

# HOW MERGERS WITH INTERNATIONAL COMPANIES CAN HELP LOCAL COMPANIES GROW? A CASE OF PEL AND PANASONIC

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## ABSTRACT

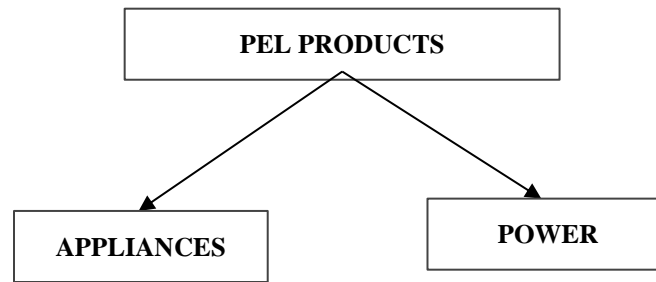
*Bullying is inappropriate behavior that children and adolescents face daily in schools all around the world. It is prevalent in today's schools and is commonly found in secondary schools. It is a complicated social problem that can have serious negative implications for both bullies and victims, especially when the victim is physically or psychologically harmed. The study utilized the Social Learning Theory by Albert Bandura to explain the causes of bullying among students. Therefore; the study examines the effective strategies that could be used to curb bullying in secondary schools among selected secondary schools in Alimosho local government area, Lagos, Nigeria. A survey method was utilized using the structured questionnaire as an instrument of data collection. Utilizing a simple random sampling, three hundred and fifty questionnaires were administered to students in the four secondary schools. Quantitative data was analyzed utilizing the descriptive statistics with the aid of the Statistical Package for Social Science (SPSS) version 23. The analysis of the questionnaire was based on descriptive analysis with the use of frequency counts and percentages. Findings of the study shows that one of the strategies that can curb bullying is by educating teachers, parents, and teachers on the dangers of bullying, and setting distinct rules against bullying is another strategy to prevent bullying in schools. Therefore, teaching empathy and encouraging victims to make timely reports on incidence of bullying are crucial to mitigating bullying and its consequences in secondary schools in Lagos state.*

**Keywords:** Marketing Strategies ,Globalization, Economic Conditions.

## INTRODUCTION

### **Pak Elektron Limited (PEL)**

PEL is one of the leading engineering corporations in Pakistan that started its operation in 1956 - the set up was done by the collaboration of Malik Brothers and AEG - an electrical equipment producer in Germany (Singh & Wagner, 2019). They produced electrical motors, transformers, and switchgears during their work together. However, they sold the company to Malik Brothers in the late 1960's. The next big change for the company happened when it was acquired by the Saigol Group of Companies in 1978. Since that period, the company has been known to work towards technological advancement and produce high-quality products. It was around 1981 when the company also introduced quality home appliances and electrical equipment as a part of their long-term company diversification strategy. Now, PEL operates in two different segments - appliances and power (Figure 1).



**FIGURE 1**  
**PEL OPERATES IN TWO DIFFERENT SEGMENTS-APPLIANCES AND POWER**

The company also has strong market shares in Pakistan due to its ongoing investment in the Research and Development Department. The Company also ran different marketing campaigns that helped them get a positive response from the customers - leading to increased sales and strengthened its '*Brand Equity*'. There are multiple home appliances that PEL introduced including below mentioned appliances.

1. Air Conditioners
2. Refrigerators
3. Microwave Ovens
4. Water Dispenser
5. Air Purifiers
6. LED TVs, and
7. Washing Machines

In the beginning, the company was a leader in Window ACs; however, it took a hit when the technology shifted to split. However, they were able to overcome the hurdles and came up with the latest technology, durable, strong brand equity, and high-quality products. In later years, around 2019 and 2020 the company has launched energy-efficient equipment with their basic series including APEX, ACE, and Arctic series and the full series Turbo DC and Jumbo DC. The reason for this product development was to meet the customer's needs with the concept of energy-efficiency and 4-star rating inverter technologies. In the same period, they had an opportunity to make an alliance with Panasonic where the PEL was responsible for assembling the units and promoting their products (Trencher et al., 2021; Pires et al., 2006).

## **Panasonic**

Panasonic is the largest manufacturer of electronic products in Japan that started its operation in 1918. The company was known as Matsushita Electric Industrial Co, which was later changed to Panasonic in 2008. The company is known for their advanced technology, high durability, and better functionality. More so, the company has expanded globally and now has over 582 subsidiaries, and 87 associated companies all over the world. Similarly, around the covid-19 time, Panasonic decided to lay its roots in Pakistan and collaborate with PEL for the split AC production and marketing the products (Jintae et al., 2017; Naude & Ivy, 1999).

The Managing Direct (MD) of Panasonic Marketing Middle East and Africa FZE (PMMAF) Hiroyuki Shibutani states:

It will be a pleasure to collaborate with PEL, and we are confident this strategic decision will help our company to expand in Pakistan, which is one of our key markets, as well as support the country's economic growth (Smutkupt et al., 2010) He further added.

The partnership of Panasonic and PEL will give them an ability to understand local customers better and respond to their preferences accordingly. Through the collaboration with PEL, they will be able to provide products that are locally-fit and offer comfort and convenience to match the lifestyle of Pakistani consumers (Kraemer, 1996).

The two leading companies were thinking of coming together to capture the Pakistani market with different split AC models, which has high-demand nowadays, along with managing the after-sales and distribution strategies. The main target audience for Panasonic was the rich-class, since the prices are on a higher-end; whereas, the customers of PEL mostly belong to the middle-class (Smith, 1956).

### **Scope of the Product**

PEL and Panasonic came together to introduce split AC in the Pakistani market. The split ACs use a more advanced technology than the traditional Window ACs, and contain two different units. The first is air or water cooled condensing unit, and the second an air handling unit. Further, the Split AC can be categorized into two types: fix speed and inverters.

The fixed speed ones are straightforward and have a single speed motor. That means, when they reach the specified temperature, it will turn off - so, it can either work at full capacity or not at all. On the other hand, the inverters are the most energy efficient solution. The technology allows variable speeds for the optimal performance of the unit (Morris, 2009; Noble & Mokwa, 1999).

### **PEL and Panasonic: A Blessing or a Curse**

Many companies were in trouble during the Covid-19, but PEL still stood against the challenge and kept on growing. However, is it a good idea for PEL to collaborate with Panasonic? Air Conditioners are produced by both companies, so will it have any effect on PEL's sales? These were some of the potential challenges that the team of PEL had to consider. Due to bad economic conditions, they couldn't afford to fail in their merger (Hooley et al., 1992).

On the silver lining, PEL could take advantage of this opportunity for their own growth and development too. The biggest benefit they could get was on their reputation that can improve its overall market shares. Other than that, Panasonic is a recognized brand all across the world, and is famous for its quality and durability. The company could benefit by adopting the same advanced technology, since the entire assembling process will be done in Pakistan. They can even learn the latest automated process and reliable inspection process to optimize the overall production line of all their home appliances products, along with improving their Research and Development Department. More so, if the merger passes through, it makes PEL a sole distributor of Panasonic air conditioners in Pakistan, which in itself is a great opportunity for the company.

Since Panasonic also wants PEL to advertise their products, there were some challenges along the way. PEL is a brand that is known for quality and affordability in Pakistan, so their usual target is middle-class families. However, the target of Panasonic is different. Their advanced technology causes the prices to be extremely high. So, the decision will have to be made by PEL on which marketing channels to use, and which strategies will work to ensure an increase in the product's sale (McDonald & Oates, 2006).

After analyzing the whole situation, comparing the benefits and drawbacks, the team of PEL had to make certain decisions.

1. Should they merge with Panasonic?
2. If yes, how to ensure their product sales aren't affected due to the merger?
3. In what ways, PEL can gain maximum benefit from the deal?

4. What target market should they hit?
5. What should be the marketing strategies, and what channels should be used?

After considering the above-mentioned factors, PEL will be able to make the best decision (Table 1).

### Teaching Notes Time

<b>Table 1 TEACHING NOTES TIME</b>	
Tasks	Timeline
Divide Students in Group of 3-5	5 Minutes
Discuss: Should they merge with Panasonic?	10 Minutes
Discuss: If yes, how to ensure their product sales aren't affected due to the merger?	15 Minutes
Discuss. In what ways, PEL can gain maximum benefit from the deal?	10 Minutes
Discuss: What target market should they hit?	15 Minutes
Discuss: What should be the marketing strategies, and what channels should be used?	25 Minutes
Discuss and Close the Case	10 Minutes
Total	90 Minutes

### Resources Required

1. A Whiteboard
2. Board Marker
3. Duster
4. Hardcopy of the case study for each student or mobile phones/laptops so they have access to the content
5. Projector in the class to display the case study content (Table 2).

<b>TABLE 2 WHITE BOARD PLAN</b>		
Communication before and after covid	Challenges	Solutions cannels of communication)

### Should they Merge with Panasonic?

Panasonic already has a very good Word of Mouth regarding their product not just in Pakistan but also around the world. In COVID-19, downsizing was a challenge faced by every organization and no projects were undertaken by them. In such dire circumstances, merging with a pre-established technology giant would not only make the process easier but also much more efficient and streamlined. With high quality assurance and a team of experts who have been at it for ages, it is a no brainer for a company like PEL to merge with Panasonic.

### If yes, how to Ensure their Product Sales aren't Affected Due to the Merger?

When time arrives to start marketing their products, PEL needs to be careful during segmentation of their audience. While PEL has a target audience of lower to middle class, Panasonic targets the upper class. Through this segmentation, Panasonic products alongside PEL's own will not affect PEL's market. This merger will allow PEL's name to be branded alongside Panasonic as it will develop people's trust in PEL since Panasonic is a name people already know

and trust. This will, in turn, improve PEL's market as well (Wymer, 2011).

### **In what ways, PEL can gain maximum benefit from the deal?**

In Pakistan PEL is a pioneer in the manufacturing of electrical goods. It is also one of the leading distributors in Pakistan. The Company contributes to the development of engineering technology. PEL can gain a lot of knowledge regarding quality assurance and R&D. There is no negotiation on Panasonic prices. PEL gains manufacturing process and technique under merger concepts. They gain globalization expansion in the energy sector.

### **White Board Plan**

1. Homeowners
2. Commercial-Building Owners
3. Elite Class
4. Upper-Middle Class
5. School/Colleges/ Universities

### **What should be the marketing strategies, and what channels should be used?**

PEL with the Panasonic logo on the side portrays a good image for PEL. When people see two established brands working on one product, it improves their natural sense of trust in the product. PEL may have to use both Push & Pull marketing strategies where they're not only attracting customers through advertisements but also pushing the product onto them by making it first preference in stores. PEL should use both direct and indirect channels to sell Panasonic products.

### **Marketing Strategies**

1. Social Media Advertisement
2. AC Service Packages
3. Display at Various Exhibitions
4. Special Day Offers
5. Superior On-Time Delivery

## **CONCLUSION**

The analysis of the questionnaire was based on descriptive analysis with the use of frequency counts and percentages. Findings of the study shows that one of the strategies that can curb bullying is by educating teachers, parents, and teachers on the dangers of bullying, and setting distinct rules against bullying is another strategy to prevent bullying in schools. Therefore, teaching empathy and encouraging victims to make timely reports on incidence of bullying are crucial to mitigating bullying and its consequences in secondary schools in Lagos state.

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