

The Internationalization Strategies of Corporate in Emerging Countries: the case of Moët Hennessy Brazil

Chloé Michèle Marie-Claude Lecuir

Master program, Paris-Est Créteil University, France

Graduation program, Federal University of Rio Grande do Sul, Brazil

(chloe.lecuir@gmail.com)

Aurora Carneiro Zen

Federal University of Rio Grande do Sul, Brazil

(aurora.zen@ufrgs.br)

Felipe Koch

PhD Program – ED60 - Sociology

LERSEM, University Paul Valéry – Montpellier 3, France

(felipe@felipekoch.com)

Ulf Andersson

BI Norwegian Business School and Mälardalen University Sweden

(ulf.r.andersson@mdh.se)

Abstract

◦Purpose – The purpose of this paper is to understand the process of decision making, regarding strategies, once the internationalization of the corporate has been acted. More specifically the light is made on the particularities of the emerging countries as markets for business opportunities. In order to have a practical example, the corporate Moët & Chandon based in France with subsidiaries in Brazil named Moët Hennessy and Chandon Brazil are the focus of the case study. The research is mainly realized in Brazil, through a literary review, and a data collection about the corporate in form of interviews at the headquarter and sites of production.

Key words: International strategies, emergent countries, corporates.

1. INTRODUCTION

Many scholars have been studied international strategies in the context of emerging countries (i.e. Meschi and Prévot, 2016). However, the impact that international corporates have on those countries helping the development and the integration into the globalized market as yet to be taken in an specific view; consequently, how emerging countries represent opportunities of business is less researched. The particular case of Mœt Hennessy Brazil is relevant because of the ascending path that the corporate took over the 40 years of presence in the Brazilian territory; becoming the 1st Brazilian estate to produce only sparkling wines – since late 90s – representing 52% of the estate’s share of the Brazilian super premium sparkling wine market (LVMH, 2019).

2. PRELIMINARY LITERATURE REVIEW

Globalization is the process of integrating nations and peoples into a larger community through culture, economics and politics (Levitt, 1981). From the economic point of view, it’s the opening and deregulation of commodity, capital and labor market that lead towards present neoliberal globalization (Fotopoulos, 2016). Thereby corporates, as economical actors, understood the globalization of markets as an opportunity to extend their businesses seeking to increase profits.

Corporates involved in the globalization system are corporate with pre-established business strategies and strategic decision-making. Basically, a strategy is a long-term vision of an organization. However, more technical features can provide a broader description: the long-term direction of an organization which seek to overcome competition thanks to its resources and advantages in different environment with the purpose of satisfying stakeholder expectations (Johnson et al., 2009). At the international scale, the definition and determination of strategies can suffer modification due to the risk incurred by investing in unknown markets with different business and cultural methods. Based on those features the concept of a multicultural strategic management is essential. Considering that behavior can be different countries from countries, those behavior must be studied and including into managerial strategy. In our case study, the choice of production method, for instance, can be seen as part of this strategy.

One of the main challenges of internationalization strategies is the choice of the country; based on the ratio added value and risks it can bring to the corporate in its market of operation. The emerging countries have an undefined and unprecise terminology (Meschi and Prévot, 2016). Commonly, “emerging countries” is the denomination used. It’s in the early 1980s that the expression has been employed for the first time, developed by the World Bank buy initially created by Antoine Van Agtamael. Emerging countries are countries in the process of industrialization with a rapid transition and high growth rates which reflects opportunities of investment but in an economic environment riskier than in countries defined as developed (World Bank). Along this definition criteria have been established: Gross National Product (GNP), or the level of integration in the world economy. Regarding the countries concerned there isn’t an official list, however international economic institutions as International Monetary Fund (IMF) created acronyms in order to gather the emerging countries the best-known being BRICS (Brazil, Russia, India, China, South Africa).

In 1973, in *Garibaldi, Rio Grande do Sul* Brazil, was inaugurated *Möet Hennessy do Brasil – Vinhos e Destilados Ltda* from the mother company *Maison Moët & Chandon*. Today, the company is an absolute leader in the segment of luxury natural sparkling wines. Besides being producer, *Möet Hennessy do Brasil – Vinhos e Destilados Ltda* is acting as a retailer, distributing the other recognized beverage of the group like champagne, wines, distilled beverages, into the Brazilian market.

3. MAIN PROBLEM

The main problem to be investigate in this case study is to understand how the Möet Hennessy internationalization strategy was successful and led to a long-term subsidiary in an emerging country. This problem provides various sub-problems which are related to the analyze of the Brazilian market, to understand to entry mode chosen, and the evolution of the winery market and its impact on the corporate's strategies.

4. RESEARCH METHODOLOGY

We conducted a qualitative research, based on documents and interviews. The documental analysis will provide an overview of the historic trajectory of Möet Hennessy Brazil. Interviews will be realized with individuals in direct connection with the corporate object of the case study in order to understand the internal process and strategic decisions.

5. PRELIMINARY FINDINGS

After a first interview conducted in May 2019 with Philippe Mevel, Chandon Brazil Chief-Director, regarding the representation of the product – wine – into the Brazilian imaginary, we were able to point out some of the strategies adopted by the corporate in order to adapt to this market. The choice to no longer produce still wines to focus on the main sector of sparkling ones; the choice to use the Charmat method to produce its sparkling wines differing from the method used in its headquarters in Champagne, called traditional or champenoise; the agricultural management installed to avoid fungus disease by harvesting greener grapes providing more freshness into the final product with the cost of lack of body. These decisions lead to very different product from the ones produced in France, even though, it helped to build a strong brand identity – regarding the taste of the wine.. In this case, very similar to the strategy adopted by the big players in Champagne.

As the research is at its initial stage, the findings are limited to the documents previously mentioned and to hypothesis made based on the information's made available by the corporate waiting for the scheduling of the next interviews to explore other axes related to its strategy in the Brazilian emerging market.

6. CONCLUSION AND MANAGERIAL IMPLICATIONS OR RECOMMENDATIONS

The preliminary results have arisen three points to focus on for the further steps. First, the processes and the decision-making regarding the selection of the market to invest on. Secondly, based on the entry modes provides by the literature the purpose is to understand the one chosen

by Mœt Hennessy to settle in Brazil. Finally, the interest will be focused on the trajectory followed by the corporate through the local market evolution and its particularities.

REFERENCES

Johnson, G., Scholes, K., Whittington R. (2009), *Fundamentals of strategy*, Pearson Education Limited

Meschi, P-X., Prévot, F., (2016) *Économies émergentes, Quels enjeux pour le management international ?* Magnard-Vuibert.

Pearce II, J.A., Robinson, R.B., (2013) *Strategic management, planning of domestic and global competition*, McGraw-Hill Irwin.

Chandon, “Nossa vinícola”, available at: <https://www.chandon.com.br/descubra> (accessed 2 November 2019). LVMH, “Chandon Brazil”, available at: <https://www.lvmh.com/houses/wines-spirits/chandon-do-brazil/> (accessed 2 November 2019).