

# [Bright light innovations: the starlight stove](https://assignbuster.com/bright-light-innovations-the-starlight-stove/)

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Opportunity analysis and critical issues hidden in this case As the increasing pace ofglobalization, more and more companies seek opportunities to involve in the international trade. Expanding the market share and maximize the profits is the purpose of those companies. However, it is unlike theeducation. Most universities especially public universities are non-profit organization. Their purpose is not to earn enoughmoney; on the contrary, the purpose of universities is to provide training and knowledge for students in order to benefit the society.

In return, students pay appropriate fees and government provide monetary support to the university so that university can gain the ability to do the research and develop its hardware and software. In this way, university can have a sustainable development. So university can benefit from seeking opportunities in international expansion. First, students from different countries and cultural background can share their experience. It is a good chance for students and universities to participate in international market.

Secondly, international universities can share resource with local universities. On the one hand, it can help develop the universities from developing countries; on the other hand, international universities can also gain advanced experience they are lack of. Thirdly, international universities can maximize their influence by cooperating with local government or some research institutions. In this case, Bright Light Innovations aims to opening its market in Nepal. In order to explore this market, the company considers a series of criteria.

The first one is the “ total population” and “ population growth”. This factor established the foundation of consumption power. Jianfa Shen points out that the population is one of the factors to affect the market demand (Jianfa Shen, 1998). The more people live in the country, the larger potential market exists. The second one is the “ natural climate”. Climate changedetermines the consumer’s consumption behavior to some extent (Seljom, 2011). Considering that the temperature of Nepal is very low, the Bright Light Innovation provides stove to local people who are in the need of warm.

The third one is the “ living habit of local people”. According to Jaime Alonso-Carrera’s study, “ individual preferences are subject to both habit formation and consumption spillovers” (Jaime Alonso-Carrera, 2004). The case shows that most people in Nepal uses firewood as the main source of the energy. Due to this reason, the products of stoves meet the needs of local people. What’s more, the company also considers “ political policy”. Whether the local government support or against the kind of products is the factor to affect the entering in the international market.

The fourth hidden critical issue in this case is the “ infrastructure” in Nepal. Well infrastructure contributes to the potential growth of the company (Weiland, Scott J. 2012). If the company needs to set up a factory in the local place, infrastructure including electric, water, traffic and others should be considered. Finally, “ income” determines the purchasing power in the local market. More income means more potential consumption to some extent. Alternatives and product lunch in foreign market

The reason why Bright Light selects Nepal as its target market is that the market and the company can benefit from each other. Following factors can be contributed to the access of the products to Nepal. First, the local government can benefit from the company. Bright Light decides to set up a plant in local place; it helps the government solve the problem of employment. More people can be employed as the factory setting up; besides, the company can reduce much cost by setting up a factory in local place. Second, Bright Light helps protect theenvironmentto some extent.

As its stove is more efficient than traditional one, people will use less firewood. In this case, the forests can be protected and the environmental problem can be solved. Thirdly, familyproductivity increased 20 percent or more per day. People can have more free time to do other jobs rather than logging. Fourthly, Bright Lights contributes revenue to the government. The government can gain revenue from the tax. Finally, the stove can produce electric and the generated electric can be widely used in the home or in the school.

The new products bring benefits to the government and the local people and the company gain revenues and profits from selling the products to the local people. The relationship between the company and the customers and government seems very important. Without permission, the company cannot enter this new market. In regard of the government (Nepal) that will not provide permission to try the new product, the company can consider other ways to enter this market. The Bright Light can follow other companies which have been in Nepal and familiar with the local policy andculture.

In this way, the Bright Light can build a partnership with that company; besides, the Bright Light also need to know the export or import policy of the Nepal so that it can fits the regulation by doing some changes. These two ways help the company meet the requirement of the government and have the right to enter the new market. Product promotion and advertising recommendations In rural areas, adult literacy rate is low in developing countries. A study shows that high literacy rate has significant positive effect on foreign direct investment inflow (CHEE-KEONG CHOONG, 2010).

People in this area don’t know the words. So they don’t know the brand and the instructions of the products. It will lead to the low brandloyaltyand cause a series of problems of products recognition. Some people may don’t understand how to use it and some people may don’t know how to solve the problems when something wrong with the stove. In other words, it directly affects the marketing strategy plan of the company. Schmitt, Natalie M. points out that theadvertisementof the brand or label should be easy to recognize for customers so that it helps build up the brand-loyalty (Schmitt, Natalie M. 007). Following ways with advertisement can solve the problem. Focusing on verbal and audio can be a way of advertisements. In this way, people can better understand how the products functions and gradually set up the brand-loyalty to the products; besides, newspapers and videos also an efficient measure to send information to final customers. The usage and instruction of the products can be advertised on the newspaper in the form of pictures so that local people can easily understand. Other forms of advertising may also function well.

The Bright Light can exhibit its products on the local trade fair or other expos. In this way, people can not only know the products, but also can try the new products. Although the goal of the company is to maximize its profits, it should devote itself in the social charity. It is not only a kind of socialresponsibility, but also is a kind of advertisement. The report of such philanthropy is an efficient way to improve the image of the company and it helps to build up a brand-loyalty to customers. Furthermore, becoming the sponsor of special event is another way to make a promotion.

Special event always attract large number of audience and media. In this situation, it can be advertised on the display boards. It is a useful way to expanded publicity. Pricing strategy and competitive situation analysis In order to price the product, Bright Light should consider the costs and profits when selling to the customers. As customer feel that the product is worth of the money, then the product or the brand will impress the customers. The cost of a stove manufactured is $60. The company decides to sell the stove at $80 but worries about the margin profits.

If the company set the price at higher level, fewer consumers are willing to buy. Customers may choose substitute instead of the new product (stove). In this way, the Bright Light may lose the market share; however, sometimes consumers are willing to afford the high price because of the special features added to the product. Draganska illustrates his point in his study that customer are willing to pay the comparatively high price when the product has special characteristics and satisfy the consumer’s preference (Draganska, 2006). The new stove has such feature that it can generate electric as well as heat.

In consider of the purchasing power of Nepal, the company decides to find a micro financing organization to provide loan for local people who are willing to purchase the stove. It is a way not only help the poor people afford the stove, but also stimulates the consumption on stoves. Pricing strategy should also put the competitive situation into consideration such as the “ threat a price war”, “ channel conflict”, or “ legal or ethical considerations”. If Bright Light set its price for the stove, other competitors may follow tis price and even set the lower price to compete with Bright Light.

In this situation, Bright Light may lose its customers. Direct competitors also can imitate the products designed by Bright Light; however, if Bright Light has better quality with cheaper price, the product can be competitive. Because the target market could be low-income family, low price strategy and loan strategy can meet their requirements. Substitute products of the starlight stove from other competitors should also be considered to the pricing strategy. It is a kind of indirect competition. Substitutes can quickly dominate the low income market share; however, Starlight stove has its core competence.

The new product (stove) is more efficient and it needs less firewood, what the most important is that it can generate electric. Core competition plays a significant role in improving the barriers for other competitors and R&D capability is regarded as the most important source for core competence. Due to this reason, it is obvious that the company makes innovation on the new product and the starlight stove is a competitive product. The company needs to pay attention on constantly innovation to make sure the company stays ahead of potential rivals (Yu-fen Chen, 2007).

In order to keep its core competence, the company needs to apply for the patent from the Nepal government so that the company can raise barriers to imitation. In general, by analyzing the strength and weakness of the competitors and figuring out the opportunities and threats of its own, the starlight stove can be outstanding with competitive price and accepted by the local people. References Chee-Keong Choong and Siew-Yong Lam. (2010). The Determinants of Foreign Direct Investment in Malaysia: A Revisit. Global Economic Review, 39(2), 175-195. Draganska and Michaela. (2006).

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