

International marketing peugeot assignment

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The current strategy of Peugeot towards electric cars is clear : this is a new exponential market where there are a lot of market shares to gain. The motives of the company for internationalization can be divided into two different kind of motives which are the proactive and the reactive motivations: * Increase the profits and realize economies of scale Gain new market shares * Improve its global vision and its brand image * Penetrate a new market with a lot of opportunities * Find an alternative to the very competitive French market which has less opportunities for car makers.

Moreover, Californians are already aware of these new technologies which are well seen and appreciate. The launch of electric cars in North America could be a great opportunity for Peugeot, because it represents a new way of cars and it's becoming one of the main preoccupation of everyone who is preoccupied by the energy crisis and the high price of oil. The second reactive motive concerns profit and growth goals: going on a foreign market such as North America is a good way to increase profits and to make economies of scale.

To launch its new car, Peugeot must take in consideration some other factors. In order to take the right decisions, the company will have to select the most adapted way to penetrate the green vehicles market; the acquisition method, the direct investment, the licensing, joint venture technique or simply exportation. Each method has strengths and weaknesses but Peugeot Company has to find the one which will allow to increase profits while achieving economies of scale. This map shows us where Peugeot factories are around the world. The most critical barriers are the political and economic ones.

American car manufacturers are helped by the U. S government. This can be very difficult for foreign companies such as Peugeot to be as competitive as companies as General Motors for example. This is about protectionism as the United States have a policy which favors US companies rather than foreign companies. The second politic barrier is the problem of legislation which is not the same in France and in America. Moreover, the car must be adapted to the American rules and norms. Concerning the economic barrier, the most important is the problem of currency.

Actually, if Peugeot chooses the exportation way to penetrate the market, the production would be in Euros and the sales in Dollars. That could be a problem in the accountancy, and a problem of higher costs of production than cost of goods sold. Moreover, the understanding of the distribution network in the United States will be another major barrier for Peugeot. They do have experience in selling cars abroad, they do export their cars in many countries across the world. However, the US market is quite different from other countries as no French manufacturer is currently exporting to the United States except Budgets with its luxurious car.

Question 2: Examine the company's international competitiveness at the macro, mess The Peugeot international competitiveness consists in the three following levels: the macro, mess and micro levels. For the macro level, we'll use the Porter Diamond to analyze Peugeot national competitiveness. Then, the Porter Five Forces analysis will help us to analyze the competition in the car industry at the mess level. To finish, he Porter value chain will examine strengths and weaknesses of Peugeot on the micro level environment of the company.

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Macro Level In the car industry the factor conditions represent infrastructure, plants and human resources. Since the crisis in 2008, the French car industry has suffered from a decline in economic activity. Moreover, the cost of one hour of work in France being very high, the economic situation has not improved the competitiveness of Peugeot. Concerning the demand, the customers and the public opinion is concerned about car's quality and the respect of the environment. People have higher expectations doodads than in the past. That permits to our French car maker to reach new markets and to gain new market shares.....

Related and supporting industries show a vertical and horizontal integration in the French car industry, with suppliers and distributors present mainly in the European area. These networks are well distributed in the Europe....

About firm strategy, structure and rivalry, the French market is highly competitive with French manufacturers such seepage's (the leader) or Citroen as well as foreign competitors such as Toyota, Fiat, BMW, Moreover, Chance is about external events which can affect the car industry economy.

Many factors can have an impact on the number of car sold. For example, the high price of oil in France does not encourage people to buy a new car. More " chance" can generate important issues in the car industry, like unemployment, loss of money and loss of investments. New entrants : 2 The risk of new entrants is low because car industry requires high investments and high technology to compete on the market. It's a very tough challenge for a new competitors to enter this market but it is not impossible as big brand can invest in his direction such as in China for example where all the car makers are going.

Buyers : 4 The buyers' power is very important as they have very high expectations, concerning quality and techniques. Moreover, even if cars are one of the main things that makes up an economy, if people have not money they will not buy cars. Suppliers : 4 Suppliers do not have a very important power of negotiation but they keep an important power as they can put pressure on delivery delays, which can be very difficult for the car company to handle. Moreover, the production depends on those suppliers.

Substitutes : 1 Substitute of cars doesn't have a real impact or even doesn't really exist except common transports such as the train or the airplane but it can not really be considered as substitutes. Peugeot is one of the main competitor on the French market. The company is focused on the middle-range target. Peugeot already have an international strategy as they are present in Asia, South America and Europe. To penetrate the American market, Peugeot should benchmark it, with analyzing which competitors he would have to face, but also with highlighting the difference of habits and knowledge.

Thanks to this benchmark, they'll be able to have a global picture of the American market. The difference of habits in the USA is also a factor to consider as American customers don't have maybe the same expectations in terms of power, comfort, etc. It's necessary for Peugeot to have the " big picture" of what customers are expecting from these new kind of cars.

Question 3: What economic and political barriers would impact the export of cars to the US? It will be not easy for Peugeot to be competitive with other US car maker which produces electric cars as well on their own market.

Regarding the political barrier, rules and norms, which has to be adapted in order to fit the American market. Then, the economic barrier deals with the problem of currency. This raises the problem of cost of production for Peugeot in case if they export electric cars in USA. Indeed, the difference between Euros and Dollars is not for the benefit of Peugeot as they will have a higher cost of production compared to cost of goods sold in the American market. Question 4: What influence would culture have on the international marketing strategy? Use the models of Hefted and Hall as points of reference

The culture is very influent in the internationalization strategy: the company penetrating a new market has to know the culture of the country, of the people and also how to manage it to make of this culture a positive point, and not something going against the company Power of distance: hierarchy is very present in the United States which makes the distance more important. A notion of distance is kept when people talk to you. Uncertainty avoidance: uncertainty is not common in the US, people don't like uncertainty. Something which has been planned, for an agenda for example, has to be followed.

Individualism: the concept of individualism is very present in the USA and comes with social success and material wealth. Masculinity: More and more managers or directors are women, even if it depends on the field of activity. Masculinity used to be very strong a few years ago but now it's changing. The United States culture would be positioned in the Low-context part in the Hall's model. When talking to somebody, the communication and the sense of self and space are more informal compared to other developed countries. The way of managing business, hierarchy, etc. Is part of this low-context.

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The American culture is more likely to be "low context", as business is business, everything and everybody is direct moreover when you talk about money. Question 5: What type of market entry modes should the French car manufacturer consider? Explain your reasons The first thing to do is to show the different types of market entry modes that Peugeot can consider in order to launch an electric car in the United States. Then, we The exportation Peugeot already experiences this system as they have a lots of factories in France and worldwide (eastern Europe, Asia, South America CB: map).

If Peugeot choose this solution to penetrate the US market it means that they will have to produce cars in France or somewhere else in the world and then export these cars to the United States. In the same time, Peugeot will not support high costs of idealization. The only costs associated to exportation are transportation, insurance for this transport, the exchange rate and import tax. Moreover, transport implies many risks of delays for example. A Joint venture Peugeot could create a Joint venture with an US car manufacturer like Chevrolet or Cadillac for example.

That means that the two companies would have to create a new many that both companies share. This would enable the French company to penetrate the market easier as car industry in the United States are under State protection. Direct investment (FAD) or acquisition Peugeot could acquire assets in the United States with this method (plants, equipment, etc.) and produce electric cars directly in the country where they will be sold. This solution solves the problem of exchange rate because as car will be produced in dollars and sold in dollars as well, there will not have fluctuations between currencies.

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Moreover, Peugeot will be able to control the chain from the beginning to the end, reducing manufacturing costs and delays. Licensing Peugeot also has the possibility to use licensing, which means the licensor sells the right to use intellectual property such as production techniques, patents, trademarks, drawings (intangible property). This indirect way of penetrating the US market has the advantage of requiring little investment with a high return on investment. The strategic alliance with a licensee could be the opportunity for Peugeot to enter this market without major issues.

But Peugeot could lose revenues coming from manufacturing and marketing activities, for the benefit of the licensee. To conclude, Peugeot can choose between those 4 types of market entry modes: exportation, joint venture, direct investment or acquisition and licensing. Exportation would be a bad choice if Peugeot just wants to export its electric car to the United States. There are still too many risks regarding the fluctuations between euros and dollars. The better option for Peugeot is to consider the foreign direct investment or acquisition method as a real way to penetrate the market.

This would allow Peugeot to control all the operations while getting closer to the consumers and knowing better the competitive environment. Even if it requires a high level of resources from the French company, the investment would be profitable as there is a huge potential for electric cars in the coming years. Question 6: What would be the limitations of acquisition as an entry strategy? The acquisition method can be risky as it requires a lot of investments to buy a new entity. If Peugeot doesn't have sufficient funds available, they can receive money from investors by selling shares for example.

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It may be also possible to raise funds or to issue stock options to get cash vastly. Moreover, there is a management limitation because everything would be engaged from France even if they hire American managers and it can be an issue to consider. Question 7: Describe the International Product Lifestyle and its implications for the electric / hybrid car models? There are 5 main steps in each product life cycle. Let's analyze them concerning the electric cars: Development phase: The time taken by innovation and Search ; Development to concept, design and create an electric car.

Introduction stage: When Peugeot first electric car was presented in 2010 with the ion car. Growth: when it starts to be produced and sold for the mass market. Decline: When others competitors enter the market and take market shares or offer a better product. Peugeot is still in the introduction phase because the company just started to sell its electric cars in France to rental cars company. They didn't decide yet to launch the product on the market but it should be launched in 2012. Question 8: Explain how exchange rates and inflation may affect the way you price the product?

The exchange rates are quite interesting for France right now but Peugeot should be careful because the buying power is less important in America than in France as the Euro is stronger than the dollar. The price must be lower than the one in euros. Concerning the inflation, it could affect the price because it would mean an increase of the production costs of the raw materials that are necessary for the electric car production. Inflation could also increase the unit price for a car which can be dangerous towards the customers.

Question 9: Explain how personal selling may differ in the US from how it is used in France? Personal selling is an oral communication like a speech which happens when a salesman face a potential customer. In France, you let the customer act as he feels, you don't disturb him in the shop enter whereas in America you must keep taking care of him. If you're not, he feels less important and can decide to leave and buy no car and it would be only because of a failure in the personal selling.

Question 10: What type of international marketing controls will the company require? Peugeot will have to use the benchmarking in order to compare performance against its other international competitors which sells also electric cars. Key areas are design, battery life, space and reliability. Peugeot will be able to improve its cars' performance and features thanks to analyzing data from competitors and customers' expectations. Finally, we can say that the United States has a great potential for electric.

Peugeot just started to sell its electric car in France and it would be reasonable form the company to wait until the end of 2012 to launch a car on the American market. That's why Peugeot must benchmark and study a lot the American habits, culture, legislation and economy, to see if they have a chance to succeed in this particular sector and country. Bibliography <http://www. Peugeot. FRR> <http://www. Euros. FRR> [http://www. \]ornamented. Com](http://www.]ornamented. Com) Google pictures Peugeot annual report My own data as I did an internship in a Peugeot shop two years ago.