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To what extent is the international marketing management of Jollibee effective?

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Abstract

Despite the fast pace at which globalisation is occurring, it is vital for brands wanting to enter international markets to understand and reflect in their marketing strategies the significant differences which may still remain between the consumers. These differences may be driven by many factors including cultural ones. The aforementioned remains particularly true for the food industry, wherein many different brands compete. One of these brands is Jollibee - a Filipino fast-food restaurant which has seen great success in its home market and is now also beginning to gain traction in international markets. This research paper aims to analyse the manner in which the company went international through the application of tools and models such as SWOT analysis and the Uppsala model of international expansion. The latter half of the paper more specifically considers the effectiveness of the international marketing management of the company by looking closer at their marketing mix and the degree of standardisation and/or adaptation evidenced in the different elements.

Introduction

Can businesses travel overseas?

An organisation or a business needs to make an impact on its customers in order to be remembered; that is where marketing comes in. Marketing allows businesses to maintain an everlasting relationship with their audience. It gives an overview of what a business has to offer in an innovative way. The importance of the marketing mix aka the 7P's of marketing (product, price, promotion, place, packaging, positioning and people) cannot be overemphasised. As products, markets, customers and needs change rapidly, one must continually revisit these 7P's to make sure the business is on track and achieving the maximum results possible.

Most companies start off small but after a while, the business starts getting stagnant and limiting in nature; there is no scope to grow. In such cases, expansion becomes a necessity because of various factors, such as competition, market changes or technological changes. That is when businesses start thinking of branching out by going *international*. International marketing aims at satisfying the needs of varied types of customers across national borders through various methods including exporting, licensing, franchising, and joint ventures, among others. According to the World Trade Organisation (2020), the volume of trade today is roughly 43 times the level recorded in the early days of the GATT (4300% growth from 1950 to 2021). Going international does not simply imply setting up a business as it is in another country but adapting new and unique strategies for each country in order to meet the social and cultural requirements. It is driven by a simple motto, “don't find customers for your product, find products for your customers”.

Nowadays, going international is essential for brands/businesses because of a plethora of reasons like expansion, a wider customer base, and more foreign exchange. Furthermore, international marketing has also allowed people to have access to a broader and better market. However, it is not as easy as they would wish for it to be; the risks involved, capital requirements, and availability of resources play a major role in determining the course of action of businesses in foreign markets. In fact, if the research is not thorough enough, it might aggravate the risks involved with going international. The aforementioned are the reasons why the international markets tend to be dominated by Multinational Corporations (MNCs) and developed countries that have financial and risk-bearing capabilities.

On the basis of all the above, the research question for this paper is ‘**To what extent is the international marketing management of Jollibee effective**’. In answering this, the aim is to analyse and evaluate the international marketing management of Jollibee through the application of international marketing knowledge and theories

International Marketing Management

Companies face a lot more challenges due to international competition. But now there exist a lot more opportunities as well. People prefer buying products that come from different countries. International marketing is all about understanding a country's needs and customising the product accordingly. It is essentially a marketing approach that implies carrying out your company's marketing principles in more than one country and involves planning, promotion, and distribution, among other things. The main aim of international marketing is to be able to satisfy the needs of varied types of customers across national borders.

International businesses, looking to sell their products or services in a new country, usually start with export or licensing. Besides these options, other international marketing types include contract manufacturing, joint venture, and foreign direct investment (FDI) (Chand, 2014).

Businesses start off with *exporting* because, among all international marketing types, it involves the lowest risk. It refers to the movement of goods from one country to another. Nowadays, businesses have a philosophy of multi-product, multi-location, multi-strategic and multi-dimensional operations (Kimmons, 2019).

Licensing is an agreement in which the company, called a licensor, permits a foreign company, called a licensee, to use its intellectual property for a specific period of time. In return, the licensor receives a licence fee from the licensee. By licensing, the domestic company does not need to bear the costs or risks of going international but still earns commission through royalties. Some of the biggest licensors include The Walt Disney Company, The Pokémon Company International, Hasbro and many more (Chand, 2014).

Franchising is a specialised form of licensing but in this case, the licensee has to follow stricter rules and regulations. Licensing is usually restricted to manufacturing whereas franchising involves training employees, brand name, advertising, and quality assurance. Licensing works better for manufacturing companies but franchising works better for expansion of service or retailing companies. Well-known examples of franchising are Coca-Cola, KFC and McDonald's, to name a few (Finance Management, 2019)

There are several participants involved in international marketing, namely, Multinational corporations (MNCs), exporters, importers and service companies. In several countries, the public sector also plays a very important role in foreign trade. There are many trading companies which specialise in foreign trade.

There is no “one size fits all” approach to international marketing because companies have to adopt new and unique strategies to satisfy the needs of their customers. It enables the efficient utilisation of surplus produce and helps build relationships with other countries and businesses worldwide. It also provides employment opportunities to people.

But, as tempting as going international might seem, it is not possible for every other firm to branch out. It requires huge capital investments, extensive research, and management skills amidst many other challenges.

An introduction to Jollibee

Within the realm of international marketing, one company which has proven to be a very good example is Jollibee - the Filipino fast-food restaurant. Since its founding, the chain has undergone many changes in its strategies.

Furthermore, they have also seen many successes including beating the likes of McDonald's to hold the market leader position in their home country i.e., the Philippines. A look into history provides further context and allows for a better understanding of the internationalisation of Jollibee.

Jollibee is headed by its parent company Jollibee Food Corporation (JFC) which was founded by Tony Tan Cakitong and his family more than 40 years ago. Tony belonged to an immigrant family from China and his father had a long history with cooking and eventually opened his own restaurant in Davao, where Tony developed a flair for the food business himself. As a result of the aforementioned, in the year 1975, Tony opened an ice cream parlour in Manila and three years into the venture, the family started serving hot food and sandwiches on demand (Go, 2001). It was the increasing popularity of these hot food items that led to the ice cream parlour changing to a fast food restaurant. This symbolised the opening of the first-ever Jollibee branch in 1978 (WIPO, 2012). Furthermore, a PESTLE analysis of the market at that time proves that burgers were becoming incredibly popular among consumers and Jollibee decided to leverage this by introducing the YumBurger - a signature item which still exists on their menu all these years on (ANCX, 2019).

The initial success of the company can be explained through certain factors which arise as per a PESTLE analysis. Firstly, in the 1970s, only Wendy's existed as a fast food restaurant in the country. McDonald's was yet to open their stores there but had started all over the world fuelling the trend of fast food (Turpin, Kang and Puri, 2021). Furthermore, there were also many lifestyle changes taking place during this time. For example, whilst it used to be normal for Filipinas to stay at home and cater to their families including providing home-cooked meals, the increasing trend and presence of dual-income families meant that this was not a possibility anymore. All these factors in combination with the lack of restaurants catering to low-income families indicated opportunities for Jollibee in the Philippines market, as per a SWOT analysis. However, that being said, Tony and his brother knew that it wouldn't be too long till May have been reached the Philippines and regardless of the initial positive reaction, it was impossible for Jollibee to compete with a company of this size. This led to the two brothers spending several months in the US studying the McDonald's model in detail only to conclude that Jollibee would have to meaningfully differentiate themselves in several criteria if they wanted to compete with the American giant.

In line with the above, one aspect in which Jollibee had strength was that they were the first Filipino fast food chain and could therefore bring a unique flavour palette to both the local and international customer base. Realising this, Tony decided to make a few amendments to the food products offered as well as the manner in which they could be enjoyed. For example, since Filipinos enjoy eating out as a family, items that were more popular amongst the population including fried chicken with a Filipino twist and Jolly spaghetti (a sweeter spaghetti recipe) were added to the menu to exhibit variations in the offerings. Tony also placed a lot of importance on the customer experience that was offered in Jollibee restaurants. Overall, the value proposition of

the fast food chain was to offer ‘high-quality food and fast and friendly service in a clean and comfortable environment where the family can eat and bond’.

As expected, all the efforts paid off and Jollibee continued to become popular in its home country. Around 1980, the company also officially introduced its mascot; a yellow and red bumblebee. In the spirit of ensuring the brand stuck true to its values, a bumblebee was chosen as the mascot because it is symbolic of hard work and the rewards that are reaped after a good harvest. The company also spent the early years of the 80s creating and launching many different ad campaigns that continued to become great successes. By the year 1985, Jollibee became the market leader in the Philippine fast food category regardless of McDonald's having opened its first store in the country in 1981 (The Economist, 2016). It was this very domestic success that drove Jollibee into considering international expansion. When looking at the process whereby companies decide to expand internationally, the Uppsala model provides a great framework for analysis. It essentially implies that companies will start by expanding into markets that are close to their homework both physically and culturally. Post this, expansion is witnessed into countries which are more distant and distinct. As per the research available, Jollibee first expanded operations into countries such as Taiwan, Brunei, Indonesia and Singapore - whilst the only market that prove successful out of these was Brunei, the move to each of these countries was in line with the Uppsala strategy as they were all physically and culturally close to the Philippines.

With the limited success that the company faced in expanding to the countries ‘close’ by and the realisation that Tony had about the importance of international expansion for his brand, in 1993, Kitchener was hired (Turpin, Kang and Puri, 2021). He eventually created a separate international division within the firm believing that this was the main way Jollibee would be able to climb up the leader board. One of the main strategies that he implemented as part of this was to focus on overseas Filipino workers (OFWs). In light of this, the brand started to expand into markets such as the Middle East and US/Canada by using the franchising model. Whilst this was representative of expansion into more distinct markets, still, in line with the Uppsala model, the strategy of targeting OFWs worked well for the brand these consumers were much more attuned to the flavour profile that the company’s products boasted. For example, Jollibee has been most recently focused on expanding into the European market. In line with this, they opened a store in Milan, Italy in 2018, facilitated by a joint venture that JFC entered with Singapore Blackbird Holdings. The main reason that Milan was chosen to open the first European restaurant was that the city had an estimated 170,000 Filipinos (adobo Magazine, 2018). This worked great as it was reported that there were queues of eager and ecstatic customers pouring out of the restaurants and into the crowd on the busy city streets.

Jollibee’s marketing mix and international marketing strategies

From the above section, some main points have been established; Jollibee serves high-quality, delicious and affordable food to its customers with the main products being its Filipino-favourite crispy Chickenjoy, the

Yumburger, and sweet-tasting Jolly Spaghetti. When it comes to turning the focus to the company's marketing strategy, it is no surprise that it is highly commercialised as they make use of various mass media like newspapers, televisions, radios, etc. Such strategies come at significant costs which the company has had to pay in order to stay on top of their customer's minds, particularly among Filipinos (Shastri, 2021). The marketing mix of the company in the context of the 4 P's -product, price, place, promotion - can be seen below.



Product refers to the goods a company has to offer, in this case, food. Food is known to be a category that is culturally sensitive i.e., the food that is consumed by individuals is greatly influenced by the culture that they come from (Sibal, 2018). In light of this, most companies dealing in the food industry have to make active efforts to show adaptations in their menu when they decide to internationalise. For instance, McDonald's, one of Jollibee's biggest competitors, is known to be an example of a fast food company that shows a great level of cultural sensitivity by adapting its menu in the different countries that they operate in, in a bid to serve customers food that is suited to their palettes. In Indian culture, for example, beef is restricted so McDonald's had to devise some changes in their menu in order to enter the Indian market. They came up with new items on their menu like the McAlloo Tikki, and Chicken Kebab Wrap which are better cut out for the local taste. Jollibee too modifies its menus in accordance with the regional taste of its consumers. For instance, since Jollibee is a Filipino company, they have a better understanding of the local taste (more towards the sweeter side). However, in Brunei, people like to eat spicy food, so the company had to make some changes to its menu in order to satisfy its customers (Jollibee, 2021).

Price refers to the amount to be paid by the customers in order to obtain the goods. Jollibee's prices satisfy the demand of customers. The prices in their hometown, the Philippines, are lower as compared to the rest of the world but are still affordable. They set different prices in different countries for the same product, depending on the country's economic conditions. In a past study to compare the different pricing strategies of Jollibee keeping in question one of their items on the menu, Chickenjoy, it was discovered that the most expensive Jollibee meals are found in Italy and the US. For example, a two-piece Chickenjoy with rice is priced 126 percent more in Italy and 154 percent more in the US. Londoners are fortunate as they pay just 70 percent more than the Philippine price for the same meal in the UK (Lopez, 2018). Furthermore, it has been found that the company employs

psychological pricing (as can be seen in the image below), which successfully increases the worth of their items from the customers' point of view. The approach of setting prices that are less than a whole number is commonly followed by brands to make customers believe that they are getting a better deal (Rudd, 2019).

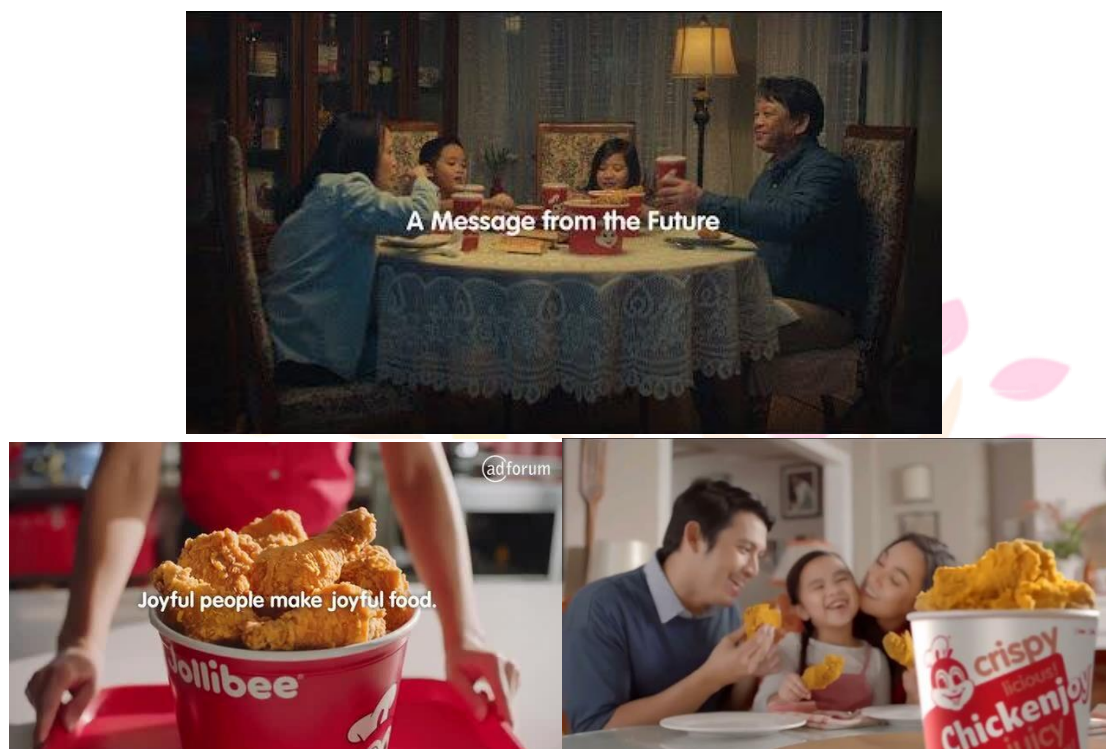


Place refers to the location where the product is marketed. There are approximately 5800 Jollibee outlets spread over 34 countries all over the world. What is interesting to note is that the stores are strategically positioned by most commonly being built around an area of a city wherein there are many people. For example, as mentioned before, the Jollibee store in Milan is located beside the Duomo Cathedral and just outside the store is the airport bus going to and coming from Linate Airport which attracts a lot of tourists, bystanders and locals (adobo Magazine, 2018). Moreover, in 2018, Jollibee opened its first store in London in Earl's Court (pictured below) - an area of the city which is dominated by hotels as well as corporate and residential spaces. By opening the stores in such locations, the company attracts a lot of consumers including their targeted OFWs as well as local citizens and tourists. In the case of the London store, for instance, queues around the block with people camping outside from 3 pm of the previous day were reported (Middleton, 2018).



Promotion refers to the company's advertising efforts and persuasive techniques to convince customers to buy its products. Jollibee's main promotional strategy involves short films, depicting happiness and the love of family. The overall message being conveyed through the advertising campaigns of the company seem standardised - there is an evident focus on quality time with our loved ones and how our happiness is multiplied when we are with them and more importantly eat with them. This is further reiterated via their use of slogans such as 'Joy of Food,

Joy of Family'. Moreover, in a bid to reach a greater audience, the company also started to make the strategic choice of integrating influencers into its promotional activities. For example, Bretman Rock, a Filipino Youtuber made a Mukbang video consisting of most of Jollibee's menu items, and it got an astounding 9.6 million views. Thereafter, YouTubers like Ramezeinn, Kelly Chews, Vannie Eats and many more made similar videos featuring the brand's food and these prove to be very beneficial for the company as it promoted their brand.



Overall, Jollibee's marketing mix has been more or less successful but is there an adequate balance between standardisation and adaptation? *Standardisation* means an undifferentiated use of the same Marketing Mix in all countries. *Adaptation* means that each country/market has its Marketing Mix. The adaptation strategy is geared towards meeting the needs of the market, planning all business activities with the aim of efficiently meeting the specific needs and respecting the values of local consumers (Sramkowski, 2021).

As discussed above, Jollibee uses adaptation when it comes to its products and prices. They never fail to satisfy their customers on these fronts. But, when it comes to their promotion, the firm simply replicates, without any changes, the same strategy in the different markets in which it operates. Their advertisement is in the form of a short movie which usually shows a family eating together. They opted for these kinds of advertisements because the Philippines is a collectivist society. So, this strategy works amazingly in their hometown but is this the ideal way of attracting customers worldwide?

In this context, bringing in Hofstede's Cultural Dimensions Theory and particularly focussing on his "*Individualism vs collectivism*" category would help to answer the question accurately. The theory is a framework used to understand the differences in culture across countries and to discern the ways that business is done across

different cultures. In other words, the framework is used to distinguish between different national cultures, and the dimensions of culture, and assess their impact on a business setting (CFI Team, 2022). The degree to which societies are incorporated into groups, as well as their perceived obligations and dependence on groupings, are taken into account in the individualism vs. collectivism component. Individualism suggests that achieving personal objectives is given more importance. The definition of a person's self-image in this category is "I." Collectivism suggests that the objectives and welfare of the group are given more importance. The definition of a person's self-image in this category is "We". On using Hofstede's Insights (2022), it is found that the Philippines is majorly a collectivist society with an individualism score of only 32. On the other hand, countries like the USA have an incredibly high individualism score of 91.

Therefore, it can be deduced that portraying the idea of family in Jollibee's advertisements would make sense in collectivist societies like the Philippines, and Brunei but would not be so impactful in individualist societies like the UK, and the USA. Promoting the brand with the tagline "Joy of food, Joy of family" might discourage people, who believe in individualism, from buying Jollibee's food because the concept of eating together may lead to overkill, as far as the US or similar individualistic cultures go. This also has the potential to antagonise an average American, who by nature tends to value autonomy and individualism over anything else. Generalising the idea of joy, defined by Jollibee, might not be the best way to go because the meaning of joy may not only come from food and family, instead, it may mean different things to different people.

Conclusion

With increased globalisation, the world is becoming more interconnected than before, but significant differences still exist from one place to another. As a result of these differences, brands looking to enter international markets find it important to develop and amend their marketing strategies in ways which will permit their success in the respective countries.

Jollibee, the main topic of discussion in this research paper, proves to be a brand that is increasingly investing in entering international markets. With roots based in the Philippines, the brand has now expanded into many different countries including the USA, Italy, the UK, the UAE and beyond. It is, however, now evident that this expansion was not all easy to execute. The company has faced many failures including the closing of its initial stores in countries such as China and Singapore. That being said, it is also inarguable that Jollibee learnt from its failures and came back with a stronger and more clear strategy wherein it followed the Uppsala model of international expansion by starting to focus and establish its success in countries that were physically and emotionally close to their home country before expanding into those which were further away.

With regard to the actual standardisation and adaptation within their marketing mix, it can be suggested that they have made some correct decisions whilst the others may need improvement. For instance, being in the food industry, the company has understood the importance of adaptation in its menu because of the cultural sensitivity of the products they sell. However, with regard to the company's promotion, the standardisation of associating the joy of food with family may not be deemed successful for the company as it could be missing the mark with consumers in countries that believe in a more individualistic approach to life.

Overall, it can be concluded that Jollibee's international marketing management is effective to a certain extent. In order for the marketing management to be entirely successful, it would be important for the company to adopt a more diverse and generalised promotional strategy that can resonate with a more global clientele.

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