

# A marketing plan to help vinamilk organisation



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Vinamilk, one of top milk manufacturers in Vietnam, is specializing in manufacturing high quality products from core dairy products include liquid and powdered milk to value – added dairy products such as condensed milk, cheese, yogurt and coffee... The organisational objectives are to grow its market share in Vietnam as well as overseas countries. Hence, to expand market share in Australia, one of the large export markets of Vinamilk, this organisation has to develop a good marketing strategy for a product named Dielac Sure. This product, which is developed by Center for Nutrition Research and Product Development of Vinamilk, is good for older people and intolerant persons because it contains high protein and no lactose help to increase calcium absorption, digestion, advantageous bacteria and laxative, especially it is trusted to use as medicine.

It is seen that there is a big opportunity for Vinamilk Company to sell the special product in this prosperous country, Australia with a highly developed economy and a diverse population, especially high demands of increasing number of older people on products good for their health and lifestyle. In addition, Vietnam and Australia are all members of World Trade Organisation (WTO), ASEAN – Australian – New Zealand Free Trade Agreement (AANZFTA) and Asia Pacific Economic Cooperation (APEC), therefore, Australia government breaks down trade barriers by liberalizing international trade and investment rules to support Vietnamese traders who want to run their business in Australia. However, to limit risks as well as human and financial resources, Vinamilk would initially use exporting as the mode of entry in this target market. It appears many challenges for Vinamilk when exporting Dielac Ensure into Australia such as strong competition, different consumer's

needs and wants, strict regulations and high products standards...

Conversely, Vinamilk can expand their international business once Dielac Ensure is accepted in Australia market, it can be also sold in New Zealand and other markets where have high demands about products.

The purpose of this report is aim to increase the market share that Vinamilk organisation holding through introduction of Dielac Sure in the Australia market. This report, however, is prepared and based on assumption of Vinamilk, marketing strategy proposed in the report may change and it does not guarantee that it can achieve success in Australia.

Structure of this report comprises of:

Marketing environment

Foreign market analysis

Marketing strategy

Marketing implementation

Financials

Evaluation and control procedures

Through these analyses, Vinamilk will explore Australia market by this flexible marketing strategy with competitive prices and effective distribution channels, specially a product strategy. And it is expected that Vinamilk's market share will be increased by 10 percent within two years when Dielac Sure is launched in Australia.

This strategic marketing plan also recommends Vinamilk to apply SWOT analysis, Total Quality Management and Marketing Audit in evaluating and controlling marketing activities. These methods are very useful and efficient. Furthermore, Vinamilk should manage its employees, who play a vital role in marketing activities, in an effort to satisfy their demands and needs. If employees get high job satisfaction and a strong commitment to the organisation, employees will attempt in order to achieve the organisation's goal and objectives. In addition, Vinamilk should focus on customer's demands and wants first, and try to develop and maintain long – term customer relationships. Finally, it is the international business, there are many risks for the organisation, it hence requires that Vinamilk should prepare careful exit strategies for the bad situation happen in the future.

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### I. INTRODUCTION

#### Background

Vietnam Dairy Product Joint Stock Company (Abbreviated Vinamilk) was founded in 1976 under the name of Southern Coffee Dairy Company with the initial capital only 100 billion VND. Going through 24 establishing and developing years, Vinamilk Corporation grows up and becomes a leading producer of dairy products in Vietnam, holding 75% of Vietnamese milk market as well as “ one of the top 100 strongest brands by the Vietnamese Ministry of Industry and Trade in 2006”. (Vinamilk, 2010).

At this time, Vinamilk is manufacturing and trading many different product ranges including liquid and powdered milk, condensed milk, drinking and spoon yoghurt, ice cream, and cheese, coffee... Vinamilk commits that always satisfy customers with high-quality, safe, and diverse products, the best service and competitive prices”.

Besides strong domestic distribution with 183 distributing channels and 94,000 selling points throughout Vietnam, Vinamilk products are exported to many countries such as the Australia, United States, France, Canada, and Asia.

### Purpose of the report

This report creates a marketing plan to help Vinamilk organisation, a Vietnamese brand to achieve a successful launch of Dielac Sure in Australian market, one of the potential markets for this product as well as for Vinamilk. However, the report has finished in a short time, there are many limitations in marketing research, customer analysis and the financial budget. The marketing strategy proposed to the organisation in this report may be changed in the future.

## II. FINDINGS

### Marketing environment

#### 1. 1 Cultural environment

Today, Australian society is changing values and demographics. It results not only opportunities but also challenges to milk manufacturers, in particular to

Vinamilk organisation. The increasing number of older Australian offers a big market segment for Dielac sure.

Furthermore, this elderly population is trying to maintain active lifestyles as well as seeking solution to have healthy lifestyle. Australian people require products, which are good for their health and maintain quality of their sleep as well as quality of their life.

It is apparently seen many Australian consumers now are looking for products friendly to the environment. There is a new tendency – become “Green consumer”. They accept to spend more in purchasing products having eco – friendly package as well as take an account of fair trade or environmental practices. (choice, 2009)

The increasing of local supermarket, a huge supercenter is convenient for consumers’ purchase. They can buy Dielac Sure in anywhere at anytime. Besides, development of technology is playing a vital factor in supporting consumers’ purchase. Shopping online or buying at home through Internet or telephone is very convenient to busy consumers.

Consumers are pay more trust on other people’s experiences and when decide buying purchase, they usually trend to buy brand, not buy products.

## 1. 2 Economic

Australia has a sustainable rate of economic growth with GDP per capita \$38, 500 in 2009 (ABS, 2009). It is slightly higher than that of the United States, United Kingdom, Germany, and France representing the most populous countries.

The economic crisis in 2008 affected the Australian economy by decreasing construction projects, housing turnover, including the serious decrease of commodity sales. The employment rate increased greatly. However, at the end of the fiscal year 2008, Australia still kept growing and gained the fastest pace 2. 7% in 2009 (Economywatch, 2010). Australian is putting their confident in the economy due to continuously growing consumer price index. (ABS, 2010).

The Australia Government is controlling consumer inflation on an average between two and three percent over business cycles by a responsible monetary policy. Consequently, the inflation is low at only 2. 3% in March 2010 (ABS, 2010). In addition, with the sound and practical structure of financial regulations and institutions, Australia is seen as a potential investment destination for other countries.

### 1. 3 Population

Until now, population of Australia is over 22 million people with birth rate (12. 47 births/1, 000 population) is more than death rate 6. 68 deaths/ 1000 population (ABS, 2010). Although it is the large country with the area over 7 million square kilometer, population of Australia is mainly concentrated in urban areas. This prosperous country has high GDP \$997. 2 billion (2009 est.) (CIA, 2010) and personal income per capita is high – \$19, 213. 50 per person (Nation master, 2010) meanwhile inflation rate and unemployed rate is low, only 1. 8% and 5. 6% established 2009 (CIA, 2010).

One element of Australia's natural resource base is minerals. Other important natural resources involve forestry and fisheries, and together with

agriculture, they contribute significantly to the Australian economy and Australia's Gross Domestic Product (GDP). Since Australia purchases more goods and services from overseas than the value of goods and services it exports (ABARE, 2009a), export value of minerals hold approximately 7.7 per cent of GDP. Australia export value – \$160.5 billion is slightly less than import \$4 million. Current account balance of Australia is -\$29.89 billion (2009 est.) and ranking 182nd compared to the world. However, its exchange rate is so high 1.2894 AUD/ USD (2009).

Goods enter Australia that be cleared by the Australian Customs Service and depending on the type and value of the goods or products, there may be costs involved, including clearance fees, customs duty, goods and services tax and other taxes. Especially, dairy products imported to Australia subject to Imported Food Control Act 1992.

#### 1.4 Political and legal environment

The Australian political environment is very stable. It has a lower rate of riots, terrorism and chaotic political dispute.

Australia attracts new businesses by a strong, transparent corporate governmental system as well as low barriers to trade and investment. It is very easy to establish a new business in Australia. It only takes two days to complete the license. On 14 June 1990, an agreement on trade and economic co-operation between Australia and the Socialist Republic of Vietnam was signed. It creates opportunities for Vietnamese companies doing their businesses in Australia. (Australian Treaty Series, 2010)

In spite of this, it is an important and compulsory aspect that any organization has to consider in order to operate business legally in Australia. Vinamilk is in charge of protecting intellectual property rights worldwide, ensuring to enforce state as well as federal rules and regulations.

In addition to regulation by Australian Government, Vinamilk needs to follow a number of laws and regulations, including the following:

**Trademarks:** the logo or symbol represents for the company. Vinamilk has also registered the trademark in 79 countries including Australia in 1999.

**Patents:** an exclusive right granted by a government to manufacture or use an invention during a specific period of time. Vinamilk can register its patent for this product that is safe for users and use as medicine for feeding .

**Copyright:** The right of protecting the author's original products against illegal usage from plagiarism.

**Trade secret:** used to prevent leaking secret traditional method. For instance, the secret of manufacturing natural latex rubber Dielac Sure of Vinamilk Company.

Foreign market analysis

2. 1 Describe market

## **2. 1. 1 Australian dairy industry**

### **2. 1. 1. 1 Overview**

The Australian dairy industry is Australia's largest processed food industry, and ranks in the top four of the nation's rural industries. Australia's climate

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and natural resources are favorable to dairying and allow production based on year-round pasture grazing. Australia has almost two million dairy cows, producing around 9 billion liters of milk each year.

<http://www.readyed.com.au/urls/dairy/dairy.html>

Over two-thirds of the 9.4 litres of milk produced in 2008-09 was produced in Victoria, 10 percent in New South Wales and 7 percent in Tasmania.

Dairying occupies a relatively large proportion of the agricultural sector in Tasmania

Just over half the milk produced in Australia during 2008-09 was consumed by the domestic market; the remainder being exported as either drinking milk or manufactured products.

4 [www.dairyaustralia.com.au](http://www.dairyaustralia.com.au) Milk Production Report, viewed 16 February 2010.

5 In 2007-08 the value of Tasmania's livestock products (which mainly includes wool, milk and eggs) was \$413 million. Of this amount \$275 million was the estimated value of farmgate milk production (approximately 67 per cent). Source: Australian Bureau of Statistics 1307. 6 – Tasmanian State and Regional Indicators, December 2009 – [www.abs.gov.au](http://www.abs.gov.au); and [www.dairyaustralia.com.au](http://www.dairyaustralia.com.au), Dairy 2009 Situation and Outlook, June 2009, p. 82.

7 About half of the domestic consumption is as drinking milk, the remainder being used in the production of cheeses, butter, and milk powders. Dairy Australia, Dairy 2009: Situation and Outlook, June 2009, [www.dairyaustralia.com.au](http://www.dairyaustralia.com.au).

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## **2. 1. 1. 2 Recent developments**

In 2008, Dairy Australia reported that the Australian dairy industry was “enjoying the best world market conditions in decades... international dairy commodity prices rose to record levels through 2007”, due to consistent strong demand and tight supplies, as well as the effects of exchange rates and cuts in export subsidies. This led to higher farm-gate milk prices for Australian dairy farmers- prices increasing by more than 50 percent in southern region during 2007-08. Dairy Australia did note that despite the optimism, the industry still remain constrained by the high cost and limited availability of production inputs, uncertain climatic conditions and reducing herd numbers.

Australian Dairy Industry in Focus 2008, p. 3.

Higher farm-gate prices continued into the 2008-09 season until, following the global financial crisis, milk processors reduced the price paid to farmers sharply.

Besides, Australian milk production declined year on year by 4.9 percent in the first four months of 2009-10 as a result of drought and low water allocations in the irrigation system, the low prices as well as reduced demand.

### **Monthly milk production**

Source: Dairy Australia, [www.dairyaustralia.com.au](http://www.dairyaustralia.com.au).

## **2. 1. 1. 3 Competitors in market**

The manufacturing sector of the Australian dairy industry has become more concentrated since the first stages of deregulation in the late 1980s; the outcome being increased foreign ownership and a reduction market share of farmer owned cooperatives. The five major companies have increased their milk processing capacity from 50 percent to 75 percent of the market.

In 1999, the five largest milk manufacturers in Australia were Murray Goulburn, Bonlac, Daisy Farmers Group (all three entities were cooperatives), National Foods Ltd and Pauls/ Parmalat.

Today, Bonlac is owned by Fonterra, and the Dairy Farmers Group has been acquired by National Foods. Fonterra (20 percent), together with Murray Goulburn (the largest remaining farmer owned cooperative, supplying 37% percent of Australia's milk) are the prominent market players in the manufacturing milk market

## **2. 1. 1. 4 Distribution**

Milk sold through various channels including fast food outlets, supermarkets, independent grocers, corner stores, and service stations. However, the sale of milk through the supermarket channel has slowly been increasing; Dairy Australia noting a recent change in the behavior of two large chains- they have embarked on a marketing campaign encouraging consumers to make comparisons between their own generic branded milk with that of branded products. Dairy Australia comment that although this behavior is “ unlikely to affect the volume of dairy products consumed there may be an impact on the channel and value of dairy sales as consumers seek greater value in

their purchases” and move to generic labeled and price discounted branded products.

## 2. 2 Market size (ok)

### **Drinking milk sales by state (million litres)**

**NSW**

**VIC**

**QLD**

**SA**

**WA**

**TAS**

**AUST**

1979/80

531

437

249

127

119

41

1, 504

1989/90

582

449

316

150

164

47

1, 730

1999/00

597

440

383

185

190

48

1, 933

2000/01

633

456

393

201

201

50

1, 934

2001/02

626

460

403

185

200

50

1, 924

2002/03

620

475

404

183

208

52

1, 942

2003/04

627

476

418

196

212

52

1, 981

2004/05

641

486

429

200

215

53

2, 024

2005/06

660

499

444

192

216

50

2, 061

2006/07

692

510

474

201

226

53

2, 156

2007/08

682

524

499

205

237

55

2, 202

2008/09(p)

696

533

510

208

241

56

2, 244

Source: Milk processors and State Milk Authorities

Australian milk consumption has been steadily shifting from regular to modified milk types, such as reduced and low fat milks, over a number of years. This trend reversed for a period during 2008, as consumers responded to rapidly increasing retail prices by switching to the relatively lower-prices regular full cream milks. The longer-term trend has returned during the most recent year.

### **Drinking milk sales by type (million litres)**

**Regular**

**Reduced**

**Low fat**

**Flavored**

**UHT**

**Total**

1989/90

1, 257

322

111

40

1, 730

1999/00

1, 099

498

173

164

1, 933

2000/01

1, 094

415

95

165

165

1, 934

2001/02

1, 074

435

105

170

140

1, 924

2002/03

1, 055

440

120

174

153

1, 942

2003/04

1, 057

462

118

190

154

1, 981

2004/05

1, 063

492

116

199

154

2, 024

2005/06

1, 093

488

124

201

155

2, 061

2006/07

1, 107

530

125

213

181

2, 156

2007/08

1, 126

553

123

213

187

2, 202

2008/09(p)

1, 143

572

118

210

201

2, 244

Source: Milk processors and State Milk Authorities

**<http://www.dairyaustralia.com.au/Our-Dairy-Industry/Industry-Statistics/~media/Documents/Our%20Dairy%20Industry/Latest%20Statistics/NationalMilkSalesAugust2010.ashx>**

2. 3 Government participation

<http://www.abs.gov.au/Ausstats/abs@.>

[nsf/90a12181d877a6a6ca2568b5007b861c/b006a83a9127b0f5ca256dea00053965! OpenDocument](http://www.abs.gov.au/Ausstats/abs@.nsf/90a12181d877a6a6ca2568b5007b861c/b006a83a9127b0f5ca256dea00053965!OpenDocument)

Nowadays, Australian dairy industry operate in a deregulated and open market which only government involve being in the food standards and food safety assurance systems and prices are affected by world situation.

A look at the dairy industry of Australia prior to 1 July 2000 reveals an industry governed by two separate sectors, the regulated market/fresh milk sector and the non-regulated manufactured milk sector; six separate dairy industries, one in each state; and high levels of Australian Government assistance and complex state government regulatory intervention.

Regulation came in two forms; state government support of the market/fresh milk sector and Australian Government support of the manufactured milk sector.

In the 1980s and 1990s state governments had the responsibility of controlling price and milk quality, and for formulating policy for the

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market/fresh milk sector. Up until deregulation, dairy farmers selling their milk as market milk received a substantially higher farm gate price than the average price paid for manufactured milk, even though there was little distinction between the two products. Across Australia under this regulated market, a number of different schemes existed which allocated the large guaranteed price premium proportionally to all dairy farmers, encouraging farmers to produce more milk than would be produced under free-market conditions. State governments also engaged in establishing legislation that regulated interstate access to their market milk sectors. The manufactured milk sector on the other hand was characterized by open access, with products from this sector being traded freely within and between states.

Although the manufactured milk sector was characterized by open access, it was not totally devoid of policies that distorted the market for dairy products. Up until July 2000, measures to support domestic prices, restrict imports, subsidize exports and restrict the production of substitutes were used.

By the early- to mid-1990s it was clear a fall in the price of market milk, relative to manufactured milk, was required and price controls and supply quotas needed to be removed or substantially reduced. The Australian Government began phasing out market support in the dairy industry, in line with its commitments to wind down protection in the manufacturing industries and other areas of agriculture.

The deregulation of fresh milk pricing from 1 July 2000 had a major affect on farm gate prices for fresh milk. In 2000, around 18% of Australia's total milk

production was consumed as fresh milk. Victoria's proportion of fresh milk to total milk production was only 6% compared with much higher proportions (about 45%) in New South Wales, Queensland and Western Australia. Under regulation, all dairy farmers received a separate price for fresh and manufactured milk. After deregulation, most Victorian manufacturers offered dairy farmers a single, blended price for all milk, which reflected the emphasis of milk being used for manufacturing dairy products and the prices received from the exports of these dairy products in the rest of the world (Edwards 2001).

The dairy industry today is fully deregulated, and every dairy farmer's farm gate price for milk is now, due to natural forces of supply and demand, affected by world prices no matter where they live within Australia.

### **Summary Conclusions about the Australia market**

In general, Australian milk production declined year on year and continue to fall in the future because of seasonal condition- drought and low water allocations in the Murray-Darling irrigation system, this thing will affect directly and make Australian milk price increase.

Besides, the deregulation of milk pricing from 1 July 2000 had a major affect on milk price as well. It is not belong to government' control and is affected by world prices. It is considered as one of the advantages if Vinamilk have the plan to enter this market.

Marketing plan

Vinamilk position itself as the prestige brand name with high quality products and service. To Dielac Sure, Vinamilk wants to target to the older customers by offering many benefits such as support immune system, balanced nutrition, rebuild muscles and strain, and maintain healthy weight... From these benefits, Vinamilk is confident to compete with many strong milk brand names which were available in Australia for many years such as: Ensure of Abbott and Anlene of Fonterra.

### 3. 1 Objectives

Achieving a unit sales volume for the first year of 2, 000 items.

Total sales revenues of AUD \$3, 000, 000 in the first year.

Expected market share to be 5% in the first year.

Aim for an average price of \$1, 500 per item.

Expand consumer awareness of the Vinamilk brand name by 20%.

### 3. 2 Product

Dielac Sure is produced and developed by Center for Nutrition Research and Products Development of VINAMILK. And it also received The International Certificate in Food Safety and Hygiene HACCP. Moreover, this product has special nutrition with high protein and fat that:

Supply energy and strengthen body in operating and growing.

Recuperate patient's health.

Dielac Sure is available for feed patient through catheter (under the instruction of doctor or nutritionist)

Ameliorate malnutrition.

Suit for pregnancy and lactation women.

Dielac Sure doesn't contain lactose and cholesterol; therefore it is the best choice for the elderly and lactose-intolerant persons.

Dielac sure is packaged in a can weighed 400g and 1000g and labelled in English with full ingredients and careful directions.

3. 3 Consumer buying behaviour

3. 4 Communication media

3. 5 Competitor analysis

3. 6 Promotion mix

Promotion includes four parts: public relation, advertising, personal selling and sales promotion. In terms of product life cycle, Dielac Sure is in the introduction stage in Australia market. Therefore, promotion requires heavy advertisings and public relations to build brand awareness and guide customers on product's benefits. Vinamilk applies personal selling strategies to ensure distribution coverage and supply chain cooperation. Furthermore, Vinamilk should consider a sales promotion strategy, it is important for the company to encourage customers to have a trial on products; also trade sales promotion expedites distribution activities for the company.

## **Advertising**

On television and radio

The newspaper works and The Daily advertiser

Billboards

## **Public relation**

Sponsorship for charity events

Direct telephone and send letters to collect customer database and invite them to join in a small party on Father Day and Mother Day. They are the days for families, which include a number of elders who are 40 and above.

## **Personal selling**

Send business emails to some big retailers to introduce about our new products and increase the available distribution of products.

Door to door selling activities will help promote the organisational prestige to customers.

## **Sales promotion**

Buy 1 can Dielac Sure 1000g get 1free glass or cup.

Loyalty program for instance, if customers buy enough 10 cans of Dielac Sure 1000g, they will receive one can 400g free.

Encourage more consumers by holding an event one day – examine free for older people.

### **3. 7 Physical distribution**

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### 3. 8 Channel of distribution

Cooperating with the big supermarkets in Australia such as:

Coles

Woolworths

Pharmacies

### 3. 9 Price determination

Can 400g: \$10. 90

Can 1000g: \$ 21. 50

Marketing implementation

## **ACTIVITIES**

**MONTH 1**

**MONTH 2**

**MONTH 3**

**MONTH**

**4**

**MONTH 5**

**MONTH 6**

**MONTH**

**7**

**MONTH**

**8**

**MONTH**

**9**

**MONTH**

**10**

**MONTH**

**11**

**MONTH**

**12**

**PIC**

I. Market analysis

BN

1. Marketing research

QH

2. Set a budget

TT

3. Training staff

BT

II. Product activities

NT

1. Finalize in development

CT

2. Production runs

MK

IV. Distribution activities

QM

1. Shipping to warehouses

HN

## 2. Shipping to retail store

GC

## 3. 5% quantity discount

BV

## V. Promotion activities

GE

### 1. Newspaper advertising

EL

### 2. TV and radio advertising

MP

### 3. Billboard advertising

NATo get the success in doing this marketing strategy, Vinamilk will implement the first year of this marketing plan as follows

### 4. In – store POS display

LO

### 5. Sponsorship

BT

Direct telephone

EL

Send business e-mail

SA

Door to door activities

CO

Buy 1 get 1 Dielac Sure protection sheet

PM

Loyalty program

PM

10% discount full pack

HD

Financial statements

## **SALES FORECAST IN THE FIRST YEAR**

### **SALES FORECAST**

JAN

FEB

MAR

APR

MAY

JUNE

JULY

AUGUST

SEP

OCT

NOV

DEC

UNIT SALES

100

150

300

280

250

500

600

400

350

380

500

550

UNIT PRICES (AUD)

1, 500

1, 500

1, 500

1, 500

1, 500

1, 500

1, 500

1, 500

1, 500

1, 500

1, 500

1, 500

SALES (AUD)

150, 000

225, 000

450, 000

420, 000

375, 000

750, 000

900, 000

600, 000

525, 000

570, 000

750, 000

825, 000

DIRECT UNIT COSTS 35% (AUD)

525

525

525

525

525

525

525

525

525

525

525

525

DIRECT COST OF SALES (AUD)

51, 000

77, 250

156, 000

145, 500

129, 750

261, 000

313, 500

208, 500

182, 250

198, 000

261, 000

287, 250

## **FINANCIAL BUDGET IN 1 YEAR**

### **MARKETING BUDGET**

#### **1ST QUARTER**

#### **2ND QUARTER**

#### **3RD QUARTER**

#### **4TH QUARTER**

#### **YEAR TOTAL**

### **ADVERTISING**

Newspaper

1, 259

1, 684

1, 593

1, 748

6, 284

## Television

10, 574

11, 928

12, 456

13, 945

48, 903

## Bus station

584

673

894

721

2, 872

## Point of