

Lieber light vs. vancouver light: a case analysis

Business



Lieber Light a division of Fraser Company is the leading manufacturer of skylights in the Seattle area. The said company for the past decade has cornered 70% of the market share in the sale of skylights a product allowing natural light into homes. In the last couple of years an aggressive competitor – Vancouver Light – a company based in Canada is threatening to drive Lieber Light out of the skylight business by selling cheaper products.

The recommended solution for the crisis is for Lieber to match the price of Vancouver Light skylights in product models where Lieber can manufacture the same at a lower cost. The second major move of Lieber Light is to invest in its marketing and sales team and expand its area of business. This includes establishing new business relationships with dealers that their limited sales team was not able to cover in the entire history of the firm. And finally Lieber Light need to invest in a their production facility so that they can save costs in the long run and make more profit out of it. Problem Recognition Lieber Light, located in Seattle, Washington, had been the area's leading manufacturer of skylights.

This product allows natural light into a home, a feature that made it very popular with homeowners. Thus, Lieber Light made brisk sales not only from traditional homebuilders but also from condominium developers and from people who build second homes near lakes and ski areas that are in abundance in the Washington area. Until the advent of Vancouver Light, the leader of the skylight industry was virtually unchallenged for years. There were several California manufacturers who tried to challenge Lieber Light but in the end, it held a commanding 70% share of the market. Then, Vancouver light came to the scene two years ago and from their base 150 miles North <https://assignbuster.com/lieber-light-vs-vancouver-light-a-case-analysis/>

of Lieber Light, decided to take up shop in the Seattle area. The first thing that the CEO Jennifer McLaren did was to offer a cheaper alternative to Lieber Light – to be specific a 20% slash in the price of skylights with a minimum order of 1, 000 units per order.

McLaren then started to gain the business of big homebuilders and succeeded by becoming the sole supplier of True Homes, a significant player in the home building industry. It did not help the part of Lieber Light that True Homes is a Canadian firm. The problem escalated for Lieber Light when a Seattle based company called Chieftain Homes threatened to switch to Vancouver products if Lieber could not reduce its price at least to the level being offered by McLaren's firm. In the recent meeting with Lieber's executives and production staff they were able to determine that they can produce a popular model at a cheaper cost as compared to Vancouver Light. They were also able to discover that the major weakness of Vancouver Light is its capability to supply a demand at a shorter notice. Another chink in the armor of Vancouver Light is the relative distance of its main production plants that can be the cause of delay and could contribute significantly to a longer waiting time after orders are placed in.

Recommended SolutionThe possible solution to the crisis are enumerated as follows: 1. Capital infusion must be done to improve production facilities of Lieber Light. 2. Invest in upgrading the sales and marketing team of Lieber Light. 3. The third step is to match the prices offered by Vancouver Light.

Analysis In a few years time, if the trend continues, Lieber Light will lose most of its business from the upstart Vancouver Light. This is due to state of the art production facilities of the competitor that resulted in quality products but with lower production costs. The second reason for their demise is the very aggressive marketing campaign of their chief competitor, which already resulted in one casualty – losing True Homes builders. The third and most dreaded move by the competition can finally sink Lieber. This is the slashing of prices, a very significant 20% reduction in price means huge profits for the distributors which makes it very hard to pass up. Now, with regards to the first solution, it is already a known fact that the reason why Vancouver Light can offer lower prices is that they can save production costs due to a more efficient production facility.

Improving Lieber's factory is not a difficult decision to make. Aside from being the first to establish its presence in the said Seattle area, another ace in the sleeves of Lieber Light is the fact that it a division of Fraser Company, a conglomerate whose primary business is supplying parts for the aircraft industry. This means that Lieber Light have a ready source of capital if needs to expand its business. It can ask the help of its parent company. This could be an advantage over the relative newcomer, Vancouver Light. Concerning the second solution, which calls for investing time and money to improve the sales and marketing team, there is no better time to do this upgrade than in the face of a fierce competition.

It was mentioned in the report that Lieber with its small sales force could not saturate the market, especially those beyond the Seattle area. It was also mentioned in the report that the overhead costs for sales and marketing is a <https://assignbuster.com/lieber-light-vs-vancouver-light-a-case-analysis/>

miniscule amount compared to the generated sales of the firm in the past years. And finally with the recommendation to reduce prices commensurate to the price slashing made by Vancouver Light, this move can benefit Lieber in the long run. This decision is based on the fact that Lieber has popular products that they can manufacture at a lower cost than Vancouver Light. Factoring in the excellent service of Lieber, together with an equally excellent track record and the assurance of prompt delivery there is no reason why loyal customers would shift to another.