

## Global Foods: Facing the Hypo-Mart Challenge

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**Introduction:**

Global Foods is a US\$35 billion consumer packaged goods company with sales in over 50 countries and local manufacturing in most. It is organized around strong country managers who run their operations independently, with P&L responsibility. In some countries like the United States and China, it is the market share leader (30%). In a couple of countries such as Brazil, it is totally dominant (60% market share). However, in other countries such as India, Mexico, and Malaysia, Global Foods is relatively weak, with market shares of 5% only and at least 3 or 4 stronger competitors. Global Foods prices for the same products in different countries vary by as much as 40-60% (there are, however, minor brand name and significant packaging differences between countries).

Global Foods' largest customer is Hypo-Mart, with worldwide sales of \$90 billion. Hypo-Mart has operations in ten countries and plans to expand soon to several others. It is the market share leader (10%) in the US and Mexico while growing rapidly in other countries, including China, Brazil and Malaysia. Currently, Global Foods sells \$3 billion worth of products to Hypo-Mart on a country by country basis.

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A senior Hypo-Mart buyer calls Global Foods headquarters and asks that Hypo-Mart be considered a global partnership account by Global Foods. As a global partner, Hypo-Mart asks for a single price for each product as well as similar levels of service all over the world. The buyer suggests that the worldwide price for any product they are offered be the lowest price currently available in any market, plus a small global partnership discount.

The CEO of Global Foods wonders how they should respond to Hypo-Mart's proposal. What changes in structure, information systems, and sales management would be necessary to serve such global partnership accounts?

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