

**MASTER'S QUALIFICATION THESIS**

12.01 – MKP. 704 “C” 2024.05.06. 012 ПЗ

**ZHANG YABO**

**2024**

**NATIONAL UNIVERSITY OF LIFE AND ENVIRONMENTAL  
SCIENCES OF UKRAINE**

**Faculty of Agrarian Management**  
**UDC: 005:339.564:631.11**

**APPROVED BY**  
Dean of Agricultural Management  
Faculty

**ALLOWED TO DEFENCING BY**  
Head of administrative  
management and international activity  
department

\_\_\_\_\_ **Anatolii OSTAPCHUK**  
" \_ " \_\_\_\_\_ **2024**

\_\_\_\_\_ **Olena KOVTUN**  
" \_ " \_\_\_\_\_ **2024**

**MASTER'S QUALIFICATION THESIS**

on topic  
**«Strategic planning of the development  
of the enterprise`s international activity»**

Specialty

**073 «Management»**  
(код і назва)

Educational program

**Management of International Activity**  
(назва)

Orientation of educational  
programme

**educational and professional**  
(освітньо-професійна або освітньо-наукова)

Guarantor of educational programme

**PhD in Economics, Associate  
Professor**

(scientific degree, scientific rank)

\_\_\_\_\_

**Larysa DIBROVA**

Scientific advisor of master`s  
qualification thesis

**PhD, Ass. Professor**  
(науковий ступінь, вчене звання)

\_\_\_\_\_ (підпис)

**Oleksandr FAICHUK**  
(ПІБ)

Performed  
by

\_\_\_\_\_ (підпис)

**ZHANG Yabo**  
(ПІБ)

**NATIONAL UNIVERSITY OF LIFE AND ENVIRONMENTAL SCIENCES  
OF UKRAINE**

**Faculty of Agrarian Management**

**APPROVED BY**

Head of administrative  
management and international activity  
department

**Olena KOVTUN**

**"06" May 2024**

**TASK**

**on implementation master's degree qualification**

**thesis by graduate**

**ZHANG YABO**

Specialty

073 "Management"

Educational program

Management of International Activity

Orientation of educational  
programme

educational and professional

Topic of master's degree qualification thesis « Strategic planning of the development  
of the enterprise`s international activity »

approved by Rector Order NUBiP of Ukraine from «06» May 2024 No 704 «C»

Deadline for submission of completed work to the department 2024.11.25

Source data for the master's qualification thesis

*Articles and monographs, statistical data, FAO materials, statistical reporting of  
the YILI DAIRY GROUP*

**List of questions, that subject to research:**

1. THEORETICAL AND METHODOLOGICAL BACKGROUND OF STRATEGIC PLANNING OF THE DEVELOPMENT OF THE ENTERPRISE'S INTERNATIONAL ACTIVITY
2. STRATEGIC ANALYSIS OF THE DEVELOPMENT OF YILI DAIRY GROUP'S INTERNATIONAL ACTIVITY
3. IMPROVEMENT THE STRATEGIC PLANNING OF YILI DAIRY GROUP'S INTERNATIONAL ACTIVITY

**Date issues task**

**«06» May 2024**

**Advisor of the final master's thesis** \_\_\_\_\_

**OLEKSANDR FAICHUK**

( signature )

**I accepted the task** \_\_\_\_\_

**ZHANG YABO**

(signature)

## ABSTRACT

In recent years, the competition in the domestic dairy market has become increasingly fierce. While competing for milk source and market, major dairy enterprises have also paid attention to the overseas market and set up factories abroad to make up for the short board of development by integrating high-quality milk source, technology and management resources from abroad. The innovation and research capacity, the scale of upstream and downstream industrial chains and the degree of internationalization of Chinese dairy enterprises are also increasing day by day. Yili Dairy Group has accumulated some international experience through mergers and acquisitions, investment and other ways, but as a leading enterprise in China's dairy industry, there is still a large space for development.

The thesis first elaborates the history and evolution process of internationalization of dairy enterprises from a theoretical point of view, describes the current development situation of China's domestic dairy industry with data, and analyzes the characteristics of the international environment under the influence of the epidemic by using PESTEL tool. Based on the international dairy giants, the thesis analyzes the internationalization process and the important means used by these foreign enterprises. In view of the similarities and differences between Chinese local enterprises and international giants, the thesis analyzes how to draw lessons from their successful experience in internationalization and how to guide us to solve the internationalization problems of Chinese local dairy enterprises. Secondly, the paper focuses on the development status of Yili Dairy Group, conducts an in-depth analysis of Yili Group's existing internationalization strategy, finds out the current policy implementation bottleneck, and uses the SWOT analysis method and McKinsey 7S model to comb out the feasibility, advantages and disadvantages of its current internationalization strategy upgrade. Thirdly, it determines the content of Yili Dairy Group's internationalization strategy upgrade, and expounds the specific implementation steps of the internationalization strategy upgrade. Finally, the following suggestions are put forward for Yili Dairy Group to upgrade its international strategy: In order to ensure the steady and steady internationalization of Chinese dairy enterprises represented by Yili Dairy Group, we should build first-class international brands, consolidate the technical barriers of research and development, introduce advanced management methods, establish transnational talent mechanism, build global market system, and build inclusive corporate culture. After the maturity of resource acquisition, research and development cooperation and international talent construction, Yili will continue to make more scientific overseas acquisitions and market capture by fully relying on the national policy of "the Belt and Road Initiative", so as to make Yili become a real international dairy giant

**KEYWORDS:** STRATEGY, PLANNING, ENTERPRISES, INTERNATIONAL ACTIVITY, DEVELOPMENT

# CONTENT

INTRODUCTION.....	6
CHAPTER 1. THEORETICAL AND METHODOLOGICAL BACKGROUND OF STRATEGIC PLANNING OF THE DEVELOPMENT OF THE ENTERPRISE'S INTERNATIONAL ACTIVITY.....	9
1.1. The essence of definition "enterprise's international activity" .....	9
1.2. Characteristics of international activities development strategy planning of enterprises .....	12
1.3. Methods and approaches of strategic planning for the development of international activities.....	17
CHAPTER 2. STRATEGIC ANALYSIS OF THE DEVELOPMENT OF YILI DAIRY GROUP'S INTERNATIONAL ACTIVITY .....	23
2.1. General economic and organizational characteristics of Yili Dairy Group ....	23
2.2. Evaluate the internal and external environment of the company .....	31
2.3. SWOT-analysis and McKinsey analysis of Yili dairy group's international operations.....	40
CHAPTER 3. IMPROVEMENT THE STRATEGIC PLANNING OF YILI DAIRY GROUP'S INTERNATIONAL ACTIVITY .....	50
3.1. Forecast the international business environment of Yili Dairy Group.....	50
3.2. Formulation of internationalization strategy of Yili Dairy Group .....	54
3.3. Economic substantiation of Yili Dairy Group's internationalization strategy.....	67
CONCLUSION.....	70
REFERENCES.....	73

## INTRODUCTION

Chinese dairy companies need to develop the international market, the implementation and improve the internationalization strategy is inevitable. At present, there are numerous theories and methods for the study of enterprise internationalization, but many of them are analyzed from the perspective of large dairy enterprises in developed countries in Europe and the United States. These theories are affected by the industry environment and brand differences in developed countries, and have their own limitations, so they cannot be used to guide the internationalization strategy of Chinese dairy enterprises.

Driven by the trend of economic globalization, China's native dairy enterprises have embarked on the road of modernization, scale and internationalization. This trend will help to improve the scale of domestic ranches and the security ability of dairy resources, and at the same time, it is also very beneficial to introduce foreign high-quality dairy raw materials and technology into the domestic market, and constantly meet the increasingly demanding needs of domestic and foreign consumers for product quality. In addition, the competition in the domestic and foreign dairy market is becoming increasingly fierce. Only by improving the technology and management level of enterprises through internationalization can they remain invincible.

The thesis first puts forward the problems to be solved according to the research background, and determines the research content and methods. Through literature review and theoretical derivation, the theoretical foundation of the research was determined. Then, the internationalization strategy of domestic and foreign dairy enterprises and the current situation of the international environment of the dairy industry were analyzed, especially the current situation of the internationalization strategy of Yili Dairy Group was analyzed, the feasibility and implementation plan of the internationalization strategy upgrading of Yili Dairy Group were studied, and some suggestions were put forward for Chinese dairy enterprises.

The *purpose* of the thesis is to explore the economic rationality and feasibility of the internationalization strategy of Yili Dairy Group, and to provide reference and

enlightenment for the internationalization strategy of Chinese dairy enterprises by analyzing the current situation, challenges and future development direction of Yili Dairy Group. The research background and significance part expounds the trend of economic globalization and China's dairy companies the necessity of internationalization, and Yili dairy group as the internationalization of China's dairy industry leader strategy into practice. The research methods include case analysis, comparative analysis and quantitative and qualitative analysis, aiming to comprehensively and systematically analyze the internationalization strategy of Yili Dairy Group.

The main *tasks* of the master thesis are:

- ✓ to review the essence of definition “enterprise’s international activity”;
- ✓ to explain the characteristics of international activities development strategy planning of enterprises;
- ✓ to systematize methods and approaches of strategic planning for the development of international activities;
- ✓ to analyze General economic and organizational characteristics of Yili Dairy Group;
- ✓ to evaluate the internal and external environment of the company;
- ✓ to make SWOT-analysis and McKinsey analysis of Yili dairy group's international operations;
- ✓ to make forecast the international business environment of Yili Dairy Group;
- ✓ to formulate of internationalization strategy of Yili Dairy Group;
- ✓ to justify economic aspects of Yili Dairy Group's internationalization strategy.

The *object of the study* is the process of strategic planning of the development of the enterprise`s international activity.

The *subject of the study* is the amount of theoretical, methodical and practical aspects of strategic planning of the development of the enterprise`s international activity.

Firstly, *case study method*. By combining theory with practice, the industry situation and international environment of Yili Dairy Group were analyzed and

studied. Through the special industry background and international environment of dairy enterprises, the types and modes of the internationalization strategy of Yili Dairy Group are studied. Thirdly, by analyzing the manufacturing process of dairy products, we are familiar with the composition and function of each product.

Second, *comparative analysis method*. Combined with the changes in the global economic environment caused by COVID-19 in the past two years, the advantages and disadvantages of Yili Dairy Group's business were analyzed, so as to carry out strategic design for the group's dairy business and obtain the latest strategic plan that can be implemented.

Thirdly, the combination of *quantitative and qualitative analysis* method was used. By studying the relevant data and annual reports of key dairy enterprises at home and abroad, combined with the theory of internationalization strategy, the existing internationalization strategy of Yili Dairy Group was studied and analyzed, and the goals and plans for the internationalization development of Yili Dairy Group were pointed out.

The main provisions and results of the study are reflected in the conference proceedings: ZHANG YABO., FAICHUK O. **Strategic planning of the development of the enterprise`s international activity**. Modern management: challenges and opportunities. Proceedings of the V International Scientific and Practical Conference of Students, Postgraduates and Young Scientists, 11 November 2024 - K.: NUBIP of Ukraine, 2024.

# CHAPTER 1

## THEORETICAL AND METHODOLOGICAL BACKGROUND OF STRATEGIC PLANNING OF THE DEVELOPMENT OF THE ENTERPRISE'S INTERNATIONAL ACTIVITY

### 1.1. The essence of definition "enterprise's international activity"

Enterprise internationalization generally refers to enterprises breaking through the business scope of their own country to explore the international market, mainly including sourcing, research and development, operation, production and service and other corporate activities. Several key concepts before exploring the internationalization of enterprises, we need to make clear in advance: in a country, the development of enterprise operation to a certain extent, the domestic market is not enough to support the whole enterprise strategy will gradually expand overseas operation, either success, become an international large enterprise, or failure, continue to return to the domestic market development.

Enterprise internationalization means that the business scope of an enterprise breaks through the country, and internationalization is not limited to production, operation and service. When discussing the internationalization of enterprises, we need to make clear several key concepts: first, international enterprises, its connotation includes two parts, one is the enterprise tries to develop international business, the other is the successful development of international business. When an enterprise reaches a certain level of internal operation in a country, it will try to carry out transnational operation. There are two results: if it succeeds, it will become an international enterprise, and if it fails, it will return to China. Second, the concept of multinational corporation has not yet reached a unified conclusion. Nowadays, several mainstream views are as follows: British scholar Dunning calls the enterprise that absolutely owns or controls production facilities in more than one country a multinational corporation; According to the United Nations Center for Transnational Corporations, the three elements that a multinational corporation should possess are:

owning entities in two or more countries, the entities are interconnected through equity or other ways to form a whole, and the ability to adopt a consistent strategy or common strategy through one or several decision-making centers.

With the continuous expansion of enterprise management methods and scope, the international operation of enterprises is also progressing, and the limitation of national boundaries has been broken through by many enterprises, which has also greatly affected the social and economic development pattern and world trade. Since the end of last century, the connection between various economies in the world has become closer, and there are more and more studies related to international operation. On the basis of previous research results, we can go beyond national boundaries to produce, operate and market in different countries and regions.

Foreign experts have their own discussions on the concept of enterprise internationalization, which is also a process of gradual development:

Johanson & Vahlne (1977) believe that the essence of enterprise internationalization is that the business focus of an enterprise extends from the domestic market to the international market, and the enterprise gradually improves the requirements of various agreements for overseas markets.

Richard D. Robinson (1990) believes that factors of production and products are flowing more and more in the international market, and it is not only limited to a fixed international market.

Hilt, Huskisson and Kim (1997) viewed the internationalization of enterprises from a special perspective of strategic management. They believed that production and operation activities should be the starting point, and the internationalization of enterprise operation activities can only be called if the key operation activities of enterprises are expanded to the international market.

Johanson & Mattsson (2015) innovative network theory is introduced into the enterprise to the study of transnational operation, they believe that "enterprise is established in this network in the international market, the formation and development process of enterprise network relations."

Giulio & Moro (2016) believed that if an enterprise has the tendency to expand in the international market, it will start the process of internationalization, and the internationalization of an enterprise is actually a tendency in the strategy of the enterprise. To sum up, enterprise internationalization means that enterprises take the international market as the target market, integrate and digest global production technology, management experience and other resources, and make them give full play to their competitive advantages. From the stage of domestic operation to multinational operation, enterprises take the initiative to participate in the international division of labor, and better respond to the new global competition pattern. The internationalization of enterprises can be reflected in two forms: first, to promote the products or services produced by enterprises to the international market; Second, in the form of capital export, namely through foreign investment, cooperation and other ways to obtain the geographical advantage.

To sum up, enterprise internationalization means that enterprises take the international market as the target market, integrate and digest global production technology, management experience and other resources, and make them give full play to their competitive advantages. From the stage of domestic operation to transnational operation, enterprises actively participate in the international division of labor, and better respond to the new global competition pattern. Enterprise internationalization mainly shows up in two forms: first, the enterprise production of products or services to the international market; Second, in the form of capital export, that is, through foreign investment, cooperation and other ways to obtain geographical advantages.

All in all, it is necessary to analyze the current situation of international enterprises in terms of market, resources and efficiency. In the host country, they should have special advantages compared with local enterprises, so that the operation process will be more smooth. Therefore, the current mainstream theories of enterprise internationalization all agree that multinational enterprises are "the result of advantage utilization and expansion".

Domestic scholars study on enterprise internationalization also gradually thorough, mainly divided into two camps: the first camp research Angle is the scope of business, they think the enterprise internationalization is developed by the domestic market to international market expansion, the process of the international division of labor is one of the biggest characteristics. The perspective of the other camp is the allocation of resources. They believe that the internationalization of enterprises is not only to expand the overseas market, but more importantly to increase the internationalization strategy of enterprises.

Although the above two schools have different analysis angles, their core views are basically the same. They all believe that the internationalization of enterprises is a gradual or leapforward process from the domestic market to the international market or the global market, whether from the perspective of multinational enterprise management or the perspective of production factor allocation.

## **1.2. Characteristics of international activities development strategy planning of enterprises**

The internationalization strategy of an enterprise generally refers to the development goals and strategies formulated by an enterprise in its international operation in order to better adapt its products, technologies and services in overseas markets and continuously improve its product competitiveness.

It is mainly divided into the following types:

First, single country exports. Under this model, enterprises generally set up factories in their home country to produce products, and then transfer technology or products in other countries. There is no R&D department or factory in the host country, only marketing and after-sales service organizations. This type of enterprise is easily affected by national and local policies and environment, leading to strategic deviation. In addition, it will also appear the phenomenon of disconnection of technology application and failure to timely respond to market feedback, resulting in direction deviation and rising operating costs.

Second, multi-country export. As the name implies, multinational companies can adjust their product sales and technology transfer methods in the host country according to their own corporate strategy. Also has shortcomings, however, due to different national market research and time consuming, cost rises, multinationals need to put more resources in the host country market and marketing.

Third, unified market. Enterprises through the integration of global resources, the author analyzes the functions and planning the distribution of the business department. Select the region with the best profit margin for international layout.

Fourth, multinational management. The markets of the home country and the host country are integrated, and the matching of resources and the flow of raw materials and products are all determined by the market. The means of operation are more abundant.

Enterprise internationalization mode selection strategy based on the different development condition, concrete has the following four patterns:

First, OEM products OEM mode. In the early stage of internationalization of Chinese enterprises, due to the weak brand power of small and medium-sized enterprises, less investment in research and development, using the advantage of low manufacturing cost in our country, OEM manufacturing for foreign famous brands, this mode has a lower profit rate, is not the direction of internationalization of Chinese enterprises, internationalization of Chinese dairy enterprises reference significance is small.

Second, foreign investment and factory construction. This mode is conducive to making full use of foreign supply, production and marketing channels, reducing unnecessary intermediate links, and solving local employment problems. It is easy to obtain government support, and can avoid export restrictions of trade protectionism. However, it is greatly affected by foreign political and economic environment, and there are many uncertain factors. At present, several major dairy enterprises in our country have carried out the strategy of overseas investment and factory construction.

Third, the products are exported directly. In this way, R&D technology can be in the hands of enterprises themselves, forming technical barriers and improving their competitiveness. But foreign sales of domestic product model is highly affected by the international trade relations, the market management risk is bigger.

Fourth, the mode of overseas merger and acquisition. The advantage of this internationalization mode is that it can directly access the core technology, market channels, brand benefits and other high-quality resources of the merged enterprise to reduce investment costs, but the disadvantage is also obvious. Due to the cultural differences between the two countries, it may cause internal contradictions of the enterprise, and there are also risks of poor integration and investment mistakes.

According to the different ways of Chinese dairy enterprises to enter internationalization, there are generally four levels from low to high: trade level, capital level, technology level and international strategic alliance level.

There are two mainstream views on the path of internationalization of enterprises in domestic academia: one is the path of gradual internationalization; The other is the path of rapid growth or leapfrog internationalization. In recent years, some scholars have carried out a lot of research based on China's national conditions, and put forward another path of internationalization -- capacity upgrading path, which is very "Chinese characteristics" and has aroused extensive discussion.

In terms of cross-border M&A of dairy enterprises, many scholars in China have also carried out relevant research. Xu Lili (2011) believed that in the process of cross-border M&A, Chinese dairy enterprises must take their own development as the basis, according to the changes in the external environment and solve various adverse problems, so as to successfully carry out the internationalization process through M&A. Hu Pan (2017) to Synlait Milk to the actual case, bright dairy m&a analysis Chinese dairy enterprises transnational mergers and acquisitions and puts forward the common problems in the process of optimization Suggestions. Yu Junqiu (2016) analyzed the development status of two leading dairy enterprises, Yili and Mengniu, analyzed the feasibility and necessity of cross-border M&A from the perspective of the two enterprises themselves, and put forward suggestions for the

process. Panden (2017) focused on the analysis of the main problems and solutions in the M&A process of Mengniu and Guangming, two leading enterprises in the internationalization process of Chinese dairy enterprises. Li Yuan (2018) analysis the development of Yili group and mengniu group and m&a situation analysis, thought the Chinese dairy enterprises should follow the major policies of the national area all the way and the development of the international market, and formulate the perfect risk control strategy, a step-by-step implementation of internationalization.

In the study of brand internationalization, Guo Lanjun (2016) argue that, in the process of Chinese enterprises "going out" of the brand is must promote the differentiation strategy, the brand strategy, brand communication, brand operations, such as phase take differentiation competitive strategy.

In terms of research on international talent training, Jiao Yue (2013) believed that in the process of formulating overseas business strategy, Yili Group should focus on establishing a two-tier talent training mechanism in terms of talent, setting up overseas business department for special responsibility in terms of organizational structure, setting up overseas business technology platform in terms of information, and strengthening research and practice on the optimization of Yili Group's culture in terms of corporate culture. Research and development is the need for a comprehensive research and innovation center, milk aspects in the global quality of the construction of "comprehensive, whole process and fully enclosed" security monitoring and security system.

In the research on the calculation of the internationalization of dairy enterprises, Yao Yanxun (2020) used the cobweb model to calculate the internationalization degree of Yili Group, and analyzed that the internationalization degree of Yili Group was low and the development was unbalanced, and the implementation effect of the internationalization strategy was not satisfactory.

First of all, the theory of internationalization of Chinese enterprises. Most of the theoretical sources are based on the internationalization of western mainstream enterprises, and the research focus is on the past iron and steel enterprises, petrochemical enterprises, machinery manufacturing enterprises and other labor-

intensive enterprises as the research target. After entering the modern era, industry segmentation makes the traditional research on the internationalization of large enterprises has been unable to fully show the internationalization process of modern enterprises. Especially for China and other emerging developing countries, it is not comprehensive and detailed, which also gives us many domestic scholars more suitable for our own national conditions of the research content and space, if only limited to the theory of Western research, it is difficult to guide our internationalization strategy planning and implementation at the present stage. Especially for the dairy industry, the internationalization research started relatively late, and its special industrial chain structure includes agriculture and animal husbandry, manufacturing and FMCT industry. The whole chain is very long, so it needs more professional theoretical guidance.

Secondly, the internationalization of talents in Chinese dairy enterprises is necessary. Chinese dairy enterprises internationalization, largely affected and restricted by international talents, native of dairy enterprise general lack of familiarity with foreign business and the business of all kinds of management personnel, especially to the international laws, personnel management and financial management professionals are few, And the host country's industrial environment and business habits sometimes even small details will sometimes cause great resistance to the internationalization of enterprises. The fundamental reason for this phenomenon is that at the present stage, the main market of Chinese dairy enterprises is still in China, and they lack international professional technology and management talents.

Chinese dairy enterprises generally lack for the talented person's raise in the past, there is no set up for international talent introduction mechanism, causes in the process of brand internationalization of Chinese dairy companies struggling, it is difficult to continue in overseas markets in the domestic set up the core competitiveness.

### 1.3. Methods and approaches of strategic planning for the development of international activities

As shown in Figure 1.1, there are basically four types of strategies for the internationalization of enterprises, namely, international strategy, multi-country localization strategy, globalization strategy and transnational strategy. These four strategies can be reflected in the two-dimensional coordinates composed of the degree of "global collaboration" and the degree of "local independence and adaptability".

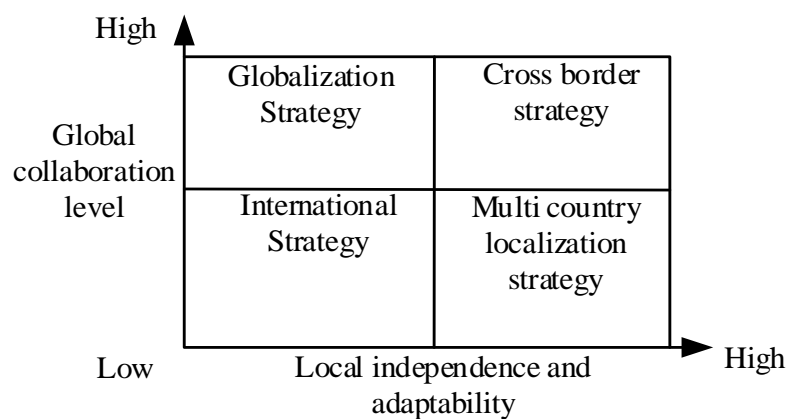


Figure 1.1 Types of strategies for international operations

The above are the four main types of internationalization strategies, each of which has its own specific advantages and challenges. Enterprises can choose the most suitable strategy according to their own situation to achieve the goal of internationalization.

In terms of international business strategy theory, the following preliminary theories provide valuable theoretical basis and empirical research results. Porter (1980) provided the basic framework of competitive strategy in his classic book "Competitive Strategy". Although it mainly focuses on the competitive strategy of enterprises in the local market, the five-force analysis model proposed by Porter is also applicable to understand the competitive environment of enterprises in the international market. Yip (1989) explored the concept of global strategy and emphasized the key factors that enterprises need to consider when operating in the global market, including the potential of industrial globalization, global market

participation, global product and service standardization and other aspects. Prahalad et al. (1987) put forward the idea that multinational enterprises need to find a balance between global vision and local needs. They discuss how this can be achieved by flexibly managing the different operations of multinational companies. Bartlett et al. (1989), through their study of multinational corporations, proposed the distinction between multinational, global and international companies, and discussed how enterprises can operate effectively on a global scale through adaptability, knowledge flow and integration capabilities. Kogut (1985) discussed the concept of global value chain in his study, analyzed how enterprises can create competitive advantages by allocating their activities in different countries, and emphasized the importance of strategic flexibility and transnational synergies.

#### *PESTEL analysis*

Aguilar (1967) first proposed the concept of PEST analysis. PEST analysis is a commonly used macro environment analysis tool, which is used to evaluate the external environmental factors faced by enterprises, so as to help enterprises formulate strategies and make decisions. PESTEL is commonly used, which includes six aspects: Political, Economic, Social, Technological, Legal and Environmental. As shown in Figure 1.2:

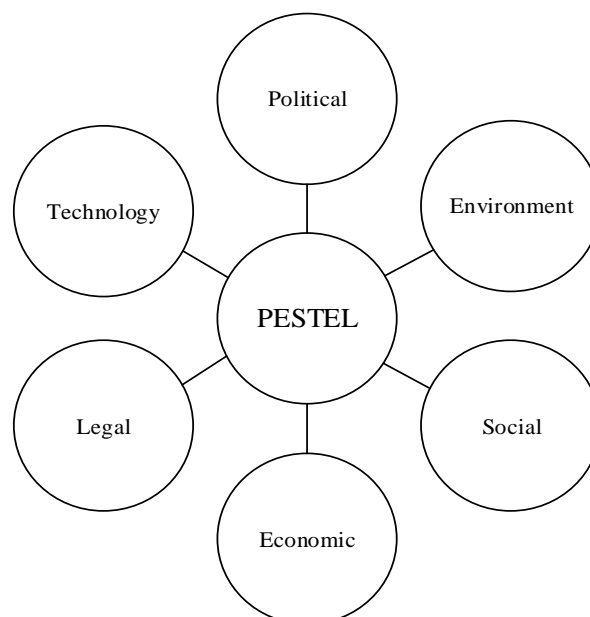


Figure 1.2 Schematic diagram of PESTEL analysis method

The thesis adopts PESTEL analysis framework, in which Political factors (Political) mainly analyze the influence of government policy, political system, stability and international relations on enterprises or projects. For example, the change of government policy may affect the tax, market access and other aspects of enterprises; Economic factors involve macroeconomic indicators such as economic growth, inflation, unemployment rate and interest rate. These economic factors directly affect the purchasing power of consumers, market demand and the cost of enterprises. Social factors mainly focus on demographic structure, cultural trends, education level, social values, etc. These factors affect consumer preferences, purchasing habits, and the state of the labor market; Technological analyzes the impact of new technologies, innovations, and research and development activities on a business or project. For example, the emergence of new technologies may change production methods, improve efficiency, or create new market opportunities; Legal refers to laws and regulations, the judicial system, and intellectual property rights. Changes in the legal environment may have a significant impact on the compliance and marketing strategies of enterprises. Environmental factors (Environmental) need to fully consider the impact of its business on the environment and the potential impact of the environment on the operation of the enterprise, develop scientific and reasonable environmental management strategy, in order to achieve a win-win situation of economic benefits and environmental benefits.

#### *SWOT analysis method*

Andrews (1971) pioneered the SWOT analysis framework. SWOT analysis is widely used in the analysis of corporate strategy. Generally, SW and OT represent the factors of the enterprise and the external environment respectively. SW is closely related to the internal environment of the enterprise, and S represents the advantages of the enterprise, such as technology, resources, management and other advantages. W represents the enterprise's disadvantage, such as marketing disadvantage, cost disadvantage, etc. OT is associated with the enterprise's external environment, where O represents external environmental opportunities, such as existing market demand, future market development, policy orientation, etc. T represents the challenges or

threats of the enterprise in the environment, such as poor economic environment and reduced investment. According to Andrews' theory, enterprises should make full use of their own advantages, promote strengths and avoid weaknesses, to explore and utilize opportunities brought by environmental changes, and at the same time, they should avoid threats brought by environmental changes. When  $O > T$ ,  $S > W$ , enterprises need to adopt a strong strategy, otherwise they should adopt a weak strategy. SWOT model analysis is more conducive for enterprises to clarify their own conditions and formulate development strategies that match their own conditions (Ansoff, 2008).

According to the comprehensive definition of enterprise competitive strategy, strategy should be the organic integration between an enterprise's "capable tasks" (i.e., the strengths and weaknesses of the organization) and "possible tasks" (i.e., opportunities and potential threats in the environment), and can be subdivided into four different strategic directions, as shown in Figure 1.3:

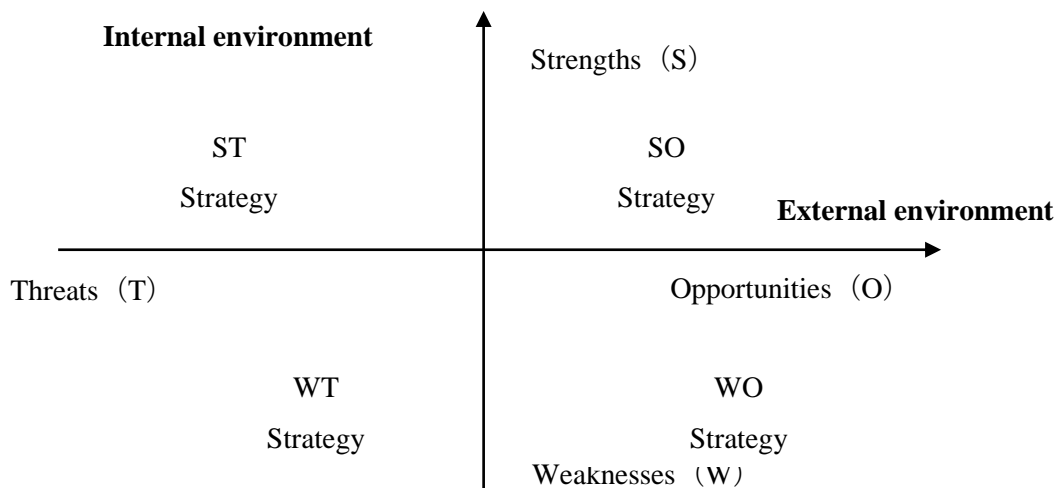


Figure 1.3 Schematic diagram of SWOT matrix

#### *McKinsey 7S Model*

The McKinsey 7S Model, also known as the 7S analysis method, is an organizational diagnostic tool designed by the Research Center of McKinsey & Company. The model emphasizes that seven key elements must be comprehensively

considered in the development process of an enterprise, including Structure, System, Style, Staff, Skill, Strategy and Shared Values. As shown in Figure 1.4:

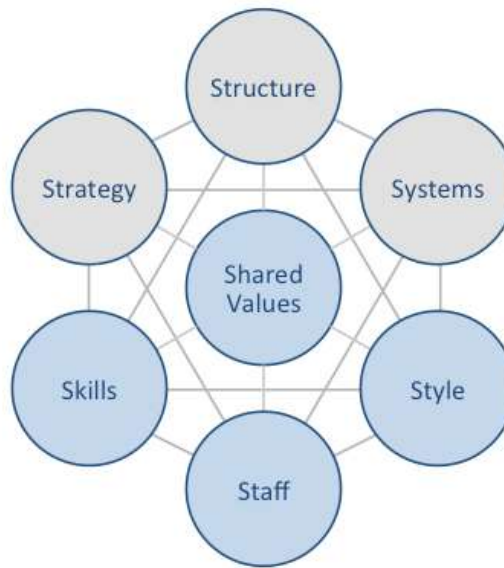


Figure 1.4 Schematic diagram of McKinsey 7S model

(1) Structure: It refers to the organizational structure of the enterprise, including department setting and division of responsibilities, etc., which affects the efficiency of communication and collaboration within the enterprise.

(2) System: it involves the standardization and institutionalization of a series of behaviors such as enterprise operation and management, which is the guarantee of stable operation of enterprises.

(3) Style: usually refers to the management style and corporate culture of the enterprise, which affects the working attitude of employees and the overall atmosphere of the enterprise.

(4) Employees: they are the core resources of an enterprise, and their ability, attitude and behavior are directly related to the performance and competitiveness of the enterprise.

(5) Skills: refers to the professional skills and abilities of employees, which are an important support for enterprises to achieve their goals.

(6) Strategy: it is the long-term development plan made by the enterprise according to the internal and external environment, which guides the direction and action of the enterprise.

(7) Common values: it is the core of enterprise culture, it unifies the thought and behavior of employees, and enhances the cohesion and centripetal force of the enterprise.

In the McKinsey 7S model, strategy, structure and system are regarded as the "hardware" elements of the enterprise, while style, employees, skills and common values are regarded as the "software" elements of the enterprise. These seven elements are interrelated and influence each other, and together constitute the core competitiveness of the enterprise. If an enterprise wants to achieve success, it must ensure the synergistic matching and dynamic balance among the seven elements.

## CHAPTER 2

### STRATEGIC ANALYSIS OF THE DEVELOPMENT OF YILI DAIRY GROUP'S INTERNATIONAL ACTIVITY

#### 2.1. General economic and organizational characteristics of Yili Dairy Group

##### (1) Development process of domestic dairy industry

Since the founding of the People's Republic of China, China's dairy industry has gone through three main stages of development: the initial stage, 1950~1960, which is mainly characterized by small dairy factories in various regions, scattered milk sources, large geographical restrictions, low temperature storage of products, small transportation radius, so there are also problems of single product structure. During the rapid development period, from 1997 to 2007, Tetra Lac, GEA and other international giant enterprises broke through the technical bottleneck of milk storage at room temperature, and used ultra-high temperature sterilization technology and aseptic storage technology, which made the rapid development of dairy products in the past two decades. From 2008 to now, due to the melamine incident in 2008, government departments issued policies to strengthen industry production standards, standardize production and processing, supervise food safety, and strengthen food quality. China's dairy industry has entered a period of transformation and development, and the dairy industry has gradually standardized.

The sources of raw milk in China mainly include two parts: the first is the milk produced by domestic pasture, and the second is the imported milk. China's total demand for raw milk in 2010 was 38.3 million tons, of which 93.21% came from domestic self-produced milk supply and 6.79% was met by imports. As shown in Table 2.1

Table 2.1

## Raw milk supply 2010-2030

Year	Total supply (ten thousand tons)	Domestic raw milk supply (ten thousand tons)	Volume of imported raw milk (ten thousand tons)
2010	3830	3570	260
2015	6196	5755	441
2020	8331	7755	576
2025	9950	9246	704
2030	11832	11020	812

Data source: China Raw Milk Supply and Demand Forecast, China Industry Information Network

From 2020 to 2030, the average annual growth rate of domestic supply and import of milk is about 5.79% and 5.86%, respectively, with a compound annual growth rate of 5.8%. Milk supply demand data analysis from 2010 to 2030, China's demand for dairy products, very few need to import, and the total demand growth trend is obvious. As shown in Figure 2-1:

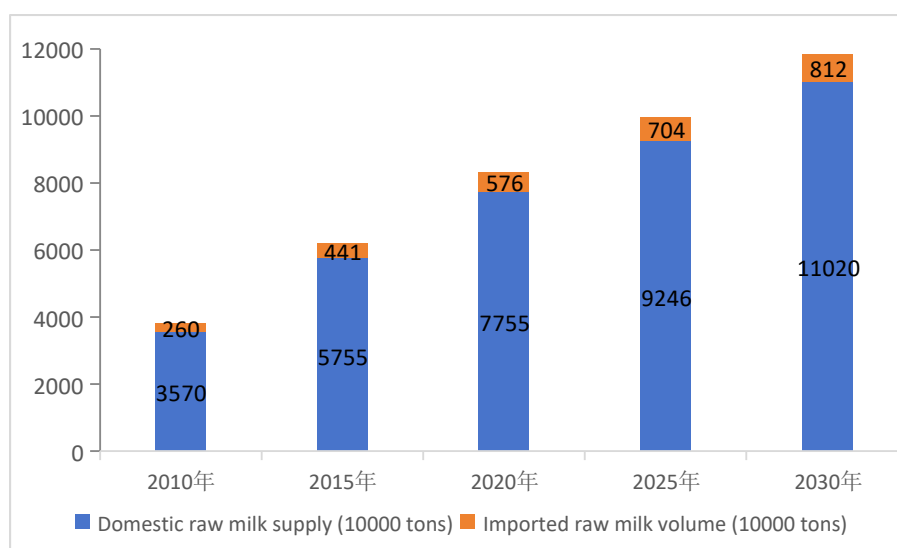


Figure 2-1 Raw milk supply 2010-2030

At the same time, we also find that it is important and urgent to expand foreign milk sources, because the difference between domestic total demand and domestic total supply is constantly increasing, which also highlights the necessity for Chinese dairy enterprises to join the international dairy division of labor.

## (2) The development of domestic key dairy enterprises

According to the statistics of 26 listed dairy enterprises in China from the perspective of market volume, the market value of the dairy industry increased significantly in 2020. Based on the stock market closing at the end of 2020, the 26 listed dairy enterprises increased by 53% compared with the same period in 2019, with a total market value of 741.2 billion yuan. Mengniu, Yili shares China flying crane among the "one hundred billion club", arrange the top three market scale, occupy the industry 76%, and Yili is the market value of up to 269.9 billion yuan by the end of 2020, in the dairy companies, becoming the only a market capitalisation of more than 200 billion dairy enterprises. There are 6 "10 billion yuan club", which are Miaohe Landuo, Bright Dairy, Aoyou, H&H International Holdings, New Dairy and Modern Animal Husbandry, and 7 are 5 to 10 billion yuan, which are Junyao Health, Sanyuan Shares, Yiming Food, Pinwo Food, Beingmei, Panda Dairy and China Shengmu, and the remaining 10 have market value of 1 to 5 billion yuan.

In recent years, the diversified competition in China's dairy industry is relatively fierce, which can be roughly divided into: first, the integration of overseas M&A resources, the acquisition of high-quality milk sources, the representative case of which is the overseas M&A project of Yili Group; Second, relying on the introduction of advanced technology and capital, taking the cooperation between Mengniu and international dairy giants Ala and Danone as an example; Third, through the capital operation of the acquisition of well-known brands, overseas market extension, mainly on behalf of the enterprise for bright.

The internationalization process of Chinese dairy products is also in progress. Yili, Mengniu, Guangming and other large dairy groups, through cooperation with foreign dairy companies and mergers and acquisitions, can not only achieve a win-win situation, but also improve the technical level, product quality, management

level and brand awareness of dairy enterprises, and increase relevant experience and lessons. Strengthen the industrial concentration and internationalization of Chinese dairy products. Judging from the current development of the dairy industry, there is a certain gap between China's dairy industry and the level of the world's dairy industry from the perspective of technology, management and quality. From the perspective of the differentiation trend of global economic development, China's economy is in the leading position among developing countries. Combined with China's national strategic planning of the Belt and Road Initiative, it also increases opportunities for the internationalization of Chinese dairy enterprises. Chinese dairy enterprises, can combine national strategy all the way, explore foreign markets, enhance and world dairy products brand cooperation, can promote the brand influence, enhance the level of technology and to narrow the gap with international brand.

Analysis of internationalization status quo of domestic and foreign dairy enterprises

#### (1) Internationalization status of large foreign dairy enterprises

According to Rabobank (Rabobank Group) published in 2022 global top 20 dairy list information, in the top two are still Nestle and rand riess, a third belongs to buy the food of dean dairy farmers in the United States, the fourth is Danone, Yili Group, for the first time up to the fifth, also broke the world dairy giant monopoly situation from Europe and America for a long time. As shown in Table 2-2:

Table 2-2

Ranking of global dairy companies by revenue in 2022

2022	2021	Company	Country of headquarters	<u>Dairy turnover, 2021</u>	
				USD billion	EUR billion
1	1	Nestlé	Switzerland	22.1	19.7
2	2	Lactalis	Fance	21.0	18.8

3	6	Dairy Farmers of America	US	20.1	18.0
4	3	Danone	France	18.2	16.3
5	8	Yili	China	13.4	11.6
6	4	Fonterra	NewZealand	13.2	11.8
7	5	FrieslandCampina	Netherlands	12.6	11.3
8	10	Mengniu	China	11.9	10.3
9	7	Arla Foods	Denmark/Sweden	11.8	10.5
10	9	Saputo	Canada	11.3	10.1
11	13	DMK	Germany	6.5	5.8
12	12	Unilever	Netherlands/UK	6.4+	5.7+
13	16	Meiji	Japan	5.9	5.3
14	15	Sodiaal	France	5.7	5.1
15	17	Savencia	Fance	5.6	5.0
16	--	Gujarat Co-operative Milk Marketing Federation	India	5.5	4.9
17	18	Agropur	Canada	5.5	4.9
18	14	Kraft Heinz	US	5.4	4.8
19	19	Schreiber Foods	US	5.1+	4.6+
20	20	Muller	Germany	4.9+	4.4+

Source: Rabobank Group

The number one cause of the Swiss-based Nestle was founded in 1867, is the world's largest food manufacturers, and the development of Nestle, and start with a small dairy companies, its growth mainly through the enterprise mergers and acquisitions, its business from the initial production and sales of baby food, Later, through mergers and acquisitions, it expanded into beverage, nutrition and health, cooking and prepared food, chocolate, confectionery and pet food, etc. In 2019, Nestle's net operating income was about 661.96 billion yuan, of which dairy revenue

accounted for no more than 25% of the total revenue, or about 22.1 billion US dollars. The total sales increased by 1.2%. The development strategy of Nestle's board of directors clearly proposed: Two thirds rely on mergers and acquisitions, and one third rely on internal growth. The success of Nestle's daily consumer goods empire, which now has 2,000 brands, is attributed to the average monthly acquisition speed of 1 and post-merger integration and digestion ability. Nestle's M&A strategy is also particularly clear, adhering to the voluntary acquisition of both parties and the combination of its own and the advantages of the acquired party.

Danone group, was founded in 1966, the first focusing on the production of yogurt, also is the typical European and American traditional dairy giant, now is the third largest European food group, in the form of mergers and acquisitions, now owns evian, leisurely, Yili, pulse and other famous brand, business has now expanded to the fresh milk, drinking water and beverage, nutrition in early life, clinical nutrition, Its business is widely distributed in more than 120 countries and regions on six continents. In 2019, its overall sales revenue reached about 25.3 billion euros, with a year-on-year growth of 2.6%. Its 2019 financial report data in the basic dairy and plant-based, professional special nutrition, drinking water and beverage business of the three sectors as a whole growth. Revenue reached 131.6, 75.6 and 4.57 billion euros respectively, up 1.1%, 5.8% and 1.5% year-on-year respectively.

Since the 1990s, Danone Group has adjusted its basic strategy from merging individual enterprises to leading enterprises in the industry to achieve control over the whole industry. In 1993, the export Department was set up to strengthen the international promotion of the brand and expand the business. Starting from Asia, Latin America, South Africa and other countries, the company merged and held local brand enterprises and entered the local emerging food market. In 1997, danone group has grown to the food industry, successfully break into the market in New York, and through the strengthening of business development, which was established in 2000 America's second largest packaging company, water in the same year in March, has a robust group 60% stake.

Danone group, a global product research and development center set up in Paris, France set up r&d center cost up to 300 million euros, with thousands of scientists in conducting scientific research, scientific research into more than 100 million euros per year, at the same time, it will share the latest scientific research achievements to the merger of enterprises, for the development of these enterprises coming into power.

## (2) The international development status of domestic dairy enterprises

China has a large population, which has reached more than 1.4 billion according to the 2019 census data, and has become the largest consumer market in the world. People's demand for dairy products is also increasing year by year. Under the national policy of "One Belt, One Road", dairy enterprises go global, which is more conducive to bringing high-quality dairy products into domestic and foreign markets and improving the guarantee ability of resources. Also benefit will be conducive to the development of its own resources for locking, meet the domestic demand of the development of the enterprise.

Leading dairy enterprises such as Yili and Mengniu have also made great efforts in the direction of international development. Yili Group has released its internationalization strategy in 2013, cooperated with DFA of the United States and Skada of Italy, and also invested in milk powder project in New Zealand, which cost 1.103 billion yuan. Mengniu Dairy focuses on the distribution of milk processing resources, which it cooperates with the international dairy giant Ala. On the other hand, it cooperated with Danone Group to establish a joint venture company in the direction of low-temperature dairy products. And close cooperation with American White Wave Food on terminal products.

Dairy industry transnational m&a boom pace in nearly two years gradually slow, the China dairy industry internationalization in current can be divided into three stages, a domestic market, overseas investment layout; Second, through the way of overseas investment indirectly to expand overseas international market; 3. Expand and extend the international market of Chinese dairy products' self-brand.

## (3) Key issues in the internationalization process of domestic dairy enterprises

### (1) Irrational M&A behavior

Chinese enterprises have not formed a relatively mature strategic method in the process and behavior of international M&A. On the one hand, some enterprises have formed a low-cost market strategy in the process of development. They focus on low prices in M&A, take the current direct costs as reference, and fail to fully analyze the indirect costs in the later stage. Losses to the enterprise directly. Another reason is that large dairy enterprises with strong capital strength, such as Yili and Mengniu, have little experience in foreign investment and M&A, and have not formed scientific and systematic M&A knowledge and experience, which will lead to premium investment and M&A.

### (2) Lack of national laws and regulations to guide and support

As for the legal literature on overseas investment, up to now, China has not systematically promulgated it. At present, most Chinese enterprises can only rely on the embassies abroad to understand the relevant laws and regulations, political and economic environment, but the main functions of the embassies abroad are not matched, and the embassies abroad are mainly responsible for the basic cooperation in politics, education, science, culture and health. It cannot fully meet the information needs of Chinese dairy enterprises for overseas investment, resulting in limited information and consulting services related to investment. Moreover, most of the people in the embassies abroad are engaged in politics and foreign languages, so they lack professional background and project investment experience in dairy products. Even if they provide comprehensive help, they may not be able to provide the most needed information for enterprises. Even if comprehensive help is given, it may not be able to provide the most needed information for enterprises. There is also a lack of special laws and regulations for domestic enterprises to dare to invest overseas. Under special circumstances, it is impossible to effectively reduce the loss caused by Chinese enterprises' overseas M&A.

### (3) Lack of professional ability of overseas investment management

Chinese dairy enterprises are basically local growth type, and there are few professional investment and management talents in the direction of overseas

investment. Moreover, the international investment environment is complicated and changeable, which is very different from the domestic investment environment. Among international mergers and acquisitions, only a few are successful, and the main reason for their failure is the lack of in-depth understanding of the national system and law. System's argument is not enough professional, employees, culture after the merger, the management idea of integration is difficult, such as the salaries of their employees, corporate culture difference, the management goal and the idea of how to achieve consensus is unified, all need professional talent analysis policy strategy, also need special training from the enterprise internal or external, It is a necessary and lasting strategic planning.

#### (4) Insufficient attention to brand strategy

With the acceleration of the internationalization process of Chinese dairy enterprises, many other enterprises have also begun to follow suit. However, the problem is that compared with the dairy giants in Europe and the United States, the overseas recognition of Chinese dairy enterprises is not particularly high, and they have not formed long-term brand effect and awareness. A brand can actually convey its own unique cultural connotation and lifestyle. In the process of the internationalization of brand promotion, need to rely on deep culture as the foundation, if only one product, not formed a way of life, the internationalization of the brand will be very hard, this is a common characteristic of Chinese dairy enterprises.

## **2.2. Evaluate the internal and external environment of the company**

### (1) Revenue status of Yili Dairy Group

Yili dairy group, the headquarters is located in Hohhot, Inner Mongolia autonomous region was founded in 1993, production of liquid milk, yogurt, milk powder, ice cream, cheese, milk tea and so on almost all items of dairy products, is currently the largest domestic the most abundant dairy companies, product category, is also the only qualify for the Olympic Games and world expo Chinese dairy companies.

In the past seven years, Yili Dairy Group has consistently ranked among the top 10 dairy products in the world and the first in the Asian dairy industry. Yili dairy group operating in 2023 total revenue of 90.223 billion yuan, up 13.41% from a year earlier, after two years reached billions yuan growth, net profit of 6.951 billion yuan, hit a high Asian dairy enterprises. In the list of "Top 20 Global Dairy Enterprises" in 2024, Yili Dairy Group ranked 5th, which was also published by the authoritative institution Rabobank, reflecting the comprehensive leading position of Yili Dairy Group in China, Asia and the global market. The operating income is shown in Figure 2-2:

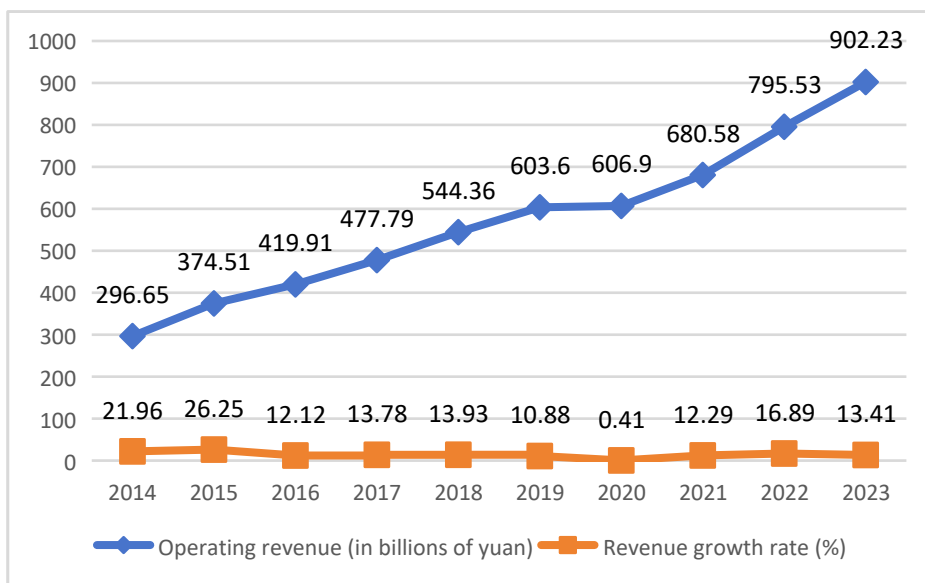


Figure 2-2 Operating income of Yili Dairy Group from 2014 to 2023

Data source: Annual reports of Yili Group from 2014 to 2023

Net profit is shown in Figure 2-3: (2) The relative competitive advantage analysis Yili dairy group

Compared with other industries, dairy enterprises have the characteristics of long industrial chain, complex industrial structure and unbalanced development level of each link of the industrial chain. The upstream of the dairy industry is dominated by agriculture and animal husbandry, the middle reaches are dairy processing industry, and the downstream involves retail industry. Today globalization is more and more deep development, domestic and international dairy

industry has been inseparable, also just because of this, China's dairy industry is facing two questions: one, the difficulty of industry transformation and upgrading of its own; Second, the opportunities and challenges of globalization are increasing, which requires that in the trend of globalization, it is necessary to establish Chinese dairy brands with international influence, so as to adapt to the development and take advantage of the opportunity.

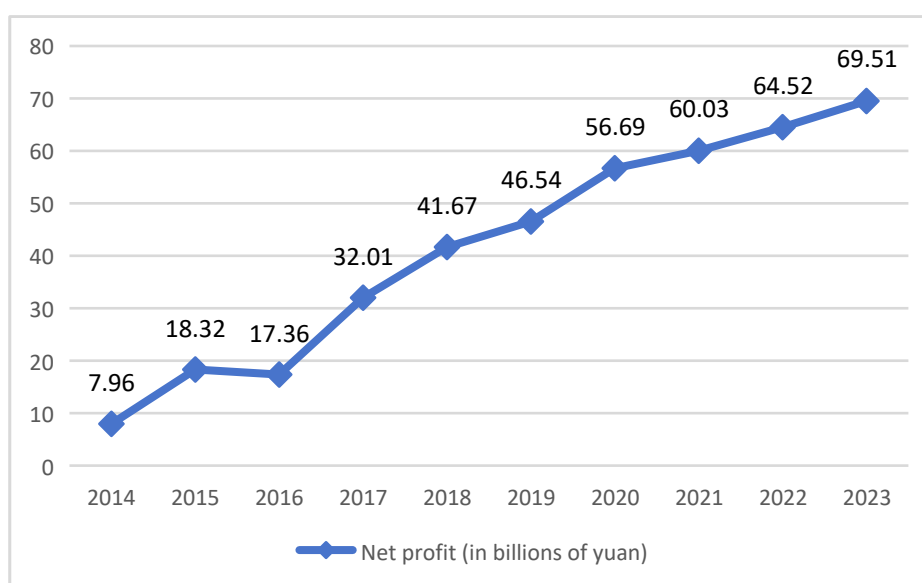


Figure 2-3 Yili Dairy Group's net profit from 2014 to 2023

Data source: Annual reports of Yili Group from 2014 to 2023

In 2023, the operating revenue of Yili Dairy Group was 90.223 billion yuan, while that of Mengniu was 79 billion yuan, maintaining a gap of 10 billion yuan. A number of dairy enterprises in the late stage are also striving to expand the market. Feihe Dairy has developed rapidly in the past five years, and is now the second largest dairy enterprise in China after Yili Group. Main soy milk beverage d d, wahaha is also in the dairy market, the international famous food companies such as Nestle, danone, HuiShiHe Meiji, due to its own quality brand and price level to enter the Chinese market has also been a lot of popular. Through the analysis, found the dairy high homogeneity and last period short, regional monopoly industry is relatively obvious, dairy enterprises in different area have their own advantages, therefore, belongs to the external regional market penetration has difficulty. At the

same time, companies in the area under a certain degree of saturation, the market share of endogenous type outward expansion has become increasingly difficult, if you want to further improve the market share and reach a certain scale economy, you need to layout the whole industrial chain.

### (3) Analysis of the internationalization key regions of Yili Dairy Group

The globalization of Yili is mainly promoted by shifting the direction of production to regions with good product quality and low production cost, and establishing large new production bases. Yili has established an industry information center to strengthen its own strategic development function.

In Oceania, in 2010, Oceania Dairy Limited shareholders to including Yili Dairy companies take the initiative to apply for international acquisitions, this also gives the Erie globalization strategy provides a great opportunity, Yili acquisition Oceania Dairy Limited, after analysis of geographic location and supply, After analyzing the geographical location and supply, Yili found that South Canterbury and Wainmatte City in South Island could supply 42% of the raw milk production in New Zealand, and established Oceania Dairy Limited together with local dairy farmers. In April 2013, Yili acquired Oceania Dairy Co., LTD., with the purchase amount of US \$503,440. In addition, the Waimat production base was completed on November 21, 2014. Among them, infant base milk and whole fat milk were produced in November 2014, with an annual output of 47,000 tons. A year later, the output increased by 30%, surpassing most similar plants in New Zealand. The rest will be completed and put into operation by 2018. On March 18, 2020, jingang holding equity stakes in New Zealand's second largest dairy cooperatives Westland100%, purchase price is 1.134 billion RMB, it will be more conducive to the strengthening of radiation to the global market.

In Europe, in September 2014, the Erie and Italy's biggest dairy producers scarlett reach (Sterilgarda) launched the high-end dairy culture (Perfectlands), have been domestic and imported dairy products into competition, this is based on November 2013, the two sides in such aspects as raw milk, the production, science and technology to achieve the strategic cooperation. On r&d investment, Yili and

wageningen university in the Netherlands, in Europe set up r&d center of cow breeding, dairy and conduct the thorough research to the food safety, on the other hand, also carry out the function of breast milk and in-depth study, using data collected milk the university in 2003, through advanced precise breast milk test method, The most advanced breast database integration layout, develop with independent intellectual property rights of infant formula milk product, belongs to a reverse the internationalization process of the empirical study of the feedback of technology spillovers.

Is and Cornell university cooperative research results, the Wharton school of business and Yili is a study on the bilateral cooperation in cultivating innovative talents in the business.

In November 2014, the Erie group all key business units are obtained by the international organization for standardization system of food safety certificate - food safety certificate (FSSC), 22000, at the same time, Yili products, all production lines have been the certification, in the raw milk, raw materials, auxiliary materials and packaging and so on has the strict examination mechanism, Can smooth the product promotion to the global market. Needed to be aware of is that the globalization process need to match the upgrade after optimization of global quality management model, because compared with the world's leading companies, including Yili dairy companies in China, the need to strengthen the many suppliers, distributors, retailers of food safety and quality consciousness.

Yili's global market development is mainly divided into three stages. First, it serves the Chinese market from the outside in, that is, it uses global resources to serve the Chinese market; Second, domestic products into the Chinese market, the overseas import milk can annotate, thus improving the quality of domestic brands. Third, global marketization. According to China's customs statistics from January to December 2018, liquid milk exports increased by 18.4% year on year, the export value increased by 27.6% year on year, and the average price increased by 7.8% year on year. The three values were 29,973.7 tons, 31.074 million US dollars and 1,036.7 US dollars/ton respectively.

The internationalization strategy needs to combine the introduction and going out, whether it is advanced technology, talents and products, it needs to focus on. Therefore, Yili has started the implementation of the overseas talent training system, which selects outstanding young talents in each business department, and then trains them in rotation. These talents are mainly distributed in Indonesia, Malaysia, Thailand, Singapore and other Southeast Asian countries as well as New Zealand factories. Layout is a relatively short time, due to the overseas sales market abroad and foreign employees accounted for the proportion of total number of 60000 employees is low, the proportion of negligible.

Dairy companies in order to obtain economic benefit in the process of globalization, to "go out" to achieve global resource sharing, in recent years, the Erie on global resources, innovative side and the global market and combined with the continuous power of "going out", need to alert, mengniu and bright dairy abroad and high quality raw milk, the market share of the allocation of resources, This is not a small competitive pressure for Yili. The entry of foreign brands will bring local resistance, the rapid development of economy, and the new products of other brands also make consumers' choices tend to be diversified. In the face of these problems, the original balance is broken, and the deployment of future global strategy needs to be paid attention to to think and plan.

But in the domestic market, China's dairy companies presents the extrusion type growth stage, Yili dairy group owns various aspects advantage, market share always stay ahead. But in the product category share analysis, Yili dairy group, and China's infant formula, for example, there is still a big international brand occupy the market, although the Yili dairy group continuously in recent years, but about 33% of the share for Nestle.

#### *Analysis of international environment of dairy industry*

##### (1) Analysis of international political factors in the dairy industry

At present, the global economic crisis and social crisis are superimposed, and the world pattern and economic development are not predictable enough, resulting in a certain degree of deep adjustment of the current international political and

economic order. The original international forces are unbalanced in the form of three pillars, and the spread and cluster outbreak of COVID-19 have affected the construction of the original balance of forces. The spread of COVID-19 and the outbreak of clusters have affected the construction of the original balance of power relationship. It has also caused uncertainty in the relations between major countries, and the factors of confrontation are on the rise due to the intensification of political factors.

For the development of the dairy industry, the international political environment, including the institutional and structural adjustment of western countries, national policies, investment and development environment, overseas operation and management risks and other factors, will bring risks to the international operation of the dairy industry. Yili Dairy Group mainly focuses on political risks, and changes in policies and regulations may directly affect the decision of overseas layout. It is also likely to form the potential losses to the enterprise, such as dairy produce the increased cost of raw materials, processing equipment procurement cost, or the sino-us trade friction will increase operating cost directly.

Political risk is the risk of exchange rate volatility impact is very big also, Yili dairy group involved in overseas business, mainly composed of the dollar, the use of other settlement currency is the euro, hk dollar, the New Zealand dollar and idr, exchange rate fluctuations will further affect the overall level of profitability. The risk of overseas operation and management, including labor union risk, financial risk, high manufacturing cost and cultural integration risk, should not be ignored.

## (2) Analysis of international economic factors in the dairy industry

Led to the global economy fell by 4.3% in 2020, at the same time, international trade is shrinking by 7.6%. To enter in 2021, the national epidemic control policy effect is gradually revealed, the global economy may rebound slightly, forecasts will grow by about 4%, but it is barely make up for the economic losses of 2020. The major damage caused by the COVID-19 pandemic will last for several years and will have an impact on the global economic recovery. Therefore, various countries

have introduced a lot of economic stimulus measures during the COVID-19 pandemic, increasing investment in economic, social and other fields, totaling 12.7 trillion US dollars. The Great Depression can be avoided for the time being.

New outbreaks, had a larger impact on the food industry, also for the dairy industry, its contain consumer consumption demand and trade also is likely to fall. The World Bank also predicted that the output level of major global economies in 2021 will be less than that in 2019. In addition to China, the economic recovery of emerging economies such as Southeast Asia, India and South America will be weaker than that of developed economies. According to the analysis of trade data, most of the increase in dairy trade in recent years has been mainly supported by emerging economies. As a result, dairy consumption is expected to decline next year, while the international dairy trade volume will also contract to some extent.

### (3) the dairy industry international social factor analysis

Chinese dairy enterprises will inevitably face a soft problem, that is, social and cultural differences, in the process of building and acquiring factories abroad and laying out international markets. Southeast Asia includes more than a dozen countries, including Indonesia, Malaysia, Philippines, Brunei, Singapore, Thailand, Myanmar, Vietnam, Cambodia, Laos and so on. Singapore's political and cultural ideas are more influenced by Europe and the United States, and its legal system is relatively thorough. The influence of Confucianism is very weak. However, compared with China, the Chinese still have a strong family concept. Indonesia is the most populous country in Southeast Asia. They mainly believe in Islam, and Western laws and institutions have a great influence on them. Malaysian Chinese is more, to follow the Chinese tradition, political stand up and leans to the west. Vietnam's political reform is now more vigorous than China's, adhering to the strategy of "Tibet is rich for the people".

Under the condition of market economy, the rule of law spirit must be widely observed. Different countries have their own cultural connotation, is not only a cultural differences, language and economic environment is also great difference.

Yili Dairy Group needs to strengthen the training of international talents and local employees in order to cope with the serious threats in social and cultural aspects.

#### (4) Analysis of international technical factors in the dairy industry

In September 2015, under the promotion of the leaders of China and the United States and the great atmosphere of China-US agricultural cooperation, the China-US Food Wisdom Valley led by Yili Group came into being. Its characteristic in Yili group force of an enterprise, gathered the world's top universities of science and technology resources from the Oceania Lincoln university to the agriculture of America's top colleges and universities and research institutes and related institutions, according to an important issue in the field of agriculture, food to strengthen and promote the international communication, communication, and to explore, research, so as to provide intelligence support for the different areas of the hand in hand. Through this feat, China has become one of the core countries in the global dairy industry innovation.

Wageningen University, known as the "food Silicon Valley", gathers more than 15,000 food researchers from the world's top multinational food companies and research institutes. In 2014, Yili Group cooperated with the university to build the highest standard overseas R&D center in the Chinese dairy industry so far -- Yili European R&D Center.

Yili Group has explored a new path for the globalization of technological innovation of Chinese dairy enterprises, that is, to better meet the market demand by integrating global research and development forces.

#### (5) Analysis of international environmental factors in the dairy industry

Firstly, with the economic development of emerging countries, they can gradually provide suitable hardware facilities and financing environment. Secondly, the purchasing power of people in Southeast Asia and other emerging countries is also gradually increasing, and the per capita dairy consumption is much lower than the world average level, which provides a large number of potential consumers for Chinese dairy enterprises that have just gone abroad. Thirdly, China's own market economy system is also improving day by day. China was the first emerging

economy to recover from the COVID-19 epidemic in 2020, while Southeast Asia and other countries are also among the economies that have recovered faster, so the internationalization strategy of Chinese dairy enterprises has a more secure and stable external environment.

#### (6) Factor analysis of international regulations in the dairy industry

China's food quality management standard and American FDA and the European Union and other developed countries are not unified, corresponding to different countries food regulators for the safety of dairy products access mechanism and there exist great differences in the standard. Dairy products of the physical and chemical, microbial, antibiotics and other indicators meet the national standard in home, the goods are difficult to reach the eu standards in the United States; And for some Southeast Asian and African countries, there is another phenomenon, the domestic dairy index is too high, but in foreign countries do not need such a high standard, so that in order to control the index and invest too high cost, different countries and different standards are represented by Yili Group of domestic dairy enterprises in the implementation process of the internationalization strategy.

### **2.3. Evaluation of management effectiveness**

To study the internationalization strategy of the enterprise, SWOT systematically analyzes the internal and external conditions and the environment of the enterprise, and summarizes the best way of the enterprise's development strategy. Combined with Yili dairy group of upgrade the development path of internationalization strategy, this article will from the dairy industry at home and abroad, international policy and the external environment, Yili group, their operation and management status, and other dimensions for Yili dairy group to carry out the strategy of internationalization to upgrade the SWOT analysis.

#### **Advantages**

##### (1) Strong profitability

In 2008, the domestic dairy industry was reshuffled by the melamine incident. Yili Dairy Group survived the difficulties by virtue of its excellent quality, and then its development in China rose steadily. At the beginning of listing in 1996, Yili Group had a total operating revenue of 355 million yuan. By the end of 2019, the total revenue of the company had exceeded 90 billion yuan, with an annual growth rate of 27.22% in the past 23 years. The compound growth rate of the whole domestic dairy industry was only about 6%, and the net profit rose from 33 million yuan to 6.951 billion yuan. An annual growth rate as high as 26.19%; The return on equity (ROE) has always remained above 20%, which shows the profitability. Yili dairy group as Asian dairy first of seven years in a row, very healthy capital operation ability and steady capital profit ability, it is also the Yili group towards outside world firmly safeguard.

### (2) Outstanding research and development capabilities

By integrating the resources of Wageningen University Innovation Center in the Netherlands, Yili Group has established China's first breast milk research database, which has established a strong scientific data base for the research of infant milk powder of Yili Group. Through the above efforts, Yili Group has integrated the global dairy science and technology innovation and technology research and development resources, and greatly improved its technical strength.

### (3) Healthy industrial structure

Yili dairy group is the only covers the liquid milk, yogurt, milk powder, milk tea, cheese, ice cream and health food items full of dairy products production enterprise, in 2018, the new cheese, the Yili group health drink two divisions, the new breast milk tea, health products, such as the moment live spring all-round development for Yili, expand the more product structure, With the comprehensive development, Yili Group has expanded more product structure and established a business model of blooming various healthy foods based on dairy products. By the end of December 2019, the comprehensive production capacity of Yili Dairy Group has reached 11.85 million tons per year. It not only improves the profitability of the enterprise, but also reduces the business risk of the enterprise.

#### (4) Excellent brand value

Yili dairy group 2020 years ago in the third quarter performance, brand, market began to grow to an all-time high, among the "global dairy five strong" ahead of time, the global dairy industry first brand value of the summit, the first open after dairy billions of times. Milk powder business jinling crown brand strength among the first camp, the organic senna livestock growth doubled, compared to the adult powder business and old milk powder market share continues to market first. The yogurt business Division accelerated innovation and development, and the brand strength of Changqing low-temperature yogurt ranked first for five consecutive years. The innovation of Yitian Small white milk led the white live milk category, and occupied the first place in the refreshing active lactic acid bacteria beverage market segment. Cheese division to achieve overall performance year-on-year growth, children, adult cheese cheese products sales of the first year-on-year growth in industry. Health drink division continued to lead the market of lactic acid bacteria at room temperature, chang means comprehensive brand for four consecutive years to keep first, yi ran milk mineral rich new category, the moment living spring to create new business growth point.

#### **Disadvantage**

##### (1) Lack of international management experience

Yili Dairy Group, a native enterprise in Inner Mongolia, has only 20 years of development history since its shareholding restructuring in 1993, and its real internationalization strategy has only been implemented for more than 10 years. Compared with the hundreds of years of international development experience of dairy giants such as Nestle, there is a big gap indeed. Benefit from the Chinese market and the vigorously support of national policy, the rapid development of enterprises in recent years has also entered the fast track to progress. But the internationalization of enterprise operation and management ability and capital operation of the multinational enterprise or lack of experience, especially the lack of the internationalization of professional management personnel, is the key to restrict Yili group internationalization strategy to upgrade.

## (2) International talent shortage

In addition to the lack of international management experience, Yili Group has neglected its international talent strategy due to the rapid development of its domestic market in recent years. There are many elite talents in Yili Group, and they are concentrated in the domestic market operation and expansion. Yili industrial group in the process of internationalization strategy layout, however, is the international professional talent shortage problem, especially the management ability and scientific research ability and high-end talents is rare.

## **Opportunities**

### (1) Economic opportunities

Factors that are favorable to business operations determine the economic development opportunities of the environment in which the enterprise is located. For the emerging market countries such as Southeast Asia, which are rich in development potential, it provides good economic development opportunities for Chinese dairy enterprises represented by Yili Group.

First of all, if a trade dispute between Chinese companies and other members, you can through the multilateral dispute settlement mechanism, a relatively fair ruling. Secondly, tariffs between China and emerging countries in Southeast Asia have been reduced or even gradually eliminated, and trade barriers have been slowly eliminated, which has greatly reduced the burden of enterprises' import and export. Again, China to start "neighbourhood" policy is a rare historical opportunity for development, Chinese dairy companies have been represented by Yili industrial group with national strategy pace. With the support of national policy, the Yili group in southeast Asia and other emerging countries trade environment also changes with each passing day, very beneficial to Chinese enterprises "going out" and "introduced to".

### (2) Policy opportunities

After the establishment of China-Asean free Trade area, it will bring great benefits to both sides. The trade between China and the association of south-east Asian nations (asean) accounted for 13% of total world trade. This is a huge

international market. Since the second half of last year, suffered from the outbreak in southeast Asian countries will continue to fight the disease at the same time, in order to restore the economy, began to gradually introduce deblocking policy, including information sharing and remain open, the linkage of the association of south-east Asian nations (asean) also increase with neighbors such as China, to strengthen the association of south-east Asian nations (asean) and China, Japan and South Korea (10 + 3) trade and investment between the opening of the market, To ensure the normal operation of the regional supply chain, which to a large extent ensures the continued market vitality of Southeast Asia, the main overseas base of Chinese dairy enterprises.

### **Threats**

#### (1) Threats from political factors of other countries

In the process of Yili Group's international development, the economic policies and laws of the host country will inevitably affect our development. If their legitimate rights and interests of the Chinese dairy companies can not host governments policy to protect, the internationalization of Chinese dairy companies in other countries' development will have great risk. , of course, the goal of every country development business goals will be different with foreign enterprises, Chinese enterprises in order to expand market share and increase profits, will inevitably conflict with the host country government in the process of operation. Especially during the outbreak, the effects of policy on enterprise management is more big, the Chinese dairy companies need to confirm with the local government policy adjustments by various means, avoid because of the economic policy and laws and regulations lead to big problems, reduce political threat.

#### (2) Social and cultural factors

In 2008 after the melamine scandal, milk as a key state regulation of the food industry, for many years in high-risk regulatory environment. At the national supervision level, 2018 has realized the real integration of three bureaus, and the national supervision of the dairy industry, especially the baby matching industry, has reached the "strictest in history". Since 2008, The State Council and relevant

departments have successively promulgated and implemented the Regulations on the Supervision and Administration of Milk Quality and Safety, the Outline of the Plan for the Rectification and Revitalization of the Dairy Industry, the Opinions on Further Strengthening the Work on the Quality and Safety of Infant Formula Milk Powder, the Industrial Policy for the Dairy Industry, the Work Plan for Promoting the Merger and Reorganization of Infant Formula Milk Powder Enterprises, and the Registration and Administration Office for Infant Formula Milk Powder Products Method "and so on more than 20 regulations. Government regulation of the development of China's dairy industry has reached the history's most severe, so to speak. At the same time, the European Union, the United States, New Zealand and other major importers and exporters of dairy products have also strengthened supervision over Chinese dairy products, making it more difficult for our dairy products to "go global". The government supervision strict environment will bring to the further development of China's dairy companies of various threats.

While Chinese enterprises are developing rapidly and expanding their international presence, they must face a very direct problem, namely cultural difference. Is not only the humanities and cultural differences between east and west, languages, economic environment, there exist great differences in management style and corporate culture. If Chinese enterprises fail to do a good job in local employment and the export of international professionals, they will encounter great threats in this aspect.

Comprehensive SWOT analysis result, Yili dairy group should adopt the strategy of foster strengths and circumvent weaknesses, to play their own advantages, to hedge their exposure to external threats. First of all, it should carefully investigate the existing brands and other foreign brands in emerging markets, and make use of its own brand, capital and technology advantages to invest and acquire local enterprises with complementary resources and good quality, so as to quickly occupy the opportunity market. Second, the development of quality products suited to local consumer tastes and habits, to raise its product penetration. Again, through contact with the local government and relevant institutions to confirm, acquire the

license of the necessary documents and avoid all kinds of policies, implement the strategy of internationalization upgrade smoothly.

Analysis of the McKinsey 7S model of the internationalization strategy of Yili Dairy Group

#### (1) Structure

In its international operation, Yili Dairy Group has adopted a flexible and efficient organizational structure to adapt to the complexity and diversity of the global market. The Group has set up a special overseas business division, which is responsible for overall planning and coordination of global business, while branches and offices have been set up in key market regions on various continents, such as Oceania, Europe and Southeast Asia. This structure not only ensure the strategic guidance of headquarters of global business and resource allocation, and also gives the regional branch certain autonomy and flexibility, so it can quickly respond to market changes.

As of 2020, Yili Dairy Group has more than 30 production bases worldwide, including overseas plants in New Zealand, the Netherlands, Indonesia and other places. These production bases not only provide high-quality products for the local market, but also provide a strong guarantee for the stability and efficiency of Yili's global supply chain.

#### (2) System

In the process of internationalization, Yili Dairy Group has established a sound international management system, covering overseas investment approval, financial management, human resources management, risk management and other aspects. These systems not only ensure the compliance and high efficiency of overseas business, but also provide institutional guarantee for the group's global resource integration and collaborative innovation.

Yili Dairy Group has implemented a set of unified quality management systems worldwide, including international certification standards such as ISO 9001, HACCP and FSSC 22000. The certification not only promoted the global

recognition of Yili products, also ensure the quality and safety standards in the global market.

### (3) Style

Sure to the Yili dairy group in the international operation steady and aggressive management style. On the one hand, the group pays attention to risk control and compliance management, through the strict internal control and audit mechanism, ensure the stable development of overseas business; On the other hand, the Group also dares to innovate and make breakthroughs, and quickly enter new markets through mergers and acquisitions, cooperation and other ways to enhance its international competitiveness.

In 2013, Yili Dairy Group acquired 100% equity interest in Oceania Dairy Co., LTD in New Zealand, a move that not only brought Yili high-quality milk sources and advanced production technology, but also laid a solid foundation for further expansion into the Asia-Pacific market.

### (4) Staff

Yili Dairy Group attaches great importance to the cultivation and introduction of international talents. Group by setting up overseas talent training plan, recruiting international GuanPeiSheng way, constantly enrich the overseas team's strength. At the same time, Yili local recruitment, training and integration, make the local staff can better into the corporate culture and business processes, promote overseas business operation efficiency.

By 2020, the Yili dairy group with more than 10000 employees worldwide, including overseas staff accounted for more than 10%. In order to promote the business of overseas staff ability and intercultural communication ability, the group invested tens of millions of dollars a year to staff training and development.

### (5) Skill (Skill)

Yili Dairy Group has continuously improved its professional skills and innovation ability in its international operation. Through cooperation with internationally renowned universities and research institutions, the Group has established overseas research and development centers and introduced advanced

technologies and research and development results, which have provided strong support for the Group's product innovation and market expansion.

Yili dairy group has a number of research and development center in the whole world, including the European research and development center in Wageningen University in the Netherlands, in New Zealand Oceania R&D center, etc. These R&D center not only brought Yili frontier technology and research and development, and to cultivate a group of research talents with international vision and innovative ability.

#### (6) Strategy (Strategy)

The internationalization strategy of Yili Dairy Group can be summarized as the "global web weaving" strategy, that is, through the integration of global resources, the establishment of research and development, production and marketing network covering the whole world. The Group has clearly put forward the vision of "becoming the world's most trusted health food provider", and formulated a detailed path and schedule of internationalization development, including increasing efforts in overseas mergers and acquisitions, expanding into emerging markets, and enhancing brand influence.

As of 2020, Yili Dairy Group has established a sales network in many countries and regions around the world, and its products are exported to more than 100 countries and regions around the world. At the same time, the Group is also actively laying out its presence in emerging markets, such as Southeast Asia and Africa, and quickly entering these markets through mergers and acquisitions and cooperation.

#### (7) Shared Values

Yili Dairy Group always adheres to the corporate value of "quality first" in its international operation. The Group ensures product quality and consumer trust in the global market through strict quality management system and food safety standards. At the same time, Yili also pays attention to the dissemination and integration of corporate culture, and enhances the cohesion and sense of belonging of employees worldwide through cross-cultural communication and team building.

Yili Dairy Group promotes the corporate creed of "Yili is Quality" worldwide, and enhances global employees' sense of identity and belonging to corporate culture by holding cultural exchange activities and team building. In addition, the Group also actively participates in global public welfare undertakings and fulfills its social responsibilities by donating materials and supporting education to enhance its brand image and international influence.

Through the analysis of McKinsey 7S model, it can be seen that Yili Dairy Group has demonstrated high organizational management level and strategic execution in its international operation. Through flexible organizational structure, perfect institutional guarantee, steady and enterprising management style, high-quality staff, professional skills and innovation ability, clear strategic planning and common corporate values, Yili has successfully established itself in the global market and continued to grow. In the future, Yili Dairy Group should continue to deepen its internationalization strategy, strengthen the integration of global resources and collaborative innovation, and further enhance its international competitiveness and brand influence.

## **CHAPTER 3**

### **IMPROVEMENT THE STRATEGIC PLANNING OF YILI DAIRY GROUP'S INTERNATIONAL ACTIVITY**

#### **3.1. Forecast the international business environment of Yili Dairy Group**

At present, for Yili Dairy Group, the existing internationalization strategy is summarized as "global web weaving", introducing advanced technology and discourse power, integrating the world's best milk sources and research results, and constantly enhancing the thickness of its global resources. Something by radiation, the north-south global web project, Yili will develop the best Chinese market as the base plate to expand, its internationalization strategy has gradually improve, make its control comprehensively strengthen the global industrial chain. Yili Dairy Group has established a systematic strategy of "global web weaving" through planned steps of "going out".

In the process of "going out", Yili Dairy Group has rapidly "introduced" its development achievements. It is the first time in China's dairy industry to put forward the development mode of "feeding back innovation", so that excellent foreign technology and research and development achievements become the "wisdom source" of Yili's development and innovation.

Yili dairy group internationalization strategy of "going out" and "global web" of "introducing" strategy, in order to lead the domestic dairy industry to establish a new international cooperation and competition advantage as own duty, will all kinds of excellent resources feedback domestic market abroad, "with the world's best resources, service consumers in China and the world."

The responsible persons of Yili Dairy Group have visited many countries with national leaders and signed a number of trade agreements with relevant partners around the world by taking advantage of various opportunities. They not only integrate global resources in the process of "going out", but also further achieve the

purpose of "bringing in" and feed back the Chinese market by using sophisticated global resources.

At present, Yili dairy group internationalization strategy has gradually expand, in 2006, the strategy of "global web" launched by Yili dairy group for the first time as a starting point marked the beginning of the process of international operation, its existing international strategy can be broadly divided into two phases:

From 2006 to 2012, the first stage is the preparatory stage for the full implementation of the global strategy. In 2008, Yili entered the international stage by sponsoring the Beijing Olympic Games. In 2010, Yili cooperated with the Shanghai World Expo as the only dairy enterprise in China, deepening the global strategy of the brand and paving the way for the accumulation of experience in the global strategy.

From 2013 to 2019, the second stage was marked by three major events: the first was the establishment of strategic cooperative relations with the largest dairy company in Italy, Skada, and the largest milk company in the United States, DFA; the second was the acquisition of 100% equity of the New Zealand dairy company Ocenia; the third was the investment in the milk powder production line project with an annual output of 47,000 tons in New Zealand. Yili group entered the stage of full implementation of international strategy, this year has been clear about the internationalization management goal, enriched the contents of the global strategy for the implementation and the depth of the industry cooperation extending the global scope, can stabilize the domestic market can also gradually expand the international market position.

Part of the implementation of the internationalization strategy needs to strengthen the control of high-quality milk sources and improve the ability and driving force of research and development innovation. At the same time, in the process of internationalization, the test is the integration of global resources and overseas management. From the perspective of the long-term development of enterprises, overseas expansion is reasonable, but if the rapid integration of global resources, it will further interfere with the impact of international operation. The

product quality of food enterprises is the most fundamental and important credo of enterprise operation. The integration of overseas resources will also increase the difficulty of product quality control. At present, Yili Dairy Group escorts the quality and safety of products by improving, optimizing and upgrading the global quality management system. At the same time, the control of global high-quality milk source is upgraded, and the quality of milk source, transportation of raw tea and other affairs are not small challenges compared with the domestic market.

Compared with the domestic and foreign dairy market environment, China's dairy industry started late compared with the European and American dairy consumption market, but it is developing rapidly. The people's living standards provide good information and the national awareness of pursuing health is constantly improving, and the dairy consumption market has great potential.

Yili group financial index in the process of internationalization, outstanding operation ability, the overall financial situation well. Accounts receivable turnover, 151.827 in 2013, 83.7 in 2018, reduced by nearly one time, which represents an important indicator of operating capacity. It should be pointed out that with the coordinated development of the global industrial chain, it will also bear more financial risks. We also mentioned the unbalanced development of upstream, middle and downstream enterprises in the dairy industry. It should be pointed out that with the coordinated development of the global industry chain, they will also bear more financial risks. The cooperation concept of mutual assistance and sharing development results needs to achieve win-win results in the upstream, middle and downstream.

From 2011 to 2012, the asset-liability ratio of Yili Dairy Group reached more than 60%, while from 2013 to 2018, the asset-liability ratio showed a trend of steady decline, and its fluctuation range was between 40% and 50%. The reasonable range of asset-liability ratio is between 40% and 60%, so Yili Dairy Group's control of asset-liability ratio is appropriate, and its long-term solvency is guaranteed.

From 2011 to 2013, the total asset turnover ratio of Yili Dairy Group was at a high level. After falling to 1.491 in 2014, it increased year by year to 1.63 in 2018.

The change trend of fixed asset turnover of Yili Dairy Group is basically consistent with that of total asset turnover. The decrease of total asset turnover and fixed asset turnover of Yili Dairy Group in 2014 was mainly due to the increase of fixed assets caused by the opening of the Oceania production base of Yili Dairy Group. However, in general, the overall operation capacity of Yili Dairy Group has been improving year by year.

The return on equity of Yili Dairy Group was in a downward trend from 2011 to 2013, which was caused by the depression of the international dairy market and the change of the competition pattern in the Chinese market. However, in 2014, the return on equity began to pick up and fluctuated in a small range in the following years. Be worth what carry is, Yili dairy group's return on equity has for several years the world's first.

In 2013, the Yili dairy group's operating revenue shows rapid growth, in 2018 will exceed 80 billion yuan even mark. The net profit of Yili Dairy Group showed a negative growth from 2011 to 2012, but after the full implementation of the global strategy, its net profit continued to rise steadily at an annual rate of about 500 to 1 billion yuan. The net assets of Yili Dairy Group showed an explosive growth in 2013, more than doubling compared with 2012. In the following years, the net assets of Yili Dairy Group also increased at a relatively steady rate, and then surged again in 2018. This all suggests that Yili dairy group through the implementation of global strategy, many years of accumulated resources, marketing channels, brand and other advantages of gradually appear, presents the enterprise scale continued to expand and improve their competitiveness and development momentum.

Compared with the international dairy companies, China's dairy industry started not particularly early, our dairy company is still in the high speed development stage, and foreign users of Chinese dairy industry, is still questionable attitude "product quality". It is difficult for Chinese dairy enterprises to compete with Nestle and Danone. The Yili brand value increases every year, leading the Chinese dairy companies, but at the same time, the actual brand value and the international market share, there is still a gap and Nestle, danone, the international market the

independent brand effect is not very good, Yili dairy group, more can't satisfied with the existing results, should be more to the global market, a clear positioning, With detailed and comprehensive cognition, Yili should shape its own brand effect. At the present stage, Yili Group generally carries out international business through trade or direct product export, but its profits are far from the profits brought by international dairy giants relying on brands. Therefore, as a leading enterprise in the domestic dairy industry, Yili Group must focus on brand internationalization. Through brand expansion, Yili can realize economies of scale, greatly reduce the operating costs of enterprises, and improve the competitiveness of Yili brand in the international market.

### **3.2. Formulation of internationalization strategy of Yili Dairy Group**

With Yili dairy group and continuous increase of internationalization are involved in international trade, in the existing international strategy on the basis of the global web, Yili group has to improve its international strategy, gradually improve, comprehensive outbreaks caused by the global market strategy adjustment, would also need to solve the bottleneck problem of the response, to achieve the following goals:

First of all, we need to deepen the global strategy. In recent years, Yili Dairy Group's key financial indicators and several non-financial indicators, such as enterprise R&D innovation ability, enterprise brand value and enterprise supply chain guarantee, are also very stable. The huge potential of international development makes it necessary for Yili Dairy Group to carry out transnational business activities. If Yili Dairy Group wants to win more solid and sustainable development, it must further deepen its global strategy.

Secondly, the implementation effect should be improved. According to the impact of Yili Dairy Group's overall operating efficiency and level on the sharp decline in accounts receivable turnover, it can be seen that the overall group's operating capacity has not been improved with the implementation of internationalization strategy. According to the previous analysis, the

internationalization degree of Yili Dairy Group is still in the initial stage, and the process of stepping out of the country is not very smooth. It is restricted by various conditions, and the development is unbalanced, especially the data and standardization degree of management, talent, research and development, globalization index and so on are far behind.

Although the above questions shows Yili dairy group's overall internationalization degree is not high, but the organizational structure model of Yili group is unique to a certain extent, make up for these deficiencies, especially by the functions of the existing international business management, and international companies are not as the main management unit, which makes the Yili dairy group can take advantage of existing, Extending its different business categories requires the characteristics of professional management. Since dairy products include liquid milk, yogurt, milk powder, cheese, ice cream and many other branch products, this mode can greatly reduce the difficulty of management. Yili Dairy Group can fully improve on the basis of the existing internationalization strategy, and does not need to make major adjustments or changes. It only needs to better coordinate resources among departments and overseas R&D, production, operation and other aspects according to the current bottlenecks and difficulties faced by different functional departments, especially the system complementation of training overseas professionals in various aspects. In order to adapt to the changing international political, economic and social environment, Yili can improve the existing internationalization strategy.

Yili dairy group internationalization management level through the improvement of the international strategy and upgrade will produce qualitative leap, thus completed by domestic leading enterprises to international leader enterprise, and constantly improve and refine the international operation of successful experiences can also let all Chinese dairy companies of imitation.

In 2020, Yili overcame the huge crisis brought by the epidemic, achieved growth against the trend, exceeded expectations in various core indicators, and achieved the strategic goal of "top five global dairy industry" ahead of schedule. In

the same year, Yili Dairy Leadership Summit held in China, Indonesia, New Zealand and other overseas regions set up 31 sub-venues. More than 600 managers from all over the world participated in the conference through on-site and video conference. Based on the realization of the goal of "Top five Global Dairy Industry" and changes in the external macro environment and industry development trend, Chairman Pan Gang clarified the strategic goal for the next five years, namely, to enter the "top three global dairy industry" by 2025 on the basis of unswerving efforts towards "Top five Global dairy industry and Top five Healthy food" by 2030. This marks that the internationalization strategy of Yili Dairy Group has officially entered a new stage of development. Yili Dairy Group needs to upgrade according to the existing internationalization strategy, overcome the development bottleneck, and comprehensively deepen the internationalization strategy upgrading of Yili Group from the global milk source resources, research and development resources, raw materials resources, equipment resources, market resources, supply chain resources, etc. To achieve the global strategic goals of Yili Group.

First of all, based on the Chinese market, strive to obtain international resources. Starting from the Chinese market and carrying out international business activities, Yili Dairy Group mainly obtains overseas milk sources with high quality and low price and advanced technology, upgrades the product quality and safety supervision system, and improves the weak links of the enterprise's operation. It is through the first step of internationalization that Yili Dairy Group rebuilds its safe and organic brand image, gains the trust of domestic and foreign consumers, and lays a solid foundation for further seizing the domestic market in China.

Second, feed the Chinese market back. Yili Dairy Group absorbs and integrates high-quality overseas resources, extends the industrial chain to the global scope to form economies of scale and experience curve, and applies it to the Chinese domestic market to give full play to the "ocean current effect", thus consolidating and expanding the Chinese market share and further enhancing the status of Yili Dairy Group in China's dairy industry. And began to try to enter some regional markets (such as the Southeast Asian market), in order to make corresponding preparations

for entering the international market. Integration of high-quality overseas resources, so that the industrial chain all over the world to form economies of scale, so as to apply to the domestic market.

Thirdly, while stabilizing the overseas base of emerging markets, we should gradually lay out key global markets. At this stage, Yili Dairy Group fully controlled the acquired overseas resources and showed an absolute leading competitive strength in the Chinese market, and has accumulated rich international experience after early attempts. At this time, Yili Dairy Group will fully enter the international market through a series of international business activities, establish a global business system, face the opportunities and challenges brought by the global market, and seize the global market share.

Yili learns from the international experience of overseas dairy giants and strengthens the international operation of enterprises in a targeted manner. Therefore, the concept of international strategic upgrading of Yili Dairy Group is introduced, which must be comprehensively upgraded from the following aspects:

(1) To build a first-class international brand

Similar to other industries, at the beginning of multinational operation, Chinese dairy enterprises also exported products directly or in the form of contract manufacturing and trade. As mentioned above, this way of international trade has great risks and is similar to processing plants. Compared with the brand marketing of international giants, the operating profits are very small. The necessity and advantages of the implementation of the brand internationalization strategy have also made the Chinese dairy enterprises with gradually increasing strength realize and carry out careful research. Chinese dairy enterprises led by Yili Dairy Group also attach great importance to brand internationalization, and show the quality and strength of Chinese dairy products to the world step by step with their own efforts.

As shown in the following table, the brand penetration rate of Yili Dairy Group has reached 91.6% in 2023, and the number of consumers reached is close to 1.3 billion, ranking first for many years. As shown in Table 3-1:

Table 3-1

## Consumer Reach and penetration, 2020

Ranking 2013	Brands	vendor	Consumer Reach (millions)	Penetration rate %	Consumer choice	Consumer reach increased %
1	Yili	Yili Group	1297	91.6	7.9	1.0
2	Mengniu	Mengniu Group	1081	89.1	6.7	1.7
3	Master Kong	Tingyi Holdings LTD	826	81.0	5.7	-3.5
4	Sea and sky	Haitian Group	566	75.7	4.2	8.1
5	Shuanghui	Shuanghui Group	430	60.7	3.9	-2.8
6	Wangwang	Want Want Holdings	426	64.1	3.7	-6.5
7	Nongfu Spring	Nongfu Spring Co., LTD	408	63.2	3.6	9.9
8	Libai	Libai Group	382	65.6	3.2	-1.4
9	Bright	Bright Dairy	367	37.4	5.4	-6.3
10	Heart Prints	Heng An Policy Group	362	59.7	3.4	2.4

Source: Asia Brand Footprint Report 2023

Yili is indeed the No. 1 brand in the domestic dairy industry, but there is still a big gap between Yili and Nestle, Danone and other world-famous brands in the world. China has become the largest consumer market in the world. With the improvement of people's health awareness, the demand for dairy products is increasing and the requirements are getting higher and higher. Promoting double circulation and advocating dairy enterprises to go global are conducive to bringing high-quality milk sources and other dairy products into the domestic market, obtaining a variety of high-quality resources from all over the world to meet the needs of Chinese people, and improving resource security and anti-risk ability. Through the combination of brand channel promotion and various marketing methods, the target markets at home and abroad can be covered in a large area. Of course, this also makes domestic and foreign competitors do not have any

opportunity and time to imitate, through these means to establish the technology and brand moat, later can easily obtain overwhelming competitive advantages.

"Strong brands are a talisman for companies, and the brands that recovered quickly from the crisis did so because they continued to emphasize that they were building meaningful, differentiated brands in the eyes of consumers." As pointed out in the BrandZ report, Yili Dairy Group, a leading company in the health sector, always adheres to the concept of "consumer-centered" and continues to provide consumers with high-quality products and services. By 2020, in order to better understand consumers, Yili Dairy Group has built a big data radar platform covering 420 data sources, and the effective data magnitude reaches more than 90% of the whole network. It uses big data to insight into the deep needs of consumers in real time, and effectively combines these needs with product research and development, and constantly innovates and upgrades the brand. On October 15, 2020, BrandZ, known as the "Oscar of global marketing industry", released the Top 100 Most Valuable Chinese Brands in 2020. Yili Dairy Group retained the first place in the industry, achieving the "eighth consecutive crown", showing strong brand influence to the public, and also establishing its leading position in China's dairy industry with world-class quality.

Future Yili, mengniu, and other Chinese dairy companies in the world will continue to implement the integration of large-scale and mergers and acquisitions, and clearly the direction will be focused on the high quality resources and advanced technology, etc. The international market development of dairy industry will shift from "capital-oriented" to "brand-oriented". Go out, such as binary policy support, the domestic enterprise capital strength and abundant international brand reputation gradually increasing day by day, the Yili group, led by the Chinese dairy companies will also from the milk base, simple production plant investment m&a strategy in the primary stage, To focus on the high-end brand, research and development innovation center, the internationalization of cutting-edge technology patent strategic upgrade transformation.

In recent years, with the gradual improvement of Chinese enterprises'

competitiveness in the international market, more and more Chinese enterprises will transform from capital acquisition to brand upgrading. Dairy enterprises also continue to increase overseas implantation, and explore the international market by increasing product brands, expanding patent layout, expanding market channels and other ways. Due to the specialization of the dairy industry, most of the domestic dairy enterprises prefer to Southeast Asia and other emerging markets. Especially after China's accession to RECP, with the trade relations between southeast Asia and west Asia to further strengthen, Asian emerging markets in milk products consumption growth is greater than traditional European and American market, our country on advantageous geographical location, Japan South Korea mature markets in the east, southeast Asia and other emerging markets in the south west pick up in central Asia, west Asia and other countries, all the way There are more opportunities to expand the international market, so the domestic dairy enterprises represented by Yili Group will be more and more firm on the road of brand internationalization development.

## (2) Consolidate the technical barriers of R&D

Yili and Mengniu continue to accelerate the research and development rate of new products through deepening consumer demand research, but of course, the development of new categories requires continuous investment of huge research and development funds. As an international dairy giant, Nestle has led the industry in technology for many years, and its investment in research and development has made other dairy enterprises only match its performance. Nestle has the world's largest food and nutrition research and development system, with a total of 40 research and development centers and a research and development team of more than 4800 researchers.

As a leading dairy company in China, Yili Dairy Group has been increasing its R&D investment for many years in a row. However, even so, in 2023, the proportion of R&D investment in operating revenue was only 0.55%, higher than 0.3% of Mengniu, ranking first in China, but still at a low level from a global perspective. As shown in Figure 3-1:

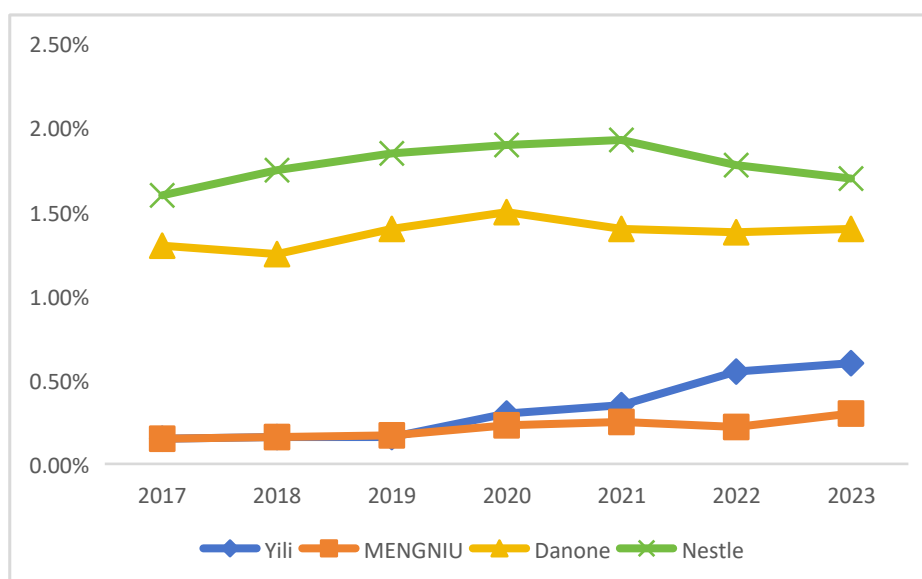


Figure 3.1 R&D investment of major domestic and foreign dairy enterprises 2017-2023

Data source: Yili Group annual report over the years

Yili Group successfully established the China-US Smart Valley in 2015 under the care of state leaders and successfully upgraded the European R&D Innovation Center of Yili Group in 2018. Therefore, from the two core indicators of R&D investment (as shown in Figure 3-2) and R&D intensity (as shown in Figure 3-3) in the following figure, Yili Dairy Group has successfully established a global innovation system and played the advantage of sharing global innovation resources. Yili dairy group, prolong the lifecycle of the existing core brands through continuous innovation, and create more suitable for different people demand of brands. Such as studies of breast milk white paper "and so on the international intelligence development of resources, scientific and technological achievements for the development of the enterprise internationalization coruscate gives new vitality, the Yili dairy group has maintained a strong growth momentum," no innovation, no future "enterprise creed inspired generation after generation of r&d personnel unceasingly self drive self development, With a steady stream of new products on the market, Yili Group has been continuously improving its competitiveness in the whole dairy industry.

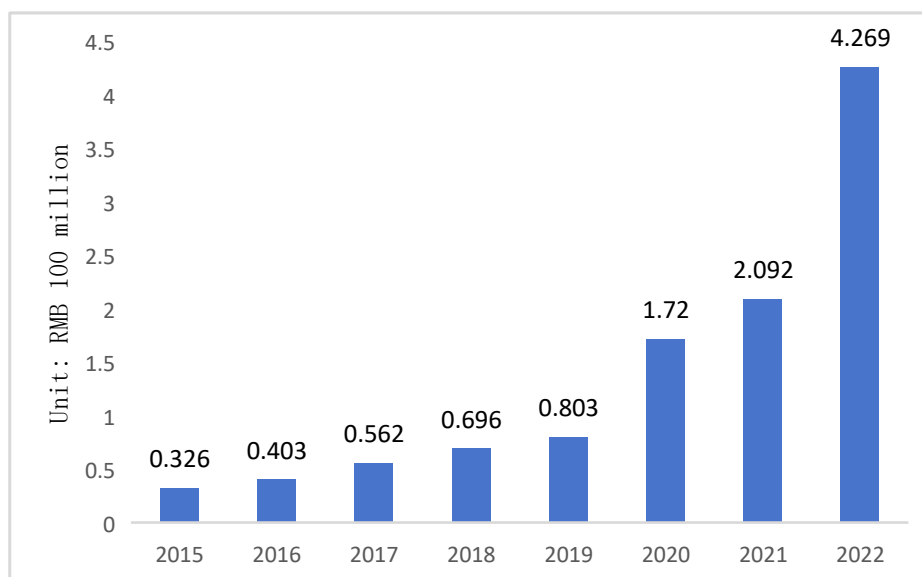


Figure 3.2 R&D investment of Yili Dairy Group

Data source: Yili Group Annual Report by Snowball.com

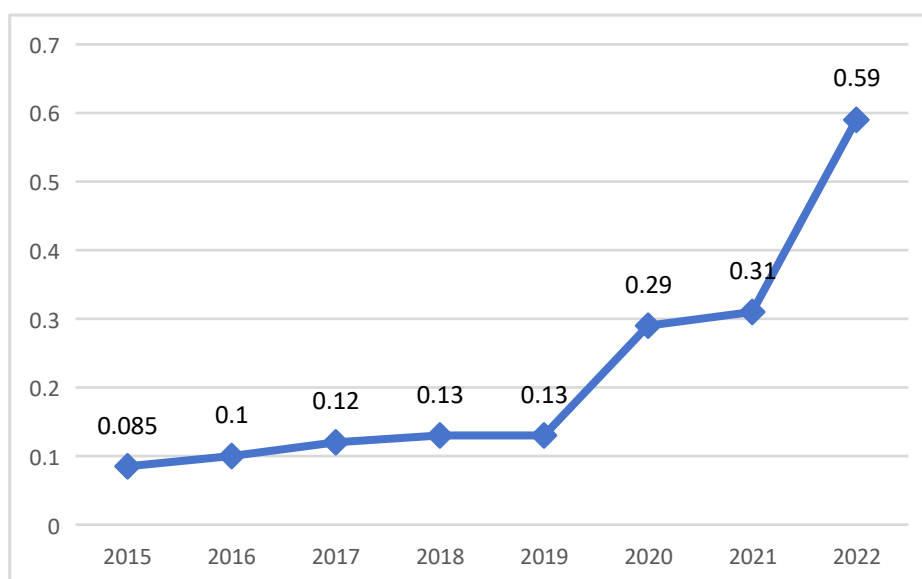


Figure 3.3 R&D intensity of Yili Dairy Group

Data source: Yili Group Annual Report, Snowball.com

R&d capital mainly refers to two parts: R&D physical capital and R&D human capital. R&d physical capital includes the following contents: R&D instruments, pilot test equipment and infrastructure for R&D scientific experiments required by enterprises for R&D innovation; And r&d human capital as the name implies, mainly including nutrition scientists and r&d engineers, scientific and technical personnel, this is the core of the enterprise technological innovation factors, the strength of

scientific research and innovation determines the enterprise product competitiveness and vitality. Yili dairy group key technical support of enterprise innovation ability is to develop physical capital and r&d human capital.

First of all, from the aspects of physical capital and hardware conditions, the sustainable power of enterprise technological innovation is guaranteed. Secondly, in terms of human capital, Yili Group introduces advanced technology researchers from home and abroad through various channels every year, and cooperates with universities to develop new products, providing fresh blood for the scientific research and innovation of the enterprise.

The European Innovation Center has been established and upgraded in the Netherlands, and the integrated dairy production and scientific research base has been established in New Zealand. After years of development, Yili Dairy Group will build a backbone network covering the global resource system, global innovation system and global market system, and help the domestic and international double circulation with global wisdom and industrial integration.

### (3) the introduction of advanced management methods

Internationalization of management is a kind of new management mode, such as domestic Yili group and mengniu dairy companies due to the particularity of its culture, most of the time in the process of internationalization strategy propulsion from select the appropriate management of their own department staff to manage foreign branches, advantage is buda is advantageous to the enterprise system and cultural propaganda, but also has great disadvantages, Many managers and because of a lack of experience studying and working abroad, part of the international trade rules and legal regulations are not familiar with, can lead to the development of enterprises in overseas markets on detours even greater risk. At the same time, compared with international dairy giants, Chinese dairy enterprises have a big gap in management ability and enterprise management. In many cases, there are various obstacles set up by the host country government or enterprises, and various problems and drawbacks will lead to high operating costs and lower competitive advantages of Chinese dairy enterprises in overseas markets.

In the process of internationalization of Yili group, on the Yili enterprise culture and management idea, at the same time, be sure to need to truly understand the local market, channels and consumer local management team to do the business, the localization of talent management team in general can help enterprises to adapt to the local environment with the quickest speed, open markets.

#### (4) The establishment of transnational talent system

Internationalization of professional talents with international vision and experience in a multinational enterprise effect is very apparent, can help the enterprise strategy formulation and executives find and solve problems in a timely manner. Yili Group's company-wide long-term talent training plan -- Spring Rain Plan should include international professionals as much as possible. As a long-term and continuous talent training policy, through social recruitment and school recruitment, it is planned to explore and cultivate inter-disciplinary talents with overseas operation and management experience, proficient in international business practices and marketing knowledge, as well as local language and culture.

As an important part of the upgrading of Yili Group's internationalization strategy, the global smart chain is to integrate the wisdom and standards from China and other countries through the application of big data and intelligent manufacturing, reconstruct the global division of labor with digital means and international standards, and integrate the global industrial chain including milk source, research and development, production, logistics and terminal retail. Through the upstream and downstream industries, across different countries and regions, to achieve the agglomeration and integration of the world's best resources and wisdom, all of which are based on international talents. To further support group internationalization strategy, build internationalized talent supply lines, Yili dairy group throughout the company to have a willingness to support overseas business of good staff selection, group headquarters alone to receive each year hundreds of thousands of employees to sign up. After the screening, good employees from various professional fields to join to the overseas talents training class. Set up "overseas talent training" and "southeast Asian expats JiXunBan", organization with the "new retail" and

"international merger and acquisition" as the key course of learning program.

Yili Group holds classes for overseas talents in the hope that students will continue to consolidate their language foundation and improve their business communication skills. Improving professional ability, become "bilingual" business elite; Master intercultural skills to practice and spread Yili culture worldwide. Be a good practitioner, communicator and even leader of Yili culture, integrate and complement each other in cross-cultural cooperation, and achieve win-win results in international business.

At the same time, Yili dairy group recruitment international GuanPeiSheng from abroad, and differentiation of orientation. In the process of "localization" of employees, Yili Group is more tolerant and understanding of differences in religious beliefs and ethnic customs in different countries and regions. Through the system of the host country staff training, help them to well understand the Yili enterprise culture, to better and faster into the group's overall business.

#### (5) Build a global market system

Economic globalization has connected the whole world market, and the dairy industry also needs to show a more open pattern. Increasingly open to the international dairy market, also for Yili dairy group to provide products and services to global consumers through the road. In this context, Yili Group is committed to promoting a win-win market and "enabling the world to share health". Over the past decade, Yili Group has expanded its overseas markets from Indonesia to the whole Southeast Asia, and continued to move forward to the world. In the next ten years, Yili Group will set the grand goal of achieving the first place in the global dairy industry, aiming to serve 2 billion consumers around the world. It expects to make more consumers share high-quality products through strengthening global cooperation.

The main driving force of Yili Group's performance is the increase of market share and output, and the most direct solution is to enhance market share by deepening or broadening marketing channels. This requires that the Yili group need to be further in the high-end products, optimize the industrial structure, improve

enterprise profitability by winning the international market.

Therefore, Yili Group began to cultivate international marketing thinking, strive to integrate global resources, gradually build a cooperation platform, and promote practical international market cooperation; In addition, fully participate in the development of international marketing and advertising rules, improve the Chinese enterprises to say, the interest of the Chinese dairy companies.

(6) to build inclusive corporate culture

Yili group existing internationalization strategy to promote the practice has proved that from an ordinary Chinese enterprises to the international enterprise, from the long run, the decision is the function of cultural fusion, even different countries, different cultures, different languages, also want to try my best to be the local consumer recognition. Therefore, in the process of internationalization of Yili Group, special attention should be paid to the strength of cultural integration in the standard of excellent international dairy giants such as Nestle and Danone.

The fusion of different cultures, the absolute is not simply a communication or form of etiquette, but to establish the deep integration of enterprise culture based on Shared values. We need to understand the local culture and people, understand what makes them unique, and understand that we cannot change other people or their culture. Adjust plans and methods to suit local conditions. Working with local employees is the key to successful work to ensure that the company's culture and values are implemented. Taking the Oceania production base of Yili Group in New Zealand as an example, 80% of the factory is locally hired in New Zealand, and all aspects of management, R&D, production, marketing and so on have achieved proper integration. In Yili culture, "Yili as quality" corporate creed is the world all Yili employee recognition, and the pursuit of common goals, this is the solid foundation by corporate culture implementation of cultural fusion.

### **3.3. Economic substantiation of Yili Dairy Group's internationalization strategy**

Under the background of economic globalization, enterprise internationalization has become an important way to enhance competitiveness, expand market and obtain high-quality resources. This part will elaborate on the economic demonstration of Yili Dairy Group's internationalization strategy from the aspects of financial status, market competitive position and long-term development goals.

#### *Analysis of financial status*

##### (1) Revenue and profit growth

Yili Dairy Group has successfully achieved steady growth in revenue and profit through its internationalization strategy. In 2023, Yili Dairy Group's total operating revenue reached 90.223 billion yuan, up 13.41% year on year, and its net profit reached 6.951 billion yuan, another new high among Asian dairy enterprises. This shows that the internationalization strategy has brought significant financial benefits to Yili Dairy Group.

##### (2) Asset-liability ratio and solvency

In the process of internationalization, Yili Dairy Group has effectively controlled the asset-liability ratio and kept it within a reasonable range (40%-60%). This indicates that Yili Dairy Group has strong long-term solvency and is able to cope with possible financial risks in the process of internationalization.

##### (3) Operational capacity

In spite of the accounts receivable turnover fell, Yili dairy group's overall operating capacity increase year by year. The improvement of total asset turnover and fixed asset turnover indicates that Yili Dairy Group has improved its asset utilization efficiency and effectively controlled its operating costs under the internationalization strategy.

#### *Analysis of market competitive position*

##### (1) Increase in market share

Through the internationalization strategy, Yili dairy group in the global market

share rising. Especially in southeast Asia and other emerging markets, Yili dairy group in m&a, cooperation way, quickly occupied the market share and enhanced the competitiveness of the dairy market in the world.

### (2) the brand internationalization

Yili Dairy Group has successfully enhanced its brand awareness and influence in the international market through its internationalization strategy. The increase in brand penetration and the increase in the number of consumers reached indicate that the brand internationalization strategy of Yili Dairy Group has achieved remarkable results, laying a solid foundation for the long-term development of the enterprise in the global market.

### (3) Improvement of technology and management level

Through cooperation with internationally renowned universities and research institutions, Yili Dairy Group's technology research and development and management level have been significantly improved. This not only enhanced the competitiveness of the enterprises in the global market, also provides a strong support for the long-term development of enterprises.

### *Analysis of long-term development goals*

#### (1) Deepening the global strategy

Yili Dairy Group has gradually deepened its global strategy through its internationalization strategy. In the future, Yili Dairy Group will continue to strengthen its layout in the global market, further expand its market share and enhance its global competitiveness through mergers and acquisitions, cooperation and other means.

#### (2) Resource integration and optimal allocation

The internationalization strategy provides Yili Dairy Group with the opportunity to integrate global high-quality resources. By optimizing the allocation of resources, Yili Dairy Group is able to improve product quality, reduce costs and improve efficiency, thus maintaining a competitive edge in the global market.

#### (3) Sustainable development

The internationalization strategy provides strong support for the sustainable

development of Yili Dairy Group. Through the layout and development in the global market, Yili Dairy Group can diversify business risks, expand profit channels and achieve long-term stable development.

In conclusion, the implementation of the internationalization strategy by Yili Dairy Group has significant economic rationality and feasibility. Through the internationalization strategy, Yili Dairy Group has not only achieved steady growth in revenue and profit, but also enhanced its competitiveness and brand influence in the global market. At the same time, the internationalization strategy provides strong support for the long-term development of Yili Dairy Group, which helps the enterprise maintain its competitive advantage in the global market and achieve sustainable development. Therefore, Yili Dairy Group should continue to deepen the internationalization strategy, constantly improve the global competitiveness, and achieve more brilliant development achievements.

## CONCLUSION

Based on the basic theory of enterprise internationalization strategy for the basis, compared with Europe and the United States large dairy enterprise internationalization strategy, at the same time, in-depth analysis of Yili dairy group, the international and domestic environment, and the present status of the internationalization strategy of Yili. By analyzing the bottleneck encountered in the internationalization of Yili Group, the concept of the internationalization strategy upgrade of Yili Group was innovatively put forward through the analysis of the key problems, and the necessity and feasibility of the internationalization strategy of Yili Dairy Group was studied in the post-100 billion era in 2021. At the same time, the specific implementation steps of the internationalization strategy upgrade were listed. Only by building a first-class international brand, consolidating research and development technology barriers, introducing advanced management methods, establishing a transnational talent mechanism, building a global market system, creating an inclusive corporate culture and other measures to go hand in hand, can we ensure that Chinese dairy enterprises represented by Yili Dairy Group can steadily carry out the internationalization process. And in the mature stage of resource acquisition, research and development cooperation and international talent construction, Yili will fully rely on the national policy of "One Belt and One Road", continue to more scientific overseas mergers and acquisitions and market occupation, so that Yili will become a real international dairy giant.

One of the main reasons why the global strategy of Yili Dairy Group has not achieved significant results at the present stage is that the international business is not paid attention to by the local people and the speed of growth is slow. At present, we can refer to the successful track of Guangming Group, distinguish China from overseas markets, deeply clarify the development of international business, and regularly publicize the operating data of various regions, such as revenue, gross profit margin and other indicators. In this way, we can not only realize parallel development at home and abroad, but also balance the development of Chinese and

foreign markets. It can also compare horizontally with other peers and find its own strengths and weaknesses.

In the face of intensified competition in the international dairy market, Yili can further segment the market and increase investment in research and development. In the field of traditional strength of normal temperature liquid state milk, realizing the high-end products to continue to grab market share is one of the effective methods. Yili can develop new products suitable for local people according to the customs of different countries, regions and nationalities to meet the preferences of different people, so as to maintain and expand its market share in the traditional strong product sector and make up for its market share in some relatively weak product sectors. At the same time, due to the different proportions of market shares in different countries and regions, Yili Dairy Group should allocate resources reasonably to enhance its comprehensive competitiveness in the international market while expanding its overseas market development.

The Oceania production base of Yili Dairy Group in New Zealand is currently the largest integrated dairy base in the world. Yili has established a global resource system after years of overseas milk source layout. There are two important role, first of all, by ensuring high quality products in the domestic market supply, the establishment of a domestic dairy industry leading position; Second, through the construction of overseas production base, can use practices to cultivate excellent overseas talent and technical reserves, further promote the internationalization strategy for the future of human resources and technology, capital and management experience.

With the implementation of the internationalization strategy, Yili Dairy Group continues to enhance its competitiveness in talent, technology and management against multinational dairy giants. By using various resources and alliances, Yili Dairy Group continues to expand the international market through international alliances or direct business mergers and acquisitions, exporting its own unique culture and creating its own world-famous brand. To inculcate the corporate creed

of "Yili is quality" into the hearts of every consumer in the world, so as to truly "go out".

The internationalization of enterprise high speed implementation and development of comprehensive talent demand is great, enterprise culture management is very difficult to meet, so it can lead to a lack of talent, but not too much to hire foreign talent, easy to cause the enterprise culture into difficulty, enterprise creed difficult, corporate culture has always been a Yili and mengniu such domestic enterprise in competition. In view of this, Yili dairy group must be guided by the global mindset, efficient training system, establish and improve international talents with mellow taste, high quality and the unique enterprise culture of Yili group infusion mechanism, Yili brand and corporate reputation is set up, and given its unique corporate culture, aspires to be the world's leading health food provider, Through the implementation of Yili Group's internationalization strategy upgrade, Yili Dairy Group will gradually stride forward to the goal of being the first in the global dairy industry.

## REFERENCES:

1. Stopford, B. F. M. . (1991). Globalization frustrated: the case of white goods. *Strategic Management Journal*, 12(7), 493-507.
2. Bamberger, I., & Evers, M.. (1993). Internationalization behaviour of small and medium-sized enterprises - empirical results. *Ciencia E Investigacion Agraria*, 40(2), 419-428.
3. HARRY, G., BARKEMA, JOHN, H., & J., et al. (1996). Foreign entry, cultural barriers, and learning. *Strategic Management Journal*, 17(2), 151-166.
4. Bartlett, Christopher, A., Ghoshal, & Sumantra. (2001). *Managing across borders: the transnational solution*, 2nd edition. Harvard Business School Press Books.
5. Vestergaard, M., Hviid, A., Madsen, K. M., Wohlfahrt, J., & Olsen, J. . (2004). Mmr vaccination and febrile seizures. *JAMA The Journal of the American Medical Association*, 292(3), 351-357.
6. Contractor, F. J., & Kundu, S. K.. (1998). Modal choice in a world of alliances: analyzing organizational forms in the international hotel sector. *Journal of International Business Studies*, 29(2), 325-356.
7. Di Giulio, M., & Moro, Francesco Niccolo. (2016). a comparative policy analysis of italian railways and utilities. *Journal of Comparative Policy Analysis Research & Practice*, 18(1), 21-37.
8. Hamel, G., & Prahalad, C. K.. (1985). Do you really have a global strategy? ., 27(3), 13-14.
9. Michael, A., Hitt, and, Robert, & E., et al. (1994). A mid-range theory of the interactive effects of international and product diversification on innovation and performance. *Journal of Management*, 20(2), 297-326.
10. Hout, T. M. , Porter, M. E. , & Rudden, E. . (1982). How global companies win out. *Harvard Business Review*, 60(5), 98-108.
11. Chetty, S., & Holm, D. B.. (2000). Internationalisation of small to medium-sized manufacturing firms: a network approach. *International Business Review*, 9(1), 77-93.

12. Johanson, J., & Vahlne, J.. (1986). The internationalization process of the firm--A model of knowledge developmen.
13. Cavusgil, S. T.. (2010). The born global: A challenge to traditional internationalization theory. *Advances in International Marketing*.
14. K Kogut, B. , & Nath, R. . (1988). The effect of national culture on the choice of entry mode. *Journal of International Business Studies*, 19(3), 411-432.
15. Levitt, T.. (1993). The globalization of markets. *Harvard Business Review*, 61, 92–102.
16. Porter, M. E.. (2010). Changing patterns of international competition. *International Executive*, 28(2), 13-14.
17. Patricia, P., McDougall, Benjamin, M., & OviattRodney, et al. (2003). A comparison of international and domestic new ventures. *Journal of International Entrepreneurship*, 1(1), 59-82.
18. Oviatt, B., & Mcdougall, P.. (2005). Towards a theory of International New Ventures.
19. S D, Putney, & Schimmel. (1981). An aminoacyl trna synthetase binds to a specific dna sequence and regulates its gene transcription. *Nature*.
20. Peng, M. W., & Zhou, J. Q.. (2006). Most cited articles and authors in global strategy research. *Journal of International Management*, 12( 4), 490-508.
21. Quelch, J. A.. (2010). Customizing global marketing. *International Executive*, 28(2), 11-12.
22. Chen, B., & Chen, G. Q.. (2007). Resource analysis of the chinese society 1980–2002 based on exergy—part 2: renewable energy sources and forest. *Energy Policy*, 35(4), 2051-2064.
23. Cantwell, J., Glac, K. , & Harding, R.. (2004). The internationalization of r&d — the swiss case. *Management international review*, 44(3SI), p.57-82.
24. Welch, L. S., & Luostarinen, R.. (1988). Internationalization: evolution of a concept. *Journal of General Management*, 14(2), 155-171.

25. Johanson, J., & Vahlne, J. E.. (1977). The internationalization process of the firm—a model of knowledge development and increasing foreign market commitments. *Journal of International Business Studies*, 8(1), 23-32.
26. Yiu, D., & Makino, S.. (2002). The choice between joint venture and wholly owned subsidiary: an institutional perspective. *Organization Science*, 13(6), 667-683.
27. Morris, S., Hammond, R., & Snell, S.. (2014). A microfoundations approach to transnational capabilities: the role of knowledge search in an ever-changing world. *Journal of International Business Studies*, 45(4), 405-427.
28. Richard. Robinson, J. (1989). *An Introduction to the Internationalization of Enterprises*. University of International Business and Economics Press.
29. Cao, Z. (2015). Enterprise Internationalization measurement Method and its application. *Statistics and Decision* (22), 3.
30. Chen, W. (2002). Review of Research on International Competitiveness of Industries. *Opening Review* (4), 2.
31. Chen, W., Ding, Y., Wang, G. & Xin, R. (2017). *The Road to Globalization: Chinese enterprises' cross-border M&A and integration*. Citic Press.
32. Chen Zhen, & Li Yaru. (2019). How do overseas market risks affect the internationalization process of Chinese enterprises? *World Economic Research* (5), 16.
33. Gan Q. Research on global industrial Chain Optimization of Chinese dairy Enterprises. (Doctoral dissertation, Hubei University of Technology).
34. Gao Jie, & Jing Xiaoyun. (2011). On the Global Strategy of multinational corporations. *Productivity Research* (3), 3.
35. Yan Yue. (2013). Research on Overseas Business Growth Strategy of Yili Group. (Doctoral dissertation, Inner Mongolia University).
36. Xie K L, & Chang Q. (2014). Research on internationalization strategy of Bright Dairy's overseas M&A. *Chinese and foreign entrepreneurs* (8), 3.

37. Jin Zhanming, & Duan Hong. (2011). Enterprise internationalization strategy. Higher Education Press.
38. Li Jiangfan, & Gu Naihua. (2004). From inward internationalization to Outward internationalization: the internationalization path arrangement of state-owned service enterprises in the Pearl River Delta under cepa. *Southern Economy* (3), 4.
39. Zhao Yongliang, Su Qilin, & Luo Jie. (2017). Religious Pluralism and OFDI in the context of the "Belt and Road" Initiative: A case study of Chinese enterprises OFDI. *The "Belt and Road" Initiative and the Internationalization of Chinese Enterprise Management and the 2017 Annual Conference of China Enterprise Management Research Association.* ; China Enterprise Management Research Institute; .
40. Li Y, & Liu F. (2018). Current Situation analysis and countermeasures of Chinese dairy enterprises -- taking Mengniu and Yili as examples. *Chinese Journal of Animal Science*, 54(9), 4.
41. Liu, J. (2018). 40 Years of internationalization of state-owned enterprises: development process and institutional logic. *Research on Economics and Management*, 39(10), 18.
42. Liu, Y. (2015). A Comparative Study of Yili and Guangming's overseas M&A Strategy. (Doctoral dissertation, Southeast University).
43. Lu, T. (2000). Enterprise Internationalization stage, measurement method and case study. *The Journal of World Economy*, 23(3), 10.
44. Pan D. (2017). Research on internationalization of Chinese Dairy Enterprises. (Doctoral dissertation, Beijing Foreign Studies University).
45. Ren Shengce, & Xuan Guoliang. (2006). Review of research on international start-ups abroad. *Foreign Economics and Management*, 28(5), 8.
46. Sun Rui, & Wang Jinrong. (2017). Global Strategy of multinational corporations and its implementation. *Reform and Opening* (13), 2.

47. Wang Han. (2014). Overseas strategic choices of China's two major food enterprises and their inspirations: A comparison between Yili and Guangming. *Foreign Economic and Trade Practice*, (6), 76-79.
48. Wang Wenchao. (2004). Research on internationalization strategy of Chinese enterprises. *Exploration of Economic Problems* (2), 3.
49. Xu L L. (2011). Factors evaluation model of the failure of cross-border mergers and acquisitions of Chinese food enterprises: A case study of Bright Food. *Foreign Economic and Trade Practice* (12), 3.
50. Yang B. (2019). A study on the dual disadvantages of the internationalization of multinational enterprises in emerging economies. *Journal of Economic Management*, 41(1), 15.
51. Yu Junqiu, & Xuan Lei. (2016). Research on transnational mergers and acquisitions of Inner Mongolia enterprises under the background of "One Belt and One Road" -- A case study of dairy enterprises. *Journal of Inner Mongolia University: Philosophy and Social Sciences Edition*, 48(6), 7.
52. Zhan W F. (2012). A study on the strategic choice of enterprises' internationalization -- taking Bright Dairy's overseas merger and acquisition as an example. *Journal of Finance and Accounting* (24), 123-125.
53. Zhang Q, Yang L, & CAI X L. (2015). Status quo, problems and upgrading ways of China's dairy products export. *Foreign Economic and Trade Practice* (07), 55-58.
54. Porter, M. (1998). *Competitive strategy: Techniques for analyzing industries and competitors*. The Free Press.
55. Yip, G. (1989). *Global strategy...in a world of nations*. MIT Sloan Management Review.
56. Prahalad, C., & Doz, Y. (1987). *The multinational mission: Balancing local demands and global vision*. New York: Free Press.
57. Bartlett, C., & Ghoshal, S. (1989). *Managing across borders: The transnational solution*. Boston: Harvard Business School Press.

58. Kogut, B. (1985). Designing global strategies: Comparative and competitive value-added chains. *Sloan Management Review*, 26(4), 15.
59. Aguilar, J. F., Aguilar, L. F., & Aguilar, F. J. (1967). Scanning the business environment. *Simulation & Gaming*, 42(1), 27-42.
60. Andrews, K. R. (1971). *A Concept of Corporate Strategy*. Dow Jones-Irwin.
61. Ansoff, H. I. (2008). *Corporate strategy: Business policy for growth and expansion*. Pickering & Chatto.