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INTERPLAY OF MULTI-BRAND PRODUCTS AS COMPETITIVE STRATEGIES FOR MULTINATIONAL COMPANIES

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A Business Venture report submitted to the Faculty of Commerce, Law and Management, University of the Witwatersrand, in fulfilment of the requirements for degree of Master of Business Administration (MBA).

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Johannesburg, 2023

DECLARATION

I, Myendhren Govender, declare that this business venture report is my own work. It has been submitted for the degree of Master of Business Administration in the Faculty of Commerce, Law and Management, University of the Witwatersrand, Johannesburg. It has not been submitted before for any degree or examination at any other university.

M.Govender

Mr. Myendhren Govender

Signed at Kyalami, on the 21st of August 2023

[Word count of the research report: 20939 words, Turnitin score: 2 %]

DEDICATION

I dedicate this research report to my loving and supportive wife and sons, thank you for your support and encouragement over this MBA journey, as it has constantly kept me motivated and inspired to succeed.

To my wife, I thank you for taking on a substantial responsibility whilst I was completing this MBA degree. You took on additional duties for the family and made many sacrifices for me to complete this degree. For this, I will be indebted and forever grateful.

To my most loving sons, thank you for inspiring me to do better and be motivated to complete my MBA degree and to create a foundation for you young men to develop upon our family's legacy.

I appreciate everything from my loved ones always and will continue to work hard to make life a success for us all.

EXECUTIVE SUMMARY

The mining and construction business environment is dynamic with customers' needs for products continuously changing according to business environments, market conditions and applications. Multinational companies are losing customer share and market share by only offering premium products that are narrowly aligned with selected customer needs. These premium products are at high price levels with more features than required for customers' applications. Competitors identify the gap and create product offerings similar to multinational companies' products, albeit with basic features, and offer them at lower pricing to attract customers, thus gaining market share from multinational companies. Therefore, it is critical for multinational companies to offer products that are aligned with market conditions and customer needs.

This business venture explores the interplay of multibrand products as a competitive strategy for multinational companies and how this will increase market share for the multinational mining and construction company, Epiroc whilst meeting customer needs. Epiroc is losing market share year after year by only offering premium products into the market. Competitors have identified this gap between customer needs and Epiroc's premium products, thereby penetrating the gap, and targeting Epiroc's medium and small-segment customers. Competitors add perceived value in the form of cost-effective products in these segments. Competitors hold more than 50% market share of Epiroc's medium and small segment customers, valued over BZAR 1'432.

Through a multibrand strategy, Epiroc will gain a competitive advantage, as Epiroc will have the first mover advantage, offering multibrand products aligned to customers' needs. Epiroc can win back lost business and gain new business by targeting competitors' customers.

A post-performing qualitative data analysis was conducted with both Epiroc as well as their respective customers. Customers have indicated that financial budgets are exceeded before the end of the financial year. In addition, there are

continuous cost reduction initiatives to reduce financial expenses, in order to maximize profitability for shareholders. Therefore, customers must find cost-effective products to meet their production requirements. Customers often find different ways to meet financial budgets, in the form of initially purchasing premium products from multinational companies and thereafter repairing premium products once the product lifespan is met. These repairs are performed by local competitors at cost-effective pricing to reduce customers' operation expenditures. Data collected from Epiroc indicate that product development is required to be sustainable in a competitive market environment. In addition, Epiroc has the resources and capabilities to introduce a multibrand product.

A multibrand strategy can provide Epiroc with opportunities that have not yet been discovered by current product offerings, that is, premium products. Epiroc can gain back market share by deploying a multibrand strategy. Starting off by performing product development aligned with customers' needs, in other words, cost-effective products. Epiroc Research and Development (R&D) teams should design and manufacture multibrand products with a lower total cost of ownership. Thereafter, apply a marketing mix strategy to attract customers to Epiroc's multibrand product offering, by demonstrating the benefits and value to customers.

This business venture (Section 6) indicates multibrand products that Epiroc needs to offer to win back business lost to competitors. This should be accompanied with a strategy on how to execute and implement a successful multibrand strategy. Crucially, it is important for Epiroc to ensure that the R&D team develops products to meet customers' quality, safety, and application needs with lower pricing structures compared with premium products. The sales challenges must be trained on multibrand products' value and benefits, thereafter, strategically market and sell to customers.

Based on the business opportunity (Section 6.4), the market size in which Epiroc does business is valued at BZAR 8’531, with sales of BZAR 2’738, resulting in a

market share of 32.09%. This illustrates that Epiroc only has under 1/3 of the market share and competitors hold most of the business, that is, 67.91%, valued at BZAR 5’793. With an effective multibrand strategy, Epiroc can increase its overall market share.

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1. INTRODUCTION AND SCOPE OF THIS BUSINESS VENTURE

1.1. Statement of purpose of the business venture

This business venture aims to explore and propose the potential opportunities for the multinational company (MNC) Epiroc to implement a multibrand strategy, using a thorough business model evaluation process. Epiroc is currently faced with increased competition and low growth given its current product offerings. There exists an opportunity for Epiroc to become competitive and enhance its growth prospects with the right kind of market analysis and business model innovation. This business venture proposal conducts a thorough market analysis, which is aligned with market opportunity, and develops a viable business model (employing a business model canvas) with projected financials. The central proposal of the business venture is for Epiroc to focus on customer wants and needs in order to offer customers multibrand products that can meet their respective needs.

1.2. Background

It has been found that MNCs are continuously faced with growth challenges due to different local contextual issues (Meyer *et al*, 2011). Therefore, MNCs are constantly looking for opportunities to boost their growth prospects amidst rapidly changing customer demands and changing needs. The case study I will proceed with relates to Epiroc, a MNC in the mining and construction industry. Epiroc holds a strong market share with a selected customer segments yet has encountered low to declining growth levels within certain customer segments.

The marketing team at Epiroc have noticed a recurring problem. The exact nature of this problem is that premium products are often sold at high price levels to customers without fully understanding their wants and needs. It seems that this is due to a limited range of offerings, leaving customers with no option but to accept what is available, regardless of price or suitability. This is causing some level of customer dissatisfaction, which is limiting the ability to grow Epiroc's

business among its customer segments. It is therefore essential for Epiroc to align products with customer requirements to ensure customer satisfaction.

Generally, premium products at high price levels in market needs have offered mostly localised competitors to take advantage of MNCs product offerings and the gap created in markets. Competitors are able to fill the gap as they are more flexible with quick responses to market needs at cost effective offerings. In this way, local competitors develop strategies to gain market share based on MNC market gaps. These strategies include performing product development on key attributes based on the MNC product core functionalities, however, with improved levels of flexibility to gain a competitive advantage. Once local competitors' products meet the customers' needs, this generally tends to become the preferred product offering in the market.

It is important to understand the strategic behaviour of customers in the mining and construction environment vis-à-vis their choice of the best suited products for their operations. Customers in this environment often invest millions of Rands when selecting specific products to support their operations. Customers perform a detailed examination of the product offerings, considering the compatibility of products, the application fit, and the pricing structure to name a few criteria. Thereafter, a panel of experts perform a series of steps to choose the best suitable products for their operations.

During the customer product evaluation process, customers consider the total operation and value chain. All products are evaluated with consideration of how they fit into their value chain and pricing structures. In cases where MNCs only provide premium products that are fixed with a minimal level of flexibility, this restricts customers from integrating MNC products into customer value chains. Customers then opt for alternative product offerings, products not necessarily from MNCs. Customers appreciate the variety of product ranges to choose from that meet performance, quality product application, technology, user-friendliness, and price. Crucially, if MNCs choose to be stagnant in product development, it

will have a negative impact on future business opportunities for MNCs, in that they leave opportunities for competitors to seize.

This business venture report seeks to investigate the opportunities that can seized by Epiroc, particularly through a multibrand strategy. There exists an opportunity for Epiroc to become competitive and to enhance growth prospects with the right kind of market analysis and business model innovation. The business venture will conduct a thorough market analysis and develop a viable business model with projected financials.

1.3. Context of the business venture

Generally, MNCs offer premium products as this is a traditional method of doing business. This is because premium products often provide the highest profit levels. However, current business environments are dynamic with customers continuously scanning the environment for products that meet their needs at singular or multiple levels, before deciding on which products to acquire. Therefore, customers do not always go for premium products. In this way, the traditional business model is unsustainable as it sometimes results in lost business opportunities.

MNCs, by definition, do business and provide products across the globe. However, the global environment is continuously changing with high levels of global inflation, which translates into customers who have a lower willingness to pay. This then establishes a gap and opportunity for smaller competitors to mimic MNC products and to offer products that are similar to that of the MNCs at lower pricing. Oftentimes, smaller competitors are able to cut costs due to lower operational costs, with less investments in R&D, infrastructure, and the compensation of a smaller employee workforce.

It is important to appreciate the core business of Epiroc and the nature of the premium products offered. Epiroc provides premium products to a broad

spectrum of customers, ranging from Anglo American, Glencore, Sibanye, Goldfields, as well as to contractors doing work for the mines and others in the construction field. The products offered include drill equipment and tools to drill holes into ore. Customers then blast the drilled holes to process the ore, after which the ore is transported to process plants for extraction.

In order to successfully market Epiroc product offerings, Epiroc performs customer mapping. Customer mapping involves the segmentation of customers according to geographic location and the type of operations conducted to determine whether these operations are surface or underground mining. Epiroc further maps potential sales versus actual sales to understand customer share with respective customers. Epiroc conducted a post-performing business analysis, which found that there is a customer base with high potential yet low actual sales, resulting in a low customer share. To gain a better understanding of the reasons for low customer share, Epiroc performed a customer engagement process. Findings from this customer engagement process are that these customers choose to transact with suppliers offering lower priced products that can still meet their application needs (Epiroc internal study, 2022).

Epiroc acknowledges that premium products at high prices have higher life spans compared with products of lower pricing. Yet customers opt for non-premium products due to ongoing budget constraints. In some cases, products are needed for a shorter duration, resulting in the choice of non-premium, alternative products that meet these requirements. In addition, customers purchase products from third parts suppliers (local competitors, pirate product suppliers), as they offer basic products at a fraction of the pricing compared with MNCs.

In this context, the rationale for this business venture is to identify customers' needs and align Epiroc products with customer needs through a multibrand strategy.

1.4. Problem statement

The MNC Epiroc consistently loses market share to competitors by only offering highly priced premium products. However, customers often seek cost effective products given the strain on their budgets. This reduction in the customer share of Epiroc is noticeable in the sales analysis data for South African operations illustrated in Table 1 below.

Table 1.1: Lost business analysis of a multinational company only offering premium products

MNC providing products in B2B market	**Analysis on lost business due to price and variability of products (MZAR)**											
	2021						2022					
	07	08	09	10	11	12	01	02	03	04	05	06
	206	212	128	206	232	195	216	282	231	294	247	197
	Lost business due to price and variety of products over **H2 2021: 1179**						Lost business due to price and variety of products over **H1 2022: 1467**					

(Source: Epiroc equipment sales study, 2022)

Data collected by Epiroc over a rolling 12-month period – H2 2021 and H1 2022 – shows lost business values from month on month. The average calculation of lost business over two consecutive halves was performed and the findings were that lost business over H2 2021 amounted to BZAR 1’179. In H1 2022, the lost business amounted to BZAR 1’467, resulting in an increase of MZAR 288 between H2 2021 and H1 2022.

MNC Epiroc lost business to competitors over two consecutive half years with an increase of 24.42% over each respective period. Epiroc solicited the root cause for lost business to competitors from customers and was informed that it was due to the lack of cost effective products and unavailable product mix. ((Source: Epiroc internal study, 2022)

In order for Epiroc to mitigate losses experienced due to customers moving from Epiroc to their competitors, this report recommends that Epiroc implement a multibrand strategy with cost effective product offerings. The nature and content of this strategy and its implementation will be covered the business venture plan (Section 6) and in the Conclusion and Recommendations.

The market environment is dynamic with customer wants and needs continuously changing. This continuous change relates to restricted customer financial budgets, various application needs and value chain requirements. From Epiroc's study, it has been noticed that customers' financial budgets and financial planning is performed in advance, generally 4-6 months prior to next fiscal year, thereafter, approved and fixed over financial period. These annual financial budgets are continuously measured and monitored to ensure that respective departments adhere to financials planning surpassing financial planning has a direct impact on organisational profitability.

During the customer purchasing process of high value business-to-business transactions, the requirement is to obtain a minimum of three quotes from three different suppliers. Often, customers' awards purchase orders to the lowest price suppliers, which results in product cost effectiveness. In these cases, since Epiroc only offers premium products and tends to be more expensive than local competitors, the MNC encounters a loss in customer share and overall business.

In this way, customers seeking to embark on improving financials and find cost effective products, must choose between premium products at premium pricing and multibrand products at different price levels, often lower than premium product pricing. In order to meet the specific needs of customers, such as unique productivity, safety, and application requirements, customers will seek out competitors who are willing to prioritise their needs and customize their offerings accordingly. The crux of this business venture proposal's problem statement is that the MNC Epiroc exhibits a limited level of flexibility and loses both market

share and business by only offering premium products, which has resulted in customers soliciting its competitors who possess the competitive edge.

1.5. Gap analysis to support the business venture

For the reasons stated above, Epiroc loses out on potential opportunities where non-premium products are required for market penetration and overall business growth. Epiroc's competitors have exploited this gap thus gaining significant market share from Epiroc. Therefore, it is necessary for Epiroc to assess its overall business model, strategic position, and develop a competitive advantage when evaluating its product portfolio.

Through a multibrand product strategy offered at cost effective pricing, Epiroc can reposition itself and realign to customer needs. This repositioning and the delivery of a multibrand strategy is crucial for Epiroc to close the gap between the current (high value and premium) product offering and a much wider market share that can be accessed by better meeting customer needs.

1.6. Business venture questions

In order to gather valuable insights into customer needs and develop sustainable growth strategies for MNCs, it is important to consider two key aspects. Firstly, understanding the customer's perspective and needs are essential. This involves examining their purchasing criteria, business environment, financial requirements, and engineering application requirements. Secondly, it is important to assess the current business model and product offerings of MNCs to determine if they provide sustainable growth opportunities that meet customer needs. Exploring alternative opportunities can help increase market share and ensure sustainable growth. Ultimately, developing products that enable sustainable growth is critical to the success of MNCs.

The business venture is centred on Epiroc's sustainable business strategy, its current and alternative product offerings, envisaged product development, and growth of the customer base. The opportunity for growth in the customer base takes into consideration, customer requirements, resources, and the capability to best develop a multibrand portfolio.

This business venture report sets out to answer to the following key questions, tabulated to describe the objectives of the respective key questions:

Table 1.2: Key questions and objectives of the business venture

Key Question	Objectives of the Question
What are Epiroc's customer financial budget levels vis-a-vis their willingness to pay for products?	To understand importance of product pricing.
How can multibrand products add value to the Epiroc's customers' value chain?	To determine product fit and to guide design and manufacturing teams to build products aligned with customer needs.
Will multibrand products allow Epiroc to enter a new market?	To determine market segments with product classification.
What are the Epiroc's customers' requirements, wants and needs about multibrand product offerings?	To allow Epiroc to align multibrand products with customers' needs.

Does Epiroc have the appetite to move toward multibrand products?	To establish Epiroc's ability, capability, willingness and resources to introduce a multibrand portfolio.

1.7. Limitations of the business venture

The business venture is limited to Epiroc and the analysis of the performance of the business during a particular period, that being, between 2020 and 2023. Furthermore, the venture provides baseline on current product offering into an existing market, with competitors operating in a specific method.

1.8. Assumptions of the business venture

It is the assumption of the business venture that introducing a multibrand product offering will increase customer and market share but will not diminish the existing premium product performance or overall financial performance. At the core of the business venture is the further assumption that introducing multibrand products efficiently and effectively, along with correct product launch strategies, will not adversely affect the MNC's brand and reputation.

2. LITERATURE REVIEW

This chapter provides the theoretical foundation for the business venture and reviews the relevant literature to support the empirical aspect. These theoretical reviews provide the necessary foundations within the literature to support the strategic recommendations made by this report. The main theory relied on in this business venture is, Contingency Management Theory (CMT), discussed below.

2.1 Contingency Management Theory

In the domain of management and business growth, CMT plays a crucial role. It suggests that the effectiveness of management strategies depend on the specific situation or context. For instance, in the context of business growth, the theory implies that different strategies may be needed based on the current circumstances. What works in one industry or market condition might not be as effective in another. Therefore, CMT suggests adapting management approaches to the contingencies of the specific business environment (Bilodeau and Rigby, 2007).

Moreover, CMT emphasises the importance of aligning organisational structures and practices with the goals and demands of the external environment (Ashkenas, 2011). A business that can flexibly adjust its strategies based on the ever-changing market conditions is more likely to thrive. Ultimately, in the dynamic and unpredictable world of business, being able to navigate and adapt to different contingencies is a key factor for success.

A starting point in the implementation of CMT is to understand the internal and external environment of a given business, followed by the development of a strategy to achieve operational excellence. CMT states that once management perceives a change in customer trends and/or behaviours, the supplier organisation needs to work towards improving the situation. These improvements and/or changes that are required need to be executed rapidly, to respond to the continuously changing environment. Ashkenas (2011) states that

this can only occur if management continuously scans the environment, regularly understanding market needs and aligning products to meet market needs.

This responsiveness to market needs by continuously scanning both the internal and external environment is a key feature of CMT. Another facet of CMT is that it promotes opportunity for MNCs to increase market share by introducing multibrand products. The method of implementation of multibrand products is important to proactively address market needs to gain competitive advantage (Kahn, Leinwand & Nani, 2022).

Reddy (2022) states that in a marketing and sales environment, the product offerings, including its pricing structures, promotion and placement must be aligned to market needs to determine a given MNC's sustainable success. This is especially important in challenging business environments, which have increased the intensity of competition between mining and construction equipment suppliers (Reddy, 2022). It is thus necessary to better understand customer needs and to provide relevant solutions that create a competitive advantage and a sustainable future (Reddy, 2022). A way to get ahead of the competition is to maintain a balance between premium products and introduce multibrand products. By introducing multibrand products, MNCs are thus capable of responding to market needs and the many contingencies of the business environment.

Regarding Amazon.com, Gupta (2023) indicated that the MNC's growth strategy has been based around customers, providing products and services clearly aligned with customers' needs. The corporate strategy is to understand the market and quickly adapt and react to market needs. The MNC exhibits three fundamental strategies, that being:

1. Price: Provide the best market price to attract customers,
2. Variety: Ensure that customers have a wider range to choose from, and
3. Convenience: Provide products to customers at their convenience.

Amazon.com started off as an e-commence platform selling books, DVDs, and other products. During these transactions, they developed a good understanding of customers wants and needs by performing continuous customer profile analyses. Furthermore, Amazon.com continuously performs Strengths, Weaknesses, Opportunities and Threats (SWOT) analyses to inform the development of their business growth strategies. Amazon.com quickly noticed that the movie entertainment environment had changed following the introduction of Netflix, based on the decline of DVD sales and customers moving to Netflix. By responding to this contingency, Amazon.com identified an opportunity and used its strengths in the form of other product offerings, such as Amazon Web Services and thereafter launched Amazon Prime as a competitive streaming entertainment platform. This was a clear evolution of product offerings based on internal strengths as well as understanding customer needs to develop strategies around opportunity.

2.2. The concept of multibrand products

Multibrand products are a diverse range of products that attract a wide range of targeted customers and appeal to customers on a range of value points. These products may exist today or need to be developed in the future as part of an organisation’s portfolio to attract existing or new customers. Following a detailed customer analysis and segmentation, specific products are manufactured to target specific customers. Multibrand products are products developed by MNCs to reach a targeted customer base thus creating opportunities with customers not covered by existing products (Burr, 2022).

Multibrand products introduce differentiated products into current premium product offers. These multibrand products offers consumers alternative options with a variety of features and cost-effective benefits (Pecarski, 2017). All profitable businesses attempt to attain and retain the biggest share in their targeted market. The essential idea behind the multibrand strategy is to increase overall market share. Therefore, MNCs must think outside of the box and choose

to merge with different brands or plan to launch a new multibrand product into the market under a current or alternate brand name to obtain a competitive advantage (OMI, 2020). The advantages of introducing multibrand products outweighs the risks and it is therefore opportune for MNCs to embrace this strategy (Uiart, 2018).

Apple Inc. is one of the most famous multinational technology companies in the world. According to the Forbes ranking of the top 100 companies in the world (Contreras, 2022), Apple ranked 5th globally. When considering Apple's marketing strategy of the iPhone, Apple has various product (iPhone) offerings, of which Apple has performed product development over various years to target customers' needs. For high Living Standard Measure (LSM) customers, Apple releases the premium product, iPhone 14 assortments. For middle LSM customers, they have released the iPhone 13 and iPhone 12 assortments. For low LSM customers, Apple released the iPhone SE to target a much larger consumer group (Bhasin, 2020). These various offers attract a wide range of customers with specific wants and needs. If Apple only offered premium iPhone products, the MNC would not be able to capture the other target markets resulting in a smaller market share.

In addition, Apple has a wide range of product offerings, which are attractive for various levels, pricing and features to cross sell. For example, these include Apple Mac books, iPad tablets, the iWatch, iTunes and the recently introduced Apple TV. This wide product portfolio allows Apple to keep pace with market trends and requirements while targeting a wider customer base (Bhasin, 2020). Given the insight into multibrand strategies exemplified by Apple and its product offerings, further discussion will be included in Section 2.3.1.

In a multibrand strategy, there is a high chance of propositioning the brand resulting in a competitive advantage. The aim of introducing multibrand products is to increase customer and market share by developing products according to customer needs (Phuongnh, 2022). MNCs seek to provide a positive overall

experience for customers, who therefore remain doing business with the MNC and its entire product portfolio, including its premium products and multibrand products (Phuongnh, 2022).

Adopting a multibrand strategy with MNCs that have a strong history and footprint with premium products has a low barrier to entry for multibrand products because market segmentation already exists. In addition, multibrand products influence customers and their decision making because there are variety of products to suit their application and financial needs (Uiart, 2018). MNCs that have both premium and multibrand products gain competitive advantage to offer a variety of products to meet customers' specific needs.

2.2.1. To succeed in the long term, focus on the middle term

Moore (2007) indicated that to succeed in the long term, businesses should focus on the middle term. This refers to setting horizons over three-year periods (the short term, mid-term, and long term) to build sustainable success. Moore's article can be explained by its relevance to achieve success in farming. Successful farmers plan and manage the ground conditions prior to planting to harvest at the optimal time. They receive the product at the exact timeframe that the market desires products while managing the crop growth over various seasons. This is known as the mid-term strategy.

When businesses find themselves caught off guard by a changing marketplace, management often assumes that the mistake was in failing to invest sufficiently (Moore, 2007). This was noted with leading companies such as Kodak, Polaroid, Xerox and others, who failed to perform product development in accordance with changing market needs, resulting in the fall of these companies (Moore, 2007).

Once the horizons are set, product development is key to achieving long term success. This is because product development is a mid-term strategy, launching

an innovative product in line with customers' wants and needs, resulting in a long-term strategy with sustainable success.

2.2.2. A more rational approach to new product development

Bonabeau, Bodick, & Armstrong (2008) indicate that MNCs often overlook the basic everyday patterns that have been available for years. These patterns are generated during sales transactions, which are the opportunities, hits, and misses (Parmar *et al*, 2014). These parameters can provide businesses with an indication on how best to understand their products, its pricing, placement, and positioning. Following analyses of these patterns, businesses can determine product match with customer needs. If hit rates are high, products are aligned with customers' needs. Should the loss opportunity analysis be high, MNCs should perform a market study to understand the product compatibility with customer needs, as well as product pricing in relation to customer budgets. Following these analyses between market needs in relation to product offerings, MNC's should perform product development as a turnaround strategy. Such a strategy is a systematic approach to product development. It is important to note that these pattern analyses does not depend on leading-edge technology (Parmar *et al*, 2014).

2.3. Why do MNCs opt for a multibrand strategy?

Building a single brand can be complicated and a business limiting process. There are endless factors involved in bringing a given MNC's identity to light, from choosing the perfect logo to finding a compelling marketing strategy. Once the organisation is established, the process to add on a new product is low, with financial capital investments being the highest contributor (Phuongnh, 2022). MNC's that have existing product portfolios find it simpler to deploy a multibrand strategy on the back of existing products. This is because the marketing and sales environment already exists, customers' wants and needs are already identified and supply chain and logistics exist and are available.

A customer might have a positive experience with the parent company, which creates trust and informs the decision to choose the parent company's multibrand products. In this scenario, customers associate the brand with previously experienced value and become more inclined to purchase other products the MNCs produce. This will provide the MNC with a competitive edge by becoming a one stop shop thereby increasing customer and market share (Phuongnh, 2022).

Due to the competitive environment of brands, it is almost impossible for a single brand or product to satisfy all the market segments and market requirements (Uiart, 2018). MNCs continuously seek innovative ways to obtain a competitive advantage. Most brands and products are marginally different from their competitors and it becomes the marketer's job to uncover something distinctive. When applying brand positioning, MNCs need to be distinct to cater to the needs of different types of customers and offer what customers require (Neisser, 2022).

MNCs that introduce a multibrand strategy on the back of an existing product portfolio benefit from an increase in customer and market share with sustainable profit levels.

2.3.1. Apple iPad's product development approach

It is important to understand how Apple Inc. is structured and what their strategy is pertaining to product development and gaining the competitive advantage (Jana, 2010). When considering the magnitude of Apple and their vast product offerings, it would be circumspect to consider its business rationale and apply it in this business venture.

Apple structure starts with the CEO followed by vice presidents (VPs) per product line (Jana, 2010). These VPs have various respective structures below them, including the marketing department, product developer department, and

engineering departments. All departments are required to collaborate and communicate with one another to develop and produce market leading products (Jana, 2010).

Most of the time, the major product innovation starts with marketing teams who analyse market needs by collecting customer data in the form of surveys, measurements, the monitoring market trends and disruptive innovation, to name a few. The findings are then mapped into a tangible outcome. These outcomes are taken to forums for further in-depth discussion with product development and engineering teams. The respective teams discuss and evaluate market requirements and product developments to gain competitive advantage.

Apple considers the following parameters when evaluating and discussing product development:

Consider the future application of current products as they are developed.

This consideration concerns how to design a product today based on what they currently have at their disposal. It further includes considering the development of products that can be reused or add value in the future (Jana, 2010). Everything the company researches, develops and releases is considered in terms of how it would be used in the future. Apple Inc. applies a design and engineering culture centred on the smart recycling of designs and concepts for product cross-pollination and product integration. During the data collection interview, VP Greg Joswiak stated, “The iPad is an update from the iPhone, hybridised with a Mac (Jana, 2010).”

Do not focus on being the first; focus on being the best.

Apple strives to develop high quality products that work well and meet customers’ needs and wants. The MNC does not aim to gain the first mover advantage but instead aims to develop and manufacture the best product. This is best

exemplified in the iPhone, in which Apple was not the first to release the smartphone, nor did they release the first touch screen. However, Apple is responsible for releasing the iPhone that is considered to be the best in class as a smartphone.

2.4. Pros of multibrand products

As with any strategy, the multibrand strategy has several advantages that will be discussed in the table below:

Table 2.1: Pros of multibrand products

Pros	Description
Better visibility	When MNC's are active in several market segments and target different audiences, there is high awareness of the organisation and their respective products. As a result, adding multibrand products will increase brand awareness and business growth. (OMI, 2020)
Benefit from previously gained success	MNC's that have obtained success with current products that are in demand, will gather popularity among the target audiences. Introducing multibrand products can feed the success already attained, either in the same or related market segment. Newly launched products from an already existing MNC are likely to be more visible to customers rather than a product introduced under an unknown name. Additionally, newly launched products from an already existing MNC that currently has a customer database can reach customers quickly due to the MNC's presence and resources (OMI, 2020).
Additional options for customers	Modern clients want to have more options and choices within a single market. When introducing new brands, business-to-business customers are given more opportunities to choose based on their strategy, financial budgets and fit for application as well as to switch between products (OMI, 2020).

Benefits from the existing customer database	When introducing a new product, MNCs can first reach out to existing customers from the current contact database. These are potential buyers who already have a good impression of existing businesses and products. (OMI, 2020).

Source: Muller, 2022. Retrieved from https://study.com/learn/lesson/competitive-environment-business-overview-factors-trends.html

2.5. Effects of multibrand products on customers

In emerging markets, customers' buying criteria differ depending on their financial status, budgets, product availability, product life span and perceptions. Based on Price, Beams (2017) states that the following criteria are important when transacting:

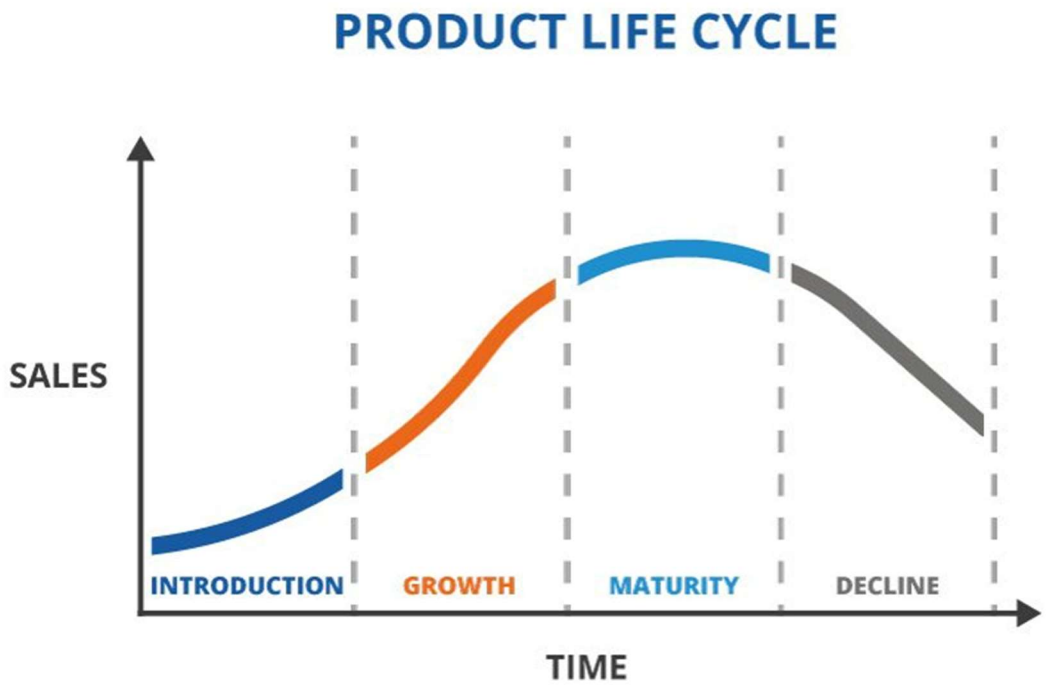
Table 2.2: Price Beam evaluation criteria for transacting in the business

Level of Importance (1-highest and 4-lowest)	Description	Reasoning
1	Price	Price is of high importance to consumers in emerging markets, because consumers have lower spending power and willingness to pay as a result of lower budgets.
2	Product	Emerging markets consumers tend to prefer products that meet performance requirements, as well as quality standards but are cheaper than premium products. In essence, "lite" versions of the premium products without state-of-the-art features.
3	Life Cycle	All products experience life cycles differently. Both developing and emerging markets reach growth and

		maturity levels differently. Therefore, it might be beneficial for each product to be strategically introduced depending on the economic status and customers' ability to spend. The availability of infrastructure is another consideration. For example, Tesla's electric cars were introduced in 2008 in developed countries and is currently in the growth phase in developed markets due to consumer financial capability and infrastructures to support charging stations. However, Tesla has not been launched into Africa's emerging markets due to the lack of available infrastructure.
4	Function, size, and quality	Emerging market consumers have lower financial budgets and are therefore willing to disregard some features, functions, size or benefit of a given product in order to remain within their financial budgets.

What follows is a figure on the product life cycle curve, to illustrate the introduction of a product to its eventual decline.

Figure 2.1: Product life cycle curve



Source: TWI Engineering. Retrieved from https://www.twi-global.com/technical-knowledge/faqs/what-is-a-product-life-cycle

Price Beam's evaluation of parameters are critical when customers perform transactions, for the following reasons:

- Customers are price conscious and price sensitive and therefore multibrand products will provide customers the option to select products that meet their financial requirements.
- Multibrand products play into a product mix portfolio, which allows for a variety of products to be offered to respective customers, thus attracting a variety of customers. Customers can opt for the premium product range or the multibrand product range depending on the application and budget requirements.
- For MNCs that have premium products, introducing multibrand products could introduce a new and sustainable product life cycle.

- Multibrand products offer flexibility in product function, size, and quality. Therefore, customers can choose what best suits their application.

2.6. 3 C's model (Customer, Competitor and Company)

Introducing multibrand products is the responsibility of the marketing strategy. When undertaking this, it is advisable to consider the 3 Cs of marketing, a popular strategic marketing concept. This concept and its model takes into consideration three variables to develop an effective marketing strategy. The variables are dynamic in nature and fully depend on each other. (Web Analytics Consultants Association, 2020). The 3C's represent three key sectors for all business units and can be applied to this business venture.

The 3 Cs are, customer, competitors, and company, as illustrated in the figure below. The figure represents all three elements working together to create a strategic business environment. MNCs offer products to the customer and the competitor competes to win the customer share. The company must then perform product development to obtain the competitive advantage by adding value to the customer while staying ahead of the competition.

Figure 2.2: 3 C's marketing framework



Source: Mezzanine B2B growth, 2022.

The first C is customer analysis wherein companies must clearly define all customers in the marketplace either direct or indirect. Thereafter, to segment the customer in an in-depth and categorised manner. To be in-depth, the company must provide a detailed analysis of customers, including particulars, location, financial spend, financial budgets, potential, decision makers, influences, process, and behaviours. The categorisation is in grouping customers in terms of geographical location and type of business with relation to potential versus actual spend and location. After this mapping, the company should link multiband products, sales challenges and strategy to the market. (Web Analytics Consultants Association, 2020)

The second C is competitor analysis, wherein companies must analyse the competitors, including what they do, how do they do it and what provides them with the competitive advantage. Some of the questions to be answered are:
Is it their products and/or strategy? What is their route to market? Who are their customers and why do their customers transact with them? How are the competitors differentiated with regards to products offerings and strategy (Consultants, 2020).

The third C is the company analysis, to perform an in-depth analysis on the company. What are the company's resources and capabilities? In the company analysis, companies must perform a SWOT analysis, which would provide a good insight on the company's internal and external abilities and capabilities.

Some of the driving questions in this regard are: Is this used to provide a competitive advantage? The innovation level of the company? Process and procedures? How does the company offer shareholders value? How would multibrand increase market share and customer share? Does the company have resources and capabilities to roll out and implement a multibrand strategy?

2.6.1. In product development, let your customers define perfection

In a rapidly changing environment, product development is required to gain the competitive edge. Customers can provide insight and direction to MNCs developing products to gain a competitive advantage (Tacke, 2016).

By way of example, in the late 1990s, Porsche avoided bankruptcy by making its manufacturing more efficient and its sports cars more reliable (Tacke, 2016). By the turn of the millennium, the German automaker needed a new product for the mass market to jumpstart sales and decided to make a Sports Utility Vehicles (SUV) (Tacke, 2016). There was significant risk for Porsche in doing so, because their expertise was in manufacturing fast cars and not SUVs.

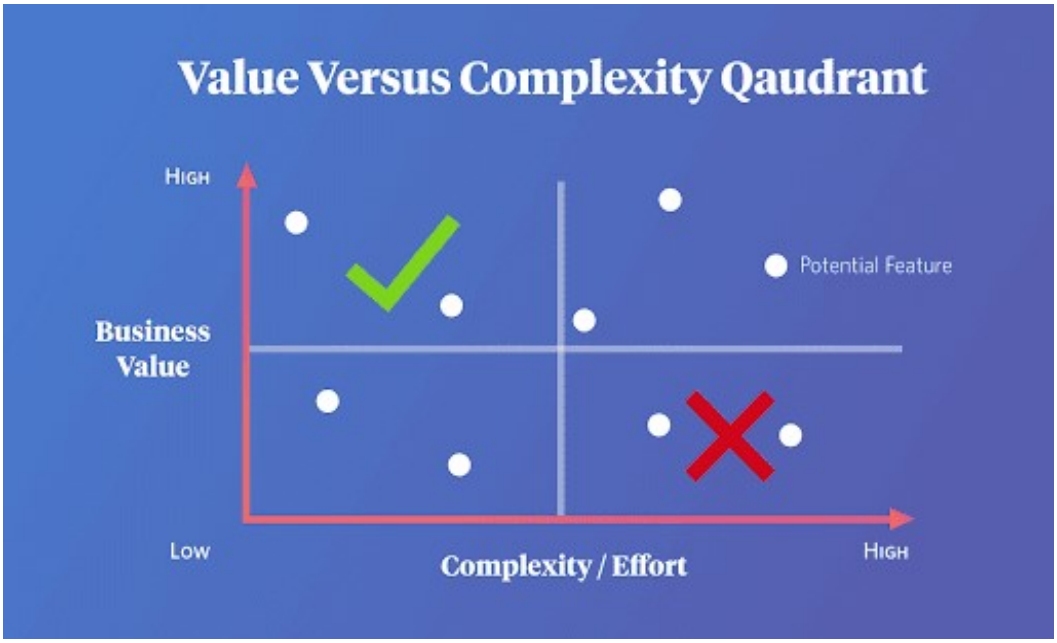
Porsche knew it was entering new territory and therefore wanted to get things right from the start. The company commenced with performing in-depth analysis and survey on customers' needs on SUVs and their willingness to purchase a Porsche SUV. The findings were then shared with executives and product designers.

It turned out that customers were willing to pay for a sporty SUV and that this was lacking in the market. This led Porsche to strategically develop a new product range in line with customers' wants and needs and allowed the company to achieve tremendous success in a new territory.

2.7. Product management frameworks for multibrand product development

Many successful MNCs have product development as key drivers to gain competitive advantage. They have frameworks and teams to manage product development and concepts (ProductPlan, Undated). The following figure presents the Value versus Complexity Quadrant Framework for product development.

Figure 2.3: Value versus complexity quadrant, based on product development



Source: Productboard.com. Retrieved from https://www.productboard.com/glossary/product-prioritization-frameworks/

In the value versus complexity quadrant framework, both value and complexity are evaluated and measured and mapped into a quadrant. Thereafter, plotted according to a high and low ranking. Product development is based on high business value and low complexities are known as quick wins due to their high value and low complexity. If low-hanging-fruit opportunities are identified, businesses need to execute the top priority opportunity in order to gain market share.

The Value versus Complexity Quadrant is an excellent framework to use for teams working on new products. Due to its simplicity, this framework is helpful to make objective decisions fast and effective.

Value is what the future product will offer its customers in a form of safety for the customers' employees and operations, production and performance. This will

provide end users more production and performance benefit, as well as financial benefits for the organisation. When MNCs consider product development, the above-mentioned value points need to be considered.

Complexity is relayed to product development complexity in the form of financial investments, resources requirements, development duration, risk potential, and ability, all of which should be integrated with other products and services.

2.8. Mergers and acquisition to increase multibrand product offering.

Frankfurt-based Scherr Pharmaceuticals started off by only offering premium products. Once they had a strong market share in the premium product offering, they later identified a gap in the market whereby customers wanted an alternative product that was not premium. In other words, a multibrand product (Bertini and Tavassoli, 2015; Atasu, 2021).

Scherr later acquired Siiquent, which had a multibrand product portfolio offering products at a lower price in the market and attracting customers based on cost effectiveness. Scherr decided to let the acquired company run under the Scherr group of companies but as its individual business unit and not integrated into Scherr. Siiquent, had its own structure with its own resources, strategy, and Profit & Loss (P&L). This was because Scherr did not want the non-premium product offering to dilute the Scherr's brand.

This model has brought success to Scherr because they are able to capture a larger market share by offering premium products while offering multibrand products. By structuring two revenue models, both the premium product revenue model and multibrand product revenue model, Scherr has increased revenue, profitability and shareholder returns. In addition, the Siiquent multibrand product offering did not negativity impact the parent company's brand.

2.9. Multibrand product offering effect of Circular Business Model

In the 1900s, founder Ray Anderson declared becoming the first sustainable corporation in the world after launching the Evergreen Service Agreement (ESA) Program. This Program was to recycle valuable raw materials and make use of them once again (Atasu, 2021). What once started as a supply chain initiative, to have a different available products to support existing business, is today a sales and marketing function with a wide range of product developments to support the circular business model (Atasu, 2021).

Manufacturing companies that produce products to supply a new product economy, are developing and evolving products to support the circular business environment. MNC's applying Product life extension (PLE) to focus on designing products to last longer, may open possibilities for markets in used products. However, durability is a key competitive differentiator and provides a strong rationale for premium pricing. Bosch Power Tools, for example, extends the life of its used tools by remanufacturing them, thereby enabling it to compete with new products from low-cost, low-quality producers (Atasu, 2021).

Companies applying this strategy to redesign their products and manufacturing processes, maximize recoverability of the materials involved for use in new products. This strategy often involves partnering with companies that have specific technological expertise or that may be best able to use the materials recovered (Atasu, 2021).

2.10. Conclusions

The literature covered in this chapter provided various case studies of MNCs that have strategically turned around by implementing product development thus gaining a competitive advantage. The top 100 global MNCs generate millions of dollars in profit, all of which perform product development to increase market and customer share. While each company implements different methods when

performing product development, the common theme and pattern is that product development is essential to gain the competitive advantage. In this way, many MNCs are implementing a multibrand strategy to gain the competitive advantage.

3. ANALYSIS OF CURRENT EPIROC BUSINESS MODEL

3.1. Introduction

This chapter explores Epiroc's business model as well as the method Epiroc uses when segmenting customers and classifying them according to current sales and opportunity. It presents a valuable model for the sales and marketing team to recognise their efficiency and effectiveness related to sales Key Performance Indicators (KPIs) including time spend versus return on effort. The model below indicates customers' potential versus actual sales transactions and aims to guide sales and marketing teams to focus on customers with high potential and to develop strategies and action plans to achieve high actual sales.

3.2. Analysis of Epiroc current market approach

Epiroc currently adopts the Total Territory Management (TTM) business model to categorise customers based on sales compared to potential. The first step deployed by Epiroc to gain insight of the full market is to perform customer segmentation. This is performed in a detailed manner by understanding the customer, their geographic locations, types, applications, business potential and transactions with Epiroc.

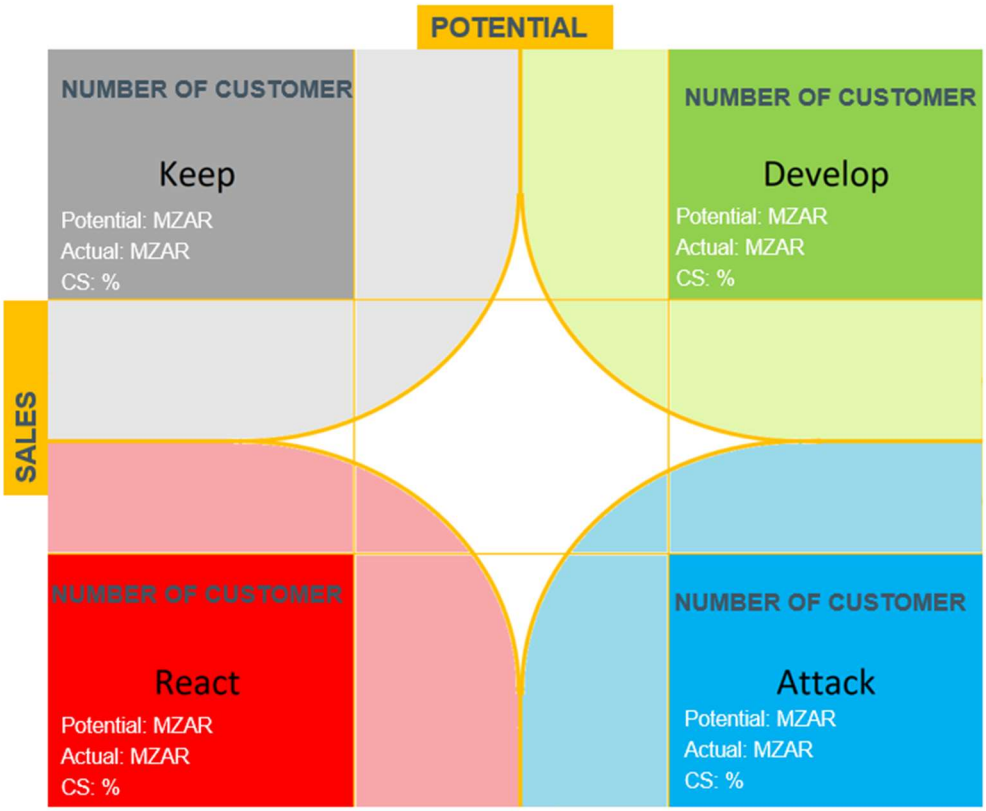
Epiroc introduced the TTM model for the sales and marketing teams to gain insight into customers, including their potential and actual sales. Epiroc then categorises customers under respective domains, based on their potential and actual sales. Based on customer placement within these blocks, the Epiroc sales and marketing team can develop strategies aligned to the matrix.

After categorising customers into respective quadrants, Epiroc develops strategies for each block on a matrix to obtain maximum market share. The matrix complies of 4 key blocks, that being:

- **Develop** customers with high potential and high sales. This results in a high customer share because these customers remain loyal to Epiroc products and brands.
- **Keep** customers with low potential and high sales. This results in an extremely high customer share also because these customers remain loyal to Epiroc products and brands.
- **Attack** customers with high potential and low sales. This results in a low customer share with major opportunity. Epiroc recognises that there is a possible high return on investment. These customer shop around and look for alternative products, ultimately purchasing from Epiroc as well as Epiroc's local and international competitors.
- **React** to customers with low potential and low sales. This area does not have much return on investments. These customers purchase with Epiroc's local and international competitors and only come to Epiroc during emergencies.

After categorising customers into respective quadrants, Epiroc develops strategies for each block on the matrix to obtain maximum market share. The TTM matrix classifies customers in an efficient and effective manner for MNCs to identify opportunities with customers and to develop strategies to maximise on these opportunities. This provides MNCs with insight on what products to perform, product development, and resources and capabilities allocation to increase market share and customer share (Gabossi, 2019). The four quadrants illustrate customers' potential and actual with customer share, as shown in the figure below:

Figure 3.1: Epiroc territory management plan



Source: Epiroc internal study, 2019.

3.3. Customers classified in accordance with potential

Epiroc commences the classification of customers in accordance with potential by collecting comprehensive data regarding the market environment, direct customers' data and indirect customers' data. They then quantify the respective customers' annual transactions of products in relation to what Epiroc offers. Thereafter, rank or segment these customers in accordance to purchasing power, budgets, transactions etc. (that being, the total potential). When segmenting, Epiroc classifies customers in accordance with the below:

- Customers that perform high per annum value transactions (potential) will be ranked as high – H segment.

- Customers that perform medium per annum value transactions (potential) will be ranked as medium – M segment.
- Customers that perform low per annum value transactions (potential) will be ranked as low – L segment.

3.4. Business Venture Method and concluding remarks

The method used in this business venture to identify which customers to perform qualitative research on is based on the TTM model, with a focus on Attack categorised customers, who yield high potential yet low actual sales and thus a low customer share. In this report, specific customers were selected from the Attack quadrant for interview purposes to understand their purchasing behaviour centred around multibrand product offerings.

The investigation in this area was with the aim to understand the customers' wants and needs. Furthermore, to identify which products customers do not currently transact with and their reasoning for not doing so. Third, to identify the opportunity for Epiroc to introduce a multibrand strategy with respective financial gains.

The study was performed in a systematic approach acquired from the literature review, which indicated that the best way to introduce a new product offering is to first collect data from customers with the aim to identify their wants and needs. Thereafter, to align products to these customers wants and needs. Since we have identified customers that have high potential and low actual spend, the best way to introduce products to gain customer and market share is by gaining insight to customer needs. The study design approach is to gain knowledge of the multibrand product offering and how MNCs integrate multibrand strategies into their product portfolio.

Qualitative data was collected by interviewing customers to gain insight into their appetite for multibrand products and the value it will bring to their operational

value chain. Furthermore, interviews were carried out within Epiroc to gain high level insights into Epiroc's perception of multibrand and the level of value it will bring to Epiroc. Based on the formal data collection process, we later correlated the customers' interviews and the company interviews to establish an outcome. Additionally, interviews were performed with Anglo American, an Epiroc mining customer that is under the Attack strategy based on the TTM model. This provided insight to Epiroc's related customers' wants and needs and allow Epiroc to develop a strategy to gain competitive advantage.

4. METHODOLOGY AND ANALYSIS

4.1. Background and introduction

In this business venture report, a qualitative data collection method was used. Interviews were conducted with key Epiroc stakeholders, management and key Epiroc customers. In order to gain insight on customers' wants and needs, the study interviewed key customers under the attack quadrant, based on the TTM model.

4.2. Data collection approach

In order to gain a comprehensive understanding of the topic, we asked open-ended questions to all interviewees. Our goal was to extract valuable insights from both customers and MNCs and to align their strategies accordingly.

Customer interviews were conducted through MS Teams, scheduling one-hour meetings with each participant at a suitable time. During these interviews, open-ended questions were posed to gather as much information as possible from highly experienced and knowledgeable professionals in the industry.

During the Epiroc interviews, in-person interviews with local management and MS Teams interviews with international management were conducted. In both cases, open-ended questions were posed to gather as much information as possible. Further interviews took place with selected key stakeholders who develop strategic goals and sustainability initiatives for their respective organisations in order to collect valuable data.

4.3. Participant Selection

In order to determine the biggest potential customers, an analysis of both potential and actual sales was conducted. Anglo American emerged as the top customer, after strategically choosing four participants from Anglo American and

four from Epiroc for interviews on multibrand product offerings. It should be emphasised that both companies granted permission for the interviews (See **Annexure A and B**). The sample size consisted of eight industry experts, including senior management and heads of departments. These individuals were chosen strategically in terms of their experience and knowledge in the industry and because they could provide valuable insight into multibrand product offerings. The selection criteria and its rationale is further expounded on in Section 4.4 and 4.5 below.

Within Epiroc, two of the four individuals interviewed are in Gauteng and are responsible for all products in Southern Africa. They possess knowledge and experience with various types of customers and products. The other two are based in the company's division in Sweden and are responsible for global customers and products, also possessing extensive experience and knowledge of global customers' wants and needs.

Two of the four customers interviewed at Anglo American are based in Limpopo, Mokopane. These individuals use various products frequently. The other two are based at Anglo American's head office in Rosebank and are responsible for many operations across South Africa. They have a broad knowledge and understanding of the products and solutions offered.

4.4. Interviewee profile

In order to gain valuable insights into how MNCs use the interplay of multiband products as a competitive strategy, interviews were conducted with a variety of experienced professionals from different fields. These interviewees are responsible for their organisations' strategies, planning, development, application needs, and integration with various products, brands, and solutions to meet their multibrand product requirements.

Anglo American is one of the biggest mining companies in the world with over 105 years of experience. Therefore, this MNC was strategically selected for interviews, especially because most mining entities within South Africa follow what Anglo American does and they are the leaders in the mining space. A Permission letter was obtained in this regard (see **Annexure A**). The participants were also strategically selected based on their position and experience within Anglo American.

The Heads of engineering were interviewed to obtain findings of their application needs. Heads of supply chain were interviewed to obtain findings of their value chain needs. Heads of finances were interviewed to obtain findings on finance plans and requirements. Heads of business units were interviewed to obtain findings regarding product development and sustainable business models.

Epiroc has over 150 years of experience and knowledge in mining and construction and was selected for interviews. A Permission letter was obtained in this regard (see **Annexure B**). Key stakeholders with many years of product, market knowledge and experience were interviewed. In addition, these stakeholders have been responsible for the business unit's success by developing key strategies, marketing studies and product development. These stakeholders have been responsible for introducing new product offerings. Strategic high-level management from Epiroc were interviewed, those being professionals who possess vast knowledge and experience in the mining and construction environment.

4.5. Interview participants

Post the TTM analysis, the business venture sought to identify a suitable customer to perform data collection interviews on and identify the type of participants. In this business venture report, the following three segments of customers and MNC were targeted to collect qualitative data:

1. **Supply chain participants**
    - Head of procurement, understand purchasing requirements
    - Category managers, appetite for multibrand
2. **Head of engineering participants**
    - Engineering manager, how important is product quality and safety, appetite for multibrand products
    - Senior engineer, financial budgets, appetite for multibrand
3. **Head of finance participants**
    - Sets financial budgets
    - Measures and monitors financial performance, department, and project

4.6. The interview process and consent

A semi-structured interview guide was developed to aid in obtaining all the necessary information from the participants. The interviewees were made aware of their rights and the fact that they could stop participating in the interview whenever they felt uncomfortable. The purpose of the study was explained to them and their consent obtained before the interviews begun.

4.7. Data analysis and interpretation

Thematic analysis is akin to peeling back the layers of an onion to uncover the underlying patterns and meanings within qualitative data. It's a methodical and flexible approach used to identify, analyse, and report themes or patterns within a dataset. The process involves systematically coding and categorising data, allowing researchers to explore the richness of their material. Themes emerge as recurrent ideas, topics, or patterns are found that encapsulate the essence of the data. Researchers engage in a rigorous and iterative process of refinement, ensuring that the identified themes accurately capture the nuances of the participants' experiences or perspectives. Thematic analysis provides a structured method researchers to make sense of complex qualitative data, offering valuable insights into the underlying narratives that may inform theories.

Thematic analysis is a method for analysing qualitative data that involves reading through a set of data and looking for patterns in the meaning of the data to find themes. It is an active process of reflexivity in which the researcher's subjective experience is at the centre of making sense of the data.

The starting point was to understand the literature review and how it supports the business topic. The participants' questions were structured around the business environment yet remained open-ended to gather as much information as possible. The questions posed to the participants were designed to gain an understanding of the business environment, including customers' wants and needs and Epiroc's ability to adapt to the opportunity.

Post data collection, the intention was to extract key points in relation to the topic and to identify if the business venture of offering multibrand products will provide Epiroc with the competitive advantage. Working through the data, patterns did emerge and following which, were correlated with the literature review to identify any alignment between the literature review and data collected, thus supporting the topic.

4.8. Ethical consideration

All information collected during this business venture have been stored in an ethical manner. During the interviews, all participants were made aware of the ethical requirements pertaining to the business venture topic in line with Wits Business School regulations. The participants then committed to sharing information and gave permission to use data in this report. All data has been stored in a safe format on a password-protected personal laptop with only one user having rights to the laptop.

5. PRESENTATIONS OF FINDINGS

5.1. Introduction

In this chapter, the results of the data collection will be presented, discussed and proposed in a systematic format. Part I (Section 5.2) is presented based on interviews with customers, including respective responses, findings, and proposal. Part II (Section 5.3) is presented based on interviews with the MNC Epiroc, including respective responses, findings, and proposal. For both parts, a proposal will be integrated in the findings. Toward the end of chapter, a comparison will be made between the literature review and interview findings.

5.2. Part 1: Customer data collection findings

5.2.1. Customer financial budget compliance

The research findings reveal how customers manage their financial budgets. It is important to answer if customers end up with depleted financial resources or do they have surplus finances at the end of the financial year. Financial budgets are allocated based on investment cycles and more often than not, are depleted before the end of the financial year. One finance participant stated that “almost all financial budgets are depleted by the 10th month of a 12 month financial cycle”, indicating that they need additional financial resources to complete required tasks. Therefore, financially beneficial products are crucial to help them achieve their financial targets and avoid overspending.

An engineering respondent mentioned that they have consistently exceeded their financial budget over the past five years. To stretch their financial allocations, they have developed new strategies. The company's strategy is to purchase a new product and then repair it as many times as possible to reduce high financial transactions. By repairing the same component multiple times they can reduce the total cost of ownership. However, the repaired components may not always meet the quality and performance requirements. The engineering team is

continuously searching for new product offerings that meet their application needs as well as their financial needs.

Finding: Financial budgets are not easily granted and when granted, the financial budgets are exceeded before the end of financial periods, which impacts the completion of task. Customers are looking for alternative products and solutions to meet their applications whilst meeting financial responsibilities.

Proposal: MNCs are to develop a multibrand product portfolio that meets customers' functional needs while providing financial benefit in a marketing sweet spot. Multibrand products positioned at a fraction of premium product pricing will provide financial benefits to customers by stretching customers' financial budgets. Multibrand products with cost-effective benefits will add value to customers' financial requirements by providing more bang for their buck, thus allowing them to meet their financial budgets. The multibrand product will be the preferred products by the customer, resulting in a competitive strategy for MNCs.

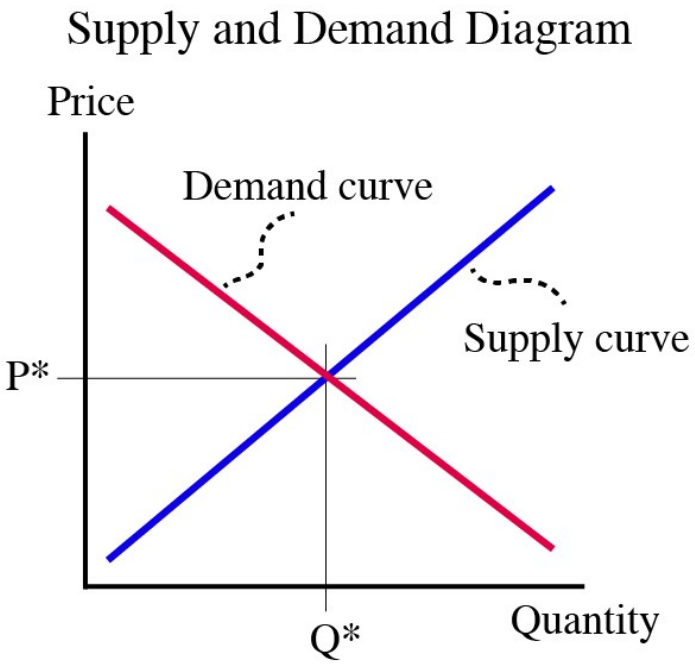
The marketing of multibrand products is also of high importance during the tender, quotation, and proposal phase. Epiroc needs to demonstrate and present multibrand product offerings. Anglo American needs to provide Epiroc with detailed specifications of requirements and Epiroc needs to provide various options (which are both premium and multibrand), aligned to customer specification. Epiroc should perform marketing awareness regarding various product offerings (premium and multibrand) and indicate the respective value in terms of performance, safety and financial. Thereafter, Epiroc should allow Anglo American to choose the best suited product offerings that meets their safety, quality, application, and financial needs.

5.2.2. The importance of product pricing

Following the previous question regarding financial budgets, the question regarding the importance of product pricing was posed. The feedback obtained from interviewees were insightful. In the mining domain, commodity prices are

set in accordance with supply and demand principles. Therefore, companies in the commodity markets are also price takers because the market sets prices for these commodities. The following figure illustrates an indication of the simple supply and demand graph.

Figure 5.1: An indication of the simple supply and demand graph



Source: PennSate College of Earth and Mineral Science, 2022.

If demand for commodities is high, then commodity prices are high and vice versa. During low demand for commodities, commodity pricing is low. At this point, mining entities cut back on spend and investments to reduce expenses and maximize profitability for shareholders. The rule of thumb is that procurement teams must find cost effective products and solutions. Here, product pricing plays an important role. The customer sometimes chooses non original equipment manufacturer (non-OEM) parts to meet the application whilst dealing with cost cutting initiatives.

Finding: During cost cutting initiatives, products are procured on price level at that point and not total cost of ownership. Multibrand products priced effectively can support customers during cost cutting initiatives.

Proposal: Epiroc to manufacture multibrand products that meet customers' basic functionality including safety, quality, and functionality. These products should have low manufacturing cost, the cost benefits of which are to be passed onto customers resulting in competitive business strategy. Since Epiroc does not have a multibrand offering, a good starting point is to analyse customers' highly and frequently used products to drill holes in the ground and remove ore, calculated with potential and compared with actual sales. It has been established that Epiroc has a low customer share (with high potential and low actual sales). Epiroc should perform customer surveys or studies as to why these products are not transacted with Epiroc and what are the customer mandatory requirements. This data should be shared with R&D to design and construct multibrand products for cost effective benefits. Ultimately, these multibrand products will have a lower total cost of ownership when compared to competitors.

5.2.3. Customer perception and preference regarding premium products

To gain insight into customer preferences, the study delved deeper into the products by asking customers about their perceptions of and desire for premium products. The general response was that premium products are seen as the best fit due to their superior features and safety but that they come with a hefty price tag. One of the engineering participants partially agreed, stating that while premium products do often come well-packaged with key features and good warranties, they can also be "overkill" if not all of their features are utilised or integrated into the value chain. This is because additional systems or software may be required, leading to higher investment and running costs. The organisation does not limit itself to premium products but rather selects products on a case-by-case basis. In fact, an engineer participant gave examples of how non-premium products were successfully integrated into the value chain. They

also noted instances where premium products did not meet their expected lifespan, negatively impacting on production. When the study posed this question to the supply chain and finance participants, they agreed that while premium products do work well in the value chain, their high price is a major drawback.

Finding: While premium products offer excellent features, not all of them are utilised due to the high cost of integration. Moreover, premium products come with a hefty price tag. Based on the interviews conducted, it was observed that customers prefer cost-effective products that fulfil application requirements rather than integration features.

Proposal: Epiroc to maintain and continuously develop premium products, in parallel to the development of strategic multibrand products. These multibrand products will have highest return on investment by increasing market share in the medium and small customer segments. This two-product type approach will provide customers an option to choose either premium or multibrand products, depending on requirements or strategies. This will grant Epiroc competitive advantage, as customers will choose Epiroc instead of competitors due to the product offerings.

5.2.4. Customer perception and preference regarding multibrand products

Following the question on premium products, a question on the perception of multibrand products and the desire to use multibrand products was posed. The feedback was positive in that customers stated that they are continuously searching for new product offerings that can meet their application needs and fit into their value chain while being cost effective. The engineer participant stated that products are selected depending on their compatibility and compliance. Compatibility regarding engineer design, efficiency, and effectiveness, followed by reliability. Compliance is in terms of product function, features, and safety. In addition, the preference is to use the original equipment manufacturer. The engineer participant went on to state that with multibrand products, they accept

and understand that the products are different from premium products and that therefore the features and life expectance of the multibrand product will be less. This is understandable but should be offset by the pricing structure. The supply chain and financial respondent stated that products are chosen based on engineering and application needs. Thereafter, price plays an important role. It should be noted that Anglo American is open to multibrand products as long as it meets the engineering and price needs.

Proposal: The multibrand product portfolio should meet basic application principles, such as safety and quality. The product needs are to have attractive pricing structures and provide price benefits to customers. Customers may overlook other features if the above is met.

5.2.5. What attracts customers?

A question outside of the previous discussion points was probed that allowed customers to provide an understanding of what would attract them to multibrand products. The findings were that all mining companies have sustainable development goals in order to reduce their carbon footprint, uplift communities they operate within, to protect and take care of the earth's natural resources. Anglo American aims to be the leader in this space driving initiatives such as developing a hydrogen truck to reduce carbon pollution. They have a few other initiatives, such as forging linkages with the environmental, social and governance plan to make use of products that have been manufactured from recycled materials as opposed to products that are made from new materials. In addition, they have a local purchasing initiative where they are measured and credited on local purchases. The customer stated, "If multibrand products were made from recycled material as well as manufactured locally, this will meet the environmental, social and governance plan, possibly becoming the preferred product."

Proposal: MNCs to make use of recycled materials in the multibrand product offering as this will offer a Unique Selling Point (USP).

5.2.6. The multibrand opportunity

To understand whether multibrand products will add value to both the customer and the MNCs, a key question was posed – If MNCs introduce a multibrand product portfolio, will this allow the MNC to gain more business?

Answers from various participants was an emphatic “yes”. A financial respondent stated that if multibrand products were to provide price benefits, this will lead a financial benefit to the company resulting in increased use of the multibrand product, which may possibly lead to the multibrand product becoming the preferred choice when compared to all other suppliers. An engineering respondent stated that multibrand products need to meet the minimum technical requirements, such as safety, quality, application, performance, and reliability.

An engineering respondent went on to state that at Anglo American safety comes first, and that therefore multibrand products needs to have the highest safety levels.

Quality of output is of high importance in the field of mining. Drill rigs are used to drill holes in the ground and therefore the requirement is for high quality with high efficiencies. There is the need to prevent hole deviation and redrills, on improving and impacting time and quality of ore rock size before entering concentrators and crushers. The alignment of product to application and performance is thus important as it increases the production meter. Achieving more meters at a high rate of penetration has higher levels of efficiencies, thus meeting the target sooner which allows the secondary process (loading and hauling) to start sooner.

Proposal: To gain more business from current and new customers, it is advisable to develop a multibrand product offering. Epiroc should develop multibrand products with the parameters of price benefits, product safety, and product performance. These multibrand products should provide customer with product efficiencies and effectiveness.

5.3. Part II: MNC data collection findings

5.3.1. Do premium products offer sustainable business model for MNCs?

When collecting data from Epiroc, the aim was to understand whether the sole provision of premium products is a sustainable business model. The business unit manager responded to state that premium products are best-in-class products of high quality, excellent safety features and have long life spans.

Over the past decades, premium products have been the preferred choice and has provided value to customers. Business environments are dynamic, as indicated by customers constantly changing their approach regarding preferred products. Customers have chosen a wide range of products to suit their needs. The global product manager stated they offered a mining customer only premium products. Months later, the global product manager was notified by the customer that they were unsuccessful in the business transaction. Epiroc then performed a lost business transaction analysis and the customer informed them that a few companies has made offers. These companies included Epiroc as well as their competitors, that being, Sandvik, Caterpillar and other local competitors. The customer evaluated the offers based on various criteria, such as product fit for application, product compatibility, life of mine and pricing structure benefit. Epiroc lost the business to its competitor because the competitor provided a good fit for application with the best pricing structure compared to all other companies. Epiroc performed further analysis to understand the successor's product offering and how this differed from Epiroc's. The following table illustrates this further analysis.

Table 5.1: Comparison between Epiroc and Successor product offerings

Comparison between Epiroc and Successor (Epiroc competition) product offerings	
Quality	Very similar between both products
Performance	Very similar between both products
Life span	Epiroc product had a significantly better life span (estimated to be 40% higher life span)
Additional Features	Epiroc products had many more features compared with successor.
Pricing	Epiroc was priced higher than its successor (estimated to be 38% more expensive)

Findings: It is noted that premium products are not sustainable because the business environment is becoming increasingly competitive. Competitors are offering a product that have fewer features with a lower life span, but with attractive pricing aligned to customer financial needs. Customers' requirements are dynamic and no longer requiring premium products.

Proposal: Epiroc requires multibrand products to be relevant in the customer evaluation and selection process. Epiroc should maintain premium product offerings but add on multibrand products. Multibrand products are to be of good quality, good performance, lower life span, fewer features, and ultimately with cost-effective pricing. This will allow Epiroc an opportunity to offer both premium and multibrand products when tendering or quoting. During the customer evaluation process, both premium and multibrand products can be evaluated, with the customer selecting the preferred product for their application, thus providing Epiroc with a competitive advantage.

5.3.2. Multibrand products as part of the strategic growth model

To understand if Epiroc has a plan to integrate multibrand products into their portfolio offering, a question was posed on multibrand product offerings as part of Epiroc's strategic growth model. The team responded to state that Epiroc's growth strategy is undertaken via two methods, that being, organic and inorganic. Organic refers to growing and developing current product offerings with the current market. Inorganic growth refers to developing into new ventures by offering various other value-adding products to new and current markets.

The latter, inorganic growth, entails offering differentiated products to new and existing markets. With the inorganic growth strategy, the focus point is to offer products to the competitor fleet, especially because in some respects, there are common products between the Epiroc and competitor fleet. Therefore, barriers to entry for common products are relatively low. For uncommon products, the barrier to entry is relatively high because Epiroc does not have experience and knowledge related to uncommon competitor products for competitor fleets. To rapidly enter these environments, Epiroc will have to find companies that have experience and knowledge and supply products to Epiroc's competitor fleet. Thereafter, Epiroc will need to perform mergers and acquisitions of companies in the competitor fleet to gain the strategic competitive advantage, aligned with an inorganic growth model.

One of the product managers based in the Epiroc division stated that a multibrand products offering would be a good business opportunity to capture business currently lost to competitors. Following the interview, it was stated that they would commence with a study to find out what opportunity multibrand products could provide to the global organisation.

Proposal: Epiroc is to analyse business to obtain the reasons and contributors for success. If these reasons and contributors are related to the premium product offerings, Epiroc is to continuously develop the premium products to obtain competitive advantage and stay ahead of the game. At the same time, Epiroc

should perform lost business analyses to understand if it is product pricing related and/or product life span and product quality. If lost business is related to the above, Epiroc should map out and simulate a multibrand product portfolio and develop a strategy to roll out the multibrand product.

5.4. Comparison of data analysis in relation to research objectives identified and evaluated

The following table presents an analysis of the data in relation to the research objectives.

Table 5.2: Comparison of data analysis in relation to research objectives

RQ #	Research Question or Objective	Literature Review Finding	Findings from the Business Venture Study	Conclusion to Results
1	Will the introduction of multibrand products provide MNCs with a competitive advantage?	Multibrand products provide benefits to customers in different forms and methods. This could be related to price, product availability, performance, and/or circular economy, to name a few. Apple Inc. continuously performs product development to obtain the competitive advantage. MNCs need to seek innovative ways to gain competitive advantage and	Data collected indicate that customers require different products to meet their application requirements. These different products are cost effective with variability and available during time of need. Epiroc current customers and target customers are eager to receive a variety of products to	There is a correlation between the literature review and findings in that the introduction of multibrand products will provide MNCs with a competitive advantage. Epiroc will increase customer and market share by offering both premium products and multibrand products.

		to increase profitability for shareholders achieved in product development. Challenging business environments have increased the intensity of competition as competitors are copying MNC products and offerings at a lower price model resulting in competitive advantage.	choose from, based on their application, financial budgets, and value chain requirements. This will give Epiroc a competitive advantage. Mining and construction customers are commodity price takers. During low commodity pricing, customers seek cost-effective products only.	Epiroc is to create awareness of multibrand product offerings and indicate the value to customers.
2	Will the introduction of multibrand products allow MNCs to enter a new market?	Toyota offered different products in the form of the Lexus, enabling Toyota to enter a new market (Sobek *et al*, 1998). Scherr pharmaceuticals acquired Siiquent, an organisation that offers multibrand products, which	Cost-effective multibrand products will allow Epiroc to target new customers and surpass the product limitation of offering premium products only.	There is a correlation between the literature review and findings, which indicate that Epiroc will be able to enter new markets by offering multibrand products. The literature review indicates many success stories

		allowed Scherr to enter a new market. Porsche entered a new market by offering a new product (SUVs), thus leading to financial growth.	Multibrand products will offer cost-effective pricing and attract customers and open up certain customer segments currently not transacting with Epiroc due to purchase products based on price levels. With cost-effective multibrand products, Epiroc can target competitors' customers.	of multibrand products enabling MNCs to enter new markets. Once Epiroc implements a multibrand strategy marketed to high potential yet low to no actual sales customers, Epiroc will attain business growth in new markets.
3	Product fit for purpose, application, value chain and financial needs.	Premium products are over designed and therefore become a product overkill to customers. Customers pay for features that they do not use. When Porsche decided to release a new product, the SUV range, they first performed studies by collecting	Epiroc customers indicated that currently, premium products have unused features which drives the price up. Customers do not use all features and functions of products.	There is a correlation between the literature review and findings. Epiroc needs to perform customer surveys and collect data to aid the product development strategy. Epiroc should select which products to perform product development

		data from customers related to application, fit and functionalities. The Porsche SUV was then designed in accordance with the findings of the customer surveys. The Porsche SUV range met customers' needs became a success.	Cost-effective multibrand products are an extremely good fit for customers' financial budget needs. It is clear from Epiroc's customers' feedback and analyses that by having both multibrand products and premium products, customers will choose products best suited for their application and financial benefits within its entire value chain.	on with the respective features and functionalities. To perform product development in an efficient and effective manner, Epiroc is to apply the Value versus Complexity Quadrant model.
4	Product pricing in relation to financial budgets	Customers are searching for different ways to maximise business activities while achieving financial budgets. Customers are becoming increasingly price sensitive due to companies	Epiroc customers are searching for new ways to get more product usage out of current product offerings. This is noticeable by customers purchasing new premium	There is a correlation between the literature review and findings. Epiroc is to perform product developments and introduce a multibrand strategy with the aim to offer financial

		reducing their financial budgets. This is done within the overall aim to increase profitability and create shareholders wealth.	products and who continuously repair them to get maximum financial benefit. Multibrand products are best suited to support customer business activities while meeting financial budgets.	benefits to customers. This will close the gap that Epiroc competitors have identified and currently maximise on and result in increased customers and market share for Epiroc.
5	Are customers interested in multibrand products?	Scherr Pharmaceuticals noticed that customers required multibrand products and therefore acquired Siiquent, a pharmaceuticals company that filled the gap by offering multibrand products. This acquisition has resulted in financial success for Scherr.	Epiroc customers are keen and interested in multibrand products as they are continuously searching for new products to meet their compliance and application needs. Once they find the required products, they are willing to change suppliers. Customers want to remain with MNCs and are therefore willing to transact with all	There is a correlation between the literature review and findings, indicating that customers are highly interested in multibrand products. By Epiroc offering multibrand products, they can meet various customer needs at various levels, such as financial, engineering application, and in terms of the value chain.

			product offerings aligned to their needs.	
6	Do multibrand products provide sustainable growth for MNCs?	Porsche's introduction of new products in the form of SUVs has led the Porsche group to obtain sustainable growth. When planning for long term success, product development is part of the recipe of success.	Customer data collection shows that customers want products that support their operations in today's economic environment. This data shows Epiroc's opportunity to increase revenue and profitability by introducing a multibrand portfolio.	There is a correlation between the literature review and findings. Epiroc is to develop premium product offerings, while introducing a multibrand product portfolio. This will increase Epiroc's revenue and profitability.

Thus, there is a strong correlation between the findings of the literature review and findings obtained during this business venture study. The top 100 MNCs perform ongoing product development, commencing with the conduct of business studies and customer analyses. Once this is completed, the MNCs perform product development, linked with high business opportunities.

6. BUSINESS VENTURE PLAN

6.1. Introduction

Epiroc group strives for Sustainable Profitable Growth (SPG) by providing long-lasting products that add value to a continuously evolving market. Epiroc has been in business for over 150 years, withstanding two world wars, global great depressions, global oil price hikes, global financial crises, and the COVID-19 global virus, to name a few. The MNC has maintained sustainable profitable growth by understanding market needs and aligning to these needs, noticeable by its evaluations of product evolution. Thus far, Epiroc has only offered premium products to support customers, achieving sustainable profitable results.

However, business dynamics have changed and customers have restricted their budgets. Customers need to achieve more with less, that is, more production and more maintenance with lower financial budgets. This has led customers to search for alternative product offerings that are lower priced when compared to premium products. Customers welcomed the potential for Epiroc to offer multibrand products and confirmed that this will add value to their operations and that they are willing to support and transact with Epiroc's multibrand product offerings.

Multibrand products with premium products will elevate Epiroc's sustainable profitable growth goal and will allow Epiroc to increase customer share, entering new markets with a broader customer value proposition offering.

6.2. Epiroc Analysis

To identify the viability of Epiroc to invest and launch a multibrand strategy, a SWOT analysis is required. This analysis will understand the external environment as well as the internal capabilities and resources of Epiroc before embarking on its multibrand strategy. What follows is this business venture's illustration of the strengths, weaknesses, opportunities and threats of Epiroc vis-à-vis the implementation of the multibrand strategy.

Figure 6.1: SWOT analysis developed on Epiroc's potential to launch a multibrand strategy



Each of the four components of the SWOT analysis will now be described in full below.

Strengths

Epiroc are leaders in the market, regarding technology and product innovation, with key focus on only premium products. Epiroc has strong global presents, with strong customer relationships in addition knowledge of customer operations and applications. Epiroc has an impressive financial performance with healthy balance sheet. Epiroc has the resources, intellectual property, structures, supply chains facilities, along with financial capacity to introduce multibrand products. By introducing multibrand products, Epiroc will be able to gain increased customer and market share.

Weakness

Lack of CRM tools, limits Epiroc's ability to understand customers wants and needs, it takes Epiroc much longer to understand the sales pipeline with respective opportunities. Epiroc lacks customization of products to meet customers' needs. Epiroc response to market needs are significantly longer than local competitors. By introducing multibrand products, Epiroc will be able to reduce the above-mentioned weaknesses, providing a level of product flexibility.

Opportunity

Epiroc has customers that have previously purchased Epiroc products, but currently purchase products from Epiroc competitors, due to various reasons, such as pricing, product features, to name a few. Competitors hold over 50% market share in the medium and small segment customers. By Epiroc offering multibrand products, Epiroc can target these customers and win back lost business. With multibrand strategy Epiroc can enter new markets, gaining competitors market share - Sandvik and Caterpillar.

Threats

Business environments are becoming continuously competitive, Epiroc is in an Oligopoly market structure, with Epiroc being one of the top 3 MNC's holding combined market share between 70-80%. The remaining 20-30% market share is held by an increasing amount of local competitors. These MNC's and local competitors compete for market share, all targeting same customer base. South African legalisation to mines indicate, mines need develop and spend percentage of their local spend with host communities based in the geographical area mines are located.

6.3. Market Analysis

6.3.1. Customer analysis

Epiroc has segmented customers into large, medium and small segments, based on the size of their operations, fleet and financial investments. Large customers have large mining operations that are either surface and/or underground; medium customer have medium to small mining operations that are either surface and/or underground; and small customers, who are often contractors and/or construction customers. The following table illustrates Epiroc's customer share with the respective customer segments.

Table 6.1: Table indicating customer segmentation with respective customer share obtained from Epiroc studies

Customer Segment	Epiroc Customer Share	Competitor customer share
Large customers	63.59%	36.41%
Medium customer	49.63%	50.37%
Small customers	40.77%	59.23%

With large segment customers, Epiroc has a high customer share of 63.59%. Large segment customers prefer premium products however, 36,41% of products are purchased at competitors. With medium and small segment customers, the competitors' market share is over 50%, resulting in competitors obtaining most of the business. These customers require cost effective products instead of premium products.

In order for Epiroc to increase customer share and market share, **Epiroc needs to maintain and continuously develop premium products to keep and maintain current business, whilst introducing multibrand products to attract business lost to competitors.** This will allow Epiroc to provide product offerings to all three segments, thereby gaining market share back from competitors. Customers have indicated that they would prefer to transact with

MNCs that have been in business for centuries, have good ethical standards, are good corporate citizens, and who continuously develop products that add value to their operations. Therefore, Epiroc must aggressively market multibrand products at all customer levels, in the engineering, supply chain and financial departments, to gain inroads for their multibrand products.

As indicated in Table 1, Epiroc's implementation of multibrand products have a **potential of BZAR 1'432.** Epiroc has made offers (quotes and proposals) of BZAR 4'170 and only sold for BZAR 2'738, with BZAR 1'432 of revenue lost to customers doing business with competitors due to product pricing. This is occurring mainly with the medium and small segment customers. In addition, the total market size is BZAR 8'531, however Epiroc only sold BZAR 2'738, which is a market share of 32.09%. This allowed competitors to gain BZAR 5'793. With multibrand products Epiroc can increase its market share by selling more products to a wider customer base.

6.3.2. Competitor analysis

Epiroc faces two types of competitors, namely, MNCs competitors, such as Sandvik and Caterpillar, with whom Epiroc retains the majority market share. The second type are local competitors who identify gaps between MNCs products and customer needs and penetrate those gaps. What follows is a discussion on the both competitor strengths and weaknesses, and what potential Epiroc has to leverage the competitive advantage.

Competitor strengths

MNC competitors operate similar to Epiroc, offering only premium products that add value to customers' needs. They exhibit strong financials, supporting investments in plant properties and products and therefore can explore a multibrand strategy. They are highly resourced with strong structures, and ongoing R&D that produce innovative products. Finally, the exhibit effective sales

and marketing teams to sell to customers and supply chains to manufacture and deliver.

Local competitors' strengths are in terms of their speed to market and can manufacture products significantly quicker than MNCs. This adds value to customers because there are low to minimal production losses, which translates into less risk. Local competitors constantly explore new business opportunities to gain customer share and lower overhead costs, which result in offering products at cost effective pricing. These competitors have the last mover advantage, first analysing the gaps and thereafter, offering products based on the gaps.

Competitor weaknesses

MNCs are slower to react to market changes and/or market needs because they have long processes and approval cycles. Local competitors do not have years of knowledge and experience but instead, commence with reverse engineering MNCs' premium products.

Gaining the competitive advantage

Epiroc can gain competitive advantage by maintaining and continuously developing premium products while introducing a multibrand strategy. Epiroc will have a wider product offering to capture a larger market share. Customers can choose between premium products or multibrand products based on their application, financial need, and business situation. A differentiated approach to current multinational competitors, as they currently only offer premium products, will give Epiroc the competitive advantage and allow them to target competitors' customer base.

6.3.3. Broad business environment

Porter's Five Forces is a comparative analysis that analyses competitive market forces within an industry. Applying Porter's Five Forces can provide an indication of Epiroc's broader business environment.

New entrant threats in the industry: This is moderately high and has been increasing year on year. Epiroc market analysis has noticed that over the past three years (2020 – 2023), there has been more than 80 new entries in the industry, almost all being local companies. Due to the Mining Charter and local spend initiatives created by the South African government, business preference is given to companies that are based in the geographical region of the mine. Department of Mineral Resources has legalisation encouraging engineering companies with different backgrounds and from different sectors to diversify and explore business opportunities in the mining and construction sector. This has encouraged small and medium enterprises who are quick to support and respond to market needs, because they have less red tape compared to MNCs. In addition, small and medium enterprises are constantly changing and adding processes as they develop.

Threats of existing substitutes: This threat is high. Epiroc currently faces threats by direct competitors, mainly, MNCs Sandvik and Caterpillar who offer products highly compatible to Epiroc products, with core functionalities and features being the same. Both Sandvik and Caterpillar offer premium products similar to Epiroc, relating to application, operation, functionality, and features. MNCs have high profit levels built-into premium product pricing. However, when competing to win business, competitors apply aggressive price reductions. Furthermore, local competitors offer customers substitute products in the form of repairs or rebuilds of premium products.

Therefore, following Epiroc's launch of a multibrand strategy, it can be reasonably expected that both multinational and local competitors will react and offer multibrand products.

Power of customers: The power of customers is high. The quantity of mining customers are relatively fixed and have not grown more than 8% over the past 5 years due to high financial investments to start up new mines. In the mining environment, customers are highly dependent on parameters, such as, equipment performance, reliability, availability, and safety. If Epiroc's products do not meet any of these parameters, this will impact the customers' performance who will then exercise the power to change suppliers. Currently, the global supply chain is under constraint regarding delivery of products and has led to impacts on customer performance. Customers invariably choose suppliers that have available stock and can support their operations.

Power of suppliers: The power of suppliers is high. In the mining drill equipment industry, MNCs rely on key suppliers to manufacture and supply key components that are integrated into finished products/goods. Due to global supply chain constraints, suppliers struggle to meet demand and product lead times are increased, which in turn affects customer production. Therefore, a multibrand strategy will be beneficial in a form of alternative product offerings. If current suppliers are unable to supply premium products, multibrand products can be offered.

Competition in the industry: This is relatively high. Mining drill equipment is a specialised industry yet there are many direct and indirect competitors, all aiming to increase their market share. Once Epiroc launches a multibrand strategy to gain competitive advantage, competitors will react to the multibrand strategy. Multinational competitors will try to do the same and local competitors will try to repair and rebuild multibrand products in a more cost-effective manner.

6.4. Business Opportunities

The total business for mining and construction within South Africa consists of over 420 customers. The majority are mines (328) with a few contractors (92), all of

which exhibit the same requirements to drill holes in the ground and to blast and process ore. In 2022, the total market size was valued at approximately BZAR 8’531 indicated in the table below.

Table 6.2: An indication of business potentials and business actual sales from an Epiroc study

	Epiroc (BZAR) 1st Jan -31st Dec 2022
Market size	8,531
Presence	5,331
Offered	4,170
Sold	2,738
Offered to Epiroc customers, yet lost to competitors	1,432
Lost market share to competitors	5,793
% Customer Share	51.36%
% Market Share	32.09%

In 2022, Epiroc’s total sales from 168 customers was BZAR 2’738, resulting in a total market share of 32.09%. The remaining opportunity is 67.91% valued at BZAR 5’793, currently shared amongst Epiroc competitors, including, MNCs Sandvik and Caterpillar and other local competitors. In 2022, Epiroc offered BZAR 4’170 yet the total revenue obtained was BZAR 2’738, resulting in lost opportunities to the value of BZAR 1’432. During Epiroc’s analysis with respective customers, it was noticed that business lost to competitors was due to product pricing. By introducing multibrand products, Epiroc will be able increase customer share and market share, winning back some lost business.

Currently, Epiroc has the market reach and is present in 62.48% of the total market size. Based on data collection, the limitation to close off is the limited variety of product offerings. From the above-mentioned financial opportunities, it is clear that the multibrand strategy will add value to Epiroc by increasing market share and customers, resulting in increased total revenue.

6.5. Marketing Strategies employed in the study

Epiroc's premium product offerings is positioned under market penetration and market development. With a multibrand strategy, Epiroc can increase customer and market share by offering cost effective products to medium and small segment customers. Furthermore, with a market development strategy to enter new territories, mainly into the MNCs' Sandvik and Caterpillar customer base, Epiroc can acquire and retain new customers.

In undertaking to deploy Epiroc's multibrand strategy, a marketing mix will be a good strategy to gain the competitive advantage.

6.5.1. Products

Anglo American's approach to the purchase of rotation unit used for drilling deep holes into the ground is illustrative. Anglo American's approach was to initially purchase Epiroc's premium rotation units and thereafter, seek alternative suppliers, often from Epiroc's local competitors. These local competitors repair premium products as a cost-effective solution to Anglo American.

Making use of the Value versus Complexity quadrant to prioritise and establish if the rotation units are a viable product, it is understood that the rotation units are high in value to customers and low in complexity.

Epiroc currently designs and manufactures premium rotation units. A multibrand strategy would be to introduce cost effective rotation units. In addition, Rock drills are similar to rotation units because they serve the same purpose. However, they are chosen based on different customer applications. Rock drills are high in value to customers because they are required for drilling deep holes in the ground and low in complexity. These two types of products have high volume install base in the marketplace. With a multibrand strategy, customers seeking to replace current units have the option to choose from Epiroc multibrand or its premium products.

The multibrand product offers should be in the form of tier two products, that is, non-premium products designed with a lower life span and with basic features compared to premium products. In addition, Epiroc should develop remanufactured units by repairing customers' old units. Epiroc multibrand products need to be universal that can fit onto competitors' equipment, which would result in high market opportunities for Epiroc.

A products competitive advantage can be obtained by maintaining product application quality and safety along with reduced life expectancy, which would result in reduced pricing. Additionally, the product must have a lower Total Cost of Ownership (TCO). The lower TCO will set Epiroc apart from the competition, and will be the unique selling point.

6.5.2. Pricing

Epiroc multibrand products need to be priced in a cost-effective manner in order to increase market share and customer share and meet customers' needs. A good balance of selling price and product cost must be met, while maintaining profitability. Therefore, product manufacturing needs to be as low as possible so that low pricing can be passed onto customers. Low product costs can be achieved by reducing unwanted and unused features, such as, keeping the core functions of rotation units and rock drills. An economy of scale can be achieved by manufacturing high volumes of alternative rotation units and rock drills.

In addition, the product lifespan of multibrand products must be lower when compared to premium products. Epiroc should accept lower profit margins in the short-term, knowing that the frequency of transactions will increase due to low pricing and lower product life spans. Since Epiroc aims for between 70-80% Consolidate Gross Profit (CGP) on premium products, Epiroc should aim for between 50-60% CGP with multibrand products, to gain sales of new products. Selling price can be determined by developing manufacturers cost and adding CGP, logistics and trade factors.

6.5.3. Place

Epiroc multibrand products should be sold via Epiroc's direct sales channels. This team has strong customer relationships and customer knowledge to penetrate the market. The multibrand rotation units and rock drills should be marketed to current customers, such as Anglo-American and other customers that choose to use Epiroc competitors, such as Impala Platinum. Once Epiroc's direct sales channel gains inroads with proven sales methods, fast moving multibrand products should be kept close to customers, particularly in the Northern Cape and Rustenburg branches, which would bring about quicker sales turn around. Inbound and outbound distribution which is currently facilitated by the distribution channel, DHL, should remain with the responsibilities for Epiroc's supply chain.

6.5.4. Promotion

It is important for Epiroc to create awareness of their multibrand products by posting write ups on LinkedIn, sending electronic brochures on their multibrand strategy to all customers as well as all the value offering and benefits to customers. Epiroc should facilitate open days and have customers visit Epiroc to showcase the multibrand product offerings. This experience will gain customers' buy-in. There should be continuous training and development of the sales team who must engage with respective customers. To kick start sales, Epiroc should conduct a campaign for a period of 6 months, for example, offering their multibrand products at three for the price of two. Feedback should be solicited from customers that have purchased the multibrand products for referrals that would showcase benefits and value generated from a customer perspective. This would include benefits in terms of application, lower total cost of ownership, alignment to customers' wants and needs, etc.

6.6. Business Model Canvas undertaken in respect to the customer analysis evaluation studies

The following table presents the business model canvas to provide a snapshot of the business venture for execution.

Table 6.3: Business Model Canvas

1. Key Partners	**5. Key Activities**	**7. Value Proposition**	**3. Customer Relationships**	**2. Customers Segmentation**
Epiroc should leverage their supplier network, which manufactures 90% of Epiroc products, to manufacture multibrand products. In addition, Epiroc can add to the supplier network to have dedicated suppliers	R&D to design a multibrand product to have a lower total cost of ownership. Progressively introduce multibrand products to direct and indirect sales teams with direction and KPIs. The revenue stream will be from multibrand products.	Lower total cost of ownership by offering lower priced products. Provide a variety of products for customers to choose from with a level of flexibility.	Epiroc currently holds strong customer relationships, which is an advantage point. Epiroc should leverage this relationship and offer multibrand products to customers such as Anglo American and ask for referrals. Multibrand products meet customers' wants and	There are large, medium, and small segmented customers. With the focus on large, medium, and small segment customers, Epiroc should market products to engineering, supply chain and financial departments.

manufacturing multibrand products. When targeting competitor customers (Sandvik and Caterpillar), Epiroc should use distributors that have relationships with these customers.	**6. Key Resources** There must be financial investment for a multibrand strategy. There should be a product manager for multibrand products. R&D to develop the multibrand products. Suppliers to manufacture multibrand products.		needs, by marketing and selling based on value. **4. Channels** Upon product launch, Epiroc should create awareness via LinkedIn and create electronic brochures and communicate with customers. Epiroc should start off with the direct sales channel and the sales team must promote multibrand products. Epiroc should train and develop sales teams on	

	Epiroc's supply chain must keep stock and distribute multibrand products.		the multibrand products and how to sell value. Direction should be set and KPIs established for the sales teams.	

8. Costs structures	**9. Revenue and Benefits**
Prior to manufacturing, there are costs associated with R&D, engineering, sales, and admin. This is in order to develop and sell products. When developing multibrand products, the aim to achieve a balance between product lifespan and product cost, with a focus on the lowest total cost of ownership.	Customers are willing to pay between 60-70% of the price of premium products for multibrand products. The revenue model is to sell multibrand products to large, medium, and small market segments. Upon product launch, Epiroc should sell at a lower price to gain customer share and displace competitors. Once product volumes increase, Epiroc should progressively increase product pricing.

6.7. Operational Plan

Epiroc has over 10’000 employees globally within various departments and divisions, based at global and local levels. This includes R&D, which develops and improves products, to sales and marketing teams, which sell products and manages customers’ expectations, to supply chain, which manages inventories and transport and logistics.

In terms of the operational plan, Epiroc should task the R&D team to engineer multibrand products with the aim of lower total cost of ownership and lower life spans to premium products. Epiroc must further assign multibrand product managers to perform an assessment of the internal awareness of multibrand products and package multibrand products to be compatible with market needs, along with case studies which demonstrate application and value offerings.

The sale channels should be trained and developed on multibrand products. Marketing and sales managers must refer to the market strategy, map opportunity and how to convert opportunity to actual sales. In addition, they should be responsible for creating awareness of Epiroc multibrand product value offerings and their compatibility with customers’ wants and needs. The sales teams must then target specific customers with the aim of winning back lost business and increasing total revenue. Once the sales teams gain inroads with key customers, customers should be solicited for referrals of product benefits to market to new customers.

6.8. Risk analysis of product development and market entry

6.8.1. Product development risk

When developing and manufacturing new products, there are numerous risks associated. The main risk for Epiroc is product quality. It is therefore important for the engineering team to design and simulate the product application, performance, and life expectancies. Comprehensive testing needs to be

performed with time interval checks to confirm product performance. Quality management teams must assess, measure and monitor product performance.

6.8.2. Introducing new products risk

Competitors might gain knowledge of Epiroc's multibrand strategy, and prioritise multibrand products on their end, possibly launching multibrand products before Epiroc. Epiroc can mitigate this by ensuring non-disclosure agreements to be signed by all stakeholders' to ensure that information is not leaked to competitors and/or other stakeholders.

6.8.3. New market entry risk

Entering new markets with new products has to be executed correctly to prevent failure. Therefore, Epiroc needs to perform on going market studies to understand barriers to entry and identify stakeholders and role players in the market. Epiroc should consider creating value partnerships with indirect sales channels with experience in new markets. This will give Epiroc the competitive edge along with the customer knowledge and relationships gained from these indirect sales channels.

6.9. Financial analysis

The table below indicates the projected financial plan for multibrand strategy only, based on Epiroc's financial reporting and costing models. (See https://www.epirocgroup.com/en/investors/financial-publications).

Q1 of 2024 has no revenue yet expenses due to product developments. From Q1 2025 the multibrand product offering will achieve both gross and net profit. Quarter to quarter, the gross profit and net profit incrementally increases, indicating that the multibrand strategy will be profitable for Epiroc, thus proving its viability.

Table 6.4: The income statement for multibrand products

	2024				2025				2026			
	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4	Q1	Q2	Q3	Q4
KZAR												
Revenue		82,563	90,712	98,069	108,366	119,744	132,318	146,211	161,563	178,527	197,272	217,986
COGS		65,638	69,930	74,504	79,376	84,567	90,098	95,991	102,268	108,957	116,083	123,674
Gross Profit		**16,925**	**20,782**	**23,565**	**28,990**	**35,177**	**42,219**	**50,220**	**59,295**	**69,570**	**81,190**	**94,312**
Admin Expense	- 597	- 3,813	- 4,061	- 4,427	- 4,864	- 5,344	- 5,871	- 6,451	- 7,087	- 7,787	- 8,555	- 9,400
Marketing & Sales Expense	- 955	- 9,718	- 11,662	- 12,813	- 14,077	- 15,467	- 16,993	- 18,670	- 20,513	- 22,538	- 24,762	- 27,206
R&D Expense	- 3,157	- 9,391	- 6,391	- 6,103	- 6,195	- 6,288	- 6,382	- 6,478	- 6,575	- 6,674	- 6,774	- 6,875
Other operating income and expense	- 1,059	- 1,866	- 2,032	- 2,212	- 2,409	- 2,622	- 2,855	- 3,109	- 3,385	- 3,686	- 4,013	- 4,369
Net Profit	**- 5,768**	**- 7,863**	**- 3,364**	**- 1,990**	**1,445**	**5,456**	**10,118**	**15,512**	**21,734**	**28,886**	**37,086**	**46,461**
Gross Profit ratio		20.50%	22.91%	24.03%	26.75%	29.38%	31.91%	34.35%	36.70%	38.97%	41.16%	43.27%
Net Profit ratio		-9.52%	-3.71%	-2.03%	1.33%	4.56%	7.65%	10.61%	13.45%	16.18%	18.80%	21.31%

6.10. Implementation Plan

The successful roll out of the multibrand strategy is determined by an effective implementation and execution plan. The table below presents a high-level implementation plan for Epiroc.

Table 6.5: Management strategies for multi-brand products

Task	Start period	End period	Responsible Personals/Teams
VP approval of multibrand strategy	Sep-23	Oct-23	Henry Ngugi
Appointment of multibrand product manager	Oct-23	Oct-23	TBC
R&D multibrand product development	Oct-23	Dec-23	Kent Robinson
Multibrand product manufacturing	Jan-24	ongoing	Epiroc suppliers
Marketing and sales teams analysis	Dec-23	Jan-24	Marketing and sales team
Multibrand product launch	Feb-24	Feb-24	Marketing and communications teams
Sales challenges training & developments	Dec-23	Dec-23	Product manager and training department
Multibrand product awareness via LinkedIn	Jan-24	Jan-24	Marketing and communications teams
Sales challenges actively selling	Feb-24	ongoing	Marketing and sales team
Deliver to customer	Apr-24	ongoing	Supply Chain

Customer referrals	May-24	Jun-24	Marketing and communications teams
Develop new multibrand products	Jun-24	ongoing	Product manager and R&D

6.11. Concluding Remarks

In 2022, the total market potential, compatible to Epiroc product offering, was valued at BZAR 8’531. However, Epiroc only captured BZAR 2’738 leaving BZAR 5’793 on the table for competitors to capture. Customers have indicated that they require cost effective products because it will meet their financial needs. They have indicated their willingness to transact with Epiroc’s multibrand, due to the established strong product and brand. Epiroc’s multibrand strategy will increase customer transactions by targeting the business captured by competitors to a value of BZAR 5’793. Therefore, Epiroc should heed the contents of this business venture report to successfully role out a multibrand strategy.

7. CONCLUSIONS AND RECOMMENDATIONS

7.1. Introduction

At the introduction of the business venture, it was stated that there is a perception that multibrand products can add value to both MNCs as well as to customers. The literature review supported this initial perception and following the data collection, became evident that multibrand products do indeed add value to both MNCs and customers. The following section provides the recommendations of the business venture.

7.2. Recommendations

As provided in table 6.2, the total market potential of Epiroc is valued at BZAR 8’531.

Epiroc sold BZAR 2’738, with a 32.09% market share, leaving BZAR 5’793 on the table. Two point eleven (2.11) times more than Epiroc sales goes to competitors. This is a clear indication that Epiroc is only scratching the surface of its market potential. Further analysis indicated that Epiroc offered BZAR 4’170 yet sold BZAR 2’738 to the market, losing BZAR 1’432 to competitors.

Epiroc has a strong customer share of 63.59% predominantly in the large segment customer base. These are the large mining houses. Furthermore, less than 50% market share goes to medium to small customer segments. Epiroc is currently losing market share to competitors on all customer categories.

The aim of the multibrand strategy is to capture business lost to competitors, whilst maintaining current business levels. Therefore, Epiroc must continuously develop premium product offerings to service current and future business sales, amount to BZAR 2’738. Epiroc must additionally introduce a multibrand strategy to increase market share by targeting medium and small customer segments, simultaneously expanding into competitors’ customer base.

This business review commenced with thorough qualitative data collection methods, such as one on one interviews with a targeted audience, to obtain in-depth knowledge of customers' applications and needs for multibrand products. This covered three areas: engineering application, financial planning, and supply chain, that is, the complete value chain.

The findings have been that customers require multibrand products. It has been noted that Epiroc premium products add value to customers' operations and applications, while generating high profit levels for Epiroc. It has also been noted that Epiroc is losing business to competitors due to product pricing and the exclusive offering of premium products. It is positive that Epiroc's customers are willing to remain with Epiroc due to its products adding value to their operations, along with the experience and knowledge Epiroc has in the mining and construction environment. From Epiroc's organisational qualitative data collection, it was noted that Epiroc is losing business year on year to competitors by only offering premium products. The organization seeks different ways to gain sustainable profitable goals, one of which is in product development. Indeed, currently Epiroc has the required skills, resources, and capability to develop and implement a multibrand strategy.

Epiroc should launch an effective multibrand strategy, exemplified in this business venture report's recommendation to do so with rotation units and rock drills. The development and implementation of these multibrand products with lower selling price compared to premium products will still meet customers' applications and value chain requirements in the form of lower total cost of ownership.

Table 10 was based on Epiroc's financial structure and provided an analysis. Q1 of 2024 showed that Epiroc needs to invest in a multibrand strategy with no revenue being generated, and a deficit net profit of MZAR 5'768, which are investments costs. Sales are expected to roll in Q2 of 2024. Profit levels within

the first year after launch will be at a deficit. In Q1 of 2025, Epiroc can expect profits with the net profit ratio of 1.33%. This is due to start-up expenses to implement the multibrand strategy.

As given before, Epiroc's rotation units and rock drills are high in value with low complexity. Since Epiroc has performed R&D into premium rotation units and rock drills, it will not be difficult for Epiroc to perform product development and create a multibrand product offering. Epiroc can do so by removing some of the technology aspects and keeping the product basic whilst achieving, quality, safety, and engineering functionality. By offering multibrand rotation units and rock drills, Epiroc can achieve increasing market share, because customers will have options of products to purchase based on various prices and value. Epiroc should offer multibrand products that have a lower total cost of ownership and will give Epiroc a competitive advantage, especially when customers compare Epiroc lower total cost of ownership with competitors. Customers will easily notice the value Epiroc offers, making the purchasing process simple and beneficial towards Epiroc.

Epiroc must employ a multibrand product manager who will be responsible for the multibrand product portfolio. The multibrand product manager should develop key actions with timelines to ensure that the product becomes a success. Furthermore, to co-ordinate all aspects of the multibrand strategy, starting with customer qualitative data collection, to ensuring R&D designs and manufacture products in accordance with customer needs. Supply chain must manufacture and supply products on time and ensure correct forecasting and planning is executed. There should also be the development of training programs and strategy for sales and marketing teams to market and sell multibrand products. Additionally, the monitoring and reporting on multibrand products financial performance.

Once multibrand products are ready for launch, Epiroc should start off with direct sales channel training to have an in-depth understanding of multibrand products

aligned to customers' application. Here, the channel should indicate value and benefits and how to sell based on total cost of ownership. There should be the creation of awareness of multibrand products by developing case studies, brochures, demonstrating values, and publishing on LinkedIn to support sales teams during customer engagements.

Epiroc must set direction and KPIs for sales teams to market and sell the multibrand products to medium and small segment customers. Simultaneously, Epiroc should target Sandvik and Caterpillars key customers with innovative multibrand product offerings. Furthermore, to gain effective entry into competitors' customers, Epiroc should make use of indirect sales channels, agents or distributors who have knowledge and relationships with targeted customers. This can include, in-depth knowledge of competitors' customers, the purchasing process, identification of the decision makers, purchasing patterns and behaviours, to name a few.

Based on current supply constraints challenges, there are various negative impacts on the production of rotation units and rock drills. These are subjected to long production lead times, which impact customers' production objectives. By maintaining Epiroc's premium products and introducing multibrand products, customers will have various options to chooses from, ranging from premium products to multibrand products. Customers will select the available products to meet their production requirements. This will provide Epiroc with a competitive advantage. In a period of low product availability, multibrand products can serve as a back to support customers' objectives.

Once the multibrand product becomes effective and has achieved sustainable growth, it would benefit for Epiroc to map successes and challenges and to communicate the successes and address the challenges. This would permit the progressive expansion of the product portfolio to increase customer share whilst targeting competitors' customers and increasing total market share.

7.3. Suggestions for further research

A suggestion for further research relates to the opportunities for other MNCs to implement a multibrand strategy. Heeding the CMT, it is important for MNCs to understand the unique contexts in which they operate and to determine if multibrand products are viable.

Another suggestion that can drive further research is, what types of multibrand product will customers transact with over and above premium products? This is important for future research to answer, in terms of developing multibrand product strategies.

A third avenue for potential research is regarding how an established MNC, seeking to develop multibrand products, can launch multibrand products building on the reputation of the premium product.

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9. ANNEXURE A: ANGLO-AMERICAN PERMISSION LETTER

Permission letter from Anglo American to interview Anglo employees in order to collect qualitative data pertaining the business venture report.

[OFFICIAL]

AngloAmerican

PLATINUM
ANGLO AMERICAN PLATINUM LIMITED
CORPORATE OFFICE
144 Oxford Road, Rosebank
Melrose
2196
South Africa

Wits Business School
2 St Davids Place & St Andrew Rd
Parktown
Johannesburg
2193

21 October 2022

Dear Sir/Madam

Consent for Myendhren Govender to perform interviews for MBA applied research project

We acknowledge that Myendhren Govender, student number 783882, is currently enrolled for an MBA at Wits Business School.

We hereby consent and agree to participate in the following applied research project for academic purposes: *Interplay of Multibrand Products as Competitive B2B strategy for multinational companies.*

Please do not hesitate to contact me should you require any further information.

Yours sincerely

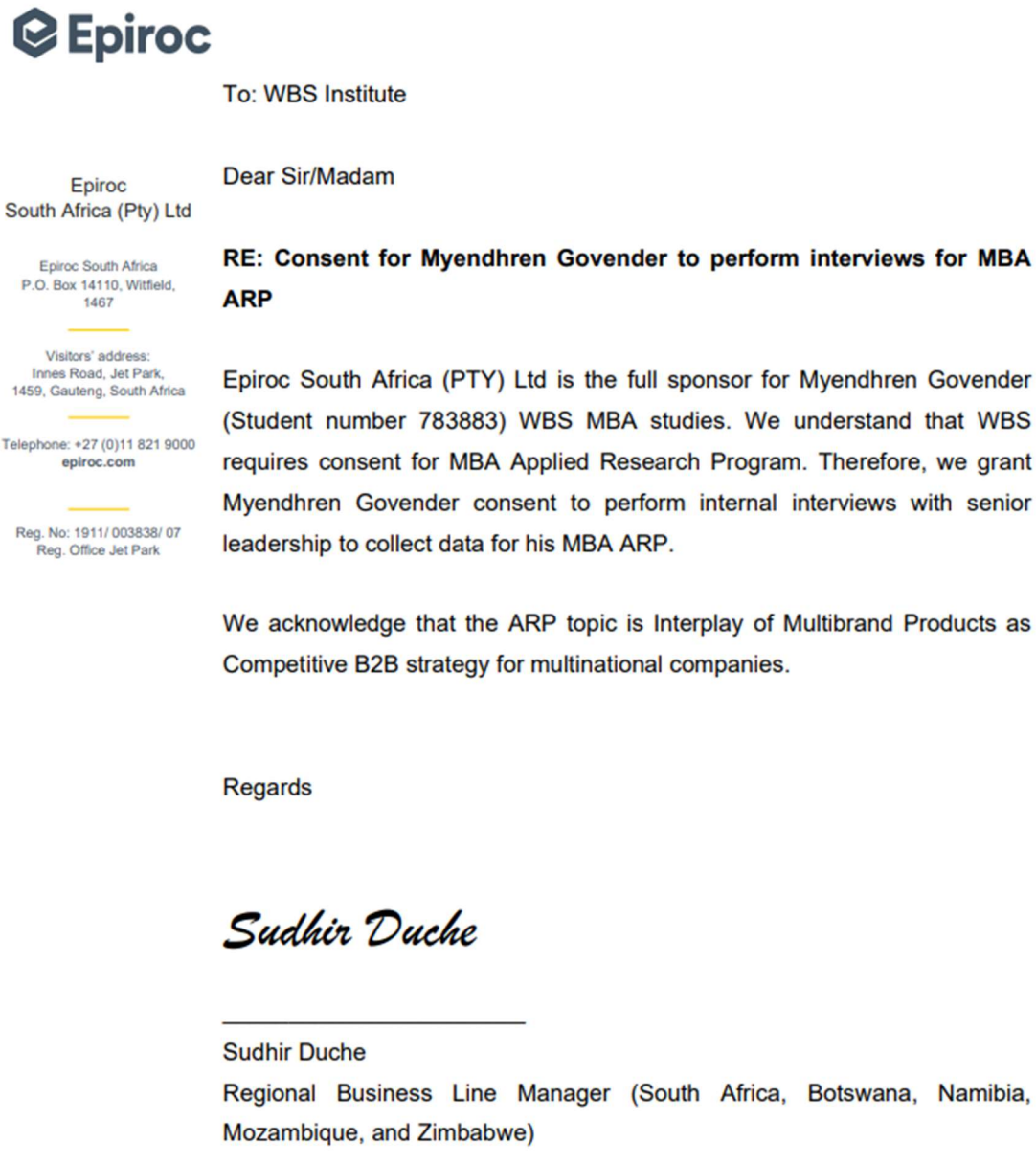
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A member of the Anglo American plc group

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Incorporated in South Africa. Registration Number: 1946/022452/06
Directors: NB Mbazima (Chairman) NP Mageza (Lead Independent Director) N Viljoen (Chief Executive Officer) D Wanblad R Dixon N Fakude T Leoka A Michaud C Miller NT Moholi D Naidoo JM Vice **Company Secretary**: E Viljoen

10. ANNEXURE B: EPIROC PERMISSION LETTER

Permission letter from Epiroc to interview Epiroc employees to collect qualitative data pertaining the business venture report.



Epiroc

To: WBS Institute

Epiroc
South Africa (Pty) Ltd

Epiroc South Africa
P.O. Box 14110, Witfield,
1467

Visitors' address:
Innes Road, Jet Park,
1459, Gauteng, South Africa

Telephone: +27 (0)11 821 9000
epiroc.com

Reg. No: 1911/ 003838/ 07
Reg. Office Jet Park

Dear Sir/Madam

RE: Consent for Myendhren Govender to perform interviews for MBA ARP

Epiroc South Africa (PTY) Ltd is the full sponsor for Myendhren Govender (Student number 783883) WBS MBA studies. We understand that WBS requires consent for MBA Applied Research Program. Therefore, we grant Myendhren Govender consent to perform internal interviews with senior leadership to collect data for his MBA ARP.

We acknowledge that the ARP topic is Interplay of Multibrand Products as Competitive B2B strategy for multinational companies.

Regards

Sudhir Duche

Sudhir Duche
Regional Business Line Manager (South Africa, Botswana, Namibia, Mozambique, and Zimbabwe)