

Daimler-chrysler's strategy

Business



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Questions and Answers 1. What are the strengths and weaknesses of Daimler-Chrysler's strategy? There are several strengths of Daimler-Chrysler's strategy. First, it has strong competitors amongst the automotive market, so from the merger, both companies will reduce the intense competition in the market and this will increase the market share in the worldwide automotive industry.

The acquisition and merger between two parties in worldwide market share will help them to expand the technology transfer between the countries, and this will increase the efficiency and effectiveness of productions, directly will reduce the cost of production amongst the car makers. Second, the strategy of Daimler-Chrysler will enhance the decreasing of human capital usage.

When the usage of human capital is reduced, it will help the company to reduce its cost of staffs as both companies are work together.

This help the companies to enabling the effectiveness and efficiency amongst the staffs and directly it will improve the quality of their product as there is not many staff involve in the production, thus quality control amongst the staff is high. Reducing in human capital cost also will enable the companies to focus their fund into other strategy in order to increase the revenues. Besides, the company will have a chance to create a new brand in the market share of the same industry. So, will allow them to create a new strategy in their operations and this might give an opportunity to increase their sales and revenues.

So, finally they are able to achieve the success with minimum investment. However, there are several weaknesses of Daimler-Chrysler's strategy. First,

it is absolutely will not develop its own car as it will use the name of other worldwide companies as the strategy to enhance the sales and revenue in worldwide market. Their brand name will no longer used in this strategy. Second is, it has a high potential threat from Mitsubishi and Hyundai as both of them are the major players in the Asian market.

As from the case study, Daimler-Chrysler is number five in the worldwide automotive production, thus it is better for this company to enhance their market expansion into Europe market and not too focus on East Asian market. Finally, the pricing issue in the Asian market that need to be considered by this company. They need to depth research about at what price range in order to penetrate the East Asian market and whether it is worth for them to put the lower price for their product in East Asian market as the production cost for the product already higher. 2.

How should DaimlerChrysler-Mitsubishi brand itself in Asia? First of all, the companies should hold on the existing brand in market in order to control the channel conflict.

They also need to consider of choosing the flexible sales channels to play on existing brands. Besides, they also need to practice the ' Japanese Strategy' in the East Asian market. Based in this strategy, the important things are the companies need to understand and concern about the communities' cultures, the range of communities' affordable price, the favourite's products size, and colours and so on.

So, that only they will attract the people to buy their products in East Asian.

3. What cultural issues will DaimlerChrysler have to overcome to succeed with its strategy? The cultural issues that DaimlerChrysler have to overcome in order to succeed with its strategy is about the long-term consumer's background in East Asia such as their educations, religions, geographical factors, demographical factors, purchasing power of the consumers and so on.

They need to know and understand the consumer's preference in East Asia is based on lifestyle. QUESTIONS AND ANSWERS 1. Does adapting the promotion of its motor vehicles to suit country's culture make sense for Honda? Yes, Honda should adapt the promotion of its motor vehicles that suits the country's culture because each country in Europe has different culture. Honda not only needs to study but to understand about the country's culture, and finally adapt the promotion based on consumer's culture to improve its overall position in Europe.

Based on the case study, Honda promotion strategy is same throughout all the four European countries and it is stated before that it company spends very little in promotion because the company believes that its success in F1 racing and its ability to produce cars with lowest CO2 emissions that enhance the company's brand image and company also relies either on word of mouth and to a less extent on Internet because of the gains in 2002 on launch of Jazz. 2. Is pricing its vehicles similar to the competition, a good strategy for Honda?

Pricing its vehicles similar to other competitors actually is not a good strategy for Honda based on this case study. Take into the consideration of the facts that Honda had entered the Europe market rather late and the <https://assignbuster.com/daimler-chryslers-strategy/>

market was highly saturated with locally owned car manufacturers, it should lower its price based on percentage of ranking with other competitors' price to reduce the intense competition. Honda should promote that its price is lower, but the quality is equally to other quality branded cars. .

Should Honda change its product mix from country to country? Yes, definitely. Honda should change its product mix from one to other country because if the same approach is applied to all the countries they may not reward the same result. As the case shows that Italy and France are one of the same type, but Germany is totally different from them in terms of buying behaviour Honda cars. Whilst, U. K takes a note of what is popular in France and Italy but more conservative in nature. U.

K in a partial state holds the highest buying approach towards Honda cars. If the company wants to make out more of its marketing and want to make much more profits out of the European countries then it needs to focus its product mix on 2 countries that is France and Italy because people over there are of high context nature, more patriotic and more declined towards Honda cars. For this, they should evolve out new methods of advertising which is advertise the originality, that is what those people want, representing the true picture of the product. . Is distributing their motor vehicles together with their motorcycles a good strategy for Honda? Yes because the distribution comprehends both of them in one or the other way as they are aligned together so there can't be any problem with the strategy relating to the distribution of both Honda motorcycles and motor vehicles. Rather Honda is saving money on the bench by distributing it with one another.

They are going with the business rule of reducing cost at every step of an activity done. 5.

Is the European market too competitive for Honda? Yes, definitely. Because of the presence of local owned car manufacturers as Saab, Volvo, BMW, Audi, Volkswagen, DM, Opel, Renault, Peugeot and Fiat and foreign companies, such as Toyota, Nissan, Ford and Hyundai make the European market extremely competitive. And the European people are also very patriotic and mostly will buy their own products. As the case stated in 2001, Volkswagen was ranked number one in Europe with 17.6% of the market and Peugeot number 2 with 15.%. Renault, Ford, Fiat, GM had approximately 10% of the market each, and Toyota, BMW, and Audi had a market share in the region of 5% and Honda was able to capture only 2.

4% of the European market. By this we could easily state why European market was too competitive for Honda. QUESTIONS AND ANSWERS 1. What are the key success factors of LV in Japan? There are several key success factors of LV in Japan. The main factors is the quality of its products that built the brand image amongst the consumers in Japan.

The case study stated that quality is the most important priority for LV and making sure that each product must pass a rigorous control to check for default and consistency.

Any products that do not conform to the standard are destroyed. Another way LV keeps its quality under tight control is by manufacturing most of its products in France. Despite the high cost of labor, the management feels that it is a price to pay in order to monitor quality. Behind the commitment

to quality lies LV's work process that is unique and not easily imitated. This creates reliability or trustworthiness of its product amongst the Japanese.

Besides high quality handbags, LV pampers the consumers with a unique handbag shopping experience by keeping its products up with the trends with the originality and flamboyance as well as maintains enduring prestige.

Other key success factor is the distribution network of LV also rigidly controlled. There is no LV's bag is ever-marked down and LV maintains the high price point despite any marketing campaign it organizes. Even the analyst applauded Louis Vuitton's strategy of constantly building its luxury brand equity even the economy outlook is not favourable.

Market experts also approve of its insistence to own its distribution channels and to protect brand image. 2.

Why are Japanese consumers (especially women) purchasing luxury goods during economically instable times? The main factor Japanese consumers especially women purchase the luxury goods even during the unstable economic times because of the Japanese's culture that appreciate the luxury goods and they appreciate the value of the goods they purchased.

Additionally, their culture also defines the luxury goods as a necessity and the factor of sense of belongings in their peer group.

Other than that, the psychologically factor such as the feeling of prosperous also would affect them to buy luxury goods during the crisis times. 3. What stimulates such a high demand for LV in Japan? What puts LV over its competitors in Japan? There are several factors that stimulate that stimulate a high demand for LV in Japan and make it better than other competitors are: <https://assignbuster.com/daimler-chryslers-strategy/>

i. The tight quality control against its manufacturing of products that made their products very difficult to imitate by others.

ii.

Besides, LV also puts the tight quality control in its distribution system, so the distribution of its products in both supplier and consumers sides are operate efficiently and effectively. iii. Finally, is the outstanding of its marketing strategy in term of distribution network, pricing, designing and promotions. 4. Was there any strategy undertaken by LV to enter the Japanese market? Definitely there were involved of several strategies undertaken by LV to enter Japanese market, one of the strategies is LV attempted to combat with the counterfeiting in order to maintain its quality and brand image.

Besides that, in its pricing policy, it keeps the price as high as possible for creating its own image in the market and its classy style of the bags has been designed only for European and Japanese customers based on their style and preference. 5. What are the challenges facing LV? And should LV? The main challenge for LV is counterfeiting. It has to fight against counterfeiting which has been rising nowadays. The secondly is the fierce competition from other branded competitor such as Gucci, Prada, Coach, Hermes and Chanel which also well-known in their own pricing and quality of products.

Lastly the challenge of LV is the challenge to understand and familiarizing the culture of their customer in different countries and market shares. In order to sustain in this industry, LV should keep it disciplines momentum in

its existing strategies and need to ensure that it manage to maintain a balance between protecting the products' exclusive aura and offering luxury for the masses. LV should maintain it discipline and the company should fully aware of the negative consequences of losing this discipline.