

# Gardenia marketing assignment

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So how did Gardenia come about? How has it progressed over the years? What are some of its marketing objectives and strategies? Our group hopes to address these questions and more in a bid to analyse the success behind the household bread giant, Gardenia. 1. 1 History As shown from the timeline in Figure 1 below, Gardenia started its business from humble beginnings. In slightly more than two decades, it is now a renowned brand name in Singapore and neighbouring countries in Asia. Figure 1: Timeline of Gardenia

Today, Gardenia continues in its efforts in ensuring that its products are above its competitors and invested in technology that could better facilitate its production and conduct product differentiation to cater to the diverse and ever-evolving needs of its consumers. 1. 2 Management Structure 1. 3 Products and Services Today, Gardenia boasts of a wide spectrum of products, ranging from its Enriched White Bread to its Fun Bun Kaya. Figure 2 below captures the broad categories of products lining the shelves of supermarkets. Figure 2: Product Lines of Gardenia

In addition to these food products, Gardenia is also involved in the service of catering packages of frozen food products such as Hot Bake Buns and Hot Toast. Thus, it can be seen that the products supplied and services provided by Gardenia reach out to different target segments of the market and this would be further examined in the section of marketing strategies. 2. RECENT PERFORMANCE As it can be seen from the performance of QAF for the past 4 years (Appendix A), QAF's bakery segment's revenue has been steadily rising from \$300 million in 2007 to \$428 million in 2010.

However, QAF's segmental revenue in Singapore has been steadily falling, even after the 2008 global economic crisis, falling from a high of \$191 million in 2008 to \$165 million in 2010. 3. MACRO-ENVIRONMENTAL ANALYSIS The operating environment in the 21st century is constantly changing and shifting. Gardenia constantly analyses its macro-environment to identify key trends in the consumer market and the bakery industry in order to develop robust strategies. This analysis allows it to develop a strong awareness of its operating environment and quickly adapt to changes in the industry.

In this report, we have chosen to make use of the PEST framework, divided into four types of macro-environmental influences: Political, Economic, Social and Technological. These four factors are external to Gardenia and affect the entire commercial bakery industry. 3. 1 Political / Regulatory Factors The bakery industry faces strict government regulations with regard to food safety and import and export restrictions. These regulations are consistent with international standards, and strict enforcement is expected to continue.

These standards extend to food labelling and usage of certain ingredients. The government has raised concerns about healthy eating and healthy food, including the possibility of banning trans-fat. HPB has also launched a campaign to promote the consumption of whole-grains and whole-meal bread. The government has continued to maintain a competitive corporate tax rate of 17 percent. Goods and Services tax was raised to 7 percent in 2007 and have been kept at that level since. The government has indicated its plans to maintain the low taxation rate in the coming years. 3. Economic Factors The global economy has seen intense fluctuation in the last five years, going through the 2008 Global Financial Crisis and the 2011 European Sovereign Debt Crisis. This cycle was repeated in the local economy, which saw strong growth of 14. 5% Gross Domestic Product (GDP) growth in 2010. However, this growth has placed inflationary pressure on the Singapore economy, pushing up the prices of key inputs in the bakery industry. Changes to the weather cycles have disrupted crop patterns, causing disruptions to agricultural production and the destruction of food crops.

This has caused a rise in raw material grain prices and other input prices due to the increased demand for commodities. Fuel prices have also risen over <https://assignbuster.com/gardenia-marketing-assignment/>

recent years, reaching a high of over \$147 a barrel in 2008. These increases in input prices are difficult to pass on, and may inhibit future growth if weather cycles continue to be erratic. However, the Singapore Dollar (SGD) strengthened its position from \$1. 5889 per United States Dollar (USD) in 2006 to \$1. 3635 in 2010, which has helped to cushion the overall increase in commodity prices.

### 3. 3 Social Factors

There is a very high demand for staples in Asia, which is not expected to abate. Asian households are heavy consumers of bread and rice, and place an increasing importance on variety. With the growing economy, consumer attitudes towards food have shifted away from home-prepared food to quick and convenient meals. Convenience has become a key factor in purchase decisions, spurring the development of packaged breads and the growth of small retail bakeries. Globalisation has helped to effect a change in lifestyle choices, with a growing emphasis on health and wellness.

Consumers have increasingly oriented themselves towards healthier food choices, as seen by the growth of the organic food industry. Consumers have become more savvy and aware of their consumption habits, putting more effort into planning their dietary patterns and their choice of food.

### 3. 4

### Technological Factors

Technology has advanced at a very fast pace in the last five years, with the development of new innovations and the maturity of old technology. This has created much innovation potential in both production and marketing.

There is a greater ease of integrating technology into business processes. Greater computing power and faster processors mean that production times

can be reduced and the production process can be enhanced. The development of technology has also changed the face of consumer interaction. The rise and ubiquity of the Internet has completely altered the way companies interact with their customers. There now exists a wide range of tools available to companies, including social media tools and rich media that are increasingly being used in marketing campaigns.

Besides this, the ease of e-commerce has encouraged the development of independent commerce. 3. 5 Competitive Factors

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