

Tarbes competitive strategy



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1. What resources and capabilities does Tarbes command that have led them to accrue competitive advantage in the past?

Tarbes is a leading tech firm in Brazil, described as national champion in technology industry which has been established and flourished internally in the country, which has the ability to compete with world's best computer firms like Toshiba, Hp etc. Tarbes's tablets are cost effective, affordable, powerful, user friendly and slimmer with latest design and technology. The firm has been expanding internationally to improve their distribution and starting more assembly plants across the globe to assemble last minute orders. It has a huge working force, employing more than 3500 engineers working solely on the tablet design and production. Tarbes owns 55% of market share compared to its competitors in its home market. In Brazil Tarbes is the only manufacturer with an open source Linux operating system. It has a dedicated team of 30 engineers developing their Apps for its tablets. In addition to this it has a strong distribution network which delivers products to more than 1800 various sales points across the country. It reserves a preferential space, as it is ranked as the number one product in Brazilian market. They give least importance to what is happening outside, and concentrate only on developing the best products with their available resources and with high market orientation. Their products are tailor made to the customer demands and needs. They have more dedicated and loyal staff, with a bunch of best engineers in the market who has been with the company for years. On a whole company projected efficiency and innovation to the outer world.

2. What are the benefits and drawbacks for Tarbes related to being market orientated?

Tarbes is highly market oriented company. It delivers products of high customer satisfaction. It takes strategic steps to understand the specific needs and wants of its customers. This strategy has helped Tarbes to be the no 1 in the Brazilian market for years. But the competition has increased globally and new competitors are entering the market with low cost products incorporating the same features which Tarbe is providing. New players entering the market make greater change on the existing products, cost of raw materials products services etc. The demands and needs of customers changes quickly. Tarbe's product launching is time consuming as it concentrate on the finest details of design. It should be prompt in product launching in order to be in line with the competitors.

3. In the past, did Tarbes compete based on a cost based or differentiation strategy?

In spite of its competitors offering the products with almost similar features at low cost and attracting the consumers, Tarbes continue to be concentrating on their design and new product features. Even though this low end competitors had only 5 % market share against 55% of Tarbes, but it is a serious threat as they are continuing to attract more customers. Tarbes always concentrated to deliver products which has more customer satisfaction with innovative features and low cost. Tarbes continue to be on its growth trend and could control the market due to its branding and reputation it created over years. They continue to rely on their same strategy -“ If they developed and released their best work, customers will buy “. Tarbes was enjoying success in their growth since 2001 to 2005, but it <https://assignbuster.com/tarbes-competitive-strategy/>

went down gradually. Main reason was the recession in 2007 and the entry new competitors into the market. Another reason was the product missteps that occurred in 2008 and 2009. They tried to increase the popularity of their tab brand by adding many new features. They added two variants aiming the industrial market by adding more external features and environment market adding more accessories. . Even though there was serious improvement in the design, the operating system was underperform and not up to the mark compared to their competitors. Then CEO Marques promised a new version of its operating system to the customers in the next year. Despite this it continued its domination in the tablet market sticking on their same slogan of years “ Advanced Technology at an affordable price “

4. What environmental threats led Tarbes having to change its strategy?

Even though Tarbes was the national champion in Brazil in the tablet market, and was having 55 percent market share, the products was highly priced compared to competitors. New competitors entering the markets were offering products of the same range with 80-90% features at much lower price which was attracting more customers to them. The launching of Apple, which has more strong and reputable brand value and whose products are price competitively with Tarbe’s was another threat. Unlike Tarbes, apple has an ecosystem of engineers developing its own app for its products which customers are able to download from iTunes. Tarbes has its own team od developers to develop Apps which customers can download by paying a nominal fee. But competitors shared a common marketplace for Apps. Many of the Apps in this common marketplace by competitors were not available

for Tarbe's users. Moreover this Window and Android common market place has more than 2000 developers, developing the App for sale whereas Tare team was a small number of 30.

5. What internal tensions is Tarbes facing to successfully realize a strategic turnaround?

Tarbes has been segregated into four divisions -Development, Sales, Marketing and production lead by six top management -CEO, CFO, CIO, COO, HR manager and Legal counsel. While there seemed to be a great working relationship between employees, people movement was very slow. It was very low as 2% compared to industry average of 15%. The company is not concerned about the outer world and don't consider criticism from competitors or commentators into account. Company just concentrate on the development of the new and best products. They spend more time in the development and production. It is a typical top down organisation where the strategy is decided at the top level and passed down to the bottom level. Its more like a factory where there is no interaction between the top and bottom level. Many of the apps provided by the competitors were not available in Tarbe's tablets. The workers believed that they are the best and they where reluctant to accept that their position in market is compromised after the missteps in the recent launches. Senior managers never listen to the bottom level and never take feedbacks from the other employee. Tarbes has a dedicated team of engineers who focus on the improvement of the current products to improve customer satisfaction, new features and designs and costs. The development and release was very slow and it was nearly thrice the time as in the past.

6. Which strategic perspective would you advise Branco to pursue and why you believe this would realize a strategic turnaround?

Branco should come up with a new strategic planning as the company is still working on the same slogan for years. New strategies should be introduced other than market orientation. Production costs should be cut down. Tarbe's is used to winning and it doesn't know how to fight. It should develop new strategies, if it wants to retain its current market share and position. It has a very good brand recognition. It is very easy for Tarbes to retain its market share among the new competitors in the market if it works on its costs, design, launching time etc. Entry of Apple is a serious threat. It would suffer market share losses as soon as iPad is launched. The launch will divide market into 4 operating systems-Apple, Linux, Window and Android. Tarbes has no one outside, for developing their app for Linux. It is hard for outsourcing to someone to develop app in Linux and it will increase the cost. As the competitors, Tarbes also should start to develop its app in a common platform which will help in the reduction of cost. This will make all the apps available to Tarbes users as well. The launching time of products is very high. It should be reduced. New products with new features in a short span of time attract more customers. The launch of the newly upgraded software should be sped up. The internal issues between the top level management and the employees should be sorted. Feedbacks from the employees, customers and competitors should be taken into account for the organisational growth.