

# Towards multinational growth and sustained success essay



**ASSIGN  
BUSTER**

Introduction: Giordano International Limited was founded in 1981 and is a successful retailer and distributor of casual apparels operating in East Asia, South East Asia and the Middle East. Giordano operated in 20 countries and the corporate strategies encompassed values like quality, innovation, knowledge, simplicity and service. Its core competencies lied in creating 'value for money' thorough efficient supply chain and creating a good brand image by means of differentiation in customer services. Giordano in the past had adopted best practices from successful brands like MacDonald, United Colors of Benetton and the Mark & Spencer.

Giordano was in completion with brands like Esprit, Benneton, Baleno, Bossini, G2000, Uniqlo and U-right which also were looking for growths in new geographies. To continue sustaining the business and craving for further growth Peter Lau the CEO was critically reviewing the Key Success Factors and how the same could be transferred to other country markets that it planned to enter. Giordano's Competitive Advantage Carryout a Porter's Five Force framework Suppliers Bargaining Power - Giordano is backward integrated with the manufacturers in China and hence the treat is low.

Customers Bargaining Power - Customers seek value for money and can switch to any supplier which based on the competition, innovation and fashion of the competitors.

Competitive Rivalry - is high in the casual apparel industry and this is caused due to the low growth rates. All players like Esprit, Bossini etc are aggressively competing and are currently focusing on increasing their shares in different geographies. Mainly the competition is non-price based as each

one of them is under profit pressures. Threat of potential new entrants - is moderate as development of a good network and brand building requires substantial time.

Some already established brands from Europe and the US may however take a different view of the Asian market and decide to make an entrance. Threat of substitutes - for casual apparel is very low and the unbranded apparel serve as a near substitute and this would be for a different target segment.

Carrying out a Value chain analysis it would be Design - Procurement of right material - production as per the designs - Outbound logistics to various retail outlets - Branding & Marketing - Sales & Services About 90% value can be created by the Production, Brand Owners and the Sales and Services and Giordano owns them all.

Giordano importantly had a flat Organization Structure and investment into its human capital. Giordano's Key Success Factors and Transferability to other countries The KSF of Giordano are broken down from its clear customer focus and was mastering the '3T' - tangibles, task and treatment, which included 1. Market Driven and Customer Focused Designs - Quick market driven apparel development and reduction of time to market due to the Organizational strengths. Capturing customers required trends into its designs.

Giordano's focus was towards stylish and sensible clothing's with good quality providing value for money.

Transferability - Capturing the customer impulse into the design is a prerequisite for any apparel retailer and this should be incorporated into the basic business model of Giordano. For this to continue being a KSF Giordano needs to capture the customer preference towards the local and international fashion trends. Giordano has in the past adopted the best practices of the apparel retailer industry and should continue doing so and at the same time crave to become a trend setter in itself by means of starting its Giordano community and blogs which provide a great insight to what the customers are looking for.

For this KSF to be extended in new geographies the design system and staff need to be equipped with the needs of good designer.

2. Operations Control & Supply Chain- Giordano had an efficient operations control through good information technology system and inventory control by forecasting demand by understanding the customer purchase patterns and furnishing real time demand information to the production facilities, distribution network with distribution centers which replaced the back shop storeroom and integration of purchase and sales functions.

Transferability - Good operations control and supply chain management are basic requirements of any successful business model and Giordano has not only to retain this core competency but needs to constantly keep upgrading them with latest technologies without which its whole business would collapse. Giordano should look into the possibility of outsourcing the non - value added activities and focus more on the core competencies.

The apparel industry is dependent on the local and the international trends and the apparel business moves as per the seasonal requirements of each country and hence the trends in each country needs a customization which needs to be quickly incorporated into its supplies without losing any time lest some of its stocks will go as off season and would need to be discounted which would adversely affect the countries profits.

The operations would also depend upon the trade barriers, taxation systems, infrastructure and managerial skills available in the specific country. .

Marketing and Branding - delivering 'value for money' and consistent advertisements and promotions like 'simply khakis', 'world without strangers' and 'no gimmicks, Giordano' helped in building customer confidence and a good brand. Transferability - Within Asia this would not be an issue as in developing countries with high population densities and with a good young population who are open to adoption of new cultures this would not be an issue.

However, in developed nations with aging population and already saturated markets with established players aggressive advertisements and brand promotions and customization of product to meet the needs of customer would play a very important role. Giordano would require adopting a different strategy to establish a good loyal base in new geographies and this would be based on the cultural and economical influences of the area.

This would depend on the buying patterns and the disposable income of people After all one size does not fit all. . Customer Service - Giordano followed the 'Giordano means Service' in letter and spirit by adopting three

tenets: ' We welcome unlimited try-on' ' We exchange - no questions asked' and ' we serve with a smile'. Giordano upgraded its locations, size and ambience of its retail stores from time to time. It adopted the online shopping strategies and regularly evaluated its services. Transferability- One of the most important factors linked to the success of apparel industry.

Giordano needs to study in details the impact of multinational companies on socio-economic stability, the managerial skills of the front line staff that would be available and in direct touch with the customers and the spending patterns of the country people. 5. Locations - Giordano site selection in major cities and prime locations had a direct impact on ability to attract more customer traffic. Transferability- Giordano should continue to seek prime location and take opportunities to expand in order to achieve high volumes and become more accessible to customers in new geographies.

This needs to be essentially carried out along with the Marketing and Branding strategies. Strategies for Sustenance and Growth An assessment of Giordano's core competencies and sustainable competitive advantages are primary considerations for strategy formulation.

Core elements of Giordano's strategy should be maintained when entering any country in order to ensure a consistency in service and merchandise quality. In this respect, strategy should be seen as something to remain intact in any country. The key determinant is the consumer, who may have significant differences in preferences towards the product and promotional mix.

The hallmark of Giordano's success was its consistent emphasis on simplicity, reflected in the style and design of its clothes. Giordano was offering online shopping to its customers, even when the concept was in its development in Asia.

While initial turnover from this venture was small, company representatives maintained that it was an important step forward to keep up with technological advancements taking place around the world. Lau should concentrate on the similarities between countries, which would allow Giordano to transfer its competencies more easily and build brand awareness more rapidly.

In addition, as services are highly intangible, a strong global brand may offset this uncertainty by providing recognition and reassurance. Global branding should be supported by coordinated marketing communications and consistent corporate design.

Striving for greater operational efficiency through information technology, Giordano already ensured that all markets could access real time sales and inventory levels. Giordano should focus more on web enabled systems and trading in order to meet the just in time concept on production.

While consistent global branding should be established, different cultures may not associate with brand in the same way. Lau should initially launch its growth program in other countries which are culturally similar - this is calculated in the attached xls sheet.

The operations strategy should complement marketing, but its focus would be on internal cost cutting and efficiency. Lau can focus on consolidating the production using the classic theory; labor-intensive products should be produced and exported from countries with an abundant labor supply.

Recognizing the power of service excellence as a differentiating feature in the highly competitive retail market, the company consistently invested and re-invested considerable sums in the training and development of staff at all levels. Peter Lau should focus on the training and should extend to all associated operations. It is suggested that Lau expands the business in the emerging new economies i. e.

the BRIC (Brazil, Russia, China and India) for this initially a good brand awareness has to be brought into the countries by means of intensive advertisements.

The Locations of the retail centers are very important and need to be picked based on the cultural needs of the people in those countries. A thorough look at the WDI and the IMD Competitiveness book would help the selection of the countries. It is important for Lau to understand the Economic risk underlying the country along with a good view on GDP per capita and the GDP per capita growth. Facility location needs to be carried out with thorough understanding of the Political risks both from the local governing authorities as well as the Federal authorities.