

Market forces analysis essay



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The market forces analysis will be viewed in terms of macro-environment aspect of external marketing environment. The macro-environment consists of the broader set of forces that have a bearing upon the market performance of the company. The key aspects of the macro-environment of Oxford Bicycle Manufacturers Ltd are summarized as PEST factors and they include political forces, economic forces, socio-cultural forces, and technological forces.

Political forces play an important role of determining legal frameworks and investment environment in a country. Oxford Bicycle Manufacturers Ltd has received overwhelming political and legal support from the government of New Zealand due to the fact that the company is a foreign investment company. At an index of 9.6 out of 10, the country ranks highly as one of the least corrupt nations in the world according to the corruption perception index of Transparency International. New Zealand also ranked among the countries with the highest politics and press freedom index according to Freedom House freedom of press survey which assesses the degree to which print, broadcast and internet freedom are liberalized in a country.

New Zealand is ranked 12th in the survey that examines the broad categories of legal environment under which the media operates as well as the influence of politics on reporting, access to information and economic pressures on content in the process of dissemination of news. Economic factors have a bearing on the external environment of a company in terms of determining the customer buying power. The economic situation in a country determines growth factors such as Gross Domestic Product (GDP) and the spending habits of the populations. The Oxford Bicycle Manufacturers Ltd will

achieve high volumes of sales due to the stable economic growth in New Zealand. According to 2006 estimates of Global Edge, New Zealand recorded GDP per Capita of \$26, 600.

Latest economic survey by the Global Edge indicates that New Zealand registered inflation rate of 3. 8% and a constant growth rate of 2. 2% in 2006. The business prospects of Oxford Bicycle Manufacturers Ltd are favored by the ranking of New Zealand by World Bank as the second country out of 178 countries with the most ease of doing business. These rankings are usually based on the regulations that govern the 10 stages for measuring business life which include issues such as protection of investors, employment laws, protection of property rights and contract enforcement strengths.

The highest ranked country has the most favorable environment for doing business in the world, thus at position 2, New Zealand remains the second most favorable environment for doing business in the world. New Zealand also registers a high index of economic freedom according to Heritage Foundation Index of Economic Freedom. As such, this means that the Oxford Bicycle Manufacturers Ltd stands to gain from minimal trade barriers, favorable tax rates, favorable property rights and absence of corruption in New Zealand. The Oxford Bicycle Manufacturers Ltd is also set to benefit from favorable tax misery and reform index prevalent in New Zealand, as reflected by the Forbes Tax Misery Index. The Forbes Tax Misery Index is based on analysis of corporate income, personal income, wealth taxes, social security of employers, social security of employees, and sales taxation at the highest marginal rates in a given locality.

Some more statistics from A. T. Kearney Global Services Location Index, New Zealand demonstrates viable potential as an offshore business and investment destination based on the countries sound financial attractiveness, availability of labour and relevant technical skills. Such a sound background portends great advantage for the Oxford Bicycle Manufacturers Ltd in its international business pursuits in New Zealand. The other key economic element that motivated the decision of the Oxford Bicycle Manufacturers Ltd to establish its international plant in New Zealand is the favorable country risks rating that characterizes the country.

According to A. T. Kearney, the Coface Country Risk Ratings place New Zealand at a rating at level A1 out of the seven possible levels of risk in increasing order of risks. At level 1A, New Zealand stands out as a country with great economic prospects that enable good and consistent payment records by companies due to the economic and political stability in the country. New Zealand has favorable export and import policies.

Australia, the United States, Japan, China, United Kingdom and Barbados are the key export partners of New Zealand. The country also imports numerous products from Japan, China, Singapore and Australia. The import and export business in New Zealand is conducted within the framework international trade regulations. The country has a strong currency that exchanges favorably against major world currencies that include the U. S.

dollar, Euro, Sterling pound and the Japanese yen. Socio-cultural factors bring into picture factors such as language, religion, and demographic issues. New Zealand is a multicultural society with people of different

religions, ages, sex and languages living together in harmony. As a private limited company, the Oxford Bicycle Manufacturers Ltd takes into account all the implications of socio-cultural factors in its day to day business activities. According to Global Edge, New Zealand had a population of 4, 076, 140 as in July 2006 and records an annual population growth rate of 0.

99 percent. The country has an average life expectancy of 78. 81 years with the females exhibiting longer life expectancy than males. The Global Edge records further indicate majority of the population in New Zealand consists of the young people. According to the Global Edge ethnic groups in New Zealand consists of 69.

8% European, 7. 9% Maori, 5. 7% pacific islanders, 0. 5% others, 7. 8% mixed, and 3.

8% unspecified as pre the 2001 census. English and Maori are the official languages in the country while Christianity is the main religion. New Zealand has literacy levels of 995 across gender according to the global edge's 2003 estimates. Technology determines the rate at which a business organization can achieve efficiency both in its administrative and marketing endeavors (Doyle, 1994).

The key technological aspects of external marketing environment of the Oxford Bicycle Manufacturers Ltd include infrastructure, information communication, production equipment and transportation. The company's management is privy of the fact that technology plays an important role of creating competitive advantage and driving globalization objectives. Some of the key benefits that Oxford Bicycle Manufacturers Ltd will derive from

technological advantage in New Zealand include: provision of products and services at cheaper and standard qualities; leeway for creation of more innovative products such as new generation peddle bicycles; new sales and distribution methods such as online buying and selling; increased communication and feedback between a company and its customers. The management of successful implementation of technological innovations will lead to decreased barriers to entry and provide great stimulus for increased research and innovations in the business organization.

Oxford Bicycle Manufacturers Ltd is targeting tremendous success in exploiting technological avenues in its marketing strategies in New Zealand. The company plans to utilize the advanced information and communication technology (ICT) in New Zealand to link all its operational activities. The Oxford Bicycle Manufacturers Ltd has dedicated considerable amount its investments on technology and innovation. The company runs a website through which it will market itself and provide online shopping services to millions of people. The Oxford Bicycle Manufacturers Ltd is also set to benefit from the advanced transport infrastructure in New Zealand.

The country has amazing road and railway network and is also served by international airports.