

INTEGRATING STRATEGIES OF ENTREPRENEURSHIP-GOURMET PAKISTAN: CASE STUDY FROM PAKISTAN

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ABSTRACT

This paper aims to get to know how integrating strategies boost up entrepreneurship. The study has shown that the dynamics of prevailing market structure, Applying creativity to develop innovation, culture, entrepreneurial leadership, economic transition, networking structures its stages and management resources are key integrating strategies for entrepreneurship. Moreover, capital and tax polices play a vital role in boosting up entrepreneurship. Study of Gourmet Pakistan gives strong support that mentioned strategies boost up the entrepreneurial process. The research methodology used in this paper is face to face interview, financial reports & official website of Gourmet Pakistan.

Keywords: Innovation, Entrepreneurial Leadership, Networking, Technology.

INTRODUCTION

The term entrepreneurship cover a broad range of activities and processes, including innovation and creation of an organization, creation of new visions exploration of opportunities and risk taking asserts the essence of entrepreneurship is innovation which aims to create economic value that provides profits from the market

LITERATURE REVIEW

Strategic entrepreneurship defined as exploration for future sources of competitive advantage, combined with exploitation of current sources of competitive advantage has been proposed as a means via which decision makers can manage uncertainty. Strategic entrepreneurship encompasses both the opportunity seeking behavior that is associated with exploration, and the advantage seeking behavior that is associated with the exploitation of current organizational certainties and routines that form competitive advantages [1]. International entrepreneurship (IE) research has grown rapidly. A cognitive approach will allow researchers to probe entrepreneurs' motivations to internationalize and capture their mental models. [2]. since the beginning of the 18th century, economics has recognized the importance of entrepreneurship at both the microeconomic and macroeconomic levels [3]

Study reveals that gender differences in the genetic influences on the tendency of people to become entrepreneurs. The researchers found that extraversion and neuroticism play a modest,

yet statistically-significant mediating role in the genetic influence on females' tendency to become entrepreneurs [4]. It has been also suggested that the closer the match between entrepreneurs' personal characteristics and the requirements of being an entrepreneur the more successful they will be moreover techniques could be developed for assessing the extent to which individuals are suited for entrepreneurial roles [5].

Network perspective of entrepreneurship focuses on social processes influencing founding rates and social structures facilitating entrepreneurship through mobilization of complementary assets. Entrepreneurs should have large networks and use much time with their relations. It is important to belong to a relatively dense cluster, where the relationships contain trust, and where the alters have a variety of business related competencies and connections from their work [6]. Entrepreneurship education has been introduced and promoted in many countries and at many institutions of tertiary education becoming a useful tool for entrepreneurial success & a widespread strategy being used to be an entrepreneur [7]. Entrepreneurship has often been thought of and even studied as an isolated event, focused on the actions of individuals without paying sufficient attention to the context of both the event and the person. The primary goal of researcher to augment models of entrepreneurship and the emergence of new industries that takes a more social perspective [8].

In the few last decades researchers have paid attention to the role of entrepreneurship and innovation in productivity, employment, and economic and social development. The role of culture is crucial for the development of innovation. Consequently, it is vital to understand why some firms are more innovative and develop more entrepreneurial projects than others, and what determines innovation performance. The researcher reviles the moderating effect of cultural values on corporate entrepreneurship. [9]. The proactive strategic orientations reflected by entrepreneurship and technology oriented strategy provide important visions for organizational innovativeness. The researcher demonstrates that it is appropriate for firms in emerging Asian economies in general and the Chinese firms in particular; to adopt the entrepreneurship and technology oriented strategies in pursuit of organizational innovativeness in a dynamic and turbulent environment. [10]

The researcher found that entrepreneurship and human resource management were shown to be the most significant drivers of innovation and customer value and the interaction of entrepreneurship and integrated market orientation as well as human resource practices has significant impact on customer value and innovation respectively. [11]

A firm entrepreneurship and R&D innovation strategies are the key determinants of organizational innovation performance. Learning orientation and firm entrepreneurship influence R&D innovation strategy choice and implementation. Moreover a firm competes with several strategic dimensions, including innovation creation, innovation adoption, and innovation diffusion programs. Significantly, it appears advisable to have R&D innovation operations in all major world markets, integrate the firm's innovation creation moves, innovation adoption activities and seek a high degree of innovation diffusion [12]. Ethics of entrepreneurship that relates to the changes and innovations with which entrepreneurship is frequently associated. To be an entrepreneur, it is often said, one must break the rules so as to take advantage of opportunities one identifies or can create. The rule-breaking aspect of entrepreneurship must will

be hemmed in and redirected to areas less threatening to the legal liability of the organization. To encourage the entrepreneurial aspect of the organization will be to permit, encourage, and foster challenges to current mindsets, rules, and procedures [13].

Entrepreneurs pursue a single high risk project each but have no own resources. Financiers provide funds, covering investment cost plus an upfront payment, in exchange for a share in the firm. The contract must include incentives to enlist full effort of entrepreneurs. Venture capitalists also assist with valuable business advice to enhance survival chances. The structure of taxes, the operation of financial markets, and the 'entrepreneurial climate' are important policy areas. The researcher proposed a model of entrepreneurship and start-up investment that emphasizes risk-bearing on the part of entrepreneurs and its implications for occupational choice as well as the quality of outside finance [14]. It has been observed that the sourcing and valuation of venture capital (VC) funding among entrepreneurs varies with varied levels of prior start-up founding experience, academic training, and social capital. The sourcing and valuation of VC funding varies among entrepreneurs with heterogeneous organizational capital. [15].

Phases of Entrepreneurship

Establishing a business firm means that entrepreneurs have to mobilize a set of resources to be able to accomplish the establishment process and run the firm. To establish a firm, entrepreneurs need capital, labor (competence) and distribution channels. Most entrepreneurs start with their Business idea and some capital. They may have only a vague cognizance of how to organize the Establishment process and manage the firm. Entrepreneurs are assumed to go through three phases of entrepreneurship .The first phase is when a person is motivated to start a business; she may have some ideas about her business, but she has not yet started to take any practical steps to set up a business. During this period the business idea is developed, and social support is sought. This is done through discussions with other people. The second phase means that entrepreneurs start planning the business in detail; this includes working on financing the business, setting up business deals, agreements, procuring quarters for the business, etc. The third phase is entered when the business starts operation. This may either be a business that the founder has started on her own, or it may be a business that she has taken over from someone else. The boundary between the second and third phase is relatively clear. There is always a date when an entrepreneur starts a business. The boundary between the first and the second phase may be more blurred. However, in this study we have labeled the first phase a *motivation phase* where the entrepreneur is thinking of starting a business, and where the second phase is defined as a time when practical steps are taken to start a business. [16]

Integrating strategies

Integrating strategies are basically strategies which are widely used as a tool or a stimulus, an instigator to boost up a certain phenomenon or a process for its successful execution. So, for entrepreneurship integrating strategies would be those which instigate and speed up the entrepreneurial process. Integrating strategies are driving forces and act as a catalyst to entrepreneurship. It is observed that entrepreneurs share their traits, they almost use similar strategies for successful running of their enterprises and the strategies they use may be

generalized. The strategies which are widely being used by the entrepreneurs are: innovations, networking, capital, culture, and technology and entrepreneurship education.

Gourmet Pakistan

Gourmet foods is the largest bakers and confectioners chain of Pakistan .Gourmet introduced many products which were previously not in the market. Gourmet focus hard on quality and taste of their products and making them affordable for their customers at the best prices in the market. It was incorporated in 1987 and now its operating with more than 150 outlets in various cities of Pakistan, it also has 3 restaurants and five production units. They have explored new avenues such as gourmet beverages, gourmet water, gourmet caterers, gourmet dairies and gourmet furniture. Competitors of Gourmet are Shezan Bakers and confectioners, Doce bakers, Nirala sweets & Fazal sweets.

Integrating Strategies of Gourmet Pakistan

Gourmet Pakistan adopts various strategies like Innovation, Networking, Technology, Locationing, Launching Time, Pricing which become the success factors for the business.

Innovation

Innovation is of those key strategies used by Gourmet for their success. Gourmet believes that change is the continuous process so they keep on adding up to their portfolio for capturing as many customers & hitting most of the target markets. Gourmet started with gourmet sweets & bakers and earned a handsome success in that field. Gourmet believes in exploration of new target markets by introduction of new and valuable products so after that success gourmet started producing confectioner's items and got great appreciation in them in terms of sales. Afterwards Gourmet involved them in event management and they started Gourmet Caterers which also went well. Then to provide quality traditional food gourmet took the initiative of Gourmet Restaurant which is going quite successful and it has been expanded to a network of 3 restaurants. Meanwhile they also started Gourmet water, Gourmet Dairies & all these businesses based upon innovative ideas are going successful. Focusing on their innovation strategy Gourmet has recently started Gourmet Furniture which is getting good appreciation from the market.

Innovation is the basic competitive advantage that Gourmet has over its competitors like Nirala sweets, Fazal sweets, Shezan bakers & Doce bakers. Because competitors of Gourmet do not use this strategy of innovation as effectively as Gourmet do. Like all the competitors are operating with those ideas which were initiated 40-50 years ago and they did not add any new idea or field to their portfolio where as Gourmet Pakistan continuously conceptualize and adopt new ideas. Gourmet is basically open towards market norms and market conditions so they involve them in areas which customer needs the most whereas competitors refrain them from doing so. So innovation strategy differentiates Gourmet from its competitors & represents Gourmet as True entrepreneurs.

Networking

Networking is a key strategy or an integral part of life of an entrepreneur. Gourmet Pakistan is aware of the essence of this useful tool so it is being widely used by them and it is rendered as an important part of their success as an entrepreneur. Networking is basically development of relationship in the business and professional arena. Gourmet is using this strategy very quite effectively as they are preparing products according to the demand of the market & most importantly they are making it reachable to all its customers through its effective outlet networks. Their outlets are in access of every single person in their target market. Moreover they are managing their network quite effectively by providing all products and services at their outlets without element of shortage. This develops a trust level between Gourmet & its customers. Even though they are very large networks in various cities yet they operate as one unit & purpose is to capture the entire market & provide customers with best quality products. Gourmet outlets are not in any specified class yet they focus on all the classes of economy and serve them with their products so they open as many outlets which provide convenience to their customers. This is the basic theme of Gourmet networking strategy which lacks in other competitors. competitors of Gourmet do not use this strategy effectively and they stick with their specified and pre-decided target market, that is why they are not as much successful as Gourmet is, even a few of them are flops. All the competitors Nirala sweets, Fazalsweets, Shezan Bakers & Doceonly like to hit the elite class, their target market is only elite class so they open outlet in elite class areas whereas gourmet open outlets in all the areas of market where it's been operating.

Technology

In the modern arena of technology where manpower is going towards extinction, Gourmet is not behind in adopting technology in their businesses, indeed technology is the most important strategy used by Gourmet Pakistan for their success as an entrepreneur. Gourmet is using technology as an advancement tool very effectively since last few years which also enhances financial performance of the business. Gourmet started automated billing system due to which any transaction done at any of the retail outlet is directly recorded at the centralized database at gourmet head office. This also help in tracking record of sale activity and help in measuring performance outlet wise. It also helps in extracting any type of information for performance improvement process. Moreover electronic inventory management system had recently been implemented at outlets which help in timely delivery of items at outlets. After implementation of inventory management system whenever an item falls below its economic order quantity (EOQ) at an outlet, an electronic order is automatically placed with the concerned department which ensures timely availability of items at outlet for customers.

As far as competitors of Gourmet are concerned they are not using the technology as it is being used by Gourmet. They only use technology for billing and manufacturing, in billing every outlet is responsible for the process. No centralized mechanism is available for performance management and any type of query pertaining to whole group. This is the reason Gourmet has advantage over rest of its competitors due to use of technology strategy because Gourmet is using technology in every process they execute.

Launching Time

Another key strategy used by Gourmet Pakistan which leads them to success as an entrepreneur is launching time. Launching time means when to launch operations in a certain area or a specified target market. Gourmet is much specified about launching its outlet or operations in any area and field. They take into account market boom period, sales boom period. They have perfect market timing to enter into a market. Gourmet launches its outlet on events like Eid-ul-Fitar, Eid-ul-Azha, EidMailad-un-Nabi and Christmas. Because on these events people do maximum purchases from sweets and bakers shop for gifts so such events are rendered most suitable for opening of outlet and Gourmet Success govern this rule. Another reason Gourmet use launching time strategy in opening of its outlet is that there is extraordinary sales on these events which subsequently enhance business profit margins in the very start of the business and help the business to attain breakeven point in very short span of time.

This strategy is not being used by competitors of Gourmet, due to the reason competitors like Doce, Nirala had to close few outlets due to non-performance. While with the use of this strategy there is not a single outlet of Gourmet which needed to be closed due to non-performance. All the outlets are working effectively.

Locationing

Gourmet Pakistan is very different and confined with its strategies which make them successful Entrepreneurs. Another key strategy which is being used by Gourmet Pakistan is Locationing. Strategy is bit related to networking strategy used by Gourmet. Gourmet believes in giving an easy access of their products to their customers, just like at their door steps. In what so ever city Gourmet launches its operations; they make sure that customers should not suffer to get their products. So, they design their outlet network in such way that the distance between its two outlets should not exceed 3 kilometers in any case. They use this strategy in city of Lahore and earned great appreciation, similarly in other cities and recently they started their operations in Gujranwala & earned great success over there by the use of locationing strategy. Moreover Gourmet open its outlets in all type of areas, irrespective of the income classes residing on those localities so that to have maximum people enjoying their products with convenience, whereas competitors of Gourmet open their outlets in only posh areas and target only elite class for their products and due to diversification of its portfolio among all income classes Gourmet is a successful enterprise.

Pricing

In country like Pakistan strategy which is rendered most influential is the pricing strategy and Gourmet Pakistan is using these strategy very smartly. Gourmet in known to be leader in providing best quality sweets and confectioner items at lowest possible price in the market which differentiate Gourmet from its competitors. Gourmet has to target all income classes of the market so they set up nominal margins on their products which make their products cheap and affordable for all customers. Gourmet believes in enhancement of profits by the enhancement of business, not by exploiting its customers. Another advantage Gourmet has over its competitors is that it produces items in bulk due to heavy sales which lowers their cost to a great level due to

which Gourmet is in a better position to operate at prices affordable to all the customers, whereas competitors due to high cost cannot afford to cut the price level. Moreover competitors normally operate in posh areas so their target customer does not bother about price level of commodities. Gourmet by use of this important pricing strategy grasp all types of customers very effectively.

FINDINGS & RESULTS

Gourmet being the largest sweets, bakers & confectioners chain in Pakistan is perfect example of Entrepreneurial success. We discussed strategies used by entrepreneurs & then how effectively these strategies were being used by Gourmet Pakistan for their success. They are using all mentioned entrepreneurial strategies. But the question is whether strategies used by Gourmet which differentiates them from their competitors worked positively in favor of Gourmet or not. So, numbers obtained will justify that how well these strategies are being used and in use by Gourmet Pakistan. Below is data of sales of Gourmet and its competitors for the last three years and analysis of data given as well. Please note all sales other than tabular & figure form is in Pak Rupees.

Fazal Sweets

Avg. per day sale of Fazal sweets in 2012= 70000
Avg. per month sale of Fazal sweets= 2,100,000
Estimated sale of 2012= 25,200,000

Avg. per day sale of Fazal sweets in 2011= 67,000
Avg. per month sale of Fazal sweets= 2,010,000
Estimated sale of 2011= 24,120,000

Avg. per day sale of Fazal sweets in 2010= 63,000
Avg. per month sale of Fazal sweets= 1,890,000
Estimated sale of 2010= 22,680,000

Nirala Sweets

Avg. per day sale of Nirala Sweets in 2012= 35000
Avg. per month sale of Nirala Sweets = 1,050,000
Estimated sale of 2012= 12,600,000
Avg. per day sale of Nirala Sweets in 2011= 30,000
Avg. per month sale of Nirala Sweets = 900,000
Estimated sale of 2011= 10,800,000

Avg. per day sale Nirala Sweets in 2010= 20,000
Avg. per month sale of Nirala Sweets = 600,000
Estimated sale of 2010= 7,200,000

Gourmet Sweets

Avg. per day sale of Gourmet Sweets in 2012= 95,000
 Avg. per month sale of Gourmet Sweets = 2,850,000
 Estimated sale of 2012= 34,200,000

Avg. per day sale of Gourmet Sweets in 2011= 70,000
 Avg. per month sale of Gourmet Sweets = 2,100,000
 Estimated sale of 2011= 25,200,000

Avg. per day sale Gourmet Sweets in 2010= 50,000
 Avg. per month sale of Gourmet Sweets = 1,500,000
 Estimated sale of 2010= 18,000,000

SALES IN Rs '0000

Table 1: sales analysis

Companies	2010	2011	2012	Total
Fazal Sweets	2268	2412	2520	7200
Nirala	720	1080	1260	3060
Gourmet	1800	2520	3420	7740
Total	4788	6012	7200	

Data in above table can be better illustrated by following Figure 1 which briefly discusses the sales analysis of Gourmet and its competitors from the year 2010 to 2012. On x-axis is shown years for which sales were done and on y-axis sales in Rs'0000 is mentioned. Graph below clearly shows that by the effective use of aforementioned strategies Gourmet reached to excellence and it is growing in terms of its sale with a reasonably high pace in the market from its competitors. All the three market players are showing positive growth yet growth pattern of Gourmet is different & most favorable from others which is due to strategies used by them effectively and those strategies lead them towards success as an entrepreneur.

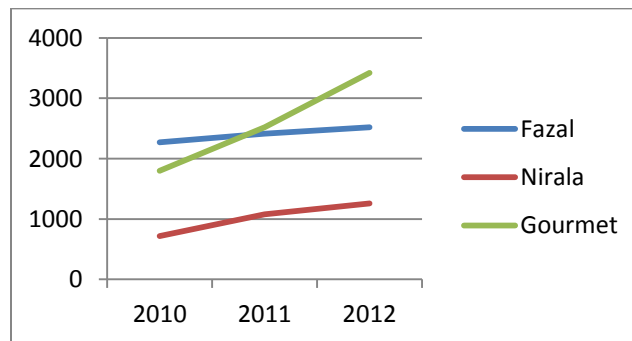


Figure 1: sales analysis

From sales analysis it has been found that Gourmet is using mentioned strategies in a very affective way. Now market share review will also add to this conclusion. Below is the relative market share of the three competitors in the market i.e. Gourmet, Fazal Sweets, Nirala Sweets.

Relative Market Share

Table 2: Market Sahare

Companies	2010-2011	2011-2012
FazalSweets	1.26	0.97
Nirala	0.51	0.57
Gourmet	0.79	1.02
Total	$2.56/3=0.85$	$2.56/3=0.85$

Above mentioned table shows market share of three major Companies operating including Gourmet. Data was taken for 2010-2011 & 2011-2012. Stats shows that 3 companies i.e. Nirala, Fazal Sweets & Gourmet captures 85% of total market & Gourmet’s market share rises with reasonably high pace than Nirala sweets from 2010-2011 to 2011-2012 and market share for Fazal Sweets even falls from its previous market share.

This is all the result of effective use of strategies used by Gourmet as entrepreneurs & their sales and market share are both showing phenomenal increasing trend. To better understand the market share analysis refer to Figure: 2 in which relative market share was mentioned on y-axis and on x-axis was years. It also shows that market share of Gourmet increases over period of time than its competitors because of effectively using strategies like pricing, networking, innovation, technology and many other strategies they were able to get such a position in the market.

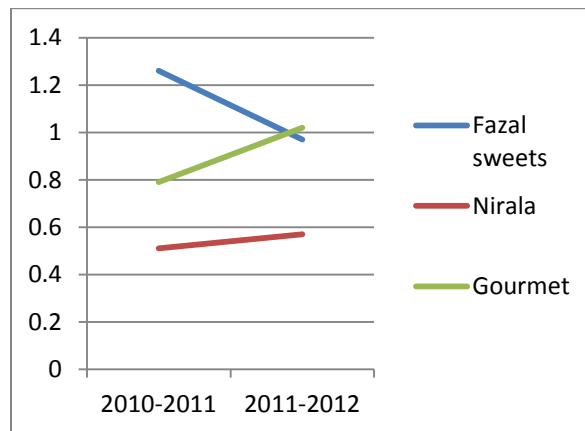


Figure 2: market share review

CONCLUSION

Study shows that Gourmet Pakistan being the largest bakers & Confectioners chain in Pakistan uses entrepreneurial strategies for their success such as Innovation, Networking, Technology, Locationing, Launching Time, Pricing and these integrating strategies are cause of gourmet success in Pakistan.

RECOMMENDATIONS

The Gourmet hasn't advertised themselves through Electronic media effectively; they should adopt some other source of advertisement to capture new markets. Gourmet should offer their products through online through its web portal to explore new markets. Gourmet should focus on their audit and follow the proper accounting & auditing standards for making & reporting their statements. The Gourmet should take feedback from the customers by personally survey and should concentrate more effectively on the requirement of the customers.

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1- <http://www.nirala.com/>

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