



YELLOW BEARD GROUP





Asia Market Expansion for a Speciality Vehicle Manufacturer

Client: North American-Based Specialty Vehicle Manufacturer
Industry: Specialty Armoured Vehicles
Project Duration: 6 Months





Background

A North American specialty vehicle manufacturer sought to expand its service and sales support footprint in Southeast Asia, specifically evaluating the Philippines market. Given the region's growing infrastructure projects, increasing demand for specialty security vehicles, and strategic location close to many neighbouring markets, the company aimed to assess the feasibility of establishing a regional office. To facilitate this assessment, the client engaged Yellow Beard Group a consulting firm to conduct a structured evaluation process.

Objectives

-  **Assess Local and Regional Market Demand** – Understand the specialty vehicle market needs in the Philippines and surrounding countries.
-  **Evaluate Legal and Financial Feasibility** – Conduct due diligence on business regulations and costs to setup a local regional office. Evaluate currency exchange impacts, shipping logistics considerations.
-  **Identify Optimal Location** – Compare different cities for business setup viability including local support for parts and access to and availability of skilled labour.
-  **Provide Expansion Strategy** – Recommend the most viable approach for market entry and to establish a presence in the region.





Approach

-  **Market Research** – Conducted demand analysis, competitor benchmarking, and review of regulations for foreign ownership of a local manufacturing entity.
-  **Due Diligence** – Evaluated tax structures, legal frameworks for foreign ownership, currency exchange implications, setup costs and timelines.
-  **Site Visit** – Assessed Manila and Cebu as primary targets through stakeholder meetings, and in person site tours.
-  **Preliminary Feasibility Review** – Compared potential expansion models including hybrid manufacturing versus assembly to determine the best strategic approach.







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Findings & Insights

-  **Market Demand** - Strong demand for specialty armoured vehicles among high-net-worth families. Increasing demand among agencies responsible for infrastructure.
-  **Competitive Landscape** – Strong brand recognition for the client’s products with new entrants also considering regional office setup. Only two domestic manufacturers but positioned for low price consumer market segment.
-  **Regulatory Insights** – Manufacturing regulations, product sales office requirements, and tax incentives varied between Manila and Cebu.
-  **Customer Preferences**- Local customers placed high priority for availability of after-sales service for common problems which existing dealers are unable or unwilling to support.

Solutions & Recommendations

-  **Option 1: Regional Office in Manila** - High business ease, including strong logistical support but expensive operational costs due to higher cost of living in the capital city.
-  **Option 2: Service Hub in Cebu** – Balanced costs, access to skilled labor, and central location. More sites available to develop as a manufacturing site.
-  **Option 3: Hybrid Setup** – Import partially completed vehicles from the North American head office manufacturing facility and assemble locally. Less complex local operation maintaining high finished product quality.
-  **FINAL Recommendation** – Establish a service and sales center in Manila as first step. Service center to support existing customers and show commitment to the Philippine market. Use this anchor position to setup an assembly operation in Cebu and scale up to full locally sourced manufacturing operation within 5 years resulting a local presence in both Manila and Cebu.

Results & Impact

-  **Operational Cost Savings** – 20% lower cost to manufacture the specialty vehicle compared to importing the North American built equivalent.
-  **Market Penetration** - Improved and closer engagement with the customer and opportunities to leverage local presence to improve product and brand awareness.
-  **Growth Potential** – Well positioned for future expansion into surrounding Southeast Asian markets.



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Conclusion



The structured approach taken by Yellow Beard Group provided a clear pathway for the client's expansion into the Philippines. By leveraging data-driven insights, feedback from local stakeholders, and strategic recommendations, the proposed recommendations identified and minimized risks and positioned the for long-term growth in the region.

Next Step



Future Roadmap: Engage with local stakeholders to establish a local sales and service center in Manila within the next 12 months.