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SCIENCES

Strategic Marketing Plan for Local Characteristic Product

Case: Cheng Farm in Jiangxi Province, China

Wei Peng, Wu Yunxia, Zhong Xiaonan

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ABSTRACT

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The objective of this thesis is to build a strategic marketing plan for the Cheng farm carrying a local characteristic product. We expect that the strategic marketing plan can help the case company extend their business.

Both qualitative and quantitative research methods are used in the thesis, and the main method is qualitative research. The interviews, questionnaire and secondary data analysis are the main data collection techniques in the thesis. We interviewed two managers of the case company in order to understand more about the case company's current situation and market situation. Furthermore, we distributed a questionnaire in November 2011 to individual customers in supermarkets to collect and analyze the consumers' consuming behaviours. From the theoretical aspects, the theoretical framework in our thesis serves as a guide to help us build the strategic marketing plan for the case company. The concept of strategic marketing plan, internal and external situation analyses, and SWOT analysis are discussed in our thesis.

The result of this thesis is a feasible strategic marketing plan for the case company. The new strategic marketing plan is based on internal and external situations analysis and SWOT analysis. The strategic marketing plan puts forward new suggestions for extending the case company's business.

Key Words: GanNan navel orange, JiangXi province, strategic marketing plan, internal and external analysis, situation analysis, SWOT analysis

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1 INTRODUCTION

Today, increasing numbers of companies are established to develop their local characteristic products. Compared with other products, local characteristic products have unique competitiveness. Companies with local characteristics get a very good growth situation along with the international business developing. However, there are several problems impeding those companies to develop, and one significant problem is marketing strategy. Therefore, a strategic marketing plan will be very helpful for companies with local characteristics to develop a successful strategic marketing plan.

In this thesis, our objective is to develop a strategic marketing plan for one special case. We will focus on GanNan navel orange industry in GanZhou city. GanZhou city is located in the south of JiangXi province, China. Navel orange is a local characteristic product in GanZhou city. All navel orange produce from this area is called GanNan navel orange. There are a number of local people doing this navel orange business. Our case company is one farm named Cheng farm located in this area.

However, due to the shortage of relevant education in this area, the local managers do not have modern sales aids available. Therefore, we will design an adequate strategic marketing plan to help them develop their business.

In this first chapter, we will discuss relevant issues of this study, such as background and motivation, research objective, research questions, research methods, and the structure of this thesis.

1.1 Background and motivation

Navel orange contains a variety of nutritive substances that the human needs. Navel orange requires special conditions to grow and therefore it cannot be cultivated anywhere. There are several countries in some special regions in different continents producing large quantities of navel orange, e.g. the Americas, China, Brazil, Spain, Japan, Australia, Morocco, and South Africa. The limited areas of navel orange growth demonstrate the fact that navel orange has competitive advantages and can be one kind of local characteristic products. (Sheng 2006.)

Owing to the development of international business and logistics, navel orange has become a fruit in high demand all over the world. Since an increasing number of people globally consume it, it has an extensive global market potential. Navel orange is rich in vitamin C with 100 grams of orange containing 45 milligrams of vitamin C and with a total vitamin content of around 54 % (USDA 2010). Orange has been known for centuries as a suppressor of scurvy in addition to which vitamin C has various physiological functions which are beneficial for humans (Lind 1753, cited in Gropper & Smith & Grodd 2004, 260-275). With today's economic development, as people's living standard grows rapidly, people do not only focus on enjoying life but also want to have a good life quality. People pay an increasing attention to health, which helps several businesses develop their potential markets.

Two Chinese agricultural researchers Hu and Zhu reported in their analysis that navel orange business has developed in the recent seventy years in China. More than seventy years ago, Chinese people successfully brought a navel orange tree from American to Chinese, which is the Chinese navel orange history start with. Chinese farmers further developed the American navel orange tree, to become suited for China's conditions of growth in view of climate and location. (Hu & Zhu 2000, 2-3.)

Even though Chinese farmers can plant navel orange in China today, there are still several limiting elements for planting high quality navel oranges, such as climate, soil, etc., to limit the development of large scale navel orange farming. In China, merely three regions have a large scale navel orange plant area. The first region is south of JiangXi province, the GanNan region. The second region is west of HuBei province, the ZiGui region and the third region east of ChongQing City, the FengJie region. All of the three regions are in central China, and they have suitable conditions to develop navel orange farming. Now navel orange business is the most important part of the economies of those three areas, and it raises local people's living standard and increases local government revenue. The most important result from the navel orange business in central China is that it helps in solving the employment problem because the population and labor force have places to work. In our research work, we are focusing on the first region discussed above, the GanNan region. (Sheng 2006.)

The main reason for us to choose to design a strategic marketing plan for the case company in navel orange business in JiangXi province in the GanNan region is the fact that the authors' hometown is located in this province. We want to develop business of a local characteristic product and simultaneously assist in developing the regional economy. One of our co-authors lives in the GanNan region, and his family has a navel orange farm at present, i.e. the case company Cheng farm is his family's business. The co-authors can help understand the problems in the navel orange industry the family business is facing and give useful information for the purposes of this thesis which is written to develop the case company's orange business. The manager of the co-author's family business is also very interested in this thesis. The manager expects this thesis outcome can help run the business profitably.

1.2 Research objective and research questions

The objective of this thesis is to build a strategic marketing plan for the Cheng farm. This thesis is written also to analyze the current market situation and design a strategic marketing plan for the Chinese case company that operates in the navel orange market.

At present, the strategic marketing aspect in China in navel orange business is not widely taken into consideration and therefore it can be suggested that the navel orange market in China needs rethinking. One aim is to develop the GanNan navel orange business competitiveness in China with the help of the strategic marketing plan that we will build. Through study and analyze concerning the current situation of the GanNan navel orange market, we will build a suitable strategic marketing plan to facilitate the development of the area's navel orange business.

In accordance with the objective of our thesis, the main research question of this thesis is as follows:

How to build a suitable strategic marketing plan for the GanNan navel orange business in Chinese market?

We want to solve this main question by building a suitable strategic marketing plan, and expect it can help the case company improves their business. Our intention is to find answers to the main research question through answering the sub-research questions that are described below. The sub-research questions are as follows:

1. What is the current market situation for GanNan navel orange in Eastern China?

The current market situation analysis helps us understand current market problems, and therefore this analysis is very important for our strategic marketing plan building. We

can build a suitable strategic marketing plan to solve the current market problems. Additionally, we can find market opportunities from the current market analyses.

2. What are the elements impacting on the strategic marketing plan?

Our main theory part in this thesis is focused on discussing the concept of strategic marketing plan. We want to analyze the current market situation to develop a suitable strategic marketing plan for GanNan navel orange industry. According to the theoretical marketing knowledge that we learned, we carry out the analysis of the current strategic marketing plan in order to acquire tools for building a suitable strategic marketing plan for GanNan navel orange industry.

3. What are the future perspectives of GanNan navel orange in Eastern China?

We analyze which conditions impact on the future market in this part, and the result will help us make the right decisions for the strategic marketing plan. In addition, market trend is very important for us, since it directly impacts on the product sales and also the industry development. Meanwhile, conducting a market research is necessary for us, since we can interview or phone the case company managers to do this market research. On the basis of the answers from these interviews, we can understand the future marketing situation and our potential customer scope for GanNan navel oranges.

1.3 Methodology

In our thesis, our objective is to build a feasible strategic marketing plan for GanNan navel orange farmers. Therefore, both quantitative and qualitative methods are used in our thesis to achieve our objective.

Both quantitative and qualitative methods are very useful for our thesis study. Firstly, we need to use those two methods to help us understand and attain our case market information and the current market situation in Chinese navel orange market. In addition, quantitative and qualitative methods can also help us study and research elements about marketing and strategic marketing plan. We combine both quantitative and qualitative research. Combining the two methods helps us achieve our objective more easily. From Neuman's study (2003) we can see there are several benefits for our research. Firstly, the findings from one type of study can be checked against the findings derived from another type. Secondly, qualitative research may help provide background information on the context and subjects; act as a source of hypotheses facilitating quantitative research. Next, quantitative research may also help with the choice of subjects for a qualitative research. Additionally, quantitative and qualitative researches are combined in order to provide a general picture. In the end, quantitative research is especially efficient at getting at the structural features of social life, while qualitative studies are usually stronger on process aspects. (Neuman 2003.)

Punch (1998) defines qualitative research as empirical research where the data are not in the form of numbers. This means that the research result cannot be show as numbers, since the results need to be summarized or interpreted by the researcher. Otherwise the results will be hard to understand by other people. Aaker, Kumar, and Day (2006, 189) describe the purpose of qualitative research is to find out a consumer's mind. It is done for the purpose of access and gets an idea about person's perspective. It helps the researcher become adapted to the range and complexity of consumer behaviour and concerns. Qualitative data are collected to recognize more aspects that cannot be directly observed and measured. In addition, despite the fact that qualitative data collections are time-consuming, individual in-depth interviews will use in our research. "Individual in-depth interviews are interviews that are conducted face to face with the

respondent, in which the subject matter of the interview is explored in detail.” (Aaker & Kumar & Day 2006, 192.)

In order to make research the Chinese navel orange market, the in-depth interviews are conducted with the GanNan navel orange farmers to collect the knowledge and information about their current customer and market situations. Two managers from the case company will meet online with us to respond to our questions. Furthermore, we use their responses to compare and analyse their answers, on the basis of which we can generalize those responses as our qualitative data.

Additionally, a case study used also helps us collect qualitative data. The case company decided to help us collect data, expecting that our thesis work can also help them improve their business. Yin (2009, 18) defines case study as an empirical enquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clear evident. A case study, in the research sense, is a comprehensive description and analysis of a single situation. The data for a case study usually are obtained from a series of lengthy, unstructured interviews with a number of people involved in the situation, perhaps combined with available secondary and internal data sources. (Aaker & Kumar & Day 2006, 208.)

Punch (1998) describes quantitative research as empirical research where the data are in the form of numbers, and the result can easily be understood when one sees the results. Quantitative research focuses on the systematic empirical investigation and the certain processes for quantitative research are statistical methods (Punch 1998). In our thesis, for collecting and analysing the navel orange market information and customer behaviours, quantitative data are used. The questionnaire is used to help us collect

quantitative data. In the questionnaire, our research targets are average customers, and 100 questionnaires will be delivered by our local co-operator.

In addition, we will use other research methods to achieve our objective in this case study. The other methods used are study of theoretical knowledge in literature, and several analyses of documents.

1.4 Structure of the thesis

The theoretical foundation for this thesis is based on the literature in building a strategic marketing plan. The thesis is divided into five chapters. Chapter two describes theoretical information on strategic marketing plan, let readers easy to following the rest chapters. We use those theories to build a strategic marketing plan for navel orange produce. Chapter three expounds research work's importance and design, conducting the research work and collecting data, the case company overview and its current situation. Chapter four focuses on data analyzing and results studying, i.e. questionnaires' data and interviews' result. The strategic marketing plan we build for the case company as well in this chapter. Finally, conclusions in this thesis and suggestions for future research are presented in chapter five.

2 LITERATURE REVIEW

As was discussed in chapter one, the objective of this thesis is to build a strategic marketing plan for the case company. In this chapter, theoretical knowledge concerning strategic marketing plan is expounded. Firstly, strategic marketing plan as our main objective has to be presented. In addition, situation analysis is another important part for our objective to be achieved. On the basis of the situation analysis, a suitable strategic marketing plan will be built. The discussion of situation analysis includes five steps, i.e. internal analysis, customer analysis, industry analysis, competitor analysis and distribution analysis. SWOT analysis is used to build the strategic marketing plan at the end of the thesis.

2.1 Strategic marketing plan perspective

We need to build a strategic marketing plan for the case company. It is necessary for the company to understand what strategic marketing plan is. A strategic marketing plan is a plan for strategic marketing. Kotler, Armstrong, Wong and Saunders (2009, 7) define marketing as a social and managerial process, which is individuals and groups creating and exchanging products and value with others to obtain what they need and want. Marketing is merely a civilized form of warfare in which most battles are won with words, ideas, and disciplined thinking (Emery & Jain 2000, 23). Gilligan and Wilson (2003, 43) suggest that strategic marketing plan is typically a definition of marketing objective and how to achieve those objectives. The definition from Kotler, Armstrong, Wong and Saunders is the most clear idea to lead the thesis.

Marketing focuses on selling products and understanding customers, and it is a core factor for a business. For those reasons, we need to build a suitable strategic marketing

plan for the case company. A suitable strategic marketing plan can lead to a successful business. A comprehensive study on strategic marketing plan is provided by Alsem (2007, 5), and he perceives a strategic marketing plan as increasingly important for companies for a variety of reasons. Firstly, companies increasingly are faced with a turbulent economic environment. Secondly, developments in information and communications technology are responsible for the growth of the global network economy at present. A third point is that governments in many countries are striving to accommodate to market forces. Finally, consumers are becoming more independent, are learning more, and they demand more high quality services. (Alsem 2007, 5.) Marketing environment becomes increasingly complex. Therefore, businessmen cannot just pay attention to customers but also macro and micro economic environment, i.e. world economic trends, national economic environments and company account situations. Marketing philosophies were developed from the production philosophy to the sales philosophy in the 1920s, continuing to the marketing concept philosophy, today with a focus on the societal marketing concept philosophy. (Sandhusen 2000, 12.)

In the current marketing environment, important factors not just only for sellers and customers, but also for the entire social environment can impact on marketing activities. Strategic marketing plan is a good guide in this complex environment for companies. According to Alsem's study (2007, 5), on the one hand, in this complex environment, i.e. technical development, customers demand increase, theory innovation, these changes open up opportunities never before available. On the other hand, companies face increasing competition. As a result, more than before, companies need to respond to their ever-changing environment with increasing speed and more highly developed strategic plans. Strategic planning can also play an important internal role at a company. Strategic planning can make sure that all employees are moving forward in the same direction. (Alsem 2007, 5.) We will discuss those factors in our interviews with the case company managers. It is helpful for the case company to make a strategic marketing

plan for them to develop their business. For the strategic marketing plan process, situation analysis is the first step, and the following section of the thesis discusses this situation analysis.

2.2 Internal analysis

The first step for building a strategic marketing plan, the case company current situation needs to be clarified. This internal analysis is to analyze the company's strengths and weaknesses. The results of the internal analysis help us understand the case company's current situation in detail.

Our analysis starts from the company objectives. Alsem (2007, 57) suggests requirements for objectives. First, objectives serve as a guideline for the company. In addition, objectives have a communicative or motivating function, i.e. everyone knows what is being pursued. A third function is that objectives are a tool for the planning process. (Alsem 2007, 57.) Gilligan and Wilson (2003, 312) suggest that objectives and strategy are not simply set in a vacuum or by reference to environmental factors, but also they emerge as the product of a complex interaction at various levels of the organization. Alsem (2007, 57-58) also summarizes five requirements for an objective that is expressed through the acronym SMART, i.e. Specific, Measurable, Ambitious, Realistic and Timed. Specific narrates to be precise what a company is going to achieve. Measurable means that it is possible to document whether the objective was achieved. Ambitious suggests that the objectives should not be set too "low". Realistic means that the objective should be reasonably possible to achieve. Finally, objectives should be defined for a specific time period. (Alsem, 2007, 57-58 original emphasis.) Several factors can influence a company's objectives. According to Gilligan and Wilson (2003, 312), there are four aspects influencing on organizational objectives and strategy, i.e.

external influences, organizational culture, nature of the business, and individuals and groups.

Company objectives are complex operations. It is not easy to manage company objectives. According to Alsem (2007, 58-59), the balanced scorecard as developed by Kaplan and Norton (1992) may be helpful for managing company objectives. Alsem (2007, 58-59) sums that this method means that in joint deliberations involving lower management, middle management, and top management, measurable objectives are developed for four fields, i.e. customer-oriented (customer satisfaction), internal (efficiency), learning growth (innovation) and finances. Kaplan and Norton (1992) point out the balanced scorecard gives managers complex information at one table, and shows how results are achieved. From customers' perspective, balanced scorecard shows how customers see a company. It also shows that a company must excel at from internal business perspective. Innovation and learning perspectives show how a company can continue to improve and create value. Companies can also see their financial situation from the balanced scorecard. (Kaplan & Norton 1992.) Figure 1 shows the structure of balanced scorecard which companies use for internal analysis. We can use the balanced scorecard to analyse objectives of the case company.

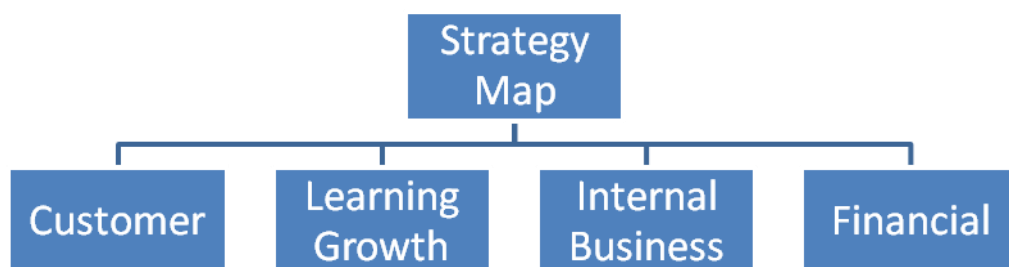


Figure 1. Balanced scorecard chart (Alsem 2007, 59)

Balanced scorecard can subdivide company objectives and make objectives easier to manage. Alsem (2007, 60) deeply explain the advantages of the balanced scorecard for companies. The essence of the balanced scorecard is that measurable objectives are formulated within each of these categories and that each manager is held responsible for those objectives. This has the advantages that the planning and control processes are closely linked and that the motivation of managers to achieve the objectives is increased. Additionally, the formulation of collective measurable objectives makes an important contribution to increasing team spirit. (Alsem 2007, 60.)

In the case company, objectives management and balanced scorecard can help the case company know more about their internal weaknesses and strengths. Thus, the result of internal analysis can lead to building a suitable strategic marketing plan for the case company.

2.3 Customer analysis

As was discussed previously, a customer is one of the main factors in a marketing plan. Alsem (2007, 73) points out a greater emphasis on the idea that the creation of customer value should be a company's central focus in recent developments of the marketing concept. That is why we start customer analysis as the beginning of external analysis. Sandhusen (2000, 194) also agrees with Alsem (2007, 73) in that knowing more about customer behaviours is very important for a strategic marketing plan, no matter to make objectives, implement a plan or manage a marketing plan.

A customer analysis also called "market research" is not just looking for customers' wishes, but also to indicate that they might like in the future. Data results from customer analysis should not be used as a direct guidance for action, however should be interpreted and combined with other sources subsequently. (Alsem 2007, 79 original

emphasis.) Sandhusen (2000, 194) perceives that the data resulting from customer analysis can lead a company to understand their target markets.

Alsem (2007, 79) argues that customer research could be used for different purposes, and it is based on different types of research as follows:

1. Exploratory: qualitative research.
2. Descriptive: quantitative research (surveys and observations)
3. Causal: experiments.

In the thesis, we are using both qualitative and quantitative research as our research methods. Details concerning research work will be discussed in chapter 4.

Alsem (2007, 79) indicates a very useful division for seeking information of customer analysis is asking six W's as follows:

1. Who are our current and potential customers?
2. What do our customers do with our products (use situations)?
3. Where do our customers purchase our products?
4. When do our customers purchase our products?
5. Why and how do our customers choose our products (e.g., perception of brands and products and needs)?
6. Why do potential customers not purchase our products?

We are following the division described above to make interview questions for the case company manager, and details will be described in chapter 4.

Sandhusen (2000) points out several elements can impact customers' behaviours. It can be describe as a relationship factor and personal factor. Relationship factor means social group where customers belong or their aspirational groups, e.g. family or gender-based groups. Personal factor includes intrapersonal variables, attitude or feeling. (Sandhusen 2000, 196.) Customer behaviours are always hard to analyze, however when a company

understand it, a suitable market target can be made by a company. According to Gilligan and Wilson (2003, 225-226), four factors influencing consumer behaviours are illustrated, i.e. culture, social, personal and psychological.

It is good to know market segment when we study target market. Alsem (2007, 79) points out a segment is a group of potential customers. Sandhusen (2000, 246) agrees with Alsem that segment is a high potential prospective customers. Determining a market segment can help companies improve all aspects of the strategic marketing plan. (Sandhusen 2000, 246.) In addition, a group of customers may be considered as a segment by four conditions, i.e. homogeneity/heterogeneity, sufficient size, measurable/identifiable, accessible. (Alsem 2007, 80.)

The case company's product navel orange can be the final product or primary product. It depends on customers' situation, how they are going to use for the products. This situation makes research work harder than in a single product situation, i.e. product just as final product or primary product. Customer analysis details will be presented in chapter 4.

2.4 Competitor analysis

Competitor analysis is another important part for external analysis. In this part, goal and structure of the competitor analysis is described. Competitor analysis needs to focus not only for 'hard' factors, i.e. size, financial resources, manufacturing capability, but also for their 'softer' elements, such as managerial cultures, priorities, commitment to particular markets and market offerings, etc. (Gilligan & Wilson 2003, 176 original emphases). Alsem (2007, 129) suggests that a competitor analysis can be thought of as a competition analysis at the micro level which behaviour of individual competitors is analyzed to predicting the competitors' actions and reactions.

Through individual competitor analysis, opportunities that may be expected from competitors typically are found in the weaknesses of those competitors. In addition, those weaknesses provide starting points for the company's competitive advantages. Competitors' objective and strategies are threatening companies. Therefore, objective of the competitor analysis is coming from discern competitors' strengths and weaknesses, future behaviours. (Alsem 2007, 131.)

Alsem (2007, 131-132) suggests that two approaches may be chosen in a competitor analysis. The first traditional one is to consider the competitor as a "rival", the goal was to beat the competition, and the competitor analysis was focused on identifying the weaknesses of the opponent. The second is a new concept for competitor analysis, companies consider its competitors as future collaboration partners. Company's survival in common is looking for collaboration with competitors not attempting to beat them. (Alsem 2007, 132.)

Five phases distinguished in a competitor analysis suggests by Alsem (2007, 132):

1. Identification and choice of competitors
2. Objectives of competitors
3. Current strategies of competitors
4. Identification of factors that determine success and the strengths and weaknesses of competitors
5. Prediction of the strategies of competitors

Approaching this five phases, a competitor analysis will be successful operated. The analysis result should be used to answer the question of what the competitor want to do in the future (Alsem 2007, 142). Deeply identifying with competitors is necessary.

Gilligan and Wilson (2003, 176) suggest that competitive analysis can follow these tips: comparing with your competitor to understand your competitive advantage and disadvantage, following time section to insight competitor's strategies, giving an future strategies informed to sustain/establish advantages over your competitors.

The goal of a competitor analysis is to find out from the strengths and weaknesses for competitors and their expected strategies. Comparing with a company's own situation, manager can determines whether a competitor should be considered as an opponent or a future partner. (Alsem 2007, 145.)

Even though the case company is a farm, competitor analysis is still important for the case company. The competitor analysis is not only for understanding opponent but also looking for future partners. The outcomes of competitor analysis will help the case company gets inspirations to assist us build a suitable strategic marketing plan.

2.5 Market analysis

After customer analysis and competitor analysis, we are focusing on analyse the market. On the one hand, market analysis is to determine the attractiveness of a market to current and potential participants. On the other hand, knowing more about the market situation can help company to understand the dynamics of the market. (Aaker 1998, 78.)

According to Sandhusen (2000, 69), the elements that can influence market can be divided into macro and micro aspects. In macro aspects, population statistics, economic, social-culture, polity and technical will influence the market. In micro aspects, company mission and vision, customers, distribution, and publish relationship can affect the market. (Sandhusen 2000, 69-70.)

Aaker (1998, 78) points out about how to do a market analysis in depth. Even though different products market analysis will depend on the context, however still have some common elements for researcher to follow. The first point we should analyze is the actual and potential market size, we can understand total sales level from this point, and total sales level in market is a basic point for analyze a market. Market growth is another point after the size of the market, it is important that submarkets have been estimated, and then the focus turns to growth rate. The third is market profitability analysis, it is necessary to know if it is valuable to investment to market. A good understanding of the cost structure can help company provide insights into present and future key success factors. Market trend is another element most often useful for external analysis. A market analysis finally will show the key success factors in the market for company. (Aaker 1998, 78-92.)

Market is the place where products are going to, market analysis help the case company has a brief overview concerning current market situation. Therefore, market analysis can as guidance for us to create a strategic marketing plan.

2.6 Distribution analysis

Distribution means a company looking for a system that allows customers to gain access and purchase a marketer's product. An efficient distribution system decisions should include i.e. assessing the best way get products to customers, determining if products need a reseller network or not, arranging a stable ordering system, creating a delivery system, and establishing facilities for product storage. (Christ, 2009.)

Distribution analysis shows the opportunity to gain advantages from good relationships with those parties. A competitive edge can be gained through a good channel strategy. (Alsem 2007, 147.)

According to Aaker (1998, 88), an analysis of distribution systems can follow three questions:

1. What are the alternative distribution channels?
2. What are the trends? What channels are growing in importance? What new channels have emerged or are likely to emerge?
3. Who has the power in the channel, and how is that likely to shift?

Another suggestion by Alsem (2007) is that distribution analysis occurs at three levels of aggregation: macro level, meso level and micro level. These levels cannot be considered separately.

The analysis of the distribution structure at the macro level involves two dimensions. First is the number of levels in the distribution column. Second is the type of intermediate links within a single level. There are two possibilities in the length of the channel, direct delivery and indirect delivery. (Alsem 2007, 150.)

In meso level, distribution structure focuses on the role of the wholesale trade and the level of individual retailer. The whole sale trade is positioned between manufacturer and retailer, and it is an important role to measure the demand and supply of goods in markets. The level of individual retailers can be as a single level (e.g., retailers) or even one type (e.g., supermarkets) of intermediate links, it is important to understand market shares. (Alsem 2007, 152.)

The micro level can be seen as distributor analysis, it positioned between a customer analysis and a competitor analysis. Distributor analysis insight should be obtained into the following:

1. The importance and role of the distributor.

2. The position of the manufacturer's brand at the distributor.
3. The objectives, strategy, and wishes of the distributor.
4. The strengths and weaknesses and the expected strategy of the distributor.

Distribution analysis can help case companies make a distribution strategy, looking for a best chain to sell products. (Alsem 2007, 149-154.)

2.7 SWOT analysis

SWOT means strengths, weaknesses, opportunities, threats. SWOT analysis is an analysis tool that enterprise defines strategic options in internal aspects strengths and weaknesses and external aspects opportunities and threats. Alsem (2007, 174) points out SWOT analysis is different from internal analyses and external analyses, both of those analyses combined may be appointed as situation analysis. Gilligan and Wilson (2003, 88) perceives SWOT analysis is one best-know and frequently used tools within the marketing plan process.

Alsem (2007, 174) describes that strengths and weaknesses are internal elements which are related to the brand for a company making a marketing plan, in addition, opportunities and threats are external elements which are related to the environment factors even though the brand is not exist.

SWOT analysis is designed to achieve two principal objectives. First, it is to separate meaningful data. Second, it is to find out the distinctive competencies within each of the market segments. (Gilligan & Wilson 2003, 89.)

Figure 2 shows steps in the SWOT analysis; the following tips may be useful (Dibb & Simkin & Bradley 2003; Alsem 2007, 117):

1. Only include the most important factors.

2. Classify the points in order of importance.
3. Ensure that sufficient supportive evidence is available for each point.
4. Strengths and weaknesses should be relative to those of the competitors.

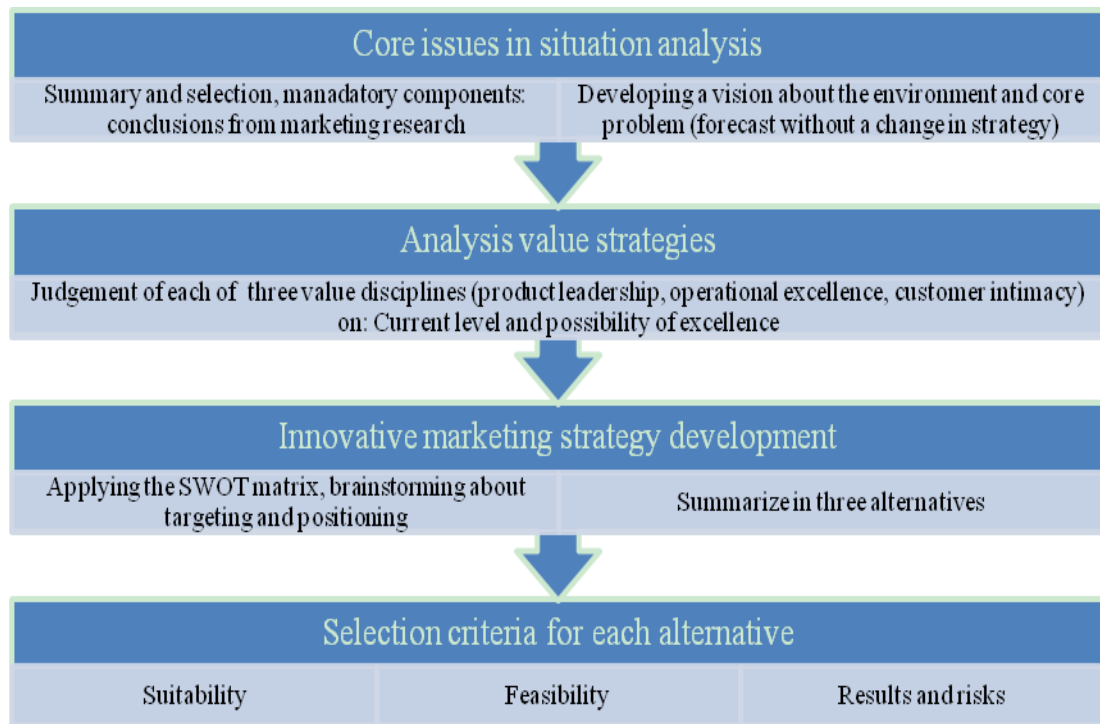


Figure 2. Steps in the SWOT analysis (Alsem 2007, 177)

An important point is that cannot mix those four factors in SWOT analysis, i.e. strengths, weaknesses, opportunities and threats. When we collect the result of data analysis, we can obtain a strategic marketing map. We are demonstrating the case company situation and related environment in chapter 3.

2.8 Marketing objectives

We are step-to-step to collect data and analyse current situation in above subchapters. For the result, the case company could understand its company situation and the current

market situation. We could consider that the case company needs in order to create marketing objectives, and build a strategic marketing plan to achieve the objectives.

Marketing objectives are objectives hold primarily responsible for the functional area of marketing. The objectives can be formulated on three different levels: at company, business unit or product level, which product level is occurred frequently in practice. Marketing objectives are measures through market share, sales or profit. (Alsem 2007, 219)

Gilligan and Wilson (2003, 312) point out that four factors can influences on organizational objectives: external influences, nature of business, organizational culture, and individuals and groups. External influences involve societal values, pressure groups, government, and legislation. Nature of business in particularly means organizations' market situation, products' life-cycle stages, and technology's types used. Organizational culture includes company's history and age, leadership and management style in organization, and current structure and systems. Individuals and groups is that expectations of individuals, stakeholders and coalitions. (Gilligan & Wilson 2003, 312-316.) Marketing objectives are guideline in a company. It gives manager and employees a practical and explicit common goal.

2.9 Strategic marketing plan process

Build a strategic marketing plan basic on analyse current situation. In addition, we can use SWOT analysis as a tool to summarizing the result of situation analysis. Thereafter, our thesis work is changing from data analysis to strategy building. We can use a simple map (Figure 3) easily to show the process for build a strategic marketing plan:



Figure 3. Strategic marketing plan process (Alsem 2007, 28.)

Firstly, we need to know the case company background and more details introduced by the managers. Secondly, the case company internal and external situation analysis conducting to get qualitative and quantitative data. In addition, SWOT analysis is used to summary research result. Fourth, marketing objectives have to be built by the case company. Finally we can design a strategic marketing plan for the case company to achieve the company's objectives.

In this thesis work, we are following this map to build a strategic marketing plan for the case company Cheng farm. This is also our thesis work outlines that we operating, qualitative and quantitative data are come from interviews with the case company mangers, questionnaire for average customer, and internal documents.

3 RESEARCH METHODOLOGY

In this chapter, we discuss in depth about the research methodology and data collection. We also discuss the case company's information to show us background of our thesis. Firstly we describe the research essentiality and design of the research work, and following describe the research methods and techniques. Further, data and data collection are discussed in this chapter. Finally, the company overviews and the background of our research work are shown in this part.

3.1 Research essentiality and design

The objective of this thesis is to explore how to build a strategic marketing plan for GanNan navel orange in Chinese market. Afterwards to help the case company in further build a strategic marketing plan. It is important to know that factors impact on marketing if we want to build a strategic marketing plan.

As a process, research generally follows the stages of defining, designing, doing and describing (Maylor & Blackmon 2005). According to Saunders (2007), research data or information must be collected in a fair and systematic way, and the data must also be analysed in a systematic way. Research can help company to make better and more informed decisions discussed by Kent (2007, 7).

For the thesis, our objective is to build a strategic marketing plan which needs a wide research. For this reason, our research work is following literature that we used and the case company's suggestions. Single-case study can let our research works more focus on the particular problems in the company. The case company managers are also willing help us to do the research work to make sure our thesis reliability and validity.

3.2 Data and data collection

As was stated previously, we used interviews and questionnaire to collect primary data to assist us in building the strategic marketing plan for the case company. We conducted unstructured interviews with two managers of the case company. The data that we collected involve marketing situation and customers behaviours especially from the unstructured interviews. Due to the complex situations for the interviews, it is impossible to analyze all data in one simple chapter. Therefore we decided to put data analysis from interviews into situation analysis part in chapter 4. In addition, the data we collected from questionnaires have an independent part to analyse, using tables or charts.

Secondary data and documents analyses are used also in our thesis work in addition to the primary data to assist our investigation with an objective to build the strategic marketing plan. Using secondary data can save researchers several works if researchers utilize appropriately. According to Kent (2007, 72), secondary data has been classified into three main kinds: published sources, commercial sources and internal sources. Published sources are those sources already published by organization. Commercial sources are market research agencies collect in order to sell data to serve their clients. Internal data are the data collected by companies themselves. (Kent 2007, 72.) According to Aaker, Kumar and Day (2007, 110-111), they define secondary data as data that is collected by other people or organizations to solve previous problems. In addition, Aaker et al. (2007, 110-11) also agree with Kent (2007) in that the benefit of secondary data is that it can save researchers' cost and time. We use secondary data to help the case company understands the major aspects of their market and the whole GanNan navel orange situation.

In sum, qualitative and quantitative data are all useful in our case study. They can help the case company understand the current market situation and also future market trends.

3.3 Research methods and techniques

As was discussed in the introduction chapter, both quantitative and qualitative researches are used in our research work. The case company's interest lies in having a strategic marketing plan for their use. To meet their requirements, we need to conduct this research in the way that makes sure that we build a useful strategic marketing plan. Therefore, our research includes internal and external information analyses. For that reason both quantitative and qualitative research are conducted in our thesis research work.

Qualitative research is used as the main approach in the thesis. Qualitative research is used to analyse the case company's internal situations and external situations, which information is not easy to show in number forms. According to Aaker, Kumar and Day (2007, 189), qualitative research aims to understand consumers' minds, and to access or get a rough idea about the consumers' perspective. "Qualitative data are collected to know more about things that cannot be directly observed and measured" (Aaker & Kumar & Day 2007, 189). Kent (2007, 86) also states that qualitative research is conducted to explore and understand people's attitudes, perceptions, motivations and behaviours by analysing large qualitative data. In our case study, unstructured interviews are used to help us collect qualitative data to increase our understanding of the case company situation and the current GanNan navel orange market situation.

Quantitative research is used to explore the data that can be expressed in numbers mainly. Numerical data can help us understand the market trends and customers'

choices. Quantitative marketing research focuses on measuring the extent of, or changes in, maybe marketing phenomena to understand ideas about customers in order to make predictions. Quantitative research is analysing quantitative data. (Kent 2007, 117.) Quantitative research is used for the case company to help us analyse the customers' behaviour for the purposes of our thesis, and a questionnaire is used to collect customers' behaviour information.

We use case study method to closely understand how to build the strategic marketing plan for GanNan navel orange business. It can let our research work more focused and precise. Case study is a common research method in different fields of science including business (Yin 2009, 4). Yin (2009, 18) maintains that "case study is an empirical inquiry that investigates a contemporary phenomenon in depth and within its real-life context, especially when the boundaries between phenomenon and context are not clear evident." Case study is a comprehensive description and helps to analyse a single situation. The data for a case study is usually collection with unstructured interviews with people involved in the situation, maybe also combines with secondary and internal data sources. (Aaker & Kumar & Day 2007, 208.) Unstructured interviews, secondary and internal data are current that we are used in our case study. We choose case study to be our research method, because it can help us easier understand the process of building the strategic marketing plan. For our objective, it is hard due to we do not have any real-life context to analysing and investigating. The reason for us to choose the Cheng farm as the case company is that one of our co-authors is familiar with that farm (family business) and we have rightly and clear understand to investigate and analyse the case company.

Interviews are used to collect qualitative data in our case study. Qualitative data are constructed in depth interviews. Depth interviews are one-to-one basis between interviewer and interviewee, or some depth interviews may take place with more than

one people in the same place at the same time. (Kent 2007, 91.) Aaker, Kumar and Day (2007, 192) also discuss that interviews can be individual in-depth interviews, that are conducted face-to-face between researcher and respondent to explored in detail. They also define that individual in-depth interviews involve nondirective (unstructured) and semi-structured interviews. We used nondirective (unstructured) interviews in our case study. Nondirective interviews mean that the respondents have maximum freedom to respond to our research questions. (Aaker & Kumar & Day 2007, 192.)

Our interview design has two parts. Firstly, we conducted several interviews with the case company managers, i.e. Mr Zhong and Mrs Huang. Mr Zhong is the operation manager in the Cheng farm. He is the owner of the farm as well, focuses on daily work operation and employees' management, moreover responsible for sales department. Mrs Huang is the wife of Mr Zhong, she is responsible for the financing department in the Cheng farm. We are depth discuss about the farm's operations, sales and financing situation to assist our analysis work. We designed several questions to ask them (Appendix 1).

The questionnaire was used to help us collect customers' behaviour information. Kent (2007, 151) defines that questionnaire is a document that is used as an instrument to capture data through asking people questions. It is very important for marketing intelligence collection. The most important effect of marketing intelligence is reflected in business decision making. Making right questions to asking right audience in order to getting right information and making the right decision. Researches usually follow a sequence of logical steps to develop a good questionnaire: Plan, Formulate questions, Decide on the order and word, Small sample and test the questionnaire, Correct the problems. (Aaker & Kumar & Day 2007, 316.) We used closed-ended questions in the questionnaires, since such questions are easier to answer, and interviewer requires less effort to make tabulations and analysis (Aaker & Kumar & Day 2007, 321).

Questionnaires divide in two different ways, self-completed and interviewer-completed questionnaires. Self-completed questionnaires are used in the research work. Kent (2007, 166) defines self-completed questionnaires as questionnaires that are completed by respondents without an interviewer present.

In the questionnaire research work, we design the questionnaire to our potential targets that are visit to supermarkets (Appendix 2). All the questions that we used in our questionnaire are closed-end questions to make sure questions are easy to understand. Our questionnaires were circulated and replied in China, and we used Chinese locals to communicate with our target group. We translated the questionnaire and reports into English and two Chinese speaking master students helped us to revise them for correct language use. Our co-helpers from the case company delivered the questionnaires to the respondents. The questionnaire analyses are presented in Chapter 4.

All methods discussed above are used in our research work which helps us collect versatile data for our research. Those methods are suitable for our research situation since our resources, i.e. time and money, are limited.

3.4 Case company overview

Our case company and its related environment are presented in this subchapter. The case company named Cheng farm located in GuangZhou city, the south of Jiangxi province in China (Figure 5). “Cheng” is a Chinese pronunciation means orange.



Figure 5. Location of GanZhou city in China

GanNan navel orange is the Cheng farm's products. This farm started its business since 2002, and it has more than eight years' operation experiences. The main manager in the farm is Mr Zhong, and he is the Cheng farm business founder also. Mr Zhong is a modern farmer who is not similar as Chinese traditional farmers. He had a philosophy bachelor's degree as his education background, and he learned by himself how to use agricultural technology to manage the Cheng farm. Thus he has a good reputation in local which are lack of education. In addition, Mrs Huang is co-manager in the Cheng farm responsible for financial part, and she is Mr Zhong's wife. They have eight employees to running daily operation, and more than twenty seasonal employees.

The Cheng farm is a typical family business. Until now total investment added up more than 1,000,000 Chinese Yuan (around 100,000 euro). According to Mr Huang's indication, the financial situation is going down since 2008. Mr Zhong considered that it is necessary to pay more attention to marketing, however, cannot just focus on

production part. He is very interested in our research work, and expects we can help the case company builds a suitable strategic marketing plan.

GanNan navel orange (Figure 6) is one kind of characteristic products in GanZhou city. It is very famous in the south of China. There are several people working on GanNan navel orange industry in GanZhou city.



Figure 6. Navel oranges

According to Chen, Wang, Yang and Guo's (2007, 1-2) study in GanZhou city, they explain that GanZhou city located in south of China which belongs to mid subtropical region, the temperate and soil is very suitable for develop navel orange industry. In addition, abundant labour force is another possibility for develop navel orange industry in this area. Navel orange industry is a labour intensive industry needs large number of labour force as basic factor not only for farm but also for transportation. Since 2005, there are more than 91,000 square kilometres, total outputs for navel orange is around 48,000 tons. GanZhou city is the largest fresh navel orange production base. GanNan navel orange is called "Contaminants Free Produce", for this reason, GanNan navel orange is popular in China. "Contaminants Free Produce" means health and green

products. GanNan navel orange already becomes one kind of main industry to develop in GanZhou city. (Cheng & Wang & Yang & Guo 2007, 1-2.)

In this kind of macro environment situations for GanNan navel orange, the case company has a large challenge and opportunity in the market. He needs to catch opportunities to improve their strengths and competitiveness, so that the case company can extend in the fierce competition.

4 ANALYSIS AND RESULTS

This chapter focuses on discuss empirical work, analyse all quantitative and qualitative data, and present the research results. Firstly, potential customers are analysed on the basis of our questionnaires and interviews. Secondly, the case company situation analyses are presented on the basis of the interviews with the case company managers and secondary documents. This chapter also discusses the case company marketing objectives and finally we present our strategic marketing plan suggestion for the case company.

4.1 Behaviour analysis of potential customers

Our case company's product potential customers can be the final customers who buy fruit in supermarkets, and for this reason, we conducted a questionnaire research work among that research population.

Our questionnaire (Appendix 2) is conducted in supermarkets in China. Our targets are those customers who visit supermarkets, and they are the products' final customers. For our work we try to understand those people's consuming behaviour to help the case company follows customer orientation. We delivered 100 questionnaires for our targets in all, and avoided receiving answers from the same people many times. We used five different supermarkets to deliver our questionnaires, and every supermarket delivered 20 questionnaires to make our questionnaire survey validly. Charts are used as our analysis tool in this part.

Firstly, our samples information is presented in Figure.7. It includes samples' Age and Gender information in this figure. The figure shows that the people who are usually visit supermarkets and can be the case company's potential customers in the future.

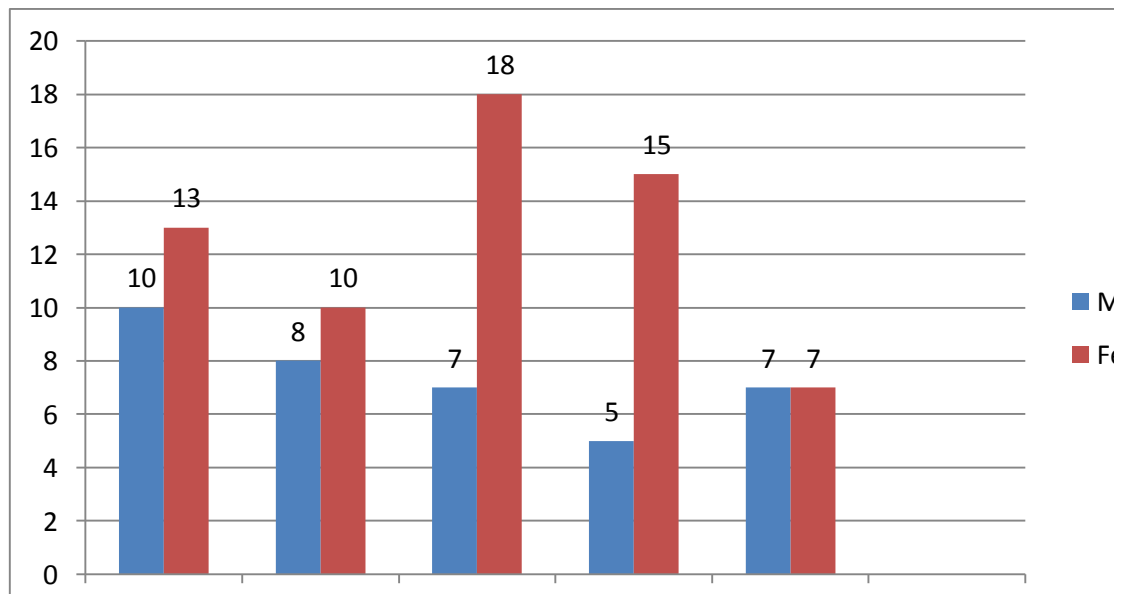


Figure 7. Age and gender distribution

The figure not only shows our research samples' age and gender distribution, but also shows in depth which population can be our potential final customers. As the figure shows, the potential customers are in three age ranges: the biggest part is the age range 35-44 which is 25 respondents in all, the second part is the age range under 20 which is 23 respondents in all, and the third is age range 45-54 which is 20 in all. The under 20-year group is almost represented by students from senior high schools who get money from parents and have enough ability to decide what they want to buy. The figure also shows that females have more than a 60 percent share in this sample. Those females were house wives and they can decide what food they want to buy for their families. These females could be the case company's main potential final customers.

The respondents were asked if they would like to buy GanNan navel orange. Figure 8 shows the respondents' answers to this question.

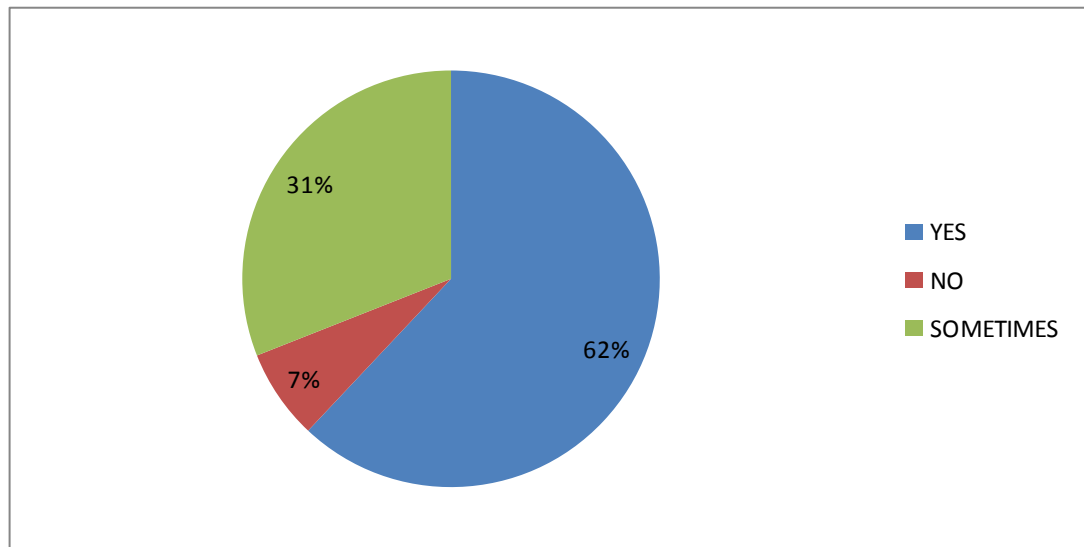


Figure 8. The acceptability scale

As the figure shows, the acceptability scale for GanNan navel orange is comparatively high. There are 62 percent respondents who chose that they are willing to buy GanNan navel orange. This number shows high-scale acceptability by potential customers. There are 31 percent respondents who chose sometimes to buy GanNan navel orange are almost younger people or students. Only 7 percent respondents chose not to buy GanNan navel orange. We were trying to collect the reasons for the seven respondents they chose not to buy GanNan navel orange, however it was not so easy, those respondents did not give reasons when they answered the questions. In addition, those seven respondents were out of our continue question answers.

Figure 8 shows that the case company's product is seen as popular and also seems to have a lot of potential customers in the market. It gives some basic information for the strategic marketing plan in the prospective customer aspect for the case company.

We were continuing our questions for the reasons why the respondents would like to buy GanNan navel oranges. We designed four choices for them, i.e. health aspects, liking for oranges, sweetness of oranges, and others. Figure 9 shows us the output of this question.

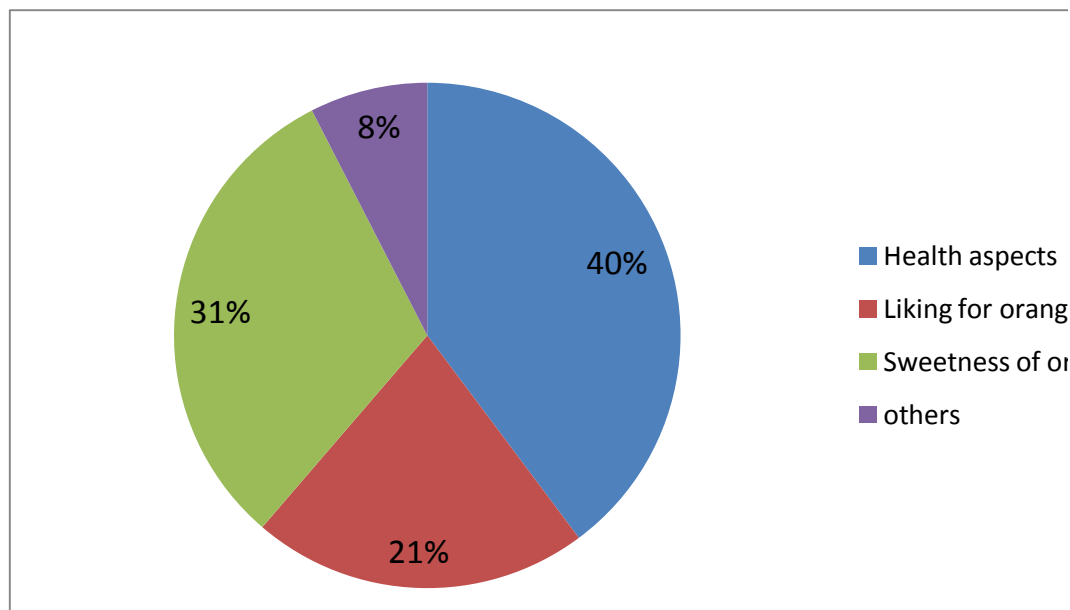


Figure 9. The reasons for customer buy GanNan navel orange

This chart shows us very clearly that 40 percent of respondents would choose health aspects, because they believe GanNan navel orange is healthy food and it can maintain people's body health. There are 21 percent of respondents who chose liking for orange, and they just would like to eat orange without any specific reasons. In addition, there are 31 percent of respondents who chose sweetness of orange and 8 percent of respondents chose "others" in this question.

The respondents' choices focused on health and sweet aspects, and those two aspects are what customers want to get by choosing GanNan navel orange. The final question in

questionnaire is “how do you eat GanNan navel oranges”. Despite the fact that 78 respondents would choose to eat navel oranges in their original composition, there were 11 respondents who would make juice and 4 respondents would eat navel oranges in other forms. That means the case company still has a large niche market to develop, e.g. orange juice.

As the result of our questionnaire analysis, we found out more details about the potential final customers for the case company. We can use the data from the questionnaire as a basis for building the strategic marketing plan for the case company.

4.2 Analysis of Cheng farm situation

The Cheng farm’s current situation is analysed in this part, and we divide our analysis work into five parts involving internal and external analyses. Our several interviews with the Cheng farm managers are analysed to assist our investigation. We designed several interview questions (Appendix 1) to do the interviews with them. We can through this analysis to understand the Cheng farm’s strengths and weaknesses. The SWOT tool is used to help us summarize the strengths and weaknesses for the Cheng farm. Finally, we present our suggestions as a strategic marketing plan for the Cheng farm.

4.2.1 Internal analysis

The Cheng farm’s internal analysis is presented in this part. When we present the Cheng farm’s internal analysis, we used the balanced scorecard tool to ask about the company’s current objectives, i.e. customers, learning growth, internal business, and financial parts. In-depth discussions were conducted with the company managers Mr Zhong and Mrs Huang by using Questions from 1 to 6 (documented as Q1-Q6).

According to Mr Zhong, actually at present, the Cheng farm does not have a clear common objective for those specific aspects. We noticed that there were two words that he mentioned frequently, i.e. “profit” and “output”. Actually, these two words, i.e. profit and output already told us the Cheng farm’s objective, which they may be pay attention to getting increased profit and output.

“The more the better” is that Mr Zhong emphasized. The farm extend a lot in past nine years, the scale of this farm already extend more than 100 percent compare with 2002. On the one hand, the employees are not suitable for a farm scale like this. On the other hand, Mr Zhong is the only manager who has the responsibility for the daily operations, and he cannot handle this farm by himself in fact. Mr Zhong works from 6 am till 7 pm. Despite the long working hours, it is not enough and especially during the busy season he only sleeps 4 to 5 hours a night. Such hard work makes him think of giving up. However, he plans to extend this farm.

In terms of finances, Mrs Huang stated that the profit and output have all increased recently. However, according to her, all profit increase comes from the output increase. That means that the percentage of the profit has not increased. According to Mrs Huang, recently the product’s unit price has not increased, sometimes the price even decreases. The Cheng farm can just try to increase the product output to keep profitable. Mr Zhong and Mrs Huang understand that it is a potential risk if the customer demand is saturated in the future.

The answers by Mr Zhong and Mrs Huang show that the company may be in a chaos. According to their answers, the Cheng farm does not have a common marketing plan at present. The Cheng farm uses high quality products to keep maintain long-term relationships with some agents. Chinese people are habituated to have a long-term

relationship with their customers, because a long-term relationship is very important in China. Mr Zhong frequently mentions “guan xi”, which is a Chinese word meaning ‘a relationship’. According to Mr Zhong, a good relationship with customers means trust, if one gets a customer’s trust it will be very easy to have a long-term business. The Cheng farm uses high quality product to maintain this customer trust.

In the learning growth aspect, according to Mr Zhong, compared with local farms managing system, the Cheng farm has used several modern technologies and theories to manage this farm, i.e. the Cheng farm widely uses agriculture machinery in production. Mr Zhong has a bachelor’s degree in philosophy, as this educational background and he has learnt a lot about plant technologies and farm management by himself. The Cheng farm uses modern tools to increase the work efficiency, e.g. watering, spreading manure. On the other hand, modern management theory is also helpful for the Cheng farm. Mr Zhong is very friendly with employees, even though Mrs Huang thought it is not necessary to be a nice man like Mr Zhong. However, Mr Zhong has a good reason for this, and he explained that it is not so easy to have a good employee now. Especially because training new employee may cost a lot time and money, Mr Zhong also tries to keep long-term relationship with employees.

Mr Zhong always has long-term plans for the Cheng farm, since he is an ambitious person, and he wants to lead the Cheng farm to be the best farm in GanZhou city. Mr Zhong knows that the Cheng farm still has several problems have to solve. In addition, he suggested our research work maybe pay more attention to marketing part, it is the Cheng farm’s main problem he pointed out.

4.2.2 Customer analysis

According to Mr Zhong (Q5), the Cheng farm recently has a stable customer. This customer is a wholesale company named “An Shunda (ASD)”, and it is the biggest wholesale company in local. Since 2006, the Cheng farm has been doing business with the ASD.

Mr Zhong explained that the ASD have a big network with local farms, more than one-third local farms have business relationship with the ASD, and even public farms also have business relationship with them. They can control the local market if they want, and it looks like a monopolize situation current. The problem is that the ASD holds in check price of navel orange lead to farmer’s profits are decreased. Mr Zhong does a lot work to keep the relationship with the ASD, and he considered that would be a risk if the relationship breaks. The Cheng farm is not familiar with other customers which cause the Cheng farm wants to have multi-choice for customers to decrease the single customer risk.

Even though the Cheng farm has been considered the single customer risk, they are still afraid to lose such stable customer relationship with the ASD. The Cheng farm does not have time to familiar with other customers or marketing research work. At present, the case company focuses on keeping relationship with the ASD and managing the company daily operation. This shows the case company does not have enough and suitable labour force to do marketing research work, or to be more precise, if the Cheng farm wants to expand its business should hire experts to help them. Owing to the case company is a family business; security protection is the main problem that the Cheng farm is impossible to allow non-family members joint its business. Trust problem is the main obstacle faced in the development of private family business.

4.2.3 Competitiveness analysis

Mr Zhong indicated (Q8) that there are two farms as main competitors that are located near with the Cheng farm. We called them A farm and B farm here. Even though A farm and B farm are the competitors of the case company, Mr Zhong has a good relationship with their managers also. According to Mr Zhong's described, the two farms' managers usually get together to discussed how to managing farms and analyzing farms' situation. Mr Zhong explained that those two farms are starting their business earlier than the Cheng farm, and therefore they have more experience in planting.

From our co-author's working experience in the Cheng farm, the three managers of the farms are more likely old friends rather than competitors. This kind of relationship with competitors is suit for modern competitor consciousness, which competitors may become cooperative partners in the future. They shared their information and experiences for planting navel orange and managing farms' operation. It is good to learn from others and get knowledge or ideas to extend business.

Nevertheless, the two farms operating pattern followed Chinese traditional managing way, they do not have long-term plan for farm and just focus on product output without marketing situation. Accordingly, that is the reason the Cheng farm expands so fast even exceeds those two farms now.

Mr Zhong explained that newspapers and TV programs can give him several hints and information, thus he could forecast the future market trend through analyzed those information. He explained analysing and detecting ability would be the Cheng farm's biggest advantages compare with other two farms. The advantages for those two farms, according to Mr Zhong's explained, they have skilful employees better than the Cheng farm. They have more experience on farm daily operation. In busy season, three farms usually help each others to do daily work if it is hard to find skilful season employees.

Good relationships with those farmers make sure the Cheng farm has a stable situation in GanNan navel orange industry. Relationship is very important in China, if companies out of relationships, companies will falling in a keen competition may lead enterprises go bankrupt.

4.2.4 Market situation analysis

When we discussed about market situations (Q6 & Q7), Mrs. Huang gave us a figure that shows the price development of GanNan navel orange per kilogram between 2002 and 2011 (Figure 10).

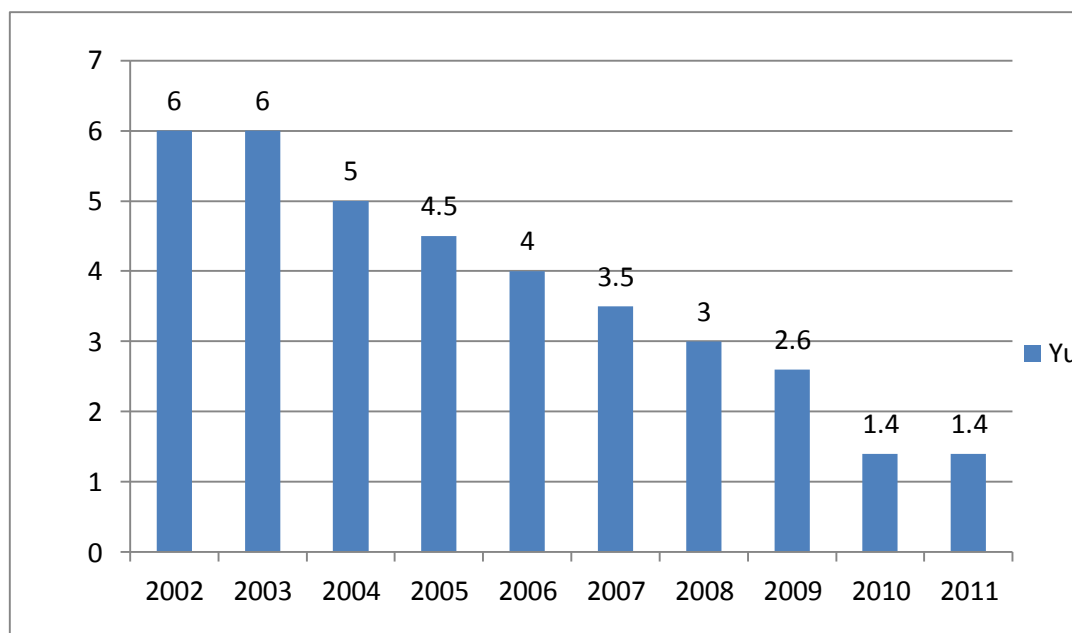


Figure 10. Price of GanNan navel orange per kilogram

From this figure we can see that price of GanNan navel orange has been dropping since 2003. The market situation is not so good. The Cheng farm can get profit until now is because they cut down their investment and use modern technologies to increase output.

Mrs Huang explained that a lot of traditional and old farms broke down in 2009 and 2010, because they did not have enough working capital. Since 2011, the market situation has been going up, Mr Zhong decided to add investment to extend farm business in the middle of this year, and the Cheng farm imported more agricultural tools at last month.

Mr Zhong noticed that the navel orange finally to be transported into big cities such as GuangZhou, ShenZhen, in the south of China. Furthermore, agents also export navel oranges to the Southeast Asia. We discussed with Mr Zhong for the market trend, he pointed out that GanNan navel orange future potential market will focus on Eastern China, e.g. Shang Hai, Xia Men. There are enough population can be the case company potential customers. Eastern China is a developed area which people usually have good education background, and nowadays they pay increasing attention to high quality and healthy life. In addition, JiangXi province is also near to Eastern China, the transportation is convenient. Mr Zhong explained that according to his working experience, the GanNan navel orange market situation will going up in next three years. Even though it is impossible to rise again of price as high as in 2003, at least it will increase to two Yuan per kilogram.

GanNan navel orange as a characteristic product in GanZhou City, the local government also put several investments in GanNan navel orange industry. Mr Zhong explained that on 21st November 2009, the GanZhou government had arranged an international orange exhibition in GanZhou City, and it attracted several companies join this exhibition. In China, for some reason, the government have a significant position in the market. Government looks like an invisible hand to influence market situation. Government have adequate power and money to arrange an exhibition which is really useful for farms to get more customers and improve the reputation of products.

4.2.5 Distribution analysis

Concerning distribution part (Q9), Mr Zhong explained that the Cheng farm does not have a common delivery system or product storage. He notices that it is a big problem for the Cheng farm.

As one kind of fruits, GanNan navel orange also have fresh keeping problem. Usually, GanNan navel orange is ripened in every November of years, it has to be sold in a certain period. The navel orange is going bad if there is no place to store. This means that farmers need to find a buyer in time and deliver oranges to buyers as soon as possible. It is a big limitation for farmers that do not have product storage. Usually the agents clamp down on prices of navel orange because they knew what farmers is worry about. Mr Zhong looks sad when he talk about this. He explained he also faced this situation some years ago. Even though the price is unfair, at that situation farmers do not have choices, they have to sell them immediately otherwise they will lose all profits. Mr Zhong decided to build good product storage after that event happened, and now he is working on this product storage, it will take two or three years to finish this product storage. He looks exciting when he talk about the product storage.

Mr Zhong explained if he continues trade with the ASD, at least he does not need to worry about product distribution. The ASD take this responsibility always since they start to trade. We comment that even though the Cheng farm may do not need a deliver system, however in a temporary situation; it still needs to cooperate with the ASD to minimize the risk of extend business.

4.2.6 SWOT analysis

According to our analysis work for the case company situation, we use SWOT tool to summarize several points to make them easier to understand for the case company. SWOT analysis that help the case company has clear ideas to define their strategic options.

We produced a chart to illustrate our SWOT analysis briefly (Figure 11). Each point of SWOT aspects describe as following.

Strengths	Weaknesses
<ol style="list-style-type: none"> 1. A large product output 2. Manager has good education background and experience 3. Good relationship with customer and other farms 4. Modern management (technical, management theory) 5. Long-term plan for farm 	<ol style="list-style-type: none"> 1. Do not have a clear common objective 2. Traditional Chinese “the more the better” thinking way 3. Do not have enough managers 4. Do not have enough working capital 5. Do not have a common distribution system
Opportunities	Threats
<ol style="list-style-type: none"> 1. Huge potential customers 2. Consumer attitudes change 3. Near to Eastern China 4. Local government support 	<ol style="list-style-type: none"> 1. Product quality cannot be accept (public opinion) 2. Market saturation 3. Keep dropping price 4. Single customer

Figure 11. SWOT analysis for the Cheng farm

- Strengths for the Cheng farm

Firstly, the Cheng farm has enough product output. The Cheng farm is one of the biggest farms in local city. As we described above, even though the price has been dropping down in these years, the Cheng farm still can get profit. It also gives an opportunity for the Cheng farm to create their own final market share; nevertheless it is not from agents.

Secondly, the manager of the Cheng farm has a good education background and experience for managing a farm. Also the manager is an ambition person, he likes to know new things and he is keen in information.

Thirdly, the Cheng farm has good relationship with customer and other farms, this is also the most important reason why the Cheng farm extending so fast. People are willing to help them even in bad times.

Fourthly, the managers use mechanized farming model instead of traditional agriculture farming. They use modern machines to improve work efficiency, and use modern employees manage theory to manage employees, the Cheng farm trains employees and make standard daily operations.

Finally, the managers always have long term plan for the Cheng farm, Mr Zhong tries to extend the farm step by step. Now he is planning to build product storage, however it would take two to three years.

- Weaknesses for the Cheng farm

The Cheng farm does not have a clear common objective until now, they just want get more profit and output. If a company does not have an explicit objective, it will lead to an eyeless work situation. Different people have different understand for how to get profit and output.

The farm's manager Mr Zhong, even though he has a good education background, he still cannot get over from Chinese traditional thinking way. "The more the better" is a typical Chinese traditional value view. They do not care if "the more the better" happens whether they can handle it.

The Cheng farm also does not have enough labour forces in current situation. The case company is lack of experts to help in marketing part. The managers cannot handle all work very well now. From the interviews with them, we were considering it is a big problem for the Cheng farm if it wants to expand its business. Mr Zhong works more than 10 hours a day and it is a very heavy work for him.

Even thought the Cheng farm wants to extend its business rapidly, the lack of working capital is impossible to handle business. Working capital is always a problem for business that is Mr Zhong takes a long time to plan product storage also.

Lack a common distribution system is another weakness for the case company. It also limits the farm expanded. Mr Zhong considers the significant in this part, so he is in hurry to build product storage.

- Opportunities for the Cheng farm

From our questionnaires research work, we noticed that there still are several customers would like to buy GanNan navel oranges. That means we still have a huge potential

market. And another point is that lots of customers like to make juice with those oranges, which could be niche market for the case company also.

Consumer attitudes are changing also, people do not care about taste or smell. Following education improvement and incoming increase, people start to think about life's quality and health. This is also a big opportunity for GanNan navel orange, cause GanNan navel orange is green product suit for customer attitudes.

GanZhou city is also near to Eastern China, this is a location advantage for the case company. Eastern China is the most developed area in China, and it has a huge potential market there. People living there like health life and have modern consumer attitudes. The time of products transportation to Eastern China is short, so that navel orange can still keep fresh. It is a very important factor that navel orange is fresh that the nutrition still keeps in orange.

Local government of GanZhou also support the GanNan navel orange industry development. The local government is running exhibition every year to attract more customers for farmers. In addition, the government also have policy to protect farm benefits, e.g. farm can loan from bank with little interest.

- Threats for the Cheng farm

It happens sometimes that there are some bad farmers to sell low quality or bad oranges to customers. This kind of behaviours causes a bad public opinion for orange industry. Mr Zhong remembered that some years ago, this kind of events happened, all newspapers and TV programs explained it is not safety to eat orange, thereafter all orange industry situations drop down rapidly. It is nightmares for all orange farmers only for some badness sellers.

Market saturation is also a threat for the Cheng farm. At present, an increasing number of local people are doing this kind of business because of the stable profit. It could lead to market saturation in the future; we have to consider about this situation and face this problem.

GanNan navel orange keeps dropping price would be another threat. Recently, the price still drops down, even though Mr Zhong is very confidence for price will goes up, however it stills a significant threat.

Finally, single customer system in the Cheng farm is not good for farm extension also. If the Cheng farm wants extend to another high level's farm, they have to find multiple customers, otherwise single customer is not flexible enough if the farm falls in some trouble situations, such as if the ASD break down in the future. The SWOT summary that we analysed for the Cheng farm's situation at present, which can help the case company easier to understand and accept their current situations.

4.3 Expectations of Cheng farm marketing objectives

We discussed the farm current situation with Mr Zhong in the interviews. On the basis of the interviews, we summarize below the current marketing objectives as is expected by Mr Zhong.

Firstly, we want to suggest that creating a distribution system for the Cheng farm. This is also that Mr Zhong hurries up to do at present. Logistical part has a significant position in any business; it is like a body's blood, deliver all needs to different departments. And clearer goal for the Cheng farm in distribution system is build product storage in these two years.

For customer part, the case company wants to change the current single customer situation, and direct deliver product to the Eastern China to sell. It is not easy to start a new business style, especially they want to open a new market, then new situation and new competitors are big challenges.

Actually at recent years, the profit percentage has been going down as well. The company wants to change the situation. Therefore, the company made a new marketing objective is that increase profit percentage.

4.4 Strategic marketing plan suggestion

According to our empirical work research and SWOT analysis explain, we build a strategic marketing plan suggestion for the Cheng farm. It can guide the farm to achieve their marketing objective we believe.

Firstly, the managers should transfer their attention to marketing part instead of increasing output. According to our interview discussions, we consider that the farm has enough output every year and the manager almost cannot handle it. The manager puts too much energy in production. Alternatively the Cheng farm can have a professional marketing department to focus on these marketing issues.

Secondly, the case company should keep the good relationships with other farms that are benefit for each other. The case company could try to attract farms in the same region get together, and build a farm union if it is possible. When getting a large scale production from farm union if it made, the case company can try to looking for new market in Eastern China.

Thirdly, the Cheng farm could try to contact with supermarkets or create own agents in big fruits market, directly to contact with final customers. It can decrease product costs and increase profits. The case company should look for new customers to reduce the risk of single customer.

Fourthly, the case company could join exhibitions frequently, since exhibition is a good way to product promotion. It will be powerful if the exhibitions arranged by government, take participate in this kind of exhibitions would increase the brand recognition in the navel orange produce.

Finally, the Cheng farm could create a distribution system as soon as possible. If the working capital is not enough, the Cheng farm could combine with other farms to create a common distribution system. This system may help the case company has a good storage to keep navel oranges with high quality and a longer life-cycle. Public opinion is very important for all businesses; customers' belief is easy to break.

In this strategic marketing plan, our research work pays more attention on company internal situation. We just have small part for market analysis in the plan also. It still has big limitations for us to collect and analyse data in details about market situation, i.e. money, energy and time. For this reason, we also suggested the case company should do more research about market situation. Market situation is another part important for a successful strategic marketing plan.

5 CONCLUSIONS AND FUTURE RESEARCH SUGGESTIONS

The discussion in this chapter is based on our research work for the case company. In this chapter we answer the research questions that we introduced in the introduction chapter. In addition, future research suggestions are explained also in this chapter.

5.1 Conclusions

The objective of the thesis is building a strategic marketing plan for the Cheng farm in Eastern China. The strategic marketing plan work started with theory research, and then situation analyses were used to understand more about the case company and their market situation. Both internal and external analyses are presented in this thesis. The SWOT analysis tool is used as a summary tool to collect all details. Finally, the strategic marketing plan suggestion is presented for the case company. It can support the case company to extend its business as a suitable strategic marketing plan.

Our research work has one main question and three sub-questions. The main question is:

How to build a suitable strategic marketing plan for the GanNan navel orange business in Chinese market?

We started from research theory work, in order to deeply understand how to conduct the strategic marketing plan process. The three sub-questions help us divide this complex question to step by step stages to answer the main research question.

1. What is the current market situation for GanNan navel orange in Eastern China?

To be able to answer this question, several interviews with the case company managers were conducted. We had in-depth discussions about the case company's internal and external market situations. In addition, some secondary sources from the case company are used to understand the current market situation.

2. What are the elements impacting on the strategic marketing plan?

Through the research work going deeper and deeper, we considered that both internal and external elements can impact on the strategic marketing plan. All those elements can influence the strategic marketing plan, i.e. company internal situation, customers, market situation, competitors and distributions. All the above elements were analysed for the case company, and finally, the elements help us build up a basic understanding of the case company's current situation.

3. What are the future perspectives for GanNan navel orange in Eastern China?

We delivered 100 questionnaires to help us forecast the future perspective for GanNan navel orange in Eastern China. The responses to the questionnaire show that there is a big potential market in Eastern China, because people seem to start to change their consuming attitudes. They want to have high quality and healthy life. They pay increasing attention to fresh and safe fruits. That is a basis for the case company to open their new market there.

During this thesis, we recognized that our research work cannot be perfect. There were still several difficulties and problems that impacted on the research work process. On the one hand, in theoretical aspects, our research work was based on theoretical knowledge. However it was not so easy to find relevant literature. On the other hand, the limitations from money, time, and geography situation were limiting our research

work. In other words, we just had online interviews with the Cheng farm's managers, and also for geographical, economic and time limitations we used local agents to conduct the questionnaire survey for the thesis. Our English writing and language skills are also a big limitation in the thesis.

However, the positive aspect for our thesis is that our research data have high reliability and validity also. All those research data come from the case company documents or the managers' experiences. Maybe the generalisation of the empirical research cannot be accepted, because our research work focuses on the case company. Nevertheless we followed the case company's situation to do our research work. The case company financial situations are the confidentiality of the case company, so the case company did not show the financial information to us.

5.2 Suggestions for future research

The result of this thesis is the strategic marketing plan for the case company. The new strategic marketing plan gives a new business style idea for the Cheng farm business. Furthermore, the research process also shows the weaknesses of the case company. If the new strategic marketing plan can be accepted by the Cheng farm, more research and monitoring work is needed operate in the future. Our research work can go deeper in the future. Just a few research issues focus on the case company's new market situation in this thesis, and that is why a new market situation analysis can be a future research work's main aspect. A question of how to enter a new market could be a good research question for the future research.

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APPENDICES

Interview questions

Appendix 1

1. How would you describe the development in your sales in the past five years?

Internal financial

2. How would you want to describe your current marketing activities?

3. How do you explain your learning growth part in your company?

4. How many kilograms can you produce every year?

5. What kind of customers do you have at present?

6. What are your current market areas?

7. How would you describe the current situation of the GanNan navel orange industry in China?

8. How about your competitors' situation?

9. What kind of distribution you have for C farm?

10. Would you want to give any suggestions concerning our research work?

Questionnaire

Appendix 2

This questionnaire is just for academic study

Please mark in your select answer with circle

1. Age:
A. Under 20 B. 20-34 C. 35-44 D. 45-54 E. 55-64 F. Over 64
2. Sex:
A. Male B. Female
3. Would you like to buy fruit in supermarkets?
A. Yes B. No C. Sometimes
4. Would you like to buy GanNan navel oranges when you buy fruit?
A. Yes B. No C. Sometimes
5. How often do you buy GanNan navel oranges?
A. Every day B. Weekly C. Monthly D. Other option
6. What reasons lead you to buy GanNan navel oranges?
A. Health aspects B. Liking for oranges C. Sweetness of oranges
D. Other reasons
7. How do you eat GanNan navel oranges?
A. In the raw B. As juice C. In other forms