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Like a forecasting problem, the dissertation named “ The marketing strategy of Vietnamese tea products: current situation and ways for improvement”, also has to look back and analyses the data in the past to work out solutions for the true: review investment situation of Vietnamese tea industry; then lead to the right direction to limit the mistakes, which made in the past; overcome the weaknesses; promote the strengths and help the tea industry go further. 1 Introduction 1. 1 Research background Marketing strategy is a new concept in Vietnam which not all of the companies can apply proficiently and get the high benefits from.

Nowadays, industrialization and modernization is running strongly and fast and Vietnam is stepping on integration. While the competition between different products is not limited for inland trade, foreign products appears more and more in Vietnam and have a steady position in the market. Therefore, marketing strategy is indispensable. It is a bridge for companies to transmit information Of their products, brands and images to customers and help companies gain more knowledge of customers’ needs. It can be seen that marketing strategy plays an important role to Vietnamese companies in general and those related to tea products in particular.

When Vietnamese tea products have already stood firmly and the domestic demand rises slowly, export is considered as a necessary decision and should be implemented in an appropriate way. When Vietnamese tea impasses join in a new market and bring the products to foreign customers, they have to face the huge barriers and compete with many famous and well- known brands all over the world, even with many small names coming from developing countries which have equivalent prices and similar quality.

The question is how Vietnamese companies can improve their marketing strategies current employed for Vietnamese tea. It is clear that the practical activities as raising the quantity and quality of advertisement, building the brand and especially, re-designing the available marketing strategy to raise he strengths and limit the weaknesses are the only ways in front of Vietnamese tea companies’ eyes. The marketing strategy should be paid more attention from the companies and the Vietnam Tea Association (VITAS). 1. 2 Rationale for the topic Since ancient times, tea has become familiar to Vietnamese people.

Tea was present in many places from the most important meetings in imperial palace to daily conversations between farmers at the corners of the villages or roads. Tea is known through traditional long-standing poetries or folk songs which a mother usually sings for her child before sleeping. When Vietnamese people remind to tea, drinking tea and tea culture go deep to Vietnamese peoples minds and become an indispensable habit of many people. Today, tea is no longer just a commodity. It has become a source of life for many people living in remote or backward areas.

Tea, which is a key plant in strategy development, is also a big foreign exchange income for the country, especially during integration time with the international community. Stepping into 201 3, along with many successes brought back, the tea industry still has met many difficulties in both domestic and global markets. Only in July 2013, Vietnamese tea companies exported a big quantity of tea products to many countries with total turnover at more than 100 million USED (VITAS, 2013). However, in US and EX. markets, Vietnam tea was refused because of the lack of assurance in food hygiene.

The domestic market is fiercely competitive by the world famous tea brands such as Lipton, Dilemma, Qualities and so on. The addressing market share shrunk tea industry. Numerous companies are on the brink of bankruptcy. Therefore, at the moment, it is necessary to have an overview of the entire process of the development of Vietnamese tea industry, which has the first investment in raw tea production process, and analyses the causes of these problems to find out the most effective solutions for Vietnamese tea industry to overcome the crisis. 1. Research objectives To answer and solve all the problems in this research, author carries out this study based on the objectives below: Review the knowledge relating to developing a marketing strategy Find out and analyses the situation of Vietnamese tea both externally and internally Figure out the issues surrounding the development of Vietnamese tea industry’ Identify the marketing strategy that Vietnamese tea companies can apply to develop their rodents Make the counsel for the available marketing strategy in order for those companies to improve the performance and gain more market share. . 4 Research questions From the above objectives, the following questions are developed as a guideline for the research: How is a marketing strategy developed? What are the development situations of Vietnamese tea in both domestic and international markets? What are the problems in the development of Vietnamese tea? Which marketing strategy has Vietnamese tea companies used to advertise and develop their products? How should Vietnamese tea producers adapt heir marketing strategy to improve their performance and gain more market share in both domestic and international markets? . 5 Research significance The research describes general knowledge of Vietnamese tea’s penetration in both domestic and international markets and then, gives readers an understanding of marketing strategy which applied by Vietnamese tea companies, whatever it is a success or failure. The research also points out clearly each challenge and chance Vietnamese companies have to meet not only in the past but also at present and in the future during the penetration.

Based on the analysis of the author, Vietnamese tea companies can identify their power, weak points, chances and threatening remarks that they have faced. At the same time, the author recommends some feasible ideas and plans for marketing strategy of Vietnamese tea companies, which can raise competitive ability to reach the highest goal that Vietnam can expect as well. 1. 6 Research limitations This research does not have too many limitations. It is mainly about data collection process, especially the accuracy of data.

The quantity of data and other researches related to the Vietnamese tea development is not too big ND a part of this data which serves the study is from Internet sources. The search through Internet helps author find all necessary information easily in the shortest time. However, it also goes with question about the accuracy Of information when nowadays, information from Internet is always spread quickly and fixed by many people after many times. Therefore, during the writing and searching process, author usually pays attention to the accuracy of information found and only uses those from sources.

Besides that, all the information in this research is secondary data that makes author difficult to incinerate on the goals of study because of information which is not suitable absolutely with the study and the lack of additional useful primary data. 1. 7 Research structure Author divides this research into five main parts. In the first chapter named Introduction, readers are provided general understanding of all the contents related to this paper.

The next chapter, Literature Review, surrounds all the theories which can be seen as basis to develop the research. Besides that, in this part, author also provides information of the common development Of tea industry not only in Vietnam but also in some big countries in the world. After that, with the data collected and built from chapter two, the current situation of the marketing strategies employed for Vietnam tea products is analyses to find out strong points and weak points to develop in the near future.

Last but not least, in final chapter, author summarizes and concludes all the issues presented in previous parts and provide suitable recommendations for the improvements of the current strategies based on the analysis before. 2 Literature review 2. 1 Marketing strategy 2. 1. 1 Definition of marketing strategy Strategy is defined by Chandler (1962) as the hinge goals and objectives of a rim in a long time, and a series of activities and allotment of resources which need for following up these targets.

Besides that, Philip Kettle et al (1999) describe marketing strategy as marketing logic applied in order to help business unit achieve its marketing Objectives. 2. 1. 2 Factors influencing marketing strategy There are many factors that have impacts on marketing strategies. However, the first ones with considerable impacts are usually the products and the markets themselves as they will shape the marketing opportunities for marketers to consider. The following matrix explains the marketing opportunities depending on the situation of products and the markets: Figure 1: Product market growth matrix After Dwyer and Tanner (2006), p. 157 According to Insofar, this matrix mentions four alternative marketing strategies with their characteristics: Market penetration spends existing products and existing market with the aim of increasing market share by some ways as increase in promotion and decrease in price Product development entails capturing available market by new products. Market development involves supplying and distribution the existing products in the new market. Diversification requires the new entrance and development for ewe products to new markets.

The second factor that exercises strong influence on the formation and revision of the marketing strategies is the marketing environment. Understand the environment is the key to develop marketing strategy. It helps companies realism the advantages, disadvantages, chances and risks of the market they are in. The Marketing Environment is divided into two groups of external environment and internal environment by Jobber (2004, p. 132). Dwyer (2006, p. 1 62) defined external environment as objective factors company meets outside and internal environment as what is inside it and how it works.

There are two kind of external environment: micro external environment and macro external environment. They are the exterior sides that company has to face and solve by their own power and they also play an important role in the decision that company will survive or not in the market. Jobber (2004, p. 133) lists some specific factors of each type to give readers a clearer view of their differences. Macro environment can be listed as political, economical, legal, environmental, technological, social and cultural factors, while examples of micro environment are providers, purchasers, rivals, incomers and newcomers

Figure 2: The marketing environment After jobber (2004, p. 1 33) At the same time, in Dwyer and Tanner’s opinions (2006, p. 162), internal environment is the companies’ characteristics which are available inside. Following this model, the strategy in general and the marketing strategies in particular are usually assessed and developed in the following order: first performing external analysis and then internal analysis to establish the base for the creation of the suitable strategy. 2. 2 Developing marketing strategy 2. . 1 Theories of marketing strategy There are as many marketing theories as there are products and services. There is no way to develop every product in all the situations. However, a number of marketing theories have had a position after the test of time and form a solid foundation on which to build a marketing strategy, which include SST p, product life cycle and marketing mix. STEP marketing stands for Segmentation, Targeting and Positioning which is spent to characterize the modern strategic marketing approach.

The figure below shows the process of each stage of STEP and identifies the main components of a complete STEP marketing Figure 3: The step of marketing segmentation Source: Adapted from Dib, S. Et al. (1997, p. 2005) Marketing plan can be considered based on four elements of marketing mix, product, price, promotion and place. With different characteristics of products, companies will analyses all the advantages and disadvantages to have a best marketing strategy along with the product. As Manometer (2003) says, it is advised put the right product in the appropriate place at the proper time. 2. 2. Analysis tools 2. 2. 2. 1 External analysis According to Johnson, Schools and Whetting (2005, up 65 – 68), awareness of all the aspects which surround the company when coming the new environment, should be prepared carefully and ready before its articulation into a new market. Both the overview about macro factors and micro factors are considered through the most popular analysis in marketing strategy. PESTLE framework: Johnson et al. (2005, up 65 – 68) list 5 main groups of factors in PESTLE analysis in order to help companies understand in a detailed way about the unknown environment they take part in.

They include political and legal factors, environmental features, economical elements, technological influences and social and cultural factors. Companies cannot decide all of these factors, they have to learn how to adapt and benefit from these rules ND available standards from the new market. Five forces analysis: Jobber (2004, p. 679) has adopted the five forces analysis developed by Michael Porter and formed a view of barrier and competitive factors that companies need to meet and overcome in a new market situation Figure 4: Porters’ five forces After jobber (2004, p. 79) In this analysis, Jobber (2004, p. 679) considers the market based on five elements: New entrants: A lot of barriers for a company to enter a new market as political, economical, geographical, social, technological, ethical and so on. Suppliers: When there are only some big suppliers and the number of customers (buyers) is huge, that means suppliers usually have certain advantage in negotiation process and can decide what the negotiation leads to.

In contrast, suppliers have to accept the disadvantage and unfavorable requests from buyers. Substitutes: Dwyer and Tanner (2006, p 172) mention substitutes as the lower products which can stand the available position owned by primary products if they can raise the value to a higher level. Competitors: The competition of companies to raise the product names value in customers’ eyes occurs in all the market, especially in the market in which here are too many small companies working in the same field.

The target key for this competition is price and the goal for all of them is attracting more and more customers. Understanding of the marketing environment is important to putting marketing strategies in shape. Markets can be listed as four main types. Fifth correct type of market where companies stand in is not able to be identified, obstacles from consumers and failures are two things they reach. According to Dwyer and Tanner (2006, up. 405 -?? 408), they are pure Competition, Monopoly, Monopolistic, and Oligopoly.

Besides that, Rowland (1997) resents the fact that market can transform from the original type to another. To give a detailed view for marketing environment, it is necessary to understanding the following factors, which plays significant role in shaping the knowledge of the targeted environment. Customer in marketing strategy Shih and Walker (2007) realism that the competition between companies is higher and more difficult so laying customer requirements in focus is the decisive factor to stand steadily in the market.

What all of companies lead to is selling as many products as possible and it is incapable if they do not know customers’ habits to analyses which products customers prefer. Hoffman and Battens (2001) know the one best meets the demand of customers is easier to succeed. Customer behaviors and needs are the key to win in the new market. Buyers – sellers correlation Backstroke (2002, May, up. 148 – 149) mentions the importance of checking the customers’ satisfaction and products’ availability which bring long-term relationships.

Having a long-term relationship helps company and sellers easily understand, give the sympathy and benefit each other. Customer loyalty Strong relationship between companies and customers take back loyal customers which can be as a great advantage by Henning-Thru and Hansen (2000, up. 21-33). If the customers are satisfied with the products, they will recommend it to their family, friends or whoever they know. 2. 2. 2. 2 Internal analysis Johnson et al. (2005, up. 1 17-1 19) divides available resources of companies into two groups: tangible and intangible.

Tangible resources is the physical asset as buildings, labor, machines and so on, while intangible resources are non-physical, non-monetary and unidentifiable asset as information, reputation and customers’ belief. Resources also can be separated as hysterical, financial, human or intellectual capital. SOOT analysis According to Dwyer and Tanner (2006), through identification of two couples of strengths and weaknesses with chances and threats for each company or case, readers can understand the situation, design the marketing plan and find the solution in an easy way.

In this analysis, strengths and weaknesses come from the company’s interior, and opportunities and weaknesses are found from the environment outside that company exists. Market segmentation According to Dib (1 998), marketing segmentation plays an important role n marketing and strategic planning. Company divides customers into different segments. They choose their target customers to design a target strategy which is suitable with goals and their positioning confirmation in the market. Dwyer and Tanner (2006, p. 156) notice that there is no companies which can provide products and satisfy all the segments divided.

Marketing mix Kettle (2002) introduces marketing mix as a set of marketing tools spent to pursue the marketing objectives in the target market. Nil’s marketing mix (1964) includes product designing, price strategy, distribution channels, rumination campaign, brand building, advertising programs, personal selling, service, exhibition, wrapping, physical handling, and fact finding and analysis. Nowadays, marketing mix is known in a popular form named UP with four initial strategies of the old form. Marketing tools Dwyer and Tanner (2006, up. 94 – 297) lists seven main marketing tools to bring products to customers: Advertising is a one-way cost-effective tool and only transfer messages from companies to customers without any reply. It brings effectiveness in a short time and usually be used to strengthen the position and image of the company in customers’ eyes. Advertising is defined by AMA (2008) as any paid forms of non-personal presentation and promotion of any designation, products, or servicing by a determined sponsor. Figure 5: Major media types of advertising Source: Philip Kettle (2000).

Marketing Management Millennium Edition. Direct marketing is described by Dwyer and Tanner (2006, p. 295) that they spend advertising media (mail, fax, Internet and catalogues) to reach measurable outcomes. The marketing user must have information Of communicators and different strategy for different customer groups. However, in Jobber’s opinion (2004, up. 414 – 41 5), this tool can annoy customers and bring negative effects to companies, and in case it succeeds in delivering information to customers, the feedback rate is rather low.