

bbb

by Bbb Bbb

Submission date: 10-Apr-2023 08:12AM (UTC-0500)

Submission ID: 2060529815

File name: Fwd__UKS31350.docx (21.39K)

Word count: 5004

Character count: 26501

International Marketing (Nova cycling)

Executive Summary

In this study, the internationalization strategy of Nova Cycling is studied. Nova cycling is a company manufacturing clothing for cycling which is planning its strategy for Mexico and France. In this study, the various market entry strategy is analyzed and the Joint venture is suggested as a market entry strategy for the company.

Task 1

Pestle analysis of Mexico

Political: Local governments might have a big impact on how businesses operate. Some municipal governments could be ready to offer incentives to draw in companies. Some may construct industrial parks, maintain roads, and supply low-interest financing to entice a desirable company to locate in the neighbourhood.

Economical: Mexico is categorized as an upper-middle-income country by the World Bank. To give new employees solid employment possibilities, significant economic growth is necessary. Approximately 44% of individuals are regarded to be poor.

Sociological: Urban regions are home to around 76% of the population. Many Mexicans move to the industrialized metropolitan centres and emerging markets along the U.S.-Mexico border from remote regions with few employment possibilities, such as the undeveloped southern states and the populous central plateau.

Technological: The effect of innovative technology on an old product is very difficult to foresee. But it's clear that they need to keep an eye out for emerging technologies. Since new technology produced in one area may have an influence on businesses and organizations in another, the focus needs to be given to advancements in sectors that are not direct rivals.

Legal: Although there is a broad range of estimates, the yearly cost of compliance may probably reach \$100 billion. Numerous of these expenses are passed on to the customer. Consumers of the goods or the owners of the firm at the time the infringement happened are unlikely to foot the bill for legal fees and settlements, which may not come due for years.

Environmental: With regard to environmental and natural resource concerns, Mexico has a history of cooperation, particularly in the border area where rapid urbanization, industrialization, and population growth have resulted in serious environmental problems.

Porter's five Forces for Mexico

Threat to new entry_Moderate

This force is likewise rather tiny because it has little value to the firm. However, entrants could develop inventive strategies for marketing their own goods, which might not be very distinctive, and as a result, create new brands, possibly through creative social media use.

The threat of entry_Minimal.

The strong competition in the fashion sector makes for an intellectual subject of significant interest. There are many locations that offer things that are essentially the same, however, there is also the idea of brands, which enables certain businesses to demand premium prices for clothes. Because there isn't much innovation happening in this industry right now, the market is getting flooded with items that are almost interchangeable.

High buyer power

Comparatively speaking, buyers of clothing frequently have little to no real negotiating power compared to large corporations that make large-scale purchases and may be the main customers in other industries. However, since they have a variety of purchasing options and little incentive to stick with one retailer, they have far greater negotiation leverage (Vargas-Hernández, and Rosas, 2019).

Low Supplier Power

The effect of vendors is rather little and minimal on the fashion business. The majority of clothing firms buy their items from producers in the developing countries, who only get a little portion of the sales. Unfortunately, suppliers have little influence in the fashion business since they are always being replaced.

The threat of substitute_Negligible

Thankfully, there aren't many job options for those who work in the apparel retail industry. This force is actually absent; in the fashion industry, competition essentially constitutes all "substitution."

Pestle analysis of France

Political: If import prices are increased by taxes or border tariffs. In these circumstances, the government often advises people to buy apparel from local stores and designers. Rather than placing orders and paying overseas companies for clothes and other products.

Economically speaking: France is among the top ten economies in the world and has a considerable impact on the European economy. France is among the countries having very high tax rates. The government did decrease the company tax rate, nevertheless, to 25%, 27.5%, and 26.5% as a consequence of the COVID-19 pandemic (David, 2021)

Sociologically: France is the ¹⁸ world's most developed and modern country. Approximately 67.41 million people live in the country. Being particularly health-conscious, riding is the preferred mode of transportation in France.

Technology: France has a lengthy history in space technology and is ranked as the world's most technologically advanced country. France is one of the countries that makes considerable financial investments in technological developments in a variety of industries.

Legal: French law has specific definitions for ¹⁹ vacation leaves, maternity leaves, parental leaves, sick leaves, annual leaves, and overtime while working.

Environmental: ³ France has had economic prosperity and growth at the price of the environmental challenges that many tourists and inhabitants have had to deal with. These include issues including the destruction of ecosystems, disturbances from household waste, natural catastrophes, contamination of waters, and air pollution.

Porter five force for France

Porters five force model for France	
Threats from competitors	High
Threats from substitutes	Low
¹⁶ Threats of new entrants	Low
Bargaining power of buyers	High
Bargaining power of suppliers	Low

Table 1 - Porter ¹⁴ five force model for France

(source - Self-Made)

Threats of new entrants

The threats from the new entrants in this industry of cycling clothing wear are low as there are big players such as Monton Sports and JRD Cycling already operating in this industry. The existing company is taking the help of new technologies and creative designing to stay relevant in the

market. The new entrants have to invest more capital in technology and innovation to get a market share in the highly competitive cycling wear landscape in France.

Threats of competitors - There are big companies that are already operating in the France market which are well established. Companies such as Possenia, Dessertine Distribution and Urth Apparel Paris will be the big competitors for the firm. The competition will be high for this company in the France market due to the established local players and the global players such as Rapha and Assos operating in France.

Threats from substitutes - There are no direct substitutes for cycling wear, consequently the company of Nova Cycling will not be having a threat from substitute products in the France market.

Bargaining power of Buyers - The buyers will be having a lot of options in the France market when considering cycling wear clothes. Consequently, the buyers will have high bargaining power in the France market.

Bargaining power of Suppliers - This will be the biggest opportunity for Nova Cycling to exploit in the France market as there are a lot of suppliers of sportswear and cycling sportswear and there will be less bargaining power for the suppliers.

Task 2

Nova Cycling can consider these market entry strategies to enter the desired markets.

Joint venture

Concept

A joint venture is a type of market entry strategy in which a company collaborates with another company to enter into a market to decrease the risk of market entry by sharing with the other company equally. Both companies come together to share the risks of the market entry and both companies also share the resources so that with the use of the shared resources they can enter the market and increase their profitability (Nippa and Reuer, 2019). In simple words, it is the

arrangement of the market entry where two or more parties pool their resources to achieve or accomplish common goals.

The different types of the JVs which a company can explore are -

Vertical Joint venture - In a vertical joint venture a company can search for a partner in the expanding country in which the partner company is working at any of the levels of the product life cycling of the host company (Yu *et al.*, 2019).

Horizontal Joint venture - In this type of joint venture the company can form a partnership with a company that is a competitor to the company in the expanding country which will help the company to exploit the market condition effectively with the help of the competitor.

Functional-based Joint venture - This is a type of joint venture where the company can agree with another company to work in synergy which will help the company to be mutually beneficial with the use of each other's expertise and resources.

Benefits

¹⁰ Each of the participants in the JV will be equally responsible for the profits, losses and costs associated with the Joint Venture (Lu *et al.*, 2020). This joint venture is normally formed with a local player which will help another overseas player to manage the risk associated with the market entry into the new market. In a simple sense, it can be understood as a partnership between the two parties but legally they can take up any business structure such as corporations, limited liability companies, and partnerships.

There can be many underlying reasons which make a company form a JV to enter a market.

Firstly it can reduce the cost associated with the market entry into a new alien market. Market entry can be a costly affair for an organization which can affect the profitability of a business, consequently, a JV will help a business organization to reduce the cost associated with the market entry into a new market (Tien and Ngoc, 2019). The JV's also formed to combine or use the expertise of the other company which is local to the market or is having market expertise about

the market. The JV's can be also used by the companies to manage the legal restrictions of another country which will impact the company if it tries to set up a business in a foreign land. The JV is also useful for the company to exploit the resources of another company which will help the company to establish its business successfully with the help of the resources of another company (Cisi *et al.*, 2020).

Risks

The risk of a joint venture can be improper communication between the partners which can lead to confusion between the parties. The parties can expect different benefits from each other. This can be a big hindrance for the parties to achieve goals in the JV.

Company ownership

Concept

Company ownership is the type of market strategy where the company tries to establish its business entirely in the new market which will give it a benefit of a local business with the plants and the manufacturing units established in the local market. The company ownership market entry strategy will help the company to plan its business activities independently without being under any kind of pressure from any other party in the decision-making process which can also help the firm to be more effective in its activities and more profitable in the foreign market.

Benefits

The benefits of the company ownership market strategy can be manifold in the market expansion strategy. The biggest benefit of establishing a company ownership business structure at the desired market location is the freedom to take its own decision which can help the firm to increase its sales and revenue in the new market. The company can also be more creatively independent and innovative in the company ownership market strategy. The company ownership type of market strategy will help the firm to do better use of research and development in its products. This will help the company to achieve product diversification in the new market which will help attract customers easily. The company will be independent in deciding on the organizational structure it will follow in the new market. The company will have access to the financial rewards fully without

having to share them with anyone else. The company will have access to financial profits due to its efforts made in the market. The biggest advantage for the company will be that operating independently will provide learning opportunities for the company which will help the company to learn from the efforts it has put in the new market. The company will gain learning and expertise within various business functions by operating independently with the help of the company ownership market entry strategy.

Risks

The biggest disadvantage of starting a company ownership business strategy is that the company has to face the financial uncertainties and the financial risks of the new market which can affect the revenue and financial health of the business. There will be a risk of the company getting exposed to more debts due to the financial risks and losses that the company suffers by entering the new market. Another disadvantage of the company ownership market entry strategy is that the company has to put more effort into the business activities of the business to gain a foothold in the new market. There will be more legal risks that Nova Cycling has to encounter if it takes up company ownership market entry strategy as the countries have more legal regulations for companies from overseas starting a venture in their country.

Franchising

Concept

Franchising is the legal agreement or a license between two parties where one party licenses its use of the business knowledge, brand images, and products to be used by the other party (Alon *et al.*, 2020). The party offering the use of its business knowledge and the products can be known as a licensor and the party buying access to the knowledge and brand name of the licensor is known as the licensee. The licensor will allow the use of its products and the brand image to another party in return for initial starting fees and annual licensing fees to the licensee. In simple words, the licensor will allow the use of the intellectual property to the licensee in return for royalty from the licensee (Iddy and Alon, 2019).

Benefits

The biggest benefit from the licensing market entry strategy for a company will be that the company will have access to a passive financial income from the overseas market without employing any cost and resources physically in the country in which it is expanding. The company will get access to the income just by giving access to its knowledge to another party (Bretas and Alon, 2021).

Another benefit is that licensing will reduce the risk for a company which it would have faced if it had taken up any other market expansion strategy. The licensing provides a safer entry to foreign markets for Nova Cycling. The company can easily bypass the rules and regulations of the country which the country has set for foreign companies starting a business in their country. Nova Cycling can easily avoid the tariff barriers of international trade with the help of this arrangement. The licensing will help the company to gain knowledge about the market dynamics of the new foreign market without experiencing the risk associated with the new market.

Risks

Some risks are associated with the licensing market entry strategy which a company has to face if it adopts this market entry strategy to enter new markets. The biggest risk will be the risk from the theft of the intellectual property of the company in the overseas market as the company will have less control over the overseas market. The piracy and misuse of intellectual property can happen in the overseas market in which the company is aiming to expand which will have a long-term effect on the company. Such an arrangement can lead to royalty litigation and conflicts between the parties which can affect the revenue of both parties (Perrigot *et al.*, 2021).

Recommendation and justification of a strategy

Recommendation

It is recommended that Nova Cycling should take up the market entry strategy of Joint ventures to exploit the foreign markets in its market expansion strategy. The Joint venture will be an excellent strategy for the company to exploit the new market by making less investment in that country and to get the maximum benefit from the investment made in the Joint Venture market entry strategy. The joint venture will help the company to get the support of the other parties and the partners to carry out the different business activities in the new market which can be a daunting task for the

company when it will try to do those tasks on its own in the new market (Bamel and Dhir, 2019). The Joint venture will help the company to decrease the risk and the cost associated with the market expansion into the new market.

Justification

Nova Cycling has gained a market for itself by making products with the help of innovative and technologically advanced solutions consequently the Joint venture will help the company to gain more knowledge on the technologies and the innovation landscape of the new market by taking the partner in the joint venture as a reference. The joint venture will help understand the distribution channel of the new market with the help of the partner which is one of the most important factors in getting success in the new market. The Joint venture will help the company to gain more knowledge about the business activities in the new market by having access to the expertise and knowledge of the partner entities in the Joint venture. The Joint venture is recommended for Nova Cycling as the joint venture will provide the access to the patents and technology of the partner entities. The joint venture ²²will help the company to register its presence in the new market by making less investment to get access to the new market. The Joint venture will help the company to operate in the new market with increased capacity and vigour as the resources of the partner firms will be at the disposal of the company. The Joint venture will help Nova Cycling to gain the goodwill of the people of the new market easily which will help the firm in the long term.

Task 3

Marketing goals and objectives

The company Nova Cycling needs to define its goals and objectives to develop its market in France. As the company have seen, creating a practical list of objectives for marketing is the first step in achieving its goals. There are many objectives businesses may include in the marketing plan they create, but the ones listed below are the ones that businesses think about the most. Consider that the company are working on a project that will include the introduction of new products, services, or offerings (Pride, and Ferrell, 2019). In this situation, the objectives of

marketing should centre on promoting the impending goods and services. sincerely believe companies have not yet attained a sufficient quantity of devoted consumers, they should concentrate on numerous lead-generating strategies that might help them grow their email list and complete their client relationships. This purpose is one of the fundamental marketing goals for new or less well-known brands, with the primary goal of expanding exposure and increasing brand awareness. For those firms that have become established in the marketplace, the goal may be to concentrate on increasing not just the popularity of their brand but also further spreading it and educating consumers to keep them loyal. Company's next objective should be to grow into a new place where the locals there will learn about the company after they are aware that it has become well-known and popular in that particular area.

The objectives and goals are as follows:

- To increase their sale by 12% by end of 2023
- To be competitive brand in the market
- To increase their digital presence
- AaàTo be first preference for their customers

Target audience

The target audience ate the customers of France who love cycling and prefer cycling while travelling,and use it as their daily mode of transport. Mostly the segmentation needs to be conducted as per the demographics. However, there is a little variation in how the term is used in market research. Based on demographics, marketing identifies the individuals who make up a certain market for a good or service. Understanding demographics is crucial for researching the market. ⁶ Demographic segmentation is a method of market segmentation that takes into account variables such as gender, income level, age, etc. Through segmentation, businesses may be able to better analyze client behaviour. Age, gender, socioeconomic status, religion, and educational attainment are all significant demographic variables in research. Businesses must stay on top of this always-changing industry ¹⁵ whether they are introducing an innovative item, making adjustments, or implementing new services. Since it makes it simpler to engage with potential clients, market segmentation is crucial. Businesses may tailor their marketing efforts to the type of audience they wish to reach by employing targeted market segmentation. Targeting customers at the right time has advantages. Increased sales, more interactions, and faster money-making are all possible. Effective targeting fosters content customers, which boosts brand loyalty. Segmentation

based on demographics is a fantastic approach for mass marketing since it helps divide people into groups.

The traditional tool of Marketing

Traditional marketing refers to any marketing tactics that were used before to the development of online marketing. Any type of advertising that reaches consumers through other channels of communication is referred to as "traditional." Advertisements, postal adverts, Television and radio advertisements, as well as print and other newspaper ads are some basic examples of conventional advertising. The business and the product will determine the best balance of both traditional and digital advertising to reach a wide range of consumers. It actually depends on the individual; some firms could be fully dependent on conventional marketing. Among the key benefits of conventional marketing is its capacity to be practically everywhere. Potential customers can be reached by businesses through traditional marketing methods whether they are at residence on their couch, travelling by bus, strolling along the street, or starting their day at the office. By using a variety of media, one may advertise to as numerous individuals as possible, improving the likelihood that leads will become customers. It is crucial to take into account the kind of audience hopes to attract (Lawrence *et al.*, 2018). Digital marketing is fantastic for reaching the company audiences who utilize computers and cell phones, but if they concentrate too much on just the digital side of things, they may alienate portions of the population demographic group. are targeting. An older audience and any prospective consumers who do not spend much time on their personal computers or cellphones may benefit more from traditional marketing than others. Traditional marketing could be a better option because online advertising is uncharted terrain for many firms. genuinely don't want to invest money switching to digital marketing or educating the marketing staff, they may think about concentrating on conventional marketing. For Nova cycling the best traditional marketing technique will be **Direct mailing**. Marketing via direct mail is mailing written materials, such as letters or cards, to potential clients' addresses who live in the targeted neighbourhood. Those who have shown interest in the business or its products may get direct mail. Another option is to send mail-order items to the company's neighbours. They may become more familiar with the company and learn how close it is to their home thanks to these advertisements. Many companies, especially nonprofit organizations and fundraising campaigns, commonly employ direct mail as an emotional marketing tactic. In letters, they might briefly

describe their company and the cause they support. The consequence may be a stronger sense of personal connection between the recipient and the organization.

Digital marketing tool

Digital marketing keeps track of all marketing operations that are conducted online or via technology. Businesses communicate with consumers using digital channels including online media, internet marketing, SEO, and a number of other websites, based on their purchase habits, either now or in the years to come. The top internet marketers in the world are aware of how each strategy furthers its main goals. Marketers might also use the free to promote a bigger campaign. **Social media** is Nova Cycling's finest digital marketing weapon. This one is the most successful since social media, as we all know, is an accumulation of interactions, collaboration, and interaction. Numerous applications and websites are specifically designed for social networking blogging. This strategy increases website traffic and directs users in the appropriate direction while assisting in the understanding of the company's brand and the content it provides on social media. Facebook: As is common knowledge, one of the most renowned and significant social networks is Facebook. The most important thing to keep in mind is that anybody can easily share and upload images and videos on Facebook with those who are close to them with just one click (Bala, and Verma, 2018). Users can interact with other individuals who are near to them thanks to this. If a company's website and customer database are linked, it may greet website visitors with special offers. As people make additional purchases from the company, the firm may better identify the business customer profile and sell to them. Openness - by using social media effectively, the business may build customer loyalty and build an image of being approachable. Digital marketing helps the company to create effective campaigns by utilizing content marketing techniques and social currency. These resources (images, videos, and articles) have an opportunity to gain social currency and become viral. Conversion rates rise when customers are only a few keystrokes away from making a purchase on a company's website. Unlike other forms of media that demand.

Strategies to enhance ethical behaviour and Globalization

several businesses establish a system of values to govern how employees relate to each other, to customers, and to the community at large. In addition, several professions impose strict moral and behaviour standards on us. Strong corporate values might be tremendously motivating. They are prone to support any code of ethics or behaviour that members of their sector have contributed to creating. It is crucial to have a strict code of conduct or ethical standards. But for it to function, it

must be dependable. They have to be appropriate for the sector Nova Cycling operates in, attractive, and feasible. Pushing their team to accomplish challenging goals is useless if doing so involves renunciation of their principles. Establishing a moral standard of behavior is pointless if employees are unaware of it or provide justifications for its significance. They must be explicit about what is at stake and the possible repercussions of breaching the law. Additionally, it must be made very obvious how Nova's staff members may respect the code. Any introduction lectures or ongoing training sessions should contain guidance on the company's principles and ethics (Jobin *et al.*, 2019). These must provide illustrations and suggestions on how to protect the firm's honesty in particular circumstances. Being seen as an honest provider or supplier may be a powerful marketing strategy when seeking to attract customers who want to do business with firms that share their views. Don't be hesitant to emphasize the company's commitment to ethics. For example, someone may check to see if the rubbish produced by Nova's firm is properly recycled. Ingredients or supplies derived from eco-friendly sources might be used. Communicating about Nova's product in other languages is one of the most important things Nova'll need to do to make it more widely available. Nova's potential clients will be able to comprehend its advantages in this way. Nova may improve demand for the online sales of Nova's items by giving Nova's website visitors information in their native tongue. Nova's product's potential for sales increases the more it seems and feels like it belongs in the country. Sometimes culture influences how consumers think and act while making purchases of goods. Therefore, Nova needs to know how to adapt an advertising message to a certain culture if Nova wants it to be effective.

References

- Nippa, M. and Reuer, J.J., 2019. On the future of international joint venture research. *Journal of International Business Studies*, 50, pp.555-597.
- Yu, B., Xu, H. and Dong, F., 2019. Vertical vs. Horizontal: how strategic alliance type influence firm performance?. *Sustainability*, 11(23), p.6594.
- Lu, C., Yu, Z., Wang, X. and Hong, Y., 2020. Empirical study on the obstacles to the success of joint ventures in construction projects. *Advances in Civil Engineering*, 2020.
- Tien, N.H. and Ngoc, N.M., 2019. Comparative Analysis of Advantages and disadvantages of the Modes of Entying the International Market. *International journal of advanced research in engineering and management*, 5(7), pp.29-36.
- Cisi, M., Devicienti, F., Manello, A. and Vannoni, D., 2020. The advantages of formalizing networks: new evidence from Italian SMEs. *Small Business Economics*, 54, pp.1183-1.
- Alon, I., Apriliyanti, I.D. and Parodi, M.C.H., 2020. A systematic review of international franchising. *Multinational Business Review*, 29(1), pp.43-69.
- Bretas, V.P. and Alon, I., 2021. Franchising research on emerging markets: Bibliometric and content analyses. *Journal of Business Research*, 133, pp.51-65.
- Perrigot, R., López-Fernández, B. and Basset, G., 2021. Conflict management capabilities in franchising. *Journal of Retailing and Consumer Services*, 63, p.102694.
- Iddy, J.J. and Alon, I., 2019. Knowledge management in franchising: a research agenda. *Journal of Knowledge Management*, 23(4), pp.763-785.
- Bamel, N. and Dhir, S., 2019. Inter-partner dynamics and joint venture competitiveness: a fuzzy TISM approach. *Benchmarking: An International Journal*, 26(1), pp.97-116.
- David, J., 2021. PESTEL analysis of France (France country profile).
- Vargas-Hernández, J.G. and Rosas, D.I.P., 2019. Policy recommendations for current relationship between electronic commerce and Mexican SMEs: Theoretical analysis under the vision based on the industry. *Jurnal Perspektif Pembiayaan dan Pembangunan Daerah*, 6(4), pp.377-388.
- Pride, W.M. and Ferrell, O.C., 2019. Marketing. Cengage Learning.
- Lawrence, S., Deshmukh, S. and Navajivan, E., 2018. A comparative study of digital marketing vs. traditional marketing. *IIBM'S Journal of Management Research*, pp.112-121.

Bala, M. and Verma, D., 2018. A critical review of digital marketing. M. Bala, D. Verma (2018). A Critical Review of Digital Marketing. International Journal of Management, IT & Engineering, 8(10), pp.321-339.

Jobin, A., Ienca, M. and Vayena, E., 2019. The global landscape of AI ethics guidelines. Nature Machine Intelligence, 1(9), pp.389-399.

ORIGINALITY REPORT

9%

SIMILARITY INDEX

1%

INTERNET SOURCES

0%

PUBLICATIONS

8%

STUDENT PAPERS

PRIMARY SOURCES

1

Submitted to Woodstock School

Student Paper

1%

2

Submitted to Purdue University

Student Paper

1%

3

Submitted to Roehampton University

Student Paper

1%

4

Submitted to Royal Holloway and Bedford
New College

Student Paper

1%

5

Submitted to SP Jain School of Global
Management

Student Paper

1%

6

Submitted to Nelson Marlborough Institute of
Technology

Student Paper

<1%

7

Submitted to Taylor's Education Group

Student Paper

<1%

8

Submitted to City University College of
Science and Technology

Student Paper

<1%

9	Submitted to University of Bolton Student Paper	<1 %
10	Submitted to University of Greenwich Student Paper	<1 %
11	Submitted to University of Houston System Student Paper	<1 %
12	Submitted to Durban University of Technology Student Paper	<1 %
13	Submitted to University College Birmingham Student Paper	<1 %
14	Submitted to London School of Commerce Student Paper	<1 %
15	Submitted to Kang Chiao International School East China Campus Student Paper	<1 %
16	Submitted to University of West London Student Paper	<1 %
17	Submitted to Jaipuria Institute of Management Student Paper	<1 %
18	Submitted to Nottingham Trent University Student Paper	<1 %
19	Submitted to The Maldives National University	<1 %

20

tede.unioeste.br

Internet Source

<1 %

21

www.iasj.net

Internet Source

<1 %

22

www.researchgate.net

Internet Source

<1 %

Exclude quotes Off

Exclude matches Off

Exclude bibliography On