

**Multinational business**

A multinational company is one that operates in more than one country, and typically operates in a number of major global markets. The three main developed trading areas of the world are North America, The European Union, and South-East Asia (and Australasia). Examples of multinationals are Coca-Cola, Cadbury Schweppes, McDonalds, Kellogg's, Cummins, and many more. An important characteristic of these organisations is that they have well established corporate brands that are widely recognised - for example, Coca-Cola is the second best known expression in the world after OK.

Many of these multinationals produce global brands with similar marketing mixes across the world - e.g. with the same or similar advertising, distribution and retailing techniques and promotions.

Most UK business could choose to be globally minded from the earliest days of the industrial revolution (the British Empire helped!), today there is no choice. Business must be internationally minded or die. The market is global, there is virtually no other.

Reasons pushing UK businesses to develop a multinational presence are:

1. Size of market. Although there are only about 60 million people in the UK to sell to, there are literally billions in the global market.
2. Foreign companies are increasingly selling their own products in the UK market. Many of these companies are very big - like the US retailer Wal-Mart, which took over ASDA in 2000. If UK businesses lose some of their UK market they have to make up these losses by selling abroad.
3. In the world today billions of consumers are for the first time earning enough money to buy modern consumer goods like Coca-Cola and Mars bars. We are seeing the rise of global consumers, who have similar tastes and lifestyles whatever country they live in.

**Joint venture:** A multinational sometimes forms a joint venture with a local company, for example in China or Eastern Europe. The advantage is that costs are shared and the partner in the joint venture has local knowledge and contacts.