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Table of Contents

Introduction.....	2
Task 1: Critical Analysis of Political and Economic Actors.....	3
Actor A: Political (and Legal) Actors.....	3
Trade Policies: Huawei (Pioneer) vs Nokia (Follower/Alternative).....	3
Competition Laws: Meta/Facebook (Pioneer) vs TikTok (Follower).....	3
Employment Rules: Deliveroo (Pioneer UK) vs Uber Eats (Follower).....	4
Actor B: Economic Actors.....	5
Industrial Economies: Starbucks (Pioneer) vs Luckin Coffee (Follower).....	5
Income Distribution: Rolls-Royce (Pioneer) vs Genesis (Follower).....	6
Inflation: McDonald's (Pioneer) vs Burger King (Follower).....	6
Task 2: Strategic Responses.....	7
2.1 Growth Strategies: Ansoff's Matrix Under Political–Economic Pressure.....	7
Huawei – Market Development as Survival Strategy.....	8
Starbucks and Luckin – Contrasting Growth Logics in Industrial Economies.....	8
Rolls-Royce and Genesis – Product Development Across Income Tiers.....	9
McDonald's and Burger King – Market Penetration in an Inflationary World.....	9
2.2 Competitive Positioning: Porter's Generic Strategies in Practice.....	10
Huawei vs Nokia – Differentiation Around Security and Sovereignty.....	10
Meta vs TikTok – Differentiation Under Regulatory Scrutiny.....	11
Deliveroo vs Uber Eats – Cost Structures and Flexibility.....	11
Starbucks vs Luckin – Differentiation vs Cost Focus.....	11
Conclusion.....	12
References (Harvard style).....	13

Introduction

Kotler et al (2020) stated that, The macro-environment consists of larger societal forces that affect the micro-environment—demographic, economic, natural, technological, political, and cultural forces. Within this wider context, political–legal and economic factors often act as the “hard” constraints that determine which markets firms may enter, on what terms, and with what profitability. This report examines how six pairs of firms navigate regulatory walls and economic volatility, and how strategic marketing tools such as Ansoff’s Matrix and Porter’s Generic Strategies can help them avoid strategic drift and sustain competitive advantage under macro-environmental pressure.

Task 1: Critical Analysis of Political and Economic Actors

Actor A: Political (and Legal) Actors

Trade Policies: Huawei (Pioneer) vs Nokia (Follower/Alternative)

US and other trade security policies have significantly affected 5G network infrastructure competition. For example, in 2020, the UK banned all new purchases of Huawei 5G equipment and required that Huawei equipment be completely removed from all national networks by 2027, citing US sanctions and Huawei's supply chain risk to national security (UK Government, 2020). More recently, the European Commission has passed a binding 5G Cybersecurity Toolbox (that is, a set of recommendations) requiring each of its member-states to restrict Huawei and ZTE from core networks; many member-states have followed this lead (TechRadar Pro, 2023).

Although Huawei, at one time, was the low-cost and technological leader in 5G, it no longer dominates the Western market for the same reasons as Nokia and Ericsson have become "the trusted" alternative. In fact, Nokia, which has just secured a multibillion-pound deal (for 2025) with Vodafone and Three in the UK, shows how operators are choosing to work with European vendors for regulatory compliance and to reduce their reliance on Huawei (Nokia, 2025).

From a marketing perspective, political intervention has re-segmented the global market: Huawei is focusing on cost and speed of roll-out in the Global South where there are fewer regulations limiting its activities; while Nokia is focusing on security, regulatory compliance and long-term partnership commitments with Western governments. Thus, political actors have turned national security concerns into a significant competitive advantage for compliant vendors.

Competition Laws: Meta/Facebook (Pioneer) vs TikTok (Follower)

Regulatory frameworks designed to address competition and protect consumer personal data increasingly limit how companies can profit from user engagement. For instance, under the European Union Digital Markets Act (DMA) Meta was identified as a "gatekeeper" and was fined \$250 million in 2025 for its "pay or consent" model, which requires consumers to either opt in to personalized advertising or to pay to receive an ad-free experience and thus violates the DMA's rules on fairness (European Commission, 2025). This ruling may require Meta to rethink its consent processes and perhaps to use less detailed data when targeting ads.

TikTok also faces a similar major regulatory challenge. In the United States, the Protecting Americans from Foreign Adversary Controlled Applications Act, enacted through Executive Order 14166 (2025), compels ByteDance to either sell TikTok's U.S. operations or face a ban on TikTok in the U.S. based on national-security and data-sovereignty concerns (Executive Office of the President, 2025).

Both cases illustrate how competition and privacy laws limit pioneering scale advantages. Meta will likely need to create more transparent and privacy-focused value propositions than previously available; while TikTok's playful, creator-focused marketing strategy may remain viable only so long as its ownership meets the geopolitical expectations of regulators. Thus, regulatory actors restrict data-driven business models and force strategic adjustments.

Employment Rules: Deliveroo (Pioneer UK) vs Uber Eats (Follower)

Decisions regarding labor law directly affect cost structures in the gig economy. In 2021, the UK Supreme Court ruled in *Uber BV v Aslam* that Uber drivers were workers who had a right to a minimum wage and paid vacation time, weakening Uber's prior business model in which drivers were defined as independent contractors (*Uber BV v Aslam*, 2021). In contrast, the 2023 ruling in *Independent Workers Union of Great Britain v Central Arbitration Committee* confirmed Deliveroo riders as genuinely self-employed, preserving flexibility and denying collective-bargaining rights (UK Supreme Court, 2023).

Deliveroo, as the first firm to enter the UK gig economy, has been able to maintain lower fixed labor costs and a more flexible operating environment. Uber Eats, which entered the UK market later than Deliveroo and inherited a broader precedent established in the U.S., now must deal with higher effective labor costs and compliance requirements for its drivers. Both firms must adjust their aggressive promotional strategies (e.g., free delivery, vouchers, subscription discounts) for labor costs and compliance obligations. Thus, policymakers, courts and unions are able to influence the macroeconomic factors that support or weaken the competitive position of last-mile delivery platforms.

Actor B: Economic Actors

Industrial Economies: Starbucks (Pioneer) vs Luckin Coffee (Follower)

Economic growth remains uneven, with advanced economies slowing amid tariff risks and inflation, while China continues as a key consumer driver despite moderation (Statista, 2025). In doing so, Starbucks was one of the first companies to enter China, utilizing its stores to create "third place" experiences that blended the western-style coffee shop experience with the cultural nuances of each region they operate within and utilizing their digital capabilities to support these stores (Ithy, 2024). In order to grow at scale and maintain a premium experience, Starbucks' China Strategic Vision 2025 outlines the creation of thousands of additional stores and significant investments including the Kunshan Coffee Innovation Park (AInvest, 2024).

Luckin Coffee, which entered the Chinese market after Starbucks, utilized digital-based platforms (including mobile apps) to expand their reach (to over 20,000 locations by 2024-25) and increase sales (through cash-less stores and extremely competitive pricing options such as 9.9 yuan coffee offerings) to attract price-conscious urban consumers who were also technically savvy (World Coffee Portal, 2025). As a result, Starbucks generates revenue from customer experience and the value of its brand heritage; whereas Luckin Coffee utilizes the large number of stores and lack of assets needed to open new stores, along with algorithmic efficiency in a still growing industrial economy.

Income Distribution: Rolls-Royce (Pioneer) vs Genesis (Follower)

Growing numbers of Ultra-High Net Worth Individuals (UHNWIs) will continue to fuel demand for luxury goods and services. Rolls Royce focuses on this specific demographic through providing customized products with prices greater than £300,000, focusing on the heritage, craftsmanship, and level of customization provided through exclusive private events and commissioning processes that signal exclusivity rather than price (Jing Daily, 2024; IIDE, 2022).

Genesis, Hyundai's standalone premium brand, targets affluent professionals with sophisticated design and technology at more accessible price points than established German rivals (Genesis of Norman, 2024). . Rolls Royce competes in the very limited, recession-proof ultra-luxury niche; whereas Genesis competes in the larger upper-middle class tier, where customers are generally more sensitive to changes in interest rates and rising living costs. Therefore, income inequality creates a number of separate, isolated markets for luxury goods and services, as well as contested markets for mass affluent products and services.

Inflation: McDonald's (Pioneer) vs Burger King (Follower)

Post-pandemic inflation will continue to erode the purchasing power of workers and further exacerbate price competition in the quick-service restaurant industry (Statista, 2025). McDonalds, which has been the standard for affordability in the quick-service restaurant industry for decades, experienced backlash when some of its price increases in the United States exceeded general inflation levels, resulting in a loss of customers who were budget-conscious (Business Insider, 2024).

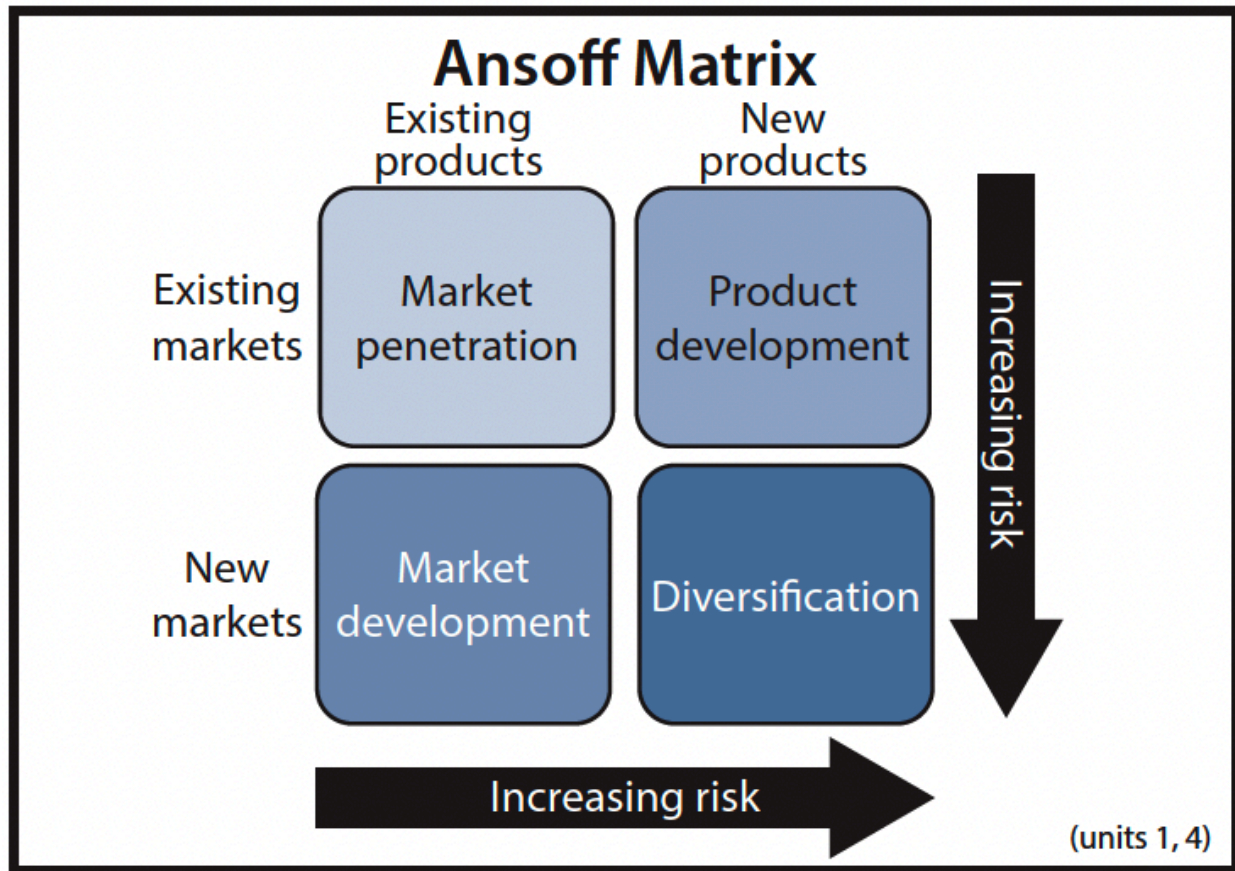
Both chains responded in 2024–25 with prominent \$5 value meal deals combining entrée, sides, and drink to signal empathy amid high living costs (Money, 2024). McDonalds used its global size, operational efficiency and reduced complexity in its menu to defend its cost leadership position; whereas Burger King relied upon intense promotional pricing in order to generate traffic to its restaurants, however it put itself at risk for significantly thinner profit margins. Therefore, central banks, governments and

wage factors serve as macroeconomic players that compel brands to re-evaluate their pricing architectures, promotional pricing strategies and communications to customers in order to protect both volume and perceptions of their brands.

Task 2: Strategic Responses

Growth Strategies: Ansoff's Matrix Under Political–Economic Pressure

Ansoff's Matrix distinguishes four generic growth paths: market penetration, market development, product development and diversification (Ansoff, 1957). In volatile, highly regulated environments, firms must choose those paths that balance risk with the constraints imposed by political and economic actors.



Huawei – Market Development as Survival Strategy

Huawei's plans for growing in the advanced Western markets through its 5G have been severely impacted by bans and restrictions in the UK, USA and certain countries in the

European Union (UK Government, 2020). Consequently, Huawei has expanded into developing markets across Asia, Africa, Latin America and the Middle East which generally have fewer regulatory hurdles and lower levels of concern regarding security issues related to Western governments. For many developing markets the need for affordable high-speed communication networks is greater than their willingness to accept western regulatory requirements. Therefore, Huawei's re-focusing of its current 5G and cloud products into new geography is almost exclusively through the market development option within Ansoff's framework of growth strategies. Although this allows Huawei to reduce its exposure to political risk, it does create significant dependencies on potentially unstable or less creditworthy economies.

Starbucks and Luckin – Contrasting Growth Logics in Industrial Economies

Starbucks combines market development and product development in China: opening thousands of new stores in underpenetrated cities (market development) while localising drinks, digital services and store formats (product development) (Ithy, 2024; Alinvest, 2024). Therefore, Starbucks' growth thesis relies on the continued expansion of the upper-middle class in China and their willingness to spend a premium to enjoy the experience of visiting a Starbucks coffee shop in a slowly-growing economy.

Luckin Coffee Company, by contrast, has adopted a more aggressive form of market penetration within China, with the objective of increasing its density in urban areas and creating customer loyalty by offering frequent promotions, low prices and the use of an app that allows customers to create a personalized experience based upon their purchasing habits (China Daily, 2024; World Coffee Portal, 2025). As China's economic growth slows and competition for market share becomes increasingly intense, Luckin has begun to expand internationally, including the establishment of new stores in the United States (e.g., New York), representing a tentative entry into market development, while continuing to leverage its established business model.

Rolls-Royce and Genesis – Product Development Across Income Tiers

While Rolls-Royce's primary growth mode has been product development, this product development has been focused on expanding its ultra-luxury niche through new models such as the Cullinan SUV, as well as through the creation of limited-edition vehicles that can be tailored to individual customers (IIDE, 2022; Jing Daily, 2024). Genesis, by contrast, grows via both market development (entering new geographic markets, particularly in North America and Europe) and product development (rolling out SUVs and EVs that respond to tightening emissions rules and changing consumer tastes) (Genesis of Norman, 2024).

McDonald's and Burger King – Market Penetration in an Inflationary World

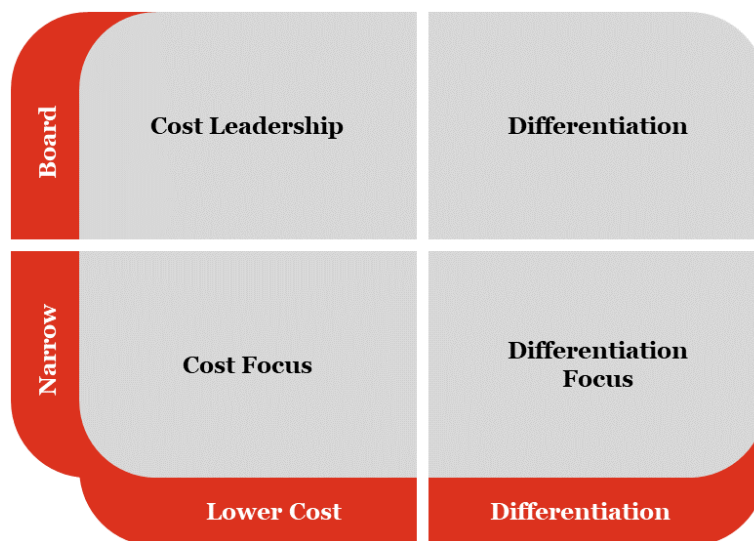
Both McDonald's and Burger King have opted to use market penetration to address their challenges stemming from inflationary pressures. Specifically, they have used value menus, increased advertising and introduced digital loyalty programs to enhance customer visit frequency and maintain sales traffic, rather than rely on the introduction of radical new products (Money, 2024). McDonald's also deploys selective product development—such as limited-time offers, menu customisation and digital ordering innovations—to support penetration by refreshing perceived value at existing outlets.

Overall, Ansoff's Matrix illustrates that growth options are heavily constrained by macro-environmental "licences to operate". Huawei's scope for market development is defined by trade policy; Starbucks and Luckin's market development hinges on China's industrial and income trajectory; McDonald's ability to pursue penetration depends on how much disposable income inflation leaves in consumers' pockets.

Competitive Positioning: Porter's Generic Strategies in Practice

Porter's Generic Strategies propose three main approaches to competitive advantage: cost leadership, differentiation and focus (Porter, 1980). In a world of regulatory and economic shocks, choosing and sustaining a clear position becomes critical to avoid being “stuck in the middle” (Whittington et al., 2023).

Porters Generic Strategy



Huawei vs Nokia – Differentiation Around Security and Sovereignty

Huawei was able to leverage cost leadership with technical differentiation; however, sanctions and bans have eroded its credibility and legitimacy in many markets. Nokia has taken advantage of an alternative approach to differentiate itself based on trust, compliance and long-term relationships with operators and regulatory bodies, which is evidenced by the selection of Nokia to perform major 5G contracts in the UK after Huawei's exclusion (Nokia, 2025; UK Government, 2020). As such, political risk has become a key aspect of differentiation in telecommunications equipment.

Meta vs TikTok – Differentiation Under Regulatory Scrutiny

The current positioning of Meta is dependent upon its ability to utilize its massive cross-platform reach and sophisticated ad-targeting capabilities in order to provide measurable ROI to advertisers. However, due to the rejection of its "pay or consent" model under the DMA (European Commission, 2025), Meta will be required to redesign its data practices in a manner that preserves differentiation while providing measurable ROI to advertisers — essentially, innovating within a legal "box". TikTok differentiates itself from Meta through its use of short-form video and algorithmic discovery; however, due to its foreign ownership structure, TikTok is at risk of being banned or being forced to divest in the US (Executive Office of the President, 2025). The two companies demonstrate that in digital markets, regulatory compliance and data governance are now an essential component of perceived value, not just a basic compliance requirement.

Deliveroo vs Uber Eats – Cost Structures and Flexibility

Currently Deliveroo is benefiting from a more flexible cost structure as a result of the UK court decisions that have confirmed that riders are independent contractors, thereby allowing Deliveroo to maintain a quasi-cost leadership position in the last-mile logistics space (UK Supreme Court, 2023). Uber Eats, due to its reliance on Uber's precedent with respect to employee status, is moving closer to a hybrid model of differentiation where labor costs will be high in certain markets, but also will benefit from its multi-service integration capabilities (i.e., ride-hailing plus delivery) and scale (Uber BV v Aslam, 2021). If regulations governing employment status continue to be strengthened over time, then both companies will likely move toward differentiation based on speed, reliability and the breadth of services they offer rather than pure cost.

Starbucks vs Luckin – Differentiation vs Cost Focus

Starbucks pursues a classic differentiation strategy: premium store design, barista culture, localisation, and loyalty ecosystems justify higher prices, even when growth slows (Ithy, 2024; AlInvest, 2024). Luckin, by contrast, epitomises cost focus: it

concentrates on price-sensitive, urban, digital-native consumers, using lean formats and deep discounting to keep average per-cup pricing dramatically lower than Starbucks while still offering acceptable quality (China Daily, 2024; World Coffee Portal, 2025). Luckin's cost-focus strategy is risky because it compresses margins and depends on scale, but it aligns with a Chinese economy where income growth is slowing and consumers have become more frugal.

Across these pairs, Porter's framework highlights how clear strategic positioning helps firms turn political and economic constraints into relative advantage. Where strategies are muddled—e.g. a firm oscillating between premium and discount positioning—regulatory shocks and inflationary spikes can rapidly erode brand equity and margins.

Conclusion

Political and economic actors increasingly determine not only where firms can operate, but also which strategies are viable. Trade bans and cybersecurity rules have pushed Huawei to pursue market development in less-regulated regions while opening space for Nokia to differentiate on trust. Data and competition laws constrain how Meta and TikTok monetise attention, while employment rules reshape the cost base of Deliveroo and Uber Eats. At the same time, uneven growth, rising inequality and persistent inflation are redefining value in coffee chains, luxury automobiles and fast food, forcing Starbucks, Luckin, Rolls-Royce, Genesis, McDonald's and Burger King to refine their growth and positioning choices. Using Ansoff's Matrix and Porter's Generic Strategies as lenses shows that firms that align their marketing strategy with the "red tape" of politics and the "red ink" of economics can still create, communicate and capture value—even when the macro-environment turns hostile.

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