

1.0 Overview



The following text has been generated based on the answers you have provided in the Interview and Detail processes.

It represents a draft of a market plan. To export this document, choose the **Save As** command (from the **File** menu) and save it in the format required by your word processing program so you can expand the report with more details.

2.0 Market Plan

2.1 Enterprise

Of the largest strategic markets, Gravicity has some penetration. Of the available geographic markets, Gravicity has a medium size percentage coverage. Revenue from foreign sales is a moderate portion of total income.

There is currently no competition in the global market. Foreign competitors are not active in the United States.

Some industries have unique characteristics that are strong incentives toward global expansion. These include:

- high research and development expenses. These are a significant percentage of Gravicity sales.
- high advertising expense. This is a significant percentage of Gravicity sales.
- high rate of new product introduction. This is not frequent for the industry.
- high rate of technology introduction. This is trivially frequent for the industry.
- frequent changes in brand message. This is very significantly frequent for the industry.

Some countries have unique characteristics that give their domestic enterprises significant advantages in pursuing some global markets. These include:

- basic factors advantages such as natural resources, climate, location, demographic, etc. And the United States offers none of these advantages.
- advanced factors advantages such as unique skills, research facilities, technology, communications, etc. And the United States offers none of these advantages.
- aggressive domestic demand for innovation which sharpens the capabilities of domestic enterprises to compete abroad. And the United

States offers none of these advantages.

- strong domestic competition which builds foundational strength. And the United States offers none of these advantages.
- related industries and suppliers already engaged abroad. And the United States offers none of these advantages.
- low domestic rate of inflation. And the United States offers a very low rate of inflation.

Any enterprise gains an advantage in the global market if their customers are already global. Global customers are characterized by:

- making purchasing decisions centralized. Gravity customers make their decisions locally.
- purchase from global suppliers. Gravity customers purchase from local vendors.
- take delivery globally. Gravity customers take delivery locally.

An enterprise also has an advantage and many more options in the global market if:

- their technology is transferable. Gravity ranks high on this.
- their technology can be protected if transferred. Gravity ranks high on this.
- their intellectual property can be licensed. Gravity ranks high on this.
- their trademark protects their brand and image. Gravity ranks low on this.
- their patents are impregnable. Gravity ranks high on this.

2.2 Target

Statistics

Home country is the United States.

Target country is India.

	<u>Home</u>	<u>Target</u>
Population	304,500,000	1,149,300,000
Projected change (by 2050)	133,980,000	609,129,000
Projected change (%)	44	53
Urban population (%)	79	28
Dense population (%)	47	13
Population age < 15 (%)	20	32
Population age 65+ (%)	13	5
Life expectancy (years)	78	65
GNI PPP per capita (\$)	\$45,850	\$2,740

Population

The total population of the country. Gravity is expanding into a country

with considerably greater population.

Projected Pop Change 2008-2050 (%)

The projected percentage change in the population between 2008 and 2050. This includes natural increase rate (birth rate minus death rate) plus net migration. The percentage projected growth rate in India is greater than for your home country.

Urban Population

Percent of the population that resides in urban areas. The percent of the population of India concentrated in urban cities is considerably less than the percentage in your home country. And India has 321,804,000 persons living in urban areas and the United States has 240,555,000.

Dense Population

Percent of the population that resides in urban areas of at least 750,000. These large cities hold a considerably lower concentration of the population of India than the large cities in your home country. And India has 149,409,000 persons living in dense urban areas and the United States has 143,115,000.

Population of Age < 15 (%)

The percentage of the population that is under 15 years of age is higher.

Population of Age 65+ (%)

The percentage of the population that is 65 years of age or older is considerably lower.

Life Expectancy at Birth (years)

The average life expectancy at birth is lower.

GNI PPP Per Capita

Gross National Income (GNI) is the total income received in the country during one year. Purchasing Power Parity (PPP) is an adjustment to reflect what the GNI could buy in goods and services in the United States (in US\$). GNI PPP Per Capita is the gross national income adjusted for purchasing power parity divided by population. This is a commonly used measure of the spending capacity of the average citizen and is considerably lower in India.

2.3 Market

The target market for this analysis is India which is a joint member of a Free Trade Area with the United States.

Demand in India is currently being met by no local suppliers and no

foreign suppliers. The government of India is a minor consumer for our products or services. The growth potential is high compared to our domestic high growth potential in the United States. Imports account for no portion of consumption. There is no export of similar products or services from India.

The market life cycle is in an introduction stage (market is being defined, sales are sporadic). Motivations for entering the market in India include:

- minor - it is the home market of our global customers
- minor - it is the home market of our global competitors
- minor - it is a significant market for our global competitors
- minor - it is a major source of industry innovation
- minor - it is the home country for our most demanding customers
- major - it would limit development of a potential threat
- major - it would lower our production costs
- major - it would lower our customer service costs.

Other strategic markets are nearby which allows us to spread the costs and maximum our learning curve.

Our plan is to enter the market on a high scale. The market size is very large. We plan to cover only urban centers nationally. We propose a pricing strategy of aggressive market penetration and a primarily PUSH promotional strategy.

2.4 Buyer

The potential buyers in India are geographically somewhat concentrated and somewhat dispersed. They are not knowledgeable of costs and somewhat knowledgeable of demand. They sometimes require customization.

The buyers have adequate levels of income. Our price is a high portion of their available resources. The typical buyer perceives our price as high. Our program for educating the prospect is extensive.

The buying decision is primary influenced by:

Factor:	Weight
Economy	high
Convenience	high
Quality	high
Performance	high
Features	low
Reputation	high

Durability	high
Service	high
2.5 Environment	

Political System

Democracy is extensively dominant in India. Socialism is not dominant. There is extensive freedom of the press. Political stability is high. The threat of terrorism is high. The threat of nationalization of assets we might acquire is low.

Economic System

The economy in India is open capitalism. The economic growth rate is high and the inflation rate is high. Innovation is highly rewarded. The demographics in India are dominated by an urban population.

Legal System

The courts in India are independent of the government. Contracts are strictly enforced. Property rights are strongly enforced. Product safety requirements are moderately enforced. Product liability is weakly enforced. Corruption is a major problem. India is a member of the United Nations Convention on Contracts for the International Sale of Goods (CIGS 1988) which lists a uniform set of rules governing commercial contracts between parties of multiple nations. Member nations agree to treat the convention's rules as part of its law. Gravity has no access to legal support knowledge of the market and laws in India.

Culture

Cultural norms in India are somewhat different to those in the United States. Personal identity is focused on the individual rather than the collective. The culture is extensively dominated by class awareness. Social mobility is moderate. Opportunity is extensively shared by both males and females.

Language

There are many languages and dialects. The use of English is high. Non-verbal communications in India are very similar to the United States.

Religion

Religious norms in India are very different to those in the United States. Tolerance is low. The culture is dominated by Hinduism, with other religions.

Ethics

Human rights are protected. Labor rights are exploited. The environment is exploited. Personal work ethic in India is very similar to the United States. The culture in India only somewhat demands individual trustworthiness.

2.6 Government

For our industry the government does not offer subsidies so there is no requirement for a strategy in this area.

There are low import quotas and low export restraints. Price controls have no impact on us. The tariffs are low. There is no threat of anti-dumping duties.

The government of India has no potential as a competitor. They have no history of protectionism. Their administrative policies are very restrictive, and India is fully compliant with the regulations of the World Trade Organization (WTO).

Manufacturing in India requires no local content. Marketing regulations are low. Foreign ownership is not restricted. Tax rates for foreign owners are very different from the tax rates for domestic owners. There are many limitations on returning profits back to the United States.

The currency of India is freely convertible in the foreign exchange. The value is determined by a floating exchange rate and its fluctuation is very volatile. Our short term exposure to fluctuation of the currency is nil. Our long term exposure to fluctuation of the currency is nil. Financing is very available in the local currency. We have established no relationship with bank necessary to represent our financial needs in India.

2.7 Marketing**Localization**

Our product or service satisfies a universal need without local variations. The climate in India will have no impact on demand. The culture in India will have no impact on specifications and demand. Consumer preferences in India are very similar to those in the United States. Our marketing strategy in India will be very similar. The channels of distribution in India

will be similar to the channels in the United States. Pricing policies will be different in India. Our brand is transferable. Our advertising approach in India will be different from the approach in the United States. Packaging in India will be very different from the packaging in the United States. Technical standards in India are fully compatible with standards in the United States. Our organizational structure in India will be very similar to the structure in the United States. Accepted business practices in India are very similar to practices in the United States. The infrastructure in India will be different.

Sales

Gravicity will be using no direct sales in India, no on-site sales, no retail sales and extensive wholesale sales. Our ability to contact prospects is very inadequate. We have very inadequate ability to promote and very inadequate ability to deliver and extensive ability to manage the supply chain in India.

Distribution Channels

Channels are abundantly available in India and the quality is sophisticated. There are few retailers. The channel length is short. The channels are open. The channels cover all of the available market. Some middlemen cover only regions of the national market.

Risk of Delay

Postponement of market entry creates a high risk of losing first mover advantages, a high risk of cost escalation and a high risk of losing market control.

Logistics

Logistical costs are of high significance. The transportation resources required are readily available with high reliability.

2.8 Competition

There are one or two enterprises competing in our marketplace. 1 of them represent our most direct competitors. A list of those competitors is shown below.

A summary of some key characteristics of these competitors is:

Competitor Name	Product Emphasis	Cash Position	Channel Relations	Market Commit	Type of Competitor
Muni. Prov.	High	High	NA	Total	Bad

A comparison of critical factors in a competitive environment between Gravity and the named competitors is shown below.

Competitor Name	Experience	Stay Power	Strength	Summary
Gravity	Med	Med	High	High
Muni. Prov.	High	Med	Med	Med

In general the competition has low profit margins and their market strength is greater than the market strength of Gravity. They have established excellent credibility in the marketplace. In general, their products have limited potential for price performance improvements.

The group has minimal experience, appear to have a minimal commitment to the marketplace while current conditions place them in a position such that abandoning the market is an acceptable alternative.

2.9 Market Share

Percent Share of Market

	2009	2010	2011	2012	2013
Gravity	1%	5%	10%	15%	30%
Muni. Prov.	99%	95%	90%	85%	70%
Other	0%	0%	0%	0%	0%

2.10 Operations

We do not plan to export a product from India. We plan to import a product into India. We plan to manufacture in India.

Locating Global Activities

Level of activities that will be performed and managed in India:

Research & Development	none
Purchasing	most
Manufacturing of components	most
Final assembly	most
Commercial packaging	none
Supply chain management	most

Advertising and promotion	most
Sales	all
Maintenance and service after sale	all

Outsourcing Global Activities

Level of activities that will be performed by outside resources:

Competitive analysis	most
Brand development	most
Advertising design	most
Direct marketing	all
Crisis management	most
Translation & localization	most
Government relations	all
Customer service	all

Cost Drivers in the United States

We currently have extensive excess production capacity in the United States. We have substantial potential to lower unit cost by expanding production in the United States to supply the market in India. We have moderate fixed costs. We have very little potential to decentralize service. Our development costs can be recovered in our domestic market. Our marketing costs can be recovered in our domestic market. Flexible manufacturing technology is available to support production for export.

Cost Drivers in India

Some countries have unique characteristics that attract global investment. These include:

- basic factors advantages such as natural resources, climate, location, demographic, etc. India offers some of these advantages.
- advanced factors advantages such as unique skills, research facilities, technology, communications, etc. India offers many of these advantages.
- related industries and suppliers already engaged. India offers many of these advantages.
- low domestic rate of inflation. India offers none of these advantages.

Production costs are substantially lower in India. The required production skills are somewhat higher. Safety regulations are not a concern. The risk of exposure of our proprietary processes is moderate. We are expecting to create significant debt in the local currency. The potential for learning is moderate.

Incentives

No tax concessions are available in India.

No low-interest loans are available.

No grants are available.

Extensive funding for infrastructure is available.

Local Benefits

The local economy of India benefits extensively from our capital investment, extensively from our technology, somewhat from our management skills, somewhat from our creation of local jobs, extensively from development of support industries. Local attitudes are very positive.

Facilities

Materials required for production are excellent.

Equipment required for production are excellent.

Utilities required for production are excellent.

Transportation required for production are excellent.

Personnel required for production are excellent.

The tax burden on production facilities is acceptable.

The environmental impact of production is very positive.

Suppliers

Suppliers are readily available with extensive technical knowledge and extensive dependability. They are solidly financially stable. Gravity can sustain substantial pressure to keep costs under control. We have some leverage to elicit cooperative efforts from the suppliers.

There is no potential for these suppliers to become competitors.

2.11 Management

The Liaison for India has extensive ability to lead, extensive ability to innovate, extensive ability to communicate, extensive vested interest in the success, extensive willingness to travel, little knowledge of the culture of India, and no knowledge of the language of India.

The Liaison has extensive knowledge of Gravity, some knowledge of the target market, extensive knowledge of marketing, little knowledge of finance, extensive knowledge of sales, little knowledge of manufacturing, and little experience with starting new operations.

The on-site Manager for India has extensive ability to lead, extensive ability to innovate, extensive ability to communicate, some vested interest in the success, extensive willingness to travel, extensive knowledge of the culture of India, and extensive knowledge of the language of India.

The on-site Manager has extensive knowledge of Gravity, extensive knowledge of the target market, some knowledge of marketing, little knowledge of finance, extensive knowledge of sales, little knowledge of manufacturing, and little experience with starting new operations.

The Production Manager for India has extensive ability to lead, extensive ability to innovate, extensive ability to communicate, extensive vested interest in the success, extensive willingness to travel, extensive knowledge of the culture of India, and extensive knowledge of the language of India.

The Production Manager has extensive experience in equivalent manufacturing, little experience with similar size & complexity, extensive knowledge of labor market, some experience with labor unions, extensive familiarity with equipment and materials, extensive knowledge of supply chain management, extensive knowledge of quality control procedures, and extensive knowledge of cost control procedures.

2.12 Alliance

Advantages

There are several potential benefits to any enterprise using an alliance to expand into a foreign market. Gravity could benefit from an alliance to gain:

Market entry	extensive benefit
Lower fixed costs	extensive benefit
Avoid restrictions	extensive benefit
Complementary skills	extensive benefit
Set standards	extensive benefit
Assure dominance	extensive benefit

Disadvantages

There are several potential risks to any enterprise using an alliance to expand into a foreign market. Gravity could be at risk from an alliance through:

Loss of key technology	no risk
Conflict of interests	no risk
Exploitation	little risk

But Gravity does not plan for an alliance at this time.