Outback steakhouse international marketing analysis report essay sample

Business, Marketing

Summary:

Outback Steakhouse is a chain of casual dining restaurants positioned with an Australian theme in the United States, first established in 1988 by Basham, Gannon and Sullivan. Early financing was limited, considering the company did not anticipate extensive expansions and franchising came from limited partnerships from associates, family and friends. However, in 1990, friends approached the three entrepreneurs and asked for a franchise of the Outback Australian theme. These franchises achieved huge success and the owners decided to expand. They organized a joint venture with Carrabbas, leading them into joining the lucrative Italian dining segment of the restaurant industry.

The company soon received numerous accolades by which time the restaurant chain had established 164 directly owned restaurants, 6 restaurants that operated through joint ventures and 44 franchised restaurants. At the rate the company was growing, Outback Steakhouse would near the U. S. market’s saturation point within the next 4-5 years. In late 1994, the company acknowledged its ability to expand abroad by appointing Hugh Connerty as president of Outback International. As the company moved toward international expansion, they knew that a strategic plan was essential in order to assure Outback’s continuing success as it took on the diverse and new markets abroad. The company’s commitment to continue its fast paced growth would require them to develop a strategy for expansion and operations in different global regions throughout the world. In developing a business strategy, Outback Steakhouse would have to create guidelines to ensure success in these diverse and new markets abroad.

Basic Problem:

Outback Steakhouse's basic problem lies in determining whether the company should utilize international expansion as a major corporate/marketing strategy for long term growth.

Alternatives:

* (1) – Apply Domestic Strategies abroad:

Outback International can avoid modifications of their existing strategies that we already know are successful, and instead, apply their existing domestic strategies abroad. After this you should mention entering markets thru value creation because it is the opposite of this first strategy.

*(2) – Redirect Investment Plans: Outback International can also decide to move away from the idea of international expansion and explore other means of investment to allow for long term profit maximization. For example, at present, Outback's main source of revenue is generated through its sale of steak. As an alternative, Outback Steakhouse could pursue joint ventures with restaurants with different themes that are successful in the United States. For example, Outback Steakhouse could form a joint venture with Indian restaurants that are extremely popular in the United States (or any other cultural theme that is successful for that matter). Alternatively, Outback Steakhouse could also widen its selection of beverages and operate

its own side bar from which the company could generate a greater amount of revenue than at present.

*(3) – Enter International Markets immediately via Direct Ownership (Organic Growth):

Considering that competitors have already entered foreign markets, Outback International may consider gaining entry and keeping up with competitors by entering international markets immediately by setting up their own local restaurants abroad and growing organically in international markets.

*(4) – Joint Venture: Outback International can also decide to expand into foreign, international markets through joint ventures. Venture partnerships with chains in international markets with different themes catering to the local needs of their customers may be a profitable venture opportunity for Outback International. Joint ventures have been relatively successful in the United States (as in the case of a joint venture with an Italian restaurant: Carrabbas Italian Grill).

*(5) – Entering International Markets through Value Creation: Outback International can also lower their costs and differentiate their products to achieve a competitive advantage. Outback's distinctive competencies and its unique strengths will allow the company to succeed internationally. Value creation and a sustainable competitive advantage should allow the company to proceed towards differentiation and premium pricing. In turn, this should allow Outback International to gain a competitive advantage in international

markets. By pursuing this strategy, Outback International is building on its existing resources and capabilities.

*(6) – Entering International Markets Through Value Creation and Franchising:

Outback International can use the above value creation strategy, but by franching international operations with company-owned stores to allow Outback Steakhouse to act as a support function. to Analysis of Alternatives (I):

Prior to analyzing each of the alternatives above, I believe that it is crucial for Outback International to:

*Thoroughly conduct a S. W. O. T. analysis.

*Determine their industry structure according to Porter's Five Forces Model to determine their present position and if there is a genuine need for expansion into the international markets, and if so, what strategy would most effectively cater to the five forces put forth by Porter's five forces model in the most effective manner.

*Outback International should also assess their present strategy on the dimension of strategic scope (market penetration) and strategic strength (sustainable competitive advantage) according to Michael Porter's Generic Strategies.

The above analysis is crucial because it is pertinent that Outback International adopt a strategy that is in line with their overall corporate objectives and corporate culture.

S. W. O. T. Analysis:

Strengths:

*Outback Steakhouse's main competitive advantage lies in their enterpenusrial spirit that allows new ideas to flow.

*Outback Steakhouse has been able to translate this competitive advantage into a unique selling point as a niche player in offering quality steaks at an affordable price through casual dining.

*Outback Steakhouse's strong principle and belief (P&B) driven culture allows the company to place a strong emphasis on quality and people. This has permeated throughout the organization from top level management to employees and this in turn has had numerous, other positive, domino effects. Outback Steakhouse's emphasis on people allow the company to acknowledge several important internal and external stakeholders with whom the company was able to form healthy and strong relationships that in turn allowed the company to achieve its goals and objectives.

For example, Outback places a strong emphasis on suppliers, partners, customers, employees and the community. By ensuring all these parties are satisfied, Outback inevitably achieves the satisfaction of their customers as well. For example, with respect to their employees, the company's ability to draw the best and retain the best has been a contributing factor to the company’s low employee turnover and management turnover of 5. 4% compared to an industry average of 30% to 40%. With the company’s strong focus on supplier management, the company is able to obtain a preferential treatment with respect to the quality of their supplies that in turn, allows them to produce the highest quality food products for their consumers.

*Outback Steakhouse possesses a value driven strategy (quality steak at an affordable price) that has successfully permeated the entire organization. Outback Steakhouse’s emphasis on quality draws customers.

*Outback Steakhouse has a highly successful theme – outdoors theme appeals to everyone.

*Outback Steakhouse has a strong sales to investment ratio of 1. 2-to-1, and therefore, revenue generated per dollar invested is powerful evidence of the company’s success.

*Outback Steakhouse is a relatively cost conscious dining chain. For example, by only operating during the evenings, the company is also able to take advantage of capacity utilization since it is during the evenings that customers are most likely to come to eat steak for dinner, and by keeping closed during the afternoon, the company is able to operate efficiently (for example, it would have been more costly to have two shifts of employees operate during the afternoons, in addition to the nights, in which case the firm would have to pay for their salaries without guaranteeing a fixed stream of customers since people are less likely to consume steak as a meal during the middle of a workday. By having employees work 80 hour shifts the company would also, perhaps, have lower employee morale and productivity).

*Outback Steakhouse is financially sound and this should allow the company to expand in several directions.

Weaknesses:

*Cost & Resource Utilization Inefficiency: On one hand Outback is able to cut down on costs of production in many areas like rent by locating in suburban regions, but in other aspects, Outback incurs high costs of production that in turn means the restaurant chain operates on a tight gross profit margin. For example, at about 40% of total costs, Outback has one of highest food costs in the industry. Furthermore in 1994 labor and other related expenses accounted for approximately 25% of the entire costs and expenses. In fact, Outback store managers typically earn an annual salary and bonus of $100, 000 which is $40, 000 higher than the industry average. Moreover, the company’s restaurant operating expenses accounted for approximately 25% of the company total costs in 1994. The above approximations also hold true for 1993.

*Low barriers of entry to the market: Competitors can relatively easily observe and imitate Outback’s strengths. For example, competitors can relatively easily set up in similar locations. Considering Outback spent the knowledge and time of its founders and managers to develop ideas and operations that allow the company to operate efficiently, other competitors in the region can easily imitate these operations. Competitors can have a fully staffed kitchen and wait staff as well as similar restaurant hours and similar themes and readily imitate such ideas and themes.

Opportunities:

*Ability to expand further from its current 214 stores (to between 550-600) stores in the U. S.

*Entry into international markets.

*Introduction of Carrabba’s Italian Grill is not only expansion but diversification into other segments. They can use this success to explore other cuisines and themes, such as, Indian and Mexican.

Threats:

*Availability of suitable real estate (“ B” location in “ A” demographics).

*Adverse government regulation.

*Lack of international experience and therefore failure of international operations.

*Major competitive backlash through price cutting or aggressive advertising by rival companies.

*Future health concerns over red meat consumption.

*Changing demographics and tastes may shift consumer tastes.

According to Porter's five forces model, the restaurant industry is highly competitive. With respect to the intensity of competitive rivalry, the rivalry among established companies is very high as Outback has to compete directly with a few big chains, even though it operates in a highly fragmented restaurant industry as a niche player. The demand conditions depend to a high degree on the general economic situation, and within the next 4-5 years, the U. S. markets can only accommodate a limited number of restaurants (550-600 at most). The risk of entry of potential competitors is high as the barriers to entry are relatively low and, therefore, the threat of new entrants exists.

The bargaining power of buyers is moderate, each customer accounts for only a marginal part of the revenues; however, overall, the consumers are an extremely crucial and important stakeholder of Outback's food products. If, for example, at any time consumers are not satisfied with the type of food and steak offered by Outback or decide to switch to alternative restaurant chains for alternative food products (change in taste and eating habits), Outback will be at great loss. Therefore, it is absolutely pertinent that Outback caters to their consumers by offering quality steak at an affordable price and monitors the eating habits and tastes of their consumers considering the threat of substitute products exists.

The bargaining power of suppliers is moderate considering that the company doesn't depend on one single supplier, but places a strong emphasis on high quality produce and has a wide supplier base.

Based upon the above S. W. O. T. analysis and using Porter's 5 forces to analyze the attractiveness of Outback's present markets and industry, it is clear that Outback has many competitive advantages. However, based on the above analysis, it is also evident that Outback's competitive advantages may not be sustainable in the long run in their domestic U. S. markets, considering the industry has low barriers to entry, imitability by rivals is possible and potential threats exist. Therefore, this gives leeway and sound reasoning for Outback to consider expansion opportunities in international markets. Also, based on the reading, it is mentioned that Outback Steakhouse will reach its saturation point within the next 4-5 years.

Analysis of Alternatives (II):

*Apply Domestic Strategies Abroad: Applying domestic strategies abroad would allow

Outback to save money by avoiding costs associated with developing and implementing new strategies. Moreover, Outback would avoid the risks of developing new strategies that may fall short of their expectations in international markets. By applying domestic strategies abroad, Outback will be able to apply a consistent set of strategies that adhere to the company's overall mission of offering quality food and strategies that are in line with the company's overall objectives.

Furthermore, applying domestic strategies abroad would allow Outback to avoid changes in the organizational structure and control system, that in turn is likely to lower additional or unforeseen costs associated with expansion. This will allow the company to pay higher dividends to its shareholders (or reinvest the earnings into the company) and continue enjoying its increasing earnings per share.

However, the extent to which Outback International is successful in applying domestic strategies abroad also depends on Outback's ability to analyze the limitations of applying domestic strategies abroad. Most importantly, domestic strategies may not be transferable to the markets abroad, as consumers have different eating habits and tastes (preferences), in which case, Outback would have to place a greater focus on glocalization and adhere to the local tastes and eating habits of their international, target market. Furthermore, the company's inability to adapt to changing conditions and the company's inability to formulate strategies that build additional resources and capabilities abroad will also hinder the growth and success of Outback International in the long run.

*Redirect Investment Plans Abroad: Moving away from international expansion and exploring other means of investment, such as, opening up a bar offering a variety of alcoholic and non-alcoholic beverages would be in line with company's initial success in recognizing and allowing for successful entrepreneurship.

Moreover, while there will naturally be costs associated with any other investment plan, such as the investment plan mentioned above (cost of setting up bar, cost of research and development, cost of recruiting trained bartenders), such a plan may potentially be the most cost effective strategy considering that the company is not expanding, and will therefore, be able to save on costs associated with expansion that are likely to be much higher than setting up an alternative investment plan. This is provided that Outback pursues other investments that are less complex, costly and risky, and this, in itself acts as another advantage to expansion.

However, the limitations of alternative investment plans also have to be considered. For example, other investments may not be financially rewarding. Consumers may prefer to “ drink” at bars and pubs that they are presently familiar with. Moreover, while Outback considers the high costs of expansion, Outback should also consider the lost earnings due to potential profit loss from international opportunities that the company risks losing.

*Entering Foreign Markets Immediately via Direct Ownership:

Entering foreign markets immediately via direct ownership would allow Outback to concentrate on the most important aspects of international expansion and allow the company to focus on just (cut) getting their foot in the door as soon as possible. The company’s immediate concerns will be addressed, and based on past results; direct ownership may be the most appropriate and successful expansion strategy for the future (considering in 1994 164 of the company’s 214 stores were operated via direct ownership).

However, entering foreign markets via direct ownership does not address long term problems of achieving a sustainable competitive advantage and growth. Direct ownership is also likely to pose the same level of challenges as in the case option 1 (not modifying strategies for international markets) and may overlook certain critical aspects, such as, the importance of learning thorough market research first to have a better sense of direction and understanding of consumer demand and eating habits.

*Joint Ventures: While the advantages of joint ventures were discussed, the disadvantages and limitations of joint ventures also have to be weighed. First, joint ventures are costly and an expensive method of entering foreign, international markets. For example, in the case of Carrabas restaurants, Outback steakhouse only controlled 50% of the company, but was responsible for 100% of the costs of the new Carrabas Italian Grills. This may prove expensive in international markets, particularly, if the international joint ventures and “ different themes” do not appeal to local customers.

Financial Statement Analysis:

Furthermore, on carefully analyzing the consolidated statements of income and the balance sheet, it can be seen that joint ventures may be profitable; however, they may not be necessarily a cost effective means of expansion.

For instance, it is mentioned that from 1993 to 1994 Outback International established 10 joint ventures with Carrabas and that restaurant managers and joint ventures amounted to $11. 3 million of the company’s $72. 2 million 1994 income (16% of revenues). This is higher than the 0. 8% of revenues generated by franchises in the industry, which equates to $3. 615 million. However, this is figure is not the net result from the joint ventures alone but is derived from the combined amount from the joint ventures as well as restaurant managers, who have direct ownership in the company owned restaurants.

Furthermore, between 1993 and 1994 cash declined by approximately 35%, and investment in property, plant and equipment rose by 61% while revenues only rose by 46% (less than the increase in investment in property, plant and equipment). As a matter of fact, as aforementioned, only $11. 3 million accounted for the $72. 2 million (16%) (to which both restaurant managers and joint ventures contributed). It should also be noted that $11. 3 is not only generated from joint ventures, but from restaurant managers of the 164 directly owned stores. In conclusion, I feel that based on the above calculations franchising is a more cost effective means of expansion because franchising does not require investment in property, plant and equipment as joint ventures do and also is not as expensive as joint ventures (in the case of joint ventures Outback is responsible for 50% of costs and 100% in Carrabas case).

The above financial analysis is based on the assumption that between the years 1993 to 1994 the company invested its cash in property, plant and equipment that were all used in Outback’s joint ventureships with Carrabas.

Outback International should perform a proforma analysis with respect to its balance sheet and income statement to “ add in” or “ weigh in” the costs of expansion through joint ventures and forecast the impact of joint ventures on the company’s bottom line. If Outback International anticipates revenue and net income to rise at a faster and higher rate than at present ($11. 3 million per year), then Outback International should consider expanding into international markets through joint ventures.

*Value Creation: Value creation will ultimately allow Outback to increase their profit margins and maximize profits in the long run by building on competitive advantages in international markets and allowing for a sustainable competitive advantage through differentiated products and services.

Moreover, value creation will create an improved company image for the shareholders and the investing public. In the long run, this may allow the company to have an increase in its earnings per share and allow the trend of a rising EPS to continue as future earnings are increased in the future from foreign operations.

However, the extent to which value creation is successful in international markets dependson not only the extent to which Outback's managers consider the limitations of value creation, but also depends on the extent to which value creation is coherent and consistent with Outback's overall company objectives and existing operational strategies.

Value creation may be the highest cost solution as the company spends a significant portion of its research and development costs on devising competitive strategies specifically for international markets that are sustainable in the long run.

Furthermore, concentrating solely on value creation may lead the company to neglect other important factors that can affect expansion.

*Value Creation and Franchising: This alternative utilizes franchising as a means of expansion into international markets while using the concept of value creation as a building block for market penetration and sustainable competitive advantage in the future.

Franchising restaurants generally perform better than free standing units and in 1991, for example, such restaurants experienced per store sales growth of 6. 2% versus an overall restaurant industry growth rate of 3. 0%. If Outback International can achieve this level of success in international markets as well, it will be more successful in achieving its goals for expansion.

As in the point mentioned on joint ventures, Outback International should perform a pro forma analysis with respect to its balance sheet and income statement to “ add in” or “ weigh in” the costs of expansion via franchising and forecast the impact of franchising on the company’s bottom line. If Outback International anticipates revenue and net income to rise at a faster and higher rate than at present (0. 8% in the case of the latter with respect to the percentage franchises are a percentage of net income), then Outback International should consider expanding into international markets via franchising.

Recommendation:

I would recommend Outback International to pursue alternative six of value creation and franchising in foreign markets even though it's the most difficult and time-consuming. It is very important because the source of a competitive advantage is superior value creation. The shareholders will also be pleased to know that there is a potential for a rise in their earnings and this in turn will increase the level of confidence shareholders have on the company's financial positions and future operations.

I also feel that alternative five is superior to the other alternatives for the following reasons:

Alternative 1: Domestic strategies may not be applicable to the requirements needed in international markets. Value creation will only be successful provided Outback International identifies and implements a set of competitive strategies unique in nature that meet the demands of their local consumers in international markets and are also sustainable in the long run. Domestic strategies would not allow for that and Outback would also lose out on the possibility of formulating strategies that build additional capabilities and resources.

Alternative 2: Reinvesting in an alternative investment plan may fail. By expanding internationally, Outback can build on their existing strengths and core products (steak meals). Moreover, reinvesting in an alternative investment plan also shows the company is unwilling to take risk.

Alternative 3: Expansion via direct ownership is only a short term solution and does not account for the importance of allowing local businesses and chains to establish Outback's presence in their respective markets. Direct ownership can prove costly in the long run if Outback International fails. Franchises are more likely to attain success in international markets whereby local dining chains are allowed to exercise a greater deal of sovereignty over their respective markets and managers of local dining chains are more familiar with their local markets as well as the eating habits and taste preferences of their target market.

Furthermore, franchises will allow Outback to serve as a support function in international markets that is one of the objectives of Connerty.

Alternative 4: Joint ventures are risky and the failiure of any new themes would affect Outback Steakhouses's net income adversely and negatively. This in turn has the potential of damaging Outback's reputation.

Alternative 5: Value creation, by large, remains ineffective unless the company considers ways of selecting a growth strategy or vehicle for entering international markets. Alternative 6 allows for the successful implementation of value creation.

Implementation and Strategy:

The company has to take the following actions in order to execute the value creation strategy.

*Intensive Market Research: Outback has realized the factors affecting international expansion. It is necessary for Outback to prepare a market research analysis of the markets abroad to determine the most appropriate markets to enter and in the appropriate order.

*Increase Spending on Research and Development: In order to satisfy their customers, Outback International must be able to address the multicultural food preferences and dining customs that exist within each new territory. Outback should create a uniform Outback experience in every country, while at the same time learning the subtle differences inherent in each country.

*Franchise International Operations: The biggest decision the company will have to make is in selecting franchise partners. Outback International must conduct comprehensive research on potential franchise candidates (candidates who have a strong understanding of the local markets and requirements). Outback International will have to franchise international operations with company owned stores in the United States and franchises abroad so that the strong support operations that exist in the U. S. exist abroad. This is also in line with Connerty’s desire to penetrate international markets through franchising and operating as a support function in international markets.

*Outback International will also have to find ways of cutting costs while increasing value without affecting quality. As aforementioned, at present, Outback incurs high costs of production due to food costs, labor costs of production and operating costs. Expansion costs will add to these costs and can deeply and negatively impact Outback International’s bottom-line, unless the company finds ways of cutting costs.

*Form tighter relationships with suppliers and have them build plants abroad to ensure quality ingredients are available for foreign franchises.

*Use the same psychological profiles and screening tests in recruiting employees in international markets to allow for an entrepreneurial climate and to also ensure a high level of customer service (in line with practices and preferential treatment of customers in U. S. food chains) and to encourage brand loyalty and recognition on entering international markets. Furthermore, employees must be adequately trained through on the job training and off the job training through training seminars, and at the same time, be motivated and compensated for accordingly to perform their task. Motivation should be based on the company's " P&B's" of being able to climb the corporate ladder through promotions based upon high and sound, quality work.

*Outback International will have to set up budgets, time scales and also monitor the performance of their international operations. They should measure the impact of international expansion on their net income in subsequent years: 1995 onwards. They should also measure their performance through the use of ratios measuring activity, efficiency and profitability. For example, between 1993 to 1994 Outback's cash as part of current assets declined by 33% and their property, plant and equipment increased by 60% and revenues increased by 46% and net income 47%. This would translate to a high turnover of total assets (net assets/total assets) indicating Outback Steakhouse has done a profitable job in using its cash as part of its assets in investing in property and plants (joint ventures) that in turn lead to a subsequent increase in net income. The company could use a similar approach in evaluating the “ efficiency and profitability” of using their cash for expansion in international markets.

*With respect to time, I feel that Outback International should enter the international markets using a realistic scale in the following manner:

Year 1: Canada

Reasons and Important Aspects to Consider as part of Implementation & Strategy:

*Business practices similar to the U. S. and U. S. products and services are well received in Canada.

*Canada is a member nation of NAFTA and this will allow for the free trade of raw materials and supplies to Canada from the U. S. without increased costs of production and thereby also minimize costs associated with expansion.

*Positive and sustainable economic growth of 3. 2% that means more people have discretionary income to spend on dining out and this serves as a long term growth opportunity for Outback Steakhouse.

*Close proximity to U. S. markets. This will allow Outback International to import raw materials from their existing suppliers efficiently and effectively keeping transportations costs to a minimum. While Outback International will enter Canada via franchising, close entry will allow Connerty to visit Canada to monitor performance and also use Canada as a “ pilot platform” for entering other international markets through franchising as a vehicle for entry.

*However, considering there are cultural differences between Canada and the United States, Outback International must make sure they hire and recruit local Canadian and employees using the same psychological profiling methods used in the US. This will ensure they speak French in addition to English (for the French-speaking regions) and possess the soft skills needed to interact with Canadian diners. They must also be trained by local consultants to cater to the cultural differences.

Year 2: Mexico

Reasons and Important Aspects to Consider as part of Implementation & Strategy:

*If franchise operations are successful in Canada, then Outback International should consider expanding to Mexico.

*Mexico, like Canada, is geographically close the United States, and therefore, raw materials and supplies can be easily shipped and sent to Mexico without suppliers incurring high transportation or shipping costs of production. This, combined with Mexico's not wavering on the NAFTA agreement make it a relatively more fruitful prospect for U. S. suppliers. Their infrastructure has also improved in recent times, taking into account the government has taken proactive measures to improve infrastructure.

*However, Outback International should also consider the disadvantages of Mexican markets. For example, Mexico’s economy has been subject to numerous crises, such as, devaluation of the Mexican peso, a recession and high inflation. As a result, Outback International must keep itself up to date with respect to changes in Mexico’s economy and markets and modify their marketing mix accordingly. Steak and dining services should be priced competitively and at a lower price to adapt to the low purchasing power of the local people.

*Outback International will also need to take multiculturalism into account and the fact that the nation possesses an ethnic food industry that needs to be catered to. For example, many Mexican Americans may retain their preferences for red beans, in which case Outback International would have to produce such foods in an identical manner as they are complimentary to steak.

*The fact that the Hispanic market is highly individualistic in its product and brand preferences are reflective of cultural distinctions. Furthermore, the Hispanic population is brand conscious and believes in price-quality relationships. This may be advantageous considering Outback International serves as a niche player to which the Hispanic population can relate to because of Outback’s brand image as a casual dining chain offering quality steak.

*However, at the same time, Outback International will also need to take into account that the Hispanic population are devoted to their language and that approximately 50% to 60% of the Hispanic population speak their local language. Therefore, Outback International will need to hire or recruit local Mexican as employees who can cater to the language requirements.

Year 3: United Kingdom

Reasons and Important Aspects to Consider as part of Implementation & Strategy:

*If franchise operations in Mexico are successful, Outback International should also consider entering the United Kingdom via franchising.

*This is primarily because the United Kingdom shares many common platforms with that of the United States. For example, the United Kingdom has a common language and business practices system that would facilitate U. S. entry. Furthermore, there is no restriction on the movement of capital (allowing for the free flow of raw materials and supplies) between the U. K. and U. S. However, considering that the United Kingdom is over 3, 000 miles from the United States, it is crucial that Outback International requests its suppliers to set up operations in the United Kingdom in order to preserve the freshness and quality of their supplies. Because U. S. and U. K. markets share a common language, very low rate of modifications would be necessary.

*Furthermore, abolition of internal trade barriers could allow for franchising services in other countries in the region through the use of free trade and use of the region’s sound infrastructure. At the same time, Outback

International should also consider the limitations of the UK not serving as a member nation of the European Union and, thus, the limitations posed in terms of penetrating EU member nations.

*It would be easy to import American style dining services to the United Kingdom considering the nation has a significant growing middle class and working class with disposable income to spend on dining out. A growing middle class with discretionary disposable income is a positive quality because it indicates the nation's ability to generate the ability and willingness (given the growing middle class with a median age of 40 who also have a high disposable income), on part of consumers, to dine at Outback International.

Using the above guideline for entering international markets would be appropriate given the reasons above and also given the logical pathway (in terms of route) in entering each country. A " wait and watch" approach will also allow Outback International to expand internationally and will also allow the company to monitor their performance in each country prior to taking the next step in entering the next country. Rapid expansion is discouraged, and successful expansion in each country should result in each restaurant offering dining services that are in line with the company's principals and beliefs (P&Bs), goals and objectives. This will in turn allow for long term growth in these respective markets.

There are many challenges that a company faces when deciding to expand into international markets. The implementation of this strategy will require a great deal of commitment from all the individuals throughout the company. However, the business strategy aligns with the company’s existing “ ethos”, “ principles and beliefs” and existing strategies.