

Marketing report bokomo foods flashcard



**ASSIGN
BUSTER**

The PEST analysis of the UK grocery industry included in this report was used to gaslight the external factors that can affect Bosom's operation and interpret how these factors will Influence Bookroom. Furthermore, through the market analysis It was found that Kellogg and Whitebait mainly lead the cereal industry, followed by Nestle and Jordan. These companies customer loyalty, which can make it harder for newer companies to enter this sector. As mentioned before, in the cereal market there are a large variety of targeted consumers like children, women, and families.

The main key trends in the market are convenient snacks and consciousness towards health. Apart from that, own branded labels are also gaining popularity as they offer consumers the same product at a cheaper price.

SOOT analysis allowed us to devise the company's internal analysis.

Strengths included their well-known reputation and customers such as large food retailers (Deco's), to which they sell manufacture and packaging services. Weaknesses consist of the negative aspects the company faces, including their not household name, and general negative publicity they face in this complex sector.

Opportunities were devised from the social factors from the PEST analysis as changes in consumer sates and trends are opportunities were this company can benefit from by meeting those needs. These were also an important part of the report as it affected the final recommendations for the company.

Threats included the financial recession and increasing levels of immigration. Bookroom Foods is a major cereal producer in the United Kingdom, established around 80 years ago.

Despite not being a household name, is a I-J leading cereal maker and the company has achieved diversity by producing a range of own-label products. Furthermore, they manufacture branded products for large companies, as well as ranked packaging services like Bag in Box, Pot or Pouch. All of these services are for leading retailers such as Deco's, Sunburst's and Morrison, among many others.

3. 0 Introduction + Aim. This is a report whose aim is to present market data in order to inform Bookroom pal. A cereal company, whether further expansion in the I-J market is beneficial at this time.

The report will identify and analyses the current business situation, using SOOT analysis, and review the macroeconomic perspective of the general I-J grocery industry using PEST analysis. The SOOT analysis will help us examine the specific many factors, as it is essential to understand these in order to relate them back to the PEST and market trends. Both internal and external factors affect how Bookroom will operate now and in the future.

4. 0 The grocery market environment – PEST analysis

4. 1 political Political factors have a great influence on the analysis of external factors since they political situation in the UK is stable.

Her Majesty Government, led by Prime Minister David Cameron of the Conservative Party, is mainly concerned about the financial crisis affecting economies all over the world and to strengthen the economic position of I-J globally. Through employment legislations, the government encourages retailers to provide a mix of job opportunities from flexible, lower-paid and locally-based jobs to highly-skilled, higher-paid and centrally-located jobs (Belching, 1994). Migration has a large impact on the grocery industry, as it

provides new customers, as well as opportunities for supermarkets to cater to the different culinary cultures of immigrants.

Migration also leads to a change in size of labor pool, which could have an effect on the availability of workers. Latest figures from the Office for National Statistics show some 503, 000 people came to live in the UK in the year ending June 2013, compared with 517, 000 people the previous year (ONS. Gov, 2013). 4. 2 Economic Economic factors are important to consider in regard to the I-J grocery market, as they are highly influential to demand, costs, prices, and profit.

One of the most influential factors on the economy is high unemployment level, which decreases the effective demand for many goods, adversely affecting the demand required to produce such goods. Unemployment in the UK is at 7. 1% as of January 2014, according to BBC. Another highly relevant economic factor is the grocery market size and the market growth. GIG forecast that the I-J grocery market value will be worth £14. 5bn in 2018, a 21. 3% increase on 2013 (GIG. Com, 2013). This is beneficial news to Bookroom, since any expansion would be possible in regard to the availability of area in the market to expand.

Another market characteristic of importance is the amount of spending on groceries in regard to overall retail expenditure in the I-J. The grocery market's share accounts for 54. 1% of every £1 of I-J retail spending (GIG. Com, 2013). 4. 3 social According to Askew (2013) sales in the cereal industry have been under pressure in those past years, especially due to the changing social trends and habits of consumers. Even though sales in this

market have been stable, growth has been slow. Traditional breakfast habits have changed and people consume fewer cereals because of a busier lifestyle.

Also increasing number of consumers skip breakfast. An increase in female workers has also had an impact on this, which is why competition for convenient options is growing more each time. An increasing number of people now look for easy and quick alternatives to sitting down and eating. However, they expect to receive the same nutrients and healthy benefits with these invention options. A growing number of women now pay special attention to what product. Increasingly, women have a greater concern with their weight and healthy eating. Lately, the demand for children's cereals has declined because of the sugar content it has.

Cereal companies use marketing to their advantage and attract kids with unhealthy products. Their main source has been television adverts and most of the cereals for children have high sugar content with low nutritional value, a fact of which more parents are aware. Apart from consumer concerns about health, they are also becoming more aware of the environment. In this specific market, many cereal companies now control their water use, energy use, waste produced, etc. Most of them also pay close attention to the packaging of the product, like using recycled packaging.

Another social factor that affects the grocery market in general is the diverse culture in I-J. There are so many people with different cultures that do not choose cereals as their first choice for breakfast; instead they have their own eating habits. Therefore, it is important for the producers in the grocery

market to understand the needs of the entire population and meet them. Furthermore, supermarket own-brand products have gained a lot of popularity because of the economic downturn. As consumers have limited spending power, they prefer spending on a cheaper product that allows them to get the same benefits. . 4 Technological In the present technological age, everyone, from personal to professional interaction, is highly reliant on technology. Therefore, technological advances are important for the development and maintenance of business culture. Advances in technology have allowed the grocery industry to grow. An excellent example is the demise of Blockbuster, who was reluctant to explore online options, and their consequent refusal to buy Netting and to adapt to changing trends lead to their bankruptcy and final closure on January 14, 2014.

Online grocery shopping holds 11% of the distribution channels of the I-J grocery market and predictions suggest online sales in the US will grow by 15% in 2014 to IEEE. 3 billion, while in Europe, sales are expected to rise by 18% to IEEE. 2 billion. Online shopping has helped people spend their day more efficiently and reduced the effort of having to carry heavy grocery bags. Technological advances at the supermarket has contributed to more efficient customer service and stocking efforts.

The adoption of Electronic Point of Sale (EPOSES), Electronic Funds Transfer Systems (EFFETE) and electronic scanners have greatly improved the efficiency of distribution and stocking activities, with needs being communicated almost in real time to the supplier (Finch, 2004). Devices such as the self-checkout machine and Radio Frequency Identification (RIFF) have permitted the 5. 0 Description of product specific market 5. 1 Main

competitors The leading cereal brands and the biggest competitors of Bookroom cereals in the I-J re Kellogg and Whitebait, reported Companies (2013).

Kellogg arrived in the I-J in 1922 and since then has maintained its position in the market, by focusing on innovation and expansion of their products. In 2012, it had 32% of value share, leading in the I-J cereal market offering a wide range of products. Over the years, Kellogg has expanded to over 180 countries in the world and has around 39 brands of cereals. Whitebait, on the other hand, was launched in 1932; it has been a long-standing brand and has fought its competitors to stay in this position in the I-J. Whitebait has also introduced many different brands and has been innovating to adapt to consumer preferences over the years.

Also Jordan, a breakfast cereal company based in Bedsore's, founded in 1855. Although, the company produced its first cereal in 1981 called Original Crunchy, it was in the years between 2000 and 2005 when it faced rapid growth and became one of the largest cereal brands in the I-J. Its great focus over the years has been on the packaging, to make it stand out in grocery stores and it is also known to be included in the " healthy, natural cereal segment" Moreover, Nestle formed in 1990. It was munched as a Joint venture between General Mills and Nestle S. A. And named Cereal Partners Worldwide (CUP).

They offer the traditional cereals, as well as a range of brands including the world-known Cheerios. 5. 2 Targeted consumers Cereal companies target many different kinds of people, although the easiest group of people to

target has been children. BUMS (2013) stated they do it through advertisements on television, and somehow try to grab their attention by creating colorful, animated images and providing gifts in the cereal box each time. Another group targeted in this sector are the women because of their increasing concern for health and weight loss. Along with the children, women also form a big part of the consumers of this market.

Nowadays, there are so many brands that have launched low-fat cereals and cereal bars also. Some also provide some advice, tips and dietary plans, Anytime article (2010). Generally, families in the I-J are also targeted consumers because some families still sit and have their meals together and believe that breakfast is the most important meal of the day. Apart from that, families are more concerned with what they are eating, especially making sure that the university who would not pay so much attention to their breakfast, particularly not on a daily basis. 5. Key trends in the cereal market Americanization (2008) stated A rising key trend in the cereal industry is the quick and convenient 'good to go' snacks, like cereal bars. Cereal bars have gained a lot of popularity among a wide range of audience in recent years because people not having time for breakfast. Due to this reason, there has been a significant decline in the sales of the cereal market. Companies have been mostly focusing on this convenient aspect of the market so that people don't just skip breakfast entirely and their business doesn't face a loss.

As health also plays a crucial role in this market and recently people are more conscious about what they are putting in their body, convenient snacks are the best option as they cover both points. Nowadays, 'good to go' snacks are not just used for breakfast but also during the entire day as an

alternative to other unhealthy snacks. As a result of the sudden popularity of these snacks, now there are a great variety of them in different formats. On the other hand, the popularity of own branded labels is growing in the grocery market. It saves nonusers a significant amount of money and they offer a similar or better quality product.

It has resulted in a much higher level of competition in the market. 5. 4

SOOT Analysts Bookroom website (2014) 5. 4. 1 Strengths Bookroom is Auk's leading cereal maker; this is a major strength as they have established a firm position in the British cereal market. They operate in various markets inside the cereal industry, providing food manufacture, retailing and catering. Bookroom can provide tasty, fresh cereal products any business is looking for, at a very competitive and cost-effective price". British company (although owned by South Africans Pioneer Foods) with substantial manufacturing plants in Hollingsworth and Petrography.

This means Bookroom has the resources and specialist expertise to offer unique flexible manufacturing and packaging services. Companies needing a brand-new breakfast cereal raced through New Product Development (NYPD) or an innovative production line set up in record time can contact Bookroom. This makes them have an advantage as nowadays there are many organizations looking for branded cereal products. Bookroom is a world-class player, and in order to maintain that status they need world-class facilities. They have two stories in the I-J, specifically in Hollingsworth and Petrography.

These factories offer them a cutting-edge manufacturing plant, in other words, the latest, high quality, reliable and sustainable facilities. This leads to the production of high quality products. Food standards are also controlled and supported by SAP business information software, which makes customers feel more confident and secure with team and the company's aim of constantly innovating and removing old production facilities has helped them produce large quantities of high quality products very efficiently and to the shortest imaginable lead-times.

Their customers know Bookroom as a business that main objectives is to offer high quality products. This has been maintained by using high quality ingredients and top experts in recipe formulation. They are one of only 2 manufactures that produce wheat biscuits in the Northern hemisphere enabled them to have the largest control and knowledge of this production process. Even if Bookroom I-J is based in the United Kingdom, they have also diversified. Geographic market diversification has enabled them to sell in many countries around Europe, Scandinavia and even as far as the United States of

America or the United Arab Emirates 5. 4. 2 Weaknesses Bookroom stated “you've possibly never heard of us” – this means that individual customers do not know them as their own – branded products is very niche, and they are more specialized in producing in a business to business way. This is a very common weakness for companies that operate Behind the Brand. Constant changing of consumer's tastes (opting for cereal bars, instant porridge or other breakfast solutions) can be considered a weakness, as its difficult and expensive to innovate and keep up to meet their needs.

Difficulties to compete with well known brands reels products such as Corn Flakes, Crunchy Nut, Special K. Have to create a delicious product that attracts customers quickly and expensive to implement the R and marketing. On the other hand it can also be considered an opportunity. Negative publicity to which ready-to-eat cereals have been subjected due to their high sugar content 5. 4. 3 Opportunities Social trends are important opportunities for Bookroom. Customers aiming towards healthy living or any other lifestyle changes means there is an opportunity towards which research and operate in.

They have achieved and been keeping up to date with this as they have many products related to this trend. Great health benefits, such as products enabling the final consumer to control cholesterol levels. Multi-grain flake is another trend and potential opportunity for Bookroom. Consumers are changing their tastes towards healthier goods, and leaving behind old-fashioned sugary confections. Consumers are also increasingly purchasing Frankness as they are considered to be great for supporting a healthy digestive system. Another trend “busier schedules”, people are increasingly feeling they have no time to spend on having breakfast and snacks.

Bookroom muesli is available to cater for the increasing demand for “breakfast on the go”. They offer them in bags and boxes, which opportunity for Bookroom because if they keep-up to date with trends, they will become more efficient and desirable for large retailers to purchase their products, and everyone will benefit from the sales. I-J retailers are also focusing on added-value products: Add value by introducing natural minerals and

vitamins into whole grain wheat and making the final product more healthy and nutritional.

Own-label share of the business mix for large supermarket retailers. It is a main direction for Bookroom o go towards to as they can increase considerably their business operations, as the focus is now towards manufacturing own-label and branded products. Bookroom has realized the immense potential for expansion as the large retailers keep increasing the sale of this type of good. ‘ One-stop’ shopping, or shopping in large supermarkets where customers can find any type of product in the same building has been beneficial for Bookroom as these businesses are their main clients.

If they increase their sales, Bookroom will also benefit from this, as they will sell them more and so increase revenue will mean increase levels of profitability. . 4. 4 Threats The cereal industry offers products which are considered to be relatively expensive, which can be easily replaced with simpler breakfast choices such as bread. The financial recession has been a main factor for the decrease in expenditure, specially concerning families, as there are other much cheaper products to replace the cereals and cereal bars.

High unemployment has made a substantial impact on the demand for such goods, adversely affecting the demand required to produce those goods. Increasing levels of immigration specially in the I-J, has meant that they do not have the same culinary cultures and so those breakfast products will not satisfy the needs and wants of everyone. 5. 0 Recommendations With the

above analysis it is better for the company to target smaller retailers where their own labeled products won't be affected by competitive brands like Kellogg, and when they achieve this they should concentrate more on developing their own branded products around the I-J.

Read also: Kelloggs Corn Flake Company

As mentioned above in the SOOT analysis, cereal products are considered to be expensive due to the added value implemented on them so it would be better to decrease these levels of adding value and start off with lower prices, in recession periods. 6. 0 Limitations Bookroom website allowed us to obtain up-to-date and official information and statistics of the company. The information was limited because the company sold themselves and emphasized on its positive aspects because they have to promote their brand to the consumers.