

Should We Expand Internationally?

A chain of well-known surf wear stores is considering expanding to international markets, but they are unsure whether this is a good idea for their business – can you help them decide?

Excerpts from the Manager's Meeting

- Britney: Thanks everyone for coming to the meeting. As you know, the company has been considering international expansion and I would just like to gather your thoughts.
- Eddie: I think it's a bit early for us. There are plenty of growth opportunities throughout the country for new store locations. There are plenty of large coastal towns and not to mention potential opportunities in major interstate cities.
- Anna: Yes, we've got plenty of choices, but what's the best opportunity for the future? The Asian markets are starting to grow strongly, and many companies are looking to enter them, I don't think we can afford to be a late entrant.
- Craig: Gee, when you said international expansion, I was thinking of markets with established beach cultures, like California and Florida. If we enter the Asian market, we may have to develop that market over a long period of time.
- Helen: Sure, the US market is more established, but it's also more competitive, and while we have a strong brand locally, we're virtually unknown in the US.
- Billy: I think that's easily fixed - we can just sponsor some surfing events and popular surfers - which is what we successfully do here - I'm not sure whether those same promotional opportunities are available in Asia.
- Elle: That's why I think we should concentrate on the local market only at this stage. International market is a major challenge, without any guarantee of success. So, let's stick to the local market where we know we will be successful.

Student Discussion Questions

1. Outline the reasons for and against for this firm expanding internationally.
2. Do you think that it is just a matter of time before this firm expands internationally, or is there a chance that they will always remain local?
3. If they were to expand internationally, should the firm target the USA or the Asian market first? Why?
4. Other than market development, what other ways could the firm look to grow?