

The Jia Wu Expansion

Introduction

In Chinese, “Jia” means excellent, outstanding, good or talented. Ms. Jia Wu has honored her name, putting her talent for business into practice by transforming the small household goods shop she inherited from her parents in Yunlin County into one of the biggest household goods distributors in Taiwan.

The name of her company is Jia Wu International Co. It buys products from small and medium-sized household goods manufacturers in China and distributes them throughout Southeast Asia. The range of products carried by Jia Wu International includes more than 50,000 references: towels, curtains and blankets, lamps, sewing machines, cutlery, dishes and glasses, sofas, tables and chairs, mattresses, irons and other items.

Jia Wu International has grown significantly for the last ten years, achieving sales over 3.7 billion TWD (New Taiwan Dollar). The items sold by Jia Wu International are divided into two big categories, the standard household goods category and the deluxe category. The deluxe category was launched six years ago and has been a key contributor to the impressive growth of the company over the following years. It includes a range of high-quality household goods addressed to five-star hotels and resorts. With the number of international visitor arrivals in Southeast Asia increasing steadily over the years (see Figure 1), the number of high-quality hotels and resorts has also increased accordingly. Jia Wu International has taken advantage of this opportunity.

This Focused Case was prepared by Inés Alegre, Professor at the Universitat Internacional de Catalunya, and Professor Miguel Àngel Canela as the basis for class discussion rather than to illustrate either effective or ineffective handling of an administrative situation. October 2013.

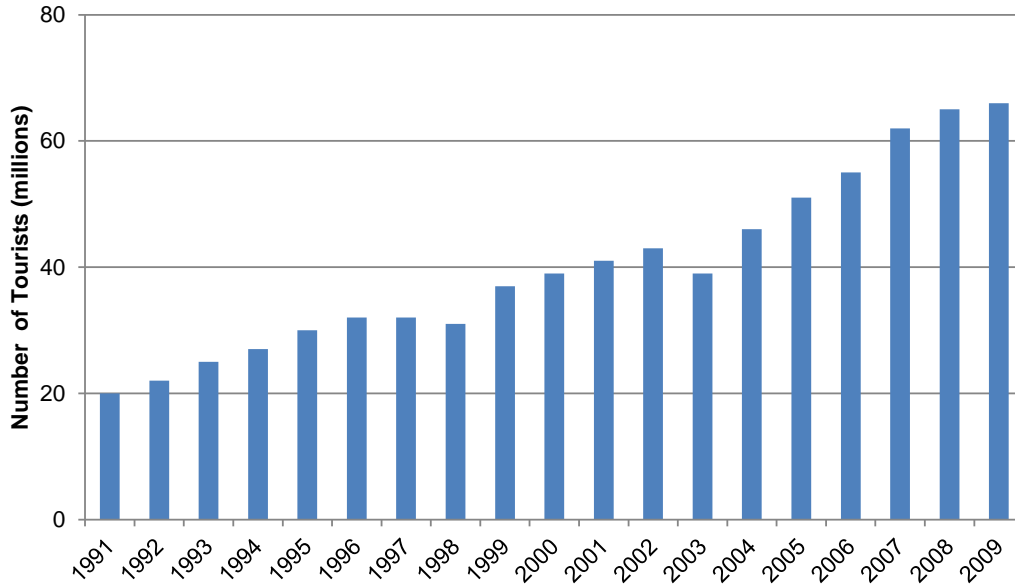
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Figure 1
International Tourist Arrivals in Southeast Asia (1991-2009)



Source: ASEAN Tourism Marketing Strategy, 2010.

The buyers for the standard category are usually local retailers, whereas buyers for the deluxe category are mostly big hotel chains with European or U.S. managers. With the experience they have accumulated during six years of buying and selling items in the deluxe category and dealing with Western customers, Jia Wu International feels that the company is now ready to expand its area of influence by entering a new Western-culture market. Ms. Wu plans to start with the Australian market because of its proximity and, if that venture is successful, she will look to continue the expansion into Europe or the United States.

The Australian Market

Before making a final decision, Ms. Wu would like some more information about the potential of the Australian market. She calls Wei-chung Huang, an analyst from the sales department who has helped her many times with his data analyses. Huang starts with the data published by the Australian Bureau of Statistics (www.abs.gov.au). He uses monthly data on retail sales of household goods in Australia (in millions of Australian dollars), from January 1995 to December 2009. He plans to submit a report covering three aspects: the current trend in the monthly sales of household goods, a description of the seasonal patterns and a monthly forecast for 2010.