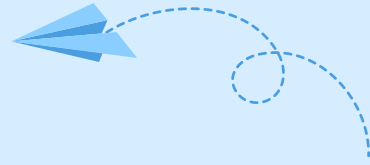




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Dolling Sports Apparel Company is a multinational corporation with the prospects of tapping into the lucrative apparel market. The corporation is headquartered in London. The company operates mainly in London, where the sports apparel market has grown rapidly recently. Therefore, Dolling has sought to tap into this market to enhance its potential to lead the apparel market in the sport segment. According to the market analysis that informs the establishment of this company, the sportswear market in UK was estimated to grow by about 9.5% surpassing £6 billion in 2016. Thus, this market is expected to hit the high level of £6 billion by end of 2016 (Tong & Hawley, 2009). This reality informs the establishment of the Dolling Company as a result of increased indifference between high fashion and athletics apparels, which drives demand to increase progressively. Dolling seeks to take advantage of this growth that is likely to manifest across the global apparel market segment. thus posing a strong capacity for the company to expand not only in the UK but also in other countries (Tong & Hawley, 2009). For instance, the establishment and formulation of competitions such as the World Cup competitions that took place in Rio de Janeiro, Brazil are one of the potential segments that would foster international market segmentation in future.

In the UK, Dolling acknowledges a market value growth of 9.5% to stand at £5.9 billion as at 2014 that represented an 11% rise in sales by virtue of female athletic apparels. This trend is key in the determination of the overall market volume in the future, which would also facilitate robust



growth in supply chain, including international players. Sporting activities have gained significant value across different states and regions globally (Kondej, 2013). This has further spurred demand for sporting apparels, with some of the beneficiaries being such companies as Nike among others. Consistent growth in the sporting apparel market is a major indication of the potential of the market for new investments to compete as based on quality and market dominations. Therefore, Dolling will deliver key note products across the UK market with a view to take advantage of the sportswear market share in the long-run before crossing the border to the international market that is equally promising.

While establishing the company, Dolling considers some of the essential elements of analysis that includes the characteristics of the global sportswear market that is mainly classified in line with the end consumers into women, men, and children. In order to enhance potential for dominance, Dolling will consider a wide supply of men's sportswear, which is one of the best performing segments in the industry. In essence, male segment dominates the global sports apparel market, comprising of about 52% of the global market revenues (Kondej, 2013). The female segment, on the other hand, will also constitute a portion of Dolling's market product, with a prospective market share in the global market space of about 47%. Dolling will expand into Australian market that was characterized by low capital intensity in the past. The main marketing procedure for this segment will be online marketing in order to limit labor usage within the company's premises (Kondej, 2013). Subsequently, the company will have to buy supplies instead of hiring labor, thus decreasing the cost of production with regard to labor usage.

Dolling understands that women's segment is the second largest contributor with an expected growth of 5.7% in the next half a decade based on the projected growth in interests and women's participation in diverse sets of sporting activities (Kondej, 2013). In this regard, Dolling's growth potential will be anchored on the potential of both women and men segments. The market prospects of the company will comprise of both wholesale and retail outlets. Before proceeding to emerging economies, Dolling will utilize the high growth of the UK market that has demonstrated a huge potential for growth before advancing forth to other market segments in the future (Dawes, 2009). Additionally, the company will adopt online marketing processes in order to enhance its geographical scope of marketing option and promote its capacity to grow. These factors are critical while considering Dolling's establishment in the UK and other economies. The sale of the company's product in Australia will be mainly via local distributors, with enhancements from the company through the active branding of the sales vehicles and others components of the marketing team. All the expenses incurred in the sportswear production process will be in British Pounds (£), although some of the activities based in Australia could be manipulated via Australian dollars. In order to trade effectively in Australia, the company will establish a multichannel strategy which entails an online store and successful development of a social-media marketing platform (Kondej, 2013).

Some of the country factors that will influence the demand for Sporting Apparels in the UK include the UK's sporting culture, economic capacity, and the increasing number of women's participation in sports as

compared to men. In essence, the considerations of progressive rise in women's participation in sports in particular will imply that the company must consider increasing the unit products of women's sport apparels as compared to their male counterparts. This process would lead to the specialized unit that would foster market growth by sportswear for the women participating in sports alongside their male counterparts. The balance between the two market segments is ideal for the progressive market growth both locally and internationally as based on gender alignment in sports that exhibits critical variance across different economies worldwide (Kondej, 2013).

On the other hand, Australia's major economic strength is critical to increase the purchasing power of individuals, which means higher prospects for apparel market across the country. This may be different in smaller economies with low disposable incomes. While the majority of women and men embrace the sporting culture in Australia, some other countries, such as the UAE, have a huge gender disparity that may hamper women's participation in sports. Subsequently, entry into such markets through international expansion would imply consideration of the male segment more aggressively than the female one, which would translate into enhanced revenue generation. Research indicates that sporting apparels remains at insignificant level among Australia's main export products; thus, it is bound to minimal competition from local elements while Australia bars the imports of certain products such as androgenic and anabolic substances (Ko et al., 2012). However, apparel products are not prohibited for imports into the country if safety precautions are considered effectively.

| Spot Market Option for Dolling Business

The global financial market has experienced a wide range of challenges with various shifts in currency values. While venturing into the global marketplace, the consideration of spot market option will be a major option for the Dolling in order to mitigate currency exchange risks involved particularly for small and novel business entities. In particular, Dolling will use spot market to increase the scope of its market transactions in the international market segment based on internet marketing prospects (Ko et al., 2012). The avoidance of forward foreign exchange will be critical for enhancing market performance and avoid unnecessary losses posed by the future changes in exchange rates between the UK pound and the Australian dollar.

In particular, the direct stock purchases in the Australian new market segment will be done immediately, with equitable share of payments made on spot. Additionally, buyers from the international market segment, particularly in the Australian one, will be settled immediately after the completion of the transaction. This will ensure that Dolling does not suffer from future fluctuations in currency exchange rates that may occur due to unforeseen factors. The apparel market is also faced with different changes on the fashion market, although these changes are less eminent in the sport apparel market segment where a common model is often adopted. Although Dolling will utilize spot market option, it will also employ forward market for individuals or corporations operating on the international market with origins from the native country, the UK (Ko et al., 2012). The level of fluctuations in this case will be highly predictable since the two can use local currency at latter date.

While undertaking the international business engagement, the performance of the business will be subject to critical implications. In particular, the company's native currency (£) will be subject to huge implications on the business performance since it depends on purchased supplies as opposed to overseas production. Thus, a strong dollar would limit efficiency of Dolling since the exchange rate would not favor its native currency (£). In order to limit this impact, the company will use the Commonwealth Bank of Australia that is best suited for international engagements by virtue of its huge market capitalization and manipulation of foreign currency market (Wang, Wei, & Yu, 2008). This would help the company make direct purchases devoid of the necessity for currency exchanges to facilitate its supply purchases for the Australian markets.

| Monitoring Foreign Currency Values

The performance of the local currency for Dolling will be subject to international market influences since the UK has an open economy. There are multiple factors that may leverage the Australian dollar value. For instance, the Australian dollar claims its popularity and value among currency traders from the geography, 3-G's geology, and the government policy or regime influences. However, these factors are subject to progressive change with time (Wang, Wei, & Yu, 2008). The change in regime and policy factors, for instance, may have a major impact on the currency, which would further influence Dolling forex trade.

Changes in the control measures of the issuing Central Bank of Australia, which in the past had minimal influence on the currency market, might

leverage future performance of the currency. In this regard, if the Reserve Bank of Australia (RBA) increases its frequency of interventions in currency, the market may alter the stand of the currency and further influence its position in the international market segment. Dolling may be subject to this influence, which would distort the overall arrangement (Wang & Yu, 2008). These elements may lead to unstable speculative outlook due to the inconsistency of the Australian dollar.

| Currency Future and Options

These factors are ideal in the establishment of critical decisions for the development of critical choices, such as purchasing supplies or settling production plants in the local precincts of Australia, which will imply the increased demand for forex trade. The Australian economy has a higher reliance on the commodity market as opposed to its endowment with natural resources. From this perspective, the currency exchange is mainly manipulated by foreign market domination, which is a major force in the market segment. For instance, nickel mining and general agricultural activities form one of the main contributors to the country's economy, accounting for 5% and 12% of the total GDP respectively.

If the focus on commodities shifts to the resources at one time, this may result into currency market revolution, but the success of the resultant scenario is dependent on the potential of the spot apparel market to integrate into the local market segment under the influence of native resources. While projecting on the future possibility of the change in economic output, Dolling is able to hedge future risks to contain any negative valuation that would be a product of resumption of high

dependency on the resource market share as compared to the overall market potential for both consumer and non-consumer goods.

| Intervention by the Central Bank

Any attempt by the central bank to strengthen the dollar would imply a reduced capacity of the local currency to trade in the international market segment. However, one of the approaches that will rekindle Dolling's currency exchange market includes the use of spot market option, where instant purchases and payment will be executed. In addition, the process will also involve the undertaking of foreign purchases of finished commodities as opposed to the development of production plants on the foreign market. Subsequently, this process would reduce the essence of currency exchanges between the sterling pound and the Australian dollar, hence reducing potential foreign exchange risks (Wang, Wei, & Yu, 2008). Subsequently, this process would help in hedging the risks associated with currency value fluctuations in the long-run.

Finally, the market for sports apparels is on the rise across multiple geographical segments due to positive publicity of the essence of sports and athletics in particular. In this regard, the establishment of small subsidiary businesses in developed and developing nations based on research-based market would result in the increased revenue across the globe. However, the establishment of a small subsidiary may limit the success of the company on the foreign market as it would signify the limited capacity of the company to supply large scale products in the long-run against the dominant brands such as like Nike, Old Navy, and Gap.

