Market Development Strategies for Vietnamese Pepper in Foreign Markets.

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Abstract:

The study results are to analyze the factors affecting market development strategies for Vietnamese pepper in foreign markets. The qualitative and quantitative research methods are performed to survey 109 managers and professionals working in the field of exporting pepper in Ho Chi Minh City and Vietnamese Highlands in workshops on solutions for Vietnamese pepper industry happening in 2016. The study results show that market development strategies for Vietnamese pepper influence by the following 04 elements: (1) Quality Management, (2) Trade Barriers (3) Supply Capacity, and (4) Promotional Policy. Based on study results, solutions are proposed to improve market development strategies for Vietnamese pepper in foreign markets in the future

Keywords*: Pepper, consumption, competitiveness, competitive strategy, quality management, and Vietnam.*

INTRODCUTION

According to the Vietnam Pepper Association (VPA), the total pepper export volume in eleven months of 2015 reached 124,000 tons with a turnover of 1.2 billion dollars. This figure fell by 17% in volume but increased by 2.8% in value over the same period of 2014. International Pepper Association (IPC) forecast that in 2016 Vietnam would increase pepper exports over 34% compared with present, continuing leading position on a global scale. Vietnamese Pepper has continuously dominated the world pepper export market more than 15 years, present in over 100 countries and accounting for 58% global peper market share. The rest of the markets are India, Indonesia, and Brazil. These countries are also constantly increasing the peper area in the coming period. Vietnam is planning pepper development from now until 2030 with an area of 50,000 hectares; pepper production will increase to 200,000 tons / year in the next few years. So, Vietnamese pepper has been facing not only many opportunities but also many challenges in the coming period to maintain and grow its market share. Besides, Vietnam has challenged of material planning, ensuring the technical process and the quality of sanitary safety, such as avoiding unnecessary plant protection, unreasonable fertilizer use, etc.

LITERATURE REVIEW

In many competitive strategy studies such as "Competive Strategy" (1980), "Competive Advantage of Nations" (1980) and "Marketing Strategy 2.0" (2011), Michael Porter emphasized that it is necessary to build strategy for sustainable development in any other country, in any public export enterprises, in a competitive environments. We would open up opportunities for countries, key businesses to conquering the world market. The focus of Michael Porter's theory includes development policy, supply capacity, human resources, sales promotion activities and quality management. This theory has also inherited and developed by many auhtors. Bane & Delt (1982) also stressed that competitiveness depends on internal factors such as corporate resources, business strategy, supply capacity; human resources, creativity, and other brand values. Singh, V. et al., (2013), Datta, S et al., (2011), Gaspar, J. and Massa, M. (2006) were in agreement with the above statements of the findings of and emphasize their role "quality Management" for the food sector, the food is very important, because it is directly related to the health and safety of consumers. They believed that this factor is determinant existence and sustainable development of any organization, particularly for organizations that choose to export to difficult markets such as the US, EU, Australia and Japan. Cravens, David et al. (2012), Kale, J. and Loon, Y.C. (2011), Javalgi, R. R. G et al., (2006), and Grönroos and Christian (2004) also gave the conclusions of their research.

The leading experts of Vietnamese pepper also said if Vietnamese pepper desires sustainable development in difficult markets, it is advisable to focus on quality management stages to ensure quality and safety of food hygiene, energy supply capacity, enhance the promotion, construct system administration and risk management. According to Cravens et al. (2012) to consume good strategies businesses need to optimize the use of resources to acquire production and business results possible. A good consumption strategy is based considering markets from many different angles, making logical and objectives analysis, avoiding subjective and having solutions for better risk management. Sales promotion is to transfer the information from the exporter to customers abroad, overcome barriers due to culture differences, such as differences in language, government regulations, mass media, etc. (Nijkamp. P, 2002).

Thus, based on the theories of scholars, the results of scientific research related practices and opinions of leading experts in the workshops, it is advisable to identify the factors that affect market development strategies for Vietnamese pepper in foreign markets (variable Y) include (1) quality management, (2) Trade barriers (3) Supply capacity, and (4) promotional policy (Variable X). Thus, the model study of factors affecting market development strategies Vietnamese pepper in overseas markets including 01 dependent variable and 04 independent variables.

The relationship between "Quality management" and development market strategy

Bunn (2012) and Lee Nguyen (2009) suggested that quality management is the combined activities to direct and control an organization in terms of quality includes planning quality policy, building quality objectives, planing quality, controlling quality to ensure and improve quality. Quality management has now been applied in every industry, not just in manufacturing but in all areas, in all types of organizations, from large scale to small scale, whether it participated in the international market or not. All the studies have been led to the conclusion if the more investment the organization and business do the more consumption the quality management will increase with the corresponding ratio and the sustainable development strategy.

Hypothesis H1: There is a relationship between the "Quality Management" and market development strategies for Vietnamese pepper in foreign markets.

The relationship between "Trade Barriers" and development market strategy

Rietveld, P et al. (2012) stated that trade barriers are subjectivity and objectivity. Export trade is difficult in encountering technical barriers to trade- TBT (Currie et al. (2010). According to the WTO (2012), Technical Barriers to Trade mainly took engineering provisions, technical standards and conformity assessment procedures of the WTO provisions to make the core techniques. Specifically, TBT (technical barriers to trade) is a set of measures testing epidemic, quanrantining animal, plant, and products; requirements for packaging and labels, signs, green barrier (related to environmental and social issues), etc. According to experts, trade barriers will be inversely related to development market strategy.

Hypothesis H2: There is a relationship between "Trade Barriers" and market development strategies for Vietnamese pepper in foreign markets.

The relationship between "Supply capacity" and market strategy

Brons, M., and Pels, E., (2012) defined that supply capacity is a system providing organizations, people, activities, information and resources related to the production and transporting products from the manufacturer to final consumers. Nijkamp, P., and Rietveld, P. (2011) also said that supply chain activities related to the transition of natural resources, raw materials, and components into a finished product to create value for final customers. Thus, supply capacity is the link of value chains. Most studies have shown that if the more

investment the organization and business do, the more consumption the quality management will increase with the corresponding ratio.

Hypothesis H3: There is a relationship between "Supply capacity" and market development strategies for Vietnamese pepper in foreign markets.

The relationship between "Promotional policy" and development market strategy

Cravens et al. (2012) stated promotional policy is a set of policies and actions on certain aspects of senior management department and strategic level, including objectives that it desires to achieve and ways to implement those goals. These targets include comprehensive development in the manufacturing sectors - efficient economy, culture, society, and the environment. Development policy is a mixture of tools, ways to operate a set of interdependent factors (Michael Porter and Ketels (2003). They are used with the connotation of the phenomena in dynamic status, not static condition (Booth, L., 2001). Many studies of many authors said if the more investment the organization and business do, the more consumption the quality management will increase with the corresponding ratio.

Hypothesis H4: There is the relationship between "Promotional policy" and market development strategies for Vietnamese pepper in foreign markets.

RESEARCH METHODOLOGY

The researcher focused on 02 major research methods as qualitative research and quantitative research, the specific research process undergone three stages as follows: Stage 1: Based on the review of relevant theories and results of scientific research regarding the research topic, the researcher used qualitative method for group discussing andconsulting leading experts to select and variables observed into appropriate factors groups; Stage 2: Based on the grouping of factors affecting market development strategies for Vietnamese pepper in foreign markets, the researcher designed survey questionnaires to collect the opinions of 109 enterprises in HCMC Vietnamese Highlands in Workshops on solutions for Vietnamese pepper industry happening in 2016. The research model included 04 scales, 21 observed variables (research questions), using Likert 5-point scale, Distance value = (Maximum - Minimum) / n = (5 -1) / 5 = 0.8. Specifically: 1 = Completely disagree; 2 = Disagree; 3 =. No opinion/Normal; 4 = Agree; 5 = Totally agree. Survey results are recorded using SPSS 20.0 and tested scale reliability using Cronbach's alpha coefficients; Stage 3: After testing the reliability by Cronbach's alpha coefficients, the researcher conducted Exploratory Factor Analysis (EFA) to “zoom out” and summarize the data of the scale (Hoang In Chu and Nguyen Mong Ngoc, 2005, "Quantitative Research SPSS"). This method is based on extraction ratio factor (Eigenvalue), under which only those factors extraction ratio or Eigenvalueare greater than 1 will be retained, while the smaller ones will not work for better information summarizes of the original variables; because after the original standardized variance, each variable equals 1. The method of extracting the main components (principal components) and original method of factor rotation (Varimax Procedure) were used to minimize the number of variables havingmultiple large coefficients at the same factor, which increases the ability to explain the factors. The results then were used to analyze multiple linear regression to test the assumptions of the model, which consider the impact of factors affecting market development strategies for Vietnamese pepper in foreign markets.

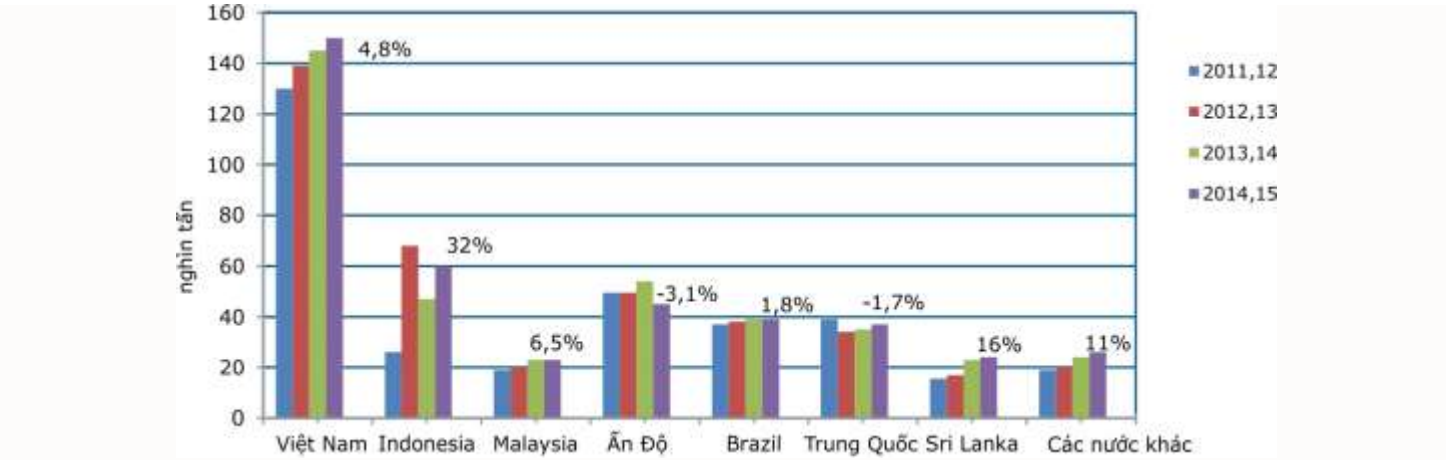
RESEARCH RESULTS

Descriptive statistics

The results of descriptive statistics show the scale "Quality Management" is at the average level, suggesting that the quality management of Vietnamese pepper needs much further attention, such as technical process,

unnecessary plant protection, fungicides if it desires to export, etc. Besides, qualitative variables also showed there are new many nations growing pepper such as Cambodia, China, Thailand, and their outputs also increase significantly, by 15-16.5% (2014, 2015). Therefore, many competitors to Vietnam may appear in the world pepper market in the future.

Diagram: Growing in pepper production in South East Asia and other countries



Resource: Nedspice, 2015

Countries with developed pepper industry like Vietnam, besides material export, it is necessary for business to build a supply chain of finished products to enhance the value of pepper as spice processing, finished mixing pepper, develop other taste of pepper or cooperate with the exporters of the developing countries for the exchange of technology, resources or merge companies of the developed world in the supply chains.

Table 1: Testing the results of reliability

Model	Code	Factors	Cronbach's Alpha
IDV	QM	Quality management	0.791
	BT	Technical Barriers to Trade	0.867
	SC	Supply capacity	0.890
	PP	Promotional policy	0.875
DV	GT	Market development strategies	0,854

(Source: The researcher's collecting data and SPSS)

The test results scale shows that the scale has good accuracy with Cronbach's alpha coefficient > 0.7 and the correlation coefficients of the total variables of measurement variables meet the allowed standard (> 0.3), the scale will be accepted. The observed variables are used for factor analysis to discover in the next step.

***Table 2. Exploratory Factor Analysis* (EFA)**

Total Variance Explained									
	Initial Eigenvalues			***Extraction Sums of Squared Loadings***			***Rotation Sums of Squared Loadings***		
	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %	Total	% of Variance	Cumulative %
1	3.873	3.605	10.605	3.873	10.301	10.605	3.369	15.312	15.312
2	4.600	17.047	34.247	3.661	17.047	34.247	2.405	14.433	18.745
3	1.081	16.014	48.250	2.450	16.014	48.250	2.945	13.384	33.120
4	3.245	7.010	**72.072**	***2.154***	6.791	**72.072**	3.054	21.970	**72.072**
Extraction Method: Principal Component Analysis.									

(Source: The researcher's collecting data and SPSS)

The results of EFA (Exploratory Factor Analysis) shows the total variance extracted is 72.072% greater than 50%. This means that the with drawing factors would explain 72.072% for the model, 27.928% is explained by other factors. Extraction ratio factor (Eigenvalue) is greater than 01 that is kept.

***Table 3. Factor Analysis* - Rotated Component Matrix[a]**

Rotated Component Matrix[a]					
	Component				
	1	2	3	4	5
QM02	.718				
QM01	.855				
QM03	.792				
QM04	.887				
PP02		.794			
PP03		.879			
PP04		.890			
PP01		.746			
PP05		.749			
SC03			.852		
SC02			.823		
SC04			.771		
SC01			.782		
BT03				.875	
BT01				.912	
BT02				.804	
BT04				.866	
Extraction Method: Principal Component Analysis. Rotation Method: Varimax with Kaiser Normalization.					
a. Rotation converged in 5 iterations.					

(Source: The researcher's collecting data and SPSS)

The analysis results in Rotated Component Matrixa Table showed all observed variables could be divided into 4 groups of factors and variables have Loading Factor coefficient> 0.5. This showed that the analytical data are consistent and qualified to conduct multiple regression analysis with four independent variables respectively: Quality Management, Trade Barriers, Supply Capacity, and Promotional Policy. Cronbach's alpha coefficients of the overall scales of independent factors are > 0.7; therefore, the scale meets standard and statistical significance.

Table 4. Analysis of multiple linear regressions

Model Summary[b]										
Model	***R***	***R Square***	***Adjusted R Square***	***Std. Error of the Estimate***	***Change Statistics***					***Durbin-Watson***
					R Square Change	F Change	df1	df2	Sig. F Change	
1	.696[a]	.805	**.681**	.288	.642	52.171	4	104	.000	***1.607***
a. Predictors: (Constant), x5, x4, x3, x1, x2										
b. Dependent Variable: GT										

(Source: The researcher's collecting data and SPSS)

The result shows the correlation coefficient adjustment: R^2= 0.681 (verification F, sig. <0.05); which means 68.1 % of the variable Y shift is explained by the four independent variables (Xi). Coefficient Durbin - Watson (d) = 1.854; some observers n = 109, parameter k = 4, the level of significance of 0.01 (99%), in the statistical tables Durbin - Watson, d_L (less statistical value) = 1.623 and d_U (statistical value over) = 1.725. So (d_L = 1.623) < (d = 1.607) < [4 - (d_U = 1.725) = 2.275] proved that the model has no autocorrelation.

Table 5. ANOVA

Model		***Sum of Squares***	***df***	***Mean Square***	***F***	***Sig.***
1	Regression	5.362	4	2.161	***80.230***	.000[b]
	Residual	6.329	104	1.002		
	Total	11.691	109			
a. Dependent Variable: GT						
b. Predictors: (Constant), x5, x4, x3, x1, x2						

(Source: The researcher's collecting data and SPSS)

Accreditation ANOVA is to assess the relevance of the theoretical regression model. The test results F = 80.230 value and Sig. = 0.000 <0.05 shows the building model is consistent with the data set and the variables included in the model are related to the dependent variable. Generally, regression analysis is 99% reliability, corresponding to the selected variables with statistically significant at the p <0.01; the results also show that all variables satisfy the demand. Verification of conformity of the model shows that multicollinearity phenomenon does not violate (VIF <10).

Table 6. Factors affecting market development strategies for Vietnamese pepper

Coefficients[a]										
Model		**Unstandardized Coefficients**		**Standardized Coefficients**	**t**	**Sig.**	**Confidence Interval for B**		**Collinearity Statistics**	
		B	Std. Error	Beta			Lower Bound	Upper Bound	Tolerance	VIF
1	(Constant)	.297	.185		1.204	.001	-.032	.609		
	X1	.320	.021	*.523*	4.115	.000	.211	.173	.743	1.002
	X2	.621	.016	*.701*	2.211	.000	.158	.342	.630	1.002
	X3	.206	.012	*.326*	1.091	.000	.266	.134	.472	1.000
	X4	.077	.014	*.194*	2.287	.000	.312	.411	.574	1.013
a. Dependent Variable: GT										

(Source: The researcher's collecting data and SPSS)

The results of regression analysis showed the factors affecting market development strategies for Vietnamese pepper in foreign markets and expressed the following priorities: (1) Quality management: β = *0,701*; (2) Supply capacity: β = *0,523*; (3) Trade barriers (Technical Barriers to Trade): β = *0,326*; (4) Promotional policy: β = *0,094*. The regression equation is: *Y = 0,523*X1 + 0,701*X2 + 0,326*X3 + 0,094*X4*. These results are to warn Vietnam in increasing investment these factors; they would lead to Vietnamese pepper consumption according to the corresponding ratio. In which "quality management" (β = *0,701*) affect the most on market development strategies for Vietnamese pepper. Therefore, Vietnamese pepper industry needs special venture in order to boost Vietnamese pepper consumption in the future. This finding is the basis for proposing solutions to improve market development strategies for Vietnamese pepper in foreign markets.

CONCLUSIONS AND RECOMMENDATIONS

Thus, the findings show the results that market development strategies for Vietnamese pepper in foreign markets affected by the following 04 factors: Quality management, Supply capacity, Trade Barriers (Technical Barriers to Trade), and Promotional policy. These results are similar to the secondary findings of the authors. Although the success is extremely prominent, Vietnam pepper industry is facing many difficulties and challenges, unfavorable impact of pepper export activities and products to the international market especially the high class market. The export performance above would risk being lost due to many reasons such as spontanously expanding the area cultivated, lack of planning leading to uncontroll situation, unfavorable weather, growing pest, management cultivation processes, particularly the issues related to pepper quality of food safety and hygiene which are the main cause affecting market share and export performance of this product. Based on the results of this study, solutions for Vietnamese pepper market in foreign markets are proposed to improve market share for Vietnam in the future.

Proposals for "Quality Management" factor

The authorities need to strictly control the management of import, consumption, and use of plant protection products, fungicides. Enterprises need to invest in the management of production technical processes on farms. It is advisable to strengthen inspection and supervision and require the parties to the supply chain to commit

ensuring a safe and hygiene quality products. It is necessary to avoid residues of plant protection products, chemicals over regulations allowing in cultivation and pepper processing. Strictly implementating the regulations is on the traceability of product origin, which is an important step to increase competitiveness for Vietnam pepper in the international arena.

Recommendations for "Supply capacity" factor

Enterprises need optimizing production processes and processing to ensure increasing productivity, quality and lowering production costs to many competitors in other countries and completely investing warehouse storage systems, processing warehouse in grassfoots level to ensure product quality. In parallel, the state and the pepper industry associations should support export enterprises in orientation, capital, searching market, technology and other remedial measures as well as overcome the technical barriers to pepper importing into countries such as the US, Europe, Australia, Japan; To boost investment in machinery and modern equipment in order to increase labor productivity, quality assurance, product diversification, reduce costs, and ensure food safety and environmentally friendly production; To invite the importers from US, EU and Japan to Vietnam to guid cultivation technical standards, care and processing for export. If businesses do that, Vietnamese pepper industry will increase competitiveness in the market and develop a roadmap towards sustainable pepper development and Vietnamese spices industry, export raw form, low technological content, no brand, etc.

Recommendations for "trade barriers" factor

Businesses need to improve professional efficiency in trade promotion programs, promoting the role of trade representative of Vietnam in EU countries and USA, supporting the Agency of the US Trade Representative, the European Union, each EU country in Vietnam, encouraging Vietnam entrepreneurs residing in EU countries to be a connection in providing market information, prices and introducing business opportunities for Vietnamese enterprises.

Recommendations for the group factor "Promotion policy."

Enterprises need to invest in training, capacity building and fostering trade promotion team through the invited experts of the EU trade promotion transmitting knowledge, practical skills; Putting trade promotion team of Vietnam to the EU trainees; State should organize Expo thicker frequency coupled with introducing innovative products with a complete range of products increase the export value, rather than just raw materials as before; Leveraging the opportunity of access to the international organization specialized trade and food pepper Vietnam-based exports EU to promote and find customers; collects, updates, research, analysis, forecasts of EU information, and provide timely for businesses by means of./.

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