Business Report

Sample

Business Report of Company X

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Company X

Company X is a subsidiary of XYZ, UK. The company is incorporated as public limited company and is primarily engaged in the manufacturing and marketing of consumer household and pharmaceutical products. The company was founded in Germany in 1823. Initially, its core business was derived from industrial chemicals.

Problem

Company X has been facing the problem of declining sales for product Y for a very long period of time. For the company, Y is a not a brand that they focus on much. From the perspective of the BCG matrix, it is a 'dog' product for the company. Ever since Y went out of the market in 2009, it hasn't been able to pick up in the market too well. It has a very low market share of 5%, and is far behind its competitors. It is a brand that does not give the company too much profit. To give an estimate, the brand contributes a lesser profit that the company's average profit margin, which is why the company doesn't invest in the brand too much. It is a brand that is just being kept alive. The reason for this is the company's internal overhead costs being high for the product. The company only plans on maintaining their sales without putting any strategic investment into the brand. The current sales for Y are Rs xyz million plus a year.

Recommendations

Based on our market visits and our primary research in the form of interviews and questionnaires, we came up with a few recommendations for company X for brand Y. These are explained below.

<u>Discontinuing the Product</u>

If company X decides to discontinue brand Y, we would recommend them to consider the following factors:

- The decision should take common fixed costs in account. Brand Y costs may include fixed costs that are common to other products as well; for example, transportation costs, storage costs, selling costs and so on
- The probability of possible impact on sale of other products as discontinuing of product may leave a negative effect on the minds of customers who may switch to competitors' products
- Staff morale may be negatively impacted as they might consider discontinuation of brand Y as failure of their efforts and possibility of termination of jobs
- Company X must have alternative investment opportunities so that costs saved from manufacturing and marketing of brand Y can be placed in more profitable ventures

<u>Revamping the Product</u>

If company X decides to revamp brand Y, we would recommend combination of following strategies:

- The first step should be to identify the factors that resulted in the failure of brand Y in the first place. Company X needs to critically review what worked for brand Y and what did not.
- The next step is to define the desired position company X is targeting. It should identify the gaps between current position and desired position so that further strategies can be designed accordingly
- Careful allocation of resources to achieve the desired position
- Effective marketing of revamped product. Company X should consider the four P's of marketing i.e. product, price, place and promotion
- Ensure the customer awareness and be ready to counter competitors' moves