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UNIVERSITI KUALA LUMPUR
BUSINESS SCHOOL
MASTER OF BUSINESS ADMINISTRATION (ENTREPRENEURSHIP)

BUSINESS PROJECT
PERUSAHAAN AZAN SENDIRIAN BERHAD

AZAN HAIRUSSANI BIN MOHD LUD
60386111043

JUNE 2013

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**AZAR HAIRUSSANI BIN MOHD LUD
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DECLARATION

I declare that this report entitle Perusahaan Azan Sdn Bhd 'Marketing Strategy: Penetration on Local Market' is the results of my own research excepts as cited in the references. The report has not been accepted for any degree and is not concurrently submitted in candidature of any other degree.

Signature

: 

Name

: Azar Hairussani bin Mohd Lud

Date

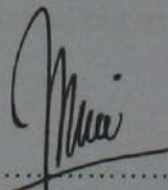
: 24 June 2013

APPROVAL

I have examined this report and verify that it meets the program and University requirements for Master of Business Administration.

Date: 10/06/2013

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Thank you and Wassalam.

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CHAPTER 1

INTRODUCTION TO THE STUDY

1.1 Introduction



The history of Perusahaan Azan Sdn Bhd (PASB) began in 1969 by Haji Abu Bakar Ali in Kampung Baru, Kuala Jemapoh, Kuala Pilah, Negeri Sembilan. Perusahaan Azan got his name from the azan recited at times when Hj Abu Bakar on his way to company registration office to registered his company.

PASB started his business with making a soy souce. Very unfortunate, the soy sauce business does not last long, it only last for a year due to poor quality of the product. Hj Abu Bakar started looking for new opportunities. Started with loan from MARA of RM 5,000 as a capital, in 13 October 1970, Perusahaan Azan opened his bread making manufacturing. Now, PASB not only produces breads but has widespread to biscuit, cakes and pastries. In 1973 till today, Perusahaan Azan moves their operation from Kuala Jemapoh to Dioh Industrial Area.

Perusahaan Azan was incorporated in 12 June 1975 as private limited company with an authorized capital of RM1, 000,000. The shareholders are among family members. Today, this company lead by Mr. Mohd Ghazali bin Abu

Bakar as Managing Director. The company's products are widely marketed to local and have been exported to Baghdad, Oman, Kuwait and Egypt.

The project is intended not only to develop skills in running a company

business, but also to provide training on recognizing, identifying

and assessing company to develop growth within the company based on the

research and findings of the project.

Hak Milik MARA

1.2 Objective of the business project

As to fulfil the requirement of the Business Project being part of the Masters in Business Administration (Entrepreneurship) under UNIKL-BIS, This project is dedicated not only to develop skills in defining a company problem, however to allow as part of a training on recognizing, identifying and assisting company to develop growth within the company based on the research and findings of the project.

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1.3 Company Profile

Company Name : Perusahaan Azan Sendirian Berhad

Date Established : 1969

Business Status : Private Limited

Date Incorporated : 12 June 1975

Registration Number : 023078 A

Main Activity : Manufacturing Rusk

Other Activities : Manufacturing Biscuits, Cakes, Breads and
Pastries

Address : Lot 2, Diah Industrial Area
72000, Kuala Pilah
Negeri Sembilan

Phone Number : 06-4811275

Fax Number : 06-4812175

Authorized Capital : RM1, 000.000.00

Paid up Capital : RM 950,000.00

Shareholders

No	Name	RM	%
1	Mohd Ghazali bin Abu Bakar	910,000	95.8
2	Fairuzah binti Mohd Ghazali	20,000	2.1
3	Muhamad Hanafi bin Mohd Ghazali	20,000	2.1

Board of Directors

No	Name	Mykad Number
1	Mohd Ghazali bin Abu Bakar	610325-71-5329
2	Fairuzah binti Mohd Ghazali	860122-14-5620
3	Muhamad Hanafi bin Mohd Ghazali	870515-05-5035

Company Structure



Manpower

Department	Manpower
Administration	4
Marketing	2
Inventory	1
Quality Control	1
Technician	1
Maintenance	1
Production	40
Transportation	6

Company Background

1969	Founded by Haji Abu Bakar Ali and operated in Kampung Baru Kuala Jemapoh, Kuala Pilah, Negeri Sembilan.
1972	Joint venture with Perbadanan Kemajuan Negeri Sembilan (PKNNS) and moves operation to Diah Industrial Area, Kuala Pilah.
1975	Incorporated to private limited company known as Perusahaan Azan Sendirian Berhad. (PASB)
1980	PKNNS gave up their interest in PASB
1981	PASB expand their market by entering into government contracts market
1996	Undergoing modernization programs in all sectors of operations, upgrading of production using high-end machines, electronic and system administration work towards ISO 9001:2000

Equipment

Type of Equipment	Quantity
Oven	9
Mixer	7
Refiner	1
Loaf Machine	1
Bun Machine	1
Biscuit Machine	1

Fibreglass Proofer	1
Loaf Cutter	1
Loaf Packaging	1
Date Coder	1
Bun Packaging	1
Biscuit Packaging	1
Ice Cube Machine	1
Sealer	3

Facilities

- Total land area is 48,000 square feet and the factory area is 12,000 square feet.
- PASB owns nine trucks of box type and each truck has a capacity of one tone used for delivery of the product.

Output Capacity

Product	Output Per hour	Daily Output Capacity
Loaf (700 gm)	1,000	20,000
Bun (50 gm)	6,000	120,000
Sliced Cake (60 gm)	10,000	200,000
Long Rusk	15,000	300,000
Round Rusk	7,500	150,000

Domestic Market

- More than 4,000 shops
- Hypermarket

Government Contract

- Hospital Tampin
- Hospital Tuanku Ampuan Najihah, Kuala Pilah
- Hospital Melaka
- Hospital Tuanku Jaafar, Seremban

Export Market

- Baghdad
- Oman
- Kuwait
- Egypt

Loan Record

Bank	Loan	Amount	Date Received	Term
CIMB	Term Loan	RM1,657,000	10.09.2003	10 years
	Overdraft	RM680,000		
MARA	Term Loan	RM2,850,000	03.08.2009	10 years

CHAPTER 2

MACRO ANALYSIS

2.1 Introduction of Malaysia Economy Analysis

Malaysia is centrally located within the Association of South-East Asian Nations (ASEAN). Consisting of two regions separated by the South China Sea - the Malaysian Peninsula and the states of Sabah and Sarawak on the island of Borneo - Malaysia is a federation of 13 states and three federal territories. The former British colony gained its independence in 1957. Since Independence, Malaysia has adopted the political system of a parliamentary democracy with a constitutional monarch whose position is rotated every five years between each of the nine hereditary state rulers. The political scene has been characterized by an extra-ordinary degree of political stability and continuity through an encompassing national coalition of political parties.

Malaysia is a dynamic country which is constantly evolving. Being a middle-income country, Malaysia has transformed itself since the 1970s from a producer of raw materials into an emerging multi-sector economy spurred on by high technology, knowledge-based and capital intensive industries. Malaysia has moved up two spots from 16th to 14th most competitive economy in the world in the Institute for Management Development's (IMD) World Competitiveness Yearbook (WCY) 2012 survey. The survey showed that Malaysia's competitiveness ranking was now ahead of countries such as Australia (15th), Britain (18th), South Korea (22nd), China (23rd), Japan (27th) and France (29th).

2.2.1 Key Economic Indicators

	2012e	2013f
Population	29.3 million	29.7 million
GDP	RM743.54 billion	RM780.98 billion
GDP Growth	4.5-5.0%	4.5 - 5.5%
Per capita income	RM30,956 (USD9,890)	RM32,947 (USD10,526)
Inflation rate (CPI)	1.9%	-
Labour force	12.9 million	13.3 million
Unemployment	3.2%	3.1%
Total export (f.o.b.)	RM702.2 billion	RM740.7 billion
Total import (c.i.f.)	RM607.4 billion	RM639.9 billion
Major Exports Products* (Jan-Dec 2012)	<ul style="list-style-type: none"> • Electrical and electronic products • Refined petroleum products • Palm oil • Liquefied natural gas (LNG) • Chemicals and chemical products • Crude petroleum 	

Major Exports Markets*

(Jan-Dec 2012)

- People's Republic of China
- Singapore
- Japan
- USA
- Thailand

e - estimated

f - forecast

USD 1 = RM 3.13

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CHAPTER 2

INDUSTRY ANALYSIS

3.1 Food Industry in Malaysia

Malaysia's food industry is as diverse as the multi-cultures of Malaysia, with a wide range of processed food with Asian tastes. The food processing industry is predominantly Malaysian-owned. It is estimated that the present global retail sales in food products are worth around US\$3.5 trillion, and are expected to grow at an annual rate of 4.8 per cent to US\$6.4 trillion by 2020.

Malaysia remains a net importer of food in 2012 (RM34.5 billion). Major food imports were cereals and cereal preparations (RM7.2 billion), vegetables and fruits (RM4.2 billion), cocoa (RM3.6 billion), sugar and sugar confectionery (RM3.4 billion) and animal feed (RM2.8 billion). Total food imports in 2012 amounted to RM14.2 billion compared with RM13.1 billion in 2011, most of which was in the form of cereal and cereal preparations (RM1.2 billion), coffee, tea, cocoa and spices (RM4.9 billion) and vegetables and fruit (RM1.1 billion). Total food exports amounted to RM13.4 billion during the same period compared with RM13.5 billion the year before. The country's major items exported included cocoa, coffee and tea products (RM4.5 billion), edible products and preparations (RM4.1 billion) and seafood products (RM0.6 billion).

In 2012, Malaysia exported food products worth RM20.6 billion to more than 200 countries, of which, processed food contributed about RM13.5 billion. The main exports were cocoa and cocoa preparations (RM3.8 billion), prepared cereals and flour preparations (RM1.6 billion) and margarine and shortening

(RM1.3 billion). Major export destinations were Singapore, the USA, Indonesia and Republic of China.

The Malaysian food industry is dominated by small and medium scale companies. The major sub-sectors are the fish and fish products, livestock and livestock products, fruits, vegetables and cocoa.

The fisheries product's sub-sector includes processed seafood products such as frozen and canned fish, crustaceans and molluscs products. This sub-sector is export oriented and remains the main contributor to the exports of processed food.

Malaysia is the third largest producer of poultry meat in the Asia Pacific region. Malaysia is self-sufficient in poultry, pork and eggs, but imports about 80% of its beef requirements. Among the dairy products produced are milk powder, sweetened condensed milk, pasteurized or sterilized liquid milk, ice cream, yoghurt and other fermented milk.

The common fruits cultivated and produced are mango, star fruit and papaya and local fruits such as rambutan and durian. Most of these fruits are for fresh consumption in the domestic market. There are currently a number of organic farms producing rice, vegetable and fruits to meet the growing demand. To lend credibility to Malaysian produce, the Ministry of Agriculture and Agro-based Industry has put in place a certification process whereby accredited farms can carry the "Organic Malaysia" logo.

Malaysia is currently the largest cocoa processor in Asia. Although Malaysia is the world's fifth largest cocoa producer, local cocoa bean production

could not support the huge demand from local grinding and processing industry. Most of the cocoa beans are imported.

Malaysia is also a major producer of spice, being the world's sixth largest exporter of pepper and pepper-related products (specialty peppers, processed pepper and pepper sauces). Other spices such as coriander, turmeric, lemongrass, cinnamon, clove and fennel are also produced

Agriculture is one of the sectors identified in the National Key Economic Areas (NKEAs). It focuses on selected sub-sectors including aquaculture, seaweed farming, swiftlet farming, herbal products, fruits and vegetables and premium processed food which have high-growth potential. There is a growing demand for these high value products which provide opportunities for farmers to increase their income. In addition, the paddy and livestock sub-sectors were also selected due to their strategic nature in ensuring national food security.

Increasing consumer awareness in nutrition value and food fortification for healthcare has created the demand for functional/healthy minimally processed fresh food, organic food and natural food flavours from plants and seafood. Functional/health food produced in Malaysia is mainly in the form of food products that are enriched. Food ingredients such as customised formulations required by food manufacturers, natural food additives and flavours have the potential for further growth.

The *halal* industry in Malaysia provides immense opportunities for Malaysian manufacturers. It was estimated that the potential value of the *halal* food industry range between USD600 billion and USD2.1 trillion. The concept of

halal is associated with food products which are of high quality in terms of cleanliness, sanitation and compliance with religious requirements.

Malaysia's food manufacturer can contemplate joint-ventures with established food manufacturers particularly from Australia and New Zealand to service the ASEAN, Middle East, European and US markets which have sizeable Muslim populations. Local *halal* food products can gain easy access into these *halal* markets as Malaysia's *halal* certification is globally recognised.

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CHAPTER 4

MICRO ANALYSIS

4.1 SWOT Analysis

S Strengths	W Weaknesses
<ul style="list-style-type: none">• Halal Product• Leader in Rusk Industry	<ul style="list-style-type: none">• Brand Awareness• Lack of Marketing Strategy
O Opportunities	T Threats
<ul style="list-style-type: none">• Increase Production• Increase Distribution• Government Funding	<ul style="list-style-type: none">• Information Flow• Strong competition

SWOT analysis is a straight forward model that analyzes an organization's strengths, weaknesses, opportunities and threats to create the foundation of a marketing strategy. To do so, it takes into account what an organization can and cannot do as well as any potential favorable or unfavorable conditions related to the company's products or services.

The following SWOT analysis captures the key strength and weakness within the company, and describes the opportunities and threats faced by Perusahaan Azan Sendirian Berhad (PASB).

4.1.1 Strength

Halal Product

According to MS1500:2004 Halal Food – Production, Preparation, Handling and Storage - General Guidelines, Halal products defined as products and their ingredients permitted under the Syariah Law such as not contain of any part of animal that is not halal. PASB has obtained halal certification from Jabatan Kemajuan Islam Malaysia (JAKIM). The certification allows PASB to penetrate local and export markets in Middle East countries such as Iraq, Oman, Kuwait and Egypt as their products has comply halal requirement in the market.

Leader in rusk industry

There are several ways to define 'leader' in the industry. Company in a business line with the highest sales, highest market share or highest profit may define themselves as 'Industry Leader'. PASB has declared themselves as leader in this industry as they are the only company manufactured rusk commercialized.

4.1.2 Weaknesses

Brand Awareness

Brand awareness is an important ways of promoting a product to which a brand is recognized by potential customers which helps the brand to stand out from the others in competitive market. PASB used 'AZAN' as their brand name and the brand 'AZAN' is not been recognized by customers due to lack of exposure in the market.

Lack of Marketing Strategies

The most critical weakness for PASB is PASB does not have comprehensive marketing strategies to penetrate local market. The consequences of failure to plan strategic marketing has resulted in the company's products cannot meet the needs of the market and failed to generate revenues.

4.1.3 Opportunities

Increase Production

In order to achieve market demand, PASB should replace their old machines with the new technology and fully automated to increase their production. Besides that, it will also guarantee the quality of products.

Expanding Distribution

When production is consistent, PASB will be able to increase their distribution of product to retailers or agents. Expanding distribution channels is an effective tool to increase PASB sales.

Government Funding

The Government has implemented several initiatives for Small and Medium Enterprises (SME) development. Government also allocated funds for an integrated entrepreneur development programme to enhance bumiputera competitiveness and viability. As one of the companies listed under SMEs, PASB should take this opportunity to get the funds allocated by the Government to increase production and sales.

4.1.4 Threats

Information flows

The nature of the world and the nature of markets have changed dramatically with the advent of the internet. Information flows freely and purchasers can easily get a mound of details on possible purchases. PASB cannot ignore this technology because it has big impact on how the businesses expand.

Strong Competition

Another threat for PASB is strong competition in the industry in which Silver Bird Group Berhad, the producer of product with brand name 'High 5' take the initiative to produce rusk into the market that untapped by PASB.

4.2 FINANCIAL ANALYSIS

4.2.1 Measures of Liquidity and Credit Risks

Net Working Capital (NWC)

NWC = Current Assets - Current Liabilities

NWC 2011 = 2,964,290 - 1,809,701

= 1,154,589

NWC 2010 = 2,206,618 - 1,611,191

= 595,427

NWC 2009 = 1,963,201 - 2,039,883

= (76,682)

- i. A measure of both a company's efficiency and its short term financial health.
- ii. Positive working capital means that the company is able to pay off its short term liabilities. Negative working capital means that a company unable to meet its short term liabilities with its current assets.
- iii. PASB recorded positive working capital in 2011 and 2010; this shows that company is able to pay back creditors in the short term.
- iv. Increasing trend in working capital for PASB is due to company is not efficient in collecting payment from debtors.

Current Ratio (CR)

$$CR = \frac{\text{Current Assets}}{\text{Current Liabilities}}$$

$$\begin{aligned} \text{CR 2011} &= \frac{2,964,290}{1,809,701} \\ &= 1.64 \end{aligned}$$

$$\begin{aligned} \text{CR 2010} &= \frac{2,206,618}{1,611,191} \\ &= 1.37 \end{aligned}$$

$$\begin{aligned} \text{CR 2009} &= \frac{1,963,201}{2,039,883} \\ &= 0.96 \end{aligned}$$

- i. A measure of a company's short term debt paying ability.
- ii. The higher the current ratio, the more liquid the company appears to be. Normally, bankers or creditor believed company should have current ratio of 2 to 1 or higher to qualify as a good credit risk.
- iii. PASB have increasing current ratio for the period 2011 – 2010, this shows that ratio 1.64 : 1 means that the company's current assets are 1.64 times large as its current liabilities.

Quick (Acid-Test) Ratio (QR)

$$QR = \frac{\text{Current Assets} - \text{Inventory}}{\text{Current Liabilities}}$$

$$\begin{aligned} QR\ 2011 &= \frac{2,964,290 - 83,832}{1,809,701} \\ &= 1.56 \end{aligned}$$

$$\begin{aligned} QR\ 2010 &= \frac{2,206,618 - 83,832}{1,611,191} \\ &= 1.12 \end{aligned}$$

$$\begin{aligned} QR\ 2009 &= \frac{1,963,201 - 97,600}{2,039,883} \\ &= 0.91 \end{aligned}$$

- i. A measure of a company's short term liquidity.
- ii. The rule of thumb for quick ratio is that ratio should be 1.5 or larger, but these ratios vary from industry to industry.
- iii. PASB recorded 1.56: 1 ratio in 2011, this means company has 1.56 times sufficient current assets to cover every 1 current liabilities.

4.2.2 Measures of Profitability

Gross Profit Margin (GPM)

$$GPM = \frac{\text{Gross Profits}}{\text{Sales}}$$

$$\times 100$$

$$\begin{aligned} \text{GPM 2011} &= \frac{1,663,902}{2,928,916} \times 100 \\ &= 57\% \end{aligned}$$

$$\begin{aligned} \text{GPM 2010} &= \frac{1,889,505}{3,277,222} \times 100 \\ &= 58\% \end{aligned}$$

$$\begin{aligned} \text{GPM 2009} &= \frac{966,116}{3,146,748} \times 100 \\ &= 31\% \end{aligned}$$

- i. A measure to assess company's financial health by revealing the proportion of money left over from revenues after accounting for cost of goods sold. Gross profit margin serves as source for paying expenses and future savings.
- ii. For the period 2010 – 2011, PASB recorded declining trend of gross profit margin from 58% in 2009 and 57% in 2011. This is still acceptable because it indicates every RM1 ringgit sales will result in a profit of 25 cents.

Operating Profit Margin (OPM)

$$OPM = \frac{\text{Operating Profits (EBIT)}}{\text{Sales}} \times 100$$

$$\text{Sales} \times 100$$

$$\begin{aligned} \text{OPM 2011} &= \frac{866,445}{2,928,916} \times 100 \\ &= 30\% \end{aligned}$$

$$\begin{aligned} \text{OPM 2010} &= \frac{1,056,128}{3,277,222} \times 100 \\ &= 32\% \end{aligned}$$

$$\begin{aligned} \text{OPM 2009} &= \frac{491,795}{3,146,748} \times 100 \\ &= 16\% \end{aligned}$$

- i. A ratio used to measure a company's pricing strategy and operating efficiency.
- ii. A healthy operating profit margin is required for a company to be able to pay for its fixed costs, such as interest on debt.
- iii. PASB has a declining operating profit margin for 2011 of 30%, this means that it makes 30 cents for every ringgit of sales. In 2010 company makes 32 cents for every ringgit of sales.

Net Profit Margin (NPM)

$$NPM = \frac{\text{Net Profit after Taxes}}{\text{Sales}} \times 100$$

$$NPM \text{ 2011} = \frac{713,398}{2,928,916} \times 100$$

$$= 24\%$$

$$NPM \text{ 2010} = \frac{894,784}{3,277,222} \times 100$$

$$= 27\%$$

$$NPM \text{ 2009} = \frac{372,261}{3,146,748} \times 100$$

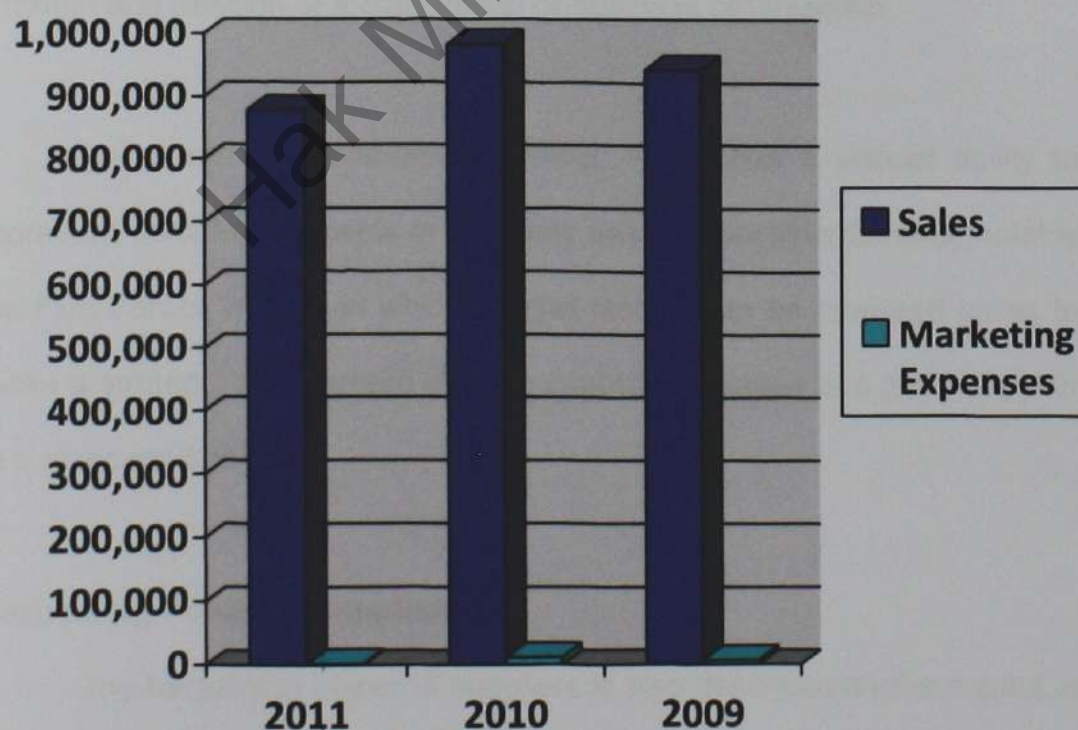
$$= 12\%$$

- i. A ratio used to measure how much of each ringgit spend by the company is translated into profits.
- ii. PASB profit margin increase in 2010 by 15% but in 2011 it decrease by 3%.

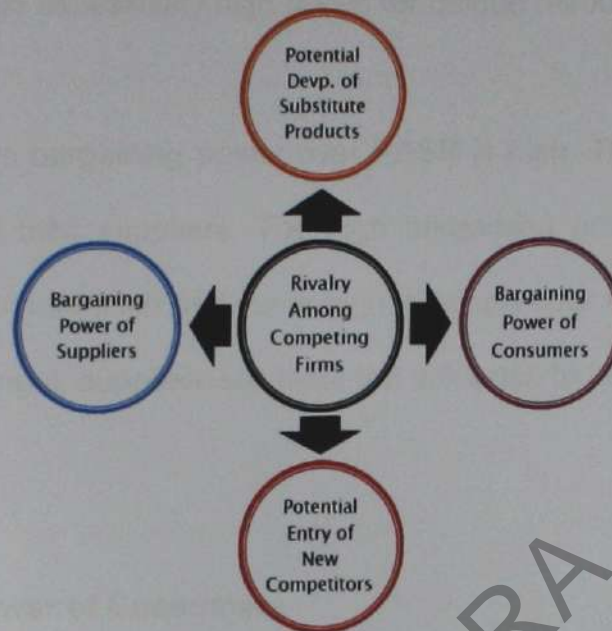
4.2.3 Measures of Marketing Expenses

Year	Export Sales	Domestic Sales	Marketing Expenses	%
2011	2,050,242	878,674	1,842	0.2
2010	2,294,056	983,166	11,164	1.13
2009	2,202,724	944,024	6,601	0.69

Income from sales is divided into 2 categories; there are export and domestic sales. The marketing expenses is only for domestic market because for export market PASB only produced the product for host country supplier using the brand name Al-Baghdadi and the marketing cost is borne by that particular supplier. As shown in the table above, percentage of marketing expenses for 3 consecutive years is less than 2%.



4.3 PORTER'S FIVE FORCES ANALYSIS



Michael Porter's famous Five Forces of Competitive Position model provides a simple perspective for assessing and analyzing the competitive strength and position of a corporation or business organization.

Aside from his innovative thinking, Porter has a special ability to represent complex concepts in relatively easily accessible formats, notably his Five Forces model, in which market factors can be analyzed so as to make a strategic assessment of the competitive position of a given supplier in a given market.

Bargaining Power of Suppliers

The bargaining power of suppliers is also described as the market of inputs. Suppliers of raw materials, components, labour, and services (such as expertise) to the firm can be a source of power over the firm, when there

are few substitutes. Suppliers may refuse to work with the firm, as an example, charge excessively high prices for unique resources.

Suppliers bargaining power over PASB is high. The company is not able to control their suppliers. The high bargaining power is because of price of raw material such as flour is high although flour is a controlled item by the Government; suppliers still have the influence to increase the price in the market.

Bargaining Power of Consumers

The bargaining power of customers is also described as the market of outputs: the ability of customers to put the firm under pressure, which also affects the customer's sensitivity to price changes.

Consumers bargaining power is high. There are many producers of rusk in the market although they are small company. Consumers will get variety of rusk product in the market with range of prices offered.

Potential Development of Substitute Products

The existence of products outside of the realm of the common product boundaries increases the propensity of customers to switch to alternatives. Substitutes product is high for PASB and this become threat for PASB as there are many substitute available product in the market and customer can easily find the product they offering at the same or less price.

Potential Entry of New Competitors

Profitable markets that yield high returns will attract new firms. This results in many new entrants, which eventually will decrease profitability for all firms in the industry. The threat is considered moderate for PASB because of economic scale since PASB has more experience in the industry.

Rivalry Among Competing Firms

For most industries, the intensity of competitive rivalry is the major determinant of the competitiveness of the industry. Company should ensure the below factors to be more competitive than others;

- Sustainable competitive advantage through innovation
- Competition between online and offline companies
- Level of advertising expense
- Powerful competitive strategy
- Firm concentration ratio

Industry rivalry is high when PASB had competitive rivals with similar products for the same customer groups.

CHAPTER 5

IDENTIFICATION OF PROBLEMATIC AREAS

5.1 Identification of Problematic Areas

From the analysis in previous chapter, several important findings are being discovered:

5.1.1 Lack of manpower for marketing activities

Reason:

The Management team consists of members that is lack of experiences in the business management because they are too young and do not have the knowledge about the business. Currently, there are 2 persons that is in charged for marketing task.

5.1.2 Lack of fund available for marketing

Reason:

PASB has not allocated enough funds for marketing. This shows in the financial analysis finding where the amount allocated for marketing is less than 2%. Without enough fund marketing activities cannot be implemented.

5.1.3 Lack of marketing strategies

Reason:

Currently, PASB has no marketing strategies to increase sales. Failure of the company to have these strategies is very upsetting, resulting

the company does not have direction to market their products. The marketing methods implemented are not properly plan. This is really upset the management when products produced scarce in local market while the company has been in operation since 1969 and nearly 44 years this product has been in the market.

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CHAPTER 6

RECOMMENDATIONS

6.1 RECOMMENDATIONS

- 1 Hire additional staff for marketing
- 2 Allocate fund for marketing
- 3 Develop marketing strategies

6.1.1 Hire additional employees for marketing

As a business owner, PASB Management should aware that the most major tasks are manpower management. They need to ensure that right people be given right task. Currently, PASB has employed 2 employees for marketing tasks to oversee local market. It is an impossible task for both of them to manage marketing activities for PASB. Marketing people have big responsibilities to the company such as monitor the market competition, generate income, create new ideas, manage budget and most important to develop the strategies, plan the attack and execute them.

Other factor for PASB to be considered is, the growth curve for PASB product in product life cycle model is in 'Growth Phase'. During the growth stage, the customers aware of the product and sales start to increase. Promotion for PASB products should increase beyond the initial level in introduction stage.

6.1.2 Allocate fund for marketing

Regardless of industry, marketing department is under increasing pressure to do more with fewer fund available. In tough economic times, reaction of many companies is to slash budgets, and marketing departments are particularly vulnerable. As shown in financial analysis, marketing funds allocated by PASB for 3 consecutive years from 2009 to 2011 is less than 2% of domestic sales.

The reason for this is because of PASB need to cover high production cost due to the increase in raw materials price such flour and sugar. Marketing funds that used during the 3 years period did not give significant impact to the product awareness in the market. The success of PASB, depends on these funds as marketing affect most areas in PASB development.

Marketing is much more than just advertising and promotions, these fund needs to cover many areas for planning, pricing and distributing of products, should PASB want to stay competitive and maximize profits. How PASB determine the amount to be allocated?

Percentage of Sales

Old rules of thumb suggested that amount per year should be in the range of 5% to 10% of target sales. As a recommendation to PASB Management, the amount to be allocated for marketing this year is 5% from the target sales for 2013. The calculation as below:

$$\begin{aligned}\text{Allocated funds} &= \text{Target Sales} \times 5\% \\ &= \text{RM5.0million} \times 5\% \\ &= \text{RM250, 000.00}\end{aligned}$$

It is suggested that PASB to review the funds allocated every years. It is a good idea to tie increase marketing spending to increase sales, reducing marketing spending when sales are slow can create the problem worse. A marketing fund is important to support PASB to proactively shift the emphasis of their promotional efforts to low-cost methods, such as social media or in-store promotions, during slow periods.

6.1.3 Develop Marketing Strategies

No matter what size a business is, it is important to implement some marketing activities in order to make people aware of your organisation. You cannot simply do nothing and expect to be inundated with customers. Similarly, you cannot engage in a very brief and simple campaign and expect to generate a loyal customer base that way.

Marketing must be taken on as a long term commitment, not only to build up the brand of a business but also to secure a steady stream of customers and constantly appeal to potential ones. A marketing strategy is a detailed plan of the marketing initiatives that you intend to conduct during a set period of time.

Determine the market niche

The first step to develop a marketing strategy is to select PASB niche of customer. Then look at the product to be offered through the eyes of a typical customer from that niche. The important of market niche will help PASB to determine areas that they need to focus on more. For example, Delfi Marketing Sdn Bhd, producer of rusk for baby with the brand name of Milna Rusk.



The niche market should be big enough. That means, with the rate at which niche prospects become aware of PASB product, the sales growth must produce satisfactory sales to achieve the company target. Once the niche has been selected, the typical prospect in the niche becomes a key in defining the whole marketing strategy.

To determine the niche market, it is recommend that PASB potential customer being selected between ages 24 – 45 years old. This is due to several reasons;

- i. According to population statistic for year 2010 this group of ages represent 55% of Malaysian population.
- ii. This group actively working person and have the purchasing power.
- iii. Normally, during working hour they can enjoy PASB products as snacks during tea time.

6.1.4 Product Development

The product must be developed with the needs of the niche customers in mind. A potential customer will eventually buy if his or her perception of the product meets their needs. Currently, products offered by PASB suitable for all ages of customers.

For future product development, PASB may consider develop healthy product for diabetic patients. According to Ministry of Health, Malaysia there are increasing trend of patients suffer from diabetic. This is untapped market by any manufacturers in this country.

6.1.5 Pricing

PASB should retain their current products price because;

- i. Affordable and competitive
- ii. Nice packaging reflects the brand name.
- iii. They offered quality product in the market.

Through the observations, it shows that competitors' products offered in the market are slightly cheaper than PASB product. In terms of

product quality, PASB product is much better and offered at an affordable price.



RM2.50



RM2.30



RM1.50



RM3.30

6.1.5 Product Distribution

The use of intermediaries results from their greater efficiency in making products available to niche market. Although it means they giving up some control over how and to whom the products are sold.

PASB must deals with distribution channels by which the prospect will be able to buy the products. Clearly without defining the niche market, it is impossible to set up the best distribution channels. Currently PASB

The most important agenda for PASB now is to create brand awareness and to maximize profit. The suitable recommendation to adapt is the approach of integrated marketing communications. The goal of this approach is to develop marketing communications programs that coordinate and integrate all elements of the promotion mix to present a consistent message. This approach is illustrated in table below.

To produce:	Awareness	Comprehension	Conviction	Ordering
Personal selling				
Advertising				
Sales promotion				
Public relations				

Potential buyer usually go through a process of awareness of the product, comprehension of what it can do, conviction that it has value for them and lastly process of ordering. The table show role of various marketing communication tools for hypothetical product. These tools should use by PASB to generate sales;

- Advertising – Paid form of non personal communications transmitted through a mass medium to target audience.
- Sales promotion – Activity or material offering a direct inducement for purchasing a product.

- iii. Public relations – Non personal form of communication seeking to influence attitudes, feelings, and opinions.
- iv. Personal selling – Face-to-face communication with potential buyers to inform and persuade.

Beside of these other tools suitable to be implement by PASB is by using social media such as Facebook which currently used by them. Twitter, android advertising and sponsored blogger to promote the products.

Hak Milik MARA

CHAPTER 7

CONCLUSION

Perusahaan Azan Sendirian Berhad (PASB) has been in the market nearly 44 years. However, the company's growth is too slow. Currently, the company's sales do not reach the desired target. This study examined various aspects such as financial analysis and SWOT analysis to assess the company's performance. In this study will propose appropriate action plans to be implemented by the company. In addition this study will also suggest methods to be taken to increase the brand awareness of PASB products.

Looking at the analysis done on the financial statement and company performance for the years 2009, 2010 and 2011 show a decline in sales for 2011. PASB should take steps to control the sales decline.

This study identified a number of critical problems that not realized by PASB such as has no comprehensive marketing plan and lack customer awareness toward the brand.

In this regard a number of recommendations for improvement made to the company to formulate their marketing strategies and this recommendation is intended to allow the company to compete competitively in the domestic market.

If the recommendations are implemented by PASB, significant changes to the sales of the company can be achieved at the end of 2013.

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APPENDICES

FACTORY



DOMESTIC PRODUCTS



EXPORT PRODUCTS



SMIDEX 2013

