

Successful diversification

Business



**ASSIGN
BUSTER**

Since 1970 Mistral has been a global brand for people who like the coastal lifestyle. It is well known for its distinctive products ranging from high-tech surfboards; attire specifically designed for surfing and its ability to link sea sand, sun and wind to create one of the most exciting sports in the world.

Mistral is a leading global brand basing its prowess on creation of surfing board powered by wind. Its high-tech designs and wonderful quality of the surfing board not only gives it an edge over others but also its strength.

Mistral achievement began in 1976 due to its love for water and wind when new surfboards were made with an innovative design (Pederson 26). As demand for its product being increased, Mistral is engaged in innovation applying technology to create the surfing board with their unique bright colors and red spot visible from a distance as they dot the sea. Mistral has made great progress to the extent of making wind surfing the global competition including creating World Cup squad's as result of their quality and unique products, and it is no wonder that Mistral achievement were even more in the 1980s (Pederson 27). Surf internationals embraced Mistral as their boards of choice enabling Mistral even to accomplish more achievement.

Their brand is attractive with salient features that correlate with the coastal environment and living, their clothes and footwear give them a direct marriage with the coastal people, especially those who love to surf. This paper will focus on factors, which will result to successful diversification of the Mistral brand. The eventual findings will conclude whether Mistral (Windsurf brand) or not one should or should not diversify. Diversification and Reasons for Diversification Johnson and Scholes (22) define

<https://assignbuster.com/successful-diversification/>

diversification as the strategy that takes a company away from its present products, markets or competencies. This implies that a firm making use of a particular product or service or addressing a novel customer to enter into a novel competitive environment of strategic activity. Diversification is a type of corporate strategy in an organization that seeks to amplify profitability by increasing the volume of sales obtained from novel markets and products.

Generally, diversification takes place both at the corporate and at the business unit level. At the corporate level, a company enters into an external business but at the scope of the subsisting business unit whereas at the business unit level, a company expands into novel industry segment.

Research has revealed that diversification generally necessitates new techniques, new skills and new facilities (Lyon and Ferrier 452-469). There are various types of diversification strategies including acquisition of a company, internal development of new markets or products, licensing of novel technologies, alliances, and importing or distributing products produced by other companies (Montgomery 163-178). Usually, the last strategy incorporates a mixture of the other options.

However, such a mixture is dependent on the consistency and available opportunities with the resources and objectives of the firm. There are various kinds of diversification and they encompass horizontal, concentric, and conglomerate ones. Organizations diversify for a number of reasons, the most salient factor being to survive in the face of the ever-increasing competition. Firms that continually remain dormant and complacent when it comes to enlarging their boundaries will eventually be eliminated in this world of competition as firms continue to come up with new inventions and <https://assignbuster.com/successful-diversification/>

innovations (Johnson, G., and Scholes 24; Ginsberg 514-535). Diversification means that the company in question will have market for their commodity all the year round by broadening the commodities dealt with and services being offered.

When a wider range of commodities is produced and more variety of services offered then the existing customers have a wider choice and a new market can be accessed which could not have been possible if the firm in question remained within its limited boundary. A company may want to make the effect of its brand being felt in another market possibly for expansion or growth purposes to add to its profit margin (Jean-Pierre and Gale 42). Other main reasons why companies diversify their products are to cut costs, increase profits, risk decrease or compensation, development, growth and valorization of unique or novel competencies management of interests, advantages over their rivals, to make use of surplus resources and amplified strategic flexibility (Hoskisson and Hitt, 1990), pp. 461-509; Barney, 1996, pp. 21-24). Rationale of Diversification Diversification can be either defensive or offensive according to Calori and Harvatopoulus (88) when it comes to defensive purposes, a company tries to spread risk as market reduces due to prevailing market forces.

The market may also be shrinking and, therefore, hampering a company's growth. When it comes to offensive reasons, the firm or the company may be willing to get into new markets by taking advantage of prospective market opportunities. The company may also venture into a new market that promises better returns and looks lucrative in the eyes of the manager. In such a case then diversifying at its portfolio will make it improve its profit

<https://assignbuster.com/successful-diversification/>

levels and achieve greater growth and expansion. In this case, Mistral will be diversifying its Windsurf brand due to both offensive and defensive reasons.

The company will want to take advantage of the prospective market opportunities and venture into novel markets and at the same time, try to spread its risks in case of any unforeseen event which may result to reduction or shrinking of the market. According to (Barnham 11), proper forms of communication within organizations are useful for the growth of the firm. During the global financial crises, companies, which survived the crises, were the ones that employed effective means of communications with their customers. This is due to the fact that these companies strengthened their brands, thus increasing customers' confidence. In order to strengthen its customer services, Hyatt opened communications with its customers and within the organization. The company has a substantial following on social Media on sites such as Face book andTwitter. This form of communication enables the company to deal with customers quires effectively, thus creating an enabling environment for launching of companies' products. The other aspect that has effectively improved the brand of the company is the pricing policies adopted by Mistral. Barnham (11) indicating that good pricing policies lead to the maximization of the profits of the organization as sales revenues go high. In the recent times, customers have been affected by the high food and fuel prices at the international markets. This has resulted to decreased buying power of customers as their real incomes go down, thus leading to high price sensitivity levels among the customers.

Consequently, they have drastically cut down costs in some areas such as leisure, i. e. the factor that has led to decreased profitability of many

<https://assignbuster.com/successful-diversification/>

companies, especially in the hospitality industry. For Mistral Company, the firm has realized the importance of good pricing practices, especially during these hard economic times when most of the customers have drastically cut spending on such areas as leisure, resulting from low spending powers. In order to encourage coming back customers, the company has come up with several price offers at different markets.

Factors Which Will Lead To Successful Diversification of the Windsurf Brand

In order to be successful, a company has to take various factors into consideration. Such factors encompass analyzing a market carefully (clients, competitors), gaining advantage over its rivals, respecting the customers along with the system capacity, and bringing a technological evolution that as well as integrating the employees into the company's projects (Bergery 1). It is apparent that various factors will result to the successful diversification of the Mistral Windsurf brand. Some of these factors are explained herein. One of the main factors that will ensure successful diversification of the Mistral Windsurf brand will involve a thorough study carried out in advance by the company into the characteristic of the diversification product (Cooper et al 26-31). In this case, the company managers should take into consideration the availability of financial resources, the product investment (administrative costs/creation and maintenance), the attended results, exploitation along with the gains of a broader offer as weighed to the realization costs, for instance, customers' loyalty and better image (Cooper et al 26-31).

It is apparent that the latter, encompassing customers' loyalty and brand image is a key factor, which will ensure the successful diversification of the

<https://assignbuster.com/successful-diversification/>

product. Brand image means that the product is well known to the customers and it has created an image in terms of quality, innovation and better service. Customer loyalty on the other hand means that customers prefer Mistral's Windsurf brand to its competitors' due to its good image at the market meaning that the company's sales will be on the increase in case of diversification or stable despite the entry of new competitors at the market (Cooper et al 26-31). Adopting a worldwide proceeding is another factor that will lead to successful diversification of the Windsurf brand. The merchandizing, for instance, aims at improving the frequentation and profitability of the product by acclimatizing the offer into the market demand under consideration of the company geographical and structural qualities (Kotler, 2003; Kotler, 2004). Mistral should develop a diversification programme, which is valid for various years if it has to be successful in its diversification endeavors.

The following figure indicates how the company can develop such a diversification programme. Diversification programme (Marlin, Lamont, and Geiger 361) The diversification of the Windsurf brand should be preceded by a thorough study of the concurrence and potentialities along with the clients' behaviors and expectations. This necessitates a clarification of the strategy choices and the basic products in connection with the product, customers and brand image. The analysis of the communication and subsisting offer entails the classification of products and the description of the company is advertising measures (Kashani 41). Furthermore, the company should develop its product and in addition modify the range of its product.

Besides, Mistral has to pursue a communication policy in order to enhance the product diversification. However, this will be possible only when there are enough resources, both financial and human capital. The accomplishment of this will see to it the successful diversification of the company product, the Windsurf brand. Mistral should also measure the potentialities of diversification so as to attain realistic aims (Kashani 41). This is based on the fact that the potentiality of the diversification of the Windsurf products depends wholly on the people who like the coastal lifestyle. This implies that the company has to diversify its product with a clear understanding of the new market or product.

Such an understanding will ensure that the company has a clear knowledge regarding the customers' needs and preferences and, furthermore, of the market in order to make certain that the diversification process is a success. Furthermore, understanding client requirements will also contribute to a successful diversification (Jean-Pierre J., and Gale, C., 1995, p. 27; Kotler 22-26).

This is deemed as the most essential success factor for any company that necessitates diversifying its products with an aim of increasing profits and becoming competitive at the market (Ginsberg, 1990, p. 518; Barney 71). In this case, Mistral should understand the requirements of the customers better as this is deemed as a foundation of improving and offering high quality products to such clients. Understanding customer requirements encompasses various factors including additional of visible value to the product, application of clients' knowledge in the product development procedure and a strong connection with the customers. Evaluation of the <https://assignbuster.com/successful-diversification/>

utility of the diversification product is another factor that can result to the successful diversification of the Windsurf product (Hoskisson and Hitt 461-509). This will encompass the evaluation of the activities linked with the product- the Windsurf.

Through this the company can make aware such activities to its potential and targeted customers who are interested in the coastal lifestyle and this will guarantee Mistral market after diversification. It is apparent that customers prefer quality products irrespective of the prices charged for such products. This means that it must make certain that a company attracts more and retaining its customers quality products are a prerequisite. For Mistral product, the Windsurf brand to emerge successful at the market after diversification, the company has to ensure that the brand is of high quality compared to those of the competitors. The brand must also be innovative, a factor which will attract customers to buy the product. It is apparent that the success of the company's products at the market is as a result of both the designing and production of array of quality board models and a great team.

The team of professional women and men as windsurfers who usually participate in contests across the globe typically tests the company designs, and as a result promotes them in the entire globe. This means that promotion is another factor that will result to successful diversification of the Windsurf brand. Promotion ensures that the company's brand is well familiar to and well known by the target market which as a result will ensure diversification efficiency. This will apply in case if the company wants to diversify the Windsurfing brand at new markets outside their region. It is evident that, Mistral faces a stiff competition directly and indirectly from <https://assignbuster.com/successful-diversification/>

other brands across the world. Direct competitors are those companies, which openly sell similar products as your business, while indirect competitors are those selling substitute products that can be usable.

Besides, having novel designs for the windsurfing boards is also considered as a significant factor resulting to successful diversification. Mistral has been very cautious on this and it has made certain that their boards are well designed and effective. The company has speed boards, racing designs and a wave board line that covers various models. Furthermore, Mistral has produced the free riding windsurfers with diverse lines like the screamer, energy and synchro. The differentiation of the Windsurf brand is a success factor for the company and, furthermore, may play an essential role in making certain that Mistral windsurf brand diversifies efficiently at the market. Moreover, choosing a target market is also deemed as an essential factor which will ensure successful diversification of the Windsurf brand.

This means that Mistral has to identify its market for the Windsurf brand. The company can choose a target market bearing into consideration various factors including geographic, demographic, and psychological factors amongst others. Particularly, Mistral should consider individuals lifestyles and geographic factors, which encompasses groping individuals in terms of regions, and locality amongst others. This is due to the fact that the company's brands are targeted for persons who like the coastal lifestyles. In this case, individuals' levels of income should also be put into consideration as the company products targets high income earners who can afford the coastal lifestyle.

Therefore, proper identification of the target market is very significant for the success of all companies due to the fact that such companies are guaranteed of a ready market once they produce new products or attempt to enter into new markets. Theoretical background There are various theories that explain why companies consider diversification. Montgomery (4) offers an insightful and concise review of various diversification theories and their predictions concerning its impacts on company performance: agency, market power and company resources. According to him, the resource-based perception of diversification is the most significant view among these theories. The concept implies that companies diversify with the aim of exploiting their excess capability in resources which are imperfectly tradable externally, however, vulnerable of being employed productively in various businesses within the company (Montgomery 81).

Furthermore, research has proved that the resource-based view of diversification is at the core of the notion of economies of scale or synergies (Barney, Wright and Ketchen, 2001, PP. 625-643; John, C., and J. Harrison 129-145). Nevertheless, Teece (19) puts forth that for economies of scale or a company's resources to substantiate diversification, it has to be the circumstance that such resources may not be exchanged through a market mechanism-an extension of Williamson and Coase transaction cost economics rationale for vertical and horizontal integration into the demesne of corporate diversification. Another theory that explains why companies diversify is the portfolio theory.

This is another most influential and significant theory of diversification developed by Markowitz Harry in 1952. Modern portfolio theory deals with <https://assignbuster.com/successful-diversification/>

investment and finance. According to the modern portfolio theory, it is not sufficient for companies to look only at the projected return or risk of one specific stock (Ginsberg 417-438). The theory puts forth that companies should invest in a number of stocks in order to obtain the benefits of diversification- key amongst them, a decrease in the riskiness of the portfolio. The modern portfolio theory quantifies diversification benefits, which are also referred to as “avoiding putting ones eggs in one basket” (McClure Par.

4). Apparently, the risk in a portfolio of different personal stocks will be lesser compared to the risk intrinsic in holding the entire personal stocks (given that the risks of the different stocks are not directly linked). For instance, when you take into consideration a portfolio which contains two risky stocks: one which pays off in case it rains and the other one which pays off when it does not rain: a portfolio that contains both assets will always pay off, regardless of whether it rains or shines. Adding one risky asset to another can reduce the overall risk of an all-weather portfolio (McClure Par. 4).

For Mistral this means that diversifying its Windsurf product will lessen the risk of the company falling apart in case of any market failure. This may include increased competition among firms, especially in case of new entrants, market reduction or shrinkage or a change in customer preferences amongst others. At the same time, the company will be taking advantage of the new market opportunities, which may result to growth of Mistral in terms of profitability. Conceptual Model In general sense, the term model is usually anything that is used in any given way to represent a certain fact. Most of <https://assignbuster.com/successful-diversification/>

the models are in physical forms, thus helping us to be aware of the subject matter, which they represent. Hunter (31) candidly indicates that, the word conceptual model can be used to refer to the models that are represented by particular concepts or even related concepts formed after conceptualization process in ones' minds.

The conceptual models are semantics or human intentions.

Conceptualizations from the observation of the physical existence as well as conceptual modeling are the vital ways employed by leaders to think as well as solve certain given challenges. In most cases, companies, such as Mistral, libraries among others have created a pragmatic rules used to define their collections, thus, making them to easily accessed by researchers and information easily stored in machines as well as indexed. Through the conceptual model, these international companies have offered a high-level view of real life domains in their databases among others. The conceptual models have the following significance, especially to the international companies, like Mistral, i. e.

they are vital tools for assessing the importance of the existing rules for describing data models, formats and improving them. they aimed at conveying common conceptualization, thus, making it possible for developing mediation tools among the homogenous databases. they contribute to development of a semantic web. For instance, it set the techniques, which allow the computer agents to make logical inferences from the contemporary information that is scattered over the other parts of the web in a distinct and heterogeneous database. Rybakov (13) found out that the conceptual models range in type, such as mental image considered <https://assignbuster.com/successful-diversification/>

more concrete to the formal abstractness and generality of the mathematical models that do not as an image in the minds of the viewer. It is also important to indicate that the conception models may also range in terms of extent of the subject matter, which they represent.

Generally, the scope and variety of the conceptual model varies significantly according to the purpose that they are intended to represent. For Mistral Company, the need of developing a healthy conceptual model cannot be overstressed. Ewing (109), argues that for all the companies, regardless of the industry that they operate, intangible assets offer the most sustainable source of the firms competitive advantage. Among all these intangible assets, such as logos, brands, advertising, patents, slogans, copyrights among others, brand equity often accounts for the major portion of the shareholders' value. Based on this information, the way to build brand cognition often transmits brand value as well as brand loyalty, thus doing higher sales volume for the firm.

According to Robertson (9), over 90% of companies in developed countries such as Europe, US among other notable markets have established the need of appropriate branding to the success of their business, especially in the last five years. However, only 20% of this group has put management of their companies brand at the heart of their capabilities and systems (Heskett 3). For some businesses, they think that, product is the only brand in their organization. It is important for business persons to be known that even a company itself is a brand by itself. Healthy image of a company can create impacts on the products offered.

Brands have long and larger impacts, because it is not only a product but also the company's culture on areas such as ethics, values, spiritual dimensions, people, and principles among others. Therefore, the method of building strong brand name can be regarded as a process of creating closing communication channels between the customers and enterprise. Generally, by developing a healthy conceptual model, the brand value of Mistral will significantly be improved, hence raise sales figures, both in the short and long run (Zikmund 11). Based on this, Mistral should adopt an improved conception to brand response. Through the inducement as well as stimuli of different Mistral tool, the brand response is a sequential process, that customer generates the cognition of brand image that is build by the firm.

This improves brand perception value and loyalty. The conception model for Mistral will entail the firm and its customers. This conceptual model regards Mistral campaigns as one of the requirements to generate the desired customers brand response, and successful customers' response entails brand cognition, brand loyalty and perception. The flow chart below indicates the conception model to be adopted by Mistral. As indicated by Newman (43), brand response is the brand response that is carefully executed by campaign having long-term goals, like brand loyalty, customers' retention as well as improving the relationship of the customers to the brand itself.

This conceptual model indicates the response of the brand in areas, such as marketing campaigns. Rubinfeld (17) argues that the success of marketing campaigns and advertisements depends on consistent creativities, which reinforces the brand value over a given period. As for Mistral brand, the conceptual model targeting the diversification of the brand both from the <https://assignbuster.com/successful-diversification/>

company and on customers' side will have the following effects to the Mistral Company. by adopting this conceptual model, the brand awareness for Mistral products, in the non-traditional markets, such as Africa, Latin America and Asia, will increase by at least 20% in the next three years. by adopting this conceptual model, brand loyalty for Mistral products, will increase by 20% in the next five years. by adopting this conceptual model, Mistral will improve its leadership on all the branches by at least 35% in the next three years by adopting this conceptual model, the productivity of all employees will increase by 25% in the next three years.

by adopting this conceptual model, the profitability level of Mistral, will increase by at least 20% in the next three years. the conceptual model will raise the over all brand diversification, by at least 20% in all the targeted market in a period of three years (Lamb 10). Generally, the conceptual will significantly does the customers' perception to the products offered by the company. As urged by (Mahajan 13), consumers' perception to a particular brand of products is highly influenced by the strength of the company's brand. It is important for companies to create the best brand perceptions, in order to increase brand loyalty, thus, higher sales revenues of a company. For Mistral, the creation of a strong brand name will result to high levels of brand loyalty, especially in some of the notable markets such as the Australia, the U.

S. among others. Research Design Research is one of the most crucial aspects, before the implementation of any given action plan. Rubinfeld(52) argues that by carrying out successful research, a firm can substantially benefit from things like economies of scale, improved brand awareness and <https://assignbuster.com/successful-diversification/>

loyalty among other areas. The type of the research method to be employed largely depends on the type of intended information as well as methods to be used (Hagel 98). Data is used in generating new hypothesis, which are based on results of the data collected on different variables.

In the current trend in developmental research work, the methods of research are mainly qualitative, quantitative and participatory with each of the method having its approaches, techniques and tools used to carry out the. Over the years, debates have been carried out, in tackling which method is better than the other one. It is crucial to note that, the main reasons why the above issue have never been satisfactorily solved is the fact that, each of the method have its advantage and disadvantage that vary depending on the topic of research being discussed (Sandhusen 55). In some of research work, both the qualitative and quantitative research method is used together in areas such as the study of human behaviors towards particular events and objects. Research question is a statement indicating the main aim of the study. Hypothesis is the way that scientist explains proposed apparent phenomenon (Donham 20).

Various types of hypothesis were used. Some of them include directional and non- directional hypothesis. Directional hypothesis is when assumptions is made to manipulate independent variables that will lead to specific changes to dependent variables and you can be able to predict the changes that are positive or negative. On the other hand, non-directional hypothesis is when independent variables change the dependant variables but you cannot predict whether changes are positive or negative. For Mistral Company, a research will be conducted to determine the need for Windsurf brand to <https://assignbuster.com/successful-diversification/>

diversify its market niche. Research Approach Although there are a range of methods used in collecting, data a questionnaire method was highly preferred for carrying out this research.

As compared to other notable methods of data collection a questionnaire possesses numerous advantages, thus making it an important tool for data collection. Questionnaires are faster methods of collecting data as compared to other methods such as interviews. They are common methods of data collection in business and management researches, since they can be used in gathering facts for both qualitative and quantitative analysis. The results obtained from the questionnaire are easily quantified by researchers or by the use of some given software packages. Large amounts of data can be obtained from a large number of individuals in short durations and in a reasonably cost-effective manner (Thill 66). However, there are challenges of using a questionnaire in carrying out this research. It is difficult to tell the level of truthfulness of the respondents. The respondents fail to think within the full context of the situation at hand. There is an enormous level of research imposition. This means that, at the time of developing a questionnaire, there is a tendency of formulating questions based on one's assumptions and decisions, the factor that might hinder the effectiveness of the intended questions. People who read the questions asked differently, therefore reply to them based on their interpretation.

Consequently, the level of subjectivity is not adequately acknowledged (Barnham 11). Stratified Random Sampling Stratified random sampling method was employed as the suitable research design for carrying out this survey. Stratified random is a sampling method that involves division of the

<https://assignbuster.com/successful-diversification/>

large population into small groups, which are known as strata. In stratified random sampling method, the strata are based on the characteristics or shared attributes of members. Random sample from every stratum is handled in the number proportion to the size of stratum in comparison to the population. Afterwards, the subjects of these strata are pooled together to form the random sample.

The main advantage of this method of data sampling is the fact that it captures the key characteristics of the population in the sample (Lopes 10). Like the weighted average method, stratified random sampling produces characteristics in the given sample, which is proportional to the entire population. Generally, stratified sampling method works effectively for populations having varieties of attributes, though it is ineffective because of its inability to form subgroups. For this research, every strata of this sample was allocated ten questionnaires. This stratification helped to understand the reasons why Mistral should diversify its brand to international markets.

Through the questionnaire, the research will ask fundamental questions like the ability of the firm to remain profitable once it ventures at the international markets, the impact of brand diversification to the firms administration structure among others. It is also crucial to note that, the questionnaire targets to 200 respondents, where 80 will be employees from the firm, while the rest are customers. A Questionnaire on Factors That Will Lead to the Successful Diversification of the Mistral Brand 1) Please state whether you are an employee or a customer (tick at the relevant box) a) I have used the products offered by Mistral Comapny b) I was influenced by the firms' strong brand name, when buying the products. c) By venturing

<https://assignbuster.com/successful-diversification/>

into international markets, Mistral will be able to drastically raise its profitability levels d) By diversifying its brand, Mistral will be able to improve the relationship with the customers e) There is need of intensively marketing Mistral company, through contemporary marketing methods like social media (Facebook, Twitter, Myspace, blogs among others) once it diversify its brand, in order to create brand awareness f) To diversify the brand, Mistral should produce and sell high quality products at a reduced price, thus competing effectively with other related firms. g) All other firms selling distinctive products ranging from high-tech surfboards; attire specifically designed for surfing have been successful in diversifying their brands, locally and internationally.

h) Through diversification process, brand loyalty of Mistral products will increase i) The diversification process, will drastically improve Mistral administrative structure j) There is an urgent need for Mistral Company to diversify its brand Results Discussion of the Results From the table above it is evident that majority of the respondents, 81% have used the products from Mistral company. The 15 percent of those who did not decide, had the problem of clearly indentifying products from Mistral, due to their close association with brands from other companies. For instance, surfboards from companies, such as Isle Surfboards, West Coast Surf Shop among others are closely related to those sold by Mistral. This is one of the close indicators that, Mistral urgently require diversifying its brand to prevent further confusion between the firm's products and those offered by other companies. Out of the 200 respondents, 50% of them clearly indicated that,

they were not attracted by the strong brand name of Mistral to purchase products like surfboard.

Stafford (56) argues that for a firm to remain profitable in the long-run, there is need for customers to closely relate to a certain give brand for the sales figure, which in most cases translates to raised profitability, to remain high. Therefore, Mistral should drastically diversify its product portfolio, thus improved brand quality (Blackford 15). Majority of the responds, 90%, strongly feel that by venturing into the international markets, Mistral will succeed to raise its profitability by at least 25% in the next three years. It is arguable that for any given firm to be successful in the international markets, development of a strong brand quality is vital for the success of the firm. Failures to do this, over 60% of these corporate are forced to close shops, thus loosing well placed firms (Knight 8). 186 respondents, which were 93% of the sample size, strongly suggested the need for Mistral Company to expand its brand reach, not only in the international markets, but also in the domestic markets.

To achieve this, the administrative structure for the firm had to change to make it possible for the managers freely to interact with employees in the lower carders among other advantages (Galbraith 44). The Portfolio Analysis Portfolio analysis is the systematic ways of analyzing services and products, which makes up the business portfolio. Portfolio analysis will help Mistral Company decide the products or services, which should be carefully emphasized or phased out based on the objectivity criteria. Portfolio analysis entails subjecting every product through progression of a finer screen. In this regard, Mistral Company should heavily invest in SUP boards as they are <https://assignbuster.com/successful-diversification/>

becoming more popular, especially in the non-traditional markets, such as Africa and Latin America. Currently, the firm has only four main SUP boards namely the Wave, Allround, M1 Race and Crossover (Hitt 51).

Generally, outstanding design as well as innovative constructions and shapes should characterize the high-end boards. By employing the GE Matrix, it is clear that Mistral should heavily invest in brand diversification as it forms the strongest basis for the firm's success as indicated by the table below. (Hagin 12) Recommendations the firm should improve on its product quality as one way of attracting and retaining customers more resources should be allocated to research and development It should be done marketing via social media as it is effective and have a higher market reach. Conclusion From the above information, it is clear that, Mistral Company should diversify its brand. This way it will be able to remain profitable, despite the raising competition from emerging businesses. By developing high quality products to be sold at a reduced cost, the firm will be able to attract and retain customers, thus short and long-term sustainability (Kliatchho 103).