International Business Proposal

Team: 222

Client Company: Sacona, India

Chosen Target Country: Dubai, United Arab Emirates

Product: Large Screen Gaming

Sacona India is a company which provides gaming products to its customers in India. The main product chosen is large screen gaming which will be targeted in Dubai markets. This product has a high possibility of generating revenue by exporting to Dubai via distribution to the various retail stores and mall. The main source of distribution is Dubai Mall. Since large screen gaming would be competing with Dubai's gaming products, extra attention has been given to its features by recommending some modifications such as: create a four seated gaming instead of two, add the feature of HDMI and MHL, make the product appealing by adding vibrant colors.

Number of Pages: 36 pages
Team Members: 6

Name	Country	Work completed
Xin Guo	China	Market success factors on political and legal, economic factors, entry mode, executive summary for entry mode
Ashlee Jerome	Grenada	Market success factors on geography and demographics, Cultural environment, Promotion, Executive summary for key market factors/marketing strategy, Formatting/Editing, Reviewed the paper
Raisha Hossain	United Arab Emirates	Proposal sheet, Table of Contents, Company History, Review of existing products, Distribution, Appendices, Formatting/Editing, added few parts to product, executive summary: organization information, future ahead/challenges, reviewed the paper, PEST analysis

Italo Cortez	Brazil	Product and selecting a new marker (Dubai),executive summary: staffing strategy (Dubai), list of recommendations
Tzu-jung Chiao	Taiwan	Selecting a new market (South Korea) and Staffing, executive summary: staffing strategy (South Korea), staffing policies
Jason Martin	USA	SWOT Analysis, Product Pricing, executive summary for product description, acknowledgment, revised the final report

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EXECUTIVE SUMMARY

Sacona is a gaming company which was established in the year 2007 in India. This company is part of India's gaming industry that engages in providing its enthralling customers with a complete entertainment package. Sacona is not only a game provider but also manufactures various gaming products in 3D, 4D and 5D technologies. By 2020, the company perceives to become India's largest gaming center and expand its operations internationally. Currently, the company has ties with India and the Middle East markets and it expects to achieve a large market share in the gaming industry, in different countries. Some of the main products are: gameball, gamescope and large screen gaming. Since the company aims to focus mostly on their product's design and features, we would recommend that existing products, such as large screen gaming must be modified by adding new features to them. One of the features that could be implemented is creating a four seated large screen gaming instead of maintaining two seated gaming.

Sacona manufactures machines that are peripheral devices to PC and home console gaming that allow the user to maximize their entertainment experience in multiple forms; such as, surfing the internet, watching movies, or gaming. Their products are superior to their competition in quality, versatility, and comfort. Sacona offers a catalog of twelve products that each has a large variety of custom options to accommodate the desires of their customers.

Within the different market success factors, there are characteristics within each category that, if followed, will ensure that Sacona will be successful in the targeted market. These factors include geography and demographics, economic environment, political and legal environment, and cultural environment. Within geography and demographics, the highlighted characteristics include: location, age distribution and gender, and economic environment includes: income levels, unemployment, infrastructure development, ease of doing business and lack of competition. Political and legal environment include political and legal systems, political risk, government policy toward trade and foreign direct investment, property rights and intellectual property right protection. Lastly, within the cultural environment aspect, it is important for Sacona to focus on cultural values, languages, customer preferences and tastes, and marketing strategies in relation to culture.

There are mainly two suggested markets for Sacona. The most favorable new market is Dubai at United Arab Emirates and the second most favorable new market is South Korea.

Dubai is the most populour city in the United Arab Emirates and nowadays it stands as one of the most important cities for business in the Middle East. The Dubai International Airport has become a global hub in aviation and the local shopping malls are one of the most notable in the world. It is one of the fastest growing economies in the world and it is known by its luxurious and futuristic trend. Such patterns and way of life would be a great new market for Sacona's hi-tech products.

South Korea is said to be one of the world's largest metropolitan countries for which the economic growth for the gaming market is about 10% per year. The population of South Korea is about 49 million of which 7 million are the target gaming market.

In addition, South Korea is said to be one of the leaders in sport video games. It is estimated that the gaming market in South Korea can have a possibility to reach about 5 billion dollars in the future.

To enter the market of UAE and South Korea, we have a list of viable entry modes, including exporting, licensing and joint venture. Compared with the other two options, exporting seems to be the best choice. Exporting is the least risky way for Sacona to expand, while licensing and joint venture may require certain investment. By exporting, Sacona can enter a new profitable market at the lowest cost and take full advantage of the low tariff in UAE.

For staffing policy, since our group chose exporting to UAE as the optimal entry mode for Sacona, it would be a good idea for Sacona to hire new employees, use both locals and expatriates personnel, use original brand and outsource products. On the other hand, for staffing positions, Sacona may assign a Management Director, followed by Management Team, Broad of Advisors, and General Managers for international division. The Management Team can be separated in to three categories: sales and marketing, the technician, and manufacturing individuals. The international division can also be separated into three categories: warehouse management, operations, sales and marketing individuals. Different staffing positions would have different staffing strategies in order to balance the cost and the employee's performance, and to make an easy control for the risk and subsidiary operations.

To create awareness of the product to the intended market, Sacona should utilize the following marketing strategies: one-off TV ad, newspaper ad, social media, direct selling via game expos and trade shows, and business cards. In terms of distribution, the current channels of distribution that Sacona should use/continue utilizing are promotion exhibitions, exports and the

company's distribution partners in India and Middle East. Also, distribution could be executed using different agents who could help spread the gaming products in different stores which would lead to diversification in distribution. It should be noted that most marketing should be done in or intended for areas such as malls, theatres, airports, and arcades.

BIOGRAPHY

1) Xin Guo

I am Xin Guo from China, and you can call me Jacob. I'm male, 21. I am a finance junior student from Peking University, exchanging in Texas A&M University right now. I have been to Russia and the U.S. when I was in high school. I really enjoy travelling, both in my home country and abroad. As a Chinese, I speak mandarin and English. Although I'm not working now, I'm hoping to get a position in financial sector after graduation.

2) Ashlee Jerome

My name is Ashlee Maria Jerome and I am from Grenada, a small island in the Caribbean. I am 20 years old and I am female. I have been to 11 countries excluding Grenada and I dance at the Sandals LaSource Grenada Resort as a job aside from school. I attend the St. George's University where I am attaining a Bachelor's degree in Business Management and Tourism. Diligence, time management, interpersonal relationship, creativity and leadership are attributes that defines me as an individual. I have informally led many study groups and group projects when an official leader did not exist. I have held and continue to hold executive positions on various student organizations such as Caribbean Students Association, The Business Students Association and The Events Management Class of 2014 where I planned, advertised,

developed and analysed promotion campaigns for events and projects. I love hiking, swimming, and especially dancing. I love meeting new people whether face-to-face or via the internet.

3) Raisha Hossain

I am Raisha Hossain from Bangladesh, born and brought up in the United Arab Emirates. I am 22 years old. I am a senior student, currently pursuing Bachelors of Science (BSc) in Finance with a minor in Business Management at the American University of Sharjah. I have only travelled to my home country and it has been nearly 5 years since I have been there. Though I do not like to travel much, I love to dance, play sports, draw and paint. I have interned for three months last summer at Chevron Dubai, but I am not working now. I am looking forward to get a full-time employment after I graduate. Moreover, besides speaking in English, I can speak in Urdu, Hindi and Bengali.

4) Italo Cortez

I am Italo Cortez, I'm male, 20 years old and I am from Brazil. I live in Florida,USA and I study at Florida Gulf Coast University. I have visited two countries, my home country Brazil and the one I currently live in, United States of America. I speak two languages fluently; Portuguese and English, and I also speak Spanish at an intermediate level. I work at the university, in the staff events and facilities operations.

1) Tzu-Jung Chiao

My name is Tzu-jung, Chiao and you can call me Jenny. I come from Taiwan. I am a female who is 21 years old and I am a transfer student who studies at the University of North

Carolina at Greensboro in USA. I had visited for about 5 countries excluding Taiwan and I don't have a job in addition to being a student. Also, I can speak two languages including my mother tongue.

6) Jason Martin

I am 35 years old and I only speak English. I was born in New York City, but have lived most of my life in Florida. I served for over seven years in the U.S. Army infantry. I have traveled to Jamaica, Canada, Iraq, Germany, and the Czech Republic. I teach martial arts, which is also my passion, and volunteer at the local children's hospital doing pet therapy. I am working towards a Bachelor's Degree in Human Resource Management at Florida Gulf Coast University.

CLIENT ORGANIZATION AND PRODUCT

Sacona is a gaming manufacturing company which is located in India and headquartered in Bangalore. It is a concentrated gaming industry where products are manufactured to provide for entertainment. The company started in the year 2007 and has been growing since then in the areas of gaming, leisure, and amusement by developing 3D, 4D and 5D technologies to support these areas extensively. By 2020, Sacona aims to achieve their mission statement by being India's largest gaming manufacturing hub (Bharadwaj, 2015).

The company perceives to target entertainment industries that lack gaming experience. To accomplish this objective, Sacona produces interactive products for their customers to make their experience a memorable one. Moreover, the company's management team focuses mainly

on the "product's design, Information Technology, media, and people and project management" (Sacona India, 2014).

In the year 2007, Sacona's CEO Mr. Sachin Bharadwaj desired to rent a theatre to accommodate around 10 people to provide a "home theatre entertainment." The CEO thought of opening two such theatres in busy environments where people could watch movies at their convenience. This was mainly done to focus on a small group of people instead of focusing on large groups. This form of home theatre entertainments was named as eO, which meant "entertainment inside an O" (Your Story, 2011). This idea was followed by creating a sample piece of eO in July 2008, a week after this idea was introduced in the market. The sample included a box of wood which provided as a door for entrance. To watch movies, a 21- inch monitor was set up along with an Xbox for gaming purpose. In this set up, children enjoyed the most because they associated it with a "doll house." However, to create a unique ambiance, different materials were used to decorate and develop a good environment for sound effects. This was not the only design which was used but it was implemented and improved further by adding a new look to the eO (Your Story, 2011).

Moreover in 2009, a prototype of the eO like complex model was developed which was launched in the market at the "private luxury club." This club was called "The Woodrose Club of Brigade Group" which was located in Bangalore. The main purpose of developing this prototype was to test its users and receive feedbacks. Later, quality control tools were developed after Sacona received a positive feedback from its customers (Your Story, 2011).

According to the statistics provided in a website by Mr. Sachin, Sacona's operational profitability ranged up to 60% and around 90% of their customers provided good feedback.

Physical feedback forms were estimated to be around 4000. The average occupancy rate was 70% approximately and the eO gameball was used by 10000 people on a per day basis (Your Story, 2011).

Sacona has developed many gaming products which have been already launched in the markets. Some of these products are: gamecope, game disc, large screen gaming, gamecube, gameball, battle cube, playchair, workplay, flight disc, flight cube, XD theatre and gamechair. Each of them is unique in their own way. Out of the numerous gaming products, the most important products are: **gamescope, large screen gaming, gameball and 3D gamedisc** (Sacona India, 2014). Let us review some of the important existing gaming products below:

Gamescope, a five seater gaming theatre that comes in two formats: standard version and premium version. The standard version includes five 3D screens with racing wheel and stereo sound effects. It is also equipped with wired gamepads, wired 3D glasses and flight joysticks. Besides these features, more than 25 3D games could be played. The premium version is different only in terms of 4D combat gaming. This product is progressive in terms of technology and is "futuristic" in its aesthetics. Moreover, gamescope is suitable for amusement parks, food courts, club houses, residential areas and gaming lounges (Sacona India, 2014).

Gameball is a two seated personal gaming theatre which includes a 40 inch projecter or 3 screen-HD 3D. For the sound effects, it has a 5.1 Dolby surround sound system and is also equipped by a

racing wheel, wired 3D glass and gamepad. Moreover, it also has an LED light at the back. In both standard and premium versions, the user has the choice of gaming console. Like gamescope, gameball is installed in gaming lounges, amusement parks, malls, bowling alleys and cruises (Sacona India, 2014).

The third major product, *gamedisc,* is a game theatre for a single player. In the standard version, it has a 32 inch 3D screen with 5.1 Dolby surround system for sound effects. It includes a gaming console for PS3 or PC with the option of a sliding keyboard. Other usual fittings used are leather seat, racing wheel, wired 3D, gamepad and LED lights with a choice of 25+ 3D game options. Gamedisc is usually seen in public places, villas offices, gaming cafes and in airports (Sacona India, 2014).
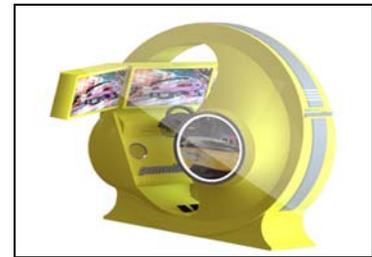
The product which is the main focus of our project is *large screen gaming* which should be offered in the new market chosen, Dubai. This product has four different versions: single player racing, double player racing, single player shooting and single player shooting with single player racing. In all the four versions, this gaming system is installed with a 5.1 Dolby surround speakers, Benq short throw 3D projecter. The screen is about 10 feet wide which is supported by a metal stand. Moreover, it includes a gaming chair, racing steer wheel for commercial purposes with gaming PC which has a high power. This applies for both single and double player except for the fact that, double player racing system is equipped with two gaming chairs and two racing wheels. Single player shooting

version has a gaming gun with a 4D gaming jacket. Whereas, single player shooting and racing includes gaming gun, gaming jacket, steer wheel and gaming chair (Sacona India, 2014).

Besides large screen gaming versions, this product is designed with some unique features and fittings. Its screen with a metal stand ranges between 120 to 168 inches with single and multiplayer gaming options. More than 10 games could be played in 3D option which includes war games, racing, sports and adventure. The gaming dimension is 10 (14) ft *9ft *9ft (W*H*D) with a 5.1 Dolby surround sound system. The main advantage of large screen gaming is that its structure is very flexible and portable and can be used for events. Besides events, this gaming could be seen in amusement parks, cruise, luxury hotels, airports, theme parks, resorts, gaming cafes, food courts, clubs, bowling alleys and in residences (Sacona India, 2014).

In comparison to the gaming products in Dubai, Sacona's large screen gaming could face competition with the Epson- EH TW5200 which is a complete HD full cinema and gaming projector package. This gaming system is best for large screen entertainment that delivers high quality 2D and 3D graphics that is lightweight, portable and easy to set up with "no lag time." It also has the feature of an HDMI and MHL port which allows sharing of videos, movies, pictures from smart phones and tablets in HD content. Screen size ranges from 30 to 300 inches which does not occupy too much space. Other features include 2000lm white and color output to provide for a bright output. The 3LCD technology allows to produce high quality images on the screen (Altimus.Office, 2014).

Therefore, large screen gaming would be profitable if Sacona enters the Dubai markets and it would be better if the product is modified further to attract many customers. For example, large screen gaming could be made more attractive by altering its color and by making it look

more professional. Instead of having seats for two players, the product could be modified to allow gaming for four players which would add value to the product. Moreover, to compete with Dubai products, large screen gaming must have the feature of HDMI AND MHL to allow home user who would purchase this product to transfer games, photos or watch movies on the large HD screen.

SWOT Analysis

STRENGTHS	WEAKNESSES
Cost - Though some variants of Sacona's products are higher cost, the cost per game is significantly lower. The average cost of a gaming machine is $6000-$8000 (Commercial Arcades, 2015). The products we chose from Sacona's catalog range from $4000-$11000. **Comfort -** All of Sacona's products have seating for comfort and can be modified to seat up to two gamers at a time. Average arcade games require the customer standing at the machine's fixed height. **Versatility -** Where most arcade games are limited to one game per system, Sacona's uses home systems in their machines which allow them to stay up-to-date and contain 100+ games.	**Marketing -** Sacona's products are not well known to the gaming community. They need to improve the marketing strategy to create brand awareness as well as update their website to reflect any new content their products may be used with. **Availability -** This is an obvious weakness and why Sacona is a part of the X-Culture project. Our team hopes to help Sacona achieve in expanding out of India and making Sacona more available to the rest of the world.
OPPORTUNITIES	**THREATS**
Home gaming - The largest opportunity for Sacona is home gaming. Sacona is already addressing all public gaming environments, but private home gaming does not appear to be prevalent at all in their marketing. Their	**Mobile gaming -** This is Sacona's greatest threat.With mobile gaming's greater disproportionate growth to stationary gaming this is a substantial concern for the industry's future (Gaudiosi, 2015). Mobile gaming

products are not cost affordable to middle income gamer's homes. Gaming is a $10.5 billion industry in America alone, and with Sacona's high quality and customization they we should attempt to cater to this market for the customers that can afford it (Entertainment, 2015).	requires a minimal approach because people want something light, simple, and convenient when gaming on the move. Sacona is primarily a peripheral product to home gaming systems, so mobile gaming is going to be difficult for Sacona to differentiate into. Home gaming - As a peripheral to home gaming systems, customer may choose not to purchase this product or game in public. This leaves customers with the alternative of privately gaming without these peripherals.

IDENTIFICATION OF MARKET SUCCESS FACTORS

When establishing a target market, Sacona should identify the key characteristics that will enable them to be successful in their business venture. Geography and demographics, economic environment, political and legal environment, and cultural environment are the different broad categories that encompass a list of varying factors that are essential to the economic success of Sacona.

Geography and Demographic Factors

Within this category, the key factors are: location, age distribution and gender. The ideal location for Sacona's gaming entertainment will be in countries that are highly attracted to new and innovative products. These countries see a need for high-tech and modern technology and are always searching for methods for enhancing and improving existing ones. The ideal age range

for their gaming entertainment is 10-28. However, according to statistics from the Nielsen Active

Gamer Study, the age range for gamers has grown to include persons from ages 25-34

(Entertainment, 2005). Their research has also shown that the norm for males dominating the

'gaming world' is slowly becoming a myth. Today, although at a lower percentage than the

males, the females are highly interested in gaming entertainment. In regards to the target market,

Sacona should cater for the male audience more than the females, but should avoid eliminating

females from the equation.

Cultural Environment Factors

Within this category, the key factors are: cultural values, languages, customer preferences and

tastes, and marketing strategies in relation to culture. Cultural values represent the norms and

behavior of individuals which often helps to predict or anticipate buyer behavior. Sacona should

target a market that has made gaming a part of their culture and daily lifestyle. These individuals

should see gaming as a normal leisure time activity and a means of bonding with fellow gamers.

Language represents the means of communication. The Sacona games should be in a language

that is understood and spoken by the majority, if not all, of the gamers. Different words and

symbols can have different semantics and connotations when translated into different languages.

It is wise for Sacona to take caution with the wording and symbols used in their games in an

effort to avoid misinterpretation of intent. Regarding customer preferences and taste, Sacona

should target a market that is attracted to the games that they offer. Some cultures dislike that

certain games have violent content, while others do not have a problem with this aspect. The

content of the games offered should be suitable for the intended market. With Sacona's diverse

range of games, satisfying customer taste and preference should not be much of a problem.

Lastly, the choice of Sacona's marketing strategy will impact their success. All around the world technology has become a part of our daily lives from our laptops, to tablets and cell-phones. Sacona should market their product via these electronic devices to countries with active and regular electronic users. Since this represents a large proportion of countries in the world, they should consider this factor in relation to the aforementioned factors. Also, Sacona's products would be suitable to be marketed in places such as malls, movie theatres and game arcades since it represents a normal leisure activity location in most cultures.

Economic Environment Factors

Within this category, the key characteristics are income levels, unemployment, infrastructure development, ease of doing business, lack of competition. Among all these characteristics, income level is the one most related to Sacona's business. Presumably, Sacona's high-tech gaming machine will be more expensive compared to normal ones. Therefore, the average income level of Sacona's target market is supposed to be high, at least high enough to afford a larger amount of money in gaming entertainment. According to World Bank, the GNI per capita in upper middle income countries of the world is $7985 in 2013, while that in middle income countries is $4751.1 We assume our target market should have an average income for over $4700.

The ease of doing business and competition environment also determines Sacona's expansion. The less intensive the competition in the gaming industry, the more likely Sacona will succeed. However, considering that Sacona's products are pretty new and there are not much competitors, the threat of competition is not big (The World Bank, 2015).

Political and Legal Environment Factors

Within this category, the key characteristics are political and legal systems, political risk, government policy toward trade and foreign direct investment, property rights and intellectual property right protection.

To do business in a new market, Sacona may need to export its products. As a starting up company, it's unlikely to be involved in foreign direct investment, which requires huge amount of money. Sacona should be more concerned about the country's trading policy, such as tariffs. A market with stable and relatively low tax rate will be more appealing. Last but not least, since Sacona's products contain quite a lot intellectual property, it definitely should choose a country where patent is protected and piracy is forbidden (The World Bank, 2015).

Generally speaking, a country with completed legal system, low tax rate and stable investment environment will be the best choice regarding political and legal factors.

SELECTING A NEW MARKET

South Korea

South Korea is another country that we chose as a new market for Sacona. From geography and demographics perspectives, South Korea is said to be one of the world's largest metropolitan countries. The population of South Korea is about 49 million for which approximately 15% of the population are the target gaming market (Euromonitor International, 2015). In addition, the capital of South Korea, Seoul, contains the best airport among the Asia

Pacific countries. South Korea also strives to become the leader in business services

(Euromonitor International, 2015).

From economic environment perspectives, South Korea is said to be one of the leaders in

video games, especially in the sports field for which South Korea has integrated globally in order

to obtain a high-tech economy (Forbes, 2014). Also, the government in South Korea has

encouraged investment and the import of technology. In addition, the economic growth in South

Korea for the gaming market is about 10% annually. It is estimated that the gaming market in

South Korea can have a possibility to reach about 5 billion dollars in revenue in the future

(Games Industry, 2012). Therefore, based on the information provided above, our team thinks

that South Korea can be considered as the second most favorable new market for Sacona.

Dubai

United Arab Emirates is certainly a great market for Sacona as it meets many critical

factors of success that were previously identified as essential for entering into a new market. In

demographics, about 34% of the population corresponds to ages 0 to 24 which are mostly within

the intended target market 10 to 28 years old and majority male. Also, the overall population

growth is expected to grow 1.9 percent in the next five years, as well as a 10.6 percent growth in

consumer expenditures in the same period of time. Geographically, Dubai would be a strategic

location as its population is substantially composed by expatriates who generally also fit within

the target market.

As an economic perspective, income per person in UAE is approximately $43,000 dollars

which is quite high and way above the necessary level for affording Sacona's products (World

Bank Data). Culturally, United Arab Emirates is highly entertained with last generation

technology, so it would be a great opportunity as well.

But the political environment is definitely the most attractive opportunity as UAE possess numerous free trade zones (FTZs) where Sacona would be able to have its products easily introduced to the market with import tax exemptions (Business and Trade-Free Zones & Special Economic Zones).

PEST Analysis- Dubai Market

Political	Economic
- Stable environment, focuses government laws and regulations - Legal framework to be followed for business set ups - Property is protected under government (rights to property) - Free Trade Zones (FTZs)	- Dubai is a commercial hub for businesses therefore engages in tourism, financial services and other businesses - Income per person: $43000 - No barriers to trade or quotas - Tax exemptions on imports
Social	Technological
- Highly dependent on last generation gadgets - No criminal threats - Large population : Expatriates and more than the local residents	- Focuses on latest technologies - High Research and Development on new technologies - Follows automation

ENTRY MODE AND STAFFING

Entry Mode

We believe that exporting is the best option for Sacona to enter a new market. We do have a list of viable entry modes:

1. Exporting: In this mode, Sacona may directly sell to our targeted market, UAE and South Korea. By expanding in this traditional way, Sacona doesn't need to make major foreign investment, and thus has limited risks. For a small and young company like Sacona, budget control and risk avoidance is the key. Also, UAE is famous for its low tariff and Free Trade Zones, which we should take advantage of.

2. Licensing: It is still a quite cheap and fast way to enter into a new market. Sacona doesn't need to investment, nor does it need to make shipment or pay tariff. Licensing enables Sacona to receive certain fees, but it also needs to give its property to foreign companies. It's not easy to find appropriate licensees due to Sacona's unpopular brand name. What's worse, there will be higher patent pirate risk, and it's hard to control production quality by licensing.

3. Joint venture: This option requires higher capital investment. The more Sacona invests, the riskier this mode will be. Joint venture may enable Sacona to expand faster in a new market by having local agents as alliances. Local firms will have better understanding of the market, and a joint venture guarantees higher quality control compared to licensing. However, finding a proper partner in this new field is never an easy task. The targeted markets, UAE and South Korea both have a culture significantly different from that of India. There will be high potential of conflicts in such a corporation.

In conclusion, we believe that the most traditional way is the best way for Sacona.

Refer to Appendix 1

Staffing

According to the McGraw-Hill Companies (2015), there are mainly three types of staffing policy for international staffing: the geocentric, polycentric and ethnocentric staffing policy. Firstly, geocentric staffing contains the most qualified individuals to manage operations abroad. The advantage of using geocentric staffing is that it hires the personnel globally without identifying the nationality. The disadvantages of using geocentric staffing are that it is expensive to relocate the jobs and it is often controlled by centralization which requires a complicated system to implement.

Secondly, polycentric staffing requires the host-country nationals to manage operations abroad. The advantages of using polycentric staffing is that it is a multinational staffing which requires less money to relocate the jobs and it is more flexible to be replaced due to less commitment. The disadvantages of using polycentric staffing policy is that it is less efficient due to failure in the control of subsidiary and it is also less reliable due to lack of training.

Thirdly, ethnocentric staffing also refers to expatriates which requires the individuals from the home country to manage operations abroad. The advantages of using ethnocentric staffing is that it allows for better control of the subsidiary and it provides international training programs to the individuals in the foreign company in order to become more reliable. The disadvantages of using ethnocentric staffing are that it is more expensive to relocate the jobs and it is more likely for repatriation to occur due to the loss of skills in parent companies.

Based on the information provided above for staffing policy, both polycentric staffing and ethnocentric staffing are feasible staffing policy to Sacona if there are to set up a subsidiary. However, our group is of the view that export clerks would be the optimal choice. An Export Clerk works with goods moving out of a country. They will receive, monitor and process daily freight movements. An Export Clerk job involves ensuring the correct paperwork is in place for shipments and their exporters. (Export Clerk , n.d.) In addition, since our group chose exporting to UAE as an optimal entry mode for Sacona, it would be a good idea for Sacona to hire more employees at the headquarters, use both locals and expatriates personnel, use original brand and outsource products. On the other hand, for staffing positions, Sacona may contain mainly four categories which include a Management Director, followed by Management Team, Board of Advisors, and General Managers for international division. The Management Team can be separated into three categories: sales and marketing, the technician, and the manufacturing individuals. The international division team can also be separated into three categories: warehouse management, operations, sales and marketing individuals (Human Resources Kit for Dummies, 2015).

Different staffing positions would have different staffing strategies in order to balance the cost and the employee's performance, and to make an easy control for the risk and subsidiary operations (Career Roads, 2015). For example, the management team may contain both local and foreign employees who have the qualifications to adapt to the business environment of Sacona. The employees in the board of advisors team may need to attend the leadership training courses in order to improve their performances in the workplace. The employees in the individual division team may need to acquire a certain level of competence and obtain the credentials so that the organization can become more profitable and productive (Hearst Newspapers, 2015)

PRODUCT AND PRICING

Product

In the United Arab Emirates, especially in Dubai, customers demand for more vibrant and appealing products. The market values things with a futuristic aspect, from architecture and infrastructure to cars and electronic gadgets. Based on such pattern we believe that Sacona should add fancy design curves and features to its products In addition to our selected product (large screen gaming) the Gameball would be an interesting one to receive such product presentation strategy as it already has a futuristic style. For instance, Dubai International Airport is one of the most important aviation hubs in the world, so it would be a great commercial location to have an intriguing product that would raise curiosity and people's interest (Robehmed, 2014). Usually, travelers spend a good amount of time waiting in airports, and it would be an interesting idea to have a Gameball at the airport as a pastime activity.

For Sacona's main product chosen which is large screen gaming, the modifications which we added to its existing features include change in its color making the product look more professional and attractive to the audience. Instead of having two seats for double gaming, the product could be modified to allow gaming for four players which would add value to the product. Moreover, to compete with Dubai products, large screen gaming must have the feature of HDMI AND MHL to allow home user who would purchase this product to transfer games, photos or watch movies on the large HD screen

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Pricing

Workplay - $4000
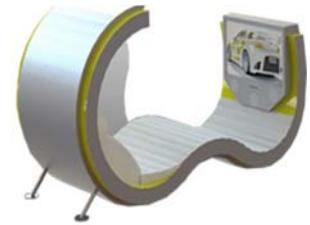
Large Screen Gaming (depending on options) - $6000 - $8000

Gameball - $11,000

gameball a two seat personal game theater

The prices of some variants of Sacona's products are higher than the typical arcade game, but benefits of Sacona's products more than make up for the difference. Most arcade games require the players to stand at the standard height of the game system because the game is in a fixed position. With Sacona's products the gamer can sit comfortably. Typical arcade games contain only one game that is 2-D to the system; whereas, Sacona's products can have over a hundred games with the option of playing in 3-D. With the competitive advantages of comfort and versatility Sacona's product prices are more than appropriate.

Sega Showdown Standard Model
Hot New Racer From Sega and CodeMasters !
☑ Top Pick Now Shipping & ON SALE For $7975 !

According to bmigaming.com, a major gaming machine provider, the average cost of an arcade gaming machine is $6,000-$8,000.Prices compared to prices of competitors:

Worldfreightrate.com quotes the current market price of shipping a container of 45 feet is ranges from $1763.50 to $1949.13 (WFR, 2015). We will use the higher value to estimate the highest cost. There is a 5% electronic imports tax rate that must be applied that results in an additional $649.21 cost, bringing the total shipping cost of one container to $2633.34 (dutycalculator.com). This total shipping cost will be distributed proportionally amongst the products shipped to avoid any profit loss to Sacona.

Container shipping	$1949.13
Insurance	$35
(5% electronic import) duty	$649.21
Total shipping costs	$2633.34

Prices would depend up the quantity of the export.

DISTRIBUTION AND PROMOTION

While deciding on a company's promotion and distribution strategy, we must consider three important things which would affect the company's costs:

1) **Channel Selection**- producer, product, customer and competitions are the four main goals of a company. Satisfying customers' demand in the market based on what kind of product they desire, the available skills, capabilities and resources which the producers have, the type of product they need to sell, and what competition the company would face, are things to first look at. Then the right channel of distribution could be selected (Roberts, 2011).

2) **Distribution Intensity**- after the channel is selected, where the product should be distributed is the question. Do we prefer to use limited outlets? Or, do we prefer to "saturate markets with our products?" Choice would generally depend on the product's marketing mix, brand image and type (Roberts, 2011).

3) **Channel Integration**- this is important because a company should know how much power it has over its distribution channel based on its existing methods of distribution. Do we already have the required channels? Or, do we need to build a new channel? This is when a company's distribution budget plan could be made based on the financial resources they have (Roberts, 2011).

Distribution

The current channels of distribution that Sacona uses are promotion exhibitions, exports and the company has distribution partners in India and Middle East. **Exports** are generally used when countries are engaged in international trade. It is a method of shipping commodities overseas from one country to another. When a country manufactures goods and sells abroad, this is called exporting. This kind of economic transfer of goods helps to raise an economy's Gross Domestic Product (GDP) (Investopedia, 2003).

Distribution channels are used as a means of using intermediaries through which commodities are transferred to the end users. The distribution chain includes: wholesalers retailers, distributors and customers. Moreover, the channels are divided into direct and indirect channels. Direct channels involve the transfer of commodities from the manufacturer to customers and indirect channels involve intermediaries through which customers make their purchases (Investopedia, 2010).

Refer to Appendix 2

To further improvise Sacona's channels of distribution for existing and modified products such as Large Screen Gaming, we would recommend that the company could export its products to UAE markets without any hassle because they have direct distribution partners which would help them to avoid additional costs. The products could be distributed to Dubai's well-known stores, for instance, at Jumbo showrooms which is a large electronic retail and gaming outlet and has a great brand imagine for people who reside in Dubai, UAE.

Refer to Appendix 3

Moreover, since Sacona's brand would be new to UAE markets (Dubai markets to be specific) we believe that Jumbo showrooms would provide a great platform to raise customers' awareness of this new product that will be introduce in the market. Therefore, the first distribution channel is using direct export, transfer of products by truck and then to Jumbo outlets as a base point to raise the residents' awareness of the product.

Furthermore, there are other important stores and mall in Dubai where large screen gaming could be easily distributed. This distribution could be executed using different agents who could help spread the gaming products in different stores which would lead to diversification in distribution. This could also benefit Sacona because the products would be distributed quickly and would focus on many stores in less time. In addition, the distribution outlets could be easy to find in the Dubai Mall. This mall is very famous in the region with more than half of the population visiting the mall on a daily basis. Most of the youth are spotted in this mall (aged between 10-28 years) who would be interested in gaming. This mall is also a great place for tourists. The products would also gain international recognition because of the number of tourists visiting the mall.

(Dubai Mall, 2009)

Additionally, other outlets and retail chains in the region such as Deira City Center, Dubai Festival City and the Mall of the Emirates would be locations where gaming could move at a fast pace and would be profitable for Sacona to establish its brand image. However, the cheapest and the most cost-effective distribution channel would be online distribution, for example through Facebook or through the company's special purchasing website.

Refer Appendix 4 for revenues from retail business in Dubai

When it comes to hiring sales agents, Sacona would have to bear additional costs of hiring new employees or agents as outlined in the staffing strategy. Also, the profit which the company would make through sales and distribution would have to be shared with the agents as commission. For example, a certain percentage of profit margins should be paid to agents as a company policy to establish a good relationship with employees and agents for future prospects.

Hiring agents in Dubai would be costly because skilled employees and agents are not easy to find in the first place. Companies have to go through many contacts, hiring processes, training processes in order to maintain a good company-agent-client relationship. In case companies are used in Dubai for distribution, that would be very costly than distribution in malls and retail stores. This is because companies tend to charge extra fees for distribution on behalf of other companies. Hence, we would recommend that Sacona should use agents to market their products in different outlets and malls, or use direct exports. The main goal is, however, to reduce cost and increase efficiency first by focusing on a smaller scale. Later Sacona could step into using companies for distribution.

Promotion

Promotion is the process of creating awareness for a product or service through the effective usage of the marketing mix, to the intended market. Sacona can use promotional strategies such as: one-off tv ad, social media, direct selling via game expos and trade shows and business cards.

During the introduction into the market of Dubai, Sacona can launch a television advertisement to introduce the large screen gaming. Since this means of promotion is expensive and possesses a level of difficulty when securing a TV-ad spot, they can still create an ad that could air once in its introduction stage to create awareness. The average cost of placing a 30 second TV ad ranges from 3900-7200 dhs, and 9000-13000 dhs during Ramadan (UAEInteract , 2008). Sacona will have to formulate an advertisement that appeals to the age range of the market and also convey the message of how unique, high-tech and aesthetically appealing their product is. It is best to place this ad in the evening from 5pm-9pm when most kids, teenagers and adults are at home. Sacona can use the following media companies for assistance: MarkTechX,

Abu Dhabi Media Company, and even the Dubai Sports Channel since it appeals to a wide array of gamers.

The Abu Dhabi Media Company can be of extreme benefit to Sacona since they are involved in all types of media throughout the UAE ranging from TV ads, radio ads, newspaper articles and magazines (Abu Dhabi Media Company , n.d.). Social media is probably the most effective means of reaching the target market for Sacona. The targeted age range are heavy users of technology and the Internet. Facebook would be the ideal social media network. Not only is it cost effective (free to set up a page and ad), it is also an easy process to set up.

Upon opening Facebook, there is a green button to the top right hand corner that says, "Create an ad." When you click this button, the page will give you a wide range of options of what you will like to advertise. You can either include the URL for the Sacona website or link this ad to a Sacona Facebook page. After this step, there will be an option to write a brief description about what the page is about, the geographical location, age and gender of the target market. Then, there will be an option that deals with targeting by activity; Sacona will choose an option along the lines of gaming/video gamers. They can also target customers based on persons who are already linked to the page. Afterwards, Sacona will have to input their objective and pricing for their target audience, review the ad and the launch (Where Marketers Go to Grow, 2012).

Another option for promotion is direct selling, specifically via game expos and trade shows. Dubai World Game Expo (DWGE) is the leading platform for interacting with entertainment developers, publishers, distributors, service providers, platform providers, localization providers,

payment providers, multimedia, telecom operators, investors, government officials, and retailers in the MENA region (Exhibition Profile , 2015). This year, their expo will run from the 3rd-4th of November 2015. This is an opportunity for Sacona to directly market and sell their product in the ideal setting. Leading video game companies, business partners, investors, media, government officials, and industry analysts from over 55 countries attend the DWGE. DWGE welcomes software developers, buyers and retailers, programmers, distributors, entertainment industry representatives, investors and venture capitalists, importers and exporters, manufacturers, resellers, researchers, educators, industry analysts and media (Exhibition Profile , 2015). In order to be a part of the Dubai World Game Summit, Sacona will have to submit an enquiry form on DWGE website.

Since some of the main buyers of Sacona's products will be owners, head decision makers and directors of malls, airports and game arcades, the best opportunity to market the products will be in the Dubai World Game Summit and even inviting these individuals to trade shows and exibitions.

It is also wise for Sacona to make business cards and place them in areas in Dubai such as malls, the airport, movie theatres, game stores, and comic book stores and anywhere deemed easily accessible to the target market. Business Cards are always a cost effective and small way of letting everyone know who you are and what you sell.

CONCLUSION AND RECOMMENDATIONS

In order to succeed in the new markets we recommend Sacona to invest more on research and development (R&D). We believe that if they can make their products have a more futuristic design they will be able to conquer a larger share of the UAE and Dubai's market. We also recommend Sacona to work on making their products more accessible to households, so consumers can have Sacona's products in their homes and not only at shopping malls and commercial locations. The company could achieve this through the use of social media like Facebook and Twitter, as well as Skype and last generation gadgets like smartphones and tablets. Also, it is recommended that Sacona develop its website by focusing more on company and product details so that they could sell product to its customers directly through the website itself to save more on costs.

After careful analysis of geographic, demographic, cultural and economic factors, we believe that UAE and South Korea should be the best options for future expansion for their open market, above average income and highly potential customers. To avoid risk and control budget, we advise Sacona adopting exporting as its entry mode. Although both polycentric staffing and ethnocentric staffing are feasible staffing policy to Sacona, ethnocentric staffing policy is more optimal. Sacona should use both locals and expatriates personnel in its four staffing components, a Management Director, followed by Management Team, Board of Advisors, and General Managers for international division.

We chose large screen gaming and gameball as the main exporting products, which should be modified into a more fancy and attractive style. The products' prices are higher than average, and incur additional shipping costs of $2633.4.

For distribution, we recommend that the products could be distributed to Dubai's well-known stores, airports, malls, and other outlets and chains to establish its brand image. Online distribution should also be utilized. For promotion, Sacona can launch a once-television advertisement targeted at specific customers. The Abu Dhabi Media Company can be of extreme benefit to Sacona. Besides, Sacano could open Facebook and also launch direct selling. What's more, the Dubai World Game Summit is a huge opportunity that Sacona shall not miss.

Sacona does have a very bright future ahead in the gaming line. If the company is successful in the Dubai markets and gain lot of revenues and market share, it has a great opportunity to expand and capture other new markets which it as always dreamt of. By further diversifying its products and product lines, the company could experience international expansions. Capturing other markets successfully would allow Sacona to develop sheer goodwill and make the company famous around the globe. By targeting the youth population in various markets, the company could become the youth's best gaming platform.

Some of the challenges for expansion and developing youth awareness would be the costs spent on expansion plans and advertisements. However, Sacona would be able to execute it definitely, if they allocate certain amount of budget every year from the total revenues and set them aside for these future plans. Also, we recommend that, other issues of setting up business in new markets such as licensing, permits and following a code of conduct should be closely

monitored by Sacona for future business set ups. This should be planned ahead of time because these challenges could be eliminated easily if certain strategies are developed beforehand.

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APPENDICES

Appendix 1: Market Entry Strategies

Strategy	Advantages	Critical Success Factors
Exporting	Low risk No long-term assets Easy market access and exit	Choice of distributor Transportation costs Tariffs and quotas
Licensing	No asset ownership risk Fast market access Avoids regulations and tariffs	Quality and trustworthiness of licensee Appropriability of intellectual property Host-country royalty limits
Franchising	Little investment or risk Fast market access Small business expansion	Quality control of franchisee and franchise operations
Contract manufacturing/Offshoring	Limited cost and risk Short-term commitment	Reliability and quality of local contractor Operational control and human rights issues
Service-sector outsourcing	Lower employment costs	Quality control
Turnkey operations	Access to high skills and markets Revenue from skills and technology where FDI restricted	Domestic client acceptance Reliable infrastructure Sufficient local supplies and labor Repatriability of profits Reliability of any government partner
Management contracts	Low-risk access to further strategies	Opportunity to gain longer-term position
Joint ventures	Insider access to markets Share costs and risk Leverage partner's skill base, technology, local contacts	Strategic fit and complementarity of partner, markets, products Ability to protect technology Competitive advantage Ability to share control Cultural adaptability of partners
Wholly owned subsidiaries	Realize all revenues and control Global economies of scale Strategic coordination Protect technology and skill base	Ability to assess and control economic, political, and currency risk Ability to get local acceptance Repatriability of profits
E-Business	Rapid entry into (or exit from) new markets (often through alliance or purchase of local websites); relatively low-risk	Differences in business models, culture, language, and laws regarding intellectual property, consumer protection, and taxes.

(Deresky, 2014)

Appendix 2: Distribution Channels

("Placing a Product", n.d.)

Appendix 3: Jumbo Showroom Dubai

(DubaiMetro,eu, 2012)

Appendix 4: UAE Retail Sector Growth

Source: Euromonitor International

(Recovering Dubai, 2014)

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