

Contracting is where a manufacturer contracts an organization in a foreign market to manufacture or assemble the product in the foreign market, thus avoiding the cost involved in physical distribution and logistics of the product offering abroad. Unlike licensing, the contractor has control over marketing. This method also provides a flexible approach to entering foreign markets, avoiding the problems of currency fluctuations, import barriers, and high costs, and knowledge required for international distribution.

### ► Market Insight 7.5

#### It's All Goody's in Greece

Greece is the one country where McDonald's does not dominate the fast food market. The Greek fast food restaurant Goody's enjoys overwhelming support from the Greek consumer. Goody's not only dominates the fast food market in Greece, but also this hamburger chain, originally from northern Greece, introduced franchising to the country in the late 1970s. The current Deputy Minister for Economy and Finance in Greece is one of the pioneer entrepreneurs who developed the Goody's 'concept' and launched the Thessaloniki restaurant as a franchise throughout Greece in 1975.

McDonald's opened its first restaurant in Greece in 1991. Today, there are 55 McDonald's restaurants employing 1,900 individuals throughout Greece. In contrast, there are over 200 Goody's restaurants in Greece, Cyprus, and Bulgaria, and, in 2010, Goody's was awarded Greek Retail Franchisor of the year. Goody's restaurants dominate the fast food market in Greece, leaving multinational giants such as McDonald's and KFC restaurants way behind.



Greeks eat more Goody's burgers than McDonald's Goody's

- 1 Why do you think Goody's dominates the fast food market in Greece?
- 2 What do you recommend McDonald's do to build market share in Greece?
- 3 What do you think Goody's can do via marketing activities to protect and grow its market leadership in Greece?

#### Direct Exporting

Direct exporting involves the manufacturing organization itself distributing the product offering in foreign markets, direct to customers. Here, the organization treats its foreign customers like its domestic customers, taking responsibility for finding and selecting customers, agents, and distributors, and directly supporting their efforts. This approach is very time-consuming and expensive, and involves considerable investment, and can be a big step, particularly for smaller organizations. However, it gives the manufacturer more control and profits than does relying on intermediaries. Further advantages include direct access to market intelligence and also the building of a clear presence in the market.