

The current situation analysis marketing essay

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



" Al-Hijab Garments" is a well established Sri Lankan manufacturer and distributor of Women's Islamic Clothing, specially engaged in clothes such as Abayas, Hijabs and other accessories such as scarves, hand sleeve gloves, jewelries and footwear under their brand name " Al-Hijab". The current shareholders of the company are Mr. Haroon Rashid (Managing Director) holding 80% shares and his wife Ms. Sana Mohamed (Director) holding the balance 20% and the company is in its fifth year now. The business was initially started as a family business 10 years ago by Mr. Haroon Rashid. However due to high demand and for easy operations, the business was registered as a company. The company attire is currently carried by stores that specialize in women's Islamic Clothing, which are located within Colombo & Kandy. Since the owners of the company had spent a large part of their corporate careers in retail clothing business, they have extensive experience in this sector. Additionally, the company has gained a good reputation over the years amongst the local as well as the foreign customers for providing high quality products with the latest designs at an affordable price as per customer's requirements. Currently the company has a skilled and capable workforce of over 80 employees, which would enable the company to achieve economy of scale if the products are exported to other foreign markets which in return will increase the company's profit as well.

2- Situation Analysis

2. 1- Current Situation Analysis

Garment industry has an important place in Sri Lanka's economy. Sri Lanka's apparel industry caters a wide range of apparel for both genders including adults and children to many countries around the world. Currently, there are

many retail outlets in Sri Lanka that provides Islamic Clothing for both genders. Since the Muslim population in Sri Lanka is quite high (7.6%, 2001 census provisional data) and is still growing, there is a huge demand for these Clothes for both genders. And with prices of high quality clothing have increased during the past years, the opportunity to provide high quality clothing has also increased. Over the years Al-Hijab has gained a good reputation among their customers for providing high quality goods at affordable prices. The company's products are well received and famous among the local as well foreign customers. The company is very customer oriented and always welcomes customer's ideas and feedbacks in order to cater the market according to the customer's requirement. As such marketing is now critical to its continued success and future profitability. The basic market need of the company is to offer a good selection of Women's Islamic Clothing of high quality with the latest designs at reasonable prices. Despite the economically challenging times, the company recorded a net worth profit for the year ended 2012 and celebrates a reasonable successful performance for the fiscal year. And the company believes that they have the financial capability and resources to expand the business further to additional markets.

2. 2- PEST Analysis

The following PEST analysis covers the key aspects of the Al-Hijab external business environment that will have an impact on operational performance and the main goal of the analysis is to display how these forces will interfere with the organizational activities.

2. 2. 1- Political

Maldives enjoys political stability, as witnessed by the recent peaceful transfer of power to a new, democratically-elected President. A new constitution, enacted in 2008, that enshrines the separation of powers between the executive, legislature and judiciary, is testament to the country's stature as a modern and forward-looking nation. The source of law in the Maldives is based on constitution and on the Islamic Sharia'. Maldives enjoys a stable and transparent legal system and policy making environment. The new government recently changed the tax system to direct tax system such as Goods & Services Tax, Business Profit Tax, etc.. and supports privatization programmes. The country is open to foreign trade and as part of its trade policy government has lifted import quotas on most of the items. Since the government heavily depends on import duties, customs duties are high. However, there are not many non-tariff trade barriers. Customs procedures have been simplified and the right to obtain an import license is almost automatic.

2. 2. 2- Economical

The Maldives economy is mainly based on tourism and fishing. Tourism, the largest economic activity, accounts for 30% of GDP and more than 60% of

foreign exchange receipts. The total GDP in 2012 was \$2. 945 billion or about \$8, 700 per capita. Compared to 5. 8% of GDP in 2011, the economic growth slowed to 3. 5% in 2012. Inflation rate was 12. 8% in 2012. Exchange rate per US Dollar has been changed from a fixed exchange rate of MRF12. 85 to floating exchange rate in the range between Rf. 10. 28 and Rf. 15. 42 in April 2011 due to a shortage of dollar in the country.

2. 2. 3- Socio-cultural

Maldives has a homogenous population of 394, 451 (July 2012 est.), and shares the same culture, language and religion. Literacy rate in the country is very high amounting to 93. 8% of the total population. Infant mortality rate is low and life expectancy is high. Both genders make a significant contribution in social, political and economic affairs. For both genders, employment opportunities are available. Maldivians lifestyle is very casual and relaxed and gives high attention to the fashion industry. People love to change according to the fashion and the latest products which are available in the market.

2. 2. 4- Technological

Technological advancements in Maldives have increased the efficiency of all business sectors. The telecommunication sector is well developed in Maldives which is easy and efficient. The main leading company's latest venture provided broadband Internet services to the atolls, linking the Maldives to the global information highway with the help of a state-of-the-art fiber-optic submarine cable network.

2. 3- Porters 5 Forces Model

In all parts of the world, the retail apparel industry is at large, highly fragmented. There are different sizable companies and profitability are driven by many factors such as control pricing, economic conditions, fashion trend, etc.

Threats of new entrants

The apparel industry is very common, entry in the form of a company or as an individual is quite simple and easy. As such threat of new entrants will be high, especially in a nation like Maldives which is heavily depending on imported goods.

Bargaining power of suppliers

As there are very few suppliers involved in this business at present and since the company is getting involved with a local retailer, bargaining power of the suppliers will be very low.

Bargaining power of buyers

Buyers are the end users of the products and they have high bargaining power as the intense competition. Already there are some reputed retail outlets selling the same stuff, as such bargaining power of the customers will be very high. However, if the quality of the garments are high with an affordable price, then bargaining power may be low

Rivalry among firms

The market structure is very mature & highly competitive in the garment industry. And since the competition between the firms are with same intense

risk of failure is high as well. At present, there are many retail outlets in the capital city alone, as such rivalry among firms will be very high

Threats of substitute products

Clothing is common known as the basic needs for human life. It is a kind of necessity that is hard to have substitution and replacement. Basically these garment clothing are no major different in nature. Thus the main differences will come from the brands and quality of materials; as such threat of substitutes may be low. Figure 2 - Porter's 5 forces for Al-Hijab

Further analysis of 5 forces

The tool helps to find ways in which a business can gain advantage over its competitors and to find all the ways in which a business can become more competitive It also helps the company to identify whether the business have the potential to be profitable or not.

2. 4- Competitor Analysis

Since Maldives is a 100% Muslim Country, demand for Islamic Clothing is comparatively high. Especially Clothes like Abayas and Hijabs that come in variety of designs and multi colors have become famous among the female population lately. Maldives is a nation that is heavily depending on imported products and most of the retail businesses are done by individuals as family businesses. However there are well known few companies namely " Donad Garment Industries" and " Hudhumaa Garments" involved in other types of garment businesses. When talking about the Islamic Clothing business, currently there are very few retail shops engaged in selling Islamic Clothing

at a wide range. The main competitors in the business include the following retail stores;

Jilbaab

Jilbaab offers a wide range of Islamic Clothing for females of all age groups. It's a family business that is carried out through retail outlets. At present they have total 08 outlets located within capital city " Male' and in other few islands. Most of their products are being imported from Dubai, Madina as well as China. Jilbaab enjoys a large market share of around 50% as they are able to cater a mass market in different locations and are well known among people.

Zaans

Zaans is also a well know family business opened in the capital city providing Islamic Clothing for both genders of all age group. They have a variety of products at cheap rates imported mainly from India and Pakistan. Although Zaans have only 2 retail outlets, they have gained a good market share providing variety of products to both genders. The below table shows the competitor Analysis done for the mentioned stores;

Al-Hijab

Jilbaab

Zaans

Target Market(s)	Women of all age group above 18+	Women of all age group
(+)	Both genders of all age group	(+)
Market Share	50%	15%

-

Product Strong brand name (+) Quality products (+) After sale services
 (+) Strong local brand name (+) Comparatively low products (-) No after sale
 service (-) Strong local brand name (+) Comparatively low quality products
 (-) No after sale service (-) Place Only one outlet in the Capital (-) Several
 outlets located in capital city (+) 02 outlets located in capital city
 (+) Promotion Strong Marketing Department with a skilled workforce (+) No
 promotional programmes (-) No promotional programmes (-) Price Affordable
 price (+) High Price for individual purchases (-) May not match quality of
 product (-) Low Price products (+) May not match quality of product (-)

Table 1: Competitor Analysis

3- SWOT Analysis

The following SWOT analysis captures the key strengths and weakness within the company, and describes the opportunities and threats facing Al-Hijab.

3, 1- Strengths

Well established company with a reputed brand name The company is a well established company and has gained a good reputation. The brand name "Abaya Collection" is a famous and recognized brand among the existing customer base. Experience in export and marketing business Since the owners have been involved in this business for quite a long time, they have the capability and experience in export and marketing business. Good network within Colombo and Kandy Although the company is not into too much wholesale business, they have been distributing many retail outlets

within Colombo and Kandy and have a good network. High Quality Products Compared to most of the other firm's or retail shops in Colombo, Abaya Collection's products are of high quality which is available at a reasonable price which is one of the main reasons for their high demand. Close relationship with existing customer base One of the company's main strength in running a successful business is they maintain a high relationship with the customer base. The company always welcomes their customer's ideas and feedbacks and actions are taken as per their requirements.

3. 2- Weaknesses

Import additional materials which will cost more When the company expands the business, the cost of production will gradually increase since they have to spend hugely on cost of materials. This will affect the company's cash inflows and as a result the company may need additional borrowings. Need for employees to expand business The Company would need additional employees in addition to the existing workforce to produce more products. The company has to spend money on paying wages and salary to the employees, in addition to the different demands from the workers. Limited knowledge on potential customers Al-Hijab does not have much knowledge on consumer behavior of the potential market. As such it is necessary to do some research about the consumer behavior of the host country.

3. 3- Opportunities

High demand for Islamic Clothing Maldives is a 100% Muslim country and now a days Abayas are famous among the majority of the female population, so there is a huge demand for these kind of Clothing at present. Can increase

the customer base through the website. At present, the company does not have any official website. However, if the company opens a website, they have the opportunity to gain additional Maldivian plus other foreign customers. Very few local manufacturers and distributors are currently not only in the capital, but even within the whole nation, local manufacturers or distributors who offer Islamic Clothing are very few. Easy to distribute throughout the Country. Maldives is a nation consisting of a chain of 190 islands grouped into 21 administrative Atolls. The integrated public transportation network between the islands is very effective, which would help the company to distribute the goods throughout the country and deliver on time, even if the firm wishes to expand the business more to the islands.

3.4-Threats

International trade risks There is always a high risk factor when engaging in international trade. International trade is more costly in terms of domestic trade, such as tariffs and costs related to differences in legal systems. New entrants: Already there are few competitors offering similar products. However, due to huge demand for Islamic Clothing at present, there is always the fear that new businesses may enter this sector. Rapidly changing trends in the fashion industry: Fashion industry is one industry that changes rapidly; as such, it is necessary for the company to be updated about the consumer requirements in order to sustain long in the market. Low population: Compared to all other developed nations, Maldives population is very low. As such, the company has a risk for not generating high revenues or profits by importing to Maldives.

4-Vision, Mission, Corporate Objectives and Values

4. 1- Vision

To become a leading producer and marketer of women's Islamic Clothing in Colombo.

4. 2- Mission

Al-Hijab mission is to offer high quality branded Islamic Clothing for women in an assortment of sizes and styles with the latest designs.

4. 3- Objectives
To be a leader in our business
To sustain a culture to increase shareholder's wealth
To serve our customers beyond their expectations
To foster continual improvement through best practices

4. 4- Values

We believe in; Ethics
Innovation
Professionalism
Communication
Service

5- Marketing Objectives

To capture a high market share within the first year
Maintain positive steady growth each month
Increase product awareness among the target audience by 20% in the first year
Build an effective pull campaign

6-Financial Objectives

Gain 10% of the market for Abayas / Jilbabs by end of first year
Reduce store overhead by 5% each year. Reach profitability by the end of year one.

7- Marketing Strategies

The company plans to introduce the existing products to a new market. To maximize the sales and increase market share, we are choosing the Market Extension Strategy of selling existing products to a new market by forming a

joint venture with a Maldivian national. Our marketing strategy will first try to create customer awareness about our products and services offered, develop the customer base, establish a good network with our target markets and work towards building customer loyalty and referrals. Our company's main objectives will be; Increase awareness and image by informing those not yet aware of Al-Hija offers High emphasis on identifying customer's needs and wants by providing a wide range of choices that would cater the customer base. Position the product as " value for money" and at an affordable price. Advertising through TV and Radio helps to reach a mass market and gives the greatest coverage that is possible. Also advertisement in the local newspapers will also help to increase customer awareness.

7. 1-Target market

The company's target market will be domestic as well as international customers. Currently there is a huge demand for women's Islamic Clothing in Maldives as majority of the female population above 18 years have started wearing Abayas for all occasions. And women of all ages give high attention to clothes that come in multi colors with various new designs. Female Age structure is as below, (2012 est.)

Age group	Female population
15-24 years	40,233
25-54 years	70,817
55-64 years	7,764
65 years and above	8,433

All

127, 247

Source: The World Fact Book Based on the above figures, the total female population of age above 15 years comes to total 127, 247. Although Abayas

are famous among the female population, around 15% of women do not use these kinds of clothes.

7. 2-Market Demographics

The profile for Al-Hijab customers consists of the following geographic, demographic, physiographic and behavior factors;

Main Dimensions

Variables

Breakdowns

Geographic SegmentationRegionNationwide

Area Size298 sq km

DensityUrban

ClimateWarmDemographic SegmentationAgeAbove 18+

SexFemale

Income levelSuitable for income earners above MRF3, 000

OccupationHouse wives, part time workers, professionals

Social ClassAll levelsPsychographic SegmentationPersonalityPeople who loves the latest fashions and like to spend on high quality clothes

Life StylePeople who do not like western fashionBehavioral

SegmentationOccasionsFor all occasions

User RateDaily Basis

User StatusNon-User, Regular User

Loyalty StatusNone, Medium, Strong

Table 2: Segmentation Variables and Breakdowns

7. 3- Product Positioning

Our company will act as more of a challenger in the host country and will use differentiation strategy. We will introduce the products with a bit higher price than the competitor's products. Unlike other competitors, our shop will allow the individuals to participate in choosing unique designs as per their taste which will make them feel greater value for their money they invest. We want to make our customers feel impressed with a variety of in-stock collections with value oriented pricing and excellent customer service. Our products will be available only in the capital city " Male" at the initial stage. However if the business runs smoothly and profitably according to our plans, will increase the number of outlets in different locations including the Atoll islands which will attract more customers and increase sales revenue.

8- Marketing Programmes

8. 1- Product Policy

" Abaya" is an over garment worn by women in Islamic World, which comes in different styles varied with different color and design. Our company's aim is to inspire the consumers with multi colored fabrics that are modern, fashionable as well as comfortable and also suitable for all seasons and occasions. Our company produces multi colored garments with unique design and handmade rich embroidery with excellent tailoring. It is designed with different handmade designs, some handmade embroidered with colorful thread, satin decorated laces while others are decorated with colorful stones

and Swarovski crystals. In addition, we believe that fashion is not just about cloth, but it's about all other products such as jewelries, apparel, footwear, etc. As such the company provides a wide range of accessories such as brooches, Stick Pins, Long Hand Sleeves Gloves and shoes (Details of the product line attached as Annexure 1) Further since religion plays an important role in purchasing decision of people, we believe the Islamic perspectives should be added to marketing issues in order to attract Muslims. Therefore, high importance needs are given to the products unique characteristics and special features. The cloth materials are being imported mainly from Japan and Korea. Other accessories like multi colored threads, lace, colorful stones, Swarovski crystals and Brooches are being imported from Dubai and Madina.

Logo of Al-Hijab

C: UsersibaauAppDataLocalTemp\hutha assignments-1. jpg

Packaging

Packaging is the science, art and technology of enclosing or protecting products for distribution, storage, sale, and use. All our products will be packed with special care and will be packaged in a plastic poly bag for added protection with our name printed on it. Islamic-abaya-arabic
ANd9GcQURoelpx3MHXEWfZCNWrfgLvUmWjDO8WrA7ISJMM_Ah9WLCNhmlA
Hijab Pins Ref 10

Labeling

Since the products are targeted to Muslims, we believe that to make Halal products all the process and function should be conforming by Islamic Law.

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As such information tag will be labeled on each product that involves all the content and ingredients.

8. 2- Pricing Policy

Product pricing is based on offering high value to our customers compared to most price points in the market. Value is determined base on the best quality available, convenience and timeliness in acquiring the product. We have decided to set the selling price of our products especially clothes and shoes a bit high than the competitors but at affordable prices. However, other accessories will be sold almost the same rate as competitors.

8. 3- Distribution Policy

Place is a key decision in the market as it determines the products availability. Company will establish a joint venture company with a local distributor engaged in retail clothing business. Company will invest 50% equity in the new business; whereby a portion of the earnings based on the respective equity percentage will be offered to the partner. All products will be distributed through the retail store under the brand name " Al-Hijab. We will be developing an official business website plus phone orders from our established customers will be received from our store. Initially products will be available only from their main shop in the capital city " Male'. However the business will be further expanded to other locations based on the sale trends and consumer behavior.

8. 4- Promotional Policy

The main objective of the company is to create awareness of the product to the target market. Company will use the following promotional tools in order

to promote the product; Print Aids: Fashion Magazine, News Papers
E-Marketing: Internet Banners, Company Website
Broadcast Media: TV Commercials
Sales Promotion: Offer a free gift to the customers like scarf pins and brooches
After Sales Service: Great Customer Service during and after the sale process like showing how to wear the shawls / veils in different styles.

9- Contingency Planning

Difficulties and Risks; A parallel entry by a new competitor
Overly aggressive and debilitating actions by competitors. Worst Case Risks may include;
Problems securing additional capital
Dealing with the financial, business, and personal devastation of the store's failure. Determining the business cannot support itself on an ongoing basis.

10- Action Plan for 2 years

11- Projected Income Statement for the two years of operation

12- Implementation

12.1 – McKinsey 7s model Analysis

STYLE

The top management approach is friendly approach and applies open door policy for all levels of the staff

STRUCTURE

All decisions are taken by the Senior Management Level or the owners

SHARED VALUE:

We have a commitment to develop a work culture that ensures excellence in all they do and promote a positive work environment and company culture.

We believes in Ethics Innovation Professionalism Communication Service

SKILLS:

We believe that skilled and motivated staff is the key to ensuring success in the long term.

SYSTEM

We deal with people in a clear, direct way and are always fair in business dealings. Our company strives to provide innovative products and new services to our customers.

STRATEGY:

Our strategy is to lead the market by delivering quality and value to the customers today and always plan for tomorrow with some revolutionary products and services

STAFF

We are providing a satisfactory working environment and are motivating our employees to gain the knowledge and talents they have and train them well

Figure 1: McKinsey 7s model

13- Evaluating and controlling

In order to remain in the competitive market, unique and distinctive strategies must be adopted and these strategies need to be constantly evaluated and updated. The following table shows who is responsible for

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which task and when they are going to review time scale to complete the project successfully;

Strategic business planning

When to update?

Total review

Who is Responsible?

Vision, Mission, Values

Every six months if necessary Annually Senior Management

Environmental analysis

In every six months Annually Senior Management

Strategy formation

In every six months Annually Senior Management

Financial plans

Monthly Annually Senior Management

Resource requirement

Weekly Monthly Senior Management

Entire marketing plan

Annually Annually Senior Management