

Recommendations for non price barriers to entry



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Larson appears to be doing fairly well considering that it is in a recessionary economy that has affected 2 crucial countries in the world viz., the United States of America and Germany. However, the expectations in terms of profit appear to have been missed. Hence, there is a need to revisit the strategy of the company in several areas that potentially impact current and future prospects of the company. Listed below are recommendations that focus on key areas that enhance product differentiation, cost optimization, expansion into new markets, marketing promotions, outsourcing, effective & periodic customer surveys and delightful packaging.

Recommendations:-

1) Product differentiation: Focus on highlighting and differentiating company's product portfolio against competitors.

a. Branding:-

i. Larson needs to subtly and powerfully draw public's attention to its "staying power" and one of the top leaders in the market considering that it has a presence of over 5 years and 15 years in the USA and Germany respectively.

ii. The company should build and strengthen its image as a responsible corporate by enhancing its presence in the community through initiatives and participatory events. This could heighten the positivism of the brand of the company and could be a clear differentiator since community events are also caught by media and do not involve additional advertising.

b. Customer Loyalty:-

i. Focusing on initiatives that listen to the "voice of the customer" and implementing feedback received from said initiatives.

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ii. Highlighting pleasant experiences of customers. Additionally, highlighting unpleasant experiences of customers and demonstrating positive actions implemented on them.

iii. Running initiatives that reward customers for "word of mouth" advertising.

iv. Regular and effective customer surveys.

c. Advertising:-

i. Placing advertisements in multiple channels viz., radio, television, print media, internet, hoardings, posters, and etcetera.

ii. Advertisements to focus on being interesting, informative, funny, and positive.

iii. Sponsoring prime time programs that enjoy high audience ratings from customers. Also sponsoring programs in niche times to percolate messages to key pockets of customers.

iv. Ensuring that advertising has clear schedules and is consistent.

v. Avoiding repetitive ads. Introducing innovative new ads as appropriate.

vi. Advertising to drive product differentiation

2) Internal Cost Cutting: The Company needs to critically analyze its cost structure and find ways and means to optimize costs instead of increasing prices. This will ensure higher profit margins and allow company to reduce product prices potentially attracting new customers.

3) Expansion to new markets: Larsen's presence is currently limited to only 2 counties which are currently in recession. It needs to expand into newer / growth oriented markets like Asia and Africa. It needs to consider organic and inorganic growth through acquisitions, mergers, setting up subsidiaries and tie-ups with local companies in other countries and homes countries too.

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4) Marketing Promotions: The Company can review its marketing strategy to launch new / special / discount / bundled / co-branded offers to enhance its sales.

5) Outsourcing: Larsen can critically analyze the feasibility of moving its manufacturing bases to low cost manufacturing countries that will allow it to re-price its products at lower rates as well as enhancing its profit margins.

6) Focus on Packaging: Larsen can hire consultants to relook its packaging to ensure that customers are enthused and see a delightful and tempting packaging that could in itself become a product differentiator.

References

1) Wikipedia.

< http://en.wikipedia.org/wiki/Barriers_to_entry >