

CASE STUDY FREIXENET

International Success

They key factors are:

- **Think globally, act locally:** All over the case, the employees and directors of the company claim that they want to be globally while acting within the standards of the country or place they are going.
- **Total control over distribution channels:** When entering the new markets, after some base clientele is build, Freixenet keeps the control of the distribution channels, which helps them to increase margins, have better penetration and in the end, grow in a higher rate.
- **Genes:** One of the genes of the family and its directors is to be exporters. In fact, since the very beginning the have been exporting.
- **Gradually introducing the products:** Freixenet never goes all in, instead it gradually tests the response of the new market and increases each year the number of bottles sold there. On top of that, they enter these markets with strategic alliances that allow for long term growth and a better knowledge for the market since the beginning.

Gradual Internationalization, psychical distance, network theory and relationships.

Freixenet most of the times followed a gradual internationalization in order to secure success and to reduce risk. Also, this strategy allows the company to build a long relationship with the distributors, something which I described as a success key. However, this is not followed in China, selling at one point 120 M bottles, breaking whatever long-term desire Freixenet could have with those companies.

The importance of the psychical distance is mainly on the export of the product, which has to travel long distances, specially seen in China, which needed to stop for a new tag. However, this problem wasn't important at all for the Catalan company due to being able to sell for a higher price their products and even get a higher margin. What is more, the company even reduce the importance of this distance with the purchase of several production facilities which helped the company expansion in the American continent.

As for the network theory, it is a key element for Freixenet. The company always starts with accords with key players in that company, which puts the company in the eye of the market. Nevertheless, those networks hardly change when they are with another company. In fact, we can see how the distributor used in USA is also the one which is finally used in the Chinese market, showing the loyalty and long-term relationships that the wine company wants to stablish with its associates. More personally, the last director of Freixenet was well known by being the head of the exports committee in Spain, showing how important for them was the networking.

Global strategic orientation

They provided a Geocentrism strategy, "thinking globally but acting locally", as the director claimed. Freixenet contributes a lot with local headquarters, adapting to the culture from their country, while keeping the quality and vision of a Freixenet which is global.

Mode of Entry

Freixenet is a company which sells fast consumer goods products, not allowing it to franchise or fit in strategies related to it. On top of that, it wants to keep the control of its products, prices, market, penetration, channels... because of it, the company most of the times starts from the bottom, an agent.

An agent allows the company to directly understand the market and test it in order to know if they are going to be successful, while getting a lot of feedback. However, when that agent is too small for the potential or growth the company is getting, they change into a distributor from which Freixenet builds a long-term relationship and controls.

Nevertheless, some other modes like acquisition of other production facilities or wineries have been mentioned in the case, determine that they gain more presence in the American continent specially.

On a personal note, I believe Freixenet is a perfect example how a company can grow gradually without inquiring in much risk.

Questions:

1. Analyse the degree of standardisation and adaptation of the international marketing policies applied by *Freixenet* comparing the policies applied in China to the international ones.

Marketing Mix Policies	Standardisation or Adaptation	Factors that impact the standardisation or adaptation
Product Line	Standardisation	There are multiple factors, economies of scale, cultural factors, knowledge of the product factors . This one was applied in China, however in America new purchases were bought in order to pay less tariffs.
Branding	Adaptation (Rest of the world)	Freixenet commonly purchased other brands to already have a consumer base from which the group could build. However, in China they imported the same original products as Chinese were willing to pay the price.
Labelling & Packaging (bottle)	Adaptation	They had to adapt this in every country depending on the laws they have over there, something which Javier explained yesterday.
Positioning	Standardisation	They look for a low price while not giving up on quality. However in China, due to the increase in price they were positioned as expensive.
Consumer price	Adaptation	Mainly due to the tariffs, intermediaries and the willingness to pay of those markets. In China for example the price could be 2 or 3 times higher than in Spain
Intermediary price	Standardisation/ Adaptation	Freixenet changed lots of times the intermediary around the world at the beginning of the case, however, they end up using the same US

		partner in other countries called AS when they had a lot of success with them.
Communication budget	Adaptation	Depending on the product, and the conditions or size of the market, the budget changed a lot. Even the period of that market (mature, growing or entering) had a lot to do on this budget
Communication media	Adaptation	Depending on the laws, as we saw with Javier in the northern countries, and as well on the impact of the media, Freixenet chose one or another media.
Distribution channels	Adaptation/ Standardization	Depending on how Freixenet wanted to enter the market or the phase they were in that market, they used one channel or the other. Being China an exception due to having an old partner entering with them.
Intermediaries: Number & type	Standardization	Freixenet always tries to have one. It might be different at first, but they always tried to control all the process.
Intermediaries: Responsibility	Standardization	Freixenet always tries to gain control with the exception of China, that due to laws and already having a strong partner and they can depend on it.
Control over the 4P's	Standardization	As it has most of the control of the process, they can control the different P. However in China they do not.
Other		