

Marketing strategies adopted by fandan dairies essay sample

[Environment](#), [Air](#)



Fraser and Neave Limited (F&N) has its origins, more than a century ago, in the spirited decisions of two enterprising young men, John Fraser and David Neave, who diversified from their printing business to pioneer the aerated water business in Southeast Asia in 1883. From a soft drinks base, F&N ventured into the business of brewing in 1931, dairies in 1959 and glass bottle manufacturing in 1972, property development and management in 1990 and publishing & printing in 2000.

A renowned brand that has since become a household name to many, F&N has established itself as a leader in the Food & Beverage arena in Malaysia since the 1930s. Beyond soft drinks, it has successfully ventured into beer brewing, glass manufacturing as well as producing, marketing, sale and distribution of dairy products such as milk drinks, ice cream, isotonic and Asian drinks, while building more and more reputable brands well recognized in the region.

Through the years, F&N's Research & Development team has undoubtedly demonstrated its commitment via a vast array of nutritional products of the highest quality to satisfy changing consumer tastes. This is affirmed by the Group's consistent dominance in market share across various products, such as sweetened condensed milk has close to 50% share in Malaysia.

In this paper, I will analyse the marketing strategies adopted by F&N Dairies and also I will suggest ways to further enhance it.

Analysis of the Marketing Strategies adopted by F&N Dairies

Marketing strategy is the long-term plan for developing a marketing mix that will achieve the organization's objectives by meeting the target market's needs. Marketing mix refers to a unique blend of product, distribution, promotion and pricing strategies designed to produce mutually satisfying exchanges with a target market. Distribution is sometimes referred to as place, thus giving us the four P's of the marketing mix: product, place, promotion and price.

Let us analyse each P's one by one, starting with product. I personally think that F&N offered product mix. Product mix consists after all, all the individual products available from the organization. In this case, F&N Dairies offered products such as F&N canned milk, Magnolia, Magnolia Ice Cream, Daisy, Nutrisoy, Farmhouse, Meadow Gold, Fruit Tree and Sunkist. F&N's breadth of product mix is determined by the number of product lines it markets. Here, F&N Dairies offered a very broad product mix ranging from milk, ice-cream and juice. An organization's depth of product mix is determined by the number of individual product items, sizes, models, and colors available within each of its product lines. Thus, F&N product mix is deep, because it markets several brands of dairies, each in packages of several sizes. This is because after all F&N is targeting different markets, for an example, 'Daisy low fat milk' is centered on the new age woman, whereas, Sunkist is targeting a higher class of customers who are willing to pay extra for better quality products.

A third characteristic that can be used to describe a firm's product mix is consistency. Consistency of product mix is determined by the degree to

which the various products in the firm's product mix are related to each other in terms of use, distribution, target market, or some other means. Here for example, F&N although has a large product mix that is both broad and deep, almost everything that the firm produces has something to do with dairy products. The firm's product mix can therefore be described as consistent.

But decisions about a firm's product mix, its breadth, depth, and consistency are determined by the overall strategic plan and objectives of the organization, including the segment and needs of the target market(s) that the organization is trying to satisfy. A company might, for example, decide to add a new product line to its product mix in order to reach a newly chosen target market. For example, F&N dairies plan to diversify into solid foods. Another example is the launching of Yoplait yogurt drink with young, health conscious consumers in mind.

The firm's overall objectives should also guide its decision regarding the consistency of the product mix. A highly consistent product mix may make it easier to introduce new items. Consumers in such a case may be more likely to perceive that the firm could do a good job of producing a new product that is consistent with products in the company's existing mix. Again, we can add the introduction of Yoplait yogurt drink in this example.

A brand is a name, term, symbol, design, or combination of these that identifies the seller's goods and services and distinguishes them from competitors' products. F&N itself is a brand name. The F&N brands have

grown in a very positive direction in the past few years. F&N have continued to solidify the brand's capitalization in the market each year. For example, Magnolia, Farmhouse and Daisy have brought F&N into 2nd position with a 25% share excluding sales to coffee restaurant chains like Starbucks. Another example, F&N is the number one in the coffee chain category with almost 50 % share.

The biggest challenge is to consistently reach out to the consumers and to appeal towards their constantly changing individual life-style preferences and sense of taste. Consumers today are more informed and are more discerning of what they want, thus, it is a task for F&N to cope with their demands and to be a step ahead of their needs and of the competition that surrounds F&N. Today, F&N possess brands that are relevant to consumers- a brand that represents their unique lifestyles and a brand that they can connect with. In this case, Daisy low fat milk would be a good example as the brand caters for new age women where as the introduction of Yoplait drinking yogurt caters for young health-conscious consumers.

With the implementation of AFTA (Asian Free Trade Area), it will indeed provide F&N with a challenge to sustain and drive the brands amidst intense new competition. The new open market will provide consumers with a variety of choices to pick from. Therefore, it is pertinent for F&N to always understand the evolution of market trends and the distinct constituencies of their consumers. It is also critical for F&N to evaluate the operational strategies such as the manufacturing and distribution processes to ensure maximum efficiency. However, as a market leader today with strong

fundamentals and a player in the dairy industry, I believe that F&N's brands will be able to hold their depth and position as they have established a close relationship with their consumers and trade partners. Example is the Group further consolidated its position in the pasteurized juice segment, where continued growth in sales for Sunkist and Fruit Tree propelled the Group to the top ranking spot in the category. Therefore, F&N brands are trusted and strongly recognized for its consumer value, quality and reliability.

Each brand under F&N Dairies targets a different segment of audiences and employs different marketing strategies to help meet the varying needs of consumers. The brands are a niche in its positioning and in its reach of its audiences. The main ingredient here is to develop a synergy among all the brands to ensure a total system focus. The dairy market today is segmented and F&N do need brands and products that are able to fill the gaps within the market. Furthermore, having a portfolio that spans across various age groups allows a growing consumer to transit from one brand to another.

As for place strategy, also known as distribution strategy or logistics is concerned with making products available when and where customers want them. The goal of distribution is to make sure products arrive in usable condition at designated places when needed. Make competitive advantage through logistics excellence your strategy. Exploit logistics service and performance to set you apart from your competitors. A good example is where in year 2000 the company operates warehouses in almost every state in Malaysia to save costs and also to provide customer fresher products and faster promotion launching.

Thus, incorporating logistics as a critical element at F&N for marketing and business strategy will grow sales. In addition, by ensuring effective logistics can significantly contribute to position F&N as a preferred supplier. Product, promotion and price have been used for years by companies to develop recognition. Now, it's time to exploit and incorporate place, i. e., logistics, as the base for a marketing and business strategy to grow F&N and to gain more market share. In doing so, customers would perceive that F&N provides a competitively superior value and service. And that alone is a strong foundation for growth.

Logistics presents a way to market F&N to customers. There is only so much that can be done with promotion and price. A value-added logistics strategy is a strong way to be a preferred supplier because the customers are saying you are worth doing business with it.

Looking at it another way, F&N may have a great product, sound promotion efforts and a good price. But if F&N is difficult in doing business with, in fulfilling orders and timely and completely meeting customer requirements, F&N may not achieve maximum growth. F&N could even lose sales and market share with a poor logistics service. That is why, since year 2000, F&N operates warehouses in every states in Malaysia to fulfill customers requirements and by investing RM23. 5 million in new information technology infrastructure.

A marketing strategy based on logistics, and the customer benefits and service it brings, works whether the customers are domestic or international.

Indeed, this will help also the export (international) markets where F&N need to ensure customers requirements. At the moment, the export markets generates 5% of the sales in revenue (excluding internal sales to its sister company in Singapore).

With this strategy, F&N position itself as a valued supplier. Price issues, while always important, can be balanced with the service it provides. This can create opportunities for enhanced price opportunities. It makes no doubt, that, with this strategy, it will demonstrate to customers how important they are and how much you value them.

Promotional strategy is a plan for the optimal use of the elements of promotion: advertising, public relations, personal selling, and sales promotion. The promotion plan then becomes an integral part of the marketing strategy for reaching the target market. Promotional strategy is to convince target customers that the goods and services offered provide a differential advantage over the competition. Example is a new television campaign titled ' More Taste, More Love' was launched to support the product. Promotion is therefore a vital part of the marketing mix, informing consumers of a product's benefits and thus positioning the product in the marketplace. That is why, F&N is now the number one branded juice company via its Sunkist and Fruit Tree brands.

F&N uses two types of promotional mix: advertising and public relations to boost its image and increase sales. Advertising is any form of paid communication in which the company is identified. Advertising has the ability

to communicate to a large number of people at one time. Cost per contact, therefore, is typically very low. Example, a new television campaign titled 'Bringing Enjoyment into our lives' was launched to boost the F&N brand.

Public relations is the marketing function that evaluates public attitudes, identifies areas within the organization that the public may be interested in, and executes a program of action to earn public understanding and acceptance. Example, advancing the profile of F&N Sweetened Condensed Milk through a rousing marketing program that included the highly rated 'Cabaran Tariking F&N', a teh tarik or 'pulled-tea-making' competition televised nationwide. The success of the show led to its nomination for the Asian Marketing Effectiveness Award 2003. And an F&N teh tarik contingent in the biggest ever Malaysian Merdeka Day Parade also grabbed headlines.

Packaging promotes and protects the product. Packaging can be important to both sellers and customers. It can make a product more convenient to use or store, and prevent spoiling or damage. Good packaging makes products easier to identify and promotes the brand. A new package can make the important difference in a new marketing strategy- by meeting customers' needs better. Sometimes a new package improves a product by making it easier to use. Example, innovation-wise, easy-open-end cans were introduced for F&N Sweetened Vitaminised Milk.

Packaging can tie the product to the rest of the marketing strategy. To increase its prestige image, a new packaging design for F&N Evaporated

Milk gave the product a bolder F&N branding, greater visual appeal, and stronger shelf impact.

Better protective packaging is very important to manufacturers and wholesalers, who often have to pay the cost of goods damaged in shipment. Goods damaged in shipment may also delay production or cause lost sales. Example would be exporting to international markets. In other cases, costs (and prices) may rise because of packaging. But customers may be more satisfied because the packaging improves the product by offering much greater convenience or reducing waste.

Price is what a buyer must give up to obtain a product. It is often the most flexible of the four marketing mix elements- the quickest element to change. Marketers can raise or lower prices more frequently and easily than they can change other marketing mix variables. Price is an important competitive weapon and very important to the organization because price multiplied by the number of units sold equals total revenue for the firm.

Pricing decisions are very important because they have a direct impact on customers. Thus, prices play an important role in affecting the sales and profit dynamics of the firm. Foreign competition puts substantial pressure on prices. The firm is preparing to introduce a new product. Thus, setting a proper price is difficult and a mistake can irreparably damage the new product's chances for market acceptance. Example, F&N, in its annual report said profit rises by 71% and where revenue fell 11%. We must recognize that

the price set of goods has a direct impact on consumers for whom prices determine the cost of living.

Conclusion

A renowned brand that has since become a household name to many, F&N has established itself as a leader in the Food & Beverage arena in Singapore and Malaysia since the 1930s. Beyond soft drinks, it has successfully ventured into beer brewing, glass manufacturing as well as producing, marketing, sale and distribution of dairy products such as milk drinks, ice cream, isotonic and Asian drinks, while building more and more reputable brands well recognized in the region.

F&N should position themselves as a preferred supplier. They should use logistics as a cornerstone of the marketing strategy for growth. They need to understand what customers expect, how well the competitors perform and how well they operate.

Market and customer needs are constantly changing. Therefore, F&N must constantly work to improve service, reduce time and reduce costs as the customers require.

Bibliography

Books

1. Rurs; Kirk Patrick, Marketing (1982), Little, Brawn & Company, Canada.

2. Michael & J. Baker, The Marketing Book, 3rd Edition (1995), Butterworth-Heinemann Ltd Publisher, The Chartered Institute of Marketing.
3. Zikmund Danico, Marketing (1984), John Wiley & Sons. Inc Publisher.

Online Materials

1. <http://metro.thestar.com.my/news/2004/4/7661488.html> [25 April 2004]
2. <http://www.fraserandneave.com/fnn/overview.htm> [25 April 2004]
3. http://www.fraserandneave.com/fnn/pdf/annual_report/2002/a2.pdf [25 April 2004]
4. http://www.euromonitor.com/Soft_Drinks_in_Malaysia [25 April 2004]