





**NEAR EAST UNIVERSITY**

**FACULTY OF ECONOMICS  
AND  
ADMINISTRATIVE SCIENCES**

**BUSINESS ADMINISTRATION**

**-HUNKPAPA-**

**Bekir BELEN**

**990960**

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## I. INTRODUCTION

### 1.1 OBJECTIVE OF THE STUDY

Hunkpapa is an active store in the jeans wear sector in Cyprus. The main objective of this project is to evaluate the current situation of Hunkpapa.

The result of this project is going to help Hunkpapa to improve its position in the market and this project is going to show them advantages and disadvantages in the market.

### 1.2. AIM OF THE STUDY

Aim of this project is to analyse current market situation of the clothing sector in Cyprus and tries to explain position of Hunkpapa. Owner of the Hunkpapa is a student in the business administration department since 1995 and the owner has been working in this business since 1998. Aim of this project is to see what a student have learned in this department and how can apply to learned into the real business.

### 1.3. METHODOLOGY

Interviews and library searching have been most important method of the collecting information about the project. Interviews were carried out over a certain period of time by talking with the customers and the main expert storeowners in this market. The collected data were analysed and to compare with the academic learning.

### 1.4. LIMITATIONS OF PROJECT

When to seeking business structure and an activation of Hunkpapa, library searching methods, interview method and observation method was use to be collecting information about Hunkpapa and its competitors. After collecting, an information was used to carry out some analysis the methods and figures. The methods and figures that was used when this project setting, product life cycle, strategic business unit, critical success factors, portfolio



## II. HISTORICAL BACKGROUND

### 2.1. BACKGROUND OF HUNKPAPA

Hunkpapa activated in 1998. Owner of this company who name is Bekir Belen. In September 1998, Bekir Belen registered as his business name by an individual, which was Hunkpapa.

When Hunkpapa opened the store, they bought the products from Kaptan Ticaret. In February 1999 Hunkpapa made an agreement with Colin's Company. This agreement includes that Hunkpapa is the only agent in Cyprus. In the same year Hunkpapa made another agreement with Monkey's Company that they produces t-shirts and accessories for rocker persons.

In 2001, the new technology systems use by Hunkpapa. For example the customer can use their credit card when they are paying money. And same year Hunkpapa started to use computer for stocks.

### 2.2. COMPANY MISSION

The mission of the Hunkpapa is to selling high quality products, which are not expensive and rare products. Generally they import new products, which are not import before Cyprus.

### 2.3. COMPANY VISION

The vision of the Hunkpapa wants to build up entertainment and shopping centre in Cyprus.

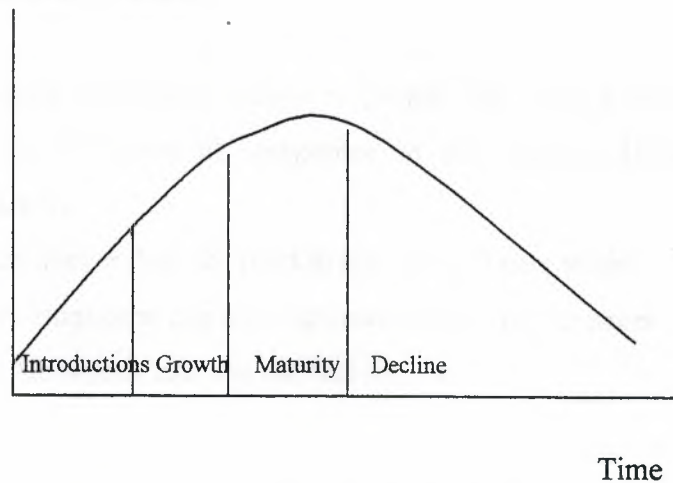


### III. SITUATIONAL ANALYSIS

#### 3.1. MARKET LIFE CYCLE (PLC)

The life cycle of product can be divided into four stages: Introduction, Growth, Maturity and Decline. It is essential to note that the product life cycle concept applies to generic categories of product and not to specified brands. A company's marketing success can be affected considerably by its ability to understand and manage they life cycle of its products. The Product Life Cycle is showing Figure 1 as below.<sup>1</sup>

Total  
Industry  
Sales



Jeans clothing sector in Cyprus appear to be stage of the Growth at the Product Life Cycle. Jeans wear running cost are decreasing due to the need of increasing quantity and variety of stock and lowering prices to fight of competition. Quantity of the market is increasing day by day and also the quantity of products increasing caused to competition. Growing the market competition affects the prices as decreases. Companies use distribution

<sup>1</sup> William J. Stanton, Michael J. Etzel, Bruce J. Walker "Fundamental of Marketing", Tenth Edition

channels have at the highest level. There is a high competition in the market so the customers preference brand name. All companies are now fighting to build market share.

### 3.2. PORTER'S FIVE FORCE MODEL

A useful guide on the necessary sort of considerations for framework of analysis which provides a structure for conceiving of environmental influences this is provide by Porter. The section that follows draws on the approach he processed and summarized in. It is Essentially a structured means of examining the competitive environment of organization so as to provide a clear understanding of the forces at work.

Porter argues that, competition in an industry is rooted in its underlying economies, and competitive forces exist that go well beyond the established combatants in a particular industry. The task of the strategic is to determine which of these forces are of greatest importance to the organization and which can be influenced by the strategic decision of management.

#### 3.2.1. Rivalry Among Competition

Rivalry among competing sellers is usually the most powerful of the competitive forces. To become the powerful competitor in this market, Hunkpapa should intensify competitive pressure by

- Product innovation; they follow the fashion and create a new models
- Special promotion; Hunkpapa can make sponsorship for the teenager's parties.
- Enlarge products; Hunkpapa can sale the real leather.

#### 3.2.2. Substituted Products

Hunkpapa can sell product with delivery van to small villages. Hunkpapa can make wholesaling trading.

### 3.2.3. Potential Entry

In Cyprus there are too many jean wear sellers. New comers with a range of products and new comers should have good prices.

### 3.2.4. Bargaining Power of Buyer

There is a bargaining power of buyers because, if the customers are not satisfied in this store, they are using their preferences on the other stores and this is become definite by the sales.

### 3.2.5. Bargaining Power of Supplier

There is a bargaining power of suppliers because they make lowest cost.

## 3.3. CRITICAL SUCCESS FACTORS OF HUNKPAPA

Critical success factors most sought needs of customers for product put in priority order. To answer this question initially. Are we satisfying the entire customer value proposition with the current organization?

Location: Hunkpapa at easily reachable place. It is at the famous avenue in the Cyprus.

Price: Generally Hunkpapa's prices are same amount with Turkey market's prices.

Customer Service: Free charging to repair.

## 3.4. PEST ANALYSIS

PEST analysis research external environmental factors, which are favourable or unfavourable for their company's interest. Eight interrelated macroenvironmental force have considerable effect on any organization's marketing system. These are in four groups:





- \*Political/Legal
- \*Economical/Demographic
- \*Social/Cultural
- \*Technology/natural

Companies affected monetary and fiscal policy, governmental relationships with industries, and legislation in political and legal environment for positive or negative.

Companies affected positive or negative with economical and demographic which are economic stability, inflation and population.

Social and cultural effects with companies on shopping culture life.

Technology is a mixed blessing in other ways also. A new technology may improve our lives in one area while creating environmental and social problems in other areas. For example bar cod system is very useful technology in business.

Political; government cannot prepare a control system to the peddlers. Because of the internationals embargos up on TRNC the potential of customers cannot increase.

Legal; custom policy has been changed by government and it is unfavourable for market. Therefore it is getting harder to import the products in to the island.

Economical economic crisis decreases the buying power of customers. Foreign currencies amount against Turkish Lira are increasing day by day so sellers cannot sell their products on real amount.

Demographic; in our country there are many universities and this increases the number of young students continuously.

Social; Hunkpapa is interested in rockers life which these people feel themselves isolated in society. So it is very difficult for them to find something to wear in their daily lives.

Cultures customers their minds about jeans wear. Now all age groups can found their sizes and they wear it everywhere.

Technology; Hunkpapa started to use computer in order to account its stocks regularly.

### 3.5. EVALUATE STRATEGIC BUSINESS UNIT (SBU)

#### 3.5.1. What is SBU?

A small single product company can conduct a company-wide performance analysis. However, most large and medium-sized companies and even some smaller firms are multi product and perhaps multi business organization. Consequently, for more effective planning and operation, a multi product or multi business organization should be divided into major product or market division. These divisions are called strategic business units (SBU's) each SBU may be a major division in an organization, a group of related products, or even a single major product or brand.

#### 3.5.2. SBU of Hunkpapa

The company of Hunkpapa is divided three segments related with the type of product.

3.5.2.1-Clothing; clothing division is a major strategic business unit of Hunkpapa. There are Colin's Jeans and Sports Wear, Monkey's t-shirts and B&B Collections.

3.5.2.2-Accessories there is ball-chain, leather armband and patches to the rockers.

3.5.2.3-Shoes; Colin's shoes are sold.

### 3.6. PORTFOLIO ANALYSIS

#### 3.6.1. What is Portfolio Analysis?

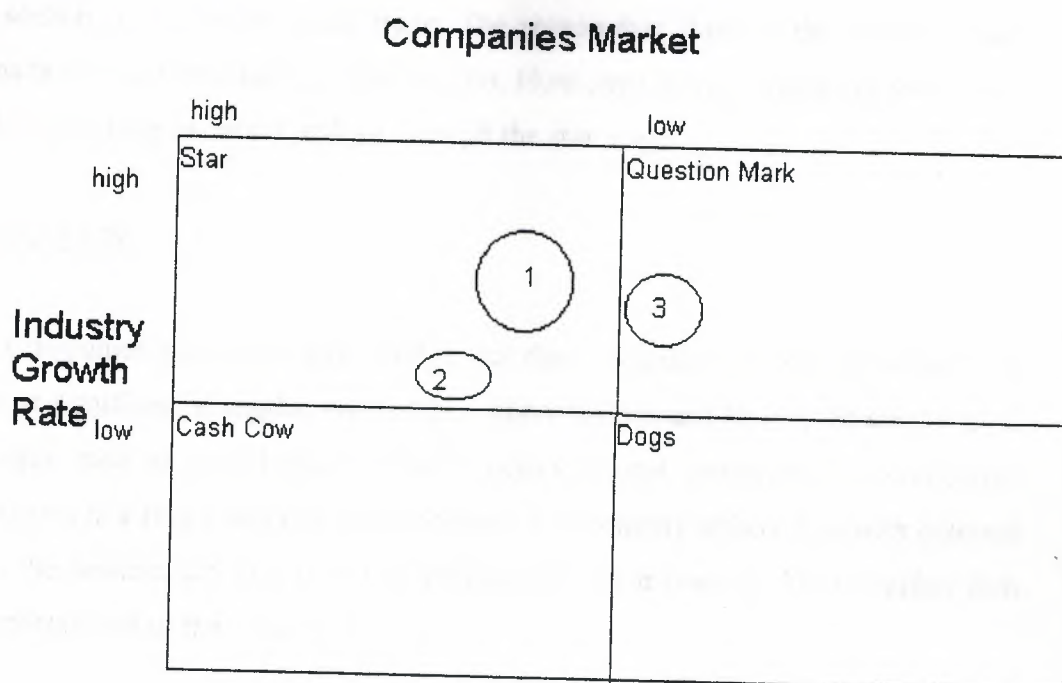
After SBU's have been satisfactorily delineated, total organization may be viewed as a "portfolio" of business or product lines. An essential step in strategic planning is an Organizational Portfolio Analysis, which identifies the present status of each SBU and determines its future role in the company. This evaluation also provides guidance to management in designing strategies and tactics for an SBU. Management typically has limited resources to support its SBU's. Thus management needs to know how best to allocate these resources. Which SBU's should be stimulated for growth, which ones maintained in their



present position, and which ones eliminated? An organizational portfolio analysis is designed to aid management in this design making.

On the basis of organizational portfolio analysed, management can select from four strategic alternatives for the company according to the Boston Matrix Method that is describe in figure 2<sup>2</sup>

### 3.6.2. Adoption SBU of Hunkpapa to Boston Matrix Method



#### 3.6.2.1. Clothing

Clothing is at star stage now. They have a high customer balance with their market share they are adding new t-shirts and pants on their clothing sector. They made a powerful brand name with their advertisements.

<sup>2</sup> William J. Stanton, Michael J. Etzel, Bruce J. Walker "Fundamental of Marketing", Tenth Edition

### 3.6.2.2. Accessories

Accessories are at star stage. Hunkpapa is the first dealer of ball-chain, leather armband and patches so they use this advantage on their advertisements. Other dealer wants entry in this market and some dealer imports accessories.

### 3.6.2.3. Shoes

Shoes section is at question mark stage. The reason that there at the question mark stage is they made too much investment to this section. Hunkpapa is a new dealer in this sector. In the future they will make an attack and go through the star stage.

## 3.7. SWOT ANALYSIS

Companies analysing with SWOT to their situation. A firm identifies and evaluates its most significant strengths, weaknesses, opportunities and threats. Strengths are a firm's advantages such as useful skill, valuable organizational resources or competitive capability. Weakness is a firm's lacks or disadvantages. Opportunity affects firm with external environment to the positive and firm uses this advantage to their interest. Threats affect firm with external environment to the negative.<sup>3</sup>

### 3.7.1 Strengths

- Brand name; Hunkpapa imports Colin's Jeans and Monkeys t-shirts. These brands are well known by consumers.
- Location; store place is very famous avenue in Cyprus where in Mehmet Akif Avenue.
- Surroundings; owners of Hunkpapa are well known peoples in Nicosia.

### 3.7.2. Weaknesses

- Capital Hunkpapa has not enough capital. When it was open it has a limited capital and it is not taken money from anywhere.

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<sup>3</sup> William J. Stanton, Michael J. Etzel, Bruce J. Walker "Fundamental of Marketing", Tenth Edition,

- Labour; Hunkpapa has not qualified worker. There is only one worker in the store, sometimes they cannot find worker to open the store because owner is a student.
- Education; the owner of the Hunkpapa is not finished his university education so when he finishes his lessons in school goes to open the store
- Advertisements; Hunkpapa cannot make enough advertisements because of the limited resources.

### 3.7.3. Opportunity

- Places; Building new stores and houses around the Hunkpapa. They will increase the number of customers.

### 3.7.4. Threats

- Economy in our country there is not economic stability and this is great threat for Hunkpapa and other small-scale business.
- Customs; the customs are very high and they cannot compare with turkey markets.
- Peddlers; peddlers are not paid taxes to our government and they can easily sell the products under the market prices.
- Military Shop; in last years military shops start to import clothing products to our country and they are not paid any labour cost, taxes and rent so their prices is lowest.

## 3.8. KEY ASSUMPTION

- When the income level increases and economic stability of people increases, the demand for clothing sector will also increase.
- If the military shops are closed to civilian people and restricted the peddler sales, will affect the market in a positive way.
- They can make some promotions. e.g. 50% discount.
- They make agreement with some entertainment places. e.g. If a person paid 50 000 000 TL bill to Pasta Villa, Hunkpapa can make this person 10% discount.



### 3.9. FUTURE OBJECTIVES AND STRATEGIES

#### 3.9.1. Corporate Mission

Offering customer a selective range of high quality clothing. Fostering good human relations with customers and community.

#### 3.9.2. Corporate Objective

Hunkpapa wants to increase their profit 20% in next years. Because owners of the Hunkpapa will graduate in university and he expands decreases and he can make new investments. For example they wants selling boats.

In next five years Hunkpapa wants to increase their market share to 5%. Next year Hunkpapa will imports boats and real leather jackets to special ordering. Nobody imports real leather into Cyprus market.

#### 3.9.3. Growth Strategy

- Hunkpapa can apply at opening new stores in another cities in Cyprus. They can open in Kyriena because tourist potential is very well and also they will increases domestic customers.
- Hunkpapa can make agreement with another stores in other places to sell their products.
- Hunkpapa can make outlet centre.

### 3.10. VALUE CHAIN ANALYSIS

Central to Porters theory is the concept of margin. Margin is the value of the firm's products and service, as perceived by the firm's customers, less the cost. Firms create value-performing activities, which Porter calls value activities. Value activities fall into two major categories primary and support.

Primary value activities are those associated with producing and offering greater value their customers than do their competitors. Linkages to form a value chain integrate the priary and support value activities. The chain is shaped like an arrow, with margin as its tip. The primary activities are shown on the lower layer and include inbound logistics that obtain row materials and suppliers, the firms operations that transform the row materials into finish goods, outbound logistics that transport the goods to customers needs and obtain orders, and service activities that maintain good customer relationships after the sale.

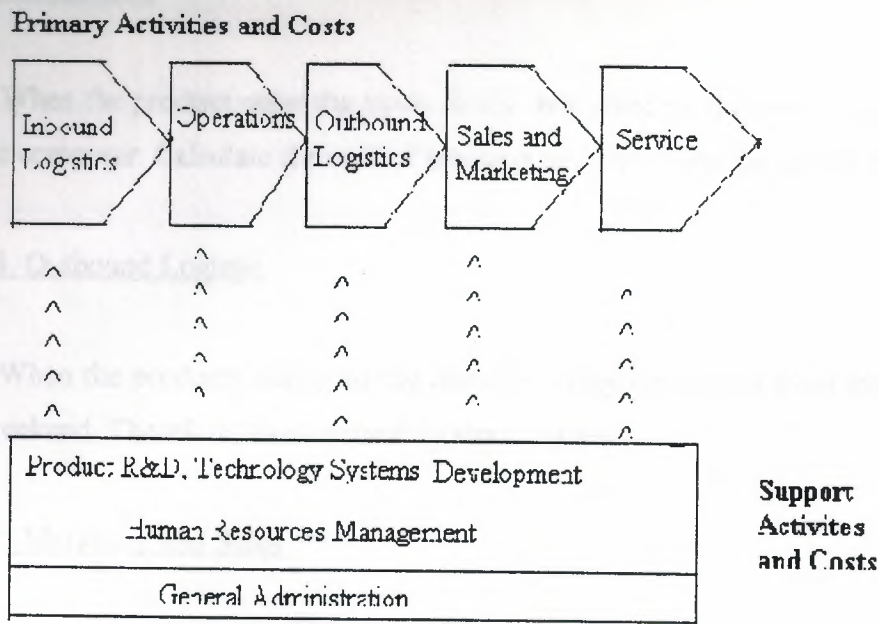
Support value activities provide the inputs infrastructure that allows the primary activities to take place. The firms stockholder relations department, marketing research group, and accounting department are examples of organizational units that perform such support activities. The support value activities appeared on the upper layer and include the firm infrastructure the organizational setting those influences the primary activities in a general way. In addition there are three activities that can influence the primary activities separately or in some combination. <sup>4</sup>

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<sup>4</sup> William J. Stanton, Michael J. Etzel, Bruce J. Walker "Fundamental of Marketing", Tenth Edition



### Representative Company Value Chain



#### 3.10.1. Support Activities

#### 3.10.2. Primary Activities

Hunkpapa sells certain products like jeans, which are no changed fashion continuously. At the end of seasons clothing prices are lowest because company must advance their trend so previous season's products prices decreases. Therefore Hunkpapa can buy previous season's products, which are prices decreases, and they will sell to next season to the new prices.

##### 3.10.2.1. Inbound Logistic

Owner of the Hunkpapa goes Turkey before the season and he selects and orders the products, which he wants, the import to his store. Beginning of the seasons Colin's Company send the order product with Aras Cargo and three days later products comes to Nicosia duty. Custom commotion agent of Hunkpapa received the products from Nicosia duty. Finally the products ready to sell in store.

#### 3.10.2.2. Operation

When the product enter the store, firstly they place on the shelves and after there enter in to the computer. Calculate the cost of products and determine the selling price.

#### 3.10.2.3. Outbound Logistic

When the products selling to the customer, they decreasing from stock with computer every weekend. Therefore, to overcome to stock causes.

#### 3.10.2.4. Marketing and Sales

Hunkpapa make small-scale advertisement and end of seasons reducing the prices.

#### 3.10.2.5. Service

Service of the Hunkpapa is based on the customer loyalty. The owner of the Hunkpapa can help the customer if there is a problem about the products.

### 3.11. COMPETITIVE ADVANTAGE AND STRATEGY

Hunkpapa has imports a well-known brand name in the world, which Colin's is, exports to whole world their brand. The owner of the Hunkpapa is a young person so he can make good relation with customers. Hunkpapa store has not park problem.

Hunkpapa wants develop their store and imports new products. They want imports boots.

### 3.12. MARKETING MIX

Products; Hunkpapa will start to import new shoes which is a very famous brand in Turkey.

Price; Hunkpapa will import Saluro boots. These boots' prices will be under the price of their competitors of the same quality.

Place; Famagusta population is increasing by the students who are educated in EMU continuously. So this is a big market for the clothing sector. Hunkpapa thinks that opening stores in Famagusta.

Promotion; strategy of promotion that Hunkpapa carries out is in the form of small-scaled advertisement and personal selling.

#### IV. CONCLUSION

Hunkpapa is activating in the jeans sport clothing business at Cyprus. Hunkpapa is marketing oriented philosophies because, they try to provide better quality and cheaper price product to achieve organizational goals. Product selling is depends on customer wants and needs for their business success. Hunkpapa is developing product-investing research and develops to keep the competitors off balance.

Jeans clothing business in Turkish Republic of Northern Cyprus appear to be stage of growth at the product life cycle. Clothing sector negative affected devaluation in Turkish Lira currency. And also customers prefer to brand name in jeans sector but they buy also cheaper clothing wear.

Hunkpapa divided three segments related with the type of related product. First, jeans clothing is major strategic business unit of Hunkpapa. There is selling sports daily clothing for young people. Second one is the accessory. There is selling ball-chain, leather armband and patches. And last one is the shoe. Shoes division is new sector to Hunkpapa. There is selling Colin's Jeans shoes.

Current market strategy and future market strategy of Hunkpapa was evaluated to understand the marketing generic strategies of the Hunkpapa and how can improve the position of the Hunkpapa in the market. Hunkpapa has cost effective advantage in market and they has also product differentiation. The strategy required in this position is to focus on costs.



## V. RECOMONDATION

The current situation of economy is disadvantage for small-scale firms, because there is an unstable economy and Turkish Liras loses its value against the foreign currencies. Therefore Hunkpapa must analysis their position in the market. In this economic situation, Hunkpapa will not spend new investment. So they will wait and make their investment at economy comes to the stabile position.

Now Hunkpapa must make some changes in to the decoration of their store, because customers wants some changes into the store they do not want to come to same place.

Hunkpapa must give more important to advertisements. Advertisements are very important promotion in this current economic situation. In this situation customer-buying power is decreases, because economy is very bad. Therefore good advertisement pulls the customers. Hunkpapa must start advertisement beginning the autumn winter season. For example they can prepare some fashion show and they can give advertisement on T.V.

Hunkpapa is using the new efficiently but it has not a web page on the Internet. With an Internet web page the company promote the store everywhere at least cost in contrast with newspaper and T.V. promotion. Hunkpapa can provide information about the new products via Internet to the current and potential customers.



## **VI. REFERENCES**

### **LIBRARY SEARCHING**

Books: Ralph D. Stacey "Strategic Management & Organizational Dynamics" Second Edition

William J. Stanton, Michael J. Etzel, Bruce J. Walker "Fundamental of Marketing",  
Tenth Edition

### **PERSONAL INTERVIEW**

Mr. Arif Billuroğlu

Owner of Bilsel Ticaret

Mr. Arif EFETÜRK

Owner of Yazgı Butik

Mr. Erbay GÖNELLİ

Owner of Kaptan Ticaret