

# 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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## TCL-Thomson Electronics (C): New Business Model

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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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**France**

**TCL and Thomson SA**



**Joint Venture TTE**

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**Failure**

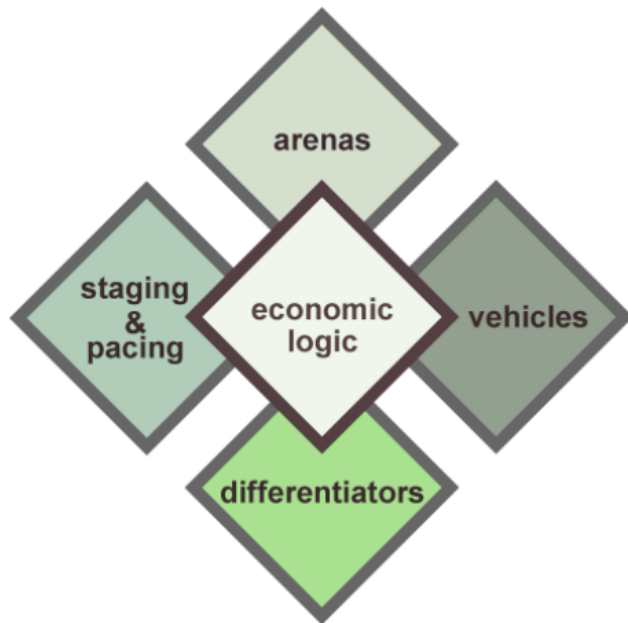
**objective was not achieved**

- **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?



Hambrick's Diamond  
(Hambrick, Fredrickson 2001)

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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