Montes Calcados E Commerce Business Strategy

Posted on September 17, 2018

1. What is the critical problem or challenge facing the firm that you will try to resolve:

The problem to sell the company's product through online(e-commerce) (James L.Heskett, 2018). As a result of the increased advancement in technology and the recent reduction of logistic means, companies are selling their products online, a field that is proliferating.

To address this issue, the company should focus on introducing its products online, which can significantly lead to increased sales as many of MC's target customers are the younger generation and heavy online shoppers (James L. Heskett, 2018).

Expansion problem

This is another major problem that the Mc Company is facing, as well as whether to expand its operations and open more stores across the globe.

The company should focus first on the growing sales and demand for its products in Brazil and other large markets.

The Fashion Challenge

The other challenge is facing the company, whether to pursue fashion design or build it on the company's iconic long-running styles. This is a result of reduced taste and preferences for the company's once-hot brands in the market.

The company should create four fashion cycles and increase advertising and promotions.

The problem of the Ageing Population

This is another major problem that the company is experiencing, as the company only targets people between the ages of 18 and 35. In a real sense, all the sales do not come from this population, although the highest percentage constitutes sales from this population.

The MC Company should embrace even older consumers as they will be loyal to the brand and spend more money, which will lead to increased profits.

2. Your external analysis (the industry and economic environment, PESTEL/5 Forces:

Political factors

Policies for growth which are essential for the MC Company, such as international agreements on tax and low interest rates,

Changes in manufacturing and tax laws and regulations in different countries as the company sells and designs shoe fashions.

Political conflicts can complicate custom-related operations and may prevent exports and imports.

Economic factors

The collapse in economic factors would mean that the company experience reduced sales or switch to other lower and cheaper fashions if the economic conditions were not favourable.

The company's success depends on the availability of labour at an affordable price that allows the company to enjoy significant profits, and any changes in economic conditions forcing the cost of labour to go high may lead to reduced earnings for the company.

The MC Company has an opportunity to sell products to other emerging markets around the world with its deep finance and resources.

Social factors

Age and gender distribution in the country and other possible target markets are leading factors that may affect the performance of the company, especially the distribution of females aged between 18 and 35 years.

The norms and the changing consumer tastes and preferences of the Brazilian people, especially where the Company started and its primary target, may have a significant effect on the operation of the company.

Technological factors

The emergence of new technologies, such as online shopping, has a significant effect on the marketing and advertising of the company's operations and products and has reached many consumers.

Marketing is also affected by the technology used by the company, the general methods of sales management, and the company's data management.

Legal factors

Legislative issues for the company to open new stores in different countries are factors that may lead to the success or failure of the business growth.

Consumer protection laws

Licensing regulations vary in different countries, and this may affect the company's activities.

Sustainability affects the company's operations and the extent of activities.

The management of waste products also affects the company's profits and operations.

3. Your internal analysis (the firm's internal resources and capabilities, VRIO):

Value- the firm can easily access resources which are not very expensive.

Rareness- the materials used to design and make new shoes and products are not rare and are readily available.

Imitability- the products and the resources are easy to imitate, which can cause increased competition.

Organization- the firm is organized in such a way that it can handle and exploit the available resources. It is managed by experienced management and designers who quickly change the design of products to fit the market demand.

4. The mutually exclusive alternatives that can be

used to solve the problem:

Selling of the Company's products through online or Through the retail partners

Pros and Cons of Each

Selling through E-commerce

Pros

The company will reach many customers and hence increase sales, and this will lead to high profits

Reduced logistic operations and activities

Reduced employees for selling the Company's products

Cons

Retail partners will suffer as a result of lost sales

The possibility of an attack by attackers

It may reach even those who are not targeted

Denial of service attacks may lead to reduced sales and other losses

Selling through Retail Partners

Pros

Will reach only the target customers

The retail partners will retain their sales

The brand of the company will remain valuable

Cons

The company may not achieve a significant market

The company will lose sales from online shoppers

The company may suffer future losses if competitors advance in e-commerce and sales become better.

5. The justification for the alternative I have chosen:

The company should embrace sales through e-commerce because it will reach a large population in the region, minimize logistic operations, and save salaries used to pay the sales personnel, as they will be few.

References

James L.Heskett, J. T. (2018). *MONTES CALCADOS: A Step Ahead.*