

# Case analysis: class or mass essay sample

[Business](#), [Branding](#)



Executive Summary: The North America's third - largest seafood producer Neptune Gourmet Seafood is known for the brand reputation, premium product and quality they served in the high-end seafood industry. Recently they are facing the challenge of inventory pileup in a short period of time due to the investment in state-of-the-art freezer trawlers, along with new fishing regulations. Whether cutting the current price by around 50% to clear the inventory is the main argument among the board members. I'm not in favor of simply price cutting. My recommendation is to consider launching a new brand at a lower price to target value-minded customers. Moreover, tying up with star hotels and restaurants at the touristy areas to conduct food festivals.

Industry Dynamics: Neptune Gourmet Seafood is the high-end seafood producer that provides the quality seafood products to U. S. grocery chains, such as Shaw's Supermarkets, and organic food retailers; it is also the seafood supplier of the star restaurants and cruise lines in U. S. Customer value is provided by the premium products and high quality. Profit are mainly made from four different channels: 30% of profit from Selling frozen and processed fish products to U. S. grocery chains, 33% from supplying the best restaurants within 250 miles of its Fort Lauderdale headquarters as well as to the biggest cruise lines. Another 33% from wholesalers that distributed the company's products to restaurants all over the United States, for example sushi bars. 4% from came from a fish market outside Fort Lauderdale that the company owned and operated.

Evaluation criteria and definitions.

1. Financial Short term - will the alternative create strong case flow in the

<https://assignbuster.com/case-analysis-class-or-mass-essay-sample/>

short term? 2. Financial Long Term - will the alternative create strong case flow in the short term? 3. Quality of goods produced - will the alternative create or maintain high quality goods for the existing customer?

4. ASPD Approval - will the alternative meet with the approval of the ASPD?

5. Competitor response - will competitors provide an aggressive response that endangers future success?

6. Brand image - will the alternative maintain the premium brand image? 7.

Low Risk - will the alternative have a high chance of success?

Situation Analysis Summary: Through the situation analysis it is apparent that the root cause for excess inventory is a rapid growth in production capacity due to the new technological investment but less significant growth in its single high-end market (See Root Cause Analysis in Appendix A).

Moreover, in terms of solution, Rita Sanchez strongly recommend cutting the price by around 40-50% whereas Jim Hargrove is favor of introducing a new line better than cutting price. The interests and concerns of Jim and Rita in the stakeholder analysis best highlight these two sides of the decision. (See Full Stakeholders Analysis in Appendix B)

Revenue Analysis:

30%: Selling frozen and processed fish products to U. S. grocery chains.

30%: Supplier of choice to the best restaurants within 250 miles of its Fort Lauderdale headquarters as well as to the biggest cruise lines

33%: from wholesalers that distributed the company's products to restaurants

all over the United States.

4%: Neptune's sales came from a fish market outside Fort Lauderdale that the company owned and operated.

Importance of Decision: The decision is important, as its implication will result in major consequences to Neptune. If simply reducing price, a significant loss in profit will harm Neptune in the short term while the negative effect will permanently destroy the brand image of Neptune in the long term.

Alternatives Evaluation Matrix (note - various methods can be used to "rate" alternatives, some kind of summary is always helpful to understand which is best based on this analysis).

Alternatives: There are three options that mainly mentioned in the case: 1.

Reduce the current prices of the premium brand by 40-50%

Pro: Will increase the quantity sold, and reduce the inventory. Con: Will hurt the brand image. Customer will doubt about the quality of the product. Will get attention from ASPD and may cause the price war.

2. Tying up with star hotels and restaurants at the touristy areas to conduct food festivals.

Pro: Reduce the inventory at the fast pace. It will keep the high quality, and the premium image in customer's mind.

Con: May have additional cost for event planning.

3. Launch a low price brand and target the value-minded customer. Pro: Will attract more customers and open a new channel of distributes. Con: May

causes the untrusted from the costumer. The when the existing customer find out the quality are the same, they may change to the lower price brand, which may will hurt the profit. I would not recommend the first option since the huge reduction in the price will hurt the brand image of the company same time it will initiate a price war. It will not benefit the company in the long term.

Recommendations: Launching a new brand to target value-minded customer would be the best solution for Neptune's current issues.

Short Term - Tactical: There are no short-term recommendations for this case, only strategic decisions to make.

Long Term - Strategic:

Launch a new product would solve this issue in a long-term. Neptune would need to create new brand differentiate it from the exciting Gold line. For the new product, instead of calling it Neptune Silver, it could emphasis on it sustainability to make it more attractive. Key Implementation Actions

1. Arrange a meeting make sure E-board agree with this solution and hold the same value.
2. Write the start up plan and the process of how to implement the new line.
3. Talk to market department
4. Work with finance department about how to set the proper price. 5. Talk to ASPD to make sure the price is reasonable and get the related document.

Impact to Resources and Capabilities on Competitive Advantages: The recommendation utilizes Neptune's extra inventory to launch a new branch,

which allows value-minded customer to enter the new customer market and resolved a servers issue.

Expected Competitor Response: With the launch of the new low-end brand, competitor may decrease their regular price or launch a new line as well.

Since the demand for seafood is continually high in US, the market will still at a stable level.