

# Do module 12 final assignment # 15

[Business](#), [Industries](#)



Module 12 assignment 15 Name: Course: Institution: Instructor: Date:

Technician Ellyn Foods Corporation Statement of purpose Being part of the Elly Foods Corporation is a rewarding way to put your career into use.

Working for Ellyn Foods Company has been such a great honor especially when you go to the supermarket outlets and see the shoppers happily picking its products from the shelves. This is due to the products quality and considerable pricing. Ellyn Foods Company is one of the largest manufacturers of packed foods that include rice, spaghetti, breakfast cereals, waffles, crackles and noodles among others in the United Kingdom.

Working in the company is exciting because every day there is a different problem and new challenges to solve as a technician. There are new products being unveiled in the company now and then hence as a technician one has to be alert and educated on the latest equipments in the market.

Ellyn Foods Company was founded in the early sixties, and it is in operation in eight different regions that are mainly in Europe, north and South America and Asia.

The head quarter is in New Jersey. The products are exported to other countries that do not have offices. The company started with a few products but has increased with time and diversified in different flavors too. Benefits of working in Ellyn food products include the opportunity given to each employee to enhance their career by working towards the attainment of the company's goals. The employees benefit from a comprehensive medical cover that include dental and maternity plan. The other benefit is that employers have a life insurance cover that includes disability benefits. Each

employee is entitled to twenty-one paid leave days in a year, a three months maternity leave and sick leave.

The employees have an opportunity to invest in a personal retirement income in which they contribute a certain percentage of their salary and the employer contributes a certain percentage. The company has mechanisms in place for employees to purchase the Ellyn foods products at a discounted price at the company's premises. The company also has incentives in place for employees who have been in service to the company for extraordinarily long periods. It has enabled such employees to purchase the company's shares through small rations of their pay, which would later accumulate into large amounts of shares worth substantial amounts of money. The company also enables its workers to save on transportation costs via the use of company vehicles for transportation into and out of the company premises, such incentives also aid the company to save on time that could have been lost on use of public means of transport. It also enables the company to control staff and maintain proper control on wages by use of automated check in and out systems which makes it easier to makes sure that all the staff arrive at work early and begin working immediately after arrival. The company has a very solid footing in the food industry and thus its majority customers are loyal to its products. This has provided the company with a remarkably predictable market, which it controls easily.

The presence of a loyal customer base enables the company's products to have an appeal to the customers themselves and potential customers as well. With such a force in the market, such companies as Ellyn are able to

introduce new products into the market without difficulty. This can be done with the use of highly innovative products that are very high in quality. High quality products are among the major drivers of a company's growth in the food industry because they have high demand from consumers with a relatively stable financial status. Ellyn has been able to do this with the proper dynamics of the market in mind. It has been able to study its competitors and come up with clear and concise strategies on how to retain existing consumers of its products and gain new customers from its competitors or customers who have never experienced packed foods. The strategies have been based on the five Porter's forces, which include identification of threat of new competition, threat of substitute products, bargaining power of customers or buyers, bargaining power of suppliers, intensity of competitive rivalry. The threat of new competition is always a significant cause of anxiety for any company with a remarkably solid market share.

Such companies have a fanatical following of buyers, who adore their products. The entrance of new market players sets the stage for new battles for the consumers. This can be done via different means depending on the company's strategies and goals to ward off any competition lest it might lose its customers and operate at losses, which might eventually mean that the company might close shop and exit the market. In order to maintain competitive advantage over its competitors, the company is forced to come up with new products that have been innovatively made to counter the potential competitor's products in the market.

The company is also forced to go on a marketing offensive. This might prove to be extremely expensive to the company in general, and only companies with a very solid financial base have the capacities to launch very expensive marketing campaigns. The company, in the event of such a marketing onslaught on its competitors, might face retaliatory acts from the competitor, in form of bigger marketing strategies. This might prove to be very costly to the company as the marketing campaign from the competitors might attract its customers as well and in the end lose a substantial amount of customers. The presence of new competitors may bring about new marketing campaigns, which might include price wars and offers to the consumers. Such might also be detrimental to the company's finances and organizational stability because lower sales might put the entire organization out of business. Companies that engage in price wars and offers, usually have strong financial bases, and thus they are able to mitigate the effects of lower prices. They are also able to maintain normal operations, which are financed by the financial reserves.

Such companies have several subsidiaries; thus, the poor performance of one company does not mean that the company will be out of business. However, it is instead used by the company's management to establish an image in the market by persevering tough economic conditions characterized by poor sales and operation costs that are greater than the revenues gained from such operations due to low pricing to attract sales. However, the company might prove to be an overall success and manage to penetrate in the market segment where it has been operating at losses by

putting other competitors out of business due to their inability to withstand operations at low revenues.

However, in some markets, the barriers of entry are usually present; they are brought about by the different elements in a liberal market such as government-induced barriers, whereby governments restrict access to certain markets due to complexities within such markets or for ease of controlling such markets. Threat of substitute products can have a negative effect on the overall capacity of the firm. With the entrance of new market players in the market, they come up with new and fresh products that are likely to be particularly appealing to the overall consumer. Such new products usually are made with a specific market niche in consideration. The companies that bring in new products might be multinationals that have adequate financial resources to counter any form of marketing aggression exhibited by any of its competitors. It might also be that the new products are made by smaller companies trying to carve out names for themselves in the market.

The smaller companies usually are made of new players who have very limited knowledge about the market and its dynamics, and thus they are quick to despair in the event that the company does not make adequate returns that are the focus of such small entities. However, such small entities are characterized by use of highly innovative and creative means to make the new substitute products, which are attractive to the common consumer. Because of such aspects, more small companies flock into the market, especially if there are no or few barriers of entry into the new market, such

barriers might include high capital for the entity, inadequate returns for the financing of the companies operations, many bureaucracies in the establishment of such types of businesses. New products entering into the market might be because of the main market players producing goods that have been deteriorating in quality.

The company might be forced to adjust to such changes by use of price wars in order to reduce the command that such products might be having on the market. It can also lead to adoption of new techniques of producing new products to come up with products that are able to compete in such a volatile market. With Ellyn, having adequate resources at its disposal, the company produces new products that are of very high quality with the use of techniques such as research and development with the use of highly qualified and talented staff to come up with products that are very competitive and unique.

The level of rivalry among the market players in a market determines the competition and pricing of the products. In the food industry, there are many companies each with sound organizational and financial settings. Thus, when such companies exist in a single market, they are bound to device ways of outdoing each other in order to gain the favor of the consumer. Industry concentration induces unhealthy rivalry whereby, in their frantic efforts to outdo each other, companies may go to extremes such as sabotage in order to put the others out of business. Large companies operate successfully due to the presence of economies of scale, in that, they are able to purchase raw materials in bulk and in the process saving on large amounts of money and

discounts awarded to them by the suppliers. Thus if economies of scale in such an aspect affects majority of the producers, then they are all likely to finish the production of their goods at coincidental periods. Such happenings might lead to very fierce competition, as they all want to offload their products at similar rates hence they try to outdo each other in selling their products.

The presence of rivalry in a market can be interpreted that there are many producers in the market, and this can be highly advantageous for the consumer in that he can switch products because most of the products have relatively similar prices. High exit barriers also influenced Ellyn's decision to remain in the market even after hard economic times. The cost of entry into the food industry is high because of the costs concerned with the establishment of a food factory, and the operational costs are the very core of the business.

The entry and exit of many food producers prompted Ellyn to increase production to gain from the growing market. However, the presence of many competitors is followed by an industry shakeout, in that the companies that are not able to make revenues in such a crowded market are forced to close shop and exit the market. Buyer power also determines Ellyn's strategies in that the presence of strong buying power, a company is that the companies almost dictate the price trends of the products. Buyer power can be attributed to the presence of a large numbers of buyers with strong finances, such that they can even be able to buy out the manufacturing company. The presence of a weak buyer may prompt the management to come up with



products that are cheap in quality or sell products that have exceptionally high costs of manufacturing leading to reduced profits.

A weak buyer may also prompt the company to reduce the cost of its products to enable the consumer to afford it; thus, the company might operate at remarkably low profit margins. The buyer concentration in a market also influences the bargaining power of the consumer himself in that they are able to influence the pricing of the products. The presence of a large number of buyers increases the demand for products and thus high prices for the commodities whereas, the presence of low numbers of buyers prompts the producers to price their commodities at lower prices thus lower sales revenues for the firm. A suppliers bargaining power might also influence a company's goals and strategies to stay relevant in a market. A supplier who operates in a near monopoly in the provision of raw materials is capable of being manipulative in that, they can change their terms of selling the raw materials abruptly to gain from the high demand of their products. Thus, the presence of few suppliers of the product when Ellyn started its operations prompted the company to adopt new suppliers of products who would enhance their suppliers such that there would be no shortfall in the number of products produced. However, the presence of many suppliers enhances competition between the suppliers; it enables the user of the raw materials to get high quality supplies at considerable prices. Such elements in any market can be countered by the use of generic strategies that consist of three levels of implementation the business unit, the corporate level, functional department level.

They are made up of cost leadership, differentiation and focus. Such strategies enable the company to counter competition from other manufacturers thus becoming relevant in any volatile market plagued by the presence of numerous competitors. A Market's profitability determines the profitability of a company and for this reason; a company needs to maximize profits by strategically positioning itself. This can be achieved by the identification of the company's strengths and using them to the maximum to gain an advantage over the competitors. Cost leadership strategy can be defined as the use of prices of the commodities to become the leader in using low costs to make the products. This is achieved by selling products at an average market price, or further still, selling products at lower prices than the average in order to attract the consumers with the lower prices. This may result in price wars and the producers may lower their prices to low levels that are unprofitable.

This may lead to a market shakeup where producers exit as they find the market conditions unfavorable. The firms that are able to produce goods at low prices are able to sustain themselves during such events of unpredictability. Companies can achieve cost leadership by the improvement of production processes and other company operations to keep the costs at a minimum; in addition, the use of raw materials purchased at lower prices than the normal a market prices enables the firm to reduce the costs of producing goods. For a firm to excel in the cost leadership strategies, several factors must be in existence including the presence of adequate amounts of capital that can aid the company in attaining good operating systems. The presence of skilled labor aids in the production of goods very efficiently such

that the company minimizes on wastage such that the funds remain to fund other company operations. Expertise in the manufacturing process also aids the company in that the company is remarkably efficient in producing goods at highly precise quantities without wastages and defects. The presence of efficient distribution channels also helps the company attain cost leadership in that the direct distribution reduces the costs that are associated with distribution of goods. Differentiation is the process of attaining a unique product, due to its uniqueness the company is able to create a new market niche based on the attributes of the new product.

New products are beneficial to the company in that they give the company a competitive edge against its competitors. Companies that are able to implement differentiation do so with the presence of certain aspects such as access to research facilities that enable the company to pay for research into new products. Highly skilled labor also enables a company to develop new and innovative products. The presence of a strong sales and marketing team is also a favorable factor for differentiation in that, the company utilizes the skills of such people to market their products or services. A company's reputation for high quality goods and services has a positive effect to the new goods produced in that the company's goodwill is built on past products.

Another strategy that should be used is focus, whereby the company should focus on a specific segment within that market. For such a firm, it can dedicate all of its resources to that specific product such that the product is appealing to the market. The company uses its strength to come up with high quality products. In conclusion, not all these strategies are used

together; therefore, it is advisable for a firm to put focus on one strategy that it finds practical, and will help it achieve its goal in becoming sustainable.

In a vast and rapid changing food industry, market players are adopting new ways to ward off competition and at the same time keeping their costs of operation at a minimum. The presence of many consumers has also attracted many new players who all want to dominate the market thus the fierce competition. Which has even prompted some producers to leave the market, as it is extremely crowded. Thus, for a company to remain relevant, it must adopt strategies while keeping in mind its resources, size and the kind of market that it has its operations. Thus with that in mind I would be best suited to work in the company, putting in mind all the internal and external dynamics in the companies operations. References Zaragihva, M.

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