October 21, 2021

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DRAFT PROPOSAL

GROUP ASSIGNMENT

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# Company Analysis

The Hudson’s Bay Company is among one of the oldest running businesses since 1670, the company started as fur trading business but later got established as a departmental retail store, now it is Canada’s one of the biggest Department store retailers. The Hudson’s Bay has acquired many businesses throughout these years some of them are Sears, Zellers etc. and is now owned and operated by NRDC equity partners. It holds the heritage of being in the market for over 300 years. Having a premium line of merchandise of clothing, cosmetics adds to the image of the company. (Reference for Business, n.d., para.2) .

**Strength:**

* It is in prime locations in the Cities in a mall or standout retail center’s which stands apart because of its larger size becomes a center of attraction.
* It has a range of products between high quality clothing brands, jewelry/accessories, cosmetics, home-décor etc.
* Trusted for High quality products and huge range of collections. (MarketLine Company Profile, 2020, pp. 1-32)

**Weakness:**

* No longer the Canadian ownership, now it’s owned by NRDC equity an American ownership.
* The company has high operational cost & less employees compared to the store sizes.
* Company has acquired other departmental stores previously and owing a debt to them. (CBC News, 2008, para.1-11).

**Opportunities:**

* Domination in multi-brands Clothes retail markets in North America & parts of Europe.
* The company can expand its online e-commerce market and attract even more sales.
* Trusted and tried therefore it has huge opportunity to attract new immigrants of Canada, it is coast-to coast expanded chain. (S. Rastello, 2019)

**Threats:**

* It has a high operational cost throughout its stores and with a continuously increase in employee wages it will only increase its cost or lessen profits.
* Has a competitive retail market ex. Winners, Nordstrom etc.
* Premium & high-quality products, rarely having discounts making the commoners just browse and not buy. (S. Rastello, 2019)

**Future Expansion plans:**

As known the company is well-known amongst the North America and Europe will give it an opportunity to provide a friendly place for tourist visiting Tanzania from America’s and Europe, also with partnership the company will also have an opportunity to get a key insight in the Tanzania retail market.

It can become one of the emerging retail superstores in Tanzania and later expand its reach to the African continent. With a diverse community of tourists expanding year by year the highest visit by countries is topped by U.S.A & other European countries making it to go sensation in Tanzanian retail clothes market (Wikipedia , 2021).

Besides this the huge store can be an attraction for one stop shop customers and a familiar range of products for the American & European tourists as well as the other tourists who haven’t visited Hudson’s Bay before can get a chance to shop at Hudson’s Bay in Tanzania.

# Country Analysis

Republic of Tanzania



Culture:

Tanzanian people are polite and are strongly connected with their cultural tradition. They are deeply conservative, so both men and women should cover their knees and shoulders in public (Trafalgar, 2020, para. 6). The tight fit clothing is not the preference of locals, nor the travelers are allowed at certain places. Hence such concepts should be taken care of while launching the products. However, there are places like Zanzibar Island, wherein such restrictions can be avoided. In Tanzania, right hand is the clean hand and thus is used while greeting. The left hand is considered dirty and hence is avoided while greeting as it illustrates disrespect. Thus, every employee must me trained likewise to match with the local culture. Additionally, to respect elderly people/customer, saying “shikamo” is a great sign of showing respect to an individual.

Administrative:

Administration is one of the major concerns for any multi-national company. It includes several stages and government procedure to undergo and obtain the registration.

Pre-establishment matters for a foreign company (A foreign company’s branch):

* Should have one local (Tanzanian) representative of the foreign company.
* Translated Charter or Statute or Memorandum and Articles of Association of the Foreign Company.
* Preparation of the latest Accounts or financial report document regarding the foreign company.
* Place of business in Tanzania (Breakthrough, 2019, para. 3).

General Post Compliance issues to be adhered to after starting a business

* Registration for Tax Identification Number (TIN) certificate
* Acquiring a Tax Clearance Certificate
* Application for Business license
* Registration with Social Security Fund and Workers Compensation Fund (WCF)
* Submission of Returns on employment of non-citizens at the Ministry of Labor
* Submission of Tax Returns to the Tanzania Revenue Authority (Breakthrough, 2019, para. 4).

Exchange Control:

* The Bank of Tanzania controls the import, export, purchase, sale or other transactions in foreign exchange and gold.
* Banks and financial institutions have an overall 20% limit of foreign exchange risk exposure
* the Foreign Exchange Act, 1992 restricts the making payment outside Tanzania using Tanzanian currency by Bureau de Change outlets without the prior approval of the Bank of Tanzania (Kapinga, 2018, p. 13).

Import / Export Regulation:

* The East African Community Customs Management Act, 2004 regulates imports and exports in Tanzania (Kapinga, 2018, p. 13).

Mergers and Acquisition:

* The Fair Competition Commission regulates mergers and acquisitions. One instance of control is the prohibition of a merger if it is intended to create or strengthen a position of dominance in the market (Kapinga, 2018, p. 22).

Geographic:

Tanzania has the coastal boundary with one of the major international trade sea route Indian Ocean. As a result, the geographic location helps in functioning of the trade. Moreover, the city of Dar es Salaam has the longest coastal boundary wherein Hudson’s Bay is partnering with Aura Mall located in Dar es Salaam. Thus, it would reduce the transportation cost and result into fast transportation system.

Economic:

Notable sectors of the Tanzanian economy are tourism, mining, construction, agriculture, and manufacturing. However, poverty and unemployment are the major economic problem in Tanzania (African Development Bank Group, n.d., para. 2). As Hudson’s Bay being a premium company with highly expensive outfits, hence, it can be launched in a wealthy city like Dar es Salaam by partnering with Aura Mall. This shall reduce the establishment expenses and divides the proportion of loss.

# Competition

In Tanzania, there are already companies involved in the luxury fashion industry and each of these platforms aims to connect creators and consumers as a global platform for the luxury fashion industry. These emerging brands from Africa serve as a cultural hub for contemporary brands, artists, and creatives to show their personal stories. These companies have a presence in both physical locations and e-commerce which gives them a huge advantage. (Folklore, 2021)

These existing companies in the market are already working fully and have made their way into the luxury fashion market.

There are mainly 3 companies that poses threat to the company which include Farfetch, Matches fashion, Folklore. These companies provide premium quality clothes both to locals and tourists.

Our launch market will be in the growth stage because it’s the first time that the Hudson Bay is being introduced in the Tanzanian market.

This product will be a part of growth cycle as the product is new in the market and it still requires some headway. Earlier being such a dominant company in Canada can help build its foundation in Tanzania.

# Proposed Market Entry Strategy

The different market entry routes could be summarized into the following major categories:

* Indirect – Partnering forming a strategic alliance
* Direct – Buying a company or greenfield investment

The market entry strategy that Hudson Bay would establish to enter in Tanzania through partnering. As direct entry would costly, and the company is entering in a new market of which the culture is unknown. Therefore, partnering would be most suitable as the company has been unaware of the culture in Tanzania. In addition, a local partner would benefit as they have the knowledge and experience in attracting customers. Therefore, we will partner with Aura Mall and form a global Strategic Alliance.

A strategic alliance refers to an agreement that two corporations make to achieve a common objective. This mode avoids the need of merger and creates a synergy. It is generally least expensive way to form partnership.

Aura Mall is a retail space with latest international trends and further it attracts tourist. Moreover, it matches with Hudson Bay’s concept of promoting sustainable materials (Endow, 2021, para. 1). A Strategic Alliance with the agreement that Aura mall will gain 15% stakes in Hudson Bay. Further, this will encourage innovativeness and allow the consumers to be feel connected to the company.

The mode most suitable for the company would be Mode 3, that is, commercial presence. As partnering with Aura Mall will establish a commercial presence for the company.

Overall, the main advantage is that risk is substantially lower, and the company has local knowledge which will hence lower the potential losses. However, the obstacles would be cultural differences or incompatible in the management systems. As Aura Mall has 15% stake, company may lose effective management control.

# Why Did Your Group Choose This Strategy?

We unanimously agreed for this strategy as it will be in a profitable and less risky scenario for the Hudson’s Bay Company. The company as described in the company analysis has a huge operational cost and to enter a new market it would have to invest even more which will turn out to be huge risk.

Under the partnership strategy the company will have fruitful advantages of partnership company’s analysis of the market and understand how much the Hudson’s Bay is looking for a stake in market. It would be a calculated risk and will minimal the amount of risk the company can work to give its customers same perks as it does in other countries.

The Hudson’s Bay is known for its prime and huge locations in a mall or shopping centers which will be a less hassle if partnering with another retail superstores. Also, the employee constraint for Hudson’s Bay can be solved as it can have both merger companies associates working.

Slowly and steadily Hudson’s Bay can become a market giant in Tanzania and other African countries because of its huge sales & collections based on good market success after launch in Tanzania. It can also become another tourist hotspot in Tanzania as the country is known for its Tourist places. Best fit for the customers who are looking to buy a high-quality merchandise to enjoy their stay or take back souvenirs. The Hudson’s Bay can also look for brands which are famous in the local market and offer to acquire or sell in stores for more local approach to business growth.

# Risks

As Hudson’s Bay decides to open its stores in Tanzania, here are some of the risks that the company needs to analyze before entering the market of Tanzania:

* **Cultural differences**: The company must consider any cultural differences and try to adapt accordingly to succeed
* **Competition**: The company must look out for any similar retail competitors in Tanzania and look for ways to be able to stand out.
* **Compliance with regulations**: The company must see if all the rules, policies and regulations are being considered before entering such as privacy rights, storage, and consumption of consumer data, import rules, securities, employment standards, etc.
* **Intellectual property protection**: Analyzing every aspect in terms of copyright and trademarks and preparing a risk mitigation plan.
* **Political risks**: The company must look out for any threats related to political matters which possess a risk to interests of the company.
* **Cost Differences**: The company must assess the prices of the competitor stores of Tanzania and try to keep the prices as best as possible accordingly.
* **Financial risks**: The company must be prepared for all kinds of financial risks. These risks are highly diverse and are varied, for example, underestimated budget, poor management, currency risk, etc.

# Roles and Responsibilities of each Team Member

Eman Eman (Team Leader) – As the leader of the group my responsibilities are assigning roles and making sure to have discussion regularly. Further, to prepare a proposed market entry plan for the draft proposal.

Next, the completion of Market Entry Strategy and Product Launch for the Market Entry Plan. Lastly, to ensure proper formatting and referencing.

Hitarth Padia – The responsibility of preparing country analysis for Draft Proposal. Next, completing country report and financial analysis.

Harman Othi – For the draft proposal completion of risk analysis for the company. Secondly, strategic tracking and providing a conclusion to the market entry plan.

Mannan Vaishisht- Completing the competition analysis for the company (Draft Proposal). Next, in the market entry plan preparing the market segmentation and market plan.

Ketul Adesara – The completion of Company analysis and why did our group choose the strategy for the draft proposal. Following the Company information and Executive Summary for the market entry plan.

**Calendar:**

Attached is the link to the calendar [this URL.](https://outlook.office365.com/owa/calendar/b184f272f9af44c692ba167d44240849@conestogac.on.ca/d5a50e0b1a51401fb6c6438adb4df1162115800789020222527/S-1-8-1677929944-2916025653-3299599822-1515948950/reachcalendar.ics). The team members will regularly meet on Sundays until 28th November 2021 to discuss the progress of the assignment. In case of prior meetings or cancellation due to unavailability, the leader will arrange a meeting to ensure the progress and to share any ideas.

**Contingency Plan:**

In case of any participation issue with team members, our group with re-assign the task and divide the sections with team members who can complete the research ahead of the schedule. This way we can complete the plan on time before the deadline.

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