

VISIT TO YAŞAR UNIVERSITY & PINAR INDUSTRY



By

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National University of Science & Technology (NUST)

Islamabad, Pakistan

(2024)

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An industry project report submitted to the National University of Science &
Technology, Islamabad,

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Executive Masters in Business Administration

Supervisor: Dr. Zujaja Wahaj

NUST Business School

National University of Science & Technology (NUST)

Islamabad, Pakistan

(2024)

BUSINESS PROJECT ACCEPTANCE CERTIFICATE

It is Certified that final copy of EMBA Business Project written by Humel Nadir, Registration No. 326921 of EMBA 2K20 has been vetted by undersigned, found complete in all aspects as per NUST Statutes/Regulations/MS Policy, is free of errors, and mistakes and is accepted as fulfillment for award of EMBA degree. It is further certified that necessary amendments as pointed out by GEC members of the scholar have also been incorporated in the said business project.

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Executive Summary

The NUST Business School (NBS) Executive MBA program includes an essential component called the "International Exposure Programme" (IEP) that provides valuable opportunities for EMBA students. As part of this programme, the EMBA 2K20 students were given the exciting chance to attend a study module at Yasar University in Turkey for a full week, led by EMBA Program Head Associate Professor Dr. Adeel Ahmed.

During their visit to Yasar University, the EMBA students attended lectures by esteemed faculty and had the opportunity to network with professionals and peers in an international context. Additionally, the students gained insights into the operations of the Yasar Group of industries, one of the leading market players in the Turkish food and beverage industry, aligning with the vision of the NBS IEP programme.

Yasar, established in 1927, produces state-of-the-art products that enhance the quality of life, and its sub-brand 'Pinar' was launched in 1973 within the Turkish market. The site production engineer provided the EMBA students with a guided tour of the Pinar supply and production chain, where they learned about the different dairy products being manufactured at the plant, as well as the operational and supply chain principles being utilized for optimal results and efficient deliveries.

Aside from providing valuable learning opportunities, the trip also gave participants the chance to explore the ancient city of Istanbul during their leisure time. They visited heritage sites like the Blue Mosque, Hagia Sophia, and Eyüp Sultan Mosque and observed firsthand the cultural, historical, and civilizational imprints of centuries past.

The aim of the IEP program is to foster collaboration among students by engaging them in meaningful tours that develop their analytical skills. By attending lectures from professors at Yasar, participants had the opportunity to interact and network with peers and professionals in a global setting. The NBS IEP program's mission is to give students insight into international experiences by exposing them to successful business stories, such as that of Pinar, and upon return, students have a renewed sense of appreciation for entrepreneurship and the challenges it entails.

Turkey Introduction

Overview

Located at the border of the Black Sea, Turkey is a transcontinental country that spans Southeastern Europe and Southwestern Asia. The modern secular republic was established in the 1920s by nationalist leader Kemal Ataturk, following the decline of the Ottoman Empire which was once centered in Turkey. Due to its strategic location straddling Europe and Asia, Turkey has significant influence in the region and controls the entrance to the Black Sea.

Turkey boasts a rich cultural and historical heritage that dates back to ancient civilizations. With a population of 84.6 million as of 2021, it is a leading producer of agricultural products, textiles, motor vehicles, transportation equipment, and home appliances. In December 2021, Turkey's Gross Domestic Product (GDP) per Capita reached 9,591.615 USD. Despite being mostly situated in Asia, Turkey is the first Muslim country to have membership in the European Union. Islam is the largest religion in Turkey, with over 99 percent of the population being Muslim.

Despite its rich history and cultural diversity, Turkey has faced various political and economic challenges in recent years. These challenges include a currency crisis and a decline in democratic institutions. Nonetheless, Turkey remains an important player in the region and a key member of NATO.

Overall, Turkey's location at the crossroads of Europe and Asia has played a significant role in shaping its past, present, and future. The country's cultural, historical, and economic significance make it an intriguing and complex nation.

Visit to Turkey

With its unique architecture, cuisine, and customs, Turkey is a country steeped in tradition and a rich heritage. I was fortunate enough to embark on a trip to Turkey recently, an experience that will stay with me for a lifetime.

In late June 2022, I joined a two-week tour organized by NBS, which included 12 students. Our trip was facilitated by Dr. Adeel, who served as a liaison between NUST and Yaşar University. The visit was split into two segments, with pre- and post-university tours included in the itinerary.

Istanbul Visit

Prior to the commencement of university classes, students were given sufficient time to explore various parts of Turkey. Personally, I chose to embark on a journey to Istanbul. Situated on both sides of the Bosphorus Strait, Istanbul is a prominent Turkish metropolis that acts as a cultural and religious melting pot. One of its most notable attractions is the grand Blue Mosque, which is a marvel of architecture and an essential visit for any tourist.

Istanbul stands out as the most densely populated city in Turkey, boasting an abundance of amenities, cultural and social diversity, and historical magnificence. Throughout history, it has served as the capital of three different empires and has been the target of many conquests. Additionally, during our stay, we also had the opportunity to explore 'The Princess Islands.' These nine islands, located near Istanbul in the Sea of Marmara, are a favored tourist destination renowned for their picturesque beaches, historical landmarks, and tranquil atmosphere. Ferry services from the primary Istanbul port are available to transport visitors to the islands.

Izmir Visit

Upon completing our stay in Istanbul, we proceeded to the city of Izmir. Izmir, the third largest city in Turkey, is a crucial hub for exporting various agricultural and industrial commodities through its port. It is a bustling commercial center surrounded by mountains and situated around a vast bay. Known for its western influence, Izmir is a modern and developed city with a significant Muslim population, evidenced by the numerous mosques found throughout the city. However, communication can be problematic for English-speaking tourists, as locals prefer to converse in their native language. Nonetheless, the people of Izmir are generally honest, friendly, and hospitable towards visitors.

Visitors can enjoy a leisurely stroll, jog, or bike ride along the scenic Aegean coast, with many restaurants to try out along the way. The city also boasts several museums, including one dedicated to Mustafa Kemal Atatürk, the founder of the Turkish nation.

Overall, my experience in Izmir was remarkable. The city's rich history and culture, coupled with the warmth and kindness of its people, made it a memorable visit. I highly recommend exploring this beautiful city and look forward to returning in the future.

Pamukkale Visit

Pamukkale, which is also referred to as the 'Cotton Castle,' is a naturally occurring attraction situated in western Turkey that boasts an extraordinary geological feature comprising white terraces and pools filled with mineral-rich thermal water. The water is reputed for its therapeutic qualities and is deemed advantageous for alleviating diverse skin and joint ailments.



Yaşar University

Yaşar University, a private university situated in Izmir, Turkey, was established in 2002 after the Selcuk Yaşar Sports and Education Foundation's decision was approved by the Turkish National Assembly in 2001. The university's academic program for a 4-day schedule involved three days of classes at Yasar University and one day dedicated to an industry tour. The modules covered various subjects, including Financial Reporting, Contemporary Issues in Business, and Decision Science for Business, each of which was allocated three days.

Modules Attended

Financial Reporting

Financial reporting refers to the methodical recording of a company's financial data and generating reports that demonstrate its financial well-being. These reports reveal the company's performance and financial position during a specified period, and they are employed by management, shareholders, investors, and regulatory bodies to facilitate decision-making. The primary objective of financial reporting is to furnish stakeholders with precise and timely information regarding a company's financial performance and status. The components of financial reporting included;

1. Balance sheets,
2. Profit and loss accounts, and
3. Cash flow statements

Balance Sheet

A balance sheet is a financial statement that presents a company's assets, liabilities, and equity at a specific moment in time. It provides an overview of the company's financial position and is utilized to evaluate its overall health and stability. The balance sheet is segmented into two parts: the assets section, which details all of the company's resources, including cash, inventory, and property; and the liabilities and equity section, which lists all of the company's debts and other financial obligations, as well as the shareholders' equity. The following are the six components of the balance sheet:

1. Assets: This category lists all of the company's current and non-current assets, such as cash, accounts receivable, inventory, property, and equipment.

2. Liabilities: This category lists all of the company's current and non-current liabilities, such as accounts payable, loans, mortgages, and taxes owed.
3. Equity: This category lists the company's equity, including retained earnings, common stock, and preferred stock.
4. Current assets: This category specifies the company's assets that can be converted to cash within a year, such as cash, accounts receivable, and inventory.
5. Non-current assets: This category specifies the company's assets that cannot be converted to cash within a year, such as property and equipment.
6. Current liabilities: This category specifies the company's liabilities that are due within a year, such as accounts payable and short-term loans.

Income Statement

A financial statement that displays a company's revenue, expenses, and net income during a specific period of time is commonly referred to as an income statement or profit and loss statement. It is utilized to gauge a company's performance and financial status by illustrating how much money the company gained or lost during that time period. The income statement typically includes revenues, cost of goods sold, gross profit, operating expenses, and net income.

The income statement is usually produced quarterly or monthly, allowing business owners to closely monitor the company's performance and make informed decisions. In the example below, it can be observed that the company generated \$39,000 in revenue from the sale of goods. The company also incurred various expenses, resulting in total expenses of \$604,000.

To determine the net income, the values can be entered into the following equation:

$$\text{Net Income} = (\text{Revenue}) - (\text{Expenses} + \text{EBT})$$

$$= (653,000) - (604,000 + 10,000)$$

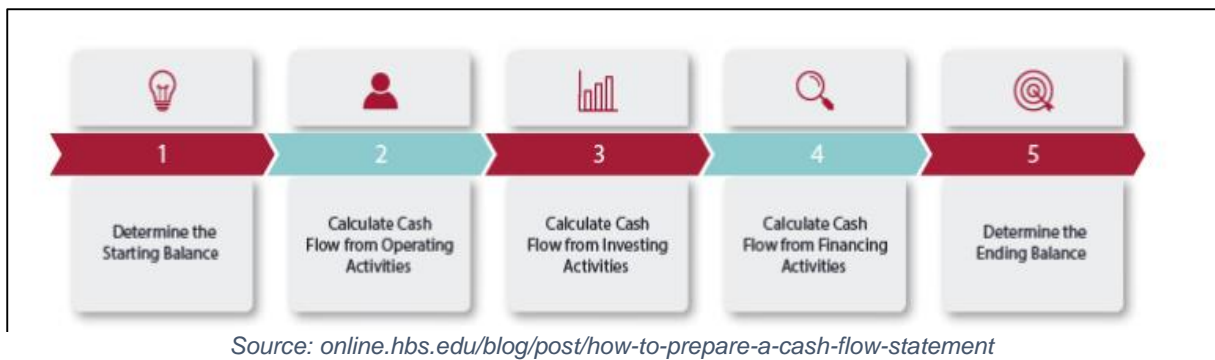
$$= \$39,000$$

The Statement of Cash Flows

A financial statement that illustrates the changes in a company's cash and cash equivalents over a particular period of time is known as a statement of cash flows. It is comprised of three sections:

- Cash flows from operating activities
- Cash flows from investing activities
- Cash flows from financing activities

The statement of cash flows is utilized to evaluate a company's liquidity, solvency, and ability to generate cash. Additionally, it is utilized to identify trends and develop future financial projections. The statement of cash flows is typically presented alongside the income statement and balance sheet in a company's financial statements. The process for preparing the statement of cash flows generally involves the following steps:



Market Capitalization

Market capitalization is a metric used to determine the value of a publicly traded company. It is computed by multiplying the total number of outstanding shares by the market price per share. For instance, if a company has 10 million shares available for trading and each share is valued at \$30, then the company's market capitalization would be \$300 million.

Market Value Added

Market Value Added (MVA) is a financial indicator that quantifies the difference between a company's market value and the total capital invested by its investors.

Market to Book Ratio

The price-to-book ratio is a financial metric that evaluates the relationship between a company's market value and its book value. The ratio is obtained by dividing the market capitalization of the company (which represents the total value of all outstanding shares) by the company's total shareholder equity (book value) as stated in its balance sheet.

Measuring Profitability

The three primary measures of profitability are as follows:

1. Return on Equity (ROE) - This measure assesses a business's profitability by dividing the net income by the total shareholder equity.
2. Return on Assets (ROA) - This measure evaluates a business's profitability by dividing the net income by the total assets.
3. Return on Investment (ROI) - This measure determines the profitability of an investment by dividing the net profit by the total investment.

The DuPont System

The DuPont system is a financial analysis technique used to assess a company's performance by breaking down its return on equity (ROE) into three distinct components: net profit margin, total asset turnover, and financial leverage. The following formula is utilized by the DuPont system to calculate ROE:

$$\text{ROE} = (\text{Net Profit Margin}) \times (\text{Total Asset Turnover}) \times (\text{Financial Leverage})$$

The DuPont system proves to be beneficial in pinpointing areas of a company that requires improvement, such as cutting costs or boosting sales. It is also effective in comparing the performance of various companies in the same industry.

Measuring Liquidity

Liquidity refers to the degree of ease with which an asset can be converted into cash. Measuring liquidity is important for investors and businesses as it helps assess the level of risk associated with an investment or asset. There are several ways to measure liquidity, including:

1. Current ratio: This measures a company's ability to pay off its short-term liabilities using its current assets. A higher current ratio indicates better liquidity.
2. Quick ratio: This measures a company's ability to pay off its short-term liabilities using its most liquid assets, such as cash and marketable securities. A higher quick ratio indicates greater liquidity.
3. Cash ratio: This is a financial ratio that measures a company's liquidity and its ability to meet short-term obligations. It is calculated by dividing a company's cash and cash equivalents by its current liabilities.

Contemporary Issue in Business

In today's business landscape, a prevalent topic is the growing emphasis on sustainability and corporate social responsibility. Businesses are increasingly realizing the significance of

reducing their environmental footprint and upholding ethical standards and are adopting measures and programs to attain these objectives.

The Multiple Environments of Business

1. Businesses operate within various environments that have a significant impact on their operations and success. These environments consist of:
2. Economic Environment: This refers to the overall economic conditions that can affect businesses, such as inflation, interest rates, and GDP. These factors can impact a business's revenue, profits, and ability to access funding.
3. Social Environment: This encompasses cultural, demographic, and societal factors that can influence a business. For instance, changes in consumer preferences or attitudes towards specific products or services can impact a business's sales.
4. Technological Environment: This refers to the advancements and innovations in technology that can affect a business. For example, the rise of e-commerce has significantly impacted traditional retail businesses.
5. Political and Legal Environment: This includes the laws and regulations that businesses must comply with, as well as any political or government policies that can impact them. For example, changes in tax laws or trade tariffs can significantly affect a business's operations and profits.
6. Competitive Environment: This includes the other businesses that operate in the same industry or market as a business. Understanding the strengths and weaknesses of competitors can help a business make strategic decisions to remain competitive.

Role of Stakeholders in Business

Stakeholders refer to individuals or groups who possess a vested interest or concern in a business's performance and activities. They hold a crucial position in determining a business's success by offering resources, assistance, and evaluations. Here are some instances of stakeholders and their respective roles in a business:

- Staff members
- Shareholders
- Executives
- Financiers
- Local communities



Business Ethics and Corporate Social Responsibility

Business ethics pertains to the set of principles and guidelines that govern behavior within the business sector. Corporate social responsibility (CSR) is a form of self-regulation within a company that strives to promote the welfare of society as a whole.

CSR initiatives may encompass various undertakings, such as philanthropy, eco-friendly practices, and equitable labor practices. Both business ethics and CSR are vital for fostering trust and constructive partnerships with stakeholders, including customers, staff members, and the communities where a business operates.

Ethical Behavior

Ethical conduct pertains to behaviors that are just, socially and morally acceptable, and responsible. It entails complying with a set of principles and morals that steer decision-making and dealings with others. Ethical behavior encompasses:

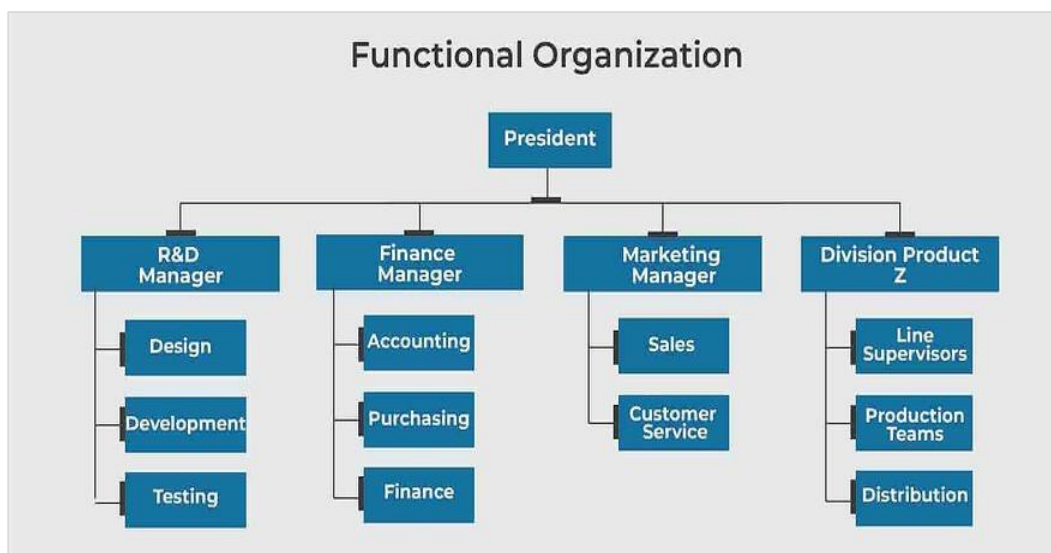
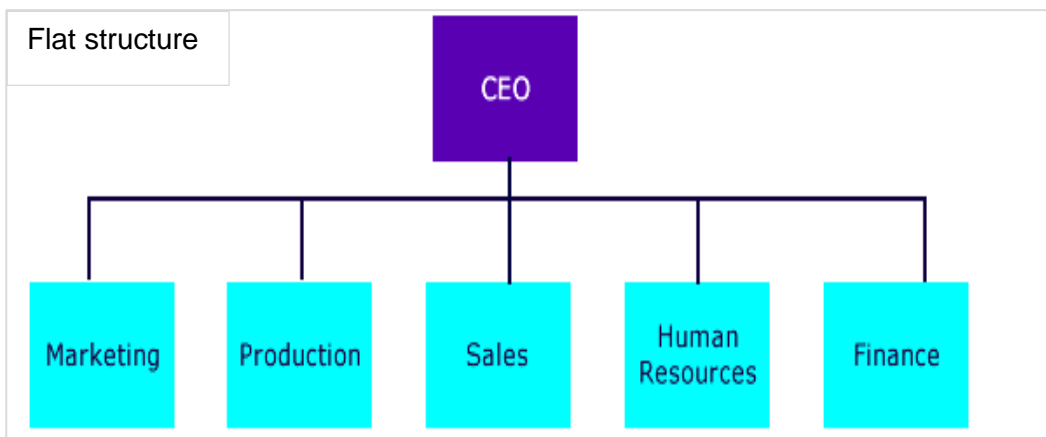
1. Competing in a just and honest manner
2. Communicating truthfully
3. Maintaining transparency
4. Avoiding causing harm to others

Effective Organizational Structure

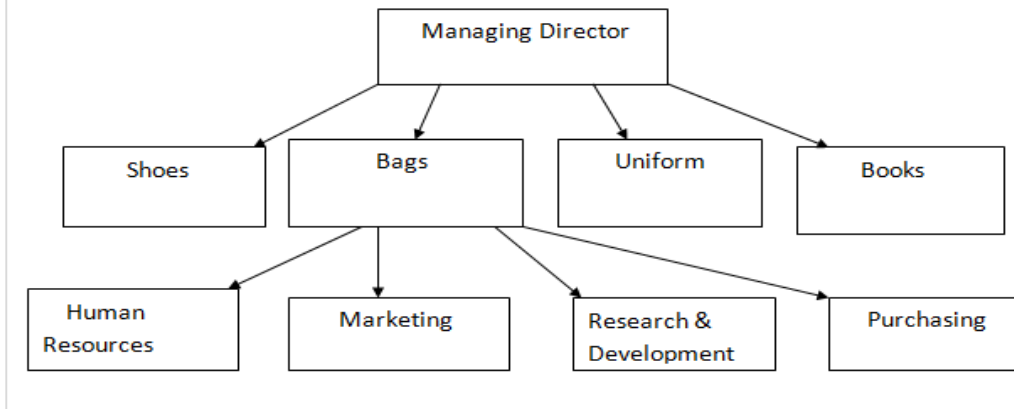
1. A well-functioning organizational structure is one that is in line with the company's overall goals and objectives, facilitates clear communication and decision-making, and allows for efficient utilization of resources. Moreover, it should establish accountability and cultivate a positive work environment. To achieve these aims, a sound organizational structure must have the following components:
2. Clear Chain of Command: A transparent hierarchy ensures that roles and responsibilities, as well as decision-making authority, are precisely defined and comprehended.
3. Departments or Teams: Grouping employees into departments or teams based on their competencies and obligations assists in streamlining operations and improving productivity.
4. Effective Communication: A robust organizational structure must establish and maintain clear and open channels of communication to facilitate the seamless exchange of information and ideas across all levels of the organization.

Types of Structures

1. Flat Structure: A "lean," or "horizontal" structure characterized by a flatter hierarchy, wider span of control, and distribution of decision-making power among a larger group of individuals.
2. Functional Structure: A structure that groups employees by specialization, such as by department, with each department focused on a specific function or area of expertise.
3. Divisional Structure: A structure that groups employees by product, geography, or customer, with each division focused on a specific aspect of the business.
4. Network Structure: A decentralized and loosely-coupled organizational structure where non-core functions are outsourced to external partners and suppliers.

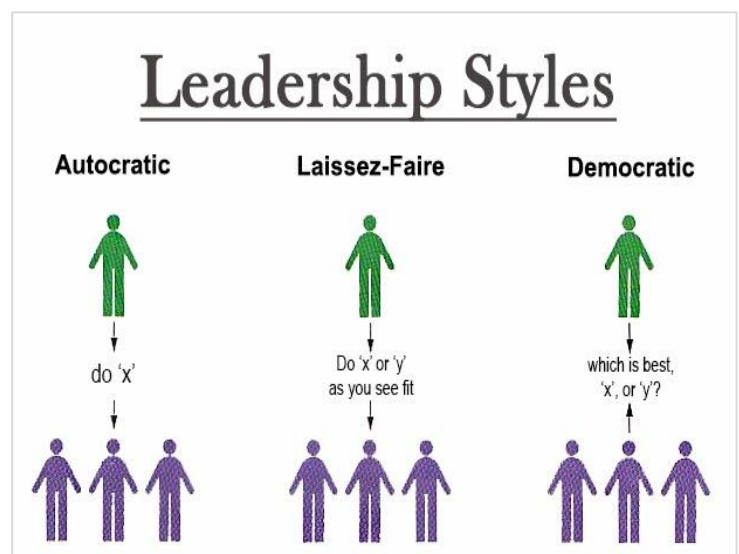


Divisional Structure



Leadership Styles

1. Autocratic Leadership: This style is defined by a leader who makes decisions without input from team members and exhibits a highly directive and controlling approach.
2. Democratic Leadership: This style is characterized by a leader who involves team members in the decision-making process, fosters collaboration and participation, and places value on input from team members.



3. Laissez-faire Leadership: This style is characterized by a leader who allows team members to work autonomously, make their own decisions, and operate with minimal direction from the leader.

Decision Science For Business

The application of quantitative techniques, such as statistical analysis, mathematical modeling, and data interpretation, to aid and reinforce business decision-making is referred to as Decision Science for Business. This field employs scientific and mathematical principles to address actual business issues and decision-making procedures, such as risk assessment, forecasting, and optimization.

Decision Science for Business can be implemented in various fields, including finance, marketing, operations, and human resources, to create informed and empirically-supported decisions that promote the expansion and prosperity of businesses.

Generic Mathematical Model

A set of mathematical equations or formulas that represent a specific system or phenomenon is referred to as a generic mathematical model. These models aid in making predictions, analyzing data, and understanding intricate systems. Examples of generic mathematical models include linear regression, logistic regression, and differential equations.

Decision science heavily relies on mathematical models and statistical techniques to analyze data and predict future events. Through the application of mathematical models and statistical techniques to analyze data and predict outcomes, decision science assists organizations in making informed decisions grounded in empirical evidence and data. Moreover, by comprehending how individuals make decisions, decision science helps organizations make better decisions by acknowledging the value different options hold for people. With the aid of computer science, decision science also helps organizations make decisions quicker and more efficiently.

Decision Tree

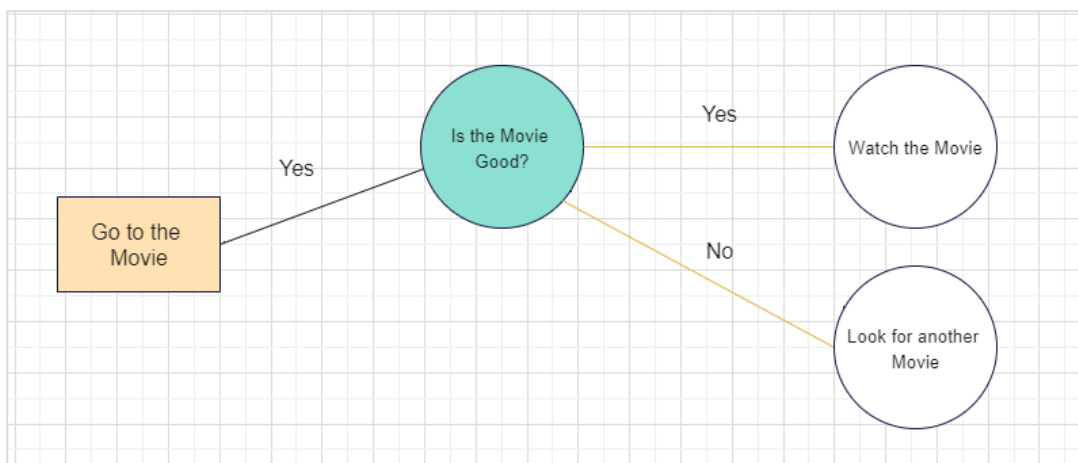
A decision tree is a visual tool that represents a decision-making process through a series of branching paths. It displays potential solutions to a problem or decision based on certain conditions or factors. Each branch of the tree represents a potential decision or outcome, and the path followed through the tree depends on the results of previous choices or events. Decision trees are often used in data analysis and machine learning to classify or predict outcomes based on given inputs or variables. They can also be helpful in simplifying complex decision-making processes and making them more easily understandable.

Example:

Let's consider the example of deciding whether or not to go to a movie and see how a decision tree can assist in making that choice.

1. The root node is "Go to the movie?"
2. The first internal node is "Is the movie worth seeing?"
3. If the movie is worth seeing, the next internal node is "Is the theater nearby?"
4. If the theater is nearby, we take the "Yes" branch, which leads to the leaf node "Go to the movie."
5. If the theater is not nearby, we take the "No" branch, which leads to the internal node "Is there a convenient mode of transportation?"
6. If the answer to this question is "Yes," we take the "Yes" branch, which leads to the leaf node "Go to the movie."
7. If the answer is "No," we take the "No" branch, which leads to the leaf node "Don't go to the movie."
8. If the movie is not worth seeing, the next internal node is "Is the movie theater offering a discount?"
9. If the theater is offering a discount, we take the "Yes" branch, which leads to the leaf node "Go to the movie."
10. If the theater is not offering a discount, we take the "No" branch, which leads to the leaf node "Don't go to the movie."

In this instance, the decision tree helps us make a decision about whether or not to go to the movie based on different factors such as the value of the movie and the distance and cost of the theater.



Pinar Industrial Visit

In addition to manufacturing and marketing a wide variety of goods, including meat, dairy, and packaged goods, Pinar is a well-known Turkish food business. Since its founding in 1962, the business has grown to become one of Turkey's largest food producers, with a strong position on both domestic and foreign markets. With a focus on using only the freshest and most natural ingredients, Pinar is renowned for its outstanding product quality, creative packaging, and superior product quality.



The business is proud of its strict adherence to food safety regulations and its unwavering dedication to sustainability, which is reflected in its production methods and environmental effect. As a consequence, Pinar has established a solid reputation for itself in the food industry and has a significant presence in the global food market.

Exports

Pinar is a well-known food company that exports a broad variety of food items to many different nations around the world. The business has developed a sizable presence in foreign markets and is actively growing. Germany, France, Italy, the United Kingdom, China, Japan, South Korea, Singapore, Egypt, South Africa, Nigeria, the United States, Canada, Brazil, Saudi Arabia, the United Arab Emirates, and Kuwait are a few of the top export destinations for Pinar.

Pinar's goods are well-known on the global market for their exceptional quality and all-natural composition. The business is dedicated to providing outstanding customer service and making sure that its goods are delivered on time.

The export portfolio of the company includes a wide range of goods, such as dairy, meat, processed and frozen foods, juices and beverages, spices and condiments, jams and preserves, sauces and dressings, canned goods, biscuits and cookies, chocolate and confectionery, olive oil and other cooking oils, rice, pasta, and cereal, tea and coffee, honey, molasses, syrups, nuts and dried fruits, pet foods, sauces, marinades, snack bars, and energy bars. Pinar's broad product line meets the numerous demands of customers from around the world and helps the business succeed in the world food market.

Pinar's Supply Chain

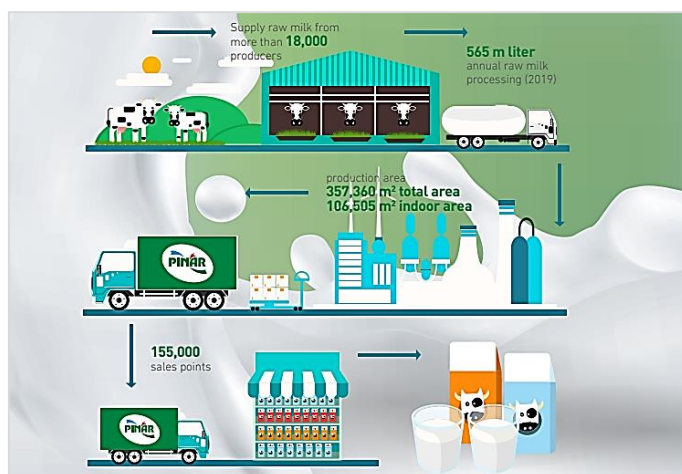
Pinar boasts state-of-the-art manufacturing facilities dispersed throughout Turkey and built to guarantee the superior quality of their food offerings. The company's staff of highly qualified professionals is committed to offering customers the best products on the market.

Pinar's manufacturing process is divided into various process sections, and the majority of the processes are automated with cutting-edge machinery. Products are sent to market once they satisfy the required quality standards. Each product line has a wide range of categories, enabling numerous adjustments to be made to meet various consumer requirements.

At Pinar, their production method is supported by strict quality control and adherence to global food safety standards.

To produce safe, wholesome, and flavorful food items, only the highest quality ingredients are combined with cutting-edge technology.

In addition to having top-notch production facilities, Pinar also has a strong distribution network that allows them to sell their goods



both domestically and internationally. The company's priority is to deliver outstanding customer support along with the best products possible. It is not only educational but also enlightening to take a visit of Pinar's facilities.

1. **Izmir Dairy Production Plant:** In the city of Izmir, a dairy business called Pinar runs a specialized dairy production facility. The facility

guarantees the highest quality dairy products thanks to its cutting-edge technology and machinery. Whole milk, skimmed milk, semi-skimmed milk, plain, spiced, and Greek yogurt, cheddar, feta, mozzarella, and gouda cheese, as well as premium butter made from fresh cream and fresh cream used in a variety of culinary preparations, are among the dairy goods offered by Pinar.

Three additional specialized production facilities are also located in Pinar: the Konya Jams and Preserves Plant, which makes jams and preserves like strawberry, raspberry, and apricot jam, and the Bursa Snack Food Plant, which produces potato

chips, popcorn, and crackers. The Istanbul Frozen Foods Plant produces frozen meals, dumplings, and pastries.

Pinar's market performance has been steadily improving over the last few years, in large part because of the company's robust distribution network, which allows it to deliver its products to clients both domestically and internationally.

SWOT Analysis

Strengths:

PINAR's diverse range of dairy offerings, including milk, cheese, yogurt, and butter, appeal to a wide variety of consumers and have helped the company build a dependable and trustworthy brand identity.

PINAR's strong distribution network guarantees prompt and effective product delivery to its customers and boasts Turkey's largest cold chain. Additionally, PINAR's unwavering commitment to sustainable production methods reflects their commitment to the environment and resonates with environmentally conscious consumers.

Weaknesses:

The depreciation of the Turkish Lira has made it difficult for PINAR to export its products, and PINAR's high production expenses could hurt their ability to compete on price with other dairy producers.

The flexibility of PINAR's material sourcing is constrained by their dependence on regional suppliers for raw materials.

Opportunities:

PINAR can explore new international markets to expand its global presence and build on Turkey's current rank as the 9th largest raw milk producer in the world.

The development of innovative product lines, such as non-dairy alternatives, could enable PINAR to diversify its offerings and take advantage of the growing demand for organic and sustainable products.

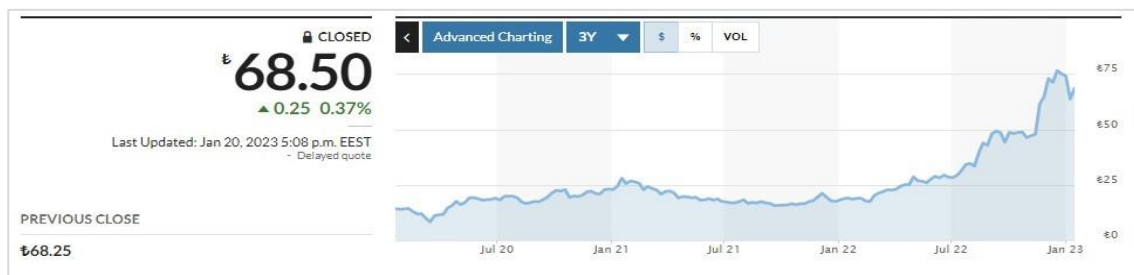
Threats:

The profitability of PINAR is significantly impacted by fluctuations in milk prices, which can be affected by supply and demand as well as by the number of domestic and foreign dairy producers.

PINAR's market position may be impacted by alterations in consumer preferences, such as a possible shift toward plant-based substitutes.

Market Performance

PINAR has consistently outperformed the market in recent years, showing steady increase in both revenue and profits. This success can be attributed to the high demand for their dairy products, which is backed up by a wide selection of products and a powerful brand reputation. Furthermore, PINAR has been effective in holding onto a sizeable market share in the cutthroat dairy sector.



Source: Market Watch¹

MILK GROUP		
PRODUCT	TURNOVER MARKET	SHARE POSITION
Plain Milk	24.4%	Leader
Light Milk	48.5%	Leader
Kids' Milk	75.3%	Leader
Organic Milk	86.7%	Leader
Protein Milk	50.6%	Leader

CHEESE GROUP		
PRODUCT	TURNOVER MARKET	SHARE POSITION
Total Spreadable Cheese	32.7%	Leader
Labneh	44.1%	Leader
Sliced Cheese	24.9%	Leader
Fresh Cheese	48.9%	Leader

Source: PINAR Annual Report 2019

The image above shows how PINAR's market share suddenly increased. PINAR's share price exploded from 18 to 64 between July 2020 and January 2023, which is a blatant sign of their increased market penetration in both domestic and foreign marketplaces. According to PINAR's 2019 Annual Report, they dominate the milk production industry and have a solid presence

across a number of milk production categories.

¹ *PNSUTE* stock price: Pinar Sut Mamulleri sanayii A.S. stock quote (Turkey: Istanbul). MarketWatch. (n.d.). Retrieved January 21, 2023, from <https://www.marketwatch.com/investing/stock/pnsut.e?countrycode=tr>

Engro Foods

Established in 2005 as a subsidiary of Engro Corporation, the company faced challenges in reaching consumers due to its feeble supply chain. However, in 2016, Friesland Campina, a Dutch dairy co-operative, obtained a 51 percent stake in the company for US\$450 million, with the goal of extending its presence in Pakistan and exploring opportunities in Central Asian markets. FrieslandCampina has already established operations in several countries, including Mozambique, Sri Lanka, Singapore, Guinea, Libya, and the United Arab Emirates. In July 2019, the company rebranded itself as FrieslandCampina Engro Pakistan.

As of 2016, Pakistan ranked as the world's third-largest producer of milk, generating approximately 38 billion liters of milk each year. Engro Foods is well-positioned to capitalize on the ongoing shift in the market towards packaged dairy products, departing from the traditional sale of unpackaged products.

Product Brand:

- Olper's

- Tarang

Omoré (frozen dessert)

- Dairy Omung

Olper provides a diverse range of dairy products including full cream milk, low-fat milk, full cream powdered milk, dairy cream, and flavored milk. In contrast, Omore specializes in frozen desserts, specifically ice cream. Tarang offers both liquid and powdered tea whiteners.

Financial Analysis of Engro Foods:

In 2020, Friesland Campina generated a total revenue of 44.16 billion PKR (equivalent to 3 billion TL) and a gross profit of 5.9 billion PKR (equivalent to 0.42 billion TL).



STATEMENT OF PROFIT OR LOSS		2020	2019
FOR THE YEAR ENDED DECEMBER 31, 2020		-----Rupees-----	
[Amounts in thousand except for earnings / (loss) per share]			
Revenue from contracts with customers - net	27	44,155,023	38,567,019
Cost of sales	28	(38,202,175)	(33,687,049)
Gross profit		5,952,848	4,879,970
Distribution and marketing expenses	29	(3,661,213)	(3,678,992)
Administrative expenses	30	(1,154,310)	(1,245,853)
Other operating expenses	31	(177,243)	(246,874)
Other income	32	546,438	412,968
Operating profit		1,506,520	121,219
Finance cost	33	(1,238,840)	(1,221,574)
Profit / (loss) before taxation		267,680	(1,100,355)
Taxation	34	(90,754)	145,490
Profit / (loss) for the year		176,926	(954,865)
Earnings / (loss) per share - basic and diluted	35	0.23	(1.25)

Figure 3-9 Engro Foods Financials

SWOT Analysis of Engro Foods

Strengths:

Engro Corp, one of Pakistan's largest companies, is providing financial backing for Olper's. Olper's also maintains positive relationships with dairy farmers who supply them with milk. Additionally, Engro Foods has conducted robust consumer research to support the brand.

Weaknesses:

The majority, or 85%, of Olper's Milk collection centers are located in Punjab, which results in higher distribution costs since the milk must be transported to other regions of the country. Engro Foods does not possess its own dairy farms and therefore procures milk from local farmers, which at times can result in subpar milk quality.

Opportunities:

With Pakistan ranking as the third largest milk producer globally, there is significant potential for growth in this sector. As the population in Pakistan's cities continues to rise, there is a substantial market for milk products. The increasing awareness of impurities in unpackaged milk has led to a surge in the consumption of packaged milk. Additionally, social media has emerged as a dominant form of media consumption, making it a useful platform for advertising and raising awareness about milk products.

Threats:

Olper's primary challenge stems from its competitors, including Haleeb, Milk Pack, Nestle, and Nurpur. One common perception among consumers is that processed milk lacks the same nutritional value as raw milk. However, consumer attitudes and behaviors can evolve over time.

Conclusion

After comparing PINAR and Engro Foods, several conclusions can be drawn that highlight the differences between the dairy industries in Turkey and Pakistan:

1. PINAR has a highly detailed segmentation strategy, which allows them to offer a wide range of products to consumers and leads to greater customization. In contrast, Engro Foods has larger segments that result in fewer product categories. This means that dairy customers in Turkey enjoy more product variety than customers in Pakistan.
2. The financial reports show that Pakistan has higher gross profit margins than Turkey due to low-cost operations, compromised quality, and cheap labor. However, net profit margins are lower in Pakistan due to inflated taxes.
3. PINAR's marketing strategies are more effective than those in Pakistan because they cover a wide range of segments, including sports lovers, families, and specific demographics. In contrast, marketing strategies in Pakistan tend to be more generalized.
4. PINAR has product lines for meat, juices, and organic food lovers, while Engro Foods does not offer any product lines for organic food enthusiasts.
5. While PINAR does not have a product line for ice cream, Engro has diversified its product line to include this category.

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