

Suggested answers

1. What are the factors that have contributed to Nando's international success?

- a. Nando's has found the right markets to expand into. These markets like the flavour of the product, appreciate the health advantages over the competitors and are prepared to pay a slight premium for the food.
- b. The company has shown control over its marketing in more recent years and a willingness to adapt its approach and product to local markets. This is especially important in Asia, which has a mature affinity for specific spicy food.
- c. Nando's pricing strategy demonstrates that its products have sufficient value in its markets for consumers to pay a slight premium.
- d. Nando's management has shown strong and consistent commitment to expand in a controlled way into overseas markets, taking account of the cultural aspects of each of these markets.
- e. The Nando's management team selects its franchise partners with care, considering their commitment to Nando's culture and values.

2. Has Nando's considered the cultural aspects of countries other than South Africa in relation to its marketing methods whilst entering these markets?

Initially they made several mistakes, but they have learned from these. The examples of the considerations that they have made in relation to entry into South Asia and North America are a demonstration of that the company adjusting and controlling its business model and marketing methods to adjust to local markets and their respective consumer tastes.

3. Does Nando's evaluate the potential to alienate segments of its market when considering new topics for its potentially offensive adverts? (An extreme example is the Woomera detention centre campaign.)

Yes, the organisation does thoroughly review the content of its adverts. Because Nando's intentionally tries to be controversial it does occasionally cross the line, but not without due diligence. However, the campaigns that have been launched in the UK reveal more of a family focus.

4. Is the reaction of the public and press, as well as any government regulatory action in response to its adverts, part of its strategy to make people aware of its brand?

There is no direct proof of this point, but one has to consider that in a number of cases where courts have ruled for the company to stop adverts running, Nando's had anticipated the outcome and had removed these adverts before the rulings were passed down. Nando's has also created adverts based on previous adverts whose removal has been forced.

5. In terms of control and strategy, what functional audits could Nando's undertake to align to its expansion strategy?

- a. Audit aspects of Nando's product; especially concerning whether the present product-line will meet its objectives, the extent to which Nando's individual products fit the needs of the target markets (for example, in expanding into North America), and whether the product line should be expanded or contracted (which will be affected by cultural factors in the country into which Nando's is thinking of expanding).
- b. Price questions, which relate to price elasticity including experience effects, relative costs and the actions of major competitors; and Nando's consumers' perceptions of the relationship between a Nando's chicken price and its value. The case suggests that Nando's consumers are prepared to pay a little more for its unique taste.

- c. Distribution questions centre on coverage, functions performed and cost-effectiveness. Nando's franchising strategy assists in conformity of distribution. Questions about advertising focus on advertising objectives and strategies, media schedules and the procedures used to develop advertising messages. Nando's appears to be moving away from its previously more controversial advertising methods and more toward appealing to family restaurant clientele. The audit of the sales force covers its objectives, role, size, coverage, organisation and duties plus the quality of its selection, training, motivation, compensation and control activities.

Addressing these issues should provide the requested contingency plan.