

# [Kea strategists case study](https://assignbuster.com/kea-strategists-case-study/)

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What Is the essence of Its strategy for creating value by expanding Internationally? A. KEA expands to other markets In order to get new customers and sales. In Dalton, expanding globally allows companies and firms to Increase their profitability. KEA was able to expand their market for their domestic product offerings by selling those products in international markets. KEA applied the following strategy in expanding internationally, by Franchising.

When KEA expanded globally, KEA had some evaluation criteria based on the market study for selecting franchisees which leads to its long-term strategic expansion plan which sets priorities of future growth. They made sure when franchising in other countries they found the right place of manufacturing for each item by leveraging the low-cost suppliers and proper sourcing strategy. They also made sure that the localization of where the franchises where built were adaptable of its offerings to the tastes and preferences of consumers in deferent countries.

For example In China, “ car ownership Is still not widespread so Kike’s stores In China are mainly located near public transportation that way Chinese customers can get their purchases home. ” 2.

How would you characterize Kike’s original strategic posture in foreign markets? What were the strengths of this posture? What were its weaknesses? A. I would describe Kike’s original strategic posture in foreign markets, is to decrease production cost. KEA has strategy in order to decrease its production costs since KEA planned to reduce the price of their products by 2 to 3 percent every year.

In fact low prices of the products have been the central part of their business strategy. KEA strives to consistently find new ways to reduce prices. The aim behind the strategy Is to be able to provide low priced but attractively designed furniture and household Items to the middle class customers.

Some of Kike’s strengths were focusing on the core suppliers which caused long-term development. In Dalton, KEA applied the sourcing strategy to source the right manufacturing locations instead of Sweden such as Poland. This resulted in affordable products with signed quality.

Some of the weaknesses that KEA endured were while entering to U. S.

Market where the measurement units, product sizes are different. Even with the store location in China, but KEA learnt a lot on how to place the franchises in accordance with customers’ preferences. Therefore, the having a standard strategy was no longer applicable in some markets. KEA had to customize some of their strategies to FLT the customer preferences and location. 3. How has its strategic posture of KEA changed as a result of its experiences In the United States?

Why did It change Its strategy? How would you characterize the strategy of KEA today? A.

KEA strategists their products especially for the U. S. Customers, In the beginning KEA tried TTL replicate their business model and products from Sweden. Sales were not meeting Kike’s expectations within the united States. KEA realized that the needs of ten customers Walton ten unlace states were Deterrent Trot ten needs AT ten customers in Sweden. Customers in the US preferred their beds to be bigger as well as other products.

KEA went back and made some changes in their marketing strategy to customize their approach for the United States. KEA realized that in order to be international, they would have to customize their strategy/ business model to meet the particular aimed customer’s needs. By understanding the local culture was very important. KEA not only strategies to have low cost products but they also focus on the culture of the customers, the suppliers, location and economies of scale. This has made Kike’s international business strategy of essence.