

Assessment of the country road business



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Country Road is an Australian based company which dates back to its pioneer operations in the year 1974. It started producing women's shirt and slowly expanded to simple but highly stylish, sophisticated apparel, fashion accessories and house wares. It's expansion and growth to the United States of America and other Asian Countries helped it to become and recognized as the first lifestyle brand coming from the country down under.

However during the 1990s, the branch of Country Road in the United States failed and became bankrupt. This was also worsened by the decline of sales and less competitive performance in the Australian market. The situation resulted to an unprofitable year by Country Road. And with this two situations presented, it was at this time that its company heads had to evaluate, study and think of ways and means to avoid total closure and downfall. In the end the leaders decided to overhaul the company and re-think its marketing strategies both in Australia and to the international market.

Hong Kong on the other hand is a country known to be a melting pot of different cultures. It is a territory of the People's Republic of China but was confiscated, colonized and controlled by the British Empire until 1997 where it was ceremoniously returned back . The brief background and history of Hong Kong as said in the preceding statement would traditionally explain why as compared to other countries most especially those found in Asia, Hong Kong has come to accept more easily concepts and views from foreign countries while maintaining its own identity.

Exporting Country Road to Hong Kong is a good stepping stone for the company's expansion future provided that right and effective marketing strategies are put into place. As discussed, since it is the meeting point of both East and West, it can easily penetrate the fashion world as Hong Kong has in its foundation designs and trends coming from both worlds. The number of people coming in and out of Hong Kong at a daily basis also provides additional benefits for Country Road as exporting such clothes and jewelries is not limited to only the mainland population but also to its foreign visitors.

V. RECOMMENDED MARKETING STRATEGY

V. 1. MARKET ENTRY STRATEGY

During the initial stage of growing and expanding businesses especially by operating on a global scale rather than on the domestic level, it is important to first and foremost consider the organizational strategies and planning procedures to be implemented. Wind in his article on the Guidelines for Developing International Marketing stressed out four types of orientations that follow each other in relation to the growth of the company especially to the international level from the most basic to the highly developed stage. These are ethnocentrism, polycentrism, regiocentrism and geocentrism.

From the points of attitudes or orientations stated above and on the desired entry of Country Road to the Hong Kong market it is recommended for it to apply the ethnocentric orientation rather than that of polycentric, regiocentric and geocentric. The chosen option is described as where the mother company (which is based on Australia for this matter) plays a major role on the operation, control and marketing process of the overseas plant or <https://assignbuster.com/asssessment-of-the-country-road-business/>

product. To the top-level management the overseas plant will only be considered as secondary to the domestic market and primarily as a way of relieving the “surplus” items from the local area. It is best to choose this not only because it has been proven to be the best orientation for when one creates new companies abroad but also because by relying on people trained in the mother company the chances of having to be disappointed is decreased as compared to trying to find people in the locality of the new branch and not having the best qualifications.

V. 2. TARGET MARKET AND POSITIONING STRATEGY

In February of 2009, Country Road announced that they are planning to launch one of their latest fashion sets or labels named Trenerly. This label aims to meet the demands of customers who want clothes which are simple, stylish and beautiful and with Country Road's dedication and focus on quality, fit and value).

The year 2010 showed the formal inauguration of this new brand to the Australian market and with this, Country Road has expanded its customer targets and base. As Country Road has slowly involved itself in the younger generation and now with Trenerly helping out in its expansions as although they have many qualities which may be the same they are also very clear on their differences such as that of design proposition and target customers.

While Country Road is much more general in terms of its prospective clients ranging from little children to adults male or female, Trenerly on the other hand is made more specific aiming for the forty and above customer range, and supplying this group with modernized everyday luxury fashion.

As observed from the Information Services Department of the Hong Kong Special Administrative Region Government majority of Hong Kong's population age group is found to be at 45 – 54 with approximately 18.3% overall. With this in mind it must also be important to suggest that should Country Road export itself into the Hongkong market, Trener must be brought along as well most especially since it is in this age group where this brand focuses on. This then allows a more wider range of prospective clients by Country Road as well.

Secondly, with Hongkong's employment status slowly rising by on an average of 0.9% a year which is projected to last until 2030 with at least 4.1 million jobs. Hongkong is the perfect avenue to engage in fashion retail business, especially with the increasing buying power of the locals.

V. 3. MARKETING MIX STRATEGY

V. 3. 1. PRODUCT / SERVICE

Product or service as seen by Katsioloudes (2007) in his book International business: a global perspective defines this aspect as selecting physical characteristics like that of technological standards, size, packaging, taste etc., in view of the local consumers needs and preference.

For Country Road, in its export to Hong Kong, must maintain the high quality standards it is known for and must be able to uphold this quality. Mercer (1992) more strongly stressed the importance of quality products to the overall marketing mix strategy. According to him, the uniqueness and superiority of the product being sold is the most important success factor and even with little promotion it can gain a number of sellers. Bad products

on the other hand, no matter how big and expensive the advertisement are would result to dismal sales rating, as it is possible that initially a consumer may initially buy one's product but would not likely repeat purchase.

This item is very vital in the survival of Country Road because of the other different competitors found in the area. As discussed previously being a blend of eastern and western cultures surely there are many clothes and shoes retailers available, therefore it is up to Country Road to rise up from them.

Another item which may be considered for Country Road is the fact that it must also include the needs and desires of the Hong Kong population which sometimes even means “ modifying” current products to suit to their culture. Fashion sense as well as comfortability and necessities differ from one country to the other, and thus it is vital also to check the local market to see what types of products sells and what doesn't.

V. 3. 2. PLACE (DISTRIBUTION)

Place or distribution usually includes two issues and these are decision on channels and selecting modes of shipping based on coverage, efficiency, profile, technical requirement etc.

It is suggested for Country Road to provide an outlet for its products and base it on the country which they wish to sell their products. This is to add convenience to the buyers especially to those who prefer to do actual shopping, which is to check the product by themselves, as compared to those that do it online. However the overseas base must also consider shipping modes to add the varied choices where the buyer can opt from.

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Secondly, since Hong Kong is found in Asia it is also a suitable starting point on where to export products from should its neighboring countries desire to also take in Country Road clothes and shoes. The travelling cost of the item would be lesser as compared to shipping it directly from Australia.

V. 3. 3. PRICE

Price (Bennett, 2002) involves the different choices in setting price ranges and strategies and also the prediction of competitor's plans in reference to one's actions. And since price is the only element of the marketing mix that is income generating, while the other three are regarded as cost, it must be used as an active area in decisions with regards to marketing products, goods and services.

Since it is recommended on the earlier discussions that Country Road must follow ethnocentrism approach in its entry to the Hong Kong market, prices of product and other strategies with this regards must be dependent on the Australian main branch. Usually in the computation of prices in overseas stores it is computed as the local price of the product plus shipping and handling cost. This is the recommended formula for Country Road when computing a price for a certain product to attain maximum profit.

However set prices especially in the international scene is affected by numerous factors, such as demand, concentration of competition, cost and legal considerations. Striking a balance between these items together with the desire to attain sufficient and considerable profit must be evaluated to thoroughly calculate the price.

V. 3. 4. PROMOTION

Promotion is defined by Aswathappa (2008) as that in the international marketing mix which includes all efforts which are being done to increase the acceptance of the product by prospective buyers. Branding is a part of promotion.

One way where Country Road can add to its promotional ratings is by setting advertisements highlighting its highly sophisticated but comfortable products. Additional points to add in building up the products are to emphasize on having goods with superior quality.

VIII. CONCLUSION

Country Road entering the Hong Kong market based on the items discussed in the marketing strategy portion would likely to yield to a successful business operation most especially when the items being presented are followed and considered. By exporting itself to Hong Kong Country Road must further consider that there are big differences between running on the domestic market and into the international scale, without considering all these factors would yield to problems and a possible second downfall of Countryrod.

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