

The differences in clothing in sri lanka marketing essay



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Our main objective is to create awareness- Since Odel is a new brand for the Saudi Arabians, the high end consumers should have awareness about Odel as to what products and services they offer to the high end consumers of Saudi Arabia. Awareness can be gained through promotional mix elements such as advertising and sales promotions.

In 2011, within a year “ Odel” will be opening its first outlet in Riyadh at the famous “ Sahara shopping mall” which is famous for high branded products, Riyadh is currently the largest market for retail apparel in Saudi Arabia accounting for 40% of total apparel sales, therefore by opening the first outlet at the famous “ Sahara” shopping mall in Riyadh will make a good impression of Odel’s brand value for its potential target market.

To Expand “ Odel” to other urban cities in Saudi Arabia within 5 years- To open an outlet in Jeddah which is the second largest market for retail apparel and also to expand “ Odel” to Dammam/khobar which is also a renowned city for international branded apparels in Saudi Arabia. (CIA, 2009)

To Highlight Odel’s vast variety of high quality products and services for its high end consumers, and to offer a great deal of value for money, and luxury products and services in order to enhance the value perception of Odel in Saudi Arabia.

To gain a market share of 5% within 2 years- Since Odel is an unknown brand to Saudi Arabia, Odel’s main focus would be to gain a steady market share of 5% and then gradually increase its market share to 10-15% within the next five years.

Maintain Odel's competitive edge in Saudi Arabia by product differentiation and also, by strengthening the " Odel" brand by offering new product lines according to the tastes and preferences of the target market through promotional activities such as advertising and sales promotions.

Target Market-

Odel's Primary target market can be divided into three categories such as the Female and male teenagers and young adults ranging from fifteen to twenty-five years. Then the adult age category (Male/female) ranging from age 30 and above. For the above mentioned target consumers branded clothing products and accessories will be displayed at the Odel outlet. The primary target segment is focused on kids of the age of 5-10 years.

According to the CIA statistics of Saudi Arabia, the urban population of Saudi Arabia is 82% of the total population and most of the urban population consumes high end branded products (CIA, 2009).

Therefore Odel's main targeted income segment is the upper- class who reside in Urban and suburban areas in Riyadh of Saudi Arabia.

Sales and profit expectation for 2010

We are expecting to generate sales of \$ 220, 000 by the end of 2010.

Based on Odel's marketing plans, location, store size and product lines, Odel can expect to collect annual sales roughly of \$220, 000 in one year \$300, 000 in year two and approximately \$520, 000 in year three.

The rough assessment of the average cost of goods sold will be 40%, which leaves Odel with a gross margin of 60%. Odel's approximated minimum

monthly fixed costs are \$15, 000 per month, so Odel will probably need to generate sales of \$25, 800 per month to break even. Odel will aim to gain more profit on a monthly basis before their second year in Riyadh

Market penetration and coverage-

Market Penetration occurs when a firm enters into a market with its current products. Odel will enter the Saudi Arabian market in Riyadh with its exclusive branded product lines. Riyadh is main capital and the largest city of Saudi Arabia, it is situated in the middle of the Arabian Peninsula and the urban area of Riyadh has a wide population of 6. 5 million people. (Looklex encyclopedia, 2009)

Odel will tailor to the needs of its clientele, focussing on the colours, styles, designs to fit the Saudi Arabian target market. Apart from the branded clothing Odel offers its teenage and young adult consumers with accessories such as earrings, bracelets, scarves, shalwa shawls.

The first Odel outlet will be located at the “ Sahara mall” in Riyadh, which is one of the top shopping malls in Saudi Arabia. The Sahara shopping mall is a unique shopping center that is situated in a prime location, where agents of international companies and local and overseas distributors can display their product lines for sale. (Sahara centre. com, 2010)

This is a good location and an opportunity for Odel to create awareness of its premium brand. The best way to achieve market penetration is by gaining competitors’ consumers such as gaining the market share of other

competitive brands such as Zara, Gap and H&M. Odel will create awareness through its promotional activities such as advertising and sales promotions
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and will build brand loyalty among its customers while attracting new clients to their market.

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8.0 Product Adaptation/Modification

The differences in clothing in Sri Lanka and Saudi Arabia will require Odel to do several adaptation and modifications in order to export suitable clothes to Saudi Arabia and cater their market. But to a certain extent there are similarities among Saudi Arabian people and Sri Lankan Islamic population. The core component (clothes) Odel supply to the Saudi Arabian market need to be modified according to their culture mainly the designs, colours, different product lines and etc. The core product will also need to be segmented according to the Age as well as gender where it should consist of kids, teenagers, women, and gents clothing. As mentioned in the Market audit Saudi inhabitants mainly wears their traditional wear rather than fashionable clothes so Odel will have to adapt to Saudi Arabian Fashion and cater according to their taste and preferences. Though Odel currently provide fashionable clothes mainly in Sri Lanka the clothes will have to be prepared according to Saudi Arabian culture where it could include Basic Abayas as well as fashionable/decorated Abayas for females who prefer going shopping frequently. The modifications and the adaptations will assist the international population (Saudi Arabian) to increase the demand towards the products of Odel.

Packaging is also an important factor in marketing the products. The packaging of the clothes needed to be in both the languages Arabic labelling

is required in every imported product in Saudi Arabia (UK Trade & Investment, 2010). It will be an advantage for Odel to include both the languages Arabic and English in the packaging and also in the labels so that every customer can understand what is included in it. They can use colourful bags when offering the clothes to the customers. Different sizes of bags can be offered to the customers according to their purchase amount.

Customer satisfaction is fundamental to increase the customer base of any company. Sales staffs can help to carry out a significant role in providing better customer service. So better training is required to improve their skills as well as it is essential to recruit such employees to the company who has a better understanding of Saudi culture as well as fluent in Arabic language so that they could communicate with the customers of Odel in Saudi Arabia as well as to gather information from them. Ten sales staff will always be there for customers to help them with any problem they face. It is also important to provide customers an opportunity to share their complaints, or any doubt through a complain box or any other form. Odel also can provide alteration services towards the customers according to their request so that the customers won't leave even if the size of the dress is not suitable since they can make the adjustments at that instant. Odel can provide accessibility towards its official web site to be introduced to the customers of Saudi Arabia so that they could know about the available products of and get updated with new fashions in store. The interior will be prepared to provide comfort to the customers and in different seasons the shop will be decorated in order to attract the customers and give them the festive atmosphere.

9.0 Promotional Plan

Advertising objectives

Increase market awareness

Seeks to make the market aware about the product by explain how the product would bring a new fashion to oneself and to inform about both the product and the company.

Encourage the target audience to switch brands

This is done to make the purchase and to create the preference in the market for the product as opposed in its competition.

To remind the customers about the new arrival

This maintains the interest and awareness of the established product in the market.

Media Mix

Message

The message we want to put through our Media mix is top of the mind awareness and we are going to do this by launching a integrated marketing campaign through all media and sales channels because we believe that exposure in multiple forms of media can keep our brand on the top of the mind. Thus we have chosen the most effective media coverage going with Popular TV channels, Radio channels, internet and Magazines.

Saudi Arabia is a very restricted country for many media advertising, the state -run broadcasting service of the kingdom of Saudi Arabia (BSKSA) is <https://assignbuster.com/the-differences-in-clothing-in-sri-lanka-marketing-essay/>

responsible for all broadcasting services in the country It operates four TV networks and we will be able to advertise our product through these networks and be very obedient to their religion for our fashion segment .

Private radio and TV stations cannot operate from Saudi soil, but the country is a key market for pan-Arab satellite and pay-TV broadcasters thus we will be contacting Dubai for Dubai base channel MBC and Bahrain based channel Orbit to advertise our product. For radio advertising the state run radio channels will be used. In addition to that we are planning to advertising through print media using two major news papers in Saudi Arabia i. e. Al-Riyadh - Riyadh-based daily and in Saudi Gazette - Jeddah-based English-language daily. And for online advertising we have used the entertainment advertising site Elaph which is launched from London to advertise our product and also in online magazines such as Al Jazeera [www. aljazeera.com] (Saudi Advertising, n. d).

Costs for various advertising

Television - The cost of a 30 second advertisement on a satellite channel during peak time would cost ODEL around \$3, 362 and these advertisements would be aired throughout the first year (Delmar-Morgan, 2009).

Radio- Since ODEL is a novel business to KSA we recommend it to place a 30-second spot in a radio channel for the first six months where such advertisement would cost on average \$101 (Greenwood, 2010).

Website restructuring - the ODEL website would be restructured adding the new product lines and easy access to those in the KSA.

Magazines - ODEL would have to advertise in magazines related with fashion and accessories for both females and males and accordingly the rates would be as follows. In most situations the minimum word limit would be 20 words such as SWAY magazine and Al-Sakher.

1X rate, \$2. 50/word

6X rate, \$2. 25/word

12X rate, \$2. 00/word

(Equi search, n. d)

Sales promotion objectives

Build product awareness

Through this objective the Odel can be exposed to the customers and it can also be used to gather customer information.

Create interest

This is the most important use of sales promotions; this can also increase customer traffic to the Odel retail outlet. Through this objective Odel can boost the number of its website visitors. This can also move customers to experience the products at Odel.

Provide information

Providing the customers with information about Odel i. e. via emails

Stimulate Demand

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Build demand by convincing the customers to place a purchase i. e. through price reductions

Reinforcing brand

This is used to encourage additional purchasing and reward for purchase loyalty i. e. those who purchase items over \$10000 are entering in to a draw for a free trip to Sri Lanka.

Coupons

Coupons will be given to customers who are purchasing a customized Abaya and the coupon will include 10 % discount on products purchased over \$10,000 at the next visit.

Premiums

Customers will be given a premium on any purchase of Odels Heritage package which includes Hand crafted accessories and cloths.

Cost

The expenses would not be high for these premiums since it would be prepared in Sri Lanka and therefore would be a cost effective method to increase sales.

Personal Selling

We will have a lady representative of Odel to do personal selling to the ladies within the shopping mall premises in the first six months and a male representative to do personal selling to the males so that it will facilitate to

increase the awareness level about Odel branch at Sahara mall and align with the culture of KSA.

Other promotional tools

Odel will be launching its website for all the customers to browse through the products online before walking in to the store, and they can also order cloths and accessories online. Odel in Sri Lanka has a special interior theme designs near to any festive season and we are planning to have the same effect in Saudi as a significant promotional tool, Odel in Saudi will be using themes according to their festive type in festive seasons where the interior of the outlet and the gifts wrappers together with plastic bags which are given away to put the goods in will be in different colours and themes.

Odel will also have seasonal special designs for cloths and accessories with discounts up to 90% these discounts are specially given on the branded festive cloths. Special customizes clothes can also be ordered as customers can walk in to the store and select the materials and other accessories and give to the counter to be made. In store gift wrapping will be another promotional tool as it has the Odel logo in every wrapper.

In addition to that we are planning to have a fashion show inside the main shopping mall (Zahara) to promote our products and create awareness.

Those who walk in to the fashion show will get a 5 % discount coupon on any purchase more than \$100.

10. 0 Distribution Process: from Sri Lanka to Saudi Arabia

In the process of ODEL expanding into Saudi Arabia, the distribution process is also an important aspect to consider. Being the major oil exporter in the world, KSA consists of a well developed transportation system including air, road and marine.

Port selection

Saudi Arabia consists of seven major ports of which Yanbu and Jubail are the main industrial ports equipped with container and cargo handling facilities. Jeddah and Dammam are commercial ports with state-of-the-art structure and other such ports include Jizan, Rabigh and Dhiba (La Poste, n. d). Due to the availability and developed nature ODEL would export its goods through sea using King Abdul Aziz Port - Dammam which is in close proximity of Riyadh, the potential city of establishment for ODEL.

Mode selection

By air - air is the most popular means of goods transport with 25 airports including 3 which are international [King Khaled airport in Riyadh, King Abdul Aziz airport in both Jeddah and Dhahran] (Ali Baba, n. d). However due to high costs and inconvenience it would be beneficial for ODEL to use sea. However in future there is a potential of transferring to air.

By rail - the railway system in KSA is not much developed. However in the future with development rail it could be used to transport goods from the port to Riyadh city (Ali Baba, n. d).

As explained above sea would be the most preferred method of transport.

Packing

Under the rules and regulations imposed by Sri Lanka Export Development Board (EDB), the packaging of the goods sent by ODEL is required to resist difficult handling during transportation, packed according to the requirements of the importer's trade contract and should include important details such as shipping marks and port destination (Piyasiri, n. d).

Documentation required

In the process of exporting from Sri Lanka ODEL first would be required to register with the Ministry of Textile Industry Development. The following are the required documentation (Piyasiri, n. d).

Certificate of origin - this is required by the customs of the importing country and is issued by Chambers.

Quality Certificate - issued by Sri Lanka Standard Institution (SLSI), this would be specific for ODEL in determining the quality of the textiles.

Other initial documents including trade contract, invoices, shipping note, licenses (if required) etc.

The Arabian government would require the Certificate of Conformation and adherence to Product Conformity Programme (PCP).

Insurance claims and freight forwarder

ODEL is recommended to insure its goods with the Sri Lanka Export Credit Insurance Corporation (SLECIC) which is more secure due to government involvement. It provides goods with credit insurance for 180 days against

commercial and political risks, customized insurance policies etc. (SLECIC, n. d).

The freight forwarder for ODEL would be “ Freight Links International Pvt Ltd” mainly due to their expertise on the textile industry where their logistics include a separate section on fashion logistics. The services they provide include Order sorting, pick and pack, Purchase Order tracking and management, IT solutions and buyers’ consolidation. It also has the facility to provide fabricated air containers for garments on Hangers. Also their warehouse is situated near to the Sri Lankan port which would be an added advantage. However ODEL is advised to follow their e-logistics where their IT system facilitates cargo tracking, online enquiry, online cargo booking and EDI (Electronic Data Interchange) capability (Freight links international, n. d).

11. 0 Distribution channel

Odel don’t import large amount of products since the fashion changes rapidly so the warehousing facility wouldn’t needed to be outsourced as it can keep stocks in the same outlet it will be located. Once the products are received in to Saudi Arabia the products will be transported in to the Outlet in Sahara mall straightly and will position to display and stock rest of the products. Odel perform as a textile retail company in Saudi Arabia they will not be having wholesalers since its product would be purchased from the outlet in Sahara mall. Other than the transportation cost Odel will have to bare the middlemen charges since it is a pre-requisite to commence the business in Saudi Arabia.

First and foremost Odel needs to take import license from ministry of commerce and industry before it is established in KSA (Ministry of Commerce and Industry, n. d). The license would be offered through an authoritative agent who is registered in the MOC Agency Register (Ali & Partners, 2004). According to the research conducted the agent should be for example Saudi nationals or organizations commenced only in Saudi premises (The Saudi Network, n. d). There are satisfactory amount of agents placed in Riyadh so that odel could chose the best agent among them. There are some agents feasible contacting through email and telecommunication.

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Murtaza Rao Al-Wallan

Mohammad Arif Saeed Al Tamimi & Company Advocates & Legal

Muntasir Osman Law Office of Hassan Mahassni

Maher Melhem Abu-Ghazaleh Legal – (TAG-Legal)_Saudi Arabia_Riyahd_TAGI

(Doing Business, n. d)

The above are some feasible agents Odel can build contacts with in order to enter in to the textile market of Saudi Arabia successfully by fulfilling the legal requirements in importing products of Odel.

Retail distribution

Odel will follow retail distribution in Saudi Arabia since it provide different branded products and also offer their own clothing items as well as products supplied from other clothing manufacturers in Sri Lanka only at their own

outlet. Therefore the Odel follows a retail distribution method since will only open up own outlet in Riyadh leaving the end customers opportunity to acquire the Odel clothing from the outlet in Sahara mall. Further the retail distribution will be done from Odel online website where customers can purchase the products online and the delivery will be done. Specially women and younger generation of Saudi Arabia desire to spend their leisure times in malls rather than large department stores (Echo depiction, n. d). So by this we can state that people prefer doing shopping from the retail outlets of malls more than from department stores.

Price determination

The price of ODEL clothing would be determined based on market price or competitor price of Saudi Arabia as the objective is to capture the new market and price would determine quality and would also follow psychological pricing (prices would end in 99 cents). Furthermore it would take a geographical pricing strategy compared to Sri Lanka due to the shipment costs and the high market price.

Cost of shipment of goods

The shipment costs ODEL would pay are made up of the total freight and other costs incurred during transportation of goods to Saudi Arabia. It would include Bunker adjustment charges, wharfage, Bill of Lading etc. and are calculated in the financial statements respectively (Shipping International, n. d).

Transportation costs

ODEL would have to pay for transportation from Colombo port to King Abdul Aziz Port - Dammam which would be determined according to the delivery schedule, the weight and types of goods etc.

ODEL would also have to incur costs to move the exported goods from the King Abdul Aziz Port - Dammam to Riyadh Sahara mall where ODEL would have to hire a truck in the short term and purchase required vehicles in the future. The charges would be calculated on the distance between the two cities which is 375km (Mapcrow, n. d).

Handling cost

Handling would include labour and packaging charges, loading and unloading charges etc.

Insurance expenses

The insurance expense would depend on the amount of goods exported by ODEL and the under the SLECIC it would be calculated as Seller's Risk (SLECIC, n. d)

Customs duties

The customs duty for imports to Saudi Arabia is 12% and therefore ODEL is required to pay that amount prior to releasing the goods (Ali Baba, n. d).

Import tax and VAT are not applicable for imports to Saudi Arabia (National Textile, n. d).

12. 0 Retail Pricing of Odel-

Retail pricing will vary depending on the brand quality, competition, category share objectives and intended store-brand image. Consumer's reactions to pricing strategies are determined by demographics and local /international competitor's pricing strategies, and totalling that changes in attributes such as, delivery systems, packaging and product benefits all affects the performance of national brands vs. private label.(All business. com, 2009)

The retail pricing of Odel's products are mainly done looking at the competitor's such as Zara, Gap and H&M's pricing strategies. Odel also follows a market- based pricing strategy which sets the target prices that the buyers are willing to pay. The main budget for the cost of clothing material, production and suppliers are fixed according to the target price and the profit margin that the management team wants to achieve with that specific branded clothing line.

The price of a Middle Eastern black Abaya will be sold at Odel ranging from \$54. 99-\$76. 99.

\$54. 99 \$76. 99

Terms of sale-

Terms of sale can be primarily defined as the Delivery and payment terms agreed between a buyer and a seller (Business dictionary, 2008).

Odel's main goal is to satisfy its main customers with good product lines of quality branded products. If a customer is not satisfied with the product after purchasing it, Odel will refund its customers 100% for the price of the item in exchange of the purchased product . The refund conditions applied- the

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purchased product should be returned in its original condition, undamaged and should be with the original tags. The products are to be returned within a week from the date of purchase. Products such as lingerie and under garments, handbags will not be exchanged.

Products that are sold online through the odel website will be delivered on time in the standard quality that is displayed in the website and these products will not be refunded or exchanged.

Odel gift vouchers are valid within a year from the date of purchase, and these gift vouchers will not be exchanged in return for cash.

Methods of payments-

Odel does not accept drafts, checks when purchasing products from their outlet, mainly cash or credit cards are accepted when purchasing products from the odel outlet. For online purchases - upon placing the order, the odel customer service will contact the customer in order for the customer to receive information on the specific payment before finalizing their order. Then once finalized the customer can use their credit card to do the required purchasing.

13. 0Financial details

For calculation purposes it is understood 1 Saudi Arabian riyal= Sri Lankan Rs. 30 approximately.

Total value of sales would include casual wear sales, abayas and other festive wear for both men and women and other accessories.

Cost of sales would include material and labour costs, costs on products for resale and cost on accessories for resale.

Total cost of sales= 40% of total sales value

Payroll include the wages for the sales staff (10) and other office staff (5).

Sales staff salary: 10* Rs. 20000

Office staff: 5*Rs. 45000

Utilities include electricity, telephone and water bills.

Sales and marketing expenses- Magazine ads, Television ad and the banner would be conducted in the first 6 months to create the brand awareness.

Magazine ads: Rs. 50000*6

Television Ad: Rs. 1200, 000*6

Banner: Rs. 130, 000*6

Web site restructuring: Rs: 850, 000

Cost of shipment of goods are considered in as initial setup expenses

Custom duty

Rs. 1056, 000

Export taxes

Rs. 1, 350, 000

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Shipping cost

Rs. 2, 100, 000

Handling chargers

Rs. 950, 000

Freight forwarder charges

Rs. 1, 000, 000

Insurance

Rs. 2, 750, 000

Total

Rs. 9, 206, 000

Custom duty= cost of sale*12%

Interest rate is 20%

Office equipment depreciation rate is 10%

Furniture depreciation rate is 15%

Pro forma budget (APPENDIX 5)

14. 0 Resource requirements

Personnel

The Odel Sri Lanka was started by the chief executive officer (CEO) Otara Gunewardene, and has been catering the local market from more than twenty years including sales and marketing department, finance and administration, human resources departments (ODEL, n. d).

Odel moving in to Saudi Market will need more employees under each department to handle the business in the international market under the same CEO. Sales and marketing department will have to play a major role in the introductory level of Odel in Saudi Arabia. It has the responsibility to implement better sales and promotional strategies understanding the culture of the country Saudi. Human and resources department has the responsibility to recruit the correct employees' especially sales staff with the required qualities and skills and train them accordingly.

Capital

There are several equipments needed when establishing the Odel shop/outlet in Saudi Arabia such as shelves, equipments needed for the cashiers furniture, machinery and etc to build the shop inner look attractive and also to cater the customers comfortably.

Finances

As previously said Odel has been in clothing business for more than twenty years so the finance would matter in entering the Saudi market with many modifications and adaptations in the products, rent, transportation, salary for the newly recruited staff in Saudi and etc. successful operations in Sri Lanka

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will help in financing the business in the beginning and further expansions and operations will be conducted through the revenue which will be gained from the first year business conducted in Saudi Arabia.