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**Marketing strategies in cross-border expansion: Hungarian and
Italian firms' approaches and impacts**

**Strategie di marketing nell'espansione frontaliere: Approcci e impatti delle
imprese ungheresi e italiane**

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Abstract

Questa tesi analizza le strategie di ingresso e di marketing delle aziende ungheresi e italiane nei rispettivi mercati. Questa tesi esamina le strategie di marketing delle aziende ungheresi, BioTechUSA e Richter Gedeon, nel mercato italiano, e delle aziende italiane, Eni e Vagheggi, nel mercato ungherese. Attraverso un'analisi completa, questo studio esamina i fattori culturali, le strategie di prezzo, la segmentazione, il posizionamento e il targeting nei mercati esteri. Lo studio evidenzia le sfide e le barriere all'ingresso affrontate da queste aziende e le strategie per superarle. Esaminando i casi di studio e i dati di mercato, questo studio fornisce una visione delle strategie efficaci per l'espansione internazionale. I risultati contribuiscono al campo dell'economia internazionale e delle imprese, offrendo raccomandazioni per le aziende che cercano di espandersi nei mercati internazionali.

This thesis examines the market entry and marketing strategies of Hungarian and Italian companies in each other's markets. This thesis examines the marketing strategies of Hungarian companies, BioTechUSA and Richter Gedeon, in the Italian market, and Italian companies, Eni and Vagheggi, in the Hungarian market. Through comprehensive analysis, this study examines cultural factors, pricing strategies, segmentation, positioning, and targeting in foreign markets. The study highlights the challenges and barriers to entry faced by these companies and the strategies to overcome these challenges. By examining case studies and market data, this study gives insight into the effective strategies for international expansion. The findings contribute to the field of international economics and businesses by offering recommendations for firms seeking to expand into international markets.

Introduction

In the dynamic world of international business, fundamentals of economies are changing rapidly which is offering both opportunities and challenges for companies having an international presence. Expanding into foreign markets is a complex process that requires thorough market research and adaptation ability from the companies aiming to enter a foreign market. Entering foreign markets requires companies to adapt their market entry and marketing strategies based on the cultural, economic, and regulatory environments of foreign markets. This thesis aims to explore the marketing strategies employed by Hungarian and Italian companies as they enter each others' markets, focusing on the challenges they face and the ways of overcoming such challenges. Particularly, this thesis examines the cases of Eni and Vagheggi from Italy and BioTech USA and Richter Gedeon from Hungary, providing a comprehensive analysis of their marketing strategies.

The topic of this thesis is important because there is a gap in the existing literature regarding the international marketing strategies between the two countries. While there is a wide variety of research on general international marketing strategies and market entry strategies, there is a limited focus on the bilateral economic relations, including the marketing tactics between Hungary and Italy. Understanding the market entry and marketing strategies the companies applied between the two nations can provide valuable insights for businesses, policymakers, and academics.

The importance of this research lies in its potential contributions to practical and theoretical aspects of international business. From a practical perspective, the findings and

recommendations can help businesses develop more effective marketing strategies for foreign expansion. From a theoretical perspective, the thesis offers case studies and empirical evidence from an unexplored bilateral relation between Hungary and Italy. By examining the marketing strategies employed by Hungarian and Italian firms, this research aims to provide recommendations for businesses entering similar markets.

In recent years, globalization has reshaped the landscape of global trade, leading to increased connectivity and interdependence among nations. Within this context, Hungary and Italy emerge as significant players in the European market, each characterized by distinct cultural heritage and economic strengths. Italy, known for its rich historical heritage of innovation and craftsmanship, and Hungary, with its strategic location and growing importance in many sectors like pharmaceuticals and automotive, provide great ground for cross-border business activities.

As these nations deepen their economic interconnections, both politically and economically, understanding the technicalities of market entry strategies becomes highly important from navigating regulatory frameworks to leveraging cultural nuances, companies embarking on international expansion must navigate a complex web of factors to succeed in foreign market. The research provides a detailed analysis on how companies can leverage cultural, regulatory, and economic insights to develop a successful market entry. It also highlights the importance of globalization and localization and digital marketing in facilitating a successful presence in foreign countries. This research is going to explore the differences between countries while taking a wide range of factors into consideration.

The findings of the thesis emphasize the importance of adapting marketing strategies to the local preferences to achieve successful market presence. Companies that could effectively balance standardized and localized strategies can leverage competitiveness while adapting to the local cultural differences. Additionally, the thesis highlights the significance of employing different pricing strategies to improve profitability and volume of sales. The findings of the thesis includes indicating the influence of sustainability and CSR practices in the companies' marketing strategies and how it can be used as a marketing strategy.

Research Objectives

This study seeks to examine the market entry and marketing strategies adopted by Italian companies when entering the Hungarian market and vice versa. Specifically, the research aims to identify and evaluate the effectiveness of different marketing strategies such as product adaptation, pricing strategies, distribution channels, and promotional strategies adopted by these firms. By analyzing specific case studies such as BioTechUSA and Richter Gedeon in the Italian market, and Eni and Vagheggi in the Hungarian market, this thesis aims to identify the cultural and economic barriers these companies face and the way to overcome them. The study also aims to assess the impact of various cultural factors on the selection and especially the implementation of these marketing strategies. By qualitatively measuring the effectiveness of these marketing strategies and their alignment with cultural diversity, the research aims to provide insight for firms seeking to enter new markets. This analysis intends to provide insights and practical recommendations for firms seeking to enter foreign markets.

Research questions

By unravelling the motivations, challenges, and outcomes of the marketing strategies applied by these firms, the research aims to achieve the following objectives:

1. What marketing strategies do Hungarian and Italian firms employ when entering each other's markets, and how do they navigate barriers to entry?
2. How do these firms navigate barriers to entry in foreign markets?
3. What marketing strategy recommendations can be provided to firms entering a new market based on the experiences of Hungarian and Italian companies?

Outline

This thesis consists of several key chapters. The Introduction outlines the research topic, including the research objective and research question, significance of the study and its contributions to economics and business strategies. The Literature review examines the existing research on market entry strategies. The chapters on Marketing strategies of Italian firms in Hungary and Marketing Strategies of Hungarian firms in Italy presents an in-depth analysis of specific case studies, focusing on the cultural factors, pricing strategies, targeting, positioning, and barriers to entry. The Comparative analysis compares the approaches of Hungarian and Italian firms, emphasizing the similarities and differences. Recommendations are made for firms entering similar markets, and the Conclusion summarizes the key findings, and suggests future research topics.

Methodology

This study will utilize a secondary data analysis approach to investigate the market entry strategies of Hungarian and Italian firms. The research will be descriptive and analytical, aiming to blend existing literature, annual reports, and statistical data to gain insight into cross-border expansion strategies.

A comprehensive review of existing literature will be conducted to gain insight into global marketing strategies, cultural considerations, and market structures relevant to cross-border expansions. Academic journals, books, annual reports, and case studies will be reviewed to identify key concepts, theoretical frameworks, and empirical data.

Annual reports, market analyses, and country profiles will be analyzed from legitimate databases, government agencies, and market research firms. These reports will give valuable data on market trends, consumer behavior, and regulatory environments in Hungary and Italy. Special focus will be placed on the marketing strategies employed by Eni, Vagheggi, BioTechUSA, and Richter Gedeon.

To expand the secondary data, an interview was conducted with a local cosmetician in Hungary who works with Vagheggi products. This interview provided insight into the local market preferences and the effectiveness of Vagheggi's marketing strategies. The interview was transcribed, and analyzed thematically to extract qualitative data on the marketing strategies and brand awareness of Vagheggi.

Qualitative data will be collected from literature review and annual reports will be analyzed thematically to identify common patterns and trends in marketing strategies. Themes may include cultural adaptation and market segmentation strategies and regulatory environment.

Comprehensive analysis will be performed on qualitative data sources to identify the marketing trends of cross-border expansion and its economic influence.

1. Literature Review

In the dynamic and constantly changing landscape of international business, developing effective market entry strategies is essential for companies aiming to expand their presence beyond domestic borders. This literature review explores fundamental concepts and theories related to global marketing strategies, cultural factors in market entry, and various market structures and strategies. This examination aims to provide valuable insights into the complexities and nuances of international market expansion.

1.1 Global marketing strategies

Global marketing strategies are fundamental to international business ventures, covering a variety of approaches by companies to promote and sell their products and services in culturally diverse international markets. Keegan and Green emphasize the significance of tailoring marketing strategies to align with the cultural preferences in target markets. They recommend a balanced approach that acknowledges the cultural differences and recognize the shared cultural traits, highlighting the need for flexibility and adaptability in marketing techniques. (Keegan & Green, 2013) The main principle of global marketing is said to be “think globally, act locally”, which emphasizes the need for companies to keep balance between standardization and localization in marketing ventures. This principle shows the necessity to have localized marketing tactics, besides the universal features that global brands possess (Keegan & Green, 2013).

1.1.1 Globalization versus localization

Globalization, often referred to as standardization, and localization are two essential concepts in international marketing, representing two different approaches to reaching global markets while adapting local preferences (Kotabe & Helsen, 2010).

Localization involves adapting marketing strategies of products and services to meet specific needs of local markets. Instead of adapting standardized, global strategies, the marketing concept aligns with the cultural, linguistic, and regulatory environment of the new markets. This strategy allows companies to be more consumer-oriented, build stronger brand loyalty, and help overcome barriers to entry. Localization strategy involves adapting product features, packaging, pricing, advertising, and distribution channels to better align with local consumer needs and expectations (Kotabe & Helsen, 2010).

Besides localized strategies, companies need to maintain a consistency in their branding, so they use global elements also in their strategies.

On the other hand, globalization emphasizes standardization or uniformity of marketing strategies across markets. Companies pursuing globalization strategy seek to leverage economies of scale, and maintain consistency in their branding, product supply, and marketing approaches worldwide. By offering standardized products and marketing messages, companies can achieve cost efficiency and build a strong, consistent brand image. However, companies who leverage globalization strategies can face challenges in the varying cultural and consumer environments (Kotabe & Helsen, 2010).

Finding the balance between localization and standardization plays a crucial role in international market expansion. Some companies use a mixture of these strategies, the so called glocalization strategy.

Successful international marketers often adopt a hybrid approach, by mixing globalization and localization strategies to maximize their global reach, maintaining alignment with the local needs. This approach is called “glocalization”, which refers to the hybrid approach companies use to leverage global resources while customizing marketing strategies to suit the local market dynamics (Shamsuddoha, 2009). In international marketing, localization involves tailoring products, services, and marketing strategies to meet the specific needs and preferences of local customers. This includes making adjustments in language, packaging, or pieces to align with the local tastes, regulations, and cultural norms. Multinational fast-food chains, such as KFC or McDonald’s use the tool of localization by adjusting their menus to the local dietary habits, such as offering vegetarian food in India or Halal food in Pakistan, and aligning with the religious customs, like Eid or Ramadan (Ali & Ahmed, 2023). On the other hand, standardizing specific elements of products, services, or operations to achieve economies of scale, brand consistency, and competitive advantage. This involves replication of core features of products, operational processes, and brand identity. Brand name, packaging, labeling, and promotional campaigns can show uniformity across global markets (Vignali, 2001).

1.1.2 Segmentation, targeting, and positioning

STP in marketing stands for Segmentation, Targeting, and Positioning. It is a strategy used by marketers to effectively reach and communicate with specific customer segments. Segmentation divides markets into smaller segments of consumers sharing similar needs, preferences, and characteristics. Targeting is the process of selecting one or more of these segments based on the alignment of the resources and objectives of the company. Positioning refers to the way consumers perceive the value and the brand of the company (Baker, 2003).

1.1.2.1 Segmentation

Market segmentation is a marketing strategy that includes dividing a whole target market into smaller and more homogenous groups of customers with similar preferences and needs. Market segmentation is essential for companies to tailor their marketing activities to specific customer segments, therefore improving the effectiveness of reaching their target audience and maximizing their return on investment. Market segmentation allows companies to identify and target specific customer segments to adjust their marketing strategies for their needs and increase customer satisfaction and loyalty. Segmentation also increases sales volumes and differentiates companies' products and services from their competitors, creating a competitive advantage in the target market (Baker, 2003). In international marketing, market segmentation involves identifying and categorizing different consumer segments across countries and regions, making companies develop, position and sell their products effectively in the international field. The key challenge lies in the heterogeneity of needs across borders and identifying segments worldwide that are more likely to respond similarly to marketing efforts (Steenkamp & Hofstede, 2002).

Marketers intend to identify these segments and determine their target audience. Two main types of variables are used for market segmentation: descriptive characteristics like geographic, demographic, and psychographic factors, and behavioral considerations such as customer responses to benefits, usage occasions, and brands (Kotler & Keller, 2016).

Geographic segmentation divides the market based on geographical areas such as regions, countries, cities, and neighborhoods. Geographic segmentation is widely used by companies, including those aiming for international expansion (Kotler & Keller, 2016).

Demographic segmentation is also an important and widely used practice adopted by companies. Demographic segmentation is based on demographic variables such as age,

family size, gender, income, occupation, race, religion, nationality, education, and social class. Demographic segmentation is one of the most popular segmentation criteria, because of its availability and measurability (Kotler & Keller, 2016).

Another type of segmentation is psychographic segmentation. In psychographics psychology and demographics is used to understand consumers. In psychographic segmentation, consumers are divided by personality traits, values, or lifestyle (Baker, 2003).

Behavioral segmentation is important, especially in the case of international expansion. In behavioral segmentation, consumers are divided based on their attitude towards the product or service, loyalty, usage patterns, and decision-making process. Dividing the segments based on consumer behavior enhances successful market entry for companies aiming for international expansion. A cultural understanding of the target market is essential for behavioral segmentation (Kotler & Keller, 2016).

1.1.2.2 Targeting

Once the consumer segments are identified, companies select specific segments to target. The decision is influenced by several factors such as competitiveness, market attractiveness, and the resources of the company. In case of international targeting, several factors should be taken into consideration, such as cultural and regulatory differences between countries to align with the objectives and capabilities of the company aiming to pursue cross-border activities (Keegan & Green, 2013).

1.1.2.3 Positioning

In an international context, positioning is the process of tailoring the brand values to align with the cultural norms, preferences and customer needs of the target market. Product position indicates consumer opinions regarding a product based on its features. Several

factors shape positioning, such as product features, pricing, distribution channels, and packaging. In order to carry out a successful positioning, a deep understanding of the target market is inevitable (Baack, Harris & Baack, 2013).

1.1.3 Product standardization versus product adaptation

When entering international markets, the companies can choose from two strategies: product standardization strategy and product adaptation strategy. Both strategies have benefits, companies have to choose their strategy prior to market entry (Kotler & Keller, 2016).

Product standardization is a strategy where companies do not alter the product when entering a new market. This approach is effective for those products that can easily be transferred through borders and the consumer knowledge about the product is consistent in the global sphere. Product standardization has many benefits, including cost efficiency, faster market entry, and economies of scale (Kotler & Keller, 2016).

In contrast, product adaptation is a marketing strategy where products are modified to align with the cultural differences, needs, and preferences of target markets. This strategy takes cultural differences across the globe, including needs, tastes, preferences, habits, and expectations into account, thereby increasing the chances of companies for successful activity in foreign markets. By employing product adaptation strategy, companies can gain competitive advantage on the target markets, while meeting local preferences and enhancing customer relationships (Czinkota et al., 2014).

1.1.4 Pricing

Pricing is a marketing strategy where companies determine the optimal price for a product or service based on several factors to maximize profits and achieve specific marketing objectives. Pricing is a crucial component, as it is the only element of the marketing mix that

generates revenue (Baker, 2003). Effective pricing strategies help firms in market positioning, managing currency fluctuations, and gaining competitive advantage against their competitors in global markets (Hollensen, 2007). There are different types of pricing strategies, namely cost-based pricing, value-based pricing, competitive pricing, skimming pricing, penetration pricing, psychological pricing, and bundle pricing.

In a cost-based pricing strategy, the prices are determined by calculating the cost of production of the product or service with an added profit margin. The price of the product or service is set based on the costs occurring during manufacturing, distributing, conducting marketing activities, along with the preferred profit margin (Kotler & Armstrong, 2021).

The value-based pricing strategy includes setting prices based on the perceived value of the product or service by the customer. This means setting prices based on the value that customers are willing to pay for a product or a service. This approach requires a deep understanding of the customer needs and their values (Hinterhuber & Meyer, 2013).

Another widely used strategy, the competition-based pricing strategy involves determining prices based on the strategies, costs, prices, and market supply of competitors. Consumers often choose products or services by comparing prices with similar products of competitors (Kotler & Armstrong, 2021).

The strategy of skimming pricing highlights that some companies reach higher profitability by increasing the price of their products.

Skimming pricing, also known as skimming, aims to achieve higher profit margins, prioritizing profitability over high sales volume. This strategy involves setting relatively high prices for a product or service, and targeting early buyers or those customers who are willing

to pay a premium for exclusivity. Over time the price is gradually decreased to attract more customers (Nagle & Müller, 2018).

In contrast to skimming pricing, the penetration pricing strategy does not prioritize high profitability, but this strategy involves enhancing successful market entry in another way.

Penetration pricing is a strategy where companies set low prices to attract and hold a significant customer base. The strategy aims to attract a large number of customers and gain significant market share quickly (Nagle & Müller, 2018).

Another commonly used pricing strategy involves psychological pricing. In a psychological pricing strategy, the prices are set to appeal to customers' emotions. This pricing strategy is based on the theory that certain prices influence customers' perceptions of the prices of the goods and services they want to avail in a set amount of budget (Kumar & Pandey, 2017).

Companies using bundle pricing aim to take advantage of economies of scale in foreign markets, reducing costs and increasing value for customers. Bundle pricing involves offering multiple products or services at a discounted price, making the cost of each item lower than the original price of one item. While encouraging customers to buy more, applying this strategy increases customer satisfaction. It creates the effect of the economy of scale which in turn lowers the cost of production.¹

These diverse pricing strategies show the importance of pricing in international marketing. Choosing the right pricing strategy is crucial in international expansion, and requires understanding of market conditions, consumer needs, and preferences. By selecting the pricing strategy carefully, companies can gain competitive advantage.

¹ Unstop.Bundle pricing. <https://unstop.com/blog/bundle-pricing> (Accessed: 07.05.2024)

1.2 Cultural considerations

Geert Hofstede defines culture as “the collective programming of the mind that distinguishes the members of one category of people from those of another” (Hofstede, 1984, p. 21). Entering a new market involves facing a multitude of cultural factors, demanding proper navigation of cultural norms, values, and communication styles. In global marketing, understanding the cultural differences and similarities is crucial. Marketers face a dual challenge: comprehending the cultures of target countries and then integrating the acquired knowledge into their marketing strategies (Keegan & Green, 2013).

1.2.1 High-context cultures versus low-context cultures

Edward T. Hall’s theory of cross-cultural contexting differentiates high-context cultures and low-context cultures. In Hall’s theory, the scale from high to low context culture refers to the degree to which information is easily communicated in a given culture (Hall, 1981). Low-context cultures use specific information, primarily through verbal communication (Keegan & Green, 2013). Contrarily, high-context cultures are those where the majority of information is conveyed through contextual signals, with minimal reliance on verbal communication (Broeder, 2021).

1.2.2 Elements of culture

Marketers need to understand the culture of the country’s market that they enter, as culture encompasses various aspects of human life, including beliefs, attitudes, religion, and values, which Geert Hofstede considers the most representative of culture. Religion also plays an important role in culture, influencing different aspects of life such as holidays, practices, and dietary preferences. Aesthetics, including perceptions of beauty, are pivotal when introducing a product to a new cultural atmosphere, especially in global marketing where visual

appearance is significant. While certain colors are universally accepted or even trademarked, their meaning can differ across cultures (Keegan & Green, 2013).

1.2.3 Cross-cultural communication

The diversity of cultures is highly reflected in linguistic features, making language the most easily identifiable part of the culture (Hofstede, 1984). In global marketing, it is essential to maintain effective communication. Understanding not only the linguistic characteristics, but also the characteristics of nonverbal communication is crucial for engaging with customers, suppliers, and intermediaries. English has emerged as a common language worldwide, often considered a basic requirement by many companies (Keegan & Green, 2013).

1.2.4 Hofstede's cultural dimensions

Cultural factors play an important role in shaping global marketing strategies and influencing customer behavior and brand perceptions. Hofstede's cultural dimensions theory provides a framework for understanding cultural differences and adjusting marketing strategies accordingly, including communication, promotion techniques, and decision-making (Keegan & Green, 2013).

Geert Hofstede's cultural typology presents a framework for understanding the differences among various cultures. The basis of his typology lies in the cultural dimensions, which define the values, attitudes, and behaviors of distinct cultures. These cultural dimensions include individualism and collectivism, power distance, uncertainty avoidance, masculinity and femininity, and long-term and short-term orientation. The first dimension shows the extent a society is oriented towards individualism or collectivism. In individualistic cultures, the society is concerned with their family and their interests. In a collectivistic culture, the society is integrated cohesively into groups (Hofstede, 2001). While Europe and the USA

exhibit high levels of individualism, Asian cultures tend to be collectivistic (Keegan & Green, 2013). The second dimension, the power distance analyzes the acceptance of unequal power distributions within a society. The third dimension, namely uncertainty avoidance, shows the extent to which the members of a society are uncomfortable with uncertain or ambiguous situations. Cultures with high uncertainty avoidance tend to be less tolerant and more aggressive in uncertain situations, while uncertainty. accepting cultures are more tolerant in such situations. The masculinity/femininity dimension, also known as gender role differentiation, examines the degree to which a society values the traditional masculine and feminine roles. Masculinity includes characteristics such as courage, assertiveness, strength, and competitiveness. In contrast, femininity is characterized by more fluid gender roles, modesty, and nurturance, and focuses on quality of life. The dimension of long-term and short-term orientation evaluates how a society perceives its time frame. Long-term-oriented cultures prioritize future outcomes over immediate success. These societies value traits such as savings, adaptability, persistence, endurance, and sustained growth. In contrast, short-term oriented cultures emphasize short-term goals, aiming for immediate success and prioritizing quick results (Geert Hofstede, 2024).

1.2.5 Importance of cultural considerations

Successful global marketers present open-mindedness. There are differences and similarities in cultures worldwide. Some adjustments in marketing plans should be necessarily made to align with local cultures while leveraging shared cultural traits can be a good strategy to decrease the unnecessary expenses of market entry. This entails tailoring marketing strategies according to the cultural context of each nation. Marketers must remain open to innovative ideas and adapt them to suit the unique characteristics of new markets. Experiencing cultural shock is a natural response when individuals encounter different cultural norms in a foreign

country (Keegan & Green, 2013). The influence of marketing on culture can be a subject of controversy. Excessive promotion by a company can disrupt some cultural norms when entering new markets, a phenomenon often referred to as ‘McDonaldization’, representing the globalization of fast-food culture. In contrast, movements like the ‘Slow Food’ movement in Italy aim at preserving traditional culinary practices and conquering the effects of rapid globalization (Keegan & Green, 2013).

1.2.6 Cultural considerations in market entry

Entering a new market requires careful considerations of cultural factors to secure success. Cultural considerations include understanding local customs, traditions, values and languages of the target market (Hofstede, 2001).

Businesses entering new markets need to adapt their organizational structure and decision-making processes according to the country they are willing to enter. Similarly, communication styles should be adapted based on the target market being a high-context culture or a low context culture (Kotler & Armstrong, 2021).

Certain countries exhibit a higher level of cultural sensitivity compared to others. (Keegan & Green, 2013). Product supplies, branding, and marketing can require adaptation based on the cultural sensitivity of the target market. It is essential for products and services to match the local cultural preferences and values. Customizing marketing messages to reflect cultural norms improves brand perception, and fosters trust and satisfaction with consumers (Usunier & Lee, 2013).

1.3 International market entry strategies

The process of entering a foreign market brings numerous complexities and difficulties. Choosing the right market entry strategy is inevitable for firms to successfully penetrate a new market.

1.3.1 The significance of international market entry strategies

Market entry strategies are important for several reasons. They provide a framework for evaluating market opportunities and risks. By conducting market research, firms can identify the most suitable market entry strategies based on several factors, such as competitiveness in the new market, existing resources, and regulatory environment (Root, 1994).

Moreover, market entry strategies assist in resource allocation by guiding firms to allocate their resources, including financial, human, and technological resources to support the companies' expansion activities (Hollensen, 2007).

1.3.2 Key international market entry strategies

There are several types of strategies to apply when firms enter international markets. Each of these market entry strategies have its own advantages. This paper intends to explore five common market entry strategies: exporting, licensing and franchising, joint ventures and strategic alliances, foreign direct investment (FDI), and mergers and acquisitions (M&A).

Exporting is one of the most traditional forms of market entry strategies, involving the sale of goods and services produced in one country to another. It allows companies to leverage their existing products without the need of foreign investment. In case of direct exporting, firms handle export activities directly, while in case of indirect exporting, intermediaries, such as export agents or distributors facilitate the process (Hollensen, 2007).

Licensing and franchising involves agreements where foreign entities are entitled to use intellectual property, such as trademarks, business models, or patents, in exchange for royalties and fees. Licensing typically involves technology transfer, know-how transfer, or transfer of branding rights to foreign partners. In case of licensing, the foreign partners manufacture or sell the products under the licensor's brand name. Franchising involves allowing individuals or entities the right to operate a business using the franchisor's business model and trademarks (Keegan & Green, 2013).

Joint ventures and strategic alliances involve cooperation between two or more firms to cooperate for a common objective. Joint ventures involve the formation of a new entity, which is owned and controlled jointly by the partner firms. Strategic alliances involve cooperative agreements between the firms but maintaining their independence. These partnerships allow firms to leverage resources and knowledge to mitigate risks and pursue market growth (Root, 1994).

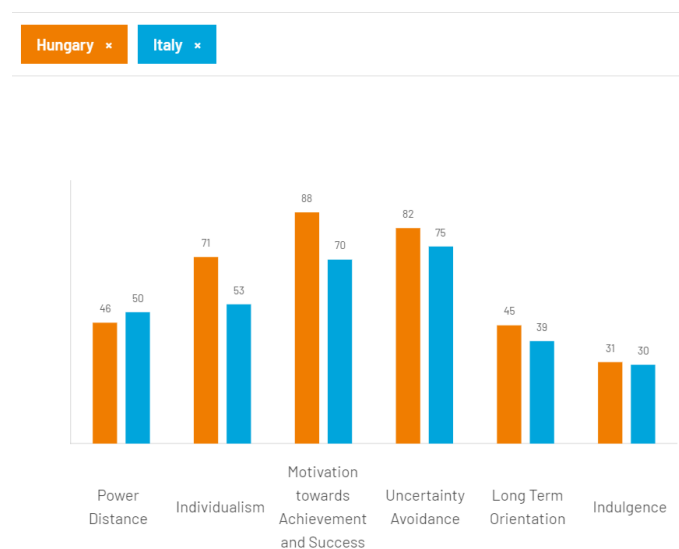
FDI involves establishing or acquiring business operations in a foreign country by building new facilities or through acquisition of existing ones. Firms are more capable of understanding the local market dynamics of foreign countries through physical presence, including customer needs and preferences, and adapt their strategies accordingly (Kotabe & Helsen, 2010).

Mergers and acquisitions involve the purchase of existing businesses in foreign markets. It allows firms to successfully penetrate the market and leverage the established distribution channels and gain competitive advantages (Hollensen, 2007).

1.4 Cultural comparison of Hungary and Italy based on Hofstede's cultural typology

Cultural dimensions play an important role in shaping business practices and consumer behavior in both Hungary and Italy. Italy's rich cultural heritage and the distinct cultural values of Hungary shape how power, individualism, achievement, and uncertainty are perceived and managed in each country. Understanding these cultural dimensions are crucial for adapting business strategies to the local environment. In this part, the study will delve into the cultural differences between Hungary and Italy based on Hofstede's cultural typology.

Graph 1: Cultural comparison between Hungary and Italy



source: Hofstede Insights

Cultural dimensions significantly influence business practices and consumer behavior both in Italy and Hungary. Italy's rich cultural heritage, including art, cuisine, and literature shape numerous aspects of everyday life (European Commission, 2020). Power distance refers to

the extent to which a society accepts the unequal distribution of power. A higher score indicates a greater acceptance of unequal distribution of power and hierarchy in a country, while a lower score indicates that a society prefers equal power distribution. According to Hofstede's model, Hungary and Italy scored similar scores, which means that both countries exhibit a moderate level of power distance. This suggests that both Hungarians and Italians prefer moderate levels of authority and hierarchy, and feel more comfortable with equal distribution of power.

In terms of Individualism versus Collectivism, a higher score indicates a society where people tend to prioritize their own goals and rights over the groups'. Hungary having a higher score suggests that Hungarian culture values independence and individual rights, and individuals tend to make decisions based on their own interests. In contrast, Italy's lower score indicates lower emphasis on individualism compared to Hungary. Italy's score shows that in Italian society there is the recognition of individual rights and goals, but individuals value social cohesion and interconnectedness in social relationships with families and communities. Moreover, Italy's family-oriented culture emphasizes strong relationships and trust, which can be influential on decision making and business-related negotiations.²

The scores of Motivation towards achievement and success shows the differences between Hungary and Italy toward masculinity and femininity in cultural aspects. In Hofstede's cultural dimensions, masculinity refers to a society's preference for material success, and achievement, while femininity emphasizes nurturing, cooperation, and quality of life. Hungary's high score indicates more masculine orientation, prioritizing success, competition, ambition, and assertiveness. On the other hand, Italy's lower score shows lower emphasis on

² Wolters Kluwer. Doing Business In Italy. <https://www.wolterskluwer.com/en/expert-insights/doing-business-in-italy> (Accessed: 29.04.2024)

masculinity compared to Hungary. While valuing success, Italy also puts greater importance on relationships and overall well-being, putting emphasis on collaboration and cooperation.

Uncertainty avoidance refers to the extent to which a society expresses intolerance towards uncertainty, ambiguity, or risk. Hungary scoring higher demonstrates a strong intolerance towards uncertainty, suggesting that Hungarian society values rules and regulations over ambiguity. Individuals may prefer clear guidelines to mitigate the risks. Uncertainty avoidance influences several aspects of life, including decision-making and job security. In the case of Italy, the lower score reflects a significant level of uncertainty avoidance, however compared to Hungary, Italy may show a greater willingness to tolerate ambiguity and show more flexibility in uncertain situations.

Long-term orientation means the degree a group of people give preference to their future gains, sustainability and thriftiness over short-term goals. Hungary demonstrates a moderate closeness toward long-term orientation. This means that Hungarian society values more perseverance and respect for tradition. However, compared to cultures with higher long-term orientation scores, Hungary is more flexible and adaptable to changes. In the case of Italy, lower scores suggest that the Italians put a lower emphasis on traditions. This orientation affects various aspects of life, such as attitude toward work and risk-taking, and decision-making processes. Businesses operating in Hungary or Italy need to consider short-term objectives and long-term goals when entering the market.

Indulgence refers to the action of enjoying life, having fun and showing gratitude for life. Both Hungary and Italy show relatively low levels of indulgence, which suggests that both countries put more emphasis on self-control and self-discipline and show total respect for the social rules and norms. This cultural dimension may influence work ethics, social

interactions, and attitude in leisure activities. In businesses, it can bring conservativeness to decision-making processes, focusing on long-term sustainability over short-term success.

Understanding these cultural tendencies can be valuable for businesses operating in Hungary and Italy, as it can be useful in the creation of marketing strategies, in product development, and in customer engagement.

2. Marketing strategies and market entry strategies of Italian and Hungarian firms

The companies selected - Eni, Vagheggi, Richter Gedeon, and BioTechUSA - operate in distinct sectors, providing a comprehensive perspective on marketing and sustainability across diverse industries. Eni operates in the energy sector, Vagheggi in the cosmetics sector, Richter Gedeon in the pharmaceutical sector, and BioTechUSA is in the nutritional supplements sector. Examining the companies in diverse sectors can give a good analysis on how marketing can be implemented in various contexts and highlights the uniqueness and likeness of the strategies used. This cross-sectoral approach enriches the study by examining different marketing practices and how companies deal with different market dynamics and consumer behaviors.

The following chapter will show the marketing strategies implemented by the four companies while giving an insight in the sustainability practices applied and their application in the companies' marketing strategies. Overviewing the markets of Italy and Hungary gives an insight in the motivation of international expansion into these countries. Overviewing the

companies' presence and marketing strategies in Italy and Hungary gives a valuable insight in how the companies overcome the difficulties of international expansion.

2.1 Hungarian companies entering the Italian market

2.1.1 Overview of the Italian market

The following section will delve into the market attractiveness of Italy, highlighting its strategic location within Europe and its diverse economic sectors. The study will also discuss the benefits of doing business in Italy, including its market opportunities and skilled workforce, then provide an insight into the bureaucratic challenges and economic heterogeneity among regions. Understanding the characteristics of the Italian market is crucial for evaluating the opportunities and complexities of the market.

2.1.1.1 Market attractiveness of Italy

Italy is an attractive economy for businesses. It's the eighth-largest economy in the world and has a significant geographic location. Italy offers a well-established base for R&D and innovation for businesses.³ Furthermore, the Italian government offers various incentives to support business growth and foster innovation (Deloitte, 2020).

Italy's diverse economy includes a wide range of sectors. The country's manufacturing sector, well known for its unique craftsmanship and innovation, spans industries such as automotive, fashion, and machinery (European Commission, 2020). In the services sector, Italy's economy benefits from its cultural heritage and global appeal, in various industries, like tourism, with its iconic landmarks and cultural attractions, generates significant revenue, and

³ <https://www.wolterskluwer.com/en/expert-insights/doing-business-in-italy> (Accessed: 29.04.2024)

the finance sector is a hub for banking, insurance, and investment activities (European Commission, 2020).

2.1.1.2 Benefits of doing business in Italy

Italy is located in the center of the Mediterranean Sea, which offers a gateway to Northern Africa, the Middle East and the European Union, and also links the countries of Europe. The country is a major node for trading and logistics. The economy is open to foreign direct investment (FDI), and to encourage FDI inflows, the government provides incentives, such as tax credits for employment and tax deductions or energy efficiency incentives. Italy spends billions of euros per year on R&D. The government offers incentives for innovation incubators and technology and science parks, connected to universities in the country. Italy has an astonishing high-tech performance, and sectors including biotechnology, aerospace and automotive industries provide attractive opportunities.⁴

2.1.1.3 Challenges

Italy, as one of the leading economies in the Eurozone, presents a complex economy influenced by various factors. While the country has a considerable GDP, it faces challenges such as slow GDP growth, high public debt, and unemployment (IMF, 2020). Structural issues, such as bureaucratic inefficiencies and labor market issues cause complexities in the dynamics of the Italian economy (OECD, 2020). Furthermore, political instability and slow regulatory reforms hinder the attractiveness of foreign investors (European Commission, 2020).

Businesses that enter the market have to face the complicated and unorganized regulatory environment. Although starting a business can take less time than the EU average, the cost of

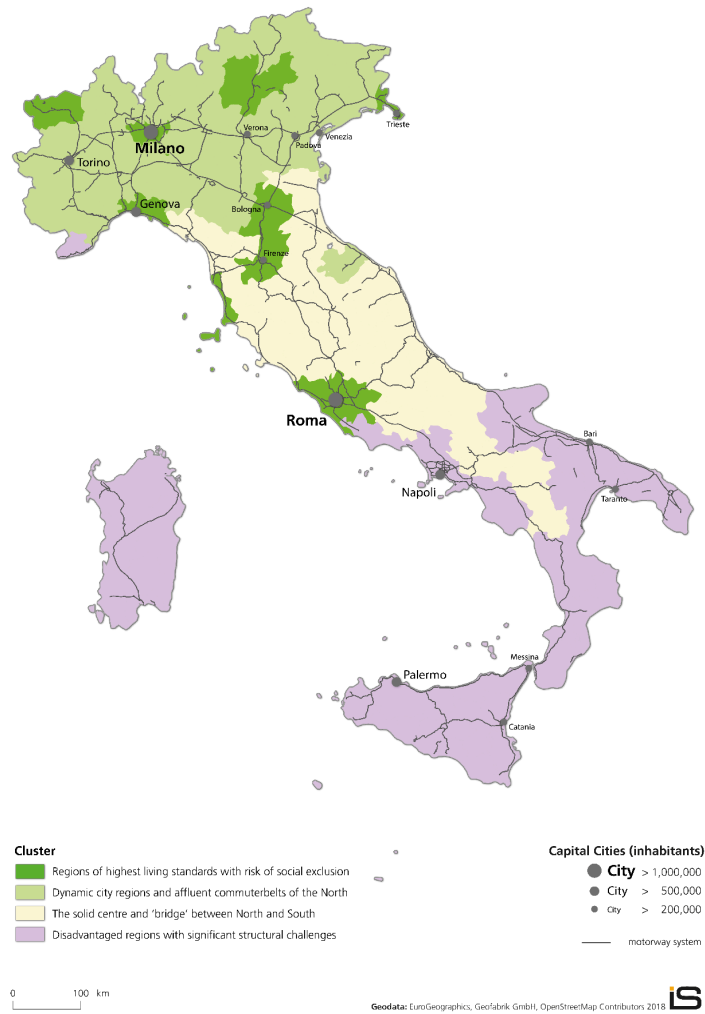
⁴ <https://www.wolterskluwer.com/en/expert-insights/doing-business-in-italy> (Accessed: 29.04.2024)

such an incentive is higher than the EU average, due to the higher cost of preparing formation documents. Also, in case businesses need to have construction involved, getting the permits for construction can not only take more time but costs more than the EU average. In case of legal dispute, contract enforcement in Italian jurisdiction is generally slow. Local regulations and procedures differ in municipalities, even for the same business activities. Italy also faces one of the heaviest corporate tax burdens among European countries.⁵

Despite the regulatory challenges, Italy faces large and persistent inequalities in well-being and economic performance between regions, particularly in the Southern areas (OECD, 2023). The following map presents the regional inequalities in Italy:

⁵ <https://www.wolterskluwer.com/en/expert-insights/doing-business-in-italy> (Accessed: 29.04.2024)

Figure 1: The Italian disparity map.



Source: Unequal Italy. (2021).

Table 1: Enterprise demography, business economy, 2021.

	Enterprise birth rates (% of enterprise births among active enterprises)	Average employment size of newly born enterprises (number of persons employed)	Enterprise death rates (% of enterprise deaths among active enterprises) (1)
EU	10.7	1.1	8.5
Belgium	7.8	1.3	3.6
Bulgaria	10.0	1.5	17.6
Czechia (2)	8.6	0.8	7.2
Denmark	11.3	1.0	11.6
Germany (3)	7.8	1.7	9.1
Estonia (4)	3.1	1.3	23.4
Ireland	10.1	1.0	6.7
Greece (5)	7.2	1.6	2.2
Spain (6) (7)	9.2	1.4	7.3
France (8)	16.2	0.7	9.9
Croatia	11.0	1.4	8.5
Italy (9) (10)	8.1	1.1	7.3
Cyprus	10.2	1.0	6.3
Latvia (11)	13.0	1.3	9.8
Lithuania (12)	20.2	2.3	22.6
Luxembourg (13)	8.6	1.2	7.0
Hungary	12.0	1.1	5.6
Malta (14)	14.4	1.3	5.3
Netherlands	11.0	0.4	4.2
Austria	6.0	1.2	5.3
Poland (15)	12.3	1.3	13.6
Portugal (16) (17)	14.4	1.2	11.5
Romania	11.5	1.5	8.2
Slovenia	10.8	1.1	5.3
Slovakia (18)	11.4	1.1	10.6
Finland (19)	9.5	0.8	8.4
Sweden	8.2	1.1	6.0

Note: Industry, construction and market services (except activities of membership organisations)

(1) not available

(2) Enterprise death rates: provisional

(3) Enterprise death rates: estimate

(4) Average employment size of newly born enterprises: estimate

(5) Break in series

Source: Eurostat (online data code: bd_1_form)

Source: Eurostat

The data from Eurostat (Table 1) shows some insights to Italy's entrepreneurial landscape. Firstly, the relatively low enterprise birth rate (8%) shows a moderate pace of new business formation. Secondly, the average enterprise size of newly born businesses is small, with 1.1 persons employed on average. This indicates a large amount of small businesses in Italy. Thirdly, The relatively high enterprise death rate (7.3%) is an indication of the complexities taken in place in Italy, such as regulatory constraints, or intense competitiveness in the economy.

The conflict between Russia and Ukraine has slowed down Italy's economic recovery, despite the economic output reaching pre-pandemic levels, as it was delayed by rising commodity

prices and trade disruptions. Following a recession caused by COVID-19 pandemic, real GDP rebounded by late 2022. Although Russia and Ukraine account for only a small share of Italy's export market, the demand for Italian input products has dropped significantly. Over 2023-24, annual GDP growth is expected to drop to 1%, with Italy diversifying its energy sources to mitigate reliance on Russian gas supplies, opting for alternative fuels and renewable energy. The high prices of energy and other commodities contributed to Italy's negative current account in 2022, increased inflation, particularly impacting low-income households. Although the price of energy products and industrial commodities rose in 2021, government interventions stabilized retail energy prices. By the end of 2022 the decline in energy prices is expected to gradually reduce overall inflation, with an estimated rate of 2.9% by 2024 (European Commission, 2023b).

2.2 Eni's marketing strategy in Hungary

2.2.1 Overview of Eni

ENI S.p.A. is an Italian global energy company that is headquartered in Rome and operates in the oil and gas industry. Eni focuses on exploration, production, refining, and marketing of petroleum products. The company, founded by Enrico Mattei in 1953, is today one of the largest integrated energy companies in the world operating in 61 countries, with over 33,000 employees (ENI, 2024). Eni's brand identity is built upon the commitment to sustainability, innovation, and technological superiority, aiming to provide reliable and efficient energy solutions while focusing on sustainability and minimizing environmental impact (Eni, 2023).

2.2.2 Eni's presence in Hungary

ENI Hungaria is a wholly owned subsidiary of ENI International B.V., which is owned by ENI S.p.A. Its activities include supplying gasoline and diesel in non-retail markets, along

with bitumen, lubricants, and base oils. Furthermore, it engages in retail activities, offering motor fuels, lubricants, and convenience goods through 180 filling stations in Hungary (European Commission, 2016).

Eni operated in Hungary under its subsidiary Agip, under Agip Hungária Kft. Agip Hungary is primarily engaged in the marketing and distribution of petroleum products, namely gasoline, diesel and lubricants. Shortly after Agip Hungária Kft., Agip Lubricants Kft. also started its activities in Hungary. In addition to the petroleum products, Agip offered a wide range of lubricants for various applications. In 2002, Agip took the name of the parent company and continued its operations under the name Eni Hungária Zrt.⁶ In 2016, MOL Group completed the acquisition of ENI Hungária⁷, after Eni sold its gas distribution operations in Hungary.⁸

2.2.3 Eni's marketing strategy in Hungary

In Hungary, Eni uses both standardized and localized marketing strategies to align with the local preferences while maintaining its global identity. Standardized strategies include implementing consistency in branding and operational activities in various countries. Eni's petrol stations have the same visual effects worldwide, such as logo, colors, design. Eni's six legged dog logo, also known as "Eni dog" is a logo recognised worldwide. The logo, shown in Figure 2, represents the dynamic and forward-thinking approach of Eni. By using the same logo worldwide, Eni ensures consistency and builds strong recognition among consumers around the world (ENI, 2024).

⁶ Rusznák András. (2022). Eni - 30 éve Magyarországon. <https://www.autoszektor.hu/hu/content/eni-30-eve-magyarorszagon> (Accessed: 05.05.2024)

⁷ Molgroup. (2016). <https://molgroup.info/en/media-centre/press-releases/mol-group-completes-acquisition-of-enis-downstream-oil-business-in-hungary> (Accessed: 03.05.2024)

⁸ Eni. (2016). Eni sells its gas distribution operations in Hungary. <https://www.eni.com/en-IT/media/press-release/2017/12/eni-sells-its-gas-distribution-operations-in-hungary.html> (Accessed: 03.05.2024)

Figure 2: Eni's signature logo, the "Eni dog"



Source: Eni - <https://www.eni.com/en-IT/company/brand-identity.html> (Accessed: 19.06.2024)

However, Eni recognises the importance of adapting strategies to the local preferences and needs. Eni customizes product offerings and marketing campaigns to better align with Hungarian consumers. In addition, Eni tailors pricing and promotional strategies consistent with Hungarian market dynamics. The pricing strategy of the company is based on the Hungarian market dynamics, competition, and cost considerations (ENI, 2021). Eni employs various marketing strategies to promote its products and services in the Hungarian market, including advertising campaigns through brochures and posters, and online advertisement forms, like advertisements on social platforms.⁹

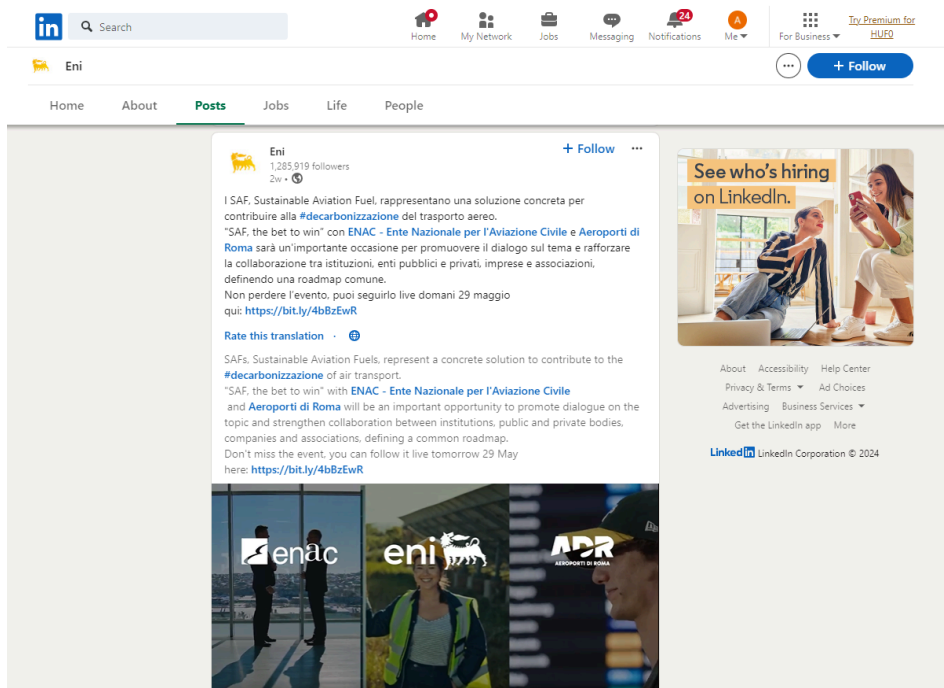
⁹ Eni. <http://enihu.flaire.nl/hu> (Accessed: 13.05.2024)

2.2.4 Eni's sustainability practices

Eni's commitment to a Just Transition is a core element of its sustainability strategy, aiming to balance the environmental, economic, and social aspects of energy transition. The operation of the business model focuses on the most effective use of resources, aligning with social and environmental sustainability. As a part of a Just Transition, the company focuses on the optimal operation of resources while integrating principles of sustainability. The business model is built on three main pillars. Eni is committed to achieve carbon neutrality by 2050 by leveraging existing and developing new technologies to significantly reduce carbon footprint. The second pillar is operational excellence, which includes boosting health and safety in the workforce, protecting the environment, and human rights. Eni is also dedicated to reducing energy poverty in regions the company operates through its "Dual Flag" approach. Through the "Dual Flag" approach, Eni aims to generate long-term value by transferring skills and expertise to local partners. (Eni For Just Transition, 2023)

Eni integrates sustainability in its marketing strategies through various practices. By aligning its marketing practices with its sustainability goals, Eni seeks to strengthen its brand image, build consumer trust, and display its dedication to Sustainable Development Goals (SDG's) of the United Nations. (Eni, 2024) Eni promotes its commitment to achieving Carbon neutrality by 2050 as a key aspect of its marketing strategy. The company advertises its commitment to decarbonization through various platforms, including social media and press releases. Marketing materials also often include information about energy efficiency measures, greenhouse gas emission reduction and usage of renewable energy sources. Eni also leverages its transparency in sustainability reporting by offering publicly accessible sustainability reports including details about the company's environmental, governance, and social performance. (Eni For Sustainability, 2023)

Figure 3: Eni sustainability advertisement on social media



Source: LinkedIn - Eni

2.2.5 Eni's market entry to Hungary

Eni's decision to enter the Hungarian market was driven by several factors, such as sustainability and innovation, as it was outlined in the company's annual reports and official website. Hungary's geographical location and supportive regulatory environment made the Hungarian market attractive for the company (Eni, 2024).

Agip, a subsidiary of Eni, was established through strategic partnerships and investments in Hungary. Agip petrol stations were established in Hungary due to the high demand of quality fuel and services in the country. Through collaborations and franchise agreements, Agip has

expanded its petrol station network across the country, offering fuel products for local customers (European Commission, 2007).

In addition, Eni has established a strong presence in the Hungarian market by offering high-quality lubricants. Through partnerships with local distributors, Eni has successfully entered the Hungarian lubricants market. Eni has established a strong presence in the automotive sector and industrial sector by offering lubricants in local stores and web shops.¹⁰

2.3 Vagheggi's marketing strategy in Hungary

2.3.1 Overview of Vagheggi

Vagheggi is an Italian skincare brand that started as a family business in 1975 by Dr. Vagheggi, a top of the line expert in the field of phytocosmetics (Vagheggi, 2024). The company has built up a reputation for its innovative skincare formulations and commitment to natural ingredients. The company creates unique products by combining plant-based natural cosmetics with advanced technology, focusing on quality. Vagheggi offers various types of products and services, including facial care, skincare, body care, and makeup (Vagheggi, 2023). The company offers training programmes to educate beauty professionals on various aspects of skincare. These training programmes focus on product knowledge and treatment techniques, including skincare workshops, treatment protocols, and advanced techniques (Vagheggi, 2024).

From a family business, Vagheggi extended its global presence in 42 countries, such as America, Canada, China, Hungary, France, Spain and to Arab and other countries.¹¹ The

¹⁰ EniLive Oilproducts. https://oilproducts.eni.com/hu_AT/Kapcsolat/szemelygepiarmu (Accessed: 09.05.2024)

¹¹ Diplomacy & Trade. (2022). Vagheggi opens its first store in Hungary. <https://dteurope.com/business/vagheggi-open-its-first-store-in-hungary/> (Accessed: 12.05.2024)

company's commitment to R&D ensures that the products remain in the front line of skincare innovation, making the uniqueness of the products known worldwide (Vagheggi, 2024).

Beyond its uniqueness, Vagheggi is committed to corporate social responsibility and sustainability. The company places a strong emphasis on environmental friendliness, community engagement, and ethical supply chain. The company puts an emphasis on originality of products, while respecting nature which includes animals, plants, and human beings (Vagheggi, 2024).

2.3.2 Vagheggi's presence in Hungary

Since 2013, the products are not only available for beauticians but also to everyone through the online store. Starting from 2022, the unique products are available in Budapest in the first shop/showroom of the company. The company extended its presence in Hungary through partnerships with local distributors and beauty professionals. Currently, 47 beauty specialists and partners work as distributors, and many other beauticians use the product palette of the company in Hungary (Vagheggi, 2023).

Besides distributors and stores, Vagheggi offers a unique spa experience that combines professional skincare treatment with relaxing atmosphere (Vagheggi, 2024).

2.3.3 Vagheggi's marketing strategies in Hungary

Vagheggi's marketing strategies in Hungary aim at capturing the attention of customers on the brand's commitment to quality and ethical considerations. Through gifts, samples and giveaway games, Vagheggi aims at building a strong relationship with its customers. By offering samples, customers can experience the quality of the products firsthand and the care that the Vagheggi brand represents. Fostering brand loyalty is an important aspect in Vagheggi's marketing strategies (Vagheggi, 2023).

Figure 4: Vagheggi's marketing strategies

The screenshot displays the Vagheggi website's navigation bar with categories: FACE CARE, BODY CARE, PHYTMAKE-UP, SUNBATHING, VAGHEGGI, ABOUT US, BLOG, SALONS, and search, user, and cart icons. The main content area features a 'Free Trial Makeup and Consultation' section with a sub-header and introductory text. Below this is a bulleted list of details: 'Free Trial Makeup' (10-15 min), 'Personalized Consultation', appointment times (10:00 AM to 5:00 PM), and location (1134 Budapest, Dózsa György út 144-148). A 'Special Offers' section follows, mentioning a 25% or 40% discount on products like '75-15 REVITALIZING FACE MASK 50 ML', 'BRUSH 75-15 FOR FACE MASK', 'SUMMER PARADISE BRONZING CREAM MILK SPF15 150 ML', and 'SUMMER PARADISE VEIL MASK 1 PC'. A note states the promotion is available from June 1st to 30th, 2024. The 'Fuoco Plus Offer - Slimming and Cellulite Reduction Effect' section lists 'Skin Regenerating Dry Brush', 'Fuoco Plus Booster', and 'Fuoco Plus Push Up Cream', with a 35% discount when purchased together.

Source: Vagheggi

As the cosmetician highlighted in the interview, “They seemed like high-quality products, and they heavily promoted sustainability and natural ingredients.”¹², the aesthetics and the design of the products reflect high quality. The beautician also expressed the eye-catching design of the website: “The quality is evident not only in the packaging of the products but also in their beautifully designed website.”¹³

¹² Rossu Alexandra, interview by author, 11.06.2024, Gyula, Hungary

¹³ Rossu Alexandra, interview by author, 11.06.2024, Gyula, Hungary

In addition, Vagheggi offers seasonal discounts and promotions to incentivize future purchases and increase brand loyalty. Vagheggi uses a pricing strategy that implements bulk purchases, where the customers buying more products can get special offers or discounts on products (Vagheggi, 2023).

Vagheggi also offers limited edition products, incentivizing limited-time purchases through various digital channels, including social media platforms like Facebook and Instagram, online advertisements and email marketing channels (Vagheggi, 2023).

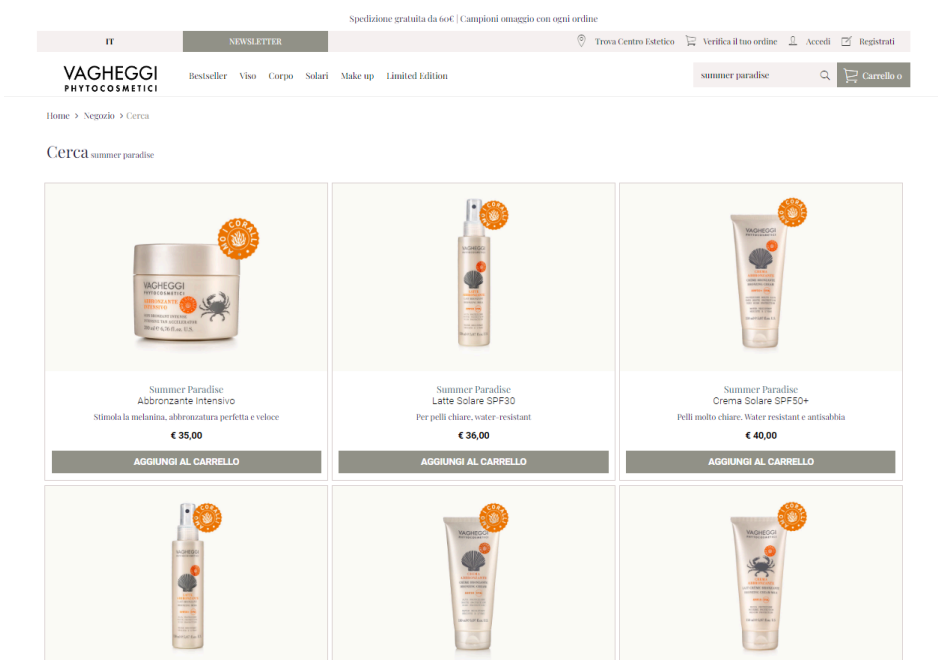
2.3.4 Vagheggi's sustainability practices

Vagheggi puts a strong emphasis on sustainability as a core aspect of its business strategy. The company is committed to ethical sourcing, ensuring that the raw materials used in their products are sustainable. Vagheggi emphasizes the use of natural ingredients, and is committed to have low environmental impact by minimizing waste and reducing carbon emissions. They implement eco-friendly practices such as recycling and efficient energy use. The packaging of Vagheggi products is designed to minimize environmental impact by using recyclable materials and offering refill services. Vagheggi prioritizes fair trade suppliers and use of local ingredients to reduce its ecological footprint. Additionally, the company employs environmentally friendly processes in its production. (Vagheggi, 2024)

Vagheggi promotes sustainability through their marketing strategies. They educate their customers about the importance of sustainability while encouraging them to adopt eco-friendly and sustainable practices. Vagheggi leverages sustainability in their marketing strategy by highlighting its dedication to eco-friendly practices and ethical sourcing. The company uses sustainable packaging and refill options, alongside reducing plastic use and using plant-based materials. The brand's commitment to sustainability is validated through different certifications indicated on the packaging of the products, such as ICEA vegan

certification, FSC certification for responsible packaging, and I'm green certification. The company also offers eco-friendly sunscreen products, indicated by the "I love Coral" logo, as shown in Figure 4. The logo indicates that the products are developed with the emphasis on sustainability and human safety, particularly in relation to protecting coral reefs. The "I love Coral" initiative complies with the Hawaii Reef Bill, which prevents harmful practices for coral ecosystems. By this initiative the company shows its dedication to using plant-based ingredients and minimizing environmental impact, which contributes to the preservation of marine life. (Vagheggi, 2024)

Figure 5: Vagheggi "I love Coral" product line



Source: Vagheggi

2.3.5 Vagheggi's market entry to Hungary

Vagheggi's commitment to expand its global presence made it possible for the brand to enter several markets around the globe, including the growing market for skincare and beauty products (Statista, 2024). Vagheggi's market entry strategy has a multidimensional approach including direct retail presence in branded shops, partnerships with distributors and professionals, collaboration with wholesalers to distribute its products through spas and salons, and online presence through its official website. Implementing a comprehensive market entry strategy helps Vagheggi maximize its opportunities in new markets while maintaining a prominent branding strategy (Vagheggi, 2024).

2.4 Italian companies entering the Hungarian market

2.4.1 Overview of the Hungarian market

In the upcoming section the thesis will focus on the market attractiveness, challenges, and benefits of the Hungarian market, highlighting its significant geographical position as a Central European country. Examining these factors can give an insight into the competitive landscape and economic conditions of Hungary. Understanding these factors is important in planning effective strategies to enter the market.

2.4.1.1 Market attractiveness of Hungary

Given its central location within Europe, Hungary is a major logistics center, with an extensive road and railway network and 6 international airports. This makes Hungary an ideal

nexus for transportation and warehousing activities, with the ability to access 20 countries within a thousand-kilometer radius.¹⁴

Regarding economic progress, Hungary has shown positive progress in catching up with the income level in the European Union (EU). The labor market has also shown improvement, with the employment rate (80.2%) surpassing the EU average, and the unemployment rate (3.6%) staying below it in 2022. Although regional disparities have decreased since 2010, they remained significant. Investment and economic growth were stimulated by monetary and fiscal policies, resulting in one of the highest investment rates in the EU since 2017 (European Commission, 2023).

2.4.1.2 Challenges

The allocation of investments did not support productivity growth. Moreover, expansionary economic and fiscal policies led to a decline of the external balance, an increase in inflation, and higher house prices. Furthermore, the war between Russia and Ukraine fostered further macroeconomic challenges. The sharp rise in energy prices raised the current account deficit to 8.2% of GDP in 2022. The government debt is still higher than the pre-COVID-19 level, and the increase in commodity prices and indirect tax, along with currency depreciation raised Harmonized Index of Consumer Prices (HICP) inflation to the highest in the EU. While Hungary's progress towards reaching the United Nations Sustainable Development Goals (SDGs) is substantial, there remains a gap with other EU countries. Hungary's energy sector still relies on Russia's fossil and nuclear fuels. While most of the EU countries reduced their reliance on Russian gas and oil products by 2022, Hungary's dependency remained unchanged since then (European Commission, 2023).

¹⁴ Matchplat. Exploring Hungary: the most demanded products. <https://www.matchplat.com/en/exporting-to-hungary-most-demanded-products/> (Accessed: 13.05.2024)

2.4.1.3 Key sectors and products

Substantial government support has incentivized key investment sectors, particularly the automotive sector. Historically the pillar of the Hungarian economy was the automotive sector, which comprises approximately 30% of the national GDP and 4.5% of GDP.¹⁵ Pharmaceutical chemicals is another sector characterized by substantial investments, supported by policies aimed at research and development.¹⁶

The electronics sector, particularly telecommunications and automotive electronics, is also affected by significant investments, including many car companies such as Suzuki and Audi. The significance of components for the IT sector is also increasing, with the rapid expansion of the software market, due to the specialization of the workforce and establishment of research centers of multinational corporations (MNC) such as HP or Philips.¹⁷

Given the increasing popularity of Mediterranean food and the growing tourism of Budapest, it is crucial to mention the food product when analyzing the popular products exported from Italy to the Hungarian market. The demand for Italian products has steadily risen, especially for Italian wine. Italy secures a 50% market share, competing with the Spanish, German and French wine industries. Regarding capital goods, Hungary is a popular destination for Italian companies. Italy is one of the most substantial suppliers of machinery, especially packaging and wrapping machines. According to the Italian Ministry of Foreign Affairs, 70% of the furniture in Hungary is exported, mainly from Germany and Poland.¹⁸

¹⁵ <https://www.matchplat.com/en/exporting-to-hungary-most-demanded-products/> (Accessed: 13.05.2024)

¹⁶ <https://www.matchplat.com/en/exporting-to-hungary-most-demanded-products/> (Accessed: 13.05.2024)

¹⁷ <https://www.matchplat.com/en/exporting-to-hungary-most-demanded-products/> (Accessed: 13.05.2024)

¹⁸ <https://www.matchplat.com/en/exporting-to-hungary-most-demanded-products/> (Accessed: 13.05.2024)

2.5 Richter Gedeon's marketing strategy in Italy

2.5.1 Overview of Richter Gedeon

Richter Gedeon is a prominent pharmaceutical company, which was founded by Gedeon Richter in 1901, in Budapest, Hungary. The company became a leader player of the pharmaceutical industry over the years, with a commitment to innovation and quality. Richter Gedeon expanded its operations globally, including a presence in Italy. Due to huge investments in R&D, the company became successful in the pharmaceutical industry. Richter Gedeon is now one of the most prominent pharmaceutical companies, having a diverse portfolio of pharmaceutical products for various therapeutic areas, such as cardiology, neurology, and gynecology. The company's main goal is to improve the quality of life by developing products to help people fight illnesses (Richter Gedeon, 2024). The company's main activities include research and development, manufacturing and marketing of pharmaceutical products (Richter Gedeon, 2023a). The company has an international presence in 50 countries, including 8 manufacturing facilities, 19 representative offices, 41 commercial and marketing companies and over 11,000 employees around the world (Richter Gedeon, 2024).

2.5.2 Richter Gedeon's presence in Italy

Richter Gedeon has a significant presence in Italy. Focusing on its international footprint, the company has strategically entered the Italian market. The company operates through different channels in Italy, including distribution partnerships, direct sales and collaborations with local professionals and institutions (Richter Gedeon, 2024).

Through specific partnerships, acquisitions, and direct investment, the company has successfully entered the Italian market. Present in Italy since 2011, Gedeon Richter Italia

S.R.L. is focusing on the health of women, to help them on the journey of their life from adolescence, to adulthood, to maturity. The vision of Gedeon Richter Italia is to establish a reliable partnership alongside gynecologists to offer women high-quality therapies from contraception to menopause, and through important diseases throughout their lives.¹⁹

table 2: Top 10 markets of Richter Gedeon

Top 10 Markets

	2020 HUFm	2019 HUFm	Change HUFm	%	2020 EURm	2019 EURm
USA	108,509	71,101	37,408	52.6	309.2	218.5
Russia	85,844	86,911	-1,067	-1.2	244.6	267.1
Hungary	41,086	39,809	1,277	3.2	117.0	122.4
Poland	26,380	23,428	2,952	12.6	75.2	72.0
Germany	19,643	18,989	654	3.4	56.0	58.4
Ukraine	13,097	11,470	1,627	14.2	37.3	35.3
Romania	12,223	11,173	1,050	9.4	34.8	34.3
Spain	11,817	9,661	2,156	22.3	33.7	29.7
China	10,764	18,975	-8,211	-43.3	30.7	58.3
Italy	7,813	8,258	-445	-5.4	22.2	25.3
Total Top 10	337,176	299,775	37,401	12.5	960.7	921.3
Total Sales	457,264	407,342	49,922	12.3	1,302.8	1,252.0
Total Top 10 / Total Sales %					73.7	73.6

Source: Richter Gedeon

The success of market entry to Italy is shown by table 2, which clearly shows us that Italy is in the top 10 markets around the world. This success shows the importance of Italy in Richter Gedeon's global presence.

¹⁹ LinkedIn. Richter Gedeon Italia. <https://it.linkedin.com/company/gedeon-richter-italia-srl> (Accessed: 06.05.2024)

2.5.3 Richter Gedeon's marketing strategies in Italy

Richter Gedeon's marketing strategies focus on product differentiation, targeted promotional campaigns, and partnerships with professionals to ensure the proper distribution and promotion of various pharmaceutical products. The company positions its product supply based on the specific needs of Italian healthcare (Richter Gedeon, 2024).

In the competitive pharmaceutical industry, Branding plays an important role in building trust among professionals and consumers. Richter Gedeon has invested in branding activities to build its reputation in the Italian market. The company built a strong brand in the global sphere, which is based on quality and innovation. By establishing a quality-based brand, Richter Gedeon aims to earn the trust and loyalty of local customers and professionals (Richter Gedeon, 2024).

Richter Gedeon uses various promotional activities to raise awareness of its products and reach its target audience. The company engages in marketing campaigns aimed at healthcare professionals, including doctors and pharmacists. These campaigns involve seminars, conferences, and promotional materials including samples and donations of medicines. The company is also engaged in digital marketing activities, including Facebook, Instagram, LinkedIn, and X (Richter Gedeon, 2024).

The company focuses on digital engagement and education as a crucial part of their marketing strategy. One key aspect is that the company is actively engaging with its audience through polls and interactive discussions on social media platforms. The polls not only give valuable feedback, but insights from their target audience while fostering community engagement. In addition to interactive engagement, Richter Gedeon offers valuable educational content on their website and social media platforms. They regularly share content regarding various diseases, symptoms, and treatments, as presented in Figure 5. This

educational approach helps to raise awareness for health problems and offers valuable information for the public. This approach helps the company to position themselves as a reliable company, while building trust and credibility. (Richter Gedeon, 2024)

Figure 6: Richter Gedeon educational content



Source: Richter Gedeon

2.5.4 Richter Gedeon's sustainability practices

Richter Gedeon places significant emphasis on sustainability in its operations. Richter Gedeon is committed to minimizing its carbon footprint by implementing energy-efficient technologies to reduce greenhouse gas emissions. The company is also committed to sustainable energy usage by using fossil fuels only in those processes where inevitable. The company is also determined to conduct effective waste management by recycling, reducing waste production and safely disposing of hazardous waste. Richter Gedeon also implemented

practices to reduce water consumption. Moreover, the company is committed to the SDGs. (Richter Gedeon, 2023b)

The company prioritizes the well-being of its employees by offering a safe and healthy work environment, inclusion, and supportive corporate culture. The company offers educational services like skill development training for their employees to keep their knowledge up to date. (Richter Gedeon, 2023b)

Richter Gedeon incorporates sustainability in their marketing strategy by emphasizing their commitment to environmental responsibility and ethical considerations. They highlight their alignment with SDGs, promoting sustainable production and reducing their carbon footprints. The company highlights the efforts in reducing animal testing and fostering ethical considerations in the production and R&D procedures. By providing annual sustainability reports, the company aims to show their compliance with transparency standards. (Richter Gedeon, 2023b)

2.5.5 Richter Gedeon's market entry to Italy

Italy has a huge pharmaceutical market with the demand for innovative solutions in the healthcare system. Research and development has a high importance in the sector (Statista, 2024b). To facilitate market entry, Richter Gedeon established strategic partnerships with local shareholders, distributors, and professionals (Richter Gedeon, 2024).

Richter Gedeon ensured regulatory compliance by adhering to Italian pharmaceutical laws, regulations, and quality requirements, such as manufacturing, labeling, and marketing (Richter Gedeon, 2024). By complying with the Italian regulatory system, the company made a successful move to build trust in Italian consumers (Richter Gedeon, 2020).

2.6 BioTechUSA's marketing strategy in Italy

2.6.1 Overview of BioTechUSA

BioTechUSA is a leading international brand in the health and wellness industry, providing high-quality sports nutrition supplements and dietary products. BioTechUSA was initially founded as an American brand but in 1999 Ferenc Lévai and his wife transformed their company, JLM Power Line Kft. to BioTechUSA (BioTechUSA, 2024b). One of the key strengths of the company is the huge variety of high-quality products. The company offers a competitive product portfolio with over 2,000 products, including protein powders, amino acids, vitamins, minerals, weight management supplements, and more. BioTechUSA offers a comprehensive selection of solutions to support various fitness goals and lifestyles. The company, headquartered in Hungary, now has a global presence with 120 stores internationally (BioTechUSA, 2024b). BioTechUSA has a strong international presence, with 270 franchise stores in 8 countries, over 1800 employees, and 4500 collaborators in 100 countries. Moreover, BioTechUSA operates webshops in 16 countries and multibrand webshops in 15 countries, ensuring accessibility to their product portfolio worldwide (BioTechUSA, 2024a).

Besides nutrition supplements and dietary products, BioTechUSA has a clothing section, providing customers high-quality clothing products designed for comfort, style, and performance. Moreover, the company offers a variety of services, such as a lifestyle blog, including health plans, recipes, and workout tips. Through these offerings, BioTechUSA aims to inspire and support individuals in their fitness journey and in their everyday life as well (BioTechUSA, 2024b).

2.6.2 BioTechUSA's presence in Italy

With a focus on providing high-quality dietary and nutrition supplements, BioTechUSA extended its activities internationally. The company has established partnerships with key distributors, retailers, and fitness centers, ensuring a great availability in various channels, such as stores, pharmacies, and online platforms. Furthermore, BioTechUSA actively participates in various fitness events and expos held in Italy, enhancing brand awareness in the Italian society (BioTechUSA, 2024a). According to the company's official website, the brand is planning to open franchise stores in Italy in the near future (BioTechUSA, 2024a).

2.6.3 BioTechUSA's marketing strategies in Italy

While building an international brand based on its high-quality products and dedication to help individuals achieve a healthier lifestyle, BioTechUSA uses localized marketing strategies to successfully enter the Italian market. The localization strategy involves adapting its messaging and content to meet the needs and preferences of Italian society. This includes various activities, such as translating marketing materials to Italian and following the local trends (BioTechUSA, 2024a).

The company puts high emphasis on digital presence in its marketing strategies. BioTechUSA has built up a strong digital presence with over 100 platforms and over 100 million followers. The company uses various digital marketing channels, such as social media platforms like Instagram and X, email marketing, and online advertising. The company has also established partnerships and collaborations with Italian athletes and influencers, who advertise the supplementary and clothing products through various other social media platforms. Additionally, with brochures and posters, the company raises awareness to the brand. By offering product samples to individuals on fitness events, the company boosts consumer trust and brand loyalty (BioTechUSA, 2024a).

BioTechUSA has a loyalty program for its regular customers. This program incentivizes purchasing and strengthens customer loyalty by providing exclusive benefits and extra discounts for those enrolled in the loyalty program. The online webshop also offers various discounts on specific products, encouraging customers to repeat purchases, as shown on Figure 6 (BioTechUSA, 2024a).

Figure 7: BioTechUSA discounts and deals

BioTechUSA PRODOTTI ▾ ABBIGLIAMENTO ▾ LIFESTYLE

Registrati oppure accedi per beneficiare delle nostre speciali offerte settimanali

OFFERTA SPECIALE 16-30.06.2024

- 15%** **ISO WHEY ZERO** (2270 g) **74,70 €** (87,90 € | 32,91 €/kg)
- 20%** **MSM CHONDROITIN GLUCOSAMINE** (50 compresse) **15,92 €** (19,90 € | 0,27 €/compresse)
- 20%** **CREATINE PH-X** (230 capsule) **22,32 €** (27,90 € | 0,11 €/capsula)
- 20%** **MEGA BURNER** (90 capsule) **18,32 €** (22,90 € | 0,20 €/capsula)
- 3+1 gratis** **ZERO BAR** (4x50 g) **6,90 €** (9,20 € | 34,50 €/kg)

PIÙ POPOLARI CONSIGLIATO PER TE PRODOTTI IN OFFERTA MENSILE **NUOVI PRODOTTI**

- NUOVO** Pyruvate - 90 capsule
- NUOVO** Crispy Protein Bar - 40 g latte
- NUOVO** RAMONA Felpa oversize da donna
- NUOVO** CROSSOVER Shorts da donna

Source: BioTechUSA Italia

BioTechUSA engages in donation activities to support various NGOs, healthcare workers, and hospitals. As a part of their corporate social responsibility (CSR) program, they provide

significant financial contributions and devices for those in need. Furthermore, the company organizes educational and awareness campaigns to foster discussion on health issues. By addressing important topics, the company supports community well-being, as well as raises awareness on health issues, which enhances the company's brand image. (BioTechUSA Group, 2024)

BioTechUSA fosters customer interactions through customer services and forums on their website where people can leave comments or questions regarding the products. This platform allows customers to engage directly with the company, which can build brand loyalty and trust. Feedbacks on products and services can give a valuable insight in the customers perception in various aspects. (BioTechUSA, 2024b)

2.6.4 BioTechUSA sustainability practices

BioTechUSA integrates sustainability in many areas of its operations. By using reduced plastic in large packages of plant proteins and vegan BCAAs, which are placed in paper bags, the company shows its commitment to reducing plastic waste. In logistics, the company optimizes the use of individual packages to ensure maximum capacity in the trucks. This minimizes the number of trips needed, thus reducing harmful gas emissions and the environmental impact of their transportation activities. The company's office building uses renewable energy in their cooling and heating, achieving a low energy rating.²⁰

The company aims to innovate their packaging to more eco-friendly packaging materials and methods using sustainable packaging solutions. Education also has a key importance in the

²⁰ LinkedIn - BioTechUSA: Posts. <https://www.linkedin.com/company/biotechusa/posts/?feedView=all> (Accessed: 16.06.2024)

company's sustainability efforts. By raising awareness and providing valuable information, the company empowers customers to make more sustainable choices.²¹

Transparency and accountability takes an important part in the company's sustainability practices. Providing annual reports and forums for customers to give feedback and engage in dialogues promotes transparency and accountability to the company's sustainability commitments. (BioTechUSA, 2024b)

Through these sustainability practices, the company aims to enhance its brand image while contributing to environmental sustainability.

2.6.5 BioTechUSA market entry to Italy

BioTechUSA has a strategically established presence in the Italian market through various channels. The company operates an online webshop, providing accessibility to the diverse range of products for its customers across Italy. Additionally, BioTechUSA partnered with several distributors and wholesalers across Italy, enabling the customers to get access to the products in stores. Leveraging the power of influencers, the company has established paid partnerships with influencers, and fitness enthusiasts. BioTechUSA has also established collaborations with multibrand stores tailored to the Italian market. This strategic approach reflects the company's goal to expand its presence on the international sphere (BioTechUSA, 2024a).

²¹ LinkedIn - BioTechUSA: Posts. <https://www.linkedin.com/company/biotechusa/posts/?feedView=all> (Accessed: 16.06.2024)

3. Marketing and market entry strategies: comparative analysis between Hungarian and Italian companies

Entry into foreign markets presents both opportunities and challenges for companies, particularly when entering culturally and economically diverse regions. This comparative analysis will explore the marketing strategies that Hungarian and Italian firms used in each other's market, with a focus on how they navigate barriers to entry. Specifically, this study aims to answer the following research questions:

1. What marketing strategies do Hungarian and Italian firms employ when entering each other's markets?
2. How do these firms navigate barriers to entry in foreign markets?
3. What marketing strategy recommendations can be provided to firms entering a new market based on the experiences of Hungarian and Italian companies?

By examining case studies, market data, and the companies' official reports and papers, this analysis aims to give insight into Hungarian and Italian businesses' market entry strategies, the challenges they face entering each other's markets, and give recommendations for firms seeking to have successful international expansion in the future.

3.1 Analysis of Hungarian companies marketing strategies in Italy

Hungarian firms entering the Italian market tailor their marketing strategies to the unique economic and cultural environment of Hungary. These marketing strategies, including cultural factors, pricing strategies, targeting, positioning, and market segmentation are influenced by the diversity of global marketing.

3.1.1 Cultural factors

The two Hungarian companies subject to the analysis recognize the importance of understanding the cultural diversity of the Italian market. Richter Gedeon, the prominent pharmaceutical company, acknowledges the significance of consumer trust and the family-oriented healthcare practices and incorporates it into its marketing strategies in the Italian market. The company organizes programs for educational purposes on various health issues, positioning themselves as a reliable partner in the healthcare industry.

Similarly, BioTechUSA, as a health and wellness company, understands the growing importance of healthy lifestyle and physical well-being. The company adjusts its marketing strategies based on the rising health-consciousness among Italian society. This includes localized content that emphasizes the benefit of their products in their dietary habits, which is an important aspect of Italian culture. They also collaborate with local influencers and gyms to build trust and align their messaging with the local language and fitness trends.

Moreover, Richter Gedeon engages in patient-centric marketing, provide information, remedies, and support for chronic conditions also common in Italy, such as cardiovascular diseases and diabetes, thereby building trust towards the company's excellence among Italian customers.

Also, BioTechUSA actively participates in Italian health and fitness events to promote their products and offer dietary and fitness advice, creating direct and personal connection with local target customers.

Through these tailored strategies, Richter Gedeon and BioTechUSA exhibit a great understanding of the Italian market's cultural and social characteristics.

3.1.2 Pricing strategies

In the case of Richter Gedeon, the company applies competitive pricing strategy. The company aims to offer affordable high-quality products, ensuring accessibility to a broader segment of customers. Richter Gedeon adjusts its pricing to remain competitive in the Italian market, while maintaining its reputation of reliability and accessibility. This approach helps the company to build a strong brand equity by making their products more accessible for Italian customers.

BioTechUSA adopts the prices of the products based on its perceived value in the Italian market to position its high-quality dietary products. The company adjusts its pricing strategy with the premium positioning of its products. By pricing their products based on the perceived benefits and premium ingredients, BioTechUSA positions itself as a leading brand in the Italian dietary supplement market.

BioTechUSA implements seasonal discounts both in Hungary and Italy to attract customers. While the discounts offered are similar, the pricing dynamics in each market differ based on local economic factors and customer behavior. BioTechUSA aligns its prices with local expectations and purchasing power. In the Italian market, the prices and discounts are structured to show the high perceived value of the products. This approach allows BioTechUSA to remain competitive in the Italian market, including adapting to the Italian economic conditions and consumer preferences.

Both strategies are tailored based on their product categories and consumer expectations, exhibiting flexibility in pricing to achieve their market objectives effectively.

3.1.3 Market segmentation

Richter Gedeon segments the market based on the patient demographics, including age and gender, and therapeutic areas. The strategy focuses on medical conditions and treatments rather than consumer demographics only. Richter Gedeon identifies specific patient groups by gender with particular health conditions, tailoring their products and marketing efforts accordingly.

BioTechUSA established a market segment based on demographic factors, such as age, gender, and lifestyle preferences. This allows the company to offer a variety of products based on the specific needs of each segment, including supplements for fitness enthusiasts and performance enhancement for athletes. The company offers a wide range of products targeting the different segments, including fitness enthusiasts, athletes, and people who care about their health. By understanding the needs of segments, the company is able to personalize their marketing messages and product palette to fit each segment's expectations.

By effectively segmenting their markets, both companies can adapt their product offerings and marketing strategies to meet the needs and expectations of target audiences, enhancing customer satisfaction and market competitiveness.

3.1.4 Positioning and targeting

Richter Gedeon positions itself as a leading pharmaceutical company, targeting healthcare professionals and patients in Italy. By focusing on pharmaceutical products and services, Richter Gedeon positions itself as a trusted company for its industrial excellence, reliance, safety, and effectiveness. The company puts efforts in building strong relationships with healthcare professionals, ensuring that their offerings meet the regulatory standards and

customer expectations. This approach not only builds a strong reputation among medical professionals, but also enhances the patients' confidence in the company.

BioTechUSA positions itself as a high-quality sports supplement brand targeting a health-conscious customer base who prioritize physical fitness and well-being. The company's partnerships with influencers and sport enthusiasts establishes credibility and trust among consumers.

Both companies position themselves to leverage market trends and consumer preferences, strengthening their competitive advantage.

3.2 Barriers to entry for Hungarian markets in Italy and the way they navigate it

Entering the Italian market brought various barriers and challenges for BioTechUSA and Richter Gedeon. These challenges include cultural, regulatory, and competitive dimensions.

3.2.1 Cultural differences

One of the primary challenges faced by BioTechUSA and Richter Gedeon is the cultural diversity between Hungary and Italy. Those differences include language barriers, diverse customer needs, business customs, societal norms.

For BioTechUSA understanding and adapting to the Italian culture was crucial. Language barriers were addressed by localizing all marketing materials, creating social media platforms and websites for the Italian customer base in Italian language. Providing educational and product materials in Italian language ensures clear communication with the local customers. They also recognised the importance of adapting their product offerings for the Italian dietary habits. Collaborating with local influencers and fitness experts, and adapting their marketing

strategies to the local values further helped BioTechUSA build trust among its target audience.

Richter Gedeon faced the challenge of integrating into the Italian healthcare system where trust and personal relationships are crucial. To overcome this, Richter Gedeon focused on building strong relationships with Italian healthcare professionals and institutions. They organized educational programs for healthcare providers to position themselves as a reliable partner. This approach, focusing on patients, aims to provide valuable information on chronic diseases common in Italy, thereby aligning their services with the health priorities of Italian customers.

Moreover, both companies made efforts to understand the local business customs. BioTechUSA actively participates in fitness events in Italy, which gives the company the opportunity to promote its products while actively engaging in personal discussions with the local target audiences. Richter Gedeon similarly connected with the local healthcare community through continuous dialogues and partnerships.

BioTechUSA and Richter Gedeon face the challenges of the unique Italian cultural and business atmosphere. The companies overcome such barriers by getting an insight in the local needs and making localization efforts.

3.2.2 Regulatory complexities

The regulatory environment is known for its complexities and time-absorbing nature. Understanding the local regulatory system can take a long time and a lot of effort. For companies operating in health-related sectors, understanding the local regulations, health and safety standards, and the import/export rules is crucial. Building partnerships with local

experts or hiring professionals can get BioTechUSA and Richter Gedeon an insight in the local regulations and expectations.

Entering the Italian market raised significant regulatory challenges, particularly for pharmaceutical companies, like Richter Gedeon. Richter Gedeon faced a strict regulatory environment due to the nature of its products. The company had to navigate a complex set of regulations concerning drug approval, marketing and distribution. Richter Gedeon had to comply with the rules of The Italian Medicines Agency (Agenzia italiana del farmaco, AIFA). For Richter Gedeon, understanding and complying with these rules is essential.²²

AIFA is the national authority responsible for the regulation of pharmaceuticals in Italy. AIFA's functions include the evaluation and approval of new drugs, monitoring the safety of medications, and ensuring the compliance with national and European Union (EU) rules. Richter Gedeon had to invest significant effort and resources to obtain market authorization and comply with the complex regulatory requirements set by the Agenzia Italiana del Farmaco in Italy. The process involved paperwork and documentation and continuous compliance with the rules.²³

For BioTechUSA, the process of entering the Italian market required a thorough understanding of the Italian regulatory environment, including the health and food safety regulations. The regulatory landscape for health-related sectors is complex, and its requirements are set by Italy's public health institution, Istituto Superiore di Sanità (ISS). The ISS is responsible for evaluating and approving health-related products, including dietary supplements. The ISS sets standards for safety, labeling, and marketing of these products. BioTechUSA had to comply with these rules when entering the Italian market.²⁴

²² Agenzia Italiana del Farmaco. (2024). <https://www.aifa.gov.it/en/home> (Accessed: 18.06.2024)

²³ Agenzia Italiana del Farmaco. (2024). <https://www.aifa.gov.it/en/home> (Accessed: 18.06.2024)

²⁴ Istituto Superiore di Sanità. (2024). <https://www.iss.it/web/iss-en> (accessed: 18.06.2024)

Both Richter Gedeon and BioTechUSA have to continuously monitor and comply with the local regulatory requirements in order to have an effective market presence in the Italian market.

3.2.3 Competition

BioTechUSA and Richter Gedeon have to face both domestic players and international competitors in the Italian market. Building a strong brand image and focusing on differentiation in terms of innovation, pricing or quality helps the companies overcome the intense competitive atmosphere.

Both Richter Gedeon and BioTechUSA have built strong brand images by focusing on quality. Richter Gedeon relies on its historical reputation, while BioTechUSA leverages partnerships with influencers to increase its visibility.

Innovation plays a core part for both companies. Richter Gedeon pursues the development of medical treatments, while BioTechUSA focuses on creating products that align with the local needs and preferences.

The two companies have different approaches for pricing strategies. The pricing strategies help both companies to maintain their market positions against international and domestic competitors.

3.3 Analysis of Italian companies marketing strategies in Hungary

The two Italian firms analyzed use a wide range of marketing strategies aligning with the unique cultural, economic, and competitive landscape of Hungary. These strategies cover

various elements including cultural factors, pricing strategies, market segmentation, targeting, and positioning.

3.3.1 Cultural factors

Italian companies recognise the need to understand the Hungarian cultural background to successfully enter the market. This understanding is crucial for developing business strategies that align with the local needs and preferences. Eni and Vagheggi exemplify how Italian companies can adapt to the Hungarian market.

Eni, for instance, understands the significance of establishing local business relationships and partnerships. By establishing strategic alliances with local distributors Eni aims to ensure compliance with local regulations, while meeting the customers needs and expectations.

Similarly, Vagheggi's marketing strategy emphasizes the importance of building personal connections with customers through samples, giveaways and gifts. These initiatives, including special services like massage and spa experience, not only boost customers' appreciation, but also align with the local preferences. This personal connectedness is highly valued by Hungarian customers, which helps to build a loyal customer base. Additionally, the unique culture of Italian craftsmanship brings a high-quality innovative product palette to the Hungarian market that appeals to the local customers preferring quality products. Vagheggi not only introduced itself as a company offering skincare products, but also as a company that provides unique experiences through spa and massage experiences.

3.3.2 Pricing strategies

Pricing strategies play a crucial role in Italian firms' market entry to Hungary. The pricing strategy of a company can influence consumer perception and market penetration, making it

an important aspect of the marketing strategy. Eni and Vagheggi employ different pricing strategies to attract Hungarian customers.

Eni adopts a competitive pricing strategy to enhance its attractiveness among its Hungarian target audiences. By offering affordable products on the Hungarian market, Eni enhances its attractiveness among Hungarian consumers.

Vagheggi's pricing strategy differs from Eni's. Vagheggi offers seasonal discounts and bundle pricing strategies, which attracts Hungarian customers, creating a customer group willing to pay for Vagheggi's high quality products and services. By offering seasonal discounts, Vagheggi not only increases sales volume, but also builds customer loyalty.

In addition to seasonal discounts, the company uses bundle pricing strategies to encourage purchasing multiple items, while increasing the overall purchase value. Another discount strategy of Vagheggi is providing discounts for loyalty. Skincare professionals and cosmeticians partnering with the company receive a coupon code, allowing them to benefit from a discount on online and in-store purchases.

While Vagheggi provides discounts on their products, the brand maintains its high-quality brand image. The combination of high-quality products and luxurious packaging appeals to consumers who value high-quality skincare products, while the discounts make them accessible.

These strategies reflect the companies' understanding of the local market dynamics and their ability to adapt to local customs and preferences.

3.3.3 Market segmentation

Italian companies use market segmentation to create distinct groups of customers based on their characteristics and preferences, enabling them to tailor their strategies to each segment.

Eni differentiates market segments based on the individuals' need for lubricants and gas and oil services. For example, Eni targets the industrial segment with specialized lubricants designed to enhance the performance of industrial machinery. For the automotive market, Eni offers motor oils tailored to different types of vehicles. In addition, Eni offers gas and fuel products for residential and commercial users. The marketing strategy can differ based on the consumption patterns and service requirements of each segment. By understanding the specific needs of each segment, Eni is able to develop and tailor its marketing practices to the unique preferences of each segment.²⁵

Vagheggi differentiates its customer segments based on demographic factors, including age, gender, and lifestyle preferences. By offering a great variety of skincare products, Vagheggi ensures that its product portfolio meets the diverse needs of local customers. For instance, Vagheggi considers lifestyle preferences and offers organic and natural skincare solutions for customers who prefer eco-conscious products. Vagheggi also offers products for different skin conditions and purposes, including anti aging creams and creams for dry skin. Vagheggi ensures that its product portfolio meets the diverse needs of customer segments. (Vagheggi, 2023) Through regular market research and connection with skincare professionals and cosmeticians, the company can stay updated about the consumer trends and preferences.

By leveraging these segments, Eni and Vagheggi can create more personalized and effective marketing messages, which enhances consumer satisfaction and brand loyalty. Through these examples, it is clear that for these Italian companies segmentation plays an important role in their marketing strategies.

²⁵ Enilive oilproducts. (2024). https://oilproducts.eni.com/en_BX/ (Accessed: 18.06.2024)

3.3.4 Targeting and positioning

After identifying customer segments, Eni targets B2B customers, such as car parts stores. By leveraging its global brand position and commitment to sustainability Eni became a trusted partner among wholesalers and industrial clients. Eni's focus on sustainability makes the company appealing as an environmentally conscious business. Their alignment with global trends appears in the production and development of bio-based lubricants and in their efforts towards sustainability, such as the target of carbon neutrality by 2050.²⁶

Vagheggi positions itself as a premium skincare brand offering high quality products for customers prioritizing natural ingredients and personalized care. Vagheggi's marketing strategies emphasize the brand's Italian heritage and the company's eco-friendly nature. By offering personalized services for customers and professionals, Vagheggi positions itself also as a customer-centered company. The brand's focus on natural products and sustainability further establishes the company's premium market position.

3.4 Barriers to market entry and strategies to overcome them: Italian companies in Hungary

Entering a new market presents numerous challenges for foreign companies, including regulatory challenges and cultural differences.

3.4.1 Regulatory constraints

Both Eni and Vagheggi faced the complexities of Hungarian regulatory system and EU regulations. Navigating regulatory constraints requires significant adaptations and compliance efforts from the companies.

²⁶ Enilive oilproducts. (2024). https://oilproducts.eni.com/en_BX/ (Accessed: 18.06.2024)

Eni, as an energy company, had to deal with the complex regulations of Hungary's specific environmental and safety regulations, addressed by the Hungarian Energy and Public Utility Regulatory Authority (Magyar Energetikai és Közmű-szabályozási Hivatal - MEKH). The company has to comply with the rules including emissions and waste management, market entry, safety standards, and operational protocols of natural gas suppliers.²⁷ Eni's sustainability practices and compliance with EU regulations helped the company to align with the local expectations.

Vagheggi needed to adapt to the regulatory expectations in the Hungarian cosmetics and skincare industry.²⁸ This included meeting quality and safety standards imposed by the Hungarian and EU regulations. The regulations are designed to protect customers from harmful substances in skincare products. In Hungary, the National Institute of Pharmacy and Nutrition (Országos Gyógyszerészeti és Élelmezés-egészségügyi Intézet - OGYÉI) is the regulatory authority for cosmetics and skincare products. They oversee the quality and safety of skincare products and cosmetics, and ensure the compliance with the national and EU regulations.²⁹

Gaining a deep understanding of the local regulatory system in Hungary is important for a successful market entry. By meeting the local quality and safety standards, the firms are able to build trust with Hungarian authorities and customers.

²⁷ Magyar Energetikai és Közmű-szabályozási Hivatal. (2010-2015). <https://www.mekh.hu/home> (Accessed: 18.06.2024)

²⁸ Global Advertising Lawyers Alliance. (2024). GALA Gazette: Hungarian Advertisement rules regarding cosmetics and relevant regulatory practice <https://www.galalaw.com/Publication/GazetteArticle?id=50> (Accessed: 12.05.2024)

²⁹ Országos Gyógyszerészeti és Élelmezés-egészségügyi Intézet. (2024). https://ogyei.gov.hu/main_page (Accessed: 18.06.2024)

3.4.2 Cultural differences

Vagheggi needed to adapt its marketing strategies and product supply to align with the Hungarian preferences and needs, similarly to Eni. Vagheggi adapted its marketing strategies, such as language, labeling, and product appearance to suit local preferences. This meant translating all product information and marketing materials to Hungarian and adjusting them to local language characteristics. Providing workshops and training courses with local professionals enables the company to easily adapt to the Hungarian cultural background. Furthermore, promoting the natural ingredients and Italian high-quality craftsmanship in their products aligns with the demand for natural premium skincare products in Hungary.

Similarly, Eni also had to adapt its operational and marketing strategies to Hungarian culture, by for example translating its promotional materials to Hungarian language, and highlighting their commitment towards sustainability, which is a key concern for Hungarian customers. (Szakály et al., 2017). Additionally, Eni adapted their product line, ensuring that their lubricants, gas, and oil services meet the Hungarian standards and requirements.

By making these adaptations, both companies are able to effectively enter and remain competitive in the Hungarian market.

3.5 Comparative analysis of company strategies

It is essential for companies to adapt their business strategies for the target market dynamics and preferences. This section will explore how the four companies - Eni, Vagheggi, Richter Gedeon, and BioTechUSA - implement localization strategies, sustainability and CSR activities, regulatory complexities, and standardized practices.

3.5.1 Localization strategies

Eni employs a localization strategy that includes adapting its operations and offerings to meet local preferences and needs, as well as adapting its regulatory operations to the local requirements. Eni invests in building local partnerships with companies to better coordinate effective distribution channels. The company also adjusts its sustainability practices to the local environmental challenges and regulations.

Vagheggi adopts a localization strategy focusing on sustainability while culturally adapting its strategies to the Hungarian market. The company customizes packaging, labeling, and pricing to align with the local market. The company tailors its product line with the local needs and preferences. Using multiple languages on packaging makes the products more likable for target customers. Having an online website is also a core localization strategy, offering information on the products and services Vagheggi offers. The webshop allows customers to order online with delivery services included. By highlighting the company's commitment to sustainability and eco-friendly packaging, Vagheggi builds a strong image of an environmentally conscious company.

Richter Gedeon employs a localization strategy that highlights the compliance with local regulatory requirements and adaptation to locals' needs. The company also tailors its packaging, labeling, and pricing to meet specific regulations and consumer preferences in the markets it operates in. The company has a diversified portfolio with the main focus on quality and affordability. Additionally, Richter Gedeon invests in building relationships with local professionals, fostering the integration of their products into the local healthcare industry. Localized approach helps the company build a strong presence in the market and build trust among target customers.

BioTechUSA focuses its localization strategy on consumer engagement and product adaptation. Conducting market research is essential to gain insight into the local dietary habits, and fitness and health trends of the market. The company customizes the offerings and marketing campaigns based on the preferences of its target customers. The company leverages digital platforms to engage with local consumers through forums and customer service in Italian language. The company uses similar promotions in Italy and Hungary, based on the local preferences in both countries. BioTechUSA uses local pricing in Italy based on the Italian market environment.

While comparing these companies' localization strategies, it is clear that each company tailors its approach to local market dynamics. Eni's strategy focuses on regulatory compliance and local infrastructure, while ensuring environmental responsibility. Vagheggi's localization strategy has a main emphasis on quality and sustainability. Richter Gedeon emphasizes regulatory compliance and building relations with local healthcare experts and stakeholders, while focusing on quality and affordability. BioTechUSA's main focus is on consumer engagement among Italian customers.

3.5.2 Sustainability and Corporate Social Responsibility (CSR) practices

Analyzing sustainability and Corporate Social Responsibility is crucial because these elements play an important role in the marketing strategies of these companies. They enhance brand image and foster consumer trust which is important for these companies to have successful market presence. By showing their commitment to ethical practices and environmental responsibility, these companies attract customers.

Eni integrates sustainability into its operations focusing on achieving carbon neutrality by 2050. This approach contains practices regarding reducing greenhouse gas emissions and promoting energy efficiency in the sector. The company also engages in CSR activities, such

as supporting local economic development projects. Eni's Just Transition strategy enhances building a low-carbon community and providing benefits for workers and suppliers.

Vagheggi highlights sustainability in their business strategy. By using eco-friendly packages and biodegradable paper and plant-based ingredients, the company aims to reduce its environmental impact. The company's production processes are designed to minimize waste and environmental footprint. Vagheggi's educational trainings promote efficient product usage and conscious consumption among the customers.

Richter Gedeon exhibits its commitment to sustainability through various CSR activities. The company enhances transparent communication and invests in educational initiatives, raising awareness on health problems and their treatments. The company also promotes its contribution to environmental responsibility.

BioTechUSA emphasizes sustainability and CSR in their marketing activities. The company focuses on making initiatives on more eco-friendly packaging by using paper bags. The company puts a huge emphasis on its CSR activities including extensive donation activities and supporting healthcare workers, local governments and NGOs. Additionally, the company runs educational campaigns on healthy eating and nutrition.

Analyzing sustainability and CSR practices, the companies have similarities and differences in their attitudes towards these elements. Vagheggi and BioTechUSA emphasize eco-friendly packaging and production processes, reflecting a strong commitment to environmental responsibility. They engage in educational activities regarding sustainability and healthy lifestyle, although Vagheggi focuses on conscious consumption.

Eni and Richter Gedeon also prioritize sustainability with different goals. Eni's strategy highlights the importance of carbon neutrality, while Richter Gedeon's approach to

sustainability is more focused on the ethical business practices and community engagement through education.

This comparative analysis highlights the different ways the companies can approach sustainability and CSR tailored to their strengths and market dynamics in their sectors. All four companies show commitment to sustainability and CSR but in different ways. Eni's extensive projects reflect its global presence and resources. BioTechUSA's donation activities and social dialogues indicate a strong commitment to community support and health education. Vagheggi and Richter Gedeon put more emphasis on transparency, consumer education, and ethical practices.

3.5.3 Marketing and branding strategies

Exploring the marketing and branding strategies, including their approaches to digital marketing, traditional advertising, and brand positioning, give insights on how these companies engage their target audiences.

Eni uses a comprehensive marketing strategy which emphasizes innovation, sustainability and technological leadership. Eni's branding focuses on its commitment to a carbon-neutral future, which is exhibited in their marketing campaigns on energy solutions and environmental responsibility. The company uses a mixture of traditional advertising channels, like television and print ads including brochures and posters, and digital marketing, including social media, online content, and interactive campaigns. Eni's digital marketing strategy uses educational content about technological advancements, building a reputation as a forward-thinking energy company.

Vagheggi is focusing its marketing and branding strategies on natural beauty and eco-friendliness. The brand positions itself as a leader in phytocosmetics, using natural and

sustainable ingredients in their products. Vagheggi's marketing activities emphasize the Italian origin of the company, offering Italian quality and craftsmanship. Vagheggi uses both traditional and digital marketing channels. Traditional marketing channels include magazines and brochures, which are completed by digital presence, such as social media and influencers and boost collaborations to promote their sustainability and environmental friendly efforts.

Richter Gedeon adopts a marketing strategy that emphasizes consumer trust and the company's scientific excellence in the pharmaceutical industry. The company's branding focuses on its research and development capabilities and incentives. Marketing campaigns include educational campaigns collaborating with experts for professionals and patients. Richter Gedeon uses a combination of traditional marketing methods, such as medical journals and conferences and digital platforms to actively engage in conversation with its target audience. Transparency and education are key aspects of Richter Gedeon's branding and builds trust and credibility in the healthcare sector.

BioTechUSA uses a marketing strategy that emphasizes community engagement and consumer interaction. The company is building a brand that prioritizes promoting a healthy lifestyle, with a focus on nutrition, fitness and physical well-being. BioTechUSA's marketing strategy mainly focuses on digital channels, using social media platforms to engage with customers. They also foster involvement through forums and online discussions, where customers are able to provide feedbacks and ask questions. This interactive practice helps the company build a loyal customer base and enhances brand loyalty.

Several similarities and differences can be observed when analyzing the marketing and branding strategies of these companies. Eni and Vagheggi leverage their rich cultural heritage and use sustainability as a core part in their branding. Eni emphasizes technological innovation and environmental responsibility. Vagheggi's emphasis is on natural beauty and

eco-friendliness. Both companies use mixed marketing channels to reach their target audiences.

Richter Gedeon and BioTechUSA use different strategies tailored to their industries. Richter Gedeon focuses on scientific excellence and regulatory compliance to build trust in the healthcare sector, while BioTechUSA is using a community-driven and interactive marketing approach to engage in discussions with its customer base. Both companies leverage digital marketing channels as their main marketing approaches, reflecting a modern approach to customer engagement and brand building.

3.5.4 Standardized marketing strategies

For companies with international and global presence, standardized marketing strategies are essential in maintaining a consistent brand image across numerous markets. This section will explore the standardized marketing strategies employed by Eni, Vagheggi, Richter Gedeon, and BioTechUSA.

Eni employs a standardized marketing strategy that emphasizes sustainability and energy efficiency. By promoting these values, Eni ensures that its brand message spreads globally and builds a brand image of a sustainable and energy efficient energy company. Their marketing materials highlight Eni's environmental responsibility practices and innovative energy solutions.

The company uses English for all international communications, and standardized packaging with uniform design that includes Eni's logo, the "Eni dog". Eni uses its signature color, yellow, globally, and is consistently using design elements that reflect their commitment to sustainability, supporting the brand image as an environmentally friendly company.

Vagheggi employs various standardized practices to maintain a consistent brand image. Vagheggi typically employs multiple languages on its packaging, including Italian, which highlights the brand's Italian heritage, and English, which makes it more understandable globally. The company uses unified packaging design, characterized by a sophisticated color and letter design that reflects elegance and quality. This consistency in its packaging design enables the brand to be recognised globally. The consistent visual identity also fosters global identification of the brand. By standardizing the ingredients, formulations, and quality of the products, the company makes sure that everyone will get the same high-quality products regardless of the geographical location. The company also uses standardized marketing practices, such as e-mail marketing, providing seasonal discounts, and offering educational training and workshop opportunities.

Richter Gedeon focuses on maintaining a consistent reputation of quality and trustworthiness through different standardized strategies. The scientific and regulatory communications are mainly in English, while consumer-related materials can be translated to the local language. Standardized packaging includes uniform branding and logo, which represents the quality of the products the company offers.

The company offers a standardized product portfolio of medications and treatments, ensuring that the products meet the high standards and safety worldwide. The company's marketing efforts are focused on scientific credibility and clinical effectiveness. Richter Gedeon ensures that their products are perceived as reliable and innovative, maintaining trust among customers worldwide.

BioTechUSA implements various standardized marketing practices to ensure the cross-border brand consistency. Firstly, English is generally used in product labels, advertisements and websites. This practice reinforces BioTechUSA's image as a global brand. Additionally, the

company uses uniform package design, including the logo and product names, which helps the company's global recognition and conveys the message of reliability.

The company uses a modern design with a consistent color palette on their products and marketing materials as well. The range of products remain consistent in different markets, ensuring that the ingredients and formulations are consistent and reflect the quality of the products in the international sphere. Additionally, global campaigns often feature internationally recognised athletes and influencers to highlight the brand's credibility. By using standardized elements in the marketing practices, BioTechUSA is an easily recognizable and trusted company worldwide.

From the analysis of Eni, Vagheggi, Richter Gedeon, and BioTechUSA, several key lessons emerge for the effectiveness of standardization in global marketing. Firstly, maintaining a consistent brand image through standardized language, packaging, and design is crucial for the companies to be easily recognizable worldwide. It also enhances the brand image and the trustworthiness of companies. Standardized product line helps customers trust the products worldwide, as they expect the same quality in various markets, ensuring them that regardless of the geographical area, they will get the expected quality of products.

Uniform packaging and communication strategies are beneficial for the customers to get familiar with the products with any linguistic background. Additionally, using standardized marketing elements helps the companies keep up with the global trends and expectations across diverse markets.

The companies' marketing strategies and findings are summarized in Table 3.

Table 3. Summary of companies' marketing strategies and findings

Company	Marketing practices	Findings
Eni	consistent branding and packaging design emphasizing sustainability and quality	enhanced brand recognition and consumer trust
	strategic partnerships with local distributors and businesses	facilitated regulatory compliance
	employment of sustainability and CSR practices	positioned as an innovative and sustainable company
Vagheggi	standardized packaging design highlighting quality and sustainability	consistent premium brand image strong consumer perception of high-quality products
	use of multiple languages on packaging	highlighted Italian heritage with global credibility
	consistent marketing themes of luxury and natural beauty	increased consumer engagement and brand visibility
Richter Gedeon	competitive pricing strategy to offer affordable quality products	successful penetration of cost-sensitive markets
	standardized product labeling and packaging	compliance with health standards on packaging and labeling
	strong focus on relationships with healthcare professionals	established trust and reliability in the healthcare sector
BioTechUSA	standardized packaging and branding strategies emphasizing quality	consistent branding across markets effective use of social media and brand awareness
	partnerships with local influencers and sport enthusiasts	credibility and trust among health-conscious customers
	uniform product formulations	consistent quality across markets

4. Recommendations for companies entering new markets

Based on the conclusions drawn from Eni's and Vagheggi's marketing strategies in Hungary, BioTechUSA's and Richter Gedeon's marketing strategies in Italy, and as well as highlights from other valuable sources, the following market entry recommendations can guide companies entering a new market.

Before entering a market, it is crucial for companies to conduct a thorough market research to understand the local customs and regulations, consumer preferences, and competitive dynamics (Kotler & Keller, 2016). The market research should include gathering information about demographic data, consumer behavior, competitors and regulatory background. By gathering data of the market, the firms can identify market gaps and consumer demands and adapt their strategies accordingly.

Localizing marketing strategies is essential for firms to gain competitive advantage and consumer trust and to build the brand image in the target market (Hollensen, 2007). Companies should adapt their branding, product portfolio, pricing and promotional strategies to the local preferences, ensuring that the brand values and messaging align with the expectations and taste of the local target market. This might also include changing slogans and advertising contents to better resonate with the local traditions and cultural values.

Additionally, companies need to adjust their product portfolio to better align with the demands of the local market. For instance, food and beverage, and dietary supplement companies need to adjust to the local cultural norms, which might include adapting flavors, product portfolio, and ingredients. Similarly, skincare companies might need to adapt to the

local preferences, like changing ingredients or product range. Another example is fashion brands that might need to adapt their designs and sizing standards to the local body types and fashion trends.

Pricing strategies also need to be adapted to the local market conditions and purchasing power of local customers. This may also involve offering seasonal discounts and promotions in order to remain competitive with the international and domestic companies. Companies might also need to consider the local payment methods to better align with the local consumer behaviors.

Promotional strategies must be localized in order to reach the target audience effectively. Using the local language for advertisements and interaction with customers is essential, keeping in mind the local language characteristics and humor. Choosing the right media channel to reach the target audience is essential for a beneficial market presence. Collaborating with local celebrities and influencers might further enhance consumer trust and credibility.

Building strategic partnerships can be also crucial in countries with complex regulatory backgrounds. Local experts or business partners can be helpful in understanding the regulations of the new market, while leveraging benefits, such as existing networks and distribution channels. These partners can offer valuable knowledge about the specific requirements and give information about the procedures of necessary approvals, permits, and licenses. (Hollensen, 2007)

Furthermore, strategic partnerships allow companies to leverage the distribution channels of their local partners, thus significantly reducing time and efforts needed to establish a market presence. (Hollensen, 2007) Local partners often have established relationships with local

stakeholders, including suppliers, retailers, and distributors, which can make market entry more easier for companies.

In addition, strategic partnerships can improve a company's ability to adapt to the local market conditions and consumer preferences, by providing insights that help the company adapt their products and marketing strategies to meet the consumer preferences and needs. (Hollensen, 2007)

Moreover, strategic partnerships can be a source of competitive advantage and innovation. The company can collaborate with local firms to create products and services that are better suited to the market, by leveraging the international expertise and resources of the entering company and the local connections and experience of the partner firm. (Moen et al., 2009)

Strategic partnerships can also facilitate risk management. Entering a new market holds risks, including political, economic, and operational risks. Local partners can help mitigate risks by providing guidance in local market dynamics and potential difficulties. The partner company also can share the financial risk with the entering company, which can motivate the partner company also to make efforts for increasing sales. (Moen et al., 2009)

Prioritizing the compliance with local laws and regulations is paramount for companies entering a new market to mitigate the risks of market entry. Firms should gather information about the local regulatory background, which includes understanding the local standards and requirements, and develop compliance protocols with the local law. This involves obtaining permits and certificates, as well as necessary approvals required to legally operate within the new market. (The World Bank Group, 2024). Developing compliance plans and protocols is essential while entering a new market.

Additionally, engaging with local partners and regulatory consultants that can give valuable insights on the local regulatory framework. By ensuring compliance and alignment with the local regulations, the entering companies can avoid penalties and build trust in local stakeholders and customers. (Hollensen, 2007)

Leveraging digitalization and innovation can provide competitive advantage for companies in the target market. Using social media platforms and digital marketing channels can help reach the target audience quickly and efficiently, including a variety of options for digital channels. These channels offer various options, including targeted advertisements, influencer partnerships, and content marketing, which helps the company improve brand visibility. (Kotler & Keller, 2016) Additionally, employing data analytics systems help companies to gain insight into consumer behavior, helping them to adapt their marketing strategies effectively. (Vassakis, Petrakis & Kopanakis, 2018)

Starting online and digital marketing before physically entering a market can result in gaining competitive advantage for firms. Early digital engagement can help the company build brand awareness and a customer base before entering the market. It also enables companies to see and analyze the feedback and reactions of potential customers before entering foreign markets. Moreover, creating websites and mobile applications ensures the company that the customers have a convenient experience.³⁰

Companies can also benefit from using advanced technologies such as artificial intelligence (AI) and machine learning (ML). AI and ML can be used to analyze huge amounts of data, trends, thus personalizing the marketing messages. (Vassakis, Petrakis & Kopanakis, 2018)

³⁰ Hayes, A. (2024). Social Media Marketing (SMM): What It Is, How It Works, Pros and Cons. <https://www.investopedia.com/terms/s/social-media-marketing-smm.asp> (Accessed: 20.06.2024)

Finally, continuous monitoring and control can help companies improve their strategies. Getting regular feedback from customers and monitoring key performance indicators (KPI) can help companies improve and optimize their strategies and maximize their success in the new market (Kotler & Keller, 2016). Companies should prioritize creating spaces for customer feedback and establishing forums for questions and comments regarding the products and services the company offers. Creating active and direct connections not only improves brand image but also increases customer satisfaction. This approach allows customers to voice their opinions, share experience, and seek assistance, which enhances consumer engagement. By creating interactive platforms, companies can gain insights into customer preferences and improve their products and services. This feedback loop enables companies to continuously improve their products and services, and marketing strategies. Furthermore, active listening and responsiveness lead to not only innovation and product development, but also help improving customer loyalty.

5. Summary

This thesis explores the marketing strategies of Hungarian and Italian companies, focusing on the challenges of international expansion. Through a comprehensive analysis of the marketing strategies of Eni, Vagheggi Italian companies' and Richter Gedeon and BioTechUSA Hungarian companies' marketing strategies in each other's markets, the research highlights the importance of standardized and localized marketing strategies in the case of international expansion.

Through a comprehensive analysis of existing literature, annual reports, companies' official websites, and interview, this study aims to provide insight into the companies' challenges,

such as cultural differences, regulatory structure, and competitive landscape. This study also aims to provide recommendations on how to overcome these challenges based on the companies' practices.

The findings of the thesis highlight the different strategies the Hungarian and Italian firms employed in order to build a successful presence in the foreign market. Both Hungarian companies, Richter Gedeon and BioTechUSA, and Italian companies, Eni and Vagheggi, used different approaches to successfully promote their products and services.

Key findings include the strategic importance of standardized marketing practices in maintaining cross-border brand consistency. Eni emphasizes the trusted partnerships and sustainability in the energy sector, while Vagheggi leverages the Italian heritage and sustainability practices in the cosmetics industry. Richter Gedeon focuses on affordability and quality in terms of its pharmaceutical products, while BioTechUSA prioritizes digital marketing and high-quality dietary supplement products.

This study highlights the necessity of companies to adapt their marketing strategies to local preferences, needs, and regulatory environment. Cultural adaptation includes adjusting language, branding, and product mix to the local values and consumer behaviors. Regulatory compliance involves adjusting the products and strategies to the local quality and safety standards and regulations regarding market entry.

Moreover, the thesis identifies the significance of strategic partnerships in successful market penetration and maintaining competitiveness in foreign markets. Collaborations with local experts help understanding the regulatory environment and consumer dynamics in a foreign market, which is crucial in gaining competitive advantage against local and international competitors. Early digital engagement can be a strategic tool for building brand awareness

and a loyal customer base prior to physical market entry, thus reducing the risks associated with market expansion practices.

5.1 Implications

The findings from the thesis offer valuable insights from both theoretical and practical perspectives, contributing to academic use and providing practical strategies for firms.

The theoretical implication includes the theoretical argument that companies have to keep balance between standardization and localization in their strategies. The case of Hungarian and Italian companies show that while maintaining a consistent global brand image is essential, adapting marketing strategies to the local cultural and regulatory environment, and consumer preferences is inevitable for a successful market expansion. Also, the case studies highlight the importance of cultural sensitivity in international business theory. Understanding and adapting to local cultures can significantly raise consumer trust and loyalty. Additionally, navigating different regulatory environments is complex, as experienced by both Hungarian and Italian firms. The thesis provides an understanding in how firms can manage the regulatory challenges to minimize risk and ensure successful market entry.

The practical implications of this research provide guidelines for multinational companies aiming for international market entry. By analyzing the experiences of Hungarian and Italian companies, several key strategies and similar practices are found. From a practical perspective, one of the key findings is the importance of balancing localization and standardization. Multinational companies must navigate market research and cultural research to adapt their strategies. This strategic adaptation enhances consumer trust and loyalty, which is crucial for long-term international success. Moreover, the need for leveraging digital marketing channels is a key practical aspect. Using digital platforms, such as social media,

enable companies to reach a wider audience quickly. Additionally, the study emphasizes the importance of building strategic partnerships to easily navigate regulatory challenges and leverage existing networks. The study also emphasizes the benefits of strategic partnerships such as risk mitigation and shared resources. Also, the firms' experiences show the benefits of continuous monitoring and adaptation. Continuous feedback helps the companies adapt their products and services to the local customer preferences and market dynamics, and fosters innovation.

5.2 Limitation

A limitation of this study is the limited number of companies under analysis. Conducting research with a broader range of companies, including those that have failed internationalization, can provide a more comprehensive understanding of marketing strategies. Additionally, reliability and availability of data can set constraints of the research. More interviews conducted with multinational companies can give a more precise picture of the companies' practices.

5.3 Future research

A longitudinal research in the area of digitalization can provide an insight into the role of digital marketing channels in shaping international expansion strategies. This study aims to discover several research questions to have a better understanding in the impacts of digitalization on global business strategies:

Research question 1: How does the increasing digitalization of marketing channels affect the international expansion strategies of firms entering new markets? The question will examine how firms leverage digital tools and social media platforms in their marketing strategies. The

research will consider various digital marketing strategies, including social media marketing and email marketing.

Research question 2: What role do digital platforms and technologies play in facilitating market entry and enhancing brand visibility and engagement in foreign markets? This question focuses on understanding the effectiveness of the different digital marketing tools, such as mobile applications and social media channels, in promoting brand awareness and customer behavior in new markets.

Additionally, this research can be expanded to include a broader variety of companies. By analyzing multiple companies across various industries, the study can provide a more comprehensive analysis of the marketing strategies' impact on international expansion and sales in foreign markets. A sector specific analysis would give insights into how marketing strategies differ across industries, like pharmaceuticals, technology, or manufacturing.

Furthermore, including companies that have failed international expansion attempts in the analysis could provide a better understanding on the challenges the companies face when international expansion and provide recommendations based on the failed internationalization strategies the companies used.

Overall, this longitudinal research aims to offer a deeper understanding of the influence of digitalization on international expansion strategies, finding the best practices and sector specific characteristics.

6. Conclusion

The analysis of the marketing strategies of Hungarian and Italian companies provides valuable insight into the complexities of international expansion. Through analyzing the companies like Eni, Vagheggi, BioTechUSA, and Richter Gedeon we gain an insight into the complexities of cultures, regulations, and customer segments of different countries.

The case studies of the Hungarian and Italian firms show the importance of localizing marketing strategies and adapting market entry strategies to the target market's local environment. Despite the successful market entry, both Italian and Hungarian firms face challenges when expanding into a foreign market. These barriers include cultural differences, regulatory constraints and competition. However, thorough market research and adaptation strategies can mitigate risks and barriers of market entry.

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Appendix

Table 4. Interview with a local cosmetician who uses Vagheggi products

<p>-Hello, a nevem Rossu Alexandra. A szakdolgozatomat írom, ahhoz lenne szükségem egy interjúra, amit előre egyeztetünk. Kezdhethük?</p>	<p>Hello, my name is Rossu Alexandra. I am writing my thesis, and I would need an interview that we have scheduled in advance. Can we begin?</p>
<p>-Igen.</p>	<p>Yes.</p>
<p>-Ön egy kozmetikus Magyarországon egy kis városban és a munkája során a Vagheggi termékeit használja kezelésekre és masszázásra. Jól tudom?</p>	<p>You are a beautician in Hungary, in a small town, and you use Vagheggi products for treatments and massages. Is that correct?</p>
<p>-Igen.</p>	<p>Yes.</p>
<p>- Hogyan jutott el Önhöz ez a márka? Hogyan ismerte meg vagy hol találkozott a Vagheggivel?</p>	<p>How did you come across this brand? How did you get to know it or where did you first encounter Vagheggi?</p>
<p>-Egy kozmetikus kollégám mutatta a márkát egy kozmetikusoknak szervezett rendezvényen.</p>	<p>My colleague showed me the brand on an event organized for beauticians.</p>
<p>-Milyen benyomása volt első alkalommal a Vagheggi termékeiről?</p>	<p>What was your first impression of Vagheggi products?</p>
<p>-Minőségi terméknek tűnt, és nagyon reklámozták a fenntarthatóságot és a természetes összetevőket. Kaptunk mintákat amiket ki lehetett próbálni és kiemelték a tréningeket is, amelyekkel a termékekről szerezhetünk információt, és egyéb hasznos tudást is elsajátíthatunk.</p>	<p>They seemed like high-quality products, and they heavily promoted sustainability and natural ingredients. We received samples to try out, and they also highlighted the trainings where we could learn about the products and other useful knowledge.</p>
<p>-Milyen marketing stratégiákról tud, amelyet a Vagheggi alkalmaz?</p>	<p>What marketing strategies do you know that Vagheggi employs?</p>
	<p>They distribute leaflets and provide product samples. I have ordered from them many</p>

<p>-Szórólapokat osztanak, termékmintákat adnak. Sokszor rendeltem tőlük, van saját kuponkódom is, amivel 10%-os kedvezményt vehetek igénybe rendelésekkor. Amit még kiemelnék, hogy nagyon odafigyelnek a külsőségekre. Nemcsak a termékek csomagolásánál vehető észre a minőség, de a weboldal is nagyon gyönyörűen van kialakítva. Fel vagyok iratkozva az email-es hírlevelükre is, ahol megosztják az akciókat, új termékeket.</p> <p>-Tudna még esetleg más tapasztalatot megosztani a Vagheggivel kapcsolatban?</p> <p>-Nekem csak jó tapasztalataim vannak a márkával kapcsolatban. A termékek ára kicsit magas, viszont nagyon jó minőségű termékek, és fenntarthatóak, védik a környezetet.</p> <p>-Nagyon köszönöm az interjút.</p> <p>-Nagyon szívesen.</p>	<p>times, and I have my own coupon code that gives me a 10% discount on orders. Additionally, I would highlight that they pay great attention to aesthetics. The quality is evident not only in the packaging of the products but also in their beautifully designed website. I am also subscribed to their email newsletter where they share promotions and new products.</p> <p>Could you share any other experiences you have had with Vagheggi?</p> <p>I only have positive experiences with the brand. The products are a bit pricey, but they are of very good quality and sustainable, which protects the environment.</p> <p>Thank you very much for the interview.</p> <p>You're welcome.</p>
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Source: The interview was conducted in person in Gyula, Hungary on 11.06.2024 by the author