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Marketing Assignment

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Marketing Assignment

Part 1

Grey market is the sale of legal products and goods in ways that are not within the original's manufacturers' authorized distribution channel. Moreover, dealers with the commodities are not authorized by the manufacturer but the selling activity is legal. However, all the brands available in the grey market are genuine goods. Grey market is distinguished from the black market based on the type of products sold (Mackey et al., 2015). Black market deals with products and services which are illegal to sell or manufacture. Furthermore, some goods in the black market are counterfeit while those which are genuine are illegal to own or distribute.

Sourcing goods through the grey market has both advantages and disadvantages to the buyer and the companies. The buyer will benefit from the low prices that are accompanied by the goods since majority of the sellers do not abide by the laws. Sellers will have to be involved in activities such as not paying import duties and other taxes hence maximizing on their profits by selling their goods at a lower price than the normal prices offered by the original manufacturers (Hipolito et al., 2017). Employees can sell the company's products through the market to reduce the cost of the product so as to attain their sales target. However, grey market products do not have warranty hence not guaranteeing the seller about the fast repairs and replacement in case of faulty in the product.

Products from the grey market may have the same quality as products from the manufacturers directly and following the right distribution channel, however, the two products will have different prizes. Therefore, having products of the same quality and different prizes will create a competitive advantage to the one with products of fewer prizes. For example, in

Malaysia, the total cell phones obtained from the grey market are estimated to be seventy percent of the overall phone sold (Li et al., 2016).

Markets such as grey market have significant effects on the companies, therefore, it is important for companies to take action that will discourage such markets. Some of the actions taken include seeking government intervention or legal protection, acquisition of the grey marketer and providing restrictions to the retailers that franchise rights will be stripped of when involved with goods from the grey market. Similarly, retailers should ask for warranties when purchasing products from markets that they are not aware of or think might be from the grey market because products from these markets do not have a warranty.

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Part 2

Intel operates in 46 countries. The company has managed to expand exponentially due to its strategies of expanding globally and focusing on diversity in its operations. Moreover, intel

allows their employees to work towards supporting the innovations and at the same time working with individuals from other parts of the world (Intel, n.d). Location decision is significant owing to cost, strategic impact and international aspect of the decisions. Therefore, location decisions have major effects on risks and benefits that the company gets, however, transportation may lead to 25% of the total cost excluding other costs such as raw materials costs, wages, taxes and rents.

Intel uses the sources and locations because they aim at minimizing the cost in their production so to increase profits. Thus, through the use of the sources and locations, they will be able to alter the operating expenses by 50% (Smelyanskiy et al., 2016). Moreover, the decisions for implementing the strategy for such sources and locations are arrived at after analyzing the demand outgrows the capacity or owing to costs, exchange rate and labor productivity changes. The location advantage of operating in each country is to reduce the transportation cost. Intel is working towards expanding the firm instead of moving the products, for that reason, it has several options including closing an existing facility and move to multiple locations. Similarly, the firm has an advantage of minimized cost and foster innovation and creativity.

They think intel selected those locations because the firm was focusing on the firm key success factors therefore, they had to focus on the regions and the community. Moreover, warehouse location emphasizes on cost and speed of delivery. Similarly, the global network is about the capacity to scale and ensure the products reach the whole world. Some of the key success factors in the selected countries include the exchange rates and currency risks, political risks, cultural and economic challenges, attitudes, incentives, labor talent and location of markets. Companies also benefit from multiple locations since the regions and community decisions will be made based on corporate desires, cost and availability of utilities, the attractiveness of the region, land and construction costs and environmental regulations of towns.

Similarly, site decisions can also be developed through considering factors such as customer density, demographics, site size and cost.

Intensive distribution channel is the technique used in marketing where an organization is involved in selling its goods from a small merchant to a big seller. The aim of this marketing strategy to be used by companies is to ensure the products will be available in every store and thus customers will be able to get the products everywhere. Intensive distribution channel is necessary when the company needs to create brand awareness because they will be able to distribute their products in all possible outlets. Brand awareness allows the company to boost its sales through an increase in supply of the products thus high revenues. Moreover, intensive distribution channel is relevant because it allows the company to analyze the source of sales regardless of whether the demand for the product was more in hypermarket stores or local sellers. Furthermore, the data obtained from analysis will allow the company to evaluate the cause of their failure in improving their sales at certain locations as well as plan for promotional efforts to increase sales.

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GENERAL COMMENTS

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