VAASAN AMMATTIKORKEAKOULU
UNIVERSITY OF APPLIED SCIENCES

Viet Duy Tran

MARKET ANALYSIS AND GROWTH STRATEGY FOR A NORWEGIAN SUPPLY CHAIN TRACEABILITY SYSTEMS PROVIDER IN VIETNAMESE SEAFOOD MARKET

Case study: CodeIT AS

International Business
2020

VAASAN AMMATTIKORKEAKOULU
UNIVERSITY OF APPLIED SCIENCES
International Business

ABSTRACT

Author	Tran Viet Duy
Title	Market analysis and growth strategy for Norwegian supply chain traceability systems provider in Vietnamese seafood market
Year	2020
Language	English
Pages	32 + 1 Appendices
Name of Supervisor	Thomas Sabel

There is a huge demand for a complete traceability system in the Vietnamese seafood industry. The case company- CodeIT AS will take this opportunity as a specialist in this field.

The main objective of this study is to understand the market and identify the market growth strategy by CodeIT AS.

The methodology was based on qualitative research. The author acquired primary data from semi-structured interviews with the CEO of the company and direct observations from a 3-month-long internship. Secondary data was collected from books, articles and online sources.

The research results show the case company has a solid market position. With the right marketing strategies, CodeIT's growth will be strong due to the rapid development of seafood market Vietnam.

Keywords market penetration, traceablity, SWOT, Ansoff matrix, Porter's five forces

CONTENTS

LIST OF FIGURES AND TABLES

1 INTRODUCTION

Food safety has become one of the global key problems due to recent food scandals and incidents. The globalisation in the food supply chain has led to an increase in the complexity of food safety management from raw material to end-users. This often causes food safety issues and result in large recalls. This food recalls contribute to the decline in consumer confidence. Meanwhile, governments attempt to address the food safety issues with more stringent requirements for the food industry (Kapur and Marthu, 2017).

On the other hand, consumers have become increasingly aware of their own health which leads to extra demands on food quality, transportation conditions, ingredients, etc. Hence, the food businesses need to take more responsibility for food safety by providing ready access to trusted product information for customers (Kapur and Marthu, 2017).

With intense competition in the food industry, businesses are becoming more consumer-oriented and need to react quickly to handle food incidents and major recalls. Traceability plays an important role in food safety as well as operational efficiency. Since effective traceability systems help to identify and remove any unsafe products from the supply chain when an incident occurs. Thus, the companies can reduce the potential bad publicity, liabilities as well as recalls. The current food labelling system is not assured that the food will meet customer safety and demand requirements. For that reason, traceability is used as a risk management tool for food safety regulations and to gain consumer confidence (Varzakas & Tzia, 2015).

According to Codex Alimentarius (FAO/WHO, 1997), traceability is “the ability to follow the movement of a feed or food through specified stage(s) of production, processing and distribution”. Furthermore, traceability is also defined as “movements that can be traced one step backwards and one step forward at any point in the supply chain” (NZFSA, 2015). For food and other process business, traceability is the ability to trace each ingredient of products through all stages within the supply chain from “farm to fork” and develop food safety controls by letting business and government verify that products satisfy the regulatory requirements.

One way to achieve this is by using an electronic traceability system. This is an organized combination of computerized or cloud databases, barcodes, software solutions, or other tools that capture and record product traceability information. Recently, more and more electronic traceability systems replace paper-based documentation systems (Fishwise, 2018).

When something goes wrong, traceability systems enable the food processing business prompt actions for identifying the fault of the product and reducing food recalls. Once the potential issue is identified, a good traceability system allows the food businesses or authorities to stop or prevent products from reaching the customer.

Establishing a complete traceability system helps businesses and trading partners track and trace the product information through the entire the supply chain to minimise bad food incidents and recalls. Besides, investing in a well-functioning traceability system is not “a loss”,-companies will benefit from it in a long run for lowering cost, limiting losses and improving consumer and trading partner’s confidence (Kapur and Marthu, 2017).

For the seafood industry, the motive to implement a tracking system is more than ever focused on the safety aspect since seafood is the most traded food commodity in the world. Globalisation also influenced the industry as this has reinforced growing concerns that seafood products may have potential harm for consumers. Therefore, a well-functioning traceability system is a solution for this growing concern. This can improve confidence in the seafood supply chain and minimise the food hazards caused by the sale and distribution (Nokondola, 2006).

Along with the increasing global demand in seafood products, Vietnam also participates as a major supplier for the world. Vietnam has a long coastline over 3260 km,1 million square meters in EEZ (Exclusive Economic Zone) area and a network with approximately 2860 rivers. Thanks to these favourable natural conditions, Vietnam is capable to develop its seafood industry (DIT, 2018).

In 2019, Vietnam ranked fourth in the world in the export of seafood after China, Norway and Russia. Sea products have been exported to over 170 countries and territories, stated by Tran Dinh Luan, deputy general director of Directorate for Fisheries of Vietnam (The Saigon Times Daily, 2019). U.S, Japan, European Union, China and South Korea account for 75% of Vietnam's seafood export. The most important seafood product exported by the country are shrimp, pangasius, tuna, squid and octopus (DIT, 2018).

According to The Vietnam Association of Seafood Exporters and Producers (VASEP), the fishery sector is a key component of the national economy as it represents around 4-5 percent of the Gross Domestic Product (GDP) and approximately 9-10% of the domestic export revenue. Seafood industry provides jobs to more than 4 million people throughout the country. Particularly, the processing and seafood export sector employs around 300,000 people (VASEP, 2020).

On 12 February 2020, the European Parliament approved the EU-Vietnam free trade agreement (EVFTA). Regarding this movement, the Vietnam National Assembly expected to ratify the EVFTA in May. This free trade agreement will likely remove 99 percent of customs duties between the EU and Vietnam (Shira & Associates, 2020). Once the deal is in place, seafood exporters from Vietnam will have a big opportunity to accelerate their exports to Europe. The EVFTA is expected to help Vietnam seafood sector strengthen its competitiveness in EU markets, especially shrimp and pangasius, which are two of the top seafood export products of the region (Dao, 2020).

Nonetheless, there is a huge potential for growth as the Vietnamese seafood industry has encountered many challenges from technical barriers in recent years. When the tariff barriers are gradually removed, Vietnamese seafood processors will face strict regulations from European importers as well as buyers from the USA and Japan. Along with food safety and environmental practices, traceability of products and ingredients is an obvious requirement that these markets are requiring the businesses to overcome (Hai, 2019). Consequently, the Vietnamese businesses suffer major economic loses and losing trust from importers as well as consumers for not

meeting important requirements. The main reason is the lack of quality control during the farming and processing (Anh, 2008).

In the past few years, a significant amount of catfish and shrimp have been returned at US ports due to the products not complying with US environmental and food safety regulations (Hoang, Nguyen & Chu,2014). In 2016, US authorities denied a 20 tonnes shipment of catfish from Vietnam since it tested positive for banned chemicals (VNS, 2016). This has also been the case for exports to Europe as it was during the period 1/1/2019 to 1/5/2019, there were 8 rejected seafood shipments from Vietnam to the EU. Once more, the reason for this was the fact that these shipments did not meet the required food safety and hygiene standards of the EU (Hue,2019). According to The Southern Shrimp Alliance (SSA), in 2015. The U.S Food and Drug Administration (FDA) refused 38 entry lines of Vietnamese shrimp for banned antibiotics. At the same time, in another region, Japanese authorities rejected 23 shipments of shrimp from Vietnam for several banned antibiotics (SSA, 2015).

Although Vietnamese seafood enterprises have applied food safety management systems such as GMP (Good Manufacturing Practice), SSOP (Sanitation Standard Operating Procedures) and HACCP (Hazard Analysis & Critical Control Points), building a system for warning of aquatic disease environment, these management systems still have many limitations in the implementation of the process and tracing products (Anh, 2008).

Traceability implementation is facing difficulties in different stages of the supply chain. According to an investigation, fish and shrimp processing companies still record data manually. Fish and shrimp farms are lacking in data records and verifications during the feeding stage (Nghe & Vu, 2019).

In the context of increasingly demanding buyers as well as governments, the Vietnamese face several technical barriers that need to be overcome before further growth can be accomplished. A potential solution for this can be found by implementing a complete traceability system. Therefore, the market need for CodeIT's

traceability solutions is evident. CodeIT AS is a Norwegian based company and are currently operating in Vietnam as a traceability solutions specialist.

The author of this paper had the chance to work at CodeIT AS as an operational trainee. During his internship, the writer gained understanding about company operation and the industry itself. It allows him to do a research for company about market growth opportunities in Vietnam. Besides, the author is originally from Vietnam, thus understanding Vietnamese sources is an advantage in conducting this study.

1.1 Purpose of the study

The main purpose of this thesis is to identify the most suitable growth strategy for the case company in the Vietnamese market. This paper aims to help the company have a better understanding of their current situation in Vietnam and assess the potential opportunities and threats that could affect the company's competitiveness in the industry. Additionally, this paper is expected to be a useful source for the company's plan with the fundamental supports of strategic planning tools.

1.2 Research questions

The following questions below are addressed to achieve the purpose of this research:

1. What are the internal and external environments of CodeIT?
2. How does CodeIT identify the industry's competition in Vietnamese market?
3. Which direction would be suitable for CodeIT's market growth?
4. How will the company implement its strategic plan to unlock greater market share?

2 CODEIT AS

2.1 Brief introduction of CodeIT AS

CodeIT AS was established in 2011 in Norway, with the intention of providing world-class solutions for mission-critical industrial tracking and traceability and production automation.

The company operates globally, with offices in Norway, Sweden and Vietnam and with highly experienced staffs specialising in development, installation and operation of mission-critical software. CodeIT has a certified partner network with state-of-the-art devices and equipment to supply turnkey solutions.

Today, the company has customers in over 12 countries and offers solutions for a wide variety of industries. Their focused industry segments are seafood processing, food and beverages, wood and processing industries. CodeIT services have been used by many world-leading companies such as Mowi, Lantmännen, Boliden, Cermaq, Elkem, Tine, Orkla, Arcon Sunmark, etc.

In 2013, CodeIT R&D was founded in Ho Chi Minh City, Viet Nam as an initial move of the strategic plan to gain a foothold in the Asian market as well as supporting CodeIT engineers in Norway. After that, CodeIT built a Vietnamese sales team in 2016. Since then, the enterprise has won several contracts with large global companies in Vietnam such as Sunmark, Mowi, Deneast, etc.

Company organization structure is shown as the graph below:

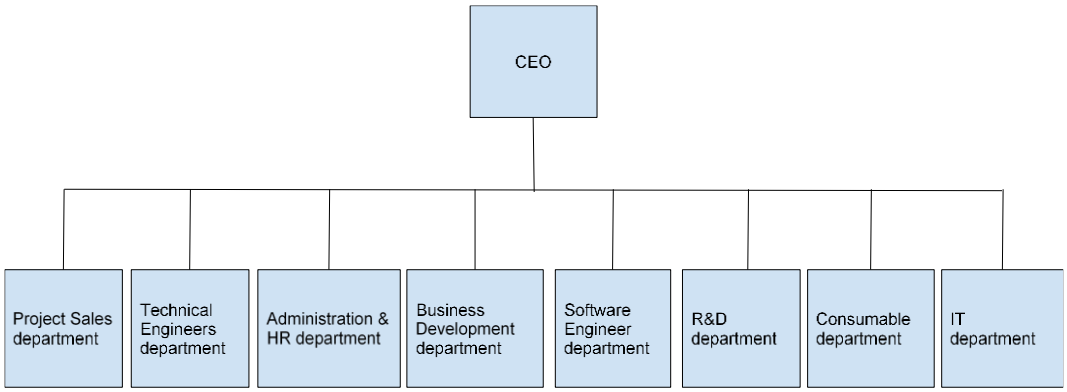

Figure 1 Company organization structure

2.2 Products and solutions

CodeIT AS offers top-notch solutions for industrial tracking and traceability and production automation with cutting-edge and tailored software and hardware for the complete supply chain.

There are two main softwares, CodeIt Enterprise and CodeIT eMRB, which are well-known as custom-made software to suit specific client's needs.

CodeIT Enterprise is a truly independent and configurable software which integrate into any system and equipment irrespective of the age, brand and technology of the equipment. This platform connects the customer´s existing business, manufacturing and automation.

CodeIT eMRB™ is an industrial solution for MRB collection. The software allows the businesses to safely store all the appropriate manufacturing order information in an organized way.

CodeIT offers a wide range of hardware for capturing data, scanning, printing and labelling; such as printer, sensors, etc.

Automatic Identification and Data Capture (AIDC) is one of the technologies that the company provides to the customer for traceability to be effective. This system that allows tracking automatically products from raw material to end-customer. All the stages can be seen in the graph below.

AIDC, also called Auto-ID is the technology that allows automatically identifying objects, collecting data, and transferring data to the computer. The system is built-in barcode, printing, scanning and CodeIT Enterprise.

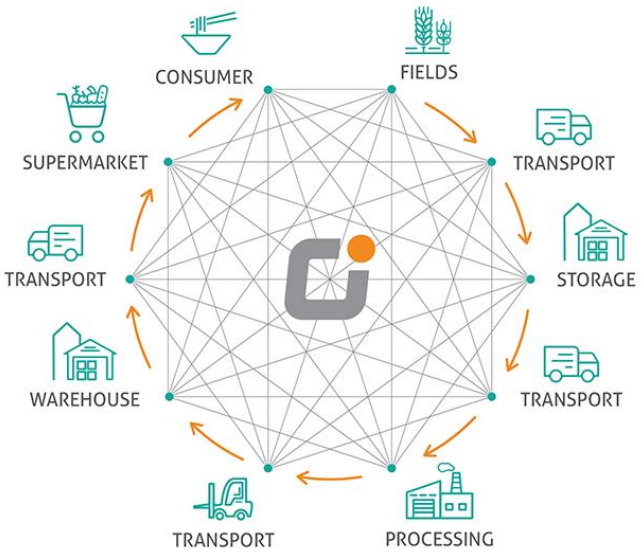

Figure 2 Supply chain (CodeIT, 2020)

3 THEORETICAL FRAMEWORK

This section sums up the information from scholars and researchers who have conducted their study in the relevant field. This section covers areas as following: SWOT analysis, Porter's five forces, Ansoff matrix.

3.1 SWOT analysis

SWOT analysis is a common and simple tool used to evaluate a current state of a company compared to its competitors as well as the situation of the external environment. SWOT is an acronym which stands for Strengths, Weaknesses, Opportunities and Threats (Grant, 2020). "SWOT Analysis is a simple but powerful tool for sizing up an organization's resources capabilities and deficiencies, its market opportunities, and the external threats to its future" (Thompson et al., 2007).

SWOT analysis was originally created by Albert Humphrey in the 60s at Stanford University after analysing the data of the 500 biggest companies reported by Fortune magazine. Since its inception, this method has been used widely in formulating strategies by most of the business owners and marketers (Schooley, 2019).

One of the main purposes of conducting a SWOT analysis is to assist companies to improve to a full consciousness of all the aspects regarding business into future decision-making.

SWOT analysis helps to understand the internal and external environments of the company by analysing and identifying strengths, weaknesses, opportunities and threats. Particularly, strengths and weaknesses are internal factors which are related to company's resources and capabilities. Internal factor can be changed and controlled by the company therefore the company is able to exploit existing strengths and minimising existing weaknesses in order to achieve strategic goals. Common examples of internal factors include human resources, financial resources, product line, technical resources and capabilities, etc. Whereas opportunities and threats are external factors which are influenced by factors outside of the company. A business is fully able to seize the opportunities, but also needs to pay attention to threats

which can come anytime. Even though the organisation may be able to influence or participate in these factors, it may not fully control them. Common examples of external factors include government policies and legislation, economic trends, technology innovations and changes, competition, social trends, legal judgements, etc. Additionally, strengths and opportunities are favourable elements that enable a company to achieve its goals and exploit its advantages, while weaknesses and threats are unfavourable elements that obstruct the company's performance. (Kolter 2013)

SWOT analysis is usually presented as a square with four quadrants, with one quadrant contains information of one of four elements of SWOT analysis. Figure 1 below indicates a sample of SWOT analysis.

Figure 3 SWOT analysis (Humphrey, 1960)

3.2 Porter's five forces

Porter's five forces is a simple but powerful framework that assesses five competitive elements which form every industry and assists in identifying an industry's strengths and weaknesses (Chappelow, 2020)

The framework was introduced by Michael Porter in the March 1979 article titled Harvard Business Review. According to Porter, "Understanding the competitive forces, and their underlying causes, reveals the roots of an industry's current profitability while providing a framework for anticipating and influencing competition (and profitability) over time", and he states that "A healthy industry structure should be as much a competitive concern to strategists as their company's own position." (Porter, 2008). In other words, the framework helps determine the competitive position in the industry as well as improve company attractiveness and profitability (Transit Protocol, 2019)

In Porter's framework, there are five forces that shape industry competition: rivalry among existing competitors, the threat of new entrants, threats of substitute of products or services, bargaining power of suppliers and bargaining power of buyers. The framework is illustrated in the graph below.

Figure 4 Porter's five forces (Porter, 1979)

3.2.1 Threat of new entrants

This force evaluates how easy or difficult it is for new competitors to enter the market. Once an industry has low barriers to enter and once it is profitable, the competition in this industry soon would be intense that lead to profit decrease (Jurevicius, 2013).

The six common barriers to entry which are:

- Cost advantages
- Brand loyalty

- Investment cost
- Economies of scale
- Access to inputs
- Regulatory and legal restrictions

3.2.2 Bargaining power of suppliers

This force shows how much supplier power could affect the buyer competitive environment. With strong bargaining power, suppliers can pressure customers by increasing prices and lowering product quality. Therefore, paying more for materials have a direct negative effect on the company's profit (Ovidijus, 2013).

The factors which determine buyer power are:

- Number and size of suppliers
- Uniqueness of products
- Cost of switching to another supplier
- Buyer's industry is not important

3.2.3 Bargaining power of buyer

This force determines how much power buyers have over the sellers. Strong bargaining power allows buyers to demand a lower price or better quality for the same price from the seller, and hence reduce the profits in an industry (Ovidijus, 2013).

Sources of buyer power include:

- Number of customers
- The volume of purchase
- The cost of switching

- The threat of integrating backwards
- Number of companies offering the product

3.2.4 Threat of substitute product or service

A substitute product or service is one from a different industry that satisfies the same needs. The threat of substitute products happens when the customers are willing to switch to substitute products with lower price and better quality (Bragg, 2018). For instance, the customer could switch from car to bicycle because both serve the same purpose of travelling but bicycle costs less.

3.2.5 Rivalry among existing competitors

Rivalry among existing competitors is one of the major forces that used to measure the profitability and the intensity of competition in an industry. High rivalry among existing competitors results in more competition and therefore reduces profit for existing companies (Ovidijus, 2013).

The main factors which determine the level of competitive rivalry are:

- Number of competitors
- Exist barriers
- Industry growth
- Product differentiation and brand loyalty
- The power of customers and the availability of substitutes

3.3 Ansoff Matrix

When deciding the way to grow, every organization always faces difficult choices whether developing products or expanding business markets. It is tough for businesses to know which one is the best choice. However, the Ansoff matrix makes

decision-making easier than ever. Ansoff Matrix is a tool to help businesses to identify the right growth strategy.

The Ansoff Matrix, also called the Product-Market Matrix was devised by Igor Ansoff and was originally published in his 1957 Harvard Business Review, in an article called “Strategies for Diversification” (Wehr, 2019).

Ansoff described the product-market matrix as “a joint statement of a product line and the corresponding set of missions which the products are designed to fulfil”. The Ansoff Matrix indicates four alternative growth strategies by combining between existing or new products and existing or new markets. The model also assists companies to analyse the risks involved for each option. Specifically, each new activity leads to new risk (Ansoff, 1957).

Ansoff matrix consists of four growth strategies as illustrated in the graph below

- Market penetration: selling existing product to current markets.
- Market development: entering new markets with existing products.
- Product development: developing and introducing new products to current markets.
- Diversification: launching new products to new markets. (Bush, 2020)

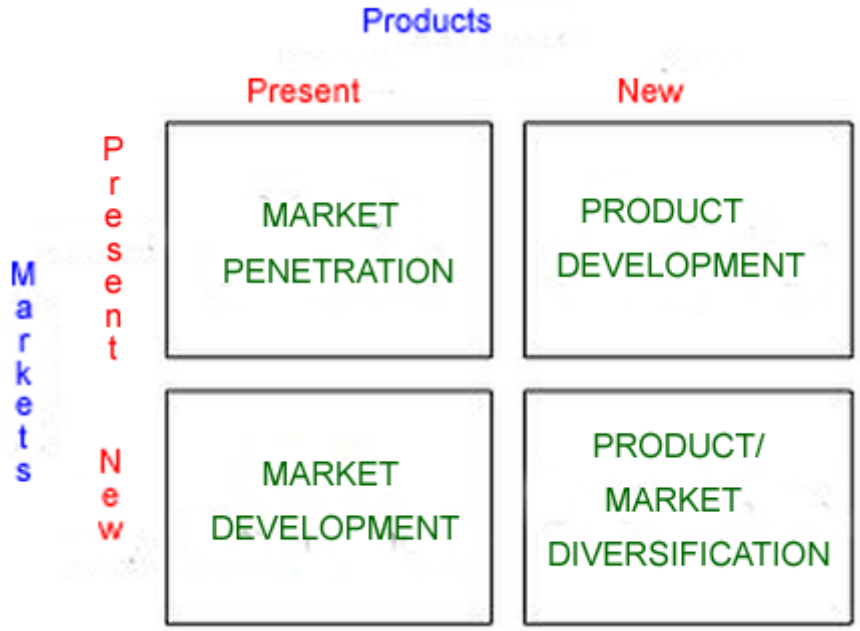

Figure 5 Ansoff matrix (Ansoff, 1957)

3.3.1 Market penetration

The market penetration strategy happens when the existing products are sold into existing markets to gain higher market share. It simply means that the company convinces the current customer or new customers in the same group to buy more existing products. The risk involved in this strategy is low because it utilizes existing resources and capabilities without any specific product investment (Kessler, 2013). In an expanding market, merely keeping market share will lead to development, and also there might exist chances to enhance market share if rivals get to ability limits. Nevertheless, the market penetration has limitations, and as soon as the marketplace comes closes to saturation another approach needs to be sought if the company is to remain to grow (Ansoff, 1965).

The market penetration approach can be applied by providing sales, enhancing sales pressure, boost distribution as well as promo of products, raised expense in advertising and marketing activities will certainly lead to sales increase.

3.3.2 Market development

The market development strategy is the second growth strategy in the Ansoff matrix which involves entering new markets with existing products. In this approach, expanding into a new market means expanding to new geographical regions, new customer segment segments, etc. There are several ways in which a development strategy can be achieved, including new geographical markets, new distribution channels, new product dimensions or packaging, creating a new market segment by different pricing policies. Market development strategy carries more risk than the market penetration strategy because the corporation is expanding into a new market (Kessler, 2013).

3.3.3 Product development

The product development strategy aims to launch new products into existing markets. In this context, this strategy requires the development of new capabilities and requires better products to attract current market and thereby outperform the products of competitors. Product development strategy can be fulfilled by investment in research and development of additional products, developing the existing product by incremental innovation, detailed insights into customer needs as well as being first to the market. Similar to market development strategy in terms of change, product development strategy faces more risk than market penetration strategy (Kessler, 2013).

3.3.4 Diversification

The diversification strategy is the strategy of achieving growth by targeting new customers with new markets. Diversification is one of the most high-risk of the four development techniques because it needs both product and market growth and might be outside the core proficiencies of the company. Some scholar described this quadrant of the matrix as the “suicide cell”. Nevertheless, diversification might be a reasonable option if the high threat is compensated by the opportunity of a high

reward. Other benefits of diversification consist of the possibility to obtain a foothold in an appealing market as well as the decrease of total business portfolio threat (Ansoff, 1965).

4 CODEIT AS AND VIETNAM AS A TARGET MARKET

4.1 Research and data collection methods

This section is the framework of the method that was utilized by the author to answer the research problems. The methodology is presented as following, research methods, collection data and analysis as well as limitations.

4.1.1 Research methods

According to Aliaga and Gunderson (2005), quantitative research is described as "explaining phenomena by collecting numerical data that are analysed using mathematically based methods (in particular statistics).", basically conducting a quantitative research aims to exam or evaluate particular hypotheses. In this approach, the researchers need to gather numerical data and then analysis afterwards using mathematical or statistical techniques. The most common methods used for collecting quantitative information are surveys, content analysis, experiments research. In order to achieve reliable outputs in quantitative research, a significant number of respondents is a requirement.

On the contrary to quantitative research, the researcher conducting the qualitative method is not concerned about numbers and statistics, but in dealing with words and photographs. Qualitative analysis is used to understand opinions, concepts and ideas. Additionally, this approach provides an in-depth picture by exploring all the problems with details. The most popular qualitative data collection methods are in depth interviews, focus groups, observation and literature review. This type of research requires few participants and there is no pressure on recruiting respondents as a quantitative approach.

In a study, depending on the ability of the researchers, it is possible to integrate both methods to deliver the best results. Creswell and Plano Clark (2017) suggested that "the use of quantitative and qualitative approaches in combination provides a better understanding of research problems than either approach alone."

The author spent three months working as an operational intern at CodeIT AS from September to November 2019. The writer worked closely with the operational manager, the sales manager and in other teams. In this study, the qualitative approach is used to gather essential details to provide growth recommendations for the business. Thus, the information collected was used to gain an understanding of potential growth opportunities in the Vietnamese market. A majority of the data was collected via conducting a semi-structure interview with Mr. Bjørnar as well as from conversations with company experts. Additionally, the writer utilizes his own observation and understanding about company product and internal training sources in this report.

4.1.2 Collection of data and analysis

There are two types of collection data, primary data and secondary data. According to Ithaca College Library, primary data is the data collected from original and direct evidence about event, object or person. This type of data is collected by researchers by using methods such as interviews, surveys or direct observations (Sun, 2019). On the other hand, secondary data is the data that created or gathered by other researchers. Secondary data analyses and interprets primary data. It is a public source that can be found in articles, reviews, and academic books (Streeferk, 2019).

For this paper, both primary and secondary data are utilized. The primary information has been collected by carrying out semi-structured interviews with Mr Bjørnar, CEO of the case company and discussions with other managers. It was conducted face-to-face during the author's internship. The primary source also collected from the writer's observation. The secondary information collected from books, articles, inner company sources.

4.1.3 Limitations

Since the writer mainly uses his own observation and understanding, the research may not reflect objective outputs. Additionally, the only interview was conducted with the CEO with the Norwegian perspective, so the data may not provide an accurate representation of the company and industry. The last limitation was the resource, because of the limited time and financial condition to travel to Vietnam in order to achieve local customer data, the author was only able to use information from articles and company sources.

4.2 Case study: CodeIT

The data collected through the interviews and from the field is used to answer the research questions.

4.2.1 Internal and external environments

SWOT analysis is carried out to assess the internal factors which are CodeIT's strengths and weaknesses, and external factors which are opportunities and threats.

STRENGTHS	WEAKNESSES
- Completely innovative and unique products. - Skilled young R&D teams. - Strong international brand. - Quick response from local support. - A wide range of world-class suppliers. - Over 20 years of experience in the field.	- Low brand awareness in the Vietnamese market. - Small sales team. - Low marketing investment.
OPPORTUNITIES	THREATS

- Become a market leader in the seafood segment as the pioneer in the market. - Vietnamese market expected to grow due to free trade agreement with EU. - Winning contract with a large company like Deneast is a springboard for growth and gaining brand awareness.	- Violation of copyright. - Low willingness to adopt new technology from seafood processer.

4.2.2 Industry's competition in Vietnamese market

Threat of new entrants

The threat of new entrants into technologies for traceability market is low, and the possibilities of the appearance of new competitions for CodeIT is negligible because:

- This type of industry requires a substantial amount of financial investment
- Customers which are manufactures require expert experience in the field, since a tiny fault in production might lead to a big loss.
- High switching cost to another service
- Strong customer loyalty in the industry
- Unique and innovative product to meet specific customer needs.

Bargaining power of buyers

The bargaining power of CodeIT clients is considered low, since:

- The clients have a limited choice of alternative options that provide service like CodeIT

- Switching cost are high
- Product with unique features that satisfy customers, there is no available product that customers can change to another supplier.

Bargaining power of suppliers

The bargaining power of CodeIT suppliers is insignificant, as CodeIT works with a wide range of suppliers that allows the firm to lower the power of suppliers. Additionally, the company built long-term relationship with key suppliers, thus their bargaining power is not considered a threat to the company's competitive position in the market.

Threat of substitute products or services

The threat of substitute products or services is low because only track and trace technologies can address the customer's problem. It seems there is no alternative products.

Rivalry among existing competitors

The competition in the market is low, there are few companies which are considered as CodeIT's competitors but they do not offer the complete system as CodeIT.

4.2.3 Strategy for CodeIT's market growth

Recently, most of the customers in Vietnam who have chosen CodeIT are multinational companies and they clearly understand the importance of electronic traceability systems for their businesses' growth and for them to meet a global standard. As both the economic and seafood business growth is huge in Vietnam, so is the demand for the adoption of new technologies in traceability for local seafood businesses, wherein lies the challenge for CodeIT.

Vietnam looks likely to be the big winner in the ongoing trade war between the U.S.A and China. With its FTAs Vietnam is poised to take full advantage of geographical location, manufacturing, and shipping goods all over the region and the world. Yet, Vietnam receives DFI from China and Hong Kong. Also, with its young and educated human capital – combined with the lower wage levels in the region – Vietnam looks like a very favorable place for investment indeed (BDS, 2019).

So, while the U.S. and China are bucking each other with tariffs, it's the third countries that come out as winners; as China and America need to source their respective goods from someplace else rather than from one another. South American countries like Argentina - with a 1.2 per cent increase in their GDP caused by the trade war and the need for trade diversification – are direct beneficiaries of the ongoing dispute between the two giants. But none more so than China's neighbors: Taiwan, 2.1 increase in GDP, and especially Vietnam with a whopping 7.9 per cent increase (DW, 2019).

Already an enticing target for foreign investment, Vietnam's FDI increased by 7.2 percent from 2018 to 2019, totalling at US$38.2 billion. Undoubtedly, much of this was a direct result of the trade war U.S. vs. China. Still, it is noteworthy to look at how Vietnam is spending all this money: it is being invested around major industrial poles to improve overall infrastructure, thus improving logistics and making it easier to do business. The foreign investment sector accounts for 70% of the country's total export turnover - with a total registered capital of US$350.5 billion (Samuel, 2019).

Also, the opening of the first deep-sea port in North Vietnam can not harm exporting goods – saving about one week in shipments by avoiding stops to Hong Kong and Singapore in international freight transport (Samuel, 2019).

Specifically, in the seafood industry, from 2009 to 2019, the fishery production increased from 4.9 million MT to 8,1 million MT, the production yearly growth was approximately 5%. The graph below shows that Vietnam fisheries increased their production steadily every year over the period 1995-2019 (VASEP, 2020).

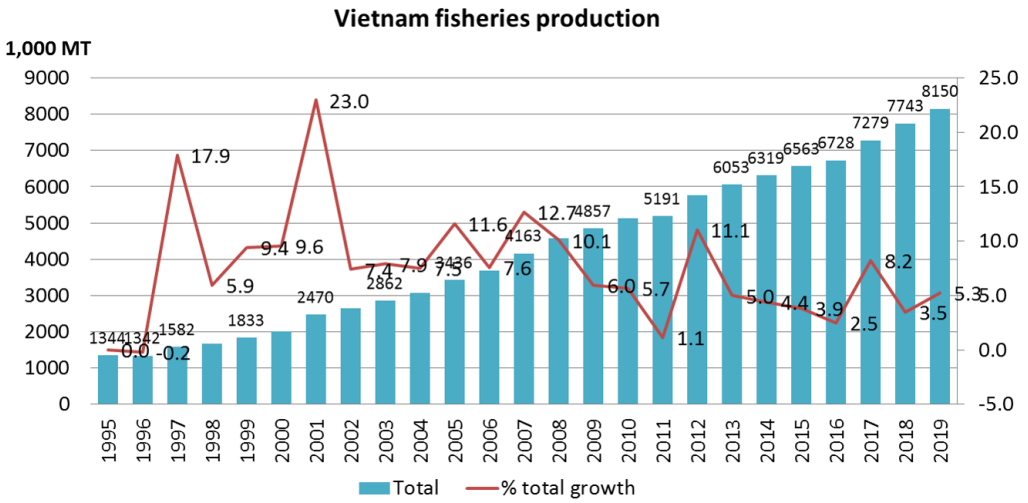

Figure 6 Vietnam fisheries production 1995-2019

In recent years, shrimp has been the largest sector in Vietnam's seafood export value and the nation is pushing to cement its leading position. The prime minister Nguyen Xuan Phuc approved a national action plan to gain 8.1 billion euros in 2025, much higher than 3.1 billion euros in 2017 (Dao, 2018).

When joining in EVFTA, Vietnam's fisheries industry will face new obstacles such as technical barriers, regulations of origin, quality criteria. This requires seafood businesses to apply new technologies in their production. It means that there will be a huge demand for traceability solutions.

As the market is growing strong, thus market penetration strategy is the right option for CodeIT.

4.2.4 Strategy implementation

The interviewee was asked what are the current market growth strategies that CodeIT using for its products. From the responses, the company has developed some strategies to attract the customers such as customer relation, e-brochures, engaging customers on social media, conducting market survey.

The interview added that marketing activities were limited because marketing was not the top priority of CodeIT Vietnam. Additionally, the local sales force was also limited.

For its nature of business, selling solutions for seafood manufacturers or processors takes time to explain to customers what are their problems and how to solve them. Thus, customer education plays an important part of the selling process.

The author recommends some penetration strategies for CodeIT in order to expand the market:

- Increasing the more sales force.
- Improving the website, such as providing a white paper to educate customers.
- Spending on advertising such as seafood magazines, seafood organization's websites.
- Attending trade shows.
- More participants on social media tools.

5 CONCLUSION

The purpose of the study was to analyse the market and identify the right growth direction for CodeIT in Vietnamese seafood market. To address this issue, the author used qualitative research by collecting primary data and secondary data to answer the following questions:

1. What are the internal and external environments of CodeIT?
2. How does CodeIT identify the industry's competition in Vietnamese market?
3. Which direction would be suitable for CodeIT's market growth?
4. How will the company implement its strategic plan to unlock greater market share?

In order to do that, a SWOT analysis was carried out that allows the company to identify all the factors that could affect the company development plan. CodeIT's strengths definitely include innovativeness and uniqueness of products with two decades worth of experience in the industry. The firm has weaknesses, however, which are low brand awareness in the Vietnamese seafood market combined with a small sales team and a low marketing investment. The great opportunity for CodeIT is the increasing demand from local Vietnamese businesses because of the free trade agreement with the EU. Opportunity equals risk quite often and such is the outlook for the company as well; violation of copyright remains a threat, as does seafood processors unwillingness to adapt to new technologies.

CodeIT is a big player in its industry where there is low competitiveness. The threats from new competitors entering into the market and substitute products are inconsiderable. Moreover, the bargaining power of buyers and suppliers are negligible.

With the growing demand from the Vietnamese seafood industry, penetration strategy is suggested for the company for their strategic plan, the firm can seize this

opportunity by improving its promotion strategy, advertising strategy and sales forces for the purpose development.

REFERENCES

Aliaga, M., & Gunderson, B. (2000). Interactive Statistics. Saddle River.

Ansoff, H. I. (1965). Corporate Strategy McGraw Hill. New York.

Ansoff, H. I. (1957). Strategies for diversification. Harvard business review, 35(5), 113-124.

Anh, P. (2008). Xé rào" cho tôm xuất khẩu. Accessed 10.05.2020 http://vneconomy.vn/thi-truong/xe-rao-cho-tom-xuat-khau-200809031049875.htm

Bush, T. (2020). The Ansoff Matrix: What It Is and How to Use. Accessed 10.05.202. https://pestleanalysis.com/ansoff-matrix/

Bragg, S. (2018). Threat of substitutes. Accessed 10.05.2020. https://www.accountingtools.com/articles/2017/8/23/threat-of-substitutes

Chappelow, J. (2020). Porter's 5 forces. Accessed 10.05.2020. https://www.investopedia.com/terms/p/porter.asp

Creswell, J. and Plano Clark, V. (2007). Designing and Conducting Mixed Methods Research, Sage, Thousand Oaks, p.5.

CodeIT AS. Accessed 10.05.2020. https://codeit.no/

Dao, T. (2018). Vietnam sets goals for shrimp industry through 2025. Accessed 10.05.2020. https://www.seafoodsource.com/news/supply-trade/vietnam-sets-goals-for-shrimp-industry-through-2025

Dao, T. (2020). European Council okays free trade deal with Vietnam. Accessed 10.05.2020. https://www.seafoodsource.com/news/supply-trade/european-council-okays-free-trade-deal-with-vietnam

DBS. (2019). Understanding Vietnam: A Rising Star: Accessed 10.05.2020. https://www.dbs.com/aics/templatedata/article/generic/data/en/GR/092019/190919_outlooks_understanding_vietnam.xml

DW. (2019). Vietnam, Taiwan Winning the US – China Trade War. Accessed 10.05.2020. https://www.dw.com/en/vietnam-taiwan-winning-the-us-china-trade-war/a-49068586

DIT. (2019). Export guide: Vietnam. Accessed 10.05.2020. https://www.seafish.org/media/Vietnam_Export_Guide.pdf

FishWise. (2018). Advancing Traceability in the Seafood Industry: Assessing Challenges and Opportunities. Accessed 10.05.2020. https://fishwise.org/traceability/advancing-traceability-in-the-seafood-industry-assessing-challenges-and-opportunities/

FAO/WHO. (1997). Codex Alimentarius. Joint FAO/WHO Food Standards Programme. Rome:Codex Alimentarius.

Foley, P. (2018). Porters Five Forces of Competitive Advantage. Accessed 10.05.2020. https://paulfoleyblogs.com/michael-porters-five-forces-of-competitive-advantage/?doing_wp_cron=1588789091.1165299415588378906250

Grant, M. (2020). Strength, Weakness, Opportunity, and Threat (SWOT) Analysis. Accessed 10.05.2020. https://www.investopedia.com/terms/s/swot.asp

Hue, B. (2019). EU trả về 17 lô nông, thuỷ sản của Việt Nam. Accessed 10.05.2020. http://vneconomy.vn/eu-tra-ve-17-lo-nong-thuy-san-cua-viet-nam-20190506124835 13.htm

Hoang, Nguyen & Chu. (2014). USA Technical Barriers to Exported Shrimp and Catfish of Viet Nam. Accessed 10.05.2020. http://www1.vnua.edu.vn/tapchi/Upload/16102014-tc%20so%206%208.pdf

Hai, T. (2019). Thách thức truy xuất nguồn gốc. Accessed 10.05.2020. http://thuysanvietnam.com.vn/thach-thuc-truy-xuat-nguon-goc-article-22960.tsvn

Ithaca College Library. Research 101. Primary and Secondary Sources. Assessed 10 May 2020. https://libguides.ithaca.edu/research101/primary

Jurevicius, O. (2013) Porter's five forces. Assessed 10.05.2020. https://strategicmanagementinsight.com/tools/porters-five-forces.html

Kapur, M. and Mathur, R. (2017). Food Traceability in India. Assessed 10.05.2020 http://face-cii.in/sites/default/files/final_report-version_2.pdf

Kessler, E. H. (Ed.). (2013). Encyclopedia of management theory. Sage Publications.

Nghe, S. & Vu, H. (2019). Truy xuất nguồn gốc tôm, cá tra: Chưa đạt yêu cầu. Accessed 10.05.2019. https://nongnghiep.vn/truy-xuat-nguon-goc-tom-ca-tra-chua-dat-yeu-cau-d252596.html

NZFSA. (2017). Food traceability. Assessed 10.05.2020. https://www.foodstandards.govt.nz/industry/safetystandards/traceability/pages/default.aspx

Nkondola, E. S., Arnason, V., & Blomsterberg, F. (2006). Developing a traceability system for fish factories in Iceland and Tanzania. Fisheries Training Program, final project. The United Nations University, Reykjavik, Iceland, p.8.

Porter, M. E. (2008). The five competitive forces that shape strategy. Harvard business review, 86(1), 25-40.

Shira, D. & Associates. (2020).Vietnam-EU trade: EVFTA Ratified by EU Lawmakers. Accessed 10.05.2020. https://www.vietnam-briefing.com/news/vietnam-eu-trade-evfta-ratified-eu.html/

Schooley, S. (2019). SWOT Analysis: What It Is and When to Use It. https://www.businessnewsdaily.com/4245-swot-analysis.html

SSA. (2015). Shipments of Vietnamese Shrimp Contaminated with Antibiotics Discovered by FDA Again in November. Accessed 10.05.2020. https://www.shrimpalliance.com/shipments-of-vietnamese-shrimp-contaminated-with-antibiotics-discovered-by-fda-again-in-november/

Sun, Z. (2019). Managerial Perspectives on Intelligent Big Data Analytics, p.65.

Streeferk, R. (2019). Primary and secondary sources. Assessed 10 May 2020. https://www.scribbr.com/citing-sources/primary-and-secondary-sources/

Samuel, P. (2019).FDI in Vietnam – Where is the Investment Going?. Accessed 10.05.2020. https://www.vietnam-briefing.com/news/fdi-in-vietnam-investment-by-sector.html/

Transit Protocol. (2019). Porter's Five Forces and Transit Protocol's Market Strategy. Accessed 10.05.202 .https://medium.com/@transitprotocol/porters-five-forces-and-transit-protocol-s-market-strategy-d943de8189a4

The Saigon Times Daily. (2019). Vietnam world's fourth largest seafood exporter. Accessed 10.05.2020. https://english.thesaigontimes.vn/66885/vietnam-world%E2%80%99s-fourth-largest-seafood-exporter.html

Thompson, A., Strickland, A. J., & Gamble, J. (2015). Crafting and executing strategy: Concepts and readings. McGraw-Hill Education.

VASEP. (2020). Fisheries profile. Accessed 10.05.2020. http://seafood.vasep.com.vn/685/onecontent/fishery-profile.htm

Varzakas, T., & Tzia, C. (2015). Handbook of Food Processing, Two Volume Set. CRC Press, p.118.

VNS. (2016). US rejects 20 tonnes of catfish from Vietnam. Accessed 10.05.2020. https://english.vietnamnet.vn/fms/business/161980/us-rejects-20-tonnes-of-catfish-from-vietnam.html

Wehr, A. (2019). Strategic Growth with the Ansoff Matrix. Accessed 10.05.2020. https://www.tractionwise.com/en/magazine/ansoff-matrix-growth/

APPENDIX 1 INTERVIEW TRANSCRIPT

The interviews will be separately conducted based on the aims of the study, information for basic analyses and the progress of the work.

The answers will be recorded and written down carefully.

Interviewer: Duy Tran

Interviewee: CEO of CodeIT Bjørnar Torsnes

1. The company has been growing fast and the customer trust and value CodeIT. So, what do your customers appreciate the most about CodeIT? And What makes you stand out?

2. What are you the most efficient at?

3. Where does CodeIT lack efficiency?

4. What sort of challenges do you face with doing business in Vietnam?

5. What are the potential threats you might think that could affect the company's competitiveness in the industry?

6. Why did you choose the seafood industry in Vietnam as a target market?

7. CodeIT has been in the Vietnamese market for many years and currently, strong growth is expected in the seafood industry. What are your current growth strategies deployed in Vietnam and what are your next planned moves?