

# Marketing strategy affects product, place essay



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Next the company aims target market and observes the changes of customer's attitude during buying process In order to set up suitable marketing strategy. Then how do goods deliver to clients or distributors? What do guests respond after using products? Those things are in factor 'place', which control transportation of goods to market as well as consumers. Parallel with distribution channel, price strategy also attracts people to purchase various product lines of enterprise.

Furthermore the organization could know about cost of production, taxation and so on so that they could launch a reasonable price. To encourage working performance, promotional activities are very vital. Those support to improve the company's image and introduce to potential customers. To summarize, the paper shows the macro and micro environment elements which are affected to marketing strategy. Moreover there is the analysis of criteria segmentation such as demography, geographical area, psychology and social - economy in order to separate the objectives in deferent markets.

Then the company could make target strategy and Identify the new positioning which could bring a lot of benefits to the firm If they define the right products at the right time. And customer behaviors also impact to the business performance so this part is absolutely resented as well as marketing mix (product, place, price and promotion) which decides the success or failure of an organization. 1. INTRODUCTION Valhalla (2014) said that their enterprise was established In 20th, August 1976. It took over three old plants from the ancient regime, for Instant, Thong Nat, Truing Thou and Dialed powder milk plant.

The Binomial has constructed nine milk industries and five milk farms within 5900 milk cows until now. Vietnam Dairy Products Joint Stock Company has grown dramatically and become the leading business of the industry of milk processing, now accounted for 75% milk share in Vietnam (Nocturnal 2014). Binomial products are exported to many countries such as United States, France, Canada, Poland, Germany, area of Middle-East and Southeast Asia and so on. All ages are suitable to Binomial product.

Then, the majority of the company's products provide market under the brand name " Binomial" brand was voted as a " Famous Brand" and is one of the 100 most powerful brands by the Ministry of Industry and Commerce voted in Binomial 2006 and was voted among the " Top 10 Vietnam high Quality Goods" from 1995 to 2007 (Binomial 2014). Binomial firm owns a huge amount of product lines such as yogurt, fresh milk, powder milk, condensed milk, fruit juice, Task 1: Show macro and micro environmental factors which influence marketing decision Environment is large and complicated, which is a long story.

Some details will be mentioned at the same way economics elements. And marketing environment is one of those things which are influenced the way the enterprise works. It is being realized that is two topics which are micro and macro environmental, one of these will be a foundation of business activities. 1. 1 . Micro environmental factors It is the closest one to the company's status. Before making decisions, the company must go through the micro factor in order to analysis the level of customer loyalty, suppliers or distribution, what the competitors do in market, interest group and intermediaries 1. . The analysis of SOST in Binomial corporation Strengths <https://assignbuster.com/marketing-strategy-affects-product-place-essay/>

Binomial was established in 1976 and it has a long history in operating. Therefore Binomial has being built the trust in customer's mind and already had a big amount of current clients. Then the organization becomes the leading business of dairy industry in Vietnam. The bar chart below presents the total revenue of Binomial firm over 5-year period. Figure 1: The total revenue of Binomial Corporation Source: Citizens (2013). The strong distribution helps Binomial firm approach the customers from coastal to mountain, from urban to rural.

In addition the enterprise also has more than 300 distributors in Vietnam. The company applies many new technologies in order to improve their products or satisfy the potential customers. Weaknesses The amount of crude milk in Vietnam is not enough for producing. Therefore Binomial import 70-80 % of raw materials (PBS 2014) Professional staffs are still rare in Vietnam. They have full of knowledge but they do not have practical and soft skills. This point impacts the management the firm and control the company market. Cost of facilities is usually expensive in order to construct the qualified plants as well as workplace.

That is a reason the managers need to ponder about expanding the business. Opportunities The more modern life the more demands of customers. People drink milk not only for growing but also for their personal reasons such as white skin, loss weight or increase height. Therefore, Binomial always research and improve their products to satisfy those needs. The new products will reach new markets and new customers. If consumers interest in new goods, the company were initially successful. And they will pay more attention on develop processing and new competitors.

Threats The milk market is almost mature and it will die soon. This is a bell for converting Binomials market or launch new goods to attract clients. When Vietnam Joined WTO, many oversea dairy companies participate in dairy markets, which are increasing the competition between firms. Nowadays more and more products can replace milk. Environmental factors It impacts the enterprise for a long time. It can be motivated in lists of four elements (PEST) such as Political or legal, demography or Economic, Social or cultural and Technology or physical. . 3. The analysis of PEST Government regulations and their decisions are great effects in operation. It is called political or legal. The environmental laws and the regulation safety hygiene are also affected business especially foodstuff enterprises. For example, the planning development of dairy industry was approved. The government will partially support the dairy development projects with capitals which are from the government's uncial resources, issuing shares, issuing bonds and so on until 2020 (VIII 2006).

Economic means human population such as ages, genders, size, economy and occupation. This factor is very significant because it helps company divide the market into different market segments and target market. For good examples, people who are young and wealthy are target market and children are potential market of Binomial firm. In addition the development of economy affects the purchasing of domestic customers. Social (family, friends, relative and so on) also impacts the operation such as the attitude, interest or behaviors.

If people have high salary per month, they will care about luxury foodstuff like milk products. The demands of rising the health and beauty are going

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up. In addition, the proportion of malnourished children is still high because Vietnamese people do not have drinking milk habit. Technology is another factor in macro environment. It supports the firm improving their products by new modern technology further. For instant, Binomial is searching the new associated project which is called “ Binomial Discern - a dairy product for specialized people who have high glucose in blood”. 1. 4.

The dissociation of five roses Bargaining power of suppliers The number of suppliers will affect to the negotiated power with companies. If there are a few of suppliers, it will make a big competition and impact to the business. The information about distributors is very significant and it will be an influence in decisions about choosing distributors of enterprises. Bargaining power of buyer Customer is divided into two groups such as wholesalers and retailers. They are also import to business. The firms need to observe the information about customers or cost of changing customer or the scale of customers.

For example, Binomial want to sell fresh milk and other milk products, it will have to consider about competitive quality and price in milk market with Dutch Lady, Abbot or Nestle. Threat of new entrants New entrants do not affect the company right now but they will be in the future. The attraction of potential market and barriers to entry such as capital, technology, resources are difficult to new entrants to impact the business. Threat of substitutes Substitutes are products which have similar functions with the initial ones. They can meet the demands of customers with cheaper price and high quality.

To sum up, analyzing the micro and macro environmental factors helps the company control working process. Besides, the organization could know their strengths, weaknesses and so on in SOOT, how their competitors affect Binomial through discussion about the wide vision for company to promote their advantages and avoid disadvantages to survive in competitive market.

Task 2: Propose segmentation criteria to be used for products in different markets There are four factors of segmentation criteria such as demography, geographical area, psychology and social – economy.

Demography divides market based on heartsickness such as ages, gender, life stage and social class. Binomial Corporation has different products which are suitable for various customer markets following those objectives. For children, Binomial has Dialect Podia, Dialect Optimum and Dialect Alpha. Those products are essential nutrients for the growth of babies from 0 to 6 years old. Dialect Mama is a dairy product for pregnancy. Furthermore, Sure Prevent powered milk is for elder people. Psychology is about lifestyle and personal characteristics. Some individuals want to increase their height or loss their weight.

Therefore, Binomial introduces the new products which can meet those demands such as Flex milk (increasing height) and losing weight milk. Social – economy means income, occupation and level of education. The life condition enhance more and more. Residents need some products which support for their minds and beauty. On the other hand, people who have low salary usually do not care about milk products. That is the reason why the target market of Binomial is high income people. Children nowadays are still malnourished and do not have drinking milk routine.

In conclusion, segment criteria support the company in dividing different market. Therefore, Binomial understands which products should produce to satisfy the customer's demand and setting the marketing strategy for long time plans. Task 3: Choose a targeting strategy for a selected product or service Some elements affect Binomial targeting strategy. 1 . Competitors Vietnam dairy market has full of domestic or international dairy rivals and be increasingly fierce competition. 30 milk enterprises with 80 product lines are in domestic dairy market, which are almost imported goods (NewJurnal 2014).

Binomial Corporation is holding a relatively large amount of stocks and some product lines are overwhelm in market such as yogurt and condensed milk. However some other products are still limited, for instant fresh milk and powered milk. Therefore the company should have the long-term strategy to have the steady growth and development. The pie chart below demonstrates the percentages of powder milk in Vietnam. Figure 2: The percentages of powder milk in Vietnam source: DNA (2014). Binomial targets accounted for 50 % in milk market and fresh milk made up 60 % in fresh milk market.

The evidence is the company inaugurated the new super dairy factory in Bin Dung province with a capacity of 400 million liters of milk and Following the research in 2012, consumption of powder milk is 65 000 tons with 30% of domestic and 70% of imported and quantity of fresh milk is 1. 4 billion liters per person per year. Experts predict the increase of milk demand is 20% in next year (Nocturnal 2014). That is why Binomial is hurried in expand the quantity and quality of fresh milk as well as power milk by construct more dairy farms, factories and storages.



Figure 3: The growth rate of dairy market Source: Ministry of Industry and Trade (2014). 3. Size of segment Binomial occupies in 50% of fresh milk and 25-30% of power milk. The company will account for 50-60% of fresh milk in next few years with two new fresh and power milk factory in Bin Dung province (Stockiness's 2014). To conclude, good target strategy helps the company saving time in targeting market as well as aim the right segment market. Task 4: Demonstrate how buyer behavior affects marketing activities in different buying Baker et al. 1998) suggested that customer is provided the standard of living by selections which are not the compulsions. There are four factors which affect the customer buying behavior such as marketing mix, coloratura, situation and psychological influences. Those elements provide the useful ways in order to approach and satisfy customers efficiently. The paper shows some factors which are related to Binomial Corporation. 1. Coloratura influences Culture is the most basic desire to decide the expectation and behavior of customer.

One man who grows up in one country accumulates knowledge, soft skill, hobbies and attitudes through his family as well as community. Children do not have recruit drinking milk in Vietnam. This is a disadvantage for Binomial firm. Social is divided into three groups which are upper, middle and lower class. Those social classes are he relatively consistent parts in community. They have commons like interests, occupations, position and income. People in middle class usually buy milk products which are luxury items for lower class. Because working class care about enough food and warm to survive.

Therefore Binomials objectives are middle and upper class. Maybe in the future the company will launch new product lines for lower class because this

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accounts not a small figure in social. Family is the most crucial organization of consuming goods and it has studied for years. Marketers pay attention to the role and influence of husband, wife and children. Decision of personal buyer depends on ages, life stage, carriers, lifestyle, personality and interests. Ages and life stage are mined dramatically in Binomial. When people are older, they need more nutrition which they might not take by eating.

Therefore, Binomial has specialized product - Sure Prevent for them. 2.

Psychological influences Buying behavior is also impacted by four elements in psychology (Mascots). Figure 4: The Mascots hierarchy needs in AD This method supports Binomial know about the demands customer. Therefore they can satisfy their customer by launch the right products for right people. Nowadays life is more modern, life condition is better and citizens concentrate on live longer. The products in health and care are mostly developed sharply. The turnover of milk goods also go up.

It is a happy signal for Binomial firm as well as dairy market. In conclusion, social, cultural and personal interact with customer's behavior to choose goods which are suitable for their demands. This point should be mentioned in analysis of selected organization and it can avoid the risks in performance.

Task 5: Propose new positioning for a selecting product or service In the past, Binomial Corporation is the first company producing and supplying milk in Vietnam. The company confirms gradually their position in domestic as well as international.

They have huge and trusted resources suppliers in country, which are managed directly of the company. The firm has three subsidiaries in North, Middle and South in Vietnam, one headquarter in Ho Chi Mini city and a lot of retailers all over the country. Right now, when Vietnam Joined WTO, many milk companies penetrate national market. Therefore, it is important to state the position in market in order to survive in competitive market. If a company wants to develop their position, they have to do market research firstly. This way provides enterprise whose strengths and weaknesses they have.

Then drawing the positioning map shows available and non- available products which competitors already satisfy customer's demand. Figure 5: The positioning map of Binomial enterprise Source: developed for assignment. It can be seen all products of Binomial are high quality but competitive price. In my opinion, the organization should target the high quality and price to satisfy the upper class who will be disposable paying high price to trade the high quality of products, specially fresh milk. Task 6: Explain how products are developed to sustain competitive advantage Binomial Corporation is one of the leading dairy companies in Vietnam.

With long historical foundation, Binomial which is trusted satisfy the increasing milk demand of consumers is the famous dairy brand in local. Fresh milk and powder milk are popular convenient goods of them. Fresh milk accounted for 50% and powder milk occupied in 25 to 30% in market share (Nocturnal 2014). Fresh milk provides total ranges which are different flavor such as vanilla, strawberry and chocolate. This is reduced by the new technology OUT (Ultra High Temperate) in 140 Celsius degrees in 4 to 6

seconds. Then it is frozen immediately to delete the harmful bacteria and other things.

Besides, fresh milk still keeps the full of nutrition with natural flavor (Binomial 2014). Packaging of fresh milk is simple which has white color and a lovely dairy cow but it drives people remember about it. The company is carefully designed packaging with green grass and the healthy cow. This recommends customer that this is the fresh milk bottles absolutely without preservatives. Because the weather of Vietnam is tropical, the enterprise could find available milk resources in country. Therefore the cost of production is cheaper many times and it reaches the price of fresh milk is not expensive too.

The well-known product is 100% fresh milk Binomial. Although powder milk does not account for big percentage in market, some of powder goods are not overshadowed. For example, Dialect Podia, Ideally MaMa, Sure Proven and so on which are matched to segment market. Powder milk provides essential nutrition for specialized customer. Children drink powder milk to support their growth and restriction. For this segment, Binomial has five product lines such as Dialect Alpha, Dialect Alpha Gold, Dialect Optimum, Dialect Podia and Dialect Star Care.

Elder people could not provide nutrition themselves so they drink powder to provide the missing nutrition, for instant Sure Prevent is a product for this segment. Next Dialect MaMa provides the essential nutrition for pregnancy who needs more and more nutrition for growing the babies. To sum up, Binomial accounts for small shares in fresh and powder milk while they has

the enormous raw material in nation. In 2014, the organization constructed and opened the new factory in Bin Dung with age capacity and modern technologies.

Next few years, Binomial may make up 50% of powder and 60% of fresh milk. Task 7: Explain how distribution is arranged to provide customer convenience Distribution channel is the process of delivering directly products or services to customers or indirectly distributors. Thank for distribution channel, the company can receive the responds or feedback about the quality of goods therefore the firm could recognize customer's issues, improve their products and launch a new suitable price. There are two kinds of distribution channel such as direct and indirect delivery.

Direct distribution usually has two partners like producer and customer meanwhile there are more than two cooperators, for instant producer, middle man, wholesalers/ retailers and customers. The products are transferred through factors for example intermediaries, wholesalers and retailers. Then the company spends the huge amount of finance in marketing and distribution so the price is more expensive. This point is called value distribution channel of Binomial reduces the complicated of delivery products and price before selling to customer. The distribution network over the country is the success of Binomial in optimization their strengths.

Task 8: Explain how prices are set to reflect an organization objectives and market conditions The objectives of enterprise are sales, market shares, unit of volume and social responsibilities. Binomial Corporation focuses on social responsibilities. They sponsor for scholarship or support poor people having

houses. This way redoubles the value of the company's image or its reputation in local community. There are six steps to in setting price to reflect the company's objectives. And some crucial factors will be mentioned follow. Skimming market is the most significant factor in price strategy.

It helps firm knowing the product stage in product life cycle. Firstly the business spends a huge of finance in order to research the market, competitors and create the company's image by sell goods with cheap price. This method causes the small loss in their turnover. If non-buyers are attracted in products, the company is initial successful. The line graph below shows the different prices of powder milk of Abbott and Binomial. Figure 7: The price of powder milk of Abbott and Binomial source: CCITT (2012). When setting a suitable price for product, company will base on demand, cost of production, profit and competitor.

Following to demand, if customers buy too much milk, producers have the increase price trend and vice versa. Binomial also cares about competitors such as Abbott, Nestle or HTH True milk. Furthermore the company cares about price elastic. Market has many rivals and substitutes. Price changes dramatically so the price elastic converts fewer. Setting price efficiently is not an easily thing. While the company is making price, they have to consider how much profits they get but still maintain the cost of production.

Task 9: Illustrate how promotional activity is integrated to achieve and market conditions Binomial

Corporation targets satisfy the increasing of demands customer. They also attract potential clients by advertising on media (television, website and so

on) and improve the quality of products in order to build the customer's belief. The paper presents two group products of Binomial enterprise, which are fresh and powder milk. Following to fresh milk, the most popular product is sterilized milk for all ages, usually over 15 years old individuals. This provides total nutrition for users. Now they launch new product ' 100% fresh milk compared with ' 100% chosen milk of Dutch Lady to aim the fresh milk market, which is the potential one.

According to powder milk, the company has many product lines for specialized customers such as children under 1 year, pregnancy and elder people. For example, Dialect Alpha Gold step 1 from 0 to 6 months children, step 2 from 6 to 12 months kids, Dialect MaMa for pregnancy and Sure Prevent for elder people, who are more than 45 years old (Binomial 2014). In promotion, Binomial always concentrates on creativity in advertising. It supports customer understand the fresh, pure and natural milk lovely and healthy dairy cows which are dancing and singing a song ' 100% pure fresh ilk.

This point is mined by Binomial in order to attract and rebuild the customer's trust after Journalists said there is high powder in fresh milk. 2008 is the most developed year in public relation. Binomial spent 17 billion VEND for charity such as constructed the bridge for student in Quant Name province, support finance of operation cleft lip, cleft palate for children deformities, 3. 1 billion VEND for scholarship ' Binomial Incubation of young talent'. In promoting fresh milk, the firm has sponsored 6 million of fresh milk for poor children, which is a great success.

Furthermore the company has also cultivated in children football matches (Marketing Dairy 2014). Those promotional activities not only allay the suffering but also support the difficult plights. Binomial bring the positive happiness and useful knowledge for community. In recent year, Binomial promotion is not positive. It will be a helpful way if firm pays attention more in this section. Task 10: Analyses the additional elements of the extended marketing mix Baker (2002) stated that according to traditional marketing mix, it is realized the significant of people, process and physical evidence as additional elements.

People People means human resources so there are two types of employees in company. Internal staffs control, manage and make crucial decisions for operation of enterprise such as Scoffs, Cosmos, BODY and so on. External staffs interact and affect directly to customer. For example, Binomial sends the good looking and professional PR to wholesalers or retailers. They will introduce the function for each kind of current as well as new products.

Process This element is focused on distribution channels. Goods are delivered efficiently to customer. Binomial has good promotion for distributors who order a huge amount of ilk products.

It will be discounted 10%, if the buyer orders one hundred cartons of milk. In addition, the perennial wholesalers or retailers could get luxury rewards like oversea Journeys. This encourages distributors maintain the relationship with Binomial for long time. Physical evidence This factor reflects where service is being delivered from and makes the company different from rivals. Milk products are perishable so the modern means of transport will preserve completely the quality of products before sending to customer. Extended



marketing mix of Binomial is good but still fuzzy. In my point of view, Binomial should invest in post service.