



## EXECUTIVE SUMMARY

### HERLINA. JTOP's Product Strategy In Facing the Global Market, Johore Tenggara Oil Palm Sdn. Bhd. (under guidance of LIEN HERLINA and HEDIMANTO SIREGAR).

This internship aims at analyzing the strategy for oil palm product regarding the product and the formulation of marketing strategy for facing the global market at Johore Tenggara Oil Palm Sdn Bhd (JTOP) in Johor Bahru, Malaysia.

The above objective can be attained by analyzing the products produced JTOP. From the analysis, it is resulted that the superior products are determined by the strategy and the implementation used by the company. Previously, in determining the strategy the analysis on the existing situation is carried out by SWOT analysis. This analysis aims at finding out the internal strengths and weaknesses , as well as the opportunities and external constraints of the company. To carry out the analysis, a case study method is applied. Primary data is obtained by direct interview with JTOP's board of directors and staffs; while for secondary data, it is obtained from the Management's Report, Annual Report, Production Data, Sales Data, as well as from various other sources such as PORLA, KLCE and Broker.

From the SWOT analysis, the result is that the facilities and plants owned by JTOP are very supportive for the development of oil palm business. The superiority owned by JTOP covers : the land which is in accordance with the technical standard, the cultivated plants using hybrid clone, a combination between Dura and Tenera (DxP) known as Tenera, the plant's age have reached a good level of production which is also supported by the company's good financial condition. Whereas the weakness of the company during this time is in the company's focus on half-made product like CPO and the marketing is still focused on the local area. The oil

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business has a prospectful description regarding the increase in demand and  
function of palm oil in the world every year. While the threats are coming from  
the world's vegetable oils/fats, particularly from ASA and other new pro-  
s.

From the calculation and the prediction on sales of JTOP products using a  
exponential smoothing method, by the help of a Quantitative System's for  
computer program, CPO is a product predicted to decrease in its sales  
In the decrease of volume, it is not too drastic, this is an indication of the  
company in developing a downstream product from the oil palm industry in order to  
able to compete more freely (in the global market).

For FFB, it is not the product to rely on (if it is seen from the sales prediction)  
regarding the brand new products from the estate and the unprocessed products.  
Because in the period of more or less eight hours, if it is not processed, the quality  
decrease. While for the PK product the sales level in a particular limit will  
decrease. As a continuous processed product from PK to PKO and PKC, the phase  
implementation is good. It can be seen from the prediction result, the sales  
volume from the two products will increase. But here the company is requested to be  
to accelerate the development and research for the downstream product.

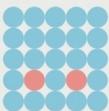
Multiple regression analysis resulted by the MINITAB computer program shows  
that the variables which have clear influences towards CPO sales are: the price and  
the premium. Meanwhile, those which have clear influences towards PK sales are:  
the Malaysian sales, the Broker service, the price, R&D, the investment and the  
premium.

See from its function, CPO has a superiority regarding that CPO can be used  
as the substitution for the vegetable oil and the industrial raw material. From the  
existing opportunity, the palm oil have an enormous market segment for the world's



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able oil. Then the world's vegetable oil consumption included in the develop-  
countries which are the settlements for some of the world's population is still  
(has not reached the FAO standard). The other opportunity is the agreement on  
Round regarding the Malaysia position during this time as a major produc-  
of the world's palm oil. The threats and constraints faced are in form of a bad  
competition coming from the other world's vegetable oil/fat producers, particularly  
the soybean farmers in the United States. On the other hand, if only relying on  
primary product for a long-term period it can inflict the company. This may  
because the company does not make use of the additional value of the  
product and it face the price and the demand fluctuation.  
To reach the target in global marketing, JTOP should be able to press the cost  
to increase the production of processing outputs for oil palm. This can be attained  
by increasing the rendement through the processing process in the factory. Besides,  
the company should be able to carry out the marketing in order to be able to enter  
the global market. As the solution for the local consumers, JTOP has operated a  
system focusing on cost. In catching the international market, the appropriate  
system is by implementing the differentiation focus system.