

Marco marketing environment analysis



**ASSIGN
BUSTER**

There are government regulations and legal issues in political factors. This aspect is important because the stability of political in Finland could affect the whole industry. Finland is one of members of World Trade Organization (WTO), where the country offers large free markets. These large free markets operate without taxation in import as the transactions are based on negotiation and agreement. With this, it will be a great opportunity for Oldtown White Coffee to expand their business in Finland's market and make a profit out of it.

Economics

Economic factors affect the purchasing power of consumers and the firm's cost of capital. The Gross Domestic Product (GDP) in Finland contracted at an annual rate of 0.40 percent in the last reported quarter. Based on statistic, from 1975 until 2010, Finland's average quarterly GDP Growth was 0.56 percent reaching an historical high of 5.00 percent in September of 1980 and a record low of -5.30 percent in March of 2009. Wages and salaries of worker in Finland increase 5.5% of national income from year 2005 until 2009. Finland has continues to attract foreign investment due to its economic success. With the strong economic status, Finland is surely suitable country for Oldtown White Coffee to expand their business.

Social-Cultural

Social factors are very important because they can easily affect the consumer needs and the size of the potential markets. One of the social factors is the cultural aspects of the external macro environment. Finland ranked among the biggest coffee-consuming countries in the world. In

Finland there are roughly 5.4 million populations, and their top priority in life is improving their life quality. They would want the best for them, from a simple cup of coffee to many others bigger things. Due to this, Fins are very innovative. They will keep on innovating and upgrading their lifestyle in order to improve the quality of their everyday life. In order to suite the Fins' needs for quality, it is best for them to begin their day with high quality Oldtown White Coffee 3-in-1 Classic Blends. Nothing can be compared to a cup of high quality Oldtown White Coffee 3-in-1 Classic Blends to start their perfect morning, or any part of the day.

Technological

Finland is one of the countries that are very advance in technology. In Finland the internet speed can run up to 100Mbps by 2015. According to recent study, Finland has around 6.6 million internet users. Therefore, Oldtown White Coffee can make full use of the internet speed and access to set up a Finnish version of Oldtown White Coffee official website. This Finnish version official website can be used as a platform for online selling, product introduction and overview, or to gather feedback from the users in order to improve the quality of the coffee. Meanwhile, the Finnish version of official website will enhance the interaction among the producers and the consumers, where communication between the producer and consumer will become faster and efficient.

SWOT Analysis

Strengths

Oldtown White Coffee is a profitable organization, achieved the market leader and top producer status by the capturing 46% (2007) of market share in white coffee industry in Malaysia. (Source: AC Nielsen)

It has 177 outlets in Malaysia and Singapore.

Oldtown White Coffee recognized as a pioneer for capturing the original taste of “ Ipoh White Coffee”

Oldtown White Coffee was one of “ best brand of kopitiam” for Asia Pacific at the SMEs Chapter Award 2007.

Oldtown White Coffee expansion and growth in Export activities over 10 countries .(ini lu mau cakap apa?)(ini wa mau cakap, dia expand and export product pergi ke over 10 countries)

Weaknesses

Oldtown White Coffee gives too much attention to Asian market especially Southeast Asia country. In Europe and other country, there might not one to know about the Oldtown White Coffee brands.

Oldtown White Coffee is not a well know-well brand in European market. Therefore customer might not feel secured with the product.

Oldtown White Coffee pays too much focus on expansion instead of internal focus such as management, improvement of services, products innovation and more.

Opportunities

Oldtown White Coffee can do more Corporate Social Responsibility (CSR) activities to gain brand awareness and customer trust. For example, children care funds and earth care.

Oldtown White Coffee should expand their business to more coffee consuming country like Finland, Norway and Iceland.

Oldtown White Coffee should cooperate with other manufacturers of food and drink, and brand franchising to manufacturers of other goods and services that both have potential in.

Threats

There are many strong competitors such as Juhla Mokka, Kulta Katriina, and Starbucks in the coffee market.

Nowadays, consumers are more concern about healthy lifestyle. In order to avoid intake of caffeine, the consumers might change to healthy food and drinks such as fruit juices, health drink and many more.

Coffee may not be a choice anymore in the future because of human lifestyle keep changing. Daily more drinks and beverage are introduced and the younger generations are into these drinks more than to coffee.

Competitive analysis

There are few strong direct competitors in Finland such as local brand Juhla Mokka and Kulta Katriina and foreign brand such as Starbucks, Nescafe and etc.

For this competitive market, Juhla Mokka is the most threaten brand to Oldtown White Coffee.

This is some analyses of brand Juhla Mokka:

Company Background

Juhla Mokka is a popular and trusted coffee brand in Finland since 1929. It was then launched with the name Juhlasekoitus, Jubilee Blend. Carefully and professionally blended from South American Colombia and Santos beans together with Central American and African coffee qualities, Juhla Mokka is light roasted in the traditional Finnish way, Paulig's roast level 1. A fine and full-flavoured blend, Juhla Mokka has been popular with Finns ever since, both for everyday coffee breaks and for special occasions. Today nearly every second cup of coffee in Finland is Juhla Mokka coffee. Juhla Mokka is under Gustav Paulig Ltd which is part of the Paulig Group. The company was founded in 1876 and is still family-owned.

Objective and future goal

To be the leading coffee company and the most sought-after in selected market.

Provide the best tastes for enjoyable moments.

Size, Growth and profitability

Beside Gustav Paulig, Paulig Group still have some subsidiaries company like Santa Maria AB, Vendor Group, Oscar A/S etc. The company operating in 12 countries in Northern and Western Europe, the Baltic countries, and Russia

<https://assignbuster.com/marco-marketing-environment-analysis/>

and neighbouring regions. In the past 130 years, a heritage-rich coffee company has evolved into an international corporate group skilled in delicious, international flavours. The Paulig Group's net sales for 2009 were almost 700 million euros and it has roughly 2, 000 employees.

Organization

The Paulig Group has adopted a new leadership model. Every employee is encouraged to develop their own expertise and skills.

Strategies

In the past, the coffee company used strategies such as importer and wholesalers of sugar, salt, coffee, and tea. But now, they have change to wholesalers to supplier.

International Marketing Objectives

Financial Objectives

Oldtown White Coffee has set a goal which is 15% growth year by year for the next five years. In order to achieve this goal, the company should use high-technology machines to produce products but at the same time, the company must make sure that quality and taste of product will not be affected. The reason of using high-technology machines is because there will be high productivity with the use machines. When productivity is high, cost of product will automatically become low. Company will be able to save a lot of productivity cost not only for a short term but also for a long term. Besides that, company must find suppliers who can supply low cost materials without

effecting or degrading the quality. (Apa a, the la. Xkan mau buat satu bungkus saja meh)

Marketing Objectives

By 2013, Oldtown White Coffee is expected to gain 25% market shares in the coffee market. In order to achieve this objective, the company should expand their business to other countries like Europe, Australia, Brazil, Saudi Arabia. Besides that, in 2013, the company must increase 20% brand awareness by doing more advertisement, for example, promotional campaign, giving out flyers, advertise through TV, radio, and magazine. On the other side, CSR activities such as charity, environmental friendly, sponsorship are important to increase brand awareness too. In the coming 3 years, it is hope that brand awareness will increase, hence increasing the number of customers as well.

Society Objectives

Oldtown White Coffee will contribute more activity to society, for example, environmental friendly and charity. Company will use recyclable material in their product packaging instead of plastic. Thus, the company also will sponsor those “ GO GREEN” projects and organize charity event.

Furthermore, company will establish Children Care Fund to actively look for ways to better the lives of underprivileged children from different children home around the world.

Marketing Strategy

Ansoff Matrix

Product

Market

Existing

New

Existing

Market Presentation

Product Development

New

Market Development

*Oldtown White Coffee

Diversification

Table 1: Ansoff Matrix of Oldtown White Coffee

According Table 1, Oldtown White Coffee 3-in-1 Classic Blends is an existing product (in Malaysia) which is ready to be introduced to a new market (Finland). It is in market development stage. (INI apa maksud? Apa dalam market development stage?)(ini I nak cakap product tersebut adalah dalam tahap market development) The purpose of market development is to expand business to a new market with an existing product. Oldtown White Coffee can create brand awareness by using this strategy. Besides that, the

strategy can also be targeted to new customer and widen the customer base.

Market Entry Methods

Direct Exporting

Direct exporting offers a company greater control over the entire export transaction and entitles them to greater benefits. Besides that, direct exporting is suggested for the reason that the freedom to decide and choose which foreign market to enter, which target buyers they want to approach, or which business contacts want to use for distribution of products. First, in order to establish a closer relationship with the oversea market and buyer, the company will launch an export sales department. This department will have a manager to handle other sales approaches. For example, with this export sales department the Oldtown White Coffee 3-in-1 Classic Blends will be able to enter the coffee market in Finland easier. On the other hand, the company needs local agents to promote the Oldtown White Coffee 3-in-1 Classic Blends. Local agents is crucial because they will help to increase the brand awareness, setting up the market and building up the foundation for the business in a foreign market. Without local agents, the product cannot be sold directly to the consumer.

Joint Venture

To partner with the local company can bring many benefits to the company because one company can reduce the risk and improve their ability in promoting the products. Not only that, joint venture allows both company to combine the local in-depth knowledge with foreign partner know-how in

technology or process. Besides that, capacity of the company will increase. For example, by working together with local company, Oldtown White Coffee will get to know more about coffee market in Finland like consumers' culture and lifestyle. In addition, the company financial strength will also be increased hence the company can do more research and develop in coffee.

Adaptation v Standardization

Product

Oldtown White Coffee 3-in-1 Classic Blends will be standardized. The taste and packaging of coffee will remain unchanged because the company wants to keep the product authentic. For example, even if the customers from Finland travel to other countries they will still be able to recognize our product because our packaging and the taste is the same.

Place

The selling locations are standardized by selling them at hypermarkets such as Tesco, Wal-Mart and so on. When the product is located in those hypermarkets, it can attract the attention of customers easily. By putting the product in hypermarkets, it is convenient for customers to purchase.

Price

Product price should adapt and suit Finland's market. This is because different countries have different currencies. For example, the selling price for product in Malaysia is 12.80 MYR, while Finland might be selling the product at 20 FIM.

Promotional

Promotional should be localized in order to attract the local's attention and interest. For example, the advertisement like TV, radio, newspaper, magazine and flyer must adapt to speak and written in Finnish as the research shown there is 90. 9% people speak in Finnish. Not only that, advertisement or any promotional activities must be designed based on the Fins' culture and living style in order to capture their interest and protect their sensitivity.

Segmentation

Geography

There are few high population states in Finland such as Helsinki (564, 521 population), Espoo (235, 000 population), Tampere (204, 000 population), Vantaa (189, 711 population), and Turku (175, 286 population).

There are few ideal location like hypermarket, petrol station, and high traffic location to gain brand and product awareness.

Demography

There are three categories of coffee drinkers in Finland:

Student

Coffee can revitalize the students thus giving them more energy and sprit to concentrate on their studies especially when studying at night or during exam period.

Worker

The workers need more spirit and energy to work thus they usually begins their day by drinking coffee. On the other hand, they need coffee to give them extra strength to handle heavy workload.

Senior Citizen

Senior Citizen looks for product that is easy to prepare, therefore instant coffee is suitable for them. Instant coffee is easy, fast and convenient to make because it comes in a small packaging.

Psychology

Lifestyle-culture

Nowadays, coffee plays an important role in everyone life. Almost everyone will take a cup of coffee to start their day. Besides that, drinking coffee is also a trend now. For example for those people who seldom drink coffee will get influenced by those people who like coffee and slowly they also become a coffee drinker.

Targeting

Oldtown White Coffee 3-In-1 Classic Blends will target on capital of Finland which is Helsinki, a high population states in Finland with 564, 521 populations. The company targets on workers as the research show that the work force in Finland is 2. 7 million. Out of this 2. 7 million, 2. 5 million are employed and most of them are coffee drinkers as compared to students and senior citizen. Besides that, they need coffee more than others categories

consumer, for example, normally most of the worker will take a cup of coffee before they start their working life and they also will take coffee while their working time, so we can consider that they are our potential long-term customer. There are few ideal location like hypermarket, petrol station, and high traffic location to gain brand and product awareness. Consumer can purchase Oldtown White Coffee 3-In-1 Classic Blends at any hypermarket like Tesco, Wal-Mart, and Carefour. Besides that, the product is also available in petrol station. By selling the product at these places will allow the consumer to purchase the product easily. Not only that the consumers can easily compare the quality and price of our product with other competitors in these places.

Positioning

Quality

*JUHLA MOKKA

*OLDTOWN WHITE COFFEE 3-IN-1 CLASSIC BLENDS

Price

Figure 1: Perceptual Map of Oldtown White Coffee 3-in-1 Classic Blends

With this Figure 1, the company can identify their current position and then improving their product quality. Company tries to position their product to distinguish themselves from the competitors and this will give them the better strategic advantage in the target market.