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The Strategies of the Market Redeployment: Taking Charlie Shoe Company as an Example

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***Abstract*—The purpose of this paper is to investigate the external and internal factors which will influence export companies. The paper also tries to provide an effective strategy planning and evaluation to the change into domestic market. Based on the analysis, if Charlie wants evaluate and monitor its achievement for its development, the company should focus on the following things: controlling the performance and setting up the standards for the achievement. It is also necessary for Charlie to reallocate the company's resources. If deviation occurs, Charlie should make adjustments, such as redesign the plan, delete the plan completely and adjust the performance. Keeping a safety inventory level is also essential, but should avoid the problem of stock out. An ongoing policy must be applied continuously as long as the company exists, such as the monitoring, evaluating, training & learning and knowledge of continuous improvement.**

Keywords—Market redeployment; Strategy planning; Environment analysis; Domestic market

I. INTRODUCTION

Charlie owns an export-oriented shoe company, which was once a very successful export firm wining many awards from the local government as the best and trustful exporter. The company faced dramatic sliding of sale. The situation has not much improved even the newspaper in China claims the improving situation of economy and some spotty economic news here and there in the different countries. Thus, "To change or not to change" has become a haunting question in the mind of Charlie Lin, the manager of the company, recently. Experienced nearly two bad economic years since 2017 and still having the problem of continuous sales declining Charlie could feel the chilliness of the economic prospect as unpredictable as the weather of March of the city. It is clear that there must be something wrong, so some actions must be taken to stop and change the situation. The purpose of the paper is to investigate the external and internal factors which will influence export companies. And after the analysis, the suggestions for the Charlie Lin's shoe company will be provided. Some suggestions will be given to Charlie to reduce the risk of entering into the domestic market.

II. THE EXTERNAL ENVIRONMENT

An organization has many interchanges within its environment. It draws inputs from it, and outputs good and services to it. The environment is a major source of uncertainty. In the case of the Charlie Lin's shoe company, which is an export-oriented company, he faces a serious situation since 2017. It is quite sure that some actions must be taken to stop and change the situation. Thus, the plan for the shoe company's market redeployment should be based on the internal and external environments within which the company operates.

A. The monetary crisis and protectionism

Because of the monetary crisis, the demand of the three major trading partners − the United States, Japan and Europe, decreased sharply and the international market declined [1]. According to the statistics in recent years, these three counties occupy about 60% market share of China's exports. However, the monetary crisis led to economic decline so that the demand is reducing at the same time. In this situation, China's exports will be serious affected.

On the other hand, the protectionism and trade friction will be intensified. The trade friction is related to the economic development: when the economic development is good, the trade friction will be reduced and when the economy is weak, the trade friction will be intensified. From 2017-2018, China suffered a large number of trade protectionism and China suffered more serious trade friction and the export became more difficult.

B. Exchange rates

Because of the rapid appreciation of RMB against US dollar, China's export enterprises will face enormous challenges. The RMB keeps going on appreciating up to now and that will be a trend in the future, but in the current few months, the exchange rate is stable. The export-oriented companies will face a serious situation when the RMB appreciate, because it will give challenges to these companies, such as: the increasing of cost, the decreasing of profits, the increasing of exchange rate risk and it will reduce the company's competitiveness.

C. Inflation rate

The inflation rate will influence the value of money and this is closely to the people's living standard. The inflation of this year trend to be increasing, but the government said that it would be controlled. The inflation rate will affect the labor cost in the company. If the inflation rate is high, the RMB will depreciate. That means 1 RMB can not value as much as before, for example, the inflation rate is 20%, and it means 1 RMB equals 0.8 RMB. So if a staff' s wage is 1000 RMB before the inflation, the wage will be 1200 RMB now. At the same time, the cost of material will also increase in the case of high inflation rate. The increase of inflation rate will reduce the low cost competitive advantage of the company and the profit.

Most of the export-oriented companies were survive by the low labor and material cost, so if the inflation rate is high the profit will be smaller and the situation for these export company will be serious [2].

D. Government's financial and monetary policies

The government's financial and monetary policies are two important economic indexes to all of the economy activities. These policies will influence the market desire and have a positive or negative guide to the investors' confidence. And the interest rate can explain the government's monetary policies.

- Higher interest rates make money more expensive to borrow and thereby reduce spending by those who produce goods and services. It's a tight monetary policy.
- Lower interest rate makes money less expensive to borrow and thereby increase spending by those who produce goods and services. It's an easy monetary policy.

When the government practices the tight monetary policy that means the government will control the quantity of money in the market to reduce the money supply, there will be a high inflation rate in the market [3]. The government would increase the lending rate and deposit rate to encourage the people to deposit money in the bank and limit the bank lending to the customers. This policy is applied in the situation now in China, because of the inflation is a little higher. In this situation, there is a challenge for the company to get the financial help.

E. Macro-economic policy of central government

The government's economic development plan for 2017 is focus on expending the domestic demand and transforms the way of economic growth. This is a sign for some of the export-oriented companies to change their market from the international market to the domestic market, because the government tries to improve the domestic demand and the world economic uncertainty is still influence the world economy. On the other hand, the reason for the increasing of price is not only that the inflation rate is high, but also the demand is greater than the demand, so there is still a great market share for the company.

III. SWOT ANALYSIS FOR THE INTERNAL FACTORS

The business environment which would have influence on a company can be classified as a strength, weakness, opportunity or threat. As a manager, you should know the information about your business clearly. Match the strength to the opportunities and conversion of weakness into strengths in order to take advantage of some particular opportunity, or converting threats into opportunities which can then be matched by existing strengths [4]. According to the SWOT analysis, the resources can be full employed and the company would pay attention to the strength and catch more opportunities.

A. Strength

- The company is a very successful export firm and award from the local government as the best trustful exporter. So the company has a good reputation foundation.
- The company can learn something good from the international market, because he did a long-term international business. The company can bring in some advanced management theory and technologies.
- The company has a trustful brand and the company has the ability to do the innovation to make their shoe do not out of fashion.

B. Weakness

- The company has a single range of products. However, the income of the business is dependent upon its share of the shoe's market. This may leave it vulnerable if for any reason its market share erodes
- The company has little experience in doing the domestic market shoe business. The company always does the international business. So if the company will turn into the domestic market, because of the differences between international market and domestic market, it will cost of time to achieve the changes.
- In the early of the change, the company may have not enough money to the transform, so there may be a financial problem.

C. Opportunity

- The increase of demand of the domestic market provides a good market for the company. It can help the company to do the market repositioning and decide the target customer in the domestic market.
- Because of the brand built in the international market, the company can make up the brand in domestic market easier. It can help the company to know more about the domestic market and it will help the development of company in future.
- The government economic policies can help the company start the business in a right way and right time and it will help the company to restructure.

D. Threats

- The company is exposed to the international nature of trade. It buys and sells in different currencies and so costs and margins are not stable over long periods of time. It means that the company may be manufacturing and/or selling at a loss.
- The market for shoes is very competitive. Competitors are developing alternative brands to take away the company's market share.
- The retail sector is becoming price competitive. This ultimately means that consumers are shopping around for a better deal. So if one store charges a price for a pair of sports shoes, the consumer could go to the store along the street to compare prices for the exactly the same item, and buy the cheaper of the two. Such consumer price sensitivity is a potential external threat to the company.

- The world-wide economic uncertainty and the protectionism will prevent the development of the company in the international market.

IV. STRATEGY PLANNING

To ensure that plans have the best chance of success, questions must be asked at each stage of the planning cycle. It is important to begin by being clear about what has to be achieved. Once this is known, an appropriate strategy can be agreed, together with tactics for implementing that strategy on a day to day basis.

While the strategy is being implemented, information as to its success or otherwise must be fed back to management so that either the plans or the objectives can be adjusted if necessary.

- What does the company want to achieve?
- How can the company achieve his objectives?
- What has to be done in order to make the strategy a success?
- How best can the strategy be implementing?
- How successful have the company been in terms of implementing the strategy and achieving our objectives?

A. *For the international market*

The world-wide economic uncertainty, protectionism, RMB appreciation make the Charlie Lin Shoe Company face a serious situation. All of these would be the threats for the company's development, but we can conversion the threats into the opportunities to the company. The appreciation of the RMB can make some of the raw material cheaper in the foreign market, so the company can import some cheaper material form international market. The company can also change the target export market, such as the Europe market and the third development countries, because the appreciation of RMB in these countries is smaller than the US. And the company can take the 20/80 principles to keep the 20% customers business which contribute 80% of the form's profit so that is can reduce the cost of overheads and waste.

B. *For the domestic market*

The internal factors, for instance, the production differentiation, the company's mission and objectives, the company's structure, can influence the company's competitiveness in domestic market. It is clear that the innovation of new product development is most important for the domestic market strategy, because it can create the product differentiation. The customers of domestic market always concentrate on the quality, style, after-selling service [5]. So the company should try his best to develop the product innovation. If the company can innovate the fresh style of shoe and make it goes into the market first, the company will get a well coverage of market share in domestic market. And the after-selling service is also important. The company should improve the employees' working attitude and complete the organization structure to make sure the value chain of the work can operate well.

V. THE STRATEGIC EVALUATION

We suggested Charlie to change his market from the international market into the domestic market, some new strategies should be chosen to adapt the domestic market. Charlie has little connection with domestic market as well as the domestic market information, so the company will face many risks and uncertainty

A. *Risk and uncertainty analysis*

TABLE I. RISKS ANALYSIS FOR CHARLIE

Risk	Comment
Economic risk	Assumptions about the economic environment might turn out to be wrong. Not even the government forecasts are perfect. For instance, **RMB has appreciated** against the US dollar to reach 18% since the exchange rate reform. Charlie's company is an export-oriented company before, so they may hold much US dollar, as well as the depreciation of US dollars, they will have fewer RMB after the exchanging. And at the same time, the **inflation problem** in China is an important risk. The high inflation rate will affect the labor cost and the material cost will increase at the same time.
Financial risk	The risk to shareholders caused by debt finance. The risk exists because the debt finance providers have first call on the company's profits. The need to pay interest might prevent capital growth or the payment of dividends, particularly when trading is difficult. The converse is that when business is buoyant, interest payments are easily covered and shareholders receive the benefits of the remaining profits. For example, if Charlie has not enough capital to operate his company, he has to get loan from banks. However, the bank increases the lending rate for the high inflation rate. So when the company starts the domestic business, operating with high debt rate is the risk which Charlie may take.
Business risk	Lowering of entry barriers; changes in customer/suppliers industries leading to changed relative power; new competitors and factors internal to the firm; management misunderstanding of core competences; volatile cash follow; uncertain returns; changed investor perceptions increasing the required rate of return. For example, Charlie will meet different customers, suppliers and competitors. These are all risks for Charlie to face and solve.

B. *The company's future development.*

The situation for current years, the market turns into the buyers' market, so the company should make decisions follow the changes to meet the different customers' need so that the company can control the market share of the products. Briefly, the customer orientation strategy focuses on the 4Cs:

- Customer. The producer should analyze the customers' needs and wants first, then to produce the products. Don't consider product first, because sometimes what you think isn't the customers' wants and needs.
- Cost. The producer should know how much the customer would like to pay for their wants and needs, then to account the cost for pricing.
- Convenient. Consider which kinds of distributions can give the customer much more convenient during the exchanging.
- Communication. The producer should build a way to communicate with the customer and provide good after-services, achieving the benefits for both sides.

The customer orientation strategy practiced by the company can lead the improvement of value, such as the value of goods, quality of service, employees and the image of an organization [6]. As a result, the value can turn into the customer satisfaction which is the responsibility of a company to customers. In that way, the company can provide a product with a quality that consumers expect, and of dealing honestly and fairly with customers.

For Charlie, the company can choose the product-market strategy as present products and new market. This is the market development for the current products. Here is the example for Charlie to approach.

- Different package size for different types of shoes so that both those who buy in the product and those who buy in small quantities are catered for.
- New distribution channels to attract new customers
- Differential pricing policies to attract different types of customer and create new market segments.

The market entry strategy for Charlie should base on innovation. If it assumed that existing products have a finite life, a strategy of organic growth must include plans for innovation. The successful innovation depends on the following:

- Responding to or anticipating customer and market needs
- Having people within the organization who are innovators in outlook, and have sufficient authority to innovate
- Having a culture, leadership and organization structure that encourages innovation.

VI. THE RESOURCE ALLOCATION

Companies live in a world where some resources are more limited than others. A strategy requires decisions as to how resources should be deployed and this is an important issue in evaluation and implementation.

Firstly, it needs few of changes to implement the new operating plan of the company and it is believed that the Charlie's company needs a smaller degree of change which means fewer resources will be required. As the beginning of the domestic business, Charlie has few experience of domestic market and the financial foundation is not as strong as the other companies. So he needs the smoothly change in the business operating. For example, the money resource allocation is always limited and tightly controlled in organization. The finance objectives of all units in an organization are to maximize earning and minimize cost. Charlie should make sure the following things to allocate the resources:

- The finance budget is suitable for the company and reducing the waste of the finance budget.
- Control the working capital and debt of the company to ensure the cash follow is enough in the company.
- Increase the speed of capital return from the international market and do some promotion to reduce the stocks.

Critical success factors (CSFs) can be used to translate strategic objectives into performance targets and tactical plans.

- Management objective is reducing the cost and waste.
- The strategy for reducing cost and waste is to outsource and remove the unsuitable budget.
- Outsourcing might not be possible unless the order is out of the capacity of the company.

VII. CONCLUSION

For Charlie's market redeployment, the research have assessed many factors. For the long-term, improve the technology and train the employees to improve the productivity so that it may make up the shortage of increasing of labor cost and material. Redeployed the market should try to create product differentiation. Build an innovation team in the company's structure to collect the information in fashion and design the new style in the first time. The company should build up a global brand. The company should produce the high quality products and practice a well after-selling service to increase the good image and develop the customer loyalty to the company. Improve the quality of the product, especially to make the product to be an environmental friendly product so that it can reduce the protectionism and trade friction. Do the marketing research carefully to know the customers; needs and wants and decided the right target market and marketing positioning.

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