

# Pestel analysis of toshiba, japan



**ASSIGN  
BUSTER**

Toshiba Corporation is a company based in Japan that specializes in the production of industrial and consumer electronic and electric products including notebook computers (laptops), electro medical devices. LCDs, home appliances and semiconductors. It is among the oldest and largest companies in Japan. Toshiba laptops are selected as the product to be marketed in Cuba.

Cuba is a potential market because of the dynamics involved. It has the ideal setting ground for any company that aims at getting future high volumes of their products.

#### B) Cuba's History

Christopher Columbus is credited with the discovery of the island of Cuba, an event that led to the colonization of Cuba by Spain. Despite this Cuba had been inhabited by indigenous people for centuries before the discovery. After the Spanish-American war is that Cuba gained its independence and sovereignty in 1902 (Ritter, 2004, pp. 47).

In the early years of the Spanish occupation, many native Cubans were butchered or forced into slavery while others died from the smallpox and measles brought from Spain. The rest fled to the mountains to escape slavery. This led to the introduction of African slaves to work in the sugar cane plantations. Slavery and slave trade are highly credited with taking the Cuban sugar industry to where it is today. The economic prosperity of Cuba began after Britain took over the island from Spain after the seven year war which ended in Britain's favor. Trade regulations were eliminated and the path to prosperity was created.

## C) Geographical Setting

### Location

Cuba an island that is located in the Caribbean Sea. The entire country or island measures an estimated 48, 800 square miles. The country has several highland regions the most notable of which are the Guaniguanco, the Escamberg and the Sierra Maestra. The island is located south from the famous Florida Keys (Cuba, 2010). The country has a coastline that extends for an estimated 3, 700 kilometers. In relation to other countries, the country lies to the eastern side of the Gulf of Mexico and to the western side of the North Atlantic Ocean. The Yucatan Channel lies to the south east of Cuba.

### Climate

The Cuban highlands, which are about a third of the country, have an overbearing effect on the climate. The fact that the country is an island also has ramifications on the weather and climate patterns experienced. The climate can be defined as tropical climate with a dry period from the month of November lasting until April while the rainy season lasts from May to around October. The country also happens to lie within the path of major hurricanes and other destructive storms which are common in the months of September and October. The average temperatures in Cuba vary between 23°C and 27°C throughout the entire year

### Topography

Cuba has several archipelagos but Cuba is the main island. The island has a hilly or mountainous topography marked by several highlands such as the

Sierra Maestra, the Escamberg, and the Guaniguanco. The rest of the country is marked by plains the largest of which are in the provinces of Matanzas and Camaguey. The rest of the country is marked by coast lines.

#### D) Social Institutions

The Cuban culture is a blend between African, American and European cultures. The European cultures were imported to Cuba courtesy of Christopher Columbus (Spain) and Britain. The American culture influence Cuba beginning from the period after the Spanish American war that rid Cuba of the Spanish colonists while the African cultural influences as a result of the many slaves brought in to work in the plantations.

##### 1) Family

The family is an important social institution in any nation, society, or community. The stability of the family as an institution is reflected upon the wider society as the society tends to have better social institutions that borrow their moral fabric from the family. Cuba is no exception to these basic rules of nature. Most families in Cuba live as extended families.

##### a) The nuclear family

The nuclear family had not had a very distinct role in Cuba until the post Fidel Castro era. The nuclear family is composed of a man, his wife, and their children. This means that in a household where there are three generations of a family, it is possible to have several nuclear families.

##### b) The extended family

The extended family is very important part of Cuban society. The family structure in Cuba is that up to three generations of a family live together in the same structure or household, a factor that makes it difficult to create a clear dividing line between the nuclear family and the extended family's role in the family setup. The leader or head of the family or the household therefore is the eldest parent figure in the family. This may be the grandfather or the Godmother within the family. He or she wields power over all the other family members and determines the role of each family member within the family.

#### c) Dynamics of the family and parenting roles

1) Parental Roles: The role of parents is diverse depending on whether the family lives as an extended family or as a nuclear family. In the nuclear family setup, the father is the bread winner in the family while the mother is resigned to the role of care giver and is responsible for maintaining discipline within the family. In addition, family customs and traditions are passed down under the watch of the mother. In the extended family, the elder is in charge of the family. If the elder is a man, he is also the main breadwinner in the family though he is assisted by other family members. If the elder is a woman, she mainly serves as an overseer in the family and offers her guidance while the men in the family serve as the breadwinners.

2) Marriage and Courtship: The Cuban society still takes courtship as primarily the role of the man. Dowry is paid based on the individual customs of the bride. The weddings are one day glamorous events that showcase a lot of Spanish influence.

## 2) Education

a) Education serves as a way of socializing the individuals into the ways of the society in a way that the family as an institution cannot. The educated people are the ones in positions of power and they are held in high regard within society.

### 1) Primary, secondary and university education and literacy rate

The Castro government made primary education compulsory. In addition, school uniforms are also a requirement for all students and are used to denote the grade level of a student. In the Cuban education system primary education takes six years. Secondary education is divided into two categories. The first category is the basic secondary education where students learn basic skills such as language, art, arithmetic, and the sciences. This follows primary education and is almost compulsory for all. The second category is the pre-university education which prepares one for entry into university. After the completion of pre-university education, the students are awarded what is referred to as the Bachillerato in Cuba (C. I. A 2010). It can be compared to a diploma in other education systems in other countries in the world. After the pre-university education, an individual has two options, to pursue either technical education where one will gain skills to enable them gain employment or to pursue professional education at the university level.

b) Literacy rate.

The literacy levels in Cuba are reported at 100% although the figure is disputed. The country also reports an enrolment/attendance rate of 98% in primary schools.

### 3) Political system

a) The political system in Cuba can be defined as socialist. The government has executive power which is vested in the Council of State and the Council of Ministers. The legislative role is assigned to the National assembly of people's Power which is recognized by the constitution as having the highest authority in the country. No voting is done in respect of the positions of prime minister and president.

b) The Communist Party of Cuba is the leading social force of the nation (C. I. A 2010). There is widespread censorship in Cuba with a system that is highly authoritarian. The communist party screens all candidates vying for seats in the legislative assembly.

c) The current government has been in power since 1959 when Fidel Castro overthrew the dictator government. It can be described as stable because his successor, Raul Castro, has managed to keep the country at peace and with improved management.

d) Special taxes not common

e) Local government heavily influenced by the ruling party

### 4) Legal System

a) The main judicial organ is the People's Supreme Court. All judges according to the law are not subject to any other authority but the law. They can be elected or replaced and are accountable for their actions. Cuba has been sub divided into fourteen provinces which are further subdivided into 170 municipalities. Representatives to the municipalities and provinces are elected to serve terms that extend for two and a half years.

b) The country is socialist.

c) The authoritarian approach has affected patent and conventions. They are tightly regulated

#### 5) Social organization

a) The presence of groups which can lead to the creation of group behavior or culture is not a common occurrence in Cuba.

b) The main aim of the government in relation to the existing social order is to create a classless society where income, race, sex or occupation are used as a definitive means of determining rewards or other favorable allocations.

c) In addition, the government prohibits the formation of classes or clubs that may create lines along which the society may be stratified.

#### 6) Business in Cuba

Tour guides, barmen, and waitresses require to be tipped although there are no prescribed tipping rates. Tipping allows for one to receive exceptional service from the individuals receiving the tips. Business hours in Cuba are officially between half past eight and half past noon and half past one to half



past four during weekdays. Some businesses however opt to open during weekends where the hours of business are between 8 am and 5 pm for alternate Saturdays.

#### E) Religion and aesthetics

1) a) The low number of Protestants can be attributed to the late arrival of protestant doctrines and beliefs to Cuba.

b) Cuba is also known to be home to other minor religions which have their roots in western Africa and the slaves who were taken from the region to work in the sugarcane plantations in Cuba.

c) Cuba is largely considered as a catholic nation though the Catholic faith practiced within Cuba is modified to suit Cuba. There are also Jews and evangelical Christians amongst the population in the state.

d) Nearly 60% of the population is made up of catholic adherents while an estimated 6% are Protestants.

e) Santeria which may be referred to as a cult has its origin in Nigeria in western Africa and is widely practiced in and around Cuba.

#### 2) Aesthetics

a) Cuba has a strong heritage and history which reflects its visual arts potential.

b) The country has numerous galleries, cultural centers, and art museums which have been used for the storage of artistic material from the citizens of

Cuba. The government is supportive of art and is known to provide all kinds of assistance to artists in the country.

c) Music dance and folklore in Cuba is very rich and displays the three main backgrounds that determine and continue to influence the Cuban society.

d) There are influences of African, American, and Spanish elements that are derived from the interaction of Spaniards, Americans, and Africans in the history of Cuba.

#### F) Living conditions

1) a) Many surveys conducted show that Cubans on average consume too much sugar and eat inadequate fruits and vegetables. There are rising cases of diet related anemia and obesity which can be regulated or checked by simply a change of diet.

b) A typical meal includes bread, ham, cheese, and rice and plenty of soft drinks with and between meals.

c) The government cannot guarantee adequate nutrition for its population and this is considered as one of the failures of the Castro administration.

d) The foods made available to the public by the government are as follows; rice, beans, cooking oil, plantains, brown sugar, milk and soy yoghurt which are provided on a monthly basis to holders of ration cards. Other products such are chicken, beef, soy/meat blend and frankfurters are provided based on their availability.

2) a) In Cuba, housing is relatively cheap but in the same breath the housing structures are sparse. Most dwelling places are either in poor condition or are defective in one way or another that makes them unsuitable for dwelling in.

b) Most dwellings occupied on a rental basis. The houses have some form of supply of electricity and water and are therefore a bit habitable.

c) In most cases houses are occupied are more than one family.

3) The tropical wealthier requires light dressing to cope with the heat and humidity levels.

a) A form of dress that can be identified with Cuba is the Havana shirt otherwise known as a Guayabera. The shirt has an array of designs but in general has two or four pockets and largely a casual dress that does not require the wearer to tuck into his trousers. There is a traditional dress made for women in place of the Guayabera and it is very popular all over Cuba although it has been rejected on grounds of being indecent in some cultures.

b) The dress code at work is no different from that in many western countries. Employees/workers are expected to maintain a formal dress code.

4) a) In leisure and recreation activities and sports, Cuba is well endowed. To begin with, Cuba is an ideal destination for hiking, snorkeling, climbing, fishing, and caving. The sport is used to symbolize equality in society as well as freedom. The country also has rich soccer traditions among the Caribbean countries. Cuba's national team has been to the FIFA world cup where they managed to finish in the seventh position. The beach provided by the long

coastline of Cuba provides ample grounds for leisure activities such as skiing, diving, swimming, and sun bathing which are common in almost all of Cuba.

c) Most sports and recreational activities in Cuba are carried out in open spaces and often require little or no equipment. Baseball for example is played even on streets by children and thus very low amounts of income are channeled towards sports unless when organized sporting teams are involved and where there are competitions to be won at stake.

#### 5) Social security

The social security system in Cuba represents the general values of the wider society whereby there is equality among all beneficiaries. There are no discriminations or preferential treatment for certain individuals based on sex, race, or gender. The Cuban social security system is very efficient. There are an estimated 360, 000 retirees within the population which represents nearly 10% of the population. Each of the retirees in Cuba is paid on a monthly basis. Under the social security system, the government through its social security system pays benefits to an estimated 1. 5 million people on a monthly basis. The social security covers areas such as temporary illness, accidents, maternity, and social care for the elderly people within the population.

#### G) LANGUAGE

1) The main language used for communication is Spanish. The language was brought to the island by the Spaniards during the early occupation after

Christopher Columbus discovered the island. Spanish is however recognized as the official state language of the people of Cuba.

2) Other languages that are prevalent in Cuba are English and Creole which represent the different heritages and traditions of Cuba.

3) It is important to note the Spanish that is spoken in Cuba varies in some cases from that spoken in Spain and other countries. This is largely because of the French and west African influences that have affected the language. English is mainly spoken as a result of tourist influences.

## II) ECONOMIC ANALYSIS

### A) POPULATION

1) The population of Cuba stands at an estimated 11. 5 million people as of this year and will reportedly continue to grow at an estimated rate of 0. 2%.

a) The birth rate in the population is 11. 1/1000 which is relatively low even amongst countries of the western world.

b) The fertility rate for every woman is estimated as 1. 43 children. This represents a drop in fertility rates which may explain why the growth in population has been very low for the last few years.

c) Abortions in Cuba are also responsible for the population decline with an estimated 50 abortions for every 1000 pregnancies in the population.

2) a) The population is evenly distributed as only 103 people live in every square kilometer in Cuba.

- b) The life expectancy is relatively high at an average age of 77 years. The ethnic composition of the population is very varied though there are not many ethnicities.
- c) The population composition is such that the majority is men and boys for all ages but after the age of 65 years, the number of women outstrips that of men. This fact can only be explained by the lower life expectancy rate for men as compared to women.
- d) Many Cubans have in one way attempted or plan to attempt illicit migration with the most favored destination being the United States. The rest of the population has a majority that is intent on moving to urban areas. The situation is such that the larger portion of the population is housed in urban centers all over Cuba.
- e) Mulattos account for nearly half the population while whites account for 35% of the population. The rest of the inhabitants is generally collected of blacks and Chinese with the Chinese forming the smallest ethnic group in Cuba.

## B) Economic Statistics and activity

### 1) Gross National Product/ Gross Domestic Product

- a) Cuba reported a gross domestic product per capita that stood at an estimated \$111. 1 billion.
- b) This translates to a per capita income of roughly \$9, 700 for the year 2009. The estimated real growth rate (nominal growth rate less inflation)

was an estimated 1. 4%. This is very ideal but there is plenty of room for improvement especially since the growth rate or the GDP or even the per capita figures do not show the situation on the ground

2) People live on less than the expected \$9, 700 per annum. Businesses publicly owned enterprises lies at 78% to a dismal 22% representing private investment or privately owned enterprises.

3) Average family income is dependent on the ratio of breadwinners to the relative size of the family. 2008 estimates were \$218.

4) Distribution of wealth

a) Income classes. Three major classes exist, the highest is elite and military personnel. The second tier is business magnates and the last is the general workforce.

b) Proportion of population to each class. The top tier is about 1/8ths of the total population, the second is ' and the rest is the general workforce.

c) Priority is given to the elite classes and the military. The rest of the workforce is structured in respect to the demographics of income and position

5) The country has deposits of cobalt, iron ore, nickel, copper, salt, manganese, silica, timber, petroleum and farming land.

6) a) The transport system in Cuba comprises of nearly 4200 km of public railway network and a further 7700 km that is set aside for use by sugar

cane producers. The highway network consists of nearly 61, 000 km of tarmac spread all over the country.

b) The country also boasts of waterways that extend for 240 kilometers. The country also has several ports that are used for commercial purposes. There are three main ports. There are also 170 airports as reported back in 2006

c) Because Cuba is an island, the usage of waterways is a major transport form. Nearly half the population uses the train network to go to work. Only about a third drive to work.

#### 7) Communication Systems

a) Main types include Print newspapers, radio stations and television stations

b) Internet usage widespread

c) Media heavily restricted by the government

#### 8) Working conditions

a) 78% of employees work for the government

b) Good employee-employer relationship

c) Employees entitled to benefits and good remuneration

#### 9) Principal industries

a) Petroleum, Construction, sugar, tobacco, nickel, pharmaceuticals, agricultural machinery and steel cement accounted for about 37% of the total GDP.



b) Principle industries include petroleum, Construction, sugar, tobacco, nickel, pharmaceuticals, agricultural machinery and steel cement Most industries are government owned. Estimated ratio of 2: 1

#### 10) Foreign investment

a) Direct foreign investment is restricted

b) Potential for investment in Housing and food industries

#### 11) International trade statistics

a) 1) Major exports include sugar, tobacco, nickel, fish, coffee and citrus. At \$ 2. 4 billion.

2) The trend for exports is positive as the government opens up the Cuban economy to private companies

b) 1) Imports include food products, petroleum, equipment and machinery at \$ 6. 9 billion

2) Imports are increasing due to the growth in population and the demand for products and services.

c) 1) Imports are more than exports leaving a high balance of payments deficit. About \$4. 5 billion.

2) Imports are more than exports leaving a high balance of payment deficit. Recent pronouncements by the Cuban government suggest a push towards closing this gap by increasing resource utilization.

d) Exchange rates

1) US dollar used mainly in foreign exchange

2) Exchange rate at \$ 1 US dollar equivalent to \$ 0. 9 Cuban convertible Pesos

3) Due to the global recession, the country's exchange rates are fluctuating and dipping with the global trend.

12) Trade restrictions

a) Embargoes placed by United States

b) Free trade only with Venezuela

c) Import duties high depending on type of product

d) the government is subject to tariffs affecting countries of the South American organization. These tariffs are on sugar and petroleum.

e) Licensing of business restricted

f) Customs duties also high

13) Extent of the economic activities not included in the cash income activities

a) Counter trade present in the country

1) Medical personnel used as main products of trade

2) Barter trade common

b) Very little aid since US withdrawal

14) Labor force

a) Available skilled labor force limited since majority of the population is elderly

b) Unemployment rates low at 1. 7%

15) Inflation rates low

C) Developments in science and technology

1) Highly developed

2) Computers are wide spread. Low investment in research and development

4) Labor force technologically skilled

D) Channels of distribution (macro analysis)

1) Trade in Cuba heavily controlled by the government

a) Retail

1) Poorly developed retail sector

2) No large shopping centers

3) Goods stored are of poor quality and expensive

4) Most transactions are done using cash.

5) Goods sold in dollars in small scale with a small percentage sold on large scale.

6) Chain stores, Department stores and speciality shops fill the supply gap the government cannot currently satisfy.

b) Wholesale middlemen

1) Supply chain of estimated 500, 000.

2) Mark-up of about 5% on products

3) Goods sold on cash basis

c) Import/export agent: the government is the main exporter/importer.

d) Most warehouses are fully owned by the government.

e) The government has nearly 100% penetration of the markets through its expansive administrative networks.

E) Media

Media heavily controlled by the government

1) Number of Television Stations: 58

2) a) Television Sets per 1, 000: 236. 1

b) Number of Radio Stations: 225

c) Number of Radio Receivers: 3, 900, 000

d) Radio Receivers per 1, 000: 348. 7. Number of Individuals with Internet Access: 60, 000

3) The main use of media houses is for the spread of national ideas that the Communist party in charge in Cuba believes are ideal for the entire population.

4) Any television or radio stations that go against the ideals supported by the party are closed down.

5) There are an estimated 26 national newspapers serving the population of Cuba.

#### Cuba: Country Note Book

##### Introduction

Toshiba Corporation is a group of companies including Fujitsu, Mitsubishi electronic, Hitachi, and NEC Corporation. Toshiba relies more on domestic market constituting 60% of its net sales. The balance is taken care of by exports to North America, 16%, Asia 11%, and Europe, 10%. Since its formation in 1939, Toshiba has played a significant role in putting Japan in its current position in international trade.

##### Business in Cuba

Official business hours range from 8: 30 am to 12: 30 pm for morning session and 1: 30 pm to 4: 30 pm for evening session. Weekends are however optional but those who operate open between 8: 00 am to 5: 00 pm on Saturdays (B8a, B8c).

## Marketing Strategy for Toshiba laptops (Notebook computers)

### TARGET MARKET

Toshiba Computers mostly manufactures high-end high-performance laptops. The main target of the products would have to be the government and institutions. This is because of the entanglement of all business in the country with government policy and regulation. If the company can manage to get a foothold in the government by offering technological set pieces that accord due privacy and safety of information, then the company shall have overcome a huge barrier. The low per capita income suggests that the market would have to upper-middle class and this is mostly government officials and politicians (IIB).

Teenagers and youth below 30 would also be ideal as a segment for the laptops. This is because they are Tech-savvy and want more and better machines for work and play. The fast growth in computer and internet access can be further fuelled by Toshiba offering attractive high-performance laptops and computers. Institutions such as primary and secondary schools, as well as administrative institutions would make an ideal market for moving volumes in bulk (D2b). These places require many computers and laptops to fit in the current global trend.

The current government led by Raul Castro is attempting to break the trade barriers ignited during Fidel Castro's regime. The trade embargos by the United States do not affect Toshiba because it is a Japanese company(12A). This is good news for the company because the possibility of cut-throat competition is eliminated because American technology companies such as

Apple cannot do business in Cuba (12A, 12D). Government policy would favor the company because it is inclusive and the business atmosphere does not vary so much from the Japanese model.

The government's interests in arts and sports also require technology. In addition, the media is still backward in matters of technology (E1, E4). The secondary target markets would include such aspects of society as media and transport as the country moves towards a technological revolution of sorts.

Marketing is aimed at awareness creation and forming good relationship with customers to the company's advantage. Marketing strategy is therefore very important as whatever the strategy used can either be profitable or destructive to the company. A marketing strategy that utilizes '4Ps' that is Product, Promotion, Price and place respectively is ideal for products such as computers.

Although, no trade partnership currently exists between Japan and Cuba, the country is a potential export destination for notebook computers. Cuba is highly literate thus can easily embrace the use of notebook computers. Students especially those at pre-university, University and other higher education institutions form the best target market for this product. Besides, the working population including teachers and doctors will find laptops essential hence another potential target market.

Product

Product refers to either good or service produced or manufactured by accompany especially under large scale with accurate amounts. This involves a description of all the special features of the product in question.

Toshiba mini laptop has a full size keyboard and touchpad for easy typing. Its 10. 1” diagonal screen is large enough for the eye; leave alone its durable textured four color finish. Its battery has a long life of up to eight hours. It also has attractive features like USB Sleep-and Charge, MP3 player and smart phone hence very convenient for youths. It is also video compatible and its CPU ensures more data storage and faster Internet connection (C1).

### Promotion

In this case Toshiba can place advertisements in Cuban media. This of course will require first good relationship with Cuban government as it controls all media houses. The company can also take advantage of the widespread internet usage and advertise its product online. Toshiba can also promote its laptops through public relation measures like sponsoring sports where it is guaranteed to catch the attention of most youths (C3). Alternatively, Toshiba can take advantage of the widespread internet access in Cuba to engage in e-commerce by placing its product in virtual internet stores.

### Pricing

Considerations should be given to prices of similar products in the market. Price administration on the other hand refers to involves all activities used to fit basic prices for every target market depending on sales situations. The exchange rates are also attractive for such a company (11b1, 11d2)



## Place

The company can develop partnership with Cuban government to ensure that its product is placed in Cuban government stores like shopping malls. It is also possible for Toshiba through good relationship with Cuban government to find its own store for its product (D1). Rhiw location demographics will also affect the places where it can be marketed.