

CHAPTER 1

OBJECTIVES, SCOPE, METHODOLOGY AND LIMITATION OF STUDY

1.0 Introduction

Malaysia has been exporting palm oil since 1950s and today, palm oil contributes significantly in supplying the world's requirement for oils and fats. Being a world exporter of palm oil it does not mean that Malaysian palm oil exporters can be complacent. Market development efforts ought to be given as one of the way to maintain its export share in the world market. This project paper is written in line with this interest and it is aimed at recommending strategies for adoption by the Malaysian palm oil industry to increase sales to Mexico.

1.1 Objective Of Study

The objectives of the study are as follows:

- i) to analyze the market environment for palm oil in Mexico
- ii) to identify the competitive advantages of Malaysian palm oil industry compared to other competing oils and fats and also other palm oil producers
- iii) to propose a set of marketing strategies for the Malaysian palm oil industry to sell more palm oil to Mexico taking into account the industry's competitive advantage.

The study will not deal with the problems and issues faced in the production of oil domestically; neither will it deal with the problems faced in the marketing of the oil in the domestic market.

The project paper is written in 6 chapters.

- Chapter 1 : Objectives, scope , methodology and limitation of study
- Chapter 2 : Literature review
- Chapter 3 : Mexico's oils and fats market
- Chapter 4 : Marketing environment for palm oil in Mexico
- Chapter 5 : Strategic analysis of the Malaysian palm oil industry
- Chapter 6 : Proposed strategies For Malaysian Palm oil

Chapter 1 will focus on the objectives, scope and methodology used for the study. The methodology adopted is mainly desktop research supported by the compilation of data and information made available from the various sources such as Palm Oil Refiners Association Of Malaysia (PORAM), Malaysian Palm Oil Board, (MPOB), Malaysian Derivative Exchange Berhad (MDEX), Oil World Publications of Germany and Department Of Statistics. Other sources of information is based on interviews and discussions with personnel in the Malaysian palm oil industry.

List of people interviewed, data collected and the questionnaire used were attached in the Appendix for reference.

A review is made on the suitable business strategies and marketing concepts that are applicable in helping to understand the problems faced by the industry in marketing palm oil to Mexico and formulate suitable strategies to sell palm oil. The review is covered in chapter 2 of this study.

The next step is to examine the oils and fats situation in Mexico. In addition, an analysis of the factors that determine the country's demand of oils and fats is done.

A strategic analysis of the market situation in Mexico is covered in Chapter 4.

The next chapter is made to identify the strategic position of the Malaysian industry measured in terms of the competitive rivalry within the industry's strength, weakness, opportunities and threats.

The core of the subject matter is presented in chapter 6. This chapter recommends suitable strategies that could be adopted to increase palm oil sales into the Mexico market after taking into consideration the position of the Malaysia's palm oil industry's strength, weaknesses, opportunities and threats.

1.2 Research Methodology

The methodology adopted is mainly desktop research supported by the compilation of data and information made available from the various sources such as Palm Oil Refiners Association Of Malaysia(PORAM), Malaysian Palm Oil Board (MPOB), Malaysian Derivative Exchange Berhad (MDEX), Oil World Publications of Germany and Department Of Statistics. Other sources of information will be based on interviews and discussions with personnel in the Malaysian palm oil industry.

1.3 Limitations

The strategies derived will be based on an analysis of the information and data available. The reliability of these information and data used is dependent on the source and the manner in which they have been analysed and compiled. In addition, as with other statistical data and projection, there must be an allowance for non predictable events that can bring about any destructive changes to the environment and cause any variation in statistics. The last limitation is of particular concern in this case since the palm oil and other oils are agriculture products and their production can be affected by any uncertainty in the global weather condition.

Other limitation is that data with regards to the Mexican oils and fats market is limited. As the country is not a major oils and fats player, there is not much published data on the oils and fats situation in the country. So far, there was only a study carried out i.e. "A PORIM Technical Advisory Service Country Study On Mexico" by Mohammad Jaafar Ahmad and Isa Hj Mansor on February 7-16, 1995. Another limitation is that the proposed marketing strategy which is applicable in the current marketing environment may not be applicable when there are changes in the foreign and domestic marketing environment in the coming years.