

Chinese fireworks industry

Business



What is your evaluation of Chinese fireworks industry? Is this an attractive industry to be involved in? Why or why not? (think about which segments/participants in the fireworks industry are in the best and worst positions to thrive and make money) - but make sure you tell us what you think of this industry. The famous Chinese fireworks industry got a boost in its development after the China Government decided to adopt an open door policy in its dealings. This happened in late 1970s, which made the industry's turnover to hold more than 90 per cent of all the world's fireworks exports and sales. This state was not to last long as in the 1990s, amid many safety concerns, other nations and China came up with strict regulations that kept some firms out of the industry and market.

There is fierce competition in this market mainly characterized by existing "cutthroat price competition" and also "hard-to-penetrate and decipher distribution channels". All these factors lock out prospective investors, unless one is ready to take risks. This was coupled with a lot of streaming in of small companies which were out to gain fast from the existing market. All these factors made many companies hire cheap and unskilled labor in order to survive. The eventual outcome was low quality products which made the governments come up with strict regulations.

With these challenges, it is a good industry for one to invest in. embracing technological innovation and keeping in line with the government's regulation, one can realize his or her goals. Should Jerry Yu invest in a Chinese fireworks factory - Yes or No? Why/Why not? Think both about Jerry Yu's situation, and your industry analysis. It will be wise if Jerry Yu invests in the fireworks industry since the market has great potential. This is a market

that has already been tested by several players, who have witnessed success in the sector. Despite the fact that the market also experiences many threats and weaknesses, he will embrace the opportunities and strengths that exist in the sector.

The opportunities that exist, such as embracing technology and the low costs involved in hiring people work out to his way to success. China is known for cheap and skilled labor. With the technology that the country is also renowned for, Yu will be well placed to face all the challenges that arise. Since he is far away from China, he may employ online marketing or merge with other companies on the ground in order to reduce on the risks that he may face. Yu's investment in this industry will give him an edge over other opportunities since China's history and global market is favorable.

China commands more than 90% of the world's fireworks market meaning he will not lack the market for his goods and services. If Jerry Yu insists on entering the fireworks industry in some way, how would you recommend that he do it? What part of the industry should he get involved in? Why would this be a good strategy for Jerry? Yu, on his consideration of this market, should first assess his current position in terms of capital. Since this industry has been in existence for quite some time, he will have to come up with new ideas and focus on an area that is not well tapped. Exporting and marketing of fireworks products to other global markets has not been exploited to the fullest. The Canadian market has shown massive improvements in their demand for these products.

Yu can work on online marketing since it has not been embraced by many market players. He should also ensure that he gets into the best partnerships and mergers with successful companies. If Jerry Yu agrees with you and wants to follow your advice and proceed, what are the top 3-4 action steps that he could follow to make this happen? Explain. Yu has to ensure that his factory employs the use of raw materials that are of high quality. This will in turn trickle down into the products hence meet the standards that the market demands.

This will also ensure that accidents are not experienced by people who purchase the fireworks hence more exportation. Hiring qualified and skilled employees will also give him an edge in the industry. Both productions, marketing and final sales will be high since his employees will have the necessary experience in the industry and with the clients. Embracing technological advancement is necessary as this will ensure that Yu's company meets the set standards and also serves its clients with up-to-date products. This will increase his sales and market. Continuous training and development of his employees should also be given priority.

If Yu employs all these, he will realize profits from his sales. He should, however, be patient in order to realize his goals after his company gains ground in the market.