

Global Business Environment



- Introduction

International business is now facilitated by globalization where markets are free for exploration as well as exploitation. Globalization has brought both its pros and cons depending on the environmental elements (Ritzer, 2019). Setting up production facility of Pretty Little Things in India can be a challenging action due to the socio-cultural differences.

Country- India

2nd largest economy by 2050

Per capita income 2170 USD

5 Megacities

Literacy rate is 74.04%

Average labor cost is Rs. 188.03



Country- India

India is the developing country with one of the largest economy, democracy and potential in the market. It has potential labor force, cost cutting opportunities for PLT to establish their plants here. The country has a diverse population of 1393.4 million which can be an influencing factor to create a creative and differentiated product line for Pretty Little Things (Worlddata.info, 2022). The economic growth is incredible here along with the literacy rate and labor cost. Within 2026, the country will have more population than China making it a huge market for investors (BBC Bitesize, 2022).

Opportunities

- Diversity influencing product differentiation
- Low labor cost leading to resource efficiency
- Bollywood being a global fashion influence
- Corporate governance similar to the UK



Opportunities

The country has a diverse population that can lead to attain business sustainability in the fashion industry. This is because the demand of different niches continues to follow and recreate different trends influencing fast fashion to generate leads (Nast, 2020). Labor cost is low here due to large population and access to job seekers in the market. The popularity of Bollywood can be beneficial for a fast fashion firm as the actors and actresses often inspire mega trends to be followed by the youth in the country. The similar corporate governance model is also an advantage in India as this can help Pretty Little Things to follow their management styles in India (Devonshire-Ellis and Shira, 2014).

Challenges

- Bureaucracy leading to lengthy decision making and preventing quick response to fashion trends.
- High nationalism restricting export and import in India.
- Multiple taxes curbing profit share
- Cultural differences creating barriers for communication and operation.



- Challenges

The challenges come from centralized bureaucracy, high level of nationalism, multiple tax rates for businesses, cultural differences, and frequent clashes among the political and religious groups with diverse interests. All of these can hamper the continuation of production procedure as the status quo is broken due to unstable business environment. (BBC Bitesize, 2022).

Key Issues

- Political controversies leading to brand failure.
- Competition forcing new entrants to leave the market.
- Government regulations restricting the best operation
- Socio-cultural differences leading to operational failure



Key issues:

The existence of political controversy has led to top brands failure in the past as the Indian customers are sensitive towards these factors. Moreover, intense competition that did not allow foreign firms to gain satisfactory market share and government regulations restricting the profit level have forced firms to leave the market. Socio-cultural differences also lead to operational failure here as foreign expats failed to adhere to the business culture and expectations here (Mukherjee, 2021).

Recommendations



Strategic partnership

Can improve their glocalization strategy



Local hires

Word of mouth marketing will be possible



Celebrity endorsement

This will improve their product designs and reach in market

Recommendation:

Pretty Little Things can develop strategic partnership with stakeholder groups in the fashion industry to give itself a localized identity to get closer to the Indian audience who have nationalism in their hearts. They can hire local managers and build relationships in the community to create localized outlook and develop word of mouth marketing. Moreover celebrity endorsement from Cinema and Cricket can help the firm operate in India as these are followed largely by the target market (Citra and Harahap, 2019).

Conclusion

PLT has scopes of high profitability, sales growth, and international business opportunities through establishment of a production unit in India.

Conclusion

Pretty Little Things can explore the Indian market once their production unit is established here. This will help them take advantage of the huge market base enhancing their product portfolio. After Brexit, the UK firms have got the golden chance to explore new markets and establish themselves as major global firms. Expanding in South Asia can be a big step for Pretty Little Things and at the same time, it can increase profitability of the firm increasing sales and cutting the costs letting it enjoy economies of scale and economies of scope.

References

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