

Late mover advantage?

Business



Case III: LATE MOVER ADVANTAGE? Questions 1. Why has the 'late corner's strategy' of Toyota failed in China, though it succeeded in India? 2. Why has Toyota failed to capture the Chinese market? Why is it trailing behind its rivals? 1. ans - Toyota failed to get a strong hold in the Chinese market due to poor understanding of the market. The reasons being mainly due to high pricing of the vehicle with which it entered the market in China as Toyota followed the price skimming strategy while entering China. The existing car companies like Volkswagen, Honda, and Hyundai had priced their vehicles keeping in mind the price sensitive customers in China.

Toyota entered into a joint venture with First Auto Works Group In Japan's market sold only single brand of cars while on the other hand the Chinese markets sold multiple brand of other car companies also. Besides, China is a large, diverse country. A standardized ad campaign will not do. The late mover also proved to be a failure for Toyota as the markets were filled with competitors. The existing car companies had a sound knowledge of the market and lived up to the expectation of the Chinese customers. While entering China Toyota assumed the markets to be similar to the Japanese markets, But Chinese market, in reality, resembled the American market in terms of the sales representatives sold cars on commission bases but in Japan the sales reps would get salary for the job done.

To conclude the in Indian markets the late mover proved to be an advantage to Toyota as the multi- utility segment had no existing players, as TATA sumo was a mini-truck converted into a rugged all-purpose van. Toyota had an upper hand in this multi- utility segment as it provided a new Avatar for the Indian customers and was priced appropriately and offered quality then

the competitors. 2ans. No proper understanding of the market. – the Chinese markets functioned in a different way as compared to Japanese, Toyota entered China markets with an impression that it would be similar to the home country but this assumption proved to be a major setback to the company.

* the Chinese market has existing players and have a sound knowledge of the Chinese markets. Toyota failed to attract the market as its prices were three times as expensive as the other car players in the market. *

Standardized ads could not gain to attract customers * Japan's market sold only single brand of cars while on the other hand the Chinese markets sold multiple brand of other car companies also. * Sales people are paid commissions and most dealers sell multiple brands. Obviously, loyalty plays little role in motivating either the sales staff or the dealers, who will ignore a slow selling product should a more profitable one turn up.

CASE: IV DELVING DEEP INTO USER'S MIND: 1. What product strategy did WOI adopt? And why? Global standardization? Local customization? Ans. Whoopool was an American based company and while entering the Indian markets with its products it adopted local customization. It designed its products keeping in mind the Indian consumers and their beliefs and values. The strategies adopted for local customization were * Entering into a joint venture with TVS group which is an Indian company having a sound knowledge of the functioning of the Indian market. The Indian market was dominated by an existing player, Videocon which was a leader in the washing machine segment by pricing the products keeping in mind the price sensitive customers which helped the company to be a leader.

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* Due to which a study of the Indian market was done intensely, through qualitative and quantitative market research (MR) tools, with the help of IMRB and MBL India. The research team delved deep into the psyche of the Indian housewife, her habits, her attitude towards life, her schedule, her every day concerns and most importantly, her innate 'laundry wisdom'. The key finding however was the pride in self-done washing. * the break-through insight used by Whirlpool for the design of all its washing machines, which adopted a '1-2, 1-2 Hand Wash Agitator System' to mimic the preferred hand wash technique. * WOI USP being "Product Innovation"- first it came up with fully automatic machine, with the hand-wash agitator.

Then came the deluxe model with a 'hot wash' function. And automatic washing machine, with 'Agisoak' as a catchword and later semi-automatic with hot wash was introduced. WOI also came-up with a jingle "Whirlpool Whirlpool" which proved to be a good brand recall among the consumers. 2. What pricing strategy did WOI follow? What, according to you, could have been the appropriate strategy? Ans. WOI followed Penetrating pricing while entering into the Indian markets.

Penetrating pricing means using lower initial prices to capture a large market share, which was exactly how WOI followed. And also since the market pioneer, Videocon priced its products lower so to be in power WOI priced its products accordingly. . What lessons can other white goods manufacturers learn from WOI? * Ans. One important aspect while entering into new markets is to act and be local, in terms of understanding the market, consumers needs and wants and accordingly push a product in the market.

WOI conducted a thorough study of the Indian market which proved to be beneficial in understanding the market and capturing the market. *

Continuous product innovation is a must to attract customers towards ones product. Which WOI followed by offering consumers exactly what was needed and so the consumers don't mind in paying a higher price. * Entering into a joint venture with a local based company can also prove to be advantageous as this company knows the functioning of the market. * CASE:

I ARROW AND THE APPAREL INDUSTRY : 1. Why did Arvind Mills choose globalization as the major route to achieve growth when the domestic market was huge? Ans.

The scenario of the apparel industry in India was in process of development as compared to foreign countries. The methods used for the apparel industry was outdated while in the cases of foreign countries used modern technologies which were more efficient, less time consuming and less wastage of fabrics. India The domestic market was huge but followed the traditional methods to manufacture clothes. Through globalization Arvind Mill was in an advantage of bringing in in modern technologies in India. Arvind Mills through good work was able to leave a mark in the foreign markets by which the company was able to beg orders from well known brands like Tommy Hilfiger. Through which the company made good profit.

Many foreign companies strated outsourcing from Arvind Mills. India proved to be a potential market for foreign brands and established their brand like GAP ...in India. First mover advantage- to introduce exclusive showrooms with readymade garments which was only followed in foreign countries and

in India th..... 2. How does lifting of ' Country-wise quota regime' help Arvind Mills? 3.

What lessons can other Indian businesses learn from the experience of Arvind Mills? Ans.