

CASE STUDY

Label Group Inc.

Group Members:

- i. *Vasu Khanna*
 - ii. *Ketjona Qefalija*
 - iii. *Kristjan Davidhi*
 - iv. *Karma Yuden*
 - v. *Nikta Hossein Nia*
 - vi. *Edwin Jr Barnuevo*
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This research is driven to assist Label Group Inc. with their new idea to expand their venture in the international market.

Problem or Opportunity?

The research conducted below shows that it is a problem to expand their venture currently.

Key research issues

1. What is the potential market size for printing plastic labelling sleeves in Label Group Inc.'s target countries?
 2. What is the potential for growth in Label Group Inc.'s existing markets?
 3. What are the potential opportunities for Label Group Inc. to expand its operations into new countries?
- It would appear, based on the information that has been presented, that Label Group Inc. is internally prepared to embark on this new business. Both the manufacturing and sales divisions are enthusiastic about this business endeavour's prospects, and the organization must generate a return for its investors within the next one to two years. However, there are some potential risks possibility of encountering regulatory hurdles, the requirement to raise consumers' awareness of the product, and the prerequisite to set up a distribution network.

Partner-Based Research Requirement

For investments where the viability of the proposed partnership is critical, decision-makers will want information about the potential partners. The information researchers must gather is divided into several categories:

-Size: Researchers can identify organization size through indicators such as gross revenues, sales volumes, number of employees, number of business locations and the number of countries in which the business is active.

-Financial Stability: An organization does not want to invest time and effort in building a relationship with a partner that might cease operating after a short time. So it is important to know the financial condition of the company.

-Product and service orientation: The products and services provided by a potential partner organization must be compatible with and complementary to those of the investigating organization.

-Market orientation: Complementary market orientation can be integral to a successful partnership.

-Intellectual property: Researchers should identify whether the proposed partner has strategically important intellectual property that it can contribute to the venture.

-Relationships: Researchers should identify the relationships the proposed partner has established to help determine the value of partnering.

-Management and personnel: The organization must identify whether the proposed partner's philosophy, vision and approach match its own.

-Reputation: An organization's reputation is important in determining its suitability as a candidate for partnership.

-Strategic direction: Any viable partnership depends on the parties moving in the same strategic direction. researchers will have to investigate the partner's business plan and its overall strategy to determine whether they fit the investor's plans and expectations.

-Corporate culture: The compatibility of corporate cultures is vitally important in successful partnerships. Researchers need to identify whether prospective partners have a similar approach to R and D and whether they reinvest their profits or distribute them.

(Forum for International Trade Training, 2017)

Organizational Background Information

Label Group Inc., a new organization formed by merging several organizations, was founded recently. Individually, the organizations sold quality signage, labelling equipment and supplies, and outdoor LED signs across ten countries. A reorganization post-amalgamation is causing some job roles to be redefined and some staff to be laid off, so the organization is in transition.

Problem/Opportunity Background

PROBLEM: Due to amalgamation there is a shortage of workforce.

QUESTION: How can they rebuild a solid working staff?

PROBLEM: Customers are not familiar with the new product

QUESTION: How should they promote the new product and spread awareness?

PROBLEM: Unaware of the possible regulatory hurdles the company can face in the international market.

QUESTION: What are the potential risks and challenges associated with launching this product in new markets?

Reason For the research

The main reason for the research is to know the challenges that they will face if they go to the international market right away so that they can do their complete research and then plan to expand in other countries. In this case, they should analyse the market that they are going to enter, like the taxation schemes, GDP, PPP, existing competitive companies, demand that products, infrastructure challenges, cultural differences, and security challenges.

Deadline

A deadline should be decided by the firm, till then they should grow their business in the current market and make a stable and efficient working staff so that when they finally move to a new country for the expansion, they do not face any internal organizational problems. They should keep the research work going on so that they are fully prepared for their new venture.

Estimating Budget

Estimating a realistic budget is an important component of planning international research. The budget will depend on how much organizations can afford to invest but also factors in the potential profits or cost savings if research leads to successful market entry.

Points to remember while deciding the budget:

- Determine your overall project budget. The amount you allocate to market research should be a reasonable percentage of the overall budget.
- Review what is already available. Before moving ahead with planning customized research, take stock of existing published information and consider how it helps answer your research questions.
- Know what you are in for. If customized research is the way forward, expect it to cost more and take longer
- Set realistic expectations. Educate yourself on what type of information research reports in your budget can realistically provide.

(Forum for International Trade Training, 2017)

Resources Required for Decision Making

1. The International Trade Centre (a joint agency of the World Trade Organization and the United Nations) provides data and publications about trade development opportunities, challenges, and trends.
 - This resource will help the firm to know the requirements of the country in which they are planning to expand.
2. The CIA World Factbook is a detailed source of up-to-date country information, containing data about the background, geography, natural resources, population, government, legal system, communications, economy, industry, and transnational issues for all countries worldwide.
 - This will help the organization to get in-depth details about the geography, population, and legal system so that they can determine their opportunity in that market and will also help them to determine the location for the factory.
3. The United Nations Commodity Trade Statistics Database (COMTRADE) provides free access to global trade data.
4. The United Nations Human Development Report provides data and fact sheets by country or by indicator, depending on the use required. The Human Development Index looks beyond GDP measurements to attempt to provide a broader definition of well-being in 177 countries.
5. Global EDGE is an international business resource. Contents include statistical data sources, government resources, international trade law, market potential indicators, global banks, and information about international culture.
6. The Exporter's Encyclopaedia, published by Dun and Bradstreet, provides data on international trade opportunities, organized by country.
7. The Europa World Yearbook, is an annually updated publication that contains a profile of every country worldwide, including data on each one's history, social structure, and economy, as well as political and social organizations.
8. The Canadian Trade Commissioner Service, provided by Global Affairs Canada. It provides individual advice to Canadian organizations, produces market and industry sector reports, and provides recommendations on trade fairs and trade missions.

9. Passport is a global market research database created by Euromonitor International that provides statistics, analysis, reports, surveys and breaking news on industries, countries, and consumers worldwide.
10. The World Bank provides free and open access to data about development in countries around the globe.

(Forum for International Trade Training, 2017)

Conclusion

According to the case study, Label Group Inc. is not yet prepared on the company's end to embark on this new business endeavour. The organization is going through a period of change and is currently redefining job positions, both of which have the potential to cause more uncertainty and instability inside the corporation. In addition, Label Group Inc. is required to produce a return for its investors within the following one to two years. This may not be achievable if the investors choose to put their money into a new business that has not yet been validated. On the other hand, the manufacturing and sales departments are quite enthusiastic about the prospects of this enterprise. If the firm can conduct adequate research and carefully organize the launch, this endeavour has a good chance of becoming a profitable one.

The firm, Label Group Inc., should first set research objectives for the project to assess the possible chances for the company to expand its market share in foreign markets. To give a clear direction for the study, these objectives must be defined and measurable. After the goals have been established, the firm should conduct research into possible markets and then analyse the data to decide which areas have the most possibility for expansion.

Reference:

Forum for International Trade Training. (2017). Feasibility of International Trade. FITT.