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In this paper we shall examine the case of a company producing refrigerators called Kool Kitchen. As the director of international marketing for Kool Kitchen, I am evaluating a European country – Cyprus, and an Asian country – India in order to expand there. This will be done using evaluation tools such as PESTLE analysis and also by recognizing and evaluating the Opportunities and Threats for Kool Kitchen in each country.

Company Overview

Kool Kitchen was founded in 1997 in London, U. K. by John Doe. Kool Kitchen is a manufacturing company for kitchen appliances such as refrigerators, freezers, ovens and dishwashers and washing machines, but is primarily known for refrigerators. It is currently one of the biggest refrigerator manufacturing companies and quality pioneers in the U. K. with prices ranging from medium to upper class. Apart from the United Kingdom, the company has also expanded in Ireland and France and is currently exploring opportunities in Asia and Europe (India and Cyprus respectively).

How to evaluate the two countries

When companies want to globally expand their activity, it is crucial they do some market research and environmental analysis (Zekiri and Angelova, 2011). In order to do that, they have to follow the PESTLE analysis model and part of the SWOT analysis (only Opportunities and Threats).

PESTLE is an acronym for Political, Economic, Sociological, Technological, Legal and Environmental and those words represent the factors that constitute the research method. PESTLE analysis is a useful method for

evaluating and understanding the environment within which the organization is operating, the risks that exist in the market and the potential of the organization (Morrison, 2010a).

SWOT analysis is a tool used to apprehend the Strengths, Weaknesses, Opportunities and Threats that are involved in a business. The strengths and weaknesses are internal factors to the organization, positive and negative (or potentially negative) respectively, whereas the opportunities and strengths are external factors, beyond the organizations' control (Morrison, 2010b). All four factors must be taken into consideration when an organization wants to achieve certain objectives, in order to make the right decisions and pursue the correct path. In this paper we will only focus on Opportunities and Threats that each country represents for Kool Kitchen since we are evaluating the factors external to the organization.

PESTLE analysis for Cyprus

Political

Cyprus has a certain political stability, although the island is divided in half since the Turkish invasion in 1974. The northern part of Cyprus is currently occupied by the Turks. In 1983 the Turkish occupied area declared itself “ Turkish Republic of Northern Cyprus” but it is only recognized by Turkey. The only widely recognized state is the Republic of Cyprus. (CIA Factbook, 2012). There is still Turkish military presence in the occupied part of the country which accounts for a certain menace.

Despite its own political stability, Cyprus is geographically positioned very close to Egypt, Israel and Lebanon, which is a very unstable region, often putting Cyprus in a compromised position as well.

Cyprus has joined the European Union (EU) along with nine (9) other countries in 2004 as part of the widening of the EU. Therefore, ever since, trade with other countries within the European Union has been easier.

Economic

Cyprus is currently deeply affected by the global economic crisis mostly because of the economic situation in Greece. Cyprus has an immediate relationship with Greece: two of the biggest banks in Cyprus are among the largest holders of Greek bonds in Europe and the first country Cyprus imports from and exports to is Greece. Further to the world financial crisis, an explosion in July 2011 at a naval base caused power outages all over the country, thus triggering a collapse in the coalition government and further economic problems.

The CIA Factbook states that according to estimations in 2011, 10.2% of the country's exports and 9% of the country's imports are done with the United Kingdom, thus making the U. K. the 2nd biggest export partner and the 3rd biggest import partner for Cyprus.

Although the Cypriot economy is in recession and the consumers' buying behavior has become somewhat more conservative, food is essential. Therefore, the cuts in the food area are not so big. What is more, when times are so difficult in the economy, there is a tendency for people to eat less out and eat more in. This is good for a refrigerator company.

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However, the construction and development sectors are down. Fewer new houses and apartments are built, thus the already existing homes will generally not buy a new refrigerator unless they have problems with their old one.

Sociological

Because of the economic crisis, more and more single young people do not move out from their parents' house, hence no new homes are created and no new refrigerators are needed.

Cypriots are becoming more energy conscious since electricity rates have dramatically increased due to the local Electricity Authority's deficit after the explosion in 2011. Hence Cypriot consumers are looking for appliances that are more energy saving and environmentally friendly.

Technological

The wide use of Internet sources has made it possible for Cypriot consumers to search for all the available products in the market, compare them and choose what the consumer feels suits his or her needs. There is, therefore, fierce competition with all the available models from different companies.

Legal

Cyprus has a “ mixed legal system of English common law and civil law with Greek Orthodox religious law influence” (CIA Factbook, 2012). The fact that Cyprus partly follows the English common law makes it easier for companies from the United Kingdom to deal with Cyprus.

They are currently trying to modify taxation laws in Cyprus, which could discourage foreign organizations from entering the Cypriot market. But even that so, Cyprus still has one of the lowest corporate tax rates (10%) and VAT rates (17%) in Europe (Wikipedia).

Environmental

More and more Cypriot consumers are environmentally conscious and they are looking for energy saving, environmentally friendly appliances in order to avoid expensive electricity bills; hence, there is a considerable turn towards new, innovative, cost-cutting refrigerators, dishwashers and washing machines.

PESTLE analysis for India

Political

India has signed the Climate Change – Kyoto Protocol along with other environmental agreements and regulations and is, therefore, subject to environmental control (CIA Factbook). This could be a good opportunity for energy saving refrigerators and other appliances.

India has reduced control on foreign trade and investment (CIA Factbook) which is good for foreign organizations that wish to enter the Indian market either to trade or to invest.

In November 2008, terrorists from Pakistan organized a series of attacks in Mumbai, India's financial capital.

Corruption scandals that took place in India have slowed the legislative work in 2011 and thus, little economic reform was made (CIA Factbook).

Economic

According to the CIA Factbook on India, although India rebounded from the global economic crisis in 2010, in 2011 the country's economic growth slowed because of high inflation and interest rates and there was little progress in economic reforms.

For imports and exports, India mostly deals with China, the United States, the United Arab Emirates, Hong Kong and Saudi Arabia (CIA Factbook).

Sociological

According to the CIA Factbook, India has a young population. Thus there is possibility and potential for more homes to be created, hence more new kitchen appliances -and refrigerators- will be needed.

CIA Factbook goes on to say that India has pressing problems of important overpopulation, extensive poverty and widespread corruption.

Technological

There are over 60 million internet users in India who have the possibility to search and learn about Kool Kitchen's products in case they want to find out more about the quality and the characteristics. However, this is not enough people if we take into consideration that the population of India in July 2012 was estimated to be 1, 205, 073, 612 (CIA Factbook).

Legal

As a former British colony, India's legal system is the " common law system based on the English model" (CIA Factbook), thus making trade with the United Kingdom easier.

Environmental

India has environmental degradation. According to the CIA Factbook it is the 4th highest country in the world for carbon dioxide emissions from consumption of energy with 1. 696 billion Mt.

Opportunities and Threats in Cyprus and India

Opportunities

Both of the countries examined in this paper (India and Cyprus) are former British colonies and their legal systems are partly following the English common law. In addition to that, Cyprus is also a member state of the European Union. Trade amongst EU countries is easier and Cyprus deals a lot with the United Kingdom in terms of imports and exports. This situation could work in favor of Kool Kitchen since it is a UK company and trade with these countries could be facilitated.

Furthermore, the reduced control that India has on foreign trade and investment could also present an opportunity for Kool Kitchen there.

Threats

The global economic crisis has affected the consumer behavior of Cypriots. Young people are more and more reluctant to leave their parents' home and live on their own; the construction industry is down; hence few new homes are built and this has impacted the sales of kitchen appliances in general.

There is fierce competition in the refrigerators market in Cyprus as well as in India. Kool Kitchen will have to compete with long-running quality refrigerator manufacturers that are well known in both countries of interest,

such as Electrolux, Whirlpool, Samsung, LG, Sharp, Siemens and Bosch among others.

The political climate in India could be characterized as unstable, since terrorist attacks occurred in November 2008 in Mumbai by terrorists from Pakistan. The political climate in Cyprus is a bit more stable, although there is a Turkish military presence in the northern part of the country which poses a constant threat despite the political efforts to reconcile the two parts. What is more, Cyprus is geographically located in an area of further political instability, since it is very close to Egypt, Israel and Lebanon.

Conclusion

We have examined and assessed the external factors for the British refrigerator manufacturing company called Kool Kitchen in order to entry the markets of Cyprus and India. This assessment was done using the PESTLE analysis -looking at the Political, Economic, Sociological, Technological and Environmental factors that surround the countries in question, as well as the Opportunities and Threats each of this country represents for Kool Kitchen. The global financial crisis definitely poses a big threat during this period of time for any company that wants to make a new business move, as well as the fierce competition, but there are also some opportunities and other environmental and technological factors that could work in favor of Kool Kitchen, should the company decide to pursue these new markets.