GOING GLOBAL: KEY INSIGHTS FROM TWO MEXICAN COMPANIES

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Abstract. *This paper explores how Mexican companies in different industries have achieved international expansion, while at the same time preserving local elements in executing their strategies. For this initial stage of research, the analysis focuses on two companies: a) Grupo Bimbo, the number one company in the bakery industry worldwide and b) KidZania, one of the world's top indoor family entertainment centers. The research methodology is based on in-depth interviews with CEOs and key executives from the two companies done over a period of more than ten years. We have also used secondary data such as press releases and case studies. By contrasting their strategies and comparing them with those of other multinationals like Ford Motor Company and Santander Bank, we identified major issues that we condensed into 10 key insights. Understanding how these companies have struggled and succeeded in gaining international markets can help other companies tailor their own strategies. We argue that the typical simplified international expansion process is insufficient when companies need to compete in the global arena. Becoming an MNC implies handling an entire ecosystem: building local presence, establishing joint ventures or alliances with local companies, recruiting local talent, developing new business models, reshaping the value proposition, developing new brands or introducing traditional ones with a local flavor, and understanding the supply chain and routes to market. Therefore, a number of aspects have to be taken into consideration beyond just simply selecting a market. For certain companies in emerging markets, making the decision to grow internationally was not initially in their strategic vision, but economic liberalization in their home country and the threat of being purchased by an MNC from a developed country triggered the decision. There is a learning process in international expansion, and trial and error is common and useful. The challenge for companies after conquering new markets is how to successfully transfer the enhanced processes and new skills acquired to strengthen the whole organization, both locally and abroad.*

Keywords: *glocal strategies; international expansion; emerging markets; Mexico; marketing strategies.*

Introduction

This article explores international expansion strategies of Mexican companies that have gone global in different industries, while at the same time preserving local elements in executing their strategies.

In the initial stage of the research, the study focuses on two companies: a) Grupo Bimbo, the number one company in the bakery industry worldwide and b) KidZania, one of the world's top indoor family entertainment centers. Both companies, Grupo Bimbo and KidZania, are among the top 25 Global Mexican Companies (Table 1).

Table 1. Top 25 Global Mexican Companies

Position 2015	Position 2014	Company	Sector	Globality Index 2015	Income abroad 2013 (MDP)	Countries with operations	% sales done abroad 2013
1	1	American Movil	Media and Telecommunications	90.8	487,056	18	62.0
2	2	Cemex	Cement, ceramics and glass	42.1	156,236	35	79.9
3	5	Alfa	Holding	31.3	125,154	18	61.5
4	3	Grupo Bimbo	Consumer goods	27.3	102,862	18	58.4
5	4	Mexichem	Chemical and petrochemical	26.7	50,187	46	76.0
6	8	Fomento Económico Mexicano	Consumer goods	22.4	96,376	11	37.3
7	7	Coca-Cola FEMSA	Consumer goods	22.3	85,332	10	54.7
8	9	Nemak	Automotive	21.2	49,543	15	88.0
9	6	Grupo México	Mining petroleum and gas	20.9	76,006	6	63.7
10	10	Gruma	Consumer goods	15.9	32,925	17	60.9
11	11	Mabe	Electronics and appliances	15.8	nd	16	nd
12	12	Binbit	Information technology	14.6	nd	30	nd
13	13	Grupo Aeroméxico	Transport and storage	13.3	20,241	20	50.8
14	14	Metalsa	Automotive	12.9	nd	14	nd
15	17	Corporación EG	Machinery and equipment	12.6	4,562	11	85.0
15	16	Softtek	Information technology	12.4	4,600	18	70.0
16	15	Alpek	Chemical and petrochemical	12.4	40,785	3	45.3
17	17	Grupo Villacero	Metal	12.3	nd	4	nd
18	18	Grupo Omnilife	Consumer goods	12.1	11,550	18	57.0
19	22	Viakable	Machinery and equipment	11.9	17,711	7	67.0
20	19	Katcon	Automotive	11.5	nd	12	72.0
21	25	Grupo Xignux	Holding	10.8	19,830	7	54.0
22	20	Neoris	Information technology	10.8	nd	10	nd
23	21	Newpek	Mining petroleum and gas	10.7	1,539	2	98.0
24	26	Kidzania	Recreation, culture, sports	10.5	nd	21	50.0
25	24	Marcatel	Telecommunications	10.0	nd	2	nd

Through a deep and longitudinal analysis of these companies we have identified 10 key insights that should be considered when elaborating an international growth strategy.

Theoretical framework

Helmut Maucher (2009) identifies four basic strategies that a company can utilize for achieving said growth: 1) Strengthen the products that have not achieved desired levels of market participation, 2) Promote the growth of products with those that have reached a leadership position, 3) Enter new national markets, and 4) Reinforce the company's position in countries where there was previously no presence.

This study draws heavily from the internationalization process model (IPM), also known as the Uppsala model. The IPM places organizational learning at the center of its theorizing, and explains each specific foreign investment decision in the context of a firm's previous actions and accumulated learning (Meyer & Thaijongrak, 2013; Reddy & Naik, 2011). Kolb (1984) has identified four types of learning: concrete experience, reflective observation, abstract conceptualization and active experience (Watson & Chatterjee, 2006)

Our focus is on the concrete experience and active experimentation of two companies in developing their international growth strategies. According to Khanna, Palepu and Sinha (2005), CEOs and senior leadership teams at MNCs acknowledge that globalization (or regionalization) is the most critical challenge they face today. However, both practitioners and academics are aware of the difficulty in identifying internationalization strategies and selecting the best countries in which to do business. These facts are the key drivers for research into internationalization processes in emerging markets and are the inspiration for this explorative article.

Many questions arise when companies need to compete outside of their own national markets – be it in the emerging or developed world. One of the main challenges is defining the business model that will be implemented in the new selected market. Top management must answer the following questions: *should we go with the same business model? Should we offer the same portfolio of products? Should we enter the new market with the same brands?* These are some of the tough strategic choices to be made in the journey toward internationalization.

Methodology

Using ground theory, we built our research mainly on secondary data and two case studies. We also consulted interviews with Bimbo and Kidzania executives, consulted press releases, and analyzed their websites.

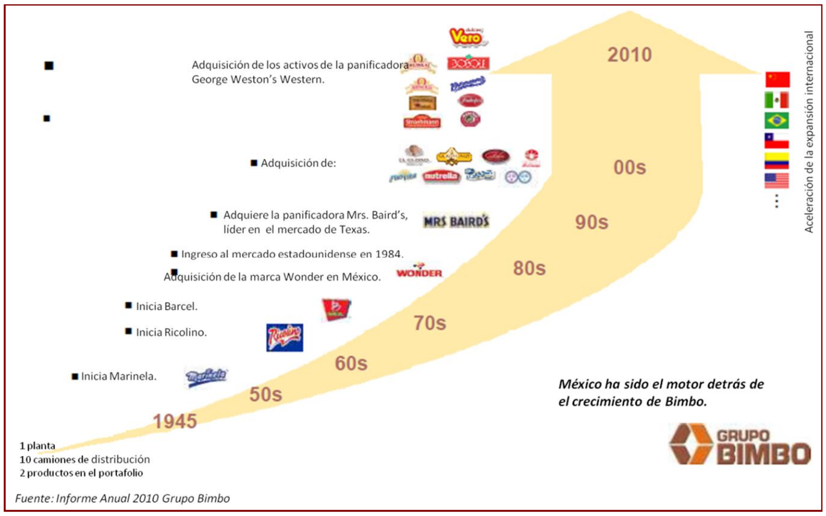
The case studies focus on these two Mexican companies, both of which have been able to implement successful internationalization processes. We have assessed these processes based on their concrete experience and active experimentation. The first company, Grupo Bimbo, is in the bakery sector and the second company, KidZania, is an indoor entertainment center.

Grupo Bimbo

This company, founded in 1945 by Don Lorenzo Servitje and 4 partners, has evolved from a local bakery to an international consortium of bread distributors. Its international expansion was not planned, at least initially, but the company later began a strategic restructuring of their international development. Though they continue to open operations in new countries, decision-making remains centralized in Mexico and in the hands of Mexican managers. This helps the company transmit its values and culture.

Corporate culture is a central element to all markets in which the company operates. Once the culture is consolidated in subsequent stages of growth, it begins to move into the hands of local managers.
In terms of branding, the company decided to preserve the "Bimbo" brand in all of its markets except in Chile, where they had to use another brand, "Ideal" – the "Bimbo" brand was already registered.

Their approach to globalization is to develop a very local category by adapting their products and channels to the context of each country. From 2005 to the first quarter of 2011, Bimbo's revenue growth reached 10.7% CAGR (Figure 1).



Global Strategy

Brand Portfolio of Grupo Bimbo in 2013

Figure 1. Grupo Bimbo's Growth Process, Global Strategy, and Brand Portfolio
Grupo Bimbo. Growth Process up to 2010 (Grupo Bimbo, 2015)

Kidzania

In mid-1990's, a group of young entrepreneurs led by Xavier Lopez Ancona identified a lack of offers for children's entertainment in Mexico. After a thorough analysis of the entertainment industry's status quo, they realized that the main trends setting the market's pace in other parts of the world were family participation, interactivity, edutainment (term used to refer to the educational and entertainment centers where fun is offered to visitors, but also intellectual and human development by recreating real life challenges), and involving sponsors in funding comprehensive promotion opportunities. In 1999, the first indoor entertainment center opened in Mexico City (originally branded as La Ciudad de los Niños), where kids could play like grown-ups in a fully operational replica city adapted to children's scale.

Unlike Bimbo, KidZania's international expansion arose from its founder's strategic vision. KidZania's expansion model pivots between centralized decision-making and decentralized use of franchises. By 2009, KidZania already had six entertainment centers around the world. Its first international franchise was opened in Tokyo, Japan. KidZania has received many awards and honors since opening operations. With the success indicators from the first center in Mexico City, and with the consideration of expanding the business abroad, the company decided to pursue a re-branding strategy, changing their name to the easily identifiable KidZania. A universally known brand became one of the main challenges for the expansion plan (Figure 2, 3, and Table 2).

Total Attendance by Facility, 2013 vs. 2012					
	Attendance			Share	
Facility	2013		2012	2013	2012
Santa Fe	417,229	↓-30.0%	596,166	6.4%	10.7%
Monterrey	293,502	↓-1.3%	297,416	4.5%	5.3%
Tokyo	878,174	↑2.1%	859,861	13.6%	15.4%
Jakarta	508,271	↓-11.1%	571,455	7.9%	10.2%
Koshien	717,832	↑1.5%	707,021	11.1%	12.7%
Lisbon	225,817	↑3.8%	217,505	3.5%	3.9%
Dubai	530,929	↑10.8%	479,198	8.2%	8.6%
Seoul	702,077	↓-8.1%	763,994	10.9%	13.7%
Kuala Lumpur	436,529	↑10.9%	393,690	6.7%	7.1%
Cuicuilco	650,776	↑81.8%	357,973	10.1%	6.4%
Santiago	353,122	↑5.9%	333,349	5.5%	6.0%
Bangkok	257,878	-	-	4.0%	-
Kuwait	273,040	-	-	4.2%	-
Mumbai	103,110	-	-	1.6%	-
Cairo	122,416	-	-	1.9%	-
Total	**6,470,702**	**↑16.0%**	**5,577,628**	**100.0%**	**100.0%**

Figure 2. Kidzania's Total Attendance by Facility, 2013 versus 2012 (Kidzania, 2015)

World's Top Indoor Entertainment Centers Theme Parks, Amusement Parks & FECs 30,000 sf & Larger		
%	By Focus	Examples
57.9	Edutainment	KidZania, Legoland Discovery Centers
13.7	High Tech Games	GameWorks
12.6	Themed Experience	Ferrari World, Lotte World, Sanrio Puroland
11.5	Amusement & Thrill Rides	Galaxyland, Adventuredome, Toverland
2.1	Sports	Spooky Nook Sports Center
1.1	Annual Event	I-X Center Indoor Amusment Park
1.1	Bowling	The Summit
100.0	Total	

Figure 3. Relevance of KidZania in the Indoor Entertainment Centers Market (Kidzania, 2015)

Table 2. Kidzania's International Awards (Kidzania, 2015)

State	Name of Award	Issuing Entity	Description of Award
Nationwide	Franchise Award	AMF, Mexican Franchise Association	KidZania received the award for being "The most outstanding franchise abroad"
Mexico	The Best Mexican Companies	Banamex, Deloitte, Tecnológico de Monterrey	Award to KidZania as one of the best Mexican companies of 2013
	CSR Award	CEMEFI	CSR certification of compliance awarded to KidZania for socially responsible practices in ethics and corporate governance, quality of life, commitment to the community and care and preservation of the environment
	Brand of Brands	Al Ries Award	Brand of Brands award in the edutainment category and International Marketing Anáhuac – Al Ries Award
Jakarta	Tourist Attraction Award	Trip Advisor	Achieved ranking in the Top Amusement Parks and Water Parks in Asia
	Marketing Award	APSAI	Winner of APSAI award
	The best innovation in Marketing	Marketing Magazine	Marketing award "The Best Innovation in Marketing"
	Marketing Award	Marketing Magazine	Top Best in Arts & Crafts
	Marketing Award	Marketing Magazine	Top Edutainment Center award
	Innovation Award	Marketing Magazine	The First Innovative Edutainment Park in Indonesia

Seoul	Customer Value Award	KMAC Management Consulting Company	2013 KMAC THE PROUD selected KidZania Seoul for the best product for customer value. KidZania Seoul was acknowledged as leader in the edutainment market and as provider of services that reflect the diverse needs of customers.
Kuala Lumpur	Marketing Award	Marketing Events Awards	Best Online Driver
	Experience Award	Best Experience	Best Experience for Kids
Cuicuilco	Most Innovative Retail & Leisure Concept 2013	RLI	KidZania Cuicuilco is named RLI´s "Most Innovative Retail & Leisure Concept 2013"
	Best Events, Programs, Coaching and Educational Material	Mobility & Development Award	Mobility & Development Award for KidZania Cuicuilco in the Best Events, Programs, Coaching and Educational Material categories
Kuwait	Kuwait Girls Guide Association Award	Kuwait Girls GuideAssociation	Award presented by Kuwait Girls Guide Association in recognition of KidZania Kuwait´s outstanding service in children´s development and education

Key insights for international growth

The cases of Bimbo and KidZania helped us to identify 10 key insights about their international growth process (Rivera-Pesquera, 2011, 2012).

Diagram of model internationalization

Studying the top 100 global Mexican companies confirms that there is no single model for internationalization. Some companies choose to buy brands, others export their business model and adapt to the local context, others buy factories but retain the same brand, and others prefer to develop a franchise model.

Bimbo's first formal action in their globalization process was the acquisition of a plant in Guatemala. This was a true decision to internationalize, and they exported what they already knew how to do well in Mexico: branding and distribution. The natural area of growth was Latin America because it was thought that there were many similarities (based on a 2011 interview with Gabino Gómez Carbajal, General Director of Barcel).

A business model is a prerequisite for success in any internationalization process. In the case of KidZania, developing a win-win model was a crucial condition for embarking on its internationalization process. The model needed to create value for all stakeholders: partners, children, schools, and parents. The first opportunity for KidZania was not in the Latin American market, but with commercial partners in Japan.

Motivation for international expansion

We must consider what drives a company to want to conquer new markets. The three most common reasons are: the openness of the country, the company's strategy, and the attractiveness of the new market (underdeveloped markets are attractive, for instance, because there is an opportunity to develop consumer habits).

Bimbo was first motivated to internationalize in 1990 in order to protect itself against the opening of the U.S.-Mexico border as a result of the North American Free Trade Agreement. The main motivations in Bimbo's case were:

- Avoid being the target of large companies looking to buy them out. Bimbo did not want to sell, but keep growing.

- Seize the moment, because the world’s largest bakeries were concentrated in their countries.
- Becoming more competitive. In Mexico they had always occupied the first or second market position in all categories. Going abroad involved measuring how competitive the group really was.
- Learn about and seek out sources of innovation. Challenge the company to strengthen itself and provide feedback for the strategy and commercial model in Mexico.
- Benefit from the level of underdevelopment in the packaged bread products category.

For KidZania the idea of going beyond Mexico had long been discussed. Among KidZania’s founders, the motivation to internationalize was founded in success indicators from the first center (1999) in Mexico City. This success led them to eagerly consider the possibility of expanding the business to other locations, even abroad. The expansion plan first included additional locations in Mexico and introduction into the US market, which represented 50% of the global entertainment market. An earlier study showed that, due to its population figures, the center could be appealing in 14 or 16 cities in the US. This market was home to the most sophisticated consumer – the one “who has seen it all” – and its appeal was greater visibility for the brand and as a platform for future expansion. Therefore, the plan was to open two centers in the short term, and to strengthen their relationship with business partners.

Strategic decision making process

There are many strategic decisions that make up the larger decision-making process. We believe the three most important are: 1) adaptation and selection of products and services to be introduced to the market, and their evolution; 2) the decision to centralize or decentralize decision-making; and 3) selecting which countries you want to enter, either through knowledge of the area or through commercial synergies.

A company wanting to internationalize must decide from the very beginning how it will implement its decisions. Decisions can be centralized in the parent company, which allows for greater control and protection of corporate culture. Another strategic alternative is to delegate decision-making to the subsidiary, which will allow greater autonomy but can jeopardize the transmission of values and corporate practices. A third alternative is to develop a hybrid model where some of the strategic decisions are centralized and other tactical decisions are decentralized. Generally what happens is an evolution from a centralized to a hybrid with a trend toward greater decentralization. Country selection should be based on detected growth, maturity of different categories, and a specific target market share.

In the case of Bimbo, the company initially remained centralized. For example, up until 2001 the executive headquarters for Latin America were in Mexico City. It was not until 1991 that the first corporate office was created outside Mexico City and Gabino Gómez Carbajal was appointed as the first director of Latin America, who moved with his team to the first headquarters outside of Mexico.

Cities like Miami, Santiago, Buenos Aires and Sao Paulo were considered. Miami was a tempting option for logistical reasons, but the final choice was Buenos Aires because of the commercial challenge that market implied. A multi-country team was formed consisting of Argentines, Mexicans and collaborators from other countries in the region.

For the United States, Bimbo maintained a disjointed portfolio. At that time, the operation included Suandy, Pacific Pride (which maintained its own director) and another distributor in Texas. In addition, they maintained exports to Texas and California from Mexico. The result was operational inefficiency and financial losses. In this context the company decided in 1998 to decouple the operation from Mexican corporate and create an independent structure to serve the North American market. The first manager was Juan Muldoon, whose previous experience in the region facilitated the business model’s implementation in the United States.

In the case of KidZania, the idea was to replicate Mexico City’s center – good location, spectacular design, sponsor sales, and search for capital – but with greater investment than in Mexico. The creators started looking for companies that could provide the necessary support, credibility, and recognition within the U.S. market. During this process, directors from two well-known groups of companies, leading companies in the risk capital industry, and strong investors in media and entertainment suggested that brand growth should begin outside the US. They explained that even if they could get good investment proposals, it was better to wait to protect the initial investors. The new required investment was very high, and if anything went wrong the founders would lose it all. So, they decided not to take any chances, and the decision was made to consolidate the brand in Mexico with its own funds and start expansion abroad using a franchise model. The American market would be revisited in 3 to 5 years by means of a strategic partnership.

In an interview with the authors, Xavier López Ancona said, "we decided to go for international markets outside the U.S. as it would be easier to create value-added conditions to get in. Otherwise, any other agreement would be less fair for us. We would not get into the American market with franchises or on our own, our priority would be to search for a key partner with credibility and who supports the growth through different means, web site, TV, radio, etc."

Role of market intelligence

Market research plays a key role in developing and implementing tactical strategies in an internationalization plan. The information they generate can create market intelligence and modify the elements of the marketing mix according to conditions in the market the company wishes to penetrate. By conducting market research, Bimbo was able to identify the moments of consumption for fresh bread, because not all countries are developed equally in terms of consumption. For example, in Central America bread is eaten at breakfast, in Chile in the afternoon with tea, in Brazil at breakfast and with afternoon coffee, in Argentina exclusively at breakfast, and in Peru consumption is sporadic. In Mexico, sweet bread is consumed in the evening or at breakfast.

In 1990, Bimbo conducted a series of studies on perception of the Bimbo brand in Texas and California. The result was clear: the majority of the Hispanic population knew of and had consumed Bimbo products. There was a great asset in the brand. Later it was discovered that in predominately Anglo areas, consumers expressed confidence in the brand upon seeing the iconic Bimbo bear on the package. What followed was the end of local brands and a migration toward the Bimbo and Marinela brands for the portfolio of products marketed in these regions.

In the case of KidZania, all implementation decisions are based on market intelligence. From the very beginning, the company's main principle was to always involve children, and to take their ideas, preferences, and whishes into consideration. Also, it was important to research the major trends in the entertainment industry like participation, edutainment, shoppertainment, local entertainment, novelty, and innovation.

Impact of distribution channels

Designing distribution channels in new markets involves detailed analysis of the cost structure and a deep understanding of consumer behavior. Each country has very specific contexts and logistical challenges. The channel strategy used by KidZania in the local market has been replicated in other countries. However, in the case of Bimbo's channel strategy, it had to be flexibly adapted to each market.

Bimbo had to learn to break the paradigm so that the business model would work the same way in all Latin American countries. They adjusted the distribution model so the sales fleet was not necessarily their own, and they were unable attend personally to all retailers as they had in Mexico. The company suffered from these differences in distribution in other countries. In Mexico, Bimbo was the focus of the retail channel, with personalized and exclusive attention for all retailers. In other countries it was impossible to replicate this model, and for the first time in Bimbo's history, they had to identify new clients using distributors and intermediaries. For example, in Brazil and Chile the dominant channel was the modern channel. The low volume of displaced products in some categories prevented them from making traditional channel routes profitable.

In Brazil, Grupo Bimbo stopped changing the strategy and focused on other types of customers. The company they had acquired in this country mainly catered to larger clients, and was not involved in the retail channel. Bimbo consequently had to strengthen itself in the modern channel and work to make advances in the retail channel without losing the presence they already had. In Argentina Bimbo opted for the modern channel, which is the dominant channel in that country.

The business strategy had to be redesigned in order to achieve expansion goals and jumpstart growth through franchising in the KidZania case. First, they had to look for a country and examine the profiles of potential franchisees. Four to five candidates would be assessed for each franchise, and they would have to travel to Mexico to get to know the concept and familiarize themselves with operations. Once they had narrowed it down to one or two finalists, KidZania would perform a final evaluation, and then choose an ideal location in the country and plan the opening of the center. Once the final decision was made, it took 18 months to design and construct the center, and then conduct a pilot opening. A market analysis process was designed which included a thorough study of the location, size, and potential of the city/country where the franchise would be set up, as well as the location's capacity to encourage the success indicators.

Capacity (do) versus skills (analyze)

To succeed in international expansion, it is essential to know how to develop both corporate and local talent. This requires a detailed plan of the capabilities that will allow the company to grow internationally, and of the analytical competencies managers need to read market signals. This section focuses on capabilities on two levels: internal and external.

The case of KidZania is of particular relevance because of the role of its franchisees. Early on, it was difficult for KidZania to get the brands to believe in the project. How did they gain the trust of their advertisers? According to Xavier Lopez himself, one of the keys was "putting together a good team, with great people that were always attentive to what the market demanded..." We see here again the importance of developing skills and talent. All franchisees come to Mexico to receive training at KidZania University, and then take their know-how back to their own country. Not every entrepreneur can join the KidZania network. The circle of profit is generated from the training franchisees receive in our country, and the inclusion of the cultural manifestations of each culture.

For Bimbo, one key element of their business model is their company's philosophy. Spreading the company's values and mission is its main purpose. It is common for functional managers in each region to gain experience in several countries previous to their appointment. As the General Manager of Bimbo's Latin America Organization says, "We search for values that drive people to obtain good results."

Resources allocation

This insight emphasizes the importance of linking the business model to profitability. Here the company decides where it wants to place priority. In Bimbo's case, the central axis is creating a solid corporate culture, and the focus of their core business is making bread and the development of their secondary business units like baked goods and snacks.

For KidZania the priority was allocating the resources necessary to build the brand. KidZania's founders said, "a sound, easily-identified brand is essential for consolidating the business. Creating a universal, well-known brand became one of the main challenges for the expansion plan." In order to achieve this, the company hired US marketing and brands expert Adrianne Weiss.

Relevance of innovation

The engine of internationalization is undoubtedly innovation, and global expansion is impossible without it. Innovation must be understood here both at the level of products/services, and at the level of operational processes and variety of business models.

For example, one of Bimbo's main internationalization objectives is to learn about and discover sources of innovation. It seeks to challenge the company and provide constant feedback for its business model in Mexico. One example is their use of channels in the United States, through which they have acquired logistics techniques that they have replicated in other countries.

Innovation is also reflected in the business model. As discussed in the first insight, adapting different business models is itself a source of innovation for the company. Bimbo had to innovate to develop different business models based on local conditions in each market.

Another insight Bimbo learned was that it needed to accept that a successful business model implemented in Mexico must be flexibly adjusted to local conditions in each market. The business model consisting of a broad portfolio of products, intensive distribution, and development of the traditional channel had to be adapted to another business model with less variety of products, tropicalized flavors, and mixed distribution models.

In the case of KidZania, Xavier Lopez says the key to their business lies in "constantly innovating and not succumbing to failure." Innovation is seen in the various aspects of its strategy. For example, we can see it in KidZania's organizational structure (the positions are similar to that of a presidential cabinet) as well as in how they market the spaces in their entertainment center through business partners, recognized brands, and their loyalty program.

Creation and development of a global brand

A crucial element in international expansion strategy is the development of a global brand as the beginning of a union between the organization and its customers. There must be general lines of communication must with respected sources in order to identify what is the common factor that can give the brand the same meaning throughout a region.

Although the goal for Grupo Bimbo is to globalize their brand, entering new markets through acquisitions has forced the company to carefully analyze the acquired brand value and convenience of maintaining it. There have been cases where the local brand can be replaced, and also where it is appropriate to initiate a transitional stage. They get value from brand acquisition because it provides a product with which the consumer is already familiar. The most important thing in terms of best practices for them was the *diagnosis*. In Brazil, for example, it would have been a big mistake to migrate rapidly due to the local strength of its brands.

Because the strength of the brand is different in each country, it is impossible to think about a regional brand campaign. For KidZania, building global brand awareness is a priority in their expansion strategy. The brand change implemented in 2006 sought a complete renovation of the concept and the visitor experience. It was supported by new storytelling that encouraged cohesion among all the franchisees throughout the world. Environments, stories, and characters were exported and thus become a global brand and image.

Transformation to stop dependence on domestic sales

When a company no longer relies on its initial sales market, it can truly begin to see itself as a global company. In the case of Bimbo, 55% of sales are in the US market and 45% come from local Mexican market. In terms of profitability, however, the Mexican market is still more important than the American market. If we regionally analyze opportunities for Bimbo in Latin America, they exist in taking over remaining market spaces. In the United States, it can consolidate its presence and business model, and in Asia it can take advantage of generational change, leverage changes in habits, and market size. In the case of KidZania, 89.1% of the attendance at parks is outside the Mexican market (Figure 2).

Conclusion and practical implications

Few companies from emerging markets have grown into successful multinational enterprises. Firms in emerging markets often struggle with limited budgets and unlimited prejudice. Studying the cases of Grupo Bimbo and KidZania provides us with some key insights that can inspire other companies interested in expanding internationally.

The diversity and dynamism of individual countries makes it difficult to propose a one-size-fits-all approach. There are vast differences in business philosophy and practices between emerging and developed markets that require carefully reflection (McKinsey & Company, 2011). The aspects that must be considered go far beyond just simply selecting a market.

The strategic insights presented in this paper have emerged in the Mexican context but can also be useful to other companies in emerging markets. These markets, with young and growing populations, will increasingly become not only the focus of rising consumption and production but also major providers of capital, talent, and innovation. Capturing the opportunities offered by growth in emerging markets will often require retooling existing business models, adapting to local conditions, and reconfiguring price/value equations.

Therefore, international expansion implies a learning process, and trial and error is common and useful. The challenge for companies after conquering new markets is to successfully transfer the enhanced processes and new skills acquired to strengthen the whole organization, both locally and abroad.

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