

# Global marketing narrative



**ASSIGN  
BUSTER**

My purpose for selecting Brazil is because of its large ethnicity mix which will be a perfect fit for our product to develop business growth, an international reputation, a competitive advantage and profit. Introduction of Chosen Product and target Market Each Cosmetics Ltd. Have been in existence for 35 years. Our main business areas are developing, manufacturing and marketing makeup for all African, Indian, Latin, Asian, Arabic and multi-racial women. We are a large scale operation that are represented in 27 countries and employ over 100 employees.

We are the official cosmetic for Miss Universe, Miss USA, Miss Jamaica and other pageantry events worldwide as stated in Each Cosmetics Limited, (2014). We first built our website in 1998 according to Maharaja (2004). This was our first direct export mode using the Internet and it helped us gain 16 years of international experience, understand the global market and our target audience to improve our product. We are constantly seeking opportunities to branch out and create new avenues to take our product global with calculated and well managed risks and as much involvement as possible.

**Product Description** The core benefits of our product are that our foundation is light weight, hypoallergenic and offers full coverage that holds up to the harshest weather and gives the illusion of naturally flawless skin. The choice to standardize the physical features with the modern black and silver packaging when entering Brazil would communicate an integrated and cohesive message to our target audience of modern and sophistication and our plastic tubing are recyclable.

Our cosmetics are conveniently small, lightweight and easy to package which substantially decreases the cost of shipping overseas through Direct Exporting. Our product has a long shelf life which means it can be manufactured at home and then shipped overseas using Direct Exporting or to our Partners. The primary ingredient talc which can be found anywhere so overseas manufacturing modes may be suitable once there are raw material suppliers available in the China. Based on our product features as suited Joint venture or partnership to gain access to the best and cheapest distribution channels.

The pricing strategy used in the domestic market is Market Pricing which is charging a price based on our main competition and external factors such as tariffs, shipping cost, seasons etc. We would offer wholesale, retail and discounted pricing to match our direct competition. Our slogan at Each Cosmetics is Makeup for Exotic Skin. Our promotional mix are Advertising, Sales Promotion, Personal Selling, Public Relations, Direct Marketing and Social Networking. Each Cosmetics current method of distribution is direct export through distributors, agents, export departments, and mainly the internet.

Foreign Target Market Economic Analysis According to Remuneration (2014), the Latin American cosmetics market grew by 20% in 2010 to reach IIS\$64 billion, it's the fourth-largest cosmetics market in the world. This regional growth is fueled by key individual markets, starting with Brazil. In 2011, Brazier's cosmetics market posted IIS\$43 billion in sales, an increase of 18.9%. Brazil has the highest tax-to-GAP rate in the Western Hemisphere, 36%

which adds to cost and by extension affects our choice of market entry mode.

The Gross Domestic Product (GDP) in Brazil contracted 0.90 percent in the second quarter of 2014 which reflects the recession the country has fallen into according to Economic Growth Rates (2014). This recession however can benefit us because in bad times by nature women look for ways of comfort or to “treat themselves”. This can work in our favor as our reduce gives that “feel good moment” by enhancing one’s physical appearance which is very important to Brazilian. Brazil is home to all the major brands from Milan, Revlon, MAC Cosmetics, and LA Colors to Avon.

These brands although recognized worldwide doesn’t cater to the exotic diversity needs of Brazilian for light weight, flawless and natural cosmetics which will stand up against their harsh weathers. With 70,232,491 women of mixed ethnicity, between the ages of 16 to 65 as stated in the Brazil Demographics Profile (2014) Brazil presents a wide market for Each Cosmetics to grow, benefit from economies of scale and expand in the years to come. From a recent recession. This can benefit our Intermediate market entry mode because key competitors who fall due to the economic downturn will enable us to expand and increase market share.

Factors of production such as premises and labor can be cheaper and higher quality, meaning that return on investment can be greater. Technology Analysis Brazil has a weak Technology infrastructure base as shown in the PEST Analysis (2013). This creates an Opportunity for us identify potential markets and build a nominative advantage because of the high demand of in

technology infrastructure. This can positively affect our choice of market Entry Mode which is Direct Entry Mode Internet where it allows us opportunity to take a more Technological approach.

For example by creating APS to promote our product. Legal Factors and High Tariff Barriers Brazil has implemented the Brasilia Major (Greater Brazil) plan, in which there was a rise in trade protections such as tax breaks to benefit local manufacturers, increased tariffs, and local content requirements according to Trade Regulations, Customs and Standards (2014). Brazil operates a ' Simplified Tax Regime', where imports by post or courier valued between IIS\$50 and IIS\$3, OHO are subject to a flat 60% Import Tax on the CIFS value of the import according to Duty Calculator Country guides (2014).

This affect export modes undesirable for us and therefore Intermediate export modes such as Joint Ventures should be considered. Main Segment demographics and customers factors of target According to Purchasing Behavior in Brazil (2014) only 17% of the population state that they only shop directly at the store. Out of the remaining 83%, 53% shop from dialogs, 38% from the internet, 29% from telemarketing and 6% using a mobile phone. Brazilian are major impulse purchasers. Our target group are women between the ages of 16- 65.

According to Consumer Lifestyles in Brazil (2014) Teenagers and Young Adults Ages (15-24) – 16, 521 , 057 who are Internet savvy, Spends more time in High School and College discussing fashion trends, relationships and experimenting with Makeup. Adults Ages (25-54) – 44, 674, 91 5 who are pursuing careers goals, heading back to school, getting married and or

starting a family. Anti-aging remedies and beginning to explore the internet. This information helps us choose an export mode that appeals to this demographic such as Export mode by Internet and also Partnerships that offer lessons on makeup applications.

Culture Classification of Target The Hofstede indexes gives an insight about how values in Brazil are influenced by culture and which consequences this fact has on our choice of market entry mode. Fig. 1. Shows the cultural distance of Brazil. Hofstede classifies Brazil with a high score on the (PDI) Power Distance Index which reflects a society who believes in hierarchy and inequalities. Brazil demonstrates a low score on Individualism which means that in this country believe in strong, cohesive groups and long lasting relationships.

High Uncertainty Avoidance levels relates to Brazier's strong need for rules and avoidance of risk taking, High degree of Indulgence exhibits a willingness to realize their impulses and desires with regard to enjoying life and having fun and Masculinity which indicates a society that is driven by competition, achievement and success. The cultural distance influences how we are going to sell and promote our product. The larger the cultural distance between the host and home country, the lower performance of the subsidiary will be (Hofstede, 1980).

When entering culturally distant countries organizational conflicts arise, and differences in values and institutions negatively affect the successful implementation of organizational actions. Cooperation in advertising, distribution, joint production and technological development is more difficult

in culturally distant countries and companies struggle in achieving economies of scale and scope in these areas. Furthermore a larger cultural distance will lead to higher costs in training, monitoring and control. The distance between Brazil and Trinidad is great therefore encouraging Partnership or Joint Ventures.

Industry and Competitive forces of Target We will operating in the Beauty and Personal Care Industry. Cosmos©ticks Avon SAC' led color cosmetics in Argentina with 23% value share while mega brands such as MAC Cosmetics, La Color, Milan', Alma, Shied and Reveal are its main competition according to Remuneration International (2014). The color cosmetic industry is fierce in Latin America however Each Cosmetics holds a great advantage in that its holds a high product uniqueness above its competitors where we manufacture especially for exotic skin and was birthed in and for similar weather notations.

The larger the degree of competition is the more likely you are to lean towards Direct or Indirect Market Entry strategy however the absence of competition allows you to lean towards Wholly Owned subsidiaries or Intermediate market entry Market Entry Approach 1 Direct Exporting- Internet Direct Exporting via the Internet is the sale of products and services in foreign countries that are sourced from the home country through the internet for example the Each Cosmetics Website.

Some advantages of this market entry approach are that we can avoid the expense of establishing operations in Brazil, it cuts out the intermediaries therefore resulting in greater profits for our company, our patents and

trademarks will be effectively protected, it allows us fast entry into our target market and we will have total control over negotiations and transactions. Among the disadvantages of exporting are the costs of transporting goods to the Brazil, and Imposed tariffs on incoming goods, which will impact the firm's profits.

Once we ship our product we can lose total, or partial control because we the manufacturers are not personally involved in the distribution, marketing and sales of our product on foreign soil. Environment. The Product is suitable for this market because of its diverse ethnicity, economies of scale and according to Remuneration (2014) Brazil is the fourth largest cosmetic market in the world.

This approach may not be the best suited for this product because of the High Cost of Exporting which includes shipping, tariffs and ground transporting. And the risk of loss of control by Agents and or Distributors who may not be able to provide the required support represent our company in a suitable manner. This approach is suitable for Each Cosmetics a SEEM. This entry strategy requires medium financial resources for Brazil because of its high tariffs barriers however it gives Each Cosmetics a partial level of control they want.

Direct entry mode requires little to no international experience however our organization is currently in 27 international markets and therefore have over 10 years international experience according to Maharaja (2004) Each Cosmetics is creating a brand that is to be known as Trinidad Owned and Internationally Owned according to Maharaja (2014). This approach offers



our organization low to medium control and high flexibility This approach is not suitable for being the main source of Cash's brand representation because of our low direct involvement in the local area.

This is not suited for the Socio Cultural distance between the home and host market because Brazil reflects a high Power distance while Trinidad and Tobago seeks to maintain shared power in leadership. When the market overseas is culturally different from that at home (I. E. Cultural distance), then the organization needs to rely on intermediaries to advise and consult with Sash. Articulators Trinidad Ltd. Was founded in 1976. Originally the main focus was manufacturing water tanks. These tanks, branded ' Tuff Tanks' are internationally recognized for its durability and strength.

They successfully distribute to the Caribbean markets via the Internet and Distributors according to Island Planters (2014) On the other hand Mexico Ltd the producers of Bare Fruit, fruit Juices attempted this strategy and was unsuccessful due to the product life cycle I. E. Its high permissibility and the inconsistent availability of the fruits necessary for the product due to seasonal change as stated by Hassling (2013). This market entry approach is not recommended for our Organization based on Factors mentioned above.

Market Entry Approach-2 Export Management Company is a company which specializes in the export of goods manufactured by other companies. Some advantages of this market entry approach are the low cost, low risk, limited control and low international involvement. Among the disadvantages of indirect exporting are the exporter has no control over its products and how it is represented in the foreign market and the company lose substantial

control over the marketing process. Factors affecting the suitability of this approach for this product are the low level of control we may have on how we want our product to be represented and sold.

Our product may get lost in the sea of products the EMCEE may be responsible for. This approach may not be an option suited for our company because of the loss of control of the export strategies and quality control of after-sales service, competition from the Emcees other products, the possibility of the EMCEE neglecting the client's product in favor of other products that might be more profitable and easier to sell. This approach is suitable for SEEM It requires low level of financial resources in order to function effectively.

This entry mode requires high risk in relying on a foreign based Export Company to market and stubbier their product in which Each is not willing to compromise their product integrity upon. This approach does not allow a high level of flexibility and control over marketing of our product. This is not suited for the Socio Cultural distance between the home and host market which is large. Large distances between countries encourage partnership and Joint ventures. According to Frederick Export (2014) Rotundas Manufacturing, London, England used an Export Management company based in the United States and was successful.

Electric guitar string sales have grown 15% each year. Overall export sales worldwide grew 15% in 2008 and 30% in 2009. And Rotundas has had to expand their guitar string production capacity twice since the new program started. This market entry worked well for this company because of the

product life cycle of this product and the low permissibility and the small amount produced to be sold in this foreign country however this may cause the failure of another company's product if it is not properly represented.

This market entry approach is not recommended for our Organization based on our product shelf life, the low international involvement in the reduce marketing and the high tariffs imposed on exports to Brazil. Market Entry Approach -3 Intermediate Export Mode- Joint Venture Intermediate Entry mode is a vehicle for the transfer of knowledge and skills between partners to create sales. Some advantages of this market entry approach are local manufacturer can secure government contracts, protects patents, may avoid local tariffs barriers, shared risk in case of failure, low risk, great level control and high international involvement. Misusing and possibility of present partner becoming a future competitor. Joint ventures are complex transactions, they require a careful analysis of each party's aims and objectives. Participants should have clear and common objectives, as well as balanced expertise, investments and power of management. Factors affecting the suitability of this approach for this product, organizational and environmental are company's financial resources and coloratura background and international export experience.

This approach may be an option suited for this product because of the low risk, greater control and high international involvement. Organizational Suitability This approach is suitable for Each a SEEM. Small companies can increase their market participation, their know-how and their technology, without making greater investments Our organization possess medium level resource for this approach. Our organization is willing to engage in low risk

Our organization is currently in 27 international markets This approach offer our organization high control. Maintain shared power in leadership. YARD Limited a Norwegian based Oil and Gas Company and the Government of Trinidad and Tobago is an example of a Joint venture that successfully used this approach in their ongoing endeavours. Some of the benefits this Joint venture enjoys re the local companies can increase local market competitiveness, particularly with regard to price, delivery schedule and quality requirements On the other hand the joint venture between Tiffany and CO. And Swatch Group has failed miserably according to BBC News (2013).

This was due to an argument over control and Tiffany and Co. Loss of interest in the Joint venture thus blocking the development of the Swatch business. Conclusion This market entry approach is recommended for our Organization based on my analysis. Joint Ventures though risky can be very profitable if done properly with well engaged and calculated risks. This will be the best choice for our company simply based on the barriers we can overcome in the Brazilian markets we are attempting to enter.

Market Entry Strategy Recommendation market is Joint Venture, a sub category of Intermediate entry mode. In relation to other modes of entry, Joint Venture mode gives access to expertise and contacts in both foreign and local markets, reduces market and political risks, allow for shared knowledge and resources, positive economy of scale, overcomes post government restrictions, overcomes language barrier, aid in avoiding local tariffs barriers, share skis and improves relationship with national government.

Although this mode may be more costly than some other options, cultural differences may result in different managerial styles between both sides and the possibility that dual parenting may lead to some obvious friction, the pros of a Joint venture out way weigh the cons. In the case of cost, any experienced international exporter would be able to confirm that it is much more rewarding for a company to spend a bit more as long as it is in their means for long term financial peace of mind. In addition, the ultimate savings in the long term due to shared risks and cost of assets more than Justifies the initial investments and costs of operation.

An example of this would be cost of legal negotiations, cost of market research of foreign market, cost of marketing in the foreign market, cost of shipping and tariffs. These costs would be greatly reduced or in some cases or may be totally eliminated by the inclusion of a local partner in the foreign market through the Joint venture strategy. In the case of difference in managerial styles due to cultural differences; this can be easily rectified if dealt with in the initial stages of the partnership. Cultural differences is not the only type of difference between business partners.

Many Joint venture companies suffer great loss due to differences, many of whom may be of the same culture. Therefore to believe that cultural differences in partners is a deterrent to Joint venture partnership would be to shut down the start of most businesses period. This true because similarities in cultures is hardly the main factor for business partnerships. As for the language barrier, the Joint Venture Strategy is superior in every aspect. In Trinidad and Tobago we speak English whilst in Brazil they speak Portuguese.