

# Watawala plantations plc is a pioneer tea plantation marketing essay



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The proper application and implementation of a strategic marketing plan is essential to the success of any business. A company can have a perfect product, but without proper placement, identifying an audience and a marketing plan appropriate activity would not be able to market its products to consumers.

Watawala Plantations PLC was able to convert an activity performed in the home of commercial success through the implementation and respect of its strategic intentions. The company was able to convince consumers that the store offers more than just tea, but rather a rich experience they should have on a recurring basis. The company was able to translate this consumer “experience” of its products for an extremely lucrative.

This strategic marketing plan will discuss the marketing strategy implemented by Watawala Plantations PLC, and evaluate the plan of the company in the current marketing strategies including market segmentation, targeting strategies, positioning, the competitive environment, and various other factors that affect its marketing strategy including external macro environmental forces.

## 1. 0 Introduction

Today in the rapidly changing corporate arena one of the frequently spoken subject is becoming the “ Strategic Market Planning” and many expensive reference materials can be commonly seen in bookstores, libraries and via online sources. But what exactly is Strategic Marketing Plan, how to assess the external macro environment? What are the impacts of political, economic, socio-cultural and technological factors have on developing

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Strategic Marketing Plan? These are some of the common questions to be answered.

Without a clear strategy the organization is like a ship without a rudder, going around in circles. This strategic marketing plan prepared to Watawala Plantations PLC is essential for the newcomer Oolong tea to the market. Oolong Tea is an innovative product that is close to the tea and black tea, and this product can be a cleaner body. This strategic marketing plan will discuss the marketing strategy implemented by Watawala Plantations PLC.

It is very much evident, that the strategic marketing plan for Watawala Plantations PLC has been successfully completed after gaining a substantial understanding from the various reliable sources where the information have been gathered.

I strongly feel that the information that I have provided in this strategic marketing plan will definitely satisfy the assessment criteria. Last but not the least I wish to mention that, at the best of my knowledge, I've acknowledged all the sources which I did refer to complete this strategic marketing plan.

## 2. 0 Watawala Plantations – An Overview

### **2. 1 Company Background**

Watawala Plantations PLC is a pioneer tea plantation and marketing company in Sri Lanka. This is a listed company is a joint venture with the legendary Tata Group, which owns the No. 1 tea brand in Britain “ Tetley”. Today Watawala plantations PLC has undertaken the management of selected 18 prime tea estates in all elevations of low-rise, medium-and high-

grown along with a pair of rubber plantations, and the Sri Lanka's only palm oil factory and employs over 15, 000 people.

With the joint venture in Tata Tea India, Watawala Plantations PLC has accepted the challenge of converting trade and productivity in to competition. The unique advantage of three diversified namely crops, tea, rubber and Palm has made the company to move in different directions in terms of involvement with the daily life of people in Sri Lanka. Total area of plantations is divided region 12, 442. 13 hectares, of which 41% is the tea, rubber is 18% and 8% less for the cultivation of oil palm. About 7% is separate for firewood and the rest is uncultivated and remains as the areas of conservation, forestry, spices, vegetable cultivation, jungle, buildings, roads, etc.

## **2. 2 Mission, Vision & Corporate Values**

### **2. 2. 1 Mission Statement**

According to David (1995, p. 88) a business mission can be classified as the foundation for priorities, strategies, plans, and work assignment. In other words it can be said as the starting point for the design of managerial jobs and, above all, for the design of managerial structures. A mission statement which focuses on a business's current activities reveals the long-term vision of an organization in terms of what it wants to be and whom it wants to serve.

The Mission Statement of Watawala Plantations PLC...

By the year 2015 we will get closer to our end user locally and internationally by:

Adding value to our products (tea, rubber, palm oil)

Being committed to producing quality products

Using our own brand

Fully utilize the technological advancements and land resources in an eco-friendly manner

To respect and understand the community in which we do business

Celebrate the diversity and the power of our people

While continuing to...,

Be the preferred supplier in tea, rubber, palm oil globally

Enhance return to our shareholders

## **2. 2. 2 Vision**

A strategic vision concerns a firm's future business path that is "where we are going". Company's vision defines the desired or intended future state of an organization or company in respect of its basic objectives. Vision is a long-term; sometimes describing how the organization wants the world must stay where it operates. The primary role of a company's vision is to establish a dream to all its employees and stake holders to achieve the company's corporate goals.

## The Vision Statement of Watawala Plantations PLC...

“ We will take a path no one has walked before and many will want to follow”

### **2. 2. 3 Core Values**

Watawala Plantations will...

Ensure that our business is always customer focused and that we continuously strive to meet their demands with the highest level of service.

Be committed to offering the highest quality products at all times to our customers globally.

Recognize and motivate our employees who are the live wire of the organization, to achieve their fullest potential and provide equal opportunities regardless of gender, religion, race or colour to excel in their work.

Value transparency and honesty in everything we do.

Contribute positively to the long term sustainability and development of the external community and the environment we operate in.

Be innovative and strive for continuous improvement in whatever we do.

Recognize that our shareholders are of utmost importance to us and ensure the best possible returns to them.

### 3. 0 Product Description – Oolong Tea

There are hundreds of different varieties of tea made from tea plant, *Camellia Sinensis*, but almost all of them is divided into three broader categories which are respectively black teas, which are fully oxidized before drying a careful fermentation process, green tea is dried quickly, while non-oxidized oolong, which is somewhere in the middle and combine the best features of both. Oolong is partially fermented (semi-fermented) tea, which is known for its rich taste and pleasant lasting aftertaste. Oolong is classified as black or dark green tea which is baked longer than Green Oolongs. Green Oolong is usually smells stronger as Dark Oolong is usually has a stronger aftertaste. Special oven baked Oolong is only an intermediate dark green.

#### 4. 0 Construction of SWOT - A Situational Analysis

According to David (2004, pp. 156-158) no organization is equally strong or weak in all its functional areas. Objectives and strategies are established with the intention of capitalizing upon internal strengths and overcoming weaknesses. The overall evaluation of a company's strength, weaknesses, opportunities, and threats are called as the SWOT analysis.

A SWOT analysis is used as a framework to help the firm to develop its overall corporate, marketing, or product strategies. Strengths and Weaknesses are internal factors, which are controllable by the company. Whereas, Opportunities & threats are external factors tend to be uncontrollable by the organization. The SWOT analysis of the Watawala Plantations PLC can be illustrated as follows:

## **Strengths**

Uniqueness of the product – Benefits of product are outstanding and not offered by any other product/company.

Brand awareness

High quality tea

High quality service

Expertise on the tea business

Entrepreneurial spirit and commitment

Complete and broad trained staff

## **Opportunities**

Can open new lines of business

Mass market tea prices will stabilize

Consumers are living a more healthy lifestyle

Consumers prefer quality products that offer true value

Modern technology in the tea industry will be able to increase productivity

Growth in tea market due to promotional efforts of healthy attributes of tea

## **Threats**

Seasonal demand



Misperception of tea consumption

Competition from coffee shops

Limited number of raw materials

Unstable tea supply of high quality tea

High quality tea prices will increase moderately

Tea market is very competitive and relative elastic where strong local competitors such as Lipton, Bogawanthalawe...etc.

## **SWOT**

### **ANALYSIS**

#### **Weaknesses**

Budget deficits

Less access to modern technologies with to Oolong tea manufacturing process

#### **5. 0 Marketing Objectives**

All businesses, as a rule, need to set objectives on their own, for the products or services they intend to launch. Setting objectives are important; because they focus on specific aims over a period of time and can motivate the staff additionally to meet the set objectives. The marketing intention Watawala Plantations PLC is to grab a 10% market share and to achieve a sales volume worth of SLR 2, 500, 000 during the current year 2011.

## 6. 0 Market Segmentation, Target Market and Positioning

### **6. 1 Market Segmentation**

An organization cannot satisfy the needs and wants of all consumers. To do so, may result in a massive drain in company resources. Segmentation is simply the process of dividing a particular market for a good or service into sections, which display similar characteristics or behavior. There are a number of segmentation variables that allow an organization to divide their market into homogenous groups.

There is no single way to segment a market. A good marketer has to try different segmentation methods, either alone or in combination, in order to view the market structure clearly. Segmentation can be categorized in to four major variables. They are geographic, demographic, psychographic and behavioral variables.

It has to be clearly understood that Watawala Plantations PLC has utilized the demographic segmentation variable to divide the market. In demographic segmentation, the market can be divided in to groups such as age, gender, income, family size, family life cycle, occupation, education, race, religion, generation, nationality and social class.

But here Watawala Plantations PLC going to consider only the first three groups from the demographic variables as described above. It is very much evident that in particular, the demographic segmentation variables have been chosen because of two reasons. One is that, customer wants, preferences, and usage rates are often associated with demographic

variables and the other is that the demographic variables are easier to measure.

## **6. 2 Target Market**

Target Market is the specific group of customers that a company aims to capture. They have been identified as the people with needs or wants that can be met with the products or services from the company. When evaluating the market segments, Watawala Plantations PLC must look at three major factors. They are segment size & growth, segment structural attractiveness, and company's growth. Considering these aspects Watawala Plantations PLC has decided its target group as anybody who is interested in good quality tea. Mass market is the strategy of the company aiming to sell their product to broad market in Spain.

## **6. 3 Positioning**

After an organization has selected its target market, the next stage is to decide how it wants to position itself within that chosen segment. A product's position is the complex set of perceptions, impressions, and feelings that consumers hold for the particular product compared with the competing products in the market. As marketers, Watawala Plantations PLC not only plan positions that gives our products the greatest advantage in selected target markets, but also we design marketing mixes to create these planned positions. Therefore Watawala Plantations PLC is going market it's Oolong Tea under its renowned positioning theme " THE ART OF TEA"

## **7. 0 Macro Environmental Analysis – PEST Factors**

According to David (2004, p. 114) the purpose of an external audit is to develop a predetermined list of opportunities that could benefit the firm and threats that should be avoided. The Relationship between Key External Forces and an organization can be illustrated as follows:

Therefore while formulating business strategies, Watawala Plantations PLC should be able to respond towards the external macro environmental factors in order to take the maximum advantage of external opportunities or that minimize the impact of potential threats.

PEST analysis is a framework used to scan the external macro-environment, in which a firm operates. It is an important aspect to a company, in order to begin the marketing process. The following grid represents the analysis of the political, economic, socio-cultural and technological factors Watawala Plantations PLC has to consider before deciding either Germany or Australia would be potential market to expand the fruity malt loaf product. The grid below examines the political, economic, socio-cultural and technological factors with regard to the potential impact and its relative importance towards Watawala Plantations PLC.

## **PEST**

### **Analysis Factors**

### **Potential Impact**

### **Relative**

### **Importance**

Political Factors

Strict trading policies

Medium

Important

Funding grants

Medium

Unimportant

Local pressure groups

High

Unimportant

Government policies

High

Important

Political influence

High

Important

Economic Factors

Economic structure

Command Economy prices are determined by the government

Important

Taxation issues

Total tax rate is 64% on Profit

Critical

Interest rates

3. 0%

Important

Inflation rates

9. 4%

Important

Socio-cultural

Factors

Consumer attitudes

High

Critical

Consumer opinions

High

Critical

Media views

High

Important

Brand image

High

Important

Buying access and trends

High

Critical

Health consciousness

High

Critical

Religious factors

Medium

Important

## Technological Factors

Technology development

High

Important

Research funding

Medium

Important

Recycling systems

Medium

Important

## 8. 0 The Marketing Mix - 4Ps

To achieve the marketing objectives, the company has to use the marketing controllable elements (4Ps) effectively. A company might adopt one or more marketing strategies when introducing a product newly. It can set a high or low-level trend for each of its marketing variables, such as price, promotion, distribution, and product quality. Therefore, the key elements of the marketing mix namely product, price, place (distribution) and promotion have to be utilized Watawala Plantations PLC as follows:



## **8. 1 Product**

A good Oolong tea is refreshing and delicious; the Oolong spectrum has a range of aromas and tastes quite different from what you get with green or black tea. It is difficult to obtain reliable figures on the caffeine content, but it's probably not entirely wrong to say that the cup of Oolong average, well mixed, has about half as much caffeine as a cup of black tea and about half again as much as a cup of green tea.

The difference mainly comes from the brewing temperature, not the composition of the tea itself. Although Oolong has the characteristics of black and green tea, the taste has little in common. If not overcooked, most Oolong seems almost no trace of bitterness, and generally a stronger aroma than any black or green tea. Like other tea, Oolong is rich in antioxidants called polyphenols. These help prevent cancer, keep your heart healthy and aid general well-being.

## **8. 2 Price**

Price can be simply defined as the amount of money charged for a product or a service provided. A company's pricing decisions are affected either by internal factors relating to the company or external environmental factors or both.

The major external environmental factor, which is going to affect the pricing decision, of Watawala Plantations PLC depends on the competitors' costs, prices and their possible reactions in relation to the price fixing modes of Watawala Plantations PLC. A consumer when deciding to purchase our Watawala Plantations PLC's Oolong Tea, at the first instance evaluate the

price and value of other products, which compete with Watawala Plantations PLC's products.

Considering these pricing factors Watawala Plantations PLC should to apply the market penetration pricing strategy, meaning, to fix a low initial price at the introduction stage, in order to penetrate the market successfully at the outset. This is due to the fact that, it is an ideal pricing strategy which can be applied with success at the introductory stage itself, to attract a large number of buyers quickly and effectively so as to win a large market share, in a short period of time. Upon successful launch of Oolong tea, Watawala Plantations PLC can adapt skimming strategy.

### **8. 3 Place (distribution)**

The distribution modes will cover all areas and all consumers coming under the target group. This is certain as the popularity grows with the demand. A competent distribution strategy will enhance the chances of attaining the goal with easy reach. Through maintaining proper contacts and application of the experience and specialization in the trade and through insuring a steady supply of goods without shortages the reach is assured with satisfactory results.

Over the appointment of distributors and agents for the purpose of popularizing the product, requirements and competence in promotion, experience, market familiarity in relation to the products...etc. In addition to the distributors, a careful consideration will be given towards selecting the distribution strategy. In this case an intensive distribution strategy will be utilized where it is expected to bring in quick and satisfactory results.

## 8. 4 Promotion

Promotion is one of the key elements in the marketing mix. The intention now is to inform, persuade and to familiarize Oolong tea to the market and to popularize it. In this regard sales promotion and pre publicity are two areas, which are related to public relations. To target the group, pre publicity is essential via the media namely the electronic and the print. It is through proper and efficient advertising methods, the target group mainly the consumers would be reached easily which we intend to employ. The channels, which we hope to utilize both in TV and Radio in addition to the press, will be chosen based on their popularity and result-oriented methods adopted. In this regard a careful consideration would be given to economize the expenditure for the promotion purpose. In addition to the above method e-marketing strategy will also be utilized via social media networks such as Twitter, Facebook. YouTube...etc.

## 9. 0 Proposed Marketing Budget

A financial plan will be carried out since the initiation of the strategic marketing plan in order to determine the total amount of capital needed for each marketing related activity and to be completed within stipulated investment limit, which allows the marketing manager to measure the past with the forecasts actually spent during the project. Figure - A illustrates the proposed marketing budget for Watawala Plantations PLC.

## **Figure – A**

### **Description**

### **Amount**

### **(SLR)**

### **Amount**

### **(SLR)**

Estimated Sales

**10, 000, 000**

(-) Estimated Expenses

Raw Materials

**500, 000**

Sales & Distribution

**400, 000**

Financial Expenses

**200, 000**

HR & Administrative Expenses

**150, 000**

Production Cost

**1, 450, 000**

Promotional Expenses (posters, banners, advertisements...etc.)

**4, 500, 000**

Transportation

**300, 000**

Estimated total expenses

**(7, 500, 000)**

Estimated profit

**2, 500, 000**

10. 0 Evaluation and Control

When involving in introducing a new product into the market, it becomes necessary to plan the overall operation in advance, in addition to budgetary provision to carry forward the objective. The controlling and monitoring aspects are two areas, which need constant attention. Any deviation will tend to upset a proper implementation of this strategic marketing plan. Therefore the following action plan can be utilized by Watawala Plantations PLC in order to evaluate and control the strategic marketing activities.

## **Marketing Strategy**

### **Action**

### **Responsibility**

### **Control and Evaluation**

### **Methodology**

Marketing

Communication

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Campaign

Advertisement

on TV,

internet, radio,

newspapers,

ad campaigns on

the streets

Marketing

Managers, Marketing Executives

Monthly

Sales Figures

Marketing

Promotion

Campaign

Set Up Special

Stand for Personal

Selling

Marketing

Managers, Sales

managers,

Counter staff

Supervisors

Count Customers

and

Monitor

Sales per Month

Organize

Promotional

Event Major Cities

Marketing

Managers,

Supervisors,

Hostesses

Count

Participants

Promotional

offers e. g.

free gifts with

purchase

Marketing

Managers,

Production

Managers

Produced

Output

Figures

Distribution of

Free

Samples to

Customers

At cash point



Marketing

Managers,

Cashiers,

Supervisors

Count

Customers