

BUS 3103 INTERNATIONAL BUSINESS AND GLOBALIZATION

Assessment THREE: New Foreign Market Entry Strategy Plan

Company: Al Ain Dairy Product

Target Market: Turkey

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7 Dollar Essay

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1.0 Introduction, Market Selection and Industry Analysis

Al Ain Dairy is one of the largest and pioneer of delivering fresh dairy products in United Arab Emirates (UAE) with the certification of ISO Company. It started the business operations in 1981 and within few years the company has shown significant growth. Al Ain Dairy is renowned for being a market leader in the dairy industry, bringing innovation and new trends into the dairy industry. Currently, it is the most favourite and reliable dairy brand of UAE citizens. However, the business operations only limited to the UAE, nevertheless company has brought enormous diversification its product lines and engaging employees from different nationalities (Al Ain Dairy, 2017).

Moreover, the Al Ain Dairy possesses the strength for the exponential growth and strives for the determined growth towards the new markets to attain more business opportunities. Therefore, the company has targeted the dairy market of the Turkey that also keeps immense potential for growth and development. The dairy products industry is highly vibrant and getting immense popularity all around the Turkey. It is highly useful for the international ventures to penetrate into the market and suitable to integrate with the local companies for the successful business operations (Demirbas & Karagozlu, 2007). However, the industry is already full of giant competitors, Al Ain Dairy will face difficulty in the acceptance in general market. Therefore, the company needs to adopt practical strategies to implement effectively.

2.0 Target Market and Market Positioning

According to Hooley, Greenley, Fahy & Cadogan (2001), the dairy products markets is highly dynamic and competitive in Turkey, local regional and international brands offer wide range of dairy products to different segments of the customers. However, in the target market strategy of Al Ain Dairy the target audience will be all age group audience from young kids to

the old common customers who buy the fresh milk, yoghurt, butter and other dairy products in regular use with different background and professions, everyone from the middle class to the upper can afford it. Furthermore, the market positioning of Al Ain Dairy in the Turkish dairy products industry will be represent the purity of the products. As the business open up its own manufacturing units, fully owned cows for the pure milk and other dairy products. This will strengthen the position of Al Ain Dairy in the Turkish markets.

4 Ps of Marketing

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| <p>Products:</p> <ul style="list-style-type: none"> • Fresh Milk • Fresh Flavoured Milk • Yoghurts • Laban • Slim O Range | <p>Price:</p> <ul style="list-style-type: none"> • The mission of Al Ain Dairy is to provide high quality products at the affordable prices. Therefore, the prices will be moderate as per the Turkish market. |
| <p>Place:</p> <ul style="list-style-type: none"> • The target market will be the Turkish market, mainly the Istanbul the capital city of Turkey. The reason of commencing the business from the capital city because of its tourist's attraction. Most of the tourists come from the different regions of the world, including the Middle East and other Arab regions. Therefore, more | <p>Promotion:</p> <ul style="list-style-type: none"> • The advertisement and distribution will take place through billboards, television commercials to the local TV channels of Turkey, and through the magazines and newspapers. However, the most effective medium of promotions is through online through using the website and social media sites including the Facebook, Twitter |

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| sales and growth opportunities exist over there (Papademas & Bintsis, 2010). | and so on (Papademas & Bintsis, 2010). |
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3.0 International Competitive Strategy

As stated by Noe, Hollenbeck, Gerhart & Wright (2006), in order to compete in the global markets it is essential to gain the competitive advantage. This can be done through three major ways or methods, these include the business operations initiation activities in different regions of the targeting country through the low cost strategy it will create differentiation among competitors. Another strategy for gaining the international competitive advantage is to move the strong capabilities and skills from UAE home country to Turkey that is the target country in the foreign market. A third path draws on a multinational or worldwide contender's capacity to develop or widen its asset qualities and abilities and to arrange its scattered exercises in ways that a residential no one but competitor can't.

However, in the case of Al Ain Dairy, the best international competitive strategy will be open up several value chain activities throughout the target country. This strategy will be useful in creating an edge and competitive advantage over the domestic competitors. Furthermore, the low costs pricing strategy will also create differentiation for Al Ain Dairy that will ultimately lead towards the success of the new venture in the foreign market internationally.

4.0 Market Entry Strategy

Companies adopt several marketing strategies to enter into a foreign market, not all strategies work for entire international markets. However, several factors external and internal both affect the business venture, these factors mainly include the tariffs, taxes, laws and

regulations, transportation costs, marketing costs and the acceptance of the product in the foreign domestic market. All these factors are involve in increasing the costs of the business but mainly depend on the sales volume that reduce the costs of these factors (Chung & Enderwick, 2001).

Further, according to Chung & Enderwick (2001), there are several modes of market entry strategy including direct exporting, foreign direct investment, strategic alliance, licensing and franchising. As illustrated in the below figure 01:



Figure 01: Market Entry Strategies

(Source: Chung & Enderwick, 2001)

In the direct exporting the products sell directly into the target markets. Further, companies select the mediators as the exporters, importers, suppliers, distributors and sales agents that carry on the business in the foreign market. Further, the other market entering strategies include the partnership of Al Ain Dairy with any domestic dairy products manufacturing firm. Along with this, the licensing and franchising strategies both can be used to enter into a specific market however several challenges exist in the implementation of these

strategies. Therefore, as per the research experts Buckley & Casson (1998), that the best market entry strategy is the Foreign Direct Investment (FDI) for the growth and expansion purpose of the business.

Hence, Al Ain Dairy will apply FDI strategy to enter into the Turkish markets because FDI is the most critical strategy for the investment purposes. FDI is basically investing the foreign country from the home country. The benefits include the economic development, easy in international trade, economic and employment enrichment, tax incentives, increased productivity and enhances business revenues. However, there are potential challenges as well. The key challenge comes from the domestic market of the foreign market, then the political risks, fluctuations in the interest rates and higher costs in investments (Lilien & Yoon, 1990).

According to Buckley & Casson (1998), that foreign direct investment is most suitable due to increased globalization and internationalization as it gives easy access and more growth opportunities for the business. However, Al Ain Dairy needs to consider its own resources to carry out the best road to take.

5.0 International Human Resources Strategy

As explained by Noe et al. (2006), the international human resource strategy is a systematic process of recruiting the right persons at the right place and train them effectively for the better use of the business venture. IHRM also manages through maintaining the international industrial relations and highly essential for the success of an international firms. Further, the key characteristics of the international human resource strategies are the planning, screening, recruitment, selection, and training and development. Moreover, to regulate the international human resource strategies there are four different regulating policies, the key tasks include the staffing policy, training and development, performance appraisal and compensation policy.

5.1 Staffing Policy

The function of the staffing policy is to select the right kind of people to perform a certain job. This policy also provides specific tools and methods to promote the corporate culture. Furthermore, there are three types of staffing policies which are ethnocentric, polycentric and geocentric. In the ethnocentric approach the candidates chosen from the home country and in polycentric the host country only manages subsidiary position and the key positions taken by the parent company. Therefore, in this scenario the best approach is the geocentric policy. In the geocentric policy Al Ain Dairy can hire the best employees regardless of the nationality and in this type the business can grow in the global and transnational business (Taylor, Beechler & Napier, 1996).

The essential benefits of the geocentric approach for the Al Ain Dairy will be using the human capital effectively, diversification through bringing multi cultures together and assists in creating a learning workplace environment and culture throughout the organization. However, despite of all these factors the challenges occur in the international immigration policies, relocation becomes so expensive and training and compensation also becomes problem for the business in the foreign market (Taylor, Beechler & Napier, 1996).

6.0 Supply Chain Strategy

Supply chain strategies include the end-to-end stream of data, items, and cash. Hence, the way they are overseen unequivocally influences an association's aggressiveness in such ranges as item cost, working capital necessities, speed to market, and administration recognition, among others. In this specific circumstance, the correct arrangement of the store network with business system is basic to guarantee an abnormal state of business execution (Frazelle, 2001).

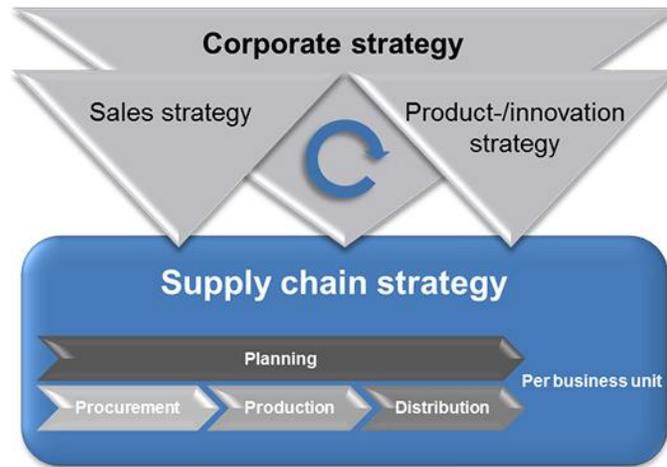


Figure 02: Supply Chain Strategy

(Source: Frazelle, 2001)

The supply chain strategy includes the designing of the optimized supply chain system for the global level, further to integrate the people, process and technologies in order to achieve the supply chain objectives and in the end the key purpose of supply chain strategies to create the competitive advantage. Further, the lean strategy will be applied in the supply chain management process of Al Ain Dairy in Turkey. The key intermediaries in the supply chain management process will be wholesalers, agents, distributors and retailers (Frazelle, 2001).

7.0 Organizational Structure

In order to grow the business in the foreign operations Al Ain Dairy has to consider an independent division to manage and handle the international business operations. On the top, there will be the head of the international division who will be responsible to report to the CEO (Chief Executive Officer) to coordinate and monitors all the foreign activities. The responsible for auxiliaries reports to the leader of the worldwide division. Some parallel however less formal revealing additionally happens specifically to different utilitarian heads at the corporate home office (Jensen & Meckling, 1992).

The corporate human asset division organizes and actualizes staffing, exile administration, and preparing and advancement at the corporate level for worldwide assignments. Facilitate, it likewise collaborates with the HR divisions of individual auxiliaries. The global structure guarantees the consideration of the top administration towards building up an all-encompassing and bound together way to deal with worldwide operations. Such a structure encourages cross-item and cross-geographic co-appointment, and decreases asset duplication (Jensen & Meckling, 1992).

8.0 Conclusion & Recommendations

It has been identified that the foreign market of Turkey possesses potential for growth and development for the Al Ain Dairy products manufacturing company. However, company needs to adopt key international competitive strategy, set the target market and market positioning. Further, in the market entry strategy Al Ain Dairy will adopt foreign direct investment (FDI) due to its enormous benefits to the business growth. Furthermore, the international human resource management will also have strong impact on the business operations globally. Moreover, the supply chain strategy and organizational structure also need to be considered carefully as per the global standards.

Additionally, for the successful entry in the Turkish market, Al Ain Dairy needs to take some proactive and flexible steps. Following are some of the recommendations proposed for the new venture in the foreign market:

- Al Ain Dairy must understand the local market needs.
- On the basis of the identified market needs, the company must devise the collaborative approach.

- Introduce and initiate the global marketing plan and start a business campaign in the target market.
- Make goals and communicate on the global and regional market level.
- Start building up an effective communication for the global marketing to build relationship with the clients in the foreign market.

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