balance each other out in terms of China vs US trade figures. 2020 data not available for Honduras.

Source: Comtrade

## Latam trade race: China vs USA

China has cemented its leading trade position in South America over the last six years, widening the gap over the United States in almost all countries. The United States remains king in Mexico and Central America, though has seen its trade lead trimmed in places like Colombia and Honduras.



Note: Dark blue = US extended trade gap over China from 2015-2021; light blue = US ahead but lead trimmed; Dark red = China extended trade lead.

Source: Comtrade

# Main Export destination & products from Latin America between **China** and **USA**

## 20 years comparison (2000/2020)



# Foreign direct investment grows in Latin America and the Caribbean

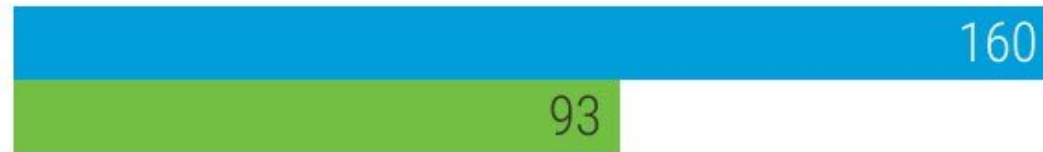
By subregion, billions of dollars, per cent, 2021–2022

■ 2021 ■ 2022

Latin America and the Caribbean,  
+51%



South America, +73%



Central America, +5%



Caribbean, +53%



The United States, Spain and the Netherlands remained the largest investors in the region in 2021.



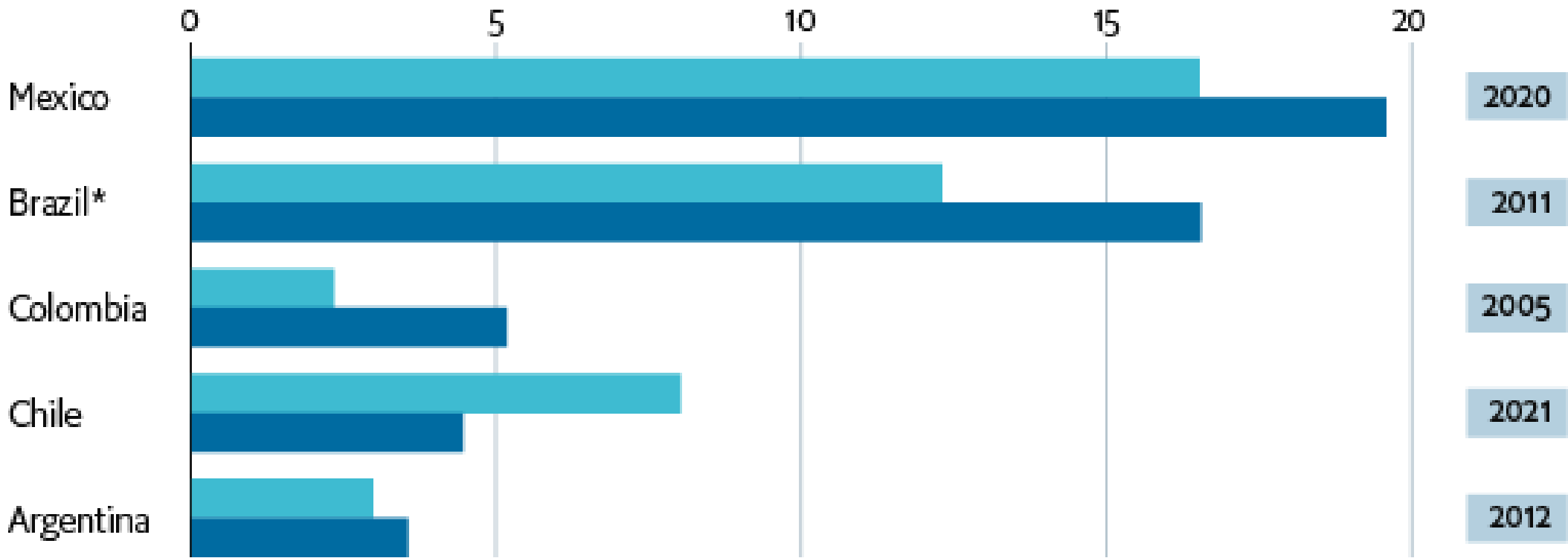
# Foreign direct investment has spiked

(US\$ m)

Q1 2021

Q1 2022

Best quarter since:

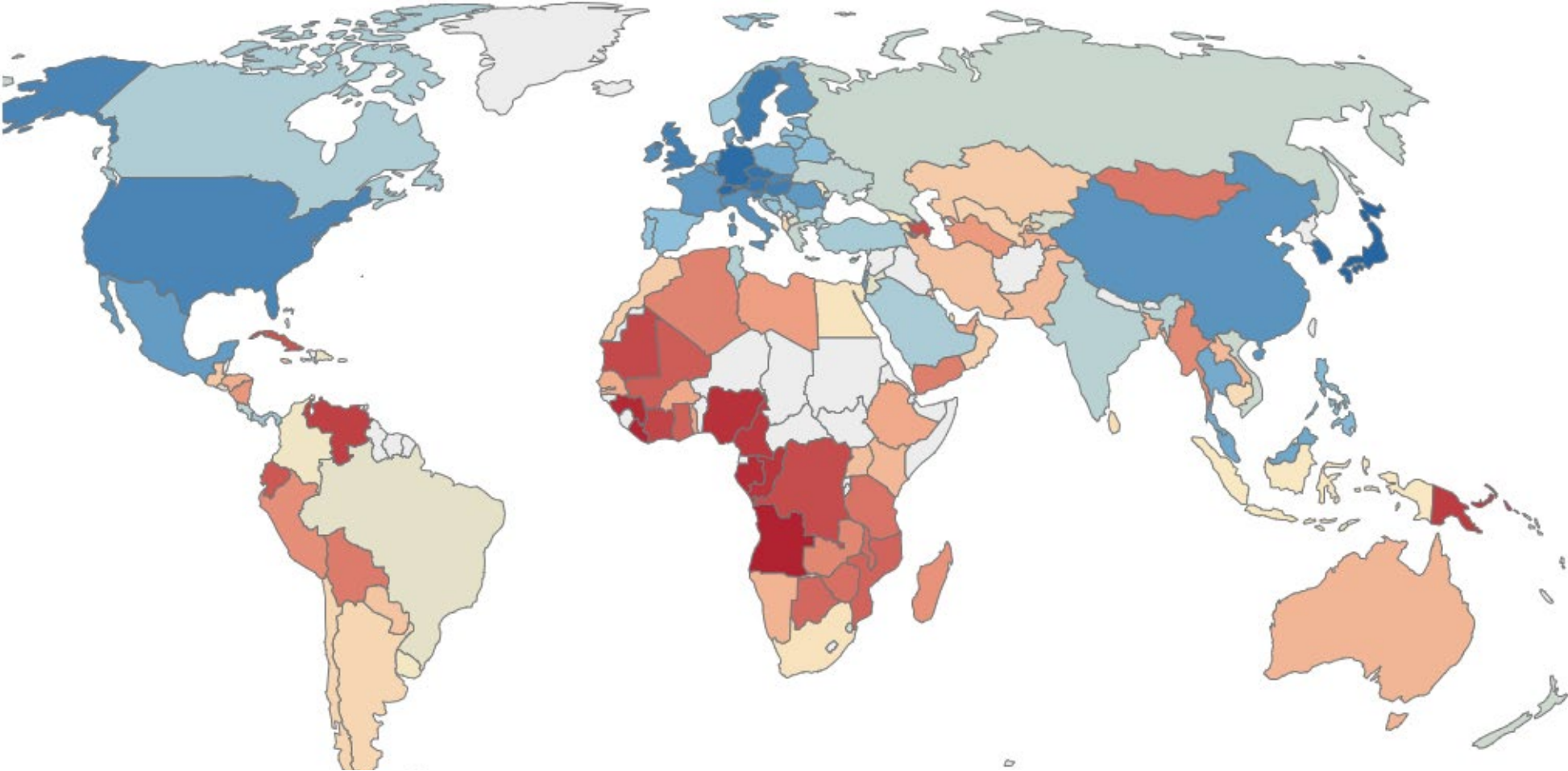


Source: EIU.

\*Brazil is Jan-Feb.

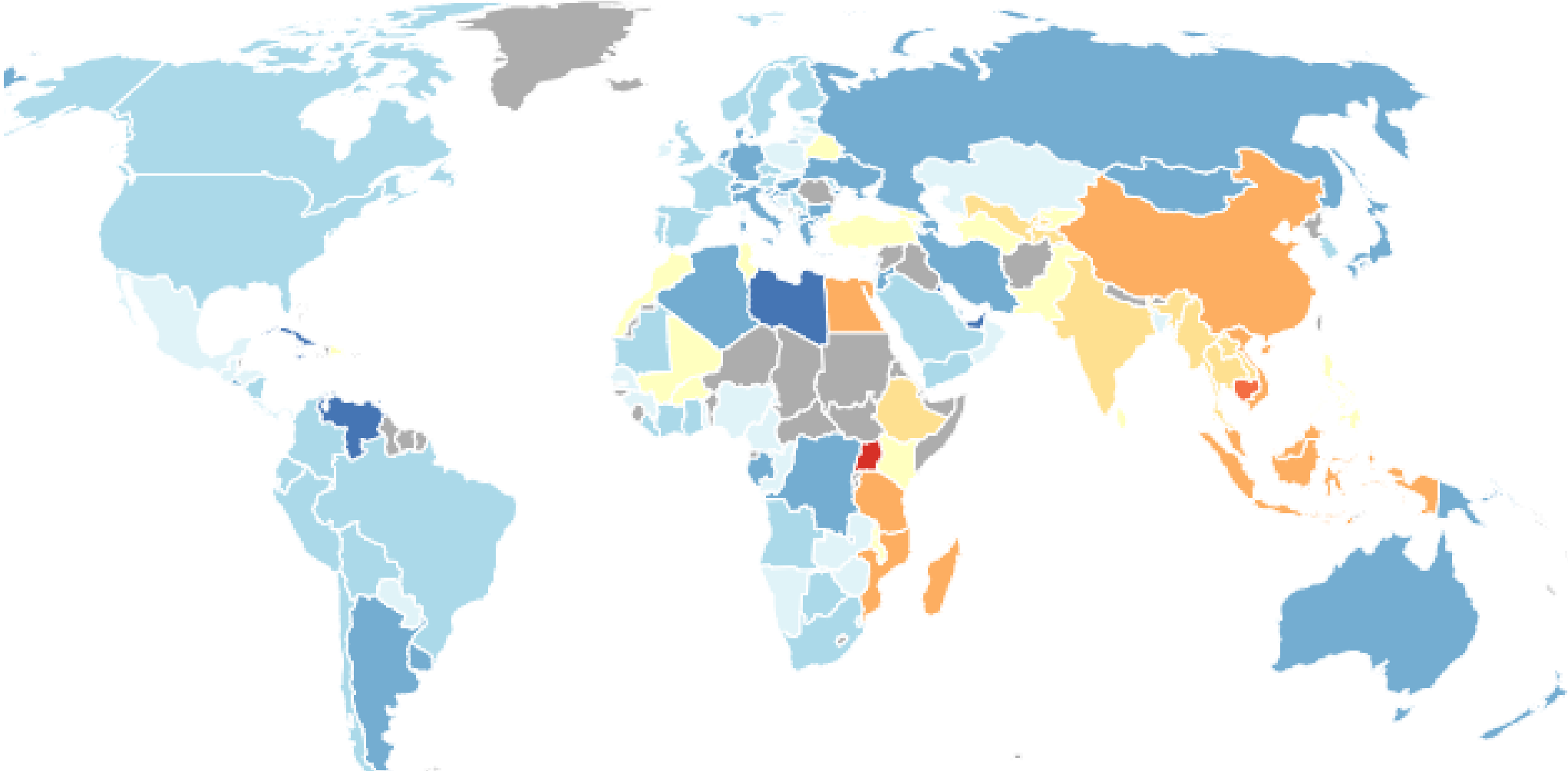


Countries improve their Economic Competitive Index by increasing the number and complexity of the products they successfully export



**SOURCE:** Harvard Atlas of Economic Complexity.

**2031** Countries improve their Economic Competitive Index by increasing the number and complexity of the products they successfully export



**SOURCE:** Harvard Atlas of Economic Complexity.

# Multilaterales

## México - 28

- Aeroméxico
- Alpek
- Alsea
- América Móvil
- Arca Continental
- Bachoco
- Becle (Cuervo)
- Bio-PAPPEL
- CEMEX
- Chedraui
- FEMSA
- GRUMA
- Grupo BAL
- Grupo Bimbo
- Grupo Condumex
- Grupo Elektra
- Grupo Gigante
- Grupo Lala
- Grupo México
- Mabe
- Metalsa
- Mexichem
- Nemak
- Omnilife
- Quálitas
- Sigma
- Televisa
- Volaris

## Chile - 18

- Agrosuper
- Antofagasta Minerals
- Banco de Crédito e Inversiones (BCI)
- Carozzi
- Celulosa Arauco y Constitución (Arauco)
- Cencosud
- Compañía Cervecerías Unidas (CCU)
- Concha y Toro
- Copec
- Embotelladora Andina
- Empresa Nacional de Telecomunicaciones (Entel)
- Empresas CMPC
- Falabella
- LATAM Airlines
- Ripley
- Sigdo Koppers
- Sociedad Química y Minera de Chile (SQM)
- SONDA

## Costa Rica - 1

- Florida Ice and Farm Company (FIFCO)

## Panamá - 1

- Copa Airlines

## El Salvador - 1

- Grupo Unicomer

## Perú - 5

- Ajegroup (AJE)
- Alicorp
- Belcorp
- Gloria
- Unión Andina de Cementos (UNACEM)

## Colombia - 11

- Avianca
- Bancolombia
- Ecopetrol
- Empresa de Energía de Bogotá (EEB)
- Empresas Públicas de Medellín (EPM)
- Grupo Argos
- Grupo Aval
- Grupo Bolívar
- Grupo Nutresa
- Interconexión Eléctrica (ISA)
- Sura

## Argentina - 9

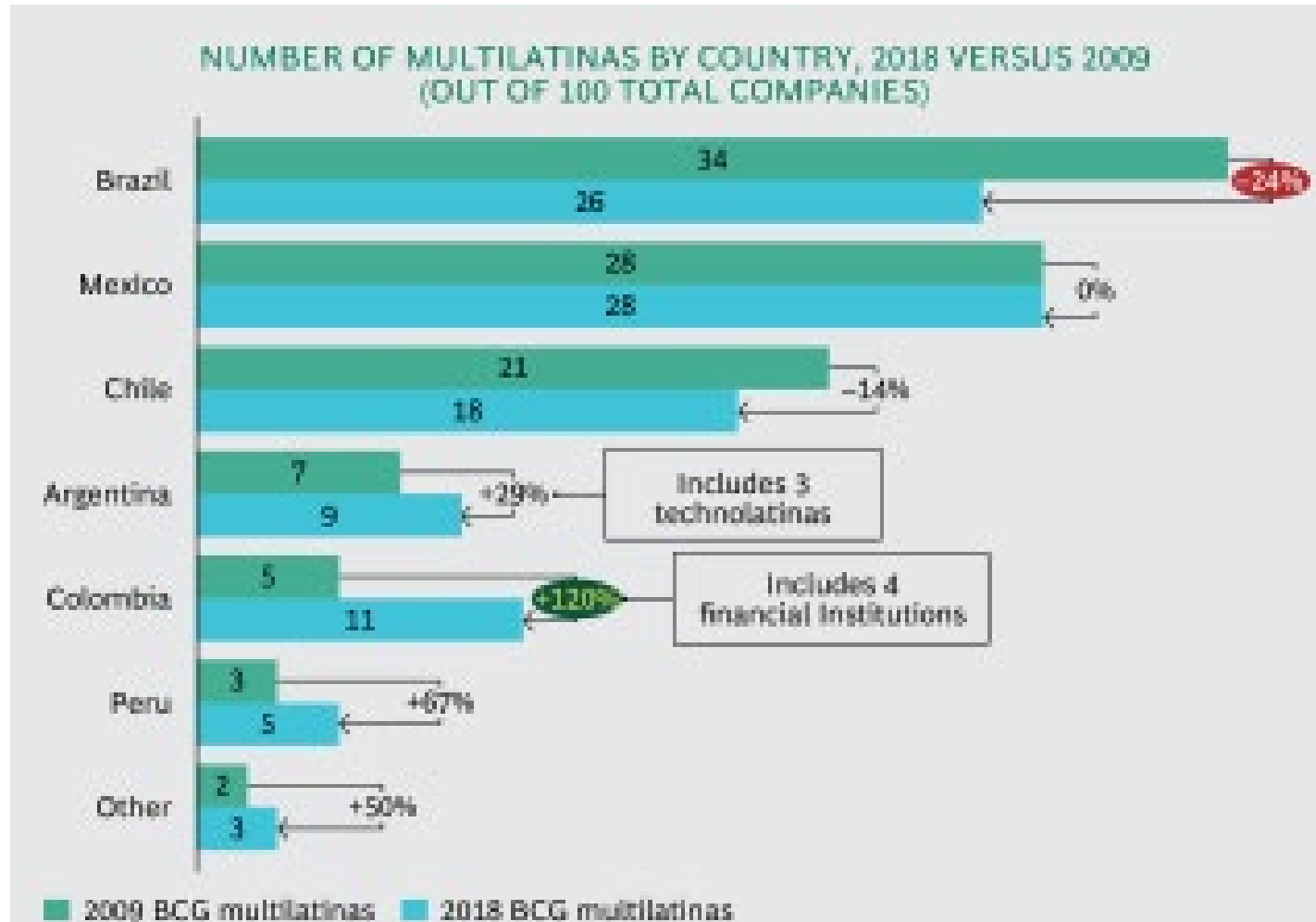
- Arcor
- Arcos Dorados
- Cresud
- Despegar.com
- Globant
- MercadoLibre
- Molino Cañuelas
- Molinos Río de la Plata
- Ternium

## Brasil - 26

- Alpargatas
- Banco BTG Pactual
- Braskem
- BRF
- Camil
- Cielo
- Duratex
- Embraer
- Fibria
- Gerdaul
- Globo
- GOL
- Iochpe-Maxion
- Itaú Unibanco
- Klabin
- Marfrig
- Minerva
- Natura
- Netshoes
- Stefanini
- Suzano Papel e Celulose
- TUPY
- Ultrapar
- Vale
- Votorantim Cimentos
- WEG

- 3x higher average annual growth than other large companies in LA
- Are the more international companies and sources of innovation
- Are the drivers of development in the region

# Colombia has gained the Most Multilatinas



Source: BCG analysis.

Note: Other includes Costa Rica, El Salvador, Panama, and Venezuela. Financial institutions and technolatinas not included in the 2009 BCG multilatinas.

2021

**61,1%**  
OF SALES  
IN COLOMBIA

**38,9%**  
OF SALES  
OUTSIDE  
COLOMBIA



One of the **LARGEST COMPANIES**  
**in the FOOD SECTOR**  
**in LATIN AMERICA**

STOCK MARKET CAPITALIZATION

**11 COP**  
BILLON

**~3,2 USD**  
BILLON

2021 margin  
EBITDA → **12%**

Sales in Colombia grew 16,3%:  
COP 7,8 trillion (USD 1.98 billion)

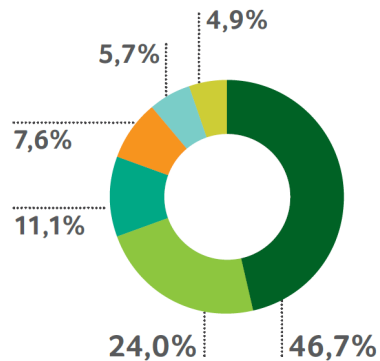
International sales increased 11,8%:  
COP 4,9 trillion (USD 1.3 billion)

Total sales 2021:  
COP\$12.74 trillion (US\$3.28 billion)

Direct employees,  
third-party employees  
and apprentices

**47.199**

### Grupo Nutresa's sales by channel



- Traditional channel (mom-and-pop shops and minimarkets)
- Supermarket chains
- Alternative channel (catalog sales and vending machines)
- Retail Food Business
- Institutional channel
- Industrial channel

**17**

**Countries where  
Grupo Nutresa  
has a distribution  
network and  
production plants**

**47**

**Production  
plants**



**FOR THE SECOND YEAR IN A ROW**  
**WE ARE GOLD CLASS**  
in the **S&P Global 2022** Sustainability Yearbook.

**Sustainability Award**  
Gold Class 2022

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**S&P Global**



# International Strategy



Grupo  
**nutresa**

Since 1960s  
Exports  
(Import  
substitution  
model)

Exports of surplus  
production

Exports to  
distributors

Exports to attend  
purchase orders

Marginal profit

Lack of foreign  
market  
knowledge



# International Strategy



Grupo  
**nutresa**

Since 1960s Exports (Import substitution model)	1990 - 1994 Alliance to distribute exports (Washington Consensus)
Exports of surplus production	Temporary alliance
Exports to distributors	Knowledge of a foreign market
Exports to attend purchase orders	Consolidation of international team
Marginal profit	Continuous and more profitable international operations
Lack of foreign market knowledge	

# International Strategy



Grupo  
**nutresa**

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Exports to attend purchase orders	Consolidation of international team	Brand building
Marginal profit	Continuous and more profitable international operations	Knowledge about foreign consumers
Lack of foreign market knowledge		Adaptation of products



If you are the CEO of Nutresa, at this point, what entry mode(s) would you choose to develop production sites in other markets beyond Colombia? Why?

1) Individual exercise

2) Teams

- Go to [www.slido.com](http://www.slido.com)
- Event code: Entry

# International Strategy



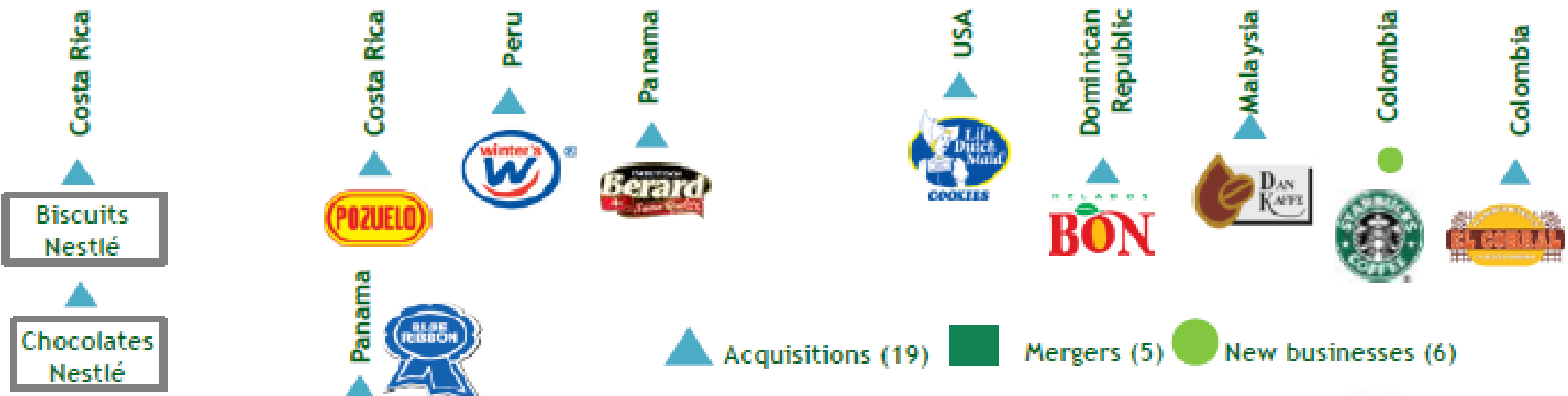
Grupo  
**nutresa**

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Marginal profit	Continuous and more profitable international operations	Knowledge about foreign consumers	Synergies
Lack of foreign market knowledge		Adaptation of products	

Acquisitions, preferred entry mode by top multilatinas

Share prices of multilatinas that are serial acquirers have appreciated by almost 70% over the past eight years, compared with a 7% increase for other Latin American frequent buyers (BCG, 2018)

USD 1,7 billion invested in 19 successful acquisitions



▲ Acquisitions (19) ■ Mergers (5) ● New businesses (6)

# Recent Acquisition

Belina in Costa Rica

Transaction USD 28 million

Going into a new business line: Animal food production, import, and commercialization.  
Specifically, pets, farms, and aquaculture

# BELINA

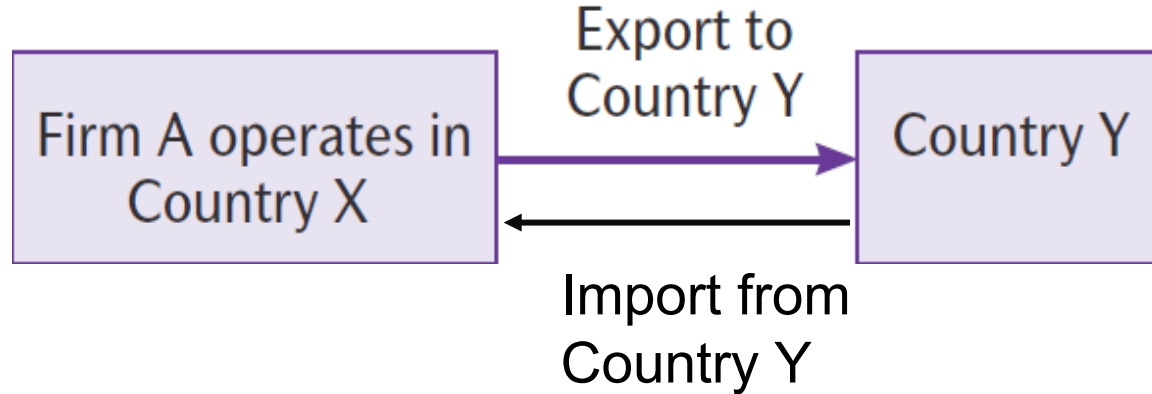


# Types of International Strategies

1. Export/import strategy
2. Multidomestic strategy
3. Global strategy
4. Transnational strategy

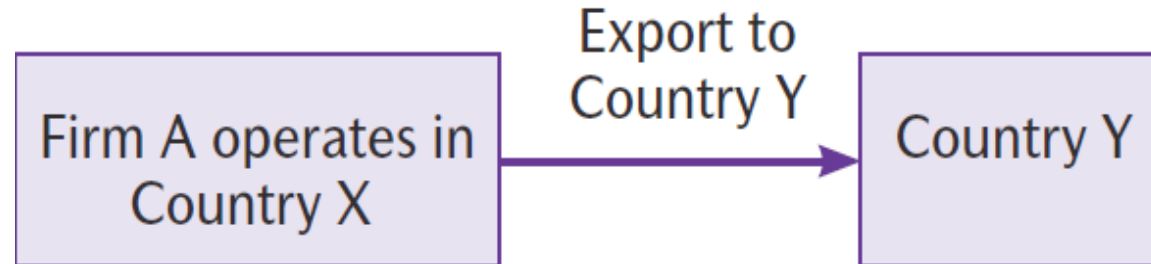


# 1. Export/import strategy





# 1. Export strategy

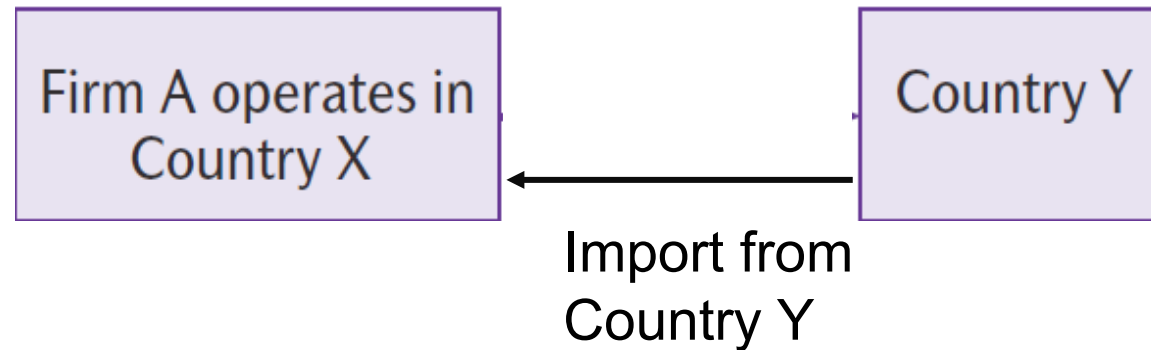


The company remains a local market player *while* it **selects markets to which to export**, determines **the level of adaptation of its products to those markets**, and manages its **export channels** (direct or indirect)

# PASTELERIA SANTA ELENA

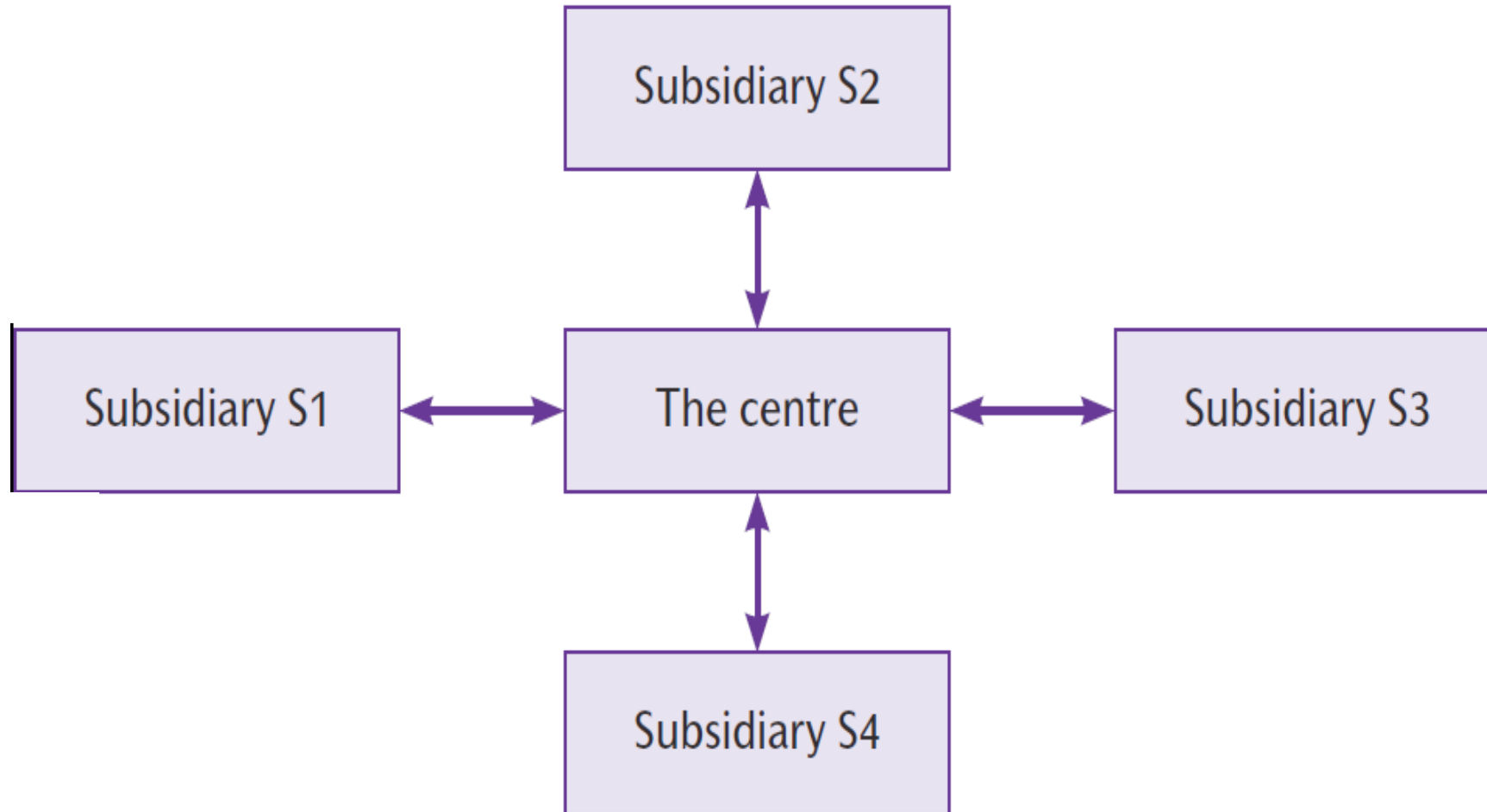


# 1. Import strategy



The company remains a local market player while it **selects markets from which to import**: raw materials or finished products, represent international brands, offer services of international companies...

# 2. Multidomestic strategy



# 2. Multidomestic strategy

When companies **establish subsidiaries that produce or commercialize outside of their local market**. That is, they become “multinationals”

The subsidiary has a strategy aimed at its particular market.  
The biggest concern is **adapting the products** to the needs of that particular market

 **Bancolombia**

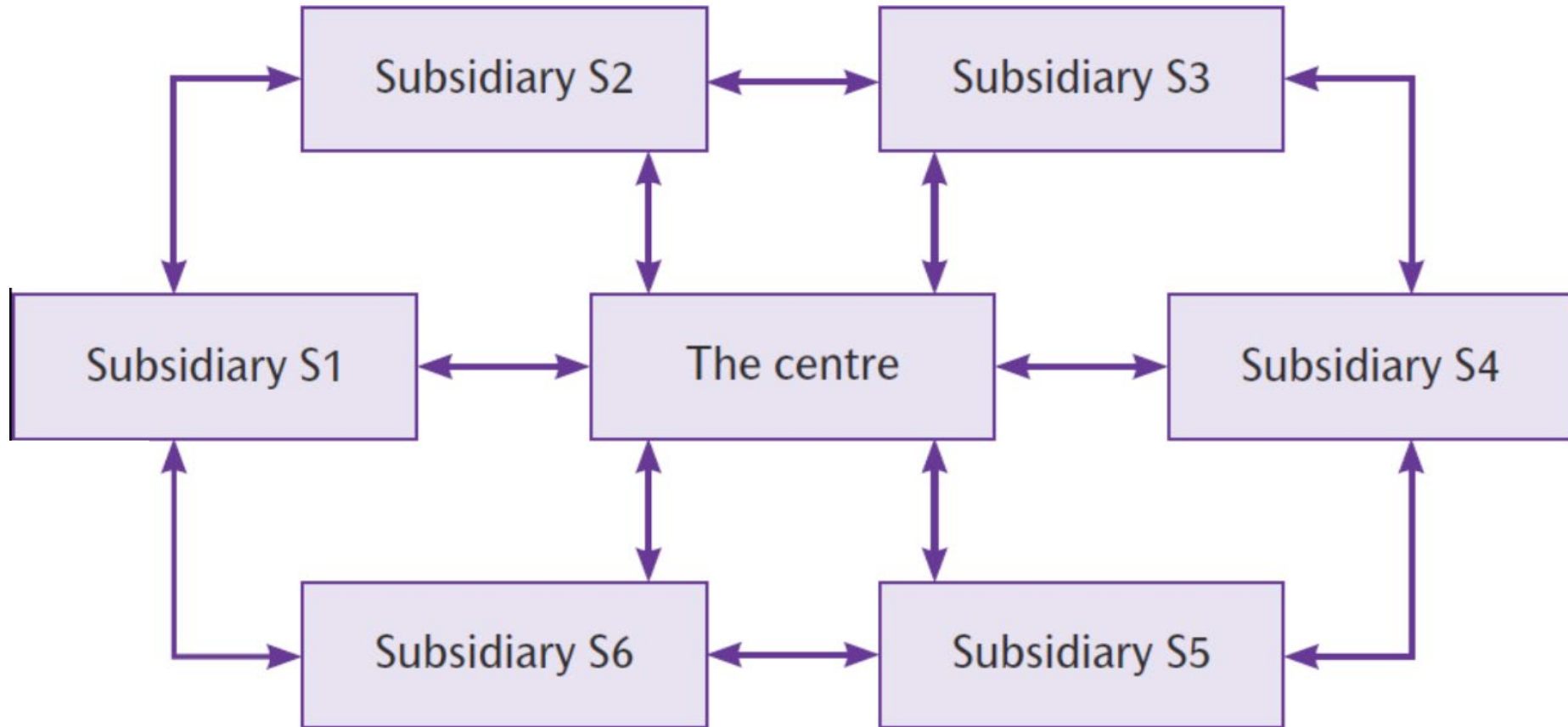
 **Banistmo**

Panamá

 **Bancoagrícola**

El Salvador

# 3. Global strategy



# 3. Global strategy

A global strategy implies a **single strategy** for the network of **subsidiaries in all countries** that benefits from **synergies** of efficiency and knowledge

The biggest challenge is creating a strategy **applicable on a global scale**





# Multidomestic vs Global strategy

	MULTIDOMESTIC STRATEGY	GLOBAL STRATEGY
DEGREE OF COORDINATION FROM HEADQUARTERS	Does not require high coordination	Requires high coordination between headquarters and subsidiaries

**A?**

# Multidomestic vs Global strategy

	MULTIDOMESTIC STRATEGY	GLOBAL STRATEGY
DEGREE OF COORDINATION FROM HEADQUARTERS	Does not require high coordination	Requires high coordination between headquarters and subsidiaries
LEVEL OF STANDARDIZATION AND ADAPTATION TO LOCAL MARKET	The subsidiary must respond to local needs, unless there is a good reason not to do so	Headquarters must standardize operations and products in all countries, unless there is a good reason not to do so

**A?**

# Multidomestic vs Global strategy

	MULTIDOMESTIC STRATEGY	GLOBAL STRATEGY
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LEVEL OF STANDARDIZATION AND ADAPTATION TO LOCAL MARKET	The subsidiary must respond to local needs, unless there is a good reason not to do so	Headquarters must standardize operations and products in all countries, unless there is a good reason not to do so
INTEGRATION AND COMPETITIVE MOVES	The subsidiary can plan competitive moves based on the analysis of the local market: independent	Subsidiaries must compete in an integrated manner throughout all countries:

*Greater adaptation, higher costs, decentralization*

*Less adaptation, synergies of efficiency and knowledge, centralization, control*

**TRANSNATIONAL STRATEGY**  
adaptation and standardization

**A?**



## **MCDONALDS GLOBAL STRATEGY AND LOCAL SPECILIZATION**

# International Strategy



Grupo  
**nutresa**

## Export strategy

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# International Strategy



Grupo  
**nutresa**

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# International Strategy



Grupo  
**nutresa**

Export strategy	Multidomestic strategy	Transnational strategy	
<p>Since 1960s Exports (Import substitution model)</p>	<p>1990 - 1994 Alliance to distribute exports (Washington Consensus)</p>	<p>Since 1995 onwards Wholly- owned distribution operations and definition of strategic region</p>	<p>2004 - 2014 Production platforms</p>
<p>Exports of surplus production</p> <hr/> <p>Exports to distributors</p> <hr/> <p>Exports to attend purchase orders</p> <hr/> <p>Marginal profit</p> <hr/> <p>Lack of foreign market knowledge</p>	<p>Temporary alliance</p> <hr/> <p>Knowledge of a foreign market</p> <hr/> <p>Consolidation of international team</p> <hr/> <p>Continuous and more profitable international operations</p>	<p>Creation of wholly-owned distribution operations</p> <hr/> <p>Definition of strategic region based on "competitiveness" (2002)</p> <hr/> <p>Brand building</p> <hr/> <p>Knowledge about foreign consumers</p> <hr/> <p>Adaptation of products</p>	<p>Acquisitions in strategic region</p> <hr/> <p>Acquisition targets: firms with good management, distribution, and brands</p> <hr/> <p>Best origins for best destinations</p> <hr/> <p>Synergies</p>



# Recent Innovation



Won the national Business Innovation Award

Last 4 years, 20% of total sales come from innovations

Last 2 years, more than 900 products/services launched

Plant-based products as an alternative to animal-based

Targets flexitarians

40% of consumers in Colombia are interested in these products and

28% already consume them

# Hostile Takeover

International Holding Company (IHC), an Abu Dhabi investment vehicle controlled by Sheikh Tahnoon, brother of the UAE's ruler



# Thank you!

## Doing Business in Emerging Markets

### Emerging Market Multinationals (EMNEs): The Case of Latin America

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October 31, 2023



Aalto University  
School of Business



# Internationalization Of Emerging Market Multinationals

India

Case studies: TATA group & Zomato

# Topics under discussion

## ❖ INDIA: An insight into the country

### ❖ Case Study 1: TATA GROUP

- Formation, History and Background.
- Reasons/ Timing for Internationalization.
- Challenges faced by the Organization.

### ❖ Case Study 2: ZOMATO

- Formation, History and Background.
- Reasons/ Timing for Internationalization.
- Challenges faced by the Organization.

# India: An Insight

- Country: **India/ Bharat/ Hindustan**
- Continent: **Asia**
- Capital: **New Delhi**
- Form of Government: **Democracy**
- President: **Smt. Droupadi Murmu**
- Prime Minister: **Shri. Narendra Modi**
  
- A Very **young** population
- Rich in **natural resources**
- More than **two-third** of the total population lives in **rural areas**
- India has the longest **Railway network** of Asia
- India is known worldwide for its food, **Yoga**, music, Film, clothing, and dance.



# India: An Insight

- India: **Unity in Diversity**: India has 29 states and 8 Union territories.
- India has **no “official language”**.
- Religious Demography: Hindus 79.8%, Muslims 14.2%, Christians 2.3%, Sikhs 1.7%.
- The concept of **“Vasudhaiva Kutumbakam”**.
- **“Chandrayan 3”** India successfully landed its spacecraft near the south pole of Moon.
- **“Make in India”**.
- Current **Geopolitical Issues**.



# Macro-Economic Analysis

- India is one of the fastest-growing major economies in FY22/23 at 7.2% GDP growth.
- India's growth rate was the **second highest GDP among G20 countries** (7.8%).
- IMF estimates, India will emerge as the **world's third largest economy by 2027**.
- Inflation: As per Forbes report, India's inflation is at 5.02% in September 2023. In US its at 6%, China 1% and Argentina has the highest at 102%.
- Fiscal Policy: **Fiscal deficit in 2023-24 is targeted at 5.9% of GDP**, lower than the revised fiscal deficit of 6.4% in 2022-23
- Employment levels: As per the Economic times of India the employment rate in India is at **45%**.



# Case Study 1: TATA GROUP



# TATA GROUP

Founded by Jamsetji Tata in **1868**, the Tata group is a global enterprise, headquartered in India, comprising 30 companies across ten business verticals having **\$150** billion in revenues in 2022-23

The group operates in more than **100** countries across **six continents**, with a mission '*To improve the quality of life of the communities we serve globally, through long-term stakeholder value creation based on Leadership with Trust*'.



# TATA Group Companies

TECHNOLOGY

## Tata Consultancy Services

TCS is a global leader in IT, digital and business services.



STEEL

## Tata Steel

Tata Steel is a leading global steel company with an annual production capacity of 33MnTPA...



AUTO

## Tata Motors

Tata Motors is a leading global automobile manufacturer of cars, utility vehicles, buses, ...



AUTO

## Jaguar Land Rover

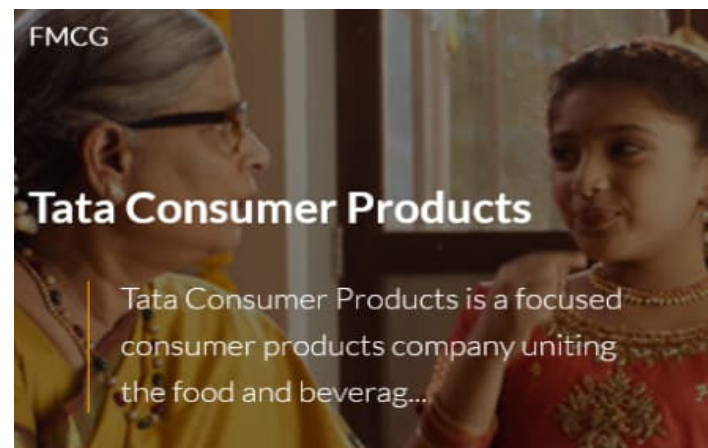
Jaguar Land Rover designs, manufactures and sells some of the world's best-known premium c...



FMCG

## Tata Consumer Products

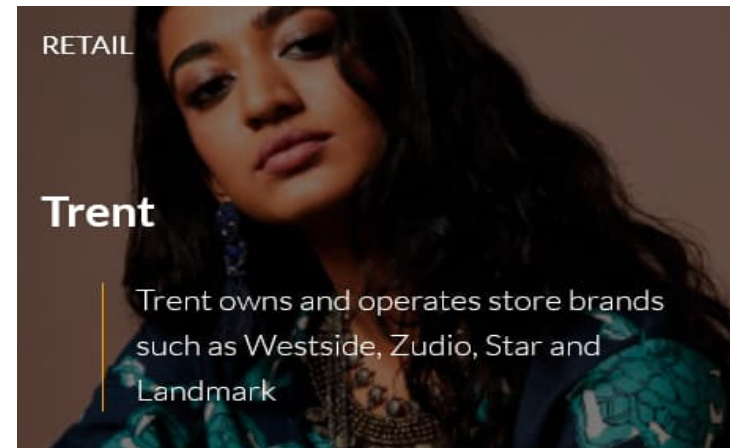
Tata Consumer Products is a focused consumer products company uniting the food and beverag...



RETAIL

## Trent

Trent owns and operates store brands such as Westside, Zudio, Star and Landmark



# TATA Group Companies

## FINANCIAL SERVICES

### Tata Capital

Tata Capital caters to the diverse financial needs of retail, corporate and institutional ...

## CONSUMER AND RETAIL

### Tata Chemicals

Tata Chemicals is a global company in basic chemistry and specialty products.

## AEROSPACE AND DEFENCE

### Tata Advanced Systems

Tata Advanced Systems (TASL) is the Tata group's strategic entity in Aerospace & Defen...

## TELECOM AND MEDIA

### Tata Communications

Tata Communications is a digital ecosystem enabler that powers today's digital economy.

## TELECOM AND MEDIA

### Tata Play

Tata Play is India's leading content distribution platform providing Pay TV and OTT servic...

## TRADING AND INVESTMENTS

### Tata International

Tata International operates in Trading, Auto Distribution and Leather products

# TATA Group Companies

TRADING AND INVESTMENTS Habitability of the Earth



**Tata Industries**

Tata Industries promotes and incubates the Tata group's entry into new businesses.

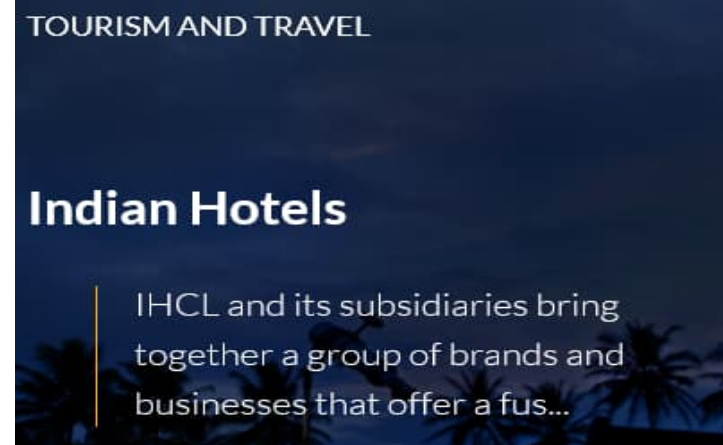
TRADING AND INVESTMENT



**Tata Investment Corporation**

Tata Investment Corporation is a non-banking financial company primarily involved in inves...

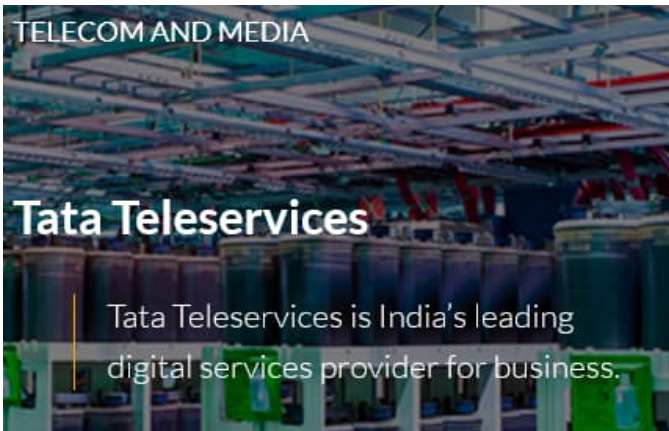
TOURISM AND TRAVEL



**Indian Hotels**

IHCL and its subsidiaries bring together a group of brands and businesses that offer a fus...

TELECOM AND MEDIA



**Tata Teleservices**

Tata Teleservices is India's leading digital services provider for business.

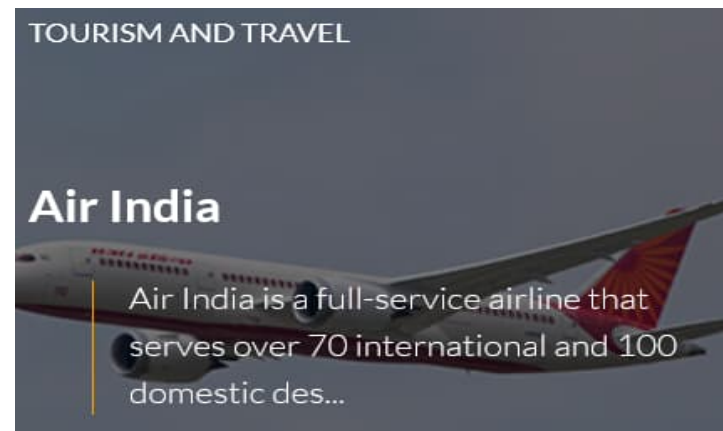
INFRASTRUCTURE



**Tata Power**

Tata Power is India's largest integrated power company.

TOURISM AND TRAVEL

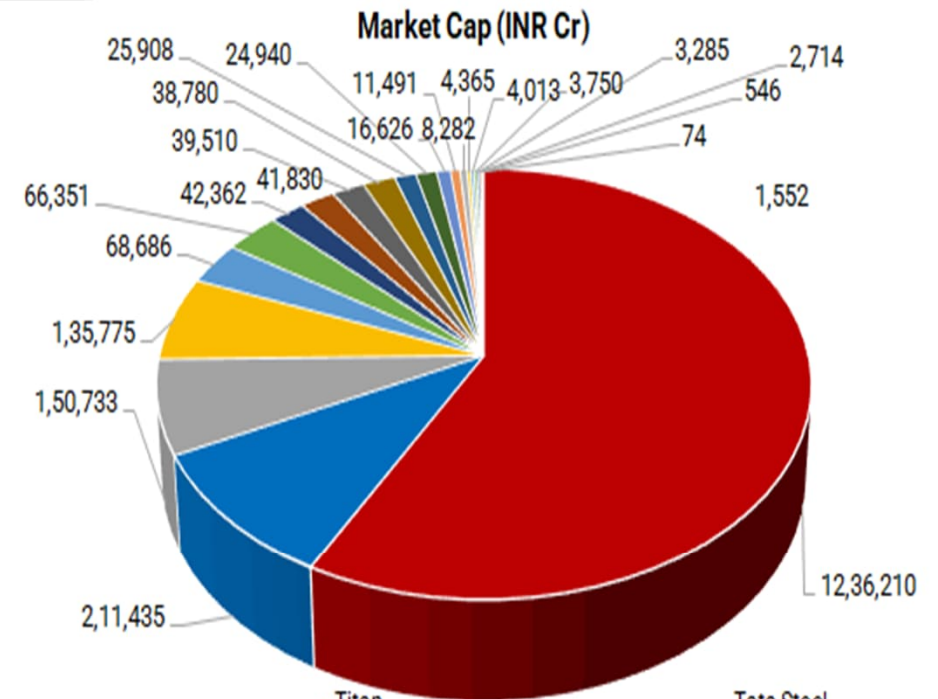


**Air India**

Air India is a full-service airline that serves over 70 international and 100 domestic des...

# TATA Group companies & their market capitalization

-  TCS : Consultancy
-  Tata Motors: Automotives
-  Trent: Fashion
-  Tata Communications: Network/ Internet services
-  Tata Steel: Steel good, Automotives, Contruction.
-  Titan: Watches
-  Tata Group of Hotels: Hospitality



- TCS
- Tata Motors
- Trent
- Tata Communications
- Tata Teleservices
- Rallis India Ltd
- Tata Steel Long Prod
- Titan
- Tata Consumer Products
- Indian Hotels Company
- Voltas
- Tata Investment Corp
- Tata Coffee
- Tata Metaliks
- Tata Steel
- Tata Power
- Tata Elxsi
- Tata Chemicals
- Tejas Networks Ltd
- Tinplate Company of India
- NELCO

equitymaster

Data Source: ACE Equity

# Reason/Timing of Internationalization

Tata first went global in 1907 and set up its first headquarters in London. But the actual Internationalization of Tata Group started in 2000 with Tata Tea acquiring Tetley In UK.

- In 1991 **Ratan Tata became the Chairman of Tata Group**. He was the one who started the Internationalization process of Tata Group.

**Reason:** 1. New Economic Reforms(1990-91)  
2. Stiff Competition from Foreign MNCs.  
3. Globalization is a two-way street.

**Timing:** As India was going global, Tata decided to go global.

*“Internationalization is not a strategy; it is an imperative, a challenge or an objective.”* Alan Rosling, Executive Director, Tata Sons.



# Strategies for Internationalization

Main strategies adopted by Tata group while going International was **ACQUISITIONS AND GREEN FIELD INVESTMENTS**.

- Acquisition of **Tetley** by Tata Tea (2000).
- **Corus** by Tata Steel (2007).
- **Jaguar and Land Rover** by Tata Motors(2008).
- **Brunner Mond** by Tata Chemicals.
- **Daewoo Commercial Vehicles** by Tata Motors in South Korea.
- **NatSteel** in Singapore and **Millennium Steel** in Thailand by Tata Steel.
- **General Chemical Industrial Products** by Tata Chemicals.
- **Eight O' Clock Coffee** by Tata Tea.
- **Tyco Global Network** by Tata Communications in the US, and many more.





# Challenges & hurdles faced during the process of Internationalization

- Managing a **huge portfolio** of companies
- Development and **retention of talent**
- Adherence to strong **Corporate Social responsibility**

(Issues with Corus ownership: The acquisition of Corus, a UK/Netherlands steel company, forced Tata Group into more than seven billion dollars debt.)

- Rapidly **changing consumer preference** (Both local and abroad):

(Tata Motors had to face losses due to consumer demand shifting towards luxury cars)

- **Political and Legislative regulations:**

(Tata Motors wanted to expand their operation to produce cars in collaboration with Honda of Japan but realised political barrier because Government of India refused the permission.)

- **Internationalizing to emerging markets:**

Tata was committed to not only 'grow throughout Africa', but also to 'help grow Africa'.



# Challenges/hurdles faced, and strategies adopted to deal with them

The case of Mumbai terror Attacks 26.11.2008 on **Taj Mahal Palace Hotel** (Tata Group of Hotels)



# Case Study 2: ZOMATO



# ZOMATO

Zomato is an Indian multinational company dealing in the digital service of Restaurant discovery, food delivery and ratings . It was started by **Deepinder Goyal** and **Pankaj Chaddah** in **2008**. Zomato works as an aggregator between restaurants and foodies.

It helps the foodies to discover, rate, and review the restaurants, and cafes based upon their experience across 10,000 cities in the **24** nations include, India, United States, Australia, United Kingdom, Canada, Turkey, UAE, Qatar, Portugal, South Africa, New Zealand, Chile, Brazil, Indonesia, Philippines, Czech Republic, Poland, Slovakia, and Sri Lanka.

## **List of services** given by Zomato:

- Restaurant Ratings & Reviews
- Restaurant Search & Discovery
- Online Order: Food Delivery
- Pick Up: Ordering Take away
- Table Reservations
- Hyper pure: Ingredients supply to restaurants
- Food@Work: Canteens
- Gold: Restaurant premium subscription services



# ZOMATO Global presence



# Reason & Timing of Internationalization

In **2014**, Zomato expanded its operations internationally in several countries, including the United Arab Emirates, Sri Lanka, Qatar, the United Kingdom, the Philippines, and South Africa etc.

## Reasons for global entry:

- 1.Intense competition at home: Swiggy came into being in 2014, and later on Uber eats and Food panda as well.
- 2.Low Internet penetration rate: IPR in 2014 was very low in India but higher in developed economies.
- 3.Too much dependence on discounts: Consumer loyalty decreased overtime.
- 4.Too much dependency on one business in one Market.

**Timing:** Increasing competition and low IPR at home , and a quick desire to go global.



# Strategies for Internationalization

The main strategy was **ACQUISITIONS**.

Zomato has previously acquired 13 startups over time that helped it in a major expansion globally.

The acquisitions were made in Auckland, New Zealand, Czech Republic, Poland, Italy, Seattle, United States (Urban spoon), United Arab Emirates, Sri Lanka, Qatar, the United Kingdom, Philippines, and South Africa.

Company Name	Year	Amount
MenuMania	July, 2014	Undisclosed Amount
Lunchtime.cz and Obedovat.sk	August, 2014	\$3.25 Million
Gastronauci	September, 2014	Undisclosed Amount
Cibando	December, 2014	Undisclosed Amount
Urbanspoon	January, 2015	\$60 Million
Mekanist	April, 2015	Undisclosed Amount
MapleGraph Solutions Private Limited	April, 2015	Undisclosed Amount
Nextable	April, 2015	Undisclosed Amount
Sparse Labs	September, 2016	Undisclosed Amount
Runnr	September, 2017	Undisclosed Amount
TongueStun Food	September, 2018	\$18 Million
TechEagle	December, 2018	Undisclosed Amount
Uber Eats	January, 2020	\$350 Million

# Challenges & hurdles faced

- Extensive coverage of restaurants, pubs, eateries both big and small.
- Regulatory and Compliance challenges.
- “10 Minutes food delivery” and “Discount practices”: Proved to be an infeasible strategy both locally and abroad.
- Covid Pandemic
- Increased Competition:
  - ✓ Zomato sold its UAE-based food delivery business in 2019 to Talabat and just continues as a restaurant discovery app there
  - ✓ The restaurant review company's New Zealand subsidiary made barely \$60,000 last year, and now exited the New Zealand market
- **Changed consumer preference:** Maintaining constant brand loyalty is very tough on these platforms.
- **Cyber Security Risk :** Zomato, in 2017 was hit by a ‘security breach’





# Discussion

- Analyze India as an emerging market, with the hypothetical assumption of you being a foreign multi-national company and enumerate the challenges you will face and opportunities you will have.(3 each)
- Reflect on the 2 case-studies and discuss what TATA group did right and Zomato did not while choosing timing/strategy for Internationalization.

