

International managementpsychol ogy narrative flashcard



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Besides, it use differentiation strategy (shown in figurer) to call for development of product , which offer unique product that are valued by customers and its customers willing to pay higher-price to get the product of better than or different from other companies in return. Figure 1 porter Generic Strategy (Software Bee, 2000) Internal analysis Marketing Mix “ Marketing Mix is the set of tactical marketing tools that the firm blend to produce the response it wants in the target market”(Armstrong and Kettle, 201 3, p. 80).

Therefore, it will be used to measure the strategies has been applied by Salad for its target market. 1. Product Salad is women’s apparel store and it not only sell bottom and outwears but also accessories such as bag, wallet and etc in order to enable customer to purchase all they need within a store. The product style and design of Salad emphasize youthful and individualistic attitude and they use Salad as the rand name, which means choose different ingredients to create a salad of your choice and in the same Way, customers can mix and match their outfit to create a style that is feminine and true to them (Salad, 2014).

Beside, Salad has established offices in each country for handling administration problem like customers complain. However, Salad did not have any membership system or activities and it may result in less loyal customer. 2. Price “ In recent year, several companies have adopted value pricing to win loyal customers by charging a fairly low price for a high-quality offering’ and Salad s one of them for offering quality product and comfortable shopping environment while charging reasonable or lower price to satisfy customer’s emotional needs and wants.

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In various types of this pricing strategy, Salad is using high-low pricing which mean “ they charges higher prices on an everyday basis but then runs frequent promotions in which prices are temporarily lowered below the IDLE (everyday lower price) level” (Kettle and Keller, 2006, p. 414). As the result, Salad is able to win customers support and they are willing to pay for it as they think that it is worth and they know what mind of benefits they could get by using their product. 3.

Place Salad has established fifty-two stores over the world, where is using unfinished wood flooring and display units contrast with the metal display shelving to provide an illusion between the soft and tough (Salad, 2014) and such special store design is adding value in shopping experience for its customers. Beside, they can go to visit its parent company – Bauhaus to search part of its products. On the other hand, it provides online shop service and therefore customers can purchase without location restriction and they re offering free shipping for Hong Songs consumer if the orders are over 4. Rumination In the early stage, Salad mainly uses print advertising to attract customer attention and personal selling for helping them to seek suitable products that they need. Sometime, they will use sale promotion as encouragement to reward customers and bring out short-term sale.

Along with the growing business, it uses W commercial to promote products, which enable Salad disseminate its updated news widely but with higher promotion cost. On the other hand, it even has sponsored and held different events to increase the wariness from public.

External Analysis “ Before deciding whether to operate internationally, a company must understand the international marketing environment” (Armstrong and Kettle, 2013, p. 80) and Pestle model will be applied to analyze Indian market comprehensively. PESTLE model 1.

Political In the 2014 consolidate FDI policy (Department of Industrial Policy & Promotion), Indian government stated that one of the objectives in 2014 is to attract and promote foreign direct investment in order to supplement domestic capital, technology and skills for accelerated economic growth.

Hence, both of Indian central and local governments are welcome of foreign investment and they have actively provided a variety of incentives to encourage them of entering into the market. 2. Economic According to the report from Trading Economics (2014) shown in figure 2, GDP growth rate in India averaged 7.62 Percent from 1996 until 2014 and in the third quarter of 2014, it expanded 7.20 percent in previous quarter.

In addition, the middle-class is rising rapidly in India with the average growth of 8. % per year (shown in figure 3) and the consumption force of them is high, Hereford they could be one of the potential groups for Salad. Figure 2: India GDP Growth rate (Trading Economics, 2014) Figure 3: Raise of middle-class (Nippon, 2013) 3. Social The education level in India is increasing and according to the census 2012 shown in figure 4, the national literacy rate is 74% and it could be seen as a competitive advantage for India.

On the other hand, the right of Indian women is improving along with the raise of women’s social status but the problem of sexual discrimination is still exists and such traditional conception may affecting customers decision-
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marking in purchase process. Figure 4: the changing face of India (dilemma, 2013) 4. Technological As a developing country, the technological development of India is still not that well and therefore they are eager for western technology like production, logistic, media and etc in order to increase its nation's competitive advantage. . Legal Recent year, Indian government has issued various policies and legal to lower the threshold in order to become an international country and connect with others, for example set up the " foreign investment promotion board" which responsible for approving foreign investment application from Non-automatic sensing and promulgated a new " Foreign Exchange Management Act" to replace the earlier " Foreign Exchange Regulation Act".

In addition, it also relaxed restriction on technology transfer and foreign investment in Indian companies to make investments that meet certain conditions can get automatic licensing (Department of Industrial policy & Promotion, 2014). 6. Environment Environment is an important factor to influence what kind of product should be introduced in the market, apparel store in particular.

India generally has a tropical monsoon climate including four seasons in year: cold season (December to March), hot season (April to June), rainy season (July- September) and a southwest wind retreat season (10-11 months), the average annual rainfall regions vary widely. Overall, the strength of Salad is its unique product and store design with the combination of lavishness and natural comfort style but in comparison with other international brands, the reputation of Salad may lower than others as it only has been established around ten years.

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For the external factor, the positive attitude of Indian government and the rise consumption power are creating good business environment for Salad.

However, Salad has to pay attention to traditional influence as well as the government policy and further analysis of Indian market is in next part.

Market research of potential country – India 1 . Accessibility Indian tariff mainly includes three modes ; specific duties, developer duties and compound duties. The ‘ peak’ rate is in 1991 with 150% and it has come down to 40% in 1 997, 35% in 2001 and finally down to 30% since 2002 (Customary, 2003).

Obviously, India government is going to lower the tariff barriers in recent year so as to attract more foreign investment.

However, Indian tariff rate is still high from other countries. Regarding to the political problem, Indian government has set up Central Vigilance Commission since 1 964, which is an apex vigilance institution to monitoring all vigilance activity under the central government and advising various authorities in Central Government organization in planning, executing, reviewing and reforming their vigilance work (Central Vigilance Commission, 2014).

However, India still ranking 73 from 150 countries in 2013 corruption rankings report (World Audit, 201 3) which reflects that corruption problem in India is still grave. Concerning about regulation, Indian government has banned foreign companies directly invest into supermarkets, convenience stores and other retail store. Therefore, foreign companies are only allowed to establish retail store where only selling one brand’s product and foreign

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ownership cannot hold share exceed 51 per cent (Department of Industrial Policy & Promotion, 2014).

Although, Indian government intends of liberalizing of retail business for foreign companies along with the open-door policy in recanted, so far they has not issued any specific regulations. 2. Profitability As one of the BRICKS countries, Indian economy is growing rapidly like others and agriculture, service and industry sector are the largest employer in Indian's economy with 52%, 34% and 17% (Tipsiness, 2014).

Regarding to the distribution of wealth in India shown in figure 5, it indicates that the total incomes in north and south-west region of India are higher than other area and the top three towns including Panama, Lauding and Delhi with 77%, 63% and 62% (households with monthly income more than RSI.

10, 000). Figure 5: India top 10 towns with highest family income (Minneapolis, 2014) Refer to the currency, it not only mean the price of a currency but also affects the cost of imported goods and exported goods; the country's rate of inflation; and a firm's profit, output, and employment (Invites and Shaw, 2009, p. 63) and therefore, it directly affects the profitability of a firm. Rupee is the only official currency in India and the import and export of currency exchange rate are 5.

7374 and 0. 1743 for Hong Kong Dollar (last updated on November 5 2014 from Yahoo Finance). On the other hand, since Indian's retail industry is in beginning stage and strict strict on foreign investment in retail business, hence Indian government did not issue any specific subsidies for helping them in retail investment.

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However, India government has used ' Foreign Exchange Management Act' to replace ' Foreign Exchange Regulation Act', which relates to the foreign direct investment in the country and has helped the country by encouraging external payment and trade. 3. Market size According to the Census 201 1 shown in figure 6, Indian's population has jumped to 1.

21 billion and showing an increase by more than 181 million ring the 2001-2011 decade which population is almost equal to the combined population of the U. S. Indonesia, Brazil, Pakistan, Bangladesh and Japan put together. From the total population of 1210.

2 million, the number of males was pegged at 623. 7 million and the population of females stood at 586. 5 million. The percentage growth in 2001-2011 was 17.

64 – males 17. 19 and females 18. 12. Figure 6: census 2011 (Thinned, 201 1) On the other hand, India is a country with around 3, 500 year long history and includes different race and religion which still deeply affecting Indian behavior, for example valuing men and belittling women.

However, some Indian women begin to fight for their right along with the growth of female's social status and they start to get rid of custom like traditional clothing – sari. 4.

Competition The competition of Salad is mainly affected by international companies and traditional local company and both Of them contest Indian market and become huge power to influence Salad. Regarding to the existing competition, the local companies where selling traditional clothing

like sari perhaps already monopolize the woman's apparel market because some of traditional women or married women wear sari as their daily clothes and they rely on them for so long.

On the other hand, some international companies may already found a way to enter into Indian market, which become incipient competitor to Salad and all of them want to be the reformer to change and develop the needs to Indian customer and then monopolize its market. Besides, once Indian government is willing to further lower its entry barriers, other international companies must contest to entry and the competition will be higher than incipency and these impasses are the latent competitor.

TO sum up, refer to business portfolio matrix model (shown in figure 7) both of Indian market and Salad Company are in medium stage which means India is potential market but come with some political or economic risk attached and Salad's product is not completely compatible with Indian market because of the cultural different. Therefore, Salad should adopt 'selective investment' when enter into Indian market.

Figure 7: Business portfolio matrix (Harebell and Kefir, 1993). Conclusion Based on above analysis, Indian government policy for foreign retail business might make an entry barrier for Salad.

However, there are lots of international companies still looking for the Indian market because of the rising economy and quality of Indian life. On the other hand, female's social status in India is improving and they are trying to get rid of custom, which create a good environment for Salad to develop

women's apparel business in India. Therefore, it is suggested that Salad
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should go into Indian market but it is necessary to test the market and create needs and desires of Indian women before the implementation of strategic plan, hence it should not be reared out in the short-term.

Regarding to the pricing strategy, since the target customer of Salad is youth woman group among 18-35 ages with stable income who able to purchase luxury product and therefore the pricing strategy maintain in value-based.

Besides, Salad should concentrate on north and south-west region as there is wealthier than other area. At the same time, the consideration of product adoption is essential because of the big cultural different.

For the product adoption, Invites and Shaw (2009, IPPP) stated that there is at least six factors have a bearing on the adoption process: relative advantage, compatibility, tractability, absorbability, complexity and price. In my opinion, veil could be one of the considerable products for Indian women because there is lots of Muslim who treat veil as part of daily clothes for protecting them from the unwanted gaze of other men, however how to integrate our fashion design into such traditional clothes will be a big issue before We enter in these long-established countries.

Recommendation As refer to Anions Matrix, Salad should start “ market development” which means to enlarge the geographical coverage maybe in combination with product development” in order to stay competitive in the current markets.

In the short-term, Salad should concentrate on the further expansion in South Asia and Australia in order to develop stronger and wider brand

awareness in near countries for the preparation of future expansion but India should not be considered in one of them in this stage because of the risk of entry barriers.

Since Salad was successful in previous Asian expansion, the realization of this step is feasible on the basis of former experience. The strategy for medium-term is continually expanding its business along out and west side including India. In this stage, a long preparation with marketing research and a good knowledge about the country is critical because of the big cultural different.

At the same time, Salad ought to adapt existent or develop new product that could be better match the country's need and therefore an exhaustive investigation is requested in previous.

In the long-term, Salad should put its business into farther countries like Europe or North America. This brings out a big challenge of high competition since there are lots of well-established brand with similar product like Effendi, Michael Koru and etc. Therefore, it is important to build brand awareness before enter in these countries and maybe Salad could consider to pair up with other big company like co; branding strategy, which enable Salad to increase the exposure rate while lower the entry risk as well as the cost.