

Diamond foam business: marketing strategies analysis



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Executive Summary

This study falls into three parts. The first part gives operations/transformation process in Diamond Foam and Pak Electron LTD. In this part the different strategies like marketing, competitive priorities and corporate strategies has been discussed for each organization. In second part the different concepts or frameworks like inventory management, performance measurement, total quality management, capacity planning and supply chain design has been taken. I have taken different case studies to explain the different methodologies. In the third part the impact of the different concepts and frameworks has been shown on each of the organization.

a) Marketing Strategies of Diamond Foam

Positioning Strategy

Customer perceives Diamond Foam is high quality foam. Foam is high involvement product and people see price and quality before purchase it.

Target Market

Diamond Foam has broad target market in Pakistan because any product requires foam is their target market and person used that foam is their target customer. Customers in south region are furniture showrooms and in north region are dealers and they not sell their products to end-users. Diamond Foam used product development strategy with different product in current market.

Marketing Mix Strategy

Product

Products that are sold by Diamond Foam are

- Spring mattress
- Bed sheets/comforter
- Foam mattress
- Foam products

Quality

- Quality aspects of Diamond Foam's products are given below.
- Complete peace of mind for their customers Diamond Foam never foregoes their responsibility in complete quality control. A good mattress isn't just dependent on its high quality standard but also the quality of after-sale service that gives you lasting comfort and security.
- Diamond Foam has a quality control department who manufactured products and processes according to SOPs (Standard Operating Procedures) for efficient and hazard-free operations.
- Diamond Foam offer high quality sleep products that are outstanding values with all the healthful benefits of a good night.

Features

- Features of products that are manufactured by Diamond Foam's are given below.
- Offer high quality sleep products that are outstanding values with all the healthful benefits of a good night.

- Medically it is proven that not everybody is comfortable sleeping on a plain surface, and Diamond Foam brand, Dolce Vita Adjustable bed, gives you that option to raise your head or feet to a position where you are most comfortable.

Brand Name

- Foam mattress
- Europedic Memory Foam
- Spring mattress
- Dolce Vita Pocket Spring Mattresses
- Dolce Vita Bonnell Spring Mattress
- Diamond Jumbolon
- Jumbolon Board
- Jumbolon Spray
- Jumbolon Rolls
- Life style products
- Dolce Vita Recliner
- Dolce Vita Adjustable bed

Packaging

- Diamond Foam provides good cover and polythene bag for their products.

Returns

- In warrantee period, Diamond Foam replace foam mattress with foam mattress when it is damaged.

Service

Services of Diamond Foam are given below.

Going beyond traditional service, to provide state of the art customer care experience, and want to earn customer's loyalty by delivering services that anticipate their needs.

Diamond Foam is constantly looking for ways to improve their service by listening to customers, monitoring performance and adopting the best practice.

Guarantee:

Guarantee that is given to customers are given below.

Customer relaxation is intensified by the fact that every product is sold with reliable guarantee and superior class after-sales services.

Diamond Foam take pride to be the finest mattresses company, who also adheres to its philosophy to provide superior after-sale service by giving the reliable guarantee that looks after your comfort year after year.

They repair or replace your mattress, this guarantee continues from the original date of purchase.

Diamond Foam also gives guarantee on stitches pulled out of the handle where sewn to the mattress.

Customers guarantee is valid for original purchaser only and it protects you from the day you purchase your mattress or complete sleep system, and continues according to the “ Guarantee Period” specified.

Discounts

All brands of Dolce Vita (Pocket Spring), Duet and Dolce Vita (Bonnell Spring), except Supreme Jacquard Fabric and Supreme, are discounted 23% for dealers and distributors. Supreme Jacquard Fabric and Supreme are discounted by 15%.

Warranties

Diamond Foam gives warranties to their customers from 10 years to 12 years.

Payment Periods

Diamond Foam gives a payment period to their customers up to 3 months.

Credit Items

Diamond Foam sells their item normally on cash basis but sometimes gives on credit to particular customers.

Place

Coverage

Diamond Foam has coverage to Pakistan, Dubai, Afghanistan and Egypt.

Locations

Diamond Foam has different distribution center in and outside Pakistan, which provide foam to end-users.

Inventory

Diamond Foam never faces a problem of stock out because one day plant work in a day generate inventory for 2 weeks.

Transport

Diamond Foam has 150 trucks, which provide foam to dealers and distributors.

Promotion

Advertising

Diamond Foam spends 10% of sales annually on advertisement and uses all means for communication (e. g. billboards, TV, radio, etc) for advertise their foam.

Sales Promotion

Diamond Foam gives different rates of discount to distributors on different brands.

Operational Strategies of Diamond Foam

Diamond Foam provides standardized foam in large quantity (mass production), continuously improves their operations and processes.

Sometimes they do mass customization (in terms of size and smoothness, which is described by customers). Diamond Foam has no computer-integrated design for design of foam. Diamond Foam has skilled labor (job shop) and all plants are automated (dedicated transfer lines) and parts are not group together before the operation because one man can operate plant. Operations department is responsible for making highly economical, efficient

and customer oriented operations from receipt of products to safe storage and onward dispatches to customers (dealers) timely and efficiently.

How Diamond Foam make foam

First of all they gather raw materials (PPG, TDI and catalysts). Three of them add in one tube and after this heat is given to their mixture and after this solution is spread by air and foam will be generated.

Core Functions

Following are core functions of Diamond Foam's operations department:

- Product Receipts
- Handling & Storage
- Dispatches
- Hospitality

Operation Department

Purchasing Strategies of Diamond Foam

Diamond Foam purchases raw materials from many suppliers (multiple sourcing) of Korea, Taiwan and China. The basic raw material used in the process is Polypropylene Glycol (PPG), Toluene Di Isocyanate (TDI) and many catalysts. Price of raw materials (PPG and TDI) is based on price of crude oil (\$100/barrel). TDI prices have increased up to 35% since last 10 months. The primary function of the Diamond Foam's purchasing department is to purchase the supplies, materials, equipment and services required to insure that maximum value is obtained for each rupees spent. Specific

responsibilities, duties and functions of Diamond Foam's purchasing department are as under:

Policies and Procedures

Develop purchasing objectives, policies, programs and procedures for the purchase and contracting for all materials, supplies, equipment and services.

Specifications

Prepare and assemble specifications and technical requirements.

Consolidation & Bulk Purchasing

Explore the possibilities of buying "in bulk" to take full advantage of quantity discounts. According to the situation, Diamond Foam can purchase twice the raw material than demanded due to fluctuations in the prices of petroleum products.

Standardization

Work with other departments to establish standardization of materials, supplies and equipment where practicable within a competitive environment.

Compliance with laws

Insure that all purchases are made in compliance with applicable statutes, rules, regulations and policies.

Unlawful for employees

Unlawful for employees to purchase any materials, supplies, equipment, or make any contract with anyone without the consent/permission of purchasing department.

PAK ELECTRON LTD

PEL was established in 1956. with the technical collaboration of M/S AEG, West Germany. It is the oldest composite electrical equipment-manufacturing unit of Pakistan with the object of initially producing transformers, switchgears and electric motors. In 1962 after conclusion of joint venture agreement with AEG, total shareholding was purchased than by sponsors M/S Malik Brothers Limited.

COMPETITIVE PRIORITIES:

COST:

Low cost

QUALITY:

Consistent quality with high class appliance performance.

FLEXIBILITY:

A lot of volume, equipment and workforce flexibility is present.

OPERATIONAL/ FUNCTIONAL TESTING

Here a refrigerator is operationally/ functionally tested. It is operated for a whole day.

QUALITY CONTROL CHECKING

Here the quality assurance is checked. The refrigerator is checked technically and physically by quality control.

PACKING SECTION:-

Now the refrigerator is ready for packing after quality control checking. So the refrigerators are packed according to their models and colors, and delivered to the Storeroom.

INVENTORY MANAGEMENT:

Pel is in a seasonal business since the demand season for their product is from April to September. PEL management estimates the demand very carefully and tries to avoid the piling of the inventory. Production of PEL jump in Feb. to April and they need more Inventories in this season. To keep the overhead charges low PEL has a small no of permanent workers which - work through out the year. However to meet the demand of the peak season the management hire the workers at the temporary basis just before the start of the season.

REORDER POINT:

Optimal replenish inventory system is used by PEL. In more technical terms the minimum level serves as reorder point.

For managing the Inventory of different types, The Company divides the inventory into two broad categories.

Raw material Inventory

Finished goods Inventory

CAPACITY MEASURE

In every department PEL has got several machines which are used in the production of various appliances and electrical equipment whose capacity is measured in term of the output measures.

BOTTLE NECK

In the whole production process there are certain stages which are more time consuming than the others. So this limits the out put rate to a minimum level to that which was expected. In the process of the refrigerator manufacturing the bottleneck is created at the thermo foaming machine. In the process; from base making to the packing at the stage of the foaming this bottleneck is created.

CAPACITY STRATEGIES

CAPACITY CUSHION

On the average each department has the capacity cushion which varies from 5% to 15%

ECONOMIES OF SCALE

PEL is trying to reduce its cost through enjoying the economies of scales in his processes. Because of the purchasing in the bulk and using the activities as the measure of the overhead charges PEL has been successful in reducing

The cost of materials

The cost struck in the processes

The cost in the overhead.

b)

Warburtons managing the supply chain to meet customer needs:

Warburton's is a family firm founded in 1870s. It is the 2nd largest grocery brand in UK. Its main focus is on quality not quantity. It holds a market share of 25% of wrapped bread which makes it a market leader. It produces about two million of bakery products daily due to which there is an everyday fresh supply of baked products in the market.

Warburton's have divided their economy into three sectors; primary, secondary and tertiary.

The primary sector involves, the growing and extraction of raw materials, like grains. Warburton's work with the farmers of UK and Canada to get a very good quality of grain/wheat.

Secondary sector deals with converting the collecting raw material, that is, wheat into flour and then finally flour into bread. From fifty years, Warburton's are working with millers which convert their wheat into quality flour. Then this flour is used to bake quality breads. Many modern techniques are used to perfectly bake bread and ensure quality.

Tertiary sectors bridges other firms and clients with Warburton's. Tertiary sector is largest in UK as compared with primary and secondary. Warburton's

have more than 900 delivery vehicles, which ensure a fresh supply of bread in market every day. It uses software to ensure efficiency of this fleet.

(thetime100: Warburtons)

Total Quality Management:

Any company in the world can get 100% customer satisfaction and the default can be minimized to zero by using total quality management.

Nissan:(thetime100: Nissan)

Introduction

Nissan Motor Manufacturing UK is the UK's largest car manufacturing plant. It is also the most productive plant in Europe. This success is due to careful planning and design.

Total Quality Management (TQM)

TQM is a key feature of Nissan's way of working. It means that everyone's focus is on quality at all times. It is a way of operating that requires people to take on an 'improvement culture' where everyone is looking for ways to improve.

Just in time

This means that production happens just as it is needed. Cars are produced as customers need them; components arrive as assembly lines need them, and so on. In this way, production is more efficient and there is no cash tied up in stocks – either of raw materials or finished goods. Every vehicle is electronically monitored at all stages of production so that its progress can be checked.

Training

In such a high technology environment it is important that people are trained. NMUK's training department concentrates on both technical and people development, providing opportunities for all employees.

Kaizen

Kaizen means 'continuous improvement'. It means that Nissan believes that even the smallest change can make a difference. Improvements are usually suggested by small teams, who meet to share ideas for improvements.

Unison:(thetime100: Unison)

Every human has a right to be healthy and work in an environment where he/she is safe. Trade unions, like UNISON provides workers with their rights, health and safety.

UNISON (the public service trade union) was formed in 1993, and nowadays it is UK's largest trade union. Its main focus is on providing workers with their rights, health and safety. It is a merger of three public sector unions in which two-third workforce consists of women. It has been observed that in presence of UNISON's safety representatives, ratio of accidents and death is decreased by half.

UNISON plays an important role in workplace, like providing higher benefits (pays, compensations etc.) to the workers with extra holidays.

It cares for the cleaning staff (as they are dealing with higher rate of accidents), looks after the catering (by improving food levels in schools and hospitals etc.)

UNISON's legislation consists of two types of laws/clause; one is the HASAWA act 1974 (which bounds the employer to care and calculate risk for employee's safety) and other law/clause binds the employee to look after itself and workers around him/her for their safety.

UNISON's viewpoint is to provide long lasting health and safety for the workers. It focuses on women health and safety, reducing violence, bullying, passive smoking and minimizing the stress of the workers.

Capacity Planning:

Nissan:(thetime100: Nissan)

Production

Car assembly is a complex operation with many components requiring skilled assembly.

That's a crude indication of what is involved. Management are particularly keen to monitor total machine-hours and total labour-hours that each vehicle requires.

So far, Nissan has invested over £2. 1 billion in the Sunderland site, taking its production capacity to 500, 000 vehicles per year.

Production methods must be able to produce what customers want, in the quantities customers require, at a price consumers are willing to pay, and at a cost that yields a profit to the business. That means that being efficient is vital to success.

In some industries it is possible to carry out individual job production to meet a particular customer's request e. g. a wedding dress, a birthday cake, a fitted kitchen. However, very nearly all of the world's car manufacturers mass produce standard models, with individual consumer choice being accommodated by offering various colours, interior designs, and optional extras within a limited flexible production process. People can still personalise their cars further e. g. by choosing a particular car registration or accessories.

In pursuit of high output at low average cost, car manufacturing typically uses a continuous flow production method, where sub-assemblies are brought together in a final assembly area. This is the most cost effective and efficient method of production and the speed of the final assembly line can be adjusted to match consumer demand. If demand picks up, the production line can be accelerated, within predefined limits.

At NMUK, the production flow draws on three main production shops, as well as support areas. The three main shops are:

body assembly

painting

final assembly.

Supporting manufacturing areas are:

press shop - produces panels for the vehicles

plastics shop - makes bumpers (fenders) on site

castings shop - makes engine parts e. g. cylinder heads

engine shop - assembles engines, installs oil, coolant fuel

axle plant - produces axles that are joined to engines in final assembly.

Widely different processes generate different jobs across three main broad areas.

The machinery is scheduled to work at a given level although when demand requires it; there is flexibility in regard to both the machinery and the workforce of 4, 300. At the moment, with a two-shift pattern, NMUK has a total production capacity of around 360, 000 units/year - a third shift can be introduced which would take production up to 500, 000 units/year if and when required.

Performance Measurement:(thetime100: cocacola)

In any business activity it is important to be able to measure the success of strategies and operational activities. Measuring performance is the best way of assessing how effective strategies and initiatives have been, with a view to making appropriate adjustments. Organisations need to measure and report performance against stated aims contained in a business plan, eg daily output, employee turnover. The business will tend to measure and evaluate only those aspects of its business over which it has control. Ideally these measurements should also be benchmarked so that everyone can see how performance compares with others.

'Coca-Cola' uses detailed sets of performance indicators for many areas of its activities, including its work to promote social responsibility. Community performance indicators include:

Impact evaluations of community programmes. These include indicators of educational attainment as well as of environmental enhancement and conservation.

Perception measures of the Company as a good neighbour.

Inventory Management:(inventorymanagement.com)

Inventory management is primarily about specifying the size and placement of stocked goods. Inventory management is required at different locations within a facility or within multiple locations of a supply network to protect the regular and planned course of production against the random disturbance of running out of materials or goods. The scope of inventory management also concerns the fine lines between replenishment lead time, carrying costs of inventory, asset management, inventory forecasting, inventory valuation, inventory visibility, future inventory price forecasting, physical inventory, available physical space for inventory, quality management, replenishment, returns and defective goods and demand forecasting.

c) Pel

does not have proper inventory planning by the management due to which heavy amount of the money is being put by the company in the inventory.

PEL has the strength also that it has a good reputation for the company as being

the quality conscious company. It has own experts for the purpose of the <https://assignbuster.com/diamond-foam-business-marketing-strategies-analysis/>

control of the quality of products. Due to the good sight selection for the purpose of the power division the company has more access to the whole of the markets of the country. The company also has well established system of the distribution of the company although it is not the integrated one but it is working smoothly.

The company should also make some of the methods for the purpose of the keeping the inventory at the optimal level. Proper planning of the material can decrease the amount of the investment in the inventories by the company. The management of this company does not use the sophisticated technique while making or performing the function of the demand forecasting by the company. They rely more on the judgmental methods for the purpose of the projection by the company about their sales.

In Diamond Foam the training is given to workers for developing their skills for future. The promotion based on consistent with job. Training is given on following basis.

Identify the gap in performance of the employees

Compile detail of employee require training

Identify the areas of training

Identify the skills of trainees.

Train the employee

Management assesses the training program's success or failure.

Benefits for employees

Benefits for employees provided by Diamond Foam are as under.

Medical allowances given by the company to the candidate

Lunch and dinner facility for employees

Apron, gloves and other requirements related to production of foam mattress will be provided by the company

Uniforms provided by the company to helpers/guard

Health and Safety policies

Health and safety policies are described by Diamond Foam are given below.

Production area should be clean

First aid should be provided in case of any emergency

Proper ventilation system/ exhaust fans to maintain the temperature

In case of any fire there should be fire extinguisher and an exit door in factory and different offices

Electric wires should be placed as no wires come under feet. Wire should be correctly placed

Conclusion:

I have researched both companies and I have gained much knowledge about different aspects, operations, frameworks in both organization Diamond Foam and PEL. Both are using different types of inventory management,

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Total Quality managemeny, supply chain design, performance measures, capacity planning.