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MKT 380

Phase 2, Individual Project 1

Colorado Technical University Online

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**Situation Analysis**

**Product Situation**

Products offered by ABC include computers and peripherals such as printers and scanners. Computers may be viewed as the core products while peripherals and software are viewed as the supporting products. Clients need hardware as the basis for conducting business with customers and with suppliers. They also require software applications and peripherals to support the business functions. Software is needed to support functions of tracking customers, tracking supplies, creating business reports, and a host of other tasks, tracking and updating tax and financial data, and for human resource functions. Printers are necessary for producing reports, particularly when businesses hold meetings to discuss strategies or when meeting with clients. The products offered by ABC support many of the daily business functions of small businesses.

**Competitive situation**

Competitors of ABC include both global computer and service companies and smaller companies. Well-known names like IBM/Lenovo, Hewlett Packard, and Dell provide software and services, as well as computers and peripherals. They are also very recognizable names in the computing industry that most organizations will know right away. Some companies may have had positive or negative experiences with any of these names. However, as large global brands they will be difficult to compete with on a global scale with a lesser known company like ABC. In order to achieve target strategies of increased market share, revenues, and customer awareness, ABC must develop a strategy that draws companies to the products offered. “The major handicap of new entrants is their lack of legitimacy” (Delacour, 1990). The competitive advantages of the existing companies are their size and easily identifiable names. “ In some cases, such as with IBM/Lenovo, the organization is associated with quality products. Others like Hewlett Packard and Dell may compete on price, as IBM/Lenovo products are typically priced higher than competitors.

**Distribution Situation**

Though ABC can work directly with business customers this may be difficult to do on a global scale, without the use of some type of intermediary. While the company can work through retailers or electronics stores this does not offer customers the personalized attention that ABC wishes to maintain. The most likely distribution channels are independent sales representations in each region or country in which ABC intends to offer its products. The company will also need to hire and train technicians for hardware, software, and peripheral installation in each country. Whether to rely on independent consultants or establish mini business locations in which to have technicians and sales representatives work from may depend on the local business environments and their cultural views on independent consultants. In some instances a physical presence may help increase legitimacy and exposure of the company name.

**Environmental factors**

External environmental factors that must be considered in expansion of ABC are cultural business values and norms, economic factors of small and large businesses in each region, and availability of individuals with technical expertise for installation of products. In some regions small businesses may not be able to afford extensive computer hardware networks and software. ABC may need to consider both smaller and larger product packages that are customized to meet the needs of more businesses. In locations where technical expertise is readily available and where jobs are hard to come by ABC may find it easier to hire technicians for installations. In some regions ABC may be able to send current representatives to meet with businesses, where cultural and businesses norms are similar to those in the U.S. In regions where they are different ABC may need to decide whether hiring local sales representatives who understand business customs of the region is more cost effective than cultural diversity training for current employees.

Internal environmental factors include the size of the current workforce and particularly of the technical expertise and sales staff available. ABC plans to offer security for its hardware so it must plan on Keeping current technicians up to date on new or emerging technologies. ABC must consider funding available for capital expenditures if physical buildings must be acquired to operate in some locations. The company must also consider its ability to establish supply chains, either through current suppliers or a combination of current and new suppliers to get hardware and software to businesses at various global locations. Finally, the company must decide how to handle global operations. Will the company incorporate some of its current business practices, such as online sales, into the global plan or will it develop new strategies for global operations that are flexible according to the environments of various regions in which it plans to operate. These are questions that leaders and decision makers within the organization must consider and their past or previous experiences in global operations (or lack of experience) may determine how strategies are developed.

**Opportunity and issue analysis/SWOT**

**Strengths**

ABC Computers currently competes by providing personal service to its customers. Though it will be competing with major computer hardware and software producers it has the ability to provide flexible options for small and large businesses. The company is also offering a service that competitors may not offer, with the protection of hardware and equipment. Personalized service and protection are forms of differentiation that can make ABC stand out globally among competitors.

The company plans to compete on price. While price is not always the deciding factor when companies make decisions about purchasing new hardware and software options price combined with personal service, protection of hardware, and the inclusion of a new printer may be hard for competitors to beat and will certainly draw attention of many businesses.

**Weaknesses**

ABC has little experience operating in the global arena. It must develop a strategy which considers which locations will be most profitable initially. It must also establish supply chains and distribution strategies that need to be flexible when considering global operations.

New entrants often face barriers to entry, particularly on a global scale. Barriers to entry make it difficult for new entrants to compete and place them at a disadvantage (Hoskisson, Hitt, & Ireland, 2008). It is crucial for a new entrant to develop a strategy for entry, such as differentiation or a low pricing strategy that will cause businesses to consider developing a relationship with the new entrant. It is also important for the organization to conducting marketing analyses to determine the best entry strategies in various global markets it plans to compete in. When the organization has little knowledge of foreign markets it must rely on market research to become familiar with such markets.

**Opportunities**

ABC has an opportunity to increase market share and return on investment through expansion into the global marketplace. With a focus on customer satisfaction the organization can show businesses that it Intends to maintain personal relationships by developing methods of staying connected to its consumers.

ABC also has an opportunity to establish its brand image through a high level of customer service. Though the name is unfamiliar in global markets a high level of customer satisfaction will earn the organization a respected name within the industry. “A comparison of the years 2005 and 2009 shows that most of the established providers have lost market share, partly to individual competitors, but mostly to a large number of “newcomers“ (Sourcing Focus, 2010). ABC has an opportunity to establish its brand by promoting its services and products in a way that is meaningful to global customers. Many countries may be unfamiliar with the English alphabet and may need an acronym that helps them relate to the organization based on the products and services it provides. A Better Computer company or something similar may help the organization gain much needed recognition.

**Threats**

For a new entrant into the global marketplace like ABC, barriers to entry can be a real challenge. Fortunately, all of the major computer companies offer similar products and services, though some may be viewed as having higher quality than others. No one company dominates the global markets, though one or more may dominate the market in a particular country.

Economies of scale may make it difficult for new entrants to compete. When companies that dominate the markets become more efficient or effective the barriers for new entrants are more difficult to overcome (Hoskisson, Hitt, & Ireland, 2008). ABC must determine what the barriers to entry are in each region of the world and must develop a strategy that addresses the various barriers. This relies on obtaining accurate market data in each location the company is considering expansion in. If ABC is unable to obtain accurate data or the data obtained is misleading the organization could find itself losing market share.

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