

International business and globalization assignment

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Trade liberalisation's under the Sean Free Trade Area (Aft) regime allows various brands of electrical products to pour into the domestic market making competition more intense, he said. The liberalisation's has also provided Kind the opportunity to enter the Sean market, Change said after the company's annual general meeting and extraordinary general meeting in Shah Alam yesterday. Electrical products are slapped with a 5 per cent duty as opposed to before Aft when duty for electrical goods ranged from 10 per cent to 20 per cent. Export contribution to turnover for the year ended December 31 2002 was RM1.5 million, representing 20 per cent of group sales. West Asia is Kind's biggest market, making up 50 per cent of its total exports. Kind's latest progress into West Asia is Iraq. "Immediately after the war on Iraq, we received orders from Iraq," Change said, adding that the orders, worth RM1 million, will be shipped in late June or early July. Kind's strength in international market comes from being an exporter since 1988. "Compare to other local brands, we export the most. We started early, we have a good range and we manufacture," Change said.

Kind products are also available as a premium brand over essence products in the international market. Electrical goods under the Kind brand include fans, audio visual products, DVD's, VCR's, kitchen appliances, washing machines and refrigerators. It also sells products under the name Hotpot for hypermarkets and under the brand name ONES. Earlier in the year, Kind embarked on an advertisement and promotional drive with its new tagline "Kind A World Brand from Malaysia" to reinforce the Kind brand and its range of products to all Malaysians.

Although it sound not too Tar, out ten company nave prove Tanat teeny nave make ten relent International strategic decision. Moreover, the proof is KIND Holdings Bad has the most customer base and customer loyalty in China. The company's products are considered a premium brand over the Chinese products in the international market. Electrical products under the KIND brand name are fans, audio visual products, DVD's, Vass, kitchen appliances, washing machines and refrigerators is the most popular over there. KIND Holdings Bad begins their foreign expansion by choosing the mode of exporting.

At first, the company will manufacture the product in the home country which is Malaysia, then, the company will export the finished product to the targeted foreign country. The example is the same as the way the company start to penetrate market in China. As we all know, exporting is the simplest way. Exporting also have he lowest risk, lower cost and can increased an economic of scale. However, exporting will cost the company with a higher cost of shipping and handling, sensitive to the changes of tariffs and other trade barriers.

KIND Holdings Bad has takes the advantages of exporting as the positive impact and the disadvantages as a challenges to them. As the days past over, KIND Holdings Bad becomes more mature from day to day in their international strategic decisions. It is due to the first step that the company made to enter the international market, alongside, the right entry strategy by the company. Along the way, the company fresh out of its internal restructuring is one way to become more international. KIND Holdings Bad brainstorm to form their new tagging, " A World Brand from Malaysia".

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As the result from the fresh out tagging, it makes the company more motivate and positively committed to go beyond the Malaysia. They also puts some effort on an advertisement and promotional to drive its new tagging. It is to reinforce the KIND brand and its range of products to all Malaysian and also foreign market. Furthermore, KIND Holdings Bad does not stop their exporting activities. The many becomes more eager in their foreign expansion. Obviously, the company shows that they not satisfied by only capture the some of the SEAN region. The company also fresh out with another international strategy in order to penetrate another foreign market. Starting in the year of 2003, KIND Holdings Bad putting their another 110% efforts in order to further establishing their product line in the existing markets and committed to enter new markets abroad. The reason of the company more forward in seeing the foreign expansion is the company aware that the local market is more competitive and saturated compared to the market abroad.

In the middle of KIND Holdings Bad expansion, the trade liberalizing under the Sean Free Trade Area (AFT) regime allows various brands of electrical products to enter the SEAN domestic market. Thus, the situation make the company in the same industries competes with each other and make the competition more intense. KIND Holdings Bad also feels the same pressure. Thus, KIND Holdings Bad takes the opportunity by putting another big step to see another part of the SEAN market. At the same time, KIND Holdings Bad immediately grabs the opportunity to enter into West Asia.

This is called the right location at the right time for their international entry strategy. The company can thanks to the situation happen in the country of <https://assignbuster.com/internatioanl-business-globalization-assignment/>

Iraq. Eater ten war In Iraq, ten company receiver orders Trot Iraq. It Is Owe to ten severe acute respiratory syndrome in Iraq. The company able to heavily exports their products to the Middle-East. Thus, this condition improves the company export orders. As the result by both of the internal restructuring and the opportunity grabs, the company reports that not only have produced higher efficiency but also KIND

Holdings Bad exporting activities managed to turn around the company from its losses and gain some profit. The effort puts by KIND Holdings Bad gives the positive impact. The company reports that their export contribution representing 20% of the group sales while the other 80% is within the local market. KIND Holdings Bad biggest market is at the West Sean, where the company making up to 50% of its total exports. KIND Holdings Bad is a very focus company since the company has been around in 1961, making it one of the longest established local manufacturers in Malaysia and become the market leader.

It is also no wonder that the company can contribute 50% of sale turnover from its export business in the future soon. Since lately, they were some issue where there is many local brands around. Sometimes, consumer had to pay in higher price to use a product that was actually of the same quality. KIND Holdings Bad always believes that only specialist can win. Although the company actively seeking establishment in the foreign market, the company's main concentration is always been the local market. In fact, major of its revenue comes from local operations.

KIND Holdings Bad would not compete with price, but they compete in terms of quality, service and image. Moreover, the company always confident that their products made in Malaysia have a certain advantage over products made in other competing country such as Taiwan and China. Apart from that, the company also has a quite a complete range of appliances compared to its other competitors. For example, China is a quite specialized in fans but they probably does not have rice cooker. Thus, due to these advantages, KIND Holdings Bad IA able to manipulate with their price.

Along the way, KIND Holdings Bad always improves their products. It is one of the company's strategies to maintain in the industry. Every year, the company will introduce new products; it can be either be a new category or new model to replace an old model. The company will introduce a quite large range of product every year. In the other hand, KIND Holdings Bad will allocate more of the company's resources to its brand awareness as one of the company's strategy maintain in local market and become more international.

The company allocated more of its capital for advertisement and promotional drive. Currently, KIND Holdings Bad already has offices in Singapore and Dublin. Thus, the many international strategic decision by exporting have been successful in their own right and are well-positioned to grab more market share over there. KIND Holdings Bad will more concentrate on its popular product range, for example, the refrigerators, freezers and electrical fans, as these products have generated more revenue and sale of the company in both country, Dublin and Singapore.

Furthermore, KIND Holdings Bad will be increasing the resources in Dublin in terms of capitals, human capitals and technologies. Along the way, the company can focus to penetrate the Middle East which is now contributing up to 50% of the company's total exports. In the other hands, currently in home country, Malaysia, KIND Holdings Bad has six full-fledged branches in West Malaysia and four in East Malaysia. It NAS a comprehensive network AT 1, 600 dealers' notational comprising mass merchandiser, electrical shops and electrical chain stores.

The company also has eight subsidiaries involved in the manufacturing and trading of electrical products in two major groups electrical home appliances and electrical wiring appliances and another subsidiary is involved in research and development for the company. At the same time, the company has its export market span across 50 Mounties, with Middle East and Asia Pacific also Europe being its major export markets and other countries include Australia, Africa and the Asian countries. It shows that, although the company goes beyond the home country, it does not mean that the company will not achieve success in the home country.

The company will become more powerful and gain many advantages due to its international entry strategies decision. Moreover, KIND Holdings Bad may improve their company's strategy in order to maintain and stabilize the company establishment in the industry for both local market and also foreign market. Therefore, KIND Holdings Bad has to moving towards in an interesting phase of its development, renewal of the company operational efficiency and utilizing information technology infrastructure in order to have a deep penetration in the both local market and international market.

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ARTICLE 2: Kind eyes expansion By Rona Shields Tuesday, 5 December 2006
4: 00 AM Faked-Change-Ping-Kilned-CEO-. Jpg?? | Kind CEO Change Ping
Keats identifies counterfeit goods as a problem in the region. I?? | Consumer
electronics and household appliance vendor Kind Industries is planning a
fully-fledged assault on he Middle East consumer market. Company CEO
Change Ping Keats speaks to ACNE about how the Malaysian minnow plans
to realism its lofty ambitions. Electronic Channel Newsweek did Kind
Industries establish a presence the Middle East?

Change Ping Stakeout first shipment to Dublin was in 1988, which was a
consignment worth IIS\$4, 700 . The deal represented Kind's first venture
outside the Malaysian market and since then we have expanded our
presence in the region each year. Our traditional Middle East strategy has
been to increase annual shipments and establish distribution deals in key
markets. However, we've had to review this approach given that we now
have deals servicing the entire ICC region. s Knell Involved so naively In ten
Speech growing importance of the Middle East market to our business has
seen us shift our focus from Malaysia to adopt a more globally oriented
vision. The Middle East accounts for more than half of our global exports at
present and we are keen to develop this further. The opening of our regional
office in Dublin in 2001 represented our first major commitment to the
region, and resulted from the fact that we recognized the difficulty of
servicing this marker remotely.

We quickly realized that the company would have to increase its market
presence in the region if we were to take full advantage of the opportunities
available. This prompted us to open our warehousing and re-export facility in
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Jibe All Free Zone OAFS) last year. The facility is proving extremely important to the future growth of our business in the Middle East, as the local market relies heavily on fostering healthy working relationships with distributors and resellers. Condone the Middle East present any specific commercial challenges?

Cheap country in the Middle East presents its own set of challenges – as with any egging – but there are a few issues that are common to all markets. The most critical issue relates to our reliance on distributors to represent our interests and promote our brand in various countries. It is difficult to operate in this region without forming partnerships with local companies. This makes our channel partnerships in the region vitally important to our overall strategy. It also accounts for our policy of appointing sole distributors in each country.

We have found in this region that it's crucial for companies not to have competing interests – this can lead to a complete breakdown in communication. Another key challenge relates to the abundance of fake goods in the region – particularly in Saudi Arabia. In a sense it is quite flattering to discover copies of your products – it's almost a measure of success – but it does pose a very serious threat to the industry overall.

DISCUSSION ON ARTICLE 2: KIND Holdings Bad has their own eyes on expansion towards the international markets.

The company first shipment to Dublin was in 1988. The deal represented Kind's first venture outside the Malaysian market. Since then, the company electronic and household appliance vendor of KIND industries is planning a

fully- legged assault on the Middle East consumer market. It is how the Malaysian company plans to realize its high ambition to become an internationalist company. KIND Holdings Bad is said have the right international entry strategy. However, the company is still in their own traditional Middle East approach.

It is does not means that the company traditional approach is not effective, but, it is will not relevant for the company future expansion towards the international market. Thus, the traditional approach which is increase annual shipments every year and establish distribution deals in key market, these approach have to be review since he company now have the deals servicing the entire Gulf Cooperation Councils (GCC) region. The GCC region consists of Saudi Arabia, Kuwait, Bahrain, Qatar, the United Arab Emirates and the Sultanate of Oman.

Since then, KIND Holdings Bad involve so heavily in the Middle East. The company shifts their focus of their business market from Malaysia to the growing of the Middle East market. These is the way the company to adopt more globally oriented vision since the Middle East market contributes for more than half of the company global exports. Thus, the company is keen to develop the Middle East market in depth. KIND Holdings Bad performs their first major commitment to the Middle East region. The company opens their own regional office in Dubai in 2001.

However, the company realizes the fact that the company recognizes the difficulty of servicing the Middle East market, but, the company does not stop right after the realization. Moreover, KIND Holdings Bad then realizes

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their strength to grab the opportunity available in the Middle East market. The company also quickly realized that they have to increase its market presence in the region and take the full advantage of the opportunities available. Furthermore, the situation leads KIND Holdings Bad to open their warehousing and re-export their facility in Jibe All Free Zone OAFS).

GAFF is the leading business hub of the Middle East which stands for innovation, customer eccentricity, transparent operations and entrepreneurial dynamism. KIND Holdings Bad proves that the company international strategic decision is in right track. It is because the GAFF providing the world class infrastructure supported with value- added services and incentives besides offer the benefits of huge business opportunities from a potential market. These benefit provides by the GAFF are for both customer and the global investor likes KIND Holdings Bad.

Therefore, the facility in GAFF is extremely important to the KIND Holdings Bad future growth in the Middle East. It is important for the company to build the healthy working relationship with the distributors and resellers for the future growth of the company in the Middle East region. As we all know, some of the Middle East states practice the political system of Totalitarianism. The states will recognize no limit to its authority and strives to regulate every aspect of public and private life wherever feasible.

However, the state that KIND Holdings Bad deals with does not practice as such political system. The countries that KIND Holdings Bad deals with may present their own challenges that the company has to face. For example, the issue relates to the company have to build a good relationship with the

distributors. The relationship Detente ten company Ana ten Illustrator Is Important to represent ten company interest and to promote the company's brand in various countries.

Moreover, it is may be difficult for KIND Holdings Bad to operate in the Middle East region without forming partnership with the local companies. The company may use another mode of entry besides Just using the exporting mode. For example, licensing and Joint ventures. KIND Holdings Bad has the right location and right opportunity, thus, the company have to use the right entry mode. Firstly, the company may use the entry mode of licensing. It is an agreement whereby a firm (licensor) grants the intangible property rights to other parties (licensee) for a specified period.

KIND Holdings Bad may grants their intangible property such as patents, designs, copyrights and trademarks to the firm in the Middle East region for a specified period. The company loud minimize the cost and risk associated in the Middle East market. However, the company also has to watch out the licensing agreement. It is to ensure that the licensing agreement does not harm the company itself. Secondly, KIND Holdings Bad may also use the entry mode of Joint ventures. It is a collaborative venture between firms, or sometimes between competitors across borders.

This entry mode can ease the process of entering a new market as such in the Middle East market. The company cans shares costs and risks with the local Middle East firm. However, the company also has to aware that share ownership can also lead to the conflicts u to the different views among the members. Since the Middle East region market have its tight competition, it

is extremely important for KIND Holdings Bad to know that the situation may lead to a complete breakdown in communication if the company does not have the competing interest.

Thus, it is crucial for KIND Holdings Bad to take into account of their policy of appointing sole distribution in each countries in the Middle East region, and also, it is vitally important to the company overall strategy which ensuring the company makes their channel of partnership in the Middle East region by using the right mode of entry strategy. In the other hand, KIND Holdings Bad should have specific target towards which of the countries in the Middle East region that the company wants to enter. It is important for the company to be more specific since different country has its own risks and challenges.

KIND Holdings Bad may consider the Middle East country of United Arabic Emirates (AJAX) to be the company's central for the Middle East regional strategy. I-JAW is relatively small in terms of population but I-JAW is flooded with tourists that visiting the country, thus, makes the country one of the most lucrative markets in the Middle East region. Moreover, in terms of the I-JAW country's domestic market, the maturity freehold property sector is having a positive impact on the demand for consumer electronics and household appliances.

Therefore, KIND Holdings Bad should grab the opportunity to capitalize the I-JAW market. Outside the AJAX, KIND Holdings Bad can negotiate an exclusive partnership with the firm in the Middle East country of Iran. The development in the country of Iran is the key to the company immediate expansion plans. It is because Iran is a relatively an untapped market but have a huge

potential for growth in future. Along the way, it is better for the KIND Holdings Bad to positioning their brand as a middle market brand.

It is because may be hard for the company if in a position to compete with the major European and Asian brands in the premium sector of the market. It is better to keeping low profile compare to De ten low Drank Detente ten major Dramas. However, K ND Holdings Bad can be an open minded for the increment competition pose by the new Chinese brands targeting the entry-level sector of the market. Although it is impossible to compete with those brands on price, so, the key for the company's strategy is to preferential the brand by stressing both the competitive price points and high quality of the company product range.

Furthermore, KIND Holdings Bad as an emerging brand, the company can challenge the reputation of the establish European and Japanese brands. The company can meet these challenges by keeping their operational overheads to a minimum. For example, the slow rate of the technological development in the household appliances market absolutely may facilitate the approach. In the other hand, there are a secret for the KIND Holdings Bad long standing in the exporting activities since the year 1988. The company has a relatively unique partnership deal with the Australian brand Mistral since in the asses.