

# Market potential index (mpi)

Business



I. Provide a of the indicators used in the indexing procedure. Market size – the most important of globalEdge indicators. Market size is based on the number of urban population and the amount of energy it consumes.

Market growth – is the average of the previous 5 year growth and the present growth rate. This provides company an indication of the increasing demand for products.

Market intensity – is a derivative of gross national income divided by its population and how much of its GDP (Gross Domestic Product) is consumed in the private sector.

Market consumption capacity – is the determination of national income and the size of the middle class who are most likely to consume products.

Commercial infrastructure – is the presence or density of common devices and concrete infrastructure (roads, bridges) and the percentage of people using them.

Economic freedom – is the degree of autonomy of a market's citizen and this also relates to the degree of political freedom that a given market enjoy.

Market receptivity – is the ratio of imports vis-à-vis gross domestic product to determine a given market's receptivity towards foreign product and company.

Country risk – the degree of risk in a given country that includes socio-political condition.

II. Which of the indicators should have greater importance for a company that markets cellular telephones?

Cellular phone companies require heavy investment and therefore, it is very important that the revenue that the market can generate would be enough to justify such investment. Such, the indicators that is important to be

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considered for a cellular company before entering any market are market size, market growth rate, market intensity and commercial infrastructure. Market size is the number one indicator because it ensures the company that there is enough volume or scale for the investment to be recouped in the long run. Market growth rate guarantees that the market is still profitable in the future while market intensity tells that the population has enough disposable income to avail a cellular phone (this is important because cellular phone is not considered a basic need). Market infrastructure is important because cellular phones needs telecommunication infrastructure before it can operate such as International Gateway Facility.

III. Considering the MPI rankings, which five developing countries would you advise a company selling laptops to enter first?

The five countries that I would advise a company selling laptops to enter into first are China, India, Singapore, Philippines and HongKong. China and India came as my first two because the sheer market size, economic freedom coupled with technological awareness in both countries. The market in both countries is also not yet mature so the competition is not yet that intense making it easier for the company to penetrate. Singapore came in third because of its overwhelming market growth rate (100) making it ideal for new entrants. I placed Philippines before HongKong because of its recent economic robustness in terms of market when the rest of the world is in recession. I place HongKong as fifth because of its market intensity (200) indicating that the population has more than enough disposable income to purchase new laptops.