

Business Analysis 2nd Assignment

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**PESTEL analysis for a company of
your choice**

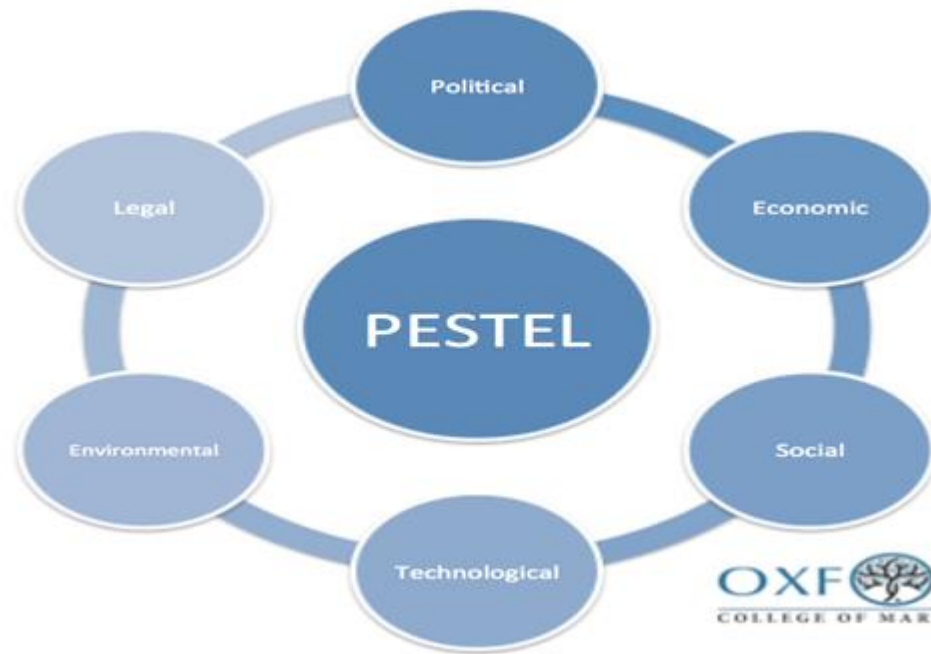
Delta Corporation from Zimbabwe

*The Delta Corporation is a beer and soft drink company of Zimbabwe. The company is headquartered in Harare and is listed on the Zimbabwe Stock Exchange.

*This is principally a beverage company with a portfolio of local and international brands such as Coca-Cola.

*Net worth: \$307,5 Million

*Stakeholders: Bottling partners, suppliers, customers, government and NGOs.



Political

Delta beverages are at the mercy of the Food and Food Standards Act (FFSA), which provide regulations for a sale, imputation and manufacturing. FFSA is given by the government. Changes in established laws can effect the distribution of drinks.

Economic

Monetary and fiscal policies (2018-2019) have tightened budgetary control, removed subsidies and there are reforms of state-owned companies. Introduction of new inter-bank market for local currency to foreign currencies (USD) -> costly for Delta Beverages because their activities have foreign currency exposure + scarcity of foreign currency in the economy disrupts production operations = business risk + taxes on imported products

Social

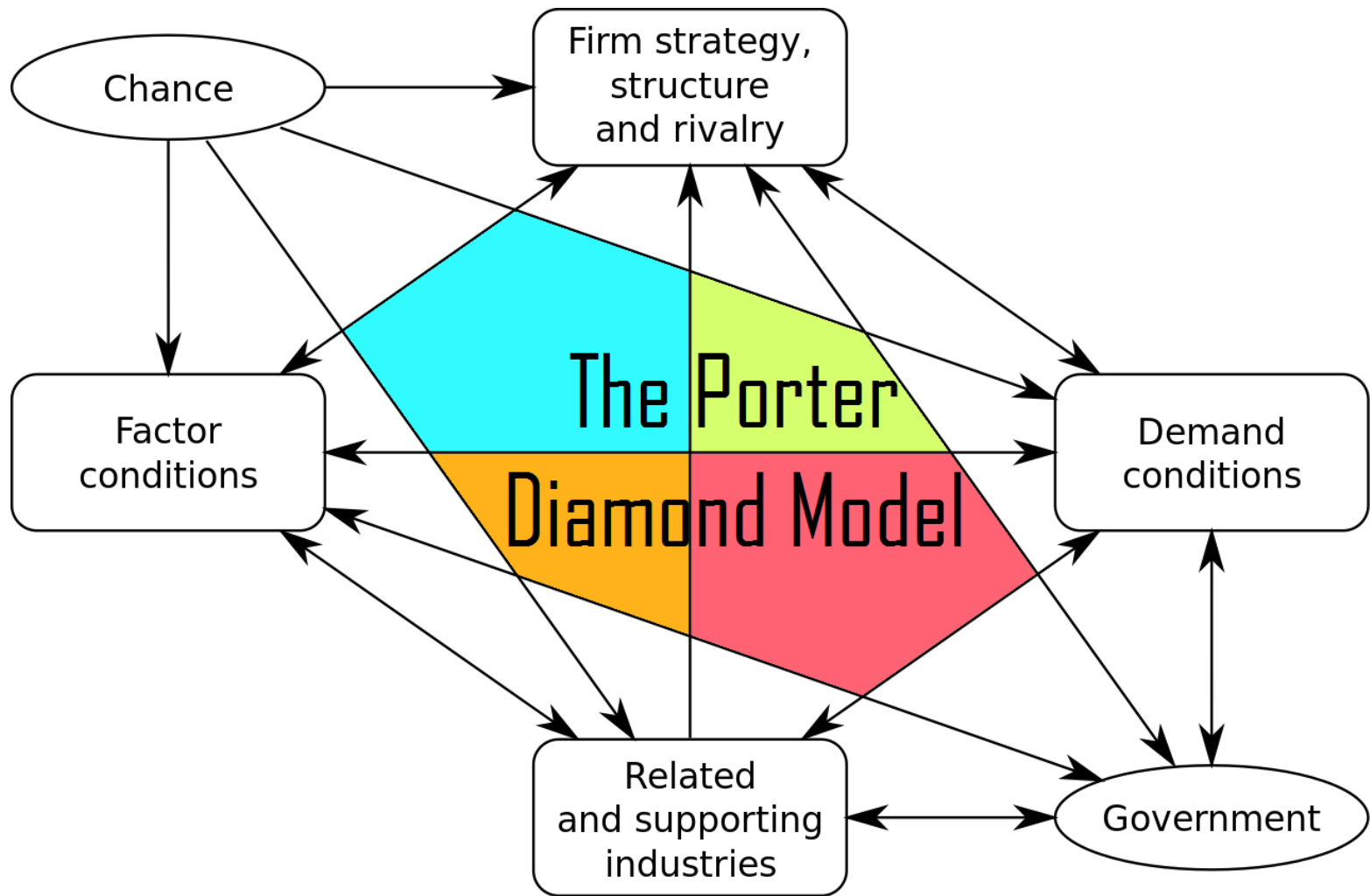
These factors focus on the social environment and identify emerging trends. This helps a marketer to further understand their customers' needs and wants. Delta has adopted this factors including changing family demographics, education levels, cultural trends, attitude changes and changes in lifestyles.

Technological

These factors consider the rate of technological innovation and development that could affect a market or industry, they created an online platform to make purchasing easier and they are presence in all social media platforms to connect with audience.

Porter`s Diamond on the example of one nation that is a home base for certain industry / product (Germany - cars, France - wine, Belgium - beer...)

Porter`s Diamond model on (Germany-Cars)

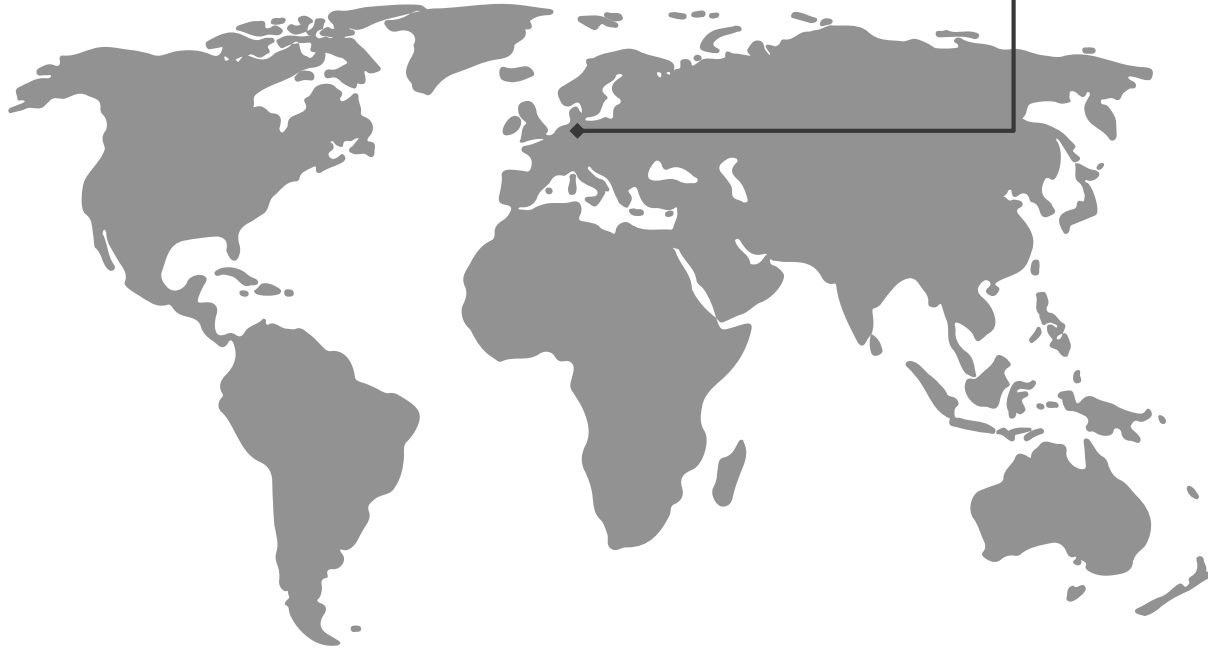


Factor Conditions

this element can be classified into five groups:

Human resources	Physical resources	Knowledge resources	Capital resources	Infrastructure
the population of Germany (83.24 M) supplies the competitive advantage in the industrial development.	While Germany lacks in natural resources, it keeps its competitiveness for the car manufacturing industry by hiring Highly educated, qualified and motivated employees.	Germany obtains the quality of their products and services by paying more attention to mechanisms in the educational system as it's relevant to local industry requirements.	Germany has invested in research and development (R&D) which has grown considerably compared with competitors like France, UK, Japan and the US.	In the International Motor Show in 2009, among 100 world premieres of the automotive manufacturers, there were 55 German companies, which proves its competitiveness in the industry.

Demand Conditions



Germany

German carmakers recorded a decline in exports of 13 percent in 2019 compared to the previous year while the number of new car registrations in the country kept growing

German carmakers had manufactured 4.7 million cars, 9 percent less than in 2018, and exported 3.5 million of them.

In Germany, new cars were in greater demand than at any time since 2009.

the German passenger car market grew by 5 percent to 3.6 million new registrations in 2019.

Supporting Industries

The suppliers around carmakers' areas are supported by smaller components providers, such as metal, plastic, iron and steel producers.

The consumers and suppliers reinforce each other to enhance their trades. As the technical-oriented German firms, their business connections tend to be closer. Therefore, there are various opportunities for buyers and suppliers to cooperate regarding new productions and improving them, which dominates the competitiveness of the industry.

Firm Strategy, Structure, Rivalry

The common structures of German firms are small and medium. To some extent, this allows the firms to economize the production cost. the concentration of high quality cars, innovative products and undeniable services of the German auto manufacturing has taken the first place in customer's loyalty

The German carmakers put attention to the international market and their dominance is embodied in dealing with the relationships among industry, strategy and firm performance.

Government

The government plays a vital role in industrial advancement. The auto manufacturing requires technicians and scientists to improve the production quality, and the German government supports the industry in terms of education and research investment.

Chance

While Germany suffered hardships and great losses due to the two world wars, it has obtained immense achievements in postwar industrial competition. the wars created challenges in producing high technology products and complex components. Moreover, the educated population has seen a massive growth after rebuilding.

Porter's Five Forces analysis for a start-up that you would start in a specific county of your choice



Guaita

“Guaita” - Guatemala’s coffee beans with the joy of drinking coffee like italian culture

County

Latin America

Product

Coffee

Kind of company

Start-up

The Five Forces That Shape Industry Competition



Rivalry among existing competitors

Rivals:

1. Coffee companies in the Country (Guatemala)
2. The 10 best coffee companies in Latin America.
3. The best coffee beans around the world that come from Latin america

Products:

1. The products of the competitors have been categorize as the top sellers of coffee in Latin America since they have an excepcional product and service
1. Most of these companies have been in line of business for years. They have history and certificates that can verify their high quality.
2. E.g. Manufactured by Industrias Banilejas S.A.S. - Their coffee is kosher certified. It is also a great choice for those who are gluten intolerant as the coffee is gluten-free.

THE BEST COFFEE COMPANIES LATIN AMERICA

- How many rivals do you have?
- Who are they, and how does the quality of their products and services compare with yours?

Supplier Power

- How many potential suppliers do you have?
- How unique is the product or service that they provide?
- And how expensive would it be to switch from one supplier to another?

Potential suppliers:

1. Guatemala has 5 companies expert in the export of coffee. Cover EEUU, Europe and Japan.
2. There are more than 125K producers spread over 20 departments,
3. The coffee suppliers will depend on the taste and history that the company would like to share with the consumers.

Supply factors affecting the price of coffee include:

- Climatic conditions e.g. the impact of el Nino
- Existing levels of coffee stocks (inventories)
- The number of countries producing coffee
- Productivity and investment in coffee production in the major coffee farming nations

Coffee Prices - Historical Annual Data

Year	Average Closing Price	Year Open	Year High	Year Low	Year Close	Annual % Change
2021	\$1.5438	\$1.2615	\$2.1315	\$1.2090	\$2.0925	63.16%
2020	\$1.1138	\$1.2710	\$1.3400	\$0.9365	\$1.2825	-1.12%
2019	\$1.0182	\$0.9950	\$1.3895	\$0.8705	\$1.2970	27.34%
2018	\$1.1360	\$1.3020	\$1.3020	\$0.9585	\$1.0185	-19.29%
2017	\$1.3346	\$1.3740	\$1.5540	\$1.1345	\$1.2620	-7.92%
2016	\$1.3683	\$1.2390	\$1.7435	\$1.1160	\$1.3705	8.17%
2015	\$1.3315	\$1.6105	\$1.8005	\$1.1215	\$1.2670	-23.95%
2014	\$1.7840	\$1.1140	\$2.2190	\$1.1140	\$1.6660	50.50%
2013	\$1.2625	\$1.4940	\$1.5630	\$1.0150	\$1.1070	-23.02%
2012	\$1.7528	\$2.2720	\$2.3490	\$1.3990	\$1.4380	-36.61%

Buyer Power

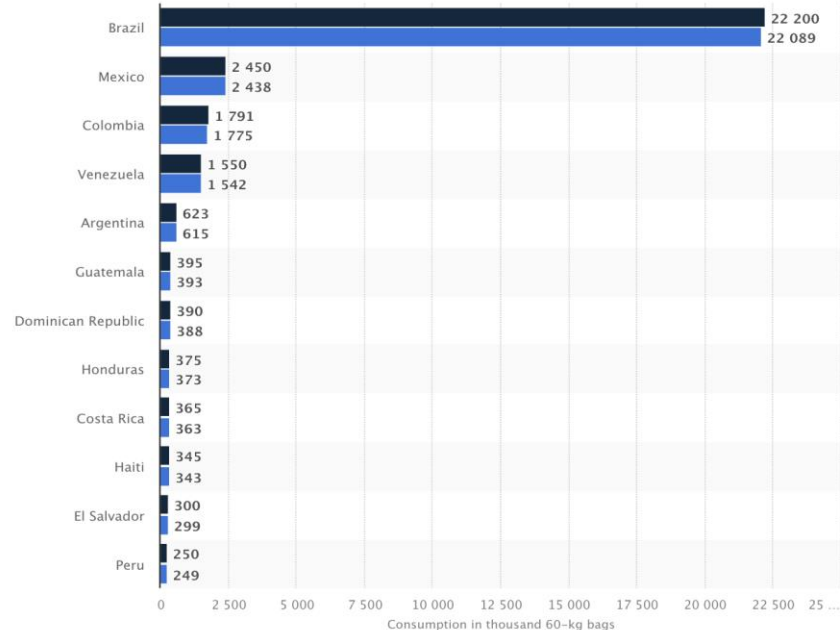
- Think about how many buyers you have. How big are their orders?
- How much would it cost them to switch from your products and services to those of a rival?
- Are your buyers strong enough to dictate terms to you?

Buyer power:

1. Even though Guatemala is not mentioned in the best 10 companies, the country is part of the top 10 coffee beans around the world.
2. Since the coffee bean is known around the world, the company has a strong possibility to be part of the international export.
3. Unfortunately, this is not a product that could be distributed in high volumes to individual clients, but its a product that can be consumed in daily basis.

It's important to understand what buyers are looking for.:

- “Coffee consumers want options. They want to be able to customize their hot beverage to meet their taste preference. By making the most popular lighteners, sweeteners, and flavorings available, you're opening up your convenience store to be the hot beverage destination consumers seek out. When you think about what **coffee options your c-store offers**, consider whether it appeals to today's coffee drinkers.”



Threat of Substitution

- Can the customers finding a different way of doing what we do?
- Are there cheaper products as ours?

Production Cost:

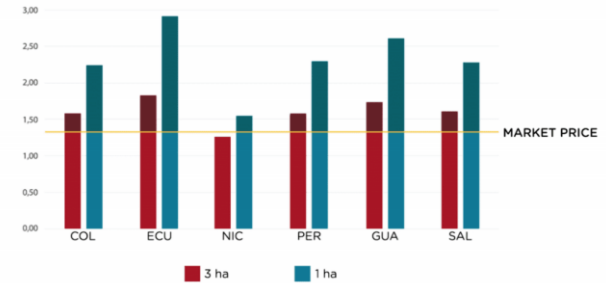
- Administrative cost;
- Harvesting cost;
- Other labour cost (e.g. fertilization)
- Input cost
- Other cost (e.g. depreciation)
- Planting renovation cost: each farmer needs at least three hectares between 4000 - 5000 plants to survive

Production cost is not the same for each country. There's no enough money in Latin America to produce coffee.

Sustainable Price:

- Consumers demand fairer prices for better-quality coffee.
- The sustainability price of coffee starts by understanding costs of production and the variables that affect it

COST OF PRODUCTION (USD/LB GREEN)



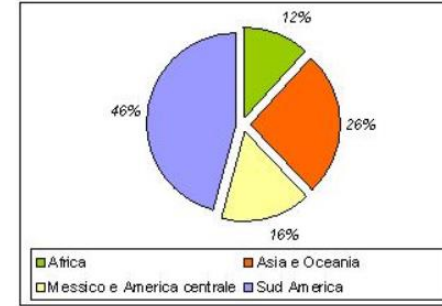
Costs (USD/lb)

	Colombia	Ecuador	Nicaragua	Peru	Guatemala	El Salvador
Administration	0.42	0.70	0.24	0.41	0.51	0.44
Harvest	0.43	0.65	0.31	0.50	0.41	0.40
Labor	0.07	0.16	0.11	0.11	0.17	0.02
Supplies	0.20	0.32	0.20	0.21	0.22	0.28
Infrastructure	0.06	0.06	0.18	0.03	0.06	0.08
Renovation	0.01	0.02	0.02	0.02	0.03	0.06
TOTAL	1.19	1.91	1.05	1.28	1.40	1.28

Threat of New Entry

- Is it relatively easy for a new competitor to gain a foothold in your industry or market?
- How much would it cost, and how tightly is your sector regulated?
- Do new entrants come and go regularly? Or is the industry dominated by a few, big players?

Figura 2 - Principali aree di produzione (% sul totale 2007/08) Fonte: nostre elaborazioni su dati ICO



Here's how costs vary across six countries for three hectares.

	Colombia	Ecuador	Nicaragua	Peru	Guatemala	El Salvador
Administration	5,537	7,318	2,943	4,721	6,340	5,316
Harvest	5,690	6,750	3,870	5,769	5,068	4,875
Labor	950	1,683	1,316	1,292	2,118	265
Supplies	2,594	3,306	2,452	2,443	2,755	3,363
Infrastructure	778	668	2,186	332	783	979
Renovation	195	188	215	279	336	704
TOTAL	15,744	19,913	12,981	14,837	17,400	15,503

Is difficult enter in coffee market?

1. Latin America is the major coffee producer;
2. Drought by Climate Change we have loss 22,6% of products
3. Coffee beans value +25%
4. Less export
5. Political Crisis
6. Lockdown

It is not a good time for coffee producers: external factor and the predominant industry make the entry of this market difficult.

Thank you