

ANALYSING THE IMPACT OF COVID 19 AND FIRM
PERFORMANCE: A CASE STUDY OF PET FOODS FIRMS
IN MALAYSIA

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CHAPTER 1: INTRODUCTION

1.1 Introduction

“Animals are such agreeable friends- they ask no questions; they pass no criticisms.”

~ George Eliot.

It is assumed that such thoughts about pets are very much in trend now-a-days and as a result the pet market along with pet necessities are growing rapidly. Companies are putting more effort to come up with healthier and tastier version of pet food, veterinary services are getting well-equipped, ventures are on rise related to pet grooming, pet accessories etc. In the past the animals were kept mainly for hunting and cultivation purpose. However, the relation between human and animal now has changed into a companionship (Pirsich et al., 2017). The pet animal are considered as an important member of the family. Thus the pet owners are increasingly concerned about their pets' food, nutrition and health. This concern all over the world about pets' health has obliged the pet food industry members to be innovative and holistic thinker in order to flourish.

1.2 Industry Overview

The global pet food industry is still experiencing a growing trend. People's increasing love for their pets and surging expenditure on their pets have escalated the growth of this industry. The global pet food industry is consisted of the establishments, manufacturing foods and supplements for cats, dogs and other pets like fish. The industry does not include the food for agricultural animals. In the year 2020, North America the largest producer of pet food accounted for 38% of the market share. The European market is considered as the second large pet food market accounted for 22% of global market share (globenewswire). The pet food industry of Asia-Pacific region is also showing promising development. In spite of North America being the industry leader, the sales growth of Asia-Pacific region is at the peak in recent years (peak-recruit). Economies such as Japan, China, Australia are some of major revenue generator for the industry.

Over the years, pet humanization has become a key driver for the industry globally. People no more take ownership of their pet, rather they like to act as a parent of the pet. Due to this shifting of behavior towards pet, there is a growing interest regarding the food quality, nutrition and health of the pets. As the pets are considered as a family member, the pet owners are ready to pay more for premium, custom-made or organic pet food (Mordor). Considering these facts the global key

players are now concentrating their efforts on launching variety of pet food addressing the need of different pet type and age group. Pet food personalization is also becoming popular. This concept of personalization is already widespread in the developed countries and getting a focus in the developing countries as well (Fortunebusiness). The pet food distribution channel is also evolving worldwide. As an impact of Covid-19 pandemic e-commerce platform is gaining popularity along with the physical retail channels.

The pet food industry of Malaysia is considered as the fastest growing industry in terms of sales and customer acquisition. It is reported that Malaysia's pet food market revenue is accounted for 20-25% of the total South-East Asian market (wboc). The market is also readily adopting the global trends like pet humanization, pet companionship and usage of e-commerce platform for purchasing pet necessities. In the country, a segment of people are seemingly ready to pay premium prices for their pets' food and are well aware about the nutrition value and labeling of the food. The growth of the pet food market in Malaysia has also fueled by various initiatives by government and social organizations such as- Paws Animal Welfare Society, Penang Animal Sanctuary Society, Penang Animal Welfare Society, SPCA Penang, and SPCA Selangor etc. (Mordor). The pet food market in Malaysia is segmented by animal type such as- Cat food, dog food, bird food and other; by product type such as- dry pet food, wet pet food, veterinary diets, treats/snacks etc.; by distribution channel such as- specialized pet shops, online retail channels, supermarkets/hypermarkets, and other distribution channels. The pet food market of Malaysia is comprised of both global and local companies and the global companies are dominating in terms of market share. The major players of the industry are- Nestle Purina Petcare Company, Colgate Palmolive, Ban Leong Shell Products Sdn Bhd, and Perfect Champion Group (Mordor).

1.3 The Overview of the Company

This section will describe about the chosen company, its vision, business, management and position in the industry. (Official website)

1.3.1 Company Background

ABC Incorporated is a family-owned business founded by Adam Scott about 100 years ago. It is not a public listed company as the company is inspired by the freedom of thoughts that are guided by the principles for long term businesses benefiting the community and the environment. The company strives to practice the notion 'walk the talk' in all its 125,000 subsidiaries in around 80

countries. One of the core principles of the company is leveraging and sharing their research outcome in order to create a better world for pets. According to Forbes, ABC Inc. is the sixth largest private company in the United States, has a total of 115,000 employees and boasts a whopping USD37 Billion in revenue for the year ended 2018.

As the global leader in the pet food industry, the management team encourages empowerment and collaboration with their associates in making decisions as well as driving the changes to achieve the goals. The company's leaders are experts in their fields and believe in thriving together with their associates to define the opportunities and future that promote holistic and societal values.

The associate office of ABC Inc. in Malaysia is registered as ABC Foods Malaysia Sdn Bhd ("AFM"). The company is the wholesaler and distributor of the products ranging from confectionary products to pet food. The pet food wing of the company is branded 'Royale'. Royale consist of 120 SKUs, predominantly focused on cats and dogs food. It has a wide variety of pet food based on pets' age, size, breed, nutrient and activities. The brand claims itself as the above average performer in the industry. The Malaysian subsidiary also upholds the principal company's values of creating a better world for pet with the help of research, knowledge and technology. In line with these value the company put enormous effort to come up with the best pet food enriched with customized nutrition and best quality ingratiates.

1.3.2 Vision and Values

The vision of the company is to build a better world with its slogan 'The world we want tomorrow starts with how we do business today'. The CEO of ABC Inc., James Simon quoted "Performance without purpose is meaningless and purpose without performance isn't possible. It's the magic combination". The company's vision for the pet food business is to collaborate with their associates to work towards the purpose of creating a better world for pets.

Company's pet food brand Royale stands stronger on pillar of its 5 values-

- Knowledge- deeper understanding about the pet needs
- Passion- work with heart and soul to make pets' life better
- Pet needs- put the need of pets first
- Precision- detailing in every aspect of the products
- Respect- consider animals' true nature and their unique functional need

1.3.3 Product Range

The product line of Royale is broadly categorized into Cat and Dog products. Within each category there are wide variety products available based on breed, product type (dry/wet) and product amount. Royale also caters its customers with special need products such as- appetite stimulator, growth stimulator, indoor care, pregnancy care etc. The brand also offers different type of vet products for cats and dogs.

In order to capture the attention of the customers especially the pets' owners, Royale has vehemently encouraged their retailers to promote focusing selling points of the products through their counter display. The selling points of Royale includes-

- Animal protein-powered nutrition
- Brain development
- Healthy skin & Radiant coat
- Bone & Joint Health
- Energy throughout the day
- Healthy digestion
- Immune support

1.3.4 Target Market and Distribution Channel

Customers' increasing concern about pets' health and readiness to pay for pets' wellbeing has fueled the growth of pet food market worldwide. The customers of Malaysia have also been observed to be aware and cautious about the nutrition and quality of the pet food that they feed their pets. The target market of Royale are those urban, affluent people who seek for the food with enriched nutritional value, made with the best ingredients. The target group of the brand are ready to pay a premium price in order to ensure better health for their beloved pets.

With a view to reach their target customers, Royale products are marketed through their long-established retailers consisted of the chain pet shops such as Pets Lover Centre, Petsmore, Petwonderland, different local exclusive pet shops and veterinary clinics. Their products are not sold over the counter in the super store like Aeon or Tesco because the brand is marketed as a premium brand which requires the idea of communicating expert knowledge while selling the products.

1.3.5 Financial Consideration

For the past one decade, the sales and gross margins of Royale experienced a steady rise, indicating overall growth for the brand. However, the growth has become unstable and been on a declining trend since 2019 and even worst after pandemic occur. The company's turnover is further strained due to the reduction in the retailer's margin and increase in the pricing ensuing from the decision made by the local marketing and management team for short term financial gain.

1.3.6 Supply Chain Outline

Royale do not have any manufacturing plant in Malaysia. All the product are imported to Malaysia from France or South Africa's manufacturing factory. For this reason the supply chain team needs to be very efficient in planning, projecting demand, stocking product well-ahead, supplying the market on time etc. However, different types of bottleneck may arise in the supply chain activities. Moreover, in many cases it becomes difficult for the company to control cost as the products are associated with various types of import costs.

1.4 Market Trends

In the last few years, the concept of 'humanization' of pets has changed the market landscape of pet food industry in different ways. The pet owners like to behave like a parent of the pet rather than the owner. As a parent they choose the pet food very carefully considering several factors. They seek for healthier and tastier food option for their pets (LonnieHobbs). Moreover, the customers look for different special need food and supplements for their weaker pets. In recent days, the pet food customers are also concern about the ingredients and sources of ingredients (Forbes). Therefore they appreciate clear labeling about the ingredients, nutrition value and sources of ingredients. The natural, whole grain ingredients and organic pet food is trending to be popular among the pet owners now-a-days. In between the dry and wet pet food, dry pet food is mostly preferred by the customers (LonnieHobbs). The reason might include convenience in serving, easy storage, cheaper price and longer shelf life. Pet treat has also become very popular these days. According to Forbe (2020), the pet parent usually feed 8-10 treats to their pets per day. Recently, Direct-to-Consumer (DTC) trend has grown bigger in the pet food industry (petotum). People are seemingly keen to buy pet food directly from the manufacturing company through their website or other retail channel. Additionally, due to the Covid-19 pandemic lockdown, different

e-commerce platform has become favorable to the customers for getting pet food. Nonetheless, other traditional channels such as- exclusive pet shops, general grocery store, super shops are still popular among the pet owners. The mass merchants are seen to keep a pet corner or premium pet food shelf to make it reach to more customers (Forbes).

Most of the pet owners belong to the millennial generation. Ethics, trust, sustainability significantly influence the lifestyle such group of people (wearewoodruff). Their pet food purchase also gets influenced by those notions. Keeping alignment with such thoughts, now-a-days the marketers make every attempt to highlight their sustainable company practices, rigorous ethical policies and social responsibilities. In today's market these are important tools to win over millennials' mind (ignite).

The current report is based on a case study. The company that has been chosen, is named ABC Incorporated. This study will be based on the performance analysis of ABC's Malaysia subsidiary known as ABC Foods Malaysia Sdn Bhd. The study will predominantly focus on the company's pet food brand named Royale.

1.5 Problem Statement

Studies reported that customers want naturally grown good quality food for their pet but prefers a lower price. Generally, customers are likely to pay premium price for good quality food. However, if the same good quality food is available at a cheaper price, then most likely they would opt for the cheaper option (Schleicher et al., 2019). This is not surprising since it reflects the utility maximization theory of consumer behavior. Such mindset of the consumers has made the competition fierce in this industry. (Pet food market share, growth & trends analysis [2021-2028], n.d). The struggle to balance between food quality and price has become a difficult feat for the companies like Royale.

One of the focal problems faced by the company arises after the policy changes associated with internal marketing. The decision by the local management team to reduce the retailer's margin and increase the pricing to escalate the profits are seen as a short-term gain. Such actions are not in line with the company's vision that prioritizes on enhancing loyalty with all the stakeholders and maintaining long-term growth of the company. This has also affected the long-established interest and relationships with the retailers which ultimately resulted in declining of sale and erosion of market share.

Moreover, the brand's customer loyalty is at stake as well due to fierce competition. Apparently, the marketing tactic of highlighting only the quality and benefits of the products and keeping itself exclusive of mass selling channel seem to be ineffective in giving Royale an edge over the other mass-selling pet food brands. Moreover, a recent news about selling fake Royale branded pet food by a vendor in an e-commerce platform has also adversely affected the confidence of the customers (Selan, 2021).

To expand its distribution network, Royale offered discount of up to 20% for their best-selling products as well as free gifts to the newly registered retailers. It targeted to establish 180 new outlets in the country for the year 2020. However, only 50 new outlets have been registered under the new account opening scheme till date, and the achievement rate is relatively low at 28%.

To ensure attractive display as well as to motivate retailers a contest was arranged by Royale, where retailers were needed to share the photos of their Royale product display. Attractive prizes were offered; however, the participation rate was only one third of expectation. Even though the contest was simple and easy to carry out, it failed to achieve the anticipated results.

Royale has been reported with 'out of stock' issue several times. This is because the brand does not have any manufacturing factory in Malaysia. All the products are imported to Malaysia from France or South Africa's manufacturing factory. Hence, out of stock issue happen from time to time. The intensity of the problem increased during the pandemic when borders got closed and cross-border trading halted. The dependence on import also triggers different kind of quality issues such as weevils, soggy smell, kibble color difference etc.

According to the company's financial statement, the overall performance of Royale has declined. The revenue is not growing as per expectation. Even though quite a few promotional campaigns have been conducted, the company did not reap the anticipated benefits. There can be several factors responsible for such situation. Fierce competition is one of them. The competitors are coming up with better campaigns, more effective strategies, attractive packages, and thus, becoming successful in dragging the customers away from Royale. In addition, some ineffective decisions by the management have deteriorated relationship with the distribution channel thus affected the performance.

The current study aims to analyze the issues with different marketing tools and identify strategies to outperform the competition to expand its market share and ensure growth.

1.6 Objective of the Case Study

The overall objective of the case study is to analyze the marketing strategies of the brand Royale, which includes the evaluation of the internal and external factors that affect the brand's competitive advantage and performance in the growing pet food industry notably in Klang Valley, Malaysia during and post pandemic. At the end of the analysis the current study also intends to report possible strategies in order to improve the performance of the brand.

Royale's performance and strategic/operational activities will be evaluated with the help of different marketing tools and strategy management guideline. Accordingly the specific objective of the study has been outlined as follows-

- To analyze the Marketing Mix Tools (7Ps) of the brand. Here the study plans to discuss about each of the marketing mix tool and chalk out underlying problem related to each one.
- To conduct the SWOT analysis. The SWOT analysis will help to find the internal and external strength of the brand, on which the management can capitalize to make the brand stronger. In addition, from this analysis management can become aware of both external and internal threats, thus plan wisely to overcome those.
- To scrutinize the competitive environment of the industry using Porter 5 Forces Framework. This analysis will give the opportunity to understand the industry competitive layout in a detail manner and will enable reporter to come up with better decision.

1.7 Competitive Landscape

The pet food industry belongs to a monopolistic competition as there are numerous types of pet food brands available in the market (Mordor). Since Royale targets a niche market- the high-end consumers who are health conscious, the main competition is poised by "Purina" of Nestle, "Happy Dog" of Happy Pet and "Hill's" of Colgate. Lately, Royale is losing its foothold over the other brands as the retailers prefer to promote brands that provide them with a higher margin. Thus the brand resulting in a declining market share as the management has decided to reduce the retailers' margin.

1.7.1 Purina (Nestle)

Purina Petcare is an American subsidiary of Nestle which is one of the leaders in advancement of pet care and nutrition. It has over 85 years of experience in producing and marketing pet food, treats and cat litter. It claims itself to be the expert in manufacturing nutritious food which are good for health, wellbeing and longevity of the pets. They believe in their approach to nutrition leads to high quality food that helps enrich pets' lives. Purina stands for passion, expertise and trust.

Purina are one of the world's largest pet food producers with having over 30 brands. Some of its pet food brands include Purina Pro Plan, Alpo, Friskies, Purina ONE, Felix, Dentalife, Supercoat, Fancy Feast and Tidy Cats. These brands are some of the most popular and trusted pet food brands in Malaysia. Purina products are sold internationally by mass merchandisers, supermarkets, pet supply stores and online retailers.

In Purina they believe in the detailing of need differentiation. That is why they have adopted the approach of creating a wide range of products to cater different sort of need category. They have specific products range for pets that live indoors or outdoors, for pregnant pets, and for pets with allergies or need special dietary.

Purina management is also active in engaging their customers with updates on their brands through their official website, Facebook and Youtube page where they have created a community for the customers to join in. They are also active in e-commerce platforms.

1.7.2 Happy Dog (Interquell GmbH – Germany)

The roots of Happy Dog dated back in 1950 with their first invention of complete dry dog food. From there, they have grown and gained the second position in the dry dog food market in German specialist pet shops. Happy Dog have now expanded their distribution to not just in Germany but also in 66 other countries, mostly in Eastern Europe as well as in some countries in Asia, Africa, and South America. In the pet food market Happy Dog symbolizes their higher quality notion as "Made in Germany".

Happy Dogs specialty is usage of natural ingredients for manufacturing the pet foods. The company claims that the products produced by Happy Dog have no artificial colors, flavors, preservatives or genetically modified ingredients. They have even been waived for animal

testing. Happy Dog also is praised for being socially active. They actively support animal shelters and animal protection societies in need with quality dog food.

1.7.3 Hill's (Colgate-Palmolive)

Hill's a subsidiary of Colgate-Palmolive, founded in 1907, is an American pet food company that produces dog and cat foods. Their products is being sold in the U.S., Japan and more than 90 other countries worldwide. The company is very much committed to animal welfare and they rigorously support and exercise the responsible, caring and humane treatment of pets. In their website they have highlighted that their breakthrough in pet nutrition are unmatched and they have built their business reputation by practicing the highest ethical standards. Their core value is their commitment to sustainable development.

Hill's formulates its foods with a precise balance of nutrients to meet the specific needs of pets varying in their life stage, size or special needs. Their main vision is to make nutrition a cornerstone of veterinary medicine. The difference of Hill's products to its other competitors is that the quality and safety standards of their pet foods are modelled after human food manufacturers. Hill's products focus on two range which are the Hill's Prescription Diet and Hill's Science Diet. The company vouches of 100% satisfaction guarantee for its customers. If there is any dissatisfaction for any reason, customers can return their products to the place of purchase and get money refunded.

CHAPTER 2: LITERATURE REVIEW

2.1 Introduction

The present chapter provides a detailed literature review on some of the key theoretical issues in marketing. The discussion begins by presenting discussion on marketing mix, where 7P framework will be adopted. Afterwards, literature on SWOT analysis is presented. The chapter concludes by discussing the Porter's five forces analysis.

2.2 Marketing Mix

Marketing mix is an essential part of the overall marketing strategy of a firm (Altay et al. 2021). Marketing mix refer to a “set of tactical marketing tools— product, price, place, and promotion— that the firm blends to produce the response it wants in the target market” (Kotler & Armstrong, 2017, p. 77). As evident from the definition, marketing mix involves utilization of different elements so that marketing strategy of a firm can be effectively implemented. The most widely used elements of marketing mix are product, price, place and promotion, popularly known as the 4P's of marketing (Constantinides, 2006; Goldsmith, 1999; Kotler & Armstrong, 2017). It is termed as a “mix” because all the four elements need to be closely intertwined and function together in order to successfully execute the marketing strategy (Jain, 2013). The marketing mix is primarily guided by the marketing strategy of a firm.

The marketing strategy helps a firm in defining which group of customers will be targeted and how the target customers will be served (Kotler & Armstrong, 2017). Based on the strategy, a company develops an optimum combination of marketing mix elements (i.e., product, price, place and promotion) that ultimately helps achieve market goals (Agić et al., 2016; Kotler & Armstrong, 2017). Researchers over the years have attributed marketing mix as a company's strategy to get the desired result from the target market (Mongdong & Tumewu, 2015), a device that can induce consumer purchase decision and deliver customer satisfaction (Saidani & Sudiarditha, 2019), a set of tools that are utilized to achieve marketing goals (Jain, 2013) etc., among others. Nonetheless, the common theme across all the definitions of marketing mix postulates that it is an integrated mixture of elements that is pivotal for a firm's success in the marketplace. While referring to the “elements”, majority of the sources refer to the 4Ps of marketing mix.

The origin of the 4P's of marketing mix can be traced back to 1960s (Constantinides, 2006). Borden laid the foundation of the 4P marketing mix (Rafiq & Ahmed, 1995). However, specifically the 4P marketing mix model was first introduced by McCarthy (1964, cited in Rafiq & Ahmed, 1995). Over the years, the 4Ps of marketing mix has evolved and new elements have been introduced in the marketing mix tool. The primary reason behind addition of new elements was to improve the scope of marketing mix elements. The initial 4P model received a lot of criticism because the nature of the 4Ps were more suitable for physical goods. It was argued that marketing activities for service-based businesses require different approach (Goldsmith, 1999; Jain, 2013). Service-based businesses were therefore, finding it difficult to apply the 4P in their business model. To address this problem, three additional elements were added into the marketing mix by Boom and Bitner (1981) which are people, physical evidence and process. Addition of these three elements transformed the 4P into 7P, and considered to be more comprehensive since the 7P model can suit both product-based and service-based firms. Goldsmith (1999) even further extended the 7P model into 8P by adding another element in the marketing mix named, personalization.

Since its inception, the marketing mix model played a vital role in generating marketing theories as well as transforming marketing practice (Constantinides, 2006; Rafiq & Ahmed, 1995). To ensure customer satisfaction by offering superior value, the marketing mix elements needed to be part of an integrated marketing approach (Kotler & Armstrong, 2017). Effective management of the elements of marketing mix is crucial because these elements enable a firm to build relationship with the customers and ensure success of the marketing activities, which ultimately influences goal attainment and competitive position of the firm (Fraser-Arnott, 2020; Jain, 2013; Saidani & Sudiarditha, 2019). An integrated management of the marketing mix elements is therefore imperative for a firm's success. Furthermore, marketing mix enables a firm to achieve better clarity over the marketing manager's role (Jain, 2013).

Although marketing mix has received widespread acclamation from both marketing practitioners and researchers, it is not free of flaws. The traditional 4P model of marketing mix received widespread criticisms due to many factors (Rafiq & Ahmed, 1995). However, the major criticisms were mainly raised by the service marketers highlighting that the traditional 4P marketing mix tool has suitability for product or tangible good, but lacks suitability for services (Constantinides, 2006; Goldsmith, 1999; Rafiq & Ahmed, 1995). Apart from this, Möller (2006) pointed out some other criticisms based on reviewing Constantinides (2006) work. They key criticisms attribute marketing

mix to be highly internally oriented in nature that lacks customer focus, has limitations in developing relationship marketing, lacks theoretical content, and fails to address personalization aspect of marketing activities (Möller, 2006).

For the present study, the 7P marketing mix framework will be used, since the 7P model is inclusive of more elements that can comprehensively cover marketing activities of a firm (Rafiq & Ahmed, 1995). Furthermore, although the 7P framework received popularity mostly among service marketing, study by Rafiq and Ahmed (1995) showed that the 7P framework has advantage over the 4P framework and can also be applied to consumer good context as well. In the following subsections, brief discussion about each of the seven marketing mix elements is presented.

2.2.1 Product

Kotler and Armstrong (2017) defined product as “anything that can be offered to a market for attention, acquisition, use, or consumption that might satisfy a want or need” (p. 244). A product has to have the capacity to satisfy the need and want of the customers (Chaipradernsak, 2007). For example: the need of hunger can possibly be fulfilled by a chocolate bar. Therefore, chocolate bar can be offered by a firm as a product. However, product does not only refer to tangible goods as persons, places, events, organizations, and services can also be products (Kotler & Armstrong, 2017). Product is the key element of overall marketing mix because without a product, other elements of the mix become irrelevant. Any decisions related to product attributes such as quality, design, brand name, warranties etc. falls under product segment of marketing mix (Singh, 2012). Furthermore, variety and assortment of product, stock management, availability etc. also falls under the product segment of the marketing mix (Altay et al. 2021; Mongdong & Tumewu, 2015). Product can be broadly categorized into consumer and industrial products, where consumer products again consist of four sub-types namely convenience, shopping, specialty and unsought product (Kotler & Armstrong, 2017).

2.2.2 Price

Price refers to the amount of money a customer requires to buy a particular product or service (Anjani et al. 2018). Price can be considered one of the most important parts of marketing mix perhaps because it is the only revenue generating element in the 7P framework (Altay et al. 2021). Selection of a base price, implementation of a discounted or promotional price etc. are part of pricing decision in the marketing mix (Saidani & Sudiarditha, 2019). It might be assumed that

setting very low price can attract more customers, leading to higher sales. Setting very low price can be detrimental for a firm because price serves as an indicator of perceived quality (Efanny et al. 2018; Qin, 2015; Yang et al. 2019).

Studies have found that consumers associate high price with premium quality perception and vice versa (e.g., Dodds & Monroe, 1985; Yang et al. 2019). Such quality perception can ultimately influence the buying decision as well as satisfaction of customers. Prior studies have reported that affordable price has positive association with customer satisfaction (Saidani & Sudiarditha, 2019) and purchase intention (Chatterjee et al. 2019). Therefore, extra caution should be undertaken while devising the pricing strategy. According to Kotler and Armstrong (2017), there are three main pricing strategies namely, customer value-based, cost-based and competition-based pricing. However, based on the requirement, there can be many other pricing strategies (For a detailed view on different pricing strategies, see chapter-11 of Kotler and Armstrong, 2017).

2.2.3 Place

If a firm wants customer to buy a certain product, then that product needs to be made easily accessible to the customers. Place element of the marketing mix involves all those firm activities that makes a product available to target customers (Kotler & Armstrong, 2017). Effective place strategy involves ensuring smooth product movement among the marketing channel members (i.e., manufacturer, wholesaler, retailer, customer etc.). Marketing channel refers to “a set of interdependent organizations that help make a product or service available for use or consumption by the consumer or business user” (Kotler & Armstrong, 2017, p. 359). Decisions pertaining to store location, distribution channel, logistics, warehouse facility, transportation issues etc. falls under place segment of the marketing mix (Anjani et al. 2018; Saidani & Sudiarditha, 2019; Qin, 2015). Apart from physical distribution channel, place can also include electronic distribution channel management (Altay et al. 2021; Jain, 2013). Effective distribution channel management is essential for a business because lack of access or lack of availability adversely affects consumer purchase decision, as evident in previous studies of sustainable agricultural products (Vermeir & Verbeke, 2006), green products (Walia et al., 2020), and organic food (Paul & Rana, 2012).

2.2.4 Promotion

Promotion refers to the set of activities of a firm directed towards communicating the product attributes to the potential customers so that customers get persuaded to buy the product (Kotler &

Armstrong, 2017). The set of activities collectively creates the promotion mix. One of the key elements of the overall promotion mix is advertising, which helps to instill the product image in the marketplace (Singh, 2012). Apart from advertising, other elements of promotional activities include public relation, personal selling, direct and digital marketing, and sales promotions (Altay et al. 2021; Kotler & Armstrong, 2017). Information dissemination is one of the key byproducts of promotional activities. In order to ensure consistent and seamless communication of information across all channels, integrated marketing communication (IMC) is very essential (Kotler & Armstrong, 2017).

The promotional process and benefits extracted from promotional activities are quite similar for both goods and service-based businesses (Jain, 2013). Depending on the intended purpose, firms can resort to push strategy or pull strategy promotion (Efanny et al. 2018). Push strategy involves persuading the intermediaries through incentives (e.g., trade promotions), so that the intermediaries themselves promote the products to customers (Efanny et al. 2018, Kotler & Armstrong, 2017). On the other hand, pull strategy involves persuading the final consumers through different promotional activities (e.g., giving free samples, testers etc.), so that customer demand is created for those products, leading to more buying orders by the intermediaries (Efanny et al. 2018, Kotler & Armstrong, 2017). Promotional activities are important for a firm because effective promotional activities can increase customer satisfaction (Saidani & Sudiarditha, 2019).

2.2.5 People:

People is believed to be one of most important element of marketing mix. Without properly trained and rightly placed people no other elements of marketing mix can perform (Altay et al., 2021). Company's employees or in other word the 'human' factor involved in reaching the products or services to its consumers are considered as people in the marketing mix (Anjani et al., 2018). People's attitude, appearance, inter-personal skill everything can influence the purchase decision of the buyer (Saidani & Sudiarditha, 2019). Kushwaha and Agrawal (2015) in their article have mentioned that personal attention, interpersonal care, politeness and fast behavior are some of the focal points of a customer-oriented behavior by the people. The article also mentioned 'people' as the most important element for retaining customer loyalty. People factor is crucial in case of service marketing. However, product marketing can also be positively influenced by people. To create customer impulsion to purchase, peoples' pleasant appearance can play a significant role

(Amofah et al., 2016). In different stage of product cycle different aspects of people factor may carry more significance. For instance, in introduction stage staff commitment to deal with complaints, in growth stage staff involvement and in maturity stage staff behavior with customer are more important (Mohammadi et al., 2017). In online marketing even though people are behind the scene, still they contribute to enhance brand image by providing genuine and timely information, professional advices etc. (Pistol & Tonis, 2017).

2.2.6 Process:

The process factor of marketing mix refers to all the procedures and activities that are required to perform in order to deliver the goods or services to the consumers. The process may range from higher level organizational activities to lower level clerical procedures (Fraser-Arnott, 2020). The more efficient the process, the greater value it creates for the organization. For example, faster service delivery increases customer satisfaction (Jedin & Balachandran, 2021); a customer-friendly return procedure expedite positive purchase decision (Saidani & Sudiarditha, 2019). The study of Saidani & Sudiarditha (2019) have empirically proved that process element of marketing mix has a significant impact on customer satisfaction. On the other hand, a process that is poorly designed and executed can create customer frustration. For instance, if the desired product is out stock, the customer will most likely switch to competitors' products. Thus, the poor inventory procedure may lead to different types of catastrophic consequences such as- customer dissatisfaction, drop of sale, vulnerable customer loyalty, etc. (Altay et al., 2021). In order to improve processes, technology advancement is compulsory. Introduction of technology in business processes has resulted in cost reduction and higher value creation (Amofah et al., 2016). The usage of technology in marketing and business processes has become even more prominent in this era of ecommerce (Pistol & Tonis, 2017).

2.2.7 Physical Evidence:

The concept of physical evidence in marketing mix denotes the store ambiance and environment, display of organization name and logo, staff appearance etc. (Mohammadi et al., 2017). The companies try to create its physical evidences in such ways so that it facilitates the marketing of the product or services and influence the customers to purchase. In retail shops the lighting, shelves arrangements, product display are done in such manner that attracts customers to buy (Saidani & Sudiarditha, 2019). Amofah, Gyamfi & Tutu (2016) in their article has denoted physical evidence

as “upkeep of premises and interior decor, neat walls and ceilings, clean floor space and signage, temperature, personal artifacts to enhance customer experience etc.” In this era of e-commerce the physical evidence can be categorized into parts- physical and virtual. Delivery point, offline store and office premises are included in physical category, whereas- virtual part is comprised of website and mobile application of the online platform (Altay et al., 2021). The physical evidence works as an important factor to attract and retain customers.

2.3 SWOT Analysis

Strength, weakness, opportunities and threats (SWOT) analysis is perhaps one of the most common and widely used tools in strategic management of an organization. Although the exact origin of the SWOT analysis tool cannot be traced back, the concept is said to have originated during 1960s (Helms & Nixon, 2010; Hill & Westbrook, 1997; Leigh, 2010). It is assumed that the ideal strategic mechanism of finding a good “fit” between a firm’s external and internal elements paved the way for the emergence of SWOT analysis tool (Hill & Westbrook, 1997).

The SWOT tool is primarily used by a firm to identify internal strengths and weaknesses as well as external opportunities and threats (Dyson, 2004; Leigh, 2010; Talib & Hamid, 2014). Based on the outcome of the analysis, the common strategic action is to capitalize on the identified strengths, remove the identified weaknesses, seize the opportunities and ensure mechanisms to tackle the threats (Dyson, 2004; Helms & Nixon, 2010; Rizzo & Kim, 2005). Although SWOT analysis primarily involves identifying internal and external performance enablers and constraints, its scope goes even further. SWOT analysis refers to a process where-

a group of stakeholders (a) identify internal and external inhibitors and enhancers of performance, (b) analyze those factors based on estimates of their contributions to net value and approximations of their controllability, and (c) decide what future action to take with regard to those factors. (Leigh, 2010, p.115)

Based on the above quote, although it is evident that the scope of SWOM analysis is quite extensive, majority of the firms only follow point “a” (of the above quote) as part of SWOT analysis (Leigh, 2010). Since its inception, the SWOT analysis tool has remained popular among both academicians and practitioners (Helms & Nixon, 2010). The commonly used SWOT analysis tool is comprised of a 2X2 grid, where the four quadrants of the grid represent the four structural elements of the tool. A visual representation of the SWOT analysis tool is depicted in Figure-1.

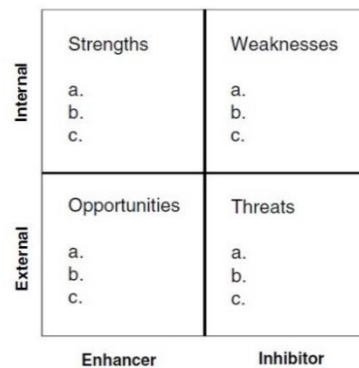


Figure 2.1: SWOT Analysis Tool (Adopted from Leigh, 2010)

A brief overview of the four elements of SWOT tool is presented below.

2.3.1 Strengths

Strength refers to those positive internal factors and capabilities that enables a firm to achieve its goals and become competitive in the marketplace (Leigh, 2010; Namugenyi et al. 2019; Rizzo & Kim, 2005). Strengths are identified based on internal analysis of a firm. Usually the existing capacities, competencies and facilities such as, product/service offering, financial resources, location, customer service etc. are assessed first, before deciding which ones are to be categorized as strengths (Dyson, 2004; Helms & Nixon, 2010).

2.3.2 Weaknesses

Similar to strength, weakness is also internal to an organization and refers to those factors or constraints that hinders the goal attainment and competence of a firm (Leigh, 2010; Namugenyi et al. 2019; Rizzo & Kim, 2005). Again, just like assessment of strengths, internal capacities such as personnel, infrastructure, size, location etc. are assessed to identify areas that are hindering performance, and categorized as weakness (Dyson, 2004).

2.3.3 Opportunities

Opportunity refers to those external factors that can bring potential benefit to the organization, if captured and utilized properly (Leigh, 2010; Namugenyi et al. 2019). Identifying opportunity involves assessing the external environment where political, customer, economic, social, supplier, technological and competitive scenario are assessed (Dyson, 2004; Helms & Nixon, 2010).

2.3.4 Threats

Similar to opportunity, threat is also external to a firm and refers to those negative factors that can potentially harm the performance and competence of a firm (Leigh, 2010; Namugenyi et al. 2019). As discussed earlier, political, economic, social etc., environment analysis helps to identify opportunities for a firm. The same environmental or external elements also help to identify threats as well (Dyson, 2004).

The SWOT analysis helps a firm to identify the root causes of present success/failure, ways to further enhance (minimize) the success (failure) and the possible obstacles to future success (Leigh, 2010; Talib & Hamid, 2014). Although the primary goal of SWOT analysis is to give an overview of a firm's internal and external environment, it becomes difficult to devise a solid SWOT analysis due to lack of availability and accuracy of data (Leigh, 2010). Nonetheless, SWOT has been utilized in strategy formulation for individual firms, industries and even governments (Talib & Hamid, 2014). In the contemporary business world, two main approaches of applying SWOT analysis are prevalent namely, market research and business strategy development (Leigh, 2010). However, SWOT can also be applied on fields outside of the core business domain (Rizzo & Kim, 2005).

However, despite its prominence across academia and business fields, SWOT analysis has been criticized because of having limited utility, abstractness, lack of analytical depth, and oversimplistic methodology (Helms & Nixon, 2010; Leigh, 2010; Nikolaou & Evangelinos, 2010; Vlahos, 2019). According to Hill and Westbrook (1997), SWOT analysis generates output that are merely descriptive in nature. Lack of theoretical support is another weakness of SWOT, as identified by Helm and Nixon (2010). Another notable criticism of the tool points toward its relatively static nature in identifying opportunities and threats, especially in today's business world where everything is continuously changing (Talib & Hamid, 2014). Calls have been made over the years to improve the overall efficacy of the tool. However, despite its criticism and fairly old origin, with certain modifications and a rigorous design, SWOT can still be considered a useful tool in present business environment (Hill & Westbrook, 1997). In this regard, Vlahos (2019) proposed a new form of SWOT which is correlative and evolutionary in nature, and can address certain limitations of the traditional SWOT analysis. One of the competing models that have replaced SWOT analysis to some extent is resource-based view. Resource-based view enables a firm to

identify key strategic resources so that those key resources can be exploited to achieve competitive advantage (Dyson, 2004).

Several studies have applied SWOT analysis across diverse fields such as education (Dyson, 2004), manufacturing firms (Hill & Westbrook, 1997; Shinno et al. 2006), halal logistics (Talib & Hamid, 2014), virtual reality (VR) rehabilitation and therapy (Rizzo & Kim, 2005), construction waste management (Yuan, 2013), mining and mineral industry (Nikolaou & Evangelinos, 2010) etc., among others. While SWOT is predominantly applied on a firm level for strategic decision making, the tool can also be applied on individual level, to identify a person's strength, weakness, opportunity and threats (Helms & Nixon, 2010). This became evident in a study where SWOT tool was applied on entrepreneurs to identify why some entrepreneurs become successful (Ames & Runco, 2005).

SWOT analysis has always been considered a popular analytical tool primarily because of its fairly easy and straightforward structure (Helms & Nixon, 2010; Piercy & Giles, 1989). Some of the reasons behind the wide acceptability of SWOT analysis are: easily understandable concepts with catchy acronym that does not require advanced technical knowledge to use (Helms & Nixon, 2010; Nikolaou & Evangelinos, 2010), rated as one of the top ranked strategic planning tools (Glaister & Falshaw, 1999), flexibility in incorporating corporate and market information system (Piercy & Giles, 1989), enables a firm to identify both internal and external facts (both positive and negative) (Valentin, 2001), provides a useful tool where qualitative and quantitative as well as familiar and unfamiliar facts can be blended (Piercy & Giles, 1989).

In terms of application of the SWOT tool, it has been reported earlier that SWOT analysis is often poorly implemented in business strategic decision making. Piercy and Giles (1989) provided several recommendations to ensure that SWOT analysis indeed provides some insightful information for the business. Some of the recommendations are having a focused SWOT (i.e., a carefully devised area on which SWOT if going to be applied), a customer-centric approach in analyzing strengths and weaknesses, environment-centric approach in analyzing opportunities and threats etc. (Piercy & Giles, 1989).

2.4 Porters Five Factor Model

Porters five competitive forces model is one of the most influential and widely used models in the business domain. The model came to the fore in 1980, based on Michael Porter's seminal work

entitled “*Competitive Strategy Techniques for Analyzing Industries and Competitors*” (Zhao et al. 2016). Since its introduction, the model has been a commonly taught textbook theory in numerous business-related degrees across the globe (Grundy, 2006).

The model involves five variables which combinedly represents the competitive outlook as well as the industry profitability and competitiveness (Dälken, 2014; Dobbs, 2014; Zhao et al. 2016). The five dimensions are bargaining power of the buyers, bargaining power of the suppliers, threat of new entrants, rivalry and threat of substitutes (Grundy, 2006; O’hara et al. 2017; Porter, 2008). All these five constituents are highly interdependent (Grundy, 2006). A brief overview of the five dimensions of the model is illustrated below.

2.4.1 Bargaining power of buyers

Customers are the actual entity who buys products/services from firms and therefore, they are probably one of the most crucial components of the overall industry. Profile of buyers can influence the profitability of the entire industry. Powerful buyers can force a firm to reduce price or improve quality, thereby leading to higher cost and lower profitability from firm’s end (Porter, 2008). For instance: if number of customers are small in number compared to offering firms, then customers enjoy a high bargaining power over the firms. Such high bargaining power can force the companies to charge lower price, which can ultimately lead to reduced profit margin. Furthermore, if there are multitude of suppliers available, then customers can easily switch between suppliers, leading to intense competitive scenario (Porter, 2008). Another important factor that increases bargaining power of the buyers is when a single customer buys large volume of product or the buyer is very powerful (Abinsay, 2020; O’hara et al. 2017; Porter, 2008). Such buyers contribute a major portion of the profitability for any firms, losing any of such buyers can impact a business significantly. Such powerful buyers also know this fact, which gives them higher bargaining power over the suppliers. Sometimes bigger buyer groups pose threat to suppliers by undertaking horizontal integration (e.g., making the product of the supplier by themselves) (Porter, 2008).

2.4.2 Bargaining power of suppliers

The profitability of an industry is immensely influenced by the bargaining power of suppliers. If suppliers in an industry have power or advantage over the firms in terms of bargaining, then that can force firms to make adjustments into their price and expected profitability (O’hara et al. 2017;

Porter, 2008). For example: high bargaining power of the suppliers can cause the firm to incur more cost on raw materials or labor, leading to lower profitability (Porter, 2008). Bargaining power of suppliers remains high when there are few numbers of suppliers and are usually bigger in size compared to the customers. In addition, suppliers also enjoy high bargaining power when product offered by supplier is unique in nature (Porter, 2008). Another crucial factor that determines high bargaining power of suppliers is when the cost to switch between suppliers is very high for firms (Porter, 2008). This forces the firms to remain within the existing supplier pool, giving the suppliers an upper hand in bargaining.

2.4.3 Threat of new entrants

As the name implies, threat of new entrants means the relative ease/difficulty of a new firm to enter into an existing industry (Abinsay, 2020). Threat of new entrant is closely associated with entry barriers of an industry (O'hara et al. 2017; Porter, 2008). For instance, if entry barrier of an industry is relatively high, then that makes it difficult for new firms to enter into the industry (Porter, 2008). As a result, the existing players in the industry gets benefitted, since the threat of sharing the profit with a new competitor is minimized. The opposite applies when entry barriers to an industry is comparatively lower. Example of different industry entry barriers include government policies and regulation, high capital investment requirement, difficulty in accessing raw materials or distribution channels etc., among others (Porter, 2008). When firms can easily enter an industry (i.e., threat of new entrants is low), the existing firms may need to respond by reducing price or undertaking R&D initiatives to differentiate product (Porter, 2008). Due to such initiatives, the cost increases for the firm and profit margin gets reduced.

2.4.4 Rivalry

Rivalry refers to the number and strength of the existing firms that are present in the same industry (O'hara et al. 2017). The number and strength of firms or “rivals” in the same industry determines a varying degree of strategic adjustments. For instance, if number of rival companies are high in a particular industry, and all the firms are approximately similar in size with similar product offerings, then competition becomes intense, and it usually becomes difficult to earn bigger profit (Porter, 2008). For instance, in a highly competitive industry, the companies may enter into price wars (e.g., offer lower prices compared to competitors to attract more customers). As a result, the profit margin usually gets reduced. The opposite is true when the number of firms is comparatively

lower in an industry. Furthermore, if exit barrier in an industry is very high, that will force the existing firms to remain in the same industry, resulting in higher competition (Porter, 2008).

2.4.5 Threat of substitutes

Substitute refers to alternative products or services that fulfils the same need (O'hara et al. 2017; Porter, 2008). For example: the need of transportation can be fulfilled by ride sharing services. However, substitute for ride sharing service can be use of personal cars, public vehicles (e.g., bus, trains) etc. If number of substitutes in an industry is high, then that adversely affects the competition and profitability of that industry (Porter, 2008). This is because availability of higher number of substitutes makes it easy for the customers to switch between options (Abinsay, 2020). As a result, firms need to undertake policies such as offering lower price, promotions and other incentives that incurs extra cost for the firms, leading to lower profitability.

The Porter five factor model can be applied either by a new firm which is intending to enter a particular industry, or an existing firm that wants to evaluate the competitive structure of the industry. Over the years, researchers have applied the model in studying competitive outlook of different businesses, representing a wide variety of industries such as energy (Yunna & Yisheng, 2014; Zhao et al. 2016), healthcare (Mahat, 2019; O'hara et. al., 2017), agriculture (Abinsay, 2020; Ríos Pérez et al. 2020; Wiwatthanapornchai, 2019), small and medium enterprises (SME) (Progress et al. 2013), transportation (Wellner & Lakotta, 2020) and so on.

Two other prominent business models are PEST (political, economic, social and technological) and SWOT (strength, weakness, opportunity, and threat) analysis. Many considers Porter's model as a strong model because it can address some of the prevailing gaps between PEST and SWOT (Grundy, 2006). However, although academically Porter's model received wide acclamation, the model did not appeal much amongst the practicing managers due to several reasons such as being relatively abstract, lack of depth, highly prescriptive and rigid, difficult concepts that are hard to understand and implement etc. (Dobbs et al. 2014; Grundy, 2006). However, although the model was developed quite a long time ago when globalization and internet was not widespread, the model still remains quite valid with certain limitation (Dälken, 2014).

CHAPTER 3: METHODOLOGY

3.1 Introduction

Present chapter outlines the methodological aspects of the study, together with overall research design. The chapter will begin by discussing the research design with philosophical underpinnings, followed by methodology of the study. Afterwards, discussion on sampling and sample size, types of data, data collection method, and data preparation is discussed. Finally, the chapter concludes by highlighting the data analysis technique of the study.

3.2 Research Design and Approach

This study is designed as descriptive research which is defined as a research method that describes the characteristics of the population that is being studied. This design always focuses more on what of the research subject rather than the why of the research subject (Babbie, 1990). According to Creswell and Creswell (2017), there are three primary research approaches namely, qualitative, quantitative and mixed method. Quantitative approach uses numerical data or data that are quantified and qualitative approach which uses non-numerical data or data that have not been quantified. Qualitative research involves research that is conducted to develop an in-depth understanding of a phenomenon or problem. The design of the present research is qualitative in nature. In this research, qualitative method was chosen since the purpose of the study is to have an in-depth understanding of the internal and external factors that influence the company performance. According to Creswell & Poth (2017), when the goal of the study is to have an in-depth understanding of the problem, qualitative research design is considered more appropriate. Another reason of why the research was designed as qualitative can be understood from the underlying philosophical worldview.

3.3 Philosophical Worldview

Whether a study should follow qualitative or quantitative design is guided by the underlying philosophical worldview of the researcher (Creswell & Creswell, 2017). Philosophical worldview refers to the basic set of beliefs that directs appropriate action (Guba 1990, cited in Creswell & Creswell, 2017). The four widely used philosophical worldviews are positivism (post positivism), constructionism, transformative and pragmatism (Creswell & Creswell, 2017). The philosophical worldview for the present study is constructionism. Constructionism is often considered together

with interpretivism. This worldview posits that participants make meaning of their world based on their experiences, and extracting participants opinion by interacting with them (e.g., via interview, observation etc.) can help to develop an in-depth understanding of the research issue (Creswell & Creswell, 2017). Qualitative research design is considered more appropriate for studies adopting constructionism philosophical worldview (Creswell & Creswell, 2017). As such, present study is designed as qualitative research. Studies following qualitative design applies a variety of methodologies. Some of the widely used methodologies in the domain of qualitative design are narrative research, phenomenology, grounded theory, ethnography and case study (Creswell & Creswell, 2017; Creswell & Poth, 2017).

3.4 Methodology

Under the scope of qualitative design, present study follows case study as the methodology. Case study is one of the commonly used methodologies in qualitative research (Creswell & Poth, 2017). Case studies involve in-depth analysis of a case, where a case could be an individual or several individuals, a firm, a process, an activity etc. (Creswell & Poth, 2017; Bhattacharya, 2017). According to Creswell & Poth (2017), case study research is defined as-

A qualitative approach in which the investigator explores a real-life, contemporary bounded system (a case) or multiple bounded systems (cases) over time, through detailed, in-depth data collection involving multiple sources of information (e.g., observations, interviews, audiovisual material, and documents and reports), and reports a case description and case themes. (p. 153).

Case studies can be an ideal methodology for investigating issues that are relatively current and ongoing real-life problems. For the present study, the objective is to evaluate the marketing strategy of Royale during and post COVID-19 era. Problems created by COVID-19 are recent and still ongoing, which makes it viable to use case study as a methodology for the present study. Furthermore, case study is a useful methodology to generate an in-depth understanding of a particular case i.e., it can be a useful methodology for having in-depth understanding about the brand Royale.

One important characteristics of case study is, it is conducted within a bounded system i.e., within a pre-determined scope or parameter. (Bhattacharya, 2017; Creswell & Creswell, 2017). Examples of a bounded system or parameter can be place of the case or timeframe of the case (Creswell &

Poth, 2017). The researcher has freedom in deciding what is to be considered as a case (Bhattacharya, 2017). For the present study, the case to be investigated is the brand Royale. As stated earlier in chapter-1, the objective of the present study is to evaluate the brand's competitive advantage and performance in the current and post-pandemic era.

According to Bhattacharya (2017), there are three types of case studies which are single instrumental case study, collective case study and intrinsic case study. For the present study, the type of case study will be single instrumental as this type of case study involves one single case. Furthermore, instrumental case study involves research directed toward understanding a problem associated with the selected case. For the present study, the case investigated is a single brand called "Royale", and the objective is to have an in-depth understanding about the factors affecting the performance of the brand. Therefore, single instrumental is case study is considered appropriate for the study.

3.5 Data Collection

A good case study involves collecting data from multiple sources so that enhanced understanding of the problem can be attained (Creswell & Poth, 2017). There are mainly two types or sources of data, primary and secondary. Primary data is new data generated through survey, interview, observation etc. whereas secondary data is obtained from already available published sources such as firm websites, annual reports, books etc. The common forms of data collection methods for case study research include interviews, observations, documents etc. which represents both primary and secondary data (Creswell & Poth, 2017). As such, for the present study, both primary and secondary data were used.

3.5.1 Primary Data

For qualitative studies, data are usually collected at participants own setting (Creswell & Creswell, 2017). Specifically, for case study, a site for the data collection needs to be decided (Creswell & Poth, 2017). Site for the present study was decided to be the company premise. As such, primary data collection was carried out in The Royale company, located at Selangor Malaysia. The rationale behind this choice is because Royale is one of the MNC pet food companies. Hence, to study the company performance, it is useful to collect the data from the company premise. Primary data for the present study was collected through semi-structured interviews with company officials.

3.5.2 Secondary Data

Secondary data are normally data collected earlier for different uses (Saunders, et al., 2003). In this study, secondary data involved intensive literature review on the similar study undertaken by different authors. The statistical data and qualitative information, published reports from pet industry were also used. Besides that, data from the company documents were also used in order to understand different aspects of the study objective. Overall, secondary data were collected through company websites, external publications, and newspaper articles.

3.6 Sampling Method

There are various types of sampling method available to conduct a study. However, for case studies, purposeful sampling technique is mainly used by the researchers (Creswell & Poth, 2017). In purposeful sampling, the researcher decides on the site as well as the people/sources associated with the site, from whom data will be collected. Purposeful sampling is used in case study because the researcher can “purposefully inform an understanding of the research problem and central phenomenon in the study” (Creswell & Poth, 2017, p. 224). Under the scope of purposeful sampling, convenience sampling strategy was used in the present study to recruit participants.

3.7 Sample Size

Qualitative studies can be performed with very few numbers of participants. Usually, quantitative studies are sensitive to sample size where large sample size is preferable in order to establish generalizability (Bhattacharya, 2017; Tracy, 2019). However, the goal of qualitative study is not to establish generalizability or provide statistical accuracy. Instead, qualitative studies focus more on the depth of the information, so that in-depth understanding of the problem can be attained (Creswell & Poth, 2017; Tracy, 2019). For case study research, a sample size range of 15-30 interviews can be considered an appropriate sample size (Boddy, 2016). However, other things also need to be considered in selecting sample size such as information saturation (i.e., when no new information can be obtained from another additional participant). According to Boddy (2016), a sample size of 10 can be also be considered sufficient in qualitative research. As such, for the present study, interviews were conducted with 10 company officials associated with the brand “Royale”.

3.8 Interview Design

As stated earlier, primary data for the present study was collected via semi-structured interview with the company officials. Interviews are defined as conversations that takes place between the researcher/interviewer and the participant/interviewee (Bhattacharya, 2017). There are various types of interviews such as semi-structured, in-depth open ended, informal open-ended, natural conversations etc. among others (Bhattacharya, 2017). For the present study, semi-structured interview was used. The rationale for using semi-structured interview is because in this type of interview, the researcher prepares some questions in advance, along with necessary probes in-between the interview for possible unanticipated deviation from the conversation (Bhattacharya, 2017). Since the objective of the present study is to have an understanding about the external and internal factors responsible for the performance of “Royale”, use of formal semi-structured interview is considered appropriate. This is because, some preliminary questions related to strategy and performance (related to the external and internal factors) could be prepared in advance of the interview, and obtain necessary response from the company officials accordingly. The other three types of interviews i.e., in-depth, informal and natural open-ended interviews are deemed more appropriate to unveil participant’s own experience regarding an issue. As such, these interview techniques were not applied in the current study.

3.9 Data Collection Procedure

As already stated, interview was used to collect the primary data. The data collection procedure involved identifying the company officials first. After identifying the company officials, they were communicated to obtained their consent for participating in the interview. Appointments were scheduled for the interview at the company premise. Since semi-structured interview was used, a few questions were prepared in advance, before conducting the interview. On average, the duration of the interview lasted between 30 minutes to 1 hour for each participant. Interview responses were transcribed manually, in written forms by taking notes. At the end of the interview, the participants were given thanks and permission were obtained from them for any further interview, if required. Participation was completely voluntary for the participants and their actual identity was kept confidential while reporting their response. For the secondary data, necessary information was obtained from company website as well as published company reports and documents.

3.10 Data Analysis

Data analysis in the qualitative study basically means generating meaning or themes from the collected data. As Creswell and Creswell (2017) posits, “the intent is to make sense out of text and image data” (p. 267). Data analysis for the present study followed the following steps.

At first, the transcribed interview data as well as the secondary materials were gathered together and an initial investigation on the collected materials was performed. This was done to get an overall sense of the collected data or the general theme of the data (Creswell & Creswell, 2017). Afterwards, coding was performed to identify pieces of text with similar information. This was done to categorize the collected information. No additional computer software was used in analyzing the data. Following on, based on the coding, descriptions were generated which entails the actual findings of the study. The description provides a detailed information about the researched topic. After generating the description, findings were reported based on interpretation of the data. Interpretations involved outlining a summary of the findings, comparison of findings with literature and presenting personal opinion based on the findings; all of which are outlined in the subsequent chapters of this thesis.

CHAPTER 4: ANALYSIS AND EVALUATION

4.1 Introduction

This chapter presents the analysis and evaluation of Royale's extended marketing mix tools. The chapter also depicts SWOT Analysis and Porter's five forces model for the brand in order to understand Royale's prospects and bottlenecks in the industry. Extended marketing mix, SWOT analysis and Porter's five forces model has been applied with a view to evaluate and brand's operational activities as well as its performance.

4.2 Marketing Mix Tools

All over the world the business operations and processes must undergo several changes due to the Covid-19 pandemic. As a brand Royale also have been updating its business procedures to sync with current situation. Because of the pandemic the company had to strengthen its ability to perform online, especially the sales department.

Being a merchandiser and retailer in the pet food industry, a proper blend of the marketing mix tools is significant for Royale. The 4P's of marketing mix, namely Product, Place, Price, and Promotion, are essential for every marketer and it has also been extended to 7Ps, with the addition of People, Process and Physical Evidence to make it more relevant in current nature of business (Kotler & Armstrong, 2017). However, if marketers do not have these marketing mix tools working unison, it will not serve the business well.

The following sections will present the extended marketing mix tools for Royale.

4.2.1 Product

Covid-19 pandemic has caused a worldwide short of supply of ingredient and incurred different types of shipment issues due to border closure. The front-end team have had to counter hard time in order to facilitate customers with all kinds of information and make them understand the disastrous situation via different online platforms such as- Facebook, Instagram, zoom education etc.

The Royale had been well-known for the high-quality veterinary diets, developmental formula with low-calorie for obese dogs, high-quality proteins to build strong muscle tone and skin quality, and high fibre content that suit to different dogs' condition (Di Cerbo et al., 2017). However, after Royale was sold to Mars, Inc, in 2014, the product quality was going downhill. To maximize

company's profit margin, Mars Inc. has switched into lower and questionable ingredients such as, wheat, beet pulp, barley, and corn meal. Wheat is one of the common food products that cause dog allergy while barley is known as a type of low-graded and cheap grains substitution for the manufacturers to gain maximum profit by lowering the ingredient cost. Complaints were filled by dog owners, where their furry friends' health has deteriorated after consuming the altered product formula.

Besides, on the website of Royale, the company stated that, high quality 'major' ingredients in the dog foods were produced and manufactured from Europe, New Zealand, and United States ("Dog Food Quality Promise", n.d.). However, this statement triggers an obvious question: What about other subsidiary products or minor ingredients? This confusion or query sometimes make customer take a step back thinking if the company is hiding something from public because of substituted low-grade ingredients or chemically mixed R&D ingredients that may harm the pets.

4.2.2 Price

Royale had a practice of adjusting its price annually by 5% to adjust to the inflation and other economic changes. However, due to the prevalent pandemic since last 2 years, it did not amend its price as per practice. The official from the company explained this as a reason to maintain the brand's existing market share.

When a product is not achieving the pre-planned sales volume, the very first thing marketers look into is the price (Chatterjee et al. 2019). Regardless of how expert the marketing division or how efficient the research and development of that product, if the pricing is not appropriate, the products may still remain unsold. After an intense analysis it can be said that the Royale is a prime example of inefficient pricing in this industry.

As soon as Mars Inc. acquired the brand Royale in 2014, customers have seen the price being significantly increased about 20% to 30%, at RM 190 for a 15kg packet. The immediate competitors of Royale, Oriyen sells at RM 210 for 15kg packet, and Proplan sells at RM 200 for a 15kg packet. The strategy of Royale has been to brand itself as a premium brand and at the same time offer a cheaper price than that of the competitors. However, this unique strategy has not seen any leap in the sales figures of the brand. After an intense discussion with the company officials, it has been found that the main reason customers choose competitors product over Royale is 'value

for money'. The customers do not receive the value they expect in exchange of the money which is making them switch to competitors' products.

As per an industry practice, it is wise to justify and display the extra features the brand is offering to demonstrate itself a value for money. Take the example of Royale, below is the nutritional table comparison against Oriyen in a standard dry 15kg dog food pack.

Table 4.1: Main analytical constituents (protein, fat and fibre) in both Royale and Oriyen

	Royale	Oriyen
Crude Protein	23%	24%
Crude Fat	13%	12%
Crude Fibre	2.3%	3.1%

Protein, fat, and fibre are the most important part of pet food's diet. As it can be noticed that, both brands guaranteed a similar amount of nutritional content in their diet. For those customers who are geared towards premium quality products, they are willing to pay more even after they can get substitute products with lower price. Oriyen has over the years built a reputation for quality products and this reputation created numerous of loyal customers. Thus, it is never an easy task for The Royale to compete against Oriyen even they are offering at slightly lower price. In contrast, customers with an economy mindset favor the cheaper brands such as, Pedigree and Purina, which are also readily available in most of the convenient stores. This group of customers may not even consider Royale as their pet food brand.

4.2.3 Place

It is stated by several researcher that marketing is about putting the right product at the right price at the right place at the right time (Kotler & Armstrong, 2017). Prudent marketers always strive to ensure the availability of their products at the places convenient for the targeted customers. The place may include both brick and mortar stores as well as online platforms.

It is crucial to identify locations that are ideal for turning potential customers into actual customers. Royale has selected certain pet stores as their intermediaries to market pet products including, Pet Lovers Centre (PLC), Petsmore outlet store and certain veterinary clinic shelves. Besides engaging in a traditional retail model, Royale has also ventured into e-commerce platforms to market their products. In spite of placing its products both in popular offline and online stores, Royale is not

being able to attract the targeted number of customers. Not offering anything in a unique way than that of the competitors stands responsible for the lower sales volume as one of the officials admitted. Orijen, Smartheart, Natural Balance, etc. are also having their product on those mentioned pet store's shelves, being placed at even larger quantity and prime locations compare to Royale. This has made it harder for Royale to acquire the spotlight and attention from potential customers.

During the pandemic, Royale has also launched their own smart phone app, not only to stay connected with their customers, but also to facilitate easy order placing and prompt purchase. In this era of technological advancement, customers always favor convenience as well as effective communication. Customers have seemed to appreciate Royale's initiative of launching the app as it enables them to remain updated about the latest pet food catalogue and other information.

4.2.4 Promotion

A great deal of the success of a brand depends on its promotional activities (Singh, 2012). A brand must first create awareness to let the customer know about its existence and subsequently pursue them to purchase the products over competitors'. All too often, company has a good product with appropriate pricing and strong distribution channel, but if there is absence of a well thought promotional activities then all other effort might go into vein.

For instance, Royale's decision of promoting the brand via social media such as Facebook was successful as it was able to reach the target market efficiently. For Royale this media has proved as an effective as well as a proficient channel. The company has started airing their product since pandemic started and consequently has generated high return of investment (ROI).

The promotional elements should be able to successfully connect to the target audience. In this current situation of pandemic people dependence on internet has increased rapidly. During the lockdown phases the only way to connect to the outside world was internet. To connect themselves to latest news, to shop daily necessities, to communicate with people, online platforms have been used widely. Hence, for marketers these online platforms have become the hotspot for advertisement. Royale also advertised its products on such platforms, however the return from those advertisements have not been satisfactory. After an evaluation it has been understood that online advertisements are required to be attractive enough to acquire attention (Nadaraja and Yazdanifard, 2013). Nobody was interested in Royale's advertisement simply because attractive

pictorial presentation was lacking. Online advertising can be long-term and effective, but very costly due to higher demand by the competitors.

The current pandemic situation has created obstacles for usual promotional activities. Therefore, Royale has launched an event to communicate with Retailers via zoom education. The moto of this event has been to update the retailers about latest product catalogue as well as to motivate them to promote Royale's product to their customers.

Effective promotion requires dissemination of differentiating product information to their target consumers (Kotler & Armstrong, 2017). Therefore, Royale's marketing team need to have a well-planned promotional strategy. Each touch point of marketing activities must be supported by good marketing respond to maximize return on investment.

4.2.5 People

The people or employees are undoubtedly the lifeblood of any organization (Altay et al., 2021). An organization should always strive to employ competent people with a reasonable remuneration in order to ensure optimum output from the employees. To keep the employees motivated and loyal the organization should also invest in training, development, rewards and benefits. A successful organization constantly motivates its people to be customer focused, result-oriented, empowered, and accountable.

As an organization, Royale has employees who are well trained and motivated to serve to the retailers as well as the customers in an effective way. The officials of Royale echo the fact that the people who serve the organization, are needed to be recognized, rewarded and respected for their effort. The right treatment to its people can ensure good fortune for the organization. Royale has upgraded to a better incentive program for the employees who perform well on monthly basic during pandemic. One of the employees stated that they are very inspired with such initiative by the organization.

Despite of having a well-trained employee base, Royale management is not being efficacious in maintaining the employee-retailer relationship. In this competitive industry retailers seek for higher profit margin in order to sustain their business. However, the decision by Royale to lower the profit margin has highly discouraged the retailers. The retailers have been observed to focus more on the competitors' products than that of Royale's in terms of shelf placement, promotions

etc. Retailers seem to be less cooperative in executing Royale's promotional activities and reluctant in bringing Royale's product at the points of purchase.

Royale practices a concrete employees-customer relationship by engaging more into direct marketing via sales booth in shopping complex, different types of pet fairs and exhibitions, etc. Without the interference of the retailer in between, Royale tries to connect and promote to the customers effectively. Through such of activities customers are enlightened thoroughly on the product benefits and attributes whilst it becomes easier for the marketers to pursue customers to buy the products. By engaging more direct marketing tactics, customer is able to get involved in the competitions and promotions. Random promotion or vouchers can also be directed to customers via email and text messages to encourage them to make any future purchases within a given time.

4.2.6 Process

Business processes are crucial to ensure the effectiveness and efficiency of business operations (Jedin & Balachandran, 2021). Precise and user-friendly business processes for all functional departments, product order/delivery, internal and external communication are key to success. The processes in the operations should allow trouble-free and easy flow of right information to the relevant stakeholders.

Royale has its own online platform to encourage the customers to make direct purchase. Pandemic lockdown barred the customers to go to the shops for purchasing pet food. Hence web ordering has become one of the popular purchase points. For all the Royale products, purchases that are made online will be charged according to the given purchase value. The purchase needed for free delivery to Zone A and Zone B is above RM 500.00. There is free delivery to all 3 zones if the purchases are more than RM 600.00.

The Royale has invested in door-to-door delivery for all the online along with investing in their own website or sales platform. By meticulously monitoring its customer service delivery systems and appreciating the uniqueness and differences of their various market segments, it could lead to happy customers and repeat business. However, there have been some lacking in this case from the end of Royale, which is why the sale volume is being affected.

Table 4.2: Delivery charges for Pet Lovers Centre

Home Delivery - Delivery Charges			
Charges Rate	Zone A	Zone B	Zone C
More Than RM150	RM 28	RM 47	-
More Than RM300	RM 18	RM 37	-
More Than RM400	RM 9	RM 28	RM 47
More Than RM500	FOC	FOC	RM 39
More Than RM600	FOC	FOC	FOC

In addition, Royale maintains a flow of communications to their existing and prospective customers via social media such as Facebook and Instagram. The organization has invested on promoting their official page and consequently the current number of followers has exceeded 100K. There are lacking interactive videos, pictorial messages and prompt communications from the end of Royal admin. Royale need to focus on improving the process of social media management in order to retain and attract customers.

4.2.7 Physical environment

Every physical evidence associated with business operations can be effectively used to endorse the brand (Saidani & Sudiarditha, 2019). Keeping this mind, brand personality should be a pervasive consideration when choosing your packaging, brochures, colors, shop and shelf layouts, etc. Visible signage, logo, signboard is the physical evidences that communicates about the brand. Therefore, a well thought design and display of such elements should be ensured. As mentioned earlier, in recent days the application of intellectual property is enormous. The organization has to ensure adequate protection for such properties. Ownership of the brand name, slogans, designs, brand content, product inventions are critically important to the success and equity of the brand.

In term of creating an impact with physical evidence, Royale has been performing quite well. In the pet food industry Royale has been able to well-establish its brand name and logo. The red color logo of Royale is well known to the pet lovers. Moreover, the packaging is also sufficiently unique to grab the attention of the customers. However, Royale employees need to work more closely with the retailers in order to improve the shelf position and display kiosk.

4.3 SWOT Analysis

Organizations should regularly analyze and monitor their business decisions, processes, planning, and strategies in order to ensure the efficiency and effectiveness of their operations (Gurel, Tat, 2017). While there are various business strategy and analysis that a company can adopt to ensure their success, one of the most effective methods is to conduct a SWOT analysis.

SWOT stands for Strengths, Weaknesses, Opportunities and Threats. Strengths and weaknesses are internal factors to the company that they have control with, while opportunities and threats are external factors that have effects on the company (Hill & Westbrook, 1997). Apart from analyzing internal and external factors, SWOT analysis is also useful in assessing current and future potential of the business. It guides the business to develop a good strategy for their business processes as well as making better business decision by focusing on leveraging strengths and opportunities to overcome their weaknesses and threats.

Conducting a SWOT analysis is useful as it will force the organization to look at their business from various dimensions thus resulting in better understanding and decision-making for the organization. In order to understand the scenario of the brand in detail this study has conducted a SWOT analysis for Royale. This analysis will help to evaluate competitive position of the brand as well as provide good framework in reviewing strategy, position, and direction for the company's business proposition.

4.3.1 Strengths

Strengths are the internal positive attributes or competitive advantages of the organization over its competition (Namugenyi et al. 2019). The core strength of Royale is the R&D support within the organization. With over 30 years of experience in this industry coupled with its vast network of pet hospitals and diagnostic services, the R&D department is always looking for ways to innovate and improve product quality rather than only focusing on cost reduction.

Royale claims to reach its quality assurance milestones on a regular basis. According to their website, Royale has volunteered to undergo a rigorous inspection for quality control nearly 10 years ago. This has been done to obtain an independent validation that their quality standards were well integrated throughout their manufacturing processes.

Royale also offers a 100% money-back satisfaction guarantee for all its products and for nearly 10 years, it has been consistently receiving their highest ranking of “Superior”- a rating that many human food producers strive for.

4.3.2 Weaknesses

Weaknesses are internally formed negative factors that detract the organization from their strengths. An organization can overcome the weaknesses by capitalizing on its strengths (Dyson, 2004). As Royale offers premium food products that concentrate on using healthy and quality nutrition ingredients, the cost of producing these products is higher than other pet food products produced by its majority of competitors. Higher cost leads to higher price which contributes to the lower sales volume. To keep the price low and maintain organization’s profit margin Royale management reduced the margin for retailers. This has deteriorated the employee-retailer relationship. Because of this action, retailer’s support for push sale has declined.

Being a premium brand in the industry Royale needs a well-trained employee base who are motivated to increase the sale volume of the organization. However, the sales decline has affected the employee motivation critically. In addition, the changes in the management team has further aggravated the problems when amended policies appeared not in line with organization’s vision.

Lack of mass recognition of the brand seemed to be another weakness of Royale. As compared to other brands like Happy Dog and Pedigree, The Royale name are often deemed to be unheard of by the customers. This can be further supported from the questionnaires that we have conducted where most of the customers are more familiar with Happy Dog brand compare to Royale. The brand’s limited presence in multimedia and very selective distribution criteria has hindered the process of mass recognition. Without much products placement in many places, it is hard for Royale to instill the brand recognition in the mind of mass people.

The Royale a has neglected the key marketing points associated with building strong brand, thus causing them to have lack of strong presence in this emerging market. Without establishing a strong presence in the market, their products are currently perceived as an expensive option although they offer the pricing with premium value.

4.3.3 Opportunities

Opportunities are the favorable external factors in the business environment that could benefit and contribute to a positive outcome for the business (Namugenyi et al. 2019). In recent years, the demand for pet products in Malaysia has been growing rapidly as more and more animal lovers are influenced by marketing campaigns and social awareness programs on pets. In addition, pet humanization, increasing community engagements are encouraging people to be pet owners. According to a report done by Mordor Intelligence, Malaysian Pet Food market is projected to grow at a CAGR of 6.2% for forecast period from 2020 to 2025 (Mordor Intelligence, 2019).

The proportion of pet owners is changing from mostly baby boomers to millennials, has also caused a shift in attitude toward pet care and the adoption of pet humanization trend. As such the pet food industry in Malaysia market is growing rapidly over the year where more pet owners are willing to spend money in premium food products for their beloved pet as owners are becoming more cautious in ensuring their pets receive the best pet nutrition. Royale that claims to offer high quality of nutrition and deliver the most precise nutritional solution, is projected to have huge potential market opportunities. With great marketing and brand promotion, Royale can hope to capitalize on this prospect.

4.3.4 Threats

Threats are the external factors that are out of the organization control and have potential to hinder business operations (Namugenyi et al. 2019). The officials from the organization stated intense competition in the industry as the biggest threat for Royale.

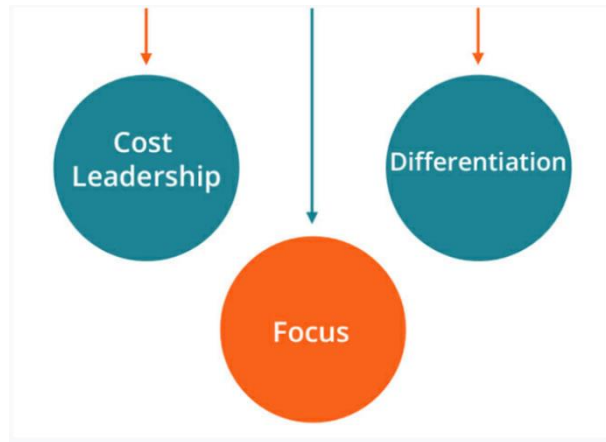
Pet food markets are highly competitive. With the growth of pet care demand, the industry is also growing. With such positive growths, their competitors are also aggressively investing on introducing new range of products to cater the variation of demand. Such initiatives by the competitors is making competitors bigger as well as threatening Royale's position in the market.

Increasing price sensitivity of the customers is another threat posing of Royale in the industry. This is due to the recent pandemic where the economies have been going downhill while living costs and daily expenses still increasingly high. Such situation is narrowing customers' budget for pet food. Thus the volume of sales for premium pet food such as Royale is in risk to decline.

4.4 Porter's Generic Strategy

4.4.1 Competitors Analysis

Figure 4.1: Porter's Generic Strategy



Competitive advantage is one of the strategies to stay ahead of the present and potential competition. Management of any organization can use this strategy to fill in the gap, step up or improve by evaluating strengths and weaknesses of competitors (Zhao et al. 2016). The company can develop a competitive edge when they produce attributes that allow to outperform the competitors. There are 3 main parts in the play important role are cost leadership, differentiation, and focus.

For Royale if they want to apply this in cost leadership strategy, it means they need to become the lowest-cost producer by achieved through large-scale production where company can exploit economies of scale. If they able to utilize economies of scale by producing a product which at a cost lower compare to competitors, this will cause the company able to establish a selling price that is unable to be replicated by companies. Hence, a company adopting a cost leadership strategy would be able to gather the profits through its cost advantage over its competitors. However, at the moment, Royale is struggling to keep its cost low whilst maintaining its product quality.

Besides that, for a differentiation strategy, Royale need to distinguish their products or services from its competitors. They need to deliver high-quality products or services to customers or innovating products or services in the market. They can produce new line of product by targeting another different market segment. If the company can differentiate successfully, the company would be able to create the premium price on its products or services towards the market. Royale currently position itself as the premium pet food brand serving a niche market.

For focus strategy, The Royale need to focus that will its product or services suit the current market need. This strategy will be successful if the company product or services able to meet the customer's needs. For instance in the pet food industry, almost all the competitors emphasize on the quality of their products which they claim to be beneficial for the health of the pets. To gain competitive edge, Royale must strategize to differentiate its value using the marketing mix tools. The three (3) major external competitors of The Royale are "Purina" of Nestle, "Happy Dog" of Happy Pet and "Hill's" of Colgate-Palmolive.

4.4.2 Market Analysis

In Malaysia, dog food registers 6% retail cost and 4% retail extent increase to attain MYR184 million and 13,661 tonnes in 2016. A lack of recent product launches and marketing campaigns causes dog food to revel in gradual growth in 2016. Dog food experienced handiest slightly faster growth at 6% in 2016 as compared with the overview period average, because of a scarcity of recent product innovation and charge promotions. The more and more high unit selling prices among most dog food manufacturers restrained clients' interest in purchasing extra dog food in 2016. Premium dry dog food gained traction with 7% value growth in 2016, at the same time as top-class wet dog food fell by 4%. Brands delivered by and large, adult premium dry and moist canine meals, as customers often, buy canine food for his or her adult dogs and even for their senior dogs. Premium dry dog meals brands delivered breed-unique and length-precise products, together with Eukanuba. Yet over time, it indicates declining in marketplace shares, (Euromonitor International, 2017, June).

4.4.3 Price Band

Dog food price band benchmarks popular brands selling at most grocery retailers, pet specialists and veterinary clinics. For instance, economy brands for dry dog food include Golden and Tesco, while mid-priced wet and dry dog food include Pedigree, Purina Alpo and SmartHeart. Finally, premium wet and dry dog food brands include Cesar, Purina Pro Plan, Royal Canin, Eukanuba and Hill's Science Plan.

Table 4.3: Dog Food by Price Band 2017

Category	Range	Price range per kg [MYR]
Wet dog food	Premium	Above MYR32.00
	Mid-priced	Below MYR31.00
	Economy	n/a
Dry dog food	Premium	Above MYR13.00
	Mid-priced	MYR10.00-MYR12.00
	Economy	Below MYR9.00

4.4.4 Brand Shares

Humanization of pets has had many consequences on dog food, wet dog food and freeze-dried food have benefitted specifically, as they are viewed as fresher and healthier for pets. Clients are turning far away from the enterprise giants and closer to smaller brands that have used emotional connections and fitness claims to benefit recognition. Expanded online retailing has also benefitted those smaller brands, as the barrier to entry is particularly low. Consequently, Eukanuba indicates declining in marketplace proportion over the years of 2013-2016 internationally, (Euromonitor International, 2017, June).

Table 4.4: LBN (Local Brand Name) Brand Shares of Dog Food: % Value 2013-2016

% Retail Value RSP Brand GBO (Global Brand Owner)	Company NBO (National Brand Owner)	2013	2014	2015	2016
Pedigree (Mars Inc.)	Mars Foods Inc.	37.1	36.9	37.1	37.3
Hill's Science Plan Hill's Pet Nutrition (Colgate-Palmolive)	Hill's Pet Nutrition Inc.	11.9	11.9	12.0	12.1
Purina Alpo (Nestlé SA)	Purina Petcare S/B	9.1	9.4	9.5	9.4
Eukanuba (Mars Inc.)	Iams Co	9.4	9.5	9.5	9.4
OTHERS	OTHERS	32.5	32.3	31.9	31.8
TOTAL		100.0	100.0	100.0	100.0

CHAPTER 5: DISCUSSION & RECOMMENDATION

5.1 Introduction

This final chapter of the thesis illustrates the overall summary of the findings and their implications for the brand Royale. The chapter begins by providing a brief overview of the present study. In line with the research objectives of the study, the findings and their implications are discussed, together with supporting justifications from the literature. In-depth discussion about the internal and external factors responsible for performance of Royale is presented, covering topics such as 7Ps, SWOT analysis and Porters five factor model. Theoretical and practical implications of the study is also presented in this section. Finally, the chapter concludes by highlighting the limitations of the study as well as outlining some potential avenues for future research.

5.2 Discussion from the Perspective of Marketing Mix

Based on the findings outlined in chapter-4, this section presents detailed discussion and recommendation on the 7P elements of Royale.

5.2.1 Product

As obtained from the findings, the quality of ingredients of Royale went down after transferring the ownership was transferred to Mars Inc. in 2014, which lead to overall reduction in the product quality. This controversial move indeed hurt Royale's performance, since there were instances of customer complaints regarding the new formula of the product that consists lower quality ingredients. It is very important to focus on ingredient quality because customers who intend to buy premium products hardly compromises product quality. Perceived product quality has always been a key driving force for products which are considered premium, such as green products (Walia et al. 2020). Therefore, Royale should strive to ensure that their ingredients quality is restored to the earlier quality level, when the ingredients used to be of superior quality. Another thing Royale needs to focus on is full information dissemination regarding the source of ingredients as it was identified from the findings that the company only discloses information for the "major ingredients". Previous studies have postulated that for health-conscious consumers, ingredient information plays a key role in making purchase decision (Jeong et al. 2020). As such, it is imperative for Royale to disclose full composition of ingredients as well as its source.

5.2.2 Price

As obtained from the findings, during the pandemic time in the past two years, Royale did not apply its usual price adjustment of 5%, so that market share could be retained. However, previous years gradual price increase ultimately made Royale a premium-priced product, matching the price range of competitors like Oriyen and Proplan. However, despite offering slightly lower price compared to other premium competitors, Royale failed to generate sufficient sales, prime reason for this is found to be lack of “value for money”. Ensuring value for money is important because value for money can influence both customer satisfaction and behavioral intention of customers (Rajaguru, 2016). Value for money does not mean only getting the product at a lower price, it means what is given in exchange of what is to be received (Rajaguru, 2016). This can be connected with the deteriorated product quality of Royale due to low quality ingredients. Royale needs to understand that consumers who look for premium products will not compromise quality and will pay even higher price for a product that is high quality and proven in the market. That is why, despite being priced higher than Royale, Oriyen has a good market acceptance. Therefore, Royale should ensure justifiable value for money by improving the product quality. The additional cost of improving the product quality can be adjusted by slightly increasing the price, since customers of premium products are not highly sensitive to price (Walia et al. 2020).

5.2.3 Place

As obtained from the findings, one of the key strengths regarding the place element of Royale is that it has both online and offline presence. Making the product widely available reduces the search cost for the customer as well as triggers sales, and thus, wide availability is considered one of the key success factors for any product (Paul & Rana, 2012; Steinhart et al., 2013). Having both brick and mortar as well as e-commerce presence certainly makes the case stronger for Royale in this regard. However, despite the widespread presence, Royale is experiencing lower sales, and the reason for that is the failure to offer the product in a unique manner. To overcome this issue, Royale needs to focus on factors that can give them better visibility; both in online and offline spheres. Shelf visibility in the retail stores is one of the key factors in attracting shopper attention (Fornari et al. 2013). The more people will come across the product, the more they are likely to make a purchase of that product. One of the possible solutions can be adoption of vertical marketing system distribution channel (Kotler & Armstrong, 2017), where Royale will launch its

own retail stores. Another possible solution can be to strengthen the existing relationship with the distribution channel members (e.g., retailers). Effective partner relationship management can motivate the other channel members to work harder in making the product a successful one (Kotler & Armstrong, 2017). Therefore, motivating the partners can certainly help Royale to gain better visibility in the marketplace.

5.2.4 Promotion

As obtained from the findings, social media has played a key part in Royale's promotional activities. Notably, Facebook has been one of the important promotional mediums for Royale. However, Royale should capitalize on this, and expand its promotional activities on other social media sites as well. There are numerous social media sites available today. Relaying promotional activities through an array of social media platforms will enable Royale to reach more customers, leading to creation of more brand awareness and recognition. As such, extensive focus should be given on the e-commerce aspect of Royale. One of the problems identified regarding the promotion aspect is unattractive advertisement design of Royale. Advertisement design involves usage of diverse visual and textual elements (Visser et al. 2015), which seems lacking in the Royale advertisements. Furthermore, there are different types of advertisement available based on advertisement objective such as informative, persuasive and reminder advertising (Kotler & Armstrong, 2017). Out of the diverse types of advertising, Royale should focus more on persuasive advertising now. This is because persuasive advertising is useful for an established brand that is trying to encourage customers to switch competitors' brands and persuade them to buy own brand (Kotler & Armstrong, 2017). Another thing Royale should focus on is to ensure a well-planned promotional strategy which can effectively disseminate all the necessary advertisement and promotional information to customers. One of the key ways to achieve this is through an effective integrated marketing communication (IMC) strategy (Kotler & Armstrong, 2017), which will streamline all the company's communication channel so that clear and consistent message can be communicated to the customers.

5.2.5 People

As obtained from the findings, Royale's appointment of workers and employees can be considered effective. Internally, Royale undertook several successful initiatives (e.g., introducing better incentive program) directed towards motivating the employees. Satisfied and motivated employees

are essential elements for every organization since they can drive higher business productivity and profitability (Utami et al. 2018), higher customer satisfaction (Jeon & Choi, 2012), and higher employee loyalty (Matzler & Renzl, 2006). However, as highlighted in the findings section, one of the existing issues regarding the people element of the marketing mix is ineffective retailer relationship management. Effective retailer management is very important since they are one of the key entities through which the product is getting sold to the customers. One of problems identified in the findings section is that retailers seem not enough motivated in driving sales. To tackle this issue, Royale can introduce/increase retailer incentives. Retailer incentives is a great tool for increasing company sales and profit (Demirag et al. 2011). Furthermore, since Royale has presence in both online and offline stores, one of the retailing strategy Royale can undertake is omni-channel retailing. Omni-channel retailing refers to “creating a seamless cross-channel buying experience that integrates in-store, online, and mobile shopping” (Kotler & Armstrong, 2017, p. 393).

5.2.6 Process

The process element mainly deals with the delivery aspect of a firm i.e., how the products are getting delivered to the end consumers. As reported in the findings, Royale has its own door-to-door delivery system to cater the need of the consumers. However, one of the issues for the customers is, if they want to enjoy free delivery, they need to order minimum of RM500 worth of product. During this pandemic time when almost everyone is facing hardships in terms of income, this order value might seem a bit expensive for some customers. Nonetheless, considering the fact that majority of the customers of Royale are users of premium products, the minimum order value should not affect much. However, what is crucial is to ensure a seamless and smooth delivery system. This is because, Royale has heavy presence on e-commerce sites, and delivery quality significantly influences repurchase intention of consumers who buy from e-commerce platforms (Ali & Bhasin, 2019). If Royale plans to use own delivery fleet, then need to ensure meticulous evaluation of the delivery performance. On the other hand, if Royale is going to use third party delivery partner, then reputed and reliable delivery partners (such as DHL, POS etc.) should be used to ensure smooth delivery.

5.2.7 Physical Environment

A brand's every physical or tangible association such as- name, logo, color, packing, shelving, creates an image of the brand as well as communicates about the brand. As per our analysis in chapter-4, Royale is performing quite well in terms of creating a good physical evidence for the brand. However, in order to improve its sales performance Royale need to be more proactive in creating a pleasant and attractive shopping experience for its customer. In order to attract more customers, Royale should focus on creating attractive display for its product in the retail outlets ("Physical evidence," n.d.). Specialized colorful and pictorial kiosk can be provided to the retailers to display Royale's product. In addition, Royale's employees need to maintain a good relation the retailer to have a prime spot for kiosk placement and product display.

5.3 Discussion on SWOT Analysis

The detailed SWOT analysis of Royale is outline in the analysis section of chapter-4. As with the other companies, Royale also has a diverse range of strengths, weaknesses, opportunities and threats. However, the purpose of conducting a SWOT analysis is to have an idea about different aspects of the existing business, so that effective strategies can be formulated accordingly. The key is to utilize the strengths to seize the opportunities as well as minimize the weaknesses to tackle the threats. Royale could also work in this manner to further strengthen its business.

Based on the findings, it was reported that one of the biggest strengths of Royale is its research and development (R&D) support. Royale has an outstanding R&D capacity with dedicated team that continuously strives for the betterment of the company. This enhanced R&D capacity can be utilized by Royale to minimize one of its weaknesses which is high cost of production (compared to competitors). The expertise of R&D department can be harnessed to develop more effective production processes, so that the high cost of production can be minimized. This is possible because R&D capability of a firm refers to "the processes that enable firms to invent new technology and convert existing technology to develop new products and services" (Krasnikov & Jayachandran, 2008, p. 2). Therefore, by focusing on the strength of the existing R&D capacity, Royale can develop more efficient production processes, leading to reduction of high cost of production. If cost of production can be reduced, then that can also help to address another weakness of Royale, which is lower retailer margin (identified in chapter-4). Due to high cost of production, the retailer margin is getting reduced, which is identified as one of the weaknesses of

the company. If costs can be saved by improving the production process/product quality, then the additional money can be utilized to reduce the price, which can ultimately increase the retailer margin. As a result, retailers will become more motivated to sell Royale products.

Another strength of Royale is its meticulous quality assurance (QC) mechanism, through which the premium quality of the end product is ensured. This quality assurance mechanism is one of the key highlighting points for Royale, which helped Royale to develop a good image in the market. Furthermore, as evident from the findings, Royale has a good after sales commitment in the form of “money back guarantee”. This means, customers can claim refund if they are not satisfied with the products. All these are strong points for Royale. These strengths of Royale can be utilized to minimize one of Royale’s weaknesses, which is lower brand recognition in the market of dog/pet food. As outlined in the findings section, Royale suffers from low brand recognition since it has some issues in the marketing aspect such as ineffective market communication, lack of advertisements, minimum media presence etc. It is already mentioned earlier that Royale needs to put more effort on its promotional aspect and should ensure effective integrated marketing communication. What Royale can do is to highlight its strengths (i.e., superior QC ability, money-back guarantee) in the marketing communications. This can one of the ways to improve brand recognition of Royale.

According to the findings, the pet food business in Malaysia offers huge prospect as there has been an increasing trend of pet food demand over the past few years, and expected to follow this upward trend even in the coming years. In terms of SWOT analysis, this is a huge opportunity for Royale. Royale should seize this opportunity by utilizing its strengths. One of the possible ways could be to harness the power of Royale’s extensive R&D capacity (strength) in generating new and diverse pet food product types. This can help to cater the increasing demand of pet food products in Malaysian market, leading to increasing sales and market share for Royale. Another opportunity for Royale is the changing pet owner profile in Malaysia, which saw a shift of profile from baby boomers to millennials. This is another opportunity for Royale because millennials are heavily focused on different online platforms and social media sites (McCormick, 2016). As reported earlier, a significant portion of sales for Royale comes from online and social media engagement. They have heavy presence in the online market. Therefore, Royale can utilize this strength in the online market to capture more millennial customers.

Since the market for pet food product is witnessing huge prospect, there are many market players now, which makes the competition fierce in Malaysian pet food industry. This fierce competition is a threat for Royale, because the probability of losing market share is very high. Royale need to take initiative to minimize this identified threat, which can be done by focusing on one of its strengths which is extensive quality assurance. Since Royale establishes itself as a premium pet food product, the high-quality assurance can actually help to capture attention of the premium segment customers, as premium segment customers are more concerned about product quality than price. It is true that there are other premium pet care products in the market as well, with good market share and reputation. However, if Royale can continuously focus on its quality assurance and combine this strength with effective marketing strategy, then it will be possible to minimize the threat of fierce competition to some extent. From the SWOT analysis, another identified possible threat for Royale is the COVID-19 pandemic situation. During this pandemic time (which is still ongoing), more customers have become price-sensitive, as there had been major disruption in the regular income source due to massive job cuts, prolonged lockdowns etc. This pandemic situation is a completely uncontrollable factor, but poses threat to the business volume of Royale. Nonetheless, for Royale, one possible good news is, Royale is a premium category product and the buyers generally belong to high income groups. People from high income groups faced relatively less difficulty during COVID pandemic. As such, Royale should not compromise with its quality, and continue to ensure its quality assurance (one of its key strengths), which will ensure buying volume from the high-income customers, and will minimize the pandemic threat to some extent.

5.4 Discussion about Porter's Generic Strategy

Porter's generic strategy is a strategic tool that can be used by the companies to attain competitive advantage. The two segments of the Porter's generic strategy are cost-leadership and differentiation. As outlined in the findings section, Royale could utilize either cost-leadership strategy or differentiation strategy to attain competitive advantage in the marketplace.

However, considering Royale's capacity and strength, it will be difficult to attain competitive advantage through cost-leadership route. This is because cost-leadership requires producing products in mass quantity so that economies of scale can be attained, which helps the firm to minimize cost, ultimately leading to increased profitability. However, Royale is considered a

premium dog food product, which is priced quite high compared to regular priced dog food products. Cost-leadership strategy will require a firm to offer lower price compared to its competitors (Kotler & Armstrong, 2017). Being a premium priced product, it will be difficult for Royale to match the price of its competitors in the lower priced segments. Even if they try to achieve cost-leadership, Royale would need to produce huge quantity of products to attain economies of scale. However, in recent times, especially during the pandemic time when people have become more price-sensitive, it will be difficult to sell huge quantity of products without incurring heavy loss.

For Royale, the other competitive strategy i.e., differentiation strategy should be more relevant and achievable. As already stated under the SWOT analysis section, Royale has strength in terms of R&D capacity and quality assurance mechanism. In the differentiation strategy, the company “concentrates on creating a highly differentiated product line and marketing program so that it comes across as the class leader in the industry” (Kotler & Armstrong, 2017, p. 551). Therefore, what Royale can do is to utilize its R&D and QC strength in creating and ensuring superior quality product. Royale can also try to invest more in the R&D to develop unique products as well. These differentiation strategies should be more suitable for Royale, leading to achieving competitive advantage.

5.4.1 Discussion on Market Analysis

As reported in the findings section, based on 2016 data, the dog food market in Malaysia experienced positive growth compared to the earlier years. Despite some setbacks during the COVID-19 pandemic, the pet food industry experienced a gradual growth over the years. The positive growth will further continue in future, as it has been predicted that pet food market in Malaysia will experience a compound annual growth rate of 6.2% for the period 2021-2026 (Malaysia Pet Food Market - growth, trends, COVID-19 impact, and forecasts (2021 - 2026), n.d). This growth prospect of the entire pet food industry certainly poses positive news for dog food sector as well. Overall, the consistent growth prospect signifies good business prospect for Royale in future.

5.4.2 Discussion on Price Band & Brand Share

Findings in chapter-4 highlighted different price segments for different dog food brands. It is evident from the findings that wet pet food is more expensive than that of dry pet food. Keeping

the pandemic situation and economic downturn in mind it is assumed that dry pet food market will grow faster (Bundele & Deshmukh, 2021). Therefore it will be wise for Royale to focus more on dry food innovation and production. Being the premium pet food brand it should focus thoroughly on the demand of its target market as the price and quality difference in between the premium and economy dry pet food is wide.

5.5 Key Observations from the Case Study

This section will present the key findings the study has found subsequent to the analysis and evaluation of the strategies and practices of Royale.

- Royale market itself as the premium pet food brand in the industry. Being a premium brand, it is charging a higher price to the customers. Therefore, Royale should ensure providing value for money to the customers in order to retain them.
- Royale should put all its effort to enhance the relationship with retailers. The management should revise the agreement with retailers and provide them some more incentives so that the retailers are motivated to drive the sale of the brand.
- As in these pandemic years online sales platforms have gained much popularity among the customers, therefore, Royale should focus more on improving the online order and delivery processes, creating attractive presence in online advertisements in order to attract and retail higher number of customers.
- In order to increase the sales volume Royale can also consider the option of increasing its availability in the market. Instead of placing its product in only few selective outlets, Royale can opt for distributing to an increasing numbers of retailers.

5.6 Contribution of the Case Study

From the perspective of industry implication, the current study provides valuable insights to the top management of Royales. The literature review will help the management to have an idea about marketing and strategic tools. The study will work as a guideline for the management in order to create strategies for improving the performance of the brand. Moreover, other brands struggling with lower sales volume will also get insights from this study to improve their performances. From this study the marketers will understand the importance of extended marketing mix tools to create an image of a brand and improve its performance. They will also get an insight about the pet food

industry of Malaysia. Additionally, the SWOT analysis and Porter's generic strategy will help to have a detail understanding about the industry condition.

5.7 Limitations and Future Research Directions:

Unlike other research works, this present study is also not free from limitations. First of all, the data for this study was mostly collected from interviewing Royale employees and its official website. This approach has helped to get the internal information of the organization. However, a market survey would have helped more to get the insights of customers' view about the brand. The future researchers can consider this aspect of conducting the market survey in order to improve the research quality.

Another limitation of this study is that, it has used only three marketing and strategic tools to analyze and evaluate the performance of Royale. There can be many other tools such as PESTAL analysis, blue ocean strategy etc. which can provide even better analysis of the case. The future research can be conducted with such unexplored tools of marketing and business strategy.

5.8 Conclusion:

As mentioned in chapter-1, the pet food industry of Malaysia is a promising industry with a good prospect of growth. The concept of pet humanization is also fueling the progression of premium quality pet food, fancy pet accessories etc. Thus being a marketer of premium pet food, Royale has a very good opportunity to flourish the industry. The management of Royale should look into the issues discussed in the case study and take actions to improve their policies and performances. It is believed that, the analysis and discussion presented in this study will assist the Royale management to have a better insight on their business operations and take corrective measures accordingly.

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