

Samsung Electronics (A): Entering India

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- Key Issues**
- Infrastructure
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 - Service to rural areas
 - Highly regulated economy
 - Perception of UPS
 - Second mover issues

Outcomes

Success Evaluation

Perception

Districts reached

Market share

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Value Added

- Continue to be a global leader in package delivery
- Develop the E-commerce division of India
- Alliance gains access to UPS's export capabilities

Analysis

Risks Involved:

- Money invested without customer payoff
- Partnership not ideal
- Time frame for infrastructure

Best plan:

- Mutually beneficial
- Long-term focus
- Supports UPS core competencies

UPS in India (in 2011): A Package Deal?



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The Proposal

Description

We propose that UPS continue to focus on their customer's needs by maintaining their "solutions company" mindset. Our proposal is centered around investing in India to create a stronger positive presence in order to gain market share. To accomplish this we recommend three specific actions.

Action One

Partner

- DTDC India
<http://www.dtcdi.in/>
- Safex
www.safexpress.com/

Why?

- Existing competition
- Increase in competitor status
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- Advantages:
 - Lessen the burden when penetrating smaller markets
 - speed
 - infrastructure coverage
 - business consumer knowledge

Action Two

Invest

- Roadways
- Waterways

Why?

- Major growth driver for the economy
- On-time delivery & reliability are key success factors
- Perception of company will increase
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- Could lead to other opportunities for more business by creating a pathway for E-Commerce

Action Three

Advertise

- Communication with customers

Why?

- Show that UPS is comprised of Key Success Factors such as:
 - door-to-door service
 - coverage
 - breadth of services
 - reputation
 - relationship with customers
- Gain market share through positive images

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Implementation

How? Partner:

- Form team
- Best fit decision
- Finalize agreement

When?

- Preliminary research now
- Short list in first few months
- In roughly one year have joint venture set up

Associated Costs

Sunk cost: putting money into the infrastructure without guarantee of future increase in business

Possible compensation package to partnering firm in India

Advertising and market research costs

Opportunity Costs

Not investing in infrastructure reduces sales, revenues, and overall success
Using UPS resources to enter a different country

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Agenda

- Group Introduction
- The Proposal: 3 actions to implement strategy
- Implementation: how, when, and associated costs
- Outcomes: analysis, success evaluation, and value added

Key Issues

- Infastructure

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Invest:

- Meet with Indian Government
- Donate \$50M a year for 5 years
- Infrastructure development

Advertise:

- Create an appropriate advertisement
- Run advertisement in local newspapers and TV stations

When?

- Preliminary research now
- Short list in first few months
- In roughly one year have joint venture set up

- 12th 5-year Plan (2012-2017)
- Future 5-year Plans

- Advertise immediately following investment
- Pushes idea UPS is helping improve customer's community
- Same great package delivery experience too

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Package Deal?

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