

Aquarius food industry case study

[Business](#)



However, with the recent business downturn in Mindanao partly due to the ABA Safety hostage crisis, customers have been stretching these payment terms to 60 days.

II. Micro Environment 1. Industry Rivalry Mindanao market share

In Mindanao, Neptune, If's brand of bagging laming, is in tight rivalry with Alias brand. Each grabbing around 30 percent of the market share. While Fresco brand is not far, grabbing 20 percent market share.

Alias under new management Alias brand's new company management has expressed intentions to modernize plant facilities and squeeze out costs further.

Complementary to this was a more aggressive marketing and distribution tack, designed to overtake Neptune in Mindanao market. Rumor has it that the company that manufactures Alias are intending to give volume discounts and a more generous credit term to big wholesalers/dealers.

Moreover, Alias has reportedly approached If's key wholesalers in some parts of Mindanao like Aegean, COD, etc. , and may be able to persuade some of them to shift allegiance. 2.

Power of Suppliers IF favored by shrimp fry suppliers Because of If's more stable requirements compared to its competitors, IF is more favored by the shrimp fry suppliers since its competitors tend to be irregular in their researches. 3.

Power of Buyers SMS Bonus Plans to toll manufacture from IF With IF already toll manufacturing for Golden Hands, SMS Bonus is also planning to ask IF to

be their toll manufacturer to fill up the demands of their customers. But in return for SMS Bonus' commitment of purchasing a minimum of 600 cases per month, SMS Bonus requires IF to manufacture only for them and not to companies intending to sell In Metro Manila retail outlets. They also want the credit terms to be 60 days.

4. Force of Substitutes Increasing processed food manufacturing firms

With a current 1, 165 registered processed food manufacturing firms In the country, the processed shrimp paste is just one product among many, and accounts for only a companies in the food processing industry offer a wide range of native Filipino processed foods like fruit preserves, coconut products and sauces, can easily be a substitute for shrimp paste. 5. Barriers to entry Intermediaries In Dave, IF has given exclusive distributorship rights to Dave Duck Enterprises. IF also sells through sixteen different wholesalers for the other cities in Mindanao. .

Internal Analysis I. Product 1. Secret recipe Neptune brand has a “ unique” and “ hard to imitate” process the shrimp fry in which the company becomes the low priced leader in the industry. 2. Venturing to processed coconut industry With a former childhood friend inviting IF owner to set up a small-scale operation producing processed coconut items, they now have an option to produce processed coconut items, since it has a ready market, and it utilizes similar equipment and packaging material as shrimp paste.

T. Promotion 1. Dave Ducks in store promotion and hard selling Dave Duck Enterprises pushes the product, Neptune, with aggressive in-store remissions in a “ hard selling” manner. 2. Lack of monetary support Aquarius Food
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Industries does not give any monetary support to its wholesalers; monetary support is used for promotions on the end consumer level.

Volume discount to entice wholesalers to push the Neptune brand is also not practiced in the company. iii. Place 1.

Supermarkets and groceries in Mindanao Mainly, IF distributes its product, Neptune, in Mindanao. Segregating its main markets into two, Dave and other cities such as General Santos/Canaan De Roll Button/Sambaing.

If's wholesalers and dealers pushes Neptune brand to parameters and groceries, some of these companies are described as "groceries of groceries". Basically, If's Neptune bagging laming is displayed in store shelves of these places. ' v. Price 1 .

Low-priced Leader IF boasts of being the low-priced leader in the industry and this is because of how differently it processes the shrimp fry. Neptune retails at POP-13.

50 per bottle, the lowest in the industry along with Fresco. While others like Alias is at 10 percent higher, Barrio Fiesta is higher at POP-33 per bottle and other local brands are in the range of POP per bottle. On the other hand, imported brands like Lee Sum Eke and Tanning Malaria are premium priced, costing more than POP per bottle.

SOOT ANALYSIS STRENGTHS SSL - Secret Recipe SO - Dave Ducks in store promotion and hard selling SO - Supermarkets and groceries in Mindanao SO - Low-priced leader WEAKNESSES WI - Lack of monetary support

OPPORTUNITIES O1 - Mindanao market share O2 - IF favored by shrimp fry

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suppliers 03 - SMS Bonus plans to toll manufacture from IF 04 - Intermediaries 05 - Venturing to processed coconut industry SSL - Promote and inform the targeted market of the products features and unifies SO, 03 - Accept the toll manufacturing proposal of SMS in Metro Manila. Strengthen the good relationship between supplier and intermediaries especially Dave Duck. - Study and analyze further the processed coconut industry if the business has a reasonable potential market share to seize .

04, WWW - Provide monetary support to intermediaries. THREATS TTL - Security issues in Mindanao TO - Alias under new management TO - Increasing processed food manufacturing firms TTL - Address credit policy issue by giving discounts by if they purchase more. - Further promote and strengthen ties between dealers to combat Lass's new management and other substitute products.

WI -Promote Neptune brand through profitable discount benefits for the wholesalers. -rope 3 ACS SSL - By promoting and informing the market of Neptune distinct way of producing its bagging laming at the same time advertising to be the industry low- priced leader, the company might increase its market share and become the market share leader in Mindanao within its respective industry. - In order to stay competitive especially when Alias poses a threat of grabbing the market share lead, IF can promote and strengthen its relationship and loyalty from TTS wholesalers by giving reasonable discount benefits such as volume discounts.

Cash discounts may also be an approach in gaining the wholesalers loyalty and at the take the Toll manufacturing proposal of SMS since entering the

Luzon market is risky because of the big players and difficult to penetrate even though it poses a higher profit margin. Accepting this proposal will also ensure IF to maximize its resources since it will be able to run its full capacity without sacrificing its market share in Mindanao. IV. Recommendation The proponents recommend the three alternative courses of action, since the here options can be carried out simultaneously.

By promoting and informing the market of Neptune distinct way of producing its bagging laming at the same time advertising to be the industry low-priced leader, the company might have a chance in increasing its market share.

At the same time, IF can also strengthen its relationship and loyalty from its wholesalers by giving reasonable discount benefits such as volume discounts and cash discounts. Moreover, IF can take the toll manufacturing proposal of SMS which enables IF to maximize its resources at full opacity without sacrificing its market in Mindanao.