

Mannings

Economics project
group10





History and development

- Founded in 1972 as a health and beauty store
- Integrated by Dairy Farm Company Limited in 1975
- With 235 outlets in 2006 - Hong Kong's top health and beauty retailer
- Committed to expand the Mannings store network (horizontal expansion)





Form of business ownership



```
graph TD; A[Dairy Farm International Holdings Limited] --- B[Dairy Farm Company Limited]; B --- C[Mannings];
```

**Dairy Farm
International Holdings Limited**

- Listed public limited company

**Dairy Farm
Company Limited**

- Private limited company

Mannings

- A brand under Dairy Farm Company Limited



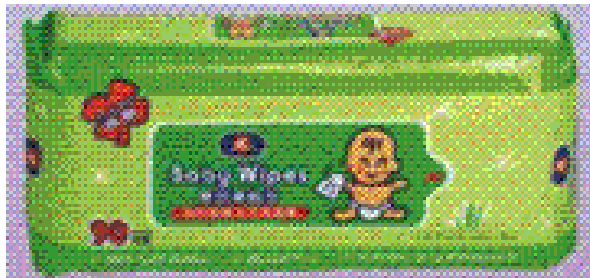
What to produce?



Secondary production

The products produced by
Mannings

- Mannings involves in secondary production
- It has factories to produce its own brand name. For example, tissue, toothpick, etc.





Tertiary production

The services provided by
Mannings

Retailing



Beauty advices



Pharmacists' advices



Retailing

■ Products sold in Mannings:

1. Confectionary
2. Cosmetic
3. Skin care
4. Medicine
5. Hair care
6. Bath
7. Feminine hygiene
8. Oral hygiene
9. layette





How to produce?



The factors of production employed by Mannings

- Labour : pharmacists, cashiers, etc

- Capital : shops and products

- Land : store's site

- Entrepreneurship : shareholders





For whom to produce?

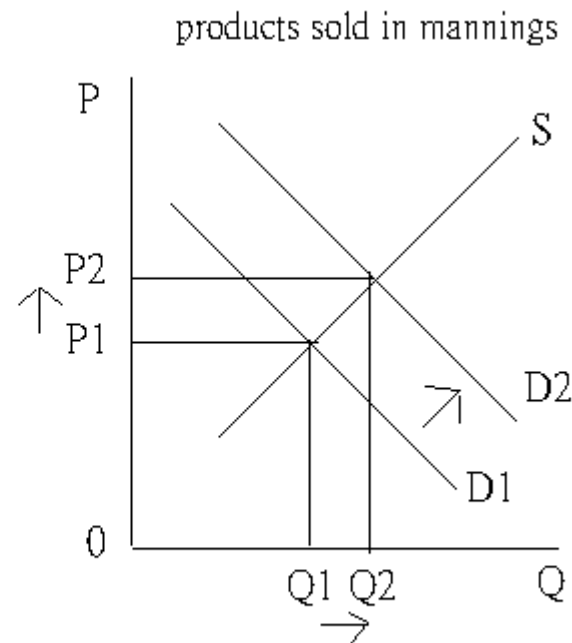
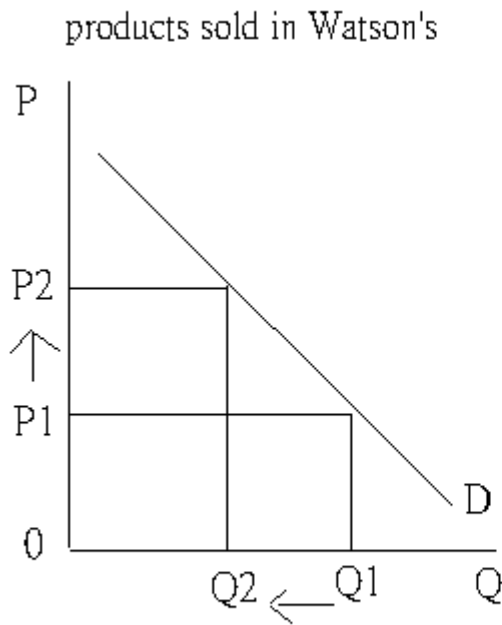
Target: all people



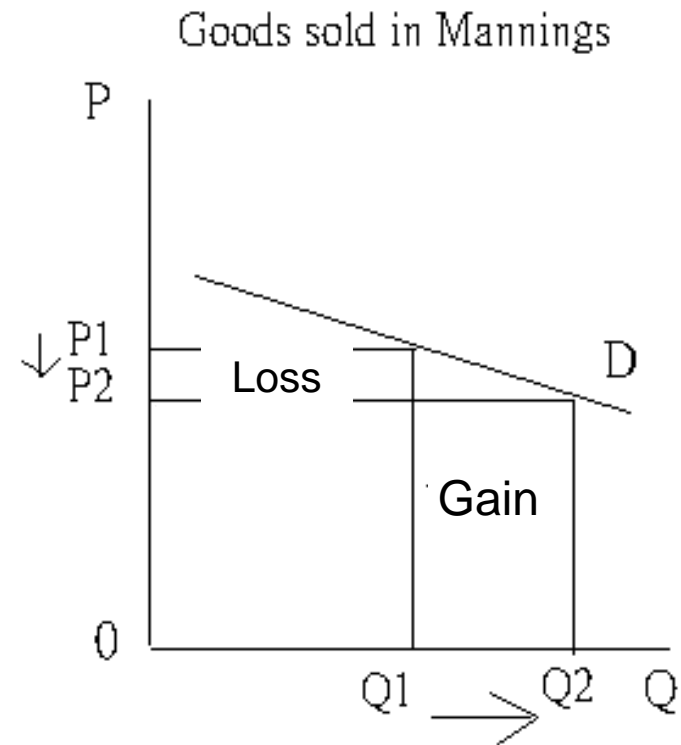


**Demand and supply of the
services provided by
Mannings**

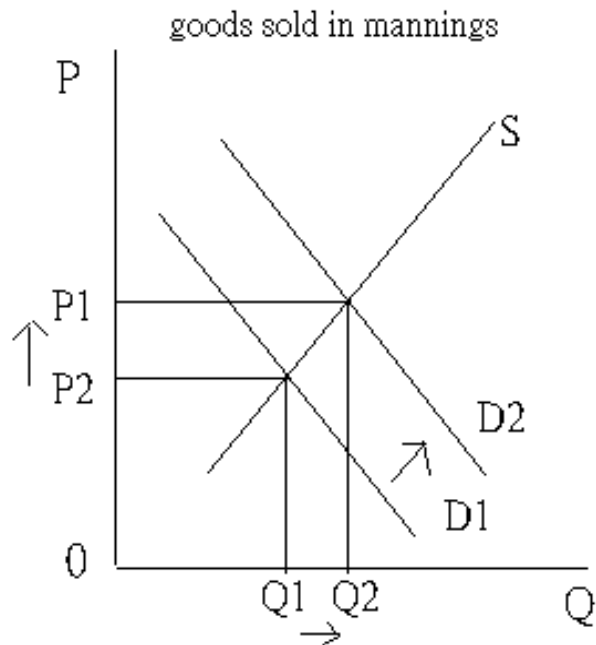
1. Watson's is one of the substitutes of Mannings.
When the price of Watson's products increases, the demand for Mannings' products will increase.



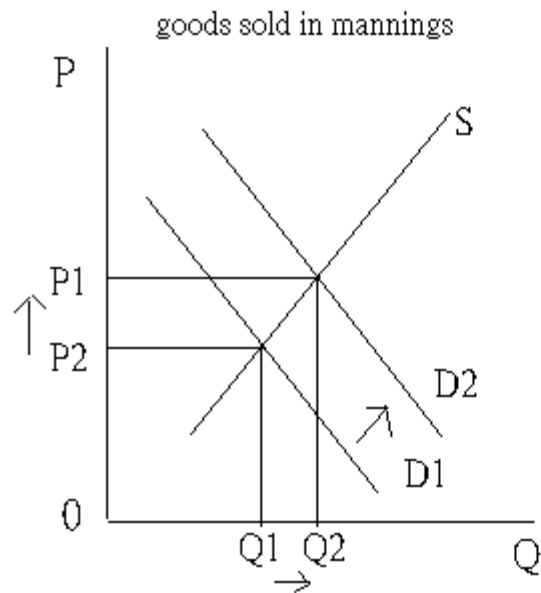
2. The demand for the Mannings' products tends to be elastic. As there are many substitutes such as Watson's and other small pharmacies, when the price of Mannings' products decreases, the gain will be greater than the loss and the total revenue will increase.



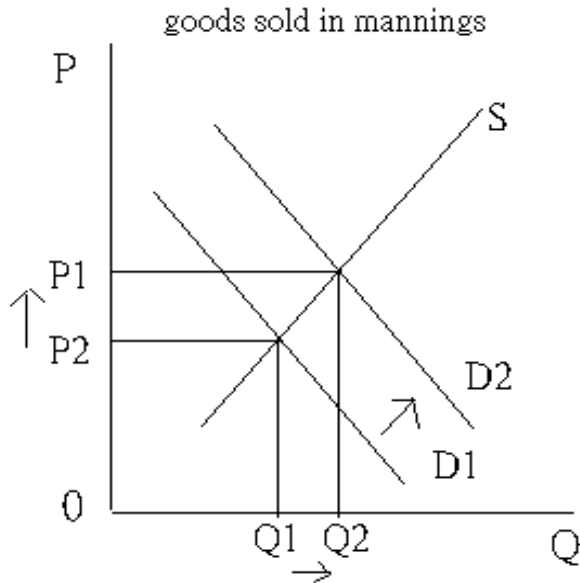
- 3. ‘萬寧萬萬人action’---If customers spend more than \$80 in their stores, they are given a product after doing an action. The promotion can increase the demand for Mannings' products. Total revenue will increase.



- 4. Mannings provides “Registered Products Guarantee (正貨保證)” and guarantees refund within 14 days. Customers will have confidence in Mannings and the demand for their products will increase.



- 5. Mannings gives stamps to their customers for exchanging gifts. The demand for the goods sold in Mannings will increase because customers want to get stamps to exchange the gifts.





Market structure of Mannings

- The market structure of Mannings is **oligopoly** which is dominated by a small number of sellers.





Competitive environment of health and beauty store

- There are few participants in this type of market, each oligopolist is aware of the actions of the others.
- Oligopolistic markets are characterised by interdependence. The decisions of one firm influence, and are influenced by the decisions of other firms.
- Strategic planning by oligopolists always involves the consideration of the likely responses of other market participants.





SWOT analysis



Strengths

1. Good reputation (well-known chain stores in HK)
2. Good quality control (all products are dealer products)
3. Diversified products provided (confectionary, drinks, medicine, cosmetic, skin care product etc)
4. Many brands for customers to choose from in all types of products
5. Good management: Obtain the Service Category Leader Award for 18 times.





Weaknesses

1. Higher price than small pharmacies
2. Higher cost than small pharmacies (Higher labor cost, management cost; Bigger shops with better locations require higher rent, more expenses on quality control).
3. With close competitor - Watson's





Opportunities

- 1. People concerns more about their health, hence the market size is increasing. Demand for body care and healthy product is increasing.
- 2. Under the threat of China's bad quality food and fake products, people's demand for quality products and good reputation shops increase.
- 3. Expansions to the mainland with the presence of CEPA.





Threats

1. Increasing number of pharmacies
2. Expansion of Watson's
3. Entry of new chain pharmacies from other places to the market





Ways to increase profit

- 
1. Decrease the prices of its product as its demand is elastic
 2. Improve its image to avoid competing with small pharmacies
 3. Keep up the good quality control and reputation
 4. Open more shops and lengthen the opening hour to attract more customers
 5. Develop online shopping and delivery services to widen the source of customers
 6. Promote itself through advertisements to increase its demand



END