

# Spriware – college essay



**ASSIGN  
BUSTER**

1) Has Spriware successfully marketed its products in Canada? Explain why or why not? Yes, Spriware has been successful in marketing its products in Canada. It sold all the units of refrigerators produced in the Canadian market, in the first year of operation with a market share of 10%. The main factor for its success is its marketing strategy, which they used in two ways. Firstly, they distributed their products to two of the selected large retail groups in the market by conducting proper market research. Secondly, the co-marketing activities carried out by Spriware and the retail groups proved effective for selling and distributing the products.

Spriware took note of the primary target market and the pricing, by developing television and newspaper advertisements for the young middle class with average household income. Looking at the needs of the middle class families, the company kept the average retail price around \$1500 as compared to other competitors with similar models priced around \$1700. Spriware Inc spent \$10 million for its marketing activities in the first year of operation. The given competitive five years after sales services and repair was an addition to their success. In spite of Spriware's success in the market among the other nine manufacturers, the company saw a lower profit performance than the expected Return of Investment.

Though Spriware had 10 percent market share in its first year of operation, it was not enough for the company's sustainable growth. To increase their market share CEO Kenneth Weller considered cutting the cost of the refrigerators so that the company can capture a market share of 25 percent in near future. However, the prices of Spriware's products were already

competitive in the market and Weller feared that any further price cut would create a war among the competitors for lower prices in the market.

Weller found out that the Refrigerators market for Canada was not that well in terms of growth and for the next two years, it would not be that much as expected. Therefore, to avoid this situation he decided to attain a market development strategy by entering a new potential international market in order to increase its refrigerators production and sales.

2) In your opinion, should Spriware enter the market of Mabuhailand? I think Spriware should enter the market of Mabuhailand. The reason would be as simple as grabbing an irresistible opportunity. Mabuhailand has emerged as a stable democracy over the past few decades, governed by the pro-business centrist Liberal Democratic Party. On the other hand the literacy rate is 70 percent, which is quite good, also people know English, which is required to carry out any international trade. If we speak of culture, the people live in joint families with two or more generations within the same household.

This symbolizes the needs of a single family to be high and a potential opportunity to introduce energy efficient refrigerators into their households. Although the new generation is trying to move with the flow of economic prosperity and planning to live on their own the demographics for the need of refrigerators won't be hurt that much. Taking an account of Mabuhailand's natural resources, they are pretty much rich in precious metals, diamonds and oil reserves, which is a good sign for foreign investors.

The political change at present has given a good opportunity for foreign investment and a platform to develop these resources and train the people of Mabuhailand. Since last decade, the country's GDP has increased from \$40 Billion to \$120 billion in 2011, which is good sign. The tax revenues representing 30 % of GDP has enabled the country to develop itself in terms of basic needs for the citizens. The IMF economists have forecasted about Mabuhailand's Government spending to be \$50 billion in coming 5 years and it could be a way to get rid of the debt the country has, in future.

The energy consumption has increased over the years and so has the country's per capita income levels, which is a great opportunity for the sales of Spriware's quality refrigerators against the low quality exports from China. As there is, no domestic production of refrigerators Spriware has the first mover advantage, expand its business venture quickly, and become successful. Overall, my opinion is that the steady economic growth of Mabuhailand would eventually result in increased sales of the refrigerators atleast to be one in twenty household within 10 years. Therefore, this is a potential market for Spriware to expand its business overseas.

3) Assuming the company decided to enter Mabuhailand, what should its market entry strategy be? Fully justify your answer. According to me, Spriware should strongly consider a Greenfield Investment to enter the market of Mabuhailand. Firstly, when it comes for the company to build a new plant from the scratch it would be pretty much easy as Mabuhailand is rich in natural resources like metals which is required to make a production plant. Spriware can even import steel if required from the company Krakatau in Indonesia which is the neighboring country of Mabuhailand.

This is for sure a long term investment for Spriware but eventually the gains would be higher in 10 years, as the economy is forecasted to grow in future. Secondly, when it comes for hiring people then the company may hire local people who have proper qualifications and mainly young and enthusiastic people who are ready to learn new things and help to promote the company in an efficient way. However, Spriware can consider to hire people from Philippines which is another neighboring country of Mabuhailand.

Philippines has almost 98% literacy rate and Spriware can hire skilled people from there so that the training is pretty much easier. Another plus point of doing business in Mabuhailand is the labor wages which is just 20% in comparison to Canada. Taking the marketing strategy in account Spriware should consider a total market approach as refrigerators are needs of every household. The company should use traditional method of marketing to advertise its product range like televisions and the private newspaper (Mabu Express) in Mabuhailand, as this will generate a sense trust between the people and the company.

Direct marketing including flyers and brochures would be an additional marketing strategy so that the people get a basic idea of what the company has to offer. Weller's discussion with the senior Ministry of Industry and Trade representatives which took place in Surrey gave him a hint that Spriware could develop a trading bloc by moving to one of the neighboring countries.

This is a great opportunity for Spriware in term of business expansion as the duties in Mabuhailand would be waived by making a strategic move either to

the Island of Java, Indonesia or to the city Manila, Philippines. Both these cities are potential opportunity to conduct a business venture in future.

However if this happens then Spriware's assets in Mabuhailand would act as a secondary plant just in case to meet the increasing demand of the future.