

Importing and exporting



This export planning report will outline The Pentland Furniture Company's strategy for exporting its products to New Zealand and introducing it to the New Zealand market. The New Zealand market was chosen after initial research was carried out in several countries of interest.

As a result of identifying New Zealand and Queenstown as an area of 'need', it was decided that Queenstown should be the target market.

The Pentland Furniture Company's strategy is to maintain market share and sales by pricing its product slightly below the average market price (The Pentland Furniture Company, 2009). This is aimed at maintaining and sustaining competitive advantage in both Australia and New Zealand. As such, the New Zealand consumers are much like those in Australia and will spend money when it is perceived to be sold at a lower than average or discounted price (Barker, 1987).

Before the commencement of exporting, an export readiness analysis was carried out. It has been identified that The Pentland Furniture Company is ready and prepared to commence exporting. A detailed exporting schedule has been designed which is aimed to cover all essential activities and work that needs to be carried out prior to the commencement of exporting activities.

Export Readiness Analysis The Pentland Furniture Company is a small family supplier of quality furniture. The furniture offered by the company are of varying sizes and made from different material (The Pentland Furniture Company, 2009). Furniture designs can vary based on personal preference. The total number of employees is 3 and the company is run out of a warehouse in Victoria. The export readiness of the company has been carried
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out as a result of the analysis of three components of export readiness criteria including competitive advantages, resources and objectives. Consequently, it is possible to state that The Pentland Furniture Company is in a strong position to begin exporting their product to New Zealand. The Pentland Furniture Company has a strong reputation in its home base of Victoria and Australia-wide which provides a good foundation for the commencement of exporting to New Zealand.

As a result of the high regard for the quality and craftsmanship of the furniture, the company has enjoyed ongoing success since its establishment in 1992 (The Pentland Furniture Company, 2009). From a resources perspective, the company has the ability to carry out exporting activities considering the fact that there are adequate finances, a recognisable brand name and the capability to deploy resources to support marketing and the promotion of the furniture in New Zealand. To ensure the highest level of competitive advantage, quality checks are carried out on the furniture to identify any manufacturing flaws before they reach the consumers. Furthermore, and in association with the company's high level of competitive advantage, the product is unique. The uniqueness of the product is coupled with the fact that the operator of The Pentland Furniture Company has been in the business for a long time and strives to continually update their products to match the latest trends and also maintains the highest market share in the country – not one other business has a larger range of hand made quality furniture.

The Pentland Furniture Company produces furniture that cater for mega stores such as Bunnings as well as small businesses and members of the

public all across Australia. As such, there are various types of furniture ranging in price and design. Entry-level furniture are marketed for mainly members of the public whereas deluxe furniture such as a custom made bed frame are more suited for businesses or larger buyers such as Bunnings or various hotels and resorts.

In an effort to keep on top of demand and predications of future demand, especially in the event of exporting overseas, the company has an understanding of current and future demand for their product as well as its competitors. As a result of carrying out secondary research, it has been found that tourism in New Zealand has increased since 2007, which demonstrates a level of understanding associated with potential risks with the economy (Barker, 1987). Secondly, the seemingly low intensity of competition will work in the favour of The Pentland Furniture Company in establishing their brand name and product in New Zealand market targeting relaxation resorts and eventually homes.

Mitigation of risks when exporting will be communicated with all staff as a way of ensuring the minimal staff is able to cope with increased levels of orders. Furthermore, a logistics strategy has been recommended as a way of outsourcing all administration and management of transporting the furniture from the Victorian warehouse to New Zealand.

Country Analysis The chosen target market for The Pentland Furniture Company's exporting is the holiday / tourism sector of New Zealand's Southern city of Queenstown. Queenstown enjoys hordes of tourists and honeymooners each and every year. As a result of analysing the tourism market of Queenstown, it is possible to identify the market as being one that

is busy all year round. Through this, The Pentland Furniture Company is predicted to introduce and export their product successfully to their chosen market and supply to various resorts.

In an attempt to ensure a well-rounded analysis of potential benefits and risks was carried out, the following was identified as potential risks to the exporting activities of The Pentland Furniture Company. Firstly, there is an existing competitor and secondly, the competitor's product is stocked at all Bunnings stores in New Zealand. In order to achieve success, The Pentland Furniture Company will adjust their pricing strategy to ensure their product is competitively priced and obtain competitive advantage through this strategy. Upon further analysis, The Pentland Furniture Company's furniture are made of a more durable material as well as more competitively priced which places the product in a more favourable light than the existing product.

In relation to overall branding and brand image in New Zealand, it is predicted that, considering The Pentland Furniture Company's strong brand image and reputation in Australia, New Zealand's Queenstown tourism market will be able to easily recognise the products as a result of initial advertising, displaying the furniture in Australian holiday conditions (Schiff, 2000). Consequently, it is predicted that The Pentland Furniture Company's will build a steady and long-term demand in New Zealand. The overall attractiveness of New Zealand is a result of analysing the GDP, consumerism and business growth and finance over the past 10 years. 2012 statistics report that international tourism expenditure increased by over 1.9 per cent which added approximately 15.4 per cent to the country's total exports of

goods and services (Organisation for Economic Co-operation and Development, 2013).

Furthermore, tourism in 2012 generated a direct contribution to GDP of approximately \$6.2 billion (Organisation for Economic Co-operation and Development, 2013). Consequently, the effect of such a strong, booming tourism economy would be one that would support The Pentland Furniture Company's product. As a result of further research into the tourism industry in New Zealand's South Island and particularly in Queenstown, it was found that it attracts millions of foreign visitors per year. As such, The Pentland Furniture Company's products would be targeted towards resorts, which would then lend the idea of 'keeping the holiday alive' by wanting this custom made furniture in ones own house.