

Market strategy and analysis of akzo nobel



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Since the creation of human being, The God has gifted him a brain to think and to act according to the best of his knowledge and capacity to overcome his daily as well as lifelong issue, since the man came out from caves, he has been start thinking about his needs and wants and initially barter system came into being, as the time passes the man became modern and start thinking and interacting with the know world to fulfill not only his needs and wants but also about his long the necessities of life, for this purpose he started thinking to advertize his product in return to barter with others, which is commonly known in business language long and management words Marketing managment. Below is the official definition.

Phillip Kotler defines Marketing as ‘ satisfying needs and wants through an exchange process’

The charter Institute of Marketing define marketing as ‘ The management process responsible for identifying, anticipating and satisfying customer requirements profitably’

Akzo Nobel

Akzo nobel is a multinational company, active in the fields of decorative paints, performance coatings and specialty chemicals. Headquartered in Amsterdam, Netherland, the company has activities in more than 80 countries, and employs approximately 60, 000 people. Sales in 2007 were EUR 14 billion. Following the acquisition of ICI, the company now has become the one of largest company of the world.

AkzoNobel has a long history of mergers and divestments. Parts of the current company can be traced back to 17th century companies. The

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milestone mergers and divestments are the formation of AKZO in 1969, the merger with Nobel Industries in 1994 forming Akzo Nobel, and the divestment of its pharmaceutical business and the merger with ICI in 2007/2008 resulting in current day AkzoNobel

AkzoNobel markets their products under various brandnames such as Dulux, Cuprinol, Tintas Coral, Hammerite, Herbol, Sico, Sikkens, International, Interpon, Casco, Nordsjo, Sadolin, Taubmans, Lesonal, Levis, Glidden, Flood, Flora, Vivexrom, Marshall, and Pinotech just to mention a few. These products were used on London Millennium Wheel, La Scala Opera House in Milan, the Oresund Bridge between Denmark and Sweden, the Beijing National Stadium, Airbus A380, and Stadium Australia in Sydney.

Product Line Extension: A product line extension marked under the same general brand as a previous items. To distinguish the brand extension from the other items under the primary brand, one can either add a secondary brand identification or add a generic name.

I am going to extend the product, instead of decorative paint I introduce the industrial paint. which is nearly same like the decorative paint but with different properties. For this product the industrial paint we use the same manufacturing process as we use for decorative paints. We have to install a mixer with this system which mix polymer latex and additives in it. Its brand name will be Double Dulux Industrial paint(D2). Let us proceed towards its launching.

Specialities of Double Dulux(D2): All the raw material is available in the industry or it is manufactured in another industry. No extra machinery is

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equipped to produce it. It is environmental friendly paint. It is long lasting. It can withstand where there is wear and tear. It is corrosion resistance. It is abrasion resistance. It has ability to withstand at high temperature and in wet weathers. It is especially made for the extreme cold and extreme hot countries.

Mission Statement.

There can be no doubt that for AkzoNobel, 2008 was an historic yet challenging year. It began and ended in such stark contrast, the completion of the acquisition of ICI being followed by the acceleration of a global recession in the fourth quarter. During the months in between, we remained ahead of schedule with the major integration process, continued to launch innovative products, announced our new strategic targets, made further investments in our businesses and launched our new corporate identity. Our company is positioned to face the challenges we face and as a result will be in a good shape in a long run.

Situational Analysis.

Analysing environment is the starting point of Strategic Management framework and provide various tools such as SWOT Analysis, PESTLE Analysis, Scenario Planning and Porter's 5 Forces model are used to analyse the environment. This analysis helps managers understand environment and tendencies which is very important in order to formulate successful strategy. Apart from the usefulness of these tools they also have some limitations and in some particular situations they are sufficiently proved helpful. Let us apply these rules on the Akzo nobel.

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Swot Analysis:

“ One of the most basic techniques for analysing firm and industry conditions is SWOT analysis” (Dess., et, al, 2004). This tool is used to analyse a firm’s strengths/ weaknesses and Opportunities/ Threats of its environment. It is useful to assess the position of an organisation and to formulate strategy accordingly.

Strengths and Weaknesses refer to the firm’s internal position while Opportunities and Threats refer to its surrounding factors in relation to the industry and or other organisations in the market.

Strengths: In Swot Analysis the first two factors (strength and weakness) are internal factors. For Akzo Nobel the main strengths are:

Experience in doing business in this market from past 40 years.

Close look on their competitors by doing time-to-time surveys regarding the companies entering into the market.

Better customer satisfaction level.

Time-to-time promotions about their future plans, about their products and services.

Low prices as compared to any other competitors and affordable prices

Better HR policy, proper recruitment system and high wages rate

Availability of large variety of products in a single company

For Akzo Nobel the main Weaknesses are:

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Huge amount of business in all over the world

For Akzo Nobel the main Opportunities are:

Growing demand of branded quality products

Mergers and joint venture

Moving in new countries, international market setup, its trend maker

A developing market such as the buying online

Market evacuated by competitor like ICI

Increasing customers and brand reputation day by day globally

For Akzo Nobel the main Threats are:

High Degree of competitions within the local market of every country

Price war among competitors

Changing in customer taste and country atmosphere

Global economic uncertainty like recession, inflation and exchange rate

Changing Governments Regulations in different countries

Change in trade policy of world

PESTLE Analysis:

In a business environment, there are numerous environmental factors that may affect an organization outcome. A firm has no control over those factors

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but good understanding of these may lead to formulate a good strategy in future.

These environmental factors are divided into six distinct categories but in some cases overlapping is possible. These factors are categorised as Political, Economical, Social, Technological, Legal and Environmental factors. PESTLE Analysis is used to analyse and understand all these environmental factors.

With regard to our new new extended product Double Dulux as well as other products of Akzo Nobel, the company has different branches globally, although the rules and regulations vary from country to country, but the company has already settle their setup in many countries. For launching this product politically we will not face any problem in any country. Now due to economic unstability and recession the economy of many countries going down, but the Akzo Noble have advantage over it is that it converts the founds in euro or any currency, so it has always an edge. The company has already settle its setup and good will of brand in many countries. For this product we have no need to install the plant, we can run the same plant for normally, only with few amendments will be needed. It has no effect on the envirement and all the chemicals used are atmosphere friendly. This product mainly focus the industrial countries like Pakistan, Italy China etc. And the countries which has any disaster like Afghnistan and Iraq. These types of countries are our targeted market. One of best suited thing to us is that we can supply our product to Pakistan, Afghnistan, Iraq and China from Pakistan easily because one of our best branch is in Pakistan. On the other hand for European countries we can supply from UK.

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Porter's 5 Forces:

Michael E. Porter's 5 Forces model is very useful and has been used widely since its emergence.

This model describes competitive environment in terms of five basic competitive forces:

The threat of new entrants

The bargaining power of buyers

The bargaining power of suppliers

The threat of substitute products and services

This product is a unique creation. Although our customers are using the decorative paint for industrial purpose, which is only for housing purpose. At the moment there is no multinational company who is manufacturing this one. and one thing is that the Akzo Nobel is one of the leading company of the world. No starting investment is required for this product. The company has enough capacity to fulfill its customers demand. Mostly the buyers are our clients, so we can easily enter our product.

Marketing Strategy:

Market Research.

Before launching the product we have made a market survey. According to market research the industries of the world utilize 33% of the paints, 50% of the paint used is decorative paint and remaining 17% is all of other types. So

it is a positive sign to introduce this product. Region wise the largest consumer of the paint is Europe which is 32%, then North America 28%, then Asia and Japan 28% and then remaining world 12%. So there is more scope in Asia and Europe for this kind of investment.

Targeted Market:

The targeted market for this product is the industries which are producing heavy machinery, ships, boats, furniture and Iron sheets. It is also useful for the automobiles and for the big building where there is heavy work going on. One advantage of this product is that it can also be used for decorative purposes as well. So partially we can also sell it as decorative paint. But it is specially designed for industries.

4 P's of Marketing: Marketing decision variables are those variables that are under the firm's control that can affect the level of demand for the firm's products. They are distinguished from environmental and competitive actions variables that are not totally and directly under the firm's control.

The four marketing decision variables are as follows

Price.

The price of this product is variable, it varies from place to place. If we consider it with respect to UK only, its retail cost will be 12 pounds. There is a 20% discount for the dealers, but it is up to a certain extent of purchase.

Product.

The brand name is Double Dulux Industrial Paint, which is a family brand. It is available in standard 10 litre can packing. This is a high quality product which have 2 years guarantee after use.

Promotion.

There is special promotion for our older clients. We will also provide our service of apply it to industries on special concession.

Place.

This product will be available from our any franchise. It will be provided to the distributors and dealers. But for the big industries it is available on special concession.

Advertisement.

the advertisement of the product can be done via these sources like Broadcast media, Print media, Outdoor media, Mobile media. for our new product we have to approach our targeted customer as well as general public. So we can use the TV, Internet, company Website for this purpose. Similarly we can use print media like newspapers, magazine and big board for this purpose. similarly we can advertise via leaflettings. To target our special industries we can also use personal marketing who will tell them regarding new product.

But we must note the cost of advertisement. Most cheap media must be adopted. i think so a = one person once can go to any big sector and can prepare them for big deal. But we must ensure that our advertisement is

targeting market or audience and is covering all aspects. Otherwise we can use the sms or direct mailing advertisement method.

International Market Entry Method.

Firms can enter into overseas markets via any of the them as Agents, Distributors, Mergers

Acquisitions, Jointventures, Overseassubsidiaries, Franchising, Licensing, Contract manufacturing, Assembly operations

Financial Matters

- Revenue up 1 percent to €15. 4 billion

- EBITDA before incidentals totaled €1, 878 million

- Net income from continuing operations before incidentals

down 14 percent to €742 million

- Dividend maintained at €1. 80 per share

- Severity of the deterioro - 2008 revenue up 1 percent at €15, 415 million

- 2008 EBITDA before incidentals totaled €1, 878 million

(2007: €2, 011 million)

- Slowdown evident in all three business areas, in all geographies

- Impairment of ICI intangibles of €1. 2 billion after tax and higher

incidental charges of €0.6 billion led to a full-year loss of €1.1 billion

- Restructuring and cash protection measures at an advanced stage

- €1 billion bond issue in December

- Balance sheet is strong, but prudence dictates share buyback program

will not be completed

- 2007 dividend level of €1.80 maintained

rating economy became apparent in Q4