

Question's about the otto group

[Business](#)



Opening Case: The Invisible Global Retailer and Its Reentry into US Markets

How do non-German markets figure into the Otto Group's strategy? Non-

German markets form a large part of the Otto Groups strategy. The company realizes that to be successful as a global brand it must follow a multichannel strategy that will allow it to compete in new and emerging markets, primarily in Europe, North America, and Asia. The company understands that the German market is very saturated and competitive, so this opens up opportunities elsewhere. Russia and Brazil have been identified as key markets because of the growth potential in those areas. Put simply, success or failure in these markets will determine the future direction of the company for the foreseeable future.

2. What do you think the firm has had to do to plan for this level of international expansion?

Because international expansion involves much strategic planning, the Otto Group has had to design a multichannel strategy that can be successful in any environment. The key to success on a global scale is to be flexible and go along with local market conditions. The Otto Group has planned this level of international expansion well by refocusing its strategic capabilities toward these areas. Although the company has been successful before with direct marketing channels, the Otto Group will need to change its focus to internet services because this is the way that modern shopping trends are going. The key is to make sure that customers buy into this e-commerce strategy and respond well to it.

3. Which country-entry modes does the firm appear to prefer? Does it vary these modes?

The firm appears to prefer takeovers and acquisitions going by its recent

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history in Europe. The reason for this is because these entry modes are less risky and the company can safeguard some of its investment. The markets of Central and Eastern Europe, although relatively untouched, can be risky for outsiders to enter because there is not a great deal of economic stability. It makes sense that the Otto Group would want to use an already existing brand because this saves on start-up costs. Conversely, in the United States the company seems to have learned its lesson. After a failed acquisition in 2009, the Otto Group returned the following year with a Greenfield investment. This makes sense because the American economy is relatively stable and the company can maintain greater control over business operations.

4. After the Otto Group failed in its first effort to enter the US market with Spiegel, why would it try again?

The Otto Group is entering the US market again because it realizes the mistakes that it made before. Acquiring a US company does not allow the Otto Group to use its own innovations to reach the American consumer. Now that the company has "got its feet wet," the Otto Group knows what it needs to do to succeed and it is now willing to use its own resources and capabilities.

5. How does this latest effort to enter the US market differ from its prior attempt?

With its prior attempt, the Otto Group acquired Spiegel, the parent company of Eddie Bauer. This latest effort, although taking on greater risk, is different because the company has a chance to set up business operations how it wants. Field & Stream 1981 will likely be more successful because the Otto

Group can use successful policies from other North American and European markets.