

Marketing strategy of olpers milk



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BUSTER**

Engro Foods (Pvt.) Limited (EFL) was established in 2005 as part of a huge diversification process at the Engro Group. Engro Group itself is one of the leading business corporation with high ventures in the fertilizer, food, power, generation, petrochemicals, automation and terminal storage industries.

Engro wanted to setup a latest fertilization plant but due to certain restrictions from the government was not able to expand in the fertilization field. There, the organization decided to invest into a new market. Olper's Milk, company's first brand was launched in 2006 in major cities of Pakistan simultaneously so that product gains popularity and visibility together.

By this information, we got the idea of launching a processed milk that will fulfill all the needs of a household related to the use of milk.

The plan, in a very brief way describes what segments the company is going to target, how and what strategies to take on to achieve a brand position and make maximum profits. The plan also points out the strengths, weaknesses that accounts to internal factors that can affect a product and opportunities and threats, which are the external factors disturbing the product

Current Marketing Situation

Marketing research is an important step when a new product is to be launched into market especially for an organization with no experience in the field. There are numerous risks associated with the new product. so to reduce the risks, research is a very important step towards the launch.

The research uncovered that the food industry held the maximum promise and profits if on right track.

The statistics show that Pakistan is the third largest milk producing country in the world, with urban consumption of about 7 billion liters annually. There is an overall growth in the PLM sector due to awareness in health and hygiene, this coupled with an increasing dissatisfaction with the loose milk from the local “doodhwala”. In Punjab loose milk costs between Rs. 46 and Rs. 50 while tetra packed milk costs around 75, same is the case is in Sindh where the price difference between the fresh milk and packed milk is around 20. These are a few problems which have to be solved in order to penetrate the market to the full extent.

Market description

The milk sector consists of the consumers that have standardized preferences. All consumers that drink either fresh or processed milk have homogeneous and similar preferences and wants. Keeping these things in mind, it is very difficult for a new company to take on a challenge of producing on a large scale, distributing it extremely effectively and massively promoting. The preferences that the consumers want are nearly similar according to the survey. The inclination towards particular qualities milk should attain are, the milk should be white, milk should not smell, hygienically processed and is good for health and bones. Keeping these preferences Engro Foods introduced two more products besides Olper’s milk: Olwell diet and Olper’s cream

As previously mentioned, the preferences of all the consumers demanding or wanting milk are the same. So segmentation is really a problem for the Engro Group but the preferences differ for a few consumers that prefer

skimmed milk. The segmentation was done according to demographics, psychographics and behavior.

Market segmentation

Demographics generally refers to the age, sex and to which life cycle stage an individual or group of people comes under. There are many products which are affected by the demographics of the customers. but Olper's milk is not affected by these boundaries and limits. This product is produced for all potential buyers and users from higher or middle class families. The research suggested that the lower class families have a different attitude towards the processed milk. All the companies and groups in the milking sector are trying to change the image of the packed milk. Due to this image of the processed milk, even though not wanting to be, Olper's milk will gain an image where it will look, it is made for a special social class

Psychographic in marketing refers to the personality, brand consciousness, lifestyles and values of people. Some people are more goal-oriented and passionate about their goals. As Olper's milk and Olwell both focus on a person being physically and mentally fit, so people will look upon this as a brand and will be expecting benefits which the marketers have described.

Behavioral factors include on which behavioral aspects are involved when segmenting the market. As mentioned above the company has divided its market into three totally different segments according to how people respond on different stimuli. This segmentation is done on a basis that people want milk that can be used as a tea whitener so obviously the color of the milk does matter a lot. Secondly, customers want a product which they

can use for all purposes, not solely for a single use. Marketers of this firm have to keep in mind that they have to compete with opponents such as Nestle and Haleeb which are in this department for a period longer than Olper's and they attain many loyal customers who will prefer their respective brand respectively.

Product Review

different packaging of all the three products: Olper's milk, Olwell and Olper's cream

Marketers have decided to position it as a product that can be used for all purposes that the fresh milk does

UHT heated processor, that means high quality of milk

6 layers of tetra pack for extra cleanliness and protecting the preserved milk from bacteria and germs

3 months of shelf life, that means that storage of milk, or consumers can buy cartons of milk without worrying that the milk will get useless.

Milk that attains all the nutrients which the fresh milk has.

A product that helps weight conscious people to loose weight

Helping all users to have a chance to have healthy and strong bones

Olper's cream specifically tackles people who are addicted to desserts and "meetha". This product can be used in desserts and cake icings and etc.

Competitive review

Competition is very severe in the milking sector. Although there are only a few major competition in this sector but the competition is increasing very rapidly. The major contestants which the marketers of this company will have to study and research upon are Nestle and Haleeb, both of which have grasped enough experience in this field and have acquired many brand loyal customers

- Nestle

The market leader in this milking market is Nestle, which is producing and selling its product with the name Milkpak since 1981. They introduced the concept of processed milk and established the concept of tetra pack milk in Pakistan. This was pretty well perceived by majority in Pakistan and a synonym was attached to the Milkpak as “ quality milk”. The company has got vast experience and is tracking growth strategies. They have got a secure financial background so they will be willing to invest both in promoting and advertising if needed. They have targeted their market to areas restricted to near proximity to urban areas and are targeting people having a middle or high social class. They have always served the milking sector up to their capacity. The product is unique due to the addition of irons, vitamins A and C in the milk.

- Haleeb Milk

Haleeb foods was established in 1986, just after the initiation of Milkpak from Nestle. Haleeb foods is serving this country for the past 27years and have been quite successful in doing so. They were quite a competition for nestle

when they launched haleeb milk in 1986, but somehow or the other they were unable to make that sort of an image that the Milkpak achieved in early 80s

Haleeb milk is said to be homogenized that means that all the nutrients and minerals are spread equally in a single carton. They have pure UHT standardized milk, with 6 layered packing with a shelf life of 3 months or so.

- Anhaar Milk

Anhaar “ fresh” milk just turned into the milking market recently. They have entered market with a different aspect of processed milk. They turn down the idea of UHT standardized milk because according to their research UHT heated milk loses its original nutrient and minerals. Along with this the UHT heated milk lessens the advantages and over stresses the immune system

This milk has a shelf life of only 3 to 4 days. They milk cow daily and the fresh milk is provided to the market soon after the milking process. Pure milk exhibits healthy digestive systems, healthy skin nails and hair, reduces chances of cancer, prevents diabetes and lowers cholesterol levels, controls blood pressure and improves immunity. So according to this firm they are providing all this to the end consumers. This can be a turnover in the milking market from UHT plant to providing farm fresh milk.

- Taraang milk

Taraang milk joined this market to target low class families. Their main objective is to provide this class with a milk that doubles the taste and smell of tea. They have taken their way to attract people by celebrities dancing

and fascinating advertisements rather than letting consumers know of how their product is different than the existing products in the market

SWOT analysis

Strengths

- Engro food is being backed up by the Engro group financially and by experience also
- Relationship with the farmers, as farmers are the suppliers of the milk to Engro foods
- Third generation plant
- Strong consumer and product research
- Positive response from the users

Weaknesses

- Packaging
- low quality milk
- distribution
- milk collection centers
- narrow brand portfolio
- Olwell quite liberal ads according to our culture

Opportunities

- Government funding for development of this sector
- ever increasing growth in the consumers of processed milk
- third largest producer of the processed milk

Threats

- immense competition
- price difference

- Consumer behavior and perception

Objectives and issues

- First year objective

The objectives for the period starting from the launch till the end of the first year include attracting customers, changing consumers perception of processed milk, making this product a brand.

- Second year objective

End of the second year objectives will include regular customers, with brand loyal customers as well, and break evening the production costs as well as the plant costs.

- Issues

These objectives will be a lot difficult to achieve if the marketing department fails to promote and advertise the product to the optimum level. If the first year objectives are not met than it will be approximately impossible to get through with the second year objectives

Marketing Strategy

As marketing strategy means to make strategies that are customer driven and implementing them through programs and awareness programs. This way new customers will be attracted, and will help the company to make profits and help the company build profitable customer relationships.

The marketers will set a position of Olper's milk according to uniqueness of the product. The marketers of this company will target middle to high social class that want a product that is as useful as its perceived value.

Positioning

The red color that has been chosen for the packaging of Olper's milk is quite eye-catching and distinctive than the colors that have been used in Pakistan in the milking sector till now. The product will be positioned in a way that it conveys the message that it will fulfill all the purposes of a consumer that the fresh milk does.

Olwell will be positioned in a way that it will target people who are goal-oriented and focus on their careers. This will also exhibit a image that this will help people remain fit and in the same shape without worrying for the fat contents in the regular milk

Product strategy

Olper's milk along with the Olwell will include all the features and core values that have been mentioned so as to receive maximum consumer satisfaction. More will be given than promised so as to achieve customer delight.

A massive advertisement campaign with Olper's logo on every bill board, ads and newspapers. Every marketing campaign will be utilized in order to let people know of the new product. There will be many below the line activities including free tea using Olper's milk will be provided to the potential buyers at major departmental stores for testing purposes, so that people know what type of product they will be using.

Pricing strategy

We would be adopting competitive pricing strategy for all the products; Olper's milk, Olwell, Olper's cream. In this type of pricing strategy, the prices of the competitors are studied and the products' prices will be determined by

this. As the price of Milkpak is around 70 Rs, we will introduce our milk with a price slightly lower than this and then gradually increasing it.

Distribution Strategy

Olper's milk will be launched in many major cities, and will number around twenty. Olper's milk will be distributed to over 80 cities very effectively in a short period of time after launch, because it is very difficult to launch a product in more than 25 cities simultaneously. The distribution strategy includes division of the country into five major regions. These regions will be Lahore, Karachi, Multan, Islamabad and Peshawar. This requires efficient transport facilities as well as warehouses and storages in different cities for the effective distribution. Trained personals will be hired who will be having an experience of at least two years in the distribution field. The dependence on technology for the distribution is necessary so new technology will be used to monitor the storages, warehouses etc.

In order to attract distributors with experience a fixed commission rate of 5% will be set, that will be not be negotiable in order to avoid future fights and hassle.

Sales targets will be set twice every month after discussing the market situations with the distributors. Incentives, bonuses, increments, and training will be provided to the distributors and staff for further improvement in the distribution field.

Marketing research

In the marketing research that we conducted after the launch of the product included interviews, questionnaires and surveys. This will enable us to improve our product and further diversify in the food field itself.

The questionnaire was distributed to the customers at the local shops and departmental stores. 250 questionnaires and 50 interviews will be studied to evaluate customer satisfaction and what customers need and expect from our product.

According to the survey, we found out that people between 28 to 50 use milk in tea, at the breakfast table, and youngsters drink milk when studying or going to school