

Business and Consumer Markets of IOI Corporation (Malaysia): An Overview

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ABSTRACT: *This study gives an overview regarding analyzing consumer markets and business markets, identifying market segments and targets, crafting the brand positioning and creating brand equity of IOI Corporation*

KEY WORD: *Analyzing Consumer Markets and Business Markets, Identifying Market Segments and Targets, Crafting the Brand Positioning and Creating Brand Equity*

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I. INTRODUCTION

Corporate Profile

IOI Corporation Berhad is one of the leading global integrated and sustainable palm oil players. It's listed on the Main Market of Bursa Malaysia Securities Berhad and traded as MYX: 1961. IOI palm oil business comprises the upstream plantation in both Malaysia and Indonesia with a land bank of more than 230,000 hectares; and the downstream resource-based manufacturing business. With hands-on management approach and excellent agronomic practices, IOI are ranked highly as one of the most efficient major plantation owners to produce one of the highest oil yields in the industry. IOI resource-based manufacturing business comprises three segments: refineries, oleo chemicals and specialty oils and fats. We own two palm oil refineries in Malaysia and four oleo chemical manufacturing plants in Malaysia and Germany. Our specialty oils and fats manufacturing business is carried out via our 30%-owned associate company, Bunge Loders Croklaan (formerly known as IOI Loders Croklaan) which has manufacturing operations in Malaysia, the Netherlands, United States of America, Canada, Ghana and the People's Republic of China. IOI downstream products are exported to more than 85 countries worldwide. With more than 30,000 employees from more than 25 countries growing the business with us, IOI vision is to be a leading corporation in our core businesses by providing products and services of superior values and by sustaining consistent long-term growth in volume and profitability. IOI strive to achieve responsible commercial success by understanding and satisfying our customers' needs, giving superior performance to our shareholders, providing rewarding careers paths to our people, cultivating a mutually beneficial relationship with our business associates, caring for the society and the environment in which we operate while contributing towards the progress of our nation.

Vision

IOI Corporation Berhad vision is "To be a leading corporation in our core businesses by providing products and services of superior values and by sustaining consistent long-term growth in volume and profitability. We shall strive to achieve responsible commercial success by satisfying our customers' needs, giving superior performance to our shareholders, providing rewarding careers to our people, cultivating mutually beneficial relationship with our business associates, caring for the society and the environment in which we operate and contributing towards the progress of our nation."

Company's Objectives

To achieve company objectives, IOI Corporation Berhad expect their people to uphold, at all times, the core values which are expressed as follows:

- a. Integrity which is essential and cannot be compromised
- b. Commitment as we do what we say we will do
- c. Speed or Timeliness in response is important in our ever changing business environment
- d. Loyalty is crucial because we are one team sharing one vision
- e. Innovativeness to provide us additional competitive edge

- f. Cost Efficiency is crucial as we need to remain competitive
- g. Excellence in Execution as our commitments can only be realized through actions and results

Staying Resilient & Responsive, IOI continues to grow its capabilities, expertise, asset base and commitment to sustainability within a challenging and evolving environment. The Group is anchored on its sterling commitment to deliver as a fully integrated player in the palm oil industry. Firmly building on its key strengths and positively overcoming obstacles, it is fortifying its global position as one of the most efficient integrated palm oil players.

Synopsis Of The Activities

- a. Palm oil plantations
- b. Real estate.
- c. Oleochemicals and speciality fats.
- d. Refineries

II. ANALYZING CONSUMER MARKETS AND BUSINESS MARKETS

Consumer Behaviour

Consumer Behaviour is the study of individuals and groups they use to use, secure and selection of products and services in order to satisfy the needs and wants of consumers. It also examines that how attitude and emotions affect the buying behaviour of consumers. It refers to the actions of consumers in the marketplace and also tells what motives consumer of buying that product. The study tells the consumers are actors in market place. It helps to determine the needs of the customers and what best should be presented to the customers.

There is a positive behaviour of consumer of IOI Berhad. Thus, the individual behaviour plays a crucial role in formulating the behaviour. As the responsibility of an organization is to satisfy the customer's needs (Lefebvre et al., 2013). The IOI group is satisfying its customers fully. In-fact, the company tries to identify the needs and wants of its customers. Then accordingly they launch the product. An organization responsibility is not only towards the society but also towards the environment. The IOI is taking good care of public concern and the well-being of its society. Organization makes use of limited resources and providing utmost benefits to its customers. The IOI Berhad is also sensitive and also gives fewer alerts to the environment. The company minimizes the use of unbiodegradable materials. The company makes sure that the products that goods which push the customers to buy it again and again. IOI has also able to gain the public trust by providing the better quality product. The company also provides full convenience to the product. The business is rapidly addressing corporate responsibility issues in response to public concern. The attitude of the consumer of IOI is positive because it provides desirable products to consumers. It also satisfies the customers to the fullest. The company also provides a reliable product to its customers. It also provides a friendly relationship with the customers. According to the statistics, the analysis has been done that IOI consumer behaviour is very positive as it satisfies the customers fully. IOI provides good quality of product to its consumers.

Keeping the consumer behaviour optimal it helps IOI Company to grow so rapidly. Consumer behaviour also provides full support to the company in achieving its goal. It also makes the company realizes that what causes the customers to buy that particular product. The consumer behaviour also able to formulate the key areas which act as the hurdle in recognizing needs of the customers. The experts also able to determine that which feature, need and want of the consumer are obsolete. This theory plays a vital role in the market place. The consumers play an active role in the decision process (McDonald, et al., 2016). The consumer behaviour of IOI is very appropriate. This motivates the company to accomplish their task. The consumer behaviour helps in taking crucial decisions related to the product. The company provides its facilities in Malaysia, the Netherlands, U.S.A, Canada, Germany and the People's Republic of China. It also helps the company to meet the needs of its customers worldwide. Currently, the downstream products are being exported to more than 85 countries worldwide. Even the company adopts the most efficient methods so that they can make the customers happy. Due to positive consumer behaviour, the company has developed the good leadership position in various businesses.

III. IDENTIFYING MARKET SEGMENTS AND TARGETS

Market segmentation is the research that determines how your organization divides its **customers** or cohort into smaller groups based on characteristics such as, age, income, personality traits or behaviour. At its core, **market segmentation** is the practice of dividing your **target market** into approachable groups.

Market Segmentation and Target Analysis

Segmentation of market is a two- step marketing strategy that helps in dividing the target market into various subsets of customers those has common interest, priorities, and needs. Then designing and implementing the strategies in order to launch proper products so that we can target the customer's segments that are considered to be favourable (Patti et al., 2017). An effective basis of segmentation will allow for differentiation among various segments. In general, differentiation is done on the basis of age, gender, religion and marital status. It is generally being designed for using right variables. Sometimes well-designed segmentation policy helps in achieving ambiguous results. There are some key segmentation characteristics that company must able to do an effective implementation of market segmentation and analysis:

Available Market

The available market or the current market in which it is operating. The company is operating in two segments that are plantation segment and Resource-based manufacturing. The plantation segment is engaged in the cultivation of rubber and oil palm. There is proper supply chain which the company is operating in. Plantation of crops and spectrum of palm oil is the upstream activities whereas oil extraction is the downstream work. Resource –based manufacturing segment is totally engaged in manufacturing of oleo chemicals. The company is also producing specialty oils and fats. The company is also dealing palm oil refinery (Gupta et al., 2016). The company's product is used in various industries such as food, cosmetic and performance chemicals.

Size Of Segmentation

Malaysia is the largest world's producer and exporter of palm oil. According to the statistics, it is contributing 50% of world palm oil production in 2016 and 58% of world exports. Undoubtedly Malaysia has helped in shaping the status of palm oil in the global market. Of the 3.67 million hectares of oil palm was planted in Malaysia in 2017.

The Main Competitors Of IOI Berhad

The main competitors of IOI are Singapore –listed Wilmar International Ltd and Indonesia's PT Sinar Mas Agro. The IOI Berhad is performing quite well. The IOI is expanding across the countries. However, IOI is a strong company because it is dealing worldwide. It is one of the biggest companies in Malaysia as it regulates the oil distribution. It is giving direct competition to companies like Wal-Mart and Costco. The Singapore – listed Wilmar International Ltd has an edge over the IOI Company.

Features of IOI

IOI is committed to upholding the principles of sustainability and corporate social responsibility which helps in creating a unique value. This also adds in developing the company really well. This also helps in delivering the value creation to its customers. It promotes mostly those activities that will contribute towards the safety of the communities. It also helps in incorporating energy management modules which help in building automation system. The company also tries to reduce the overall energy consumption of harmful gases that contribute to global warming. In line with the policies, the company generally adopts that features which help in creating a unique product. All these features will help the company to be more productive and efficient. The company most adopts solar water heating system and also installs rainwater harvesting system for irrigation purpose. All these factors help in building good and unique image in the eyes of the customers.

IV. CRAFTING THE BRAND POSITIONING AND CREATING BRAND EQUITY

Brand positioning is defined as the conceptual place you want to own in the target consumer's mind — the benefits you want them to think of when they think of your brand. An effective brand positioning strategy will maximize customer relevancy and competitive distinctiveness, in maximizing brand value.

Brand is a tool for differentiating the product or service from those of competitors. To fulfill this task, consumers need to recognize the brand and must have strong motivations to purchase the specific brand over any competitive one included in the same frame of reference. This statement derives three further fundamentals of brand positioning – identification of target consumer group, unique and attractive benefit that can brand offer to this target consumer group and differentiation from competitors. Analyses of primary research in targeted companies proved that vital precondition for assessing the latter three foundations of positioning (target audience, relevant and unique consumer benefit, and differentiation from competition), is a profound understanding of own brand. Aaker (Aaker, Managing Brand Equity, Capitalizing on the Value of a Brand Name, 1991) suggests three types of research – customer analyses, competitor analyses and self-analyses which step by step enable to audit the brand's performance in key indicators (brand awareness, brand loyalty, brand image - consumer associations with brand, their strength, brand heritage and perceived quality, identification of current customers and competitors). Brand equity in positioning stands for not to assess the financial value

(equity) of a brand, but deeply understand its market situation with all consequences for the brand management and brand strategy. Low brand awareness, as an example, requires strong communication with consumers focused on brand recognition, while high unaided brand awareness allows concentration on specific brand values when communicating with the consumers. Initial brand audit is a vital precondition for developing brand positioning strategy.

Maintaining a place in the mind of the customers and some marketing efforts will simply aims to maintain eminence in the public space. Major organization known worldwide such as IOI Berhad need to run advertisement that simply uses the tones and images to remind the customers of the particular brand. Maintaining the brand image is more crucial and effective rather than promoting the product or services. This can be explained best by taking the example of Starbucks. Starbucks has generated a lot of free publicity by removing the company name from its logo. This supports the customers in reminding the brand of the company. So, IOI Berhad should make its logo more creative that will promote the brand. IOI should focuses attracting the customers by making their brand very popular. Logo will help company in attracting the new customers that will definitely yield the company to generate more revenue.

These three objectives will support the company to accomplish their task on time. These effective marketing objectives will create more brand loyalty and brand awareness.

V. CONCLUSION

Marketing objectives are the goals which are set by a business while promoting their products and services to support consumers which can be achieved within a given time period. Additionally, marketing objectives are the strategy of the market in order to achieve the overall of an organization. A company's marketing objectives for particular product consist of increasing the product awareness among various segments of customers. Yield the information about the features of the product and reducing the resistance of consumers in buying the particular product.

While setting the objectives, it is very significant to ensure that they are measurable and realistic. The marketing objectives allows supervisors to manage effectively the activities of market and they are able to formulate that how much successful the new objectives will be.

Marketing objectives also support in creating the consumer loyalty. Generally, marketing objectives are the strategies that help to accomplish organizational objectives are essential because they guide the actions that are related to marketing. So, far objectives of marketing are used to measure how well a marketing plan while operate.

The three marketing objectives that company must establish in order to ensure huge growth in next three years which are as follows:

Satisfying the Customer Needs

Marketing objectives therefore needed to be clear and consistent for the purpose of marketing. If customers' needs are fulfilled efficiently then this will help the company in increasing the sale. It would also support in achieving the market share. This will also increase the percentage of customer review and feedback. The IOI Berhad should focus on provide the quality of goods. So, the company deals with crops and resource based manufacturing. So they should try to formulate what are the choices of the customers.

Increase Sale

One of the most efficient objectives Of IOI Berhad Company must be increasing the sale. Marketing needs yield to give good returns on investment. It means that increasing the sale should exceed the cost of the marketing. Thus the need must be specific. Increase sale among women over 40 per cent. Moreover there is increase in the number of people who make a purchase of crops by 20 per cent. Thus creating awareness among the customers helps increasing the revenue of the product. For Example the company should try to come out with more organic crops that will help in increasing sale. Sale will affect the profit of the company.

For next three years all these factors will help in generating awareness among the customers. These marketing objectives will somewhere help IOI Berhad to accomplish customer loyalty.

Management of Brand

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What Can Be The Company's Marketing Mix Action Plans

Marketing Mix contains of the controllable elements of product's marketing plan that consists of price, product, promotion and place. These elements are the right combination that will serve the needs of the customers. Marketing mix contributes toward the optimal income. Marketing mix also known as mega marketing. Marketing mix is a mixture of several plans and idea which are needed to be followed by marketing consultant to promote particular product in order to create brand loyalty. Several ideas and concepts mix together to determine the final strategies which are helpful in formulating a brand popular among the various masses form marketing mix.

The action plans that can be used by IOI Berhad for next three successive periods are as follows:

Product: The IOI Berhad makes use of the tangible products especially palm oil trees and various other crops. A product in the marketing mix is that which seller sells to buyers in the exchange of money. The IOI Berhad is providing the products and services of superior values. The company is developing agro-science and technology in order to improve oil yield and crops that help in meeting the global demands. The company should try to provide the customers that product and services that will exceed the expectation of the customers.

Price: The prices generally refer to that which buyer pays for their product it commonly known as prices of the product. The prices of a product are indirectly proportional to the availability in the market. This is the policy that lesser will be the availability, more would be its prices and vice versa (Lee et al., 2015). The company makes use of differentiation policy that makes the prices really high. But IOI Berhad must provide the prices which are affordable by every customer. There are also retail stores of it that offers unique product (not available at only one store) makes it cost little less for buyers. This is an advantage for the Company.

Moreover, the crude palm oil prices have trended higher which are relatively stable from years. This has supported by growing demands for vegetable oils as well as emerging demand for biofuel sector. But the company should try to resolve the uncertainties related to commodity price risk and interest rate. So, the companies' action plans must be that which resolve the complexibility for uncertainty.

Place: Place in the marketing mix refers to the location where all the products are available and can be purchased or sold. The products of IOI Berhad can purchase the products either from virtual market or physical market. In physical market buyer and sellers can physically interact with the customers. But in virtual marketing the buyers and sellers internet using the social media.

In contrast of IOI Berhad, The Company is planning for expansion in Indonesia which is possible through acquisitions of internet oil palm estates. They are also planning for emerging into biofuel market. The product of IOI Berhad are disseminate worldwide. So the company should take corrective action to increase their market share.

Promotion: Promotion is vital components of marketing mix that assistthe company in creating brand awareness (Solomon et al., 2016). Basically, promotion refers to the various strategies implemented by the marketers to provide to the end-users aware of their brand. Promotion includes of the various techniques that are employed to promote and make the brand more popular among the various masses or segments.

The company IOI Berhad makes uses of the two promotion strategy which are as follows:

Advertisement: The Company needs to make use of televisions and print Medias to create brand loyalty among the user of the product. Also the company should make use of attractive taglines which will increase the value of the brand among the customers. Advertisement will act as an aid in creating unique value for the product.

Word of Mouth: The company also takes meticulous care of the customers because one satisfied customers will bring ten customers along with them whereas one dissatisfied customer will take away ten more customers. That's the significance of word of mouth. Positive word of mouth allows going long way in promoting the brand among the customers.

It is clear from the nomenclature that the project closure mostly aligns with the program closure stage. The program definition is concerned with the initiation of the projects within the program. The first stage of the program life cycle includes program formulation and preparation. Here the various projects are considered. Therefore, it is important that the goals of projects are also defined at this stage.

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