

Example of report on situational analysis of an international environment

[Business](#), [Company](#)



Introduction

The analysis of situations in a global marketing environment involves determining the internal and external aspects that help understand the potential abilities, the potential customers as well as the environment in which the business aspires to take part in. It involves using various methods put together by the company's managers and consists of the SWOT analysis, the five forces described by Porters model and the 5c's. The process also requires formulating good and clear marketing plans that will be used as a guideline for articulating the benefits related to the company's products to the market. The essence of analyzing the situation helps in determining the macro and micro environmental factors that may have an impact on the company in terms of the external factors and the internal factors. This helps the company determine the organization and the position of their products in terms of how they will survive in the new market. It also brings about better understanding of the strengths and weaknesses that may arise to help the company succeed (Laird, 2003).

Company Analysis

Harman International Industries Company is globally known for production of high-end audio and video system components for consumer and professional markets. It is well known for selling products such as Infinity, JBL and Harman Kardon. The company has received much growth in terms of acquisition of subsidiaries in Europe, Japan and the United States. It was formed in the year 1980 by under the reign of Dr. Sidney Harman who has led to company to higher grounds of development. The company has produced products that

have ventured into top businesses such as automobile side-view mirrors that are still prominent even to date. The company has received massive criticism but still managed to maneuver as the Manager applied three strategies that led to its immense growth. These strategies include: ensuring that all the products manufactured within the company were built in factories owned by the company itself, it intensified the marketing strategy of the company to meet global markets and the company honored its employees and treated them with utmost respect. These strategies were very significant to the company as it promoted their products. At present, the company's goals and objectives entail venturing into overseas markets with targets being at Brazil and China.

SWOT Analysis

Strengths of the Company

One of the strengths of the company is the strong existence in automotive systems market. It is one of the leading companies in designing and producing infotainment systems for automakers. Its systems offer various services such as voice recognition, audio, video, and climate control. The other strength is a strong brand portfolio. The company has a wide brand portfolio across its electronic systems and audio products. The segments of its brand portfolio include Infinity, JBL, Harman/Kardon, and Mark Levinson.

Weaknesses of the company

The most significant weakness of the customer is associated with customer concentration. The company is highly dependent on Audi/Volkswagen and BMW for its sales. Therefore, high dependence on few customers limits the

company's bargaining power, as customers could use their financial power to their advantage. The other weakness is that its microchips are sourced externally. Therefore, any interruption in its supply could greatly affect the expansion of the company.

Opportunities of the company

The company has an opportunity of establishing new business contracts which could enhance its business operations. It has received various contracts, and this could be an opportunity of venturing into new markets. Besides, it has an opportunity of expanding electrical and electronic content in vehicles. The other opportunity is focusing on BRIC economies, which include Russia, Brazil, China, and India.

Threats of the company

The biggest threat facing the company is intense competition, which leads to a reduction in the market share. The company is faced with increasing competition in all its market segments. Some of its greatest competitors include Bose, Pioneer Ask, Panasonic, and Foster Electronic. The other weakness is currency weakness. The company operates in various countries throughout the world; hence it is exposed to the risk of foreign exchange, which arises from currency exposures.

PEST Analysis

The macro environmental effects that may affect the company are caused by factors such as government regulations, changes in the market trends and size, threat of new entrants, the bargaining power of buyers and suppliers as

well as the threat of substitution. In general the macro-environmental factors are determined by the Porter's Five Forces of industry analysis. The Chinese government has very strict regulations given by the Ministry of Commerce where new investors are required to follow a very long process of verifying that their products are beneficial to the Chinese market (Cherunilam, 2010). These regulations hinder potential investors from venturing into the market as they will be denied the chances to deliver their products in the vibrant market. Therefore this poses a challenge to the company as it has to equip itself better to ensure that it passes through the regulation. This would require getting the licenses and patents as early as possible and ensuring that their products are properly branded. Similarly, it would also require the company to ensure that they have researched adequately on the market size and trends in order to increase on profit maximization. This would remove the threat of new entrants who affect the company's profits as the consumers have more variety to choose from.

Causes and Effects between Macro and Micro forces that impact the firm

The strengths involved with the Harman International Industries include the backlog of automotive related order where they intend to increase their products by the companies related to this segment. This brings about more agreements and more revenue for the company. It also aims at improving the operating margins where the initial plans will be restructured in order to increase profitability and increase demand for their products. This would require increasing their sales in foreign markets and establishing their company in a growing economy such as China. This comes as the

consideration of the external factors that may affect the industry (Ren, 2010). It requires analyzing business climate and environment that may affect the business. The economic environment of China has to be studied thoroughly in terms of the exchange rates, rates of inflation as well as the cost of setting up the business. These affect the potential of the company in that they might be higher than the host country and thus require the company to use more capital in order to venture into the market. If the rates of inflation are high, that means that there will be less sales or the company will be required to produce less goods. This has affected the company in many especially through the weak euro currency that brings in fewer sales as they have to sell their products at relatively higher prices. It may also affect the company in the future as other markets with better prices may take over their customers (Melgar, 2012).

The social and cultural environment has to be given a lot of consideration in that it defines the societal trends that entail culture, demographics and education as well as religion. These factors are caused by the differences in culture between the host and the potential country they intend to invest. It brings about confusion and changes in strategies as companies are at times forced to change their products to conform to the culture of the foreign country. They must comply with the ways of the local people and in order to do this, it is necessary for the company to employ people from the foreign country who would give more insight in terms of the right products that would suit the market. The internal consideration in this aspect is hiring staff that are aware of the requirements and would give better marketing strategies (Ahlstrom, 2010).

Technology is another factor that should be analyzed in order to improve on the classic routines used within the company and conform to new and advanced ways that are cost effective. The Harman International Company should consider using new technology available in China in order to enhance their production and have an upper hand over their competitors. This should be coupled with hiring staff members who have the required skills to operate the new technological devices. This would help reduce costs on salaries and insurance. The geographical analysis would also be beneficial in that it would help understand the market better in terms of cities which have potential. This would help the company to identify the cities that have ready markets and ensure that they grab the potential to invest in them (Hoffman, 2013). The macro-environmental study of the company helps in identifying the threats that may affect the company at present and in future. Currently the company is encountering various challenges in terms of competition from companies that are using GPRS systems for navigation. These have posed a threat to the company in that if the customers would choose the mobile GPRS systems, the company's products would be neglected and therefore losses (Fahy, 1993). This would also mean that the company would have to enhance their productivity. This may be avoided and dealt with if the company was to consider enhancing their productivity and improve on their micro-environment where leadership skills would be very beneficial. This requires the managers to be very innovative and ensure that they are aware of other trends that emerge in the market to challenge them. It would also be advisable for the company to consider hiring local managers from the country they plan to invest rather than bringing in top managers from other

countries. This has brought about weaknesses within the company where the company is over-dependent on Europe and their product volumes have been declined by big companies such as BMW. These are the challenges they have faced at present and may also affect them in the future as the new innovations may attract more customers for the other companies and lead to losses within the Harman International Industry (Ren, 2010).

Strengths and Weaknesses

The Harman International Industries boasts of having a good backlog of automotive related order where they have reported about \$ 15. 7 billion commitments for infotainment and lifestyle in the automotive system products. This has helped the company to acquire larger customers for their products such as BMW, Audi or rather Volkswagen and Chrysler who have brought in large amounts of revenue. In addition to this, the company has more customers who buy their products both locally and internationally. The company has recorded much success in these areas where it gets more profits and is still looking to expand its boundaries by investing in other countries that have thriving potential such as China and Brazil. This will bring in more agreements and partnerships that will boost the sales of the company and bring in more profits.

Similarly, the company is credited for having improved in their operations. This is evident in the way they have restructured their plans from the past and conformed to strategies that have enabled them to increase their profits and raise the position in the international markets. At present the company is aiming at taking its sales of production facilities to higher costs over the

local and international markets. This has been seen by the way they purchase and take over small manufacturing companies and ensure that most of their production processes are conducted in their factories. These critical steps have brought the rise of the company to its current status and it intends on increasing the stakes by venturing into the Brazilian and Chinese markets (Maccoby, 2007).

Summary

The company is faced with very key issues that may affect their potential especially in the markets they intend on venturing. The first issue is that there is a lot of competition from other companies who have innovated mobile GPRS systems that are more effective. This brings about a huge challenge as customers may be lured to the new products. It would bring about huge losses in the company and lack of potential customers. The government regulations in China also bring about another challenge in that they limit the company to venture into the market and bring about huge costs in terms of setting up and the verification processes. Similarly, there are cultural difference between Europe and China that pose a challenge in terms of the products and services offered. They must consider the traditions and customs in their production process. This is followed by inflation rates and exchange rates. The company enjoys lower prices in their home country but the process differ in the host country as the exchange rates may differ thus requiring to make fewer sales through higher prices or encounter losses.

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