

Chenab group analysis marketing essay



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Executive Summary:

ChenOne is operating its stores in sixteen locations all over Pakistan. It's the market leader in its category. In very short span of time it has occupied a distinctive place in minds of the consumers. It doesn't have any perfect competitor in its diversified field but the threat of competition arises in individual categories. It is known for its quality products all over for which it charges high prices. It has its own logistics which give an edge in the distribution. It has occupied strong position in the market due to its effective and efficient positioning, product strategy, pricing, and distribution and communication strategies.

Vision:

“ To be a competitive and customer focused organization with continuing commitment to excellence and standards.”

Mission Statement:

To be the business house of first choice for customers.

To be a change leader.

To produce innovative, relevant and cost effective products.

Setting and maintaining high standards.

To earn profits by achieving optimum level of production by using state of the art

technologies.

To provide ideal working conditions to employees and to take care in their career

planning and reward them according to their skill and responsibility.

To meet social and cultural obligations towards the society being a patriotic and conscientious corporate citizens.

Company Introduction:

Chenab Group:

It is one of Pakistan's leading textile group and one of the largest exporters of home textile products from Pakistan. Chenab's processing unit is considered one of the best in the country with a complete processing range. It was established in 1974 by Mian M. Latif the Chairman, later joined by Mian Javed Iqbal and Mian M. Naeem.

Chen One:

It is a chain of fashion stores owned by Chenab group. Its main products that it offers include Home Textile, Garments, Foot Wear and Furniture. Its textile products not only fulfill local demand but are also exported to several other countries. Large amount of domestically produced superior quality fabrics and garments by Chenab Groups and its suppliers provided the foundation for huge retail and export business.

Current Marketing Situation:

Currently ChenOne is enjoying a palace within the minds of its target market that support it maintain a distinctive palace among its competitors. ChenOne is the market leader in its category due to its superior quality, a well

developed brand name, marketing efforts that hit its target segment rightly and continuously changing the product designs and features to meet the needs and requirements of its valuable dynamic customers. This all has helped ChenOne to gain a differentiated image in the market that has it a prestige symbol.

Market Description:

ChenOne was the first store of its kind in Pakistan offering the complete range of Fashion clothing & foot wear, Bed Linen, Kitchen Accessories and Furniture. ChenOne targets upper middle and elite class. Its market consists of people who demands best quality and trendy lifestyle and they have the buying power to pay little more to have these superior quality products.

In garments Chenab group provides most of the products but other products like kitchen accessories and footwear are generally imported to make sure that they deliver their customers the best product.

ChenOne is the sole distributor of “ PrettyFit” in Pakistan. Prettyfit offers a complete collection of Footwear and Handbags for ladies.

Most of the kitchen accessories are also imported. For example in kitchen crockery they offer limited but special designer products which are not available in other stores.

In furniture Chen One provides the latest designs and trends in its products that create a distinguished place for it in this category. The local craftsmen and suppliers provide low priced products but quality of products is very cheap, designs are either totally outdated or just follows market trends

which have been there for a sometime. But ChenOne offers latest designs considering both local and international trends.

Top fashion designers generally have a few outlets in Karachi and Lahore, unlike ChenOne which operates in sixteen cities and still expanding through which they desire to target their potential customers nationwide. ChenOne has its own Designing teams that constitute of creative minds from the leading fashion institutes. They have also contracts with leading Designing Teams within and outside the country so that they can keep their distinguished image in future as well.

Product Review:

ChenOne place their products in three main categories

Home

Garments

PrettyFit

Home:

In home category they have Furniture, Accessories and Bed linen.

Furniture and Bed linen is made in Pakistan. In Accessories they offer kitchen and home accessories. Most of these accessories are imported but some of them are locally produced. These local Home accessories are mostly the ones which reflect local cultural and trends.

Garments:

Garments have three categories

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Men's wear

Kids wear

Ladies wear

In garments they provide a complete range from formal to semi formal and casual clothing and accessories.

Besides ready to wear garments for ladies ChenOne has also introduced its lawn “PARSA”. Most of the Garments and Fabrics are supplied by the Chenab group but Men's suits, ties, belts etc are a few products which are imported. No compromise is made on quality of imported products and it's made sure that the customers get best value for their money.

PrettyFit:

Prettyfit is originated from Singapore, started its operation in 1994. In a very short span of time PrettyFit established a strong foothold as quality shoe retailers.

Prettyfit offers a complete collection of fun, casual, semiformal and formal footwear for the ladies. PrettyFit outlets are in more than 20 countries around the world. It's a pride of ChenOne that the 100% leather products of this renowned, trendy and stylish brand are available in Pakistan exclusively at its stores. PrettyFit provides unique styles which are not available anywhere else in Pakistan.

Channels and Logistics Review:

As stated earlier ChenOne is a subsidiary of Chenab group. ChenOne was created so that their textiles and garments can directly reach the consumer. Most of the products are supplied by Chenab group and only those products which can't be produced at the finest quality in the country are imported.

ChenOne has its own logistics department. As they have 16 stores operating in different parts of the country they need a very fast and efficient logistics system to fulfill their needs. Their logistic system makes sure that their every product reaches its destination on time.

They have developed a very efficient system for sorting out the demand of individual stores and full filling the automatically generated order as the store reaches a specified amount of individual product's stock. It is made sure that the time between generating the orders and delivering the products don't exceeds four day time period. The main stock is kept at Faisalabad from where the supplies are made to all stores nationwide. Faisalabad is set as the centre for stock because thirteen of the stores are in Faisalabad and it is economic to set centre there.

Furniture is the most difficult product in terms of transportation which takes lots of space and requires care for transportation. For furniture orders they have a maximum time period of 7 days for delivering products after order is posted. All the imports are first transported to Faisalabad and from there supplied to their stores.

COMPETTIVE ANALYSIS:

ChenOne is one of its kinds of stores in Pakistan. It provides full range of clothing and home products and accessories. It doesn't have any competitor in its business category. ChenOne don't enjoy monopoly in market. It has product, category wise competitors in the country.

Following are its competitors in respective product categories:

Brand

Product Category

Price Range

Intensity

Habbit

Furniture

Moderate High-High

Red

Interwood

Furniture

Moderate High-High

Black

Cross Roads

Casual Clothing

Moderate High-High

Red

Outfitters

Casual Clothing

Moderate High-High

Red

Fifth Avenue

Casual Clothing

Moderate High-High

Blue

Shirt & Tie

Formal Clothing

Moderate High-High

Red

Dinners

Formal Clothing

Moderate High-High

Blue

Men's Store

Formal Clothing

High

Red

Stone Age

Casual Clothing

Moderate High-High

Red

Cotton & Cotton

Formal Clothing

Moderate High-High

Red

Cambridge

Formal Clothing

Moderate High-High

Blue

Bonanza

Formal Clothing

Moderate High-High

Blue

Oxford

Formal Clothing

Moderate High-High

Blue

Ideas

Clothing

Moderate High-High

Red

Bareeze

Fabric

Moderate High-High

Red

V9

Fabric

Moderate High-High

Red

Funk Asia

Women Clothing

Moderate High-High

Blue

Stylo

Foot Wear

Low-Moderate High

Black

Soul

Foot Wear

Moderate High-High

Red

Borjan

Foot Wear

Low-Moderate High

Blue

Red: Head to Head Competition Black: Moderate Competition Blue: Partial Competition

In the Furniture Category Habbit and Interwood are the brands that are a serious threat to the ChenOne's Business in this category. They are competing head to head in the almost same target market with nearly same product lines.

In Formal Clothing, Cotton & Cotton and Shirt & Tie are the brands that give tough time to ChenOne's products in this category.

In Casual Clothing, Cross Road, Outfitters, Stone Age are fierce for ChenOne. Specially Cross Road and Outfitters are in the top list as they are located in same area as is ChenOne and in Multan, Lahore and Rawalpindi they are in same plazas.

In Formal Clothing, Bareeze, Ideas, Cotton n Cotton, Shirt & Tie give head to head competition.

Soul is the biggest threat for their brand PrettyFit as they are targeting same markets with almost same prices and quality.

Despite all the completion that prevails in the market, ChenOne has kept its market place secure and retained its customers as well as generated new ones by sticking to the perceived quality of products, their life and unique designs.

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STRENGTHS, WEAKNESSES, OPPURTUNITIES & THREAT ANALYSIS:

Strengths:

One Store Solution: ChenOne provides one store solution to its targeted customers by offering a wide range of product line which can be divided into three different categories: home, foot wear and garments. ChenOne is known for its product variety in both house hold and personal wear.

Superior quality: ChenOne is known for its product quality where each individual item is high on quality. The quality team at ChenOne personally views each product and the defected items are immediately taken out of the stock.

Distribution Network: ChenOne has its own distribution network where it doesn't need to rely on other intermediaries and hence add value to the value and supply chain.

Established target market: ChenOne has a defined target market and it's loyal to its segmented market. It targets the niche segment of the market which is affluent and knows the value of good quality.

Brand Name: It has strong brand awareness in the minds of the consumers and its presence is strongly felt in the market. A subsidiary of Chenab Group adds to its brand strength.

High emphasis on personalization: Its niche target market is high on personalization and product quality and can afford to pay premium prices for a one store solution for the purchase of various items. Each item is carefully

analyzed and based on its maximum personalization and superior quality, is then placed in the store.

Strong word of mouth publicity: The target market of ChenOne is such that they would tell others about a good brand from which they themselves are satisfied. Hence ChenOne is very high on word of mouth publicity. **Catchy and trendy tagline:** The tagline of ChenOne is changing lifestyles which show both the strength and the power of the brand to be able to change and influence the lifestyle of its consumers. This tagline is also hype and catchy which shows youthfulness of the store in the eyes of its target consumers.

Strong management: Being under the Chenab group ChenOne is high on management where the employees are focused on providing high value and superior quality to the customers.

Low turnover rate employee: the turnover rate of ChenOne is very low as compared to the rest of the competitors in the market. Thus company enjoying high internal satisfaction level.

Technological edge: Being associated with Chenab group it's highly focused on technology where continuous change is the name of the game. Through technological advancement ChenOne stays a step ahead of its competitors.

Elegant and creative designs and styles: Apart from excellent quality and uniqueness the brand is also known for the elegancy and creativeness in the products it keeps in the store.

Accessibility: The customers of ChenOne are eased by the easy accessibility where the products are available at their exclusive outlets.

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Weaknesses:

Targeting marketing niche: ChenOne is weak in the matter of diversifying itself in other market segments. Its continuous focus on the market niche is making it ignore the other market segments which might be more profitable just by the sheer size of it.

High prices: High prices are a weakness of ChenOne since the inflation and instability of Pakistani market are robbing the consumers of their purchasing powers. With an increase in prices in all the commodities people would prefer to buy less expensive stuff as they would have done otherwise.

Outdoor advertisement sometimes use amorous appeals: Pakistani market is such that the advertisements should be done with a very careful analysis since it could hurt the brand image in the minds of the consumers. According to recent researches some of the advertisements by ChenOne were amorous in nature and hence created a negative image in the mind of the consumers.

Static target market: ChenOne is focused only on targeting its market niche where it has dived into a stagnant market.

Opportunities:

International Market: ChenOne has an opportunity to enter into unexplored International markets whereby creating an international presence of its stores in the minds of international consumers. This would not only increase the market share but also create an international brand image and would increase its profits and product desirability.

National Market: ChenOne has an opportunity to open new stores within Karachi and other cities of Pakistan for easier accessibility to its consumers, making more national presence, increasing wider consumer share, profits and a chance to be ahead of the competition.

New Segments: Other than exploring into new regions, countries and cities it should also diversify itself by entering into new segments other than its niche segment it has been focusing on. This would not only increase profits but make the stores more known and create more brand awareness.

Discounts: Pakistani markets are very price conscious and hence varying the prices is a sure way to get customer attention. It should provide discounts after a certain time period so that people are encouraged to shop more and purchase more. This would attract new potential customers.

Threats:

Competition offering diversification and high quality: Other stores like habitt, ideas etc are also highly focused on high quality and diversification and if ChenOne doesn't make strategic plans to diversify itself this threat would become a serious issue in the near future.

Direct/ Indirect competition: ChenOne, because of its diversification, has a lot of competition both direct and indirect. This has led to a lot of unwanted competition where it has to keep tabs on obvious and hidden competition.

Related unrelated diversification: ChenOne has diversified its product line and has included a lot of related and unrelated diversification which in its own self is a major threat.

International market diversification: Diversification is important and vital for stores like ChenOne to grow, however if this diversification isn't monitored closely and managed probably it could pose a threat in the potential market.

Political instability: Pakistan is politically instable all over its history. Strikes, terrorism and the law and order situation has created havoc in the market for the retail stores like ChenOne.

High inflation: Because of high inflation there is a significant decrease in the buying power of the consumers. The inflation has also affected the production costs. Thus adding a severe threat to the profitability.

OBJECTIVES & ISSUES:

First-year Objectives:

For the next year the store's objective is to increase its sales by opening a number of new outlets for easier accessibility to its customers. ChenOne plans on opening new stores in various cities where it was not functioning earlier on and to open up 2 more outlets in Karachi so that customers can shop with convenience.

Second-Year Objectives:

The objective of the company in the second year is to further expand their stores and to divulge into the market share it has previously ignored. It's working on opening of new stores under a new brand name which would target the middle and lower middle class so as to increase their market share and gain more customers. It also plans on opening more stores abroad so that it gains more international recognition which would enhance the value of the brand.

Issues:

According to the objectives of the company the major issues faced by the store is the financing to support its expansion plans both at national and international level and to create more brand awareness to the people who previously did not had access to it. This would require heavy advertising and brand promotional activities on the behalf of the store. It would also require heavy research so as to analyze and target the market in the best possible way. High quality and product differentiation would also be an issue for the brand since it would be divesting in so many new markets.

MARKETING STRATEGY:

The marketing strategy is based on the positioning of product on the basis of differentiation on superior quality. It targets upper middle and elite class who have the purchasing power to pay more for the quality products.

Positioning:

The ChenOne positioning of its products is based on product differentiation. It differentiates its products on the basis of quality. It is providing a superior quality of products at differentiable prices.

Product Strategy:

ChenOne offers replacement offers for its clothing products but does not have such offers for kitchen accessories. The replacement offer is valid to customers conditioned you follow the policies and instructions provided with the product but it does not entertain replacement claim if the fault is at customer side.

Pricing Strategy:

ChenOne is targeting to the upper middle and elite class. Its market consists of people who demands best quality and trendy lifestyle and have the buying power to pay more for its products. ChenOne price high for its products but it is justified for the quality it provides to its customers.

Distribution Strategy:

ChenOne has its own logistics and distribution network all over Pakistan. It's one of the strengths over its competitors. Having its own distribution and logistics network provides ChenOne a great opportunity to have a strict control over the delivery system. They have a computerized system in which order is automatically placed to the warehouse when inventory level goes down to the optimum level. It reduces the costs of ordering and reduces paper work also.

Marketing Communications Strategy:

ChenOne use various marketing channels to communicate its marketing messages to the targeted customers. The major channels in Pakistan are

Billboards

Newspapers

Fashion Magazines

Internationally it has its own fashion magazine & has plans to introduce such activities locally as well.

ACTION PROGRAMS:

ChenOne has seasonal action plans for its products. It has different action plans for different seasons like winters, summers, Ramadan and Eid seasons. It offers different sales promotion during these seasons. It has sales discounts offers for off season products at the end of each season.

In winters it introduce new products and sell the off season products at discounted prices, vice versa is done for the other seasons.

BUDGETS:

The marketing budget for the ChenOne is 5% to 6% of its gross sales. The other figures were not clearly disclosed by the ChenOne's manager due to the policy restriction.

BCG Matrix:

Cash Cows

Ladies Foot Wear

PrettyFit

Home Furniture

Question

Marks(?)

Crockery

Cash Cows

Home Textile

Garments

Dogs

Men's Foot Wear

Hierarchal Chart:

Questioner

What are your products (SBUs)?

Which market segment do you target?

What is your market position, how much profitable?

Your mission “ changing lifestyle” and its objectives?

Who are your competitors & their products?

What makes you different from others that is what your competitive advantage is?

Who are your suppliers and distributors?

What are your strengths & future opportunities?

Effects of cultural change, threat or opportunities? how do you deal with them?

What are your Channels of marketing?

What departments your company have?

Can you please provide organizational chart?

What is your marketing budget? Can you provide your sales & revenue figures?

What are your Future Plans, New market Development & New products?

How your management controls over the entire organization?

Your targets that you achieved so far?

Best and worst SBUs? In respect to BCG matrix what are your star products & cash cows & which SBU you going to quit in near future?

Sources:

Hamood ur Rehman

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