

The history of mas holdings marketing essay



**ASSIGN
BUSTER**

Founded by three brothers, Mahesh, Sharad and Ajay Amalean, in 1987, MAS Holdings Ltds annual turnover of over US 1 billion makes them South Asias largest apparel manufacturer. Their aims are to deliver solutions across the value chain creating an award winning merger of design, manufacturing, research, and innovation in their operations globally.

MAS are the lead partner for Victoria's Secret, and are also partnered with other large global brands including NIKE, M&S, Speedo and Triumph International. MAS also provide Information Technology (IT) & Systems Applications and Products (SAP) related solutions to other clothing manufacturers worldwide.

Their global dealings incorporate 28 world class manufacturing facilities and design studios lead by their highly skilled international team of over 55, 000 people. MAS claim to be committed to sustainable and ethical practices. They are an equal opportunity employer, distinguished by their dedication to sustainable and innovative apparel solutions, supposedly placing Sri Lanka as the first destination for ethically correct clothing.

MAS list of well respected and top branded partners, who are leaders of their individual fields ensure that MAS holds a key position in the clothing industry. By working in a tight union with these partners ensures that their customer's of professional world class products.

MAS also hold a great deal of pride in their equal rights for women in Sri Lanka and their ongoing training allowing for skills gain and improvement and ultimately advancement opportunities within the organisation's ranks. Considering that the majority of their workforce comprises of women and

with a constant flow of potential labour “ new-comers” knocking at the door, MAS have no shortage of skilled labourers to ensure the high standard of quality and production levels their clients have come to expect.

P. E. S. T. L. E Analysis

Category

Factors

Political

Government regulations.

Tax increases on imported fabrics and raw materials.

Civil unrest.

Possibility of Generalised System of Preferential (GSP+) tax.

Increases in labour facilities and salaries.

Economic

Manufacturing orders decreasing due to a global economic crisis.

Income level increase for Sri Lankan workforces.

Rupee fluctuation versus the US dollar creating uncertainty in valuing products.

Bank interest rates decreasing for new investments.

Social

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People's interest and fashion trends increasing through awareness.

Concerns about protection socially and environmentally.

Low cost labour from both northern and eastern provinces of Sri Lanka.

Sri Lankan society dictating skilled female workers leave their jobs after marriage.

Technological

Technological advancement providing machines that produce better quality products at a reduced cost due to less waste and reduced need for human labour.

ICT providing faster communication across borders and an increase in advertising helping to manage retail connections.

Legal

Regulation changes within the industry.

More compliance required for the Acts of industry.

Environmental

Wastage reduction problems.

Environmental pressure groups (e. g. Green Peace) placing demands for companies to reduce greenhouse gasses.

S. W. O. T Analysis

positive

Negative

Internal

Strengths

Excellent staff that are highly trained.

Modern technology.

Strong relationships with suppliers.

In depth Industry experience and knowledge.

Low labour costs.

Less staff turnover compared to other nations.

Weaknesses

Lack of knowledge in local market scenario.

Business-wear is a new segment for the company.

MAS Holdings' target population's lack of awareness for the brand.

Mainly dependant on intimate and casual wear.

External

Opportunities

Rapid growth in target customer segment.

Changes in people's insight to be more fashionable.

Limited fashionable business-wear brands.

2012 Olympics.

Threats

Already established competition and their market share.

Increases in raw materials and shipping costs.

Chinese competitors.

Buyers seeking alternative manufacturers.

Civil unrest in Sri Lanka

Sri Lankan Market Economics

Because of the economic downturn, market demand for the products that MAS manufacture is reduced. The buying power of buyers in Europe and US is also decreased. But people's income levels in Sri Lanka are slightly increased because of the current peace in Sri Lanka. This is proven by the economic statistics provided by XE. COM (see Image 1). Fashion trends are being noticed more and this is increasing peoples spending.

CurrencyRates. png

Image 1 (XE. COM, 2012)

Global economics is also playing a large part in pushing other countries to purchase from cheaper sources. The Central Bank of Sri Lanka (CBSL)

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reported in 2011 that “ improved outlook for the domestic economy coupled with lower international interest rates helped attract higher foreign inflows” (Central Bank of Sri Lanka, 2011).

Customers and Competitors

International customers demand high quality products. Supplying that kind of quality and service is fairly expensive. Even local customers expect high quality items but admittedly not comparable with high street customers. Local customers will normally shop around looking for value for money, comfort, durability and recognised brands.

Their main competitors are from China. New-comers to the industry also try to undercut MAS prices to attempt a market share takeover, making them high risk competitors. Local well established competitors in Sri Lanka also have their own bands (e. g. Crystal Martin Garments (Pvt) Ltd, Jay Jay Mills Lanka (Pvt) Ltd, Brandix Lanka Limited, etc).

Distribution and Marketing

MAS do not currently use or need distribution dealers or marketing methods as they deal directly with other businesses making them a B2B organisation. This, however, does mean the high street customers do not recognise their brand, only the brand of the companies MAS manufacture for.

Analysis

MAS have been operating for over twenty years in Sri Lanka making them a reasonably well established organisation in that climate. They have intentions to launch a new clothing brand which will be targeted at the local market. This will mean that their marketing techniques will be key in the

development of this new brand with the need to create product and brand awareness and, hopefully, generate customer growth.

The organisation exhibits signs that they have information pertaining to the markets they have targeted and intent to target in the future. They have a proven track record of extensive knowledge towards the common attributes of their prized and loyal customers. Their current target markets include casual wear, intimate wear and office wear.

Corporate Responsibility

MAS state that they are not just a business but are instead a way of life and this may indeed be true. They have put in place many supporting initiatives to assist staff in attaining growth not just within the business but within them too. With internships offering industrial training, summer internships and an award for the best overall student they help to entice people to join their workforce safe in the knowledge that this company does indeed look after its employees.

With the majority of their workforce comprising of women MAS have also introduced a scheme called “ Women go Beyond” which empowers their female staff with a work/life balance, development in their skills and knowledge and the chances career advancement. This was confirmed in a presentation made by Deshamanya Mahesh Amalean, Chairman of MAS Holdings to the United Nations, when he said “ MAS believes in empowerment, not because the world demands it, but because MAS demands it from itself, and it’s the right thing to do” (Amalean, 2011). The company stands in good stead to reap the rewards from a loyal workforce

who have a lot to gain from proving their worth to the organisation as a whole.

Demographics, Geography and Behaviour Factors

MAS customers comprise typically of these types of profiles:

Urban dwellers, where high levels of population are, with high income levels.

Widest casual wear targeted age range mainly between 14 and 30.

Office wear mainly comprise of women between the ages of 20 to 40 and intimate wear also aimed mostly at women aged 18 to 40.

Their targeted customers usually are graduates or in higher education, estimated at around 95% of their customer base over the age of 20.

Their customers are regular followers of fashion trends.

Expendable incomes for spending on trendy clothing as depicted in the graph and chart below.

US\$ Millions

2005

2006

Growth

2005/06

2007

Growth

2006/07

2008

Growth

2008/09

2009

Growth 2008/09

2010

Growth

2009/10

2011

Growth

2010/11

Jan

230. 4

165. 1

-28. 3

211. 8

28. 3

222. 9

5. 2

232. 1

4. 13

166. 8

-28. 13

371. 4

122. 66

Feb

223. 8

243. 9

9

255. 8

4. 9

247. 9

-3. 1

267. 6

7. 95

238. 6

-10. 84

353. 6

48. 2

Mar

217

231. 7

6. 8

261. 5

12. 9

265. 4

1. 5

301. 6

13. 64

269.5

-10.64

456

69.2

Apr

182.8

222.2

21.6

231.3

4.1

242.1

4.7

220

-9.13

219.2

-0.36

288.1

31. 43

May

184

195. 3

6. 1

281. 6

44. 2

292. 9

4

227. 8

-22. 23

251. 2

10. 27

309. 3

23. 13

June

236. 3

267. 4

13. 2

273. 8

2. 4

252. 6

-7. 7

237. 8

-5. 9

291. 7

22. 67

320. 1

9. 74

July

254. 6

218. 5

-14. 2

303. 2

38. 8

354. 9

17. 1

290. 5

-18. 1

257. 5

-11. 36

371. 1

44. 12

Aug

262. 2

330. 5

26

258. 4

-21. 8

286. 2

10. 8

311.3

8.8

294.8

-5.3

359.3

21.88

Sept

239.2

258.4

8

279.1

8

244.8

-12.3

233.1

-4.8

256.8

10. 17

US\$ Millions

2005

2006

Growth

2005/06

2007

Growth

2006/07

2008

Growth

2008/09

2009

Growth 2008/09

2010

Growth

2009/10

2011

Growth

2010/11

Oct

256. 8

231. 2

-10

241. 1

4. 3

272. 5

13

251. 8

-7. 6

327. 8

30. 18

Nov

209

255. 4

22. 2

225

-11. 9

275. 4

22. 4

252. 5

-8. 3

340. 2

34. 73

Dec

288. 4

331. 7

15

380. 7

14. 8

360. 3

-5. 4

331. 3

-8

445. 3

34. 41

(Sri Lanka Apparel Exporters Association (SLAEA), 2011), Table 1

Export Performance Export Growth

(Chart 1) (Chart 2)

Summary and Critical Review

MAS do aim to meet all their customer requirements by mass producing exceptionally high quality products. Their high street connections enable them to reach high end buyers. They have an IT system in place to measure the profitability of all orders made annually (commonly used but highly necessary in this industry due to constant external threats from competitors and rising costs).

They are under constant threat from both local and foreign competitors who seek not only to muscle in on custom but to actually undercut them throughout their global market. They may in some ways be underestimating their competitors that they need a more up to date management strategy to ensure that they keep abreast of these threats.

MAS prices are not based on internal decisions but are instead decided upon by their buyers first. Their belief is strong in letting customers play a major role in the leading of the organisations decision making process. " Firms increasingly rely on relational marketing tactics to increase customer patronage with the firm, (Ashley, et al., 2011) firms have a heightened interest in factors that affect customer engagement in relationship marketing efforts".

The term customers, in the sense of MAS customers, should be clearly stated as Business to Business (B2B) customers. They do not deal directly with high street customers; they instead deal to clothing brands, such as Nike, who then sell their products in high street stores worldwide. For them, one would agree, this is highly advantageous. MAS do not need to worry about marketing to the world's individual consumers, just to the high street branded organisations. This means they do not need to add the cost of overheads and premises rental on high street shops to sell their goods keeping their costs low and profits high.

From what one can deduce, their market needs lay in the manufacture of high quality trendy fashion designs to meet customer constantly changing demands. Their trends lean towards increased selection driven by their current and ever growing competition in the apparel market. Consumers are spoilt for choice when manufacturers around the world and within Sri Lanka compete so ferociously for their custom.

The internet has meant that customers can source suppliers quickly and easily without the need to leave their homes, making it a priority for MAS to keep on top of currently technological advances and try to stay ahead of their competition. MAS' ability to push towards technological solutions helps to ensure that they can monitor in real time how their products are comparing to the rivals, track changes in trends and receive orders instantly.

Conclusion

In one's opinion, MAS stand in good stead for the moment within the Apparel industry. They have the advantage of location as Sri Lanka has the perfect

climate for growing the raw materials (i. e. cotton) needed in the manufacture of cloth. Their labour costs are low and the workforce is high. The workforces they employ are constantly kept up-to-date through training covered by the organisation ensuring they never fall behind their competitors. Their competitors are, however, in similar situations and can in some cases afford to produce challenges by undercutting or offer larger quantities to shorter deadlines (in the case of China).

One can only assume that in time the Tiger economy, comprising of Indonesia, Singapore, Malaysia, Thailand, South Korea and China, will completely dominate the textile market forcing the small island of Sri Lanka to either submit defeat or join ranks. The outcome of this can only be guessed, but one can only hope that the cost of being trendy will not sky rocket if this were to happen.

Recommendations

Due to the political instability in Sri Lanka one would beg to make the suggestion for MAS to look towards becoming a Multi-National Enterprise (MNE). This would ensure that the organisation is protected from the political threat within the country it is currently based. MAS may lose their clients if the political situation becomes too unstable. Even if the situation begins to improve in time, and should MAS have survived the disaster, their client base could be detrimentally harmed because they will be extremely hesitant about signing any contracts with MAS.

The problems face by MAS for this type of venture is trying to source similar priced raw materials and labour in other countries so as to keep their price

and production promises to their existing clientele. There is one way of achieving this! By seeking a merger with one of MAS existing competitors, in China for example, they may not only secure the ongoing existence of their organisation and clients, but also gain clients in the merge, remove a competitive threat and become stronger through the growing economic strength that China has.