

CASE STUDY: ROUND-1

Started in 1985, XYZ Tires is a leading manufacturer of car tires in the U.K. market. Since then, it has been under the charge of Mr. Harry, the founder-owner of the firm. In 2015, the company decided to go for a diversification by expanding the product line. The new product was tires for fork-lift trucks. At the same time, Mr. Mark was appointed the Senior Vice President of marketing in the company. However, soon after its successful diversification into fork-lift tires, the sales in this segment began dropping steadily. Mr. Mark wanted to introduce some radical changes in the advertising and branding of the new business but the proposal was turned down by the old-fashioned Mr. Harry.

At this juncture in 2021, the firm is losing heavily in the fork-lift tires business and its market share in car tires is also on a decline. Mr. Harry has asked Mr. Mark to show a turnaround in the company within a year. What steps should Mr. Mark take to take the company out of its troubles?

- 1- Detail out the internal and external environment of the company and the problem being faced.
- 2- List out 2 or more alternatives available to the company.
- 3- Recommend the most suitable alternative according to you and justify your choice.

Some of the facts on the case are:

- XYZ Tires is a quality leader in the U.K. car tires market.
- Customer tire purchases in the automobile market are highly seasonal.
- The fork-lift business was added to utilize idle capacity during periods of inactivity.
- This is a low-growth industry (1% annual growth over the last two years)
- Large customers are sophisticated and buy based on price and quality. Smaller customers buy solely on price.
- There is a Spanish competitor in the market who offers low priced tires of inferior quality.