

Global elevators industry essay



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Otis in the Global Elevator Industry

Yet, elevator equines is a special business and Otis is a well-known brand, the public may not be familiar with this company. This, the case study of “Otis in the global elevator industry’, it will comprehensively study Toot’s status in recent year, and how do elevator companies in operating their business, and what is the elevator market involved and industry condition?

2. 0 Analyzing the External Environment

2. 1 The General Environment

Demographic: Population increase led to an increasing demand for elevators. It is because the land is limited, it now tend to construct the building as high as possible.

To do so, elevator s an indispensable facility. The better the elevators are, the higher the skyscrapers can be built. In addition, the aging of population increase show that elevator are more necessary in their daily live. This reflected how big the demand of the lifts to people living in developing countries.

Political: China and India governments encourage investors to develop their business in their countries. Both governments have provided lower tax, and also there are no any import and export restrictions in order to attract investors.

Economic: China and India both are developing countries, their economies are very strong and have great potential; GDP increased around 7.9% and 9.5% in 2011 year compared with 2010 year respectively in India and China.

Socio-cultural As the skyscrapers become common in nowadays society, people become more rely on elevator; if there is elevator and stairs at the same place, people would prefer using elevator instead of walking.

Moreover, the community has become concerned about vulnerable groups increasingly, more accessibility facilities are established for people with disabilities.

Elevator is one of the most necessary and convenience of others. In addition that the new establishment will be designed a flawless elevator yester, the old building would be considered retrofitting of elevator for those people with disabilities. Technology Elevator is a high energy consumption product, thus, the trend of elevator's development is not only to be safely and effectively, but also need to be environmentally friendly. The average electricity consumption occupies 5% of the whole buildings. 'Green' lift is the main development of the industry in the future.

The developments include changing the drive method, reducing the noise and saving the energy, etc. Global One of the problems that need to concern is that when constructing an escalator or elevator, it will produce pollution which affects the global environment such as sewage, air pollution and waste discharge, etc. There should be strategies to prevent or reduce the negative effects to the environment Conclusion According to above external factors, elevator's future prospect is good, especially, in China and India.

2.2 Industry Analysis

The prospect of elevator industry continues to be good, it is because this kind of business is a long term business; elevators require long-term maintenance services. Besides, there are several new potential market emerged such as China and India. As the matter of global market changing, there is the Porter Five Forces model to analyze the current condition of global elevator industry. Barriers to entry are high. Although the demand of elevator increases due to population increase, the 4 main elevator companies are able to absorb all of the demand.

Therefore, it is very difficult for new company to enter in the global market. Substitutes are low. Strictly speaking, there are not any similar products that can substitute for elevator. However, stair can be the substitute product of elevator, yet in nowadays society, people would rather choose to use the elevator in their daily life if they can choose, and so it will not pose a threat. Suppliers and Buyers' bargaining power are usually balanced. Due to the transaction of elevator business is mainly a business to business approach, both parties will get the equilibrium point through negotiation.

Rivalry of elevator is medium because it is a mature industry with mainly 4 players in global market, therefore the competition in such elevator industry is stable. However, as the market is changing, the competition might become intensive in coming years.

2.3 Competitor Analysis

The elevator industry is not large in term of global market, there are mainly 4 companies in this industry whose business are around the world which is

Otis from US, Kone from Finland, Schneider from Switzerland, and ThyssenKrupp from Germany.

In recent years, the elevator market has changed. There are several developing countries, such as China and India, gradually increase the demand of elevator. Thus, there are new potential markets which will attract the existing or new company to gain those markets; besides the 4 main companies, there are several competitors emerging, one of them, for example, is Midea Electric. Therefore, the industry outlook is expected to be complicated and intense competitive.

In view of that, although Otis is now a leading company in the elevator industry, as the market is changing, the competitors' issues will be one of the critical matters for Otis to cope with.

3. 0 Analyzing the Internal Environment

3. 1 Toot's Tangible resources

Financial resources: Otis has excellent ability to generate internal fund. One of the internal funds is operating profits, at 2012, Toot's operating profits is the highest amount compare with other competitors, it had \$12056 million dollars.

Organizational resources: Toot's formal planning, controlling and coordinating yester are good due to they are broad-scale company, as the systems implement in the best way so that the company can standing on the strong position today.

Physical resources: Most of the major manufacturing facilities are in America, Europe and Asia.

Technological resources: Elevator technology was innovating by Otis but it is not its patent as the patent was over the deadline already.

3. 2 Intangible resources

Human resources: Otis has 60000 employees and 53000 employees outside USA.

Otis has good managerial capabilities; it can manage a big amount of employees at the same time. Also, it has trained many excellent technicians.

Innovation resources: In this aspect, Otis has excellent scientific capabilities as they are able to develop good quality, durability and reliability elevator in an innovated way, and also they are good at maintenance as well.

Reputation resources: Otis is the most well-known brand in the industry, because their businesses are around 200 countries. Besides, the image of Otis from general public is the quality, durability and reliability.

Experience resources: Otis has been operating its elevator business since 1852; they have already accumulated 161 years experiences which can give a great confidence to general public.

3. 3 Value Chain

Primary activities: land for setting up company installed staff products elevators and escalators transportation manufacture facilities controls and security Support activities: training engineering and test centers product

design servicing procedures /maintenance recruitment insurance of the products Although maintaining service is only part of the value chain, if there is any accidents occur, the reputation of Otis will be destroyed.

Thus, any parts that related to the security of elevator should be put more effort to keep the function of elevator normally in order to stabilize the contribution of value chain.

4.0 Toot's Capabilities

Otis has an excellent set of capabilities with many operating at the level of core competencies. This can be recorded, and be convenience in the subsequent discussion were:

1. Otis continues to innovate and internationalist, occupy part of the global elevator market.
2. Have excellent of maintenance technology in the global elevator industry.
3. Have two tallest elevator test tower located in Shipyard, Japan and Bristol, CT, United States
4. In the global have 12 Engineering facilities Centers.
5. Ability to handle a demanding government.
6. Have manufacturing facilities in global market.
7. Outstanding marketing knowledge and skills that allow fast elevator industry success in global.

4. 1 Core Competencies

A range of capacities set illustrated above, the main strengths of the brand Otis elevator industry, in particular, are number 1, 2, 4, 6 and 7 which all are valuable, costly to imitate and non-substitutable products.

Otis is always able to lead the change of industry and this is because of these core competencies. And customers valued it significantly which are expensive and difficult to establish. Innovate (Number 1): Otis produced the ‘ automatic elevator’ that did not need an operator. Toot’s maintenance technology (Number 2): First, remote access systems that enable the company to maintain elevators at distance, thereby receiving early indications of problems and settle down times is far shorter. Secondly, when mains power fails will switches to battery power.

Ability (Number 5): Can handle global different country government’s policy, it through global government development gives safety regulation to obtain terms of permits to installation elevator. Marketing capacity (number 7): it is core competency associated with corporate brand and reputation; there are over 200 countries and regions using Otis products. For example, there are many famous building such as Eiffel Tower, Glasgow Harbor Tunnel, etc. Also consisting of the products of Otis.

4. 2 Weaknesses

Otis is the major players in the elevator industry. However, competition is not directly threatened but is nevertheless present.

Yet, there is a significant weakness which is the unbalance installed base and service base, the ratio of it is 1: 0. 72, which meaner for every 1 elevator is installed, there is only 0. 72 service is provide for the elevator.

5. 0 Strategy of Otis

5. 1 Current Strategies

The business level of Otis is differentiation. It is separate into two main activities, business to business (BIB) markets which are including architects and property developers, and maintenance elevators. It maintains close relationships between business partners on a global scale to secure the future benefits.

Furthermore, Otis is promise to employ the most talented people in the world' in order to keep in high quality in the services and products. Thus, leadership is experienced and globally in Otis. To protect the environment, Otis act as the leader in energy saving elevators, provide a positive image and helps to reduce costs of others, e. . The buyers. It also emphasis on products qualities in order to minimize the accidents through technology innovation and periodical maintenance, for instance, an elevator will switches to battery power when main power fails which enhance the confident of the users. And those of merits made Otis to be more attractive and different.

5. 2 Future Strategies

Otis should continue to use the differentiation strategy; it should continue to absorb as more target customer as possible, and make itself as uniqueness as possible in order to maintain its competitiveness. Besides that, although

Otis is a leading many in elevator business, the market is keep changing and so Toot's strategies should be regular reviewed and modified to adopt the changing market. There are several future strategies for Otis.

First, the space is expected to be developed rapidly in coming year due to more and more countries is now able enough to send people up to the space environment and stay in there for a long period. In view of that, the space will be a great potential market for people to invest, Otis should now put more effort on developing such market to let itself to be the market leader in the space elevator business. Second, Otis should reinforce its service base. The ratio of installed base and service bass is now around 1: 0. 72, which meaner for every one elevator is installed, there is only 0. 2 services is provided for the elevator. Thus, there is still space for Otis to improve, it is because service, such as maintenance, can also generate sale. Thirdly, Otis should now take account of the anti-discrimination matter. In nowadays society, more and more people concern the matter of discrimination. In order to answer such new tendency, Otis should therefore put effort in developing the barrier-free elevator. This can give a friendly image for general public. Lastly, Otis should reinforce its power-saving technology.

Power-saving is an unstoppable trend due to the global warming; human over use the energy, the process of generating the energy will cause emission which harms the earth. Moreover, there is increasing awareness of sense of power-saving in nowadays society, therefore, it can help Otis to build up a good reputation if Otis is able to produce excellent power-saving elevator.

6. 0 Conclusion

The situations of the elevator industry are very good now and it is prospected to intention good in future; there are no special issues that will impact the industry, and there are several potential markets such as China and India emerging.

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That is, there is a lot of opportunity for elevator companies, but this is, on the other hand, also a challenge for the existing companies as the opportunity may attract others new competitor to enter. As for Otis itself, it is keep doing very well in the elevator business, it is still the market leader in such market, yet the market is changing; there are new opportunities and threats, in the light of the capabilities of Otis, it is able enough to overcome the threats and capable to catch the opportunities.