

Marketing mix | mamee double decker



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1. 2 Marketing Mix Analysis

According to The American Marketing Association marketing is “ the process of planning and executing the conception, pricing, promotion, and distribution of ideas, goods, and services to create exchanges that satisfy individual and organizational goals”[2]. In this analysis, I am going to analyse the marketing mix used by the company which the responds from the consumers from a survey that I conducted are also included. From the MDD Quarterly Financial Report for 2010 it is found out that the gross profit of MDD roses from 32. 6 million to 42. 6 million. The increase is closely related to the marketing mix used by the company.

Price plays the most important role as F&B industry are already concentrated with intense competitions. MDD use competition-based pricing as in the industry MMD have many competitors. MDD is the price setter for the industry as they holds 31. 1%[3]of the market share as recorded in February 2010. As we can see the price set by MDD for its snacks products are almost the same like other company where it is at affordable price as low as 30 cents per packet. This is suitable as MMD customer’s target is mainly children. However, MDD also use the promotional pricing strategy to attract consumers to buy their products in which they use addition to the content of the snacks and competition as their main attraction. From the survey that I conducted, about 78. 8% of the respondents felt that the prices set by MDD are reasonable and 21. 2% of them buy MDD products because of the reasonable prices.

This is further indicated by an increase in the profit of MMD in the first quarter which rises from 32.6 million to 42.6 million[4]. The increase in gross profit signifies that consumers keep buying their products and one of the contributing factors is their reasonable price.

In terms of the product, MDD offers a wide variation of its product line. These include Cornitos, Mamee Monster, Double Decker and Mister Potato. All the products are in their maturity stage of the product life cycle. During this stage, the products are well known to the consumers and from my survey it is found out that 97.1% of the respondents are aware of the existence of the MDD's products[5]. Continuous research and development (R&D) findings[6] by the company in improving the taste and adding in new flavours contribute to an increase in the profit margin. The main contributor to MDD's snacks sales is Mister Potato 35%[7] of the total sales. 43.8% rated Mister Potato product as very good and from the survey also 43.1% of the respondents buy MDD products because of the good taste. The introduction of the new flavour of Mister Potato which is the Rice Crisps[8] product line is expected to increase the sales of the Mister Potato brand.

In terms of place of distribution of the products, MDD mostly distributes their products to supermarkets and convenience stores. Convenience stores scored 42.4% as the place where the consumers buy MDD products.

Figure : Places where consumers buy MMD products.

As a market leader, to determine and manage the channel of distribution is very important. In order for MDD to promote the growth of its products, they enhance their channel of distribution every year[9]. This is shown by the

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increase in distribution costs year by year[10]. One of the ways is to closely monitor the performance of the distributors. Another way is by providing the distributors and the wholesalers incentives[11] in order for MDD to gain market share. Besides, they also do direct distribution channel[12] to reach suburban and rural areas. Apart from targeting local market, MDD has expanded their market to international at 80 countries across the world. By increasing the number of place of distribution they actually increase their customer base thus increases the profit of the company. This can be proofed by the contribution of 21%[13] of the total sales are contributed by the foreign market.

Promotion functions as to remind consumers of the existence of a product as well as to reinforce the brand image[14]. In this element, MDD has done mainly of its promotion in terms of television commercials or advertisement. From the survey conducted, 23.9% of the respondents buy their products because they are influenced by the advertisement. Furthermore, 84.8% of them think that the MDD advertising strategies are effective.

Figure : Effectiveness of MDD advertising strategies

The promotions are done in both way; above the line and below the line promotions. However, most of the promotions are done above the line which is by using the media. MDD invested to advertise their products through television commercials and these commercials are aired during specific time. For below the line promotion, usually they will reach their customers at the supermarkets where they will use promoters to do free tasting and to promote their products directly to the consumers. By using this way, they

can build a close relationship with the consumers and their targeted customers can be reached. This can be shown by the survey in 42. 6% of the respondents get to know about MDD products from the supermarkets.

Lastly, the element that plays an important role in marketing mix which is packaging. As MDD is in the F&B industry it is important to have packaging that is outstanding than their rivals. As a market leader, MDD can afford for high quality and attractive packaging. For example, the colour of the Mamee Monster's packaging which is in bright yellow and contrasted by blue monster figure on it. This feature can easily attract the children to buy it. From the survey conducted, 88% of the respondents agree that the packagings of the products are attractive and 15. 2% of the respondents said that they buy the products because of the attractive packaging.

Figure : Packaging of the products.

1. 3 Ratio Analysis

In measuring the profitability of the MDD Company, ratio analysis is carried out to measure the performance of the company. This is also to investigate on how does the marketing mix used affect the profitability of the company. Financial ratio analysis is a method to know about the profitability, liquidity, management of the debts and the performance of the company[15]. In this analysis, I am going to calculate and compare the performance of MDD between 2008 and 2009[16].

2008

2009

Profitability ratio

Liquidity ratio

Efficiency ratio

From the profitability ratio, we can see that the net profit margin for MDD rises from 5.9% in 2008 to 10.8%. The increase in 4.9% is seen because of the empowered channel of distribution[17]. Other factor is contributed by the increase in revenue and decrease in cost of sales in 2009[18].

For the liquidity ratio, when we compare the two years we can see that in 2009 MDD is at a more liquid position compared to in 2008. In both years, MDD is relatively at a “safe” position in which they are comfortable enough to pay their debts using their current assets.

There is an increase in the return on capital employed from 0.12 to 0.19 in 2009. The positive increase indicates that MDD is competitive and productive enough as they can return their total capital employed.

Overall, from the ratio analysis it is strongly proofed that MMD is doing great in their business. This is due to their effective marketing mix in which their sales and net profit increases every year. The diversification of MDD into foreign countries also contributed to the profitability.

1.4 Conclusion

Mamee-Double Decker (M) Berhad indeed has applied a good marketing mix in promoting the sales of their snacks product lines. Appropriate

strategies and approach used in the key elements in marketing mix which are price, place, promotion, product and packaging. From the analysis on marketing mix used by MDD I found out that the strategies used not only increase the customer awareness towards the brand but they also instil in the mind of the consumers to keep buying their products. These strategies used thus contribute to the increase in the net profit of the company.

Based on the ratio analysis, I think that MDD has a comfortable place as a market leader[19]in the F&B industry in Malaysia. Besides that, it is strongly proofed that MDD has secured a place among the top key crisps brand from other MNC brands[20]. The introduction of new Mister Potato Key Crisps is projected to bring more profit for MDD for the next quarter[21]. In conclusion, I believe that marketing mix strategies used by MDD has increases the company's profit.