

Marketing

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ill develop sustainable competitive advantage for Its products 2 b) Explain how distribution of products Is arranged to provide optimum customer convenience 4 c) Explain how to set the price of the product in the light of the " Vanilla" objectives and market conditions exist in Vietnam 7 ad) Illustrate how promotional activities integrated to achieve marketing objectives of Vanilla e) Analyze the additional elements of the extended marketing mix 11 AAA) Recommend marketing mixes for two different segments In consumer markets 14 b) The differences In marketing products and services to organizations rather than consumers 16 c) Explain how and why International marketing differs from domestic marketing 20 References 24 AAA) How Vanilla(V. M) will develop sustainable competitive advantage for its products SOOT analysis Strengths Vanilla was established since 1976: Vanilla has grown strongly and become the leading industry of milk processing. Obviously, its long history is the first and strength to make it become the biggest dairy producer in Vietnam.

Throughout more than arrears operating, Vanilla has become a familiar trademark to domestics' linens. Binomials gained a great customer understand and satisfaction as well as knowledge of the local market. Villains Is now operating agencies at grassroots levels Like villages in rural areas almost all shops on the mall streets of major cities sell Vanilla products. Vanilla consume a half output of milk with domestic material. Vietnam is an agricultural country so Vanilla can produce milk with rich materials. Vanilla also support farmers in breeding milk cow to serve for production. Vanilla always pay attention to build their brand and trademark in customer's minds.

Binomial has many policies to support for society such as: scholarship for poor students, charity, donation for poor people, etc. Weaknesses Vanilla cannot allocate markets equally between the North and the South of Vietnam. The population of the North in Vietnam occupied 2/3 as a whole country. Vanilla only focuses on distribution products in the South market. This means that international brand milk such as Dutch Lady and Abbot will occupy the markets in the north, so Villains will lose market shares In the north of Vietnam. Vietnam joined World Trade Organization from 2007; there will have many international competitors about famous brands such as: Dutch Lady from Holland technology, Abbot from USA. Vanilla can lose market share and decrease profit.

Opportunities According to policies of Vietnam government, supply of raw materials is relatively of raw milk, replace the material that is fresh milk, quality dairy products for consumers capacity and contributing to the support of domestic industry. These factors have a positive impact to production and business activities of the VIM. The government shows the figures with the development of milk industry. The figures of ilk industry involve: in 2010 reached 380, 000 tons, 201 5 reaches 700, 000 tons and 2020 will reach 1 million tons. When Vietnam Joined World Trade Organization, there are many new competitors; this is the challenge for Vanilla Company. Besides that, from new competitors, Vanilla Company can learn more experiences in modern technology of producing milk.

Moreover, Vanilla Company can cooperate with the other milk brands in buying quality materials and new technology for producing milk. Threats

Prices of raw milk on the world market will remain near current high levels in the short term, UT currently there are signals of supply will increase, likely reducing the pressure of increased prices in 2009. Lack of materials: this thing is really important in producing milk. In Vietnam, there are many different milk brands so this thing will happen to lack of materials. Farmers in farms will supply materials for many domestic milk brands such as: Viva milk, Loath milk, and Dalai milk, etc. Vanilla Company must find out resources to supply good materials carefully. This is the big problem of Vanilla.

Technology problems in breeding milk cow: In Vietnam, technology problems in breeding milk cows has not developed yet much, o Vanilla Company can learn more experiences in technology from international milk company or cooperate with them in exchange technology. With modern technology in breeding milk cow. (Source: wry. Vanilla. Com. Van) There are five basic competitive forces that influence the state of competition in an industry (According to Michael Eugene Porter, the Bishop William Lawrence University Professor at Harvard Business School): 0 The threat of new entrants to the industry Today with a product such as shoes, television, laptop, clothes... Customers will have more choices to buy the product which they want.

From products of the perennial enterprises to the products of new entrants, all created a fierce competition in the market. Products of new entrants with modern technology and modern design will be a real challenge for businesses which had created the belief of customers. And Vanilla is not an exception. With Vanilla, there are many new competitors in industry, new

competitors include inside and outside of Vietnam. In the domestic market of Vietnam, Vanilla is the largest dairy producer with the strong brand name and has terms of market share, production capacity and distribution network. Vanilla occupied 39% market share in the whole market share in Vietnam and has 250 distributors, 125. 000 retail outlets and supplies for all supermarkets in Vietnam.

Vietnam that helps to reduce transportation expenses and a system of the state-of- the-art machinery and equipment, being improved and expanded every year, that helps to ensure the output products meeting the international standards

0 The threat of substitute products Substitute products are products which bring the benefits for consumer like current or higher products. And substitute products are often the result of new technology. Back to the dairy market of Vanilla, we can see that nowadays when going for the work, the party or going out, customers do not necessarily have to choose yogurt (Probe) or fruit Juice (V-fresh) for their need. Instead of, they can choose for themselves the different types of water or energy drinks to create a convenience for them such as Quaff, Red Bull or DRP. Than. Besides that, Vanilla also meets with the fierce competition from other dairy products of other brands. The bargaining power of customers The bargaining power of customers is the advantage that results where the buyers re concentrated or organized, their purchases represent a large part of the supplier's revenue, their purchases represent a large part of their own costs, or there are too many suppliers chasing too few buyers. Buyers in such position can (and do) put relentless pressure on the suppliers by demanding higher quality at lower prices. (Source: [http://www.](http://www.https://assignbuster.com/marketing-essay-samples-56/)

Objectifications. Com/definition/bargaining-power-of- customers. HTML). And the profitability of an industry also depends on the strength of the bargaining power of its customers. Vanilla Company is the largest dairy producers in Vietnam. The company also has two markets: domestic market and international markets.

With the domestic market, Vanilla Company occupied 39% market share on the whole market share, the company also has 250 distributors, 125000 shops and supplies products for all supermarkets in Vietnam, Vanilla Company has large distribution channels in 64 provinces in Vietnam. With the international market, Vanilla Company export products for Australia, Cambodia, Iraq, Kuwait, The Maldives, Philippines, and USA. Customers often want to be provided products with high quality and low price, beside excellent customer care services. This thing can make the companies' cost increases and profit of them decreases to meet the needs of customers. With dairy products, today customers see them are not only a tool for drinking need but also a healthy product for them to themselves. So the demand for quality, price, nutritious..... Of customers about dairy products is rising more and more. The bargaining power of suppliers The bargaining power of suppliers is the advantage that results when suppliers are concentrated it is, however, usually illegal for them to openly or secretly form a cartel, too few goods are chased by too many buyers, a supplier's goods are unique or gingly differentiated with few or no substitutes, suppliers are forward integrated (see forward integration), and/or high costs are involved in switching from one supplier to another. Suppliers in such position can (and do) demand premium prices. (Source: <http://www.Objectifications.com/definition/bargaining-power-of- customers. HTML>).

Com/definition/bargaining-power-of-suppliers. HTML). And Just as customers can influence the profitability of an industry by exerting pressure for higher quality products or lower prices, suppliers can also influence enterprise's activities (such as finance, electricity, water, materials...). If this process as problem, company can't operate smoothly. Besides that, price and service of supplier is also have a big influence on the operation of companies. Here are some of suppliers of V.

M Name of suppliers Products supplied Fomenter (SEA) Pete Ltd Milk powder Hogget International Family powder Persists Bin Dung Tins Tetra Pack Indochina Carton packaging and packaging machines Hogget International and Fainter plays an important role on the international milk markets and is assessed one of the partner that supplies milk powder for producers and consumers in Europe and on over the world. Hogget can have capacity to give information about business industry about milk products and milk markets. Fomenter is the multinational group on over the world in milk industry and export milk products, this group occupied 1/3 procurement of market shares all over the world. This group supplies high quality milk powder for Vanilla Company. A source of high-quality milk material is especially important to Vanilla business. As a result, V. M has established stable relationships with suppliers through assessment policy. V.

M assists farmers financially by buying dairy-producing cows and V. M omit to purchase high quality fresh milk at the highest price. V. M have signed agreements every year with milk suppliers and up till now approximately 40% milk material has been bought from domestic sources. Vanilla factories,

which are located in strategic locations near farms of milk cows, enable V. M to maintain and improve these relationships with suppliers. V. M also chooses the location for its milk purchase centers carefully to ensure the freshest and highest-quality milk available. On the other hand, V. M imports milk powder from Australia and New Zealand to satisfy the needs for both quantity and quality.

The rivalry amongst current competition in the industry Competition factor has a big effect to the operation of company. That the reason why company always has to care about activities and strategy of competitors. With Vanilla, we can see that nowadays they are not only facing with opponents in the country but also having to compete with rivals from abroad who are expanding into Vietnamese milk market. 0 In the domestic market, Vanilla as well as other companies must face with the competition in terms of price compared to China milk. The special characteristic of China is low price so it can attract a large number of customers easily. 0 Vietnam still fighting against the anti-dumping which EX. Applied on.

The anti-dumping has created many difficulties for footwear industry of Vietnam. 0 The international market for milk-made products is becoming more and more competitive. There is keen competition among manufacturers. So to create a firm position in the market, Vanilla had had appropriate policies to create the trust of customers. _Vanilla had tried to satisfy the needs of customers by using market segmentation policy. Market segment is a group of customers with certain things in common whose needs can be met with a distinct marketing mix. So efferent classes (pupils,

students, office workers...), different ages with diversify products (yogurt, fruit Juice, milk, milk powder etc). Vanilla products' patterns are always changed, so they keep pace with customers' fashion and taste, through pattern creating technique on computer. Besides that, the tendency of customers now is prefer to use Vietnamese goods than imported goods. It will be a certain advantage for Vanilla when they compete with rivals from abroad. From SOOT analysis, we can know about strength, weaknesses, opportunities and threats of Vanilla. Vanilla can base on these elements to do marketing strategy better. From five forces of Porter, Vanilla Company can identify competitors and know the influence of suppliers and customers to develop Vanilla Company.

Sustainable Competitive In order to make a sustainable competitive, Vanilla must have their advantages in competitive: Competition advantages: ; The industry leader position, supported by good brand building strategy ; The diversity of products ; The wide distribution network ; Stable relationships with suppliers to ensure high-quality milk ; The ability to do market research and to develop products in accordance to market demand ; Good management team, proven by the business results International standard manufacturing equipment and technology Since the establishment in 1976, V. M has built a strong brand for dairy products in the Vietnamese market. The brand name Vanilla has been used since V. M establishment and has now become a widely known name in Vietnam. Economies of scales when Vanilla is well positioned as a leader in dairy market of Vietnam. Vanilla is undoubtedly a familiar and trusted brand in the mind of Vietnamese consumers during the last 34 years.

An extensive distribution network located nationwide and continued being expanded over time allows Vanilla to bring its core products to consumers in a fast and effective way. Binomials high-quality products are the favorite brand of consumers. A range of modern factories located along helps to ensure the output products meeting the international standards. The loyal and cooperative relationships with both local and overseas suppliers allow the company to have a stable material source at the reasonable prices. At present, Vanilla is the purchaser of about 60% of all cow milk produced in Vietnam. Vanilla owns a management team deeply experienced in dairy business and production, a transparent internal management system and tight and detailed management reoccurred.

A strong spirit of self-renovation for improvement of operation quality is absolutely penetrated from every managers to each employee b) Explain how distribution of products is arranged to provide optimum customer business maybe has good products but if the distribution for their products is not logical, they will face with the obstacles in selling those products.

Distribution is a key marketing function: the process of getting products to consumers. Although some manufacturers can and do sell direct to consumers, practical considerations require most to use a distribution system composed of independent middlemen, usually wholesalers and retailers.

And distribution channel is the path or 'pipeline' through which goods and services flow in one direction (from vendor to the consumer), and the payments generated by them flow in the opposite direction (from consumer

to the vendor) (Source: [http://www. Objectifications. Com](http://www.Objectifications.Com)). Any organization also needs to pay attention in choosing distribution channels because once a set of channels has been established, subsequent changes are likely to be costly and slow to implement. Nowadays there are two categories which distribution channels may fall into: direct and indirect channels. Direct distribution means the product going directly from producer to consumer without the use of a specific intermediary.

Indirect distribution refers to systems of distribution, common among manufactured goods, which make use of an intermediary; a wholesaler, retailer or perhaps both. Customers: the number of potential customers, their buying habits and their geographical locations are key influences. In Vanilla, particular in two big cities: Hanoi and Ho Chi Mini is the main distribution channel. Because of size, hence, there also have many distributors such as: suppliers, agents, retailers, wholesalers ho will introduce two products for customers. If Vanilla wants to introduce two products (Probe Fermented Yoghurt and Afresh smoothies), V. M will try to find out the culture buying behavior of customers such as: habits of customers in Ha Non and Ho Chi Mini.

Product characteristics: some product characteristics have an important effect on design of the channel of distribution: permissibility, customization, after - sales service/technical advice, franchising. V. M is among the top food and beverage companies which equip a system of fridges and freezers in shops. The investment on he system of fridges and freezers is a barrier to competitors who want to Join the food and beverage market since it requires

a big sum of initial capital. With two products of Vanilla (Probe fermented yoghurt and Afresh Smoothies), V. M must keep fruit carefully. Afresh Smoothies is the product of special mixture between fresh fruit juice and milk such as: the combination of real strawberry, real orange and real milk, etc.

Hence, Vanilla must find the best supplier of fruit from farmers to serve in producing process. Vanilla also need to listens customers' feedbacks to develop their products such as survey. The more better marketing plan V. M wanted the more marketing strategy V. M must have, such as: training program for suppliers or agent, etc. Franchising is also an important element because they also contribute in increasing profit for Vanilla by selling products. Distributor characteristics: The capability of the distributor to take on the distributive functions already discussed above is obviously an important influence on the supplier's choice Binomials wide network of distribution is an essential factor that leads to success, helps V.

M attract a great number of customers and guarantees the effectiveness of new product old products through 201 distributors and over 141, 000 outlets in 64 provinces in the country. V. M has experienced sales team of 1, 787 salespeople nationwide has supported the distributors to attend to the outlets and customers better as well as advertising these products (Probe fermented yoghurt and Afresh smoothies) Competitor's channel choice: For many consumer goods, a supplier's brand will sit alongside its competitors' products and there is little the supplier can do about it Vanilla is the largest producer in Vietnam with many market shares and their brand name is

always kept in customer's minds so distributors can believe about the company and introduce two products for customers.

Supplier characteristics: A strong financial base gives the supplier the option of buying and operating their own distribution channel. The market position of the supplier is also important: distributors are keen on to be associated with the market leader but the third, fourth or the fifth brand in market is likely to find more distribution problems. Vanilla is the leading enterprise in Vietnam in manufacturing milk and dairy products. Vanilla holds 39% of the market share nationwide. The company has more than 220 distributors in the distribution system and over 140, 000 outlets in Vietnam. Besides, V. M products are sold in all systems of supermarket nationwide. There are three types of distributors: wholesalers, retailers and agent.

Vanilla should consider carefully to choosing distributors for selling two products. In Vietnam, the distributors can choose two methods for channel design: selling direct method and indirect method. The distributors are: Selling direct method means that the distributors can sell two products directly without the middle man (intermediaries); selling indirect method means that the distributors can sell two products with the middle and other suppliers. The distributors with selling direct methods can work Vanilla with the contract in the long term for example: from six months to one year or more if those distributors bring more profit for the company with the high sale.

The distributors with selling indirect methods can work Vanilla with the contract in the short term for example: from three months to six months, by

one or two quarters, the contract will stop if no one buying any products, the distributors with selling indirect methods often work with the main distributors through their introduction, so those distributors will not work for Vanilla in the long time. There is an important element in distribution: transportation, Vanilla can distribute two products by trains, airlines and cars to 64 provinces in Vietnam. Ho Chi Mini and Ha Non will be the best suggestion in distribute these two products for Vanilla. These cities will attract many customers to use product and easy to serve customers with may services such as: the company can delivery two products for customers with the right reduce (two products: Probe fermented yoghurt and Afresh smoothies) at the right time, in the right place. C) Explain how to set the price of the product in the light of the " Vanilla" objectives and market conditions exist in Vietnam offered by the seller. On the other hand, price as an operational variable has a powerful strategic role to play. Marketing managers need to recognize that pricing (the art and technique of deciding on price issues) provides them with a tool which may be effectively combined with other components of the marketing mix to craft strategies of great variety. Binomials Objectives: Profit Minimization Sales Revenue Minimization We can see that price is the deciding factor, the key factor in the marketing strategies of enterprises. It affect quickly to the market and impact on revenue, cost, profit, market share and the competitiveness of product.

In the context that many opponents of Vanilla continuously offer strategies to attract customers, Vanilla must make appropriate policies to find the reasonable prices for their products but also maximize the profit (for

example, if that price is too high, there would be fewer customer buy that product, so it will impact on the revenue of Vanilla). A domestic leader in milk producing, Vanilla is a developer and manufacturer of milk, yogurt, fruit Juice and other products. Vanilla is focusing on how to maximize the sales revenue. The objective of Vanilla is aimed at improving the distribution channel and through the advertisement on media. Market Conditions: Vanilla took good position in customer belief since they gain so many awards from domestic market.

Such as: Date/Periodical Awarding Authority 1985 Labor Medal of Third Ranking President of 1991 Labor Medal of Second Ranking President of 1996 Labor Medal of First Ranking President of 000 Hero of Labor President of 2001 Labor Medal of Third Ranking for 3 members of Vanilla: Dialed, TheΓ¶Eng NhΓt, Touring This Dairy Factories President of 2005 Independence Medal of Third Ranking President of 2005 Labor Medal of Third Ranking for Hanoi Dairy Factory President of 2006 Labor Medal of Second Ranking for 3 members of Vanilla: Dialed, TheΓ¶Eng NhΓt, Touring This Dairy Factories President of 2006 To be honored & got Prize of WIPE WIPE 2006 " Supreme Cup" for Vietnamese goods of high quality and prestige Intellectual Property Association and Association of Small & Medium Enterprises, 1991 - 2005

Continuously receive the award of " Leading Unit in emulation movement of Vietnam Industrial branch" Government Each year from 1995- 2007 Top brand in the " Top Ten High-quality Vietnamese Goods" Saigon Marketing Newspaper readers' choice Which is proved that Vanilla has become the

most popular brand name in milk producing, not only customer believed in their milk but also in the rest of their product is sell at a reasonable price, an affordable price with an acceptable quality. Hence, their pricing on product have to rely on the above conditions. Competitor's Price Yogurt O yogurt: 3. 900 VEND well yogurt: 6. 500 VEND probe yogurt: 4. 300 VEND Fruit Juice cap sons: 9. 000 VEND aviation Afresh: 5. 500 VEND (Source: [http://www.Batavia. Com](http://www.Batavia.Com)) Binomials Pricing strategy: Price is a very sensitive element. The formation and manipulation of price are affected by many factors. So when making decisions about price, requiring companies to consider and solve several problems: First, the factors affecting decisions include cost factors within and external factors of V. M.

Changes in these factors as a basis for adjustment and change; Secondly, launched the new policy such as " skimming," or " hold on the market," price policy applied to the list of goods and valuation for the product or products together; Thirdly, based on the type of product or service that your company will apply the price adjustment policies are fundamentally different reasonable: 2 parts price, package price, price promotions, price discrimination, psychological price etc. Unlike the distribution of such products in the subsidy period, distribution of market mechanisms as indicated by the system of movement of goods to consumers so that with short time, lower costs and still ensure quality goods. Ad) Illustrate how promotional activities integrated to achieve marketing objectives of Vanilla Promotion is concerned with communication between the seller and the buyer. Consequently it is the most visible aspect of marketing and, arguably, the most interesting.

And promotion includes advertising, sales promotion activities, publicity or public relation, and the activities of the sales force.

0 Sell promotion Sell promotion is a range of tactical marketing techniques, designed within a strategic marketing framework, to add value to a product or service, in order to achieve a specific sales and marketing objective.

0 Advertising Advertising is any paid form of non-personal presentation and promotion of ideas, goods or services by an identifiable sponsor (defined by the American Marketing Association).

0 Public relations (PR) Public relations are the efforts to establish and maintain the company's image with the public.

All of the activities above are meant to meet up with Binomials marketing objective:

0 Raise customer awareness of the brand both in consumer market

0 Bring that core price/value trade off to consumers by focusing on product features and infinite

0 The capability of the distributors, wholesale retail, type of distribution contract, long or short term contracts

Competitors' channels used: how do the competitors distribute their products

0 Supplier characteristics: supplier transportation capabilities, local knowledge, financial strength.

0 Ensure efficient In addition, if Vanilla have an ordinary production system then V. M should applied the Just In Time

0. 1. T) strategy in the promotional activities

J. I. T strategy: (push and pull) With Push J. I. T strategy Vanilla will input a massive quality of material and keep hem in stock in order to producing. But it has disadvantage: the inventory cost.

With the Vietnamese current economy condition, it is not a good choice for Vanilla to do this, plus, if the customer's demand changed then it will result in decreasing in sales because of outmoded product. But with Pull J. I. T

strategy, Vanilla will produce and distribute depends on the demand of market. This strategy can help Vanilla in catch up with the trend of customer and also keep Vanilla from big cost of inventory, excess goods and outmoded goods. In the other hand, this strategy does have its disadvantage, too. If the demand of market is dramatically increase, Vanilla may not provide enough their product to customer. In my opinion, Vanilla should use these promotional strategies because they will help the company to approach new customers easier.

Vanilla can base on the push promotional strategy to introduce two products: Probe fermented yoghurt and Afresh smoothies, two products are also new products with customers, so Vanilla should think about suitable promotional programmed to approach new customers and also keep old customers. For example: when producers introduce Probe fermented yoghurt and Afresh mouthiest for wholesalers, wholesalers will use two products in order that wholesalers can know about tastes and quality products to introduce for retailers, Vanilla must have this policy if they wants to find new customers. Besides that retailers also will use two products to introduce for customers. If wholesalers introduce for retailers two products successful, Vanilla will discount 10% follow each order about prices of two products for wholesalers. This policy is very necessary when Vanilla want to new products in the milk markets.

In short, when Vanilla wants to approach new customers, they must have suitable promotional programmed or customers. With the pull promotional strategy: Vanilla must make advertisements such as: televisions, internet

and newspapers. If consumers like those advertisement models, they will accept new products. Furthermore, they will listen to introduction two products from retailers. When these steps are successful, two products will be attracted many new customers. E) Analyze the additional elements of the extended marketing mix Today marketing is not limited to the traditional UP formula that it has been expanded to add the UP formula (people, process, physical evidence).