

GRUPO BIMBO⁵³

Grupo Bimbo (hereafter GB) was established in Mexico City, Mexico, in 1945 as a small bread production and delivery company. Today, GB is the third largest baking company in the world and a leader among breadmakers in Mexico and Latin America. GB has expanded into the United States and 14 countries in Latin America and Europe. GB's 76 worldwide plants and 25,000-truck fleet allow products to reach 600,000 points of sale in the markets it serves. The majority of GB's 3,600 products are loaf bread, pastries, and cakes. GB has nearly 100 brands such as *Bimbo*, *Marinela*, *Tia Rosa*, and *Mrs. Baird's*. The company remains Mexico's largest commercial baking operation.

GB's mission states:

Produce and market food products, develop the value of our brands. A commitment to be: highly productive and people oriented; innovative and competitive and strongly oriented towards satisfying customers and consumers; and an international leader in the bakery industry with long-term vision.

GB has begun to expand into the United States through investments and numerous acquisitions. Believing that they have maximized growth in Mexico and Latin America, GB hopes to expand into the United States by gaining market share of the United States' bread market. The firm retains a 90 percent share of Mexico's packaged bread market. The company is recognized as the predominant bread producer in the region. GB is the leader in bread production in Mexico and many other Latin American nations. GB's *Plus Vita* brand holds a 21 percent share of Brazil's packaged bread market. Mexicans associate the GB name with high quality and dependable products.

GB's main competitors include ConAgra, Grupo Corvi, FritoLay, Haribo, Hershey, Nestlé, and Sara Lee Bakery Group. Many of these competitors are American-based firms. As competitors expand into the Mexican and Latin American markets, GB is faced with new challenges. Quality control has become an increasingly important aspect of food production. This is especially true in Mexico and Latin America where many consumers believe products to be of lesser quality than those produced in the United States. The company has committed itself to obtaining ISO 9000/1/2 certification in its plants. This certification helps to ensure quality control. GB has recently received certification in five of its plants for different production processes. Thirteen more plants are currently undergoing the certification process. GB is the first bakery business in Latin America to receive these certifications. By committing resources to achieving certification, the company is

attempting to exhibit a commitment to a healthy product and a commitment to international quality. GB sees production quality and international recognition as vehicles for strengthening value and its competitive position.

International concerns for nutrition continue to grow. Competitors, such as ConAgra and Sara Lee Bakery Group, have begun to present their products as healthy and nutritious. GB is expanding its image as providing healthy and nutritious products. In advertisements, GB presents images of fresh ingredients used to make bread. GB enriches its bread with vitamins and minerals and uses enriched flour. The company has developed brands that target different segments of the market with a focus on nutrition. *Bimbo Xtreme* is a line of loaf bread with combinations of ingredients that "cater to the preferences of active young people who like to enjoy nature in all its splendor." *Bimbo Kids* is a brand created and marketed as a nutritious part of the daily diet of children.

GB attempts to compete by producing bread and other products at a lower cost and by trying to reach customers more efficiently than its competitors. The massive quantities GB produces allows the firm to produce each unit at a lower cost than competitors can. GB's extensive distribution network creates another competitive advantage for the firm. The firm's extensive distribution network allows GB's products to reach more points of sale than its competitors. These products also reach points of sale more quickly, making GB a fresher product.

GB expanded northward to capture the growing U.S. Hispanic population. The increasing Hispanic population in the United States has opened the door for GB. Many American firms have taken advantage of lowered trade barriers and expanded into Mexican markets. Latin American markets are generally more receptive to foreign business because they tend to be less developed (competitive) than markets in the United States. Being a Mexico-based firm, GB entered into the U.S. markets where there are large Hispanic populations, such as Texas and California. The "Latino food" market in the United States is growing at 6 percent per year. GB hopes to gain a significant share of this growth. Few Mexican firms have made a commitment to expand into the United States because they lack the resources needed to enter this fiercely competitive market.

Bimbo Bakeries USA has become a leader in Texas and the western United States. GB currently operates 16 plants and has operations in more than 22 states in the United States, offering brands such as *Oroweat*, *Mrs. Baird's*, *Entemann's*, *Thomas'*, *Bobli*, and *Tia Rosa*. GB acquired some U.S. competitors (e.g., *Mrs. Baird's*) to increase sales. Expansion into U.S. markets has redefined GB's corporate strategy in the sense that the company

concentric diversification, and conglomerate diversification. Business-level strategy focuses on the operations and performance of a single-business firm or strategic business unit (SBU). Functional-level strategy focuses on the actions for managing each specialized area. It specifies how each function will contribute to the organization's business-level strategies and goals.

5. State the eight primary tasks of the planning process.

The planning process includes eight interrelated tasks: (1) develop the organization's vision, mission, and goals; (2)

diagnose opportunities and threats; (3) diagnose strengths and weaknesses; (4) develop strategies; (5) prepare a strategic plan; (6) prepare tactical plans; (7) control and diagnose the results of both strategic and tactical plans; and (8) continue the planning process.

6. Explain the generic competitive strategies model.

The generic competitive strategies model provides a framework of four basic business-level strategies (differentiation, focused differentiation, cost leadership, and focused cost leadership) that are applicable to various sizes and types of organizations in diverse industries.