

Poh kong



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COMPANY PROFILE

POH KONG founded in 1976, as a pioneer jeweller has transformed itself from a traditional jewellery until the middle of the recognition of the most important jewellery brand as synonymous with excellence associated with the design, quality and superior craftsmanship. Listed on Bursa Malaysia since 2004, POH KONG has been hailed as the largest jewellery retail chain in Malaysia with a network of 100 branches across the country with manufacturing facilities. It has been successful in developing and promoting its own brand and become the sole distributor for many international brands.

POH KONG in-house brands including Tranz, Happy Love, Anggun, The Art of Auspicious, Bunga Raya Gold Bar, and many more to come. POH KONG is the licensee for Disney Collection is the sole distributor for luxury Schaeffer pearls from around the world. POH KONG using a differential image of the brand and retail concept to meet the needs of different customers. Apart from POH KONG and Diamond & Gold outlets, retail concepts such as POH KONG Gallery, Diamond Boutique, Jade Gallery, Tranz Boutique and Oro Bianco are available.

The General Environment

Political Jewellery retail chain Poh Kong Holdings Bhd expects the price of gold to be on an upward trend this year(2012), fuelled by demand for the precious metal as investment. Movement of gold prices would depend on the political stability in Iran, where Poh Kong gets its supply. Poh Kong's AGM expect that if war starts in iran, gold prices may increase by 30%. Last year, gold hit above US\$1, 900 per ounce but has since fallen to US\$1, 620 this month. Demand for gold globally is still on upward trend.

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The company are still seeing double-digit growth globally on gold bullion and bars, so there is still a potential for the company to move forward. Besides that, the high price of gold would bring higher margins for Poh Kong as the cost is passed down to retail customers. On bank offering gold investment, although there is a bit competition, Poh Kong's sales are not affected as customers still come bak to them.

Economic Poh Kong

Holdings Bhd is expecting a better financial year ahead, spurred by increased demand for gold from the public.

When the price of gold escalates, the company's selling price to retail customers increase in tandem. A higher gold price, therefore, has a positivr impact on the revenue. The biggest jeweller in the country by the number of outlets says its sales are not affected by the volatility in gold prices. Instead, sales of gold bars increase, as the rich look for a safe investment. Analysts say the company can ride the increased appetite for gold as a " safe investment class", especially amid economic and financial uncertainties.

The US Federal Reserve's decision to pump more money into the financial system with a second round of quantitative easing will also mean more money going into commodities like gold, which will drive prices even higher. However, this would also mean higher inflation, which would fuel the upward trend of gold prices. For FY2010, Poh Kong reported an 11. 24% rise in net profits to RM31. 61 million on the back of a smaller 3. 62% increase in revenues to RM561. 24million. EPS was 7. 7 sen, up from 6. 93 sen the year before. Net profit and operating margins increased in FY2010 to 5. 63% and 9. 8%, respectively, from 5. 25% and 9. % in FY2009.

Social Poh Kong Group's

CSR initiatives are in line with Bursa Malaysia's framework centered towards the workplace, marketplace, community and environment. As a socially responsible company, the corporate citizenship is integrated into a sustainable business model that goes beyond shareholders interests, for the betterment of society. Corporate's CSR programme embraces responsibility for the Company's actions and encourages a positive impact through its activities by its employees, caring for consumers, giving back to the under privileged through societal welfare work and environmental protection.

The Group aligns its corporate activities to social causes with the various target publics as we endeavor to create a more caring community and make a significant difference in the lives of many in society. In this respect, Poh Kong recognizes its CSR is to foster mutually beneficial relationships with our stakeholders and society through active participation and help improve the living standards of the surrounding communities.

Technological Science and technology are closely related in the gold mining process, especially in the extracting and processing of the metal. Gold is a golden yellow metal, which is solid at room temperature. Gold can be extracted in many ways. Mining for gold is only worthwhile financially where there is a significant concentration of it found in ore. The fixed price of gold in 1934 increased from \$20.67 U. S. to \$35 U. S. per troy ounce. This price remained fixed until 1968 which discouraged hard rock mining for gold because increased inflation (which raised the cost of mining production) prevented the mining companies from making a profit.

Task Environment Analysis

Gold mines tend to have a huge impact on the environment.

From digging out a huge pit, to disposing of the left over chemicals and tailing. If a gold mine isn't managed properly it can have some very negative impacts on the environment. A common impact is when water used in the mining process is polluted with chemicals from the factory and then put back into rivers and streams. Cyanide used to extract gold can pollute the rivers and kill fish and other.

Green Awareness

In contributing to the environment, Poh Kong believes in green awareness activities and eco-friendly measures that reduces the carbon footprint generated by the organization's infrastructure and working towards reducing wastage. .

Energy Conservation

Through the combined effort and dedication of each employee, environment-friendly lifestyles that promote greentechnologyare practised. This include using light-emitting diode bulbs (LEDs) for energy saving lighting, the automatic shutdown of desktop computers while not in use, maintaining air-conditioning at comfortable, but lower temperatures, switching off non-essential lights and equipment, and the recycling of materials have all reduced costs savings.

On a Green Quest

We help minimise the impact on the environment by restricting the use of hazardous substances, undertaking the safe disposal of waste discharge and the monitoring of pollutionlevels for a clean environment. Poh Kong believes

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in minimum wastage and is working towards a zero waste discharge policy in the jewellery manufacturing process. The Company takes back gold products at end-of-use or end-of-life for responsible reuse, recycle, remanufacture or recovery of the gold in the refining process.

The Company's aim is to provide and maintain a clean environment for sustainable development for current and future generations. It strives to fulfill the social, environmental and ethical obligation which is vital in global environmental sustainability.

SWOT Strength

POH KONG is a well-know brand and is attractive for those who admire beautiful jewelry. The POH KONG is successful in designing, provided quality product and the hardware to make the jewelry. POH KONG also listed in BURSA MALAYSIA, so the company succeed attract many customers buy their products.

The different design and different concept is set to target the different market segmentation as to fulfill the customer requirement. POH KONG Holding Berhad offered jewelry to wedding, jade, international, diamond or gems and many else according to customers taste. POH KONG has its own expert to designing the product to make it more luxury. The price offer is based on the government policy, so the price is not so expensive and everyone is affordable. Weakness Some POH KONG company branch is not selling all products, because the shop offer limited space.

So, the customer just can take an order through cataloged or browser. As a result, it might lose some customer or decrease customers' satisfaction due to take time in sending the stock to the customers. Besides that, some <https://assignbuster.com/poh-kong/>

customers also complain the POH KONG is less option if compare with other competitors. Consequently, majority customers move to support other company. Opportunity Using the latest technology might help the company growing faster. POH KONG can save their production cost by used new technology and produce large quantity jewelry.

The company can perceived it as cost advantage and offer a reasonable price for the customers. POH KONG also received the payment method by credit card, this is convenience to the customers when they buy expensive jewelry. Moreover, they also used the online marketing to market their product, the costumer can visited the website to get the latest information. POH KONG has a big business formulation, such as distributor to the international brands such as Tranz, Happy Love, Anggun, The Art of Auspicious and Bunga Raya Gold Bar.

Also, they distribute for Schoeffel Luxury Pearls from German, Luca Carati and Verdi from Italy, Angel Diamond from Belgium and Cocoro from Japan. Threats The strict of government policy might influence POH KONG gain profit in business. Next, due to the increasing number of competitors, POH KONG was facing the problem of pricing war. This is because majority customers will choose the company which can provide reasonable price with good quality products. As an existing many competitors, they will purposely offer lower price to attract more customers.

The problem of pricing war between competitor had lead to POH KONG frequently innovation unique and special design product in order to attract and maintain customers. The competition has result in POH KONG more

power used several ways to become a big retailer in the industry, the subjective is to increase their profit and market share.

TOWS Internal Factors (IFAS)

External Factors (EFAS) | Strength (S) | Weaknesses (W) | Opportunities (O) | SO strategies- POH KONG is a well-known company and distribute the jewelry into international market. The expertise enabling creates various products with new technology. -all the product price are according government policy, so the company successful gain cost advantage. -With the POH KONG operate outlet in all state, the company can gain the cost advantage when they selling large quantity with lower price to the customer | WO strategies- The company should use the latest technology to producing more quantity products. - POH KONG company distributes their product over the international market as to compete with competitors. POH KONG company selling various products with lower price as to fulfill customer requirement around the international market. Threats (T) ST strategies- POH KONG company set a goal to become a leader in jewelry retailers as to face the competition problem. -The price of POH KONG is according to government policy, so they can avoid pricing war between competitors. -POH KONG has follows the government policy to manage their business, as to gain their profit. WT strategies-Due to many competitors, POH KONG had faced the pricing war. The strict of government policy lead to POH KONG branch unable to fulfill customer requirement. -As many competitors in market, POH KONG have to compete with others as to become a big retailer in market. Strength and Opportunities (SO) POH KONG is a well-known company in jewelry industry, so they can use their reputation to distribute the products into

international market. The expertise in POH KONG might be useful to generate a creative idea in creating various products with the latest technology.

POH KONG complies with the government policy to gain their cost advantage and open outlets in all states by selling large amounts of products with lower prices to the customers. Weakness and Opportunity (WO) POH KONG company should be used the latest technology to produce large amounts and more quality products, it is important for customers to have more options from variety products. POH KONG develops a strategy plan by exporting their products into international markets and selling various jewelry with lower prices to fulfill customers' expectations.

Strength and Threats (ST) POH KONG based their strength to set a goal as becoming a big retailer in the jewelry industry. Otherwise, POH KONG also sets their prices based on government policy, so they can avoid pricing wars from competitors. As to gain more profit and increase the market share, POH KONG has to comply with the government policy. Weakness and Threats (WT) Due to the existence of competitors in the market, POH KONG has faced pricing wars between the competitors. Because pricing is an important asset for a company to attract more customers in order to increase the company.

POH KONG company has decided to produce a new range of platinum jewelry targeting a younger age group. This new network will complement POH KONG Gold jewelry available and meet the needs and preferences of more users. New machinery and equipment will be available to support the expansion of the product.

Expand retail operations in Australia and China POH KONG has a vision to expand its retail operations outside the country in Australia and China as the <https://assignbuster.com/poh-kong/>

initial target market. The feasibility study will be conducted to assess the viability of setting up retail gold jewellery branch, taste and preference in new markets.

If everything else goes well, they decided to set up branches in Australia and China. POH KONG's vision is to spread its wings to local outside in order to increase income.

Planning to franchise the concept

POH KONG is planning to franchise the concept to potential retail local entrepreneurs. This enabled POH KONG to open the lock brand and retail experience. New franchise outlets will bring POH KONG brands and potential locations such as Terengganu, Kelantan, Sabah and Sarawak, in areas which do not have a personal faith establish a branch. This new revenue stream will increase the income of POH KONG.

The group acknowledges the importance of corporate governance in enhancing its business prosperity and corporate accountability with the absolute objective of realizing long-term shareholders' and stakeholder's value. The group will continue to endeavor to comply with all the key principles of the Malaysia Code Corporate Governance in an effort to observe high standards of transparency, accountability and integrity. This is to sustain optimal governance with conscientious accountability for continuous effectiveness, efficiency and competitiveness of the group.