

Marketing strategy for electrolux china assignment

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Ltd Type of project Thesis Supervisor(s) of study Adult Laminas Electrocute Small Home Appliance Co. Ltd is facing increasing competitions in China and should update its outdated marketing plan as soon as possible. This study focuses on analyzing the main marketing issues of the company, such as the target markets, the brand and the distribution channels. Furthermore, concrete counter measures are introduced in the study. The research is based on the analysis of the marketing environment, the main competitors and Electrocute" s resources and capability.

As a famous multinational company, Electrocute China Small Home Appliance has high competence in the areas of product development, brand, and capital. Accordingly, its racketing strategy should be focused on its advantages. The company aims to be the leading producer of small home appliances in China with a well-known brand in the wealthy regions of China. The company should expand its market shares with its outstanding products and rebuild its brand impression on its famous brand in the world. After having decided its target market, the company" s main issue is how to make its products well-known among consumers.

When entering a new market, the relation between the brand, the price and the product series becomes a very important issue. The marketing channels are also very important, because it is selves to have too many inefficient channels. Electrocute should pay attention to its distribution efficiency and drive for profit. In other words, the company should develop the co-operation with the distributors carefully in order to enter into selected profitable stores. At the same time, it should look for more channels to reduce the distribution

risk caused by a single channel and to avoid entering into low turnover stores.

Figure 3. A nested model of a firm's environments. Figure 4. China's home appliance market in 2010. Figure 5. Market growth situations in different-level cities in China in 2010. Figure 6. Market growth situation in different distributors in China in 2010. Figure 7. Comparison diagram of Electrocute main competitors. Figure 8. Sales volume trend diagram of main brands in China in 2009. Figure 9. Retail share trend diagram of main brands in China in 2009. Figure 10. Players in different price segments in China. Figure 11. Coffee maker and toaster competitive situation in China.

This kind of business model becomes increasingly adapted on the new business environment, which is needed to adjust. (Wee 2009, 3)

1.1 Research Problem Definition What is a suitable marketing strategy for Electrocute home appliance China when they face the Chinese special market environment is the main problem in the thesis, which will include three parts: How to set the target rate? Electrocute small appliances company was build up in 2003, the target market is not clear, within the market strategy it is changing frequently. How to build the image?

Although Electrocute is one of the most famous appliance brands, its brand wandered between high-end and low-end and the brand value did not identified with China's customers. How to design the distribution channels?

The sales of Electrocute production is mainly through all kinds of sales channel, they have not a special channel, independent sales agent.

1.2 Research Objective and Research Methodology The main objective is to

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design more suitable marketing strategies for Electrocute China to solve the real problems Electrocute faced in China and to improve competitiveness.

In addition, the example of Electrocute China development is typical, and might solve similar problems for multinational companies in the future. The main research method is the qualitative research method to collect information about existing situation, and then find problems and design targeted marketing strategies. Philip Kettle divides marketing into three stages and five parts according to "create customer" value in the marketing management, which is also called customer-based brand equity. The three stages are option value, provide value and spread value.

The five parts are target market positioning, brand building, product and price strategy, channel strategy, promotion strategy. (Kettle and Armstrong 2007, 192-391) This thesis mentality is generally according to the "create customer" value, however aim at the "both sides outside" business model, the focus is on the target market positioning, brand building, and distribution channel establishing. According to the current marketing situation, the product and the price strategy supports the corporation brand strategy, and the promotion strategy is implemented combined with the distribution channel strategy.

Considering the three problems of Electrocute, this thesis is divided into three main parts: 1) the current situation of Electrocute small home appliance, 2) the analysis of target market, 3) the design of the marketing strategy, with emphasis on the brand building and the distribution channel building. At the same time, considering the risks and risk predictability. 8 The

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framework is shown in Figure 1, it is divided into four steps. The first step is theory analysis. The second step is SOOT analysis and target market setting. The third step is brand strategy design and distribution channel strategy design.

The fourth step is based on the marketing strategy, analysis the implementation and control. 9 The first step: theory analysis Research Problem Research Objective Research Methods Theory analysis The second step: SOOT analysis and target group setting Create customers' value External environment analysis Internal environment analysis SOOT analysis and Target market setting The third step: marketing strategy design Marketing Strategies Brand strategy Channel strategy The fourth step: strategy implementation Strategy Implementation and Control Conclusion

Figure 1 . The framework of the thesis. 0 2 INTERNATIONALIZATION OF COMPANIES The word " Market" derived from the Latin " mercuric" which means " to buy or trade". A market is the set of actual and potential buyers of a product. These buyers share a particular need or want that can be satisfied through the exchange of relationships. Marketing means managing relationship markets to bring about profitable customers relationships. However, creating these relationships takes work; sellers must search for buyers, identify their needs, design good market offerings, set prices for them, promote them, and store and deliver them.

Activities such as product development, research, communication, distribution, pricing and service are core marketing activities. (Armstrong, Harder, Kettle and Brenna 2009, 9) The modern marketing started in the

early 20th century. The change from the traditional economics to management in the marketing theory is not merely the symbol of business management but also the innovation of the marketing theory. Since the early sass, American marketing expert Neil H.

Button put forward the Marketing Mix, which is “ a blending of decisions in four areas- product, promotion, price and place”. In the words of William J. Stanton, “ marketing mix is the term used to describe the combination of the four inputs which constitute a company” s marketing system, the product, the price structure, the promotional activities and the distribution system. ” E. Jerome McCarthy, an American marketing expert, has stated marketing mix in terms of 4 P” s biz. , product, promotion, price and place. Tang 2009, 1 1) After 4 P” s, Philip Kettle investigated marketing mix in special market conditions, advanced it as 11 P” s (2001), including four marketing strategies – probing, partitioning, proportioning, positioning and six tactics – product, price, place, rumination, power, public, and people. The American marketing expert Alternate (1990) offered a new marketing theory from the customers” point of view, which is “ C” marketing mix theory – customer needs and wants; customer value; convenience; and communication.

In the beginning of 21 century, Teenager Elliott put forward the OR theory that takes relationship marketing as a core, the important factor is establishing the customer” s loyalty. OR theory states four new marketing mix elements: relativity, reaction, relation, and retribution. (Tang 2009, 1 1) 11 2. 1 Decisions for Internationalization When searching for reasons why an increasing umber of companies have decided to go international in the past

decade, we find four major driving forces: 1) Limited growth in domestic markets In order to remain financially healthy, most companies must grow.

Many foreign markets offer more opportunities for business expansion than the home market does. International business is not only a route to growth but also a necessary means for survival. In Europe, stagnant growth, local competitive pressure and the need to reduce costs have made midsection business a must for many firms. Some industries have an export rate of more than 60 per cent. European firms have reacted positively to the challenge. Melcher Derringer and Lei's 2009, 28) 2) Technological change Important drivers for international business are technological improvements and change in the areas of transportation and communication. The number of direct airline connections inside Europe to Asia has dramatically increased while ticket prices have substantially decreased. Low-price transport supports the development of international business. Telecommunications have revolutionized the economic and political world, and changed the way business is conducted.

A seemingly simple invention like the fax machine has permitted real-time global communication without the difficulties involved in taking time zone differences into account. In a more advanced way, the computer has increasingly hooked people to each other online around the world. The Internet has further revolutionized communication, providing real-time information to even very small firms and to consumers. (Melcher Derringer and Lei's 2009, 29) 3) Global competition For many firms, the primary driving force to start international business is competition.

Business today is increasingly characterized by competitors operating on an international level. Both local and national firms are confronted with foreign competitors in their home markets. In recent years a growing number of industries have become global in their competitive scope, that is, a firm's competitive position in one country is significantly influenced by its position in other countries. In more global industry, the firm that wants to survive must develop an integrated worldwide strategy for all of its operations.

This means that large national companies might be forced to change their strategies to find their competitive positions as the industry becomes global in scope. (Melcher, Derringer and Lei's 2009, 32) 4) Access to Resources Companies that operate internationally treat the world as a source of supply as well as demand. They obtain the resources they need wherever they can buy them at the best price. Technological know-how gained in different parts of the world is quickly applied to new products.

Cooperation with firms in other nations can reduce costs and increase management knowledge, further enhancing the competitiveness of global firms relative to others. (Melcher, Derringer and Lei's 2009, 35) To attain and maintain global competitiveness, however, it is not enough simply to keep abreast of technological developments. Serving more than one country-market allows the firm to balance resource investments in some markets against resource surpluses in others. Moreover, when a competitor attacks it in its home market, a globally competitive firm would be able to mount a counterattack in the competitor's domain. (Melcher, Derringer and Lei's 2009, 36) 2. 2 Starting International Marketing According to Hess and

Caterer, international marketing is “ the performance of business activities that direct the flow of goods and services to consumers or users in more than one nation. ” International marketing rough countries closer due to economic needs and facilitates understanding and co-operation among them. It is essentially a constructive 13 economic and commercial activity which is useful and beneficial to all participating countries. Caterer and Hess 1995, 3) The rapid move towards globalization means that all companies will have to answer some basic questions: What market position should we try to establish in our country, in our economic region, and globally? Who will our global competitors be, and what are their strategies and resources? Where should we produce or source our products? What strategic alliances should we form with other firms around the world? 590) Generally speaking, as shown in Figure 2, a company faces major decisions in international marketing.

The first step for a company to be international is to examine the international environment. This step will give the company a chance to understand its present situation and its future development. When the company has a better understanding of itself, it can decide whether to go international. The next step is to decide which market to enter, different counties or regions may have different advantages and disadvantages, many can combine the situation and the market environment; the marketer may also take into consideration its products and the host government” s policy to make is decisions.

There are different strategies to enter different markets; a marketer must be very careful to make a sound program so as to be successfully to be accepted by local consumers. Finally, the company has to make a decision on the global marketing network including the marketing mix and to set up the measurements and systems to control both its long term marketing strategies and its short term plan. The marketing process circles and the company may improve greatly when the marketing activities are properly controlled and managed. Kettle and Armstrong 2007, 590) (Kettle and Armstrong 2007, 14 Figure 2. Major decision making areas in international marketing (Kettle and Armstrong 2007, 590). The benefits of international marketing are considerable. Trade moderates inflation and improves both employment and the standard of living, while providing a better understanding of the marketing process at home and abroad. For many companies, survival or the ability to diversify depends on the Roth, sales, and profits from abroad.

As may be expected, the BRICE (Brazil, Russia, India, and China) economics have been getting a great deal of attention. (Invites and Shaw 2009, 23) 3
INTERNATIONAL MARKETING STRATEGY International trade booming. Since 1969, the number of multinational corporations in the world has grown from 7, 000 to more than 63, 000. Multinational Corporation (NC) as a corporation that has its management headquarters in one country, and operates in several other countries, gains marketing, productions, R&D, and financial advantages that are not available to purely domestic competitors.

Kettle and Armstrong 2007, 589) In the past 40 years, whatever in the academic circles or in the business circles, the debate of whether applies standardization marketing strategy or adaptive marketing strategy was never stopped, and multinational corporations should have different marketing strategies according to various countries, so called uniform standardization marketing strategy does not exist. (Zoo, Andrea and Unravel 1997, 107) And K. Afghanistan, Peter R. Dickson points out that there are shortcomings in this two marketing strategies, the best way should be “ dynamics of standardization”.

Afghanistan and Dickson 2007, 46-63) About the problem of dynamics of standardization, Galena Survival and Janis J. Angelic have positive analysis contrasted Baltic States, they regard as that most of Baltic States” multinational corporations can apply dynamics of standardization marketing strategy. (Survival and Angelic 2006, 169-187) 3. 1 Business Environment Analysis Marketers need to be good at building relationship with customers, others in the company and external partners.

To do this effectively, they must understand the major environmental forces that surround all of these relationships. Successful companies know the vital importance of constantly watching and adapting to the changing environment. (Kettle and Armstrong 2007, 65) 16 When taking and implementing the decision concerning the internationalization of their business, a firm” s management has to be aware of the considerably higher complexity of the environment to be considered than for a strictly local firm.

Figure 3 shows a general nested model of a firm's environments. It demonstrates that the decision makers of a company live in their firm's internal environment which is embedded in the operative environment of the company which, in turn, is rounded by the macro environment. (Melcher, Derringer and Lei's 2009, 50) Decision Makers Figure 3. A nested model of a firm's environments (Melcher, Derringer and Lei's 2009, 51). 17 3. 1. 1

External environment analysis The corporation environment is made up of a micromanagement and a micromanagement.

A company's micromanagement is generally defined as the political, legal, economic, ecological, social, cultural and technological dimensions of the universe in which the micromanagement of the firm is embedded. Whereas the micromanagement of a company strongly influences the Truckee and state of its operating environment, individual members of the micromanagement are restricted in their influence on the development of the micromanagement. The Micromanagement and Micromanagement of a corporate are not separated from each other by objective and clear-cut boundaries.

Depending on the business of a company and its resources varying parts belong to its operating and micromanagement. (Melcher, Derringer and Lei's 2009, 50) The micromanagement of a firm contains all actors, that is individuals or people representing organizations and institutions, which have aspirations concerning the behavior and performance of the company in doing its business. Those are customers, competitors, suppliers, intermediaries, potential and existing workforce, owners, shareholders,

banks, media, trade unions, and other so-called stakeholders of the company.

They can have a strong impact on the success of a firm. (Melcher, Derringer and Lei's 2009, 50) Besides, there is an essential part in the corporation" s micromanagement is industry analysis. American Harvard Business School Michael E. Porter said, " Corporate is most concerned about competitive intensity in their industry, the strength of the competitive forces in an industry determines the degree to which this inflow of investment occurs and drives the return to the free market level, and thus the ability of firm to sustain above-average returns.