Business Environment Of Musto Company

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The report provides an analysis of the business environment that affects the decision-making in the Musto Company in the United Kingdom. Musto is located in England and deals with clothing. Therefore it is a clothing company, which trades sailing clothes, shooting apparel, lifestyle outdoor apparel as well as equestrian clothing. The company sells it is clothing to over 40 countries on different continents. The uniforms it provides are trusted by over50 000 professionals. They are worn by national teams, Olympians, as well as over 200 resorts, use them. However, the company is underutilizing the new technology such as new advertising technology e.g. linked in, viper, it is faced by competition from other superior clothing companies such as Fendi Company, House of Versace Company, Burberry Company, and their packing environment is still costly. Kenya is a good country that the country can extend it is business for many reasons. These reasons include it is political stability, low competition, and it has high clothing demand.

Technological Changes

The advancement of technology has contributed to current global progress. Due to the advancement of technology, communication technology has become a strong force that makes the sharing of information easier and cheaper (Payn et al., 2015, p. 23). The company is taking advantage of the technology in various platforms such as YouTube 40%, Twitter 5%, Facebook 20%, Instagram 15%, WhatsApp 5%, hangout12%, Pinterest 5% and linked in 12% (Allouhi et al., 2015, p. 5). The power of the advancement of technology makes most of the company expand globally and facilitates the affordable advertising of the goods and services to reach the potential customers that are targeted. Using this advanced communication technology aids in reaching every individual in the world, making them aware of the products that are in the present market. At the same time, Musto has used Cibertill technology allowing it to store information in the cloud. This has aided in the cloud marketing of their products.

Environmental Factors

The environment is another factor that affects the company's progress. According to the research indicates that some environments are not suited for the setting of the firms, because of the environmental changes of a specific state (Komu, 2017, p. 52). The company has focused on the sustainability of a favorable environment that is friendly for the comfortable provision of goods and services that are offered. For instance, Musto changed the situation of their offices to behind St. Katharine Docks, space behind it from Liverpool Street. This aided in reducing the number of plastic packing bags, it enabled recycling of the packaging materials and changed the mode of good transportation from air flight to shipping (Rwehumbiza, 2017, p. 31). This change enabled the Musto Company to support various projects such as Ocean Cleanup as well as Turn the Tide on Plastic bags. For instance, the number of packaging bags reduced from 200000 to 100002.

Demand

Demand is one of the factors that affect the trend of the future and developments globally. It depends on the price and the products that are in the market. For instance, In the case of this company, the price of the products and the amount of the goods the customers are willing to purchase. Most of the time, the customers want to buy more products at a lower price (Luo et al., 2015, p. 62). The amount of product the customers are willing to buy most of the time depends on the type of goods purchased. This arises when there is a relationship between the customer and income of the customers (Mirugi, 2017, p. 37). This implies that when the income becomes higher, the demand for goods and services increases, and when the income comes down, the demand for the products also falls. For instance, Musto Company receives a demand from various parts such as Africa 20%, Asia 25, North America 1%, South America 2%, Australia 10%, Antarctica 15% and Europe 27%. Therefore, the demand is relatively high in the company.

Competition

Competition has become the primary challenge in the global market. It arises when many companies are situated in one geographical area, producing the same products in the market. This may lower the prices of goods and services because the demand for the products is not directly proportional to the consumers (Makasi and Govender, 2017, p. 8). At the same time, similar goods that are cheap and act as an alternative to produced goods lower the price of the products produced by various companies. For instance, Musto Company faces completion from the Armani Company, Fendi Company, House of Versace Company, Burberry Company, Prada Company, Hermes Company, Gucci Company, as well as Louis Vuitton Company.

Political Factors

Political factors is an external factor that can affect the global trend of development and future progress. The managers are supposed to assess factors like demographical factors and legal and ethical factors while considering where to locate the firm (Gupta, 2017, p. 37). First, they should take into consideration the state policies that might affect the company. Secondly, the increase and the decrease of the government tax become a political factor, especially for the company (Apunda et al., 2017, p. 9). Thirdly, is the issue of Political stability is a matter of balance should be put in place because different countries differ in between security and the regulation that it has to govern them. The political factors determine the political stability of a nation. The political stability of the country aids in establishing a business that can last for an extended period. At the same time, the political factors determine the governing system of the country. For instance, Musto has not been able to supply areas such as Somalia in Africa, South Sudan in Africa, Pakistan, Afghanistan, Iran as well as Iraq because the countries are politically unstable. Therefor,e this has impaired the expansion of the Musto Company.

Supply Cost

The supply cost and the prices of the goods and services are related when the demand as a factor remains constant (Bohari et al., 2017, p. 48). The increase in the supply of goods and services leads to the fall of the prices at a lower equilibrium. When the amount becomes scarce, while the demand remains constant, the prices tend to become higher equilibrium, hence lowering the quantity of the products. For instant Musto, supply cost has reduced over the years since it started in the year 1965. For instance in the year 2004 £80 million, 2008 £75 million, 2016 £1.5 million.

Kenya’s Domestic Factors Regarding Clothing And Textile Analysis

Demand

Clothing in Kenya is one of the goods that are highly sold in Kenya. Cloths can generate a profit of approximately 50 to 80 percent profit (Alimi and Ahmed, 2017, p. 42). The produced clothing in the country cannot satisfy the population. The Kenyan population is approximately 50 billion people, but the clothing supplied can only cater to 20 billion people in the country. For instance, men’s and women’s clothing, beds, school uniforms, institution uniforms like police, and children’s clothing, among other basic clothing, are some of the clothing goods that are highly consumed in Kenya. From 2015 to 2018, the demand for products increased positively. In 2015, the demand increased from 0.8 to 1.2, 40, and 2018, respectively (Musau et al., 2017, p. 56). This shows that more clothing is needed by people living in Kenya.

Competition

Textiles, as well as the clothing industry products, face competition as well in Kenya(Katende-Magezi, 2017, p. 90). The most significant completion is from the second-hand products in the country. Many groups and companies in Kenya import second-hand clothes that are highly distributed and sold in various parts of the country. These second-hand goods are cheap, and many people tend to prefer them to new rights (Behuria, 2017, p. 43). At the same time, the local companies use materials and products that are cheap and easily bought. For instance, second-hand clothing (mitumba) is obtained at about ten times the new clothes rate on a daily basis. At the same time, the locally produced clothing is sold at a higher standard because of their availability to even local areas. Additionally, these local companies have provided job opportunities to the local people who market their products more efficiently with effective communication (Mowforth and Munt, 2015, p. 89). Therefore, in Kenya, domestic clothing is readily available, and imported second-hand clothing provides the show with a high completion in the production of new clothing that the U.K. textile and apparel manufacturing company intends to supply as they expand their companies to Kenya. For instance, in the years 2004, 2008, 2012, and 2016, the sales of second-hand clothes and bedding are approximately twice as much as the new clothes and bedding from the cloth and textile industries.

Cost

The cost of the new clothing in Kenya is relatively high. The new goods are sold at a higher price compared to second-hand clothing (Posada et al., 2015, p. 43). This new clothing's rate is almost ten times higher than second-hand clothing. For example, in 2018, the second dress went 100, and the new go at 1000; this is approximately ten times the cost of second-hand clothes. The same with other clothing such as trousers, beddings and carpets (Stewart and Wild, 2017, p. 64). However, at the time, the cost decreases due to high competition from second-hand clothing (mitumba). Therefore, the value of the goods shows an increasing trend in the country except for the time that the game is high or the demand for these goods decreases.

Second-hand clothing (2018)	Dresses	trousers	beddings	Carpets
Price	100	200	500	800
Second-hand clothing (2018)	Dresses	trousers	beddings	Carpets
	1000	2000	5000	8000

Cultural

Culture is a crucial key factor that has influenced the type of clothing produced in Kenya. Kenya is a country that contains multiple cultures. The people in the country have traditional practices that affect textile and clothing production. The regional demand is different: each county has its is prevalence (Posada et al., 2015, p. 43). However, most people have adopted the Christian religion, which tends to neutralize their cultural practices. For example, women are required to wear dresses and skirts more than trousers, and jeans are discouraged among men as well. This is a clear indication of the cultural influence on the required goods in many areas. At the same time, the Islamic in the coast area have their cultural dresses that cover all their body parts(Posada et al., 2015, p. 43). Their cultural requirement from the clothing and textile industry is quite different. Therefore cultural practices influence the required clothing and textile products in this country.

Political

Political culture determines the government policies on the production and selling of any goods and political stability. Kenya has a democratic political system. This allows the freedom of expression in the country and investment in the country is allowed. This country is not faced with wars arising from political crises often. However, political tension rises, especially during the election period, whereby at the country gets into internal wars. For instance, in the year 2007, the country got into post-election violence that resulted in the war. This year, business was destroyed, such as Sony’s sugar company, which was turned into ashes (Behuria, 2017, p. 43). However, this was only experienced at that particular time, and currently, the country’s election shows much improvement. No war has been reported from that which happen in the year 2007 post-election, the 2013 and 2017 election was well conducted without war. However, the price of goods reduces during this period due to people going to the countryside to vote (Behuria, 2017, p. 43).

Policies And Regulations

The Kenya government has established policies and regulations that govern business. Licensing is one of Kenya’s regulations. Any business in the country must be licensed as multiple businesses or a single business (Behuria, 2017, p. 43). At the same time, tax is a necessary payment in this country. All businesses are taxed according to their income on a monthly basis (Behuria, 2017, p. 43). The taxing is done in every county. If the business is located in different counties, then each business is differently taxed at the rates of those counties. Tax in urban areas is higher than in rural areas. Any industry must meet human and environmental rules and regulations at the same time. Therefor,e Kenya has a set of rules and policies that govern any business in the country.

Ethical Issues

In Kenya, every business is required to have a code of behavior or conduct as well as ethics. The products that are produced and the production process should not cause harm to people. The business should be conducted fairly, and customers need fair treatment as well. The culture of people should be respected. The seller’s decisions should be respected as well. Also, the administrative rules and policies should be preserved and adhered to at all costs (Behuria, 2017, p. 43).

Conclusion

For the UK textile and manufacturing company to expand its business investment boundaries to other countries, it is important to consider global factors like demand, politics, competition, supply cost, environmental changes as well and technological changes. Kenya is a potential country to set up business because, according to the analysis of the findings, it meets most of the domestic requirements.

Recommendations

1. Musto Company should look for ways how to adopt other new technologies to promote effective communications to its consumers globally through advertisements, e.g., Emails, Linked In, Hung Out, spark, emo and Viber.
2. The company should consider having more packing places apart from behind St. Katharine Docks to other parts of the world.
3. The company should consider improving the quality of the product, advertising mechanism and sales rates to overcome the competition coming from other companies globally.
4. Kenya is a good country to invest in since it has a great clothing demand. People in this country can buy the product.
5. Competition can be conquered through the production of fair clothing that goes at a low price. Should consider the production of cheap goods and sail them to Kenya.
6. Before expanding your business to Kenya, ensure to have consulted and registered your company to be legal according to Kenyan law.
7. Consider the production of goods that are relevant to the culture and that can be accepted by the people in the community.
8. Should have the finance for capital and payment of labour for at least one year since it may take a year to gain the profit.

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