

CASE STUDY

Hudson Corporation

A large luggage manufacturer is facing increased competition from cheaper imports. It must decide how to protect its brand and create new markets for its products.

Background

Hudson Corporation, based in New Jersey, USA, makes top-of-the-range luggage and travel accessories. It is a well-known brand name in the USA. Its suitcases and bags are associated with high quality, traditional design and craftsmanship. Hudson emphasises in its advertising that its products are 'made in America'. Recently, the company's market share in the USA has decreased. One reason for this has been the increased competition from Asian companies selling similar products at much lower prices.

A year ago, the management decided to boost sales by entering the European market, focusing initially on Switzerland, Germany, France and Italy. They set up a branch office and warehouse facility in Zurich, which would be the base for their European expansion.

What problems do you think Hudson will face on entering the European market? Make a list of your ideas.

Market research

Hudson recently set up a series of focus groups to find out how consumers perceived the company's brand in the USA.

Which of the findings do you think may have contributed to the company's lower market share in its home market?

Do you think Hudson's luggage and bags are:	% of people answering 'yes'
expensive?	72
exclusive?	56
value for money?	48
good quality?	82
old-fashioned?	68
exciting?	15
innovative?	18

MARKETING STRATEGIES FOR EUROPE – OPTIONS

Reposition the brand

Sell Hudson suitcases and bags at medium price ranges. Manufacture the products in a country where labour costs are low, e.g. India or China. Do not promote the products as 'Made in America'. Use a high-volume, low-cost strategy for Hudson's core products.

Develop the Hudson brand

Promote the Hudson products as an exclusive brand and keep the 'Made in America' tag. Sell the products in the higher price ranges. Use product placement in films and television to support the brand. Hire a famous, sophisticated, influential man and woman to endorse the products. Two well-known French film stars have shown interest in endorsing a new range.

Hire a top designer

Employ a top designer to produce a new range of smaller suitcases and shoulder bags aimed at businesspeople travelling in Europe and at rich, younger, fashion-conscious buyers. Sell the products under a new label.

Develop a wider product range

Sell a wider range of products under the Hudson label, e.g. trolley-backpacks, document cases, briefcases, name-card holders, shoulder bags for men and women. Sell at lower, competitive prices.

Stretch the Hudson brand

Put the Hudson brand on high-quality watches and jewellery. Make an agreement with the Swiss manufacturers of these top-of-the-range products.

Develop sales using e-commerce

Sell the existing product lines via the Internet at very competitive prices.

Task

- 1 Work in small groups as directors of the Hudson Corporation. Hold an informal meeting. Consider the advantages and disadvantages of each option listed above. Choose *two* of the marketing strategies which Hudson should focus on to expand sales in European markets.
- 2 Meet as one group and decide which *two* marketing strategies you will use to develop sales in European markets.