

Hainanese style curry puffs marketing essay



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Old Chang Kee Ltd is a food retailers are known for Hainanese-style curry puffs, which began in 1956 with a small stall in a coffee shop. People love a delicious cake filled with potatoes, curried chicken, a slice of egg, fried with herbs and spices. In 1986, Han Keen Juan updated and prolonged to a chain of over 70 stores in Singapore, located in shopping complex, gas stations and other busy places. Old Chang Kee menu include fried snacks for breakfast and coffee selected fast food. Each curry puff readied and carefully sealed in very clear flavour that won the hearts of many Singaporeans. Old Chang Kee had their overseas outlets in Malaysia, Indonesia and China, and listed on the Singapore Exchange.

1. 1 Strategic focus:

To deliver consistently a wide variety of high quality hot finger food and ready meals through standardised food preparation processes

To refine, and modernise traditional food recipes for the modern, multi-cultural customers

To provide an alternative to fast food for the busy and mobile city dwellers

The Group's objective is to seek continual revenue growth while minimising losses incurred due to increased credit risk exposure.

Product and service quality is most important to be competitive in the global economy.

Old Chang Kee Group will also seek alliances, acquisitions and joint ventures with other food related company

Set long-term strategic plans and objectives for the group and the financial and human resources to meet their objectives (old change 2012)

1. 2 Business model:

Simply a business model is how planned to generate cash, and whether it appears that can do so profitably.

Old Chang Kee started its business with selling handmade curry puff to customer at the early stage of business. When its business has picked up, it started diversify its product to serve variety customer segment by introducing new product likes sotong ball, chicken wing and up to 28 types of products.

An innovative ideas and best practices enable small Old chang kee to improve revenue and service quality

1. 3 Business justification for globalization:

The main motive for globalization of old chang kee are to stay ahead of the competition and intend to capture the market share in other countries. The explanation for choosing Thailand is that, old chang kee has already had their overseas outlets in Malaysia, Indonesia and Philippines and captures the hearts of the people in those countries. Since Thailand is a big country and having huge population. If old chang kee is entered to Thailand there is lot of chances to capture the market share in Thailand.

2. Analysis of the critical issues facing the organization globalization plan:

2. 1 Comparative analysis:

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Malaysia:

Malaysia is upper middle-income countries. The Gross Domestic Product growth in food industry is estimated at 4 percent in 2012, and this may improve 5.6 percent in 2013-2016.

Sales at stores in Malaysian food and drink industry is projected to reach U. S. \$ 15.69 billion in 2011 and expected to grow to \$ 21.17bn in 2015 (food and beverage 2012).

Thailand:

Thailand is a leading consumer and industrial market more than \$ 60 million, while the middle and upper classes people are highly lived in the main cities of Thailand in Bangkok. Chiang Mai, the second largest city in Thailand, located in the cities of the north and south, other major markets for consumers

Demand for a particular variety of snacks increased in recent years in Thailand, such as breads, curry puffs and snacks such as rice crackers and noodles. In Thailand market the sweet and salty snacks is generally to grow by 7% per year to \$ 1 billion in 2015. The potato chip sales exceeded \$ 198 million in 2010 and snacks in general have reached U. S. \$ 244 million 4.5% growth compared to the previous year. In Thailand food industry gained \$27 billion in 2010 which is an increase of 30% from the year 2007 (Thomas 2008).

Philippines:

Philippines are New Zealand 7th biggest food and beverage export markets with total exports amounted to U. S. \$ 436 million in 2010. Gross Domestic Product grew by 4.5 percent in 2011, so the U. S. per capita \$ 2,012

Indonesia is the world's fourth most populous country in the world, with a population of 232.5 million in 2010 and the largest financial system in Southeast Asia (Adam 2010).

In 2011, New Zealand exports of food and beverages were U. S. \$ 468.3 million, becoming the 11th export destination for New Zealand.

Reason for choosing:

The main reason for choosing Thailand for globalization is low competition only countable numbers of snacks companies are compete in Thai market so there is high demand for curry puffs, so it is a great opportunity for Old Chang Kee to globalize in Thailand.

Old Chang Kee have already made a remarkable success in the markets of Malaysia, Indonesia, Philippine and aimed to enter into the Thailand market.

Since Thailand consist of middle and high income group of people, food safety and hygiene is an important consideration among the people. Old Chang Kee provide hygiene snacks with traditional taste so it can also succeed in Thailand market.

Development of urban areas and less time to prepare food at home will increase the demand for fast food. The aim of Old Chang Kee is to provide an alternative to fast food for the busy people in Thailand.

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The travel and tourism industry has experienced strong growth in Thailand which will help to enhance food and beverage sales mostly in the high-end market.

In Thailand, the Central Islamic Committee sets high standards for halal certified food company because Muslims are consuming only halal foods. Old Chang Kee is a halal certified food company there is lot of chances to get more customers in Thailand.

Most of the foods and snacks in Thailand are traditional Thai dishes. However, there are lot of demand and opportunities for other Asian country cuisine as the market slowly progressed due to globalisation.

2. 2 Business issues and environments:

Management of multinational and multicultural is a problem for companies and their executives during globalization. International business environment with a large number of variables is one of the important issues which are difficult to manage.

Environment:

Among Asian countries Thailand is also one of the fastest growing country, the World Bank announce that Thailand was listed 19th in the world and 6th in Asia in terms of doing business easily.

2. 2. 1 SWOT analysis:

Opportunity:

Healthy is becoming big concern in Thailand food market therefore healthy food, diet food & snack, and food nutrition still have good potential in Thailand market.

Investing in Thailand provides companies with a strong export base, with a high-developed industrial supply chain, and offers direct access to the Thai market matures over 67 million customers in the purchase of increased parity

2. 2. 2 Culture:

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Power distance:

Power distance is defined, in the extent to which the less powerful members of institutions and organizations in the country expect and accept that power is distributed evenly.

Thailand score 64 on the index PDI, which is slightly smaller than the average in Singapore (71). It is a society where difference is acceptable strict subordination, and the protocols were not followed. All classes have its rights and workers show loyalty, respect and the respect of his superiors in exchange for protection and guidance. This can lead to parental management. Thus, the attitudes are more formal towards managers and the information flow is hierarchical and controlled.

Individualism:

In individualistic societies, people must take care of themselves and their families. In a collectivist society, people belonging to the “group” to deal with them in exchange for loyalty.

With a score of 20 in Thailand is very collectivism. Expressed as close to its long-term commitment to the member ‘group’. The society provides a strong relationship in which everyone is responsible for the other members of their group.

Offence causes loss of prestige and Thailand are very sensitive should not be embarrassed in front of local group. Personal relationships are the key to doing business and it takes time to build relationships so that it takes patience and not openly discuss business in the early occasions.

Masculinity / Femininity:

High score (male) dimension indicates that the company believes that competition and won success. Low scores (women), the average size of the dominant values in society caring for others and quality of life. The main issue here is the one that makes people want to be the best (men), or you love what you do (women).

Thailand scores 34 in dimension so considered as female. Thailand has the lowest value of masculinity comparing Singapore and the world average of 50. The lowest level is indicative of a society has less violence and competitiveness, as opposed to a situation where the value is considered more important and significant. Moreover, this situation reinforces the traditional roles of men and women in the population.

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Uncertainty avoidance:

Uncertainty avoidance is a way to avoid the social processes that cannot be known in the future, should we try to control the future or just let it happen. Thailand 64 results in that dimension in order to show the preference to avoid uncertainty. To minimize or reduce uncertainty, strict rules, laws, rules and regulations are adopted and implemented. The real purpose of population control of everything is in order to avoid unexpected. As a result of these features to avoid high uncertainty, society does not readily accept change and is very risk adverse.

Long term orientation:

Level of long-term orientation is closely related to the teachings of Confucius and can be interpreted as a search company, if the company's future outlook oriented proven as conventional short-term point of view of practical history

Thailand score of 56 in Long Term Oriented culture though not as much as for most Asian countries. LTO clear about his respect for the traditions and gender inequality. Their fears are not seeking the truth, so they can be flexible and sensible in negotiations. Thailand support long term based outlook and thus Thailand timescales and deadlines are fluid.

2. 2. 3 Financial system:

Thailand's economy is one of the fastest growing second largest economies in South Asia. Thai economy follows export-driven economic development model. Exports accounted for 60% of the total GDP of Thailand. Thailand's economy is based on the principles of free trade. The low wages workers are

the pillars of economic success in Thailand. Thailand has an opening for foreign currency investments (James 2012).

In recent decades, Thailand has become one of the largest producers and exporters of processed foods. The country exports many individual products internationally, such as canned fish, canned juices and frozen poultry.

Approximately 60 percent of the food industry, and consists in 40 percent of the remainder of the beverage. The expected growth in the sector is estimated at about 10 percent per year in the coming years (Joseph 2012)

Year

GDP at constant prices (Billions)

GDP growth rate %

GDP at current prices (Billions)

GDP at current prices (Billions)

2005

3,856.53 (THB)

4.6 %

7,092.89 (THB)

176.35 (USD)

2006

4, 054. 89 (THB)

5. 1%

7, 844. 94 (THB)

207. 09 (USD)

2007

4, 259. 81 (THB)

5. 0 %

8, 525. 20 (THB)

246. 98 (USD)

2008

4, 368. 64 (THB)

2. 5 %

9, 080. 47 (THB)

272. 58 (USD)

2009

4, 268. 11 (THB)

-2. 3 %

9, 041. 55 (THB)

263. 71 (USD)

2010

4, 597. 82 (THB)

7. 8 %

10, 104. 82 (THB)

318. 91 (USD)

2011

4, 601. 81 (THB)

0. 1 %

10, 539. 45 (THB)

345. 65 (USD)

2. 2. 4 Regulatory framework:

Foreigners who want to do business in Thailand include the Law on Foreign Affairs. Export of all types of goods can be permitted in Thailand. Foreigners cannot import goods for sale, either wholesale or retail, as a company, if the company is authorized by the Ministry of Commerce and the capitalization of at least 100 million baht. However, the importation of foreign raw materials

and equipment for the production of products those are not covered under foreign law.

Price and value added tax (“ VAT”), usually in the importation of goods into Thailand. Depending on the classification of goods in the price differs. Value added tax is currently 7%. In addition, excise duties on certain products, such as perfume, tobacco, oil and oil products, beverages, perfumes, cars, etc(Walker J. R, 2011).

2. 2. 5 Infrastructure:

Thailand has an infrastructure of world class ports including several state-of-the-art, airports and communications. Suvarnabhumi International Airport and the Port of Laem Chabang in basic transportation provide manufacturers, they need for their exports, while the 225 km road between the cities is being built, which is linking Bangkok to other parts of the country is the Kingdom of efficient transport.

In addition, the Greater Mekong Sub-region passageway linking Thailand with neighbouring countries in the Mekong basin, including Vietnam, Cambodia, Laos, Myanmar and the Yunnan province of China, and promote the integration of the Greater Mekong Sub region(Hoe 2009).

3. Implementation plan:

3. 1 New Entity Form and Structure:

Companies can work in a range of structures such as sole proprietorship, partnership, limited partnership, Limited Liability Company or corporation.

Each of these forms of integration has a number of advantages and limitations. Legal structure of the business determines how it is managed and taxed, and what rules and regulations it must follow.

So to implement a new entity for we have to consider the following things

Company Size:

I plan to open some two outlets in Thailand, so the size of the company is small. There is minimum number of requirement for employees and managers and specify the shares of the owners. Since it is a small company there is no need for additional formalities. The flexible forms of business for smaller companies are Limited Liability Company.

Business Purpose:

The purpose of the business is to sell a product in Thailand. The rules and regulation will allow registering as a Limited Liability Company.

Liability:

These forms of doing business in Thailand offer the security of limited liability, which is the owners, are not responsible for the debts of the business individually. Partnerships and Sole proprietorships do not have limited liability.

Taxes:

Profits and losses for businesses are different for each type of business entity. Profits from partnerships and sole proprietorships cross to the owners and are treated as personal income. This means that the profit charge once. Profits from corporations and limited liability companies do not go directly to

the owners but are taxed when the company pays dividends to shareholders. Based on the entity structure there are some alternatives and exceptions. (business law 2010).

3. 1. 2 Private Limited Company:

In business terms an entity the company is the legal form of ownership. The most popular form of business organization for foreign investors is a limited liability company. The Limited Liability Company requires a minimum number of seven leaders and submits a memorandum on the importance of regular meetings, register a business and get a tax card for companies. LLC must also follow the procedures for accounting particulate in the Revenue Code, the Civil and Commercial code and the Accounts Act.

Once in every year a balance sheet must be arranged and filed in the Revenue Department and Commercial Registration. In addition to this the companies are need to withhold the income tax from the salary of all regular workers. The representative office can also be configured to participate in a limited “ non-commercial” activities, such as storage of goods or services in Thailand, where the main business, or to control and monitor the quality and quantity of purchases of goods which its head office based Thailand.

Regional branch of a multinational company to be established in order to coordinate and lead the operation of the subsidiary operating in the region in the name of the head office and must not receive income or have the power to discuss business with persons or legal entities in Thailand. Submit an application for the establishment of a representative office or regional office to the Department of Commercial Registration (inra 2009).

3. 2 Decision process for entry option:

In the process of foreign market entry mode the decision making process is a significant strategic process. Different modes of entry may be more suitable under different conditions, and the mode of entry is a key aspect for the project success. Among the different modes of entry foreign direct investment is a suitable mode for Old Chang Kee to enter into the market of Thailand. Green Field investment is the suitable form of Foreign Direct investment to capture and hold the position in Thailand market.

Foreign Direct Investment:

An investment made by a corporation or entity based in one country, into a firm or entity based in another country is generally called as FDI.

Investments are made in a variety of ways - either through a subsidiary or associated companies abroad, the acquisition of shares in a foreign company or through a merger or joint venture

The acceptable limit for foreign direct investment dealings, which are defined Organisation for Economic Co-operation and Development, is 10%. This means that foreign investors of at least 10% or more of the voting rights or shares of subsidiary. Foreign direct Investment is present some types of investment, for example as joint ventures, mergers and acquisitions, or licensing agreements and green field investment. The arrival of a number of international companies in the South-East Asian country the foreign direct investment in Thailand has increased in the latest years .(Jandel 2008).

Green field investment is one of the effective and suitable FDI type for Old Chang Kee to open subsidiary in Thailand.

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Green field investment:

It is types of foreign investment in the parent company to start a new business in other countries, generally in developing countries. Parent company to build new facilities and create new jobs in recruiting new staff for this facility. These companies usually offer tax breaks and other incentives to build green field investment. Greenfield is a process of growing process in foreign market from ground zero. Green field investment requires purchasing a local property and also local human resources. It is good to choose to build a foreign subsidiary from the ground up instead of making an acquisition. One of the benefits of green field investing activities can benefit from state related to implementation from scratch in a new country, some countries offer subsidies, tax advantages or other benefits in order to promote a good place for foreign direct investment (FDI). Another benefits for the green field investment no risk for losing the technical ability to a competitor. And new jobs are produced in the local market. In green field investment there is no need any local company for investment we can open our outlet in Thailand by our own resources.

Greenfield investment is the main purpose of promoting the host country as new production capability and jobs, transfer of technology and know-how, and can make the link with the global market. The profits from Greenfield investment production do not go to the local economy which we invest, but instead to the multinational's home economy (foreign investment 2010).

3. 3 Cost benefits analysis:

Cost-benefit analysis to determine how well or poorly planned actions will change. While cost-benefit can be used for anything, usually financial problems. As the analysis of costs and benefits will depend on positive factors and minimize negative impacts to determine net income.

Rent:

In Thailand Bangkok is one of the important areas large amount of high and middle class people are living. So this is the destination place for Old Change Kee. The average amounts of rent in Bangkok for primary status office are around 694 THB per square meter/per month or 21 USD.

So to open an old chang kee outlet in Bangkok it need 200 square meter approximately so the rent for outlet is 138800 TBH or 4200 USD.

Cost of labour:

The labour cost in Thailand is also within suitable range. Cost of labour per month will be 75, 000 TBH for a Financial Controller, 55, 000 for managers, 27, 000 THB for an executive secretary, 18, 000 THB for an accountant, 15, 000 THB for sales staff, 10, 000 THB for Office Clerk and between 10, 000 to 8, 000 THB for skilled labour.

So we plan to open initially two outlets in Thailand one Financial Controller, managers and one accountant is enough for two stores . but in case of sales staff 3 person for each shop so we need 6 sales staff, 2 office clerks and 4 skilled labours. Approximately the cost of labour for two outlets in Thailand will be 237, 000 THB.

Other cost:

The cost to take a business is also reasonable. The cost to attend important business 100, 000 THB 30, 000 THB depending on the business, work permit and visa legal cost implies 38, 000 THB and 30, 000 THB for visa renewal or extension. For work permits fee are still 3000 THB per year and the rate for one year visa 1900 THB and for a year and a re-entry permit cost THB 3800. The cost for establishing a company in Thailand need approximately 5, 500 THB per million of capital.

The investment costs of Thailand are commonly less expensive but this remains true only as long as the investor act with reasonable care(loies 2006).

Initial investment lump sum I. I. L. S**Number****Particulars****Cost (THB)**

1

Property Deposit

200, 00

2

Licence

30, 00

3

Legal fee

38, 000

4

Sales staff

60, 000

5

Skilled labour

32, 00

6

Material

150, 00

7

Insurance

20, 00

8

Other cost

180, 00

Total

3, 59, 200(THB)

Revenue of the project:

march

2013

April 2013

May 201 3

Q1

Q2

REVENUE

76, 486

73, 376

75, 675

COST

30, 531

29, 87

30, 667

Rent

`16, 000

16000

16000

16000

Salary

76, 000

76000

76000

76000

Utilities

13, 750

13750

13750

13750

Administration

8, 000

8000

8000

8000

113750

Variable cost

Raw materials

475, 800

426500

441600

449770

448640

Other cost

52000

53000

54830

54290

53850

Advertising

54, 320

61020

51040

51040

57480

Marketing and distribution

120, 300

114400

115600

123240

102460

Net profit= revenue-running cost

98630

157660

152230

155810

Investment recovery =

838400

(739770)

582110

429880

274070

3. 4 Marketing plan:

A written document that describes the marketing and advertising for next year, but includes a discussion of the situation in the market, as well as the marketing mix, which will be used for the analysis of target markets and marketing destination.

3. 4. 1 Product Feasibility and Strategy

Products provided by Old Chang Kee are great snack. Old Chang Kee offering curry puffs and proposed a list of new products and brings them to the supermarket and consumers. In Production plant the materials and machines that are used is guaranteed for the human-friendly and safe environment. Machinery and equipment which are used is tested in terms to give healthy snacks and best in taste which is worth for the amount that customer give. The products of Old Chang Kee is famous for the aroma and the traditional taste.

3. 4. 2 Pricing Strategy:

The price depends on type of the product. The current pricing model is more effective, Old Chang Kee make sure that price of the brand is a balanced to the snack offered . Using all information in this business plan, the pricing strategy of Old Chang Kee would be to provide healthy and best-tasting

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curry puffs and other snacks in Singapore at reasonable price. In this case, the pricing strategy for the cost of all products would include, labour costs, production cost, raw material costs, etc.

Old Chang Kee believes that the unique characteristics of its products and has said that high prices can support. However, the target market involve group of young people who usually have no source of income from their own interests, Old Chang Kee will keep costs at the lowest level in order to maintain a cheap price for all their products

3. 4. 3 Distribution strategy:

A distribution network is performed to answering the questions of where to get, how to get and when to get in terms of getting products to their outlet. The process in distribution strategy to identify who is responsible for sending and receiving. Someone must make timetable for when items will be sent from the production site.

3. 4. 4 Promotion:

Part of the marketing campaign is installing a free sample taste booth for the first week outside of the market. Planed to post Advertising in local newspapers includes Old change kee name and location select cheap advertising companies for aggressive promotion. Planned to give offers for the students and offer for purchasing bulk amount of product. Management believes that this is sufficient to advertise the company, and the rest will be delivered to the mouth-to-mouth (Jill Konrath)