

Market analysis of engro corporation in pakistan



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Around 45 years back from today, Mari Gas field was discovered by Esso Mobil joint venture that led to the basis of Esso Pakistan that is now popularly known as Engro Corporation. Today it is one of the largest companies operating in Pakistan with diversified operations ranging from fertilizers to polymer and has also established itself in the field of dairy products with Engro Foods. As the website says, “ Engro stands for ‘ energy for growth’. From inception, ours is a legacy of continuous growth, new challenges and fulfilled promises. From fertilizers to dairy products, business solutions to PVC resin, power generation to commodity trade, at Engro our ambition is to become the premier Pakistani enterprise with a global reach.”

ENGRO FOODS:

After establishing its firm footing in the chemicals and fertilizers sector, Engro decided to try its fate in the foods and came up with a spin off in the form of Engro Foods.

“ Engro Foods Limited was officially launched as a fully owned subsidiary of Engro in 2004. Using dairy as a stepping stone to enter into the food business, the Company has established state-of-the-art processing units in Sukkur and Sahiwal, along with an ice cream production facility in Sahiwal.

Top quality brands like Olper’s, Olwell, Tarang, Omore and Owsum have been successfully launched under the helm of Company’s dairy products. To support these brands and their highest standards of quality, Engro Foods has invested heavily in milk processing and milk collection infrastructure.”

(Engro’s website)

VISION:

“ Engro Foods’ vision is “ Elevating Consumer Delight Worldwide” and the Company aims to generate a significant portion of its revenue from foreign operations.”

SUCCESS OF OLPER’S:

Olper's has had an overwhelming success ever since it entered the market. It has now become one of the leading brands in the dairy industry. When Engro foods back in 2006 decided to launch Olper's, experts were of the opinion that the brand would eventually fail considering the fact that there were established brands like Haleeb and Nestle Milk Pak. However, by the end of 2006, Olper's annual sales were of Rs. 1 billion and in 2008 the brand had 22% of the market share of world's fourth largest milk producing country. Following factors have significantly contributed to it:

Tag line Subha Bakher zindagi

Ramzan campaigning

The World of Olper's, for example, involves reaching out to the different locations in various cities and having the housewives participate in learning and showcasing milk-based recipes.

Morning shows

The Olper's Consumer Relationship Party, another ongoing BTL based program, which intends to create and maintain loyalty amongst the brand's users.

Olper's, however, stepped into the foray by launching a massive campaign that started off with an introductory slice-of-life television commercial featuring some of the biggest stars in Pakistan.

Total Quality Management (TQM):

A concept that focuses on managing the total organization to deliver quality to customers. Four significant elements of TQM are employee involvement, focus on the customer, benchmarking and continuous improvement.

(MANAGEMENT, DANNY SAMSON & RICHARD L DAFT).

Employee Involvement:

Employee involvement maybe referred to as a participative strategy to engage the employees of the organization, designed to encourage employee commitment to organizational success. Employee involvement emphasizes making the employee a stakeholder in business performance through rewards systems such as gain sharing and through business education.

Focus on Customers:

Any business largely depends on its customers in order to flourish; therefore, customer satisfaction is a key aspect that the organizations need to take proper care of. Your company will need to outstandingly serve the customer.

It may be achieved through the following:

Quickly responding to customer queries.

Providing information as needed

Creating custom surveys to capture your customer needs

Benchmarking:

Benchmarking refers to the process through which organizations evaluate various aspects of their processes in relation to the best practices that are present within their own industry. They then plan to adopt these best practices in order to enhance performance. Benchmarking is a basic tool for implementation of Total Quality Management. TQM focuses on how to improve the work processes in order to get better products. And with the help of benchmarking one can measure a work process or procedure and then to set a standard and improve the processes to that standard. This would improve the effectiveness and efficiency and thus TQM's goal will be achieved

Continuous Improvement:

Continuous improvement is one of the four stages that are involved in TQM. It deals with the organization employing various R & D techniques in order to make improvements that can lead them to be competitive in their industry. As it is said that " competitiveness may only be achieved through innovation and that can only be attained through continuous R & D."

As most of Engro's food products are milk based, therefore the Milk Procurement Department of theirs plays a pivotal role in ensuring that quality is delivered to the customers. Collection of milk from rural areas is one of the key features of the milk industry and since Olpers recognize its importance therefore, the department is responsible for regular collection of milk and to ensure the freshness of it. Moving on, in its overwhelming success, the Quality Assurance department also has played its part. There are qualified food technologists that are responsible to make sure that the <https://assignbuster.com/market-analysis-of-engro-corporation-in-pakistan/>

end product reaches the customer with the quality that is promised and that Engro aims to deliver, thus focusing on its customers.

Like any other company it was not an easy task for Engro to step in and for this it had to carry out a market research. First thing that the management noticed was that people wanted “ milk for all purpose” and later that became Engro’s top priority. Moving on, Engro wanted to further expand its product varieties and then came up with Owsum milk, Olwell, Tarang etc. (continuous improvement). However, to them customer feedback was particularly of great importance and hence after Olpers’s launch in the market, they conducted market research to obtain customer feedback. Customer feedback came as a positive sign and then Engro decided to make further investment by setting up a plant in Sahiwal. (focus on customers) Not only was it helpful for the company to determine its own standing in the market but at the same time it proved beneficial to have a measure of the competitors. The customer survey was particularly important to estimate the number of loyal customers of competing brands and also in making decisions and drawing strategies for times to come.

SWOT ANALYSIS:

STRENGTHS:

Engro as parent company.

Good relations with farmers

Customer Feedback

Research

Third Generation Plant- only one in Pakistan who has it, removes bacteria content effectively.

WEAKNESSES:

Collection of loose milk

Milk collection and distribution costs

OPPORTUNITIES:

People switching from loose milk to Tetra pack

Improving economic conditions of the country.

Pakistan one of the largest milk producing countries in the world

THREATS:

Fierce rivalry and competition

Different prices

Principles of Management

Survey

Q1. Name: _____

Q2. Gender: a) Male b) Female

Q3. Age: a) 10-20yrs

b) 20-30yrs

c) 30-40yrs

d) 40-50yrs

e) 50 above

Q4. Profession: a) Student

b) Housewife

c) Working

Q5. Brand that you prefer is: a) Milk Pak

b) Haleeb

c) Olpers

d) Pakola

e) Other

Q6. Reasons for your choice:

Q7. Did you prefer any other brand before switching to the current one?

Yes b) No

Q8. If yes, then which brand did you use earlier? _____

Q9. Reason(s) for switching: _____

Q10. Any recommendations that you would want to make (only in case of Olpers):

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