

Co branding with established partners.

The SMI should look into growing with co branding as well to boost sales, this will minimize investment, reduce risk, able to fetch premium prices, give additional consumer benefits, new markets, brand exposure, leveraging of advertising, enhancing brand value, communication opportunities.

Adopt a niche marketing strategies.

Unlike Cost leadership strategies which will devalue the SMI business value, the potential for niche market strategies creates opportunities for higher value products by the diversified in the demand for food products.

Emphasized on internal cost reduction to increase margins on existing products,

New product development and development of new market where sales growth and Higher margin were possible.

Invest in a more professional team with sufficient supporting expertise in the management and technical areas. These are some of the successful structure of small firms in Ireland that differ them from others small industries. (Nola Hewitt-Dundas et al 1999)

7.0 STRATEGIES FOR FOOD OPPORTUNITIES IN MALAYSIA

This section will further attempt to provide some recommendations on strategies base on Michael Porter three generic strategies namely cost leadership, differentiation and focus for the firms to capture the opportunities highlighted earlier.

The opportunities or potential that will be studied are foodservice, halal, ethnic foods and snack foods. Convenience foods and healthy foods, which are on the higher level of product sequence to be introduced, will not be discussed here.

7.1 Potential in foodservice

7.1.1 Challenges

As compared to retail market which is more organized and had been the focus and concentration previously, foodservice tends to be more fragmented and disorganized. There is also limited understanding in this sectors.

There may be confusion on the approach to service foodservice versus retail as the way to handle the foodservice is different from retail. The limited understanding of the sector undermines credibility of the supplier. It may risk not getting it right for either sector.

The challenge for foodservice is to provide choices for a more fickle, confused, less patient and less loyal consumer who demands convenience, variety, quality, entertainment, value, freshness and nutrition. (Steve Dwyer, 1998). It is a highly complex and challenging sector but difficult to penetrate.

Understanding the supply chain is one of the most important tasks for any players seeking to enter the sector and perform effectively and profitably.

7.1.2 Strategies

Base on Michael Porter 3 generic strategies, the approach that should be used for this group of customers should be focus strategies for the quick service restaurant and major accounts and cost leadership for the lower end stalls.

Focus strategies for QSR and major accounts

The focus strategies are one that focuses on particular buyer group, segment of the product line or geographic market. Its whole strategy is to build around servicing a particular target very well and each functional policy is developed with this in mind. The strategy rests on the premises that the firm is able to serve a particular target more effectively and efficiently than competitors who are competing more broadly. (Michael Porter)

Food marketers need to build the ability to adapt to the new market conditions and demands. There must be genuine commitment to the foodservice with clear directions from top management and the understanding of customer needs. Every food service products must not vary in taste or in formulation from one eating experience to another. This is the quality demanded by foodservice, the top criteria or 95% rating of importance for the selection of suppliers by operators of foodservice (BIS 2000).

A dedicated multifunctional group with the right attitude and flexibility is necessary to service the customers, innovate and supply to these group of customers to retain competitive advantage.

Most of the Quick service restaurant is looking at long-term relationships; therefore, the focus strategies are important. The more established food service chain such as KFC has their worldwide STAR quality system and McD with their one taste philosophy may have spent many hours working with suppliers to meet up with their own requirements. It would likely not be their interest to be switching suppliers too frequent as well unless it is really necessary.

Foodservice operators need support not just for basic product food ideas, but system that can help in inventory and cost control such as portioning methods, new packaging and product development technologies. If a

salesperson knows the foodservice customer's processes, the team can help them by providing solutions to add value to the operators business.

In the area of fast food or quick service restaurant that are international in nature, the multinational food firms should tap on its regional supplier capability offering the solution not only for the country but also for the region. As for the SMI, it need to identify its target and invest in product development and offer them the flexibilities and speed, which are usually the constraint of the bigger firms.

Low cost strategies for the lower end stalls

Unlike the quick service restaurants, the lower end stalls tend to be more fragmented. This group of customers usually looks for products, which are more of a "commodity " by nature, one that can ease their preparation process but allows them to add in their own ingredients to give them their unique taste and identity.

Due to the low price of the products they serve to customers, this group of customers needs to take into consideration the affordability and availability of the products to them. Therefore, cost leadership can be an added advantage.

The product offers should be one, which is price competitive, add value to them and still give them the ownership of the good taste of the products.

In summation, the strategies a firm interested to be a leader in foodservice can take includes having an internally trained sales forces that focus on different segment of the foodservice business since the it is very fragmented and the customers requirement are different. The approach a sales person tackle a QSR client can be very different from a hawker stalls operators. Foodservice represents both polar opposite models that may be difficult to comprehend if not trained.

Price is the third most important criteria for the foodservice selection of suppliers. (Appendix 5) . It is also the second most annoying factors for customers on high prices charged. Promotional activities related to price or cost are effective too (Appendix 6).

To realize greater efficiencies of scale and enhance margin, one of the way may be to consolidate with the retail volume to improve on the processing efficiency.

It is important to recognize that a number of new trends in the market in Malaysia and elsewhere actually start from foodservice. It is the cradle of new product development that fuels the opportunity of retailed packaged version.

A foodservice provider should aim to be a portfolio provider. One that can supply a range of products for the customers to ease their ordering process and to capture the value and reduces their contacts with other competitions.

In order to do this, they must be able to supply various goods. There are three approaches that can be carried out, either to do everything themselves, to contract manufacturing or to carry out parallel strategy such as to develop a product internally but to use a third party for manufacturing.

The foodservice provider should seek opportunity by creating demand through proactively developing ingredients/products to meet changing consumer demands and needs, one such way is to help customer in developing their menu.

7.2 Opportunities in Halal , ethnic foods, exports

7.2.1 Challenges

Production of Halal food is becoming a norm here in Malaysia. Any major food marketer in Malaysia would recognize the mass of the populations is Muslims.

As it becomes a norm, it will lose its differentiation when more and more firms have halal certifications.

The halal manufacturers have to ensure the raw materials supplied are halal. As most of the raw materials used are imported, ingredients suppliers need to ensure a special process or line is followed, as a result, the supplier normally charge a higher cost for the ingredients. This in turn will be translated to the price of goods.

The Ethnic foods may not reach the stage of being a huge demand here in Malaysia due to the easy availability of the type of food locally. It can either be purchased from the food stalls or prepared at home. As ethnic food has a local identity, consumer tends to benchmark with the delicious ones they had encountered somewhere. Therefore, this category poses greater opportunity in the area of export and institutional foodservice supply.

7.2.2 Strategies

The strategies that marketers should take for this market is of differentiation.

Halal

In the case that the suppliers chose to serve a niche market segments, the firm need to establish its name as a reliable halal supplier that customer trusted. It is important for the firm to constantly communicate to their customers.

In the case that they have competition from other countries, which incidentally does not have halal, this will act to their advantage as well.

Food companies should exploit the high standards of the Malaysia halal certification that receive worldwide recognition. They should concentrate on

exporting the products to the countries that have a high population of Muslim where halal food are difficult to obtain.

Another strategy that can be used is to produce products, which are normally non-halal such as Dim sum in halal forms to create variety and choices to enable the Muslim to enjoy it as well.

Ethnics Foods

The firm should concentrate on a particular segment of the market or target a niche market that is more receptive to Asian products. The large influx of Asian immigrants to Europe has made these markets far more accessible today such as Netherlands with large Indonesia population and UK with growing Indian community.

To cater for modern urbanization living, research on convenience, ready to eat food that are suitable for microwave oven, vending machine need to be carried out for this group of product as well.

In the case of local market, ethnic foods may take the form of cooking sauces or other cooking aids, which reduces the cooking time of the food preparer. It also gives them the flexibility to add in other ingredients. This gives them the feeling of participation in the cooking process, which is view to be high in importance for Malaysia.

Once the consumer is ready to accept higher value product, the firms should then start looking at similar products but in the form of more convenience such as ready-to-eat.

Exports

The halal and ethnic foods have great potential for the export market. In order to be able to be exported worldwide, the firms need to invest in Quality

certification as a strategic investment, this will put them ahead of their other competition and opening up opportunities for them to export world wide.

7.3 Opportunities for snack foods

7.3.1 Challenges

The snack food in Malaysia is referring mainly to biscuits, chips and confectioneries. It is quite different from the snack food referred to by the developed countries where it now encompassed a much wider range inclusive of instant noodles, sandwiches, and instant soups.

Malaysian snacks all the time so how can a snack foods stand out among others?

7.3.2 Strategies

The approach that Food Company should take in this case should be differentiation and low cost strategy

Marketing activities is seen as one of the main tools in ensuring market dominance in the snack food industry. This is a category related mainly to impulse purchase, joy, indulgence and variety. This is also the segment that relies heavily on repeat purchase.

Marketing Mix must achieve a product positioning which correctly matches the eating occasions, the strategy must include the correct blend of drivers depending on whether the snacks are position for frequent, daily or occasional consumptions

Snacking should also target kids and young adults as they are the future bigger consumer and they are the one that has an increasing influence in