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Assignment 5

MGMT 510 50 A 2020/Spring-Bus Strategy & Management Principles

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Assignment 5:

*Chapter 7 Answers*

*1.*

Standardization refers to unchanging and accepted specifications which mainly focusses on building specific/certain standards such as ISO, IEEE etc, usually set by International organizations which is then followed/comply by all the Vendors, Manufacturers and Producers.

Format War refers to rivalry between two or multiple different formats to become the standard in the market. Whichever wins gets the Large Market Shares and the losing format usually experience a downfall in their sales until it is completely gone/vanished.

Standardizations activates the competition between two or more Products generated or Produced by the Manufacturer of certain type of technology. Having a Standard can reduce bewilderment in the soul/mind of customers. It can reduce production Costs and the danger associated with supplying correspondent items by building the supply for those subsidiary

*2.*

By Standardization Firms/Organizations can lower production costs. It reduces the vagueness and guesswork by assuring you a guaranteed quality, improve productivity and improve employee spirit/attitude. By providing clear set of instructions, employees can focus on getting more done rather than spending unnecessary time trying to figure it. The Firm/Organization can decrease perplexity in the minds of customers by making the system easy to use and interoperable

Standardization contributes productivity by defeating inefficiency. Lack of Standardization, Firms/Companies would not be able to control their cost of operation, as they will be unable to standardize their products/Services. Manufacturing organizations can lower risks related to testing new products within an organization/firm.

The Spotlight on Standardization would activate the Firm to have good relationship with Customers at the same time Customers would be able to gain trust and have confidence towards the product due to standardization. Production Firms/Organizations have the possibility of subsidized benefits from costs involved in Advertisement & Marketing. Products Manufacturers can obtain/access knowledge that can be integrated with manufactured products by an organization

Through Standardization, Firms can have increased larger shares in the market

*3.*

Format War shapes/builds a platform where the massive Organizations/Firms competes with each other. Generally, format wars start with initiation of new Technology or a Product that is not yet compatible in the current market to conquer and have their own standards and format. This can also lead to a price war in the industry

Price war is a Strategy which is implemented to win more customers in the current market to purchase company products when compared to others. Contentious pricing techniques are enforced where the products are sold at a very lower price with a slight margin on the products to indirectly increase demand in the market, although this drives the profits to go down since the products are sold at a very low price

The presence of different products in the market persuade Firms/Companies to lay down strategies where they can adopt latest technology in their production system by using the lowest price when possible. In case of technology change, the firm/company who adapts the new Technology and Standards first, dominates the market.

*4.*

First Mover usually refers to a Firm that is first to introduce their products and services to the current market. The company/Firm that produces new products with latest technology holds the patent rights/ownership in marketing their goods/services. The Firm/Company would do R&D to develop their goods/products and to introduce in the market. Since the product/services is newly introduced, the competition for it is equally nil and limited.

Second Mover refers to Companies which adopts the trend implemented by an organization by adding features or implementing strategies carried out by the First mover. Typcially, it faces a huge competition as it becomes little tough to attract customers resulting in high cost to keep up with the competition. Second Movers usually evaluates market analysis by collecting/gathering data of First Mover to rectify/identify possible problems. They judge the product through customers reaction and decide whether they want to enter the market as a second preference and whether or not they can build an advanced product better than the first mover had released

*Chapter 8 Answers*

*1.*

Companies/ Firms decides to go global due to various reasons, below are few reasons why

* To engage more consumer/customers in target group
* To Increase Profit/Gain
* To expand sales and business in the current market
* To provide Growth and development in both International and Domestic Markets
* To Promote extranet and intranet Business operations
* To Support B2B, C2C and B2C transactions

Entry modes a company needs to enter into Global Market

* Take up new operations/requirements to bout global Standards by building Joint Ventures which includes franchising and other strategies
* Making sure to permit right importing and exporting strategies by ensuring sufficient source of raw materials required for manufacturing process
* Markets conditions are unpredictable, anything can happen – war/crisis can affect a countries economy; therefore, it is good to diversify your consumer/customer base without depending on a set of consumers.
* One other reason will be to diversify in locations as current market may get stagnant any time whereas the other might be on rise.

*2.*

* Being global means production can be large scale at a lower cost and more marketing strategies increasing sales volume with high profit returns.
* High skilled Labor are more efficient and specialized which can benefit quality of the product, faster product development and cost of the company.
* Coordinating with international suppliers can establish more relationship offers with other vendor companies for business operations.
* As business grows in size it becomes less prone to threats, risk, attacks.
* Marketing strategies helps to advertise product all over the world which can produce large sales of products with low cost and guarantee profit margins.
* Firms that functions within global scope can spread risks. However, the risks affecting market can be reduced through effective and efficient aid of sharing costs

*3.*

The below are few important steps to plan for going Global.

Localization Strategy

International Strategy

Transitional Strategy

Global Strategy

Localization Strategy:

This involves making sure the products produced are customized as per the requirement and demand of the current market. This Strategy is effective when a localized control of operation is carried out to serve local decision making strategies. It addresses buying habits, consumer behavior, regional differences in every country it is responsible to operate. The local operators is said to have a well-known Network with contacts

International Strategy

This involves building/executing Management Strategies facilitating coordination in trade within the International scope by complying and following International standards. It basically refers to the plans and actions of individual private organizations other than govt body to achieve increased profits. Organizations chooses from general strategies of focused low price, low differentiation or integrated low price or differentiation by focusing on scope of Organizations operations through Geographic diversity

Transitional Strategy

It has both characteristics of multi domestic and global strategy. The purpose is to expand sales and maintain both local and foreign countries to exploit economies of scale and adapt when necessary. They try to achieve low cost through locations economy. For example, Coca-cola where it has same formula locally and internationally

Global Strategy

This is quite opposite to multidomestic strategy. It wants to expand in the global market and will adapt to the conditions of other countries. One of the advantages of this strategy is cost, coordinated service and rapid fast product development. Example is Intel where the product has a global Standardization across the globe

*4.*

Advantages

* + Utilize High Profits in Research and Development resulting in dynamic efficiency
  + Organizations/Companies who are unique and becomes monopolies might be successful, innovative and efficient
  + By lowering average price from increased scale by fostering better and responsive economies of scale
  + Govt can regulate to achieve the best out of the both worlds by introducing economies of scale and fair price
  + Cost of implementing different modes of entry into a global market by making sure the appliances indulged are ultimately low

Disadvantages

* + Resulting in High Prices for Customers/consumers
  + Reduced choices for Customers/Consumers
  + Resulting in less incentives to cut prices
  + Resulting in productive inefficiency
  + Different Firms/Organizations struggling to merge
  + Companies with Monopoly power can become ineffective

For any Organization/Firm to survive in the current market competencies are must. However, they are not useful for a Firm/Organization when they stand alone. It is only when they combine in the correct combination which they help the organization to achieve competitive advantage. For example, let’s take an example in an IT organization, in order to compete in the Software industry, it needs to be able to design and write programs which are then combined to achieve competitive advantage in the industry

The resources which are condemning in relaying with competitive advantage is referred to as distinctive capabilities. A Firm/Organization can define distinctive capabilities mainly through the Firm’s Reputation, Innovation and Architecture. The Relation between the Stake Holders and the Firms are susceptible in developing the following aspects of the Firm