Biotech Health and Life Products Inc.

[Name of the Writer]

[Name of the Institution]

**Introduction**

In the process of planning, the essential element is the understanding of business operation and environment. It allows to determine opportunities and threats related to specific area of business. Internal and external analysis of an organization look at the factors that are affecting the business such as environmental factors, strengths, and weaknesses. It is notable to mention that the internal and external analysis provide an organization the complete picture of the prevailing situation. After analysis, steps can be determined to plan the effective marketing exploration. There is a rapid growth of the infant’s product industry in the recent decade, which has caught the attention of global players. In particular, there is an increasing growth of the economies in the Asian region, due to which different companies are interested to expand their business in these regions. Biotechnology is the broad area of biology that utilizes different living organisms in order to develop products.

Biotech products are remarkably effective and are attributable to the change in lifestyles. People tend to use new and innovative products for infants due to their significant efficiency. Biotech Health and Life Products, Inc. is a global, family-owned American company which become a product of household in the United States, Europe, Canada and some parts of Asia. Headquarter of the company is in Yonkers, New York and it has specialization in natural products for maximum health and beauty. This Biotech industry seeks to market its new infant products in the major regions of Asia. For that purpose, there is a need for a comprehensive analysis of the market as well as the company itself to develop an effective strategy for launching its products in the Asian region. The company has interests to enter in the Chinese and Malaysian market due to the increasing growth of economies in the region. Based on this view, the focus of this paper is to provide a comprehensive overview of the external and internal factors that are affecting both the market and the company (Fayol, 1949). This report will help in developing a comprehensive business strategy for Biotech Health and Life Products Inc. in order to enter the fast-growing industry.

**PESTEL Analysis**

A PESTLE analysis helps in identifying external threats and opportunities in the desired market. The political factors determine the trade agreements among different countries, while social factors empathize on the consumer’s confidence and exchange rates. Social factors give an idea about the ageing population and different lifestyles in the preferred country. Technological factors give an overview of the growing technology and its use in a particular country. Environmental factors determine the impact of the products of that industry over the environment of that country and give a better understanding of the environmental features. In the end, legal factors will tell about the existing legislation of that country.

**Political factors**

There are many political factors that influence the economy such as employment, environmental, trade, consumer protection, tax, regulations on labors and standards. Nations are more likely to affect from the trade and diplomatic relationships. Both China and Malaysia are among the most attractive locations in the world (Mayo, 1933). This rise boosted the international business and both formal and informal rules effect China as these rules must be obligated. It is a well-known fact that the political force is the most unsettled force that can impact the business of any industry (Hariman, 1995). Despite the fact that China is the largest market in Asia, certain political factors are more likely to affect the potential to support the proliferation and growth of foreign industries. Malaysia is a multiparty federal parliamentary monarchy, and it is increasingly focused on bringing capital and technology in order to support their local labor. New Malaysian government imposed a large tax on infant formula products. China and Malaysia have some trade issues which can affect their business and trade. In this regard, the United States and China have imposed certain taxes on imported products from each other. It is obvious that Biotech will establish its manufacturing plants in China as it has increased importation tax on the infant formula products in the recent time and these taxes may hinder the profit margin for Biotech. In order to avoid tax regimes, it is better to establish manufacturing plants in China.

**Economic factors**

Over the past few years, China has experienced a remarkable GDP and growth rate. It has potential urban growth, abundant and skilled labor as well. Due to the cheap labor cost, many brands and companies are boosting to establish their business in China. Biotech can hire cheap labor in China to increase their profit. It is obvious that the GDP rate is increasing in China, which adds more values to society. That's the reason behind the increase purchasing power of the consumer. However, Biotech should keep it in mind that the inflation, interest, and exchange rate of China can impact their business as well. The inflation rates in China tend to be dynamic, and interest rates are lower than most of the other countries in the Asian region. According to the decreased interest rate, people have money at their disposal for spending in China. It is a recognized fact that companies are willing to invest in countries where interest and growth rates are lowered. Despite the impressive growth rate, Biotech should keep in mind few potential trends that can significantly impact their business in China. In China, there are high property prices and high inflation rate, but there is a low-interest rate. Consequently, it is a preferable country for Biotech as it will attract more sales due to low-interest rates.

**Social factors**

The cultural and social aspect of China has a vital role as the demographics are changing consistently. Biotech should understand the fluctuation in the age distribution and population growth, which can modify both cultural and social values. Based on Geert Hofstede’s value dimensions, China is a collectivistic culture, and social factors that can impact a business in China include religion, education, lifestyles, family size, social behaviors, and immigration. Biotech is willing to enter in the Chinese market, so it should clearly consider these social factors due to their remarkable importance for the market segmentation (Fogel, 2010). There are more than 420 million internet users in China who often shop online. Regardless of a large amount of internet users, there is still a group who prefer physical shopping in order to dodge the risk related to online shopping. People are willing to spend on the infant formula products as health care has become a concern to many people. People concentrate on the health of their newborn babies due to which the economies and human income level are increasing in China. The above-mentioned trend proves that there is a real opportunity for infant formula products to excel in the Chinese market. China is a large market whose economy has been increasing in the last decade. To conclude the above discussion, it is obvious that China is a fast-growing market. Therefore, Biotech has a great opportunity to excel its business in that market.

**Technological factors**

There are some technological factors which are involved in the development of new products. Major technological factors include new products being developed, new production technology, and mobile telecommunications. Technology is an important factor in China which is driving the economy. Biotech works with technology as suggested by its name. Biotech develops infants’ formula products in unique designs and ways. The exclusive designs make Biotech’s products economical advantage in the market. In China, the economy is usually run by technological innovations and developments. People are willing to buy the products that result from modern technologies. China is home to some of the major technology companies in the world. Due to these factors, Biotech will need to portray itself as a high tech company. By doing so, people will tend to buy infant formula products from it, and Biotech just need to portray that its products are made from modern technologies.

**Environmental factors**

China is more concern about environmental protection than most of the countries. China is the second largest country regarding the emission of carbon dioxide in the environment. It is willing to reduce its overall carbon emission in the atmosphere. Biotech will have to introduce online shopping in China in order to avoid any environmental issue. Online shopping will increase the usage of an e-commerce website, which is often used in China. The country is well aware of the macro-environment, so Biotech must adhere to environmental protection laws.

**Legal factors**

Biotech Life and Health Products Inc. is likely to affect from the Labor laws as it enters in the Chinese market. Although, China does not have strict laws on employment, but it dictates minimum wages level for employees in different sectors. China's overall employment laws are not strict; therefore, Biotech has a great opportunity to enter in this country. Labor minimum wages are fixed, but these wages are relatively less than other countries, so Biotech will be able to gain maximum profit from China. The analysis of the legal factors show that Biotech should establish sales outlets and manufacturing units in China.

**SWOT Analysis**

In order to prosper the business, Biotech needs to understand its internal strengths and weakness. It will summarize the strengths, weakness, opportunities, and threats.

**Strengths**

Biotech is a global, family-owned American company which has built a strong and influential profile in the United States, Europe, and Brazil. Biotech has become a successful player in these regions. Its fame and status will help it to attract a large number of consumers in order to compete with local competitors in China (Hossain, et al., 2017). Biotech will use its innovativeness and professionalism to influence and convince more customers. Company's reputation in Europe and the United States is mainly attributable to these characteristics. Due to the rapidly developing economies in China, there is a great opportunity for Biotech to sustain in the Chinese market. Infant formula products offer complete nutrition. The infants, who are allergic to cow's milk or lactose, can frequently use soy protein-based formulas. Biotech contains high-quality infant formula products, which can definitely increase their demand in China. There has been an increase in consciousness of people regarding the health and nutrition of their infant. Due to the high tech products, Biotech can easily thrive its business.

**Weaknesses**

It’s obvious that Biotech is new in the Asian region. Therefore, it will need some aggressive strategies in order to compete with its competitors. There are many industries that have established their strong household in China, which will make it difficult for Biotech to establish itself. It is obvious that costumers will stick clearly to brands that they are familiar with and different people have different behavior towards infant formula products as the population in the target market are highly diversified (Shi, 2016). There is a diverse culture in China, so it is difficult for new entrants such as Biotech to effectively understand the Chinese market. Hence, it is a weakness for Biotech.

**Opportunities**

There are a lot of opportunities for Biotech Health and Life Products Inc. to establish itself in the Chinese market. These strong opportunities for Biotech are due to the ever-growing economies in this market. China has shown an abrupt growth in various sectors, which provide a ready market for manufactured services and goods. Biotech also has a great opportunity to flourish in China because of its long history of developing natural products which are exported to many Asian regions. Other competitors have mixed product profile in the Chinese market, while Biotech's profile shows its specialization in natural products. Above mentioned factors show that the company has an incredible chance to establish and flourish as an exclusively the brand developer. Additionally, the increase in income per person has given people the power to purchase different products regardless of any financial issue. It gives Biotech a chance to inaugurate itself as a modest provider of infant formula products.

**Threats**

It is significant to mention that the major threat for Biotech is to enter in the competition in the Chinese market. Biotech is a multinational company, which can be affected by the change in laws and politics of China. Changing political situation is always a real threat for multinational brands. If the diplomatic relations between the United States and China changes, then the market of Biotech may have to go through a critical crisis. In the past, China and the US have had stressful trade relations which are more likely to affect Biotech. In addition, having a long history of providing natural products is not worthy for Biotech in China as people are less likely to understand its profile. Many competitors in the market which could prove to be problematic for Biotech.

**Porters Five Forces Analysis**

The framework of Porter five forces is referred to as a significant tool to critically assess the feature of business competition. It is helpful to model for business entities to recognize the preventional competition prevails in the corporate world. Following are the major prospects of the porter five force analysis in the particular context of the organization of Biotech.

**Competition in the Industry**

It is worthy to observe that potential Asian market recognized as the growing business world having an immense form of opportunities for the new entrants. Many stakeholders in the market involve the infant products (Mathooko and Ogutu, 2015). China is one of the major business market which has the potential to grow by offering business paradigms to new companies. Referring to the growing domain of this market, it is essential to consider that the phenomenon of competition is high. The company needs to develop business strategies concerning the risk factor of competition in the market.

**Potential of New Entrants**

The market of China is ranked as a chief corporate region to offer business chances to the new business organizations. The company of Biotech needs to develop a comprehensive business plan to attain a strong position in the market. Products with natural ingredients are the new interest in the market of China, so many business corporations want to invest in this paradigm.

**Power of Suppliers**

A thorough analysis of the market of China indicates that there are many potential suppliers of the natural products which are relevant to the infant product industry. The company should focus on the alternative means of raw material and make the most suitable decisions.

**Power of Customers**

The power of customers can also never be ignored as it critically explains the potential demands of the products introduced by the company in the market. A keen analysis of the market of China shows that the buying power of customers is high. It is important for the company to target the major portion of the market.

**The threat of Substitute Products**

The threat of substitute products is relatively low as it seems difficult for customers to switch to other products when it comes to finding alternatives against natural commodities. Substitution of the infant formula product is not an easy task for the buyers.

**Goals and Objectives**

Biotech's business unit strategy should look to attain some critical goals according to the findings of PESTEL, SWOT, and the Five Forces analyses. Biotech should need to develop an aggressive marketing strategy before starting its venture (Serbin and Serbin, 2018). For this purpose, Biotech needs to create awareness among people regarding the importance of their infant formula products. Here, the main objective is to make sure that the market is well studied. In addition, a company needs a well-developed entering strategy in order to gain an initial competitive edge. An aggressive start will help Biotech to get a competitive edge. A company should need to maintain its sustainable approach in the Chinese market. By doing so, the company can retain a competitive advantage over the rivals. The objective behind this is to consolidate its market after entry. Moreover, business should need to meet the existing goals along with the demand and needs of the market. For this purpose, the company needs to provide pertinent information about the constituents that are used for making infant formula products. Social and internet media should be used as an effective strategy to create awareness among people so that they can understand their needs.

**Competitive Analysis**

The internal and external analysis provides an overview of the Chinese market situation and chances of Biotech to prosper. Data from the PESTEL analysis, SWOT analysis, and Porter's Five Forces analysis suggest that Biotech has a great opportunity to enter in the new market. China is a well-known market due to low-interest rate. Labor minimum wages are also less as compared to most of the countries which give Biotech an edge to prosper in China. The analysis proves that Biotech can establish itself as a worthy competitor in the Chinese market. Strong and increasing GDPs and growing purchasing parity of people show that it is a reasonable company to establish a new business. SWOT analysis shows that the strengths exceed the weaknesses which are an edge for Biotech. The political, social, environmental, economic, and technological factors can affect the industry, so Biotech need to design a customized and aggressive entry strategy. An effective strategy will help Biotech to maintain a strong position in the market as the buyer power is quite strong in the Chinese market.

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