

CHAPTER 3

METHODOLOGY

Section 3.1 TO DETERMINE TARGET MARKET

The Asia-Pacific region would be the most appropriate marketing target for PETLIN's LDPE based on the supply and demand data of the LDPE illustrated in Table 2.3 and Table 2.4, which we had provided earlier in this study. Due to geographical reasons, the ocean freight transportation from the Kertih Port would certainly significantly be lower when the product is sent out to the countries within the Asia Pacific region in comparison to the Indian sub-continent countries, China or more so to Europe and the American continent. This would mean a higher net return from the marketing of the product within this Asian-Pacific region.

In this study, the methodology applied would follow the following:

- (1) Determining the data required:
 - (i) Demand for LDPE
 - (ii) Supply of LDPE – local producers & imports
(Market potential for each country)
- (2) Identifying sources of data
- (3) Deciding on the method of analysis:
 - (i) Methods used – tables, graphs
 - (ii) Analysis of 4Ps – Product, Price, Promotion & Place

Section 3.1.1 Demand for LDPE in Targeted Markets

In any marketing research process for the study, the first step would be to define the problem carefully and agree on the research objectives. The problem would need to be defined specifically and clearly. In this study, the problem is the distribution of the large amount of LDPE produced by PETLIN with the objective clearly being to establish the targeted region and the specific countries in it.

A clear definition of the problem and the objective will ensure that we precisely attain the required information for the study. The above is the

reason why the data on the demand of LDPE in the targeted market is a vital information required. This will provide us with a better view of the scenario in the LDPE market for the country targeted.

Section 3.1.2 Supply of the LDPE into Targeted Markets

Likewise, the local suppliers of LDPE in any specific targeted countries are as crucial as the demand of the product in the country. They would definitely have a strong influence on the local market in that country. Possessing the advantage of low transportation cost and tax exemption privileges would definitely place the local suppliers in their home market in the driving seat.

Possessing the information on the demand, as well as the local supply of LDPE in a certain country will provide us with the ability to analyse the marketing potential of PETLIN's LDPE in that country.

There are only two groups of suppliers of the LDPE commodity in any country. The first being the local producers, and the second are the importers of this product. The importers would purchase LDPE from outside the domestic market and then either use it in end-user applications for themselves or sell it in the local market to another customer. The customers of these importers include other end-user applicants, traders, as well as stockists.

The total imported volume, as well as the details of the producers supplying these LDPE products, is essential to the selection of the targeted countries. This is because since the imported volume into a country does alter the country's total supply, it will also effect the market price of LDPE in any potential country.

Having collected all the above data required, with this data being the backbone of the entire marketing research, the study can now proceed into the next stage of the marketing research. This is when the data is

transformed into information and the analysis of the information takes place.

Section 3.1.3 Source of Data

All the data of the suppliers; current, plant expansion and future producers, and consumers in the LDPE industry would be retrieved from the United States based company, BRIDGE Information Pte. Ltd. The weekly market prices of any petrochemical product, including the LDPE, can be received from this same company for the analysis of the LDPE market price movements.

The research analysis can call for gathering of primary data, secondary data, or both. *Primary data* are data collected for a specific purpose or for a specific research project. *Secondary data* are data that were collected for another purpose and already exist somewhere.

Section 3.1.4 Method of Analysis

The data collected in this research would then need to be analysed to turn it into information. These data will be tabulated, and the selected ones graphed, to enable the research to be transparent and clear to anyone wishing to utilise the information from it.

Historical price trends of the polymer LDPE and the historical price disparity between the olefin, ethylene and the LDPE would also be analysed. This is because ethylene is the feedstock for the production of LDPE. Therefore, its market price certainly would have an effect on the production cost of the LDPE.

Section 3.2 Applying the Four Ps Marketing Tool

The Four Ps marketing tool is a four-factor classification marketing mix tool, which was popularised by McCarthy. These are the method by which the 4

P's will be utilised in the marketing strategy of the LDPE.

Section 3.2.1 Product

Product is the most basic marketing mix tool as it is the firm's tangible offer to the market, which includes the product quality, design, features, branding and packaging. As part of its product offering, MITCO would not be able to provide additional services apart from to ensure the customers of an efficient delivery.

MITCO has already established itself as a company, which provides efficient delivery as well as assuring its customers of the full contracted volume to be delivered to the customer. Such support services can provide a competitive advantage in the globally competitive marketplace.

Section 3.2.2 Price

A critical marketing mix tool is *price*, the amount of money that the customers pay for the product. MITCO has to decide on term contract and spot prices, discounts, allowances and credit terms. Its price should commensurate with the offer's perceived value. If it is not, buyers will turn to competitors' products.

Section 3.2.3 Place

Place, another key marketing mix tool, include the various activities MITCO undertakes to make the product accessible and available to target customers. MITCO must identify, recruit, and link various marketing facilitators to supply its products and services efficiently to the target market. It must understand the various types of end-users, traders, stockist and physical distribution firms and how they make their decisions.

Section 3.2.4 Promotion

Promotion, the fourth marketing mix tool, includes all the activities the company undertakes to communicate and promote its products to the target market. MITCO has to hire, train and motivate sales personnel/marketers. It has to set up communication and promotion programmes consisting of advertising, sales promotion, public relations, and direct and online marketing.

Note that the four Ps represent the sellers' view of the marketing tools available for influencing buyers. From a buyer's point of view, each marketing tool is designed to deliver a customer benefit. Robert Lauterborn suggested that the sellers' four Ps correspond to the customers' four Cs, thus winning companies will be those who can meet customer needs economically and conveniently and with effective communication.