

COMPONENT 1: ENTERING A NEW INTERNATIONAL MARKET

INTERNATIONAL MARKETING MANAGEMENT

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TABLE OF CONTENT

Introduction.....	3
Importance of International Strategic Planning	3
International Strategic Planning Models.....	5
Employing of Strategic Approach in International Marketing Planning	7
Strategic Planning and Alternative Planning Approaches	7
Recommendations.....	8
References.....	10

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COMPONENT 1: ENTERING A NEW INTERNATIONAL MARKET

Introduction

It is important for all the organizations prevailing in the world to derive out specific strategies for the purpose of organizations operations, growth and expansion. Strategic planning can be defined as activities for creating long term and short term plans for companies to reach to a certain position, or achieve specific goals in the future (David, 2011). Strategic planning for domestic and international companies has a number of differences. In international businesses, the strategist faces a wider range of uncontrollable factors that could affect the business in different environments. Strategist in businesses needs to understand these differences to direct the strategic efforts to market the company expanding on an international scale (Lee and Wilhelm, 2010). The company selected for this report is “House”, House is an Australian company involved in the business of retailing homeware and kitchenware products across Australia. Currently, House has around 100 stores across different locations in Australia. The report implies that House intends to extend its business in the UK, where the theories and models are critically analyzed on this implication.

Importance of International Strategic Planning

Nowadays, it is difficult for companies to isolate themselves from the global market. Even though a company might be operating within a specific country, it is possible that the country needs to communicate and form relationships with business and individuals of other countries in order to procure supplies and information from them (Hitt, Ireland and Hoskisson, 2012). When a company intends to expand its operation internationally there is a number of

different factors that need to be taken into account while creating a strategy. Each country has its own management styles, laws of operating the business within a country; Laws of the international businesses, furthermore trade barriers, and along with taxes, tariffs and exchange rates, are all form of factors that need to be identified in deriving company's strategies. Each of the factors needs to be taken account in order to minimize the risk of conducting international business. In terms of Marketing, there are different types of factors that need to be considered when deriving out a marketing plan for the company, the factors mainly includes the culture and customs of a country, trends that are popular and being followed by the people of the country (Fujita and Thisse, 2013).

The company's global marketing activities are mostly based on the company's strategic plan, in order for the company to execute successful marketing plans globally, the company needs to best match its strengths and with the threats and opportunities of the global market. The large multinational companies develop global marketing plans to guide their marketing activities of the companies according to the environment of the country, in which the company intends to expand its operations (Lee and Carter, 2011). The marketing activities include tactical and strategic marketing decisions that result in an expansion of company over the world. These plans are usually developed annually outlining the marketing activities of the company for an entire year. The managers deployed in the country of expansion must be empowered in order to respond quickly and effectively to the changing local environment (Douglas and Samuel, 2011). If the strategic marketing plan is not dealt by identifying the factors of the environment, it can be the reason behind the destruction the business. The company's expanding its operations in different countries needs to identify all the factors of the environment and minimize their levels

of risk by developing effective marketing plans to intercept the threats that may arise while marketing the business in different countries (Tan and Sousa, 2013).

International Strategic Planning Models

According to David, (2011), the international strategic planning for the company in terms of marketing is similar to the basic principles of strategic marketing plans, however, the factors of the planning process needs to be identified from the international perspective or the perspective of the country the business intends to expand into. The steps House can use to derive the international marketing plan include a preliminary analysis of environment of the market of the UK which will involve House to identify primary indicators of opportunities and threats of a UK and European market. The second step for House will be to determine the target segment from the market of UK and developing the marketing mix that fits best for the targeted segment.

The third step will House to develop marketing strategies which are according to the target market of UK identified and also the according to the objectives of the company. The company may have different objectives in terms of expanding the business and marketing across the globe. The international marketing strategies can be categorized according to two different types of objectives. These two categories of marketing strategy include Global Marketing strategy and Local marketing strategy as shown in the figure below.

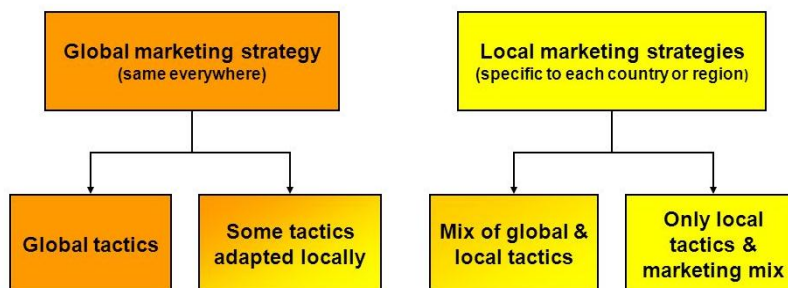


Figure 1: Types of international of marketing strategies

The type global marketing strategy refers to the development of a plan which is globally applicable and they are not specific to a country's requirements, Global marketing strategies include companies to make certain policies and procedures for their organization when involved in international business. These strategies are constant over all the countries regardless of the country that is being targeted the term used for this kind of strategy is called global tactics or pure global tactics, however if the company makes certain changes to its strategies according to the specific needs of foreign country while covering the major portion of the strategy with global tactics it is called a global strategy.

The next type is called the local marketing strategies, which is also divided into two subcategories. the local marketing strategies involve taking marketing decisions based on specific needs of the market of a foreign country, although global tactics have certain contributions, the major part of the company's strategy comprises local marketing decisions. The second subcategory of the local marketing strategies includes Pure local strategies which are mostly adopted when a company wishes to expand into a single foreign country, in this case, Since House plans on expanding in the UK, the marketing strategy will be developed entirely on the basis of specific needs of the market of UK. In the context of the nature of Business of House, it is important to see the market trends of UK in terms of household spending and also the trends of spending in housing. On average, a household spends £2.40 a week on household appliances. The spending of Households has grown by 1% in the ending stages of 2017, one of the contributors in this growth is the household's spending in housing on an average a household in the UK spends £15.80 a week (Office of National Statistics, 2018). After the strategy is developed by House, the company can implement the strategy and further maintain a constant

monitoring in order to make amends in the strategy if the company's performance deviates from the company's international objectives.

Employing of Strategic Approach in International Marketing Planning

It is important for House, to derive out a marketing plan which is according to the international strategy of the company, since the marketing plan outlines the activities and measures that will be used by the company to derive our certain outcomes, it is important that these outcomes must be in line with the objectives of the company's strategies (Juliá, Gil and Reinoso, 2012). If House successfully manages to align the marketing activities with strategic approach of the company, then outcomes of the marketing approach will contribute positively towards achieving the main objectives of the company, failure of this alignment will result in company allocating resources in activities which does not give them any long-term or strategic benefits, furthermore diversion of these two components may result in House deviating from its objectives. This can result in House facing conflicts within the organization and also, with the external stakeholders of the company especially the ones, who are prevailing in the UK. Further marketing activities that have not incorporated company's strategic objectives often results in unfavourable outcomes that may cause House to redesign and redevelop their marketing strategies and to implement them again which can cause wastage of resources of such as time, workforce, and money (Al-Turki, 2011).

Strategic Planning and Alternative Planning Approaches

The alternative planning approaches contain a number of different approaches which are isolated from other aspects of the organization. Where selecting a particulate alternative

approach ignores other organizational aspects which are necessary for organizations in meeting its objectives. The first alternative approach is the Informal planning which involves top management to develop a plan in their heads take decisions according to the plan created without any written forms, the second approach is called extended budgeting in which the company looks at the past trends and figures of the organization and derives a plan according to it. However, this approach is only used when the environment of the business is unstable. The top-down planning is another approach which refers determining the process of decisions made by the top level management and implementation of these decisions throughout the organization. The decisions can also be made by taking suggestions and contributions of lower management levels; this type of decision is referred as bottom-up planning. The strategic planning process incorporates all the different approaches into a single process where all different approaches are equally analyzed without isolating it from different aspects of organizational planning. This can be the basic advantage of Strategic planning which makes it more preferable over other alternative planning approaches.

Recommendations

It is recommended that House incorporates a strategic plan identifying the objective of the business. It is important for House to determine the category of international marketing strategies they intend to use, Since the company is expanding into the UK, House needs to adopt the local marketing strategies in creating their strategic planning which will be according to the business environment of UK, Further in developing the marketing strategy House will need to identify the current trends of the UK market which includes consumer preferences, the local business environment and other factors of the environment such as legal and technological

environment. House must be able to clearly identify the factors of the global market, segment their target market and develop their strategy according to the characteristics of the target market, further they must be able to effectively match the threats and opportunities of the global environment with their own strengths with help of effective strategic planning.

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