

# Cp rice global marketing assignment

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Introduction Enclosed within this report is the background of the Charoen Pokphand Group; Asia’s leading globally committed conglomerate, how it was started and their main products and services as “ Rice” product is the key focus. It includes host country and competitor analysis, market entry strategy also being explored in this report. This detailed explanation was arrived after much research and analysis. Objectives The objective of this report is to find out the background of the company, as Rice is specific product and Singapore is a trading partner .

We hope to know about host country environment which affect the demand for the company product and their competitors as well as the entry mode and market entry strategy. We also analyse marketing mix and company's SWOT as the data tell many things about the company. Above all, we hope to improve our ability and understanding and also educate other classmate about the modern philosophy in the field of Global marketing and its applications in Thai situation. We are working on and for them to have a better understanding of the subject.

1. Introduction
1. Company Background
1. History of C. P.

Company In 1921, Charoen Pokphand Group or generally know as C. P. Group was very first introduced as a small seed shop in Bangkok's China town named " Chia Tai" by Chia brothers, Ek Chor and Siew Whooy. A successful seeds business in Thailand allowed this company to steps forward to other level; livestock farming, then toward a fully integrated agribusiness (as of seed to feed to food). During 30 year of operation; C. P. reached fifth largest feed mill operator in the world. Recently C. P. group is the largest conglomerate business in Thailand and one of the leading conglomerates in Asia.

Since Charoen Pokphand Group carry on aggressively invest and operate in numerous industries across the world, agribusiness still is intensely embedded within the practicalities of the organization as it branches additional into the international markets. The C. P. group is now employing greater than 250, 000 people worldwide and attained 14 million dollars at the end of 2006.

1. C. P. INTERTRADE CO. , LTD, the trading arm of C. P. group & major distribution of C. P. Thai rice
- The International Trading

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Business Group of C. P. or commonly known as C. P. Intertrade CO. LTD was founded in 1979 as general trading company promoted by Thailand's Board of Investment (BOI), with registered capital 100 million baths. C. P. Intertrade CO., LTD is the trading arm of C. P. Corporation conducts trade sorting from basic agricultural products and industrial raw materials to high value-added foodstuffs. With over 25 years of international trade experience, The Company won "THE BEST EXPORTER" awards in 1978 and 1988, besides in 1995 award-winning rice products are known under the brand name 'Royal Umbrella'.

### 1. 2 Organization Structure

#### 1. Reason for conducting international marketing activities

C. P. corporate has been involved in international business. Almost of their businesses are direct- investment and joint- venture in many country. It has branches throughout Asia (including China), the Middle East, Europe, North and South America and South Africa. As the great opportunity to expand its business, C. P. Group has been fully conducted the international business since 1960 while the first international branch was established in Hong Kong. Lately, the company has grown into a global business, with more than 250 subsidiaries in 20 countries

Like other successful company, C. P. see an opportunity of maximize their profit and expand it market throughout the world. Seeing that, C. P. generates various kinds of products and services, performing international marketing activities will generate more distribution channel and increase number of business customer both directly and indirectly. As number of customer of C. P. increase, it is surely that the company will generate more revenue.

### 1. 4 Product Overview

#### 1. 4. 1 C. P. Main Products & services

As the largest conglomerate business group, C. P.

Corporation gradually expands business throughout the world and involve in international business offering wide ranges and different product lines. Begin with Agro-business and Food by CPF group and its vision of becoming the “Kitchen of the World” maintains this company as the number one of Agro-business and Food Industry in Thailand. Since 1921, Agribusiness is still at heart of C. P. This core business divided into two major business lines; Livestock business consisting of chicken, duck and swine; Aquaculture business consisting of shrimp and fish.

Marketing and Distribution business; To serve consumers wants and needs efficiently and effectively, the foundation of convenience stores, shopping malls and hyper supermarkets have been one of the C. P. group’s main business. Three main businesses is comprised of C. P. ‘s Seven Eleven; international’s premier convenience store with 3, 800 stores in Thailand. , C. P. ‘s Lotus Super Centers ;‘one-stop’ shopping situated across China with 75 store , and C. P. ‘s Super Brand Mall; China’s first and largest one-stop shopping and entertainment complex. C. P. s Telecommunication Services; Thailand’s most integrated communications solution provider, convergence leader and prime lifestyle enabler which generally known as True Corporation Plc. True is tactically positioned to provide consumers with a convergence of network services and content. Seed, Fertilizer and Plant Protection by Chia Tai Business Group, offering a full range of seeds (vegetables and flowers) and fertilizers (various formulas). Besides, the business group has developed organic vegetables for local markets and offers consultation farming services in local and Asian markets

International Trading Business Group; conducts trade ranging from basic agricultural products and industrial raw materials to high value-added foodstuffs. The Crop Integration Business Group, with four main businesses in the area of ' Field Crops', ' Horticulture', ' Rice' and ' Agricultural Machinery'. Products such as hybrid corn, rice, fertilizers, tropical fruits, orchids, tea, wine, disease-free planting materials and food processing machinery are sections of the Crop Integration Business Group's accomplishments.

This business line holds local and international farmers located in China, Vietnam, Indonesia, Myanmar, Cambodia, India, and etc. C. P. ' s Plastic By Plastic business group; manufactures a wide range of products from polypropylene, PVC, artificial leather, and sponge to rigid PVC. This has been one of Thailand's largest plastic manufacturers. The Pet Food Business Group by Perfect Companion Co. , Ltd providing balanced and nutritional food, including special diet formulas, vitamins, treats and chews, plus care products, for specific breeds of dogs, cats, birds, aquarium fish, horses and zoo animals.

The Automotive and Industrial Products Business Group; concentrates in manufacturing motorcycles (Under the DAYANG trademark) and automotive parts. With a production achieve at 1 million units per year in China, the company currently produces 50 models covering 8 series of motorcycles ranging from 50cc to 200cc. Aside from supplying products to the domestic market, the company's products are exported to countries in Europe, Asia, Africa, North and South America The Real Estate and Land Development Business Group owns and manages several property sites inside Thailand.

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Existing property sites include apartment, hotel (The Grand Mercure Fortune), office buildings, shopping centers, industrial estates, and etc. 1. 4. 2Agribusiness & Food, the heart of C. P. The integrated agribusiness of C. P. group places them to meet the world's changing lifestyles need for affordable, nutrition, and high quality food products. With five divisions which are seed, animal feed, and livestock production, further processing, and trading and implementing both horizontally and vertically integrated agribusinesses help C. P. roup satisfy the world's demand and then established this largest conglomerate business group with value. 1. 5Particular Product (For Group Analysis) C. P. Intertrade Co. , Ltd. , a subsidiary of C. P. Corporation, supplies variety of food under “ ROYAL UMBRELLA” brand which has been trade worldwide under its control. However, a specific product that has been chosen for group analysis is “ CP Thai Rice” under a brand name of “ ROYAL UMBRELLA”. 2Current Market Situation 2. 1Country Analysis (Target market) C. P. Group began business in Singapore since 1976.

Later Singapore become the largest rice importer form C. P. Intertrade Co. ; Ltd; under the “ Royal umbrella” brand. 2. 1. 1Geographic Environment Involving in international trade, geographical perspectives is surely effect C. P. group for the reason that it's related to their business decisions: The location of different kinds of economic activity and the transactions that flows across national boundaries, provides insights into the natural and human factors that influence patterns of production and consumption in different parts of the world. It explains why patterns of trade and exchange evolve over time.

And it provides a means for assessing how patterns might change in the future through analysis of processes that result in different geographic patterns. In a word, geographic environment provides powerful means for CP group business strategy. GEOGRAPHIC ENVIRONMENT AND C. P. BUSINESS LOCATION It is one of the most important factor that CP have to consider first when develop their new market at outside of local areas. Location affects their logistic strategy as transportation and distribution. (Ex: Different locations need different transport ways as railway, ship, truck. ) C. P. hip their rice product to Singapore via Vessel which is the suitable mode of transportation as rice is the generic food and not easy being spoiled and very heavy. Vessel shipment is not only inexpensive but also carry large amount at a time. The destinations are Port of Singapore; the world’s busiest port in 2005 in terms of shipping tonnage handled and Jurong Port. Koh Sichang is the commercial port for loading / unloading vessels. PLACE The characteristics of places both natural and human profoundly influence the way that our business executives in different places participate in international economic transactions.

Natural features- climate is one of the other important factors because C. P. business related to agricultural production. Therefore, C. P. will build distribution center in warmer, drier areas where good for rice storage and will also consider of climate when we transport our rice to other country in order to decrease damages from bad climate. Human features ??? population of a place is also important because C. P. business require intensive labor to be successful. Skills and qualifications of the population also play important role in determining productivity of rice growing.



Singapore is a very small county with a big amount of population which covered by modern buildings and road, therefore, no place to grow agricultural product, it is caused a big demand in many kinds of industrial and agricultural resources. In other ways, its allow CP group export more rice to Singapore. INTERACTION The nature of human-environmental interaction also affects C. P. group strategies in production and world market distribution. With technological advances, the company has been able to modify and adapt to their production environment in increasingly sophisticated ways.

Advanced irrigation system and bio-tech permit us increase in productivities and be grown in more area. Developing and increasing quality of transportation ventures and condition of road allow C. P. quicker in delivery to Singapore. MOVEMENT Our inter-trade exists because movement permits the transportation of people and goods and communication of information and ideas among different places. The location and character of transportation and communication systems long have had power influences on our economic standing of places because C. P. usiness faces on large export transportation. Communication advances have had a staggering impact on the way that international marketing. Currently we successfully create our brand royally in the world wide market. Keep on communicating with our customers is also important for our further business. Singapore typically request for higher grade and better quality of rice. This is mainly the result of better living standards, a change in lifestyle and subsequent change in taste and choice. The healthy choice consumers are also health conscious in their consumption pattern.

This is inline with the active promotion of the Government to eat and stay health. Therefore, Consumers in Singapore prefer the higher grade rice that is widely know as “ Thai Hom Mali” rice or Thai fragrant rice. The quality, texture and moisture content in this rice are most acceptable by the local consumers. Although it's has high price. REGION Understanding of region is also important because region can define by patterns of location, place, and movement in other ways its combination of all patterns. Government: government has a strong impact on the conduct of C.

P. business. The borders of government jurisdictions often coincide with the functional boundaries of economic regions. Therefore, study of WTO and FTA rules in different regions is directly related to C. P. margins. We have to work out different marketing strategies to different regions. Singapore is one of the ASEAN Free Trade Area members, so C. P. export of rice has very low cost in tariff and non-tariff barriers. And Singapore government encourages local retailers to import C. P. group rice by reorganization of their high quality rice. . 1. 2Cultural Environment Culture is the pattern of behavior and thinking that people learn, create, and share. Culture distinguishes one human group from others. Cultural preferences are major reasons for adapting products as they affect purchasing behavior and product use. Cultural influences drastically on the usage of goods such as personal goods (clothing, food) and non-durable consumer goods (grocery products, etc). The cultural influence is less appreciated with regard to industrial goods and production goods.

However, even if the latter are less modification of the cultural environment, alternations is still necessary for other reasons, for example, connection to <https://assignbuster.com/cp-rice-global-marketing-assignment/>

legislation climate. Cultural development, the sociology and cultural influence on economic development, moral maps in societies, gender and human values and national prosperity are creating changes in consumption, distribution, product and price adaptation in foreign market. Understanding the cultural value of various consumer behaviours and understanding personal values in a society affect on marketing strategies in emerging economies.

A people's culture includes their beliefs, rules of behaviour, language, rituals, art, and technology, styles of dress, ways of producing and cooking food, religion, and political and economic systems. For example: A U. S. toothpaste manufacturer promised its customers that they would be more "interesting" if they used the firm's toothpaste. But in Latin American Countries "interesting" is another euphemism for "pregnant". Consumption patterns, living styles, and the priority of needs are all dictated by culture. Culture prescribes the manner in which people satisfy their desires.

No wonder that consumption habits vary greatly. The consumption of beef provides a good illustration. Some Chinese do not consume beef at all, believing that it is improper to eat cattle that work on farms, thus helping to provide foods such as rice and vegetables. Singapore: the most economical and largest country in South East Asia has a loveable and incredible combination of different cultures of various ethnic groups. The immigrants of the past have given the place a mixture of Malay, Chinese, Indian, and European influences, all of which have intermingled.

The Chinese are predominantly followers of Buddhism, Taoism, Shenism, Christians, Catholics and some considered as ‘ free-thinkers’ (Those who do not belong to any religion). Malays have the Muslims and Indians are Hindus. There are a sizeable number of Muslims and Sikhs in the Indian population. The important manners and customs of Singaporeans that the international marketers should know are they do not like to be touched anything with the fingers. Using the hands is considered ill-mannered and unhygienic.

Singaporeans use utensils such as forks, spoons and chop sticks for pizza, sandwiches, fruit, chicken, Chinese foods such as noodle and Japanese foods such as sushi. They try to eat in the “ continental” style, with the chop stick most of the time. Singaporeans people like to eat street food all the time. It is no secret that Singaporeans eat and drink with a passion. As the Singaporean traditional food is so much rely on the rice. Such as Chinese food (Hainanese chicken rice, clay pot rice) Malay food (coconut rice with chicken) Indian food (bariani). As the Asian, they used to eat with rice everyday.

Modern people especially who take care on their health has been looking for a meal that is delicious, low fat and easy to eat something like Japanese sushi. In Singapore, people discovered Sushi & Sashimi in the last decade, so, everybody is looking for something really special for a healthy life. For a long time Japanese restaurants were unknown before becoming fashionable a few years ago, and now they are popular to stay as the new generation cannot live without a sushi. Eating well in good Japanese restaurants in Singapore is not cheap but it is very easy.

The city is quickly becoming one of the gastronomic centres of the world. As eating rice has been used in Singapore cuisines for a long time ago, they prefer to have the rice in sushi in Singapore is a change agent there. So the new style of eating rice takes their interest and consumption of rice is increasing. So Singapore's culture is easy to adapt as there are many ethnic groups. There is no conflict with the language and religion of Singapore because they also use English and the Buddhism has no restriction on one's eating habit. And their manners and customs on eating give no trouble to operate.

Though they have their wonderful, gorgeous and wonderful traditional cuisine, they also fond of all kinds of good foods around the world. The main point is that the high demand of rice in Singapore is very attractive as they use large amount of rice in their traditional food and Japanese food restaurants, such as sushi retailers, are also more and more. We can target not only the Japanese in Singapore but also the new generation of Singapore as they are now enhancing eating habits of Japanese Cuisine where we can mostly use rice in large amount. Moreover, we can also target the Singaporean Cuisine. 2. 1. 3Economic Environment

C. P. Company sees a greater export potential for high quality rice due to its unique taste particularly jasmine rice, 100-per-cent white rice and parboiled rice. The company exports under its own brand name, " Royal Umbrella," an average of 40, 000 tones of rice annually worth Bt1 billion. Main export markets include Hong Kong, Singapore, the Middle East and the United States. During the review period, economic growth in Singapore was strong until mid-1997, when the effects of the Asian economic crisis began to be

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felt. Between 1995 and 1997, real GDP growth averaged over 8% annually. Real GDP growth fell sharply to 0. % in 1998, however, mainly as a result of both weaker demands in the region and in demand for Singapore's main exports outside the region. Slower economic activity pushed unemployment up from 1. 8% in 1997 to 3. 2% in 1998. Economic growth in Singapore is underpinned by a stable macroeconomic environment. A history of prudent fiscal and monetary policy enabled the Government to respond swiftly to the economic crisis that hit the region in 1997, giving temporary tax cuts to businesses in the 1998 and 1999 budgets to tide them over the crisis. As a consequence, the previously surplus budget is expected to register a deficit of 3. % of GDP in 1999/2000. In addition, monetary policy was loosened to allow the exchange rate to fluctuate within a wider band, reducing pressure on the currency. The outcome is that the Singapore dollar has depreciated against major international currencies, although the more substantial regional currency devaluations have eroded the external competitiveness of Singapore's lower value-added exports. As a result, inter alia, of the Government's budgetary measures, improved demand in Singapore's major export markets for electronics, and signs of economic recovery in the Asian region, the Singapore economy appears to be making a rapid recovery.

Overall real GDP growth projections for 1999 are currently around 5%, substantially higher than 0. 3% in the previous year. The economic crisis in Asia and subsequent currency devaluations in neighboring countries has, nevertheless, highlighted concerns about the export competitiveness of some sectors; particularly lower value-added manufactures, where lower cost regional producers are making in-roads. Singapore's relative unit labor

costs, especially with respect to other countries in the region, have continued to rise for much of the period under review.

While the recent temporary budgetary measures have helped cut costs, longer term measures, including programmes such as Industry 21, Information Technology 21, and Manpower 21, have also been taken to increase value-added production in manufacturing and services. Between 1995 and 1998, Singapore reduced the percentage of tariff lines subject to import prohibitions (from 0.7% to 0.5%) and to automatic and non-automatic import licensing (from 19.7% to 19.2%), the report states.

In general, Singapore maintains import and export restrictions for environmental or health and safety reasons; however, imports of rice are licensed for food security reasons and a ban is maintained on imports of motor vehicles that are three years old and above, for safety and environmental reasons. Every decision making that C. P. Corporation has been made for international engaged company must be considered trade restrictions and regulations of Singapore. Rice is the number one export product of Thailand. C. P.

Intertrade is one of the major Thai rice exporter and one of its main target market is Singapore. Singapore import rice mostly from Thailand around 350,000-400,000 tones each year more than other country. Percentage show that 83.1% of total rice imports are from Thailand. SINGAPORE IMPORT REGULATION Singapore employs Free Trade Policy, thus there is no import tax except GST (Goods & Services Tax) which is only 5% (Government of Singapore is now consider to increase to 7% in 2005). The Importer must be

granted an Import License from International Enterprise Singapore (I E Singapore).

RICE TRADE REGULATION Rice importers of Singapore have to stock the rice two time of its rice import each month and have to keep it only in Singapore Storage & Warehouse Pte. Ltd. (SSW). Types of rice that have to be reserve are Fragrant Rice, White Rice and Broken Rice. Other than this is exception. Besides, International Enterprise Singapore (I E Singapore) is only an organization that has authorization to approve quantity of rice trade so if any importer prefer to increase or decrease amount of rice trade, they must inform and ask permission three month before any transaction is occur . 1.

4Political and Legal Environment Political and Legal Environment has played a critical role and influenced every business organization in conducting global business. Expert manager should clearly understand about political and legal circumstances of both home country and those of the host country.

HOME POLITICAL & LEGAL (THAILAND) The politics of Thailand currently takes place in a structure of a constitutional monarchy, whereby the Prime Minister is the head of government and a hereditary monarch is head of state. Thailand had been ruled by kings since the thirteenth century.

The King of Thailand has little direct power under the constitution but is a symbol of national identity and unity. Export Control Promotion and maintenance of quality in Thai Hom Mali Rice is requiring establishing reliability and gaining acceptance in foreign markets. 1. ) Thai Hom Mali Rice should be prescribed as a standardized commodity. 2. ) Thai Hom Mali Rice Standards should be divided into the 2 following types: White rice and Cargo rice. 3. ) Thai Hom Mali Rice which is standardized should have the standards <https://assignbuster.com/cp-rice-global-marketing-assignment/>



as follows: (1)Containing must not less than 92. per cent of Thai Hom Mali Rice (2)The moisture content must not having exceeding 14. 0 per cent (3)Having the general characteristics of a long grain rice with naturally little chalk (4)Not having any live insect

HOST POLITICAL & LEGAL (SINGAPORE)  
The politics of Singapore take place in a framework of a administrative republic, that the Prime Minister of Singapore is the head of government with a purifier multi-party system. The role of the president as the head of state has been, historically, largely ceremonial, although the constitution was amended in 1991.

Import Control Policy and Import Quota Singapore use freely trade system, no import tax. The tax that collect call goods and services tax 5% and have the import regulation by importer have to receive the import license from International Enterprise Singapore which has characteristic of Statutory Board. Rice Import Quota 1. The importer has to reserve the rice in double of quantity that import in each month and the rice reserve have to keep in Singapore Storage & Warehouse Pte. Ltd. The types of rice that have to reserve are Fragrant Rice, White Rice and Broken Rice.

The rice that has not reserve are Half-milled rice, Steamed rice and sticky rice. 2. I E Singapore who approve quantity of import rice such as in case that importer have a purpose to import rice 500 tons in March should have 1, 000 tons an in April, for those who want to import 550 tons should write the letter to I E Singapore to request for the approval first. In case to reduce the quantity of import such as from 500 tons to 450 tons should request the approval from I E Singapore 3 months in advance. Rice License Rice is a

main food in Singapore. Consequently, the import regulations for rice are maintained purely for security purpose.

All importers of rice are required to be licensed. The imports of rice are also subject to licensing. There are two categories of import licenses, namely, the stockpile licenses and ordinary licenses: 1. Licenses for stockpile grades of rice are issued only to importers who participate in the Rice Stockpile Scheme. The licenses seeks to ensure that the importers of the stockpile the stipulated types and minimum quantities of rice in proportion to their total imports. The rice stockpile is reserve stock for emergency use; and 2. Licenses for non-stockpile grades of rice are issued automatically.

The quantities of rice that are imported into Singapore are decided entirely by the importers themselves. Singapore's average annual imports of rice in the last two years are about 200, 000 tons. Under license and partial monopoly of the Food Commissioner's Department, Licenses are issued to actual users for import of small quantities of luxury varieties of rice.

**GOVERNMENT SUPPORT** The Department of Export Promotion have a very important strategies for improve Thai producer and exporter which have a very potential in case to negotiate with foreign buyer and importer both in the main export market and new export market.

Also in the market which have FTA contract to achieve the alliance negotiation between countries include increase export potential by service the exporter with export document and electronic support document and encourage the E-Logistic system for decrease the register step and cost. In the export promotion, the indicator for the strategic is the proportion of the

value of export in the main market with the old market, in the year 2007 the proportion is about 40: 60

The Department of Export Promotion provide information and suggestion about commercialization, marketing, product development and services business, building Thai brand, develop employees to export and develop commercial telecommunication system. 2. 2Competitors Analysis 2. 2.

1Thailand; number one rice exporter Considering in general, Thailand has been the number one rice exporter and supplier in the global rice trade and market share for many years since 1995 up to now seeing that Thai rice quantity and quality is remarkable in the Global market.

The top three rice exporter regardless Thailand are Vietnam followed by India and United State as the table show below. Within this latest year; the year of 2007, World rice supplies are predicted to be tight, but despite this abundant supplies in Thailand will permit it to expand its lead as the world's largest exporter. Vietnam as the world's second-largest rice exporter is stuck in exporting and expanding their global market share. Even though, within this several years Vietnam took some market share form Thailand and considered as a hard competitor.

However, during this year due to unexpected natural disaster and decreasing in rice cultivation area, Vietnam is predicted to export less than last year and lowering in world rice market share while Thailand is expected to increase in market share. RankCountryExports (M/T) 1Thailand 8. 25 2Vietnam 4. 70 3India 4. 30 4United States 3. 08 5Pakistan 2. 50 6China, Peoples Republic of 0. 80 7Egypt 0. 80 8Uruguay 0. 75 9Australia 0. 60 10Argentina 0. 45 Data

source: USDA-FAS, Production, Supply and Distribution (PS) Database.

<http://www.fas.usda.gov/psdonline/psdHome.aspx> 2. 2. C. P. competitor analysis Analyzing competitors in Rice trading sector of C. P. , both direct competitors to Royal Umbrella brands itself and competitors in rice bidding are realized. COMPETITORS OF ROYAL UMBRELLA RICE Direct competitors to Royal Umbrella brand in Singapore, which has been shelves in the same distribute store are more than 30 brands namely; Double FairPrice, FairPrice, Golden Fairprice, Golden Royal Dragon, Harvest King, Golden Wheel, Rambutan, Golden Dragon & Phoenix, Golden Phoenix, Golden Jade, Golden Rhino, Golden Coco, Songhe, Double F. K. , Golden F. K. Sun Moon, Golden Flying Fish, Golden Padi, Golden Eagle, Jin Huang, Golden Lion King, Heavenly Peaches, Golden Twin Lion, Golden Prosperity, Golden Leaf, Golden Five Stars, Golden Twin Stars, Golden Three Stars, Golden Pineapple, Royal Lily, Golden Narcissus, Golden Field, Golden Tri-Leaf, Golden Longan, Flying Man, Golden Princess, Golden Mandarin, Happy Times and Day'O Fragrant. Those are brand competitor to Royal Umbrella brand in Singapore rice retailing. RICE BIDDING COMPETITORS Recently, rice bidding of Thai government each year becomes more aggressive as there are many potential participants.

C. P. Thai Rice submits all tender under control of 2 companies which are C. P. Intertrade Co. , Ltd and Bangkok Rice Products Co. , Ltd... C. P. Thai Rice has been faced more than 200 competitors on rice bidding. However, several main competitors are Capital Cereal Co. , Ltd , Capital Rice Co. , Ltd from STC Group, Siam Thanyarak Silo from President Agri Trading Co, Ltd, Chokanan Rice (2003) Co. , Ltd, Koaw Chaiyaporn Co. , Ltd, from Chaiyaporn

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International Co, Ltd, Asia Goldenrice Co. , Ltd, Riceland International Co. , Ltd. and etc. Competitors in rice bidding are more aggressive than rice selling. Finding customer is easier than competing in bidding rice. Any company in rice sector wins in the bidding will surely sell the entire silo as the world rice demand is more than supply. 2. 3External Environment of Host country VS. Marketing Strategies When C. P group subject to its business, there are two marketing environments Effect Company's marketing strategy; Micro and Macro Environment or in other words are company's internal and external environment.

External environment is larger societal forces that affect the internal environment. It's considered to beyond the control of the organization. The illustration shows below is the external environment forces which affect C. P groups marketing strategies in Singapore: Those external environment forces which are geographical, culture, economic, political and legal environments affect C. P. Company's marketing strategies in exporting their rice to Singapore. Traditionally, rice is the main meals for Singaporeans but as the limited geographical environment, there is no area of growing rice.

Therefore, importing from outside is the only way to satisfy the large rice demand of Singaporean population. Singapore government creates free trade policy which has no import tax except GST. for I. E license holders. Moreover, the highly growth and more strength in economic of Singapore result better living standards, a change in lifestyle and subsequent change in taste and choice. The healthy choice consumers are also health conscious in their consumption pattern and with the active promotion of the Government to " Eat and Stay Health"

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As a result, higher grade and better quality of rice that is widely known as “Thai Hom Mali” rice or Thai fragrant rice. The quality, texture and moisture content in this rice are most acceptable by the local consumers, even though it has a high price. Providing the higher grade and the better quality of rice is the best way to capture the Singapore market share in the rice sector.

3Market Entry Strategies Company uses various market entry strategies in doing international business with different countries in different types of business and products. In rice trading, C. P. Group uses Exporting as the market entry mode to distribute their rice product to more than 50 countries around the world including Singapore. They established their own intermediary which is known as C. P. Intertrade; their own Export Management Companies (EMC) to manage all of their exporting and for purposes of sourcing, buying agent, and consolidating services for all non-food and foodstuffs from Thailand and all over Asia.

4Marketing Mixes

4. 1Product C. P. Intertrade Co. Ltd or CPI adds value to various categories of generic products such as Rice and other agricultural goods.

This report is focused on “Rice” as the main product. “ROYAL UMBRELLA” Thai fragrant rice, as a leading product, was won the prime minister’s export award in 1995. The premium quality Thai fragrant rice which is re-cleaned and polished by the most modern machines which automatically run under computerized quality control, strictly free from insects and unusual materials.

BRANDING&LOGO Rice product of C. P. Company has been called as “CP Thai Rice” under a brand name of “ROYAL UMBRELLA” and brand theme of “Rice is Life”.

PACKAGING

It is individually packed in attractive and strong consumer bags of 1 – 50 kilograms. (1kg, 2kg, 5kg, 10kg, 20kg, 25kg, 30kg and 50kg. ) PRODUCT LINES For rice products, the company provides four different categories together with the premium quality Thai fragrant rice. 4. 2Price Trading price of Rice between C. P. Company and their importer is a commercial secret. However, they must follow the standard rice export selling price that will be announced by Rice Exporters Association of Thailand. Price that has been announced is FOB selling price from Bangkok Market.

The example Standard selling prices of rice in year of 2005 are as follow;  
 STANDARD EXPORT RICE PRICES (Export Prices (F. O. B), USD per M/T) Type of rice  
 29-Aug-07 22-Aug-07 15-Aug-07 8-Aug-07 1-Aug-07 Jasmine Rice  
 100%NA \$574 \$580 \$583 \$586 White Rice 100% \$334 \$332 \$336 \$337 \$339  
 White Glutinous Rice 10% \$746 \$746 \$724 \$728 \$732 Parboiled Rice 100%  
 \$340 \$338 \$341 \$340 \$342 Source; The Rice Exporters Association  
 ( Bangkok, Thailand) Term of sale that has been employed by C. P. Intertrade and importer in Singapore is CIF (Cost, Insurance and Freight); a common selling term in a sales contract.

This means that C. P. takes responsible of freight or transport costs and also the cost of marine insurance. There are several of different payments methods that C. P. accepted. Three mostly used are as followed. ??? Cash in advance ??? Document against Payment ??? Letter of Credit 4. 3Place (Distribution Channel) Distribution is the part of the marketing mix ensuring that customer obtains their purchases at the right time in the proper place. This doings insert value to a product. Actually, distribution offerings to three of the four type of utility-time, place, and ownership utility.

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RICE DISTRIBUTION CHANNEL OF C. P. Form a Rice Silo to rice processing plants in Patumthani and Ayudhaya Province, C. P. Company exports their rice to Singapore and other countries around the world using their own intermediary; CPI or C. P. intertrade Co. Ltd. Key importers of C. P. Thai Rice are Singapore General Rice Importers Association and NTUC FairPrice Co-Operative. Their customers are end user, manufactures who need rice as the raw material, Wholesaler/ Distributor and Exporter. C. P. also sells rice under Royal umbrella brand. It can be found easily in Singapore.

The key distributors are NTUC (National Trades Union Congress) Fair Price; the leading supermarket in Singapore with a retail network of close to 180 stores and NTUC Fair Price also uses an E-commerce to sell their product, Cold Storage; the supermarket retailer of 30 stores, Carrefour (2 Branches), Giant (7 Branches), Cheers Convenience Store, Pearn-Thai shop and other grocery stores island-wide. 4. 4Promotion Promotion is one of the four key aspects of the marketing mix. This includes all of the tools available to the marketer for ' marketing communication'. The elements of the promotions mix are: ? Personal Selling. Sales Promotion. ? Public Relations. ? Direct Mail. ? Trade Fairs and Exhibitions. ? Advertising. ? Sponsorship. C. P. Company has been promoted their Royal Umbrella brand product mainly through Trade Exhibitions. The latest exhibition that they attend was Thaifex, World of Food Asia. Below the line strategy tool such as Sponsorship has been use a lot to promote their Royal Umbrella rice product. Academic Olympics Sponsored by " Royal Umbrella Rice" has been recognizing gradually by their customers. The company also promotes their product



through website. They create separate website for Rice product via “ www. cpthairice. com”.

Above the line Strategy for example Advertising through TV commercial is one of promotion tool that has been using for Royal Umbrella Rice (broadcast in Singapore Oct 2003 ??? Oct 2005). 5SWOT Analysis for C. P Rice Product

**STRENGTHS** WEAKNESSES ??? High Quality Product ??? Good reputation among customers ??? Quality Guarantee ??? Strong Marketing and Distribution Channel ??? Strong in building human resource ??? High financial stability ??? Less Focus On Individual Product ??? Huge span of control

**OPPORTUNITIES** THREATS ??? Removal of International Trade Barriers ??? High rice production capacity ??? Rising demand of rice in Global market ??? Strong Competitors in the world market Emergence of substitute product ??? High standard rice export grade ??? Hard Inspection of Export Rice ??? Complicated rice bidding process ??? Strong Currency of Thai Baht 5.

**1 Weaknesses and Strengths of the company** WEAKNESSES ??? Less Focus On Individual Product Seeing that C. P. Group is doing business in many different areas, they can not concentrate in every product at a time even though they have an effective management team. ??? Huge Span of control Since C. P. Group has doing business across many sectors, it may not have the flexibility of some of its more focused competitors. **STRENGTHS** ??? High Quality Product C. P. has a greater export potential for high quality rice due to its unique taste particularly jasmine rice, 100-per-cent white rice and parboiled rice. It’s renowned to the world for the best selection from the best rice cultivated, clean and hygienic processing with high technology and long experience in exporting rice. The company provides various rice products of

brand “ ROYAL UMBRELLA” and also offers high quality under customer’s brand. That all of products are come from excellent source through high standard of production technology and pack in hygienic packaging which is just as important as the quality of the rice itself. Good reputation among customers Awards: Thai Prime Minister award Superbrands Thailand 2005, 2006 Superbrands Singapore 2003, 2004, 2005, 2006 ??? Quality Guarantee C. P. Intertrade guarantees 100% satisfaction on all products that they sell. The Quality Technician performs several quality checks ensuring the C. P Products meets international quality. All export rice must be inspected by independence surveyor, such as SGS or Bureau Veritas, at the end of process to certify the Quality, Quantity, Packing and Weight. ??? Strong Marketing and Distribution Channel

Thailand is major rice exporting country and it alone controls about 30% exporting of the market. The CP Thailand Company is the Top 10 exporter of rice, and this is a variety world wide customer’s brand. Main export markets include Hong Kong, Singapore, the Middle East and the United States. To be a top one in exporting rice, that they own the strong distribution channel: CP has constantly sought to provide premium quality products and services at easily accessible stores. The creation of convenience stores, shopping malls and hyper supermarkets has enabled them to serve consumers wants and needs efficiently and effectively. Strong in building human resource The establishment of C. P. Corporate University allows for a centralized system of human resource training and development within the organization at its units situated locally and abroad. In order for the organization to efficiently serve its growing businesses with productive and proficient employees, the need

for a knowledge management center was realize ??? High financial stability  
For the fiscal year ended December 2004, CPF generated revenues of THB 91, 790 million (\$2355 million), an increase of 10% over 2003.

The operating profit of the company during fiscal year 2004 was THB2612 million (\$66. 7 million), a decrease of 6. 5% over 2003. The net profit was THB1236 million (\$31. 5 million) in fiscal year 2004, a decrease of 44. 9% over 2003. 5. 2Treats and Opportunities in the foreign market TREATS ???  
Strong Competitors in the world market Agribusiness country like Vietnam is becomes the hard competitor of exporting rice due to their competitive advantages like cheaper labor cost and fertile rice growing areas. Emergence of Substitute Product There are many substitute products for rice such as bread and noodle. This will reduce the demand for rice if the lifestyle of people is changing. ??? High standard requirement for rice to be export Thailand is the number one of rice trade and supply in the global market. To maintain this position, Thai government creates the high standard rice export grade. C. P Company has to meet this standard. ??? Hard Inspection of Export Rice All rice export from Thailand must be inspected prior to loading.

Generally the inspection is done by independence surveyor ( SGS, Bureau Veritas, etc) appointed by buyer/seller and according to the Ministry of Commerce regulation, the Rice Inspection Committee of Board of Trade of Thailand has been appointed to inspect all lots of Thai Rice Export. ???  
Complicated rice bidding process A new rice bidding process is to help curing the problem of conspiracy among rice trading firm; however it is more complicated than the previous rice bidding process. ??? Strong currency of  
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Thai Baht Strong currency value affects almost every business sector in Thailand especially in doing export.

C. P was also affected by this crisis. Strong Currency will increase the risk of exchange rate in the host country and affect the price of the product. Price of product will be more expensive and demand for that product may decrease. OPPORTUNITIES ??? Removal of International Trade Barriers Increasing in Economic integration likes ASEAN Free Trade Area (AFTA) or FTA among trading country provides so many benefits in doing business in the global market. C. P. Company has been realizing that benefit when exporting rice to Singapore as Thailand and Singapore have been in ASEAN Free Trade Area (AFTA).

Thus; C. P. export of rice has very low cost in tariff and non-tariff barriers. And Singapore government encourages local retailers to import C. P. group rice by reorganization of their high quality rice. ??? High capacity for rice production in Thailand Thailand has considerable excess capacity for increasing rice production. Any upward pressure on the price of rice will provide incentives to exploit the excess capacity for rice production in Thailand. Thailand has continued to increase exports even when rice prices remained low in the world market.

Farmers have maintained a low cost of production despite increasing wage rates through consolidation of farm holdings and mechanization of agricultural operations. If rice prices go up, farmers will be encouraged to increase production by investing in irrigation and increasing area under dry season rice, and reducing the yield gap for the wet season. ??? Increasing

demand for Rice in the global market 5. 3Solution or possible solutions to those Challenges They should use a company's internal strengths to take advantage of external opportunities whereas reduce the impact of external threat.

Moreover, they ought to improving internal weaknesses by taking advantage of external opportunities while creating defensive tactics to reduce internal weaknesses and avoiding environmental threats. 6BCG Model for C. P. Thai Rice The C. P. Thai Rice business is the rice trader to both domestic and foreign market. The company has the rice to sell by auction from government. They divided their rice business in to two categories which are: 1) sell rice to the huge order, 2) sell rice in a form of small package to the convenience store or retailer. So the position of CP Thai Rice business can indicate rom the auction as follows: 1. ) Government auction in year 2543/2546 In this year, there are 9 rice traders who offer the rice in this period, the government chooses the 3 highest price offer company there are 1. ) Capital Serials Co, Ltd (part of Nakorn Luang Rice Trader) 2. ) CP Intertrade and 3. ) President Agri Trading Co, Ltd. In this auction, CP Thai Rice was be the first place and got the rice about 100. 493. 3 tons at the price of 8, 672. 36 Bath: ton. 2. ) Government auction in year 2547/2548 The total rice quantity in this year is 440, 000 tons.

From 30 price offer trader, the government forecasted that the number one of this auction is CP Intertrade(121, 301 tons with 15, 500 Bath: ton), and next is Hual Chuan Rice Trader(14, 500-15, 500 Baht: ton) and Chareaonphol Ricemill(14, 000-15, 300 Baht: ton) From the 2 auctions report, we can summarize as follow: From the graph, we can conclude the CP Thai Rice in <https://assignbuster.com/cp-rice-global-marketing-assignment/>

the Thai rice market that this business is in the “ STAR” period because the company have a very high market share and market growth. The star business is the market leadership so company should use a large amount of money to invest and also generate a large amount of cash.

If a company can maintain their large market share, the company will be the cash cow when the market decline in next future. 7Recommendation C. P. Thai rice under control of C. P Intertrade Co. Ltd, have been successfully in the global market as it has been export to more than 50 countries world-wide for more than a decade. Well-built networking, Trading arm and Strengths of the C. P. group are well supports to C. P. Thai Rice Product. Nevertheless, after many researches about this largest Conglomerate Company in Asia and their C. P.

Thai Rice product, we have found a very important issue which is the rice bidding conspiracy corruption in Rice Industry. C. P. Company should avoid any corruption and bribery on bidding. Following the normal and legal processes will surely bring them a very beautiful success in the global market. Our Last words We have learned very much on this report after much research in every aspect of Charoen Pokphand Group and their Rice Product. This report has not only given us the knowledge of Charoen Pokphand group but also provide a better understanding of Global Marketing term and concept.

Moreover we hope to educate other colleagues about the company . We are working on and for them to have a better understanding of this subject. List of References Poter, Michael E. 1980. Competitive Strategy. London: Collier

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