

Television sets company analysis

Business



I decided to pick the Lithuanian company.

This company is manufacturing LCD TV sets and LED TV sets. This company I think would be not known to many of people who are not from Lithuania. The name of production is “ Tauras. ” The name of the company is UAB “ Siauliu tauro televizoriai. ” Brief history of the company: the company was founded in 1961.

The main major activity of Tauras is the production and retailing of color TV sets. Tauras is Lithuanian manufacturer of TV sets but Lithuanian people are not willing to buy Tauras production. Lithuanians prefer to buy other manufacturers TV sets like Sony, Philips, LG and etc. So the main market of Tauras production is the Western Europe, countries such as United Kingdom, France and Germany Tauras ([www. tauras. lt](http://www.tauras.lt)).

Like all manufacturing industries Tauras needs materials as all the industries in the world. So first of all I would like to talk about the supplier power. Tauras is manufacturing TV sets, and they have to get materials such as TV matrix, cables and speakers. Tauras is not manufacturing the inputs they are needed, so they are dependent on suppliers. Good news is that there are not few but a lot of input manufacturers for TV sets. Suppliers have a lot power for Tauras.

Tauras is able to switch from one input supplier to another if they are not satisfied with one. Switching form one supplier to another is not so easy. It takes a lot of time and money to do it because they have to change their assembly line if they are for example willing to change the matrix suppliers. Suppliers have a lot of power because the input manufacturers are more

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than several but the market is limited and the number of suppliers is limited as well. The second thing would be that Taurus is not the huge company and their company is not the main purchaser of inputs from sellers so they are not so important to them, one thing that I would suggest for Taurus Company to make partnership with the input manufacturers. By doing this Taurus should try to negotiate lower prices with condition that for example Taurus will not change the supplier and will only buy from them for five years.

The supplier will be happy with a long term buyer and the buyer will be happy by getting lower cost for the products. The power of buyers is also huge. The buyer is the person to whom the company is concerned about, because if nobody will be buying their productions they will be out of business soon. The buyers are the people who are using TV like me or you. Retailer shops like Avitela or Topo Centras are also the buyers and they are the main buyers.

People tend to buy electronic equipment from them because they offer good customer service. This happens if we talk about Lithuanian market. Internet gave a huge advantage over big retailers. You can make your own electronic shop and sell your production without any retailers. You can be the only retailer of your production. This will be minimizing the power of buyer.

Threats of new entrants – is the possibility that new companies will be trying to enter your market. The threat of new entrants is low for Taurus. It is not so easy to enter such market as TV set manufacturing because you need to invest a lot of money for only getting the machinery when you have to find

you input manufacturers who will supply you with materials. Everything is possible if you have a good idea and if you are using good differentiation strategy. I would say that the threat of new entrants for Taurus is low. As I mentioned before the cost of entering such market is huge and the access to inputs is not as easy as it looks.

In other hand Products provided are not unique and the production method is easily learnable. To minimize the threat of new entrants I would suggest for Taurus try to market their name more. Use your huge experience for that. The company is in the business for forty years and the experience in one segment of the market is giving advantages against new entrants. I would prefer for example to buy a photo camera from the manufacturer who has for example ten years of experience in manufacturing photo cameras than two years. Threat of substitutes is medium because there are many manufacturers of TV sets and the buyer can easily switch from one to another.

Also the loyalty of customers I think is high if talking about Lithuanian buyers if they for example buy Audi car and they are not having no major problems with this car the percentage will be 70% that the second car that they will be buying will be also Audi. Taurus is offering good quality for reasonable prices and the neutral design. You get good product for the decent price. As well using the differentiation model Taurus should try to focus on better service quality for example guaranty services. Rivalry among competitors.

I think this force is the strongest of all five forces because every manufacturer for example of TV sets wants to be the leader of the TV sets

manufacturers this creates strong rivalry among competitors. The market of TV sets is expanding more and more brand names you can see in the shops. More competitiveness you can feel among them. You walk in to the shop and see one Brand name ad after few meters another brand name advertisement. The products are not unique and this creates the competition. Only the marketing and the equality is different among products.

Some brands focus on high quality other on low cost, decent quality. The customer can switch from one Brand to another because nowadays TV's do not cost big money as they were back in the days. I remember my mother bought LCD TV before 3 years and she paid about four thousand litas now you can buy the same width TV for half the price. The fixed cost are lower than before because technologies are improving every day which makes the input prices lower and the manufacturing process cheaper this creates the rivalry because now you can compete easier than before especially in electronic products. To minimize the threats you should try to focus on one segment of the market or by distinguishing your product between the others.

Reference The home page of the Taurus TV sets (<http://www.taurus.it>) * " Industry Analysis: The Five Forces", Cole Ehmke, Joan Fulton,

and Jay Akridge (Department of Agricultural Economics); Kathleen Erickson, Erickson (Communications); Sally Linton (Department of Food Science), (

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