

Company profiling food in processing marketing essay



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Food processing is the methods and techniques used to turn raw ingredients into food for human consumption by food processing industry. Food processing takes clean, slaughtered or harvested ingredients and uses them to produce marketable food products.

1. 1 Company Profile

Sunkist is also a firm in the food processing industry. Fresh Sunkist oranges from California and Arizona are available year-round. The naturally orange color is due to their growing climate. Sunkist harvest fruit as the raw ingredients and transform it to fresh fruit juice.

In 1978, General Cinema Corporation, a large theater operator and soft drink bottler created the orange soda we enjoy today and licensed the use of the Sunkist trademark for their delicious orange soft drink. In 1979, Sunkist soda was launched and became the number 1 orange soda in the market.

Sunkist is a not-for-profit corporation, with all profits from the exchange returned to growers. In America, Sunkist is the oldest continually operating citrus cooperatives. Sunkist is also the largest marketing cooperative in the world that produces fruit and vegetable. The Sunkist name is assurance of premium quality and taste satisfaction. People have trusted generations of Sunkist growers to deliver the essential goodness of Mother Nature's best citrus since 1893.

Consumers know they can depend on the quality of fruit bearing the Sunkist brand sticker or any packaged product bearing the Sunkist name. Produce buyers and retailers everywhere know the selling value of that quality.

Sunkist control the quality of its product by written rules and regulations to which all Sunkist affiliated packinghouse and manufacturers. Sunkist staffs need to make sure that the regulations are followed. Every day the Staff inspectors will make a visit to packinghouses. Sunkist staffs often visit the manufacturers producing Sunkist packaged products and all employ standardized quality control programs.[i]The price of Sunkist are affordable to consumer, it is not too expensive. Sunkist is now produced by Dr Pepper Snapple Group in USA. Sunkist is still the most popular orange product in United States.[ii]

1. 2 Vision, Mission, Slogan and Goals

Vision

- (1) Global strategies for a stronger presence in the international marketplace
- (2) Make the brand more distinctive with premium quality fruit

Mission

To maximizing returns for quality Sunkist growers

Slogan

Feel All Orange Inside (2007-present)

Goals

Sunkist's goal is to respond not only to the demand of their buyers for year round supplies of fruit items, especially citrus, but also to provide a strong marketing and promotional service to other fruit producers who have the same quality standards maintained by Sunkist's traditional cooperative suppliers.[iii]

Stage 2- Strategic analysis

2. 0 Input

Oranges is the primary ingredients for orange juice. Fresh Sunkist oranges from California and Arizona are available year-round. Their nature orange color is due to their growing climate. The color of the orange are never dyed. The Sunkist label or sticker on the orange is a guarantee that you are buying citrus of the highest quality.

2. 1 Process

At Sunkist Growers, the process combines natural, environmentally-conscious, wisdom with the benefits of technology. Sunkist citrus is grown on over 300, 000 acres of fertile soil in California and Arizona.

Pickers use special designed clippers for the different citrus varieties when they pick citrus. The pickers placed the fruit that they picked into a bag that hangs over their shoulder. After that, the fruit will be transported to the packinghouse.

It is sent to the pre-grade area once the fruit reached the packinghouse. Before passed through the initial grading station, the fruit is pre-washed. After the computers grade the color and blemish of the fruit, the conveyor will carry the fruit to storage bins where the place held for packing. The fruit will be dumped out of the storage bins when it is ready for packing.

The fruit is then re-washed, waxed and dried. After that the fruit is carried down the line where is it sized and stamped or stickered. The next process is the final grading before packing. The fruit is sorted by grade and carried

down the line for packing. They pack the fruit depending on customer need. The most common are the cartons. The fruit is either bagged by machine or by hand. The counts and weight is measure by the bagging machines automatically. After that the bags will put into the cartons for shipment and carried to the accumulator area where they are put onto pallets. The cartons will be wraps tightly by the automatic palletizer so that they will not shift during transportation. The pallets are transported to the pre-cooler where they are held for shipment. Once the truck arrives to transport the fruit, the truck is loaded and the fruit moves on to its final destination.[iv]

The main distribution points for Sunkist are restaurants, supermarkets, and convenience stores. It is distributed in all over the world. And also, the oranges are distributed to the manufacturer which processes the orange juice.[v]

2. 2 Steps of processing orange juice

1. Clean and grade the orange.

- Microbes and dirt is removed.
- Orange is rinsed and dried.
- Quality pieces will automatically separated by size prior to extraction.

2. Extraction

- Optimize the efficiency of the juice production process.

- Bitter resins must be carefully separated to avoid tainting the sweeter juice.

- The extracted juice is filtered through a stainless still screen.

3. Concentration

- Concentrated the juice and reduces the juice temperature to about 13° C.

- After that, stored in the refrigerated stainless steel bulk tanks.

- To achieve a high quality juice, the proper blending of juice concentrate and other flavor fractions is necessary.

4. Pasteurization

- To avoid spoilage.

- Use hot pasteurized juice to preheat the incoming unpasteurized juice.

- Preheated juice is heated with steam or hot water to the pasteurization temperature at about 85-94° C for around 30 seconds to reduce the microbe count.

5. Packaging

- Fill in the pasteurized juice while still hot to ensure sterility.

- Must be filling in sterile environment.

- Fruit juice packaged in this process has a shelf life of 2-4months at room temperature.

2.3 SWOT Analysis of Sunkist

SWOT analysis refers to strength, weakness, opportunities and threats.

Strengths and weaknesses refer to the organization's internal environment over which the firm has control. Strengths are areas where the organization excels in comparison with its competitors, while weaknesses are areas where the organization may be at a comparative advantage. Opportunities and threats refer to the organization's external environment, over which it has much less control. SWOT may appear in both the general and the competitive environment. However, the unpredictable nature of events in the general environment tends to make the use of SWOT analysis more problematic.[vi]

Strengths

The Sunkist brand is known for its high quality product and its customer service, and the Sunkist goal is to respond not only to the demands of our buyers for year round supplies of fruit items, especially citrus. Sunkist provides promotional service and also strong marketing to others fruit producer that have the same quality standards maintained by the Sunkist traditional cooperative suppliers.

Sunkist is available in many flavors including orange, diet orange, lemonade; strawberry, pineapple, peach and fruit punch which appeals to the teen demographic.

Weakness

Consumer lack brand loyalty is one of the weaknesses. Maintaining consumers brand loyalty is not easy. There are a lot of other brand that can

replace Sunkist, example, Tropicana, Freshers and Nestle. Sunkist is Contending with heavy advertising by other food manufacturers.

Opportunities

The teen demographic has been shown to be very influential when it comes to their parents purchase decision. Likewise, teens are having more of their own discretionary income, which tend to spend on food and entertainment.

While Baby Boomers and Gen X-ers both have large discretionary incomes, both demographics have been largely ignored by other brands.

Threats

Due to diabetes and obesity, there is currently a trend in the world of consumers being more health conscious. Because of this, consumers are consuming fewer sweet and coloring beverages.

With the recent recession, it expected that sales of major brands would drop while private labels increase in sales.

2. 4 PEST Analysis

Political

The political factors are the arena in which organizations competitive for attention, resources, and regulations guiding the interactions among nations.

[vii]The effects of global influence governmental policies on a firm's competitive position increase the importance of forming an effective political strategy.[viii]So, Independent growers had to be licensed to carry Sunkist Trademark.

Economic

The economic environment refers to the nature and direction of the economy in which a firm competes or may compete.[ix]Economy strong due to industrial job needed to fuel war. Citrus exports for 1966-67 seasons have reached all-time high. In order to remain competitive, manufacturers exporting abroad will need to make efficiency gains and innovate so that they can offset the unfavorable exchange rate with a reduction in price or increase in quantity.[x]

Social/Cultural

The social / cultural factor is concerned with a society's attitudes and cultural values. Recently, many consumers are emphasis to healthier lifestyles. Consumers from ages of 37 to 55 increasingly concerned with nutrition. There is a large population of the age range known as the baby boomers. Since many are reaching an older age in life they are becoming more concerned with increasing their longevity. This will continue to affect the non-alcoholic beverage industry by increasing the demand overall and in the healthier beverages.

Technological

The technological factor includes the institutions and activities involved with creating new knowledge and translating that knowledge into new outputs, products, processes, and materials.[xi]Introduction of plastic bottles has increased sales for Sunkist as there are easier to carry and consumers can bin them once they are used. As the technology is getting advanced there has been introduction of new machines all the time. Due to introduction of

this machineries the production of Sunkist Company has increased tremendously then it was few years ago. Executives must verify that their firm is continuously scanning the external environment to identify potential substitutes for technologies that are in current use, as well as to spot newly emerging technologies from which their firm could derive competitive advantages.[xii]

Stage 3: Strategy Formulation

3.0 Porter Five Forces

The Bargaining Power of Buyers

Buyers can affect an industry through their ability to force down prices, bargain for higher quality or more services, and to play competitors off against each other.[xiii]

The main buyers of Sunkist are individual consumers and restaurants. Fortunately, Wal-Mart is still a small company in that era. And also Sunkist is the major power holder. Even though, restaurants consumption increases, they are not organized, most of the purchased made by individual consumers. Sunkist has favorable condition for buyer power.

The Bargaining Power of Suppliers

Suppliers can exert bargaining power over participants in an industry by raising prices or reducing the quality of purchased goods and services. The factors that increase supplier power are the mirror image of those that increase buyer power.[xiv]

Sunkist suppliers are mainly small producers. Sunkist is the merging power of those small producers, farmers. They have very strong relationship and each individual supplier does not have any power over Sunkist. It is favorable condition for Sunkist.

Rivalry

Competitive rivalry intensifies when a firm is challenged by a competitors actions or when a company recognizes an opportunity to improve its market position.[xv]

Rivalry among competing firms is usually the most powerful of the five competitive forces. The food industry is becoming highly competitive. The difference between one Food Company and another is usually not that great. As a result, food industry has become more like a commodity – an area in which the food company with the low cost structure, greater efficiency and better customer service will beat out competitors. Although Sunkist is the biggest player in the market, Florida growers, global competition and bottled orange juice producers are heating rivalry. Rivalry of Sunkist is still neutral.

The threat of substitute

Substitute products are goods or services from outside a given industry that perform similar or the same functions as a product that the industry produces.

There are plenty of substitutes in the food industry. Most large food companies offer similar suites of services. The threats of substitute product of Sunkist are very high. Fresh orange market has very strong substitutes, <https://assignbuster.com/company-profiling-food-in-processing-marketing-essay/>

and the biggest them all is bottled lemon juice. Even, some consumers think it is easier to use bottled orange juice instead of fresh orange. Some more there are concentrate orange juices, artificial flavoring, frozen orange, already flavored products. Overall threat of substitutes is unfavorable for Sunkist.

The Threat of New Entrants

The threat of new entrants is the extent to which new competitors may decide to enter an industry and reduce the level of profits being earned by incumbent firms. The threat of entry will depend on the existence of barriers to entry and the reaction of existing competitors.[xvi]

Sunkist has a very strong brand name in the market. Consumers relate Sunkist brand name with the quality of it. These conditions is making barrier to entry very favorable for Sunkist.

However, it is still not easy to differentiate fresh lemon from each other and Sunkist has very low marketing budget to increase awareness of its product. Moreover, fresh lemon consumers are mostly clustered on the east coast of United States and Florida producer has geographical advantages in terms of transportation cost. There is not any significant cost should be incurred to enter market and that open ways for international competitors to enter in US market and if somehow new entrant fails to succeed in the market they can always sell its product to processing firms.

3. 1 Resources

3. 1. 1 Tangible resources

Tangible resources are the assets that can be seen and quantified.

Production equipment, manufacturing plants, and formal reporting structures are examples of tangible resources.[xvii]Sunkist is one of the 10 largest marketing cooperatives in the U. S. They handle sales of fresh oranges, grapefruit, lemons and limes. Sunkist manufactures 1600 citrus juice and peel products. There were 73 new Sunkist-branded products introduced in 2009 and 28 products reformulated in response to health and wellness trends. They have about 50, 000 experienced staff in the operational centers, focused on customer service and daily transactions.

3. 1. 2 Intangible resources

Intangible resources include assets that typically are rooted deeply in the firm's history and have accumulated over time. The history of Sunkist has more than 100 year and they developed in order to foster and maintain stable markets for fruit growers, gain best possible return for produce and provide consumers around the world with quality citrus products at affordable prices. Sunkist develop a worldwide market, promote a brand name, access a global transportation system, develop comprehensive research capabilities, and gain governmental access to overseas markets.

[xviii]

3. 2 Core Competency of Sunkist

The realignment of Sunkist's sales operations proved its effectiveness in 2009. The new centralized sales operation customizes practices to compete better and win in today's markets.

The Sunkist brand was built over generations by delivering consistent supply and quality products. People trust Sunkist and that trust stood them in good stead during the difficult times in the world economy. As a category manager, Sunkist must have the right product, at the right price, at the right time. Today, Sunkist does. Sunkist's global sourcing program allows it to manage the competition that is in the market anyway to the benefit of both its customers and growers.[xix]

With an aggressive marketing strategy and attractive packaging, Sunkist's organics program has been steadily growing. Today three Sunkist-affiliated packinghouses are certified to pack a number of varieties of organic citrus including lemons, Navel, Valencia and Cara Cara oranges, and Satsuma and W. Murcott Mandarins. Their customers are pleased that Sunkist has a year-round organics program and want them to increase their involvement.[xx]

3. 4 How Sunkist sustaining competitive advantages

Sunkist has sustained competitive advantages in terms of Organization reputation, brand name, experience, and location. Sunkist is 100 years old company. It is well known and very strong brand name. Geographically Sunkist producers has very longer suitable climate to produce lemons.

Sunkist has temporary competitive advantages for Supply chain access and cash flow. They have knowledge to move fresh product from one place to another. Sunkist can generate cash flow from their member.

Sunkist understands of these markets and its ability to accurately analyze them drove revenue generation to new heights. Sunkist analysts used that information flow to assess and create market opportunities and to be more competitive, not just in the United States, but in all its markets.[xxi]

3. 5 Define Value Chain

Firm Infrastructure

Vision :

Mission :

Goal :

Global strategies for a stronger presence in the international marketplace

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To maximizing returns for quality Sunkist growers

To provide a strong marketing and promotional service to other fruit producers

Human Resource

Training for staff

Recruitment

Technologies Development

Grading Technology

Sizing Technology

Packing Technology

Labeling Technology

Procurement

Machinery, Transportation, Staff

Inbound Logistics

Operations

Outbound Logistics

Marketing & Sales

Services

Collect fresh fruits from California and Arizona

Clean and grade the orange

Concentration

Pasteurization

Packaging

Finished goods will send it to restaurant, supermarket and convenience store.

Advertising

Promotion

Customer Service

Discount

Value Chain refers to the process whereby a firm determines the costs associated with organizational activities from purchasing raw materials to manufacturing products to marketing those products.

3. 6 SWOT Analysis (TOW Matrix)

SWOT Analysis

(TOW Matrix)

Strengths- S

- Represent a large market of citrus growers in California and Arizona
- Producing in CA gives them longer to produce because of warm weather
- Provide various services (processing, marketing, research procurement) to its member growers
- Strong production in recent years and belief that this would continue
- Research regarding breakdown of users is very thorough.

Weakness- W

- Contending with heavy advertising by other food manufacturers

-Concentrated predominately in women's magazines

-Consumers lack Sunkist brand loyalty

Opportunities- O

-Our findings indicate that possible demographic.

-Changes of heavy lemon users can be used as an advantage.

-Increased awareness of lemons may improve usage of lemons.

SO Strategies

-Sunkist should increase their exportation

-Increase the quality of the product to meet customer satisfaction

WO Strategies

- Make a strong distribution system to cater to avail the full benefit of the growing market.

- Seek more business from other country.

-Promote the product by using effective ads.

Threats- T

-Fresh lemon consumption in the U. S. may continue to steadily decline

-Increased competition with Florida growers

-Forecasted increase in production during winter months

-Concerns about retailers' views of fresh lemons and its prepackaging

ST Strategies

- Advertise more products about Sunkist that are declining
- Offer discount on the products to attract customer to buy
- Use high technology machinery to increase quality.

WT Strategies

- Decrease the price of declining product
- Enter new market to get more customers.

3. 7 Diagnosing Strategic Capabilities

3. 7. 1 BCG Matrix

Star

(Growth)

Question Marks

(Introduction)

Cash Cows

(Maturity)

Dogs

(Decline)

Stars

Stars are characterized by high growth and high market share. Stars is the organization's best long-run opportunities for growth and profitability.

Sunkist orange juice is the product that gave a lot of opportunities and profit
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to Sunkist. Over the long run opportunities in stars will pay dividends as their large market share will enable them to generate cash as the market cows and they become cash cows.

Cash Cows

In Cash Cows stage, the products have a high relative market share position but compete in a low-growth industry. It called cash cow because they generate cash in excess of their needs. Apple juice is the cash cows. Sunkist has takes measure in apple juice to make the product in to stars.

Question Marks

Question marks are also known as problem child. The products at this stage have a low relative market share position, yet they compete in a high-growth industry. Sunkist cash needs are high and their cash generation is low. A high-quality grapefruit crop that moved well and commanded strong FOBs helped make 2008-09 one of the better years for grapefruit growers.

Dogs

The products have a low relative market share position and compete in a slow or no market growth industry. The dogs are lemon juice. It reduced economic activity in the foodservice industry resulted in the largest negative restaurant growth in 40 years.

3. 8 Product Life Cycle

Product Development

Orange

Apple

Lemon

Grapefruit

Introduction

Growth

Maturity

Decline

Product Life cycle has 4 stages that consist of introduction, growth, maturity, and decline. Above is the product life cycle for Sunkist.

The introduction stage of product life cycle is characterized by slow growth in sales and high costs as a result of limited production. Grapefruit is in the Introduction stage. Sunkist invests in research and development to produce new products. These command a premium price and confer upon the organisation a first mover advantage (Lieberman and Montgomery, 1988) [xxii].

Apple juice is in the growth stage. In this stage, sales increase rapidly as the market grows. It allows firms to reap the benefits of economies of scale. The increase in product sales brings greater profits which in turn attracts new entrants to the market.

The maturity stage of the life cycle sees a slowing in sales growth and profits as the market becomes saturated. Orange juice is in the maturity stage. In

this stage, low cost competition with other brand based on efficient production and technically proficient processes becomes more important. During the maturity stage of the life cycle it is conceivable that a product may benefit from innovation or finding new consumer markets.

Lemon juice is in the decline stage. In the decline stage firms experience a fall in sales and profitability. Consumer loyalty shifts to new products.[xxiii]

3. 9 Promotion tools

Sunkist's has been steadily growing with an aggressive marketing strategy and attractive packaging. Sunkist uses few promotion tools to promote their product and services.

Traditional newspaper and magazine advertisements are supplemented with grove tours and educational seminars for the media and chefs. Public relations campaigns such as the World's Largest Lemonade and the World's Largest Citrus Display attract wide media coverage, and targeted citrus information from Sunkist finds its way to consumer blogs and in-store promotions.

Sunkist's entry into the world of social networking is a cost-effective way to directly reach consumers. Sunkist is building a substantial following on Twitter and Facebook. They promote it in these two website because a lot people are playing with it recently. In addition, well over 100, 000 subscribers receive our monthly online publication highlighting information, promotions, recipes and entertaining tips.

Stage 4- Strategy Implementation

4. 1 Sunkist international Strategy

With over 7, 000 Sunkist juice and juice drink dispensers in the US and Canada, had another strong year, generating more Sunkist branding in restaurants, bars, schools, hotels and hospitals. Through Vitality, Sunkist is now one of the main beverage brands in the military.

An effective international strategy begins with developing a standardized product that can be produced and sold the same way in multiple countries. [xxiv]Kenichi Ohmae[xxv]argues that delivering value to customers worldwide is the overriding goal, while other observes stress achieving strategic flexibility.[xxvi]Sunkist managers build strong worldwide distribution system and use profits from successful products and markets to subsidize the development of other products and markets.[xxvii]

Jelly Belly successfully introduced a line of Sunkist Citrus Jelly Beans in 2009. In 2010 distribution will expand in the US and Canada. The existing line of Sunkist Fruit Gems and other products now boast a higher level of juice and new packaging. General Mills' Sunkist Straw- berry Fruit Snacks became the third most popular product in the fruit snack category. Maverick Brands (Sunkist Natural juice and smoothies) and Old World Industries (Sunkist jarred fruit) enjoyed increased distribution and growth. Sales by a new licensee, Taylor Farms, formerly Sunkist Taylor, LLC (Sunkist packaged cut fruit), grew strongly in both retail outlets and schools.

Sales of Sunkist-branded beverages in Asia continued to strengthen.

Morinaga Milk (Japan) and Haitai Beverages (Korea) led the way in innovation

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with a host of new products and flavors. Country House (Taiwan), traditionally a foodservice licensee, moved into retail with a line of new, high-quality juice drinks; and Fraser & Neave (Singapore and Malaysia) continued their strong performance with Sunkist juice. RFM (the Philippines) successfully introduced newly packaged juice drinks and a new line of Sunkist fruit-flavored teas. The new line of Sunkist Premium 100% juice from A. S. Watson (Hong Kong and China) enjoyed good sales. Business in Europe and the Middle East, while currently small, is growing.

Sunkist diversifies into foreign markets because it can generate sales profit opportunities that cannot be matched at home country. Internalization can also extend the marketable life of products or services that have reached their maturity in the home country. Sunkist has an extremely well-balanced export and domestic marketing program. They have a very strong sales and marketing team of seasoned veterans. They have excellent partnerships with ke