

# Fundamentals of business organization

[Business](#), [Marketing](#)



In our project, we choose babies' articles for use this industry of manufacturing. We choose this area because as everyone knows children are the future of a nation. Nowadays, our life level increase fast and more and more people pay much attention to this area. At the beginning, many companies only manufactured simply nursing bottles or nipple of feeding bottles, but now these companies not only produce babies' articles for use and make them more human nature, but also extend their ranges to manufacture some related products.

There are five members in our group and we will research Shan Tou Golden Hair Liability Company, Dong Ling Joint-stock Company, Shang Hai Pigeon Liability Company, Zhu Hai Nuo Ya Liability Company and Shen Zhen POMEI Liability Company these five companies, and then analyze them from the organization structure, the external environment and the marketing mix these three aspects. In external environment, we will divide it into PEST political-legal factors, economic factors, social-cultural factors and technological factors and competitive environment Porter's five forces these two aspects to analyze. In marketing mix, we will analyze it from product mix, policy of price, place (distribution channel) and promotion these four aspects. At the end, we will summarize the similarities and differences of every company.

#### Analysis of Shan Tou Golden Hair Liability Company

Shan Tou Golden Hair Liability Company is a professional company, which is produce children goods or some other related products. Through research, I

will analyze this company from organization structure, external environment and the marketing mix these three aspects.

First of all, is the organization structure.

#### Chart One

The organization structure of this company is a divisional structure. This company has four main brands, so they choose this kind organization structure. The advantages of this kind organization structure are we can clear see these four brands and every brand has his own products, markets, responsibilities and profits. If there has something wrong with the goods or services, the company can clear see which product has the problem. For example, if customer complains about the quality of one product, the company can clear know what the brand of this product is and then deal with it efficiently. The disadvantage of this structure is in this company, every brand is an independent division and they can develop policies independently. If this company wants to control these four brands in a common way, it will be a little harder because every brand has his own policy and they think theirs are more suitable themselves, maybe they can't accept the new policy immediately.

Secondly, is the external environment analysis political-legal factors, economic factors, social-cultural factors and technological factors.

In political-legal factors, Health and safety regulations affect the company. This regulation protects employees when they get ill or has some accidents during working. For example, painter this position is a harmful working,

enterprise should in line with the rules gives employees extra allowances every month. The Shan Tou Golden Hair Liability Company belongs to industry of manufacturing, so enterprise should provide related protect measures, such as provide masks for employees when they did weld working.

In politic, this company is located in Guang Zhou Province. This area is the economy develops area and near the port. Many traders come to China often pass this place, so this brings many chances to company.

In economic factor, if a company wants to play an important part in the market, they should let as many as possible people know their products and buy them, so it has to build consumer confidence. Now, when customers buy goods they will consider the reputation of the company. Has high reputation company, their products will best selling. Conversely, low reputation company will lose the market. Thus, the company must foster self-reputation. The company can send employees to attend some training course to improve their responsibility, so customers will trust on products.

In social-cultural factor, nowadays, the country's economy increases fast and the level of life has improved a lot. More and more people pay much attention to the goods of babies' that is changing the life style. This company should design more and more products which can attract people's eyes, make them can accept it quickly.

In technological factors, this company recommends new production technology, such as CAD, ERA and some other international highest design

and produce technology. So this company has the top production devices that can produce high quality products.

Thirdly, is the competitive environment. To this company, they have the threat of substitute products or services. At the beginning of this company, due to the backward technology, other companies' nursing bottles that can warn the temperature is high, which instead of this company's simple nursing bottles. If they won't improve their technology to produce new products, they will be replaced by other companies.

The other competitive factor is rivalry among existing firms. Nowadays, people pay much attention to the babies' things and in this sphere, has existed many powerful companies such as Pigeon. To this company, they must have their own special products and improve their technology properly, so that they can have strong power to compete with other company.

Finally, is marketing mix product mix, policies of price, place (distribution channel) and promotion.

Firstly is the product mix. In this part, the width is ten. Width number of product line. This company has ten product lines, they are clothes, things on bed, gifts, toys, plastics goods, nursing and nipple of feeding bottles, baby bikes and beds, shampoo, laundry detergent and skin oil.

The length is four. Length number of product item. This company has four brands they are 'Lucky Baby', 'Xia Yi dai', 'Baby Lucky baby' and 'Xin Fei'. The two main brands are 'Lucky Baby' and 'Xia Yi dai'.

For the packaging decisions, this company use similar packaging decision. The advantage of using this packaging decision is costumers can identify their company's products clearly and easier.

Then, is the policy of price. In this part, this company uses seasonal discount and reputation policy. This company not only produce babies' things, but also produce clothes. To sell clothes, they use seasonal discount. For example, in the summer they sell clothes that you can wear in the winter, you can buy these kinds clothes by discount price. The advantage of this way is because the price is cheap and the styles of clothes are not old-fashioned, so that can promote customers buy many products.

This company also has gifts series of products so they can use reputation policy. They can use this way to increase the price, because the quality, design and the cost of the gifts series of products are much higher than other products, so they can raise the price to get some profits.

Next, is place (distribution channel) length of this company's distribution channel. Length Number of middlemen in one distribution channel. This company has direct channel and indirect channel these two ways of sales. For example, 'Xi Fei' sells the products from manufactory to the wholesalers, the wholesalers will sell the products to retailers or customers, and this is indirect channel. 'Xia Yi dai' has the same distribution channel with 'Xin Fei'. 'Lucky Baby' is different from that two.

This brand has two kinds of distribution channel. The first one is direct channel. This means manufactory sells the products to the customers

directly. The second one is indirect channel. The manufactory sells products to the wholesalers, and then wholesalers sell the products to the align stores, at the end customers can buy the products in the align stores. This shows the length of 'Lucky Baby' is longer than others. Has too many middlemen is not a good thing to customers because everyone wants to get much profit, so they have to increase the price, at the end the price will higher the original price lot.

The last one is promotion. This company uses many different ways to promote their products.

First, is setting up a web site on the Internet. This is a efficient way because as everyone known network is the fastest medium and company can put their the latest news on the site, so that customers can know it at the first time. And also, more and more people choose using Internet to research some information, so that can be widely using.

To customers, middlemen and salesmen use different methods of sales promotion. To customers, during the festivals or yearly celebration the company often sells their products in discount price. Such as in the National holidays of this year, some new styles clothes of 'Lucky Baby' has 10%off. To middlemen, this company gives middlemen some free products, in order to have long-term co-operation with existing middlemen because find a good middleman is not an easy thing. To salesmen, the company host some competitions to encourage employees do their job lively. The winner of the competition can have a short-term rest or trip.

## Analysis of Shanghai Pigeon Company

Shanghai Pigeon Company is specialized is engaged in the pregnant woman clothing, the baby thing monopolizes the company.

Firstly, is organization structure.

### Chart Two

The organization chart is divisional structure. In divisional structure there are some independent departments. They have their own products, markets responsibilities and profits. Company use divisional structure has got advantages and disadvantages. There has five factors must consider. They are staff focus, resources, working relations and control. At staff focus area, functional staff focuses on product and customer need. Company produces baby things, so every employee considers customer need and product, at the same time, isolation from wider professional and technical developments.

At resources area, dedicated facilities meet customer needs quickly. Pigeon Company should be use good facilities, but costs of duplication across the organization. For example: paper, cost of telephone. At work relations area, common customer focus supports good internal relations. In Pigeon Company every employee think is agree so internal relations is very harmonious, but potential conflict with other divisions over priorities, and no incentive to support other division. The disadvantage is not good for complete divisions' development. At control area, Pigeon Company regional divisions use autonomy to meet local needs, but develop policies independently of wider organizational interests.



Next, is analyzing of external environment.

In political-legal factors, taxation policy should be prevented the company evades taxes. It can let company become tax payment good company on time. Tax payment not only is abides by the law, but also should be help country economy. At the same time, employment law limit company employment employee requirement. For example: manger shouldn't be employ child labor. In political aspect, Shang Hai area stabilizing brings the benefit to the company, government stabilizing suit company production product and development company.

In economic factors, consumer confidence should be let company get fame and sales achievement increase. People living standard increase now, disposable incomes also increase. People would like giving themselves children good baby things let they grow change health and happy. Company sale achievement increase because lots of people would like buy good baby things.

In social-culture factors, the population and household numbers has brought the very tremendous influence at sales achievement. Now, every family has got a child. Parents very love their children. Parents would like to give children the best things, this think increase sales achievement.

In technological environment, in baby things area appear kinds of new technology---NEO. Company uses this NEO technology increase produce technology. NEO technology change and develop design aspect at milk bottle's milk mouth. Use this technology at milk bottle sale have got very

fast development. New technology change produce quality and produce method. Along with technology renewal and development, company uses the best technology at the environment. This behavior is attracts the customers the best way. New product potential, creating new competition give company bring pressure and threat. This pressure and threat let company give better service and quality.

Then, is the competitive environment.

Competitors are a major environmental force. Rivalry among existing firms, a lot of make pregnant woman clothing, and the baby thing monopolizes the company now. For example: Piyopiyo, Qiangsheng and Lucky baby. Other companies not only build very long, but also have got good service and quality. Only has suitable service and price should be resistance with other company. At the same time, appear lots of new entrants, this is the threat of new entrant. For example: Weiwei. Although they are new company, they have got new technology give company bring pressure. Bargaining power of suppliers and buyers let company profit down. Substitute products or services let the limited competitive market changes is narrower and smaller. For example: easy milk bottles are substitution NEO milk bottles. We must produce new suit baby things meet this competition.

Finally, is the marketing mix.

Firstly, is the product mix. Product mix includes width, brand, packaging decisions and serves.

The width of this company is 4. They are NEO Series, pigeon Series, women health Series and present Series. Product mix length is 1. Company brand is " Pigeon". The brand founded in 1949, " Pigeon" mean is Pigeon. Pigeon stand for Peace. The company wishes the babies to grow healthy and strong, social peace, prosperity. The " Pigeon" trademark marking is by the double heart shape, which constitutes on behalf of mother's heart and baby's heart. In this marking contains " Pigeon" to hope the dissemination " Changes into visibly the compassion loves" Meaning. Our work is changes into the compassion the visible love, delivers people's side which all needs to show loving concern.

In packaging decisions, this company uses similar packaging decisions. The packaging decisions should be consumer clearly know several kind or the many kinds of product from a company. Packaging decisions should be increase lots of sale achievement. Customers could clear remembering this company's product. At service area, use service item decision. For example: Post-sale service, telephone feedback consultation. These kinds of service let company get convenience from consumer.

Secondly, is the price policy. The price of this company is similar to other company product. The price must according to cost and demand. For example: " The mother's milk true feelings" the glass milk bottle 8oz. market price is 98 Yuan. Although the material comes from Japan, the quality is very good; the high price is very difficult to accept regarding the salaried. At the same time, the baby company initiates " the price war". Not only consideration demand and competition, but also must attentions the cost the

price. Use cost orientation method, demand orientation method and competition orientation method. Policies of price adjustment include: discount policy, quantity discount, cash discount, seasonal discount and trade discount. Sale of clothes, company uses the seasonal discount and the cash discount. The counter- seasonal discount should stimulate consumer's buy desire. If the consumers buy the large-tonnages product and pay cash, the company may produce the discount or the preferential benefit.

Thirdly, is the place (distribution channel). The distribution channel is indirect. The place distribution channel has got middlemen. Factory sends product to agents. Agents sell produce to consumers.

Fourthly, is the promotion. Company uses advertising, sales promotion. At advertisement area, the choice advertisement media is a network. At present the market media uses the network, achieves the advertisement in the network, dissemination and knowing rate can be very high.

Simultaneously also may develop more business agents at the network.

Product sales can increase very much. At sales promotion area, company use sales promotion way to consumer. The way should attract more customers buying product.