

Yorktown case analysis essay



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Founded in 2001, Yorktown Technologies, Inc. is a company that specializes in the ornamental fish industry. The globalization of the ornamental fish industry happened over a half a century ago. Hundreds of freshwater and saltwater fish can be purchased as pets in virtually any industrialized nation in the world (Broy, 2011). Yorktown Technologies commercializes a genetically modified fish called GloFish, which appear to glow in the dark (Mueller, 2010). GloFish are zebrafish that have been genetically modified with fluorescent colors. They are the first genetically modified animals to become publicly available as pets (Wikipedia, 2011). This case will provide a summary and analysis of Yorktown Technologies with an emphasis on distribution strategies as well as an assessment of the company's strengths, weaknesses, opportunities, and threats.

Problem Identification

Yorktown Technologies is investigating distribution strategies that will assist in the company's financial success. This will be difficult because of the controversy surrounding GloFish. Environmental groups are concerned about the potential ecological ramifications of genetically modified fish. They are worried that GloFish " could wipe out native species because their glow gives them an edge when attracting a mate" (USA Today). In addition, the Department of Natural Resources is working with legislators on new laws that would ban possession and transportation of any genetically engineered organisms (USA Today, 2004). Yorktown Technologies researched the adverse effects of GloFish on ecosystems and collaborated with dozens of international scientists to assure they are safe (USA Today, 2004). The controversy and political stigma surrounding GloFish may hinder marketing

and distribution strategies. Therefore, the company enlisted help from the Wellington Group to ensure retailers are successful at selling GloFish (Wellington Group, 2011).

Case Analysis

In 1999, scientists at the National University of Singapore extracted a fluorescent protein from jellyfish. The protein was inserted in a zebrafish causing the fish to be brightly fluorescent. The fish were originally engineered to detect pollution by “selectively fluorescing in the presence of environmental toxins” (Wikipedia, 2011). Instead of being used to detect environmental toxins, Yorktown technologies acquired the rights to market the engineered fish and commercially sell it as pets in the United States (Wikipedia, 2011).

Alan Blake, founder of Yorktown Technologies, was only 23 years old when he founded the company (Mueller, 2010). His first line of business was to create a board of directors to compensate for his lack of wisdom. The board of directors will be crucial in helping Blake create deals and convince partners that GloFish will be financially successful. The marketing and distribution strategies, which will be approved by Blake, will be examined and amended by the wisdom of the board (Mueller, 2010).

Yorktown Technologies has attracted the attention of the media due to the controversy surrounding its product. The controversy places a limit on potential marketing and distribution strategies due to ethics and laws surrounding genetically modified fish. Environmental groups have concerns about the ethics of genetically modifying fish for use only as a pet. The

groups worry the fish may proliferate and disrupt the natural ecosystem. A final concern is potential illnesses transmitted by the consumption of GloFish by predators or humans (Broy, 2010).

The U. S. Food and Drug Administration ruled that “ since GloFish are not designed to be part of the nation’s food supply they did not fall within their jurisdiction” (Broy, 2010). As a result, Yorktown Technologies was granted the right to produce, market, and distribute GloFish without opposition from environmental groups (Broy, 2010).

Despite the approval from the FDA, GloFish are only available for sale in 49 states and not available anywhere outside of the United States. The fish are not available in California due to state regulations that ban biotech aquatic organisms (GloFish, 2011). In addition, Singapore - where the fish was originally engineered - has been reluctant to approve its sale (Ely, 2004). This places an additional limit on potential marketing and distribution strategies.

Yorktown Technologies will launch the first commercially available fish that has been genetically modified. They will be available in the United States in late 2003. They will be available in three colors: red, green, and orange (GloFish, 2011).

Yorktown Technologies has an exclusive product and market niche. The company has a substantial number of patents and patent pending applications for GloFish (GloFish, 2011). In addition, the production, market, and distribution of fluorescent fish are strictly prohibited without the approval of Yorktown Technologies (GloFish, 2011). This gives the company a

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monopoly on fluorescent fish and makes it impossible for other companies to produce, market, and distribute them.

Identifying the Root Problem Components

Yorktown Technologies have several issues that may affect marketing and distribution. The issues are geographical distribution, production, supply and demand, environmental concerns, and retail outlets.

First, GloFish are not approved for distribution and sale in California.

California is an important market because of its high population who are willing to purchase innovative products. In addition, GloFish are not approved for distribution and sale in other countries.

Second, GloFish are animals that must be bred in order to multiply. GloFish can not be artificially produced by a machine. This creates a limited supply of GloFish that will be available for distribution. If there is a high demand for GloFish, then increasing the price may be a solution.

Third, there is insufficient data on longitudinal studies regarding environmental impact from GloFish. If studies show that GloFish are dangerous to ecosystems, then Yorktown Technologies may have to take legal action to protect itself. This may cost the company millions of dollars and negatively affect distribution and sales.

Fourth, the total number of pet stores is declining in the United States and annual veterinary visits are declining, too (Reid, 2011). Although the sales of pets and pet supplies have increased over the past year, there are a limited number of retail outlets where these products are available (Reid, 2011). The

company should market to aquarium owners who shop at pet stores and enjoy brightly-colored fish.

Evaluation of Alternatives

Yorktown Technologies has three alternatives to evaluate, which are (1) procuring retail outlets to sell GloFish, (2) marketing and advertising GloFish through the internet, and (3) making GloFish available in international markets.

The advantage of distributing GloFish through retail outlets is that some retail stores specialize in pets and pet supplies. Retail outlets target customers who are shopping for a particular product. They also sell a large number of products, which will be advantageous to customers wanting to purchase GloFish and related supplies.

The disadvantage of distributing GloFish through retail outlets is that customers will be introduced to a variety of other fish. This will provide an opportunity for customers to purchase other species of fish besides GloFish. However, the Wellington Group developed sales collateral to ensure retailers were successful at selling GloFish. This included display tips, sales tips, key messages, a care sheet for customers, a counter display card, and a tank display card (Wellington Group, 2011). In addition, creativity was added to the GloFish's colors by renaming them starfire red, electric green, and sunburst orange (Wellington Group, 2011).

The advantage of distributing GloFish through the internet is that there are limited overhead costs. Therefore, the company can keep a greater

percentage of profits. In addition, the internet has the ability to show customers a variety of product available for GloFish.

The disadvantage of distributing GloFish through the internet is delivery time and associated costs. GloFish are living creatures and fast delivery is crucial to their existence. In addition, GloFish must be shipped in water, which will significantly add to the weight of the package.

Advantages of distributing GloFish through international markets are an increase in sales, brand awareness, and market share. Pet ownership is available worldwide. GloFish can substantially increase revenue and market share by distributing to other countries who allow genetically modified pets.

The disadvantage is that many countries do not allow genetically modified pets, including fish. The company would have to invest in foreign policy with countries to approve the sale and distribution of GloFish.

Recommendation

Effective marketing and distribution strategies are necessary for the financial success of Yorktown Technologies. The company should market to aquarium owners who enjoy brightly-colored fish. Aquarium owners tend to shop at pet stores because of the extensive amounts and diversity of product availability at a single location. The company should distribute GloFish directly to these large retail pet stores and avoid a distribution channel of many middlemen.

Yorktown Technologies should market and distribute GloFish with a creative and vibrant spin to help the branding. Recommendations include a colorful new logo and a central branding message. This will highlight GloFish as a

unique and innovative pet that will drive sales. The company can continue to distribute to major retail outlets and focus on long-term success. GloFish will be considered an industry staple that all aquarium owners will desire.