

# International management argumentative essay

[Business](#), [Management](#)



The purpose of this report is to present 320 Below Pet Ltd a business proposal to venture into Bangkok, Thailand. A series of relevant questions pertaining to the ice-cream parlour business and its future expansion into foreign markets are proposed here to identify business opportunities and risks. The F&B industry in Singapore and the company's structure has been studied in depth to gain a better understanding of the industry. 320 Below is a Singapore based company that sells fresh ice cream, sorbet and frozen yogurt.

The enterprise's legal structure, its history, mission, vision, aims, objectives and the ownership structure are further analyzed. The products and services offerings of 320 Below are highlighted and supported with the customer profile and demand analysis by the usage of Porter's Five Forces analysis. Moving forward, the environmental factors on the host country business climate are carefully examined. Based on the findings, the unique usage of liquid nitrogen in making the ice cream is favored at large.

Strengths, weakness, opportunities and threats of 320 Below will be evaluated in depth by using the SOOT analysis. A comprehensive business strategy is finalized and proposed comprising of mode of entry and identifying the Hypotheses national cultural dimensions as it ensures that the different strategies will be carefully studied. Vital components of the business strategies, which constitute of pricing strategy, distribution and logistics, promotion and advertising and production and service strategies are also discussed.

This will be followed with financial reports and the planning of cost analysis, the projected profit and loss statement expected to derive. The management considerations including personnel, business advisers and contingency plans to be undertaken have been determined. Finally, recommendation will be presented to 320 Below based on the chances of success rate, which will influence its decision making to venture into foreign markets like Bangkok. 2. Introduction Being the first mover entrant, 320 Below Private Limited (Pet Ltd) first launched the unprecedented concept of freezing ice-cream using liquid nitrogen in Singapore.

This unique innovation has speed up the ice-cream making process, thus enabling 320 Below to experiment with a wide variety of ice-cream flavors in the shortest time compared to traditional ice-cream making at large. The founder and Managing Director of 320 Below, Miss Lillian Nag is currently heading its business operations and business strategy for the gourmet ice-cream parlours. With the support of Miss Nag, our team kept in touch with her through numerous email correspondence to collect valuable information about 320 Below.

This has provided our team with vital and useful findings which has facilitated us in preparing this business proposal. These justifications have indeed given us many insights in the ice-cream parlour business and helped us to draft out the necessary marketing tools that has helped to advertise the company. 3. Industry Business Description restaurants, fast food outlets, food caterers and others segment. In the "Others" segment, it generally

refers to the different types of F establishments ranging from cafes, bars, food courts, pubs to coffee house.

In 2012, Singapore F industry has substantially increased and generated approximately SAG 1 1. 98 billions in revenues, which is equivalent to 3. 5% of the country gross domestic product (GAP). According to Singapore Department of Statistics (2013), the year of 2012 has witnessed an increase of 3. 2% of new F establishment opening in Singapore. The total number of F establishment has significantly increase from 6, 464 to 6, 668 and is a good sign that the industry is expanding. With a population of over 5. Million, Singapore is ranked one of the highest food consumption country in Southeast Asia. In Singapore, eating is considered a national pastime, where people are willing to queue up for half an hour to over an hour for their favorite food. The majority of Singapore population's love for good food and their willingness to food hunt around the island display their passion and attitude towards eating. Within the social circles, it is viewed as an status leveler or status builder if you can recommend a particular place that serves great food to your friends or families.

Being able to do immediately brings up your personal reputation (Wang 2006). The increasing affluent middle class and the rise in their disposable income has also fuelled the growth of the F&B industry. This group of affluent Singapore who are well-traveled are often attracted by what they see and experience during their holiday trips. Therefore, when these F&B establishments opened in Singapore, they would gladly patronize them. This

has definitely spurred the demands of overseas food and produce (Rehearing's 2013).

In addition, growing tourism activities in Singapore from overseas visitors have also supported the growth of these F establishments. The future of the F industry in Singapore looks promising and is projected to growth in healthy levels due to its per capita consumption growth. 4. Company Description 4. 1 Type of Business Founded in October 2012, 320 Below Pet Ltd is a Singapore-based ice cream parlor that specializes in making fresh premium ice-cream, sorbet and frozen yoghurt purely from using natural ingredients. The company falls into the category of lifestyle cafes in Singapore F industry. 20 Below prides itself in delivering a unique ice- cream eating experience for customers to mingle and hang out with their friends and families. 320 Below is the early pioneer in Singapore to launch the concept of freezing ice cream by using liquid nitrogen. This unique and innovative ice-cream making process has revolutionized how ice cream is traditionally prepared and consumed. This interesting concept has also introduced an unique cafe experience, where customers can walk-in to choose from a wide variety of specially created ice- ream flavors that are freshly churned out on the spot from the mixing bowl. 20 Below Pet Ltd started its ice cream parlor business as a Limited Liability company (LLC), which is commonly known as Private Limited company. The company is registered under Singapore laws and tax regulations. Under the legal structure of a LLC, 320 Below intends to separate its legal entity from their owners and shareholders. By doing so, their business obligations only strictly remain within the legal entity itself

and shareholders are excluded from any legal liability in their personal capacity. 20 Below also enjoy various legal and tax benefits as a LLC.

For example, 320 Below is exempted from paying taxes during the first three years of incorporation for the first SAG \$100, 000 profits that they make every year. The corporate tax rate in Singapore is very attractive, which stood at below 9% for profits up to SAG \$300, 000 and capped at 17% for profits exceeding SAG \$300, 000. In addition, Singapore single-tier tax policy implemented across all corporation means that 320 Below will only be taxed once at corporate level. In the event of any dividends payout to their shareholders, they will not be tax again. 0 Below also benefited from the ease of raising capital for new venture or business expansion in the future. As a LLC, 320 Below will find it easier to get business financing from financial institutes, such as banks, and also raising capital through adding equity partners or investors. 4. 3 320 Below History, Mission, Goals& Objectives The brand name " 320 Below' came about when the founder Allan Nag discovered that liquid nitrogen actually boils at minus 320 degree Fahrenheit (OF) and she decided to name after it. Lillian Nag, the founder and managing director of 320 Below has a passion and loves creating quality ice-cream.

She believes in making ice cream that are low in sugar and do not contain artificial emulsifier, stabilizer and preservative. During the early beginnings, Miss Nag experimented in creating numerous unique tasty ice-cream flavors from her home. Over a period of time, she had created and perfected numerous ice-cream recipes that have received good reviews from friends andfamilymembers. The idea of freezing ice-cream came about one day

when she was doing online researches about ice cream making and found out about using liquid nitrogen to produce fresh creamy ice-cream, without having icy crystals that can affect the taste pleasure.

After mastering the ice-cream making process, Miss Nag decided to venture in the ice cream parlor business. 320 Below's vision is to become the first-mover in new creation and innovation to ensure their products are always fresh, smooth, tasty and clean. Their mission is to ensure that their ice cream, sorbet and frozen yogurt are of the highest quality, smooth and tasty. 320 Below also endeavor to deliver exceptional customer service to their customers in a clean, fun and relaxing environment to hang out.

#### 4. Ownership Structure

320 Below currently has two outlets in Singapore, which is the Mackenzie Road main shop located near the city area and the Tympanis One branch, a neighborhood area in the eastern part of Singapore. The ownership structure of 320 Below consists of 3 Below employs a manager who takes charge of the daily operations in the Tympanis One branch and Miss Nag is in charge of the Mackenzie Road main shop. The manager at Tympanis One reports directly to Miss Nag pertaining any operations issues. At any time, each outlet hires at least two temporary staffs to service customers at the ice cream parlours.

Miss Nag is also in charge of the marketing and production aspects of 320 Below. Her manager handles the financial accounting and human resources for both the outlets.

#### 5. Product/ Service Factors

##### 5. 1 Product/ Service Analysis

320 Below is the unprecedented ice cream shop that uses liquid nitrogen for their ice cream making process. As such, they have an advantage of offering

new and interesting products to their customers in the F&B industry. They are not just ice cream sellers but they also offer a wide range of products like frozen yoghurt and sorbets that are freshly made on the spot after customers have placed their orders.

This kind of service are very rare in the Singapore market as traditionally ice cream are made in advanced and stored for later consumption in ice cream parlors or they can be conveniently bought in all supermarkets or convenience stores. 320 Bellows flagship main store at Mackenzie Road offers a unique experience of enjoying ice cream, which not other places in Singapore offers. The location of their ice cream parlor are conveniently located near city area and offer ample parking space for individuals or families who wish to patronize them. Next their shop is nicely decorated with a colorful theme that attracts passer by and want to come in.

Students and teenagers are also attracted to 320 Below shop because they enjoy hanging out with their friends due to its cozy and comfortable environment it gives to their customers.

### 5. 2 Customer Profile/ Demand Analysis

Thailand is a country with a hot climate for most parts of the year. It is common for people to seek out cooling food items to manage the heat and ice cream happens to be one of the highly sought after food items consumed. In Bangkok, the weather records a hotter temperature being an urban area with less greenery to cool the surroundings compared to other parts of Thailand.



Therefore, the demand tends to be higher compared to other parts of Thailand. Other ice cream brands have been successful in Bangkok with constant demands from ice cream lovers. Thailand is ranked at 13th place, with 1.5 liter of ice cream consumption per capita each year (Ice cream consumption 2013), just 2 places behind Singapore. The consumer market for ice cream in Bangkok consists mainly of those who are in the working class of age 25 - 40 and tourists who visit the kingdom for holidays. These groups of people generally look for uniqueness in the products they purchase.

Thus, the technology of using liquid nitrogen to create ice cream instantly will attract their attention and given their access to education and the internet, they will better appreciate the ice cream making process of 320 Below. As ice cream brands that are able to capture the attention of potential consumers in Bangkok and attract them to patronize the ice cream parlor.

### 5. 3 Porter's Five Forces Analysis

#### 5. 3. 1 Bargaining power of suppliers (High)

Liquid nitrogen is not only used in the ice cream making process but also for other food processing such as bakery in the Food & Beverage (F&B) Industry.

As such, suppliers may choose to supply to other food processing brands, which require a larger quantity of liquid nitrogen compared to 320 Below. Similarly, suppliers of other equipment in general required by 320 Below for its ice cream outlet operations have a bigger pool of customers in the similar business to choose from to create business ties.

#### 5. 3. 2 Bargaining power of customers (Low)

Customers are unable to make vast comparisons as brands offering the same product as 320 Below is relatively new in Bangkok.

Furthermore, the Bangkok market is relatively new to this ice cream making process using liquid nitrogen to churn out CE cream.

The lack of knowledge of the product further weakens their bargaining power.

5. 3. 3 Threat of new entrants (Low) There are very few ice cream outlets established in Bangkok that use the liquid nitrogen technology to produce their ice cream. Moreover, the frequency of new ice cream brands opening an outlet in Bangkok is low. Given the fact that Thailand is still a developing country and poses the risks of political unrest, other ice cream brands with similar technology might be hesitant to venture into the Thai market. Therefore, the threat of new entrants is low for ice cream brands in Bangkok.

3. 4 Threat of substitute products (High) Ice cream is a product that has constant demand in Bangkok given the hot climate and relatively strong demand from consumers. Therefore, there are numerous brands that provide the similar primary product with just slight variations. The price range of 320 Below is relatively higher than the average ice cream pricing due to the running costs involving the technology that is used. Consumers may be unwilling to pay for a higher price for their ice cream and may favor other ice cream brands that are much cheaper but not necessarily of higher quality.

Others may look for other alternatives such as local cold desserts to replace eating ice cream. Therefore, the threat of substitute products is high in Bangkok.

5. 3. 5 Competitive rivalry within the industry (Low) The idea of using liquid nitrogen in the ice cream making process is still very new in Bangkok. According to research, there is currently one ice cream brand that

adopted competitor that produces ice cream in a similar process. However, due to its huge demographic and population in Bangkok there is room for competition in the market.

### 6. Environmental Factors

#### 6. Host Country Business Climate

20 Below was the first to introduce liquid nitrogen ice cream. It was quite a success for them as a lot of people are curious and wanted to try how does these ice creams taste like. Soon another competitor Just Like It came along. It create a buzz in the F&B industry as it invest in their marketing and advertising campaign. In order to expand their area of revenues income, 320 Below has began doing market survey and research to consider and plan their expansion. Either they open up another outlet to compete with their competitors or they can venture oversea to open their first shop overseas.

In London and Hong Kong, there are already shops that sells liquid nitrogen ice cream. Thus venturing into these two countries are not advisable. The best two options are Thailand, Bangkok or Vietnam.

### 6. 2 SOOT Analysts of 320 Below Strength

The strength of 320 Below lies in their Research and Development team and strong support from their management. The R&D are always encourage to develop new products and to cater to the demands of the Singapore market. Being able to understand the Singapore market makes 320 Below easier to target at their range of customers.

The vertical integration have given 320 Below an advantage in the arrest. Lastly, the financial status of 320 Below are healthy and they are not in debts.

### Weakness

The operating costs for the operations in Singapore have been increasing lately. This is due to the inflation of the market in Singapore.

Also they are facing manpower issues. Even though it is still manageable, but still its difficult to find young service staff to be committed and loyal to the company. Most of the services staff are students working on a temporary basis and they do not tend to stay long in the Job. Opportunities opportunities.

To open their shops in Asia countries and to introduce their underfed products to the local people there. This can create more awareness and increase their market shares. Threats With the recent riots and social unrest in Bangkok, 320 Below will have to be very careful in their planning and execution of their shop opening. The economy in Thailand has fairly been affected by the power struggle between within the government parties. A possible delay in carrying out their plan might be necessary if the situation there worsen. Second, if the pricing of their ice cream is expensive, the local This might not patronize them and avoid eating it. . Government Constraints/ Incentives The Thai government has been having political uncertainties since 2010 surrounding their former prime minister and the current one. The former Prime Minister Taking Sinatra has been over thrown in a military coup in 2010. His sister was elected as the new Prime Minister for Thailand. At the end of 2013, his sister Youngling Sinatra has tried to pass on a bill, which could lead to allowing Taking to return to Thailand, Bangkok. This has caused uproar of protests among the Thai population. This was enough to lead to the recent demonstrations by the citizens in central

Bangkok. Shops are still open for business even though protests and demonstrations are ongoing. But somehow, their business will still be

affected. This feud between the anti government and the prime minister of Thailand will be ongoing for a long period. Travelers have been warned about traveling to Thailand and to avoid these affected areas. 6. 4 Laws/ Regulations/ Administrative Practices Thailand has a long history of corruption, bribery, extortion, leak of insider information used in securing lands, business deals, etc. This has created negative media publicity for the country.

Organizations who want to venture into Thailand will have to seriously consider it before shifting in funds from overseas for investments. Therefore, It is prudent to have the government support in our expansion plans. We also need to know and abide to their local employment laws and regulations. It is almost similar to our Singapore employment regulations except for some slight differences. For example, there are no limitations on the number of days for medical leave. Companies are to set up the Employee Welfare Fund and contributions are made from both employer and employee.

These funds will be used to compensate employees who have resigned, laid off or suffer serious injuries during their service with the company. 7.

Business Strategies organizational structure in order for organizations to be successful. Bangkok regulation on the food and beverage industry welcomes foreign investment. The threat in competition for the food and beverage sector is overwhelming and could result in high operation cost. If it franchises out its chain in Bangkok or Joint venture with a local, the organization may experience a communication barrier as the locals mostly speak Thai and know minimum English.

As a new entrant in Bangkok as a franchiser as an option, 320 Below may face potential challenges such as having difficulties in obtaining the appropriate approval and permits from the respective authorities.

Unnecessary expenses might incur during the process and might lead to higher cost. Due to cultural differences and language barrier, this could also result in misunderstanding, leading to conflicts when dealing with the respective stakeholders in the sector, as they may be amateurs to the business. The proposed mode of entry for 320 Below is franchising in Bangkok, with a few considerations to be analyzed.

Egger Hefted 320 Below must identify the Hypotheses national cultural dimensions as one of the key factors before proposing and venturing in Bangkok as identifying the cultural differences amongst the neighboring countries are an added advantage. In determining the Hefted nationculture, he identified five dimensions, which comprise of power distance, individualism, Masculinity/Femininity, uncertainty avoidance and long-term orientation. 320 Below identified the potential of individualism and long-term orientation as their top priorities in venturing into Bangkok.

The company is keen to review individualism ND long-term orientation as part of their daily operations in generating growth with the support and directions from the top management. Figure 1 : Hypotheses Model Country Comparison As a comparison amongst the three countries and Singapore, Bangkok shows the highest significant similarities of what Singapore adopts. fps Strategy 7. 1 Product/ Service Positioning Every individual has a sweet

tooth whether for breakfast, teatime, after a meal or anytime of the day when one desires for dessert.

Every dessert craves yearn for a perfect flavor and a unique sweet course. The evolution of ice-cream originated back then during the second century B. C. It is known that Alexander the Great enjoyed ice and snow with a tinge of added flavors of honey and nectar back then. Tastes. Ice cream mostly appreciated by the elites remained a rare and exotic dessert in today's context. Due to technological innovations such as steam power, mechanical refrigeration, homogeneity, electric motors and new freezing concepts and equipment ice-cream production has improvised.

It has been identified in the United States that the total frozen dairy annual production is more than 1.6 billion gallons due to the ongoing advancement in technologies. The concept of 320 Below was originated from United States. The process of rapid freezing provided by liquid nitrogen allows the making of endless combinations of ice-cream, sorbets, shakes, yoghurt which provides freshest desserts and quality to every patron. The Victorian "Queen of ice cream," Agnes Marshall was the first to use the liquid nitrogen concept in the making of ice-cream over 100 years ago.

The Intro facts on the usage of liquid nitrogen has gained competitive advantage at large as patrons get to witness their frozen dessert being made from scratch and this creates a unique experience for them. Liquid nitrogen utilizes smaller ice crystals than a conventional freezing process and is 320 degrees below zero which creates a creamier and smoother dessert. At 320

Below, guests are given the opportunity to create inventive flavor combinations by recommending their suggested flavors to the experimental team. 20 Below must be able to identify the needs of the consumers presently and in the future in order to develop the right product for its consumers. The targeted consumers for 320 Below are dessert lovers across all ethnic and demographic groups. By targeting the right audience and understanding the demands of its nonusers, 320 Below will be able to achieve competitive advantage amongst its competitors. 7. 2 Pricing Strategy 320 Below had accomplished its vertical integration in achieving a price competitive advantage through providing a unique concept and flavor with a wide range of products.

Generally, existing customers tend to be less sensitive about pricing as compared to new customers. In order to achieve optimal profits and being able to be price competitive in the market, 320 Below may reduce its raw materials costs and the equipments usage in the making of the ice-cream. However, 320 Bellows mission s to deliver its products at its freshest and smoothest and its vision is to be the first in new creation and innovation in ensuring its products are fresh, smooth, tasty and clean at all times thus they will not compromise its cost for optimal profits.

Its products have been priced with its overheads being taken into considerations. 320 Below has been consistent in providing excellent service and its efficiency has earned them positive testimonials, acknowledgements and referrals. The pricing of its products are worth themoneyas its high service and quality have managed to match up consumers expectations. The



price range for its products with various flavors ranges from \$5-\$10. And they have been ranked number 15 out of 6,938 restaurants in Singapore by TripAdvisor and 30% of its customers are tourists who have been referred to from TripAdvisor. . 3 Distribution and Logistics Bangkok, an emerging city, with a population of more than 14 million and Thailand the world as estimated in 2013. Tourism Authority of Thailand (TAT) predicts a decline of five percent of tourists visiting Bangkok if the protests continue in the first quarter of 2014 and this will affect the hotel occupancy rate in Bangkok too, which is expected to fall by 30 to 40 percent. The political unrest has been predicted to affect the tourism in Thailand which may be damaging for all enterprises too.

Some popular tourist attractions and areas have been affected as tourists have difficulties accessing such places. Such affected areas include international hotels like Hyatt, Four Seasons and InterContinental and even tourist attractions such as Asiatique, Silos and the Orthographic intersection. 320 Below must outline its strategies before entering the market in Bangkok as there may be chief players existing there. As 320 Below possess a unique concept in South East Asian region, it may plan its initial early stages of exploring its potential in Bangkok.

However, due to the political instability, it should delay its intention of entering its market there until the situation diffuses. It has its advantage of being a first mover entrant in Bangkok as the liquid nitrogen ice-cream is not available there. It will not be feasible for the enterprise to enter through franchising mode of entry if the local players are too powerful and strong. 7.

4 Promotion and Advertising 7. 4. 1 Modes Of Advertising 20 Below is new in the market and they have to thrive to gain more exposure for it's branding and showcase their products through different modes of advertising.

Its point of purchase advertising is through its product pictures as consumers find the pictures too tempting and eager to try it. They must be more active in marketing its products although the advertising team have been doing a wonderful job in order to reach out to a bigger pool of consumers and target the right demographic group by utilizing the suggested advertisements in faceable. This will create brand awareness o consumers with interest in desserts who will be able to receive advertisements on their news feed faceable page based on their respective interests.

This mode of advertisement through faceable will go viral faster as it will be able to target the right audience as new consumers and even reach a regional or national audience. However, such types of media is not cost effective for smaller enterprises although one can reach a colossal group of consumers. Besides having a faceable account and participated in trade fairs , it may seek help from its consumers to spread the brand around through word of mouth. Word of mouth is the best and fastest mode of advertisement.

By providing an excellent service and experience to its consumers, the brand will speak for itself. By offering good products, customers will share with their families and friends on the ice cream and many of 320 Below customers are referrals. The organization is also ranked Top 15 in Trapdoors

which constitutes about 30% of their customer base whom are tourists. By winning its customers hearts, they will keep coming back and start introducing to their friends and share 320 Below faceable page on their faceable.