

## CHAPTER 6

### CONCLUSION & RECOMMENDATIONS

## **Section 6.1                    RECOMMENDATION ON TARGETED MARKETS**

Based on this study, it appears that the most important market for which MITCO to attain the authority to market their share of PETLIN's LDPE products is China. Although MITCO's joint-venture partners from PETLIN are also intending to market their products into China, but MITCO must always know the potential and the strength of China's LDPE market.

DSM and Polifin of South Africa, which are MITCO's joint-venture companies in PETLIN, do also have rights for certain regions in China for their volume from PETLIN and they have also targeted China as their main marketing country. Therefore, MITCO has to negotiate with these two (2) joint-venture companies regarding the segregation of marketing authorisation within the regions in China.

MITCO will not only be competing with their PETLIN partners but also other global LDPE suppliers in China. The China market is very large, as we have shown by the figures earlier, therefore this would definitely be a driving factor for all the other suppliers as well.

Most of the end-users in China are more concerned in the service provided by the sellers after the goods are sold, rather than the quality of the product. This higher priority in the after sale service in China, where MITCO should target almost 50% of their total international LDPE volume, means that MITCO has to ensure delivery is made as scheduled and promised to their buyers, and effective packaging for convenient utilisation of their LDPE by the buyers. This is required to please the purchasers of their product. With the abundance of supply available to them, the end-users emphasise on the service they require knowing that they can always attain other LDPE products from another supplier.

Among the ASEAN countries, MITCO must place a strong focus on Indonesia who does not have a single LDPE producing plant. There are three (3) major

factors contributing to the reasons why MITCO should emphasis on Indonesia in their LDPE marketing.

Firstly, Indonesia's dependence on imported products is the largest among the ASEAN countries. Secondly, the location of Indonesia places them as a strong marketing target. Indonesia has two (2) major ports, Jakarta and Surabaya, which can be utilised for the transshipment of the LDPE products from PETLIN. And finally, the existence of MITCO's marketing manager in Indonesia who has a strong business relationship with the petrochemical players; suppliers, traders and end-users, in Indonesia.

The third country, which MITCO certainly has to place concentration during their marketing activities of PETLIN's LDPE, is India. That country has a huge demand for LDPE and although they have a company (IPCL) producing a significantly huge amount, there is still room for MITCO to venture in and market PETLIN's product.

Indonesia's shortage of supply is much more in comparison to the figures of India, and India's location is always also a good targeting market for the Gulf countries producing LDPE. MITCO should also not completely write-off any further expansion plans by IPCL, in spite of the fact that at this moment in time IPCL are not declaring any such plans.

## **Section 6.2                      RECOMMENDATION ON MARKETING STRATEGY**

The marketers in MITCO must emphasise and not lose track of the four Ps marketing tools during the entire sale period of PETLIN. This is because all four aspects of this marketing tool will have an effect on the strategy used by MITCO.

The *product* can be altered or modified by the producers based on the request of the consumers. It can also be improved technically by the producers themselves. In terms of its *place*, the marketers has to

continuously review their sales reports to identify and ensure that items like channels of distribution, transportation modes, as well as market coverage is effective.

*Price* is the most important factor in a very competitive petrochemical commodity market, such as the LDPE. MITCO's marketers has to make certain that their opening negotiation price is not too high that it scares off any potential purchasers. At the same time, they cannot sell the products below the production cost and even selling it at a significant level below the market price should not be accepted.

Public relations and sales promotions are two (2) vital promotion criterias that the marketers have to stress on before the PETLIN production begins at the end of this year. In terms of the petrochemical sector, this category is important before the product is brought into the market, because once it is introduced into the market, then its quality and price, together with the service effectiveness of the plant will overrule this category.

### **Section 6.3                      FINAL DISTRIBUTION**

The nameplate capacity of PETLIN is 255,000 metric tons, but the allocation for MITCO is only 130,000 metric tons. From this volume, MITCO will have to distribute approximately eighty percent (80%) of it between the targeted countries. This means, the marketers would have 100,000 metric tons per annum to be distributed to the targeted countries.

This is how I would suggest for the allocated volume to be distributed among the targeted countries:

<b>COUNTRY</b>	<b>VOLUME (MT tons per annum)</b>
China	50,000
Indonesia	20,000
Indian sub-cont.	15,000
Philippines	10,000
Vietnam	5,000
<b>TOTAL IMPORT VOLUME</b>	<b>100,000</b>

The figures above are achievable marketing targets for MITCO's marketers. If there is a diverse change in the market situation, MITCO can always explore into the other Indian sub-continent countries, and Myanmar to complete the distribution of their LDPE share from PETLIN.