

Marketing analysis of ducth lady assignment

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Corporate Mission: To create value for our owners, In short and long term, by means of profitable dairy activities. To develop, produce and market a broad range of reliable, natural and nutritious dairy products that contribute to well-being and vitality of life. To recognize that know-how, quality, dedication and leadership of our employees are the most crucial assets to achieve our targets. For generations, Dutch Lady Milk Industries principal business is to supply quality dairy and Infant nutrition products to the nation.

Today Dutch Lady ranks among the top three dairy producers In Malaysia. Generations of Malaysian have grown up on Dutch Lady dairy products. While Dutch Lady first established itself as a manufacturer of sweetened condensed milk, Dutch Lady Milk Industries' extensive product range now spans from infant formula and growing up milk to fruit Juice and yoghurt snacks. Every product innovation that rapidly develops Infant and child formula range is backed by extensive research both locally and internationally.

DALI is the largest purchaser of local fresh milk from the Veterinary Services Department. It also supports local industries by using a substantial amount of local ingredients such as palm oil and sugar in its products. The quality of the Company's products is paramount. Quality Control and Quality Assurance are prime considerations. In line with this, the Company has continually been accredited with ISO 9001 certification since 1995. Strong emphasis is also placed on food safety with the implementation of HACC (Hazard Analysis Critical Control Point) System to cover all its plants.

Since It commenced manufacturing In 1963, DALI has steadily expanded Its operations In Malaysia. Its chilled plant is one of the most modern in South East Asia. SECTION 2. 0 BUSINESS OVERVIEW Figure 1 Total market for Chilled Business [2] source: DALI (2009) As shown In Figure 1, the total chilled (total of eating yoghurt, yoghurt drink and cultured milk) market Is consistently growing but at a very slow rate. Therefore, Dutch Lady is hoping to play a role in growing this niche market where most players neglect.

From a recent study done by a third party, consumers nowadays are eve health conscious and are ready to take up anything that could help benefit their health. This is especially helpful with the females growing interest in getting slim through exercise or daily Intake of nutritious yoghurt. Figure 2 Chilled Business Volume Percentage Share by Players [3] Source: Canticles Malaysia (2009) business in comparison to Aim's Milk, the market leader and Nestle at second. This is due to Dell's limited chilled product line.

Aim's Milk, though only provides Fresh and Low Fat Milk, their best seller are the 2 Liters package size and therefore, in terms of volume and value they are still the market leader. Nestle on the other hand offers a wider chilled product line by offering yoghurt, yoghurt drinks and cultured milk. These are the plausible reasons for DALI inability to capture a larger market size cause it neither produces 2 Liter package size milk not does it offers cultured milk as part of its chilled product line. Currently, the market is desperate for some product excitement and flavors.

This could provide DALI the opportunity to capture the market through target groups and segmentation of the market which will be discussed later in the

other sections. Moreover, by collecting enough information of the potential areas, DALI could use the marketing mix to help boost their sales and have a larger consumer base for the chilled market. In order to gel all these ideas onto possible actions, the author would like to propose a bold move into introducing the 'Tropical' flavor for all range and pack size for both yoghurt and drinking yoghurt.

This Tropical flavor will definitely draw attention and create a new group of consumers. Plus no other competitor products have come out with such thrilling flavor, therefore these would definitely appeal to those whom are bored of the old traditional flavors and are looking for new range of stimulation for their taste buds. SECTION 3. 0 TARGET MARKET Figure 3 Sales Review for Chilled Product by Chain [4] source: BE (2009) As depict in Figure 3, Giant chain supermarket is the one with the highest sales value growth for chilled business and Tests at second place.

Hence, DALI could target the consumers from both these chains as the trend that can be seen here is that consumers prefer to purchase chilled products at chain supermarkets with warehouse concept. Giant and Tests are typically a supermarket that builds on purchasing at bulk to keep the selling price as low as possible to attract consumers that are looking for supplies at below average market price. Consumers that purchase at Tests and Giant are generally from the middle income group and form he Malay ethnic group as the main followed by Chinese ethnic as shown in Figure 4.

For that reason, we could factor in these as part of the target group for the new 'Tropical' flavor. Figure 4 Sales Review for Chilled Product by Chain [5]

Source: Dunham (2009) Presently, DALI demarcation of area is by Central (Serbian, Pang, Slang, Kananga, Fettleing Jay); East Coast (Jota Barr, Kanata); North (Paper, Penman, Keyed, Perils); South (Amelia, Bat Path, Juror Barr); Saba and Karakas. And as shown in Figure 5, the AIMS for Central seems to be the most promising area of development followed by South and then North.

Therefore, it is safe to conclude that consumers at more developed areas are more particular towards living a healthy lifestyle. Figure 5 Average Monthly Sales of Chilled Business by Area [6] Source: BE (2009) Therefore, the target market that DALI is looking at to grow their chilled market share is through three different target groups: Middle income group which frequent hypermarkets or supermarkets at central, south and north region with basket size of of their career and tends to emphasizes slimming and natural beauty; Adults age 35 and above whom are more health conscious towards living a longer healthy life.

Since yoghurt and yoghurt drinks are classified as convenience products as it is bought frequently and immediately at reasonably low price with many point of sales, it is therefore considered a potential market which DALI would like to nurture in hope that they could construct a loyal customer base as a platform for future consumers while at the same time educating these consumers about the importance of eating and staying healthy.

The 'Tropical' flavor would be able to cater to these group of health conscious consumers because it is rich in nutrients from all the mix tropical fruits. SECTION 4. LONG TERM AND SHORT TERM GOALS SHORT TERM

Chilled products are very dependent on promotions, therefore for the short term goal, DALI hope to successfully execute all promotions planned throughout the year as depicted in Table 2. The selections of the promotion are during festive seasons where consumers are more likely to spend more.

The author is hoping to be a trend setter using these promotion plans by encouraging consumers to purchase more yoghurt drinks and yoghurt as a festive item instead of just a convenience product. That is the very reason why most of the promotions for the chilled products are inducted during festive seasons and national fairs. Table 2 Promotion Plan for Chilled Products [7] LONG TERM In the long term however, DALI is hoping to be able to strengthen the position further if the initial establishment succeed.

These are the few long term actions that DALI could consider: Focus on key outlets with key SSW; Listing of only the top flavors; Operation support from chain supermarket to build business further; Conduct cross promo with any value added product; Secure additional space for greater visibility; Implementation of segmentation according to agreed planeload; Implement trade schemes to drive distribution; Mount activities to convert competitor users; Promotional activities to reward loyal users; Induce trial through giving out free sample pack size.

These long term plan are also meant to be continuously conducted throughout each year to secure the share of business in the chilled market.

SECTION 5. 0 MARKETING STRATEGIES Figure 6 Marketing Above The Line

3600 Activation [8] DALI 3600 activation plan is one form of marketing strategy to create brand awareness and ideally brand preference among

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existing consumers and possibly new users who will prefer a new sort of exciting taste. The awareness campaign will touch on all forms of media from online advertising to advertising on the shelf itself to news and ads.

ADVERTISING points: Dutch Lady yoghurt is getting better, with a new and refurbished new 'Tropical' flavor. DALI could consider using print and broadcast ads in women-oriented mediums several weeks before the new introduction of products to inform people of how healthy is Dutch Lady's yoghurt and changing to meet their needs. Billboards, television, radio, and display signs will be primary vehicles for this. About two weeks before introduction, our ads will change from stressing our company name to stressing product line imaging. DALI will also run specific ads the 'Tropical' flavor product stressing its benefits to the consumers.

This specific part of the campaign will primarily use magazines, radio, and other mediums targeted at the under 25 aged crowd. After product introduction, will run advertising to persuade and remind consumers of our new products. There will be a customized advertisement of the video which shows the new 'Tropical' flavor with a silent background to serve the product tagging. PUBLIC RELATIONS DALI will pursue the following public relations oriented programs: DALI will put together a press kit showing L'Oreal commitment to grow and serve the Dutch market.

We will include key facts including our additions to the employment rolls and charitable contributions. We will look to host and/or sponsor events that appeal to our target markets. For our more mature audience with increased disposable income, we will sponsor a "Women in Business" seminar.

Women in key roles as models or local actresses can be presenters. For those women at home, we will look into sponsoring events that will appeal more to them - something along the lines of a home and/or garden show and conventional housewives will be chosen as the reduce ambassador.

We also are excited about creating Health Shows geared towards the younger and first time consumers. The Shows will focus on education of terms, etc. And actual hands-on training. They can be arranged on a small scale, e. G. A booth at a mall, too larger event at a local hall with many booths. We will donate a portion of sales of the new ' Tropical' flavor towards slimming research. This will be displayed on all advertisements associated with the new flavor product. PRODUCT TAGGING " THE TROPICAL SILENCE THAT BRINGS HARMONY TO YOUR HEALTH" PRODUCT VIDEO Please refer to attached flash video* SECTION 6. 0 SITUATION ANALYSES GIANT S. W. O.

T. ANALYSES GIANT CUSTOMER - GIANT STRENGTHS WEAKNESS c

Hypermarket outlets and PM: 91 outlets) Giant operation team welcome in-store approaches on tactical promotions (priority given to top suppliers) Store layout with event area for in-store activities Space allocation for activities at " Kids Playground". Issues at WHQL:- No yearly promotion calendar to be furnished to suppliers for promotion planning. No full control over space allocation at store level for promotions Scan sales data revived to Category Captain limited to 7 Hypermarkets. No standard concept for HAS display at CSS/Supermarkets due to no plan-o-gram design for these channels.

Plan-o-gram of stores is sometimes influenced by competitor Issues at DC:-
No system to measure on-time delivery to stores. Weakness of delivery window to stores (too big gap from date of orders receipt to delivery that cause stock issues at store level. Capacity issue to manage high stock weight/turnover. Issues at Store Level:- Some of the store buyers are lack of understanding of internal SOP and not discipline n ordering lead to replenishment issues at store level. Service problems of Chilled vendors to supermarkets/CSS Supermarket Cold Storage OPPORTUNITIES THREATS Hypermarkets Low store productivity due to issues at DC and store level.

Store expansion (5 hypermarkets & 10 supermarkets) Joint forecast with Giant in order to have smooth pipeline to stores and improve forecast accuracy. Nestle is given priority by DC on storage and delivery to outlets (due to top-to-top agreement on sales target and incentives). Consistency in stock deliveries of competitors that helped their A at store level and promotion execution. Supermarket SO improvement by initiating plan-o-gram for CSS Supermarkets and influence store buyers to allocate more SO to ODL products. Customized promotion for Supermarkets/CSS that has different shopper profile.

Cold Storage DALI IN CUSTOMER (GIANT) STRENGTH o s Chilled We are No. 3 suppliers in Chilled category after Cotta and F. Strong brand equity. We are lack of focus in Chilled compared to Ambient and no creativity in promotion activity. Our facing is less prominent compared to competitors. According to Giant CM, shopper behavior is trending towards bulk purchase in hilled category. Customized promotion in Giant to associate DALI image of dairy

expert Competitors (Cotta and Nestle) are dominant in this category. RET We are No. 2 supplier in this category after Nestle.

We are offered lower margin to Giant compared to other suppliers. Multipart promotion (Buy 4 at Remix) to encourage bulk purchase. Mini road show for ELF RET and DYKE in order to bring new excitement to shoppers. Stiff competition from Nestle:- 60% contribution to total sales Deep pocket and react fast to competition. Category captain. Dominant SO at store level. Shine DYKE Continual innovation from DALI who has strong market share in DYKE segment. Creative to bring new things to shoppers, Lack of communication for benefits of “ green tea extract” to the shoppers although it’s one of the key selling points.

Based on TONS research, we are strong in retail chain with high % of Chinese compared to those with high % of Malay (I. E. Giant). Lack of margin to retailer (as above for RET). Communication of product benefits via sampling at selected stores. Giant has the right shopper profile for SHINE to build a bigger consumer base. Promotion differentiation (I. E. TAP FOCl premium) to target Giant’s shoppers (Based on TONS research, promotion with premium giveaway is proven effective in this category). Customized promotion for CSS that captured the target shoppers.

Explore TAP/Triple packs promo to increase volume. Road show to create awareness and enhance communication to the target shoppers. TESTS CUSTOMER - TESTS Tests is well-positioned for further growth to be No. 1 Retailer Limited products range offer to customers as Deco’s selection on high quality products, good turnover brands and high profit margin. Strong

expansion with 10 outlets opening (5 in SQ-SQ 2 in SQ) No full control and influence over space allocation as category captain. Competency in supply chain management and efficiency.

Centralized system in Tests that facilitates its IDLE operating model whilst building service levels. Deco's regulation leads to inflexibility in execution such as no premium, no cross-category promo etc. With the strength of operating system and supply chain in Tests to drive efficiency and improve stock turn ratios. Joint forecast is required especially during promotion to maximize the sales opportunity. Tests is a value-led retailer; its pricing liche is to " be the right price on all comparable products versus the benchmark" and to be the " best value retailer".

Deco's ability to gain customer insight, perform robust customer segmentation and deliver personalized marketing communication from its Club card loyalty Facing difficulties on stocks replenishment to be influenced at store level as store buyers are very dependent on system. The shopper behavior insight gained from Deco's loyalty card data is currently used by Tests in strategic decision- making, and to drive promotional activity Tests has developed great expertise in riveter label development, and enable it to differentiate its offer from its competitors, build brand loyalty, grow margin and demonstrate both price and quality credentials.

With the strong operating system and strategy having by Tests, strong influence power from WHQL to store level on execution and operation issue to leads the smooth process Have long term initiatives calendar plan (12 month rolling initiatives calendar) in order to work closely with Tests (egg, P,

Nestle and Dummy) Tests is growing aggressively to become big player in the retail market and it has market eating position which empowered them to have better negotiation power and demand against suppliers.