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Ezz steel

Ezz Steel, responsible for steel production, was established in 1994 by businessman Ahmed Ezz in Egypt. It's arguably known for being the leading steel producer not only in Egypt but in the entire Middle East. It has grown vastly and extensively, which has helped solidify it's position in the global steel industry.

Ezz Steel's main goal is to develop and distribute different types of steel. Steel is used differently in the world; it's used to create utensils, car rims, machines, wires, and more.

External factors affect and influence Ezz Steel's operations; understanding these factors is vital. A critical PESTLE, SWOT analysis, and marketing mix are used to explain and show these factors.

Political: The Middle East is a politically complex region, Ezz Steel will be exposed to changes in governmental policies and instability in the region, impacting production and trade

Economic: Because of the company's earnings are tied to the economic growth in Egypt and the Middle East, any fluctuations in global steel prices will influence their impact

Social: due to increasing expansion and improvements in infrastructure, the drive in steel demand has increased exponentially

Technological: in order to increase production efficiency and quality, investing in modern and up-to-date technology is needed

Environmental: because of the carbon emission and the increase in environmental regulations, Ezz Steel requires some sustainable steel production practices

Legal: complying with Egyptian international trade regulations is a must, including environmental and safety standards

SWOT analysis

STRENGTHS	WEAKNESS	OPPURTUNITIES	THREATS
leads the Egyptian steel market with a very strong reputation and longevity	majority of its income is from Egypt, which puts it in jeopardy to domestic fluctuations	Potential in expanding their market further with the demand of steel increasing	Global economic slumps could lead to less demand in steel
they have four plants that are strategically placed and located for the best production output possible	If the founder of the company faces any legal trouble or has a controversial past, the company's image could get tarnished	Enhance the brands image through investing in more environmentally and eco-friendly methods to meet the required regulations	Export opportunities could be neglected because of some protectionist policies

continually investing in modern and updated technologies leads to improvements among the quality of steel	The development of other steel producers in the region leads to more competition in the market		Shifts in the prices of some raw materials that are required in the creation of steel may impact profitability.
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Marketing Mix Analysis

PRODUCT:

Variety: A variety of steel products are offered here, they're used in multiple different industries, for example construction industry, manufacturing industry and engineering industry

Quality: Ezz steel makes sure the products quality is consistent throughout the production. This helps maintain the brands reputation and customer loyalty

PRICE:

thoroughly observing the market competition and linking it with cost-based pricing and competitive pricing. The pricing strategies are implemented

Cost-based pricing: this is when Ezz steel considers the cost of raw materials, production costs and market competition when deciding the final price

Competitive pricing: Observing the competitors pricing strategy allows them to remain competitive in the market

PLACE:

The products are distributed through a system of distributors. For large customers, they are directly sold to them

Distribution network: utilizing it's network of distributors allows Ezz Steel to reach it's target customers across various locations, which leads to more efficient and widespread product distribution.

Direct sales: when it comes to large scale customers, Ezz Steel may offer discounts by passing the distributor network, this is called direct sales.

PROMOTION:

The product is promoted throughout the company, taking advantage of and utilizing a mix of marketing channels, including online presence and targeted advertising.

Perceptual maps

Understanding where it is positioned is very important for Ezz Steel's long term success, and understanding competition, how it works, where they are competing, and how to always be above the competition is essential for its market positioning and segmentation techniques.

A perceptual map is used to represent the market competition graphically through the key points from the consumer's point of view. In this case, the key points faced are price, quality, innovation, and customer service.

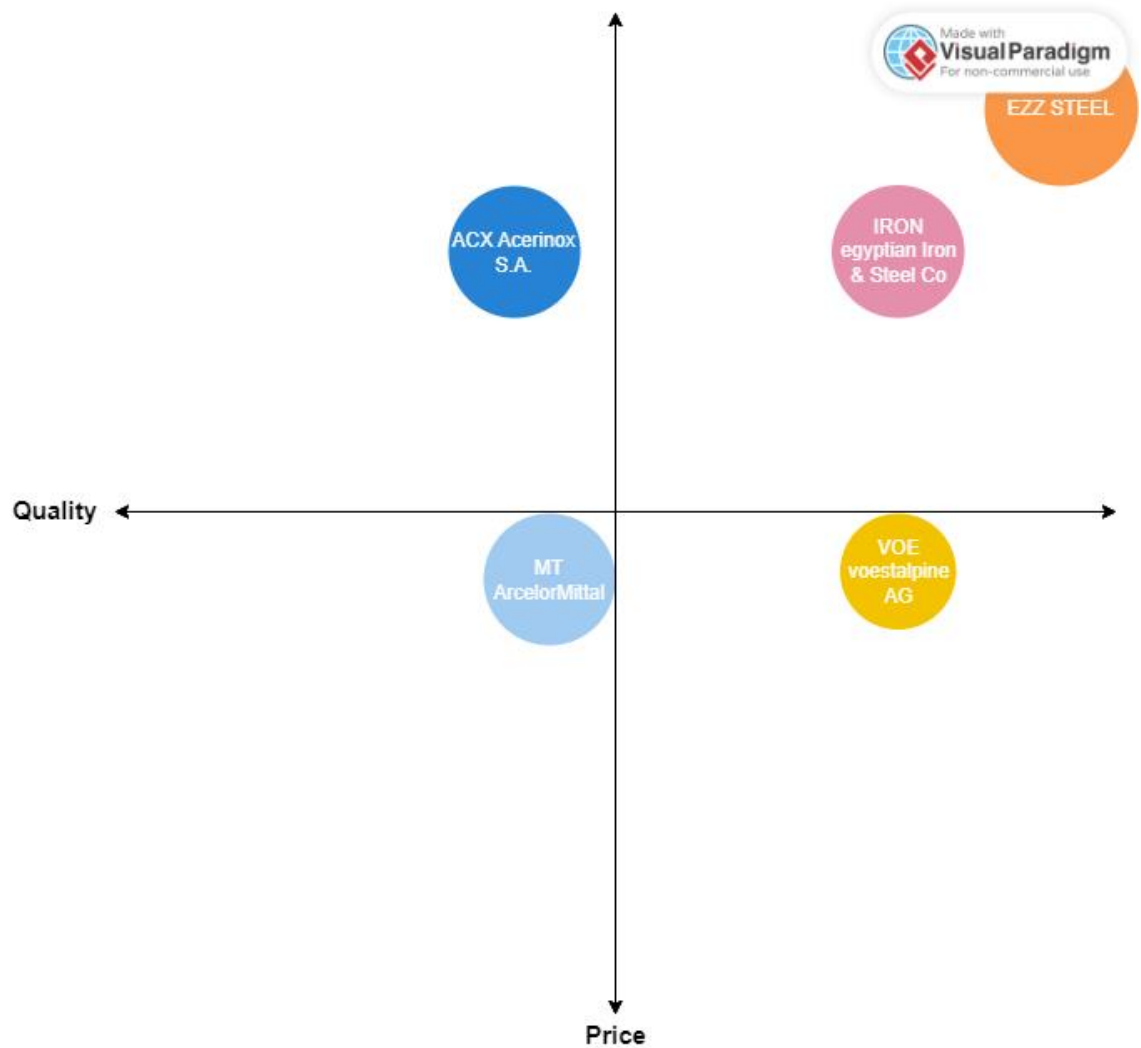
Price: how customer friendly the price of the product is to consumers when compared to it's competitors.

Quality: how the overall quality of the company's product is perceived and how consistent the quality is.

Innovation: if the company offers a variety of innovative steel products.

Customer service: How the way they treat their customers affects the reliability and responsiveness of the company compared to competitors.

Ezz Steel's position on the map is decided based on the competitors. They are currently in the desired position, which is the top right. This indicates consistency in quality, prices, innovation, and customer service.



Positional maps

On the other hand, positional maps actually cover the actual performance of the competing brands, all according to measurable metrics (market share, production capacity, product range, and technological advancement).

Market share: the percentage of shares controlled by Ezz Steel compared to competitors

Production capacity: the annual steel production output compared to competitors

Product range: variety and flexibility in the steel products that Ezz Steel produces compared to competitors

Technological advancement: amount of automation and modern technology that Ezz Steel utilizes and uses compared to competitors.

Through analyzing these concepts, Ezz Steel can easily identify the areas they need to work on improving and the areas where they excel when compared to competitors.

Segmentations

Ezz Steel also uses a combination of different segmentations to simplify and categorize their customer bases:

Geographic segmentation: customers are separated according to their location; for example, construction companies that focus on developing high-infrastructure

Production segmentation: Putting customers that require the same product (steel type, design, and product) together gives Ezz Steel the opportunity to tailor any product offers and marketing messages.

Customer size segmentation: customers are grouped according to their size, like large construction companies and smaller workshops; this allows for custom prices and service levels.

The segmentations are then assessed according to the 4 C's of segmentation.

Clear: Are the segmentations clear, defined, and separate from each other?

Measurable: can we measure the size and customer decision-making of each segment alone?

Compatible: Is each segment large enough to be reachable and actually gain the company's profit in the market?

Changeable: Does each segment require changes and adjustments over time?

Using these methods, Ezz Steel is able to gain a competitive edge as they obtain valuable insights about their competitors. If the segmentations are utilized correctly, Ezz Steel can maintain its competitive edge in the ever-changing steel market.

Recommendations

Due to its high capacity to produce products, I recommend Ezz Steel use a cash cow or star on the BCG Matrix. I have reached this conclusion through analysing their dominant position in the market. I will be explaining my recommendations in detail in the following part.

Recommendation 1: Cashcow strategy (duration is 4 years):

The goal when using the cash cow strategy is to enhance the brand image in front of customers. Through implementing sustainable steel production, they are able to achieve better customer loyalty. The cash cow strategy is separated and covered in 4 years. Environmental audit (year 1), investment in green technology (years 2 and 3), sustainable product development (years 2 and 4), and finally the brand repositioning campaign (years 3 and 4).

Environmental audit (year 1): to locate and identify areas that require improvement and focus in resource utilization, waste management, and carbon emissions, an environmental audit is used in these areas. (It will cost \$5 million).

Investment in green technology (years 2 and 3): use of energy-efficient technologies in the steel production process; this is conducted to reduce the carbon footprint (which will cost \$30 million).

Sustainable product development (years 2 and 4): using recycled content or any materials that have low environmental impact to expand and nurture steel products (will cost \$10 million).

Brand repositioning campaign (years 3 and 4): a marketing campaign that features the focus on eco-friendly and sustainable steel production that Ezz Steel carries (will cost \$15 million).

Ezz Steel, as a cash cow, can comfortably finance these investments over the 4-year timeframe given. The timeframe also leaves a window to carry out environmental assessments, implement technologies, and develop marketing campaigns.

Benefits to be expected:

- brand image and reputation will improve as a sustainable steel producer
- Customer loyalty will increase, especially in environmentally conscious businesses
- Will save money through taking resource efficiency measures
- Market share will increase through the contrast, depending on sustainability

Recommendation 2: digital transformation and E-commerce expansion, also known as the star strategy (duration is 5 years)

The goal when using this strategy is to increase the online sales of Ezz Steel by 20% in the next 5 years through the implementation of a strong e-commerce platform. It is carried out over a 5-year period: Digital transformation initiative (year 1), E-commerce platform launch (year 2), Targeted digital marketing (years 2–5), and Customer service integration (years 3–5).

Digital transformation initiative (year 1): a complete digital transformation plan is created covering website renovation, online ordering system combination, and CMR (customer relationship management) software implementation (this will cost \$10 million).

E-commerce platform launch (year 2): a user-friendly e-commerce platform is launched focusing on secure online steel product purchases (this will cost \$15 million).

Targeted digital marketing (years 2–5): some advertisement methods like targeted social media campaigns, search engine optimizations, and

pay per click are implemented in order to attract new and targeted customers online (this will cost \$5 million).

Customer service integration (years 3-5): combining multiple customer service methods like live chatting and automated chats for more efficient and smooth order management and customer support (this will cost \$3 million).

The timeframe here gives Ezz Steel the time to build a strong and robust online platform and an effective digital campaign. This will help customers from all around the world when it comes to buying any sort of product from Ezz Steel. The strategy requires significant investment but helps align with Ezz Steel's potential star position.

Benefits to be expected:

- A significant increase in sales revenue through accessible and appropriate online sales channels
- Improvements in reaching customers and engaging with them through the digital marketing campaign
- Customer service will evolve because of the online support methods
- Market share has potential to expand beyond the traditional sales channels Ezz Steel is used in

Cash cow strategy

making sure they increase their brand image and reputation among consumers, reduce their environmental footprint, and comply with regulations. Ezz Steel should implement the cash cow strategy, as it helps in making sure the company succeeds by covering all the requirements that are listed.

The proposed strategy has a 4-year timeframe: environmental audit (year 1), Investment in green technology (years 2–3), Sustainable product development (years 2-4), and Brand repositioning campaigns (years 3–4).

The cash cow strategy gives the company:

Financial strength: because of Ezz Steel's position, if a cash cow is used, it will indicate that it has a strong financial foundation. The strategy's main focus when it is carried out is to increase the company's profitability as much as possible from its existing market position. This allows for certain investments in sustainability without jeopardizing the core operations.

Long-term sustainability: Sustainability is an ongoing and ever-lasting commitment. Since there is a 4-year timeframe for the strategy, it gives Ezz Steel enough time to create a strong sustainable production system, create eco-friendly systems, and develop a brand reputation when it comes to sustainability. These are all very crucial for the company's long-term success.

Cost-saving's potential: Even though there are large initial investments, in the long run, the implementation of sustainable practices will lead to cost savings. The reduction of resource utilization, expenses of disposing waste, and potential energy savings all play a role in increasing profitability, which further enhances Ezz Steel's cash cow position.

Brand differentiation: sustainability is a huge differentiator in a crowded market like the steel market. By leveraging its eco-friendly methods, Ezz Steel attracts environmentally conscious customers, building brand loyalty. This strategy makes the brand image stronger while getting as much profit as possible, making it a perfect fit for Cash Cow.

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