Input stage internal factor evaluation matrix marketing essay

Key Strategic Factors Weights Ratings Weighted Scores Strengths

Brand Image 0. 08 4 0. 32 Growing Sales 0. 03 3 0. 24 Market Share 0. 05 3

0. 15 Distribution Channel 0. 08 4 0. 32 Product Quality 0. 07 3 0. 21

Capacity 0. 08 4 0. 32

Innovation 0. 04 3 0. 12

Customer Oriented 0. 02 3 0. 06

Qualified Work force 0. 01 3 0. 03

R&D 0. 05 4 0. 20

Business without Interest 0. 02 3 0. 06

Exporting 0. 06 4 0. 09

Weaknesses

Local Company 0. 05 1 0. 05

Centralized Decisions 0. 09 2 0. 18

No Sales on Credit 0. 06 2 0. 12

High Price 0. 05 2 0. 10

Uncertain Economic

& Political

Conditions 0. 03 1 0. 03

Market Demand 0. 05 2 0. 1

Striker Terms And

Conditions 0. 03 1 0. 03

Promotion 0. 05 2 0. 1

Total 1 2. 83

COMPETITIVE PROFILE MATRIX (CPM)

Critical Success Factors

Weight

Rating Score Rating Score Rating Score

Research & Development 0. 08 3 0. 24 3 0. 24 4 0. 32

Advertisement 0. 09 3 0. 24 4 0. 36 3 0. 27

Financial Position 0. 09 3 0. 27 3 0. 27 3 0. 27

Market Share 0. 07 2 0. 14 4 0. 28 3 0. 21

Product Quality 0. 08 3 0. 24 3 0. 24 3 0. 24

Price Competitiveness 0. 11 3 0. 33 3 0. 24 2 0. 22

Management 0. 10 3 0. 30 4 0. 40 3 0. 30

Global Expansion 0. 08 3 0. 24 4 0. 32 3 0. 24

Customer service 0. 06 3 0. 18 3 0. 18 2 0. 12

Network 0. 09 3 0. 27 4 0. 36 3 0. 27

Production Capacity 0. 07 2 0. 14 3 0. 21 4 0. 28

Alliances 0. 08 3 0. 24 4 0. 32 3 0. 24

Total 1. 0 2. 76 3. 51 2. 98

EFE MATRIX AGRICULTURAL INDUSTRY OF PAKISTAN

KEY EXTERNAL FACTORS WEIGHT RATING WEIGHTED

OPPORTUNITIES

tax exemption 0. 07 2 0. 14

energy incentives 0. 08 2 0. 16

water flow system 0. 04 1 0. 04

agricultural loans 0. 06 3 0. 18

surplus production of wheat 0. 05 3 0. 15

surplus production of rice 0. 06 2 0. 12

availability of natural resources 0. 07 1 0. 07

labour incentives 0. 09 1 0. 09

economies of scale 0. 01 1 0. 01

high demand of necessities 0. 04 1 0. 04

THREATS

The conversion of arable land into

non-agricultural uses 0. 10 4 0. 40

Water logging and salinity 0. 09 2 0. 18

Land erosion scenarios are the most disastrous

of the present day crisis. 0. 08 1 0. 08

Land is fixed 0. 04 3 0. 12

Increasing population 0. 01 1 0. 01

Political system 0. 03 2 0. 06

Proposed new tax system 0. 03 3 0. 09

feudalism 0. 02 1 0. 02

Instability of economy 0. 01 2 0. 02

Low literacy rate 0. 02 2 0. 04

TOTAL: 1. 00 2. 75

REASONS:

The IFE MATRIX for AFL is given above. Note that the strength for the company is Research and Development, Pakistan based and having a highest production capacity so got 4 rating. The major weaknesses are Price competitiveness customer service and planning for the future state of the

AFL. The total weighted score of2. 76 indicate this large milk Production Company is above average in its overall internal strength. But it’s very close to average limit as well. So it really needs to improve its weaknesses and build its strength

MATCHNG STAGE OF ENGRO FOODS LIMITED

SWOT MATRIX

STRENGTHS & WEAKNESSES OF EFL

STRENGTHS:

Olper’s is a brand of EFL. This means that consumers can relate their former image of EFL to Olper’s. Engro is a well established brand name in Fertilizer, IT and infrastructure business.

The brand is well known so customers will automatically have a brand association with Olper’s and see it as a premium quality product.

ENGRO is world renowned so it can easily attract foreign investors in backing it against other competitors such as Nestle.

EFL can easily afford research and development costs for Olper’s have in order to introduce new products.

It can also distribute the brand through better channels because of its long term relationship with distributors in the agriculture sector.

Engro has been interacting with the farmers for fertilizers and has gained quite a good reputation over the years.

It has led to a strong bond and long term relationship with the farmers who are willing to supply milk to the company. This is an added advantage and strength for the company because it will never be short of milk production. The farmers also won’t have to look elsewhere to sell their milk.

EFL only, has the third-generation UHT milk plant in the country. EFL plant is the only plant in Pakistan that uses Bactofuge technology to virtually eliminate bacteria and ensure premium quality and hygiene.

Other strengths of EFL are:

Worldwide fame of Engro.

Efficient milk collection system.

keeping high quality standards.

Integrated distribution and warehousing facilities.

Successful related diversification.

Generic brand name of Olper’s

Large market share of Engro innovative and chemicals.

Having Good reputation in the market by strong brand name i. e. Engro

Industrial strengths for EFL are:

Worldwide fame of Engro.

Efficient milk collection system.

Keeping high quality standards.

Integrated distribution and ware housing facilities.

Generic brand name of Olper’s large market share of Engro innovative and chemicals.

Having Good reputation in the market by strong brand name i. e. Engro

Strong R&D

WEAKNESSES:

Olwell ad which is based on Western life style, EFL brand management showed a man who put off his clothes& remain just in his undergarments, or half nude lady in a cat walk or men admiring the figures of a lady in mix gender health club. In this ad they are creating associations with the brand through the stripes, which is a highlight of Olwell packaging. Half naked people have been shown with tattoos of the same stripes in order to show that they are loyal consumers of Olwell. Also, the talent, situations and locations connects well with the ad to give Olwell a premium positioning. The brilliant marketing people at EFL failed to analyze is that the market they are targeted the ad on, is Pakistan, where practicing Muslims reside, who have strong religious beliefs. When making the ad, the brand managers were focused on, making an ad that should give the brand the most premium look and feel amongst the target consumers but on the other hand they were least bothered about the ethics, religious beliefs and cultural values.

The company has not owned the color red like Nestle has a green Milkpak; Haleeb has a blue carton etc. This may create problems

because when a consumer enters a grocery shop, then he/she might have problems in recalling the brand because there is no color association attached to Olper’s . The company may need to find a suitable color in which to focus its upcoming marketing strategies.

EFL is not having its own dairy farms; it largely collects loose milk from farmers & gwalas through its 40 milk collection centers, which sometimes is of low quality and impure because they add vegetable oil to milk to get higher prices.

EFL is dependent upon Tetra Pak for the packaging of its entire dairy products. Tetra Pak is the only option available to Olper’s for packaging because it is having monopoly in the packaging sector in Pakistan. Due to this reason, TetraPak can charge them higher and it could increase the production costs.

EFLs 34 out of 40 milk-collection centers are located in Punjab, where as its only milk processing facility is situated near Sukkur(Sindh). It increases the milk collection& distribution costs; and also increases the chances of milk getting spoiled because of increased traveling time.

It has been more than a year now, when EFL launched its first dairy product, Olper’s Milk on March 20, 2006. But EFL¶s brand portfolio still consists of just 3 products i. e. Olper’s Milk, Olwell Milk and Olper’s Cream. Whereas its competitors like Nestle and Haleeb Foods have a much diversified line of dairy products.

Industrial strengths of EFL are:

Unable to compete in price sensitive segment of UHT milk market.

Under -utilization of the capacity.

Unable to fulfill the demand of local powder milk market.

Not yet ISO certified.

THREATS

Our agricultural land is facing many threats and some of the major threats are:

The conversion of arable land into non-agricultural uses

Water logging and salinity

Land erosion scenarios are the most disastrous of the present day crisis.

The total land area of Pakistan is nearly 197 million acres, while the population growth rate is increasing annually. As our total land area is fixed, which cannot be increased, therefore, with rapidly expanding population pressure on it, it is also increasing quickly. As a result, our current and potential agricultural land is reducing and shrinking tremendously.

It has been estimated that throughout the country, everyday approximately 500 acres (1 acre = 4, 840 square yards) of farmland is taken out of agriculture by the expansion of settlements, roads, factories and many other non-agricultural activities. It is also predicted that if this trend continues then

after every decade approximately a million acre or more of crop land would be taken out of agriculture in our country.

Arable land is a basic and major resource for the production of human food. But it seems that the expansion of human population and human activities are reducing the availability of land, suitable for food production at an alarming rate.

Expanding population demands more food on one side and devours agricultural land on the other side, which is a matter of great concern for everyone.

Out of total land area, 80 million hectares, 21 million hectares is cultivable. Of the total cropped areas 16. 2 million hectares (77%) is irrigated and 6. 01 million hectares is rain-fed. The annual rainfall in Pakistan varies from less than 100 mm in Sindh to more than 750 mm in the foothills and northern mountains. About 60% of this rainfall occurs during monsoon. In spite of a number of drainage and salinity, menace control schemes being undertaken, the salinity and water logging problems positively persist and each year 40, 000 hectares of irrigated land is lost to water logging and salinity. On the one hand, the nation needs more food to fulfill the demands of its increasing population while on the other hand, each year the cultivable commanded area (CCA) is decreasing due to this twin menace.

Pakistan is quite outstanding country in the world with regard to its well-knit irrigation system which covers from upper parts of the country, down to the mouth of Indus in the south. Irrigated areas (nearly 16. 0 million hectares) are generally limited to the Indus plain and river Indus and its tributaries are

the main source of irrigation water of this 12. 09 million hectares are canal irrigated 3. 35 million hectares by tube wells and another 0. 6 million hectares by other sources. Of the total area under irrigated agriculture, about 9. 6 million hectares is arid, 3. 8 million semi-arid and the remaining area is characterized by sub-humid. No doubt, irrigation system has increased agricultural production but on the other hand has created threats of salinity and water logging.

The political system of Pakistan is not stable and the corruption in Pakistan also affects the agriculture sector. Government legal obligations have always been a threat for the running of agriculture industry.

Inputs rates are increasing day by day, that means less and expensive seeds, pesticides and fertilizers.

The trend of feudalism has been in our country for a long time, creating a lot of mismanagement in the federal and provincial level for the running of economy. Because of this the firms in the agricultural industry of Pakistan has been greatly affected.

OPPORTUNITIES

There is an opportunity for the economic growth to benefit more people only if the country rises:

Enhancing Agricultural productivity

Improves its system of general education to help millions of small farmers, those are decided to leave the agricultural industries because of poor productivity.

Encourages labour incentives in agricultural industry.

Improve economic condition in Pakistan by promoting the farmers and maintaining the system for improving agricultural methods.

Clean energy and Climate Legislation Will Help:

Pakistani Farmers need energy to grow crops and raise livestock, and to transport products to consumers. Farmers have been hurt by recent spikes in diesel and natural gas prices, and by jumps in the costs of inputs like fertilizer. As a result, there are serious concerns across the agricultural sector about the impacts of clean energy and climate legislation on production costs.

There are more rooms for chemical industry (for more pesticides and fertilizer).

There are three key factors affecting energy prices that will help farmers handle a small increase in both the short and the long term. First, farmers that take advantage of energy and climate bill incentives can quickly see big cost savings from even small improvements in energy efficiency.

Farmers can take advantage of the legislation’s renewable energy incentives to reduce dependence on fossil fuel sand their volatile prices.

The legislation will help stop speculation in energy markets, which will help stabilize fossil fuel prices. Increased Energy Efficiency Will Save Farmers Money, Energy and climate legislation will help farmers increase their energy efficiency, reducing their dependence on foreign oil and other fossil fuels.

Technology has been advancing rapidly and use of new technology changes such as more efficient farm equipment and farming practice changes such as no-till agriculture.

The Pakistan agricultural community is well positioned to benefit from passage of clean climate legislation. Farmers can protect themselves from cost increases through improved on-farm energy management and efficiency and develop new revenue streams through expanded markets for renewable energy. This will help our farmers continue to provide the food we all depend on.

SWOT MATRIX FOR ENGRO FOODS.

Strengths Weaknesses

Worldwide fame of Engro. Unable to compete in price sensitive segment of UHT milk market.

Efficient milk collection system. Under-utilization of the capacity.

Keeping high quality standards. Unable to fulfill the demand of local powder milk market.

Integrated distribution and

warehousing facilities. Not yet ISO certified

Generic brand name of Olpers

Large market share of Engro

innovative and chemicals.

Having Good reputation in the

marketby strongbrand name i. e.

Engro

Strong R&D

Opportunities SO Strategies WO Strategies

Improving Economy Increase production of quality milk to

cater the unsatisfied demand(S2, O2, O8)

Population growth rate. As per the increase demand of the milk they should fulfill the demand as EFL have the ability to expand.(W3, O8).

High urbanization rate. They should go in the product line of

powdered milk. (S8, O2, O5)

High literacy rate. They should make

strong distribution system to cater to avail the full benefit of the growing market.(W3, O2)

Flexible government policies They should increase their exports.

for food industry.

Have significant growth

opportunities .

May merge with other global businesses

to eliminate competitors. They should cater the wide range of

unsatisfied demandby improving their

distribution networks(S4, O8))

Having Capable of expanding

into other markets of the world They should adopt affective marketing

strategies for the promotion of their product.(W2, O1)

Threats ST Strategies WT Strategies

High inflation rate. Invest more on the dairy product line

as there is still a large chunk of the

market which require modernization

(S6, T5)

Low purchasing power. The co-ordination between different departments of EFL should be improved it will lessen the bureaucratic cost and increase the efficiency of the company.

Decrease in GDP growth rate . Introduce new technology for

assurance and better productivity (S4, T7)

Increasing interest rates

Decreasing investment Engro must get the ISO certification as to beat their competitors(W4, T8).

Recessionary period in business cycle

Competition with Nestle

Competition with Nestle,

Engro Foods and the new entrants

Engro foods is currently facing

increase in SalesTax

SPACE MATRIX FOR ENGRO FOODS LIMITED

SPACE matrix is a management tool used to analyze a company. It is used to determine what type of a strategy a company should undertake. Strategic Position & Action Evaluation matrix or short a SPACE matrix is a strategic management tool that focuses on strategy formulation especially as related to the competitive position of an organization. SPACE matrix can be used as a basis for other analyses, such as the SWOT analysis, BCG matrix model, industry analysis, or assessing strategic alternatives (IE matrix). The SPACE matrix calculates the importance of each of these dimensions and places them on a Cartesian graph with X and Y coordinates.

The following are a few model technical assumptions:

– By definition, the CA and IS values in the SPACE matrix are plotted on the X axis.

-CA values can range from -1to -6.

– IS values can take +1to +6?

-The FS and ES dimensions of the model are plotted on the Y axis.

– ES values can be between -1 and -6.

– FS values range from +1to +6

Conservative Aggressive

FS

6

5 suggested strategy type

4 (3, 2. 75)

3

2

1

CS 1 2 3 4 5 6

-6 -5 -4 -3 -2 -1 IS

-1

-2

-3

-4

-5

-6

-7

Defensive ES Competitive

Result:

This particular SPACE matrix tells us that our company should pursue an aggressive strategy.

Our company has a strong competitive position it the market with rapid growth. It needs to use its internal strengths to develop a market penetration and market development strategy. This can include product development, integration with other companies, acquisition of competitors, and so on.

BCG FOR EFL

Relative market share in industry

High Medium Low

1. 0 0. 5 0. 0

ENGRO FOODS

stars

?

cash cows

dogsHigh 10

Industry Sales

Growth Medium 0

Rate

Low -10

INTERNAL EXTERNAL (IE) MATRIX FOR ENGRO FOODS LIMMITED:

The Internal-External (IE) matrix is another strategic management tool used to analyze working conditions and strategic position of a business. The Internal External Matrix or short IE matrix is based on an analysis of internal and external business factors which are combined into one suggestive model. The IE matrix is a continuation of the EFE matrix and IFE matrix models.

Strong = 3. 00 to 3. 99 Average= 2. 00 to 2. 99 Weak = 1. 00 to 1. 99

Grow I

And II

Build III

Hold IV

ENGRO FOODS

And V

Maintain VI

Harvest VII

And VIII

Harvest IX

High= 3. 0 to 3. 99

Medium = 2. 0 to 2. 99

Low= 1. 0 to 1. 99

1. Score from the EFE matrix = 2. 75- this score is plotted on the y- axis

2. Score from the IFE matrix = 2. 83- plotted on the x-axis

As blue lines indicate

RESULT:

This IE matrix for Engro Foods tells us that our company should hold and maintain its position.

The company should pursue strategies focused on increasing market penetration and product development.

GRAND STRATEGY MATRIX FOR EFL:

REPAID MARKET GROWTH RATE

Quadrant I

I Quadrant I

ENGRO FOODS

Weak competitive strong competitive

Position Position

Quadrant III Quadrant IV

Slow market growth rate

RESULTS:

The grand strategic Matrix for EFL is show that it lies in the first quadrant which recommend that for EFL continued concentration on the current Market(market penetration and market development)and products(product development)is an appropriate strategy.

DECISION STAGE

QUANTITATIVE STRATEGIC PLANNING MATRIX OR A QSPM

The Quantitative Strategic Planning Matrix or a QSPM approach attempts to objectively select the best strategy using input from other management techniques and some easy computation. In other words, the QSPM method

uses inputs from stage1 analyses, matches them with results from stage2 analyses, and then decides objectively among alternative strategies.

Stage 1 strategic management tools...

The first step in the overall strategic management analysis is used to identify key strategic factor. this can be done using, for example, the EFE matrix and IFE matrix.

Stage 2 strategic management tools...

After we identify and analyze key strategic factors as inputs for QSPM, we can formulate the type of the strategy we would like to pursue. this can be done using the stage2 strategic management tools, for example the SWOT analysis(or TOWS), SPACE matrix analysis, BCG matrix model, or the IE matrix model

Stage 3 strategic management tools...

The stage 1 strategic management methods provided us with key strategic factors. Based on their analysis, we formulated possible strategies in stage2. Now, the task is to compare in QSPM alternative strategies and decide which one is the most suitable for our goals.

The stage 2 strategic tools provide the needed information for setting up the Quantitative

Strategic Planning Matrix – QSPM.

The QSPM method allows us to evaluate alternative strategies objectively.

Conceptually, the QSPM in stage 3 determines the relative attractiveness of various strategies based on the extent to which key external and internal critical success factors are capitalized upon or improved. The relative attractiveness of each strategy is computed by determining the cumulative impact of each external and internal critical success factor

QSPM of Engro Foods Based on strategies in the (IFE, EFE) and (BCG, SPACE, IE), company executives determined that Engro foods needs to pursue an aggressive strategy aimed at development of new products and further penetration of the market. They also identified that this strategy can be executed in two ways. One strategy is acquiring a competing company. The other Strategy is to expand internally.

(Attractiveness Score:

1 = not acceptable;

2 = possibly acceptable;

3 = probably acceptable;

4 = most acceptable;

0 = not relevant

Doing some easy calculations in the Quantitative Strategic Planning Matrix QSPM, we came to a conclusion that Expansion internally is a better option. This is given by the Sum Total Attractiveness Score figure.

The expansion strategy yields higher score than the acquiring of competing company. The acquisition strategy has a score of 2. 75 in the QSPM shown above whereas the internal expansion strategy has a smaller score of 2. 78