

Festo hong kong marketing strategy

[Business](#), [Marketing](#)



The main competitors of Festo here are: - Parker Hannifin Corporation - PH (NYSE), also presented in Hong Kong (Sales-center).

Parker-Hannifin Corporation is a worldwide full-line manufacturer of motion control products, including fluid power systems, electromechanical controls and related components etc. The range of products is almost the same. The Company is presented in 45 countries. The products are sold as original and replacement equipment through product and distribution centers worldwide. The Company markets its products through its direct-sales employees and more than 7, 500 independent distributors.

- Metal Work, an Italian company specializing in the production of pneumatic components for automation systems, also presented in Hong Kong (Sales-center). Since 1967, the year it was formed, the Company has gradually extended its structure and production range to become a market leader in the pneumatic sector for automation systems. It has obtained the ISO 9001 certification as well as ISO 14001. Products are distributed and serviced by a great number of branches all over the world, which guarantee expertise and efficiency together with a comprehensive “ before and after” sales service.

Product quality and efficient organization are the firm basis on which Metal Work stands today. These qualities have put the company in a position to anticipate market needs and satisfy the most demanding requirements in pneumatic automation.

- a native Hong Kong producer SMC. It started as a specialized maker of sintered metal filters. Later on it took a new step as a company that contributes to automation and labor-saving around the world. SMC

<https://assignbuster.com/festo-hong-kong-marketing-strategy/>

Pneumatics (Hong Kong) Ltd. manufactures a wide range of pneumatics cylinders to provide a fast and reliable delivery to its customers.

It has established a large network of 4 Service Center and over 80 Distributors in China providing Sales and Technical support. To meet the service needs of its customers, SMC Pneumatics (Hong Kong) Ltd., has provided prompt service to the customers, Comprehensive training courses; production and Sales service. As one may see all the major competitors have almost the same starting-point (except SMC as a native producer which is a big “ plus”). Festo competes with producers whose major advantage is their price. But the quality is thus much worse.

Festo should use its know-how and develop an original local product, the golden mean between costs and quality. The market situation itself, the environment described above are really favorable for starting actions.

As the SWOT-Analysis (see Appendix 5) shows, Festo has quite reasonable chances and opportunities which should be applied into the new marketing strategy. Festo was always known by its high standards of quality. A machine itself is broken but Festo products as machine-parts continue to function. High quality usually means high costs.

But as written above Hong Kong products are characterized by quite low costs. Festo Hong Kong gets all the products delivered from European Festo plants, but in case of special application one receives only special components and the final assemblage is conducted in Hong Kong. As a possible way to increase to a turnover Festo Hong Kong should develop a

regional low-cost product which would completely satisfy the local needs. It is true that some customers might complain that they do not always need really high-tech products which operation period is much longer than that of the system it is built in.

That is why it is necessary to develop a local version of the least wide-spread product. This product should be produced in the Chinese Festo Plant which is currently being built. This product must cover the whole Asian market. Of each of the Asian countries has its own requirements, but one could develop several local versions. For the market research and the development Festo should engage in students from the local University of Hong Kong. Festo spends a quite great amount of money supporting really talented students and even offers them a job right after graduation.

Our proposal would be an organization of competition for the student which would include a team-work; each team should conduct a market research and find out the actual highest and lowest requirements of pneumatic consumers; the second part of work includes the proposals of students for Festo - how one could realize these requirements with Festo Products. Of course this includes a prior instruction of students regarding Festo (its products, principles, strategy, requirements, abilities etc.) in order to guarantee the full understanding of what is needed.

The project's time should be enough to have reasonable suggestions at the end. By the time the Chinese plant is built, the project should be over and there should be a final proposal available (see Appendix 6). The strategy of

Festo always was directed into the world. The aim of Festo is to be presented in every single region of the world and to deliver products in 24 hours.

Conclusion. Festo should develop its Asian Market and use all its advantages. While most producers have only their distributors or sales-companies, Festo should count on its own plant with local chip labor and low-cost local product.

Festo wants to be presented in every part of the world. So now it is the right time to do it:

- Local low-cost product.
- Local labor.
- Local plant. The “locality” of Festo Hong Kong in the Asian Market should now take the first place in Strategy of Festo in the whole.

Bibliography: 1. Company FESTO – Facts and Figures. Retrieved from the Web June 25, 2004. Festo Products. Retrieved from the Web June 25, 2004.