

Swat smuckers



My objective for this case is to complete an external analysis for Smuckers, using the Porter 5-Forces Model and PEST Analysis.

This will lead to a SWOT analysis. My first step is to determine the NAICS code. Using what I learned in the SLP, I will collect some supporting data on industry analysis of each of the 5 Forces in Porter's Forces in Porter's Model. I will also collect data to support an analysis of the 4 elements in the PEST analysis. PORTER'S 5 FORCES FOR SMUCKER'S Smucker's company has the basic beliefs of the founder J. M. Smucker, who started the business selling apple butter in the late 1800's.

They claim that he made a quality product, sold it at a fair price and followed sound policies. The Company did prosper so it must be true. As much I would like to believe it, I am not sure, but it is a good story. Quality is stated to apply to their product, manufacturing methods, marketing efforts, people and relationships with each other. They also state that they offer the highest quality products in each market they produce and look for daily improvements that will make the company better. The growth and business successes have been built on the foundation of quality, and quality comes first, according to (http://www.smuckers.com/family_company/join_our_company/our_basic_beliefs.aspx).

The Smucker's company NAICS code is 311421. Their Industry name is Companies in Fruit and Vegetable Canning (<http://business.highbeam.com/company-profiles/info/1158512/simply-smucker-s-inc>). I chose Smuckers Peanut Butter, which includes the Goober Peanut Butter and Jelly, Natural Peanut Butter, and Organic Peanut Butter.

Smuckers has the supply power because it markets and manufactures its own fruits spreads and peanut butter. The Goober Peanut Butter & Jelly all in one jar comes in grape or strawberry jelly. The natural Peanut Butter comes in bumpy or smooth, chunky or creamy. The Organic Peanut Butter is fresh roasted peanut flavor in two varieties (<http://www.smuckers.com/products/category.aspx?groupId=2&categoryId=11>).

Smucker's has a variety of suppliers and a strict policy of buying supplies. This makes them very powerful in the fact that they can choose who they want to buy from and at a fair price. They also market and manufacture their own peanuts as well as the jam to produce their own product. The buying power in the Porter Five Forces for Smuckers is the public. Buyer Power: Here you ask yourself how easy it is for buyers to drive prices down. Well, Smuckers is a big company with a large customer base so it would be unlikely the buyer could drive the price down. The importance of each individual buyer of Smuckers Peanut Butter is vital to the continuing sale of the product.

The cost to them of switching from your products and services to those of someone else is possible if the price is too high but Smuckers is competitive with other companies. The buyer could affect the peanut butter prices but Smuckers brand stays competitive with other brands (http://www.mindtools.com/pages/article/newTMC_08.htm). Competitive Rivalry: What is important here is that Peter Pan and Skippy are competing for the same market and these competitors offer equally attractive products and services, this give Smuckers little power over the situation. Except for a product called the Goober, the combination of peanut butter and jelly in a single jar.

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There is one competitor that is similar and that is sold by Kroger, called Yipes Stripes ([http://en.ikipedia.org/wiki/Goober_\(brand\)](http://en.ikipedia.org/wiki/Goober_(brand))). Threat of Substitution: Smuckers peanut butter products can be substituted by a soynut butter, if they have allergy or want a alternative can be affected by the ability of your customers to find a different way of doing what you do. If substitution is easy and substitution is viable, then this weakens Smuckers power to grow profit (<http://www. soynutbutter. com/>),(http://www. mindtools. com/pages/article/newTMC_08. htm).

Threat of New Entry: Power is also affected by the ability of people to enter your market. With ConAgra, Kraft, and Best Foods with peanut butter brands already in the market, as well as specialty peanut butter brands. There are not a lot of brands of peanut butter in the market today; so, I believethat a new product could not compete with Smuckers at their level at first stages. Smuckers has a strong and durable brand name and can preserve a favorable position and take fair advantage of it (http://www. mindtools. com/pages/article/newTMC_08. htm).

The PEST Analysis for Smuckers for the political section, I found that the ity of Orrville, Ohio and Smuckers come up with an agreement. Smuckers created 115 new jobs and the city granted them a 25% refundable credit of tax revenue for a term no more then 10 years (<http://www. orrville. com/DEPT/SSD/Legislation09/3-09A. pdf>). The economical development is relevant resource. The Smucker's brothers took over the family business and made several large deals within that last 6 years. Now they are a billion dollar franchise. The peanut butter market is doing very well because of all of the other products and the

support of all of them combined (J. M. Smucker Co 2009, The namesakes; Preserving an American icon).

The Socio-Cultural is population and demographic relating to distribution of income and mobility and Smuckers has its two peanut butter brands Jiffy and Smuckers. They also have the Smuckers Natural and Reduced Fat brands. Customers relate to brand names and a good solid product. The distribution of Smuckers peanut butter is a wholesome product, even when the peanut butter recall in January 2009. Safeway, Meijer, H-E-B, Hy-Vee and Kroger issued recall on their private label peanut butter and J. M Smucker, the nations' top maker of jams and jellies assured customers that none of its products are involved in the national recall. Smuckers Peanut Butter is safe to eat.

([http://www. progressivegrocer.](http://www.progressivegrocer.com/progressivegrocer/content_display/features/center-)

[com/progressivegrocer/content_display/features/center-](http://www.progressivegrocer.com/progressivegrocer/content_display/features/center-)). Technological is the level of technological of economy and own industry and supplier and customer industries ([http://www. themanager. org/models/pest_analysis. htm](http://www.themanager.org/models/pest_analysis.htm)).

Smuckers is a billion dollar industry that markets and manufactures most of its own ingredients. This is a way to safemoneyand controls the company the way they want to operate it. Smuckerstechnologyallows them to create new products and remarket old ones. SUMMARY My objective for this case is to complete an external analysis for Smuckers, using the Porter 5-Forces Model and PEST Analysis. Smucker's company has the basic beliefs of the founder J. M. Smucker, who started the business selling apple butter in the late 1800's.

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