5 Year Plan Essay, Research Paper

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Star Appliances Inc.

Mission Statement

Quality

For over thirty years, Star Appliances Inc. has been helping people to manage their homes. Today, Star Appliances Inc. is one of the major competitors in the household industry and one of the most selling brand in America.

Star Appliances Inc. Mission is to:

?Achieve technology excellence in current and future generations of products, processes, and services.

?Develop innovations by creating entirely new business opportunities.

?Help solve critical technical challenges.

?Attract and develop new technical leaders.

?Ensure leadership technology in all departments of Star Appliances.

?Drive corporate initiatives across Star Appliances.

?Expand its market by exploring a global economy

Satisfaction

All Star Appliances products contain proper warranty information. Each appliance comes with a pledge of Satisfaction Guaranteed or your money back. Star Appliances offers maintenance agreements and annual check-ups to keep your appliances running right. And should anything ever go wrong with your Star appliance (and we hope it never does), we offer a nationwide network of service technicians to make sure it gets fixed fast and fixed right.

Value

When you compare feature-for-feature, you?ll find that Star Appliances offers more for the money than any other brand. Maybe that?s why s leading consumer magazine recently ranked Star?s washers, dryers, and vacuums NUMBER ONE in their respective categories.

Have questions or need more information about new Star products?

Call 1-888-1ST-STAR or speak to a Customer Service Representative

For service information or to schedule a service, call 1-800-4MY-STAR.

Star Appliances Inc.

Company Objectives

Integrity

Integrity is an uncompromising characteristic for all Star Appliances employees. It is an implicit factor in customer relationships and the cornerstone of all Star Appliances business activities. Along with the company’s reputation for innovation, growth and success, we value integrity among the essential and critical elements in our employees. It is the baseline by which we measure everything else and from which we never compromise.

Creativity

Star?s continued success is the result of its employees? creativity. Every day, teams of Star Appliances people push the frontiers, developing new products and services to serve their customers. Focusing on highly specialized financial services segments, our people develop a unique understanding of customer requirements as they apply their collective talents to solving industry challenges.

Intellect

At Star, we’ve never separated ideas from actions?both are essential elements of the competitive equation. Developing the most advanced financial product or innovative service is meaningless if you don’t move quickly to get it to market and delivered to customers. The people from Star understand the importance of both ideas and action to maintain the company’s position as one of the leaders in the market.

Quality as a corporate objective:

Company-wide Quality, as a corporate objective, means attaining a level of overall performance and attitude that makes Star Appliances the natural choice of customers and earns the respect of all those affected by the Company’s activities. Company-wide Quality, as an individual objective, is achieved by employees who aspire to be better than the best.

Star Appliances is committed to providing flexibility in the design, calibration, repair, and testing services to customers while maintaining a consistent, optimum level of quality. The services we offer include standard service packages as well as customized service capabilities to accommodate unique customer requirements. Our business-wide commitment to meet the needs of customers is the foundation for the Quality System.

Star Appliances is dedicated to maintaining close relationships with our suppliers. The overall objective is to make certain that we exceed our customer’s expectations.

Company Profile

qHistorical Outline

Star Appliances Inc. designs, manufactures, sells and supports a line of household appliances. The company was started in 1970 and has grown steadily to its current size. Star Appliances has its head office in Bridgeport, CT and about 8 domestic branch offices. The two major factories are located in Iowa and Texas. Star Appliances Inc employs approximately 500 personnel. The company went public in 1984. Today, Star Appliances Inc has taken around 15% of the U.S. household appliances industry. Star Appliances Inc. has international markets, including Canada, Japan, and Mexico.

vFocused Management

With premium business management teams, we can provide our customer better service, sharpen our product focus and increase the efficiency of our own personnel.

vAccelerated Sales

By consistently creating the leading products in our respective markets, Star Appliances Inc. has developed valuable brand equity and an enviable record of sales growth. The increased breadth of our product line, the organization of our sales and marketing, the diversity of our complementary markets and our refocused R&D all work to enhance Star?s sales potential.

vScale

Star Appliances Inc. has nearly doubled the number of our facilities, greatly increasing our capacity and resources. We, a large size company, enable us to successfully complete and fulfill significantly larger orders, increase the comfort large customers have in doing business with us and provide opportunities in the future further development of our company.

qFinancial Statements

SWOT Analysis

Strengths?Complete product line?Good reputation?Customer loyalty ?Employees? creativity?Being in business nearly thirty years.?High quality products?Excellent after-sale services?Experienced management teams?Experience in foreign exporting?Excellent performance in foreign markets ?Sufficient capital resources to support expansion.?Sales increasing steadily ?Well-trained repair technicians

Weaknesses?Unfamiliarity with foreign markets due to insufficient research?Small market shares in the U.S.?Infrequent participation in exhibitions, thus, lack of exposure to potential buyers?Minimal advertising and weak promotion ?Infrequent participation in exhibitions, thus, lack of exposure to potential buyers

Opportunities?International Expansion ?Innovative R&D ?Further developments in unsaturated markets of Japan, Canada, and Mexico?Developing online interactions with customers in Japan, Canada, and Mexico?Relatively less American competitors in Hungary?Hungarian standards of living are fast growing

Threats?Intense competitions?New competitors in the same industry

Business Strategy

Business Strategy

?Product niche;

?Price competitiveness;

?Appropriate after-sales service;

?Right Voltage (220 not 110) ? Hungary

Marketing Mix

?Product ? Star Appliances produces complete lines of basic and major household appliances. Household electrical appliances include housekeeping appliances (washing machines, vacuum cleaners, electric irons), cooking and kitchen appliances (refrigerators, microwaves ovens, toasters), air conditioning equipment (air conditioners, fans, air purifiers).

We are going to promote three different categories of our products, which are washer, dryer, and vacuum cleaner, in our new market Hungary. We select seven kinds of products from those three categories to enter the foreign markets first. While in Mexico, Japan, and Canada, which are our existing markets, Star Appliances, Inc will keep the same product categories and introduce innovative small appliances to those markets.

By setting up the manufacturing plant in Mexico, Star Appliances, Inc will manufacture the whole lines of household appliances. Total output will depend on production capacity, demand forecast, quarterly financial planning and other related cost. Output of each line of appliances will mainly depend on estimated demand and inventory level. According to industrial needs and upon customer?s request, Star Appliances, Inc will make certain customization while maintain our quality standards.

?Price ? As of the Hungarian Market, reliability and appropriate credit, guarantee and servicing terms are all those factors which are taken into account by the Hungarian end-users and distributors in the purchase decisions. Home delivery is an attracting factor used by many retailers over a certain purchase value mostly above HUF 50,000 (USD 240) and after-sales services are also essential because Star Appliances, Inc is determined to establish a significant long-term presence in Hungary. Star Appliances, Inc. will offer competitive prices compared to our competitors. Star Appliances, Inc. provides two-year warranty for washing machines dryers, and vacuum cleaners, which is double the warranty time than other suppliers.

?Place – Foreign brands distributors have either established their own distribution operations and exclusive product showrooms in major Hungarian cities or find it easier and more convenient to appoint a local agent / distributor who acts on a commission basis while distributing their products. Star Appliances, Inc will find a local distributor in the capital city, Budapest, to distribute our products.

The local partner should be capable of waging promotional campaigns, maintaining spare parts and accessories and carrying sufficient stocks. Reliability, timely deliveries and efficient, low-cost, and after-sale service capabilities are key factors in Hungary. Since Hungary is a sophisticated but relatively small market, it is advisable to negotiate an exclusive distribution arrangement when the right company is located.

?Promotion ? Star Appliances, Inc. wishes to market our household appliances to Hungary and wants to appoint an exclusive local agent/distributor who acts on a commission basis. The representative should be able to set up promotional campaigns with the financial help of Star Appliances, Inc. and maintain an extensive household appliance inventory carrying a large range of stock kept in a bonded warehouse.

There is a wide range of commercial television, radio, newspapers and magazines advertisements as well as direct mail services. We decide to use television advertising, because it can reach more than 80 percent of Hungarians. A single showing of a 30-seconds commercial in Hungarian costs between USD 5,000-8,000 depending upon program ratings and timings. A 30-second radio advertising at a national commercial radio station would cost around USD 600. We will also look into other promotional methods such as participation in international trade fairs, exhibitions and business to business promotions.

Analysis of Major Competitors in Household Appliance Industry

?Kenmore – The Kenmore company has been on the market for over 70 years. Today, it is one of the best selling brands of home appliances in America.

Kenmore sells its products through Sears, a large appliance retail chain. Every Kenmore appliance comes with Sears pledge of Satisfaction Guaranteed or person?s money back. Sears offers maintenance agreements and annual check-ups to keep the appliances running right. Sears offers a nationwide network of technicians to make sure that their products get fixed fast and fixed right.

?Whirlpool – Whirlpool Corporation is the one of the world’s leading manufacturers and marketers of major home appliances. The company has principal manufacturing operations and marketing activities in North and South America, Europe, and Asia. Whirlpool’s primary brand names — KitchenAid, Roper, Bauknecht, Ignis, Brastemp, Consul and its global Whirlpool brand — are marketed in more than 170 countries worldwide. In North America, Whirlpool is the largest supplier of major appliances to Sears, Roebuck and Company under the Kenmore brand. Whirlpool manufactures and markets a full line of appliances in each market it serves worldwide: clothes, washers and dryers, refrigerators, freezers, dishwashers, ranges, compactors, room air conditioners and microwaves, together with portable appliances such as stand mixers, hand mixers and blenders.

?Kirby – The Kirby Company has been in the market for more than 85 years. As a Division of The Scott Fetzer Company, they have produced fine Home Care System in the world. Kirby focuses on providing quality, reliability and service. Although their prices are much higher than those of other vacuum cleaner producers they have enjoyed a steady flow of new customers who are more interested in quality. Kirby?s vacuum cleaners are designed for people who have higher income and who appreciate cleanliness. Kirby products are only sold though in-home demonstrations. Through their 85-year history, Kirby has shown that the in-home demonstration allows potential customers the chance to see how the system can meet their unique cleaning needs.

?Maytag – Maytag was founded in 1893. Maytag Corporation is a leading producer of home and commercial appliances. Its products are sold to customers throughout North America and in targeted international markets. Maytag also is the majority owner in a China joint venture with Hefei Rongshida, a leading washing machine company that is expanding into the refrigeration business. The company produces premium brand major appliances such as washers, dryers, dishwashers, cooking appliances, refrigerators, vacuum cleaners, extractors, commercial cooking, laundry, floor care equipment, and vending machines. In 1999 the company increased its sales to 4.3 billion dollars from 4.07 billion dollars in 1998. As a result of this, gross profits rose by 70 million. The company currently pays .72 dollars per share to its shareholders. Net income rose by 48 million dollars.

?GE – GE is a diversified services, technology and manufacturing company with a commitment to achieving customer success and worldwide leadership in each of its businesses. GE operates in more than 100 countries and employs nearly 340,000 people worldwide, including 197,000 in the United States. John F. Welch has been Chairman and Chief Executive Officer of GE since 1981. The Company traces its beginnings to Thomas A. Edison, who established Edison Electric Light Company in 1878. In 1892, a merger of Edison General Electric Company and Thomson-Houston Electric Company created General Electric Company. GE is the only company listed in the Dow Jones Industrial Index today that was also included in the original index in 1896. Revenues of the company for 1999 are $111.6 Billion. 1999 Net Earnings are $10.7 Billion and the number of shareowners is about 2.1 Million

International Expansion

1.External Environment

?Demographic ? The population was 10,208,127 (July 1998 est.) Age structure was as follows: 0-14 years: 18% (male 915,412; female 872,706) 15-64 years: 68% (male 3,413,170; female 3,533,085) 65 years and over: 14% (male 550,974; female 922,780) (July 1998 est.) The population growth rate was -0.23% (1998 est.) Ethnic groups are Hungarian 89.9%, Gypsy 4%, German 2.6%, Serb 2%, Slovak 0.8%, Romanian 0.7%. Hungarian is the major language. Other language speakers are only 1.8% of the population.

?Political/Legal – Country name in the conventional long form is Republic of Hungary, and in conventional short form is Hungary. The local long form is Magyar Koztarsasag and the local short form is Magyarorszag. The Government type is republic. The national capital is Budapest.

?Economic ? Hungary has consolidated its March 1995 stabilization program and undergone enough restructuring to become an established market economy. Consequently, Hungary’s economy has been growing rapidly over the last six years. Hungary has made significant progress in stabilizing inflation through effective implementation of monetary policy. In the early 1990s, Hungary’s economy experienced high rates of inflation, reaching a peak of 30 percent in 1992-93. With the help of market stabilizing efforts the inflation rate dropped to an annual 12 percent by the end of 1998. The targeted rate for 1999 is to reach single digits.

The government’s main economic priorities are to complete structural reforms, particularly the implementation of the 1997 pension reform act (the first in the region), taxation reform, and planning for comprehensive health care, local government finance reform, and the reform of education at all levels. Foreign investment has totaled more than $17 billion through 1997. In recognition of Hungary’s improved macro-economic situation, all major credit-rating agencies listed the country’s foreign currency debt issuances as investment grade in 1996. The current IMF stand-by arrangement expired in February 1998, and Budapest and the IMF agree that there is no need to renew it. The OECD welcomed Hungary as a member in May 1996, and in December 1997 the EU invited Hungary to begin the accession process. Forecasters expect 4%-5% growth in 1998.

GDP?s purchasing power parity is $73.2 billion (1997 est.) GDP?s real growth rate is 4.4% (1997 est.) GDP per capita purchasing power parity is $7,400 (1997 est.) Inflation rate–consumer price index is 18% (1997 est.) Unemployment rate is 9% (1997 est.)

As a small country with a relatively small domestic market Hungary’s economy is highly dependent on foreign trade. International trade in goods and services amounted to approximately 80 percent of the GDP during the last three years.

?Sociocultural – English is regularly used in business contexts. There are, of course, firms, especially smaller ones, whose principals do not speak English. In these instances, an interpreter is often made available. It is nonetheless prudent to ask in advance what interpretation provisions have been made for a meeting. Hungarians address each other by their family names first, followed by their given names (e.g., Smith John). Business cards follow this convention unless printed in English. It is always advantageous to learn basic greetings in Hungarian. Even the most minimal efforts will be appreciated by Hungarian business partners.

?Global ? Real wages especially in the private and banking sector are expected to increase 3-4 percent in 1999 and beyond during the following years. The recovery should result in excess disposable household income and could stimulate further demand for small household appliances such as toasters, sandwich makers, fryers etc., which were not typically a part of Hungarian households in the past. Additionally, there is a developing and distinctly upwardly mobile entrepreneurial class, which accounts for about 5 percent of the total population. This segment of the population has more income to spend on luxury goods and is less price-conscious. This group has easy access to household appliances and it is the main purchaser of more upscale items such as automatic dishwashers, washer-dryers, etc.

Imports have increased as a result of CEFTA liberalization of trade policies and the potential threshold membership with the European Union. The free trade agreements called for elimination of all duties on products with the exception of textile and steel products and have increased business opportunities for European firms through liberalization of trade. U.S. imports face a more difficult situation due to comparatively higher import duties for imported American products.

2.Industry Analysis

vHousehold Appliances Industry Summary

1. The total market for household consumer goods in Hungary was $589 million in 1998. Consumption is expected to grow slightly and the total market for household appliances might reach $620 million by the end of 1999.

2. Since the beginning of the 1990s, there has been a much larger product selection in the Hungarian market in household appliances – especially the white goods – owing to increased imports and increased local manufacturing of Western brands which has contributed to rising consumer demand. This development is somewhat surprising due to an overall drop in real wages over the same period. Further growth can be expected over the coming years as consumption levels began to increase last year. Foreign and domestic brand competition has tightened, and both quality and price now play an important role in consumers’ decisions.

3. The Hungarian market for household appliances relies on imports from a mix of countries; among the most important ones are European Union countries (led by Germany), Japan and the U.S. During 1997, the market for appliances in Hungary grew by more than 8 percent over 1996. The total market is expected to continue to grow at about an annual 4-5 percent over the next three years. Imports in 1998 were $320 million, representing a 7 percent increase over the previous year. Imports from the U.S. amounted to $22 million, a slight 2 percent increase over 1997 import level. Of the $22 million, $16 million were large appliances, chiefly washers, dryers, dishwashers, refrigerators and freezers, and $6 million were small appliances. Best prospects in this category are washing machines, dryers, vacuum cleaners, hair dryers, HI-FI sets and VCRs. The Hungarian market for household appliances has shown an overall improvement over the past three years, and is considered to be a promising market for American products.

4. Household appliances include the following:

– Non-kitchen appliances, e.g. washing machines & dryers;

– Small appliances, e.g. hair dryers, irons;

– Kitchen appliances, e.g. refrigerators, microwaves and dishwashers;

– Household electronics, e.g. TV sets, VCRs, HI-FI sets.

5. Market Highlights

STATISTICAL DATA (USD million)

199819992000

Import Market320,2339,2359,5

Production410,2417,5428,3

Exports141,0143,5144,2

Market Size589,4613,2643,6

US Exports to Hungary2223,124,3

Exchange Rates 192240278

Source: Figures are based on preliminary and partial data of the Central Statistical Office 1998 Publications, Budapest, Hungary, on “Foreign Trade Statistics” issued by the Ministry of Economy, 1998 and “U.S.-Hungarian Statistics” issued by Kopint-Datorg Market Research Company.

Estimated Future Inflation Rate: 10%

Last Year’s Import Market Share (Percent for Major Competitors and US): Germany: 28%, France: 23% Japan: 21% Austria: 13% Italy: 9% U.S.: 6%

Estimated Future Inflation Rate: 10% or below

USA: 8%, EU: 37%, Japan: 20%, Korea: 17%, Others 12%.

6. According to market research, there is continued demand for household appliances in Hungary. A reason for that is the wide selection of internationally well known brands already available on the domestic market. Previously, limited only to products produced by Hungarian manufacturers (”Energomat” washing machines or “Elekthermax” cookers), and based on poor East-European quality, consumers are now confronted with thousands of products — from relatively inexpensive Hungarian and former Eastern brands (Vjatka – Russian, Eta ? former East-German) to the most expensive brands (Electrolux, Whirlpool, Bosch etc.).

7. The total number of households in Hungary is 3.9 million. Hungarian households spent about an annual 6-7 percent of their annual income on household consumer goods during the past three years. Most popular items include: refrigerators, freezers, microwave ovens, washing machines, spin-dryers, vacuum cleaners and sewing machines.

8. Household appliances are typically products that are purchased approximately every 5-7 years and Hungarian populations are considered to be potential customers for these products. The only variation is that customers either purchase these products in specialized retail shops and stores or sample “black” market products in an attempt to try to save money. The black market continues to be significant for household appliances. Consumers purchase small kitchen appliances (mixers, coffee/tea makers, and irons) and even microwave ovens or TV sets and VCRs in the black market. The price level of such products is much lower than of those in legitimate stores but no warranty is offered on them.

9.Hungary’s GDP growth for 1999 is approximately 4 percent, with a USD 3,600 GDP per capita. Due to import liberalization policies and Hungarian consumers’ preferences for foreign products, now is a good opportunity for European Union countries and American firms to penetrate this market. The size of the Hungarian market for household consumer goods reached $580 million in 1998, and is expected to grow to $600 million by the end of 1999.

10. Based on a marketing survey, only few homes have electric razors for women or wet-dry vacuum cleaners. Hungarians prefer Braun; Elin, Moulinex and Philips household appliance brands but Hungarian-made Hajdu/Energomat hoovers and coffee makers produced in Szarvas (central Hungary) are also among the top favorites.

11. Based on another public opinion poll, 6 percent of those asked consider purchasing washing machines and microwave ovens for their households. Only 3 percent is planning to buy deep-freezer, 2 percent is planning to buy fryers and only 1 percent said they plan to buy a dishwasher. If these plans are carried out, Hungarian households with microwave ovens will reach 40 percent next year, while the ratio for washing machines will be 55 percent. There was a heavy increase in front-loading washing machines; while only 8 percent of families had such washing machines in 1995 this number increased to 14 percent by the end of 1998. The top-loading washing machines have a 40-percent market share but most of the households still have the traditional washing machines and spin-dryers.

12. End users for household consumer goods include the following business and private entities:

?Importers/Distributors specializing in household consumer goods,

?Retail stores selling mixed product lines but representing one or few brands of household appliances,

?General Public, End Users and

?Hotels and Hospitals.

vCompetitive Analysis:

1. Domestic Production

The major domestic producers are Electrolux Lehel Hutogepgyar Kft., Hajdusagi Iparmuvek and Elekthermax Rt.

Electrolux Lehel Hutogepgyar Kft.?established in 1991 ?over 3,600 employees. ?Their manufacturing unit located in Jaszbereny (North-East Hungary).?Electrolux-Lehel is the largest unit manufacturing Electrolux appliances in Central-Eastern Europe. ?It manufactures mainly refrigerators with Zanussi and Electrolux brands. The vacuum cleaner production was taken over by the Jaszbereny factory only in 1997 when the Italian Electrolux production unit refused to work in two shifts. ?More than 80 percent of the production goes for exports providing good turnover for the company.

Hajdu Hajdusagi Iparmuvek Rt.?the oldest manufacturer of washing machines in Hungary. ?established in 1952 and transformed into Plc. in 1993. ?more than 1,000 employees. ?It has been manufacturing non-automatic washing machines since the 1970s but introduced the new automatic, oEnergomato branded top-load washing machine in the middle of the 1980s. These brands have been popular in the market for a long time as spare parts supply was always assured at a reasonable price and the retail price of these items made them extremely competitive with the better but more expensive Western brands. ?Recently, the price level of Energomat machines has reached the level of its Western competitors so the number of consumers buying alternative products increased. ?Hajdusagi Iparmuvek manufactures not only washing machines but spin-dryers and other small household machines as well in accordance with Western ISO 9001 standards.

Elekthermax Rt.?originally established in 1920 but was privatized in 1990. ?Currently, the Dutch Elekthermax Holding holds 97 percent of the shares and the employees hold 3 percent.?around 800 employees ?manufactures electric and gas-operated owens, cookers and heaters as well as rost-free taps. ?Most of its exports are shipped to Germany, Poland and The Netherlands.

Szarvasi Vas- es Femipari Rt.?established in 1952 and transformed into a Plc. in 1997. ?over 400 employees.?Its main activity is production of electric tea and coffee makers, deep fat fryers and lighting appliances. Its main export markets are Germany, Romania, Bulgaria, Slovakia and Sweden.

2. Foreign Competitors

a) Third-Country Competition

Third-country competition for household appliances is extremely significant. In general, European Union manufacturers have gained the largest market shares in the past seven years. German, French, Dutch, Korean and Italian companies’ products are available in all shops and stores specializing for household appliances. The product lines include refrigerators, washing machines, vacuum cleaners, hair dryers, and kitchen appliances. Dutch and German companies concentrate on offering a wide range of kitchen appliances, washing machines, irons etc. The following European companies are active on the Hungarian market:

CompanySource CountryAvailable Products

Bosch-SiemensGermanykitchen appliances, vacuum cleaners, irons

BraunGermanyhair dryers, irons, kitchen appliances

AEGGermanywashing and drying machines

SamsungKoreaTV/video sets, microwave ovens

GoldstarKoreaTV/video sets, microwave ovens

PhilipsNetherlandskitchen appliances, HI-FI sets

HitachiJapanTV/video sets, kitchen appliances

SharpJapanTV/video sets, HI-FI sets

PanasonicJapanTV/video sets, HI-FI sets

MoulinexFrancekitchen appliances

CandyItalywashing and drying machines

Philips:

Philips is one of the major third-country competitors in the household appliances market. Philips is not only selling but also manufacturing many of its products in Hungary. It opened its household appliance factory in Kaposvar (SW Hungary) in September 1998. The new factory employs 300 people and by 2000, the plant expects to turn out two million home appliances. Philips has invested about USD 100 million in Hungary through the end of 1997 and will be investing another USD 75-100 million in 1998-1999. Philips has a final assembly factory in Szekesfehervar (Central Hungary) where it produces VCRs, stereo and combi TV sets. Philips has interests in other ventures in Hungary such as in Philips Car Systems Kft., Philips Monitor Hungary KFt., PolyGram Publishing KFt., Passive Components and Philips Key Modules Hungary KFt.

b) U.S. Market Position

American brands such as Whirlpool and Melissa Butler are becoming more popular on the Hungarian market although their market shares are still low, approximately 8 percent. For example, many American companies are exporting products to Hungary from their European subsidiaries and warehouses.

Whirlpool Hungary:

Whirlpool Corporation established its Hungarian headquarters Whirlpool Hungary in 1992, which is 100 percent owned by Whirlpool Europe. Whirlpool Hungary is only involved in distribution, logistics and marketing activities and products arrive in Hungary from the company’s Western European factories. Currently, Whirlpool Hungary has a nationwide partner and servicing network. Whirlpool Hungary sold about 200 000 white goods in 1998, which corresponds to a 30-percent increase compared with sales in 1997. The annual turnover of the company was HUF 6.7 billion.

Whirlpool is the market leader with top-load washing machines and has a 34-percent market share in the sales of microwave ovens. Whirlpool Hungary has around 300 trading partners in Hungary that are wholesale, retail units and chain stores. Whirlpool products are supplied to wholesalers such as Herta, Cash & Carry facilities such as Cora, Auchan and Metro. Whirlpool Hungary opened its own brand-name show in the downtown area. Every third household has at least one household appliance with the Whirlpool brand.

3. Best Sales Prospects:

Star Appliances, Inc. considers the following product lines with good growth prospects:

1. Refrigerators

2. Dishwashers

3. Washing Machines

4. Microwaves

5. VCR

6. Dryers

7. Hair Dryers

8.Vacuum Cleaners

4.Competitive Situation

The Hungarian household appliances market has been dominated by Korean, Japanese, Western-European and U.S. products. Recently, U.S. market share has fluctuated around 6 percent of the household appliances market. Imports of household appliances into Hungary account for 55 percent of the total market. Leading suppliers to the Hungarian market in 1998 were Japan: 24 percent, Europe (EU): 23 percent, Korea: 12 percent, USA: 8 percent, others 12 percent. Next to European and Japanese products, U.S. products are also appealing to Hungarian consumers, particularly large appliances, mostly washing machines, refrigerators enjoy good reputation.

Despite the fact that U.S. household appliance manufacturers enjoy a good reputation in the Hungarian market, U.S. exporters should not be complacent in assuming that it is an easy market to enter. Companies like GE, Whirlpool, which have local offices, were able to adopt their product design to meet Hungarian technical requirements. The fact that the EU has a membership agreement with Hungary provides more competitive opportunities both in terms of import duties and freight rates for products imported from Western Europe than for those from the United States.

Dominant brands of household appliances in the market are as follows:

Korea:Samsung, Goldstar and Daewoo;

JapanHitachi, Toshiba, Sanyo;

U.S.GE, Whirlpool;

NetherlandsPhilips, Atag, Pelgrim

GermanyThompson, Bosch-Siemens, Braun, Miele, AEG

HungaryOrion

SwedenElectrolux

ItalyMerloni, Candy, Ariston, Indesit, Nardi

FranceMoulinex, DeLonghi

SpainFagor

Market share by product categories:

Washing MachinesU.S., German, Hungarian;

Vacuum CleanersGerman, Korean, Japanese;

DryersU.S., Japanese, Korean.

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Japanese, Korean and German products dominate mostly the Hungarian household appliances market, except for washing machines market that has been dominated by the U.S. “Whirlpool” brand and refrigerators market dominated by the Swedish-Hungarian

brand “Zanussi-Lehel”.

5. Product Name HS Code Import Duty

washing machines 8422 9.5 percent

spin-dryers 8421 8.5 percent

vacuum cleaners 8509 10.6 percent

The Value-added Tax is 25 percent in Hungary for all these products.

6. Testing procedures:

Household appliances must undergo quality testing before they enter the official Hungarian trade channel. These testings are done by the Commercial Quality Control (KERMI) and Quality Control Institute (MEI).

KERMI:

The most important tasks of KERMI are the testing and approving of the products as well as registering imported and domestically-made consumer articles prior to entering the distribution channel. A large number of consumer goods have to be tested according with Hungarian regulations. This procedure is regulated by Decree 5/1994 issued by the former Ministry of Industry and Trade. The most important task of KERMI is testing and approving consumer products prior to putting them on the market. A large number of consumer goods have to be tested according to rules. Products without quality certification cannot be passed through the customs and are not allowed to be sold. KERMI’s activities include: technical testing and analysis, technical and scientific research, market research and public opinion polls, professional counseling etc. KERMI requires the following documentation for the registration procedure:

?exact name of the product, the producer and the country of origin,

?draft of the label and the application instruction in Hungarian,

?product documentation,

The information/documentation provided to KERMI should contain the name of the product, name of the producer and its location, declaration about the innocuity of the product, name and address of the issuing agency. The applicant will also be required to submit samples for testing. The cost of the procedure is between HUF 60,000 – 90,000 (USD 300-450) plus 25 percent VAT. The exact fee is based on sample; an exact quotation price will be given to the applicant. A twenty- percent discount can be given in case of serial tests. Length of the test: 30 days upon the arrival of samples, documentation and the quoted fee but additional fees will be charged to the client in the case of urgent testing which can be reduced to 15 days.

MEI

MEEI Ltd. carries out type tests to standard, safety tests, product follow-ups, factory inspections and quality system audits, which serve as a basis for its conformity certifications. The certification of products according to D1 is carried out against the Hungarian national standards and/or other mandatory regulations, while in the case of tests based on D2, the certification takes place against implemented harmonized standards. The Hungarian national standards are generally identical or equivalent in their technical contents to the EN/HD specifications or IEC standards. MEEI Ltd. also undertakes to carry out full or partial type tests and certifications to standards other than those mentioned above but for which it is otherwise prepared. The assessment of the manufacturing process for the purpose of issuing a Certificate for Factory Inspection, may be carried out as follows:

?on the basis of an on-site assessment carried out by MEEI Ltd., or

?on the basis of audit report issued by an other inspection/certification body acting upon commission of MEEI Ltd., or

?on the basis of acceptance of factory inspection reports in English (CENELEC MC-6, MC-7), issued by an other inspection/certification body, recognized by MEEI Ltd., and performed previously, or

?on the basis of evaluation and acceptance of certificate and audit report, if the manufacturer operates a quality system certified to ISO 9001 or ISO 9002, a filled-in CENELEC MC-6B Questionnaire, proofs on regular checking of measuring-, testing- and monitoring equipment used during the process of manufacture or control, in English.

3. Recommendation on Entry Mode

The key issues for consideration when entering Hungary are:

?The main brands competing in the market have already established a stable, permanent position;

?All main brands have local distributor that sells to retailers providing very competitive pricing conditions;

?Retail stores purchasing directly from the brand representatives dominate the market, this should be taken into consideration when bringing new products into Hungary.

Recommended entry mode — Exporting

Exporting – Star Appliances, Inc has had experience in exporting to foreign countries. We have had excellent performance in those countries such as Canada, Mexico, and Japan.

Retail and wholesale distribution is developing toward western standards in Hungary. In the past, large, state-owned monopolies controlled distribution, which was largely supply driven. During the transition period since 1989, the monopolistic state-controlled trading companies have been privatized and/or broken up, but a smooth-working demand-driven system has not fully developed and some inconsistencies remain.

As a result, consumers cannot count on a regular supply of goods — all shoppers are familiar with the “here today, gone tomorrow” nature of inventory, although the use of newer technologies, such as electronic data interchange (EDI), is beginning to improve delivery of goods. Large-scale wholesaling is still embryonic and it is not unusual for retailing and wholesaling to be combined, sometimes even together with manufacturing.

Although Hungary’s retail sector now includes some larger department stores and supermarkets, small family-run stores are still quite common. Examples of foreign chains with operations in Hungary include Auchan (France), Metro (Germany), Michelfeit (Austria), Ikea (Sweden), Baumax (Germany), Humanic (Austria), Julius Meinl (Austria), Penny Market (UK), Cora (France), Marks & Spencer (UK), and Tesco (UK). A Hungarian corporation, Fotex Holding Co., has made a significant impact on the retail sector. Fotex is involved in such diversified market segments as optical, film developing, audio media, household appliances/consumer electronics, cosmetics and furniture. Recently, indoor shopping malls have arrived in Hungary.

Star Appliances, Inc. thinks that it is not feasible to establish a sales subsidiary in Hungary now, because we would like the customers in Hungary to be familiar with our products and our company first. We plan to use local agents and distributors, because they are quite familiar with the Hungarian market. Exporting may minimize the risk of dealing internationally by exporting domestically manufactured products either by minimal response to inquires or by systematic development of demand in foreign market. Exporting requires minimum capital and is easy to initiate. Exporting is also a good way to gain experience in conducting business in Hungary.

FINANCING

The Hungarian Forint (HUF) is fully convertible for business purposes. Because of a worsening current account deficit, the government moved to a crawling peg devaluation exchange rate policy in March 1995. Since then, the HUF continues to be a managed currency with a set monthly devaluation rate.

Most import contracts are secured by an irrevocable letter of credit (L/C) bank guarantee or involve a bank for remittance against documents. This practice is appropriate and recommended when there is no past relationship and experience with the buyer. The most common payment terms in this sector are 30, 60, and 90 days deferred payment depending on the product. Many U.S. commercial banks provide financial services in Hungary for longtime corporate clients. The cost of local financing tends to be high (around 25%). Among the major international financial institutions, the European Bank for Reconstruction and Development (EBRD), the International Finance Corporation (IFC) and the World Bank have various project financing programs. Citibank and Bankers Trust are the only U.S. commercial banks currently in Hungary in addition to several U.S. financial service companies and consultants present in the market. Hungary

is eligible for all U.S. EXIMBank programs available to American equipment exporters.

Appendices:

Market share for White Goods:

Whirlpool+ IgnisElectroluxGroupAEGSiemens-BoschHajduGorenje

Washing Machines33%26%2%14%21%4%

Whirlpool+ IgnisElectroluxGroupSiemens-BoschGorenjeGoldstar

Refrigerators6%74%9%7%4%

Whirlpool + IgnisSamsungMoulinexGoldstarDaewooDeLonghi

Microwave28%24%7%8%18%15%

Total Market Size in pieces in 1998:

Washing Machines (incl. Fronload, 160,600 – 24% increase compared to 1997 Topload, Washer+Dryer)

Refrigerators: 182,700 – 22% increase compared to 1997

Microwaves: 184,600 – 21% increase compared to 1997

Source: Figures are based on preliminary and partial data of the Central Statistical Office 1998 Publications, Budapest, Hungary, on “Foreign Trade Statistics” issued by the Ministry of Economy, 1998 and “U.S.-Hungarian Statistics” issued by Kopint-Datorg Market Research Company.

1. External Environment

?Economic ? Japan?s economic strengths have been overshadowed by its difficulties for much of the 1990s. Recession has brought a serious crisis since 1997. However, the overall economy continued to grow, companies did not shed great amounts of labor, and research and development sending went up. The government stepped in with a five-year economic plan of infrastructure spending. The World GNP Ranking is 2. GNP Per Capita is US$38160.

?Global ? There were 5.3 million Japanese Internet users in 1996. The number is expected to rise to 31,950,000 in year 2000. While these are mostly businessmen using ?the net? in connection with work, the number of household users is also increasing.

2.Industry Analysis

1. Market Highlights & Best Prospects (Statistical Data) Unit: million of USD

Estimated Annual Growth Rate

1994199519961996-1999

Import Market962.71,520.21,640.420%

Production26,624.531,201.127,022.01%

Exports3,256.93,187.22,701.8-10%

Total Market24,330.329,534.125,960.62%

Source: JETRO

U.S. imports: USD 73.8 million Exchange rates: 102 yen, 94, yen 109, yen/USD

Future inflation rate assumed: 1.3 percent

1996 import market share: U.S.: 4.5 pct, China: 19.4 pct, Germany: 11.2 pct, Taiwan: 9.3 pct, Thailand, 7.1 pct

2. Imports – According to JEMA, Japan imported USD 1,640.4 million of electrical home appliances an 8.0 percent increase over 1995 on a dollar basis (25.2 percent in yen terms). According to JETRO’s import data the major suppliers are as follows:

Country1996 ImportsPercentage share (In USD million)

China317.719.4%

Fr. Germany183.711.2

Taiwan152.312.3

R. Korea125.79.3

Thailand116.17.1

U.S.A.73.84.5

Note: The above percentage shows shares of total imports of USD 1,640.4 million.

The following tables show the breakdown of overseas suppliers of major electrical home appliance, by category.

1995% Share1996% Share% Growth

Electric Washing Machine

China13.817.423.929.473.1

Philippines17.021.517.221.11.1

Italy26.133.114.017.2-46.5

R. Korea3.64.110.312.7217.5

Singapore5.46.85.36.6-0.2

USA (9th)0.81.01.01.226.9

Other12.316.19.511.8—

Total79.0100.081.2100.02.7

Drying Machine for Clothes

USA0.430.90.533.812.9

China0.218.20.324.337.8

Fr Germany0.322.20.216.5-23.6

Denmark0.17.60.214.292.5

Taiwan0.110.40.13.3-67.2

Other0.210.70.17.9—

Total1.3100.01.4100.03.1

Vacuum Cleaner

USA57.550.335.234.0-38.8

China8.57.520.119.4135.3

Taiwan16.714.616.816.20.6

Malaysia2.11.98.98.6317.4

R. Korea11.410.06.76.5-40.9

Other18.015.715.715.3—

Total114.2100.0103.4100.0-9.4

Source: JETRO

3.Expansion Strategy for the Future Five Years

Star Appliances, Inc started exporting to Japan in 1990. Star Appliances, Inc has built up good reputation in both product quality and full after-sale services.

According to our research, The market growth rate is expected to be about 2 percent per year for the next two to three years. Industry experts say that one key to future market expansion will be to present electrical appliances which fill an actual need, offer unique but simple functions, and have sophisticated designs which are not available in existing products.

This market’s receptivity to our products is generally good. Our suppliers of electrical home appliances are advised to note that Japanese consumers are not generally interested in low priced, low quality products. They demand reasonably priced, high quality electrical home appliances together with full after-sale service. In many cases, imported products have to be designed or modified to fit into the Japanese lifestyle and also to meet the Electrical Home Appliance and Material Control Law.

Best prospects/key success features: Japanese consumers increasingly seek electrical appliances which allow them to enjoy higher and more comfortable living standards. In particular, products that fill obvious needs (e.g., products which offer great convenience, save time, and offer healthier environments or tastier foods) have bright prospects.

For example:

High-power vacuum cleaner – There has been a persistent concern in Japan about children?s dust and pollen allergies. High-power vacuum cleaners with advanced technology (especially the ability to deal with dust mites, or dani in Japanese) are promising.

Washing machine (drum-type)- Drum-type washing machines are relatively new to Japan because the noise and vibration have not suited Japanese-style housing. However, the first drum-type washing machines manufactured jointly by a European manufacturer and Sharp Corporation were well received, and other Japanese manufacturers have begun manufacturing similar products.

In the next five years, Star Appliances will focus on product innovations and market penetration in our Japan market. We expect an increasing in sales by 15% by the end of 2004.

We are also planning on setting up a branch office in Japan in 2003. This branch office is a wholly owned corporation by Star Appliances, Inc. Setting up a wholly-owned subsidiary will involve more time and expense, but it can offer an effective means to guarantee better protection for proprietary information, obtain credit and penetrate markets which have subtle but substantial barriers to imports. Moreover, there is a perception in Japan that a company with subsidiaries is both more committed and more substantial and this perception can serve as a powerful selling point for that firm.

A branch office of our company can engage in trading, manufacturing, retailing, services, or other business. A branch office may take and fill orders and carry out a full marketing program, including arranging for advertising, recruiting a sales force and performing all necessary promotional activities. A branch is liable for payment of Japanese taxes. The branch must appoint a resident representative in Japan and must register with the Legal Affairs Bureau of the Ministry of Justice. In addition, the establishment of a branch office is considered a direct investment under the Foreign Exchange and Foreign Trade Control Law requiring reporting to the Ministry of Finance through the Bank of Japan within 15 days after the establishment of the branch office.

Setting up a branch is also for the preparation of entering China in the future. Star Appliances, Inc thinks that China is a potential market for household appliances. In order to target more Asian countries, a branch in Asia will be of great help for local industry survey and trend analysis. We would like to consider the branch in Japan as a bridge to more Asian markets.

1. External Environment

?Political/Legal – Canada is a young country, but it has a legal system rich in tradition. Under Canada?s federal system of government, the authority to make laws is divided between the Parliament of Canada and the provincial legislatures. Common law, which is used in all provinces except Quebec, is based on principles that were developed in medieval England. Canada is also governed by the rules of international law, whether based on custom or on treaty. The Canadian Dollar is a fully convertible currency, and exchange rates are determined by supply and demand conditions in the exchange market. There are no exchange control requirements imposed on export receipts, capital receipts, or payments by residents or non-residents. Prices for most goods and services are established by the market. The most important exceptions are government services, services provided by regulated public service monopolies, most medical services, and supply-managed and other agricultural products (including wheat, eggs, poultry and dairy products). The principal sources of federal tax revenue are corporate and personal income taxes and the Goods and Services Tax (GST), a multi-stage seven percent value-added tax on consumption. The personal and corporate income tax burden, combining federal and provincial taxes and surcharges, is significantly higher than in the U.S.

?U.S.-CANADA Relations – The bilateral relationship between the United States and Canada is perhaps the closest and most extensive in the world. It is reflected in the staggering volume of trade — over $1 billion a day — and people — over 200 million a year — crossing the U.S.-Canadian border. Canada has an affluent, advanced industrial economy that closely resembles that of the United States in its per capita output, market-orientation, and pattern of production. Growth in Canada’s export sector should continue to be fueled by ongoing strength in the U.S. economy and Canada’s low dollar. Global disinflationary pressures have more than offset the negative impact of the low Canadian dollar on import prices and consumer price inflation. Consequently, Canada’s inflation rate is at the lower end of the Bank of Canada’s one-to-three percent target band. Total two-way merchandise trade between the United States and Canada was US$334 billion in 1998 (Statistics Canada reports the total as C$505 billion). When services and investment income are included, total two-way trade was approximately US$365 billion, or US$1 billion per day in 1998. (Statistics Canada reports the number at C$619 billion.) Regardless of which set of statistics are looked at, it is important to realize the magnitude of the bilateral U.S.-Canada trading relationship. Canada is the largest single-country export market for the United States. In addition, total two-way merchandise trade between the United States and Canada is larger than total U.S. merchandise trade with the entire European Union, or total U.S. merchandise trade with Japan.

2. Expansion Strategy for the Future Five Years

Star Appliances, Inc has entered the Canadian market in 1980. In the next five years, Star Appliances, Inc will keep exporting products to Canada. By the end of year 2004, Star Appliances, Inc expects an increasing in sales in Canada market by 15%. By establishing a manufacturing in Mexico in 2002, the labor cost and freight cost and overhead will be reduced. The cost of goods sold will be reduced by 10%.

1. External Environment

?Political / Legal – With NAFTA’s entry into force on January 1, 1994, Mexico lowered its tariffs on U.S.- and Canadian-origin goods. Mexican tariffs on U.S. goods are between five and 20 percent ad valorem, with the highest Mexican tariffs on agricultural products and finished motor vehicles. Under NAFTA, tariffs on U.S. goods will be phased out over a maximum period of ten years, varying by type of good. Sixty percent of U.S. goods now enter Mexico duty-free. The North American Free Trade Agreement (NAFTA) continues to be a key factor in boosting Mexican exports and raising the overall level of economic activity.

?Global – The Mexican market is big: U.S. exports reached US$ sixty-seven billion for 1996. It is also young: 50% of the population is under twenty-five years old. Mexican consumers like American products. They recognize most U.S. brand names and associate our products with quality and value. The leading sectors for U.S. exporters are heavily weighted toward intermediate goods and large infrastructure projects. Among the leading sectors are: Electrical Power Generation Systems, Electronic Components, Telecommunications Equipment and Services, Automotive Parts and Service Equipment, Pollution Control Equipment, Building Products, Management Consulting Services, and Mining Equipment.

2. Industry Analysis

Analysis of major competitors

Washer and Dryers

Kenmore – Kenmore has almost 7,000 sales agents in Europe and the United States. It sells products to 106 nations and regions. With ambitions to become a ?famous global brand like Japan?s Matsu\*censored\*a,? It also sells clothes washers to Japan and Mexico. Having chalked up 1996 sales of $747 million, Kenmore is some distance behind other global appliance brands. Part of its growth will come from foreign operations. A Mexican plant makes refrigerators and washers. A Philippine factory is to begin production this year.

Kenmore has built a domestic reputation for quality through the use of borrowed foreign technology. It is now relying on in-house research, allocating 4% of projected income (equaling almost $50 million) in 1998 and aiming to spend 7-8% of income for research by the end of 2000. Kenmore is developing environmentally based technology which, Kenmore hopes it will be the ?green? appliance manufacturer. Kenmore also will be turning out new versions of products tailored to Mexico?s needs, such as a mini-washer that cleans a small load with little water. Another cornerstone of Kenmore?s operations is service. It has 2,500 sales and service outlets and a toll-free hotline, and promises delivery or repair of appliances within 24 hours.

Maytag – Founded in Mexico City in 1947, is nowadays the leading enterprise in appliance sales and production, as well as in motors and compressors. Maytag operates various plants, located in Mexico City and four other Latin American countries. Besides Maytag?s end products, they manufacture their own plastic components, presses, compressors, transmissions and motors.

For more than three decades, Maytag has refurbished its export industry, making it possible for their products to reach more than 40 countries in America, Europe and Asia.. With its rounded shapes and exclusive washing system, Maytag ´s automatic washers offer maximum cleaning without mistreating the fabric. Its basket, with 6,8 or 10 kilo capacity, is made with indestructible materials. They have also integrated multiple independent functions and an innovative ecological cycle that avoids unnecessary waste of water. All of this supported by a 5-year warranty.

General Electric – From electric appliances, to medical equipment, GE with its multiple divisions, has a great penetration in international markets, always reflecting its great innovative spirit. In 1987, with Latin America as a goal and then the rest of the world, General Electric has established a joint venture with Mabe to manufacture various GE appliances, like the Hotpoint line of washers and dryers. GE with a re-known international brand that is well established along with MABE, the first Mexican appliance manufacturer to be internationally sold shall be able to capture a great portion of the Mexican appliance industry.

Whirlpool – In Mexico, Whirlpool is dedicated to the manufacturing and selling of ranges, washer/dryers and refrigerators. With the final goal of making a concept. Oriented towards young couples, in 1992 the brand made substantial changes in its products? aesthetics. Two years later, Whirlpool focused its efforts as a full-line appliance brand that offers the best security for investment, with products that last longer for the best price. Under this slogan, a modern, safe, dynamic, friendly and enduring image is projected. The brand is recognized for maintaining a durable line of products, with basic features and the best price. Today, Whirlpool has a complete line of refrigerators of one and two doors, stoves, ranges, extractors and compact washers with one or two baskets, automatic and semiautomatic. All of these products are certified under international quality norms

Vacuum Cleaners

In Mexico, there is not a single manufacturer of vacuum cleaners. The reason is that in Mexico there is that a small, but growing number of the total population that is beginning to modernize their homes by purchasing tile, hardwood and carpeting for their floors. Most of the Vacuum cleaners in the market are imported from the United States, Japan and Korea.

3. Expansion Strategy for the Future Five Years

Star Appliances, Inc is going to directly invest in Mexico in 2002. We are going to set up one factory in Mexico to be our first foreign production plant. Even though this type of investment is the costliest of all the modes of into Mexico, Star Appliances will have enough financial support and enough human resources for this manufacturing facility. Since our products have entered Mexico in 1985, star Appliances, Inc has built up a good reputation in terms of product quality and service packages. Our increasing market share in Mexico has demonstrated that Mexico will be one of our long-term markets.

Labor costs, freight costs, etc. will be greatly reduced due to a much cheaper Mexican labor force, if Star Appliances, Inc sets up a manufacturing facility in Mexico.

Growth Forecasts for

Years 2000, 2001, 2002, 2003, 2004

Please see attached charts.

?Projected Total Domestic And Foreign Sales

?Projected Sales By Country

Implementation

?Contact the Commercial Service of the U.S. Embassy for seeking an agent or distributor in Hungary through its Agent/Distributor Service (ADS) or Gold Key program. Further information can be obtained by contacting Department of Commerce District Offices in major cities in the United States or the Commercial Service in Budapest.

?Need for a local attorney/accountant. As a standard practice, legal counsel should be retained when engaging in business in Hungary. All legal work in Hungary must be conducted by an attorney accredited to work as a lawyer in Hungary. Many contracts require notarization as well. Several leading U.S. law firms maintain representational offices in Hungary and provide a wide range of services for their clients. An experienced accounting firm should be consulted as well.

?Consult the Commercial Service in Mexico for manufacturing information and restrictions.

The View Ahead

Under the five-year international expansion marketing plan, Star Appliances Inc. will have better performance in foreign and domestic markets. Our great achievements will be new milestones in the history of our company.

One of the most important things that our company has to consider is gaining more markets in Asia. The branch office in Japan will supply us with insights and valuable information in dealing with household appliance industry in Asia.

The future plans of our company will focus on dealing with intense competition. The Hungarian market will provide us with opportunities in exploring other countries in Eastern Europe and Central Europe.

Our integrity, creativity, intellect, and quality will aid us to achieve the goal that annual sales in Japan, Canada, and Mexico will increase by 15%.

Following our mission statement and company objectives, our company will become one of the leaders in household appliance industry and the international expansion marketing plan will be of great importance and benefit to grow our company internationally. Star Appliances Inc. is looking forward to entering the new millennium with innovative products and providing outstanding services to our global customers.