

Dutch lady internal audit essay



The Company's dairy products have a strong consumer following and are represented by strong brands such as Dutch Lady, Frissons, Frisk, Complete, Meal and Joy. (Dutch Lady, 2014) Marketing training In Dutch Lady Company, all directors will attend briefings and trainings to enable them to effectively discharge their duties. Directors are encouraged to attend relevant seminars and training programmes to equip themselves with the knowledge to effectively discharge their duties as Directors.

The Company will, on a continuous basis, evaluate, assess and determine the training needs of its Directors.

They received regular updates and briefings on regulatory, industry and legal developments, including information on significant changes in business and operational risks and procedures instituted to mitigate such risks throughout the year. (Dutch Lady, 2014) Besides, they also offer Talent Assessment Programme and Dutch Lady Associate Programme identify potential talents with excellent leadership and managerial qualities and to build their talent pipeline.

Various initiatives and investments are undertaken to improve employee competencies in soft skills and technical knowledge encompassing management, communication, safety, operational excellence and leadership. For the reason their commitment to development extends within the region via Sales and Marketing Academy Workshops and globally with the Future Leaders and Academic Potential Leadership Series.

(Dutch Lady, 2014) Intra- and interdepartmental communication The crucial mechanism in shareholder communication for the Dutch Lady Company is

the Company's Annual General Meeting (GM), is the principal forum for dialogue with individual shareholders. Shareholders have direct access to the Board and are given the opportunity to ask questions during the open question and answer session prior to the moving of the motion to approve the proposed resolution. Shareholders are encouraged to ask questions about the resolutions being proposed and on the Company's operations in general.

Dutch Lady, 2014) Further, they offer open two-way communication channels are available to all employees through various activities and platforms. For example, the monthly MD downhill meetings are held to inform all employees of goings-on in the company and to facilitate better understanding of the Company's objectives and directions.

Employees have access to a shared portal on the Intranet, where they can gain new information on current events as well as acquire necessary documents and schedules.

The Company's internal employees' newsletter, also known as SUGAR, is published three times a year to highlight major events that have happened in the last few months. Besides, plant managers in the operations side have Daily Report Meetings every morning to keep each other informed. These are only some methods the Company employs to engage and communicate with employees. (Dutch Lady, 2014) Operating Results - profitability and cost effectiveness analysis by product, customer, geographic region Sales Dutch Lady Milk Industries Bertha able to increase their revenue by 24% from year 2008 to 2012 which is around ARM 1 70 million.

Recently, Dutch Lady first quarter net profit for 2013 increased from the same period in 2012 by 5.

6% to RM 29.02 mil due to improved sales mix and cost management (Dutch Lady, 2013). Market share Source (Bursa Malaysia) From the chart provided by Bursa Malaysia, Dutch Lady Milk Industries Berhad's share price increased drastically from mid of 2011 until mid of 2012. It increased from RM 0.00 until RM 0.00. Increment of the share price in the period is more than 100%. The price level is maintained in the price range of RM 0.00-0.00.

0 from 2013 to the current year Profit margins 2012 2011 2010 2009 2008
Industry Indicator Profit Margin 13.33% 8.99% 8.73% 5.99% 10.40%

Profit margin is a popular financial ratio used to measure the profitability of a business firm. A high profit margin indicates that the company is able to control the cost and maximize profit more efficiently. In 2012, Dutch Lady Milk Industries Berhad profit margin is 13.33%. It means that, Dutch Lady Milk Industries Berhad generate RM 0.14 for every RM 1.00 of sales. From the chart, Dutch Lady Milk Industries Berhad shows improvement in profit margin from 2008.

In 2008, the profit margin is 5.99% and keeps increasing until 13.33% in 2012. It shows that Dutch Lady Milk Industries Berhad is a profitable company. The main reason of the increasing in profit margin is due to increase in sales and

improvement in profit margin from 2008.

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It shows that Dutch Lady Milk Industries Berhad is a profitable company. The main reason of the increasing in profit margin is due to increase in sales and

reduction in cost of goods sold. Comparing with industry indicator, Dutch dad Milk Industries Bertha is a well performer as its profit margin is beyond the industrial standard which is 10.40%.

Costs The cost of goods sold of Dutch Lady Company Malaysia has been increase annually. In 2013 DCE 31, the amount is RM 1,000,000,000. (Investing 2014) Marketing Systems – type of information is being collected & how?

Marketing information systems Marketing planning system Marketing control system Marketing Mix Effectiveness – strengths, weaknesses and recommendations Product Dutch Lady products are consider as consumer products as they are destined for the use by ultimate consumers. Dutch Lady have different products such as Low Fat Yoghurt, UHT milk, sterilized milk, pastured milk, creamers, joy juice, and growing up milk. In 2002, Dutch Lady won the brand equity awards for liquid milk.

This increase likelihood customer will recognize firm's product and also can facilitate expansion into international markets.

Dutch Lady has high brand equity since there a high level of consumer brand awareness and loyalty Dutch Lady has bear in mind that they must serve the cost-effective snacking, this is the reason why they use biodegradable and recyclable materials to respond to customer preferences as well as reducing the cost. Dutch Lady always ensures that nutrition for vitality through healthy lifestyles. So, Dutch Lady changed its brand image and packaging with the new corporate tag line “ Get ready for life”. Dutch Lady has to put in effort to create and market high quality products to satisfy consumers' need.

The company believes that in product innovation, they put more effort strives to improve its processes in order to deliver nutritious products of high quality to its consumers. The quality of the company's products is paramount. Every product being launched in Dutch Lady has to experience product life cycle. There are four stages such as introduction, growth, maturity and decline. Although the product are not wanted to be long lasting in the market, but it is require to earn at least some profits.

If the product is in decline stage, promotion strategy is very important to maintain it in the market.

If the sales drop continuously after the effort put, then it should be taken out from the market and launch a new product. Price Dutch Lady used volume objective as their pricing objective. Dutch Lady main objective is to maximize their sales and get a high target return in their business since they are the market leader.

Dutch Lady applied cost-plus pricing which set price that cover cost with target profit. Dutch Lady should continue to increase and expand their sales as long as with their total profit do not drop lower the minimum return acceptable which as to their profit objective.

Dutch Lady used penetration pricing strategy. Dutch Lady set relatively low price Of their product in the market so that it secured market acceptance.

They also wish to attract a large number of buyers so that it can “ penetrate” onto the market deeply and quickly. Dutch Lady used psychological pricing like odd pricing. This type of pricing policy based on the belief that certain

price or odd number just under round numbers to make goods more appealing than others to buyers. Dutch Lady used promotional pricing strategies in selling their products.

The products are sold under a lower-than-normal price temporarily as type of marketing strategy.

This type of strategy must be managed carefully so that consumers satisfy with it. This pricing strategy is to maximize sales at a short period of time or to position their product in nonusers' brain. Dutch Lady applied discount strategies such as trade discount to the retailers and wholesalers. Promotion Dutch Lady used advertising strategy. It is non-personal communication paid for by a clearly identified sponsor promoting ideas, products or organizational which can be done through television, radio, newspapers and magazines.

Current advertising slogans states that Dutch Lady is “ trust, healthy and happiness”. Customers will have strong brand positioning, they remember slogan easily in mind. Sales promotion being used by Dutch Lady to promote their products which it presents a set of different promotional activities that has the goal of customers for purchasing. The most common form of sales promotion is the product sold at promotion prices.

Dutch Lady has designed it in a way to encourage the company's sales. They can attract more customers since they get more benefits from the product they purchased.

Public relation is the least obvious but most effective method of used by Dutch Lady. This is because information is spread to the media to generate news coverage. Dutch Lady distributes its newsletters, annual reports, donation for charitable and civic events.

For example, Dutch Lady do sponsor he athletes for Olympic in London this year. They sponsor the athletes and also their mother as a contribution to our country. Besides, give sampling and free trials to customers let them have the opportunity to experience products which in small quantities for a short duration and without to purchase the product.

Dutch Lady will distribute sampling in a suitable placement such as hypermarket to give chances customer has a try on the product. It can encourage people to try and understand the advantages of product without any purchasing made.

Distribution Dutch Lady products are Fast Moving Consumer Goods (FMC). Dutch Lady Milk is categorized under staples goods which is necessity for human. Dutch Lady sells their products using intensive distribution. It is distribution of product through all available channels. This type of distribution is convenience for consumers and the price is kept low.

Retailing channel Manufacturer D Retailers C] Consumers Retailing includes all the activities that involved in selling products or services directly to the final consumers for personal or non business use.

In product line classification, Dutch Lady distributes products through supermarkets, hypermarkets, and convenience stores. These retailers

usually sell variety of goods, available of high volume goods, low cost and convenience. The examples are Cold Storage, Tesco and Giant, 7-Eleven and 99 Speedstar. Dutch Lady did not provide wholesaler function such as warehousing, providing services and creating utility.

Opportunity Dutch Lady has the market opportunity to expand its business by offering healthier product to the market. According to Rural Calico, managing director of Dutch Lady, they made a commitment to reduce the consumption of sugar and will make most of their product without sugar or in low sugar level. Dutch Lady wants to improve the nutrition intake of children include all Malaysian. Milk is the beverage with the most nutrition and is good for health.

However, the market faces a challenge which the average consumption of milk by Malaysian are less than the recommendation average consumption by World Health Organization.

Dutch Lady will create public awareness of their products because most people have misconception that milk only benefits babies, but milk has sufficient nutrition to adult too. Dutch Lady wants to understand the reason of low consumption milk in consumer and want to communicate with them about benefits of milk. So, Dutch Lady involve in promotion such as held campaigns to promote the goodness of milk to public. Dutch Lady also involve in government's 1 Malaysia School Milk Programmer so that the children will bear in mind about the benefits of milk for their health.

The second market opportunity is to expand their business to other countries such as Thailand and India in order to earn more profits. Since Dutch Lady

products are “ Hall”, then it is not a problem for them to go into those countries. Dutch Lady show good image to the public and hope to get more market acceptance from more people. In 01 2, Dutch Lady leveraged on Loon’s Olympics to promote its “ 2 a Day” campaign.

Dutch Lady signed up with Olympic Council of Malaysia and sponsored four athletes in our country.

They sponsor the athletes’ mother to London for watching their children performance because mothers always playing important role in bringing up their children to have so high achievement in sports. There is a television commercial showcased that Miss Panhandle Ringing who won bronze in diving event drink Dutch Lady milk since youth in bring potential to her. Athletes can be the public role model since they drink milk and get benefits from the milk consumed. With the exposure Of Dutch Lady brand name in public, many people started to recognize it. Public awareness about the dairy product produced by Dutch Lady also increases.

Campaigns help a lot in boosting up Dutch Lady sales. Recommendations Dutch Lady used different promotion strategies to promote their products. Although Dutch Lady is the market leader, but they just use a few of strategies in promoting their product. However, Dutch Lady is recommended to promote their products through online marketing strategy. This is a company effort that Dutch Lady can build a direct and good relationship with the customers. Most of the business in world today is carried out through digital network that connect companies and people.

Therefore, online marketing brings many benefits to them.

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Online marketing is less time consuming and easier way to promote the product to the public. The manufacturer can contact with their customer without face to face in order to explain all those information, they can use WebMD to have a conference. Besides, Dutch Lady is advised to come out with some new product development strategy.

Launching of a new product is to increase sales and also earn more profits. The new product innovation can help Dutch Lady to maintain its loyal customers who are always look for innovated product. Dutch Lady can launch some products which focus on elderly.