

Failure case of TCL

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Preview

- introduction of TCL and its failure
- to identify the elements that led to fail
- to analyze the failure (4 parts)
- recommendations



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Paul Thomson: Walker Insurance

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Introduction

- The Creative Life

was founded in 1981 in Guangdong province of China

- Products

household electronic appliances
& telecommunication devices

- Expansion

- background of globalization
- leading position in China



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TCL and Thomson SA



France



Joint Venture TTE

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Failure

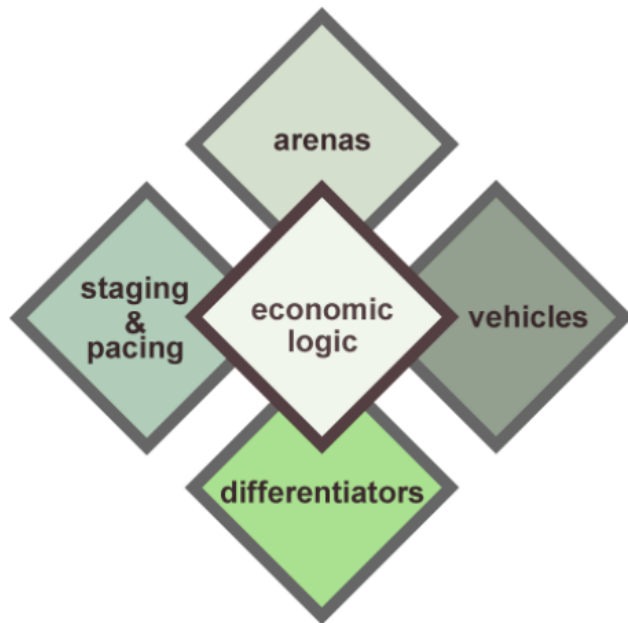
objective was not achieved

- **an obvious financial loss (\$260 m)**
- **Exceeded by competitors**
(sales decline)
(a lost of market share)

To identify strategic elements that led to failure

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What caused the failure?



1. no analysis
of competitive
environment
in Europe



2. TCL'S core products were failing to
differentiate from its competitors'
products


3. TCL was losing competitive advantages
in terms of resources


4. cultural differences between these two
companies

COMPETITIVE ENVIRONMENT IN EUROPE

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- Fierce competition industry
Rivalry among competitors
- Great innovation lead to
industry revolution

 Rapid changes in TV market in Europe

 TCL neglected a forthcoming technology revolution



Rivalry among competitors



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Product

Political: PESTLE analyze



Self-own core technology

Quickly out-dated CRT technology: 34000 Thomson's color TV patents

- lack of research ability
- lack of technology innovation: insufficient professional talents
- lack of creativity

Brand recognition

- TCL does not possess the Thomson's original market
- Also does not have the full authority of using Thomson's brand

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