

Components of the strategic management process



To be a world-class multinational enterprise with an Asian base, providing superior returns with a focus on the Food & Beverage, Properties and Publishing & Printing businesses. " Mission: " To be a world-class multinational enterprise providing superior returns to our shareholders, excellent value for our customers and a rewarding career for our employees.

" STRATEGIES

F& N existing strategy is differentiation , this is through product innovation (coming up with new products), brand name (Magnolia, Seasons, 100 plus), distribution channels (the Asian region and also soon the Middle East with its Halal certification) STRENGTHEN AND GROW THE CORE Maximize synergies and grow organically in existing business units to secure leadership positions; BUILD AND EXPAND THE CORE Seek inorganic growth through strategic mergers, acquisitions and alliances that leverage on our core competencies; DEVELOP AND EXPAND INTO NEW MARKETS

Expand into new overseas markets to tap new sources of growth and to achieve better market diversification; BUILD AND LEVERAGE ON BRAND EQUITY Invest in a strong portfolio of internationally recognized brands, supported by product innovations and quality improvements; IMPROVE EARNINGS YIELD AND PERFORMANCE Manage capital allocation to maximize returns and maintain a policy of improved payouts for shareholders. STEP 2 : DEVELOP VISSION AND MISSION STATEMENT FOR THE ORGANIZATION
VISSION: To be a global Food & Beverage leader in the food & Beverage world

MISSION: Developing our employee's capability through our unique philosophy and self concept to achieve customer satisfaction as well as reputable relationship with society in order to achieve high profitability. STEP 3 OPPORTUNITY 1) Strong demand for real estate property in Asia 2) Heineken offers \$5.6 billion to realize value 3) High demand of product 4) Opportunity to bid for vast land from the government 5) Increase in demand of dairy product THREATS 1) Unfolding financial crises in euro zone 2) Flooding that took place in Thailand.

Use the location of F& N companies across the Asia Pacific to meet the high demand of product (S1, O3) 2. Increase production of beverage to satisfy consumers demand and maintain the strong position in beverage market (O5, S5) 3. Heineken offers is a huge advantage for strong position in general market and in maintaining leadership position (O2, S2)| 1. Use high demand of product overcome the decline in the revenue of the company by producing more product for consumers demand by increasing advertisement level (W5, O3) 2. Overcome the decline in profit from China development property with the strong demand for real estate property reducing non-value added cost in Asia (W3, O1) 3.

Heineken offers will increase the market capitalization by investor channel the fund to the required aspects of the business (W2, O2)| 1. Use the availability of location across the 15 countries in Asia to always create awareness of the exchange rate fluctuation (S1, T4) 2. Risk awareness and management to reduce damage in natural disaster that might occur in future (T2, T5, S5) 3. Use part of the revenue to amend every damage incurred during the flooding that took place (S3, T3)| 1. Increase in promotion to

achieve consumers confidence in the product and also the inability to establish a competitive foothold (W1, T3) 2. Reduce production cost to increase revenue and to reduce weight of the financial crisis on the company (T1, W3) 3.

Improve on research and development to overcome anthrax broke out and more research property development (T5, W3) | STEP 9 COMPETITIVE ADVANTAGE F& N have been able to gain a reputable market position as well as strong brand across the Asia Pacific, as it reflects in the industries it brands are present, they are among the major contenders if not the market leader. Following analysis on the company's business operation, it becomes obvious that the company's competitive advantage lies solely on its brands, employees and financial strategy. Why consumers prefer F & N This competitive advantage is as a result of the highly experienced employees with versatile business initiative, which constitute the company management team.

Furthermore, the performance of their products is as a result of the company's aggressive marketing strategy, product development, market expansion as well as cost leading strategy implored to maintain their competitive brands in the market. Considering the numerous brands produced by the company to satisfy the needs of different segments, have earned the company numerous awards, ranging from "Brand Laureate Award-best brand for food & beverage-isotonic drinks in Malaysia 2010", The readers Digested Trusted brand- Gold award in Singapore and Malaysia etc STEP 10 HOW TO MAINTAIN THE COMPETITIVE ADVANTAGE In order to maintain the competitive advantage of the company, the company should <https://assignbuster.com/components-of-the-strategic-management-process/>

use differentiation strategic this means the company will have to be going toe-to-toe with the company with the lowest price, but it is better not to compete on price but to prove why the product and services are better than that of the competitor.

In order to achieve this, they should spend a reasonable sum of money on advertisement. The company would create a favorable impression among the youth if they sponsor small events like college festivals, university programmes, entertainment events e.g. sports, fashion shows etc. They should have celebrity endorsers and also do various advertisements on billboards, broadcast advertisements in radio, television, internet and also convert advertisements in movies. This will help to spread the awareness of their product globally. F & N should launch non-beer brands in countries where their beer brands have performed well, this is to further strengthen their competitive advantage. F& N company should try to improve the design of their beverages to make it very unique from other beverage drinks, in order to do it and at the same time promote their product they should organize a competition where people will send their design to them and they will pick the best ones and advertise it to the public to vote for the best design that should be the new design of the beverage and the winner will be awarded with a prize.

They should also continually launch a new product at the right time that will satisfy their customer needs, they should pass out questionnaires to the public and also create a website with a questionnaire for the consumers to answer about their product to know what kind of flavor the consumer desires so they can produce, it will make consumers more loyal to them seeing that

the company really cares for their needs it this will give them a great advantage over their competitors. External Environmental Threats A successful differentiation strategy creates a lines of defense against the five competitive forces identified by Porter : rival competitors, buyers, suppliers, potential entrants, substitutes. Threats of potential entrants

For example, product differentiation helps reduce the threat of new entry by forcing potential entrants to an industry to absorb not only the standard costs of beginning business but also the additional costs associated with overcoming incumbent firms' product differentiation advantages Threat of rivalry Product differentiation reduces the threat of rivalry, because each firm in an industry attempts to carve out its own unique product niche. Rivalry is not reduced to zero, for these products still compete with one another for a common set of customers, but it is somewhat attenuated, because the customers each firm seeks are different. Threat of substitutes Product differentiation also helps firms reduce the threat of substitutes by making a firm's current products appear more attractive than substitute products.

For example, fresh food can be thought of as a substitute for frozen processed foods Threat of suppliers Product differentiation can also reduce the threat of suppliers. In a market where there are a small number of suppliers with distinctive services or products, the suppliers have power to drive price but if it turn round in this case then suppliers have less or no power to drive prices. Threat of buyers Finally, product differentiation can reduce the threat of buyers. When a firm sells a highly differentiated product, it enjoys a quasi-monopoly in that segment of the market. Buyers <https://assignbuster.com/components-of-the-strategic-management-process/>

interested in purchasing this particular product must buy it from a particular firm.

Any potential buyer power is reduced by the ability of a firm to withhold highly valued products or services from a buyer. External Environmental Opportunities Product differentiation can also help a firm take advantage of environmental opportunities. In fragmented industries In fragmented industries,. firms with highly differentiated products or services may be able to use this product position to help consolidate the industry. By being a first mover in these industries, firms can gain product differentiation advantages based on perceived technological leadership, preemption of strategically valuable assets, and buyer loyalty due to high switching costs. In mature industries n mature industries product differentiation efforts often switch from attempts to introduce radically new technologies to product refinement as a basis of product differentiation. In declining industries Product differentiation can also be an important strategic option in a declining industry.

Product differentiating firms may be able to become leaders in this kind of industry (based on their reputation, on unique product attributes, or on some other product differentiation basis). Alternatively, highly differentiated firms may be able to discover a viable market niche that will enable them to survive despite the overall decline in the market. In a global industry Finally, the decision to implement a product differentiation strategy can have a significant impact on how a firm acts in a global industry. n general, product differentiation requires a firm to be in close contact with its customers, to understand their idiosyncratic needs and how those needs can be addressed

in a firm's products or services. Global strategies, where business functions are located in ways that minimize functional costs, may make it relatively difficult for a firm to differentiate its products or services in ways that are needed by different local markets.

A multinational strategy, where different market segments throughout the world are serviced by quasi-independent operating divisions, may enable a firm to differentiate its products in ways that respond to local market needs. It must be costly to imitate or duplicate if they are to be sources of sustained competitive advantage. **RECOMMENDATION** In view of analytical method employed, we advise the company to adopt "market development" strategy, because the strategy is in line with the company's vision "To be a world-class multinational enterprise with an Asian base, providing superior returns with a focus on the Food ; amp; Beverage, Properties and Publishing ; amp; Printing businesses. " with its mission statement that reads To be a world-class multinational enterprise providing superior returns to our shareholders, excellent value for our customers and a rewarding career for our employees. Market development strategy, will increase sales annually by 5%,

If projected to other market will utilize the company's strong R; amp; D capabilities to conduct a survey and with the motive of assessing the market as well as defining the targeted customers. Market development is expanding the shores of your business operation into other locations, using the competitive advantage as a strong tool to capture the market. **REASON FOR RECOMMENDING THIS STRATEGY.** The reason we recommended this strategy is because it is in line with the company's vision and mission, to be a <https://assignbuster.com/components-of-the-strategic-management-process/>

world class multinational enterprise, this strategy is basically expanding into other geographical market to increase revenues and profits. Market penetration is to intensify your marketing strategies within a market, most especially the market size is fixed.

We recommended this strategy of product differentiation because The method simultaneously considers all the critical success factors related to the organization performance without ignoring any of the key factors, and rating high the most crucial factors relating to the strategy.