

A preliminary market analysis



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A Preliminary Market Analysis for Abel Corporation's Entry into the Global Markets Copyright Executive Summary As part of its business strategy, Abel Corporation has been considering expanding into the global market after achieving success with the domestic sales of its power tools, lawn products and appliances. However, a global financial crisis presents higher risks in the face of opportunities. Business research had suggested that all of the Abel Corporation product lines will present higher future demand, but global trade presents a sharp decline and a tendency exists for market localization. The OECD countries still present the highest margins, but apart from Germany and France, consumer expenditure has presented a sharp decline. The Middle East is the other promising market. However, success depends on detailed market analysis and entry strategy formulation. Thus, it is desirable that the Strategic Officers Steering Committee of Walden International should kindly permit a thorough study of a business plan for the global market entry of Able Corporation.

Declaration

I certify that, except where cited in the text, this work is the result of research carried out by the author of this study.

Name and Signature of Author

May 2009

This write - up is for preliminary market analysis for Abel Corporation's entry into the global markets.

Biographical Sketch

Acknowledgments

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Abel Corporation has succeeded in proving itself in the domestic market and domestic consumers have a high regard for this organization as a manufacturer of power tools, lawn products and appliances. However, despite a global financial crisis that is apparent from the data released by the International Monetary Fund, opportunities are available for the future in global markets (International Monetary Fund, 2008, “ World Economic Outlook Update”), (Deneen, 2006, Pp. 1) and (Bharat Book Bureau, 2004, Section 1, 1). Business researchers predicted that the global electric household appliances market would cross 498 million units by the year 2010 (Electronics. ca, 2008, “ Global Market for Major Electric Household Appliances to Cross 498 Million Units by 2010”). In addition, business research had suggested that the global demand for lawnmowers would show a substantial increase by the year 2011 and the global demand for power tools would increase to a value of US\$ 29. 2 billion in 2009. Thus, it is possible that a global expansion will provide benefits for Abel Corporation. However, it is important to know which markets are worthy of attempts at entry, what timing of entry is likely to prove to be of the greatest benefit and what entry strategy is likely to work best for specific markets. In addition, it is also important to know if the current financial crisis warrants a revision of the previously mentioned forecasts and what is the likely state of the markets now. Thus, it is important to conduct a comprehensive market analysis leading to a well thought strategy for expansion into the global markets prior to committing.

Potential benefits and risks for a firm increase as it attempts to compete in the global markets (Kefalas, 1990, Pp. 9). Some markets offer higher margins in profits, while others are likely to be easier to penetrate with lower profits

because they are less developed markets. The OECD countries have the potential for offering the highest margins, but these markets are the most competitive and reward only the best. The OECD Economic Interim Projection for March 2009 suggests that the private final consumption expenditure for nearly all OECD countries is in the negative and the global goods and services trade volume presents a sharp decline (OECD, 2009, “ OECD Economic Interim Projection”). However, Germany and France are the least affected, while United States and Italy are the worst affected. Opportunities may be available in selected countries of the Euro area. Countries of Middle East still present an opportunity because of increased income while other markets present a tendency for localization. However, globalizing companies can succeed as markets localize if a serious attempt to understand the local market results in the right entry strategy (Arnold, 2003, Chapter 1). External factors, including contact networks and strategic alliances work better in certain markets (Richardson, 1997, Pp. 66 – 87). It is possible to make emerging tenets to work well if a systematic approach is preferred for making a global strategy work (Lamont, 2002, Pp. 117 – 133) and (Travis, 2007, Pp. 1 – 23).

In the light of the previous discussion about a broad state of the global market, the Strategic Officers Steering Committee of Walden International should kindly permit a thorough study of a business plan for the global market entry of Able Corporation. The higher risks involved during a global financial crisis, a scope for profits and strategic advantage together with a need for formulating well-considered strategy support the previous argument.

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