

Walls cornetto report

Business



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Industry Analysis Overview The main objective of industrial analysis is to assess the prospects of various industrial groupings. At any stage in the economy there are some industries which are growing while others are declining, the performance of companies will depend among other things upon the state of the industry as a whole and the economy. If the industry is prosperous, the companies within the company may also be prosperous although a few may be in bad shape. The share price of the company is empirically found to depend up to 50% on the performance of the industry and economy. To analyze the industrial performance one should follow the three steps.

* Industry life cycle analysis * Study of structure & characteristics of an industry * SWOT analysis

Ice Cream Industry Profile The ice cream in Pakistan is in many ways, reflective of the overall population distribution. The country's population is primarily rural with approximately 65% of the population in villages and 35% of the population live in urban areas of Pakistan. . A dominant market share of 52% is with the unbranded ice cream vendors and artisans which is mainly due to low per capita income. The remaining 48% of the market share is divided among 5 major companies.

It was once considered a sophisticated item of food is now becoming increasingly popular among the people Ice cream or ice-cream is a frozen dessert usually made from dairy products, such as milk and cream, and often combined with fruits or other ingredients and flavors. Most varieties contain sugar, although some are made with other sweeteners. In some cases, artificial flavorings and colorings are used in addition to (or in replacement of) the natural ingredients. This mixture is stirred slowly while cooling to

prevent large ice crystals from forming; the result is a smoothly textured ice cream. The meaning of the term ice cream varies from one country to another. Terms like frozen custard, frozen yogurt, sorbert, gelato and others are used to distinguish different varieties and styles.

In some countries, like the USA, the term ice cream applies only to a specific variety, and their governments regulate the commercial use of all these terms based on quantities of ingredients. In others, like Italy and Argentina, one word is used for all the variants. Alternatives made from soy milk, rice milk, and goat milk are available for those who are lactose intolerant or have an allergy to dairy protein, or in the case of soy milk for those who want to avoid animal products. Industry Competition The overall picture of ice cream industry in Pakistan is not encouraging. Ice cream industry itself is growing with a reasonable rate of 2% annually.

As the Pakistani nation have a tendency to follow others to the maximum extend and Pakistan is a nation with a tendency to get influenced by others and especially by western communities therefore ice cream in Pakistan is categorized as fast food, which is a symbol of western community, so we can very well imagine that ice cream is gaining its popularity especially in urban areas. As discussed above that about 48% of the ice cream industry is included in the organized sector and the more serious challenge comes from top five firms; Walls, Omore, Yummy, Hico Igloo, Gourmet and Rocco. These top firms dominate the market and essentially control the organized market. Pakistan has a branded ice cream of about 60 million liters per annum at a cost of about rs. 8 billion. Among the above mentioned firms walls is serving

as market leader and has the highest market share and Omore is serving as market challenger with the second highest market share.

On the other hand Yummy, Hico, Gourmet and igloo are the market followers and Rocco as a market nicher. The market share of these companies can be seen in the below chart: Market Share Top ice cream industries list

Walls Omore Yummy Hico Gourmet Igloo Rocco Brief Analysis of ice cream

Companies Walls Walls is the brand name of Unilever and Unilever is the world's largest manufacturer of ice cream which in fact holds almost 22% of the global market share. In Pakistan the Heart brand is called Wall's and it is one of the most active players and the only nationwide seller in the market. It is the market leader and holds the lions share in the market. The main strengths of walls are that it has the highest market share in the ice cream industry in Pakistan which is about 45%.

The other strength is that it is serving in all four provinces of Pakistan. As well as it has the largest range of varieties, flavors and packaging of ice cream. Also it has the most extensive distribution system with about 1500 retailers and 40, 000 outlets all over Pakistan. The other main strength of Walls is that it has two manufacturing plants and has the latest technology installed with a total production capacity of about 13000 liters per day. It has very strong promotional campaign through various mediums such as TV, Billboards, magazines and Newspapers. The weaknesses of Walls are that it charges a high price than its competitors as well as being a market leader they don't have their own ice cream parlors and they mainly focus on the youth.

Ice cream is a perishable item and the electricity failure has really created problems for the company, actually they incurred huge losses due to this as lots of their stock losses its quality and melts. Their clear top freezers cannot retain required temperature for more than 90 minutes. Omore OMORE ice cream is a famous ice cream brand in Pakistan. It is manufactured by Engro Foods Limited. As a brief introduction, Engro Foods Limited is a multipurpose manufacturing company.

It was established in 2004 and is mainly involved in the manufacturing and marketing of various industrial and consumer products including dairy products, fruit juices, ice cream, industry, chemicals and rice/agriculture produce. The main strengths of Omore are that it has gained the second highest market share within just 2 years after its launch which is about 15% and it is the main market challenger to the ice cream industry in the current time period and especially to Walls. The main reason for its success is that it is charging low prices as compared to the market leader as well as they have launched various varieties and flavors of ice cream within a very short period of time and they have a strong positioning in the minds of the consumers due to its strong promotional campaigns through various mediums. Omore has a fully automatic ice cream manufacturing facility, and has a production capacity capable of producing more than 5 million liters of dairy ice cream a year. Omore ice cream is one of the few brands in Pakistan to manufacture pure dairy ice cream. The main weakness is that it is available in only major cities of Sindh and Punjab Province.

Their distribution system is also weak as compared to Walls and they also don't have enough varieties and flavors to increase their market share. The <https://assignbuster.com/walls-cornetto-report/>

stock melts due to electricity failure. Yummy Yummy ice cream is the product of Yummy Milk Products (Pvt.) Ltd. It is the market follower in the industry. Their strength is that their ice creams is made of pure dairy products and are of low prices with very good quality.

The weaknesses are the weak distribution system with limited availability at the retail stores with less variety and flavors of ice cream. The brand equity of yummy ice cream is also very low due to weak promotional campaigns. Also they are only available in major cities of Paksitan. Hico Hico which stands for Happy Ice cream Company was established in 1958. The company has a production plant at Lahore.

It is a division of Pakistan fruit juice Company private limited. RC and Flora juice are other division of the same company. s mainly involved in the manufacturing and marketing of various industrial and consumer products including beverages, fruit juices, ice cream, industrial gases and Rice/agriculture produce. They are the market follower in the industry. The only main strength of Hico ice cream is that it is made from pure dairy products and is served in big Hotels like Avari and Pearl Continental and is the prime choice of the family. The prices of their products are also very reasonable.

Hico has a fully automatic ice cream manufacturing facility, and has a production capacity capable of producing more than 4. 5 million liters of dairy ice cream a year. The weaknesses are that they don't have proper brand positioning in the minds of the consumers therefore the brand equity of Hico is very low. They have a very limited variety of their products with

limited flavors. Also they don't have strong distribution system due to which Hico is not available in all major retail stores. They are also only available in major cities of Pakistan due to which they have a very little market share as compared to other competitors in the market.

Due to limited resources they do not spend much on the promotions and are far behind from major competitors in the industry. Gourmet: Gourmet ice cream is a product of Gourmet Foods (Pvt.) Ltd. The main strength of the Gourmet ice cream is that it is targeting all classes and charging very premium prices for their ice cream products. They have their own manufacturing plant and have a very strong distribution system with quality products. They are very much popular in Punjab and especially in Lahore.

They are the market follower in the industry. The weaknesses are that they are serving in only a limited number of areas and don't have strong promotions of their products. Also they don't have enough varieties and flavors in the market to compete with the brands like Walls and Omore. IGLOO Pakistan Dairy Products (Pvt.) Ltd.

Karachi are the manufacturers and distributors of Igloo Ice Cream in Sindh and Balochistan. IGLOO the pioneers in Ice Cream Industry in Pakistan made its appearance in 1971. The main strength of Igloo ice cream is that their production cell is fully equipped with the latest machines and equipments; with the demand of advanced technological competition. IGLOO ice cream have more than 40 per cent market hare in Sindh and Balochistan with their 6000 number of outlets. The prices of their products are very low and they are the market follower in the industry.

They are also providing Deep Freezers maintenance and service facilities. The production capacity of Igloo Ice Cream is about 5 million liters per annum. The weakness of Igloo ice cream is that it is serving only in two provinces of Pakistan with a limited variety and flavors of ice cream and not having enough promotional campaigns for having proper positioning in the minds of the consumers. Rocco Rocco ice cream went into production in 1986. They are the market nicher with the customer size specialist role. Their strength is that it is the most low cost pricing ice cream and it caters the lower class and the middle classes in the southern Punjab, NWFP and Azad Kashmir.

Their weakness is their weak distribution system and no promotions of their products as well as the limited availability with limited varieties and flavors.

SWOT Analysis of Ice cream Industry: Strengths: 1) They are available in reasonable prices. 2) Known for product quality. 3) The Brands almost generic to their product category.) Strong presence of parent company in Pakistan.

Weakness: 1) The durability of ice cream is not really good. 2) It melts very soon. 3) The industry has a complex supply chain management and the main issue is traceability. Opportunities: 1) They can come up with new flavors. 2) They should focus more on their advertising and marketing strategies. 3) They should use the market expansion strategy with new 4) Threats: 1) Currently, the threat of new viable competitors.

2) Foreign players entering the market. 3) Consumer buying power also represents a key threat in the industry.) Consumer can switch to other

substitutes with little cost or consequence. Executive Summary Icy Heart (Pvt.) Ltd is a hypothetical start up. It is set up by two techno-entrepreneurs who found opportunity to set up an ice cream company in Pakistan.

The company has analyzed the industry before its startup and had found that there is a lot of gap in the industry. The company had analyzed all the competitors' strengths and weaknesses and concluded that there is only one nationwide seller ice cream company in Pakistan and only two major competitors in the industry which have strong positioning in the minds of consumers. The rest of the companies have very small market shares with no strong positioning and brand equity in the minds of the consumers. The company had decided to launch their product in three varieties and five flavors. The main reason for the success of the company would be due to the reason that it will serve in all four provinces of Pakistan and their product will be promoted in all the regions through various promotional mediums. The prices of the product will be low as compared to its competitors.

They would have a strong supply chain management with intensive distribution system. Icy Heart" mission is to add vitality to life. We meet everyday needs for nutrition; hygiene and personal care with brands that help people feel good, look good and get more out of life. Icy Heart will initially tie up with 300 retailers all across Pakistan. However it plans to enter in the domestic market and to stabilize its procurement base, production process and quality of products and generate enough financial resources.

Icy Heart aspires to be a Market leader in Pakistan within next 8 years.

Situation Analysis The current marketing situation in this industry is not

intense. Different players are targeting different classes at different prices with various varieties and flavors. Icy Heart's owner-directors analyzed the situation using the 4C framework. 4C stands for customer, competitor, company, and context. Customers: Icy Heart is entering its first year of operation.

It has tied up 300 retailers all across Pakistan which will be providing Icy heart in 15, 000 outlets all over Pakistan in the next three years. Icy Heart is also negotiating with other retailers. These retailers will take care of about 60% sales in the first year. Icy Heart will be targeting all social classes except of lower lowers and lower uppers. They are also exploring possibilities of selling in big hotels like Avari and Pearl Continental through the experiences of one of their copromoters, who was a distributor for a large multinational company dealing in ice cream and various other products. Competitors: Icy Heart knows that there are some established brands in this field like Walls and Omore and several other local manufacturers.

Walls is leading the market; capturing a market share of about 45%. Omore bags second position; capturing a market share of about 15%. The other small manufacturers holds single digit market share. Icy Heart after a detailed analysis has found that its major competitive advantage is the assured access to good quality raw material at a very reasonable cost, and its ability to scale up operations within first two years by introducing new flavor and by acquiring high market share in major cities of Pakistan. Icy Heart is aware that a big player like Nestle is also eyeing this highly attractive segment for entry which will put pressure on margins in the future.