Research Report: Introduction of ‘Servis’ (Shoes Brand) in Australia

BY
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## ***Literature Review***

There are many things that companies need to be considered when entering into the international market. Banalieva and Dhanaraj (2013) stated that when making an entry into the international market, it is important to set up the development process and conduct a thorough market research so as to maximize everything into account and analyzed before the first delivery of the goods to the warehouse of the company (Banalieva & Dhanaraj, 2013, pp. 89-116). To be successful you must adhere to a specific plan, algorithm development of a new direction.

Chabowski, Samiee and Hult, (2013) explained that on the basis of market research, plan needs to be developed that sets directions and important development directions for the existing brand, which can be adopted by procurement managers, marketers, product managers, and every single person responsible or associated with introducing the brand into the international market (Chabowski, Samiee & Hult, 2013, p. n.d.). Servis is a popular shoe brand in Pakistan and the company’s decision about entering into the Australian market is appreciated as it can help them increase its market share and earn more revenues for the company. Servis is a promising brand and its track record in Pakistan is very successful but due to the saturation of the market, the company has taken the right action to expand its brand into the international market. Australia is a good market and offers many opportunities for businesses; therefore responsibility lies on the marketing managers of Servis to conduct an extended research of the Australian market in order to identify the trends and demand of the local market.

No company can be successful in the market for a long period of time without taking action to develop and improve their products. First, each product has its life cycle. Secondly, the customer needs are constantly changing. Third, external, uncontrollable organization factors such as the economic crisis, pushing the company to change its activity in the market. Managers and employees have to find answers of many questions. Whether or not to display a "new product"? How should it be? How much will cost the creation and elimination of a new product on the market? How much profit will bring a new product? These issues are particularly acute in a crisis situation, when consumer demand is sharply reduced, and on the other hand, are exempt markets after the departure of foreign companies. One of the important criteria for the success of any company is the ability to expand its product range to meet the needs of the market. On how competently they analyze the market, defined pent-up demand, competitor analysis conducted by selected supplier totally depends on the final decision on the introduction of a new brand into the new market.

Czinkota and Ronkainen, (2010) stated that firms that operate in the global market must adjust their product offerings to the marketplace to meet customer needs. Customers attach value to a product in proportion to the perceived ability to help solve problems or meet needs (Czinkota & Ronkainen, 2010, p. n.d.). Keeping this is mind firm must decide between standardization versus adaptation. Standardization is the basically selling the same product in different markets which leads to cost savings in production and marketing. However in order to meet the needs of international customer, firms must often need to adapt their products to suit individual or regional markets. Taking a product that is successful in the domestic market and dropping in the foreign market can lead to disastrous results. This is a cheap and easy market entry strategy and the results can be hit or miss (Czinkota & Ronkainen, 2010, p. n.d.).

Firms must decide what the core product is. Once that is defined, firms can than work to add or remove features to make the product more attractive or practical to different customer’s wants and needs. In some case, larger modification may be required to ensure that the product is accepted into the local market. The important thing is to determine whether the extra effort and expense involved in modifying the product will be offset by potential for increased sales.

Eastlack (2011) evaluated that overall consumer goods require some sort of product adaptation due to cultural differences and economic conditions of the market. The different markets dictate the choices a firm makes through factors such as government regulations, customer preferences, and even climate and geography. Government regulations are considered the single most important factor contributing to product adaptation (Eastlack, 2010, p. n.d.). Although these laws are in place to protect local businesses, they hinder the process for many firms attempting to compete in the global economy. The characteristics and behavior of the customers are also a very important factor when making product adaptation decisions. Firms must consider the local behaviors, taste, attitudes, and traditions when design a product that would attract new consumers.

Hoyer et.al (2010) stated that brands should always consider very powerful marketing strategies. The value of a brand name is associated closely with its awareness, quality perception and the customer satisfaction caused by related products and offerings. Brands are symbols that consumers have learned to trust over time and often signal intangible product qualities. This is usually based on experience of the customer with the product itself based on perceived reliability, quality and safety (Hoyer et.al, 2010, pp. 283-296). International marketers can use different branding strategies to establish themselves in a new market. They can choose to use a distributor or a contact manufacturer or they can choose to establish a brand on a national, regional or worldwide level.

Wheelwright (2010) stated that developing and managing a product portfolio comes with its own set of challenges. Due to the increase in competition, firms must develop a product line that can be easily adapted for the global market. Marketers must create competitive advantage adapting and prompting change (Wheelwright, 2010, p. n.d.). An innovative product loses its competitive edge and the ability to command price and share premiums as soon as competitors are able to duplicate or counter its capabilities. To be successful, companies but dare to be different to get ahead but also to stay at the front of the pact. Adaptations to market changes will be more successful if actions are guided by the knowledge of market behavior and insight which enable development of sustainable competitive advantages. Inaccurately assuming the brand communicates the same meaning market to market can result in message confusion. Over standardizing the brand and its management can result in decreased innovation at a local level. Use of the wrong communication channels can lead to inappropriate spending and ineffective impact of the brand. Underestimating the investment in spending and time for a market to become acquainted with the brand, may hurt the company's profitability. Firms must have the buy in for regional employees to ensure that the brand is being communicated and delivered consistently. A business strategy must be in place which asks if the firm has the culture, organization and processes in place to truly develop a global brand.

McGrath (2012) explained that global brand demand a global brand management team. Regional and international organization needs to be in place to maintain brand leadership. Global brand management teams implement processes to create, review and improve brand performance (McGrath, 2012, p. n.d.). Consistency is critical to allow for flexibility in when dealing with different customs, languages and purchase behavior. Firms must follow core principles and management practices when choosing to take a brand global. Every company and brand is different and those who are successful follow a commitment to meticulous strategy and creative and innovative execution.

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