

"Marketing Audit Of Rani Foods Private Limited"



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FINAL PROJECT REPORT

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## **ABSTRACT**

Rani Foods Pvt. Ltd is a juice manufacturer operating in the Pakistani market with its fruit edge brand. The juice industry is expected to grow over the years. Rani Foods is a local artificial juice manufacturer that is facing the pressure of industry trends and fierce superior competitors. A lack of strong sales and the arrival of off season is threatening the survival of the firm. The growth of the firm has been limited during the past five years.

The marketing activities are not sufficient and the firm needs a rejuvenation strategy as soon as possible. The project seeks to conduct a marketing audit of the firm by analyzing the external environment of the firm, reviewing the internal marketing strategy employed, inspecting the marketing systems incorporated, examining the marketing functions and scrutinizing the profitability of the firm. The marketing audit seeks to find out the root cause for the limited growth and negligible customer awareness. The report seeks to unearth the loopholes that are present in the organization to ensure a steady growth and better profit margins. The project seeks to understand the working of the firm while suggesting appropriate action plans and solutions for the problems that the firm faces.

## **ACKNOWLEDGEMENT**

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# CHAPTER 1 INTRODUCTION

## *1.0 INTRODUCTION*

In a country like Pakistan where foods and beverages have become synonymous with festivities and recreation, the food and beverage industry is on the rise. Likewise the beverage industry of Pakistan, especially its juice industry has seen its highs and lows through time. In the presence of the multi-billion dollar manufacturers, the heavy burden of the survival and success of a local company depends on the sheer brilliance of its people and the precise execution of its strategies. The efforts thus conducted guide an organization towards achieving organizational goals and organizational success.

In this project we have focused on a local and emerging artificial juice manufacturer RANI FOODS (PVT) LTD. This report has been compiled to analyze the current progress of the company and to conduct a detailed analysis of the marketing practices being implemented by the company so as to accentuate the problems and issues at hand and to find possible solutions of the current discouraging situation. Along with a detailed marketing audit of the firm the project aims to highlight the current marketing positioning of Rani Foods. The project aims to address the challenges faced by the industry in general and the company in particular.

The report contains industrial overview of the industry and seeks to address the important issues faced by the owners of the firm. The audit seeks to unearth loopholes present in the marketing activities being conducted and provide a way forward for the firm to continue its activities in the right direction to ensure a strong brand presence and a loyal customer base.

Rani foods Pvt. Ltd was established by Mr. Muhammad Haneef. After acquiring adequate experience in the juice industry of Pakistan the founder of Rani Foods Pvt. Ltd was determined to create a premium brand that would uphold the standards of quality and show the true potential of a local manufacturer in the beverage industry. Hence, with this vision the newly sought idea of a premium juice brand was realized when Rani Foods was registered in the fall of the year 2007 and later it started its production in the following years. Rani Foods produces artificial fruit juices and nectar drinks. Fruit juices are consumed and produced due to the refreshing experience they provide coupled with the vitamin contents and the nutritional benefits they provide to its users.

Rani foods is headquartered along with its marketing department in millennium heights F-11, Islamabad. Currently it has its operating facilities operating in Haripur-Hattar and is capable of producing almost 1 million units a month in its production facility. The company also has its own paper plant capable of producing premium quality packaging for its extensive products which is operating simultaneously with its production line. The firm has been able to conduct vertical integration perfectly and has been able to reap profits from its own paper factory which facilitates packaging of its premium products.

The fruit juice industry has been on the rise and positive trends in the past decade have been observed. This is due to the considerable global efforts in order to promote healthy and sustainable diets (Clarke, 2007). The changes in the lifestyle and awareness regarding a healthier and balanced diet has boosted the growth of the juice industry. The future of the global juice industry looks bright as the consumption of the juices shall increase in the years to come. The juice industry is expected to grow from 2015 to 2021 steadily due to changing lifestyles (Newswire, 2016). The global juice industry is one of the most competitive industry as they not only compete amongst themselves but are in indirect competition with carbonated drinks and frozen drinks. However in general the beverage industry is moving in the right direction.

Likewise Rani Foods has observed a steady growth during its years in the business but it has struggled to squeeze profits and strives to survive in the extremely competitive environment. The company only advertised during the first phase of their launch and then, the plug was pulled by the top management as the initial results were not at all encouraging and sales were too short of the expected volumes. The current organization has seen a change in the top management due to a huge turnover that the company experienced in the last two and a half years. The current management of the RANI Foods is targeting more than 80 cities with more than 100 distributors nationwide and the company has signed agreements with their distributors on upfront cash payment upon which the company provides incentives as well. Rani Foods currently faces many challenges as an emerging company which need to be addressed to keep the company moving in the right direction.

### *1.20 PROJECT PURPOSE*

The purpose of this project is to conduct a marketing audit of Rani Foods Pvt. Ltd to analyze the firm and the juice industry of Pakistan. Observing and analyzing the production, marketing,

operations, competitors and the organizational goals to provide feasible solutions to the challenges that the organization faces and to ensure a strong brand image of the firm.

### *1.30 PROJECT GOAL*

The goal of this project is to ensure that effective marketing practices are implemented in the firm to energize the brand and to provide the firm with feasible solutions to its problems.

### *1.40 PROJECT PROPOSED BUDGET*

The budget allocated for implementation of recommendations and improvements in the firms operations is 10 million rupees. The budget of 10 million must be ensured to provide a nationwide marketing campaign.

### *1.50 INDUSTRY ANALYSIS*

In Pakistan festivities and recreations are almost always linked to dining out and celebrating with friends and family. Therefore it is safe to say that the beverage industry of Pakistan is doing well for its self. The beverage industry in Pakistan is parallel to the global industry as it is growing steadily with more than 35 producers of artificial juice in the country. But the foods and beverage industry is subjected to many strict safety regulations due to which the barriers to entry are huge for new entrants. Therefore only those companies survive that are able to uphold the standards set by the government of Pakistan. The indicators of the growth of the industry as per the reports of tetra pack Pakistan are positive which shows that a change in the lifestyle of the people in Pakistan is also taking place where people are focused towards a healthier diet and a balanced diet plan. The millennials or the young generation of Pakistan is more inclined towards consuming ready to consume goods. The fruit juice industry of Pakistan coupled with the beverage industry of Pakistan has seen a growth of 27% in the last decade and it is continuing to increase (SMEDA, 2007).

Competing in the fruit juice industry of Pakistan has brought about many tough competitors for Rani Pvt. Ltd. These industry giants include multinational companies like Nestle, local market leaders like Shezan and popular juice that are purely local brands with extensive networking and distribution structures. The industry has been on the rise yet there are many standards of juice being produced by these giants. The first standard of juices being produced are known as premium juices that include Nestlé's Fruita vitals and Nesfruta whereas the second standard of juices being produced is normal quality juices these include juices like TOPS a product of Murree brewery.

The Rani Foods Pvt. Ltd falls in the category of premium juices with strict health standards. The juice industry of Pakistan is highly competitive and therefore the room for error is none.

The government regulations are a huge challenge for the industry but they are not consistent provincially. The government has to ensure that all the safety and health rules and regulations are being followed by the industry. The minimum number of bricks (the sugar content ratio) that are needed for operations by the government are 10 and currently Rani Foods’ products exhibit an exemplary 13 bricks that are very encouraging for the firm and its producers. The industry competes for the share of the throat and aims to one day replace the huge market of carbonated drinks by raising awareness towards a much healthier lifestyle.

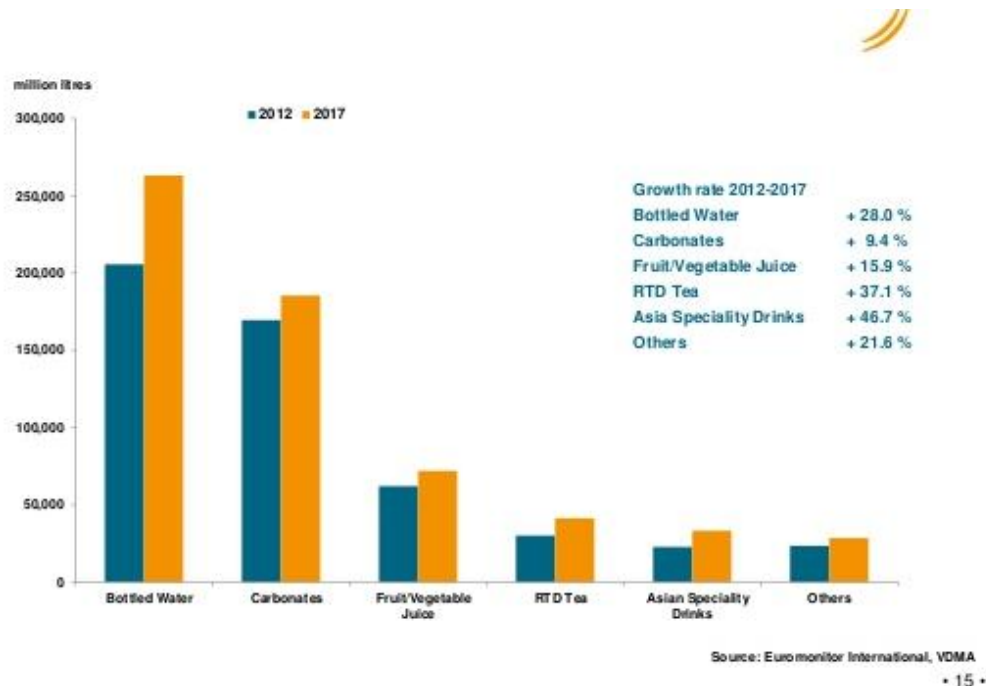


Figure 1: Industry growth, source euro monitor international report.

According to the euro monitor international reports the global spending on the beverage industry has reached an astonishing figure of 2000 billion dollars which has far exceeded the expectations of the industry. Yet there is a change in the behavioral aspect concerning the life style of the people. The figure mentioned above shows a much greater growth in fruit juice industry as compared to the conventional soda drinks. The world as we know it moving towards a much more hygienic and healthier lifestyle and this is what has propelled the fruit juice industry globally.

The figure depicted above is based on the research report of euro monitor international.

The juice industry of Pakistan has its own norms and trends. The biggest challenge faced by the local manufacturers is the seasonal trend i.e. on and off seasons. During the off seasons that is of winter in Pakistan ranging from October to March poses as a threat to all the manufacturers where the consumers shift towards the hot beverages and soups the juice industry in particular and the cold beverage industry in general get sidelined. In such circumstances huge organizations survive by the virtue of their loyal customers and multi-billion dollar advertisement campaigns but for a new comer and on top of that for a local competitors in the industry it becomes a matter of survival and staying in the business without significant losses.

The exact opposite holds true for the juice industry during the on-season where sales soar and companies drive out profit margins and progress towards their growth. For a lesser known brand this is a season to make high end deals with distributors and to shelf their products reasonably. The juice market therefore becomes extremely competitive during the on-season which results in desperate measures on part of the firms such as incentives for distributors and price cuts. In both the off season and the on season marketing plays a vital role in the success of a company and sound marketing practices are the key to success and earning greater profit margins and tapping a greater prospect market. The marketing tools serve as a decider of success or failure of a company.

## **CHAPTER 2 PROBLEM IDENTIFICATION AND REQUIREMENT ANALYSIS**

### *2.0 PROBLEM IDENTIFICATION*

One of the most critical challenges faced by Rani Foods Pvt. Ltd is that the current profit margins are quiet narrow and the off season (fall 2016) poses as a threat to the company's survival. The growth in recent years has been limited furthermore, the company has not been able to establish itself as a strong brand as per its immense potential.

### *2.10 COMPANY BACKGROUND*

The company was registered in 2007 as a producer of premium juice products. In the spring of 2011, in the time of peak season, the company launched its first product. With a broad vision to provide people with a healthy drink as the lifestyle patterns are changing and with a mission to become one of the best quality premium juice providers in the county, Rani Foods Pvt. Ltd was set to sail in the right direction. After completing extensive research, arranging adequate production requirements and creating a trustworthy team the owner and founder of the newly created company was ready to take on the juice industry of Pakistan. In the initial year of its existence the company faced many challenged and had a heavy investment from the shareholders of the firm.

The initial investment was adequate enough to run a decent advertisement campaign and to ensure that the company would become a recognized brand before its initial launch. In the recent years the company has been able to produce and shelf more than 1 million cartons of their product.

The company was established with a vision of creating a healthy refreshing drink for the consumers and the company has upheld its quality standards even in the times of squeezed profit margins. The company was a key customer of the Tetra pack in the first years of its inception but procuring a tetra pack packaging was very costly for the firm so, in 2013 the firm decided to conduct vertical integration whereby the company launched its own paper production facility in Haripur-Hattar and started manufacturing its own quality paper packaging which has been approved regarding the quality concerns of the packaging.

The production takes place at the company factory in Hattar. The process of manufacturing fruit juice is conducted here. The process of production involves many steps which are all

interdependent and are crucial for maintain the quality and health standards on part of the firm. The company utilizes the following procedure while producing fruit juice.

The first step involves boiling of peeled fruits for production of juice nectar and cocktails. The second step involves strong the boiled mixture in a storage tank this is followed by mixing the ingredients such as preservatives, artificial flavors and sugar contents. The broth thus produced is known as Syrup this syrup is stored in specialized tanks that is later used for preparation of the juice. The next set of steps involve pasteurization i.e. boiling and abrupt cooling of the mixture. Then, the juice is sent through pipes to the conveyer belt where filling and packaging takes place. Different templates are designed for each juice unit being produces these vary based on their sizes, flavors and their types. The packaged product has to be stored in a dry and cool storage so that the package is delivered fresh to the distributors across the country. Special care is taken to ensure that the packages are delivered way before the expiry dates so that the distributor return ratio is at a minimum.

The company later insures that any product that has expired is called back based on the basis of the contracts that the company has signed with its key distributors to ensure a deeper and positive relationship with the external partners of the firm. The distributors later take the packaged products to different retailers where the retailers place them on the shelves and freezer as per the contracts made with the distributors. The firm ensures that there is no compromise made on the quality of the product.



*Figure 2 the current products of Rani Foods, source Rani Food's official website*

## CHAPTER 3 DESIGN AND IMPLEMENTATION

The firm shall be analyzed through conducting a complete marketing audit and the results shall be further reviewed for recommendations and future action plans. The design of the marketing audit has been adopted from the Sloan management Review Journal, Marketing audit comes of Age. The audit broadly comprises of internal, external, strategic, profitability and market functions audit.

### *3.1 MARKETING ENVIRONMENT AUDIT*

The marketing environment audit consists of the environment surrounding the firm and the external factors that will impact the survival and working of a firm. The Rani Foods Pvt. Ltd has a complex environment in which it operates and conducts its operations in order to analyze these external forces we need to follow a systematic approach for conducting a detailed audit. The external marketing environment depends on the following components:

#### *3.1.1 ECONOMIC-DEMOGRAPHIC ENVIORNMENT*

The Rani Foods Pvt. Ltd has been operating locally in the Pakistan market for almost a decade now, the company has seen rise and fall when it comes to economic factors. The economic changes have a huge impact on the firms standing, objective and revenues. For example higher inflation rates propagate employees to demand a greater wage.

Rani Foods operates in the complex environment of Pakistan where the inflation rate is averaged at 4.87% (SBP, 2016) which is slightly high due to which Rani Foods has to ensure that the prices are set in such a way that they do not appear overpriced. Currently the organization has been following the market follower approach where the rates are set by the market leader and Rani Foods being a local firm follows these prices. Although it provides the distributors with a better profit margin as an incentive to purchase its products.

The GDP growth rate of Pakistan is slightly getting better at around almost 4.17% which implies that the economy is on the verge of stability and this is a good news of the firm. Yet what is challenging for the firm in Pakistani economy is that it is relatively volatile and due to a lack of many a factors such as power outages and high inflation the firm has to ensure that the squeezed margins are broadened and this is one of the prime reasons why the firm resorted to backward

integration to control the prices due to high inflation. Still the firm struggles to make a name for its self in this harsh economic environment.

In terms of demographics, the population of Pakistan has reached 191 million (ministry of planning and development, 2015). This necessarily does not mean that an increase in population might increase the number of consumers but ideally the demographic population of Pakistan by age groups suggest that the target consumer age group of 5-29 years has seen an abrupt rise and consists of 56% of the total population (Pakistan bureau of statistics, 2015). And as this is the target market of the company this ideally means a better chance for an organizational growth.

### *3.1.2 THE TECHNOLOGICAL ENVIRONMENT*

The technology is continuously improving and evolving when it comes to production line and manufacturing. The firm has recently started a company owned paper plant for the production of packaging which consists of state of the art technology and equipment which is parallel to the quality that has been produced over the years by the tetra pack in Pakistan. This new technology is a positive aspect of technological advances.

The firm has recently launched a new packaging design known as Prisma which is one of the latest design that has been launched in the recent times and the firm has been able to produce it thanks to the state of the art production facility in Haripur-Hattar.

Yet, the firm does not follow technological trends when it comes to communication with the consumers and prospect customers. The market leaders like Nestle have not only maintained a relationship with their clients but also have managed to obtain feedback from the customers by managing and engaging consumer on social media fronts. The company would be in serious jeopardy if such situation prevails.

Apart from the communications front the company has seen gradual improvement in the production facility. Latest boilers, separators and conveyer belts have ensured a sooth running of the facility operations. The research and development department has also made efforts in this regard to create new cocktails flavors and to monitor the bricks level of the juices using state of the art monitoring and testing systems.

### *3.1.3 THE POLITICAL-LEGAL ENVIRONMENT*

When it comes to foods and beverages industry in Pakistan the laws and regulations of the government are of paramount importance and must be upheld by the firm to ensure smooth running of its operations. The degree of political intervention in the economy of Pakistan is huge and the laws of taxation, regulations and standards keep changing which in turn affects the firms.

The political instability in Pakistan has been a topic under discussion for ages yet in case of a strike or a disruption the firm has the capacity and excess storage of 1 month of supplies. Which is fairly enough owing to the fact that the expiration dates are not lengthy enough to deal with a longer storage period.

The company has to follow strict labor laws imposed by the government of Pakistan which included minimum wages law the safety criterion and wellbeing of the workers on the plant. These safety levels have been fairly upheld by the firm. The most challenging aspect for the firm has been following the foods and safety regulations which dictate that there must be at least 10 bricks present in any or all the juices being produced. This is because of the fact that bricks are the sugar safety levels which must be upheld and currently the company has a bragging level of 13 bricks which proves its willingness to work in the legal structure of the firm.

One challenge that the firm has faced politically is that policies vary from province to province which means that while conducting operations in other provinces the firm faces slightly altered rules and regulations.

### *3.1.4 THE SOCIO-CULTURAL ENVIRONMENT*

The socio cultural environment impacts Rani Foods to a far greater extent as compared to the other environmental factors. The reason being that for the better of the company there has been a recent change in the consumption patterns of the consumers. They are more inclined towards eating and consuming healthier foods and beverages (Clarke, 2007). The behavioral patterns are encouraging for the firm whereas the cultural aspect states otherwise. There has been a pro health movement launched by the juice industry of Pakistan where the focus has shifted from advertising the product to advertising the life style which is healthy and beneficial for the people.

In the culture of Pakistan, fruit juice is not a part of the staple diet. However due to a cultural diffusion families are not inclined towards consuming fruit juices and vegetable juices in

breakfasts yet that amount is negligible but it is regarded as much more safe as compared to soda beverages that have huge amounts of sugar content and damage the health, primarily the digestive systems of the end users. The juice industry has seen a better growth rate than the carbonate soda drinks which depicts a change in the socio-cultural patterns of the consumers in general.

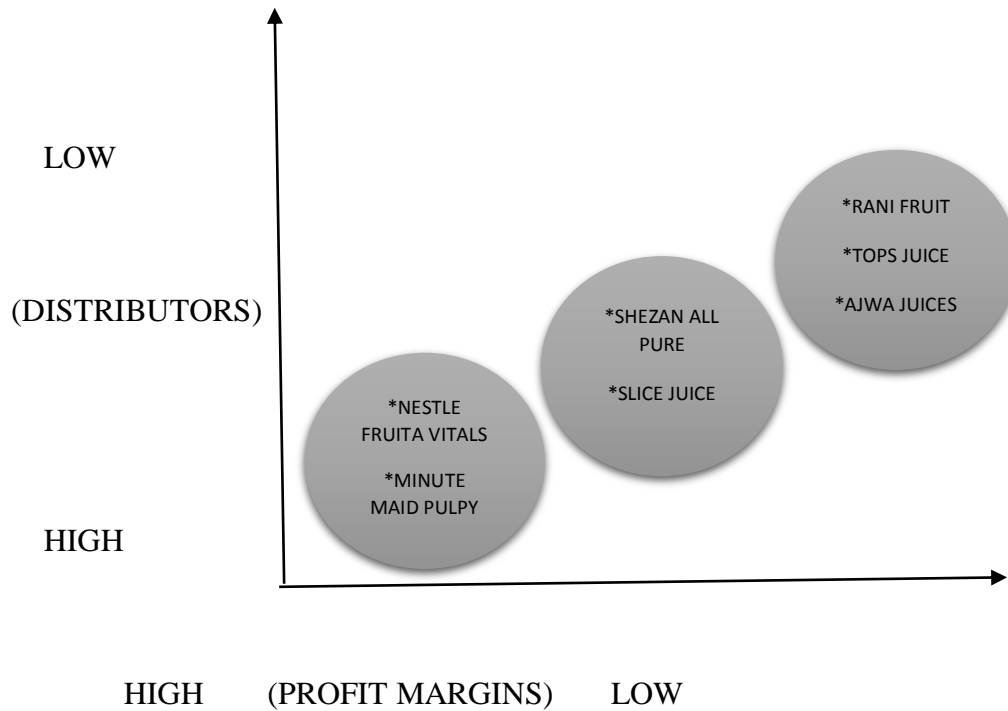
The demographic trends also state that millennials now comprise the major part of the populations which is encouraging as they are one of the key decision makers when it comes to purchasing the products and using them. This factor will ensure the increase in sales of the entire juice market.

### *3.1.5 THE CUSTOMERS*

The standard segmentation strategy of segmentation, targeting and positioning has not been followed by the company ideally. The company has done segmentation based on geography and not demographically or behaviorally which has put company at loss. The company has segmented its market based on major cities of Pakistan and there they target the top distributors to ensure that the product reaches the end consumers in the urban areas. The current customers of the company i.e. distributors, are quite satisfied with the company. The company's reputation is increasing slowly and they are satisfied with the company's standards and practices. Currently the company is more concerned about its immediate customers which are the distributors and most of the focus is on them rather than the end user or the end customer. This strategy has worked fairly for them but ideally the company must target the needs of its end customers and refrain from merely selling of the product (Levitt, 1960). This implies that the firm has not segmented their target market systematically and are focusing more on the selling rather than catering the consumer needs. The company needs to ensure that it targets the carefully segmented audience and uses the behavioral segmentation and targets the lifestyle of people as it is changing rapidly for the better and people are becoming more and more health conscious with time. So, the firm must target these customers rather than distributing the products geographically.

### *3.1.6 THE COMPETITORS*

The indirect competitors of the firm are all the major market player in the beverage industry. But if we narrow it down to the fruit juice industry then, companies like Nestle, Shezan and popular juices. The following exhibit illustrates the major competitors in the market.



*Figure 3 Competitor groups and close rivals of Rani Foods*

There are more than 30 active players in the fruit juice industry and for the purpose of convenience they are grouped here in three clusters. Each cluster has its own number of distributors, prices and profit margins whereas each firm inside the cluster has almost the same marketing strategy. The first cluster is of the market leaders and global companies that advertise heavily and have huge profit margins. The second group commands a lower grip over the number of distributors and profit margins. The third tier includes purely local competitors that are in direct competition with Rani Food. They brag the least amount of profit margins and have a huge room for improvement. This group is also the most reluctant to spend on advertisements and promotions.

Nestle is the benchmark in the global juice industry. It is because of the fact that it is a multi-billion dollar corporation. And not only has it achieved the economies of scale but has also become a household brand that commands respect and trust. Distributors are always keen to make purchases from nestle. Coupled with minute maid pulpy they have the highest profit margins and prices.

The strength of Nestle include their extensive networking their products are sold hand to hand and distributors are always keen to grab their share. The other strength that they have is the fact that nestle maintains the highest quality and safety standards in their operations. They are the pioneers

of using safety practices like pasteurization and tetra packaging to ensure that their end consumers get the value that they paid for. Another aspect of their success is their extensive advertisement campaign and their promotions which have always captured the attention of the people. They have successfully targeted their end consumers by focusing on a healthier lifestyle.

The competitors in the second tier include key competitors like Shezan and Slice. Both these competitors have command over a great number of distributors and spend lesser on marketing tools and advertisements. Shezan is a purely local brand and has slowly and gradually become one of the dearest Pakistani brand. It has targeted the local market and distributors exceptionally well. Shezan is a local success story that Rani Food needs to follow. The reason for their success has been reasonable price setting and heavy investment in advertisements from the owners. The company is a champion of backward integration and owns its very own fruit fields and produce high quality fruit that meets the standards of government organizations. Another strength of shezan juices is their extensive distributor's network which contributes to its success. The best practice that the shezan follows is that they try to incorporate local culture in their advertisement campaigns. However the advertisement campaigns for its juice line was brief and it's on air time is less frequent as compared to Nestle or Minute maid. The company boasts a huge market profit of 294 million (Annual Report Shezan intl., 2015) which leaves plenty of room for advertisements. The company has really set an example for local companies to follow and serve as a guiding star for Rani Foods Pvt. Ltd and other local competitors.

The Rani Foods Pvt. Ltd falls in the third tier where the margins are not enough and the number of distributors are nowhere near the other tiers. Tops is one example of the tier as Tops has been regarded as the low performing items of Murree Brewery as their prime performing products are alcoholic beverages and apart from tops that is a low prices purely local brand Ajwa juice acts as a local challenge. One of the prime competitors here in Punjab sector is Ajwa juice which is a subsidiary of Cider Foods. Cider Foods has been in business from the early 2000s and they have made a name for themselves as producers of not only juice but also carbonated beverage which include cola and lemon flavors. The company has been a success due to their long market presence and their product quality meets the standards set by the government well. Cider Foods has established itself as a fierce brand offering market competitive pricing and lucrative deals for their distributors. Other competitors like popular juices are limited to one or two provinces therefore

they are although a provincial threat but they do not pose as a credible national threat however they are fierce when it comes to provincial level popular juices have established themselves as one of the best-selling brands of Sindh so, the Rani Foods Pvt. Ltd faces all these aforementioned tiers of direct competition.

### *3.1.7 SUPPLIERS AND FACILITATORS*

The current suppliers of fruit and ingredients to the firm are Sure Chemical Limited, Hangzhou Buduo industries, Beijing Heronsbill food material and Tianjin Kunyu international company. All these firms have been in the business of fruit farms for many year and are trusted suppliers of several juice production companies across the world. The firm however spends a fortune procuring and transporting the goods towards the production facility. The firm used to purchase packaging from tetra pack but a recent move has saved the company millions of rupees as the company took risk and started its own paper production for the want of producing layered packaging. It came as a challenge at first because the distributors were hard to convince about the quality of the packaging. Tetra pack commands great respect and trust when it comes to the life and health of the product so, it was difficult at first but with time and consideration the distributors realized that the packaging is as good as tetra pack. The firm has started vertical integration and it is interesting here to consider that the firm is also considering to start its own fruit farms to save cost and gain margins. Yet that plan is still in the pipe line for the next 10 years to come. The company has carefully selected its fruit and ingredients suppliers based on market reputation and cost effectiveness and it really has paid off for them as the company has never received any major complaints from retailer or suppliers. There is a constant threat of maintenance of safety and health regulations and therefore the suppliers involved also have to be really careful to ensure a smooth relationship with the manufacturers of the product.

Facilitators of the firm include second party transportation or in broad terms logistics and warehousing. The firm has established a good network here as well. The firm has outsourced its logistics to local transporters. Al-Qadir along with Tanawal Transports are few of its valued local distributors. Both of them are well reputed transportation services that not only carries inbound logistics but also ensures the careful handling of outbound logistics. The firm has its warehouse located across Pakistan for efficient supplies and they are also on contract basis with second parties. The firm needs to ensure a quick and swift supply chain throughout the country from

Peshawar to Karachi. This not only requires a trustworthy logistics firm but also good warehousing and inventory management. Both of which are satisfactorily done by the firm.

### *3.2 MARKETING STRATEGY AUDIT*

The strategic objectives of the firm are clearly stated and are the pillars upon which the foundation of the entire company stands. These objectives not only serve as the guiding principles for the firm but also as standards for present and future decision makings. The following are the strategic objectives of the firm:

- To keep the company profitable by increasing sales
- To put all the efforts to establish a strong brand name
- To increase efficiency and effectiveness of business operations
- To maintain highest standards of health and safety as required by government of Pakistan
- To invest in fruitful business opportunities in future

Now, although the corporate objectives are clearly defined and marketing objectives can clearly be derived from these corporate objectives yet the firm has failed to do so. In the start of its launch in mid-2011 the firm had clear marketing goals and objectives which were as follows:

- To build and sustain brand awareness effectively
- To increase the market share of the firm
- To target new customers
- To increase sales of the firm steadily
- To discover new and improved flavors and products

The above stated marketing objectives are aligned perfectly with the aforementioned corporate objectives. Yet very little effort has been put in to achieve these marketing objectives. This misalignment of efforts and objectives has put the company at a loss. Given the resources these objectives are adequate and achievable if the right strategy is designed to implement these objectives.

The right strategy is a blend of tireless efforts, brainstorming, available resources, the right leadership and the commitment towards achieving the organizational goals. The strategy designed to achieve these objectives was complex but it comprised of the following strategic maneuvers.

The entrance strategy which was selected to address the aforementioned objectives was the Late Follower entrant strategy. The late follower entrant strategy is the one in which a firm follows a market leader with a more cost effective and slightly altered product (Robinson, 1992). The first marketing approach followed in this regard was to raise awareness and target the prospect customers and the strategy followed was of mass marketing. For this purpose an inaugural advertisement a contract was given to Sharp images and was directed by Rehan Salam. Sharp images was already present in market and had created many successful introductory message based advertisements for many corporations. The 36 seconds advertisement was focused towards attaining the goals yet it alone was not enough. This was discontinued after a period of 6 months.

The company later focused on the strategy of transactional marketing where the first buyers or the distributors were provided with good margins and incentives to ensure that the first tier customers were catered by the firm this resulted in the creation of Marketing Myopia where the focus was shifted towards selling of the product rather than catering the needs of the end customer. Both these strategies and approached did not work as planned and it has left the company with a limited growth scale. Therefore the current marketing strategy is not adequate enough to meet the goals of the firm. Neither is it adequate to meet marketing goals nor the corporate goals.

### *3.3 MARKETING ORGANIZATION AUDIT*

The organizational audit is very important as it serves as an inspector of the infrastructure that a firm has laid down for operations. One of the prime reasons for the failure of some organizations is the fact that these organizations did not have the infrastructure to back up their strategies. At Rani Foods Pvt. Ltd the firm employs more than 200 active employees working at the Rani Foods Headquarters and the production facility. For the want of marketing audit the marketing department shall be scrutinized for evaluation.

One of the reason for the failures on the part of the marketing activities was discovered as the structuring of the department. Sales and marketing are both merged into one role and are not separate from each other which creates an impression that the company is more focused towards attainment of sales goals rather than on consumer needs and preferences. The following is the hierarchy of the marketing and sales department which starts with the Managing director working as the visionary for the department. Followed by country manager GM sales and marketing which is the followed by a team of 5 zonal sales and marketing managers. The zonal sales manager are

followed by 12 area sales managers which are followed by 18 sales officers and executives. The current structure was employed by the firm to ensure that the goals of the department are aligned and that there is a complete view of the customer preferences and customer knowledge.

This hierarchal structure and its study has brought forth the root cause for the organizations' downfall which is a greater focus on the immediate customers i.e. the distributors and the retailers and a lesser focus on the end consumers of the firm which has made the firm a sales driven juice manufacturer rather than a customer driven manufacturing firm. Another ambiguity faced by the firm is the fact that the coordination between the top management and the lower level employees is not adequate enough due to which deals fell and contracts broke. After the arrival of the new management in 2015 the company has slowly and steadily re arranged itself to make the process of communication better.

Considering the functional efficiency of the firm it was observed that inter departmental communication was good and due to the merger of sales and marketing department the firm had already achieved resonance between these two departments. Yet from a functional point of view what needs to be done with immediate effect is the fact that the firm must ensure adequate trainings of their sales and marketing staff. The fact that their contracts have fallen and their distributors are not entirely committed to the firm shows a lack of training on the part of the sales force.

The sales force on the ground level need extensive training programs as none have yet been employed and hiring has been done based on past experiences. Therefore to ensure that the deals are conducted with utmost professionalism training is a must. Training not only provides a path towards success but also prepares the employees for adverse circumstances. The current employees have job insecurity due to the forthcoming off season but a trained staff member will have a greater job security due to the reason that the firm has invested heavily on the person.

While analyzing the interface efficiency of the firm it comes to light that no inter departmental problems are currently occurring in the firm. Yet there is lack of a shared vision and each department is focusing on its own operations and its own goals. So much so that they at times neglect the organizational goals. So, a shared vision needs to be imparted and synergy must be created to ensure that the firm prospers and succeeds in the days to come. The organizational success is a result of holistic efforts by the firm rather than individualistic efforts on part of

different departments. Therefore the company needs to amend these deficiencies in order to meet success.

### *3.4 MARKETING SYSTEMS AUDIT*

The marketing information system refers to the obtaining of developments/changes in the market in a timely manner. The current information about the changing trends and practices are well reviewed by the firm. The firm obtains firsthand information about the industry norms through their sales executives that are disseminated in their respective territories. The company also has a legal team which analyzes and studies the changes in the regulations designed by the country. The firm already uses the late follower strategy and one of the advantages of this strategy is that the follower keeps a keen eye on the market leader. This provides an advantage of following the right practices of the firm and eases the process of understanding the market dynamics (Lieberman, 1998). The current procedure of obtaining and reviewing the market trends is rightly designed. The information thus obtained is taken to the GSM and MD for reviewing and to take required actions.

The marketing planning systems are not adequately designed. Once the information has been obtained the next step is always to ensure that adequate actions are being taken to ensure organizational success. This planning system has the principal responsibility of forecasting sales and setting sales quotas. The firm has failed to forecast the sales properly as the forecasted sales for the year of 2016 were almost 1 million crates yet the company has been able to sell only 0.45 million crates this has been done due to ineffective sales quotas and the wrongly used marketing practices. The firm needs to ensure that adequate and encouraging yet realistic sales quotas are set for the sales force. The quotas need to be made realistic as in the past the forecasted sales were used as a standard to set quotas yet the forecasted sales were not rightly forecasted therefore the new forecasting will have to be done based on extensive marketing research and by analyzing the trends of the market. The current trends in the industry show a growth towards the positive side which need to be capitalized by the firm.

The current control procedures include a quarterly evaluation of the sales and profits and setting future goals and targets. This includes a product wise evaluation of the firm. The control systems have been tightened as of late due to the downfall the company has faced. So, the firm has tightened its grip over the evaluations rather than addressing the problems. This evaluation is adequate

enough because of the fact that after every quarter there is a seasonal change and policies need to be amended as per the changing seasons. The seasonal change poses as a huge threat to the existence of the firm and therefore, the current control systems are adequate enough. New monitoring systems need to be designed to monitor the sales force mere quotas are not enough in this regard. Performance review evaluations must be provided to encourage the ones that have done a good job and discourage bad practices. The control systems on a broader aspect are adequate enough at this stage.

If we consider the new product development practices, the people at research and development department have done a great job of producing new flavors and new cocktails which have been considered as great additions to the firm by the immediate customers. The firm has been introducing new packaging and new flavors with time but have failed to market them effectively. The firm has recently introduced the Prisma packaging with a new cutting edge shape and a much more secure packaging the firm has also recently introduced bottled juice packaging along with the introduction of new cocktails. The R&D department has been given adequate resources to ensure that the new products are devised. The R&D department has an adequate staff and adequate resources.

The company does extensive research before investing in a new idea. The recent example was that of launching its own paper production. The R&D department put in great effort to ensure the success of this idea. The idea was proposed by the R&D department. This idea has been a success as of late therefore it can be realized that this department has been given adequate resources and encouragement by the owners of the firm. The firm was established as a premium brand and the new product developed reflect this fact. The firm has an adequate workforce in this regard that have attained progressive success.

### *3.5 MARKETING PRODUCTIVITY AUDIT*

If we look at the profitability of the firm we will realize that the firm has not been doing well for its self. This year, the firm has made a sales of about 120 million rupees. And has incurred a cost of 86 million rupees. Since its inception the firm has sold almost 1 million cartons of its products and the numbers are slowly increasing in this regard. The firm has sold these cartons ranging from 450 to 720 rupees depending on the carton sizes ranging from 200 ml to 1 liter packaging. The firm has not been able to register great profits especially during the off season.

The industry trends during the off season discourage the profitability even more. The prime challenge faced by the firm right now is the fact that the profitability of the firm has been in a decline and the firm needs a rejuvenated marketing strategy to ensure that the firm achieves high degrees of profit margins.

In the recent years the costs that were incurred by the firm were very huge and the profits were squeezed to a great deal. The firm has reduced its cost by setting up its own paper plant yet the firm incurs a great deal of cost when it comes to purchasing fruits and ingredients. The company is accessing the possibility of having its own fruit farms but these are hindered by a lack of capital and a lack of in house transportation. The firm needs to ensure that the costs are further reduced to ensure a wider profit margin. The firm has already. The current financials show that the firm has a huge cost incurred in the form of expenses and in the form of raw material purchase. The firm has a capacity of producing up to 1 million units monthly yet the capacity is underutilized due to lesser sales. The firm does not employ three shifts a day to cut cost of labor and utility bills. The firm needs to have a greater number of sales as it has a great capacity it needs a boost in sales to ensure that the firm achieves optimum production.

The current assets of the firm are adequate the paper production plant can produce up to a packaging of 1 million units a day. And the production facility at Haripur-Hattar is a testament to the company's superior production strategy. The firm produces in bulk and capitalizes on the economies of scale that it has achieved during the perfection of its operations. The product thus produced is a combination of perfection and cost effectiveness. Yet running one shift only reduces the profit margins. Rani Foods Pvt. Ltd has established itself a good production facility but when it comes to budgeting for the marketing department the amount is meager and limited towards point of sale advertisements.

### *3.6 MARKETING FUNCTION AUDIT*

This phase of the marketing audit is extremely important as it encircles the entire marketing department. It includes the description of products and review of their prices and also the review of advertisements.

The current product and prices of the firm are listed as below:

Fruit edge Mango available in 200, 250 and 1 liter packaging.

Fruit edge Guava available in 200, 250 and 1 liter packaging.

Fruit edge Peach available in 200, 250 and 1 liter packaging.

Fruit edge Apple available in 200, 250 and 1 liter packaging.

Fruit edge Mix available in 200, 250 and 1 liter packaging.

Fruit edge Cocktail available in 200, 250 and 1 liter packaging.

Fruit edge Anaar available in 200, 250 and 1 liter packaging.

Fruit edge strawberry available in 200, 250 and 1 liter packaging.

The above are available for rupees 20 retail if the packaging is done in slim packs and the same is available for rupees 30 for 200ml in a plastic bottle and 25 rupees for Prisma packaging. The subsequent price for 1 liter packaging is 150 rupees for standard and 200 for Prisma packaging. The current products are perfect to prove that it is a premium brand. The prices are also market competitive. The people of our country although are price sensitive but a premium brand is purchased for its benefits rather than its price. That being said the prices are reasonable as compared to the market competitors.

The new products that are added are also a strength for the firm. The current product line is enough to meet the goals set by the organization. The quality of the products also backs the claim of being a premium quality brand. The price promotions that were used by the firm are not adequate enough. The firm used to provide a flat 5% discount upon down payment and it triggered many purchases on cash. The current immediate customers also perceive the price of the products to be aligned with the perceived value and the price is justified as noted above.

New products that are worth adding include flavored milk based drinks. These will serve as a recreational drink for the young generation. Another unique project in line that has captured the interest of the people is the addition of new and improved packaging designs. The new Prisma packaging has garnered the interest of people and has been a success as of late. So, these new products must be promoted by the firm in its advertisement campaigns.

The most important marketing function of advertising and promotions has been ignored by the firm as of late. The firm at its launch created a good advertisement campaign. The campaign was

heavily funded and the firm put in almost 10 million rupees for the initial launch of the product. A 36 second ad was designed and played during the prime time in different television channels and after a few month the company pulled the plug from the advertisement campaign and carried out point of sale promotions like standees and hangers. The firm's decision to pull the plug was the reason for its decline and the company has failed to propagate the message of a healthy and a premium brand.

The television advertisement aired in the initial launch was not well designed it did not target the wants of its prospect customers rather it focused on capturing the interest of the people due to presence of a female model who drank the juice. The advertisement did not promise the values or the functional benefits that were promised by the firm. The advertisement was a picture perfect example of misalignment of the creative department and the marketing department. The first campaign i.e. the introductory campaign must aim to introduce the brand and benefits that it offers. It must not be a coded message rather a straight forward message designed for the masses.

The message and the content of the message being propagated was misaligned and that resulted in the low response in terms of sales but this was not because of the fact that the product was wrongly designed but it was due to the fact that the product was not properly communicated by the firm. The firm needed to target the lifestyle but it rather followed a cliché advertisement. The firm lost a fortune yet it managed to make initial first tier customers. These consumers are still the reason for the survival of the firm. The firm did not advertise on air after the initial run. Now a days the firm uses point of sales advertisements on part of the retailers in the form of standees, hangers and posters. The firm is in a desperate need for brand rejuvenation by having an effective advertisement and promotion campaign.

## CHAPTER 4 SWOT ANALYSIS

### 4.1 STRENGTHS

The foremost strength of the firm is the production facilities it has acquired and following its mission statement of freshness and quality, the company is fulfilling the consumer need by using the finest and richest fruits. Giving 100% of both quality and quantity. Another strength for the firm from production perspective is the variety of flavors is a huge strength. The product range offers a wide variety of flavors including Strawberry, Guava, Mango, Orange, Anar, Apple, Peach, Mix, Cocktail etc. A major strength of the company is its unique and classy packaging. For it has different shape than the regular drinks with the rounded edges and curvy bottles.

Another strength of the firm is the experience of the top management in the industry. The top management has an extensive experience in the field and has been very successful in the fruit juice industry. Having a reasonable and controlled pricing structure, Rani Fruit Edge provides the distributors with better margins in comparison to its competitors i.e. Nestle, Maza, Slice etc. Also the workforce of the Ran Foods Pvt. Ltd is impressive.

Rani foods Pvt. have a very competent and dedicated workforce, their commitment could be seen from the fact that this company have almost doubled in sales and productivity from its initial 5 years of operations. The firm has been very successful in conducting backward integration which has resulted in better costs for the firm. The strengths of the firm include its highly equipped production facility which is capable of producing 1 million units a month.

### 4.2 WEAKNESSES

Advertising being the strongest platform for creating mass awareness has by far has surely been ignored a great deal by the company. Although Rani's Fruit Edge has advertised its products through electronic (television) and print (newspapers, posters, flyers) media on a minimal scale, it has also totally ignored the social media marketing. There have been no promotional activities or incentives or discount or limited offers introduced to grab consumer's attention and built a desire to purchase or develop a direct point of contact with the customers.

Rani has had very selected and low scale distribution networks, as a result of which distributors were either reluctant to hold contract or buy in bulk mainly because of uncertainty of timely supplies. Right products, right prices but definitely not the right places. Unlike its competitors,

Rani Fruit Edge has not placed its products anywhere other than specific localities. The company placed its products only in the fewer local reputable shops which eventually resulted in making it native.

#### *4.3 OPPERTUNITIES*

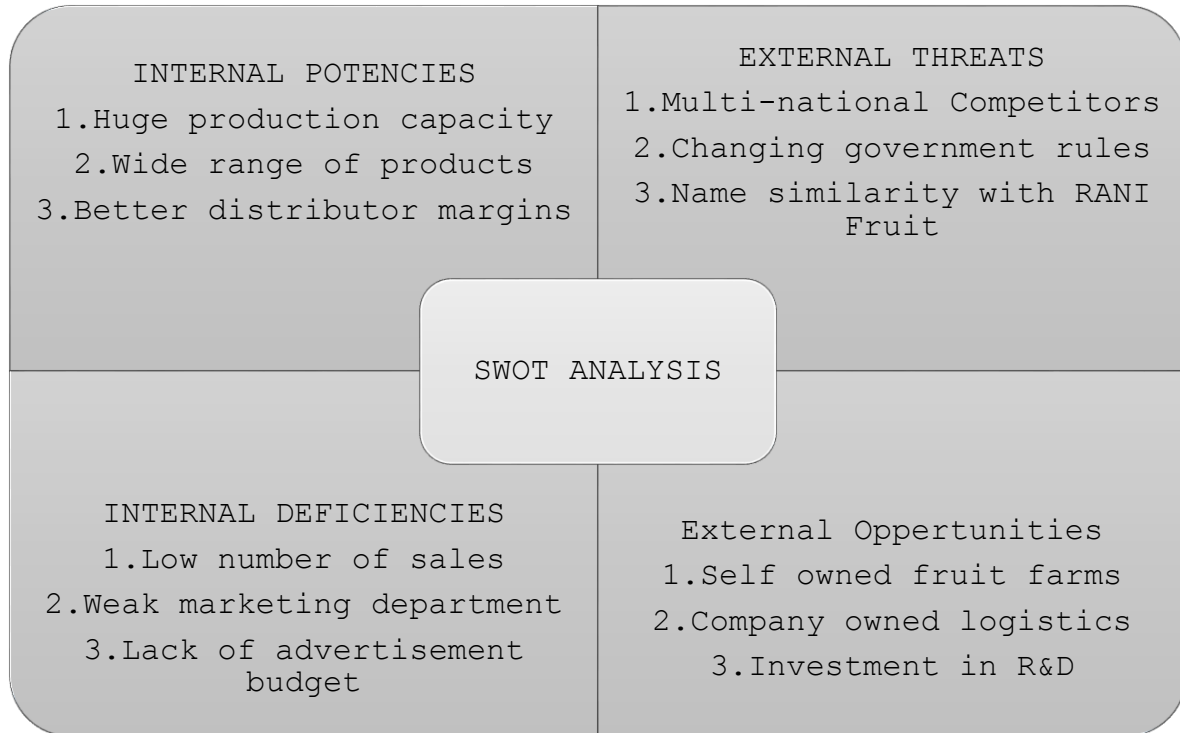
The company should start the distribution and placement of its beverages in different places other than the local shops for example shopping malls, cash and carry marts and utility stores to engrave the picture and name in the minds of the consumers so they can develop a sense of familiarity to make the product socially acceptable. This will also increase the product's shelf life. To arouse awareness and desire amongst the consumers, Rani Fruit Edge can give away discounts, incentives etc. in perspective of sales promotions. It can also place stalls in different events or malls. Moreover the company can offer free sampling which has profited many of the company's competitors by increasing consumer rate.

Another opportunity to grab the audience's attention is to invest in self-owned fruit farms. Readjusting the marketing strategy is the greatest opportunity any product range can opt to, for improving its brand awareness. Another opportunity the brand faces is promoting the products as much as possible on the social platforms. This can be done in many ways that include creating pages on Facebook, accounts on twitter Instagram etc., and embedding pop up and drop down ads in the most surfed websites. The juice markets are growing rapidly according to the surveys. People are briskly adopting the western culture of relaying on light breakfast and nectar juices serve as a key element in this perspective.

#### *4.4 THREATS*

New entrants and larger number of well-established players in this industry are a very big threat to Rani Foods. So the presence of huge global brands like Nestle and Minute maid the firm will have to follow the market leaders and the changing industry trends. Breaking through the clutter becomes difficult in these circumstances.

A major threat to the Rani Fruit Edge is its name and similarity with Rani (international), having so much of similarity, consumers perceive it to be a branch or product range of Rani. The product has less market recognition therefore the customers in most of the areas are not familiar with even the product's existence and competitors are constantly cashing on this flaw.



*Figure 4 SWOT Analysis based on the findings and interview transcripts.*

## **CHAPTER 5 TESTING AND DEPLOYMENT OF AUDIT RESULTS**

### *5.1 KEY FINDINGS*

The observations made during the marketing audit were alarming and although the company has the right people and the right production facilities. It has underutilized its marketing practices and functions. The company has seen a loss in profits and it struggles to capture the huge market at hand. Despite the fact that the new products developed are up to the standard of a premium brand the advertisements are no way near the rival brands.

One of the biggest findings in the audit was the fact that the firm is a classic case of Marketing Myopia. The firm has focused on selling products rather than valuing the customers' needs. The firm has not realized the needs and wants of the end customer neither has it considered the preferences of the end customers. This short sightedness has given a huge blow to the firm.

The firm has a moderate distribution network due to which the firm has not been able to reach the outskirts of the cities. The firm has not developed strong relationships with the distributors which has caused problems for the firm during the off seasons. When it comes to the end customers, the firm has been using the wrong segmentation strategy and has targeted the customers geographically which tarnishes the returns of the company. The firm has currently put focus on the first tier customers or distributors rather than the end customers. This has resulted in the cancellation of advertisement campaigns for the masses.

The firm currently incurs a great amount of cost due to its expensive raw materials and due to the transport cost that it incurs while shipping inbound and outbound logistics. The firm has been able to squeeze profits but much needs to be done in this regard. The firm after its initial advertisement campaign has pulled the plug from on air advertisements. This has resulted in a decline in sales and has limited the growth of the company. The company boasts a great product portfolio and an even greater quality and packaging yet it fails to propagate this message to the end consumer. This is why the firm has squeezed profit margins.

Another problem that has been identified was the fact that the sales and marketing department were unified which forces the marketing department to focus more on attaining numbers rather than focusing on the marketing functions. This unification has resulted in merger of the staff that are more focused on achieving sales quotas and getting incentives and less on prospecting new

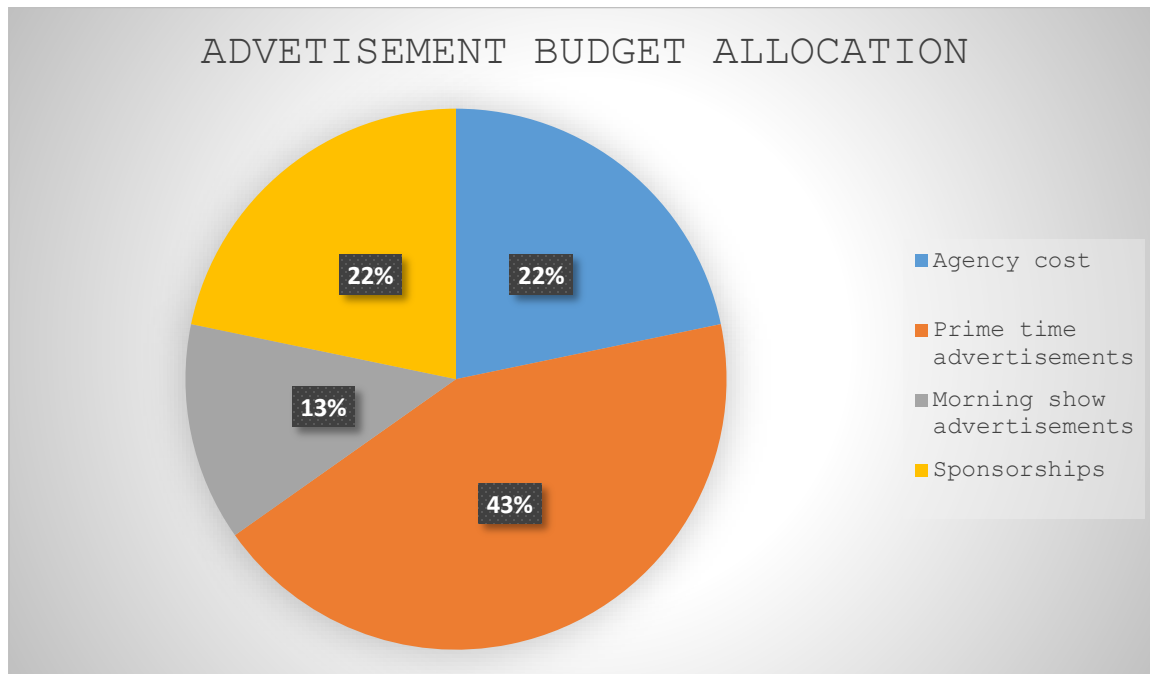
customers and creating awareness of the product. The firm also faces a lack of shared vision and each department is concerned only about its own operation and little concern is shown for the other departments. This lack of cooperation becomes a liability for the firm in the long run. So, it must be eradicated to ensure that the firm achieves strategic resonance and a shared vision for the organizational success.

## **CHAPTER 6 FUTURE ENHANCEMENTS/RECOMMENDATIONS**

In the wake of the aforementioned finding and the problem statement it is evident that the firm is in a desperate need of a rejuvenation strategy. The current production and facilities of the firm are quiet adequate and can play a huge in the success of the company. However as there are many shortcomings in the current marketing practices of the firm which need readjustments as soon as possible.

The firm must ensure that it eschews marketing myopia. To do that the firm will have to focus on the needs of the customers and not merely on selling the products. The firm has designed a premium value for its customers but it does not communicate it according to the customers' needs. In order to achieve that the firm must shift its focus towards targeting the lifestyle of the people as the message of drinking healthy will not only capture the interest of the millennials but also the aged people as the trends in the world are changing and people are not inclined towards unhealthy items (Clarke, 2007).

The second suggestion for the firm is to use and design an advertisement campaign that targets the mass audience. The current television ad must be replaced by a newer version. Such an advertisement must be designed that targets the lifestyle of people and emphasizes on the quality standards and features of the value created. This advertisement must be run on different television channels during prime time and morning show times and for this purpose a budget of minimum 5 to a maximum 10 million is to be provided by the firm. This will take away the leftover profit of the firm but it will play a key role against off season sale declines. As soon as the brand name becomes synonymous with health it will become a staple food in houses for families, recreational places for visitors and even in hospitals for patients. For the purpose of designing the television commercial it is recommended to hire a new aspiring marketing firm. Hollow point media has the best available equipment and the most creative ideas for advertisements. The firm charges and the advertisement costs are provided below in the budget allocation chart:



*Figure 5 Budget Allocation*

It is recommended to run the television commercials during morning shows and health segments and during the prime time. The television channels to be selected include Pakistan television, ARY news, Geo Television and Hum Television. The average rate of television ad during a morning show is 20,000 Rupees and that during the prime time is 120,000 (Deejohns Media, 2016). The budget required for a strong marketing campaign for an initial commercial of 45 seconds will be a lump sum of 10 million rupees. The budget seems reasonable due to the fact that as per the budget constraints the company will seek to deliver 3 exposure twice a day for effectiveness (Krugman, 1972). This will be followed by a crisp 30 second commercial in the second phase which shall continue time to time and will act as a reminder to the customers. The rates charged here in the budget are based on the information obtained from Dee Johns Media Group Pvt. Ltd and from Hollow point Media. This campaign will not only comprise of advertisements but also it includes point of sale advertisements including stalls and test samples.

It is also recommended that the firm must separate the marketing department from the sales department. For business growth it has been recommended that the two departments be separated (Saxby, 2012). The reason for this is the difference in the timeline of events. The advertisement is

to be done before the product is being sold and also because both of their dimensions are different. Marketing has to focus on the future while sales have to be in the present. These differences need to be sorted by separating the two departments.

The recommendation with regard to the excessive cost of raw materials is a simple one. The firm must ensure that there are adequate resources to do a vertical integration. The firm must invest very carefully in land as it prepares to start its own fruit farms. The company must ensure that the logistic costs do not over exceed the budgets. If the adequate resources are available then, there is no harm in vertical integration which will add another self-owned supplier along with the paper production facility of the firm.

## **CHAPTER 7 CONCLUSION/ THE WAY FORWARD**

It is concluded that the firm has a huge potential to become one of the highest profit earners in the juice industry. The firm has the operational facilities that are at par with the market leaders yet in terms of profits the firm is miles behind them. The firm needs to rejuvenate its brand image as a brand of health and quality. The firm must ensure the success of fruit edge by implementing the recommended strategies and by employing the appropriate people and the right marketing mix. The firm has the ability to become one of the leading brands in the country yet it has failed to realize the importance of marketing strategies and functions. The real task at hand is to turn around the firm from being product focused to customer centric by catering and targeting the needs of the consumers.

Rani Foods Pvt. Ltd is an aspiring company and with the right directions sky is the limit for the firm. Once the firm has re built its brand image it can indulge in vertical integration for future. For this purpose the firm needs to launch a strong advertisement campaign backed up by promotional events and a creative marketing team. The company is destined to be a success provided that all the short comings that have been identified in this report are overcome.

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