

# **Consulting and Professional Communication**

## **Assignment 1**

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## Introduction

### Company Overview

JM Smucker Company was founded in 1897 by Jerome Monroe Smucker in Orrville, Ohio. Smucker's is a consumer-packaged goods company and manufacturer of Jif peanut butter, Folger's coffee, Robin Hood baking flour, shortening, ice cream toppings, oils, pet foods, other products.

Jerome Smucker was born in Orrville, Ohio on December 5, 1858, he began by making apple butter, a family recipe he got from his great great-grandmother which he sold on the back of his horse-drawn wagon door to door. In 1897 he built a cider mill in Orrville and in 1921 the company became incorporated. The company expanded its operations in 1935, with the hope that demand will increase. In 1959, the company went public issuing over 165,000 common shares. The stock was listed on the New York Stock Exchange in 1965.

The company has since expanded its business across the United States, Canada and as far as Australia with over 5000 employees.

### Business Environment of J.M Smucker Company

The business environment of J.M. Smucker Company, commonly known as Smucker's, is a very competitive one, what sets them apart is ensuring that their partners thrive with them. It is also influenced by various factors. Here are some key aspects of its business environment:

1. **Consumer Trends and Preferences:** Smucker's success is closely tied to customer centricity, evolving consumer preferences and trends. Consumer demand for convenience, health-conscious options, organic and natural products, sustainable sourcing, and premium offerings influence Smucker's product development and marketing strategies. The company continually monitors market trends and adapts its portfolio to meet changing consumer needs. They also make sure to be everywhere consumers want them to be.
2. **Retail Landscape:** Smucker's operates within the dynamics of the retail industry, which includes supermarkets, mass merchandisers, convenience stores, online retailers, and specialty outlets. Changes in consumer shopping behavior, e-commerce growth, and shifts in retail channels impact Smucker's distribution strategies, pricing, and promotional activities. The business has a retail team (third party company) that handles product listing and placement across retail channels.
3. **Regulatory Environment:** As a food company, Smucker's operates in a regulated environment with strict food safety and labeling regulations. Compliance with regulatory requirements, such as the Food and Drug Administration (FDA) guidelines, ensures product safety and labeling accuracy. Smucker's invests in quality control measures, testing, and maintaining traceability throughout its supply chain to meet regulatory standards.

Core Values of The JM Smucker Company

The chairman of the board, Mark Smucker explains how the company’s history of continuous evolution has inspired and positioned them for continued success. Since its establishment over 125 years ago, J.M Smucker Company has evolved so as their values. They believe that in order to succeed, their values have to be clear, concise and actionable. The company’s core values are:

- 1. Be Bold
- 2. Be Kind
- 3. Do the right thing
- 4. Thrive Together
- 5. Play to win

Financial Statement

The 2021 fiscal year was said to be an outstanding year for the Smucker’s company as they were able to strengthen their competitive position and deliver on their commitment to shareholders. The company currently has a revenue of \$8.0B. As of January 2023, its total assets are over \$15.0B, Net cash operating flow \$600m. The company's ability to generate substantial revenue and profitability has further solidified its position in the industry.

Operationally, JM Smucker boasts a diverse portfolio of brands across various categories, including coffee, pet food, and snacks. Its flagship brands, such as Smucker's, Jif, and Folgers, enjoy significant market presence and consumer loyalty. The company's success can be attributed to its agility in adapting to shifting consumer preferences and its focus on building strong brand equity.

Analysis

1. PORTER 5 FORCES

Porter Force Category	Summary of Industry Forces
Competitive Rivalry (HIGH)	<ul style="list-style-type: none"><li>Intense competition: J.M. Smucker faces strong competition from other major players in the food and beverage industry, such as Mondelez International and Unilever.</li><li>Price competition: The industry is characterized by price competition, which can impact the company's profitability.</li><li>Innovation and product differentiation: Competitors are constantly innovating and differentiating their products, which can increase competitive rivalry.</li></ul>
Threat to New Entry	<ul style="list-style-type: none"><li>High capital requirements: The food and beverage industry require significant investments in production facilities, distribution networks, and marketing efforts, which can be a barrier for new entrants.</li></ul>

<b>(LOW to MODERATE)</b>	<ul style="list-style-type: none"> <li>Established brand loyalty: J.M. Smucker has a strong brand portfolio, which can make it difficult for new entrants to gain market share.</li> <li>Economies of scale: The company benefits from economies of scale, which can make it challenging for new entrants to compete on price.</li> </ul>
<b>Threat of Substitution (MODERATE)</b>	<ul style="list-style-type: none"> <li>Wide range of substitutes: The food and beverage industry offers a wide range of substitute products, which can pose a threat to J.M. Smucker's market share.</li> <li>Changing consumer preferences: Shifts in consumer preferences, such as a growing demand for healthy and organic products, can increase the threat of substitutes.</li> </ul>
<b>Customer Buying/Bargaining Power (MODERATE)</b>	<ul style="list-style-type: none"> <li>Price sensitivity: Consumers in the food and beverage industry can be price-sensitive, which can give them some bargaining power.</li> <li>Availability of substitutes: The presence of alternative products from competitors can increase the bargaining power of buyers.</li> <li>Brand loyalty: J.M. Smucker's strong brand portfolio can help mitigate the bargaining power of buyers to some extent</li> </ul>
<b>Supplier Bargaining Power (MODERATE)</b>	<ul style="list-style-type: none"> <li>Commodity price fluctuations: J.M. Smucker relies on various raw materials, such as coffee beans and sugar, whose prices can fluctuate. This can impact the company's profitability and give suppliers some bargaining power.</li> <li>Limited number of suppliers: The company may have a limited number of suppliers for certain raw materials, which can increase their bargaining power.</li> </ul>

## 2. SWOT ANALYSIS

Internal factors

Positive	<b>Strengths</b> <ul style="list-style-type: none"> <li>• Strong Popular brands</li> <li>• Steady increase in US consumer spending</li> <li>• The company is ranked 47 in “Fortune 100 best companies to work for”</li> <li>• Increased R&amp;D spending</li> <li>• Iconic brands in its portfolio that are trusted and have demonstrated their strength and resilience</li> <li>• Continual positive response of consumers to their brand-building initiatives, product innovations, and new brand additions</li> </ul>	<b>Weaknesses</b> <ul style="list-style-type: none"> <li>• Dependence on distributors and retails</li> <li>• Limited global exposure and increase in marketing, selling, distribution, and administrative expenses</li> </ul>	Negative
	<b>Opportunities</b> <ul style="list-style-type: none"> <li>• Accelerating growth in premium and single serve coffee category</li> <li>• Steady increase in U.S consumer spending</li> <li>• Potential in emerging markets</li> <li>• Growth in US Food service market at a CAGR of 3.33% during the period 2016-2020</li> </ul>	<b>Threats</b> <ul style="list-style-type: none"> <li>• Competition from rivals in the same industry</li> <li>• Decline in net sales and profit across all the segments</li> <li>• More concentration on fresh food</li> <li>• Crude oil price trends and their impact on transportation, energy, and packaging costs</li> </ul>	

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## External factors

### 3. PORTERS GENERIC STRATEGIES:

Industry Wide	1- Focus on achieving the lowest production or operational costs in the industry. 2- Offer products or services at competitive prices below those of competitors. 3- Utilize economies of scale, efficient operations, and cost control measures.	1- Differentiate products or services from those of competitors. 2- Emphasize unique features, superior quality, innovation, or customer service. 3- Focus on building a strong brand and customer loyalty.
	1- Concentrate on a specific market segment, niche, or customer group. 2- Tailor products or services to meet the specific needs or preferences of the target segment. 3- Create a competitive advantage by understanding and serving the niche market better than competitors.	
Particular Segment		

### 4. Asnoff Growth Matrix

New Markets	Evaluate potential new markets or customer segments that JM Smucker can target with its existing products. Consider geographic expansion, demographic targeting, or exploring new distribution channels.	Explore potential new markets or industries that JM Smucker could enter with entirely new products or through acquisitions and partnerships. Evaluate the feasibility and strategic fit of diversification opportunities.
Existing Markets	Assess how JM Smucker can increase its market share within	Identify opportunities for JM Smucker to introduce new or

the existing food and beverage market. Identify opportunities to boost sales, improve customer loyalty, or gain a competitive edge over rivals.	improved products to its existing customer base. This can involve developing new flavors, packaging, or variations that align with evolving consumer preferences.
<b>Existing Products</b>	<b>New Products</b>

## 5. Business Model Canvas

<b>Key Partners</b> <ul style="list-style-type: none"> <li>Suppliers: Agricultural producers, ingredient suppliers, packaging manufacturers, and logistics providers.</li> <li>Retailers: Supermarkets, grocery chains, and online platforms.</li> <li>Co-branding and licensing partners: Collaborations with other food and beverage companies to create new products or extend brand reach.</li> </ul>	<b>Key Activities</b> <ul style="list-style-type: none"> <li>Product development and innovation</li> <li>Manufacturing and production</li> <li>Marketing and promotion</li> <li>Distribution and logistics</li> </ul> <b>Key Resources</b> <ul style="list-style-type: none"> <li>Strong brand portfolio (e.g., Smucker's, Jif, Folgers, Crisco)</li> <li>Research and Development</li> <li>Manufacturing facilities</li> <li>Distribution network</li> <li>Skilled workforce</li> </ul>	<b>Value Propositions</b> <ul style="list-style-type: none"> <li>High-quality food and beverage products</li> <li>Diverse product offerings catering to various consumer preferences</li> <li>Strong and well-established brands</li> <li>Focus on innovation and product improvement</li> <li>Commitment to sustainability and ethical sourcing.</li> </ul>	<b>Customer Relationship</b> <ul style="list-style-type: none"> <li>Building brand loyalty through quality products and customer satisfaction</li> <li>Engaging with customers through social media, advertising, and promotions</li> <li>Providing customer support and addressing concerns</li> </ul> <b>Channel</b> <ul style="list-style-type: none"> <li>Retail stores (e.g., supermarkets, grocery stores, convenience stores)</li> <li>Online retailers</li> <li>Foodservice channels (e.g., restaurants, hotels, institutions)</li> <li>Partnerships with wholesalers and distributors to reach businesses and food service providers through B2B distribution.</li> </ul>	<b>Customer Segment</b> <ul style="list-style-type: none"> <li>Individual consumers</li> <li>Retailers and distributors</li> <li>Foodservice providers</li> </ul>
<b>Cost Structure</b> <ul style="list-style-type: none"> <li>Raw materials and manufacturing costs</li> <li>Administrative and Overhead Cost</li> <li>Distribution and logistics expenses</li> <li>Marketing and advertising costs</li> <li>Research and development expenses</li> </ul>			<b>Revenue Streams</b> <ul style="list-style-type: none"> <li>Sales revenue derived from consumers' and businesses' purchases of JM Smucker's food and drink items.</li> <li>Revenue generated from licensing or franchising branded goods and collaborations.</li> </ul>	



## Conclusion

The present strategy of JM Smucker is consistent with the results of the Business Model Canvas, Ansoff Growth Matrix, and SWOT analysis. In terms of value propositions, important activities, customer connections, and critical resources, the alignment is especially high. However, there are several areas where the alignment might be improved, such as resolving distribution and global expansion problems and controlling expenditures more efficiently.

JM Smucker must constantly analyze and change its strategy to guarantee continued alignment with the established frameworks and to capitalize on opportunities while reducing market challenges.

As the firm attempts to strengthen its market position and generate more growth, it is critical to identify opportunities and strengths that may be more effectively used. JM Smucker may push itself to long-term success and preserve its competitive edge in the market by focusing on these aspects. We intend to offer a solid roadmap for JM Smucker to successfully utilize its resources and competencies in order to achieve long-term success through a rigorous analysis of these areas.

Expanding offerings in the health and wellness segment: As consumers become more health-conscious, there is a growing need for items that cater to specific dietary demands and preferences. Smucker's might broaden its product options in this area by releasing additional organic, gluten-free, vegan or keto goods. This would allow the organization to tap into a booming sector and attract health-conscious customers. We advise the company to consider creating and developing new goods aimed at health-conscious consumers and promote these items through focused marketing campaigns emphasizing their health advantages.

Strengthening e-commerce presence: With the growing trend of online shopping, Smucker's must expand its e-commerce presence. This would allow the organization to reach a larger audience and give its clients a more comfortable buying experience. The strategy we consider to for JM Smucker to Invest in making its website for e-commerce more user-friendly and efficient. Investigate collaborations with large online shops to boost product exposure and availability.

Utilizing sustainability initiatives: Consumers are becoming increasingly concerned about the environmental effect of the things they buy. Smucker's can capitalize on this trend by developing and promoting sustainable practices throughout its supply chain and manufacturing processes. We propose to create and implement a thorough sustainability strategy that includes targets for decreasing waste, saving resources, and lowering the company's carbon impact. To increase brand loyalty and recruit environmentally concerned customers, communicate these actions to consumers through marketing campaigns and product packaging.

The J.M. Smucker Company faces several challenges and vulnerabilities that might harm its performance and growth. Here are some significant areas of concern:

1. Intense competition: The food and beverage business is extremely competitive, with many well-established firms as well as new entrants striving for market share. Price wars, lower profit margins, and the necessity for ongoing innovation to stay ahead can all result from this strong competition. Smucker's offers a diverse portfolio of well-known brands, giving it a competitive advantage. To preserve its market position and protect itself from competitive challenges, the firm must continue to spend in R&D, marketing, and product innovation.
2. Evolving customer preferences: customer tastes are continually changing, with an increasing emphasis on health and wellbeing, sustainability, and convenience. If Smucker does not adjust to these evolving demands, demand for its product may fall. J.M. Smucker has taken various steps to accommodate changing customer tastes, including the introduction of healthier food alternatives and the implementation of environmental projects. To

guarantee that its product offers stay relevant and compelling, the corporation should continue to analyze and adapt to customer trends.

3. Supply chain disruptions: The food and beverage sector rely on complex worldwide supply systems that can be disrupted by natural catastrophes, geopolitical conflicts, and pandemics. These interruptions might result in higher prices, manufacturing delays, and possible shortages. It is unknown how effectively Smucker's has planned for any supply chain interruptions. We would suggest that the organization analyze its supply chain resilience and execute risk-mitigation techniques such as supplier diversification, keeping proper inventory levels, and investing in supply chain technology.

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