

Spectrum Industries: International Market Entry

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Abstract. This case illustrates the challenges faced by Spectrum Industries, an Indian-based Small and Medium Enterprise (SME), for expanding into the international market. The company was engaged in the manufacture and sale of food processing machinery in India, with a colour sorter as its leading product. Amidst increasing market competition, Spectrum wanted to expand into foreign markets. Mr. Jeevan, the CEO and owner of Spectrum Industries, needed to analyse and evaluate the factors that could impact the expansion process, and accordingly, decide upon the right expansion strategy. The case highlights the problems faced by SMEs in expanding their businesses beyond national borders. The case provides students the opportunity to identify the various factors that SMEs should consider while selecting the countries to expand into, and also understand the timing and scale of entry. It also encourages students to analyse the advantages and disadvantages of different entry modes that Spectrum could take and strategize the best way forward.

Keywords: internationalization, SMEs, food processing machinery, entrepreneurship, India.

1. Introduction

On a cold and breezy evening of December 2017, Jeevan Saldanha, CEO and owner of Spectrum Industries, was contemplating on his entrepreneurial journey, which began in 1993 when he set up his manufacturing facility at Mangalore in Coastal Karnataka, India. Incepted as a small propriety concern, the initial focus was to design and manufacture in-house colour sorting machinery for coffee seeds.

He was satisfied with the way business had grown over the period (see Exhibits 1A and 1B) as his machinery enjoyed a good reputation in the market due to their high quality and superior performance. However, the entry of Chinese players in the Indian market had upped the competition ante, prompting Jeevan to consider expanding into foreign shores. Jeevan was confident that the high-quality of his products would help him beat the competition posed by Chinese

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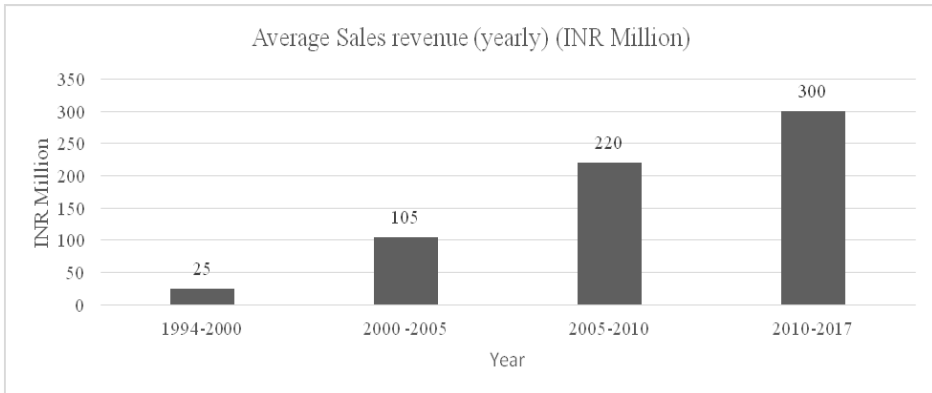
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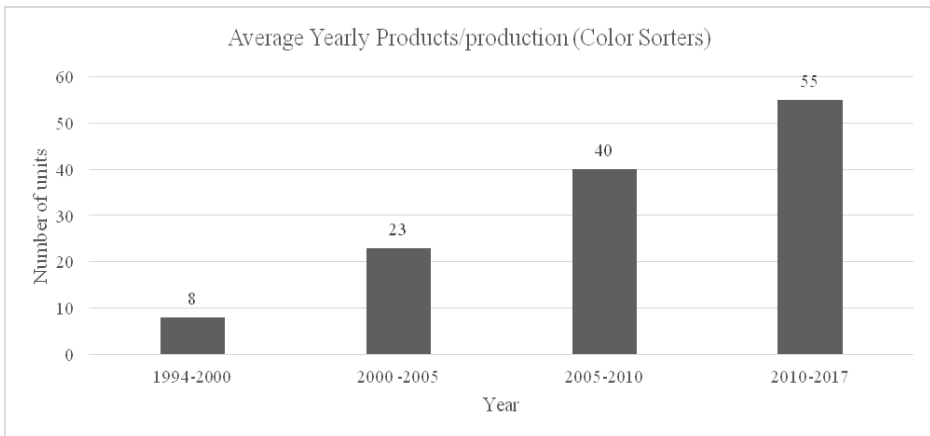
firms and other international players. This said, Jeevan had to identify which countries he could enter and also devise a strategy to make a successful entry. He had worked hard to succeed and knew that he had to choose his options wisely to take his business to new heights.

Exhibit 1A: Sales data of Spectrum Industries (1994 to 2017) (INR Million)



Source: Company Records

Exhibit 1B: Sales data of Spectrum Industries (1994 to 2017) (Number of machines sold)



Source: Company Records

2. Indian Scenario and Overview of the Food Processing Sector

With its population of 1.34 billion¹ amounting to 17.3% of the world's population, India is the second most populated country in the world. It is endowed with many natural resources and also boasts a developed industrial base.

1. <http://www.worldometers.info/world-population/india-population/>