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International Business

Question : 1

What are the potential market(s) you would suggest and why;

Venturing into foreign markets generates potentiality to earn a lucrative income, growth, and promotion of a brand name. Starting a business in a foreign land, with enough market research, understanding the economic strategy of the country, demand and supply chain, set-up costs, and others can turn out to be less risky. Coles, an Australian Grocery store has a proposal to open a new chain in the international market.

What are the potential market(s) you would suggest and why?

Inter continent trade is lucrative, provided Coles takes into consideration all the major factors that can affect the plan. A perfect business model is one that concentrates on the needs of the consumers, the purchasing power, the change in the consumer market, and other factors. The required information can be gathered by hiring the consultants, who are quite aware of the micro and macro economic factors of the country. Some of the favorable markets are the US, UK, Canada, New Zealand, India, Singapore, and Hong Kong. The buyers of these countries have good PPP, and look around for better products. If the products are made available at a cheaper price, they wouldn't mind buying it, even if the product details are mentioned on a foreign language. The set-up costs in countries like India, Hong Kong, and others are quite affordable. AN extensive market research will highlight the most demanded products and the willingness of the buyers to spend money on it. For instance, KFC and McDonald are the best chicken and burger suppliers in India.

Major Barriers to Venture into Foreign Trade:

The potential risks related to the domestic competitors have to be analyzed. Preferences of the customers and the acceptance also need to be analyzed, by Coles at the time of planning. Cultural difference matters a lot, and at the time of advertising Coles, has to ensure that no sentiment values of the people are affected. The selling lines should be attractive and captivate the attention of the buyers. The labor market is another crucial factor that can increase or decrease the operational costs. India is known to have cheap labor, which means less administration charges, for a foreign company like Coles.

Major competitors in the market(s);

The market is full of competitors and everyone offer distinct services to the clients. Coles, can prepare a detailed report that will highlight the number of successful Grocery stores that already exists in that country. The demand from customers for foreign goods can be evaluated, as it will help Coles to capture the market, quite easily. Price tag has to be impressive, as not many segment buyers might be comfortable in expending more money even on the favorite products.

How can Coles enter into international trade?

The two main types of entry modes are equity and non-equity mode. Non-direct export of goods and services, and contractual agreement falls under the category of Equity mode. Direct mode includes Joint Venture, partnership, and wholly owned subsidiaries. Coles can choose one of the methods, after considering the investment cost, market accessibility, and other risk factors. The option can be selected on the basis of controlling power and earning capability.

Marketing practices in the beginning stage;

Coles has to surely advertise about the products and has to try to reach to the mass audiences. This can be done through different types of advertisements. Direct approach of promotion is always considered to the best. Also, online method of advertisement will be quite helpful to promote the business. Marketing in the initial stage can be about the product, the offers, and benefits offered to the buyers. Brand awareness is the key to succeed in any business.

Supply chain management;

SCM or the supply chain management is related to the flow of goods. Coles has to prepare a strategy where the details of stock in hand could be known easily. SCM involves a large number of areas like the logistics, operations management, and IT. This process is defined as the design, execution, planning, and controlling of various objectives like the competitive infrastructure, proper synchronization between the demand and supply, and measuring the performance.

What factors Coles has to consider so as to not getting involved in the disinvestment in future

The risk of disinvestment of foreign companies is always high. However the risk for the same can be reduced by evaluating the economic and other factors of the country. Disinvestment is a term used when the set-up is rejected by the government, company, or industry towards the change in the policy.