

GLOBAL MARKETING TO CREATE A GLOBAL ACTOR

**GLOBAL MARKETING STRATEGY SUGGESTIONS
TO TAY GROUP TO BE A GLOBAL ACTOR**



STRATEGIC GLOBAL MARKETING PLAN

**ABDURRAHMAN BAŞ
İSTANBUL – 2004**

1 INTRO: GLOBAL MARKETING TO CREATE A GLOBAL ACTOR

Purpose	Process	Techniques
Formulate the global vision, decide where the company is at global marketing evolution process	Formulate the global vision, decide where the company is at global marketing evolution process	Vision formulation and deployment techniques Global Marketing Evolution Analysis
Assessment of global competitiveness, deciding which country/ region to enter	Analyze Global Competitiveness	Global Competitive Analysis - STEP Analysis - SWOT Analysis
Developing entry strategies and marketing plans for target countries/ regions	Develop entry strategies and marketing plans	Market Entry Strategies Marketing Mix
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Reaching The Effectiveness in Global Marketing

- The main **creators of wealth of nations** are the companies which have the global competitive advantage and rule the global markets.
- **“Global Giants” & “Global Actors”**
- **Tay group** has noticed and addressed this reality in **Taypa’s vision statement** since its beginning.
- **The Turkish Clothing Industry**, at the beginning of the new millennium, is one of the few Turkish industries which has the potential to grow a global actor, and might be even the first.
 - with its background and
 - adaptation to global developments.

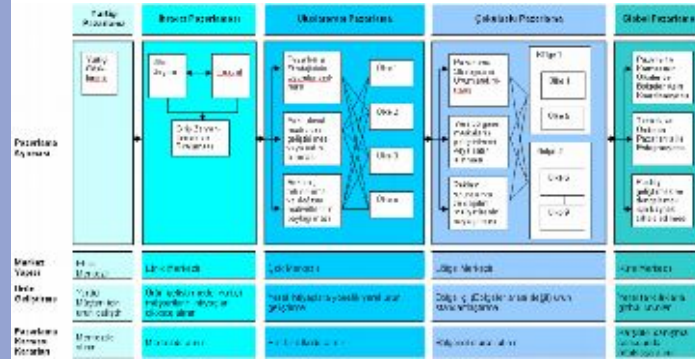
Reaching The Effectiveness in Global Marketing

- **In this report**, we try to contribute to the discussions for being effective in global markets from both **academic** and **practical** perspectives.
 - To establish a **healthy discussion base**.
 - To present the **latest developments in global marketing literature**,
 - To suggest **hands-on strategies** to the top management of our group.
- *All these analyses and suggestions will be made in line with our brand-new “**Global Marketing Implementation Process**” scheme. This scheme appears in the global marketing literature for the first time, with the process perspective, as seen in the table below, in a modern way.*

Global Marketing Process

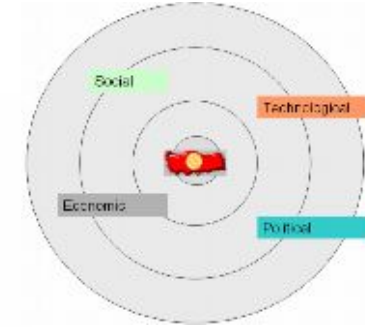
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General Outlook of The Report

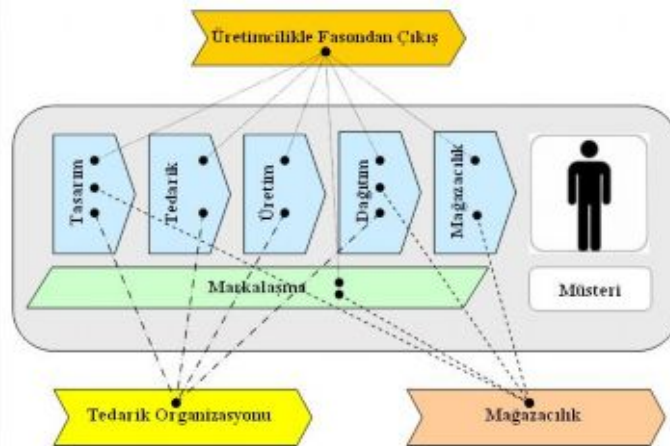


Global Pazarlama Uygulama Süreci

Amaç	Süreç Adımı	Araç
Global vizyonun belirlenmesi, hangi global gelişim aşamasında olduğunun bilinmesi	Global Vizyonun ve Globalleşme Aşamasının Belirlenmesi	Vizyon belirleme ve yayma araçları Gelişim Aşamaları Analizi
Dünyadaki rekabet (değer avantajının farkına varılması, girilecek bölge / ülke kararının verilmesi)	Global Rekabet Analizinin yapılması	Rekabet Analizi - STEP Analizi - SWOT Analizi
Belirlenen bölge / ükeye giriş ve uygulamalar için gereken stratejilerinin belirlenmesi	Pazara Giriş ve Uygulama Stratejilerinin Belirlenmesi	Pazara Giriş Stratejileri Pazarlama Kampanyası
Girilen pazarda uygulanacak büyüme/gelişim stratejisine karar verilmesi	Büyüme/Gelişim Stratejisine Karar Verilmesi	Büyüme/Gelişim Stratejileri
Sağlıklı global gelişim için sağlanan gelişimin gözden geçirilip yeniden planlanması	Globalleşme Aşamasının ve Global Vizyonun Gözden Geçirilmesi	Gelişim Aşamaları Analizi Vizyon belirleme ve yayma araçları



Radar Ekranı



2 GLOBALIZATION AND MOVEMENT TOWARDS GLOBAL MARKETING

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Globalized Competition

Technological Developments Fosters Globalization

- Developments in transportation and IT (internet, etc.) diminish the international distribution difficulties to a great extent and accelerate globalization.
- Together with it, international agreements liberalizing international trade, draw more actors to global markets.
 - Business Processes are globalizing,
 - Suppliers are globalizing,
 - Customers are globalizing,
 - Competition are globalizing.

To gain global competitive advantage

- Formulate a global vision and develop global marketing strategies to realize it.

Global Marketing Strategy

Classical Export Marketing Strategy (Grandfather of Global Marketing Strategy)

- Keep **every possible activity** of Value (Supply) Chain **domestic**.
- Perform only the **customer contact activities abroad**.
- Maximize **host country profit**.
- Besides, make a **customized plan** for every new international market according to **local needs**.

Multinational Marketing Strategy

- The transition to multinational marketing strategy began when some of the value chain processes, especially **the production**, were realized to be **done in foreign countries** more profitably.
- The mentality of the multinational marketing strategy is to **replicate the profitable investments** at other places in the world.
- Multinational companies, working at very different markets of the world, has been trying to satisfy better the needs of the local customers by modifying their marketing plans **according to local needs**.

Global Marketing Strategy

Global Marketing Strategy

- In today's globalized business world, with lowering trade barriers, developed IT and transportation possibilities, it is possible to develop and deploy a **global scale marketing strategy and a marketing plan**.
- Global Marketing Strategy states that **every single ring (process) of value chain** should be performed wherever it is **more profitable all over the world**.
- Global Marketing Strategy searches for a **standardized marketing plan** satisfying all the local needs of every global markets.

Global Marketing Strategy

- **Standardization** in inputs, processes and outputs approach together with cooperative **Value Chain Management** approach promise cost efficiency and business effectiveness.
- However, Global Marketing Strategy **is not all about standardization** of marketing and other processes.
- All the global marketing activities (product design, product – brand positioning, packaging, pricing, promotions, etc.) are the subject of standardization approach but standardization is not mandatory.
- **Standardization is a tool** for global marketing practices. When, where and how to use it, is to be decided after **trade-off** evaluations.

The Need For Global Marketing Strategy

■ **Global Sector**

- For a truly global industry like Clothing Industry, Global Marketing Strategy is an inevitability.

■ **Competitive Structure and Economies of Scale**

- The customization trend drives companies to search for global economies of scale. (Melka)

■ **Interdependence**

- The scarcity of resources delays companies' technological investments. They go for collaborations with other companies to overcome this difficulty.

■ **Co-opetition**

- Companies searching for global market leadership and competitive advantage prefer strategic cooperation and even joint ventures with able companies. (Sony/Ericsson)

■ **Hypercompetition**

- In this age of hypercompetition, no single competitive advantage lasts long.

Outcomes of Global Marketing Strategy

- **Increase In Customer Interest**
- **Product Development and Global Project Effectiveness**
 - Global Marketing Strategy will enable the company to focus its resources on prioritized certain projects rather than wasting time and money for too many projects.
- **Decrease In Cost**
- **Competitive Advantage**
 - All of the above will constitute a clear competitive advantage.
 - Competitive intelligence can be easily obtained by the network of globally coordinated activities.

Tay Group's Vision Of Creating a Global Actor

- Turkish economy and Turkish people will be able to look into the future more safely with the power of **its globalized companies**.
- **Our group**, with all its capabilities today, is a group which **global brands prefer to work** with.
- Our group needs to be an independent **“global actor”** rather than being **“an actor global actors”**.
- We **need to rush** for creating a global actor. Because, there are **two important facts** that does not tolerate any time wasting.
 - The First Fact : **Domestic competitive structure**.
The basic branding and distribution infrastructure works were done long time ago in domestic market and some of the Turkish companies have domestically strong brands. A few of them even have created regional relatively strong brands already in Europe and in the USA.
 - The Second: **The coming massacre for the Clothing industry**. Besides the huge production capacity of China, its quality and fashion strengths are also considered. Chinese try hard to convert Shanghai into a fashion capital.
 - Related with the second factor, **Hong Kong and/or Taiwan** who has China's production hinterland are growing expert global actors on supply organization.

Tay Group's Vision Of Creating a Global Actor

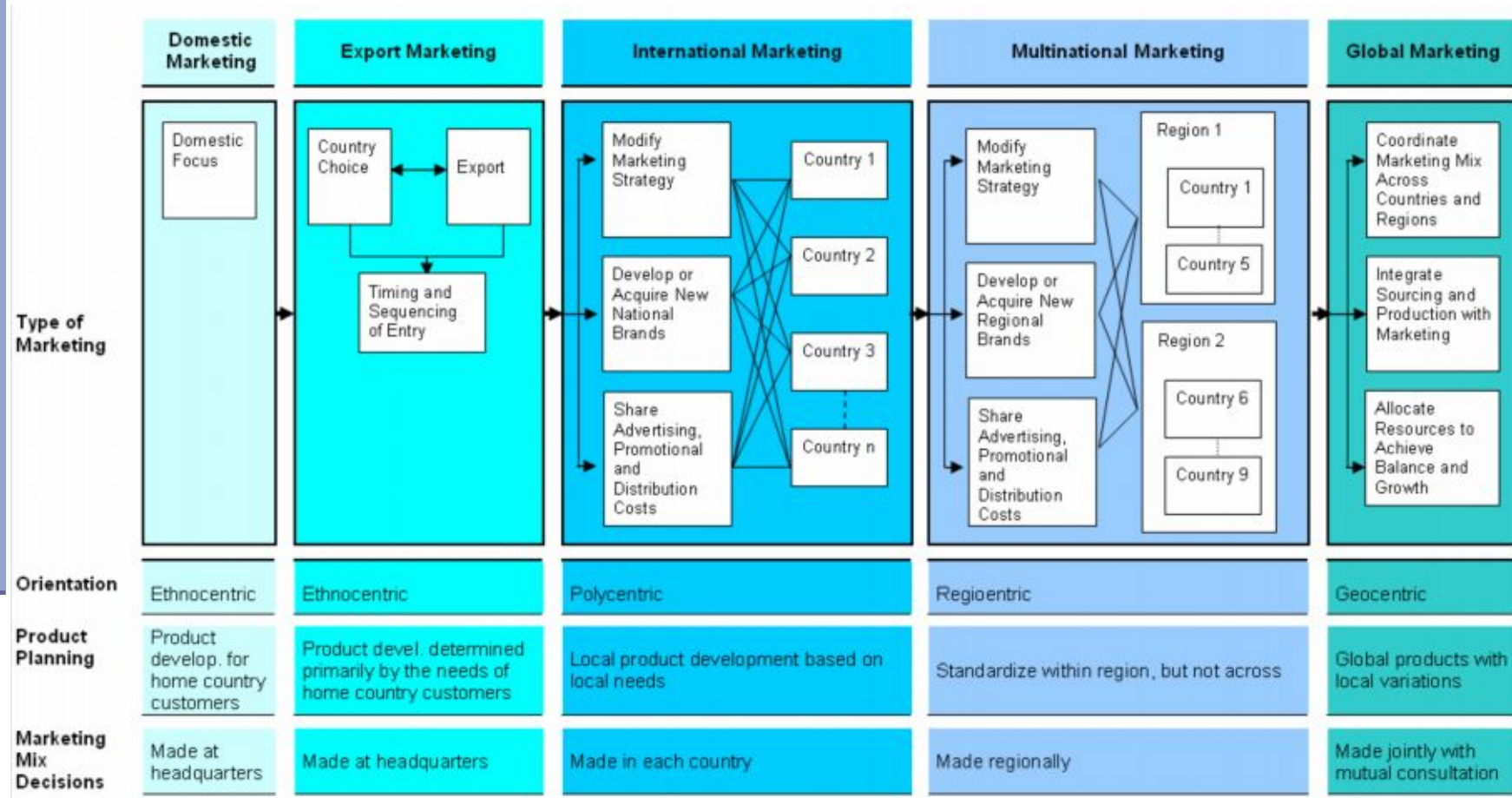
■ Tay Group's Global Vision Statements

	MISSION: Taypa creates value for its stakeholders by fully supplying global clothing brands by utilising the global sources efficiently and having modern ethical management principles.
	VISION: Becoming a first choice, one-stop global clothing supplier by being sensitive to time, quality and ethical values.
	MISSION: Existing in every spot of global target customers' reach, having modern management principles, creating value for its stakeholders.
	VISION : Guiding the world's young generation's life style with its designs.

3 EVOLUTION OF GLOBAL MARKETING

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Evolution of Global Marketing



4 GLOBAL COMPETITIVE ANALYSIS OF TURKISH Clothing INDUSTRY

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Competitive Analysis for Strategy Development

- **Developing the strategy** that will create the **competitive advantage in global arena** is the primary duty for the **top management**.
- This process starts with the analysis of the company's **current competitive position**. The analysis is done in two phases.

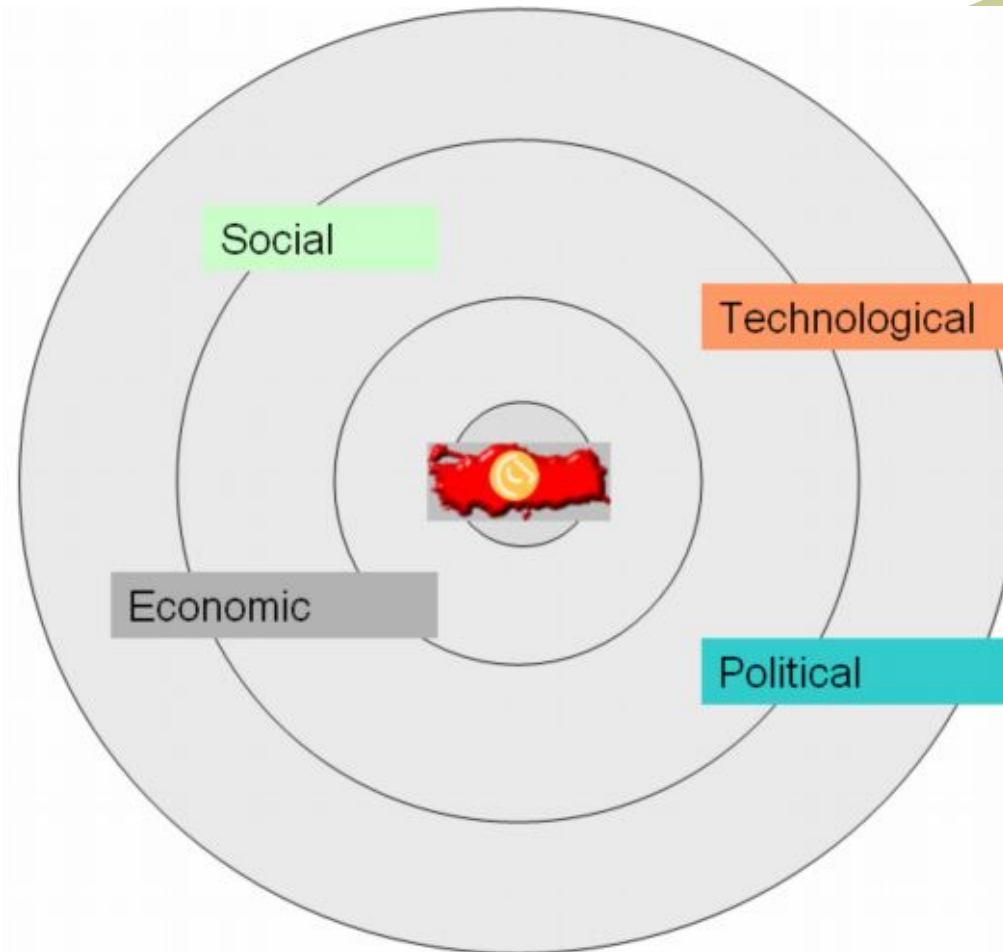
GLOBAL STEP ANALYSIS

- The global competitive analysis for national industries starts with the assessment of the **Economic, Technological, Political/Legal and Socio-cultural** factors determining industries' competitive conditions in the global arena.

SWOT ANALYSIS

- In the lights of Global Step Analysis facts, the company's **environment** is analyzed to assess the **opportunities and threats**. Then, **the company itself** is analyzed to see its **strengths and weaknesses**.

4.2. Global STEP Analysis



Analysis Of Economic Factors

Clothing Industry Production For Areas

Area	2000
European Union	227
USA	194
Japan	141
Other Countries	223
Total	785

Clothing Industry Market In The World And Its Expansion

Years	Expansion
1980 – 1985	%4
1985 – 1990	%17
1990 – 2000	%6

The Supply For The Area's Own Demand Of Clothing Industry

COUNTRIES	1980 (%)	2005 (%)	CHANGE (%)
USA	98	66	(-) 67
European Union	85	47	(-) 80
Japan	111	52	(-) 113
China	121	150	(+) 24
Asia	126	175	(+) 39

Analysis Of Economic Factors

■ Global Production Movements in the Clothing Industry

Movements	Amount (Million USD)	1990-2000 % Change	2000 % Change	Comments
Inner West Europe	44.0	1	-6	Slows down
Asia to North America	35.8	5	15	Effect of China will grow the amount
Inner Asia	24.4	11	17	Improving
Latin America to North America	21.3	23	23	The fastest growing movement
Asia to West Europe	20.8	4	5	Improving
Middle-East Europe, Baltic and UN to West Europe	8.2	15	1	Expected to slow

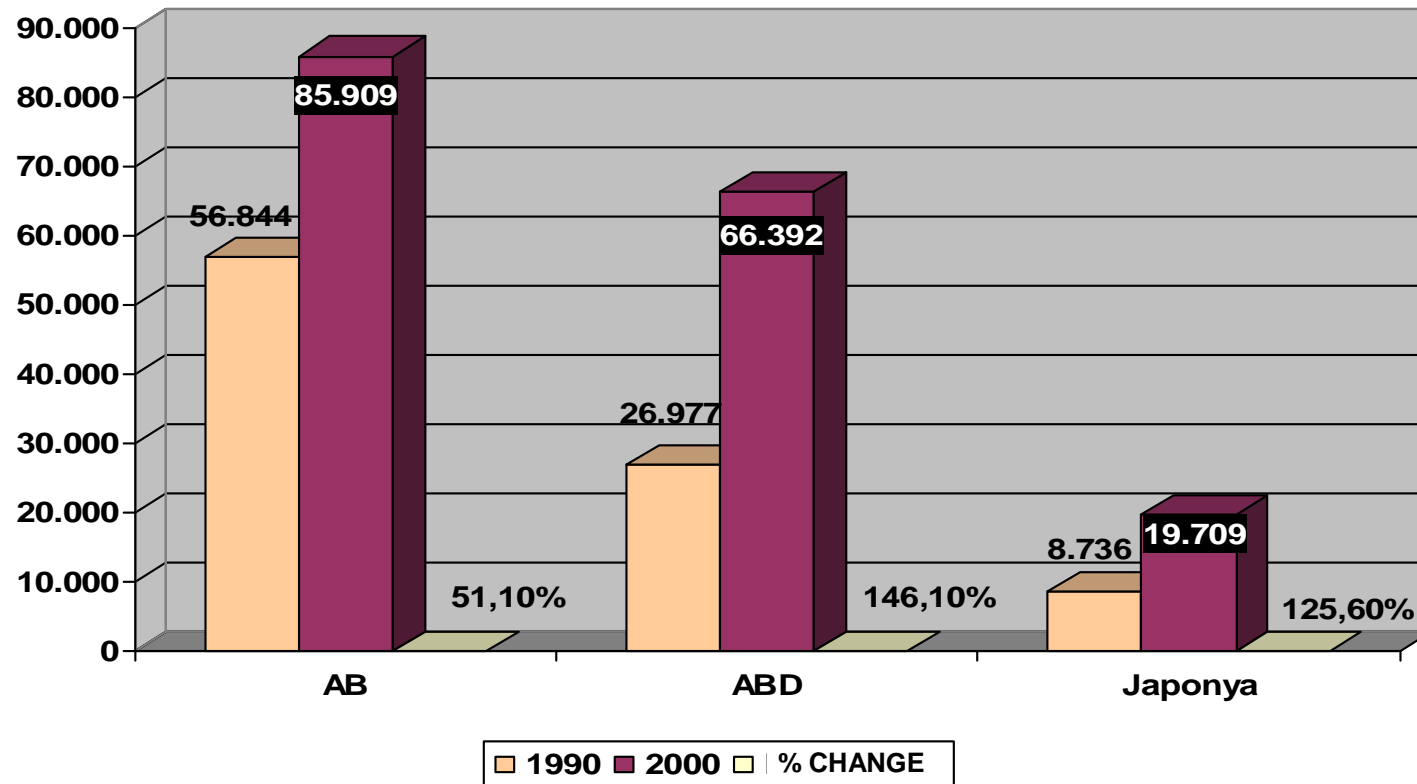
Analysis Of Economic Factors

- Clothing Industry In The World and Major Markets
 - Our Target Markest: **EU, USA, Japan ve Russia**

COUNTRIES	2000 (BILLION \$)
USA	66,3
Japan	19,7
Germany	19,3
England	12,9
France	11,4
Holland	4,8
Canada	3,6
Switzerland	3,2
Russia	2,9
Austria	2,4

Analysis Of Economic Factors

■ Percentage Change in Import Amounts Of Big Markets



Analysis Of Economic Factors

■ Clothing Industry In The World and Major Export Countries

	1990	1995	2000
China	9.669	24.049	36.071
Hong Kong	15.406	21.297	24.215
Italy	11.839	14.175	13.217
Mexico	587	2.731	8.696
USA	2.565	6.651	8.646
Germany	7.882	7.500	6.837
Turkey	3.331	6.119	6.533
France	4.671	5.621	5.427
India	2.530	4.110	5.153
South Korea	7.879	4.957	5.026

Analysis Of Economic Factors

■ The Position Of The Major Import Counties On Target Markets

Ülkeler	USA	EU	OTHERS	JAPAN
China	+	+	+	+
Hong Kong	+	+	+	Weakening
S. Korea	+	Weakening	+	+ Improving
Indonesia	+	+	+ Improving	+ Improving
Thailand	+	+	+ Improving	+ Improving
Turkey	+ Improving	+	+ Improving	
India	+	+	+ Improving	
Pakistan	+	+	+ Improving	
Taiwan	+	Weakening		+ Improving
Bangladesh	+	+		
Sri Lanka	+	+ Strengthening		
Malaysia	+	+ Strengthening		
Macau	+	+ Strengthening		
Philippines	+	+ Strengthening		
Dominique	+			
Honduras	+			
Mexico	+			
Tunisia		+		
Romania		+		
Morocco		+		
Poland		+		

Analysis Of Economic Factors

Economic Considerations For Tay Group (I)

- *The world's Clothing industry, keeps the world's big entrepreneurs attention on itself with its 199 billion USD budget and being a basic need for people. **Turkey is holding approximately 5% of the share with its 9.2% existence.** Turkey guaranteed to have a continuous spot in this market by its physical and human resource investments, and also being 7th in the world and 2nd in the European Union with its supply.*
- *Turkey's most important market is the European Union countries, and all the European countries on extended means. Turkey is a part of the European market with its geographical, political and trading aspects. Turkey's geographical position and technical infrastructure is an attractive feature for European customers.*
- *Turkish producers know how to deal with EU countries in the market and their business, clothing styles and expectations. So, EU countries have been working with Turkey for many years. They also know how Turkey system works and what quality they will get as a result.*

Analysis Of Economic Factors

Economic Considerations For Tay Group (II)

- *It is obvious that Turkey's marketing relations will not be able to reach **European** criteria although it keeps improving in other markets. Middle and South America countries and Caribbean countries have a regional and political advantage for US market. After 2005, China is going to add to this group with a much larger volume than it has today. Considering all these geographical and political aspects, American market is not a prior market for Turkey.*
- *Despite all these, as **America** being a very big market, it keeps being a good opportunity for entrepreneurs. That is why it cannot be a market that is totally out of sight. But it will not be beneficial to go into this market with normal competition advantages. The American market should be held by developing special strategies for that market only.*
- ***Japanese market** is considered to be the farthest market because of Turkey's working habits. Cultural differences also scare entrepreneurs. Also, Asian countries and China being close and familiar to this market gives them a big advantage leaving us way behind. Japanese market is a market that has to be attempted someday but far away from us as of today.*
- ***Tay Group**, being parallel to the country's general perspective, **should invest to Clothing industry's future** and should target Europe first and then American afterwards.*

Analysis Of Technological Factors

■ Technological Infrastructure

- Clothing Industries **basic technological infrastructure depends on the technology of the cutting and sewing machines.** Improvements in these two areas , without having a enormous improvement in cutting and sewing mentality, improves the efficiency by the mechanic systems with the benefits of the computer technology and support of the electronic system.
- **The suppliers giving the CAD/CAM service** in the sector, especially, **considering the flexibility and expertise in production,** with the improvements in the computer technology, **can develop more efficient and special machines** to the market.
- On the other hand, with the improvements in textile sector and the start of more **usage of the technical textile** in Clothing industry, a big change might be expected in usual known “cut-sew” structure. To have an idea of how these changes will be, the final structure of the technical textile has to be certain. And for this step, it seems to be too early.
- Today, in all the producer countries, the products of the major companies (Juki, Brother, Pegasus, Gerber, Lectra, vd.) are being used. It is not possible to note a big technological difference between countries in this aspect. But, a difference can be seen in the investment amounts on technological features made by the investors inside the county. Other than this, **all the investors can establish the best possible production system at that time by paying the cost.** In average, Turkish Clothing industry producers, making investments on technology and are above the average of the world.

Analysis Of Technological Factors

■ Production Technology Trends

- ↑↑ **Clothing Industry “science”** improving and advancing.
- ↑↑ The **developments in textile technology** is shaping the change in Clothing industry.
- ↑↑ The value of traditional and high-tech products **will be measured by the know-how** they bear.
- ↑↑ Clothing industry technology is integrating the design and production processes.
- ↑↑ **Rather than creativity, technological** opportunities will shape the fashion and design.
- ↑↑ **Switching to flexible production** systems will gain speed.
- ↑↑ **Synthetic materials** will be used more than natural materials as raw material .
- ↑↑ Consumption of woven fabric will increase together with the consumption of blended fabrics.

Analysis Of Technological Factors

■ Trends In Product Quality

PRODUCTS	SHARE IN PRODUCTION		TRENDS
	AMOUNT %	VALUE %	
Cheap, Easy, Speed Production Products	65	45	Decrease in price, increase in competition, increase in value, cost competition.
Fashion, Middle Class, Party Production Products	20	20	Increased/fixed price, increase in competition, increase in amount and value, cost & added value competition.
Specific Products for Specific Customers	3	7	Increase in price, increase in value, creativity & added value competition.
Expensive, Luxury, Fashion-Branded Products	2	8	Increase in price, technology & added value competition.
Valuable, Interactive, Functional Products	10	20	Fast increase in price, technology drives the prices, know-how dominated by developed countries, increase in amount and value, technology & know-how competition.

Analysis Of Technological Factors

Technical Textiles

- In the year 2005, technical textile global values are expected to be approximately **75 billion USD**. West Europe, America and Japan are the leading production centers if technical textile production is examined as regional production.
- **Sport-tech**; is improving very fast. Depending on the healthy life and alternative sport activities, demand increases fast. Taiwan is the leader in production and handles 80% of the world market export. Taiwan is going to stay as the leader even though the global market expansion.
- **Cloth-tech**; a fast expansion is expected in the following 10 years in this lately improving area. Indicator of customer choice is important. Taiwan is again the leader producer and exporter in this position. 60% of the demand from especially USA and EU in the global market is supplied by Taiwan.
- **Geo-tech**; especially infrastructure investments and demand to building/engineering area is increasing. The most important market is Asia. Japan is the leader in production and technology.
- **Med-tech**; with the increase in population and income rate, international health programs expanded and the demand to the products in this area also increased. Demand is increasing from all over the World.
- **Intelligent Clothes**; is used in industrial clothing such as space clothes, navy clothes, heavy work clothes, protection clothes and the demand is keeps increasing. The leader Clothing industry producers who own the titles switch to this expensive and good quality high-tech products to widen their products.

Analysis Of Technological Factors

■ Management and Information Technology

Product Information Management

- ↑ Updating the '**market and demand focused**' products' information
- ↑ Having the information **about the trends** before order taken
- ↑ Updating the information about properties like **design, fashion, length, fabric, ingredients/mixture** for every product
- ↑ Forecasting and searching for **new material trends and sources**, determining where to source and having quotations
- ↑ **Updating the sources of materials information** constantly and having them readily available.
- ↑ Updating and differentiating **the estimated costs**
- ↑ Producing and sharing the production information in common standards **with suppliers and subcontractors.**

Analysis Of Technological Factors

■ Management and Information Technology

Order Management

- ↑↑ Conveying the **information of the wholesale and retail** demands in a standard way, on-line, real time, by using IT tools (Internet, EDI, electronic information communication) to the producer.
- ↑↑ Using **the same product information standards and product information systems** between the producer and wholesaler/retailer.
- ↑↑ Establishing the system of tracking information about production, purchasing and costing for producers to **get back to the customers' order demands in a fast way.**
- ↑↑ **Getting the production, delivery, payment details** of the orders from the buyer **in a standard way.**
- ↑↑ Establishing the infrastructure for following the **different conditions of different countries** and making fast comparisons between them.

Analysis Of Technological Factors

■ Management and Information Technology

Middle Term Demand Estimations

- ↑ Having constant, **common estimation studies with wholesalers and retailers**, sharing the demand estimation information, updating the estimations constantly
- ↑ **Following the selling conditions**, promotions, prices and pricing, new product demands
- ↑ Sharing the **sales agency and stock information**
- ↑ Being able to make order estimations by keeping **updated and constant demand estimation, optimum stock usage, optimum source usage**, establishing effective distribution and cost efficiency

Analysis Of Technological Factors

■ Management and Information Technology

Purchasing Management

- ↑ Based on the order information and demand estimations, **information exchange with suppliers and subcontractors** in the electronic environment (internet, intranet, extranet)
- ↑ Sending and sharing the **order information, confirmation, distribution and delivery information.**
- ↑ Building and sharing **general information and product standards database** together with suppliers and subcontractors.

Document Management

- ↑ Using **electronic version of international and national commerce documents** (document of origin, all export documents, receipts etc.)
- ↑ Using **electronic documents in formal governmental procedures** (tax documents, banking documents, customs, etc.)
- ↑ Using of the formal documents between **the companies and support companies in electronic environment** (logistic, transportation, forwarder, bank, accounting, L/C institutions etc.)

Analysis Of Technological Factors

■ **Technological Considerations For Tay Group**

- *Tay Group, as production technology, has established the required technological infrastructure for the products using cotton and blended traditional fabric. But, considering the reality of the existence of technical textile in Clothing industry's future, pre-studies should be started about how it will affect the Clothing industry and what kind of technological renewings will be needed.*
- *Soon in the future, information and technology the product is going to have on itself will determine the price together with the fashion and brand. What is our strategy going to be on adding fashion and brand to the product? Even before this, the fashion and brand strategy should be designated as soon as possible. This fashion and brand strategy should also include information and technology perspective.*
- *Flexible production structure is another outcome of the change in production technology and the widening variety of the customer choice. We still couldn't establish a flexible structure up till now. The solution to this problem is to organize specialized small sewing lines or work with the cell system lines.*
- *Our company's investment on management and information technology is undeniable. But the positive affects of the investments couldn't get beyond electronic messaging, production and accounting automation.*
- *This situation does not face us as a big problem in this production focused period yet. But, with the start of brand work, stock and distribution management is going to stick out. Establishing a good efficiency in these operations will bring the need to a wider and more serious informatics investments. Other than these operations, there also exists the selling estimations and order management topics.*
- *Sales over the internet and e-marketing platform will be planned on top of this infrastructure.*

Analysis of Political-Legal Factors

World Trade Organization Agreement on Removal Of Quotas

- **1 January 2005** will be a starting day of new period with all quotas disappearing. After then, the **Chinese typhoon** will blow harder.
- This is an irreversible point in time and **all the quota shields will disappear** then. We should look ahead to find alternative ways to compete globally other than the Chinese way.

New Trading Blocks

- **FTAA (FREE TRADE AGREEMENT OF AMERICAS);**
- America is a free trade land covering 34 countries. America is targeting to unite NAFTA, Mercosur, Caricom, CACM which are all on the same continent. With January 1st, 2005 it is going to be valid and formation of a customs bureau with free trade area is planned.
- **PAN EUROPE MEDITERRANEAN UNION;** With the year 2010, a formation of a free trade area with European Union, Mediterranean countries, Middle and East Europe and Baltic countries and EFTA countries is planned.

Analysis of Political-Legal Factors

- **ASEAN**; With January 1st, 2005 a formation of a free trade area with 15 member countries in Asia is planned. On January 1st 2002, for the trades between member countries, customs taxes were decreased to 0-5%.
- **APEC**; APEC has been expanding as an intercontinental unity. Canadian, Chile, China, Brunei, Taiwan, Hong Kong, Indonesia, Japan, South Korea, Malaysia, New Zealand, Papua New Guinea, Peru, Philippines, Russia, Singapore, Thailand, USA and Vietnam are the members. The goal of the unity is to set up a free, open investment area which will make the developed countries to adapt during the year 2010, and make the developing countries adapt during the year 2020.
- **JAPAN AND FREE TRADE AGREEMENTS**; Japan is following a regime that closes the ways to outer competition and it's presenting a way of entry to its wide inner markets for developing countries with the agreement. A similar agreement that was signed with Singapore in 2001 is being negotiated with South Korea and Mexico.
- **TAFTA (TRANSATLANTIC FREE TRADE AREA)**; A thought of setting up a trade free area between EU and NAFTA. Discussions are still going on.

Analysis of Political-Legal Factors

■ New Production Blocks

↑↑ **China Basin;** China, Hong Kong, Macau, Singapore

↑↑ **Indian Area;** India, Pakistan, Bangladesh, Sri Lanka

↑↑ **North and Latin American Union;** Mexico, Caribbean countries, Mercosur ve ANDEAN countries

↑↑ **Pan Europe Mediterranean Area;** Middle-East Europe, Mediterranean countries, Baltic countries

■ Social Conditions

Practice of social conditions are expanding fast. Most of the social conditions include working conditions and environment criteria. Trade agreements between developed and developing countries (e.g. USA and African, Caribbean countries) demand improvements on issues like minimum prices, working hours, health and safety features, etc.

Analysis of Political-Legal Factors

- **Environmental Conditions** : The arrangements of the environment is not included in WTO agreements and it doesn't seem to be the topic for future meetings. But, there are approx. 200 international treaties related with environmental regulations and increasing concerns of customers over this issue.
- **Textile Ecology** : Ecology in textile is described as having a whole ecologically engineered process in which no step (i.e. from cultivating the cotton till disposal of the Clothing) is against ecological regulations. This process is broken down into three main sub-processes: Human ecology, ecology in production and ecology of waste.
- **Ecologic Textile** : In line with increasing concerns of final customers about environmental issues, increasing numbers of European and American retailers are demanding ecological textile and apparel products.
- **Eco-Tex Applications** : The idea of Eco-Tex is that only the products that are produced ecologically will carry a specific Eco-Tex label and this will give an opportunity to end user to choose an environmentally friendly product..

Analysis of Political-Legal Factors

- **Political-Legal Considerations For Tay Group.**
- **With January 1st 2005, China being much stronger in the entire Clothing industry is the inevitable result. During the period from MFA to ATC, the quotas that were considered as a waylay for Turkish Clothing Industry, as we get closer to 2005, are pronounced as they are the removals that should be removed. But, we should work on 2005 and the future since there is no escape from this period. It is obvious that, competing with China in labor cost are, which they are very good at, is no different than committing suicide. Italy it the country that we will take as a model. Without wasting any time we should start working on fashion and brand and also start selling out own products with our own name. We should realize this step together with adding information and technology to the product.**
- **We have the infrastructure for this production. After going over this infrastructure and preparing the technological improvement plans, we should keep going.**
- **Starting to build the structure for answering the conditions of environment and society, which we face more often every day, a long time ago is a very important advantage for out company. These studies will be integrated to the company's structure systematically by the integrated management system.**
- **Integrated management system is responding to the expectations of our customers at this moment. But, it one of the most important presences as being a critical infrastructure in becoming a brand period. It is an inevitable obligation for the company to set this kind of a system to form and check the supply infrastructure standards.**
- **When the trading blocks in the world is examined, Turkey is obviously a part of both Europe and Mediterranean basin. We must to continue as the best producer in this basin. We must develop a fashion and brand infrastructure at European standards to establish this position.**
- **If we keep producing the way we see the quality instead of what this basin expect us as quality and fashion, it will be unavoidable to break apart from this basin and find ourselves in the midst of China.]**
- **China's low labor cost and low cost advantage is a topic that we should benefit from instead of resisting. We will need to pass the big party productions if we want to reach the level of fashion and brand we want. At this point, we should also learn how to accumulate good quality products.**

Analysis Of Socio-Cultural Factors

■ Buying Trends

Developed Countries

- ↑ **Demand** is going to increase **with a decreasing rate**.
- ↑ There is going to be **less increase in consumption** amount but **more increase in value**. (Expensive shopping)
- ↑ Market **segmentations will increase** in number, these segmentations will have different tendencies.
- ↑ The demand to **personalized** products, **functional** products, **environmentally** friendly and **healthy products** will increase more than the traditional products.
- ↑ New shopping styles will expand (**e-commerce**)

Developing Countries

- ↑ Demand is going to increase in an **increasing rate**
- ↑ Consumption is going to increase **in the same rate in amount and value**
- ↑ Demand for **fashion alike, local brand, mid-quality products** will increase much faster (status-brand relation)

Least Developed Countries

- ↑ Consumption **increase will be limited** depending on the income increase
- ↑ **Away from global trends, need based consumption** will continue

Analysis Of Socio-Cultural Factors

■ Marketing Trends

- ↑↑ **Influence of marketing activities** on value creation and distribution will **increase**.
- ↑↑ After the quota removal, **customs rates will be an important criterion** to select the supplying countries. Wholesalers and retailers will prefer countries that **don't have customs or have low rates**.
- ↑↑ Wholesalers and retailers will demand lower prices for the same or better quality products because of the competition. Price pressure will increase from retailers to producers.
- ↑↑ **Consumer prices will decrease** whereas **retail prices will either stay the same or increase**
- ↑↑ Retailing improves fast and their portion in total sales will increase as well. **More reatil stores will be opened**.
- ↑↑ **Retailing is becoming international**, international collaborations are increasing, sharing distribution channels among reatilers is becoming a common practice.
- ↑↑ Retailers are forming “**global supply**” chains, supply sources are increasing in variety. **Small quantity but frequent orders** are preferred.
- ↑↑ **Season numbers** through out the year increases to **6-8 weeks** with an increase in collection numbers within the seasons.
- ↑↑ **Markets are being segmented**. Many market segments are formed within the same market and all these segments demand very different and changing products.

Analysis Of Socio-Cultural Factors

■ Marketing Trends

- ↑↑ Products' vitrine stay decreased to **4-6 weeks**.
- ↑↑ Orders are also breaking apart. The orders for the entire season are **given to many countries/firms** instead of one country/firm.
- ↑↑ The number of supply sources for every market, market segments and customers is increasing, **order quantities per producer decreases** and frequency of the orders increases.
- ↑↑ **Quick production-delivery** has been the most important demand in marketing. **Closeness** to market has become more important.
- ↑↑ **Fast adaptation to consumer demands, small quantities, flexibility, constantly changing products**, continuous supply to the market is demanded.
- ↑↑ More **complex logistical operations** will be demanded by retailers. (**Door-to-door delivery** for every single store, delivery of the products that are ready for retail sale)
- ↑↑ Retailers and wholesalers are establishing supply chains using the **information technology**. Suppliers without this infrastructure will be left out of the chain system.
- ↑↑ **E-commerce** will expand rapidly. E-commerce ratio is increasing in buying from the producer and consumers direct buys.

Analysis Of Socio-Cultural Factors

■ Marketing Trends

Import Distribution Outside From EU

Distribution Channels	Year 2000 %	2000-2010 Average %
Retailers	66	70
Wholesalers	28	20
From Wholesalers to Retailers	16	12
From Wholesalers to Stores	12	8
Private Stores	6	10

Analysis Of Socio-Cultural Factors

Socio-Cultural Considerations For Tay Group

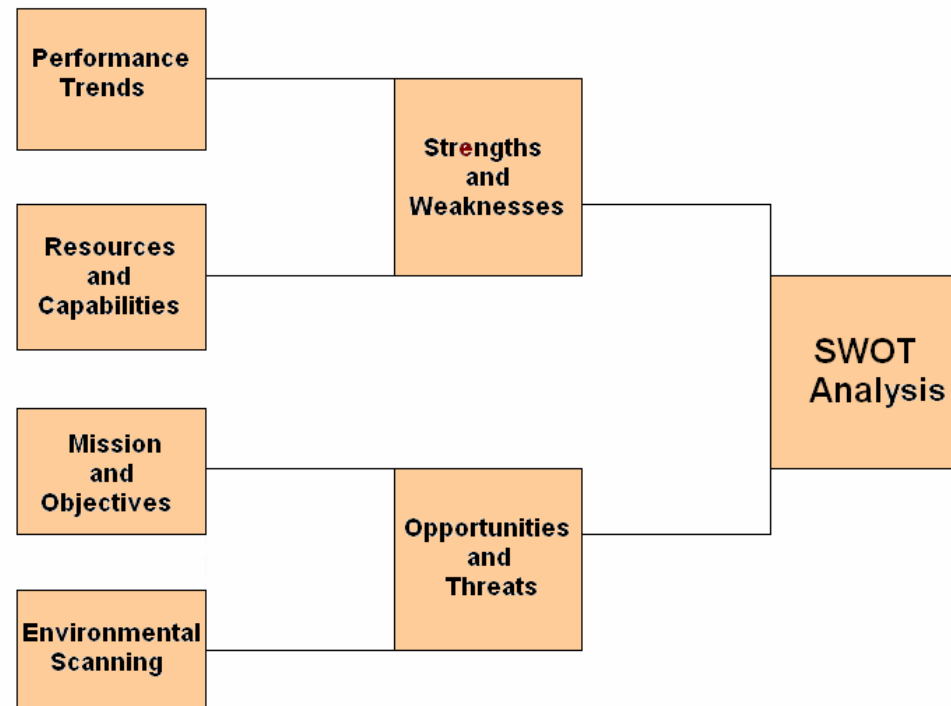
- *In the entire world, the budget for Clothing shopping has been decreasing. But, the need for clothing is constant and there is always going to be active sellers in the market.*
- *Our company, first of all, should decide its customer segment and what kind of products will be presented to these customers. Considering our production skills it can be seen that it is better for our company to produce casual, comfortable and trendy clothes for young men and women.*
- *We should make this presentation with a brand that has the life style in it. This life style should be the style of middle/high income men and women living in the city.*

SWOT Analysis

In the light of information we got from the Global STEP analysis, we will examine the opportunities and threats for Turkish Clothing industry in the global arena. We will also examine Turkey's weaknesses and strengths against all the factors.

The results will be the basis of the competitive strategies for our company.

SWOT Analysis



Comparisons : Textile Industry Infrastructure

	Cooperation with Textile Sector and Its Infrastructure	Quality of yarn	Weaving quality	Technological Level	Factory Scale
Turkey	Very Strong	Good	70-80	80-90	Middle economic scale
China	Strong	Middle/Good	70-80	60-70	Middle economic scale
India	Strong	Good	60-70	55-65	Middle economic scale
Italy	Perfect	Perfect	95	100	Economic scale
Poland	Improving	Middle/Good	70-80	70-80	Middle economic scale
Morocco	Weak	Middle/Good	60-80	60-70	Not economic scale
Tunisia	Weak	Middle/Good	70-80	60-70	Not economic scale
Mexico	Improving	Good	70-80	80-90	Middle economic scale

Comparisons : Production Process

	5 pocket pants production time minute	Shirt production time minute	Pullover production time minute	Automation and computer supported production	Qualified Work force Worker Management Technic	Quality	Preparation of the collection	Small quantities flexible production	Efficiency %
Turkey	22-30	32-40	25-34	15	3 / 2	80	30	Middle/Good	55-65
China	26-30	30-42	24-38	10	3 / 2	65-70	25	Weak	40-50
India	28-34	42-62	28-42	3	2 / 2	60-65	20	Weak	40-50
Italy	16-20	24-26	18-24	80	4 / 5	100	80-90	Very good	70-75
Poland	24-28	22-38	22-38	20	4 / 4	75	30-35	Middle	50-60
Morocco	22-30	34-58	30-36	2	2 / 2	75	25	Good	50-60
Tunisia	23-28	36-42	27-33	5	2 / 2	75-80	25	Good	50-60
Mexico	20-24	26-32	22-28	30	3 / 3	80	30-35	Good	65-70

Comparisons : Production Costs

	Land Price USD/m ²	Building cost USD/m ²	Elektricity Cent/ kwh	Water Cent/m ³	Transpo ration USD/To n	Labor cost USD/Sa at	Cost ABD=10 0	Competiti ve Costabilit y
Turkey	30	500	7,5	95	1600	2,14	51-53	++
China	5	300-400	2,1	45	2200	0,61	33-35	++++
India	10	300-400	2,8	60	2000	0,6	33-35	++++
Italy	100-150	600	1,6	30-90	1100	16,65	127	Differen ce
Poland	100	700	1,5	85	1000	2,52	56-58	++
Morocco	30-40	450	1,54	60	1900	1,92	40-43	+++
Tunisia	50	250	1,9	70	2000	1,89	40-43	+++
Mexico	60-80	400-500	1,8	80	1400	1,51	38-39	+++

Comparisons : Marketing

	Marketing	Delivery time	Delivery success	Collection success	Direct Sale To Retailer	Large Store
Turkey	Strong	3-4 weeks	90	Improving trend	Increasing	Increasing
China	Strong	3-5 weeks	70	Improving trend	Very New	NA
India	Middle/Strong	3-5 weeks	60-70	Very Weak	Very New	NA
Italy	Very Strong	2-4 weeks	90	Very Strong	Available	Strong
Poland	Weak	3-4 weeks	85-90	Improving trend	Few	NA
Morocco	Weak	4-5 weeks	80	Weak	NA	NA
Tunisia	Very Weak	3-5 weeks	90	Weak	Increasing	NA
Mexico	Strong	3-4 weeks	90	Improving trend	Very New	NA

Comparisons :

Italy - Turkey

- To close the gap between Italy and us, We should find ways to improve our **marketing and finance** to head towards **fashion and quality**.
- It can be foreseen that, together with the ever increasing labour costs, not only high quality production facilities, **but also design organizations will go out of Italy**. The new destination should be Turkey.
- **To close the gap does not necessarily mean that we should be like Italy in all respects**. Turkish companies should set their visions beyond.
- In the industry circles, **Italian Clothing industry has been the idol**. But this idea **has some controversies in itself**.
- We should keep in mind that, **multi-billion-Dollar global Clothing giants are not from Italy nor France, but from UK, USA and Germany**. The latter has been very strong not only in fashion and brand side, but also especially in distribution and retailing.
- Italy and France can be models for fashion or brand business. But models of giant business are American and British Clothing giants.

SWOT Analysis

■ Weaknesses

- Weak financial structure, scarcity of capital
- Not going for market differentiation
- High energy, communication and transportation costs
- Lack of the country's financial resources and high interest rates
- High labour costs
- Lack of harmony in market combination
- Not using new marketing techniques, being unaware global marketing literature
- High income tax and social insurance premium
- No incentives for employment
- Scarcity of trained productive manpower and supervisor
- Problems in supplying good quality raw materials from domestic resources
- Not well developed flexible and small quantity production infrastructure
- Lack of direct transportation in rural parts of the country
- Not good enough e-commerce infrastructure to respond the advanced needs
- Need to renew the machinery
- Not having powerful brands and poor image of the country

SWOT Analysis

■ Strengths

- Developed textile and dyeing/finishing industry, working in cooperation with Clothing industry
- Developed and multi talented weaving industry
- Established supplier and subcontractor network
- Enhanced product base
- Approved working conditions
- Collection preparations
- Standardization
- Established transportation and communication infrastructures. Modern telecommunication possibilities.
- Liberal regime
- Well trained managers and technical peoples.
- Environmental consciousness.
- Closeness to the European market that makes the fast desired delivery easier.
- Existence of educational and training (vocational schools, faculties) institutions

SWOT Analysis

■ Threats

- Competitive conditions in 2005, China entering the WTO for trade without quota
- Producer countries that have entered into EU.
- Empowered Mexico in NAFTA
- South America getting ready for free trade with NAFTA

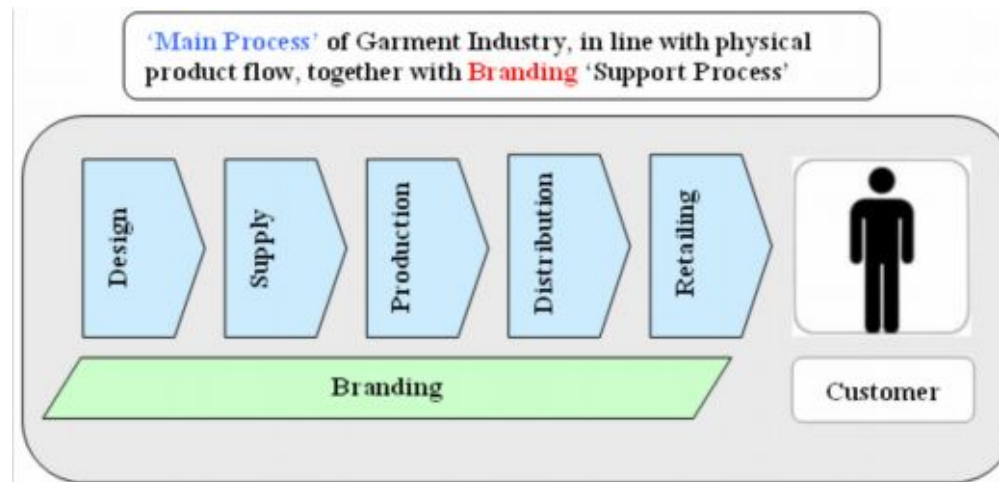
SWOT Analysis

■ Opportunities

- Integration to developed countries through EU membership candidacy and G-20 formation
- Entering into export markets with our own brands
- Development of support systems that will make local brands get into new markets
- Finding niche markets
- Switching to computerized automation to increase efficiency
- Establishing our own retail organizations
- Making global supply chain organizations
- Producing high quality goods

3 Ways of Getting Out of Contract Business

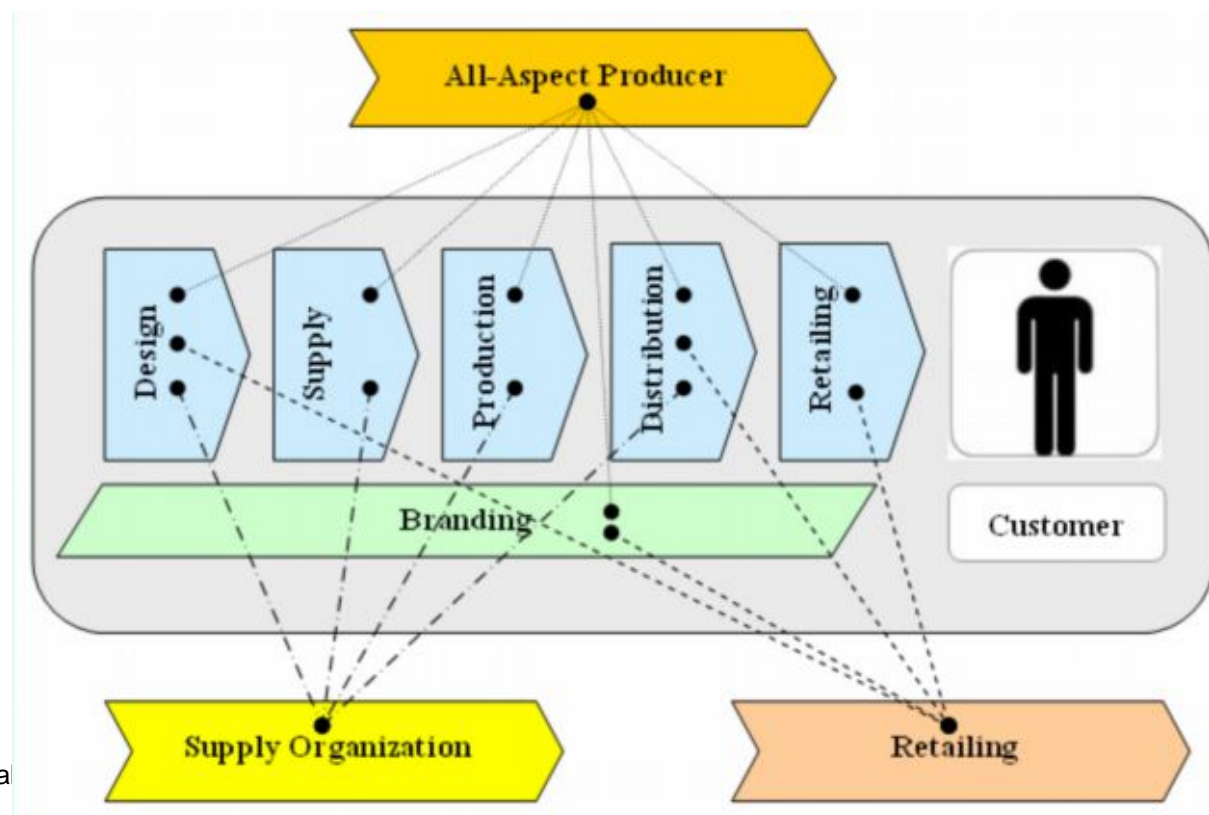
- **Turkish** companies always speak about finding a way out of contract business and becoming independent actors. They generally agree that **the only way** of getting out of contract business is **creating a brand and selling that brand**.
- This thought is a **natural outcome of being a producer for global brands** for a long period of time. They want to enter their customers' more profitable playground.



- This approach is an counterproductive approach since it is reducing the possibilities to a single solution and, hence, making all actors look similar in the industry.
- However, in today's competitive world of differentiation, single dimensioned solutions are not actually solutions.

3 Ways of Getting Out of Contract Business

- To break this single dimension, first of all we should **not see industry as a monolithic structure**. We should examine the **major process steps and basic skills areas**.
- Then, we can think of **alternative ways** to getting out of contract business.



All-Aspect Producer

- First of the alternative ways is to become, what I suggest to call, '**all-aspect producer**' and get out of contract business and become a **global brand**. Reaching the global consumer directly by making your own collection and creating a brand is the way to be a global brand.
- The most common, known example for this alternative is **Levi Strauss & Company**. The company which was established in 1853, made the world's first jeans with rivets on and took its patent right. Starting from San Francisco, they presented and sold their jeans to the entire world.
- This way is the producers'/ contractors' way and it is **perceived as the only way out** from contract business in Turkey.
- This is related to our companies' perspective of seeing themselves as **producer/ production organizations rather than suppliers** who answer the specific needs of customers.

All-Aspect Producer

- Our companies who see themselves as producers find branding as the salvation. To tell the truth, companies like **Mavi Jeans, LTB, Colin's, Cross** managed to get out of contract business by this way.
- The major problem for getting out of contract business as an all-aspect producer is the **requirement for controlling almost all the Clothing industry processes** and making a lot of investments to fulfill this.
- Some of companies using this way, cannot get out of contract business as fast as possible because of **their weaknesses in some process steps**. Meanwhile, It is not always easy to assure the financial sources to **invest in all of the required process steps**.

Supply Organization

- A second way is to get out of contract business **as a supply organization for the global brands and retailers.**
- **British companies are the best examples in this field.** Britain, the fatherland of Industrial Textile, has been industrialized in the Clothing production a long time ago and the British firms had chosen their way to **specialization** within the industry.
- **Desmond Company** dealing with all the supply processes including production, storing and distribution **for Marks&Spencer** is a good example for this case.
- The most recent success story for specializing in supply organization is the **Li&Fung company from Hong Kong.** The company organizes 6000 suppliers in 35 countries despite of being an expert on Clothing industry and serves for many other consumer products.

Supply Organization

- Global supply organization concept is **giving the signals of moving from Europe's** big supply organizations **to eastern** parts of the world.
- As production moves away from Europe, so will do the **high-salary European supply organizations** with offices far from the production sites.
- This process of moving out of Europe has been taking place as in the Slywotzky's (1995:22) "**value migration**" definition.
- Some of these organizations **has been already replaced by far eastern organizations.**
- Some far eastern supply organizations companies like **Li&Fung** had really good turnovers in recent years.

Supply Organization

- **Mr. Birnbaum** sketches the **profile of global Clothing supplier** after the year 2005 where all quotas will be removed in his article “**Life After Quota**” as:
- “These suppliers will be **giant producers with very strong capitals** and they will put the product into the stores and get paid when they are sold. These companies will not be from China, but from **Korea, Hong Kong or Taiwan.**”
- This opinion envisions **the management of all the steps except retailing and branding** by the global supplier.
- **If Turkey is to be one** of those countries, the supply organization perspective should be included in Turkish producers’ agenda and they should do something about it.
- **Taypa is one step ahead** by being a Turkish company who already formulated this option of getting out of contract business. Taypa has declared being an **indispensible supplier for global brands** and did not mention becoming a brand, which is an obsession that most of the other firms have in their visions.
- The weakness of Taypa is not starting the design and distribution operations yet.

Retailing

- A third way is to **be a retailer**. This is what we generally see in western countries and have seldom examples like Damat&Tween in Turkey.
- **Swedish H&M** is a good example of companies that grow in the global arena without production but rather use the power of retailing. It keeps growing since the year 1947 when a Swedish tailor opened his second shop.
- We are in a period of time that **retailing is expanding in every industry** and retailers are dominating the entire value chains. The branding process can easily be managed in contact with the customer, which means in **retail points**. The way of dominating the value chain is to own the stores at retail points.
- The reatiling **know-how** gained in the Clothing industry can be used not only in this sector but also in all the other sectors. Companies choosing this way can grow rapidly by going into **product differentiation** in the markets they enter into.
- Every day, retail sector is creating a new global giant/actor. The last global giant declared is the American retailer **Wal-Mart**.

Inevitability of Design

- **Design function** does **not** have the economic **potential to create a global giant/actor** by itself even though it is the essence of this business.
- This function is the **least developed** and **most desired** function in our country.
- It is a field that **cannot be seen as the only way out** but it is a basic skill that forms **the strongest side for all the ways out**.
- All the companies that want to be a global actor should **either establish** an autonomous design organization **or cooperate with the design offices** in Europe.
- A possible solution for Tay group is **to form a parallel organization to Taypa and Tays**, to give design service to both of the companies.

Tay Group's Way Out

- Tay Group seeks ways out with **second option by Taypa** and with **third option by Tays**.
- The second way has been Taypa's way since it was established. Taypa has been heading towards its target since the day it positioned itself as "**the indispensable supplier of global brands**".
- With Next, Taypa has gone further than **traditional customer-supplier** relations and advanced in becoming a strategic partner.
- **Zip Project that Marks & Spencer started with Desmond**, separated its way afterwards, is thought to be given to Taypa to move ahead.
- After the researches Taypa started months ago, **a qualified top manager from** England's leading global supply organization company **Martin Emprex** has been hired as an important know-how source.
- Taypa is focusing more on **strategic cooperation** in order to expand its **product portfolio**. On the one hand, studies for the **jersey** department is continuing and on the other hand, it tries to increase the **wash** capacity and variety.

Tay Group's Way Out

- Taypa's address for improvement from now on is, to **expand its organization** that is structured towards using the local supply sources to a structure that will use the global supply sources together with the local ones.
- **Taypa's "Global Supply Organization" structure** should be organized so as to source **out of multiple countries** for more frequent and smaller quantity orders, constantly renewed products, to be competitive and quick response company. Taypa's **staff should be strengthen** in this respect.
- The study that should be done now is to add the **design** to basic skill portfolio.
- What should be put in the agenda right after that is **warehousing and distribution organization** to form a global supply organization.
- **Warehousing organization** will be an inevitable subject in the agenda if we will get in touch with **Tesco**. We should broaden that perspective to form a **complete distribution organization for future extended operations**.
- To this end, a **wholesaler can be bought in Europe**.

Tay Group's Way Out

- **Third way**, can be performed with **Tays'** organization.
- Although Tays tend to define itself as an agency, it is **almost impossible to become a global actor with an agency profile** as seen in Turkey.
- In Turkey, representative institution that is **reduced to brokerage is not attractive** any more. All the clever **producers are working directly** with the customers' offices.
- Tays has to see itself as **a company that produces its own products and sells them at its own stores** and other retail points.
- **Tay Group has to force the third way out with a globally minded organization**, considering the ever increasing **power of retailers** over supply chains.
- As present Tays organization seems **unsuccessful**, the group's top management should either **reorganize Tays or totally replace it** with a new organization.

Tay Group's Way Out

- As it can be seen, our group has **the potential to create a global actor from both 2 ways.**
- But, if the fact that there is no global actor from Turkey is considered, **the possibility of both of our firms becoming a global actor is very limited.**
- At this point, with a project that is performed by both 2 firms, they can focus on **creating a global giant synergy.** There are some responsibilities for both 2 sides to create this synergy.
- **Taypa** seems to be more **successful in institutional infrastructure and human resources** compared to Tays.
- Still, it shouldn't be missed that **these are the first steps** for being a professional global supply organization.

Tay Group's Way Out

- Tays still **hasn't** done the **strategic positioning**, hasn't formulated the **vision** and hasn't **declared** it to the staff, yet. Tays **should complete** all these work as soon as possible.
- If there is going to be a **cooperation** between the two firms to create synergy, **Taypa should continue on the designated way** and **Tays** should focus on **being a brand and a retailer**.
- Even if this cooperation has been realized, **design** function would still be **an item to be covered**.
- The solution is to form a design organization **“Creatay”** parallel to Taypa and Tays organizations.
- Creatay should be organized under the leadership of an experienced designer of a global brand or by a design office from European fashion centers.
- Staff should be supported with **skilled designers from our country**. There should also be people in the organization that are not only designers but also people who follow the market and **know what is sold and what is not**.

Tay Group's Way Out

- If necessary, **Creatay can be located in Europe. It can be established as a subsidiary to Taypa or Tays as well as an independent organization**, too.
- Since existing firms are lacking many of their has-to-be skills, **whether the required attention to Creatay organization will be paid by them** or not is still under debate.
- Whether it is independent or not, **a powerful leader and autonomous structure** is needed for success in a short term.
- To tell the truth, other Turkish companies around does not make such conceptual distinctions for finding a way out of contract business.
- They are trying very hard to follow classical known method of growth by passing **from production to design and then to branding and retailing**.

Tay Group's Way Out

- This is the **popular growth plan laying behind the discussions** of becoming global. This plan targets **to achieve everything with limited sources**, it puts the companies in a tough position from the beginning and makes the tomorrow's probable big global actors delay or cancel their improvements.
- **Tays**, which has to leave the supply organizations to Taypa, **should specialize in branding and retail marketing**. There is a long way to go in retailing aspect and up till now **neither a serious plan nor a step** has been done.
- The marketing organization that Tays needs is an organization that has the ability to set up the **local and the global distribution channels**. In the branding world, if **reputation** (promotion) and **availability** (distribution) do not go parallel, the **rivals get the cream of the market**.

5 STRATEGIES FOR ENTERING AND ACTING IN THE TARGET MARKET

Purpose	Process	Techniques
Formulate the global vision, decide where the company is at global marketing evolution process	Formulate the global vision, decide where the company is at global marketing evolution process	Vision formulation and deployment techniques Global Marketing Evolution Analysis
Assessment of global competitiveness, deciding which country/ region to enter	Analyze Global Competitiveness	Global Competitive Analysis - STEP Analysis - SWOT Analysis
Developing entry strategies and marketing plans for target countries/ regions	Develop entry strategies and marketing plans	Market Entry Strategies Marketing Mix
Developing growth/ expansion strategies in the market	Develop growth/ expansion strategies	Growth/ Expansion Strategies
Review of global growth and planning for further expansion	Review of Global Marketing Stage and Global Vision	Global Marketing Evolution Analysis Vision formulation and deployment techniques

Target Markets: USA

Target Markets:
EU, USA, Japan
and Russia

USA's Yearly Clothing Industry Import (Million USD)

COUNTRIES	1996	1997	1998	1999	2000
Mexico	3.560	5.050	6.494	7.538	8.413
China	3.769	4.488	4.312	4.370	4.499
Hong Kong	3.861	3.935	4.428	4.256	4.486
Dominic Republic	1.753	2.216	2.342	2.337	2.428
Honduras	1.219	1.659	1.873	2.158	2.337
Korea	1.390	1.518	1.891	2.103	2.264
Taiwan	1.974	2.071	2.155	1.974	2.064
Philippines	1.503	1.597	1.745	1.792	1.895
Indonesia	1.326	1.596	1.659	1.686	2.055
Bangladesh	1.225	1.448	1.627	1.676	2.166
Canada	948	1.204	1.421	1.598	1.747
India	1.187	1.347	1.517	1.525	1.786
Thailand	1.049	1.257	1.452	1.509	1.820
Salvador	721	1.052	1.171	1.329	1.587
Turkey	579	672	781	834	1.048
Other	10.325	11.717	13.307	14.111	16.707
Total	36.389	42.827	48.175	50.796	57.252

Target Markets: USA

USA's Turkey Export and Its Position in The Export

	1996	1997	1998	1999	2000
USA's portion in Turkey's Total Export	% 7.06	% 7.74	% 8.28	% 9.14	% 11.3
USA's portion in Turkey's Total Import	% 8.06	% 8.92	% 8.83	% 7.5	% 7.1
USA's portion in Turkey's Textile Clothing Industry Export	% 8.55	% 8.83	% 9.58	% 11.6	% 14.2
USA's portion in Turkey's Textile Clothing Industry Import	% 4.01	% 8.58	% 9.69	% 5.2	% 9.2

Target Markets: USA

Marketing and Distribution Channels

- **Competition in USA's retail sector is increasing** due to the decrease in consumption budget and in demand.
- The retail competition brings lower prices, constant prices cuts and this way leads to a **decrease in the retail profit**.
- The prices have been almost the same for retail sector for the last five years whereas the **prices for import products decrease**.
- Price decrease in import products is due to increasing competition, **removal of quota limits by various agreements** and sourcing out of **very low cost countries**.
- The prices are **expected to keep decreasing** in the years to come.

Target Markets: USA

USA Market Evaluations

- It doesn't seem attractive to target directly the American market directly because of the **constant decrease in retail prices.**
- Catching the competitive position in this market depends on the effectiveness of **supply out of Mexico, Caribbean and the Far East.**
- Success in categories other than price means **a direct office in New York with design function and a good promotional budget.** In this respect, American market is difficult in company resources and skills portfolio aspect.
- America does **not seem to be the priority market** for Tay Group as a group trying to create its own brand and deal with its own distribution. It is something to keep in mind after a successful entry to the European market.

Target Markets: JAPAN

Japan's Clothing Imports (2000)

COUNTRY	VALUE (MILLION USD)	SHARE (%)
China	14,713	74,7
South Korea	951	4,8
Vietnam	591	3,0
USA	468	2,4
Thailand	293	1,5
Indonesia	222	1,1
Malaysia	150	0,8
India	140	0,7
Philippines	114	0,6
Hong Kong	105	0,5
Turkey	13	0,1

Japan's Textile and Clothing Import Regions (2000)

REGION	% SHARE IN IMPORTS
ASIAN COUNTRIES	89
CHINA	75
SOUTH KOREA	5
VIETNAM	3
ASIA – OTHER	6
EU	7,5
AMERICA	2,5
OTHER	1

Target Markets: JAPAN

Japanese Market Evaluations

- Japanese market, like American market, does **not seem to be a prior market**. It is also something to keep in mind after a successful entry to European market.
- Japanese market is a market that should not be a prior market because of its geographical and cultural distances.
- At the moment of entering into this market, as other companies who were successful did, a local office should be established in Tokyo.
- To reach the competitive position in this market , depends on overcoming cultural barriers to understand the Japanese consumer's expectations directly and also on the effectiveness of the supply organization out of the Far East.

Target Markets: RUSSIA

■ Russian Market Evaluations

- Russian market has been known with **“trunk trade”** in Laleli district of Istanbul.
- As long as Russian authorities give permission, textile and Clothing **“trunk trade”** with Russia will continue. With such a distribution channels structure, **Russian market is deceiving for “global actor” candidates.**
- There are some **successful Turkish brands** in this market. They have been making some good marketing campaigns promoting brand images and they have encountered **no “country of origin” problem.** Some of the Turkish brands especially **in blue jeans** have very good market shares.
- But these brands are **mostly away from global marketing perspectives** and the companies does not have the **“global actor”** mission.
- Russian market continues to be **a peripheral market** of the global arena. **Experiences** that can be gained in this market can only be of **little value** when entering into developed markets.
- On the other hand, those companies wanting **to start small or already having some operations** in this market can take **advantage** of this developing market.

Target Markets: EU

15 EU County's Clothing Industry Exports (Except for Inside The EU – Million Euro)

COUNTRIES	1990	1995	1998	1999	2000	2001
Germany	9.731	12.029	13.240	13.519	14.674	14.688
France	3.211	4.252	5.233	5.599	6.438	6.989
Italy	1.088	2.240	3.427	3.772	4.644	5.384
Holland	1.521	2.213	3.122	3.264	3.728	3.664
Belgium	700	1.258	2.037	2.182	2.435	2.595
England	3.204	4.095	6.529	7.684	9.847	11.001
Irland	76	98	204	242	318	334
Denmark	547	861	1.050	1.168	1.434	1.486
Greece	48	104	248	301	403	441
Spain	390	551	886	1.274	1.754	2.058
Portugal	34	61	58	62	68	70
Austria		570	725	776	800	828
Finland		245	337	354	381	377
Sweden		855	1.040	1.083	1.292	1.202
Luxemburg				69	107	74
Total	20.550	27.817	38.137	41.449	48.321	50.792

15 EU Member +
Cyprus, The
Czech Republic,
Estonia, Hungary,
Latvia, Lithuania,
Malta, Poland,
Slovakia and
Slovenia Bulgaria
and Romania

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Target Markets: EU

Imports From Non-Member Countries

COUNTRIES	AMOUNT	SHARE %
Total	85.909	100.0
EU (15)	33.456	38.9
China	8.960	9.4
Turkey	5.500	6.4
Hong Kong	4.745	5.5
Tunisia	2.641	3.1
Romania	2.516	2.9
India	2.479	2.9
Bangladesh	2.426	2.8
Morocco	2.371	2.8
Polonya	1.869	2.2
Endonisia	1.851	2.2
Tailand	1.117	1.3
Macaristan	981	1.1
South Korea	928	1.1

COUNTRIES	AMOUNT	SHARE %
Pakistan	867	1.0
Sri Lanca	864	1.0
Vietnam	780	0.9
Malasia	723	0.8
Bulgaria	686	0.8
Maritus	674	0.8
Taiwan	572	0.7
Czech Rep.	515	0.6
Makao	512	0.6
USA	502	0.6
Latvia	470	0.5
Croatia	448	0.5
Slovakaa	444	0.5
Ukraine	359	0.4
Slovenia	349	0.4
Philipinnes	332	0.4

Target Markets: EU

EU Countries' Production Trends

Niche Marketers

Germany, Denmark, Belgium, Holland, Switzerland will move to niche areas in their production, lower the number of products, and continue on investments to Middle and Eastern European countries.

Contract Manufacturing Countries

Portugal, Greece, Ireland and some portions of Spain will keep being a contract producer countries in the EU and compete with Middle, Eastern European and Mediterranean countries on traditional products. The aim towards middle class products will get stronger.

France

Will keep the fashion and design focused high class production and marketing and will move the low and middle class production to Mediterranean countries.

Italy

Will keep the low number, flexible production structure and at the same time hold the quality, fashion and brand advantages in unity.

England

Will keep the present production structure and increase imports.

Spain

As a way of getting out of the contract business, it will increase the share of middle-high class and fashion products in its product portfolio.

Target Markets: EU

The Distribution Of The Imports Outside of EU

Year 2000	%	2000-2010 Average	%
Wholesalers	28	Wholesalers	20
Retailer	66	Retailer	70
Private Stores	6	Private Stores	10
From Wholesalers To Stores	12	From Wholesalers To Stores	8
From Wholesalers To Retailers	16	From Wholesalers To Retailers	12

Target Markets: EU

EU Market Evaluations

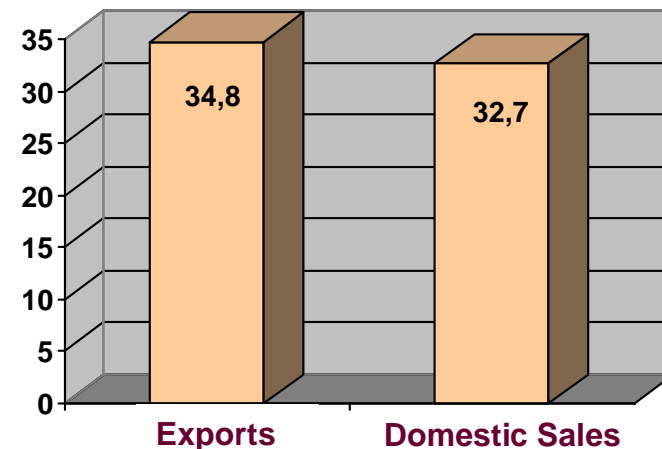
- Turkey is the 2nd largest supplier for Europe. Our country is a European country in every aspect. **European block is the block we are in**, in today's regionalized global arena. This situation is being officially declared by the process of Turkey becoming an EU member.
- Considering the global [production movements](#), 3 of the 6 main movements are either inside Europe or towards it, and consist of the half of the whole economic volume.
- Other movements go towards to put on clothes to the Americans and the Asians.
- When we further study the movements related to Europe, we can see both a movement inside the block and a movement **towards outside of it**. Both of the two movements give Turkey the opportunity to be an **indispensible supplier for Europe**.
- But this opportunity is **not for the low quality product category but rather middle and high categories**.

Target Markets: Domestic Market

Importance of The Domestic Market

- Together with targetting global markets, we should have a keen eye on our domestic market, too.
- **TGSD (Turkish Clothing Industrialists' Association)** expects Turkish Clothing industry export sales to reach USD 34,8 Billion and domestic sales USD 32,7 Billion as of 2010.
- These statistics show that the domestic market sales will be as big as export sales and shouldn't be neglected.

Turkish Clothing Industrialists' Forecast of 2010 (Billions of USD)



Selecting The Entry Strategy

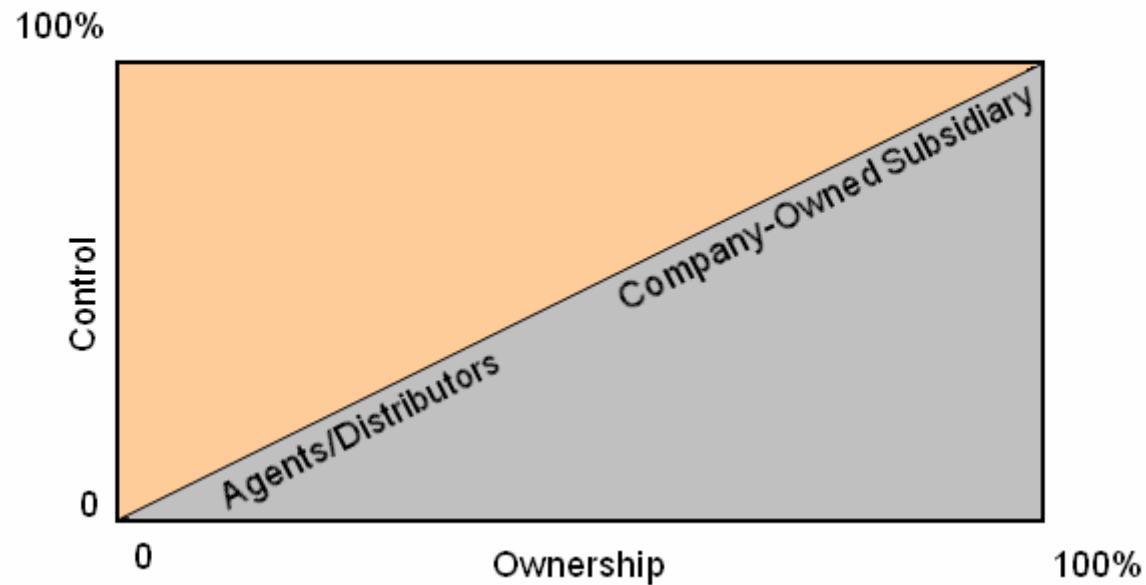
- Once a specific market is targeted, the company **should choose one of the alternative entry strategies** to enter that market.
- Once a suitable strategy has been selected in accordance with the company's **current capabilities and structure**, the **implementation plans** for that strategy should be prepared.
- Market Entry Strategies are not only for the companies entering the global markets for the first time. Those strategies should be used by all the companies that are in any stage of the global marketing evaluation.
- Every company, every time it enters a new market, should choose one of the alternative strategies, based on
 - Its own globalization level
 - The needs of the targeted market
 - Financial and other resources

Selecting The Entry Strategy

Share and Control Proportion

- The more the company has ownership in investments in the market, the more it has a control over it.

Keegan's (1998:288) Ownership and Control Graph



Strategies For Entering The Market

■ Exporting

■ Indirect Exporting

The firm sales its products to a foreign country via a middleman in its own country.

■ Cooperative Exporting

The firm uses overseas distribution network of another firm.

■ Direct exporting

The firm sets up its own export organization in house and sales its product via a middleman in the foreign country. When the volume gets high, the firm may set up its own network in the foreign market.

■ Licensing

It is a contractual transaction where the firm –the licensor- offer some proprietary assets to a foreign company –in exchange for royalty fees.

■ Franchising

It is an arrangement whereby the franchisor gives the franchisee the right to use the franchisor's business concept.

Strategies For Entering The Market

■ **Contract Manufacturing**

- The firm arranges with a local manufacturer to manufacture parts of the product or even the entire product. The marketing of the products is still the responsibility of global firm.

■ **Joint Ventures**

- The foreign firm agrees to share equity and other resources with other partners to establish a new venture.

■ **Wholly Owned Subsidiaries (Direct Investment)**

- If the firm prefers to enter new markets with 100% ownership, it will establish its wholly owned subsidiary by either an acquisition or a greenfield operation.

■ **Cross Border Strategic Alliances**

- Sometimes a firm can form a coalition of two or more organizations to enter into a new market, to achieve strategically significant goals that are mutually beneficial to the participants.

Our Entry Strategy For The EU Market

- One of the alternatives is **Contract Manufacturing**. Being EU as our target market, this option is out of choice, because of the Clothing industry production has lost its attractiveness. Parallel to that, a **Wholly Owned Subsidiary** including the production facilities cannot be preferred either.
- **Licensing and Franchising** is also out of choice for our group because of not being famous enough and not having the infrastructure ready for that system.
- **To have franchising** might be something to try but since it is not directly related to become a global actor, it shouldn't be thought as a priority.
- **Joint Ventures and Strategic Alliances** are also among alternatives to be thought about. But, to put these alternatives into real life, **trustable partners** that are analyzed and tested for some period of time are needed. Especially, to negotiate with these partners with equal conditions, **a strong market background is essential**. Otherwise, the agreement wouldn't go further than **contract manufacturing or having franchising**.
- Our initial entry strategy for the EU market should be **exporting strategy** parallel to **our global marketing evaluation stage**.
- We should go further than delivering our customer's product to our customer's transporter, which is what we did until now, and **start direct exporting**.

Domestic Market

- **Daniel Hechter** has found out that Turkish market is the most promising domestic market through out Europe.
- It is necessary **to draw a line between domestic and global retailing practices.**
- For entering the local market, that shouldn't be neglected, we should start with opening our own stores **first in Istanbul in locations that are suitable for our target segment** of people.
- Corners in big stores such as YKM, Carsi and franchises should be established through out the way.
- Our crew and our top management need very much **the retailing experiences** we will gain from our own stores.

Implimantation Strategies

4P Product Price Promotion Place	Ürün Fiyat Tutundurma Dağıtım	4C Costumer needs and wants Cost to the Costumer Communication Convenience
---	---	---

- The framework for implementation strategies is **4P's of marketing mix**.
- Our suggestions will be more **towards Tays** which needs more complicated plans to reach the **final customers in the global market**.
- **Taypa** has limited amount of customers and deals with the **industrial market**. So the details are not so complex compared to Tays. **Taypa's**
 - **Customers** are global brands;
 - **Product** is supply organization;
 - **Price** is globally set;
 - **Promotion** is its fame after its quality service;
 - **Place** is global distribution channels.
- Despite of that, especially in **distribution** and in **growing and expanding in the market**, we will give more suggestions towards Taypa. Other than that, 4P suggestions, will be heavily towards Tays.

Product and Branding Strategies

- **Developed countries** with strong ar-ge infrastructure, industrial know-how and fashion design background **head towards** hard to imitate, high value-added, technologically (textile) improved, functional, customized, **luxury and fashion products**.
- **With the increasing age average**, people earns more and **an increase in demand for high quality, fashion products** is envisioned.
- Our company, first of all, should decide its **customer segment** and what kind of **products** will be presented to these customers.
- Considering our production skills it can be seen that it is better to produce **casual, comfortable and trendy clothes for young men and women** for our company.
- We should make this presentation **with a brand that has the life style in it**. This life style should be the style of middle/high income men and women living in the city life.

Product and Branding Strategies

- The decision of preparing a collection, at first, gives two options to the firms:
 - Trend Setting or
 - Trend Seeking.
- **Trend Setting** needs strong **know-how and financial** background. As of all the other collection starter firms, Tays also has to **seek trends** for some time. But it can't last forever. Tays has to set its own style **within 5 years**.
- Tays' creative staff has to gain the background to deal with markets' destructive competition. **Tays needs stylists** who have experience of global markets, to create its own style and reach to a global level.
- Tays' **sourcing department** does not have enough **system infrastructure** to establish the connection with suppliers. To set this system up, Tays needs **professional staff** and time.

Product and Branding Strategies

- As a brand name, **Hammersmith was not a success or a total failure** in the past. It is said that it has a **masculin** sound for women lines.
- **Acquisition of Le Coq Sportive** as being well-known brand in Europe was an opportunity to **speed up the process**.
- Acquiring an established brand in Europe could be an **opportunity to have a solid customer base, established distribution channels and a pool of qualified human resources**, as well.
- But, since Hammersmith doesn't have a known **negative or positive past**, it might be held for a new and long adventure.



Pricing Strategies

- The **share of Clothing expenditures** in EU households' and individuals' total consumption budgets has **decreased while fields like traveling**, entertainment, communication and health has **increased**.
- **Mid-income** households and individuals (A large section of Europe) are focusing on **cheaper products with more frequent and smaller amounts shopping**.
- The products that will catch this trend are the mid-quality and branded products styled differently from the standard look.
- Developments in our target markets:
 - Constant and frequent collection productions,
 - Power in creativity and variety in products,
 - Quick delivery and quick response demanding market is being formed which is also sensitive to pricing.
- This market is tend to gain the mid-class quality/priced standard goods portion of the market.

Pricing Strategies

- **Segmentation is increasing** in the consumer markets.
- **Prosperity** brings up the demand for expensive and high quality goods.
- **Demand for casual clothing** is increasing in low price/quality product base.
- **A price pressure** is obvious in the market in any case.
- **Sports clothes can generate high turnovers** with an average price or a slightly above the average price because of its appeal to a large mass of people.
- For the future, we should **prepare ourselves for quality and prestige market** with another brand.

Distribution Strategies

- We already discussed that we might use **direct exporting strategy to enter our target EU market.**
- The need for direct exporting is **the distribution networks in the target market being set up by our own company.**
- Entering into the market **by buying a well-known brand** rather than entering into it by imposing a brand is going to speed up the penetration.
- **Retailing is the fastest improving trend** in EU market. Marketing (Retailing) effect in creating and sharing added value in the industry is increasing.
- **The producer's prices remain the same** or even decrease because of the price pressure brought by the competition in the supply side. **Retailer prices are increasing** above the increase in producer's price.
- Retail stores try to speed up their sales with their **private labels. Store concepts and in-store operations** are in priority.

Distribution Strategies

- These are the core capabilities that our company should have:
 - Power in creativity and variety in collections,
 - Increase in the number of seasons and collections through out the year,
 - Good quality fashion products for target audience,
 - Better quality for competitive price,
 - Effective distribution system to put the product on the shelf right on time,
 - Attractive store concepts and sales operations.
- The prior step in establishing a distribution system is **to contact the stores directly and gain a background** about the details of the structure and procedures.
- Being **a number one supplier for small store chains** can be a way for this purpose.
- **Buying a settled wholesaler by Taypa** might be an idea for speeding up the organization, distribution and penetration in Europe.
- This way, Taypa would take **a step forward** in global supply organization.

Distribution Strategies

- Tays's **first move into retailing** should be made in the target market **Europe**.
- **The type of retail stores** and whether they will be owned by us or be corners in big stores should be a prior decision **after financial evaluations**.
- In any case, we must have **our own stores at least in a few capitals** of Europe.
- For markets like **America, Japan, Russia** which we will enter later, **different organizations** should be established.
- The central offices of those organizations should be staffed with **local professionals**.
- **The entire organization's global marketing strategies** should be discussed and formulated at the **most appropriate location on earth**.

Distribution Strategies

- It shouldn't be neglected that **Turkey is the target market for most of the famous global brands.**
- Being late for organizing domestically might put us in such a position that we might **have to break the local and global big companies' competition** to find ourselves a spot.
- The teams of **domestic and European retailing organizations** should be organized **separately.**
- The **target segment should be the same** in Turkey as in Europe and we should **open stores in Turkey accordingly.**
- The first pulse in the country should be **at least 3 stores at high prestigious districts of Istanbul.**
- **The hit rate of collections and impacts of brand positioning** should be **tested by our own staff** at these stores by themselves.
- **Domestic expansion** should continue with picking corners in big stores like **YKM, Carsi and franchising** all around the country.

Distribution Strategies

- In the near future, the **role of the e-business in distribution networks** will increase.
- The role has twofold: Between **supplier and retailer (B2B)** and between **retailer and consumer (B2C)**
- With the increasing demand in quick response, quick delivery and quick replenishment, **e-business applications between suppliers and retailers** will have popularity. The first implementation of such an application within our group should start between **Taypa and Tays**.
- **Complex logistics and distribution demands** of retailers like Tays' will increase
 - Different delivery for every single store,
 - On-shelf delivery for retail sell
- To carry out this heavy duty successfully, suppliers like Taypa should **invest more in IT** infrastructure. Taypa should be ready for this.

Distribution Strategies

- Tays should also invest in **selling products over the internet to the customers** as an alternative distribution channel.
- Internet shopping is going to be an inevitable shopping method given the customers' **ever increasing scarcity of time**.
- In this topic, many successful examples such as apparel specialized **Land's End** (www.landsend.com) and **amazon.com** with its apparel section can be shown.
- All the **global brands have their own** on-line apparel stores.

Promotion Strategies

- Today's developed media and communication possibilities, if used properly by the retailers, **increase the desire and opportunity for shopping.**
- Global and local brands allocate **big portions of their marketing budgets for promotion campaigns.**
- Promotion strategies that are **not parallel with product and brand strategies** will never give the expected result.
- At one time, Tays had organized its marketing team for **brand creation and promotion.** We should keep in mind that if that team had been very successful, it would have been an improvement **only in 1 out of 4** major components of marketing mix, namely promotion.
- A **branding communication project** about the urban life style of middle and upper-middle-income young men and women should be **communicated to the target audience.**
- The brand's life style has to reach as large crowd of people as possible. **Quite large promotion budgets** will be needed for this. This should be interpreted as an investment and this investments amount and its **return should be calculated.**

Promotion Strategies

- Having **too many messages to deliver** to the target audience complexes the job of Marketing Professionals and **bring a necessity to coordinate all Promotion Mix Activities** (Advertisements, Sales Promotions, Public Relations and Personal Selling).
- The **method of coordinating** all Promotion Mix Activities is called **Integrated Marketing Communications**.
- Integrated Marketing Communications is **widely accepted** by global firms. It is defined as “a **strategic business process** used to plan, develop, execute and evaluate coordinated and measurable persuasive **brand communication programs** over time with consumers, customers, prospects and other **targeted, relevant external and internal audiences**.”

Promotion Strategies

- The application that goes further than the integrated Marketing Communications studies towards the final customers, is the application which **makes the staff become a target for the messages**, too.
- With its **perfection on working conditions**, listed in the Fortune 100 Best Places To Work, **Timberland** is one of the companies that apply this in the best way.
- Timberland company enforces its **suburban, camping life's functional and "rugged" nature** style in its all messages.
- Extra opportunities that are supplied for its staff are also in that style. For example, a **big artificial rock** was put in the entry of the company entrance **for the staff to climb up to**.

6 STRATEGIES FOR GROWING AND EXPANDING IN THE MARKET

Purpose	Process	Techniques
Formulate the global vision, decide where the company is at global marketing evolution process	Formulate the global vision, decide where the company is at global marketing evolution process	Vision formulation and deployment techniques Global Marketing Evolution Analysis
Assessment of global competitiveness, deciding which country/ region to enter	Analyze Global Competitiveness	Global Competitive Analysis - STEP Analysis - SWOT Analysis
Developing entry strategies and marketing plans for target countries/ regions	Develop entry strategies and marketing plans	Market Entry Strategies Marketing Mix
Developing growth/ expansion strategies in the market	Develop growth/ expansion strategies	Growth/ Expansion Strategies
Review of global growth and planning for further expansion	Review of Global Marketing Stage and Global Vision	Global Marketing Evolution Analysis Vision formulation and deployment techniques

Strategies For Growing In The Market

Keegan's (1998:298) Market Expansion Matrix

		MARKET	
		Concentration	Diversification
COUNTRY	Concentration	1. Narrow Focus ↓	2. Country Focus ↓
	Diversification	3. Country Diversification ↗	4. Global Diversification

Strategies For Growing In The Market

- The very first strategy for country / market combinations is to focus on one specific market of one specific country, that is **(1) Narrow Focus Strategy**. For us, it is focusing on German Clothing Market.
- We should enter into **all primary German Clothing market locations** that is critical to grasp and decipher the **consumer behavior and distribution channels**.
- The next growth step should be the **(3) Country Diversification Strategy** emphasizing on focusing on the market (Clothing) and diversification of the countries.
- Entering into one or more **countries that have some sort of similarities to Germany** would be a rational movement.
- **It is not necessary for new countries to be the same as the countries entered before**. But, entering into the similar countries one after the other can mean strong positive transfer of experiences for development of local strategies.

Strategies For Growing In The Market

- It is important to catch **the economies of scale in already entered country**, before deciding to enter another country. By this way, with the efficient use of resources, it becomes possible to reach the competitive advantage.
- **(2) Country Focus Strategy** should not be an appropriate strategy for a Clothing group like us for the initial years as it suggests to focus on country and diversify the markets together with Clothing market.
- But, **as the firm excels in retailing, it is possible to implement this strategy** by adding some related items in product portfolio. This would be a critical step for further globalization. For example, **Swedish H&M**, right after expanding the product portfolio in Clothing, it started selling **cosmetic products** with its private label.
- **(4) Global Diversification Strategy** is the strategy for multi dimensional global giants. That is a far future step for our industry's companies.

Growth Areas Outside The Market

- **Finding new markets is not the only drive for going global.**
- **The entire world should be examined** for a competitive advantage opportunity in any field of Clothing industry.
- We should be **ready to move to any place in the world** that promises design, supply, production or distribution advantages.
- For the design stage, the first thing that comes into minds, might be establishing **a design office in Italy or France.**
- In the near future, if we make the attempts needed, **the design offices of global brands can move to Istanbul**, whereas if we don't make any attempts, then **to Shanghai.**
- Predictions about the **future of the fashion** suggest that **technological possibilities** will shape it rather than the human creativity.
- An important portion of the **investments** made on technology should be saved **for design technologies.**
- **Creatay**, while attempting to enhance the creativity and the effectiveness of human resources, it should develop **strategies for competitive technological design advantage.**

Growth Areas Outside The Market

- **Creativity, know how and technology** will continue to determine the **value of** Clothings in the market.
- Technological developments **integrate the design and the production processes**.
- **For quick response and competitive prices**, integrated design and production systems are a promising area of improvement.
- Especially for Taypa, computerized design and production systems are the new growth and improvement areas. **With CAD /CAM systems, integrated, quick and flexible production systems** can be developed.
- Together with all these technological improvements, an Enterprise Resource Planning (**ERP**) software (**preferably SAP**) should be planned to be installed **through out the company**, including future logistical processes of distribution centers.

Growth Areas Outside The Market

- Demand for quick response, small quantity and flexible production is increasing.
- What **Taypa** has to do in this aspect is to switch to flexible production systems and **shorten the production lead time together with establishing a distribution system to put the products on customers' shelves and quickly replenish it** when they are needed.
- For the groups **distribution center** for the targeted European market, **Poland** can be considered to be the most optimum distribution point. In one of **McKinsey's** 2003 reports, Poland named as the service base for Europe.

Growth Areas Outside The Market

- We mentioned many investment subjects in this part. Of course, in the global supply perspective, these investments should be done in whichever country is the best.
- The decision matrix below can be used for deciding where to set up the factory, office and other facilities.

Sourcing / Outsourcing Decision Matrix

Sourcing	Criteria	Outsourcing
(score)	< Cost >	(score)
(score)	< Quality >	(score)
(score)	< Distribution >	(score)
(score)	< Customer Value >	(score)

Strategic Cooperation

- In the global arena, companies prefer **cooperating with other companies** that already have the strategic competitive advantages **for new ways of presenting a different value offer** to the customers.
- **Global strategic cooperation** is formed when two or more companies develop a **joint, long-term strategy** aimed at achieving **the world leadership** in a specific field.
- The partners' **vision and efforts are truly global**, extending beyond home countries and the home regions to the rest of the world.
- **Relations are established in a mutually beneficial way**. Each partner possesses specific strengths that it shares with the other; learning takes place on both sides.
- If the relationship between the firms is organized **horizontally**, continual **transfer of resources laterally** between partners take place, with technology sharing and resource pooling.

Strategic Cooperation

- If the relationship is designed **vertically**, both parties must understand their core strengths and contributions to the cooperation for better customer service. **No party should expand to the other's field** of strength.
- Both parties work on **producing value** for customers **by getting stronger at their own position**.
- They act their **own national and organizational identities** on activities outside the cooperation agreement markets.
- Taypa, until today, has established many cooperation in order to improve its product portfolio.
 - With Yilteks in washing,
 - With Next and Ebru in jersey.

Although these are local cooperation practises, a **solid background has been gained in this area**.

Strategic Cooperation

- **For Tay Group**, one of the critical **strategic cooperation opportunity for going global** might be the **distribution networks**.
- A strategic cooperation might be established **with a company having strong distribution infrastructure** in Europe.
- **For the design studies**, joint studies can be done with European design organizations. By this way, the **extremely high financial and time cost** of these studies can be **lowered**.
- **Strategic cooperation options for production** should be considered only with companies that have an obvious price advantage such as far east countries as the prior one being **China**.
- **Our supply organization** should be **fine tuned** to use opportunities of the **Far Eastern countries**. For this, we don't have to do our own investments. We should benefit from the power of big investments done in there with the advantages brought **by our production and quality system**.

7 REVIEW OF THE GLOBAL GROWTH AND PLANNING FOR FURTHER EXPANSION

Purpose	Process	Techniques
Formulate the global vision, decide where the company is at global marketing evolution process	Formulate the global vision, decide where the company is at global marketing evolution process	Vision formulation and deployment techniques Global Marketing Evolution Analysis
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Global Expansion and Firm Structure

- There are many different **growth opportunities for Turkish Clothing industry.**
- What we suggest here is, forming the **infrastructure** of the long way of becoming a **global actor** by taking these opportunities in a **global vision** together with using the background gained from **global marketing discipline.**
- The only thing to remain unchanged is the change. There might be huge changes in the **environmental factors** that will make the company change even its vision in global perspective during the decades needed to become a global actor.
 - September 11 and “global terror”
 - USA’s “Grater Middle East Project”,
 - Japan trying to get out of its economic stagnation,
 - Further expansion of EU and its effects,
 - China’s expansion after the year 2005

Global Expansion and Firm Structure

- Or, there might be some changes due to **internal factors caused by economic growth**, business volume, etc.
- **During these change times**, the firm needs a review and re-planning in its global marketing process.
 - First of all, **the revision of the global vision** in accordance with global developments
 - **Growth analysis with global marketing evolution process**
- It is hard to talk about a future global vision revision from today. But, **by studying today's global actors**, we can form a pre-plan for our future.

Global Expansion and Firm Structure

- When we examine today's global Clothing industry actors, we can see that **the firms choose different structures** for organizing global operations **according to the global evolution process stage they are in.**



- **Zara** is one of the most talked-about brand in Europe, especially for its **successful quick turn around strategy.**
- Even though they have stores all over the world, **they are still at export marketing level**, because they are organizing and realizing all the critical processes within Spain.
- But, because of its **international supply operations**, they can be shown as a company moving **towards international marketing.**
- Being at early stages of global marketing evolution cannot **cast Zara's creative strategy** success and the successful stores all over the world **into shadow.**
- But, if Zara wants to be a real global actor, they have **to reproduce this strategy in other regions of the world** with the same effectiveness and with the perspective of being one of the big powers in **that market.**

Global Expansion and Firm Structure

- **Swedish H&M** is active with its almost 1000 own stores in Europe and USA.
- H&M, as an international supply organization, **set up an supply network** by opening offices in important supply countries of the world including Turkey.
- With all its decisions being taken in Switzerland, it can be said that **it is an export marketing firm**, as the global marketing evolution stage,
- Here, what determines the stage in global marketing perspective is **where the product development and marketing mix decisions are taken**. H&M takes all these decisions in their headquarters in Sweden.
- But, **H&M is not exporting anything from Sweden** to other countries. Moreover, as of H&M's supply policy, the producer firm delivers the products to the countries where the stores are.
- When we take **H&M supply organization and retail stores** all over the world into account, we can say that it is **an international marketing firm**.



Global Expansion and Firm Structure



- **GAP Inc. is an international marketing** stage company.
- The headquarters is in San Francisco, USA. The design division of the company is in New York.
- It has **supply organization offices in almost every production region of the world.**
- It also has **distribution centers in various locations** to serve 3000 GAP stores all around the world (USA 2600, Canada 150, UK 140, Japan 75, France 35, Germany 10).



- **Timberland**, coming from being a shoe maker and joining the Clothing industry, is a **good example of international marketing.**
- The firm was organized in Europe after USA, together with the design office established in England. **It has separated the design decision center from the headquarters.**
- The **supply and marketing decisions of Europe are made independent** of USA.

Global Expansion and Firm Structure

- As a company being in advanced levels of global growth, **global operations in Levis, are organized in 3 main regions as America, Europe and Asia Pacific.**
 - **America**, as the main office, is dealing with **South and North American operations**. Design, production, marketing and distribution decisions in this area are made independent of other regions.
 - **Europe**, with the main office in **Belgium**, is working in the same system and making its own decisions.
 - **Asia Pacific** region, **till 1995**, was consisted of the company subsidiaries and distributors reporting directly to the America region. **After 1995**, with the decision made by the world headquarters, Asia Pacific was organized as a new region and had the same statue as other regions.

Levi's

Global Expansion and Firm Structure

- Today, **Levis' global operations** are mostly **standardized**.
- Especially, **human resources and environmental processes** are **totally global**.
- But, **global marketing evolution process** has not been finalized yet.
- When a Turkish producer, working directly with Levis Europe, wants to work with Levis America, it has to work through a **third party representative agency** in Istanbul.
- The **weakness in this global supply integration** shows that Levis has to work on the final step.

Levi's®

Which Global Structure?

- We have the **opportunity to plan our organizational structure** with the help of these examples.
 - As in the Timberland example, after a certain level, a **design office** can be formed **in the center of the market**.
 - For the European **distribution network** organization, first **Germany** and then **Poland** can be considered.
 - Other than the global center in Turkey, another center in **Hong Kong** can be established for far east **procurements**.
- If we start with this **multi-centered way of global organizing** from the beginning, we would not stuck at direct exporting stage, as the H&M and GAP examples suggested above, but rather build the infrastructure for international and even multinational marketing stage.

Which Global Structure?

